

November 23rd 2009

AmCham EU Position on the G20 Leaders' Statement on global accounting standards

In reaction to the recent G20 Leaders' Statement, the American Chamber of Commerce to the European Union (AmCham EU) strongly encourages the G20 to finally agree on the implementation of a single set of high quality global accounting standards as soon as possible. AmCham EU has been a strong supporter of this objective and is convinced that International Financial Reporting Standards (IFRS) are well positioned to be that set of accounting standards.

Standard setters, regulators, governments and parliaments worldwide have been very successful over the past decade in finding common ground on local and global accounting standards and our members are grateful for it. The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) have long been working to converge U.S. Generally Accepted Accounting Principles (U.S. GAAP) and IFRS. AmCham EU members therefore welcome the call on the international standard setters for completing their convergence project by June 2011.

Nevertheless, we are not quite there yet. By 2011, more than 100 countries around the globe will be using IFRS as a common basis of financial reporting. Today, nearly all Financial Stability Board (FSB) jurisdictions have programmes underway to converge with or adopt IFRS by 2012. Recently Japan announced to allow for the use of IFRS. Important steps have been taken in the right direction in the United States. AmCham EU commends the Securities and Exchange Commission (SEC) for its IFRS Roadmap to allow for the use of IFRS for US companies and is looking forward to more detailed announcements on this matter this fall.

While we truly appreciate the progress that has been achieved globally - including mutual recognition on both sides of the Atlantic - over the past years, we believe "redoubling efforts" to achieving a single set of global accounting standards is not sufficient.

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The current financial crisis has highlighted the fact that capital markets have become increasingly global. Disparity in accounting and disclosure practices and relaxation of mark-to-market standards do not serve the interests of protecting investors any more, or facilitating efficient capital markets - given the significant burden and cost of compliance associated with it. Our members believe that for derivatives, or in cases where realisation is expected to be through sale, fair value measurement of financial instruments provides the most relevant information. However, when the cash flows inherent in financial instruments are not principally realised through sale, most of our members believe that amortised cost information coupled with a robust impairment model provides the most relevant information.

The creation of a single set of high quality global accounting standards developed by an independent standard setter is needed more than ever before. It must also remain a key priority of the Financial Markets Regulatory Dialogue between Europe and the US.

AmCham EU will continue to support all efforts to further this goal. Please do not hesitate to call on us if we can be of any help.

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AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled €1.2 trillion in 2008 and currently supports 4.8 million direct jobs in Europe.

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