

Information

European
Investment
Bank



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EIB has lent over 500 million u.a. for the Community's natural gas supplies

The network of natural gas pipelines extending across Europe is denser than that of the motorways and very much more discreet. For a large part buried underground, and only rarely noticed by the public where a pipeline surfaces or connects with a compression station, a «web» of mains criss-crosses countries and frontiers.

It tends to be almost forgotten that the days of local gasworks are virtually finished and that today gas for the home or industry often comes from far away, that exploitation of the gas fields, many of them out at sea, and the transport of the gas depend on high technology and huge investments.

Over the past few years the use of natural gas by consumers in the EEC countries has been rising rapidly. While gaseous fuels only contributed 2 % of the total energy consumption of the present Member Countries of the Community in 1960, the share rose to almost 15 % in 1974 and could be as high as 23 % by 1985.

There are several reasons for a shift of this magnitude: gas economics have been favourable compared with other fuels; gas has considerable advantages in regard to cleanliness, air pollution and controllability; and there have been political pressures in some markets to use gas rather than other fuels. The financing required for the introduction and this rapid spread of natural gas in the Community presented to the European Investment Bank an obvious challenge which has doubled in importance since the energy crisis.

Community policy

To counteract the risk of future energy shortages, particularly due to restricted imports of petroleum from the Middle East, the EEC countries decided in 1975 to reduce imported energy by 1985 to a maximum of 50 % of the total consumption and, if possible, to as little as 40 % (it is at present about 63 %). At the same time it was decided to diversify Community sources of energy both geo-

graphically and as to type; not only was a maximum of primary energy to be derived from domestic sources, but imports of energy were to be obtained from as many different areas as possible. In particular Europe's excessive dependence on Middle East fields was to be substantially reduced by 1985.

Natural gas figured prominently among the newer forms of energy domestic production of which was to be encouraged and imports to be intensified from both established and new sources. The forecast that by 1985 it could come to represent 23 % of the EEC's primary energy consumption supposes success in reducing imports of energy to 40 % of the total; even on the less optimistic estimate of cutting imports back to 50 %, the share of natural gas would still rise to about 18 %, and this is despite the fact that it is being increasingly reserved for the premium end of the market where preciseness and cleanliness are most valued (such as in domestic heating, glassworks, potteries and the food industry).

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In either case substantial investments in gas transport facilities are required for new or expanded regional distribution grids, needed to supply individual customers, and particularly for long-distance pipelines and other plant and equipment required to import natural gas. In fact, gas transmission on a truly international scale is essential to meet the goals which the Community has set itself.

The EIB's contribution to the financing of gas industry projects has been rising rapidly and will help to meet these objectives. Between 1966 and April 1976 the Bank made 22 loans totalling 389.7 million u.a. for gas transmission and import facilities. To this total there must be added another 98.3 million u.a. lent to finance hydrocarbon production facilities, involving both dry natural gas and gas associated with crude oil production. Significant amounts have also been provided to support projects involving development of new technology to be used in the exploration and exploitation of hydrocarbon deposits (e.g. a semi-submersible pipelaying vessel and a new system for welding pipelines under water).

These sums should be viewed in the perspective of a total of about 1450 million u.a. for energy-associated loans granted by the EIB. Year by year the amount provided for natural gas projects has grown substantially and in 1975 it came to 157.3 million u.a., exceeding loans granted for nuclear energy projects (121.8 million).

Regional distribution grids

Well before the Community policies on energy saving and the intensified use of natural gas had been formulated the EIB began providing finance for regional distribution grids drawing their gas from local sources. Thus in 1966 a loan was granted to improve gas distribution in northern Germany and similarly, in 1968, a loan to extend the natural gas grid in southwestern France. In the same vein, regional gas transmission projects in the South of Italy (Puglia, Basilicata, Calabria and the Abruzzi) also attracted finance from the Bank in 1971 and 1975.

The EIB's main interest in financing these distribution facilities was the support they would give to the economic development of the regions in question, all to a greater or lesser degree underprivileged areas, close to the borders of the Community. The amount provided by the

Bank, a total of 34.8 million u.a., should therefore be considered essentially as part of its lending in favour of regional development.

Exploitation of European gas and oil fields.

Far more important from the point of view of European domestic energy supply have been loans granted to natural gas producers to help develop hydrocarbon production within the Community. Medium to large deposits of natural gas have been found in Europe on-shore in Holland, France and Italy, and off-shore especially in the North Sea but also in the Adriatic and other parts of the Mediterranean, the Celtic and the Irish Seas. The obvious potential contribution of these fields towards a greater independence for the EEC from imported energy supplies has led the Bank on several occasions to grant loans to exploit these hydrocarbon reserves. The bulk of these operations have occurred during the last few years.

In the North Sea, the Bank has helped with the development of the Frigg gas field, a hydrocarbon accumulation extending over the sectorial boundary between Norway and the United Kingdom, by granting a loan of 19.5 million u.a. in 1974 to the consortium of French companies which have concluded a supply contract with the British Gas Corporation. In the same year the Bank contributed 9.8 million u.a. to the development of the Luna gas field in the Ionian Sea off the coast of Calabria (Southern Italy) near Crotona. While the Frigg gas will be distributed by a series of pipelines over the major part of the UK, the gas from Luna will find outlets mainly in the towns and industries of Calabria and the adjoining regions.

Again in 1974, the Bank helped development of the Ekofisk oil and gas field in the North Sea through a loan of 18.4 million u.a. to a subsidiary of the Italian AGIP group, a partner in the operating consortium.

While the field is actually in the Norwegian sector of the North Sea, outside the continental shelf belonging to the Community, the interest to the EEC is clear since the entire gas production – it will meet 7 % of total consumption – and the bulk of the oil production of the field are intended for the Community. In fact the gas will be landed at Emden in Germany by way of a 440 km sub-

marine pipeline and the oil at Tees-side in the UK through a 354 km line.

It should be noted here that although the EIB's principal role is to provide finance for investments inside the Community, its Statute empowers the Bank's Board of Governors, by special and unanimous decision on a recommendation from the Board of Directors, to also authorise loans for projects situated outside the EEC. The Ekofisk project was financed under such a decision.

In 1975, the Bank contributed to the financing of two further hydrocarbon projects. Oil production in a small Danish off-shore field, the «DANFELT», was supported by a loan of 6.1 million u.a. to the Danish partner of the operating group and two loans, totalling 44.5 million u.a., were granted to AGIP for the exploitation of a major oil and gas discovery near Milan, the Malossa field, which is expected to meet already this year some 14 % of the entire Italian natural gas demand and will also provide 2.6 % of the country's oil consumption. The discovery was the result of a deep-drilling exploration programme, employing most advanced techniques to reach depths between 4000 and 6500 metres; the technology will be used to thoroughly explore beneath the Po Valley, which may contain other such reserves, and it has also opened the way to similar exploration elsewhere in the EEC.

EIB loans to develop oil and gas production within, or for the benefit of, the Community thus amount so far to a total of 98.3 million u.a.

Gas transmission in Europe

An important feature of the transition from other forms of energy to natural gas is the need to lay long-distance pipelines if gas from a single source or terminal is to be used over a wide area. This applies as much to the distribution of natural gas produced in fields within the Community as to natural gas imported by pipeline or liquefied natural gas (LNG) delivered by seagoing tankers.

Until very recently, the only gas supply in Europe exceeding local requirements was that produced in North Holland in the province of Groningen, where a deposit of some 2000000 million m³ of a gas of quality «L» (low calorific value, about 8400 Kcal/m³) had been found. Since most other local and imported natural gas elsewhere in Europe

was of quality «H» (high calorific value, about 10000 Kcal/m³) and not interchangeable, a separate distribution system had to be provided and a series of gas mains were laid inside Holland and for export into Germany, Belgium, France and subsequently Italy and Switzerland.

The EIB helped to finance one of these pipelines with a loan of 13.8 million u.a. granted in 1969; the line was laid by Nederlandse Gasunie and supplied Groningen gas to the province of Limburg in the South of Holland as well as making additional gas «L» available for export into Germany and Belgium. Dutch «L» gas is also piped across Belgium, distributed throughout the North and East of France and transmitted as far as the Paris region. In connection with this the EIB provided a loan of 16.2 million u.a. to Gaz de France in 1967 for a pipeline system of a total length of 675 km; two years later a further loan, this time 9.9 million u.a., was made for extension of the system into Alsace.

However, not all the gas discovered in Holland was of «L» quality and deposits of «H» gas were subsequently found in the region of Drenthe and in the Dutch off-shore sector of the North Sea. It was decided to export it to areas already using high calorific value gas in order to avoid the need for a separate distribution system in the Netherlands, and a further loan of 31.9 million u.a. to Nederlandse Gasunie in 1974 facilitated construction of lines from the «H» gas fields to Maastricht and the southern border.

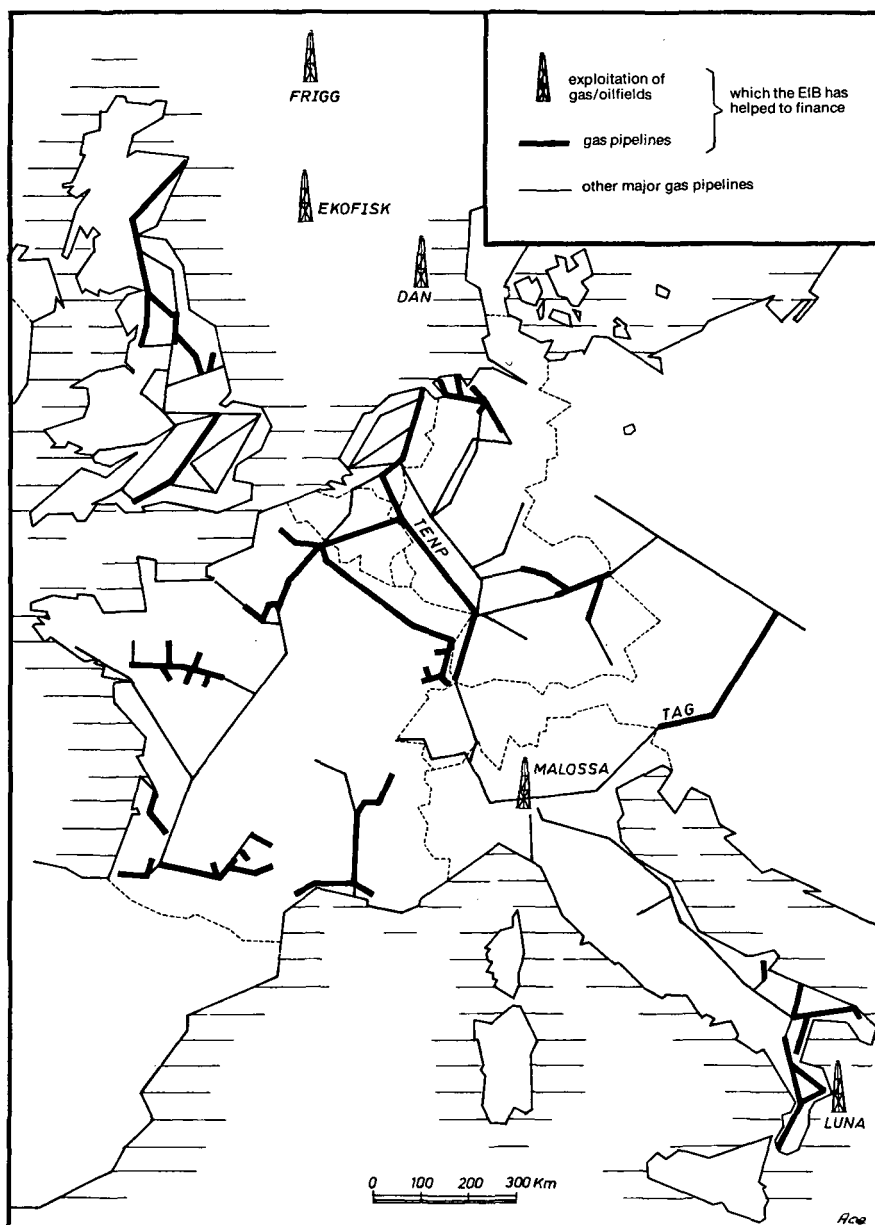
A continuation of the line into and across Germany, through Switzerland and into Italy – the TENP (Trans European Natural Gas Line) – was laid as a joint project by German and Italian gas distribution agencies. The Bank helped to finance the share of the Italian partner (SNAM) with a loan of 29.7 million u.a.

Towards the end of last year a loan of 10.8 million u.a. was provided by the Bank to SEGEO (Société Européenne de Gazoduc Est-Ouest), the shareholders of which are Distrigaz (Belgium) and Gaz de France, for a similar type of project, a high pressure main to transmit «H» natural gas from the Dutch border near Maastricht across Belgium to France.

The transmission projects discussed so far are all concerned with the movement of gas within and between different countries in Europe. Not

unnaturally the need to transport gas over long distances and the mutual interdependence of gas producers, transit and consumer countries have resulted in the establishment of a complex transmission and distribution grid which in addition to five of the seven continental Community countries also covers Switzerland and Austria and provides, through possible exchanges of gas sources, a much improved security of supply. The international character of these projects, involving or at least directly interesting more than one EEC Member Country in each case, was the prime motivation for

the EIB's interventions, one of the Bank's main roles under Article 130 of the Treaty of Rome being to help finance «projects of common interest to several Member States». This notion of «common interest» may not at first sight appear to apply to a number of transmission projects in the United Kingdom which the Bank has helped to finance. North Sea gas landed in the North of Scotland will remain within the U.K. It has to be transmitted southwards in order to find outlets of sufficient magnitude and a number of large feeders in Scotland and the North of England are at present under



construction for which loans totalling 120 million u.a. have so far been granted to the British Gas Corporation. A further 29.4 million u.a. has also been provided for a new feeder line to transmit North Sea natural gas towards the South-West of England. The availability of natural gas in the areas to be served is a vital contribution to regional development in the United Kingdom. In the broader context, however, these projects, like those on the Continent, also present a «common interest» to the EEC as a whole as they help to broaden its total energy resources and advance the Community's energy policy.

Taken together, the total finance provided for European gas transmission projects, plus the previously mentioned loans granted for distribution networks of an essentially regional nature, amount at present to 296.5 million u.a.

Diversification of natural gas supply

While the ideal is obviously to develop to the utmost the potential oil and gas resources within the Community, the EEC's common energy policy also lays stress on the importance of diversifying the sources of natural gas imported from outside the Community. The production of substantial volumes of gas in the Ekofisk field in the Norwegian sector of the North Sea and from the Frigg field, straddling the median line between both the U.K. and Norwegian sectors of the North Sea, have already been mentioned and supplies from these two sources will in fact be transmitted through lines part-financed by the Bank in Scotland, Holland, Belgium and Germany.

In addition to imports from Norway, the EEC countries have signed supply contracts with Soviet Russia,

Iran, Algeria and Libya. A feature of most of these agreements is their international character: in most instances natural gas importers in several European countries are involved.

Imports of Russian (also, at a later stage, Iranian) gas reach Western Europe by pipeline via two transfer points, one at Waldhaus on the Czechoslovak/German frontier, the other at Baumgarten on the Czech/Austrian border. Gas mains from these two locations extending westwards serve several international gas purchasing consortia and are, as a rule, jointly owned. The TAG (Trans-Austrian Gasline), for instance, is shared between Austrian, Italian and French interests. Participation in this line by both the Italian (SNAM) and French (Gaz de France) agencies was facilitated by EIB loans totalling 43.3 million u.a. granted in 1973. Here again, as the project was located outside the Community the Bank's Board of Governors had to give special authorisation for this financing. The following year the EIB provided 19.9 million u.a. to the German company Ruhrgas for construction of pipelines between the Czech border and Munich on the one hand and Karlsruhe on the other.

Natural gas from Algeria and Libya is transported across the Mediterranean in liquefied form and regasified in terminals at Fos-sur-Mer (France), Barcelona (Spain) and La Spezia (Italy), in addition to minor reception terminals at Le Havre (France) and Canvey Island (UK). The EIB made a 30 million u.a. loan to Gaz de France in 1972 to help finance construction of the Fos terminal and the connected transmission system, essentially 650 km of gas lines up the Rhone river and along the Mediterranean Coast.

At the present time, EIB loans for projects leading to diversification of gas supplies amount to 93.2 million u.a. There is, however, little doubt that there will remain a considerable demand for further finance in this field.

A number of major additional gas and LNG import schemes are under discussion. While a proposal to import Algerian LNG for the benefit of a European consortium through both Fos and Monfalcone (Trieste - Italy) seems in abeyance, one of the members of the group, Distrigaz, has made arrangements to import LNG into Zeebrugge in Belgium. Additional Iranian gas may reach the Mediterranean by pipeline to be lique-

Apart from finance provided for production facilities and transmission lines, a number of loans have been granted by the EIB to assist with the development of new technology to meet some of the formidable problems faced in the exploitation of off-shore oil and gas fields.

Certain of these projects were outlined in Information Bulletin No 1, published in February last year. In June the Bank helped to finance another, a high-technology welding system designed by the Marseilles-based Compagnie Maritime d'Expertises COMEX S.A. for use in the laying of submarine oil and gas pipelines.

For the first time it makes possible hyperbaric underwater welding at depths greater than 200 metres, enabling the jointing of pipes to be carried out more quickly and at lower cost. When employed on a large scale, it will speed up pipelaying operations with the result that oil and gas deposits in the North Sea, where it will be used for the first few years, and subsequently off-shore fields elsewhere, will be brought into production earlier than would otherwise have been possible.

The system is very complex. One of its components is an «aligner», 33 metres long and weighing 260 tons, which is equipped with two pairs of grabs for raising and aligning pipes on the sea bed, and two cutters powerful enough to cut sections of pipe, even concrete-coated, up to 80 cm. in diameter.

Divers operating inside a chamber which descends into the centre of the aligner carry out the precise alignment and welding.

Aside from its use in laying new pipes, the COMEX system - which has aroused much interest in the oil and gas industry - will enable rapid repairs to be made to damaged pipelines, helping to reduce the risk of pollution.

The loan granted by the Bank was equivalent to Ffrs 10 million (1.8 million u.a.).

fied and shipped to one or more of the LNG terminals. Alternatively, the gas may be liquefied in the Persian Gulf and shipped as LNG all the way.

New gas lines under the Mediterranean between Algeria and Spain and Tunisia and Sicily are under study and would make Algerian gas available to Spain and Southwestern France on the one hand and Southern Italy on the other. Additional gas lines from the northern off-shore fields in British waters (Brent and others) and in Norwegian waters are also being examined. Finally, an off-shore pipeline, terminal and gas distribution system are planned in Cork (Ireland) in connection with the recent discovery of Kinsale Head and other off-shore fields.

* * *

Over the past decade, then, the EIB has provided over 500 million u.a. for the gas industry in Europe, more than half this sum in the last two years since the oil crisis. This is about the same total sum as the Bank has also provided over more or less the same period, with a similar concentration in the last two years, for the construction of 13 nuclear power stations in the Community.

The biggest share of the gas investments, over 50 %, concern transmission systems in Continental Europe and the United Kingdom, which will bring nearer the greater security of energy supplies needed by the Community by helping to establish a fully international and comprehensive system for the transport of domestic and imported gas with built-

in flexibility for exchange of supplies between distributors.

Looking ahead to the beginning of the 1980s, the growth in production and distribution of natural gas, though perhaps less in the public eye, is most likely to demand a higher level of total investment than even the building of nuclear power stations in the Community*.

In both domains, the EIB's established role in helping to provide part of the huge amount of financing required is destined to grow.

* A comprehensive article concerning the development of nuclear energy in the EEC, and the EIB's role in helping to meet the financing requirements, was included in *Information Bulletin No 2*, published in July 1975.

Cleaning up the Bay of Naples ...

Curving round in a broad half circle, with the Isle of Capri to the south and dominated by Vesuvius on the eastern shore, the Bay of Naples is justly acclaimed as one of the most beautiful features on the European coastline.

It is also a fast - developing region, with a conurbation of almost four million people clustering around and back from the Bay (the density of population is 1500 per sq.km., about 10 times the average for Italy) together with considerable industrial development.

Protection of the environment poses very difficult problems as there has never been a satisfactory drainage and sewage infrastructure. Most of the domestic and industrial effluent finds its way into the sea either directly or via water courses, virtually untreated. The capacity of the sea to deal with this constant discharge is limited by the enclosed nature of the Bay; prevailing currents are weak and pollution accumulates.

The impact on living conditions, in particular the risk to health standards, is considered serious. Moreover, the economic progress of the region is itself jeopardised: fish catches are down (the Tuna fish has even altered its migration patterns to avoid the Bay); both industry and agriculture are restricted by the pollution of water courses, which should be a precious asset in the dry south; and there are many signs that the tourist industry, one of the mainstays of the Neapolitan economy, is beginning to suffer.

The public authorities faced with this complex, difficult problem, the solution to which has been complicated by lack of sufficient data, have drawn up a huge, integrated programme, Special Project No 3, the execution of which has been made the responsibility of the Cassa per il

Mezzogiorno. Special Projects are interregional and intersectoral public works programmes of key importance for the development of the Mezzogiorno decided upon by the Interministerial Committee of Economic Planning; they will form the hub of the Cassa's activities over the coming years.

Special Project No 3 has three main aims: firstly to clean up the water courses of the area, secondly to reduce to tolerable limits the amount and concentration of effluent discharged into the Bay, and, thirdly, by planning for «re-cycling» of part of the used water, to recover large reserves of water which are currently wasted.

The works will extend well into the 1980s involving a total investment of around 900000 million lire (mid-

1975 prices) and will give employment to a great number of people throughout this period. The European Investment Bank has made two loans totalling 36000 million lire to help finance the first tranche of construction which includes the most urgent parts of the scheme, costing in total around 120000 million lire. This is the largest sum the Bank has yet provided for a project aimed at protection of the environment and indicates the considerable importance the EIB places on the progress and eventual completion of Special Project No 3.

The area covered by the whole scheme will extend to 2800 sq.km. embracing 190 communes in the provinces of Naples, Salerno, Caserta and Avellino, including the islands of Capri, Ischia and Procida and 15 industrial zones.

The population in this area is at present around 3.8 million but if one considers the industrial presence and takes into account the effects of the influx of some 4 million tourists to the area mainly during the summer months, the level of water pollution is equivalent to that of a population of around 9 million people. The priority given to tackling the situation now is amply justified by estimates that over the next 40 years or so the population will increase to 7 million with pollution equivalent to that produced by 15 million.

The approach to the problem has been to make a «global projection» of the domestic water needs of the population and of industry, agriculture and tourism, in addition to examining the measures needed to safeguard the environment and health. Reduction of pollution must be integrated with a more rational use of water resources to encourage future industrial growth and develop the agricultural and tourism potential.

Effluent will be channelled through sewers (there is at present only one main sewer) and purification plants will be constructed at sewer outlets. Hence only purified water will be discharged into rivers, which may then be more fully exploited for irri-

gation and other purposes, or into the sea. Industries will be responsible, either individually or as members of consortia, for any pre-treatment necessary to meet the norms governing discharge of effluent into the sewers.

The configuration of the sewer network and the choice of the number, size and location of the purification plants results from analysis of the needs of each individual area, taking into account different technical means presently available and even making allowance for certain new or improved systems which may evolve in the next few years.

The intention to re-use, where possible, part of the purified water for industrial and agricultural purposes will help to relieve pressure on fresh water resources.

Many of the rivers and water courses which will be cleaned up pass through more depressed areas lying back from the coast whose past development has been restricted by the pollution of water supplies which could have been turned to productive use. The advancement of these areas is essential if a balanced social and economic progress of the region is eventually to replace the present haphazard expansion.

In fact a striking feature of Special Project No 3 is that while environmental and economic interests too often find themselves in conflict with each other, here they unite. The reduction of pollution will have a series of favourable repercussions on the economic development of the region which, even if it has made large bounds over recent years, still has a long way to go.

Apart from helping to finance the Cassa per il Mezzogiorno's own works in the Bay of Naples, the EIB granted in March a loan of 5000 million lire for installations to reduce water and atmospheric pollution caused by the largest industrial complex in the area, the Italsider steelworks at Bagnoli.

The project forms part of a wider programme to modernise various production units in the complex.

Also included are measures to improve working conditions (new sound-proofing systems and dust extraction plant).

From Yaoundé to Lomé

The Lomé Convention, which came into effect on 1 April 1976, extends the European Investment Bank's activities to embrace almost all the states of tropical Africa, together with a number of Caribbean and Pacific states.

The signing of this Convention in Lomé, Togo, on 28 February 1975, after eighteen months of

negotiations, marked the beginning of new relations in the sphere of economic co-operation between 46 developing countries in Africa, the Caribbean and Pacific (the ACP States), totalling between them 281 million people, and the European Economic Community with its population of 262 million.

The Lomé Convention

The Convention, which remains in force until 1 March 1980, provides for commercial, technical, financial and industrial co-operation and it is these last two items which concern the Bank (1).

The total financial aid to be provided by the Community is set at 3 390 million units of account (u.a.), made up as follows :

European Development Fund (EDF) resources, from the budgets of Member States :

Grants	2 100 m u.a.
Special loans	430 m u.a.
Risk capital	95 m u.a.
Transfers for the stabilisation of export earnings	375 m u.a.
EIB loans from its own resources	390 m u.a.

The Bank will be responsible for making available 585 million u. a., comprising:

- 390 million u. a. in the form of loans from its own resources, to be granted in accordance with the terms, conditions and procedures provided for in its Statute, and taking into account in each case the economic and financial position of the country concerned;
- 100 million u. a., set aside from the EDF grant allocation and to be used to finance 3% interest subsidies which will normally be applied on loans from the Bank;
- 95 million u. a., also to be provided from EDF resources, for contributions to the formation of risk capital, which may be used either to increase directly the equity capital of an enterprise or to provide quasi-capital assistance for financing its investments.

The terms and conditions of EIB operations in ACP countries are explained in an information brochure which may be obtained from the Bank on request.

A further 160 million u. a. is foreseen as aid for the Overseas Countries, Territories and Departments (OCTD), this figure to include 10 million u. a. in loans from the Bank's own resources (also, as a rule, attracting interest rebates) and 5 million u. a. for risk capital assistance.

In order to ensure the most effective management of the various types of financial aid from the Community, there is a division of responsibilities, according to the type of financing involved, between the Commission of the European Communities, which manages the EDF, and the European Investment Bank.

The Commission will be responsible for appraising and approving applications for grants and special loans⁽²⁾ and for the transfers intended to stabilise export earnings.

On the other hand, the Bank will appraise, approve and manage the loans from its own resources, as well as the interest subsidies

and risk capital operations. Because of its experience in this sphere, the Bank has the main responsibility for the industrial, mining and tourism sectors. Projects in these sectors will be submitted first to the Bank so that it may examine whether they are eligible for any of the forms of aid which it manages.

The Bank has been taking part for several months in programming missions sent by the Commission to the ACP countries to prepare indicative financial aid programmes.

Loans granted during the Yaoundé Conventions

The Lomé Convention was based largely on experience acquired over some twelve years of development co-operation under the two Yaoundé Conventions⁽¹⁾. During this period — and considering here only the reimbursable aid — 70 financing operations worth 253.2 million u. a. were mounted in the Associated African States, Madagascar and Mauritius, and the Overseas Countries, Territories and Departments

(OCTD): 35 loans, totalling 146.1 million u. a., were granted by the Bank from its own resources and 35 special operations, worth 107.1 million u. a., were financed from EDF resources and managed by the Bank under its Special Section on behalf of and under the mandate of the Community.

Loans by the EIB from its own resources

Of the 146.1 million u. a. lent by the EIB from its own resources, more than 100 million u. a. were concentrated in the Ivory Coast (38%), Zaïre (25%) and Cameroon (13%), with the remainder shared between Gabon, Senegal, Congo, Togo, Mauritius, Upper Volta, Mauritania and New Caledonia.

Some 105 million u. a. went towards 28 industrial projects, including 6 mining and quarrying schemes (59.6 m u. a.), 8 agro-industrial ventures (16.4 m u. a.), 7 textile mills (15.9 m u. a.), 2 cement works (6.7 m u. a.), a fertilizer plant, a rolling mill and two hotels.

The 46 ACP Countries

- 19 African States, Madagascar and Mauritius, signatories to the Second Yaoundé Convention: *Benin*⁽¹⁾, *Burundi*, *Cameroon*, *Central African Republic*, *Chad*, *Congo*, *Gabon*, *Ivory Coast*, *Madagascar*, *Mali*, *Mauritania*, *Mauritius*, *Niger*, *Rwanda*, *Senegal*, *Somalia*, *Togo*, *Upper Volta*, *Zaïre*.
- 21 Commonwealth countries in:
 - Africa: *Kenya*, *Tanzania* and *Uganda* (already linked with the EEC by the Arusha Convention of 24. 9. 69); *Botswana*, *The Gambia*, *Ghana*, *Lesotho*, *Malawi*, *Nigeria*, *Sierra Leone*, *Swaziland* and *Zambia*;
 - The Caribbean: *Bahamas*, *Barbados*, *Grenada*, *Guyana*, *Jamaica* and *Trinidad and Tobago*;
 - The Pacific: *Fiji*, *Tonga* and *Western Samoa*.
- 6 other African countries: *Equatorial Guinea*, *Ethiopia*, *Guinea*, *Guinea Bissau*, *Liberia* and *Sudan*.

Other countries which have achieved independence since the signature of the Convention have indicated to the Community that they would welcome the opportunity to accede to the Convention according to the procedures laid down.

⁽¹⁾ *in italics the 24 least-developed ACP countries eligible for special measures under Article 48 of the Convention.*

Eight loans totalling over 41 million u. a. were granted for energy projects and road, railway and port infrastructure.

The combined value of all these investments which the Bank has helped to finance is estimated at around 1 350 million units of account. The industrial, energy and mining projects should lead to the direct creation of about 20 000 jobs, increase the value added in industrial production by some 375 million u. a. per year, produce a net annual inflow of foreign currency (after deduction of all foreseeable transfers) of about 280 million u. a., and, after initial tax exemption periods, add about 175 million u. a. to budget revenue.

The scale of the European Investment Bank's lending from its own resources under agreements or decisions involving financial cooperation with countries outside the European Economic Community has been determined by the Bank's Board of Governors meeting in Brussels on 15 March 1976.

In addition to commitments already accepted since the beginning of 1975, under the Lomé Convention, the emergency aid to Portugal, and agreements with the Maghreb countries (Algeria, Morocco and Tunisia) and Malta, which together total up to 743 million u. a., a further 800 million u. a. has been set as the ceiling on future commitments outside the Community under new agreements or decisions to be implemented in 1976-1980 and the immediately following years.

This ceiling would cover, in particular, operations resulting from new financial protocols now being prepared between the EEC and Greece and Turkey, and a financial protocol with Portugal to follow on from the emergency aid programme.

The decision applies solely to lending by the EIB from its own resources. It does not affect «Special Operations», i.e. where the Bank provides loans drawn from budgetary resources made available directly or indirectly by Member States.

The ceiling of 90 million u. a. set aside for operations by the EIB using its own resources under the second Yaoundé Convention was reached in March with the granting of a loan towards an industrial project of regional interest to Togo, the Ivory Coast and Ghana.

Operations using EDF resources

Special operations financed from EDF resources have totalled 107 million u. a.. About 73 million u. a. went towards projects located in the Ivory Coast (32%), Cameroon (28%) and Zaire (14%), the remainder divided between projects in Upper Volta, Benin (formerly Dahomey), Gabon, Mauritania, Congo, Senegal, Madagascar, Chad, New Caledonia, Surinam, Martinique, Réunion, Guadeloupe and the Netherlands Antilles.

More than half the amount provided helped to finance infrastructure projects (roads, railways, port development, telecommunications, water and electricity distribution, accounting for 49.5 million u. a.) and agricultural investments (10 million u. a.).

Industrial projects, in the broadest sense of the term, received loans totalling 45 million u. a., two-thirds of this for agro-industrial ventures, and the bulk of the remainder for a textiles mill, two cotton-ginning mills, a cement works and an abattoir.

A further 2.5 million u. a. was provided in three contributions to the formation of risk capital.

The industrial projects involve a total investment in the order of 125 million u. a. They should lead directly to the creation of some 13 500 jobs, increase by 45 million u. a. per year the value added in industrial production, add 20 million u. a. to budget receipts and produce an annual gain in foreign currency of around 35 million u. a.

(1) For further details, see EIB information bulletin No 4 of February 1976.

(2) The Bank will nevertheless act on the Community's behalf in ensuring recovery of funds provided under this form of aid.

UNIT OF ACCOUNT

Below are the values in national currencies of the European Unit of Account used by the Bank, as at 31 March 1976; these rates are applied for the following quarter in preparing financial statements and operational statistics of the Bank (see Information Bulletin No 4 for a full definition of the European Unit of Account):

DM	2.85778	Bfrs	43.9793
£	0.587723	Lfrs	43.9793
Ffrs	5.25740	Dkr	6.84758
Lit	946.666	£Ir	0.587174
Fl	3.02710	US\$	1.12623

Statistics summarising Bank activities in terms of Units of Account have been based on several different conversion rates applied since 1958. This, coupled with the effects of price trends, would suggest prudence in interpreting the significance of figures which relate to operations extending over many years.

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2, Place de Metz – Boîte postale 2005
Luxembourg
tel.: 4350 11 – telex 3530 bankeu lu
Department for Italy:
38 Via Sardegna, 00187 Rome
tel.: 4836 51 – telex 62130 bankeuro
Representative Office in Brussels:
60 Rue Royale, Bte 1
B-1000 Brussels
tel.: 5134000 – telex 21721 Bankeu b