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REPORT ON THE BORROWING AND LENDING ACTIVITIES OF THE COMMUNITY

Financial year 1980

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CONTENTS

	<u>Page</u>
I. <u>Measures taken or proposed in 1980 in respect of Community borrowing and lending</u>	2
1. New Community Instrument (NCI)	2
2. Interest subsidies on loans for the reconstruction of the stricken areas in Italy	4
3. Euratom	4
4. Community borrowing	4
II. <u>Overall view of Community borrowing and lending in 1980 - Trends compared with previous years</u>	5
1. Lending	5
Trends in lending operations in the Community, by instrument	5
2. Borrowing	7
Trends in borrowing operations by the European Communities, by instrument	8
3. Balance between borrowing and lending	9
III. <u>Lending in 1980</u>	10
1. New Community Instrument (NCI)	10
2. Euratom	11
3. ECSC	12
4. European Investment Bank (EIB)	13
IV. <u>Borrowing in 1980</u>	15
1. The situation on capital markets	15
2. Breakdown of Community borrowing in 1980	16
Borrowing in 1980 by currency	18

	<u>Page</u>
V. <u>Interest subsidies</u>	19
1. Community interest subsidy mechanisms	19
2. EMS interest subsidies	19
3. ECSC interest subsidies	23
ANNEXES	24
- TABLES	25 - 42
- List of reports and documents on Community borrowing and lending activities which have been submitted to the Council and to Parliament	43

REPORT ON THE BORROWING AND LENDING ACTIVITIES OF
THE COMMUNITY

Financial year 1980

1. This report was drawn up to provide the Council and Parliament with information on the Community's borrowing and lending activities during 1980.

It meets the wishes expressed by Parliament on various occasions, particularly when granting the discharge to the Commission on the implementation of the general budget of the European Communities for 1978 and 1979,⁽¹⁾ and in its Resolution on improving political control over the Communities' borrowing and lending activities.⁽²⁾

2. It also fulfils the Commission's obligation to inform the Council and Parliament each year about the activities of:

- Euratom, in accordance with Article 4 of the Council Decision of 29 March 1977;
- the NCI, in accordance with Article 6 of the Council Decision of 16 October 1978;
- the EMS interest subsidy instrument, in accordance with Article 10 of the Council Regulation of 3 August 1979.

3. Furthermore, in order to provide a complete picture of the Communities' borrowing and lending activities which goes beyond this institutional framework, the report also reviews the borrowing and lending carried out last year by the ECSC and - at a general level - by the EIB. The ECSC's financial report and the EIB's annual report will be sent to Parliament and the Council as before.

(1) Doc. PE 65085 of 23 May 1980, p. 17
Doc. PE 71.959 of 11 March 1981 (points 74 and 75)

(2) Doc. PE 67134 of 5 March 1981.

4. A list of the various documents and reports so far transmitted to the Council and Parliament on Community borrowing and lending is annexed to this report.

I. Measures taken or proposed in 1980 in respect of Community borrowing and lending

5. During 1980, the Community took several steps which reflect its concern to keep the borrowing and lending instruments flexible and to adapt them to changing requirements. Acting on proposals from the Commission, the Council thus authorized further borrowings by the NCI and Euratom. The Commission also submitted proposals to the Council for adjusting the Community loan mechanism for supporting the balance of payments of Member States and for taking exceptional aid measures designed to contribute to the reconstruction of the regions in southern Italy affected by the earthquake in November 1980.

6. A large number of measures involving the Community borrowing and lending instruments were therefore either adopted by the Council or proposed by the Commission in 1980.

1. New Community Instrument (NCI)

7. This instrument was created by a Council Decision in October 1978,⁽¹⁾ which empowers the Commission to contract loans, the proceeds of which are to be lent to finance investment projects which meet priority Community objectives in the energy, industry and infrastructure sectors. During an initial period, this instrument was to be used on an experimental basis. The amount of borrowing was therefore limited to 1 000 million ECU in principal, to be activated tranche by tranche by the Council, which was to lay down the guidelines for the eligibility of projects.

In May 1979, the Council authorized a first tranche of borrowings amounting to 500 million ECU, to be used for financing investment projects in the energy and infrastructure sectors.⁽²⁾

(1) Council Decision 78/870/EEC of 16 October 1978

(2) Council Decision 79/486/EEC of 14 May 1979

In July 1980, it authorized a second tranche of borrowings of 500 million ECU, to be used according to the same criteria;⁽¹⁾ in November of the same year,⁽²⁾ it adopted a Decision allowing infrastructure projects to include housing and advance factories, provided that they formed part of a total project of economic and industrial development presenting a regional interest.

The initial ceiling imposed on borrowing by this instrument was reached when this second tranche was authorized. After reviewing this experimental period, the Commission proposed in October 1980⁽³⁾ that the instrument should continue to be used, but should be amended in a number of respects, particularly so as to allow simultaneous tranches.

8. Shortly after the earthquake in southern Italy in November 1980, the European Council, meeting in Luxembourg in December 1980, invited the Council to decide without delay, on a proposal from the Commission, on exceptional aid measures designed to contribute to the reconstruction programme in the areas affected. The Commission immediately submitted a proposal for a Decision providing for Community aid to Italy,⁽⁴⁾ which has since been adopted by the Council.⁽⁵⁾

This Decision empowers the Commission, by way of sole exception and by extending the initial provisions of the NCI, to contract loans for the purpose of financing investments for the reconstruction of the means of production and the economic and social infrastructure of the stricken areas. These loans may not exceed a total of 1 000 million ECU in principal, less any operations of the same nature carried out by the EIB out of its own resources.

(1) Council Decision 80/739/EEC of 22 July 1980

(2) Council Decision 80/1103/EEC of 25 November 1980

(3) Proposal for a Council Decision, dated 30 October 1980 (COM (80) 670 final)

(4) Commission proposal of 5 December 1980 (Doc. COM (80) 863 final)

(5) Council Decision 19/81/EEC of 20 January 1981 (OJ L 37/21 of 10 February 1981).

2. Interest subsidies on loans for the reconstruction of the stricken areas in Italy

9. The loans to be granted for this purpose from the resources of the NCI and from those of the EIB will be accompanied by interest subsidies chargeable to the Community's general budget. These interest subsidies are to be granted by the Commission at a rate of 3 percentage points per annum for a maximum period of 12 years.⁽¹⁾

3. Euratom

10. The Council having decided in 1979⁽²⁾ to increase the ceiling fixed for Euratom loans from 500 million ECU to 1 000 million ECU, there were no further amendments in 1980 to this instrument,⁽³⁾ under which the Commission is empowered to contract loans for the purpose of contributing to the financing of nuclear power stations.

4. Community borrowing

11. The Council decided, on a proposal from the Commission dated 30 October 1980, to adopt a Regulation⁽⁴⁾ adjusting the Community loan mechanism designed to support the balances of payments of Member States, which had been set up in 1975.⁽⁵⁾ The revamped mechanism is able to mobilize a substantially greater volume of funds, the ceiling on its borrowing operations having been increased to the equivalent of 6 000 million ECU in principal.

(1) Council Decision 19/81/EEC of 20 January 1981 (OJ L 37/21 of 10 February 1981)

(2) Council Decision of 20 December 1979 amending Decision 77/271/Euratom

(3) Decision 77/270/Euratom of 29 March 1977

(4) Council Regulation (EEC) No. 682/80 of 16 March 1981 (OJ L 73 of 19 March 1981)

(5) Council Regulation (EEC) No. 397/75 and 398/75 of 17 February 1975 (OJ L 46/1 of 20 February 1975).

II. Overall view of Community borrowing and lending in 1980 -
Trends compared with previous years

1. Lending

12. The loans granted by Community instruments in 1980 totalled 4 530.4 million ECU: 4 152.4 million inside the Community and 378 million outside. The external financing operations were carried out by the EIB and the ECSC.

Lending in member countries in 1980 increased by 22.6% compared with 1979. This increase, which has taken place in an economic situation which is still difficult, is in response to the call made on several occasions, both by the European Council and the Council of Ministers, for the Community to step up financial assistance to encourage investment, stimulate job creation and reduce the economic disparities between member countries.

The support given by lending activities to the Community's major policy objectives can be gauged from their breakdown by sector and by country.

Trend in lending operations in the Community,
by instrument ⁽¹⁾

(in million ECU)

Year	ECSC	EIB	Euratom	NIC	Total
1970	31.6	338.6			370.2
1971	112.2	469.0			581.2
1972	188.5	505.9			694.4
1973	286.4	696.8			983.2
1974	377.9	849.7			1,227.6
1975	804.9	917.5			1,722.4
1976	1,063.8	1,086.0			2,149.8
1977	741.5	1,401.3	96.9		2,239.7
1978	797.7	1,966.5	70.3		2,834.5
1979	675.8	2,281.2	152.5	277.0	3,386.5
1980	1,020.3	2,753.2	181.3	197.6	4,152.4

(1) The "balance of payments" loans are not shown in this table, since they do not serve a structural purpose.

13. The sectoral breakdown of lending within the Community in 1980 under the four instruments was as follows:

(in million ECU)

Sector	Total	ECSC	EIB	Euratom	NIC
Productive sector	1,277.8	692.5	585.3		
Infrastructure	1,204.8	4.6	1,110.6		89.6
Energy	1,669.8	323.2	1,057.3	181.3	108.0
Total	4,152.4	1,020.3	2,753.2	181.3	197.6

14. The percentage shares of the three sectors were as follows: 31% of lending went to the productive sector, 29% to infrastructure and 40% to energy.

The energy sector has become increasingly dominant over the years (having accounted for only 11% of lending in 1970), a development clearly in line with one of the Community's priority objectives. The Community borrowing and lending instruments have assisted particularly in the development of indigenous energy resources, in the diversification of energy imports and in energy saving.

Lending to the productive sector, on the other hand, showed the slowest growth during the period, despite a sharp increase from 1979 to 1980 due mainly to an upturn in investment project financing in the ECSC industries and to major advance factory projects financed by the EIB in Ireland. The productive sector's share of total lending fell from 54% in 1976 to 31% in 1980. This sharp fall reflects the general slowdown in productive investment in the Community. The sector should be given increased assistance since it is a direct creator of permanent jobs, particularly in small and medium-sized firms, where the global loans technique has led to the diversification and reinforcement of Community assistance.

Lending to the infrastructure sector has grown steadily since 1970 (from 125 million to 1 205 million ECU), although its share of total Community lending has fallen from 34% to 29%. The EIB has provided the bulk of this finance, since the NCI's activities are too recent and those of the ECSC are restricted to the construction of housing for ECSC workers. The value of the contributions made by the EIB and the NCI to the financing of infrastructure projects lies mainly in their impact on the economic development of the Community's less prosperous regions, particularly the Mezzogiorno, Ireland, the assisted areas in the United Kingdom and Greenland, and in the improvement in communications between various Community member countries.

15. Lending is concentrated in those Community countries with major regional problems. In 1980, Italy accounted for 34.4% of loans, the United Kingdom for 25.4% and Ireland for 9.1% (i.e. a total of 69%). This proportion has remained fairly static in recent years. France accounted for 15.7% of the 1980 total and Belgium for 6.4%.

2. Borrowing

16. The increase in the total volume of borrowing - 3 874 million ECU in 1980 as against 3 605 million ECU in 1979 - was due mainly to increased calls by the NCI and the ECSC on the capital markets.

Over a longer period, it will be noted that, while total borrowing by the Commission and the EIB is approaching 4 000 million ECU, the figure of 3 000 million ECU was almost reached in 1976 owing to substantial borrowing to finance balance of payments deficits.

The ECSC practically reached the 1 000 million ECU mark as early as 1976 and 1978 and the EIB has increased its borrowing very sharply since 1977, the year in which it topped 1 000 million ECU for the first time. Euratom has continued to expand its borrowing steadily. No loans in support of payments balances have been contracted during the last three years.

With this growth in borrowing, particularly since 1973, the Community is playing an increasingly important role in recycling capital from countries with balance of payments surpluses and in promoting priority investments in the Community. Thanks to the Community's standing, due mainly to the guarantees it can offer and its financial capacity, it can raise substantial amounts on capital markets on the best terms for investors.

Trend in borrowing operations
by the European Communities,
by instrument

(in million ECU)

Year	ECSC	EIB (1)	Euratom	EEC (2)	NIC	Total
1970	60	169				229
1971	102	413				515
1972	230	462				692
1973	263	608				871
1974	528	826				1,354
1975	731	814				1,545
1976	956	732		1,249		2,937
1977	729	1,030	99	571		2,429
1978	981	1,863	72			2,916
1979	837	2,437	153		178	3,605
1980	1,004	2,384	181		305	3,874

(1) Excluding third-party participations in EIB financing, which amounted to 402.3 million ECU from 1972 to 1980 (44.6 million in 1979 and 83.3 million in 1980).

(2) Borrowing to finance balance of payments deficits.

3. Balance between borrowing and lending

17. In the case of the NCI and Euratom, lending must move in line with borrowing, since borrowing is undertaken only with a view to lending and no loans are granted from cash resources. The difference that can be noted in the case of the NCI is due to activities straddling the year-end and to costs incurred in floating loans.

The same generally applies to the ECSC, since lending from own resources - mainly for low-cost housing - is relatively limited. The situation is different with the EIB, which has its own resources and cash holdings. It was due to this latter source that, in 1980, total lending reached 3 124.6 million ECU, exceeding total borrowing by more than 700 million ECU.

(in million ECU)

1980	Borrowing	Lending		
		EEC	Non-EEC	Total
NCI	304.5	197.6		197.6
Euratom	181.3	181.3		181.3
ECSC	1,004.0	1,020.3	6.6	1,026.9
EIB (1)	2,383.5	2,753.2	371.4	3,124.6
Total	3,873.3	4,152.4	378.0	4,530.4

(1) Excluding operations carried out under mandate, on behalf, for the account and at the risk of the Community, which are accounted for off balance sheet in the EIB's Special Section (in addition to the NCI mentioned above, 176.3 million ECU of financing outside the Community).

III. Lending in 1980

1. New Community Instrument (NCI)

19. Loans from the NCI's resources totalled 197.6 million ECU in 1980. They were granted for infrastructure investment helping to reduce regional disparities, projects helping to implement Community energy policy and projects involving both regional and energy policy aspects.

Except for the Friuli motorway, these projects were financed jointly with the EIB, on a complementary basis, thus covering a substantial proportion of the investment cost and facilitating the implementation of the priority projects concerned. Depending on the time-scale of the projects and their amortization period, the loans are for ten to twenty years. The eleven projects financed represent between them an investment of 1 660 million ECU, of which energy accounts for 911 million ECU. The NCI loans thus make up 11.9% of the finance required on average, the range for individual projects varying from 7.4% to 31.7%.

20. In Italy, more than half the loans are for investment projects contributing to the development of the southern regions. The improvement of the urban and inter-urban telephone networks in Apulia, with an additional 120 000 lines, will strengthen the links between this outlying region and the rest of the country and the Community and will make it easier to develop productive activities. Infrastructure work (access roads, water supplies, flood barriers) on the Syracuse industrial estate will contribute to the industrialization of Sicily.

The gas pipeline being constructed between the Algerian/Tunisian frontier and northern Italy (the financed section of which crosses Sicily, the straits of Messina and part of Calabria) will provide the Mezzogiorno with natural gas and, once connected to the European gas pipeline network, will help to diversify and safeguard Community supplies.

Exploitation of a number of small gas and oil deposits in Lombardy and in the Adriatic or Tyrrhenian Sea will yield up to 1.7 million toe per year, i.e. almost 1.5% of Italian oil imports. The introduction of an integrated system for administering and controlling the generation and distribution of electricity will lead to energy savings of some 50 000 toe per year.

Finally, in northern Italy, the construction of the new Carnia/Pontebba section of the Friuli motorway will improve the links between this mountainous region and the rest of Italy and Austria.

21. In Ireland, the various loans granted constitute essential elements of the regional development programme. Peat production and the manufacture of briquettes for heating are part of the programme for exploiting peat resources, which should meet 20% of the country's electricity requirements. The continuation of the programme for modernizing and extending the telecommunications network will add more than 80 000 new telephone subscribers and provide numerous telex facilities, thereby improving conditions for establishing and running firms.

22. In Denmark, finally, NCI assistance was provided for the first time for two coal-fired power stations, one at Asnaes for the generation of electricity and the other at Randers for the combined production of electricity and heat for the urban heating network.

2. Euratom

23. For various reasons, not all the Community countries are committed to the same extent to nuclear power programmes. Only Belgium and France turned to Euratom for financial assistance in 1980.

In Belgium, Euratom co-financed the second production unit (900 MW) of the Tihange nuclear power station.

In France, Euratom co-financed units II, III and IV (900 MW each) of the nuclear power station at Dampierre-en-Burly and continued to assist the construction of the NERSA fast-breeder nuclear power station at Creys-Malville (industrial prototype of 1 200 MW); participation in the NERSA project breaks down as follows: EDF ⁽¹⁾ 51%; ENEL ⁽²⁾ 35.5%, and the German company SBK 14.5% (SBK combining German, Belgian, Dutch and United Kingdom interests).

These projects are designed to reduce dependence on imported oil and are therefore given priority by the Community.

The projects financed by Euratom have all also been financed by the EIB. Even when combined, however, the financing provided does not exceed 24.4% of the cost of the investment tranches concerned. It should be noted, however, that the total amount of investment in each project is substantial: some 1.5 million ECU per MW.

3. ECSC

24. The level of ECSC lending was particularly high in 1980: as in 1976, the figure of 1 000 ECU was again exceeded, with the number of loans totalling 114.

The mining of coal and its transportation to thermal power stations accounted for almost a third of the loans. It was mainly in the United Kingdom that large-scale mining projects on new sites were financed, particularly the Selby project in Yorkshire. In the case of thermal power stations, finance went to projects in Belgium, Germany and France.

(1) EDF = Electricité de France

(2) ENEL = Ente Nazionale per l'Energia Elettrica.

In the steel industry, finance was provided mainly in Germany, France, Italy and Luxembourg. This was the third consecutive year in which Luxembourg had applied for ECSC loans, whereas its application in previous years had been negligible. By contrast, the United Kingdom steel industry, which had received substantial loans up to 1977, submitted no new applications. A large-scale project being prepared in Belgium had not been finalized by 1980. Owing to the small number of plants in Denmark, Ireland and even the Netherlands, these countries' share in ECSC financing must be assessed over a number of years.

25. Loans were granted for investment projects in shipyards in Italy and Germany, in the interests of providing a market for steel products. Certain conversion loans also have this secondary effect, where they are granted to engineering industries for example. Their main aim, however, remains the re-employment of workers made redundant in ECSC industries. Substantial loans were granted for this purpose in 1980 in France and the United Kingdom. For the first time, the financing provided by the ECSC for conversion projects accounted for a quarter of its total lending.

26. The level of lending for workers' housing in 1980 was lower than in previous years owing to the fact that programmes previously carried out over two years were spread over three years and owing to the delays in implementing the new programme (the ninth) now underway.

4. European Investment Bank (EIB)

27. In 1980 the EIB provided financing totalling 3 124.6 million ECU ⁽¹⁾ from its own resources, mainly capital raised through borrowing. As regards the operations it carried out as agent of the Community (leaving aside loans from NCI resources), the EIB granted 176.3 million ECU from the Community's budgetary resources for projects located outside the Community.

(1) 371.4 million ECU outside the Community.

28. The financing provided by the Bank from its own resources breaks down as follows: 88.1% to Community countries, 5.5% to Greece and Portugal, more than 2.4% to other Mediterranean countries, and 4% to ACP countries and overseas countries and territories.

The financing provided in the Community from the Bank's own resources totalled 2 753.2 million ECU. Almost two-thirds of this amount went to regional investment projects (irrigation, water supply, treatment of waste water; telecommunications and transport; energy; industries, particularly in the form of global loans for small and medium-sized ventures) located mainly in the regions given priority under Community regional policy (the Mezzogiorno, Ireland, Northern Ireland, Greenland).

Financing for projects helping to achieve the Community energy objectives (development of indigenous resources; diversification of energy imports and energy savings) totalled 1 102.7 million ECU ⁽¹⁾ (432.6 million ECU for the nuclear sector) and constituted the bulk of lending for projects of common European interest; loans for improving communications between member countries (sea links between the United Kingdom and Ireland and the Continent, access to the Fréjus tunnel, etc.) totalled 103.5 million ECU.

29. As much as four-fifths of this financing was concentrated in Italy, Ireland and the United Kingdom - the countries with the most acute structural problems; the remaining loans were granted in France, Belgium, Denmark and Germany and for two investment projects in Austria and Tunisia which will help to safeguard the Community's energy supplies. ⁽²⁾

(1) The difference between this figure and the "energy" column in Table 5 is due to the fact that some industrial projects contribute to the Community energy objectives, while other projects in the energy sector - e.g. distribution of electricity - are financed under the regional development policy.

(2) Loans granted on special authorization from the EIB's Board of Governors under Article 18 of the Bank's Statute.

IV. Borrowing in 1980

1. The situation on capital markets

30. Borrowing conditions remained very difficult during 1980 on most capital markets. The worsening inflationary strains resulting in particular from the successive rises in oil prices and also the uncertainty connected with the situation in the Near and Middle East were largely responsible for this situation. In the United States, the adoption of a restrictive monetary and budgetary policy caused interest rates to rise sharply, although this trend was interrupted in the second quarter, when fears of a worsening recession led to a temporary relaxation of this policy.

31. In most industrialized countries, widening balance of payments deficits were a further factor pushing up interest rates. As rates were rising in the United States, they also went up both on national capital markets and on the Euro-dollar market. In Europe, they maintained their upward tendency until the end of 1980, although there was some easing in the middle of the year.

32. On a number of financial markets, short-term interest rates reached exceptionally high levels, higher than those of long-term rates. It has therefore become very difficult to raise long-term funds through conventional fixed-rate bond issues, and such issues have had to be concentrated on the few periods in which there was an easing of long-term rates. This situation led to an increase in variable-rate issues denominated in dollars and, towards the end of the year, an upturn in stock market prices boosted convertible bond issues. In the United Kingdom, only one foreign issue was floated following the abolition of the relevant restrictions, while the amount of Euro-sterling issues increased rapidly. In Germany, the amount of foreign public issues denominated in German marks remained at roughly the same level as in 1979, despite many strains caused by the

deterioration in the country's current account. In France, the maintenance of positive real interest rates and the lead enjoyed by bond market rates helped to boost issues on this market. Similarly, the amount of issues denominated in Euro-francs increased sharply. Issues denominated in Belgian and Luxembourg francs fell, reflecting exchange market pressures on these currencies, while placements in guilders increased.

Outside the Community, the amount of foreign public issues fell in Japan, but remained the same in Switzerland.

2. Breakdown of Community borrowing in 1980

33. The volume of borrowing carried out by the four Community instruments in 1979 and 1980 breaks down as follows:

	1979	1980
	in million ECU	
ECSC	837	1,004
EIB	2,437	2,384
Euratom	153	181
NCI	178	305
Total	3,605	3,874

Activity therefore increased despite the difficulties experienced in carrying out operations because of the sometimes unfavourable situation on markets.

Community financial markets provided 64% of the total funds raised in 1980; the proportions provided by national markets outside the Community (the United States and Switzerland) and the international market were 10% and 26% respectively.

34. A breakdown of borrowing by currency is given in the table on the following page. This breakdown partly reflects the preferences of loan recipients, but is also greatly influenced by interest rates and the varying extent to which currencies were available.

The high number of operations carried out in the form of private placings should also be noted. The use made of this borrowing technique was due usually to the small amount per loan application or to the impossibility of floating a public loan in the desired currency at the particular moment. On a more technical level, the use of this technique makes it possible to spread borrowing over a period of time and to take better advantage of market fluctuations.

Borrowing in 1980, by currency

(in million ECU)

	Member country currencies							Non-member country currencies			Total
	DM	HFL	FF	LIT	BFR	UKL	LFR	USD	SFR	YEN	
NCI	48.4	91.5						164.6			304.5
Euratom	17.5	22.3	50.5		48.5		33.9		8.6		181.3
ECSC	406.5	17.9	127.1		60.5	82.0	27.8	202.3	79.9		1,004.0
EIB	814.3	226.1	136.6	42.7		45.7	51.7	666.0	233.8	166.6	2,383.5 ⁽¹⁾
Total	1,286.7	357.8	314.2	42.7	109.0	127.7	113.4	1,032.9	322.3	166.6	3,873.3
%	33.2	9.3	8.2	1.1	2.8	3.2	2.9	26.7	8.3	4.3	100

(1) Taking into account third-party participations in EIB loans (83.3 million ECU), the total funds raised in 1980 amount to 2 466.8 million ECU.

V. Interest subsidies

1. Community interest subsidy mechanisms

35. The Community is currently able to grant four types of interest subsidy:

- ECSC subsidies (on ECSC loans)
- EMS subsidies (on NCI and EIB loans in Italy and Ireland)
- ERDF subsidies (on EIB loans in ERDF regions) (1)
- Subsidies under the special aid arrangements for the Italian areas stricken by the November 1980 earthquake (from NCI and EIB resources).

The "earthquake" interest subsidies were not applied in 1980. Each of the four types of subsidy has the effect of lowering the interest rate by three percentage points. However, the technique of granting the subsidies varies: the EMS and ERDF interest subsidies are discounted and charged to the Community budget as a single sum, whereas the ECSC subsidies are not discounted and are charged annually to the ECSC budget over the first five years of the loan. The "earthquake" interest subsidies are also to be charged annually, but to the general budget of the Communities and for not more than twelve years.

2. EMS interest subsidies (2)

36. Since Council Regulation (EEC) No. 1736/79 of 3 August 1979 came into force, 89 loans have been subsidized under the European Monetary System, 55 from 1980 budget appropriations.

(1) An ERDF interest subsidy has been granted only once, since only one application for such subsidies has been received from Member States.

(2) Discounted interest subsidies, charged to the general budget as a single sum for each loan.

	Subsidized loans		Interest subsidies paid	
	Number	Million ECU (1)	Million ECU	% of loans
1979	34	885.4 (2)	200.0	22.6
1980	55	1,030.8 (2)	197.0	19.1
Total	89	1,916.2	397.0	20.7

(1) The amounts (in millions of ECU) of subsidized loans referred to in EIB documents differ slightly from those given here owing to the different dates used for converting into ECU the loans and the related interest subsidies. For purposes of converting the currency payable under a loan, the Bank uses the last working day of the quarter preceding the signing of the contract. For purposes of calculating the interest subsidy, however, it uses the exchange rates prevailing on the day of the final calculation (normally two days following disbursement of the loan) so as to ensure better comparability between the amount of the subsidy and the amount of the subsidized loan. The figures in this report are therefore based on the second date.

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

The 1980 operations related to 44 investment projects which were financed by 47 loans from the EIB's own resources (884 million ECU) and by 8 loans from NCI resources (147 million ECU), giving a total of 1 031 million ECU; 7 projects were financed jointly from the EIB's own resources and from those of the NCI. Four projects received several subsidized loans.

The discounted amount of interest rate subsidies totalled 197 million ECU. The ratio of the total amount of interest subsidies to that of subsidized loans was 19.1%, as against 22.6% in 1979; this ratio depends inter alia on the length of the loans.

The amount of each interest subsidy and of each subsidized loan is given in the annexed lists.

The interest subsidies break down by recipient country as follows: two-thirds for Italy and one-third for Ireland.

By origin of resources lent, they break down into eight loans from NCI resources and 47 loans from the EIB's own resources (i.e. 15% and 85% respectively).

37. An analysis by sector of use shows that 44% of the total amount of interest subsidies went to projects in the energy sector: 22% for the development of primary energy sources (hydrocarbons, peat, hydroelectric power), 5% for thermal power stations and heat production, and 17% for energy transmission (gas pipeline and power lines). Infrastructure projects in the other sectors accounted for the remaining 56% of the interest subsidies: 30% went to water supplies and irrigation, 16% to the construction of turnkey factories and various infrastructure projects in industrial areas, and 10% to the improvement of telecommunications networks and sea links and the development of fishing ports and forests.

Almost four-fifths of the interest rate subsidies related to projects located wholly or partly in priority regions. Since the projects involve infrastructure, the number of new permanent jobs for running the completed projects is necessarily limited, except for the establishments that will occupy the advance factories constructed in Ireland. Nevertheless, these

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

EMS Interest Subsidies paid from 1980 Appropriations

	Subsidized loans		Interest subsidies paid	
	Number	Million ECU	Million ECU	%
<u>By recipient country</u>				
Italy	34	731.9	129.8	65.9
Ireland	21	298.9	67.2	34.1
	55	1,030.8	197.0	100.0
<u>By origin of resources lent</u>				
NCI	8	146.8	29.6	15.0
EIB	47	884.0	167.4	85.0
	55	1,030.8	197.0	100.0
<u>By sector of use</u>				
Primary energy production	12	253.8	43.5	22.1
Transformation of energy	5	51.9	10.7	5.4
Transmission of energy	7	177.0	32.9	16.7
Sub-total: energy	24	482.7	87.1	44.2
Water engineering	17	312.4	59.0	30.0
Industrial infrastructure	8	146.0	31.3	15.9
Transport and communications	5	79.4	17.3	8.7
Forestry, fishing	1	10.3	2.3	1.2
Sub-total: other infrastructure	31	548.1	109.9	55.8
Total	55	1,030.8	197.0	100.0

3. ECSC interest subsidies (1)

38. ECSC interest subsidies were first used - in the 1960s - to make conversion loans more attractive and thus provide a more effective means of re-employing labour. They have also been used, since the 1970s, to promote those investments projects in the ECSC industries which are beneficial to the environment, to overcome bottlenecks (coking plants in the steel industry) and to set up research or vocational training centres. Finally, during the last three years, interest subsidies have been granted mainly to support investment projects contributing to the required restructuring of the steel industry.

The allocations made in 1980, both those for conversion and those for restructuring, were the highest so far made, and they are continuing to increase. It should be noted, however, that the incentive effect of these interest subsidies - which are uniformly fixed at three percentage points for five years - diminishes as interest rates increase.

	D	B	F	L	NL	UK	DK	IRL	I	Total
Article 54 restructuring	8.0	1.9	8.0	5.4	0.3	1.5	0.5	-	1.8	27.4
Article 56 conversion	1.1	-	17.7	0.8	-	13.6	-	0.1	-	33.3
Total	9.1	1.9	25.7	6.2	0.3	15.1	0.5	0.1	1.8	60.7

(1) Non-discounted interest subsidies, paid annually.

ANNEXES

T A B L E S

Table 1	Borrowing by the European Communities (amounts outstanding)
Table 2	Commission borrowing in 1980
Table 3	Trend in lending operations in the Community, by sector
Table 4	Total amount of loans granted by the Community in member and non-member countries - 1975 to 1980
Table 5	Breakdown of loans in the Community in 1980
Table 6	NCI loans
Table 7	Euratom loans
Table 8	ECSC loans
Table 9	EIB loans
Table 10	List of NCI loans in 1980
Table 11	List of Euratom loans in 1980
Table 12	Breakdown of the amount of ECSC loans paid out during 1980
Table 13	Interest subsidies granted by the various Community mechanisms (1970-80)
Table 14	EMS interest subsidies, Financial year 1980: Italy
Table 15	EMS interest subsidies, Financial year 1980: Ireland

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- List of reports and documents on Community borrowing and lending activities which have been submitted to the Council and to Parliament

Table 1

Borrowings by the European Communities (amounts outstanding)

(at end of each year, in million ECU)

Year	ECSC	EIB	Euratom ⁽¹⁾	EEC ⁽²⁾	NCI	Total ⁽¹⁾
1970	741	1 020	:	—	—	1 761
1971	802	1 423	:	—	—	2 225
1972	963	1 784	:	—	—	2 747
1973	1 172	2 287	:	—	—	3 459
1974	1 617	3 124	:	—	—	4 741
1975	2 393	3 926	17	—	—	6 336
1976	3 477	4 732	14	1 161	—	9 384
1977	3 956	5 421	110	1 500	—	10 986
1978	4 416	6 715	182	1 361	—	12 674
1979	4 713	8 541	333	965	178	14 730
1980	5 300 ⁽³⁾	10 598	502	1 016	402	17 898

(1) Excluding Euratom figures for the period prior to 1975

(2) Balance of payments financing

(3) Estimate

Sources: Commission staff and EIB

TABLE 2

Commission borrowings in 1980

No	Type	Life (years)	Coupon %	Currency and amount (million)	Million ECU
A) NCI					
1	public issue	15	11 3/4	US \$ 20	15,3
2	private placing	15	10 3/8	HFL 40	14,3
3	"	15	8,3	DM 41	16,0
4	"	15	11 7/8	HFL 40	14,3
5	"	10	9,45	DM 27,9	10,9
6	"	10	14	US \$ 8	6,1
7	public issue	15	11	US \$ 75	57,3
8	"	15	11	US \$ 70	53,5
9	private placing	15	13	US \$ 20	15,3
10	"	10	8 3/8	DM 22	8,6
11	"	15	8,3/8	DM 33	12,9
12	"	20	11	HFL 75	26,9
13	"	20	11 1/4	HFL 26	9,3
14	"	15	11 1/4	HFL 51	17,7
15	"	15	11 1/4	HFL 25	9,0
16	public issue	15	13 3/4	US \$ 26	19,8
NCI	Total				304,5
B) Euratom					
17	public issue	8	9 3/4	LFR 500	12,09
18	"	12	14,60	FF 300	50,51
19	private placing	10	8	DM 45	17,54
20	"	15	11 1/4	HFL 15	5,17
21	"	20	10 7/8	HFL 47,5	17,02
22	"	6	6	SFR 20	8,64
23	"	7	12 3/4	LFR 250	21,77
24	"	7	12 3/4	LFR 300	
25	"	7	12 3/4	LFR 350	
26	public issue	7	13	BF 2000	48,38
Euratom	Total				181,3

No	Type	Life (years)	Coupon %	Currency and amount (million)	Million ECU
C) ECSC					
27	bond issue	8	7 7/8	DM 150	58,5
28	bond issue	8	11 1/2	US \$ 40	30,3
29	bond issue	10	11 5/8	US \$ 50	38,2
30	private placing	8	10 7/8	FF 20	3,4
31	"	10	8	DM 40	15,6
32	bond issue	10	10	LFR 500	12,1
33	"	6	14 1/4	FF 150	25,3
34	"	12	14	FF 400	67,3
35	"	8	11 1/2	US \$ 100	76,4
36	"	7	11	US \$ 25	19,1
37	"	10	11 1/4	US \$ 50	38,2
38	"	12	7 7/8	DM 150	58,5
39	"	8	9 1/2	DM 150	58,5
40	"	10	6	SFR 80	34,5
41	"	8	13 1/2	UK £ 20	36,4
42	private placing	12	12,225	FF 20	3,4
43	"	15	12 3/4 to 13 1/4	FF 80	13,5
44	"	5	13,30	FF 20	3,4
45	"	5	13,60	FF 10	1,7
46	"	8	13,95	FF 20	3,4
47	"	7	14,30	FF 15	2,5
48	"	7	14,30	FF 20	3,4
49	"	10	9,65	DM 50	19,5
50	"	8	8 3/4	DM 40	15,6
51	"	8	8 1/4	DM 70	27,3
52	"	8	8 1/8	DM 35	13,6
53	"	8	8 1/8	DM 10	3,9
54	"	8	8 1/8	DM 50	19,5
55	"	12	8 - 10	DM 12	4,7
56	"	12	8	DM 12	4,7
57	"	12	8	DM 12	4,7
58	"	12	7,90	DM 12	4,7
59	"	8	8,35	DM 250	97,4
60	"	8	12 - 10	LFR 250	6,0
61	"	8	11 3/4	LFR 400	9,7

No	Type	Life (years)	Coupon %	Currency and amount (million)	Million ECU
62	private placing	8	13 1/2	BF 500	12,1
63	"	8	13 3/8	BF 2000	48,4
64	"	6	5 1/4	SFR 38	16,4
65	"	6	5 1/4	SFR 17	7,3
66	"	5	6 1/4	SFR 30	13,0
67	"	5	5 7/8	SFR 20	8,6
68	"	15	10 7/8	HFL 50	17,9
69	"	5	17-14 3/4	UK £ 25	45,5
ECSC	Total				1004,0
NCI + Euratom + ECSC					1489,8

TABLE 3

Trend in lending operations in the Community
by sector

(in million ECU)

Year	Productive sector	Infrastructure	Energy	Total
1970	203,9	125,1	41,2	370,2
1971	340,3	192,6	48,3	581,2
1972	328,3	191,2	174,9	694,4
1973	503,8	196,9	282,5	983,2
1974	604,0	143,4	480,2	1.227,6
1975	758,7	469,9	488,8	1.722,4
1976	1.163,5	429,9	556,4	2.149,8
1977	938,8	607,7	693,2	2.239,7
1978	745,4	1.000,0	1.089,1	2.834,5
1979	756,4	1.055,8	1.574,3	3.386,5
1980	1.277,9	1.204,7	1.669,8	4.152,4

TABLE 4

Total Amount of Loans granted by the Community in Member and Non-Member Countries -
1975 to 1980

(in million ECU)

	1975		1976		1977		1978		1979		1980		TOTAL	
	EIB + ECSC		EIB + ECSC		EIB+ECSC+EUR*		EIB+ECSC+EUR		EIB+ECSC+EUR + NCI		EIB+ECSC+EUR + NCI		1975/1980	
	Million	%	Million	%	Million	%	Million	%	Million	%	Million	%	Million	%
Belgium	52.9	3.1	55.2	2.6	15.9	0.7	64.1	2.3	139.6	4.1	264.6	6.4	592.3	3.6
Denmark	40.7	2.4	9.1	0.4	33.2	1.5	119.5	4.2	15.9	0.5	103.5	2.5	321.9	1.95
Fed. Rep. of Germany	150.9	8.7	297.7	13.8	221.0	9.9	218.9	7.7	196.9	5.8	143.3	3.4	1228.7	7.5
France	275.1	16.0	193.3	9.0	490.8	21.9	486.4	17.2	391.5	11.6	653.5	15.7	2490.6	15.1
Ireland	37.9	2.2	58.1	2.7	79.9	3.6	117.4	4.1	353.5	10.4	377.1	9.1	1023.9	6.2
Italy	535.4	31.1	530.4	24.7	599.2	26.7	1007.3	35.6	1126.0	33.3	1430.0	34.4	5228.3	31.7
Luxembourg	1.1	0.1	0.1	-	0.6	-	73.9	2.6	19.8	0.6	68.6	1.6	164.1	1.0
Netherlands	30.4	1.7	69.0	3.2	0.5	-	42.8	1.5	0.6	-	4.9	0.1	148.2	0.9
United Kingdom	597.9	34.7	936.9	43.6	749.8	33.5	704.0	24.8	1103.3	32.6	1056.0	25.4	5147.9	31.2
Non-EEC (1)	-	-	-	-	48.8	2.2	-	-	39.4	1.1	57.5	1.4	145.7	0.9
Total	1722.4	100	2,149.8	100	2239.7	100	2834.5	100	3386.5	100	4159.0	100	16491.6	100

Source: Borrowing and lending instruments in the context of the Community's financial instruments (updated) - European Economy, July 1980, No. 6.

* EUR = Euratom

(1) The EIB statistics for the Community include operations of direct interest to the Community carried out under the second sub-paragraph of Article 18 (1) of the Bank's Statute, which stipulates that the Board of Governors may authorize loans for investment projects outside the Community.

TABLE 5

Breakdown of Loans in the Community in 1980

(in million ECU)

	NCI			Euratom		ECSC				EIB				Total			
	Infr.	Energy	Total	Energy	Total	Pr. S.	Infr.	Energy	Total	Pr. S.	Infr.	Energy	Total	Pr. S.	Infr.	Energy	Total
B				82,2	82,2			29,17	29,17	6,2		147,0	153,2	6,2		258,4	264,6
D		18,1	18,1			4,29			4,29	9,6	25,1	46,4	81,1	13,9	25,1	64,5	103,5
FRG						98,48	0,78	29,79	129,05			14,2	14,2	98,5	0,8	44,0	143,3
F				99,1	99,1	237,55	0,51	37,41	275,47	1,7	63,4	213,9	279,0	239,3	63,9	350,4	653,6
IRL	27,3	14,4	41,7			0,97	0,13		1,10	177,2	114,0	43,1	334,3	178,2	141,4	57,5	377,1
IT	62,3	75,5	137,8			138,63	1,13		139,76	223,8	578,5	350,2	1152,5	362,4	641,9	425,7	1430,0
L						68,62			68,62					68,6			68,6
NL						4,59	0,27		4,86					4,6	0,3		4,9
UK						139,37	1,73	226,85	367,95	166,8	329,6	191,6	688,0	256,2	331,3	418,4	1055,9
Non-EEC (1)						6,63			6,63			50,9	50,9	6,6		50,9	57,5
Total	89,6	108,0	197,6	181,3	181,3	699,13	4,55	323,22	1026,90	585,3	1110,6	1057,3	2753,2	1277,9	1204,7	1669,8	4152,4

Pr. S. = Productive sector

Infr. = Infrastructure

(1) The EIB statistics for the Community include operations of direct interest to the Community carried out under the second sub-paragraph of Article 18 (1) of the Bank's Statute, which stipulates that the Board of Governors may authorize loans for investment projects outside the Community.

TABLE 6

NCI Loans 1979-1980

(in million ECU)

	1979				1980			
	Pr.S.	Infr.	Energy	Total	Pr.S.	Infr.	Energy	Total
Belgium	-	-	-	-	-	-	-	-
Denmark	-	-	-	-	-	-	18.1	18.1
FR of Germany	-	-	-	-	-	-	-	-
France	-	-	-	-	-	-	-	-
Ireland	-	62.0	24.7	86.7	-	27.3	14.4	41.7
Italy	-	39.6	45.4	85.0	-	62.3	75.5	137.8
Luxembourg	-	-	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-	-	-
United Kingdom	-	25.9	79.4	105.3	-	-	-	-
Non-EEC	-	-	-	-	-	-	-	-
Total	-	127.5	149.5	277.0	-	89.6	108.0	197.6

Pr.S. = Productive sector

Infr. = Infrastructure

TABLE 7

Euratom Loans 1977-1979

(in million ECU)

	1977				1978				1979				1980			
	Pr.S.	Infr.	Energy	Total	Pr.S.	Infr.	Energy	Total	Pr.S.	Infr.	Energy	Total	Pr.S.	Infr.	Energy	Total
Belgium	-	-	-	-	-	-	-	-	-	-	50.54	50.54	-	-	82.2	82.2
Denmark	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FR of Germany	-	-	77.05	77.05	-	-	34.37	34.37	-	-	-	-	-	-	-	-
France	-	-	19.85	19.85	-	-	-	-	-	-	67.88	67.88	-	-	99.1	99.1
Ireland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Italy	-	-	-	-	-	-	35.89	35.89	-	-	34.04	34.04	-	-	-	-
Luxembourg	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-EEC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	96.90	96.90	-	-	70.26	70.26	-	-	152.46	152.46	-	-	181.3	181.3

Pr.S. = Productive sector

Infr. = Infrastructure

TABLE 8

ECSC Loans 1970-1980

(1970-1974)

(in million ECU)

	1970				1971				1972				1973				1974			
	Sect. (1) Prod	In- fras	Ener- gie	Total	Sect prod	In- fras	Ener- gie	Total	Sect prod	In- fras	Ener- gie	Total	Sect prod	In- fras	Ener- gie	Total	Sect prod	In- fras	Ener- gie	Total
Belgium	2.90	—	—	2.90	19.93	—	—	19.93	15.33	1.20	—	16.53	—	0.72	0.62	1.34	10.28	—	—	10.28
Denmark	—	—	—	—	—	—	—	—	—	—	—	—	7.81	—	—	7.81	—	0.27	—	0.27
FR of Germany	8.89	1.11	—	10.00	28.84	0.46	9.58	38.88	62.03	2.25	7.61	71.90	108.17	2.37	54.19	164.73	108.48	0.56	41.07	150.06
France	6.04	—	1.64	7.68	33.56	—	12.22	45.78	53.52	2.66	7.06	63.24	106.02	0.76	—	106.78	82.52	0.39	1.36	84.77
Ireland	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Italy	6.00	—	—	6.00	1.60	—	—	1.60	24.29	1.44	—	25.73	0.76	1.01	—	1.77	64.67	1.11	—	65.19
Luxembourg	2.00	—	—	2.00	—	—	—	—	—	0.29	—	0.29	—	—	—	—	—	0.41	—	0.41
Netherlands	2.40	0.48	—	2.88	5.95	0.05	—	6.00	10.81	—	—	10.81	3.18	0.80	—	3.98	1.05	—	—	1.85
United Kingdom	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	32.76	1.72	30.57	65.05
Non-EEC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	28.23	1.59	1.84	31.66	89.88	0.51	21.80	112.19	185.98	7.85	14.67	188.50	225.94	5.66	54.81	286.41	299.96	4.46	73.45	377.87

(1) Industry

(1975-1979)

(in million ECU)

	1975				1976				1977				1978				1979			
	Sect. (1) Prod	In- fras	Ener- gie	Total	Sect prod	In- fras	Ener- gie	Total	Sect prod	In- fras	Ener- gie	Total	Sect prod	In- fras	Ener- gie	Total	Sect prod	In- fras	Ener- gie	Total
Belgium	40.35	1.77	—	42.12	34.58	2.69	—	37.27	15.01	0.86	—	15.87	—	1.89	—	1.89	30.21	0.44	—	30.65
Denmark	22.58	0.41	—	22.99	—	—	—	—	—	0.50	—	0.50	13.07	0.10	—	13.17	—	0.28	—	0.28
FR of Germany	119.32	7.90	23.65	150.87	166.75	9.67	10.49	186.91	27.90	5.86	81.75	115.51	115.63	5.60	17.80	139.03	125.40	6.08	17.58	149.06
France	112.14	4.95	—	117.09	101.92	4.28	27.00	133.20	125.27	0.87	48.37	174.51	89.94	2.77	34.43	127.14	89.26	2.97	28.71	100.94
Ireland	—	0.17	—	0.17	0.54	0.15	—	0.69	—	0.19	—	0.19	—	0.02	—	0.02	13.90	0.03	—	13.93
Italy	175.75	0.84	—	176.59	146.83	0.91	—	147.74	170.86	2.69	—	173.55	123.73	2.63	—	126.36	94.25	7.33	—	101.58
Luxembourg	0.65	0.48	—	1.13	—	0.08	—	0.08	—	0.56	—	0.56	73.50	0.44	—	73.94	19.46	0.31	—	19.77
Netherlands	29.54	0.89	—	30.43	38.16	0.39	—	38.55	—	0.51	—	0.51	42.00	0.82	—	42.82	—	0.55	—	0.55
United Kingdom	125.12	1.13	137.22	263.47	376.92	0.04	142.36	519.32	173.59	—	86.73	260.32	28.96	3.01	241.34	273.31	26.35	3.62	229.04	259.01
Non-EEC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	620.45	18.54	160.87	804.86	865.70	18.21	179.85	1083.78	512.63	12.04	216.65	741.52	482.84	17.28	297.58	797.68	378.83	21.61	275.33	675.78

(1) Industry

1980

	Prod. Sect.	Infras.	Energy	Total
Belgium	—	—	29.17	29.17
Denmark	4.29	—	—	4.29
FR of Germany	98.48	0.78	29.79	129.05
France	237.55	0.51	37.41	275.47
Ireland	0.97	0.13	—	1.10
Italy	138.63	1.13	—	139.76
Luxembourg	68.62	—	—	68.62
Netherlands	4.59	0.27	—	4.86
United Kingdom	139.37	1.73	226.85	367.95
Non-EEC	6.63	—	—	6.63
Total	699.13	4.55	323.22	1026.90

TABLE 9

Loans from EIB own resources

(1970-1974)

(in million ECU)

	1970				1971				1972				1973				1974			
	Sect. (1) Prod	In- fras	Ener- gie	Total	Sect. prod.	In- fras	Ener- gie	Total	Sect. prod.	In- fras	Ener- gie	Total	Sect. prod.	In- fras	Ener- gie	Total	Sect. prod.	In- fras	Ener- gie	Total
Belgium	6.0	—	16.0	22.0	—	—	—	—	—	—	14.4	14.4	—	—	—	—	—	—	16.1	16.1
Denmark	—	—	—	—	—	—	—	—	—	—	—	—	—	3.5	3.3	6.8	6.4	5.4	7.8	19.6
FR of Germany	46.1	—	—	46.1	29.7	26.8	5.4	61.9	44.6	—	85.8	130.4	79.0	—	125.5	204.5	26.5	—	64.6	96.1
France	20.0	18.0	23.4	61.4	54.9	53.6	16.0	124.5	4.5	80.4	60.0	144.9	53.8	85.6	31.2	170.6	45.5	56.8	91.4	117.7
Ireland	—	—	—	—	—	—	—	—	—	—	—	—	7.3	15.3	—	22.6	21.2	25.2	—	46.4
Italy	100.8	104.5	—	205.2	157.9	111.7	5.0	274.6	113.2	103.0	—	216.2	70.7	86.8	24.4	181.9	136.1	38.5	103.4	278.0
Luxembourg	—	1.0	—	1.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands	2.8	—	—	2.8	6.0	—	—	6.0	—	—	—	—	—	—	—	—	—	—	31.9	31.9
United Kingdom	—	—	—	—	—	—	—	—	—	—	—	—	67.1	—	—	67.1	68.3	13.1	68.1	149.5
Non-EEC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	43.3(?)	43.3	—	—	18.4(?)	18.4
Total	175.7	123.5	39.4	338.6	250.4	192.1	26.4	469.0	162.3	183.4	160.2	505.9	277.9	191.2	227.7	696.8	304.0	139.0	406.7	849.7

(1) Industry, agriculture and services

(2) Austria

(3) Norway

(1975-1979)

(in million ECU)

	1975				1976				1977				1978				1979			
	Sect. (1) Prod	In- fras	Ener- gie	Total	Sect. prod.	In- fras	Ener- gie	Total	Sect. prod.	In- fras	Ener- gie	Total	Sect. prod.	In- fras	Ener- gie	Total	Sect. prod.	In- fras	Ener- gie	Total
Belgium	—	—	10.8	10.8	17.9	—	—	17.9	—	—	—	—	—	—	62.2	62.2	8.7	—	49.7	58.4
Denmark	11.6	—	6.1	17.7	9.1	—	—	9.1	12.8	7.1	12.8	32.7	12.4	51.4	42.5	106.3	5.4	3.9	6.3	15.6
FR of Germany	—	—	—	—	9.2	—	101.6	110.8	—	—	28.4	28.4	2.3	—	43.2	45.5	4.0	—	43.8	47.8
France	8.2	126.9	20.9	156.0	—	60.1	—	60.1	19.6	119.5	157.4	296.5	23.6	237.6	98.1	359.3	1.7	122.1	98.9	222.7
Ireland	7.7	30.0	—	37.7	29.9	24.2	3.0	57.4	18.3	61.4	—	79.7	14.8	72.6	30.0	117.4	49.2	124.4	79.3	252.9
Italy	52.9	208.2	97.7	358.8	137.5	195.1	50.0	382.6	197.1	189.3	39.3	425.7	142.2	374.0	328.9	845.1	244.6	356.3	304.5	905.4
Luxembourg	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—	30.4	30.4	—	—	—	—	—	—	—	—	—	—	—	—
United Kingdom	57.8	84.3	192.4	334.5	94.1	132.3	191.2	417.6	178.4	218.4	92.8	489.5	67.3	247.0	116.4	430.7	64.0	299.9	375.1	739.0
Non-EEC	—	—	—	—	—	—	—	—	—	—	—	48.8(?)	48.8	—	—	—	—	—	39.4(?)	39.4
Total	138.2	451.4	327.9	917.5	297.8	411.7	376.5	1086.0	426.2	595.7	379.5	1401.3	262.6	982.6	721.3	1966.5	377.6	906.6	997.0	2281.2

(1) Industry, agriculture and services

(2) Austria and Norway

1980

	Prod. Sect.	Infras.	Energy	Total
Belgium	6.2	—	147	153.2
Denmark	9.6	25.1	46.4	81.1
FR of Germany	—	—	14.2	14.2
France	1.7	63.4	213.9	279.0
Ireland	177.2	114.0	43.1	334.3
Italy	223.8	578.5	350.2	1152.5
Luxembourg	—	—	—	—
Netherlands	—	—	—	—
United Kingdom	166.8	329.6	191.6	688.0
Non-EEC	—	—	50.9	50.9
Total	585.3	1110.6	1057.3	2753.2

TABLE 10

List of NCI Loans in 1980

(in million ECU)

Title of Project	Italy	Ireland	Denmark	Total	%
<u>A. Infrastructure</u>					
1. Friuli motorway	37,3				
2. Apulia telephone	12,5				
3. Syracuse industrial estate	12,5				
4. Ireland - telecommunications		27,3			
TOTAL	62,3	27,3		89,6	45,3
<u>B. Energy</u>					
5. Algeria-Italy gas pipeline	41,7				
6. Control system for elect. grid	17,1				
7. Hydrocarbon deposits	16,7				
8. Peat production		5,5			
9. Peat production and manufacture of briquettes		8,9			
10. Coal-fired power station - Asnaes			8,9		
11. Combined heat and power station - Randers			9,2		
TOTAL	75,5	14,4	18,1	108,0	54,7
TOTAL A + B	137,8	41,7	18,1	197,6	
%	69,7	21,1	9,2		100

For this table, the amounts of the loans were converted into ECU in the same way for all loans, whether subsidized or not. The amounts of the subsidized loans therefore differ slightly from those shown in the other tables, which compare the size of the subsidy with that of the loan.

TABLE 11

List of Euratom Loans in 1980

(in million ECU)

Title of Project	Loans
<u>France :</u> NERSA fast-breeder nuclear reactor for nuclear power station at Creys-Malville Electricité de France for power station at Dampierre-en-Burly	48,6 50,5
<u>Belgium :</u> Intercom, for unit II of the Tihange power station	82,2
TOTAL	181,3

TABLE 12

Breakdown of the Amount of ECSC Loans paid out during 1980

Sector	Luxembourg	Belgium	Denmark	Fed. Rep. of Germany	France	Ireland	Italy	United Kingdom	Netherlands	Community Non- Community	Community	
											in million ECU	in %
- Coal industry (Art. 54 § 1)				6,40				226,85			233,25	22,72
Iron ore mines (Art. 54 § 1)												
Steel industry (Art. 54 § 1)	63,78		4,29	90,92	121,30		133,56	3,52		6,63	424,00	41,29
Thermal power stations (Art. 54 § 2)		29,17		23,39	37,41						89,97	8,76
Other projects (Art. 54 § 2)							5,07		4,59		9,66	0,94
Total	63,78	29,17	4,29	120,71	158,71		138,63	230,37	4,59	6,63	756,88	73,71
- Conversion (Art. 56)	4,84			7,56	116,25	0,97		135,85			265,47	25,21
- Workers' housing (Art. 54)				0,78	0,51	0,13	1,13	1,73	0,27		4,55	0,44
Overall total	68,62	29,17	4,29	129,05	275,47	1,10	139,76	367,95	4,86	6,63	1026,90	100,00

TABLE 13

**Interest Subsidies granted by the various Community
Mechanisms (1970-1980)**

(in million ECU)

Year	ECSC (1)		EMS (2)	ERDF (2)
	Article 54 (3)	Article 56 (4)		
1970	1	6,8		
1971	2,2	2,2		
1972	4	3		
1973	0,6	3		
1974	6,1	5,4		
1975	6,4	6,6		
1976	3,4	6,7		
1977	2,5	17,3		
1978	12,2	18,1		
1979	21,7	25,5	200	12,1
1980	25,6	33,3	197	

- (1) Non-discounted interest subsidies, paid in annual tranches.
- (2) Discounted interest subsidies, charged to the general budget as a single capitalized sum.
- (3) Restructuring.
- (4) Conversion.

TABLE 14

EMS Interest Subsidies, Financial Year 1980: ITALY

(in million ECU)

<u>Borrower</u>	<u>Project</u>	<u>Loan</u>	<u>Interest subsidy</u>
<u>NCI loans</u>			
AGIP S.p.A.	Hydrocarbons	16,5	2,88
Ente Nazionale per l'Energia Elettrica (ENEL)	Hydroelectric power station at Alto Gesso	18,2 (1)	3,86 (1)
ENEL	Control system	16,9	3,38
Ente Nazionale Idrocarburi (ENI)	Gas pipeline Algeria/Italy I + II	41,7	8,35
Cassa per il Mezzogiorno	Industrial estate Syracuse IV	12,4	2,65
	NCI total	105,7	21,12
<u>EIB loans</u>			
AGIP S.p.A.	Hydrocarbons		
	- Nilde	5,5	0,47
	- Settala Amelia B	7,5	1,09
	- Cupello	3,3	0,43
ENEL	Hydroelectric power stations:		
	-Alto Gesso B	60,5	10,02
	- Edolo A	51,9	9,26
	- Edolo B	50,8	8,26
	- Prescenzano	16,4	2,66
ENEL	Thermal power stations:		
	- Brindisi IIA	8,4	1,40
	- Sulcis	5,3	0,86
Municipality of Brescia	District heating Brescia B	4,2	0,83
ENEL	Electricity Sardinia A	8,4	1,45
ENEL	Electricity Lazio South	14,8	2,41
ENI	Gas pipeline Algeria/Italy IIB	37,6	6,78
ENI	Gas pipeline IV Calabria	32,9	6,52
SNAM S.p.A.	Gas pipeline Minerbio-Zimella	24,7	3,99

(1) Excluding part financed from 1979 appropriations

(in million ECU)

<u>Borrower</u>	<u>Project</u>	<u>Loan</u>	<u>Interest subsidy</u>	
Cassa per il Mezzogiorno	Irrigation:			
	- Oristano	18,6	3,80	
	- Fortore (Foggia)	70,5	12,08	
	- Campidano	24,9	4,26	
	- Corfinio (Peligna)	16,5	2,85	
	- Nurra (Sassari)	18,1	3,14	
Cassa per il Mezzogiorno	- Chilivani	4,1	0,71	
	- Alta Stornara B (Taranto)	32,9	6,65	
	Cassa per il Mezzogiorno	Aqueducts:		
		- Verde	8,2	1,43
		- Pertusillo IIIB	41,2	7,12
		- Ruzzo A	4,1	0,68
- Basilicata IA	12,4	2,15		
Cassa per il Mezzogiorno	Industrial estates:			
	- Latium/Abruzzi IIA	20,9	3,66	
	- Campania/Sicily IIIA	12,5	2,16	
	- Syracuse IIIB	9,1	1,59	
	EIB total	626,2	108,71	
TOTAL ITALY		731,9	129,83	

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TABLE 15

EMS Interest Subsidies, Financial Year 1980: IRELAND

(in million ECU)

<u>Borrower</u>	<u>Project</u>	<u>Loan</u>	<u>Interest subsidy</u>
<u>NCI Loans</u>			
Bord Na Mona	Peat production	5,5	1,11
Bord Na Mona	Peat production and manu- facture of peat briquettes	8,8	1,77
Irish Government	Telephone network VII A	26,8	5,55
	NCI total	41,1	8,43
<u>EIB Loans</u>			
Bord Na Mona	Peat production I C	8,9	1,65
Electricity Supply Board (ESB)	Peat power stations A Shannonbridge and Lanesborough	4,4	0,97
ESB	Coal-fired power station Moneypoint A	29,6	6,66
Irish Government	Water engineering Shannon B	9,9	2,32
	Water eng. Mayo-Sligo B	7,4	1,73
	Water eng. East & South-East B	5,9	1,35
	Water eng. South-West A	14,8	3,47
	Water eng. Midlands & North-East A	14,7	3,38
Irish Government	Land drainage B	8,2	1,91
Irish Government	Advance factories:		
	- Industrial Devt. Auth. II	49,0	10,85
	- " " " II B	27,1	7,04
	- Shannon Free Airport Devt. Co. II	10,9	2,42
	- Gaeltarra Eireann II	4,1	0,92
Irish Government	Telephone network		
	- VII A	29,7	6,85
	- VII B	3,3	0,75
British and Irish Steam Packet Co.	Roll on/roll off vessel	11,1	2,11
Irish Government	Forestry development	10,3	2,36
Irish Government	Development of fishing ports	8,5	1,98
	EIB total	257,8	58,72
<u>TOTAL IRELAND :</u>		298,9	67,15

LIST

of reports and documents on Community borrowing and lending activities
which have been submitted to the Council and to Parliament

1. The annual financial reports of the ECSC.
2. The annual reports on Euratom borrowing and lending activities, the latest in respect of the financial year 1979 and dated 28 February 1980 (Doc. COM (80) 70).
3. The annual report on the borrowing and lending activities of the NIC - financial year 1979 - dated 16 April 1980 (Doc. COM (80) 192).
4. The annual report on the application of EMS interest subsidies (to NCI and EIB loans), financial year 1979, dated 16 April 1980 (Doc. COM (80) 192).
5. The general reports on Community borrowing and lending activities:
 - (a) The first dated 17 March 1976 (Doc. COM (76) 111).
 - (b) The second dated 22 January 1981 (Doc. COM (81) 8).
6. The accounts drawn up for all the borrowing and lending guaranteed by the Community's general budget:
 - (a) In Part II of the general budget.
 - (b) In the revenue and expenditure accounts and balance sheets relating to the implementation of the budget.
 - (c) In the annex to the budget, provided as an alternative to inclusion therein, concerning capital operations and debt management, in accordance with Article 16 (3)(b) of the Financial Regulation.

7. The EIB submits an annual report, with a balance sheet and profit and loss account, after approval by its Board of Governors, on the Bank's activities from its own resources and on those carried out under mandate.
8. The report on the experience gained in applying the NCI, together with a proposal for its continued use, dated 30 October 1980 (Doc. COM (80) 670).
9. The report on the experience gained in applying EMS interest subsidies, about to be transmitted to Parliament.