MOVIMENTO EUROPEO
CONSIGLIO ITALIANO

EFIGE

Promotion of a European Fund for Investments, Growth and Employment (EFIGE) at UE level that:

- would encourage and support the investments needed for completing the **transport, energy and telecommunication** infrastructure networks, improving productivity, integration and competitiveness of the EU economy, as well as enhancing the degree of its resiliency and independence (namely in the energy sector);
- might expand, in the (near) future, its role to support research, innovation, training, know-how and technology investments
- progressively, might support and enhance growth in the European Union (it could be estimated that in the medium term, i.e. 5/7 years, an amount of 1.200 bln euros of infrastructure investments would originate a stable increase of over 2% of UE GDP / over 250bln euros).

According to the European Commission's analysis, the need for investments in trans-European networks is up to €200 bln per year, for a total amount of 1200 bln by 2020.
EFIGE would cover up to 20% of the investments needs through a contribution of 40bln per year and 240bln euros within 2020. This financial support would consist of equity, loans (subordinated debt and mezzanine financing included) and guarantees.
EFIGE would be supported by the technical expertise of the European Investment Bank.
EFIGE would be provided with a capital of 84bln euros by 2020, through an annual capital contribution of 14bln, starting from 2015, deriving from new "federal" European taxes levied on low social utility sectors, namely gambling, tobacco and alcohol. Additional financial resources would be raised by the Fund itself on the market or provided by the member States through loans and/or guarantees without national public debts increase (excluding infrastructure construction risks, and alternatively limiting assumption risks to demand or availability).

The Federal provisions, of 14 bln per year, needed to capitalize the fund might be found from the promotion of a "federal" tax system, levied on the following sectors:

1. Gambling
   On the basis of the EU commission analysis, tax revenues of the overall gambling market, amount to around 90 billion euros. An 8% increase of the aforesaid gambling revenue could cover over 50% of EFIGE annual equity capital needs (with an annual contribution exceeding 7 bln euros).

2. Tobacco
   On the basis of the World Health Organization analysis (2011), total annual tax revenues from tobacco products can be estimated at over 82 billion at EU level without VAT (and over 100 billion euros included VAT). A 4% increase of the aforesaid tobacco tax revenues would cover over 25% of the EFIGE equity capital needs (with annual contributions exceeding 4 bln euros).

3. Alcohol
   On the basis of the EU Commission analysis, alcohol tax revenues at EU11 level for the fiscal year 2001 exceeded 25 bln euros (with considerable lack of homogeneity among different countries). On the basis of the Eurostat statistical books, alcohol tax revenues at EU27 level for the fiscal year 2011 exceeded 32 bln euros. A conservative valuation allows estimating that alcohol annual tax revenue at EU28 level currently largely exceeds 30 bln euros and therefore that a 10% increase of the aforesaid tax revenue would generate 4 bln euros, covering the remaining 25% of the EFIGE equity capital needs.

The contribution of EFIGE to the European infrastructure investments in the energy, transport and telecom sectors would:

- speed up infrastructural investments, support growth, competitiveness and productivity, and enhance the integration of the EU single market;
- encourage the financing by private investors of the remaining 80% of the required investments (more than 960 bln euros by 2020) namely through the promotion of project bonds.

Thanks to the high quality of the investments and to EFIGE's support, a massive issue of Project Bonds, at EU level, characterized by a minimum single A rating, would result fully feasible.

This would largely attract the interest of pension funds and insurance companies, and potentially channel a significant portion of over 12.000 bln euros of reserves / funds under management by institutional investors at EU level, towards the financing of infrastructure assets (see Annex 1).

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