



ORGANISATION FOR ECONOMIC
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**OECD High-Level Financial Roundtable:
Fostering long-term investment and economic growth**

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Fostering long term investment and economic growth

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O. E. C. D. Roundtable

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Fostering long term investment
and economic growth



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1. Financial markets need active long term investors

- ✦ Different investors having different time horizons are needed for the equilibrium of markets
- ✦ Long term investors may have a counter cyclical behaviour

2. Long term investments contribute to economic growth

- Finance infrastructures
Europe infrastructures will need 2.000 bn Euros by 2020 (transport, energy, climate change...)
- Implement responsible investment policy
- Provide higher returns for long term savings and pension schemes



3. Long term savings are relatively abundant in Europe

- Savings rate in France : 16 % of net available income
- Main saving product : life insurance (1400 bn.€)
- Average maturity : 10/12 years
- But the % of these resources which may be invested in long term assets tends to decrease.



4. The regulatory framework should take into account the need for long term investments

- Marked to market accounting
- Prudential rules based on marked to market values and volatility



- Conservative asset allocations
- Procyclical behaviour

▫ The need to recognize the specificities of long term investment when liabilities are stable

▫ Not only for long term bonds but also for infrastructures or equities

5. Develop innovative financial instruments and favorable taxation regimes

- Innovative financial instruments
 - Combining private funding and public guarantees to finance large scale infrastructure projects
 - The « Project bonds » initiative
- Fiscal incentives
 - Taxation should give incentives to invest in longer and riskier assets

CONCLUSION

- Long term investors provide a specific and significant contribution to financial stability and economic growth
- Cooperation between L.T.I.s. should be enhanced to promote their business model
- This is the aim of the « Long Term Investors Club » set up in 2009 with KfW, Cassa Depositi e prestiti, EIB and Caisse des Dépôts.

