

Beat: Politics

MEPs vote on new fund to put EU investment plan into practice

315 billion euros

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USPA NEWS - The Parliament's budget and economic committees vote on 20 April on the establishment of the European Fund for Strategic Investments (EFSI), a key element of the EU's €315 billion plan to overcome the shortage of investment in the European economy caused by the crisis.

This ambitious initiative, launched by the European Commission led by Jean-Claude Juncker, should entail no extra financial burden for taxpayers. The aim of EFSI, to be run by the European Investment Bank (EIB), is to provide public support for projects that are economically viable, but would not otherwise happen because private investors are hesitant to finance them due to the uncertain economic situation and the higher risk involved. EFSI will assume part of that risk, thus encouraging private investors to get on board.

The fund is planned to include a €16 billion guarantee from the EU and a further €5 billion from the EIB. This would allow the EIB to issue bonds for three times this amount and use the cash to co-finance projects alongside private investors so that every euro spent by the investment fund will attract an additional €15 in investment from companies and public authorities, leading to an overall investment of €315 billion.

"The 15 times multiplier effect is very realistic. The plan will succeed if it can mobilise private investment, support businesses -in particular small and medium-sized companies- and contribute to deepening the internal market. Its complementarity and additionality [to other programmes] will guarantee the success," said Portuguese EPP member José Manuel Fernandes, who is responsible for steering the plan through the Parliament on behalf of the budget committee.

German S&D member Udo Bullmann, his counterpart from the economic committee, added: "The investment plan will only succeed if it reaches people's everyday life: more and better jobs, sustainable growth to overcome the crisis. Democratic control and involvement of the EP in the process are imperative. Selected projects should be those that have high economic and social value, but are in need of a kick-off, especially in underfinanced sectors such as infrastructure, broadband and energy efficiency."

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