



EUROPEAN PARLIAMENT

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Committee on Employment and Social Affairs

2013/2175(INI)

11.12.2013

OPINION

of the Committee on Employment and Social Affairs

for the Committee on Economic and Monetary Affairs

on long-term financing of the European economy
(2013/2175(INI))

Rapporteur: Sergio Gutiérrez Prieto

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SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas there is a general tendency in financial markets towards short-term behaviour as well as an accentuation of risk aversion due to the financial crisis; whereas long-term financing is a more appropriate means of responding to the social, environmental and demographic challenges which Europe is facing;
- B. whereas taking a long-term perspective by, for example, investing in asset classes which require longer-term commitments from investors can have benefits for investors and for the economy more widely, increase the stability of financial markets, reduce costs for individual undertakings, notably the cost of access to finance, create employment opportunities and combine a steady rate of return for investors with a positive social impact;
- C. whereas, owing to the financial crisis and the credit crunch that arose as a consequence, SMEs face the highest cost of credit, and a contraction of its availability, which is thereby threatening their employment potential; whereas, according to the Institute of International Finance, smaller businesses in the peripheral countries are paying 4-6 percentage points more for bank lending than do their counterparts in Central Europe;
- D. whereas increasing overall unemployment, in particular youth unemployment, remains a major threat to economic and social convergence at EU level;
- E. whereas corporate bond, equity and securitisation markets in the EU remain relatively underdeveloped compared to those in some other economies, and non-bank financing remains largely inaccessible to SMEs, undermining their potential to grow and create jobs;
- F. whereas the economic and social convergence of the Member States can be achieved by means of a long-term financing strategy; whereas such a strategy should focus on non-financial and financial opportunities for SMEs, as they are the main source of employment and employment growth;
 - 1. Emphasises that the long-term financing of the European economy should also serve the public interest and be guided, among other things, by objectives that promote social cohesion, social justice and equal treatment, by focusing on and making optimal use of economic and financial resources; highlights that these objectives constitute the potential added value of long-term financing for the public interest; calls for objective indicators in this regard, as the public interest cannot be measured only in economic terms;
 - 2. Welcomes the Commission's Green Paper on Long-term Financing as a means to encourage cross-border, long-term investment in both tangible assets (such as energy, transport and communication infrastructures) and intangible assets (such as education, research and development), which have wide public benefits, improve living standards and create quality employment;

3. Notes that the Union is faced with major challenges – especially in the fields of reindustrialisation, energy transition and digital equipment – which call for considerable investments; considers that it is the responsibility of public authorities to promote these investments, which have significant employment potential; takes the view that EU competition policy must not act as a brake on these investments;
4. Stresses the need to ensure an efficient and effective long-term financing framework through the creation of instruments and mechanisms that are beneficial to investors, shareholders, workers and the public interest as a whole; notes, in this regard, the possible benefits of allowing employees to participate in companies' proceeds, and of other forms of innovative long-term financing; encourages the European Union to intensify further its focus on development banks as part of the economic recovery strategy;
5. Considers that an efficient and effective framework for long-term financing needs to be achieved through an approach converging European and national policies, and that, to this aim, the EIB should support development banks with a view to unlocking liquidity for SMEs and creating the right conditions for increasing production and, consequently, raising employment;
6. Underlines that long-term investments capable of boosting long-term employment can only exist with adequate financing, which in turn is highly dependent on the economy's ability to generate savings;
7. Warmly welcomes the focus on productive capital, which is invested in the real economy, as opposed to financial capital used for speculation; asks the Commission to encourage long-term investment in those areas that are capable of generating the greatest positive social externalities and of helping to achieve the goals of the Europe 2020 strategy, but are not receiving an appropriate level of financing, such as SMEs, infrastructure projects and social housing projects, and to exclude unproductive areas in order to prevent new bubbles from emerging;
8. Points to the importance of the indirect positive impact that European Long-Term Investment Funds (ELTIFs), given their stable and long-term investment horizon, can have on the financing of social housing projects and of associations responsible for managing social housing properties;
9. Asks for SMEs to be given priority access ELTIFs since they constitute the backbone of growth and job creation in the EU; considers that this access should be accompanied by a simplification of the application procedures; highlights the importance of ensuring easier access to financing during the whole lifecycle of a company in order to create and maintain sustainable quality jobs;
10. Asks the Commission and the Member States to encourage pension funds to take socially responsible investment decisions that conform to EU and international human rights, social and environmental standards, including the relevant OECD and UN guidelines and principles; recalls that the Commission's plans to review the Directive on the activities and supervision of institutions for occupational retirement provision (IORP Directive) must not discourage sustainable long-term financing;
11. Supports long-term financial planning, facilitated by policies based on anticipation and

socially responsible and healthy investments; asks the Member States, with a view to sustainable employment growth, to support the channelling of savings into long-term investments through sound fiscal policies, efficient tax systems and policies that strengthen the ability of the economy to attract long-term investment, including from abroad;

12. Calls on the Member States to develop the appropriate legislation aimed at long-term financing available to businesses of all sizes, thereby enhancing job creation; recalls that a continued lack of liquidity for SMEs can reduce economic activity, resulting in further job losses;
13. Asks the Member States to support economic and employment growth by promoting long-term savings through savings mobilisation policies;
14. Calls on the Member States to create appropriate financial and macroeconomic frameworks, with a view to achieving sustainable economic and social development while placing a thorough focus on long-lived capital goods, by creating sound and sustainable instruments that are compatible with the aims of reducing unemployment and rebooting the economic business environment;
15. Asks the Commission to address the unmet retail investor demand for investment opportunities in long-term assets, which would pool a substantial amount of additional capital for long-term investments and unlock additional employment potential; stresses that additional protection for retail investors should be provided, and tailored financial education and awareness strategies should be put in place to inform potential and actual users of long-term investment vehicles about the benefits of long-term saving and investment, as well as of any potential risks and costs;
16. Underlines the need for better financial regulation and supervision to protect workers, taxpayers and the real economy against future market failures;
17. Stresses that the long-term financing of the European economy and its potential for job creation will only work if the ELTIF framework will take adequate account of the different needs of professional, semi-professional and retail investors.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	9.12.2013
Result of final vote	+: 41 -: 0 0: 0
Members present for the final vote	Regina Bastos, Heinz K. Becker, Jean-Luc Bennahmias, Phil Bennion, Pervenche Berès, Vilija Blinkevičiūtė, Philippe Boulland, Alejandro Cercas, Ole Christensen, Emer Costello, Frédéric Daerden, Sari Essayah, Marian Harkin, Nadja Hirsch, Stephen Hughes, Danuta Jazłowiecka, Ádám Kósa, Jean Lambert, Patrick Le Hyaric, Verónica Lope Fontagné, Olle Ludvigsson, Thomas Mann, Elisabeth Morin-Chartier, Csaba Őry, Siiri Oviir, Konstantinos Poupakis, Sylvana Rapti, Elisabeth Schroedter, Joanna Katarzyna Skrzydlewska, Jutta Steinruck, Ruža Tomašić, Traian Ungureanu, Inês Cristina Zuber
Substitute(s) present for the final vote	Georges Bach, Philippe De Backer, Sergio Gutiérrez Prieto, Richard Howitt, Anthea McIntyre, Evelyn Regner, Tatjana Ždanoka, Gabriele Zimmer