Eurogroup

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Eurogroup statement on common principles to promote investment

The Eurogroup is fully committed to supporting economic growth and jobs and holds regular thematic discussions to explore and define common policy ambitions to this end.

Investment in the euro area still shows signs of weakness, especially in Member States heavily hit by the crisis. At its meeting on 11 July 2016, the Eurogroup highlighted that addressing barriers to investment is a clear priority for euro area Member States. Investment is explicitly addressed in the 2017 Council recommendation on the economic policy of the euro area as well as in the 2016 Country-Specific Recommendations for several euro area Member States.

The Eurogroup considers that addressing investment weaknesses can increase the convergence of Member States' economies and foster the rebalancing process, thereby improving the resilience of the economic and monetary union. In this regard, the Eurogroup acknowledges the importance of EU-level initiatives, which are of specific relevance for the euro area, inter alia the Investment Plan, further deepening the Single Market and building a fully-fledged Capital Markets Union. At national level, further efforts should be made to improve the conditions for investment, not least to reap the full benefits of these initiatives.

The Eurogroup thus endorses the following common principles, which should guide initiatives at Member State level when implementing reforms in this field:

Reforms should aim at promoting private investment and facilitating resource reallocation. Improving the business environment and the quality of public administration and addressing sector-specific bottlenecks will contribute to making product markets more reactive and flexible. These efforts should be complemented by labour market policies aiming at facilitating geographical, sectoral and occupational mobility.

Productivity enhancing public investment can play a crucial role and should be prioritised to boost growth in the short run as well as potential growth in the medium to long run, while ensuring full compliance with the SGP. In particular, investment in network infrastructure can have an important impact on growth and productivity. Public investment can also be mobilised to leverage private investment. In addition, fostering knowledge-intensive and sustainable growth, including via subsidies and incentives for investment in R&D and improvements in the quality of education can help increase the returns on investment.

Market-based sources of business financing should be developed to widen the range of available forms of financing. The availability of non-bank sources of financing - including venture capital, crowdfunding and market-based finance - can improve the resilience of euro area firms, and in particular SMEs, when confronted with an adverse shock and provide new opportunities for cross-border activities.

Reforms to support investment should be complemented by flanking policies aiming at improving the quality and governance of public institutions. This includes measures for an effective judicial system and insolvency framework, fighting corruption and promoting more transparent, open and efficient public procurement.

The Eurogroup also approves these common principles as a reference point for reviewing national reform efforts. These will help Member States identify examples of policy successes and also help address investment weaknesses for euro area Member States, whilst taking due account of country-specific situations. The Eurogroup thus invites the Commission to assess developments in this field within its usual surveillance processes, with a view to allowing periodic monitoring by the Eurogroup, including in the context of the discussions on the Council recommendation on the economic policy of the euro area. The Eurogroup also invites its preparatory committees and the Commission to develop an exchange of best practices across a selected number of relevant areas. The Eurogroup expects to revisit this workstream and examine the feasibility of developing appropriate benchmarking in this area on the basis of progress achieved at technical level.

Press office - General Secretariat of the Council
Rue de la Loi 175 - B-1048 BRUSSELS - Tel.: +32 (0)2 281 6319
press.office@consilium.europa.eu - www.consilium.europa.eu/press