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# **DRAFT REPORT**

on facilitating the financing of investments and reforms to boost European competitiveness and creating a Capital Markets Union (Draghi Report)  
(2024/2116(INI))

Committee on Economic and Monetary Affairs

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Agence Europe

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### **on facilitating the financing of investments and reforms to boost European competitiveness and creating a Capital Markets Union (Draghi Report) (2024/2116(INI))**

*The European Parliament,*

- having regard to the publication of 18 July 2024 by President von der Leyen entitled ‘Europe’s choice: political guidelines for the next Commission 2024-2029’,
- having regard to the report of September 2024 by Mario Draghi entitled ‘The future of European competitiveness’ (Draghi Report),
- having regard to the report of April 2024 by Enrico Letta entitled ‘Much more than a market’ (Letta Report),
- having regard to the report of April 2024 by Christian Noyer entitled “Developing European capital markets to finance the future”,
- having regards to the letter by President von der Leyen on defence to the European Council ahead of its meeting on 6 March 2025,
- having regard to the European Council conclusions of 6 March 2025 on European defence,
- having regards to the Statement of the Eurogroup in inclusive format on the future of Capital Markets Union (CMU) of 11 March 2024,
- having regards to the High-level roadmap for follow-up to the Eurogroup statement on the future of CMU, in Eurogroup inclusive format,
- having regards to the Conclusions of the Special meeting of the European Council of 17 and 18 April 2024,
- having regards to the European Insurance and Occupational Pensions Authority statement ‘How European insurers and pension funds can contribute to further strengthen the Capital Markets Union’ of 25 April 2024,
- having regards to the position paper of the European Securities and Markets Authority (ESMA) of May 2024 on ‘building more effective and attractive capital markets in the EU’,
- having regards to the statement by the European Central Bank Governing Council on advancing the CMU of 7 March 2024,
- having regards to its resolution of 8 October 2020 on further development of the CMU: improving access to capital market finance, in particular by SMEs, and further enabling retail investor participation,

- having regard to its resolution of 9 July 2015 on ‘Building a Capital Markets Union’,
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the opinion of the Committee on Budgets,
  - having regard to the report of the Committee on Economic and Monetary Affairs (A10-0000/2025),
- A. whereas the Draghi Report identified a minimum annual additional investment of EUR 750 to 800 billion to restore Union productivity and deliver the EU environmental and social objectives;<sup>1</sup>
  - B. whereas the ReArm Europe Plan consists of five pillars aiming at financing Europe’s security and defence, covering both public investments and the Savings and Investment Union;
  - C. whereas the private sector has undertaken around four-fifths of productive investment, with the public sector contributing the rest;
  - D. whereas EU household savings were EUR 1,390 billion compared with EUR 840 billion in the US in 2022<sup>2</sup>;
  - E. whereas EU households saved 14,79 % of their disposable income and EU citizens held EUR 11,63 trillion or 31,01 % of their savings in currency and deposits, which offer limited returns, whereas 36 % were held in equity and investment funds shares (EUR 13,42 trillion) and 27 % in insurance, pensions and standardised guarantees (EUR 10,06 trillion)<sup>3</sup>;
  - F. whereas between 2008 and 2021 close to 30 % of the “unicorns” founded in Europe – startups that went on to be valued over EUR 1 billion – relocated their headquarters abroad, mainly in the US<sup>4</sup>;
  - G. whereas R&D spending in the EU accounted for 2,1 % of GDP in 2021, but 3,5 % in the US and 2,4 % in China, while already the 2000 Lisbon Strategy set an R&D spending objective of 3 %;

### ***Building a shared vision on Europe’s productivity and need for sustainable growth***

1. Calls for a general mobilisation of all financial resources and available instruments to strengthen EU security and industrial and technological sovereignty, sustain the green transition and contribute to quality jobs and upward social convergence, in a context of geopolitical instability and international tensions;
2. Welcomes the renewed debate on the need to restore EU productivity, fed by the Draghi and the Letta Reports;

<sup>1</sup> M. Draghi, The future of European competitiveness Part A | A competitiveness strategy for Europe, 2024

<sup>2</sup> M. Draghi, The future of European competitiveness Part A | A competitiveness strategy for Europe, 2024

<sup>3</sup> [Financial flows and stocks, Eurostat 2023](#)

[https://ec.europa.eu/eurostat/databrowser/view/NASA\\_10\\_F\\_BS\\_custom\\_13650774/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/NASA_10_F_BS_custom_13650774/default/table?lang=en)

<sup>4</sup> M. Draghi, The future of European competitiveness Part A | A competitiveness strategy for Europe, 2024

3. Recognises such reports as a wake-up call for European and national decision makers as well as a starting point for actions to foster both private and public investments;
4. Regrets that many European entrepreneurs feel the need to relocate for easier access to finance and resources, and deplores that they turn to third countries venture capital providers and scale up in foreign markets;
5. Emphasises that public resources should focus on ensuring sustainability and accessibility of public services and infrastructure while catalysing private investment in innovative and clean industries under well-defined conditions;

### ***Mobilising private investment and easing access to finance***

6. Considers that the attractiveness of EU capital markets will be delivered by the further integration of its internal market and the creation of economic opportunities for private investments, which would allow for higher returns; calls on the Commission and Member States to develop solutions, legislative or not, to enabling a capital market at an EU-wide scale, with sufficient size, liquidity, depth and transparency to attract both EU and international investors;
7. Supports the integration of institutional frameworks and market structures; recalls its demand to grant the ESMA direct supervisory powers over pan-European market infrastructures;
8. Urges the Commission to make proposals ensuring to properly repatriate clearing activities in the EU;
9. Notes that streamlining administrative procedures and simplification can positively improve EU attractiveness as investment destination; considers alignment of Member States legislative frameworks as part of the simplification agenda as it eases cross-border activities; calls on the Commission to rely more on regulations rather than directives thus limiting national discretion leading to fragmentation;
10. Remains committed to the objectives of the sustainable finance framework to mobilise investments in the clean transition;
11. Considers innovative companies could benefit from a single set of EU wide rules; recalls in that regards the BEFIT proposal establishing a single set of rules to calculate the corporate tax base of companies;
12. Calls on the Commission to issue proposals aimed at creating instruments which facilitate the channelling of households savings to productive investments; asks the Commission to explore the idea of creating an EU investment savings account or a label at the EU level for basic and simple investment products suitable for retail investors, based on common criteria or features, such as product simplicity, low costs, asset allocation or risk-mitigation technique; asks in particular to assess the efficiency of a label for investments that are sustainable and located in Europe;
13. Expects the Commission to support encouraging rising start-ups and growing companies to scale up and list within the EU, therefore asks for the future EU Start-Up

and Scale-Up Strategy to fully encompass a financial chapter aimed at preventing their relocation of to third countries;

14. Calls on the Commission to prioritise a CMU agenda that sustains financial stability, favors access to venture capital and equity investment, and reduces overreliance on bank lending;

### ***Sustaining public investments to close the productivity gap***

15. Considers that the urgency of implementing actions for defence and decarbonisation will require substantial public support to mobilise private investment;
16. Fears a public investment cliff after 2026, when the Recovery and Resilience Facility is set to conclude;
17. Recalls that safe assets have been issued at EU level by European issuers such as the European Investment Bank, the European Financial Stability Facility, and the European Stability Mechanism and, since 1976, the European Economic Community and then EU itself<sup>5</sup>; recalls that the Next Generation EU recovery fund is the largest stimulus package ever funded by the EU to support economic recovery and green and digital transitions;
18. Shares the assessment that issuing a common safe asset to be used as strong key benchmark would significantly facilitate the achievement of the CMU and address the investment needs identified in the Draghi Report; recommends that the Commission assesses the features of safe assets issued at the EU level and publish a report to inform the future design of an EU safe asset;
19. Considers that heightened defence needs due to geopolitical tensions requires immediate mobilisation of financial support; welcomes the upcoming Commission's proposal on a new financial instrument of up to EUR 150 billion to boost EU defence capabilities as part of the ReArm Europe Plan; calls on the Commission and Member States to also set up a dedicated instrument under the European Stability Mechanism;
20. Encourages the European Investment Bank Group to adapt its lending policy to provide greater support to higher risk investments, mostly in innovative companies and projects fostering the green transition;
21. Calls on the Commission to establish an Economic Intelligence Unit to identify European industrial needs, shortages, and market opportunities, and to provide recommendations, including on financing, to address these challenges from an EU perspective;
22. Instructs its President to forward this resolution to the Council and the Commission.

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<sup>5</sup> Developing European safe assets by Chief Financial Officer, European Stability Mechanism- article in Intereconomics, 2023

## EXPLANATORY STATEMENT

Europe is faced with two existential threats. The first, well-documented in several reports such as those by Enrico Letta and Mario Draghi, is the risk of economic and industrial decline, leading to a gradual disappearance of the European Union from the global economic and geopolitical stage. The second, brutally brought to light by the invasion of Ukraine by Russia, the return of war on the European continent and the strategic realignment of the United States, is the inability by the European Union to ensure its own strategic autonomy and defence, to protect itself from increasingly imminent threats on its territory. This dual crisis is nothing less than an unprecedented test of Member States' ability to collectively invest in the EU future and its survival. This is why the European Union must now explore ways to regain budgetary room for manoeuvre and mobilise private capital to invest not only at national level but also, and perhaps most importantly, at the European level. The EU must find a way to finance its defence capacities, without compromising its ability to invest in the green and sustainable reindustrialisation, in clean techs and big techs and to prepare for the future by investing in education and research. The recent Draghi Report has identified a minimum annual additional investment requirement of EUR 750 to 800 billion to restore the EU's productivity and meet its environmental and social goals. However, the current investment landscape in the EU is fragmented, with significant disparities in access to private finance, particularly for innovative and high-growth companies. One of the reasons for the European Union's lag behind its Chinese and American competitors has been the difficulty for its businesses to secure financing, particularly for small and medium-sized enterprises that require scaling up to grow. Simply put, companies today complain about the lack of long-term demand and call for regulatory stability, speed and responsiveness from public authorities to protect them from unfair commercial competition, and, finally, long-term contracts, including through public procurement. Europe has many strengths. It remains one of the most attractive economic zones for investment, with innovative companies and a highly skilled workforce. However, one could argue that Europe is living below its means, as it has so far failed to equip itself with the necessary tools and mechanisms to grow in line with its ambitions. Addressing this dual crisis will therefore hinge on its ability to put these tools in place. In this regard, European savings represent considerable financial means that Europe must not—and cannot—overlook. It is all the more crucial given that European citizens' savings often end up financing foreign, particularly American, funds, which then reinvest in Europe and acquire European companies. The mobilisation of European citizens' savings is therefore a political, economic, and strategic sovereignty issue and will be crucial to bridge the industrial gap with other major economies. However, the sole mobilisation of private finance will be insufficient to address all of the challenges that the EU needs to overcome. It will also require a significant level of public investments, particularly in high-risk areas such as defence and decarbonisation. This draft report outlines a series of measures aimed at addressing these challenges, at creating a more integrated and efficient capital market in the EU and at identifying the role of public sector in leveraging investments.

**Strengthening the Capital Markets Union (CMU):** The greater mobilisation of private finance requires different steps. The report calls for the acceleration of the CMU agenda, with a focus on improving access to venture capital and equity financing, particularly for innovative companies. It also emphasises the need for greater harmonisation of regulatory frameworks across Member States to facilitate cross-border investment and reduce fragmentation. It insists on making progress towards greater harmonised supervision and direct supervisory powers to the European Securities and Markets Authority (ESMA) over

pan-European market infrastructures. The report highlights the importance of creating economic opportunities for private investment by offering competitive returns. The report insists on channelling household savings into productive investments and explores the creation of an EU investment savings account or label for basic and simple investment products that are suitable for retail investors. This would help to channel household savings into productive investments, particularly in sustainable and innovative sectors.

**A crucial role for public investments:** The report recognises the need for substantial public sector support to mobilise private investment, particularly in high-risk areas such as defence and decarbonisation. It calls for the establishment of a dedicated instrument within the European Stability Mechanism (ESM) to address heightened defence needs and recommends that the European Investment Bank (EIB) adapt its lending policy to support higher-risk investments. It also highlights the importance of issuing a common safe asset at the EU level to facilitate the achievement of the CMU and address the investment needs identified in the Draghi Report. It calls on the Commission to assess the various features of safe assets and publish a report outlining their common characteristics. Finally, the report proposes to establish a European Economic Intelligence Unit that would help connect industrial need with financial tools. The rapporteur calls on all stakeholders and co-legislators to work together to implement these measures and ensure that the EU is well-positioned to meet the challenges of the 21st century.

## ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that she received input from the following entities or persons in the preparation of the draft report:

Entity and/or person
Professor Mario Draghi, author of the report “The future of European competitiveness”
Enrico Letta, author of the report “Much More Than A Market”
Christian Noyer, author of the report “Developing European capital markets to finance the future”
European Investment Bank Group, President
European Central Bank, Division EU Institutions and Fora
European Securities and Markets Authority
European Stability Mechanism
Finance Watch
Bureau Européen des Unions de Consommateurs Union Fédérale des Consommateurs - Que Choisir
European Federation of Investors and Financial Services Users (Better Finance)
Association of European Long-Term Investors
Fairshare Educational Foundation (ShareAction); Third Generation Environmentalism Ltd; WWF European Policy Programme
Reclaim Finance
Euronext
Euroclear
Deutsche Börse Group
InvestEurope
Blume Equity
Assicurazioni Generali S.p.A
Association for Financial Markets in Europe
Mouvement des Entreprises de France
European Sustainable Investment Forum
Digital Europe
CleanTech Europe
Verkor
European Trade Union Confederation
Deutscher Gewerkschaftsbund
Austrian Federal Chamber of Labour
Centre for European Policy Studies

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