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The Juncker Plan – the vehicle for revived European ambition?

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Abstract:

The proposed regulation on the creation of the European Fund for Strategic Investments (EFSI) was presented by the European Commission on 13th January 2015. The trilogue is going on until the end of the Latvian presidency with the aim of implementing the Fund by the summer. An agreement of principle is expected to be found by the "Ecofin" Council on 10th March. In this perspective, this paper recalls the three dimensions of the Juncker Plan, analyses how their joint effect can guarantee the success of the latter, and sets out some views on the technical aspects currently under debate.

The European Commission has delivered the proposed regulation on the creation of the European Fund for Strategic Investments (EFSI) [1] to the European Parliament and the Council. This guarantee fund is part of a wider political project that aims to ensure the catalysis of private investment in order to fulfill European priorities. Under which conditions can the "Juncker Plan" succeed?

I - THE JUNCKER PLAN COMPRISES THREE STRANDS LINKING FINANCING, A PROJECT PIPELINE AND AN INVESTMENT-FRIENDLY ENVIRONMENT

1. The mobilisation of 315 billion € of additional investments for the European Union over a three year period

The first strand of the Juncker Plan aims to mobilise 315 billion € in additional investments in the European Union over the next three years, i.e. in addition to the European Investment Bank and the States' usual activities. This aims to rectify a severe shortfall in investment in the European Union since the start of the crisis [2]. The basic structure of the Plan entails using the Union and EIB's funds to guarantee additional EIB's investments, ones that would be more risky than its prudential rules allow, and thereby catalysing private investment.

The new Fund (EFSI) will act as a guarantee fund totaling 21 billion €. It will be provided with 8 billion € by the "Connecting Europe Facility" (CEF) the "Horizon 2020" programmes and reallocated EU budgetary lines [3]. 8 billion € of the EU's budget will be made available to the EFSI, after the redeployment of EU programme packages that have already been allocated to the States. The EIB will take 5 billion € from its own funds for the EFSI.

The EFSI's 1:15 multiplier effect will be achieved in two stages. 1 € allocated to the EFSI will allow the EIB to invest using risky products to a total of 3€ [4]. These investments will attract private investors to a total of 5€ for each euro invested by the EIB. The total volume of the final investments is estimated at 315 billion €; 240 billion of this overall total is to be spread across strategic infrastructure projects of European interest (transport, energy, broadband, education, healthcare, R&D, etc.) and 75 billion € in risk financing of SMEs and mid-caps [5].

2. A project pipeline in sync with European priorities

The financing thereby mobilised will support projects planned for their European interest and which are consistent with the Commission's priorities [6]. In December 2014, member states were invited to deliver

1. See the Commission's communication, "An investment plan for Europe", COM (2014) 903 final, 26th November 2014.

2. This delay has been well documented notably by Valla et al, "A new architecture for public investment in Europe", in CEPII Policy Brief n°4, July 2014 and referred to in Marty, O. paper, "For the revival of investment in Europe" published by the Robert Schuman Foundation, European Issues No.325, September 2014.

3. These 3.3 of the 8 billion will come from the "Connecting Europe Facility", 2.7 billion from "Horizon 2020", and 2 billion from the reallocation of commitments. They will be paid gradually until 2020.

4. EIB's activities in the shape of guarantees, counter-guarantees, senior or subordinate debt, equity loans, shareholdings, credit enhancement mechanisms (e.g. project bonds).

5. Financing in support of SMEs will be catalysed by the EIF, a branch of the EIB group not only on the basis of certain financial instruments which it already manages for the Commission which shows their usefulness, but especially on the basis of new products that respond to the difficulties experienced by SMEs in finding financing. Given their strong multiplier effect the target catalysed project cost of 75 billion could be reached between 2015 and 2018. The catalytic effect will depend especially on greater use of the EIFs own funds.

6. The term « of European interest » is indeed preferred to that of « European dimension » because to facilitate the catalysis of private investment projects of all sizes falling within the framework of a European policy will be accepted. The subsidiarity principle (which rules out direct European intervention in national or local projects) seems to have been deleted without it being expressly laid out in the proposed regulation.

a list of public or private projects to the Commission (that is meant to be developed and changed), which now totals 1,300 billion € [7]. These projects, which have now been identified better, will logically be put forward by their promoters to the EIB and sorted individually by the *ad hoc* Investment Committee which will, in all likelihood, be set up on the basis of flexible lending criteria, before being examined for EIB risk financing as part of the Juncker Plan.

A vital detail in the second strand of the Plan is the technical assistance organised by the EIB (and in part financed by the European Union's budget) which will appreciably be developed to help promoters to structure and finance their projects better. This platform notably aims to support the introduction and increased use of complex financial packages and to increase cooperation between the EIB and the national promotional banks (NPB), which use similar business plans and which are sometimes granted these instruments, as in France (the BPI and the CDC). The platform will have significant means available since the proposed regulation provides for the allocation of 110 million €.

Dialogue between the Commission and the EIB, the promoters, investors and other institutional players is provided for on European, national and regional levels to facilitate developments and to raise awareness on the new financing methods. This will provide an opportunity to explain the EIB's risk activities, the synergies between national programmes and those undertaken by the Union and financial instruments. The possibility of converting the Structural Funds into these instruments will also be used as a means to complete - and even to go beyond - the plan's goals, as provided for in the proposed regulation. This reflects a change in approach on the part of the Commission – we shall return to this later.

3. Establishing an investment-friendly environment on the national and European levels

The third strand of the plan firstly aims to foster increased regulatory predictability both on the State and Union levels. This aspect, which is vital to any investment, is too often neglected by public decision makers. Attracting and securing private investment requires simple, predictable, sustainable rules. Here we refer to fiscal issues that must also provide enough incentive, and to the quality of spending made nationally and by the administrations, which could be significantly improved in many countries, notably as part of the European Semester.

An important aspect of an improved investment environment also means unlocking long term disintermediated finance sources, whilst at present the Union's economy is financed by the banks in the main (around 75%). Since the latter are constrained by their lending capacities notably due to the regulatory framework that has been imposed since 2009, the development of capital markets could "take over" from the banks and foster the investment of European private savings in the long term financing of infrastructures and innovation [8]. The so-called "Capital Markets Union" is therefore closely linked to the success of the Juncker Plan.

Finally, completing the Single Market by guaranteeing regulatory harmonisation and the removal of regulatory hurdles to investment could greatly help in the success of the Juncker Plan. Financing opportunities will emerge from a harmonised market via policy guidance and predictable, stable convergent legal and fiscal rules. Knowing what the European energy policy mix will be beyond the goals set in the Energy-Climate packages or how domestic markets will be opened to foreign service providers is decisive in the energy sector for example [9].

II – THE JUNCKER PLAN DEMONSTRATES A WILL TO MODERNISE THE WAY THE EUROPEAN ECONOMY IS FINANCED

1. Innovative public and private financing enabled by a more strategic use of Community resources

Having limited public funds catalyse private investment forms the core of the Juncker Plan. If the States or the

7. For the sectoral spread of the projects see the analysis made by Standard & Poor's "Europe's investment plan: how to spend 315 bn € in three years", Ratings Direct, 15th January 2015 and for an analysis of the list put forward by France the article by the author published in Les Échos, "Le plan Juncker est une chance pour la France!", 15th December 2014.

8. On this see Véron, N., "Defining Europe's Capital Markets Union", Bruegel Policy contribution, November 2014 and Marty, O., "Capital-Markets Union: tentative shape and priorities", published by the Robert Schuman Foundation, European Issues No.335, Dec 2014.

9. As other examples of useful deepening of the single market we might quote the abolition of tariff barriers within the EU for ITC users, and the organisation of the markets for the renovation of notably private buildings for energy efficiency.

national promotional banks do not contribute to the EFSI financing will only be guaranteed on the basis of fund packages from budget programmes and the EIB. Beyond their financing, these Community programmes are useful in two ways: they foster convergence of national and European economic policies, as for example in France with Mrs Royal's energy transition bill modeled on Horizon 2020 [10] ; and they guarantee the complementarity of national and Community resources in the completion of collective projects.

Financial instruments play a vital role which explains their increased promotion and use [11]. These instruments transform the Union's budgetary resources, notably the Structural Funds, into financial products such as loans, guarantees, equity and other risk (-bearing) mechanisms. Hence, non-reimbursable aid to States is completed with other financial products so that the funds made available by the Union are permanently replenished. The financial instruments mobilise a surplus of public/private investment and guarantee that the projects produce better results [12].

The EIB has developed a widely acknowledged expertise in the management of financial instruments whose leverage, which varies according to the products used, can rise to as much as 1:30. As the former EIB President Philippe Maystadt recalls, the Risk Sharing Finance Facility (RSFF) has – with an initial guarantee of 1.2 billion - backed more than €30 billion in total research investments [13]. The Innov'Fin programme designed for R&D has even more extensive funds available (€3 billion), over a longer period, with a wider scope, thereby confirming the strength of the European budgetary authority [14].

It is vital for public or public utilities investment decision-makers to take ownership of these instruments to ensure the success of their projects or plans and even go beyond this, as provided for in the proposed regulation [15]. This imperative is now more often integrated into the analyses of the Juncker Plan: for example, the ratings agency Standard & Poor's now deems that the greatest challenge to the plan will be the catalysis of market financing within a very short time span and that the support of and incentives given by multi-lateral institutions, policies and administrations for complex packages will, from this point of view, be decisive [16].

In spite of this favourable opinion, the variety of financial instruments that can potentially be used in the Juncker Plan, as well as the present financial context, make it impossible to determine whether the "market response" to a total of 255 billion € in infrastructures will take place. Indeed some investors (insurance, pension funds) which want to reconsider long term investments might prefer, in the present context of extremely low interest rates, to achieve high yields and abandon some credit enhancement mechanisms whose aim it is to reduce the cost for the borrower and therefore the remuneration of the lender [17].

2. Greater technical assistance thanks to the EIB and national promotional banks' expertise

The Investment Advisory Hub, an unknown novelty in the Juncker Plan, will be established within the EIB based on the experience of the Bank in some programmes. It will act as a one-stop-shop for three types of user: project promoters, investors, and public management authorities. An information service called Fi-Compass will be linked to it: this was launched by Jyrki Katainen and Wilhelm Molterer on 23rd January last thereby illustrating a "change in paradigm in the use of structural funds". However the core of its activity will comprise helping project promoters to improve the structure of their offer at all stages.

Hence the EIB will offer fuller technical assistance at all stages in the structuring of the projects and will provide advice on the sources and the most appropriate means of financing, on condition that the projects presented are well prepared and viable. It will go beyond the "*ad hoc*" approach to assistance, which typified it to date, as for example regarding the use of PPP contracts or the preparation of urban energy efficiency investment plans. By doing this, it will modify its relations with its two counterparts: with the Commission - the fact of having a range of technical tools means that overall cooperation regarding technical assistance will be established; with the project promoters - since they

10. *See Marty, O., "Quatre raisons de soutenir le plan Juncker pour l'investissement", La Tribune, 28th November 2014.*
11. *A sign of more clearly granted support on the part of the Commission to financial instruments, Vice-President Katainen confirmed that the Commission wanted to double the share of Structural Funds placed in financial engineering instruments to bring this up to around 28 billion € over the next six years. Moreover the multi-annual financial framework 2014-2020 supports and improves their use notably with the obligation on the part of the management authorities to undertake an ex ante assessment ; the diversification of implementation options or the widening of their scope to eleven thematic goals in the EU programmes.*
12. *Given that financial instruments are reimbursable or are financed alongside private placements projects that are financed via this method must be even more viable financially than those financed with non-reimbursable aid. An improved monitoring of resources is also guaranteed by the new transparency rules of the financial framework 2014-2020.*
13. *See Maystadt, "Jump-starting Investment" published by the Robert Schuman Foundation, European Issues No337, Dec. 2014.*
14. *The development of financial instruments was indeed limited by reluctance on the part of the European budgetary authority to commit large sums long term. See Marty, O. "For the recovery of investment in Europe" published by the Robert Schuman Foundation, European Issues No.325, September 2014.*
15. *The regulation provides that beyond the impact of the EFSI i.e. in addition to the 315 billion planned a better use of a share of the 450 billion of the EU's Structural and Investment Funds allocated to the 2014-2020 programming might bring in a minimum of 20 billion in additional financing in the shape of financial instruments with a multiplier effect on additional investments. The Commission adds that the use of financial instruments under the Structural Funds would have to be doubled but this means improving knowledge of their features on the part of public authorities. This is what Vice-President Katainen means. op cit.*
16. *See the paper by Standard & Poor's, op cit. The agency is right in point out the importance of making catalysis a success. If this catalysis is inadequate, the Juncker Plan may lead to excessive public commitment either by over-using subsidies from the Structural Funds or by calling heavily for additional EIB loans.*
17. *This problem was pinpointed in the financing of the L2 Marseilles ring-road (A507): the Bouygues Group which was the main shareholder in the project company responsible for this infrastructure in PPP, rejected a "Project Bond Credit Enhancement" offered by the EIB because this meant a reduction in the yield which did not suit the lender, the insurance company Allianz. Hence the EIB financed the public contribution to the project with a loan of 155 million.*

will modernise their plans and relations with the public authorities. So it is therefore desirable for States to "play ball" by calling on the technical assistance capabilities offered by the Commission and the EIB, which will not be an easy task as far as some are concerned [18].

Cooperation between the EIB and the NPB's might also be fostered by this Hub since the latter could, if necessary, direct promoters towards the technical assistance of the NPBs. Also, co-financing, as well as feedbacks between all investors, might be encouraged. In this regard, cooperation between the EIB and both the CDC and bpifrance could be used as an example [19]. The prospect of "incremental" progress between public financial institutions seems to be the most credible in the medium term, since the wish on the part of the NPB's (like the private sector) to contribute to the EFSI or the possibility of taking shares in the capital of the EIB Group are not guaranteed for the time being [20].

3. Planned improvement of the economic policy framework and the Single Market

The opportunity offered by the Juncker Plan to improve national and European regulations is significant. By leveraging on investments made as part of European programmes, member States are encouraged to bring their public policies more resolutely in line with European policies. Moreover ensuring more stable, predictable and sustainable national regulation goes together with the commitment by the Commission to have a lighter legislative, growth-stimulating agenda. The European executive has skillfully proved its credibility in this by making significant cuts to the Commission's 2015 programme notably from the point of view of financial regulation [21].

For some States, a major challenge will be to ensure the credibility of their economic policy – including France. This challenge might be overcome with help of an improved economic governance framework since the start of the financial crisis and by taking advantage of the opportunities provided by the Commission in January 2014. Pierre Moscovici indeed offered combined flexibility on the interpretation of the Stability and Growth Pact: any contribution made by the States to the EFSI would be subtracted from the calculation of their deficit; any spending committed to jointly with the Union in the construction of an infrastructure would also be subtracted in countries where the deficit is below the 3% mark [22].

The deepening of the Single Market is deemed by many experts to be vital for the success of the Juncker Plan [23]. Without an attractive market, one that would be wider and supported by harmonised regulations and coordinated national policies, the catalysis of investments will be weakened. The Commission has indicated that it wants to act – as a priority – on the energy and digital sectors in the first half of 2015. In view of the issues at stake on both markets, this agenda already seems significant [24]. It might be facilitated by proposals stemming from the Council, as was suggested by Jyrki Katainen as he presented the plan on 12th January to the Bruegel Institute.

III – THERE ARE SEVERAL ISSUES PENDING IN THE COMMISSION'S PROPOSED REGULATION THAT WILL HAVE TO BE DECIDED UPON WITHIN THE TRILOGUE

1. Clarifying the governance of the European Fund for Strategic Investments (EFSI)

Currently, the draft regulation submitted to Parliament and the Council provides for a two-tiered governance structure of the EFSI. On the one hand, there is a Steering Board, to which the EIB, the Commission and any other contributor to the EFSI can belong; this is to be responsible for the establishment of the investment policy and the average risk profile; the draft regulation provides that the Steering Board take decisions by consensus. On the other hand, the Investment Committee led by a managing director and his deputy comprising 6 independent experts, would select the investment projects; note that here, the Committee's decisions will be taken on a project by project basis by a simple majority.

The two-tiered governance structure was most probably planned by the Commission in order to

18. *"Technostructure" instincts or the imperfect cooperation of these with political staff could emerge, notably in France.*

19. *The EIB and the CDC signed a cooperation agreement in June 2013 to finance key sectors of territorial development (sustainable transport, healthcare, broadband access, higher education, energy efficiency of buildings). Moreover the EIB concluded an agreement in September 2013 with BPI France to finance SMEs to a total of 750 million € and to introduce a guarantee mechanism totalling 200 million €. This partnership establishes a pooling of goals, methods, instruments and staff between the EIB and the two public French institutions which is typically expected in the Juncker Plan to ensure the smooth catalysis of private investment. Hence in December 2014 the EIB group and BPI France signed a subordinated financing commitment totalling 400 to 600 million € over three years.*

20. *Such public contributions, notably of NPBs, would be welcome, however, as they would increase the capital and leverage effect of the EFSI. See on this point Marty, O., « Pourquoi l'ECOFIN doit valider le plan Juncker », Les Echos, March 9th, 2015. However, the option for NPBs to commit on co-financing alongside the EIB has widely been prefered to date (March 9th), as illustrated by Spain's ICO, Germany's KfW, and France's CDC and bpifrance commitments of 1.5, 8 and 8 bn Euros, respectively.*

21. *See for example the AGEFI Hebdo article "Régulation : Bruxelles confirme son virage", in AGEFI Hebdo, 11th-17th December 2014.*

22. *Moreover taking on board the economic situation in defining the effort to be made in terms of reducing the structural deficit will be undertaken country per country and not on the basis of an assessment of the euro zone as a whole. For more details of these two aspects see for example the articles in Les Echos "Austérité : l'étau européen se desserre afin de relancer l'investissement public", Thursday 15th January 2015.*

23. *This point was stressed by Isabel Schnable, member of the German Economic Experts Board and E. Nielsen, chief economist for Unicredit at the Institut Bruegel on 12th January 2015, for example.*

24. *This agenda is also pertinent since energy and digital issues represent 29% and 18% respectively of the projects put forward by the States. See Standard & Poor's, op cit.*

remove the States from management decisions in the Juncker Plan and to ensure that the EIB will take the necessary risks to undertake investments specific to the plan [25].

The first level of governance does not raise any particular issue. However, the Investment Committee's governance raises several issues:

- What type of expert will be appointed to choose the investments and who, from the Commission or the Bank, will chair this Committee? The EIB already has experience in selecting and following-up on projects with independent experts from the banking sector in some investment programmes including in terms of its Board of Directors. This profile might be preferable to certain public figures so as to guarantee a thorough understanding of the business plans and market availabilities. Moreover, it seems desirable for the EIB to lead this Committee given its experience of the structuring of the projects.

- What will the links between the Investment Committee and the EIB's Board of Directors be? The Juncker Plan's "*ad hoc*" Committee will in all likelihood rely on the EIBs services and on its own Management Committee. A clear link has to be established – particularly regarding economic, technical and environmental project examination and assessment criteria which, according to the proposed regulation, should be those applicable by the EIB in its traditional activities. The effectiveness of the Juncker Plan will depend on how fast the EIB can respond and therefore on governance that will be able to take position quickly over each investment proposal.

- Which procedures will be linked to project choice and follow-up? Improved cooperation between the EIB and the Commission, like that fostered by the increased use of financial instruments, should not be hampered by the obligation on the part of the project promoters to undertake cumbersome procedures and supervisory measures, as they stand at the moment for example regarding the Commission's financial instruments managed by the EIB. The European Commission should be more conciliatory in this regard.

The regulation also provides for the States' and/or the NPBs contribution to the EFSI in order to increase its potential. The Commission is proposing to exempt any public contribution from Eurostat's deficit calculations. This proposal illustrates the Commission's will to be open. However given the governance mechanism that was finally put forward and notably the powers given to the Steering Board, which do not include the selection of the projects, it seems that there is not much interest in the States entering into the EFSI's capital.

An issue is raised however for the National Promotional Banks; but the answer depends on the guarantees from which they would benefit. Indeed, it emerged in the debate over the proposed regulation that the NPBs claim to be pari passu with the EIB when co-financing a project that is eligible for the Juncker Plan. Clearly, since the EIB grants subordinate financing, the NPBs claim is for them to have the same EFSI guarantee as the EIB. Here there are two possible options:

- The National Promotional Banks benefit on the part of the EFSI from the same guarantees as the EIB, but without having contributed to the Fund. In this hypothesis a "crowding out" effect might occur to the detriment of the EIB and to the advantage of the NPBs, without the EFSI's total multiplier effect being raised. In other words the EFSI would subsidise the NPBs guarantee and its endowment might be used up more quickly.

- The NPBs take part in the EFSIs endowment and are covered "pro rata" of their participation; since EFSIs capital would be increased, and the power of the NPBs would be added to that of the EIB with comparable products, the Juncker Plan's multiplier effect would be increased all the more – with it being able to go beyond 400 billion. But this scenario in turn raises three questions:

o Would the member States that do not want to contribute to EFSI allow their NPB's to participate?

o Wouldn't each Member State which invests via a NPB seek a "fair national return" on its investment in EFSI?

o Would the project promoters and markets be able to respond to significantly increased volumes?

25. We might also note that "enhanced governance" is in contradiction with the need to take rapid investment decisions, thereby highlighting the importance of establishing links to guarantee efficiency between the governance of the Juncker Plan and that of the EIB. (cf. infra).

Prior to the 10th March ECOFIN Council, it seems member states will opt for several co-financing envelopes of their NPBs instead of contributing to the capital of the EFSI (see footnote 20).

2. Defining all of the co-financing possibilities for projects eligible to the Juncker Plan

The Juncker Plan will retain projects according to three criteria: the European interest, rapidity of execution, the economic and social value added. However the possibilities for the co-financing of the selected projects have not all been set:

- Since the flexibility given to the "investment clause" by the Commission opens up possibilities for public co-financing, this would only involve the countries whose deficit is below 3% for the time being: undoubtedly this might have to be widened to the countries over the 3% mark in order to free up all types of investment potential. This point will have to be decided upon together with that of State aid, which the States would also like to debate;

- The eligibility of programmes financed by way of the structural and investment funds in the Juncker Plan: the proposed regulation clearly states that the projects eligible in the Juncker Plan can be financed by the European structural and investment funds if these investments match the eligibility criteria of the EIF (article 5.4.) [26]. The same should be true concerning traditional EIB financing in parallel with the subordinate financing granted by the EIB under the Juncker Plan.

- The eligibility of projects financed by the Horizon 2020 programme and Connecting Europe Facility under the Juncker Plan: this hypothesis seems to have been discarded by the proposed regulation and undoubtedly will be the focus of intense discussion at the Council, and probably also in the European Parliament during the trilogue. Indeed some infrastructure projects which call for major subsidies, if they are to be credit financed, are dependent on these mechanisms, whether this concerns State research centres or railway links for example. Undoubtedly this is the problem that ruled out the inclusion of certain emblematic projects (such as the Lyon-Turin TGV link) from the indicative list of projects since the States involved preferred to keep the subsidy option open rather than be granted guarantees or subordinate financing. In the current context of dissensions at the Council, the Parliament, acting as a representative of local constituencies, should be left with the final word on this issue [27].

3. Completing an investment-friendly environment for the selected projects

Better quality national public spending could be fostered by the European Semester. This new measure to monitor and coordinate economic policy could improve the promotion of public investment: As Philippe Maystadt stresses establishing a distinction between current and investment spending would help some countries not to cut into their investment spending for fear of not achieving their deficit goals; moreover the more systematic, in-depth processing of public investments in the European budgetary cycle might foster improved coordination of national investment programmes [28].

There was a great deal of criticism during the preparation and the presentation of the Juncker Plan. This will probably continue during the trilogue. However, it is useful to recall that this initiative is a rapid and concrete response to an issue that is of concern to all of the States and MEPs alike [29]. This investment plan is also a political step that will only really be successful if the States accept to support its establishment within a very short time span since the EFSI is due to be launched in the second half of 2015. To this end the former must resolutely promote the convergence of their economic policies with the guidelines and new instruments introduced by the European Commission. Also by sharing this economic paradigm the deepening of the internal market can continue according to clearly established priorities.

Finally the Commission will have to present an exhaustive plan for the promotion of new long term financing sources of the European economy. Fostering the development of pan-European financial instruments (securitised products, private placement

__26.__ This is another sign that eligibility to the Juncker Plan is less demanding than those of « European projects » according to the FSI and the EIB.

__27.__ See on this point Marty, O., « Pourquoi l'ECOFIN doit valider le plan Juncker », Les Echos, March 9th, 2015.

__28.__ See Maystadt, P., op cit.

__29.__ See Marty, op cit, regarding the political aspect of the Juncker Plan. We should also recall the expression used at the Institut Bruegel on 12th January 2015 by Erik Nielsen, chief economist for Unicredit, who after having welcomed the Commissions swiftness in presenting the plan insisted: "It's the only game in town!" We might add that complaining of the low initial public input as some States have done is incoherent with the (serious) lack of budgetary sense and their decision to reduce (!) the Community budget during negotiations under the multi-annual framework 2014-2020.

regimes, corporate bonds etc) … is part of the short-term agenda, such as for example the introduction of the ELTIF regime. However as Nicolas Véron points out we must not forget that the Capital Markets Union must also address the issues of international and European accounting rules which still penalise long term investment, likewise the supervision of clearing houses, bankruptcy law and corporate taxes in Europe.

CONCLUSION

The Juncker Plan is more than a simple financial package with an uncertain leverage effect. Its three strands (financing, projects, investment environment) have to be analysed together because they enable the catalysis of private investment and the sharing of European priorities among member states. Guaranteeing the initiative's success by contributing to the implementation of all of the measures provided for is vital for the revival of growth and employment in Europe [30].

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30. *The ILO for example estimates that the Juncker Plan could create a net balance of over 2.1 million jobs and reduct the EU's unemployment rate by one point by 2018 on condition that the catalysis of private investment is achieved as planned. The benefit would only be 400,000 jobs if the catalysis is incomplete (without any more detail given). See the article in La Tribune "Le plan Juncker pourrait créer 2,1 millions d'emplois, dit l'OIT", 28th January 2015.*