

## ICI VIEWPOINTS

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## Global Leaders Discuss Building a Competitive European Union

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EU policymakers need to have a global mindset if the European Union is to compete and thrive in today's interconnected marketplace. That's according to an informative panel at ICI's 2019 [General Membership Meeting](#) in Washington, DC, featuring ICI President and CEO Paul Schott Stevens, Honorary Director General of the European Fund and Asset Management Association (EFAMA) Peter De Proft, and former Secretary General of the International Organization of Securities Commissions David Wright.

### Brexit and the New European Commission

Stevens kicked off the discussion by asking about one of the most hotly debated EU topics: Brexit. Both Wright and De Proft lamented the uncertainty around Brexit and the challenges that ambiguity poses to businesses. For the asset management industry, it's "very difficult to see the way forward," said De Proft. Both acknowledged that although nobody knows what will happen on October 31—the new deadline for the United Kingdom to leave the European Union—it is critical that EU policymakers focus on increasing the European Union's competitive edge, especially if Brexit happens.

To ensure the bloc's success in today's global marketplace, the next Commission "needs to boost the European Union's competitiveness," De Proft said. Wright expanded on this idea by warning that if the European Union does not build a unified and globally competitive market, it will "set itself back years."

### Building an Integrated Capital Market

One of the keys to developing a single, strong, and deep capital market is achieving regulatory harmonization, said De Proft. Wright agreed that the European Union "needs a set of rules that allow services and capital to flow around the European Union without impeding competition." Having a single rule book would make it easier for EU and non-EU firms to conduct business in the bloc, they explained. De Proft and Wright also detailed several other initiatives that would create a stronger, integrated capital market, including:

- eliminating cross-border barriers to conducting business;
- developing a securities law that addresses insolvency;
- fostering more diverse sources of financing for small- and medium-sized companies; and
- implementing a pan-European personal pension (PEPP—a voluntary savings vehicle that will provide EU citizens with additional opportunities to save for retirement).

### The Importance of a Well-Structured PEPP

Stevens touched on the demographic and economic pressures that are making traditional defined benefit pension systems around the world unsustainable, and explained how having a developed private pension regime can help citizens build more retirement savings and foster capital markets. Wright agreed, saying that if Europe wants to have truly deep capital markets and a sustainable pension system then it has to "succeed at [implementing] a PEPP." De Proft noted how the European Union has progressed in its thinking about asking citizens to be responsible for saving for retirement through such a product as a PEPP. "Years ago, asking

people to save for retirement was something you just didn't do. Now we have to. And we're seeing the political support to implement it."

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