



Investing in Europe: speech by President Juncker in the European Parliament plenary session on the € 315 billion Investment Plan

Strasbourg, 26 November 2014

Jean-Claude Juncker

President of the European Commission

1. Introduction - Turning a page

Dear President, dear honourable Members of Parliament, Ladies and Gentlemen,

I addressed this house just over a month ago and I promised to present an ambitious Investment Plan before Christmas. One month later and Christmas has come early – I am here to deliver on my promise.

And I am presenting it in the Parliament, because that is where important things should happen.

Today Europe is turning a page. After years of fighting to restore our fiscal credibility and to promote reform, today we are adding the third point of a virtuous triangle: An ambitious, yet realistic 'Investment Plan for Europe'. Europe needs a kick-start and today the Commission is supplying the jump cables.

Investing in Europe: It means much more than figures and projects, money and rules. We need to send a message to the people of Europe and to the rest of the world: Europe is back in business. This is not the moment to look back. Investment is about the future.

Of course, we should never neglect the sacrifices that many in Europe made over the past 6 years to overcome the crisis. Nor should we stop the push to bring down barriers, open up markets and reform what doesn't work in our economies. These are necessary, but not sufficient conditions for growth.

We need structural reforms to modernise and preserve our social market economy. We need fiscal responsibility to restore confidence and the sustainability of our public finances. And to complete this virtuous *omne trium perfectum* (rule of three) we now need to boost investment. No tree can grow on soil and air alone, the Investment Plan we are presenting today is the watering can.

For the first time, the European Commission is presenting all three components of Europe's future economic success together. Not pitched one against the other, but grouped in one single, simple message: Namely, that Europe can offer hope both to its future generations and to the rest of the world, as a promising, attractive hub for jobs, growth and investment.

2. Why are we doing this?

First, because not only are we faced with a serious investment gap; we are caught in an investment trap. When I talk to investors, they all agree that Europe is an attractive place to invest in. But then I look at the figures, they tell a different story: investment levels in the EU are down to €370 billion below the historical pre-crisis norms. While investment is taking off in the U.S., Europe is lagging behind. Why? Because investors lack confidence, credibility and trust.

Secondly, because we are confronted with a major paradox: despite the huge liquidity in the world's money markets and corporate bank accounts, investment in Europe is not rebounding.

Thirdly, because our public resources are stretched: our debt levels have increased from 60% of our GDP to 90% in the space of just a few years. Public expenditure already represents close to 50% of EU GDP. What we need is a smart use of public money, geared to unlocking investment. Public expenditure should be used for what it is best at doing: funding our schools and welfare systems, not servicing our debt.

Today we are responding to these European pathologies and keeping our eye on the one ball that

matters: the real economy. This is not the time for national, political or ideological fights. It is time for a major political and social consensus, a grand bargain to put Europe back to work.

I often hear that we need 'fresh' money. What I believe we really need is a fresh start and fresh investment. Others say we need more debt. We do not. National budgets are already stretched. The EU operates on balanced budgets and the abundant liquidity can allow Europe to grow without creating new debt. We will not betray our children and grandchildren and write more checks that they will ultimately have to pay off. We will not betray the rules of the Stability and Growth Pact that we have agreed jointly – this is a matter of credibility. However, if Member States chip in capital to the Fund, we will not take these contributions into account in our assessments under the Pact.

What we are going to do is to set up the right system that will use available public money to leverage additional capital that would have never otherwise been mobilised. Every public euro mobilised can generate additional investment that would not have happened otherwise. And it can create jobs.

We will need to look carefully at projects. Destinations for the fresh investment drive should be attractive, free of regulatory burdens and linked to economic reality, not political expedience.

Let me clear about one thing – the money we are putting forward today comes on top of what already exists. It comes on top of the €630 billion that is about to be unlocked from the structural and investment funds at national and regional level. It comes on top of what the European Investment Bank has already been able to do so far. After the capital increase of €10 billion, the EIB shipped €180 billion to the real economy. It comes on top of EU programmes such as the Connecting Europe Facility, Horizon 2020 and 'COSME' which are already investing in infrastructure, innovation and Europe's SMEs.

Perhaps most importantly, it comes on top of what Member States can do to help themselves. For Member States must also support the investment environment through a better use of public money and a greater commitment to structural reforms.

Let me explain what my vision is for where this money should go:

- I have a vision of school children in Thessaloniki walking into a brand new classroom, decked out with computers.
- I have a vision of a hospital in Florence saving lives with state-of-the-art medical equipment.
- I have a vision of a French commuter being able to charge his electric car along the motorway in the same way we fill up on petrol today.
- Households and companies want to benefit from technological progress and are crying out for action to become more energy-efficient.
- Our energy sector needs to interconnect networks and markets, integrate renewable sources of energy and diversify our sources of supply.
- Our transport sector has to modernise its infrastructure, reduce congestion and improve trade connections. Our environment needs better waste, recycling and water treatment facilities.
- We need far-reaching and faster broadband and smarter data centres across Europe.
- And we need to invest in our education and innovation systems that are often underfunded and less equipped than those of our key competitors. Investing in people –this is what the social market economy is about. In Europe; we spell 'social' with a capital 'S'.]

The needs are vast. This is the challenge of a generation. Europe will have to face it head on.

3. How is it going to work?

Money will not fall from the sky. We do not have a money printing machine. We will have to attract money and make it work for us. Today we are setting up a new architecture that will make this possible. The key is to provide a risk-bearing capacity that can unlock additional investment.

Our Plan is built on three main pillars ("filières"):

1. We are creating a new European Fund for Strategic Investments, guaranteed with public money from the EU budget and the European Investment Bank (EIB). The Fund will be able to mobilise €315 billion over the next three years.

The Commission has put up €8 billion from the EU budget. This backs up a €16 billion guarantee given

to the Fund. Topped up by another €5 billion from the EIB. That makes €21 billion. With a €21 billion reserve, the EIB can give out loans of €63 billion. That's €63 billion of fresh financing we've just injected into the economy. But the EIB will not be acting alone. The EIB will be financing the riskier parts of projects worth 315 billion, meaning private investors will be pitching in the remaining €252 billion.

And yet some say this is not enough. This is the greatest effort in European history to mobilise the EU's budget to trigger additional investment – and without changing the rules. We have managed to pull an unprecedented €8 billion out of the EU budget! Just ask your national governments how difficult it is to make those kinds of savings.

I know some of you are worried about the impact on the research and infrastructure allocations. You fear that redirecting money from the Horizon 2020 and Connecting Europe budget lines will mean that money is lost. But this is not the case. Every euro from these programmes paid into the Fund creates €15 euros for those very same research and infrastructure projects. We are not just moving money around, we are maximising its input.

If Member States step up to the plate and contribute to the Fund, then the knock-on effect of this significant amount will be even bigger.

2. We are setting up a credible project pipeline backed by a technical assistance programme to link investments to mature, growth-generating projects of European significance. It is not the job of politicians to choose projects. It will be done by the technicians who have the experience and know-how to do so. The Fund will have a dedicated Investment Committee made up of experts that will have to validate every project from a commercial and societal perspective and based on what value-added they can have to the EU as a whole.

3. We are proposing an ambitious roadmap to make Europe more attractive and remove red-tape and regulatory bottlenecks. The answer is not just financial. It is also regulatory. A single EU Regulation can replace 28 sets of laws. This is the best simplification machine.

The EIB has done a great job in recent years, and I am delighted that they will remain a central player and partner in Europe's new Investment Plan. Werner, the triple-A of your institution is a European treasure that we will now put to even better use for Europe. We couldn't have done this without you. I wish to pay tribute to you, Werner, and your team for everything you have done so far and thank you for what you will still have to do over the next three years. Indeed, Werner and I had a comprehensive exchange of views on this already in July.

There are still important steps that we need to take as of tomorrow. This is only the beginning.

That is why today I want to call on all those who say they want to put Europe back on the path of strong growth:

1. Member States should join in and multiply the impact of the Fund even further. Every public Euro mobilised in the Fund can generate about €15 of investment. My pledge to you in turn, as I already mentioned, is that in the assessment of public finances under the Stability and Growth Pact, the Commission will not count such capital contributions to the Fund. That's European solidarity. That's what working together for the greater good looks like.

Some of you will ask me – what's in it for me? Why would a Member States contribute to the fund when there is no guarantee how much they will get back? Because geographical silos will not serve anyone. France growing is good for Italy. Southern Europe growing is good for Germany. We are all in this together. Our fates are linked. We should stand shoulder to shoulder.

2. The €315 billion of total expected investment is not a ceiling. If we are successful, as I believe we will be, we can even go beyond this.

3. We need a broad political consensus in the European Parliament and the European Council that will endorse the Investment Plan and validate its content, structure and objectives. We need a Coalition of the 'willing to invest'.

Honourable members, I will notably count on the commitment of this House to fast-track the legislation necessary to set up the Fund. I will ask colleagues at the European Council for the same commitment. We have to get the Fund up and running by June next year so that it can start delivering.

The European Parliament is a key partner in bringing Europe back to growth. We will be accountable to you. High-level representatives of the new Fund should regularly report to you on the activities of the Fund. I will also guarantee that the relevant Vice-Presidents and European Commissioners responsible

for the different areas of activities of the Fund, as well as EIB representatives will regularly report to you and your relevant Committees.

Let me, however, be very clear: we need political endorsement and backing, but not *politicisation* of the Plan. No political fiddling with projects, no national wish-lists. This is a major credibility test that has to be convincing to private investors and the world financial markets. Here too, I count on the EIB's professionalism, experience and expertise.

The Plan is not an ATM and the Fund will not be a bank. We need something agile. Something which is simple for investors and public authorities to use. Something that can evolve and develop over time. Not constrained by the "silo" logic of thematic, sectoral or geographic pre-allocations. Something credible that builds on established structures and guarantees accountability.

What we propose here can be done at EU level alone. Less than a month into the mandate of my Commission, we are taking responsibility and we are delivering. I now invite others to follow suit and show they too are ready to play ball.

And this does not have to be one-off. Today's Plan is a first test case. If it works, who is to say it could not become a permanent feature?

4. No way back

This is an investment offensive that optimises our economic policy. We are focusing on long-term, large-scale European investment to create jobs. We are also targeting SMEs – Europe's job creators – to give a boost to the real economy.

We are turning a corner, completing fiscal responsibility and structural reform with innovative investment plans and instruments. This ground-breaking investment plan, mobilising all levels of government, is the missing part of the puzzle, the third point in the virtuous triangle. The *omne trium perfectum* made whole.

We will stand tall on three pillars: the money, the projects and the rules to create the right business environment.

We are offering hope to millions of Europeans disillusioned after years of stagnation. Yes, Europe can still become the epicentre of a major investment drive. Yes, Europe can grow again. Yes, the European social model will persevere.

Now that we are going in the right direction, there will be no turning back.

Thank you.

SPEECH/14/2160

General public inquiries:
[Europe Direct](#) by phone [00 800 67 89 10 11](tel:0080067891011) or by [email](#)