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REPORT ON THE BORROWING AND LENDING ACTIVITIES OF THE COMMUNITY

(Communication from the Commission to Parliament)

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REPORT ON THE BORROWING AND LENDING ACTIVITIES OF THE COMMUNITY

Under point 64 of the Resolution accompanying Parliament's Decision granting a discharge to the Commission on the implementation of the Budget of the European Communities for 1978 (1), Parliament asks the Commission to present a detailed report on borrowing and lending activities, in a manner which will satisfy the requirements of its specialized committees. This report has been drawn up in response to that request.

The first report of this type was presented to Parliament on 17 March 1976 (2); it dealt mainly with borrowing activities.

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I. THE COMMUNITY'S BORROWING AND LENDING INSTRUMENTS

The Community's five borrowing and lending instruments, in chronological order of inception, are (3):

1952 - European Coal and Steel Community (ECSC) borrowings and loans;
1958 - European Investment Bank (EIB);
1975 - European Economic Community borrowings and loans to help Member States overcome balance of payments difficulties caused by the petroleum product price rises; (Community loans)

1977 - European Atomic Energy Community (Euratom) borrowings and loans;
1978 - New Community Instrument for borrowing and lending (NCI).

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(1) Doc PE 65085 of 23 May 1980, page 17

(2) Doc COM(76)111

(3) Technical and legal descriptions of the Community's borrowing and lending instruments will be found in the Annex.

The first of these five instruments is based on the ECSC Treaty; the EIB was set up under the EEC Treaty; and the other three instruments were established by individual Council decisions based on the Euratom Treaty and the EEC Treaty. The Commission is primarily responsible for all the instruments except the EIB, which is autonomous under the EEC Treaty and its own Statute. It is a non-profit institution with legal personality, which has also been entrusted with administering NCI loans on behalf of the Community and with acting as an agent of the Commission in granting Euratom loans.

This report deals with the borrowing and lending activities of the ECSC, Euratom, the NCI and the EIB; "Community loans" (borrowing and lending by the European Economic Community to help Member States in balance-of-payments difficulties caused by petroleum product price rises) are not covered here because, unlike the other four instruments, Community loans are not intended for a structural purpose, nor are they intended for regular use: their purpose is rather to solve specific occasional difficulties.

Moreover, action outside the Community, which the EIB carries out notably in the framework of the agreements between the Community and third countries, and which the ECSC practices occasionally with a view to improving the supply of raw material to, or the flow of finished products from, its industries, are not covered in this report in view of their specificity and their relatively low (though growing) volume.

II. RAISING RESOURCES

(a) A range of names

All four Community borrowing and lending instruments have direct access to the capital markets. The range of names enables the Community to make a better use of its borrowing capacity.

This has been one of the guiding principles of the Community's financial strategy since the beginning of the 1970s. Internally, it permits a flexible response adapted to specific needs and policies.

Since some of the instruments are sectoral and others are multipurpose, Community borrowing can be adjusted to suit the fluctuations of investment activity. Externally, borrowers can be given more varied guarantees that are better suited to the specific features of each instrument.

Lenders have responded well to this diversity, which suits their own requirements. Most of them have statutory rules that preclude lending in excess of certain limits to each individual borrower. The fact that funds can be raised under several heads thus increases the Community's borrowing capacity, and the share of the Community on capital markets is tending to expand.

(b) Coordination

Since action can be taken under several heads, operations must be coordinated. Capital market operations are carried out by the EIB for its own issues, and by the Directorate-General for Credit and Investment, on behalf of the Commission, for the others. Coordination is thus easier, because only two bodies are responsible for all Community issuing. The departments of both are in Luxembourg, and they keep in touch at all times to assess the prospects and the needs for borrowing by each instrument. On the basis of their assessments and of the situation on the capital market, the Commission and the Bank coordinate both the calendar and the exact form of each borrowing so as to be able to place their issues on the best terms.

Under the mandate given to the EIB for managing NCI lending, and of its part as an agent of the Commission for Euratom loans, the conditions of the borrowings and those of the corresponding loans granted must be synchronized. This requires very close coordination of all the aspects of these two-sided operations.

(c) Community borrowing

The loans floated by the various Community bodies accounted on average for 10% of all issues floated on the international capital market in the past seven years, and as much as 12% in 1979. The Community share on national markets is small, always less than 1% up to now, mainly because of national restrictions on external operations and because interest rates are often too high. In spite of this disparity, the value of Community borrowings on the two types of market is approximately equivalent; this is also true of the distribution of borrowings between Community national markets and those of the rest of the world.

In general, the borrowers who approach the Community are mainly attracted by the difference between the conditions obtained by the Community and those available to themselves borrowing. The Community is a well-known name, and its instruments do not make a profit; its rates are therefore among the best available on the markets, even though a large proportion of these borrowers are important private or public enterprises with an excellent reputation themselves on capital markets.[1] The latter, moreover, very often seek to limit their direct recourse to the market.

Till now the Commission has always borrowed at fixed rates, whereas this kind of rate is adequate for infrastructure and energy projects.

Nevertheless, on the capital markets, the maturities of fixed-rate loans have grown shorter and variable-rate loans have developed considerably.

Borrowings have been most frequently denominated in US dollars: they represented 43% of net loans outstanding at 31 December 1979. The next most important currency is the German Mark with 24%, then the Swiss Franc with 8%, the Netherlands Guilder with 6%, the French Franc with 6% and the Belgian Franc with 4%.[2]

One third of the Community's issues were private placings, and the remaining two-thirds were public issues.

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(1) By way of examples, Tables 3 and 4 list borrowings by the various instruments in 1979 with the terms. Total borrowing amounted to 3 633 million EUA, bringing the Community's total debt for outstanding borrowings to 14 790 million EUA. Community borrowings have increased in nominal terms by 21.0% in relation to 1978.

Of borrowings in 1979, 67.1%, the largest share, was issued on behalf of the European Investment Bank; 23.5% on behalf of the European Coal and Steel Community; 4.5% on behalf of the European Atomic Energy Community; and 4.9% in the name of the European Economic Community under the NCI. As the NCI did not become operational until October 1979, this figure covers only three months' activity.

(2) Table 2 shows net Community borrowings outstanding on 31 December 1979 broken down by currencies.

(d) Community guarantees

The guarantees for Community borrowings depend on the legal and financial structure of the instrument concerned.

The EIB has considerable funds at its disposal in the form of reserves and subscribed capital. The subscribed capital not yet paid up constitutes a guarantee that may be called if necessary. On 31 December 1979, the Bank had 1 497 million EUA at its immediate disposal in reserves and fully paid-up capital; subscribed capital not yet paid up amounted to 6 176 million EUA.

ECSC guarantees are based on reserves which amounted to 318 million EUA on 30 June 1978, including 183 million EUA in a "guarantee fund"; the ECSC can also use the proceeds of the levies on coal and steel production.

Unlike the ECSC and the EIB, the European Economic Community and Euratom have no capital or reserves; their borrowings are guaranteed by the Community's commitment under the General Budget. There is a special Budget heading for this purpose, with a token entry.

For lending, both the EIB and the Commission apply conventional rules. Projects financed must be economically viable and the recipient of a Community loan must provide adequate guarantees, which will depend on the class of the borrower and on the nature of the projects financed. Many of the loans are guaranteed by a Government or a financial institution, or real estate is offered as security.

III. THE ALLOCATION OF RESOURCES

(a) Community lending and Community policies

Loans are granted on the basis of the aims and criteria established in the Treaties, the EIB Statute and the special decisions governing each instrument. The activities of all the instruments are not only directed to their own specific purposes, but are also moulded to reflect the current emphasis in the priorities set by the Council and the Commission in view of the structural development of the economy, and to serve the various Community policies.

This is achieved through the coordination of all the borrowing and lending instruments, not only the three that are the direct responsibility of the Commission, but also the EIB.

The Bank is closely associated with Community policies because of its duties under the EEC Treaty and its responsibilities for managing other Community lending. Operations are dovetailed to serve the Community's policy priorities thanks to permanent and regular consultations between Commission departments and the Bank. There is an interdepartmental working party in the Commission to supervise coordination.

This interdepartmental working party, which includes representatives of the Directorates-General responsible for Community structural policies, examines applications for EIB, Euratom or NCI loans to finance investment projects.

This joint approach is all the more necessary to underpin the Commission's present policy of coordinating the use of Community financial instruments. All regions of the Community with structural problems that justify assistance from the public authorities can call on more than one Community financial instrument, and combine Community aid with national aid to promote a group of investments that will contribute to the development of the region in question. The Commission encourages this approach. The table below shows schematically the different possibilities for joint use of the instruments.

Possible combinations of the Community's financial instruments

	EIB	NCI	ECSC	EURATOM
Energy	X	X	X	X
Industry	X	X	X	
Regional	X	X	X	
Infrastructures of common interest	X	X		
Agricultural structures	X	X		
Employment	X	X	X	

Another procedure that the Commission is endeavouring to introduce in order to promote joint measures is that of integrated operations. The idea is to attempt to ascertain the special needs of geographical areas identified by the Commission as being of special priority, to look into the various ways in which these needs can be met at national and Community levels, to plan specific projects within a coherent general framework, and to ensure that the whole scheme is properly monitored. The actual financing of each individual project is treated separately under the procedures specific to each financial instrument, but with due regard for the comprehensive perspective informing the planning stage. This approach is still in the experimental phase, but, in spite of the inherent difficulties, the Commission feels it is a promising avenue. An integrated operation is currently being carried out in the Naples region and preparations are being made for another in the Belfast region. Other possibilities are also being studied.

(b) Loans granted 1975-79

Table 5 shows how the resources of the borrowing and lending instruments (except Community loans for balance-of-payments difficulties) were allocated from 1975 to 1979 between Member States and major sectors.

Community lending increased from 1 722 million EUA in 1975 for two instruments (the ECSC and the EIB) to 3 386 million EUA in 1979 for four instruments. The nominal value of lending thus doubled in five years.

In line with Community priorities, the energy sector has benefited most from this expansion: loans for investment projects in energy have increased more than threefold, with the introduction of new Euratom and NCI resources and increased activity by the EIB in this sector. In the productive sector, on the other hand, the value of lending peaked at 1 164 million EUA in 1976, and has now declined to the 1975 level of 756 million EUA, after wide fluctuations in ECSC financing due mainly to the steel crisis.

Until 1978, infrastructure investments were financed almost exclusively by the EIB, with the ECSC contributing very small amounts for the construction of workers' housing. Since the end of 1979, however, the new NCI resources have expanded Community lending in this important area, so that the increase in relation to 1975 is 125%.

In spite of the new NCI resources, Community loans are still directed mainly to Italy, the United Kingdom, Ireland and France. The biggest increase was in Ireland, which received 38 million EUA in 1975 and 353 million EUA in 1979. Financing in Italy and the United Kingdom, like Community financing in general, doubled over the five-year period, while financing in France increased by only 42.5%. In 1979, the other Community member countries accounted for only 11% of total loans from the four instruments, compared with a share of 16% in 1975.

(c) Interest subsidies

Community loans are not usually concessionary. The advantage for the final borrower is that the funds are borrowed on the best possible terms owing to the Community's status as a prime borrower and its borrowing capacity on capital markets, and because of the services it renders without profit. In some cases, however, the advantage may be supplemented by interest subsidies granted from the Community's budgetary resources. The system of interest subsidies has been used by the ECSC for a long time. It was introduced only recently into the General Budget of the Communities, under the ERDF, which can grant interest subsidies on EIB loans, and under the EMS for certain NCI and EIB loans. Interest subsidies on EIB loans can also be granted from EDF resources in ACP countries and overseas countries and territories, and from General Budget resources in Mediterranean countries under the financial protocols and conventions concluded by the Community.

ERDF interest subsidies have been used only once by the Member States: for the EIB loan granted in 1979 to finance the power station at Kilroot in Northern Ireland. The authorities in the Member States usually prefer to draw on their Regional Fund quota in the form of capital subsidies.

The interest subsidies introduced by the Council on 3 August 1979 within the framework of the EMS were rapidly and fully taken up during the year. When the European Monetary System was set up, it was decided to assist the less prosperous member countries "effectively and fully" participating in the EMS. Accordingly, interest subsidies of 3 percentage points up to a maximum of 200 million EUA a year, charged to the General Budget, can be given for five years on EIB and NCI loans amounting to a maximum of 1 000 million EUA a year granted to the less prosperous countries. Projects submitted for this type of financing must fall within the framework of indicative programmes drawn up by each Member State involved, in collaboration with the Commission. The Council has designated Italy and Ireland as the beneficiaries of these measures.

(1) Council Regulation No. EEC/1736/79

Five NCI loans and 29 EIB loans totalling 903.5 million EUA in Italy and Ireland were granted EMS interest subsidies of 203.9 million EUA in 1979, including 3.9 million EUA charged to the 1980 Budget. Of this amount, 66.1 million EUA were allocated in Ireland, and 137.8 million EUA in Italy.

Interest subsidies granted by Community financial instruments

million EUA

Resources	ECSC budget		General budget		Total
Loans	ECSC		NIC and EIB	EIB	
Subsidies	ECSC Art. 54(1)	ECSC Art. 56(2)	EMS	ERDF	
1968		3			3.0
1969	1.8				1.8
1970	1	6.8			7.8
1971	2.2	2.2			4.4
1972	4	3			7.0
1973	0.6	3			3.6
1974	6.1	5.4			11.5
1975	6.4	6.6			13.0
1976	3.4	6.7			10.1
1977	2.5	17.3			19.8
1978	12.2	18.1			30.3
1979	21.7	25.5	200	12.1	259.3

(1) Industrial development

(2) Conversion and redeployment

IV. OUTLOOK

In view of the probable increase in financing requirements as the Community adapts to changes in the international division of labour, faces the consequences of enlargement and the energy crisis and pursues the battle against unemployment, the various Community borrowing and lending instruments should continue to develop their activities.

The Community's various systems of interest subsidies under the EMS, the ERDF and the ECSC have contributed to the expansion of borrowing and lending activity.

As EIB activity will probably continue to expand, the statutory ceiling on outstanding loans may well be reached in 1982. The Board of Governors of the EIB may therefore decide to increase the Bank's capital next year.

In anticipation of potential requests for finance, the Council recently decided, on 22.7.80, on a proposal by the Commission, to open a second allocation of NCI funds. Furthermore, in conformity with Article 6 of the Council decision setting up the NCI, the Commission has presented to the Council and Parliament a report on the experience gained in the course of putting the decision into action. This report concludes with a proposal to re-enact the powers on a permanent basis.

The Community's borrowing and lending activities also contribute to the recycling of the surpluses of the oil-exporting countries.

ANNEX

Description of the Community's borrowing and lending instruments

(Legal basis, aims, procedures)

A. ECSC

B. EIB

C. Euratom

D. NCI

TABLES

1. Borrowing operations by the European Communities
2. Currency breakdown of outstanding Community loans
3. Commission borrowings in 1979
4. EIB borrowings in 1979
5. Community lending operations 1975-1979

A. ECSC

1. Legal basis: Articles 50, 51, 54 and 56 of the ECSC Treaty.

2. Aims

(i) to assist the financing of works and installations which increase the production, reduce the production costs or facilitate the marketing of ECSC products and corrdspond to the general aims adopted by the Commission for ECSC industries, by granting loans to undertakings in ECSC sectors or by guaranteeing other loans which they may contract;

(ii) to promote technical and economic research relating to the production and increased use of coal and steel and to occupational safety in the coal and steel industries;

(iii) to facilitate the financing of programmes for the creation of new activities in any other industry capable of reabsorbing redundant ECSC workers into productive employment:

(a) if the introduction of new technical processes or equipment should lead to an exceptionally large reduction in labour requirements in the coal or the steel industry;

(b) if fundamental changes in market conditions for the coal or the steel industry should compel some undertakings permanently to discontinue, curtail or change their activities;

(iv) with the assent of the Council, to grant loans for the financing of investments in sectors outside the ECSC or outside the Community which contribute directly and primarily to increasing the production, reducing the production costs or facilitating the marketing of ECSC products.

15.

3. Procedures

The funds required for granting loans are raised by borrowings floated on capital markets by the Commission, which manages them until they are on-lent. The borrowings are backed by the ECSC reserve fund and by the ECSC's power to collect a levy on the turnover of ECSC industries. Loan applications are examined by the Commission, which grants the loans. The funds required to finance interest subsidies on certain types of loan and those required for non-repayable grants are charged to the ECSC budget.

4. Areas of intervention

(a) Industrial projects

(i) in the coal and steel sectors, investments such as capital goods and buildings, facilities for supply, storage, transport and environmental protection;

(ii) in other sectors, works and installations which contribute to increasing the production, reducing the production costs or facilitating the marketing of ECSC products, such as coal-fired power stations, port facilities for the transhipment of raw materials or iron and coal mines outside the Community.

(b) Conversion programmes

The creation of new activities or the conversion of existing undertakings capable of reabsorbing redundant ECSC workers into productive employment. This involves investment either in ECSC industries or in any other industry on condition, in the other industries, that the recipient undertakes to absorb a certain number of redundant ECSC workers. These loans are eligible for interest subsidies charged to the ECSC budget, and are sometimes granted as global loans, particularly in the framework of conversion programmes.

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(c) The construction of housing

The construction of housing for workers and the modernization of older housing for workers in the ECSC industries. The available funds are distributed under the programmes between the various countries and regions by agreement with employers' and workers' organizations and the ministries responsible for subsidized housing.

(d) Technical and economic research

The Commission will also grant loans and non-repayable financial aid to promote technical and economic research in the coal and steel industries.

B. THE EUROPEAN INVESTMENT BANK

1. Legal basis: Articles 129 and 130 of the EEC Treaty and the annexed Protocol on the Statute of the European Investment Bank.

The Bank is a non-profit institution with legal personality. The capital is subscribed by the Member States.

2. Institutional framework

The powers of the Board of Governors, consisting of the Ministers designated by the Member States, are stipulated in the Statute; they include laying down general directives for loans policy, deciding whether to increase the subscribed capital, approving the annual balance sheet and approving the annual report.

The Board of Directors, consisting of Directors and alternates appointed by the Member States and one Director and one alternate appointed by the Commission, takes decisions in respect of granting and raising loans, fixes terms and sees that the Bank is properly run in accordance with the provisions of the Treaty, the Statute and the general directives.

The Management Committee prepares the decisions of the Board of Directors, ensures that they are implemented and is responsible for the current business of the Bank. The President of the Management Committee presides over meetings of the Board of Directors.

3. Aims

The main task of the European Investment Bank is to contribute to the balanced and steady development of the common market by facilitating the financing of the following projects in all sectors of the economy:

(i) projects for developing less developed regions;

(ii) projects for modernizing or converting undertakings or for developing fresh activities;

(iii) projects of common interest to several Member States.

4. Mandates

In addition to its main task, the Bank has mandates to manage certain activities on behalf of other bodies, charged to their resources; it records these activities in a special section. Within the Community, the Bank manages NCI and Euratom loans in this way, and outside the Community, venture capital transactions charged to EDF resources for the ACP countries and the overseas countries and territories, as well as special loans to Mediterranean countries charged to the General Budget.

5. Procedures

The EIB borrows on its own behalf and at its own risk. The Board of Directors periodically authorizes borrowing ceilings. Loans granted by the Bank are financed from cash in hand, most of which consists of the proceeds of borrowing.

Applications for financing are examined by the Bank from the technical, economic and banking point of view. The Bank formally consults the Commission and the Member State concerned for an opinion, pursuant to its Statute.

The Board of Directors rules on applications for loans. Where the Commission delivers an unfavourable opinion, the Board may not grant the loan unless its decision is unanimous, the Director nominated by the Commission abstaining. Where the Member State concerned delivers an unfavourable opinion, the loan may not be granted.

The Bank may also guarantee loans granted by other financial institutions to finance projects of the type described at Article 130 of the EEC Treaty.

Total loans and guarantees outstanding may not exceed 250% of subscribed capital.

C. EURATOM

1. Legal basis: Council Decision 77/270/Euratom of 29 March 1977

   Implementing Decision 77/271/Euratom of 29 March 1977

   Implementing Decision 80/29/Euratom of 20 December 1979 increasing the ceiling on borrowing to 1 000 million EUA.

2. Aim

To contribute, by means of loans, to the financing of investment projects relating to the industrial production of electricity in nuclear power stations and to industrial fuel cycle installations, in order to reduce the Community's dependence on external sources of energy.

3. Procedures

The Commission issues loans on behalf of the EAEC, the proceeds of which are simultaneously on-lent on identical terms. The costs incurred by the Community in carrying out each transaction, and the exchange risk, are borne by the recipient of the Euratom loan, so that no expenditure is charged to the Community Budget, which merely guarantees the loans should the need arise.

Applications for loans are examined by the EIB, which makes recommendations for each project.

The Commission decides whether to grant the loans, which are then managed by the EIB in its capacity as agent.

Loans may not exceed 20% of the cost of the investments concerned.

Euratom requires the same guarantees from borrowers as the EIB, which usually finances the same projects from its own resources.

D. NEW COMMUNITY INSTRUMENT (NIC)

1. Legal basis:

Basic Council Decision 78/870/EEC of 16 October 1978 empowering the Commission to contract loans for a maximum of the equivalent of 1 000 million EUA in principal.

Council Decision 79/486/EEC of 14 May 1979 applying Decision 78/870/EEC and authorizing a first tranche of borrowings of 500 million EUA.

Council Decision 80/739/EEC of 22 July 1980 applying for the second time Decision 78/870/EEC and authorizing a second tranche of 500 million EUA.

2. Aim

To finance investment projects which contribute to greater convergence and integration of the economic policies of the Member States and serve the Community's priority objectives in the energy, industry and infrastructure sectors, taking into account the regional impact of the projects and the need to combat unemployment.

3. Procedures

The Commission borrows on behalf of the EEC, and the borrowings are guaranteed by the General Budget of the Communities. The amounts borrowed and the arrangements for the borrowings depend on the requirements for loans to be financed. Funds borrowed are deposited with the EIB in an account opened in the Commission's name.

Lending terms are fixed in such a way as to cover both the interest on the related borrowings and the cost and expenses of both borrowing and lending, so that the General Budget of the Communities serves only to guarantee the borrowings.

Each tranche of borrowing is authorized by an implementing Decision which lays down the guidelines for the eligibility of the projects and specifies in what areas lendings may be made.

Loan applications are forwarded to the Bank either direct or through the Commission or a Member State.

The Commission decides whether or not projects are eligible in accordance with certain guidelines.

The Bank has been given a mandate to examine applications, decide whether and on what terms to grant loans and to administer them in accordance with the procedures laid down in its Statute and its usual criteria.

Loan contracts are signed on behalf of the Community by the Commission and the Bank.

Table 1

BORROWING OPERATIONS BY THE EUROPEAN COMMUNITIES

Each instrument, 1952-79

million EUA

Year	COMMISSION				EIB
	ECSC	EURATOM (1)	EEC	NCI	
1952	-				
1953	-				
1954	100				
1955	16				
1956	12				
1957	37				
1958	50				
1959	-				
1960	35				
1961	23				21
1962	70				32
1963	33	5			35
1964	128	8			67
1965	54	11			65
1966	103	14			
1967	58	3			
1968	108				
1969	52				146
1970	60				169
1971	102	1			413
1972	230				
1973	263				608
1974	528				826
1975	731		1095		814
1976	956		523		732
1977	729	99			1030
1978	1069	71			1863
1979	854	165		177	2437
Amount still outstanding at 31.12.79	4713	333	1020	177	8547

(1) Figures for the years before 1977 correspond to withdrawals from the credit lines negotiated and concluded with Eximbank (United States).

Table 2

Currency breakdown of outstanding Community loans

(at 31 December 1979)

Currency		%	
Community currencies:	DM	24.4	
	HFL	6.0	
	FF	6.3	
	BFR	3.8	
	LFR	2.5	
	UKL	1.1	
	LIT	1.4	45.5
Non-Community currencies:	USD	43.6	
	SFR	7.6	
	CAD	0.3	
	Yen	1.6	
	Austrian schilling	0.5	
	Lebanese pound	0.1	
	Others	0.8	54.5
TOTAL			100.0

Table 3

Commission borrowings in 1979

No	Type	Life (years)	Coupon %	Currency and amount (million)		million EUA (1)
1	Bond	15	9,70	FF	325	56.1
2	Bond	12	10 3/4 - 9 1/4	USD	150	104.3
3	Bond	20	9 3/4	USD	125	86.9
4	Bond	7	12 - 10 1/2	USD	100	69.5
5	Bond	8	11 1/2	USD	40	27.8
6	Bond	10	11 5/8	USD	50	34.8
7	Bond	12	7	DM	150	60.2
8	Bond	10	7 7/8	DM	150	60.2
9	Bond	8	8 3/4	LFR	500	12.4
10	Private placing	12	11 1/4 - 9 1/4	USD	15	10.4
11	Private placing	10	9 3/4	USD	10	7.0
12	Private placing	10	11 1/2 - 9 3/8	USD	20	13.9
13	Private placing	6	6 1/2 - 6 3/4	DM	34	13.7
14	Private placing	6	6 3/4	DM	50	20.1
15	Private placing	5 7	6 1/2 6 3/4	DM DM	5 5	2.0 2.0
16	Private placing	10	8	DM	25	10.0
17	Private placing	10	8	DM	25	10.0
18	Private placing	12	7 1/2	DM	40	16.1
19	Private placing	15	7 3/4	DM	50	20.1
20	Private placing	10	8 1/4	DM	40	16.1
21	Private placing	10	8 1/8	DM	60	24.1
22	Private placing	10	8 1/4	DM	12	4.8
23	Private placing	10	8	DM	40	16.1
24	Private placing	10	11	FF	100	17.3
25	Private placing	8	10 7/8	FF	20	3.5

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No	Type	Life (years)	Coupon %	Currency and amount (million)		million EUA (1)
26	Private placing	8	11 3/4	FF	30	5.2
27	Private placing	9	11 1/2	FF	23	4.0
28	Private placing	1.9	1 3/8	SFR	52.5	22.8
29	Private placing	8	3	SFR	123.5	53.7
30	Private placing	2	1	SFR	18	7.8
31	Private placing	5	3	SFR	45	19.6
32	Private placing	4	2.9 - 3 1/4	SFR	25	10.9
33	Private placing	10	4 3/4	SFR	7	3.0
34	Private placing	10	13 1/8 - 11 1/2	UKL	5	7.7
ECSC						854.1
35	Private placing	12	6.25	DM	88	35.3
36	Private placing	6	3	SFR	20	8.7
37	Bond	8	8	LFR	500	12.4
38	Private placing	10	9.75	FF	20	3.5
39	Private placing	6	3.625	SFR	15	6.5
40	Private placing	6	3.875	SFR	30	13.1
41	Private placing	6	8.75	FF	60	10.4
42	Bond	8	8.75	BFR	1500	37.2
43	Bond	8	9.75	FF	150	25.9
44	Bond	9	9.75	LFR	500	12.4
EURATOM						165.4
45	Public loan	15	7 7/8	DM	225	90.3
46	Public loan	20	11.60	USD	125	86.9
NCI						177.2
ECSC + EURATOM + NCI						1 196.7

(1) At conversion rate of 31 December 1979

EIB borrowings in 1979

Date of contract	Month of issue	Place of issue	Subscription currency	Amount in national currency (million)	Amount in u.a. (million)	Life (years)	Coupon %	Placing
Public and private issues								
11. 1. 1979	January	Luxembourg	Lfrs	600	15·1	12	8	Public
25. 1. 1979	January	Germany	DM	50	19·9	15	7	Private
25. 1. 1979	January	Germany	DM	75	29·9	10	7 1/4	Private
26. 1. 1979	January	Germany	DM	125	49·8	15	7 1/4	Private
30. 1. 1979	January	Netherlands	Fl	50	18·4	15	8 1/2	Private
31. 1. 1979	January	Japan/Luxemb.	$	100	72·6	12	9 5/8	Public
9. 2. 1979	February	Netherlands	Fl	48	17·7	20	8 3/4	Private
15. 2. 1979	February	United States	$	150	109·0	7	9 5/8	Public
15. 2. 1979	February	United States	$	100	72·6	20	9 7/8	Public
8. 3. 1979	March	Luxembourg	$	50	36·3	7	9 1/2	Public
8. 3. 1979	March	Luxembourg	$	30	21·8	12	9 3/4	Public
21. 3. 1979	March	Germany	DM	100	39·9	10	7·30	Private
21. 3. 1979	March	Germany	DM	100	39·9	10	7·35	Private
31. 3. 1979	April	Netherlands	Fl	30	11·0	25	8 3/4	Private
31. 3. 1979	April	Netherlands	Fl	50	18·4	15	8 7/8	Private
31. 3. 1979	April	Netherlands	Fl	50	18·4	20	8 7/8	Private
31. 3. 1979	April	Netherlands	Fl	80	29·5	12	8 3/4	Private
25. 4. 1979	April	Luxembourg	$	75	55·5	10	9 3/4	Public
10. 5. 1979	May	Luxembourg	$	50	37·0	5	variable	Private
15. 5. 1979	May	Germany	DM	200	79·2	10	7 1/2	Public
16. 5. 1979	May	Luxembourg	$	25	18·5	10	11-9 1/8	Private
21. 5. 1979	May	Germany	DM	40	15·8	15	8·30	Private
23. 5. 1979	May	United States	$	150	111·0	8	9 7/8	Public
23. 5. 1979	May	United States	$	150	111·0	20	10	Public
29. 5. 1979	June	Switzerland	Sfrs	100	43·7	12	4 1/2	Public
30. 5. 1979	June	Luxembourg	$	30	22·2	12	11-9 5/8	Private
31. 5. 1979	June	United Kingdom	£	25	38·3	12	11 1/2	Public
31. 5. 1979	June	Netherlands	Fl	25	9·2	15	9 1/8	Private
12. 6. 1979	June	Luxembourg	Yen	5 000	17·6	15	7·90	Private
4. 7. 1979	July	Netherlands	Fl	100	36·1	15	9 1/4	Private
6. 7. 1979	July	Luxembourg	Yen	10 000	33·7	15	7·90	Private
9. 7. 1979	July	Luxembourg	$	50	36·6	15	10	Private
11. 7. 1979	July	Luxembourg	$	100	73·3	10	9·70	Public
11. 7. 1979	July	France	Ffrs	200	34·2	10	10 3/4	Private
13. 7. 1979	July	Netherlands	Fl	100	36·1	15	9 3/8	Private
15. 7. 1979	July	Luxembourg	$	25	18·3	10	10·05	Private
18. 7. 1979	July	United Kingdom	£	15	23·8	12	12	Private
18. 7. 1979	July	France	Ffrs	300	51·3	15	11 13/16	Private
26. 7. 1979	July	Switzerland	Sfrs	100	44·1	15	4 3/8	Public
27. 7. 1979	July	Germany	DM	200	79·3	10	7 5/8	Private
6. 8. 1979	August	Germany	DM	100	39·6	20	8 1/8	Private
7. 8. 1979	August	Luxembourg	Yen	15 000	50·5	10	7 3/4	Public
12. 9. 1979	September	United States	$	100	73·3	8	10 1/8	Public
12. 9. 1979	September	United States	$	100	73·3	20	10·15	Public
28. 9. 1979	October	Belgium	Bfrs	2 500	61·9	8	9 3/4	Public
12. 10. 1979	October	Germany	DM	50	20·1	15	8	Private
24. 10. 1979	October	Netherlands	Fl	150	54·4	15	9	Public
6. 11. 1979	November	United Kingdom	DM	100	40·2	10	8 1/[illegible]	Public
15. 11. 1979	November	Switzerland	Sfrs	10	4·5	7	4 3/4	Private
15. 11. 1979	November	Japan	Yen	15 000	47·0	12	8·20	Public
23. 11. 1979	November	Luxembourg	Lfrs	250	6·2	7	10·40	Private
28. 11. 1979	November	Netherlands	Fl	75	27·2	20	9 1/2	Private
29. 11. 1979	November	France	Ffrs	200	34·2	12	12	Private
30. 11. 1979	November	Germany	DM	100	40·2	15	8	Private
6. 12. 1979	December	United Kingdom	$	80	56·0	12	11 3/4	Public
10. 12. 1979	December	Germany	DM	100	40·2	10	7 3/4	Private
13. 12. 1979	December	France	Ffrs	500	85·4	14	12·20	Public
18. 12. 1979	December	Austria	Sch.	500	27·9	10	8	Public
19. 12. 1979	December	Luxembourg	$	10	7·0	10	11 3/4	Private
					2 435·1			

Medium-term interbank operations

Date of contract	Month of deposit	Origin	Currency	Amount in national currency (million)	Amount in u.a. (million)	Maturity	Interest %	Placing
2. 3. 1979	March	Luxembourg	$	2	1·5	1982	10 17/32	Private
Total borrowings:					**2 436·6**			

TABLE 5

COMMUNITY LENDING OPERATIONS, 1975-1979

(by instrument, country and sector)

million EUA

Sector/country	ECSC 1975	ECSC 1976	ECSC 1977	ECSC 1978	ECSC 1979	EIB 1975	EIB 1976	EIB 1977	EIB 1978	EIB 1979	EURATOM 1977	EURATOM 1978	EURATOM 1979	NCI 1979	TOTAL 1975	TOTAL 1976	TOTAL 1977	TOTAL 1978	TOTAL 1979
Productive sector (1)	40,35	34,58	15,01	-	30,21	-	17,9	-	-	8,7	-	-	-	-	40,35	52,48	15,01	-	38,91
Infrastructure	1,77	2,69	0,86	1,89	0,44	-	-	-	-	-	-	-	-	-	1,77	2,69	0,86	1,89	0,44
Energy	-	-	-	-	-	10,8	-	-	62,2	49,7	-	-	50,54	-	10,80	-	-	62,20	100,24
BELGIUM	42,12	37,27	15,87	1,89	30,65	10,8	17,9	-	62,2	58,4	-	-	50,54	-	52,92	55,17	15,87	64,09	139,59
Productive sector (1)	22,58	-	-	13,07	-	11,6	9,1	12,8	12,4	5,4	-	-	-	-	34,18	9,10	12,80	25,47	5,40
Infrastructure	0,41	-	0,50	0,10	0,28	-	-	7,1	51,4	3,9	-	-	-	-	0,41	-	7,60	51,50	4,18
Energy	-	-	-	-	-	6,1	-	12,8	42,5	6,3	-	-	-	-	6,10	-	12,80	42,50	6,30
DENMARK	22,99	-	0,50	13,17	0,28	17,7	9,1	32,7	106,3	15,6	-	-	-	-	40,69	9,10	33,20	119,47	15,88
Productive sector (1)	119,32	166,75	27,90	115,63	125,40	-	9,2	-	2,3	4,0	-	-	-	-	119,32	175,95	27,90	117,93	129,40
Infrastructure	7,90	9,67	5,86	5,60	6,08	-	-	-	-	-	-	-	-	-	7,90	9,67	5,86	5,60	6,08
Energy	23,65	10,49	81,75	17,80	17,58	-	101,6	28,4	43,2	43,8	77,05	34,37	-	-	23,65	112,09	187,20	95,37	61,38
F.R. GERMANY	150,87	186,91	115,51	139,03	149,06	-	110,8	28,4	45,5	47,8	77,05	34,37	-	-	150,87	297,71	220,96	218,90	196,86
Productive sector (1)	112,14	101,92	125,27	89,94	69,26	8,2	-	19,6	23,6	1,7	-	-	-	-	120,34	101,92	144,87	113,54	70,96
Infrastructure	4,95	4,28	0,87	2,77	2,97	128,9	60,1	119,5	237,6	122,1	-	-	-	-	133,85	64,38	120,37	240,37	125,07
Energy	-	27,00	48,37	34,43	28,71	20,9	-	157,4	98,1	98,9	19,85	-	67,88	-	20,90	27,00	225,62	132,51	195,49
FRANCE	117,09	133,20	174,51	127,14	100,94	158,0	60,1	296,5	359,3	222,7	19,85	-	67,88	-	275,09	193,30	490,85	485,44	391,52
Productive sector (1)	-	0,54	-	-	13,90	7,7	29,9	18,3	14,8	49,2	-	-	-	-	7,70	30,44	18,30	14,80	63,10
Infrastructure	0,17	0,15	0,19	0,02	0,03	30,0	24,2	61,4	72,6	124,4	-	-	-	62,0	30,17	24,35	61,59	72,62	186,43
Energy	-	-	-	-	-	-	3,3	-	30,0	79,3	-	-	-	24,7	-	3,30	-	30,00	104,00
IRELAND	0,17	0,69	0,19	0,02	13,93	37,7	57,4	79,7	117,4	252,9	-	-	-	86,7	37,87	58,09	79,89	117,42	353,53
Productive sector (1)	175,75	146,83	170,86	123,73	94,25	52,9	137,5	197,1	142,2	244,6	-	-	-	-	228,65	284,33	367,95	265,93	338,85
Infrastructure	0,84	0,91	2,69	2,63	7,33	208,2	195,1	189,3	374,0	356,3	-	-	-	39,6	209,04	196,01	191,99	376,63	403,23
Energy	-	-	-	-	-	97,7	50,0	39,3	328,9	304,5	-	35,89	34,04	45,4	97,70	50,00	39,30	364,79	383,94
ITALY	176,59	147,74	173,55	126,36	101,58	358,8	382,6	475,7	845,1	905,4	-	35,89	34,04	85,0	535,39	530,34	599,25	1007,35	1126,02
Productive sector (1)	0,65	-	-	73,50	19,46	-	-	-	-	-	-	-	-	-	0,65	-	-	73,50	19,46
Infrastructure	0,48	0,08	0,56	0,44	0,31	-	-	-	-	-	-	-	-	-	0,48	0,08	0,56	0,44	0,31
Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LUXEMBOURG	1,13	0,08	0,56	73,94	19,77	-	-	-	-	-	-	-	-	-	1,13	0,08	0,56	73,94	19,77
Productive sector (1)	29,54	38,16	-	42,00	-	-	-	-	-	-	-	-	-	-	29,54	38,16	-	42,00	-
Infrastructure	0,89	0,39	0,51	0,82	0,55	-	-	-	-	-	-	-	-	-	0,89	0,39	0,51	0,82	0,55
Energy	-	-	-	-	-	-	30,4	-	-	-	-	-	-	-	-	30,40	-	-	-
NETHERLANDS	30,43	38,55	0,51	42,82	0,55	-	30,4	-	-	-	-	-	-	-	30,43	68,95	0,51	42,82	0,55
Productive sector (1)	125,12	376,92	173,59	28,96	26,35	57,8	94,1	178,4	67,3	64,0	-	-	-	-	182,92	471,02	351,99	96,25	90,35
Infrastructure	1,13	0,04	-	3,01	3,62	84,3	132,3	218,4	247,0	299,9	-	-	-	25,9	85,43	132,34	218,40	250,01	329,42
Energy	137,22	142,36	86,73	241,34	229,04	192,4	191,2	92,8	116,4	375,1	-	-	-	79,4	329,62	333,56	179,53	357,74	583,54
UNITED KINGDOM	263,47	519,32	260,32	273,31	259,01	334,5	417,6	489,6	430,7	739,0	-	-	-	105,3	597,97	936,92	749,92	704,01	1103,31
Productive sector (1)	625,45	865,70	512,63	486,83	378,83	138,2	297,7	426,2	262,6	377,6	-	-	-	-	763,65	1163,40	903,83	749,43	755,43
Infrastructure	18,54	18,21	12,04	17,28	21,61	451,4	411,7	595,7	982,6	906,6	-	-	-	127,5	469,94	429,91	607,74	999,88	1055,71
Energy	160,87	179,85	216,85	293,57	275,33	327,9	376,5	330,7	721,3	957,6	96,90	70,26	152,46	149,5	488,77	556,35	644,45	1085,13	1534,89
EEC	804,86	1063,76	741,52	797,68	675,77	917,5	1085,9	1352,6	1966,5	2241,8	96,90	70,26	152,46	277,0	1722,36	2149,66	2191,02	2834,44	3347,03
NON-EEC	-	-	-	-	-	-	-	48,8 (2)	-	39,4 (2)	-	-	-	-	-	-	-	-	-

(1) The productive sector comprises: industry only for the ECSC
industry, agriculture and services for the EIB

(2) Loans for energy investment projects in Austria and Norway under Article 18 of the EIB Statute.