

EIB INFORMATION

November 1993 • N° 78
ISSN 0250-3891

DEN EUROPÆISKE INVESTERINGSBANK
EUROPÄISCHE INVESTITIONSBANK
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The EIB and European Union

The Maastricht Treaty on European Union, which came into effect on 1 November 1993, provides the framework for the continuing activities of the European Investment Bank as the European Community's long-term lending institution.

The Treaty highlights and emphasises the EIB's identity as an autonomous institution "which shall act within the limits of the powers conferred upon it..." (1). As such, the EIB has a major role in helping to promote the European Union, particularly as regards the policy on economic and social cohesion, the promotion of Trans-European Networks in transport, telecommunications and energy, industrial competitiveness and protection and improvement of the environment. The Treaty's provisions also confirm its role in the implementation of the Community's external policy towards third countries (2).

In effect, the Treaty broadly reinforces the EIB's ongoing activities in the context of the establishment of economic and monetary union amongst the European Community's Member States. Operating on a non-profit basis the EIB is to make loans to facilitate the financing of projects furthering the Community's economic integration objectives (3).

The EIB's role in furthering development of the Community's less-favoured regions is particularly highlighted. A Protocol to the Treaty notes that the EIB is already "lending large and increasing amounts for the benefit of the poorer regions" and reaffirms that the Bank should "continue to devote the majority of its resources to the promotion of economic and social cohesion" (4).

At the same time, the Treaty enhances co-operation and co-ordination between the EIB and the Structural Funds and the new Cohesion Fund to reinforce action to promote the development of the less-favoured regions (5). In September, the EIB's President, Sir Brian Unwin, and European Commission Member, Peter Schmidhuber, signed a co-operation agreement for implementing the cohesion financial instrument, the predecessor to the Cohesion Fund. The agreement covers practical aspects, in particular the regular exchange of information between the institutions, and enables the Commission to benefit from the EIB's expertise in appraising projects eligible for financing under the new instrument.

(1) Treaty on European Union, Article 4b.

(2) Ibid, Articles 130u, 130w.

(3) Ibid, Articles 198d, 198e.

(4) Ibid, Protocol on Economic and Social Cohesion.

(5) Ibid, Article 198e, and Protocol.

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Promoting the acceleration of investment in Europe

In inviting the European Investment Bank (EIB) to contribute towards restimulating economic activity and employment in Europe, at their meetings in Edinburgh on 11-12 December 1992, Copenhagen on 21-22 June 1993 and Brussels on 29 October 1993, the Community Heads of State and Government vested the EC's financial institution with greater responsibilities. The EIB has been prompt to respond to the new challenge: in early 1993, it established the Edinburgh lending facility and unveiled the European Investment Fund (EIF), two new instruments introduced with a view, in the first instance, to aiding economic recovery in the short term and, in the second, to benefiting the economy over the longer term through an innovative guarantee fund.

Fostering Investment in Priority Projects

Up and running since February 1993, the Edinburgh lending facility is designed to accelerate the financing of infrastructure forming part of trans-European transport, telecommunications and energy transfer networks (TENs) or serving to protect the environment. Pursuant to the measures adopted at the Copenhagen Summit, **the duration of the Edinburgh lending facility has been extended beyond 1994 and its volume increased from five billion to eight billion ecus.** Two billion of the additional three billion ecus will be given over to funding TENs and the remaining one billion is to be devoted, as a matter of priority, to boosting capital investment at the level of Europe's smaller businesses (SMEs).

By the beginning of November 1993, the EIB had already approved more than 3.4 billion ecus under the Edinburgh lending facility in support of around fifty projects in eleven Member States. In order to maximise the impact of Bank financing on quickening the tempo of economic activity, care was taken to select projects already well on schedule, administratively or technically speaking. In this way, accelerated financing is not only directly ensuring prompt completion but is providing a fillip to the economy and improving the employment situation. This is not to say that, in terms of the projects selected, quality has been sacrificed to speed: in keeping with the conclusions of the

Edinburgh Summit, the EIB has adhered strictly to its customary technical, economic and financial appraisal criteria with a view to ensuring that funding for capital investment is deployed to optimum effect.

Consequently, in promoting TENs, the principal projects approved by the Bank have ranged from European motorway and rail links in Belgium, Denmark, France and Greece, to airport modernisation projects in Germany, Spain, France and Italy, digital telecoms networks in the United Kingdom, Ireland, East Germany, Italy and Portugal, electricity supply systems in Ireland, Spain and Portugal, and natural gas transmission networks in East Germany and Italy. The Bank's commitment to protecting the environment has led it to fund water supply and wastewater treatment schemes in the United Kingdom, Spain and Portugal, industrial modernisation works in France designed to reduce environmental pollution (1) and major plants in Belgium and the Netherlands designed to treat and dispose of household and industrial waste. Smaller-scale projects have also attracted support, notably regional infrastructure or works to safeguard the environment in the United Kingdom, France and Spain.

At their meeting in Brussels on 29 October, the Heads of State and Government expressed the wish that schemes in the **transport, energy production and urban renewal** sectors also attract EIB financing under the Edinburgh lending facility. The Bank's Governors will be invited, acting on a proposal from the Board of Directors, to extend the facility's eligibility criteria in line with the European Council's wishes.

At the Copenhagen and Brussels European Councils, it was recommended that the **Edinburgh lending facility also be extended to finance investment by smaller businesses, including industrial SMEs, by means of global loans from the EIB.** The ECOFIN Council (Economic and Financial Affairs Ministers) was invited to study how these loans could benefit from interest subsidies of up to 3% made available over five years from the Community budget for job-creating investment.

(1) See article hereafter on: "Industry and the Environment".

Anxious to underpin public-sector capital spending conducive to economic development, the European Council also endorsed the importance attached by the Member States to identifying and losing no time in getting under way projects in this sector, particularly infrastructure schemes. Having advanced more than ECU 30 billion over the period 1988-1992 for infrastructural works, the EIB has already demonstrated its active support for schemes of this kind, although it cannot "invent" projects on its own. The Council has similarly stressed the importance of implementing rapidly the Community's structural policy programme providing for ECU 140 billion over the years 1994-1999. Alert to the need to ensure the most effective interplay between Community loans and grants, the Bank and the Commission have forged ever closer co-operative ties resulting in **an agreement, concluded in September, intended specifically to enable the Commission to benefit from the EIB's expertise in evaluating projects submitted for future financing under the new "Cohesion Fund" (2).** It should be added that several of the projects listed above, particularly those located in the least privileged areas of the Community, have already attracted a combination of EIB loans and EC grant aid (3).

An innovative Guarantee Instrument for financing European Projects

As well as increasing the amount of lending earmarked for promoting capital investment in the short and medium term, the Community authorities were eager to stimulate economic recovery over the longer term, in the interests of a fully-fledged Single Market, by creating a guarantee mechanism for financing the infrastructural needs of TENs and the investment

(2) This agreement is already serving to activate the "cohesion financial instrument" established by Council Regulation (EEC) No 792/93 of 30 March 1993 (see OJEC L 79 of 1 April 1993) as an interim measure pending creation of the "Cohesion Fund".

(3) Under the Edinburgh lending facility, the ceiling on EIB financing for a project in relation to total cost has been increased from 50% to 75%, while the ceiling for cumulative Community financing (EIB loans plus EC grant aid) has been raised from 70% to 90% (see "EIB Information", No 76).

needs of SMEs. The importance of this move is underscored by the findings of recent studies which put at tens of billions of ecus the financing needed to bridge all the missing links in the Community's major networks vital for the Single Market. The creation of such a mechanism also recognises the key role played by smaller businesses in building up valuable investment within the Member States' economies.

Even more so than readiness to lend, assessment of the risk factor is crucial for financing decisions. In the case of TENs, in particular, the financial return is far from immediate and often less marked than the benefits to the community at large. One of the downsides of a climate of economic uncertainty is that neither TENs nor SMEs are likely to attract more than modest capital inputs if investment decisions are left to market forces alone or remain dependent upon government guarantees that are necessarily limited at a time of Community-wide budgetary restraint.

This was the thinking behind the creation of the **European Investment Fund (EIF)**, an independent international financial institution to be endowed with a capital of two billion ecus subscribed as to 40% by the EIB, 30% by the Commission of the European Communities and 30% by members of the European banking system. An additional mechanism bringing together investors from the private and public sectors, the EIF is expected to be able to guarantee up to 16 billion ecus worth of financing. The new Fund will enable its members to participate in an expanding market, trim costs by virtue of access to a variety of notably long-term guarantee facilities and improve overall asset and liability management. Subsequently, the EIF might be authorised to embark upon equity operations in support of TENs or SMEs.

The founding instruments of the EIF were approved at an intergovernmental conference held in March 1993 and the corresponding texts are in the course of being ratified by the Member States. At

Bank level, in June 1993 the EIB's Governors adopted the draft Statutes of the EIF thereby opening the door to members from the banking system and their active participation in the new Fund. Following discussions with over a hundred financial institutions in the Member States, the EIB has already built up a strong core of banking-sector shareholders with a view to laying the foundations of a balanced representation between operators in different markets and countries essential for the Fund to have an effective future impact. Apart from its principal remit, the EIF has also been conceived with the intention of strengthening interbank co-operation, through the exchange of information between member institutions, and promoting valuable links across the Member States. Paving the way for the EIF's administration, the Bank's Management Committee has appointed Mr Eugenio Greppi, Head of the Directorate for Operations within the Community, as the EIB's member of the Fund's Interim Financial Committee.

Strengthening industrial competitiveness and protecting the environment

Earlier this year, the European Investment Bank lent ECU 75.7 million for investment to protect and improve the environment at four plants of Rhône Poulenc in north and south-east France. The finance was for a scheme by the chemical group to treat effluents, regenerate sulphuric acid, and to process and recycle solid wastes. Partially financed under the Edinburgh temporary lending facility (see lead article in this issue) the scheme is an example of industrial investment benefiting the environment.

Enhancement of the international competitiveness of Community industry and fostering its integration at Community level, and protection and improvement of the environment are Community policy objectives supported by the EIB. As the Bank has a long experience in providing finance for industrial modernisation and environmental protection, it is well placed to promote the link between both dimensions.

The decisive element for this link is the EIB's project appraisal carried out before deciding on the financing of any project by teams of the Bank's staff comprising a

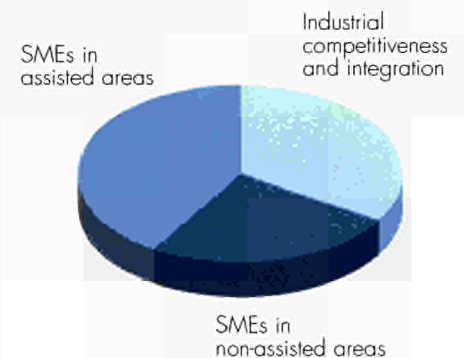
loan officer, an economist and an engineer. The engineer is also responsible for evaluating the environmental aspects of the planned investment. The EIB applies an integrated approach in these appraisals, taking into account the increasingly stringent environmental requirements as well as satisfying itself on the investment's economic justification and technical and financial viability. Projects that do not comply with environmental regulations are not financed by the EIB.

Over the past five years, 1988-1992, the EIB provided more than ECU 20 billion for financing investment in the productive sector. In its lending, the EIB does not have a sectorial approach but supports Community policy objectives. Apart from enhancing international competitiveness and protecting the environment, as already mentioned, other objectives under which the EIB finances investment in industry include balanced regional development and a more rational use of energy (energy saving). EC industry has to adapt if it is to remain competitive in increasingly global markets and if it is to

lessen the impact of productive activities on the environment.

Environmental considerations are increasingly becoming a critical element, particularly since the regulatory emphasis is shifting from control to prevention of pollu-

Financing provided within the Community from 1988 to 1992 for Industrial objectives: 14806 million ecus



tion damage. Rigour and imagination will be in great demand in the future if compatible and complementary economic and environmental systems are to be achieved. Environmental compliance can be viewed as a challenge for industry to gain

a competitive edge. It is an opportunity to develop environmentally friendly production processes and products, such as using water-based paints or eliminating heavy metals from dyes, as well as for projecting a "green" image.

Industry is moving in this direction. The following cases drawn from the numerous industrial projects financed by the EIB are concrete examples of such endeavours.

The Ciba-Geigy extension of pharmaceutical production facilities at Grimsby (UK), for instance, illustrates how investment in industry may be associated with the **protection of the environment both within and around a production site**. The project involves the construction of a new pharmaceuticals manufacturing unit together with a biological waste-water treatment plant designed to serve both new and existing facilities. Located on the Humber estuary on the east coast of England, it is important ecologically to protect the mud-flats adjoining the new and existing facilities. A waste water plant and related infrastructure are being built to collect, treat and dispose of the effluents, and ventilation air and process vents will be filtered and scrubbed to meet relevant regulations in the EC. The new production facility will also include measures to avoid the exposure of personnel to raw materials, intermediates or active substances.

In the same locality, the EIB has financed investment to improve the environment by **reducing pollution in the Humber river estuary**, in a new liquid effluent treatment facility by Tioxide, an ICI subsidiary. Tioxide manufactures pigment used in the production of paints, plastics, paper, etc.

The EIB has financed British Alcan Aluminium's construction of a dedicated used-aluminium beverage can recycling plant at Warrington (UK) that has significant environmental benefits through the **reduction of energy requirements** in the production process and through the conservation of natural resources and the reduction of waste. Though not mandatory for the processing of metals under national legislation, environmental impact assessment procedures were carried out voluntarily by the producer.

L'Oreal, the French cosmetics group, promoted a project, financed by the EIB, to **eliminate ozone-damaging CFCs** (chlorofluorocarbons) from its products. To achieve this, a new dedicated plant for the production of CFC-free sprays was constructed in the UK.

In view of a future Community Directive on this subject, the EIB is assisting car producers in their efforts to modernise their plants. Using the latest technologies available for car paint-shops, Volkswagen embarked on what at that time was the most important industrial investment in the new German Länder. Noteworthy, from an environmental point of view, is the plant's exclusive **use of water-based paints**. The entire paint-shop was designed and built with a view to trends in EC regulations.

Similarly, Fiat, another large car paint user, benefited from an EIB loan to introduce water-based paints and thereby **reduce emissions of polluting organic solvents** in 4 large paint-shops most of them located near urban areas. In a Ford-Volkswagen joint venture in Portugal, provisions were made for all solid and liquid waste to be treated and safely disposed of. In the paint shop, which can also be converted to water-based paint use, solvent emissions will be in line with the regulations existing in the EC.

The EIB has financed a number of major investments in refineries in Italy, Greece and Spain that will encourage the increased use of **low-lead or unleaded petrol**. A recent example is the Bank's support for CEPSA's - Compañía Española de Petróleos - project to modernise an oil refinery in the south of Spain. The use of low-lead or unleaded fuels helps to lessen the negative effects on air quality.

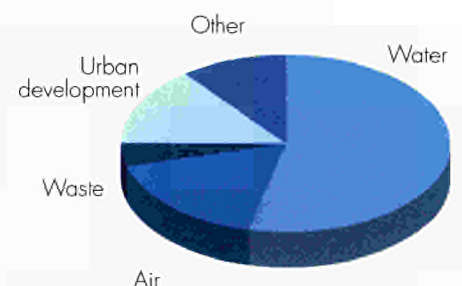
The world's highest concentration of chemical and petrochemical industries is at Antwerp in Belgium, which has benefited from an EIB loan for an **industrial waste disposal project**. After achieving a considerable reduction of waste using clean technologies and exploiting recycling opportunities, the region's chemical industry, with the support of local authorities, is promoting a project for further improvements in chemical waste management and disposal. For this,

Indaver - Industrial Waste Antwerp -, a mixed private-public sector company, has constructed an integrated plant for chemical waste treatment that will also serve third parties. This will ease and speed up the phasing out of **toxic chemical waste incineration** in the North Sea.

The company Pierre Fabre has invested in the rationalisation and reorganisation of several of its pharmaceutical manufacturing facilities in the south of France. The improvements supported by the EIB in these schemes will serve to **minimise the environmental impact of production activities** through air-conditioning, air-filtration, robust insulation and the construction of a new effluent treatment facility.

Wide co-ordination between local authorities and organisations, particularly those interested in environmental protection, characterised the definition of a project promoted in Germany by Egger, one of the main European wood-particle panels manufacturers. The company chose a **technology capable of preventing potential sources of pollution** and it also adopted an effective system to process effluents. All installations were designed to eliminate dust emissions, purify air and recycle the collected dust as fuel.

Financing provided within the Community from 1988 to 1992 for Environment, quality of life: 11 579 million ecus



The EIB's project appraisals, carried out in close co-operation with project promoters, encourage the spread of environmental awareness in the different disciplines focused on an investment. This wide-spectrum approach, ranging from high-tech to economic, financial and legal aspects, helps to improve project quality by integrating environmental and business considerations.

Growing EIB role in Central and Eastern Europe

On 13 September 1993, the Council of Ministers of the European Community took a position of principle in favour of new EIB lending of up to ECU 3 billion over the next three years in ten Central and Eastern European countries (CEECs): Albania, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia. If confirmed by a favourable opinion of the European Parliament, the Bank's Board of Governors will subsequently be invited by the Council of Ministers to adopt the ECU 3 billion ceiling for EIB lending in the region up to 1996. According to Article 18 of the EIB's Statute the Governors, acting unanimously on a proposal from the Board of Directors, can authorise the Bank to grant loans for investment projects outside the Member States. EIB lending in the region will again be covered by a guarantee from the Community.

The EIB started lending in Central and Eastern Europe in 1990 following an authorisation by its Board of Governors in 1989 to provide ECU 1 billion in Hungary and Poland. In 1991, the EIB's financing was extended by ECU 700 million for projects in Bulgaria, the Czech Republic, Romania and Slovakia. The Bank's scope of activity was further widened in July 1993, when the EIB's Board of Governors authorised lending of ECU 200 million for investment projects in Estonia, Latvia and Lithuania, and of ECU 150 million for improving the Slovenian road and rail networks.

A variety of projects supported

By the end of September 1993, EIB lending in Central and Eastern Europe totalled ECU 1 308 million. Of this, 303 million were in Poland, 305 million in Hungary, 196 million in

Bulgaria, 222 million in the Czech Republic, 144 million in Romania, and 138 million in Slovakia.

Projects mainly concerned the modernisation and extension of energy generation and distribution (ECU 225 million), telecommunications (ECU 330 million) and transport projects such as roads (ECU 146 million), railways (ECU 20 million) and airports including air traffic control systems (ECU 124 million). ECU 100 million was provided for the modernisation of a car assembly plant and ECU 13 million for an afforestation scheme.

A total of ECU 350 million was provided in the form of global loans, i.e. temporary lines of credit to financial institutions for on-lending to small- and medium-scale industrial and tourism projects as well as for smaller-scale energy and environmental protection schemes. Beside the support which global loans provide for the development of the private sector, the participation of local banks in the provision of long-term EIB funds to SMEs is also important for strengthening the domestic financing network and for the acquisition of know-how in the field of project appraisal.

In Bulgaria, the Czech Republic, Romania and Slovakia the combined ceiling of ECU 700 million authorised in 1991 is already fully allocated. The new ECU 3 billion facility for the CEECs will allow the Bank to continue lending in these four countries without interruption.

Coordination with other donors

EIB lending in Central and Eastern Europe is coordinated with the EC Commission which is providing non-reimbursable aid in the framework of the PHARE programme.

As the EIB does not grant general purpose loans, its lending in Central and Eastern Europe is closely tied to specific projects in the public as well as private sectors. Priority is given to:

- transport and telecommunications; the EIB supports investment to improve national networks and extend links with other countries, and with the EC in particular;
- the energy sector, where there is an urgent need for restructuring and technological modernisation; the EIB also finances investments aimed at saving energy and improving the environment;
- industry and tourism, in particular joint-ventures with EC partners and direct investments by western firms.

For its lending in Central and Eastern Europe the EIB uses essentially the same appraisal criteria as it applies to investment projects elsewhere. To obtain an EIB loan a project must be viable from an economic, environmental, technical and financial viewpoint.

EIB loans, which may cover up to a half of a project's cost, are not simply an alternative source of finance, but are also intended to encourage other providers of funds, particularly from the private sector. Frequently, the EIB co-finances investment with bilateral financing institutions of the Community's Member States, the European Bank for Reconstruction and Development (EBRD) and the World Bank group, as well as with commercial banks.

Having laid the basis for its activities in Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia, the EIB is now in the process of establishing the necessary relationships with authorities and private investors in Albania, Estonia, Latvia and Lithuania. It expects to finalise its first loans for investment projects in all four countries soon.

EIB financing in the new German Länder

One of the European Community's main objectives is to level out imbalances in the economic performance between its regions. Some two thirds of the EIB's yearly lending is for investment furthering this objective.

In Germany, only a few regions in the older Bundesländer were classified under the Community's regional policy as being structurally weak. This situation has changed dramatically with unification. By the end of June 1990, the EIB's Board of Governors already authorised the Bank to finance projects in the Eastern Länder, i.e. outside the Community, with the establishment of monetary, economic and social union between the Bundesrepublik and the then GDR (1 July 1990).

Three months later, with German unification on 3 October, the former GDR area became part of the European Community, and since then has access to EIB finance for projects on the same conditions and terms as the rest of the Community. Of particular importance for the new Länder is that they are included amongst the priority regions for Community economic

development support, and are thus able to draw on both loans from the EIB and grants from the EC's Structural Funds for financing investment.

In the first three years since unification, the EIB has supported the modernisation and integration of **industry** at a national and Community level with a total of ECU 1 222.5 million (DEM 2 335 million). Of this amount, ECU 790.1 million (DEM 1 509 million) financed large-scale investments in the car, paper, building and food industries; ECU 432.4 million (DEM 826 million) through global loans supported some 350 small and medium-sized ventures in textiles, metal, glass, wood, plastics and food processing. An additional ECU 60.2 million (DEM 115 million) helped finance some 220 small and medium-sized ventures in **tourism**.

A crucial element in the move towards more economic and social cohesion within the European Community is the continuing improvement of **communications**. The EIB provided ECU 400.5 million (DEM 765 million) for the extension and modernisation of telecommunica-

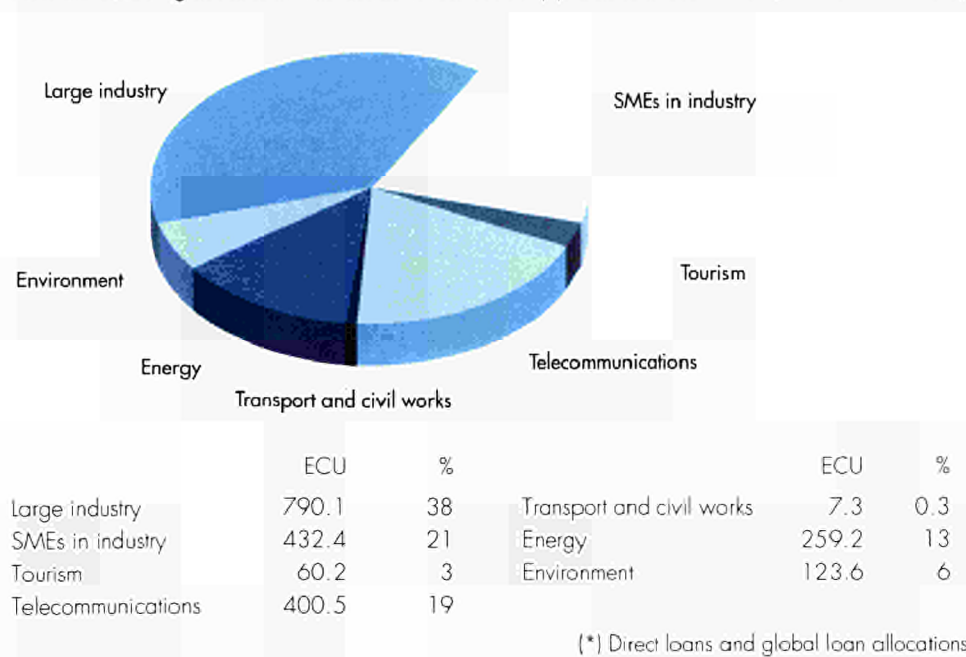
tions in Dresden, Gera, Halle, Leipzig, Magdeburg and Rostock, which includes the connection of 250 000 new subscribers to modern digital exchange equipment. An additional ECU 7.3 million (DEM 14 million) went to small **transport and civil works**.

ECU 259.2 million (DEM 495 million) has gone towards the **energy** sector. More specifically, EIB loans of ECU 225.1 million (DEM 430 million), have supported the construction of new interregional gaslines, as well as the modernisation of the existing eastern German gas grid, so enabling the replacement of town gas and highly polluting lignite by natural gas from the European network. Through global loans a further ECU 34.1 million (DEM 65 million) helped finance 10 smaller energy ventures.

In the new Länder, where under the previous regime environmental aspects had been neglected in the last 40 years, the EIB financed **environmental protection and the improvement of the environment** with a total of ECU 123.6 million (DEM 236 million). ECU 20.4 million (DEM 39 million) was for sewerage and sewage treatment schemes for some 30 municipalities with a total population of 100 000 inhabitants in the greater Bitterfeld and Wolfen areas, which are two of the most heavily polluted towns in eastern Germany. About half of the former GDR's chemical industry was concentrated in the Leipzig/ Halle/ Merseburg region. A further ECU 103.2 million (DEM 197 million) through global loans financed 33 smaller investments in sewerage, sewage treatment and waste collection and recycling.

In 1993 the EIB has so far provided a total of ECU 1.6 billion (DEM 3.0 billion) in Germany, of which 60% in the new Länder for investment in industry, telecommunications, energy and environmental protection.

Total EIB financing in the new Länder since 3.10.1990 (*): ECU 2073.3 million (DEM 3960 million)

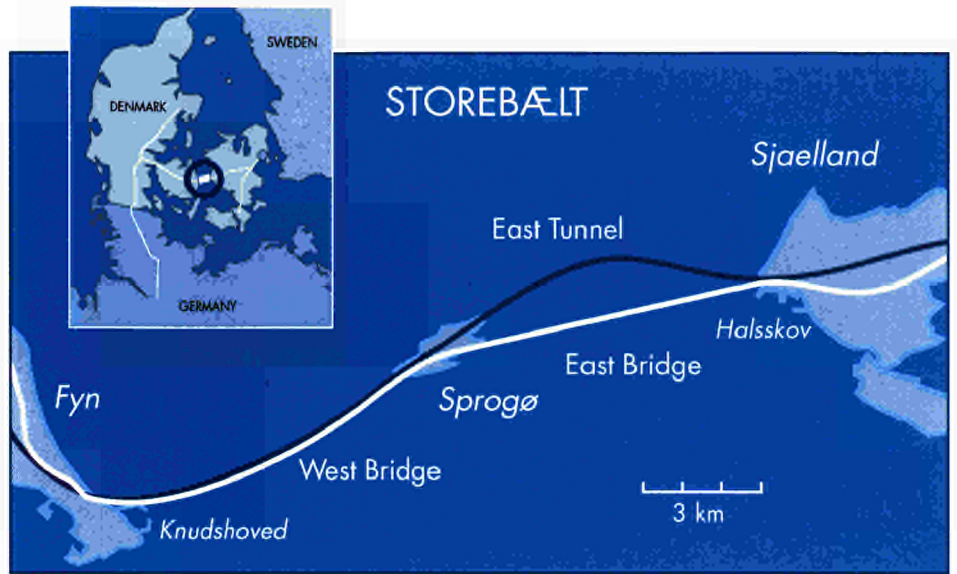


Trans Europe via the Great Belt Link

Rapid and cost effective transport is one of the conditions for increasing economic and social cohesion in the Community, binding Member States more closely together and completing the Single Market. The financing of investment to improve communications between the Community Member States and neighbouring countries has been an EIB objective ever since it was created in 1958. Lending for investment in communications infrastructure in the EC totalled ECU 16 billion over 1988-1992. Recognising its role in this domain, the European Council, at the Edinburgh (December 1992) and Copenhagen (June 1993) summits, asked the Bank to set up a temporary, additional lending facility to accelerate the financing of trans-European networks.

The Trans-European road and rail networks are not yet complete. Some links across mountains and water are still waiting to be constructed. One area where a fixed link has been missing until now is across the Great Belt, between East and West Denmark. The Great Belt, a relatively narrow sea passage connecting the North Sea and the Baltic Sea, divides Denmark into two almost equal halves in terms of population and economic activity. To the East, on the islands of Sjælland (with the capital Copenhagen) and Lolland-Falster, live about 2.5 million people and to the West, on Jylland and Fyn, live as many. For the past two centuries there has been a permanent ferry service across the Great Belt, operated by the DSB, the Danish National Railways, since 1883. The movement of persons and goods across the Great Belt is important. Current daily traffic by ferry amounts to 27 000 passengers: 12 000 by train and the remainder by some 8 000 cars crossing per day. The volume of freight averages 15 500 tonnes on a daily basis.

The 20 kilometers wide Great Belt is divided by the island of Sprogø. The deeper eastern channel is the one used for international navigation between the Baltic and the North Sea. It will be crossed by a high level road bridge (65 meters of



navigational clearance) and a tunnel for rail traffic. The western part of the link is made up of a low level bridge combining rail and road traffic. The West Bridge, as it is called, spans the 6.6 kilometers from Fyn to Sprogø. It will carry two rail tracks while the motorway will have two traffic lanes and an emergency lane in both directions. As the gradient of the high level East Bridge is technically unsuitable for railway traffic, the train will go underground between Sprogø and Sjælland. The 8 kilometer long tunnel - the second longest underwater bored tunnel in Europe, after the 50 kilometer Channel tunnel - is to contain two single track train tubes connected at regular intervals by cross tunnels (31 in total) with surveillance equipment while they can also serve as emergency exits leading to the other main tunnel. Road traffic between Sprogø and Sjælland will pass over the 6.8 kilometer East Bridge - a record free span of 1 624 meters will cross the international navigation channel. The Great Belt link also includes new road and railway sections on Fyn and Sjælland, facilitating access to the bridges and tunnel. It is now expected that the rail link should become operational in 1996 while the road link should be opened to traffic in 1997/1998.

By using the fixed link, road and rail users will need less than a quarter of an hour to cross the Great Belt, saving some 75 minutes in travelling and waiting time compared to the ferry crossings. Toll to be paid by users of the link will effectively be

the same as the ferry prices at the time of commissioning of the link. At these conditions, a significant increase in traffic is expected. Forecasts for the year 1998 predict per day some 15 000 passenger cars for the road link and 32 000 train passengers while, on an annual basis, the volume of goods (transported by heavy vehicles and trains) should double to almost 24 million tonnes.

The Great Belt Link is of prime importance to Denmark and its economy. But its significance goes beyond national interest: via Fyn the bridges and tunnel will link East Denmark and the capital of Copenhagen to the trans-European road and rail network. It will also improve connections with Sweden, Norway and Finland, a significant aspect as these countries are united with the European Community in the European Economic Area. A further improvement can be expected with the planned construction of a fixed link across the Øresund, between Denmark and Sweden.

Given the importance of the Great Belt Link for the trans-European transport network, the European Investment Bank has provided financial support. So far it has focused its loans on the high level road bridge between Sprogø and Sjælland, lending a total of almost ECU 500 million (DKK 3.9 billion) by the end of September 1993. Under a recent approval given by the EIB's Board of Directors, another DKK 1.1 billion (ECU 150 million) is available (partly under the "Edinburgh facility") and the Bank would be ready to consider further loans.

Environmental approach to become more transparent

EIB lending for safeguarding and improving the environment has shown consistent growth in recent years, reaching over ECU 4.5 billion in 1992, almost 30% of all lending in the EC that year. All capital investment in water management and conservation, solid waste disposal, combatting atmospheric pollution, protecting cultural and architectural heritage, and in urban renewal is eligible in principle for EIB finance because it serves the European Community's environmental policy objectives.

What is less widely known is that environmental considerations play an important role in **all** the projects financed by the Bank. Whether they are financed to support the Community's objectives of regional development, or increasing the competitiveness of industry, or to complete trans-European networks in transport, telecommunications and energy, environmental impact assessment is always an integral part of the EIB's project appraisal procedure.

The first line of responsibility for the environmental soundness of the projects financed are the Bank's technical advisers, the engineers who not only assess the technical and financial viability of the project under review but the environmental aspects as well. In this way the environmental impact is weighed from the start and treated on a par with the economic, technical and financial aspects of the project. The EIB will only finance when it is satisfied on all four counts. As a minimum, the Bank makes sure that the projects it finances meet national, Community and international environmental standards. But it likes to do more and encourages project promoters to install equipment which will reduce harmful effects on the environment to levels below what is required by law.

Flow of information

The EIB is presently looking at ways and means to improve transparency, especially with regard to this aspect of its environmental approach. The objective is to increase the flow of information, from environmental policy statements by the EIB's decision-making bodies to background data on environmental impact assessment procedures. A recent report on the EIB's environmental record, "*Greening the European Investment Bank*", published by the World Wide Fund for Nature in December 1991, has helped the EIB with cues to increase transparency.

A new up-to-date synopsis of the EIB's environmental policy is being prepared and will be published following approval by the competent governing bodies. The last official environmental policy statement - the 1984 recommendations of the Board of Governors (see "*EIB-Information No 53*" or the EIB brochure "*Environmental Protection*" for more details) - is still largely valid today. In the meantime, the environmental practices at the EIB have constantly been adapted to new thinking in the field and new European Community directives and regulations have been incorporated. The updated policy statement will include these more recent developments.

While retaining the Bank's hands-on approach to project appraisal, standardisation and systematisation of environmental assessment procedures are being enhanced. The sector specific environmental check-lists are being revised and completed, and environmental scoping of projects in terms of type, size and location is being refined. At the same time, cooperation with DG XI ("Environment") of the European Commission has been intensified to maximise the exchange of information on environmental impact. And, within the framework of the EIB's general ex post evaluations, environmental protection projects are being given priority.

ECU

Below are the ECU values in national currencies, as at 30 September 1993; these rates are applied for the fourth quarter in preparing financial statements and operational statistics of the EIB:

DEM	1.90894	BEF	41.2142
GBP	0.780124	LUF	41.2142
FRF	6.65990	DKK	7.70951
ITL	1860.65	GRD	275.463
NLG	2.14392	IEP	0.816295
ESP	154.237	PTE	196.657
		USD	1.17604

EIB-Information is published periodically by the European Investment Bank in nine languages (Danish, Dutch, English, French, German, Greek, Italian, Portuguese and Spanish).

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