

# Le plan Juncker: Dernière Chance pour la Croissance Européenne?

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Panel

JECO de Lyon

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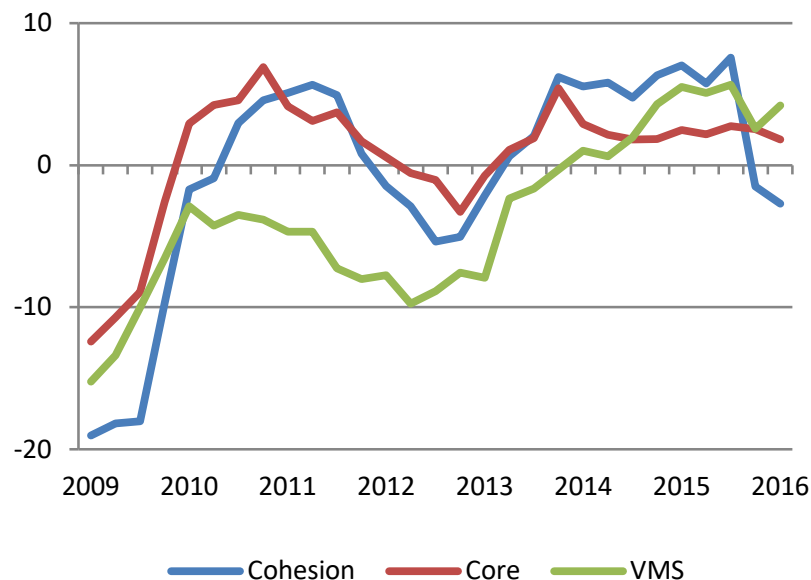
17:00 – Centre Culturel Saint-Marc – 10, rue Sainte Hélène - Lyon

# State of Play

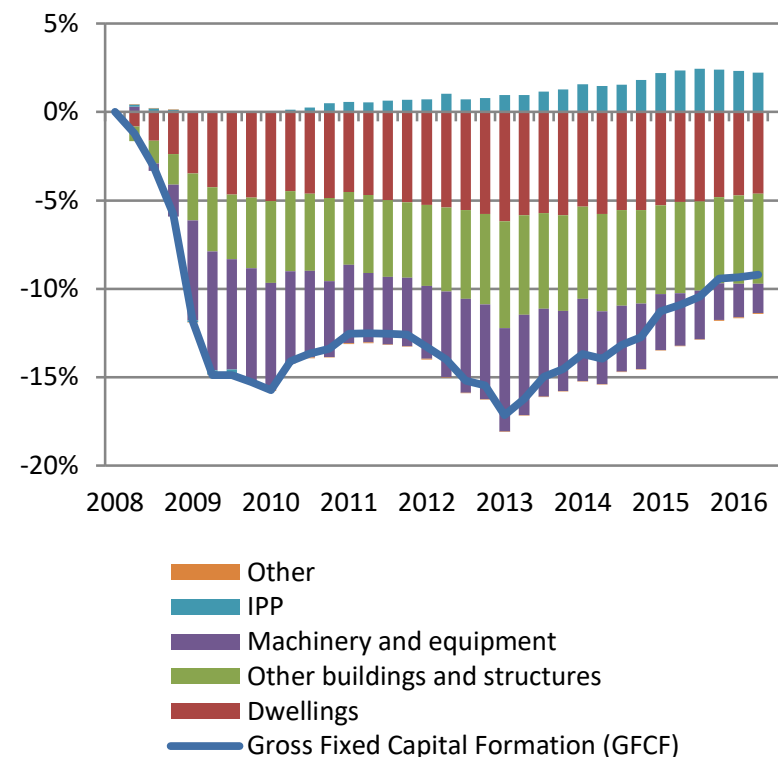
1. EU institutions, policies in the current environment
2. Very supportive monetary policy, constraints on the fiscal side
3. A telling diagnosis on investment dynamics
4. Juncker Plan: state of play
5. Policy options: realism or pragmatism?

# In the EU, investment recovers...

**Figure 1: EU investment by country group, % change, year on year**



**Figure 2: Total rate of change of investment since Q1 2008, and contribution by asset type**

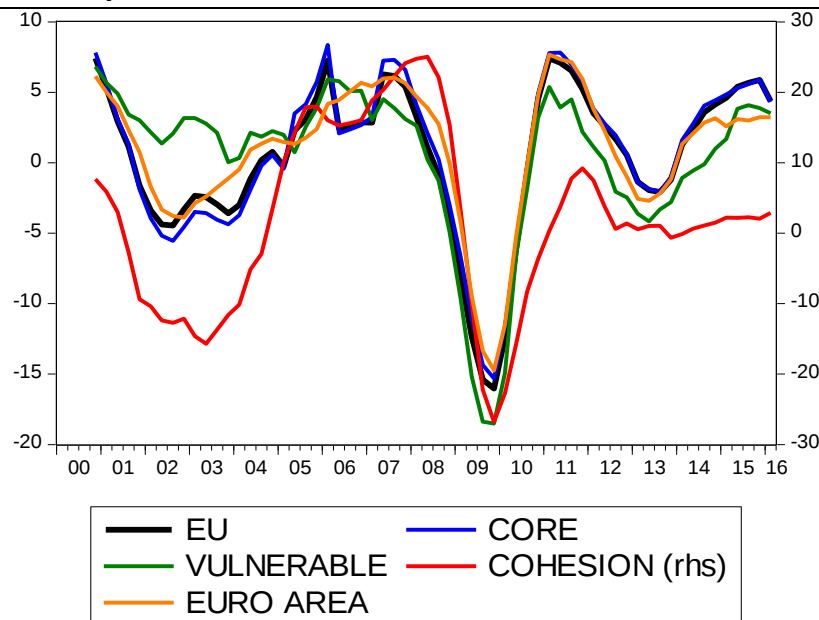


Source: National Accounts, Eurostat

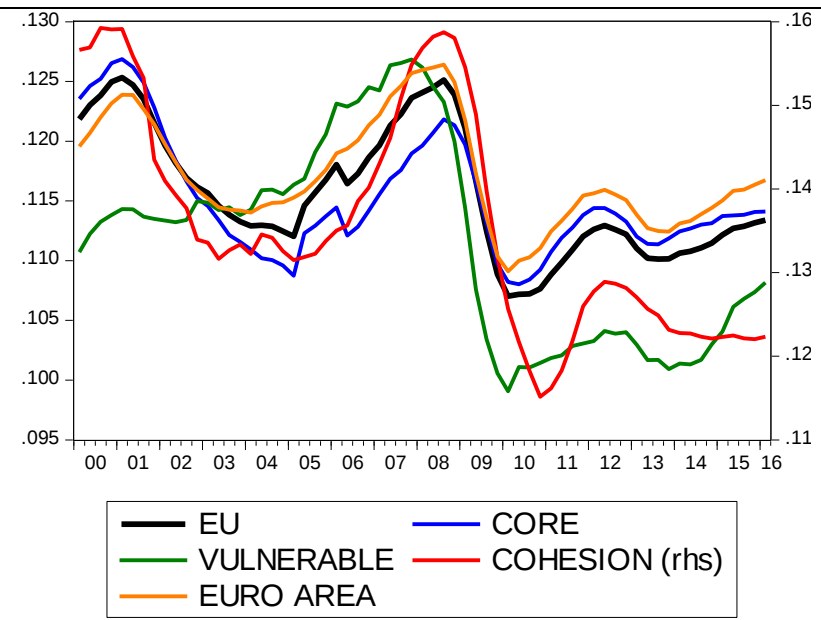
Note: Real Gross Fixed Capital Formation. Index average 2008 = 100. Source: Eurostat, OECD. "Core" includes Austria, Belgium, Germany, Denmark, Finland, France, Luxembourg, the Netherlands, Sweden and the UK; "Vulnerable Member States" ("WMS") includes Cyprus, Greece, Spain, Ireland, Italy, Slovenia and Portugal; "Cohesion" includes Bulgaria, the Czech Republic, Estonia, Croatia, Hungary, Lithuania, Latvia, Malta, Poland, Romania and Slovakia.

# Corporate investment in Europe recovers, too, but remains abnormally weak...

**Chart 1 – Real investment growth (Annual growth rate, %)**



**Chart 2 – Investment share in GDP (nominal)**

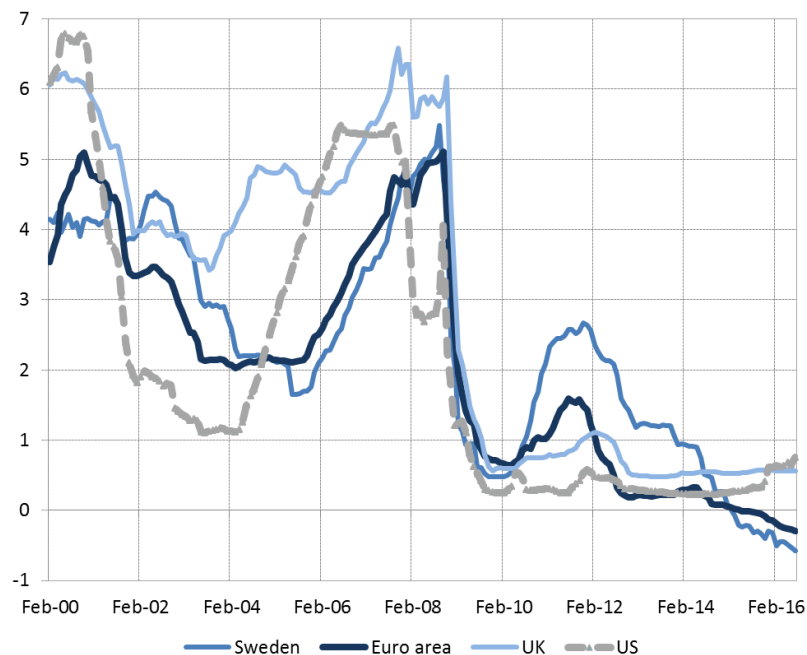


Source: ECON calculations based on Eurostat

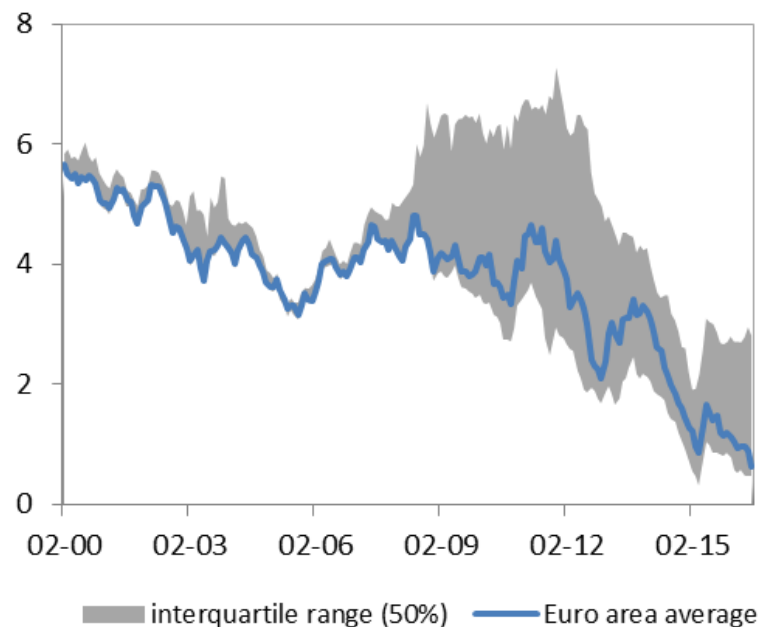
Note: 4-quarter moving average. "Core countries" include Austria, Belgium, Germany, Denmark, Finland, France Luxembourg, the Netherlands, Sweden and the UK. "Vulnerable member states" (VMS) includes Cyprus, Greece, Spain, Ireland, Italy, Slovenia and Portugal. "Cohesion countries" include Bulgaria, the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Romania and Slovakia. The availability of the series depends on the indicator and the country. Hence, it is not possible to maintain a constant composition. For some, the country may be missing over the whole period. For others, it may report during the recent past only. In this case, the aggregate series is back cast using a changing composition.

# ...Despite accommodative policies

**Chart 1** – Money market rates in the US and selected EU economies (% p.a., 3-month maturity)



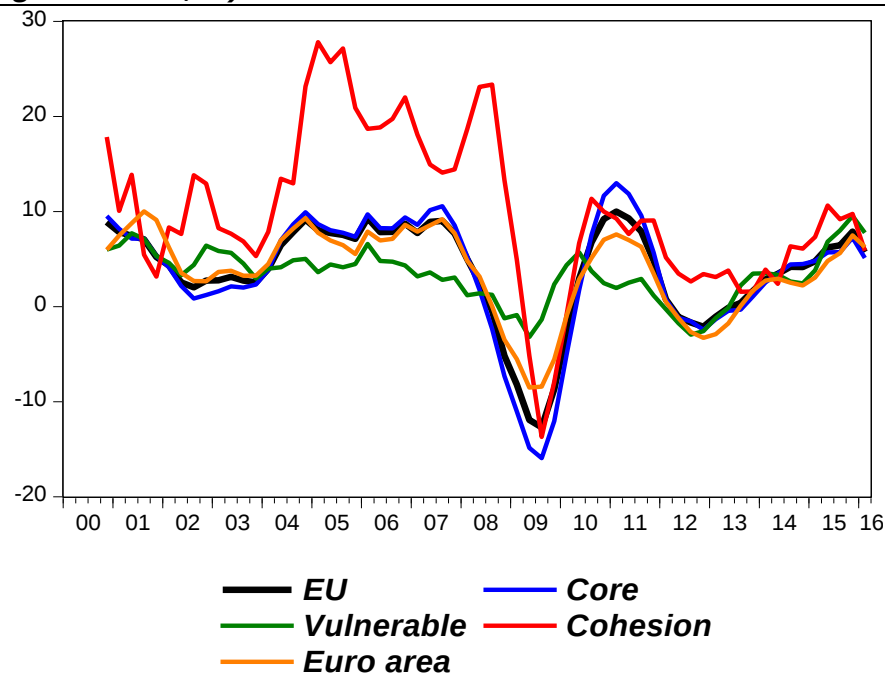
**Chart 2** – 10-years nominal government bond yields in the EU (% p.a.)



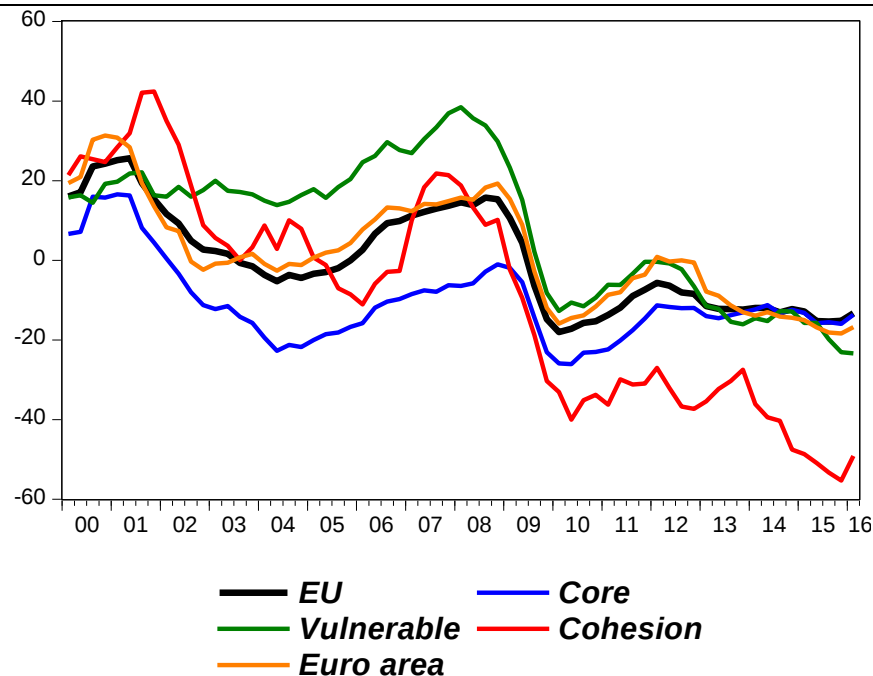
Sources: Thomson Reuters

# Companies adjust their balance sheets (deleverage) despite the rebound in earnings

**Chart 1 – Gross entrepreneurial income (annual growth rate, %)**



**Chart 2 – Net borrowing over investment (%)**

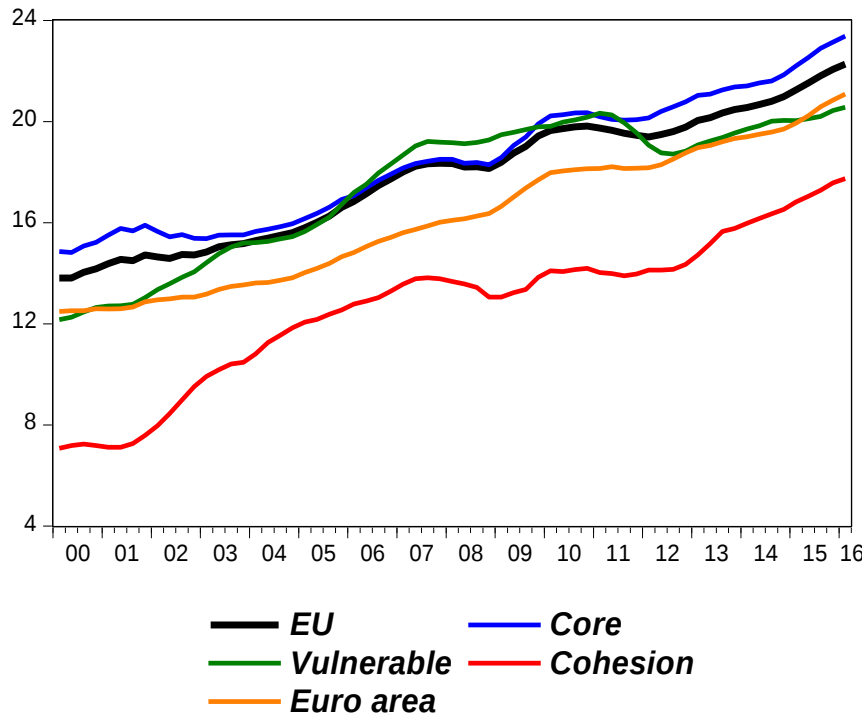


Source: ECON calculations based on EUROSTAT sectoral accounts.

Notes: 4-quarter moving average of the annual growth rate of non-seasonally adjusted data. See Footnote Error! Reference source not found. for the definition of the country groups.

# Companies also accumulate cash!

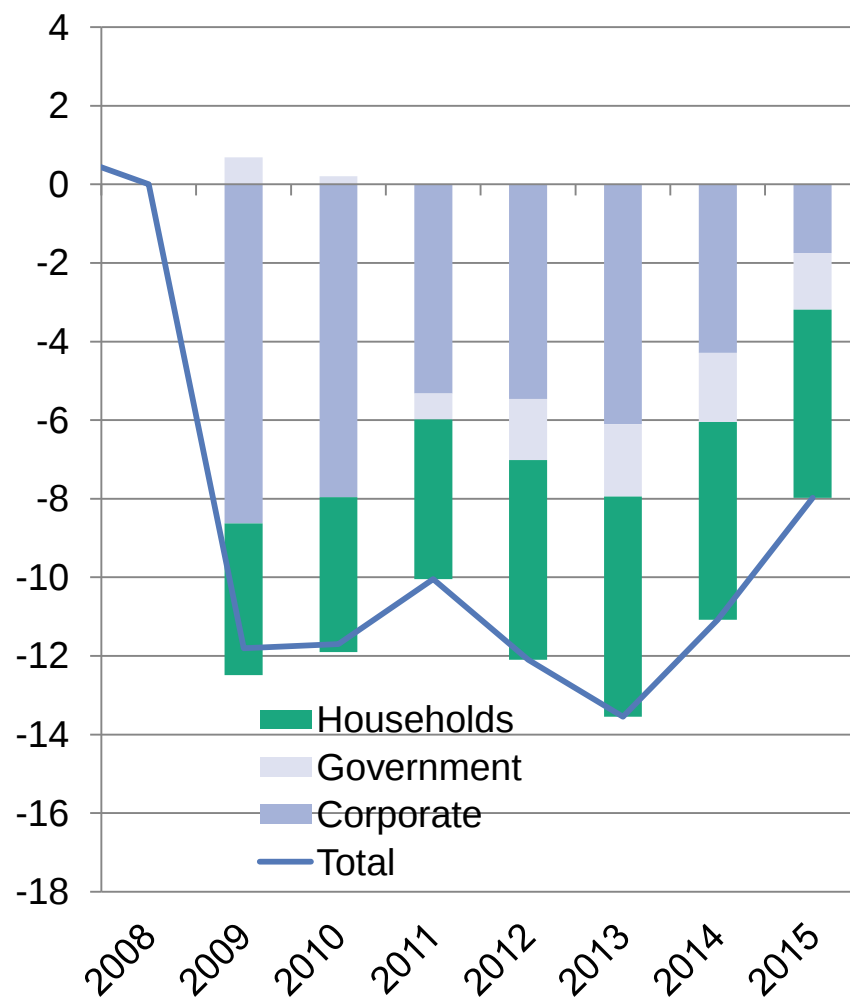
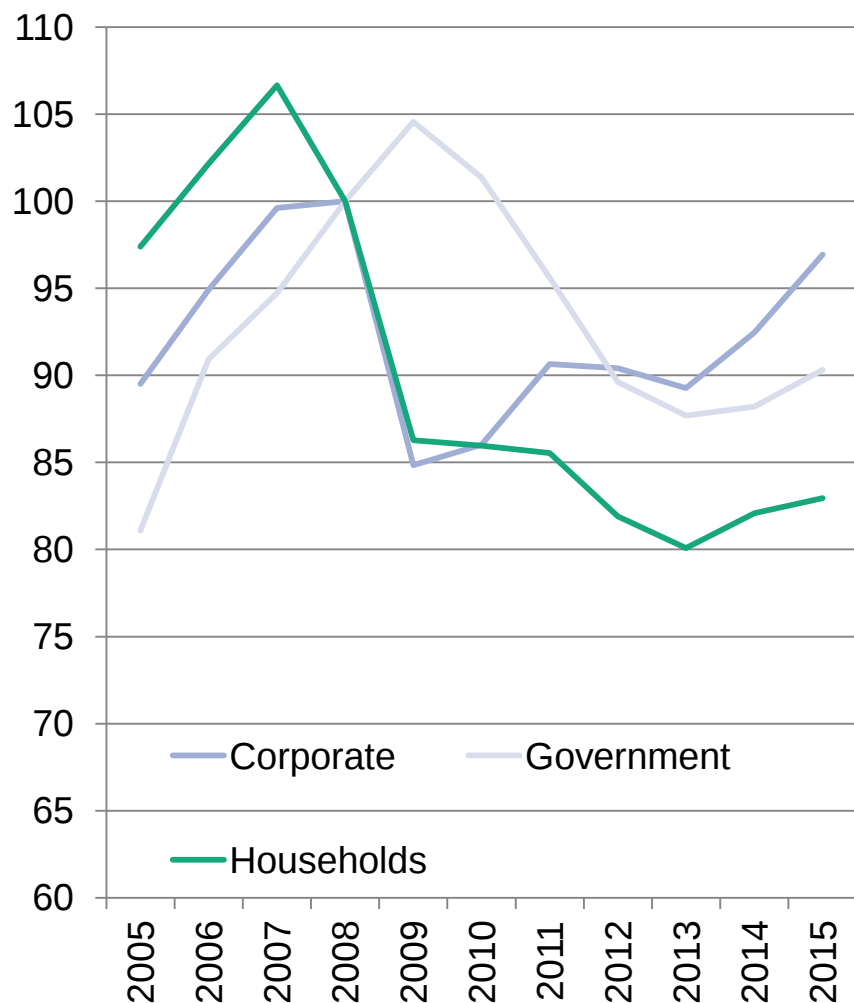
**Chart 15 – Cash and deposit of NFCs to GDP (4-quarter moving average of the ratio)**



Source: ECON calculations based on EUROSTAT sectoral accounts.

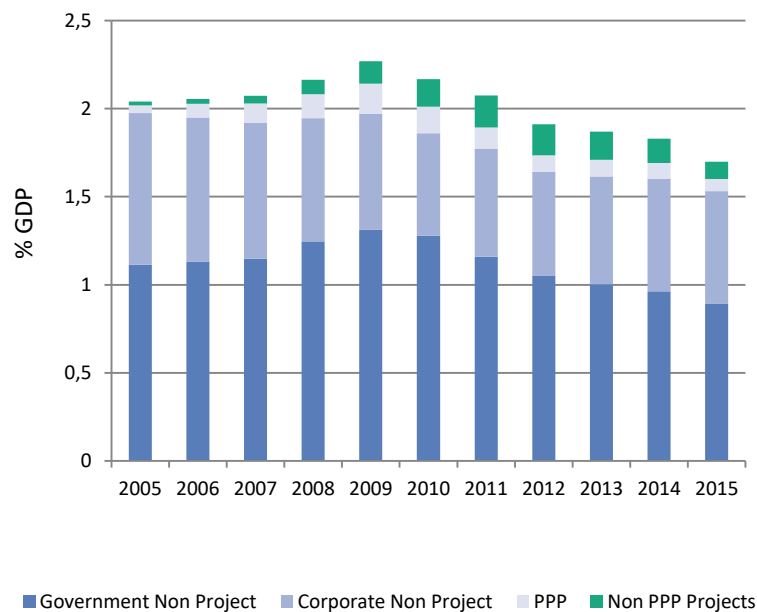
Notes: 4-quarter moving average of the annual growth rate of non-seasonally adjusted data. See Footnote Chart 6 for the definition of the country groups.

## But those are households and governments that hold investment down...



# And infrastructures suffer significantly from underinvestment

## Infrastructure investment rate, EU



Source: Eurostat, EIB/EPEC, Projectware.

Note: Belgium, Croatia, France, Greece, Lithuania, Poland and Romania are excluded from the analysis due to missing data.

# Summary facts on the Juncker Plan (EFSI)

Fonds européen pour les investissements stratégiques Octobre 2016



## Près de 288 000 PME

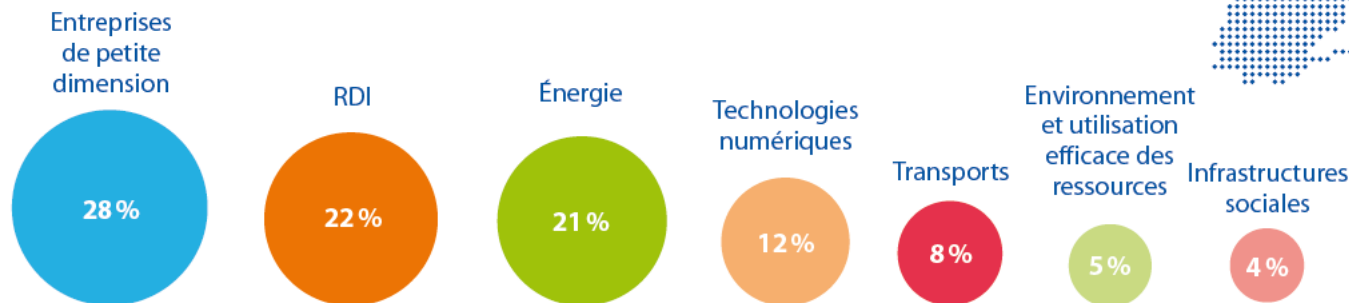
bénéficieront de financements du FEI  
dont le soutien contribuera à renforcer  
l'économie et l'emploi en Europe

## 361 opérations approuvées

dans

**27** des 28  
États membres  
de l'UE

## Investissements au titre du FEIS par secteur



Données au  
12 octobre 2016

# Plan “Juncker 1”

1. Trop tôt pour statuer !
2. Impact macroéconomique mesurable dans quelques années
3. L'expérience de l'augmentation du capital de la BEI (Conseil Européen mi-2012, €10mds, 2012-2015)
4. €60mds d'investissements BEI (total: €372mds)
5. Pas strictement comparable
6. Emplois créés estimés: 830,000 (2017) et 1,4m (2030)
7. Impact sur le PIB de l'UE: 0,8% (2017) et 1,1% (2030)

# Messages principaux

1. Le Juncker Plan n'est pas parfait mais il n'a pas démerité, bien au contraire
2. Des arguments pour des financements plus "equity rich" (moins de dette please!)
3. Des arguments pour le réorienter vers le capital humain...
4. ...et vers l'amélioration de la qualité de l'investissement public
5. Prendre en compte la BCE et la création monétaire: des opportunités d'investissement pour les banques centrales? (cf. Larry Summers, entre autres)