

# EIB INFORMATION

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## EIB Lends 17 Billion Ecus in 1992

The volume of loans granted in 1992 by the European Investment Bank, the financial institution of the European Community, amounted to 17 billion ecus, an increase of 11 % over 1991 (15.3 billion ecus). Of the total, 16.14 billion ecus were advanced in the Community and 892.9 million under the Community's policy of cooperation with third countries.

In keeping with its original aim of helping to finance projects promoting European integration by means of funds which it raises on the capital markets (13 billion ecus in all in 1992), the European Investment Bank ably discharged its task as a financial intermediary supporting Community policies.

Recognising the important role played by the European Investment Bank, particularly in an unfavourable economic climate, the European Council meeting in Edinburgh asked the Bank to implement a temporary lending facility amounting to 5 billion ecus in order to speed up the financing of capital infrastructure projects notably connected with trans-European transport, telecommunications and energy networks. The EIB is endeavouring to give a prompt response to this request by coordinating its efforts with action being taken by the European Community to stimulate economic growth. The effectiveness of the facility in investment terms implies appropriate and practical interaction between the Member States, the EIB and the Commission.

At their meeting in Edinburgh, the Heads of State and Government also gave encouragement to the setting up as soon as possible of a European Investment Fund. Discussions held during the year by the EIB's Board of Directors on a joint EIB/European Commission proposal to create such

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a Fund have already reached a very advanced stage. The new Fund, with a subscribed capital of 2 billion ecus, would act as a catalyst, initially through the provision of guarantees for projects of benefit to Europe, with a special focus on development of trans-European infrastructure networks. Its task would also be to improve access to funding for small and medium-sized enterprises in regional development areas.

The European Council also invited the EIB to consider, together with the Council and the Commission of the European Communities, how it could best contribute to improved operation of the structural funds.

Following the Edinburgh Summit, Mr Ernst-Günther Bröder, President of the EIB, said:

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In 1992, the range and scope of the European Investment Bank's role in carrying out European Community policy objectives, was further widened.

The quality, as well as the volume of capital investment supported by the EIB was recognised by the Edinburgh European Council meeting. The EC Heads of State and Government called on the EIB to assist the Community's economic growth through an additional temporary ECU 5 billion lending facility to accelerate the financing of capital infrastructure projects.

Executing such a large supplementary financing programme within two years requires the active partnership of the EIB, the Commission and the Member States. While the EIB can provide appraisal expertise and market resources, the Member States will be decisive in bringing forward and in facilitating the implementation of infrastructure projects. The Commission can provide budgetary resources through the new Cohesion Fund, the Structural Funds and transport and research budgets.

Outside the Community, the EIB finances projects within the framework of EC policy towards third countries. Last year some ECU 900 million went towards investment in African, Caribbean and Pacific states under the Lomé Convention, in the Mediterranean region, and in Central and Eastern Europe. The EIB is also to extend its activity to Latin American and Asian countries that have cooperation agreements with the EC.

Sir Brian Unwin will take over the EIB's Presidency from Dr Ernst-Günther Bröder on 1 April 1993 (page 8).

"The European Investment Bank last year once again confirmed and enhanced its reputation as the 'house bank' of the Community. The Edinburgh Summit's decisions reinforce action the EIB is already taking to further European integration. It is a reconfirmation of confidence in our professionalism and capacity to mobilise finance on the capital markets, directing it towards technically and financially viable projects that push forward Community policies. Other EIB criteria, such as the economic and environmental justification for infrastructure investment, will continue to be applied for the benefit of Member States and their citizens."

### Promoting European integration (1)

The European Investment Bank finances capital projects complying with Community policy objectives. Each project is subjected to painstaking appraisal. To qualify for a loan, it must not only contribute to European integration, but must be economically justified, technically solid, compatible with environmental requirements and, in the case of productive investment, financially viable.

Regional development has always been a top priority for the EIB which cooperates closely with the Commission in ensuring an

optimum mix of loans and grants from the structural funds, with the aim of achieving the maximum level of sound investment strengthening the economy of less favoured regions.

In 1992, lending for regional development showed renewed growth, rising to close on 70 % of total financing made available in the Community: 11.8 billion ecus (8.42 billion in 1991). 93 % of the projects financed were located in areas eligible for assistance from the structural funds: 54 % in regions experiencing the most acute structural problems (Objective 1) and 39 % in regions faced with problems of industrial decline or conversion (Objective 2) or in rural areas (Objective 5(b)). From 1989, when the structural funds were reformed, to 1992, EIB financing for regional development amounted to over 34 billion ecus, 31 billion of which went to these areas.

By contributing to the development of effective *communications*, the EIB assists the completion of the Single Market. In recent years, finance to strengthen trans-European transport and telecommunications networks facilitating the efficient movement of persons, goods and information at minimum cost has, in volume terms, come to represent the second major objective pursued by the EIB.

The total lent for this objective was 4.5 billion ecus (3.8 billion in 1991), of which 1.99 billion went to improve telecommunications, 415 million to air transport, 2 billion to road and rail links, including the Channel Tunnel, and 93 million to shipping and other forms of transport.

Other Community objectives actively supported by the EIB are *environmental protection and improvement of the quality of life* and rational use of natural resources. While the EIB provides loans for projects aimed solely at protecting or improving the environment, it also contributes to achieving the same aim, but in a way which is less easy to measure, by directly tying the granting of a loan to compliance with current environmental legislation. Indeed it goes further by encouraging project promoters to install equipment which will reduce harmful effects on the environment to levels below what is required by law.

Under the Environmental Programme for the Mediterranean (EPM), drawn up in 1988 by the European Investment Bank and the World Bank, the two banks contribute, with the participation of the European Commission and the United Nations Development Programme, to the multi-annual Mediterranean Environmental Technical Assistance Programme (METAP) as financing institutions and as providers of technical assistance in the preparation of studies and projects in the environmental protection field. Similar action programmes are being prepared for the Baltic. In this context, the EIB is particularly involved in the coordination of pre-feasibility studies covering the Oder basin; arrangements are also in preparation with the Commission of the European Communities and the International Commission for the Protection of the Elbe for the upper part of the Elbe basin. A further environmental programme is in preparation for the Danube.

In 1992, financing from the European Investment Bank for projects whose main eligibility criterion is environmental protection more than doubled in relation to the previous year to 4.5 billion ecus (1.9 billion in 1991). The funding breaks down as follows: 2.3 billion for water management and conservation, 1 333 million for solid waste disposal, 760 million for combatting atmospheric pollution, 426 million for cultural and other schemes and 968 million for improving the urban environment.

### GEOGRAPHICAL BREAKDOWN OF LOANS GRANTED

	1992			1991		
	million ecus	%	% grand total	million ecus	%	% grand total
<b>Within the Community (1)</b>	<b>16 139.7</b>	<b>100.0</b>	<b>95.0</b>	<b>14 422.8</b>	<b>100.0</b>	<b>94.0</b>
Belgium	396.6	2.5		115.6	0.8	
Denmark	690.8	4.3		538.6	3.7	
Germany	1 663.9	10.3		1 300.1	9.0	
Greece	377.5	2.3		366.9	2.5	
Spain	3 020.6	18.7		2 342.5	16.2	
France	1 895.1	11.7		1 924.4	13.3	
Ireland	303.5	1.9		237.0	1.6	
Italy	3 796.9	23.5		4 000.7	27.7	
Luxembourg	42.8	0.3		28.6	0.2	
Netherlands	154.4	1.0		175.4	1.2	
Portugal	1 230.4	7.6		1 002.1	6.9	
United Kingdom	2 407.2	14.9		2 145.0	14.8	
Other (1)	159.7	1.0		300.4	2.1	
<b>Outside the Community</b>	<b>892.8</b>	<b>100.0</b>	<b>5.0</b>	<b>916.0</b>	<b>100.0</b>	<b>6.0</b>
ACP States	252.0	28.3		389.5	42.5	
of which: risk capital	121.5	-		120.0	-	
Mediterranean countries	320.8	35.9		241.5	26.4	
of which: risk capital	7.0	-		14.5	-	
Central and Eastern Europe	320.0	35.8		285.0	31.1	
<b>Grand total</b>	<b>17 032.5</b>		<b>100.0</b>	<b>15 338.8</b>		<b>100.0</b>

(1) Projects of Community relevance located outside the Member States but, because of their benefit to the Community, treated as equivalent to investment within the Community.

In supporting Community energy policy designed to reduce EC dependence on oil imports, the EIB finances projects aimed at developing the Community's indigenous resources, more rational use of energy and import diversification.

In 1992, 3.1 billion ecus were advanced to further the Community's energy objectives (2.7 billion in 1991, which represented a sharp increase over the 1.4 billion in 1990): some 947 million involved the development of indigenous resources, 1.6 billion rational use of energy and 632 million import diversification.

The EIB finances investment which promotes the *international competitiveness of industry* and assists its integration at Community level. It funds large-scale projects by individual loans and projects on a more modest scale, particularly those of small and medium-sized enterprises, indirectly through global loans (2).

Funds made available in support of industrial objectives amounted to 2.6 billion ecus (3.3 billion in 1991). Of the total, 2.1 billion consisted of global loan allocations to 7 223 SMEs. Some 60 % of these allocations were made to enterprises located in least favoured areas. Half the overall volume and almost three quarters of the number of allocations were given over to firms with fewer than 50 employees. Allocations totalling 283.4 million ecus underpinned capital investment by SMEs centred on the environment or rational use of energy.

#### Fostering cooperation with non-member countries

Outside the Community, the EIB is playing an increasing role in implementing the financial aspects of the Community's cooperation policies with non-member countries. It currently operates in three main geographical areas: 69 countries in Africa, the Caribbean and the Pacific signatories to the Lomé Convention (ACP countries), 12 Mediterranean countries and 6 Central and Eastern European countries. At the invitation of the Council of the European Communities, the Board of Governors is expected to authorise the EIB to extend its activity, up to a cumulative amount of 250 million ecus per year for a period of three years, to Latin American and Asian countries which have signed cooperation agreements with the Community.

Of the 892.8 million ecus advanced in 1992 outside the Community, 252 million went to ACP countries, 320.8 million to Mediterranean countries and 320 million to countries in Central and Eastern Europe.

In the ACP and Mediterranean countries, the EIB grants loans from its own resources (3), generally accompanied by an interest subsidy (from the resources of the European Development Fund or the Community budget). It also manages under mandate a special form of concessionary finance known as "risk capital", provided under flexible arrangements and on favourable terms, particularly in order to encourage private investment.

The first Financial Protocol to the Fourth Lomé Convention sets a ceiling of 1.2 billion ecus for the period 1991-96 on loans from the Bank's own resources and 825 million ecus on risk capital operations.

The main aims of financial cooperation with the Mediterranean countries are: to develop private ventures, particularly through partnerships between local and European firms, to promote environmental protection and to assist rehabilitation schemes. In addition to the financial protocols concluded between the Community and each of the Mediterranean countries, the Mediterranean policy caters for so-called "horizontal" financial cooperation intended to support investment of joint interest to both the northern and southern shores of the Mediterranean in the fields of communications, industrial cooperation and environmental protection (in the latter case, loans carry a 3 % interest subsidy).

#### BREAKDOWN OF CURRENCIES BORROWED (after swaps)

	1992		1991	
	million ecus	%	million ecus	%
1. ECU	1 937	14.9	2 500	18.3
2. DEM	1 583	12.2	1 198	8.8
3. USD	1 529	11.8	2 262	16.5
4. FRF	1 461	11.3	1 378	10.1
5. JPY	1 440	11.1	627	4.6
6. GBP	1 428	11.0	1 837	13.4
7. ITL	1 326	10.2	1 466	10.7
8. CHF	947	7.3	782	5.7
9. ESP	648	5.0	813	5.9
10. NLG	303	2.3	369	2.7
11. BEF	238	1.8	166	1.2
12. PTE	85	0.7	250	1.8
13. LUF	49	0.4	24	0.2
<b>Total</b>	<b>12 974</b>	<b>100</b>	<b>13 672</b>	<b>100</b>

Two initial loans were granted in 1992 under the terms of "horizontal cooperation": 80 million ecus for the improvement of telecommunications between the EEC and Morocco and 17 million ecus for the protection of the Mediterranean environment and water management in Tunisia.

Under the Community's aid programme for the Central and Eastern European countries, the EIB also grants loans in Poland, Hungary, the Czech Republic, Slovakia, Bulgaria and Romania. With ceilings initially set at 1 billion ecus for the first two countries and 700 million for the others, the "European" association agreements concluded between the Community and Hungary, Poland, the Czech Republic and Slovakia give these countries continued access to EIB financing. In addition, it might be decided to invite the Bank to grant loans in the Baltic countries and Albania.

#### The terms on which the EIB borrows are reflected in the terms on which it lends

The European Investment Bank borrows most of its resources on the capital markets, where its top-ranking status is consistently confirmed by the award of the "triple A" rating to its securities. This excellent credit rating, on the one hand, affords maximum security to its investors and, on the other, enables it to raise very considerable volumes of funds on the best terms available at any given time towards financing the investment required for building Europe. Operating as a non-profit-making organisation, it passes on this advantage to project promoters.

A total of 12.92 billion ecus was borrowed in 1992 in sixteen currencies.

In order to be able to offer project promoters financing adapted to the nature of the investment to be supported (4), the EIB concluded swap operations following which the amount of resources raised in thirteen currencies came to a total of 12.97 billion ecus (13.67 billion in 1991). (The Australian dollar, the Canadian dollar and the Swedish krona featured among the currencies swapped.)

For the fourth year running, at 1.9 billion, i.e. 14.9 % of the total, the ecu headed the list of currencies borrowed. As the world's leading borrower and lender in ecus, the EIB actively promotes the use of the Euro-

pean currency and occupies a front-ranking position in all sectors of the ecu market.

The Bank raised 8.89 billion ecus at fixed rates (10.2 billion in 1991) and 4.09 billion at floating rates (3.45 billion in 1991), either by launching long-term floating-rate borrowings (928 million ecus), by expanding its commercial paper programme in ITL (112 million) or by concluding interest-rate swaps (3.05 billion). Medium and long-term borrowings totalled 12.86 billion ecus (12.54 billion in 1991) and short-term borrowings, 112 million (1.13 billion the previous year).

In order to guard against the risk of fluctuations in long-term interest rates, the EIB supplemented its use of floating-rate borrowings through recourse to the deferred rate-setting technique and reverse currency swaps; these procedures covered 70% of borrowings floated.

The EIB launched or set up "benchmark" issues, particularly in DEM (1 billion), FRF (3 billion), BEF (10 billion), CHF (500 million) and JPY (80 billion).

The balance sheet total at 31.12.1992 was 84.7 billion ecus, compared with 74.3 billion the previous year.

### Country-by-Country overview of Financing within the Community (1)

In **Belgium**, the EIB lent 396.6 million ecus (BEF 16.5 billion).

Of the total, 119.5 million ecus helped to finance the construction of a gas terminal at Zeebrugge and a gasline from this port to the French border, the construction of a new national air traffic control centre at Brussels Airport, and the modernisation of equipment plus the development of harmonised air traffic control systems for EUROCONTROL, the European Organisation for the Safety of Air Navigation, with a view to relieving congestion of European air space and preventing any deterioration in coming years.

A sum of 11.9 million ecus was advanced for the construction of a nuclear waste reprocessing plant in the Province of Antwerp.

A total of 265.3 million ecus was provided in the form of global loans for small and medium-scale ventures. Allocations worth 187.2 million ecus were made for

288 projects from global loans under drawdown.

EIB lending in **Denmark** amounted to 690.8 million ecus (DKK 5.5 billion).

A total of 399 million ecus went to the communications sector: construction of a fixed road and rail link across the Great Belt, improvement of the ferry service between Denmark (Helsingør) and Sweden (Helsingborg), modernisation of a bridge in Copenhagen connecting with the island of Amager, construction of motorway sections in Jutland and Sjælland, railway improvements (electrification of the Nyborg-Odense line, purchase of rolling stock and installation of automatic train control systems) and the improvement of trunk telecommunications.

In the field of energy, 211.4 million ecus assisted the construction of natural gas storage and distribution facilities in Jutland, Sjælland and Greater Copenhagen, the construction of a district heating system in Copenhagen and the renewal of the Odense system (the loan granted for this project also provided funding to improve the sewage treatment system in Odense), the construction of a combined heat and power unit, again near Odense, and the conversion of a waste incineration plant into a combined heat and power station to the south of the capital.

A further 26.2 million ecus were devoted to upgrading the sewerage and sewage treatment system in Århus.

A total of 54.2 million ecus was advanced in the form of global loans for small and medium-scale ventures.

In **Germany**, lending amounted to 1.7 billion ecus (DEM 3.4 billion).

The new Länder received 714.2 million ecus to assist their development and integration into the Community: 368.5 million in the form of individual loans and 345.7 million as global loan allocations (1). The individual loans covered the construction of asphalt and concrete mixing plants in preparation for the rehabilitation of the East German road network, a car factory, a motor vehicle engine plant, a newsprint mill, an abattoir and a meat processing plant and natural gas distribution systems. One individual loan for sewerage works and several allocations from global loans (facilities for water treatment, solid waste disposal and smoke emission control) sup-

ported efforts in the field of environmental protection.

In addition, the Bank financed improvements to the telecommunications network in the shape of the DFS Kopernikus satellite system, which will benefit the country as a whole (97.9 million ecus).

In the old Länder, 324.9 million ecus were devoted to the construction of a new international airport near Munich and a new terminal at Frankfurt Airport, the modernisation and extension of Hamburg Airport, several sewage treatment plants, the modernisation of a refinery for petroleum products, the installation of a new steam boiler at a combined heat and power plant and the continued extension of the heat transmission network in Saarland.

A total of 848.2 million ecus was advanced in Germany as a whole in the form of global loans for small and medium-scale ventures. Allocations totalling 1 372.7 million ecus were made from global loans under drawdown for 900 projects (including 346 million ecus for 369 projects in the new Länder).

In **Greece**, the EIB lent 377.5 million ecus (GRD 93.2 billion).

Of this total, 178.7 million ecus were earmarked for the transport sector: extension of the Athens Metro, upgrading of the Varibobi-Yliki section of the Athens-Katerini highway to motorway standard, modernisation of railway infrastructure on the main line from Athens to Idomeni (Northern frontier) and improvement of air traffic control systems.

In the energy sector, 74.9 million ecus helped to finance the construction of a small hydroelectric power station in Epirus and a combined cycle station in Crete, the conversion to combined cycle operation of two gas turbines at Lavrion power station in Attica, the installation of electrostatic filters at thermal power stations in Western Macedonia and the replacement of obsolete power dispatch facilities for the mainland power system.

A total of 28.3 million ecus was earmarked for water supply, sewerage and sewage disposal and irrigation schemes.

Funds amounting to 25.8 million ecus were made available for reconstruction work in the Kalamata region hit by the 1986 earthquake.

Some 4 million ecus were advanced for the modernisation and extension of a wood processing plant in the centre of the country.

Sums totalling 65.8 million ecus were provided in the form of global loans for small and medium-scale private ventures and for small and medium-scale infrastructure projects in the fields of transport, sewage treatment and household and industrial waste disposal implemented by the public sector within the framework of the ENVIREG and INTERREG Community initiatives. Allocations from global loans on tap amounting to 48.1 million ecus helped to fund 44 SME projects.

In **Spain**, lending amounted to 3.02 billion ecus (ESP 402 billion).

Over 75% of the total was earmarked for communications. Loans worth 2 294 million ecus were granted for the improvement of transport and telecommunications infrastructure of Community relevance: extension and modernisation of the telecommunications network on the mainland and on the Balearic and Canary Islands, launching of two telecommunications satellites, a high-speed rail link between Madrid and Seville, extension of the Valencia metro, construction of a multimodal freight handling centre in Barcelona, a motorway bypass, urban renewal and modernisation in the port of Barcelona and improvement of road communications (as well as some elements of basic infrastructure: water supply, sewage treatment facilities etc.) in Andalusia, Asturias, Castilla-La Mancha, Castilla-León, Galicia, Murcia and the North-West.

Some 317 million ecus were channelled into modernising and upgrading the country's electricity grid.

A total of 179.1 million ecus was advanced for the production of domestic electrical appliances in the Barcelona and Madrid areas and in the Province of Rioja, for the modernisation of facilities at five oil refineries near Bilbao, Tarragona, La Coruña, Puertollano (Castilla-La Mancha) and Huelva (Andalusia) and for the production of industrial gases in Catalonia.

A sum of 164.1 million ecus helped to fund various sewerage and sewage treatment schemes in Andalusia, Catalonia and Madrid. New global loans totalling 72.2 million ecus were granted for small and medium-scale ventures. Allocations

amounting to 162 million ecus were made from global loans already under drawdown for 661 projects mounted by SMEs.

In **France**, total lending amounted to 1.9 billion ecus (FRF 12.9 billion).

A major share of the funding (42 %) covered communications: 806.8 million ecus. A total of 504.5 million was advanced for infrastructure of benefit to the Community: the Channel Tunnel, a cross-Channel ferry terminal at Caen-Ouistreham (Lower Normandy), the TGV-Nord high-speed rail link, sections of the A39, A26, A16-south, A29 and A83 motorways, and works to improve road access to the Haut-Jura area (departmental highway 436). At the same time, 302.2 million ecus supported urban development by financing public transport systems ("Metrobus" in the Rouen conurbation, a second tramline in the Nantes conurbation, a first tramline in Strasbourg), road bypasses (northern ring road and urban highway improvements in Lyon) and underground car parks, also in Lyon.

Financing for industry and the service sector totalled 344.9 million ecus: tourism, assembly of the Airbus A330/340, development of an advanced thrust reverser for aero-engines, modernisation of the production and R & D facilities of SNECMA (Société nationale d'études et de construction de moteurs d'avions), construction of a plant for the production of aspartame (artificial sweetener), and setting up of a plant for multipurpose and light commercial vehicles.

Some 7.5 million ecus were advanced for the modernisation of the district heating system in Grenoble.

Funds totalling 660.9 million ecus were made available in the form of global loans for small and medium-scale ventures. From global loans under drawdown, 323.4 million ecus were channelled into 3 583 ventures mounted by SMEs and 557.2 million into 850 small and medium-scale public infrastructure works.

In **Ireland**, EIB lending totalled 303 million ecus (IEP 231.2 million).

Funds amounting to 142.4 million ecus were devoted to communications: improvements to the road network, a new container terminal at the port of Waterford in the south-east of the country, Aer Lingus

fleet renewal, and development and modernisation of telecommunications.

Finance extended for water supply, sewerage and sewage disposal amounted to 68.1 million ecus (45 schemes).

Funds totalling 49.4 million ecus were advanced for the extension and improvement of higher education facilities, particularly in Dublin, Maynooth, Cork and Galway.

A further 23.9 million ecus went to fund improvements to the country's electricity transmission and supply systems.

A sum of 6.7 million ecus helped to finance urban renewal in a city-centre district of Dublin.

Some 13 million ecus were advanced in the form of global loans for small and medium-scale ventures.

In **Italy**, total lending came to 3.8 billion ecus (ITL 6079 billion). About half of this total was earmarked for projects located in the mainland Mezzogiorno and on the islands.

In the energy sector, 1 001.5 million ecus helped to develop natural gas fields in Central and Northern Italy and the Mezzogiorno and oilfields in the Centre, to extend the gas supply grid throughout the country and to improve electricity distribution, to construct a second gasline between Algeria and Italy, and to boost electricity production (development of hydroelectric, thermal and combined heat and power stations).

In the communications sector, 806.9 million ecus were advanced for extension and modernisation of telecommunications, mainly in the Mezzogiorno, the renewal of the aircraft fleet for links between the Mezzogiorno and the rest of Italy and the construction of a dock in the port of Livorno (Tuscany) to accommodate container ships and roll-on/roll-off vessels.

Individual loans to industry and the service sector amounted to 629.5 million ecus. Some of these loans financed the modernisation and expansion of cathode ray tube factories in Latium, fibre-optics plants in Campania, interdisciplinary laboratories for the development of advanced technologies in Milan, biotechnology research facilities in Genoa and a pharmaceutical research unit in Nerviano, the chemical industry in Piedmont and food production in Central Italy and the Mezzogiorno. Others assisted modernisation and environmental

protection projects at oil refineries in Sardinia and Sicily, the modernisation of an air liquefaction plant in Tuscany and an aero-engine factory in Campania, three cement works near Bari, Rome and Syracuse and a plant for crystal houseware. Also financed were the development and industrialisation of new computer printers using ink-jet technology in Piedmont and paper production in Latium and the Mezzogiorno, plants producing tissue paper in Tuscany, bathroom equipment in The Marches, detergents in Latium and mopeds and motor scooters near Pisa, paint shops at Cassino, Mirafiori, Rivalta and Termini Imerese, a propylene plant in the south and three chemical plants in Central and Northern Italy and the Mezzogiorno.

A total of 262.5 million ecus focused on water supply and environmental protection projects, with particular reference to sewerage, sewage treatment and solid waste disposal throughout the country, on action to combat erosion, landslides and flooding and on coastal protection works.

A further 24.0 million ecus was advanced for various other infrastructure projects: urban development and environmental protection in Bologna, Ferrara, Trento and Macerata, and restoration of various public buildings and cultural and tourist infrastructure in Umbria and Liguria.

Several of the projects financed carry an element of environmental protection, whether it be in industry, infrastructure or power stations. Taking all the projects financed in Italy together, about 671 million ecus were advanced for safeguarding the environment.

A total of 1 072.4 million ecus was provided in the form of global loans for small and medium-scale ventures. Allocations from global loans under drawdown included 913.0 million ecus for 1 855 small and medium-scale ventures, 95.6 million ecus for 49 small energy-saving schemes and 35 million ecus for 20 environmental protection projects.

In **Luxembourg**, the EIB lent 42.8 million ecus (LUF 1.8 billion).

This comprised 30.9 million ecus for the purchase and launching of a broadcasting satellite and 11.9 million ecus for the construction of a plant to produce audio and video cassettes.

In the **Netherlands**, lending amounted to 154.5 million ecus (NLG 355.7 million).

A total of 67.7 million ecus was advanced for the construction of an undersea gasline and electricity generating stations: two combined-cycle stations able to burn natural gas and coal gas in the south and a combined heat and power station in the Province of Gelderland.

Global loans totalling 86.8 million ecus were provided to fund small and medium-scale ventures. From global loans already under drawdown, 97.2 million ecus were allocated for 202 small and medium-scale ventures.

Total lending in **Portugal** was 1.2 billion ecus (PTE 244.7 billion).

Some 780 million ecus assisted the improvement and extension of the telecommunications network in Lisbon and Oporto, various transport infrastructure projects in the Azores, motorway sections in central and northern Portugal, upgrading of the road system, the modernisation of airport facilities and the air traffic control system and improvement work on the Lisbon railway and metro system.

A total of 261.9 million ecus was granted for the expansion of a plant for the production of paper pulp from eucalyptus near Coimbra, the construction of a plant for the production of piston parts, also near Coimbra, the modernisation of an oil refinery in the Alentejo and the modernisation and expansion of a plant for the production of electricity transformers in northern Portugal.

A sum of 152.1 million ecus was devoted to the extension of the electricity transmission and supply grid and the enlargement of a hydroelectric power station on the Douro on the frontier with Spain.

Funds totalling 17.1 million ecus were advanced for water supply, sewerage and sewage disposal infrastructure in the south.

A total of 19.9 million ecus was provided in the form of a global loan for small and medium-scale ventures. From global loans under drawdown, 43.5 million ecus were allocated for 58 small and medium-scale ventures.

In the **United Kingdom**, lending totalled 2.4 billion ecus (GBP 1.8 billion).

Funds amounting to 706.8 million ecus helped finance construction of the Channel Tunnel, airline fleet renewal, construction of a new bridge over the Severn Estuary, implementation of a light rapid transit system in Greater Manchester, road construction in Wales along with road improvement and various other infrastructure schemes throughout the country.

A total of 690.7 million ecus was advanced for water supply and environmental protection, in particular sewerage systems, waste water treatment and solid waste disposal, in several regions and for miscellaneous road infrastructure projects.

Loans amounting to 685.7 million ecus went to develop the Dunbar and Ellon fields in the Alwyn South oil and gas complex in the British sector of the North Sea and to construct two gas-fired power stations, one in East London and the other in North-East England.

Some 324 million ecus were advanced for the production of a new automobile engine in Wales and Northern Ireland, the extension and modernisation of industrial gas production facilities in South Yorkshire and the expansion of a plant in Scotland producing silicon wafers for semiconductors.

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Finally, 88.6 million ecus were made available for the provision of four telecommunications satellites for ship and aircraft communications and 71.1 million ecus for the development of an oilfield in the Norwegian sector of the North Sea. These are projects located outside the territory of Member States, but of direct interest to the Community and hence *included under financing within the Community*.

### Financing outside the Community

Financing outside the Community, under cooperation policies with third countries, ran to 892.9 million ecus (916 million in 1991), comprising 764.3 million from the EIB's own resources and 128.6 million from Member States' or Community budgetary resources. Of the total, 252.1 million ecus were made available in the ACP States and Overseas Countries and Territories (OCT), 320.8 million in the

Mediterranean Countries and 320 million in the Central and Eastern European Countries.

## THE COMMUNITY'S DEVELOPMENT COOPERATION POLICY

### ACP STATES AND OCT

Last year the EIB supported investment in 30 ACP States and OCT.

In *Africa*, projects were funded in 23 countries, attracting 235.6 million ecus (121 million from the Bank's own resources and 114.6 million from budgetary resources).

In *West and Central Africa*, EIB funding ran to a total of 152.9 million ecus. Projects covered were: in **Cape Verde**, a power station; in **Côte d'Ivoire**, a tuna processing plant; in **Ghana**, an aluminium recycling plant; in **Guinea**, a power station; in **Guinea-Bissau**, a thermal power station; in **Mali**, two cotton ginneries; in **Nigeria**, a global loan to fund small and medium-scale ventures; in **São Tomé**, a feasibility study for the rehabilitation of the electricity grid; in **Senegal**, international telecommunications infrastructure; in **Sierra Leone**, generating, transmission and distribution facilities at a power station - the first loan to be granted by the EIB in this ACP State.

In *Southern Africa*, the Bank advanced funds totalling 58.87 million ecus for the following projects: in **Angola**, granite extraction from a quarry in the south of the country; in **Botswana**, a global loan to fund small and medium-sized enterprises; in **Namibia**, a tannery; in **Madagascar**, a shrimp farm on the north-west coast; in **Mozambique**, cashew nut development; in **Mauritius**, a dairy products factory; in **Swaziland**, a global loan to fund small and medium-scale ventures; in **Zambia**, a pharmaceuticals plant, a yarn spinning mill and a feasibility study for the rehabilitation of the Victoria Falls power station; in **Zimbabwe**, expansion of a sewerage works in Harare, a global loan for small and medium-scale ventures and a feasibility study for working a mine at Sanyati.

In *East Africa*, lending by the Bank totalled 23.85 million ecus for the following: in **Tanzania**, acquisition of an equity participation in the Tanzania Development Finance Company Ltd and funding for a con-

tainer terminal at the port of Dares-Salaam; in **Ethiopia**, rehabilitation of the telecommunications system in the north of the country; in **Kenya**, a global loan to fund small and medium-scale ventures; in **Uganda**, a global loan to fund small and medium-scale ventures and a feasibility study for a pilot eel-farming project.

In the *Caribbean*, 5.8 million ecus were advanced as follows: in **Dominica** and the **Dominican Republic**, two global loans to fund small and medium-scale ventures; and in **Jamaica**, a feasibility study for a plant to produce caustic soda from local clay.

In the *OCT*, 10.7 million ecus were advanced for the following: in the **Netherlands Antilles**, extension of the power station on the Island of Bonaire and construction of an airline catering facility on Curaçao; in the **Falkland Islands**, construction of new fuel storage facilities; in **Mayotte**, expansion of electricity generating capacity; and in **Montserrat**, a feasibility study for energy development.

### MEDITERRANEAN COUNTRIES

Financing totalling 320.8 million ecus (313.8 million from the Bank's own resources and 7 million from budgetary resources) was made available in six Mediterranean Countries.

#### The Maghreb

In **Algeria**, 53 million ecus were advanced for construction of the Taksebt dam, 120 km east of Algiers.

In **Morocco**, 80 million ecus, provided under the terms of horizontal cooperation, helped to improve telecommunications both within the country and with the EEC.

In **Tunisia**, 32 million ecus, including 7 million from risk capital, were made available in the form of a global loan to fund small and medium-scale ventures and 17 million ecus for environmental protection along the Mediterranean coast under the terms of horizontal cooperation.

#### The Mashreq

In **Egypt**, 45 million ecus went towards financing the Greater Cairo sewerage system and 50.4 million ecus towards improving high-voltage electricity transmission in Northern Upper Egypt.

In **Jordan**, 15 million ecus were advanced for upgrading a section of the desert highway linking Amman with Aqaba; in the north of the country, 5 million ecus helped to rehabilitate the water supply networks; and 3 million ecus assisted expansion of the Sahab industrial estate to the south-east of Amman.

In **Syria**, 20.4 million ecus were lent for the construction of a dam over the River Snobar and for irrigation infrastructure in the coastal region.

### THE CENTRAL AND EASTERN EUROPEAN COUNTRIES

A total of 320 million ecus was made available by the EIB in Central and Eastern Europe.

In **Bulgaria**, 70 million ecus helped to modernise and extend the country's telecommunications network and 45 million ecus to improve electricity production by the completion of a lignite-fired power station.

In **Hungary**, 50 million ecus were provided to improve the road network and 20 million to rehabilitate and upgrade the country's air traffic control system.

In **Poland**, 50 million ecus were given over to modernising Warsaw Airport.

In **Czechoslovakia**, 85 million ecus were advanced in the form of a global loan to finance small and medium-scale ventures.

(1) All of these figures relate to individual loans and allocations from global loans under drawdown. As some loans serve several Community objectives at the same time, the totals for the various headings cannot be added together meaningfully.

(2) The EIB contributes to the funding of small and medium-scale ventures, especially those mounted by SMEs, through its global loans. These are similar to lines of credit opened with banks or financial intermediaries, which then use the proceeds to fund projects selected on the basis of the EIB's economic, technical and financial criteria. The use of global loans can cover time frames which do not coincide with a calendar year.

(3) What the EIB customarily refers to as its own resources consists essentially of the proceeds of its borrowings on the capital markets.

(4) Disbursements totalled 14.8 billion ecus in 1992, compared with 15.3 billion in 1991.

## Sir Brian Unwin appointed EIB President and Mr Wolfgang Roth Vice-President



With effect from 1 April 1993, the EIB's Board of Governors has appointed *Sir Brian Unwin* President of the European Investment Bank (EIB) and *Mr Wolfgang Roth* Vice-President.

Sir Brian Unwin has been Chairman of the Board of H.M. Customs and Excise since 1987, a post which has involved him closely in dealing with European questions, particularly preparations for the Single Market; from 1983 to 1985, he served on the EIB's Board of Directors.

Born in 1935, Sir Brian Unwin is married and has three sons; he was educated at Oxford and Yale. During the course of his career, which commenced in 1960 in the Diplomatic service, he has occupied senior posts in the Civil Service, chiefly in the area

of economic policy. From 1970 to 1972, he served as private secretary to the Treasury Chief Secretary, then in 1972 was appointed Assistant Secretary, H.M. Treasury, Head of Financial Institutions Division. In 1975, he became Under Secretary at the Treasury and Cabinet Office, where he held several posts including Head of Treasury Central Policy Unit and Head of the Prime Minister's Information Technology Unit.

Between 1983 and 1985, he was Deputy Secretary, Treasury, responsible for international financial policy and, in this capacity, served as senior U.K. member on the EIB's Board of Directors. In 1985, he became Deputy Secretary to the Cabinet, responsible for the economic and domestic policy business of the Cabinet and Cabinet Committees, before being appointed to his current post.

Sir Brian Unwin will succeed *Mr Ernst-Günther Bröder*, who has been President of the EIB since 1984 and under whose leadership the Bank's annual lending has grown from 6.9 billion ecus in 1984 to more than 17 billion in 1992. At the Annual Meeting of the Board of Governors last June, Mr Bröder, who has just reached the age of 66, announced his wish to relinquish his mandate prior to its expiry, in June 1994, to ensure a smooth handover of his office before the general renewal of the EIB's Management Committee in 1994.



As from 1 April 1993, *Mr Wolfgang Roth* will succeed *Mr R.G. Lavelle CB*, who has been Vice-President of the EIB since August 1989; Mr Lavelle, who has tendered his resignation with effect from 31 March 1993, had been Deputy Secretary at the Treasury and Head of the European Secretariat in the Cabinet Office before joining the EIB.

Born in 1941, Mr Roth is an economist educated at the Universities of Tübingen and Berlin; he is married with one child. A well-known figure in the Bundestag in Bonn, where he has been a member since 1976, Mr Roth is the spokesman on economic policy for the social democratic (SPD) parliamentary party, of which he was Deputy Chairman from 1981 to 1992. Mr Roth is also on

the managing board of the German economic research institute (Deutsches Institut für Wirtschaftsforschung) in Berlin and sits on the boards of several German companies and banks, notably the board of directors of the Deutsche Ausgleichsbank and of the Deutsche Siedlungs- und Landesrentenbank, as well as the supervisory board of Ökobank, Frankfurt.

The Board of Governors has appointed Sir Brian Unwin and Mr Wolfgang Roth for six years, the statutory term of office for members of the EIB's Management Committee, which, as of 1 April 1993, will be composed as follows: Sir Brian Unwin, President, Messrs Lucio Izzo, Alain Prate, Ludovicus Meulemans, Hans Duborg, José de Oliveira Costa and Wolfgang Roth, Vice-Presidents.

## Ecu

Below are the ecu values in national currencies, as at 31 December 1992. These rates are applied to the first quarter in preparing financial statements and operational statistics of the Bank:

DEM	1.95560	BEF	40.1777
GBP	0.798221	LUF	40.1777
FRF	6.66782	DKK	7.57479
ITL	1787.42	GRD	260.198
NLG	2.19669	IEP	0.743157
ESP	138.648	PTE	177.760
		USD	1.21090

N.B.: Ecu/national currency conversions given in this issue for operations in 1992 are based on different exchange rates, applicable at the time of each contract signature.

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100, bd Konrad Adenauer  
L-2950 Luxembourg  
tel. 4379-1 - telex 3530 bnkeu lu  
fax 437704

Department for Italy:  
Via Sardegna, 38 - I-00187 Rome  
tel. 4719-1 - telex 611130 bankeu i  
fax 4873438

Athens Office:  
Amalias, 12 - GR-10557 Athens  
tel. 3220773/774/775  
telex 222126 bkeu gr  
fax 3220776

Lisbon Office:  
Avenida da Liberdade, 144-156, 8º  
P-1200 Lisbon  
tel. 3428989 or. 3428848  
telex 15576 bnkeu p  
fax 3470487

London Office:  
68, Pall Mall - London SW1Y 5ES  
tel. 071-8393351  
telex 919159 bankeu g  
fax 071-9309929

Madrid Office:  
Calle José Ortega y Gasset, 29  
E-28006 Madrid  
tel. 431 1340 - telex 44670 bnkeu e  
fax 431 1383

Representative Office in Brussels:  
Rue de la Loi 227  
B-1040 Brussels  
tel. 2309890 - telex 21721 bankeu b  
fax 2305827

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