

Dr Werner Hoyer
President

Mr Christoph Leitl
President
EUROCHAMBRES
Chamber House, Avenue des Arts, 19 A/D
1000 Brussels
Belgium

Luxembourg, 29 June 2020

Dear President, *Lieber Herr Leitl,*

It is with great interest that I read the letter you kindly addressed to me. I thank you for the appreciation you expressed towards our work. Extraordinary times call for extraordinary measures. As the European Union (EU) Bank, the European Investment Bank (EIB) Group will continue playing its role and contribute to mitigate the socio-economic effects of the Corona crisis. Both the EIB and the European Investment Fund (EIF), the latter being premier risk financing provider to SMEs in Europe, are proactively deploying their resources to shoulder the unparalleled shock that our economies are going through.

It is of the essence to ensure that as many business as possible survive this crisis and help rebuild the economy. This is especially true for SMEs and mid-caps, which remain the backbone of our economy. Therefore, I very much agree that there is a need for support to SMEs through financial intermediaries and liquidity providers in order to avoid temporary liquidity problems morphing into long-term solvency problems. Business continuity matters.

Early in the crisis, the EIB Group has set a target of mobilising at short notice up to EUR 28 billion of financing to the impacted SME's and mid-caps, through various products in a joint effort with the European Commission, commercial banks, National Promotional Banks and public sector intermediaries. The objective is to provide bridging loans, credit holidays and other measures designed to alleviate liquidity and working capital constraints for SMEs and mid-caps.



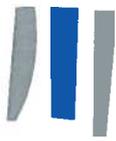
The EIB Group has already approved financing for EUR 10.6 billion as part of our COVID-19 crisis response to help struggling companies. This has benefitted companies across Europe and is expected to mobilise around EUR 34 billion of investment.

As you rightly pointed out in your letter, a part of this early response package is a EUR 1 billion guarantee tranche from the EFSI under the COSME Loan Guarantee Facility and the InnovFin SME Guarantee under Horizon 2020 to allow the EIF to mobilise up to EUR 8 billion of SME financing. We have noted a very strong response from existing and new financial intermediaries across the EU, that partner with the EIF, with demand exceeding available guarantee after just a few weeks. Furthermore, let me assure you that we pay special attention to segments with more vulnerabilities, such as micro-enterprises and innovative start-ups. For this purpose, we are working together with the European Commission to adapt the features of several EU programmes.

Yet, whereas initially addressing the liquidity needs of SMEs and mid-caps emerged as the most impactful measure, it was not sufficient to safeguard the European economy. That is why the EIB Group proposed the setting-up of a EUR 25 billion European Guarantee Fund that will allow us to mobilise up to EUR 200 billion for the European economy to deal with the impacts of COVID-19, on top of the emergency measures. Following the adoption of this new scheme, we are now engaged with national administrations to proceed with the signature of the contribution agreement to this Fund. The process is very close to be finalised in a number of Member States. We count on a rapid completion of this process.

You may be pleased to hear that, in the meantime, the Services of the EIB Group are working on building a deal pipeline across all Member States so that we can originate these as quickly as possible. In doing so, we work closely with national authorities to identify the most pressing needs in each Member State and region.

More will have to be done to lift Europe out of the crisis. We welcome the ambitious proposals for the next multiannual financial framework (MFF) and the European Recovery Instrument made by the European Commission. They are a strong signal that Europe must stand together with a sound, accelerated and innovative financial support package that will complement national efforts and existing tools and resources. This should be an opportunity to put the EU economy back on track for a green, digital and more inclusive transformation process, to sow the seeds for a stronger European economy based on the European Green Deal.



We welcome the cornerstone role that the EIB Group is expected to play within the European Recovery Initiative. It is a recognition of the crucial role of the EIB Group in support of EU policy and our contributions to implement EU-level financial instruments.

The various proposals, including the scaling-up of the InvestEU programme and the idea of a Solvency Fund are of great importance and we aim to contribute to their success. We need and want to work together with the European Commission and the co-legislators to make the proposals workable and to maximise the impact of EU policy intervention.

At the same time, we also start looking at the strategic areas that will require additional investment effort to make our European and global eco-system more resilient. The views of Eurochambres will be mostly welcome in this regard. The colleagues of our Brussels Office remain naturally available should you wish to exchange ideas on both the tackling of this unprecedented crisis and the way forward.

Yours sincerely,