A European solution for bankruptcy?

SIR – Indeed many European nations have amended their legislation to allow for forms of corporate reorganisation to function next to proceedings aimed at corporate liquidation ("The walking dead", December 15th). It is a remarkable development that countries like Germany, Italy, France, but also Sweden, Spain, Rumania and Finland follow this path, inspired by Chapter-11 US Bankruptcy Code. It is just as remarkable to notice that even the more recent insolvency laws in several European countries continue to show substantial differences in underlying policy considerations, in structure and in content of these laws. On a pan-European level the "best bankruptcy" system on a per country basis introduces a race to the bottom. The aim for an open European market can not be achieved with regularly competition for "the best bankruptcy". Present European policies focus on educating for entrepreneurship, improving access to finance, ensuring fair competition and supporting research and development and assisting SMEs to go international. What these policies lack is attention for a common goal for assisting in getting things right when business is in trouble and an efficient model for supervised exit from the market when necessary. It is not the time to create an insolvency "Delaware" in each Member State. It is time to identify the core conditions necessary for an efficient and effective corporate restructuring mechanism on a European level.

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