Committee on Economic and Monetary Affairs

2024/2116(INI)

12.03.2025

DRAFT REPORT

on facilitating the financing of investments and reforms to boost European competitiveness and creating a Capital Markets Union (Draghi Report) (2024/2116(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Aurore Lalucq

PR_INI

CONTENTS

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on facilitating the financing of investments and reforms to boost European competitiveness and creating a Capital Markets Union (Draghi Report) (2024/2116(INI))

The European Parliament,

– having regard to the publication of 18 July 2024 by Commission President Ursula von der Leyen entitled ‘Europe’s choice: political guidelines for the next European Commission 2024-2029’,

– having regard to the report of 9 September 2024 by Mario Draghi entitled ‘The future of European competitiveness’ (Draghi report),

– having regard to the report of 17 April 2024 by Enrico Letta entitled ‘Much more than a market’ (Letta report),

– having regard to the report of 25 April 2024 by Christian Noyer entitled ‘Developing European capital markets to finance the future’,

– having regard to the letter by President von der Leyen on defence to the European Council ahead of its meeting on 6 March 2025,

– having regard to the European Council conclusions of 6 March 2025 on European defence,

– having regard to the statement of the Eurogroup in inclusive format on the future of Capital Markets Union (CMU) of 11 March 2024,

– having regard to the high-level roadmap of May 2024 for follow-up to the Eurogroup statement on the future of CMU in Eurogroup inclusive format,

– having regard to the European Council conclusions of 17 and 18 April 2024,

– having regard to the European Insurance and Occupational Pensions Authority statement of 25 April 2024 entitled ‘How European insurers and pension funds can contribute to further strengthen the Capital Markets Union’,

– having regard to the position paper of the European Securities and Markets Authority (ESMA) of May 2024 entitled ‘Building more effective and attractive capital markets in the EU’,

– having regard to the statement by the European Central Bank Governing Council of 7 March 2024 on advancing the Capital Markets Union,

– having regard to its resolution of 8 October 2020 on further development of the CMU: improving access to capital market finance, in particular by SMEs, and further enabling retail investor participation[1],

– having regard to its resolution of 9 July 2015 on Building a Capital Markets Union[2],

– having regard to Rule 55 of its Rules of Procedure,

– having regard to the opinion of the Committee on Budgets,

– having regard to the report of the Committee on Economic and Monetary Affairs (A10-0000/2025),

A. whereas the Draghi report identified that a minimum of EUR 750 to 800 billion of additional annual investment is required to restore EU productivity and deliver on the EU's environmental and social objectives;

B. whereas the ReArm Europe plan consists of five pillars aimed at financing Europe's security and defence, covering both public investments and the savings and investment union;

C. whereas historically in Europe the private sector has contributed around four fifths of productive investment, with the public sector contributing the rest[3];

D. whereas according to the Draghi report, EU household savings in 2022 were EUR 1 390 billion compared with EUR 840 billion in the US;

E. whereas EU households saved 14.79 % of their disposable income and EU citizens held 31.01 % of their savings (EUR 11.63 trillion) in currency and deposits, which offer limited returns; whereas they held 36 % (EUR 13.42 trillion) in equity and investment fund shares and 27 % (EUR 10.06 trillion) in insurance, pensions and standardised guarantees[4];

F. whereas according to the Draghi report, between 2008 and 2021, close to 30 % of the 'unicorns' – start-ups that went on to be valued over USD 1 billion – relocated their headquarters abroad, mainly to the US;

G. whereas research and development spending accounted for 2.1 % of GDP in the EU in 2021, but 3.5 % in the US and 2.4 % in China, while the 2000 Lisbon strategy set a research and development spending objective of 3 %;

Building a shared vision for Europe's productivity and the need for sustainable growth

1. Calls for a general mobilisation of all financial resources and available instruments to strengthen EU security and industrial and technological sovereignty, sustain the green

---

[1] OJ C 395, 29.9.2021, p. 89.
[2] OJ C 265, 11.8.2017, p. 76.
[3] Draghi, The future of European competitiveness Part A | A competitiveness strategy for Europe, 2024.
[4] Eurostat, Financial flows and stocks, 2023
https://ec.europa.eu/eurostat/databrowser/view/NASA_10_F_BS__custom_13650774/default/table?lang=en.

transition, create quality jobs and contribute to upward social convergence, in a context of geopolitical instability and international tensions;

2. Welcomes the renewed debate on the need to restore EU productivity, boosted by the Draghi and Letta reports;

3. Recognises these reports as a wake-up call for European and national decision-makers, as well as a starting point for action to foster both private and public investments;

4. Regrets the fact that many EU-based entrepreneurs feel the need to relocate to gain easier access to finance and resources; deplores that they turn to venture capital providers outside the EU and scale up in foreign markets;

5. Emphasises that public resources should be focused on ensuring the sustainability and accessibility of public services and infrastructure while catalysing private investment in innovative and clean industries under well-defined conditions;

Mobilising private investment and easing access to finance

6. Believes that the attractiveness of EU capital markets will be increased by further integration of its internal market and the creation of economic opportunities for private investments, which would allow for higher returns; calls on the Commission and the Member States to develop solutions, whether legislative or not, to foster the creation of an EU-wide capital market that has sufficient size, liquidity, depth and transparency to attract both EU-based and international investors;

7. Supports the integration of institutional frameworks and market structures; reiterates its demand to grant the ESMA direct supervisory powers over pan-European market infrastructures;

8. Urges the Commission to develop proposals to properly repatriate clearing activities to the EU;

9. Notes that streamlining administrative procedures can improve the EU's attractiveness as an investment destination; considers that the aligning of Member States' legislative frameworks should be part of the simplification agenda to ease cross-border activities; calls on the Commission to rely more on regulations rather than directives, thus limiting national discretion that could lead to fragmentation;

10. Remains committed to the objectives of the sustainable finance framework to mobilise investments in the clean transition;

11. Believes that innovative companies could benefit from a single set of EU-wide rules; recalls in that regard the 'Business in Europe: framework for income taxation' proposal establishing a single set of rules to calculate companies' corporate tax bases;

12. Calls on the Commission to develop proposals aimed at creating instruments to facilitate the channelling of household savings to productive investments; asks the Commission to explore the idea of creating an EU investment savings account or a label at EU level for simple investment products suitable for retail investors based on common criteria or features such as product simplicity, low costs, asset allocation and risk mitigation

techniques; asks in particular for the Commission to assess the efficiency of a label for investments that are sustainable and located in the EU;

13. Expects the Commission to encourage growing start-ups and companies to scale up and list within the EU; asks, therefore, for the future EU Start-Up and Scale-Up Strategy to include a chapter on finance aimed at preventing their relocation to non-EU countries;

14. Calls on the Commission to prioritise a CMU agenda that sustains financial stability, favours access to venture capital and equity investment and reduces over-reliance on bank lending;

Sustaining public investments to close the productivity gap

15. Believes that the urgency of measures on defence and decarbonisation means that substantial public support will be required to mobilise private investment;

16. Fears that public investment will plunge after 2026, when the Recovery and Resilience Facility is set to expire;

17. Recalls that safe assets have been issued at EU level by European issuers such as the European Investment Bank, the European Financial Stability Facility, the European Stability Mechanism and, since 1976, the European Economic Community and then the EU itself[5]; recalls that the NextGenerationEU recovery fund is the largest stimulus package ever funded by the EU to support economic recovery and the green and digital transitions;

18. Shares the assessment that issuing a common safe asset to be used as a strong benchmark would significantly facilitate the achievement of the CMU and address the investment needs identified in the Draghi report; recommends that the Commission assess the features of safe assets issued at EU level and publish a report to inform the future design of an EU safe asset;

19. Believes that heightened defence needs due to geopolitical tensions require immediate mobilisation of financial support; welcomes the Commission's upcoming proposal for a new financial instrument of up to EUR 150 billion to boost EU defence capabilities as part of the ReArm Europe plan; calls on the Commission and the Member States to also set up a dedicated instrument under the European Stability Mechanism;

20. Encourages the European Investment Bank Group to adapt its lending policy to provide greater support to higher risk investments, mostly in innovative companies and projects fostering the green transition;

21. Calls on the Commission to establish an economic intelligence unit to identify European industrial needs, shortages and market opportunities and to produce recommendations, including on financing, to address these challenges from an EU perspective;

---

[5] European Stability Mechanism Chief Financial Officer, 'Developing European safe assets', *Intereconomics*, December 2023, https://www.esm.europa.eu/articles-and-op-eds/developing-european-safe-assets-article-intereconomics.

°

° °

22. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

Europe is faced with two existential threats. The first, well-documented in several reports such as those by Enrico Letta and Mario Draghi, is the risk of economic and industrial decline, leading to a gradual disappearance of the European Union from the global economic and geopolitical stage. The second, brutally brought to light by the invasion of Ukraine by Russia, the return of war on the European continent and the strategic realignment of the United States, is the inability by the European Union to ensure its own strategic autonomy and defence, to protect itself from increasingly imminent threats on its territory. This dual crisis is nothing less than an unprecedented test of Member States' ability to collectively invest in the EU future and its survival. This is why the European Union must now explore ways to regain budgetary room for manoeuvre and mobilise private capital to invest not only at national level but also, and perhaps most importantly, at the European level. The EU must find a way to finance its defence capacities, without compromising its ability to invest in the green and sustainable reindustrialisation, in clean techs and European digital firms and to prepare for the future by investing in education and research. The recent Draghi Report has identified a minimum annual additional investment requirement of EUR 750 to 800 billion to restore the EU's productivity and meet its environmental and social goals. However, the current investment landscape in the EU is fragmented, with significant disparities in access to private finance, particularly for innovative and high-growth companies. One of the reasons for the European Union's lag behind its Chinese and American competitors has been the difficulty for its businesses to secure financing, particularly for small and medium-sized enterprises that require scaling up to grow. Simply put, companies today complain about the lack of long-term demand and call for regulatory stability, speed and responsiveness from public authorities to protect them from unfair commercial competition, and, finally, long-term contracts, including through public procurement. Europe has many strengths. It remains one of the most attractive economic zones for investment, with innovative companies and a highly skilled workforce. However, one could argue that Europe is living below its means, as it has so far failed to equip itself with the necessary tools and mechanisms to grow in line with its ambitions. Addressing this dual crisis will therefore hinge on its ability to put these tools in place. In this regard, European savings represent considerable financial means that Europe must not—and cannot—overlook. It is all the more crucial given that European citizens' savings often end up financing foreign, particularly American, funds, which then reinvest in Europe and acquire European companies. The mobilisation of European citizens' savings is therefore a political, economic, and strategic sovereignty issue and will be crucial to bridge the industrial gap with other major economies. However, the sole mobilisation of private finance will be insufficient to address all of the challenges that the EU needs to overcome. It will also require a significant level of public investments, particularly in high-risk areas such as defence and decarbonisation. This draft report outlines a series of measures aimed at addressing these challenges, at creating a more integrated and efficient capital market in the EU and at identifying the role of public sector in leveraging investments.

Strengthening the Capital Markets Union (CMU): The greater mobilisation of private finance requires different steps. The report calls for the acceleration of the CMU agenda, with a focus on improving access to venture capital and equity financing, particularly for innovative companies. It also emphasises the need for greater harmonisation of regulatory frameworks across Member States to facilitate cross-border investment and reduce fragmentation. It insists on making progress towards greater harmonised supervision and direct supervisory powers to the European Securities and Markets Authority (ESMA) over pan-European market infrastructures. The report highlights the importance of creating economic opportunities for private investment by offering competitive returns. The report insists on channelling household savings into productive investments and explores the creation of an EU investment savings account or label for basic and simple investment products that are suitable for retail investors. This would help to channel household savings into productive investments, particularly in sustainable and innovative sectors.

A crucial role for public investments: The report recognises the need for substantial public sector support to mobilise private investment, particularly in high-risk areas such as defence and decarbonisation. It calls for the establishment of a dedicated instrument within the European Stability Mechanism (ESM) to address heightened defence needs and recommends that the European Investment Bank (EIB) adapt its lending policy to support higher-risk investments. It also highlights the importance of issuing a common safe asset at the EU level to facilitate the achievement of the CMU and address the investment needs identified in the Draghi Report. It calls on the Commission to assess the various features of safe assets and publish a report outlining their common characteristics. Finally, the report proposes to establish a European Economic Intelligence Unit that would help connect industrial need with financial tools. The rapporteur calls on all stakeholders and co-legislators to work together to implement these measures and ensure that the EU is well-positioned to meet the challenges of the 21st century.

ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that she received input from the following entities or persons in the preparation of the draft report:

Entity and/or person
Professor Mario Draghi, author of the report “The future of European competitiveness”
Enrico Letta, author of the report “Much More Than A Market”
Christian Noyer, author of the report “Developing European capital markets to finance the future”
European Investment Bank Group, President
European Central Bank, Division EU Institutions and Fora
European Securities and Markets Authority
European Stability Mechanism
Finance Watch
Bureau Européen des Unions de Consommateurs Union Fédérale des Consommateurs - Que Choisir
European Federation of Investors and Financial Services Users (Better Finance)
Association of European Long-Term Investors
Fairshare Educational Foundation (ShareAction); Third Generation Environmentalism Ltd; WWF European Policy Programme
Reclaim Finance
Euronext
Euroclear
Deutsche Börse Group
InvestEurope
Blume Equity
Assicurazioni Generali S.p.A
Association for Financial Markets in Europe
Mouvement des Entreprises de France
European Sustainable Investment Forum
Digital Europe
CleanTech Europe
Verkor
European Trade Union Confederation
Deutscher Gewerkschaftsbund
Austrian Federal Chamber of Labour
Centre for European Policy Studies

The list above is drawn up under the exclusive responsibility of the rapporteur.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur declares that she has submitted to the natural persons concerned the European Parliament’s Data Protection Notice No 484 (https://www.europarl.europa.eu/data-protect/index.do), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.