

SPEECH BY EIB PRESIDENT WERNER HOYER
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CHECK AGAINST DELIVERY

Ladies and gentlemen,

I am delighted to be with you as the European Investment Bank Group announces these impressive results for 2016. It has been a year of great changes. Indeed, it is just two days since the weekend that changed the world order. At such a moment in history, uncertainty about the future can cause difficulties for long-term investment projects. It is at times like this that the role of a public investment bank like the EIB becomes even more important.

Amid all the uncertainty, I am certain I can demonstrate that, in the case of the Bank, these changes are a source of optimism and confidence for Europe. We are confronting major challenges, and we are doing so successfully. Looking ahead, we must and we will make sure 2017 is a year of innovation for the EIB Group and for Europe, and I will tell you today about some of the financial structures and deals the EIB has built to lay the foundations for this innovative future.

In 2016 the EIB Group enhanced its global role—both in investment and in engagement with other multilateral investment banks—to support Europe's global responsibilities at a time of uncertainty.

This matters now more than ever, as multilateralism is dangerously called into question. I believe less multilateralism would weaken our societies and increase instability. It is urgent that Europe reaffirm its commitment to integration, openness, and global cooperation. The EIB Group plays a leading role in the community of international institutions. And within Europe we are a key player in delivering the very

benefits that, I believe, will ultimately convince Europeans they gain more from membership of the EU, from living as one, than they would if the EU did not exist.

This means we must demonstrate the very real, tangible impact we have and deliver a strong, persuasive and inspiring European success story to citizens. In everything we do we have an eye on economic inclusion. We need to ensure Europe works for everyone.

The headline part of the EIB's activity in 2016 has been a stronger contribution to investment across Europe. EIB Group financing for 2016 was 83.8 billion euros. That is supporting and mobilising a phenomenal 280 billion euros of total investment, in a single year.

This triggered investment has been growing quickly in the past few years. It is the result of our drive to use money more smartly—combining EU funds and grants, EIB Group financing, private capital, and advisory support from the EIB's experts to achieve the maximum positive economic effect.

Europe needs investment to meet the challenges of a changing world economy. And our investment makes a difference.

Our recent modelling of the impact of EIB Group funding on Europe's economy for the 2013-2015 period shows that we are doing just that. Using a refined version of a model developed by the European Commission's Joint Research Centre in Seville, we calculate the investment will result in 830 000 new jobs and an additional 0.8% on Europe's GDP by 2017. The EU Bank is a long-term investor, and EIB Group financing takes time to bring measurable effects. But when it does, these are considerable—more so in the still longer term. By 2030 we calculate our 2015 investment will have brought 1.4 million additional European jobs and increased GDP by 1.1%.

We are modelling the impact of the EIB Group's work under the Investment Plan for Europe, by the way. We plan to make first results available in the course of this year.

Our economics department has also completed an unprecedented, extensive survey of investment by European companies. This survey went into deep analysis of responses from 12,000 companies, ranging from micro to large, in all 28 Member States. It found that private investment is slowly picking up again, but both substantial quantitative and qualitative gaps remain. A considerable proportion of European companies say they invested too little in the recent past. Almost half say they lack state-of-the-art assets as a result of underinvestment. And not many plan to invest more next year than the last.

What these findings tell me is that much still needs to be done to address Europe's investment gap.

This is why the Investment Plan for Europe is so important. Investment gaps are not going away by themselves.

In this context, our 2016 performance on SMEs is extremely encouraging. The European Investment Fund has made highly effective use of the Investment Plan for Europe to speed financing to where it counts most—in youth employment and innovative start-up companies. SMEs received 33 billion euros of support from the EIB Group. That is more than a third of our total activity.

I am most proud of the effect this financing has on young people. In 2016 we financed 46 education projects to the tune of 3.7 billion euros. Our financing improved conditions for 890 000 students. That includes 500 000 schoolchildren in Italy alone, where schools benefited from almost 1.5 billion euros in EIB financing over the last two years, with 530 million euros of that in 2016. EIB Group financing sustained 4.4 million jobs in SMEs, which is where most young people find work. Since its launch in 2013, the EIB's "Skills and Jobs – Investing for Youth" programme has provided more than 37 billion euros toward projects that support jobs and better skills for young people. These are concrete results that show the impact of our work on Europe's future. I am delighted that the European Council is keeping youth employment on the agenda, and we look forward to working with leaders and governments to address this fundamental issue.

But the EIB's investment in infrastructure is equally important. Fiscal constraints have meant that public investment in infrastructure has decreased across the EU since the economic crisis. Infrastructure is essential to business, and at a time of shrinking public expenditure, EIB infrastructure financing is essential to help ensure all companies—large and small, old and new—find and sustain the confidence they need to invest in their future here in Europe. From this point of view, every part of EIB financing is complementary to the others. Investment Plan for Europe financing for smaller, new, higher risk projects complements other facilities run by the European Investment Fund and much-needed EIB investment in infrastructure.

The Bank has global impact, of course. 2016 was the hottest year on record, reminding us that climate change needs urgent action. The EIB is a leading provider of climate finance. In particular, we stand by a pledge made with all Multilateral Development Banks to work together to raise the private finance that will be needed to combat global warming. Public funding alone will never be enough to tackle climate change. As the world's largest multilateral public bank, the EIB Group recognises it has a special responsibility to do more of what it does best: catalyse private investment for climate action and sustainable development.

We first set a climate-action target for our lending in 2010. We hit our targets every year since then. We will continue to do so. Over the next five years we're determined

to deliver 100 billion dollars of climate-action finance, the largest contribution to climate action of any single multilateral institution. This kind of leadership on climate issues is crucial right now. Last week at Davos, Chinese President Xi urged all countries to stick to the Paris climate agreement. With the change in the world order last weekend, we Europeans must lead the free world against the climate sceptics.

In 2016 migration to Europe from neighbouring and distant countries continued, and so did the challenge this poses to the EU and its Member States. The EIB Group also continued to participate in the response to this challenge. In particular, we can and do help make the source countries of migration more economically resilient. That, of course, would make it less likely that people would be forced into the heart-wrenching and often dangerous journey away from their homelands. I announced in September that the Bank would commit an additional 6 billion euros to support refugees and host communities in the Middle East, North Africa, and the Western Balkans. Along with our other activities in these regions, we believe this will deliver a total investment of 35 billion euros by 2020.

If we wish to fully tackle the migration crisis, we must also engage more in Africa. The EIB is a major player on the whole continent with 2.1 billion euros of financing provided on the continent in the last year and over 10 billion euros over the last five years. The continent is growing fast. Alongside the European Commission's External Investment Plan, which aims to encourage investment in Africa and the EU neighbourhood, we must work on projects in Africa that will draw in the private sector, translating and refining the financial instruments we created for the developed world so that they can be applied to developing countries. Otherwise its population growth will be unsustainable in the long term. Development policy must truly shift from a global social policy to a strategy for global growth and prosperity. We must give people everywhere hope for their future in their own country.

The same should be said of Europe. Cohesion throughout the continent is our mission. In 2016 we can say we have remained true to our mission. Measured as a percentage of GDP, the biggest share of EIB Group deals in 2016 went to Estonia, Malta, Bulgaria, Cyprus, Croatia, Poland and Slovakia. We are working to ensure prosperity is spread fairly across the whole continent. This is also true of our eastern neighbours. In 2016 we delivered on our commitment of 3 billion euros of support for Ukraine, as part of the EU's three-year 11 billion euro assistance package.

Within the European Union, the Investment Plan for Europe has come to the end of its first full year of life. It has helped us support investments in offshore wind farms and major energy efficiency programmes. Crucially, it has allowed the EIB Group to finance small deals with companies that would not have crossed our radar screens before the EU budget guarantee, the European Fund for Strategic Investments, came into being.

We are now producing an ever-larger number of deals in quasi-equity and risk-sharing structures. Last year three out of four of our Investment Plan clients were new to the Bank and many were relatively small, untested companies.

This is additionality right there – an ugly word that defines an important concept: the Investment Plan for Europe should allow the EIB Group to do more deals, and in particular deals that are different from business as usual. We now reach parts of the economy where we were not present before, sectors we would not have reached without the EFSI guarantee. And we work with people we never worked with before.

Many of these companies are true innovators. Without innovation, Europe will not become and remain competitive, and the EIB has always aimed to be the innovation bank. Take one of the most vital sectors of innovation for Europe's future—software. In 2016 our financing for European software companies **rose to 659 million euros from 102 million euros the year before**. At the same time we tripled the number of software companies to which we gave loans. That is a very impressive increase. Much of this comes from Investment Plan for Europe deals, and much from the EIB Group's other business. These loans help build the innovative software that will allow European companies to compete in a world where every element of the industrial process will soon be digitalized, requiring very advanced cloud computing facilities and cybersecurity.

By financing research into new technologies, our investments in innovative companies have the power to change lives. Sometimes they have the potential to save lives.

Last year we financed a family business producing satellites. OHB, a German space company based in Bremen, got a 30 million euro loan backed by the EFSI guarantee to work on a next-generation satellite powered by electricity, rather than heavy chemicals. This should transform the cost-effectiveness of satellite-based communications by allowing each satellite to carry much less fuel and much more communication equipment.

The EIF invested 20 million euros, again backed by the EFSI guarantee, in Quadrivium, the first fund investing in companies founded by French university scientists. One of Quadrivium's companies, PEP-Therapy, is working toward a targeted cure for cancer that will not harm healthy tissue, as is the case with chemotherapy.

Then, of course, we also invested 231 million euros in an upgrade to the large hadron collider at CERN, the European Organisation for Nuclear Research. CERN's research is on a very high theoretical level, but it has already resulted in some spin-out start-ups. Its results position Europe at the forefront of developments in

computing and engineering, and the EIB is proud to have been part of this since our first loan to CERN in 2002.

Now we are looking at an extension of the Investment Plan for Europe and the EU budget guarantee, which will extend EFSI's original target to 500 billion euros by 2020. After the first full year of activity, we are over half way towards delivering on the Plan's original target of 315 billion euros of mobilised investment by 2018. The Plan is working well. It is the right thing to do. And we should continue doing it as long as it is necessary to relaunch investment in Europe.

The Investment Plan for Europe projects carried out by the EIB have taken the Bank on an incredible adventure. The European Parliament and the Council showed vision and courage in seeking to use scarce public resources, EU budget money, to do more than give grants. Instead, they entrusted it to us, asked us to make loans, and crowd in private capital ensuring we put money to work in Europe. We are doing this in cooperation with the European Commission, with great success. But it is a long battle to counter the investment gaps our continent faces.

We must never forget that the budget guarantee of EFSI on its own is not enough. If we want to boost innovation, create jobs, and make Europe competitive worldwide, investments backed by the EFSI guarantee are necessary but not sufficient. They cannot do the job alone. The third pillar of the Investment Plan for Europe, regulatory reform, is also vital. According to companies we surveyed, the main barrier to planned investment is not the economic climate or business prospects in their sector. It is uncertainty and the political and regulatory climate.

We are so used to talking about the EU internal market that we end up thinking it is actually there, perfect and complete. Well – it isn't. The EU is still far from being a harmonious, coherent, barrier-free, investment-friendly place. Instead, investors struggle every day to navigate the diversity and lack of consistency of rules across borders.

The EIB Group is hard at work to catalyse private financing and attract, or crowd in, investors to support good projects. But 2017 must be the year when regulators and legislators, at national and EU level, come together to accelerate dramatically the pace of reform.

The EIB is contributing to the European debate around regulatory reform by providing research based on our experience with investment barriers to projects on the ground.

To be clear: this is not about deregulating, but about making regulation effective. Clear, simple, consistent regulation is a crucial enabler of investment and growth. Without this, I fear the other Investment Plan efforts may not be enough.

Of course, in 2017, regulatory reform is far from the only aspect of European integration that will be up for debate. Still I am optimistic. I think Europeans will make the important choices that confront them in this year wisely. The EIB Group is with them. We will continue to step forward whenever crisis hits. Our work in 2016 had a great impact in Greece, for example. In Cyprus, we have contributed strongly to the island's success with investment that is equivalent to 15 per cent of annual GDP. We are ready to support vital investment needed for a possible, much hoped for, unification of the country.

Because that is what we do. Each of our investments creates links between people, between businesses and economies. We make our continent more united, and there could be no more important role right now.

Thank you.