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The Juncker Plan a tangible opportunity for Europe

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Abstract :

The trilogue [1] that has been negotiating the technical adjustments to the "Juncker Plan" to revive investment came to an agreement on 28th May. This will be approved by a vote in plenary at the European Parliament on 24th June. Compliance with the planned timetable will mean that the plan can enter into force this summer.

This economic, financial and also political project, taken forward by the President of the Commission has apparently been the focus of bitter debate in Parliament and the Council. Has this institutional process brought about a collective adoption of the plan and how will the latter be implemented?

This paper firstly reviews the points debated during the trilogue and the agreement they have reached. It then analyses the constructive nature of the discussions undertaken by those taking part. Finally it looks into the economic environment in which the plan will be implemented.

I – AGREEMENT ON A SLIGHTLY DIFFERENT JUNCKER PLAN FROM THE COMMISSION'S INITIAL PROPOSAL

A rapidly proposed and negotiated plan to revive investment

The investment revival plan that aims to catalyse 315 billion € in additional investment over three years, by way of a guarantee fund, the European Fund for Strategic Investment (EFSI) totalling 21 billion €, and additional activities by the European Investment Bank (EIB), has been proposed, negotiated and adopted very rapidly. [2]

In response to the economic challenge raised by the collapse of investment in Europe since 2007 [3], and to the political criticism made of the Union during the European elections, Jean-Claude Juncker presented his initiative to the European Parliament in July 2014. It was the first major step during his mandate.

The ensuing academic and political debate notably established that Europe's growth potential was feeble and that there was an innovation gap. The presentation of the plan was made on 24th November 2014 and the draft regulation for the creation of the EFSI was presented on 13th January 2015. The Council took position on 10th March before the vote on the Parliament's mandate on 20th April [4].

The Fund's budget and the type of investment under debate

Apart from initial scuffles between Parliament and Council, which was accused by some MEPs of adopting a dogmatic position which hardly allowed them any room to manoeuvre, the two main stumbling blocks in the trilogue were rapidly pinpointed amongst other technical points.

Firstly MEPs expressed their opposition to the provision of 8 billion € to the EFSI from the Connecting Europe Facility (CEF) and Horizon 2020 budgets. This position reflected their attachment to the subsidy-based approach associated to these programmes and a relative lack of understanding of the financial engineering mechanisms provided for in the plan [5].

Also, in a somewhat 'prescriptive' approach, the European Parliament did not want to allow the EFSI the final say in deciding on investment priorities. Initially each of the groups tended to defend the sector they deemed a priority. The debate then opposed those who trusted the EFSI in terms of deciding in which sectors

1. A trilogue is a tripartite informal meeting in which the representatives of the European Parliament, the Council and the Commission take part with the aim of seeking agreement on a package of amendments acceptable to the Council and the Parliament. Any agreement by the trilogue has to be confirmed in each of the three institutions in line with their procedures.

2. As a reminder, the basic mechanism in the Juncker Plan is as follows: the EFSI (provided with a budget of 16 billion € (of which 8 are paid) by the community budget and to a total of 5 billion euro by the EIB) will act as guarantee fund of 61 billion € in additional EIB investments. These will take the shape of risk products (guarantees and counter-guarantees, subordinated debt, equity loans, equity participation, credit enhancement). The 61 billion spread between 49 billion in infrastructures and R&D and 12 billion for SME-Mid-Market Companies will attract private investors to a total of 240 billion in strategic infrastructures of European interest, and 75 billion in the risk financing of SME-Mid-Market Companies i.e. a total of 315 billion. For more details of the plan see O.Marty "The Juncker Plan, a vehicle for revived European ambition?" in European Issues no. 347, Schuman Foundation, March 2015.

3. The slow pace of European investment during the crisis has been well documented, notably by Valla et al, « A new architecture for public investment in Europe », CEPII Policy Brief n°4, July 2014 summarised by O. Marty "For a revival of investment in Europe" in European Issues no. 325, Schuman Foundation, September 2014. See also Philippe Maystadt who contributed the most to raising awareness in support of investment – cf. P. Maystadt, "Investment and Financing the European Economy" in T. Chopin and M. Foucher (dir.), Schuman Report on Europe. The State of the Union 2014, Lignes de Repères, p 65-77.

4. This was officially the vote of the BUDG and ECON Committees which were the first involved in the trilogue but the Environment (ENVI) and Industry (ITRE) were also heavily involved.

5. This attitude contradicted the establishment of the Juncker Plan which acts as a vector to modernise collective utilities financing. The use of financial tools promoted by the EIB and the Commission play an important role here. For more details see O. Marty, 2014 and 2015 op cit and P. Maystadt, "Reviving Investment" in "European Issues" no.337, Schuman Foundation, December 2014.

6. An illustration of this debate was the expression of a "fair return" approach by the small and big States and the amendment put forward by the Greens, the S&D and the ALDE asking that the 5 billion EFSI guarantee be pre-affected to energy efficiency projects. The amendment was finally rejected and the EFSI will enable a market approach in terms of the choice of investments, as has proven necessary and as desired by the EPP.

7. The political risk can be one of poor government governance or legislation reflected for example via legislative or regulatory instability, the denunciation of public procurement contracts, or unplanned fiscal modifications. In a country like France it might be deemed that this risk emerged recently if we refer to the way that the Ecomouv' issues and motorway concessions were managed.

8. In particular these are the global margins to commitments that will be employed to a total 543 million and 457 million for the 2014 and 2015 budgets.

9. This committee might be called the "Guarantee Committee" because it will not undertake the plan's investments. In a quest for ease and quick decision it will implement the EIB's normal examination procedures.

10. However we do not know when this approval will take place nor the shape it will take. It is questionable whether all EFSI executives can be presented to the Parliament before the vote in plenary.

11. Indeed Parliament's claim seems to illustrate the now traditional quest for "transparency" and "performance" that drives European civil society today. But we might be allowed to think that this is the focus of a great deal of criticism, as for example the cumbersome nature of the associated procedures and the numerous analysis bias.

12. We should not neglect the implications of this control: for the first time, a wide section of the Bank's activities could be examined by the Court. Until now, the EIB was only subject to the Court's control in the areas of its activity that was based on the sue of community budgets, i.e. public development aid and certain financial engineering products.

to invest against those who did not trust it [6]. Finally it was confidence in the EIB that prevailed according to "market rationale".

Other major points were debated rather by the financial institutions and the project leaders and as a consequence had a lower media profile: the extension of the Fund guarantee to national public banks (NPB); the tarification of the EFSI guarantee granted to the EIB and in fine to the client to avoid this affecting competition; the nature of the risks covered by the EFSI, whereby this would include – beyond the usual trade and financial risks – the political risk [7].

A compromise close to the Commission's initial proposal

The main point of the agreement on 28th May was that only 5 billion € of the H2020 and CEF budgets would be used instead of the original 6 i.e. a reduction of 500 million each in comparison with the original plan. 2.8 billion will come from the CEF (against a planned 3.3) and 2.2 billion from the H2020 (originally 2.7 planned). One billion euro in additional resources will be taken from unused funds to contribute a total 2 billion [8], whilst the EFSI funds will be scheduled until 2023 even though 2020 is still the desired end-date.

Presented as a "victory" by the MEPs, this "cut" reflects rather more a gesture on the part of the Council to the parliamentarians, the States and industrialists, who deemed themselves penalised by the loss of resources. A small European university that is unable to structure investment projects eligible to funding under the "Juncker Plan" was affected for example by the loss of an H2020 subsidy. However the unchanged EFSI financing method shows that it was difficult to provide for it other than with resources that had not been previously handed out to the States.

Regarding the governance of the Fund, the following changes were made:

The Steering Committee which will establish the Funds' strategy, the investment policy and the risk profile will finally only be open to the European Commission and the EIB and not to the States. The latter can contribute but will never sit on this Committee so that all political influence over the choice of project will be avoided. The Committee will take decisions by consensus and not unanimously, as originally planned;

The Investment Committee, which will select the projects intended to benefit from the EFSI under the Juncker Plan, will comprise eight independent experts instead of six. It will now only be led by one executive (Managing Director) instead of two. He will take his decisions with a simple majority, as planned in the draft regulation [9].

The European Parliament's control will be dual. Firstly, the MEPs will have their say over the choice of those heading the Fund, in all likelihood, the Director of the Investment Committee and the members of the Steering Committee [10]. Regarding the Funds' activities, the MEPs only succeeded in achieving the publication of the "guidelines" and a "dashboard". This compromise is far from their initial demands which is a good thing [11].

For its part the Commission will order an independent evaluation of the EFSI's achievements after a three year period. It will then suggest to extend or bring the Fund to an end. Finally the European Parliament confirmed that the external control over the EFSI by the European Court of Auditors which was provided for in the regulation, will be undertaken in virtue of the use of European public funds. This means that the Court will be entitled to examine the EIB's activities which benefit from the EFSI guarantee, i.e. potentially 61 billion € [12].

II – THE EIB HAS MADE THE DEBATES BETWEEN THOSE TAKING PART MUCH MORE CONSTRUCTIVE

The EIB has clearly been strengthened by the plan whose implementation it anticipated.

The EIB has often been criticised by economists and politicians alike since the start of the world economic crisis and during the euro zone crisis:

The institution is said to be "conservative" in the choice of projects it finances, which is reflected in its determination to keep its triple 'A' rating;

The bank is said not to be very innovative in terms of the financial products it offers to project leaders and investors;

Its activity has been criticised for not being 'counter-cyclical" enough in response to the economic situation: the EIB should be able to stimulate European activity faster.

However these criticisms have to be relativised. The EIB does not just finance "major public projects" in a Keynesian manner but it also provides finance to innovative infrastructures such as broadband, R&D, energy and higher education. These priorities are all targeted in the Juncker Plan. The bank also had an interest in maintaining its triple A during the crisis for both financial and political reasons. Over many years it has developed risk products notably for SMEs and middle-market companies which it finances principally via the EIF. It is not its goal to be a complement to a weak European budget since its funds take time to produce results in the economies in question.

We should also remember that since the beginning of the economic crisis the EIB has always been asked to provide additional finance into the European economy : in 2008, in support of SMEs and affected industries, such as the car industry for example; in 2010 and in 2012 in support of the countries of Central Europe under the Vienna Initiative [13] ; and finally during the recovery plan targeted by France in 2012 when it was decided that it would bring the total volume of its annual loans to 70 billion € and that it would use risk products "the Project Bonds". At each stage the institution significantly increased its activities and developed specific solutions together with its partners, which led to its recapitalisation in 2012 [14].

Over the years the EIB has also promoted the increased use of financial instruments, i.e. investment solutions that enable a more effective use of European public funds paid to the States [15]. These are given a great deal more support by the European Commission under the Juncker Plan. They are also better known by national public authorities. The same authorities might also benefit from investment advice of the new Investment Advisory Hub placed within the EIB, which is planned to be permanent [16].

It is by taking on board this "record" when it came to finding a joint solution to the revival of investment in Europe that the EIB emerged as the only player on whom the States could depend from a financial point of view. In spite of an improvement in the economic situation and lower market pressure on sovereign debt the latter have not had the resources to devote to a new revival plan and the EU budget was severely constrained. Hence, the Bank has been able to shape the discussions with the Council and Parliament in conjunction with the European Commission.

This is reflected in three positive results:

On the one hand, in fact, the ministers barely made any changes to the text during the vote on 10th March due to the complicated agenda with Greece and the assessment of national stability programmes;

On the other, as the MEPs examined the use that was planned for the resources coming from the H2020 and CEF budgets, their awareness was raised over a more effective use of public money;

Finally, by relinquishing the pre-assignment of the Funds' investments, the European Parliament has achieved a better understanding of how the financial markets function [17].

Most importantly, the EIB especially anticipated the vote on the regulation that would create the EFSI by approving nine projects that might come under the Juncker Plan during the Board Meetings of April and May [18]. These represent a total investment value of over 3 billion €. One of these projects was formally signed in France (an EIF guarantee agreement in support of two Bpifrance loans the "Prêt amorçage Investissement" (Seed investment loan) and the "Prêt à l'Innovation") (innovation loan) and eight others are due to be approved by the new EFSI Investment Committee when this has been created.

Four of the projects approved are emblematic of riskier, more complex "Juncker Plan" operations, focusing on smaller projects:

- A medical research centre in Spain;
- The launch of private/public partnership to create a network of 14 medical centres in Ireland;
- The development of an innovative steel SME in Italy;
- A energy transition loan under private development in France [19].

13. *The Vienna Initiative, undertaken jointly by the EIB, the EBRD and the World Bank decided in 2010 and 2012 to support to a total of 42.5 billion € the commercial banks of Eastern Europe and economic revival plans.*

14. *Recapitalisation of 10 billion € was paid entirely by the Member States, contrary to initial plans. This money enabled the EIB to maintain its loan volume at 70 billion €.*

15. *The financial instruments transform the Union's budgetary resources notably the structural funds into financial products such as loans, guarantees, own funds and other risk mechanisms. For more details of these instruments see Marty 2014 and 2015, op cit, and Maystadt, op cit.*

16. *Indeed the new "Hub" would if need be direct leaders towards the NPBs for technical assistance and co-financing feedback between investors might also be fostered. For more information on the "Hub" see O. Marty 2015, op cit.*

17. *It is extremely difficult to force sectoral investment quotas on private financers and it is easier to trust the EIB and the NPBs to come up with an appropriate project mix, as provided for by the EFSI regulation. Moreover the sectorisation of some community mechanisms could prove costly in terms of credibility on the markets and the capacity to respond to demand as shown by the PBCE initiative (Project Bond Credit Enhancement) and its excessively small envelope of 20 million € to finance broad band internet networks whilst road transport was granted the lion's share of funding to a total 190 million.*

18. *Here the Bank is "storing" the Juncker projects prior to the effective implementation of the fund. The risks inherent to these projects will be carried on the Bank's balance for the transition period.*

19. *This 400 million € loans is designed to help "third party financing companies" which are either local government services, or semi-public companies, whose main shareholder or only shareholder are the public authorities. In order not to burden the authorities' debt (and therefore the French government debt), the EIB will lend to these companies without asking for a deposit on the party of the public shareholders. In view of the kind of activities being financed (various works for private parties) and the need to lend at extremely low rates this operation represents a major material risk for which the EFSI will take responsibility.*

With these initial engagements the EIB has proven that it can act swiftly, a guarantee of credibility and the public adoption of the mechanism.

The co-legislators and all of those involved have adopted this plan

The first view of how co-legislators have supported this plan, in spite of temporary difficulties during their discussions, is to note that they have adhered to the original timetable, which augurs well for its effective implementation in the autumn. The Council and the Parliament have also made few changes to the initial project contrary to what some analyses have led us to believe. The transparency exercise regarding the Fund's activities has also been limited which is also a success. The Committee of Regions made its voice heard just like the Conference of Maritime Peripheral Regions and many think-tanks.

Those promoting public (States, local communities, semi-public companies, universities) and private projects (businesses, start-ups) were able to take part in many explanatory meetings organised by the Commission's Vice-President Jyrki Katainen and the Commission and the EIB's teams in all of the countries of Europe. These meetings in nearly all Member States helped towards explaining the EFSI's mechanisms, to shed light on the role played by the NPBs, to clarify project co-financing possibilities [20] and to explain the leverage effect enabled by the use of the H2020 and CEF funds in the EFSI budget.

The involvement of the NPBs and their cooperation with the EIB has grown.

Initially, the NPBs expressed some reticence about the Juncker Plan to which they felt they had not been associated and whose lack of detail they criticised. This meant that they asked for *pari passu* access to the EFSI guarantee, i.e. they wanted to take advantage, in the event of project co-financing with the EIB, of the same risk coverage as the latter. However with the contribution of the NPBs to the EFSI's initial budget, this option was hardly foreseeable.

This somewhat inadequate cooperation in fact masks major diversity amongst the NPB's national environment; they are not all able to use the risk products on offer under the Juncker Plan. In addition to this past joint operations and close partnerships between NPBs and the EIB have not all been identical. This is why more ambitious proposals to create a NPB network with the EIB, which would be useful mid-term, undoubtedly came a little early [21].

Hence, participation by the NPBs in the Juncker Plan finally took the shape of co-investment commitments in future projects that will come under this label. The public banks of six countries (France with CDC and Bpifrance, Germany with KfW, Italy with CDP, Spain with ICO, Poland with BGK and Luxembourg with SNCI) each promised to co-invest in the "Juncker" projects to a total of around 33.5 billion € [22]. These commitments take on a political dimension in that the States compete for the envelopes attributed [23]. Nor should we underestimate the fact that they might just lead to simple public EIB-NPB co-investments without any real catalysis in terms of private investment.

However these funds are welcome since they all bear witness to the acknowledgement of the political impact of the Juncker Plan and foster ever closer work between the institutions. Moreover cooperation between the EIB and the NPBs might also be fostered by the new EIB Hub as it provides conceptual technical assistance in setting up the projects. Finally the letter co-signed by four NPBs (KfW, CDC, ICO, CDP) with the EIB in support of the Juncker Plan which also asks for a certain number of details about how it will finally work, is the most recent and most constructive element regarding future cooperation [24].

Three important points emerge with this letter:

Joint commitment to invest in SMEs, capital-risk funds, or public/private partnerships, as well as investments in existing European funds or their creation on a regional, national or thematic basis;

A joint will to consider their co-investments under the Juncker plan according to a sectoral, so-called "portfolio" approach, rather than a "project by project" approach thereby distancing the risk of competition;

Commitment to consult each other before settling the coverage of the final risk granted by the EFSI to

20. *Co-financing of Juncker projects by the structural fund will be allowed but those by the H2020 and CEF funds will not.*

21. *During initial debate over the revival of investment the idea to create a "Eurosystem of Investment Banks" was put forward by Valla, in "Reforming the EIB : a new architecture for public investment in Europe", CEPII Blog, July 2014. For a critique of this idea see Marty 2014, op cit, p5-6.*

22. *32 billion will come from the French, Italian, German and Polish banks to a total of 8 billion euro each.*

23. *It is significant for example that France in Germany's wake invested the same amount (8 bn €) and that Italy invested the same amount after that. Poland, which is extremely involved in the project since the beginning notably via its Finance Minister has tabled a similar sum thereby confirming its increasing political weight.*

24. *See a summary of the joint letter on the Luxembourg information site Europaforum: http://www.europaforum.public.lu/fr/actualites/2015/04/comm-efsi-bndi-bei/index.html* the EIB in order to organise better complementarity between the public banks themselves.

The tarification of the guarantee granted by the EFSI via the EIB to project promoters should also be close to but lower than the market price according to this letter and the projects selected. By being close distortions in competition would be avoided, in line with the Commission's goals. If it is placed at the lower end of the scale, to reflect the best market conditions, it would be sufficiently attractive to project operators. Although nothing has been written this compromise solution should be achieved as far as possible to foster the catalysis of private investors in the wake of NPB and EIB financing.

III – THE JUNCKER PLAN MUST FIRST BE IMPLEMENTED BEFORE BEING COMPLETED BY OTHER MECHANISMS

The Juncker Plan is helping to improve Europe's economic environment

After overcoming some acute episodes in the euro zone, the European economic situation is now improving. The fall in interest rates, as well as oil prices have contributed to this a great deal (even though they might be short lived) whilst the ECB's quantitative easing programme is both going hand in hand with the consolidation of bank balances and helping to depreciate the euro, which can be beneficial to export industries and SMEs. Agreement between the Member States over how economic policy should be conducted has also improved significantly, as shown for example by Germany's willingness to truly address the Greek issue or for it to re-open the debate over the institutional deepening of the euro zone.

We should also recall that the framework of economic governance, beyond the progress achieved under the TSCG, the "packs" and the European Semester, has been improved at the same time as the Juncker Plan has been finalised. Indeed, the Commission modified its interpretation of three points in the Stability and Growth Pact:

a) an improved appreciation of the economic cycles of the States' budgetary policies, in order to alleviate the efforts undertaken by States in crisis to reduce their deficits;

b) a more complete appreciation of structural reforms and their inclusion in the appreciation of work done to reduce deficits;

c) widening of access to the investment clause for countries in recession but whose deficits are below 3% [25].

The Juncker Plan will also be usefully complemented with the Capital Markets Union (CMU) the consultation of which launched by the European Commission in February was completed in May 2015. This structuring project that aims to "take over" from bank financing and particularly to foster the financing of infrastructures and innovative SMEs, will lead to a plan of action by the Commission focused on some specific priorities by the end of the year (possibly by September). These are due to be supplemented during the remainder of the mandate by more important legislative initiatives focusing on the supervision of auditing firms or accounting rules [26].

Likewise, the deepening of the internal market, which is also part of the Juncker Plan has progressed with the presentation of the project for the Single Digital Market by the Commission in May. A regulation and standards more common to the digital sector will serve a market offering critical size for the emergence of truly European, competitive start-ups. This plan of action will be followed by national proposals that target the same goals.

Ideas to complete the Juncker Plan are already being formulated

A major issue that in all likelihood will soon mobilise the Commission, is whether it will be necessary to take 8 billion more from the Community budget if the first eight, granted to the EFSI, are all used by 2017 for example. With this (plausible) hypothesis in which the first 8 billion euro of the guarantee are quickly used up by the EIB to cover its risks, a new agreement between the Parliament, the Commission and the Council will have to be provided for. Indeed it will then be necessary, as provided for already in

25. *This investment clause will however not be open to countries over the 3% government deficit mark as seemed desirable. See O. Marty on this point 2015, op cit.*

26. *See O. Marty, "Capital-Markets Union: tentative shape and priorities", in "European Issues" n°335, Schuman Foundation, December 2014.*

the draft regulation, to reaffect some under-used or unused funds by the States [27]. The approach of the end of the financial perspectives 2014-2020, however will make this budgetary exercise easier.

It is also within this timespan that supplementary mechanisms might be added to the Juncker Plan. Several "models" are already being discussed:

Allowing the NPBs of the biggest States to enter the EIF's capital: this proposal put forward by Philippe Maystadt, is advantageous in that it increases cooperation between the NPBs and the EIB [28];

A "Juncker Plan II": along the lines of the "Marguerite" fund or the ELTIF provided for in the European regulations. This hypothesis might also encourage interest on the part of the NPBs [29];

A "Juncker Plan 'A'": the EFSI would be retained but this time it would be given a greater budget – for example to a total of 24 billion €. Contributors might be the States and/or the NPBs as planned under favourable conditions by the regulation;

A "Juncker Plan +": the EFSI would be retained, if possible with a greater budget, associating it with a wider and clearer range of investment;

A "Juncker Plan ex EU": a new fund would be created (or a better funded EFSI would be used) to increase the European investment capacity in the south of the Mediterranean.

However, it is still too early to see what will come of these ideas over the next two years. Firstly, it has to be ensured that the 8 billion euro of the EFSI's budget is used in guarantees. Secondly, we have to evaluate whether the EFSI has fulfilled its objectives. Thirdly, we have to know what the States intentions are. In regard to the last point in particular there is too much uncertainty, if only from the point of view of the States' electoral calendars. Hence in any event the "original" Juncker Plan has to be implemented in the best possible manner. This will require greater trust on the part of all of those involved.

The Juncker Plan must enjoy greater trust if it is to succeed

The change in paradigm that the investment revival plan fosters in terms of the use of community resources and financial engineering has not yet been fully understood by the promoters of public projects and, to a lesser degree, by the financial sector and businesses. In addition to this, it is true that the complex nature of its governance, even if it was lightened and based on clarified project examination and monitoring procedures, might prove to be an impediment to rapid investment decisions. Cooperation on the part of project leaders, investors and the public authorities as provided for by the "Hub" cannot be guaranteed. Finally the response of the markets to products offering low yields is uncertain [30].

We must not forget that this initiative was also put forward rapidly in response to criticism about the Union's ineffectiveness. To this end it includes a highly political dimension and as a result should continue to be supported as such [31]. The Juncker Plan is capable of boosting investment in Europe. It might bring about convergence on the part of all of those involved in terms of their policies and practices (States, private leaders, EIB Group and Commission, NPBs). It helps the States to project themselves into the future and to set priorities. It is therefore vital, whilst exploring ideas that aim to supplement it, to guarantee its effective success.

In this regard the States' responsibility is the most decisive. The latter should ensure that they:

Resolutely bring their public policy in line with European policies – making use of the investment made in European programmes as a lever;

Set out a more stable, predictable, long term regulation, towards the improvement of the investment environment and to avoid the political risks that the Juncker Plan does not take on board;

Call on the technical assistance capacities offered by the EIB's Investment Advisory Hub;

Use project companies – for public projects – enabling the involvement of private investors;

Do not enter into the approach of a "fair return" comprising focus on investments provided for in the country in question.

27. See O. Marty 2015, op cit, p. 1.

28. In addition to increasing the EIF's means in support of start-ups and SMEs. See P. Maystadt 2014, op cit.

29. As suggested by Philippe Maystadt already in his pre-mentioned paper a fund like this would invest in complement to the EFSI. The EIB's former President believes that "for this suggestion to be of interest for the NPBs this ELTIF would receive the same support on the part of the European budget as the EFSI, the possible contributions by the Member States would be treated in the same way as their EFSI contributions in view of the Stability Pact rules and that a clear link between the EFSI and the ELTIF would be established to ensure that their interventions are complementary." See Maystadt, op cit, 2014.

30. Indeed in the present context of low rates the financial markets want to increase their yields by focusing on the riskiest projects, which makes the EFSI's products (providing a lower yield relative to the EIB's tranches), potentially inadapted to the demand of capital markets.

31. See the declarations made by the French Economy Minister which have become more positive as time has gone by: http://www.lemoniteur.fr/article/emmanuel-macron-pour-les-entreprises-du-btp-y-compris-les-pme-le-plan-juncker-est-une-occasion-a-sai-28693381 . On the political dimension of the plan, see also O. Marty's column in La Tribune : http://www.latribune.fr/opinionstribunes/20141128tribad319db17/quatre-raisons-de-soutenir-le-plan-juncker-pour-l-investissement.html

CONCLUSION

Approved by the trilogue and in anticipation of the plenary vote by the European Parliament on 24th June and the final political support of the European Council on 25 & 26 June, the "Juncker Plan" has now been finalised. Many points that were pending were clarified and the compromise found by the co-legislators is not too far off the original proposal. The investment environment will be boosted by the upcoming presentation of the action plan for the Capital Markets Union and the deployment of the European digital strategy. The revival of investment can succeed if all of those involved adopt its new investment finance philosophy and establish a true climate of mutual trust.

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