



EIB-Information

12.25 billion ecus lent in 1989

The volume of loans granted by the European Investment Bank has grown substantially over the past two years. In 1989, the Bank again played a major role in meeting long-term financing needs in the Community, particularly in anticipation of the Single Market in 1992.

In 1989, total lending by the Bank rose by over two billion ecus to 12.25 billion, an increase of 20.4% over the previous year.

Loans granted within the Community totalled 11.6 billion ecus, including 78.3 million from NCI resources.

Lending outside the Community amounted to 612 million ecus, including 126 million from budgetary resources.

Highlights of the year :

- funding for projects contributing to regional development amounted to 7 billion ecus, an increase of close on 43%. Accounting for 64% of total loans granted within the Community from the Bank's own resources⁽¹⁾, regional development continues to take pride of place among the objectives pursued by the Bank ;
- a marked increase in loans for investment mainly in industry but also in services, which climbed to 4.2 billion ; vigorous growth in global loan credit extended to SMEs : 7 605 SMEs (542 funded from NCI resources), over 60% of them sited in the less developed areas of the Community, received a total of 2 billion ecus ;
- substantial growth in loans for EEC transport and telecommunications infrastructure, paving the way for attainment of the Single Market : funds totalling almost 2.7 billion ecus were extended ;
- funds made available for projects contributing towards protecting the environment and improving the quality of life also increased to 1.7 billion ecus. In 1989, the World Bank and the European Investment Bank implemented their joint programme to improve the environment in the Mediterranean ;
- outside the Community : loans totalling 612 million ecus were advanced, despite the economic difficulties experienced by certain ACP and Mediterranean countries ;
- among the currencies borrowed (totalling over 9 billion ecus), there was a heavy predominance of Community currencies (88%), with the ecu heading the list for the first time (20%) ;
- at the end of 1989, the Bank was empowered to mount operations up to one billion ecus in Poland and Hungary with a view to supporting those countries in their efforts to establish a market economy.

Financing within the Community

Over the past two years the European Investment Bank has expanded its acti-

vities by 56%. This vigorous growth reflects a favourable climate for capital investment and the EIB's efforts to facilitate investment financing ; hence the Bank is responding to the wishes repeatedly expressed by its Board of Governors (one Minister per Member State, usually the Finance Minister).

⁽¹⁾ Own resources consist essentially of the proceeds of the Bank's borrowings on the capital markets.

In brief . . .

Of the 12.25 billion ecus lent in 1989, 11.6 billion, including 78.3 million from NCI resources, were devoted to projects within the Community and 612 million, including 126 million from budgetary resources, to operations outside the EEC.

The 23% upturn in lending within the Community, following on from growth of 27% in 1988, is an illustration not only of the favourable investment climate but also of the EIB's endeavours to facilitate project financing. Much of the increase was connected with attainment of the Single Market in 1992. Indeed, the Single Act has accorded fresh impetus to building the Europe of tomorrow and given added momentum to EIB activity.

12.042 billion ecus were advanced from what the EIB commonly refers to as its own resources, i. e. largely the proceeds of the Bank's borrowings on the capital markets ; financing from own resources is reflected in the balance sheet which totalled 55 billion ecus at end-1989.

204.3 million ecus related to operations under mandate which, although forming an integral part of EIB activity, are accounted for not on the balance sheet but in the separate Special Section, in effect a trust management account.

Whilst the EIB has been vested with a specific task within the ambit of Community priorities, thereby implying a measure of selectiveness as regards the investment which it finances, a very broad spectrum of projects in all sectors of the economy may, in practice, qualify for financial backing by virtue of their direct or indirect contribution towards attainment of the objectives assigned to the Bank.

At their annual meeting on 19 June 1989, the Governors expressed their satisfaction with the action taken by the Bank to promote greater economic and social cohesion and to assist in establishing the Single Market. They encouraged the Bank to exploit its prime creditworthiness on the capital markets and to turn its knowledge and experience to account in promoting the balanced development of the Community.

With a view to responding to its Governors' wishes, the Bank is endeavouring to adapt its financial products to market realities and the specific needs of project promoters in a flexible and rational manner. Moreover, in order to make best use of the resources available, close coordination has been established with the Commission, which administers the structural funds, so that, through appropriate modulation of loan and grant aid, Community financing will have optimum impact by acting as a catalyst for the highest level of investment possible.

Much of the sharp growth in Bank funding is accounted for by the need to

prepare for the Single Market in 1992. Indeed the Single European Act has given fresh impetus to the building of Europe and has instilled added dynamism into the activities of the Bank. The total amount of investment which the Bank helped to finance - covering between 20% and 50% of costs, depending on the project - can be estimated at 36.2 billion ecus, compared with 25.4 billion in 1988, representing around 1.2% of total investment in the Community. The proportion of total investment is particularly significant in Portugal (6.3%), Ireland (3.7%), Greece (2.9%) and Italy (2.4%). In industry and the service sector, the direct impact of this investment on employment is estimated at over 40 000 permanent jobs, about 80% of which are created by way of credits extended to SMEs under global loans.

The European Investment Bank finances major projects by means of individual loans and small or medium-scale ventures, mounted mainly by SMEs, through global loans granted to banks or financing institutions, which use the funds to

extend credit for schemes and ventures selected on the basis of EIB lending criteria. Of the 4.2 billion ecus provided in loans to industry and the service sector, 2.4 billion was made available in the form of global loan allocations and 1.8 billion in the form of individual loans.

Current indications point to the financial year 1990 seeing sustained demand for Bank financing.

Resources raised

In tandem with the growth in its lending activity, the European Investment Bank appreciably stepped up its borrowings on the capital markets. Operating on a non-profit-making basis, the Bank passes on to project promoters the benefit of the favoured access it has to the markets, with the rates applied to its loans reflecting the cost of its borrowings.

In 1989, the Bank raised 9.03 billion ecus (all figures given in this section are amounts after swap operations), compared with 7.66 billion in 1988. 7.79 billion ecus were raised via public issues, 973.6 million by private placements, 200 million in the form of commercial paper and 37.5 million by certificates of deposit. Funds raised at fixed rates amounted to 8.3 billion and those raised on a floating rate basis totalled 711 million.

In order to respond most effectively to the demands of project promoters, as in 1988, the Bank intensified its efforts to raise money in Community currencies, including the ecu. Such funds accounted for 88% of the total, compared with 84% in 1988, 70% in 1987 and 58% in 1986.

Currencies raised (m ecus)

(excluding ecu-denominated certificates of deposit)

	1989		1988	
1. ECU	1 801 (20.02%)	1 076 (14.5%)		
2. GBP	1 769 (19.7%)	752 (10.1%)		
3. FRF	1 164 (12.9%)	854 (11.5%)		
4. DEM	959 (10.7%)	1 545 (20.8%)		
5. ESP	701 (7.8%)	237 (3.2%)		
6. ITL	626 (7.0%)	652 (8.8%)		
7. JPY	432 (4.8%)	314 (4.2%)		
8. USD	385 (4.3%)	307 (4.1%)		
9. BEF	346 (3.8%)	473 (6.4%)		
10. NLG	317 (3.5%)	500 (6.7%)		
11. CHF	264 (2.9%)	556 (7.5%)		
12. LUF	92 (1.0%)	85 (1.2%)		
13. PTE	86 (1.0%)	29 (0.4%)		
14. IEP	52 (0.6%)	32 (0.4%)		
15. DKK	3 (0.04%)	—		

Geographical breakdown of financing

	1989			1988		
	million ecus			million ecus		
	Total	of which NCI	%	Total	of which NCI	%
In the Community	11 634.2	78.3	100	9 474.8	356.5	100
Italy	3 734.4	45.7	32.1	3 371.9	97.3	35.6
United Kingdom	1 652.2	29.4	14.2	1 178.7	99.2	12.4
Spain	1 541.7	—	13.3	1 018.5	21.9	10.7
France	1 512.8	—	13.0	1 350.5	106.6	14.3
Germany	856.5	—	7.4	603.0	—	6.4
Portugal	755.7	—	6.5	560.4	—	5.9
Denmark	545.8	—	4.7	494.1	31.4	5.2
Netherlands	320.3	3.2	2.8	259.7	—	2.7
Greece	271.4	—	2.3	186.5	—	2.0
Ireland	186.8	—	1.6	154.8	—	1.6
Belgium	91.1	—	0.8	11.6	—	0.1
Others (1)	165.5	—	1.4	285.0	—	3.0
Outside EEC	611.9		100	700.2		100
of which EIB funds	485.9			520.1		
of which budget	126.0			180.1		
ACP States	269.1		44.1	302.2		43.2
Mediterranean	342.8		56.0	398.0		56.8
Grand total	12 246.1			10 175.0		

(1) Projects of direct benefit to the EEC but located outside the territories of the Member States. In 1989, the EIB provided 90.5 million ecus for transatlantic telecommunications cables and 75 million ecus for the acquisition of telecommunications satellites.

In 1989, the ecu came top of the list at 1.8 billion, accounting for 20% of the total; it had previously occupied second place every year since 1985. The role of the Bank as the leading borrower and lender in ecus and the key position occupied by it in all sectors of this market were thus further strengthened. The Bank maintained a presence on all the Member States' capital markets, apart from the Greek market where contacts are being pursued.

Financing of priority objectives (*)

In line with the role conferred on it, the Bank provides support for priority Community objectives:

Regional development has always carried top priority for the Bank, and continues to rank first among the objectives pursued in progressing towards Community-wide economic and social cohesion. In 1989, loans totalling 7 billion ecus were granted, compared with 4.9 billion in 1988, for investment designed to help meet that objective - an increase of about 43%.

About two thirds of these funds, which accounted for some 64% of the Bank's activities drawing on its own resources, compared with 59% in 1988, were focused on regions faced with the most acute structural problems in the Community, regions which also constitute the main target of the structural funds (objective 1): Portugal, Greece, Ireland, certain parts of Spain, the Mezzogiorno and Northern Ireland. About 20% of the Bank's assistance was furnished in regions faced with problems of industrial decline or conversion (objective 2). About 48% of the amount of loans granted for regional development was devoted to infrastructure, mainly transport and telecommunications; some 16% went to energy projects and 36% was devoted to the productive sector, notably SMEs.

The development of **major communications infrastructure** is of crucial importance for the free movement of persons, goods and information under optimum conditions and at lowest cost within the unified economic area which will be created in 1992.

The prospect of 1992 prompted a marked increase in investment in this area, and loans granted by the Bank showed a significant increase in line with this trend. Of the 2 677 million ecus in loans granted (1 728 million in 1988), 1 848 million covered road and rail communications, including the Channel Tunnel, and air transport. Funds totalling 817 million ecus were advanced for telecommunications, especially by satellite and optical fibre cable, between Europe and the United States.

7 605 credits, extended under global loans, were devoted to investment by **small and medium-sized enterprises** (2 013.8 million ecus, including 242.7 million from NCI resources): 5 853 credits (1.6 billion ecus) went mainly to industry and 1 752 (409 million ecus) went to the service sector and to agriculture or fisheries. Over 65% were allocated for ventures implemented in the less prosperous regions. Nearly 6 400 operations, often on a very small scale, involved enterprises employing fewer than 50 persons.

Over one billion ecus (822.5 million in 1988) went to help **strengthen the international competitiveness of Community industry and boost cooperation between enterprises in the various Member States**. The loans granted benefited, amongst others, the aircraft and motor vehicle construction industries, pharmaceuticals, electronics and the creation of the pan-European travel information and reservation system ("Amadeus").

Environmental protection and improvement of the quality of life constitute another Community priority to which the Bank each year makes a major contribution. Its action is not limited to granting loans for projects specifically intended to protect or improve the environment. Before committing funds for any project, the Bank also examines the environmental impact of the project and its conformity with current legislation. It also encourages project promoters to design or install equipment offering a positive impact on the environment over and above that afforded by compliance with the legally required standards.

In 1989, loans contributing to environmental protection and an improved quality of life amounted to 1.7 billion ecus, compared with 1.2 billion in 1988. 899 million ecus were advanced for wastewater treatment schemes or for improving the quality of drinking water in Italy, Spain, the United Kingdom, Germany, Ireland, Denmark and Greece. 651 million ecus went to assist the financing of flue gas cleaning facilities for thermal power stations, boilers, refineries and various industrial establishments, the treatment of municipal and industrial waste and land and natural heritage conservation. 178 million were given over to enhancing the urban environment.

Investment aimed at meeting Community **energy** policy objectives attracted 1.7 billion ecus (1.8 billion in 1988). Projects geared to developing indigenous resources claimed 784 million, or 46% of the total. Loans for diversifying imports

Financing provided within the Community (individual loans and global loan allocations) (million ecus)

Breakdown by objective

	Total (*)		Individual loans		Ongoing global loan allocations	
	1989	1988	1989	1988	1989	1988
Regional development	7 017.8	4 912.8	5 440.4	3 831.0	1 577.4	1 081.8
Community infrastructure	2 676.9	1 727.6	2 667.1	1 727.6	9.8	—
Environment and quality of life	1 728.0	1 231.1	1 437.7	1 087.3	290.3	143.8
Energy	1 719.0	1 840.9	1 539.8	1 713.5	179.2	127.4
Industrial competitiveness and European integration	1 014.4	810.3	909.4	709.9	105.0	112.6
SMEs	697.7	606.3	—	—	697.7	606.3

(*) of which from NCI resources: 245.9 million ecus in 1989 and 275 million ecus in 1988.

(!) The figures relate to individual loans and to ongoing global loan allocations. Also, as some loans serve several objectives at the same time, the totals for the various headings cannot be added together meaningfully.

amounted to 593 million, while support for rational use of energy totalled 343 million.

Operations within the framework of Community financial cooperation with third countries

Outside the Community, the Bank contributes to the implementation of the Community's development policy within the framework of agreements, conventions or decisions setting out the terms for financial cooperation between the Community and a number of third countries. The scope of the Bank's activities currently extends to 66 countries in Africa, the Caribbean and the Pacific which are signatories to the Third Lomé Convention and to 12 Mediterranean countries. At the end of 1989, the Bank was also empowered by its Board of Governors to extend financing facilities up to 1 billion ecus in Poland and Hungary.

In most of these countries, in addition to loans from its own resources, usually accompanied by an interest subsidy from budgetary resources (European Development Fund or Community budget), the Bank also provides risk capital from budgetary resources on favourable terms.

In 1989, funding outside the Community accounted for 611.9 million ecus (700.2 million in 1988), 342.8 million of which went to countries in the Mediterranean and 269.1 million to the ACP States and OCT (Overseas Countries and Territories). This decrease, due in particular to the deferment of the signature of finance contracts for a number of major projects, also reflects the economic difficulties facing most ACP and Mediterranean countries.

MEDITERRANEAN COUNTRIES

In the Mediterranean countries, the Bank continued its activities, which had taken on renewed vigour in 1988 after the entry into force of new financial protocols with several countries. Loans amounted to 342.8 million ecus (398 million in 1988) comprising 130.3 million ecus in Egypt, 73 million in Algeria, 58 million in Yugoslavia, 39 million in Morocco, 23 million in Israel, 17 million in Tunisia and 2.5 million in Jordan.

In addition to loans from its own resources, the Bank also deploys risk capital in the Maghreb and Mashreq countries as provided for under the Financial Protocols and managed by the EIB. This particularly versatile financing medium is intended, among other uses, to promote partnerships between firms in these countries and the EEC. Consequently, the 12 million ecus in risk capital included in the above total was primarily given over towards financing joint ventures, mainly those implemented by SMEs.

Mention should also be made of the cooperation between the World Bank and the European Investment Bank as part of their joint programme for protecting the environment in the Mediterranean. Now entering its operational phase, this programme represents an initiative taken by the two banks to promote measures targeted at enhancing the environment and to set in train specific projects.

ACP STATES AND OCTs

Against the backdrop of signature - on 15 December 1989 - of the Fourth Lomé Convention, which is due to take effect towards the end of this year, and at a time when most of the ACP States were

still confronted with a very difficult economic situation and problems of indebtedness, the Bank continued to provide funding under the Third Lomé Convention and to deploy the specific aid set up in parallel for the Overseas Countries and Territories.

Of the 269.1 million ecus granted (302.2 million in 1988), 155.1 million consisted of loans from the Bank's own resources carrying interest subsidies and 114 million was accounted for by risk capital operations funded from budgetary resources and administered by the Bank.

Of the total amount of funding made available in 28 ACP countries and 3 OCTs, 57% went to industry, particularly small and medium-sized enterprises, which received 95 credits under global loans (36.2 million ecus) arranged by the Bank in collaboration with national or regional development banks. Loans for communications infrastructure accounted for 28%, those for drinking water supplies and wastewater treatment 11% and those for energy projects 4%.

As in 1988, the Bank continued to fund the rehabilitation of existing infrastructure and industries. Many projects fell within the private sector, whose role in the development process is set to expand.

As in previous years, cofinancing arrangements were a frequent occurrence in conjunction with bilateral aid measures of Member States or with multilateral institutions, the Commission of the European Communities (European Development Fund) and other banks.

Country-by-country overview of financing within the Community (1)

In **Italy**, EIB lending amounted to 3 734.4m ecus (ITL 5 672.1bn), of which 45.7m ecus were provided from NCI resources. A total of 2 381.5m ecus, or 63% of the aggregate amount lent, was given over to fostering regional development in pursuance of the EIB's main task. Over four fifths of lending under this heading centred on projects in the mainland Mezzogiorno and the islands.

Financing for industry and services ran to 1 525m ecus, of which a substantial part was earmarked for investment in

Financing provided outside the Community

	Total		Own resources		Budgetary resources	
	1989	1988	1989	1988	1989	1988
Mediterranean	342.8	398.0	330.8	391.0	12.0	7.0
ACP-OCT	269.1	302.2	155.1	129.1	114.0	173.1
Total	611.9	700.2	485.9	520.1	126.0	180.1

the Mezzogiorno. The EIB supported a considerable number of advanced technology projects (496.3m ecus), particularly in Central and Northern Italy.

The aeronautical and mechanical engineering sectors attracted a significant share of loans for industry, with funds being devoted to aircraft manufacturing plants, extension of a car factory in Latium, modernisation of commercial vehicle works in Abruzzi and Lombardy, the production of diesel engines in Emilia-Romagna and a plant in Apulia turning out braking system components.

Other major industrial projects included a range of pharmaceuticals plants with research laboratories in Latium, Lombardy and The Marches. Financing was also given over to modernising a detergents factory in Molise, a chemicals complex in Tuscany and polypropylene plants in Apulia and Umbria as well as to producing unleaded petrol at refineries in Sicily and Apulia and implementing a variety of electrical engineering and electronics schemes entailing the manufacture of television screens in Latium, domestic electrical appliances in Friuli and automated control systems plus machine tools in Turin.

Various other projects call for mention, including glass bottle plants in Piedmont, ice-cream and frozen foods factories in Campania and Latium, a paper mill in Abruzzi, development of fish-farming in Sardinia, hotel management schools in Apulia, research laboratories in Milan and Padua and restoration of the Ducal Palace in Genoa.

Global loans for 1 080.6m ecus in all were concluded with numerous intermediary institutions, mainly for funding small and medium-sized enterprises (SMEs). During the year, 1971 SMEs received allocations worth 817m ecus from global loans already under drawdown.

EIB financing for infrastructural works totalled 1 195.4m ecus, of which a sizeable portion benefited projects serving to protect the environment and to improve the quality of life. Some 311.6m ecus went to wastewater collection and treatment schemes which often included other components: water supplies, solid waste processing, plus flood and erosion control works, notably involving reforestation.

Part of the funds was earmarked for major multiannual programmes covering the Po basin and Veneto, the Arno, the Tiber and the Rome conurbation, and the Ligurian coast as well as for operations of a more limited geographical scope in The Marches, Basilicata, Abruzzi, Molise, Calabria, Sardinia, Sicily, Piedmont, Friuli and Valle d'Aosta.

The transport sector claimed 476.3m ecus, with the EIB helping to fund the final sections in Piedmont of the Tunnels Motorway towards Switzerland, widening of the Rome-Naples motorway, work on rail lines connecting up with Rome and Milan airports, and the Naples local rail network. Loans were also provided for acquiring vessels to be used for linking islands on the Tyrrhenian coast and for harbour schemes designed mainly to accommodate container and roll-on/roll-off vessels in Liguria and Tuscany. The EIB also contributed towards financing extension of the passenger terminal at Pisa airport, purchase of two aircraft for Civil Defence emergency services and an intermodal rail/road freight terminal near Turin.

A further 4.9m ecus were made available for scientific buildings.

Telecommunications schemes, attracting 407.5m ecus, focused on extensions to the telephone network in the Mezzogiorno and a satellite telecommunications system to provide assistance in the event of natural disasters.

Finally, in the energy sector, 745.6m ecus were devoted to expanding electricity generating (coal-fired power stations in Brindisi and Sardinia), transmission and supply facilities in the Mezzogiorno, tapping oil and natural gas deposits (both off-shore, off the coast of Calabria and Abruzzi, and on-shore, in Emilia-Romagna and Piedmont) and extending natural gas transmission, storage and supply systems in the Centre and North of the country.

Operations in the **United Kingdom** came to 1 652.2m ecus (GBP 1 104.4m), including 29.4m ecus from NCI resources.

A total of 431.9m ecus was provided for a large number of projects of various sizes geared both to enhancing water supplies and to improving wastewater

collection and treatment systems in the Thames, Severn and Trent basins, in South Yorkshire, on the Northumbrian coast and in East Anglia and Wessex. A further project designed to protect the environment centred on a household waste recycling plant in Hastings (800 000 ecus).

In the transport sector, 305.7m ecus were made available for the Channel Tunnel, a new terminal at Stansted international airport and increased container vessel capacity at the port of Felixstowe.

Some 25.7m ecus were advanced for redeveloping the old docklands area in Cardiff by constructing an exhibition and business services complex and for regenerating an industrial estate near the centre of Lancaster.

Individual loans for industry (450.2m ecus) spanned a broad range of sectors and focused in particular on construction of the wings for the Airbus A320, two paper mills (one producing newsprint, the other coated paper), a glass works (uprating and adaptation of float glass capacities in North-West England), foodstuffs and agri-foodstuffs ventures, and construction/modernisation of factories producing soft drinks, chocolate, starch and glucose. Other projects involved the manufacture of furniture, biomedical products and car body components as well as a polymerisation line at a polystyrene plant and steel products storage facilities.

In the service sector, in addition to a computer centre in Manchester and a foodstuffs distribution and storage centre in Scotland, several hotels and motels in Northern Ireland, Solihull and Newcastle received 68.2m ecus in all.

Global loans for financing SMEs amounted to 158.3m ecus, while, during the year, 93 SMEs attracted 58.1m ecus from global loans already on tap.

Lastly, 211.6m ecus went towards developing a gas field off Humberside, tapping oil deposits on the Dorset coast and uprating a coal-fired heat and power plant in Berkshire.

Confirming the trend observed since the country's accession to the EEC, EIB financing in **Spain** again showed a sharp upturn in 1989 when aggregate

lending ran to 1 541.7m ecus (ESP 202.4bn).

Some 1 023.6m ecus were devoted to infrastructural works, with the bulk of funds being given over to modernising and extending the domestic and international telephone network and improving air links both with other EEC countries and with the rest of the world through partial renewal of Iberia's fleet. A substantial volume of loans went to the "Autonomous Communities", largely for upgrading the regional road networks in Castilla La Mancha, Andalucia, Madrid, Galicia and Valencia as well as for forest protection works in Castilla Leon. Financing was also provided for a variety of schemes intended mainly to enhance drinking water supplies and wastewater/urban waste collection and treatment/recycling in Barcelona, Granada and Tarragona province. In addition, a global loan was concluded with a view to funding various infrastructural works implemented by local authorities.

A total of 122.9m ecus was channelled to two factories in the Madrid area, one manufacturing Airbus components, the other, pharmaceuticals. 215.4m ecus were made available in the form of global loans. During the year, 752 SMEs in the industrial, agricultural processing and tourism sectors claimed allocations worth 368.2m ecus in all.

The EIB also helped to extend the electricity network in Andalucia (chiefly transmission and supply facilities) and the natural gas supply system in Madrid, advancing 179.8m ecus.

In **France**, EIB lending amounted to 1 512.8m ecus (FRF 10.6bn). Funding for infrastructural schemes, totalling 644.1m ecus, was given over to numerous sections of motorway in the Midi heading towards the Alps (particularly towards Albertville which is to host the 1992 Winter Olympics), in Central France, thereby opening up the Massif Central, in the West of the country and between Calais and Rheims, one of the major access routes to the Channel Tunnel. Financing arranged during the year for the French section of the Channel Tunnel project came to 115.3m ecus. Some 280m ecus were devoted to ongoing work on providing high speed train services (TGV-Atlantique), improving public transport in the Toulouse conurbation and between Orly airport and Paris by constructing automatic light railways,

modernising the telecommunications network and expanding household waste incineration facilities in Lyons.

284.9m ecus were made available in the form of global loans. 188 road and sewerage schemes implemented by local authorities were financed during the year through allocations from ongoing global loans (167.4m ecus).

In the productive sector, 153m ecus went to a paper mill in Pas-de-Calais, an audio/video tape coating plant at Dax in the South-West of the country and a range of medium-sized industrial enterprises, while 353.1m ecus were advanced in the form of global loans. During the year, 3 605 SMEs received allocations worth 369.8m ecus from global loans already under drawdown.

Some 78m ecus were made available for constructing hydroelectric power plants on the Isère and modernising the Tricastin uranium enrichment plant.

The EIB also concluded a finance agreement with the promoters of the Euro Disneyland theme park to the East of Paris. The agreement, involving 176.1m ecus and not yet included in statistics, will give rise to several loans in coming years.

Financing in **Germany** ran to 856.5m ecus (DEM 1.77bn). 570.2m ecus were provided in the form of global loans for funding investment by SMEs as well as environmental protection and/or energy saving ventures.

Some 45.8m ecus went towards financing combustion gas purification facilities at thermal power stations, with a further 46.5m ecus being advanced for extending Cologne sewage treatment plant, constructing a dam on the Wupper and commissioning train sets for the new urban electric rail network being built on its own site in Stuttgart.

The EIB furnished 99.4m ecus for upgrading numerous sections of the road network in North Rhine-Westphalia, building and equipping a computerised billing centre for the air transport sector near Hamburg and renovating the Cologne trade fair buildings. 82.6m ecus were made available for establishment of the "Amadeus" pan-European travel information and reservation system. A further 12.1m ecus were lent for an elec-

tronic components plant in Schleswig-Holstein.

With almost 50% of aggregate financing benefiting projects serving to protect the environment or to improve the quality of life, the EIB was able to pursue its operations in Germany in this domain, with the emphasis on combatting atmospheric pollution. In addition, 77 SMEs received 62.3m ecus during the year in the form of allocations from ongoing global loans.

EIB activity in **Portugal** again demonstrated vigorous growth, climbing to 755.7m ecus (PTE 130.6bn). All sectors benefited from this upswing, especially industry and tourism for which 180.6m ecus were made available in the form of global loans. Operations under this heading included an initial 40m ecus under the Specific Programme for the Development of Portuguese Industry.

Financing for the productive sector amounted to 284.5m ecus, of which 175.9m ecus took the form of allocations channelled during the year to 813 SMEs from ongoing global loans.

Almost 90m ecus were given over to upgrading the capacity of two paper mills near Lisbon as well as to factories in the North of the country turning out wood-fibre and particle board panels, cork tiles, etc. The EIB also helped to fund modernisation of various breweries and a soft drinks factory plus construction of a chain of hotels.

Infrastructural schemes backed by the EIB (217.2m ecus) mainly involved links with Spain via Vilar Formoso: construction of sections of motorway, upgrading of priority routes and modernisation of rail lines. In the Azores, 53.8m ecus helped with extension of the runway at São Miguel airport, acquisition of aircraft to operate between the islands in the archipelago and building of a harbour on Terceira island plus various road works.

Lastly, 249.3m ecus served to enhance power supplies through construction of hydro-electric power plants in Northern and Eastern Portugal, completion of Sines coal-fired power station and improvements and extensions to the transmission and supply grids.

EIB operations in **Denmark** totalled 545.8m ecus (DKK 4.4bn), over 50% of which centred on infrastructural schemes facilitating communications with other Community countries.

Under this heading, 282.2m ecus benefited the transport sector, with funds being lent for upgrading motorway links between Copenhagen and other Scandinavian countries, Jutland and the German network, electrifying rail lines, acquiring railway rolling stock and purchasing Fokker 50 aircraft for flights within the EEC. 74.7m ecus were devoted to modernising the telecommunications network, mainly through recourse to optical fibre cables.

Some 22.9m ecus were advanced for wastewater collection and treatment facilities in Esbjerg and, in conjunction with global loans, for small items of infrastructure.

In addition, 113m ecus went towards establishment in various parts of the country of networks for conveying and supplying natural gas from the Danish sector of the North Sea and extension of district heating systems in Aarhus and Frederiksberg.

Apart from a loan for 8.2m ecus for a pump factory near Viborg, financing for industry tended to be concentrated on SMEs. 44.4m ecus were provided in the form of global loans, while 99 SMEs were allocated a total of 49.4m ecus during the year from ongoing global loans.

EIB lending in **the Netherlands** came to 320.25m ecus (NLG 740.8m). A total of 172.5m ecus was provided for aircraft fleet expansion, thereby helping to improve air links both within the Community and with the rest of the world.

Industrial projects, located chiefly in regions where development is lagging behind, attracted 144.7m ecus, with the funds being made available for two factories (55.8m ecus) in Limburg producing new high-performance synthetic fibres and in the form of global loans (88.9m ecus) for funding SMEs. During the year, 48 SMEs attracted 50.2m ecus in allocations from global loans already under drawdown.

Some 3.2m ecus were drawn from NCI resources for establishing an experimen-

tal wind farm complex in Zeeland using wind power to generate electricity.

In **Greece**, the EIB lent 271.4m ecus (GRD 48.9bn). Of this, 27m ecus were advanced in the form of global loans for financing small items of infrastructure and energy projects included in the Integrated Mediterranean Programmes (IMPs).

82.8m ecus were given over to upgrading lignite production capacity and building a new power plant at Megalopolis in the Peloponnese. The power plant is also receiving ERDF grant aid in conjunction with reform of the structural funds, while the installation of desulphurisation equipment, forming part and parcel of the scheme, was the subject of close cooperation between the EIB and the Commission. In addition, 55.2m ecus were provided for extended working of an open cast lignite mine in Macedonia and 10.2m ecus served to expand the power transmission and supply grid.

Infrastructural improvements claimed a total of 35.8m ecus and encompassed sections of road in Attica, Northern Greece and Thessaloniki, modernisation of Athens airport, wastewater treatment in the Athens conurbation and acquisition of new equipment for the rail network. A further 23.8m ecus in loans carrying a 3% interest subsidy drawn from the General Budget of the European Communities helped with reconstruction of road networks, buildings and dwellings in the Kalamata region stricken by an earthquake in 1986.

Finally, 36.7m ecus were made available in the form of global loans for funding investment by SMEs. During the year, allocations worth 35.1m ecus went towards financing 62 ventures, mainly in industry, tourism and agriculture and partly under the IMPs.

EIB lending in **Ireland** amounted to 186.8m ecus (IEP 145.2m). Some 102.8m ecus served to finance communications infrastructure: extension and modernisation of Dublin airport, aircraft acquisition, upgrading of the road network, particularly around the capital, and improvements to the telecommunications system.

59m ecus were given over to expanding and improving the electricity and natural gas systems as well as to water supply and wastewater collection/treatment schemes. 25.1m ecus were earmarked

for extending higher technical education institutes, establishing an engineering school in Dublin and restoring and building new conference facilities at Dublin castle.

Financing in **Belgium** ran to 91.1m ecus (BEF 3.9bn). Of this, 80.7m ecus were provided in the form of global loans for productive investment by SMEs. 10.4m ecus were devoted to construction near Antwerp of an integrated chemical waste processing plant. During the year, 46 SMEs claimed 23m ecus from global loans already under drawdown.

*
* *

Outside the territory of Member States, the EIB furnished support for two projects of direct interest to the Community (Article 18 of the Bank's Statute). A further loan for 75m ecus was granted to EUTELSAT - embracing, in addition to EEC Member States, 14 other European countries - for acquiring a new generation of telecommunications satellites, while 90.5m ecus were advanced for an optical fibre transatlantic cable linking the Community, via the United Kingdom and Ireland, to the United States, via the Caribbean, and thereby improving both the standard and reliability of communications.

Financing provided outside the Community

Financing advanced in countries outside the Community ran to 485.9m ecus from the Bank's own resources and to 126m from budgetary resources, adding up to 611.9m compared with 700.2m in 1988 and 392.1m in 1987. Of this 1989 total, 342.8m went to finance investment in Mediterranean countries and 269.1m in the ACP States and the OCT.

MEDITERRANEAN COUNTRIES

In **Yugoslavia**, the EIB provided support amounting to 58m ecus for modernisation of the country's main railway line, in particular the section around Zagreb.

The Maghreb countries

Lending in **Algeria** totalling 73m ecus went into two projects, one to extend and improve the sewerage system ser-

ving the greater Algiers area and the other to set up irrigation facilities for 16 000 hectares on the Mitidja plain, south-west of the capital.

In **Morocco**, EIB backing was given over to extension of power distribution networks in rural areas (30m) and promoting joint ventures between SMEs in Morocco and in the EEC through acquisition of equity participations (9m from risk capital resources).

A global loan for 17m in **Tunisia** provided resources for continued support for investment in the tourism sector.

The Mashreq countries

Apart from a global loan for financing small-scale local infrastructure in **Jordan** (2.5m), the bulk of loans went into projects in **Egypt** (130.3m), where funds were advanced for expansion of power generation capacity through construction of a natural gas-fired power station in Lower Egypt and for power supplies to the Greater Cairo area. In addition, the EIB helped to fund an irrigation scheme covering 21 000 hectares to the west of the Nile delta and construction of a plant producing heavy-vehicle tyres near Alexandria.

Israel

A global loan of 23m ecus was concluded for industrial ventures in Israel.

THE ACP STATES AND OCT

Last year the EIB mounted operations underpinning investment schemes in 31 ACP States and OCT.

In twelve of these, loans were drawn from the Bank's own resources (155.1m ecus, accounting for 58% of the total) and in 27 from risk capital (114m). Eight countries benefited from operations mounted using a combination of both types of resource.

In **Africa**, financing totalling 193.4m ecus reached 19 countries (97.5m from EIB own resources and 95.9m from risk capital).

Aid to countries in *West Africa* totalled 88.1m ecus. The funds were channelled to an oil palm development programme in **Nigeria** (43m), a cottonseed oil mill and a feasibility study for a southern power line in **Burkina Faso** (6.3m) and expansion of the fishing fleet in **Guinea Bissau** (3.5m). In **Ghana**, the Bank financed rehabilitation of gold mines (13m), whilst in **Togo** a project to improve the country's telephone networks attracted 9.3m. In **Guinea**, 6m went to-

wards improving water supplies for Conakry and an improvement and extension programme for the telecommunications network in **Benin** received 7m.

In *East Africa*, the Bank granted a total of 30.8m ecus. In **Kenya**, 17.2m supported a project to improve water supply infrastructure serving Nairobi and a feasibility study. The Bank also financed a cotton ginnery near Lake Victoria in **Tanzania** (8m) and rehabilitation of a sesame oil mill near Mogadishu (2.4m) in **Somalia**. Global loans were concluded with development banks to provide financing for small and medium-sized enterprises in the **Seychelles** (3m) and **Djibouti** (200 000).

Countries in *southern Africa* received a total of 40m ecus in EIB assistance, the funds being advanced for a paper mill (12m) and rehabilitation and expansion of the telecommunications network (18m) in **Zimbabwe**, an abattoir, a cotton spinning mill and industrial estates in **Swaziland** (7m) and industrial estates in **Lesotho** (3m).

A total of 34.5m ecus was granted in central Africa. The 12m ecus lent in **Rwanda** went to investment in telecommunications and into support for industry, these latter funds being channelled via the country's development bank, whilst 10m was provided in the **Central African Republic** for restoration of the power distribution network, 6.5m in **Burundi** for tea production and for financing small industrial ventures and 6m in **Chad** for water supply infrastructure serving the capital, N'Djamena.

Funding in the *Caribbean* amounted to 44.4m ecus; used to finance port infrastructure in Kingston, **Jamaica** (16m) and an airport on **Antigua** (1.5m), as well as global loans to development banks in **Trinidad and Tobago** (14.9m), **Barbados** (4m), **Guyana** (4m), **Surinam** (3m) and **Grenada** (1m).

Lending in the *Pacific* came to 21.3m ecus: in **Fiji** 19m was made available for investment in telecommunications, the port of Lautoka and smaller enterprises under a global loan to the local development bank and in **Tonga** 2.3m was similarly advanced through a global loan.

Lastly, loans totalling 10m ecus were arranged in three Overseas Countries and Territories: global loans concluded with development banks in support of small and medium-sized enterprises in the British **Virgin Islands** (4m), the **Netherlands Antilles** (3m) and **New Caledonia** (3m).

Ecu

Below are the Ecu values in national currencies, as at 29 December 1989; these rates are applied to the first quarter in preparing financial statements and operational statistics of the Bank:

DEM	2.02412	BEF	42.5920
GBP	0.742783	LUF	42.5920
FRF	6.92042	DKK	7.88161
ITL	1 517.55	GRD	188.287
NLG	2.28602	IEP	0.769128
ESP	131.059	PTE	179.030
		USD	1.19699

N.B.: Ecu/national currency conversions given in this issue for operations in 1989 are based on different exchange rates, applicable at the time of each contract signature.

EIB-Information is published periodically by the European Investment Bank in nine different languages (Danish, Dutch, English, French, German, Greek, Italian, Portuguese and Spanish).

Material which appears in *EIB-Information* may be freely reproduced; an acknowledgement would be appreciated and also a clipping of any article published.

100, bd Konrad Adenauer
L-2950 Luxembourg
tel. 4379-1 — telex 3530 bnkeu lu
fax 43 77 04

Department for Italy:
Via Sardegna, 38 — I-00187 Rome
tel. 4719-1 — telex 611130 bankeu i
fax 474 58 77

Athens Office:
Ypsilantou 13-15
GR-10675 Athens
tel. 7249 811
telex 222126 bkeu gr
fax 7249 814

Lisbon Office:
Avenida da Liberdade, 144-156, 8º
P-1200 Lisbon
tel. 32 89 89 or 32 88 48
telex 15576 bnkeu p
fax 37 04 87

London Office:
68, Pall Mall
London SW1Y 5ES
tel. 839 3351
telex 919159 bankeu g
fax 930 9929

Madrid Office:
Calle José Ortega y Gasset, 29
E-28006 Madrid
tel. 431 13 40
telex 44670 bnkeu e
fax 431 13 83

Representative Office in Brussels:
Rue de la Loi 227
B-1040 Brussels
tel. 230 98 90 — telex 21721 bankeu b
fax 230 58 27