



EUROPEAN COMMISSION

PRESS RELEASE

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Commission roadmap to meet the long-term financing needs of the European economy

The European Commission has today adopted a package of measures to stimulate new and different ways of unlocking long-term financing and support Europe's return to sustainable economic growth. Significant long-term investment will be needed under the [Europe 2020 strategy](#) and the [2030 climate and energy package](#), in infrastructure, new technologies and innovation, R&D and human capital. Investment needs for transport, energy and telecom infrastructure networks of EU importance alone are estimated at €1 trillion for the period up to 2020 as identified by the Connecting Europe Facility.

The economic and financial crisis has affected the ability of the financial sector to channel funds to the real economy, in particular to long-term investment. Europe has always relied heavily on banks financing the real economy (two-thirds of funding comes from banks, compared to one-third in the US). As banks are deleveraging, there is less funding available to all sectors of the economy – for example less than one-third of Dutch and Greek SMEs and only around half of Spanish and Italian SMEs got the full amount of credit they applied for in 2013.

It is essential to act to restore the conditions for sustainable growth and investment and in part that means finding new ways to channel funds to long-term investment. The Commission's Green Paper consultation on the long-term financing of the European economy of March 2013 ([IP/13/274](#)) initiated a broad debate and led to replies from all segments of the economy. The package of measures adopted today includes a communication on the long-term financing of the economy, a legislative proposal for new rules for occupational pension funds and a communication on crowdfunding. The communication on long-term financing builds on the responses to the consultation and on the debate in international fora such as the G20 and the OECD. It identifies specific measures which the EU can take to promote long-term finance.

Internal Market and Services Commissioner Michel Barnier said: *"We have been ambitious in our financial regulatory agenda, with positive results for financial stability and confidence. As the economic recovery is picking up, we must be equally ambitious in our support for growth. Europe has large long-term financing needs to finance sustainable growth – the type of growth that increases competitiveness and creates jobs in a smart, sustainable and inclusive way. Our financial system must regain and increase its ability to finance the real economy. This includes banks as well as institutional investors such as insurers and pension funds. But we also need to diversify financing sources in Europe and improve access to finance for small and medium-sized enterprises that are the backbone of the European economy. I am confident that the set of measures presented today will contribute to improving the ability of European capital markets to channel funds to our long-term needs. "On institutions for occupational retirement provision, Commissioner Barner added: "All European societies face a combined challenge of provision for retirement against a background of an ageing population, and of investing long-term to create growth. Occupational pension funds are at the junction of those two challenges. They have over €2.5 trillion of assets under management with a long-term horizon, and 75 million Europeans depend largely on them for their retirement pension. Today's legislative proposal will improve governance and transparency of such funds in Europe, improving financial stability as well as promoting cross-border activity, to further develop occupational pension funds as a key long-term investors."*

Olli Rehn, Vice-President for Economic and Monetary Affairs and the Euro, said: *"We must make better use of public funds to maximise the impact of productive investment on growth and job creation. This means creating synergies and facilitating access to funding for the renewal of key infrastructure. National and EU budgets, as well as promotional banks and export credit agencies, all have a role to play. To help SMEs obtain the resources they need to invest and expand, we must promote high-quality securitisation to ease their access to capital market financing."*

Vice-President for Industry and Entrepreneurship Antonio Tajani added: *"The ambitious initiatives presented today will contribute to making the financial system better in channelling resources towards long-term investments, needed to secure Europe's position on a sustainable growth path. The financial crisis has affected the ability of the financial sector to channel funds to the real economy. SMEs in particular are key contributors to sustainable growth, however they are still finding it challenging to obtain financing, particularly in the periphery economies. The initiatives presented today aim at unlocking additional funding resources to the real economy and all have a common goal: to promote the single market by creating the best conditions for growth and competitiveness in Europe."*

Main elements:

The communication on long-term financing presents a set of specific actions which the Commission will take to improve long-term financing of the European economy ([MEMO/14/238](#)). Two of these actions are unveiled today:

- a proposal to revise the rules for occupational pension funds (revision of [Directive 2003/41/EC](#) on the activities and supervision of institutions for occupational retirement provision - IORP Directive) to support the further development of an important type of long-term investor in the EU ([MEMO/14/239](#));
- a communication on crowdfunding to offer alternative financing options for SMEs ([MEMO/14/240](#)).

The actions can be grouped around six main areas:

1. Mobilising private sources of long term financing: the actions include finalising the details of the prudential framework for banks and insurance companies in a way that supports long-term investments in the real economy, mobilising more personal pension savings and exploring ways to foster more cross-border flows of savings and the merits of a possible EU savings account.

In this context, today's legislative **proposal for new rules on occupational pension funds** (IORP 2) should contribute to more long-term investment. The proposal has three main objectives:

- to ensure that pension scheme members are properly protected against risks;
- to fully reap the benefits of the single market for occupational pensions by removing obstacles to cross-border provision of services;
- to reinforce the capacity of occupational pension funds to invest in financial assets with a long-term economic profile and thereby support the financing of growth in the real economy.

2. Making better use of public funding: fostering the activity of national promotional banks (financial institutions, created by governments, that provide financing for the purposes of [economic development](#)) and promoting better cooperation among existing national export credit schemes (institutions that act as an intermediary between national governments and exporters to issue export financing). Both of these play an important role in long-term financing.

3. Developing European capital markets: facilitating SMEs' access to capital markets and to larger investment pools by creating a liquid and transparent secondary market for corporate bonds, reviving securitisation markets with due consideration to the risks as well as to the differentiated nature of such products, and improving the EU environment for covered bonds and private placement.

4. Improving SMEs' access to financing: the actions set out in the communication on long-term financing include improving credit information on SMEs, reviving the dialogue between banks and SMEs and assessing best practices on helping SMEs access capital markets. Raising awareness and providing information on projects are also among the key elements of the actions put forward in the **communication on crowdfunding** adopted today, in which the Commission proposes to:

- promote industry best practices, raise awareness and facilitate the development of a quality label
- closely monitor the development of crowdfunding markets and national legal frameworks

- and regularly assess whether any form of further EU action – including legislative action – is necessary. The goal is to identify the issues that may need to be addressed in order to support the growth of crowdfunding.

5. Attracting private finance to infrastructure to deliver on Europe 2020: increasing availability of information on infrastructure investment plans and improving the credit statistics on infrastructure loans.

6. Enhancing the wider framework for sustainable finance: improving the corporate governance regime for long-term financing, for example regarding shareholder engagement (by revising the Shareholders' Rights Directive – proposal due to be adopted shortly), employee ownership, corporate governance reporting, and environmental, social and governance (ESG) issues.

More information

http://ec.europa.eu/internal_market/finances/financing-growth/long-term/index_en.htm

http://ec.europa.eu/internal_market/pensions/directive/index_en.htm

http://ec.europa.eu/internal_market/finances/crowdfunding/index_en.htm

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