



# Reactivating the Investment Channel

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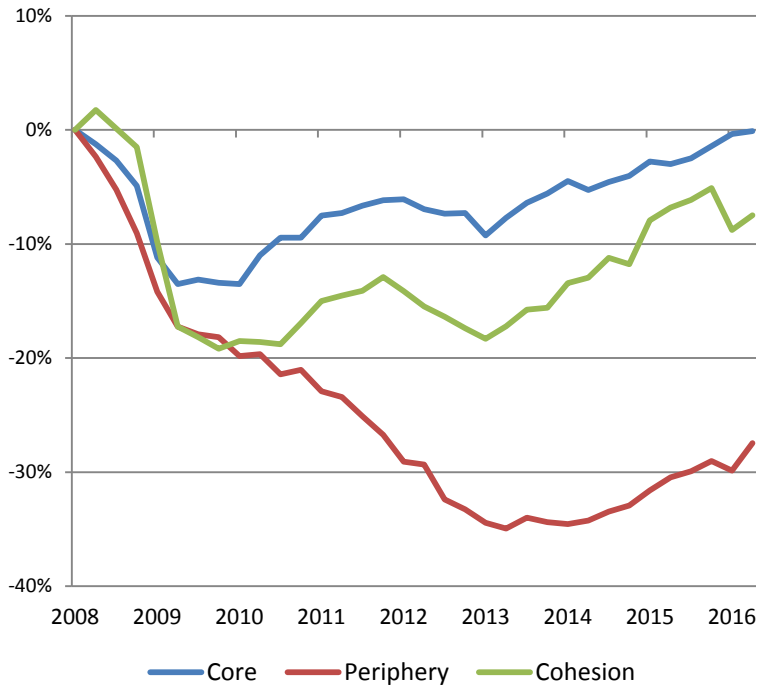
**Banque de France Conference Center**

*31, rue Croix des Petits-Champs – 75001 Paris*

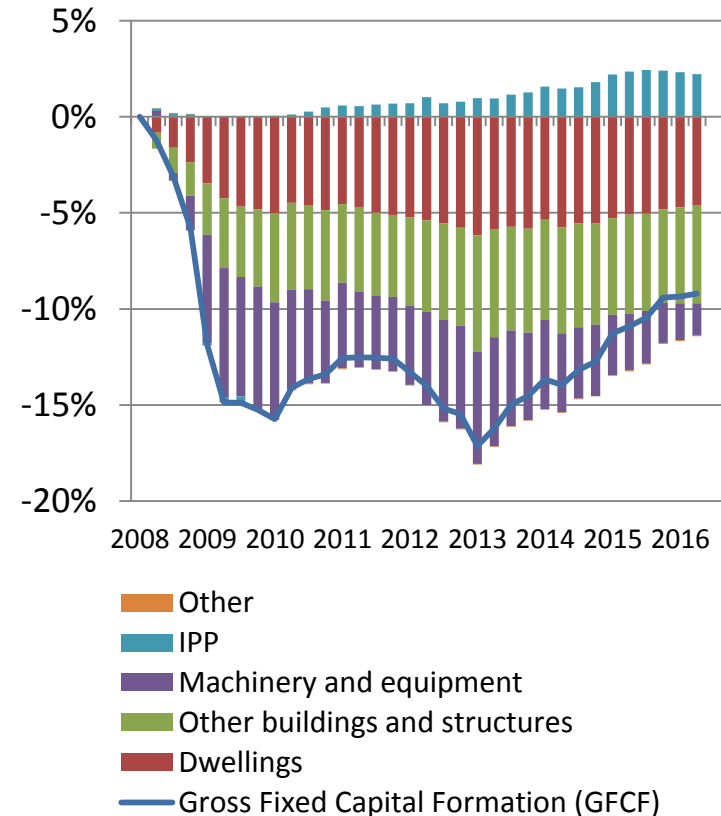


# Slow recovery of investment, with strong heterogeneity

EU investment by country group, % change relative to Q1 2008



Total rate of change of investment since Q1 2008, contribution by asset type

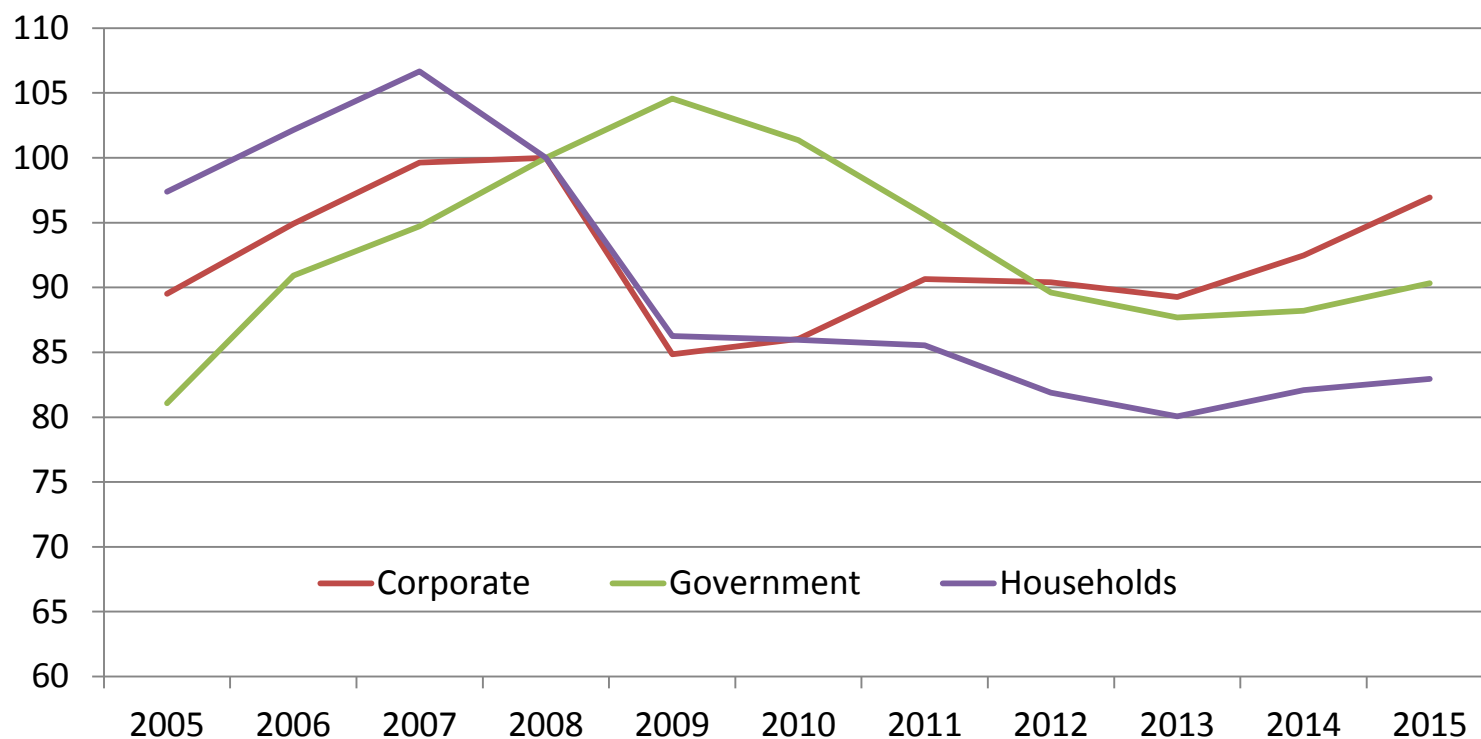


Source: EIB, based on National Accounts, Eurostat



# Corporate investment the driver of the (slow) recovery

Real GFCF by institutional sector , 2008 = 100



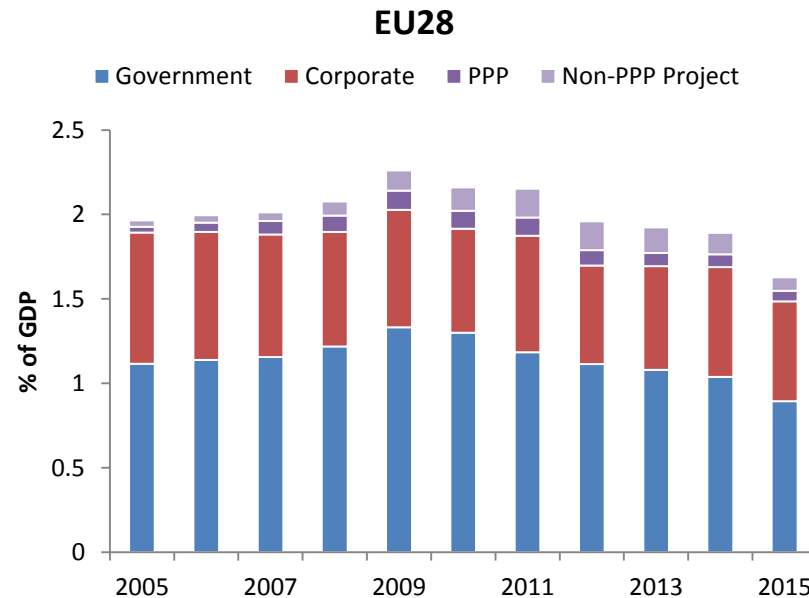
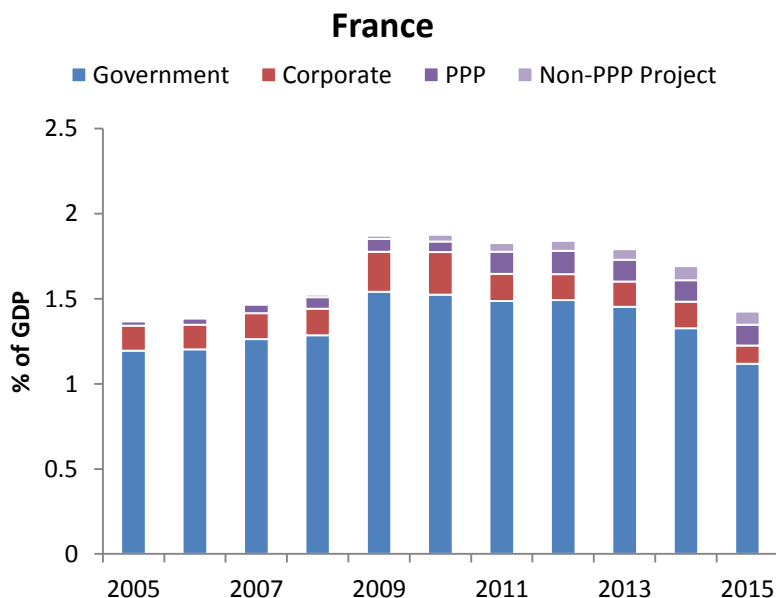
Source: EIB, based on National Accounts, Eurostat. Data in the text preliminary results of the EIB Investment survey for 28 EU member states, data weighted by numbers of firms.



# Infrastructure investment is falling, in the EU and France

- EU infrastructure investment fell from its peak of 2.2% of GDP in 2009 to 1.6% in 2015
- Decline driven mostly by public sector (fiscal space, EU funds)
- France: public infrastructure investment is almost 70% done at the local government level ...but corporate infrastructure investment is very low (around 0.15% of GDP)

## Infrastructure investment (% of GDP)

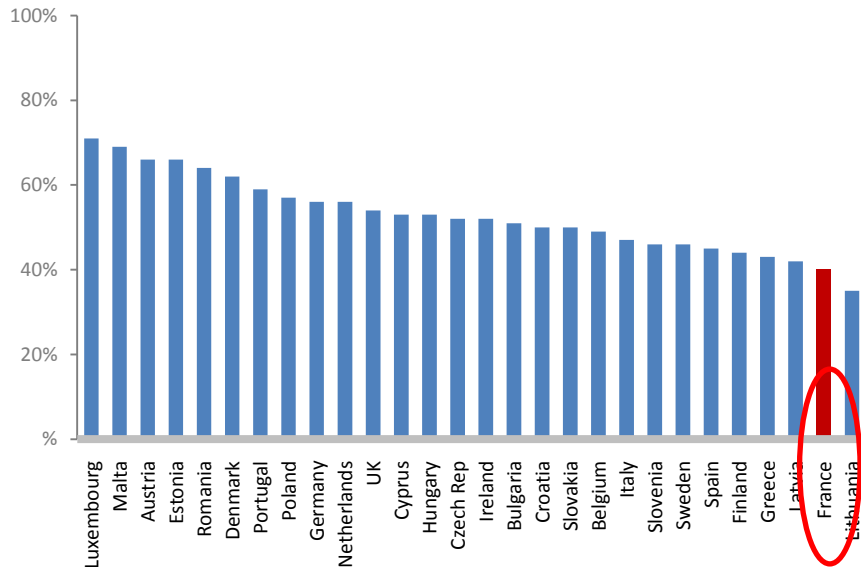


Source: EIB, based on National Accounts, Eurostat and AMECO

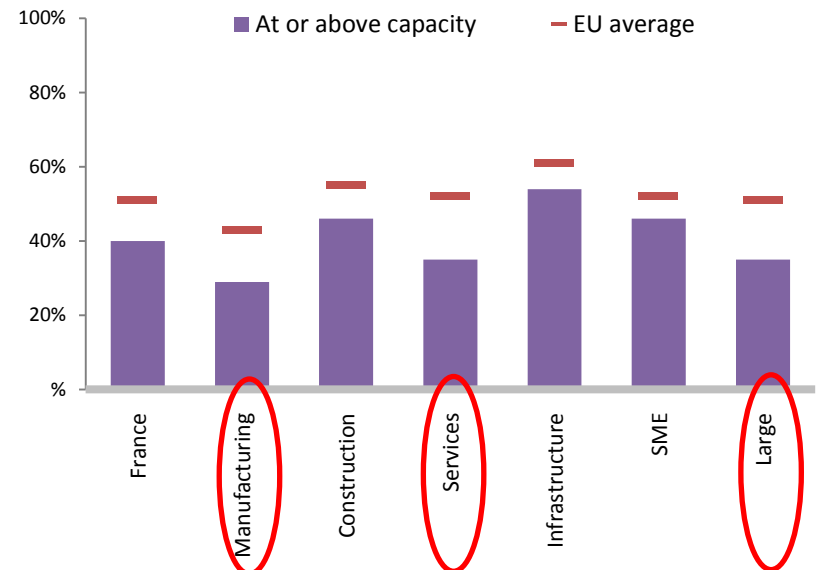


# Only 40% of the firms are operating at or above maximum capacity in France, below the EU average of 51%

Share of firms at or above full capacity



Share of firms at or above full capacity in France



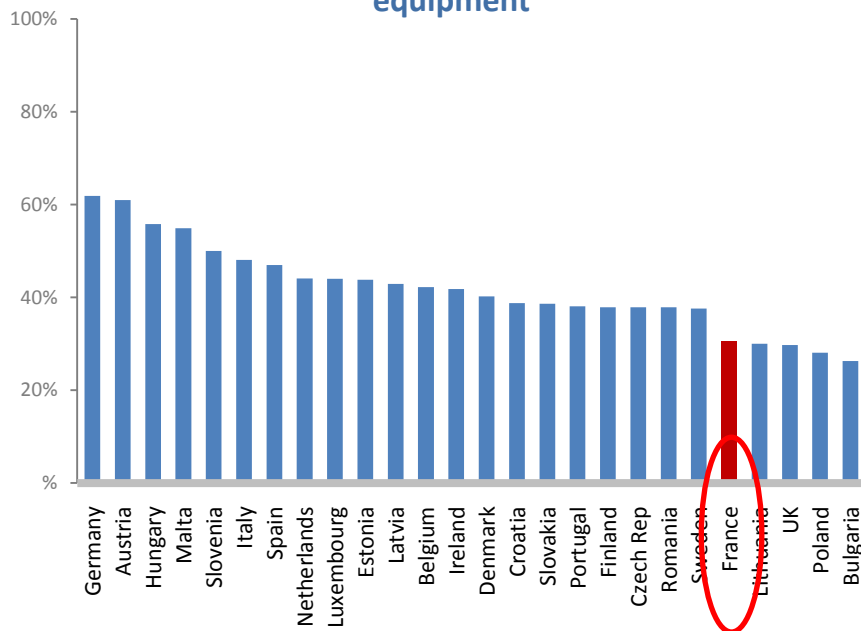
**Base:** All firms (data not shown for those operating somewhat or substantially below full capacity)

Full capacity is the maximum capacity attainable under normal conditions e.g., company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.  
Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?



## Low shares of machinery and equipment considered to be state-of-the-art in France... and of buildings meeting high energy efficiency standards

Average share of state-of-the-art machinery and equipment

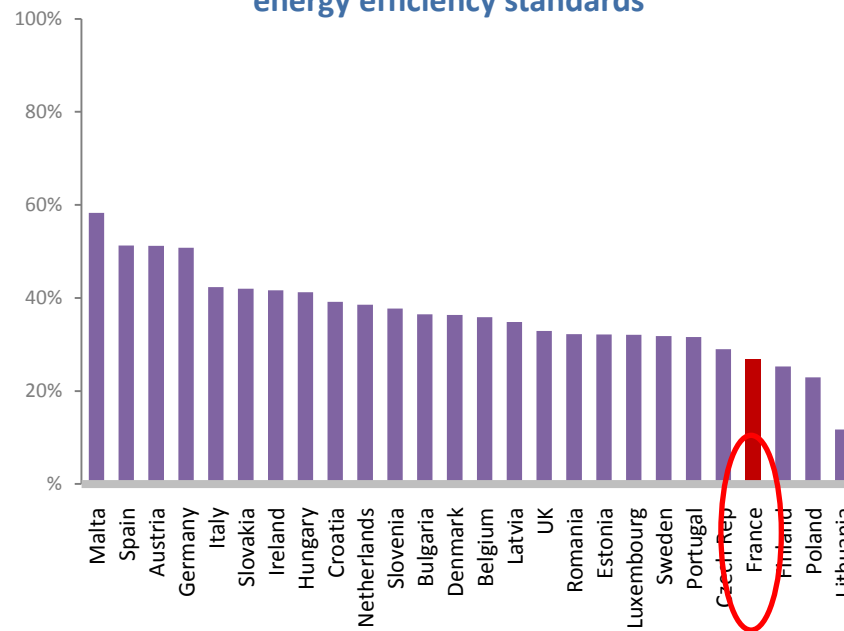


Base: All firms

Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

Data not shown for Greece and Cyprus, as the Greek translation may have influenced interpretation of the question. This will be addressed in the next round of interviews.

Average share of building stock meeting high energy efficiency standards



Base: All firms

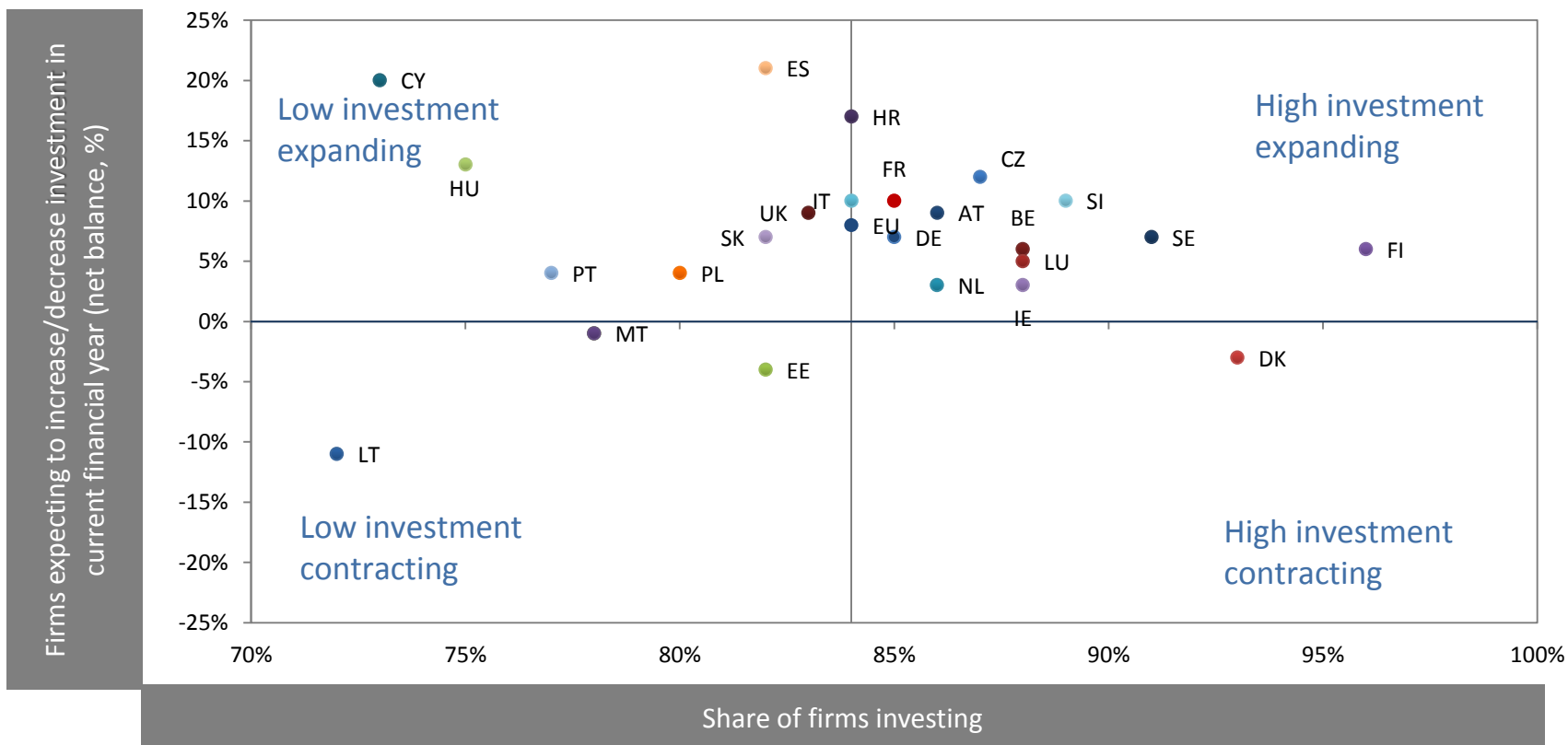
Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

Data not shown for Greece and Cyprus, as the Greek translation may have influenced interpretation of the question. This will be addressed in the next round of interviews.



# Many firms are investing and are expecting to increase investment this year (except in the construction sector)

## Investment cycle by country

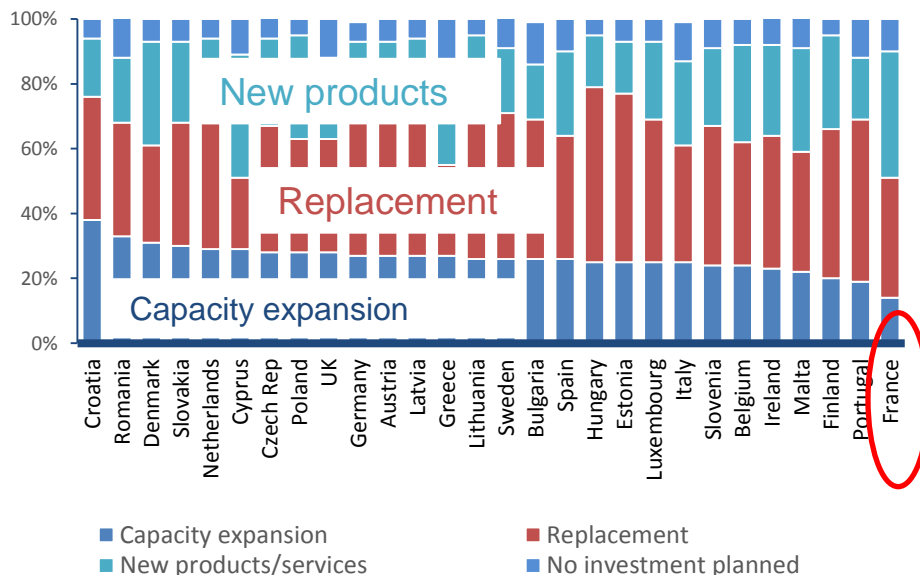




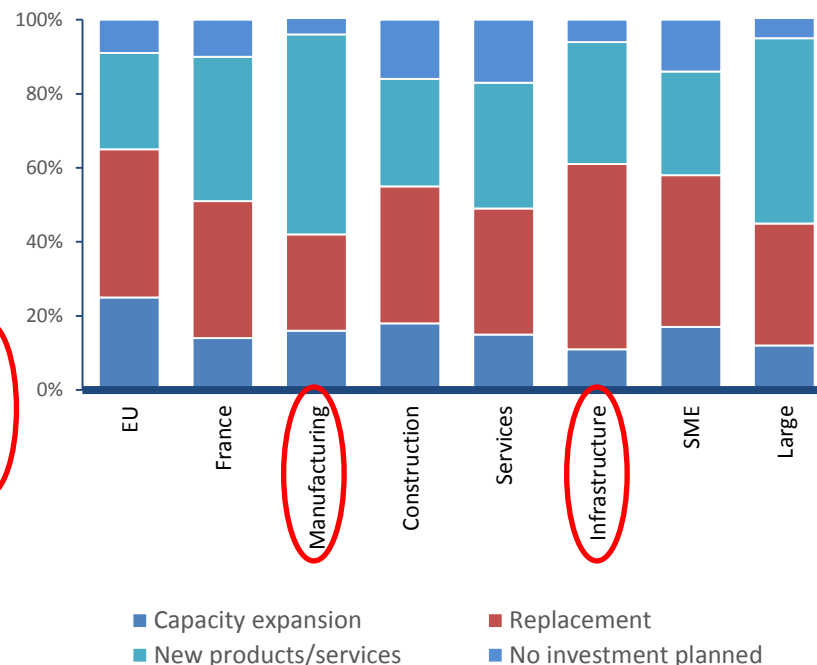
# ...but “new” products very much a priority in the future!

Looking ahead, investment in new products/processes/services highest priority in France (39% of firms, EU highest), whereas capacity expansion is a priority for only 14% of the firms

Future investment priorities



Future investment priorities in France



Base: All firms (excluding don't know/refused responses)

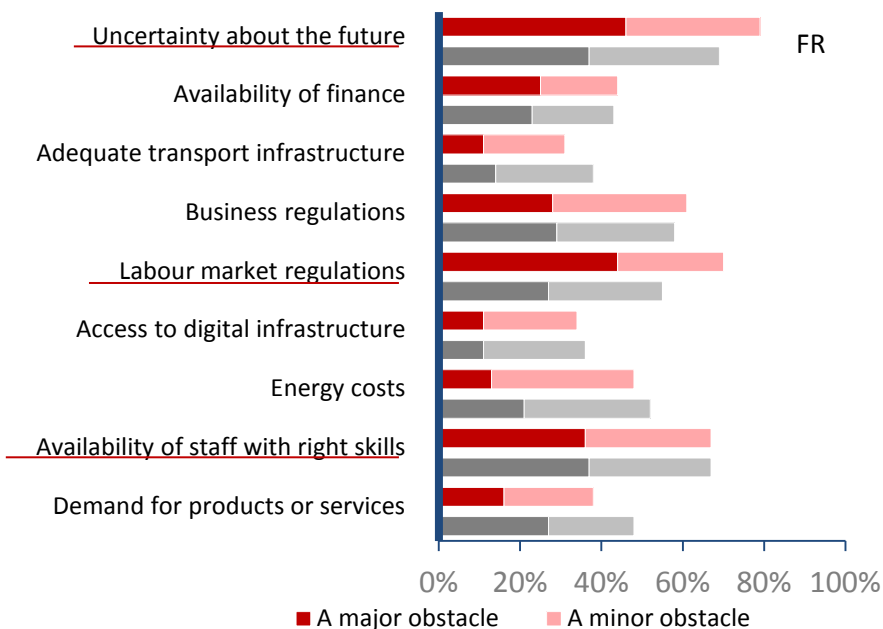
Q. Looking ahead to the next 3 years, which of the following is your investment priority

- (a) replacing existing buildings, machinery, equipment, IT
- (b) expanding capacity for existing products/services
- (c) developing or introducing new products, processes, services?



## Uncertainty about the future and labour market regulations are perceived as the main long term barriers to investment

### Long term barriers to investment



- Uncertainty about the future and labour market regulations are perceived as stronger obstacles in France than in the EU
- The (lack of) availability of staff with the right skills, and business regulations and taxation, also stand out as important barriers to investment in France
- These obstacles are perceived as particularly strong for French firms in the services sector

*Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)  
Q. Thinking about your investment activities in France, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?*



## 3 ways to tackle the investment gap

### Investment Plan for Europe

#### Mobilise finance for investment

European Fund for Strategic Investments (EFSI)

Cooperation with National Promotional Banks

#### Support investment in real economy

European Investment Advisory Hub (EIAH)

European Investment Project Portal (EIPP)

#### Create an investment friendly environment

Improving the regulatory environment  
Structural reforms



**Aim:** to mobilise at least €315 billion in investment across the EU



Of which  
**EUR 21.9bn**  
signed

# EIB Group figures

As of 31/01/2017



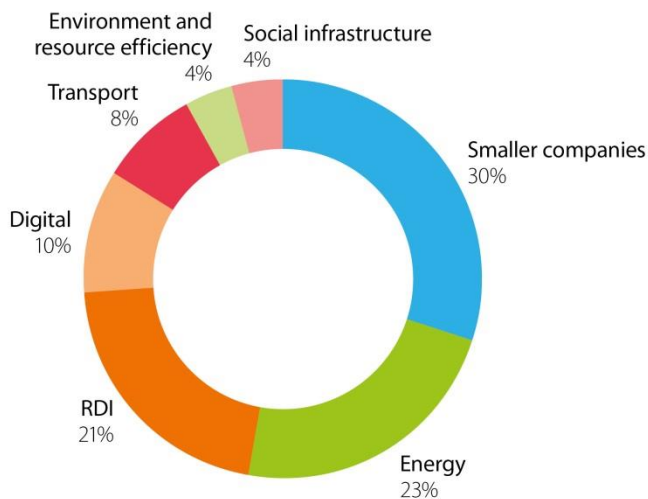
**EUR 31.5bn**

**EUR 168.8bn**

\* EIB-approved: EUR 23.2bn  
EIF-approved: EUR 8.3bn

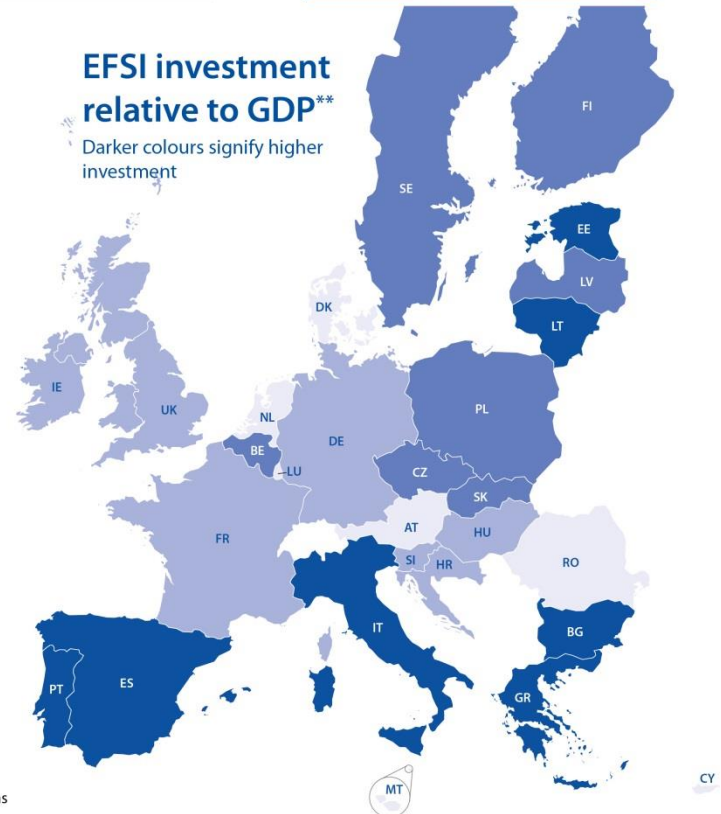


## EFSI investment by sector\*\*



## EFSI investment relative to GDP\*\*

Darker colours signify higher investment





# EFSI in France

- France is among the top three countries benefiting from EFSI And second in terms of signatures and disbursements.
- **30 %** of EIB's activity in France benefits from EFSI
- Since the beginning of EFSI **58 operations** have been approved
  - ↳ It means **4,3 bn** catalysing **21.5 bn**



# a few examples...

# SEM Energies POSIT-IF Ile de France

Energy efficiency refurbishment in residential buildings, France

EFSI Financing amount:

**100m**

EFSI related investment:

**200m**

- Financing backs:
  - Energy efficient refurbishment in residential buildings (ca 75% of the buildings are condominiums or social housing apartments)
  - 50 to 75 % reduction of overall energy consumption of the buildings
- Market failure between what commercial banks offer and what individual owners required.
- EFSI allowed the semi-public company Energies POSIT'IF to offer financing directly to the owners.

# Aperam

Leading producer of high value-added special steel, France and Belgium

EFSI Financing amount:

**50m**

EFSI related investment:

**52m**

- New EIB client with unique capacity to produce high-tech steel from biomass
- EFSI enables Aperam to attract additional long-term financing
- Financing backs :
  - Research and development of steel with higher life cycle
  - Development of lower weight products → reduced energy consumption/ CO2 emissions in automotive sector
  - Upgrading of production site to improve energy efficiency

# Ginkgo II

## Land decontamination Fund, France and Belgium



EFSI Financing amount:

**30m**

EFSI related investment:  
not disclosed

Equity type

- **Financing backs:**
  - State-of-the-art environmental techniques to clean toxic soil of old industrial sites in urban regions
  - Construction of new apartments and affordable housing
- EFSI allows faster and larger set-up of the fund
- Contaminated sites can not be used as security



# Academic spinouts: From Paris universities to the market



EUR 20 m for Quadrivium 1 - the first French investment fund to provide **seed funding for life sciences and digital technology** that start out at—or are linked to—a dozen French academic research institutions





# THANK YOU