

## CEEP PRESIDENT HANS-JOACHIM RECK'S SPEAKING POINTS AT THE TSS

- Let me start by **thanking** the two Presidents, Herman van Rompuy and José Manuel Barroso for their hard work in the outgoing legislative period. Special thanks also go to Lazlo Andor for his support to the European Social Dialogue.
- The **last five years** have been plagued by the European economic and financial crises. Indeed, the times have been challenging because it wasn't always easy to **balance** the **expectations of the European citizens and enterprises** and the necessary **economic measures implemented by the EU and the Member states**.
- Now, we are at the beginning of a **new legislative period** facing new challenges that are not less demanding:
  - Despite the slight recovering in some EU Member States, there is still a **high rate of unemployment** in Europe, especially among young people.
  - There is a **declining trust in the EU institutions**.
  - **Economic growth** – even in the Member States that are better off – is still not foreseeable.
  - We face a heavy **lack of investments** in local, regional and transnational infrastructures.
  - We urgently need to make considerable progress in **research and development** in order not to fall behind our external competitors.
  - Last but not least, we must not forget the **conflicts** at our outer borders: Ukraine and the Middle East.
- Today, I would like to focus on two things:
  - Possible ways to encourage **investments**;
  - Necessary measures in **EU energy policy**.

- First on investments: Let me start by saying that the lack of economic growth is not only a problem of money. Above all it needs **trust** in a positive future.
- **Economic growth is built on the sum of four factors:**
  - Consumption of **private households**.
  - The **state** itself, both as investor and as consumer.
  - Investments of **enterprises**, whether public, private or public-private.
  - **External trade**.
- So how to stimulate future growth?
- Private **households** cannot contribute to immediate growth in the aftermaths of the crisis<sup>1</sup>.
  - Alone the EU **Member States** will not be able to solve the problem. Their task is to encourage enterprises to invest. We need new and sustainable measures. New indebtedness or consumptive spendings would make the situation even worse. Member States cannot spend money they do not have. Thus, investments do have to come from the enterprises.
  - These **enterprises**, both public and private, can already count on a set of financial support mechanisms. **However, we lack trust in a positive future.** For this, we need an encouraging climate for investments building upon a **social market economy**. **Public and private investments** need to be more complements than substitutes. Public investment should boost, and not crowd out, private investment.

In this context let me also state, quite self-critically, **that public administrations and public services** also need to modernise, become more efficient and need to accurately respond to the innovations of the digital age.
  - Then, **external trade** does have a major potential for the European Union in terms of economic growth. It also means that Europe needs leading products and innovations and the **digital age** is a major driver of those innovations. Investments in R&D should also increase while they have shown limited progress over time. It was evaluated at a level of 2.06% of EU GDP in 2012 and is only foreseen to increase to 2.2% by 2020, quite far from reaching the 3% target defined in the 2020 strategy.

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<sup>1</sup> In the Mediterranean countries private households still fight the aftermaths of the economic and financial crises. Saving money is the leading principle there, not spending it. Furthermore the high unemployment rates do not make it easier. In the Nordic countries the demographic change generally hampers high private investments.

- Let me come to the second topic I wanted to mention, **EU energy policy**, for which hopefully Heads of States and Governments will come to concrete solutions today for better growth, job creation and security.
- The Ukraine crisis showed that there is still a way to go towards a “real” internal energy market. Therefore I would like to support the recent call of the European Commission for more investments in energy **infrastructure**.
- In terms of climate change policy, in general, the **emission trading system** is seen as the right instrument towards the realization of the EU CO<sub>2</sub> mitigation commitments. However, it has to be reformed.
- The big question is whether we can rely only on one instrument, namely the ETS, or if we need **additional energy and climate goals** (especially for renewables) that are not only politically binding but also translated into sufficiently ambitious and measureable national targets.
- CEEP also highlights the need for an economic mid- to long-term view that includes interconnectors and energy **generation capacities**. In an energy market partly dominated by renewables, not only the generation of electricity but also the provision of secure generation, which is supplied mainly by conventional power plants, has to be taken into consideration.
- Ladies and Gentlemen, as President of CEEP, I would like to conclude by emphasizing that **public services are the backbone of the European economic growth**. They are the enabling services: Investment cannot be wasted in vanity projects. It should be directed towards enterprises, education and infrastructures, so that it becomes the foundation for future prosperity, technical progress and additional jobs.