

EUROPEAN COMMUNITY

BACKGROUND INFORMATION

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BACKGROUND NOTE

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EUROPEAN INVESTMENT BANK FORESEES WIDER ROLE

More Help Expected for Declining Industrial Areas, Developing Countries

The European Investment Bank (EIB) expects to increase its activities in the European Community's declining industrial regions and in developing countries.

Set up in 1958 under the 1957 Common Market Treaty, the Bank, an independent non-profitmaking public institution, has concentrated on lending money for projects that help the Community's backward areas or serve the interests of more than one EC Member State.

In its annual report for 1972 the EIB said that, with the accession to the Community of Britain, Ireland, and Denmark, it expects to part-finance projects in the new member countries' less developed regions. The report added: "It is also probable that modernization and conversion projects will assume increasing importance in the Bank's activities because of the extent of the problems raised in the United Kingdom by persistent large-scale unemployment in the older industrialized regions."

The Bank report stated that "in an enlarged Community projects of common interest should normally grow in number; these might be projects designed to create and improve infrastructure serving common European interests, or projects involving cooperation between industries in different member countries."

Noting that Member States are studying the "evolution of an overall policy for collaboration in development on a worldwide scale, with the possibility of official assistance coming to assume a key role," the report said "it is probable that the EIB will be invited, during the next few years, to extend its activities to certain developing countries, in particular in the Commonwealth and Mediterranean Basin."

Assistance Sets Record in 1972

New financial assistance granted by the EIB last year totalled a record 526.8 million units of account (one UA equals \$1.08571). The increase over 1971 was 4.9 per cent, compared with a 42 per cent increase in 1971 over 1970.

The total value of the projects in which the Bank invested was about UA 2 billion. Its average share in these projects was 25 per cent of the total cost, compared with an average of 21 per cent in previous years.

Altogether the Bank helped finance 39 projects last year, of which 30 -- for a total of UA 505.9 million -- were in EC member countries. The others were in Associated African states.

Italy received 41 per cent of the Bank's loans, France 27.5 per cent (a 16 per cent increase over 1971), and Germany 24.8 per cent (double the 1971 amount).

Two-thirds of the Bank's operations in Member Countries helped regional development projects, mainly in Southern Italy, Sicily, and Sardinia.

Loans for investments of common Community interest nearly doubled their 1971 volume, and represented almost 30 per cent of EIB aid. Most of these projects involved pipelines and other energy infrastructure and communications, such as port installations, highways, and bridges.

Projects in Member States that received significant amounts of EIB aid last year included:

- nuclear power stations in Germany, Belgium and France
- highways and cement factories in Italy
- telecommunications in France.

Since 1958 the Bank has provided UA 426 million for highway construction, and UA 265 million for telecommunications in France and Italy.

Loans for infrastructure projects (in the Community and African Associates) made up 67.2 per cent of the Bank's total operations in member countries last year, compared with 45 per cent in 1971.

The Bank's aid to industry -- 32.8 per cent of total aid last year -- involved 20 investments in manufacturing industries, such as textiles, foodstuffs, electronics, and mechanical engineering.

Aid to African Associates

In Africa the Bank granted loans totalling 12.8 million units of account from its own resources for cement production in Cameroon, Ivory Coast's textile production, and modernization of its railroads (including links with the Voltaic Republic and Mali) and the harbor at Ivory Coast's capital, Abidjan.

Special long-term, low-interest loans to Associated African countries last year helped finance industrial and infrastructure projects in Dahomey, Senegal, Congo, and Gabon. These loans are financed from special funds and managed separately.

The Bank was expecting to resume its development aid to Turkey, following the entry into force on January 1, 1973, of the Community's second financial protocol with Turkey, which has an Association Agreement with the Community.

The report announced that EIB loans are now available to Mauritius, the Commonwealth island in the Indian Ocean which, on January 1, 1973, joined the Yaounde Convention associating 18 African States and Madagascar with the Community.