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The Bank promoting European objectives

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Reaching out to candidate and potential candidate countries

Record lending figures in the Accession Countries Croatia and Turkey. New heights of activity in the Western Balkans as well, including a first loan in Kosovo. The EIB is reaching out to candidates and potential candidates for accession to the EU.

Croatia

Bank financing in Croatia is focused on supporting projects that help the country to meet EU accession criteria. In 2007 the EIB lent EUR 330m in Croatia, which brings total lending in the country to EUR 1.3bn since 2001. The 2007 lending supported upgrading of the country's energy and transport infrastructure and indirect financing, via credit lines to financial intermediaries, of smaller projects carried out by SMEs and municipalities. The Bank provided EUR 190m for the second phase of the upgrading and expansion of the natural gas transmission system, involving some 930 km of new high-pressure gas pipelines. A EUR 100m loan for the construction of the infrastructure of the new ferry port for Zadar will create new opportunities for this historical city and at the same time improve its links with Croatia's islands as well as other countries in the Mediterranean area. In 2007 the Bank also provided an intermediated loan of EUR 40m in support of investment by SMEs and municipalities in Croatia.

Over the coming years the Bank intends to finance more railway projects in Croatia as well as expand its lending to municipalities and local authorities to improve infrastructure in the environmental and health and education sectors.

Turkey

The EIB plays an important role in Turkey's EU accession process, lending EUR 2.2bn in 2007, compared to EUR 1.8bn in 2006. As an Accession Country, Turkey will receive grant finance through a new Instrument for Pre-Accession Assistance for the period 2007-2013. The EIB complements these grant funds with loans made available under the External Lending Mandate and through its own Pre-Accession Facility, under which the Bank provides loans and guarantees at its own risk. The EIB cooperates closely with the European Commission and public Turkish bodies in defining priority investments in line with the national development plans and EU priorities.

In 2007, the EIB supported investment in both the public and private sector in Turkey. In the private sector, it financed the modernisation of Ford Otosan's factories in Kocaeli and Inönü, and the modernisation and capacity improvements at the Sisecam glass manufacturing plant in the province of Bursa. The Bank also stepped up its lending to small and medium-sized enterprises, which reached EUR 900m.

Efficient infrastructure is a prerequisite for further growth and the development of the country. In that spirit, a large share of the 2007 lending went to municipal transport infrastructure in Antalya and Izmir, the Istanbul-Ankara high-speed railway and the Turkish Airline fleet renewal.

The Bank has also invested in RDI. Turkey's progress in this area will be important for its competitive position in the European Union. A EUR 400m EIB loan went to Tübitak, the Scientific and Technological Research Council of Turkey, for a range of investments including academic research programmes, laboratories and scientific equipment.

Turkey is by far the largest recipient country of EIB financing outside the European Union, with a total lending volume of EUR 6.2bn for the 2003-2007 period. The upcoming opening of local offices in Ankara and Istanbul testify to the importance the EIB attaches to its activity in this country.

Western Balkans

The countries of the Western Balkans are considered potential candidate countries. EIB lending in Albania, Bosnia and Herzegovina, FYR of Macedonia, Montenegro and Serbia will help with their eventual integration into the European Union. More generally, European Union and EIB support helps to foster political and economic reform and encourages social reconciliation in the region. In 2007, EIB lending in the region reached a record EUR 443m, bringing the total lending since 1995 to some EUR 2.5bn.

More than two thirds of the lending supported the development of transport and energy infrastructure. In Bosnia-Herzegovina, EUR 103m went to the rehabilitation of hydropower plants and electric power distribution systems. The investment will result in better energy efficiency and increased quality and reliability of power supplies in the country. A loan of EUR 60m went to the construction of a motorway bypass for the Serbian capital Belgrade. The project will help to increase transport safety and capacity in Serbia, which is on the crossroads of the crucial trans-European corridors in the Western Balkans. Another loan in Serbia went to the rehabilitation of Belgrade's Gazela Bridge. The project was co-financed with the European Bank for Reconstruction and Development and the European Agency for Reconstruction. Other transport projects included a road rehabilitation programme in Bosnia-Herzegovina and the construction of an expressway between Levan and Vlorë in Albania.

The Bank lent EUR 120m to small and medium-sized enterprises in the region via credit lines to local intermediaries. One of these SME credit lines was made available in Kosovo and was the first loan in this part of the Western Balkans. In addition, the EIB invested EUR 25m in the European Fund for South-East Europe (EFSE), which will on-lend the funds via intermediary financial institutions to micro and small enterprises. The majority of EFSE's investments will be in the Western Balkan countries and the rest in Bulgaria, Romania and Moldova, and possibly other countries of South-East Europe.

For further information on the EIB, visit its website www.eib.org.

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