

EUROPEAN ECONOMY

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

**Commission report to the Council
and to Parliament on the borrowing
and lending activities
of the Community in 1983**

No 21 September 1984

'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 — '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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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	Japanese yen
CAD	Canadian dollar
ÖS	Austrian schilling

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 'basket-type' currency unit made up of specific amounts of Member States' currencies, determined mainly by reference to the size of each Member State's economy.

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

The Act of Accession of Greece to the Communities provides that the drachma is to be effectively included in the ECU before 31 December 1985 if the composition of the basket is changed before then pursuant to the procedures and under the conditions laid down in the resolution of the European Council of 5 December 1978 on the European Monetary System.

In any event, the drachma will be included by 31 December 1985 at the latest.

Calculation and publication

The equivalent of the ECU in any currency is equal to the sum of the equivalents of the amounts making up the unit.

The ECU is calculated each day on the basis of representative rates for each Community currency against the dollar, which is used simply as a common reference for expressing exchange rates. The exchange rates are established on each exchange market at 2.30 p.m. by the relevant central bank; on the basis of these rates, the Commission establishes an ECU equivalent in the Community currencies and in the other major currencies.

These equivalents are published each day in the Official Journal of the European Communities ('C' edition) and may also be obtained from the Commission by telex automatic answering service; they are also reported by the main European press agencies and are published in many newspapers.

II. Value of the ECU at 31 December 1983

BFR/LFR convertible	46,0969
BFR/LFR financial	46,7878
DM	2,25748
HFL	2,53713
UKL	0,570600
DKR	8,18269
FF	6,90358
LIT	1 371,99
IRL	0,728961
DR	81,7773
USD	0,827370
SFR	1,80408
Yen	191,743

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. That 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, as far as the NCI and Euratom are concerned, Part II of the preliminary draft 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 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 operation 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 fourth 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 1983.

It was drawn up to meet the wishes expressed by Parliament on various occasions, and in particular 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;²
- (ii) the activities of the NCI, in accordance with Article 6 of the Council Decision of 16 October 1978 (NCI I),³ Article 6 of the Council Decision of 15 March 1982 (NCI II)⁴, and Article 7 of the Council Decision of 19 April 1983 (NCI III);⁵
- (iii) the EMS interest subsidy instrument, in accordance with Article 10 of the Council Regulation of 3 August 1979;⁶

- (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;⁷

- (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 1981.⁸

Like the previous reports, this report, which covers the 1983 financial year, provides a complete picture of the borrowing and lending activities of the Community instruments within the Community. It reviews 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.

It also includes loans granted by the Community in third countries from the proceeds of borrowing on capital markets. These loans concern the ACP States, 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).

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 5.3.1981: OJ C 287, 9.11.1981.

² Decision 77/270/Euratom: OJ L 88, 6.4.1977.

³ Decision 78/870/EEC: OJ L 298, 25.11.1978.

⁴ Decision 82/169/EEC: OJ L 78, 24.3.1982.

⁵ Decision 83/200/EEC: OJ L 112, 28.4.1983.

⁶ Decision 79/691/EEC: OJ L 200, 8.8.1979.

⁷ Decision 81/19/EEC: OJ L 37, 10.2.1981.

⁸ Decision 81/1013/EEC: OJ L 367, 23.12.1981.

1. Investment in the Community

1.1. Improving performance in the Community

Capital spending in Member States totalled 480 000 million ECU in 1983, 4,3% higher than in 1982 and equivalent to 18,5% of the value of Community GDP at market prices. However, the increase in value terms was due exclusively to the prices of fixed capital goods rising by 5,2% between 1982 and 1983; in volume terms, total investment was 0,9% down on 1982. With a volume of 250 000 million ECU,¹ investment in 1983 was virtually the same as in 1977 and almost 8% lower than its peak in 1980.

Despite this further fall in the real value of investment in the Community in 1983, there are now encouraging signs of an end to this protracted investment crisis, as a result of

¹ At 1975 prices and exchange rates.

which the Community has experienced a slowdown in productivity growth and a deterioration in competitiveness. After falls of 4,8% in 1981 and 1,6% in 1982, the trend of investment in 1983 showed something of a reversal in that a revival setting in towards the end of the year made it possible to hold the decline for the year as a whole to 0,9%.

1.2. Widely varying results between countries

In 1983, the volume of investment rose in four countries (Denmark, Germany, the Netherlands and the United Kingdom), compared with three in 1982 (Denmark, France and the United Kingdom) and none in 1981. The year 1984 is expected to see increased investment in seven countries. The rates of growth recorded in two of those countries in the second half of 1983 (9,7% in Germany and 5,3% in the Netherlands) are a measure of the strength of the revival.

Investment in the Community

	1982/81			1983/82		
	Total	Construction	Plant and machinery	Total	Construction	Plant and machinery
Belgium	- 2,6 (100)	- 6,3 (65,2)	3,3 (34,8)	- 6,0 (100)	- 6,3 (65,2)	- 5,5 (34,8)
Denmark	6,0 (100)	- 1,9 (55,3)	16,3 (44,7)	2,1 (100)	- 0,7 (54,1)	5,1 (45,9)
Germany	- 5,4 (100)	- 4,5 (61,7)	- 6,6 (38,3)	2,4 (100)	0,9 (60,8)	4,4 (39,2)
Greece	- 1,0 (100)	- 8,8 (56,6)	9,1 (43,4)	- 4,1 (100)	4,0 (59,8)	- 13,0 (40,2)
France	1,1 (100)	- 2,0 (56,9)	3,4 (43,1)	- 3,2 (100)	- 4,7 (57,0)	- 2,2 (43,0)
Ireland	- 8,4 (100)	- 11,9 (53,8)	- 4,6 (46,2)	- 9,3 (100)	- 9,5 (53,0)	- 9,1 (47,0)
Italy	- 5,3 (100)	- 2,7 (59,5)	- 8,2 (40,5)	- 6,5 (100)	- 3,0 (61,7)	- 10,5 (38,3)
Luxembourg	- 0,1 (100)	2,1 (67,1)	- 4,3 (32,8)	- 7,5 (100)	- 6,3 (67,8)	- 10,0 (32,2)
Netherlands	- 5,0 (100)	- 7,9 (61,1)	0,4 (38,9)	1,1 (100)	- 2,1 (58,1)	6,5 (41,9)
UK	5,8 (100)	10,6 (52,2)	1,1 (47,8)	4,2 (100)	5,5 (53,2)	2,4 (46,8)
EC 10	- 1,6 (100)	- 1,7 (55,1)	- 1,6 (44,9)	- 0,9 (100)	- 0,6 (55,2)	- 1,3 (44,8)

	Aggregate investment ratio (as % of GDP)		Public investment as a proportion of total investment (%)	
	1982	1983	1982	1983
Belgium	17,0	15,8	20,3	18,9
Denmark	16,5	16,4	17,3	14,9
Germany	20,5	20,5	14,5	13,0
Greece	19,4	19,0	17,3	20,6
France	20,9	20,1	14,3	14,3
Ireland	25,5	22,2	27,0	28,2
Italy	19,0	17,9	21,6	24,8
Luxembourg	24,4	23,3	28,5	28,4
Netherlands	18,3	18,4	15,9	15,1
UK	15,4	15,2	10,9	12,3
EC 10	19,0	18,6	16,3	16,5

In contrast to this healthy performance, however, other countries were experiencing continued, or indeed growing, difficulties in maintaining an adequate level of investment. In Belgium, Greece, France, Ireland, Italy and Luxembourg, gross fixed capital formation fell between 1982 and 1983. In the case of Italy, Greece and, above all, Ireland, this poor

performance marked a sharp break with the situation three or four years earlier. Except in Germany, the volume of investment in 1983 was, as a rule, barely higher than in 1975. Indeed, it was in some cases much lower (Benelux countries and Denmark), or fell a long way short of the best performances recorded in recent years.

Volume of GFCF in Member States in 1982 and 1983

(1975 = 100)

B	DK	D	GR	F	IRL	I	L	NL	UK
88,2	88,5	115,8	107,0	105,0	141,0	111,5	95,0	90,6	97,3
82,9	90,4	118,6	102,6	101,7	127,9	104,2	87,9	91,6	101,4

Highest level recorded compared with 1975

108,1	119,8	126,0	134,1	106,4	155,1	118,0	113,5	111,5	103,9
(1980)	(1972)	(1980)	(1973)	(1980)	(1979)	(1980)	(1974)	(1978)	(1973)

1.3. Revival of investment in plant and machinery

Investment in the modernization of production processes has been the key factor in the growth in fixed capital spending in recent years. In four countries (Denmark, Germany, the Netherlands and the United Kingdom), the growth in fixed capital formation in 1983 resulted from buoyant demand for plant and machinery; this trend in demand is expected to continue in 1984 and to spread to most Community countries. Orders from European industry will however have some adverse effects on trade equilibria since supply from within the Community does not always meet users' technological requirements. In recent years, this mismatch has been reflected in growing penetration of the Community market by sophisticated equipment from the United States and Japan.

1.4. Contraction in the share of public investment and of investment in building and construction

In 1983, gross fixed capital formation in four countries (Denmark, Germany, the Netherlands and the UK) was, broadly speaking, accompanied by a fall in capital spending financed by the budgetary authorities. This reduced use of public funds, which was dictated by the resolve to hold down public deficits, was particularly noticeable in Denmark and Germany and, to a lesser extent, in the Netherlands.

By contrast, the public sector made a substantial contribution to investment in 1983 in Greece, Ireland and Italy, although this did not make up for the general contraction in capital spending since 1980.

In the United Kingdom, the revival in building and construction was underpinned in part by publicly financed housing programmes.

The United Kingdom apart, activity remained slack in building and construction and in civil engineering. The volume of investment in housing and in non-residential construction has been declining steadily for a number of years, reflecting both the disincentive effect of high interest rates, especially on private individuals' building decisions, and the continued slowdown in productive investment, which will not pick up again until the economic recovery becomes established.

2. Community action to promote investment

In line with the priorities adopted by the European Council in 1982 and 1983, and in particular at its meetings in Copenhagen and Stuttgart, promoting investment continued to be one of the Commission's main concerns throughout 1983. This was reflected in a number of initiatives.

2.1. A more favourable environment

All through 1983, the Commission continued its work on investment in an effort to help reverse the trend observed in the three preceding years.

In 1982 already, it had endeavoured to provide a framework for the initiatives and proposals for a coordinated investment policy¹ and to identify areas for action likely to improve or to create some of the conditions conducive to investment.² In 1983 it pressed ahead with its work on two fronts:

- (i) It undertook an analysis of Member States' current tax and financial measures to promote investment. In April 1983, it presented a communication on the subject which, starting from a comparison of experience in member countries, identifies a number of useful measures and possible improvements in the tax and financial environment for businesses which would help to increase the internal resources available for investment and to expand the supply of risk capital.³ It recommended that such measures be adopted or reinforced in the light of the particular situation in each country.
- (ii) In April 1983, the Commission sent the Council a Communication on financial integration in the Community,⁴ in which, noting the weakness of the Community's financial dimension measured against its economic potential, it takes the view that savings can be mobilized for the benefit of investment by taking full advantage in the financial field of the Community's economic weight. It proposes two main lines of action:
 - liberalization of capital flows as and when headway is made in restoring external positions and achieving closer convergence of economic performances, the principal aims being the establishment of a European risk capital market and expansion of the financial use of the ECU;
 - development of a more unified network of financial services in the banking, insurance and stock exchange fields and the promotion of new financial instruments for ensuring efficient movement of capital within this enlarged financial area.

¹ Communication from the Commission to the Council of 8.6.1982 on the problem of investment, published in *European Economy*, No 14, November 1982.

² Communication from the Commission to the Council of 14.10.1982 on initiatives for promoting investment, published in *European Economy*, No 14, November 1982.

³ Published in *European Economy*, No 16, July 1983.

⁴ COM(83)207 final of 18.4.1983, published in *European Economy*, No 18, November 1983.

2.2. 1983: Year of Small and Medium-sized Enterprises (SMEs)

The Commission, Parliament and the Economic and Social Committee decided to declare 1983 the Year of Small and Medium-sized Enterprises. The organizations representing the interests of SMEs at national and European level were involved in the various initiatives launched. Those initiatives had their basis in the finding that SMEs are one of the most effective vehicles for creating jobs and for disseminating technological innovation in a flexible and rapid manner.

Alongside the information campaigns undertaken by the various Community institutions, including the Economic and Social Committee, as well as the meetings and symposia held on the subject and the studies carried out, notably for the purpose of the Parliament's action programme for a Community policy on SMEs and craft industries, Commission activity in the field of lending took three main forms:

- (i) A substantial increase in loans actually granted by the Community to SMEs through the NCI, the ECSC or the EIB. These totalled 1 264 million ECU, in 1983 as against 907 million ECU in 1982, giving a rise of nearly 40%.
- (ii) Continuation of the drive to promote the financing of SMEs: it was decided that the financing of investment by SMEs in industry and in the other productive sectors would be a priority area for NCI operations.⁵

This priority was confirmed and spelt out more clearly in the Council implementing Decision of 13 June 1983⁶ and in the guidelines sent by the Commission to the EIB indicating how it would like to see the broad policy laid down by the Council applied.
- (iii) Presentation of a proposal for establishing a Community mechanism for financing innovation by SMEs (see point 3.2.).

2.3. Facilitating structural adjustment

The Commission's third line of action during the year was to promote, through the financial resources at its disposal, the technological and financial developments best suited to assisting the European economy in making the structural adjustment necessary to its recovery. This took two main forms:

- (i) The priority tasks assigned to the NCI. Pursuant to the first decision implementing NCI III and under the

⁵ Decision 83/200/EEC: OJ L 112, 28.4.1983, p. 26.

⁶ Decision 83/308/EEC: OJ L 164, 23.6.1983, p. 31.

corresponding guidelines, these include in particular the financing of new technologies. Priority is to be given not only to the efficient use of energy but also to infrastructure projects linked to the expansion of productive activities, such as telecommunications or information technology, and to investment projects undertaken by SMEs.

- (ii) The Commission proposal to the Council concerning a set of decisions on the financing of innovation. This proposal follows on directly from the conclusions of the European Council in March 1982, which stressed the importance of stimulating productive investment and promoting innovation.

3. Guidelines and decisions relating to the lending and borrowing mechanisms

3.1. New Community Instrument (NCI)

By the end of 1982, virtually all the funds from NCI II had been committed. Out of the 1 000 million ECU authorized by the Council for NCI II, loans totalling 548 million ECU had been signed, the balance being accounted for by loans declared eligible by the Commission.

As early as October 1982, the Commission had therefore asked the Council for authorization to continue and expand NCI operations. On 19 April 1983, following a conciliation procedure with Parliament the Council adopted a decision empowering the Commission to contract loans up to a ceiling of 3 000 million ECU (NCI III).¹

In February 1983, the Commission had already presented a proposal for an implementing decision authorizing a 1 500 million ECU tranche. The proposal was adopted by the Council on 13 June 1983.²

This first tranche under NCI III gave the Council the opportunity to reaffirm the guidelines adopted for NCI II, notably the extension to investment projects by SMEs.

Authorization was also given for the financing of investment projects by larger businesses, and the importance of disseminating innovation and new technology was stressed.

The field of application of the new tranche was specified by the Commission in the guidelines it sent to the European

Investment Bank indicating how it would like to implement the broad policy laid down by the Council. The Commission:

- (i) confirmed and reinforced the priority accorded to investments by SMEs in industry and in services directly linked to production;
- (ii) made it clear that projects in the productive sector carried out by businesses that were larger in size than SMEs would be eligible only if they permitted the application of advanced technologies and were cooperative efforts of businesses from different Member States;
- (iii) indicated that, in the energy sector, special attention had to be paid to projects promoting the efficient use of energy;
- (iv) took the view that infrastructure projects should be treated as a first priority where they were linked to the expansion of productive activities.

3.2. Financing of innovation

The Commission drew attention at a very early stage to the decline in productive investment by businesses in Europe and to the deterioration in their competitiveness. It has worked to bring about a reversal in this tendency by proposing — and securing agreement for — a strengthening of lending instruments and an expansion of lending in favour of investment.

However, such action is confined to traditional investment, whereas, given the new international division of labour that is developing, it is now important that businesses in Europe should be able to control and promote technological development.

This was why the Commission took the initiative in June 1983 of proposing to the Council that the NCI be used to establish a Community mechanism to finance innovation by SMEs.³

The financing of innovation, defined as the introduction of new products, services, production methods or marketing and management techniques in the economy, has a number of special features:

- (i) abnormally high risk when measured against banking criteria;
- (ii) delay in return;
- (iii) need for a large market.

¹ Council Decision 83/200/EEC: OJ L 112, 28.4.1983, p. 26.

² Council Decision 83/308/EEC: OJ L 164, 23.6.1983, p. 31.

³ Towards Community financing of innovation in small and medium-sized enterprises, COM(83)241 of 7.6.1983 and OJ C 178, 5.7.1983.

Moreover, SMEs, which are a source and vehicle of innovation, encounter special financing difficulties that derive from their undercapitalization, their overindebtedness and the absence or inadequacy of conventional security.

To remedy these difficulties, the Commission is seeking authorization to make available to innovative SMEs a financial product ('the European Innovation Loan') that would be a combination of loans financed by borrowings (a special tranche of 100 million ECU under NCI III) and of grants financed out of budgetary resources.

Parliament strongly endorsed the proposal, stressing in particular the value of making the mechanism available to the smallest SMEs. Work on it at the Council, which started in autumn 1983, has brought to light certain anxieties about the budgetary implications of the proposed mechanism. It was therefore decided, at the beginning of 1984, to investigate possible technical improvements which might make it possible to contain the budgetary cost while still keeping the basic purpose of the proposed mechanism, and without modifying it out of all recognition.

3.3. Interest subsidies granted in the context of the European Monetary System

Pursuant to the Council Regulation of 3 August 1979,¹ the less prosperous Member States effectively and fully participating in the European Monetary System may be granted interest subsidies financed by the Community budget on NCI and EIB loans made mainly for infrastructure projects. Italy and Ireland were recognized by the Council as being eligible. The regulation, which was valid for five years, lapsed on 31 December 1983.

The Commission took the view that the differences between Member States' levels of development were still significant and that further efforts should therefore be made to assist Ireland and Italy.

Accordingly, on 11 May 1983, it adopted and transmitted to the Council a proposal for a regulation² extending for two years the system of interest subsidies established by the Council on 3 August 1979. Parliament endorsed the Commission's proposal.

¹ Decision 79/1736/EEC: OJ L 200, 8.8.1979, p. 1.

² COM(83)275: OJ C 163, 22.6.1983.

3.4. Euratom

In accordance with the last Council Decision of 15 March 1982 empowering it to contract loans (82/170/Euratom), the Commission has to inform the Council when the total value of transactions effected reaches 1 800 million ECU. Since that level has been virtually reached, the Commission will propose to the Council a draft decision raising the total amount of loans that the Commission is empowered to contract.

3.5. European Coal and Steel Community (ECSC)

On 16 July 1983 the Commission published in Official Journal C 191 new operating principles for ECSC conversion loans (Article 56 of the ECSC Treaty).

The most noteworthy change is the increase in the interest subsidy, which goes up from 3% to 5% for global loans. There are also significant changes in the definition of SMEs and in the size of loans made, the relevant lending criteria having been relaxed and widened, and the manner in which the social clause is applied has been modified.

3.6. European Investment Bank (EIB)

Through a further strong expansion of its financing operations, the Bank contributed in 1983, in accordance with the task assigned to it by the Treaty of Rome, to the development of the least-favoured regions, to the reduction in the Community's dependence on imported oil and to the modernization or conversion of European industry, notably through the wider application of advanced technology. In this, it has acted in line with the conclusions of the European Council which called for higher investment and job creation.

As regards its activities outside the Community, the Bank was authorized by its Board of Governors to go on granting pre-accession aid to Portugal (75 million ECU) and to continue financial cooperation with Spain (100 million ECU) in the period between 1 July 1983 and 30 June 1984. The year also saw the entry into force of the second financial protocols concluded with the Maghreb and Mashreq countries for the period up to 31 October 1986. The financial protocol concluded with Israel in June 1983 took effect on 1 January 1984.

3.7. Community coordination of borrowing and lending operations

3.7.1. Coordination of borrowing

Coordination of borrowing between the Commission and the EIB took much the same form in 1983 as in 1982.

It will be recalled that such coordination results:

- (i) from the fact that it is 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 EIB's lending and borrowing policy;
- (ii) from the close, permanent links that exist between the Commission and the EIB.

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 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 made it possible to safeguard the Community's borrowing capacity. This was again apparent in 1983, when substantial borrowing for balance-of-payments support purposes did not give rise to abnormally high demand on certain markets. It must be acknowledged though that on this occasion the Community borrowed partly at floating rates, a technique which it does not usually employ.

3.7.2. Coordination of lending

Lending too is coordinated 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 arrangements specifying the role and responsibilities of each party.

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 details of this coordination, both with the EIB and within the Commission, have also been modified over the years to take account of experience gained and of changes in the Community's financial instruments. There were thus two new developments in 1983.

Firstly, the recent success of NCI loans for SMEs has given the NCI something of a specific bias and also greater autonomy. The Commission has reaffirmed and accentuated this trend by indicating to the EIB how it would like to implement the broad policy laid down by the Council for the first NCI III tranche. As a result, operations under the NCI and therefore also under the other instruments have become more transparent.

Secondly, in response to the request from the Stuttgart European Council on 17-19 June 1983 that it make 'full use of Community financial instruments in a coordinated manner to sustain and consolidate the economic recovery', the Commission carried out an in-depth examination of the various structural Funds, the findings of which were set out in a communication to the Council and to Parliament,¹ and undertook at the same time to reinforce the internal coordination procedures with a view to harmonizing still further the practical operating methods of the lending instruments.

4. Borrowing

4.1. Situation on capital markets in 1983

4.1.1. General

Borrowing on financial markets fell appreciably, from 159 100 million ECU in 1982 to 138 200 million ECU in 1983, a decline of 13%. This was due to a sharp fall of

¹ COM(83)501.

27 800 million ECU in the volume of Eurocredits (syndicated bank credits). By contrast, bond issues were 6 800 million ECU up on the already high level recorded in 1982.

The decline was attributable in part to the fall-off in demand from the industrialized countries and in part to banks' reluct-

ance to make loans to developing countries whose economic situation was particularly precarious. A substantial volume of Eurocredits was granted under debt rescheduling agreements and the drop in new loans was therefore more marked than appears from the table.

Volume of international capital markets, 1982-83

	(million ECU)						
	1982		%	%	1983		Variation
International bond issues ¹	60 749		38,2		67 592	48,9	+ 11,3
— conventional foreign bonds		16 847		10,6		17 633	+ 4,7
Syndicated bank credits	98 382		61,8		70 620	51,1	- 28,2
Total	159 131		100,0		138 212	100,0	- 13,1

¹ Public issues only.
Source: EIB.

4.1.2. International bond markets

The positive trend recorded on the bond market is due to the fact that this market is tapped primarily by borrowers

with a good credit rating. Companies and governments issued bonds not only to meet their financing needs but also with a view to restructuring their external debt; even banks were active on the market with issues and subscriptions.

International bond issues¹ by debtor country

	(million ECU)			
	1982	%	1983	%
1. Industrialized countries	50 765	83,6	57 952	85,7
Borrowers from EC countries	15 037	24,8	23 660	35,0
(of which EC organizations)	(2 779)	(4,6)	(6 658,1)	(9,9)
Other industrialized countries	35 728	58,8	34 292	50,7
2. Developing countries	3 077	5,0	1 940	2,9
OPEC countries	317	0,5	378	0,6
Other developing countries	2 760	4,5	1 562	2,3
3. Eastern European countries	—	—	—	—
(including Comecon organization)	—	—	—	—
4. Other international organizations ²	6 907	11,4	7 700	11,4
Total	60 749	100,0	67 592	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

With regard to issuing techniques, variable-rate bonds expanded significantly in 1983, partly in response to the uncertainty surrounding interest-rate movements. To a large extent, such bonds, in which there is an active secondary

market, are thus taking the place of Eurocredits. Convertible bonds or bonds with warrants attached were also well received by investors in view of the favourable prospects for share prices.

The proportion of borrowing accounted for by borrowers from the Community rose sharply, from 24,8% in 1982 to 35% in 1983. Borrowing by the Community institutions in particular climbed from 4,6% to 9,9% of the total.

4.1.3. Interest rates and currencies of borrowing

The decline in the yield on Eurocurrencies that occurred in 1982 came to a halt in 1983. On most international markets, rates remained broadly stable or even rose slightly at times. Only on the Eurofranc market did rates continue to fall appreciably.

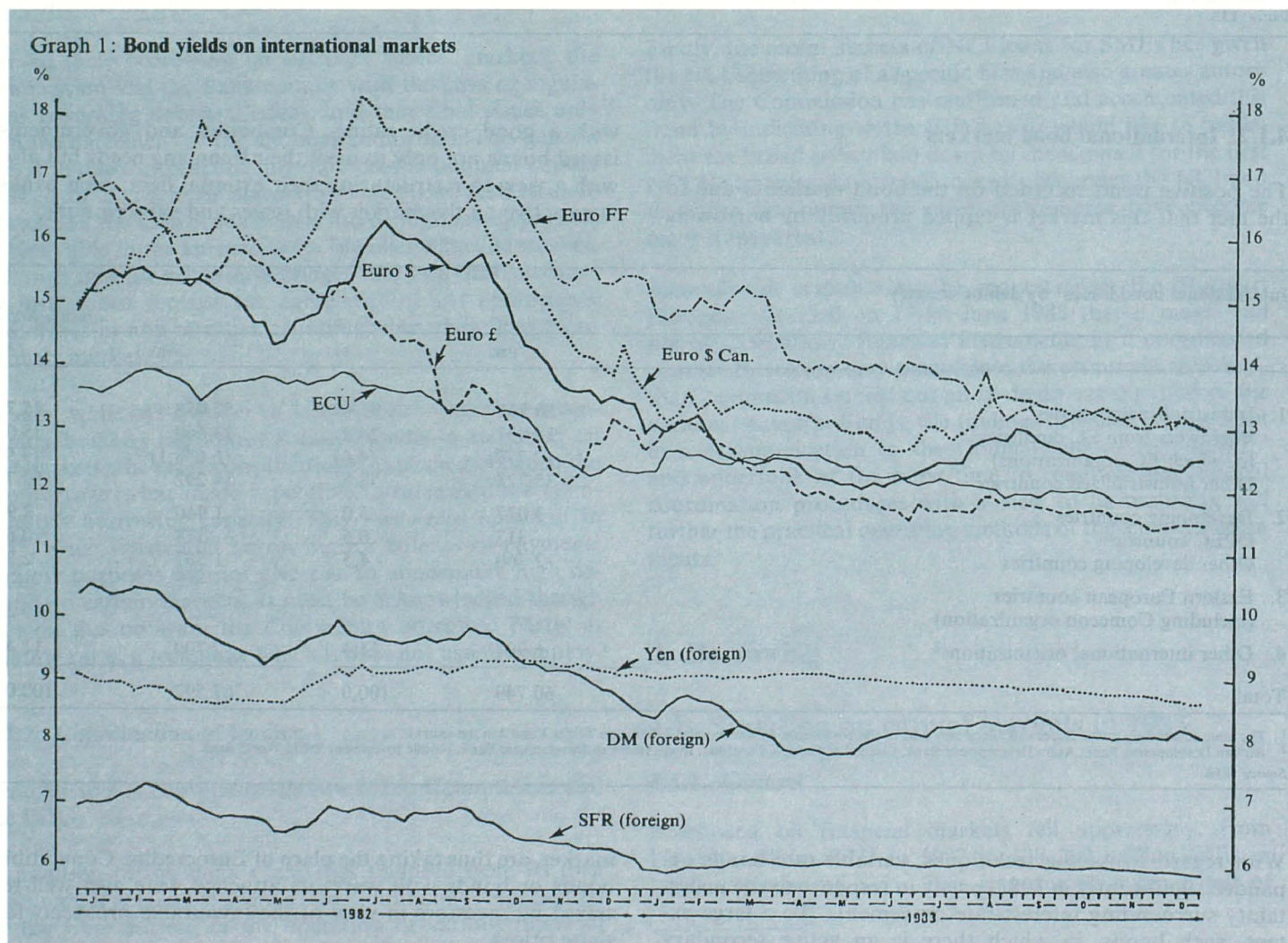
On countries' national markets, the significant fall in rates recorded in those countries where, in 1982, rates had been especially high (Denmark, Ireland and Italy) made for a

narrowing of interest-rate differentials, although these remained substantial (see graphs).

The dollar is still by far the most important currency of borrowing but its relative share fell from 69,4% in 1982 to 64,9% in 1983. Of the other currencies, the ECU expanded its share significantly from 1,2% in 1982 to 2,9% in 1983.

4.2. Community borrowing in 1983

Total borrowing by Community organizations for structural investment purposes (excluding balance-of-payments borrowings, which are dealt with separately in a box) was 6 244 million ECU in 1983, compared with 4 994 million ECU in 1982 (+27,2%). This large and rapid increase was due essentially to the sharp expansion of the NCI and to a lesser extent, to EIB operations.



Trend of borrowing by Community instruments

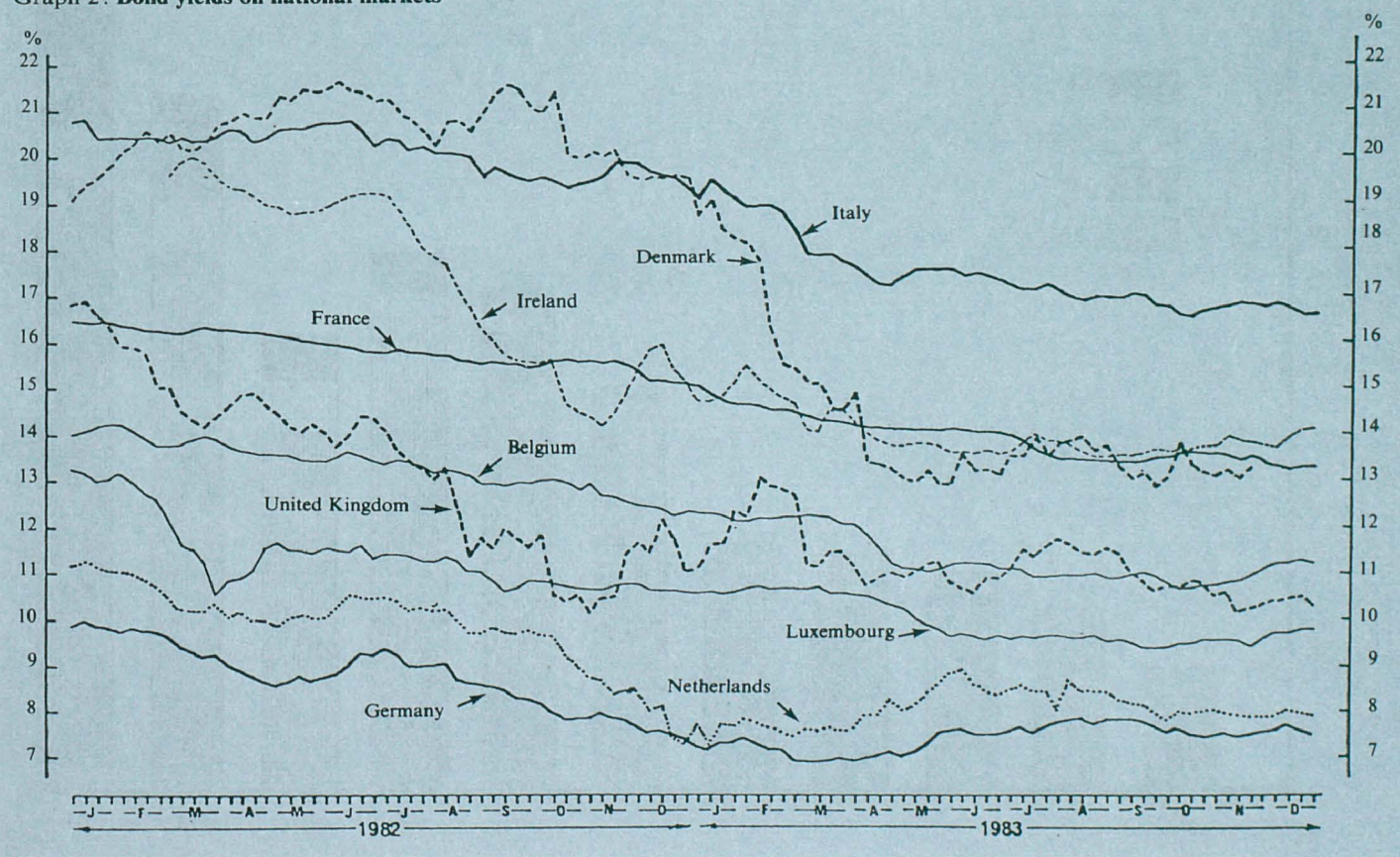
(million ECU)

Year ¹	ECSC	EIB ²	Euratom	NIC	Total
1974	528	826			1 354
1975	731	814			1 545
1976	956	732			1 688
1977	729	1 030	99		1 858
1978	981	1 863	72		2 916
1979	837	2 437	153	178	3 605
1980	1 004	2 384	181	305	3 874
1981	325	2 243	373	339	3 280
1982	712	3 146	363	773	4 994
1983	750	3 508	369	1 617	6 244

¹ Up to 1982, the series are for borrowings signed during the year under all the instruments. The 1983 figures for the ECSC, Euratom and the NIC represent borrowings collected during the year. As a result of this change in method, a 200 million dollar borrowing under the NIC was counted both in 1982 and 1983.

² The EIB also raises funds by selling participations in EIB loans to third parties; the limited amounts involved (640 million ECU between 1973 and 1983, of which 111 million ECU in 1983) are not included in the figures given.

Graph 2: Bond yields on national markets



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

(i) borrowing in the currencies of member currencies represents 55% of the total, slightly down on 1982 (60%), the remaining 45% being in non-Community currencies (25% in USD, 11% in Yen and 8% in SFR);

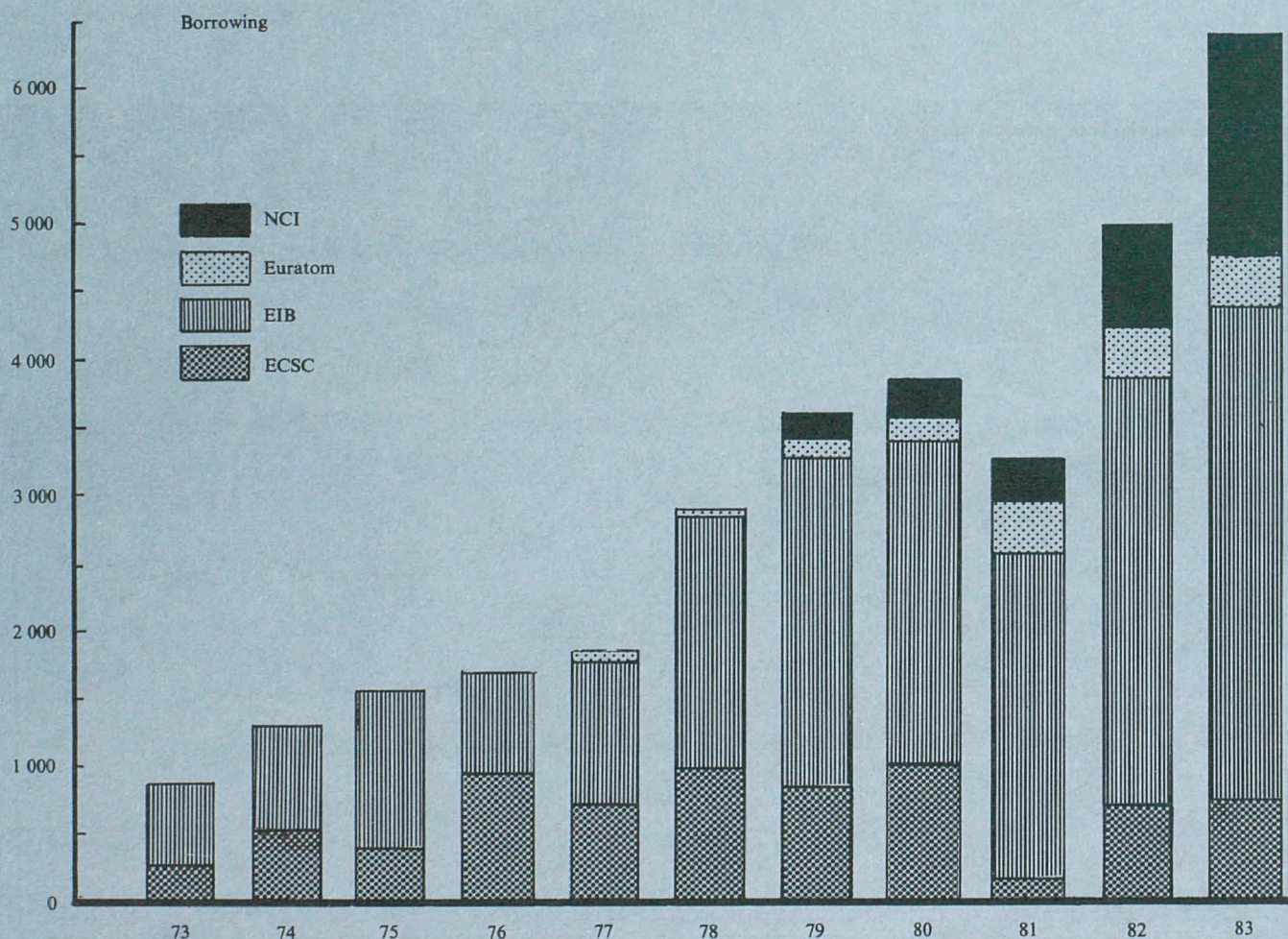
(ii) ECU issues made in 1983, for a total of 475 million ECU, represent nearly 8% of total issues, compared with only 3% in 1982; use of the ECU as a borrowing currency thus expanded significantly;

(iii) the share of DM and HFL issues was slightly lower than in 1982;

(iv) the share of the USD rose from 20% in 1982 to 25% in 1983; to some degree at least, this was due to interest-rate movements;

(v) as in 1982, a sizeable proportion (some 28%) of the funds borrowed by Community instruments was raised in the form of private placings.

Graph 3: Trend of borrowing contracted by the European Communities, by instrument (1973-83)



Community borrowing in 1983, by currency

(million ECU)

	Member country currencies									Non-member country currencies					Sub-total	Total
	DM	HFL	UKL	FF	LFR	BFR	LIT	ECU	Sub-total	USD	SFR	Yen	CAD	ÖS		
EIB	705,6	357,6	175,7	148,7	35,3	160,7	—	230,0	1 813,6	834,3	284,7	468,5	75,6	31,7	1 694,8	3 508,4
Euratom	146,2	54,3	—	61,6	10,8	21,7	—	50,0	344,6	24,2	—	—	—	—	24,2	368,8
ECSC	328,4	64,2	14,9	—	36,7	166,5	—	—	610,7	90,7	48,2	—	—	—	138,9	749,6
NCI	199,3	98,5	175,3	—	—	—	—	195,0	668,1	574,1	166,3	208,6	—	—	749,0	1 617,1
Total	1 379,5	574,6	365,9	210,3	82,8	348,9	—	475,0	3 437,0	1 523,3	499,2	677,1	75,6	31,7	2 807,4	6 244,4
%	22,1	9,2	5,9	3,4	1,3	5,6	—	7,6	55,0	24,8	8,0	10,8	1,2	0,5	45,0	100

Operations under the Community loan mechanism for balance-of-payments support

The purpose of this mechanism differs from that of the other borrowing/lending instruments dealt with in this report which are for the financing of investment projects. To be complete, however, any survey of the Community's borrowing activities on capital markets must include operations under this mechanism.

The Community 'balance-of-payments' loan mechanism, which was set up in 1975,¹ was modified in a number of respects in 1981² although its basic design remained unchanged. The principle is still that the Community will use its credit standing to borrow funds and to re-lend them on the same terms to a Member State in balance-of-payments difficulties. For the loan to be granted, the Member State concerned must undertake to implement an adjustment programme designed to re-establish a sustainable balance-of-payments situation. The loan decision is taken unanimously by the Council, which determines the amount of the loan, the disbursement technique (single or staggered payment) and the economic policy conditions. The total outstanding amount of borrowing authorized under this mechanism is at present limited to 6 000 million ECU in principal.

In the context of this mechanism, the Council, acting on a proposal from the Commission and after consulting the Monetary Committee, decided on 16 May 1983 to make available to the French Republic a loan equivalent to 4 000 million ECU.³ The loan was linked to the decision by the French authorities to implement an economic policy programme with a view to re-establishing a sustainable balance-of-payments position, reducing the rate of inflation and ensuring closer convergence of economic policies within the Community.

The size of the operation, the relatively short time allowed to complete it without disrupting the markets, and the average maturity agreed for the loan (under six years) meant that appropriate forms of borrowing had to be used; the bulk of the funds was therefore raised on the Eurodollar market and on variable-rate terms.

Borrowing was in four tranches:

- (i) a public issue of seven-year floating-rate notes (1,8% per annum above Libor) for an amount of USD 1 800 million;
- (ii) a public issue of four-year fixed-rate bearer notes (11% per annum for an amount of USD 350 million);
- (iii) a public issue of fixed-rate ECU denominated bonds for a total of 150 million ECU, in three sub-tranches:
 - 80 million ECU for four years at 11½% per annum;
 - 40 million ECU for seven years at 11¼% per annum;
 - 30 million ECU for ten years at 11½% per annum;
- (iv) a syndicated seven-year floating-rate bank credit (3,8% per annum above Libor) for an amount of USD 1 240 million.

All the borrowing was completed in August 1983. The speed of implementation and the terms obtained on the market demonstrated the Community's credit standing and the effectiveness of the procedures applied under the mechanism.

On the basis of the ECU's conversion rate obtaining on 31 December 1983 borrowing under this mechanism in 1983 totalled 4 247,3 million ECU, compared with 1 249 million ECU in 1976 and 571 million ECU in 1977 in favour of Italy and Ireland.

¹ Council Regulations (EEC) No 397/75 and No 398/75 of 17.2.1975.

² Council Regulation (EEC) No 682/81 of 16.3.1981.

³ Council Decision 83/298/EEC.

5. Lending in the Community

5.1. General

The total value of loans granted in 1983 was 6 612 million ECU, compared with 5 347 million ECU in 1982. After falling between 1980 and 1981, lending expanded sharply in 1982 (29%) and in 1983 (25%).

This general expansion was the result of the following developments:

- (i) NCI lending rose by 53% as a result of the extension of this facility to the productive sector. The NCI thus

gained in relative importance. NCI loans granted accounted for 15% of total Community lending in 1982 and over 18% in 1983;

- (ii) the EIB too stepped up its lending, which was more than 23% higher than in 1982;
- (iii) by contrast, Euratom financing has remained broadly unchanged for three years;
- (iv) the ECSC expanded its activities slightly, notably as a result of the growth in lending for the construction of coal-fired power stations.

Trend of lending in the Community¹

Year						(million ECU)
	ECSC	EIB ⁴	Euratom	NCI	Total	Annual growth rate %
1974	377,9	814,7			1 192,6	25
1975	804,9	917,5			1 722,4	40
1976	989,0	1 065,4 ²			2 054,4	19
1977	709,0	1 309,9	96,9		2 196,8	7
1978	797,7	1 966,5	70,3		2 834,5	29
1979	675,8	2 281,2	151,6	277,0	3 385,6	19
1980	1 030,7	2 753,2 ²	181,3	197,6	4 162,8	23
1981	387,6	2 805,9 ^{2,3}	364,3 ³	539,8	4 097,6	-1
1982	740,6	3 453,2 ³	361,8 ³	791,0	5 346,6	29
1983	778,1	4 255,7 ^{2,3}	366,4 ³	1 211,8	6 612,0	25

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

² Including loan guarantees: 1976: 118,1 million ECU; 1980: 14,2 million ECU; 1981: 282,1 million ECU; 1983: 97,6 million ECU.

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

⁴ After removal from the statistics of contracts under which no disbursement was made and of operations which led to early repayment because the investment was not carried out.

5.2. Sectoral breakdown

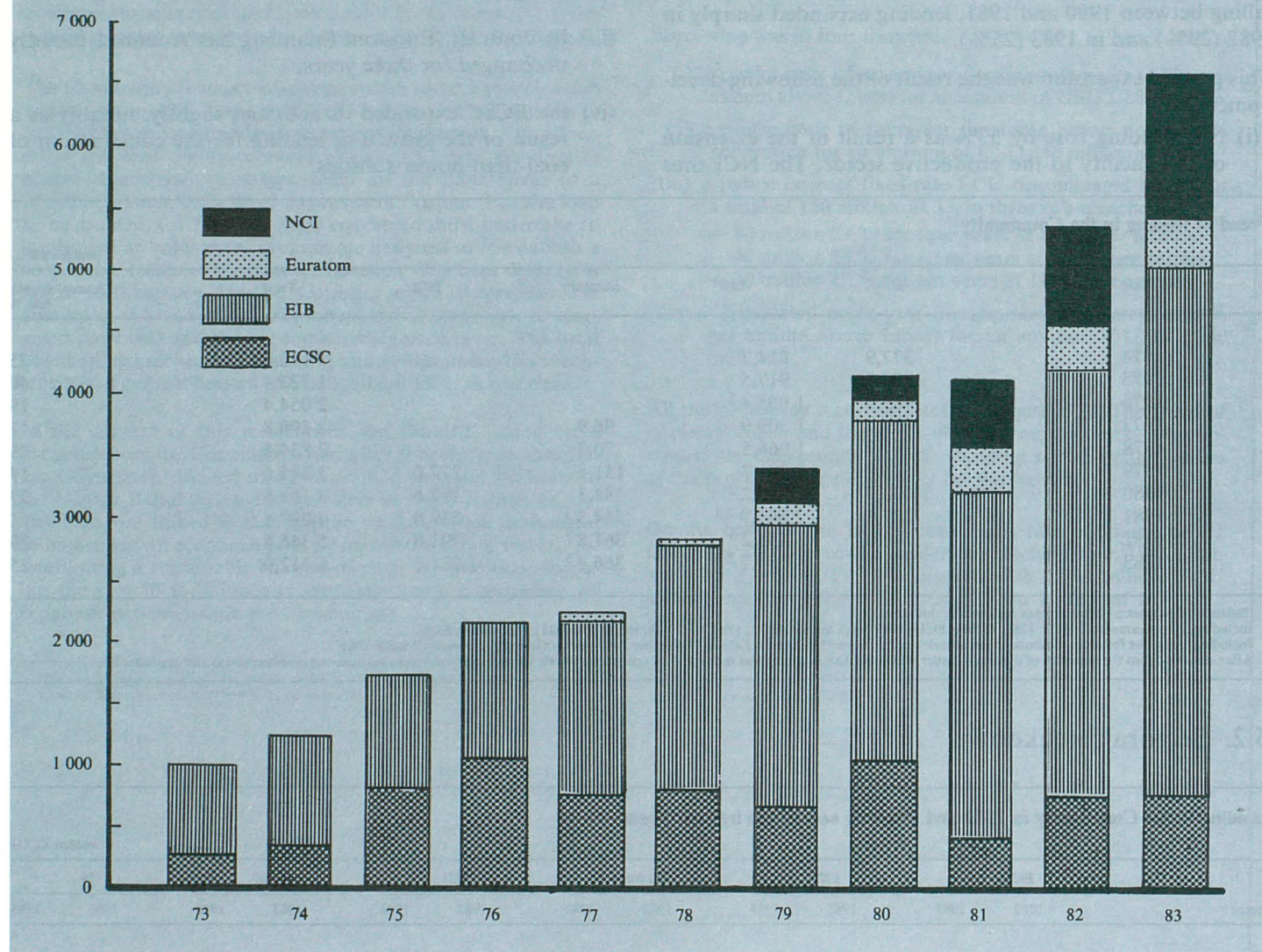
Lending in the Community in 1982 and 1983, by sector and by instrument

	(million ECU)											
	ECSC		EIB		Euratom		NCI		Total		%	
Sector	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983
Productive sector	425,3	372,3	1 040,1	1 076,2	—	—	261,3	489,1	1 726,7	1 937,6	32	29
— of which:												
SMEs ¹	(65,3)	(70,3)	(592,9)	(707,7)			(249,1)	(485,3)	(907,3)	(1 263,3)		
Infrastructure	18,1	20,2	1 369,9	1 777,0	—	—	429,4	443,7	1 817,4	2 240,9	34	34
— of which: small-scale infrastructure ²			(61,4)	(275,1)				(67,8)				
Energy	297,2	385,6	1 043,2	1 402,5	361,8	366,4	100,3	279,0	1 802,5	2 433,5	34	37
Total	740,6	778,1	3 453,2	4 255,7	361,8	366,4	791,0	1 211,8	5 346,6	6 612,0	100	100

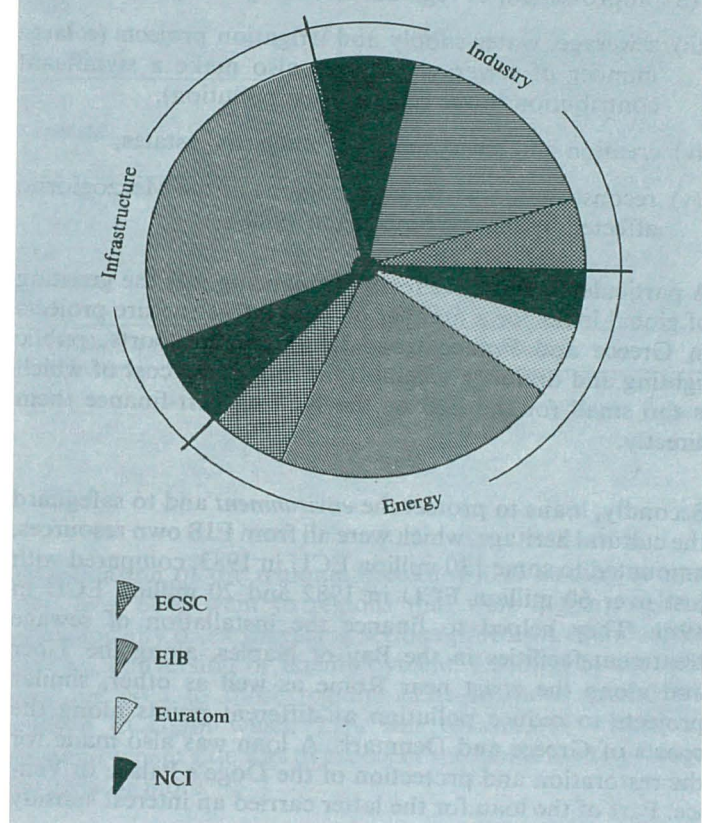
¹ In the form of global loans to finance productive investments by small and medium-sized enterprises.

² In the form of global loans to finance small-scale infrastructure projects.

Graph 4: Trend of lending in the Community, by instrument (1973-83)



Graph 5: Breakdown of loans in the Community in 1983, by instrument and by sector



5.2.1. Energy

One of the Community's prime objectives during the last 10 years or so has been to become less dependent on oil imports through:

- (i) more efficient use of energy;
- (ii) exploitation of Europe's own energy resources;
- (iii) diversification of energy imports (reducing the share of oil and increasing the share of other fuels such as natural gas and coal).

Financing in this sector rose by 35% between 1982 and 1983, from 1 803 million ECU to 2 434 million. The share of lending going to the energy sector rather than the productive sector or infrastructure thus expanded from 34% to 37%.

Most of this lending was by the EIB, although the NCI recorded the sharpest increase.

This will have a significant impact on the energy balance. It is reckoned that the energy projects financed by the EIB and the NCI in 1983 should, once fully operational, permit import savings of 22 million tonnes of oil a year.

Over the years since 1977, the EIB (from own resources) and the NCI have thus helped to finance energy projects that should make it possible to reduce oil imports by some 100 million tonnes a year, equivalent to around 20% of the Community's total oil imports.

A large proportion of this lending has gone to finance energy production. The projects in question have included the construction of coal-fired, hydroelectric and geothermal power stations, the conversion to coal-firing of oil-fired power stations, the exploitation of gas and oil fields and the mining of lignite. Demand for both EIB and Euratom loans for the construction of nuclear power stations remained at a relatively low level (some 800 million ECU, or roughly the same amount as in 1982, compared with over 1 000 million ECU in 1981).

The main area in which financing rose significantly (by more than 300% compared with the previous year, to 700 million ECU) was the transmission of energy. Among the projects were long sections of gaslines for integrating gas grids in Europe more closely and the construction of power lines, notably the underwater cross-Channel link between the French and UK grids.

There was also an expansion in lending to finance groups of small-scale infrastructure projects designed to promote the efficient use of energy. Investment to improve energy efficiency has, in fact, become increasingly important in recent years. Taking all the loans granted for such investment in industry, the EIB and the NCI have lent over 2 000 million ECU in the last five years, more than 610 million ECU of which was in 1983.

5.2.2. Productive sector

Lending to the productive sector rose by some 17% in 1983, although its share of total financing fell from 32% to 29%. The most striking feature was the exceptional increase in NCI lending to this sector (87%), which was partly offset by the relative stagnation in ECSC and EIB lending.

A further development worth noting in this sector was the increase of over 39% in global loans made to banks and other financial institutions (credit lines to finance in-

vestments by SMEs). Nearly 3 250 credits were granted out of global loans during the year by the EIB and the NCI to assist the setting-up, expansion or modernization of businesses.¹ This compares with around 1 200 such operations in 1982 and 860 in 1981. Credits out of ECSC global loans increased from 65 million ECU in 1982 to 70 million ECU in 1983.

Over half of these small-scale investments were carried out in assisted regions.

The Commission attaches special importance to encouraging the use of global loans, through which funds can be made available to modest-sized industrial firms whose investment projects are too small to be financed directly by the Community borrowing/lending instruments. Around one third of the firms receiving global loan finance in 1983 employed fewer than 20 people and over 60% employed fewer than 50 people. Some 525 credits helped to finance the setting up of new firms.

Nevertheless, the surge in lending to SMEs was partly offset by the slowdown in lending for larger industrial projects. Total EIB lending for the latter amounted to only just over 370 million ECU (460 million ECU in 1982), while no loan was made by the NCI for that purpose. Several of the projects financed were in 'sunrise' industries, notably electronics and its application in machine tools and industrial robots.

5.2.3. Infrastructure

At 34%, the share of Community financing going to infrastructure projects was the same in 1983 as in 1982.

Lending to this sector rose from 1 817 million ECU in 1982 to 2 241 million ECU in 1983, with virtually all of it coming from the EIB and the NCI.

Generally speaking, the loans were made to help achieve Community objectives in the three major fields of basic infrastructure; protection of the environment; and transport.

Firstly, a special effort was made to finance *basic infrastructures*, which are essential to smooth economic development and accounted for over 50% of the loans made, covering:

- (i) extension and adaptation to modern technology of telecommunications networks, and development of transport infrastructures;
- (ii) improvement of regional electricity and gas grids;
- (iii) sewerage, water-supply and irrigation projects (a large number of sewerage projects also make a significant contribution to the fight against pollution);
- (iv) creation and development of industrial estates;
- (v) reconstruction work in the regions of the Mezzogiorno affected by the earthquakes in 1980.

A particularly attractive form of financing was the granting of global loans for a number of local infrastructure projects in Greece and France (road improvement, ports, public lighting and drainage schemes) the individual cost of which is too small for the EIB or the NCI to part-finance them directly.

Secondly, loans to protect the *environment* and to safeguard the cultural heritage, which were all from EIB own resources, amounted to some 130 million ECU in 1983, compared with just over 60 million ECU in 1982 and 20 million ECU in 1981. They helped to finance the installation of sewage treatment facilities in the Bay of Naples, along the Tiber and along the coast near Rome as well as other, similar projects to reduce pollution at different points along the coasts of Greece and Denmark. A loan was also made for the restoration and protection of the Doge's Palace in Venice. Part of the loan for the latter carried an interest subsidy financed out of the Community budget.

Thirdly, in order to improve *transport and communications* in Europe, the EIB and the NCI made loans worth around 110 million ECU for the completion of a section of the Friuli motorway (essential link between the motorway systems of Italy and Austria and therefore also Germany); for the extension of Birmingham airport (60% of flights being to or from other European countries); and for the partial renewal of the fleet of Air France through the purchase of five aircraft intended for service within the Community.

5.3. Country breakdown and effect on regional development

Taking the geographical breakdown, Community lending continues to be concentrated in the countries with serious structural problems, notably in the regions. Italy, the United Kingdom, Ireland and Greece received 68% of lending. Lending operations expanded sharply in France, whose share of total lending rose from 15% to just under 21%.

¹ Of which 139 credits for investments to improve energy efficiency.

Geographical breakdown of lending in the Community in 1982 and 1983

	B	DK	D	GR	F	IRL	I	L	NL	UK	Total
<i>(million ECU)</i>											
1982											
Amount	151,3	307,1	205,5	469,8	789,8	408,6	2 133,4	5,5	44,1	759,7	5 346,6 ¹
%	2,9	5,8	3,9	8,9	15,0	7,7	40,0	—	0,8	14,4	100
1983											
Amount	36,4	365,1	301,6	450,0	1 370,6	308,4	2 732,2	0,03	39,5	1 008,2	6 612,0
%	0,5	5,6	4,6	6,8	20,7	4,6	41,3	—	0,6	15,3	100
of which											
ECSC	3,9	0,01	149,4	0,4	277,8	4,4	32,2	0,03	39,4	270,5	778,1
EIB		259,7	152,2	364,3	707,9	234,6	1 945,7			591,3	4 255,7
Euratom	32,5				198,6		89,0			46,3	366,4
NCI		105,4		85,3	186,2	69,4	665,4			100,1	1 211,8

¹ Including 71.8 million ECU for one ECSC loan outside the Community.

Examination of the regional breakdown of lending reveals that over 60% went to regions that were lagging behind economically or experiencing serious problems of industrial decline, conversion or unemployment. Lending by the EIB and the NCI to those regions came to more than 3 300 million ECU, of which 75% was to areas in which the unemployment rate was in excess of the Community average by 25% or more.

5.4. Employment effects

Investment projects in the Community part-financed under the Community's financial instruments had a significant impact on employment.

According to estimates,¹ the projects which the EIB and the NCI helped to finance in 1983 should create directly some 33 500 jobs, most of them in industry.

The effect on safeguarding existing jobs should also be noted: lending to promote industrial modernization, primarily in small businesses, helped to improve productivity in firms employing in all some 195 000 workers.

In addition, there were the temporary — but, in many cases, extended — effects that projects had on employment while they were being carried out, and the indirect effects stemming from the supply of the required services, plant and machinery and raw materials; these were particularly significant in the case of large-scale energy and infrastructure projects. In all, the direct and indirect employment effects of projects part-financed by the EIB and the NCI in 1983 are put at some 480 000 man-years, equivalent to some 140 000 jobs in 1983 and 1984, with the figure gradually declining in the following years.

While, by their nature, projects financed by Euratom create few new jobs directly, ECSC conversion loans made in 1983 might help to provide jobs for around 10 000 workers, including 7 000 who had formerly been employed in the coal and steel industries.

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 1983, specifying the borrowing authorization and ceiling.

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, which simply give an order of magnitude.

NCI utilization

	NCI I	NCI II	NCI III (first tranche)	Reconstruction	
				Italy	Greece
Ceiling	1 000	1 000	1 500	1 000	80
Loans signed	979,4	918,9	456,1	792,1 ¹	80
Balance	20,6	81,1	1 043,9	207,9	0

¹ Loans granted from the EIB's own resources (209,2 million ECU) and from NCI resources (582,9 million ECU).

By 31 December, nearly 98% of NCI I funds and 92% of NCI II funds had been committed, the balance being accounted for by loans approved but not yet signed. Just under one third of the 1 500 million ECU ceiling for the first tranche under NCI III had been committed.

In 1983, loans contracted from NCI resources totalled 1 211,8 million ECU.

Some NCI projects received loans from the EIB's own resources before or during 1983; the combination of these two sources of financing permits more effective utilization of the Community institutions' borrowing capacities on financial markets. When co-financing operations were mounted in 1983, NCI and EIB loans together represented, on average, 35% of the investment financed.

The maturity of NCI loans was around 8-10 years for global loans to industry and an average of 15 years in the case of infrastructure projects.

Lending to the *productive sector* expanded rapidly in 1983, to 489,1 million ECU, virtually all¹ of which took the form of global loans concluded with long-term financing institutions, which in turn were able to grant 1 496 credits to SMEs out of these loans and out of those concluded previously.

The Commission and the EIB endeavoured in 1983 to conclude global loans with a large number of financial intermediaries and to secure maximum complementarity between NCI and EIB global loans, both geographically and in terms of the recipient industries.

Financing went first and foremost to businesses in the metal goods industry and in mechanical engineering, followed by businesses in the food, paper and printing, chemical and building materials industries.

Lending for projects in the energy sector also rose sharply, to 279 million ECU. The projects financed involved gaslines, high-voltage power lines and electricity-generating plants using indigenous resources.

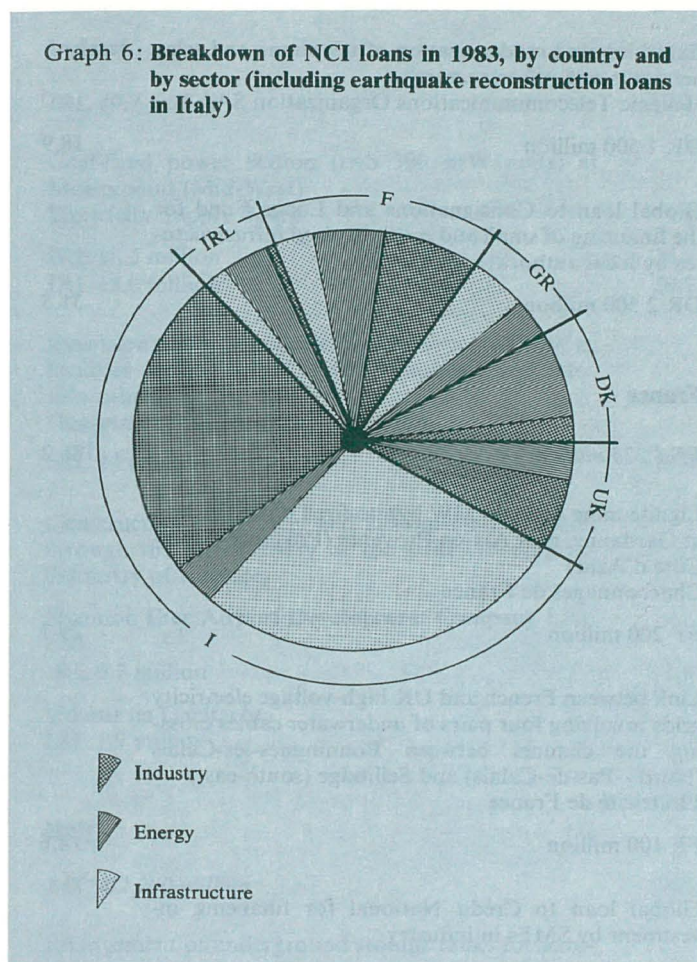
The projects, which serve the Community's energy objectives, contributed to the development of the Community's internal hydrocarbon and lignite resources, to import diversification and to energy efficiency. In addition, 194 credits totalling 52,6 million ECU were granted from global loans for industrial equipment and small-scale infrastructure schemes leading to greater efficiency in energy use. The Commission would like to see an increase in this type of financing.

Infrastructure schemes, which received finance totalling 235,8 million ECU, were designed primarily to improve road links and telecommunications and to provide housing in the context of overall projects for the economic and industrial development of various regions in the Mezzogiorno.

Finally, five loans totalling 208,1 million ECU were granted pursuant to the Council Decision of 20 January 1981 for projects for the reconstruction of the economic and social infrastructure (railways, public buildings, schools and basic infrastructure) in the areas of Campania and Basilicata which were struck by the earthquakes of November 1980. Including the amount of 375 million ECU lent from NCI resources in 1981 and 1982 and the amount of 209,2 million ECU lent from the EIB's own resources, a total of 792,1 million ECU has been committed; this represents nearly four-fifths of the total volume of 1 000 million ECU of subsidized loans planned for the purpose.

¹The balance of 3,8 million ECU was accounted for by two financing operations for advance factories in Ireland.

Graph 6: Breakdown of NCI loans in 1983, by country and by sector (including earthquake reconstruction loans in Italy)



A number of them went to financing an electricity-generating plant and the mine to produce the lignite needed, as well as projects to improve energy efficiency.

Under five global loans to financial intermediaries, 851 credits totalling 140,3 million ECU were granted to SMEs.

In *Italy*, apart from the five 'reconstruction' loans, 17 loans totalling 457,3 million ECU were granted for projects contributing to productive investment by SMEs in the centre and north of the country, to the development of the southern regions and to the Community's energy objectives. In addition, a new loan was made for the Friuli motorway.

Under the global loans concluded in 1983 and at the end of 1982, 491 SMEs in manufacturing and services (excluding distribution) in non-assisted areas received credits totalling 303,8 million ECU.

Lending in *Ireland* totalled 69,4 million ECU and likewise helped to reinforce the basic infrastructure necessary for the country's economic development in the energy and telecommunications sectors. Finance was also provided for a new phase in the construction of turnkey factories on a number of industrial estates.

In the *United Kingdom*, in addition to a loan for the construction of a cross-Channel link between the French and UK electricity grids, loans totalling 100,1 million ECU were granted under global loans concluded with four financial intermediaries for projects in non-assisted areas, notably in the south-east.

6.1.2. Country-by-country review

In *Denmark*, loans totalling 105,4 million ECU went primarily to investment projects in the energy sector. In addition, three global loans were signed with two financial intermediaries to help finance investment by SMEs.

In *Greece*, loans totalling 85,3 million ECU were granted for a number of infrastructure projects contributing to regional development and for projects to diversify energy sources, involving the working of a lignite mine and the construction of an electricity-generating plant fired by lignite.

In *France*, the loans made totalled 186,2 million ECU and served the Community's energy objectives or contributed to productive investment by SMEs.

List of NCI loans			
Loans from NCI resources signed in 1983, by country			
	<i>million ECU¹</i>		
Denmark		Extension and modernization of telephone and telex networks and infrastructure Hellenic Telecommunications Organization SA	
<i>DKR 851 million</i>	105,4	DR 1 500 million	18,9
Plant at Nybro (Ribe) for treating natural gas from the Tyra field in the North Sea; gasline and compressor station at Egtved (South Jutland) Dansk Olie og Naturgas A/S-Dong		Global loan to Consignations and Loans Fund for the financing of small and medium-sized infrastructures by local authorities or agencies	
<i>DKR 345 million</i>	43,3	DR 2 500 million	31,5
Oil pipeline 330 km long between the oil fields in the Danish sector of the North Sea and Fredericia on the Jutland coast Dansk Olierør A/S-Doras		France	
<i>DKR 326 million</i>	39,9	<i>FF 1 275 million</i>	186,2
Global loans to Financieringsinstituttet for Industri og Haandvaerk A/S for financing productive investment by SMEs		Lignite mine and 600 MW lignite-fired power station at Gardanne, near Aix-en-Provence (Provence-Alpes-Côte d'Azur) Charbonnages de France	
<i>DKR 25 million</i>	3,1	FF 200 million	29,7
<i>DKR 55 million</i>	6,7	Link between French and UK high-voltage electricity grids involving four pairs of underwater cables crossing the channel between Bonningues-lès-Calais (Nord—Pas-de-Calais) and Sellindge (south-east) Electricité de France	
Global loan to Den Danske Bank International SA for financing productive investment by SMEs		FF 100 million	14,6
<i>DKR 100 million</i>	12,3	Global loan to Crédit National for financing investment by SMEs in industry	
Greece		FF 350 million	50,9
<i>DR 6 712,4 million</i>	85,3	Global loan to Crédit d'Equipelement des Petites et Moyennes Entreprises for financing productive investment by SMEs	
Electricity-generating plant at Amynteon (2 × 300 MW) using lignite from the nearby mine (western Macedonia) Public Power Corporation contract denominated in ECU for an amount equivalent to		FF 250 million	36,4
<i>DR 852,5 million</i>	11,0	Global loans to three regional development corporations for financing productive investment by SMEs	
Working of an open-cast mine at Amynteon to supply lignite to a nearby electricity-generating plant (western Macedonia) Public Power Corporation contract denominated in ECU for an amount equivalent to		SDR-Normandie FF 25 million	3,6
<i>DR 1 859,9 million</i>	24,0	SDR CENTREST FF 60 million	8,7
		SDR SUDEST FF 40 million	5,8
		Global loan to Fonds Spécial de Grands Travaux for financing energy-saving investment in local authority buildings, secondary schools and hospitals	
		FF 250 million	36,4

¹ The national currency/ECU conversion rates used were those obtaining on the last day of the quarter preceding that in which the loan contract was signed.

Ireland			
IRL 49,7 million	69,4	Reconstruction of the rail network damaged during the November 1980 earthquakes—second phase of work (Campania and Basilicata) Azienda Autonoma delle Ferrovie dello Stato	
Coal-fired power station (two 300 MW units) at Moneypoint (Mid-West) Electricity Supply Board		LIT 20 000 million	15,0 ²
IRL 18.5 million	26,1 ¹	Development and equipping of seven industrial estates in the areas of Basilicata and Campania hit by the November 1980 earthquakes	
IRL 15.0 million	20,7 ¹	Italian Government	
Extension and modernization of telecommunications facilities serving some 48 000 telephone and telex subscribers Department of Posts and Telegraphs		LIT 90 000 million	65,7 ²
IRL 13.6 million	18,9 ¹	Repair of 35 public buildings and reconstruction of 30 other buildings damaged during the November 1980 earthquakes (Campania and Basilicata) Italian Government	
Construction of turnkey and custom-built factories through the intermediary of the Irish Government (Ministry of Finance)		LIT 100 000 million	74,9 ²
Shannon Free Airport Development Company Limited		Reconstruction of 3 university buildings and repair of 15 others in Naples and Salerno damaged during the November 1980 earthquakes in Campania	
IRL 0.7 million	1,0 ¹	Italian Government (Ministero della Pubblica Istruzione)	
Udaras na Gaeltachta		LIT 27 000 million	19,7 ²
IRL 1.9 million	2,7 ¹	Operation base at Persano (Campania) for services to protect the civil population in the Mezzogiorno Italian Government	
Italy			
LIT 902 200 million	665,4	LIT 45 000 million	32,8 ²
Enlargement of underground storage tanks for natural gas at Minerbio (Emilia-Romagna) and Ripalta (Lombardy) Azienda Generale Industria Petroli SpA		Construction of dwellings for workers in the Mezzogiorno Housing cooperatives through the intermediary of Istituto Bancario San Paolo di Torino	
LIT 30 000 million	22,6 ¹	LIT 3 400 million	2,5 ¹
Six gaslines of an overall length of 210 km linked to the main pipeline carrying Algerian natural gas (Sicily) Societa Nazionale Metanodotti SpA, through the intermediary of Ente Nazionale Idrocarburi		LIT 2 400 million	1,8 ¹
LIT 20 000 million	15,1 ¹	LIT 29 000 million	21,6 ¹
Friuli motorway: 25,7 km section Pontebba-Tarvisio-Austrian frontier (Friuli-Venezia Giulia) AUTOSTRADE-Concessioni e Costruzioni Autostrade SpA, through the intermediary of Banca Nazionale del Lavoro—Opere Pubbliche		Banca Nazionale del Lavoro Sezione Credito Fondiario LIT 6 000 million	4,6 ¹
LIT 40 000 million	30,2	CARIPLO LIT 7 000 million	5,2 ¹
		LIT 32 200 million	23,9 ¹
		Construction of dwellings for workers in the Mezzogiorno Private building firms, through the intermediary of Banca Nazionale del Lavoro—Sezione Credito Fondiario	
		LIT 55 200 million	40,3 ¹

¹ Subsidized loans—'European Monetary System'.² Subsidized loans—'Earthquake reconstruction'.

Global loan to IMI for financing productive investment by SMEs in non-assisted areas in the centre and north of the country		United Kingdom	
LIT 130 000 million	94,9	<i>UKL 60 million</i>	100,1
Global loan to Mediocredito Centrale for financing productive investment by SMEs in non-assisted areas in the centre and north of the country		Link between French and UK high-voltage electricity grids involving four pairs of underwater cables crossing the Channel between Sellindge (south-east) and Bonningues-lès-Calais (Nord—Pas-de-Calais)	
LIT 130 000 million	94,9	Central Electricity Generating Board, through the Electricity Council as intermediary	
Global loan to Centrobanca for financing productive investment by SMEs in non-assisted areas in the centre and north of the country		<i>UKL 20 million</i>	32,0
LIT 50 000 million	36,5	Global loans to Investors in Industry PLC, through Investors in Industry Group PLC as intermediary, for financing productive investment by SMEs in non-assisted areas	
Global loan to Interbanca for financing productive investment by SMEs in non-assisted areas in the centre and north of the country		<i>UKL 10 million</i>	16,7
LIT 20 000 million	15,0	<i>UKL 10 million</i>	17,4
Global loan to Efibanca for financing productive investment by SMEs in non-assisted areas in the centre and north of the country		Global loan to Barclays Bank PLC for financing productive investment by SMEs in non-assisted areas	
LIT 15 000 million	11,3	<i>UKL 10 million</i>	17,4
Global loan to Banca Nazionale del Lavoro for financing productive investment by SMEs in non-assisted areas in the centre and north of the country		Global loan to Midland Bank PLC for financing productive investment in small and medium-sized ventures in manufacturing, tourism and services in non-assisted areas	
LIT 30 000 million	21,9	<i>UKL 5 million</i>	8,3
Global loan to Banca Nazionale del Lavoro—SACAT for financing small and medium-sized ventures in the hotel trade and in tourism in the centre and north of the country		Global loan to National Westminster Bank for financing productive investment in small and medium-sized ventures in manufacturing, tourism and services in non-assisted areas	
LIT 20 000 million	15,1	<i>UKL 5 million</i>	8,3

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

The nine subsidized loans from NCI and EIB resources intended for reconstruction in the areas of Campania and Basilicata stricken by the November 1980 earthquakes totalled 269,2 million ECU, compared with loans of 194,8 million ECU in 1982.

Loans from NCI resources, totalling 208,1 million ECU, helped to finance the reconstruction of the railway network (second phase), the development and equipping of seven industrial estates, the construction at Persano of an operating base for services to protect the civilian population in the Mezzogiorno and, above all, the reconstruction or repair of some 80 administrative, school and university buildings and of buildings for civilian protection services.

Loans from the EIB's own resources totalled 61,1 million ECU. They helped to finance repairs to over 100 road and motorway sections, the provision of drinking water and sewage disposal facilities in 32 communes in which some 80 000 persons were rehoused, and the reconstruction in Naples of a motor vehicle component factory (one of the largest factories destroyed in 1980).

6.3. European Investment Bank (EIB)¹

In 1983 the EIB made loans from its own resources totalling 4 682,9 million ECU; loans and guarantees within the Community accounted for 4 255,7 million ECU and loans outside the Community for 427,2 million ECU.

Table 9 in the annex gives a breakdown by country and sector of EIB financing in the Community. Lending to the three countries with the greatest structural problems accounted for some 60% of the total (Italy 46%, Greece 9%, Ireland 6%). Lending rose sharply in France (17% of the total), the United Kingdom (14%) and, to a lesser extent, Denmark; in Germany, two thirds of the financing was in the form of guarantees.

Two thirds of the loans helped to finance regional development projects, mainly in regions accorded priority under Community regional policy: the Mezzogiorno (1 233,7 million ECU), Greece (364,3 million ECU) and Ireland (234,6 million ECU). The projects were concerned chiefly with telecommunications and roads, followed by industry (as-

sisted mainly in the form of global loans); other projects involved water engineering and various other types of infrastructure, and energy infrastructure.

Financing for projects helping to attain the Community's energy objectives accounted for 36% of all loans; loans for investment in the efficient use of energy in industry and in infrastructure facilities rose sharply and, at 530,9 million ECU, exceeded the amount of lending in the nuclear sector (442,1 million ECU); this was followed by loans for developing other indigenous resources (417,2 million ECU) and for diversifying imports (115,7 million ECU).

Loans for environmental protection purposes totalled 129,9 million ECU, most of them being for projects to reduce pollution in the Mediterranean.

Lending for projects in the productive sector continued at a high level. 707,7 million ECU went into global loans for the financing of small and medium-sized ventures and 368,5 million ECU into loans for larger-scale investment projects, particularly in the motor vehicle industry; loans totalling 172,2 million ECU helped to finance investment in the development or introduction of advanced technology in Italy.

From global loan credit on tap in 1983, 2 037 allocations totalling 697,8 million ECU were made for small and medium-sized ventures in industry (notably mechanical engineering and the food industry), tourism, agriculture and fishing; for small-scale infrastructure projects and for investment in the efficient use of energy.

6.4. Euratom

In 1983 the Commission continued its lending activities through Euratom under the 1982 Council Decision raising the ceiling on lending to 2 000 million ECU, to finance investment in nuclear power stations and in the fissile materials enrichment sector. It paid out 10 loans totalling 366,6 million ECU for investment projects undertaken by the following six firms:

- (i) Belgelectric Finance BV (Amsterdam and Tihange, Belgium);
- (ii) Eurodif SA (Bagneux, France);
- (iii) EDF (Belleville, France);
- (iv) NERSA (Paris);
- (v) ENEL (Rome);
- (vi) South of Scotland Electricity Board (Glasgow).

¹ See also the annual report of the Bank.

Between the inception of Euratom lending activities and 31 December 1983, the Commission paid out loans totalling 1 662,4 million ECU.

The balance available under the ceiling stands at some 3 000 million ECU. The EIB, in its capacity as Euratom agent, signed these loan contracts jointly with the Commission of the European Communities.

6.5. European Coal and Steel Community (ECSC)¹

The total amount of loans paid out by the ECSC in 1983 was little changed from 1982. The small absolute increase in loans to the steel industry reflects the highly selective nature of the Commission's policy concerning that industry. Given the difficult situation in which firms still found themselves, the Commission was anxious to ensure that the projects financed were strictly in line with its restructuring policy.

The 222 million ECU in loans paid out to steel firms was divided between 14 loans to firms in 5 Member States (the Federal Republic of Germany, France, Italy, the Netherlands and the United Kingdom).

The level of financing for the coal industry was virtually unchanged. With 70 loans for projects located in the Federal Republic of Germany, France and the United Kingdom, the Commission mainly supported investment projects for modernization and rationalization intended to preserve or raise the level of output in the most productive mines. In 1983, the ECSC thus provided finance for some 14% of total capital spending in coalmining.

By contrast, loans for coal use, paid out for investment in thermal power stations, trebled between 1982 and 1983, from 41 million ECU to 128 million ECU.

Conversion loans in 1983 were 14% down on 1982, when they had, however, shown an 89% increase over 1981. Glo-

bal loans to encourage SMEs to take on workers formerly employed in the steel industry accounted for around 50% of the conversion loans paid out in 1983. They totalled 70 million ECU, compared with 65 million ECU in 1982.

However, the beneficial effects of the increase in the interest subsidy from 3% to 5%, decided in July 1983, will not show up in the trend of global loans before 1984.

Loans for low-cost housing, which carry an extremely favourable interest rate (1%), were slightly higher in 1983, totalling 20,2 million ECU or some 12% up on 1982. Over 4 000 new low-cost dwellings were financed in this way.

Lastly, low-interest loans were made to investment projects accorded priority in the interests of job creation and research promotion.

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 those countries are granted from the resources of the EIB, the EDF and the general budget of the Communities.

In 1983 operations in the ACP states and in the Overseas Countries and Territories amounted to 102,9 million ECU, comprising 55,3 million ECU in special loans and 47,6 million in risk capital. From budgetary resources, the EIB granted loans totalling 5,5 million ECU and the Commission a special loan of 12 million ECU in the Mediterranean region.

In 1983 EIB loans from own resources amounted to 427 million ECU, with 337,2 million ECU going to the Mediterranean countries and 90 million ECU to the African, Caribbean and Pacific States pursuant to the second Lomé Convention.

¹ See the *Financial Report* of the ECSC for 1983. 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 particular 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.

¹ Up to its accession to the Community on 1.1.1981.

7.2. Loans to Mediterranean countries

Financing from the EIB's own resources in the Mediterranean region continued to be concentrated largely on the applicant countries Spain and Portugal (190 million ECU); in addition, with the entry into force of the new financial protocols concluded with the Maghreb and Mashreq countries, financing operations were resumed in a number of them (80,5 million ECU). A new loan was made to Yugoslavia. Of these operations, loans amounting to 104,5 million ECU carried interest subsidies from the general budget of the Communities, which also guarantees 75% of EIB lending to those countries.

7.2.1. Loans to Spain and Portugal

In Spain, six loans totalling 105 million ECU, primarily for SMEs, were granted under two global loans to promote the industrialization of the least developed regions and under one global loan to foster investment in tourism in the least well-equipped inland areas. Out of ongoing global loans, 109 allocations were made totalling 33,9 million ECU.

The other loans went towards improving infrastructures: modernization of the rail link between the coal port of Gijon and Leon; minor road-improvement schemes; solid-waste processing plants; and electrification and tourism projects in Andalusia to promote the development of this outlying region. A global loan facility was made available to local authorities to improve the road network and the water supply system. Under that facility and the global loan granted in 1982, 19 small-scale infrastructure projects were financed (29 million ECU).

In Portugal, the 85 million ECU of loans went towards improving infrastructure at Porto airport in the north of the country and at Faro airport on the Algarve coast and towards financing an additional unit at the Sines coal-fired power station. Two new global loans will help to finance the modernization and expansion of an increasing number of SMEs. Out of ongoing global loans, 59 allocations were made totalling 46,2 million ECU.

7.2.2. Loans to other Mediterranean countries

In Yugoslavia, a 66,7 million ECU loan will part-finance further work on the trans-Yugoslavia motorway, which will improve Community road links with Greece.

In Morocco, EIB loans were granted for improving the oil port of Mohammedia to the north of Casablanca and for the construction of a dam as part of the integrated project at Ait-Chouarit to the east of Marrakech.

In Egypt, a global loan will assist the development of SMEs in industry and tourism.

In Jordan, loans were made to strengthen the small business sector, to improve the distribution of electricity in the areas north of the capital and to finance investment in farming.

Lastly, a loan was granted in Lebanon for the Zouk oil-fired power station to the north of Beirut.

7.3. Loans to African, Caribbean and Pacific States and Overseas Countries and Territories

The EIB granted six loans from its own resources in the African and Caribbean States (88 million ECU and 2 million ECU respectively); it also provided assistance in 24 cases in the form of risk capital, from the resources of the European Development Fund (47,6 million ECU).

More than half of total lending from the EIB's own resources related to investments under global loans (50 million ECU) to finance SMEs in manufacturing, agricultural processing, mining, transport and tourism. One loan was granted for boosting the capacity of a power station (25 million ECU). Lastly, a major telecommunications project received a loan of 15 million ECU.

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

8. Community interest subsidies for loans contracted within the Community

8.1. Interest-subsidy mechanisms

In 1983, as in 1982, the Community had its disposal four interest-subsidy mechanisms for lending within the Community:

- (i) European Monetary System (EMS) subsidies (on NCI and EIB loans in Italy and Ireland);
- (ii) ERDF subsidies (on EIB loans in ERDF regions);¹

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.

(iii) 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);

(iv) ECSC subsidies (on ECSC loans).

Each of the first three types of subsidy has the effect of lowering the interest rate by three percentage points; the fourth can go up to five points since the entry into force of the new ECSC rules in 1983. As regards the technique of subsidization, the EMS and ERDF subsidies are calculated over the entire period of the loan and discounted, being charged to the general budget of the Communities as a lump sum. ECSC subsidies are granted for the first five years of the loan and are not discounted, being charged annually to the ECSC budget. The 'earthquake reconstruction' interest subsidies are also charged annually, but to the general budget of the Communities, and for up to 12 years.

8.2. EMS interest subsidies ¹

The system of EMS interest subsidies was set up by Council Regulation (EEC) No 1736/79 of 3 August 1979 for a five-year period (1979-83), in response to a request by the European Council of December 1978. A description is given below of the operations carried out during the final year (1983), followed by an assessment of how the system functioned throughout the five-year period.

8.2.1. Operations in 1983

The operations in 1983 related to 31 investment projects financed by 32 loans from the EIB's own resources (736 million ECU) and by 18 loans from NCI resources (327 million ECU), giving a total of 1 063 million ECU for 50 loans.

The discounted amount of interest subsidies totalled 200 million ECU, bringing the cumulative total over the system's five years of operation to 1 000 million ECU. Following a change in the discounting method, the ratio of the total amount of interest subsidies to that of subsidized loans fell to 18,8% in 1983, compared with an average of 20,1% for the period 1979-82. This ratio depends *inter alia* on the length of the loans, the interest rate and the grace period.

The amount of each interest subsidy and of each subsidized loan is given in Tables 15 and 16 in the annex.

By *origin of resources lent*, the subsidies were for 18 loans from NCI resources and 32 loans from the EIB's own resources. The respective percentages of the amounts paid out were 31% and 69%. Five projects were financed jointly by loans from the EIB's own resources and by the NCI.

The interest subsidies from 1983 budget appropriations break down by *recipient country* as follows: 70% to Italy and 30% to Ireland, the two countries eligible under Council Decision 79/691/EEC of 3 August 1979.

An analysis by *sector of use* shows that 32% of the total amount of interest subsidies went to projects in the energy sector: 12% for the development of primary energy sources (hydroelectric and nuclear power, and natural gas fields); 9% for thermal power stations and 11% for energy transmission (gas pipelines and distribution grids). Infrastructure projects in other sectors accounted for the remaining 68% of the interest subsidies, and related mainly to the improvement of telecommunications and road networks (27%), housing forming part of overall economic and industrial development projects (23%), water supplies and irrigation (17%), and industrial estates (2%).

8.2.2. Overall assessment of the system: 1979-83

In all, 231 loans received interest subsidies during the five years of the system's operation. Full use was made of the 1 000 million ECU suggested for this purpose by the European Council in December 1978. The budget appropriations in question were equivalent to 19,8% of the total amount of subsidized loans (5 038 million ECU). The table below shows the course of the operations, on the basis of the year in which the subsidies were charged to the general budget.

Loans subsidized and subsidies paid, year by year

	Loans subsidized		Interest subsidies paid	
	Number	million ECU	million ECU	% of loans
1979	34	885,4	200,0	22,6
1980	55	1 030,8	197,0	19,1
1981	58	1 017,5	193,2	19,0
1982	34	1 041,4	209,8	20,1
1983	50	1 062,9	200,0	18,8
Total	231	5 038,0 ¹	1 000,0	19,8

¹ Discounted interest subsidies, charged to the general budget as a single sum for each loan (cf. Tables 15, 16, 17 in the annex).

¹ This amount differs slightly from that given in the EIB's own documents for technical reasons to do with the rates used for converting the different currencies into ECU.

This time pattern was dictated by the five annual tranches prescribed by Regulation (EEC) No 1736/79. In point of fact the regularity is even more striking if the annual data are cumulated (see table).

Loans subsidized and subsidies paid, cumulative annual data

Cumulative totals as at	Loans (million ECU)	Subsidies (million ECU)	Subsidies as % of loans
End-1979	885,4	200,0	22,6
End-1980	1 916,2	397,0	20,7
End-1981	2 933,7	590,2	20,1
End-1982	3 975,1	800,0	20,1
End-1983	5 038,0	1 000,0	19,8

Two thirds of the 1 000 million ECU of interest subsidies went to loans in *Italy* and one third to loans in *Ireland*. As regards the origin of the resources lent at subsidized rates, loans under the New Community Instrument (NCI) attracted 16% of the subsidies and loans from the EIB's own resources 84%.

An analysis by sector of use of the loan shows that roughly two-fifths of the interest subsidies paid out were on loans for infrastructure projects in the *energy* sector and three-fifths for *other types of infrastructure*. In the energy sector, primary energy sources, such as hydroelectric and nuclear power, and the exploitation of oil and natural gas deposits as well as of peat bogs and geothermal sources of energy received 14% of all interest subsidies. Loans for the transformation of energy (particularly in conventional power stations) received 8% of all interest subsidies, and loans for the transmission of energy (gas pipelines, distribution grids) 19%.

EMS interest subsidies paid from 1979-83 appropriations (by country, instrument and sector)

	Subsidized loans		Interest subsidies paid	
	Number	million ECU	million ECU	%
<i>By recipient country</i>				
Italy	150	3 569,7	666,6	66,7
Ireland	81	1 468,3	333,4	33,3
	231	5 038,0	1 000,0	100,0
<i>By origin of resources lent</i>				
NCI	46	848,2	161,2	16,1
EIB	185	4 189,8	838,8	83,9
	231	5 038,0	1 000,0	100,0
<i>By sector of use</i>				
<i>Energy</i>				
Primary energy production	35	814,2	140,9	14,1
Transformation of energy	19	382,4	80,8	8,1
Transmission of energy	40	978,4	184,7	18,5
Global loan	1	14,7	2,4	0,2
Sub-total: Energy	95	2 189,7	408,8	40,9
<i>Other infrastructure</i>				
Water engineering	60	1 149,1	233,8	23,4
Industrial infrastructure	20	322,3	66,0	6,6
Transport and communications	38	1 119,2	237,8	23,8
Forestry and fishing	2	32,2	8,1	0,8
Housing	16	225,5	45,5	4,5
Sub-total: other infrastructure	136	2 848,3	591,2	59,1
Total	231	5 038,0	1 000,0	100,0

As regards non-energy infrastructure, the projects that benefited most related to water engineering, including water supply, sewage disposal, irrigation and land drainage (23% of all interest subsidies) and to transport and communications, including road, rail, maritime and telephone networks (24%). Industrial infrastructure (industrial estates, training establishments) accounted for 7% and forestry and fishing ports for 1%. Loans for housing forming part of overall economic and industrial development projects received 4% of the interest subsidies granted.

All the interest subsidies for loans in Ireland and most of those for loans in Italy related to projects located in priority regions. Since the projects involve infrastructure, the number of new permanent jobs created 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 in and the supplies needed for, carrying out the infrastructure schemes will have significant direct and indirect temporary effects on the employment situation over what may, in some cases be relatively long periods.

This method of transferring resources was chosen because it serves to stimulate and direct investment. It was felt that the development gap between the less-prosperous and the other Member States should be closed by stimulating capital expenditure projects for which insufficient internal finance was available. Hence the idea of encouraging recourse to Community loans by combining them with a subsidy. As a result, between 1979 and 1983, loans carrying an interest subsidy covered more than 1% of gross fixed capital formation in Italy and around 7% in Ireland.

As regards the specific impact of this financial aid, it is noteworthy that subsidized loans in Ireland accounted for nearly one-third of public expenditure on 'productive infrastructures' (roads, ports, energy, etc.).

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 in the case of Italy and 81/1013/EEC of 14 December 1981 for Greece. They are paid

annually on the loan interest dates, in non-discounted form, a rate of 3% per annum being applied to the capital still outstanding; the loans and subsidies have a maximum life 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 were paid for the first time in 1983. Tables 18 and 19 list all the loans signed by the end of the financial year, with the amount of each interest subsidy paid in 1983.

By the end of 1983, the loans signed for Italy totalled 792 million ECU out of the 1 000 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, over three-quarters of the 872 million ECU in loans signed were financed from NCI resources. With regard to the purpose of the loans, 53% of the amount signed was for economic infrastructure (roads, railways, telephones, electricity, water supply, industrial estates), 45% for social infrastructure (housing, school and public buildings) and 2% for the rehabilitation of the means of production.

As a result of the loans signed since 1981, interest subsidies worth 14.4 million ECU were paid out in 1983, split equally between economic and social infrastructure.

8.4. ECSC interest subsidies

The interest subsidies granted by the Commission on ECSC loans in 1983 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 coal-mining capacity, financed from loans under Article 54, para. 1 of the Treaty;
- (iii) investments to increase consumption of Community coal, financed from loans under Article 54, para. 2 of the Treaty.

In 1983, as in previous years, the major share of interest subsidies went to conversion projects.

ECSC interest subsidies paid in 1983

	<i>(million ECU)</i>									
	B	DK	D	F	IRL	I	L	NL	UK	Total
Art. 54	8,4	—	—	2,9	—	—	—	—	2,3	13,6
Art. 56	3,7	0,8	4,1	1,8	—	6,5	—	—	4,1	21,0 ¹
Total	12,1	0,8	4,1	4,7	—	6,5	—	—	6,4	34,6

¹ To this should be added an amount of 23,0 million ECU reflecting the cost of increasing the interest subsidy from 3% to 5% for a series of global loans.

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Table 1

Community borrowings in 1983

No	Type	Life (years)	Coupon %	Currency and amount (million)	Million ECU ¹
(a) NCI					
1	Public issue	12	11,5	USD 200	241,73
2	Public issue	10	11,625	ECU 50	50,00
3	Public issue	8	11,875	UKL 50	87,63
4	Public issue	12	7,75	DM 200	88,60
5	Public issue	10	8,0	Yen 20 000	104,31
6	Private placing	7	5,5	SFR 50	27,71
7	Public issue	12	10,75	USD 75	90,65
8	Public issue	10	5,75	SFR 100	55,43
9	Private placing	10	8,625	HFL 50	19,71
10	Public issue	10	8,75	HFL 200	78,83
11	Public issue	10	8,25	DM 250	110,74
12	Private placing	6	5,875	SFR 50	27,71
13	Public issue	10	11,25	ECU 70	70,00
14	Public issue	10	12,0	USD 100	120,86
15	Public issue	10	11,875	UKL 50	87,63
16	Public issue	10	6,0	SFR 100	55,42
17	Public issue	10	7,7	Yen 20 000	104,31
18	Public issue	10	11,0	ECU 50	50,00
			6,0	ECU 25	25,00
19	Public issue	10	12,0	USD 50	120,86
		15	12,125	USD 50	
Total					1 617,10
(b) Balance of payments					
20	Public issue	7	²	USD 1 800	2 175,6
21	Public issue	4	11	USD 350	423,0
22	Public issue	(a) 3	11,125	ECU 80	150,0
		(b) 7	11,25	ECU 40	
		(c) 10	11,50	ECU 30	
23	Public issue	7	³	USD 1 240	1 498,7
Total					4 246,3

¹ The conversion rates used were those obtaining on 31 December 1983.² Variable (1/8% over Libor per annum — minimum of 5% per annum).³ Variable (3/8% over Libor per annum).

Table 1 (continued)

Community borrowings in 1983

No	Type	Life (years)	Coupon %	Currency and amount (million)	Million ECU ¹
(c) Euratom					
24	Public issue	10	11,0	LFR 500	10,85
25	Public issue	10	11,605	ECU 50	50,00
26	Public issue	10	7,375	DM 150	66,44
27	Public issue	10	15,0	FF 425	61,56
28	Private placing	10	8,28	DM 80	35,44
29	Private placing	12	9,6467	HFL 62,8	24,75
30	Private placing	10	8,50	DM 50	22,15
31	Private placing	7	12,125	USD 20	24,17
32	Private placing	10	11,50	BFR 1 000	21,69
33	Private placing	12	8,75	HFL 75	29,56
34	Private placing	12	8,25	DM 50	22,15
Total					368,76
(d) ECSC					
35	Public issue	10	7,50	DM 150	66,44
36	Private placing	8	13,62	LFR 340	7,40
37	Public issue	10	7,75	HFL 100	39,40
38	Private placing	10	8,05	DM 38,3	16,96
39	Private placing	12	13,00	BFR 936	20,31
40	Private placing	5	7,65	DM 9,35	4,14
41	Private placing	15	8,00	HFL 23,0	9,08
42	Private placing	5	12,50	UKL 1,5	2,63
43	Public issue	10	7,50	DM 200	88,60
44	Private placing	5	12,06	UKL 3	5,25
45	Private placing	10	8,00	DM 62	27,46
46	Private placing	10	8,00	DM 0,60	0,26
47	Private placing	7	8,00	DM 47	20,82
48	Private placing	5	12,00	BFR 100	2,17
49	Private placing	10	8,4	DM 12 080	5,35
50	Private placing	6	5,50	SFR 52	28,82
51	Private placing	15	9,625	HFL 17 760	7,00
52	Private placing	10	8,50	DM 4,40	1,94
53	Public issue	7	8,00	DM 160	70,87
54	Private placing	10	12,00	BFR 40	0,86
55	Public issue	7	11,875	USD 75	90,65
56	Private placing	10	11,75	BFR 2 500	54,23
57	Private placing	8	11,875	LFR 750	16,27
58	Private placing	10	11,19	BFR 3 200	69,42
59	Private placing	5	8,25	DM 35	15,50

¹ The conversion rates used were those obtaining on 31 December 1983.

Table 1 (continued)**Community borrowings in 1983**

No	Type	Life (years)	Coupon %		Currency and amount (million)	Million ECU ¹
60	Private placing	10	11,5	BFR	900	19,52
61	Private placing	12	8,25	DM	16	7,11
62	Private placing	10	9,00	HFL	10	3,94
63	Private placing	15	9,00	HFL	12,2	4,81
64	Public issue	8	10	LFR	600	13,02
65	Private placing	10	8,60	DM	6 650	2,94
66	Private placing	6	6,00	SFR	35	19,40
67	Private placing	5	11,375	UKL	4	7,01
Total						749,58
Total NCI + balance of payments + Euratom + ECSC						6 982,74

¹ The conversion rates used were those obtaining on 31 December 1983.

Table 2**EIB borrowings in 1983**

	Life (years)	Coupon	Subscription currency	Amount (million)	Million ECU ¹
Public issues					
	10	7,800	Yen	20 000	88,044
	10	7,750	DM	200	86,951
	8	11,000	USD	125	129,177
	8	11,750	ECU	60	60,000
	8	12,750	BFR	3 000	66,195
	10	5,750	SFR	100	51,988
	8	11,750	UKL	50	80,034
	10	8,250	ÖS	500	31,745
	10	7,500	DM	200	89,186
	10	10,750	USD	200	216,499
	10	9,250	HFL	150	59,369
	10	14,800	FF	1 000	148,715
	10	6,000	SFR	100	53,272
	10	9,875	LFR	600	13,214
	10	8,000	DM	200	88,175
	10	8,250	DM	200	88,175
	10	11,875	USD	150	168,205
	10	7,800	Yen	20 000	98,802
	10	5,750	SFR	100	54,844
	10	11,125	ECU	50	50,000
	10	8,500	HFL	250	98,881
	7	11,500	USD	200	232,727
	8	8,000	DM	250	110,549
	8	12,125	CAD	80,06	75,617
	5	10,625	ECU	50	50,000
	15	10,000	ECU	25	25,000
					2 315,364

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

Table 2 (continued)**EIB borrowings in 1983**

	Life (years)	Coupon	Subscription currency	Amount (million)	Million ECU ¹
Private placings					
8	5-10	7,500 — 8,200	DM	430,0	190,295
5	8-10	11,250 — 12,750	UKL	56,0	95,650
21	10-20	7,625 — 9,000	HFL	479,8	189,507
3	12-15	11,125 — 13,000	BFR	4 300,0	94,468
2	6-7	12,375 — 12,750	LFR	1 000,0	22,065
1	15	12,000	ECU	45,0	45,000
3	6-10	11,000 — 11,625	USD	81,9	87,675
3	6	5,500 — 6,000	SFR	230,0	124,614
3	10	8,400 — 8,600	Yen	60 000,0	281,642
					1 130,916
Medium-term interbank operations					
5	2-3	4,000 — 7,800	DM	120	52,245
1	2	6,800	HFL	25	9,835
					62,080
Total borrowings and interbank operations					3 508,360 ²

¹ The conversion rates used were those obtaining on the last working day of the quarter before the contract was signed.² To this must be added an amount of 111 million ECU for funds raised in the form of third-party participations in the financing of EIB loans.**Table 3****Borrowings by the European Communities (amounts outstanding at end of each year)¹**

Year	ECSC	EIB	Euratom	EEC ²	NCI	Total (million ECU)
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	10 604	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
1983	6 539	20 749	1 680	4 610	3 269 ³	36 847

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 1983, by instrument, sector and country

(million ECU)

Country	NCI				Euratom		EIB				ECSC				Total			
	Pro- ductive sector	Infra- struc- ture	Energy	Total	Energy	Total	Pro- ductive sector	Infra- struc- ture	Energy	Total	Pro- ductive sector	Infra- struc- ture	Energy	Total	Pro- ductive sector	Infra- struc- ture	Energy	Total
Belgium	—	—	—	—	32,5	32,5	—	—	—	—	3,0	0,9	—	3,9	3,0	0,9	32,5	36,4
Denmark	22,2	—	83,2	105,4	—	—	20,5	28,9	210,3	259,7	—	0,01	—	—	42,7	28,9	293,5	365,1
FR of Germany	—	—	—	—	—	—	22,9	—	129,3	152,2	74,5	2,2	72,7	149,4	97,4	2,2	202,0	301,6
Greece	—	50,3	35,0	85,3	—	—	63,2	193,3	107,8	364,3	—	0,4	—	0,4	63,2	244,0	142,8	450,0
France	105,5	36,4	44,3	186,2	198,6	198,6	152,8	345,7	209,4	707,9	127,0	2,1	148,7	277,8	385,3	384,2	601,0	1 370,6
Ireland	3,8	18,8	46,8	69,4	—	—	13,9	201,4	19,3	234,6	4,2	0,2	—	4,4	21,9	220,4	66,1	308,4
Italy	289,5	338,2	37,7	665,4	89,0	89,0	749,5	737,8	458,4	1 945,7	19,4	12,8	—	32,2	1 058,4	1 088,8	585,1	2 732,2
Luxembourg	—	—	—	—	—	—	—	—	—	—	—	0,03	—	—	—	0,03	—	0,03
Netherlands	—	—	—	—	—	—	—	—	—	—	39,4	0,1	—	39,4	39,4	0,1	—	39,5
United Kingdom	68,1	—	32,0	100,1	46,3	46,3	53,4	269,9	268,0	591,3	104,8	1,5	164,2	270,5	226,3	271,4	510,5	1 008,2
Total	489,1	443,7	279,0	1 211,8	366,4	366,4	1 076,2	1 777,0	1 402,5	4 255,7	372,3	20,2	385,6	778,1	1 937,6	2 240,9	2 433,5	6 612,0
% sector	40,3	36,7	23,0	100	100	100	25,3	41,8	32,9	100	47,8	2,6	49,6	100	29,4	33,8	36,8	100
% institution	18,4				5,5		64,4				11,7				100			

Table 5

Trend in lending operations in the Community, by sector

(million ECU)¹

Year	Pro- ductive sector	Infra- structure	Energy	Total
1974	604,0	143,4	480,2	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
1983	1 940,4	2 240,8	2 431,0	6 612,0

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, 1979-83***(million ECU)¹*

Country	1979			1980			1981		
	Infra-structure	Energy	Total	Infra-structure	Energy	Total	Infra-structure	Energy	Total
Belgium	—	—	—	—	—	—	—	—	—
Denmark	—	—	—	—	18,1	18,1	—	—	—
FR of Germany	—	—	—	—	—	—	—	—	—
Greece ²	—	—	—	—	—	—	—	—	—
France	—	—	—	—	—	—	40,3	—	40,3
Ireland	62,0	24,7	86,7	27,3	14,4	41,7	8,1	9,2	17,3
Italy ³	39,6	45,4	85,0	62,3	75,5	137,8	363,9	84,4	448,3
Luxembourg	—	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—	—
United Kingdom	25,9	79,4	105,3	—	—	—	33,9	—	33,9
Total	127,50	140,50	277,00	89,60	108,00	197,60	446,20	93,60	539,80
%	46,0	54,0	100	45,3	54,7	100	82,7	17,3	100

Country	1982				1983			
	Infra-structure	Energy	Productive sector	Total	Infra-structure	Energy	Productive sector	Total
Belgium	—	—	—	—	—	—	—	—
Denmark	48,6	47,4	—	96,0	—	83,2	22,2	105,4
FR of Germany	—	—	—	—	—	—	—	—
Greece ²	124,9	—	—	124,9	50,3	35,0	—	85,3
France	—	—	37,6	37,6	36,4	44,3	105,5	186,2
Ireland	45,3	37,8	—	83,1	18,8	46,8	3,8	69,4
Italy ³	210,7	15,1	223,7	449,5	338,2	37,7	289,5	665,4
Luxembourg	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—
United Kingdom	—	—	—	—	—	32,0	68,1	100,1
Total	429,50	100,30	261,30	791,10	443,7	279,0	489,1	1 211,8
%	54,3	12,7	33,0	100	36,7	23,0	40,3	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 1982.³ Including 'earthquake' operations in 1981, 1982 and 1983.

Table 7

ECSC loans paid out, 1974-83

(million ECU)¹

Country	1974				1975				1976				1977			
	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	10,3	—	—	10,3	40,3	1,8	—	42,1	34,6	2,7	—	37,3	15,0	0,9	—	15,9
Denmark	—	0,3	—	0,3	22,6	0,4	—	23,0	—	—	—	—	—	0,5	—	0,5
FR of Germany	108,5	0,6	41,0	150,1	119,3	7,9	23,7	150,9	166,7	9,7	10,5	186,9	28,0	5,8	81,7	115,5
Greece	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
France	82,5	0,4	1,9	84,8	112,2	4,9	—	117,1	101,9	4,3	27,0	133,2	125,2	0,9	48,4	174,5
Ireland	—	—	—	—	—	0,2	—	0,2	0,6	0,1	—	0,7	—	0,2	—	0,2
Italy	64,1	1,1	—	65,2	175,8	0,8	—	176,6	146,8	0,9	—	147,7	170,9	2,7	—	173,6
Luxembourg	—	0,4	—	0,4	0,6	0,5	—	1,1	—	0,1	—	0,5	—	0,5	—	0,5
Netherlands	1,8	—	—	1,8	29,5	0,9	—	30,4	38,2	0,4	—	38,6	—	0,5	—	0,5
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	173,6	—	86,7	260,3
Non-EEC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	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	512,7	12,0	216,8	741,5

Country	1978				1979				1980				1981			
	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	—	1,9	—	1,9	—	0,4	—	0,4	—	—	29,2	29,2	—	0,5	—	0,5
Denmark	13,1	0,1	—	13,2	—	0,3	—	0,3	4,3	—	—	4,3	—	—	—	—
FR of Germany	111,6	5,6	21,8	139,0	122,0	6,1	21,0	149,1	98,5	0,8	29,8	129,1	53,2	5,9	33,2	92,3
Greece	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
France	89,9	2,8	34,4	127,1	99,5	3,2	28,7	131,4	237,5	0,5	37,4	275,4	85,1	2,3	24,0	111,4
Ireland	—	—	—	—	13,9	—	—	13,9	1,0	0,1	—	1,1	11,0	—	—	11,0
Italy	123,8	2,6	—	126,4	94,2	7,4	—	101,6	138,6	4,4	—	143,0	96,2	5,3	—	101,5
Luxembourg	73,5	0,5	—	74,0	19,5	0,1	—	19,6	68,6	—	—	68,6	—	0,1	—	0,1
Netherlands	42,0	0,8	—	42,8	—	0,5	—	0,5	4,6	0,3	—	4,9	—	0,5	—	0,5
United Kingdom	29,0	3,0	241,3	273,3	26,4	3,6	229,0	259,0	140,0	1,7	226,8	368,5	70,2	0,1	—	70,3
Non-EEC	—	—	—	—	—	—	—	—	6,6	—	—	6,6	—	—	—	—
Total	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	315,7	14,7	57,2	387,6

Country	1982				1983			
	Productive sector	Infra-structure	Ener-gy	Total	Productive sector	Infra-structure	Ener-gy	Total
Belgium	17,0	1,0	—	18,0	3,0	0,9	—	3,9
Denmark	1,7	0,1	—	1,8	—	0,0	—	0,0
FR of Germany	89,3	5,0	90,4	184,7	74,5	2,2	72,7	149,4
Greece	10,9	0,4	—	11,3	—	0,4	—	0,4
France	10,6	3,7	54,8	69,1	127,0	2,1	148,7	277,8
Ireland	—	0,1	—	0,1	4,2	0,2	—	4,4
Italy	62,7	2,4	—	65,1	19,4	12,8	—	32,2
Luxembourg	5,2	0,3	—	5,5	—	0,0	—	0,0
Netherlands	43,7	0,4	—	44,1	39,4	0,1	—	39,4
United Kingdom	112,4	4,7	152,0	269,1	104,8	1,5	164,2	270,5
Non-EEC	71,8	—	—	71,8	—	—	—	—
Total	425,3	18,1	297,2	740,6	372,3	20,2	385,6	778,1

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

Table 8**Euratom loans, 1977-83***(million ECU)¹*

Country	1977		1978		1979		1980	
	Energy	Total	Energy	Total	Energy	Total	Energy	Total
Belgium	—	—	—	—	50,5	50,5	82,2	82,2
Denmark	—	—	—	—	—	—	—	—
FR of Germany	77	77	34,4	34,4	—	—	—	—
Greece	—	—	—	—	—	—	—	—
France	19,9	19,9	—	—	67,9	67,9	99,1	99,1
Ireland	—	—	—	—	—	—	—	—
Italy	—	—	35,8	35,8	34	34	—	—
Luxembourg	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—
United Kingdom	—	—	—	—	—	—	—	—
Total	96,9	96,9	70,2	70,2	152,4	152,4	181,3	181,3

Country	1981		1982		1983		%
	Energy	Total	Energy	Total	Energy	Total	
Belgium	225,2	225,2	72,9	72,9	32,5	32,5	8,9
Denmark	—	—	—	—	—	—	—
FR of Germany	—	—	—	—	—	—	—
Greece	—	—	—	—	—	—	—
France	98,8	98,8	258,9	258,9	198,6	198,6	54,2
Ireland	—	—	—	—	—	—	—
Italy	33,6	33,6	30,0	30,0	89,0	89,0	24,3
Luxembourg	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—
United Kingdom	—	—	—	—	46,3	46,3	12,6
Total	357,6	357,6	361,8	361,8	366,4	366,4	100,0

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

Table 9

Loans from EIB own resources in the Community, 1974-83

(million ECU)¹

Country	1974				1975				1976				1977			
	Productive sector ²	Infra-structure	Ener-gy	Total	Productive sector ²	Infra-structure	Ener-gy	Total	Productive sector ²	Infra-structure	Ener-gy	Total	Productive sector ²	Infra-structure	Ener-gy	Total
Belgium	—	—	16,1	16,1	—	—	10,8	10,8	17,9	—	—	17,9	—	—	—	—
Denmark	6,4	5,4	7,8	11,8	11,6	—	6,1	17,7	9,1	—	—	9,1	12,8	7,1	12,8	32,7
FR of Germany	16,6	—	69,6	86,2	—	—	—	—	9,2	—	101,6	110,8	—	—	28,4	28,4
Greece	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
France	32,9	56,8	91,4	181,2	8,2	128,9	20,9	158,0	—	60,1	—	60,1	19,6	119,5	157,4	296,5
Ireland	16,5	25,2	—	41,7	7,7	30,0	—	37,7	29,9	24,2	3,3	57,4	18,3	61,4	—	79,7
Italy	136,1	38,5	103,4	278,0	52,9	208,2	97,7	358,8	126,7	195,1	40,2	362,0	197,1	189,3	39,3	425,7
Luxembourg	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands	—	—	31,9	31,9	—	—	—	—	—	—	30,4	30,4	—	—	—	—
United Kingdom	68,3	13,1	68,1	149,5	57,8	84,3	192,4	334,5	94,1	132,3	191,2	417,6	167,9	218,4	92,8	479,1
Non-EEC	—	—	18,4 ⁴	18,4	—	—	—	—	—	—	—	—	—	—	48,8 ³	48,8
Total	276,8	139,0	399,0	814,7	138,2	451,4	327,9	917,5	286,9	411,7	366,7	1 065,4	415,7	595,7	379,5	1 390,9

Country	1978				1979				1980				1981			
	Productive sector ²	Infra-structure	Ener-gy	Total	Productive sector ²	Infra-structure	Ener-gy	Total	Productive sector ²	Infra-structure	Ener-gy	Total	Productive sector ²	Infra-structure	Ener-gy	Total
Belgium	—	—	62,2	62,2	8,7	—	49,7	58,4	6,2	—	147,0	153,2	12,3	—	170,2	182,5
Denmark	12,4	51,4	42,5	106,3	5,4	3,9	6,3	15,6	9,6	25,1	46,4	81,1	13,3	10,6	119,0	142,9
FR of Germany	2,3	—	43,2	45,5	4,0	—	43,8	47,8	—	—	14,2	14,2	—	—	292,0	292,0
Greece	—	—	—	—	—	—	—	—	—	—	—	—	61,2	82,5	—	143,7
France	23,6	237,6	98,1	359,3	1,7	122,1	98,9	222,7	1,7	63,4	213,9	279,0	—	67,7	159,0	226,7
Ireland	14,8	72,6	30,0	117,4	49,2	124,4	79,3	252,9	177,2	114,0	43,1	334,3	81,9	113,7	129,7	325,3
Italy	142,2	374,0	328,9	845,1	244,6	356,3	304,5	905,4	223,8	578,5	350,2	1 152,5	277,7	524,8	448,8	1 251,3
Luxembourg	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
United Kingdom	67,3	247,0	116,4	430,7	64,0	299,9	375,1	739,0	166,8	329,6	191,6	688,0	25,8	193,0	—	218,8
Non-EEC	—	—	—	—	—	—	39,4 ⁵	39,4	—	—	50,9	50,9 ⁵	—	—	22,8	22,8 ⁶
Total	262,6	982,6	721,3	1 966,5	377,6	906,6	997,0	2 281,2	585,3	1 110,6	1 057,3	2 753,2	472,2	1 992,3	1 341,5	2 805,9

Country	1982				1983			
	Productive sector ²	Infra-structure	Ener-gy	Total	Productive sector ²	Infra-structure	Ener-gy	Total
Belgium	5,5	—	55,0	60,5	—	—	—	—
Denmark	9,8	99,2	100,3	209,3	20,5	28,9	210,3	259,7
FR of Germany	—	—	20,8	20,8	22,9	—	129,3	152,2
Greece	138,7	144,1	50,8	333,6	63,2	193,3	107,8	364,3
France	39,8	72,7	311,7	424,3	152,8	345,7	209,4	707,9
Ireland	113,8	145,0	66,6	325,4	13,9	201,4	19,3	234,6
Italy	652,6	686,5	249,6	1 588,7	749,5	737,8	458,4	1 945,7
Luxembourg	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	—	—
United Kingdom	79,9	222,3	188,3	490,6	53,4	269,9	268,0	591,3
Non-EEC	—	—	—	—	—	—	—	—
Total	1 040,1	1 369,9	1 043,2	3 453,2	1 076,2	1 777,0	1 402,5	4 255,7

¹ The conversion rates used were those obtaining on the last working day of the quarter before the contract was signed.² Industry, agriculture and services.³ Austria and Norway.⁴ Norway.⁵ Austria and Tunisia.⁶ Tunisia.

Table 10**List of NCI loans in 1983**

	Denmark	Greece	France	Ireland	Italy	United Kingdom	Total	%
A. Infrastructure								
1. Telecommunications: Greece		18,9						
2. Global loan: small and medium-sized infrastructures for local authorities		31,5						
3. Telecommunications: Ireland				18,8				
4. Global loan: energy conservation—public buildings			36,4					
5. Friuli-Venezia Giulia motorway					30,2			
6. Workers' housing Mezzogiorno					2,5			
7. Workers' housing Mezzogiorno					1,8			
8. Workers' housing Mezzogiorno					21,6			
9. Workers' housing Mezzogiorno					4,6			
10. Workers' housing Mezzogiorno					5,2			
11. Workers' housing Mezzogiorno					23,9			
12. Workers' housing Mezzogiorno					40,3			
Special aid for November 1980 earthquake damage (Basilicata and Campania):								
13. Railways					15,0			
14. Industrial estates					65,7			
15. Public buildings					74,9			
16. University buildings					19,7			
17. Operating base—Persano					32,8			
Total infrastructure		50,3	36,4	18,8	338,2	—	443,7	36,6
B. Energy								
18. Treatment and transportation of natural gas (South Jutland)	43,3							
19. Oil pipeline: North Sea-Frederica	39,9							
20. Power station: Amynteon (Western Macedonia)		11,0						
21. Lignite mine: Amynteon (Western Macedonia)		24,0						
22. Lignite mine and power station: Gardanne (Provence-Alpes-Côtes d'Azur)								
Links between high-voltage grids			29,7					
23. France-United Kingdom			14,6					
24. United Kingdom-France						32,0		
Power station—Moneypoint (Mid-West)								
25. I A				26,1				
26. I B				20,7				
27. Storage of natural gas at Minerbio (Emilia Romagna) and Ripalta (Lombardy)					22,6			
28. Six gas pipelines connected to the Algerian pipeline (Sicily)					15,1			
Total energy	83,2	35,0	44,3	46,8	37,7	32,0	279,0	23,0

C. Industry

29. Global loan: productive investment by SMEs	3,1							
30. Global loan: productive investment by SMEs	6,7							
31. Global loan: productive investment by SMEs	12,3							
32. Global loan: productive investment by SMEs in manufacturing				50,9				
33. Global loan: productive investment by SMEs				36,4				
34. Global loan: productive investment by SMEs (Normandy)				3,6				
35. Global loan: productive investment by SMEs (Centre-East)				8,7				
36. Global loan: productive investment by SMEs (South-East)				5,8				
37. Advance factories: Ireland					1,0			
38. Advance factories: Ireland					2,8			
39. Global loan: productive investment by SMEs (Centre-North, non-assisted areas)						94,9		
40. Global loan: productive investment by SMEs (Centre-North, non-assisted areas)						94,9		
41. Global loan: productive investment by SMEs (Centre-North, non-assisted areas)						36,5		
42. Global loan: productive investment by SMEs (Centre-North, non-assisted areas)						15,0		
43. Global loan: productive investment by SMEs (Centre-North, non-assisted areas)						11,3		
44. Global loan: productive investment by SMEs (Centre-North, non-assisted areas)						21,9		
45. Global loan: ventures in hotel trade and tourism (Centre-North)						15,1		
46. Global loan: productive investment by SMEs (non-assisted areas)							16,7	
47. Global loan: productive investment by SMEs (non-assisted areas)							17,4	
48. Global loan: productive investment by SMEs (non-assisted areas)							17,4	
49. Global loan: ventures in manufacturing, tourism and services (non-assisted areas)							8,3	
50. Global loan: ventures in manufacturing, tourism and services (non-assisted areas)							8,3	
Total industry	22,2		105,5	3,8	289,5	68,1	489,1	40,4
Total NCI loans	105,4	85,3	186,2	69,4	665,4	100,1	1 211,8	100
of which: NCI I	—	—	29,7	46,8	99,9	—	176,4	—
%	—	—	2,5	3,9	8,2	—	14,6	—
NCI II	53,1	35,0	87,4	3,8	109,3	82,7	371,3	—
%	4,4	2,9	7,2	0,3	9,0	6,8	30,6	—
NCI III	52,2	50,4	69,0	18,8	248,2	17,4	456,0	—
%	4,3	4,1	5,7	1,6	20,5	1,4	37,6	—
'Reconstruction' NCI	—	—	—	—	208,1	—	208,1	—
%	—	—	—	—	17,2	—	17,2	—

Table 11**List of Euratom loans in 1983**

Date	Recipient	Country	Million ECU
8.4.1983	Eurodif SA, Bagneux	France	5,0
8.4.1983	EDF, Paris (Belleville)	France	45,0
25.5.1983	Eurodif SA, Bagneux	France	61,5
7.6.1983	NERSA, Paris	France	35,4
15.11.1983	EDF, Paris (Flamanville I and II)	France	29,6
15.11.1983	EDF, Paris (Flamanville I and II)	France	22,1
11.4.1983	ENEL, Rome	Italy	64,3
27.7.1983	ENEL, Rome	Italy	24,7
22.2.1983	Belgelectric Finance BV, (Intercom-Tihange III)	Belgium	10,8
12.10.1983	Belgelectric Finance BV, Amsterdam	Belgium	21,7
5.8.1983	South of Scotland Electricity Board, Glasgow	United Kingdom	22,1
			24,2
Total			366,4

Table 12**ECSC loans by sector, 1980, 1981, 1982 and 1983**

(million ECU)								
Year	Total ECSC loans	Coal industry (Art. 54 (1))	Steel industry (Art. 54 (1))	Thermal power (Art. 54 (2))	Conversion (Art. 56)	Workers' housing (Art. 54)	Iron-ore mines (Art. 54 (2))	Other (Art. 54 (2))
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
1983	778,1	257,2	222,2	128,4	139,5	20,2	—	10,6
1983 — % 1982	+ 5	—	+ 59	+ 214	— 14	+ 12	—	— 79

Table 13**EIB loans outside the Community from borrowings, 1976-83**

<i>(million ECU)</i>								
Country	1976	1977	1978	1979	1980	1981	1982	1983
ACP States and OCT	52	67	91	73	124	158	122	90
<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>	<i>857</i>
Spain	—	—	—	—	—	40	105	105
Portugal	90	60	35	46	70	79	80	85
Yugoslavia	—	25	25	—	—	—	67	67
Greece	—	—	20	104	101	—	—	—
Turkey	—	—	—	36	44	10	—	—
<i>Maghreb</i>	—	—	—	50	25	52	—	36
Algeria	—	—	—	—	20	10	—	—
Morocco	—	—	—	26	—	30	—	36
Tunisia	—	—	—	24	5	12	—	—
<i>Mashreq</i>	—	—	3	109	7	15	28	44
Egypt	—	—	—	65	—	—	28	25
Jordan	—	—	—	11	4	3	—	14
Lebanon	—	—	3	17	3	12	—	5
Syria	—	—	—	16	—	—	—	—
<i>Other</i>	—	—	—	3	—	42	8	—
Cyprus	—	—	—	—	—	12	8	—
Malta	—	—	—	3	—	—	—	—
Israel	—	—	—	—	—	30	—	—
Total Mediterranean	90	85	83	348	247	238	288	337
Total	142	152	174	421	371	396	410	427

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

Table 14**Interest subsidies paid out in the Community by the various Community mechanisms, 1973-83**

(million ECU)

Year	Non-discounted systems ¹			Discounted systems ²	
	ECSC		'Earthquake reconstruction'	EMS	ERDF
	Article 54 (restructuring)	Article 56 (reconversion)			
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	—
1983	9,0	44,0	14,4	200,0	—

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 15

EMS interest subsidies, 1983 financial year: Italy

(million ECU)			
Borrower	Project	Loan	Int. subs.
<i>NCI loans</i>			
SNAM (Società Nazionale Metanodotti)	Gas distribution in Sicily	15,1	2,6
AGIP (Azienda Generale Industria Petroli)	Storage of natural gas in northern Italy	22,6	3,9
ITALGAS (Società Italiana per il Gas)	Distribution of natural gas in Piedmont/Liguria	14,9	2,6
CASSA (Cassa per le opere straordinarie di pubblico interesse nell'Italia meridionale)	Sewage treatment in the Bay of Naples	56,0	8,7
San Paolo (Istituto Bancario San Paolo di Torino)	Workers' housing 'Italstat/Fiat Cooperativo Mezzogiorno'	2,5	0,5
		1,8	0,4
		21,3	4,3
CARIPLO (Cassa di Risparmio delle Prov. Lombarde)	Workers' housing 'Italstat/Fiat Cooperativo Mezzogiorno'	5,2	1,0
		23,7	4,7
BNL (Banca Nazionale del Lavoro)	Workers' housing 'Italstat/Fiat Cooperativo Mezzogiorno'	4,5	0,9
BNL	Workers' housing 'Ispredil'	40,2	8,2
Sub-total: NCI		207,8	37,8
<i>EIB loans</i>			
ENEL (Ente Nazionale per l'Energia elettrica)	Power stations: — Calusia	10,6	1,7
	— Presenzano	45,4	8,1
ENFL	Alto Lazio nuclear power station	45,3	8,3
AGIP	Exploitation of three natural gas fields in the Adriatic	37,2	5,7
ENEL	Brindisi thermal power station	23,5	3,6
ENEL	Electricity Sicily/Calabria	9,1	1,4
ENEL	North-south Links C	26,4	4,8
ITALGAS	Distribution of natural gas in Piedmont/Liguria	14,9	2,5
Italian Government	Improving the supply of drinking water in Apulia	16,1	2,8
CASSA	Sewage treatment in the Bay of Naples	56,3	8,8
CASSA	Irrigation: — Campobasso (Biferno)	12,0	2,2
	Irrigation: — Province of Latina (Agro Pontino)	6,8	1,5
CASSA	Industrial development estates at Olbia, Brindisi, Bari, Sangro Aventino and Val Pescara	18,7	3,4
SIP (Società Italiana per l'Esercizio Telef.)	Extensions to the telephone network in Sicily	37,0	7,2
ANAS (Azienda Nazionale Autonoma delle strade)	Road improvements: — Calabria	38,6	6,9
	— Apulia	40,9	7,0
San Paolo	Workers' housing 'Italstat/Fiat Cooperativo Mezzogiorno'	27,2	5,5
		2,9	0,6
CARIPLO	Workers' housing 'Italstat/Fiat Cooperativo Mezzogiorno'	20,3	4,1
		5,5	1,1
BNL	Workers' housing 'Italstat/Fiat Cooperativo Mezzogiorno'	20,2	4,1
		27,8	5,6
		2,4	0,5
BNL	Workers' housing 'Ispredil'	5,6	1,1
		14,4	2,9
Sub-total: EIB		565,1	101,4
Total: Italy		772,9	139,2

Table 16**EMS interest subsidies, 1983 financial year: Ireland**

<i>(million ECU)</i>			
Borrower	Project	Loan	Int. subs.
<i>NCI loans</i>			
Electricity Supply Board	Aghada power station	24,8	5,0
	Moneypoint coal-fired power station: — A	25,8	5,9
	— B	20,6	3,5
Irish Government	Water supply and sewage disposal schemes in the Dublin area	24,8	5,0
Irish Government	Construction of advance and turnkey factories:		
	— Udaras na Gaeltachta IV	2,8	0,6
	— Shannon Free Airport Devt. Co. IV	1,0	0,2
Irish Government	Extension and modernization of telecommunications	18,9	3,4
Sub-total: NCI		118,7	23,6
<i>EIB loans</i>			
Electricity Supply Board	Extension of electricity grid	19,2	3,7
Irish Government	Water supply: — East/South-East E	5,8	1,4
	— local authorities	13,8	3,2
	Road network: — III C	10,2	2,4
Irish Government	— IV B	22,9	4,9
	— V	16,0	3,9
Irish Telecommunications Investments Ltd	Extension and modernization of telecommunications infrastructure	83,4	17,7
Sub-total: EIB		171,3	37,2
Total: Ireland		290,0	60,8

Table 17**EMS interest subsidies paid from 1983 appropriations (by country, instrument and sector)**

	Loans subsidized		Interest subsidies paid	
	Number	m ECU	m ECU	%
<i>By recipient country</i>				
Italy	36	772,9	139,2	69,6
Ireland	14	290,0	60,8	30,4
	50	1 062,9	200,0	100,0
<i>By origin of resources lent</i>				
NCI	18	326,5	61,4	30,7
EIB	32	736,4	138,6	69,3
	50	1 062,9	200,0	100,0
<i>By sector of use</i>				
<i>Energy</i>				
Primary energy production	4	138,5	23,8	11,9
Transformation of energy	4	94,7	18,0	9,0
Transmission of energy	7	122,2	21,5	10,8
Sub-total: Energy	15	355,4	63,3	31,7
<i>Other infrastructure</i>				
Water engineering	8	191,6	33,6	16,8
Industrial infrastructure	3	22,5	4,2	2,1
Transport and communications	8	267,9	53,4	26,7
Housing	16	225,5	45,5	22,7
Sub-total: Other infrastructure	35	707,5	136,7	68,3
Total	50	1 062,9	200,0	100,0

Table 18

'Earthquake reconstruction' loans carrying interest subsidies, 1983 financial year: Italy

(million ECU)

Borrower	Project	Total loans contracted end-1983	Interest subs. paid from 1983 appropri.
<i>NCI loans</i>			
ANAS (Azienda Nazionale Autonoma delle Strade)	Road and motorway infrastructure: I	30,8	1,055
FS (Azienda Autonoma delle Ferrovie dello Stato)	Railway network: — I A	28,4	0,971
	— I B	21,9	0,157
	— II A	15,0	—
CASSA (Cassa per le opere straordinarie di pubblico interesse nell'Italia meridionale)	Water supply network: I	26,1	0,840
CASSA	Repair of Pugliese aqueduct: I	56,5	0,624
Italian Government	Industrial estates	65,7	—
Italian Government	Repair and reconstruction of schools	55,7	1,527
Italian Government	Basic infrastructure for areas to be used for housing	155,2	4,297
Italian Government	Reconstruction of public property	74,9	—
Italian Government	Barracks/aid centre, Persano	32,8	—
Italian Government	Repair of university buildings	19,7	—
NCI total		582,7	9,471
<i>EIB loans</i>			
SIP (Società Italiana per l'Esercizio Telef.)	Telephone network: — A	11,9	0,392
	— B	8,0	0,229
	— C	7,6	0,186
ENEL (Ente Nazionale per l'Energia elettrica)	Electricity grid: — A	11,9	0,392
CASSA	— B	7,6	0,185
	Water supply network: — II	11,5	0,381
	— III	30,4	0,742
	— IV	9,8	—
CASSA	Repair of Pugliese aqueduct: II	56,7	0,555
ANAS	Road and motorway infrastructure: — II A	7,5	—
	— II B	29,2	—
ISVEIMER (Istituto per lo sviluppo Economico dell'Italia Meridionale, Napoli)	Reconstitution of the means of production (industry and hotel trade)	2,6	0,063
ISVEIMER	Motor vehicle component factory	14,6	—
EIB total		209,3	3,125
Total Italy		792,0	12,596

Table 19

'Earthquake reconstruction' loan carrying interest subsidy, 1983 financial year: Greece

(million ECU)			
Borrower	Project	Loan signed	Interest subsidies paid from 1983 appropriations
<i>NCI loan</i>			
Greek Government	1981 reconstruction: — economic infrastructure	21,1	0,463
	— social infrastructure	58,9	1,293
Total		80,0	1,756

Table 20

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

	Loans signed					Interest subsidies paid in 1983	
	Initial situation 1983	1983 Operations	Situation at end of 1983				
	million ECU	million ECU	Number	million ECU	%	million ECU	%
<i>By recipient country:</i>							
Italy	522,8	269,2	25	792,0	90,8	12,596	87,8
Greece	80,0	—	1	80,0	9,2	1,756	12,2
	602,8	269,2	26	872,0	100,0	14,352	100,0
<i>By origin of resources lent:</i>							
NCI	454,6	208,1	13	662,7	76,0	11,227	78,2
EIB	148,2	61,1	13	209,3	24,0	3,125	21,8
	602,8	269,2	26	872,0	100,0	14,352	100,0
<i>By sector of use:</i>							
Economic infrastructure	330,4	127,2		457,6	52,5	7,172	50,0
Social infrastructure	269,8	127,4		397,2	45,5	7,117	49,6
Reconstitution of means of production	2,6	14,6		17,2	2,0	0,063	0,4
	602,8	269,2	26	872,0	100,0	14,352	100,0

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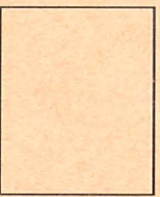
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