



INVESTMENT FOR GROWTH AND JOBS

IMPROVING THE INVESTMENT
CLIMATE IN EUROPE
MARCH 2015



Who are we?

BUSINESSEUROPE is the leading advocate for growth and competitiveness at European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for all-sized enterprises in 33 European countries whose national business federations are our direct members.

FOR FURTHER INFORMATION:

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FOREWORD

Investment is the basis of growth and employment.

We welcome the commitment of the new Commission to prioritise investment and we support the European investment plan presented by President Juncker and Vice-President Katainen.

We need synergies between public and private capital if we want to boost growth and employment. Mobilising private investment is essential for success.

BUSINESSEUROPE supports the European Fund for Strategic Investment. But the European investment plan will only be successful if this fund is part of a broader strategy to improve the investment climate in Europe through structural reforms at European level and in Member States.



Emma Marcegaglia
President
BUSINESSEUROPE

A handwritten signature in blue ink, appearing to be 'EM' followed by a stylized flourish.

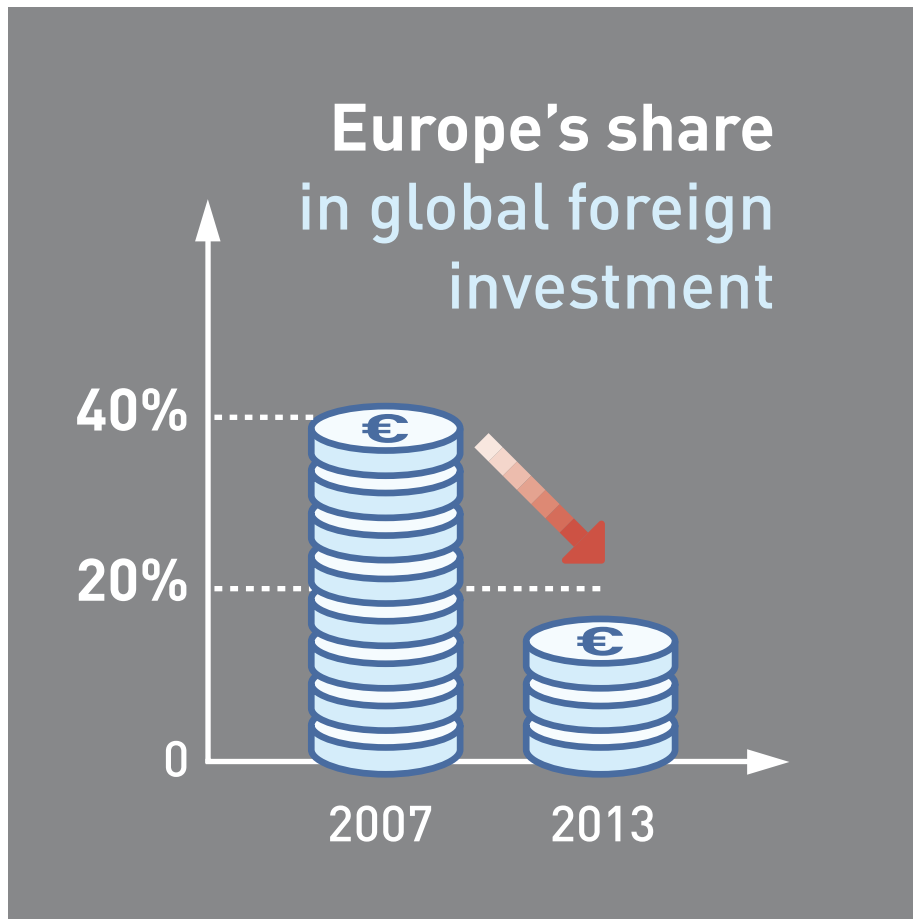


Markus J. Beyrer
Director General
BUSINESSEUROPE

A handwritten signature in blue ink, appearing to be 'M. Beyrer' with a long, sweeping underline.



DECLINING INVESTMENT IN EUROPE

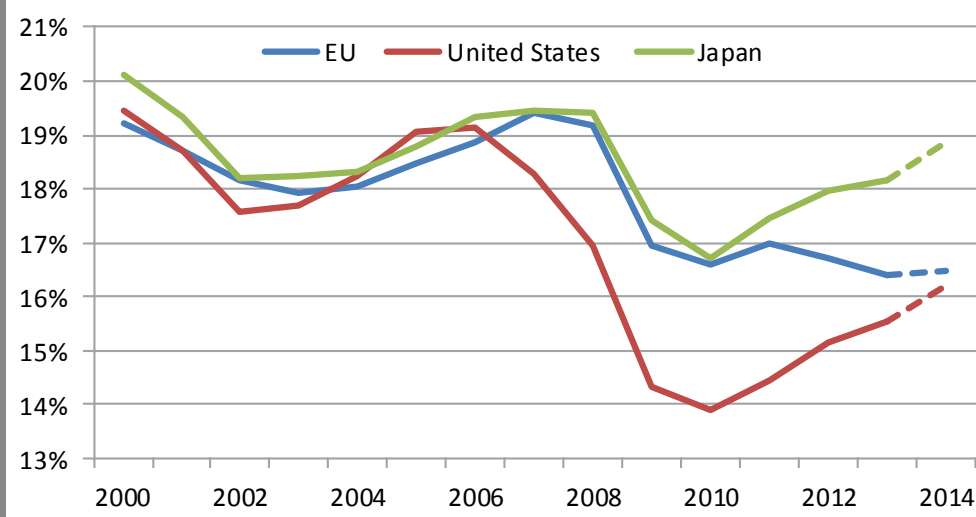


Investment is fundamental for growth and employment. Europe is losing ground. Its share in global foreign direct investment is declining. This undermines our future prosperity.





Private investment in Europe fell by 11% from its peak in 2007. In the US, it has fallen dramatically during the crisis but is recovering at a much faster pace. And Japanese private investment has consistently exceeded EU level.





Private investment in selected advanced economies (% GDP)

Source: European Commission, AMECO database.






OBSTACLES

UNCERTAINTY

-  Economic and political uncertainty.
-  Regulatory uncertainty and administrative burdens.

COSTS OF DOING BUSINESS

-  High energy prices and security of supply.
-  Uncompetitive tax regimes.
-  Rigidity of labour markets and skills mismatch.

SOLUTIONS



UNCERTAINTY

- 👍 Mainstream competitiveness across all policy areas.
- 👍 Step up enforcement mechanisms for implementation of structural reforms and further strengthen the EMU.
- 👍 Use in-built flexibility of the Stability and Growth Pact, while consolidating public finances.
- 👍 Avoid legislation with disproportionate effects on competitiveness; take account of the cumulative effects of different proposals; introduce better impact assessments. Avoid gold-plating.





COSTS OF DOING BUSINESS

- 👍 **ENERGY COSTS:** Complete the internal energy market and expand cross-border interconnections as well as energy infrastructures. Reform the ETS and improve carbon leakage protection post-2020.
- 👍 **TAXATION:** Focus tax reductions on labour and capital. Withdraw the proposal for a Financial Transactions Tax and take forward an optional Common Consolidated Corporate Tax base. Ensure corporate tax regimes encourage long-term investment.
- 👍 **LABOUR RIGIDITIES AND SKILLS:** Implement structural labour market reforms leading to employment-rich growth; aim at open, dynamic and mobile labour markets, also for the young, with leaner employment protection. Reduce high labour costs, including non-wage labour costs. Better align education and training systems to labour market needs. Increase access to and cost effectiveness of education and training systems.





OBSTACLES


FINANCING

-  Difficult access to finance.
-  Difficult mobilisation of EU funds.



MARKET ACCESS

-  Barriers to single market.
-  Absence of an ambitious EU policy on trade and foreign direct investment.

PUBLIC-SECTOR ENGAGEMENT

-  Difficulties in public-private engagement, particularly for infrastructure projects.

RISK-TAKING

-  Lack of a supportive policy for risk-taking in innovation.
-  Lack of a competitiveness-oriented EU competition policy.



SOLUTIONS



FINANCING

- 👍 Revive a high-quality asset-backed securities market and lift restrictions on investment in long-term assets. Expand non-bank financing sources.
- 👍 Increase the scope of EIB Group action; use structural funds to address structural weaknesses and promote growth; quickly channel EU funds to quality projects and simplify rules in the use of EU funds; allow companies of all sizes to access EU structural funds.

MARKET ACCESS

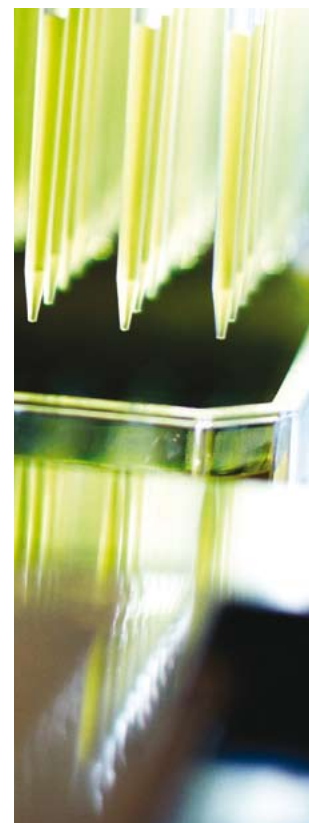
- 👍 Implement existing single market rules; harmonise and streamline national rules. Introduce consistent reporting and benchmarking. Develop the digital single market.
- 👍 Conclude comprehensive and ambitious trade and investment agreements with our major partners. Include investment provisions in all free-trade agreements.

PUBLIC-SECTOR ENGAGEMENT

- 👍 Define a credible pile of infrastructure projects of major interest; accelerate project bonds initiative.
- 👍 Promote public private partnerships; cut red tape in licensing and solve the problem of late payments.

RISK-TAKING

- 👍 Introduce an “innovation principle” to complement the precautionary principle; allow EU funds to bear more risk; and increase support to small business.
- 👍 Include competitiveness and investment considerations in EU competition policy.



THE EUROPEAN FUND FOR STRATEGIC INVESTMENT

- The fund is an **important step forward** to allow projects of strategic importance to materialise.
- The fund must **contribute to additional investment** and support projects that would have not been funded otherwise.
- The selection of projects must be **free from political interference** and the “investment committee” must remain independent.
- The fund must lead to **better use of financial instruments** without further pressure on the Connecting Europe Facility and Horizon 2020 budget.



BUSINESSEUROPE supports the European investment plan and is convinced that the success of the European Fund for Strategic Investment in increasing private investment will depend on the ability to improve the attractiveness of the business environment.

BUSINESSEUROPE expectations from an EU investment plan
can be downloaded from our website www.businesseurope.eu



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 Germany	 Greece	 Hungary	 Iceland	 Iceland	 Ireland
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 Slovenia	 Spain	 Sweden	 Switzerland	 Switzerland	 The Netherlands
 Turkey	 Turkey	 United Kingdom			



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