

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

**The borrowing and lending activities
of the Community in 1982**

No 17 September 1983

'EUROPEAN ECONOMY' appears four times a year, in March, July, September and November. The November issue contains the Commission's proposal for the annual report on the economic situation in the Community. This report, which the Council adopts in the fourth quarter of each year, establishes the economic policy guidelines to be followed by the Member States in the year that follows. The November issue also contains the Commission's annual economic review, the background analysis to the proposed annual report. In March and July of each year, 'European Economy' gives a review of the current economic situation in the Community, together with reports and studies on problems of current interest for economic policy. The September issue presents a report on the Community's borrowing and lending activities in the preceding year.

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- Series A — 'Recent economic trends' appears monthly except in August and describes with the aid of tables and graphs the most recent trends of industrial production, consumer prices, unemployment, the balance of trade, exchange rates, and other indicators. This Supplement also presents the Commission staff's macroeconomic forecasts and Commission communications to the Council on economic policy.
- Series B — 'Business survey results' gives the main results (orders, stocks, production outlook, etc.) of opinion surveys of industrial chief executives in the Community, and other business cycle indicators. It also appears monthly, with the exception of August.
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Report on the borrowing and lending activities of the Community in 1982

**Communication from the Commission to the Council and to
Parliament**

Abbreviations and symbols used

Countries

B	Belgium
DK	Denmark
D	Federal Republic of Germany
GR	Greece
F	France
IRL	Ireland
I	Italy
L	Luxembourg
NL	The Netherlands
UK	United Kingdom
EC	Total of the Member States of the European Community
EC 9	Community without Greece

Currencies

BFR	Belgian franc
DKR	Danish krone
DM	German mark
DR	Greek drachma
FF	French franc
IRL	Irish pound (punt)
LIT	Italian lira
LFR	Luxembourg franc
HFL	Dutch guilder
UKL	Pound sterling
ECU	European currency unit
USD	US dollar
SFR	Swiss franc
YEN	Yen

Other abbreviations

ACP	African, Caribbean and Pacific countries
ECSC	European Coal and Steel Community
EDF	European Development Fund
EIB	European Investment Bank
EMCF	European Monetary Cooperation Fund
EMS	European Monetary System
ERDF	European Regional Development Fund
Euratom	European Atomic Energy Community
Eurostat	Statistical Office of the European Communities
GDP (GNP)	Gross domestic (national) product
GFCF	Gross fixed capital formation
NCI	New Community Instrument
OCTs	Overseas Countries and Territories
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
SMEs	Small and medium-sized enterprises
SOEC	Statistical Office of the European Communities

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Methodological comments

I. The ECU

Definition

The ECU is a currency unit of the 'basket' type made up of fixed amounts of the currencies of member countries, determined as a function of, in particular, the economic importance of each of these countries.

The amounts of national currencies making up the ECU are: BFR 3,66, LFR 0,14, DM 0,828, HFL 0,286, UKL 0,0885, LIT 109, FF 1,15, DKR 0,217, IRL 0,00759.

The Acts of Accession of Greece into the Communities provide for the incorporation of the drachma in the ECU before 31 December 1985 if, before this date, there is a revision of the basket in applying the procedures and in accordance with the provisions in the European Council Resolution of 5 December 1978 on the European Monetary System.

In any case, it will be incorporated by 31 December 1985 at the latest.

Calculation and publication

The value of the ECU in any currency is equal to the sum of the values of the amounts of currencies which make up the ECU.

The calculation is made daily based on representative values of each Community currency *vis-à-vis* the dollar used simply as a common reference for the expression of exchange rates. These rates are taken at each place by the central bank concerned at 14,30; using these elements, the Commission establishes the value of the ECU in the Community currencies and in the other principle currencies.

These values are published daily in the Official Journal of the European Communities (Series C) and can be obtained from the Commission through an automatic reply telex; in addition, they are diffused by the principle European press agencies and are available in a good number of newspapers.

II. Value of the ECU at 31 December 1982

BFR/LFR convertible	45,3207
BFR/LFR financial	46,5448
DM	2,30014
HFL	2,54206
UKL	0,600289
DKR	8,11485
FF	6,52207
LIT	1325,70
IRL	0,692923
DR	68,5398
USD	0,967667
SFR	1,93098
YEN	227,160

III. Balance between borrowing and lending

This report is not an accounting document concerned with depicting the financial balance over time between borrowing and lending for all the instruments examined. This purpose is served by specific documents such as the EIB annual report (together with its balance sheet and details of activities under the special section), the ECSC financial report and, where the NCI and Euratom are concerned, Part II of the general budget of the European Communities.

Generally speaking, the imbalance in this report between lending and borrowing is due to the following main factors:

- (i) loans contracted during a particular year may give rise to payments, and thus entail borrowing, only in subsequent years;
- (ii) conversely, funds may need to be borrowed in a particular year in order to pay out loans contracted in previous years;
- (iii) movements in the cash position may produce a temporary increase or reduction in the funds available out of borrowings;
- (iv) lending and borrowing operations give rise to costs, premiums and discounts before settlement;
- (v) the EIB and the ECSC have sources of revenue which go into their cash holdings.

In addition, some of the discrepancies between the figures given in the different accounting documents are due to the special methodological features of certain instruments, including:

- (i) the dates on which operations are recorded;
- (ii) the periods for which interim sub-totals are calculated;
- (iii) the dates on which conversion into ECU takes place and the conversion rates applied.

Foreword

This is the third comprehensive report drawn up by the Commission to provide the Council and Parliament with information on the Community's borrowing and lending activities. It covers the year 1982.

It was drawn up to meet the wishes expressed by Parliament on various occasions, particularly when granting the discharge to the Commission on the implementation of the general budget of the European Communities for 1978 and 1979 and in its Resolution on improving political control over the Communities' borrowing and lending activities.¹

The report reviews all the borrowing and lending activities of the Community institutions, including those of the ECSC and the EIB, thereby fulfilling the Commission's obligation to inform the Council and Parliament each year about:

- (i) the activities of Euratom, in accordance with Article 4 of the Council Decision of 29 March 1977;
- (ii) the activities of the NCI, in accordance with Article 6 of the Council Decision of 16 October 1978 (NCI I) and with Article 6 of the Council Decision of 15 March 1982 (NCI II);
- (iii) the EMS interest subsidy instrument, in accordance with Article 10 of the Council Regulation of 3 August 1979;
- (iv) the Community aid granted by way of exception for the reconstruction of the regions affected by the Italian

earthquake in November 1980, in accordance with Article 7 of the Council Decision of 20 January 1981;

- (v) the Community aid granted by way of exception for the reconstruction of the regions affected by the Greek earthquakes in February/March 1981, in accordance with Article 7 of the Council Decision of 14 December 1981.

The Commission's first comprehensive report, which covered the 1980 financial year, provided a complete picture of the borrowing and lending activities of the Community instruments within the Community. It reviewed not only the activities of Euratom, the NCI and the EMS interest subsidy instrument but also those of the ECSC and, in a more general way, those of the EIB.

The report covering the 1981 financial year also included loans granted by the Community in third countries from the proceeds of borrowing on capital markets. These loans concerned the ACP States and the OCTs and the Mediterranean countries linked to the Community through agreements establishing different forms of economic and/or financial cooperation (Maghreb and Mashreq countries, Israel, Cyprus, Malta, Spain, Portugal, Turkey and Yugoslavia).

While covering the same fields as the previous reports, this report examines in greater detail the link between the Community's borrowing/lending activity and the Community's major objectives as regards structural policy, particularly for industry and energy.

The ECSC's financial report and the EIB's annual report will, of course, be sent to Parliament and the Council as before.

¹ Doc. PE 67134 of 5 March 1981.

1. The economic situation in the Community

In 1982, operations under the Community's borrowing and lending instruments took place against a background of economic stagnation.

The economic upturn forecast in the spring of 1981 for the second half of 1982 failed to materialize. The favourable factors which at the end of 1981 suggested that this upturn would take place gave way to a further decline in activity in the first half of 1982. The end result for 1982 was a virtually total stagnation of output, which increased in volume terms by only 0,3% in the Community as a whole.

Unemployment continued to rise. In 1982, the average number of unemployed reached 10,7 million (9,3% of the labour force) under the combined impact of a further contraction in employment (of the order of 1,4%) and a further increase in the labour force (0,2%).

The Commission had, since 1981, stressed that various factors, in particular the exceptionally high and unstable world interest rates which were heavily influenced by those in the United States, together with the maintenance of restrictive monetary policies, might well curb the cyclical upturn expected in Europe. This is precisely what happened for most of 1982, both in Europe and in other parts of the world.

In the Community, inflation slackened under the combined impact of monetary policies, the fall in import prices and the slower growth of wage costs. Although the ECU again depreciated against the dollar, the Community's import prices increased less than expected, by 5,8% in 1982 compared with 13,7% in 1981. The dollar-denominated prices of raw materials, particularly oil prices, reacted even more sharply during the year to the combined effects of exchange-rate movements, persistently high interest rates and weak demand. The Community's terms of trade, which had deteriorated sharply in 1980 and 1981, thus improved in 1982 (by 2,6%).

The Community's payments deficit on current account totalled slightly more than USD 15 000 million (0,6% of GDP) in 1982 as opposed to USD 17 000 million in 1981 (0,7% of GDP). The overall deficit was therefore relatively modest, but with serious imbalances between the Member States.

2. Community action to promote investment

2.1. The investment situation

Since the beginning of the 1970s, investment in the Community has tended to fall steadily as a proportion of GDP. This trend continued in 1982. Investment was down by 3%, having already fallen by 5,6% in 1981. The very most that can be said, therefore, is that the rate of decline slowed down.

In 1982, apart from the United Kingdom, where investment increased by +1,1%, no European country escaped this further decline in investment, ranging from -1% in Denmark to -6,3% in the Federal Republic of Germany.

This further contraction was due largely to the continued slump in investment in building and construction (house-building, infrastructure work and industrial and commercial buildings, which together account for slightly less than 60% of all investment), which has been the main victim of the rise in long-term interest rates and the reduction in public investment (down by 13,9% in volume terms in Germany in 1982 compared with 1981); however, investment in plant and machinery also fell in 1982 in six of the 10 Community countries.

In 1970, total investment (excluding housing) accounted for 18,1% of value added; by 1975 it did not account for more than 16,4%, and has since stabilized at that level. This trend is primarily the result of the deceleration in the industrial investment ratio, which declined from 16,6% to 13,7% of gross fixed capital formation, and in the public investment ratio, which dropped from 31,8% to 22,2%.

The fall in the investment ratios of the industrial branches is general. Only the agri-food sector is maintaining a rate of investment which is close to that of its value added.

The main feature of the last 20 years is the major switch from industrial investment to investment in the market services sector. At Community level, this sector now invests almost twice as much as manufacturing industry (accounting for 31% of total gross fixed capital formation, as opposed to 17% in the manufacturing sector).

2.2. A framework for action

All through 1982, the Commission continued its work on investment, in line with the conclusions of the European Council of March, which pointed out the weakness of productive investment in Europe and called for a reversal of this tendency. In doing this, the European Council confirmed the Commission's previous analyses, which had shown that the lasting improvement of the economic situation would take place through a substantial increase in the rate of investment in the Community.

In June, the Commission presented a communication on the problem of investment to the European Council.¹ There it recalls the evolution of investment in the last few years and analyses the role of the public authorities and the possible contribution of the Community, to provide a framework to the initiatives and propositions for a coordinated policy of investment.

In October, in a communication to the Council on the initiatives for promoting investment,² the Commission made precise some areas for action to improve or to create some of the conditions from which productive activity follows, and thus investment. These areas were addressed to the Member States and to the Community: at the national level, it is advisable as much to increase the resources available for investment as to strengthen the efficiency of the mechanisms for promoting investment and to restructure the public budgets towards productive investments; at the Community level, it is necessary to exploit a deepening of the single market, to better define and to support certain strategic employment-creating activities, and finally to develop the Community financial instruments in adapting them to the necessity for an improvement in investment performance.

In parallel with this work, the Commission has carried out an analysis of the fiscal and financial measures in favour of investment in the Member States. In April 1983, it presented a communication on this subject.³

2.3. The priorities

The overall direction of the Community's lending activity is determined by the choice of priority objectives to which the projects to be financed must conform.

Historically, the financing of *infrastructure* contributing to regional development is the oldest priority. After the energy crisis, the support of efforts to ease the energy constraint at both national and Community level became important and

the financing of *energy investment* grew to take first place in agreed loans in 1981 with 47%. Today, the energy crisis is no less serious and the investment crisis demands a particular effort.⁴ In 1982, the financing of investment in the *productive sector* has also stolen the limelight with loans in this area more than doubling from one year to the next. Among the investments in the productive sector mention should particularly be made of those to *small and medium-sized firms*: these firms have only restricted or no access to capital markets, although their potential for employment creation is high and the necessary investment per new job is lower than that required in larger firms. It is these arguments which led the Community to give a very high priority in 1982 to the development of loans to small and medium-sized firms.

3. The growth of Community lending and borrowing activities

3.1. The New Community Instrument (NCI)

The major part of the measures taken or proposed in 1982 concern the NCI.

In March-April 1982,⁵ the activities, started under the NCI-I, were prolonged by the Council: the Commission was empowered to make new borrowings up to a limit of 1 000 million ECU (NCI-II), to support the financing of investment in energy, infrastructure and the development of small and medium-sized firms. The latter marks the opening up of the NCI to the productive sector, which the Commission had already asked for in 1978 without success. In October 1982, confronted by the strong demand for funds, the Commission asked the Council to extend the activities of the NCI through the presentation⁴ of a proposal to borrow a further 3 000 million ECU, an amount mentioned at the European Council in London in November 1981.

In February 1983, the Council, by passing an 'orientation commune', accepted the principle of a continuation of the NCI activity on the basis of a modified proposal⁵ taking into consideration certain observations which the Parliament had made. The 'orientation commune' set a ceiling of 3 000 million ECU divided into tranches (which would be authorized by a qualified majority) and limited the loans in

¹ Published in *European Economy*, No 14, November 1982.

² Published in *European Economy*, No 16, July 1983.

³ Cf. 'The borrowing and lending activities of the Community in 1981'. *European Economy*, No 13, September 1982.

⁴ OJ C 200, 27.10.1982.

⁵ OJ C 28, 3.2.1983.

industry and the productive sectors largely to small and medium-sized firms (whereas the demand had been made to be able to finance industrial renewal in all firms irrespective of size).

This 'orientation commune' was presented to the Parliament, which demanded the opening of the concertation procedure between itself and the Council. The concertation was held in a constructive atmosphere on 18 April and, the next day, the Council formally adopted a Decision¹ in the terms of the 'orientation commune'.

However, without waiting for the result of the concertation procedure, in February 1983 the Commission presented a proposal for a Decision on the allocation of a tranche of 1 500 million ECU.² The areas of application proposed are those mentioned in the 'orientation commune' (i.e. energy, infrastructure, and financing of investment, principally by SME, in industry and other productive sectors), with, however, an indication of priorities: efficient use of energy, infrastructure related to the development of productive activities, small and medium-sized firms.

3.2. Euratom

In accordance with the last Council Decision of 20 December 1979 empowering the Commission to contract loans (80/29/Euratom), and given that the value of transactions effected had reached 800 million ECU, the Council empowered the Commission by Decision of 15 March 1982 (82/170/Euratom) to contract Euratom loans up to the equivalent of 2 000 million ECU (an increase of 1 000 million ECU over the previous total). The Commission has to inform the Council when the total value of transactions effected reaches 1 800 million ECU.

3.3. European Investment Bank (EIB)

In 1982 the Board of Governors authorized the Bank:

- to participate in the Decision by the Council of the Communities of 14 December 1981 providing for exceptional Community aid for the reconstruction of the regions affected by the Greek earthquakes in February and March 1981, up to a ceiling of 80 million ECU in borrowings;
- to lend up to 50 million ECU from its own resources as further exceptional aid towards the reconstruction of the Lebanon;

- to include Zimbabwe, St. Vincent and the Grenadines, Vanuatu, Belize, Antigua and Barbados in the list of ACP states which are eligible for loans from the Bank from its own resources under the Second Lomé Convention, within the total allocation of 685 million ECU for the ACP states.

With the signature of the new financial protocols with Tunisia and Algeria on 28 October 1982, all the new financial protocols with Maghreb and Mashreq countries have now been signed.

The Bank is contributing from its own resources to the financing of investment projects in these countries.

On 21 November 1978, the Bank had received a mandate from the Commission to manage special loans and grant interest subsidies on EIB loans. The Bank and the Commission agreed on 30 December 1982 and 6 January 1983 to extend this mandate with effect from 1 January 1983 to cover, firstly, pre-accession aid to Portugal remaining to be committed and, secondly, the new financial protocols with the Maghreb and Mashreq countries.

3.4. Relations between the Commission and the EIB

In addition to the Bank's activities financed from its own resources, it acts as the agent of the Community, represented by the Commission, in the operation of various financial instruments: relations between the Commission and the Bank in the performance of these tasks are governed by cooperation agreements specifying the role and responsibilities of each party.

This working relationship, which takes different forms depending on the characteristics of each instrument, aims to make the most rational use of the powers and capabilities of both parties.

Accordingly, the Bank acts as an agent for Euratom and has a mandate from the Community for the NCI, for the interest subsidies in the framework of the European Monetary System (EMS) and the special aid for the reconstruction of the areas affected by earthquakes, for the assistance in the form of risk capital provided for by the Lomé Convention, and for loans on special conditions from budgetary resources provided for by the Mediterranean financial protocols.

The technical detail of this cooperation have also been modified over the years to take account of experience gained and of changes in the Community's financial instruments. Following the adoption of NCI-II, a new cooperation agreement had thus been worked out between the Commission and the EIB in order to take account of the changes

¹ Council Decision 83/200/CEE; OJ L 112, 28.4.1983.

² OJ C 66, 11.3.1983.

made to the enumeration of their respective powers and to shed light on the role actually played by the Commission.

4. Borrowing

4.1 Situation on the capital markets in 1982

4.1.1 General

Although total borrowing on international financial markets in 1982 was broadly the same as in the previous year, its structure changed significantly. The volume of international bond issues exactly doubled—Eurobonds growing faster than conventional foreign issues—whereas that of Eurocredits fell by around a quarter from the exceptionally high level of 1981, which was admittedly inflated by a large number of takeover operations which required market financing.

Furthermore, an improvement in conditions on the long-term markets (particularly lower interest rates) encouraged borrowers to consolidate their commitments through long-term, fixed-interest financing, i.e. bond issues.

In a general economic climate that was not very favourable, as demonstrated by the absence of economic growth, the pursuit of restrictive monetary policies, and volatile exchange rates, some of the major countries were obliged to renegotiate their interest payment and capital repayment commitments. This process led to a reduction in the volume of operations on medium-term Eurocredit markets. Com-

mercial banks involved in international bank lending operations became more selective and restrictive in their lending policy. The monetary authorities for their part had to reconcile two conflicting concerns. Firstly, the precarious position of some debtors led them to tighten surveillance over the international activities of the banks. Secondly, while encouraging private banks to exercise greater prudence in their lending to high-risk debtors, they asked them not to reduce too sharply their commitments to countries in difficulty.

At the same time, international monetary institutions—the International Monetary Fund and the Bank for International Settlements—came to play a greater role in rescheduling. The prudence of the international banks in the field of bank lending did not occur together with a drop in the volume of Eurobond issues or conventional foreign issues. On the contrary, the general downturn in interest rates stimulated a substantial increase in bond issues on international markets. However, greater investor selectivity caused the range of rates on these operations to widen.

4.1.2. Interest rate developments

In most Community countries and in other countries whose capital markets are widely used by the Community's borrowing and lending instruments, interest rates on the money and capital markets fell in 1982 (cf. graphs). However, the fall in rates on several markets was restrained by continuing high interest rates on the American market in the first half of 1982. Short-term rates generally fell more than long-term rates, boosting investor interest for long-term fixed-interest paper. Real interest rates in general remained fairly high, however.

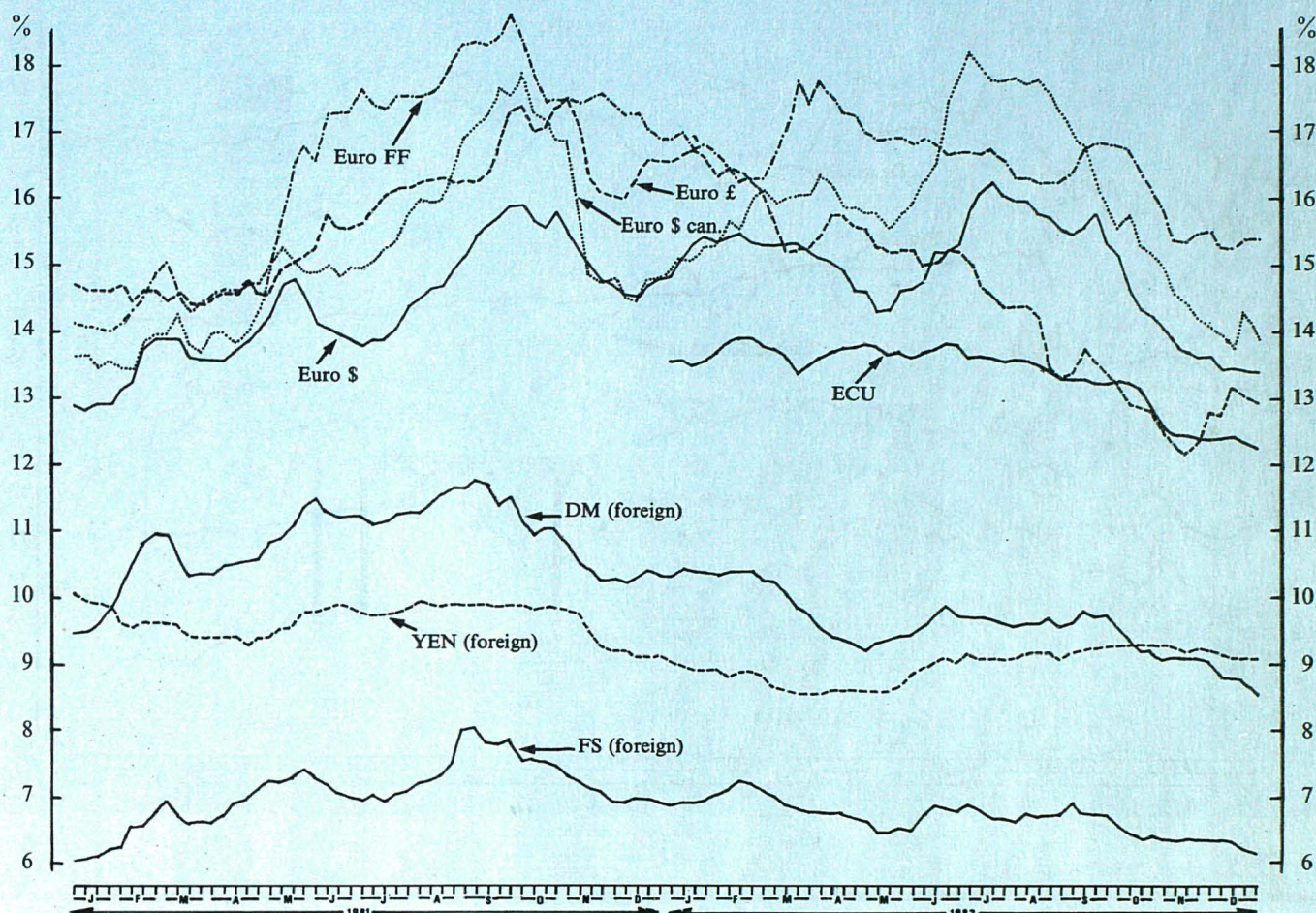
Volume of international capital markets

	1981		1982	
			<i>(million ECU)</i>	
International bond issues ¹	34 723		67 398	
— conventional foreign bonds		13 700		17 149
— Eurobonds		21 023		50 249
Syndicated bank credits	125 751		99 645	
Total	160 474		167 043	

¹ Public issues only.

Source: EIB.

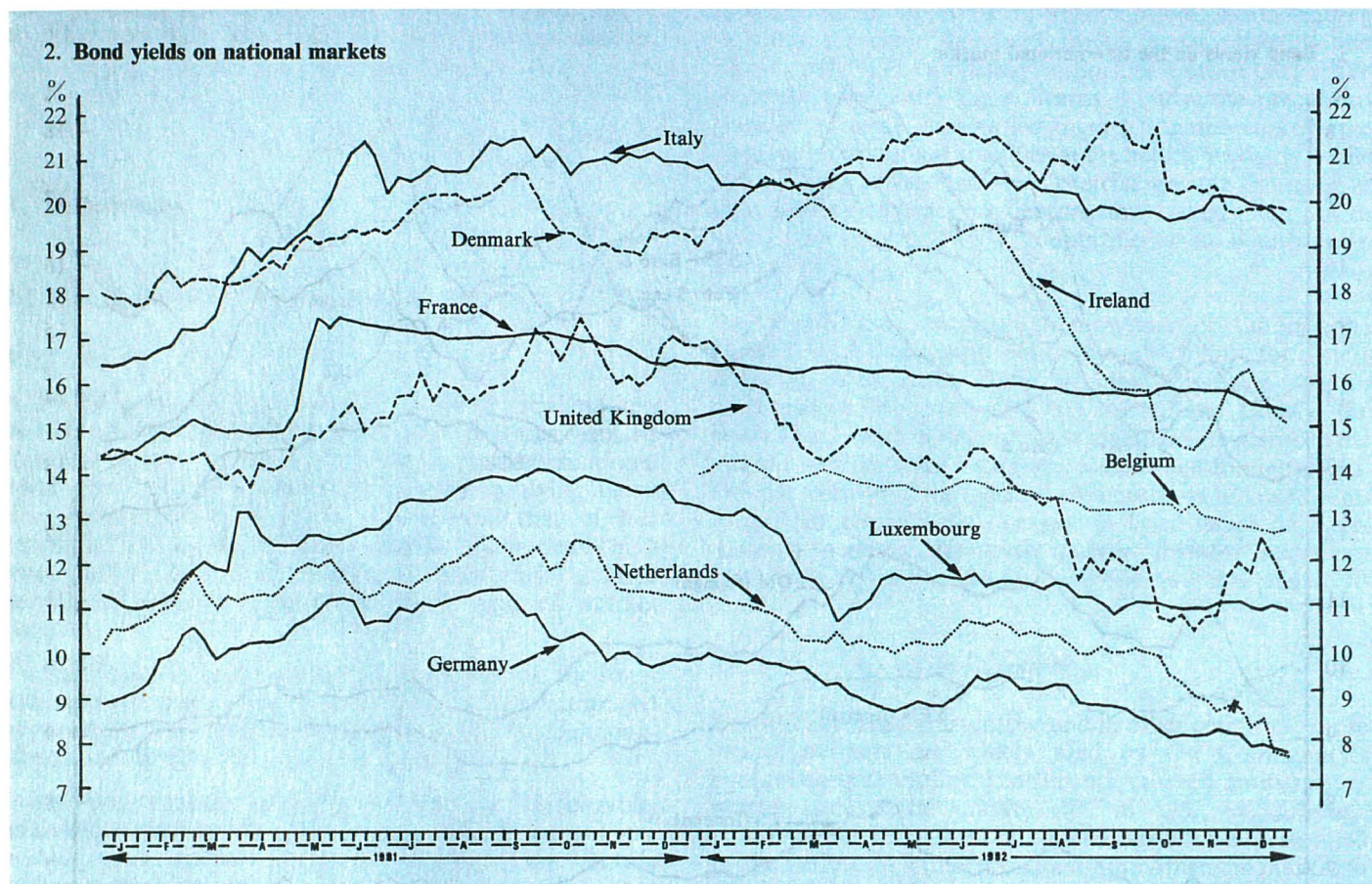
1. Bond yields on the international market



4.1.3 International bond markets

As shown by the table below, the indebtedness of Community countries and Community organizations on the international financial markets grew in 1982 at broadly the same pace as the market in general, in other words the volume virtually doubled in comparison to 1981. The same is true of borrowing by other industrialized countries.

However, there were sharp variations elsewhere in the world: borrowing by developing countries in particular, some of which were experiencing serious payment difficulties, fell substantially in relative terms, even though it was up in absolute terms. The reverse occurred with operations by borrowers from the United States, the volume of which increased by a factor of 3,5 in 1982 in comparison to 1981, raising their share of the total from 15,7% to 27,6%.



International bond issues¹ by debtor country

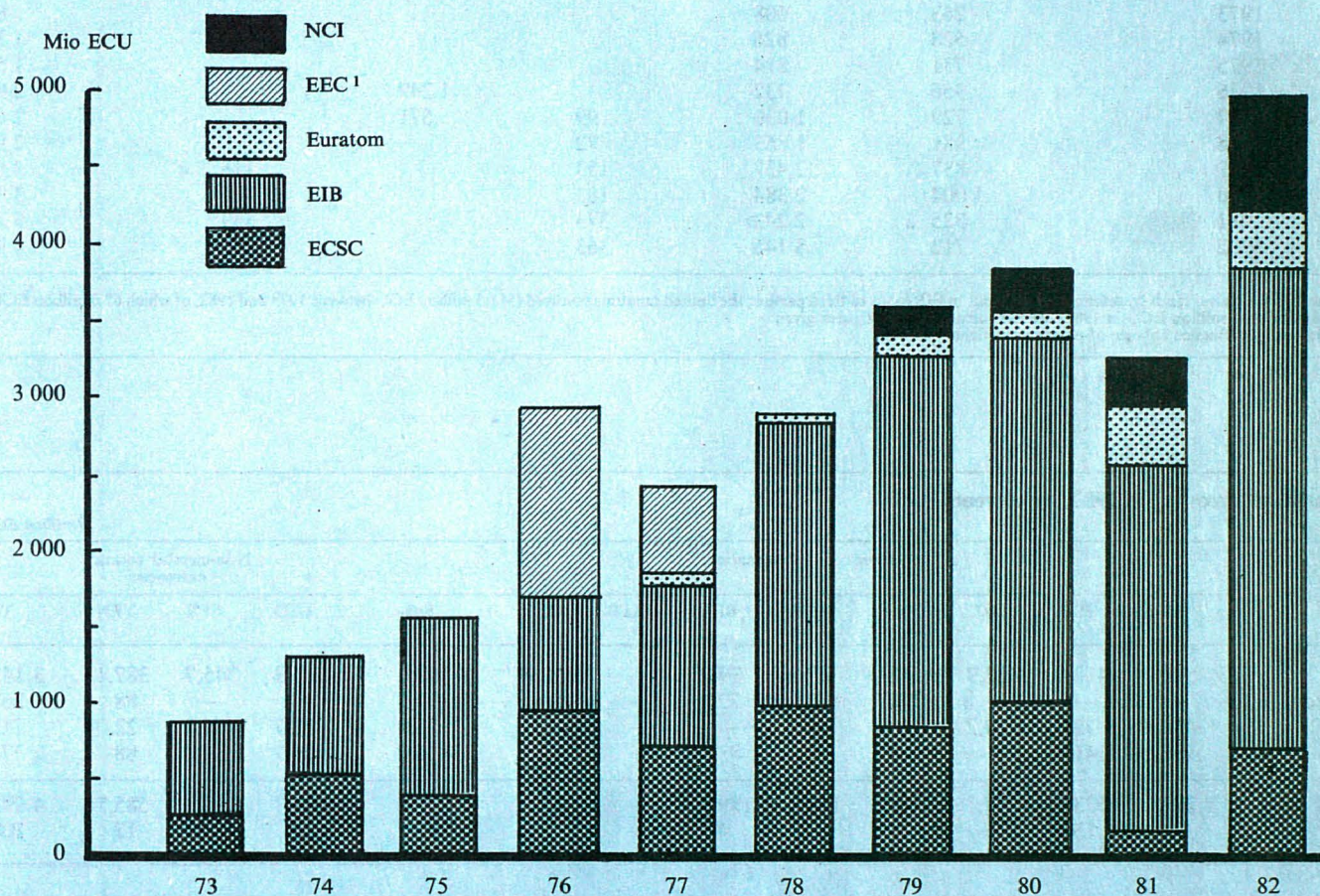
	(million ECU)			
	1981	%	1982	%
1. <i>Industrialized countries</i>	27 987	80,6	57 112	84,7
Borrowers from EC countries	(7 566)	(21,8)	(15 270)	(22,6)
(of which EC organizations)	(1 785)	(5,1)	(2 779)	(4,1)
Other industrialized countries	(20 421)	(58,8)	(41 842)	(62,1)
2. <i>Developing countries</i>	2 460	7,1	3 077	4,6
OPEC countries	(352)	(1,0)	(317)	(0,5)
Other developing countries	(2 108)	(6,1)	(2 760)	(4,1)
3. <i>Eastern European countries</i>	—	—	—	—
(including Comecon organizations)	—	—	—	—
4. <i>Other international organizations</i> ²	4 276	12,3	7 209	10,7
Total	34 723	100,0	67 398	100,0

¹ The table covers only public issues and hence only part of the borrowings by Community issuers (see Tables 1 and 2 in the Annex).

² African Development Bank, Asian Development Bank, Council of Europe, Eurofima, Inter-American Development Bank, Nordic Investment Bank, World Bank.

Source: EIB.

3. Trend of borrowing contracted by the European Communities by instrument (1973-82)



¹ For guidance.

4.2. Community borrowing in 1982

Total borrowing by Community organizations in 1982 rose to 4 994 million ECU, compared with 3 280 million ECU in 1981 and 3 874 million ECU in 1980. The growth between 1981 and 1982 is spectacular (+ 52%) because in 1981 there was a fall in borrowing by both the ECSC and EIB. The growth over two years, between 1980 and 1982, is 29%.

The analysis of issues by source and currency of borrowing shows that:

- Borrowing in the currencies of member countries represents around 60% of the total, the remaining 40% being in non-Community currencies (20% in USD, 12% in Yen and 8% in SFR).

- Four issues in ECU were made in 1982, for a total of 162 million ECU; from March 1981 (when ECU issues began) to March 1983 total Community issues in ECU reached 539 million ECU, representing 18% of total ECU issues during this period.

- Operations in DM doubled compared with the previous year. From the beginning of 1982 the fall in interest rates on the German market improved conditions on that market. Borrowings in HFL also increased in absolute value but fell in relative size, although the Dutch guilder maintained its second position in Community borrowings. The Belgian franc and the Luxembourg franc remained major currencies for borrowing by Community instruments, particularly by Euratom, which raised 40% of its funds in LFR and BFR.

Trend of borrowing by Community instruments

(million ECU)						
Year	ECSC	EIB ¹	Euratom	EEC ²	NCI	Total
1973	263	608				871
1974	528	826				1 354
1975	731	814				1 545
1976	956	732		1 249		2 937
1977	729	1 030	99	571		2 429
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

¹ The EIB also raises funds by selling participations in EIB loans to third parties; the limited amounts involved (511.5 million ECU between 1973 and 1982, of which 67.0 million ECU in 1981 and 59.5 million ECU in 1982) are not included in the figures given.

² Borrowing to finance balance-of-payments deficits.

Community borrowing in 1982, by currency

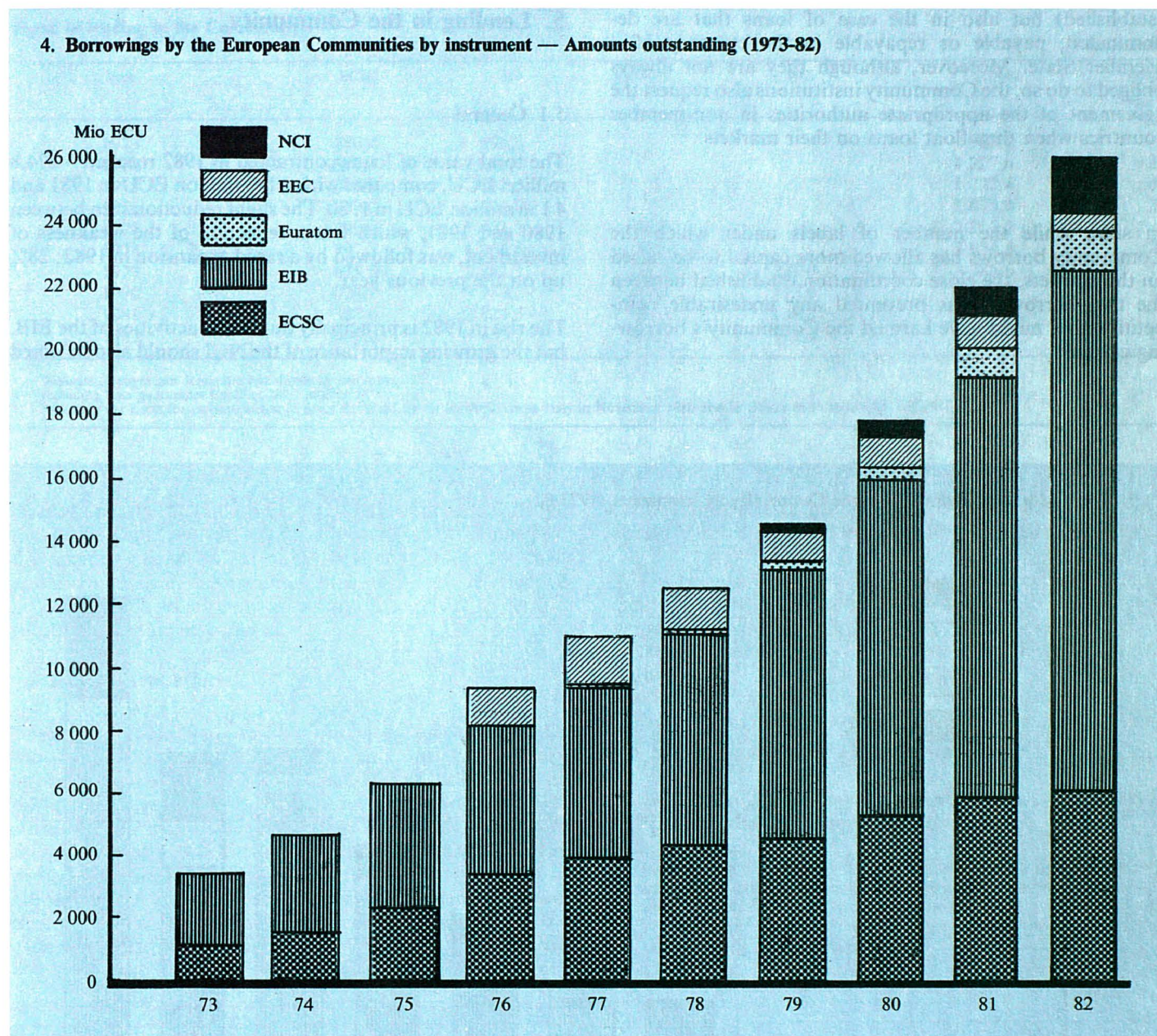
	Member country currencies									Non-member country currencies			Total
	DM	HFL	UKL	FF	LFR	BFR	LIT	ECU	Sub-total	USD	SFR	YEN	
EIB	586,0	412,9	262,9	177,4	37,2	79,2	—	112,0	1 667,6	745,3	345,7	387,1	3 145,7
Euratom	—	—	—	76,7	125,8	22	—	50	274,5	—	—	88	362,5
ECSC	434,4	79,1	24,2	8,6	24,7	—	—	—	571,0	82,7	36,3	22,0	712,0
NCI	196,7	141,6	—	—	—	88,3	—	—	426,6	206,7	51,8	88	773,1
Total	1 217,1	633,6	287,1	262,7	187,7	189,5	—	162,0	2 939,7	1 034,7	433,8	585,1	4 993,3
%	25	13	6	5	4	4	—	3	60	20	8	12	100

- In 1982 the US dollar played a lesser role than in the previous year; its relative share fell to 20% of total borrowing. This is largely the result of differences in the relative levels of interest rates between the dollar and other major currencies such as the DM, the Yen and the SFR, particularly in the first half of the year. The exchange-rate outlook also acted as a brake on borrowing in US dollars.
- As in 1981, a sizable proportion of the funds borrowed by Community instruments were raised in the form of private placings, since access to public national markets is limited.
- The share of public Community issues in total international bond issues fell from 5,1% in 1981 to 4,1% in 1982.

4.3 Coordination of borrowing

Borrowing is implemented by two separate institutions—the Commission on the one hand, and the EIB on the other—but the way in which operations develop is the responsibility of the same authorities, namely the Finance Ministers of the Member States, who, meeting in the Council, set the ceilings for the borrowing/lending activities of Euratom and the NCI and who, meeting as the Board of Governors of the EIB, determine the latter's lending and borrowing policy. Furthermore, the Commission departments dealing with borrowing and lending are all under the authority of the same Member of the Commission who is in regular contact with the President of the EIB. Lastly, meetings are organized between the Bank and the Commission to deal with matters of common interest. For the purposes of dealing with

4. Borrowings by the European Communities by instrument — Amounts outstanding (1973-82)



technical matters, frequent and regular contacts take place at all levels of the Commission and EIB departments. All the Commission borrowing (ECSC, Euratom and NCI) is carried out by the Directorate-General for Credit and Investments, which is situated in Luxembourg next to the headquarters of the EIB. The Commission officials responsible for borrowing and their opposite numbers at the EIB regularly and frequently discuss their borrowing programmes so as to coordinate timing and to determine

jointly their priorities for access to the various capital markets.

For all their borrowing on Member States' markets the Commission and the Bank comply with the laws or regulations governing domestic issues, and they float issues only with the agreement of the national authorities. This general rule is applied in practice not only on the national capital markets of the Member States (for which it was

established) but also in the case of loans that are denominated, payable or repayable in the currency of a Member State. Moreover, although they are not always obliged to do so, the Community institutions also request the agreement of the appropriate authorities in non-member countries when they float loans on their markets.

In sum, while the number of labels under which the Community borrows has allowed more capital to be raised on the markets, the close coordination established between the two borrowers has prevented any undesirable competition that might have harmed the Community's borrowing capacity.

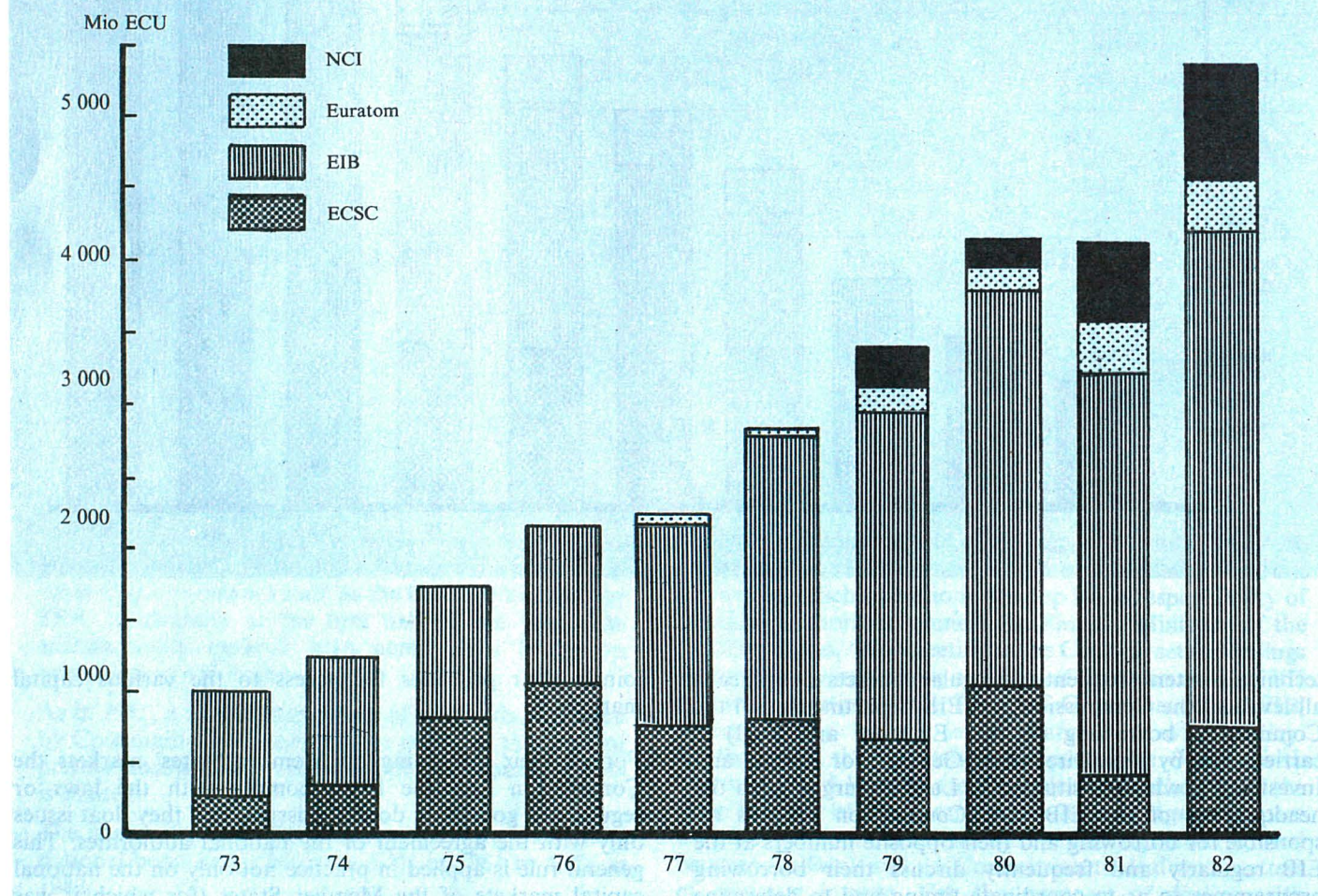
5. Lending in the Community

5.1 General

The total value of loans contracted in 1982 reached 5 274,8 million ECU, compared with 4 113 million ECU in 1981 and 4 156 million ECU in 1980. The slight reduction seen between 1980 and 1981, which was a reflection of the weakness of investment, was followed by a rapid expansion in 1982: 28% up on the previous year.

The rise in 1982 is principally due to the activities of the EIB, but the growing importance of the NCI should also be noted

5. Trend of lending contracted in the Community by instrument (1973-82)



Trend of lending in the Community¹

(million ECU)						
Year	ECSC	EIB	Euratom	NCI	Total	Annual growth rate %
1973	286,4	696,8			983,2	
1974	377,9	849,7			1 227,6	25
1975	804,9	917,5			1 722,4	40
1976	989,0	1 086,0			2 075,0	20
1977	709,0	1 401,3	96,9		2 207,2	6
1978	797,7	1 966,5	70,3		2 834,5	28
1979	675,8	2 281,2	151,6	277,0	3 385,6	19
1980	1 024,1	2 753,2	181,3	197,6	4 156,2	23
1981	387,6	2 821,5 ^{2 3}	364,3	539,8 ³	4 113,22	-1
1982	668,8	3 453,2 ³	361,8	791,0 ³	5 274,8	28

¹ 'Balance of payments' loans are not shown in this table.

² Including loan guarantees totalling 282,1 million ECU.

³ Including the loans for reconstruction in areas damaged by the earthquakes in Italy in November 1980 and in Greece in February/March 1981.

(loans of nearly 800 million ECU in 1982, compared with 540 million ECU in 1981 and less than 200 million ECU in 1980); the opening of the NCI to productive investment by small and medium-sized enterprises, which only became effective in April 1982, is already a success and gives a certain specificity to this instrument.

5.2 Employment effects

Investment projects in the Community part-financed under the Community's financial instruments had a significant impact on employment. In 1982, the EIB and the NCI helped to finance investment that should create around 26 000 permanent jobs and safeguard some 32 000 others, most of them in industry. All the orders and work generated by the projects financed, notably the infrastructure projects, are in addition providing temporary employment during construction periods for a considerable number of workers in the different sectors concerned. These direct and indirect

employment effects are put at some 480 000 man-years, equivalent to almost 100 000 jobs during the first two years.¹

While, because of their nature, projects financed by Euratom create few new jobs directly, ECSC conversion loans in 1982 helped to provide jobs for around 17 000 workers, including 14 000 who had formerly been employed in the coal and steel industries.

5.3 Sectoral and country breakdown

An analysis of lending contracted within the Community in 1982 shows the following distribution:

¹ Permanent and temporary employment effects are calculated from the information obtained when investment projects are being appraised. It is important to stress the highly approximate nature of these estimates: because of the margins of error attaching to calculations of this sort, they simply give an order of magnitude.

Lending in the Community in 1981 and 1982, by sector

(million ECU)											
Sector	ECSC		EIB		Euratom		NCI		Total		%
	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	
Productive sector	315,7	353,5	472,3	1 040,1 ¹				261,3 ²	788,0	1 654,9	19
Infrastructure	14,7	18,1	929,4	1 369,9	—	—	446,1	429,4	1 390,2	1 817,4	34
Energy	57,2	297,2	1 419,8	1 043,2	357,6	361,8	93,7	100,3	1 928,3	1 802,5	47
Total	387,6	668,8	2 821,5	3 453,2	357,6	361,8	539,8	791,0	4 106,5	5 274,8	100

¹ Including an amount of 592,9 million ECU for global loans to finance small and medium-scale projects.

² Including an amount of 249,1 million ECU for global loans to finance productive investments by small and medium-sized enterprises.

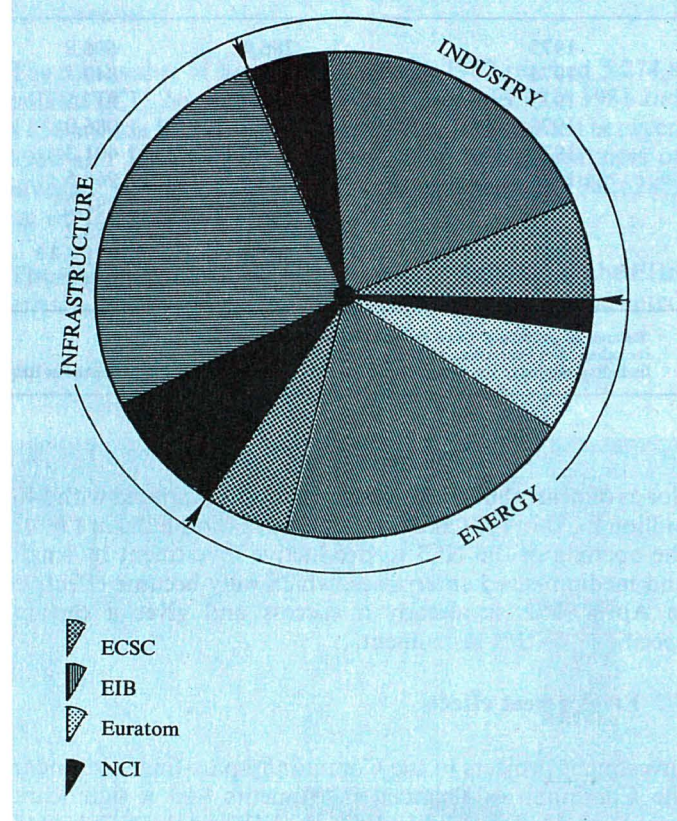
- Lending to the productive sector rose sharply, from 788 million ECU in 1981 to 1 654,9 million ECU in 1982, an increase of 110%. ECSC loans for industrial conversion projects and for investment programmes in the coal industry also increased appreciably while loans to the steel industry showed a significant fall. EIB loans to the productive sector more than doubled and were channelled first and foremost to small and medium-sized enterprises through global loans totalling 592,9 million ECU against 318,4 million ECU in 1981.

The expansion in NCI operations is mainly attributable to lending to this sector. These operations totalled 261,3 million ECU, virtually all of which was in the form of global loans to small and medium-sized enterprises in Italy and France.

- In the infrastructure sector, the EIB stepped up its lending in 1982 while ECSC and NCI operations were maintained at the previous year's level.
- In the energy sector, ECSC lending was much higher in 1982 than a year earlier on account of the pick-up in investment in the coal industry. EIB loans to this sector fell although lending to projects promoting the efficient use of energy grew considerably. Euratom and NCI lending in 1982 for energy projects showed no change from the previous year.

Taking the geographical breakdown, Community lending continues to be concentrated in the countries with serious regional problems. Italy, the United Kingdom, Ireland and Greece received 71% of lending to promote regional development. Lending operations expanded sharply in Greece and the United Kingdom but also in France. The Community's borrowing and lending instruments thus contributed to economic development and the financing of priority investments through substantial transfers of capital to the least developed regions, where unemployment rates are among the highest in the Community.

6. Breakdown of loans in the Community in 1982 by instrument and by sector



Geographical breakdown of lending in the Community in 1981 and 1982

(million ECU)											
Country	B	DK	D	GR	F	IRL	I	L	NL	UK	Total
1981											
Amount	408,2	142,9	384,3	159,2	477,2	353,6	1 834,7	0,1	0,5	323,0	4 106,5 ¹
%	10,0	3,5	9,3	3,9	11,7	8,6	44,6	0	0	7,9	100
1982											
Amount	151,3	307,1	205,5	469,8	789,8	408,6	2 133,4	5,5	44,1	759,7	5 274,8
%	2,9	5,8	3,9	8,9	15,0	7,7	40,0	—	0,8	14,4	100

¹ This includes a 22,8 million ECU loan in Tunisia; in view of this country's importance as a supplier of energy to the Community, special authorization was granted by the EIB's Board of Governors in accordance with Article 18 of the EIB's Statute.

6. Lending in the Community by instrument

6.1 New Community Instrument (NCI)

6.1.1 General

Borrowing and lending began in 1979 and the table below shows the lending position as at 31 December 1982, specifying the borrowing authorization and ceiling.

The table shows that, by 31 December 1982, 80% of NCI I funds had been committed, the balance being accounted for by loans approved but not yet signed. Over 50% of the NCI II ceiling was used up in less than eight months.

In 1982, loans contracted from NCI resources totalled 791 million ECU.

Most of the projects aim to reduce regional disparities. They are located in the Community's peripheral regions and a proportion of 84% is concentrated in areas where per capita income does not exceed 60% of the Community average.¹ They help to alleviate the disadvantages of remoteness by improving telecommunications and road links and by correcting the lack of basic infrastructures, in particular energy infrastructure and sewage treatment facilities (see Table 9 in the Annex).

Other loans have been granted for projects to improve energy supplies in the Community, to exploit the Community's indigenous solid-fuel and gas reserves and to promote the efficient use of energy in industry. These projects should reduce the Community's dependence on oil by some 1,4 million tonnes of oil equivalent per annum.

¹ On the basis of data expressed in purchasing power standards.

NCI loans as at 31 December 1982

	NCI I	NCI II	(million ECU)	
			Italy	Greece
Ceiling	1 000	1 000	1 000	80
Loans signed	803	548	375	80
Balance	197	452	625 ¹	0

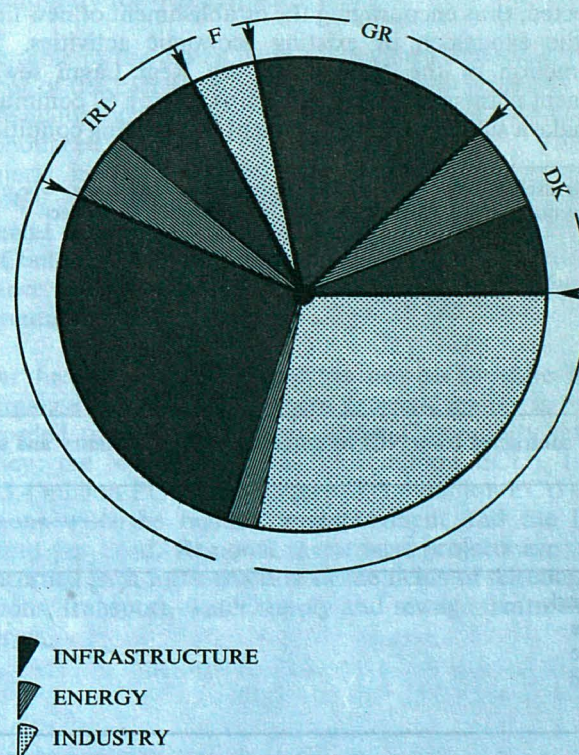
¹ The loans for the reconstruction of the disaster areas in Italy and Greece (see also Chapter 6.2) may be granted from NCI and EIB resources. The EIB has made loans totalling 148 million ECU to Italy leaving a balance of 477 million ECU at 31 December 1982.

In 1982 contracts for global loans totalling 261,3 m ECU were concluded for the first time with long-term financing institutions, enabling these institutions to make sub-loans for productive investment by small and medium sized enterprises or for investment in the efficient use of energy.

Some NCI projects also received loans from the EIB's own resources both before and during 1982: the combination of these two types of loan makes it easier and in some cases quicker to carry out priority projects by covering an additional proportion of the investment costs.

In view of the amortization period for the projects, NCI loans are for 10 to 15 years and in some cases even 20 years. Projects financed individually involved total investment costs of 2 272 million ECU, including 488 million for energy. Loans from NCI resources financed on average a proportion

7. Breakdown of NCI loans in 1982 by country and by sector (including earthquakes in Italy and Greece)



Note: Certain loans granted to industrial sector in Italy have also an objective in the field of energy.

of 17% of the cost,¹ while those from the EIB's own resources financed an average of 22%.

Three extraordinary loans totalling 158,4 million ECU were granted pursuant to the Council Decisions of 20 January and 14 December 1981, for projects for the reconstruction of the means of production and the economic and social infrastructure (roads, schools and basic infrastructure) in the areas damaged by the earthquakes in Italy in November 1980 and in Greece in February 1981. Loans in Italy (Campania and Basilicata) amounted the 78,4 million ECU, and in Greece the whole of the 80 million ECU authorized by the Council Decision was taken up in a single loan in 1982.

6.1.2. *The investment projects*

In Italy, apart from the two 'reconstruction' loans, 11 loans totalling 371 million ECU were granted for investment contributing to the development of the southern regions, to the Community energy objectives, and to productive investment by SMEs in the centre and north.

The three loans granted in the Mezzogiorno related to basic infrastructure. The improvement of the telephone networks in Apulia and Sicily will allow 300 000 new subscribers to be connected, thus encouraging the establishment of new firms and the expansion of existing economic activities. The construction of the Nola and Foce Regi Lagni sewage treatment plants and of sewage mains serving 62 communes will make a substantial improvement in the living conditions

of almost half a million people and will remove a barrier to certain economic activities around the Bay of Naples, which is a very heavily populated and busy area. The work will help to reduce the pollution of the Mediterranean, and will thus contribute to the objectives of the Community's environmental protection policy.

Of the eight loans granted in the centre and north, four related to energy. One loan was towards the extension and improvement of the natural gas grid serving six towns (Turin, Novara, Asti and Mondovì in Piedmont, and Savona and Sarzana in Liguria); the other three were granted for projects which contribute to the efficient use of energy: conversion to coal-firing and installation of equipment for recycling heat and reducing electricity consumption in cement works at Pederobba (Veneto); work and equipment in eleven Fiat Group factories; and a global loan concluded through the Mediocredito Centrale to provide financing through its regional divisions and Interbanca towards investments by SMEs in more efficient use of energy.

The other loans, concluded with four financial intermediaries (BNL-Mediocredito, Centrobanca, IMI, and the regional Mediocredito divisions and Interbanca through the Mediocredito Centrale) are intended to finance productive investment by SMEs in manufacturing, tourism, and services (excluding distribution in non-assisted areas).

Contracts for these first global loans from NCI II resources were signed at the end of the year, and the first loans granted at the beginning of 1983.

In Denmark 96 million ECU were lent on the one hand for the Udby-Ønslev section of the motorway, forming part of

¹ This excludes global loans and extraordinary aid loans, where the percentage ranges from 10% to 44%, depending on the project.

Loans contracted from NCI resources in 1982, by country and sector

Country	Sectors			Total
	Productive sector	Energy	Infrastructure	
Denmark	—	47,4	48,6	96,0
Greece	—	—	124,9	124,9 ¹
France	37,6	—	—	37,6
Ireland	—	37,8	45,3	83,1
Italy	223,7	15,1	210,7	449,5 ¹
Total	261,3	100,3	429,4	791,0 ²

¹ Including loans for the reconstruction of the disaster areas in Greece (80,0 million ECU) and Italy (78,4 million ECU)

² Including 85,0 million ECU out of NCI I, 547,6 million ECU out of NCI II and 158,4 million ECU out of NCI - Reconstruction

the European E4 Helsinki-Lisbon route, running from Copenhagen and crossing two bridges in the Storstrøm channel, and on the other hand towards the construction of a plant at Nybrø for treating natural gas from the Tyra field in the North Sea, and a 56,6 km gasline between Nybrø and Egtved where a compressor station is to be built.

Loans granted in Ireland totalled 83,1 million ECU, and related to the continuing development of telecommunications, which, with 50 000 new telephone and telex subscribers connected, will improve conditions for establishing and running firms; further stages in the water supply and sewerage programme for northern and midland counties; the two peat-fired power stations in Shannonbridge and Lanesborough, by addition of two new 41 MW generating sets; and lastly, the 222 km gas pipeline from Cork to Dublin, which will supply the Dublin network, and at a later date also the suburban industrial areas, with natural gas from the Kinsale Head offshore field.

Apart from the 'reconstruction' loan the first loans granted in Greece related to the extension and modernization of some 700 local and trunk telephone exchanges, allowing over 80 000 subscribers to be connected in various parts of the country.

In France a global loan contract concluded with the *Crédit d'Équipement des Petites et Moyennes Entreprises* will allow the financing of productive investment by SMEs in manufacturing, tourism and services outside regional development areas.

6.2 Subsidized loans for reconstruction in the earthquake-stricken areas of Italy and Greece

Loans from NCI and EIB resources intended for reconstruction in the areas stricken by the earthquakes of November 1980 in Italy and of February and March 1981 in Greece totalled 274,8 million ECU in 1982.

In Campania and Basilicata, where emergency work carried out in 1981 has been succeeded by permanent reconstruction, NCI and EIB assistance amounted to 194,8 million ECU. Including the loans totalling 328,2 million ECU granted in 1981, more than half the package of subsidized loans had thus been committed within the first two years for which it had been available.

Loans from NCI resources, totalling 78,4 million ECU in 1982, helped to finance the continuation of repair work to 1 137 km. of the railway network and the reconstruction of the first section of the Apulian aqueduct which supplies Apulia with drinking water from the water resources of Campania.

In addition to a loan for the reconstruction of a tunnel section of the same aqueduct, loans from the EIB's own resources totalling 116,4 million ECU helped to finance drinking water supply and sewage disposal facilities in almost 200 communes serving as rehousing centres for some 100 000 persons, or went towards urgent repairs and the reconstruction of telephone and electricity networks.

In Greece the total amount of 80 million ECU authorized by the Council was committed during the first year. This amount, from NCI resources, went towards the repair of the road and rail networks, the reconstruction and repair of 796 schoolbuildings and 10 400 damaged dwellings and the assembly of 550 prefabricated housing units.

6.3 European Investment Bank (EIB)¹

In 1982 the EIB made loans from its own resources totalling 3 863,4 million ECU; loans within the Community accounted for 3 453,2 million ECU and loans outside the Community for 410,2 million ECU.

The table in the annex gives a breakdown by country and sector of the EIB loans contracted in the Community. They were mainly concentrated in the four countries with the most pronounced structural problems, with 79,3% going to projects in Italy, Ireland, the United Kingdom (where lending picked up sharply) and Greece (where the loan amount more than doubled in comparison with the first year of Community membership); the balance went chiefly to France, and to a lesser extent to Denmark, Belgium and Germany.

Over three-quarters of loans in the member countries helped to finance regional development projects, mainly in regions accorded the highest priority under Community regional policy: the Mezzogiorno (1 125,2 million ECU), Ireland (325,4 million ECU) and Greece (333,6 million ECU), or in regions with the highest unemployment and the lowest output per head. Regional investment projects are chiefly concerned with infrastructure in the fields of telecommunications, transport, water supply and sewage treatment and energy.

¹ See also the annual report of the Bank. This report and several other publications are sent to all the Community institutions, and individually to members of the European Parliament and the Economic and Social Committee.

Financing for projects helping to attain the Community's energy objectives accounted for 30 % of all loans, and went in particular towards developing indigenous resources, mainly in the nuclear sector (419,4 million ECU) and towards exploiting oil and gas resources (208 million ECU). Loans for investment in the efficient use of energy and in the diversification of energy imports amounted respectively to 279 million ECU and 159,4 million ECU.

A total of 165,9 million ECU was devoted to the financing of infrastructure projects in the common European interest (primarily roads).

The amount lent for projects in the productive sectors was twice as high as in 1981: 592,9 million ECU went into global loans for the financing of small and medium-sized ventures and 447,2 million ECU went into loans for larger scale investment projects. Industrial projects involving the development of advanced technologies received 41,2 million ECU in loans, and financing for the modernization and conversion of enterprises totalled 22,6 million ECU.

6.4 Euratom

In 1982, Euratom paid out 12 loans totalling 261,8 million ECU for the following projects:

- fast-breeder nuclear power station at Creys-Malville (Nersa, France);
- nuclear power station at Alto Lazio (Enel, Italy);
- nuclear power station at Doel (Ebes, Belgium);
- nuclear power station at Tihange (Intercom, Belgium);
- nuclear power station at Belleville (EDF, France);
- uranium enrichment plant at Tricastin (Eurodif, France).

The EIB in its capacity as Euratom agent signed loan contracts jointly with the Commission of the European Communities.

The loans paid out since Euratom was established total 1 225,4 million ECU (at the exchange rate on 31 December of each year). The balance available under the new ceiling is therefore 774,6 million ECU.

6.5 European Coal and Steel Community (ECSC) ¹

The total amount of loans paid out by the ECSC in 1982 was sharply up on the 1981 amount but not yet back to the 1980 level (see Table 11 in the annex).

Loans to the steel industry were the only ones to show a fall, whereas loans to all other eligible sectors were up. This reduction in loans to the steel industry is related to the transitional situation in which firms in this sector still find themselves due to the development and implementation of restructuring plans.

The 139,8 million ECU in loans paid out to steel firms was divided between 16 loans to firms in four Member States (the Federal Republic of Germany, France, Italy and the Netherlands).

As regards ECSC financing in the coal industry, the Commission mainly supported investment projects for modernization and rationalization intended to preserve or raise the level of output in the most productive mines.

The number of loans for investment in coal-mining increased substantially in 1982 with 20 loans granted for investment projects in the Federal Republic of Germany, France and the United Kingdom. The ECSC thus contributed some 14% to the total coal industry of approximately 1 800 million ECU investment in 1982.

Loans for coal use, paid out for the financing of electric power stations, were higher in 1982, at 40,9 million ECU compared with 26,6 million ECU in 1981; three projects were involved.

Under the second paragraph of Article 54 of the ECSC Treaty, the Commission in 1982 paid out two loans for the modernization of shipyards in Italy, and two loans in the United Kingdom to finance railway wagons designed for the transport of coal, coke and steel products.

In 1982 the ECSC made a first payment of 71,8 million ECU to the Brazilian Companhia Vale do Rio Doce (CVRD) to help finance the exploitation of an iron ore deposit at

¹ See the financial report of the ECSC for 1982. ECSC lending accounts are drawn up in terms of loans 'paid out'. The Commission takes a decision in principle to lend a certain amount to a firm to finance an investment. The loan contracts signed relate either to all or part (a tranche) of the amount decided on by the Commission. Usually disbursement takes place immediately after signature of the contract, so that the total for loans signed during a year is the same as the total for loans paid out. However, for global loans and for workers' housing loans the funds are usually paid out in successive tranches, hence the discrepancy between loans paid out and loans signed.

Carajas, Brazil. This payment was made under a decision taken with the assent of the Council in July 1982 to lend up to 600 million ECU to part-finance the opening up of this deposit.

Another mining project more modest in scale, was also financed under the ECSC Treaty: this involves the exploitation in Greece of a chromite mine and the construction of a ferrochromium plant.

In the case of conversion loans, the increase over 1981 is large (89%). The share of global loans to encourage job creation in small and medium-sized firms was 40% of the conversion loans paid out in 1982.

Loans for housing increased slightly in 1982, to 18 million ECU. The projects approved made it possible to finance about 8 000 new workers' homes.

7. Lending outside the Community

7.1. General

Since 1963 loans have been granted outside the Community in Greece¹ and Turkey; in the African, Caribbean and Pacific States under the Yaoundé and Lomé Conventions; in most of the countries in the Mediterranean region: Yugoslavia, Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon, Syria, Israel, Malta and Cyprus; and lastly in the applicant countries Spain and Portugal.

The loans to projects fostering the economic and social advancement of these countries are granted from the resources of the EIB, the EDF, and the General Budget of the Communities.

In 1982 EDF operations in the ACP States and Overseas Countries and Territories (OCT) amounted to 173 million ECU, comprising 135,6 million ECU in special loans and 37,2 million ECU in risk capital. A total of 19 million ECU in special loans from budgetary resources was granted towards projects in Mediterranean countries.

In 1982 EIB loans from own resources amounted to 410,2 million ECU, with 288 million ECU going to the Mediterranean countries and 122,2 million ECU to the African, Caribbean and Pacific States, pursuant to the Second Lomé Convention, and to the OCT.

7.2. Loans to Mediterranean countries

Financing from EIB's own resources in the Mediterranean region was concentrated on Spain, Portugal and Yugoslavia (252 million ECU). The financial protocols concluded with the Maghreb and Mashreq countries expired at the end of 1981, and in 1982 only one project, in Egypt, was financed from the balance of funds available; amounts provided for under the financial protocol with Cyprus were committed in full.

Loans amounting to 55 million ECU carried interest subsidies from the General Budget of the Communities, which also guarantees 75% of EIB lending to these countries.

Over half the total advanced went for investment in energy, while one third benefitted road and rail infrastructure and water supply schemes; lending to industry consisted essentially of global loans for the financing of small and medium-sized firms.

Loans made in Spain and Portugal as part of pre-accession financial cooperation amounted to 105 million and 80 million ECU respectively. In Spain these loans went mainly towards investments in regions with per capita income levels far below the national average in the form of global loans for small and medium-scale industrial ventures and local authority infrastructure schemes. The other loans were for investment in energy: a gas pipeline, energy-saving industrial plant, and a global loan to finance coal-mining and small hydroelectric schemes.

In Portugal loans were made towards the coal-fired power station at Sines and a section of the road between Aveiro and the Spanish frontier; a global loan will be drawn on to finance small and medium-sized industries.

Other loans under this heading were for the installation of centres to control and monitor the electricity grid in Yugoslavia, for the exploitation of a natural gas field in Egypt, and water supply and sewerage works in Cyprus.

7.3. Loans to ACP States and OCT

The EIB granted 15 loans from its own resources in the African States (99,3 million ECU), the Caribbean States (12 million ECU), the Pacific States (7,9 million ECU), and the OCT (3 million ECU); in these countries it also provided assistance in 27 cases in the form of risk capital, from the resources of the European Development Fund (37,3 million ECU).

More than half of total lending from EIB own resources related to industrial investment, in food, chemicals and rubber (36,2 million ECU), and global loans for financing

¹ Before it acceded to the Community on 1 January 1981.

small and medium-sized firms (29 million ECU). Energy projects accounted for 47 million ECU; these were mainly power stations using local coal or geothermal resources.

Lastly, a major international telecommunications project received a loan of 10 million ECU.

All these loans were granted at a rate of 8%, which includes an interest subsidy from the resources of the European Development Fund.

8. Community interest subsidies for loans contracted within the Community

8.1. Interest subsidy mechanisms

In 1982, as in 1981, the Community was able to grant four types of subsidy for loans within the Community:

- ECSC subsidies (on ECSC loans);
- European Monetary System (EMS) subsidies (on NCI and EIB loans in Italy and Ireland);
- ERDF subsidies (on EIB loans in ERDF regions);¹ and
- subsidies related to the special aid for the Italian and Greek areas hit by earthquakes in November 1980 and February/March 1981 respectively (from NCI and EIB resources).

¹ An ERDF interest subsidy has been granted only once: Member States prefer capital grants and only one application for a subsidy has ever been received.

Each of the four types of subsidy has the effect of lowering the interest rate by three percentage points. However, the technique of granting the subsidies varies: the EMS and ERDF interest subsidies are discounted and charged to the Community budget as a single sum, whereas the ECSC subsidies are not discounted and are charged annually to the ECSC budget over the first five years of the loan. The 'earthquake' interest subsidies are also to be charged annually, to the General Budget of the Communities, for not more than 12 years.

8.2. EMS interest subsidies²

Since Council Regulation (EEC) No 1736/79 of 3 August 1979 came into force, 181 loans have been subsidized under the European Monetary System, 34 from 1982 budget appropriations.

The 1982 operations related to 28 investment projects financed by 28 loans from the EIB's own resources (884 million ECU) and by 6 loans from NCI resources (158 million ECU), giving a total of 1 042 million ECU.

The discounted amount of interest rate subsidies totalled 210 million ECU, bringing the accumulated total over the system's first four years of operation to 800 million ECU. The ratio of the total amount of interest subsidies to that of subsidized loans was 20,1% in 1982, the same as the average for the period 1979-82; this ratio depends *inter alia* on the length of the loans, the interest rate and the period of grace.

² Discounted interest subsidies, charged to the General Budget as a single sum for each loan (cf. Tables 14, 15, 16 in the annex).

Subsidized loans and EMS subsidies paid out

	Subsidized loans		Interest subsidies paid out	
	Number	Million ECU ¹	Million ECU	% of loans
1979	34	885,4 ²	200,0	22,6
1980	55	1 030,8 ²	197,0	19,1
1981	58	1 017,5	193,2	19,0
1982	34	1 042,0 ³	209,8 ³	20,1
Total	181	3 975,7	800,0	20,1

¹ The amounts in ECU of subsidized loans referred to in EIB documents differ slightly from those given here owing to the different dates used for converting into ECU. In its own publications the EIB invariably uses the conversion rate in force on the last working day of the quarter preceding the signing of the contract, not only for non-subsidized loans but also for subsidized loans. For purposes of calculating the interest subsidy to be entered in the accounts, however, it uses the conversion rates prevailing on the day of the final calculation. The figures in this report are based on the rate in force on the latter date both for subsidies and subsidized loans, in order to preserve comparability between the amount of the subsidy and the amount of the subsidized loan. For loans subsidized from 1983 budget appropriations the statistical divergence is 7,5 million ECU.

² One subsidy was financed partly from 1979 appropriations and partly from 1980 appropriations. For statistical purposes, the amount of the loans concerned was divided between the two financial years in proportion to the interest subsidy for each year, each part being counted as a separate loan.

³ A second reason for the differences between the Commission figures and the EIB figures is that for certain operations agreed in December 1982 the subsidies were charged to the 1983 budget. These cases, involving loans of about 122,0 million ECU, have been excluded from the Commission's figures for 1982.

The amount of each interest subsidy and of each subsidized loan is given in Tables 14 and 15 in the annex.

By origin of resources lent, the subsidies were for 6 loans from NCI resources and 28 loans from the EIB's own resources. The respective percentages were 14% and 86%.

Four projects were financed jointly from the EIB's own resources and from those of the NCI.

The interest subsidies from 1982 budget appropriations break down by recipient country as follows: 65% to Italy and 35% to Ireland, the two countries eligible under Council Decision 79/691/EEC of 3 August 1979.

An analysis by sector of use shows that 25% of the total amount of interest subsidies went to projects in the energy sector: 6% for the development of primary energy sources (hydrocarbons), 6% for thermal power stations and 12% for energy transmission (gas pipelines and distribution grids). Infrastructure projects in the other sectors accounted for the remaining 75% of the interest subsidies, mainly water supplies and irrigation (12%), industrial estates and training centres (8%), and the improvement of telecommunications and road networks (55%).

More than four-fifths of the interest rate subsidies related to projects located wholly or partly in priority regions. Since the projects involve infrastructure, the number of new permanent jobs for running the completed projects is necessarily limited.

Nevertheless, these projects will eventually contribute, largely indirectly, to the development of productive activities which will create a substantial number of jobs; moreover, the work involved and the supplies needed for carrying out the infrastructure schemes will have significant direct and indirect temporary repercussions on the employment situation over what may, in some cases, be relatively long periods.

8.3 Interest subsidies for reconstruction in earthquake-stricken areas

These interest subsidies are governed by Council Decisions 81/19/EEC of 20 January 1981 for Italy and 81/1013/EEC of

14 December 1981 for Greece. They are paid annually on the interest dates in non-discounted form, a rate of 3% per annum being applied to the capital still owing for a maximum period of 12 years.

The first subsidized loans for Italy were signed in 1981, so that the first interest subsidies were paid on the 1982 interest dates. The single loan for Greece was signed in 1982 and interest subsidies will be paid in 1983. Tables 17 and 18 list all the loans signed by the end of the financial year, with the amount of each interest subsidy paid in 1982.

By the end of 1982, the loans signed for Italy already added up to over half of the one thousand million ECU authorized, and the entire 80 million ECU authorized for Greece had been taken up by a single operation. For the two countries together, three quarters of the 600 million ECU in loans signed were financed from NCI resources. With regard to the purpose of the loans, 55% of the amount signed was for economic infrastructure (roads, railways, telephones, electricity, water) and 45% for social infrastructure (housing, schools and public buildings).

As a result of the Italian loans signed in 1981 and in the early months of 1982, interest subsidies worth 3 million ECU were paid out in 1982, the whole amount for economic infrastructure.

8.4 ECSC interest subsidies

The interest subsidies granted by the Commission on ECSC loans in 1982 were used to finance the following investments:

- (i) conversion projects financed by loans under Article 56 of the Treaty;
- (ii) investments to maintain and/or increase coalmining capacity, financed from loans under the first paragraph of Article 54 of the Treaty.

In 1982, as in previous years, the major share of interest subsidies (both for new loans and for loans contracted earlier) went to conversion projects (see Table 20 in the annex).

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Table 1

Community borrowings in 1982

No	Type	Life (years)	Coupon %	Currency and amount (millions)		Million ECU ¹
(a) NCI						
1.	Private placing	12	15,25	BFR	1 000	22,06
2.	Public issue	12	9,75	DM	200	86,95
3.	Public issue	10	8,00	Yen	20 000	88,04
4.	Private placing	15	9,12	DM	18,3	7,95
5.	Private placing	10	11,25	HFL	60	23,60
6.	Public issue	12	10,50	HFL	150	59,00
7.	Public issue	10	6,25	SFR	100	51,78
8.	Private placing	7	8,50	DM	34,3	14,91
9.	Public issue	12	8,00	DM	200	86,95
10.	Public issue	8	13,25	BFR	3 000	66,19
11.	Private placing	10	8,875	HFL	75	29,5
12.	Private placing	15	9,00	HFL	75	29,5
13.	Public issue	13	11,50	USD	200	206,68
Total						773,11
(b) Euratom						
14.	Public issue	10	14,00	Yen	20 000	8,04
15.	Public issue	10	12,50	LFR	500	11,03
16.	Private placing	8	14,375	LFR	1 000	22,06
17.	Private placing	12	15,00	BFR	1 000	22,06
18.	Private placing	8	14,375	LFR	800	17,65
19.	Private placing	8	14,50	LFR	900	19,85
20.	Bank credit	7	14,00	LFR	1 250	27,58
21.	Private placing	7	12,50	LFR	250	5,51
22.	Private placing	7	13,50	LFR	1 000	22,06
23.	Public issue	10	16,30	FF	500	76,66
24.	Public issue	8	12,50	Ecu	50	50,00
Total						362,50

¹ The conversion rates used were those obtaining on 31 December 1982.

Table 1 (cont.)**Community borrowings in 1982**

No	Type	Life (years)	Coupon %	Currency and amount (millions)		Million ECU ¹
(c) ECSC						
25.	Public issue	5	9,75	DM	125	54,34
		12	9,75	DM	60	26,09
26.	Private placing	15	12,125	HFL	100	39,33
27.	Private placing	5	16,625	UKL	2	3,33
28.	Private placing	15	12,00	HFL	40	15,74
29.	Private placing	5	7,25	SFR	40	20,71
30.	Private placing	5	9,875	DM	22	9,56
31.	Private placing	5	9,25	DM	100	43,48
32.	Public issue	5	14,75	USD	50	51,67
33.	Private placing	5	9,25	DM	50	21,74
34.	Private placing	8	14,75	LFR	520	11,47
35.	Private placing	8	8,5	Yen	5 000	22,01
36.	Private placing	8	14,875	UKL	6	10,00
37.	Private placing	10	8,8	DM	37	16,09
38.	Private placing	5	17,25	FF	10	1,53
		10	17,50	FF	18	2,76
39.	Private placing	12	9,20	DM	11,3	4,91
40.	Private placing	10	10,75	HFL	35	13,77
41.	Private placing	5	9,41	DM	60	26,09
42.	Public issue	5	14,75	USD	30	31,00
43.	Private placing	7	11,1875	HFL	11,2	4,41
44.	Private placing	8	9,92	DM	71	30,87
45.	Private placing	8	14,625	UKL	3,5	5,83
46.	Private placing	10	17,25	FF	18	1,53
		5	17,00	FF	10	2,76
47.	Private placing	8	9,49	DM	7	3,04
48.	Public issue	10	11,00	LFR	600	13,24
49.	Public issue	12	8,00	DM	200	86,95
50.	Private placing	6	6,375	SFR	20	10,36
		5	6,625	SFR	10	5,18
51.	Private placing	8	12,10	UKL	3	5,00
52.	Private placing	10	8,375	DM	150	65,21
53.	Private placing	15	9,125	HFL	15	5,90
54.	Private placing	5	8,10	DM	0,985	0,43
55.	Private placing	5	8,10	DM	25	10,87
56.	Private placing	10	8,10	DM	80	34,78
Total						711,98
Total NCI + Euratom + ECSC						1 847,59

¹ The conversion rates were those obtaining on 31 December 1982.

Table 2

EIB borrowings in 1982

Type of issue	Life (years)	Coupon %	Subscription currency	Amount (millions)	Million ECU
Private placing	10	16,500	FF	102,183	16,477
Public issue	10	7,250	SFR	100,000	51,238
Public issue	7	10,000	DM	150,000	61,366
Public issue	10	10,000	DM	100,000	40,911
Private placing	15	11,750	HFL	20,000	7,454
Private placing	15	11,875	HFL	30,000	11,181
Private placing	5	16,250	USD	30,000	27,646
Private placing	5	11,000	HFL	75,000	27,953
Private placing	9	15,875	USD	21,250	19,582
Private placing	10	10,000	DM	100,000	40,911
Public issue	7	15,500	USD	150,000	138,227
Private placing	15	11,750	HFL	5,000	1,864
Public issue	10	8,200	Yen	20 000,000	83,927
Private placing	15	11,125	HFL	5,000	1,864
Private placing	15	11,125	HFL	5,000	1,864
Private placing	7	12,750	LFR	1 000,000	23,954
Private placing	15	11,125	HFL	10,000	3,727
Private placing	10	10,875	HFL	10,000	3,727
Private placing	12	15,000	BFR	1 000,000	23,954
Private placing	10	9,100	DM	100,000	41,652
Private placing	15	10,875	HFL	10,000	3,755
Private placing	10	10,875	HFL	10,000	3,755
Public issue	10	7,000	SFR	100,000	51,925
Public issue	10	8,375	DM	100,000	41,651
Private placing	20	10,750	HFL	20,000	7,509
Private placing	10	15,000	UKL	15,000	26,867
Public issue	10	10,000	HFL	200,000	75,095
Private placing	10	9,000	DM	100,000	41,651
Public issue	5	14,000	ECU	12,017	12,017
Public issue	10	8,250	Yen	15 000,000	61,010
Public issue	8	12,250	LFR	600,000	13,245
Private placing	10	14,125	UKL	10,000	17,911
Public issue	10	16,900	FF	1 000,000	160,890
Private placing	5	16,300	USD	15,000	15,073
Private placing	10	15,250	USD	10,000	10,048
Public issue	7	13,750	ECU	40,000	40,000
Private placing	10	9,700	DM	50,000	21,167
Private placing	10	11,125	HFL	5,000	1,914
Private placing	10	11,125	HFL	5,000	1,914
Private placing	10	15,250	USD	20,000	20,837
Private placing	6	7,250	SFR	50,000	24,745
Private placing	7	16,150	USD	25,000	26,046
Public issue	10	15,500	USD	200,000	208,372
Private placing	8	14,490	UKL	12,500	22,641
Public issue	10	9,375	DM	200,000	84,670
Private placing	10	11,000	HFL	5,000	1,914
Private placing	15	11,000	HFL	6,000	2,297
Private placing	15	11,000	HFL	10,000	3,829
Private placing	12	8,600	Yen	25 000,000	101,983
Private placing	15	11,000	HFL	5,000	1,914

Table 2 (cont.)**EIB borrowings in 1982**

Type of issue	Life (years)	Coupon %	Subscription currency	Amount (millions)	Million ECU
Private placing	6	7,125	SFR	65,000	32,168
Private placing	15	10,875	HFL	5,000	1,914
Private placing	5	10,000	HFL	75,000	28,717
Private placing	10	9,250	DM	35,000	14,817
Private placing	10	9,250	DM	35,000	14,817
Private placing	10	9,250	DM	30,000	12,700
Private placing	8	11,300	USD	15,000	15,628
Private placing	5	7,250	SFR	185,000	91,556
Private placing	6	10,750	HFL	150,000	57,434
Private placing	9	13,250	USD	23,250	24,223
Public issue	10	13,375	USD	200,000	208,372
Private placing	15	11,000	HFL	1,000	0,383
Private placing	15	11,000	HFL	9,000	3,446
Private placing	20	10,375	HFL	5,000	1,914
Public issue	10	6,250	SFR	100,000	49,490
Public issue	10	8,250	DM	200,000	84,670
Private placing	20	10,500	HFL	25,000	9,572
Private placing	8	12,600	UKL	12,500	22,641
Private placing	6	6,750	SFR	15,000	7,423
Public issue	20	11,000	UKL	75,000	136,421
Public issue	10	10,000	HFL	200,000	77,728
Public issue	8	12,875	ECU	60,000	60,000
Private placing	12	14,000	BFR	1 000,000	21,910
Private placing	20	10,000	HFL	5,000	1,943
Private placing	15	10,000	HFL	25,000	9,716
Private placing	15	10,000	HFL	5,000	1,943
Private placing	10	9,100	Yen	15 000,000	60,100
Private placing	7	6,500	SFR	75,000	37,154
Private placing	15	9,375	HFL	10,000	3,886
Private placing	15	10,000	HFL	20,000	7,773
Private placing	10	10,000	UKL	20,000	36,379
Public issue	10	8,250	DM	200,000	84,974
Private placing	15	9,125	HFL	5,000	1,943
Private placing	10	8,800	Yen	20 000,000	80,133
					3 040,012

Medium-term interbank operations

Currency	Amount in national currency (million)	Amount in ECU (million)	Maturity	Rate of interest (%)
HFL	70	26,089	1985	10,000
HFL	10	7,509	1984	9,625
HFL	10	7,509	1985	9,687
USD	15	15,628	1985	15,500
USD	15	15,628	1985	15,000
BFR	1 000	22,219	1984	13,750
BFR	500	11,110	1984	13,750
Total interbank operations		105,693		
Total borrowings and interbank operations		3 145,705		

Table 3

Borrowings by the European Communities
 (amounts outstanding at end of each year)¹

<i>(millions ECU)</i>						
Year	ECSC	EIB	Euratom	EEC ²	NCI	Total
1973	1 157	2 287	—	—	—	3 444
1974	1 615	3 124	—	—	—	4 739
1975	2 391	3 926	—	—	—	6 317
1976	3 478	4 732	—	1 161	—	9 371
1977	3 955	5 421	99	1 500	—	10 975
1978	4 416	6 715	172	1 361	—	12 664
1979	4 675	8 541	323	965	178	14 682
1980	5 406	10 601	502	1 016	491	18 019
1981	5 884	13 482	902	1 062	894	22 224
1982	6 178	16 570	1 272	591	1 747 ³	26 358

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 'Balance of payments' borrowings.

³ Including borrowings for reconstruction loans for the earthquake-stricken areas of Italy and Greece.

Table 4

Breakdown of loans in the Community in 1982, by instrument, sector and country

Breakdown of loans in the Community in 1982, by instrument, sector and country

(million ECU)

Country	NCI				Euratom		EIB				ECSC				Total			
	Pro- ductive sector	Infra- struc- ture	Ener- gy	Total	Ener- gy	Total	Pro- ductive sector	Infra- struc- ture	Ener- gy	Total	Pro- ductive sector	Infra- struc- ture	Ener- gy	Total	Pro- ductive sector	Infra- struc- ture	Ener- gy	Total
Belgium	—	—	—	—	72,8	72,8	5,5	—	55,0	60,5	17,0	1,0	—	18,0	22,5	1,0	127,8	151,3
Denmark	—	48,6	47,4	96,0	—	—	9,8	99,2	100,3	209,3	1,7	0,1	—	1,8	11,5	147,9	147,7	307,1
FR of Germany	—	—	—	—	—	—	—	—	20,8	20,8	89,3	5,0	90,4	184,7	89,3	5,0	111,2	205,5
Greece	—	124,9	—	124,9	—	—	138,7	144,1	50,8	333,6	10,9	0,4	—	11,3	149,6	269,4	50,8	469,8
France	37,6	—	—	37,6	258,9	258,9	39,8	72,7	311,7	424,3	10,6	3,7	54,8	69,1	88,0	76,4	625,4	789,8
Ireland	—	45,3	37,8	83,1	—	—	113,8	145,0	66,6	325,4	—	0,1	—	0,1	113,8	190,4	104,4	408,6
Italy	223,7	210,7	15,1	449,5	30,1	30,1	652,6	686,5	249,6	1 588,7	62,7	2,4	—	65,1	939,0	899,6	294,8	2 133,4
Luxembourg	—	—	—	—	—	—	—	—	—	—	5,2	0,3	—	5,5	5,2	0,3	—	5,5
Netherlands	—	—	—	—	—	—	—	—	—	—	43,7	0,4	—	44,1	43,7	0,4	—	44,1
United Kingdom	—	—	—	—	—	—	79,9	222,3	188,3	490,6	112,4	4,7	152,0	269,1	192,3	227,0	340,3	759,7
Non-EEC	—	—	—	—	—	—	—	—	—	—	71,8	—	—	71,8	71,8	—	—	71,8
Total	261,3	429,5	100,3	791,1	361,8	361,8	1 040,1	1 369,8	1 043,1	3 453,2	425,3	18,1	297,2	740,6	1 726,7	1 817,4	1 802,4	5 346,6
% Sector	33,0	54,3	12,7	100	100	100	30,1	39,7	30,2	100	57,5	2,4	40,1	100	32,3	34,0	33,7	100
% Institution	14,8				6,8		64,6				13,8				100			

Table 5**Trend in lending operations in the Community, by sector
(ECSC, Euratom, NCI and EIB)**

<i>(million ECU) ¹</i>				
Year	Productive structure	Infra-structure	Energy	Total
1973	503,8	196,9	282,5	983,2
1974	604,0	143,4	488,2	1 227,6
1975	758,7	469,9	488,8	1 722,4
1976	1 163,5	429,9	556,4	2 149,8
1977	938,8	607,7	693,2	2 239,7
1978	745,4	1 000,0	1 089,1	2 834,5
1979	756,4	1 055,8	1 574,3	3 386,5
1980	1 277,9	1 204,7	1 680,2	4 162,8
1981	788,0	1 390,2	1 928,5	4 106,5
1982	1 726,7	1 817,4	1 802,5	5 346,6

¹ The conversion rates used were those obtaining on 31 December of the year in question in the case of ECSC loans and those obtaining on the last working day of the quarter before the contract was signed in the case of EIB, NCI and Euratom loans.

Table 6**NCI loans contracted, 1979-82**

<i>(million ECU) ¹</i>														
Country	1979			1980			1981			1982				
	Infra-structure	Energy	Total	Infra-structure	Energy	Total	Infra-structure	Energy	Total	Infra-structure	Energy	Productive sector	Total	%
Belgium	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denmark	—	—	—	—	18,1	18,1	—	—	—	48,6	47,4	—	96,0	12,1
FR of Germany	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Greece ²	—	—	—	—	—	—	—	—	—	124,9	—	—	124,9	15,8
France	—	—	—	—	—	—	40,3	—	40,3	—	—	37,6	37,6	4,8
Ireland	62,0	24,7	86,7	27,3	14,4	41,7	8,1	9,2	17,3	45,3	37,8	—	83,1	10,5
Italy ²	39,6	45,4	85,0	62,3	75,5	137,8	363,9	84,4	448,3	210,7	15,1	223,7	449,5	56,8
Luxembourg	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—	—	—	—	—	—	—
United Kingdom	25,9	79,4	105,3	—	—	—	33,9	—	33,9	—	—	—	—	—
Total	127,50	149,50	277,00	89,60	108,00	197,60	446,20	93,60	539,80	429,50	100,30	261,30	791,10	100,00
%	46,0	54,0	100	45,3	54,7	100	82,7	17,3	100	54,3	12,7	33,0	100	

¹ The conversion rates used were those obtaining on the last working day of the quarter before the contract was signed.

² Including 'earthquake' operations in 1981 and 1982.

Table 7

ECSC loans paid out, 1973-82

(million ECU) ¹

Country	1973				1974				1975				1976			
	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total
Belgium	—	0,7	0,6	1,3	10,3	—	—	10,3	40,3	1,8	—	42,1	34,6	2,7	—	37,3
Denmark	7,8	—	—	7,8	—	0,3	—	0,3	22,6	0,4	—	23,0	—	—	—	—
FR of Germany	108,1	2,4	54,2	164,7	108,5	0,6	41,0	150,1	119,3	7,9	23,7	150,9	166,7	9,7	10,5	186,9
Greece	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
France	106,0	0,8	—	106,8	82,5	0,4	1,9	84,8	112,2	4,9	—	117,1	101,9	4,3	27,0	133,2
Ireland	—	—	—	—	—	—	—	—	—	0,2	—	0,2	0,6	0,1	—	0,7
Italy	0,8	1,0	—	1,8	64,1	1,1	—	65,2	175,8	0,8	—	176,6	146,8	0,9	—	147,7
Luxembourg	—	—	—	—	—	0,4	—	0,4	0,6	0,5	—	1,1	—	0,1	—	0,1
Netherlands	3,2	0,8	—	4,0	1,8	—	—	1,8	29,5	0,9	—	30,4	38,2	0,4	—	38,6
United Kingdom	—	—	—	—	32,7	1,7	30,6	65,0	125,2	1,1	137,2	263,5	376,9	0,0	142,4	519,3
Non-EEC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	225,9	5,7	54,8	286,4	299,9	4,5	73,5	377,9	625,5	18,5	160,9	804,9	865,7	18,2	179,9	1 063,8

Country	1977				1978				1979				1980			
	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total
Belgium	15,0	0,9	—	15,9	—	1,9	—	1,9	—	0,4	—	0,4	—	—	29,2	29,2
Denmark	—	0,5	—	0,5	13,1	0,1	—	13,2	—	0,3	—	0,3	4,3	—	—	4,3
FR of Germany	28,0	5,8	81,7	115,5	111,6	5,6	21,8	139,0	122,0	6,1	2,1	149,1	98,5	0,8	29,8	129,1
Greece	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
France	125,2	0,9	48,4	174,5	89,9	2,8	34,4	127,1	99,5	3,2	28,7	131,4	237,5	0,5	37,4	275,4
Ireland	—	0,2	—	0,2	—	—	—	—	13,9	—	—	13,9	1,0	0,1	—	1,1
Italy	170,9	2,7	—	173,6	123,8	2,6	—	126,4	94,2	7,4	—	101,6	138,6	4,4	—	143,0
Luxembourg	—	0,5	—	0,5	73,5	0,5	—	74,0	19,5	0,1	—	19,6	68,6	—	—	68,6
Netherlands	—	0,5	—	0,5	42,0	0,8	—	42,8	—	0,5	—	0,5	4,6	0,3	—	4,9
United Kingdom	173,6	—	86,7	260,3	29,0	3,0	241,3	273,3	26,4	3,6	229,0	259,0	140,0	1,7	226,8	368,5
Non-EEC	—	—	—	—	—	—	—	—	—	—	—	—	6,6	—	—	6,6
Total	512,7	12,0	216,8	741,5	482,9	17,3	297,5	797,7	375,5	21,6	278,7	675,8	699,7	7,8	323,2	1 030,7

Country	1981				1982			
	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total
Belgium	—	0,5	—	0,5	17,0	1,0	—	18,0
Denmark	—	—	—	—	1,7	0,1	—	1,8
FR of Germany	53,2	5,9	33,2	92,3	89,3	5,0	90,4	184,7
Greece	—	—	—	—	10,9	0,4	—	11,3
France	86,1	2,3	24,0	111,4	10,6	3,7	54,8	69,1
Ireland	11,0	—	—	11,0	—	0,1	—	0,1
Italy	96,2	5,3	—	101,5	62,7	2,4	—	65,1
Luxembourg	—	0,1	—	0,1	5,2	0,3	—	5,5
Netherlands	—	0,5	—	0,5	43,7	0,4	—	44,1
United Kingdom	70,2	0,1	—	70,3	112,4	4,7	152,0	269,1
Non-EEC	—	—	—	—	71,8	—	—	71,8
Total	315,7	14,7	57,2	387,6	425,3	18,1	297,2	740,6

¹ The conversion rates used were those obtaining on 31 December of each year.

Table 8

Loans from EIB own resources contracted in the Community, 1973-82

(million ECU)¹

Country	1973				1974				1975				1976			
	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total
Belgium	—	—	—	—	—	—	16,1	16,1	—	—	10,8	10,8	17,9	—	—	17,9
Denmark	—	3,5	3,3	6,8	6,4	5,4	7,8	19,6	11,6	—	6,1	17,7	9,1	—	—	9,1
FR of Germany	79,0	—	125,5	204,5	26,5	—	69,6	96,1	—	—	—	—	9,2	—	101,6	110,8
Greece	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
France	53,8	85,6	31,2	170,6	45,5	56,8	91,4	193,7	8,2	128,2	20,9	158,0	—	60,1	—	60,1
Ireland	7,3	15,3	—	22,6	21,2	25,2	—	46,4	7,7	30,0	—	37,7	29,9	24,2	3,3	57,4
Italy	70,7	86,8	24,4	181,9	136,1	38,5	103,4	278,0	52,9	208,2	97,7	358,8	137,5	195,1	50,0	382,6
Luxembourg	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	31,9	31,9	—	—	—	—	—	—	30,4	30,4
United Kingdom	67,1	—	—	67,1	68,3	13,1	38,1	149,5	57,8	84,3	192,4	334,5	94,1	132,3	191,2	417,6
Non-EEC	—	—	43,3 ³	43,3	—	—	18,4 ⁴	18,4	—	—	—	—	—	—	—	—
Total	277,9	191,2	227,0	696,8	304,0	139,0	406,7	849,7	138,2	461,4	327,9	917,5	297,7	411,7	376,5	1 086,0

Country	1977				1978				1979				1980			
	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total
Belgium	—	—	—	—	—	—	62,2	62,2	8,7	—	49,7	58,4	6,2	—	147	153,2
Denmark	12,8	7,1	12,8	32,7	12,4	51,4	42,5	106,3	5,4	3,9	6,3	15,6	9,6	25,1	46,4	81,1
FR of Germany	—	—	28,4	28,4	2,3	—	43,2	45,5	4,0	—	43,8	47,8	—	—	14,2	14,2
Greece	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
France	19,6	119,5	157,4	296,5	23,6	237,6	98,1	359,3	1,7	122,1	98,9	222,7	1,7	63,4	213,9	279,0
Ireland	18,3	61,4	—	79,7	14,8	72,6	30,0	117,4	49,2	124,4	79,3	252,9	177,2	114,0	43,1	334,3
Italy	197,1	189,3	39,3	425,7	142,2	374,0	328,9	845,1	244,6	366,3	304,5	905,4	223,8	578,5	360,2	1 152,5
Luxembourg	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
United Kingdom	178,4	218,4	92,8	489,5	67,3	247,0	116,4	430,7	64,0	299,9	375,1	739,0	166,8	329,6	191,6	688,0
Non-EEC	—	—	48,8 ³	48,8	—	—	—	—	—	—	39,4 ⁵	39,4	—	—	50,9	50,9 ⁵
Total	426,2	595,7	379,5	1 041,3	262,6	982,6	721,3	1 966,5	377,6	906,6	997,0	2 281,2	586,3	1 110,6	1 067,3	2 753,2

Country	1981				1982			
	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total
Belgium	12,3	—	170,2	182,5	5,5	—	55,0	60,5
Denmark	13,3	10,6	119,0	142,9	9,8	99,2	100,3	209,3
FR of Germany	—	—	292,0	292,0 ⁶	—	—	20,8	20,8
Greece	61,2	98,0	—	159,2	138,7	144,1	50,8	333,6
France	—	67,7	159,0	226,7	39,8	72,7	311,7	424,3
Ireland	81,9	113,7	129,7	325,3	113,8	145,0	66,6	325,4
Italy	277,7	524,8	448,8	1 251,3	652,6	686,5	249,6	1 588,7
Luxembourg	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—
United Kingdom	25,8	193,0	—	218,8	79,9	222,3	188,3	490,6
Non-EEC	—	—	22,8	22,8 ⁷	—	—	—	—
Total	472,0	1 007,8	1 341,5	2 821,5	1 040,1	1 369,9	1 043,2	3 453,2

¹ The rate of exchange for the ECU is that recorded on the last working day of the three-month period preceding the signature of the contract.² Industry, agriculture and services³ Austria and Norway.⁴ Norway.⁵ Austria and Tunisia.⁶ Of which 282,1 million guarantee.⁷ Tunisia.

Table 9

List of NIC loans contracted in 1982

	Denmark	Greece	France	Ireland	Italy	Total	%
I. Ordinary loans							
A. Infrastructure							
1. Copenhagen Rødby motorway	48,6						
2. Telephones Greece		44,9					
3. Telecommunications Ireland				37,6			
4. Water supply & sewage disposal - Ireland				7,7			
5. Telephones Apulia					37,8		
6. Telephones Sicily					37,8		
7. Sewerage schemes - Bay of Naples					56,7		
Total infrastructure	48,6	44,9		45,3	132,3	271,1	42,9
B. Energy							
8. Treatment & transportation of natural gas (South Jutland)	47,4						
9. Peat-fuel power stations at Shannonbridge and Lanesborough)				23,3			
10. Cork-Dublin gasline				14,5			
11. Natural gas distribution networks (Northern Italy)					15,1		
Total energy	47,4			37,8	15,1	100,3	15,8
C. Industry							
12. Global loan: productive investment by SMEs			37,6				
13. Efficient use of energy in a cement works (Veneto)					6,8		
14. Efficient use of energy in car factories (Central and Northern Italy)					5,4		
15. Efficient use of energy Global loan: SMEs (Central and Northern Italy)					18,9		
16. Global loan: productive investment by SMEs (Central and Northern Italy)					18,9		
17. Global loan: productive investment by SMEs (Central and Northern Italy)					37,8		
18. Global loan: productive investment by SMEs (Central and Northern Italy)					60,4		
19. Global loan: productive investment by SMEs (Central and Northern Italy)					75,5		
Total industry			37,6		223,7	261,3	41,3
Total ordinary loans	96,0	44,9	37,6	83,1	371,3	632,6	100,0
of which NCI-I	48,6	—	—	31,0	5,4	85,0	—
of which NCI-II	57,2	—	—	36,5	6,3	100,0	—
of which NCI-II	47,4	44,9	37,6	52,1	365,6	547,6	—
%	8,7	8,2	6,9	9,5	66,7	100,0	—
II. Reconstruction loans							
20. Various infrastructure projects, housing and buildings		80,0					
21. Railway network					21,9		
22. Water supplies					56,5		
Total		80,0			48,4	158,4	
Total ordinary loans	96,0	44,9	37,6	83,1	371,3	632,6	80
Total reconstruction loans		80,0			78,4	158,4	20
Overall total	96,0	124,9	37,6	83,1	449,7	791	100
%	12,1	15,8	4,8	10,5	56,8	100	

Table 10**List of Euratom loans paid out in 1982**

				(million ECU)
	Title of project	Country		
18. 2.1982	NERSA XVII	France		22,01
18. 2.1982	EDF — Belleville	France		35,22
18. 2.1982	ENEL — Alto Lazio	Italy		30,05
31. 3.1982	INTERCOM Tihange III	Belgium		11,03
29. 4.1982	INTERCOM Tihange III (50%) EBES Doel III and IV (50%)	Belgium		22,07
2. 6.1982	INTERCOM Tihange III	Belgium		22,06
10. 6.1982	EBES Doel IV	Belgium		17,65
27. 7.1982	NERSA XVIII	France		19,86
30. 9.1982	EURODIF	France		33,10
29.10.1982	EURODIF	France		22,06
25.11.1982	NERSA XIX	France		50,00
30.11.1982	EDF — Belleville	France		76,66
Total				361,77

Table 11**ECSC loans paid out by sector, 1980, 1981 and 1982**

									(million ECU)
	Total ECSC loans	Coal industry (first para. of Art. 54)	Steel industry (first para. of Art. 54)	Thermal power stations (second para. of Art. 54)	Con- version (Art. 56)	Workers' housing (Art. 54)	Iron ore mines (second para. of Art. 54)	Other (second para. of Art. 54)	
1980	1 030,7	233,2	424,0	90,0	266,1	7,9	—	9,6	
1981	387,6	30,6	223,6	26,6	86,0	14,7	—	6,1	
1982	740,6	256,3	139,8	40,9	162,8	18,0	71,8	51,0	
1982 1981	%	+ 91	+ 738	— 37	+ 54	+ 89	+ 22	+ 736	

Table 12

EIB loans outside the Community from borrowings; 1976-82

(million ECU) ¹							
Country	1976	1977	1978	1979	1980	1981	1982
ACP States and OCT	52	67	91	73	124	158	122
<i>Northern Mediterranean</i>	<i>90</i>	<i>85</i>	<i>80</i>	<i>186</i>	<i>215</i>	<i>129</i>	<i>252</i>
Spain	—	—	—	—	—	40	105
Portugal	90	60	35	46	70	79	80
Yugoslavia	—	25	25	—	—	—	67
Greece	—	—	20	104	101	—	—
Turkey	—	—	—	36	44	10	—
<i>Maghreb</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>50</i>	<i>25</i>	<i>52</i>	<i>—</i>
Algeria	—	—	—	—	20	10	—
Morocco	—	—	—	26	—	30	—
Tunisia	—	—	—	24	5	12	—
<i>Mahreq</i>	<i>—</i>	<i>—</i>	<i>3</i>	<i>109</i>	<i>7</i>	<i>15</i>	<i>28</i>
Egypt	—	—	—	65	—	—	28
Jordan	—	—	—	11	4	3	—
Lebanon	—	—	3	17	3	12	—
Syria	—	—	—	16	—	—	—
<i>Other</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>3</i>	<i>—</i>	<i>42</i>	<i>8</i>
Cyprus	—	—	—	—	—	12	8
Malta	—	—	—	3	—	—	—
Israel	—	—	—	—	—	30	—
Total Mediterranean	90	85	83	348	247	238	288
Total	142	152	174	421	371	396	410

¹ The conversion rates used were those obtaining on the last working day of the quarter before the contract was signed.

Table 13

Interest subsidies granted in the Community by the various Community mechanisms, 1973-82

Interest subsidies granted in the Community by the various Community mechanisms, 1973-82

(million ECU)

Year	Non-discounted systems ¹			'Earthquake' reconstruction	Discounted systems ²	
	ECSC		EMS		ERDF	
	Article 54 (restructuring)	Article 56 (restructuring)				
1973	0,6	3	—	—	—	
1974	6,1	5,4	—	—	—	
1975	6,4	6,6	—	—	—	
1976	3,4	6,7	—	—	—	
1977	2,5	17,3	—	—	—	
1978	12,2	18,1	—	—	—	
1979	21,7	25,5	—	200,0	12,1	
1980	25,6	33,3	—	197,0	—	
1981	5,2	26,2	—	193,2	—	
1982	10,5	19,3	3,0	209,8	—	

¹ Interest subsidies spread over time and charged to the budget each year.

² Interest subsidies paid by the Commission as a single capitalized sum and charged to the budget as a single sum.

Table 14**EMS interest subsidies, 1982 financial year: Italy**

<i>(million ECU)</i>			
Borrower	Project	Loan	Interest subsidy
<i>NCI loans</i>			
SIP (Società Italiana per l'Esercizio Telefonico)	Extensions to the telephone network:		
	— in Apulia	37,4	7,9
	— in Sicily	37,4	7,9
	NCI total	74,8	15,8
<i>EIB loans</i>			
AGIP SpA	Natural gas fields in the Adriatic: 'Porto Corsine', 'Barbara' and 'Ada'	75,4	12,1
SNAM SpA	Algeria-Italy gasline, section between Melizzano (Campania) and Civita Castellana (Latium)	90,4	17,5
	Gasline linking TAG system to Italian grid	4,2	0,8
Azienda Municipalizzata Gas e Acqua	Natural gas grid supplying Bologna	4,5	0,9
Fiorentina Gas SpA	Natural gas distribution in the Arno valley	3,7	0,6
IMI (Istituto Mobiliare Italiana)	Global loan for financing energy infrastructure schemes	15,3 ¹	2,5 ¹
Cassa per il Mezzogiorno	Water supply		
	— Naples/Campania	22,5	4,5
	— Sardinia (West & South)	26,2	5,1
	— Apulia (Pertusillo & Fortore aqueducts)	41,3	8,2
Cassa per il Mezzogiorno	Irrigation and drainage (Molise, Apulia, Basilicata, Calabria and Sardinia)	15,0	3,0
	Industrial estates:		
	— Sicily	30,1	6,0
	— Sardinia, Apulia and Abruzzi	15,1	3,0
ANAS (Azienda Nazionale Autonome delle Strade)	Road:		
	— Abruzzi	24,9	5,2
	— Alpine crossing points	26,0	5,0
	— Basilicata	25,2	4,8
SIP	Extension to telephone network:		
	— in Calabria	75,3	12,3
	— in Apulia	67,1	14,0
	— in Sicily	74,6	15,8
	EIB total	636,8	121,3
	Grand total	711,6	137,1

¹ Estimate.

Table 15

EMS interest subsidies, 1982 financial year: Ireland

(million ECU)			
Borrower	Project	Loan	Interest subsidies
<i>NCI loans</i>			
Electricity Supply Board	Peat-fired power stations: Shannonbridge and Lanesborough	23,0	3,3
Bord Gais Eireann	Gasline between Cork and Dublin	14,5	1,6
Irish Government	Water supply and sewage disposal schemes	7,7	1,7
Irish Government	Extension and modernization of telecommunications	37,6	7,3
	NCI total	82,8	13,9
<i>EIB loans</i>			
Electricity Supply Board	Coal-fired power station at Moneypoint	40,5	9,6
Bord Gais Eireann	Gasline between Cork and Dublin	26,0	2,7
Irish Government	Drainage of Farmland	4,4	1,1
Irish Government	Water supply and sewage disposal schemes	7,3	1,8
Industrial Development Authority	Construction of turnkey and custom-built factories	16,9	4,2
Shannon Free Airport Development Company Ltd	Construction of turnkey and custom-built factories	11,5	2,8
Irish Government	Industrial and agricultural training centres	7,9	1,7
Irish Government	Improvements to road network:		
	— IIIB	10,2	2,4
	— IV	14,4	3,6
Irish Government	Extension and modernization of telecommunications	108,5	28,9
	EIB total	247,6	58,8
	Grand total	330,4	72,7

Table 16**EMS interest subsidies paid from 1982 appropriations
(by country, instrument and sector)**

	Subsidized loans		Interest subsidies paid	
	Number	million ECU	million ECU	%
<i>By recipient country</i>				
— Italy	20	711,6	137,1	65,3
— Ireland	14	330,4	72,7	34,7
	34	1 042,0	209,8	100,0
<i>By origin of resources lent</i>				
— NCI	6	157,6	29,7	14,2
— EIB	28	884,4	180,1	85,8
	34	1 042,0	209,8	100,0
<i>By sector of use</i>				
Energy:				
— Primary energy production	1	75,4	12,1	5,8
— Transformation of energy	2	63,5	12,9	6,1
— Transmission of energy	6	143,3	24,1	11,5
— Global loan	1	15,3 ¹	2,5 ¹	1,2
Sub-total: Energy	10	297,5	51,6	24,6
Other infrastructure				
— Water engineering	7	124,4	25,4	12,1
— Industrial infrastructure	5	81,5	17,7	8,4
— Transport and communications	12	538,6	115,1	54,9
Sub-total: Other infrastructure	24	744,5	158,2	75,4
Total	34	1 042,0	209,8	100,0

¹ Estimate.

Table 17

'Earthquake' reconstruction loans carrying interest subsidies: Italy

(million ECU)			
Borrower	Project	Total loans contracted	Interest subsidies paid from 1982 appropriations
<i>NCI loans</i>			
ANAS (Azienda Nazionale Autonoma delle Strade)	Road and motorway infrastructure	30,8	0,774
Azienda Autonoma delle Ferrovie dello Stato (FS)	Railway network A	28,4	0,713
	Railway network B	21,9	—
Cassa per il Mezzogiorno	Water supply network I	26,1	0,688
Cassa per il Mezzogiorno	Repair of Pugliese aqueduct I	56,5	—
Italian Government	Repair and reconstruction of schools	55,7	—
Italian Government	Basic infrastructure for areas to be used for housing	155,2	—
	NCI total	374,6	2,175
<i>EIB loans</i>			
sip (Società Italiana per l'Esercizio Telefonico)	Telephone network A	11,9	0,219
	Telephone network B	8,0	0,191
	Telephone network C	7,6	—
ENEL (Ente Nazionale per l'Energia Elettrica)	Electricity grid A	11,9	0,219
	Electricity grid B	7,6	—
Cassa per il Mezzogiorno	Water supply network II	11,5	0,232
	Water supply network III	30,4	—
Cassa per il Mezzogiorno	Repair of Pugliese aqueduct II	56,7	—
ISVEIMER (Istituto per lo Sviluppo Economico dell'Italia Meridionale)	Rehabilitation of SMEs (industry and hotel trade)	2,6	—
	EIB total	148,2	0,861
	Grand Total	522,8	3,036

Table 18

'Earthquake' reconstruction loan carrying interest subsidy: Greece (1982)

(million ECU)			
Borrower	Project	Loan signed	Interest subsidies paid from 1982 appropriations
<i>NCI loan</i>			
Greek Government	1981 reconstruction:		
	— economic infrastructure	21,1	—
	— social infrastructure	58,9	—
	Total	80,0	—

Table 19**Subsidized loans for reconstruction in earthquake-stricken areas
(by country, instrument and sector)**

	Loans signed					Interest subsidies paid in 1982	
	Situation at start 1982	1982 operations	Situation at end of 1982			million ECU	%
	million ECU	million ECU	Number	million ECU	%		
<i>By recipient country:</i>							
— Italy	328,0	194,8	16	522,8	86,7	3,036	100,0
— Greece	—	80,0	1	80,0	13,3	—	—
	328,0	274,8	17	602,8	100,0	3,036	100,0
<i>By origin of resources lent:</i>							
— NCI	296,2	158,4	8	454,6	75,4	2,175	71,6
— EIB	31,8	116,4	9	148,2	24,6	0,861	28,4
	328,0	274,8	17	602,8	100,0	3,036	100,0
<i>By sector of use:</i>							
— Economic infrastructure	117,1	213,3	—	330,4	54,8	3,036	100,0
— Social infrastructure	210,9	58,9	—	269,8	44,8	—	—
— Reconstruction of means of production	—	2,6	—	2,6	0,4	—	—
	328,0	274,8	17	602,8	100,0	3,036	100,0

Table 20**ECSC interest subsidies granted in 1982**

	(million ECU)									
	Belgium	Denmark	FR of Germany	France	Ireland	Italy	Luxem- bourg	Nether- lands	United Kingdom	Total
Article 54	—	—	5,8	0,5	—	—	—	0,6	3,6	10,5
Article 56	2,4	0,3	5,3	—	0,4	—	0,7	0,6	9,6	19,3
Total	2,4	0,3	11,1	0,5	0,4	—	0,7	1,2	13,2	29,8

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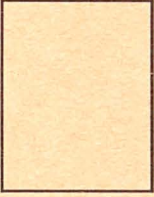
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