

Speech by Minister of Finance of the Kingdom of Belgium H.E. Koen Geens

High Level Seminar on Key Elements of Competitiveness of the European Industry in infrastructure projects outside Europe, 8 October 2014

I am delighted that this High Level Seminar took place and achieved, as I heard from my advisors, such excellent results.

These results are threefold:

- It demonstrated how crucially important it is for growth and employment in the EU to broaden our EU investment strategies beyond Europe's borders;
- It clarified the challenges to which we, State and private stakeholders, have to rise, including in competition with powerful and dedicated contenders.
- It mapped out the way forward in the coming weeks and months.

The Issue is, indeed, important:

- First of all because no European Union effort will succeed unless there is a market driven alignment between Europe's multinational enterprises working outside the EU and Europe's SMEs that require subcontracting through these MNEs.
- Second because the total volume of major contracts on infrastructure, energy etc to be won inside Europe, is infinitely smaller than outside Europe as the impressive HSBC presentation has confirmed.
- Third because innovation, technology development and employment in Europe cannot be created through subsidies but through major contracts that allow technology to be pulled; as stated by the Schuman Foundation/EIB study of March 2014. The selection of SMEs to invest in should not be done through bureaucracies but through major players in international markets – in the past years non-European State entities have demonstrated both the profitability and the capacity to generate jobs through innovation by providing tied lending with very competitive conditions also to our own European multinationals. This Seminar has proven that this robs our own multinationals of the capacity to subcontract European SMEs. WTO rules do not disallow such competition and thus our only answer is in taking up no other challenge than this one: to provide guarantees as our competition does, to provide similar competitive conditions and to ensure benefit for European SMEs through acceptable forms of tied lending.

The challenges that have to be met are, no doubt, multiple:

- Our citizens expect that we create jobs. All global examples of the creation of major bureaucracies-like job providers fail. The attractiveness of the contracting of European multinationals and the subcontracting of European SMEs on the basis of superior technologies and competitive prices including competitive lending is the only answer; through multi-stakeholder working groups including the support of both European and national Authorities may well be the best answer to this challenge.
- A review of the bureaucratic mechanisms that we have created to provide this support may be out of sin with global realities. So while our capacity to compete is still considerable, our

process and procedure to help our citizens to win in competitive bidding is demonstrated to be inadequate by the market.

- To re-create this competitiveness our process and procedures require urgent adaptation and I am delighted to hear of the representatives of the European Commission that this indeed is considered.
- While the banks and pension funds represented here clearly request European guarantees so that their huge potential to provide long term lending is freed, and while Authorities confirm that an expansion of the mandate of the European Investment Bank is now considered and is expected to include a substantial expansion of the EIB's funding as well, it must be noted that the equipping of the EIB to allow it to play a much more aggressive and decisive role in the growth of the European economy must be agreed.

Your seminar has contributed significantly to mapping out the way forward to success:

- This Seminar includes virtually all key stakeholders in Europe's capacity to compete globally. We have witnessed an emerging consensus on what needs to be done why whom. I am particularly grateful for the contribution of Prof. Helm whose analysis is indicative for the steps to be taken.
- Of course, Europe's Finance Ministers in EcoFin need to conclude and offer defining positions to the European Council which must then act without delay.
- Indeed the SMEs stand to be the first winners in such an approach. If they are subcontracted, once multinationals are victorious in international bids, their income is immediate and their job creation follows immediately. Excellencies, ladies and gentlemen, this is how Europe's economy must grow.
- This is also how the call of the European Council Union of 20-21 March 2014 must be answered; not only the EIB but all of us were asked to study the matter of international competitiveness and we know that our solutions must be fast, effective and irreversible.
- In the next few months we shall be able to use the results of this Seminar to concretely define our decisions and map the shortest possible road to success. This is what our citizens expect of us and this is what a new European Commission supported by a focused European Council can deliver.

Thank you very much for your attention.