

The role of EIB in Cruise Tourism and Cruise Ship Infrastructure

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“Pan-European dialogue between cruise operators, ports and coastal tourism stakeholders”

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Outline of presentation

- Intro to the European Investment Bank, the EU's long-term lending institution: Who we are and how we operate
- Our mandate for tourism and tourism infrastructure
- Cruising and sustainability
- New developments: the ambitious Investment Plan for Europe. Relevance for the sector?



- Natural financing partner for the EU institutions since 1958
- More than 90% of lending is within the EU
- Shareholders: 28 EU Member States

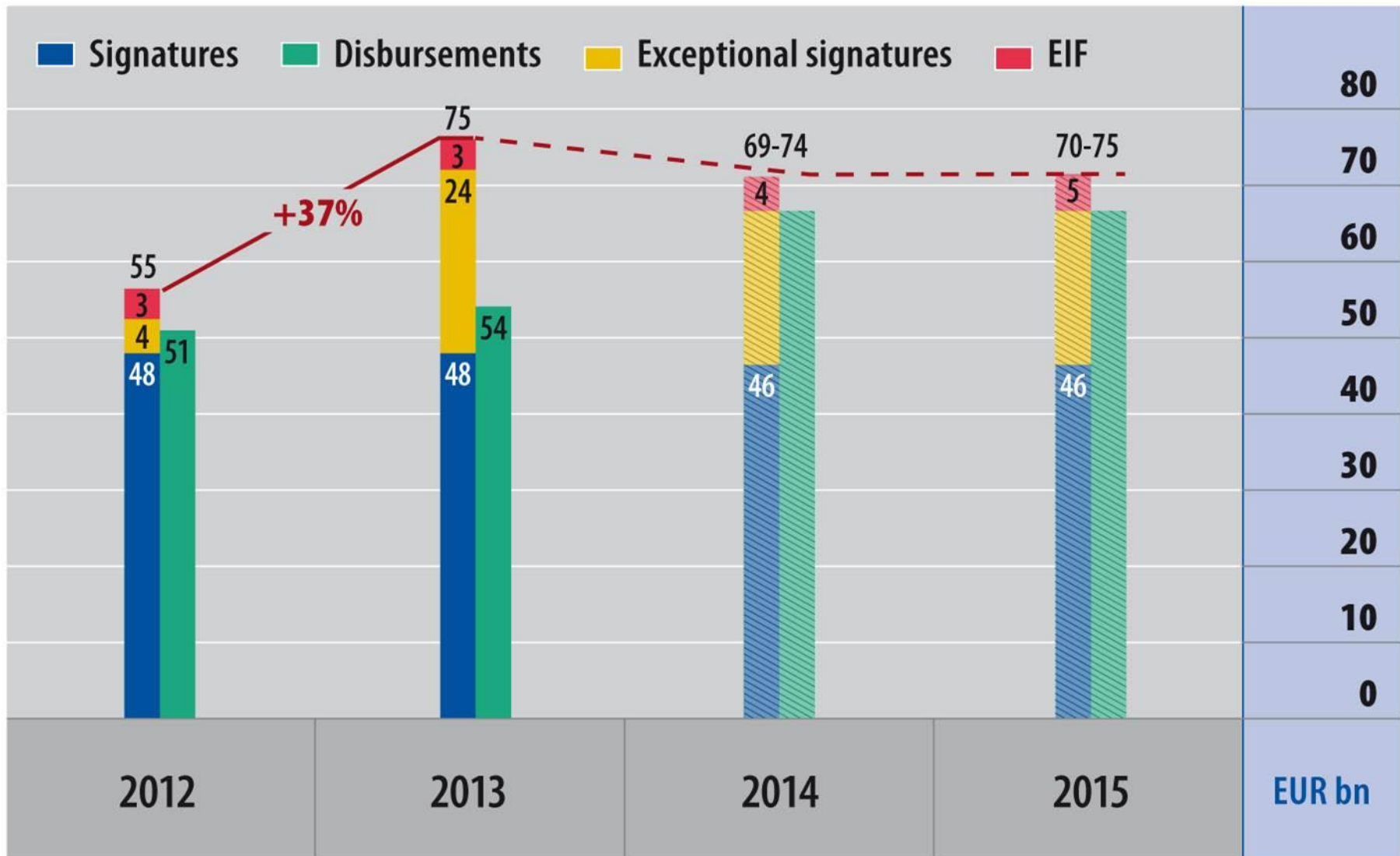
Investing in Europe's growth

- Largest multilateral lender and borrower in the world
 - Raise our funds on the international capital markets
 - Pass on favourable borrowing conditions to clients
- Some 440 projects each year in over 160 countries
- Headquartered in Luxembourg and 28 local offices
- Around 2 100 staff:
 - Not only finance professionals, but also engineers, sector economists and socio-environmental experts
 - More than 50 years of experience in financing projects

We help catalyse investment

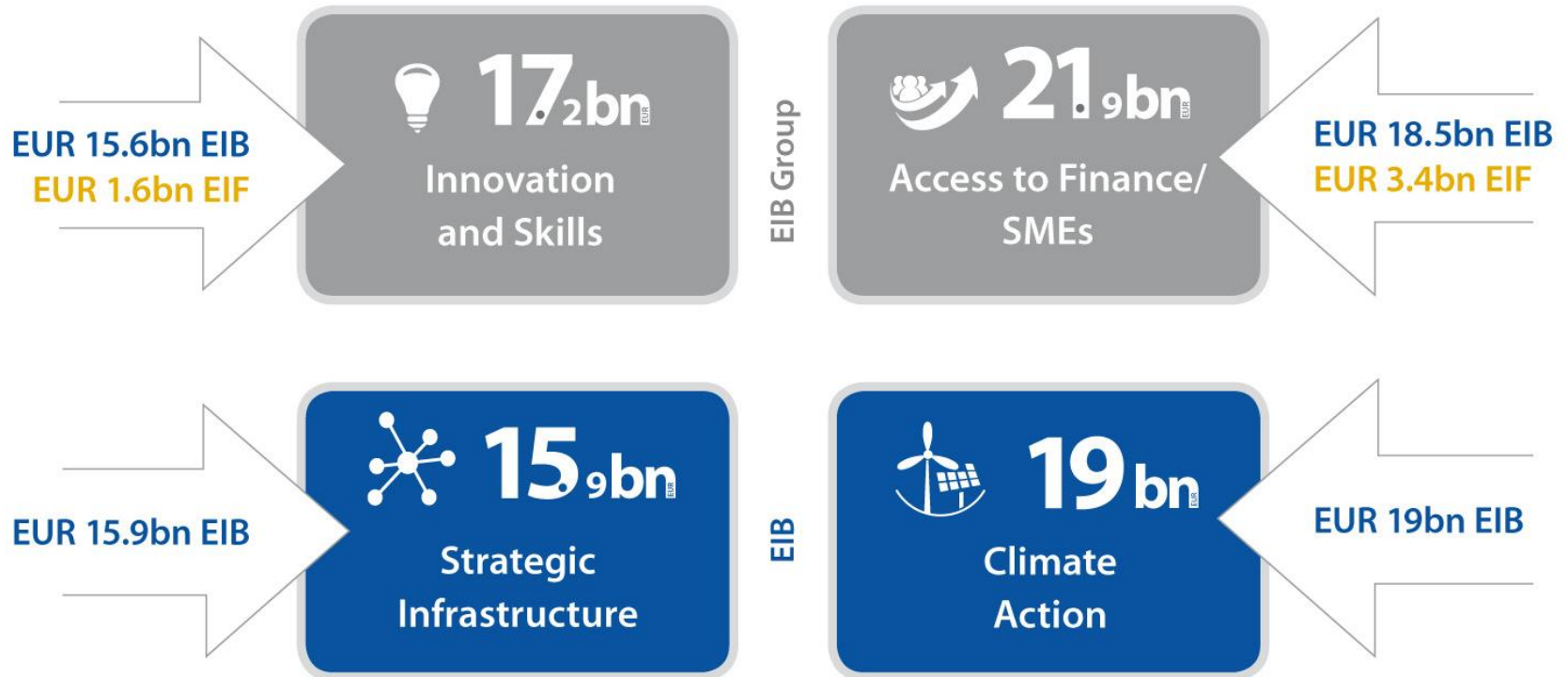
LENDING	BLENDING	ADVISING
<p>Loans</p> <p>But also:</p> <p>Guarantees (trade financing)</p> <p>Equity participation</p>	<p>Combining EIB finance with EU budget (Project Bond Initiative)</p> <p>Higher risk projects for innovation (RSFF)</p>	<p>Prepare & implement projects (JASPERS)</p> <p>Support for public / private partnerships (EPEC)</p>
<p>Attracting FUNDING for long-term growth</p>		

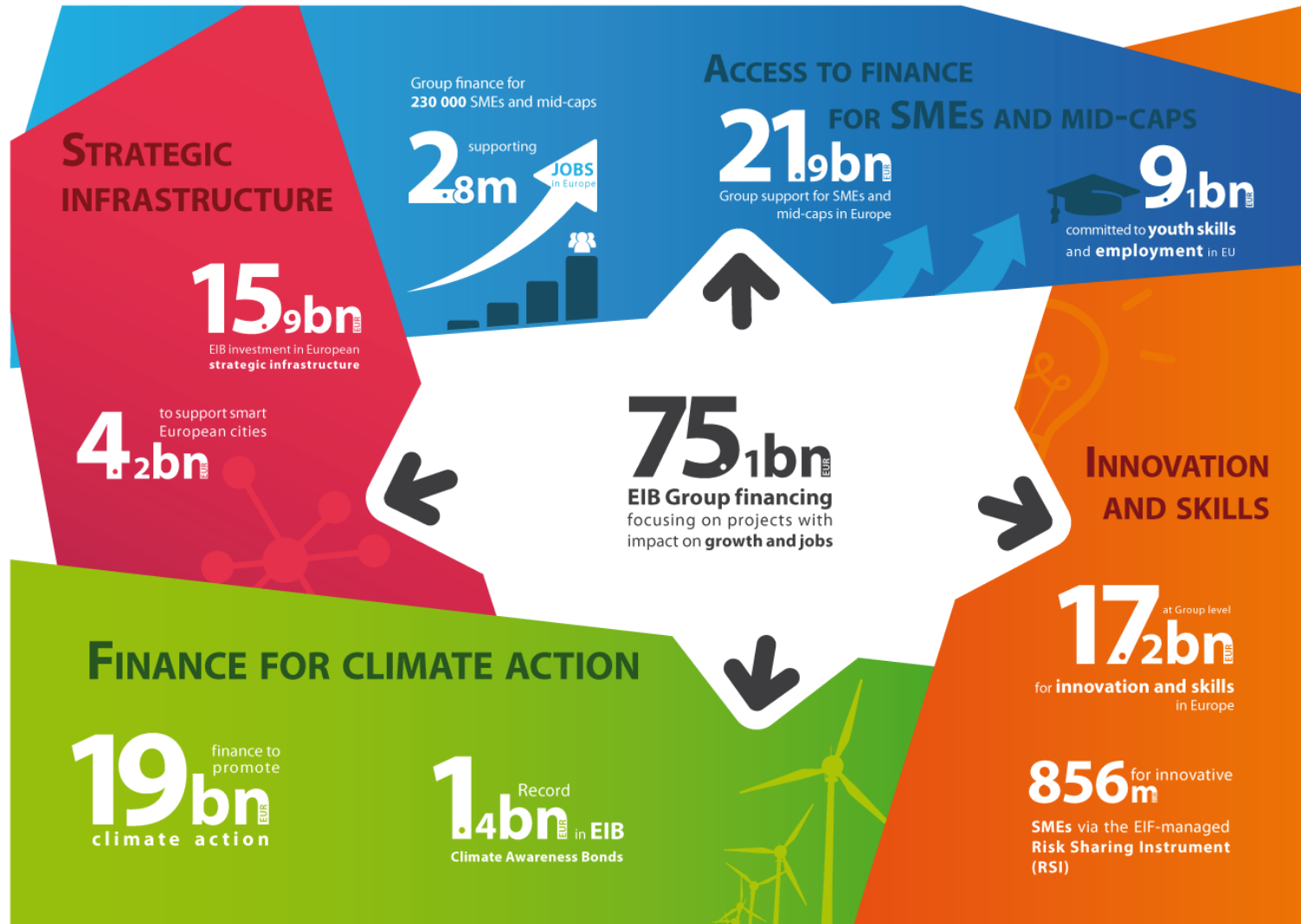
A strong response to the crisis



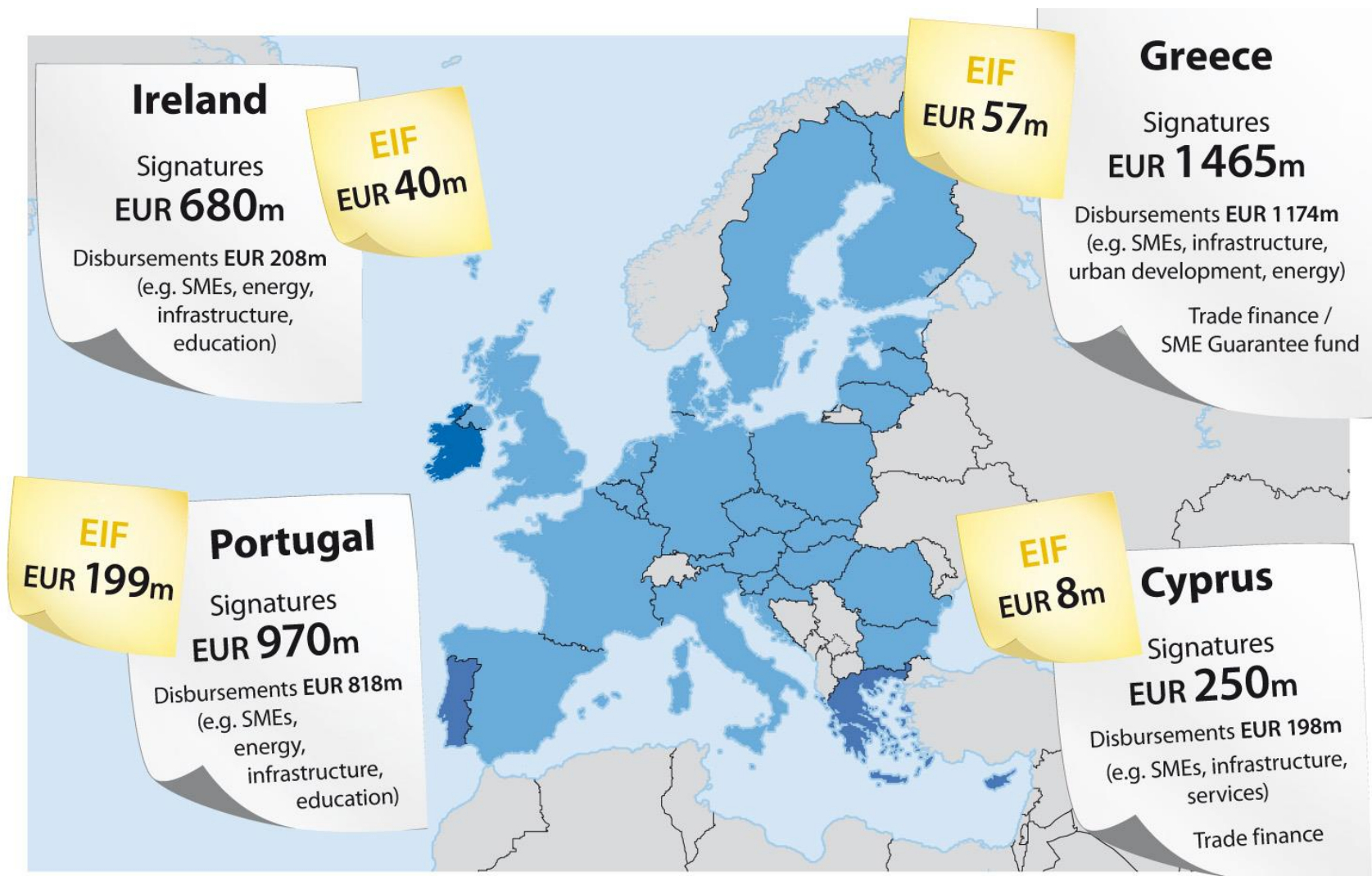
Growth and jobs: four key priorities

We work to promote sustainable growth and job creation in Europe and beyond





Recovery-focused investment 2013



Other examples of EIB support to sea basin strategies: EIB in the Baltic Sea Region

The EIB supports the Baltic Sea Region's long tradition of cross-border cooperation by financing long-term projects involving transport, energy, the environment, research, development and innovation (RDI), climate action and SMEs.



Öresund bridge, Denmark - Sweden





EIB: Stimulating and facilitating private sector involvement

- ❖ EIB financing is attractive to the private sector due to e.g. grace periods and long loan tenor
- ❖ Need to understand diversity of financing needs: venture capital, microfinance, grants, loan finance, guarantees
- ❖ Revolving funds: a valuable tool
- ❖ Potential for greater use of public-private partnerships.

EIB and Cruise Tourism – Background

- ❖ What we do and why we do it:
 - ❖ Policy driven institution, with policy objectives and priorities – we don't finance just anything just anywhere, e.g.:
 - ❖ Cohesion – support in poorer regions
 - ❖ Growth and Employment
 - ❖ Environmental protection



EIB and Cruise Tourism – What We Have Done

- ❖ General port infrastructure - not cruise-ship specific.
 - ❖ Cruise ships are not transport – port investments would need to be in cohesion regions – but that covers most of the European Mediterranean and Baltic coasts.
- ❖ Cruise ships - because of the economic benefits they bring to the cohesion regions they visit
 - ❖ Have to be able to measure the benefits for each port visited – can be difficult if cruising only part of the year or if Mediterranean and Baltic itineraries spend a lot of time outside the EU (North Africa)
- ❖ Local providers of goods and services – often SMEs
 - ❖ Restaurants, tour companies, local sites, taxis, car hire, hotels, street vendors, fresh food suppliers, etc., etc.



EIB and Cruise Tourism – Congestion Issues 1

- ❖ Demand for tourism services in Europe continues to grow – although the originating countries may change.
- ❖ Cruise demand in particular is growing – UK used to be the mainstay, but now rapid growth from Germany, France, Spain and others
- ❖ Itineraries and number of ships all increasing – mainly in the Mediterranean, but the Baltic/Northern European market developing well.
- ❖ But – most activity is focused into the summer months.



EIB and Cruise Tourism – Congestion Issues 2

- ❖ Port congestion is an issue – but the port is only one component of the cruise experience. Building capacity may only transfer congestion.
- ❖ Hotspots, e.g. Dubrovnik, may not be able to cope with greater numbers.
- ❖ Excursion destinations may not be able to cope with greater numbers.
- ❖ Uplift capacity at local airports may not be sufficient, accommodation at local hotels may not be adequate, local infrastructure may not be able to cope without additional investment. –etc., etc.



EIB and Cruise Tourism – Tackling Congestion

- ❖ For environmental, economic and financial reasons, building capacity should be the last resort
- ❖ Strange for a bank to say “investment is the last resort”
- ❖ Option 1 – Optimise itinerary patterns – Lines and Ports could interact more regularly to maximise port utilisation – on an annual basis, not just on the traditional “season”.
- ❖ Option 2 – Extend the traditional “season”. Obvious implications for other seasons in other regions – but traditional patterns are changing anyway.
- ❖ Option 3 – Encourage Lines to go upmarket - increasing margins, rather than numbers. Passenger numbers are macho – but it’s profits that pay the dividends.



Congestion and the Juncker Investment Plan for Europe - Can it help?

4 Action Plan priorities:

- Entrepreneurship and innovation
- Marine and coastal environment
- Accessibility and connectivity
- Social inclusivity and sustainability

5 Juncker Plan sectors:

- Knowledge, innovation and digital economy
- Resources and environment
- Transport
- Energy union
- Social infrastructure

...With higher risk profile than EIB's traditional portfolio



Potential project examples

- ❖ France oceanograph monitoring system (coastal defence, maritime safety, marine renewables)
- ❖ France port development: Dunkirk, Calais, Le Havre container, bulk and LNG developments
- ❖ Irish digital ocean observation and prediction (R&D and capacity development)
- ❖ EU Vessels for the Future: innovations in improved vessel safety, emissions and efficiency



Potential project examples 2

- ❖ Portugal Forum for Research Infrastructures: 40 R&D infrastructure projects supported to 2018
- ❖ Portugal VTS, port and rail development: Vessel traffic services, 7 ports, coastal and inland rail
- ❖ UK Swansea Bay Tidal Lagoon: Proof of concept for up to 240MW generation capacity
- ❖ UK flood and coastal protection: capital investment pipeline developed
- ❖ EU Vessels for the Future: innovations in improved vessel safety, emissions and efficiency



Investment Plan for Europe: conclusions

- ❖ Projects require full appraisal, as other projects financed by EIB
- ❖ EUR 15-20 bn / y, on top of existing pipeline of approx. EUR 75 bn / y
- ❖ Greater ability to handle *riskiness*
- ❖ Increasing importance of loans and guarantees to leverage private sector investment
- ❖ Continued importance of EU structural and other funds
- ❖ Key role of member state authorities, as well as private sector and SME stakeholders



Conclusions

- ❖ EIB already a leading infrastructure lender
- ❖ Already a leading provider of funds to SME which support the sector
- ❖ Juncker plan might incorporate direct and indirect support to the sector – and the EIB would be a natural partner.

Thank you!