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THE COMMISSION'S ANNUAL REPORT
TO THE COUNCIL AND TO THE EUROPEAN PARLIAMENT
ON THE BORROWING AND LENDING ACTIVITIES
OF THE COMMUNITY IN 1994

and

THE COMMISSION'S REPORT
TO THE COUNCIL AND TO THE EUROPEAN PARLIAMENT
ON THE RATE OF UTILIZATION
OF THE NEW COMMUNITY INSTRUMENT (NCI)
(half-year from 1 July 1994 to 31 December 1994)

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REPORTS ON THE BORROWING AND LENDING ACTIVITIES OF THE COMMUNITY

INTRODUCTION

A. Annual report

This report is drawn up each year in accordance with the Council Decisions establishing lending instruments for Euratom research and finance¹ and for the New Community Instrument (NCI).² In addition, Parliament, in its Resolution on improving political monitoring of the Community's borrowing and lending activities,³ called for the activities of the ECSC and the EIB to be included.

The Community's financial activities in 1994 were marked by the growth and diversification that has characterized them in the last few years. In particular, lending operations in third countries have increased considerably and, in this respect, the Council adopted in October 1994⁴ a Regulation establishing a Guarantee Fund for external actions that would provide a new warning and disciplinary mechanism to deal with the risk of default covered by the budget outside the Community. Furthermore, at the request of the Council,⁵ the Commission in collaboration with the EIB, has prepared a report concerning the advisability of restricting the scope of the guarantee from the Community budget for EIB external loans. This report will be presented to the Council and to Parliament in the course of 1995.

The financing under the Edinburgh lending facility of capital infrastructure projects in the fields of communications, energy and environment was concluded in 1994. With reference to the trans-European networks (TEN), the European Council in Essen adopted a list of 14 priority transport projects and 10 energy projects and, at the same time, invited the EIB to reinforce its financing assistance.

1 Article 4 of Decision 77/270/Euratom (OJ No L 88 of 6 April 1977).

2 Article 6 of Decision 78/870/EEC (OJ No L 298 of 25 October 1978);
Article 6 of Decision 82/169/EEC (OJ No L 78 of 24 March 1982);
Article 7 of Decision 83/200/EEC (OJ No L 112 of 28 April 1983);
Article 9 of Decision 87/182/EEC (OJ No L 71 of 14 March 1987);
Article 7 of Decision 81/19/EEC (OJ No L 37 of 10 February 1981);
Article 7 of Decision 81/1013/EEC (OJ No L 367 of 23 December 1981).

3 Doc. PE/67134 of 5 March 1981 (OJ No C 287 of 9 November 1981).

4 Council Regulation (EC, Euratom) No 2728/94 (OJ No L 293 of 12 November 1994).

5 Declaration annexed to the Council Decision 93/696/EC (OJ No L 321 of 23 December 1993).

In June 1994 the European Investment Fund (EIF), an initiative adopted by the Edinburgh European Council, became operational. This institution grants guarantees for large infrastructure projects, notably in connection with the trans-European networks and for investment in small and medium-sized firms.

The development and diversification of the Community's financial instruments have led the Council and Parliament to ask the Commission to provide the fullest information possible on the new activities.

The present annual report, covering 1994, is the Commission's fifteenth and is intended to meet the need to provide regular information.

B. Half-yearly report

With a view to ensuring that borrowings designed to promote investment within the Community are continuously monitored, the 1983 and 1987 Decisions concerning the NCI also provide for the Commission to inform Parliament and the Council every six months about the rate of utilization of the NCI borrowing tranches. Part B of this document therefore provides an account of NCI activities over the period from 1 July to 31 December 1994.

**A. THE COMMISSION'S ANNUAL REPORT
TO THE COUNCIL AND TO THE EUROPEAN PARLIAMENT ON THE
BORROWING AND LENDING ACTIVITIES OF THE COMMUNITY IN 1994**

1. COMMUNITY BORROWING

- 1.1 In order to attain its internal objectives, the Community is empowered to borrow funds on the capital market. These borrowings are intended to finance loans for Member States in balance-of-payments difficulties (ceiling of ECU 14 billion), for research and financing in connection with nuclear power stations (current Euratom ceiling of ECU 4 billion), for encouraging investment in the Community under the NCI (current ceiling of ECU 6.8 billion) and, under the ECSC Treaty, for promoting productive capacity or conversion projects in the coal and steel industries.

On the basis of the agreements concluded with non-Community countries, the Commission is empowered to borrow to finance programmes of financial assistance for the countries of Central and Eastern Europe, for the African, Caribbean and Pacific (ACP) countries and for measures adopted pursuant to the Mediterranean protocols.

However, the bulk of the borrowing is undertaken by the European Investment Bank (EIB) for loans for investment projects in the European Union meeting the objectives assigned to the Bank by the Treaties and for the projects undertaken outside the Community in support of development cooperation policy.

- 1.2 The volume of borrowing in the market by the Community institutions in 1994 totalled ECU 15.2 billion in 1994, a fall of 24.6% over the previous year (Table 1). The decline in Community borrowing was primarily the result of the large decrease in balance-of-payments loan financing and, to a much lesser extent, in ECSC loans. The Community's share of borrowing in the OECD area also declined in 1994. Taking account of redemptions and cancellations, the amount of borrowing outstanding at 31 December 1994 was ECU 100.2 billion compared with ECU 94.4 billion in 1993 (see Table 2 in Annex).

Borrowing by the EIB in 1994 amounted to ECU 14.1 billion, slightly less than in 1993 (see Table 1 in Annex). After a five-year period of inactivity in the financial markets, Euratom borrowings in 1994 were ECU 49m. EC borrowing for balance-of-payment support loans totalled ECU 245m, a significant decline compared with 1993, while NCI borrowing stood at ECU 70m.

The breakdown of Community borrowing by currency of borrowing (see Table 3 in Annex), shows a sharp decrease in the use of ECU compared with 1993. This decrease was offset in part by the increase in certain issues denominated in national currencies. On the international capital market (OECD area), offerings in the ECU

sector amounted to ECU 6.4 billion in 1994, a modest increase compared with 1993 (Table 1).

The bulk of Community borrowing in 1994 was contracted at fixed rates, although the proportion of variable-rate operations rose sharply compared to 1993.

Table 1								
Issues on the international market								
	(ECU billion)							
	1987	1988	1989	1990	1991	1992	1993	1994
1. Community	94	96	105	125	169	157	201	152
<i>of which:</i>								
1.1 ECSC	1.5	0.9	0.9	1.1	1.4	1.5	0.9	0.6
1.2 EC (a)	1.5	0.9	0.5	0.4	1.7	1.2	5.0	0.3
1.3 Euratom	0.9	0.1	—	—	—	—	—	0.1
1.4 EIB	5.6	7.7	9.0	11.0	13.7	13.0	14.2	14.2
2. OECD countries (b)	115.8	151.2	193.1	141.5	208.3	212.7	337.0	309.7
3. Community share (1 as % of 2)	8.1	6.3	5.4	8.8	8.1	7.4	6.0	4.9
4. International issues by selected currencies								
4.1 US \$ (b)	50.7	63.0	106.6	55.0	65.9	79.5	126.1	125.6
4.2 YEN (b)	19.7	13.4	14.2	17.9	29.1	26.0	37.9	56.6
4.3 ECU	6.5	9.5	11.4	14.1	26.0	17.1	6.1	6.4
4.4 US\$ as % of 2	43.8	41.7	55.2	38.9	31.6	37.4	37.4	40.6
4.5 Yen as % of 2	17.0	8.9	7.4	12.7	14.0	12.2	11.2	18.3
4.6 ECU as % of 2	5.6	6.3	5.9	10.0	12.5	8.0	1.8	2.1
(a) NCI + balance of payments.								
(b) Calculations based on the yearly average exchange rate of the ecu.								
Source: EC and OECD.								

2. LENDING WITHIN THE COMMUNITY

2.1 Economic activity in the Community recovered in 1994, with Community GDP estimated to have expanded by 2.7%. The recovery has been led by the strong export performance of the European economies and by a pick-up in investment. Investment in the Community, as measured by gross fixed capital formation (GFCF), rose by 2.4%. Unemployment, however, remained unacceptably high in spite of the economic recovery. In this respect the European Council, meeting in Corfu and Essen in 1994, affirmed that the unemployment problem required structural reforms and urged the Member States to follow and develop the strategy set out in the Commission's White Paper on growth, competitiveness and employment.

2.2 **EIB activity in support of the Community's internal objectives** in 1994 remained unchanged. In 1994 loans signed for projects in the Community totalled ECU 17.7 billion, the same as in 1993. Projects were financed in every Member State as well as in the three new Member States. There was an increase in activity in the United Kingdom, Germany (especially in the eastern Länder), France and, to a lesser extent, in Greece and the Benelux countries (Table 2).

	1987		1992		1993		1994	
	ECU million	%	ECU million	%	ECU million	%	ECU million	%
<i>Belgium</i>	37.1	0.5	396.6	2.3	371.6	1.9	615.3	3.1
<i>Denmark</i>	315.3	4.0	690.8	4.1	875.5	4.5	849.7	4.3
<i>Germany</i>	276.5	3.5	1,663.9	9.8	2,096.6	10.7	2,407.9	12.1
<i>Greece</i>	164.8	2.1	377.5	2.2	511.1	2.6	534.7	2.7
<i>Spain</i>	707.4	9.0	3,020.6	17.7	4,005.1	20.4	3,011.5	15.1
<i>France</i>	1,006.5	12.8	1,895.1	11.1	2,205.5	11.2	2,477.4	12.4
<i>Ireland</i>	178.6	2.3	303.5	1.8	388.2	2.0	291.1	1.5
<i>Italy</i>	3,112.2	39.7	3,796.9	22.3	3,362.0	17.1	3,099.5	15.6
<i>Luxembourg</i>	1.6	0.0	42.8	0.3	-	-	5.1	0.0
<i>Netherlands</i>	18.0	0.2	154.4	0.9	379.7	1.9	399.5	2.0
<i>Portugal</i>	389.9	5.0	1,230.4	7.3	1,488.8	7.6	1,109.7	5.6
<i>United Kingdom</i>	1,133.7	14.5	2,407.2	14.1	1,929.1	9.8	2,454.7	12.3
<i>Austria</i>	-	-	-	-	-	-	89.5	0.4
<i>Finland</i>	-	-	-	-	-	-	60.2	0.3
<i>Sweden</i>	-	-	-	-	-	-	15.3	0.1
<i>Other (Article 18)</i>	108.7	1.4	159.7	0.9	111.0	0.6	260.8	1.3
Community total	7,450.3	95.0	16,139.7	94.8	17,724.2	90.4	17,681.9	88.7
<i>ACP-OCT</i>	349.4	4.5	252.0	1.4	225.7	1.2	461.6	2.3
<i>Mediterranean</i>	42.8	0.5	320.8	1.9	680.5	3.5	607.0	3.0
<i>CEEC</i>	-	-	320.0	1.9	882.0	4.5	957.0	4.8
<i>Latin America, Asia</i>	-	-	-	-	99.0	0.5	220.0	1.1
Non-Community total	392.2	5.0	892.8	5.2	1,887.2	9.6	2,245.6	11.3
TOTAL LOANS SIGNED	7,842.5	100	17,032.5	100	19,611.4	100	19,927.5	100

In 1994 the EIB concluded the financing of capital infrastructure projects under the **Edinburgh lending facility**, amounting to ECU 7 billion for 140 projects in the fields of transport, communications, energy and the environment. It has also implemented a system of subsidized loans linked to the creation of jobs for small and medium-sized enterprises. To this end, a first instalment of global loans for a total of ECU 650m has been committed.

The EIB has continued its activity in favour of **regional development** by providing finance totalling over ECU 12 billion (72% of total financing in Member States).

The investments financed are concentrated in the less-favoured regions, the "cohesion" countries and in Germany's eastern regions (see Table 5 in Annex).

The EIB has continued its support for **infrastructure networks**, agreeing to more than ECU 7.2 billion for investments in transport, telecommunications, and electricity- and gas-transmission networks. Given their special characteristics, preparation of the high-priority trans-European network projects has resulted in the establishment of a "special desk" at the EIB allowing a flexible approach in handling their financing.

Likewise, the EIB has provided financial assistance for projects designed to protect the **environment** and to improve urban living conditions (ECU 4.9 billion). In addition, more than ECU 3.5 billion have been directed towards better utilization and diversification of energy resources.

Lastly, despite the difficult economic context, the EIB has endeavoured to sustain projects in the **industry and service** sectors, in particular those carried out by small and medium-sized enterprises (ECU 3.6 billion).

- 2.3 Politically, it should be noted that, following the Communication to the Council of 20 October 1993 regarding the future of the ECSC Treaty, the Commission decided on 28 June 1994 to redefine the conditions of ECSC borrowing and lending policy.

ECSC lending (including bridging loans) totalled ECU 673.4m in 1994, a decrease of 26.7% on 1993 (Table 3).

The decrease in the volume of lending is basically due to the economic recession in the Member States. The strong contraction of productive investments resulted in a reduction in the number of conversion loans (Article 56).

ECSC loans in 1994		(ECU '000)		
	Article 54	Article 56	Housing	Total
Italy	18,961.8	8,925.2	1,367.2	29,254.2
France	-	13,958.8	506.4	14,465.2
Greece	-	-	30.8	30.8
Portugal	-	-	44.9	44.9
Netherlands	-	-	-	-
Germany	60,278.1	77,149.2	5,970.3	143,397.6
United Kingdom	245,942.1	87,726.3	115.6	333,784.1
Spain	25,408.8	4,627.6	415.3	30,451.7
Belgium	23,237.2	16,377.3	225.4	39,839.8
Luxembourg	-	-	-	-
Ireland	-	-	50.3	50.3
Denmark	82,111.2	-	-	82,111.2
Total	455,939.2	208,764.4	8,726.2	673,429.8

2.4 As regards NCI activities, it should be noted that no new operations have been undertaken since 1991 (Table 4).

NCI loans at 31 December 1994		(ECU million)					
Financial agreements	NCI I	Reconstr. ITALY	Reconstr. GREECE	NCI II	NCI III	NCI IV	TOTAL
Global loans (*)	-	-	-	406.8	2,138.0	682.6	3,227.4
Productive sector (**)	5.4	-	-	10.6	-	-	15.9
Infrastructure	538.5	598.7	80.0	279.4	465.3	-	1,961.9
Energy	446.7	-	-	300.8	258.3	-	1,005.8
Total contracts signed, net (**)	990.5	598.7	80.0	997.5	2,861.6	682.6	6,211.0
EB loans (own resources)	-	351.6	-	-	-	-	351.6
Authorized ceilings	1,000.0	1,000.0	80.0	1,000.0	3,000.0	750.0	6,830.0
Balance	9.5	49.7	0	2.5	138.4	67.4	267.5

(*) Industry and agriculture
(**) Contracts signed less cancellations

- 2.5 The facility providing **medium-term financial assistance** for Member States' balances of payments was activated in 1993 in favour of Italy. Following that country's request for financial assistance to support its balance of payments and its programme of economic adjustment and reforms, the Council granted a loan of ECU 8 billion to be disbursed in four tranches (Council Decision 93/67/EEC of 18 January 1993). The first two tranches of ECU 2 billion each were contracted and paid to Italy in March and November 1993. The Council Decision stipulates that the third and fourth tranches could be paid to Italy not earlier than 1 February 1994 and 1 February 1995. The Italian Government did not request the 1994 tranche.

Taking into account earlier loans and repayments made, the total amount of loans outstanding under this facility stood at ECU 5 billion at 31 December 1994, the authorized ceiling being ECU 14 billion through capital market financing.

3. LENDING OUTSIDE THE COMMUNITY

This activity involves those countries with which the Community has concluded cooperation agreements. A substantial volume of resources is being provided in forms appropriate to the specific circumstances of the countries in question (Table 5).

- 3.1 In the context of the support for the adjustment and reform programmes of third countries, the Community continued to provide macroeconomic assistance in the form of **balance-of-payments and structural adjustment support** loans to complement the IMF programmes. In the case of the central and eastern European countries, Community support has been provided within the G-24 framework.

In 1994 actual disbursements corresponding to loans previously approved amounted to ECU 220m (Algeria: ECU 150m; Bulgaria: ECU 70m). Moreover, new loans were approved for a maximum of ECU 585m (Moldavia: ECU 45m; Romania: ECU 125m; Algeria: ECU 200m; Slovakia: ECU 130m; Ukraine: ECU 85m), of which ECU 25m were actually disbursed (Moldavia).

- 3.2 The Commission continued with the implementation of the Council Decision of December 1991 relating to the commercial credit facility of ECU 1250m in favour of the new independent states of the former USSR (CIS).

Credits of ECU 59m and ECU 68m were agreed for Uzbekistan and Azerbaijan. This operation took the total amount of credits agreed under the facility to ECU 1132.9m and, at the end of the year, left ECU 117.1m for further funding.

	EC and EDF budgetary resources (1)	EIB own resources	Financial support for countries	ECSC	Total
ACP-OCT	239.1	222.5	-	-	461.6
Mediterranean basin	28.0	579.0	150.0	-	757.0
CEEC	-	957.0	70.0 (2)	42.0	1,069.0
CIS	-	-	25.0 (3)	-	25.0
Latin America, Asia	-	220.0	-	-	220.0
Total	267.1	1,978.5	245.0	42.0	2,532.6

(1) Granted and managed by the EIB out of the budgetary resources of the EC or the European Development Fund (EDF).
(2) Balance-of-payments loans. Disbursement
(3) Balance-of-payments loans and commercial credits.

3.3 EIB financing outside the Community is made available as part of the Community's cooperation policy with third countries. Financing increased again in 1994, to ECU 2246m compared with ECU 1887m in 1993 and ECU 893m in 1992. Financing from own resources, guaranteed by the Member States out of the Community budget, totalled ECU 1979m, while financing from budgetary resources under mandate from and on behalf of the Community amounted to ECU 267m (Table 5). The marked increase in lending activity in 1994 is due mainly to the doubling of financing in the African, Caribbean and Pacific countries as well as to the expansion of operations in Latin America, Asia and central and eastern Europe and to the continuing activity in the Mediterranean basin.

In the African, Caribbean and Pacific (ACP) countries and the Overseas Countries and Territories (OCT), the EIB provided assistance amounting to ECU 462m (against 226m in 1993), of which ECU 223m was provided from own resources and carried interest subsidies financed out of the budget and ECU 239m was in the form of risk capital from budgetary resources. Thirty-two countries have benefited from these operations. Loans to industry, food processing and services, mainly in the private sector, accounted for more than half of the total funding, followed by the energy sector with almost a third. Projects for transport and telecommunications, water supply and sewerage infrastructure accounted for the rest.

Lending in the countries of the Mediterranean basin totalled ECU 607m compared to ECU 680m in 1993. Financing was provided mostly under the Financial Protocols (ECU 397m, of which ECU 369m from own resources and ECU 28m in the form of risk capital from budgetary resources) but also as part of the non-protocol horizontal financial cooperation for regional cooperation and environmental protection projects (ECU 210m). Transport and

telecommunications projects represented more than 40% of the total, energy projects about 22% and those designed to ensure more satisfactory waste-water collection and treatment 15%. Over 22% of the total concerned investments in industry and services, many of which in the private sector, carried out in conjunction with Community enterprises.

In the central and eastern European countries (CEEC), lending amounted to ECU 957m in 1994 (ECU 882m in 1993). Investments were financed in ten countries, including for the first time in Latvia and Lithuania. Projects mainly concern basic infrastructures essential for the development of these countries. The transport (41%) and telecommunications sectors (32%) benefited most, especially projects extending the trans-European networks. Energy (16%), forestry and global loans to industry (11%) accounted for the rest.

Lastly, the Bank's operations in Latin American and Asian concerned five new countries and totalled ECU 220m against ECU 99m in 1993. Loans were made for energy transport projects (55%), telecommunications (34%) and to the construction of a cement production line (11%).

- 3.4 On 5 March 1990 the Community decided to make ECSC loans available for financing industrial investment projects in Poland and Hungary up to a ceiling of ECU 200m. Since 1991 that decision has also applied to the Czech and Slovak Federal republics, Bulgaria and Romania.

In 1994 an ECU 42m loan to finance investment in a steel plant in Poland was signed.

- 3.5 On 21 March the Council decided to authorize the Commission to contract Euratom borrowings the proceeds of which will be allocated in the form of loans to finance improvements in the efficiency and safety of nuclear power stations in some CEEC and CIS countries. Under the current ceiling fixed by the Council, a total of about ECU 1.1 billion could be granted under this facility.

No operations were concluded under this facility in 1994.

- 3.6 The Community and the EIB are both shareholders and close partners of the EBRD: they each hold 3% of the Bank's capital. They work in close cooperation and match their resources: the Commission provides technical assistance for projects undertaken by the EBRD, while the EIB and the EBRD are helping to finance a number of projects in central and eastern Europe.

According to the EBRD's annual report for 1994, the Board approved 109 new projects in the CEEC and the former Soviet Union. Signed commitments amounted to ECU 1878m (against ECU 1642m in 1993). At the end of the year, outstanding equity disbursements totalled ECU 365.6m, compared with ECU 192.5m at the end of 1993.

4. THE EUROPEAN INVESTMENT FUND

The European Investment Fund (EIF), which became operational in June 1994, provides guarantees for large infrastructure projects, notably in connection with the trans-European networks (TEN) and for small and medium-sized enterprises.

The EIF, which was set up following an initiative by the Edinburgh European Council, is a tripartite institution jointly funded and managed by the Community (with 30% of the capital), the European Investment Bank (40%) and financial institutions from the Member States (30%). It has an authorized capital of ECU 2 billion. At present, it concentrates on granting financial guarantees. At a later stage, it could acquire stakes in enterprises participating in the construction of the trans-European networks or, indirectly, in small and medium-sized enterprises.

At 31 December 1994 the EIF had signed guarantee operations for a total of ECU 515m, of which 15% are for SMEs.

5. BUDGETARY IMPACT OF LENDING

The Community's general budget is affected by lending activity where loans are accompanied by interest subsidies and/or budget guarantees.

5.1 Interest subsidies

Interest subsidies are granted in the Community in the following fields: (i) the industrial conversion of coal and steel areas (Article 56 of the ECSC Treaty); (ii) the reconstruction of the disaster-hit areas of Italy and Greece, where they are paid out by the EIB as borrowings are repaid; (iii) in the context of the "SME facility" (see Table 7 in Annex).

No industrial loans at reduced rates for investment projects designed to promote consumption of Community coal (Article 54, second paragraph) have been made. With regard to the granting of subsidies for conversion loans in coal and steel areas (Article 56), interest subsidies amounted to ECU 51.1m in 1994 against ECU 114.3m the previous year.

The Copenhagen European Council of June 1993 increased by ECU 3 billion the temporary facility agreed in Edinburgh. Of that amount, ECU 1 billion are directed towards the strengthening the competitiveness of small and medium-sized European enterprises and would carry interest subsidies linked to the creation of employment. The subsidy amounts to ECU 3000 per additional job created (equivalent to a 2% interest rebate). Following the adoption of the Council decision of 19 April 1994, the EIB started to sign global lending agreements with financial intermediaries in all Member States in the second half of 1994. The allocation of loans to beneficiaries is expected to be completed before the end of July 1995. In 1994 the budgetary payments for this facility amounted to ECU 65.5m.

Interest subsidies are also provided in connection with EIB loans outside the Community (see Table 8 in Annex).

5.2 Budget guarantees

5.2.1 Coverage

All the outstanding borrowing contracted by the Community to finance loans managed by the Commission (Euratom, NCI, balance of payments) is guaranteed by the general budget.

With the exception of loans granted under Article 18(1) of the EIB's Statute, the Bank's loans from own resources granted to non-Community countries in pursuit of the Community's policy of providing financial assistance for development are covered by a guarantee agreement. The guarantees are provided by Member States for loans in ACP countries and by the Community for those in Mediterranean, Central and Eastern European (CEEC) and other third countries.

Details of the Community budget guarantees provided in this connection are as follows:

- (i) EIB loans to Mediterranean countries: overall, 75% of the amount of loans contracted are covered by a Community guarantee.

At the end of 1994 outstanding loans totalled ECU 2161m, of which ECU 473m were accounted for by loans in Spain, Greece and Portugal (pre-accession) and ECU 1688m by loans in non-member Mediterranean countries.

- (ii) EIB loans to the CEEC: loans contracted are fully covered by the Community guarantee. At 31 December 1994, the EIB had made available ECU 1650m in loans to these countries out of a total package of ECU 1.7 billion under the heading CEEC I. The amount of outstanding loans at the end of 1994 totalled ECU 572m.

At the end of 1993 the Community extended its guarantee to cover all EIB lending to the CEEC, including the Baltic States and Albania, and proposed a ceiling of ECU 3000m valid for a three-year period. At 31 December 1994 the EIB had made available ECU 921m of loans from this package. At the end of 1994 the amount of outstanding loans was ECU 2m.

- (iii) EIB loans to other third countries: loans granted to countries with which the Community has concluded cooperation agreements are also fully covered by the Community guarantee. Loans in favour of these countries were decided in February 1993 for an amount of ECU 250m a year for a three-year period. At the end of 1994 the loans signed stood at ECU 319m, while the amount outstanding was ECU 46m.

The Community decided in 1991 to provide a guarantee covering 98% of a bank loan to the former USSR up to a ceiling of ECU 500m (ECU 406m in capital) for imports of agricultural and food products. In February 1992, this credit was allocated exclusively to Russia. The amount of outstanding loans at the end of 1994 totalled ECU 133m.

5.2.2 Outstanding guarantees at 31 December 1994

At the end of 1994 the outstanding guarantees provided by the Community budget exceeded ECU 13 billion, more than 43% of which were for countries outside the Community (Table 6). Compared with 1993, total outstanding guarantees have decreased by ECU 1 billion. However, the proportion of commitments to non-Community countries has increased from 37.5% in 1993 to 43% in 1994.

The annual risk covered by the general budget, which concerns the repayment of the debt (principal and interest), stood at ECU 2785m in 1994, of which ECU 885m related to third countries.

At 31 December 1994 the amounts paid by the Community and not as yet reimbursed by the defaulting debtor countries stood at ECU 92.06m, of which ECU 48.3m are owed by some republics of the former Yugoslavia and a total of ECU 43.76 by Tajikistan, Ukraine, Georgia and Kyrgyzstan.

The provisional drawing on the Commission's cash resources to cover the guarantee has been regularized by the budget up to 1993 and by the Guarantee Fund since its establishment by Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994.

Table 6			
Capital outstanding on guaranteed operations (at 31 Dec 1994) (1)			
(ECU million)			
Operation	Amount ceiling	Amount outstanding at 31 Dec 1993	Amount outstanding at 31 Dec 1994
Member States	26,330	8,982	7,843
A. Balance of payments	14,000	-	-
1. Greece I	-	200	-
2. Greece II	-	1,000	1,000
3. Italy	-	3,990	4,022
B. Other	-	-	-
4. Euratom (2)	4,000	1,018	779
5. NCI (including earthquake reconstr.)	6,830	2,202	1,570
6. EIB Mediterranean (E,GR,P)	1,500	572	473
Non-Community countries	17,127	5,395	5,925
A. Financial assistance			
1. Hungary	1,050	790	790
2. Czech Republic	250	250	250
3. Slovak Republic	255	125	125
4. Bulgaria	400	290	360
5. Romania	580	455	455
6. Algeria	600	250	400
7. Israel	160	160	160
8. Baltic States	220	110	110
9. CIS	1,250	803	810
10. Moldavia	45	-	25
11. Ukrania	85	-	-
B. Other			
12. EIB Mediterranean	6,282	1,596	1,688
13. EIB CEEC I	1,700	300	572
14. EIB CEEC II	3,000	-	2
15. EIB Latin America, Asia	750	-	46
16. CIS guarantee	500	266	133
TOTAL	43,457	14,377	13,768
(1) Exchange rate as at 31/12/94.			
(2) Extension of Euratom loans to certain third countries (Council Decision of 21/03/94).			

STATISTICAL ANNEX

Table 1											
Trend of borrowing and lending in the Community										(ECU million)	
										(ECU rate at year-end)	
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
I. Borrowing											
ECSC	822	1,265	1,517	1,487	880	913	1,086	1,446	1,474	908	644
Balance of payments (1)	-	-	862	860	-	-	350	1,695	1,209	4,969	245
Euratom	214	344	488	853	93	-	-	-	-	-	49
NCI	967	860	541	611	945	522	76	49	-	-	70
Total Commission	2,003	2,469	3,408	3,811	1,918	1,435	1,512	3,190	2,683	5,877	1,008
EB (2)	4,339	5,699	6,786	5,593	7,666	9,034	10,996	13,672	12,974	14,224	14,148
Total EC	6,342	8,168	10,194	9,404	9,584	10,469	12,508	16,862	15,657	20,101	15,156
II. Lending											
ECSC	825	1,010	1,069	969	908	700	993	1,382	1,486	918	674
Balance of payments (1)	-	-	862	860	-	-	350	1,695	1,209	4,969	245
Euratom	186	211	443	314	-	-	-	-	-	-	49
NCI	1,182	884	393	425	357	78	24	39	9	30	-
Total Commission	2,193	2,105	2,767	2,568	1,265	778	1,367	3,116	2,454	5,917	968
EB (3)	5,007	5,641	6,678	6,967	8,844	11,507	12,605	14,438	16,066	17,672	17,656
Total EC	7,200	7,746	9,445	9,535	10,109	12,285	13,972	17,554	18,520	23,589	18,624
<p>Note: The differences between total borrowing and lending by the Commission are due to borrowing operations undertaken for refinancing purposes and to changes in the balance of loans not assigned by the end of the year.</p> <p>The differences between borrowing and lending by the EB are due to the fact that EB lending operations are financed both from borrowings and from the Bank's own resources.</p> <p>(1) Mechanism for providing financial support for Member States and assistance for non-member countries.</p> <p>(2) Total resources raised.</p> <p>(3) Loans signed out of own resources, no account being taken of the guarantees provided by the EB to promoters (ECU 26 million in 1994) or of operations financed out of NCI resources.</p>											

Table 2

Community borrowings outstanding (at year-end) (1) (2)

(ECU million)

	ECSC	EIB	Euratom	NCI	Sub-total	Balance-of-pay. borrowings	Total borrowing
1982	6,178	16,570	1,272	1,747	25,767	591	26,358
1983	6,539	20,749	1,680	3,269	32,237	4,610	36,847
1984	7,119	25,007	1,892	4,432	38,450	4,932	43,382
1985	7,034	26,736	2,013	4,960	40,743	3,236	43,979
1986	6,761	30,271	2,168	5,202	44,402	1,890	46,292
1987	6,689	31,957	2,500	5,229	46,375	2,997	49,372
1988	6,825	36,928	2,164	5,514	51,431	2,459	53,890
1989 (3)	6,738	42,330	1,945	5,122	56,135	2,075	58,210
1990	6,673	48,459	1,687	4,542	61,361	(4) 2,045	63,406
1991	7,139	58,893	1,563	3,817	71,412	3,516	74,928
1992	7,327	67,784	1,338	3,326	79,775	4,026	83,801
1993	7,331	78,661	1,018	2,202	89,212	5,204	94,416
1994	6,548	83,673	779	1,570	92,570	7,697	100,267

(1) The conversion rates used were those obtained on 31 December of each year. As the majority of borrowings are denominated in national currencies, the difference between two year-ends reflects, on the one hand, changes in the valuation of the existing stock and, on the other, the net volume of borrowings during the year.

(2) Original amount of borrowings, plus or minus repayments of the principal, cancellations, annulments and exchange-rate adjustments.

(3) As from 1989 including short term (new EIB approach).

(4) As from 1990 also includes balance-of-payments and financial assistance for non-member countries.

Table 3								
Community borrowings in 1994, by currency							(ECU million)	
	EB	Euratom	ECSC	NCI	Balance-of-Payments(1)	Total Borrowing	1994 %	1993 %
ECU	300	-	-	70	245	615	4.1	29.5
BFR	752	49	40	-	-	841	5.5	0.1
DKR	53	-	-	-	-	53	0.3	-
DM	2,051	-	86	-	-	2,137	14.1	11.1
ESC	584	-	-	-	-	584	3.9	12
FF	1,153	-	14	-	-	1,167	7.7	10.9
DRA	36	-	-	-	-	36	0.2	-
HFL	661	-	-	-	-	661	4.4	1.1
IRL	177	-	-	-	-	177	1.2	0.6
LFR	201	-	-	-	-	201	1.3	0.5
LIT	2,560	-	14	-	-	2,574	17.0	10.4
OSC	59	-	-	-	-	59	0.4	-
PTA	948	-	30	-	-	978	6.5	6.2
UKL	1,518	-	339	-	-	1,857	12.3	13.5
Sub-total	11,053	49	523	70	245	11,940	78.8	85.2
SFR	856	-	-	-	-	856	5.6	2.3
USD	1,659	-	30	-	-	1,689	11.1	7.9
YEN	580	-	91	-	-	671	4.4	3.3
CAD	-	-	-	-	-	-	-	-
Sub-total	3,095	-	121	-	-	3,216	21.2	14.8
TOTAL	14,148	49	644	70	245	15,156	100.0	100.0

(1) Balance of payments and financial assistance for non-member countries.

Table 4

Lending in the Community in 1993 and 1994, by sector and instrument

(ECU million)

	ECSC		EB (1)		Euratom		NCI (1)		Total		% of total	
	1993	1994	1993	1994	1993	1994	1993	1994	1993	1994	1993	1994
Productive sector	789.3	336.7	4,223.5	3,594.3	-	-	25.8	11.4	5,038.6	3,942.4	28.4	22.8
of which: allocations from global loans	389.2	210.0	1,731.7	1,796.6	-	-	25.8	11.4	2,146.7	2,018.0	12.1	11.7
Infrastructure	129.0	336.7	9,979.7	9,646.2	-	-	-	-	10,108.7	9,982.9	57.0	57.7
of which: allocations from global loans	-	-	822.0	897.5	-	-	-	-	822.0	897.5	4.6	5.2
Energy	-	-	2,576.2	3,383.9	-	-	-	-	2,576.2	3,383.9	14.5	19.5
of which: allocations from global loans	-	-	99.7	69.3	-	-	-	-	99.7	69.3	0.6	0.4
TOTAL	918.3	673.4	16,779.4	16,624.4	-	-	25.8	11.4	17,723.5	17,309.2	100	100

(1) Financing granted (individual loans and allocations from global loans)

Table 5				
Financing in the Community by the EIB in 1993 and 1994, by economic objective				
	1993		1994	
	ECU million	%	ECU million	%
1. Regional development	12,462.2	100	12,035.1	100
1.1 By country				
<i>Belgium</i>	76.2	0.6	178.6	1.5
<i>Denmark</i>	667.7	5.4	506.9	4.2
<i>Germany</i>	1,508.5	12.1	1,801.6	15.0
<i>Greece</i>	492.4	4.0	632.1	5.3
<i>Spain</i>	3,831.9	30.7	2,659.2	22.1
<i>France</i>	1,135.7	9.1	1,571.7	13.1
<i>Ireland</i>	407.2	3.3	237.7	2.0
<i>Italy</i>	2,084.7	16.7	2,159.2	17.9
<i>Luxembourg</i>	-	-	-	-
<i>Netherlands</i>	15.3	0.1	17.7	0.1
<i>Portugal</i>	1,317.9	10.6	1,127.1	9.4
<i>United Kingdom</i>	924.7	7.4	1,143.3	9.5
1.2 By major sector				
<i>Energy</i>	1,582.0	12.7	2,104.4	17.5
<i>Transport</i>	4,002.7	32.1	4,209.8	35.0
<i>Telecommunications</i>	1,660.0	13.3	1,925.2	16.0
<i>Water, sewerage</i>	1,366.1	11.0	766.2	6.4
<i>Other Infrastructure</i>	539.8	4.3	404.0	3.4
<i>Industry, agriculture</i>	3,004.2	24.1	2,092.9	17.4
<i>Services</i>	307.4	2.5	532.6	4.4
2. Infrastructure of Community Interest	5,807.0	100	5,698.3	100
2.1 Transport	3,712.8	63.9	3,543.2	62.2
2.2 Telecommunications	2,094.2	36.1	2,155.1	37.8
3. Environmental protection and improvement	4,385.0	100	4,866.0	100
3.1 Environment	3,483.0	79.4	3,152.1	64.8
3.2 Town planning	902.0	20.6	1,713.9	35.2
4. Energy	2,766.8	100	3,525.6	100
4.1 Indigenous resources	560.8	20.3	850.8	24.1
4.2 Import diversification	632.6	22.9	919.8	26.1
4.3 Efficient use of energy	1,573.4	56.9	1,755.0	49.8
5. Industrial competitiveness	2,705.9	-	1,791.5	-
of which: small and medium-sized enterprises (1)	1,541.5	5,257	1,693.4	6,776
(1)	Including allocations from NCI global loans.			
N.B.	As some loans serve a number of purposes simultaneously, the amounts shown under the different headings cannot be aggregated.			

Table 6							
Geographical breakdown of lending (1) in the Community in 1993 and 1994							(ECU million)
1993							
	ECSC	EIB	Euratom	NCI	Balance of payments	Amount	%
<i>Belgium</i>	11.9	371.6	-	-	-	383.5	1.7
<i>Denmark</i>	-	875.5	-	-	-	875.5	3.9
<i>Germany</i>	225.3	2,096.6	-	-	-	2,321.9	10.3
<i>Greece</i>	89.8	511.1	-	-	-	600.9	2.7
<i>Spain</i>	1.1	4,005.1	-	-	-	4,006.2	17.7
<i>France</i>	391.8	2,205.5	-	-	-	2,597.3	11.5
<i>Ireland</i>	-	388.2	-	-	-	388.2	1.7
<i>Italy</i>	126.6	3,362.0	-	-	3,989.0	7,477.6	33.0
<i>Luxembourg</i>	0.1	-	-	-	-	0.1	0.0
<i>Netherlands</i>	-	379.7	-	-	-	379.7	1.7
<i>Portugal</i>	0.3	1,488.8	-	-	-	1,489.1	6.6
<i>United Kingdom</i>	71.4	1,929.1	-	-	-	2,000.5	8.8
<i>Art. 18 (2)</i>	-	110.0	-	-	-	111.0	0.5
Total	918.3	17,724.2	-	-	3,989.0	22,631.5	100
1994							
	ECSC	EIB	Euratom	NCI	Balance of payments	Amount	%
<i>Belgium</i>	39.8	615.3	-	-	-	655.1	3.6
<i>Denmark</i>	82.1	849.7	-	-	-	931.8	5.1
<i>Germany</i>	143.4	2,407.9	-	-	-	2,551.3	13.9
<i>Greece</i>	0.0	534.7	-	-	-	534.7	2.9
<i>Spain</i>	30.7	3,011.5	-	-	-	3,042.2	16.6
<i>France</i>	14.5	2,477.4	-	-	-	2,491.9	13.6
<i>Ireland</i>	0.1	291.1	-	-	-	291.2	1.6
<i>Italy</i>	29.3	3,099.5	-	-	-	3,128.8	17.0
<i>Luxembourg</i>	-	5.1	-	-	-	5.1	0.0
<i>Netherlands</i>	-	399.5	-	-	-	399.5	2.2
<i>Portugal</i>	0.0	1,109.7	-	-	-	1,109.7	6.0
<i>United Kingdom</i>	333.8	2,454.7	-	-	-	2,788.5	15.2
<i>Austria</i>	-	89.5	-	-	-	89.5	0.5
<i>Finland</i>	-	60.2	-	-	-	60.2	0.3
<i>Sweden</i>	-	15.3	-	-	-	15.3	0.1
<i>Art. 18 (2)</i>	-	260.8	-	-	-	260.8	1.4
Total	673.7	17,681.9	-	-	-	18,355.6	100
(1) Loans granted							
(2) Community projects that cannot be located in a particular Member State (e.g. telecommunication cables and satellites, North Sea Oil).							

Table 7							
Interest subsidies paid out in the Community by the various Community mechanisms, 1977-1994							(ECU million)
Year	Non-discounted systems (1)				Discounted systems (2)		
	ECSC Art.54 (restruct.)	ECSC Art.56 (convers.)	Employment in Portugal	Earthquake reconstr.	EMS	ERDF	SME facility
1977	1.3	2.7	-	-	-	-	-
1978	9.8	16.5	-	-	-	-	-
1979	10.4	8.0	-	-	200.0	12.1	-
1980	25.7	33.4	-	-	197.0	-	-
1981	7.6	6.3	-	-	193.2	-	-
1982	10.5	19.3	-	3.0	209.8	-	-
1983	4.0	7.1	-	14.4	200.0	-	-
1984	6.2	34.0	-	24.4	-	-	-
1985	3.6	74.9	-	28.4	-	-	-
1986	5.9	33.1	-	28.6	-	-	-
1987	2.4	35.6	4.0	28.6	-	-	-
1988	3.0	38.6	3.9	27.8	-	-	-
1989	2.6	42.5	-	26.6	-	-	-
1990	1.3	40.6	-	23.1	-	-	-
1991	1.0	48.6	-	20.1	-	-	-
1992	-	106.0	-	17.2	-	-	-
1993	-	114.3	-	-	-	-	-
1994	-	51.1	-	-	-	-	65.5

(1) Interest subsidies spread over time and charged to the funds set aside for this purpose in the annual budgets.
(2) Interest subsidies paid by the Commission after discounting to a present value, and charged to the budget as a single sum in the initial year.

Table 8

Loans and financial assistance outside the Community in force or under negotiation at 31 March 1994

(ECU million)

	Agreement	Duration	Loans from EB own resources (1)	Operat. from budget, res.		Micro-financial assistance (3)		ECSC loans	Total
				Risk capital operations (2)	Non-repayable aid (3)	Granted	Disbursed		
ACP States-CCT									12,165
ACP	Fourth Lomé Convention	1980-1995	1,200	825	9,975 (4)				12,000
CCT	Council Decision	1980-1995	25	25	115 (4)				165
Mediterr. countries(5)									6,387
Turkey	Fourth Financial Protocol Not yet in force		25		50				600 (6)
Algeria	Fourth Financial Protocol	1982-1996	280	18	52	600	400		950
Morocco	"	"	220	25	198				498
Tunisia	"	"	168	15	101				284
Egypt	"	"	310	16	242				568
Jordan	"	"	80	2	44				126
Lebanon	Special reconstruction aid		50						50
"	Second financial protocol		34						34
"	Third financial protocol		53	1	19				73
"	Fourth financial protocol	1982-1996	45	2	22				69
Syria	Third financial protocol	1987-1991	110	2	34				146
"	Fourth financial protocol	1982-1996	115	2	41				158
Israel	Fourth Financial Protocol	1982-1996	82			160	160		242
Occupied Territories (7)	Council Decision	1984-1998	250		250				500
Malta	Fourth Financial Protocol	1984-1996	30	2	13				45
Cyprus	Fourth Financial Protocol	1984-1996	50	2	22				74
"Non-protocol" horizontal financial cooperation	Council Decision	1982-1996	1,800	25	205 (8)				2,030
CSEC									6,072
Poland, Czech Republic Slovak Republic	Council Decision	1984-1996	3,000					42	3,000
Bulgaria						250	250		292
Balk States						255	125		255
Hungary						40	380		40
Romania						220	110		220
Albania						1,060	780		1,060
Slovenia	Financial protocol	1983-1997	150		20 (9)	580	455		580
Former USSR						105 (10)	70		105
Moldavia									170
Ukraine									
Former USSR	Council Decision	1991				1,250 (11)	1,133		1,250
Moldavia						45	25		45
Ukraine						85			85
Latin American and Asian countries									780
Latin American and Asian countries	Council Decision	1983-1996	780						780

(1) Loans attracting interest subsidies from the European Development Fund in the case of projects in the ACP States and the CCT and from the general budget of the European Communities in the case of projects in certain Mediterranean countries. The necessary amounts for the interest subsidies are charged to non-repayable aid.

(2) Granted and managed by the EB.

(3) Granted and managed by the Commission.

(4) Including amounts intended for interest subsidies on EB loans.

(5) The amounts available under the previous financial protocols may be used at the same time, whether that involves all of the sums earmarked (Lebanon, Syria) or residual amounts.

(6) Including ECU 325 million of loans from budgetary resources on special conditions.

(7) West Bank and Gaza strip; loans from own resources are covered by the "Non-protocol" horizontal financial cooperation.

(8) Including some ECU 100 million of interest subsidies for EB loans in the environmental sector.

(9) Only for interest subsidies for EB loans for projects of common interest.

(10) Non-repayable assistance (straight grant).

(11) Commercial credits.

**B. THE COMMISSION'S REPORT TO THE COUNCIL
AND TO THE EUROPEAN PARLIAMENT**

on the rate of utilization of the
New Community Instrument (NCI)
(half-year from 1 July 1994 to 31 December 1994)

1. Introduction

Council Decisions 83/200/EEC (Article 6) and 87/182/EEC (Article 8) on the financing of the NCI require the Commission to draw up a six-monthly report on the rate of utilization of the tranches of NCI III and IV.

The present report covers the period from 1 July 1994 to 31 December 1994.

2. Overall situation at 31 December 1994

The different legal bases determine the method of assessing the amount of loans signed in relation to the maximum authorized borrowing:

- (i) for NCI III, the volume of loans is lower than that of borrowings in order to take account of the currencies borrowed and the associated costs and expenses;
- (ii) for NCI IV, the ceiling applies to the loans signed.

At the end of 1994 the situation regarding the use of the tranches for which a six-monthly report has to be drawn up was as follows:

Use of NCI: situation at 31/12/1994			(ECU million)
	Ceiling	Amounts used	Balance
NCI III	3,000	2,862	138 (*)
NCI IV	750	683	67

(*) The special borrowing of ECU 100 million for European innovation projects has not yet been authorized by the Council.

The borrowing operations carried out in the six months under review with a view to financing NCI activities are shown in Annex 2(B). No new issue was floated during the period under review.

3. Breakdown of loans by country and sector

The table below provides an overall view of loans signed, converted into "borrowing equivalents" at 31 December 1994. The loans in the various currencies have been converted into ecus at the exchange rate in force on the last working day of the quarter preceding the signing of the contract.

Distribution of loans signed by country at 31.12.1994					(ECU million)		
Country	NCI I	NCI II	NCI III	NCI IV	NCI Reconstr.	Total	%
Belgium	-	-	-	23.6	-	23.6	0.4
Denmark	66.8	100.6	303.0	63.2	-	533.5	8.6
Greece	-	114.9	111.2	-	80.0	306.1	4.9
Spain	-	-	69.2	132.0	-	201.2	3.2
France	70.0	125.0	938.7	72.3	-	1,206.0	19.4
Ireland	239.0	116.6	68.4	-	-	424.0	6.8
Italy	479.9	473.4	1,228.5	285.7	598.7	3,066.3	49.4
Netherlands	-	-	3.2	-	-	3.2	0.1
Portugal	-	-	29.9	9.9	-	39.8	0.6
UK	134.9	67.1	109.3	95.8	-	407.1	6.6
Total	990.5	997.5	2,861.6	662.6	678.7	6,210.9	100.0
SECTOR	Productive sector		Infrastructure		Energy		
NCI III	52.8 %		26.5 %		20.7 %		100%
NCI IV	100 %						100%

NCI IV is of interest because of its special features, such as the options of converting loans into risk capital, using loans to finance the purchase of intangible assets and deferring interest payments.

No loan transaction have been carried out since 1991.

STATISTICAL ANNEX

Annex 1

NCI IV LOANS										
CEILING: ECU 750 MILLION (1) - (Situation at 31.12.1994)										
Ref.	Project description	Date of contract	ECU million (2)	Breakdown by country (2)						
				B	DK	E	F	I	P	UK
	I. LOANS SIGNED									
64/87	FIH (Small Business) PG-VI/A	15.09.87	31,80		31,80					
64/87	FIH (Small Business) PG-VI/B	24.05.88	31,43		31,43					
68/87	BNL - PMI V/A	12.10.87	18,68					18,68		
68/87	BNL - PMI V/B	12.10.87	8,01					8,01		
69/87	IMI - PMI V/A	31.07.87	37,29					37,29		
69/87	IMI - PMI V/B	31.07.87	15,98					15,98		
70/87	MEDIOCR. CENTR. - PMI IV/A	15.09.87	6,19					6,19		
70/87	MEDIOCR. CENTR. - PMI IV/B	10.12.87	5,88					5,88		
70/87	MEDIOCR. CENTR. - PMI IV/C	03.02.88	4,81					4,81		
70/87	MEDIOCR. CENTR. - PMI IV/D	16.03.88	3,27					3,27		
70/87	MEDIOCR. CENTR. - PMI IV/E	23.06.88	18,98					18,98		
71/87	INTERBANCA - PMI IV/A	07.10.87	9,34					9,34		
71/87	INTERBANCA - PMI IV/B	07.10.87	4,00					4,00		
73/87	BPI - PG V	22.07.87	9,91						9,91	
105/87	CENTROBANCA - PMI IV/A	11.12.87	9,34					9,34		
105/87	CENTROBANCA - PMI IV/B	11.12.87	4,00					4,00		
106/87	SAN PAOLO Agroindustria II	05.11.87	13,34					13,34		
107/87	CREDIOP - PMI I/A	18.12.87	4,67					4,67		
107/87	CREDIOP - PMI I/B	18.12.87	2,00					2,00		
108/87	BANCO DI NAPOLI - PMI A	18.12.87	4,60					4,60		
108/87	BANCO DI NAPOLI - PMI B	18.12.87	1,97					1,97		
110/87	B*DE SANTANDER - PYME	24.07.87	20,19			20,19				
121/87	B*DE BILBAO - PYME	23.07.87	31,64			31,64				
148/87	EFIBANCA - PMI IV/A	17.12.87	4,67					4,67		
148/87	EFIBANCA - PMI IV/B	17.12.87	2,00					2,00		
148/87	EFIBANCA - PMI IV/C	24.06.88	4,55					4,55		
148/87	EFIBANCA - PMI IV/D	24.06.88	1,95					1,95		
206/87	B*DE VIZCA YA - PYME A	17.12.87	9,37			9,37				
206/87	B*DE VIZCA YA - PYME B	30.11.88	8,60			8,60				
207/87	B*ESPANOL DE CREDITO - PYME	18.12.87	12,04			12,04				
207/87	B*ESPANOL DE CREDITO - PYME	18.11.88	10,94			10,94				
231/87	CREDIT NATIONAL - PMI III	05.02.88	20,00				20,00			
64/88	INVESTORS IN INDUSTRY - GROUPED LOAN V	28.12.88	20,90							20,90
101/88	EFIBANCA - PMI V/A	05.10.88	4,53					4,53		
101/88	EFIBANCA - PMI V/B	05.10.88	1,94					1,94		
101/88	EFIBANCA - PMI V/C	16.01.89	4,57					4,57		
101/88	EFIBANCA - PMI V/D	16.01.89	1,96					1,96		
103/88	MEDIOCR. LOMBARDO - PMI A	10.10.88	6,79					6,79		
103/88	MEDIOCR. LOMBARDO - PMI B	10.10.88	2,91					2,91		
103/88	MEDIOCR. LOMBARDO - PMI C	06.02.89	9,14					9,14		
103/88	MEDIOCR. LOMBARDO - PMI D	06.02.89	3,92					3,92		
109/88	BARCLAYS BANK II GL	21.12.88	45,55							45,55
128/88	CENTROBANCA - PMI V/A	19.12.88	13,23					13,23		
128/88	CENTROBANCA - PMI V/B	19.12.88	5,67					5,67		
135/88	CREDIOP - PMI II/A	09.12.88	4,53					4,53		
135/88	CREDIOP - PMI II/B	09.12.88	1,94					1,94		
185/88	BANCO DI SICILIA - PMI II/A	25.05.89	4,58					4,58		
185/88	BANCO DI SICILIA - PMI II/B	25.05.89	1,96					1,96		
199/88	CREDIT INDUSTRIEL ET COMM. L.	29.11.88	52,32				52,32			
237/88	IMI - PMI VI/A	19.12.88	9,06					9,06		
237/88	IMI - PMI VI/B	19.12.88	3,88					3,88		
237/88	IMI - PMI VI/C	06.02.89	13,72					13,72		
237/88	IMI - PMI VI/D	06.02.89	5,88					5,88		
175/89	BARCLAYS BANK III/A	30.11.89	29,38							29,38
119/90	KREDIETBANK N.V. -GL	20.12.90	18,04	18,04						
119/90	KREDIETBANK N.V. -GL	20.12.90	5,54	5,54						
48/91	B*ESPANOL DE CREDITO PG PY	28.05.91	39,19			39,19				
	TOTAL I		682,56	23,58	63,22	131,97	72,32	285,73	9,91	95,83
	II. LOANS APPROVED, A WAITING SIGNATURE		30,10							
	BALANCE		37,34							
	CEILING		750,00							
	(1) J.O.L. 271 of 14.03.1987 (loans ceiling).									
	(2) Conversion rates are those obtained on the last working day of the quarter preceding the signing of each loan.									

Annex 2

NCI BORROWING, BY CURRENCY

A.-Debt outstanding at 31.12.1994 (1)		
Currency	(million)	Equivalent in ECU million (2)
ECU	160.0	160.0
BFR	-	-
DM	440.9	231.1
FF	2,100.0	319.3
HFL	595.3	278.9
LFR	1,600.0	40.9
LIT	100,000.0	50.1
PTA	10,000.0	61.7
UKL	12.6	16.0
CAD	-	-
SFR	292.0	181.0
USD	280.5	228.0
YEN	330.2	2.7
Total		1,569.7

B.- New operations: 1.07.1994 - 31.12.1994

				Equivalent in MECU (3)	
Date of issue	Duration (years)	Coupon (%)	Currency (million)	Fresh capital (1)	Re-financings
17/08/1994	7	7.25	ECU 70	70	-

(1) Excluding refinancing operations, designed to reduced the cost of servicing existing debt initially contracted at higher interest rates.

(2) Exchange rates as at 31.12.1994

(3) Exchange rates at signature.

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