



RESOLUTION

In its 106th sitting on 21 May 2015,

on the basis of Bundestag printed paper 18/4929, the German Bundestag passed the following resolution

Concerning the Proposal for a Regulation of the European Parliament and of the Council on the European Fund for Strategic Investments and Amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 COM(2015)10 final; Council doc. 5112/15

**here: Comments to the Federal Government
in accordance with Article 23 paragraph 3 of the Basic Law**

Helping the European Fund for Strategic Investments to succeed

Noting the communication in Bundestag printed paper 18/3962 9A.1), the Bundestag states its position to the Federal Government in accordance with Article 23 paragraph 3 of the Basic Law:

I. The German Bundestag notes:

The financial and economic crisis has had a severe impact on economic investment activity in some areas of Europe. The resulting investment shortfall is restricting potential growth. If weak investment in the European economy becomes further entrenched, it will become more difficult to kick-start economic growth. This will hit those sectors and regions of the European economy which are already badly affected by the crisis.

There are many different reasons for weak private investment. It may be a reflection of a regulatory environment for investment which is not internationally competitive as a result of comparatively high administrative barriers to investment, macroeconomic risks or similar. The EU, however, needs increased public and private investment in order to boost growth and reduce very high unemployment. The excessively high levels of youth unemployment in many regions of Europe, in particular, are unacceptable. Having overcome the immediate danger of a chain reaction of sovereign defaults, it is vital at the present stage of the crisis for Europe to join forces and take resolute action on this front.

Primary responsibility in this respect rests first with the regions and, above all, the Member States affected. But the European Union, too, needs to examine with urgency what possibilities it has at its disposal, while paying due observance to the fundamental principle of subsidiarity, to eliminate the causes of the problem and promote economic recovery.



The European Union must respond to current economic challenges with an overall strategy which comprises a policy mix of investment, growth-friendly consolidation and structural reforms. By working at EU level and in the EU Member States to create the right conditions to boost investment activity, we will also be strengthening the foundations for stronger and sustainable economic growth and for employment and prosperity.

II. In the light of this situation, the German Bundestag welcomes the fact

1. that on 26 November 2014 the President of the European Commission, Jean-Claude Juncker, unveiled his plan for an investment offensive for Europe;
2. that this plan is incorporated in an overarching strategy which comprises a triangle of central elements:
 - growth-friendly consolidation of public finances,
 - structural and administrative reforms in the Member States, and
 - a strengthening of investment;
3. that this plan in turn also consists of three elements, namely:
 - improving the investment environment,
 - establishing a “European Fund for Strategic Investments” (EFSI) and
 - supporting the implementation of economically viable investment projects in key areas such as research, education, energy, infrastructure and SMEs;
4. that by harnessing private capital, the aim of this plan is to strengthen public and private investment in Europe on a long-term basis, including in small and medium enterprises;
5. that this plan will establish a guarantee structure called the “European Fund for Strategic Investments” (EFSI) without recourse to additional funds from the EU budget;
6. that the EU budget will provide a guarantee of €16 billion to leverage the investment of the European Investment Bank (EIB), which now has a balance sheet of around €540 billion and has since 1958 successfully fulfilled its remit in all questions relating to investment promotion to boost growth and employment in Europe;
7. moreover, that the EIB will contribute €5 billion to the EFSI, thus ensuring that the EFSI will be endowed with €21 billion of available funds which with a desired leverage factor of 1:15 is expected to mobilise around €315 billion of new investment;
8. that all national and regional promotional banks in the EU are called on to participate in the European investment initiative and that pledges of €33.6 euro have already been re-



ceived for a cooperative project of this kind from the Kreditanstalt für Wiederaufbau (KfW) and from the following institutions: Italy's Cassa depositi e prestiti (CDP), France's Caisse des Dépôts (CDC), Spain's Instituto de Crédito Oficial (ICO), Luxembourg's Société Nationale de Crédit et d'Investissement (SNCI) and the Polish bank Gospodarstwa Krajowego (BGK);

9. that on 13 January 2015 the European Commission published its proposal for a Regulation on the European Fund for Strategic Investments in order to create the legal conditions for the implementation of two strands of the “Juncker Plan”;
10. that on 10 March 2015 the Council of the European Union under the Presidency of Latvia unanimously agreed a general approach with respect to this draft regulation;
11. that on 23 April 2015 the European Parliament adopted a consolidated report on entering final trialogue negotiations on the legislation;
12. that there are good prospects that the legislative process will be successfully completed within the current semester and that it will be possible to meet the very ambitious timetable of the Juncker proposal;
13. that even before the legislative process has been completed, the EIB has already begun to pre-finance projects under the EFSI;
14. that the EFSI is to be accompanied by a Europe-wide advice platform and a public project directory.

III. On 22 April 2015 the Bundestag's Committee on the Affairs of the European Union held a public hearing with experts on the EFSI and the Juncker Plan. In recognition of the outcome of this hearing the German Bundestag calls on the Federal Government to bring to the fore the following concerns in the European legislative process on the EFSI:

1. The EFSI requires a time limit since this is an instrument which is designed to respond in a targeted fashion to a temporary failure of the market and temporary investment weakness in certain Member States. The decision on whether or not to extend the EFSI must rest with the EU legislators once its running period expires.
2. A central role in shaping the decision-making procedures and bodies of the EFSI must be retained by the EIB in order to ensure that, in compliance with the criteria set out in the draft regulation, projects are selected according to their economic viability and not on the basis of political considerations.
3. In the interest of exploiting the leverage effect of the EFSI on the economy, the primary criteria for the selection of individual projects should be their economic viability and additionality. This approach must not be watered down by quotas of any kind relating to geographical or sectoral distribution.



4. Within this principle, the paramount aim should be to facilitate investments in strategically important fields of the future which create added value for Europe, for example education, research, transport and telecommunications infrastructure and the energy sector including renewable energies and energy efficiency. There is at the same time a need to reduce shortfalls of capital and market failures in relation to investments in SMEs.
5. In the interest of its credibility, the gradual building up of the guarantee up to 2020 must be coordinated in advance with the establishment of the EFSI without in the process impinging on the agreed ceiling of the multiannual financial framework (MFF).
6. In view of the planned provision of €8 billion from the EU budget – primarily from the areas of research and transport – to secure half the guarantee, efforts must be made to ensure that investments in the areas of research and transport funded through EU programmes and leveraged through the EFSI are greater than they would have been without the establishment of the EFSI.
7. The Europe-wide advice platform and public project directory proposed to accompany the EFSI should be voluntary vis-à-vis both possible project operators and also all government bodies.
8. The EFSI is an important element of the European strategy to boost growth, competitiveness and investment. Its speedy establishment is essential if investments are to be activated as planned by mid 2015. This is to be taken into account in the overall evaluation of the proposals in the legislative procedure.