Mr José Manuel Barroso
President
European Commission
200 rue de la Loi
BE - 1049 Brussels

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Strengthening the European Union's investment plan to stimulate growth and employment creation

Over 5 years since the start of the financial crisis, and with millions of Europeans having suffered jobs losses or significant falls in income, we are calling on governments to, as part of a broader plan to boost investments, quickly implement their proposed measures to use public funds at both member state and European level, to leverage public and private investment in order to restore economic growth and create new jobs.

EU unemployment remains far too high at 10.9%. 26.6 million Europeans, almost 1 million more than a year ago, are unemployed. Youth unemployment continues to increase, with 5.5 million (23.5%) under 25s unemployed. The urgency to act to increase employment for all European citizens is as high as when the EU Council last met.

At the June 2012 European Council, leaders agreed a package of measures to support growth, underpinned by financing of €120 billion. Although these measures alone are clearly insufficient they were welcomed by the social partners as a step forward. In June 2013, the social partners also welcomed the decision of the European Council to allocate 8 billion euros for regions with levels of youth unemployment higher than 25% as part of the Youth Employment Initiative. The recent framework of actions on youth employment adopted by BUSINESSEUROPE, CEEP, UEAPME, and ETUC can provide useful inspiration to national and regional public authorities on where to invest these resources in priority.

A prerequisite for long-term growth, rising employment and high living standards is that enterprises across the continent have the long-term confidence to make the investments needed to expand production and drive job creation. This confidence, in turn, is dependent upon robust and stable demand, supportive and high quality networks, infrastructure and public services, as well as a climate of social peace and social cohesion.

An increasing number of, particularly small and medium sized, enterprises are not able to access the finance they need to invest. In the last 12 months alone, investment by non-financial corporation in the euro area fell by €16.5 billion (- 6.8%). Over the same period, Euro Area loans to non-financial corporations fell by €255 billion (-5.5%). Bank lending rates continue to diverge across the EU. The costs of a short-term loan is estimated to range from 2.8% in Germany against 4.5% in Italy, 5.0% in Spain, 6.4% in Portugal and 6.5% in Greece.

The June 2012 European Council identified an important role for the European Investment Bank (EIB). As part of a broader strategy to increase investment, the social partners welcomed the decision to increase EIB lending to the EU by at least 40% more than pre-crisis lending levels between 2013 and 2015.

We welcome both the 'Jobs for Youth' and 'Investment in Skills' programmes. The proposed joint risk-sharing financial instruments between the European Commission (drawing on structural funds) and the EIB to leverage private sector and capital market investment in SMEs build on new instruments such as project bonds. They can also play an important role in helping attract finance for long-term infrastructure or industrial policy projects.

But in a number of areas, funding is yet to be released to the investment projects where it is needed. Only one project has received funding through project bonds. In addition, the Council, Commission and EIB need to specify without delay the parameters for the design of the new risk-sharing instrument to allow it to begin operating by January 2014.

Europe must do everything it can to support the long-term investment needed to sustain growth and employment creation. The recent increase in capital of the EIB needs to be accompanied by an examination of further innovative ways through which finance for long-term investment can be mobilised at both EU and Member State level.

At the same time public support alone (even when deployed in conjunction with the private sector) can never be a substitute for repairing systemic weaknesses in financial markets, and so it is essential that this Council makes significant progress towards an agreement for a banking union.

We therefore urge governments to focus on how they can ensure public investment best contributes to long-term growth and job creation. We also urge the Council and Commission, as part of a broader investment plan, to quickly agree on effective EIB instruments, ensuring that funding comes on stream without delay.

Yours sincerely,

ETUC	BUSINESSEUROPE	UEAPME	CEEP
Bernadette Ségol General Secretary	Markus J. Beyrer Director General	Gunilla Almgren President	Valeria Ronzitti General Secretary