Deutscher Gewerkschaftsbund

ETUC Rethinking Conference

Towards an EU investment capacity

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1. **The Progressive EU Fiscal Policy Network**

2. **Why do we need an EU investment capacity?**
   a) Arguments
   b) Funding gap – transformation

3. **What should an EU investment capacity look like?**
   a) Scope, investment fields, instruments
   b) Funding & Governance

The Progressive EU Fiscal Policy Network

1. Until now: Coalition building & Common background paper

Three FES/DGB workshops since October 2023: EU fiscal policy & strategies for progressive change

Employers, European Economic and social committee, climate movement, youth, academia, parties etc.

FES Study and DGB position on an EU Future Fund in June 2024 *(focus of today's presentation)*

2. Next steps: Studies, analyses and political lobbying

Progressive Economic Policy conference in September 2024 (FES/FEPS/ETUC)

IMK study on the macroeconomic effects of an EU investment capacity

DGB study on the legal feasibility of a debt-financed EU investment capacity

FES study on counter arguments to an EU investment capacity

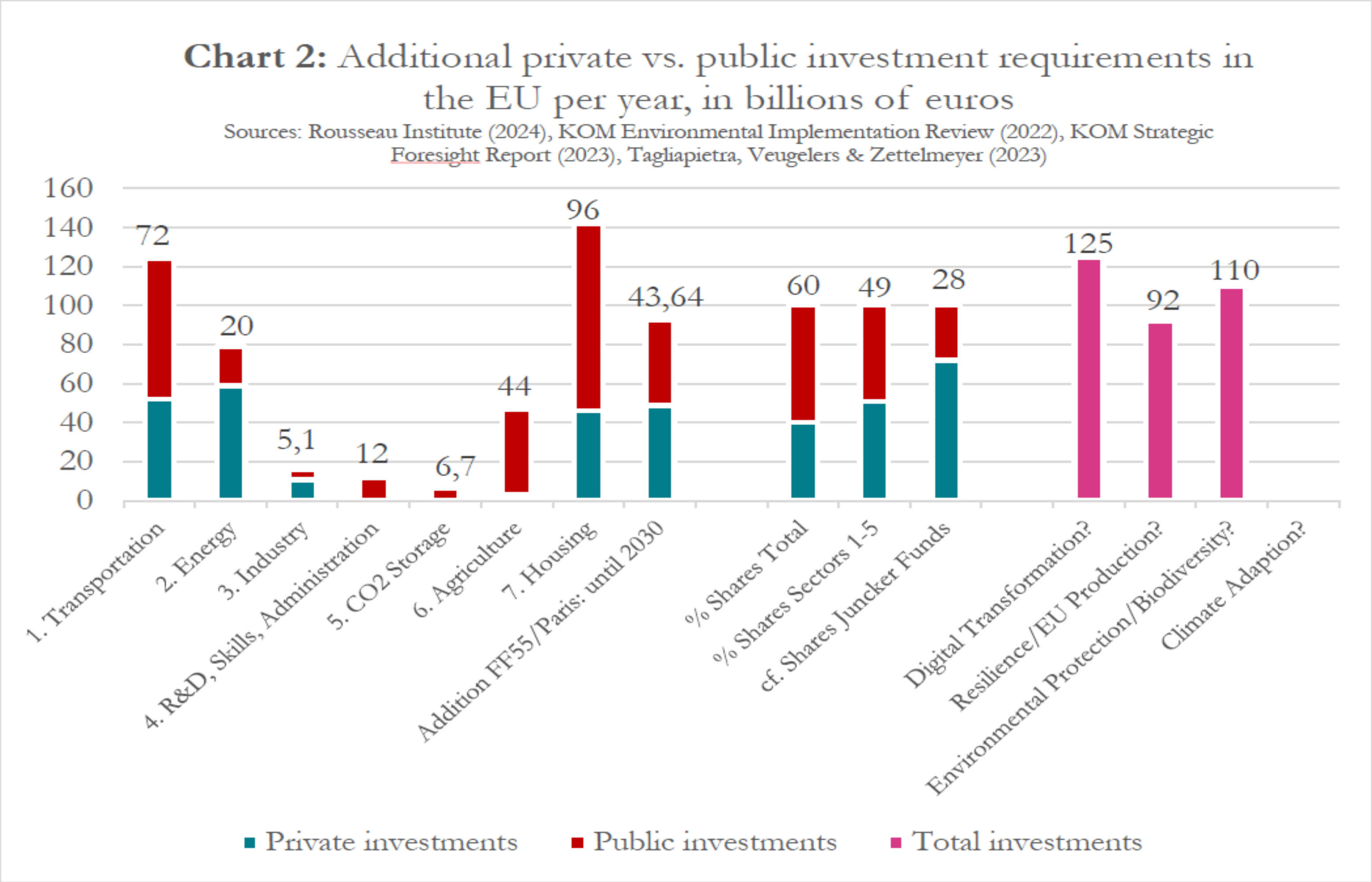
Why do we need an EU investment capacity?

1. **Funding is the Achilles heel of the transformation so far**

2. **Unity and competitiveness of the EU single market are necessary for a successful transformation**

3. **Active and democratic governance of the transformation is necessary against authoritarian right-wing shifts in the EU**

Massive private *and* public investment gaps



→ **Our (quite) conservative estimates:**

Total additional investment needs at least 4% of GDP per year

+ public investment share of at least 25%

→ **Additional annual public investments of at least 1% of GDP needed to decarbonise EU economies**

= roughly the total 7-yr EU budget, every year (!)

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Key elements of an EU investment capacity

1. No RRF 2.0: For economic, political, legal reasons

Different debate:	Not about anticyclical fiscal policy, but finance to secure the future of the EU economy!
Different legal base:	NGEU model (based on Art. 122) cannot deliver needed magnitude & seen as exceptional
Different governance:	RRF lacks social conditionality, social partner involvement & democratic accountability via EP, overburdens administrative capacities (i.e. low absorption), …

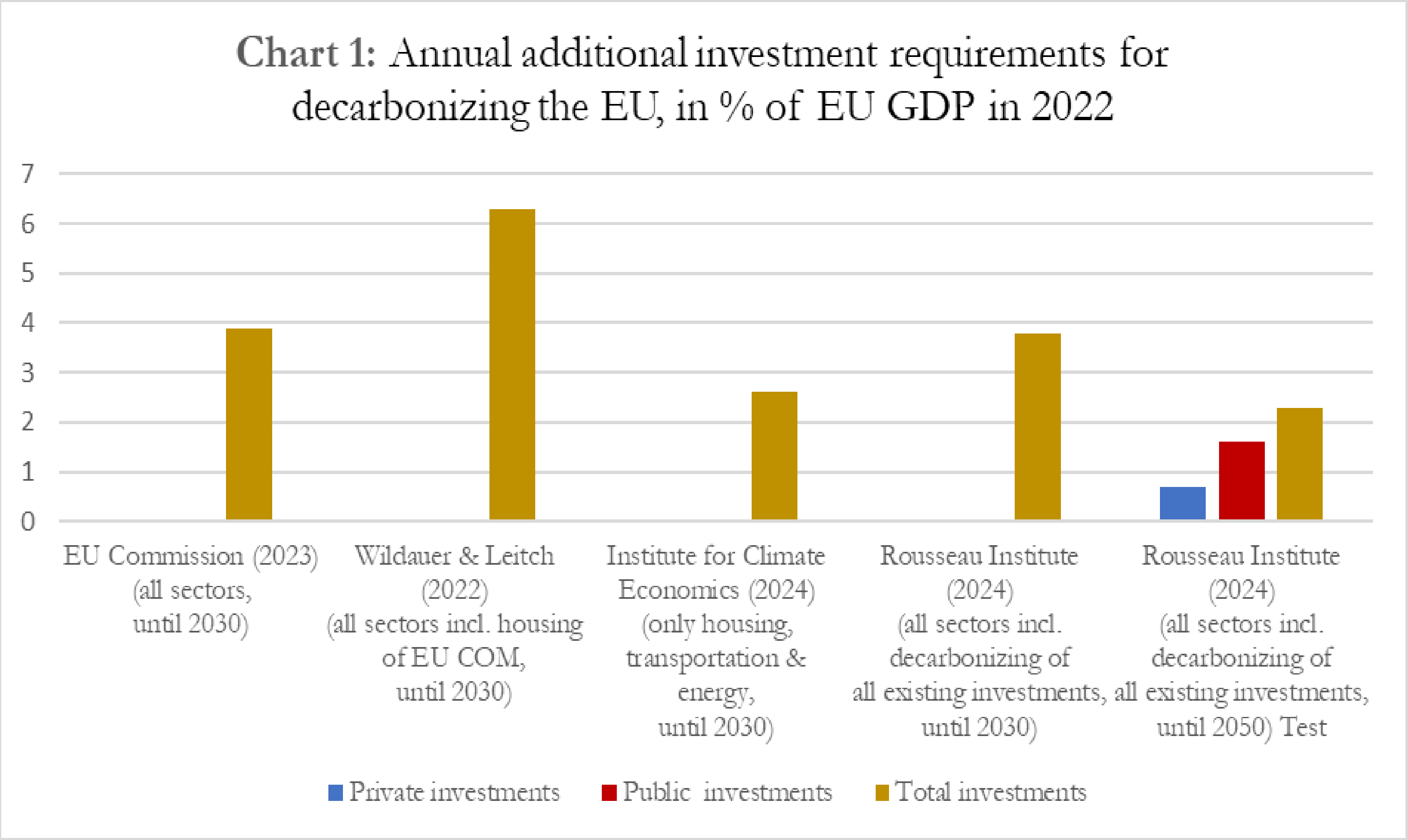
2. Instead: a new investment capacity to enlarge the MFF

EU Bonds 2.0:	Only EU bonds can close EU investment gaps, together with EIB & MS contributions
Legal alternative:	Finance a part of the MFF via bonds (limit: own resources/contributions to repay)
Strategic focus:	Specific sectors with high EU added-value (infrastructure, energy, industry, skills)
Better governance:	RRF problems need to be fixed, involvement of EP & social partners in MFR helps
Key debate:	Large new EU own resources needed, in addition to those to repay NGEU

Thank you!

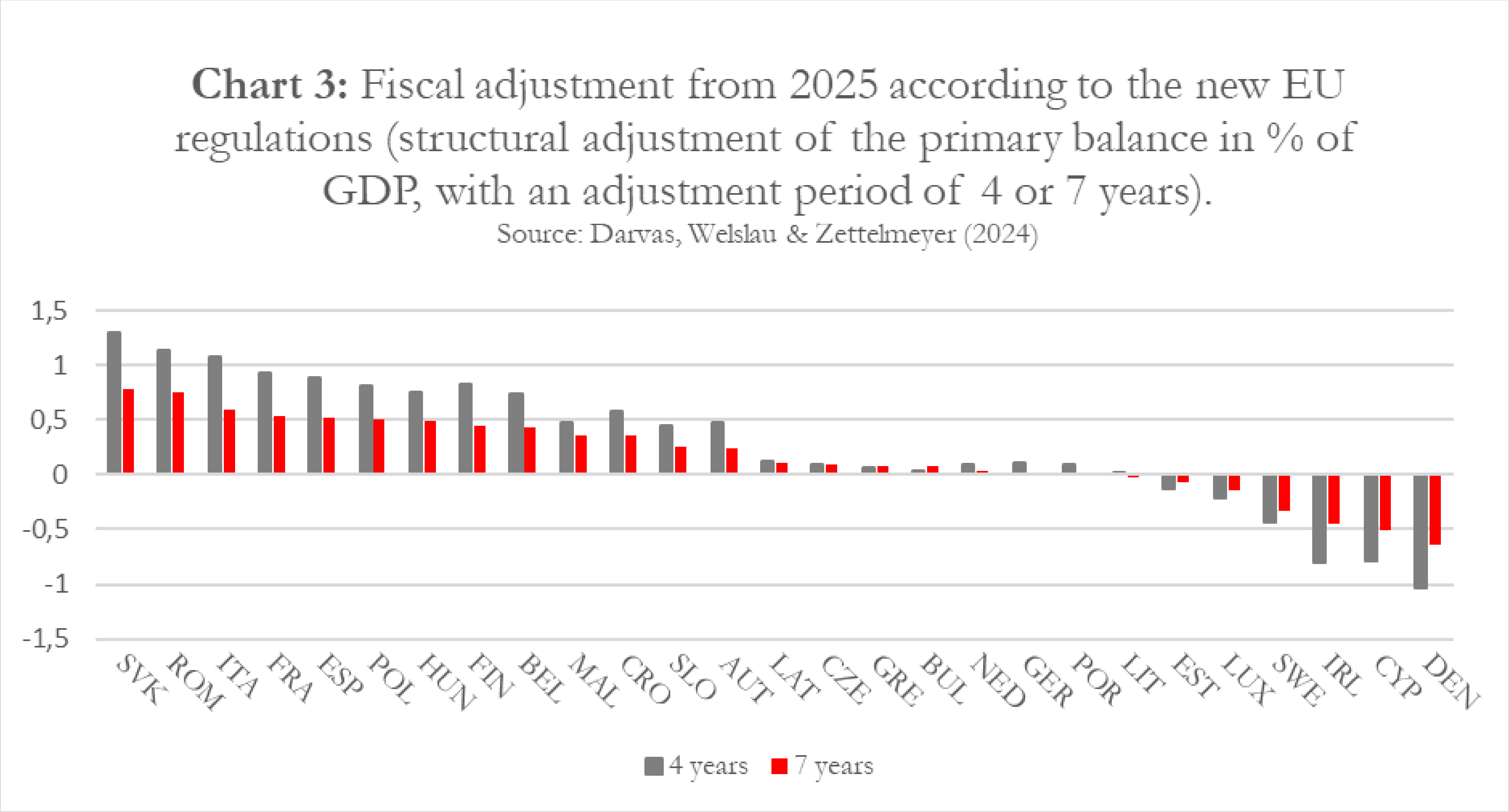
Massive investment gaps in the transformation

DGB



FRIEDRICH EBERT STIFTUNG

New EU debt rules increase consolidation pressure



Current funding programmes are too small, fiscal cliff after 2026