

**The role of long-term investors for growth and employment
The 2012 LTIC International Conference in Luxembourg**

Luxembourg, 9 October 2012: The Long-Term Investors' Club (LTIC) held its 4th International Conference in Luxembourg at the European Investment Bank (EIB) under the aegis of the EU Presidency and on the margins of the Eurogroup and Ecofin meetings. Its main themes were dedicated to growth and employment, tackling public policy-related issues and focusing on what should be done to improve the provision of long-term finance in the specific sectors that are crucial for growth and employment.

Long-term investors can significantly boost growth in times of crisis and tight budgets by making critical moves in sectors capable of contributing to European growth and competitiveness. How can they best support growth, employment and competitiveness in Europe and around the globe? Participants from various backgrounds – economics, politics and business – discussed the massive requirement for long-term financing and the need to develop the appropriate tools to encourage public private partnerships (PPP) and tap available savings. They provided examples and shared experiences of where and how long-term finance made the difference.

Putting Europe back on the path of strong, sustainable and inclusive growth requires massive long-term investment in sectors such as infrastructure, small and medium-sized enterprise (SME) financing, innovation, energy and climate change, and these were the focus of the conference's workshops. In the current difficult economic and financial environment the deployment of such investment has dramatically slowed down as uncertainty reduces the planning horizons. As a result, many public national budgets are severely constrained and the capacity and willingness of investors to provide long-term financing has considerably diminished.

Past episodes demonstrate that public investment usually carries a disproportionate share of the adjustments, and the present is no different. According to recent figures, in 2012 public investment and public capital transfers in the European Union and the

eurozone were reduced by 0.5 to 0.6 percentage points of gross domestic product (GDP) and public investment contracted by 20% (EU statistical data, April 2012).

Opening the LTIC conference, **Cyprus's Finance Minister Vassos Shiarly** said that although public authorities have to function in "fire-fighter mode" to combat the crisis, they acknowledge that policy decisions taken today will have long-term consequences and that long-term investment plays a key role in fostering recovery and growth.

The members of the Long-Term Investors Club acknowledge that they have a responsibility towards future generations and a decisive role to play in moving towards a more sustainable and inclusive transformation of our societies. They are ready to strengthen and deepen their cooperation by further drawing jointly on their expertise and financing capacities. But they call on governments and international regulators to support this effort, notably by improving the regulatory framework to enhance long-term investments.

Hosting this 4th International Conference, **EIB President Werner Hoyer** stressed in his concluding words that switching to a more-resource efficient, smarter and inclusive economy – which is vital for our societies – will not happen overnight and will not be possible without large volumes of long-term investment and structural reforms that unleash the potential of that investment. The "long view" must prevail. We must reverse current short-termism, which has been at the root of the current financial crisis. For that, the regulatory framework must be conducive to mobilising and allocating savings for long-term investment.

Dr Ulrich Schröder, CEO of KfW and new President of the LTIC, stressed the commitment of LTIC members to strengthen investment in sustainable growth, both in Europe and worldwide. The LTIC's contribution rests on three pillars: policy advice on regulatory needs, research on the impact of long-term investment for growth, and – perhaps most importantly – joint cooperation on financing promising long-term investments.

Speakers at the LTIC 4th conference were: Members of the European Parliament, Eider Gardiazabal Rubial, Jo Leinen and Claude Turmes; Karl Aiginger, Director at the WIFO-Austrian Institute of Economic Research; Georg Zachmann from the Bruegel Institute; top managers from L'Oreal, Vodafone, Alcatel-Lucent and Torresol Energy; Bucharest Mayor Andrei Chiliman; members of the LTIC, Franco Bassanini, Chairman of Cassa Depositi e Prestiti (CDP, Italy), Jean-Pierre Jouyet, CEO of Caisse des Dépôts (CDC, France), Ulrich Schröder, CEO of Kreditanstalt für Wiederaufbau (KfW, Germany) and Werner Hoyer, President of the European Investment Bank (EIB). The moderators were Sergey Vassiliev, Deputy Chairman of Vnesheconombank, and

Robert Tessier, Chairman of the Board of Caisse de dépôt et placement du Québec.
Available speeches will be posted on www.ltica.org

About the Long-Term Investors Club:

Founded in Paris in 2009, the Long-Term Investors Club (LTIC) has since grown to encompass 15 members from France, Italy, Germany, China, Russia, Canada, Abu Dhabi, Morocco, Poland, Turkey, India, the Netherlands and, most recently, Japan, representing a combined balance sheet total of EUR 2.59 trillion.

LTIC aims to continue developing and extending this platform to other major institutions around the world, in particular institutions from G20 countries.

The Club's objective is to bring together major worldwide institutions, including sovereign wealth funds, public sector retirement funds, private sector pension funds, development banks, economists, financial policy makers and regulators, to assert their common identity as long-term investors, to open the way to greater cooperation between all members and to deliver the message that fostering the right conditions for long-term investment will be an important element in ensuring international financial stability and sustainable economic growth.

More information on www.ltica.org

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