

# EIB INFORMATION

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## EIB lends 15.3 billion ecus in 1991

With 13.7 billion ecus raised on the capital markets and 15.3 billion ecus lent in 1991, the European Investment Bank (EIB) reaffirmed its leading position among the world's major financial institutions.

The lending figure of 15.3 billion ecus, representing an increase of 14.5% over 1990, comprised 14.4 billion (!) advanced within the European Community to finance investment promoting European integration and 916 million provided under the Community's policy of cooperation with non-member countries.

### 13.7 Billion Ecus Mobilised on the capital markets ...

By borrowing 13.7 billion ecus on the capital markets last year and by channelling these resources into investment contributing to the economic and social integration of the EEC, the European Investment Bank played an effective part as a financial intermediary in the building of Europe.

The EIB's top-ranking position on the capital markets has been repeatedly confirmed by the "triple A" rating awarded to its bonds so offering investors first-class security. This excellent credit rating stems in the first instance from the quality of projects funded, to which the EIB attaches greater importance than to the actual volume of financing. Before any loan is granted, interdisciplinary teams appraise projects in conjunction with promoters: they check whether the investment planned is econ-

(!) Including 39.2 million ecus from funds remaining under the New Community Instrument.

DEN EUROPÆISKE INVESTERINGSBANK  
EUROPÄISCHE INVESTITIONSBANK  
ΕΥΡΩΠΑΪΚΗ ΤΡΑΠΕΖΑ ΕΠΕΝΔΥΣΕΩΝ  
EUROPEAN INVESTMENT BANK  
BANCO EUROPEO DE INVERSIONES  
BANQUE EUROPEENNE D'INVESTISSEMENT  
BANCA EUROPEA PER GLI INVESTIMENTI  
EUROPESE INVESTERINGSBANK  
BANCO EUROPEU DE INVESTIMENTO



omically justified, technically and financially sound, and compatible with the environment.

By maintaining a constant presence on the markets, the EIB plays an active role in fostering the development of a European financial area. The 13.7 billion ecus were raised in thirteen currencies, with those of Member States, including the ecu, accounting for 73% of the total. At 18%, the ecu heads the list for the third year running among the currencies borrowed. As the world's leading borrower and lender in ecus, the EIB continually promotes use of the European currency and occupies a prime position in all sectors of the ecu market.

The balance sheet total of the Bank at 31.12.1991 was 74.3 billion ecus, compared with 63.5 billion the previous year.

## Borrower of the year

The volume of its borrowing and lending in 1991 placed the EIB at the top of the list of international financing institutions. However, it is not a question of quantity but the nature and quality of the capital investment funded that is significant.

The EIB's bond issues have consistently been given "AAA" credit rating and the Bank's strength and circumspection on capital markets was highlighted when it was chosen as "1991 borrower of the year" by IFR - International Financing Review.

The EIB was commended for displaying "the profound market knowledge and skills of a major borrower" and for its "efforts towards a true globalisation of the international capital markets". It was noted that the EIB, "respectful of local habits, practices and traditions has been pursuing a policy of promoting the internationalisation of domestic sectors. This accords with its dual nature - that of a bank and as a development organisation aiming at European integration".

Through its activities on capital markets and as the largest borrower and lender in ecu, the EIB is helping towards the creation of an integrated European financial market. The Bank's mission as the European Community's long-term financing institution is to support investment projects that further European integration by meeting EC economic policy objectives. It ensures the quality of its loan portfolio by choosing investment on the basis of its professional judgement: its decisions are dependent on detailed project appraisals carried out by its own staff of economists, engineers and loan officers.

## ... In Furtherance of European Integration ...

European Investment Bank activity forms one of the cornerstones of the Community's economic policies; the Bank's role is to give concrete support to the objectives of those policies aimed at securing economic and social cohesion. This role has been confirmed and strengthened in the decisions taken at the European Council in Maastricht. The EIB clearly coordinates its action with the Community structural funds: modulation of loans and grants makes it possible to optimise Community support for the highest possible level of viable investment.

A top priority for EIB financing is the development of less favoured regions (two thirds of loans granted in 1991, i.e. 8.5 billion ecus). The establishment of a European transport and telecommunications network is a key element in the completion of the Single Market (3.8 billion ecus lent for this objective). Strengthening the competitiveness of industry and its integration at Community level is a crucial objective for the EEC (1 billion ecus). Protection of the environment, improvement of the quality of life and the rational use of natural resources (1.9 billion ecus) are absolute prerequisites for the future. EIB lending to safeguard Community energy supplies totalled 2.7 billion ecus. Through the medium of global

loans <sup>(1)</sup>, the EIB also helps to finance investment in small and medium-sized enterprises (2.4 billion ecus benefiting 9 548 SMEs) <sup>(2)</sup>.

The President of the EIB, Ernst-Günther Bröder, recently summed up the activity of the European Investment Bank in the service of European integration as follows:

"The EIB does not simply grant loans; it also brings to bear its Community and technical expertise, its experience and know-how accumulated over more than 30 years. It is thus able to act as a catalyst, bring together promoters and financiers and mobilise other sources of funds. Without seeking to make a profit, it will further develop these activities in the 1990s, making it easier for investment projects to be carried out effectively for the benefit of European integration."

The catalytic role highlighted by Mr Bröder emerges clearly from the level of investment supported by the Bank: in 1991, EIB lending covered on average a quarter (20% to 50%, depending upon individual projects) of the capital costs of the projects concerned. The Bank played a part in implementing aggregate investment of the order of 60 billion ecus, equivalent to 5.9% of gross fixed capital formation within the Community, estimated at about 1 000 billion ecus in all in 1991.

## ... And in Support of Cooperation Policies with Non-Member Countries

Outside the EEC, the EIB helps to implement the financial aspects of the Community's cooperation policies towards non-member countries. It operates in three main geographical areas: 69 countries in Africa, the Caribbean and the Pacific signatories to the Lomé Convention (ACP countries), 12 Mediterranean countries and 5 Central and Eastern European countries.

Of the 916 million ecus lent outside the Community in 1991, 389.5 million went to ACP countries, 241.5 million to Mediterranean countries and 285 million to Central and Eastern European countries.

In the ACP and Mediterranean countries, the EIB grants loans from its own resources <sup>(3)</sup>, generally accompanied by an interest subsidy (from the resources of the European Development Fund or the Community budget). It also manages under mandate a special form of concessional finance known as "risk capital", provided under flexible arrangements.

The Fourth Lomé Convention sets a ceiling of 1.2 billion ecus for the period 1991-96 on loans from the Bank's own resources and 825 million ecus on risk capital operations.

Under the redirected Mediterranean policy, the EIB's role has been considerably widened and involves over 4 billion ecus for the period 1992-96. In addition to a new generation of financial protocols in favour of the Maghreb and Mashreq countries and Israel, which provide for Bank operations totalling 1.38 billion ecus, this policy caters for so-called "horizontal" financial cooperation: this is intended to support investment of joint interest to both the northern and southern shores of the Mediterranean, especially in the field of environmental protection. It consists of EIB

## GEOGRAPHICAL BREAKDOWN OF LOANS GRANTED

	1991			1990		
	million ecus	%	% grand total	million ecus	%	% grand total
<b>Within the Community <sup>(1)</sup></b>	<b>14 422.8</b>	<b>100.0</b>	<b>94.0</b>	<b>12 680.5</b>	<b>100.0</b>	<b>94.7</b>
Belgium	115.6	0.8		206.3	1.6	
Denmark	538.6	3.7		564.7	4.5	
Germany	1 300.1	9.0		863.5	6.8	
Greece	366.9	2.5		176.3	1.4	
Spain	2 342.5	16.2		1 942.0	15.3	
France	1 924.4	13.3		1 684.6	13.3	
Ireland	236.9	1.6		217.7	1.7	
Italy	4 000.7	27.7		3 855.7	30.4	
Luxembourg	28.6	0.2		11.8	0.1	
Netherlands	175.4	1.2		245.3	1.9	
Portugal	1 002.1	6.9		794.7	6.3	
United Kingdom	2 090.5	14.5		1 892.8	14.9	
Other <sup>(2)</sup>	300.4	2.1		225.1	1.8	
<b>Outside the Community</b>	<b>916.0</b>	<b>100.0</b>	<b>6.0</b>	<b>712.9</b>	<b>100.0</b>	<b>5.3</b>
ACP States	389.5	42.5		153.4	21.5	
(of which: risk capital)	120.0	-		35.9	-	
Mediterranean countries	241.5	26.4		344.5	48.3	
(of which: risk capital)	74.5	-		8.0	-	
Eastern Europe	285.0	31.1		215.0	30.2	
<b>Grand total</b>	<b>15 338.8</b>		<b>100.0</b>	<b>13 393.4</b>		<b>100.0</b>

<sup>(1)</sup> 39.2 million ecus were made available in 1991 and 23.6 million ecus in 1990 from funds remaining under the New Community Instrument.

<sup>(2)</sup> Projects of Community relevance located outside the Member States but, because of their benefit to the Community, treated as equivalent to investment within the Community (see p. 7).

<sup>(1)</sup> The EIB contributes to the funding of small and medium-scale ventures, particularly those implemented by SMEs, through the medium of its global loans. These are similar to lines of credit opened with banks or financial intermediaries, which then use the proceeds to fund projects selected on the basis of the EIB's economic, technical and financial criteria. As funds are allocated to projects over relatively long periods, the use of global loans can cover time frames which do not coincide with a calendar year.

<sup>(2)</sup> All these figures relate to individual loans and allocations from ongoing global loans (see note above). Moreover, as some loans serve more than one objective pursued by the EIB, the various figures cannot be added together meaningfully.

<sup>(3)</sup> What the EIB customarily refers to as its own resources consists essentially of the proceeds of its borrowings on the capital markets.

loans up to a ceiling of 1.8 billion ecus and grant aid from budgetary resources.

The EIB also provides loans, in conjunction with the PHARE Programme administered by the Commission, up to 1 billion ecus in Poland and Hungary and 700 million ecus in the Czech and Slovak Federal Republic, Bulgaria and Romania. In addition, on 16 December of last year, "European" association agreements were signed between the Community and Hungary, Poland and the Czech and Slovak Federal Republic giving these countries continued access to EIB financing.

### The Terms on which the Bank Borrows are reflected in the Terms on which it Lends

The European Investment Bank passes on to project promoters the advantages it enjoys as a "triple A" borrower. Operating as a non-profit-making organisation, it fixes its interest rates for each currency on the basis of borrowing costs, plus a single margin to cover operating costs which has been held at 0.15% for some years.

Of the 13.67 billion ecus raised in 1991 in thirteen currencies, representing an increase of 24% over the preceding year (11 billion), 12.54 billion ecus (9.8 billion in 1990) consisted of long and medium-term funds and 1.13 billion ecus, an amount similar to that for last year, of short-term funds.

In order to offer its borrowers financing tailored to their needs <sup>(1)</sup>, the EIB raised 10.2 billion ecus at fixed rates (9.1 billion in 1990) and 3.45 billion at floating rates (1.8 billion in 1990) by launching long-term

### BREAKDOWN OF CURRENCIES BORROWED (after swaps)

	1991		1990	
	million ecus	%	million ecus	%
1. ECU	2 500.0	18.3	1 755	16.0
2. USD	2 261.6	16.5	1 574	14.3
3. GBP	1 837.4	13.4	1 331	12.1
4. ITL	1 466.0	10.7	851	7.7
5. FRF	1 378.1	10.1	1 114	10.1
6. DEM	1 197.7	8.8	1 124	10.2
7. ESP	813.2	5.9	614	5.6
8. CHF	782.2	5.7	818	7.4
9. JPY	626.5	4.6	771	7.0
10. NLG	369.4	2.7	528	4.8
11. PTE	250.4	1.8	124	1.1
12. BEF	165.9	1.2	330	3.0
13. LUF	23.7	0.2	52	0.5
<b>Total</b>	<b>13 672.1</b>	<b>100.0</b>	<b>10 986</b>	<b>100.0</b>

floating-rate borrowings (1.58 billion), by substantially expanding its various commercial paper programmes in ECU, GBP, ITL and NLG (1.13 billion) or by concluding interest-rate swaps (0.73 billion).

As part of its issuing programme, the European Investment Bank has launched or set up "jumbo" issues, which in some cases represent benchmarks, particularly in ECU (1.15 billion), ITL (1 000 billion), ESP (50 billion) and CHF (600 million). In addition, as a foreign issuer, it has opened up the Australian domestic capital market with a programme of AUD 750 million, of which 400 million were issued simultaneously in Sydney and London. Depending on circumstances, the EIB has also made use of the deferred rate-setting technique, extending it to new markets such as those for the ECU and the ESP.

### Financing priority Objectives in Terms of European Integration <sup>(2)</sup>

Article 130 of the Treaty of Rome entrusts the European Investment Bank with the task of promoting the balanced development of the Community. Far from restricting it to a static role, this operational framework, defined in broad terms, enables the Bank to address new priorities imposed by European integration in an ever-changing political and economic environment. In practice, a very wide range of projects in virtually all sectors of the economy are eligible for EIB financing, because of their direct or indirect support for Community policies to which the funding is geared.

<sup>(1)</sup> Disbursements totalled 15.3 billion ecus in 1991, compared with 11.8 billion in 1990.

<sup>(2)</sup> See footnote <sup>(2)</sup> on page 2.

## EIB annual press conferences

The European Investment Bank's activities are organised on the calendar year, and are fully accounted for in its Annual Report which is presented for approval to the Board of Governors' annual meeting, customarily held in June. An overview of the EIB's annual activities is provided earlier, however, at the beginning of each year at press conferences in Luxembourg and Brussels. Some 100 journalists attended this year.

In his introduction, EIB President Ernst-Günther Bröder said:

"... It is crucial for the EIB to ensure that its top credit standing is maintained. Indeed this is a prerequisite for the Bank being able to mobilize such a volume of funds at the best available conditions. An important element of the EIB's "AAA" rating lies in the fact that the Bank chooses the projects it finances on the basis of its own professional judgement. To be eligible for an EIB loan in the Community, projects must contribute directly or indirectly to European integration. However, this is not the sole precondition; each project must also be economically justified, technically viable, satisfy environmental requirements, and - for investment in the productive sector - be financially self-supporting. These aspects are explored during the EIB's project appraisal which is undertaken, in cooperation with the project promoter, by multidisciplinary teams of our economists, our engineers and our loan officers. The quality of the projects we finance determines the quality of our loan portfolio which is crucial for our credit standing. Neglecting this virtuous circle of interdependence would prevent the EIB from fulfilling its role as the European Community's long-term financing institution, or the European Community's "Hausbank" as we say in German ...

... To ensure the greatest impact of EIB activity, we have further intensified our cooperation with the Commission and its Directorates General. Our Board of Directors has had several discussions on how to integrate most effectively into Community policy measures, the EIB's strength as a borrower on capital markets, and its skill in evaluating an investment project's viability and expected benefits. Of particular importance in this context is the need to optimize the combination of EIB loans and structural funds' subsidies to achieve a maximum of sound investment in support of regional development ...

... The decisions taken at the Maastricht European Council contain a clear commitment to an "open market economy with free competition favouring an efficient allocation of resources". The EIB welcomes this commitment which has always been a guiding principle in its work. Institutionally, the European Investment Bank's position as the "Hausbank" of the Community has been confirmed and reinforced. The EIB is attributed a more visible role in contributing to European integration, particularly with regard to economic and social cohesion. The texts adopted at Maastricht contain a number of other references to the EIB and its role in promoting Community policy objectives, in particular: the creation of Trans-European transport, telecommunications and energy networks; investment to enhance industrial competitiveness as well as to protect and improve the environment; and finally, the EIB's role in the implementation of the Community's cooperation policy towards third countries ..."

**Balanced regional development** has always been the prime objective of the European Investment Bank. The EIB, in cooperation with the structural funds, focuses its action on priority areas of the EEC such that Community aid as a whole, by judicious modulation of loans and grants adapted to the nature of the investment to be financed, facilitates implementation of the greatest possible number of worthwhile, viable projects, with the grant element inversely proportionate to their anticipated benefits.

In 1991, 8.5 billion ecus contributed towards regional development (7.4 billion in 1990), i.e. about two thirds of financing made available in the Community. About 92% of the projects funded were located in areas eligible for assistance from the structural funds, over half of them in regions experiencing the most acute structural problems (Objective 1) and 49% in regions beset with problems of industrial decline or conversion (Objective 2) or in rural areas (Objective 5b).

Attainment of the Internal Market presupposes unrestricted freedom of movement for goods, services, persons and information. By financing **transport and telecommunications infrastructure of relevance to the Community**, the EIB contributes to the establishment of an efficient European communications network, essential to completion of the Internal Market.

EIB lending for this purpose has increased consistently to a level of 3.8 billion ecus in 1991 (3.1 billion in 1990): 1.9 billion ecus helped to improve telecommunications, 355 million went on air transport, 1.3 billion on road and rail links, including the Channel Tunnel, and 79 million on shipping and other forms of communication.

European Investment Bank loans for projects **promoting the international competitiveness of European industry and its integration at Community level, most of them making use of advanced technology, and for the financing of SMEs** play a crucial role in opening up the future for firms in the Community. In anticipation of 1993 and in an increasingly international economic environment, industry is concerned to develop new activities and to restructure its operations. EIB lending directed towards the above ends in 1991 totalled 1 billion ecus.

Funds made available in support of industrial objectives as a whole amounted to 3.3 billion ecus (3.7 billion in 1990). Of the total, 2.4 billion consisted of allocations from global loans to benefit 9 548 SMEs<sup>(1)</sup>.

Some 60% of these allocations were made to enterprises located in the least favoured areas and four fifths to firms with less than 50 employees.

In an industrially developed area such as the European Community, which both generates and suffers the effects of cross-frontier pollution, **protection of the environment, improvement of the quality of life and rational use of natural resources** are of particular importance and thus number among the EIB's priorities.

The Bank supports this combined objective in several ways. It grants loans for projects aimed solely at safeguarding the environment - 15% of EIB financing over the past three years has been for the improvement of the environment. In addition, it directly ties the granting of a loan to observance of the environmental legislation in force and goes even further by encouraging project promoters to install equipment which will reduce the direct or indirect effects of their project on the environment beyond what is required by law.

Under the Environmental Programme for the Mediterranean (EPM), drawn up in 1988 by the European Investment Bank and the World Bank, the two banks contribute to the multiannual Mediterranean Environmental Technical Assistance Programme (METAP) as financing institutions and as providers of technical assistance in the preparation of studies and projects in the environmental protection field. A similar action programme is also being prepared for the Baltic, the EIB being particularly concerned with the coordination of pre-feasibility studies covering the Oder basin.

In 1991, 1.1 billion ecus were made available for water management and protection, 54 million ecus for solid waste disposal, 385 million ecus for air pollution control, 177 million for protecting the Community's natural and cultural heritage and 202 million for improving the urban environment (1990 total : 2.2 billion). These figures relate to investment whose main eligibility criterion is environmental protection, but in fact many projects funded under other headings, particularly regional development, energy saving and transport, have very positive effects on the environment.

In order to assist in **achieving Community energy policy objectives**, the EIB finances projects to develop the EEC's indigenous resources, to promote more rational use of energy and to diversify imports, all of which are aims enshrined in the Community's

energy policy. The EIB has contributed to the Community's success in ensuring that energy consumption does not increase at the same rate as economic growth<sup>(2)</sup>: over the past five years alone, EIB funding to meet energy objectives has totalled 10 billion ecus.

In 1991, a sharp rise in financing to meet energy objectives was recorded: 2.7 billion ecus (in contrast to 1.5 billion in 1990), consisting of 1.4 billion ecus for developing indigenous resources, 833 million for rational use of energy and 503 million for import diversification.

## Country-by-Country overview of Financing within the Community

In **Belgium**, the EIB lent 115.6 million ecus (BEF 4.9 billion).

Some 21 million ecus went towards construction of a new national air traffic control centre at Brussels Airport and modernisation of the facilities of EUROCONTROL, the European Organisation for the Safety of Air Navigation, with a view to relieving congestion of European air space and preventing any deterioration in coming years.

Of the total advanced, 94.6 million ecus were provided in the form of global loans for small and medium-scale ventures. Global loans under drawdown gave rise to allocations worth 216.3 million ecus in support of 280 projects implemented by SMEs.

EIB lending in **Denmark** amounted to 538.6 million ecus (DKK 4.3 billion).

In the energy sector, 295 million ecus went towards construction of offshore oil drilling platforms, development of the Dan Oil Field, construction of natural gas storage facilities, a crude oil pumping station and combined heat and power generating units near Copenhagen and Odense and for modernisation and extension of the district heating system in Fredericia.

A total of 166.4 million ecus helped to improve transport and telecommunications infrastructure of Community importance: construction of a fixed road and rail link across the Great Belt, extension and modernisation of the telecommunications network, construction of a number of motorway sections and installation of a flight simulator at Copenhagen Airport.

<sup>(1)</sup> See footnote (1) on page 2.

<sup>(2)</sup> To produce a given quantity of goods or services, about 25% less energy is now used in the Community than in 1973.

In addition, 20.3 million ecus were devoted to construction of a pharmaceutical R & D centre near Copenhagen.

A further 6.3 million ecus contributed towards upgrading the sewage collection and treatment system at Århus.

A total of 50.9 million ecus was advanced in the form of global loans for small and medium-scale ventures. Global loans already under drawdown gave rise to allocations amounting to 70.8 million ecus for 298 projects undertaken by SMEs.

In **Germany**, lending amounted to 1.3 billion ecus (DEM 2.7 billion). A total of 521 million ecus (DEM 1.07 billion) went to support investment in the new Länder, aimed at assisting their development and integration into the Community. Indeed, the EIB pays particular attention to these areas which, under Community regional policy, all qualify for support from the structural funds.

Out of the total for individual loans to industry, 166.6 million ecus covered investment in the motor vehicle sector in the new Länder. A further 22 million ecus helped to finance wood-free paper production facilities in Lower Saxony and modernisation of a refinery near Düsseldorf.

In the energy sector, 146.1 million ecus in the new Länder helped to finance the laying of natural gas pipelines linking them to the European system and modernisation of the distribution system. 26.8 million ecus assisted construction of a new steam boiler for a combined heat and power station in Mannheim and extension of the regional heat transmission system in the Saar.

Loans totalling 134.3 million ecus centred on modernisation and extension of Hamburg Airport and construction of a new international airport near Munich, and 48.9 million ecus on development of a new satellite-based telecommunications system.

A sum of 41.3 million ecus contributed to modernisation of exhibition facilities at the Berlin Trade Fair and 2.4 million ecus helped to upgrade a waste water treatment plant and the sewerage system near Freiburg.

Funds totalling 711.6 million ecus were advanced in the form of global loans for small and medium-scale ventures. From global loans on tap, 134 million ecus were allocated for 378 ventures mounted by SMEs and 36.1 million ecus went into 19 infrastructural schemes either benefiting the environment or making for energy savings, while a further 7.3 million ecus were given over to four infrastructure projects

aiding regional development. In the new Länder, 26.4 million ecus were devoted to 163 tourism projects and 7 million ecus to two other projects promoted by industrial SMEs.

In **Greece**, the EIB lent a total of 366.9 million ecus (GRD 82.8 billion).

Loans totalling 150 million ecus were granted for small and medium-scale schemes in the public sector under the Community Support Framework for Greece: roads, bridges, ports and airports, water supply and treatment facilities and tourist amenities. Under the Integrated Mediterranean Programmes other funds totalling 14.6 million ecus were earmarked for small and medium-scale energy projects and 9.7 million ecus for smaller-scale information technology ventures.

A total of 50 million ecus was advanced for railway modernisation, construction of a motorway between Corinth and Tripoli and completion of a section of the Athens-Katerini motorway.

Loans running to 21.9 million ecus were earmarked for reconstruction work in the Kalamata region stricken by an earthquake in 1986, 10.5 million ecus for construction of technical training centres and 1.5 million ecus for extension of an irrigation project in Crete.

A total of 16.1 million ecus was provided for construction of natural gas transmission and distribution facilities and of a small hydroelectric power station in Macedonia.

Funds totalling 92.5 million ecus were advanced in the form of global loans for small and medium-scale ventures. From global loans under drawdown, 47.3 million ecus were allocated to 40 ventures promoted by SMEs and 19.1 million ecus to 44 smaller-scale infrastructural works of regional benefit.

In **Spain**, loans totalled over 2.3 billion ecus (ESP 301 billion).

More than half of this was for communications: 1.2 billion ecus were advanced for modernisation and extension of the telecommunications network and for acquisition and launching of two satellites, renewal of the national and regional air fleets, railway projects including construction of the high-speed rail link between Madrid and Seville, modernisation of public transport in Madrid and construction of a motorway to serve Barcelona.

In the manufacturing sector, individual loans totalling 405.5 million ecus are funding modernisation and extension of an oil refinery in Andalusia, motor vehicle production facilities and construction of plants

for the manufacture of telecommunications equipment and pharmaceutical products in Madrid as well as domestic appliances in Madrid, Barcelona and Rioja.

A total of 315.7 million ecus was earmarked for modernisation and extension of the country's domestic electricity and high-voltage transmission grids.

A further 100.2 million ecus went to assist construction of a new international trade fair centre in Madrid and 23.3 million ecus to support various water supply and sewage treatment projects in Málaga.

Funds amounting to 271.8 million ecus, including 39.2 million from NCI resources, were advanced in the form of global loans for small and medium-scale ventures. Ongoing global loans gave rise to allocations totalling 244.7 million ecus for 526 ventures carried out by SMEs and 62.9 million ecus for 27 regional infrastructure schemes.

Total lending in **France** amounted to over 1.9 billion ecus (FRF 13.42 billion).

A high proportion of this funding (751.5 million ecus, or 40%) was devoted to development of European transport networks: the "TGV-Nord" high-speed trains, the Channel Tunnel, the A43 (Savoie), A49 (Rhône-Alpes), A57 (Côte d'Azur) and A26 (Champagne) motorways, renewal of trans-regional air fleets and doubling of airport capacity at Fort-de-France in Martinique.

A total of 287 million ecus was advanced for financing urban or regional transport infrastructure, either in the form of direct loans (a toll road tunnel in Marseille, underground car parks in Lyon) or under four global loans (229.6 million) for regional or local infrastructure. In 1991, 243 local authority projects were financed in this way from global loans under drawdown in 18 French regions.

Funding for industry totalled 737.8 million ecus, of which 35.8 million assisted modernisation of a major chemicals plant in Isère, 15 million went to extend the capacity of a state-of-the-art carbon-fibre production unit in Pyrénées-Atlantiques, 7.2 million supported the development of an advanced thrust reverser for aero engines and a further 7.2 million the construction of a newsprint plant in the Vosges. In addition, 672.7 million ecus were allocated under 11 global loans to support the funding of SMEs. In 1991, 5 947 small and medium-scale projects were financed

under global loans already on tap, mainly by way of leasing arrangements.

Three loans benefited energy and the environment : 35.8 million ecus were advanced for continued modernisation of the Eurodif uranium enrichment plant, 10.8 million to assist development of combined road-rail transport and 4.3 million to finance the second phase of the household waste incineration plant at Lyon-Gerland. Finally, 97 million ecus were advanced for additional funding of the Euro Disneyland theme park to the east of Paris.

In **Ireland**, EIB lending totalled 237 million ecus (IEP 182 million).

Of this, 122.7 million ecus contributed to improving transport and telecommunications infrastructure, mainly of value to the Community: 90.5 million ecus for aircraft acquisition and overhaul facilities at Dublin Airport, for a new ring road to the west of Dublin and for construction of a bypass at Athlone and a bridge over the Shannon plus 32.6 million ecus for development and modernisation of telecommunications.

A total of 42.5 million ecus was advanced for over 50 water supply and environmental protection schemes, 9.7 million ecus to improve the Dublin water supply system and 6.5 million ecus for restoration of the historic centre of Dublin.

A further 55.5 million ecus were earmarked for improvement of the country's electricity and gas transmission/supply systems.

In **Italy**, total lending amounted to 4 billion ecus (ITL 6 134 billion). Over half of this benefited projects located in the mainland Mezzogiorno and on the islands.

In the energy sector, 1.1 billion ecus helped to develop oilfields in Abruzzi and Piedmont and offshore in the Adriatic and gasfields in the Centre and Mezzogiorno, to extend the natural gas supply grid, to improve the transmission and supply of electricity throughout the country, to expand the production of electricity (development of thermal and hydroelectric power stations and combined heat and power plants), to develop several district heating systems in the north of the country and to promote various energy-saving schemes in industry.

Telecommunications received 576.9 million ecus. Projects funded involved modernisation and expansion of the network in the Mezzogiorno, production of equipment and installation throughout the country of new communications systems for data transmission by satellite.

Individual loans in industry and the service sector amounted to 550.8 million ecus. They involved the chemical and pharmaceutical industries in Piedmont, Lombardy, Tuscany, The Marches, Latium, Campania and Apulia, the paper industry in Latium and Friuli-Venezia Giulia, moped and motor scooter factories in Tuscany, float glass production in Abruzzi, aircraft components in Campania, household appliances in Friuli-Venezia Giulia, detergents in Latium, particle board in Piedmont and ice cream in Campania. They assisted modernisation of a refinery in Sicily, cement works in Emilia Romagna and Lombardy, a telecommunications R & D centre in Piedmont, plants for the production of telecommunications and data processing/transmission equipment in the Mezzogiorno and air liquefaction facilities in Tuscany. They also involved construction of research centres for the environment and new materials in Bologna and for biotechnology in Genoa and Milan.

A total of 3874 million ecus was earmarked for water supply and environmental protection projects, with particular reference to waste water and solid waste collection and treatment schemes nationwide, for action to combat erosion, landslides and flooding and for coastal protection works.

The share of the transport sector was 113.9 million ecus devoted to renewal of the air fleet providing links between the Mezzogiorno and the rest of Italy, acquisition and refitting of ferries for routes serving the islands; enlargement of the port of Vasto in Abruzzi and construction of intermodal rail/road freight terminals near Turin and Bologna and modernisation of the funicular railway in Naples.

Loans amounting to 42.9 million ecus were granted for various other infrastructure projects: restoration of buildings for cultural and tourism purposes in Umbria and Liguria and urban renewal works in the historic centres of Ferrara and Trento.

A total of 1.2 billion ecus was advanced in the form of global loans for small and medium-scale ventures. Under global loans on tap, allocations totalling 980.7 million ecus went to 1 811 ventures promoted by SMEs, 30.6 million ecus to 26 small natural gas distribution networks, 5.2 million ecus to three projects centred on environmental protection works and 13.4 million ecus to nine infrastructural schemes underpinning regional development.

In **Luxembourg**, 28.6 million ecus (LUF 1.2 billion) were advanced to improve com-

munications at Community level through the acquisition and launching of a broadcasting satellite.

In the **Netherlands**, funds amounting to 175.4 million ecus (NLG 404.8 million) were advanced.

These included 65 million ecus for construction of a new automated container terminal in the port of Rotterdam.

A sum of 43.3 million ecus helped fund modernisation of two paper mills in Nijmegen and Maastricht.

A further 17 million ecus contributed to construction of a power station in the south-east of the Netherlands based on the experimental use of a new coal gasification technique which could in the future render coal more environmentally acceptable.

A total of 50 million ecus was advanced under a global loan to finance small and medium-scale ventures. From global loans on tap, funds amounting to 68.9 million ecus were allocated to 51 projects promoted by SMEs.

Total lending in **Portugal** amounted to 1 billion ecus (PTE 179.2 billion).

The communications sector claimed 4371 million ecus. Projects funded covered extension and modernisation of the telecommunications network in Lisbon and Oporto making use of digital technology, modernisation of the four main railway lines in the country, extension of the A4 motorway from Oporto to Amarante, improvement of the motorway network serving Lisbon and the road network in the country as a whole, rehabilitation of a breakwater at the port of Sines, laying of an undersea fibre-optics cable for telecommunications linking Portugal with France and Morocco and miscellaneous road projects on the Azores.

Individual loans in industry and the service sector amounted to 270.7 million ecus. They covered the setting up and operation of a papermaking complex in the centre of the country, modernisation of three food processing plants near Lisbon, production of cars and associated electrical and electronic equipment in Lisbon, ignition systems for diesel engines in Setubal, modernisation of a tyre plant, an artificial leather factory, a dyeing and textile finishing unit and a plant producing special metals for industry in the north of the country.

In the energy sector, 116.7 million ecus helped to improve and extend the electricity transmission and distribution grid and to construct and operate small hydroelectric

power stations in the north and centre of the country.

A total of 177.5 million ecus was provided in the form of global loans for small and medium-scale ventures. Under ongoing global loans, 126.2 million ecus were allocated for 300 ventures in the SME sector and 26.9 million ecus for 99 regional infrastructural works.

In the **United Kingdom**, lending totalled 2.1 billion ecus (GBP 1.5 billion).

In the energy sector, 765.4 million ecus were devoted mainly to the development of oil and gas fields in the British sector of the North Sea.

A total of 578.9 million ecus was advanced for water supply and environmental protection, with particular emphasis on waste water and solid waste collection and treatment schemes in several regions and on the coast.

Individual loans in industry and the service-sector amounted to 415.6 million ecus. They covered plants producing chemicals and pharmaceuticals in Wales, the North of England, Teesside, Merseyside, Lancashire and the Midlands, silicon wafers for semi-conductors in Scotland, frozen foods and snack products in Manchester and Grimsby, car body panels in Shropshire and fibre optics in Wales, a printing works in the West Midlands, a cheese factory in Scotland, the design and construction of parts for the Airbus A330/A340 long-haul aircraft in Bristol, Chester and Manchester, plants for aluminium recycling in Warrington and chemicals production in Manchester, textile facilities in Yorkshire and effluent treatment at a chemical plant in Grimsby.

Funds totalling 330.6 million ecus were advanced for the improvement of communications of European importance: extension of the telecommunications system in Northern Ireland, construction of the Channel Tunnel and a passenger terminal at Birmingham Airport.

The EIB also provided support (300.4 million ecus) for three projects located largely outside the territory of Member States, but of direct interest to the Community and hence **included under financing within the Community**.

- A total of 200 million ecus was earmarked for the launching of a second generation of EUTELSAT telecommunications satellites.

- Funds totalling 97.9 million ecus were made available for development of an oil-field in the Norwegian sector of the North Sea, contributing to more reliable oil supplies to the EC.

- A loan amounting to 2.5 million ecus was granted for laying the section not located within Community territory of an under sea-

fibre-optics telecommunications cable linking France with Portugal and Morocco (the loans also granted to Portugal bring total EIB commitment to this project to 16.8 million ecus).

### Financing outside the Community

Financing outside the Community, under cooperation policies with third countries, ran to 916 million ecus (712.9 million in 1990), representing an increase of 28.5%; this comprised 781.5 million ecus from the EIB's own resources and 134.5 million ecus from Member States' or Community budgetary resources. Of the total, 389.5 million ecus were advanced in the ACP States and Overseas Countries and Territories (OCT), 241.5 million in the Mediterranean countries and 285 million in the Central and Eastern European countries.

### THE COMMUNITY'S DEVELOPMENT COOPERATION POLICY

#### ACP STATES AND OCT

Last year the EIB supported investment in 28 ACP States and OCT.

In **Africa**, projects were funded in 17 countries (!) for a total of 314.4 million ecus (203.5 million from the Bank's own resources and 110.9 million from budgetary resources).

Financing for countries in *West Africa* totalled 190.3 million ecus. Projects covered were: in **Burkina Faso**, construction of a power line in the west of the country; in **Côte d'Ivoire**, completion of a feasibility study for the possible setting up of a soluble coffee plant; in the **Gambia**, water supply facilities for Banjul; in **Ghana**, rehabilitation of the Akosombo hydroelectric power station and modernisation of a secondary aluminium smelter; in **Guinea**, improvement of productivity at an alumina plant and water supply facilities for Conakry; in **Mauritania**, development of an open-cast iron ore mine; in **Nigeria**, development of the Oso offshore condensate field and palm oil extraction and refining facilities; in **Senegal**, handling equipment in the port of Dakar.

In *Central and Equatorial Africa*, 21.5 million ecus were made available for the following projects: in **Cameroon**, rehabilitation of a banana plantation and associated export packing facilities; in **Zaire**, extension of the power transmission and supply grid in the Kivu region.

In *Southern Africa*, the Bank advanced funds totalling 38.1 million ecus for the following operations: in the **Comoros**, a global loan for financing SMEs; in **Madagascar**, an equity holding in a venture capital company to fund private enterprises and the develop-

ment of an industrial fishing concern; in **Malawi**, a global loan for financing SMEs, an equity holding in a development bank and production and supply of water for Blantyre; in **Mauritius**, development of a textile mill; in **Zimbabwe**, extension of the power transmission and supply grid in the north and centre of the country.

In *East Africa*, lending by the Bank totalled 28.5 million ecus, given over to: in **Kenya**, a global loan for small and medium-scale ventures, funding for a venture capital company and a feasibility study for an oil pipeline between Mombasa and Nairobi; in **Tanzania**, a global loan for financing SMEs.

*Loan benefiting several African countries:* 36 million ecus were advanced for renovation and modernisation of air safety and traffic control facilities in **11 countries** belonging to the Agency for the Safety of Air Navigation in Africa and Madagascar (ASECNA).

In the **Caribbean**, financing amounted to 56.1 million ecus, involving the following projects: in **Grenada**, construction of an international-class hotel; in **Jamaica**, global loans for small and medium-scale projects; in **St Lucia**, a feasibility study on harnessing the island's geothermal resources; in **St Vincent**, a feasibility study on use of construction materials from Guyana; in **Trinidad and Tobago**, modernisation of an oil refinery.

In the **Pacific**, 11.4 million ecus served, in **Fiji**, to assist start-up of a sawmill plus construction of a maintenance centre at Nadi International Airport and, in **Papua New Guinea**, to provide global loans for financing equity participations in and ventures undertaken by SMEs.

In the **OCT**, a total of 7.6 million ecus was made available for the following: in **Aruba**, small and medium-scale ventures; in the **Cayman Islands**, extension of the drinking water supply system in a coastal region; in **Mayotte**, a passenger ferry between the two main islands in the archipelago; in **Montserrat**, reconstruction of port facilities destroyed by a hurricane.

#### MEDITERRANEAN COUNTRIES

In the Mediterranean countries, funds totalling 241.5 million ecus (227 million from own resources and 14.5 million from budgetary resources) were made available in 7 countries.

#### The Maghreb countries

A sum of 71 million ecus was advanced in **Algeria** for rehabilitating drainage and irrigation systems in several oases, for waste water collection and treatment

(!) Excluding a project common to several countries.

## Mr Oliveira Costa is appointed Vice-President of the EIB



With effect from 1 January 1992, the Board of Governors of the European Investment Bank (EIB), acting on a proposal from the Bank's Board of Directors, has appointed Mr José de Oliveira Costa as Vice-President of the EIB. A Portuguese national, Mr Oliveira Costa succeeds Mr Miguel A. Arnedo Orbañanos on the EIB's Management Committee, the institution's executive body, composed of Mr Ernst-Günther Bröder, the President of the Bank, and Messrs Lucio Izzo, Alain Prate, Ludovicus Meulemans, Roger Lavelle, Hans Duborg

and José de Oliveira Costa, Vice-Presidents.

Born in 1935, Mr Oliveira Costa is a trained economist. After a period with the Bank of Portugal, for part of the time as Manager of the Credit Inspectorate, he subsequently became President of the Sociedade Financeira Portuguesa and Vice-President on the Board of Directors of Banco Nacional Ultramarino and of Banco Pinto & Sotto Mayor; in this capacity, he also held directorships with a number of Portuguese financial institutions. Elected to Parliament (for the constituency of Aveiro, south of Oporto), he occupied the post of Secretary of State for Fiscal Affairs in the last two Portuguese Governments, in charge of reforming the country's tax system.

Of Spanish nationality, Mr Arnedo Orbañanos was appointed Vice-President of the EIB in 1986 following the accession of Spain and Portugal to the Community. In recognition of his service to the Bank, the EIB's Board of Governors has conferred on him the title of Honorary Vice-President of the EIB.

(continued from p. 7)

waste water collection and treatment facilities in a district of Greater Algiers, for the motorway bypass around the town of Bouira, 120 km to the south-east of the capital, and for setting up a venture capital company to promote the industrial sector and joint ventures with European private firms.

In **Morocco**, 60 million ecus contributed towards a project for the irrigation and improvement of farmland in Upper Doukkala to the south-west of Casablanca. In **Tunisia**, 35 million ecus were advanced to bring farmland on the Cap Bon peninsula and to the west of Tunis into production and to build water treatment plants and waste water collection facilities in Gabès and the surrounding region.

### The Mashreq countries

In **Egypt**, 43 million ecus were advanced for extending the gas supply system in Greater

Cairo and building a refrigerator compressor plant to the north-east of the capital.

In **Jordan**, 10 million ecus were made available to extend the waste water collection and treatment system in six districts of the town of Zarqa and, in the form of global loans, to finance SMEs and the resettlement of refugees.

### Cyprus

A sum of 20 million ecus funded a global loan to the Cyprus Development Bank for small and medium-scale ventures, accompanied by an equity participation in that bank and an APEX <sup>(1)</sup> global loan for financing equity participations.

### Malta

A sum of 2.5 million ecus was provided in the form of an APEX <sup>(1)</sup> global loan for financing industrial projects by way of equity participations.

## COMMUNITY COOPERATION POLICY WITH CENTRAL AND EASTERN EUROPEAN COUNTRIES

A total of 285 million ecus was made available by the European Investment Bank in Central and Eastern Europe.

In **Poland**, 145 million ecus were advanced for modernising and extending the long-distance and international telecommunications system and, in the form of a global loan to a national bank recently set up, to finance a wide range of projects.

In **Hungary**, 115 million ecus were provided both in the form of an APEX <sup>(1)</sup> global loan for funding principally private-sector projects and for improving electricity generation at Kelenföld power station, which meets part of Budapest's heat and power requirements.

In **Romania**, 25 million ecus will help to improve electricity production by reconditioning four generating units.

<sup>(1)</sup> A global loan granted to the State which on-lends the proceeds to financial intermediaries approved by the EIB for funding ventures mounted by SMEs.

## Ecu

Below are the ecu values in national currencies, as at 31 December 1991, these rates are applied to the second quarter in preparing financial statements and operational statistics of the Bank:

DEM	2.03553	BEF	41.9308
GBP	0.716117	LUF	41.9308
FRF	6.95338	DKK	7.92945
ITL	1542.40	GRD	235.065
NLG	2.29352	IEP	0.766332
ESP	129.668	PTE	179.886
		USD	1.34093

N.B: Ecu/national currency conversions given in this issue for operations in 1991 are based on different exchange rates, applicable at the time of each contract signature.

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