

CONFRONTATIONS



EUROPE

Actes des Assises européennes du long terme

3^{ème} édition

26 octobre 2017, Bruxelles



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Note : Ce document alterne entre français et anglais.

KEYNOTE SPEECH

Debora REVOLTELLA, Chief economist, European Investment Bank

What is going on with long term investment in Europe? Is a support to investments needed? A recovery has taken place for the first time throughout Europe. Some countries are faster than others, but the recovery is starting to be widespread and investment recovery is materializing. So, the question is: should we stop doing policies to support investment? At the European Investment Bank (EIB), we believe we should not. In good economic times, one tries to have a stable structure, a stable environment, and to look at long-term problems and solve them. Europe has a long-term problem related to its competitiveness and to low potential growth in many countries. There are still many structural challenges where investment support is needed. The main issues at stake when it comes to structural investment are business competitiveness, climate change mitigation, diversifying sources of finance, and improving the business environment. These topics have been on the table for a very long period, and it is the moment to push them again and try to really advance. Targeted policies, which address today's (not yesterday's) challenges, are needed, such as the European Central Bank programs, the European Fund for Strategic Investment and a national focus on investment. These are key messages and challenges for Europe.

Looking at the investment dynamic in Europe, during the crisis, almost all forms of investment experienced a big drop (except intangible investments). Machinery and equipment have been areas of very strong contraction. The business sector is trying to keep pace, particularly in the context of technological transformation, while the intangible component is also quite dynamic.

However, there are still some structural gaps and challenges which call for policy action. The contribution of dwelling to growth, for instance, is still negative and will probably not come back to its pre-crisis level. Worse, infrastructure investment is at a very low level within the EU: around 1.8% of GDP. It is around 20% below its pre-crisis level and even below the 1998 – 2008 average. Our research on the causes of this decrease in infrastructure investments suggests that one of them is the deprioritization of this type of investment at political level. In 21 EU member States, the share of capital expenditures has been substantially decreasing

while the share of current expenditures has been increasing and the share of interest payments has dropped. These trends reflect the lack of differentiation applied by governments in slashing their expenditures. During a regular crisis, such a drop is compensated by economic stabilizers, such as unemployment benefits. But, a ten-year long crisis during which there is no capital expenditure, i.e. the government is not investing or looking at the long term, has consequences in terms of long term productivity. This is something we are very worried about.

50% of infrastructure investment happens at the sub-national level. An in-depth study on investment at city level gives some interesting perspectives on the cost of the lack of infrastructure investment. In a survey covering 600 municipalities in Europe, we found out that 34% of them admit they substantially underinvested in the last five years and perceive the existence of an infrastructure investment gap. More interesting, when interrogated on the causes of their underinvestment, they point out, first, planning and technical capabilities at the municipality level and, second, budget constraints. Access to finance is less perceived as a constraint. In addition, the study reveals that only 40% of municipalities realize a proper economic assessment of the economic and social return of a project they implement, meaning that 60% do not. The main lesson of this study on infrastructure investment seems to be that key problems are not primarily related to fiscal limitations but to policy attitudes. There is a need to reprioritize infrastructure investments at political level, to build a new narrative on its importance to allow governments at all levels to divert resources towards capital expenditure. There is also a need for much better planning and technical capabilities and, further, for a coordinated vision of what is needed at national and sub-national level.

Another structural challenge is intangible investment. If it has been driving the recovery out of the crisis, Europe cannot rest, when others are doing better. Europe is lagging behind in terms of business R&D, compared to the rest of the world.

It has been – together with the US – leader in terms of intangible investments after the war, but is now losing pace with countries like China or South Korea. Competition is global: we must help the business sector move fast in terms of new technology, R&D, innovation, intangible investment, etc...

A very comprehensive survey on the needs of firms as regards investments (for which 12,500 firms have been interviewed per year since 2016) shows that they are recovering and that the outlook is positive. Firms are less constrained by uncertainty, less constrained by demand. However, one factor remains worrying: the quality of the capital stock.

Technological change is happening, and Europe has been underinvesting in the last years compared to global peers. Now we reach the moment in which, if Europe really wants to be at the top of the technological change, it must go fast. While leading firms were preparing for the future during the crisis, other firms were slacker and much more conservative. And,

whereas they should now speed up and adopt new technologies, it may already be too late for them. It is, therefore, of crucial importance that firms really start investing in intangible innovation skills. Here is a major policy message. So far, policy interventions (e.g. subsidies) targeted only R&D investment, whereas intangible investment is a much wider concept (which includes but is not limited to research and development). In the current context, policy interventions should be a little bit broader and should try to incentivize other forms of investment. The skills component is particularly important. Our survey shows that for 72% of firms the availability of people with the right skills is the major impediment they face. Europe can do more on that aspect. However, as 99% of expenditure in terms of education and skills happen at national level, it is very difficult politically to discuss it.

Another critical point is climate change mitigation. Everybody is very positive about it because we are already close to reach the 2025 target for greenhouse gas emissions. That is the good news. The bad news is that there are much more demanding targets that are coming, starting in 2030. And, to get there, much more needs to be done in terms of investment in climate change mitigation. The EIB has developed a database to gather and monitor the various investments that are associated to climate change mitigation. Basically, they are at their lowest level in the past 5 years. There are some technical reasons. Some investments are almost ready but still have to be implemented. They are very big and may change the picture. Nevertheless, the message stays 'push more or incentivize more'.

Financial conditions substantially eased but the situation is not so much stable across countries and firms. A cause of concern is that it is associated to extraordinary monetary policies. Some instruments are going to fade in the next year (e.g. the TLTRO). That will lead the banks to go back on the markets. An interrogation exists on whether long term financing will be available at the same cost for all banks. Therefore, the question is how stable the situation is. And, short term observation suggests there are very strong differences among countries and firms. There is a divergence between Greece, with external finance constraints, and Sweden or Germany. Furthermore, a quite atypical situation can be observed: whereas the corporate sector is traditionally considered as a net borrower, it is now a net lender. An interesting situation can be observed in some countries like Ireland. On one hand, many firms are subsidiaries of international companies and have access to finance. On the other hand, SMEs not part of international groups encounter problems.

Another challenge is that different kinds of investments may require different kinds of finance. Firms with decent balance sheet have no problem to access credits from the market for financing investments in real estate or machinery. For investments in the development of innovative projects or in intangibles, a different form of finance is needed, which tends to be scarcely available on the market. This calls for diversifying sources of finance, which is behind many of the policy answers that are being proposed today.

The last challenge is very complex. If business regulation and labor market regulation are not considered as the main impediment to investment by firms, they are nonetheless major obstacles, in some countries and at the EU level. Strict business market regulation and labor market regulation also influence the ability to reallocate resources at the economic level, which is something very important coming out from a crisis like the one that we have seen.

Although the economy and investment are recovering, long term challenges need to be addressed. There is room for policies in terms of support to investment, focused on infrastructures, competitiveness, climate mitigation, diversification of financial sources. Ownership of those policies needs to be taken both at European and national level. Structural reforms are moreover very important.

In this context, we think that there is still room for an institution like the EIB to play a key role. The EIB is close to its 60th anniversary. It is a treaty-based institution, the 28 Member States of the Union, including the UK, are all shareholders, which poses some challenges for the future. It has its own capital and issue bonds rated triple A to finance investment projects. It works as a catalyst in incentivizing projects: it does not finance 100% of a project but co-finances with other investors. In the last years, the co-financing part of EIB investment has been growing up to almost 270 billion euros of investment at the European level. EFSI has been a specific project that aims at de-risking projects. Its advancing is satisfactory with projects worth 240 billion euros that have already been approved. Those projects are rather well widespread in terms of geographical and sectoral distribution.

There is still some work to do on the demonstration of the economic impact of EIB financing as it is asked as any public institution to be more transparent and more accountable. A model of evaluation of the economic impact has been developed (in cooperation with the Joint Research Centre – JRC) which differentiates between the short term economic effect of a project and its structural effect (e.g. for a bridge, the reduction of travel time for people it induces). According to this model, investments supported by the EIB in 2015 and 2016 have shown a quite some strong short term effect but also a very lasting structural effect in terms of finance competitiveness for the economy. Out of an increase of GDP of the European economy of 2.3% by 2020, its EFSI part would represent 0.7% and its effect is likely to stay in the long term. In terms of net additional jobs, the impact would be 2.3 million new net jobs by 2020, which demonstrates the interest of EIB support policies to productive investments.

In conclusion, EIB policy is not just about lending. Given the importance of technical preparation for project development, the EIB is working on reinforcing its advisory activities.

Table ronde 1 :

Conjoncture macroéconomique et construction d'un nouveau deal européen

Intervenants:

- **Michel AGLIETTA**, Conseiller, CEPII et France Stratégie
- **Philipp ENGLER**, Économiste, DIW Berlin
- **Christian THIMANN**, Conseiller senior auprès du Président et Directeur du Fonds AXA pour la Recherche, Axa – Président du Groupe à Haut niveau sur la Finance Durable, Commission européenne
- **Natacha VALLA**, Chef de division Politique et Stratégie, Banque Européenne d'Investissement (BEI)

Modérateur:

Olivier GUERSENT, Directeur Général de la Stabilité Financière et des Marchés des Capitaux (FISMA), Commission européenne

Michel AGLIETTA, Adviser, CEPII and France Stratégie

I have two propositions. First, European problems are interrelated with the erosion of potential growth worldwide, with investment decline and weakening productivity gains, and stagnation of the median wage in advanced countries. The second problem is the geo-political degradation stemming from the US, which highlights the frailty of the European project which is deprived of political assertiveness. This stresses the issue of linking investment and political assertiveness. It is the message of President Macron, awakening Europe through a New Deal. To move forward to a stronger Union, two paths are interrelated. The first is moving the European Union budget from a zero-sum game to a positive sum game between the countries by backing a long run investment drive. The idea is to enhance overall potential growth all over Europe through raising long term investment. The second is reforming the European Semester to provide contra cyclical macro-economic stabilisation under contingent and symmetrical roles.

What are the principles behind the first objective? Basically, an active European Union policy budget, driven by a European policy. Selecting investment, incentivizing it by public policies and warranties by enhanced budget to ensure it produces an additional European added value compared to each country separately. These types of investments have to be emphasized because they really make a win-win program. To pick up this kind of investment, we need an agency, a relationship between different countries and the EIB to make this investment program – exactly the same that is being done in China by the National Commission of Planning. We need strategic planning. Second, what are the resources of the EU? The EU should certainly strengthen and enhance its resources through own resources. So European value added and own resources are the way to go. Own resources mean taxes that pertain to Europe through the national tax base. For the time being we have only customs duties as own resources, but they are related to the fact that we have a single market, and so resources are for Europe and not the countries. If you want to develop long run investment for handling climate change for instance, a carbon tax should be an own resource for Europe because the problem of handling the climate problem is a European problem, not a country-by-country problem. Therefore tax and global companies in the digital single markets are very important because these companies do not pay any tax in Europe. Corporate tax harmonization is therefore absolutely necessary to finance this program with the backing of the EU budget. Of course we need democratic legitimacy, the European Parliament has to become an institution of democratic legitimacy in controlling own resources.

The second objective is reforming the European semester. An investment program at the EU level will have a macro-impact on the stabilization of the Eurozone area. Because announcing potential growth all over Europe reduces the risk of recession in the business cycle and so reduces the risk of countries falling back into unemployment.

Therefore, we need to define the structural deficit for the different member countries of the Eurozone area of the approved investment of the European program. The structural deficit should not include the investment that had been approved at the European level to

make a long-run investment program. This is about consistency. And, finally making the rules of fiscal adjustment contingent on the business cycle is certainly something we can do. We can define this type of role so the whole Eurozone area can avoid what happened in 2011-2013, an overall tightening of all the national budgets in deteriorating output gaps. It took us 3 or 4 years to get out of this situation, and we have recovery only now for this type of policy-induced recession. We should absolutely avoid that.

So, the basic concept in order to engineer a long run investment program is: European value backed by the budget, own resources, democratic legitimacy.

Natacha VALLA, Head of the Policy and Strategy Division, European Investment Bank

Thank you very much for the very careful preparation of the panel. We were all allocated specific themes and we will try to be complementary. So, as Debora hinted to in her presentation, we are now in a situation where there is a recovery in the EU, it is a slow recovery. It is below previous episodes and this happens even though we have very accommodative monetary policies, in particular in the monetary union.

On the broadly neutral fiscal policies, this is a very specific and vulnerable point to start with, and within this recovery, we still have a lagging of investment. Nevertheless, as of last year real GDP in the EU was slightly up relative to its level in 2008. Investment was well below and corporate bank loans were well below too. What is also new is that we do have recovery but it is an inflation less recovery. This is making life difficult for the Central Bank because it has no inflation growth, it should be normalizing from a very unconventional stance both quantitatively and qualitatively.

Another point is that, while in the past few years we were all thinking about secular stagnation, Larry Summers¹ coming up, the under-productivity growth, now those fears have receded a little bit because we see the recovery firming up not only in Europe but also worldwide. Now we are more towards a reading of the situation based on the credit cycle view or the financial cycle view. Actually, Michel Aglietta and I just published a book² with a whole chapter on financial cycles and their relations to investment development.

Now, what are the implications of the current environment for the brand of investment finance and financial structure in Europe moving forward? First, will there be enough public funds to finance the investment gap? The quick answer is not really. So, we have to find ways to deliver public expenditures that are compatible with the European rules because we cannot change the rules quickly and easily. What kind of private sources of funding will be available? How will the banking sector be helping the recovery of investment and if not what other actors? Are they going to have specific sector strategies? I would insist on the role of non-

¹ Larry Summers is an economist, former Secretary of finance under the Clinton administration

² Aglietta M. and Valla N., Financial Macroeconomics, 2017

banks to accompany this investment upswing. A few words on the cross-border behavior of investment, which is not as bad as it is said to be.

Now I will go very quickly on the macro-economic financial environment. The role of banks in the financing of investment in the private sector depends on many factors that are bank specific, but also depends on many finance specific factors. Financial conditions have hindered the ability of banks to finance the economy, it is a bit less bad now than it used be in 2013, 2014 but still we are not in an easy situation.

Now what have the banks been doing since the crisis? The dynamics of bank loans divided across geographic areas in Europe all through the crisis since 2008 show a big heterogeneity among the banks of core countries which behave the best way and vulnerable countries to finance investments flows.

On the contrary, the issuance of long term debt securities by corporations has gone up in a sustainable manner, in countries where the ECB has started its securities purchase program. Now, will it be sustainable once the current monetary policy is over? That is not clear. There will be a ratchet effect: markets remain once created. It will be up to the Capital Market Union to make sure that the market's infrastructure and market circumstances are helping countries where those issuers are not present or where those markets do not exist.

Now banks are doing relatively fine and they should be in a position to finance again in the same old way. Capital ratios of the banking sector in the EU look better. We only need positive interest rates and a bit of an upward sloping yield and we will be fine. Yet, as long as there still remain a lot of legacy assets and bank balance sheets, we will not be able to unleash sufficient flows to finance the investment we need.

There is another argument on banks, which is related to their liability side. There is a fair bit that is still related to what the ECB is doing in terms of long-term refinancing operations, of emergency lending. This is even truer here; you have a position of bank liabilities ex-equities (without equity). It shows you that if you remove the ECB, well there are many deposits arguably, but there will be a financing gap really, so this needs to be matched by something else. If banks are in a better shape but still not able to do the financing the same all the way, what can we say about other actors? Looking at the balance of cross border investment flows, banks are not any more the main player: they have disappeared from cross-border flows. Insurance companies, asset managers, non-money market mutual funds have taken over cross border flows also little by little positions.

If the financial cycle view that I mentioned before is correct, then deleveraging will have to happen. There is a lot of debt on everyone's balance sheet in Europe. Bank loan flows have dried up, which diminishes overtime the stock of bank debt; but there is also all the debt that takes the form of debt securities.

The recent trends in cross border finance should be good news for macroeconomic resilience. Why? There are many more actors involved in cross border flows that are mostly interested in equity-type-asset-classes, foreign direct investment, and equity in terms of portfolio investment. Therefore, this is good for macroeconomic resilience and for integration in Europe and therefore investment developments should be supported as well, to what

Michel was calling for which is pan-European investment. The thing is that gross investment position has become huge, so once the ECB starts to exit, there will be huge valuation effects, and some balance sheets will be very vulnerable to that. Banks are perhaps on the front line here.

And final point, implications for the brand of investment finance and the financial structure for the future. There won't be that much money left in public pockets except in some big countries. Is it desirable to do creative accounting. Michel was calling for a change in the rules and there might be some argument for that. There are counter-arguments against that. There are many thoughts about how to account for things in the manner that is not Maastricht costly, in terms of public investment bearing and public debt in the sense of the measures that are looked at by the Commission. I do not think that we should go down that route, really. If we create a pan-European duty which is in charge of strategic investments related to European policy, by nature it will be supra national, by nature it will be non-Maastricht, and here you do not have to play with the rules because you are outside of the rules, and you are really with another rationale. Therefore, that is much more powerful, and then you have to work on quality and composition of public finances. There are many actors looking in many directions, and it should simply be supported even more.

Christian THIMANN, Senior Adviser to the Chairman and Director of the AXA Research Fund, AXA Group – Chair of the High-Level Expert Group on Sustainable Finance

Let me tell you three stories: first, something on the European level that is encouraging, second an issue that is a little bit disheartening, and third a few reflections on the vision for Europe. Let me start with the positive news: the progress on sustainable finance. In light of the Paris Agreement, the capital flows are to be reallocated, and the question is how. The Commission has shown great leadership in established this high-level group of twenty experts plus ten observers plus twenty people from the Commission to get finance to the long-term, address climate challenges, finance the energy transition, and fund environmental and social issues. These are big projects. We are working on the final recommendations, it is then up to the Commission to decide what it finds appropriate and not, and then to implement it.

First, we are trying to set up taxonomy to determine what is sustainable and what is not. It is very important to say what is needed for climate mitigation, what is needed for the energy transition, what is needed in terms of investment and infrastructure, what could be social investments, what could be environmental investments.

Second, we believe that a European green bond standard is within reach. The green bond market is developing quickly. There are many, many standards out there. Europe is ripe to show global leadership and develop a European green bond standard.

Third issue, fiduciary duty, investor duty, there is still uncertainty as to whether investment advisors have to take into account environmental issues, social issues,

governmental issues. In addition, we are working on the principles for integrating environmental, social, and governance issues, into investor duties so that investors don't just look at the financial returns but also the broader economic and social return.

The fourth issue is infrastructure. Europe is very far advanced with the Juncker Plan in the EIB. Still there is a gap to be founded. We need more infrastructures, especially in the area of sustainability. We looked very closely at where the bottlenecks are: it is not a lack of money. There is a lot of private money out there, AXA has two percent of its 500 billion portfolio in infrastructure, we would love to have five percent but there are not enough projects out there. We do not need to spend more public money. Our feeling is that it is a gap of development capacity in member countries because developing these infrastructures is very complicated. We believe we can build on what the EIB is doing to strengthen development projects that give technical expertise to countries to concretely develop infrastructure projects. The insurance companies are ready to take them once they are clean and securitized. There is however, an issue, the volatility of cash flows that is one biggest deterrent for private investors and infrastructure projects: political shocks. Because politicians change their mind maybe more frequently than average people. This frustrates long-term investors because if you have an illiquid investment in renewable infrastructure, a change is dramatic. Therefore, we hope that this new organization could work on giving greater stability to cash flows, greater predictability. We have had negative experience in many European countries where politicians just change feed-in tariffs and this has destroyed a lot of value. In addition, accounting seems technical, but is extremely political because that determines how balance sheet items move on your balance sheet and that determines investment. We are thinking of ways to provide more stability.

Technology and financial markets are very much on the short-term. To be effective on the long-term, we probably have to combat "short-termism". This is not to say short-term finance is bad: we need short-term treasury finance. We may not need so much trading on markets and so much high frequency trading. You know that stocks are being traded today not just daily, we are down to microseconds. That is one millionth of a second. High frequency trade accounts for 20 to 50% of global stock market trading, and of course this is a very different investment perspective. Some CEOs say that they spend 30 to 50% just to deal with short-term financial market analysis. One CEO told me, "I have two speeches in my suit. Here on the left I have the speech for the analysts that come and hold my stocks, the big funds. They are interested in the current year. They are interested in: return on equity, sales, and cost cutting, dividend payout, and dividend streams this year and the next. "On the right hand side I have my speech when I talk to employees, when I talk to policy makers. This is my business model, what we bring to society, about the climate, the young generation, and the planet." And he says, "I'm getting crazy that these two speeches are not connected." Therefore, as long as we must have two speeches; life is much more difficult on the long term.

Diversity of Europe is a huge asset and is there to stay. The diversity in labor costs is tremendous and I am not sure that we will be able to change that.

What we would need is more common projects, new projects together. It would be great if Europe could do what countries cannot do themselves, in the digital, energy, defense and aerospace area. These are huge markets. As European citizens, we love the US, but it is a bit regrettable that every time we use the phone, we feed the machines on the other side of the Atlantic with artificial intelligence. We do not have these infrastructures here. Therefore, I would personally hope that in the era of digital where we have many engineers, we can develop more common projects and thereby have investments for the long-term of European interest.

Philipp ENGLER, Economist, DIW Berlin

I am taking the intermediate role between French and German economists. This panel is on the new deal. Roosevelt's New Deal was on relief, recovery, and reform. What kind of reform is needed because recovery is on the way? The question needs to be answered by what drove us into the last crisis. So why was the last crisis so severe? Because of the risk of Europe's break-up, because of the feeling investors had that countries might leave the Euro resulting in capital flight. This interacts with a second factor: the banks-sovereign doom loop in some countries.

This break-up risk was put to an end by the European Central Bank, as shown by Carlo Altavilla, Domenico Giannone, and Michele Lenza³'s paper: the Outright Monetary Transaction (OMT) announcements by the European Central Bank made a big difference on sovereign risk. In addition, if you look at the time series of unemployment of peripheral countries in Europe, this is the beginning of the turning point where unemployment started to fall again.

The second factor is the bank sovereign doom loop. The banking union is aimed at addressing it: we have gone a big way towards achieving it, but there are still things to be done. Another issue is the European Stability Mechanism (ESM), which was not in place in the beginning of the crisis. The big risks are now gone.

However, this all contributed to too little risk sharing as economists frame it: some more risk sharing might be needed. Moreover, completing the banking union is one issue (deposit insurance). I will focus on fiscal integration in the Eurozone although I am well aware that risk sharing across regions in a big heterogeneous monetary union is better achieved by a capital market union. Regarding fiscal integration, this has become very popular in recent weeks again when Macron urged for initiative in this area, but we have to first step back and think. What should this fiscal integration aim at?

One issue is the provision of a safe asset. There has been a big debate on whether the lack of safe assets, which are seen as conducive to financial mediation, made the crisis more severe. Eurobonds are potentially one way to get there. The problems with Eurobonds are that Germans are hard to be convinced as long as Eurobonds are regarded as a means for

³ <https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1707.pdf>

transfers between regions only. This is a dead end to pursue. Eurobonds are at the end of the road maybe, but in the meantime, solutions like European Safe Bonds, might be the way to pursue. Another potential goal for fiscal integration might be having a Eurozone or EU budget able to be redistributed across regions, reducing fluctuations. So, not permanent transfers but cyclical transfers across regions. Something that is in place in many countries, but the EU budget is only one percent of GDP.

How to achieve some significantly higher role for joint fiscal policy? Historically, in the US for instance, very special circumstances were needed: state debt created in the aftermath of the unification of US came from the joint war effort against the British. The next big step was the New Deal, following a major unemployment crisis that allowed the increase in government spending to GDP ratios. Without this, it is more difficult to foster deeper integration. Furthermore, it might be problematic for many reasons: fiscal union as such is a way to share risks and trust the Eurozone or the EU. It is not an election winner, it is too abstract to really convince people to turn out and vote.

Furthermore, Eurobonds are a no go for Germany because they are perceived as permanent transfers. However, there was a recent presentation at the European Commission, from the Peterson Institute: “If we focus on public goods that are best provided at the union level, this might be something even Germans could be convinced of.” If we could come up with convincing public goods that can be provided in a better way, in a more efficient way at the central level than at the national level, then this would be a way to increase the budget of the central authorities like the Commission. What could they be? Well internal-external security, cross border infrastructure, unemployment insurance.

To sum up, with sufficient risk sharing, the severity of the next crisis will be much reduced. We can instead focus on longer term issues, back to the investment agenda. Focusing on education and training so the people have the right skills for the jobs of the future, infrastructure, research and innovation.

Olivier GUERSENT

Thank you to all four for your very interesting presentations. The first matching theme I detected was around the funding mix and the role of public finance versus private. I was very interested by your statement, Christian, that the problem is not the lack of funding but the lack of projects. This loops back into the role for public budgets in general and European budget in particular. Maybe that question should be illustrated by the second point that strikes me in the forum, all four of you referred to the concept of European common public goods as the point of focus and to the lack of investment. Talking of lack of investment, none of you talked about human capital – but Philipp – which seems to me as the most important European public good at the moment and the focus of a common investment strategy. I would like to have your views on this. I was also interested in the view that Philipp brought in the end that we have the old issue of jointly devising investment strategies. Nevertheless, what Philipp

brought is the other side of the coin, which is what kind of common discipline makes sense in order to make this joint endeavor sustainable. I thought this was internal debate to the EU. So the first question I would like to ask is how this potential new deal in Europe is influenced by the global context in your view?

Michel AGLIETTA

The global context entails dangers because the problem is complex: we want to finance an ambitious program of long term investment and we need deleverage because a lot of leverage still remains from the financial crisis and the Eurozone financial crisis. That is a big problem because to do that, we need low interest rates. However, the present recovery is just a delayed business cycle recovery and has nothing to do with an increasing potential growth. Nevertheless, if interest rates are creeping up slowly, it can go. But a large unexpected increase in interest rates would be certainly devastating in the corporate sector of many emerging market countries, in public sectors in Europe, and inside the non-bank financial system, shadow banking. Therefore, there are many dangers that lie behind.

Of course, the main problem is the situation of the United States. The United States are in full employment and in a later phase of their business cycle. In addition, Trump wants a huge increase in public deficit, and at the same time, we do not know what will be the policy of the Fed after next February. So it is exactly the situation where finance does not really like uncertainty in policy, and political uncertainty is exactly what we call radical uncertainty, something that cannot be priced in financial markets. There is no objective probabilities that can be calculated in order to price and transfer this type of uncertainty to risk. Therefore, financial markets simply know it. Therefore, a bank crisis is something that should be feared upon, and that is the main risk that could derail everything.

Olivier GUERSENT

Thank you. So you are more afraid of a bank crisis than an asset bubble in particular when looking at the United States.

Michel AGLIETTA

The fact that you have absolutely no volatility in stock markets corresponds exactly to the situation right before a financial crisis. Banks are driving finance, but markets are too. The balance sheets of many private agents worldwide are very much unbalanced, and their unbalance is understandable. You have ten trillions of liquidity that has been built up since the financial crisis, and forty percent of them went to a corporate sector of the emerging market countries. So if you have an increase of interest rates of the US, it will boost the dollar. If you have both an increase in interest rates worldwide and the dollar, you do not really have to be a senior economist to understand what would be the consequence.

Christian THIMANN

As regards the Trump withdrawal from the Paris agreement, we must not underestimate the consequence of what this really means in financial terms. The fact that not all countries are advancing at the same pace is fine, this is clear. That the largest country is going backwards is very problematic, and indeed, if they repeal the clean power plan they will alleviate investments of 33 billion dollars in their energy sector. Europe should be careful in its way forward and not rest on its laurels while the Americans do not take care of the environmental issues and artificially alleviate costs and distort global trade relations. Therefore, that is something that we need to be mindful also when it comes to the implementation of disclosure frameworks. For example, on the Bloomberg task force⁴, we get more and more push back from the corporate sector because they are asked to disclose information about the risks regarding climate while their US counterparts are not asked to do that. Therefore, we have to be careful and see what really the US is doing at the SEC⁵, at the treasury level.

On the investment projects, when I hear about risk sharing I always think of problem sharing and I am not sure whether this makes our European countries so happy if we start to share problems. I much rather think we can think positively and do things together that countries cannot do alone. Again, among the many examples, we have very successful experiences in the aerospace. We do not yet have them in the digital. We have normally something that is better than GPS, which is the Galileo but it is not really up and running. We have not managed the European credit card. We have not managed the European rating agency. We have not yet managed the giants in the energy and technology sector and so on. Therefore, it is much easier to motivate citizens, voters, and say that we think about doing new things together, rather than sharing old legacy problems. This will be very difficult and leads to a lot of conflictual discussion in Europe. There are many things to be done, great projects for Europe financed jointly, we do not need to issue bonds. Of course there, the bigger member states can help the smaller and give a prospect of new employment being created. That is a wonderful prospect and we should really push it at all levels.

As regard the potential new deal between German and French views, let me tell you a story. Siemens and Alstom merged the train business, which were very good business for both countries so Emmanuel Macron and Angela Merkel decided to create a global champion by merging these two businesses. Siemens has 51% share, but the company is based in France, it is run by a Frenchman and has a German president, head of the board of directors. This was very well equilibrated. Then I happened to read papers from both countries. On the French side I read “this is terrible because we lost out to the Germans”. And, on the German side,

⁴ Task Force on Climate-related Financial Disclosures

⁵ ?

papers said “This is again very bad, that France has such an intelligent way of negotiating these things, and that now the technology will be in France, run by a Frenchman, and we lost out”. How can a win-win deal be perceived as a loose-loose one? So maybe it is better to do new things together because it is seen as more positive by people. That is why I really believe we must push for new European initiatives. There are plenty of positive new ideas to move out of the quarrelling.

Philipp ENGLER

Just a word on risk-sharing. I believe it is important to have some buffer in public finances. If you are just in the monetary union, this is difficult if you have to keep your fiscal book maybe too much in order. That is why some more space there might help. It is not about just sharing legacy debt or legacy problems. If we want to go forward, then we have to look forward with projects, with things that fly in peoples’ minds in the investment area, but also in the political sphere.

This is probably going beyond the topic here but very important since we are in a severe confidence crisis regarding the EU. The EU is about opening borders, giving us opportunities, but it is also exposing us to all the risks out there, without providing us with protection, or helping us to cope with the challenges. This is the view that in peoples’ heads. We should deal with them.

Fostering the ideas of joint projects makes sense. There are discussions on Eurobonds; the debate in Germany is bordering the hysteric when it comes to things like Eurobonds or joint fiscal initiatives. Nevertheless, there is some merit in it and on the French side. Of course, France and Germany need to agree, but the French side has to see that, anything that resembles transfers of something we do not have control over, and from which we do not benefit in the long-term, will not fly. Moreover, coming up with joint projects makes sense, public goods that can be best provided at the European level are the way to go.

Natacha VALLA

Let’s look also beyond Franco-German relations towards other countries. There was another deal involving France and Italy where Fincantieri was buying CGM, and so the exact same things were said in this case. The French state is lending out the one percent that leads to a fifty-one percent stake. Therefore, that is the way for the French state to make sure that no jobs are cut. It is a matter that goes well beyond the Franco-German dimension in a sense. It is a spontaneous creation of European champions. It has to be monitored well, there are social consequences that need to be taken into account. We need more cross-border equity funding, which is good for resilience.

We have to deal with what is happening right now with technology and digital, as a proper fully-fledged industry, a revolution. What happens is really a massive and sudden increase in the depreciation rate of a huge capital stock. Moreover, this needs to be addressed properly. Think back about the beginning of the twentieth century. Every single family had someone building train tracks. That was really a huge investment, not only public, there were many private funds put on the table. Some railroads went bankrupt in twenty years, so it was really a collective endeavor from a financial perspective, and we should at the same time help private funds to invest this digital revolution. The diagnostic is becoming fairly consensual and this includes data management infrastructure, artificial intelligence, blockchain.

On the Franco-German deal, we need to stop speaking about funding and money. That is where the tension comes from. There is a lot of capacity building to be made for public investment: municipalities do not know how to plan public investment. Even when they know, they do not even use those plans. So we need to make sure that this project generation works well. That is where there is an argument for public intervention, not necessarily more funding. Going towards a non-resource tax is probably a long-term ideal goal, and again, probably on the tax side, tax harmonization would be more helpful. On Eurobonds, there is no need to go further than what we already have. The European Stability Mechanism (ESM) is issuing Eurobonds; the EIB is issuing Eurobonds and has been doing so for fifty years. Do we really need more than that to kick off investment?

Olivier GUERSENT

Maybe we can add some information on this last point. Indeed the banking union was yet to try to sever the doom-loop that was a powerful engine of the crisis in the Eurozone. The latest statistics on the amount of national debt in national banks have dropped considerably: in 2010, the share of national Spanish debt in Spanish banks was above 80%. It is now around 50%. That is a trend visible everywhere, in the South because of perceived risks, in the North because of the low rate environment. This does not have much to do with banking union, it maybe has more to do with the monetary policy of the ECB.

This leads to a second point, safe assets is probably the safest way to freeze any debate that would be even remotely productive because it is so sensitive in many countries.

A last remark: Banks are less relevant in the cross border flows. A very small amount of cross-border mergers happened, and now this trend is stopped. We need banking consolidation and everything shows that the consolidation will happen within national borders. I am not so sure the message in terms of integration is right.

Michel AGLIETTA

On the financial tools to finance long term investment, given the leverage, if you want to have a robust program of long term investment, we need much more equity capital. And of course, the central platform that should finance that is the EFSI. The EFSI is really the fund that is necessary to link the public and the private sectors, but it has not much capital. The way to enlarge it is very simple, it is by introducing banks within the EFSI as shareholders of all the networks of public development in order to have a much larger amount of equity capital, and of course all of the development banks. Of course, they should cooperate in conceiving the projects as they have expertise for that. They can be the leaders in financing their equity capital within the fund. With that, we can incentivize private responsible investors to help project bonds that are issued in order to finance this type of project. Project bonds are not the kinds of bonds that the Germans do not want because they are related to new income. This type of bond and their price can be regulated by the Quantitative Easing (QE) of the European Central Bank.

Natacha VALLA

I will share my own views, not the EIB views. I have a very similar proposal actually to put together the national promotional banks in a network that would be similar to the Euro system of central banks. That would pull resources together to be able to do capital investment, maybe even equity investments.

Now there is also the question of the phasing out of monetary policy which is probably unlikely to happen very quickly in terms of the size of the assets that are on the ECB balance sheet. Nevertheless, the composition of the assets may change, and the ECB might want to keep its balance sheet size for half a decade, but swap or twist out debt instruments for other kinds of instruments. There will be more appetite for such ways to manage a smooth exit that remains safe in terms of keeping a low volatility in low fixed income markets.

Philipp ENGLER

When we think about investments into the future, what we really have to focus on is the new technological challenges. Maybe the financing way, the vehicle through which it can be made, is of secondary importance. For the general public it is important that the focus be on new growth areas. We have a very remarkable slowdown in productivity. There is a lot of research on that and we still do not fully understand why this is the case. Technologies will be developed anywhere in the world and we should make sure that we are participating in it and that is why this should be the focus.

Christian THIMANN

I take a lot of comfort from the discussion. There is this feeling of agreement, or at least I get this very strongly that it is less about the money and more about the ideas and the technology and the projects. In addition, about the public and the private, the idea that there is a lot of private money out there, the Juncker plan has 300 billion euros, the global insurance industry 10,000 billion euros. Therefore, we just need to mobilize that capital. We do not earn money on investing in sovereign debt. We earn money investing in equity, and we are ready and can manage the risks. We need to think, what could we adjust in regulation without endangering stability? What are the few issues that we need to mobilize for the long term?

Sustainable finance is never mentioned, it is more than climate mitigation. The European environment agency tells us that three systems are broken in our economy. The first is the energy system. The second is the transportation system, which is very inefficient. There is something going on with electric cars and new technologies. Then the third system was the food system. Actually you see that half of CO2 emissions of transportation comes from food transporting. Our agriculture system is damaging soil, water, health. This is a very important sector. So if we want more growth, a sustainable and healthy environment and things we can explain and sell to our citizens, agriculture is somewhere we can look into next to our transportation and energy passion.

KEYNOTE SPEECH

Philippe HERZOG, Président fondateur, Confrontations Europe

Ma première réflexion sur le débat est qu'entre l'esprit de long terme et le traitement de l'héritage, il existe un grand écart entre, d'une part, la vue de long terme, proposée par Michel Aglietta, et, d'autre part, l'héritage idéologico-institutionnel qui est le nôtre. Il y a donc tout un travail à faire. Un mot sur la façon dont avancent ou non les institutions européennes. En me référant notamment aux années que j'ai passées avec Michel Barnier : que cet héritage est ambivalent. Il y a, en effet, une partie positive, qu'il ne faut surtout pas passer à la trappe. Mais en même temps, il y a besoin de changements qualitatifs profonds. L'héritage positif, a commencé il y a 15 ans, dans la bataille pour les services publics européens. La vague de libéralisation est derrière nous et on est entré dans une phase de régulation. Mais, pour autant, en matière d'héritage idéologique et institutionnel, le dogme financier est encore là. Il y a donc une ambivalence mais voyons le double aspect, c'est plutôt la Commission qui a été en pointe dans cet effort pour sortir de la vague de libéralisation ancienne, même si elle la porte encore en elle-même, on n'en est plus à l'ouverture des espaces nationaux. En effet, on a commencé à se poser la question d'intérêt commun, sur les services publics, l'accès réel des acteurs au marché intérieur, la supervision financière, le financement d'économie ou l'investissement de long terme. Il faut reconnaître que ce ne sont pas les Etats qui ont été en leadership, mais la Commission. Mais, en même temps les changements qualitatifs à faire sont considérables et c'est maintenant qu'il faut les mener à bien.

Le problème est le manque de débat politique sur ces sujets de fond. Le plan Juncker n'est pas dans les radars. Quel dirigeant politique parle du plan Juncker ? Alors qu'ici nous voulons déjà aller plus loin, dépasser ce plan, vers des projets de long terme, et nous avons raison, mais il faut alors que le plan Juncker sorte des radars et entre dans l'espace politique d'Emmanuel Macron, d'Angela Merkel et d'autres.

Et donc, évidemment, l'évaluation qu'on a eu ce matin est très instructive, mais nous partageons tous cet effort pour dire : parlons infrastructure, stratégie industrielle et innovation, capital humain. Donc le travail que fait la BEI est très utile. Ma seule remarque, c'est que le *cross-border* n'est pas traité dans l'analyse. Ce n'est pas une critique mais une demande. Si on veut faire des biens communs européens et des projets d'intérêt commun, évidemment, on va devoir aussi se tourner davantage vers du *cross-border* avec des cibles déterminées.

On va vers une orientation vers le bien commun qui devrait être prise en compte, par les Etats, dans la stratégie de la Commission et dans le débat public, parce que les citoyens sont derrière et que rien ne se fera sans leur implication, ou très peu. Sauf que, et c'est là la partie faible de l'héritage institutionnel : il y a effectivement des efforts, mais les trous sont spectaculaires et, derrière le problème BEI, il n'y a aucune capacité prospective au niveau de

la Commission. Autrement dit, il n'y a aucun organe qui soit capable de penser une stratégie à long terme, à même de fournir des ciblage d'investissement d'intérêt commun avéré. Les systèmes d'information, les systèmes de concertation que cela suppose sont énormes. D'ailleurs, je ne demanderai pas seulement à la Commission de se donner des capacités prospectives et une stratégie, mais aussi de travailler dans un réseau paneuropéen d'organes nationaux et régionaux. Il faut donc inventer toute une ingénierie, allant plus loin qu'une agence. Ensuite, il n'y a pas de budget. Le budget européen est un non-budget, c'est un simulacre de budget. C'est une cagnotte dont chaque Etat reprend sa mise. Donc, comment investir sur l'intérêt commun et fédérer des citoyens autour ?

Mon deuxième point concerne l'incertitude politique, elle-même source d'incertitudes radicales. L'incertitude en question est typiquement liée à la fragmentation de l'Union. Elle induit donc d'énormes problèmes de géopolitique intra-union : Brexit, Catalogne, pays d'Europe centrale et orientale, les politiques de voisinage en chute libre. Bien sûr, la Commission œuvre pour résoudre ces problèmes. Il faut revoir les politiques du voisinage complètement et cela est majeur car lorsque le bien commun porte sur l'énergie ou la sécurité, il est capital de travailler avec les voisins. On a donc une très grande fragmentation interne et l'incertitude politique porte aussi sur l'Allemagne évidemment. En France, on pense qu'on a un Président qui est pro-européen et donc on dort un peu sur nos deux oreilles, mais on ne devrait pas.

La question de la diversité est donc fondamentale. Le mot clé est celui de « convergence ». Qu'est-ce que cela veut dire ? Il faut changer le mot parce que c'est équivoque. La convergence est effectivement affichée dans les travaux actuels de la Commission et de la Banque centrale européenne. Face à une telle fragmentation de l'Europe, la réponse naturelle est convergence. Mais en tenant absolument compte de la diversité. Donc convergence par les normes non, par les sanctions vis-à-vis des pays d'Europe de l'Est ou du voisinage, non plus. Avancer à plusieurs vitesses, comme on a pu l'entendre du côté français, suppose que l'on accepte la division et la fragmentation. Donc cela ne va pas non plus. Le risque serait d'aboutir à encourager le nationalisme, le populisme, sans le connaître ni le comprendre. Donc il faut traiter, non pas la convergence sans lui donner de substance, mais la diversité et faire coopérer un espace qui n'est pas coopératif sur des biens communs. L'idée n'est pas d'aligner nos systèmes de protection sociale les uns sur les autres, on ne va pas faire un Etat providence européen. Par contre, on peut coopérer au niveau paneuropéen par des investissements d'intérêt commun de long terme, dans l'élaboration de ces biens communs, tels que l'agriculture ou le numérique.

Cela m'amène à trois questions concrètes, trois fronts : tout d'abord, un front zone euro, il faut notamment déterminer si l'on établit ou non un budget zone euro. Une ligne à la Juncker, c'est-à-dire que même avec tous ces éléments de fragmentation, on propose à tous d'aller vers l'euro. C'est un choix politique à faire ou à ne pas faire. L'idée n'est pas de sanctionner si les pays n'entrent pas dans l'euro. Au contraire. D'ailleurs, la plupart cherchent une pré-accession, un système original qui pourrait leur donner envie d'aller vers plus. C'est là qu'interviennent les biens communs et les infrastructures. Aller ensemble vers l'euro, les

Anglais étant sortis, c'est quand même intéressant. Il faut aussi envisager d'autres cercles, pour ceux qui n'y entreront pas. Il faut travailler avec la périphérie, par exemple la Russie. Si l'on souhaite faire de la sécurité un bien commun alors qu'on a l'Ukraine au milieu et le problème avec la Russie, cela risque d'échouer. Il s'agit donc des fonds structurels. Il s'agit d'une notion simple, reliée au budget, consacré à 70% à l'agriculture et aux fonds structurels. Il faut donc le réhabiliter vers des biens communs, l'agriculture et la cohésion. Les fonds structurels sont majeurs pour assurer la diversité. Il faut que les fonds structurels basculent vers du financement de l'investissement. D'ailleurs, tous les problèmes de coordination, que connaît bien la BEI, entre des fonds structurels, des financements nationaux et privés en vue de les orienter vers des investissements que l'on juge d'intérêt commun, constituent une question essentielle et sont principalement liés au manque de budget. Donc traitons les fonds structurels comme un moyen de réhabiliter le budget.

Le deuxième front concerne en effet le budget. Le problème est que l'on n'en parle pas suffisamment, alors même que la programmation budgétaire à moyen terme ficèle les mains des acteurs pendant plusieurs années. La bataille sur le cadre financier pluriannuel est une bataille clé. On ne peut pas aller d'emblée sur le plan des ressources propres. Mais il faut mener la bataille ressources propres en clarifiant à quoi sert chaque dépense et en démontrant qu'il est nécessaire de mutualiser nos ressources. Seule une mutualisation au niveau européen nous permettra de faire des économies sur le plan interne. Au contraire, si on duplique nos efforts dans chaque Etat, cela aura l'effet inverse. Cette mutualisation des ressources est donc d'abord subordonnée à une identification de nos besoins communs.

Le troisième front concerne le marché : le marché n'est pas construit et fragmenté, ce qui annule l'intérêt à réaliser des investissements paneuropéens. L'Union bancaire tout comme l'Union des marchés de capitaux ne sont pas achevés et sont encore fragmentés. Après le Brexit, il faut à nouveau définir l'architecture de marché que l'on souhaite avoir. Or, ces deux aspects, combinés à une plus grande responsabilité des investisseurs institutionnels au sens large, constituent la première étape d'une Union du financement. Enfin, en ce qui concerne la gouvernance, la question du couple franco-allemand se pose, notamment suite au Brexit. Il faut redéfinir les rapports entre les deux pays et la contribution de chacun après le départ du Royaume-Uni. Ce débat sera peut-être reporté en raison de la volonté du gouvernement allemand de dépenser beaucoup au niveau national. Il faut donc ancrer ces problèmes budgétaires et de balance de paiement dans le débat d'urgence. Car à quoi sert autrement le dialogue franco-allemand, sinon à des amendements d'un héritage dont on juge qu'il est insuffisant. Pour résumer, le dialogue franco-allemand doit assumer un certain leadership politique. En outre, il faut développer un esprit de la diversité et essayer de faire coopérer parce que les biens communs sont paneuropéens et non pas exclusivement zone euro. Il faut donc une ligne différente vis-à-vis des pays d'Europe centrale et orientale ainsi que du voisinage. Enfin, le système d'information et de prospective doit être adapté si l'on souhaite avoir un centre européen qui ne pense pas seulement à court terme et qui ne soit pas démesurément victime du passé.

Table ronde 2

La parole aux acteurs

Intervenants:

- **Patrik ANDERSSON**, Président Directeur Général, Région de Göteborg
- **Anna-Lisa BONI**, Secrétaire Générale d'Eurocities
- **Nicolas GAUBERT**, Chef du Service Europe à la FNTP et Rapporteur du Groupe de travail Financements européens à la Fédération de l'Industrie Européenne de Construction (FIEC)
- **Eleni MARIANO**, Secrétaire Générale de la Conférence des Régions Périphériques Maritimes

Modérateur:

Marc LEMAÎTRE, Directeur Général chargé de la politique régionale et urbaine, Commission européenne

Marc LEMAÎTRE, Director General for Regional and Urban Policy (DG REGIO), European Commission

Reflection on the long term is exactly what Europe needs. It is also a sign that we are finally turning our back to a crisis mode of management of Europe – the choice of this theme fits very nicely with the recent developments at European level. The latest State of The Union speech of Juncker, in September, which tries to sketch out a possible roadmap for the medium term, is not lacking ambition and it is talking about Europe finally having some winds in its sails. The terminology chosen by the French President emphasizes that his ambition is to transform France. This is the window of opportunity that we have now, but the window of opportunity might not be that wide, but clearly we have a chance to seize the moment and to really project Europe into the right direction, to shape its future and not passively face it.

Secondly, the subtheme is “investments”, we are clearly still short on investments, and if you want to transform you need to invest a lot and wisely. For that, it is obvious that it will not be possible solely either by the private sector or by the public sector, but it will require some synergetic push in that direction, sometimes in partnership between the two, with the same strategic objectives in mind.

We start with the first panelist, Mr. Andersson. What would be most interesting to hear, would be what you think might today be relevant in the strategies, frameworks, which the European Union has, and what might be missing in those frameworks. Then on the empowerment, what does function, what might be lacking?

Patrik ANDERSSON, Chief Executive Officer, Göteborg Business Region

Göteborg represents 1 million people and 13 municipalities, has a long history of trade and industry, and has been doing business all over the world. Since 2010, Göteborg witnesses a huge development: autonomous driving, batteries, e-mobility, sustainability etc. Göteborg represents 10 % of the population in Sweden and 50 % of our R&D from the private sector comes from this region. The lack of R&D from the private sector has exploded since 2010. This has been followed up by a lot of foreign direct investments, especially from China. Since 2010, for 7 years, employment rate went from 10% down to 5.4%, due to all these R&D, digitalization, autonomous driving, and electrification. Starting now, the city and the region will invest 100 billion euros in infrastructures, in apartments, railroads etc.. Some of our big challenges include:

- 1- The lack of competences – With 5.5% unemployment rate, the industry is all over the world looking for engineers. Very few carpenters, electricians, or bus drivers are available in the labour market. At the same time, unemployment could go down to 3%, 15.000 people are migrants and the system does not get them to work. This is a huge challenge, on a strategic and operational level.
- 2- Infrastructures, 100 billion euros it is a lot of money, but it is still not enough.

- 3- Swedish and Scandinavian banks overall are extremely well performing. We have faced two financial crisis, there is of liquidity in the market, and a lot of investments come from all over the world to this safe heaven. But they don't hit the small innovation companies, or people. It is too risky, Small and Medium Enterprises especially in the early stages, have a lot of problems finding venture capital and credits and therefore are interested in leaving for the US, China, India.

We need to move away on these challenges or we will have a bigger problem on the future, in 20 years.

Eleni MARIANO, Secretary General of the Conference of Peripheral Maritime Regions

The President of the Commission is speaking about the winds on our sails. We are going to be putting a lot of efforts into making sure we are going in the right direction. We are a 30-year-old organisation, our aim is to try and see what has worked, what hasn't, and how can we really make the best of what is there, or where can we look for in the future. The European Fund for Strategic Investment (or Juncker Fund) is a good instrument, but how does it really affect all the territories and changes the economic social and territorial cohesion? In 2015 already, we were fearing that without a European integrated strategy, we will struggle to spur investments in a strategic way. There is no real continuation of the Europe 2020 strategy; we need an integrated framework on where we want to go as Europe on the long term. The cohesion policy, which has been here for many years and criticised by many while giving good results nevertheless, is a holistic way of creating economic, social and territorial cohesion. If you don't really address disparities, then you cannot have investments and opportunities. The convergence of economies in Europe to make Europe a stronger player internally and externally is key. There is a lack of long term vision if we address investments through a niche instrument like the EFSI. We did a study with our members, on the impact of the financial instruments within the cohesion policy. The results were that some have the capacity to implement them, others find it more complicated to have the bankable projects. For others, in some sectors for instance energy, financial instruments do not tackle energy poverty.

It will be a mistake to replace the cohesion policy by EFSI. There is a risk that it might become a mechanism, not a long-term policy for poorer regions, whereas inequalities between regions will continue. It would be a charity, not a real policy to support regions.

We should probably come down to a mixture of proposals, in having a coordination of the cohesion policy and the investment policy with some investments tools, including the EFSI or any type of financial instruments. But the EFSI and the cohesion policy should not support the same kind of actions and sectors. There is a need to clarify these directions. We also need a level-playing field in the policy instruments, because state aid for instance is differently addressing EFSI and the cohesion policy. Access to funding by SMEs should also be simplified. The EFSI could be used to fund smaller projects that can be bankable. An integrated policy and strategy would help having an overview of where investments in Europe go. On the other hand, we need to continue supporting the cohesion policy because that it goes across borders. Additionality is also an important dimension, if the financial instrument would have happened anyway because the private sector would have gone there anyway, is it necessary to commit money from the EU budget for that?

Nicolas GAUBERT, chef du service Europe au sein de la Fédération Nationale des Travaux Publics

L'ampleur des besoins notamment dans le domaine des infrastructures, s'élève à 700 Mds d'euros uniquement pour les 9 corridors des réseaux transeuropéens de transports à l'horizon 2030 (chiffres de la Commission européenne). 250 Mds d'euros pour le réseau transeuropéen de transport, 200 Mds d'euros dans le domaine de l'énergie, et des montants à peu près équivalents dans le numérique. Or, nous sommes en sous-investissement chronique. Le Président Juncker a rappelé l'importance du sous-investissement avec un différentiel de 500 Mds d'euros d'investissements entre 2007 et 2015, ce qui a légitimé le Plan d'Investissement pour l'Europe. L'investissement de long terme participe des grands enjeux européens.

Partant de ce constat de sous-investissement et d'entretien, une dynamique de long terme doit être développée. De nombreux obstacles existent : d'abord, des ressources financières limitées : le Fonds Européen pour les Investissements Stratégiques représente seulement 21 Mds d'euros, basé sur des contributions du budget communautaire y compris pour les infrastructures de transport, ce qui est un point discutable. Des ressources limitées pour le financement d'infrastructures, puisque le mécanisme pour l'interconnexion en Europe représente 23 Mds d'euros dont 8 Mds du fonds de cohésion, ce qui est infime au regard des besoins, surtout quand on sait que 80% du fonds est déjà alloué en 2017. Les investissements ne sont pas à la hauteur des attentes, avec notamment les contraintes du budget communautaire basées sur les contributions très modestes des Etats membres. De plus, pour les compétences, le taux de programmation du FEDER, de 30%, est assez faible. Les programmes ont été lancés en 2014. Cela traduit une certaine lenteur dans la mise en place concrète et la déclinaison opérationnelle des programmes régionaux, ce qui pose la question des compétences techniques de gestion des fonds européens, et d'information des acteurs publics et privés.

Maintenant, quelques pistes sur lesquelles la Fédération de l'industrie européenne de la Construction (FIEC) et la Fédération Nationale des Travaux Publics (FNTP) ont réfléchi. Un des problèmes souvent relevés dans notre secteur est la visibilité des projets d'investissements. Le Portail de Projets Européens de l'Investissement n'est pas suffisamment promu à l'échelle régionale. Les autorités locales n'y sont pas suffisamment impliquées pour pouvoir être véritablement maîtres d'œuvre et promouvoir des projets à l'échelle locale. Les autorités locales représentent 55% de l'investissement en Europe, ce qui est incompatible avec une vision très centralisée. Le hub de la BEI qui propose une assistance technique est un outil extrêmement précieux qui pourrait être davantage régionalisé.

La FIEC soutient un scénario 5 du document de réflexion sur l'avenir des Finances de l'Union européenne, qui vise à renforcer les politiques d'investissement dont l'Europe a bien besoin. Sur la réforme de simplification des fonds structurels, beaucoup de progrès ont été réalisés sur la période 2006-2020 avec un cadre stratégique commun, qu'il faudrait approfondir. Attention aussi à garder l'idée qu'il faut une certaine flexibilité, il faut aussi savoir tenir comptes des particularités, des problématiques territoriales, qui sont extrêmement importantes dans des problématiques d'investissement de long terme.

Anna-Lisa BONI, Secretary General of Eurocities

The topic is key for cities: 55% of public investments comes from local authorities. Eurocities covers all Europe in terms of cities representation, and serves as a platform where the challenges discussed today can be looked at: the mismatch between skills, sectors and industry needs, is one of the core problems that cities face. How to manage integration, migration? The impact of climate change, energy, the democratic and political crisis, are at the centre of the debate because it is about governance and involvement of cities. This is beyond the EFSI or the cohesion policy; it is about what is happening in our societies.

There are different barriers on long term investment. Some are legal, complex administrative procedures and regulations, with the issue of combining different regulations when it comes to complex investments located in different areas. The budget cycle is different than the administrative cycle. The lack of capacity is also a problem. There is a different story between big and small cities, the smaller ones are still in need of information on the different tools, when the bigger cities focus more on how to build very complex legal packages for investments. How do you select the right priorities for the right financial tools? The burdensome regulations but also the rules for instance of the Stability and Growth Pact are criticised. How to develop more flexible budget rules? This Pact has an EU accountancy method meaning that you must include the net investments inside the calculation of your deficit, many cities cannot invest because of this strict rule. There are attempts to solve this issue, and the Commission is working very hard to solve it, but it is considered as one of the main barriers. In this respect, Eurocities has asked the European Commission to include a chapter on regional local public investments in the paper on the future of the monetary union. It has asked the Parliament to draft a report on the barriers to local public investments. It has asked Eurostat to make sure that there would be a distinction between the debts linked to long term investments and functional spending. And it asked the Council to discuss on how to create some leeway for local and regional investments in the Stability Pact. At the financial level, obstacles include budget constraints, austerity, but also lack of budget, especially for big projects in climate change, sustainable energy, grants are not sufficient to close the gap. Very often the private sector is not ready to offer loans with enough flexibility or sufficiently low rates. Or banks consider that projects are too small.

How to promote cooperation with the private sector? Other issues include complementarity with other tools, H2020, EFSI, structural funds. How the future of the European Monetary Union, the second phase of EFSI, negotiations on the next Multiannual Financial Framework will impact long term investments in cities? How to ensure that job creation is an explicit criterion for projects selection and implementation, there are much better results when investments are made in education and skills development.

Marc LEMAÎTRE

Europe needs to achieve a great transformation: we need to be leaders, in terms of technological change and innovation, but we also need to carry everyone along. And this requires massive investments. This is not the EU budget that will be able to do that, it will take public means but also a lot of private sector decisions, which we can only influence through some framework conditions.

Q&As

Julia TADDEI, European Commission

Under Innovative Financing of Social Housing Refurbishment in Enlarged Europe (INOFIN), the Horizon 2020 financial instruments programme, the European Commission has gone through a lot of market assessment to launch every single financial instruments that have been provided until now, and has identified the bottlenecks: there are big difficulties to access financing at the earliest stage of the projects, which prevents science to be financed before reaching the market. The Commission recently took the decision was taken to actually use unspent funds, which for the first call approximate 1.5 billion euros, in Innovative Energy Demonstration Project.

Replying to Eleni Marianou, the Commission wishes to be where it is needed, and to do so with a sector by sector approach, to identify the bottlenecks that can leverage all the investments done in research. The Commission is also launching several platforms to allow private investors to reach the market.

Philippe HERZOG, Founding President, Confrontations Europe

Qu'est-il en train de se préparer à la Commission au niveau des fonds de cohésion ? Les propositions de budget sortent en mai 2018, mais une indication de l'esprit dans lequel ces questions de cohésion sont reprises en interne à la Commission serait la bienvenue pour livrer un début de débat. Est-ce que les thèmes généraux d'UE 2020 suffisent pour cibler les investissements retenus dans le plan Juncker ? Est-ce que la Commission va nous proposer un schéma plus ambitieux qu'UE2020 pour aller vers les biens communs de l'avenir ?

Anne MACEY, CEO, Confrontations Europe

Une stratégie d'investissement de long terme en Europe s'articule avec une véritable stratégie industrielle européenne. Quel début de bilan de la « smart specialisation », comment arrive-t-on à avoir une approche coordonnée, intégrée au niveau européen, qui fasse sens, et quelles en sont les limites ?

Marc LEMAÎTRE, Director General for Regional and Urban Policy (DG REGIO), European Commission

This Commission was born in a time of crisis, and the political agenda of this Commission with the 10 priorities of President Juncker is a reflection of this crisis period. Even though these ten priorities are medium terms ambitions, the work of the Juncker Commission is fully geared towards these ten points. They define a relatively clear goal for the future. This

Commission might reflect on how to adopt a European version of these Strategic Development Goals (SDGs) for 2030. The Commission will come out with its medium term budgetary proposal before it comes out with any declination of the SDGs for Europe, which clearly implies that the next budgetary proposal will not be rooted in the same kind of overall framework as Europe 2020. More specifically on cohesion there is a recognition within the Commission that we need more policy content and less instrument obsession. The Commission continues to consider that a broad instrument trying to support and stimulate investment through private investment makes sense. What purpose should it serve, what types of investments, what type of sectors, should be the priority? The Commission might try to achieve more complementarity, more coherence, and also sometimes synergies by combining sources of financing. An EFSI type instrument will be proposed for the future, but it would be refined to fit more naturally into more specific purposes.

Smart specialisation is probably part of the solution when it comes to cohesion within the European Union, by making sure that no one is left behind. It is about a process of putting actors together, public, private, academia, universities, and civil society. In many parts of Europe there is a breakthrough in terms of cultural revolution, and for the rest we need to be persistent. This is the best example of the complementarities of the EU instruments which we need to seek. Europe needs to be the best, to keep our companies and attract new ones. To do so, we need a European programme which pushes for the best in terms of research and innovation. This is what Horizon2020 is doing. Europe is still very far away in terms of levels of expenditures in research and innovation, especially in the private sector. We agreed back in the 2000s that we need 3% of GDP on research and innovation. Today Europe is at 2%. How much did it gain in 10 years? Around 0.2% perhaps. The weakest link here is the private sector. Europe also needs smart specialisation strategies to support innovation and technologies. Cooperation between regions is key in that respect.

Un participant

Est-ce qu'une Europe qui accepterait qu'il y ait des perdants serait soutenable ? L'histoire nous montre que les perdants d'un jour sont les gagnants du jour suivant. En Crète, la situation est atterrante : 10.000 suicides, des meurtres, toutes les petites et moyennes entreprises sont endettées. Parce qu'elles sont taxées à 63% pour pouvoir rembourser la dette. Les écoles font appel aux parents pour nettoyer les salles parce qu'il n'y a plus d'argent pour le faire. Cette région est également très portée sur l'innovation. Il semble que les institutions ne se dirigent pas vers la simplification qui permettrait aux personnes et régions d'accéder à un soutien financier.

Marc LEMAÎTRE

L'Europe est un continent qui se soucie de tout le monde, et qui doit continuer à le faire, et où tout le monde doit être entraîné vers le haut. Le principe de base de la politique de cohésion est de concentrer les moyens là où les besoins sont les plus grands. La Grèce est un bon exemple, elle a bénéficié depuis son adhésion à l'UE de bien plus de 150 milliards d'euros à travers la politique de cohésion. C'est le dernier Etat Membre aujourd'hui à se stabiliser. Il faut espérer que l'UE aura les moyens demain d'aider encore la Grèce. Cela fait

partie d'une des valeurs fondamentales de l'UE : la solidarité. Ce n'est pas en contradiction avec l'orientation générale que personne demain ne peut négliger l'innovation.

Parce que l'avenir passe par là pour tout le monde, quel que soit le niveau de développement. Des régions en Europe sont encore bien moins développées que la Crète. Mais il faudra tenir compte, pour nos propositions futures, que la crise a eu un impact extrêmement différencié en Europe, et qu'il y a aujourd'hui énormément de régions en Europe qui ne sont pas sorties de la crise en termes d'indicateurs de base, qui ont un taux de chômage deux fois plus élevés que ce qu'il était en 2007, qui ont un PIB par habitant 25% inférieur à ce qu'il était en 2007. L'Europe doit apporter des solutions à l'avenir.

Anna-Lisa BONI

It is not only about poor regions, but about how to work differently. Cohesion policy is very important, as it is probably the only policy that really makes the link with the citizens and the places. Still, it is the policy that is the most endangered in the next programming period, mainly by some member states. This is a paradox. It is also about how can the EU transform itself rather than reform itself. We should change our ways of doing, for instance Juncker's ten points are the results of something that comes from the local level.

Eleni MARIANO

There is an opportunity to make the specialisation strategies the core of investments, because they know better where the investment is to happen, in which sector, by which people. Then comes the question of how to include the cohesion policy, or the EFSI or any kind of financial instruments to complement sectors defined as priorities.

Nicolas GAUBERT

La coordination est importante entre le mécanisme d'interconnexion en Europe et les fonds structurels européens. Il faut veiller à ne pas avoir une approche de l'innovation restrictive, en évitant de grandes thématiques qui sont le fondement de la politique de cohésion ; le principe de cohésion territoriale doit être un principe mobilisateur pour les politiques à venir en s'assurant qu'il y a une cohérence dans la vision de long terme de l'UE, à la fois en termes de compétitivité et de cohésion territoriale.

Michel AGLIETTA

En matière de financement des régions ou des collectivités locales, quid du développement des monnaies locales, au sens de monnaies complémentaires pour le financement mutuel des entreprises tel qu'il est pratiqué en Suisse ? Cela rendrait possible une capacité d'autonomie de la décision locale pour prendre en charge une partie des

financements d'innovation avec des moyens de financement directement engendrés par l'adhésion du public. Afin de développer une autonomie des régions en Europe, faire la promotion de formes monétaires directement adaptées à l'autonomie politique de ces régions serait probablement une avancée considérable.

Marc LEMAÎTRE

It is very striking that Sweden experiences difficulties to find the right skills, because Sweden is known to have a very good education system, and because Sweden is not yet at the lowest unemployment rate possible. It demonstrates that Europe does have a clear challenge of making lifelong learning work, and making sure that the technological transformations which take place at an ever quicker pace are accompanied by the constant re and up skilling of our workforce. Europe has a supportive and stimulating role to play mainly through the European Social Fund, which is there to co-finance investments in skill vocational training. It is also a demonstration that it is a supporting tool which can be used everywhere in Europe, and not just in parts of Europe where unemployment is the highest. Integrating migrants requires work. And the European Commission is reflecting on playing a supportive role, notably through cohesion policy and specifically through the social fund.

Cohesion policy should support in a much more concentrated way the poorest regions of Europe. Today between the highest level support and cohesion, and the lowest one, there is a ratio of around 1/50. For the future, cohesion policy will also focus on innovation, first and foremost. On venture capital, this is a European challenge. The USA have a much better system, a much better integrated capital market. To support the most innovative start-ups and SMEs which want to scale up very fast, Europe has to invent something: it could be done again through an EFSI type mechanism, or through something else such as equity investment or loans.

The cohesion policy should remain holistic, and should be a bottom up policy which looks cross-sector at the needs. Clarification of roles between instruments is needed too. The limitless need for infrastructure investment means that the EU also needs a bigger budget. The debate will be more open than before, and there is hope that the Commission's proposal might ultimately have some ambition for the future. The issue of local and regional level's capacity to carry projects and make them bankable is a quite fundamental one. The European Commission commented on that in the latest cohesion policy report and emphasized how quality of public administration is fundamental to development. Europe needs to get better at supporting progress in terms of administrative capacity overall.

There is a big question about the economic policy of Europe and governance. Through the Multiannual Financial Framework hopefully, the Commission needs to rethink the European Semester, which is today about structural reforms and about austerity when it comes to budget, bringing down deficits. We need to have a European Semester that talks about growth, development, ambition. And therefore, without neglecting what still needs to be done in terms of reforms, it would emphasize more the investment dimension and the transformation dimension of Europe. Thank you to the panelists and organisers.

KEYNOTE SPEECH

Gérard DE LA MARTINIÈRE, Paris Long Term Investment Task Force

Cela fait plus de sept ans que je milite pour l'investissement de long terme en liaison avec la Caisse des Dépôts et de Consignations française, après avoir travaillé depuis plus de dix ans sur le chantier « Solvabilité II ».

Le grand paradoxe dans lequel nous nous trouvons est que, d'une part, nous avons une grande priorité politique pour l'Union qui est l'investissement (le Plan Juncker). Pour les zones à démographie stagnante le vrai moteur de la croissance de demain est l'investissement et non pas la consommation. Il est donc nécessaire de se mobiliser sur l'investissement. Cela passe par un programme très ambitieux qui repose essentiellement sur la mobilisation des capitaux privés puisque les organisations publiques n'ont plus de ressources ou que celles-ci sont largement absorbées par les besoins quotidiens de la protection sociale.

D'autre part, depuis cinq ou six ans, nous avons une floraison de réglementations européennes ou internationales qui ont pour résultat, non pas forcément pour objet mais en tout cas pour résultat, d'empêcher l'investissement.

Ainsi, au nom de la protection des consommateurs de produits financiers, on a multiplié les options de liquidité qui handicapent les gestions financières de long terme, sans d'ailleurs répondre à des besoins identifiés par les ménages. Pour prévenir les crises financières, on s'est focalisé sur les risques de liquidité au point de décourager complètement les institutions financières d'investir.

En outre, en vertu de l'exigence de transparence, on a fait prévaloir, en matière comptable, la référence à la valeur instantanée du marché au risque d'alimenter une volatilité artificielle qui est parfaitement contradictoire avec la volonté affichée d'obtenir la stabilité financière dont ont besoin tous les agents économiques. Face à ces questions, comment peut-on reconstituer la capacité d'investissement privé à la hauteur des besoins identifiés ? La seule ressource à la hauteur des besoins est l'épargne des ménages. Par chance, en Europe, notamment en Europe continentale, cette épargne est longue, abondante et stable. Seulement, le problème est que sa mobilisation au profit de l'investissement de long terme est une vue de l'esprit. Cela ne marche pas. Différentes raisons expliquent ce phénomène, la préférence traditionnelle des ménages pour la liquidité, même si elle introduit une fausse sécurité par rapport à la réalité des besoins et par rapport aux besoins de performance, l'aversion au risque, certes compréhensible après 15 années de crise financière violente, l'instabilité fiscale sur les revenus du capital, notamment dans certains pays, une assez mauvaise perception des

besoins des individus (notamment des besoins de retraite, des besoins d'anticipation, du risque de dépendance, ...), et, enfin, la difficulté de diversifier l'investissement pour réduire les risques.

On peut évidemment espérer que la pédagogie et l'éducation feront disparaître certains de ces écueils mais il faudra vingt ou trente ans pour y arriver et sous réserve d'avoir de bons systèmes éducatifs. Or, nos besoins sont immédiats. Ce sont donc les institutions financières qui collectent l'épargne des ménages (banques, assurances, fonds de pension, gérants d'épargne, ...) qui doivent agir pour mobiliser cette épargne en vue de l'appliquer sur le long terme. Mais encore faut-il que cette fonction d'intermédiation des bilans financiers ne soit pas systématiquement briguée comme c'est actuellement le cas à travers les grandes réglementations (CRD4, Solvabilité II, IFRS...).

Le diagnostic a été établi. Ainsi, depuis deux ou trois ans, tous les rapports qui sortent sur le sujet convergent sur le fait que nos réglementations européennes, telles qu'adoptées dans la foulée de la crise, sont des handicaps par rapport à l'investissement. Toutes les organisations professionnelles ne cessent d'alarmer les institutions européennes à ce sujet, notamment le Parlement européen qui, heureusement, y a consacré un intergroupe. Le dernier en date est le rapport établi par Christian Thimann qui, lui aussi, souligne qu'il faut absolument revoir ces réglementations qui pénalisent l'investissement de long terme.

Ma conviction est que, pour corriger le tir, la voie qui consisterait à reprendre la toile de Pénélope de ces grandes réglementations mastodontes ne marchera pas. On a essayé, j'ai essayé de tirer le signal d'alarme dès novembre 2011 avec un rapport sur la place de Paris sur l'investissement de long terme, lequel évoquait déjà toutes ces difficultés. Cela n'a eu aucun résultat. La pression de ces dernières années a permis d'apporter quelques ajustements in extremis dans les réglementations actuelles, mais d'une façon qui n'est pas toujours cohérente, à l'image du traitement prudentiel des investissements en infrastructures, en dettes et en fonds propres. Cela ne va pas très loin et ce n'est pas véritablement une façon de régler le problème. Ces grandes réglementations viennent seulement d'entrer en application. Leur révision éventuelle est prévue mais prendra beaucoup de temps. On a mis quinze ans pour élaborer Solvabilité II. Alors pour la rectifier, combien de temps faudra-t-il? Je vous laisse imaginer...

D'autant plus que, par la force des choses, les autorités de régulation, notamment la Commission, ont été amenées à déléguer leurs responsabilités aux autorités de supervision. Or, celles-ci, compte tenu de leur mandat, ne sont évidemment pas très favorables à une quelconque amodiation de leur œuvre.

Enfin, les principes de base adoptés pour élaborer ces réglementations prudentielles, en particulier Solvabilité II, sont incompatibles avec l'investissement de long terme. Ainsi, dans Solvabilité II, l'horizon de l'évaluation du risque est d'un an dans une hypothèse de liquidation, ce qui est incompatible avec le business model d'un investisseur de long terme.

C'est la raison pour laquelle nous pensons qu'il vaudrait mieux s'orienter vers l'élaboration d'un statut spécifique de l'investisseur de long terme. Ce serait plus opérationnel, plus rapide, plus efficace. Plus homogène aussi. Cela permettrait, par exemple, de réconcilier la régulation des banques, des assurances et des fonds de pension, lesquelles, pour l'instant, prennent des directions complètement incompatibles les unes par rapport aux autres.

L'importance critique que représente le redéveloppement de l'investissement justifie de faire ce qui n'a pas été fait : un travail d'analyse sur ce qu'est le business model d'un investisseur de long terme. Il est donc nécessaire de comprendre que, dans la ligne de ce qui a été initié par le Livre vert sur l'investissement de Michel Barnier, c'est parce qu'il existe des situations dans lesquelles les passifs sont des passifs à échéance lointaine, que la gestion de portefeuille d'actifs, et donc la politique d'investissement, peut et doit être une gestion de long terme.

Pour essayer de mettre en place ce statut d'investisseur de long terme, il faudrait donc commencer par identifier les passifs longs et analyser leur nature. En effet, la durée du passif peut être de nature juridique, contractuelle, fiscale, statistique, comportementale, ... Il y a différents aspects à étudier pour bien les caractériser et cette approche doit être conjuguée avec celle des capitaux propres qui sont également des passifs longs.

A partir de là, la règle d'or de l'investissement de long terme est la mise en place d'une gestion coordonnée de l'actif et du passif, ce que l'on appelle la ALM (*Asset Liabilities Management*) qui implique des règles impératives, des précautions méthodologiques, des technologies adaptées et une gouvernance tout à fait spécifique pour garantir la pertinence des conclusions opérationnelles de gestion qu'on peut tirer de cette analyse.

Quand on passe ensuite à l'analyse de ce que sont les véritables risques d'un investisseur de long terme, on s'aperçoit qu'ils sont radicalement différents de ceux qui ont été analysés dans le cadre des régulations bancaires ou d'assurance. L'analyse des risques de liquidité nulle n'est pas un problème puisque les échéances sont longues. Le risque de marché est reporté aux échéances plus lointaines. Le risque de contrepartie est absorbé par la diversification. Le risque opérationnel n'a pas du tout la même prégnance que dans la gestion au jour le jour puisqu'on est sur des gestions de cycles longs. Dès lors, le principal risque, qui n'est pas identifié dans la régulation actuelle, est celui de désajustement entre la gestion du passif et la gestion de l'actif. Il s'agit donc d'un risque qui est lié à la fois à la méthodologie de la gestion actif-passif mais qui s'inscrit dans une temporalité qui peut autoriser des mesures de correction, que l'on appelle le « management action », et qui ne sont pas du tout prises en compte dans la régulation actuelle.

En matière de transcription comptable, ce n'est évidemment pas la valeur instantanée de marché qui est la manière pertinente de retracer le potentiel de performance ou les capacités de l'investisseur de long terme. En réalité, la meilleure approche de la valeur est celle d'une projection probabilisée à l'échéance (que vaudront les actifs que je détiens le jour où dans 5, 10, 15 ans j'aurai à les réaliser pour remplir mes obligations de passif ?). Il s'agit donc d'une

toute autre approche, que propose d'ailleurs le conseil de l'IASB dans sa valorisation des actifs et qui peut inclure des marges de précaution destinées à être relâchées au fur et à mesure du déroulement du temps.

C'est la raison pour laquelle à plusieurs reprises nous avons relancé les autorités européennes pour leur dire qu'il s'agissait là d'une voie méritant d'être explorée. Si on ouvrait véritablement le chantier du statut de régime spécial de l'investisseur de long terme, la communauté financière européenne participerait avec grand intérêt à celui-ci.

Comme la plupart des institutions financières gèrent des passifs mixtes, les uns étant des passifs longs, les autres des passifs moyens ou courts, il faudrait, pour donner le maximum de développement à ce régime spécial et aux retombées positives qu'il pourrait comporter, prévoir une application sur option dérogatoire des régulations standards pour les comportements d'activité concernés, c'est-à-dire les poches ILT qui peuvent exister à l'intérieur de tel ou tel bilan financier. Dans certaines institutions, cela pourrait être 100% du bilan, dans d'autres cela pourrait être 10 ou 15%. Une telle approche permettrait de libérer véritablement la capacité d'investissement de long terme qui, pour l'instant, est bloquée par des verrous qui sont incompatibles avec la priorité politique donnée à l'investissement.

Table ronde 3 :

Financement des projets sur les territoires et régulation

Session 1: Financement de projets

- **Michael FEITH**, Chef de projet – Portail de projets d’investissements européens (EIPP), DG ECFIN, Commission européenne
- **Olivier THOMAS**, Chef des Affaires publiques, European Banking Federation (EBF)
- **David PERCHERON**, Délégué Permanent auprès de l’Union européenne, Caisse des Dépôts et Consignations

Session 2: Financement de l’économie et régulation : amis ou ennemis ?

- **Stéphane COSSÉ**, Directeur des Affaires publiques, Covea
- **Dominique GRABER**, Directeur des Affaires publiques, BNP Paribas
- **Véronique NASSOUR**, Déléguée Générale, Association française des trésoriers d’entreprise

Modérateur:

Edouard de LENCQUESAING, Président, European Institute of Financial Regulation

Session 1: Funding of Regional Projects

Edouard DE LENCQUESAING, Président, European Institute of Financial Regulation (EIFR)

From the former debates, we can notice mismatches between long-term and short-term expectations, between top-down strategies and bottom-up initiatives, but also and more importantly between financial needs and actual investments. Therefore, the following discussion will address the issue of intermediation.

For Europe to be protective, it must have ambition. In other words, to protect the citizens, the EU has to have them sharing a common ambition. Long-term investment is all about ambition because it deals with being able of projecting ourselves in a common long-term strategy.

In this context, it is first relevant to assess whether the Juncker Plan is or not an intermediation process. While it remains symbolic (200-500 billions) with regards to the needs, it has the ability to trigger a huge dynamic among stakeholders. Second, a focus must be put on the processes of intermediation at local level. Finally, the role of banks in projects financing must be analysed.

Michael FEITH, Project Officer – European Project Portal (EIPP), DG ECFIN, European Commission

In daily business, the European Commission is dealing very closely with the European Investment Bank, that helps the EU to implement the financial instruments. The specific role of the Commission is to develop and monitor financial instruments. One of these instruments is the investment plan for Europe.

In the EU, there are three pillars. The first pillar is about finance and encompasses the European Fund for Strategic Investment. The second pillar is about information and deals with technical advice and a kind of matchmaking between projects and the investors. The third pillar is about regulation and aims at providing a better regulatory environment.

These three pillars are part of the investment plan for Europe set up in 2015 and are planned to go to 2018 but we are working for at the moment on a prolongation until 2020.

We can figure out that the cornerstone of the investment plan is the European fund for strategic investments. 16 billion are guarantees from the EU budget, the EIB puts 5 billion more and so we have 21 of the fund.

The additional resources are coming from the EIB group, other entities and private investors. The leverage should be 1 to 15.

Moreover, the sectors of strategic importance for Europe are transport, energies, transformation of the energy production, oil infrastructures, environment, support to smaller companies and research and development. 300 projects have already been developed. More exactly, there are currently 640 deals opened. The half is going to Small and Medium-sized Enterprises and the other is going to infrastructures. Moreover, the EFSI amounts to a quarter of all the projects supported by the EIB.

In this development, SMEs have played a major role. Actually, there are two windows: the infrastructure window which should leverage 280 billion. And the SMEs window, which allowed to reach, until now, about 450.000 SMEs.

However, money is not everything. Technical advice is also very important, especially when dealing with pipeline building. For this reason, one part of the investment plan is to enhance investment advisory. It has been set up at the EIB and it gathers existing advisory services provided by the Commission and the EIB plus new staff and resources specifically dedicated. They should help project promoters as public authority, member States and also private sector to build better project pipelines. In some sectors, in energy for example, they are used to structure a project for private investments. This also encompasses regional authorities or municipalities which would lack capacities or knowledge to build such projects, especially when they are negotiating with commercial banks or professional investors, because they might be in a weaker role in such situation.

Last but not least, the European investment project portal should also help to put together projects set up by European projects promoters and investors worldwide. 200 projects are published, half coming from the public sector (mainly towns and regions). It could start with small size projects (1 million). It is available in any EU language and it will be translated into English.

Concerning pipelines of projects, for example in the social sector which encompasses schools, hospitals and affordable houses, the EIB just announced that there is hardly any project in the pipeline at the moment. Actually, the EFSI is supporting social projects but the pipeline remains weak compared, for example, with the energy sector.

In other sectors or regions as well, some tools are able to improve the pipelines of the EFSI and under the next generation the Commission will try to further foster that. So, it could be interesting to make a list of what is an investment platform that should bring together smaller projects. It is a good way for regions to have access to the EFSI.

Regarding advisory service, another objective is to reach out locally through contracts with national or regional investment banks that would help with technical advice within the countries. The collaboration with national promotional banks is important to set up projects as well as public-private partnerships.

Another hot topic is about “blending”, which consists in putting together financial instruments such as loans, bonds or equity investments. That way, money could come from regional funds together with the EFSI investments that have already been used.

Finally, there is also a possibility to advertise projects on the European investments portal. This is not a precondition to access but an independent tool.

Edouard DE LENCQUESAING

To sum up, innovation is needed everywhere: in the strategy of course but also in the tools, as well as a close collaboration with national promotional banks. This is the case, for example, of the French Caisse des Dépôts, which has the ability to consolidate small projects and bring additional value compared with what the private sector can do.

David PERCHERON, Permanent Delegate to the EU, Caisse des Dépôts et Consignations

L’investissement à long terme est notre raison sociale. Juridiquement, nous sommes des investisseurs de long terme et pour l’intérêt général. Avec nos homologues européens, nous nous appelons les NPBI (les National Promotional Bank Institutions) et, malgré nos modèles historiques très divers, ce qui nous rassemble c’est que nous sommes tous des investisseurs de long terme. Nous sommes d’ailleurs réunis au sein de l’association des investisseurs de long terme.

Nous sommes adossés aux Etats, lesquels investissent à très long terme. Notre mission consiste à intervenir en cas de faillites de marché et de manière contracyclique. Pendant la crise, nous avons joué un rôle majeur de soutien à l’économie et, aujourd’hui en Europe, les Etats qui n’avaient pas de banque promotionnelle de développement en ont désormais une. Notre action couvre toute l’UE, sauf le Royaume-Uni.

Nous sommes en complémentarité avec la BEI, grâce à notre ancrage local très affirmé. La CDC est, en effet, la banque des collectivités locales depuis 200 ans. Nous avons une véritable légitimité avec un réseau sur le territoire français de 35 directions régionales. C’est cette force qui nous permet de structurer les projets, notamment auprès des collectivités territoriales (55% de l’investissement dans les infrastructures est de l’investissement local).

Par rapport au plan Juncker, nous jouons le rôle d'intermédiaire : nous réalisons un travail de mise en forme entre la BEI et les collectivités locales pour structurer les projets. La CDC est impliquée sur 30% des projets Juncker mis en œuvre en France, notamment en matière d'infrastructures. Mais ces 30% reflètent assez mal la réalité car la grande majorité des projets Juncker (2/3) sont portés par notre filiale BPI France qui est spécialisée dans les investissements sur les PME.

Selon nous, le problème réside non pas dans l'absence de projets mais dans leur petite taille. Ils sont alors difficilement « bankables » et demandent un énorme effort en termes de structuration et d'accompagnement. Or, les banques de développement sont capables de jouer ce rôle d'accompagnateur, en raison de leur positionnement très particulier : à la frontière du public (collectivités territoriales) et du privé (investisseurs privés) et avec ce double rôle de financeur et de monteur de projets.

De plus, nous sommes partenaires du IAH (Investment in Affordable Housing). Nul n'est mieux placé que nous pour être l'interlocuteur des collectivités territoriales mais le IAH est un outil utile pour faire connaître les financements européens, encore peu connus sur les territoires. Il y a donc aussi un nécessaire travail de pédagogie à faire. L'un des principaux enjeux est d'agglomérer les petits projets, qui restent, pour l'instant, en dehors de son champ d'application. Les plateformes représentent ainsi un moyen de trouver un financement aux petits projets.

Edouard DE LENCQUESAING

Therefore, small projects can have access to finance either thanks to the productivity of territories, or through the intervention of public banks and platforms.

Nonetheless, other actors play also a key role: the banks themselves. They have indeed a fantastic role in origination because they are close to the customers (municipalities or corporates). However, things are different since the crisis. Thus, how the banking community perceives its role in origination and support to the infrastructure finance or project finance?

Olivier THOMAS, Public Affairs representative, European Banking Federation

In Europe, banks are still key to fund corporates, households, SMEs, infrastructure projects. This results in a long-lasting partnership for project financing. The European Bank Federation gathers 3000 banks.

First, let's see how banks contribute concretely to infrastructure financing in Europe. If you look at the global project infrastructure finance in Europe, it is a growing market.

Global infrastructure needs by 2030 are estimated that 60 trillion euros around the world. To keep pace with GDP, growth annual global infrastructure investment will have to rise from 2.6 trillion to be to 3.5 by 2020, to reach 4.8 by 2030.

Banks are the main actors to finance infrastructure projects because these have long-life assets that generate sustainable cash flows. Our project finance consists in financing of long-life infrastructure assets with long term sustainable revenues. This is generally granted to special purpose company (SPC) created for the construction or operator of the assets financed. An example of a classic SPC is Eurotunnel: a special purpose company has been created in order to finance and build Eurostar. A recent one is the team project between Bombardier in Canada and Airbus in Europe to finance this specific project of CS Aircraft.

The structural security package, enables the lenders to control cash flows. This is also important because the segregation of asset and financing is indeed completed by a security covering package.

Then, the assets financed are infrastructure assets providing essential products or services and operating in an organized regulated market. This is very important because it is usually tough to enter these markets due to high barriers to entry. This is why they generate sustainable cash flows of long term. Just to give a few examples of long term infrastructure assets, there are transportation, hospitals, ministries, schools, natural resources (pipelines, storage, oil and gas, fossil energies, power and renewable energies) telecommunications, etc. We use special purpose company as structures which give a good degree of control over asset. This is also a way of avoiding non-performing loans. They also give dividend distribution limitations and control on the development of the new assets.

For all of these massive projects, banks are operating in a complex regulated and cautious framework. Thus, they cannot afford to invest in projects that would require money to grow.

To focus on SMEs financing, as a source of 70 to 80% of company financing in Europe, the European banking federation members deeply care about supporting companies' growth, especially European banks of course, because entrepreneurs or family business or other kinds of businesses need different kinds of tools.

So, in the face of difficult decade, loans to non-financial companies have risen about 10 trillion euros last year, which shows already a positive trend. However, at the same time, for SMEs and for SMEs long term financing, this also shows that banks have to adapt to a very demanding regulatory environment.

Generally, there is a trend to improve the environment in SMEs lending, especially as regards the loan demand among SMEs which has grown significantly. This shows the clear appetite for SMEs lending. There are projects to finance and many incentives implemented by the Commission: the Juncker Plan but also the Capital Markets Union.

To conclude, I would like to address the overall interaction between the Juncker Plan and how banks interact. This plan goes in the right direction and already shows some effective results. Moreover, it is a perfect combination with other initiatives such as the Capital Markets Union which is also addressing this SMEs infrastructure financing gap.

Investing or lending with the European Investment Bank, especially in the context of the EFSI as well, is thus clearly a win-win-win deal. Indeed, banks have a stronger due diligent process, they focus more on highly rated projects and they have a strong combination of syndicated lenders.

So, it is a win for the banks that lend, a win for the company that can extend or develop in excellent conditions and it is a win for Europe because today our common objective is clearly to support great initiatives on our territories, everywhere in Europe, and eventually to support economic growth and create jobs.

Michael FEITH, Project officer DG ECFIN

We need banks. So, 60% of the investment under the Juncker Plan comes from private investors, mainly banks, also the national promotional banks. They are very important partners. It is crucial for the implementation of the Juncker plan and looking to the future, everything can be improved.

First, evaluations have confirmed that the Plan works well. That's why we proposed to extend it by 2020 and increase the EU guarantee fund from 16 to 26 billion, which would mean the EIB increase its capital.

We also tried to deal with transparency and additionality, because according to the rules, the Commission or the EIB should only be active in situations where the market could not deliver, infrastructure, for example.

So basically, these operations will be done under what the EIB calls special activities. There are some conditions. The principle of additionality was not clear for the public. However, from now on, these conditions will be published on the website of the EIB by the Committees which take the decisions. And the reasoning for the decisions will be published as well.

We also want to reach new sectors, such as sustainable agriculture and fisheries. Moreover, as the agricultural sector usually benefits from a lot of subventions, we want to move a little more into this financial area and demand the project to be more sustainable, that means 40% of the project in the future should contribute to the Paris agreement about the climate friendly projects. That's a large step forward. If the projects have cross-borders elements, they could be still supported. But 40% of the project should be climate-friendly. Finally, we are reflecting on an assessment procedure.

Edouard DE LENCQUESAING

To conclude, from the intermediation side, there is already a bottom-up contribution to smart specialization. Therefore, even if we have not yet an overall vision, we have already appropriate tools to do so.

Session 2 : Financing and regulation : friends or foes ?

Edouard DE LENCQUESAING

Very often, the message of the Commission is about coherence, but some decisions do not really match with this vision. It might come from the regulation, which does not always match with its original purposes. Therefore, it is relevant to question about the actions which can bring together the political intentions with the regulatory decisions.

Véronique NASSOUR, Delegate General, French Association of Corporate treasurers

L'Association française des trésoriers d'entreprises (AFTE) compte 1500 membres (directeurs financement et trésorerie de grands groupes, trésoriers de PME, ...). Depuis 2006, l'AFTE mène une enquête. L'une des questions adressées aux trésoriers actifs est : vos demandes de financement sont-elles plus difficiles, stables ou moins difficiles ? Or, à partir de fin 2007, les réponses sont devenues négatives et annonçaient le « credit crunch » et la grande crise que l'on a connue ensuite. Mais depuis 2014, les réponses sont plus positives et il apparaît plus facile d'obtenir des financements qu'auparavant. Il y a effectivement beaucoup de liquidités. Beaucoup de grandes entreprises prennent ainsi des financements à taux très bas et ont des excédents de trésorerie.

Les entreprises de taille intermédiaire continuent de trouver des financements mais dans des délais plus longs. Cela ne vient pas forcément d'une charge administrative trop élevée mais est aussi dû à des problèmes de conformité.

Sur les 3 dernières années, les financements bancaires aux sociétés non-financières ont augmenté de 20% et de plus de 5% sur les 12 derniers mois. Toutefois les financements désintermédiés ont augmenté plus fortement de 9,4% sur les douze derniers mois. Mais les banques ont quand même accru depuis 2014 leur financement à l'économie réelle.

Après la crise, les banques ne se prêtaient plus entre elles. Les pouvoirs publics ont donc réagi pour aider les PME à se financer en dehors du circuit bancaire. Aux Etats-Unis par exemple, le financement désintermédié représente 85% des financements contre 15% de financement bancaire. En Europe, au contraire, le financement bancaire équivalait à 70% contre 30% pour le financement par les marchés, mais depuis ces efforts de désintermédiation, on est aujourd'hui à un ratio de 60-40% (en France).

En outre, l'AFTE et d'autres associations ont créé l'euro-PP, adapté à toutes les législations européennes, avec un modèle de « contrat obligation » et un modèle de « contrat prêt ». Ce produit se développe modestement.

Le règlement Bâle III a tellement durci les ratios de recapitalisation des banques que cela a eu un impact sur leur bilan, ce qui a aussi raréfié les financements. De manière générale, il y a beaucoup de liquidités, beaucoup d'offres mais une demande mal structurée (problème de compétences des salariés, de qualité des projets ...). Néanmoins, le gouvernement français a lancé un plan d'action en faveur de la croissance et de la transformation des entreprises qui comporte six volets, dont un sur le financement. Sur ce dernier volet, nous allons proposer de renforcer les mesures relatives aux plateformes et infrastructures. En outre, sur le marché des obligations, notamment les euro-PP, il y a besoin d'un marché secondaire et de plus de liquidités. Après toutes ces régulations, les banques jouent moins ce rôle de « market making ». On a donc besoin d'avoir plus de liquidités pour encourager les financements à long terme. Il y a aussi un besoin de pédagogie auprès des entreprises pour qu'elles renforcent leurs fonds propres. Elles l'ont déjà fait mais les situations sont très variables : il y a encore 7% des PME qui, en France, ont des fonds propres négatifs. Il faut donc encourager le financement « equity » pour régler ce problème.

Le problème de la notation issu du monopole des agences de notation américaines se pose également. L'Autorité européenne des marchés financiers (ESMA) a encouragé l'utilisation d'agences de notation européennes et établi une liste de 40 agences reconnues comme telles. Il faut donc que les entreprises les utilisent.

Edouard DE LENCQUESAING

Le long terme ne renvoie pas uniquement à un problème d'intermédiation, mais aussi à une dimension sociétale. Il est, en effet, question des problématiques de financement d'entreprise et d'arbitrer entre le capital ou la dette. En France, on finance beaucoup avec de la dette. Or, l'investissement de long terme suppose de se demander dans quelle mesure la stratégie de gestion de l'épargne va réorienter la dette vers l'« equity ». Ce sujet est au cœur de l'Union des marchés de capitaux. Il s'agit d'un problème général de l'UE. Lorsqu'on parle de financement, on parle aussi de la source de ce financement. Autrement dit, l'épargne est aussi collective. Et les grandes sources d'épargne sont d'abord les assureurs, notamment via l'assurance-vie.

Stéphane COSSE, Public Affairs Director, Covea

Covea is the largest mutual insurance company in France. Our turnover is close to 60.5 billion euros and our assets close to 100 billion. Our solvency rate is 350%, largely above the EU standards of 100%.

What has been done so far by the Commission to improve Long Term investment, for instance as regards infrastructure, securitization or private equity, is far from being enough.

1% of the assets of insurance companies goes to infrastructure. We are looking for Long Term investment with infrastructure but we have strong doubts that this will go further than this. Because there are two issues: the first one is that these are complex projects and we do not have enough resources to have a team exclusively looking at this. The second one is that we have a strong reluctance to believe the government because, in the past, it often did not respect what it promised. Thus, we believe that further than infrastructure, we should look at all Long-Term investments, especially at equity.

Solvency II is a short-term regulation. We invest in a stock that is going to be traded very quickly but we do not assess on how long we will hold our portfolio of equity. We have a large share of equity in our portfolio: we buy stock when it is on the downside and we sell when it is on the upper side. So, we are countercyclical. But we are penalized for that: we pay a very high penalty because, on the basis of Solvency II, when you put 1 euro in stock, you have to put 39 cents of your own funds. This is a major issue: as long as we have not settled this, we will not be able to have a true long-term investment strategy that we can support. So, Solvency II must be revised and we hope it will come quickly.

We made already some proposals to the Commission, but the most important message is “do not see insurers as traders”. We are not traders, we invest with long term policy, we believe in long term investment but we do not have the possibility to do it with the ongoing regulation.

After the crisis, there was some confusion between insurers and bankers regarding risk management but beyond that, we need to open a new chapter with more support from the Commission on this aspect. Negotiations will take place in 2018 and hopefully it will concern all equities that have some potential for long term policies.

Edouard DE LENCQUESAING

What about the gap with regulation, especially with regards to capital allocation? In fact, since the capital is not limited its allocation requires a choice between what is prudential allocation and productive allocation, and both are mutually exclusive. Today, we have a lot of prudential capital.

Dominique GRABER, Public Affairs Director, BNP Paribas

Les deux objectifs affichés des réglementations actuelles sont la stabilisation financière et la promotion d'une croissance soutenable. Or, pour réaliser ces objectifs, il faut des investissements de long terme.

Les trois éléments majeurs sont : supervision, réglementation et financement.

La supervision consiste à vérifier que les règles sont bien appliquées et qu'elles sont appliquées de façon intelligente. L'une des principales améliorations sur ce point est concrétisée par la mise en place du mécanisme de résolution unique qui introduit une supervision centralisée au niveau de la Banque centrale européenne. Mais l'un de ses inconvénients majeurs est que son organe exécutif est constitué de l'ensemble des superviseurs nationaux qui sont encore traumatisés par la crise et qui, de ce fait, ajoutent de nombreuses couches de réglementation qui rendent le système moins stable.

En matière de réglementation, non seulement les différentes normes se contredisent mais elles n'atteignent pas non plus leurs objectifs respectifs. A priori, les autorités européennes ont compris qu'en transposant Bâle III, on allait réduire le financement par le crédit. C'est ce qui s'est passé. Dans certains pays, on a continué à faire du crédit bancaire mais cela a été coordonné avec les autorités publiques. La Commission Juncker l'a également compris, en développant le Capital markets Union (CMU), mais a continué à faire la vie dure aux « market makers ». Or sans marché secondaire, pas de marché primaire et donc pas de marché du tout.

C'est la puissance publique américaine qui est à l'origine du développement des marchés de capitaux, en particulier de la titrisation, qu'elle a favorisée dans les années 30. Elle a aussi initié la mise en place, à partir des années 70, des agences fédérales qui apportent une garantie, explicite ou implicite, et titrisent les prêts hypothécaires. Leur dette de marché représente aujourd'hui 21% du total de la dette de marché américaine. C'est considérable ; l'Europe n'a rien d'équivalent. Cela montre que, même dans une économie aussi capitaliste, l'intervention de l'Etat peut rester importante.

En Europe, nous n'avons eu aucun problème de titrisation. Des banques ont acheté des titres très structurés, mais ce n'est plus possible aujourd'hui, en raison de Bâle III. Or, il aurait été préférable de développer davantage la titrisation pour réduire le financement par les banques et développer les marchés de capitaux.

Concernant l'épargne de Long Terme, on connaît la préférence des épargnants européens pour une épargne liquide et de court terme. C'est vrai que l'épargne des ménages est très abondante, mais encore faut-il qu'elle aille vers les investissements de long terme, ce qui semble assez compliqué, car cela nécessite de changer les habitudes culturelles.

La réglementation ne permet pas aux asset managers de faire la transition entre court-terme et long-terme. Et les assureurs, à cause de Solvabilité II, peuvent de moins en moins le faire. On revient donc à ce problème de modèle de financement de l'économie européenne, à 80% par le crédit, alors que c'est l'inverse aux Etats-Unis.

Un autre problème est que l'on applique les mêmes règles partout, sans avoir les mêmes modèles. Et les Américains ont toujours tout fait pour que les règles leur aillent bien, donc on a fait des règles qui conviennent aux économies financées par les marchés de capitaux mais pas à celles financées par le crédit bancaire.

En outre, la nouvelle administration américaine proclame qu'elle souhaite terminer Bâle III et faire une pause réglementaire. Leur discours est cohérent : ils partent de l'idée que les activités financières de marché sont globales et qu'il vaut mieux avoir des standards internationaux qui s'appliquent de la même façon dans toutes les régions du monde, mais ils vont les adapter à l'environnement américain car il n'est pas question de brider la croissance aux États-Unis. Il n'y a plus que les Européens pour vouloir être les meilleurs élèves de la classe et vouloir appliquer des choses sur lesquelles on leur a indiqué des faiblesses. Il y a donc un problème de gouvernance et de construction de la réglementation. Les Américains vont faire ce que les banques et entreprises européennes demandent aux autorités européennes de faire : favoriser leurs propres entreprises. Les acteurs européens souhaitent aussi voir un « Europe first », en transposant et en adaptant à l'environnement européen des règles internationales qu'elles n'ont pas été capables de définir à Bâle de cette façon.

La différence entre les deux côtés de l'Atlantique est politique : aux Etats-Unis, le politique défend d'abord les intérêts économiques. L'administration Trump ne va pas défaire ce qui a été fait mais va faire une pause réglementaire et adapter aux spécificités américaines les règles qui ont été adoptées, dans l'intérêt des banques américaines. En Europe, la Commission joue marginalement un rôle politique et fait des amodiations dans les standards internationaux mais insuffisamment. En outre, cela est souvent remis en cause par le superviseur qui revient ultérieurement sur ces modifications. Le Conseil européen n'est pas au niveau non plus. Il y a donc un vrai sujet politique.

Edouard DE LENCQUESAING

Il y a un problème plus grave de soutenabilité du système bancaire lui-même. L'opposition entre, d'une part, coût du capital et, d'autre part, rentabilité du capital, aboutit à une situation paradoxale dans le secteur bancaire. Les banques ont ainsi beaucoup plus de capitaux mais ne peuvent pas forcément rémunérer le capital. Nous avons besoin des banques mais si cela implique de fragiliser le système, cela pose problème.

Dominique GRABER

Le coût du capital n'a pas baissé, malgré une plus grande stabilisation du système. Il y a quelques banques qui s'en sortent mieux parce qu'elles sont sûrement mieux gérées, ont moins de prêts non performants, et qui ont, de ce fait, une plus grande rentabilité. Les banques européennes ont à faire face à la transformation numérique, ce qui représente d'énormes investissements. Il faut arrêter de réguler, sans défaire ce que l'on a fait. Il y a tout un travail de nettoyage en matière de législation et les autorités devraient se concentrer sur cela plutôt que sur la création de nouvelles normes.

Véronique NASSOUR

Du point de vue des entreprises, après la crise de 2008, il fallait faire quelque chose : il y avait un risque important de contreparties vis-à-vis des banques et une inquiétude au sujet de leur solvabilité et de leur pérennité. Il y avait donc besoin d'une recapitalisation sérieuse des banques, qui a été faite grâce à ces réglementations qui permettent aujourd'hui d'avoir des banques robustes.

Concernant les dernières mesures de Bâle III: on va un peu loin. Les banques utilisent des modèles internes pour juger du risque de certaines contreparties, c'est-à-dire qu'elles ont leur propre analyse crédit. Or, la moyenne pondérée revient à 30 à 40% de fonds propres en moyenne. Pourtant, avec Bâle IV, la révision viserait au minimum 75% de fonds propres en face de ces risques, ce qui paraît excessif. Si on estime que les banques sont désormais robustes pourquoi ce supplément qui coûte cher et est répercuté sur les entreprises?

Stéphane COSSE

Dans le secteur de l'assurance, la question de la différence de réglementation entre l'UE et les Etats-Unis se pose. L'administration Trump devrait faire diminuer la pression réglementaire sur les banques et entreprises américaines. Or, cela implique une concurrence réglementaire entre les Etats-Unis et l'Europe. Les instances européennes devraient prendre cela en compte : c'est bien d'être exemplaire mais si c'est pour se tirer une balle dans le pied, ça mérite réflexion. Il faut suivre cela de près et ne pas vouloir être systématiquement le chevalier blanc si c'est au détriment des intérêts européens.

Edouard DE LENCQUESAING

Il existe un problème de concurrence dans le processus de financement : l'infrastructure de régulation sera prise en compte dans le choix du funding et des acteurs qui vont financer. Les Américains ont une méthode qui met en parallèle la régulation et l'efficacité économique. On pourrait avoir la même. Mais leur méthode conduit à un résultat différent des nôtres car ils ont un contexte spécifique. Il serait donc intéressant, d'une part, de comprendre cette méthode et, d'autre part, de comparer les différences de résultats pour ensuite apporter une réponse européenne à cette méthode.

Pour terminer, le Plan Juncker est intéressant mais insuffisant par rapport aux besoins. Les acteurs détiennent l'argent qui manque mais celui-ci n'est pas orienté vers les besoins. Pour que cela soit le cas, il faut que des infrastructures permettent aux entreprises de financer leurs besoins et risques. Si on n'a pas une politique industrielle sur ces infrastructures, il y aura toujours un décalage entre les résultats des initiatives prises et l'analyse faite. La définition d'une politique industrielle en matière d'investissement et de système financier est une condition préalable à l'établissement d'une stratégie à long terme au bénéfice de la société européenne dans son ensemble.

CONCLUSION

Marcel GRIGNARD, Président, Confrontations Europe

Il y a quelques mois, nous étions très inquiets de la situation de l'Europe : suite au Brexit, nous avons peur que tout soit remis en cause. On s'aperçoit désormais que l'optimisme peut rester de mise, ce que confirme largement la journée d'aujourd'hui.

A Confrontations Europe, nous sommes convaincus qu'il faut refonder l'Europe, car pour qu'elle relève les défis, pour qu'elle réponde aux besoins des citoyens, elle ne peut rester sur la trajectoire qui était la sienne ces dernières années.

Le travail sur les investissements de long terme montre que l'investissement de long terme est l'un des outils de la refondation de l'UE.

L'état des lieux aujourd'hui n'est pas nouveau mais confirme que dans beaucoup de domaines, celui des compétences, celui de l'énergie, celui du numérique, des transports, de l'agriculture, nous sommes confrontés à des enjeux considérables auxquels nous n'arrivons pas pour l'heure à faire face.

Concernant le déficit en termes d'investissement humain, il ne s'agit pas seulement d'une question de protection sociale ou de formation. Cela suppose aussi de savoir comment concevoir l'organisation du travail, de l'entreprise et de l'écosystème dans lequel on agit et, plus globalement, quelle vision on a de l'entreprise : on ne peut donc être naïf en matière de régulation financière, notamment au regard des Etats-Unis.

Plus largement, le risque de fragmentation de l'UE est important. Si l'Europe va mieux, les difficultés auxquelles elle est confrontée restent entières : majoritairement les Européens veulent rester dans l'euro car ils ont compris les risques que supposerait une sortie mais ils ne sont pas pour autant réconciliés avec un projet européen qu'ils ne comprennent et ne maîtrisent pas.

L'enjeu de la cohésion et de la cohérence est essentiel. Il ne s'agit pas de faire de la charité mais de donner les moyens aux territoires les moins développés d'assurer leur propre développement de façon à ce que celui-ci participe de la cohérence globale de l'UE.

Dès le départ, Confrontations Europe a dit que le plan Juncker était une première étape mais qu'il n'était pas suffisamment encadré dans le sens où il donne des moyens financiers en laissant les acteurs décider de ce qu'il faut faire avec ces moyens sans trop se soucier de savoir si cela est en phase avec l'intérêt européen.

Or, de plus en plus la question est de disposer d'un pipeline de projets qui servent l'intérêt européen et de voir comment on peut développer des outils qui permettent de les financer. C'est ça l'avenir du plan Juncker. Et c'est sans doute ça l'enjeu du futur budget de l'UE.

La carence de vision partagée de l'UE fait partie des handicaps actuels. Il n'y a de projet européen partagé par l'ensemble des acteurs économiques et sociaux.

Concernant le budget, nous proposons une vision ambitieuse selon laquelle le budget européen devrait permettre de financer les biens communs (énergie, numérique, agriculture, alimentation, transports, compétences, investissements humains).

Le deuxième axe devrait être celui de la solidarité et le troisième être consacré à la stabilité.

Prenons l'exemple du climat. Des pays comme la Pologne ont un gap à franchir pour passer de leur énergie liée au charbon à une énergie décarbonée. Si on les laisse se débrouiller en leur donnant un objectif à atteindre sans leur donner les moyens, ils n'y parviendront pas. Or, cela représente un enjeu commun européen. Et la solidarité ce n'est pas de la charité mais la capacité de décider de faire ensemble parce qu'on a intérêt à faire ensemble. Sur ces questions de budget européen un effort de pédagogie des débats nationaux doit être fait. On ne s'en sortira pas si nos dirigeants nationaux ne font pas l'effort de relier le projet européen avec sa capacité à être une plus-value par rapport aux projets nationaux, à réaliser des économies sur ce que faisons au niveau national. C'est seulement à ces conditions-là qu'il est possible de justifier un surcroît de budget européen.

Ce qui nous reste à faire c'est de faire en sorte de resituer systématiquement les investissements dans une vision systémique de long terme systémique. Donc il faut que nos dirigeants portent une vision claire de l'Europe, qu'ils voient pour demain, en débattant avec les citoyens. Il faut définir ensemble ce que le projet européen sous-entend comme stratégie, comme politique industrielle, comme politique d'échange entre l'UE et le reste du monde et comment cela permet d'avoir des projets très concrets qui appellent des financements de long-terme en vue d'assurer la construction du budget, la cohérence et la convergence.

Tout cela est en lien avec le travail de Confrontations Europe, notamment sur la macroéconomie et la finance. Nous avons besoin d'une économie financière efficace et de qualité en Europe. Nous avons un rôle majeur de pédagogie à faire et nous le ferons.

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