

Information

European
Investment
Bank



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Almost 1000 million units of account lent by the EIB in 1974

The European Investment Bank signed 84 loan contracts totalling 995 million units of account (u.a.)⁽¹⁾ in 1974, helping to finance a wide range of investments contributing to regional development within the Community, projects of common interest to several Member Countries, and development of countries associated to the EEC.

This represents an increase of 22 % on 1973, when 72 loans were granted for a total of 816m u.a., and may be compared with 527m u.a. lent by the Bank in 1972.





The doubling of the amount previously lent in the three new Member Countries (the United Kingdom, Ireland and Denmark), and the upward swing in operations in Italy, were two of the most striking features of the EIB's activities last year.

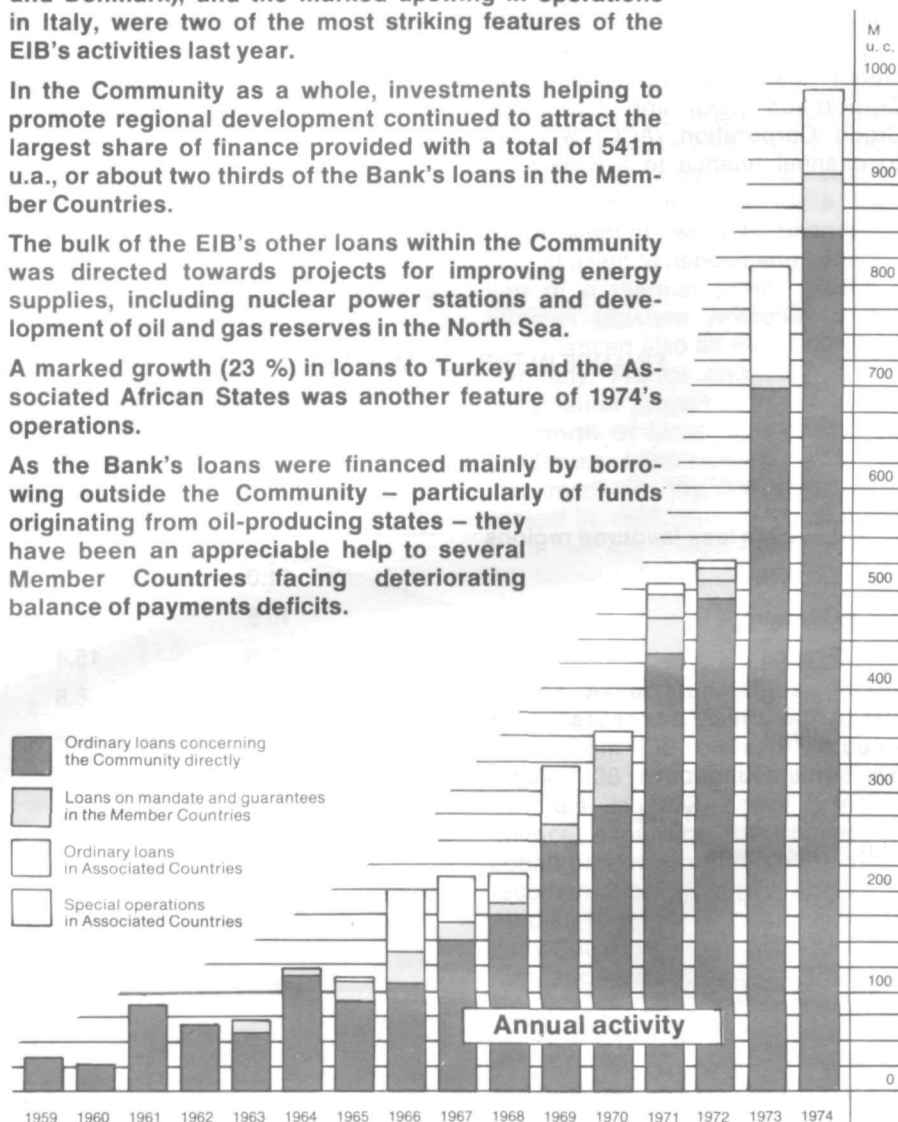
In the Community as a whole, investments helping to promote regional development continued to attract the largest share of finance provided with a total of 541m u.a., or about two thirds of the Bank's loans in the Member Countries.

The bulk of the EIB's other loans within the Community was directed towards projects for improving energy supplies, including nuclear power stations and development of oil and gas reserves in the North Sea.

A marked growth (23 %) in loans to Turkey and the Associated African States was another feature of 1974's operations.

As the Bank's loans were financed mainly by borrowing outside the Community – particularly of funds originating from oil-producing states – they have been an appreciable help to several Member Countries facing deteriorating balance of payments deficits.

-  Ordinary loans concerning the Community directly
-  Loans on mandate and guarantees in the Member Countries
-  Ordinary loans in Associated Countries
-  Special operations in Associated Countries



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n° 1

FEBRUARY 1975

Doubling of amount lent in each of the new member countries

Total finance provided within the Community ⁽²⁾ rose to 849m u.a.

Loans in the **United Kingdom** totalled 154m u.a. (£ 80m) against 67m u.a. (£ 33m) the previous year, with the majority aiding projects in development regions. A second global loan was made to Industrial and Commercial Finance Corporation (ICFC) to support small and medium-sized industrial ventures, and other loans went towards modernising the steel industry in Wales and the North of England (British Steel Corporation's steelworks at Port Talbot and Thrybergh) and aircraft construction (Shorts) in Northern Ireland. Large amounts were also provided for energy projects in Scotland (Peterhead and Lewis), in the North Sea (Frigg gas field) and in the North-East (Hartlepool nuclear power station).

In **Ireland** seven loans totalling 48m u.a. (£ 25m) helped to finance regional development projects, mainly modernisation of infrastructure (telecommunications and railways), but also cement production in Meath and the dairy industry in Cork. Two global loans to Industrial Credit Corporation (ICC) and Agricultural Credit Corporation (ACC) will help to channel finance to a wide range

of small and medium-scale industrial ventures.

In **Denmark**, apart from a loan of 5m u.a. (Dkr 38m) provided for major improvements to the telecommunications system in Greenland, several loans totalling 13.3m u.a. (Dkr 100m) will aid industrialisation, mainly in North Jutland.

60 % increase in loans to Italy

Italy was again the country to receive the largest share of the Bank's loans with more than 290 m u.a. (Lit. 227,000 m) for 22 projects, equivalent to over one third of loans made within the Community.

The majority of this finance (263m u.a.) was directed to regional development projects in the mainland Mezzogiorno, Sicily and Sardinia. It included loans to ENEL for three hydroelectric power stations in Calabria and Sardinia and high-tension power lines in Calabria and Campania, and loans to SIP for improvements to the telephone systems in Campania and Apulia. The Bank also helped to finance major projects in the steel industry (Italsider's Taranto complex in Apulia), the chemical industry (the Gela petrochemicals complex in Sicily), and projects concerning construction materials and

feeding-stuffs (plant in Sardinia for producing animal feed protein, run jointly by a subsidiary of the ENI combine and British Petroleum). Additionally, three global loans were made to IMI, IRFIS and Banca Nazionale del Lavoro to help finance small-scale industrial ventures in the Mezzogiorno.

Besides the energy projects carried out by ENEL, the Bank provided loans for two other energy projects of especial benefit to Southern Italy: exploitation of the «Campo di Luna» natural gas field off the coast of Crotona (Calabria) and construction for the ENI group of a vessel specially equipped for laying submarine oil and gas pipelines at great depth, which will be used for operations between North Africa, Sicily and Southern Italy.

Loans in **France** totalled 183m u.a. (Ffrs 1081m), a little more than in 1973 and chiefly because of the number of projects of benefit to several Member Countries: second and third stages of Bugey nuclear power station in the energy sector, motorways (Verdun-Metz and a section of the A63 Basque Coast Motorway) and European air links (acquisition of Airbus manufactured jointly by four Community countries). Four global loans were also made to Crédit National, Crédit Naval, Société de Développement Régional de la Bretagne and Société de Développement Régional de l'Ouest to increase the flow of finance available for small and medium-sized industrial projects in development and conversion areas. Furthermore, following an EIB loan last year, a start has been made on construction of the Fréjus tunnel linking Italy and France under the Alps.

A total of 90m u.a. (DM 290m) was granted in loans to **Germany** during the first half of 1974, the major part of which went to projects for improving energy supplies, including a loan for a power station in West Berlin to enable production of electricity for peak demand, and further finance made available for a joint Franco-German hydroelectric scheme on the Rhine (Iffezheim power station). The Bank also helped to provide funds for a scheme aimed at reducing pollution of the Rhine (BASF project for purifying industrial effluent and domestic sewage) and made a global loan to Bayerische Vereinsbank.

In the **Netherlands** 30m u.a. (fl 100m) was lent for a gasoline supply to several European countries, and 7m u.a. (Bfrs 730m) was provided for construction of the nuclear power station at Tihange, **Belgium**.

FINANCE IN THE COMMUNITY (*) IN 1974

	Amount (million u.a.)	%
I. Loans in less favoured regions		
Denmark	11.0	2.0
Germany	15.5	2.9
France	83.6	15.4
Ireland	47.7	8.8
Italy	263.3	48.6
United Kingdom	120.2	22.2
Total	<u>541.3</u>	100.0
II. Other loans		
	307.2	—
GRAND TOTAL	<u>848.5</u>	—

(*) Including a loan of 19.1 million units of account for the EKOFISK project situated in the Norwegian sector of the North Sea, authorised by the Board of Governors under Article 18 (1), second paragraph, of the Bank's Statutes.

Top priority still accorded to the less favoured regions

Nearly two thirds of finance provided by the Bank within the Community (541m u.a.) was directed into the less favoured regions, a significant increase on the achievement for 1973. This total includes 169m u.a. accounted for by projects which also fulfilled other criteria for the granting of an EIB loan, as listed in Article 130 of the Treaty of Rome. Global loans granted to banks and financial institutions for on-lending to small and medium-sized ventures showed a fresh trend upwards with 11 operations totalling 134m u.a.

In fact, global loans are now playing

an important part in financing industrial development in the handicapped regions of the Community. In terms of quantity they account for 46 % of finance to industrial projects in these regions, and in terms of effect, as well as supporting relatively small projects over a wide area, they are making a major impact on the economy through the number of job opportunities which they create.

In 1974, the intermediate financial institutions, with the EIB's prior approval in each case, were able to help finance 187 ventures by drawing on global loans granted in previous years. Allocations totalled 75m u.a., three times as much as in 1973 (39 allocations totalling 25m u.a.).

Further advance in lending to the energy sector

During the last year, the EIB made 26 loans to projects in the energy sector for a total 401m u.a., representing 47 % of finance provided within the Member Countries. Most of these projects related to capital investments for improving Community energy supplies and mainly involved nuclear and hydroelectric power stations, projects for developing hydrocarbon deposits and distribution of natural gas.

Loans in the associated countries total 147 million u.a.

The EIB's loans in Turkey totalled 96,5m u.a. in 1974 and for the first time in this country the Bank made finance available from its own resources, through two global loans for financing small- and medium-scale industrial ventures: one for 20m u.a. to the Turkish Industrial Development Bank (TSKB) and the other for 5m u.a. to the Industrial Investment and Credit Bank (SYKB).

«Soft» loans allocated from special funds provided by the Member Countries amounted to 71.5m u.a. One loan of 58m u.a., under a loan contract approved by the Bank for a much larger amount, went to finance mining of a lignite deposit and construction of a thermal power station at Elbistan (Eastern Anatolia), a project financed also by the World Bank, Germany, France and Italy. A land reclamation project in the Gediz valley, north of Izmir, attracted a loan of 10m u.a., supplementing a 15m u.a. loan made for the first stage of the project in 1966, and on the industrial front, two loans were made for a cotton textile mill and a porcelain tableware plant.

In the **Associated African States, Madagascar and Mauritius (AASMM)**, loans from EIB ordinary resources totalled 36 m u.a. compared with 11m u.a. in 1973. These helped to finance expansion of copper and cobalt production in Zaïre (17m u.a.); reconstruction of a section of the Abidjan-Niger (RAN) railway line in the Ivory Coast (14m u.a.) and a new spinning and weaving factory in the Ivory Coast (5m u.a.). The interest rates on these last two loans were subsidised by the European Development Fund (EDF).

BREAKDOWN BY TYPE OF LOAN AND BY COUNTRY OF FINANCE PROVIDED IN 1974

Ordinary operations

<i>Member countries</i>	Number	Amount (million u.a.)	% of total	% Member Countries
Belgium	1	15.0	1.5	1.8
Denmark	5	18.3	1.8	2.1
Germany	7	90.0	9.1	10.6
France	16	183.4	18.4	21.6
Ireland	7	47.7	4.8	5.6
Italy	22	291.5	29.3	34.4
Netherlands	2	29.8	3.0	3.5
United Kingdom	9	153.7	15.4	18.1
Outside the Community (1)	1	19.1	1.9	2.3
Total	70	848.5	85.3	100.0
<i>Associated Countries</i>				
Turkey	2	25.0	2.5	
AASMM:				
– Ivory Coast	2	19.4	1.9	
– Zaïre	1	16.6	1.7	
Total	5	61.0	6.1	
Total of ordinary operations	75	909.6	91.4	
Special operations (2)				
Turkey	5	71.5	7.2	
AASMM:				
– Congo	1	1.0	0.1	
– Ivory Coast	2	7.4	0.7	
– Zaïre	1	5.8	0.6	
Total of special operations	9	85.7	8.6	
GRAND TOTAL	84	995.3	100.0	

(1) EKOFISK project, situated outside the Community in the Norwegian sector of the North Sea, for which finance was authorised by the Board of Governors under Article 18 (1), second paragraph, of the Bank's Statutes.

(2) Accounts for loans on special conditions granted from the resources of Member Countries (Turkey) and from the European Development Fund (AASMM) are kept under the Bank's Special Section.

Four «soft» loans totalling roughly 14m u.a. were granted from the European Development Fund – with the Bank acting as agent of the Community in management of the loans – for extending the water distribution system in Kinshasa (Zaire), financing the Abidjan-Niger railway project already mentioned, developing cocoa plantations in the South-West of the Ivory Coast and extending harbour installations at Pointe-Noire in the Congo.

Resources: 841 million in borrowings, mainly in the form of private loans

Extremely unsettled conditions on capital markets in the Community led the Bank to draw upon other sources, mainly the Middle East, for the funds needed to carry out its lending activities.

A total of 17 borrowing operations in 1974 raised 841 m u.a. compared with 608m u.a. in 1973. A large proportion of these funds took the form of private loans.

(1) Statistics of Bank activities in 1974 are given in units of account with national currencies converted at the following rates: 1 u.a. – Bfrs/Lfrs. 48.6572, Dkr 7.57831, DM 3.21978, Ffrs 5.55 (1/1) – 5.97 (1/3) – 5.64 (1/12), Lit 738 (1/1) – 804 (1/2) – 762 (1/6) – 804 (1/11), Fl 3.35507, £/£IR 0.52, \$ 1.20635.

(2) including a loan to a company in the Italian ENI group for developing the EKOFISK oil and gas field in the Norwegian sector of the North Sea.

**BREAKDOWN BY SECTORS OF FINANCE PROVIDED IN 1974
(LOANS AND ALLOCATIONS FROM GLOBAL LOANS)**

	In the Community			In the Associated Countries		
	Number	Amount (million u.a.)	%	Number	Amount (million u.a.)	%
Infrastructure	37	539.8	63.6	6	93.9	64.0
Agricultural development	–	–	–	1	10.0	6.8
Energy	26	401.2	47.3	1	58.0	39.5
power stations ⁽¹⁾	14 ⁽¹⁾	247.9 ⁽¹⁾	29.2 ⁽¹⁾	1	58.0	39.5
gas pipelines	3	48.4	5.7	–	–	–
exploitation of hydrocarbon reserves	4	49.4	5.8	–	–	–
others	5	55.5	6.5	–	–	–
Water provision and distribution	–	–	–	1	5.8	4.0
Transport	7	74.2	8.7	3	20.1	13.7
railways	1	7.7	0.9	2	19.1	13.0
roads and bridges	4	51.1	6.0	–	–	–
sea and inland waterways	–	–	–	1	1.0	0.7
air transport	2	15.4	1.8	–	–	–
Telecommunications	4	64.4	7.6	–	–	–
Agriculture, industry and services	220	308.7	36.4	14	52.9	36.0
Agriculture, Forestry, Fishing	1	0.7	0.1	1	2.4	1.6
Industry	215	305.5	36.0	11	49.8	33.9
mining and quarrying	3	0.6	0.1	1	16.6	11.3
metal production and semi-processing	10	68.0	8.0	–	–	–
construction materials	9	11.6	1.4	–	–	–
wood industry	15	4.1	0.5	–	–	–
glass and ceramics	5	1.8	0.2	1	1.1	0.7
chemicals	9	44.9	5.3	–	–	–
metalworking and mechanical engineering	49	30.8	3.6	1	0.4	0.3
motor vehicles, transport equipment	8	9.8	1.1	–	–	–
electrical engineering, electronics	13	7.6	0.9	–	–	–
foodstuffs	37	49.3	5.8	2	0.8	0.5
textiles and leather	23	8.7	1.0	3	8.4	5.7
paper pulp and paper	10	5.7	0.7	–	–	–
rubber and plastics processing	6	1.5	0.2	–	–	–
other industries	7	1.9	0.2	–	–	–
global loans	11	59.2 ⁽²⁾	7.0	3	22.4 ⁽³⁾	15.3
Services	4	2.5	0.3	2	0.7	0.5
tourism	4	2.5	0.3	–	–	–
other (pre-investment studies and technical assistance)	–	–	–	2	0.7	0.5
GRAND TOTAL	257	848.5	100.0	20	146.8	100.0

(1) Including three nuclear power stations situated in the Community: 6 loans totalling 119.5 million u.a. representing 14.1 % of the total.

(2) Difference between global loans granted in 1974 (134 million units of account) and allocations which were made during the same year from earlier global loans (187 allocations totalling 74.8 million units of account).

(3) Difference between global loans granted in 1974 (25.4 million units of account in Turkey) and allocations which were made during the same year (6 allocations totalling 3 million units of account) from global loans granted in 1973.

Technology will help to overcome world proteins shortage

Italproteine, a synthetic protein factory set up by BP and ANIC/ENI

Animals have the same basic need of protein in their food as Man.

At the present time, most of the protein in compound animal feed is provided through meal (fish meal chiefly), oilcakes (especially soya) and powdered milk.

The European Investment Bank provided finance for this project in December 1974. Italproteine received an initial loan of 12.4 million u.a. (Lit 10,000 million), via ENI, and a further 7.5 million u.a. (Lit. 6,000 million) was granted to IMI to contribute to its own financing for this factory.

The relative abundance of these products which characterised the world market during the 1960s has been replaced by shortage, aggravated in 1973 when the main producing countries of soya (the United States) and of fish meal (Peru) were obliged to cut back their exports, which seriously complicated the supply situation on the European market.

Moreover, despite steadily increasing demand for proteins, production is still fairly variable and growth potential is limited. After the 1973 crisis the Commission of the European Communities carried out a study which forecast that demand would grow by an average of 3 % a year up to 1977/78. This would mean having to increase output by some 2 million tonnes per year.

Indications are that it would be very hard to achieve a production target of this kind, as it looks as if the only product with future growth potential is the soya bean, which has been cultivated on an intensive basis using modern production methods. But even here the possibilities are far from inexhaustible. The problem is particularly acute for the Community as over 3/4 of its protein requirements for animal feeding-stuffs have to be imported.

Synthetic protein v fish meal

For over ten years now major laboratories have been studying the possibility of industrial production of high-protein micro-organisms from a va-

riety of new sources employing a mineral, methane, methanol or «n»-paraffins base (1).

British Petroleum has devised a way of developing micro-organisms using a sterile water/«n»-paraffins base, the «n»-paraffins being extracted from gas-oil. The result is a synthetic yeast, in the form of yellowish powder with the characteristic smell and taste of yeast, and a 62 % protein content. BP set up a pilot factory about ten years ago at Grangemouth in Scotland with a capacity of 4,000 tonnes per year and the product is already on the market after various long and short-term toxicological tests over a number of years which have led to its acceptance as an animal feed additive in most of the Community countries. The product is incorporated in proportions of between 5 and 15 % into conventional feed-stuffs intended mainly for calves, pigs and poultry. It is extremely nutritious and offers a number of advantages:

- (i) protein content is as high as in fish meal and far higher than in soya cakes;
- (ii) amino acids and vitamins are added in balanced proportions;
- (iii) it provides considerable energy;
- (iv) there is very little humidity;
- (v) the quality is uniform, it is tasteless, supplies are guaranteed and likely to be available in abundance.

Although increased oil prices have considerably pushed up the cost, it is still competitively priced. At any rate, given the current widespread shortage of proteins, the product is bound to gain a place on the market even if it has to overcome certain psychological barriers, which is often the case with products that are breaking entirely new ground.

One of the first major production plants sited in Sardinia

To construct its first major synthetic protein production plant (2), BP has joined with ANIC, an Italian petrochemical company within the ENI group, to form the Italproteine company, with the capital (recently increased to Lit 6,000 million) being held on a fifty-fifty basis. The new plant is one of the first of its type in the world and is being built in Sardinia, at Sarroch near Cagliari. The factory's raw mate-

rial requirements will be met from a neighbouring petrochemicals complex where the «n»-paraffins will be extracted from gas-oil. The factory should be fully on-stream by 1977/78 with output totalling up to 100,000 tonnes per year, half of which will go to the Italian market.

Substantial capital investments are involved, particularly in view of recent cost increases. Both IMI (Istituto Mobiliare Italiano) and CIS (Credito Industriale Sardo) have granted loans at subsidised rates to Italproteine via the Cassa per il Mezzogiorno, which recognises the project's contribution towards regional development in the Mezzogiorno.

Several reasons for the EIB's interest

The European Investment Bank has granted Lit 16,000 million to help finance this factory, which is the latest of its kind and will serve to bring additional industrial activity to one of the Community's less-developed regions. Even if it will initially create only about one hundred job opportunities, the eventual spin-off will be appreciably higher. Furthermore Italproteine's output will help to make the Community less dependent on outside sources of protein, and Italy's balance of payments should certainly benefit from the savings realised on imports of protein compounds.

Finally, Italproteine is the outcome of an agreement between two major British and Italian groups, and the project will be making use of the latest technological equipment produced in several European countries. It therefore stands as an example of industrial cooperation within the Community which should be encouraged.

(1) Yeast is cultivated from linear structure paraffins (hydrocarbons found more or less abundantly in oil).

(2) For three years Société Française des pétroles BP has been producing synthetic proteins in its Cap Lavera factory (Marseille) which has a capacity of 16,000 tonnes per year.

Against time and the elements...

The battle for Europe's oil and gas supplies

The high price of imported energy and the risk of shortages due to political or economic action by its suppliers has emphasized the need for the generation of primary energy from European domestic sources. Technical, political and financial obstacles which could slow down or obstruct this trend must be overcome, and concerted action by the EEC, national governments and commercial interests will be needed to ensure a smooth growth in domestic energy production.

The most immediate gain in this field can undoubtedly be achieved in the areas of oil and gas production, particularly from off-shore areas, and from strata at greater depth than commonly exploited in the past. However, oil exploration and production from such sources is not only largely dependent upon imported technology, but frequently the unusually difficult problems encountered will have to be met by entirely new technical developments. It would, therefore, appear desirable to encourage the establishment in Europe of oil and gas technologies capable of resolving typical European problems.

A number of promoters of such activities have approached the European Investment Bank in the recent past and projects have been financed which should contribute either directly or indirectly to a strengthening of Europe's petroleum energy supplies and which should also reduce the EEC's dependence on imported technology and technical services in petroleum exploration and production.

Semi-submersible platforms

The financing in 1973 of two semi-submersible oil drilling platforms, ordered by SAIPEM, a member of the Italian hydrocarbon group ENI, and built by the Blohm and Voss shipyard in Hamburg, is an instance where recent developments in off-shore oil drilling technology have been applied to aid European and other oil companies operating in European waters.

The two platforms «SCARABEO III» and «IV», due to their size and weight and their large horizontal and vertical flotation chambers which are located below the level of surface waves and swell, permit drilling operations under North Sea weather conditions during about 98 % of the

year. Their nine 13 tonne anchors, 8 cm thick anchor cables and 150 tonne windlasses hold the huge vessels in position during drilling and ensure stability in winds of 182 km/hour and waves of up to 30 m. Exploratory wells of a total depth of 7600 m can be drilled in waters up to 300 m deep.

Prefabricated structures

Another instance of the introduction of new technologies into an EEC country is the financial contribution of the Bank to the creation of a steel fabrication complex for off-shore structures on the Scottish Isle of Lewis in the Hebrides, one of the less privileged regions of the Community. Lewis Offshore Limited, a subsidiary of the Fred Olsen and Aker groups, will at first produce the flotation elements of a recently developed and very successful Norwegian, semi-submersible platform model (the Aker H-3) and will later build deck modules and prefabricated steel decks for the enormous concrete production, drilling and oil storage platforms which will be needed in northern waters. Eventually some 1,000 workers will fabricate and assemble a variety of off-shore equipment which can be launched with the aid of two graving docks and floated to destinations in the North Sea oil and gas fields.

SAIPEM S.p.A., part of the ENI group, received a loan of 24.4 million u.a. (Lit 18,000 million) in October 1973 for construction of the «Scarabeo III» and «IV» platforms. In December 1974, the EIB granted a loan of 12.4 million u.a. direct to Saipem for the «Castoro VI» project and a further 15.7 million u.a. to IMI (Istituto Mobiliare Italiano) to contribute to its own financing of the vessel: the two loans were equivalent to a total of Lit 22,650 million.

In December 1974 Lewis Offshore Ltd received a loan of 7.7 million u.a. (£ 4 million) for the marine installations project in the Hebrides, and in January this year AGIP received a loan of 30 million u.a. (Lit 24,100 million) for development of the Malossa oil and gas field in Northern Italy.

Also concerned with North Sea oil production is another more recent SAIPEM project financed by the Bank, the construction at the Trieste ship yard of Italcantieri of a semi-submersible pipe laying barge, «CASTORO VI», capable of operating in the sea and weather conditions of the northern North Sea. Just as oil drilling rigs can be stabilized by locating their floating support below wave level, so the laying of a string of pipe, which is welded together on board a barge, can be made much easier through the semi-submersible concept. The complex forces which tend to distort the pipe as it emerges from a conventional lay-barge normally prevent pipe laying under any but the most favourable weather conditions. The new ship, due to its semi-submersible characteristics and computer-controlled progression and pipe laying action, will be able to continue pipe welding and pipe laying in high winds and in waves up to almost 6 m in height. This should enable it to operate continuously for up to 300 days per year in Norwegian and Scottish waters, compared with conventional lay-barges which, on average, only register 120 operating days per season even when working in the southern section of the North Sea.

Deep level exploration

A somewhat different project, which is, however, more directly related to additional European energy supplies than those previously mentioned, was recently the object of a loan from the EIB. The use of improved seismic exploration methods has led to the discovery of oil and gas deposits in Northern Italy very much deeper and under much higher temperature and pressure than any previously found. The Malossa Field discovered by Agip (another ENI affiliate), in the Po Valley, 25 km from Milan, presented unusual problems, not only in regard to the exploration methods employed but also concerning the drilling and completion of gas and oil production wells. A total of 15 wells, each more than 6000 m deep, will eventually produce a volume of about 3 milliard m³ of gas and 2.5 million tonnes of oil per year from this formation, making a significant contribution to the country's energy consumption. Moreover, there is little doubt that the experience in petroleum geology and production techniques gained at Malossa will contribute to the discovery and exploitation of similar deep-level deposits elsewhere.

Gécamines and Zaïre copper

Expanding production capacity . . . new industrial techniques

For the Government of Zaïre, exploitation of the rich copper deposits in the Shaba (ex-Katanga) region is of the greatest importance, and their development has been given highest priority. Expectations are that Zaïre's copper production should total 800,000 tonnes in 1980 compared with 490,000 tonnes in 1973, which would boost the country's share of world copper production from 8 to 9%.

Forecasts for the period 1974-1982 would not appear to indicate excess production trends for the copper market and consequently Zaïre, like other copper-producing countries, has set various projects in motion to expand production.

Essential to the economy

In 1973 over 90 % of Zaïre's copper was produced by Générale des Carrières et des Mines (Gécamines), with an output of 470,000 tonnes, but by 1980 it is planned that the company will produce 590,000 tonnes of copper and also 18,000 tonnes of cobalt. Gécamines mines several ore deposits in the Shaba region and produced 16,000 tonnes of cobalt in 1973, making it the world's leading producer of cobalt, with 63 % of the market.

A loan of 16.6 million u.a. (Zaïres 10.4 million) was provided by the European Investment Bank in 1974 to help finance expansion of Gécamines' production capacity. Both the World Bank and the Libyan Arab Foreign Bank are also financing the Gécamines project, the total cost of which is estimated at Zaïres 230 million.

The group's five-year expansion programme (1975-1979) will bring considerable economic benefits in terms of increased assets, tax revenue and net gains in foreign exchange earnings, and will additionally create around 2,200 new jobs.

Thanks to the great mineral wealth of the Shaba region Gécamines also produces zinc, germanium, silver and even gold.

Deposits range over an area of about 300 km long by 20 km wide and there are three main concentrations. The southern deposits, the richest, have

been mined for many years but the stage has now been reached where ore must be sought 1,000m below ground level, and so Gécamines is to concentrate on the deposits in the centre of the region and particularly the opencast mines in the west.

Frontier technology

The installations provided for under the new five-year plan will entail a radical change in Gécamines' copper production methods. At the moment these are based chiefly on electrolysis, but the company has turned to a different, thermic process for working the new deposits.

This entails obtaining part of the heat needed for converting the metal concentrate from oxidization of the ore itself. Additional energy requirements can be met by converting local coal into gas, thus reducing Gécamines' dependence on outside power sources, and the sulphuric acid for refining the copper can be recovered during the process, which will both constitute an additional saving and cut down on pollution in the area. In employing this new process Gécamines will probably be the first company in the world to be using a technique which results in the direct production of copper metal from ore concentrate.

Two loans from the EIB

In 1971 the European Investment Bank made a first loan of 16 million u.a. to the company to help finance an initial boost to production capacity, with the funds being used for a wide range of orthodox installations. The new plant financed under the second loan (16,6 million u.a.) recently granted by the Bank is far more integrated. The mine, concentration plant, metallurgical ore-processing plant, coal-based, gas-production unit and the sulphuric acid plant all form part of the same complex together with electrolytic refining works.

This project will therefore be doing more than simply helping Zaïre to develop its output of crude copper. It will also lead to an increase in value as a result of Gécamines carrying out its own refining in order to process and market the copper on the spot.

Personalia

At the beginning of September last year M. André George assumed responsibility as Manager of the Finance and Treasury Department of the EIB.

A Doctor of Economics, holding a diploma from the Ecole des Langues Orientales, and a former student at the Ecole Nationale d'Administration, M. George has pursued a brilliant career in the world of international finance, both in public service (at the Ministère des Finances in Paris, as Financial Attaché at the French Embassy in Washington, Alternate Director for France at the World Bank, and then as member of the French Mission to the United Nations in New York) and in banking, as Director of International Relations at the Société Générale in Paris.

Aged 51, and married with six children, M. George fills the position formerly occupied by M. Louis Cassagnes, who died in an accident in December 1973.

* * *

Publications

Published in December 1974:

• Investments in the Community in 1973 and their financing

Each year the EIB examines, by country and by sector, the level and impact of investments, and the structure of their financing, according to economic data from the member countries of the Community.

To be published:

• Operations of the European Investment Bank in Turkey from 1963 to 1974

This study will analyse the economic and social development of this country, associated to the Community, and in particular the finance provided by the EIB in different economic sectors.

* * *

European Investment Bank

General Background

The European Investment Bank was created by the Treaty of Rome, which came into force on 1 January 1958, establishing the European Economic Community.

The Bank is an independent public institution within the Community and operates on a non-profit-making basis.

Its basic function is to contribute to the balanced development of the Common Market.

The EIB grants long-term loans and gives its guarantee to enterprises, public authorities and financial institutions, to finance investments which favour the development of less advanced regions and conversion areas or which serve the interests of the Community as a whole.

The members of the European Investment Bank are the nine Member Countries of the Community, who have all subscribed to the Bank's capital which stands at 2025 million units of account.

The Bank borrows the funds required to carry out its tasks on the capital markets of the Community and non-member countries, and on international markets.

The Bank's activities were initially confined to the territory of the Member Countries of the European Economic Community, but have gradually been extended under the Association Agreements to Greece, the seventeen Associated African States, Madagascar and Mauritius (AASMM) certain Overseas Countries and Territories (OCT) and Turkey. Apart from its ordinary loans, the Bank grants loans on special conditions to these countries through its Special Section under mandate from and for the account of the Member Countries or the European Economic Community (special operations). Moreover, with special authorisation from its Board of Governors, the Bank may also grant financial aid to non-member countries especially if the projects concerned are of direct interest to the Member Countries of the Community.

Enterprises, public authorities or financial institutions wishing to get in touch with the European Investment Bank should apply directly to the Head Office of the Bank at 2 Place de Metz, Luxembourg, or, in the case

of projects located in Italy, to its Department for Italy at 38 Via Sardegna, Rome. Contact with the Bank may also be made through the promoter's own bank.

Financing terms and conditions

The Bank may grant loans from its own resources and give its guarantee (ordinary operations) to private or public enterprises, irrespective of their legal status, and to public authorities to finance projects which conform with the conditions of Article 130 of the Treaty of Rome or the Association Agreements. The granting of financial aid does not depend on the nationality of the borrower.

The Bank's loans are intended to cover only part of the cost of a project, supplementing the borrower's own funds and credits from other sources. The Bank rarely lends more than 40 % of the cost of the fixed assets.

Ordinary loans generally range between 2 and 16 million units of account and have so far never exceeded 30 million units of account. Some large projects have received more than one loan but the cumulative total has never exceeded 45 million units of account.

Loans to finance specific projects may be made directly to an enterprise or public authority or through a financial institution. In addition to these «individual loans», the Bank also grants «global loans» to financing institutions, which extend sub-loans for small- and medium-scale industrial investments after the Bank has given its approval for each individual project (appropriations from global loans).

The Bank disburses its loans in several currencies which it selects according to those actually held by it, after consulting the borrowers as to which currencies they would like to receive; repayments and the payment of interest are made in the currencies of the original loan.

The Board of Directors fixes the rate of interest on the loans. As the Bank

operates on a non-profit-making basis, its interest rates are close to the average rates charged on the financial markets where it obtains its funds. The rate charged on each loan is generally that in force on the date when the contract is concluded and is not subject to revision. It is independent of the currency in which the loan is disbursed and the country in which the project is situated. The rate currently in force is 10.5 % per annum irrespective of the term of the loan. The term (generally between 8 and 12 years for industrial projects and up to 20 years for infrastructure projects) and the grace period depend upon the nature of the project concerned.

The Bank makes the granting of its loans conditional on the guarantee of a Member Country or other adequate security.

The conditions under which the Bank conducts its operations in Turkey, Greece and the AASMM and OCT are governed by the relevant Association Agreements.

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