

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(90) 436 final

Brussels, 25 September 1990

COMMISSION REPORT TO THE COUNCIL AND TO
PARLIAMENT ON THE BORROWING AND LENDING ACTIVITIES OF
THE COMMUNITY IN 1989

CONTENTS

	<u>Page</u>
1. Introduction	1
2. The international financial context in 1989	2
3. Community borrowing in 1989	3
3.1 Overall view	3
3.2 Breakdown by instrument	4
3.3 Breakdown by currency of borrowing	5
4. Lending in the Community	5
4.1 General trends	5
4.2 Trends in the main sectors	6
4.3 Breakdown by country	7
5. Lending by instrument	8
5.1 The European Investment Bank	8
5.1.1 General situation	8
5.1.2 Financing within the Community broken down by objective	8
5.1.3 Financing outside the Community	11
5.2 The New Community Instrument (NCI)	11
5.3 The European Coal and Steel Community (ECSC)	12
6. Euratom	13
7. Interest subsidies	13

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REPORT ON THE BORROWING AND LENDING ACTIVITIES OF THE COMMUNITY IN 19891. Introduction

One of the Commission's duties is to inform the Council and Parliament every year of the Community's borrowing and lending activities in connection with:

- (i) Euratom projects;¹
- (ii) NCI I,² NCI II,³ NCI III,⁴ and NCI IV;⁵
- (iii) the Community aid granted by way of exception for the reconstruction of disaster areas in Italy;⁶
- (iv) the Community aid granted by way of exception for the reconstruction of disaster areas in Greece.⁷

The present report, also drawn up to meet the wishes expressed by Parliament in its 1981 Resolution on improving political monitoring of the Community's borrowing and lending activities,⁸ is the Commission's tenth, covering 1989. It reviews all borrowing and lending for structural purposes, including the activities of the ECSC and the EIB. The detailed reports on those activities will be sent separately to the Council and Parliament.

1 Article 4 of Council Decision 77/270/Euratom: OJ L 88, 6.4.1977.
2 Article 6 of Council Decision 78/870/EEC: OJ L 298, 25.10.1978.
3 Article 6 of Council Decision 82/169/EEC: OJ L 78, 24.3.1982.
4 Article 7 of Council Decision 83/200/EEC: OJ L 112, 28.4.1983.
5 Article 9 of Council Decision 87/182/EEC: OJ L 71, 14.3.1987.
6 Article 7 of Council Decision 81/19/EEC: OJ L 37, 10.2.1981.
7 Article 7 of Council Decision 81/1013/EEC: OJ L 367, 23.12.1981.
8 Doc. PE 67134 of 5 March 1981; OJ C 287, 9.11.1981.

2. The international financial context in 1989

Market liquidity was ample in 1989, as it had been in the preceding years of the decade. Financial assets expanded much faster (by 18%) than did real assets in nominal terms (by 10%). This feature of the 1980s is regarded by some as a sign of the real economy and the financial economy drifting apart. The main points to note in 1989 were as follows.

Pressure on interest rates. As a result of the reaction of the authorities to re-emerging fears of inflation, and of the strong cyclical upswing in 1989 (particularly in investment), interest rates were resolutely tending upwards. Rates for strong currencies such as the yen and the German mark rose appreciably, by 300 basis points in the case of the yen and by 200 basis points in the case of the German mark, reaching 7.4% and 8.9% respectively - the highest levels recorded for nine years.

Two points need to be noted in this respect: firstly, an inverse yield curve has emerged in several countries, confirming that the markets consider current levels of interest rates abnormally high; secondly, interest differentials between major currencies such as the German mark, the French franc, sterling and the US dollar have narrowed considerably without generating any pressure on parities. This shows that operators are not expecting major shifts in exchange rates in the near future.

Nervousness on national markets. The rise in interest rates obviously depressed securities markets, especially bond markets. For example, the yield on fixed-interest securities denominated in yen declined by 2.1%. On the other hand, good business profits and the sustained economic upswing meant that share markets behaved much better: +22% for the Japanese stock market, +27% for the US stock market and +25% (weighted

average) for European markets. Two reservations should be made: firstly, these yields do not compare favourably with those for the earlier part of the 1980s (except 1987); secondly, signs of nervousness and uncertainty have appeared - witness the mini-crash of October - suggesting that the very short erratic movements of share markets (day-to-day, or month-to-month changes) conceal a cyclical downturn. Developments in the early months of 1990 (a 30% drop on the Tokyo stock exchange) confirm this view.

Sharp contraction in international markets. Activity fell sharply on international markets in 1989. Borrowings amounted to USD 430 billion, 20% down on 1988 in nominal terms. The basic cause of this slowdown was probably the increased openness of national markets, for one of the reasons for the strong growth of international markets was the rigidity, regulation and fragmentation of national markets. At all events, the largest fall was in syndicated credits, a financing instrument of major importance, which were down by about 30%. The ease with which bonds could be placed in 1989 and the inverse yield curve mentioned above made the issuing of securities a more attractive method of financing than recourse to bank credit.

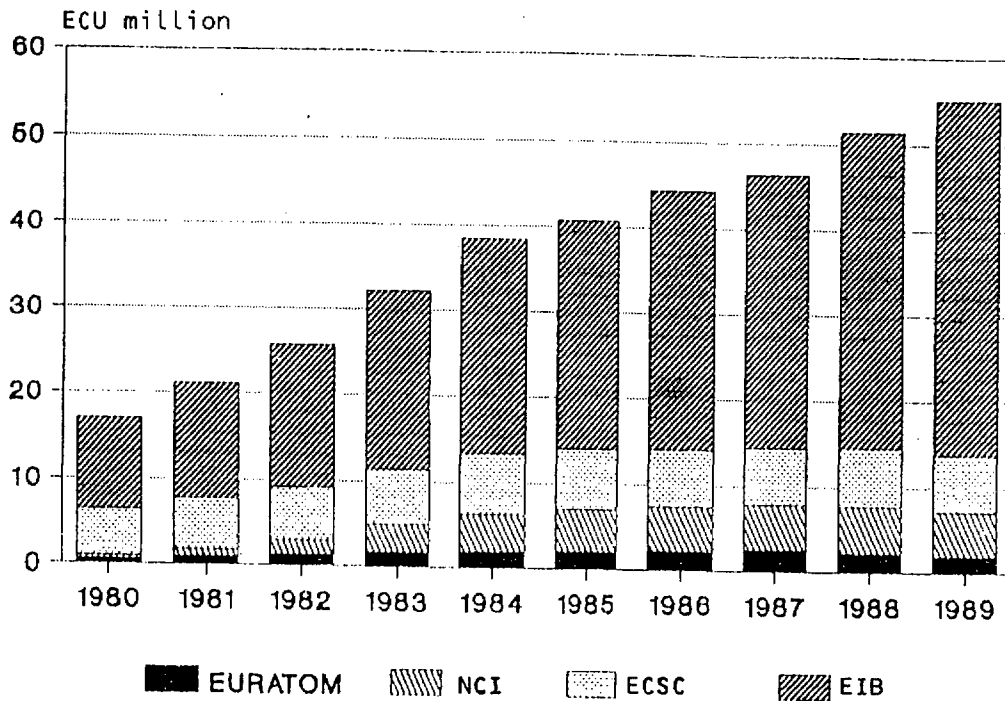
3. Community borrowing in 1989

3.1 Overall view

Borrowing raised by the Community institutions reached ECU 10.5 billion in 1989 (see Table 1). This corresponds to 18.3% of the total outstanding at the end of the year. The increase on 1988 is, of course, smaller, since account must be taken of repayments, cancellations, annulments and exchange rate changes (see Table 2).

The expansion of borrowing was mainly in response to very active lending (see below). It is the more remarkable as the trend of borrowing on international capital markets has tended to weaken, especially in the syndicated credits segment.

Graph 1 : OUTSTANDING BORROWING BY INSTRUMENT

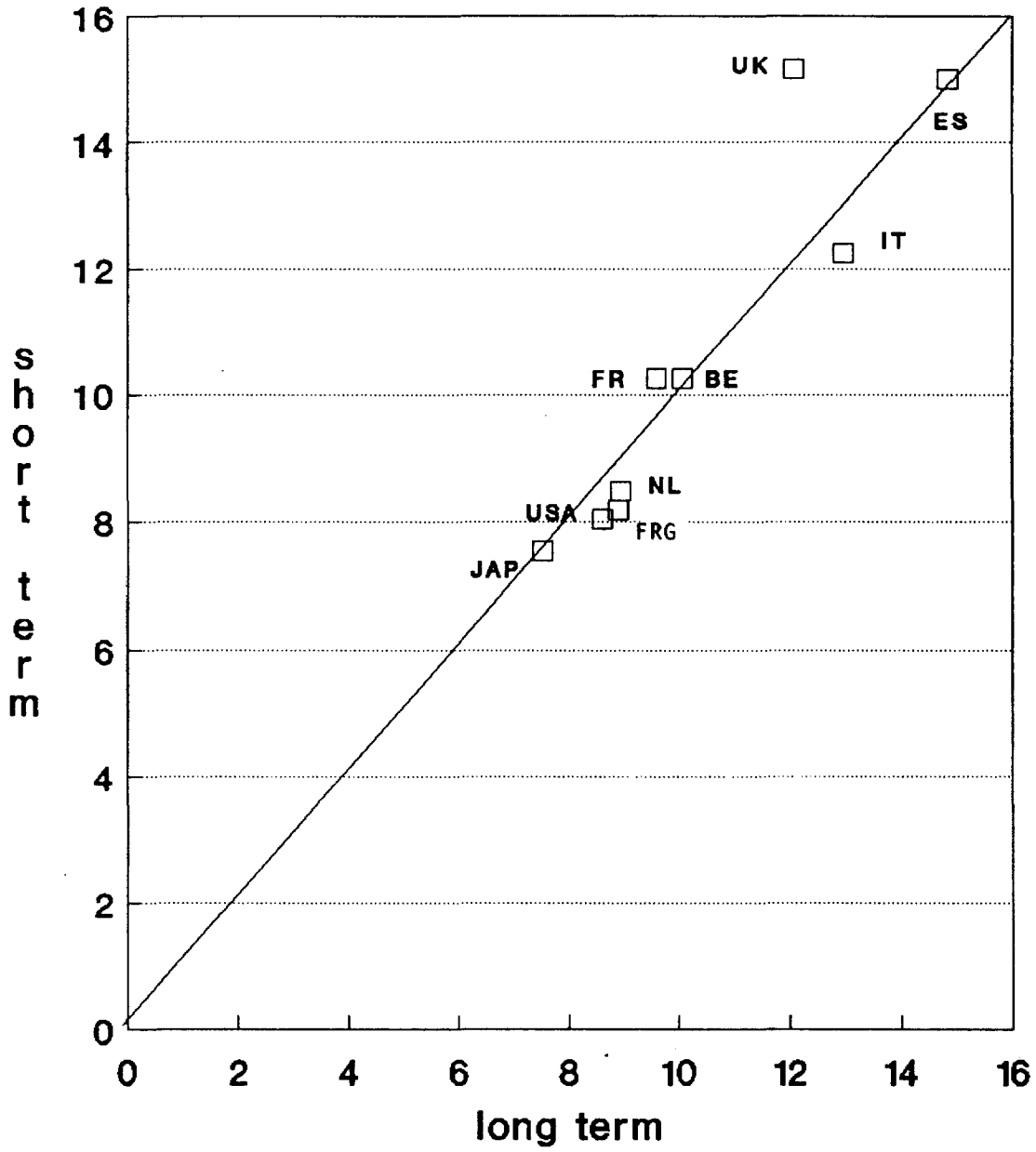


3.2 Breakdown by instrument

Thus the Community took over part of the running from international activity, channelling funds into sectors of common interest. The lead was taken by the European Investment Bank, whose new issues represented nearly 22% of the amount outstanding. ECSC loans, by contrast, increased by only 3%, for the reasons given later, and there were neither balance-of-payments loans nor Euratom loans, the Council having failed to take a decision raising the ceiling. NCI loans outstanding declined by 15.5% because the

Graph

STRUCTURE OF INTEREST RATES



40

total amount authorized by the Council was used up, and no further authorization was given. Operations thus mainly served to refinance earlier borrowing at more favourable rates.

3.3 Breakdown by currency of borrowing

Community currencies continued to account for the bulk of these issues, and their share actually increased in 1989 to 87% of the total (compared with 83.5% in 1988). The ecu was once more the most frequently used currency, with 18.5% of the total. Sterling replaced the German mark at the top of the league of national Community currencies, because of major financing operations by the EIB (see Table 3). Borrowing by the Community institutions, with the purpose of giving financial support to common policies, also plays a key role in the development of the ecu as a transaction currency.

4. Lending in the Community

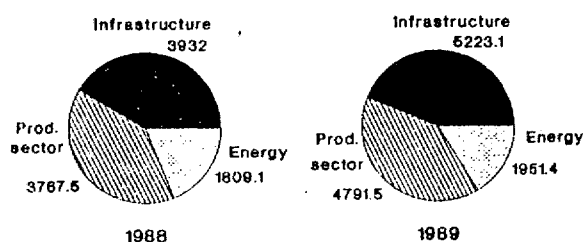
4.1 General trends

Community lending as a whole expanded rapidly once again in 1989 (up by 18.8%, as in 1988). This was partly due to the buoyancy of business investment, which increased by 13.5% in nominal terms (compared with 17.5% in 1988). The differential between the rate of growth of lending and that of investment thus widened last year; this is partially due to a levelling-off of European companies' trading profits, which has led to an increase in their borrowing needs. This trend was probably most keenly felt in the sectors assisted by Community loans, in particular SMEs and declining regions. However, the public sector as a whole in the Community

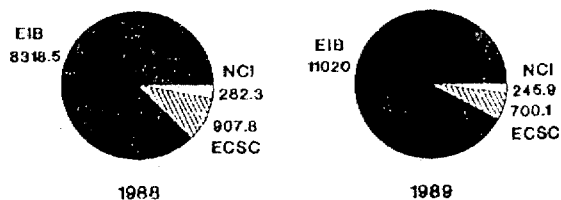
managed, for the third consecutive year, to reduce its borrowing requirement in relative terms. The increase in loan applications was basically accommodated by the EIB, whose financing increased by 26.7%, after a 30% rise in 1988. These increases seem to confirm the fairly pronounced tendency of EIB funding to grow faster than Community financing as a whole.

Graph 2: Trend of Community lending

BREAKDOWN OF LOANS IN THE COMMUNITY
BY SECTOR



BREAKDOWN OF LOANS IN THE COMMUNITY
BY INSTRUMENT



4.2 Trends in the main sectors

The sectoral breakdown (see Table 4) shows that Community lending to infrastructure projects went on expanding at a rapid and indeed quickening pace, rising by 32.8%, after 30% in 1988. This acceleration underlines the scale of transport and telecommunications investment undertaken with a view to the completion of the large single market by 1993.

Judging by the loans granted to the productive sector (up by 27.2%), substantial financing also went to the expansion of productive capacity prompted by the high level of activity that has persisted for a number of years.

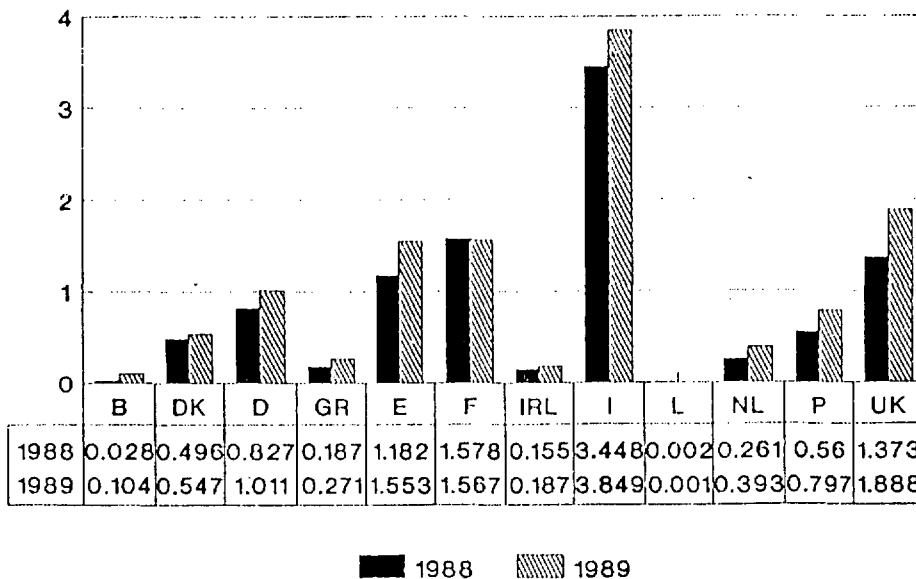
However, the reverse oil shock of 1986 probably made energy conservation and energy diversification policies look less urgent. Loans for energy projects expanded by only 7.9%, reflecting a considerable slowdown in investment and research in the industry. Nevertheless, energy saving remained a serious concern among small businesses, their loan applications for the purpose increasing appreciably.

4.3 Breakdown by country

The breakdown of loans by country shows where financing went, on the basis of the economic policy priorities specific to each Member State. Lending expanded rapidly last year in the United Kingdom, Spain and Portugal, where major projects were implemented, especially infrastructure projects. Lending to most other countries, especially the Netherlands, Greece and Germany, also increased appreciably (see Table 5).

Graph 3: Geographical breakdown of lending in the Community

ECU billion



5. Lending activities by instrument

5.1 The European Investment Bank

5.1.1 General situation

The growing role played by the Bank as the European Community's financing institution has already been mentioned in the preceding sections. In 1989 the EIB stepped up its funding of projects carried out within the Community. Financing outside the Community, on the other hand, slowed down, because appropriations under the Lomé III Convention were used up. Loans made for investment projects within the Community totalled ECU 11 634.2 million, an increase of 22.8% on 1988. Loans granted outside the Community totalled ECU 611.9 million, a decline of 12.6%.

5.1.2 Financing within the Community broken down by objective

The Bank continued its policy of providing financial support in the Community, taking account of the guidelines defined for common policies. The following conclusions can be drawn from the information available.

- The main area targeted last year was once again regional development, which absorbed ECU 7 017.8 million, an increase of 42.8%. Over half this amount was concentrated in the structural Funds' Objective 1 regions; 35% of the amount went to areas facing problems of industrial decline (Objective 2) or contributed to the development of rural areas (Objective 5(b)).
- The EIB helped in implementing the reform of the structural Funds, which came into force on 1 January 1989. It took part in the drawing-up of Community support frameworks, and will contribute to their financing under its own procedures. The Bank continued to provide funding under the integrated Mediterranean programmes (IMPs) and under the specific

programme for the development of Portuguese industry. It supported reconstruction in the disaster area of Kalamata, granting loans carrying interest subsidies financed from the Community budget.

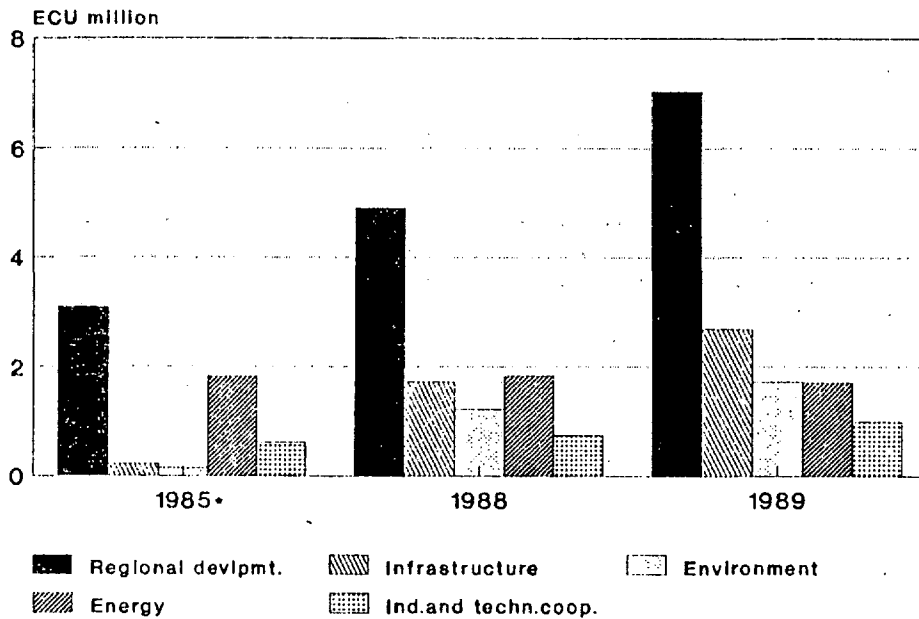
The impact of Community aid on regional development has been analysed in studies that show how the Community, in employing the various instruments, has managed over the past few years to arrest economic backwardness in countries with wide regional disparities.

- The boost given to economic activity by the prospect of a single market by 1993 no doubt explains much of the increase in major communications and infrastructure projects within the Community. Financing under this heading went up by almost 55%. The EIB participated in the drive to improve road and rail infrastructure, including the Channel tunnel project, various motorways and telecommunications networks (Eutelsat, transatlantic optical fibre cable etc.).
- The importance now attached to environmental problems at Community level and in the Member States encouraged initiatives to control pollution. Substantial sums were devoted to projects directly aimed at protecting and improving the environment, causing EIB lending to rise by 40.4%. Over half was to finance projects for collecting and purifying waste water. About a third went to reducing industrial pollution (air pollution by refineries and thermal power stations).
- Development of the productive base was assisted by a major increase in financing intended to foster industrial competitiveness (up by 23.3%). The main emphasis was on small business projects in manufacturing and services.

Some 7 600 loans, involving a total of ECU 2 013.8 million, were granted to small businesses, two thirds of them in the least favoured areas of the Community. Outside the assisted areas, the EIB expanded its lending to ensure continuity with previous Community funding under the NCI.

- Financing applications from the energy sector declined by 6.5%. The relative weakening of Community productive capacity and of energy conservation efforts gives cause for concern about the likely long-term growth of imports.

Graph 4: Financing within the Community, by objective



* Average 1981-1985

Graph 4 shows the main trends in EIB financing. There was a clear increase in the share of funding for regional policy, infrastructure schemes and environmental projects and a decrease in the share of energy projects (and also of financing outside the Community, which is not shown on the graph).

5.1.3 Financing outside the Community

This type of financing declined a little, partly because fewer loan contracts were signed with Yugoslavia and partly because amounts available under the third Lomé Convention were used up. However, financing in favour of the southern Mediterranean countries expanded more strongly, particularly that under the third financial protocol signed with those countries.

The basis for further expansion of the Community's external lending was laid by the following:

- (i) the renewal of the Lomé convention (Lomé IV), signed on 15 December 1989;
- (ii) the environmental programme for the Mediterranean, in cooperation with the World Bank and the Commission of the European Communities, and under the new financial protocols signed with Malta and Cyprus;
- (iii) assistance to Eastern European countries, where the EIB has made arrangements to respond to requests from Community bodies to support investment in those countries.

5.2 The New Community Instrument (NCI)

The decline in resources available was reflected in a sharp reduction in loans signed.

- **New commitments:** New commitments totalled ECU 78.3 million, comprising ECU 75.1 million for global loans concluded with financial intermediaries in Italy and the United Kingdom, and ECU 3.2 million for a specific project in the region of Zeeland (Netherlands).

Global loans from NCI resources are mainly intended to finance investment by small and medium-sized firms outside the assisted regions. In Italy, eight loans for a total of ECU 45.7 million were granted to four institutions: Efibanca, Mediocredito Lombardo, IMI and Banco di Sicilia. In the United Kingdom, a loan of ECU 29.4 million was granted to Barclays Bank.

- **Activity as a whole:** The projects actually financed in 1989 involved a much larger total, however, since there were loans concluded earlier as well as the global loans mentioned above. Altogether, 542 loans were authorized involving a total of ECU 242.7 million. Thus 159 firms were financed in Italy (ECU 99.1 million), 114 in Spain (ECU 47.2 million), 60 in the United Kingdom (ECU 35.2 million), 60 in Denmark (ECU 30 million), 134 in France (ECU 29.7 million), and 18 in Greece (ECU 1.3 million).

The detailed report on the Community's activities under the NCI in 1989 has already been sent to the Council and Parliament.

5.3 The European Coal and Steel Community (ECSC)

As a result of restructuring in the steel industry in Europe, along with unstable energy prices and the outlook for investment, applications from heavy industry declined; conversion was the only activity that expanded a little. Total loans disbursed by the ECSC in 1989 thus contracted by 22.8% in relation to 1988, to ECU 700.1 million. The overall decline resulted from a sharp drop in loans to the steel industry, partly offset by an increase in loans to the energy producing sectors.

- Industrial loans fell by 48% in 1989, and loans to the steel industry by 60.8%. However, loans to the coal industry recovered in 1989, although loans to finance investment to promote the consumption of Community coal contracted sharply to ECU 1.6 million.
- Loans to finance investment to facilitate the marketing of Community steel increased from ECU 15.3 million in 1988 to ECU 28.4 million in 1989. There was no financing of thermal power stations in 1989; conversion loans increased slightly.
- In 1989 the ECSC paid out a total of ECU 16.0 million to finance housing for workers in the coal and steel industry. Some 987 low-cost dwellings were financed in this way, bringing the total number of such dwellings financed by the ECSC since 1951 to over 199 600. It is estimated that the ECSC loans granted in 1989 could lead to the conversion of about 22 920 jobs.

6. Euratom

The overall total of Euratom loans reached its ceiling of ECU 2 800 million in 1988. Pending a Council decision on the proposal to raise the ceiling to ECU 4 000 million, no new loans were granted.

7. Interest subsidies

Of the three sectors where interest subsidies are available (ECSC, disaster areas in Greece and Italy, pilot scheme to assist small businesses in Portugal), the only one to show an increase last year was the ECSC mechanism (Article 56, conversion loans), up 10% (see Table 7).

METHODOLOGICAL ANNEX

The purpose of this report is not to reproduce comprehensively the detailed analyses already carried out by the institutions directly managing the instruments. Rather, it is to give an overall view of Community borrowing and lending in its specific institutional and financial context.

In order to ensure that the accounts for borrowing and lending balance, a series of adjustments would be required, involving exchange rates, cash needs, costs and premiums; such details are outside the scope of this report. However, with a view to a comparison of the Community's financial activity and the amounts actually flowing through the capital market, the method of entering NCI loans in the accounts was aligned this year on that used by the EIB. This method reflects actual cash flows rather than recording commitments at the time they are entered into.

As a help with interpreting the tables showing amounts in ecus, the parities applying on 30 December 1989 are given below to provide an indication of national currency equivalents.

PARITIES AGAINST THE ECU

"Convertible" BFR/LFR	42.71
DKR	77.895
DM	2.032
ESC	178.14
FF	6.943
HFL	2.293
IRL	0.7706
LIT	1509.5
PTA	131.20
UKL	0.7315
USD	1.167
YEN	167.72
SFR	1.83

LIST OF TABLES

- Table 1: Borrowing by Community institutions
- Table 2: Community borrowings outstanding
- Table 3: Community borrowings in 1989, by currency
- Table 4: Lending in the Community in 1988 and 1989, by sector and by instrument
- Table 5: Geographical breakdown of lending in 1988 and 1989
- Table 6: Loans granted in the Community by the EIB in 1989, by economic objective
- Table 7: ECSC interest subsidies paid out in 1989

Table 1

Borrowing by Community institutions

ECU million					
Year ¹	ECSC	EIB ²	Euratom	NCI	Total
1977	729	1 030	99		1 858
1978	981	1 863	72		2 916
1979	837	2 437	153	178	3 605
1980	1 004	2 384	181	305	3 874
1981	325	2 243	373	339	3 280
1982	712	3 146	363	773	4 994
1983	750	3 508	369	1 617	6 244
1984	822	4 339 ³	214	967	6 342
1985	1 265	5 699 ³	344	860	8 168
1986	1 517	6 766	488	541	9 312
1987	1 487	5 573	853	611	8 524
1988	880 ⁴	7 666 ³	93	945 ⁴	9 584
1989	913	9 034 ⁵	- 6	522	10 469

- 1 Up to 1982, the figures are for loans signed during the year under all the instruments. From 1983, the figures for the ECSC, Euratom and the NCI represent loan proceeds collected during the year. As a result of the change in method, a USD 200 million borrowing under the NCI was counted in both 1982 and 1983, and major refinancing transactions are included in the figures from 1987 on.
- 2 The EIB also raises funds by selling participations in EIB loans to third parties (ECU 32 million in 1989) (amounts before any swaps).
- 3 Including the following short-term operations:
 1984: ECU 289 million (ECU 189 million in commercial paper and ECU 100 million in certificates of deposit);
 1985: ECU 374 million in commercial paper;
 1988: ECU 252 million in certificates of deposit.
- 4 Including the ECU 500 million "Jean Monnet" Community loan divided equally between the ECSC and the NCI.
- 5 Including ECU 200 million in commercial paper and ECU 37.5 million in certificates of deposit.
- 6 Pending a decision on the borrowing ceiling, no Euratom loans were issued.

Table 2

COMMUNITY BORROWINGS OUTSTANDING

(at the end of each year) (1)(2)

YEAR	ECSC	EIB	EURATOM	NCI	ECU million)		
					Total borrowings for structural purposes	Balance of payments loans	Total borrowings
1977	3.955	5.421	99	-	9.475	1.500	10.975
1978	4.416	6.715	172	-	11.303	1.361	12.664
1979	4.675	8.541	323	178	13.717	965	14.682
1980	5.406	10.604	502	491	17.003	1.016	18.019
1981	5.884	13.482	902	894	21.162	1.062	22.224
1982	6.178	16.570	1.272	1.747	25.767	591	26.358
1983	6.539	20.749	1.680	3.269	32.237	4.610	36.847
1984	7.119	25.007	1.892	4.432	38.450	4.932	43.382
1985	7.034	26.736	2.013	4.960	40.743	3.236	43.979
1986	6.761	30.271	2.168	5.202	44.402	1.890	46.292
1987	6.689	31.957	2.500	5.229	46.375	2.997	49.372
1988	6.825	36.928	2.164	5.514	51.431	2.459	53.890
1989	6.738	41.332	1.945	5.122	55.137	2.075	57.212

- 1 The conversion rates used were those obtaining on 31 December of each year. As the majority of borrowings are denominated in national currencies, the difference between two year-ends reflects, on the one hand, changes in the valuation of the existing stock and, on the other, the net volume of borrowings during the year.
- 2 Original amount of borrowings, plus or minus repayments of the principal, cancellations, annulments and exchange rate adjustments.

Table 3

COMMUNITY BORROWINGS IN 1989, BY CURRENCY

ECU million

	Community currencies												Other currencies				TOTAL
	ECU	BFR	DM	ESC	FF	HFL	IRL	LFR	LIT	PTA	UKL	Sub-total	SFR	USD	YEN	Sub-total	
EIB	1801.3	345.6	958.9	86.3	1164.3	317.2	51.6	91.9	626.0	700.8	1769.0	7916.9	263.8	384.8	431.5	1080.1	8997.0
EURATOM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ECSC	41.0	46.9	371.5	-	55.2	1.8	-	23.6	165.9	9.3	170.7	885.9	22.6	4.8	-	27.4	913.2
NCI	85.0	-	-	-	-	52.5	-	10.5	-	114.5	-	262.5	-	116.9	84.3	258.9 (1)	521.4
TOTAL	1927.3	392.5	1330.4	86.3	1219.5	371.5	51.6	126.0	791.9	824.6	1939.7	9065.3	286.4	506.5	515.8	1366.4 (1)	10431.7

(1) Plus a borrowing of ECU 57.7 million in Canadian dollars.

Table 4

LENDING IN THE COMMUNITY IN 1988 AND 1989, BY SECTOR AND BY INSTRUMENT (a)

Sector	ECSC		EIB		EURATOM		NCI		Total ECU million		Total as %	
	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989
Productive sector (of which allocations from global loans)	855.8 (441.0)	639.1 (445.1)	2,641.0 (1,547.4)	3,909.7 (2,121.2)	- -	- -	270.7 (270.7)	242.7 (242.7)	3,767.5 (2,259.1)	4,791.5 (2,809)	39.6 (23.8)	40.0 (23.5)
Infrastructure	21.0	16.0	3,905.5	5,207.1	-	-	5.5	-	3,932.0	5,223.1	41.4	43.7
Energy (of which allocations from global loans)	31.0 (1.3)	45.0 (1.6)	1,772.0 (237.8)	1,903.2 (441.3)	- -	- -	6.1 (6.1)	3.2 -	1,809.1 (243.9)	1,951.4 (442.9)	19.0 (2.6)	16.3 (3.7)
TOTAL	907.8	700.1	8,318.5	11,020.0	-	-	282.3	245.9	9,508.6	11,966.0	100.0	100.0

(a) Financing granted (individual loans and allocations from global loans).

Table 5

GEOGRAPHICAL BREAKDOWN OF LENDING IN 1988 AND 1989

													ECU million
Country	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	Total
1988													
Amount	28.3	496.1	826.6	186.7	1182.1	1578	154.9	3448.2	2.5	260.9	560.4	1372.9	10,382.6 ⁽¹⁾
%	0.3	4.8	8	1.8	11.4	15.2	1.5	33.2	-	2.5	5.4	13.2	
1989													
Amount	104	546.8	1011.3	271.5	1553.4	1567.5	186.9	3848.8	1.2	392.9	796.6	1887.9	12,334.3
%	0.8	4.4	8.2	2.2	12.6	12.7	1.5	31.2	-	3.2	6.5	15.3	
of which:													
ECSC	12.9	1.0	154.8	0.1	11.7	54.7	0.1	114.4	1.2	72.6	40.9	235.7	700.1
EIB	91.1	545.8	856.5	271.4	1541.7	1512.8	186.8	3688.7	-	317.1	755.7	1622.8	11,555.9 ⁽¹⁾
Euratom	-	-	-	-	-	-	-	-	-	-	-	-	-
NCI	-	-	-	-	-	-	-	45.7	-	3.2	-	29.4	78.3

(¹) Including ECU 285 million in 1988 and ECU 165.5 million in 1989 under Article 18 of the EIB Statute for projects of Community interest.

Table 6

LOANS GRANTED IN THE COMMUNITY BY THE EIB(1) IN 1989,
BY ECONOMIC OBJECTIVE(2)

	ECU million	%
<u>1. Regional development</u>	7,017.8	100.0
<u>1.1 By country</u>		
Belgium	12.9	0.2
Denmark	363.9	5.2
Germany	185.9	2.6
Greece	261.6	3.7
Spain	1,153.5	16.4
France	1,017.8	14.5
Ireland	191.8	2.7
Italy	2,381.5	55.9
Netherlands	82.1	1.2
Portugal	751.5	10.7
United Kingdom	615.3	8.8
<u>1.2 By major sector</u>		
Energy	1,102.7	15.7
Transport	1,438.4	20.5
Telecommunications	1,086.2	15.5
Water, sewage	507.4	7.2
Other infrastructure	322.2	4.6
Industry, agriculture	2,121.4	30.2
Services	439.6	6.3
<u>2. Infrastructure of Community interest</u>	2,676.9	100.0
<u>2.1 Transport</u>	1,847.9	69.0
<u>2.2 Telecommunications</u>	817.0	30.5
<u>2.3 Other</u>	12.0	0.5

(1) Including NCI loans.

(2) As certain loans serve a number of purposes simultaneously, the amounts shown under the different headings cannot be aggregated.

Table 6 (continued)

	ECU million	%
3. <u>Environmental protection and improvement</u>	1,728.0	100.0
3.1 <u>Environment</u>	<u>1,549.6</u>	<u>89.7</u>
3.2 <u>Town planning</u>	<u>178.3</u>	<u>10.3</u>
=====		
4. <u>Energy</u>	1,719.0	100.0
4.1 <u>Indigenous resources</u>	<u>783.9</u>	<u>45.6</u>
4.2 <u>Import diversification</u>	<u>592.5</u>	<u>34.5</u>
4.3 <u>Efficient use of energy</u>	<u>342.6</u>	<u>19.9</u>
=====		
5. <u>Industrial competitiveness</u>	1,014.4	-
=====		
6. <u>Small and medium-sized enterprises</u>	2,013.8	<u>Number</u> 7,605
=====		

Table 7

ECSC INTEREST SUBSIDIES PAID OUT IN 1989

	ECU million										
Country	B	DK	D	ESP	F	IRL	I	L	NL	UK	Total
Article 54	0	0	2.19	0	0.09	0	0	0	0	0.28	2.56
Article 56	0.74	0.17	24.07	0.51	1.53	0	2.9	0.1	0.19	12.3	42.54 ⁽¹⁾
Total	0.74	0.17	26.26	0.51	1.62	0	2.9	0.1	0.19	12.58	45.1

⁽¹⁾ The total includes an amount of ECU 0.54 million for the special Saarland-Lorraine-Luxembourg project.

ISSN 0254-1475

COM(90) 436 final

DOCUMENTS

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Catalogue number : CB-CO-90-473-EN-C
ISBN 92-77-64266-1

PRICE	1 - 30 pages: 3.50 ECU	per additional 10 pages: 1.25 ECU
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Office for Official Publications of the European Communities
L-2985 Luxembourg