

# Joint statement by First Vice-President Timmermans and Commissioner Jourová welcoming the agreement on a new approach to business insolvency in Europe

First Vice-President Frans **Timmermans** and Commissioner for Justice, Consumers and Gender Equality, Věra **Jourová** welcomed the political agreement reached by the European Parliament and EU Member States on a set of European rules on business insolvency, which is particularly timely following the European Council and the Euro Summit last week:

*“Today’s agreement on our proposal on insolvency is good news for companies, entrepreneurs and ultimately for investment and growth. Every year 200,000 companies go bankrupt throughout the EU, resulting in 1.7 million jobs lost. The introduction of common rules at EU level will make insolvency, restructuring and discharge procedures more efficient, building on those systems that already work well in Member States. It will encourage businesses to restructure early so that value can be better preserved and more jobs saved. It will also give honest entrepreneurs a second chance to start a new business instead of being penalised for failing in their first business attempt. With these new rules, we are also removing barriers for cross-border investment and contributing to building a Capital Markets Union. We want to thank the European Parliament and the Member States for the good cooperation which made it possible to reach an agreement today. ”*

## **Next steps**

The text must now be formally adopted by the European Parliament and the Council of the EU. Following final adoption, the Directive will be published in the EU’s Official Journal and enter into force 20 days later.

## **Background**

This initiative is a key building block of the [EU Single Market](#) and the [Capital Markets Union](#) and is an essential step towards the completion of the [Banking Union](#). This agreement comes following the European Council and the Euro Summit, where progress was made on the deepening of Europe’s Economic and Monetary Union.

The Directive in the area of restructuring, insolvency and discharge of debt focuses on **three key elements**:

- Common principles on preventive restructuring frameworks, which will help viable companies in financial difficulties negotiate a restructuring plan with their creditors, continue their activity and

preserve jobs.

- Rules to allow honest insolvent entrepreneurs to benefit from a second chance, as they will be fully discharged of their debt after a maximum period of 3 years, with justified exemptions in order to prevent abuse. Currently, half of Europeans say they would not start a business because of fear of failure.
- Targeted measures for Member States to increase the efficiency of insolvency, restructuring and discharge procedures. This will reduce the excessive length and costs of procedures in many Member States, which results in legal uncertainty for creditors and investors and low recovery rates of unpaid debts.

### **For More Information**

[Insolvency proceedings](#)

[Banking Union](#)

[Capital Markets Union](#)