

European Investment Bank

Information

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EIB financing in 1982 totals 4.7 billion ECUs

Financing provided by the European Investment Bank, the European Community's bank for long-term finance, showed a healthy upturn of 22% in 1982, in response to the European Council's request that the activities of Community financing institutions should be directed towards stimulating investment and creating jobs. Lending totalled 4.7 billion ECUs compared with 3.8 billion ECUs, in 1981, despite the

continuing unfavourable economic climate and high interest rates. The objectives pursued are, in order of priority, regional development; reducing dependence on imported oil; industrial modernisation. The EIB has pursued its efforts in the framework of Community development aid, particularly in Africa and the Mediterranean countries.

Lending in EEC Member Countries amounted to more than 4.24 billion ECUs, with a very significant expansion in operations in Greece where, in the second year following this country's accession to the Community, the EIB advanced a total of 459 million ECUs as against 159 million ECUs in 1981. An appreciable recovery was recorded in activity in the United Kingdom, along with a sharp upswing in Denmark and France and a further rise in Ireland and Italy; in contrast, a downturn in operations was observed in Belgium and Germany.

Of the total, 791 million ECUs were drawn from the resources of the New Community Instrument for borrowing and lending NCI⁽¹⁾ (see Table 1).

In line with the foremost task entrusted to the Bank under the Treaty of Rome, priority was accorded to lending for regional development, which increased substantially compared with 1981: the bulk of funds was channelled to less advanced regions and areas where unemployment is most rife, as well as to parts of Southern Italy and Greece devastated by earthquakes in 1980 and 1981. 80% of loans within the Community went to projects in Italy, the United Kingdom, Greece and Ireland, i.e. countries where structural problems are most acute.

The EIB also accorded priority to financing investment aimed at cutting back the EEC's dependence on imported oil, improving communications within the Community, promoting development of high technology and protecting the environment.

Projects financed in the energy sector in 1982 should, once fully operational, provide means of replacing the equivalent of 17.3 million tonnes of oil per annum, including savings of 4.8 million t.o.e. accruing mainly from schemes promoting more efficient use of energy in industry.

A salient feature of EIB activity in 1982 was the upswing in loans for productive enterprise, with a particularly pronounced increase in funds earmarked for smaller scale ventures via global loans channelled to banks or financing institutions. New global loans made available in 1982 totalled 842 million ECUs, as against 318 million ECUs in 1981, while 454 million ECUs in all was approved from ongoing loans of this type in support of 1 200 smaller ventures. The majority of such loans granted in 1982 were designed to establish or expand SMEs in regional development areas, whereas others were intended specifically to promote energy savings. November saw the first batch of global loans from NCI resources for productive investment by smaller businesses located outside regional development

areas: these will complement similar loans provided by the EIB and the ECSC to aid regional development or conversion, modernisation of enterprises and energy saving.

The EIB also helped to finance improvements to transport infrastructure between Member Countries (motorways in Friuli and Jutland, road links across the Alps), as well as installations to protect the environment (sewerage scheme in the Gulf of Naples, equipment to reduce pollution in the Baltic) and projects making use of advanced technology (cancer treatment drugs) — see Table 2.

Financing provided by the Bank last year is estimated to have contributed towards new fixed investment totalling more than 12 billion ECUs. On the employment front, ventures backed by the EIB should lead to the creation or safeguarding of **more than 58 000 permanent jobs.**

⁽¹⁾ The Commission of the European Communities has been authorised by the Council of the European Communities to raise borrowings on behalf of the EEC, within limits set by the Council, for the purpose of promoting investment within the Community. The Commission rules on the eligibility of projects for a loan from NCI borrowings with reference to guidelines laid down by the Council. In accordance with the mandate entrusted to it, the EIB appraises applications for NCI loans, approves the provision and terms thereof and then administers them.

Moreover, ventures financed by the EIB since 1977, implementation of which generally spans several years particularly in the case of infrastructural schemes are thought, to have secured employment, directly or indirectly, for **more than 410 000 workers in 1982.**

A substantial proportion of lending in Italy and the bulk of loans in Ireland attracted 3% interest subsidies financed from the Community budget under arrangements designed to assist less prosperous countries fully participating in the European Monetary System. Furthermore, 3% interest subsidies, also funded from the EEC budget, were provided for loans in Italy and Greece granted in conjunction with Community aid to areas stricken by earthquakes in 1980 and 1981.

Outside the Community: loans made in 38 countries, mainly in Spain and Portugal in conjunction with preaccession aid, and in the states signatory to the Second Lomé Convention

The EIB advanced 292 million ECUs under the heading of financial cooperation with the Mediterranean Countries, while 159.5 million ECUs were made available under the Lomé Convention in the context of development aid⁽¹⁾.

To help in preparing for accession, 105 million ECUs were provided in **Spain** for infrastructural works (railways, water supplies, roads), natural gas supplies, energy savings, coal mining, hydroelectric schemes and smaller industries. In **Portugal**,

80 million ECUs were earmarked for constructing a coal-fired power station, improving communications with Spain and the EEC by upgrading the road from the Port of Aveiro to the border crossing point at Vilar Formoso and promoting the development of SMEs.

Under the Financial Protocols concluded between the EEC and other Mediterranean Countries, 67 million ECUs were made available in **Yugoslavia** for modernising facilities for controlling and monitoring electricity generation, transmission and exchanges with European countries. In **Egypt**, 28 million were lent for stepping up development of an offshore natural gas field at Abu Qir, while in **Cyprus**, 12 million ECUs helped to finance development of water resources, along with water supply and sewerage schemes.

In the African, Caribbean and Pacific (ACP) States, following a swift start to operations when the Second Lomé Convention entered into force in 1981, the EIB advanced 160 million ECUs, of which 37 million ECUs were drawn from risk capital resources. The funds benefited ventures in 31 ACP States, including seven in which the Bank mounted operations for the first time, and two of the Overseas Countries and Territories. More than 55% of lending in 1982 centred on industry and agricultural processing, with the emphasis on projects designed to exploit local production. More than 50% of funds channelled to this sector supported SMEs.

Borrowings

The EIB borrowed 3.2 billion ECUs on the capital markets in 1982 to finance its lending operations, as against 2.3 billion ECUs in 1981. Borrowings were concluded mainly in US dollars (760 million ECUs, or 23.7% of the total), Deutsche Mark (631 million ECUs; 19.7%), Guilders (413 million ECUs; 12.9%), Yen (387 million ECUs; 12.1%), Swiss francs (346 million ECUs; 10.8%), Sterling (263 million ECUs; 8.2%) and French francs (177 million ECUs; 5.5%). The Bank launched three new ECU-denominated public issues (112 million), thereby promoting use of the Community's currency unit, and floated its first "bulldog loan" on the United Kingdom domestic capital market.

1 826 million ECUs were raised through public issues, 1 319 million ECUs via private placings and 60 million ECUs by the sale to third parties of participations in EIB loans, guaranteed by the Bank.

Geographical breakdown of financing in 1982 within the Community

In Italy, loans came to 2 038.1 million ECUs (Lit 2 689 bn), including 449.4 million ECUs (Lit 595 bn) from New Community Instrument resources, which was a substantial improvement on the previous year (1 699.6m ECUs, or Lit 2 139.6 bn).

Of this amount, almost two thirds — 1 355.8 million ECUs (Lit 1 770 bn) — went into investment in the Mezzogiorno, including 194.8 million ECUs (Lit 257.4 bn) as Community aid for reconstruction work in Campania and Basilicata.

Over 50% of the loans attracted a 3% interest subsidy charged to the Community budget in accordance with the provisions adopted when Italy joined the European Monetary System, or as part of the aid to the disaster areas.

Loans for investment in productive enterprise — in particular the industrial sector and within it the segment of small and medium-sized enterprises, totalled 876.3 million ECUs (Lit 1 155.4 bn).

Over two thirds of the total loaned for investment in productive ventures — 616.7 million ECUs (Lit 813.4 bn) — went in the form of global loans, of which 334.3 million ECUs (Lit 440 bn) was for financing small and medium-scale projects in the Mezzogiorno and the least-developed regions of Central and Northern Italy (loans to EFIBANCA, the Industrial Credit Section of the Banco di Napoli, BNL-Banca Nazionale del Lavoro, Mediocredito Centrale, IMI — Istituto Mobiliare Italiano, ISVEIMER — Istituto per lo Sviluppo Economico dell' Italia Meridionale, and CIS — Credito Industriale Sardo). Of this total, 192.6 million ECUs (Lit 255.0 bn) was channelled into small and medium-scale ventures in industry and tour-

ECU

Below are the ECU's values in national currencies, as at 31 December 1982; these rates are applied the present quarter in preparing financial statements and operational statistics of the Bank:

DM	2.30014	Bfrs	45.3207
£	0.600289	Lfrs	45.3207
Ffrs	6.52207	Dkr	8.11485
Lit	1 325.70	Dr	68.5398
Fl	2.54206	IR£	0.692923
		US\$	0.967667

N.B.: ECU/national currency conversions given in this review of operations in 1982 are based on different exchange rates, applicable at the time of each contract signature.

⁽¹⁾ of which 410.2 million ECUs from EIB own resources plus 41.3 million ECUs either drawn from risk capital or made available in the form of loans on special conditions from budgetary funds managed by the Bank.

The EIB, with 3.2 billion ECUs mobilised on the markets in 1982, compared with 2.3 billion in 1981, is one of the major world borrowers, and it is thanks to its excellent credit standing with lenders that the markets were able to assimilate the increase, of almost 40%, with ease. The Bank's Statute⁽¹⁾, which is an integral part of the Treaty of Rome, is another clear pointer to the fact that the founders of the Community wanted to create a sound bank and knew that a prime credit rating was essential, if the Bank was to fulfill its appointed task. What the Bank offers is in fact just such a first-rate security, and this article describes briefly why this is so.

A first consideration is the very nature of the projects that the EIB finances: it is stipulated in Article 20 of the Statute that these projects must contribute to an increase in economic productivity in general, for which reason it finances tangible investment projects designed to achieve a particular objective of the sort that can be implemented in a given period of time.

The EIB enjoys financial and administrative freedom enabling it to make an independent professional assessment of the projects it is to finance. It always operates on a case-by-case basis after thorough vetting of loan applications, not to work to an overall quota for given countries or given sectors, and there is no political decision involved.

The Bank makes sure that the funds it advances are properly deployed and that projects are implemented correctly. It also keeps its financing within a limit of 50% of the fixed asset cost of any given project: the average in 1982 was 31.7%. Most of its financing (87.1% between 1958 and the end of 1982) goes into projects located in EEC Member Countries.

Under the terms of its Statute, the Bank makes its loans conditional upon the granting of a guarantee by the Government of the country in which the project is to be implemented or by some other equally acceptable security. In practice this means that about 90% of its loans carry the guarantee of the State concerned, either directly or through a public institution. Outside the Community, in addition to the individual guarantee on each loan, the EIB is further covered by a blanket Community guarantee (in Mediterranean countries) or a blanket guarantee furnished by the Member States themselves (Lomé Convention), amounting to 75% of the credit advanced⁽²⁾.

In these countries, the Bank also deploys EEC budgetary resources which, as they are not raised through market borrowing, can have more flexible terms and conditions applied. The operations in question are written up off balance sheet under a Special Section and thus do not affect the Bank's credit rating.

The Statute provides for the EIB to hedge against exchange risks by writing whatever provisions it thinks appropriate into its finance contracts. Its approach in practice is to disburse loans in the same currencies as it has raised on the capital markets and the borrower then repays the principal and settles interest in the currencies he has actually received. Like the World Bank in particular, the EIB does not allow rescheduling of its loans and its original repayment schedules must be followed.

A working principle at the EIB is to adjust the average life of the loans it grants to the average maturity of its borrowings.

The Bank has a 14.4 billion ECUs capital; subscribed by the Member States of the EEC, of which 1 466 million ECUs is paid in or due for paying in, the 12.9 billion balance being the guarantee capital. It is the subscribed capital that determines the total for loans and guarantees outstanding, which may not exceed 250% of its total, i.e. about 36 billion ECUs at present. At 31 December 1982, the total outstanding was 20.7 billion. The Board of Governors has always increased the capital well before the ceiling would be breached, and in fact on the last two occasions doubled it, in June 1978 and at the end of 1981.

The Statute also enacts that there should be progressively built up a reserve fund amounting to 10% of the subscribed capital, into which the annual operating income is paid. The Board of Directors is also able to make decisions on the creation of supplementary reserves. At 31 December 1982, these statutory and supplementary reserves, with the 1982 profit already written in, came to more than 1.6 billion ECUs.

The Statute also says that payment of the balance of the subscribed capital may be required by a majority Board decision, to such extent as may be necessary for the Bank to meet its obligations to those who have made loans to it. This clause, although addressed to an entirely hypothetical situation, does provide ultimate security for lenders.

The financial statements and the year-end accounts are published, with explanatory notes, in the Annual Report, which is offered each year for approval by the Board of Governors⁽¹⁾. There is an Audit Committee, on which sit public accounts monitoring officials from Member Countries, which exists to ensure that operations are properly conducted, carrying out its task on the basis of reports drawn up by the international auditors, Price Waterhouse & Co.

⁽¹⁾ available free of charge on request from the Bank (for addresses, see last page)

⁽²⁾ particulars of guarantees given in Annex B to the Balance Sheet published in the Annual Report, which appears each June

ism from NCI resources via Mediocredito Centrale and its regional divisions, as well as IMI, Centrobanca and BNL. Those loans will in fact be

deployed in areas not eligible for regional development aid. Other global loans were granted for the more specific purpose of helping to

get small and medium-scale investment in energy-saving measures carried through. One global loan, to ISVEIMER, was more directly related

to the restoration of the means of production in the disaster areas of Campania and Basilicata.

From global loans already under disbursement, the EIB in 1982 helped to finance investment by smaller undertakings in a total of 545 ventures, representing an overall total of 309.1 million ECUs (Lit 407.2 bn).

For larger projects, the EIB advanced 259.6 million ECUs (Lit 342.0 bn), chiefly in the following industries: motor vehicles, cement (conversion from oil to coal firing), food-stuffs, paper and pulp, flat glass, electrical engineering, chemicals and the development of advanced technology (cancer treatment drugs and phytopharmaceutical products).

Lending for transport and telecommunications infrastructure, at 478.4 million ECUs (Lit 631.5 bn), was 45% up on the previous year, with funds going to the Friuli Autostrada (Carnia — Pontebba section) linking the German and Italian motorway systems via that of Austria, the road networks in Abruzzi and Basilicata, access roads to French and Swiss border crossings, improved approaches and layout at the Fréjus Tunnel, rehabilitation of the earthquake-damaged rail system in Campania and Basilicata, and, in particular, telecommunications in

Sicily, Calabria, Apulia and the disaster areas of Campania and Basilicata, plus a satellite earth station in Abruzzi.

A total of 319.2 million ECUs (Lit 421.5 bn) was loaned in support of water schemes: catchment and supply in Campania, Apulia and Sardinia, where sewage treatment facilities were also financed; irrigation and drainage schemes in Molise, Apulia, Calabria, Basilicata and Sardinia; drinking water supplies and sewerage facilities for the disaster areas in the South, and reconstruction of the Pugliese Aqueduct, on which supplies to about 1.7 million people depend.

In the energy sector, Bank lending totalled 264.7 million ECUs (Lit 349.5 bn). Mention has already been made of energy-saving schemes in industry, but in addition funds were advanced for the tapping of indigenous resources (offshore oil and gas in the Adriatic), the laying of gaslines as a way of diversifying imports (the Algeria-Italy line, a spur in Friuli to the Trans-Austria Gasline — TAG and improvements to the gas distribution system in Bologna, Florence, Liguria and Piedmont). Credit was also advanced for the reinstatement of generating plant and power transmission installations in the disaster zone in Campania and Basilicata.

A total of 84.3 million ECUs (Lit 111.1 bn) went towards road and rail improvements, water and drainage works to further economic development in Sicily, Sardinia, Apulia and Abruzzi and the installation of effluent treatment plants to serve the textile industry at Prato, near Florence. There was also a global loan to IMI to finance the tapping of local energy resources and the use of oil substitutes in district heating systems, waste-burning heating plant and natural gas distribution facilities.

In addition to the above lending, an agreement was signed in November setting out the general terms of reference for the release of 62.8 million ECUs (Lit 82.5 bn) of credit for financing construction of 1 600 housing units forming part of the basic infrastructure needed for further economic development at industrial development centres in Latium, The Marches, Abruzzi, Apulia, Calabria, Sardinia and Sicily. The funds are in fact due for disbursement in a number of tranches in 1983, and thus do not affect the 1982 figures. The decision to grant an EIB loan was based on the fact that the housing in question directly complements investment in the means of production.

In the **United Kingdom**, lending almost doubled, to 490.6 million ECUs (£273.8m) from EIB own resources, compared with 252.7 million ECUs (£142.6m) in 1981. This upturn can be ascribed largely to the quite lively demand for credit to finance energy and water schemes and regional infrastructure, chiefly in Scotland, the North, Yorkshire and Humberside, the North West and, to a lesser extent, Wales, the South West and the East Midlands.

Loans for energy equipment (188.4m ECUs — £104.7m) were directed mainly towards developing domestic resources, such as nuclear fuel storage and handling facilities in the North, Torness Point nuclear power station in Scotland, tapping a North Sea oilfield, laying a submarine cable to connect the Orkneys to the Scottish power grid and constructing a thermal power station in the Shetlands.

Lending for water supply and sewerage schemes rose from 68 million ECUs (£39.6m) in 1981 to 99.2 million ECUs (£55.7m), with funds going to Scotland, the East Midlands, Wales, Yorkshire and Humberside,

Table 1: Financing provided within the Community in 1982 and 1981
Breakdown by project location

	From EIB own resources		From NCI resources		Total
	Amount	%	Amount	Amount	%
Belgium	60.5	1.7	—	60.5	1.4
Denmark	209.3	6.1	96.0	305.3	7.2
Germany	20.8	0.6	—	20.8	0.5
Greece (1)	333.6	9.7	124.9	458.5	10.8
France	424.3	12.3	37.6	461.9	10.9
Ireland (2)	325.4	9.4	83.1	408.5	9.6
Italy (3)	1588.7	46.0	449.4	2038.1	48.0
United Kingdom	490.6	14.2	—	490.6	11.6
Non-member countries (4)	—	—	—	—	—
Total	3453.2	100.0	791.0	4244.2	100.0

(1) Subsidised loans of which "Greece Reconstruction": from NCI resources: 80.0 millions d'Ecus

(2) of which EMS subsidised loans:
from own resources: 248.0 m ECUs; from NCI resources: 83.1 millions d'Ecus

(3) of which EMS subsidised loans:
from own resources: 639.1 m ECUs; from NCI resources: 147.3 m ECUs

of which "Campania-Basilicata Reconstruction" subsidised loans:
from own resources: 116.4 m ECUs; from NCI resources: 78.4 m ECUs

(4) Financing in accordance with the second paragraph of Article 18 (1) of the Bank's Statute empowering the Board Governors to authorise the Bank to contribute towards financing projects outside, but of direct interest to, the Community.

the North West and the South West. Also included were road schemes, the development of industrial sites and vocational training centres.

Lending to industry, at 79.9 million ECUs (£45.4m), more than trebled in comparison with 1981. Funds totalling 33.8 million ECUs (£18.9m) went towards a micro-processor plant, a hydraulic motor factory, a plant producing gas circulators for nuclear reactors and the restructuring and improvement of various cable manufacturing plants. There were four global loans, totalling 46.1 million ECUs (£26m) to help finance small and medium-scale ventures in industry and tourism in the Assisted Areas. These were placed with seven intermediaries: the Scottish Development Agency, the Clydesdale Bank Finance Corporation and the Welsh Development Agency, as well as the Department of Industry, under a contract of mandate and guarantee, for on-lending via its regional offices in England, and with its equivalent departments in Scotland, Wales and Northern Ireland.

In the realm of transport infrastructure, 52.1 million ECUs (£29m) went towards the assembly and commissioning of 210 sleeper cars on the main lines serving the Assisted Areas, works on various sections of road and motorway in the North West, Scotland and Wales, in particular outer Edinburgh and Cardiff, and the extension of Birmingham Airport to improve air links within the Community.

In **France**, loans totalled 461.9 million ECUs (Ffrs 2 981m), of which 37.6 million ECUs (Ffrs 250m) came from NCI resources (1981: 267m ECUs — Ffrs 1 595.9m).

Of this amount, two thirds — 323.1 million ECUs (Ffrs 2 bn) — went into energy projects: the first two units of Belleville power station in Cher and the European Super-Phénix fast-breeder reactor power station at Creys-Malville in Isère, which together represent 3 740 MW of installed generating capacity. Funds also helped to finance a lignite mine and the addition of 600 MW of capacity at the Gardanne lignite-fuelled power station near Aix-en-Provence, as well as the construction of coal terminals at the ports of Rouen and Marseilles.

Infrastructure and industrial investment offering regional benefits accounted for loans totalling 138.9 million ECUs (Ffrs 906m). The Gardanne

complex, where some 2 000 jobs were made secure, accounted for part of this, other funds being channelled into harbour works (Sète and La Rochelle) and upgrading of the Le Mans - Nantes railway line, as well as small and medium-scale public infrastructure projects in development and conversion areas, through the intermediary of CAECL — Caisse d'Aide à l'Équipement des Collectivités Locales. In addition, the EIB helped to finance a metallurgy plant in the Midi-Pyrénées and various projects by small and medium-sized enterprises in industry and tourism. There were two global loans to CEPME — Crédit d'Équipement des Petites et Moyennes Entreprises, one from EIB resources and one from NCI resources, the former for investment in areas scheduled for regional development aid and the latter for deployment in the rest of the country. The Caisse Centrale de Crédit Coopératif (CCCC) received a global loan for support to the fishing industry.

In **Greece**, Bank lending in that country's second year of Community membership almost trebled, to 458.5 million ECUs (Dr 29.8 bn), compared with 159.2 million ECUs (Dr 9.8 bn) in 1981. The amount granted from NCI resources came to 124.9 million ECUs (Dr 8.3 bn). The funds went towards various regional development projects, including two hydroelectric power stations which will play their part in reducing the Community's dependence on outside sources of energy.

An 80 million ECU (Dr 5.3 bn) loan from NCI resources with a 3% interest subsidy from the Community budget was granted as Community aid for reconstruction work in the areas devastated by the earthquakes in February and March 1981, with funds used to finance the reinstatement of roads and railway infrastructure, reconstruction and repair work on some 800 educational establishments and 10 400 homes and the assembly of 550 prefabricated buildings. These operations accounted for the whole of the aid package in question.

The sum of 159 million ECUs (Dr 10.2 bn) was advanced for the extension and improvement of local and trunk telephone systems and the connection of some 370 000 new subscribers. The Thessaloniki-

Serres road in Macedonia and the Patras — Olympia highway in the Peloponnese accounted for further financing worth 25.5 million ECUs (Dr 1.7 bn).

In addition, 4.5 million ECUs (Dr 300m) of credit will go towards the preparation of industrial estates in Thrace, Eastern Macedonia, Thessaly, the Peloponnese and Crete.

Lending for investment in energy installations, which came to 50.8 million ECUs (Dr 3.3 bn), was for hydroelectric power stations at Pigai (210 MW) and Stratos (150 MW), which will boost economic development in Epirus, the Peloponnese and Central and Western Greece, and in the process save the country some 180 000 tonnes of oil imports per annum.

Lending to industry almost trebled in comparison with 1981 to reach a total of 138.9 million ECUs (Dr 9 bn). Of this, 55.3 million ECUs (Dr 3.6bn) went towards: industrial modernisation (transfer of a cement works from Piraeus to Milaki in Euboea), alumina and aluminium production, the reduction of electricity consumption and the switching from oil to coal firing. A total of 83.6 million ECUs (Dr 5.4 bn) was advanced in the form of global loans for financing small and medium-scale industrial and agro-industrial ventures and projects in the tourist sector, on-farm investment and smaller, communal irrigation schemes. The intermediaries for these lines of credit were the National Investment Bank for Industrial Development, the National Bank of Greece, the Investment Bank and the Agricultural Bank of Greece.

From global loans already under disbursement, a total of 78 small and medium-scale investment projects were financed by the EIB in 1982, for a total of 51.4 million ECUs (Dr 3.4 bn).

In **Ireland**, the EIB in 1982 advanced a total of 408.5 million ECUs (IR£281.7m), compared with 342.6 million ECUs (IR£237.1m) in 1981, of which 83.1 million ECUs (IR£57.3m) came from NCI resources. Within this total, loans carrying an EMS interest subsidy amounted to 331.1 million ECUs (IR£228.2m).

For transport and telecommunications infrastructure, the total loaned came to 171 million ECUs

(IR£118m), for financing the extension and modernisation of parts of the telephone and telex network, and road improvement works, especially on the Dublin and Cork ring roads.

Energy installations accounted for a further 104.4 million ECUs (IR£72m): construction of two new, 300 MW units at the Moneypoint coal-fired power station, uprating two peat-fired generating plants, and laying a gasline between Cork, where supplies are piped ashore from the field off Kinsale Head, and Dublin.

In addition, the EIB helped to finance drainage works serving 58 000 hectares of farmland in Counties Meath, Limerick and Mayo, and a number of water supply and sewage disposal schemes.

Lending for the development of industrial, agricultural and service activities totalled 113.7 million ECUs (IR£78.4m). The funds went towards the expansion and improvement of a cement works, construction of a soft wheat processing mill and the provision of 45 advance factories, 28 training centres and the enlargement and modernisation of 18 others. There were also three global loans to the Industrial Credit Company and the Agricultural Credit Corporation.

From current global loans, the EIB was able in 1982 to provide supporting finance for productive investment in 469 small and medium-scale ventures, totalling 57.0 million ECUs (IR£39.3m).

In **Denmark**, EIB lending more than doubled, to reach a figure of 305.3 million ECUs (Dkr 2.5 bn), of which

96 million ECUs (Dkr 790m) was from NCI resources, as compared with 142.9 million ECUs (Dkr 1.12 bn) in 1981.

The above total included 147.8 million ECUs (Dkr 1.2 bn) for energy investment: district heating systems in Aarhus (North Jutland) and Varde (Ribe), a treatment plant for gas from the Tyra field in the North Sea, and some 330 km of gaslines in South Jutland.

A total of 131.6 million ECUs (Dkr 1.08 bn) was advanced in support of the southern motorway from Copenhagen to Rødby, a submarine telecommunications cable link between the island of Rømø and the Netherlands, and the expansion of a sewage treatment plant at Nakskov to reduce pollution in the Baltic.

Loans were also granted for: a regional airport on the west coast of Greenland, a fairway enlargement scheme and the construction of a fisheries research and development centre in North Jutland, and a range of small and medium-scale ventures in industry and tourism in regional development areas.

In **Belgium**, lending totalled 60.5 million ECUs (Bfrs 2.75 bn) the main items financed being further phases of the Doel and Tihange nuclear power stations — total capacity added, 3 805 MW — and, via the Société Nationale de Crédit à l'Industrie, various small and medium-scale industrial ventures in regional development areas.

In **Germany**, 20.8 million ECUs (DM 50m) were advanced for the second unit — 1 281 MW — of the nuclear power station at Phillipsburg.

No loans were made in 1982 in the **Netherlands** or **Luxembourg**, partly as a result of relatively low interest rates on their respective national markets which depressed the demand for EIB finance. However, a loan was advanced to the Danish post and telecommunications administration, to finance installation of a submarine cable to improve telecommunications between Denmark and the Netherlands.

Table 2: Financing provided within the Community in 1982
Breakdown by economic policy objective

Objective	in ECUs				
	From EIB own resources		From NCI resources	Total	
	Amount	%	Amount	Amount	%
Regional development	2 626.4	100.0	467.3	3 093.7	100.0
Belgium	5.5	0.2	—	5.5	0.2
Denmark	106.9	4.1	48.6	155.5	5.0
Germany	—	—	—	—	—
Greece	333.6	12.7	124.9	458.5	14.8
France	195.2	7.4	—	195.2	6.3
Ireland	325.4	12.4	83.1	408.5	13.2
Italy	1 245.4	47.4	210.7	1 456.1	47.1
Luxembourg	—	—	—	—	—
Netherlands	—	—	—	—	—
United Kingdom	414.4	15.8	—	414.4	13.4
Common European interest					
modernisation, conversion					
of undertakings	1 440.2	100.0	466.9	1 907.1	100.0
Energy	1 210.5	84.1	131.4	1 341.9	70.4
Development of					
Community resources	772.1	53.6	85.2	857.3	45.0
Rational use of energy	279.0	19.4	31.1	310.1	16.3
Import diversification	159.4	11.1	15.1	174.5	9.1
Communications and other					
European infrastructure	165.9	11.5	105.3	271.2	14.2
Transport	157.5	10.9	48.6	206.1	10.8
Protection of the					
environment	6.3	0.4	56.7	63.0	3.3
Telecommunications	2.1	0.2	—	2.1	0.1
Modernisation and					
conversion of undertakings	63.8	4.4	230.2	294.0	15.4
Modernisation and					
conversion	22.6	1.6	—	22.6	1.2
Advanced technology	41.2	2.8	—	41.2	2.1
Miscellaneous					
productive investment	—	—	230.2	230.2	12.1
Deduct to allow for					
duplication in the case of					
financing justified on					
the basis of several					
objectives	- 613.4	—	- 143.2	- 756.6	—
Total	3 453.2		791.0	4 244.2	

Cooperation with Euratom

In 1982, Euratom (the European Atomic Energy Community) lent 357.6 million ECUs towards construction of nuclear power stations: **France** — 255.1 million ECUs/Ffrs 1.7 billion (Belleville, Cher, and

Creys-Malville, Rhône-Alpes); Belgium — 73.9 million ECUs/Bfrs 3.3 billion (Doel, Antwerp province, and Tihange, Liège province); Italy — 28.6 million ECUs/Lit 37.3 billion (Montalto di Castro, Latium).

*These operations were financed from funds raised by Euratom on the capital markets; the EIB, under mandate from Euratom, appraises the financing applications and the Commission of the European Communities then decides on the loans on the basis of the Bank's recommendations. The EIB manages the loans on behalf of Euratom but these operations are **not** included in the Bank's statistics.*

Outside the Community: 38 countries benefit

In 1982, the EIB lent 451.5 million ECUs towards financing investment in the Mediterranean countries, Spain and Portugal, in particular, who are negotiating accession to the Community; 33 African, Caribbean and Pacific States, signatories to the Lomé Convention, and the OCT. The projects financed were mainly in the industrial and agricultural processing sectors, with the emphasis on small and medium-scale investment, schemes, energy and mining and quarrying. 410.2 million ECUs, representing more than 90% of this aid, were advanced from the EIB's own resources and the rest of the loans granted carried an interest subsidy. 41.3 million ECUs were made available from European Development Fund risk capital resources or in the form of loans on special conditions (long term, low interest rate) financed from the Community's budgetary resources. As the funds provided for in the first Financial Protocols with the Mediterranean countries were mostly drawn down in full by the end of 1981 and ratification procedures for the new generation of protocols were not completed in 1982, the EIB's activities in Mediterranean countries outside the Community showed a downturn on previous years.

Mediterranean countries

In **Spain**, 105 million ECUs went towards: improving the main railway line along the Mediterranean coast which caters for a substantial proportion of traffic with the Community; small and medium-scale infrastructure schemes (water supply, sewer-

age, regional and local road networks); constructing a gasline to tap a natural gas deposit in the Pyrenees; smaller scale investment schemes making for more efficient use of energy in industry or harnessing hydro power for electricity generation and tapping coal deposits in order to reduce dependence on imported oil; promoting small and medium-scale industrial ventures in the less developed regions.

Loans made in **Portugal** totalled 80 million ECUs and helped to finance: construction of a coal-fired power station in the south of the country; improvements to the road linking the port of Aveiro and the border post at Vilar Formoso, the main crossing point for traffic with the Community, and; smaller scale industrial and tourism ventures.

In **Yugoslavia** a loan for 67 million ECUs went towards modernising facilities to control and monitor electricity generation and transmission and to improve exchanges with other national grids, particularly in Italy and Greece.

In **Egypt**, 28 million ECUs went towards development of the Abu Qir offshore natural gas field near Alexandria, where production should be virtually doubled, allowing a saving of some 930 000 tonnes of oil per annum which will then be available for export.

In **Cyprus**, a loan of 12 million ECUs was advanced in support of a sewerage system in Nicosia and improvements to water supplies in Nicosia, Famagusta and Larnaca, drawing on resources in the Troodos mountains.

Operations mounted through development finance companies (dfcs) continue to represent a valuable means of aiding small and medium-scale industrial schemes. In 1982, no less than 174 allocations totalling 98.6 million ECUs were drawn down from lines of credit (global loans) made available by the EIB.

Lomé Convention countries and Overseas Countries and Territories (OCT)

After the vigorous start to activity in 1981, when the Second Lomé Convention came into effect, EIB financing under this heading in 1982 ran to 159.5 million ECUs, including 37.3 million from European Development Fund risk capital resources, compared with 209.8 million the year before, of which 51.4 million from

risk capital. Loans were provided in 31 countries (20 African, 5 Caribbean, 6 Pacific), 7 of which were the recipients of Bank assistance for the first time. Credit was also extended to the Cayman Islands and the Netherlands Antilles as part of special aid for Overseas Countries and Territories.

Since the First Lomé Convention came into effect, the Bank has undertaken operations in 51 of the 63 signatory States.

More than 55% of the loans advanced in 1982 helped to finance industrial and agricultural processing projects, aimed in particular at making the most of local products. Global loans to dfcs to support small and medium-scale enterprises, accounted for more than half of loans made to productive enterprise and approximately 30% of total loans granted. About one-third of the amount lent went to fund investment in the energy field, in an effort to lessen the burden of oil imports on these countries' balance of payments. Loans were also made available for telecommunications, shipping, tourism and feasibility studies.

The EIB pursued its policy of cooperation with dfcs. 46 ventures were financed from ongoing global loans via the proceeds of allocations totalling 22.8 million ECUs.

AFRICA

Ivory Coast: 21.6 million ECUs: improvements to international telecommunications network; extension of three latex production/processing plants; global loan to COFINCI (Compagnie Financière de la Côte d'Ivoire)

Zimbabwe: 20.4 million ECUs: uprating a coal-fired power station; coal mining feasibility study*

Kenya: 17 million ECUs: uprating a geothermal power station; global loan to Development Finance Company of Kenya Limited

Botswana: 15 million ECUs: construction of a coal-fired power station

Senegal: 12.85 million ECUs: construction of a factory to produce chemicals and fertilisers; construction of a tourist hotel

Cameroon: 10.7 million ECUs: construction, expansion or renovation of four palm oil mills

Uganda: 10 million ECUs: global loan to Uganda Development Bank*;

loan to State for a contribution to UDB's capital*

Mauritius: 4.5 million ECUs: global loan to Development Bank of Mauritius; loan to DBM for feasibility studies and acquisition of equity participations*

Malawi: 3.0 million ECUs: hotel extension*; loan to Malawi Development Corporation to increase its stake in the capital of the company owning the hotel*

Somalia: 2.6 million ECUs: rehabilitation and expansion of Mogadishu dairy*

Cape Verde: 1.8 million ECUs: uprating a power station

Burundi: 1.3 million ECUs: global loan to Banque Nationale de Développement Economique*

Seychelles: 1 million ECUs: global loan to Development Bank of Seychelles for feasibility studies, equity participations and small and medium-scale investment schemes*

Ethiopia: 500 000 ECUs: global loan to Agricultural and Industrial Development Bank for feasibility studies*

Djibouti: 400 000 ECUs: acquisition of a founding equity participation in Caisse de Développement de Djibouti*;

Zaire: 400 000 ECUs: feasibility study on use of products from tin mining*

Benin: 350 000 ECUs: feasibility study assessing secondary recovery of oil from the Sene deposits*

Congo: 180 000 ECUs: pulp mill feasibility study*

Guinea: 150 000 ECUs: feasibility study on the construction of a dam and an aluminium smelter*

Madagascar: 150 000 ECUs: chromium mine rehabilitation study*

CARIBBEAN

Trinidad and Tobago: 8 million ECUs: global loan to Trinidad and Tobago Development Finance Company Limited

Jamaica: 5 million ECUs: loan to State for subscribing part of the founding capital of National Development Bank of Jamaica*

Barbados: 4 million ECUs: global loan to Barbados Development Bank

Grenada: 2.4 million ECUs: expansion and modernisation of electricity generation and distribution facilities

Dominica: 1 million ECUs: loan to State towards Agricultural, Industrial and Development (AID) Bank capital increase; construction of a mineral water bottling plant*

PACIFIC

Papua New Guinea: 7.9 million ECUs: expansion of a palm oil mill

Vanuatu: 1 million ECUs: global loan to Development Bank of Vanuatu*

Regional project: 2.575 million ECUs for purchase and commissioning of containers by a regional shipping company* (**Fiji:** 1.8 million ECUs; **Western Samoa:** 325 000 ECUs; **Tonga:** 325 000 ECUs; **Tuvalu:** 125 000 ECUs).

OCT

Cayman Islands: 3 million ECUs: uprating a thermal power station and extending associated installations

Netherlands Antilles: 840 000 ECUs: loan to central Government towards its contribution to Ontwikkelingsbank van de Nederlandse Antillen (OBNA) capital increase*

* operations mounted from European Development Fund risk capital resources managed by the Bank.

Personalia

Two new Managers took office on 1 January 1983.

Mr. Paul DIRIX was appointed Manager of the General Administration Directorate and Secretary General. A Doctor of Law and a qualified solicitor, he served previously as Secretary General and Personnel Manager of Société Nationale de Crédit à l'Industrie, Brussels.

Mr. Hans HITZLBERGER, Head of Personnel, who was Acting Manager of the General Administration Directorate from July 1981 to the end of 1982, has now been appointed Co-Manager of this Directorate.

Mr. Philippe MARCHAT succeeds Mr. André GEORGE as Manager of the Finance and Treasury Directorate. A graduate of the Institut d'Etudes Politiques, Paris, and of the Universities of Cambridge and London, Mr. Marchat also studied at the Ecole Nationale d'Administration (ENA) and is an Inspecteur Général des Finances. He had since 1974 been Manager of the Caisse des Dépôts et Consignations in Paris, before which one of the posts he occupied was that of Administrative and Financial Manager of Société Centrale pour l'Équipement du Territoire. Mr. George, who has now left the Bank, receives the title of Honorary Manager in recognition of his outstanding services to the Bank since 1974.

Mr. Gérard d'ERM, Principal Adviser, has been appointed Head of the Monitoring Department in the Directorate for Operations in the Community, taking over from Mr. Marc de BUYER upon the retirement of the latter. Mr. de Buyer also receives the title of Honorary Manager in appreciation of his 13 years of dedicated service.

In Memoriam:

Mr. Anthon PETERSEN, Manager of the General Accountancy Department, died suddenly on 30 January 1983. Mr. Petersen entered Bank service as the head of the general accountancy section in 1958, and was one of the longest-serving members of staff. He will be long remembered as both a highly able and particularly warm-natured colleague.

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