

# Economics Conference 2016



## Financing Productivity Growth in Europe

**Thursday, 17 November** - European Investment Bank, West Entrance,  
100 Boulevard Konrad Adenauer, 2950 Luxembourg

**08.30 – 09.00** Registration and Welcome Coffee

**09.00 – 09.30** Welcome Remarks  
**Urs W. Birchler**, President, The European Money and Finance Forum (SUERF)

Opening Remarks  
**Werner Hoyer**, President, European Investment Bank (EIB)

**09.30 - 11.15** **Panel I: Investment in Europe – a matter of supply and demand**

Chair: **Debora Revoltella**, Chief Economist, EIB  
 • **Catherine L. Mann**, Chief Economist, OECD  
 • **Marco Buti**, Director General, DGEcFin, European Commission  
 • **Jeffrey Franks**, Director Europe Office Paris and Brussels,  
International Monetary Fund (IMF)

**11.15 – 11.30** Coffee Break

**11.30 – 13.15** **Panel II: Efficiency of European financial sector in allocating finance**

Chair: **Natacha Valla**, Head of Policy and Strategy Division, EIB  
 • **Philipp Hartmann**, Deputy Director General, European Central Bank  
 • **Mario Nava**, DG Fisma, European Commission  
 • **Reza Moghadam**, Vice-Chairman for Global Capital Markets, Morgan Stanley  
 • **Boris Vujčić**, Governor, Croatian National Bank

**13.15 – 14.30** Lunch

This session will discuss the factors that continue to hold down private and government investment in Europe. In most European countries investment has not yet rebounded to pre-crisis levels. Supply of finance in Europe may have played a role as European banks still reel from the banking and sovereign debt crises, and at the same time, debt and equity markets, as well as private equity, are small relative to the economy. Debt overhang in the private sector further constrains investment, as do other demand factors such as lower demand for goods and services and the uncertain economic outlook.

This session will discuss structural and post crisis challenges for the European financial sector. The discussion will distinguish among different segments of the financial sector, namely addressing the banking sector, the securities market and the equity market. The debate will seek proof of evidence concerning fragmentation and / or efficient functioning of different markets over the crisis. What is the impact of QE thus far? What is the impact of banking regulation, including capital and liquidity requirements, on banks capacity to lend, in the short and in the long term? What is the impact of the banking union? What is the impact of capital market union? What additional factors have to be considered to allow a more effective reallocation of resources to more productive means?

**14.30 – 16.30**      **Panel III: Making European non-financial corporations more resilient –  
Lessons from the financial and sovereign debt crises**

**Chair: Pedro de Lima**, Head of Economic Studies, EIB

- **Sebnem Kalemli-Özcan**, Neil Moskowitz Endowed Professor of Economics, University of Maryland
- **Gianmarco Ottaviano**, Professor of Economics, LSE
- **Reinhilde Veugelers**, Professor, University of Leuven and Bruegel
- **Eric Bartelsman**, Professor, Vrije Universiteit
- **Jan Svejnar**, Professor, Columbia University

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**16.30 – 17.00**      **Closing Remarks**

- **Ambroise Fayolle**, Vice President, European Investment Bank

The financial crisis caused severe liquidity problems, especially for banks that were very dependent on wholesale funding. Falling asset prices and, in many countries, deteriorating credit portfolios put an additional strain on banks' loan supply. Given the significant dependence of European non-financial corporations (NFC) on bank financing and the dearth of alternative financing options, many businesses were financially constrained in their operations. There is evidence that efficiency of capital allocation by European financial systems is hampered also in the post-crisis period. Moreover, fiscal treatment of debt versus equity might lead companies to sub-optimal financial structure.