

Supporting EU Space Policy

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As you have already heard, the exploration and exploitation of space offers considerable opportunities for European citizens, opportunities which the Union must be determined to take. It also however raises challenges. Challenges of a technological nature, challenges in the area of governance about which we will hear in the next session and challenges with respect to financing, to name but three. You will not be surprised that it is on the latter, the question of providing the financing that I would like to say a few words.

Whilst the debate continues and is likely to do so for sometime on the nature and timing of an economic recovery in Europe, there can be no denying that access to finance remains constrained. Even if some segments of the capital markets, such as the bond market for big corporates, have recovered in 2009, public and private sector financing continue to suffer inter alia from fiscal constraints, bank balance sheet rebuilding and increased credit risk. Consequently, all economic agents are not only finding it harder to raise financing but they have to accept terms and conditions considerably less favourable than some 18 months ago. This is particularly true in two areas, both of which are pertinent to the European space related industry, that of the provision of long-term financing for capital investment and support for small and medium sized enterprises.

The European Investment Bank tries to play its role to mitigate these effects. In 2009, we expect our lending to increase by some 30% to EUR 70bn. We have further strengthened our capital to provide additional risk taking capacity. We have developed a number of new products and instruments to respond to the needs of our borrowers.

Over time, we have shifted our focus towards more lending to the private sector with a special emphasis on SMEs and Mid-caps. We have created a European Expertise Center for PPPs (EPEC), to help public authorities to develop efficient public-private partnerships. We have sought to blend conventional financing products with other more innovative instruments that allow a higher level of risk. In doing so we have also worked closely with the European Commission, be it at the level of the European Investment Bank itself or of its subsidiary the European Investment Fund, which has developed a particular expertise within the EIB Group in the provision of risk capital for SMEs. Allow me to give two concrete examples.

In the context of the 7th Framework Programme, the EIB and the European Commission jointly launched the Risk Sharing Finance Facility (RSFF) for research. RSFF is today one of the key financing tools supporting R&D and Innovation in Europe. By combining capital resources of 1 bn from the EU budget and 1 bn from EIB own resources, it is expected that the EIB will lend at least EUR 10 bn in the period to 2013 for higher risk investments in research, development and innovation, investments which we would not be able to finance through our traditional instruments.

To-date some EUR 2.5 bn has been signed under RSFF. To give you a concrete and relevant example, EIB signed a Finance Contract in June this year with a company called Inmasat for the financing of a new satellite (Alphasat) based on the Alphabus platform, the new European platform for next generation, high power communication satellites. The project is supported by the European Space Agency (ESA) well represented in this room and also by the Centre National d'Etudes Spatiales (CNES). This project will improve coverage of the European population for communication services and help satisfy future demand in data and broadband transmission. By the way, I think that the development of services based on the most advanced communication technologies is an essential element for the success of Galileo.

The second example, at the other end of the scale, is a small company called Septentiro from Belgium. Septentiro is an SME spin-off from the Interuniversity Micro-Electronics Center (MEC), an independent research institute founded by the University of Leuven, and which has been financed for 300 m by the EIB¹. It also received seed capital from a fund financed by our subsidiary, the European Investment Fund. The company produces Global Navigation Satellite Systems receivers for the Galileo project, a project which the EIB has followed for a number of years, and develops various services for end-customers. Having grown steadily in recent years, Septentiro is now of the size that it could benefit from funding under one of the new EIB's Loans for SMEs – these are dedicated credit lines provided to financial intermediaries for the financing of SMEs and which now allow for the financing of both tangible and intangible investments (like R&D program or acquisition of licences) - and is expected to have sufficient debt capacity in the next few years for a direct operation from the EIB.

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Ladies and Gentlemen, I hope that these two examples serve to demonstrate the Bank's commitment to support the space and space related industry, particularly at a time when funding is more scarce and borrowing conditions more demanding in traditional markets.

EU Member States and European institutions such as the EIB must give a high priority to research, development and innovation if Europe as a whole is to fulfil its true potential in the 21st Century. We must also fully exploit cross border opportunities to share experiences, combine the various resources at our disposal and work together to advance in unison to build a truly innovative Europe. The European Investment Bank stands ready to rise to this challenge and to ensure that by combining public and private funds with technical expertise, innovative companies have the necessary financial products to meet their needs.

¹ EIB financing (intermediated through Fortis Bank) for the construction of its 300mm wafer plant