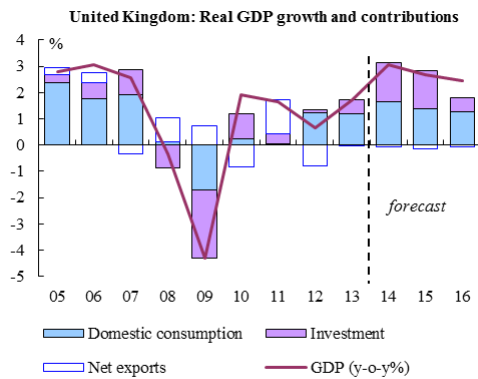


INVESTMENT IN THE UNITED KINGDOM

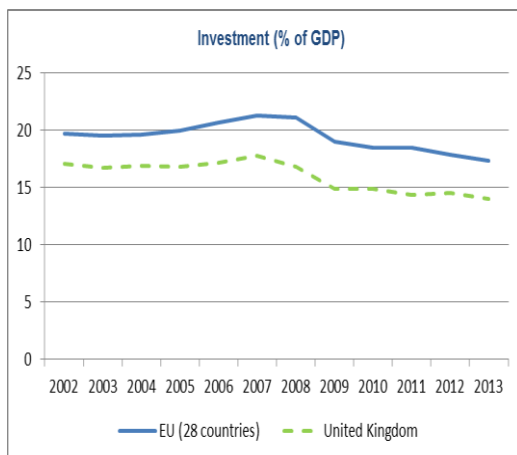
What is the situation in the United Kingdom?



Source: European Commission 2014 Autumn Forecast

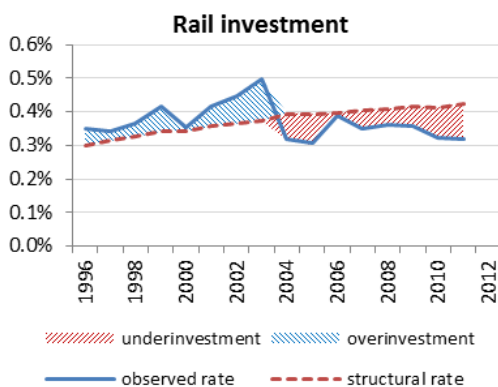
Investment in the UK – as in the EU as a whole - fell sharply in 2008/2009. This fall affected all sectors, including plant and equipment, construction and public sector investment. However, it is now rising faster than in the EU. In 2014, investment is projected to grow by 9% compared with 2% in the EU. Between 2015 and 2016, investment is projected to continue to grow robustly, supported by low borrowing costs, easing credit supply, strong demand, lower uncertainty and strong corporate balance sheets.

What is the main challenge?



The main challenge relates to the low level of investment compared to the EU as a whole. There is a need to increase public sector investment in infrastructure, which is low compared to other EU countries. Despite a recent increase, there is a risk that bottlenecks in transport and energy could hold back growth. A further challenge is related to housing. The completion of housing construction is low and the supply of housing does not necessarily meet the needs of households for the future. Construction has increased since 2013, although it is still below pre-crisis levels.

Opportunities for investment



To reverse the structural under-investment, investment should be boosted in the energy and transport sectors. Priorities include new plants for electricity generation and an upgrade of the rail network. The UK publishes annual updates to its National Infrastructure Plan, which takes a long-term approach to the planning, funding and delivery of infrastructure. It includes an investment pipeline of £380 billion (€485).

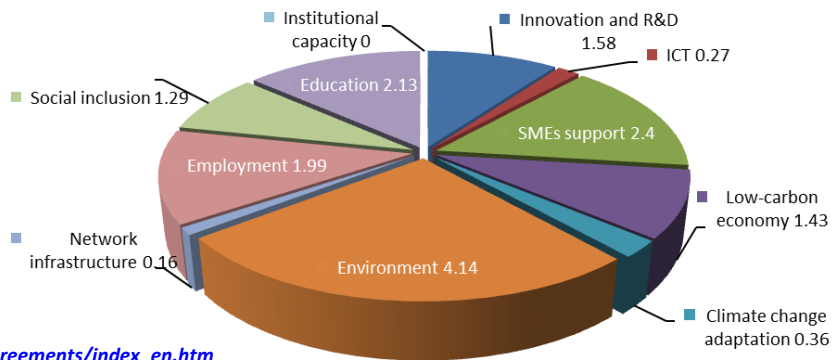
Reforms for investment

In the Country Specific Recommendations for the United Kingdom, the European Union recommended:

<ul style="list-style-type: none"> Reinforce the budgetary strategy, endeavouring to correct the excessive deficit 	<ul style="list-style-type: none"> Continue efforts to reduce child poverty
<ul style="list-style-type: none"> Address structural bottle necks related to infrastructure, skills mismatches and access to finance for SMEs 	<ul style="list-style-type: none"> Improve the availability of bank and non-bank financing to SMEs
<ul style="list-style-type: none"> Alleviate distortions in the housing market 	<ul style="list-style-type: none"> Follow up on the National Infrastructure Plan
<ul style="list-style-type: none"> Maintain commitment to the Youth Contract 	

EU funding for investment

2014 - 2020
in billion EUR



Source: Partnership Agreement:
http://ec.europa.eu/contracts_grants/agreements/index_en.htm

Past or ongoing projects for investment

Electricity interconnections

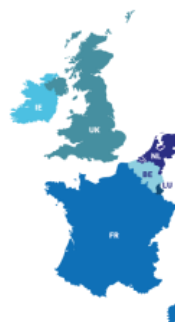
Electricity Interconnection.
Commissioning date: 2017
(Ireland, UK)

Electricity interconnection
[currently known as the ElecLink project].
Commissioning date: 2016
(France, UK)



Transport interconnections

Connecting Europe Facility:
"North Sea - Mediterranean"
core network corridor
(Ireland, UK, Netherlands, Belgium,
Luxembourg, France)



Technological interconnections

Targeting the set-up of new manufacturing capacities of electronic chips in Europe: under preparation for a submission to the Commission in 2015
(France, Germany, UK, Netherlands, Belgium, Austria, Italy, Finland, Ireland)

