



Ambroise Fayolle

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Speech

Thank you so much, Didier, and I apologise for Werner Hoyer who had to obviously stay in Luxembourg today. I want to thank Eurofi again for the invitation.

The terrible situation in Ukraine is clearly a major fault line, not only given the human and geopolitical consequences, but also for the European Union (EU) economy. The silver lining is to see how the EU and its North Atlantic Treaty Organisation (NATO) partners are sticking together in this difficult situation and how they respond with one voice to the aggression by Russia. There can be and should be no doubt about our determination to stand up against such clear violations of international law, no doubt about our sense of partnership and unity at the EU level, with the European Commission and the European External Action Service, and no doubt about our solidarity with Ukraine and all neighbouring countries and regions that are or will be affected in the future.

This brings me to the next fault line: the high energy prices and how policymakers will respond to them. High energy prices are indeed a big concern for many consumers and businesses these days, but as the European Union we have ways to deal with them. I am glad to see how the European Commission and many member states are taking active steps to cushion the price shock and look for ways to diversify the energy mix in the Union. I am confident that this will lead to a massive reduction of dependence on Russia energy imports in hopefully the near future.

However, the higher energy prices bear another risk, which is that some, often those who were never

convinced of the need to move away from high-emitting fuels, are using this as an excuse to backpedal on our climate commitments. This would be a terrible mistake. The green transition should be seen as part of the solution to the problem of high energy prices. Of course, we need to pay close attention to the burden on vulnerable consumers, even more so given the situation at our eastern borders, but we must avoid interventions that reduce incentives for green investment or that in general increase uncertainty about climate policy going forward.

The risk of asymmetrical recovery is the last fault line that I will mention and that we need to be aware of as we start to scale down our crisis support measures. We still do not know what economic scars this pandemic will have left behind once it is over and how resilient firms will be once the exceptional policy support measures are fully removed. What we can say is that severe impacts on firm revenue have so far been quite concentrated in terms of sectors and even in terms of geography, but there is still significant uncertainty as to how much asymmetry will emerge once the economy recovers, and whether this will cause systemic risk in some locations.

This brings me to my last question: how do we ensure that we stay clear of the risks outlined above? Public investment has played an important stabilising role in the past two years. Our research shows that, for example, where digital infrastructure was better, firms have been more likely to digitalise as a response to the pandemic. We need to maintain the momentum of high-

quality public investments, including by maximising the impact of the Recovery and Resilience Facility (RRF). This implies achieving an effective implementation of the RRF and European coordination, but also a pipeline of high-quality projects that will be key for us.

Yet, no matter how impressive public investments in the EU, we will not be able to close these enormous investment gaps if we do not manage to bring the private sector onboard. We are also in need to boost high-risk private sector investment in innovation and in particular in new climate technologies, which remains too low. Our engineers at the European Investment Bank (EIB) estimate that about 50% of the mission reductions needed by 2050 depend on technologies that are not yet available in the market, so we need to support them. It is critical that, irrespective of whatever need for transition solutions, we keep on pushing more high-impact private sector investment in this area. This is not just a matter of good climate policy. This is also key for our strive towards more energy independence as well as EU competitiveness.

I will close here, Didier. Let me finish with one final comment. We have not only to think about those firms and regions that are pushing ahead. We need really to think hard about how to ensure that no one is left behind. This is what we call the just transition. We have committed at the EIB to help more those less developed regions where the needs are higher to get to climate neutrality, and we will certainly deliver on this commitment, because this is key for our climate ambitions.