

EIB INFORMATION

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Close on ECU 20 billion lent in 1993

Lending by the European Investment Bank (EIB), the financial institution of the European Union, continued to surge ahead in 1993, totalling ECU 19.6 billion compared with 17bn in 1992. Loans worth ECU 17.7 billion, including 2.4bn under the Edinburgh lending facility, were granted within the European Union and 1.9bn outside it under the Community's policy of cooperation with non-member countries.

Major support for the European economy: the EIB expanded its activity by 15% in relation to the previous year, despite the recession. Its loans represented close on 2% of gross fixed capital formation (GFCF) in the European Community. As the EIB funds on average about 30% of total project cost, the investment in question amounted to over 5% of GFCF or a considerably greater share in those Member Countries with the lowest per capita income: 22% in Portugal, 15% in Greece, 14% in Spain and Ireland. These four countries, which qualify for Cohesion Fund support, attracted 37% of EIB lending.

Substantial boost for the development of trans-European networks: in 1993, the EIB advanced ECU 7.8 billion for the development of trans-European transport, telecommunications and energy networks. Of the ECU 5 billion initially provided for under the Edinburgh lending facility to speed up the financing of trans-European networks over the period 1993-94, 4.6bn were committed in 1993 alone (loan contracts were signed for ECU 2.4 billion).

Fresh impetus for economic and social cohesion: a total of ECU 12.5 billion, representing 74% of financing within the Community, was channelled to disadvantaged regions. This figure includes opera-

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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



tions to fund trans-European networks to the extent that they also promote regional development.

Sir Brian Unwin, President of the EIB, had this to say on the role of the EIB in forging a stronger Europe:

"1993 was another year of substantial achievement by the European Investment Bank. Its operations have increased, both inside and outside the European Community; and, at the request of successive European Councils, it has played a key role in the Community's economic recovery programme and in particular the financing of trans-European networks. The Bank is well equipped to contribute further to the European integration process in 1994."

Vigorous growth in financing outside the European Union: at ECU 1.9 billion, aggregate lending outside the Community more than doubled in relation to 1992. The expansion in activity was particularly marked in the Mediterranean countries and in Central and Eastern Europe. In these two regions, loans granted in 1993 more than doubled compared with the previous year, rising from ECU 320.8 million to 680.5m and from ECU 320 million to 882m respectively.

As an efficient financial intermediary promoting European integration, the EIB brings to the European Union both its ability to borrow a substantial volume of long-term funds and its project appraisal expertise. The latter enables the EIB to redistribute the funds borrowed to projects which are economically justified, technically and financially viable and compatible with environmental requirements. This know-how prompted the European Council, i.e. the Heads of State and Government, meeting in Edinburgh in December 1992, to invite the EIB to set up a temporary lending facility and to consider how it could contribute to improving the operation of the Structural Funds and the Cohesion Fund.

In the course of 1993, the Edinburgh lending facility was increased in volume and widened in scope, following the Copenhagen and Brussels Councils in June and October 1993 respectively. As a result, the totals now available are ECU 7 billion to finance **trans-European networks**, the infrastructure providing access to them, transport equipment, energy production, environmental protection and urban renewal, plus ECU 1 billion, carrying **interest subsidies**, specifically to fund investment by **small and medium-sized enterprises**. Following the agreement reached in the Council of Ministers at the end of 1993 to set the interest subsidy at 2%, deployment of this ECU 1 billion will go ahead as quickly as possible in 1994, once Community procedures have been completed.

Following the European Council meeting in Brussels in December 1993, the EIB confirmed its full commitment to supporting attainment of the various aims set out in the **White Paper** on growth, competitiveness and employment. The Bank will, in particular, participate in the committees called upon to assess projects and financing needs.

Early 1994 should also see completion of ratification by Member States of the Treaty of Rome texts amending the Statute of the EIB so that the **European Investment Fund** (EIF) can be set up. The EIF will serve to guarantee financing for infrastructure connected with trans-European networks and to foster SME investment. In the meantime, preparatory arrangements have been completed so that the EIF can commence operations without delay once it has been established.

As the agreement on the **European Economic Area** came into force on 1 January of this year, the European Investment Bank will also be implementing the corresponding Financial Mechanism set up by EFTA for the development and structural adjustment of Greece, the island of Ireland, Portugal and the disadvantaged regions of Spain.

The balance sheet total at 31.12.1993 was ECU 96.5 billion, compared with 84.7bn the previous year. Total outstanding lending at the end of 1993 amounted to 170% of subscribed capital (ECU 98 billion), which still leaves ample scope for further activity on the part of the Bank, since the maximum level of outstandings laid down in its Statute is 250% of subscribed capital (ECU 144 billion).

The EIB, an active supporter of European Community objectives (1)

The EIB finances capital projects answering Community policy objectives. Each project is subjected to rigorous appraisal. To qualify for a loan, it must not only contribute to European integration, but must be economically justified, technically sound, compatible with environmental requirements and, in the case of productive investment, financially viable.

(1) The figures on pages 2 and 3 relate to individual loans and allocations from global loans under drawdown (see footnote on page 3). As some loans serve several Community objectives at the same time, the totals for the various objectives cannot be added together meaningfully.

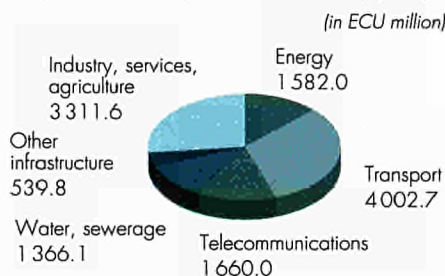
Geographical breakdown of loans granted

	1993			1992		
	ECU million	of which Edinburgh	%	ECU million	%	%
Within the European Community	17 724.2	2 363.3	100	16 139.7	100.0	
Belgium	371.6	151.3	2.1	396.6	2.5	94.8
Denmark	875.5	188.0	4.9	690.8	4.3	
Germany	2 096.6 (1)	287.8	11.8	1 663.9	10.3	
Greece	511.1	86.5	2.9	377.5	2.3	
Spain	4 005.1	344.4	22.6	3 020.6	18.7	
France	2 205.5	300.0	12.4	1 895.1	11.7	
Ireland	388.2	49.7	2.2	303.5	1.9	
Italy	3 362.0	446.1	19.0	3 796.9	23.5	
Luxembourg	-	-	-	42.8	0.3	
Netherlands	379.7	23.3	2.1	154.4	1.0	
Portugal	1 488.8	186.2	8.4	1 230.4	7.6	
United Kingdom	1 929.1	300.0	10.9	2 407.2	14.9	
Other (2)	111.0	-	0.6	159.7	1.0	
Outside the European Community	1 887.2		100.0	892.8	100.0	
ACP States	225.7		12.0	252.0	28.3	5.2
of which "risk capital"	78.3			121.5		
Mediterranean Countries	680.5		36.1	320.8	35.9	
of which "risk capital"	1.5			7.0		
Central and Eastern Europe	882.0		46.7	320.0	35.8	
Asia/Latin America	99.0		5.2			
GRAND TOTAL	19 611.4		100	17 032.5	100	

(1) Including a guarantee for ECU 51.5 million.

(2) Projects located outside the Member States but, because of their benefit to the European Community, treated as equivalent to investment within the Community (see page 6).

Regional development, the EIB's priority

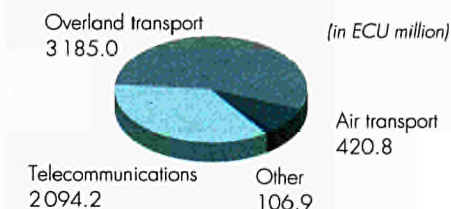


Financing operations in the less advantaged regions of the European Union, the EIB's number one objective as reaffirmed by the Treaty on European Union, amounted to ECU 12.5 billion (11.8bn in 1992), i.e. 74% of total Bank activity within the Union (70% in 1992 and 63% in 1991).

The EIB cooperates closely with the European Commission in ensuring an optimum mix of loans and grants from the Structural Funds, with the aim of achieving the maximum level of sound investment in order to strengthen the economies of less favoured regions: 90% of the projects financed were located in areas eligible for assistance from the Structural Funds, namely 58% in regions experiencing the most acute structural problems (Objective 1) and 32% in regions grappling with problems of in-

dustrial decline or redevelopment (Objective 2) or in rural areas (Objective 5(b)). Over the five years from 1989, when the Structural Funds were reformed, to 1993, EIB financing for regional development has amounted to ECU 47 billion, 42bn of which has gone to these areas. The growth in operations has been particularly marked in Spain, Portugal, Greece and the new German Länder.

The major trans-European transport and telecommunications networks: key elements in an integrated Europe

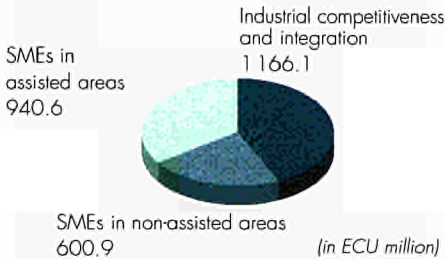


Lending for communications came to ECU 5.8 billion in all (4.5bn in 1992).

By financing communications infrastructure, the EIB is making an ever more valuable contribution to bringing people closer together, to the development of trade and to the economic integration of the entire Community. The infrastructure involved in trans-European transport and telecom-

munications networks forms a crucial element in an integrated Europe and is a prerequisite for the free movement of goods, persons and information as smoothly and cost-effectively as possible.

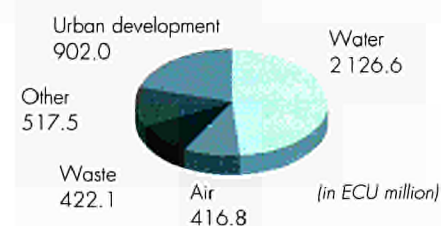
Towards a modern and competitive industrial base



The EIB helps to strengthen the international competitiveness of industry and its integration at Community level by financing investment conducive to the dissemination of advanced technology. In this way it promotes the development of efficient, job-creating companies, whether large firms or small and medium-sized enterprises. (2)

Funds made available for this objective in 1993 totalled ECU 2.7 billion (2.6bn in 1992). Of this, 1.5bn consisted of global loan allocations to 3 068 SMEs. Over 60% of these allocations went to enterprises in least favoured areas, 83% of them with fewer than 50 employees. In addition, allocations totalling ECU 190 million supported small and medium-scale schemes centred on the environment or rational use of energy.

Protecting the environment: a necessary priority



In 1993, the EIB lent ECU 4.4 billion for projects eligible for Bank financing by furthering environmental protection (4.5bn in 1992).

(2) The EIB contributes to the funding of small and medium-scale ventures, notably those promoted by SMEs, through its global loans. These are similar to lines of credit opened with banks or financial intermediaries, which then use the proceeds to back projects selected on the basis of the EIB's economic, technical and financial criteria. The deployment of global loans can cover timeframes which do not coincide with a calendar year.

Environmental protection, improvement of the quality of life and rational use of natural resources are key factors in economic and social progress. They have become matters of public concern which Europe must address and which call for a common approach. They also feature among the priorities of the European Investment Bank.

In addition to providing finance for projects aimed solely at protecting the environment (ECU 14.7 billion over the past 5 years, or 21% of total loans advanced in the Community), the EIB contributes to achieving the same objective by tying the granting of a loan to compliance with current environmental legislation and encouraging project promoters to install equipment which will reduce harmful effects on the environment to levels below those required by law.

Supporting the energy policies of the European Community



In 1993, the EIB advanced ECU 2.8 billion for projects underpinning energy policy objectives (3.1bn in 1992).

In order to further the achievement of Community policy objectives in the energy field, the EIB helps to reduce the dependence of the European Union on oil imports by financing projects aimed at developing the Community's indigenous resources, more rational use of energy and import diversification.

Fostering cooperation with non-member countries

Outside the European Union, the European Investment Bank is playing an increasing role in implementing Community cooperation policy in favour of non-member countries.

This encompasses the African, Caribbean and Pacific States signatories to the Lomé Convention, those Mediterranean countries with which the EC has concluded association or cooperation agreements, 10 Central and Eastern European countries and the Asian and Latin American countries which have signed cooperation

agreements with the EC. Just as it does in the European Community, the EIB grants loans for projects which are economically, technically and financially viable, its aim being to participate in implementing investment which will make a lasting contribution to the economic and social development of the countries concerned.

Of the ECU 1.9 billion advanced in 1993 outside the European Union (including 80m from budgetary resources administered under mandate from the EC or its Member States), 226m went to ACP countries and OCT, 680m to Mediterranean countries, 882m to Central and Eastern European countries and 99m to Asian and Latin American countries.

In the ACP and Mediterranean countries, the EIB grants loans generally carrying an interest subsidy from budgetary resources and, under mandate, manages a special form of concessionary finance known as "risk capital".

In addition to the financial protocols concluded individually between the European Community and the Mediterranean countries concerned, the Mediterranean policy caters for so-called "horizontal" financial cooperation intended to support investment of joint interest to both the northern and southern shores of the Mediterranean in the fields of communications and environmental protection (in the latter case, loans carry a 3% interest subsidy).

Under this "horizontal" cooperation, the EIB has set up a new financing facility, funded with ECU 9 million from risk capital, which will help investors raise their contributions to the capital of joint ventures between local and European Union operators in Mediterranean countries. This facility was first put to use in Tunisia at the end of 1993.

The terms on which the EIB borrows are reflected in the terms on which it lends

The European Investment Bank borrows its resources on the capital markets, where its top-ranking status is consistently confirmed by the award of the "triple A" rating to its securities. This excellent credit rating is the key to the Bank's ability to raise, on the finest terms available at any given time, the very considerable volumes of funds needed to contribute, through financing sound investment, to the long-term development of the European Community. Operating as a non-profit-making organisation, the EIB passes on this advantage to project promoters.

The total amount of funds raised in fifteen currencies, after swaps, was ECU 14.2 billion, compared with 13bn in 1992, i.e. an increase of 9.6%. In order to tailor resource-raising to lending operations, the EIB carried out interest rate and currency swaps for an amount of ECU 1.6 billion (3.2bn in 1992). (3)

The EIB raised ECU 12.7 billion at fixed rates (8.89bn in 1992) and ECU 1.5 billion at floating rates (4.09bn in 1992). Floating rates thus only applied to 10% of the total, compared with nearly a third in 1992 and a quarter in 1991. All funds were raised by long and medium-term borrowings (99% in 1992).

Breakdown of currencies borrowed, in ECU million (after swaps)

		1993	%	1992	%
1.	GBP	2 639	18.6	1 428	10.0
2.	ITL	2 039	14.3	1 326	9.3
3.	DEM	1 948	13.7	1 583	11.1
4.	FRF	1 811	12.7	1 461	10.3
5.	USD	1 502	10.6	1 529	10.8
6.	ESP	1 241	8.7	648	4.6
7.	ECU	960	6.8	1 937	13.6
8.	JPY	657	4.6	1 440	10.1
9.	CHF	453	3.2	947	6.7
10.	CAD	278	2.0	-	-
11.	PTE	243	1.7	85	0.6
12.	NLG	227	1.6	303	2.1
13.	IEP	125	0.9	-	-
14.	LUF	100	0.7	49	0.3
15.	BEF	-	-	238	1.7
Total		14 224	100	12 974	100

The Bank made use of hedging instruments to protect itself against long-term interest rate fluctuations in respect of almost three quarters of its operations. This practice is all the more necessary as the EIB is tending to adopt a borrowing policy under which fund-raising is linked less closely to the immediate needs of loan disbursements and which enables it to take advantage of market opportunities.

Country-by-country overview of financing within the Community

In **Belgium**, the EIB lent ECU 371.6 million (BEF 15 billion). (4)

A large proportion of lending centred on trans-European transport networks. A total

(3) Disbursements totalled ECU 15.8 billion in 1993, compared with 14.8bn in 1992.

(4) The rates for converting ECUs into national currencies are those obtaining at contract signature dates.

of ECU 248.2m was advanced for overland transport: construction of a new high-speed rail line from the French border to Brussels, a major link in the European TGV network serving the Channel Tunnel, which will eventually connect up Paris, London, Brussels, Amsterdam and Cologne, a catchment area of 100 million people. In the air transport sector, ECU 55m were devoted to modernising the facilities of Eurocontrol, the European Organisation for the Safety of Air Navigation, and developing harmonised air traffic control systems with a view to relieving congestion of European air space.

A sum of ECU 26.3m funded the construction of a nuclear waste reprocessing plant in the Province of Antwerp and 17m, a gas terminal at Zeebrugge plus a gasline from Zeebrugge to the French border.

A further ECU 25m was provided in the form of global loans to finance small and medium-scale ventures. Allocations totalling ECU 119m were made from global loans already under drawdown for 177 ventures promoted by SMEs.

EIB lending in **Denmark** amounted to ECU 875.5 million (DKK 6.6 billion).

In this country too, most lending was devoted to the development of trans-European communications networks. A total of ECU 399m was used to fund construction of a fixed road and rail link across the Great Belt as well as three sections of motorway easing access to the new link and helping to open up North Jutland. A sum of ECU 152m contributed towards electrification of the Nyborg-Odense rail line, purchase of rolling stock and installation of automatic train control systems. Loans for telecommunications amounted to ECU 107m and covered extension and modernisation of the network in the Copenhagen area plus improvement of trunk telecommunications.

Energy projects claimed ECU 164.7m and focused on development of an oilfield in the Danish sector of the North Sea, laying of a high-voltage power cable between Denmark and Norway and natural gas distribution facilities in Greater Copenhagen and Jutland.

A further ECU 20m were devoted to upgrading the sewerage and sewage treatment system in Århus and the conversion of a waste incineration plant to a combined heat and power station south of Copenhagen.

A total of ECU 32.3m was advanced in the form of global loans to finance small and medium-scale ventures. Allocations totalling ECU 31.3m were made from global loans already under drawdown for 192 ventures promoted by SMEs and ECU 17.1m for 5 smaller public infrastructural schemes.

In **Germany**, lending amounted to ECU 2.1 billion (DEM 4.1 billion).

The new Länder received ECU 1.2bn to assist their economic development and integration into the Community, close on 60% of lending in Germany as a whole.

Loans for communications included ECU 491.6m for improving telecommunications in eastern Germany and 148.9m for constructing a new terminal at Frankfurt airport as well as modernising and extending Hamburg airport.

Individual loans for industrial projects ran to ECU 223m, covering construction of a motor vehicle plant in Thuringia, modernisation and extension of a motor vehicle engine plant in Saxony, a cement works near Leipzig and a board packaging factory in Sachsen-Anhalt.

A total of ECU 163m was devoted to environmental protection: extension and modernisation of a sewage treatment complex in Cologne - one of the biggest in Germany - and wastewater collection and treatment systems in the Bitterfeld area in Sachsen-Anhalt, construction of a waste disposal plant in North Rhine-Westphalia and a toxic waste incineration facility in Bavaria, as well as modernisation of a refinery in Gelsenkirchen to produce light petroleum products.

A sum of ECU 76.4m supported construction of a combined cycle cogeneration plant (Halle) and modernisation of a natural gas transmission system in eastern Germany plus extension of the heat transmission and distribution network in the Saar.

Aggregate global loan financing for small and medium-scale ventures came to ECU 993.7m. Allocations totalling ECU 361m were made from global loans already under drawdown for 174 ventures promoted by SMEs (including 232.6m for 106 SMEs in the new Länder) and ECU 492.1m for 189 smaller public infrastructural schemes (153.6m for 46 ventures in the new Länder).

In **Greece**, the EIB lent ECU 511.1 million (GRD 139.3 billion).

Some 70% of loans were used to improve communications, especially trans-European transport networks. A total of ECU 307.3m was provided for the construction of motorways on the Athens-Corinth, Athens-Katerini and Corinth-Tripoli routes as well as a section in Epirus of the main east-west highway in northern Greece, and for extension of the Athens metro. Loans for telecommunications totalled ECU 50.8m and went towards developing a mobile telephone network throughout the country.

The energy sector attracted ECU 108.1m: 100.1m to boost production capacity at an open-cast lignite mine in northern Greece, to extend and upgrade the electricity grid and to link two islands in the Cyclades with the mainland grid; 8m to install electrostatic filters at thermal power stations in Macedonia.

In all, ECU 44.9m was advanced in the form of global loans to finance small and medium-scale ventures. Allocations totalling ECU 22.5m were made from global loans already under drawdown for 23 ventures promoted by SMEs and ECU 3.7m for 2 smaller public infrastructural schemes.

In **Spain**, lending amounted to ECU 4 billion (ESP 580.9 billion).

A major share of the total (62%) covered communications. Overland transport attracted ECU 1 827.6m: metro systems in Madrid and Bilbao, extension of the urban rail network in Valencia, the Santander-Bilbao rail line and the high-speed rail link between Madrid and Seville; in Barcelona, construction of a multi-modal freight handling centre, a section of the ring motorway and a new container terminal; improvements to the road network in the country as a whole. The air transport sector claimed ECU 97.3m: a new passenger terminal for Palma de Mallorca airport and extension of existing terminals at Barcelona and Málaga airports. Shipping received ECU 73.3m for expansion of Valencia harbour and modernisation of the ports of Bilbao and Barcelona. Loans for telecommunications came to ECU 294.3m: construction and launching of two satellites; extension and modernisation of the national telecoms network.

A total of ECU 589.4m contributed towards a number of drinking water supply

and wastewater treatment schemes in Andalusia, Madrid, Catalonia, the Balearic Islands and Extremadura plus the construction of five dams to provide flood protection and drinking water supplies in the autonomous regions of Murcia and Valencia in eastern Spain. Funds totalling ECU 234.6 million were advanced for hybrid infrastructure schemes (water, sewerage, roads etc.) in Asturias, Castilla-La Mancha and Galicia.

Individual loans for ECU 422.4m in all were granted for industrial projects: design and construction of aircraft wings in Andalusia, modernisation and extension of motor vehicle manufacturing facilities in the Basque Country and a tissue paper mill in Navarra.

Funds amounting to ECU 296.4m were provided to upgrade and modernise the national power grid and to install combined power and steam generating facilities at three oil refineries in Tarragona, Cartagena and Puertollano.

A total of ECU 169.4m was advanced in the form of global loans to finance small and medium-scale ventures. Allocations totalling ECU 23.5m were made from global loans already under drawdown for 110 ventures promoted by SMEs and ECU 65.5m for 59 smaller public infrastructural schemes.

In **France**, lending totalled ECU 2.2 billion (FRF 14.6 billion).

Communications projects, especially trans-European networks, accounted for ECU 699.8 million. Aggregate loans granted for improving the road and motorway networks ran to ECU 417m, covering sections of the following motorways: A16 (Paris - Amiens), A29 (Le Havre - Amiens), A39 (Dijon - Bourg-en-Bresse), A40 (Bourg-en-Bresse - Geneva/Mont Blanc Tunnel) and A83 (Nantes - Montaigu), various road schemes, the northern section of the Lyons ring road and modernisation of the road network in Réunion. Railways and tramways attracted a total of ECU 171.2m: completion of a high-speed rail link between Paris and northern France to connect with Brussels and the Channel Tunnel and the Strasbourg and Saint-Etienne tramways. In the field of air transport, ECU 111.7m were advanced for partial renewal of the Air Inter fleet through acquisition of Airbus A320/A321/A330 aircraft and provision of ancillary ground equipment, for extension of Saint-Denis

(Réunion) and Pointe-à-Pitre (Guadeloupe) airports and for construction of an internal passenger transit system at Roissy - Charles de Gaulle airport (Paris).

Individual loans for industry and the service sector totalled ECU 347.7m: construction of a factory for plastic mouldings in Meurthe-et-Moselle, modernisation of production and research and development facilities at an aero-engine design and construction company in the Paris region, development of research work and production reorganisation at several pharmaceutical plants, purchase and customisation of four Airbus A300-600 aeroplanes for use as large-scale transporters, and construction of a plant producing multi-purpose passenger and light commercial vehicles in Valenciennes (Nord).

A total of ECU 102.6m was advanced for modernisation of the wastewater treatment plant serving the town of Belfort, construction of a household and industrial waste incineration plant linked to a district heating system for the Nancy area and environmental protection facilities at four chemical plants.

In all, ECU 1 055.4m was advanced in the form of global loans to finance small and medium-scale ventures. Allocations totalling ECU 295.3m were made from global loans already under drawdown for 2 984 ventures promoted by SMEs and ECU 273.7m for 474 smaller public infrastructural schemes.

In **Ireland**, EIB lending totalled ECU 388.2 million (IEP 309.6 million).

Projects in the energy sector attracted ECU 258.8m, 67% of overall financing: construction of a natural gas interconnector pipeline between Ireland and the United Kingdom, improvement of power transmission and supply facilities and modernisation and extension of the gas grid.

ECU 61.3m were advanced for development of the road network and 30.6m to improve telecommunications.

A further ECU 25.2m was provided for extension of a fibreboard factory in the south-east and of a plant to manufacture industrial gases.

A sum of ECU 12.3m was made available for urban renewal in a city-centre district of Dublin.

In Italy, total lending ran to ECU 3.4 billion (ITL 6 185 billion). About 55% of this was earmarked for projects in the mainland Mezzogiorno and the islands.

In the energy sector, ECU 784.2m helped to fund harnessing of natural gas reserves in the Adriatic, construction of the second Algeria-Italy gasline, measures to boost electricity generation (development of hydroelectric, geothermal and combined heat and power stations), district heating schemes in Emilia-Romagna, Verona and Turin and extension of the gas and electricity supply grids.

A total of ECU 767.6m went to assist modernisation and extension of telecommunications in the country as a whole. ECU 64.5m were provided for automation of the toll system on part of the motorway network plus ECU 42.2m for modernisation of Turin and Bologna airports and purchase of helicopters.

Individual loans to industry and the service sector totalled ECU 557.7m. They covered modernisation and extension of plants producing catalytic converters, domestic burners, mopeds and light commercial vehicles (near Pisa); at Melfi, construction of a motor vehicle assembly plant and 19 component factories in the nearby supplier zone; construction of a garment factory and a training centre in Veneto plus a cellulose derivatives plant in the Mezzogiorno; modernisation and extension of polypropylene film plants in Campania and a science park in Bologna, a pasta plant in Abruzzi, a domestic electrical appliances factory in the Marches, a motor industry research centre near Turin, building material firms in central and southern Italy and a pharmaceutical plant near Naples; modernisation and upgrading to a higher environmental standard of four motor vehicle paintshops in Cassino, Mirafiori, Rivalta and Termini Imerese.

A total of ECU 239.3m was earmarked for water supply and environmental protection works throughout the country, involving in particular sewerage, sewage treatment and solid waste disposal, protection against erosion, landslides and flooding, and coastal defences; urban renewal and cultural heritage projects in Campania, Emilia-Romagna, Trento and Veneto; environmental protection facilities at an oil-fired power station in northern Italy, a solid waste incineration plant in Piedmont, an energy recovery

system in Tuscany; modernisation of a refinery in Piedmont.

In all, ECU 906.3m was advanced in the form of global loans to finance small and medium-scale ventures. Allocations totalling ECU 749.3m were made from global loans already under drawdown for 1 284 ventures promoted by SMEs, 40.5m for 19 small-scale natural gas, power and heating supply systems and 24.8m for 11 infrastructural schemes to protect the environment or save energy.

In the Netherlands, lending amounted to ECU 379.7 million (NLG 815.2 million).

A sum of ECU 233.2m was advanced for extension of a household waste processing plant south of Rotterdam.

A further ECU 38.1m helped to fund construction of a combined cycle power station burning either natural or synthetic gas in Limburg.

In all, ECU 108.3m was advanced in the form of global loans to finance small and medium-scale ventures. Allocations totalling ECU 37.5m were made from global loans already under drawdown for 197 ventures promoted by SMEs and 4m for 2 smaller public infrastructural schemes.

Lending in Portugal totalled ECU 1.5 billion (PTE 279 billion).

Individual loans to industry and the service sector amounted to ECU 559.6m, covering the construction of a motor vehicle plant near Lisbon and a factory for engine components near Coimbra, a plant to produce printing machines in northern Portugal, modernisation and extension of a car radio factory in Braga and construction of a hotel complex near Lisbon.

Some ECU 200.3m was advanced to extend and modernise the country's telephone system. Loans totalling ECU 279.3m were devoted to road improvements on the mainland, particularly in Lisbon, and in the Azores and for several sections of motorway: the A1 (Lisbon-Oporto), A3 (Cruz-Braga), A7 (Famalicão-Braga), A2 (southern motorway, forming part of the European motorway network) and A9 (Lisbon outer ring road - CREL). In the field of shipping, ECU 7.9m were made available for a car ferry terminal at the port of Setúbal.

ECU 184.4m helped to expand a thermal power station in the Azores and to extend the electricity grid on the mainland and in the Azores.

A further ECU 58.5m was used to build a system for the collection and supply of drinking water in the mid-Tagus region and in the Algarve.

In all, ECU 199m was advanced in the form of global loans to finance small and medium-scale investment in the energy sector and in industry. Allocations totalling ECU 28m were made from global loans already under drawdown for 102 ventures promoted by SMEs.

In the United Kingdom, lending totalled ECU 1.9 billion (GBP 1.5 billion).

In the energy sector, ECU 513.3m were advanced for development of oil and gas fields in the North Sea, construction of gas-fired power stations in northern England, combined heat and power plant in the Midlands and power distribution in Yorkshire and Humberside.

A total of ECU 490.4m was devoted to water supply and sewerage facilities throughout the country.

A further ECU 151.8m helped to extend the national telecommunications network and to establish undersea cable links with Europe. ECU 599.5m were devoted to construction of a new bridge over the Severn estuary and a bridge linking mainland Scotland with the Isle of Skye, extension of the London Underground and various road and industrial estate schemes.

Loans totalling ECU 110.1m funded construction of an integrated circuit plant in County Durham and extension of pharmaceutical production facilities in South Humberside.

ECU 64.0m was advanced in the form of a global loan to finance small and medium-scale ventures. No allocations have as yet been made from this loan granted at the end of the year.

Allocations totalling ECU 42.9m were made from global loans already under drawdown for 82 ventures promoted by SMEs.

Finally, two loans were provided for projects located wholly or partly outside the territory of Member States, but of direct interest to the Community and

hence included under financing within the Community: ECU 72.5m to build a bypass around Klagenfurt, Austria, on the A2 motorway to Italy and 38.5m to lay a high-voltage power cable between Denmark and Norway.

Country-by-country overview of financing outside the Community

See page 3 for a general outline of EIB financing outside the European Union.

Financing outside the European Union, as part of its cooperation policy in favour of non-member countries, amounted to ECU 1.89 billion (892.8m in 1992), comprising 1.8bn from the EIB's own resources and 79.8m from the budgetary resources of Member States (European Development Fund) or the Community. Lending broke down as to ECU 225.7 million in the ACP States and Overseas Countries and Territories (OCT), 680.5m in the Mediterranean countries, 882m in Central and Eastern European countries and 99m in Asia and Latin America.

Of the ECU 207.6 million provided under the Lomé Convention in the ACP STATES, 155.7m, including 54.3m from budgetary resources, went to support projects in AFRICA.

In West Africa, a total of ECU 56.4 million, including 16.4m from budgetary resources, was used to fund the following projects: in Burkina Faso, the modernisation and extension of a plastics processing plant; in Cape Verde, the extension of Mindelo harbour; in Ghana, construction of a power station to the west of Accra; in Guinea-Bissau, construction of a leather goods factory and a small woodworking plant plus telecommunications improvements; in Nigeria, development of palm oil production and a global loan. In Senegal, a global loan was provided to finance equity participations in SMEs.

In East Africa, ECU 6.06 million were advanced from budgetary resources for the following purposes: in Kenya, a global loan and an equity participation in an investment fund specialising in the rehabilitation of private companies; in Uganda, a feasibility study for the extraction of cobalt-bearing pyrites; in Tanzania, part-financing of a holding by the Commonwealth Development Corporation and Proparco in the equity of Tanzania Venture Fund Ltd, under a blanket authorisation for a restricted group of publicly-owned development

finance institutions in the Member States of the European Community.

In Southern Africa, funds totalling ECU 93.3 million, including 31.9m from budgetary resources, were earmarked for the following projects: in Botswana, new links with the South African electricity grid and national water supply improvements; in Malawi, the construction of a dam and electricity generating plant; in Mauritius, drinking water supply and wastewater treatment facilities; in Mozambique, development of a flake graphite deposit; in Swaziland, upgrading of a sugar refinery and construction of a sugar conditioning silo; in Zimbabwe, electricity transmission and distribution works and the provision of additional equipment at a paper production plant.

In the CARIBBEAN, ECU 35.3 million, including 11.3m from budgetary resources, were advanced in the form of a global loan in the Caribbean Region to finance equity participations in SMEs and of loans in four countries: in Barbados, environmental protection on the southern coast; in Belize, a feasibility study for the development of a gold mine; in Guyana, rehabilitation of the bauxite industry; in Jamaica, expansion of power transmission facilities and two operations to finance small and medium-scale ventures.

In the PACIFIC, ECU 16.5 million, including 3.5m from budgetary resources, were made available in the Solomon Islands, Tuvalu and Tonga, in the form of global loans to development finance institutions, for small and medium-scale ventures, and in Papua New Guinea to improve the electricity grid.

In the OCT, ECU 18.15 million, including 9.2m from budgetary resources, were provided, in the Turks and Caicos Islands, for a feasibility study on the creation of an investment bank and, in New Caledonia and French Polynesia, in the form of global loans, to finance small and medium-scale ventures.

In the MEDITERRANEAN COUNTRIES, funding amounted to ECU 680.5 million, including 1.5m from budgetary resources. A total of 220m was made available under non-protocol (NP) EC-Mediterranean horizontal financial cooperation.

In Algeria, ECU 200 million (NP) helped to finance the construction of the Algerian section of the Maghreb-Spain gasline, while 60m were set aside for the

Hammam Boughrara dam to the south of Oran and 20m for a section of the east-west motorway.

In Morocco, ECU 60 million were provided for the modernisation of the national power grid and 50m in the form of global loan finance for small and medium-scale, rural development and agro-industrial projects.

In Tunisia, ECU 60 million were advanced for various schemes to improve the supply of drinking water in the northern and central parts of the country and 35m, in the form of a global loan, to finance small and medium-scale tourism ventures.

In Egypt, ECU 35 million were made available for the construction of a printing plant south of Cairo and 7.5m (including 1.5m from risk capital to part-finance an equity participation by the Egyptian shareholder in a Franco-Egyptian joint venture) to upgrade 1 000 ha of horticultural land south of Alexandria.

In Jordan, ECU 20 million (NP) centred on expanding the international telecommunications network, 4.4m on raising the height of the Kafrein dam, near the Dead Sea, and 4.6m on repairing an irrigation canal running parallel to the River Jordan.

In Lebanon, ECU 45 million were used to reconstruct the electricity grid, 16m to rebuild drinking water supply and sewerage systems and 10m to restore and expand the Port of Beirut.

In Israel, funds totalling ECU 40 million took the form of two global loans: 30m to finance small and medium-scale ventures in industry and tourism and 10m for schemes to improve the environment.

In Malta, ECU 7 million were advanced to upgrade the wastewater collection and treatment system and 6m to modernise air traffic control facilities.

A total of ECU 882 million was made available by the EIB in CENTRAL AND EASTERN EUROPE

In Bulgaria, ECU 51 million went towards increasing the efficiency and capacity of the air traffic control system and improving various motorways and sections of transit road. A global loan of 30m financed small and medium-scale ventures.

In Estonia, ECU 5 million took the form of a global loan to fund small and medium-scale projects.

In **Hungary**, ECU 72 million were provided for road improvements and 20m for modernising the electricity grid.

In **Poland**, ECU 200 million helped to fund modernisation of the main Warsaw-Berlin rail line, 50m were advanced in the form of a global loan to finance small and medium-scale ventures and 13m served for the afforestation or reforestation of 17 000 ha of land. Two major allocations approved under global loans granted to the Polish Development Bank are also worth mentioning: 35m for a motor vehicle plant and 16m for a glass factory.

In **Romania**, ECU 65 million were made available to rehabilitate the trunk road system, 30m in the form of a global loan to finance small and medium-scale ventures and 24m to upgrade the air traffic control system.

In the **Slovak Republic**, ECU 55 million were provided to enlarge an underground natural gas storage reservoir on the border with Austria and the Czech Republic, 45m to extend and modernise the tele-

communications system and 10m to develop the trans-European road network.

In **Slovenia**, ECU 47 million were advanced for the reinstatement of sections of the main rail line from the Italian border at Trieste in the west to Maribor, near the frontier with Austria, and Dobrova on the Croatian border in the east.

In the **Czech Republic**, ECU 100 million were provided to modernise and enlarge a car factory and 65m to develop the telecommunications network.

The EIB has for the first time granted loans in **ASIA and LATIN AMERICA**, the funds involved totalling ECU 99 million.

In **Costa Rica**, 44m were advanced for the Angostura dam and power station, extension of the electricity grid and modernisation of the grid control centre.

In **India**, 55m were made available to improve the high-voltage electricity grid and grid control system in the south of the country.

optimise risk management, the Bank has strengthened the Department hitherto managed by Mr Thomas Halbe, who is retiring. **Mr Francis Carpenter** is now to head the Credit and Monitoring Department for Operations within the Community, which, in addition to loan follow-up, will be responsible for prudential management of the composition of the Bank's loan portfolio. **Mr Tom Hackett**, former Head of Division in the Finance and Treasury Directorate, takes over from Mr Carpenter at the head of the Department for Operations in the United Kingdom and the North Sea, Ireland and Portugal.

European Investment Fund (EIF): the EIB's Management Committee has appointed **Mr Eugenio Greppi** as the Bank's member of the EIF's Financial Committee. Once the Fund has been established, probably during the first half of 1994, Mr Greppi's responsibilities as Head of Directorate for Operations within the Community will be assumed by **Mr Giorgio Ratti**. He will be succeeded as Head of the Department for Operations in Italy, in Rome, by **Mrs Caroline Reid**, currently Head of Division in that Department.

ECU

Below are the ECU values in national currencies, as at 31 December 1993; these rates are applied for the first quarter in preparing financial statements and operational statistics of the EIB:

DEM	1.93569	BEF	40.2869
GBP	0.755108	LUF	40.2869
FRF	6.57745	DKK	7.55310
ITL	1909.98	GRD	277.970
NLG	2.16541	IEP	0.790809
ESP	158.928	PTE	197.050
		USD	1.11567

N.B.: ECU/national currency conversions given in this issue for operations in 1993 are based on different exchange rates, applicable at the time of each contract signature.

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New appointments

The Management Committee has made a number of appointments and introduced changes to the Bank's management structure, effective as from 1 January 1994:

Mr Thomas Oursin has been appointed Secretary-General, directly responsible for general policy matters, inter-directorate coordination and relations with outside institutions. Mr Oursin joined the EIB in 1974. Prior to his new appointment, he was Head of the Directorate for Operations outside the Community. He succeeds Mr Dieter Hartwich who is taking his retirement after a distinguished career with the Bank dating from 1973, notably as Secretary-General, a post occupied by him since 1985. Appointed to head the Directorate for Operations outside the Community, an area where the Bank has just broadened the geographical spread of its activities, is **Mr Michel Deleau**, whose previous post as Head of the Department for Economic Research within the Community is being filled by **Mr Horst Feuerstein**, formerly Head of Division in the same Department.

In order to cater for the growing complexity of its lending operations and to