The Single Market as a Driver of Investment in Europe

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Marco Buti
Director General
Economic and Financial Affairs, European Commission
Impact of the crisis in the euro area

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

Source: AMECO
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

Regulatory barriers to investment at least as prominent as economic factors in most EU countries

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

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**Functioning of the InvestEU Fund**

**EU Budget:** €15.2 billion

**Estimated total guarantee:** €47.5 billion

**EU budgetary guarantee:** €38 billion

**Financial partners' resources estimated:** €9.5 billion

**Crowds in private and public investment:** x13.7

**Total investment:** €650 billion

- SMEs
- Social investment and skills
- Research and innovation
- Sustainable infrastructure
Thank you for your attention!