



The Single Market as a Driver of Investment in Europe

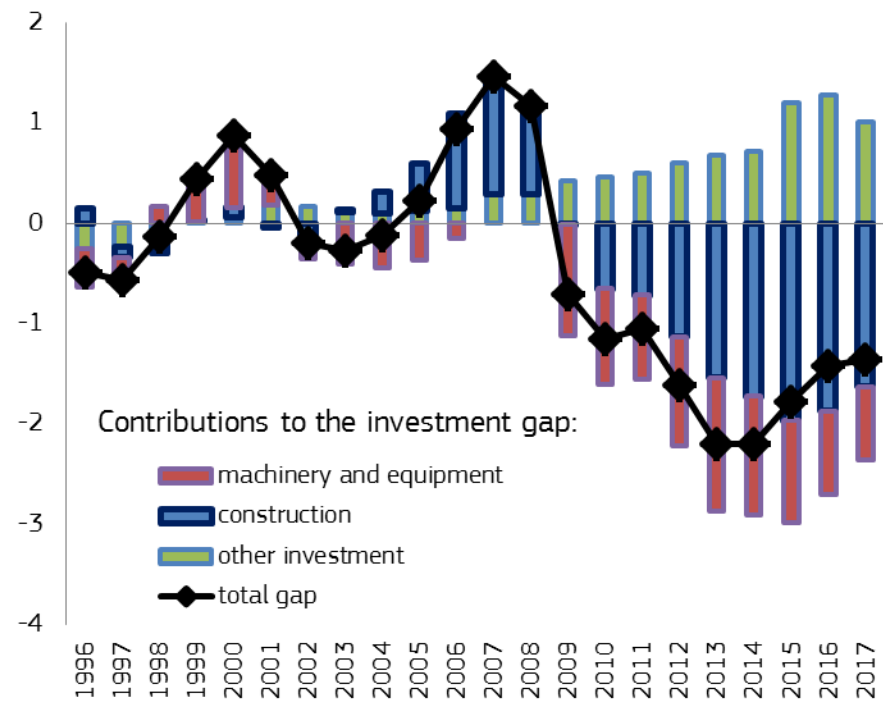
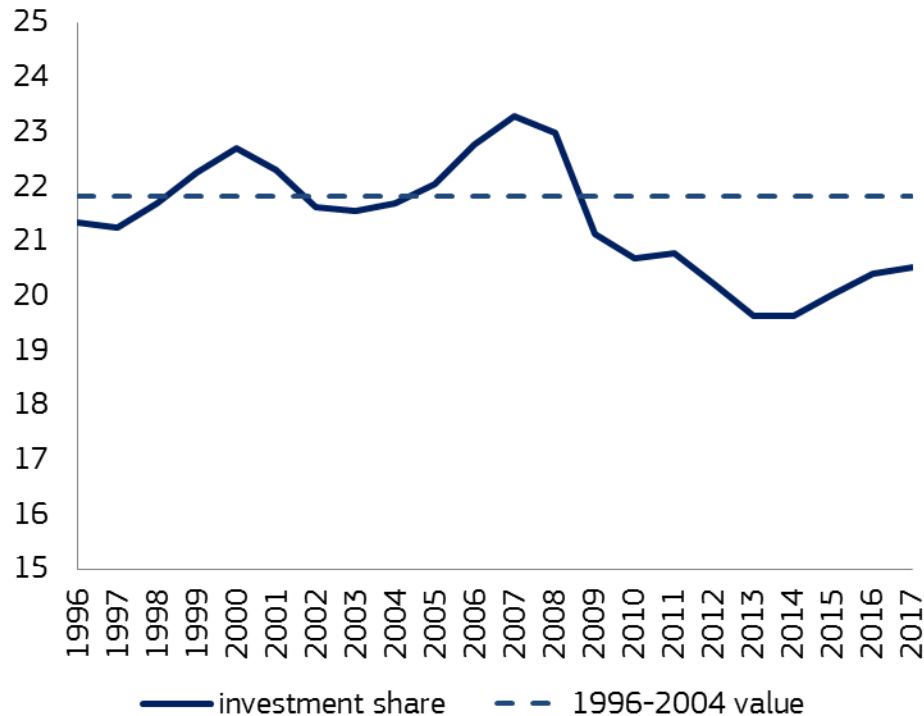
***High-Level Conference
Brussels, 5 November 2018***

Marco Buti

Director General

Economic and Financial Affairs, European Commission

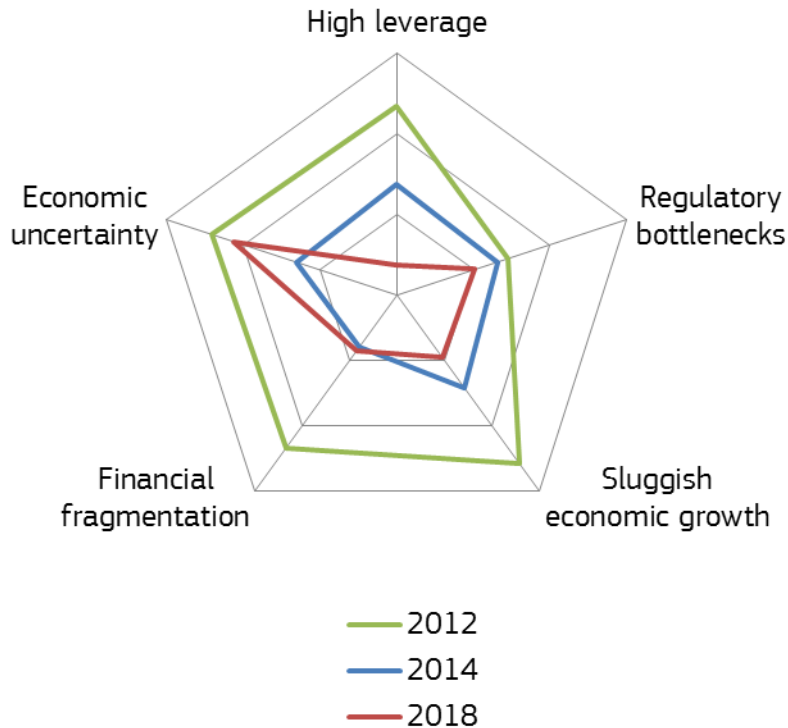
Impact of the crisis in the euro area



Source: AMECO

- Crisis legacy: large investment gap in the euro area
- A big part of the gap comes from construction
- Intangible investment makes the gap smaller

Investment gap drivers in the euro area

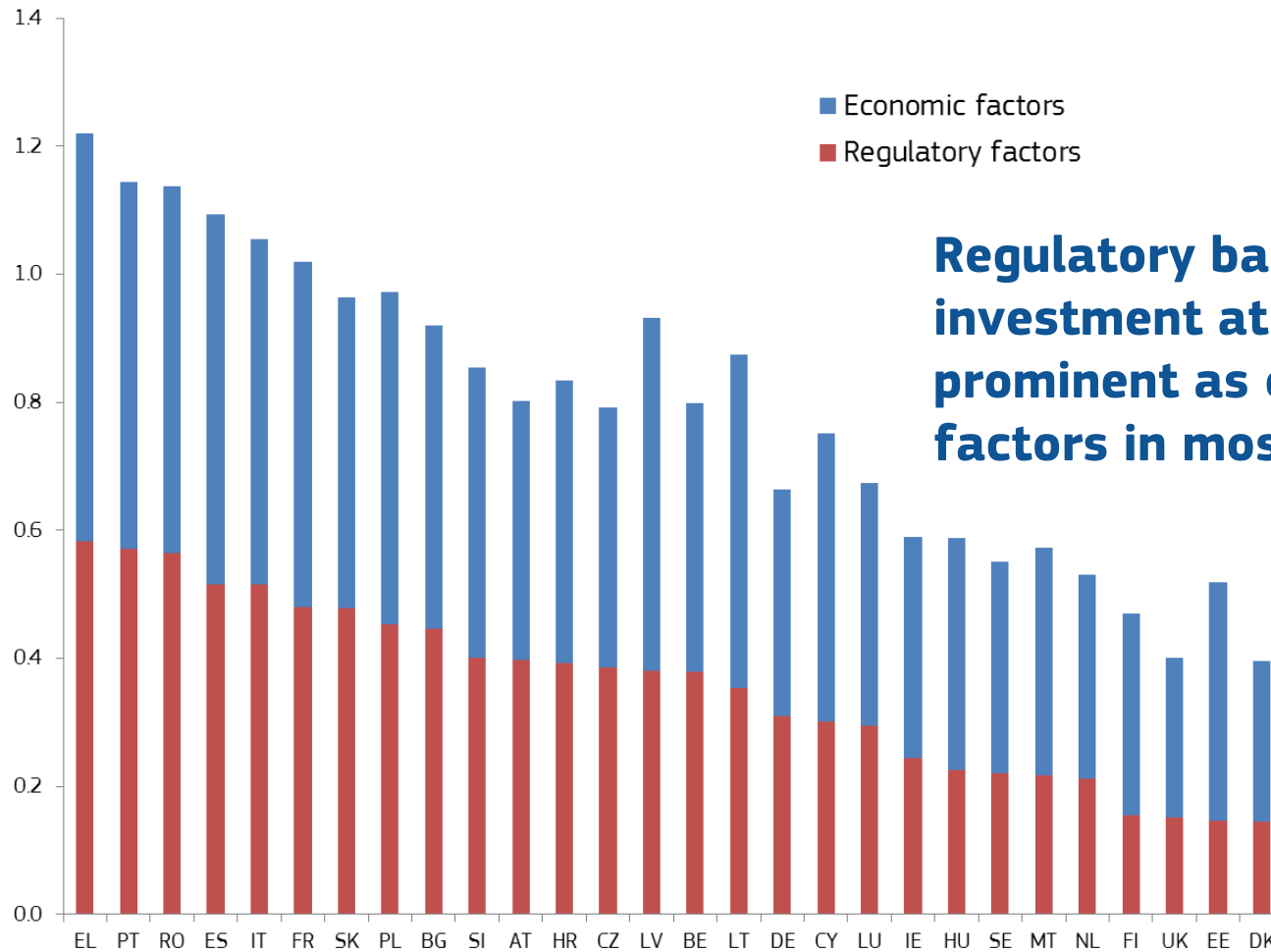


- In the aftermath of the crisis investment was impeded by sluggish economic growth but also financial vulnerability
- Whereas in the more recent period the re-emerging barrier is the sentiment of uncertainty regarding growth prospects

Standardized scores, high means bigger problem.

- High leverage is the debt to equity ratio for NFCs, source Eurostat, most recent value for 2017
- Regulatory bottlenecks is the reciprocal of the doing business indicator, source World Bank , most recent value for 2017
- Sluggish economic growth is reciprocal of change in real GDP, source AMECO
- Financial fragmentation is index of financial stress, source ECB
- Economic uncertainty is European policy uncertainty index, source Baker, Bloom, Davis.

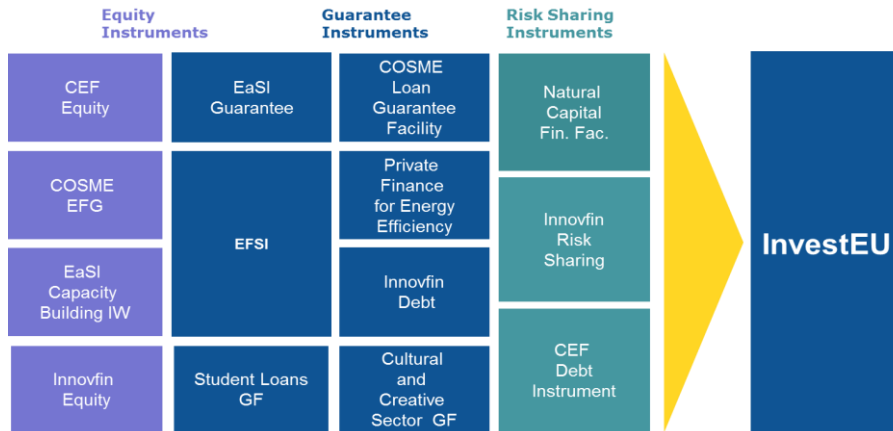
Investment barrier scoreboard



Source: 'Investment in the EU', Flash Eurobarometer 459 (forthcoming). Regulatory barriers include: labour regulation; labour conflict resolution; stability of tax legislation; complexity of tax rules; administrative costs of starting a business; administrative burden; building permits; stability of product legislation; length of legal procedures. Economic barriers include: customer demand; external financing; economic outlook; cost of labour; availability of skilled labour.

InvestEU

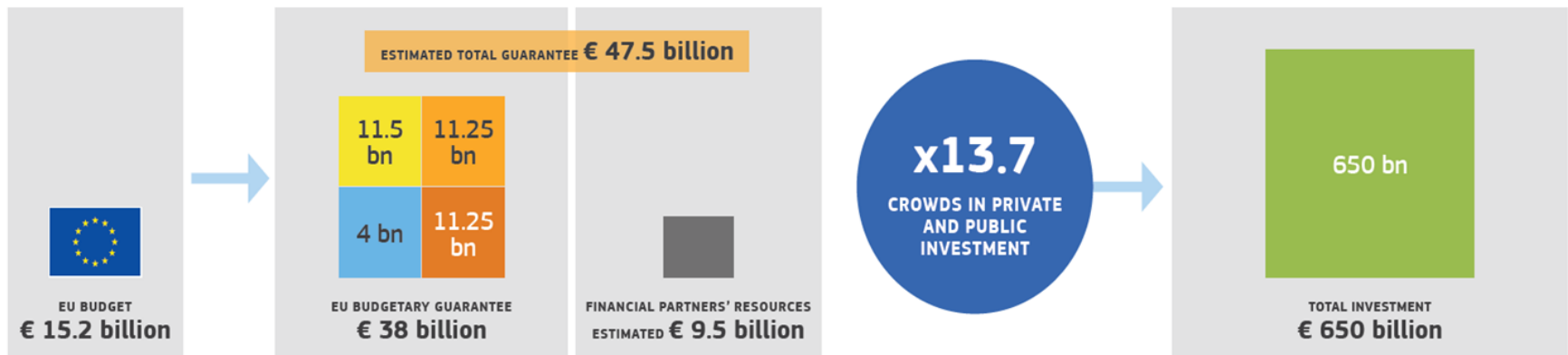
Streamlining



Making finance reach the real economy



Functioning of the InvestEU Fund



■ SMEs
 ■ Social investment and skills
 ■ Research and innovation
 ■ Sustainable infrastructure



**Thank you for your
attention!**