LEWIATAN

Polish Confederation Lewiatan

THE EU INVESTMENT PLAN POSITION OF THE POLISH CONFEDERATION LEWIATAN

Warsaw, 21 April 2015

Introduction

Polish Confederation Lewiatan is one of the largest employers' organization in Poland, associating over 3,900 companies, and member of BUSINESSEUROPE. We bring together companies developing and implementing specific projects in different sectors as well as investors. Therefore our view on investment importance for businesses and economy is cross-sectoral and multifaceted.

Investment share of GDP in Europe is at the lowest level in 20 years, Lewiatan welcomes making 'A new boost for Jobs, Growth and Investment' the first priority of the European Commission (EC)[1]. The Investment Plan published in November 2014 foresees mobilizing at least 315 billion of the EU capital over the next three years. We believe it is a step forward in the right direction and a good starting point to encourage investment in Europe. However, if we are to lay the foundations for our future competitiveness and prosperity, it is crucial to define **priority directions carefully, the selection procedure is free from political influence**, and maximum of **the regulatory and non-regulatory obstacles hampering private investment is removed**.

We believe that only such a comprehensive work improves the investment climate in Europe and strengthens competitive position of the European enterprises. The legislator should bear in mind that better implementation and enforcement of existing rules and increased policy coordination at the earliest possible stage are necessary; new legislative initiatives should also be carefully considered not to hinder investment.

Below we list the main points – according to the Polish Confederation Lewiatan – for the EC to take into account while finalizing the negotiations of the **European Fund for Strategic Investment (EFSI),** we suggest the **priority areas for projects** and present **the current investment obstacles faced by Polish companies**.

1 EC, Political Guidelines from 15 July 2014

1. The European Fund for Strategic Investment

The European Fund for Strategic Investment (EFSI) alone will not solve Europe's investment challenge, it is nevertheless an important instrument to encourage complimentary investment. We support the principle of using public funds to leverage private-sector initiatives. However, we believe that EFSI may only contribute to a sustainable change **if the following principles related are taken into account:**

PROJECT STRUCTURE

- **Further guarantees from Member States are crucial** in order to allow the fund to borrow money in the financial market, which then would to be directly invested in carefully selected projects. In this regard our position is consistent with the proposal presented by the Polish Government in the fall 2014[2].
- **No further pressure should be put on other European funds, especially Cohesion Fund.** Further transfers for new initiatives would create uncertainty and prevent important projects to be realised. The EFSI must not lead to an overall reduction of the Commission funding used to leverage strategic investment in infrastructure and research and innovation.

SELECTION PROCEDURE

- **Project selection must be free from political influence.** Political responsibility of the members of the Steering Board and the Investment Committee should be therefore very limited. In particular, members of the Investment Committee, responsible for project assessment must be independent.
- The Steering Board should take into account **market needs while determining strategic goals**. For this purpose the business community should be consulted. All decisions should be evidence- based and preceded by a due diligence procedure.
- **Experts** responsible for project selection should be seniors with a wide range of expertise from different industries as well as representatives of public and private sector. Proportion of experts from both sectors should correspond to the structure of funding (if the private sector finances, eg. 80% of the investment, 80% of the investment committee experts should come from private sector).
- **Technical assistance should be provided for investors already at the stage of developing projects and matching with potential investors:** important role and easy access to the European Investment Hubs should be ensured.

PROJECTS

- **The fund must be used to support projects that can help reach the strategic goal of growth and employment**. Moreover, it is important that it focuses on more 'courageous' projects, which promote risk-taking, innovation and entrepreneurship.
- Specific **selection criteria** should be clearly defined and communicated at the earliest possible stage. They must be **broad enough** in order not to limit the scope and number of potential projects.
- **There should be one, centralized European project pipeline administered by an independent body**. Unlike other European funds, the EFSI does not foresee 'national envelopes' and is based primarily on the market criteria. Therefore we do not see any added value of having additional national lists. The role of Member States should be assuring **technical assistance to interested parties**. It could be done by specifically created points of single contact/hub characterised by proximity to both possible investors and project holders.
- **From the Polish perspective the following areas should be considered strategic:** energy, telecommunication, IT, infrastructure, green transport and, energy efficiency.

2 Presentation by Mateusz Szczurek, Polish Minister of Finance, Bruegel, Brussels September 2014

2. Examples of existing barriers for investment

In our opinion only reducing unnecessary and overly expensive regulation, ensuring coherency of the regulatory framework, reducing costs of doing business, allowing better access to finance and scrapping barriers to the single market will have a real, long-term effect on mobilisation of investment in Europe.

We believe that if Europe aims at creating business environment conducive to investment, the following obstacles identified by our member companies must be addressed:

- **Legal and economic uncertainty:** greater emphasis should be put on assessing the impact on competitiveness, this applies to both new and currently negotiated proposals; it is necessary to clearly define fiscal and monetary policies and strengthen the role of the Competitiveness Council – we are advocating for a strong role for the High Level Group on Competitiveness and Growth with a permanent chairmanship.
- **Too high cost of conducting business in the EU:** too high taxes; rigid labour, tax and labour law; high energy prices.
- **Difficult access to finance:** it is necessary to facilitate access to structural funds, shorten project cycle and time required for reimbursement of costs already borne by companies – long time required for getting the money back prevents companies from applying for (co-) financing projects; we advocate for better tailored eligibility criteria - quality of the proposed projects should take precedence over the size of a company; at the same time access to finance for SMEs has to be ensured by inter alia abolition of burdensome requirements, e.g. restrictive warranty.
- **Insufficient support for investments with a higher risk:** we propose to strengthen support for innovative investments; support for business incubators; financing of projects leading to development of practical solutions that can be patented and successfully implemented in real economy.
- **Insufficient involvement of the public sector:** we suggest directing investment policies in accordance with the Country Specific Recommendations (CSR); efficient and coherent implementation of public procurement directives; strengthening the role of public – private partnership; adapting education to the labour market needs; support for dual vocational education and training at the workplace.
- **Existing obstacles on the internal market:** it is necessary to focus on implementation of the relevant existing legislation inter alia service directive; strengthening the role of the Point of Single Contact (PSC) and improving their efficiency; enforcing the principle of mutual recognition of licenses, standards, norms and interoperability; EU legislation should be focused on supporting development of the digital economy.
- **Difficult access to third countries markets:** trade agreements with the third countries should ensure equal access to their markets.

LEWIATAN

LEGISLATION
We try to ensure business friendly law and to protect companies' interests

KNOWLEDGE
We develop extensive economic expertise and provide current business information

NETWORKING
We make it possible for our members to establish relations with decision-makers and other companies

COMMUNICATION
We make the voice of business reach the public opinion

B2B
We support the development of member companies and their operational activities

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