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TEGOVA
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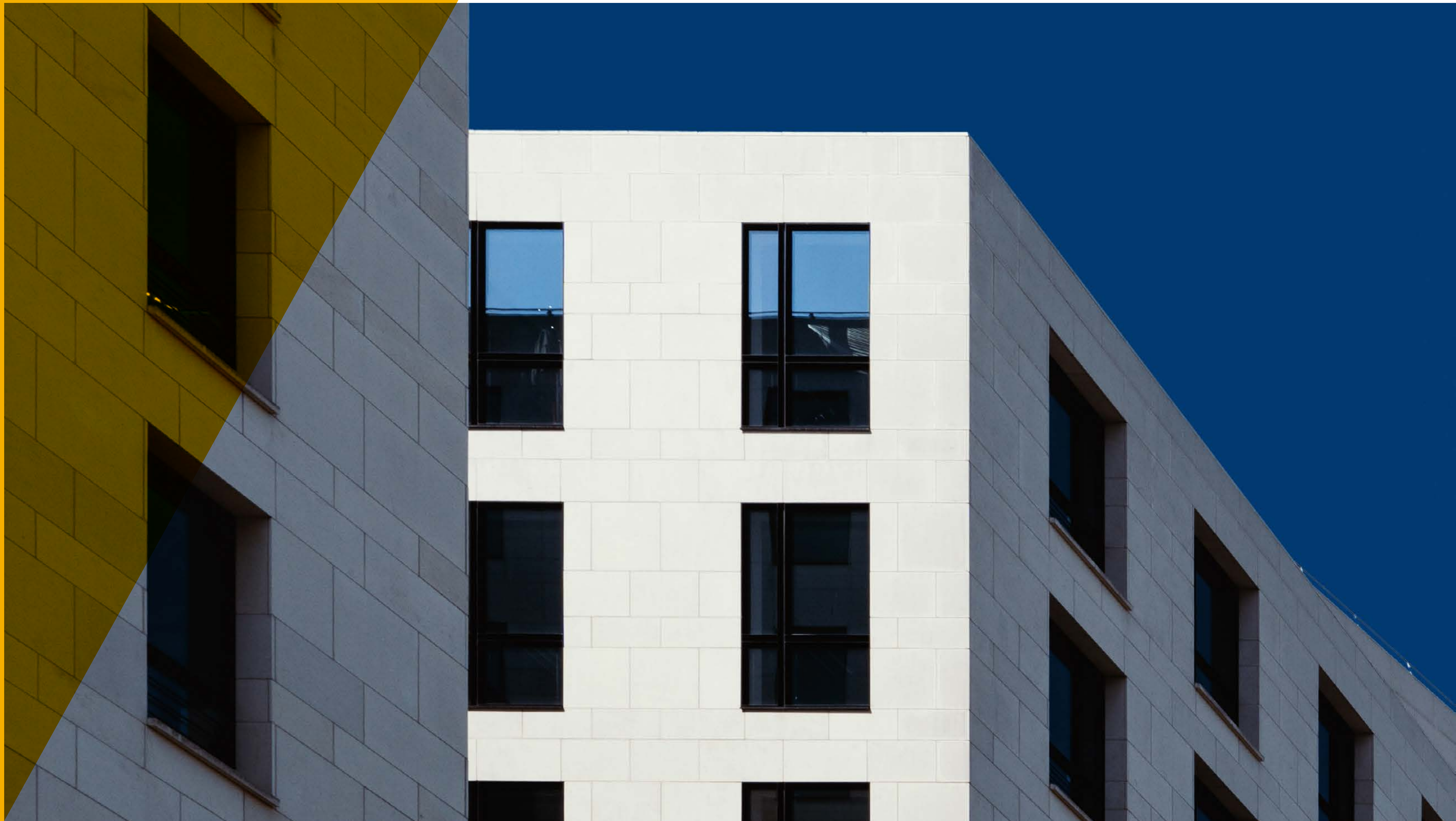
EDITORIAL



EDITORIAL

Valuation matters to Europeans

On the 21st of July 2020 Europeans made history. From the jaws of viral disaster, they took a giant step toward "ever closer union", enabling deficit spending at EU level and fostering a market in EU debt giving the Union permanent access to affordable market credit. They doubled their budget and started to pay for it with an EU tax on non-recycled plastics and planned for a carbon tax at the EU border, a digital tax, a financial transactions tax and ETS revenue.

In so doing, they finally tackled the greatest systemic risk of all: a common market and common currency without a 'lender/spender of last resort'. At last, Europeans have begun to approach the centralised government oversight and economic policy instruments possessed by nation states and that enable countercyclical corrective measures.

It's a miracle, but not a panacea. A continuing weakness is the EU's 'light touch' supervisory regulation. Today as at its inception, the free movement of people, goods, services and capital is still essentially founded on the principles of minimum European harmonisation, mutual recognition of national rules and home country control of companies wherever they may wander.

That's why, even more than a nation state, Europe needs market transparency and credibility, the chemical elements of confidence and trust. All human society shares this need, but for Europeans it's more important because of 'light touch' and the remaining differences between national economies and cultures. The most crucial and systemic touchstone for transparency and credibility is value, in particular the value of real estate because of its relative weight in the economy, in taxation, in banking and in people's lives.

The European authorities recognise the systemic importance of quality valuation. That's why EU banking law requires it and the European Central Bank polices it.

And that's why Europeans have a special need for a corps of highly qualified rigorous professionals whose core competence is the objective determination of value. These professionals need to master the particularities of the local markets they operate in, but they need to do so on the basis of a common European valuation culture to ensure that the entire profession is performing to the same standard all over the Union and its sphere of influence. Clients and supervisory authorities need to be confident that this is happening.

The safety valve is TEGOVA, its European Valuation Standards and European professional qualifications. Because Europe itself is a work in progress, the key role of ensuring the concept and the detail of qualified, professional, reliable determination of value has fallen to the profession itself. In TEGOVA, the best experts from among 70 000 qualified valuers from almost all EU and candidate member states work together to produce cutting edge standards and methodology practiced by all and led by an elite of Recognised European Valuers.

TEGOVA has risen to the challenge of guiding valuers, clients and authorities through this accelerating "passage to Europe".

Michael MacBrien, Editor