

ANNUAL REPORT
1989

EUROPEAN INVESTMENT BANK

Projects eligible

EIB loans may be granted to public or private borrowers in all sectors, namely:

- infrastructure,
- energy,
- industry, services and agriculture.

Large-scale projects are financed by means of **individual loans** concluded directly or through a financial intermediary; ventures mounted by small and medium-sized enterprises as well as smaller-scale ventures involving infrastructural works, more efficient use of energy or environmental protection are generally funded through global loan facilities.

Global loans are, in practice, lines of credit opened with banks or financial institutions operating at national or regional level. These intermediaries draw on the proceeds to finance a variety of ventures promoted by small and medium-sized enterprises or local authorities, in agreement with the EIB and in accordance with its criteria.

In all cases, the EIB finances only part of the investment costs, supplementing the borrower's own funds and other sources of finance. Loans may not normally exceed 50% of investment costs.

Project appraisal, conducted by EIB staff, is designed to verify the economic benefits and viability of the scheme concerned. Similarly, the appraisal looks into the project's consistency with the Bank's own financing criteria and Community policy guidelines as well as its compliance with environmental protection and procurement regulations. The promoter's financial situation and cash flow projections along with security offered are also examined.

Once the appraisal is completed, the EIB's Board of Directors, acting on a proposal from the Management Committee, decides on the granting of a loan, taking account of the opinions of the Member State concerned and the Commission of the European Communities.

Financial terms and conditions

Duration

The EIB grants medium and long-term loans of which the duration depends on the type of project concerned and its anticipated life. The duration of loans generally varies between 7 and 12 years for industrial projects and may extend to 20 years or more for infrastructural schemes.

Currencies

Depending on the format selected, loans are disbursed at par:

- in a single currency, particularly a Member State's currency or the ecu;
- in several currencies, either in standard mixes, with duration, make-up and interest rate all fixed in advance, or in varying mixes tailored to the EIB's holdings and its borrowers' preferences.

Interest rates

The EIB's first-class credit rating enables the Bank to raise funds on the keenest terms available at the time. As the EIB operates on a non-profit-making basis, the interest rates on its loans reflect the cost of its borrowings.

Rates may be set either upon signature of the finance contract or on the occasion of each disbursement (open-rate contract). Loans are granted mostly at fixed rates, although they may also carry variable rates or fixed rates revisable after a specific period (generally 4 to 10 years). Rates are the same for all countries and sectors. The EIB does not accord interest subsidies, although these may be granted by third parties.

* * *

Special arrangements apply to financing provided outside the Community under various financial cooperation agreements.

European Investment Bank

The European Investment Bank (EIB) was created by the Treaty of Rome establishing the European Economic Community. Its Statute forms an integral part of the Treaty.

The members of the EIB, an autonomous public financial institution within the Community, are the twelve Member States of the EEC who have all subscribed to the Bank's capital. Since 1 January 1986, this has stood at 28.8 billion ecus, of which 2 595.9 million is paid in or to be paid in.

As a **Community institution**, the EIB continuously adapts its activity to developments in Community policies and the needs of Member States; it strives

to foster greater economic and social cohesion and the creation of the European market.

As a **bank**, it works in close collaboration with numerous financial institutions both in raising its resources on the capital markets and in providing financing.

The EIB grants loans both from its own resources - mainly the proceeds of its borrowing operations - and, outside the Community, from EEC or Member States' budgetary resources. It also deploys the proceeds of borrowings concluded by the EEC in conjunction with the NCI.

Theatre of operations

The EIB's prime vocation is to contribute towards the balanced development of the Community by financing capital projects, while at the same time adhering to the rules of strict banking management.

In accordance with Article 20 of its Statute, it pays particular heed to ensuring «that its funds are employed as rationally as possible in the interests of the Community».

Within the Community

In keeping with the guidelines laid down in Article 130 of the Treaty of Rome and in the light of developments in Community policies, projects considered for EIB financing must contribute towards one or more of the following objectives:

- fostering the economic advancement of less favoured regions;
- improving transport and telecommunications infrastructure of benefit to the Community;
- protecting the environment and the quality of life as well as safeguarding the EEC's architectural and natural heritage;
- promoting urban development;
- attaining Community energy policy objectives;

- enhancing the international competitiveness of Community industry and furthering European industrial integration;

- supporting the activities of small and medium-sized enterprises.

Outside the Community

The second paragraph of Article 18(1) of the Statute provides for financing operations by the EIB outside the Community on special authorisation from the Bank's Board of Governors. Authorisation is given:

- case by case, for financing for certain types of project of particular importance to the Community (satellite communications or energy supplies, for example);

- as ceiling amounts when they concern loans in individual countries or groups of countries to be granted under Community agreements, conventions or decisions on financial cooperation.

The EIB's theatre of operations under the latter heading now covers countries in Africa, the Caribbean and the Pacific, signatories to the Lomé Convention (ACP States), and twelve Mediterranean countries (Turkey, Yugoslavia, Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon, Syria, Israel, Cyprus and Malta).

From 1990, the EIB will be financing projects in Poland and Hungary.

The European Investment Bank in 1989 and 1988

Key data

(million ecus)

Financing provided

	1989	1988
Total	12 246.1	10 175.0
From own resources	12 041.8	9 638.4
From other resources	204.3	536.6
Within the Community	11 634.2	9 474.8
ACP States and OCT	269.1	302.2
Mediterranean countries	342.8	398.0

Resources raised

Total	9 034.5	7 666.1
Community currencies	7 954.3	6 488.4
Non-Community currencies	1 080.2	1 177.7

Disbursements

Total	11 361.3	8 225.7
From own resources	11 015.0	7 843.7
From other resources	346.3	382.0

Outstanding

Financing from own resources	53 630.3	47 627.0
Financing from other resources	8 053.4	8 764.6
Medium and long-term borrowings	41 332.3	36 927.5

Subscribed capital

Total	28 800.0	28 800.0
of which paid in and to be paid in	2 595.9	2 595.9

Reserves, provisions and operating income

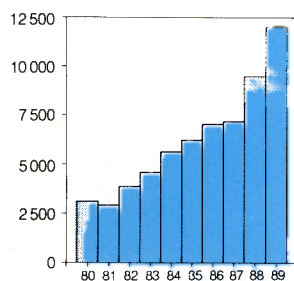
1989	5 966.3	5 158.3
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Balance sheet total

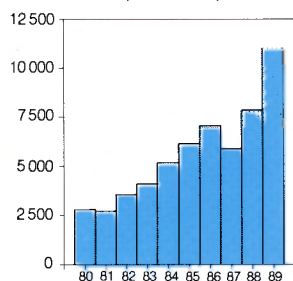
1989	55 010.0	49 120.3
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<i>Bank staff</i>	<i>718</i>	<i>710</i>
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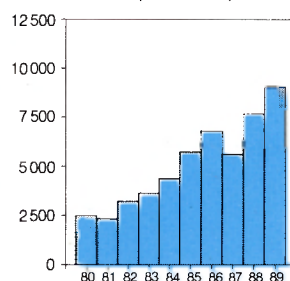
Loans from own resources
(million ecus)



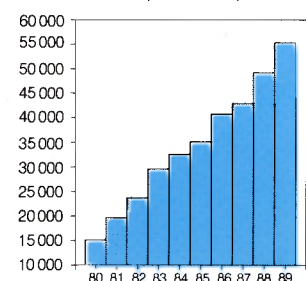
Disbursements from own resources
(million ecus)



Resources raised
(million ecus)



Balance sheet
(million ecus)





ANNUAL REPORT
1989

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Board of Governors

Situation at 31 May 1990

Chairman	Panayotis ROUMELIOTIS (Greece) <i>until June 1989</i> Carlos SOLCHAGA CATALÁN (Spain)
BELGIUM	Philippe MAYSTADT, Minister for Finance
DENMARK	Palle SIMONSEN, Minister for Finance <i>until October 1989</i> Henning DYREMOSE, Minister for Finance
GERMANY	Theo WAIGEL, Federal Minister for Finance
GREECE	Panayotis ROUMELIOTIS, Minister for National Economy <i>until July 1989</i> Georgios SOUFLIAS, Minister for National Economy <i>until October 1989</i> Georgios KONTOGEOORGIS, Minister for National Economy <i>until November 1989</i> Georgios GENNIMATAS, Minister for National Economy <i>until February 1990</i> Georgios KONTOGEOORGIS, Minister for National Economy Georgios SOUFLIAS, Minister for National Economy
SPAIN	Carlos SOLCHAGA CATALÁN, Minister for Economic and Financial Affairs
FRANCE	Pierre BEREGOVOY, Minister of State, Minister for Economic and Financial Affairs and the Budget
IRELAND	Albert REYNOLDS, Minister for Finance
ITALY	Giuliano AMATO, Minister of the Treasury <i>until July 1989</i> Guido CARLI, Minister of the Treasury
LUXEMBOURG	Jacques F. POOS, Vice-President of the Government, Minister of the Treasury <i>until July 1989</i> Jacques SANTER, Prime Minister, Minister of State, Minister of the Treasury
NETHERLANDS	H. Onno RUDING, Minister for Finance <i>until October 1989</i> Wim KOK, Minister for Finance
PORTUGAL	Miguel José RIBEIRO CADILHE, Minister for Finance <i>until January 1990</i> Luis Miguel C. PIZARRO DE BELEZA, Minister for Finance
UNITED KINGDOM	Nigel LAWSON, Chancellor of the Exchequer <i>until October 1989</i> John MAJOR, Chancellor of the Exchequer

Audit Committee

Situation at 31 May 1990

Chairman

Albert HANSEN, Secrétaire Général du Conseil du Gouvernement, Luxembourg
until June 1989

João PINTO RIBEIRO, Juiz Conselheiro, Tribunal de Contas, Lisbon

Members

João PINTO RIBEIRO

Constantin THANOPOULOS, Vice-Governor, National Bank of Greece, Athens

Albert HANSEN

Board of Directors

(Situation at 31 May 1990)

Chairman: Ernst-Günther BRÖDER

Vice-Chairmen:

Lucio IZZO

Alain PRATE

Miguel A. ARNEDO ORBAÑANOS

Erling JØRGENSEN, *deceased February 1990*

Ludovicus MEULEMANS

Roger LAVELLE, *from August 1989*

Hans DUBORG, *from April 1990*

Mr C. Richard ROSS served as Vice-Chairman until July 1989, when he was appointed Honorary Vice-Chairman

Directors

Luigi ARCUTI	Presidente dell'Istituto Mobiliare Italiano, Rome
Bruno BIANCHI	Condirettore Centrale, Banca d'Italia, Rome
Richard BRANTNER	Sprecher des Vorstands der Kreditanstalt für Wiederaufbau, Frankfurt
Corneille BRÜCK	Président du Conseil d'administration de la Banque et Caisse d'Epargne de l'Etat, Luxembourg
Manuel CONTHE GUTIÉRREZ	Director General del Tesoro y Política Financiera, Ministry for Economic and Financial Affairs, Madrid
Antonio MARIA COSTA	Director-General for Economic and Financial Affairs, Commission of the European Communities, Brussels, <i>until February 1990</i>
Jos DE VRIES	Plaatsvervangend Directeur, Directie Buitenlandse Financiële Betrekkingen, Ministry of Finance, The Hague
Huw P. EVANS	Deputy Secretary (Overseas Finance), H.M. Treasury, London, <i>from September 1989</i>
Winfried HECK	Ministerialdirigent, Federal Ministry of Finance, Bonn, <i>from December 1989</i>
Philippe JURGENSEN	Directeur Général de la Caisse Centrale de Coopération Economique, Paris
Timothy P. LANKESTER	Deputy Secretary (Overseas Finance), H.M. Treasury, London, <i>until September 1989</i>
Elizabeth LLEWELLYN-SMITH	Deputy Secretary, Department of Trade and Industry, London
Paul MENTRÉ	Président-Directeur Général du Crédit National, Paris
Rudolf MORAWITZ	Ministerialdirigent, Federal Ministry of Economic Affairs, Bonn
Luis Antonio GOMES MORENO	Administrador Executivo, Banco de Fomento e Exterior, Lisbon
Waldemar MÜLLER-ENDERS	Ministerialdirektor i.R., Federal Ministry of Finance, Bonn, <i>until December 1989</i>
Miguel MUÑIZ DE LAS CUEVAS	Presidente del Instituto de Crédito Oficial, Madrid
Giovanni RAVASIO	Director-General for Economic and Financial Affairs, Commission of the European Communities, Brussels, <i>from March 1990</i>
Alexander J.O. RITCHIE	Former Chairman, The Union Discount Company of London, plc, London
Denis SAMUEL-LAJEUNESSE	Chef du Service des Affaires Internationales, Direction du Trésor, Ministry for Economic and Financial Affairs and the Budget, Paris
Mario SARCINELLI	Direttore Generale del Tesoro, Ministry of the Treasury, Rome
Michael J. SOMERS	Secretary, National Debt Management, Department of Finance, Dublin
Lars TYBJERG	Afdelingschef, Ministry of Finance, Copenhagen
Jan H.G. VANORMELINGEN	Inspecteur-Generaal van de Administratie der Thesaurie, Ministry of Finance, Brussels
Dimitrios ZACHARIADIS-SOURAS	Former Adviser to the Minister for National Economy, Ministry for National Economy, Athens

Alternates

R.I.G. ALLEN	Under Secretary, Head of EC Group (Overseas Finance), H.M. Treasury, London
Jacques DELMAS-MARSALET	Conseiller du Président, Caisse Centrale des Banques Populaires, Paris, <i>until March 1990</i>
L. Fernanda FORCIGNANÒ	Direttore Generale dei Servizi Speciali e del Contenzioso del Tesoro, Ministry of the Treasury, Rome
Daniel GIROUX	Sous-Directeur des Affaires Multilatérales, Direction du Trésor, Ministry for Economic and Financial Affairs and the Budget, Paris, <i>from March 1990</i>
Winfried HECK	Ministerialdirigent, Federal Ministry of Finance, Bonn, <i>until December 1989</i>
M.J.L. JONKHART	President-Directeur, De Nationale Investeringsbank N.V., The Hague
Horst MOLTRECHT	Ministerialdirektor i.R., Federal Ministry for Economic Cooperation, Bonn
Miguel MORA HIDALGO	Vocal Asesor de la Dirección General del Tesoro y Política Financiera, Ministry for Economic and Financial Affairs, Madrid
Christian NOYER	Sous-Directeur des Affaires Multilatérales, Direction du Trésor, Ministry for Economic and Financial Affairs and the Budget, Paris, <i>until March 1990</i>
Maurice O'CONNELL	Assistant Secretary, Department of Finance, Dublin
Thomas O'DWYER	Director-General for the Coordination of Structural Policies, Commission of the European Communities, Brussels, <i>from March 1990</i>
Oliver PAGE	Head of the Developing World Division, Bank of England, London
Eckard PIESKE	Ministerialdirigent, Federal Ministry of Finance, Bonn, <i>from December 1989</i>
Hélène PLOIX	Directeur Général Adjoint chargé de la direction des activités bancaires et financières à la Caisse des Dépôts et Consignations, <i>from April 1990</i>
Paolo RANUZZI DE BIANCHI	Direttore Generale della Fondigest, S.p.A., Milan, <i>until June 1989</i>
Giovanni RAVASIO	Director-General for the Coordination of Structural Policies, Commission of the European Communities, Brussels, <i>until March 1990</i>
Giovanni SACCO	Dirigente Superiore, Direzione Generale del Tesoro, Ministry of the Treasury, Rome, <i>from July 1989</i>

Management Committee

Situation at 31 May 1990 ⁽¹⁾

President: Ernst-Günther BRÖDER

Vice-Presidents: Lucio IZZO
Alain PRATE
Miguel A. ARNEDO ORBAÑANOS
Erling JØRGENSEN, *deceased February 1990*
Ludovicus MEULEMANS
Roger LAVELLE, *from August 1989*
Hans DUBORG, *from April 1990*

Mr C. Richard ROSS served as Vice-President until July 1989, when he was appointed Honorary Vice-President

Organisation Structure of the Bank

Situation at 31 May 1990 ⁽¹⁾

Heads of Directorates

Secretary-General
Dieter HARTWICH
**General Administration
Directorate**

Heads of Departments

Personnel
Ronald STURGES

Secretariat and General Affairs
Bruno EYNARD

Management Services
Roger ADAMS

Internal Audit
Information-Public Relations
Coordination

Personnel Administration
Personnel Policy

Secretariat
Translation
Internal Services
Representative Office in Brussels

Organisation and Methods
Data Processing
Budget

Heads of Divisions

Jean-Claude CARREAU
Karl Georg SCHMIDT
Andrew ALLEN

Rémy JACOB
Gerlando GENUARDI
Jörg-Alexander UEBBING
(Managerial Adviser)

Peter HELGER
Christopher SIBSON
Adriaan ZILVOLD
Joachim MÜLLER-BORLE

Dominique DE CRAYENCOUR
Ernest ERPELDING
Hugo WOESTMANN

Operations in the Community Directorate 1

Eugenio GREPPI ⁽²⁾

Operations in Italy, Rome
Giorgio RATTI, Central Manager
Ernest LAMERS

Operations in Denmark, Germany and Spain
José OLIVA MARÍN

**Operations in France, Greece, Belgium,
Luxembourg and the Netherlands**
Gérard d'ERM

**Operations in the United Kingdom and the North
Sea, Ireland and Portugal**
Francis CARPENTER

Alessandro MORBILLI
Filippo MANZI
Alain BELLAVOINE
Caroline REID

Fridolin WEBER-KREBS
Valter CERNOIA
Fernando DE LA FUENTE
(Head of Office)

Jean-Louis BIANCARELLI
Konstantin ANDREOPOULOS
Andreas VERYKIOS
Arghyro YARMENITOU
(Head of Office)

Brian FEWKES
Jos VAN KAAM
Richard POWER
Thomas BARRETT
(Managerial Adviser)
Filipe CARTAXO
(Head of Office)
Guy BAIRD
(Head of Office)

Directorate 2 Pit TREUMANN

Organisational units serving Directorates 1 and 2

Monitoring
Thomas HALBE

Coordination
André DUNAND

Manfred KNETSCH
Agostino FONTANA
José Manuel MORI
Mariana ABRANTES

⁽¹⁾ See also "Management and Staff".

⁽²⁾ Also chairs the Coordination Group for all operations in the Community.

Organisation Structure of the Bank *(continued)*

Heads of Directorates

Directorate for Operations outside the Community

Jacques SILVAIN

Heads of Departments

Coordination
Monitoring Support Division
Operations in Poland and Hungary

ACP 1
Thomas OURSIN

ACP 2
Rex SPELLER

Mediterranean Countries
Pietro PETTOVICH

Heads of Divisions

Martin CURWEN
Alfred KAWAN
Terence BROWN

John AINSWORTH
Jacqueline NOËL
Guy BERMAN

Justin LOASBY
Nicolas URMES
Patrick THOMAS

Jean-Paul SEILLER
Robert WILSON

Finance and Treasury Directorate

Philippe MARCHAT

Coordination

Capital Markets
Ulrich DAMM

Treasury
John VAN SCHIL

General Accountancy
François ROUSSEL

Henri-Pierre SAUNIER

Jean-Claude BRESSON
Ulrich MEIER
Thomas HACKETT
Joseph VOGTEN
Carlo SARTORELLI

Lucio RAGUSIN
Eberhard UHLMANN
Ralph BAST

Charles ANIZET
Luis BOTELLA MORALES

Research Directorate

Herbert CHRISTIE

Methodology and Coordination

Economic Research within the Community
Michel DELEAU

**Economic Research outside the
Community**
Luigi GENAZZINI

Financial Research
Alfred STEINHERR

Documentation and Library

Jacques GIRARD

Patrice GERAUD
Carlo BOLATTI
Horst FEUERSTEIN
Mateu TURRÓ

Stephen McCARTHY
Daniel OTTOLENGHI

Pier Luigi GILIBERT

Marie-Odile KLEIBER

Legal Directorate

Jörg KÄSER

Xavier HERLIN

Giannangelo MARCHEGIANI
Roderick DUNNETT
Marc DUFRESNE
Robert WAGENER
Hans-Jürgen SEELIGER
(Managerial Adviser)

Technical Advisory Service

Hellmuth BERGMANN,
Chief Technical Adviser

Agriculture,
Environment, Marketing
Chemicals and Electronics
...

Manufacturing Industry
J. Garry HAYTER

Mining and Energy
Robert VERMEERSCH

Infrastructure
Peter BOND

Jean-Jacques SCHUL

Patrick MULHERN
Jean-Jacques MERTENS

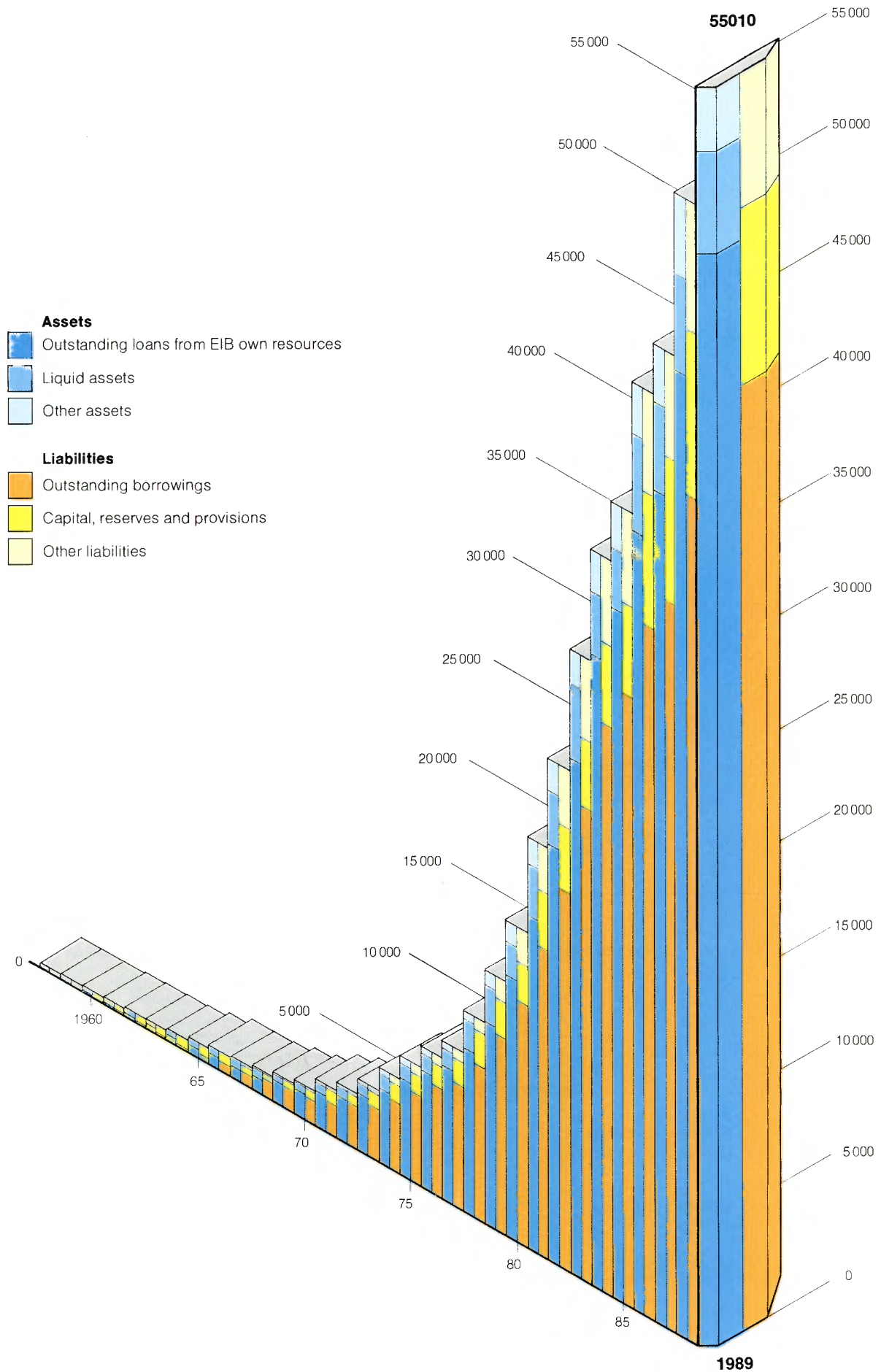
Bernard BÉLIER
Richard DEELEY

Gerhart GERECHT
Hemming JØRGENSEN
Günter WESTERMANN

Jean-Pierre DAUBET
Philippe OSTENC

Balance sheet of the Bank at 31 December of each year

million ecus



Foreword

The European Investment Bank is embarking upon the 1990s with a good track record, a sound financial base and thirty years of wide-ranging international experience to its credit.

The volume of EIB lending recorded a further substantial increase in 1989, topping the 12 billion ecu mark. Highly selective in its choice of projects, the Bank ensures that each of these matches up to stringent economic viability criteria. Bank activity is anchored in pragmatic adaptation to Community objectives, economic dictates and market parameters. In raising the necessary resources, mainly on the capital markets, the EIB has carved itself a position as a major, front-ranking borrower. Indeed, it is the leading borrower and lender in ecus and it has also helped appreciably to sustain the development of the capital markets across a broad spectrum of sectors.

For Europe and the Community in particular, the 1990s will be an era fraught with uncertainties but also inspiring great hope. The coming decade will see completion of the single market, gradual progress towards economic and monetary union, growing interest on the part of many countries in strengthening their ties with the Community and the aftermath of the political and economic upheavals taking place in Eastern Europe. All of these factors constitute considerable challenges and opportunities for the EIB.

In its dual capacity as a Community institution and a bank, the EIB is directly affected by the above developments of worldwide importance. Its role under the new Lomé Convention concluded with the ACP States, its co-operation with the World Bank in promoting environmental protection in the Mediterranean, the mandate entrusted to it of helping to fund investment in Poland and Hungary, as well as its participation in the establishment of the European Bank for Reconstruction and Development, all serve to underscore the variety of additional international commitments taken on by the Bank as well as the new challenges in prospect.

The EIB's prime mission is to promote the balanced development of the Community. Consequently, the Bank intends to pursue and extend its efforts in support of the Community's priority objectives, namely: advancement of the less favoured regions; creation of key infrastructure underpinning trade flows; enhancement of the international competitiveness of Community industry and its integration on a European scale; promotion of small and medium-sized enterprises; and, last but not least, safeguarding the environment and improving the quality of life for the people of Europe. These endeavours will be extended to regions of the German Democratic Republic in line with progress on unification.

Assured of the support of the Member States, its shareholders, the EIB will strive to play its part responsibly in attaining the Community's future goals in all the relevant sectors. In co-operating closely with various partners, both old and new, the Bank will turn the combined expertise and professionalism of the past three decades to good account in acquitting itself of the new tasks involved in achieving rapid progress towards European integration.

Ernst-Günther BRÖDER

President

Economic context

In the OECD countries as a whole the international environment was marked by continued growth, which was generally sustained by robust investment. The rate of growth in production was 3.6%, compared with 4.4% in 1988, with inflation on average remaining moderate (4.3% compared with 3.5% in 1988) (1).

These favourable economic conditions were accompanied by a fresh improvement in employment, though in Europe at least it was insufficient to bring about a significant drop in the level of unemployment.

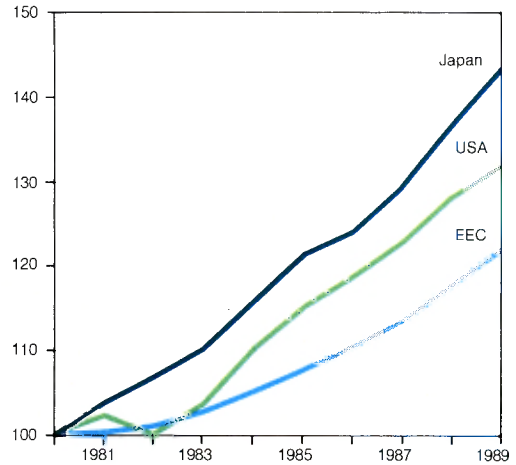
In contrast with this growth, which has been sustained for several years, the situation of many developing countries has deteriorated further. Finally the events which have been occurring in Eastern Europe, raising so many hopes, lay down an historic challenge of major importance, particularly for the Community.

* * *

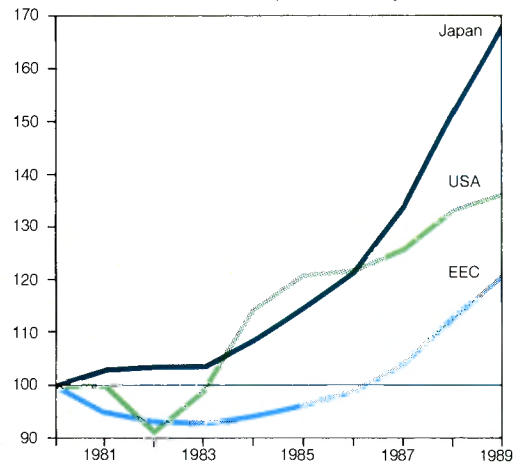
In the **United States**, GNP increased by 2.9%, compared with 4.4% in 1988. This slowing down in growth reflects the fall in private consumption and corporate investment following the restrictive monetary policy measures applied in 1988 and at the start of 1989. Inflation, after a major surge at the start of the year, settled down at 4.4%. Continuing buoyant exports (+11.1%) contributed to a reduction in the trade and current account deficits (1.8% of GNP compared with 2.4% in 1988 in each case); the debt servicing burden and the level of the budget deficit continue to be high.

In **Japan**, economic expansion remained vigorous but did not attain the levels recorded in 1988. GNP went up by 4.9% (5.8% in 1988). The growth in domestic demand (5.6%) was sustained by continued heavy growth in investment (10.6% after 13.6% in 1988). Exports, boosted by the depreciation of the Yen, rose again, though less steeply than imports. In view of the increased cost of imports relative to exports, this resulted in a new reduction in the trade surplus, which nevertheless remains substantial (2.8% of GNP compared with

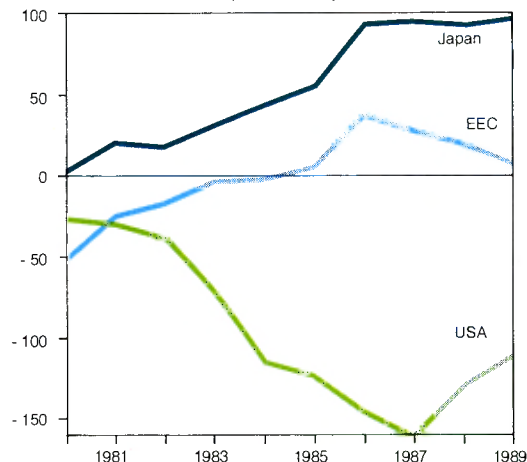
GDP/GNP Growth (1980 = 100)



GFCF trend (1980 = 100)



Trade balance fob (bn dollars)



(1) The macro-economic statistics in this chapter are drawn from the 1989-90 economic budgets published by the Commission and from the Economic Outlook of the OECD. Although revised in early 1990, they are still provisional. The rates of growth for physical aggregates are expressed in terms of volume. Inflation is measured by the consumer price index. For list of abbreviations see Appendix.

3.4% in 1988), and in the current account surplus (2% of GNP compared with 2.8% in 1988). Inflation, which had been zero in 1988, rose to about 2%.

*
* *

In the **Community**, activity remained buoyant, with a rate of growth in GDP (3.4%) slightly below that attained in 1988 (3.8%).

Domestic demand should record an increase of 3.6% (one percentage point below 1988). Growth in investment remained vigorous (6.7% after 8.4% in

1988 and 4.6% in 1987) and, for the fourth year in succession, was higher than the growth figure for GDP.

The sustained level of corporate investment, in particular that aimed at strengthening the competitiveness of companies on an enlarged European market open to international competition, was facilitated by the continued improvement in their financial position. This was due in large measure to the moderate level of pay rises relative to increases in productivity, whilst inflation remained relatively contained.

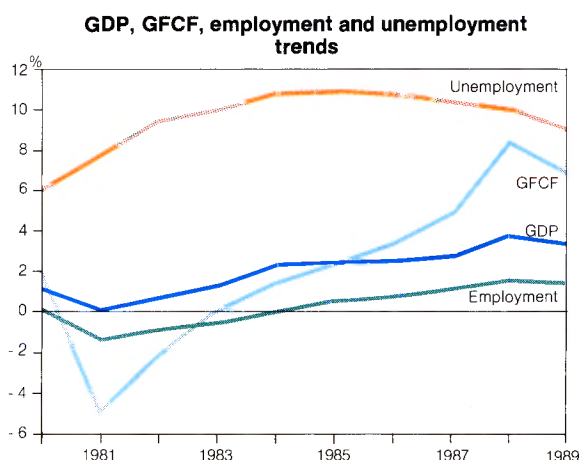
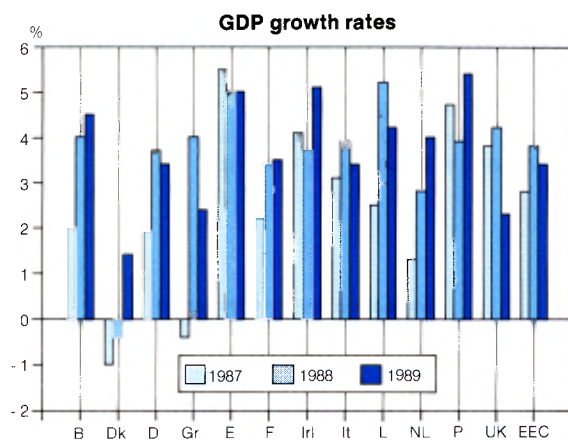
The increase in capital investment was particularly significant: up to 8.9% in 1989, representing a cumulative rise over three years of some 30%. Levels above the average were attained in Belgium (16%), Germany (9.1%) and Ireland (12.5%) as well as in Spain (11.5%), Portugal (11%) and the United Kingdom (12%), although in the last three countries the figures show a slowing down with respect to the previous year.

Employment continued to rise (+1.5%). In absolute terms some 3 250 000 additional jobs were created in the wake of the 2 000 000 new job opportunities in 1988. Unemployment remained high however (9% compared with 10% in 1988), because of the increase in the population of working age and the overall pattern of employment.

The rate of inflation continued to climb throughout 1988 and in the first half of 1989 because of the upturn in inflation worldwide, the rise in the value of the dollar and the upward trend in oil prices. Subsequently the stabilisation of oil prices and the fall of the dollar combined with a slackening in demand and the anti-inflationary measures adopted in several countries helped to keep the average rise in prices at 4.8% (3.6% in 1988).

Community imports from the rest of the world increased more than exports, giving rise to a reduction in the trade surplus (0.2% of GDP) and in the balance of payments on current account (0.1% of GDP), bringing these close to equilibrium. Current account disparities between Member States took on renewed prominence.

The political upheavals towards the end of 1989 in the **Eastern European countries** occurred at a time when these nations were already in a vulnerable, sometimes grave economic situation both from the short-term economic point of view (external indebtedness, inflation) and from the structural point of view (lack of transport and telecommunications

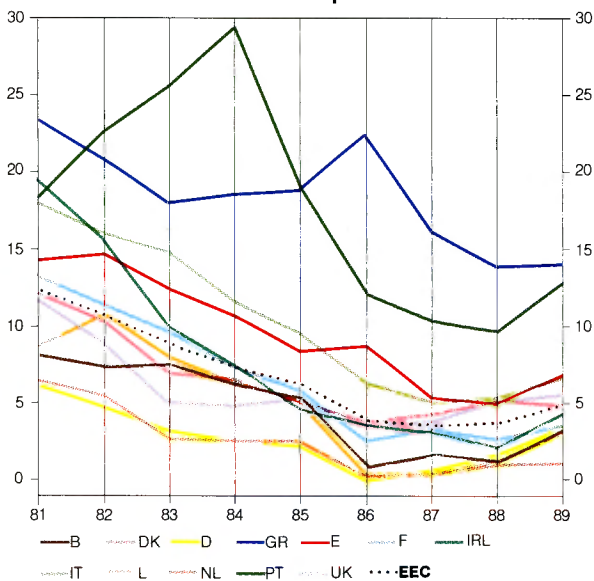


infrastructure, severe development deficiencies in industrial production technology, poorly organised distribution services, environmental degradation). These countries, which have declared their intention to move towards a market economy, often possess human capital of high value. Support from western countries could, under these conditions, be a major factor of success in the transition envisaged.

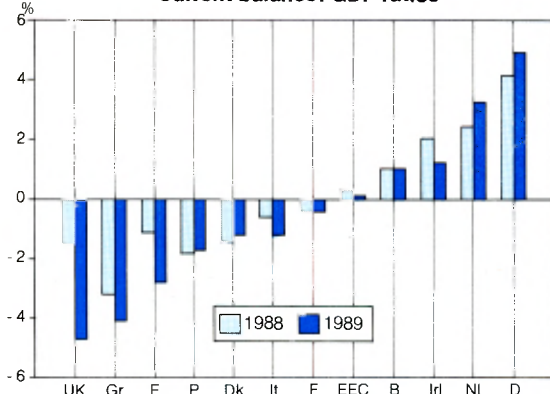
In a number of **African countries**, after several years of decline, the implementation of economic reform programmes brought about a relative improvement in the situation. Even so, the prices of many staple agricultural products remained depressed on the world market in 1989. Inadequate foreign exchange earnings, on top of the persistent problem of debt and the drop in net capital transfers, led to a chronic shortage of investment funds. As a result of demographic pressure, income per head of population may be expected to show a fall of 0.3% (-0.7% in 1988), despite growth in GDP of 2.9%. On the other hand, several small **Caribbean and Pacific countries**, particularly those in which tourism plays a major role, recorded new economic advances during the year.

In the **Mediterranean countries**, economic growth did not show any marked improvement over 1988. Reforms aimed at developing market mechanisms continued, particularly in Morocco and Tunisia. In certain countries, the reform process ran into administrative or economic obstacles, as in the case of Egypt, or resulted in acute social unrest, as in the cases of Algeria and Jordan. In Turkey and particularly in Yugoslavia the very high level of inflation constituted a major stumbling-block to satisfactory economic performance.

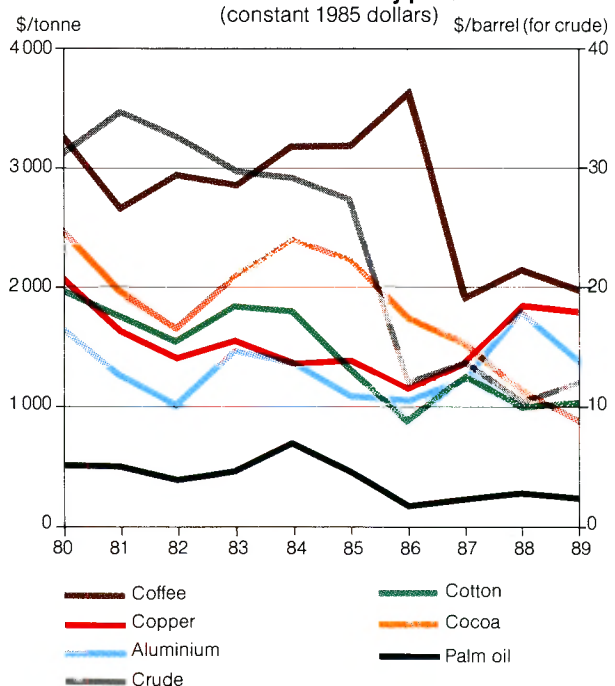
Consumer prices



Current balance: GDP ratios



Indicative commodity prices



CORRIGENDUM

P. 13 The order of the countries in the graph

"Consumer prices" should read as follows:

— BE	— DK	— DE
— GR	— ES	— FR
— IE	— IT	— LU
— NL	— PT	— GB
	— EEC	

The EIB and the Community context

1989 will prove to have been a year of major events in the Community and its international environment. In the Member States a number of measures were adopted aimed at strengthening economic and social cohesion, completing the internal market and, from 1 July 1990, implementing the first stage of economic and monetary union.

At the same time the conclusion of negotiations with the ACP States for the signature of the Fourth Lomé Convention and the decision to give economic support to Eastern European countries committed to a process of democratisation showed a willingness on the part of the Community and its Member States to open their minds to new developments.

In this rapidly evolving context, the EIB for its part continued to make its expertise available in the process of building Europe and adapted or prepared

its action accordingly. Its funding activities in the Community increased again: 11 634.2 million compared with 9 474.8 million in 1988 ⁽¹⁾.

* * *

The implementation of the reform of the structural funds aimed at strengthening the economic and social cohesion of the Community continued throughout 1989. The Bank participated fully in this process and, in particular, in the development of the Community support frameworks - CSFs (see box article on page 14). It will be involved, in accordance with its own procedures, in the cofinancing of capital investment selected under CSFs, while continuing its action in favour of other projects

⁽¹⁾ The ecu is the unit of account used by the EIB; except where otherwise indicated, amounts are expressed in ecus.

The EIB in the Eastern European Countries

Lending in Poland and Hungary

On 9 October 1989, the Council of the European Communities invited the European Investment Bank to initiate the necessary procedures for the financing of investment projects in Poland and Hungary in accordance with its normal lending criteria. This request followed on from the decision taken by the Council on 3 October to implement a Community programme designed to assist those countries in establishing market-orientated economies.

On 29 November, the EIB's Board of Governors approved lending of up to one billion for such projects in these two countries under Article 18 of the EIB's Statute which allows the Governors, acting unanimously on a proposal from the Board of Directors, to authorise the Bank to grant loans for projects outside the Community. On 12 February 1990, the Council decided to furnish a full guarantee under the General Budget of the European Communities in respect of loans made available by the EIB in Poland and Hungary.

Contacts already established with the International Monetary Fund, the World Bank and the Commission of the European Communities should ensure rapid implementation of initial operations in the infrastructural sector in support of co-ordinated projects complying with the commitments entered into by both countries in relation to the IMF. These initial projects should be in priority sectors, namely transport, energy, telecommunications and the environment, where rehabilitation or modernisation are prerequisites for building up competitive industries.

The EIB is also identifying other investment possibilities in the industrial field. It wants to be able to support joint-venture projects with Community enterprises helping both to develop industrial activity in Poland and Hungary and to adapt this activity to a market environment.

Participation in the European Bank for Reconstruction and Development

Under the consensus reached in April 1990 on establishment of the EBRD, the EIB as well as the European Economic Community are to be founder members of this institution; the EIB will subscribe 3% of the EBRD's capital and appoint one Director and one Alternate. There are also plans for the EIB to provide specific assistance for start-up of the EBRD.

The Agreement establishing the EBRD will have to be ratified by the participant States, while the EIB's participation will be covered by a decision of its Board of Governors.

Operations in the German Democratic Republic

Following the request formulated by the Council of the European Communities on the basis of the guidelines handed down by the European Council (Dublin, 28 April 1990), the EIB will be invited to finance investment in the German Democratic Republic in accordance with its usual criteria as from establishment of economic and monetary union with the Federal Republic of Germany.

contributing to the development of the regions in question. The objectives aimed at by the reform serve to extend the action constantly deployed by the Bank to promote **regional development**, as demonstrated once more by the increase of close on 43% in its funding in less favoured regions

(+30% in 1988). These operations account for over 64% of the Bank's activity in the Community.

In addition the Bank continued its action under the integrated Mediterranean programmes and the specific programme for the development of

The EIB and reform of the Community Structural Funds

The reform of the Community Structural Funds, provided for in the Single Act (Article 130 D) with a view to fostering greater economic and social cohesion, entered into force on 1 January 1989.

The EIB has been called upon by its Boards to participate, in accordance with its own procedures, in implementing this reform. To this end, the Bank has stepped up existing co-operation with the Commission and the Member States and taken part in preparing and carrying out the various stages planned.

The reform of the Structural Funds is being implemented in four consecutive phases:

- development prospects for the regions concerned and ensuing needs are set out in **multiannual plans** (spanning three to five years, depending on the objective);
- on the basis of these plans, priorities are adopted by the Commission under **Community Support Frameworks** (CSFs) drawn up in close co-operation with the Member States or the authorities concerned and in collaboration with the EIB;
- the CSFs are implemented according to appropriate practical arrangements, notably through the **co-financing of multiannual operational programmes or specific projects**. Where operations involve grants and loans, they must be combined in an appropriate way in order to maximise the stimulus provided by the budgetary resources deployed;
- finally, the CSFs and operations selected are **monitored** and **assessed** by the Commission and the Member States, with the EIB participating in these exercises.

The overall budgetary guidelines for the period 1989-1993 were approved by the Commission on 11 October 1989. An aggregate amount of 60.3 billion in grants has thus been apportioned as between the priority objectives, including 48.3 billion for those objectives (1, 2 and 5(b)) for which the EIB is likely to provide support:

- 38.3 billion for Objective 1 (comprising 36.2 billion for the CSFs and 2.1 billion for Community initiatives) designed to promote the development and structural adjustment of regions whose development is lagging behind;

- 7.2 billion for Objective 2 focusing on the conversion of regions seriously affected by industrial decline;
- 7.4 billion for Objectives 3 and 4 centred on combatting long-term unemployment and facilitating the occupational integration of young people;
- 3.4 billion for Objective 5(a) geared to adjusting agricultural production, processing and marketing structures;
- 2.8 billion for Objective 5(b) designed to promote the development of rural areas;
- 1.2 billion earmarked for transitional measures and innovative operations.

Following the submission of multiannual plans by the authorities concerned, the Commission, in co-operation with the Member States and in collaboration with the EIB, adopted the CSFs for Objective 1 regions on 31 October 1989 and those for Objective 2 regions on 20 December 1989. The Commission has also adopted the CSFs for Objectives 3 and 4 in which the EIB is not involved.

The volume of investment concerned is substantial inasmuch as overall expenditure provided for under the CSFs exceeds 80 billion for Objective 1 over the period 1989-1993 and amounts to close on 8 billion for Objective 2 over the years 1989-1991. It should be pointed out, however, that the CSFs often encompass only part of the development or conversion plans for the regions concerned.

The EIB has expressed its readiness to participate actively in implementing the CSFs; the actual amount of loans will be determined only when the CSFs are put into effect, in the light of projects submitted by promoters and their financing requirements, with the assent of the local authorities responsible and following approval by the EIB's bodies. The Bank will, moreover, examine, on the basis of its customary criteria, applications for loans for investment likely to foster the development of the regions concerned, but not featuring in the CSFs. As regards Objective 2, in view of the measures adopted and the limited sums available under each CSF, global loans should constitute a privileged vehicle for EIB activity.

Portuguese industry. It supported the reconstruction of areas of the Kalamata region in Greece damaged by the earthquakes of 1986, by loans from its own resources carrying an interest subsidy from the general budget of the European Communities (OJ L-309 of 15 November 1988).

The sustained high growth in corporate investment and the regrouping processes which have taken place attest both to the determination on the part of companies to prepare for the single European market and to implementation of the corresponding measures planned by the Community.

The Bank supported this process by substantially increasing the funding it extends to industry in order to assist in strengthening the **international competitiveness of Community industry** and its **integration on a European scale**. This action was pursued without relaxing the traditional quality standards of the Bank and in association with other financial partners.

In particular, the support given to SME investment was extended in both assisted and non-assisted areas. Operations were mounted in the latter using NCI resources and also, to an increasing extent, the Bank's own resources with a view to ensuring continuity of Community action in favour of SMEs pursuant to the Decisions of the EIB's Board of Governors (February 1987) and Board of Directors (December 1988).

* * *

In the fields of both industrial competitiveness and regional development, it is essential to have **communications infrastructure networks**, which meet the requirements of the European single market in terms of both capacity and specifications.

The European Council once more stressed the importance of developing and interlinking trans-European networks, with special attention devoted to outlying regions within the context of economic and social cohesion.

The Bank laid special emphasis on its support for the establishment of road and rail links and the development of air transport. Its loans in the field of major infrastructure of Community relevance have increased considerably over recent years, rising to 2 677 million in 1989 (see box article on page 24).

* * *

As part of its action in the field of **the environment and the quality of life**, the Bank stepped up its support for projects aimed at preventing and reducing pollution in accordance with the objectives of the Single Act (Article 130 R). In parallel with its action to promote cleaner air and water and nature conservation, it also increased its support for projects aimed at improving waste management or upgrading the urban environment.

In 1989, the EIB continued and developed its co-operation with the World Bank within the framework of the Environmental Programme for the Mediterranean set up by the two institutions (see box article on page 16). This initiative, launched in conjunction with the Commission and the countries concerned, responds to the wishes of the European Council which reaffirmed the readiness of the Community and its Member States to play a greater role in the development of international strategies combatting the environmental hazards posed by pollution. The decision taken at the end of the year to set up a European Environmental Agency in 1990, a Community body open to non-member countries, also bears witness to this commitment. EEC action is also bound to be significantly reinforced by establishment of the ENVIREG programme, designed to support investment in favour of the environment in the less developed regions, as well as by introduction of the MEDSPA programme planned for the benefit of areas bordering on the Mediterranean.

* * *

In the field of **public contracts** and pending the extension, as from 1993, of the Community system of tendering for public works and procurement contracts to the energy, water, transport and telecommunications sectors, measures were adopted by the EEC for the adjustment of procedures. The Bank continued its efforts with promoters of projects submitted to it to secure improvements in the conditions for competitive tendering, thereby helping to make contracting procedures more open in line with the recommendations of the Board of Directors endorsed by the Board of Governors in June 1984.

* * *

During the ten years of its existence, the **European Monetary System** has contributed significantly to the stability of the exchange rates of the currencies of the participant Member States. In June 1989, the peseta was included in the exchange rate

mechanism and, in January 1990, the lira was brought within the mechanism's narrow fluctuation margin.

Last year too, the composition of the **ecu** was revised to include the peseta and the escudo and high growth was recorded in all segments of the market. In 1989 issues of ecu-denominated bonds on the international market totalled over 11 billion, an increase of 24% compared with 1988.

Several decisions promoting the creation of a **European financial area** were taken in 1989, including in particular the adoption of the second banking Directive (OJ L-386 of 30 December 1989) relating to the taking up and pursuit of the business of credit institutions. The aim of the Directive is to bring about the harmonisation needed for the mutual recognition of the authorisation and supervision system governing credit institutions of the Member State in which the registered office of an

Protection of the Mediterranean environment

The Mediterranean region possesses an exceptional natural and cultural heritage. Its environment is exposed to a great many pressures linked to human activity, the damaging effects of which are plain to see and are a grim legacy for future generations to inherit. These pressures are greatest on the northern rim, on which the most developed countries lie. Remedial action has already been in effect for several years and is being stepped up. But the southern and eastern shores are also increasingly affected as pressure from demographic growth in the countries concerned and the concentration of economic activities along the coast continue. The persistence and intensification of these pressures on the environment is affecting the living conditions of the populations in the short term. In addition they are jeopardising chances of future development by increasing the scarcity and cost of essential natural resources, such as water and arable land, and indeed by diminishing the attraction of the region for tourists. Finally, they are a source of dangerous interregional imbalances. The concept of «sustainable development», compatible in the long term with the maintenance of an unimpaired environment, is crucial to the Mediterranean area as a whole.

* * *

The countries concerned have long been aware of these dangers and of the need for joint action. The international organisations have played a major role in this context, particularly the United Nations Environment Programme through the drafting and adoption of the Barcelona Convention (1975) and the Genoa Declaration (1985) and through the institution of the Mediterranean Action Plan with effect from 1975. The Commission of the European Communities has also launched several initiatives (see page 15) and has made environmental protection a point of emphasis in its policy for the region.

Environmental protection is one of the Bank's major traditional objectives (see page 25), one which it has supported in the Mediterranean region by loans totalling 3 057.1 million over the past ten years: 2 940.1 million in the Member States and 117 million in a number of asso-

ciated countries (see map, page 17). In the latter countries, special priority is given to the funding of such projects within the framework of existing protocols. Several environmental-protection schemes are currently under appraisal. These developments reflect growing awareness of the vital importance of the environment within the development process.

* * *

In order to extend their action in this area and to increase its effectiveness, the European Investment Bank and the World Bank in 1988 jointly drew up an **Environmental Programme for the Mediterranean**. As a joint initiative of two multilateral financial institutions concerned to achieve concrete results, this programme sets out to complement and consolidate existing initiatives.

The first phase of the programme, which was diagnostic in character, was completed in 1989. It consisted of a regional study of the environment and was published jointly by the two Banks (1). The study set out to identify the main problems raised by environmental degradation and to study their interrelationships and the main underlying causes. Four priority areas for action were identified:

- integrated water resource management (watershed management)
- management of solid and hazardous wastes
- the prevention and control of marine oil and chemical pollution
- coastal zone management.

(1) Environmental Programme for the Mediterranean — Preserving a Shared Heritage and Managing a Common Resource — Washington — Luxembourg — 1990

institution is located and for the granting of a single licence recognised throughout the Community. Various other directives were adopted covering in particular the solvency ratio of credit institutions, the Community definition of own funds and the publication of branch accounts.

In order to maintain its ability to raise capital on the best terms, the Bank remained particularly attentive to trends on financial markets, including their inte-

gration and the increasing liberalisation affecting them. It also strengthened its links with the financial agencies of Member States, in order both to secure co-financing for investment and to raise the capital necessary for its operations (see page 46).

The Bank maintained a presence on most capital markets in the Member States, borrowing the bulk of its funds in Community currencies. It remained the leading issuer of ecu-denominated paper on the

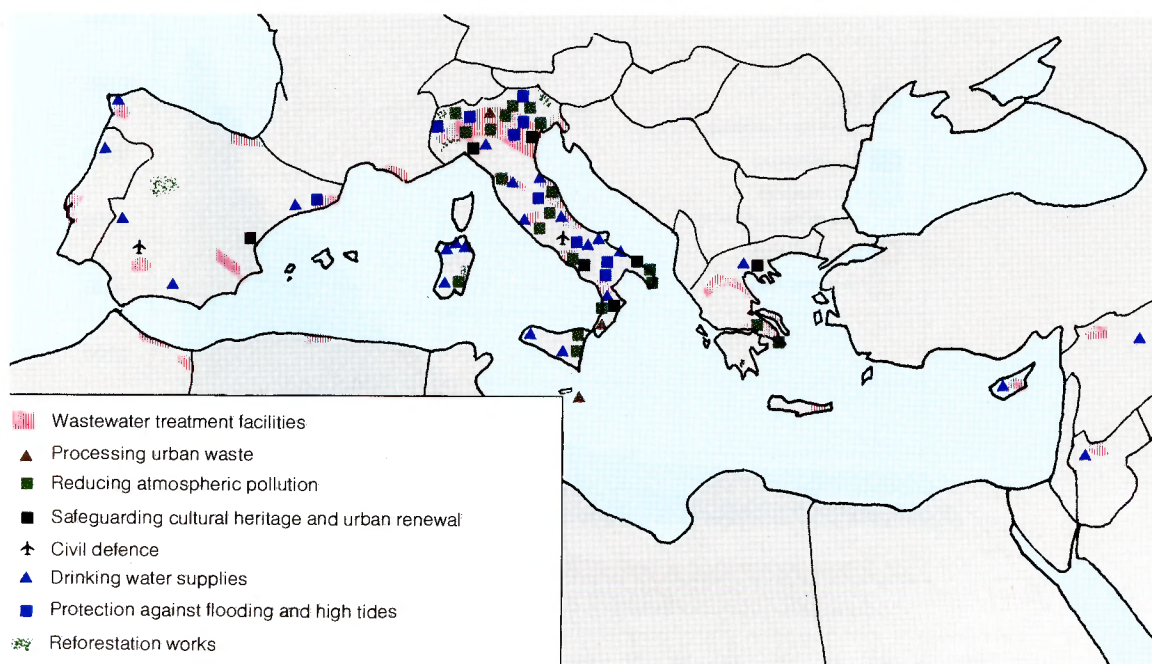
(continued from opposite page)

The study thus set the stage for the second phase of the Environment Programme for the Mediterranean, namely the creation early in 1990 of a new operational instrument, the Mediterranean Environmental Technical Assistance Programme (METAP). This Programme is intended to serve as a catalyst for environmental investment in the region by supporting the preparation of projects, the development of environmental policies and the strengthening of the requisite institutional framework. This technical assistance programme is to be financed in the first instance by the EIB, the World Bank, the United Nations Development Programme and the Commission of the European Communities, notably

under its new Community programme for the protection of the environment in the Mediterranean region (MEDSPA).

The METAP action is complementary to the Bank's project funding activities. One of its main aims is to improve the quality of environmental protection projects and to facilitate their implementation. The Environmental Programme for the Mediterranean will also help to secure a broader mobilisation of resources in order to facilitate the investment and action necessary to develop an effective environmental protection policy for the Mediterranean region.

Capital investment designed to protect the environment in the Mediterranean basin and in Portugal (1980—1989)



international markets and the foremost lender in that currency: the ecu accounted for over 18% of the EIB's short and long-term borrowings. The Bank therefore fostered the development of the ecu market, notably by the issue of commercial paper. Loan amounts paid out in ecus ran to 2 159.6 million, or 20% of aggregate disbursements.

By the end of 1989, the total outstanding amount of the Bank's ecu-denominated borrowings came to 5 650 million, or about 13.5% of aggregate borrowings outstanding.

* * *

The EIB's activities outside the Community covered three main areas.

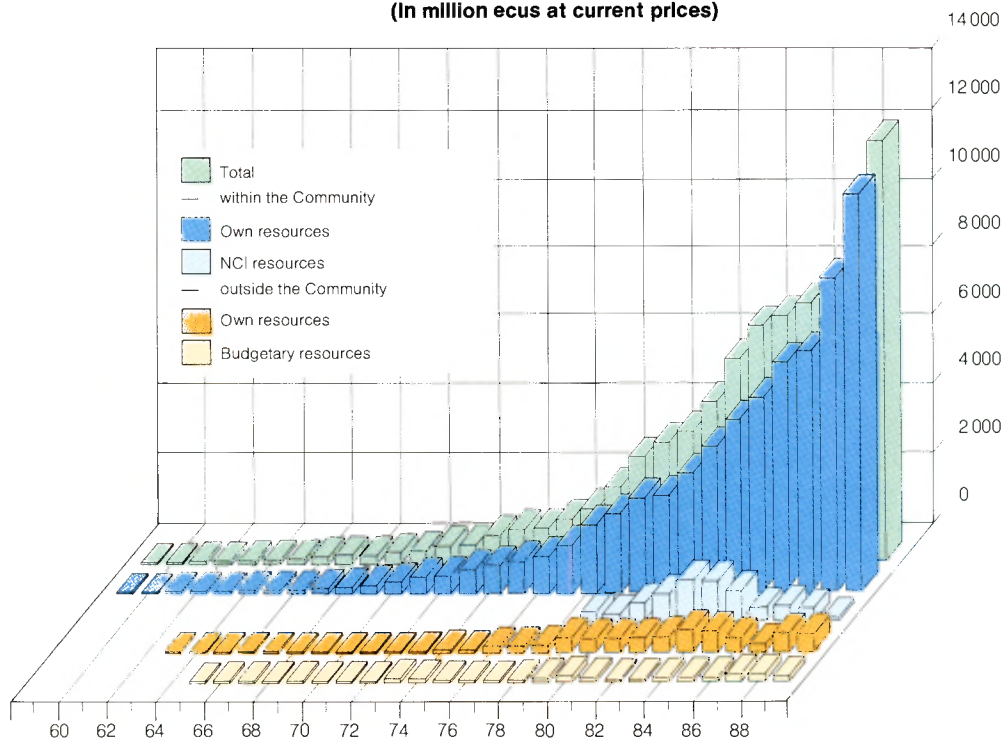
As regards the **African, Caribbean and Pacific States** and the **Overseas Countries and Territories**

(**OCT**), the Bank took an active part in negotiations for the renewal of the Lomé Convention. Signed on 15 December, the Fourth Convention is expected to come into force in early 1991. Its main provisions are presented on page 43.

In the **Mediterranean**, points to note are the entry into force on 1 August 1989 of the financial protocol with Malta, the signature on 1 December 1989 of the protocol with Cyprus and the launching of the Environmental Programme for the Mediterranean (see page 16).

Finally, the EIB has been keeping a close watch on recent developments in the Eastern European Countries and has taken the requisite steps to be able to respond to requests by the Community authorities aimed at supporting investment in these countries (see box article, page 13).

Financing provided (contracts signed) from 1959 to 1989
(In million ecus at current prices)



Activity in 1989

The European Investment Bank contributes to the funding of investment in the Member States of the Community and in non-member countries, notably pursuant to the Community's economic and financial co-operation policy. The EIB grants loans from its own resources (principally the proceeds of its borrowings on capital markets) or furnishes guarantees. In addition, it provides financing in Member States from the resources of the NCI and in non-member countries, under mandate, from Community or Member States' budgetary resources.

Finance contracts signed by the Bank in 1989 totalled 12 246.1 million (10 175 million in 1988), an increase of 20.4% at current prices and 12.7% in real terms (see note 7 in Guide to Readers, page 110).

The total of loans from own resources came to 12 041.8 million (9 638.4 million in 1988), while operations using other resources, accounted for in the Special Section, totalled 204.3 million (536.6 million in 1988).

Loans for investment **within the Community** amounted to 11 555.9 million from own resources and 78.3 million from NCI resources, a total of 11 634.2 million (see list, page 72). This represented a rise at current prices of 22.8% in one year, giving an average annual increase of 18.1% since the accession of Spain and Portugal at the start of 1986 (15% and 13.9% respectively in real terms).

The amount of loans granted increased in all the countries, especially in Spain and Portugal on the one hand and in Germany, the United Kingdom, Greece and Belgium on the other; the increase was more moderate in the other countries.

This particularly vigorous financing activity over the past two years was sustained by the general trend in the economy (see "Economic context", page 10). It illustrates the determination of the Bank to contribute to the strengthening of economic and social cohesion and to attainment of the objectives of the Single Act; it also demonstrates the EIB's ability to offer loans on appropriate terms.

Financing in the less developed regions again rose more rapidly than activity overall. It reached a level almost twice that recorded in 1987 and accounted for close on two thirds of activity as a whole. Assistance granted in respect of projects for the protection and improvement of the environment and investment to facilitate communications between Community countries also continued to increase steadily, while financing in pursuit of the Community's energy objectives remained at a substantial level.

Activity during the financial year was marked by a growth in lending for investment in industry and service activities, especially in SMEs, and in transport infrastructure.

Table 1: **Financing provided (contracts signed) in 1989 and between 1985 and 1989** ⁽¹⁾
Breakdown by origin of resources and location

	1989		1985-1989	
	million ecus	%	million ecus	%
Loans from own resources and guarantees	12 041.8	98.4	41 996.2	93.7
within the Community	11 555.9	94.4	39 868.0	89.0
outside the Community	485.9	4.0	2 128.2	4.7
Financing from other resources	204.3	1.6	2 812.1	6.3
within the Community	78.3	0.6	2 136.7	4.8
outside the Community	126.0	1.0	675.4	1.5
Grand Total	12 246.1	100.0	44 808.3	100.0
within the Community	11 634.2	95.0	42 004.7	93.8
outside the Community	611.9	5.0	2 803.6	6.2

(1) Lending in Spain and Portugal up to the end of 1985 is recorded under operations outside the Community (see 1987 Annual Report, p. 109).

Outside the Community, financing amounted to 485.9 million from own resources and 126 million from budgetary resources, giving a total of 611.9 million (see list, page 93), against 700.2 million in 1988.

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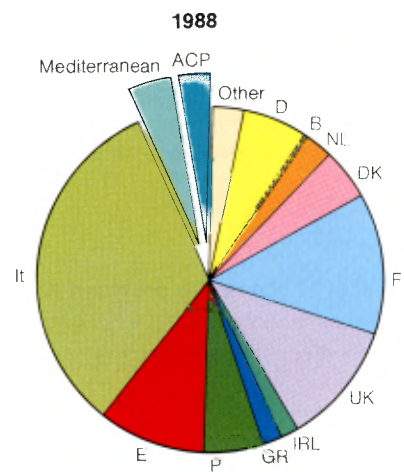
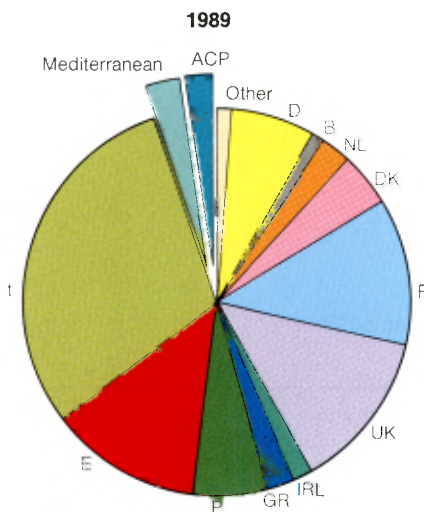
The vigorous lending activity from own resources and the resulting high level of disbursements

(11 015 million) are reflected in an increase of close on 18% in **the volume of funds raised**: 9 034.5 million (7 666.1 million in 1988), including 8 764.9 million in mainly fixed-rate, long and medium-term operations on the capital markets. Community currencies accounted for 88% of aggregate borrowings, with the ecu heading the list (see page 47).

EIB financing (contracts signed)
(million ecus)

1989		1988	
91.1	Belgium	11.6	
545.8	Denmark	494.1	
856.5	Germany	603.0	
271.4	Greece	186.5	
1 541.7	Spain	1 018.5	
1 512.8	France	1 350.5	
186.8	Ireland	154.8	
3 734.4	Italy	3 371.9	
320.3	Netherlands	259.7	
755.7	Portugal	560.4	
1 652.2	United Kingdom	1 178.8	
165.5	Other *	285.0	
11 634.2	Community	9 474.8	
342.8	Mediterranean	398.0	
269.1	ACP-OCT	302.2	
12 246.1	Total	10 175.0	

* Financing akin to operations within the Community.



Financing provided within the Community

Contracts signed

In 1989 the Bank signed **finance contracts** for a total of 11 634.2 million (1988: 9 474.8 million), including 11 555.9 million from own resources. The total breaks down as to 8 460.7 million in individual loans and 3 173.5 million in global loans granted to intermediary institutions for funding small or medium-scale ventures (including 3.2 million and 75.1 million respectively from NCI resources).

Financing provided

In order to give a more operational overview of activity during the financial year, the analysis of Bank operations by sector and by objective presented below encompasses individual loans (8 460.7 million) and allocations from current global loans (2 805.2 million altogether, corresponding to 8 194 allocations) (1).

(1) As the period during which global loan proceeds are committed can extend over several financial years, the amount of new global loans contracted in 1989 differs from the sum of allocations approved during the year.

Financing within the Community thus amounted to 11 265.9 million, compared with 8 600.8 million in 1988. Lending from own resources accounted for 11 020 million, that from NCI resources for 245.9 million.

These operations helped to support aggregate capital investment of some 36 billion and covered on average a third of total costs.

The figures to hand suggest that investment supported in industry and the service sector could contribute directly to the creation of more than 40 000 permanent jobs, two thirds in the less favoured regions; 80% of these jobs may be expected to arise in small and medium-sized enterprises.

Sectoral analysis

The breakdown by sector of individual loans and allocations from current global loans extended during the financial year points to vigorous fresh growth in the financing of industrial and service-sector investment and in funding for transport infrastructure; lending for other forms of infrastructure and for energy remained stable.

Table 2: **Financing provided within the Community in 1989** (individual loans and allocations from ongoing global loans)

Breakdown by country and sector

	(million ecus)					
	Total	Individual loans	Allocations from global loans	Industry Services Agriculture	Energy	Infrastructure
Belgium	33.4	10.4	23.0	23.0	—	10.4
Denmark	550.6	494.6	56.0	57.6	113.3	379.7
Germany	588.2	286.3	301.8	260.8	49.9	277.5
Greece	262.9	207.8	55.1	35.1	155.2	72.6
Spain	1 680.5	1 280.0	400.5	491.0	192.5	997.0
France	1 414.0	874.9	539.1	524.6	80.3	809.1
Ireland	191.8	186.8	5.0	24.2	43.7	123.9
Italy	3 793.6	2 653.8	1 139.8	1 769.1	806.9	1 217.6
Netherlands	281.6	231.5	50.2	105.9	3.2	172.5
Portugal	751.7	575.1	176.6	284.6	249.8	217.2
United Kingdom	1 552.1	1 494.0	58.1	576.5	211.6	764.0
Other	165.5	165.5	—	—	—	165.5
Total	11 265.9	8 460.7	2 805.2	4 152.4	1 906.4	5 207.1

Financing for **industry, the service sector and agriculture** totalled 4 152.4 million (37% of activity) compared with 2 911.7 million in 1988 (34%). Individual loans, which showed a heavy increase (1 788.5 million compared with 1 094.5 million in 1988), spanned a wide range of investment.

In industry, as in 1988, the Bank provided funding mainly for projects in aeronautical engineering, the automotive industry, the chemical sector, particularly pharmaceuticals, and, for significantly higher amounts than in the previous year, in the agricultural processing and food sector and the paper industry. In the service sector (232.2 million) most of the loans were linked to tourism (hotels in particular).

In addition, 7 830 allocations from current global loans (2 363.9 million) were extended for small and medium-scale projects in industry (1 923.2 million) and the service sector (390.5 million) but also in

activities linked to agriculture or fishing (50.3 million) (see box article on page 27).

In the field of **infrastructure** (5 207.1 million and 46% of activity compared with 3 911.2 million and 45% in 1988), loans for transport amounted to 2 507.5 million (1 621.1 million in 1988), particularly for motorways and roads, for airports and for the consolidation of airline fleets.

Lending for the telecommunications sector (1 258.2 million) covered extension of conventional telephone networks and projects for satellite and undersea cable transmission.

Funding for water schemes, urban improvement plans and smaller-scale mixed infrastructure projects carried out by local authorities totalled 1 441.6 million.

Global loan financing within the Community

The global loan facility enables the Bank to channel credit to small and medium-scale ventures which, for material reasons, it would not have been possible to finance through individual loans.

In operation since 1968 to respond to the needs of small and medium-sized businesses, the scope of global loans has gradually been extended in order to adjust to changes in demand and to the diversification of Community policies.

* * *

Co-operation with the banking system has been constantly extended and, as of 1989, links are maintained with over 80 financial institutions or commercial banks in 11 countries. After a period of rapid growth, the share of global loans in activity as a whole fell back slightly; in 1989 the Bank granted global loans totalling 3 173.5 million (2 936 million in 1988).

Most global loans were provided from **own resources**; these amounted to 3 098.4 million (2 585 million in 1988); they covered:

— in the less favoured areas: small and medium-scale industrial, service and tourism ventures in particular, agricultural projects and smaller infrastructural schemes;

— outside these areas: investment by industrial SMEs, in keeping with the authorisation given by the Bank's Board of Directors designed to ensure continuity of Community support at this level; and also in Spain for the purpose of aiding the structural adjustment of industry;

— in addition, irrespective of their location: small and medium-scale ventures helping to introduce or to develop advanced technology; investment according with Community energy policy and environmental protection objectives; to a lesser extent transport infrastructure investment of Community relevance.

It should be noted in the context of the single market that the global loans granted in 1989 include some which offer the intermediary the facility of funding projects in a country other than that in which it is domiciled.

Global loans from **NCI resources**, now approaching depletion, amounted to 75.1 million and were given over to financing productive investment by small and medium-sized enterprises.

A total of 8 194 allocations for a sum of 2 805.2 million were extended in 1989 under current global loans; these may have been signed in 1989 or before, as the deployment period for global loans can be fairly long (5 406 for 2 062 million in 1988). Details of this activity are given in Tables G to J, pp. 101-105.

Loans in the field of **energy** increased from 1 777.1 million in 1988 (21% of total activity) to 1 906.4 million (17%). They were granted mainly to finance investment in the generation and transmission of electricity (1 125.3 million), in the exploitation of oil and natural gas deposits and lignite mines and in the storage, transmission and distribution of natural gas and heat (781.1 million).

Breakdown by objective (2)

Individual loans and global loan allocations for investment contributing to **regional development**

(2) As certain individual loans meet two or more objectives, the different sections of this chapter should be seen as a series of snapshots of Bank activity; no meaningful totals can be had by adding together the figures given, particularly those in the tables.

totalled 7 017.8 million (4 912.8 million in 1988), an increase of 42.8%. They accounted for 64.3% of individual loans, close on 61.6% of global loan allocations and, altogether, 63.7% of funding from own resources.

Some 85 % of the amount of these operations centred on projects in those regions in which structural fund support is to be concentrated: namely, around 50 % in Objective 1 regions and 35 % in Objectives 2 and 5 (b) regions (see box article on page 14).

Nearly half the funding devoted to the less favoured regions covered infrastructure (3 354.2 million, including 2 524.6 million for transport and telecommunications); funding made available for industry, the service sector and agriculture accounted for 2 561 million, including 1 317 million for small and medium-sized enterprises; operations in support of energy projects accounted for 1 102.7 million.

Table 3: **Regional development**

	Total		Individual loans	Global loan allocations	
	million ecus	%	million ecus	million ecus	Number
Grand total	7 017.8	100.0	5 440.4	1 577.4	5 015
Breakdown by country					
Belgium	12.9	0.2	—	12.9	14
Denmark	363.9	5.2	356.9	7.0	13
Germany	185.9	2.6	111.5	74.4	41
Greece	261.6	3.7	207.8	53.8	71
Spain	1 153.5	16.4	877.3	276.3	514
France	1 017.8	14.5	637.5	380.3	1 945
Ireland	191.8	2.7	186.8	5.0	39
Italy	2 381.5	33.9	1 839.1	542.4	1 508
Netherlands	82.1	1.2	55.8	26.4	23
Portugal	751.5	10.7	575.1	176.4	814
United Kingdom	615.3	8.8	592.7	22.6	33
Breakdown by major sector					
Energy	1 102.7	15.7	1 081.1	21.6	13
Transport	1 438.4	20.5	1 342.4	96.0	48
Telecommunications	1 086.2	15.5	1 086.2	—	—
Water, sewerage	507.4	7.2	461.3	46.2	120
Other infrastructure	322.2	4.6	225.5	96.7	61
Industry, agriculture	2 121.4	30.2	1 103.6	1 017.8	3 682
Services	439.6	6.3	140.4	299.2	1 091

Investment which the Bank helped to finance — covering between 20% and 50% of costs, depending upon individual projects — accounted for 4% of aggregate capital investment within the Community. Individual loans and global loan allocations together accounted for about 1.2% of gross fixed capital formation, this proportion being considerably higher for the less prosperous countries or regions targeted under Objective 1 of the Structural Funds: approximately 4.2% in the Mezzogiorno, 6.3% in Portugal, 3.6% in Ireland, 2.9% in Greece and 2.1% in Spain.

The major programmes of capital investment being implemented in a number of countries, particularly in anticipation of the internal market in 1993, go to explain the demand for funding to assist **communications infrastructure projects of Community relevance**. The amount involved continued to increase and, in 1989, stood at 2 676.9 million, in contrast to 1 727.6 million in 1988 and 680.8 million in 1987.

Funding for major road and rail infrastructure projects amounted to 1 075.9 million, including 230.7 million for the Channel Tunnel under the cofinancing

agreement signed in 1987. The Bank also continued its action in support of motorway and trunk road links and railway networks in France, Italy, Spain, Denmark and Portugal.

Table 4: **Community infrastructure**

	million ecus	%
Grand total	2 676.9	100.0
Transport	1 847.9	69.0
railways	641.4	24.0
roads and motorways	434.5	16.2
shipping	129.2	4.8
airlines	626.4	23.4
<i>airport infrastructure</i>	<i>163.2</i>	<i>6.1</i>
<i>purchase of aircraft</i>	<i>463.2</i>	<i>17.3</i>
intermodal freight terminals (*)	16.4	0.6
Telecommunications	817.0	30.5
conventional networks	651.5	24.3
satellites and international cables	165.5	6.2
Other infrastructure	12.0	0.5

(*) of which global loan allocations: 9.8 million.

Major Community infrastructure schemes

Just as the Seventies can be regarded as the decade of investment in energy, the Nineties seem destined to be characterised by investment in communications. This is indicated by several initiatives and developments in the transport sector, such as the proposals for a European high-speed rail network, the expansion of air transport and the resumption of highway and motorway programmes. Similarly, the Commission Green Paper stresses the extent of the investment which will be required in the telecommunications sector by the end of the century.

A marked increase in investment in these sectors is already apparent. In addition to economic factors (general economic revival, cyclical replacement of certain equipment), this dynamic development is structurally determined by the prospects for the completion of the single market and balanced regional development created by the Single European Act.

In this context, the EIB has financed an increasing number of major communications infrastructure projects, providing more than 6 billion ecus over five years (see

diagram, page 25) which corresponds to total aggregate investment of some 20 billion.

In the inland transport sector, it has funded important components of Community networks, as the map below indicates. Loans for air transport have contributed both to an increase in airport capacity and to the renewal and expansion of airline fleets. The Bank has also provided backing for the Community's aeronautical engineering industry. Lastly, it has supported the improvement of international telecommunications based both on conventional networks and on satellites and transcontinental cables (see page 25).

The scale and specific nature of certain investment schemes have led the Bank to evolve innovative financing techniques in association with its partners. The funding of key Community infrastructure thus represents one of the Bank's principal areas of activity and its experience and resources should therefore make a telling contribution in the context of the developments expected over the next few years.

The growth in air traffic both actual and forecast and the need to renew existing airline fleets has occasioned sustained investment in new aircraft on the part of airlines in the Community. In 1989 several of them, Iberia, Aer Lingus and KLM especially, received funding (463.2 million) for the purchase of aircraft built in Europe (Airbus, Fokker, ATR) or elsewhere (Boeing, McDonnell Douglas). The Bank also supported the expansion of airport capacity in the United Kingdom, Italy, Ireland and Greece (163.2 million). A number of loans contributed to the improvement of shipping facilities (Italy, United Kingdom) and the establishment of intermodal freight terminals.

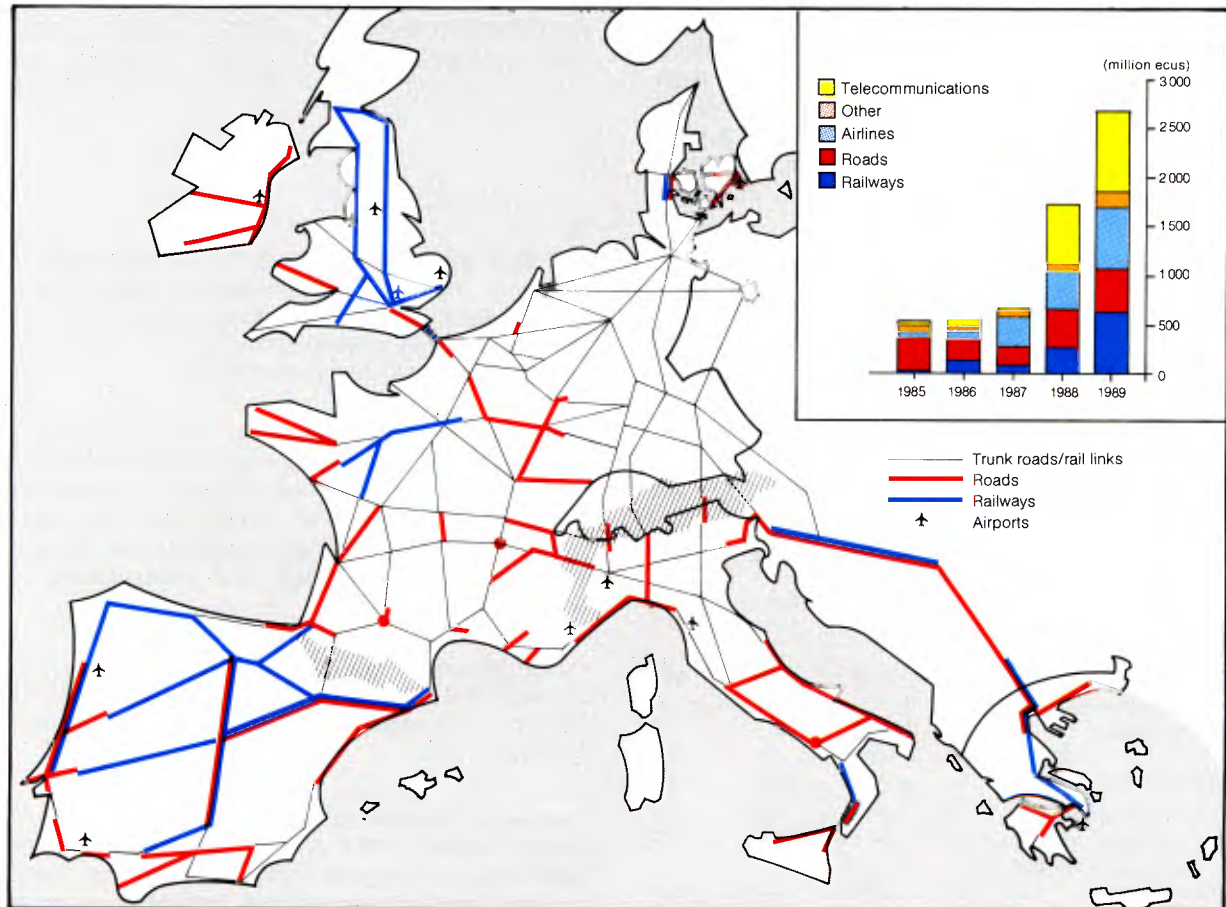
Credit totalling 817 million was advanced for upgrading telecommunications networks. These loans funded the strengthening of the installations necessary for international communications in Spain, Ireland, France and Denmark. They also contributed

to the laying of a transatlantic optical fibre cable between Europe and the United States and the continuation of the Eutelsat programme for communications by satellite.

Lending for projects contributing directly to the **protection of the environment or improvement of the quality of life** amounted to 1728 million compared with 1231.1 million in 1988. Of this total, 290.3 million covered 228 small or medium-scale ventures funded by local authorities or firms drawing on global loans.

Projects for wastewater collection and treatment and for the improvement of drinking water quality accounted for over half of funding under this heading (899 million), often for multiregional programmes particularly in Italy, the United Kingdom and Spain, but also for smaller-scale schemes, notably in Germany, Denmark, Ireland and Greece.

EIB loans for major transport infrastructure



Financing provided within the Community

Almost one third of lending (337.4 million) centred on equipment designed to reduce atmospheric pollution from industrial plants, oil refineries and thermal power stations in Germany and Italy.

In the field of domestic and industrial waste, the Bank financed projects in several countries (Belgium, Denmark, France, the United Kingdom, Italy) for collection, controlled storage and disposal, particularly by incineration with waste heat recovery (150 million). It also contributed to a variety of projects (in Spain, Italy and Germany) for land conservation, reforestation, civil defence and the reduction of various forms of pollution or nuisance (163.3 million).

Finally, several loans (178.3 million) were granted for **urban development** projects, either in the field of urban renewal (United Kingdom) or in that of public transport in urban areas (tramways in Stuttgart and Val-Toulouse and Val-Orly light railways, for example), having a direct impact on the environment and the quality of life.

It should be noted that investment recorded under the heading of other objectives may also contribute to environmental protection and that the Bank checks for the absence of aspects detrimental to the environment when assessing any project considered for funding. The environment factor is thus a constant theme in the activity of the Bank.

Table 5: **Environment and quality of life**

	(million ecus)		
	Total	Individual loans	Global loan allocations
Grand Total	1 728.0	1 437.7	290.3
Environment	1 549.6	1 263.8	285.9
Water conservation and management	899.0	800.4	98.6
Waste management	150.0	113.9	36.1
Measures to combat atmospheric pollution	337.4	278.4	59.0
Land conservation, reforestation	61.3	61.3	—
Other forms of pollution	102.0	9.8	92.2
Urban development	178.3	173.9	4.4
Urban renovation	27.2	25.8	1.4
Transport and road systems	151.1	148.1	3.0
<i>of which: light railways and tramways</i>	<i>133.5</i>	<i>133.5</i>	<i>—</i>

Table 6: **Energy policy objectives**

	(million ecus)		
	Total	Individual loans	Global loan allocations
Grand Total	1 719.0	1 539.8	179.2
Indigenous resources	783.8	783.8	—
hydroelectric	204.8	204.8	—
nuclear	35.7	35.7	—
oil and natural gas deposits	405.3	405.3	—
solid fuel	138.0	138.0	—
Import diversification	592.5	592.5	—
natural gas	238.6	238.6	—
coal	353.9	353.9	—
Rational use of energy	342.6	163.5	179.2
geothermal and alternative energy	5.3	3.2	2.1
heat production and distribution	23.6	18.3	5.2
grid link-ups, power distribution	70.0	70.0	—
natural gas transmission and distribution	58.6	—	58.6
more efficient consumption	127.3	16.3	111.0
waste incineration, other	57.9	55.6	2.3

The Bank advanced a total of 1 719 million (1 840.9 million in 1988) to fund investment meeting the **Community's energy objectives**. Some 20% of these operations covered projects which will also assist in improving the environment.

Loans for the development of the Community's indigenous resources accounted for almost half the total (783.8 million). They were granted to assist the development of oil and natural gas resources, hydroelectric sites and lignite deposits and to fund plants for the enrichment and reprocessing of nuclear fuels.

Funds advanced to promote the diversification of imports (592.5 million) centred on power stations able to use imported coal and on pipeline networks for natural gas.

Funding of projects to promote the rational use of energy totalled 342.6 million, particularly for the distribution of natural gas, electricity or heat; projects funded however also included a number

Support for smaller businesses

The EIB has been lending for over twenty years as an active participant in the financing of capital projects mounted by SMEs in industry, the service sector (tourism in particular), agriculture and fisheries. This support has been provided on a decentralised basis through global loans furnished to financial institutions and commercial banks operating at national or regional level and funded from the Bank's own resources and, since 1982, from NCI resources. These intermediary institutions draw on credit lines opened with them to advance global loan allocations for ventures approved by the Bank in line with its economic, financial and technical eligibility criteria.

*
* * *

This form of credit covers a very wide range of investment in infrastructure, energy, the environment and, in particular, industry. However, over 70% of the total amount of allocations made since 1987 and over 90% of the number of allocations have gone to small and medium-sized enterprises: 2 794 for 873.4 million in 1987, 5 113 for 1 611.4 million in 1988 and 7 605 for 2 013.8 million in 1989.

This rapid growth is due mainly to the active part played by SMEs in all the countries of the Community, and the Bank has adjusted its scope for action accordingly.

The SMEs funded in 1989 span eleven countries and are located chiefly in less developed regions (4 773 allocations totalling 1 317.1 million). Outside such areas, the Bank's operations have been conducted either from its own resources, i.e. under the authorisation given by its Board of Directors (2 252 allocations totalling 420.1 million) as well as with a view to assisting Spanish SMEs in adapting to the Community market (38 allocations totalling 33.9 million), or from NCI resources (542 allocations totalling 242.7 million). The sectoral breakdown of these firms is as follows: 5 853 (receiving allocations totalling 1 604.7 million) in industry, 1 528 (358.7 million) in the service sector and 224 (50.3 million) in agriculture and fisheries.

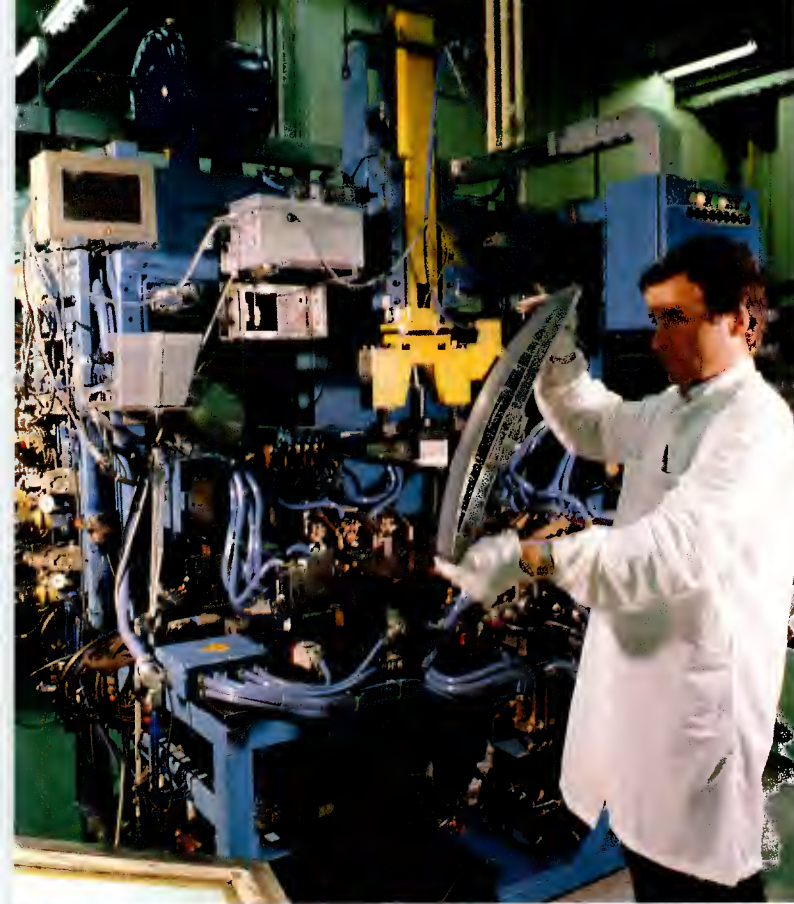
A total of 349.6 million has been made available to 4 496 generally very small firms in the form of leasing arrangements. In terms of the number of employees on their books, SMEs outside this category exhibit a predominance of firms with fewer than 50 wage-earners (over half the amount and almost three quarters of the number of allocations).

Over the past five years, some 24 500 SMEs have benefited from funding operations in most of the Community's regions totalling 4 927.9 million from own resources and 1 791.6 million from NCI resources. On the strength of the experience gained and in accordance with the decisions of its governing bodies, the Bank will continue its activities on behalf of small and medium-sized firms, which form a vital element in the Community's industrial structure.

Table 7: **Small and medium-sized enterprises**

Country	(million ecus)				
	number	Total amount	Regional development own resources	own resources	Outside assisted areas NCI
Total	7 605	2 013.8	1 317.1	454.0	242.7
Belgium	46	23.0	12.9	10.1	—
Denmark	99	49.4	5.5	13.9	30.0
Germany	77	62.3	34.6	27.6	—
Greece	62	35.1	33.8	—	1.3
Spain (*)	752	368.2	243.9	77.0	47.2
France	3 605	369.8	214.2	125.9	29.7
Ireland	39	5.0	5.0	—	—
Italy	1 971	817.0	542.3	175.6	99.1
Netherlands	48	50.2	26.4	23.8	—
Portugal	813	175.9	175.9	—	—
United Kingdom	93	58.1	22.6	—	35.5

(*) Including 33.9 million towards adaptation to accession.



1 | 3
2

EIB financing is targeted at various objectives combining to strengthen economic and social cohesion within the Community; regional development continues to rank foremost (photo 1: factory producing television sets in the South of Italy); vital to achievement of the Single Market is efficient communications (photo 2: assembly of a TGV train set in France); protection of the environment and improving the quality of life attract increasing Bank support (photo 3: power station in Germany fitted with equipment to reduce atmospheric pollution).

aimed at reducing energy consumption in industrial processes and a series of wind farms.

Funding to promote the **international competitiveness of Community industry and its integration on a European scale** rose from 822.5 million to 1 014.4 million. Almost four fifths of this amount went to projects introducing or disseminating innovative technologies and processes for the sector in question; 40% involved investment implemented under cooperative arrangements between companies in several Member States, sometimes involving partners from non-member countries.

Located in seven countries, these projects were mainly concerned with the construction of transport equipment (aircraft, motor vehicles), pharmaceuticals, electrical engineering and electronics and advanced information services.

In addition, the Bank contributed extensively to the funding of investment enabling firms located in the assisted areas to modernise and develop their production plant in order to remain competitive.

Table 8: **Industrial competitiveness and European integration**

(million ecus)	
Grand Total	1 014.4
International competitiveness and European integration of large firms	877.2
of which:	
<i>aeronautical engineering</i>	271.1
<i>motor vehicle construction</i>	210.4
<i>chemicals, pharmaceuticals</i>	136.2
<i>advanced information services</i>	82.6
Investment geared to sectoral adaptation	32.2
Smaller ventures developing advanced technology	105.0

This support was particularly appreciable in the case of **small and medium-sized enterprises**.

In the Community as a whole SMEs in 1989 received 7 605 allocations totalling 2 013.8 million from current global loans, compared with 5 113 totalling 1 611.4 million in 1988.

Details of funding activity on behalf of SMEs in the less favoured areas (1 317.1 million) and elsewhere (696.7 million) are given in the box article on page 27.

Financing operations by country

BELGIUM

Finance contracts signed 1989: 91.1 million; 1988: 11.6 million.

Individual loans: 10.4 million.

Global loans: 80.7 million.

Allocations from ongoing global loans: 23 million.

In Belgium, the Bank's operations covered, on the one hand, the construction near Antwerp of an industrial waste processing plant (10.4 million) and, on the other, small and medium-sized enterprises funded through global loans arranged at the close of the year with two commercial banks.

During the financial year, 46 SMEs in different provinces attracted credit from global loans already under drawdown.

DENMARK

Finance contracts signed 1989: 545.8 million; 1988: 494.1 million.

Individual loans: 494.6 million.

Global loans: 51.2 million.

Allocations from ongoing global loans: 56 million.

Over half of Bank financing in Denmark was advanced for infrastructure schemes facilitating communications with other Community countries. In the **transport** sector (283.8 million) funds were extended for railway modernisation, including the purchase of rolling stock, for upgrading motorway links between Copenhagen and other Scandinavian countries, Jutland and the German network, for the development of Nexø harbour and, finally, for the purchase of aircraft for use on European flights.

The Bank also advanced loans for the modernisation of the **telecommunications** network, particularly through the use of optical fibre cables (74.7 million), for **wastewater** collection and treatment facilities in Esbjerg and for small sewerage schemes under ongoing global loans.

In the **energy** sector (113.3 million), as in previous years, several operations assisted the establishment in various parts of the country of networks for conveying and supplying natural gas from the Danish sector of the North Sea and extension of district heating systems in Århus and Frederiksberg.

Apart from a loan for a pump factory with an associated research and development centre near Viborg, financing for **industry** tended to be concentrated on small and medium-sized enterprises. Some 100 SMEs received allocations totalling 49.4 million from ongoing global loans.

GERMANY

**Finance contracts signed 1989: 856.5 million;
1988: 603 million.**

Individual loans: 286.3 million.

Global loans: 570.2 million.

Allocations from ongoing global loans: 301.8 million.

In Germany, a new increase was recorded in global loans to fund investment by small and medium-sized enterprises as well as environmental protection and energy-saving schemes. This trend was supported by the development of stronger links between the EIB and the banking sector in Germany.

Almost half the total amount of individual loans and global loan allocations went on projects contributing to **environmental protection** (290 million), particularly flue gas treatment facilities at coal-fired power stations in North Rhine-Westphalia. Further funding was advanced for the extension of the Cologne sewage treatment plant, the construction of a dam on the Wupper, some sixty small water supply or wastewater treatment schemes and waste storage and disposal facilities by way of global loans. In addition, loans were granted for trams to run on a new transport system in Stuttgart.

In the field of **infrastructure**, the Bank also advanced funds for upgrading various sections of the road network in North Rhine-Westphalia, building and equipping a computerised billing centre for the air transport sector near Hamburg and renovating the Cologne trade fair buildings. In **industry**

and the service sector, in addition to loans for a specialised electronic components plant at Flintbek, the Bank provided funding for the establishment of "Amadeus", an international electronic system providing travel information and reservations, mainly for air transport and tourism (82.6 million); for investment by 90 small and medium-sized enterprises; and for industrial plant to secure savings in energy (104.1 million under current global loans).

GREECE

**Finance contracts signed 1989: 271.4 million;
1988: 186.5 million.**

Individual loans: 207.8 million.

Global loans: 63.6 million.

Allocations from ongoing global loans: 55.1 million.

Lending in Greece, all of it relevant to regional development, was mainly concerned with the energy sector and infrastructure. Here the Bank contributed to upgrading **electricity generating** capacity by funding the extension of two open-cast lignite mines at Ptolemais in Western Macedonia and at Megalopolis in the Peloponnese. The latter project, which included the construction of a 300 MW power station equipped with desulphurisation plant, was the subject of close co-operation between the Bank and the Commission. The EIB also supported the development of the electricity grid, in particular by way of a global loan under the Integrated Mediterranean Programme (7 million for 40 small projects).

In addition, a variety of small-scale infrastructural works, particularly sewerage schemes, were financed under global loans (13.1 million). Larger **infrastructure** projects included sections of road in Attica, Thessaloniki and in the north, modernisation of Athens airport, purchase of rolling stock for the railways and wastewater treatment facilities for the Athens conurbation. Reconstruction of roads, buildings and dwellings in the Kalamata area, damaged by earthquakes in 1986, attracted loans amounting to 23.8 million with interest subsidies from the Community budget.

Finally, global loans totalling 36.7 million arranged with financial institutions are helping to fund investment in **small and medium-sized enterprises**. Numerous small-scale ventures were funded in 1989, mainly in industry (45 allocations totalling 22.5 million) and tourism (16 allocations totalling 5.4

million) but also in agriculture where 7.2 million went to assist 1 403 small-scale on-farm schemes, all of these being financed from current global loans.

SPAIN

**Finance contracts signed 1989: 1 541.7 million;
1988: 1 018.5 million.
Individual loans: 1 280 million.
Global loans: 261.7 million.
Allocations from ongoing global loans: 400.5 million.**

Activity in Spain continued to grow at a rapid rate, particularly during the first three quarters of the year. This upward trend was due to the heavy demand for loans to improve transport and telecommunications and to fund investment in industry. Over two thirds of funding operations covered investment contributing to regional development.

In the field of **infrastructure**, the bulk of the funds advanced (1 009.7 million) went on the modernisation and extension of the telephone network (503.2 million) and on the improvement of air transport communications through fleet renewals (216 million).

The remainder covered, on the one hand, parts of the main road system around Madrid, in the Valencia conurbation, Andalusia and Galicia and the rural road network in Castilla-La Mancha and, on the other, various schemes mostly in the field of drinking water supply, wastewater collection and treatment and urban waste processing (Barcelona, Granada, Tarragona Province) and a major reforestation project in Castilla-León.

Finally, 15 projects of various kinds (sewerage, roads, industrial estates) implemented by local authorities received allocations from global loans totalling 32.3 million.

In **industry**, funding was devoted to two factories in Madrid Province (122.9 million), one producing components for Airbus A320 and A330/340 jetliners and the other pharmaceuticals. In addition 752 SMEs in industry, agricultural processing and tourism received allocations from current global loans totalling 368.2 million. In the **energy** sector, the Bank also helped to improve hydroelectric generating plant and, in particular, to extend the electricity

transmission and supply grid in Andalusia and the natural gas distribution network in Madrid, with finance totalling 179.8 million.

FRANCE

**Finance contracts signed 1989: 1 512.8 million;
1988: 1 350.5 million.
Individual loans: 874.9 million.
Global loans: 637.9 million.
Allocations from ongoing global loans: 539.1 million.**

In France funding activity was devoted mainly to transport infrastructure projects (774.4 million) and to investment in industry (512.6 million). Nearly three quarters of the financing was targeted at projects fostering regional development.

In the field of **transport** infrastructure, the Bank advanced loans for the continuation of work on the TGV-Atlantique high-speed train link (135.9 million) and for several sections of motorway (248.8 million): in the South of France (A51 in Haute Provence, A55 between Marseilles and Nîmes, A57 linking Toulon with the Autoroute du Soleil), in the region of the Alps (A43 towards Albertville which is to host the 1992 Winter Olympics, and A49 towards Grenoble), in Central France (A71 to open up the Massif Central) and in the West (A11 between Le Mans and Angers). It also funded the completion of the A26 between Calais and Rheims, one of the major access routes to the Channel Tunnel whose promoters received further loan instalments.

Other infrastructure funding covered in particular the improvement of public transport in the Toulouse conurbation and between Paris and Orly airport by the construction of an automatic light railway (107 million). In addition 188 road and sewerage schemes implemented by local authorities were financed under global loans (167.4 million). Finally, the Bank continued to finance household waste incineration facilities in Lyons.

In **industry**, individual loans (152.9 million) were granted in a wide range of sectors: a paper mill in Pas-de-Calais, an audio/video tape coating plant at Dax in the South-West and plants for agri-food and polypropylene film production in Brittany. In addition, global loan allocations totalling 369.8 million were extended to 3 605 small and medium-sized enter-

prises, 3 078 of them being funded by leasing arrangements (242.8 million).

In the **energy** sector, the Bank funded hydroelectric power stations on the Isère and the modernisation of enriched uranium production at the Eurodif plant in Pierrelatte, which accounted for a total of 78 million.

Finally, the Bank concluded a finance agreement with the promoters of the Euro Disneyland theme park to the East of Paris. Further to this agreement for a total of 180 million not contained in the figures given above, the first loan for this project was provided at the start of 1990.

IRELAND

Finance contracts signed 1989: 186.8 million;

1988: 154.8 million.

Individual loans: 186.8 million.

Allocations from ongoing global loans: 5 million.

Funding operations in Ireland, all of them relevant to regional development, were mainly devoted to communications and **energy** supply infrastructure. The EIB provided funds for the extension and improvement of the electricity and natural gas supply networks (43.7 million).

Loans in the field of communications **infrastructure** (102.8 million) were granted for the development of air transport (enlargement and modernisation of Dublin airport, purchase of aircraft for links with London and a flight simulator), to upgrade the road network, especially around Dublin, and to improve the national and international telecommunications system.

Other funding (40.3 million) was earmarked for the continuation of water supply and sewerage programmes, the restoration of Dublin Castle and work to turn it into a conference centre, the extension of higher technical education institutes and the establishment of an engineering school on the Belfield campus in Dublin.

Finally, allocations from ongoing global loans went to provide funding totalling 5 million for 39 small and medium-sized industrial enterprises.

ITALY

Finance contracts signed 1989: 3 734.4 million;

1988: 3 371.9 million.

Individual loans: 2 653.8 million.

Global loans: 1 080.6 million.

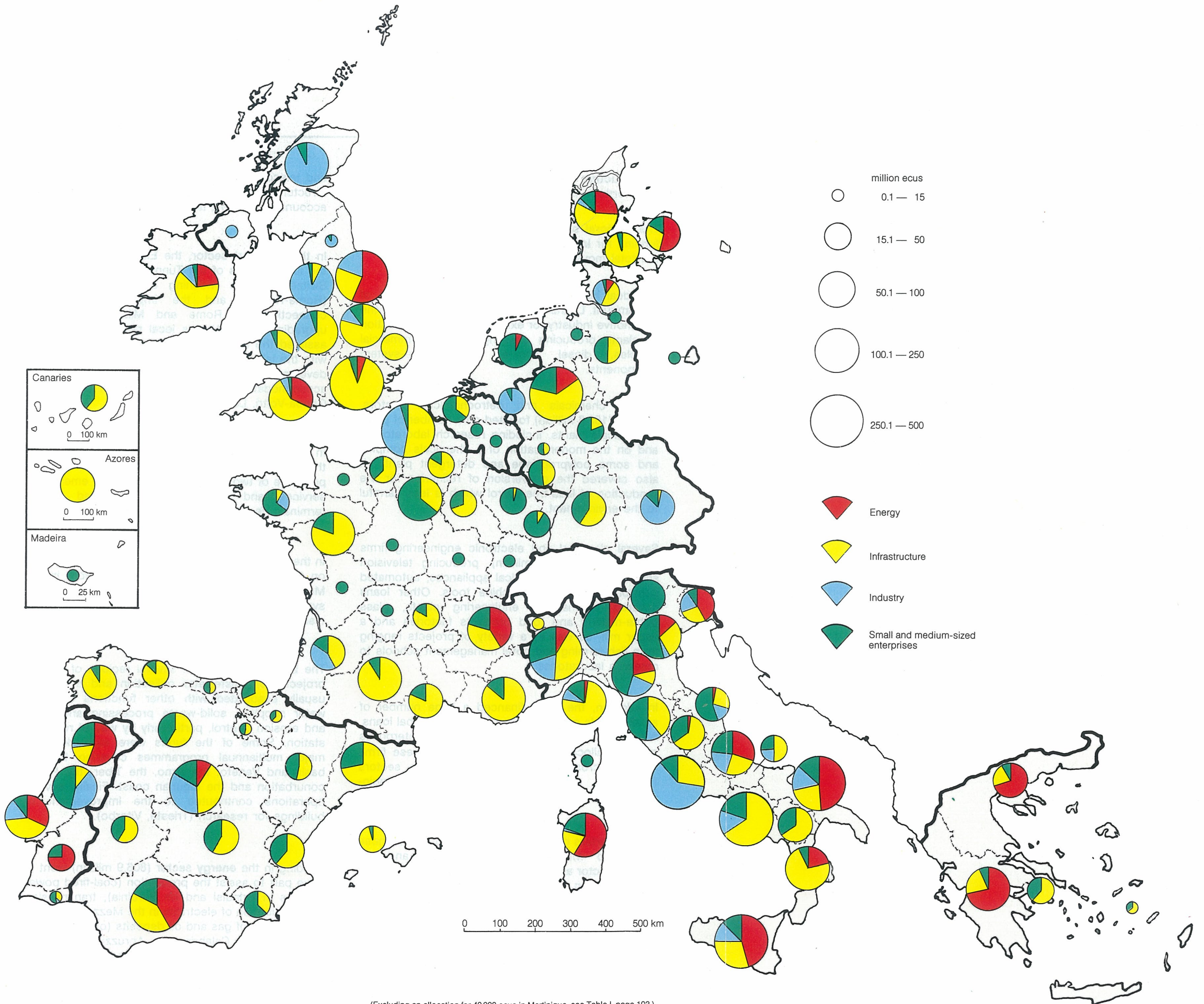
Allocations from ongoing global loans: 1 139.8 million.

In Italy **regional development**, accounting for close on 64% of the total made available in individual loans and allocations from global loans, remained the principal objective. The aggregate amount of 2 381.5 million breaks down as follows: industrial investment 1 077.9 million (approximately half of which for SMEs), infrastructure 811.8 million and energy projects 491.8 million. Over four fifths of this funding focused on projects in the mainland Mezzogiorno and islands (2 034.2 million). It comprised: 440.4 million in Latium, 220.6 million in Sicily, 199.5 million in Apulia, 177.8 million in Sardinia, 162.3 million in Campania, 138.7 million in Abruzzi, 135.2 million in Calabria, 83.4 million in The Marches, 46.8 million in Basilicata and 28 million in Molise. Telecommunications projects of benefit to several regions received finance totalling 401.3 million. In the less developed areas of Central and Northern Italy, regionally relevant funding totalled 347.3 million, covering projects in Trentino-Alto Adige, Umbria, Tuscany, Veneto, Liguria, Emilia-Romagna and Lombardy.

Lending for projects helping to meet the Community's **energy policy objectives** (728.3 million) centred on the development of oil and natural gas resources, diversification of energy supply and the installation of energy-saving plant in industry. Funding for **environmental protection** schemes (580.8 million) went mainly on wastewater collection and treatment and solid waste processing facilities, but was also given over to equipment designed to reduce pollution from power stations and chemical and glassmaking plants and to help provide aircraft and set up a telecommunications system for civil-defence emergency services.

In addition, the EIB provided 521.4 million (including 104 million in global loan allocations) for mostly high-technology investment to strengthen the **international competitiveness** or **integration on a European scale** of industrial firms, particularly in the motor vehicle, aircraft construction and fine chemicals sectors. Finally, it financed **transport**

Financing provided in 1989: sectoral and regional breakdown



(Excluding an allocation for 40 000 ecus in Martinique, see Table I, page 103.)

Infrastructure of Community relevance in Central and Northern Italy (305.3 million).

The **sectoral breakdown** reveals a new increase in funding for **industry and the service sector**, where the total moved up to 1 769.1 million.

Individual loans account for 40% (707.9 million) of this amount. Loans totalling 241.5 million went to the automotive industry for extension and modernisation of plants producing passenger cars, commercial vehicles, diesel engines and brake-system components.

In the chemicals and petrochemicals sectors, funding (153.6 million) focused on a number of pharmaceuticals plants, including research laboratories, and on the modernisation of a chemicals complex and some polypropylene and detergent plants. It also covered the conversion of refineries for the production of lead-free petrol which is less harmful to the environment.

Several electrical and electronic engineering firms were funded (131.4 million), producing television screens, domestic electrical appliances, automated control systems and machine tools. Other loans covered aeronautical engineering plants, glass bottle-making and food products factories and a paper mill, as well as a variety of projects ranging from fish farming and hotel management schools to research laboratories.

In addition, the Bank financed a large number of smaller-scale projects through ongoing global loans. A total of 1 971 small and medium-sized enterprises received allocations worth 817 million. These firms extend across a broad spectrum of sectors (foodstuffs, metalworking and mechanical engineering, electrical engineering, but also tourism).

Three quarters of these firms and almost all of those concerned with construction, tourism and the service sector are located in the Mezzogiorno (301.7 million) and in the less developed areas of Central and Northern Italy (240.7 million). In addition, allocations were provided outside those areas from own resources (175.6 million) and from NCI resources (99.1 million).

The **infrastructure** projects financed (1 217.6 million) fell mainly within the fields of transport (491 million)

and telecommunications (407.4 million); water infrastructure, waste processing and other projects accounted for 319.2 million.

In the transport sector, the EIB continued to fund the last sections of the Tunnels motorway towards Switzerland, the widening of the A2 motorway (Rome-Naples) and the improvement of rail connections to Rome and Milan airports and upgrading of the Naples local rail network. It also assisted the acquisition of vessels to provide links with the islands along the Tyrrhenian coast and the development of harbour facilities, in particular to accommodate container and roll-on/roll-off ships at Genoa-Voltri, La Spezia and Livorno.

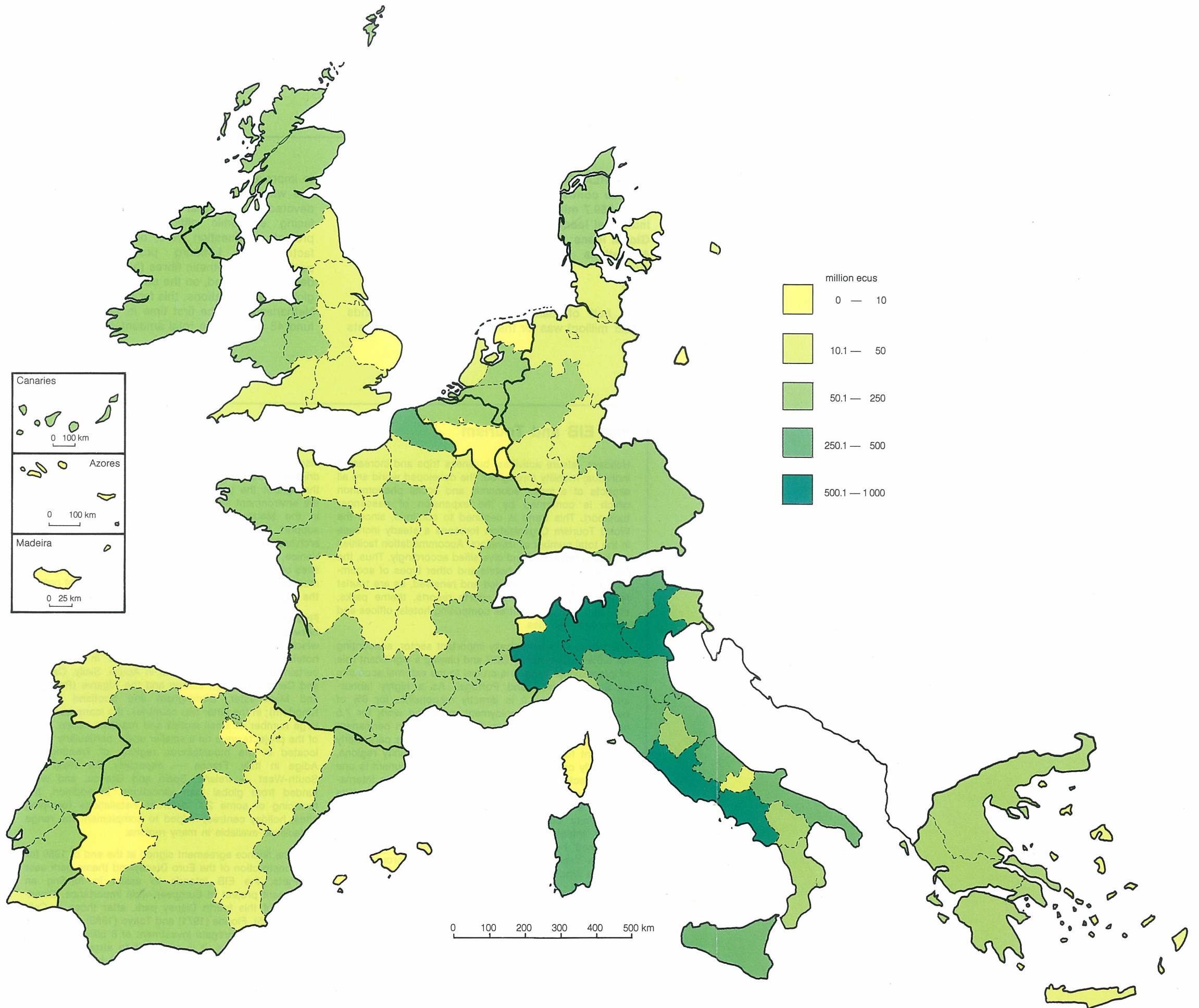
In addition, loans were granted for the extension of the passenger terminal at Pisa airport, for the purchase of two aircraft for civil-defence emergency services and for intermodal rail-road freight terminals near Turin and Verona.

In the telecommunications sector, EIB loans focused on the extension of the telephone network in the Mezzogiorno and a satellite telecommunications system to provide assistance in the event of natural disasters.

The Bank contributed in several regions of Italy to projects for wastewater collection and treatment, usually associated with other functions such as water supplies, solid-waste processing and flood and erosion control, particularly by way of reforestation. Some of the funds were earmarked for major multiannual programmes covering the Po basin and Veneto, the Arno, the Tiber, the Rome conurbation and the Ligurian coast. Finally, several operations contributed to the improvement of buildings for research (Trieste, Viterbo).

Funding in the **energy** sector (806.9 million) went in large part to assist the production (coal-fired power stations in Brindisi and on Sardinia), transmission and distribution of electricity in the Mezzogiorno, the development of gas and oil deposits (offshore along the coasts of Calabria and Abruzzi, onshore in Emilia-Romagna and Piedmont), the development of natural gas transmission systems, storage capacities and distribution networks in Central and Northern Italy.

Financing provided for industrial investment from 1985 to 1989: regional breakdown



NETHERLANDS

Finance contracts signed 1989: 320.3 million;

1988: 259.7 million.

Individual loans: 231.5 million.

Global loans: 88.8 million.

Allocations from ongoing global loans: 50.2 million.

Over half of Bank lending in the Netherlands (172.5 million) was for the expansion of airline fleets

to improve air transport links within the Community and with the rest of the world. Other loans were devoted to **industrial** investment, usually in areas facing economic difficulties (106 million). The projects in question were, on the one hand, two factories in Limburg producing new, high-performance synthetic fibres (heat resistant or high-density fibres) and, on the other, projects funded by global loan allocations; this facility, introduced in the Netherlands for the first time in 1988, was used to fund 48 SMEs for a total amount of 50.2 million.

The EIB and Tourism

Holidays, leisure activities, business trips and increasing individual mobility throughout the developed world are all aspects of a major economic and social phenomenon which is confirmed by the expansion of passenger transport. This trend is destined to continue, since the World Tourism Organization foresees a steady increase in the total number of travellers. Accommodation facilities are being increased and diversified accordingly. Thus, the Community's stock of hotels and other types of accommodation is being expanded and renewed, as are tourist facilities (marinas, winter sports resorts, theme parks, etc.) and business centres comprising hotels, offices and conference facilities.

Tourism is an economically important sector, accounting for 5.5% of Community GDP and playing a significant role in international trade. It is crucial to the external accounts of Spain, Greece and Portugal. As a highly labour-intensive industry, it is directly responsible for 6% of overall Community employment, providing work for 7.5 million individuals of whom 5.5 million are in permanent full-time jobs. The development of tourism is particularly important for several less-favoured Community regions, especially outlying areas. More generally, tourism is one of the sectors in which Europe enjoys definite international advantages owing to the wealth and variety of its natural and cultural assets. Its importance for the Community, both as regards regional development and overall integration or economic competitiveness, is underlined by the designation of 1990 as "European Tourism Year" and confirmed by the numerous tourist projects funded by the Bank.

The development of tourism is central to a number of investment projects which the EIB has helped to finance in the transport sector, for example through loans in respect of major tourist highways and motorways or the expansion of airports and airline fleets. The same is true of numerous smaller-scale projects designed, for example, to upgrade local airports and small harbours. In many areas (from the Saronic Gulf to Wales), the EIB has

also funded projects aimed at guaranteeing drinking-water supplies or efficient sewage treatment throughout the year. The interaction between tourism, the environment and development is particularly marked in the Mediterranean region (see page 16). Lastly, support towards the protection of the Community's architectural and cultural heritage (the Doges' Palace in Venice, the Ducal Palace in Genoa, the archaeological sites of Pompeii, Herculaneum and Stabiae and the Milos museum) helps to increase the attractiveness not only of the regions concerned but of the Community as a whole.

Financing provided for the tourism sector as such between 1985 and the end of 1989 totalled 800 million, of which 640 million related to work on more than 1 200 hotels. Individual loans were provided in respect of certain of these hotel projects in Apulia, Sicily, Calabria and Campania (Italy), Lisbon and the Algarve (Portugal) and Manchester, Birmingham and Scotland (United Kingdom); in the latter two countries, the loans went to a large number of small motels and roadside hotels. Most of the projects were on a smaller scale, particularly those located in the mountainous regions of Trentino-Alto Adige in Italy, France — especially the West and South-West — Ireland, Spain and Greece, and were funded from global loan allocations. In addition, the financing of some 200 different installations (camping sites, holiday centres) helped to complement the range of facilities available in many regions.

With the finance agreement signed at the end of 1989 for the construction of the Euro Disneyland theme park east of Paris, the EIB intends to assist in funding an investment project of European-wide importance. Development of this fourth Disney park, after those in California (1955), Florida (1971) and Tokyo (1983), represents an estimated aggregate investment of 8 billion, including associated facilities. It is expected to attract 10 million visitors a year, thereby enhancing and broadening the Community's tourist assets and increasing tourism both from outside and within the Community.

Finally, the Bank financed the setting up of a series of wind farms for generating electricity in Zeeland (3.2 million from NCI resources).

PORTUGAL

**Finance contracts signed 1989: 755.7 million;
1988: 560.4 million.**

Individual loans: 575.1 million.

Global loans: 180.6 million.

Allocations from ongoing global loans: 176.6 million.

All sectors in Portugal benefited from the growth in activity, especially industry and tourism. This trend was favoured by the strengthening and diversification of relations with banks and financial institutions.

Funding in **industry and the service sector** totalled 284.5 million, including an initial operation of 40 million under the Specific Programme for the Development of Portuguese Industry. A total of 175.9 million was allocated under ongoing global loans to 813 SMEs, mainly in the foodstuffs, glass and ceramics and paper industries. Of these allocations, 422 were used to extend leasing facilities to very small enterprises.

Individual loans (108.6 million) were to a large extent intended to assist the development of the country's forestry resources: close on 90 million for capacity expansion at two paper mills, for a eucalyptus planting programme and for factories producing wood fibre and particle board panels and cork tiles.

In addition, the Bank funded the modernisation of breweries and a soft drinks factory and the construction of a chain of hotels across the country and in Spain close to the frontier. Loans for **infrastructure** projects (217.2 million) covered the upgrading of the telephone network and, especially, transport improvements. The latter involved motorway sections around Lisbon and Oporto and links with Spain: construction of sections of the A1, A5, A3 and A4 motorways, improvement of key routes, modernisation of rail links. On the Azores, loans contributed to the improvement of facilities at the airport on Flores Island and in several harbours, to the development of road and tourist infrastructure and to the acquisition of aircraft for flights between the islands in the group.

Finally, in the **energy** sector (249.3 million), loans advanced were used to improve electricity supply by upgrading generating capacity (hydroelectric power stations at Alto Lindoso in the North and Pracana in the East and a coal-fired station at Sines) and strengthening the transmission and distribution grid.

UNITED KINGDOM

**Finance contracts signed 1989: 1 652.2 million;
1988: 1 178.8 million.**

Individual loans: 1 494 million.

Global loans: 158.2 million.

Allocations from ongoing global loans: 58.1 million.

In the United Kingdom, 37% of financing went to areas confronted with conversion problems. The uptrend compared with 1988 is due in particular to a recovery in funding for the water sector and to a fresh increase in lending for industry. Funding for **industry and the service sector** totalled 576.5 million.

Individual loans for industry (450.2 million) spanned a broad range of sectors and focused in particular on the aircraft construction industry, two paper mills (one producing newsprint, the other coated paper), the upgrading and adaptation of float glass capacities and the construction or modernisation of a number of plants for food, agri-foodstuffs and soft drinks production. Other projects involved the manufacture of furniture, biomedical products and car body components as well as a polymerisation line at a polystyrene plant and steel product storage facilities.

In the service sector, in addition to a computer centre in Manchester and a foodstuffs distribution and storage centre at Bellshill, hotels and motels were funded in several regions.

These loans were supplemented by 58.1 million in the form of allocations from current global loans to 93 SMEs, mainly in the metalworking, plastics processing and paper industries, as well as in private and public-sector services.

In the **transport** sector (305.7 million), loans covered facilities to improve links with other countries in the Community: the Channel Tunnel, a new terminal at Stansted international airport and increased container vessel capacity at the port of Felixstowe.

In addition, the EIB granted loans for the redevelopment of the old docklands area in Cardiff by the construction of an exhibition and business services complex and for the regeneration of an industrial estate near the centre of Lancaster (25.7 million).

Bank lending in the **water** sector (431.8 million) covered a large number of projects forming part of major investment programmes drawn up by the water supply companies to modernise their networks and improve water quality with a view to ensuring compliance with Community standards. The projects financed are located in the Thames, Severn and Trent basins, in various parts of South Yorkshire, on the Northumbrian coast and in East Anglia and Wessex. A loan was also granted for an urban waste recycling plant in Hastings.

Loans in the **energy** sector (211.6 million) were used to develop a gas field off Humberside and an oil

deposit on the Dorset coast and to uprate a coal-fired power station at Slough.

Outside the territory of Member States, under Article 18 of the its Statute, the Bank assisted implementation of two projects to improve international telecommunications. On the one hand, it granted a further loan for 75 million to EUTELSAT — embracing, in addition to EEC Member States, 14 other European countries, mostly belonging to EFTA — for operating a new generation of telecommunications satellites. On the other hand, it contributed to the financing (90.5 million) of a private-sector project for a transatlantic cable using optical fibre technology. The cable will link the Community, via the United Kingdom and Ireland, to the United States by way of the Caribbean and will improve the quality and reliability of communications.

Operations outside the Community

Financing outside the Community amounted to 485.9 million in loans from EIB own resources and 126 million in operations using risk capital resources from Community and Member States' budgetary funds, giving a total of 611.9 million, compared with 700.2 million in 1988 and 392.1 million in 1987.

This slackening in activity is attributable to trends which differ from one area to another. A fallback in the conclusion of finance contracts in Yugoslavia, contrasting with a more buoyant rate of funding in the Southern Mediterranean countries under the third series of financial protocols, resulted in a total for the Mediterranean countries as a whole of 342.8 million (398 million in 1988). Of this amount, 12 million in the form of risk capital drawn from budgetary funds was granted on a priority basis to fund joint ventures between private firms in the countries concerned and firms in the Community. This form of financing, which is particularly well suited to SMEs, was described on page 64 of the Annual Report for 1988. In the African, Caribbean and Pacific States and in the Overseas Countries and Territories, the dwindling funds still available under the Third Lomé Convention for risk capital operations restricted scope for action. Despite a slight increase in loans from own resources, activity in these countries amounted to 269.1 million (155 million from own resources and 114 million in risk capital) compared with 302.2 million in 1988.

The Mediterranean countries

Yugoslavia

The improvement of transport infrastructure is of particular concern to both **Yugoslavia** and the Community. Yugoslavia's geographical location makes it an important transit country, channelling nearly four fifths of traffic between Greece and the other Member States.

The Second Financial Protocol accords distinct priority to completion of the aforementioned infrastructure. Having lent 210 million in 1988 for the Trans-Yugoslav Highway, in 1989 the Bank extended a total of 58 million for modernisation of the main railway line, in particular the section around Zagreb.

Maghreb countries

In **Algeria**, loans totalling 73 million were granted for two projects. One, in the environmental sector, was to help extend and improve the sewerage system serving Greater Algiers; the other was to assist in setting up irrigation facilities for 20 000 hectares on the Mitidja plain, south-west of the capital.

In **Morocco**, EIB financing amounted to 39 million in the form of an individual loan towards extending power distribution networks in rural areas (30 million) and a global loan for use by a number of banking intermediaries, designed to facilitate equity participations and the promotion of small or medium-scale industrial joint ventures in the private sector (9 million in risk capital).

In **Tunisia**, a global loan for 17 million was earmarked to provide continued backing for investment in the tourism sector. During the financial year, some 200 sub-projects were financed from global loans already on tap (16.9 million), including 7 in the tourism sector (8.2 million) and 176 in agriculture and fisheries (6.7 million).

Mashreq countries

Apart from a global loan for financing small-scale local infrastructure in less developed areas in **Jordan** (2.5 million), the bulk of the loans went to projects in **Egypt** (130.3 million).

Here, funds were advanced for expansion of electricity generating capacity through construction of a natural gas-fired power station in Lower Egypt and for the supply of electricity to Greater Cairo. The Bank also helped to fund an irrigation scheme covering 21 000 hectares in the Nubariya area. In addition, it granted two loans for the construction to the south-west of Alexandria of a factory to produce HGV tyres, a joint venture between a firm in the EEC and Egyptian enterprises.

Israel

In Israel, 13 industrial projects — mainly in the mechanical and electrical engineering, chemicals, glass and plastics sectors — were financed through a global loan for 23 million.

ACP States and OCT

Bank activity here was very much affected by constraints due to the deterioration in the economic situation and borrowing capacity of most of these countries.

The EIB nonetheless managed to provide backing for projects in 28 African, Caribbean and Pacific States under the Lomé Convention and in three Overseas Countries and Territories under the specific decision relating to them.

In four of these, loans were granted solely from the EIB's own resources (108 million, representing 40% of the total); in 19 others only risk-capital funding was extended (105.7 million, 39% of the total) and in eight funding based on a combination of these two resources was made available (55.4 million). Risk-capital funding thus totalled 114 million, of which 75% went to the least developed ACP States (Article 257 of the Third Lomé Convention).

Apart from the 650 000 furnished under Lomé II, all the projects were financed under the Third Lomé Convention.

Of the total funding extended, 57% went to industry, especially small and medium-sized enterprises which received 94 allocations from global loans (36.2 million) made available by the EIB through national or regional development banks. Communications infrastructure accounted for 28%, drinking water supply and wastewater treatment 11% and energy projects 4% of loans advanced.

As in 1988, the EIB continued to fund rehabilitation of existing industries and infrastructure, and numerous operations were devoted to the private sector, whose role in the development process is set to increase in the future.

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

Funding in seven **West African** countries totalled 88 million, earmarked in particular for investment in the agri-foodstuffs industry, to support an oil palm development programme in **Nigeria** (43 million), for a cottonseed oil mill plus a feasibility study for a power line in **Burkina Faso** (6.3 million) and for expansion of the fishing fleet in **Guinea Bissau** (3.5 million). In **Ghana**, the Bank financed rehabilitation

Table 9: Financing provided outside the Community in 1989

	(million ecus)						
	Total	EIB own resources	Budgetary resources	Sector			
				Energy	Infra-structure	Individual loans	Global loans
Mediterranean	342.8	330.8	12.0	97.3	168.5	28.0	49.0
Algeria	73.0	73.0	—	—	73.0	—	—
Morocco	39.0	30.0	9.0	30.0	—	—	9.0
Tunisia	17.0	17.0	—	—	—	—	17.0
Egypt	130.3	127.3	3.0	67.3	35.0	28.0	—
Jordan	2.5	2.5	—	—	2.5	—	—
Israel	23.0	23.0	—	—	—	—	23.0
Yugoslavia	58.0	58.0	—	—	58.0	—	—
ACP—OCT	269.1	155.1	114.0	10.0	104.8	101.6	52.7
Africa	193.4	97.5	95.9	10.0	71.3	100.9	11.2
Caribbean	44.4	31.0	13.4	—	17.5	0.4	26.5
Pacific	21.3	21.0	0.3	—	13.0	0.3	8.0
OCT	10.0	5.6	4.4	—	3.0	—	7.0
Total	611.9	485.9	126.0	107.3	273.3	129.6	101.7

of gold mines (13 million), and in **Togo** (9.3 million) and **Benin** (7 million) projects to improve the telephone networks. Lastly, in **Guinea**, funding worth 6 million was devoted to improving water supplies for Conakry.

In **East Africa**, the Bank granted a total of 30.7 million. In **Kenya** (17.1 million), the funds will improve water supplies for Nairobi and back a feasibility study for the reorganisation of an abattoir. The Bank co-financed a cotton ginnery near Lake Victoria in **Tanzania** (8 million) and rehabilitation of a sesame oil mill near Mogadishu (2.4 million) in **Somalia** as part of a joint venture with a private-sector firm in Europe. Global loans were also

concluded with development banks in the **Seychelles** (3 million) and **Djibouti** (200 000).

In **Southern Africa**, Bank funding (40 million) was used for: a paper mill and the telecommunications network in **Zimbabwe** (30 million); an abattoir, a cotton spinning mill and industrial estates in **Swaziland** (7 million); and industrial estates in **Lesotho** (3 million).

A total of 34.5 million was granted in **Central and Equatorial Africa**: 12 million in **Rwanda** for telecommunications and support for industry through the country's development bank; 10 million for the restoration of the electricity supply grid in the

Table 10: **Amounts of Community financial aid provided for in conventions, financial protocols and decisions in force or under negotiation at 1 May 1990**

(million ecus)

Agreement	Duration	Loans from own resources (1)	Operations mounted from budgetary resources			Total	
			Risk capital operations (2)	Grant aid (3)	Loans on special conditions		
Mediterranean Countries							
Yugoslavia	Second Financial Protocol	1988—1991	550	—	—	550	
Turkey	Fourth Financial Protocol	awaiting signature	225	—	50	325 (2)	
Algeria	Third Financial Protocols	1988—1991	183	4	52	—	239
Morocco			151	11	162	—	324
Tunisia			131	6	87	—	224
Egypt	Third Financial Protocols	1988—1991	249	11	189	—	449
Jordan			63	2	35	—	100
Lebanon			53	1	19	—	73
Israel	Third Financial Protocol	1988—1991	63	—	—	—	63
Malta	Third Financial Protocol	1988—1993	23	2.5	12.5	—	38
Cyprus	Third Financial Protocol	1988—1993	44	5	13	—	62
Lebanon	Exceptional Aid		50	—	—	—	50
ACP States-OCT							
ACP	Third Lomé Convention (5)	1986—1990	1 100	600	4 860	600 (4)	7 160
	Fourth Lomé Convention (6)	1990—1995	1 200	825	9 975	—	12 000
OCT	Council Decision	1986—1990	20	15	55	25 (4)	115
	Council Decision	1990—1995	25	140	—	—	165

(1) Loans attracting interest subsidies from the European Development Fund in the case of projects in the ACP States and the OCT and from the General Budget of the European Communities in the case of projects in certain Mediterranean countries. Amounts required for interest subsidies are financed from grant aid.

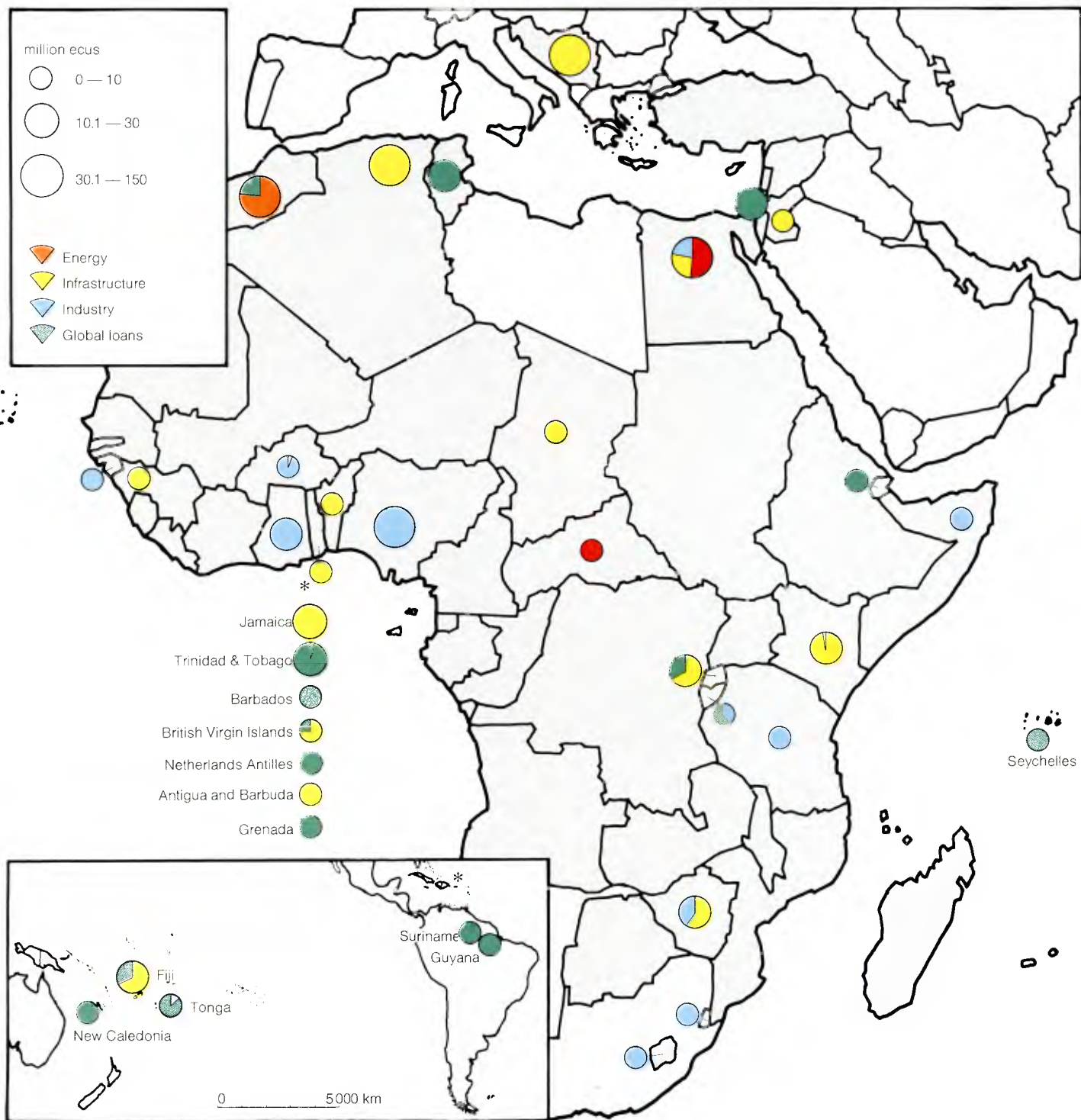
(2) Financing granted and managed by the Bank.

(3) Aid granted and managed by the Commission.

(4) Loans granted and managed by the Commission.

(5) Excluding transfers from STABEX, the fund for the stabilisation of export earnings for the ACP States and the OCT, and from SYSMIN, the special financing facility for mining products in the ACP States; financing granted by the Commission.

(6) The Financial Protocol for the Fourth Lomé Convention, concluded for a ten-year period; only covers the first five years. The 1 500 million in STABEX appropriations and the 1 150 million for structural adjustment are included under grant aid.



* including an allocation for 40 000 ECUs in Martinique, see Table 1, page 103

Central African Republic; 6.5 million in **Burundi** for tea production and to finance SMEs; and 6 million in **Chad** for water supply infrastructure to serve the capital, N'Djamena.

Funding in the **Caribbean** amounted to 44.4 million, including 16 million to finance port infrastructure at Kingston, **Jamaica**, and 1.5 million for an airport on **Antigua**. Other facilities extended consisted of global loans to the development banks of **Trinidad**

and **Tobago** (14.9 million), **Barbados** and **Guyana** (4 million each), **Suriname** (3 million) and **Grenada** (1 million).

Lending in the **Pacific** came to 21.3 million: in **Fiji**, 19 million was made available for telecommunications, for improving facilities at the port of Lautoka and for small firms under a global loan to the local development bank; in **Tonga**, 2.3 million was similarly advanced through a global loan.

The Fourth Lomé Convention

The Fourth Lomé Convention was signed on 15 December 1989 between the European Economic Community and the 66 existing African, Caribbean and Pacific (ACP) States, signatories to the Third Lomé Convention, which have been joined by two newcomers, Haiti and the Dominican Republic. Provision is also made for facilitating the accession of Namibia as soon as the country is proclaimed independent. The new Convention has been concluded for a period of 10 years and is accompanied by a Financial Protocol spanning the first five years. It will enter into force once ratification procedures have been completed, probably in early 1991; in the meantime, during a transitional period, operations will continue to be mounted under the Third Lomé Convention.

Increased financial resources on more concessionary terms

The aggregate amount of financial aid provided for has been raised from 8.5 billion under Lomé III to 12 billion for the first five years of Lomé IV; of this, 10.8 billion will be drawn from the European Development Fund (EDF) financed from EEC Member States' budgetary contributions, while up to 1.2 billion will be provided in the form of loans from the Bank's own resources. Community aid will henceforth be made available on more concessionary terms. Loans from the Bank's own resources are to carry an interest subsidy charged to EDF resources and increased from 3% under Lomé III to 4% under the new Convention: hence, the interest rate borne by the borrower will not normally be less than 3% or more than 6% (compared with 5% to 8% under Lomé III). Risk capital assistance, which will continue to be administered by the Bank (825 million from EDF resources), may take the form of equity participations or loans on favourable terms. For the latter, the rate of interest will in any case be less than 3% and the exchange risk will be borne partly by the Community,

subject to certain conditions. All other assistance from EDF resources administered by the Commission will now be provided in the form of grants.

Preserving the legacy of past conventions and introducing innovations

In view of the economic and financial crisis besetting numerous ACP States, it has been decided to insert into the new Convention a structural adjustment support mechanism administered by the Commission and serving as an adjunct to traditional long-term development measures supported by the Community.

In addition, the new Convention places even greater emphasis on the private sector and its role in promoting the growth and diversification of the ACP States' economies. The legacy of past conventions has been preserved and certain instruments of cooperation, such as STABEX and SYSMIN, have been further improved. Trade arrangements, already very favourable, are even more liberal than in the past and particular stress has been laid on the need to accord priority to environmental problems.

Productive projects and programmes in industry, agricultural processing, tourism, mining and — where they are connected with the aforementioned sectors — energy, transport and telecommunications will continue to be financed first and foremost through loans from the Bank's own resources and from risk capital. With a view to ensuring that a substantial portion of risk capital resources can be devoted to investment in the private sector and especially to SMEs, the already highly flexible arrangements for deploying these resources have been broadened further and the use of new intermediaries (particularly European financial institutions) has been made possible.

Operations outside the Community

Global loans were also arranged with development banks in three **OCT** for supporting the financing of small and medium-sized enterprises in the British **Virgin Islands** (4 million), the Netherlands **Antilles** (3 million) and the French territory of **New Caledonia** (3 million).

Almost all projects in the ACP States were covered by co-financing arrangements, concluded in particular with the bilateral financing institutions of the Member States, the Commission of the European Communities, the World Bank and other development aid agencies.



In keeping with priorities of the Third Lomé Convention, the EIB has financed projects in the ACP States aimed to increase the value added of local raw materials (bottom photo: SME in Fiji) or to develop agricultural-processing activities (top photo: tea-growing in Africa). In 1989, loans in the industrial, agricultural and service sectors totalled over 150 million ecus.

The EIB's resources

Evolution of capital markets

The move towards higher interest rates already discernible in several countries at the end of 1988 gathered added momentum in the first few months of 1989 reflecting the possible outlook for inflation in the wake of economic growth. Consequently, the monetary authorities in the United States and a number of European countries tightened the credit supply. With short-term lending rates rising faster than long-term borrowing rates, several markets recorded inverse yield curves.

However, as from the second quarter monetary policies took a different turn from one country to the next prompted by disparities in economic outturns between the leading nations. Signs of a slackening-off in the economy in the United States led the authorities gradually to relax credit policy and both short and long-term interest rates eased. Towards the end of the summer there was a short-lived change of mind as to the health of the American economy and this sent rates back up again. The reversal was only temporary; under the controlling influence of the monetary authorities, still concerned about the relatively high level of inflation, interest rates began to climb again moderately up to the end of the year, while the dollar demonstrated continuing firmness.

In several other countries, stronger than expected levels of economic growth led the central banks to practise a restrictive monetary policy, although long-term rates were not greatly affected as investors anticipated this policy's anti-inflationary effects. In the early autumn, concern on the part of the monetary authorities in certain European countries to stave off inflation triggered a rise in long-term interest rates. The resolve to maintain exchange rate stability within the EMS soon gave rise to fairly widespread upward pressure on interest rates in some of the countries participating in the system.

The bond markets were relatively unaffected by the mini-crash on the international stock exchanges in mid-October. In contrast to the reaction two years earlier, the monetary authorities did not deem it necessary to inject more liquidity into the banking system.

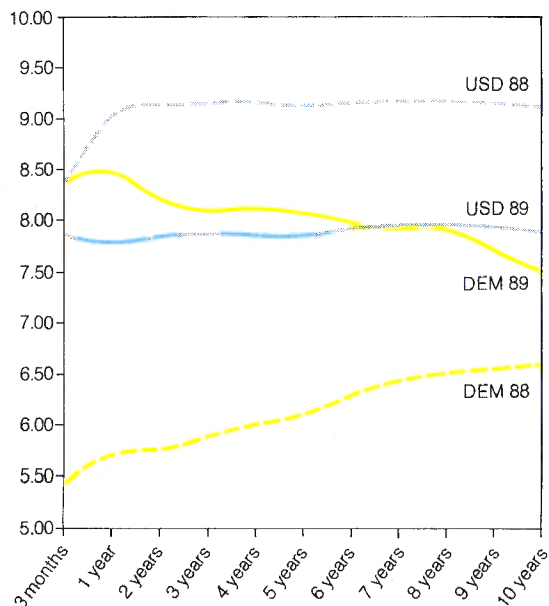
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For the first three quarters of 1989, the EMS continued to operate free of undue strain. However, during the closing months of the year the dollar slumped sharply as a result of the considerable narrowing of interest rate differentials which hitherto had worked in this currency's favour. Central banks within the EMS were obliged to intervene concertedly when the Deutsche Mark neared the upper intervention limit. Those currencies showing signs of weakness were also buoyed up by occasional increases in interest rates. A downwards readjustment of the central rate for the lira took place in January 1990 when the fluctuation margins set for the Italian currency within the EMS were reduced.

* * *

The financial year was one of further growth in issuing activity on the international bond market accompanied by notable shifts in the relative weight

Yield curves for the Deutsche Mark and US dollar at 30. 12. 1988 and 29. 12. 1989



of the various borrowing instruments and sectors. There was a steep upturn in the volume of equity-linked bond issues, floated principally for the account of Japanese borrowers taking advantage of rising domestic share prices, whereas growth in issuing activity on the market in straight, fixed or floating-rate bonds was more modest.

Within the various sectors of the market in straight bonds, a firm dollar and falling interest rates combined to make for substantial growth in dollar-denominated issues. For the opposite reasons, the volume of issues denominated in European currencies, traditionally carrying low rates of interest, shrank significantly.

Despite some hesitancy prior to the new weighting of the ecu's component currencies to allow for inclusion of the peseta and the escudo, the ecu sector similarly followed an expansionary trend. Conditions conducive to swap transactions also encouraged the growth of certain relatively smaller sectors such as those for issues denominated in French francs, lire or pesetas.

Although the international capital markets did not witness the same abundance of innovative financing techniques as in previous years, greater use continued to be made of the more sophisticated financing techniques, swap operations in particular. As a result of new deregulation and liberalisation measures, it was easier to obtain finance on domestic markets and this apparently cramped growth on the international markets to a certain extent.

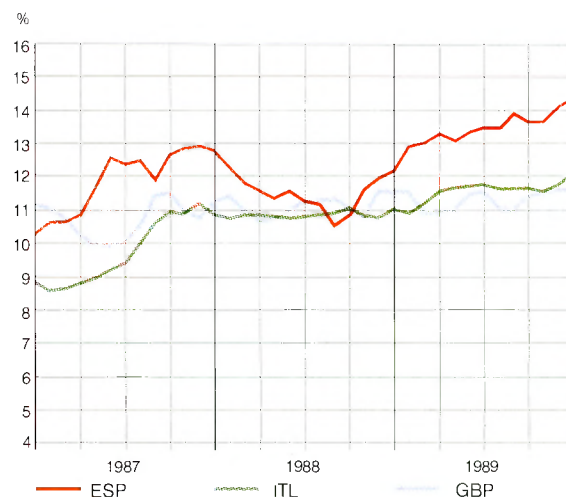
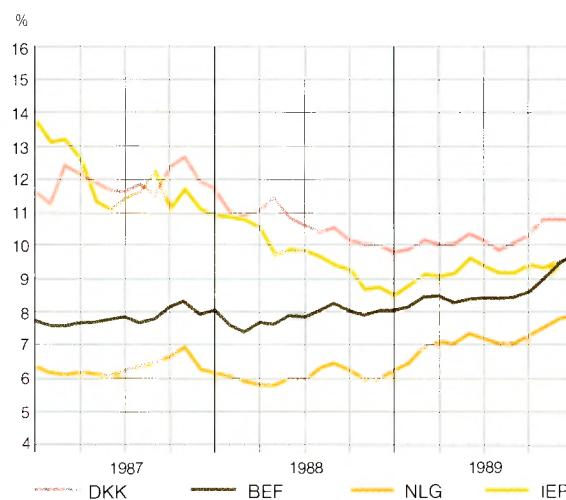
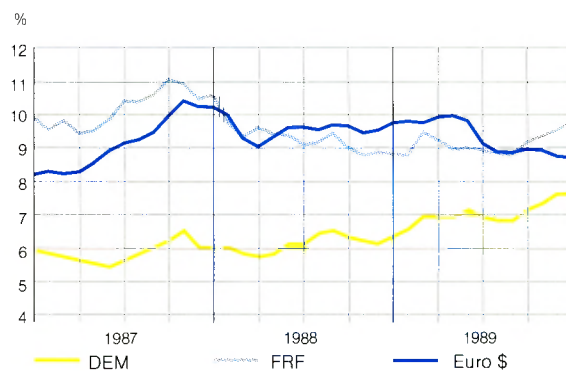
Resources raised in 1989

Aggregate resources raised by the Bank totalled **9 034.5 million** as against 7 666.1 million in 1988. This rise of 18% in comparison with the previous year was in direct response to the strong demand for disbursements with respect to loans from own resources attributable to the pace of contract signatures during the past two financial years. Loan prepayments in 1989 amounted to 1 753 million.

The resources raised to cover financing operations amounted to 8 997 million, after swaps, and derived as to 7 920.4 million from **fixed-rate** public loan issues and private placements. Allowing for swap operations and 32.1 million in third party participations in its loans, the Bank commanded 8 286.2 million in all for its fixed-rate operations. The amount available for **variable-rate** operations came

Gross yields on bonds

quoted on the various financial markets in the Community that offer the closest comparison with those issued by the European Investment Bank. For the United Kingdom and Ireland, yields have been calculated, for purposes of comparability, on the basis of an annual rather than a semi-annual compounding of interest.



to 710.8 million, comprising 75.9 million in direct floating-rate borrowings, 200 million in ecu-denominated commercial paper and 434.9 million originally raised on a fixed-rate basis but subsequently swapped for floating-rate funds.

The **currency breakdown** of borrowings attests to renewed growth in the volume of resources tapped in Community currencies which combined, after swap operations, to account for 88% of aggregate funds raised (84% in 1988, 70% in 1987, 58% in 1986 and 53% in 1985). Pride of place went to the ecu

followed by the pound sterling, the French franc and the Deutsche Mark, these four currencies between them representing 63.5% of resources garnered in 1989. There was a further tailing-off in amounts tapped in non-Community currencies, Swiss francs in particular, whereas slightly more was raised in 1989 in yen, notably to cater for borrowings redeemed early, and in dollars.

The Bank also gleaned 37.5 million from the money markets by means of ecu-denominated certificates of deposit tailored to cover **liquidity** requirements.

Table 11: **Pattern of funds raised**

	(million ecus)				
	1985	1986	1987	1988	1989
Medium and long-term operations (after swaps)	5 324.5	6 765.5	5 572.5	7 413.6	8 764.9
Public issues	4 229.0	5 434.8	3 768.4	5 772.0	7 791.3
Private borrowings	1 095.5	1 009.7	996.1	1 274.9	973.6
Interbank operations	—	321.0	455.9	311.2	—
Medium-term notes	—	—	352.1	55.5	—
Short-term operations	374.0	—	—	252.5	237.5
Commercial paper	374.0	—	—	—	200.0
Ecu-denominated certificates of deposit	—	—	—	252.5	37.5
Third party participations in loans	10.6	20.0	20.2	—	32.1
Total	5 709.1	6 785.5	5 592.7	7 666.1	9 034.5

EIB activity on the capital markets in 1989

The growth in its own lending activity led the Bank, as in 1988, to increase its calls on the capital markets in 1989. The total amount tapped by the EIB from the various medium and long-term market segments came to 8 716.3 million ecus, representing a rise of more than 17% over 1988. Virtually all of this sum went towards covering disbursements on the Bank's loans, the portion earmarked for early redemption of borrowings amounting to a mere 324.6 million ecus in contrast to 1 311.5 million ecus the previous year. In addition, the EIB borrowed 315.6 million ecus on the money markets by means of short-term instruments. The following

summary of Bank activity on the capital markets takes account of operations conducted prior to swaps.

Fixed-rate public issues and private placings brought in a total of 8 355.7 million ecus (as opposed to 6 889.2 million in 1988), of which 435.5 million were swapped into floating-rate funds.

Aggregate floating-rate operations amounted to 328.5 million ecus, of which 252.6 million were swapped into fixed-rate funds.

The EIB's resources

The Bank also allocated to third parties participations in its loans totalling 32.1 million ecus.

Out of 315.6 million ecus garnered through short-term instruments, 200 million were gleaned through an ecu-denominated commercial paper programme placed on the European market. Coupled with a credit line for the same amount and a maturity of ten years, this programme enabled the EIB to cater for the demand by its borrowers for ecu-denominated, variable-rate loans carrying prepayment options.

* * *

Constantly guided by considerations of prudence and the advisability of keeping to a limited number of operations, the Bank concluded thirteen swap transactions totalling 1 145.1 million ecus. In this way it was able to raise specific currencies, principally French francs, ecus, pesetas and the U.S. dollar, at fixed or floating rates at times when these same currencies were temporarily unavailable on the market. The Bank was also in a position to match its borrowers' preferences with those of its investors whenever market conditions precluded it from launching a borrowing in a given currency (lira, pound sterling or peseta) offering an interest-rate formula (fixed or floating rate) in keeping with its immediate disbursement needs.

In overall terms therefore, taking account of adjustments for swap operations (2.5 million ecus),

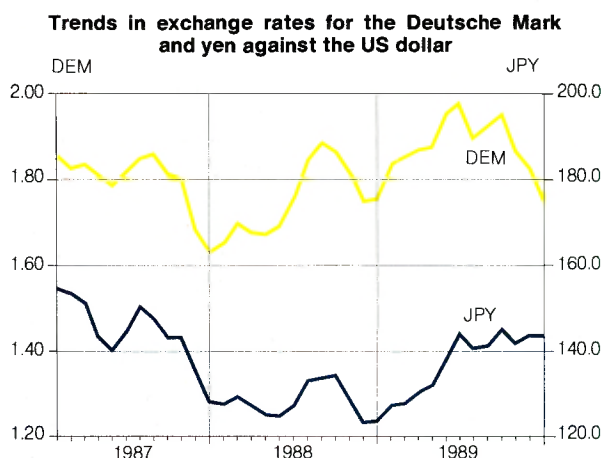
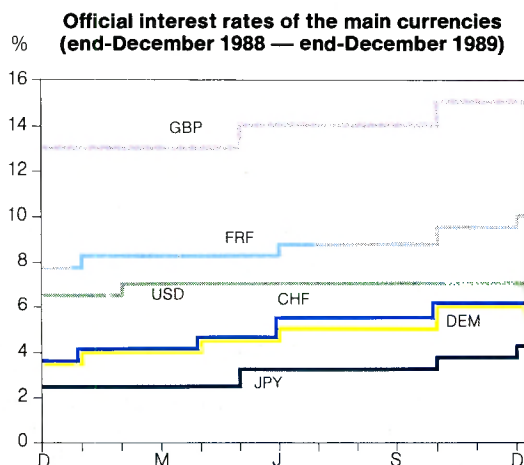
the Bank was able to command **aggregate resources** of 9 034.5 million ecus.

* * *

In 1989 **Community currencies** accounted yet again for the bulk of funds tapped by the Bank which was present on most of the markets. In view of the volumes raised, the EIB was obliged to opt for greater diversification in its calls on the different markets than in the past. Its operations ranged from public issues and private placings to bank loans at fixed or variable rates and occasionally combined with interest-rate and/or currency swaps on both the domestic and international markets in the countries in question.

* * *

The **ecu** headed the list of the Bank's borrowings in 1989, bringing in 1 801.3 million, of which 206.3 million were yielded by fixed or floating-rate swap operations — from a dollar-denominated public issue in the United States — a private borrowing in yen and an ecu commercial paper programme (200 million). In view of the uncertainty surrounding the new composition of the ecu, the market in this currency did not benefit from a very favourable climate, during the first quarter of 1989 at least, and this limited the Bank's scope for going to the capital markets. Developments subsequently took a turn for the better, notably once the weighting of the ecu's various component Community currencies was known. This helped the



Bank to build up its presence, particularly on the international market where the EIB retained its position as the leading issuer, accounting for some 12% of overall activity.

The Bank approached much the same markets in 1989 as the year before, i.e. mainly the European and Japanese markets. In the former case, the Bank cast its net even wider than in 1988, launching issues on the Dutch, Luxembourg, Italian, Swiss, French and Austrian markets for a combined total of 850 million ecus. The nominal amount being in each case, however, fairly limited, i.e. ranging from 50 million to 200 million, and it proving difficult to employ the fungibility provisions customarily written into most of the EIB's issues, subscribers tended occasionally to hold back or, at least, the Bank found its scope reduced in each of the countries concerned inasmuch as it was obliged to aim for maximum diversification. Ecus were also culled from the Japanese capital market by means of public issues and private placings. Intermittent scope for placing funds with Japanese institutional investors also enabled the EIB, by virtue of fungibility provisions, to increase the nominal amount of two of its issues and, in the process, to boost their liquidity. Taking advantage of the favourable climate at the end of the year, the Bank returned to the international market with an issue for 200 million ecus.

* * *

The high level of demand on the part of borrowers, particularly in the United Kingdom, explains the extremely marked upturn in the amount raised in **pounds sterling** which, at 1 769 million, came to more than double the previous year's total of 751.9 million — itself appreciably up on 1987's figure. Consequently, the EIB was ever present on the markets, i.e. both domestic "bull-dog" and Eurosterling markets, although without a commensurate increase in the actual number of its issues in circulation. In line with its policy embarked upon the year before, by adding fungible tranches to an earlier borrowing the Bank was able to multiply its calls on the market and to scale up the volume of its issues, thereby augmenting their liquidity. Accordingly, of the eleven operations floated by the EIB during 1989, eight were fungible tranches of borrowings floated in 1984, 1986, 1988 and 1989. This, among other factors, helped to raise the initial amount of a 100 million pound issue launched in

November 1988 to 225 million, 325 million and 500 million successively, thus accommodating the expectations of institutional investors seeking liquidity comparable to that of gilt-edged Government securities together with a corresponding improvement in yields on the secondary market. As in the past, the Bank accompanied some of its borrowings with delayed-rate setting contracts in order to protect itself against the risk of interest-rate fluctuations and also to be in a position to conclude interest-rate swaps on advantageous terms.

* * *

As in 1988, the **French franc** was third in the table of currencies borrowed, although more was raised in all (1 164 million ecus) than in the previous year (853.8 million). To cater for demand, which tended to be particularly heavy during the final quarter, the Bank was obliged to have recourse to currency swaps, i.e. by switching out of United States or Canadian dollars, or to bring forward its calls on the market where conditions so permitted. It was present on both the domestic and Eurofranc markets. Unable to increase, as it would have preferred, the nominal amount of its issues, the EIB followed the same policy as on the UK markets and tapped additional funds by floating tranches fungible with an earlier borrowing. Accordingly, a borrowing floated in June for 1.5 billion French francs was supplemented in October by a second tranche of FRF 1 billion; similarly, on the Eurofranc market, an FRF 1.5 billion issue represented the second tranche of a borrowing floated in 1988. Heedful of highly volatile market conditions, increasingly subject to outside influences following the lifting of exchange control restrictions, the Bank continued to accompany most of its issues with delayed-rate setting contracts.

* * *

In the wake of substantial prepayments by certain of the Bank's borrowers and reduced demand for loan disbursements in **Deutsche Mark**, aggregate resource-raising in this currency fell from 1 545.3 million in 1988 to 958.9 million in 1989. In the first part of the year, before repeal of the law governing withholding tax on domestically-issued bonds, the Bank was able to make increased calls on the international market by floating three borrowings for a total of DEM 1 500 million,

Table 12: Funds raised in 1989 - breakdown by currency

	Before swaps		Swaps million ecus	After swaps	
	million ecus	%		million ecus	%
1. MEDIUM AND LONG-TERM OPERATIONS					
Fixed-rate borrowings	8 355.77	92.51	- 101.63 (*)	8 254.14	91.36
Community	6 959.66	77.06	246.37	7 206.02	79.76
GBP	1 769.34	19.59	- 227.35	1 541.99	17.07
ECU	1 395.00	15.45	131.23	1 526.23	16.89
FRF	915.96	10.14	248.34	1 164.30	12.89
DEM	915.76	10.14	—	915.76	10.14
ESP	571.89	6.33	128.91	700.80	7.76
ITL	495.29	5.48	- 34.77	460.52	5.10
BEF	345.68	3.83	—	345.68	3.83
NLG	317.28	3.51	—	317.28	3.51
LUF	91.98	1.02	—	91.98	1.02
PTE	86.36	0.96	—	86.36	0.96
IEP	51.64	0.57	—	51.64	0.57
DKK	3.48	0.04	—	3.48	0.04
Non-Community	1 396.11	15.46	- 347.99	1 048.12	11.60
JPY	506.99	5.61	- 75.46	431.53	4.78
USD	533.49	5.91	- 157.28	376.21	4.16
CHF	240.38	2.66	—	240.38	2.66
CAD	115.25	1.28	- 115.25	0.00	0.00
Floating-rate borrowings	328.48	3.64	182.30 (*)	510.78	5.65
GBP	—	—	227.04	227.04	2.51
ITL	130.71	1.45	34.77	165.48	1.83
ECU	—	—	75.10	75.10	0.83
DEM	144.57	1.60	- 101.40	43.17	0.48
ESP	53.20	0.59	- 53.20	0.00	0.00
Total	8 684.25	96.15	—	8 764.93	97.02
2. SHORT-TERM OPERATIONS					
Commercial paper	278.11	3.08	—	200.00	2.21
ECU	200.00	2.21	—	200.00	2.21
USD	78.11	0.86	- 78.11	—	—
ECU-denominated certificates of deposit	37.50	0.42	—	37.50	0.42
Total	315.61	3.49	—	237.50	2.63
3. THIRD PARTY PARTICIPATIONS IN LOANS					
CHF	23.44	0.26	—	23.44	0.26
USD	8.65	0.10	—	8.65	0.10
Total	32.09	0.36	—	32.09	0.36
TOTAL (1 + 2 + 3)	9 031.95	100.00	—	9 034.51	100.00

(1) Including swap adjustments of 2.56 million ecus.

including two issues for DEM 600 million each which were well received and helped to make for greater liquidity. It returned to the market at the end of the year with a fixed-rate issue for a lower nominal amount. In the interim, the EIB had turned its attention to the floating-rate sector where it launched two operations totalling DEM 300 million.

* *

In climbing from 236.8 million in 1988 to 700.8 million ecus in 1989, the **peseta** now stands fifth in the currency table of Bank borrowings. Making the most of favourable market conditions, during the first nine months of the year at least, the EIB managed to step up its calls substantially on the "matador" market, the domestic peseta market for non-residents. Chalking up six issues for an aggregate of 75 billion pesetas, the Bank carved itself a position as the leading borrower on this market and played an active role in developing not only the primary but also the secondary market where it introduced the purchase fund technique already found successful with other currencies.

As in 1988, the EIB continued to make a point of selecting the lead managers for its issues by inviting tenders from the Spanish banking system. Additional resources were gleaned mainly through currency swaps which brought in 17 billion pesetas.

* *

At 626 million ecus, borrowings in **lire** were on a par with the previous year (651.8 million). As before, the Bank divided its activities between the Eurolira market, where it concluded three issues for a total of 600 billion lire, and the domestic market where it was able to tap 300 billion by means of two public issues. Attuned to borrowers' needs, the EIB continued to have recourse to the market's floating-rate sector by concluding direct issues and one interest-rate swap operation for a total of 200 billion lire. Private placings brought in an additional 50 billion lire.

* *

In Belgium, against a market backdrop of continuing liberalisation, the Bank gathered 15 billion in **Belgian francs**. Equivalent to 345.7 million ecus, this compared with 473.3 million ecus the previous year, the difference being, in the main, attributable to the low volume of Belgian francs required for financing early redemptions. The EIB floated one public issue and concluded a number of private

placements. In common with the Belgian State, it persuaded the banks within the syndicate managing its public issue to reduce their placing commission. In the Netherlands, on a relatively growth-orientated market, the Bank borrowed the equivalent of only 317.3 million ecus as against 500.1 million in 1988. The EIB floated a public loan of 150 million **guilders** on the international market, while its private borrowings concluded throughout the year with institutional investors brought in a total of 591.5 million guilders.

In Luxembourg, the Bank raised the equivalent of 92 million ecus in **Luxembourg francs** through a public issue and private placings compared with 85.4 million ecus the previous year.

Disbursements and loans outstanding

The total amount disbursed in 1989 on loans from the EIB's own resources came to 11 015.0 million, of which 10 706.5 million made available within the Member States and 308.5 million outside the Community.

The amount outstanding in respect of loans from own resources and guarantees climbed from 47 627 million at 31 December 1988 to 53 630.3 million at 31 December 1989 (+ 12.6%). Details of the principal forms of guarantee covering these loans are provided in Annex B (Note 2) to the Financial Statements, page 65.

Disbursements in 1989 in respect of financing operations from Community or Member States' resources amounted to 346.3 million, comprising 245.9 million for loans provided under the NCI facility and 100.4 million for operations in the African, Caribbean and Pacific States and certain Mediterranean countries. The amount outstanding on operations accounted for in the Special Section dipped from the previous year's figure of 8 764.6 million to 8 053.4 million at the end of 1989.

The EIB's resources

Taking advantage of strong demand by non-resident investors, the EIB floated a public loan issue for 40 million **Irish pounds** on the Irish capital market arranged following tendering procedures.

In Portugal, the EIB returned to the market for escudo-denominated foreign bonds to launch two operations for a total of 15 billion **escudos**. In Denmark, following shelf registration with the Copenhagen Stock Exchange, the Bank placed the

equivalent of 3.48 million ecus in all on the domestic market in **Danish kroner**. No borrowing operations were concluded by the Bank in Greece.

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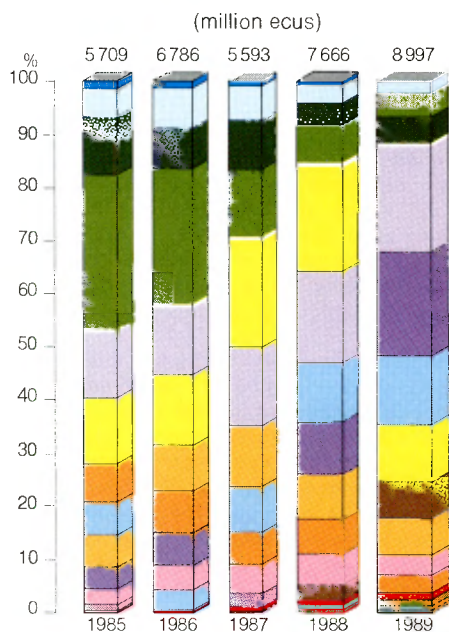
The share of **non-Community currencies** in the EIB's borrowings fell further still compared with the previous year to account for a mere 12% of

Table 13: Resources raised in 1989 to fund lending operations

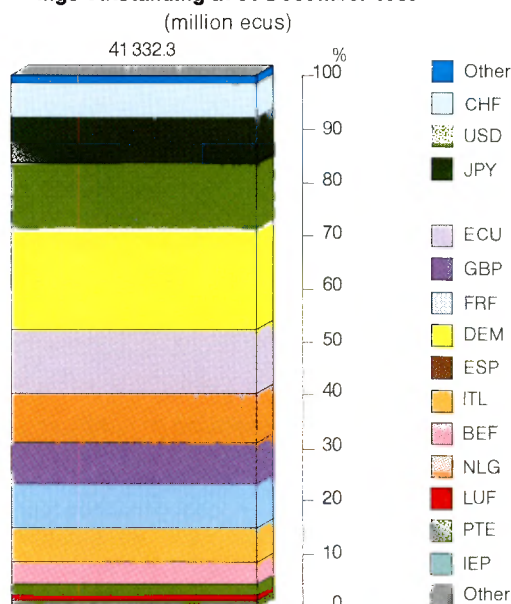
Breakdown by currency

	ECU	DEM	FRF	GBP	ITL	ESP	BEF	NLG	DKK	PTE	IEP	LUF	USD	CHF	JPY	Total
million ecus	1 801.3	958.9	1 164.3	1 769.0	626.0	700.8	345.7	317.3	3.5	86.4	51.6	92.0	384.9	263.8	431.5	8 997.0
%	20.0	10.7	12.9	19.7	7.0	7.8	3.8	3.5		1.0	0.6	1.0	4.3	2.9	4.8	100.0

Funds raised, 1985-1989



Amount of medium and long-term borrowings outstanding at 31 December 1989



aggregate resources raised. For the most part, particularly in the case of the United States dollar and the yen, a sizeable portion of the amounts tapped went towards financing borrowings redeemed early or towards currency swaps enabling the Bank to obtain Community currencies needed for its lending operations.

The Bank raised the equivalent of 384.8 million ecus in all in **United States dollars** on a fairly favourable market which turned out to be the flagship of the Eurobond sector in 1989. This performance was not far removed from 1988's showing of 307.5 million. The EIB limited its approaches to the European market where it floated three public issues. Activity proved brisk in currency swaps out of dollars, the net proceeds of two of the issues being exchanged for Community currencies (ecus and French francs) while similarly, in tandem with a long-term credit line, a modest amount of commercial paper was

swapped on the American market in order to obtain pesetas.

Yen borrowings ran to the equivalent of 431.5 million ecus, an increase compared with 1988 (314.2 million). With the Japanese currency not greatly sought after by the EIB's borrowers, the Bank was obliged to limit the number of its issues to a single Euroyen borrowing for 30 billion yen. Supplementary resources were tapped from the private sector as well as through bank loans. A substantial proportion of these resources was given over to financing early redemptions or to transacting swap operations geared to raising ecus.

Given the very low level of demand for **Swiss francs** on the part of the Bank's borrowers, resource-raising in this currency was confined to two public issues and one private placement yielding, in toto, the equivalent of 240.8 million ecus in contrast to 555.9 million in 1988.

Results for the year

The Bank's operating results for 1989 were influenced by favourable market trends brought about by higher investment income. As in the past, own funds remained the principal source of revenue.

Receipts of interest and commission on loans ran to 4 208 million compared with 3 712 million in 1988, whilst interest and charges on borrowings totalled 3 505 million as against 3 088 million the previous year. Management commission remained virtually unchanged at 17 million in 1989 compared with 18 million in 1988.

Investment income (interest and commission) climbed from 240 million in 1988 to 320 million in 1989, as a result of the constant rise in interest rates throughout the year combined with the increased volume of funds employed.

As opposed to the positive result recorded the previous year, financial income amounted to much the same as financial charges in the wake of the downturn on the stock markets at the end of 1989.

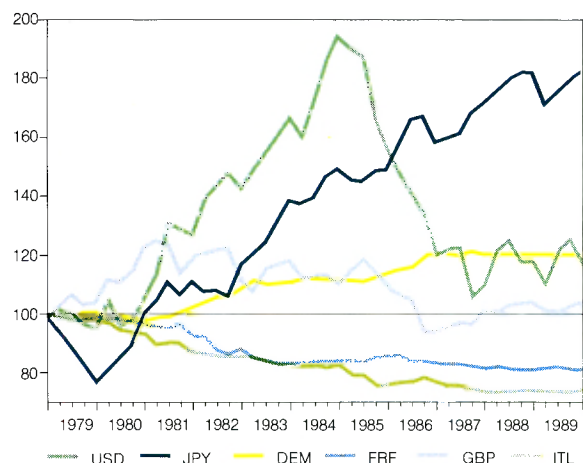
Taking into account exchange differences and after providing for amortisation of issuing charges and

redemption premiums totalling 84 million, administrative costs and charges together with depreciation of property, fixtures and fittings, the Bank's operating surplus amounted to 871 million. After due allowance for the effect of parity changes, i.e. - 63 million, the balance of the profit and loss account amounted to 808 million as against 705 million in 1988.

The Board of Directors has decided to recommend that the Governors decrease the provision for ecu conversion rate adjustments by an amount of 63 million representing the net decrease arising at 31 December 1989 from re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and appropriate the 1989 operating surplus of 871 million as to 6 million to the provision for ecu conversion rate adjustments and 865 million to the Additional Reserves.

At 31 December 1989, the balance sheet total stood at 55 010 million compared with 49 120 million at 31 December 1988, a rise of 12%.

**Currency variations in relation to the ecu
from 1979 to 1989
(on the basis of statistical conversion rates)
(1st quarter 1979 = 100)**



Management and staff

Management Committee

At its Annual Meeting on 19 June 1989, the Board of Governors appointed Mr Roger LAVELLE Vice-President to replace Mr C. Richard ROSS who had tendered his resignation. Mr LAVELLE, previously Head of the European Secretariat in the British Cabinet Office and a former member of the Board of Directors of the EIB, took up office on 1 August 1989.

The Board of Governors has conferred the title of Honorary Vice-President on Mr C. Richard ROSS in recognition of his distinguished service.

Mr Erling JØRGENSEN, Vice-President since June 1988 and Member of the Board of Directors from 1986 to 1988, died suddenly on 15 February 1990. The Board of Directors, Management Committee and staff of the Bank pay unanimous tribute to Mr JØRGENSEN; his professionalism and the exceptional warmth of his personality will ensure him a permanent place in the memory of all who knew him.

Board of Directors

Since publication of the Annual Report for the financial year 1988, Mr Timothy P. LANKESTER has been replaced as Director by Mr Huw P. EVANS and Messrs Jacques DELMAS-MARSALET, Christian NOYER and Paolo RANUZZI DE BIANCHI have been replaced as Alternate Directors by Mrs Hélène PLOIX, Mr Daniel GIROUX and Mr Giovanni SACCO. Mr Antonio Maria COSTA and Mr Waldemar MÜLLER-ENDERS have been replaced as Directors by Mr Giovanni RAVASIO and Mr Winfried HECK who, in turn, have been succeeded as Alternate Directors by Mr Thomas O'DWYER and Mr Eckard PIESKE.

The Board of Directors wishes to thank Messrs COSTA, DELMAS-MARSALET, LANKESTER, MÜLLER-ENDERS, NOYER and RANUZZI DE BIANCHI for their highly valued contributions to Bank activity.

Audit Committee

At its Annual Meeting on 19 June 1989 the Board of Governors renewed the appointment of the member of the Audit Committee whose term of office was coming to an end. Accordingly, Mr Albert HANSEN, outgoing Chairman, was reappointed member of the Audit Committee for the 1989, 1990 and 1991 financial years. Mr João PINTO RIBEIRO has taken over chairmanship of the Committee until the Bank's balance sheet and profit and loss account for the 1989 financial year are approved at the 1990 Annual Meeting.

Control and monitoring of Bank operations

With the increasing complexity of its operations, the Bank has been continuously developing its control procedures and has established a multi-tiered system. This is headed by the Board of Governors, the Board of Directors and the Management Committee who have overall control, and is underpinned, on the one hand, by two independent bodies, the Audit Committee, appointed by the Governors, and the external auditors, and, on the other, by the Internal Audit Division together with the project monitoring departments (1).

In June 1989, an arrangement, taking account of the Bank's control procedures, was concluded between the EIB, the Commission and the Court of Auditors regulating practical aspects with regard to control of operations financed by the Bank under mandate from the Commission representing the European Communities.

Personnel policy

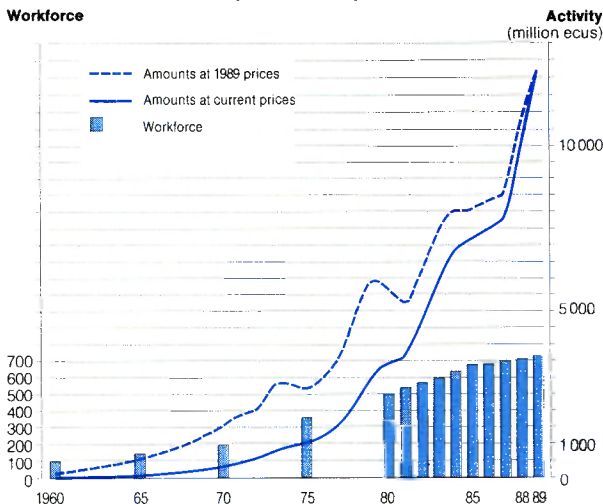
The Bank's new remuneration and advancement system, based more on individual performances, has now been in operation for two years. Viewed in terms of increased staff motivation and improved control of growth in salary costs, the results have proved highly satisfactory. The fruitful dialogue established with the staff representatives when the system was first being formulated has helped considerably to ensure its acceptance by the staff as a whole. It has been agreed with the staff representatives that an overall review of the system will be conducted after the first three years of its operation.

The major thrust of the Bank's present personnel policy is directed towards continued improvements in already high departmental productivity. This strategy is being underpinned by the development of computerisation in accordance with the Master Plan adopted in 1987.

The above policy has served to enhance the work content throughout the Bank. Indeed, the EIB is constantly endeavouring to improve the manner in which staff adapt to more diverse tasks, particular emphasis being placed on mastery of technological developments. This policy has been complemented by more specialist training programmes, amounting to 3 964 days in all in 1989.

(1) See also Annual Report 1986, page 89.

**Staff complement related to total Bank activity
(1960—1989)**



The 1989 financial year saw the commissioning of a new dealing room. In conjunction with reorganisation of part of the Bank's Finance and Treasury Directorate, the new more efficient installation enables this Directorate to respond to market trends and to cater more adequately for today's treasury management needs.

In 1989, the Bank opened an office in Madrid. It already operates offices in Athens, Lisbon, London and Rome as well as a Representative Office in Brussels.

Staff

At 31 December 1989, the staff complement totalled 718, of whom 366 were in executive positions. During the year under review, 30 new members of staff were recruited and 22 staff members left the Bank. Over the past five years, whereas the staff complement as such has grown very modestly (+6.7% in all), the number of

executive employees has risen by 25%; for the past two years this category has accounted for more than half the total workforce.

Year	Staff complement	Executive Staff	Secretarial, Clerical and Support Staff
1985	673	293	380
1986	678	297	381
1987	699	344	355
1988	710	357	353
1989	718	366	352

EIB prizes and scholarships

In 1989, the EIB Prize was awarded to Mrs Angelien KEMNA for her thesis entitled "Options in Real and Financial Markets" for which she obtained her doctorate in 1988 at the Erasmus University in Rotterdam.

Worth 10 000 ecus and awarded every two years, the EIB Prize was instituted with a view to promoting the study of topics related to investment and finance at academic establishments within Community Member States.

In order to stimulate research at European level, the Bank also grants three scholarships annually to students preparing their doctoral theses at the European University Institute in Florence.

* * *

The Board of Directors expresses its satisfaction with the high standard of the work performed throughout the Bank in a year characterised by an appreciable increase in the volume of EIB activity. It wishes to acknowledge the part played by the staff as a whole in recording this achievement.

Luxembourg, 3 April 1990

The Chairman of the Board of Directors

Ernst-Günther Bröder

Second part

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Balance Sheet at 31 December 1989

(in ecus — see notes to the financial statements, Annex E)

Assets	31. 12. 1989	31. 12. 1988
Receivable from Member States on account of called capital (Annex A)	657 750 000	822 187 500
Cash and bank deposits		
At sight and up to one year's notice	2 087 965 892	2 150 858 339
For more than one year	<u>2 283 164</u>	—
	2 090 249 056	2 150 858 339
Investments (Note B)		
For not more than one year	447 859 979	184 055 479
For more than one year	<u>758 346 252</u>	<u>793 080 691</u>
	1 206 206 231	977 136 170
Borrowing proceeds to be received	495 510 535	228 788 578
Receivable from Member States for adjustment of capital contributions (Annex D)	27 596 112	3 709 671
Loans (Annex B)		
Total outstanding	53 288 385 531	47 245 604 575
less: undisbursed balance	<u>5 615 908 103</u>	<u>4 965 761 812</u>
	47 672 477 428	42 279 842 763
Contra accounts to guarantees		
In respect of loans under mandate	834 931	1 614 681
excluding those in respect of loans granted by third parties: 1989: 207 296 335; 1988: 239 116 372		
in respect of participations by third parties in Bank loans: 1989: 133 815 219; 1988: 140 631 740		
Land and buildings (Note C)	36 053 339	37 734 339
Accrued interest and commission	1 319 388 218	1 151 897 584
Receivable in respect of EMS interest subsidies paid in advance (Note H)	163 825 079	196 031 477
Unamortised issuing charges	432 463 912	371 308 724
Unamortised redemption premiums	<u>4 604 544</u>	<u>5 248 112</u>
	437 068 456	376 556 836
Special deposits for service of borrowings (Note D)	780 987 222	681 264 179
Miscellaneous (Note G)	122 058 061	212 649 268
	<u>55 010 004 668</u>	<u>49 120 271 385</u>

Liabilities

	31. 12. 1989	31. 12. 1988
Capital (Annex A)		
Subscribed	28 800 000 000	28 800 000 000
Uncalled	<u>26 204 061 724</u>	<u>26 204 061 724</u>
	2 595 938 276	2 595 938 276
Reserve fund (Note L)	2 880 000 000	2 880 000 000
Additional reserves (Note L)	2 221 397 327	1 543 701 492
Provision for ecu conversion rate adjustments (Note L)	56 861 930	29 814 104
Staff pension fund (Note E)	118 080 850	101 225 882
Payable to Member States for adjustment of capital contributions (Annex D)	18 793 621	11 738 998
Short-term notes (Annex C)	997 512 045	773 554 040
Medium and long-term borrowings (Annex C)		
Bonds and notes	34 993 465 387	30 143 678 990
Other	<u>6 330 902 897</u>	<u>6 775 656 929</u>
	41 324 368 284	36 919 335 919
Redemption premiums	<u>7 960 259</u>	<u>8 125 970</u>
	41 332 328 543	36 927 461 889
Sundry creditors (Note F)	960 137 633	779 492 370
Guarantees		
on loans under mandate	834 931	1 614 681
on loans granted by third parties: 1989: 207 296 335; 1988: 239 116 372		
on participations by third parties in Bank loans: 1989: 133 815 219; 1988: 140 631 740		
Interest subsidies received in advance (Note H)	516 703 803	626 641 398
Interest subsidies received in advance for the account of third parties (Note H)	<u>56 678 721</u>	<u>71 263 184</u>
	573 382 524	697 904 582
Accrued interest and commission and interest received in advance	1 537 001 360	1 299 873 442
Coupons and bonds due and not yet paid (Note D)	780 987 222	681 264 179
Miscellaneous (Note G)	128 674 918	91 943 789
Balance of profit and loss account (Note L)	<u>808 073 488</u>	<u>704 743 661</u>
	<u>55 010 004 668</u>	<u>49 120 271 385</u>

Memorandum accounts

Special Section

Trust management funds		
— for the account of Member States	235 531 682	247 252 319
— for the account of the European Communities	7 152 891 450	7 664 607 966
Securities received as guarantee for loans under mandate	834 931	1 614 681
Securities received on deposit	50 000 000	42 641 014

Statement of Special Section (1) at 31 December 1989

in ecus — see notes to the financial statements, Annex E

Assets	31. 12. 1989	31. 12. 1988
Member States		
<i>From resources of the European Atomic Energy Community</i>		
Loans		
— disbursed (2)	1 937 319 120	2 145 319 115
<i>From resources of the European Economic Community (New Community Instrument for borrowing and lending)</i>		
Loans		
— undisbursed	208 322 119	411 850 131
— disbursed	4 398 617 093	4 775 607 700
Total (3)	4 606 939 212	5 187 457 831
Turkey		
<i>From resources of Member States</i>		
Loans		
— undisbursed	28 298 759	31 546 131
— disbursed	235 531 682	247 252 319
Total (4)	263 830 441	278 798 450
Mediterranean Countries		
<i>From resources of the European Economic Community</i>		
Loans		
— undisbursed	12 199 341	16 415 204
— disbursed	293 591 499	290 538 796
	305 790 840	306 954 000
Risk capital operations		
— Amounts to be paid up	19 717 178	9 188 783
— Amounts disbursed	5 656 492	5 811 217
	25 373 670	15 000 000
Total (5)	331 164 510	321 954 000
African, Caribbean and Pacific States and Overseas Countries and Territories		
<i>From resources of the European Economic Community</i>		
First and Second Yaoundé Conventions		
Loans disbursed	83 860 687	87 855 627
Contributions to the formation of risk capital:		
— Amounts disbursed	1 215 971	1 197 483
Total (6)	85 076 658	89 053 110
First, Second and Third Lomé Conventions		
Risk capital operations		
— Amounts to be paid up	396 454 274	383 764 214
— Amounts disbursed	432 630 588	358 278 028
Total (7)	829 084 862	742 042 242
Grand Total	8 053 414 803	8 764 624 748

N.B.

Total amounts outstanding on loans on special conditions made available by the Commission in respect of which the Bank has accept an EEC mandate for recovering principal and interest:

- (a) Under the First, Second and Third Lomé Conventions: at 31 December 1989: 937 775 153; at 31 December 1988: 843 500 481.
- (b) Under Financial Protocols signed with the Mediterranean Countries: at 31 December 1989: 109 048 459; at 31 December 1988: 102 473 948.

(1) The Special Section was set up by the Board of Governors on 27 May 1963: under a decision taken on 4 August 1977 its purpose was redefined as being that of recording operations carried out by the European Investment Bank for the account of and under mandate from third parties.

(2) Initial amount of contracts signed under the Decisions of the Council of the European Communities of 29 March 1977 (77/271/Euratom), 15 March 1982 (82/170/Euratom) and 5 December

1985 (85/537/Euratom) providing for an amount of three billion for financing commercially-rated nuclear power stations within the Community under mandate, for the account and at the risk of the European Atomic Energy Community: 2 773 167 139
 Add: exchange adjustments + 131 869 696
 Less: repayments — 967 717 715
1 937 319 120

Liabilities

31. 12. 1989

31. 12. 1988

Trust management funds

Under mandate from the European Communities

European Atomic Energy Community	1 937 319 120	2 145 319 115	
European Economic Community:			
— New Community Instrument	4 398 617 093	4 775 607 700	
— Financial Protocols with the Mediterranean Countries	299 247 991	296 350 013	
— First and Second Yaoundé Conventions	85 076 658	89 053 110	
— First, Second and Third Lomé Conventions	432 630 588	358 278 028	
		<u>7 152 891 450</u>	7 664 607 966
<i>Under mandate from Member States</i>		<u>235 531 682</u>	247 252 319
Total		7 388 423 132	7 911 860 285

Funds to be paid up

On New Community Instrument loans	208 322 119	411 850 131	
On loans to Turkey under the Second Supplementary Protocol	28 298 759	31 546 131	
On loans and risk capital operations in the Mediterranean Countries	31 916 519	25 603 987	
On risk capital operations under the First, Second and Third Lomé Conventions	396 454 274	383 764 214	
Total		<u>664 991 671</u>	852 764 463
Grand Total		<u>8 053 414 803</u>	<u>8 764 624 748</u>

(3) Initial amount of contracts signed under Council Decisions 78/870/EEC of 16 October 1978 (New Community Instrument), 82/169/EEC of 15 March 1982, 83/200/EEC of 19 April 1983 and 87/182/EEC of 9 March 1987 for promoting investment within the Community, as well as 81/19/EEC of 20 January 1981 for reconstructing areas of Campania and Basilicata (Italy) stricken by an earthquake on 23 November 1980, and 81/1013/EEC of 14 December 1981 for reconstructing areas stricken by earthquakes in Greece in February and March 1981, under mandate, for the account and at the risk of the European Economic Community:

	6 336 372 385	
Add: exchange adjustments	+	40 311 031
Less: cancellations	112 982 352	
repayments	<u>1 656 761 852</u>	<u>-1 769 744 204</u>
		<u>4 606 939 212</u>

(4) Initial amount of contracts signed for financing projects in Turkey under mandate, for the account and at the risk of Member States:

	417 215 000	
Add: exchange adjustments	+	3 840 129
Less: cancellations	215 000	
repayments	<u>157 009 688</u>	<u>-157 224 688</u>
		<u>263 830 441</u>

(5) Initial amount of contracts signed for financing projects in the Maghreb and Mashreq countries, Malta, Cyprus, Turkey and Greece (10 million lent prior to accession to EEC on 1 January 1981) under mandate, for the account and at the risk of the European Economic Community:

	334 709 000	
Less: cancellations	1 658 000	
repayments	<u>1 886 490</u>	<u>- 3 544 490</u>
		<u>331 164 510</u>

(6) Initial amount of contracts signed for financing projects in the Associated African States, Madagascar and Mauritius, and the Overseas Countries, Territories and Departments (AASMM—OCTD) under mandate, for the account and at the risk of the European Economic Community:

— loans on special conditions	139 483 056	
— contributions to the formation of risk capital	<u>2 502 615</u>	141 985 671
Add:		
— capitalised interest	1 178 272	
— exchange adjustments	<u>8 351 508</u>	+ 9 529 780
Less:		
— cancellations	1 573 610	
— repayments	<u>64 865 183</u>	<u>- 66 438 793</u>
		<u>85 076 658</u>

(7) Initial amount of contracts signed for financing projects in the African, Caribbean and Pacific States and the Overseas Countries and Territories (ACP—OCT) under mandate, for the account and at the risk of the European Economic Community:

— conditional and subordinated loans	902 915 000	
— equity participations	<u>13 600 239</u>	916 515 239
Add:		
— capitalised interest		+ 1 035 763
Less:		
— cancellations	47 570 466	
— repayments	34 427 048	
— exchange adjustments	<u>6 468 626</u>	<u>- 88 466 140</u>
		<u>829 084 862</u>

Profit and Loss Account for the year ended 31 December 1989

in ecus — see notes to the financial statements, Annex E

Income	1989	1988
Interest and commission on loans	4 207 834 064	3 711 968 471
Interest and commission on investments	319 643 247	240 398 162
Management commission (Note I)	16 945 985	18 375 728
Financial and other income (Note K)	<u>23 575 901</u>	<u>26 578 830</u>
	4 567 999 197	3 997 321 191
Expenditure		
Administrative expenses and charges (Note J)	77 212 367	71 338 790
Interest and charges on borrowings	3 505 313 646	3 087 856 329
Amortisation of issuing charges and redemption premiums	84 275 081	92 757 832
Financial charges (Note K)	24 867 873	14 077 480
Depreciation		
— of net purchases of furniture and equipment	2 515 029	1 894 803
— of buildings	1 681 000	1 681 000
Exchange differences	<u>864 184</u>	<u>219 122</u>
	3 696 729 180	3 269 825 356
Operating surplus		
	871 270 017	727 495 835
Net decrease/increase arising from the re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute (Note A § 1)	— 63 196 529	+ 27 047 826
Exceptional charge (Note M)	—	<u>— 49 800 000</u>
Balance (Note L)	<u><u>808 073 488</u></u>	<u><u>704 743 661</u></u>

(1) Currencies in which loans are repayable:

Table with columns: Currency, Amount. Rows include Member States, Other currencies, Disbursed portion of loans, and Add: undisbursed portion of loans with various interest and currency mix conditions.

Scheduled repayments on loans outstanding ('000 ecus)

Table with columns: Repayable, Outstanding at 31.12.1989, Repayable, Outstanding at 31.12.1988. Rows list years from 1990 to 2010 and a Total row.

(2) Breakdown of loans outstanding at 31 December 1989 by principal form of guarantee (a)

Table under section (2) showing breakdown of loans outstanding at 31 December 1989 by principal form of guarantee (a). Rows include loans for projects within the Community and related loans (b), with various sub-categories and a sub-total.

B. Loans for projects outside the Community

Table under section B showing loans for projects outside the Community, specifically under the Second Yaoundé Convention, with a total of 1 604 490 (e).

2. Loans granted under the First Lomé Convention

Table under section 2 showing loans granted under the First Lomé Convention, including loans granted to ACP States and loans secured by other guarantees, with a total of 133 675 917 (f).

3. Loans granted under the Second Lomé Convention

Table under section 3 showing loans granted under the Second Lomé Convention, including loans granted to ACP States and loans secured by other guarantees, with a total of 409 949 438 (f).

4. Loans granted under the Third Lomé Convention

Table under section 4 showing loans granted under the Third Lomé Convention, including loans granted to ACP States and loans secured by other guarantees, with a total of 584 572 031 (f).

5. Loans granted under EEC financial agreements with Mediterranean countries

Table under section 5 showing loans granted under EEC financial agreements with Mediterranean countries, including loans granted to or counter-guaranteed by Mediterranean countries, with a total of 53 288 385 531.

- (a) Certain loans are covered by several types of guarantee or security.
(b) Operations authorised under the second paragraph of Article 18 (1) of the Statute...
(c) The blanket guarantee provided by the EEC amounted to 2 556 656 785 ecus at 31 December 1989...
(d) Loans guaranteed by the EEC amounted to 24 782 767 ecus at 31 December 1989.
(e) Loans granted under the Second Yaoundé Convention are covered by the guarantee of the six founder Member States of the EIB.
(f) Guarantees provided by Member States to cover any risk attaching to financial commitments entered into under the Lomé Conventions amount to:
- First Convention: 114 842 500 ecus
- Second Convention: 391 334 140 ecus
- Third Convention: 443 637 000 ecus.

(3) Original amount of loans calculated on the basis of the parities applied on the date of signature

Table under section (3) showing original amount of loans calculated on the basis of the parities applied on the date of signature, including exchange adjustments, terminations and cancellations, principal repayments to the Bank, third party participations in Bank loans, and loans outstanding, with a total of 53 288 385 531.

The aggregate amount outstanding of loans and guarantees provided by the Bank, which under Article 18 (5) of the Statute must not exceed 250 % (i.e. 72 billion at present) of its subscribed capital, came at 31 December 1989 to:

Table showing the aggregate amount outstanding of loans and guarantees provided by the Bank at 31 December 1989, including loans, guarantees, and total amount of loans and guarantees outstanding, with a total of 53 630 332 016.

Note B — Investments

Investments comprise:	1989	1988
treasury bonds, notes and bonds at the lowest of cost, nominal or market value (market value):		
1989: 850 829 283		
1988: 786 657 495)	850 240 571	783 940 790
the Bank's own bonds at their repurchase cost not yet liable for cancellation	—	13 218 856
bank bills at their nominal value	<u>355 965 660</u>	<u>179 976 524</u>
	<u>1 206 206 231</u>	<u>977 136 170</u>

The breakdown according to maturity is as follows:

not exceeding 3 months	423 829 414	181 143 491
over 3 months but not exceeding 6 months	21 799 304	2 911 988
over 6 months but not exceeding 12 months	2 231 261	—
over 12 months	<u>758 346 252</u>	<u>793 080 691</u>
	<u>1 206 206 231</u>	<u>977 136 170</u>

Note C — Land and Buildings

The item 'Land and Buildings' on the balance sheet, i.e. 36 053 339, is broken down as follows:

Land	763 833
Net value of Luxembourg-Kirchberg headquarters	34 997 000
Net value of the office in Lisbon	292 506

Note D — Special deposits for service of borrowings

These represent the amount of coupons and bonds due but not yet presented for payment. The contra item on the liabilities side appears under the heading 'Coupons and bonds due and not yet paid'.

Note E — Staff pension scheme

The pension fund balance of 118 080 850 at 31 December 1989 (101 225 882 at 31 December 1988) represents the actuarial valuation of the accumulated benefits under the scheme, in accordance with the Pension Scheme Regulations, increased by the contributions of the Bank and its employees plus the remuneration of the fund less withdrawals since the actuarial valuation. The cost of the staff pension scheme, including interest credited by the Bank, for the financial year ended 31 December 1989 was 14 416 788 compared with 12 777 885 for the financial year 1988.

Note F — Sundry creditors

Sundry creditors comprise:	1989	1988
short-term deposits from other banks	157 175 539	91 668 485
European Economic Community accounts:		
for Special Section operations and related unsettled sundry amounts	739 164 795	614 414 890
deposit accounts	34 231 890	39 571 740
other creditors	<u>29 565 409</u>	<u>33 837 255</u>
	<u>960 137 633</u>	<u>779 492 370</u>

Note G — Miscellaneous balance sheet accounts

These accounts comprise:	1989	1988
on the assets side:		
staff housing loans and advances on salaries	37 942 376	34 075 797
net amounts of swap operations	38 951 212	131 395 906
sundry debtors	<u>45 164 473</u>	<u>47 177 565</u>
	<u>122 058 061</u>	<u>212 649 268</u>
on the liabilities side:		
outstanding charges, other future settlements and sundry expenses	<u>128 674 918</u>	<u>91 943 789</u>

Note H — Interest subsidies received in advance

a) This item relates to amounts in respect of interest subsidies for loans granted for projects outside the Community, under Conventions signed with the ACP States and Protocols concluded with the Mediterranean Countries, as well as interest subsidies, concerning certain lending operations mounted within the Community from the Bank's own resources, made available in conjunction with the European Monetary System under Regulation (EEC) No 1736/79 of the Council of the European Communities of 3 August 1979.

b) „Interest subsidies received in advance for the account of third parties" relate to amounts received in respect of interest subsidies for loans granted from EEC resources under the Council of the European Communities' Decisions (78/870) of 16 October 1978 (New Community Instrument), (82/169) of 15 March 1982 and (83/200) of 19 April 1983 and Regulation (EEC) No 1736/79 of 3 August 1979 as amended by Regulation (EEC) No 2790/82 of 18 October 1982.

c) Part of the amounts received through EMS arrangements has been made available as a long-term advance. The corresponding contra account is entered on the assets side as 'Receivable in respect of EMS interest subsidies paid in advance'.

Note I — Management commission

This represents the remuneration for the management of loans granted under mandate, for the account and at the risk of Member States or the European Communities and accounted for in the Special Section.

Note J — Administrative expenses and charges

Staff costs:	1989	1988
Salaries and allowances	50 113 013	45 799 622
Social costs	10 992 851	9 865 905
Other costs	<u>4 524 806</u>	<u>4 459 203</u>
	65 630 670	60 124 730
General and administrative expenses	<u>11 581 697</u>	<u>11 214 060</u>
	<u>77 212 367</u>	<u>71 338 790</u>

The number of personnel employed by the Bank was 718 at 31 December 1989 (710 at 31 December 1988).

Note K — Financial and other income, financial charges

Financial and other income comprises:	1989	1988
realised gains on portfolio operations	22 529 907	25 020 685
other income	<u>1 045 994</u>	<u>1 558 145</u>
	<u>23 575 901</u>	<u>26 578 830</u>
Financial charges comprise:		
other charges and increase in unrealised write-down of investments	<u>24 867 873</u>	<u>14 077 480</u>

Note L — Reserves and provisions and appropriation of operating surplus

On 19 June 1989, the Board of Governors decided to:

- increase the provision for ecu conversion rate adjustments by an amount of 27 047 826, representing the net increase arising at 31 December 1988 from the revaluation of net Bank assets not subject to adjustment under Article 7 of the Statute;
- appropriate the 1988 operating surplus of 727 495 835 less the amount of 49 800 000 corresponding to the exceptional charge, i.e. a total of 677 695 835, to the Additional Reserves.

Statement of movements in the reserves and provisions at 31 December 1989

	Situation at 31. 12. 1988	Appropriation of balance of profit and loss account for the year ended 31. 12. 1988	Situation at 31. 12. 1989
Reserve Fund	2 880 000 000	—	2 880 000 000
Additional Reserves	1 543 701 492	+ 677 695 835	2 221 397 327
Provision for ecu conversion rate adjustments	<u>29 814 104</u>	<u>+ 27 047 826</u>	<u>56 861 930</u>
	<u>4 453 515 596</u>	<u>+ 704 743 661</u>	<u>5 158 259 257</u>

The Management Committee has decided to propose that the Board of Directors recommend the Governors: (a) to decrease the provision for ecu conversion rate adjustments by an amount of 63 196 529 representing the net decrease arising at 31 December 1989 from the re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and (b) to appropriate the 1989 operating surplus of 871 270 017 as to 6 334 599 to the provision for ecu conversion rate adjustments and the balance of 864 935 418 to the Additional Reserves.

Note M — Exceptional charge

In accordance with the judgment of the Court of Justice of the European Communities delivered on 3 March 1988, the European Investment Bank has paid the Commission of the European Communities an aggregate amount of 49.8 m ecus in respect of the tax withheld by the Bank from the salaries and pensions paid to its staff up to 31 December 1987 inclusive.

As from the 1988 financial year, payment of the tax withheld from salaries and pensions paid to the staff of the European Investment Bank is being settled by the Bank on a monthly basis.

Report by the External Auditors

The President
European Investment Bank
Luxembourg

We have audited the accompanying financial statements of the European Investment Bank at December 31, 1989 and 1988 in accordance with International Auditing Guidelines.

In our opinion these financial statements, which have been prepared in accordance with International Accounting Standards consistently applied, give a true and fair view of the financial position of the European Investment Bank at December 31, 1989 and 1988, the results of its operations and the changes in its financial position for the years then ended. Accounting principles which are of particular significance to the preparation of these financial statements are described in Annex E, note A.

The financial statements covered by our opinion are the following:

Balance sheet	
Special Section	
Profit and loss account	
Statement of changes in financial position	
Statement of subscriptions to the capital of the Bank	Annex A
Analysis of loans outstanding	Annex B
Summary statement of borrowings	Annex C
Amounts receivable from and payable to Member States for adjustment of capital contributions	Annex D
Notes to the financial statements	Annex E

Luxembourg, 9 February 1990

PRICE WATERHOUSE

Audit Committee

The Audit Committee consists of three members appointed by the Board of Governors for a three-year period. One member is replaced or reappointed each year. Chairmanship of the Committee rotates annually and is held by the member whose term of office is ending in that year. The Committee verifies that the Bank's operations are carried out in compliance with the procedures laid down in the EIB's Statute. It verifies that the operations of the Bank have been conducted and its books kept in a proper manner and confirms that the balance sheet and financial statements reflect exactly the situation of the Bank as regards both assets and liabilities.

In carrying out these tasks, the Audit Committee bases itself on the ongoing work conducted both by the Bank's Internal Audit Division and by an outside firm of international chartered accountants. It also avails itself of information supplied by the EIB's monitoring departments.

The Audit Committee reports to the Board of Governors, the following statement being read to the Governors prior to their approval of the Annual report and accounts for the past financial year:

Statement by the Audit Committee

The Committee instituted in pursuance of Article 14 of the Statute and Article 25 of the Rules of Procedure of the European Investment Bank for the purpose of verifying that the operations of the Bank are conducted and its books kept in a proper manner,

- having studied the books, vouchers and documents which it deemed necessary to examine in the discharge of its duties,
- having examined the reports of 9 February 1990 drawn up by Price Waterhouse,

considering the 1989 Annual Report, the balance sheet of the Bank and the statement of Special Section as at 31 December 1989 as well as the profit and loss account for the financial year ending on that date as drawn up by the Board of Directors at its meeting on 3 April 1990,

considering Articles 22, 23 and 24 of the Rules of Procedure,

hereby certifies:

that the Bank's operations during the 1989 financial year have been carried out in compliance with the formalities and procedures laid down by the Statute and the Rules of Procedure,

that the balance sheet, the profit and loss account and the statement of Special Section correspond to the book entries and that they reflect exactly the situation of the Bank as regards both assets and liabilities.

Luxembourg, 30 April 1990

The Audit Committee

J. PINTO RIBEIRO

C. THANOPOULOS

A. HANSEN

Financing operations

Forms of financing

The EIB offers its borrowers a range of financing options carrying various loan and interest rate formulas.

The terms and conditions of its loans are tailored flexibly and practically to borrowers' requirements and closely reflect conditions obtaining on the capital markets in which the EIB raises the bulk of its resources.

Loans are disbursed at par in line with the borrower's preferences and the Bank's holdings:

- in a single currency, in particular that of a Member State or the ecu;
- in several currencies, either in standard cocktails, the term, composition and rate of which are predetermined, or in cocktails tailored to the availability of currencies at the EIB and borrowers' preferences.

A specific rate of interest is established for each currency and each loan term. Where a loan is disbursed in several currencies, the rate obtaining for each is applied.

Loans

EIB financing can, inter alia, take one or other of the following forms:

- individual loans for financing one or more items of investment by one promoter. These may be granted direct to the promoter or via an intermediary (another company or a financing agency);
- global loans granted to regional or national financial institutions which use the proceeds to finance investment by small and medium-sized enterprises with the agreement of the EIB and in line with its criteria;
- guarantee operations designed to facilitate investment.

Interest rates

The rate of interest on loans may be fixed either when the contract is signed, or at the time of each disbursement (open-rate contract).

Loans are for the most part granted at a fixed rate of interest. Within certain limits, they may be granted at a variable rate or at a revisable fixed rate.

— Fixed-rate loans

The rates applicable are those obtaining at the date of signature of the contract or the dates of disbursement; they are not open to revision during the term of the loan.

— Revisable fixed-rate loans

The rates applicable are those for fixed-rate loans, established for a given period (generally 5 to 10 years), after which they are revised on the basis of the rates then obtaining and the extent to which the EIB is able to arrange refinancing in the currency desired out of those selected at the time of contract signature and for the remaining term of the loan.

— Variable-rate loans

The rates applicable are determined quarterly on the basis of the effective average cost of all variable-rate resources raised by the EIB in the currency concerned.

List of loans provided within the Community⁽¹⁾

A. Loans from the Bank's own resources in 1989

Loans granted from the Bank's own resources in 1989 in respect of projects within the Community totalled 11 555.9 million. All these operations give rise to financial commitments for the Bank and are included on its balance sheet. The economic policy objectives with which individual loans comply are highlighted by symbols in the righthand columns.

	million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
BELGIUM (3 950 million Belgian francs)	91.1					
<i>Individual loan</i>	<i>(10.4)</i>					
Construction of an integrated facility to process industrial waste including toxic chemicals in Antwerp — Industriële Afvalverwerking N.V. BEF 450.0 million	10.4		●			
<i>Global loans</i>	<i>(80.7)</i>					
for financing investment by industrial and service-sector SMEs — Banque Bruxelles-Lambert S.A./Bank Brussel-Lambert N.V. BEF 3.0 billion	69.2					
— Banque Paribas Belgique S.A./Bank Paribas België N.V. BEF 500.0 million	11.5					
DENMARK (4 390.1 million Danish kroner)	545.8					
<i>Individual loans</i>	<i>(494.6)</i>					
Extension of natural gas transmission and distribution systems in: ● Counties of Vejle, Ribe and Sønderjylland (South Jutland) — Naturgas Syd I/S DKK 150.0 million	18.7		●			
● Greater Copenhagen area — Hovedstadsregionens Naturgas I/S DKK 363.3 million	45.2		●			
● Counties of Ringkøbing, Viborg, Århus and Nordjylland — Naturgas Midt/Nord I/S DKK 250.0 million	31.1		●			
Extension of district heating grid in: ● Århus — Municipality of Århus DKK 93.0 million	11.5		●			
● Frederiksberg — Municipality of Frederiksberg DKK 55.1 million	6.8		●			
Modernisation of rail network; acquisition of rolling stock and installation of automatic control systems and level crossings — Kingdom of Denmark DKK 790.2 million	98.2	●				●
Construction of three motorway sections: Ringsted — Skovse (26 km) providing access to Great Belt (Sjælland); Århus — Aalborg (105 km) and Vejle — Horsens (28 km) (North Jutland) — Kingdom of Denmark DKK 1 192.4 million	148.2	●				●
Acquisition of eight Fokker 50 aircraft for strengthening intra-Community links — Maersk Air I/S DKK 287.5 million	35.8	●				●
Development of digital switching and transmission system using optical-fibre cables on Sjælland and Bornholm — Kjøbenhavns Telefon A/S DKK 600.9 million	74.7	●				●

(1) Finance contracts are generally denominated in the equivalent of the national currency concerned.
A list of abbreviations is given on page 111.

	million ecus			
				Community infrastructure
				Environment — Quality of life
				Modernisation of undertakings
				Energy
				Regional development
Upgrading and extension of sewage collection and treatment installations in Esbjerg (Ribe) — Municipality of Esbjerg DKK 130.0 million	16.2			
Construction of research and development centre for computer-aided design and manufacture of pumps in Bjerringbro (Viborg) — Grundfos Company DKK 66.0 million	8.2			
<i>Global loans</i>	(51.2)			
For financing small and medium-scale infrastructural schemes implemented by local authorities — Kreditforeningen af Kommuner i Danmark DKK 54.0 million	6.7			
For financing investment by industrial and service-sector SMEs — Finance for Danish Industry DKK 322.8 million	40.2			
— Kingdom of Denmark DKK 35.0 million	4.3			
GERMANY (1 773.4 million Deutsche Mark)	856.5			
<i>Individual loans</i>	(286.3)			
Retrofitting of denitrification equipment at power stations in North Rhine-Westphalia				
● Lausward and Flingern — Stadtwerke Düsseldorf DEM 30.0 million	14.4			
● Voerde and Herne — STEAG DEM 40.0 million	19.2			
● Herdecke and Werdohl-Elverlingsen — Elektromark DEM 25.0 million	12.1			
Construction of dam to control flow of Wupper in Lower Wupper Valley plus small power plant (North Rhine — Westphalia) — Wupperverband DEM 21.3 million	10.3			
Extension and modernisation of Cologne-Stammheim sewage treatment plant — Stadt Köln DEM 20.0 million	9.7			
Upgrading of road network in North Rhine - Westphalia — Land Nordrhein-Westfalen DEM 169.3 million	81.6			
Extension of computerised billing centre in Norderstedt, north of Hamburg — Deutsche Lufthansa DEM 12.0 million	5.8			
Commissioning of 41 tramway sets in Stuttgart — Stuttgarter Strassenbahnen DEM 55.0 million	26.5			
Modernisation and extension of Cologne Trade Fair buildings — Messe- und Ausstellungs-Gesellschaft DEM 25.0 million	12.0			
Construction of electronic components factory specialising in production of hybrid integrated circuit modules in Flintbek (Schleswig-Holstein) — Salzgitter Elektronik DEM 25.0 million	12.1			
Creation of pan-European direct-access computerised travel information and distribution system — AMADEUS DEM 170.7 million	82.6			

Community infrastructure
Environment — Quality of life
Modernisation of undertakings
Energy
Regional development

million ecus

Global loans

(570.2)

For financing small and medium-scale ventures complying with one of the following objectives:

- energy saving, environmental protection

— **Deutsche Ausgleichsbank**

DEM 70.0 million

33.9

— **Bank für Gemeinwirtschaft**

DEM 75.0 million

36.1

— **Bremer Landesbank Kreditanstalt Oldenburg Girozentrale**

DEM 80.0 million

38.6

— **Westdeutsche Landesbank Girozentrale**

DEM 299.6 million

144.8

— **Kreditanstalt für Wiederaufbau**

DEM 200.0 million

96.6

- energy saving, environmental protection, development of industrial-sector SMEs, advanced technology and industrial cooperation

— **Industriekreditbank**

DEM 355.7 million

171.9

- advanced technology

— **Landeskreditbank Baden-Württemberg**

DEM 99.9 million

48.3

GREECE (48 910 million Drachmas)

271.4

Individual loans

(207.8)

Expansion of production capacity at Megalopolis lignite mine (Peloponnese) and construction of 300MW thermal power plant with desulphurisation equipment — **Public Power Corporation**
GRD 15.0 billion

82.8

Extended working of Southfield open-cast lignite mine (Western Macedonia) — **Public Power Corporation**

GRD 10.0 billion

55.2

Upgrading and extension of electricity supply network — **Public Power Corporation**

GRD 1 855.0 million

10.2

Renewal and modernisation of rolling stock for use on Athens-Thessaloniki line — **Hellenic Railways Organisation**

GRD 2 750.0 million

15.2

Upgrading of some 210km of national and regional road networks — **Hellenic Republic — Ministry for Environment, Town Planning and Public Works**

GRD 1.0 billion

5.5

Improvements to road network in Thessaloniki — **Hellenic Republic — Ministry for Environment, Town Planning and Public Works**

GRD 1.0 billion

5.5

Construction or upgrading of 11km of urban roads in Greater Athens area — **Hellenic Republic — Ministry for Environment, Town Planning and Public Works**

GRD 850.0 million

4.7

Modernisation and extension of Athens airport — **Hellenic Republic — Ministry for Environment, Town Planning and Public Works**

GRD 155.0 million

0.9

Reconstruction of public and industrial buildings and road and sewerage networks damaged by September 1986 earthquake

— **Hellenic Republic — Ministry for National Economy**

GRD 3.0 billion

16.6

	million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
Deposits and Loans Fund						
GRD 1 313.5 million	7.3	●				
Sewerage and sewage treatment works in Psyttalia — Hellenic Republic — Ministry for Environment, Town Planning and Public Works	4.0	●	●			
GRD 700.0 million						
<i>Global loans</i>	(63.6)					
For financing small energy-sector projects under Integrated Mediterranean Programmes — Public Power Corporation	7.0					
GRD 1 223.8 million						
For financing small infrastructural projects under Integrated Mediterranean Programmes — Hellenic Republic — Ministry for National Economy	20.0					
GRD 3 562.7 million						
For financing small and medium-scale ventures:						
● in industrial, service and tourism sectors						
— Hellenic Industrial Development Bank S.A.	8.7					
GRD 1.5 billion						
— Banque Nationale de Paris — Athens branch	13.8					
GRD 2.5 billion						
● in agricultural and agricultural-processing sectors						
— Agricultural Bank of Greece	14.2					
GRD 2.5 billion						
SPAIN (202 376.5 million pesetas)	1 541.7					
<i>Individual loans</i>	(1 280.0)					
Modernisation and extension of electricity transmission and distribution network in Andalusia and neighbouring provinces; construction and renovation of hydroelectric power plants						
— Compania Sevillana de Electricidad S.A. through						
— Banco Bilbao Vizcaya S.A.	60.9	●	●			
ESP 8 016.2 million						
— Banco Hispano Americano S.A.	26.6	●	●			
ESP 3.5 billion						
— Banco Español de Crédito S.A.	22.1	●	●			
ESP 2 913.8 million						
— Banco Central S.A.	19.3	●	●			
ESP 2 535.0 million						
— Banco de Santander S.A. de C.	19.3	●	●			
ESP 2 535.0 million						
Extension and conversion to natural gas of Madrid gas distribution network — Gas Madrid S.A.	31.6		●			
ESP 4.2 billion						
Construction of 30 km of roads and improvement of 66 km of existing roads — Comunidad Autónoma de Madrid	38.6	●				●
ESP 5.0 billion						
Upgrading of twelve sections of regional road network (173 km) and fourteen sections of rural road (249 km) — Comunidad Autónoma Castilla — La Mancha	18.8	●				
ESP 2.5 billion						
Trunk road improvements: Seville-Granada-Baza and La Carolina-Guadix-Almería (140 km) — Comunidad Autónoma de Andalucía	57.8	●				
ESP 7.5 billion						
Air fleet renewal and expansion; improvements to intra-Community and international links — Iberia Líneas Aéreas de España S.A.	216.0					●
ESP 28.0 billion						

	million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
Improvements to urban transport systems in Valencia conurbation; construction of section of Liria motorway plus interchanges; upgrading of Valencia-Alboraiá, Empalme-Seminario and Empalme-Paterna rail lines and acquisition of rolling stock — Generalidad Valenciana ESP 1.2 billion	9.1					●
Modernisation and extension of telephone network — Telefónica de España S.A. through Instituto de Crédito Oficial ESP 66 859.0 million	503.2	●				●
Improvement of water supply network for Greater Barcelona area — Entidad del Medio Ambiente ESP 6.0 billion	46.3	●	●			●
Improvements to drinking water supplies to 21 municipalities along the coast in Tarragona province — Consortio Concesionario de Aguas para los Ayuntamientos e Industria de Tarragona ESP 3.0 billion	23.1					●
Improvement of drinking water supply and sewage collection and treatment in Granada — Empresa Municipal de Abastecimiento y Saneamiento de Granada S.A. ESP 1 950.0 million	14.8	●				●
Sewerage and water supply schemes — Comunidad Autónoma de Castilla y León ESP 2.5 billion	19.1	●				●
Improvement of 201 km of regional road network; schemes for drinking water supply in Pontevedra Province and waste water treatment at Lugo — Comunidad Autónoma de Galicia ESP 4.0 billion	30.5	●				●
Construction of pharmaceuticals plant and research and development laboratory on the outskirts of Madrid — Antibióticos Farma S.A. ESP 2.5 billion	19.0					●
Design, development and construction of horizontal tailplane and other components and assemblies for Airbus A320 and A330/340 aircraft — Construcciones Aeronáuticas S.A. ESP 13 667.5 million	103.9					●
<u>Global loans</u>	(261.7)					
For financing small and medium-scale infrastructural works — Banco de Crédito Local de España ESP 6.0 billion	46.3					
For financing investment by SMEs						
● in industrial and service sectors (particularly through leasing)						
— Banco Español de Crédito S.A. and Banco del Desarrollo Económico Español S.A. ESP 8.0 billion	61.7					
— Banco Popular Español S.A. and Banco Popular Industrial S.A. ESP 5.0 billion	38.6					
— Banco de Crédito Industrial ESP 5.0 billion	38.6					
— Banco de Santander S.A. de C. and Banco Comercial Español S.A. ESP 5.0 billion	38.0					
● in agricultural and agricultural-processing sectors						
— Banco de Crédito Agrícola S.A. ESP 5.0 billion	38.6					

	million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
FRANCE (10 620.4 million French francs)	1 512.8					
<i>Individual loans</i>	<i>(874.9)</i>					
Hydroelectric power stations with combined capacity of 92 MW on the Isère at Saint-Egrève-Noyarey and Voreppe-Saint-Quentin, downstream of Grenoble (Rhône-Alpes) — EDF through Caisse Nationale de l'Énergie FRF 300.0 million	42.3	●				
Modernisation of Tricastin uranium enrichment plant (Rhône-Alpes) — EURODIF S.A. FRF 250.0 million	35.7	●				
Channel Tunnel — Eurotunnel Finance S.A. FRF 814.0 million	115.4					●
TGV-Atlantique line: construction of Paris — Le Mans and Paris — Tours sections; commissioning of 95 high-speed train sets — SNCF FRF 1 042.2 million	135.9	●				●
Construction of various sections of motorway network through Caisse Nationale des Autoroutes:						
● Voreppe — Bourg-de-Péage section (61.8 km) of A49 Grenoble — Valence motorway — Société des Autoroutes Rhône-Alpes FRF 250.0 million	35.5	●				●
● Arles — Nîmes section (24.6 km) of A55 Nîmes — Marseilles motorway — Société des Autoroutes du Sud de la France FRF 200.0 million	28.4	●				●
● Bourges — Clermont-Ferrand section (182 km) of A71 Orléans — Clermont-Ferrand motorway — Société des Autoroutes Paris-Rhin-Rhône FRF 250.0 million	35.5	●				
● Le Mans — Angers section (81.5 km) of A11 Paris — Nantes motorway — Société des Autoroutes du Sud de la France FRF 94.0 million	13.4	●				
● Montmélián — Albertville section (33.5 km) of A43 motorway — Société des Autoroutes Rhône-Alpes FRF 200.0 million	28.4	●				●
● Cuers — Le Cannet-des-Maures section (34.5 km) of A57 motorway linking Toulon to A8 — Société de l'Autoroute Estérel-Côte d'Azur FRF 75.0 million	10.7	●				
● Manosque — Sisteron section (52.4 km) of A51 Marseilles — Grenoble motorway — Société de l'Autoroute de l'Estérel-Côte d'Azur FRF 300.0 million	42.7	●				
● Calais — Nordausques (18 km) and Laon — Reims (52 km) sections of A26 motorway — Société des Autoroutes du Nord et de l'Est de la France FRF 380.0 million	54.1	●				●
Construction of automated light railway line (7.2 km) between Paris and Orly Airport — ORLYVAL S.A. FRF 250.0 million	35.5					● ●
Construction of Line A (Mirail-Jolimont, 10 km) of Toulouse automated light railway — Métro Toulouse Développement S.A. through CLF FRF 500.0 million	71.4	●				●
Leasing finance for strengthening and modernising national and international telephone networks — France Télécom through CODETEL S.A. FRF 200.0 million	28.6	●				●
Construction of household waste incineration plant; recovery of steam for generating electricity and producing superheated water for district heating system serving Greater Lyons area — Communauté Urbaine de Lyon FRF 60.0 million	8.5	●				●

Community infrastructure
 Environment — Quality of life
 Modernisation of undertakings
 Energy
 Regional development

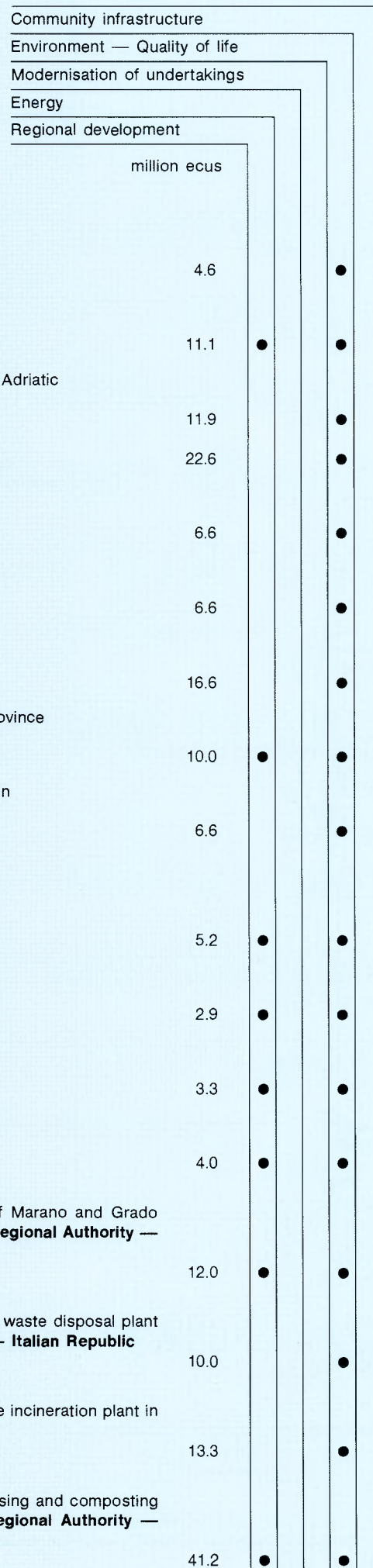
million ecus

Construction of plant for coating magnetic tapes used in audio and video cassettes at Dax (Aquitaine)		
— SONY FRANCE S.A.		
FRF 50.0 million	7.1	●
— SONY FRANCE S.A. through Société ImmoBanque S.A.		
FRF 200.0 million	28.6	●
Strengthening and modernisation of paper mill at Corbehem (Pas-de-Calais)		
— Papeterie Beghin Corbehem S.A. through Société Générale		
FRF 400.0 million	57.1	●
— Papeterie Beghin Corbehem S.A.		
FRF 350.0 million	50.0	●
Loan to Société de Développement Régional (SDR) de Bretagne for:		
— Ets Guyomar'ch (automation of poultry slaughterhouse in Vannes)		
— Coopagri and Gelagri (vegetable processing and packaging facilities)		
FRF 6.2 million	0.9	●
— Bolloré (polypropylene film)		
FRF 64.0 million	9.1	●
<i>Global loans</i>	(637.9)	
For financing, through CLF , small and medium-scale public-sector schemes in:		
● Normandie-Picardie		
FRF 300.0 million	42.3	
● Languedoc-Roussillon		
FRF 350.0 million	49.9	
● Aquitaine		
FRF 400.0 million	57.0	
● Provence-Alpes-Côte d'Azur and Corsica		
FRF 550.0 million	78.6	
● Midi-Pyrénées		
FRF 400.0 million	57.1	
For financing, particularly through leasing facilities:		
● investment by industrial and service-sector SMEs		
— LOCAFRANCE S.A.		
FRF 700.0 million	99.7	
— Bail Equipement S.A.		
FRF 300.0 million	42.7	
— Société Fructicomí S.A.		
FRF 80.0 million	11.4	
— Société Fructibail S.A.		
FRF 60.0 million	8.6	
— Société Fructimurs S.A.		
FRF 60.0 million	8.6	
— LOCAMUR-SOFIGROS		
FRF 75.0 million	10.7	
— SODERO/BATIROC		
FRF 200.0 million	28.6	
— SDR Bretagne/BATIROC		
FRF 200.0 million	28.6	
● small and medium-scale public-sector schemes plus investment by industrial and service-sector SMEs		
— Groupe des Banques Populaires		
FRF 500.0 million	71.5	
● small and medium-scale investment in fisheries, port infrastructure and aquaculture		
— Caisse Centrale de Crédit Coopératif		
FRF 300.0 million	42.8	

	million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
IRELAND (145.2 million Irish pounds)	186.8					
<i>Individual loans</i>	<i>(186.8)</i>					
Extension (214 km) of Cork-Dublin gasline conveying natural gas from Kinsale Head offshore field ; construction of distribution network and compressor station — Bord Gais Eireann IEP 2.0 million	2.6	•	•			
Extension of power transmission and distribution network — Electricity Supply Board IEP 32.0 million	41.1	•				
Improvements to various sections of national road network — Irish Government — Minister for Finance IEP 10.6 million	13.7	•				
Construction of new runway, taxiways and control tower at Dublin airport — Aer Rianta cpt IEP 4.0 million	5.1	•				•
Acquisition of two Boeing 737-400 aircraft, for improving Dublin-London links, and of flight simulator — Aer Lingus plc IEP 30.3 million	39.0	•				•
Extension and modernisation of telecommunications systems; installation of satellite ground stations — Irish Telecommunications Investments plc IEP 35.0 million	45.1	•				•
Improvements to water supply system in Dundalk (North-East) — Dundalk Urban District Council through Irish Government — Minister for Finance IEP 7.0 million	9.0	•				•
Water supply and sewage treatment facilities — Local authorities concerned through Irish Government — Minister for Finance IEP 4.8 million	6.2	•				•
Restoration of Dublin Castle and construction of new international conference facilities — Irish Government — Minister for Finance IEP 4.6 million	5.9	•				
Extension of five technical higher education institutes in Dublin, Tralee and Cork — Institutes concerned through Irish Government — Minister for Finance IEP 4.2 million	5.4	•				
Building and equipment for University College Dublin engineering school — Irish Government — Minister for Finance IEP 10.7 million	13.8	•				
ITALY (5 602.1 billion lire)	3 688.7					
<i>Individual loans</i>	<i>(2 653.8)</i>					
Construction of Brindisi coal-fired power station, also equipped to operate with oil or natural gas, and installation of desulphurisation equipment (Apulia) — ENEL ITL 150.0 billion	98.2	•	•			•
Upgrading of Fiume-Santo power station (Sardinia) through addition of two coal/oil-fired generating sets — ENEL ITL 100.0 billion	65.5	•	•			
Extension of electricity transmission and supply grids in Sicily and Apulia — ENEL ITL 300.0 billion	197.0	•				

	million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
Improvements to power-grid interconnections linking Sardinia and Corsica to Italian mainland — ENEL ITL 90.0 billion	59.7	●	●			
Development of natural gas fields: ● "Luna", off coast of Calabria — AGIP S.p.A. through ENI ITL 30.0 billion	19.6	●	●			
● "Porto Corsini Mare Est", off coast of Ravenna and "San Potito", onshore north of Ravenna (Emilia-Romagna) — AGIP S.p.A. ITL 50.0 billion	33.2		●			
Development of oil fields: ● "Rospo Mare", in Adriatic off Vasto (Abruzzi) — ELF Italiana S.p.A. through BNL ITL 30.0 billion	19.6	●	●			
— AGIP S.p.A. through ENI ITL 45.0 billion	29.4	●	●			
● "Villafortuna Trecate", onshore east of Novara (Piedmont) — AGIP S.p.A. ITL 25.0 billion	16.3		●			
Construction of section of gasline between Tarvisio (Friuli) on Austrian border and Camisano Vicentino (Veneto) for conveying natural gas from Soviet Union — SNAM S.p.A. ITL 80.0 billion	52.3		●			
Natural gas transmission schemes in Central and Northern Italy for improving supplies to Rome, Trieste, Cuneo and Genoa — SNAM S.p.A. ITL 45.0 billion	29.5		●			
Conversion into gas storage reservoirs: ● of depleted gas deposit in Cortemaggiore (Emilia-Romagna) — SNAM S.p.A. ITL 20.0 billion	13.1		●			
● of depleted gas deposits in Sabbioncello (Emilia-Romagna), Corte and Ripalta (Lombardy) — AGIP S.p.A. ITL 20.0 billion	13.3		●			
Development of natural gas distribution grids in: ● more than 120 municipalities in Latium, The Marches, Tuscany and Umbria — ITALGAS S.p.A. ITL 30.0 billion	19.6		●			
● 128 municipalities in Central and Northern Italy — Mettano Città S.p.A. through Istituto Bancario San Paolo di Torino ITL 35.0 billion	22.9		●			
● 68 municipalities in Central and Northern Italy and 4 in Mezzogiorno — Camuzzi Gazometri S.p.A. through — Mediocredito Lombardo ITL 21.0 billion (Central and Northern Italy) ITL 4.0 billion (Mezzogiorno)	13.9 2.7	●	●			
● 119 municipalities in Piedmont and Liguria — ITALGAS S.p.A. through Istituto Bancario San Paolo di Torino ITL 60.0 billion	39.8		●			
Upgrading to twin track of railway line between Maccarese and Rome — Italian Republic through Ministry of Transport ITL 70.0 billion	45.7	●				●
Upgrading to twin track of Milan-Bovisa and Saronno railway line (Lombardy) — Ferrovie Nord Milano Esercizio S.p.A. through Italian Republic — Ministry of Transport ITL 70.0 billion	45.8					●
Construction of section (approx. 9 km) of Naples's first underground railway line linking Secondigliano in northern suburbs to central Vomero district — Campania Regional Authority — Italian Republic ITL 40.0 billion	26.5	●				

		million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
Tunnels Motorway: construction of final sections (57 km) to Domodossola (Piedmont) on Swiss frontier — AUTOSTRADE through IRI ITL 155.0 billion		101.2					●
Widening to three lanes of S. Cesareo — Naples section (176 km) of A2 Rome — Naples motorway — AUTOSTRADE through IRI ITL 160.0 billion		104.5	●				
Construction of terminal for container and roll-on/roll-off vessels at Genoa-Voltri (Liguria) — Italian Republic — Ministry of Public Works ITL 97.0 billion		63.5					●
Development of "Toscana" dock at port of Livorno to accommodate container and roll-on/roll-off vessels (Tuscany) — Italian Republic — Ministry of Public Works ITL 34.0 billion		22.3					●
Construction of terminal for container and roll-on/roll-off vessels at commercial port of La Spezia (Liguria) — Italian Republic — Ministry of Public Works ITL 10.0 billion		6.7					●
Extension of outer breakwater and wharfs at port of Vasto — Abruzzi Regional Authority — Italian Republic ITL 5.0 billion		3.3	●				
Acquisition of three ferry boats and one hydrofoil to be operated on routes linking Sicily, Campania and Tuscany to neighbouring small islands — SIREMAR S.p.A. , CAREMAR S.p.A. and TOREMAR S.p.A. subsidiaries of Tirrenia di Navigazione through: — BNL ITL 30.5 billion		20.0	●				
— IRFIS ITL 4.5 billion		3.0	●				
Extension and renovation of passenger terminal at Pisa International Airport — Italian Republic — Ministry of Transport ITL 5.5 billion		3.6					●
Acquisition of two aircraft for emergency and forest fire-fighting services — Italian Republic — Minister for Co-ordination of Civil Defence ITL 35.0 billion		23.4	●	●			
Construction of intermodal rail/road freight terminal near Turin — Piedmont Regional Authority — Italian Republic ITL 10.0 billion		6.7					●
Extensions to telephone network in Mezzogiorno — SIP through: — IRI ITL 490.0 billion		321.3	●				
— BNL ITL 30.0 billion		19.9	●				
— CREDIOP ITL 70.0 billion		46.5	●				
— CIS ITL 20.0 billion		13.3	●				
Establishment of national telecommunications-satellite network for monitoring natural disasters and co-ordinating emergency services — Italian Republic — Minister for Co-ordination of Civil Defence ITL 10.0 billion		6.5					●
Rationalisation of and improvements to drinking water supplies: ● in 67 municipalities in L'Aquila and Teramo Provinces — Abruzzi Regional Authority — Italian Republic ITL 5.0 billion		3.3	●	●			
● in four provinces of Piedmont — Piedmont Regional Authority — Italian Republic ITL 20.0 billion		13.4					●



Sewerage schemes and installations for:

- treating effluent from San Remo and Ventimiglia
— **Liguria Regional Authority — Italian Republic**
ITL 7.0 billion

- reducing coastal pollution in Adriatic
— **The Marches Regional Authority — Italian Republic**
ITL 17.0 billion

- reducing pollution in River Po and its tributaries and eutrophication in Adriatic
— **Emilia-Romagna Regional Authority — Italian Republic**
ITL 18.0 billion
- **Piedmont Regional Authority — Italian Republic**
ITL 34.0 billion

- handling effluent in Aosta and Valdigna
— **Val d'Aosta Regional Authority — Italian Republic**
ITL 10.0 billion

- treating waste water in Rome
— **Latium Regional Authority — Italian Republic**
ITL 10.0 billion

- reducing pollution in Arno basin
— **Tuscany Regional Authority — Italian Republic**
ITL 25.0 billion

- reducing pollution in Gulf of Trieste; forestry development in Udine Province
— **Friuli-Venezia Giulia Regional Authority — Italian Republic**
ITL 15.0 billion

- handling domestic and industrial effluent discharged into Gorzone basin
— **Veneto Regional Authority — Italian Republic**
ITL 10.0 billion

Improvements to drinking water supplies and sewerage works:

- in Metauro basin
— **The Marches Regional Authority — Italian Republic**
ITL 8.0 billion

- in Pescara, Scanno and Teramo
— **Abruzzi Regional Authority — Italian Republic**
ITL 4.5 billion

- in Marsala
— **Sicily Regional Authority — Italian Republic**
ITL 5.0 billion

- in Lake Omodeo and in Porto Torres
— **Sardinia Regional Authority — Italian Republic**
ITL 6.0 billion

Sewerage and sewage treatment works designed to prevent pollution of Marano and Grado lagoons; solid waste disposal in Udine Province — **Friuli-Venezia Giulia Regional Authority — Italian Republic**
ITL 18.0 billion

Coastal and inland sewerage/sewage treatment works in Liguria and solid waste disposal plant near Genoa incorporating heat recovery — **Liguria Regional Authority — Italian Republic**
ITL 15.0 billion

Sewerage and sewage treatment works in Arno basin and household waste incineration plant in Livorno — **Tuscany Regional Authority — Italian Republic**
ITL 20.0 billion

Development of waste disposal sites and construction of plant for processing and composting solid waste in Reggio Calabria, Catanzaro and Rossano — **Calabria Regional Authority — Italian Republic**
ITL 62.2 billion

		million ecus			
					Community infrastructure
					Environment — Quality of life
					Modernisation of undertakings
					Energy
					Regional development
Construction of plant for collection, storage and incineration of solid waste — Emilia-Romagna Regional Authority — Italian Republic ITL 10.0 billion		6.6			
Flood protection works in Po Valley in Provinces of Rovigo (Veneto), Mantua (Lombardy) and Ferrara (Emilia-Romagna) — Italian Republic — Ministry of Public Works ITL 18.0 billion		11.8			
Flood control works on tributaries of Tiber and Caina in Perugia Province (Umbria) — Italian Republic — Ministry of Agriculture and Forestry ITL 4.0 billion		2.6			
Works to control erosion in mountainous areas of Isernia Province (Molise) — Italian Republic — Ministry of Public Works ITL 7.5 billion		5.0			
— Molise Regional Authority — Italian Republic ITL 7.5 billion		5.0			
River training and erosion control works in Matera and Potenza Provinces — Basilicata Regional Authority — Italian Republic ITL 30.0 billion		20.1			
Works to control erosion and regulate flow of Cordevole, main tributary of Piave — Veneto Regional Authority — Italian Republic ITL 4.5 billion		3.0			
Improvements to drinking water supplies to Rome and its surroundings, construction of sewerage and sewage treatment works in lake Bolsena tourist area and protection against coastal erosion south of Rome — Latium Regional Authority — Italian Republic ITL 20.0 billion		13.4			
Sewerage and sewage treatment works in coastal areas; protection against landslides in Tenna Valley — The Marches Regional Authority — Italian Republic ITL 10.0 billion		6.7			
Sewerage and sewage treatment works; protection against coastal erosion; land consolidation — Abruzzi Regional Authority — Italian Republic ITL 10.0 billion		6.6			
Improvements to drinking water supplies; works to control flooding and landslides — Veneto Regional Authority — Italian Republic ITL 20.0 billion		13.3			
Works to control erosion and prevent landslides; construction of sewerage mains, sewage treatment and solid waste disposal plant (Potenza Province) — Basilicata Regional Authority — Italian Republic ITL 10.0 billion		6.5			
Construction of access roads within forests (8 300 ha) in foothills of Julian Alps and in Natisone Valley — Friuli-Venezia Giulia Regional Authority — Italian Republic ITL 2.5 billion		1.7			
Reafforestation, sundry development works and construction of forest roads in Cagliari Province — Sardinia Regional Authority — Italian Republic ITL 6.0 billion		4.0			
Extension of research laboratories in Faculty of Agronomy at University of Viterbo (Latium) — Italian Republic — Ministry for University Education and Scientific Research ITL 4.5 billion		2.9			



		million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
Introduction of computer-aided manufacturing systems for producing diesel engines in Reggio Emilia — Lombardini Fabbrica Italiana Motori S.p.A. through IMI ITL 27.0 billion		18.0					●
Modernisation of light commercial vehicle plant for Fiat and PSA in Val di Sangro (Abruzzi) — SEVEL S.p.A. through CREDIOP ITL 20.0 billion		13.1		●			●
Extension and restructuring of a car manufacturing plant in Cassino (Latium) — Fiat Auto S.p.A. through: — IMI ITL 175.0 billion		114.9		●			●
— Banco di Sicilia ITL 75.0 billion		49.3		●			●
Introduction of advanced computer-aided design and manufacturing facilities at three commercial vehicle component plants in Turin, Brescia and Milan — IVECO FIAT S.p.A. through BNL ITL 15.0 billion		10.0					●
— IVECO FIAT S.p.A. through IMI ITL 35.0 billion		23.2					●
Establishment of factory producing automobile brake components in Modugno (Apulia) — Bendix Altecna S.p.A. through MEDIOBANCA ITL 20.0 billion		13.1		●			
Development and production of ATR-72 Franco-Italian short-haul aircraft at factories in Pomigliano d'Arco and Capodichino (Campania) — AERITALIA S.p.A. through IRI ITL 20.0 billion		13.1		●			●
Reinforcement of plant producing automated control systems in Turin (Piedmont) — Società di Elettronica per l'Automazione S.p.A. through IMI ITL 25.0 billion		16.3					●
Modernisation and extension of plant producing medium and large colour television screens in Anagni (Latium) — Videocolor S.p.A. through IMI ITL 120.0 billion		78.4		●			
Introduction of computer-aided manufacturing and management systems designed to restructure plant producing washing machines and dryers in Pordenone (Friuli-Venezia Giulia) — Industrie Zanussi S.p.A. through: — BNL ITL 15.0 billion		10.0		●			●
— MEDIOBANCA ITL 15.0 billion		10.0		●			●
Modernisation and reinforcement of production lines for pasta and bakery products; investment in R&D and computerisation in three factories in Parma Province — Barilla G.e R. F.lli S.p.A. , Barilla Alimentare S.r.l. , Barilla Alimentare e Dolciaria S.r.l. and Barilla Dolciaria S.r.l. through IMI ITL 50.0 billion		33.2					●
Modernisation of ice cream factory in Caivano (Campania) and frozen foods factory in Cisterna di Latina (Latium) — Società Alimentare Generale Italiana S.p.A. through: — ISVEIMER ITL 40.0 billion		26.1		●			
— BNL ITL 15.0 billion		9.8		●			
Construction of tissue products factory in Alanno (Abruzzi) — Cartiere Scott Sud S.p.A. through IMI ITL 35.0 billion		22.9		●			

		Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
	million ecus					
Construction of two catering colleges for training hotel staff in Gargano and Salento — Apulia Regional Authority — Italian Republic	ITL 38.2 billion	25.0	●			
Restoration of Ducal Palace in Genoa — Liguria Regional Authority — Italian Republic	ITL 14.0 billion	9.3	●			
Modernisation and extension of installations at cancer research and therapy institute in Milan — Italian Republic — Ministry of Public Works	ITL 14.0 billion	9.3		●		
Inter-regional veterinary analysis and research laboratory in Padua (Veneto) — Italian Republic — Ministry of Public Works	ITL 10.0 billion	6.6	●		●	
<i>Global loans</i>		(1 034.8)				
For financing investment by industrial and service-sector SMEs						
● in Central and Northern Italy						
— BNL	ITL 55.0 billion	36.2				
— VENEFONDIARIO	ITL 20.0 billion	13.1				
— Mediocredito Centrale for Regional Mediocrediti	ITL 78.1 billion	51.7				
— IMI	ITL 80.0 billion	53.3				
— EFIBANCA	ITL 25.0 billion	16.7				
— INTERBANCA	ITL 30.0 billion	20.0				
— Mediocredito Lombardo	ITL 30.0 billion	20.0				
— CENTROBANCA	ITL 15.0 billion	10.0				
— Istituto Federale di Credito Agrario per il Piemonte, la Liguria e la Valle d'Aosta (agricultural processing)	ITL 15.0 billion	9.8				
— Istituto Regionale Agrario Emilia-Romagna (agricultural processing)	ITL 20.0 billion	13.3				
— Istituto Bancario San Paolo di Torino (agricultural processing)	ITL 35.0 billion	23.1				
● in the Mezzogiorno						
— IRFIS	ITL 30.0 billion	19.8				
— ISVEIMER	ITL 130.0 billion	85.5				
— Banco di Napoli	ITL 40.0 billion	26.1				
— Mediocredito Centrale for Regional Mediocrediti	ITL 46.0 billion	30.2				
— CREDIOP	ITL 10.0 billion	6.5				
— CIS	ITL 50.0 billion	32.9				
— BNL	ITL 30.0 billion	20.0				
— IMI	ITL 50.0 billion	33.4				
— Sezione di Credito Fondiario del Monte dei Paschi di Siena (tourism and hotel trade)	ITL 10.0 billion	6.5				
— Istituto Bancario San Paolo di Torino (tourism and hotel trade)	ITL 15.0 billion	9.8				

For financing small and medium-scale ventures according with one or more of following objectives : energy saving, protection of environment, development of industrial and service-sector SMEs, Community infrastructure, advanced technology

● in Central and Northern Italy

— **CENTROBANCA**

ITL 10.0 billion 6.5

— **EFIBANCA**

ITL 15.0 billion 10.0

— **VENEFONDIARIO**

ITL 8.0 billion 5.2

— **Cassa di Risparmio delle Province Lombarde**

ITL 8.5 billion 5.5

— **Istituto Bancario San Paolo di Torino**

ITL 62.8 billion 41.5

— **Mediocredito Centrale for Regional Mediocrediti**

ITL 183.7 billion 122.2

— **BNL**

ITL 68.3 billion 45.1

— **INTERBANCA**

ITL 35.0 billion 23.1

— **Mediocredito Lombardo**

ITL 50.0 billion 32.9

— **IMI**

ITL 90.0 billion 59.4

— **CREDIOP**

ITL 20.0 billion 13.3

● in the Mezzogiorno

— **INTERBANCA**

ITL 20.0 billion 13.1

— **Istituto Bancario San Paolo di Torino**

ITL 20.0 billion 13.3

— **EFIBANCA**

ITL 14.0 billion 9.4

— **BNL**

ITL 12.0 billion 8.0

For financing small and medium-scale industrial ventures incorporating advanced technology in Central and Northern Italy

— **IMI**

ITL 102.5 billion 67.7

— **BNL**

ITL 31.5 billion 20.7

NETHERLANDS (740.3 million Dutch guilders)

317.1

Individual loans

(228.3)

Acquisition of eight Boeing 747-400 aircraft for serving international routes — **Koninklijke Luchtvaart Maatschappij N.V.**

NLG 248.8 million 106.4 ●

Acquisition of one Boeing 747-200 and two Boeing 767-300 aircraft for use on charter flights serving intra-Community and international routes — **Martinair Holland N.V.**

NLG 154.1 million 66.1 ●

Construction of plant for production of new high-performance engineering plastics in Geleen (Limburg Province) — **DSM Kunststoffen b.v.**

NLG 110.0 million 47.2 ● ●

Construction of plant for production of high-performance synthetic fibre in Heerlen and polymer production plant in Geleen — **High Performance Fibres b.v.**

NLG 20.0 million 8.6 ● ●

Community infrastructure
Environment — Quality of life
Modernisation of undertakings
Energy
Regional development

million ecus

Community infrastructure
 Environment — Quality of life
 Modernisation of undertakings
 Energy
 Regional development

million ecus

Global loans

(88.8)

For financing investment by industrial and service-sector SMEs

— **Nationale Investeringsbank N.V.**

NLG 100.0 million

42.6

— **Amsterdam-Rotterdam Bank N.V.**

NLG 50.0 million

21.3

— **Algemene Bank Nederland N.V.**

NLG 57.4 million

25.0

PORTUGAL (130 596.5 million escudos)

755.7

Individual loans

(575.1)

Construction of Sines coal-fired power station — **Electricidade de Portugal, EP**

PTE 3 420.0 million

19.9

● ●

Rehabilitation and expansion of Pracana hydroelectric power station (Lisbon and Tagus Valley)

— **Electricidade de Portugal, EP**

PTE 6.0 billion

35.0

● ●

Construction of Alto Lindoso hydroelectric power station (North) — **Electricidade de Portugal, EP**

PTE 21 888.0 million

127.6

● ●

Extensions to electricity transmission and supply grid — **Electricidade de Portugal, EP**

PTE 11 457.0 million

66.8

●

Upgrading and improvement of railway network on Lisbon-Oporto section and towards Spain, via Vilar Formoso, as well as suburban lines serving Sintra and Povóia de Varzim (Oporto); renewal of rolling stock — **Portuguese Republic — Caminhos-de-Ferro Portugueses, EP**

PTE 6.0 billion

34.3

● ●

Construction of sections of motorway:

— A1 (45 km) between Aveiras de Cima and Torres Novas (between Lisbon and Coimbra)

— A5 (17 km) between Lisbon and Cascais

— **BRISA, Auto-Estradas de Portugal, S.a.r.l.**

PTE 9.0 billion

52.5

●

Construction of sections of motorway around Oporto:

— A3 : Oporto — Maia (8.5 km) and Maia — Famalicão-Cruz (27 km)

— A4 : Águas Santas — Campo (12 km)

— **BRISA, Auto-Estradas de Portugal, S.a.r.l.** through **Portuguese Republic**

PTE 5 504.0 million

31.8

●

Improvements to national road network — **Portuguese Republic — Junta Autónoma de Estradas**

PTE 1 940.0 million

11.1

●

Acquisition of three ATP aircraft to improve inter-island links in Azores; upgrading of airport installations — **Serviço Açoreano de Transportes Aéreos, EP**

PTE 3 350.0 million

19.3

●

Road and tourism infrastructure; extension of airport and runway on Flores Island; small-scale port infrastructure — **Azores Autonomous Regional Authority**

PTE 6.0 billion

34.4

●

	million ecus			
				Community infrastructure
				Environment — Quality of life
				Modernisation of undertakings
				Energy
				Regional development
Expansion of telephone network				
— Telefones de Lisboa e Porto, EP		17.7	●	
PTE 3.0 billion				
— Correios e Telecomunicações de Portugal, EP		16.0	●	
PTE 2 750.0 million				
Plant producing medium-density fibre-board panels at Mangualde; modernisation and extension of installations to manufacture impregnated paper and particle-board at Oliveira do Hospital (Central Portugal)				
— Sociedade de Madeiras Industrializadas e Transformadas S.A. (SOMIT)		5.8	●	
PTE 1.0 billion				
— Sociedade de Iniciativa e Aproveitamentos Florestais S.A. (SIAF)		23.1	●	
PTE 4.0 billion				
Extension of plant manufacturing cork panels and tiles — Industria de Pavimentos e Decoração S.A.		5.7	●	
PTE 1.0 billion				
Modernisation of three breweries and soft drinks factory — União Cervejeira S.A.		8.7	●	
PTE 1.5 billion				
Expansion of production capacity at plant manufacturing uncoated white printing paper in Setubal (Lisbon and Tagus Valley) — Papeis Inapa S.A.		23.3	●	
PTE 4.0 billion				
Production of uncoated paper at Figueira da Foz (Central Portugal) ; eucalyptus plantations — Sociedade Portuguesa de Celulose S.A. (SOPORCEL)		30.0	●	●
PTE 5 281.0 million				
Construction of 23 motels — Portis-Hotéis Portugueses S.A.		12.0	●	●
PTE 2.1 billion				
<i>Global loans</i>		(180.6)		
For financing investment by industrial and service-sector SMEs (particularly through leasing facilities)				
— Sociedade Financeira de Locação, S.A.		5.8		
PTE 1.0 billion				
— Lusoleasing — Sociedade de Locação Financeira Mobiliária, S.A.		11.7		
PTE 2.0 billion				
— Caixa Geral de Depósitos		30.0		
PTE 5 151.0 million				
— Banco Português de Investimento		32.3		
PTE 5.6 billion				
— Euroleasing — Sociedade Portuguesa de Locação		5.8		
PTE 1.0 billion				
— Banco de Fomento Nacional		29.3		
PTE 5 116.5 million				
— Banco Português do Atlântico, E.P.		8.6		
PTE 1.5 billion				
— Banco Totta & Açores, S.A.		8.6		
PTE 1.5 billion				
— Portuguese Republic		40.0		
PTE 7.0 billion				
— Banco Espírito Santo e Comercial de Lisboa		8.6		
PTE 1.5 billion				
UNITED KINGDOM (1 084.4 million pounds sterling)		1 622.8		
<i>Individual loans</i>		(1 494.0)		
Modernisation of coal-fired power station in Slough operating as combined heat and power plant (South-East England) — Slough Trading Estate Limited		22.0	●	
GBP 15.0 million				

		million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
Development of Ravenspurn North natural gas field, off Humberside — Renown Energy Ltd through Renown Petroleum Ltd GBP 15.0 million		23.1	•				
— Enterprise Oil plc through Enterprise Petroleum Ltd GBP 80.0 million		117.1	•				
Development of Wytch Farm onshore oil field near Bournemouth (South-West England) — Kelt Wytch Farm Finance plc through Kelt Energy plc GBP 33.6 million		49.4	•				
Channel Tunnel — Eurotunnel Finance Limited GBP 75.0 million		115.4					•
Extension of Trinity container terminal serving Port of Felixstowe (East Anglia) — Felixstowe Dock and Railway Company GBP 25.0 million		36.7					•
Construction of second passenger terminal at Stansted international airport (South-East England) — BAA plc GBP 100.0 million		153.6					•
Sewerage and sewage treatment works in Avon, Dorset (with sea outfall) and Somerset; improvements to drinking water supplies — Wessex Water Services Limited GBP 38.0 million		55.8					•
Improvements to drinking water supplies and sewerage works in Wessex — Wessex Water Services Limited GBP 25.0 million		36.7					•
Improvements to drinking water supplies, sewerage and sewage treatment works in East and West Midlands — Severn Trent Water Limited GBP 100.0 million		146.9					•
Water supply, sewerage and sewage treatment schemes on Humberside, in East Anglia, the East Midlands and South-East England — Anglian Water Services Limited GBP 15.0 million		22.0					•
Improvements to drinking water supplies and sewerage works in Thames basin — Thames Water Utilities Limited GBP 75.0 million		110.2					•
Water supply, sewerage and sewage treatment schemes in York, Bradford and Sheffield areas — Yorkshire Water Services Ltd GBP 41.0 million		60.2	•				•
Construction of municipal waste recycling plant in Hastings (South-East England) yielding waste-derived fuel — East Sussex Enterprises Ltd GBP 0.5 million		0.8		•			•
Construction of integrated exhibition and business services centre, together with adjoining hotel, in disused docklands area of Cardiff — Brent Walker plc GBP 12.0 million		18.4	•				•
Redevelopment of White Cross industrial estate near Lancaster city centre — Lancashire Enterprises Limited GBP 5.0 million		7.3	•				•
Construction of factory warehouses for storing finished and semi-finished steel products — Hall and Pickles Ltd GBP 5.7 million		8.8	•		•		
Construction of wooden furniture factory in Cramlington, near Newcastle — Stag Furniture Holdings plc GBP 1.9 million		2.9	•				

	million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
Construction of pine furniture factory in Mid-Glamorgan (Wales) — ISE England Ltd GBP 0.8 million	1.1					
Construction of factory for producing beds and mattresses in Oldham (North-West England) — Slumberland Holdings Ltd GBP 3.5 million	5.1					
Extension and modernisation of float glass plant in St Helens Greengate (Merseyside) — Pilkington Glass Ltd GBP 40.0 million	58.8					
Uprating capacity of factory producing motor vehicle components in Shrewsbury (West Midlands) — Stadco Ltd GBP 3.0 million	4.3					
Design and construction of wings for Airbus A-320 jetliner at various plants in England — British Aerospace plc through Cadavon Ltd GBP 100.0 million	154.2					
Modernisation of factory producing maize-derived starch and glucose products in Trafford Park — Cerestar UK Limited through Lloyds Leasing GBP 5.5 million	8.1					
Construction of liquid chocolate refinery in Manchester; extension of two plants producing snacks in Ashby near Nottingham and in Grimsby (South Humberside) — United Biscuits (holdings) plc GBP 10.0 million	14.7					
Construction of soft drinks factory in Wakefield (Yorkshire); modernisation of six confectionery factories — Cadbury Schweppes plc GBP 50.0 million	73.4					
Expansion of integrated newsprint factory in Shotton (Wales) — Shotton Paper Company plc GBP 20.0 million	29.4					
Construction of factory producing lightweight coated paper in Irvine (Scotland) — Caledonian Paper plc through Lloyds International Leasing Ltd GBP 50.0 million	76.8					
Installation of polymerisation line at polystyrene production plant in Carrington, Greater Manchester (North-West England) — Huntsman Chemical Company Ltd GBP 2.0 million	3.1					
Construction of plant producing bio-medical products (microporous membranes, sundry filters) near Newquay (South-West England) — Pall Europe Corporate Services Ltd GBP 6.5 million	9.6					
Construction of hotel in Solihull (West Midlands) — Fownes Hotels plc GBP 5.0 million	7.7					
Construction of hotels in Brighouse (Yorkshire and Humberside) and in Manchester (North West England) — Trusthouse Forte (UK) Ltd GBP 3.8 million	5.8					
Extension of hotel in Newcastle, County Down (Northern Ireland) — Burrendale Hotel Ltd GBP 1.0 million	1.5					
Construction of some 100 small motels ("lodges"), car park and restaurant facilities along main road and motorway network — Trusthouse Forte (UK) Ltd GBP 7.0 million	10.8					
Construction of hotel complex near Newcastle — Slaley Hall Golf and Country Club Ltd GBP 3.0 million	4.6					

	million ecus	Community infrastructure	Environment — Quality of life	Modernisation of undertakings	Energy	Regional development
Construction of regional centre for storage and despatch of food products near Glasgow — Argyll Group plc GBP 25.0 million	36.7	●				
Construction of new computer centre in Manchester (North-West England) — National Computing Centre Ltd GBP 0.7 million	1.1	●	●			
<i>Global loans</i>	(128.8)					
For financing small and medium-scale ventures according with one of following objectives: energy saving, promotion of industrial SMEs or development of advanced technology						
— Barclays Bank plc GBP 70.0 million	105.7					
— 3i Group plc GBP 15.0 million	23.1					
OTHER (*)	165.5					
Acquisition, launching and operation of new generation of telecommunications satellites offering high-capacity digital transmissions between European countries — EUTELSAT — European Telecommunications Satellite Organisation	75.0					●
Laying of submarine telecommunications cable linking Europe, via United Kingdom, to United States and Caribbean — Cable and Wireless plc	90.5					●

B. Loans from NCI resources in 1989

Loans granted from NCI resources for projects within the Community are signed jointly by the Commission of the European Communities and the Bank. In 1989, they totalled 78.3 million. These operations are carried out by the Bank under mandate from, on behalf, for the account and at the risk of the European Economic Community and are accounted for off balance sheet in the Bank's Special Section.

The loans in this list are designed to finance investment by SMEs apart from one operation which qualified for support under the heading of energy policy objectives (*).

	million ecus	UNITED KINGDOM (20.0 million pounds sterling)	
<i>Global loans</i>			29.4
ITALY (70.0 billion lire)	45.7	— Barclays Bank plc GBP 20.0 million	29.4
— EFIBANCA ITL 10.0 billion	6.5	<i>Individual loan (*)</i>	
— Mediocredito Lombardo ITL 20.0 billion	13.1	NETHERLANDS (7.5 million Dutch guilders)	3.2
— IMI ITL 30.0 billion	19.6	Establishment of four wind farms in Zeeland Province	
— Banco di Sicilia ITL 10.0 billion	6.5	— Triodos Windparken Nederland C.V. NLG 7.5 million	3.2

(*) Akin to financing within the Community.

List of financing provided outside the Community

A. Loans from the Bank's own resources in 1989

Loans provided from the Bank's own resources in 1989 in respect of projects outside the Community totalled 485.9 million, of which 330.8 million went to countries in the Mediterranean region and 155.1 million to the African, Caribbean and Pacific (ACP) States and the Overseas Countries and Territories (OCT). These operations are included in the Bank's balance sheet.

All the loans, apart from those in Yugoslavia, Algeria, Morocco and Israel, carried an interest subsidy financed from Community budgetary resources.

Mediterranean Countries

	million ecus
ALGERIA	
Installation of irrigation system on 20 000 ha of western Mitidja Plain	
Democratic and Popular Republic of Algeria through Banque Algérienne de développement	50.0
Extension and improvement of sewerage network in Greater Algiers	
Democratic and Popular Republic of Algeria through Banque Algérienne de développement	23.0
MOROCCO	
Implementation of rural electrification programme	
Kingdom of Morocco	30.0
TUNISIA	
Global loan to Banque Nationale de Développement du Tourisme for financing small and medium-scale hotel-sector ventures	17.0
EGYPT	
Construction of natural-gas fired combined cycle power plant with total capacity of 1 130 MW at Damietta (Lower Egypt)	
Egyptian Electricity Authority	45.0
High-voltage power transmission line in Greater Cairo area	
Egyptian Electricity Authority	22.3
Irrigation of 21 000 ha in Lower Egypt, west of Nile delta	
Arab Republic of Egypt (Ministry of Agriculture and Land Reclamation)	35.0
Construction of plant to produce all-steel radial tyres for heavy goods vehicles and coaches at Amereyah, 35 km from Alexandria	
Alexandria Tyre Company through Bank of Cairo	25.0
JORDAN	
Global loan to Cities and Villages Development Bank through the Hashemite Kingdom of Jordan for financing ventures in economic infrastructure and revenue-generating sectors	2.5

YUGOSLAVIA	
Improvement and modernisation of main trans-Yugoslav railway line	
Railway Transport Organisations in Socialist Republics of Slovenia, Croatia, Serbia, Macedonia and Autonomous Province of Vojvodina	58.0
ISRAEL	
Global loan to Industrial Development Bank of Israel for financing small and medium-scale industrial ventures	23.0

ACP States — Africa

	million ecus
NIGERIA	
First phase of palm oil production development programme	
Federal Republic of Nigeria for Nigerian Agricultural and Cooperative Bank	43.0
ZIMBABWE	
Rehabilitation and expansion of telecommunications network	
Republic of Zimbabwe for Posts and Telecommunications Corporation	18.0
Construction of integrated paper mill at Kadoma	
Republic of Zimbabwe for Art Corporation Ltd	12.0
KENYA	
Improvement and expansion of water supply and sewerage networks in Nairobi	
Republic of Kenya for Nairobi City Commission	17.0
SWAZILAND	
Rehabilitation of industrial cattle abattoir at Matsapha, south-east of Mbabane	
Swaziland Meat Industries Ltd	1.0

KENYA

Feasibility study on reorganisation of Kenya Meat Commission	
Conditional loan to Republic of Kenya	0.2

ACP States — Caribbean

million ecus

GUYANA

Global loan for financing investment by small and medium-sized enterprises in industrial, agricultural-processing, forestry and fisheries sectors	
Conditional loan to Guyana Co-operative Agricultural and Industrial Development Bank	4.0

SURINAME

Global loan for financing small and medium-sized enterprises in agricultural-processing, industrial and tourism sectors	
Conditional loan to Nationale Ontwikkelingsbank N.V.	3.0

TRINIDAD AND TOBAGO

Global loan for financing equity participations in small and medium-sized enterprises in industrial, agricultural-processing and tourism sectors	
Conditional loan to Trinidad and Tobago Development Finance Company (TTDFC)	2.5
Direct equity participation in TTDFC	0.4

ANTIGUA AND BARBUDA

Installation of surveillance radar to improve air traffic control and safety in the Antilles	
Conditional loan to Government of Antigua and Barbuda	1.5

BARBADOS

Global loan for financing equity participations in small and medium-sized enterprises	
Conditional loan to Barbados Development Bank	1.0

GRENADA

Global loan for financing small and medium-sized enterprises in industrial, agricultural-processing and tourism sectors via equity participations	
Conditional loan to Grenada Development Bank	1.0

ACP States — Pacific

million ecus

TONGA

Conditional loan to Kingdom of Tonga to increase its equity participation in Tonga Development Bank	0.3
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million ecus

NEW CALEDONIA

Global loan for financing small and medium-sized enterprises via equity participations and feasibility studies	
Conditional loan to Banque Calédonienne d'Investissement	3.0

BRITISH VIRGIN ISLANDS

Participation in capital increase of Development Bank of the Virgin Islands	
Conditional loan to Government of the British Virgin Islands	1.0

NETHERLANDS ANTILLES

Global loan for financing equity participations	
Conditional loan to Ontwikkelingsbank van de Nederlandse Antillen N.V.	0.4

Table G: **Allocations from ongoing global loans in 1989**

General summary

	Total		EIB own resources		NCI resources	
	Number	million ecus	Number	million ecus	Number	million ecus
Regional development	5 015	1 577.4	5 015	1 577.4	—	—
<i>Infrastructure</i>	242	260.4	242	260.4	—	—
<i>SMEs in assisted areas</i>	4 773	1 317.1	4 773	1 317.1	—	—
Energy policy objectives	81	126.0	81	126.0	—	—
Advanced technology	36	105.0	36	105.0	—	—
SMEs in non-assisted areas	2 832	696.7	2 290	454.0	542	242.7
Environment	228	290.3	228	290.3	—	—
Community infrastructure	2	9.8	2	9.8	—	—
Total	8 194	2 805.2	7 652	2 562.5	542	242.7

Table H: **Allocations from ongoing global loans between 1985 and 1989**

General summary

	Total		EIB own resources		NCI resources	
	Number	million ecus	Number	million ecus	Number	million ecus
Regional development	15 664	4 788.6	15 664	4 788.6	—	—
<i>Infrastructure</i>	1 144	644.7	1 144	644.7	—	—
<i>SMEs in assisted areas</i>	14 520	4 143.9	14 520	4 143.9	—	—
Energy policy objectives	724	847.0	688	814.4	36	32.6
Advanced technology	111	328.9	111	328.9	—	—
SMEs in non-assisted areas	9 955	2 573.0	3 588	781.4	6 367	1 791.6
Environment	372	538.2	372	538.2	—	—
Community infrastructure	2	9.8	2	9.8	—	—
Total	26 828	9 085.4	20 425	7 261.2	6 403	1 824.2

Guide to readers

1. **Ecu** — Except where otherwise indicated, all amounts quoted are expressed in ecus.

2. Unit of account

In accordance with Article 4 of the Statute, the unit of account of the Bank is defined as being the ecu used by the European Communities. See also Financial Statements, Annex E, Note A.

3. Statistical conversion rates

The conversion rates used by the Bank during each quarter for recording statistics of its financing operations - contract signatures and disbursements - as well as of its borrowings are those obtaining on the last working day of the previous quarter; in 1989, these were as follows:

	ISO standards ⁽¹⁾	during the 1st quarter	during the 2nd quarter	during the 3rd quarter	during the 4th quarter
1 ecu =	ECU				
Belgian franc	BEF	43.5760	43.5979	43.2974	43.3469
Danish krone	DKK	8.02983	8.10130	8.04631	8.04603
Deutsche Mark	DEM	2.07781	2.08260	2.06770	2.06345
Drachma	GRD	172.909	175.987	178.135	181.168
Peseta	ESP	132.877	129.641	131.581	131.157
French franc	FRF	7.09821	7.03662	7.02120	7.00160
Irish pound	IEP	0.778450	0.780155	0.777479	0.774618
Italian lira	ITL	1531.10	1526.98	1495.95	1506.75
Luxembourg franc	LUF	43.5760	43.5979	43.2974	43.3469
Dutch guilder	NLG	2.34586	2.34833	2.33055	2.33048
Escudo	PTE	171.704	171.548	173.147	174.816
Pound sterling	GBP	0.648551	0.651083	0.683449	0.680767
United States dollar	USD	1.17258	1.10033	1.05900	1.10522
Swiss franc	CHF	1.76063	1.82545	1.77118	1.78604
Japanese yen	JPY	146.455	145.772	152.285	153.958

(1) The Bank uses the currency abbreviations adopted by the International Organization for Standardization.

4. Accounting conversion rates

The Bank's balance sheet and financial statements are drawn up on the basis of the conversion rates in force at 31 December of the financial year concerned.

5. Activity within the Community

— Statistics: the Bank provides individual loans, guarantees and global loans. The latter are concluded with financial institutions which deploy the proceeds in support of small and medium-scale ventures. With a view to offering a fuller picture of Bank activity in the Community, Annual Report statistics have covered, since 1988:

- firstly, as before, finance contracts signed: individual loans (plus, where appropriate, guarantees) and global loans;
- secondly, financing provided: individual loans and allocations from ongoing global loans.

With a view to ensuring statistical continuity, comparisons with previous periods have been based on identical criteria, which explains why certain data in the 1988 and 1989 Annual Reports differ from those featuring in earlier reports.

— Economic policy objectives: certain loans within the Community simultaneously meet more than one objective; the totals of tables corresponding to different objectives cannot be added together meaningfully.

— Countries: as a general rule, tables detailing activity within the Community list the countries by alphabetical order of the name for each country in its own language.

— Financing akin to operations within the Community: projects which, despite being located outside the Member States, are considered in the same way as loans within the EEC because of their interest to the Community. The Board of Governors may authorise financing for such projects on a case-by-case basis under the terms of the second paragraph of Article 18(1) of the Bank's Statute. This Article also provides scope for operations outside the Community under specific agreements and protocols.

6. Adjustments, totals and rounding

Because of statistical adjustments, amounts quoted for previous financial years may differ slightly from those published previously.

Amounts are quoted at current prices and exchange rates; they should be interpreted with care if added together over a long period. Figures for individual years are affected by price movements and exchange rate variations occurring over the years.

Differences between totals shown and the sum of individual amounts are due to rounding.

7. Deflator

The deflator applied to Bank activity is estimated at 6.8% for 1989.

Abbreviations and acronyms used in this report:

Community or EEC	= European Economic Community	GNP	= Gross national product
Commission	= Commission of the European Communities	IMPs	= Integrated Mediterranean Programmes
Council	= Council of the European Communities	NCI	= New Community Instrument for borrowing and lending
Parliament	= European Parliament	OCT	= Overseas Countries and Territories
ACP	= African, Caribbean and Pacific	OECD	= Organisation for Economic Co-operation and Development
EFTA	= European Free Trade Association	OJ	= Official Journal of the European Communities
ERDF	= European Regional Development Fund	PEDIP	= Specific programme for the development of Portuguese industry
GDP	= Gross domestic product	SMEs	= Small and medium-sized enterprises
GFCF	= Gross fixed capital formation		

. . . = data not meaningful
.. . = data not available
— = inapplicable
p.m. = token entry

Abbreviations used in the lists on pp. 72 to 92

France:	CLF: <i>Crédit Local de France</i> SNCF: <i>Société Nationale des Chemins de Fer français</i> EDF: <i>Electricité de France</i>	INTERBANCA: <i>Banca per Finanziamenti a Medio e Lungo Termine</i> IRFIS: <i>Istituto Regionale per il Finanziamento alle Industrie in Sicilia</i> IRI: <i>Istituto per la Ricostruzione Industriale</i> ISVEIMER: <i>Istituto per lo Sviluppo Economico dell'Italia Meridionale</i> ITALGAS: <i>Società Italiana per il Gas p.A.</i> MEDIOPANCA: <i>Banca di Credito Finanziario</i> MEDIOCREDITO CENTRALE: <i>Istituto Centrale per il Credito a Medio Termine</i> SIP: <i>Società Italiana per l'Esercizio delle Telecomunicazioni p.A.</i> SNAM: <i>Società Nazionale Metanodotti p.A.</i> VENEFONDIARIO: <i>Istituto di Credito Fondiario delle Venezie</i>
Italy:	AGIP: <i>Azienda Generale Industria Petroli</i> AUTOSTRADE: <i>Autostrade-Concessioni e Costruzioni Autostrade S.p.A.</i> BNL: <i>Banca Nazionale del Lavoro</i> CENTROBANCA: <i>Banca Centrale di Credito Popolare</i> CIS: <i>Credito Industriale Sardo</i> CREDIOP: <i>Consorzio di Credito per le Opere Pubbliche</i> EFIBANCA: <i>Ente Finanziario Interbancario</i> ENEL: <i>Ente Nazionale per l'Energia elettrica S.p.A.</i> ENI: <i>Ente Nazionale Idrocarburi</i> IMI: <i>Istituto Mobiliare Italiano</i>	United Kingdom: BAA: <i>British Airports Authority</i>

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Rue de la Loi, 227 — B-1040 Brussels
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which also have available the following publications:

Statute and other provisions governing the EIB
1986, 36 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

Annual Report

since 1958
(DE, EN, FR, IT, NL, since 1972 in Danish, since 1980 in Greek and since 1985
in Spanish and Portuguese)

EIB-Information

Information bulletin (periodical)
(DA, DE, EN, ES, FR, GR, IT, NL, PT)

The European Investment Bank in 1989
16 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

Loans for building the European Community
1990, 20 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

Financing facilities under the Third Lomé Convention
1986, 20 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

Financing facilities under the Mediterranean agreements
1987, 16 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

One Hundred Questions & Answers
1986, 50 pp. (DA, DE, EN, ES, FR, GR, IT, NL, PT)

European Investment Bank: key facts (leaflet)
1990 (DA, DE, EN, ES, FR, GR, IT, NL, PT)

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