

1 **“Financing Public Investment in the EU: The need for a more coordinated approach”** -
2 tabled by European Union of Christian Democratic Workers (EUCDW)

Amended Version adopted by the resolution committee of 26 March 2025 and of 9 April 2025

3 The EU finds itself at a crossroads. The certainties of the recent past seem to disappear at a fast
4 speed: the geopolitical order and international rules installed after WW II - a world where the
5 advantages of free trade were recognised very broadly - culminating in the establishment of the
6 WTO, peace in Europe guaranteed by a strong NATO. The Covid and energy crises showed that
7 the EU must diminish its dependency on countries or economic blocs considered as global
8 competitors. To tackle these challenges, the EU must integrate more deeply, both economically
9 and politically, to better align various policies¹ and enhance its impact on the global scene by
10 transforming its economic weight into political influence.

11 Succeeding in the triple transition (climate, digital and demographic) is a precondition for
12 enhancing our autonomy. This requires significant investments efforts, some of which must
13 come from the public sector. The EU and its Member States must provide the finance necessary
14 to meet these public investment needs.

15 The Draghi Report sets out the main objectives of a new industrial strategy for Europe: closing
16 the innovation gap, draft a plan for decarbonisation and improving competitiveness to reduce
17 energy prices and use foreign economic policy to enlarge security and reduce dependency.
18 Among the building blocks for a new industrial strategy is finance. The report estimates that 5%
19 of GDP is needed for financing the necessary investments, 80% of which must be financed by
20 private capital and 20% by public funding, representing 1% of EU GDP or €170billion per year.

21 Member States should promote investment spending that produces a positive rate of return,
22 while public investment will also play a catalysing role. This is the case for major infrastructure
23 projects (e.g., electric connectivity, high-speed-railways), for boosting innovation in future
24 technologies (e.g., AI infrastructure), for stimulating the energy transition by supporting
25 companies to become carbon-neutral and preserve our critical energy-intensive industry during
26 the transition period, and for reshoring critical industries such as pharmaceuticals, mining and
27 processing of critical raw materials. Public money is also needed for investment in research,
28 innovation and education. Not only to enhance the quality of the former, but also to make sure
29 that the investments are in line with the bigger principles of Europe and its existence. Given that
30 the majority of investment will come from the private sector, completing the Capital Markets
31 Union and Banking Union, as well as redirecting expenditure to the most efficient level, remain
32 key priorities.

¹ e.g. industrial, trade and competition policy

33 The new fiscal rules offer greater flexibility and incentives for investments and national reforms
34 needed to tackle the EU's economic, social, and geopolitical challenges. They extend the
35 adjustment period to seven years and exempt all national co-financing in EU-funded programs
36 from the expenditure rule.

37 We acknowledge efficiency gains that may stem from the provision of European public goods at
38 EU scale through more effective coordination of investment priorities among Member
39 States. The Recovery and Resilience Fund ends in 2026 and repayment of the NextGenEU bonds
40 will start in 2028. Taking into account the lessons learned from the Recovery and Resilience
41 Facility and after a careful analysis of its economic impact, the EU's next Multiannual Financial
42 Framework (MFF) from 2028 onwards must adequately address the historical challenges facing
43 Europe and our aspiration for an EU that is capable of geopolitical action, and not initially focus
44 on the status quo. These challenges are, in particular, strengthening European security and
45 defence capabilities as well as increasing the EU's competitiveness. We are committed to
46 modernising the MFF. It must be simpler, more transparent and more flexible – also in order to
47 be able to react comprehensively and quickly to unforeseen events and investment needs using
48 the available financial instruments within the framework of the EU treaties. Accordingly, existing
49 EU-level investment instruments and tools should be further developed in a smart and targeted
50 way. The next MFF must also help to preserve the level playing field of the Single Market.

51 Close cooperation with the EIB and national financial institutions is desirable to enhance
52 leverage and involve their expertise. The use of financial instruments should be streamlined and
53 spent based on European public goods, taking into account experiences with NextGenEU and
54 the EU Recovery and Resilience Facility. Investment instruments and tools should match
55 increased funding necessities.