

European Investment Bank Financing the development

By Mr. **Philippe MAYSTADT**
President, European Investment Bank

Dear Prime Minister,
Dear Ministers, Excellencies,
Ladies and Gentlemen,

It is a great pleasure for me, as President of the European Investment Bank and Chairman of the European Investment Fund, to be here today, with so many distinguished guests, to celebrate the occasion of the 50th anniversary of the European Investment Bank with the major actors of the Greek political, entrepreneurial, banking and academic scene, our partners for 45 years of activity in Greece.

Anniversaries normally lead us to look at the past, at how far we have come. I prefer to turn this on its head and to project these last 50 years into the future. Throughout our journey, there have certainly been many successes for us to be proud of, but it is equally true that “our” future begins each and every day, together with our partners, and it is our duty to keep pace with the passing of time with optimism and vigour, especially as this anniversary falls as the Union and the World are experiencing an economic crisis, which demands a vigorous response. Together we must find a way to tackle peoples’ legitimate concerns for sustainable and job-creating growth.

This goes to the heart of what our mission is all about, and what the Member States ask us to do. Through our operations, we are a proactive player in meeting precisely such challenges. Our financing is devoted to investment strengthening the fabric of the Union and more than half goes to promoting the development of its least advanced regions. I will not overwhelm you with “Statistics”, but as an illustration, in 2007 lending for regional development exceeded EUR 22 billion.

The Bank finances investment for sound energy stewardship, new industrial technologies, building up communications networks and improving European citizens’ quality of life. In response to successive European Summit deliberations it has also launched special actions targeting the development of a “knowledge based European economy”.

In the present context of generalised economic crisis however, as financial markets struggle to provide sufficient and appropriately priced finance for the private sector, it is smaller companies who are most vulnerable. For this reason, and in response to a wide-spread consultation exercise throughout Europe, we will substantially increase the volume of our lending to smaller companies, whilst modernising and simplifying our core products so as to ensure that the benefits of EIB financing are truly passed on to SMEs. Smaller enterprises are key drivers of the European economy. Firmly anchored in local and regional communities, and with some 70% of the jobs at European level, SMEs are major contributors to social cohesion and stability. Their capacity to innovate and grow is thus decisive for a competitive European economy and access to financing at attractive conditions one of the key factors in helping SMEs realise their full growth potential. This is why the European Investment Bank, at the request of the European Heads of States and Governments will mobilise EUR 30 billion for smaller companies in Europe up to 2011. Indeed, EUR 15 billion of this, earmarked for the next two years, have already started flowing and we look to even closer cooperation with Greek banks in the weeks to come so as to ensure that Greece too gets its share of these funds.

In this context let me also mention the European Investment Fund, majority owned by the European Investment Bank and providing specialised support for smaller companies

based on two major product lines: venture capital and guarantees for SME loan portfolios, thus bolstering the ability of commercial banks to increase their SME lending. The European Investment Fund provides a good example of how we work with the European Commission. Through the so called “Competitiveness and Innovation Programme”, under which the European Commission has mandated the Fund to manage a total of EUR 1 billion of budgetary resources, we are able to significantly increase our investment in venture capital funds providing seed capital or equity to innovative SMEs with high growth potential and to issue guarantees for loan and equity portfolios, including for micro enterprises. Another example is the JEREMIE initiative, for which Greece was the first country to sign a Memorandum of Understanding, and which is designed to transform Structural Funds from the European Union into financial instruments for the benefit of small and medium sized enterprises.

With a balance sheet exceeding EUR 300 billion and annual operations totalling EUR 48 billion, we believe that we are well equipped to meet the challenges of the future and make a practical contribution to building a mutually more supportive and outward-looking Europe. In so doing we draw on a long-standing relation with partners such as Greece and its economic actors.

We started our cooperation long before the country’s accession, back in 1963, when Greece, as the first ever non-Member country, got an EIB loan. Since then, we have been a solid partner supporting the country into accession and the Euro zone. In all, the EIB has provided a total of over EUR 19 billion in loans to private and public projects in Greece.

All of the Bank’s key priorities are well represented within the EUR 1 billion or so of annual lending provided by the EIB to Greece: economic and social cohesion; the pursuit of a competitive and innovative European economy; development of efficient and easily accessible trans-European transport networks; support for smaller companies; “climate change” and environmental protection measures; as well as the promotion of efficiency, diversification and security in the energy sector.

We are, however, known here mainly as infrastructure financiers, especially, after stepping up our financing around the remarkable Athens Olympics. We have supported all major infrastructure projects and sought to facilitate an enabling investment environment.

At this turning point, and looking into the future, we endeavour to adjust our activity to the current model of economic growth for Greece. Our aim will be therefore to balance lending between private and public sector, through larger sectoral diversification and the support of the rapidly expanding services sector.

At the same time, our activity in support of other countries in the region can be expected to have a positive spill over effect on Greece, which is physically, economically and culturally a key cross-road in Europe, serving as the link between Europe and the Union’s neighbours in the East and in the South. Our lending outside the Union contributes to strong and good neighbourhood links and to the preparation for accession of new member countries.

Tomorrow, as today, we will continue to focus on European growth and welfare. This means investing in technology, innovation, and energy as well as environment, in order for Europe to be as competitive, fast, and dynamic as it can be in a sustainable way. To this end, the European Investment Bank remains committed to being highly proactive, both in coming up with ideas -and putting them into action with projects, products and solutions that anticipate coming trends.

I am convinced that the European Investment Bank, the Greek authorities, Greek banks and business can forge an ever closer partnership in the years ahead so as to further enhance living standards in Greece and mitigate the impact of the current financial crisis.

I would like to thank the Prime Minister for his commitment in this regard and you for your kind attention.