

**BEI EIB**

EUROPEAN INVESTMENT BANK  
ANNUAL REPORT 1973





# **EUROPEAN INVESTMENT BANK**



**annual report 1973**

2, PLACE DE METZ, LUXEMBOURG

Text finalised 25 April 1974.

The Annual Report is also published in Danish, German, French, Italian and Dutch.



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Robert VERMEERSCH

\* Karl-Heinz DRECHSLER, until August 1973.

\*\* Louis CASSAGNES, deceased 22 December 1973.



# Unit of account equivalents in national currencies

The financial statements of the European Investment Bank are drawn up in units of account as defined in Article 4 (1) of its Statute. The value of a unit of account is 0.88867088 grammes of fine gold.

To give as realistic a picture as possible of the Bank's activities (see pages 15 to 46 and 62 to 71) despite the disturbance in the money markets, the **rates of conversion which have been used for the statistics of finance granted and issues made** since 21 December 1971 differ in most cases from those used for the accounts and balance sheet. The following conversion rates have been applied for operations carried out in 1973 :

1 unit of account (u.a.) =

Deutsche Mark (DM) : 3.49872 until 18 March; 3.39687 from 19 March to 28 June; 3.21978 from 29 June

French francs (Ffrs) : 5.55419

Pound Sterling and Irish Pound (£ and £IR) : 0.46 until 18 March; 0.49 from 19 March

Italian lire (Lit) financial : 631.342 until 19 March; 694 from 20 March to 30 June; 738 from 1 July

Belgian and Luxembourg francs (Bfrs and Lfrs) : 48.6572

Dutch guilders (Fl) : 3.52282 until 16 September; 3.35507 from 17 September

Danish Kroner (Dkr) : 7.57831

United States dollars (\$) : 1.08571 until 13 February; 1.20635 from 14 February

Swiss francs (Sfrs) : 4.16915 until 19 March; 3.92 from 20 March to 30 June; 3.68 from 1 to 31 July; 3.40 from 1 to 31 August; 3.59 from 1 September to 30 November; 3.82 from 1 December

Lebanese Pound : 2.99 in September

Eurco : see definition on page 47

- For the currencies floating jointly in 1973 and for the dollar, the rates given are the central rates.
- For the currencies floating independently, the rates given are the average closing rates at 29 December 1972 followed by the average closing rates obtaining when the exchange markets re-opened on 19 or 20 March 1973, subsequently readjusted in the event of any variation greater than  $\pm 5\%$  in the monthly average of the effective exchange rates.
- For the Lebanese pounds the rate adopted has been the average selling rate for the month of August.

In **preparing the accounts and balance sheet** (pages 54 to 60), conversion of national currencies into units of account has been effected on the basis of the parities notified to the International Monetary Fund and in force at 31 December 1973, which for the most important currencies in the activities of the Bank are as follows :

1 unit of account (u.a.) =

3.66	Deutsche Mark	0.416667	Irish pounds
5.55419	French francs	50	Luxemburg francs
0.416667	Pounds sterling	1.20635	United States dollars
625	Italian lire	4.0841	Swiss francs
50	Belgian francs	32.5714	Greek drachmae
3.62	Dutch guilders	15	Turkish pounds
7.500	Danish kroner		

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**In 1973, the first year of the Community of Nine, new loans granted by the European Investment Bank totalled 816 million units of account (1), compared with 526.8 million in 1972.**

The demand for loans was stimulated by the combination of very rapid economic expansion and intense inflationary pressures, which all Member Countries sought sooner or later to counteract with measures of varying severity.

In Western Europe, North America and Japan alike, 1973 was one of the most vigorous growth years in economic terms since the early 'fifties. Heavy demand, the scarcity and spiralling cost of most raw materials and commodities gave a further boost to prices that had already followed a sharp up-trend in 1972. In a number of countries this trend became even more pronounced towards the end of the year, despite the fact that from July onwards there was increasing evidence that their economies were slowing down. During the last two months of the year, the oil crisis gave further impetus to the rise in prices and there were signs, more pronounced in some sectors and countries than in others, of far-reaching changes in the pattern and pace of production, as well as in their external payments situation. The overall effect of the crisis was to change radically the terms of trade between the oil-producing countries, industrialised countries, and those developing countries that have no oil resources of their own.

**Conditions on domestic capital markets and the Euromarket during the first nine months of the year became increasingly tight** as a result of successive bouts of currency speculation, a rapidly growing demand for funds and renewed inflationary pressures, all of which coincided with a very high level of economic activity in several countries at the same time. During the last quarter, the market became still tighter because of concern over the probable consequences of the shortage of petroleum products, and the extremely sharp increases in their price. International variable-rate bank credits, however, defied the general trend and expanded dramatically.

The adoption by most Member Countries of measures to combat inflation at a time of sharply increasing demand for capital tended to reinforce the rising trend of interest rates. Short-term rates on some markets reached unprecedented levels and aggravated the difficulty of raising funds on the bond market by diverting capital that would normally have been attracted into long-term securities.

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(1) Except where otherwise indicated all the amounts quoted are expressed in units of account (see page 6). Differences between the totals shown and the sum of individual amounts are due to rounding.



The only exception was the Italian long-term market, where the general rise in interest rates was countered by official measures to regulate the volume of new issues and, as from mid-year, to discourage capital exports. These measures tended to aggravate conditions on the international capital market which was already affected by rising yields on the secondary market and by a drastic reduction in the volume of new issues, particularly of dollar-denominated securities.

The gross national product of the **Community** rose by some 5.7 % (1) during 1973, as against 3.7 % in 1972 and an average of 4.6 % for the period 1960 to 1971. Expansion was export-led, even in those Member Countries whose currencies appreciated, and was boosted by the high level of domestic demand, which was stimulated by large increases in wages and salaries and, in several Member Countries, by an increased propensity to consume in response to inflation. Firms stepped up investment programmes, to meet the need both for increased capacity and for modernisation, which had been made all the more urgent by spiralling wage costs. Employment increased overall, but in several regions a continuing shortage of jobs meant that unemployment remained at a higher level than the general tempo of economic activity might have led one to expect. During the final quarter, there was some slackening in the pace of industrial activity throughout the Community, but prices continued to rise sharply.

In **Germany**, there had been a marked upswing in production and prices in the spring, but both were moderated during the autumn by the stringent anticyclical measures that had been adopted early in the year to offset the inflow of liquid funds, damp down credit and curb the rise in public spending. From the spring onwards, in conformity with the Federal Government's economic policies, loans by the European Investment Bank were confined to the energy sector. In spite of successive revaluations of the Deutsche Mark, the two most recent taking place on 19 March (3 %) and 29 June (5.5 %), buoyant exports continued to stimulate demand and brought about a further increase in the trade surplus.

In **France**, rapid growth was accompanied in the second half of the year by an accelerating rise in costs and prices which had been curbed briefly at the beginning of the year by the temporary reduction in the value-added tax. Although there was a shortage of skilled labour in industry, the fear of growing unemployment was a major factor in causing postponement of the decision to strengthen restrictive measures, which concentrated on limiting credit and monitoring certain prices and profit margins. At the end of the year, the increase in petroleum prices made the balance of payments outlook still more unfavourable and led to the government decision in January 1974 to float the franc independently of the other Community currencies for a period of six months.

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(1) Except where otherwise indicated, the rates quoted in this chapter refer to changes in volume.

Gross national product in the Community

% variations by comparison with previous year





The **United Kingdom** enjoyed an economic recovery unparalleled in many years, particularly in the first half of the year, but this was accompanied by a deterioration in the balance of payments. There was a considerable improvement in the employment situation in general but heavy unemployment persisted in some regions. In the final quarter, however, labour unrest and the first effects of the oil crisis clouded the prospects for sustained growth.

In **Italy**, where the level of economic activity had recovered during the latter months of 1972, only to be disturbed by labour troubles at the beginning of 1973, the improvement became widespread, gaining momentum for the first time since 1968-1969, and the employment situation picked up. However, measures aimed at a partial price freeze did not succeed in restraining the sharply-rising price trend until the autumn. Despite a steep increase in exports, the balance of payments on current account showed a still larger deficit.

Although economic expansion in the **Netherlands** was relatively modest, costs and prices rose quite sharply in spite of a series of measures to restrict credit and control prices. On 17 September, the guilder was revalued by 5% in order to counteract imported inflation. In **Belgium**, renewed business investment reflected the vigorous economic expansion. **Luxembourg** benefited from conditions favouring the iron and steel industry.

In **Denmark**, the economy as a whole maintained the same rate of growth as in 1972, whereas investment and imports quickened in pace, leading to a further increase in the balance of payments deficit on current account.

In **Ireland**, substantial gains in agricultural incomes, in investment and exports led to rapid expansion, in contrast to the sluggishness of previous years. This made for a slight improvement in the employment situation, but also for further increases in prices and the trade deficit.

The impact of a buoyant world economy and generally higher raw material prices on the **Associated States**, which are also eligible for Bank assistance, was uneven. A number of them suffered severely from the exceptional drought.

In **Turkey**, despite the satisfactory growth of industrial production, the marked downturn in agricultural production resulted in a slower rate of growth in the gross national product than in the previous year: just over 6%, as against 7.6% in 1972. Prices, influenced to some extent by international inflationary conditions, continued to rise at a rate of around 20%.

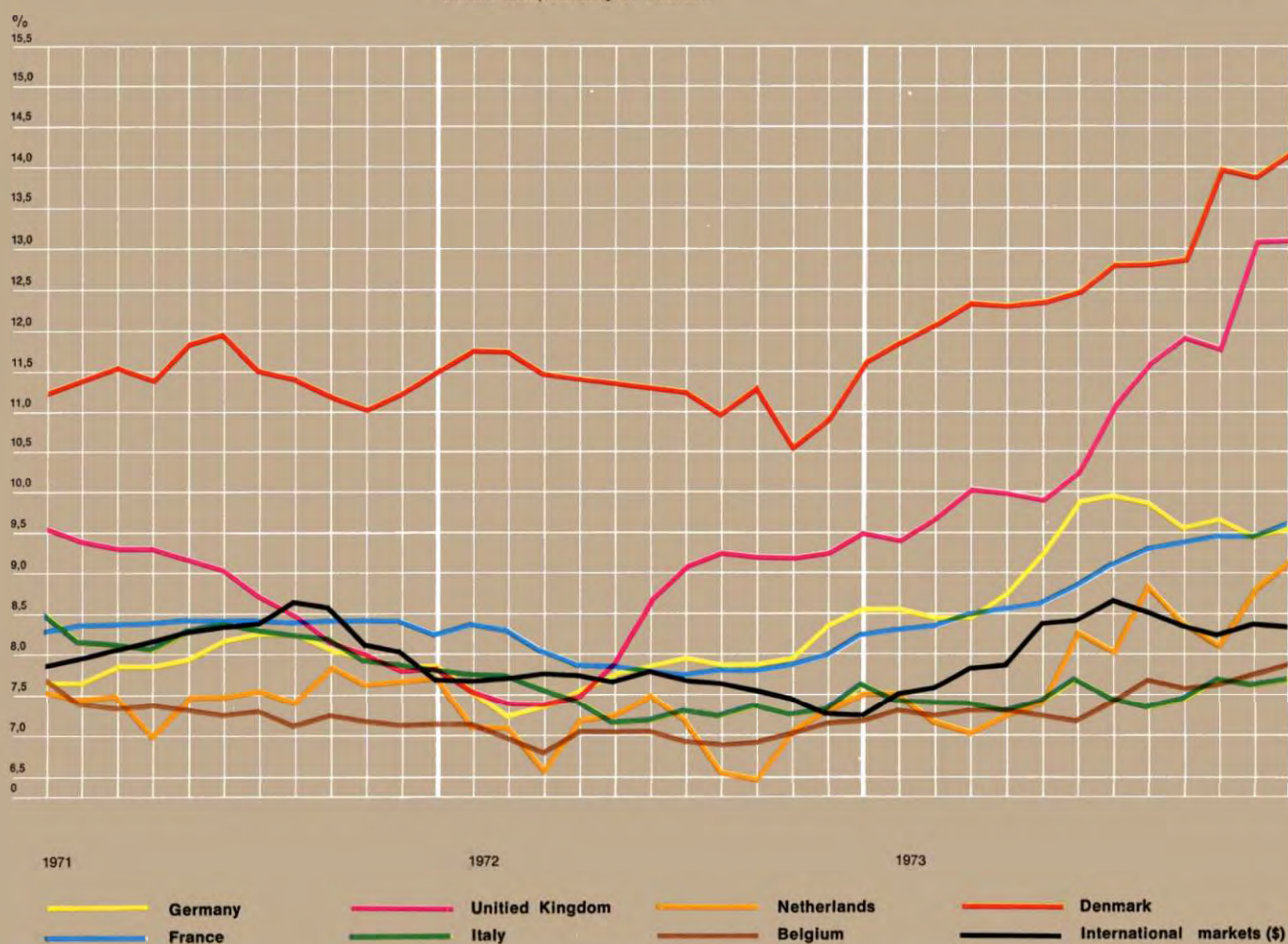
Despite a rapid increase in exports, the trade deficit remained considerable. The balance of payments on current account nevertheless showed a marked improvement for the second year running, showing a substantial surplus largely as the result of an increase in remittances by Turkish migrant workers.



On 30 June 1973, following a favourable recommendation by the EIB, the Community decided, in accordance with the terms of the Association Agreement with Turkey, to accede to the request of the Turkish Government to implement the provisions of Article 9 of the Financial Protocol. Accordingly, between now and 1976, the Bank will be able to make loans in Turkey from its own resources up to a total of 25 million to finance industrial projects in the private sector. This amount is in addition to the loans on special conditions that the Bank is authorized to grant to Turkey from funds provided by the Member States. The latter form of aid is to be increased from 195 to 242 million by the supplementary Protocol signed on 30 June 1973, following the enlargement of the Community, and currently in the course of being ratified.

## Gross yields on quoted bonds

on the different financial markets in the Community most nearly comparable with those issued by the European Investment Bank. For the purpose of comparison, in the case of the United Kingdom and Denmark yields have been calculated on the basis of an annual rather than a semi-annual compounding of interest.



Of the **Associated African States, Madagascar and Mauritius** (AASM) it was the countries along the Gulf of Guinea and Zaïre who reaped the benefit of the spectacular rise in commodity prices, while most of the Sahel countries suffered famine conditions in a year of even more catastrophic drought than those that preceded it.

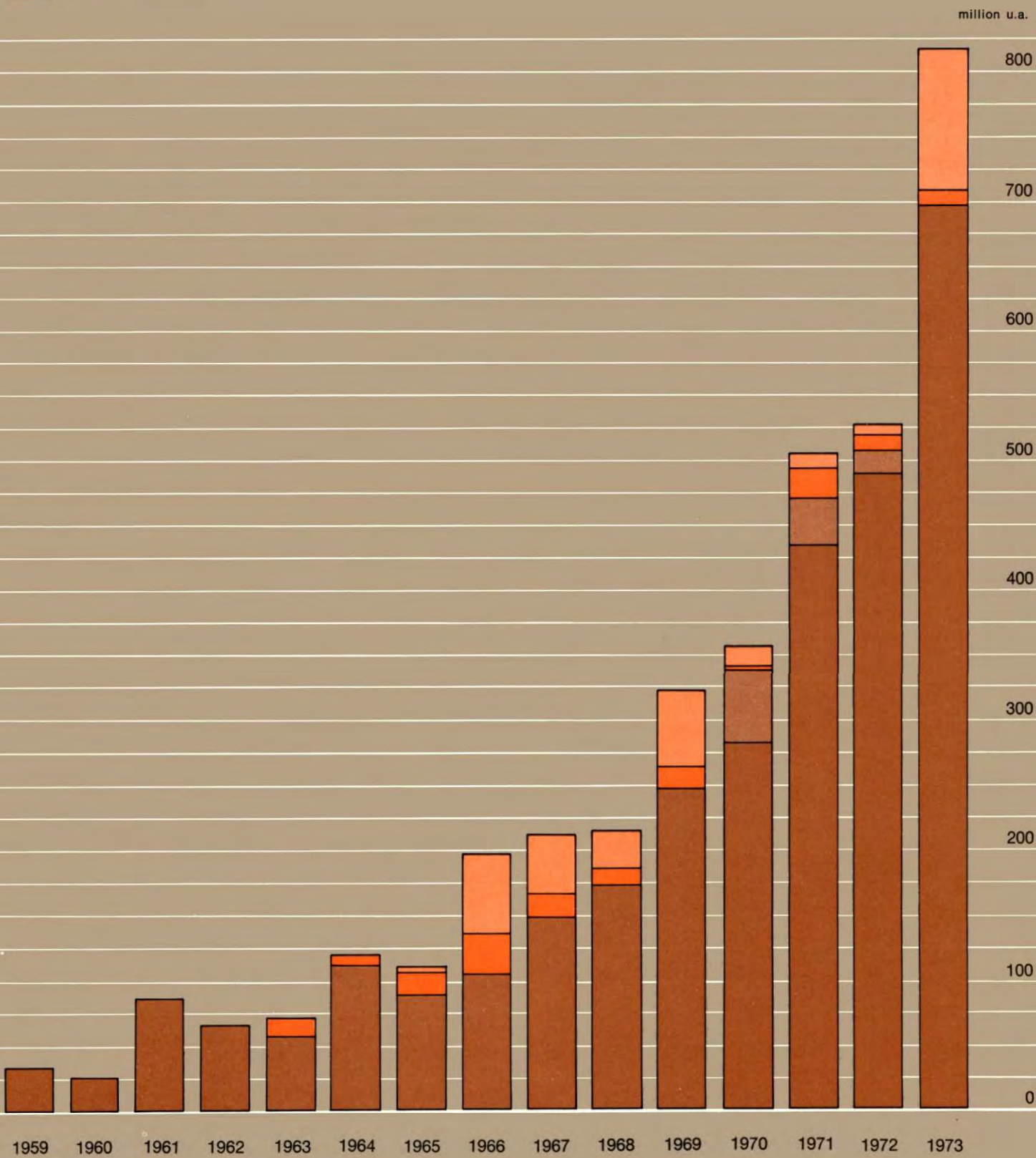
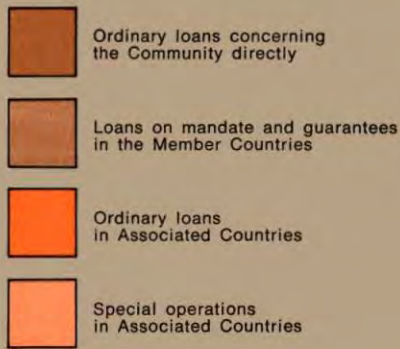
For the AASM as a group, export earnings grew much faster than imports, in spite of the general rise in import prices. As oil producers, Gabon and the Congo stand to benefit from increased tax revenue and foreign exchange earnings, whereas for most of the other AASM countries higher oil prices will only add to the cost of their imports. Several countries face increasingly severe budgetary problems and have been compelled to borrow abroad on a disquieting scale.

Since 25 July 1973, the Bank has been involved in the negotiations between the European Economic Community and a group of more than 40 African, Caribbean and Pacific countries, consisting of the Associated African States, Madagascar and Mauritius, the countries cited in Protocol No. 22 to the Act of Accession to the European Communities of Denmark, Ireland and the United Kingdom, and a number of other African States. The Bank is also participating in preparatory work for an agreement on financial co-operation between the Community and various Mediterranean countries, in particular the three Maghreb countries and Malta. These negotiations are expected to lead at an early date to the extension of the Bank's activities to a number of new associated states.

In November 1973 the reduction in oil deliveries from the main producing countries highlighted the **Community's precarious supply situation**. The massive increases in crude oil prices in October and December changed fundamentally the economic facts of life. The severe repercussions of the crisis, and their differing impact on individual countries and sectors are certain to remain of paramount concern for both national and Community authorities for a long time ahead. Within the limit of its resources the European Investment Bank will do all that it can to facilitate investments needed to meet the new situation, by providing the appropriate means of financing. It will strive in particular to make an increasing contribution to the quest for improved Community energy supplies, while continuing to lend in support of regional development and projects in the Associated States.



Annual activity of the Bank





# Financing provided in 1973

**In 1973  
the Bank lent 816 million  
units of account**

In 1973, the European Investment Bank signed 72 loan contracts totalling 816 million units of account (1), compared with 39 contracts signed in 1972 for 526.8 million, an increase of about 55 %. The lending total includes both ordinary loans totalling 707.7 million granted by the Bank from its own resources and « soft » loans totalling 108.3 million granted through the Bank's Special Section out of funds provided by the Member States, in the case of Turkey, and by the European Development Fund, in the case of the Associated African States, Madagascar and Mauritius (AASM) and the Overseas Countries and Territories (OCT).

The reasons for the increase were :

**96.5 million went  
to the new Member Countries**

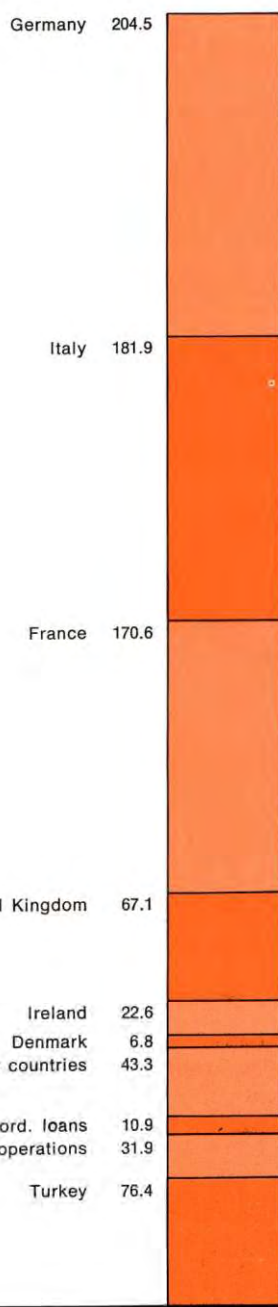
- the start of loan operations in each of the new Member Countries : 8 loans totalling 96.5 million were granted in the United Kingdom, Ireland and Denmark in the first financial year following the enlargement of the Community;
- an increase in lending for investments, particularly in infrastructure, of common interest to several Member Countries, which helped to improve the Community's energy supply situation;
- continued substantial support for regional development projects in the six original Member Countries;
- a marked upswing in operations in Turkey (76.4 million) coupled with a striking increase in operations in the AASM and the OCT, the larger part being financed from the resources of the European Development Fund (31.9 million), to which the Bank added 10.9 million from its own funds.

**45 % for industry  
and other  
productive sectors**

Economic conditions were especially buoyant in 1973 and there was a sharp uptrend in loans in support of directly productive investment, particularly in industry. These accounted for 45 % of the Bank's total operations as against 33 % in 1972. Large amounts went to the processing and manufacturing industries, which frequently create substantial new employment, whereas basic industries received a relatively modest share (see Table 2). The sectors receiving the greatest volume of loans were : metals and semi-finished products (91.2 million), mechanical engineering and the motor-vehicle (81.2 million) and food industries (29.8 million).

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(1) Except where otherwise indicated all the amounts quoted are expressed in units of account (see page 6). Differences between the totals shown and the sum of individual amounts are due to rounding.



Total : 816.1 million u.a.

Table 1 : **Financing provided in 1973**

Breakdown by type of financing and by country

Country	Number	Amount (million u.a.)	% of total
<b>Ordinary Operations</b>			
<b>Member Countries</b>			
Denmark . . . . .	2	6.8	0.8
Germany . . . . .	18	204.5	25.1
France . . . . .	14	170.6	20.9
Ireland . . . . .	3	22.6	2.8
Italy . . . . .	10	181.9	22.3
United Kingdom . . . . .	3	67.1	8.2
Non-member countries <sup>(1)</sup> . . . . .	2	43.3	5.3
<b>Total</b>	<b>52</b>	<b>696.8</b>	<b>85.4</b>
<b>Associated Countries</b>			
Cameroon . . . . .	1	1.8	0.2
Ivory Coast . . . . .	1	7.9	1.0
Gabon . . . . .	1	1.2	0.1
<b>Total</b>	<b>3</b>	<b>10.9</b>	<b>1.3</b>
<b>Ordinary Operations Total . . . . .</b>	<b>55</b>	<b>707.7</b>	<b>86.7</b>
<b>Special Operations <sup>(2)</sup></b>			
Turkey . . . . .	9	76.4	9.4
<b>AASM-OCT</b>			
Cameroon . . . . .	2 <sup>(3)</sup>	9.4	1.1
Ivory Coast . . . . .	2	13.8	1.7
Upper Volta . . . . .	1	5.0	0.6
Senegal . . . . .	1 <sup>(4)</sup>	1.0	0.1
Martinique (OD) . . . . .	1	0.6	0.1
Reunion (OD) . . . . .	1	2.1	0.3
<b>AASM-OCT Total</b>	<b>8</b>	<b>31.9</b>	<b>3.9</b>
<b>Special Operations Total . . . . .</b>	<b>17</b>	<b>108.3</b>	<b>13.3</b>
<b>Grand Total . . . . .</b>	<b>72</b>	<b>816.1</b>	<b>100.0</b>

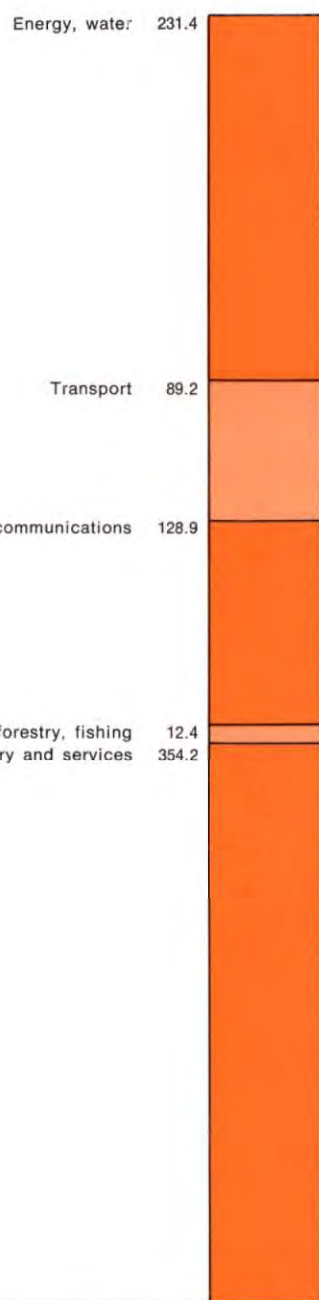
(1) Trans-Austria Gasline project for supplying natural gas to Italy (23.5 million) and France (19.8 million); financing provided under Article 18 (1), second paragraph, of the Bank's Statute. Loans to France and Italy total 190.4 and 205.4 million respectively, if these two loans are taken into account.

(2) Accounts for operations on special conditions from the resources of the Member States (Turkey) and from the European Development Fund (AASM-OCT) are kept under the Bank's Special Section.

(3) Including 0.54 million as a contribution to the formation of risk capital.

(4) Contribution to the formation of risk capital.





Total : 816.1 million u.a.

Table 2 : **Financing provided in 1973**

Breakdown by sector (including allocations from global loans)

Sector	Number		Amount		% of total
	Loans and equity participations	Allocations from global loans	Total (million u.a.)	of which allocations from global loans (million u.a.)	
<b>Infrastructure</b>	<b>32</b>	<b>—</b>	<b>449.5</b>	<b>—</b>	<b>55.1</b>
Energy . . . . .	13	—	227.8	—	27.9
Power stations . . . . .	9	—	154.2	—	18.9
Gas pipelines . . . . .	2	—	43.3	—	5.3
Other . . . . .	2	—	30.3	—	3.7
Water supply and distribution . .	4	—	3.6	—	0.4
Transport . . . . .	10	—	89.2	—	10.9
Railways . . . . .	3	—	31.4	—	3.8
Roads and bridges . . . . .	5	—	45.7	—	5.6
Sea and inland waterways . .	1	—	3.5	—	0.4
Airlines . . . . .	1	—	8.6	—	1.1
Telecommunications . . . . .	5	—	128.9	—	15.8
<b>Agriculture, Industry and Services</b>	<b>40</b>	<b>46</b>	<b>366.6</b>	<b>29.1</b>	<b>44.9</b>
Agriculture - Forestry - Fishing . .	2	—	12.4	—	1.5
Industry <sup>(1)</sup> . . . . .	36	45	352.0	29.0	43.1
Mining and quarrying* . . . . .	—	2	1.4	1.4	0.1
Metal production and semi-processing* . . . . .	7	1	91.2	1.7	11.2
Construction materials* . . . .	2	4	7.3	1.3	0.9
Woodworking . . . . .	—	5	2.1	2.1	0.3
Glass and pottery . . . . .	2	—	8.1	—	1.0
Chemicals* . . . . .	3	—	10.4	—	1.3
Metal working and mechanical engineering . . . . .	2	12	11.9	6.8	1.5
Motor vehicles, transport equipment . . . . .	4	1	69.3	0.2	8.5
Electrical engineering, electronics . . . . .	1	—	2.7	—	0.3
Foodstuffs . . . . .	6	7	29.8	6.2	3.6
Textiles and leather . . . . .	—	10	5.6	5.6	0.7
Paper pulp and paper* . . . . .	1	1	22.0	2.0	2.7
Rubber and plastics processing . .	—	2	1.7	1.7	0.2
Global loans . . . . .	8	—	88.5 <sup>(2)</sup>	—	10.8
Services . . . . .	2	1	2.2	0.1	0.3
Tourism . . . . .	1	—	1.2	—	0.2
Other services (pre-investment studies and technical assistance) . . . . .	1	1	1.0	0.1	0.1
<b>Grand Total</b>	<b>72</b>	<b>46</b>	<b>816.1</b>	<b>29.1</b>	<b>100.0</b>

(1) Of which basic industries (marked with an asterisk) 132 million.

(2) Difference between global loans granted in 1973 (117.6 million) and allocations effected during 1973 from global loans granted in 1973 and in previous years (29.1 million).







Seven loans totalling 134.7 million were granted for nuclear power station construction in 1973. The EIB was thus aiding Community efforts to improve its energy supplies. In all 735.4 million has been provided for energy projects since 1958.

**55 % for infrastructure  
227.8 million for energy**

Loans granted in 1973 for infrastructure investments totalled 449.5 million compared with 354.1 million in 1972, although their share of the Bank's total operations dropped from 67 % to 55 %. The additional finance granted for energy generation and transmission (227.8 million against 160.3 million in 1972) and for telecommunications (128.9 million against 85.6 million in 1972) more than offset the decline in loans for transport infrastructure (89.2 million against 108.2 million in 1972).

Despite inflation, the average size of loans fell from 13.5 million in 1972 to 11.3 million in 1973 because of the increase in lending for industry which generally receives smaller individual loans than infrastructure.

**117.6 million  
for small-scale projects**

In fact, the Bank has made finance available to relatively small borrowers to a far greater extent than is apparent from the average loan figures cited, through the technique of global loans. Global loans are granted to financial institutions which on-lend the proceeds, with the prior consent of the European Investment Bank, for individual projects generally small in scale, of benefit to regional development. Eight global loans were granted in 1973 for a total of 117.6 million compared with three totalling 33.2 million in 1972. They will help to finance some two hundred separate projects. In the same year 46 sub-loans were approved for an aggregate 29.1 million with an average of 0.6 million compared with 9 million for loans made directly by the Bank for larger industrial projects. In 1973 global loans accounted for 32 % of Bank lending for agriculture, industry and services, compared with 19 % in 1972 and 8 % in 1971.

The Bank is thus able to foster the development of a broad range of industrial ventures as an essential complement to infrastructure projects and major industrial plants which generally entail substantial capital expenditure per job opportunity created and are financed by the Bank through individual loans.

Total capital investment in the projects financed in 1973 will amount to around 3.3 thousand million. As in 1972 the Bank's contribution towards financing these investments averaged 25 %. In the case of projects financed under global loans, the Bank's contribution to the total investment cost was larger, averaging about 31 %.

*In aid of further diversification of energy supplies, the EIB granted two loans totalling 43.3 million to Ente Nazionale Idrocarburi and Gaz de France for a gas pipeline in Austria designed to carry gas from the Soviet Union to the Community pipeline system. This was the first time that financing of a project in Europe but outside the Community had been approved.*

## Loans within the Community\*

**696.8 million  
for loans of benefit  
to the enlarged Community**

In 1973 fifty-two loans totalling 696.8 million were granted within the Community or for projects of direct interest to the Community compared with 29 loans and one guarantee for an aggregate 505.9 million in 1972.

This total comprises the first eight operations in the three new Member Countries for 96.5 million and 42 loans for 557 million, representing an increase of 10 % compared with 1972, in the six original Member Countries.

In addition, two loans totalling 43.3 million were granted to ENI and Gaz de France to finance the Trans-Austria Gasline project based in Austria and designed to supply Russian natural gas to the Community gas pipeline system. In view of its common interest to several Member States, this is the first instance, other than in the Associated Countries, in which the Bank has invoked the clause in the Statute which empowers the Board of Governors to authorise the Bank to finance a project located outside the Community.

**Renewed expansion  
in loans benefiting  
several Member Countries**

Tables 3, 8 and 9 on pages 23 and 68 give the breakdown of projects financed by the Bank within the Community in 1973 in terms of the economic policy objectives which correspond to the tasks assigned to the Bank in Article 130 of the Treaty of Rome.

The most striking feature of 1973 has been the steep increase in loans for projects of benefit to several Member Countries. These totalled 266.8 million and represented over 38 % of finance granted in favour of Member Countries. The 76 % increase in these operations compared with 1972 is especially significant, following as it does on the increase of nearly 90 % recorded from 1971 to 1972.

**219.2 million  
for energy supplies**

More than four-fifths, or 219.2 million, of the lending for projects of interest to more than one Member State was aimed at improving the Community's energy supplies. It included seven loans totalling 134.7 million for nuclear power stations, the remainder being earmarked for a hydro-electric power station, the construction of pipelines and the acquisition of platforms for off-shore oil exploration and the manufacture of drilling equipment. Had these schemes required any added justification, they would have found it in the oil crisis which occurred at the end of the year.

Other loans for projects of common interest included a loan of 18 million to improve rail connections between France and Italy and a loan of 28.2 million for a section of the Tunnels Motorway in Northern Italy providing a link with the Simplon. A loan was also granted for the first time to finance equipment for removing dust from fumes at a steelworks in Germany in recognition of the general benefit to the Community deriving from environmental protection.

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\* Including two loans for a project of direct benefit to the Community located in Austria (financing provided under Article 18 (1), second paragraph, of the Bank's Statute).











If the Community is to be independent as regards energy supplies, it will have to exploit resources in Europe or on the Continental Shelf. Accordingly, the EIB granted a loan of 24.4 million to finance two off-shore exploration platforms.

## Aid for regional development still ranks first

Nevertheless the leading position was retained by loans for projects in development and conversion areas which totalled 424.5 million as against 341.8 million in 1972 and accounted for almost 61 % of the total finance granted within the Member Countries.

Almost one-third of these loans went to Italy, followed, in descending order, by France and Germany. The first loans granted to the United Kingdom, Ireland and Denmark also went entirely to support regional development.

Table 3 : **Financing provided within the Community in 1973** (1)

Breakdown according to principal economic objective (2)

	Amount (million u.a.)	%
<b>1. Regional development and conversion (Article 130 (a) and (b) of the Treaty of Rome)</b>		
Denmark . . . . .	6.8	1.6
Germany . . . . .	77.3	18.2
France . . . . .	121.4	28.6
Ireland . . . . .	22.6	5.3
Italy . . . . .	129.3	30.5
United Kingdom . . . . .	67.1	15.8
<b>Total</b>	<b>424.5</b>	<b>100.0</b>
<b>2. Modernisation and conversion of individual enterprises and restructuring of sectors (Article 130 (b) of the Treaty of Rome)</b>		
	<b>5.5</b>	<b>—</b>
<b>3. Common interest to several Member States (Article 130 (c) of the Treaty of Rome)</b>		
Energy (production and distribution) . . . . .	219.2	82.2
Nuclear power stations . . . . .	134.7	—
Hydro-electric power station . . . . .	16.2	—
Gas pipeline . . . . .	43.3	—
Drilling equipment . . . . .	25.0	—
Transport . . . . .	46.2	17.3
Railway . . . . .	18.0	—
Motorway . . . . .	28.2	—
Protection of the environment . . . . .	1.4	0.5
<b>Total</b>	<b>266.8</b>	<b>100.0</b>

(1) Including two loans totalling 43.3 million u.a. for a project in Austria (financing provided under Article 18 (1), second paragraph, of the Bank's Statute).

(2) Breakdown of projects according to economic policy objectives assigned to the EIB under Article 130 of the Treaty of Rome. Where projects meet more than one objective, the principal one is taken.

**205.4 million  
or 30 % of loans went to Italy**

**mainly for infrastructure  
and industry  
in the Mezzogiorno**

The thinking behind loans for regional development has been increasingly to tailor them in support of small-scale industrial ventures. More than a quarter of total loans provided in the Member Countries was for this purpose, in the form of six global loans totalling 109.6 million channelled through intermediary financial institutions which will use the funds with the prior consent of the Bank to finance small-scale projects. The advantages of this form of financing were underscored in the previous chapter.

During the year, the Bank authorised 39 individual sub-loans for a total sum of 24.5 million from the proceeds of the various global loans outstanding (see Table 12, page 70).

With 205.4 million (150 100 million lire), or roughly 30 % of total loans in the Member Countries, **Italy** remained the main beneficiary of the Bank's lending, taking into account the loan granted for the section of the Trans-Austria Gas-line intended to supply gas to Italy. However, this is less than was granted to Italy in each of the two preceding years. Various factors were involved, including : administrative problems connected with the implementation of the 1971 Law on the Mezzogiorno, the unfavourable economic situation at the beginning of the year, exchange risks arising from the monetary situation, the very liquid state of the domestic market and the relatively low interest rates maintained by the Italian authorities.

Three operations in Italy were justified on the grounds of their interest to the Community as a whole : a loan of 28.2 million for the Voltri-Alessandria section of the Tunnels Motorway, which will ensure better communications between Genoa and the Simplon and Mont Blanc tunnels, a loan of 24.4 million for the acquisition by SAIPEM, a subsidiary of the ENI group, of two semi-submersible drilling platforms for offshore oil exploration, and a loan for 23.5 million to ENI for the Italian section of the gas pipeline carrying natural gas from the Soviet Union across Austria. Nevertheless, the major part of loans granted went to the Mezzogiorno and the Italian islands.

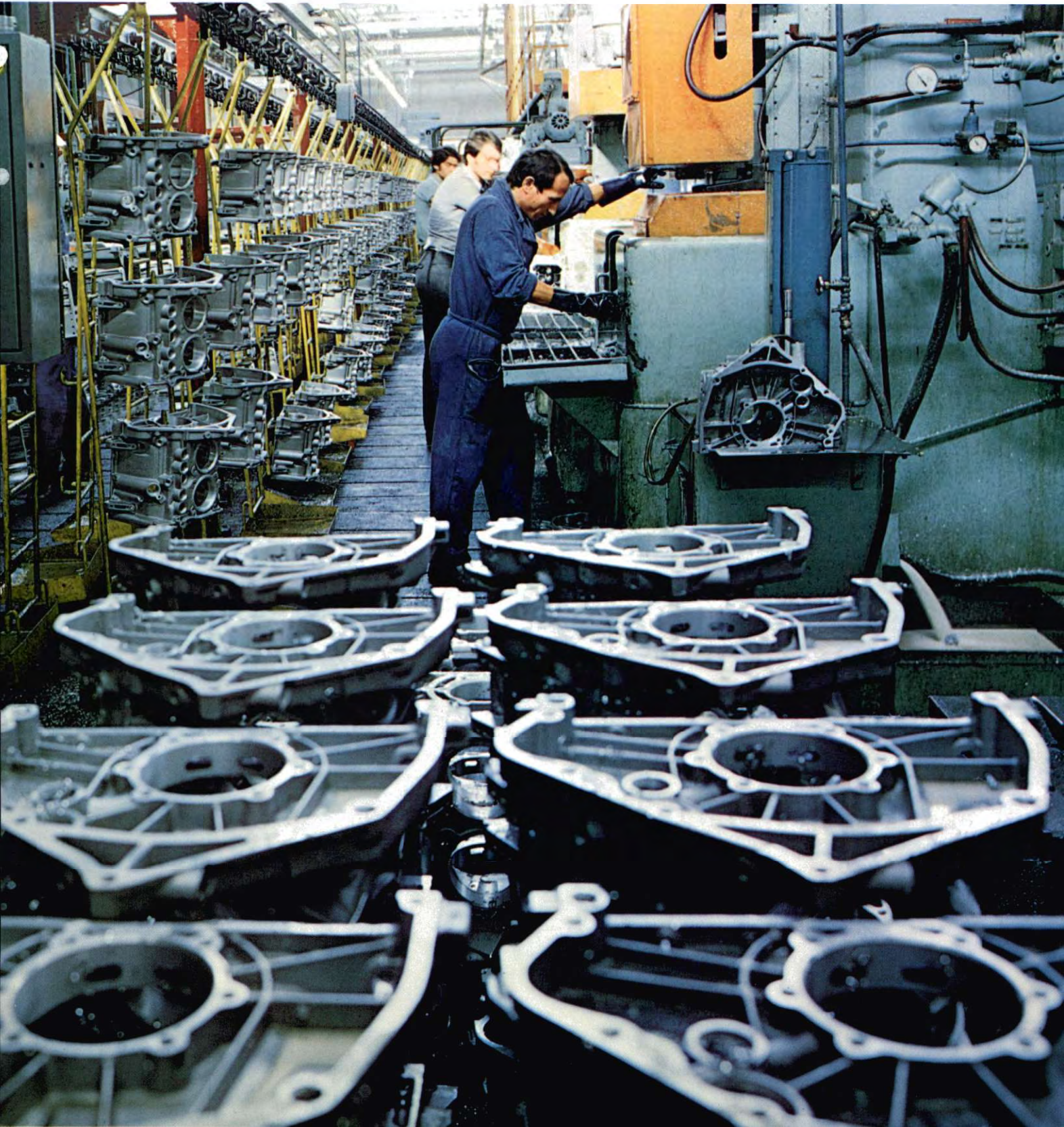
Assistance to improve telecommunications was continued with two loans totalling 58.6 million (42 000 million lire) to extend and modernise telephone installations in Calabria and Sardinia.

The remaining loans (70.6 million) went to the industrial sector. They were granted through the intermediary of financial institutions, Istituto Mobiliare Italiano (IMI), Istituto Regionale per il Finanziamento alle Industrie in Sicilia (IRFIS), Istituto per lo Sviluppo Economico dell'Italia Meridionale (ISVEIMER), Credito Industriale Sardo (CIS) and the Industrial Credit Section of the Banco di Napoli. Four loans were made directly to individual borrowers, the largest for the construction by FIAT of a motor-vehicle engine factory at Termoli in Molise (25.8 million units of account or 19 000 million lire) and the others for the extension of a factory producing tinsplate and galvanised iron sheeting at Naples,





*Most loans granted in Italy went to projects in the Mezzogiorno, the development of which remains one of the Bank's priority concerns. In the Community as a whole loans to regional development kept their leading position with 424.5 million, or about 61% of the loans granted in Member Countries.*









*The first loans granted in Ireland went to regional development projects. Three loans totalling 22.6 million were granted for improvements to the telephone network, the modernisation of sugar works and for a protein concentrates factory for animal feedstuffs.*

**In Germany,  
of 204.5 million  
127.2 million went  
to projects of interest  
to the Community  
as a whole including  
three nuclear power stations**

**France received loans  
totalling 170.6 million**

**for a nuclear power station  
and a hydroelectric power  
station**

the extension of a cementworks and the construction of a factory to produce telecommunications equipment in Sicily. The Bank also granted CIS and ISVEIMER two global loans, one for 13.5 million (10 000 million lire) and the other for 20.3 million (15 000 million lire), which will help to finance a variety of small- and medium-scale industrial projects.

In **Germany**, the Bank helped to finance 15 projects with loans totalling 204.5 million (677 million Deutsche Mark), but two-thirds of this amount went towards projects benefiting the Community as a whole.

The largest projects, for a total of 119.7 million (396 million Deutsche Mark) were three nuclear power stations which will help to improve electricity supplies: the high-temperature reactor at Uentrop in North Rhineland-Westphalia, a prototype power station applying advanced technology, and the more conventional power stations of Biblis in Hesse and Neckarwestheim-Gemrigheim in Baden-Württemberg.

Three smaller loans also fell into the category of finance benefiting the Community as a whole. Of these, one went towards the purchase of two refrigerated trawlers in pursuance of Community policy to modernise and redevelop the fishing industry. Another will contribute to expanding production of drilling equipment at Uetze in Lower Saxony. The third loan was granted to instal plant for exhausting and removing dust from fumes at a steelworks in North Rhineland-Westphalia with a view to environmental protection.

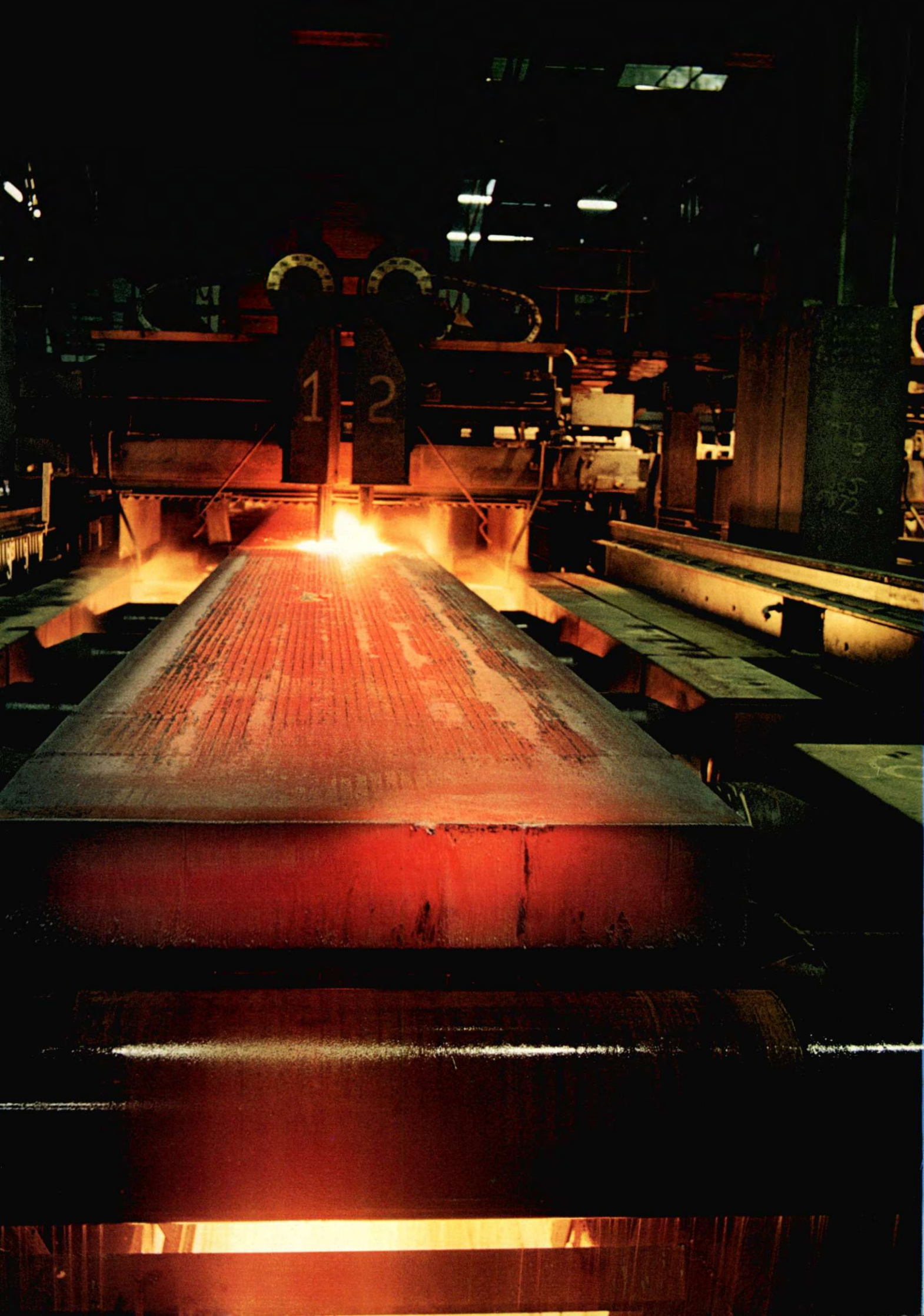
The nine other loans totalling 77.3 million (257 million Deutsche Mark) can be seen as a contribution towards more balanced regional development in Germany. With the exception of a loan granted in Lower Saxony for the extension of the electricity and natural gas distribution systems, they all relate to industrial projects. Two of them, the primary aluminium smelter at Stade and the pharmaceuticals factory at Cuxhaven, are also located in Lower Saxony. Two loans granted for a factory to produce construction plant and equipment at Ellerau and for the extension of a factory at Lübeck-Dänischburg, producing porcelain sanitary ware and tiles, benefit Schleswig-Holstein. In addition, two loans were granted for plants located in the Saar, one for financing a small bar-mill, the other for the construction of a factory to produce motor-vehicle components.

Another loan for the automobile sector went to the BMW assembly plant at Dingolfing in Bavaria. Lastly, a global loan was granted to Industriekreditbank AG, which will help to finance small- and medium-scale industrial projects in development and conversion areas.

Of the 170.6 million (947.3 million French francs) granted in **France** under 14 loans, 71 % went to finance regional projects.

Other lending to France, including the loan of 19.8 million made to Gaz de France for the French section of the Trans-Austria Gasline, will benefit the Community as a whole. In the same category are the loans for the hydro-electric power station at Gamsheim in Alsace, the second stage of the nuclear power station at Bugey in the Rhône-Alpes region and the programme to increase the capacity of the Culoz-Chambéry-Modane railway link with Italy.







*The Bank began its operations in the United Kingdom by granting three loans totalling 67.1 million to industrial investment projects in regions where industry is being modernised or developed. One was a « global loan » to finance a series of small and medium-scale projects and the two others went to steel complexes.*

### **infrastructure projects benefiting the regions**

Loans for regional development went mainly to infrastructure projects. The emphasis on infrastructure remains a feature of operations in France; in 1973 more than 68 % of the total was of this type.

Bank-financed infrastructure projects of benefit to the regions include the extension and improvement of the water supply system in Brittany, the acquisition of gas-turbine trains for interregional rail services between Lyons and the cities of Bordeaux, Nantes and Strasbourg, and two projects for the extension and modernisation of telecommunications in the Midi-Pyrénées and Poitou-Charentes regions. The two last-named projects bring the total amount of loans since 1967 for improving telecommunications in the less-developed regions of France to 159.3 million (879.6 million French francs).

The two main financing operations in favour of the industrial sector were two global loans for a total of 48 million (266.6 million French francs) granted to Crédit National and the Caisse Centrale de Crédit Hôtelier, Commercial et Industriel for small- and medium-scale projects located mainly in development and conversion areas.

In addition, two direct loans were granted for a « mini-steelworks » with an electric furnace and continuous rolling mill at Toulon and a factory for producing porcelain sanitary ware at Bischwiller in Alsace.

### **First loans in the United Kingdom for 67.1 million**

In what was the first year following the **United Kingdom's** accession to the Community, the Bank began operations there by granting three loans totalling 67.1 million (£32.9 million) for industrial investment projects in development and conversion areas.

The first was a global loan for 7.1 million (£3.5 million) to the Industrial and Commercial Finance Corporation Ltd (ICFC), which this institution will use, with the prior consent of the EIB, to finance small- and medium-scale projects in regions that have tended to stagnate or where traditional industries call for conversion.

The two other loans, each for 30 million (£14.7 million), will help to finance two British Steel Corporation projects. One relates to the burden-preparation facilities at the Teesside iron and steel works in Northern England where the unemployment level is much higher than the national average. The other is for the construction of a third blast furnace and additional feed installations to increase the production of hot-rolled strip at the Llanwern iron and steel works immediately adjacent to the development areas in South Wales.

### **In Ireland, 22.6 million for telecommunications**

In **Ireland**, loans totalling 22.6 million (£IR 11.1 million) were granted for three projects. The largest, for 15.3 million (£IR 7.5 million), will help to finance the extension of telecommunications within the country; the number of telephones per inhabitant and the rate of changeover to automatic exchanges in Ireland are at present much lower than in the other Member Countries of the Community. The two other loans will benefit agriculture and the food industry. One is for the modernisation and rationalisation of sugar factories in the Counties of Carlow







*The first two loans to Denmark concerned infrastructure in Greenland, which enjoys priority because of its under-developed character. Harbour facilities on the south-west coast and a power station at Godthaab, the administrative capital, received finance totalling 6.8 million.*

**for industries connected  
with agriculture**

and Cork and will enable the Irish sugar industry to remain competitive within the Community. The second will contribute to the construction of a protein concentrates factory at Cork and the establishment of ancillary services designed to encourage the adoption of intensive livestock farming methods and thus increase exports to other Community countries.

The Bank's contribution in this respect conforms to the recommendations contained in Protocol No. 30 to the Treaty of Accession that the Community's Institutions use all available means to promote the economic development and industrialisation of Ireland, to eliminate the prevalent underemployment and to reduce the large disparities in income, compared with other Member Countries.

**6.8 million for Greenland's  
ports and electricity**

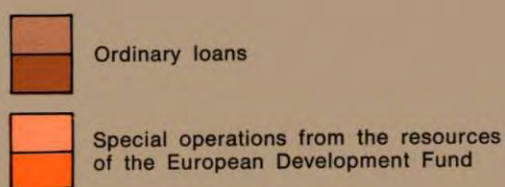
The first two loans granted to **Denmark**, for a total of 6.8 million (51.2 million Danish kroner), will be used in Greenland to finance harbour installations at Frederikshaab, Narssaq and Julianehaab, on the south-west coast, and a thermal power station at Godthaab, the administrative capital. These two loans will contribute to improving the living conditions and living standards of a particularly ill-favoured and remote part of the Community. The improvement of harbour installations will directly benefit the principal industry, fishing, which is the main source of revenue and provides 80 % of Greenland's export earnings.

In Belgium and the Netherlands, the signature of finance contracts, for which applications were examined in 1973, had to be carried over into 1974.

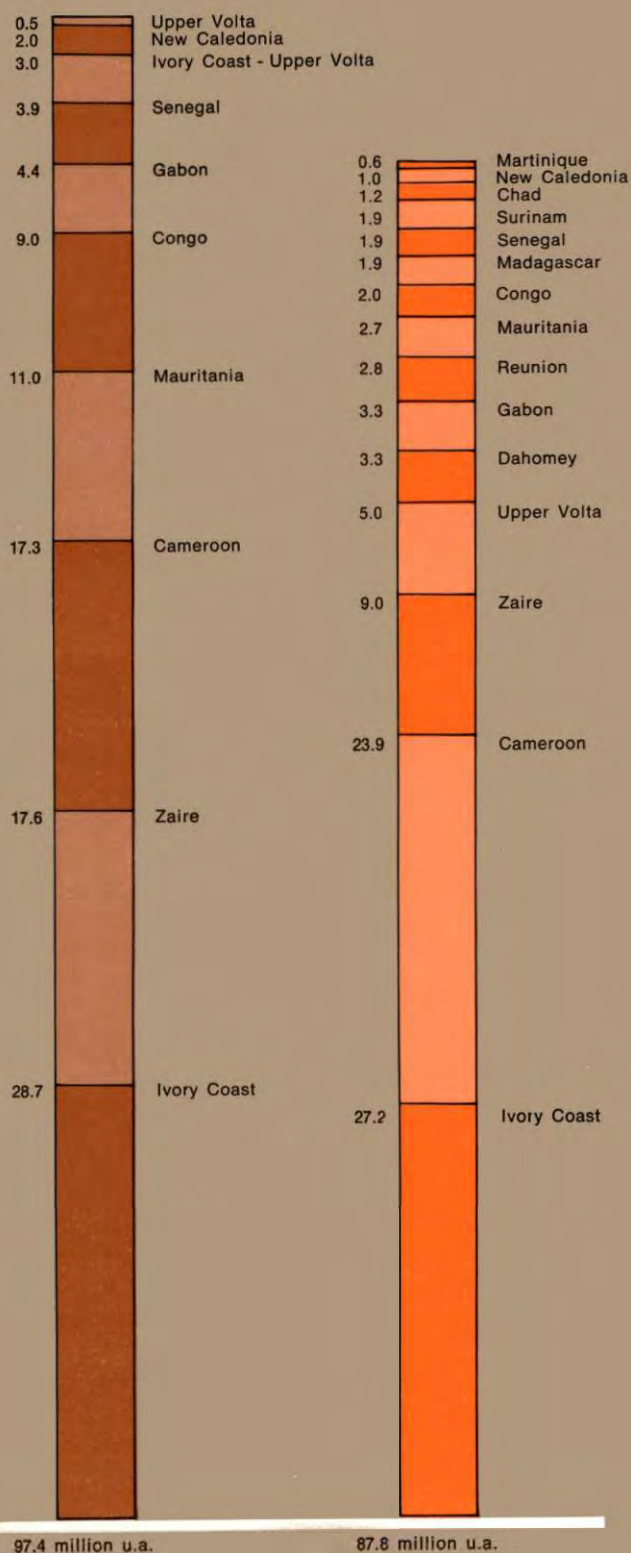
The breakdown of loans by method of financing (Table 10, page 69) shows marked changes compared with 1972: the volume of loans granted directly to the ultimate beneficiaries has increased substantially, whereas the proportion of individual loans granted through the intermediary of financial institutions has diminished and now represents only 14 % of loans of direct benefit to the Community granted during the year, compared with 34 % in 1972 and 43 % in 1971; this is a result of the reduction in the number of loans granted through the Cassa per il Mezzogiorno. On the other hand, the amount of global loans has more than trebled and in 1973 represented 16 % of aid granted for the direct benefit of the Community as against less than 7 % in 1972.

# AASM - OCT -OD

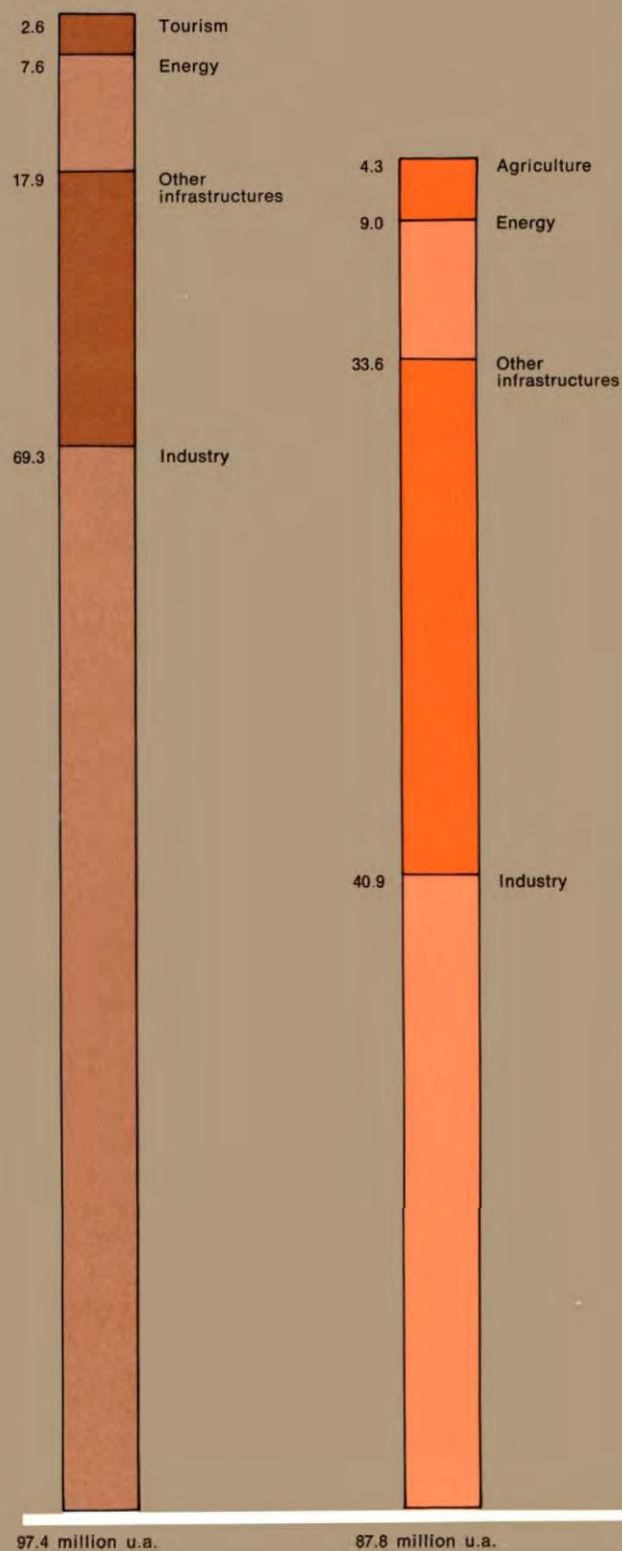
## Ordinary loans and special operations from 1964 to 1973



Breakdown by country



Breakdown by sector





**In the AASM and OCT  
10.9 million from the  
Bank's own resources**

## **Operations in the Associated Countries**

Eleven contracts were signed in 1973 covering operations in the **Associated African States, Madagascar and Mauritius and the Overseas Countries and Territories**. Three relate to ordinary loans totalling 10.9 million from the Bank's own resources and eight to operations from the resources of the European Development Fund (EDF), comprising six loans on special conditions for a total of 30.4 million, and two contributions to the formation of risk capital amounting to 1.5 million.

The three ordinary loans from the Bank's own resources, for projects in the Ivory Coast, Gabon and Cameroon, will contribute to the economic development of these countries and help to strengthen their balance of payments.

A loan of 7.9 million (CFA F 2 200 million) was granted to the **Ivory Coast** for improving and asphaltting 215 km of the San Pedro-Issia road which provides access to the new port at San Pedro for most of the Western part of the country.

In **Gabon**, a loan of 1.2 million (CFA F 332 million) for the construction of a 120-room hotel will increase accommodation in Libreville, the capital.

In **Cameroon**, a loan of 1.8 million (CFA F 500 million) was granted for extending the sugar mill and refinery and sugar cane plantations of SOSUCAM, a company which had already received a loan of 2 million from the Bank in 1966. The aim of this project is to double the annual capacity which will be raised to 30 000 tonnes in order to meet the domestic demand for sugar.

On the proposal of the Bank, the Commission granted interest rebates at a flat rate of 3 % from the resources of the EDF on the two loans to Cameroon and Gabon.

**31.9 million  
from the resources  
of the EDF**

In the eight operations financed from the resources of the EDF and managed by the Bank under its Special Section, 21.4 million was for agricultural processing projects in Cameroon, the Ivory Coast and Upper Volta, and 10.5 million for infrastructural projects (mostly roads) in the Ivory Coast and in the Overseas Departments of Martinique and Reunion.

**two equity participations**

In **Cameroon**, the Bank, acting as agent for and for the account of the European Economic Community, subscribed to an equity participation of 0.5 million (CFA F 150 million) in the capital of SOSUCAM, in addition to the ordinary loan already mentioned for the same project.

The Bank also signed a contract on the same conditions with Senegal and DAKARMARINE covering a contribution to the company's risk capital. The contribution, amounting to 1.0 million (CFA F 270 million), will finance a programme of supplementary studies and various investments to assess the feasibility of



**six loans  
on special conditions**

constructing a repair-yard at Dakar for very large ships. The financing took the form of an equity participation of CFA F 30 million and a quasi-capital contribution of CFA F 240 million.

Acting as agent for the Community, the Bank also signed, jointly with the Commission, six contracts for loans on special conditions totalling 30.4 million from the resources of the EDF.

A loan of 5.0 million (CFA 1 400 million) was granted to **Upper Volta** to help in financing a sugar-cane plantation and sugar mill and refinery at Banfora, with a capacity of 21 000 tonnes of unrefined sugar, which will meet the country's expected requirements in 1980. The irrigation systems for the project will be financed by a grant by the Commission of the European Communities from EDF resources.

In **Cameroon**, a loan of 8.8 million (CFA F 2 457 million) to Société Camerounaise de Palmeraies (SOCAPALM) will help to establish a 6 000-hectare oil-palm plantation and the construction of an oil mill with a capacity of 20 000 tonnes per year. This project is part of a programme which aims in the first instance at satisfying the domestic market and thereafter the demand for exports.

In the **Ivory Coast**, a loan of 6.9 million (CFA F 1 924 million) to Société des Caoutchoucs de Côte-d'Ivoire (SOCATCI) will provide funds to set up a 13 500-hectare rubber plantation approximately sixty kilometres from the port of San Pedro. From 1985 onwards, this plantation will produce 27 000 tonnes of latex per year and will contribute to the development of the South-Western region of the Ivory Coast.

**for agricultural projects  
and roads**

Also in the **Ivory Coast**, a loan of 6.8 million (CFA F 1 900 million) will help to finance the asphaltting of the San Pedro-Issia road. This loan is in addition to the loan for the same project from the Bank's own resources referred to above.

The two other loans on special conditions, amounting to 0.6 and 2.1 million, will finance road projects in the Overseas Departments of **Martinique** and **Reunion**.

**Resumption of operations  
in Turkey : 76.4 million units  
of account for « soft » loans**

In **Turkey**, following the entry into force of the second Financial Protocol, nine loans for a total of 76.4 million (£T 1 258.7 million) (1) were granted from the resources of the Member Countries. Of this total, 36.5 million (£T 609.1 million)

(1) Amounts in Turkish pounds are given purely as a guide. They represent the equivalent of the amounts expressed in units of account in the loan contracts : from 1 January to 13 February 1973 1 u.a. : £T 15,2, and from 14 February to 31 December 1973 1 u.a. : £T 16.8889.





*The road between San Pedro and Issia in the Ivory Coast is an example of a project that received both a loan from the Bank's own resources and a loan from the resources of the European Development Fund. Since 1964 a total of 185.2 million has been granted to projects in the AASM/OCT, including 97.4 million from the Bank's resources and 87.8 million from the resources of the European Development Fund.*





*Since 1965 forty-five loans totalling 251.4 million have been granted in Turkey from funds provided by Member States. Of the total of 76.4 million granted in 1973, 36.5 million went to transport, notably to the rail and air networks, and the rest to industrial investment.*





## **for rail and air transport**

relates to three loans for rail and air transport, 37.9 million (£T 619.2 million) to five loans for investment in industry, and 2 million to a global loan for financing preinvestment studies. These loans were for the account of and under mandate from the Member States and are managed by the Bank through its Special Section.

The Bank continued to support the programme for modernising the Turkish railways to which other financial institutions such as the World Bank have also contributed. An initial loan of 11 million for the progressive replacement of obsolete steam traction by diesel traction had already been granted in 1968 under the first Financial Protocol. Following a further loan of 23.5 million (£T 396.9 million) granted in 1973, 140 diesel locomotives will come into service by 1976. These locomotives will be built in the Turkish railways' workshops, some of the components being manufactured locally; the proportion of locally produced parts is expected to increase from 50 % in 1973 to 70 % in 1976. Hence a further benefit from the project will be the improvement of the productivity and technical capacity of the railway company's workshops and of sub-contractors.

A further 4.4 million (£T 66.1 million) will finance the electrification of 140 kilometres of the Istanbul-Adapazari railway line on which traffic is particularly heavy. In addition to infrastructure works, this project also involves the acquisition of 15 electric locomotives, seven of which will also be assembled in the Turkish railways' workshops.

Turkish Air Lines (THY) received a loan of 8.6 million (£T 146.1 million) for the purchase of 5 twin-jet Fokker F-28 Fellowship aircraft to be used on domestic routes. The aircraft will provide a better service to remote areas and will help to encourage tourism.

## **an integrated project, embracing forestry development and paper production**

The largest loan in the industrial sector was for 20 million (£T 337.8 million) to finance an integrated project in the Antalya region, comprising forestry development, the erection of a saw-mill and the construction of a factory producing paper pulp, kraft paper and linerboard. The Bank also allocated revolving fund finance (1) to this project in the amount of £T 150 million. The project, financed in cooperation with the World Bank, will provide 5 000 new jobs and help to meet Turkish requirements for kraft paper, linerboard and timber.

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(1) The Bank finances projects in Turkey through very long-term loans to the Government. The Government then uses the proceeds to make much shorter-term loans, particularly for industrial investments. Repayments of principal to the Government by the beneficiaries, which are made in Turkish pounds, are not immediately required for repayment of the Bank's original loan and are available for re-lending by the Government, with the Bank's agreement, to contribute to other projects. Such loans are described as revolving fund operations.







*The opening of the Bosphorus Bridge in 1973 was one of the most striking results of the Bank's work in Turkey. In 1969 the 1 560 metres long bridge suspended 64 metres above sea level had received a loan under the first Financial Protocol. In 1973 the Bank resumed financing in Turkey in the context of the second Financial Protocol.*

**several  
other industrial projects**

Two further loans in the industrial sector, for the extension of a cementworks at Eskisehir (2 million) and a synthetic fibre factory, in the private sector, at Bursa (3.5 million) will together provide around 600 new jobs. These two loan operations were arranged through the intermediary of the Turkish Industrial Development Bank (TSKB).

A loan of 6.4 million went to Petkim, a state enterprise, for the construction of a synthetic rubber factory near Izmit for which an initial loan of 9.3 million was granted in 1969.

**by virtue especially  
of a global loan**

In addition, TSKB was granted a global loan of 6 million (£T 91.2 million) for financing small- and medium-scale industrial investments. During the financial year, six appropriations totalling 4.5 million were approved for the construction or extension of an oil mill, a marble works, and factories producing packaging materials, radiators, baths and carpets.

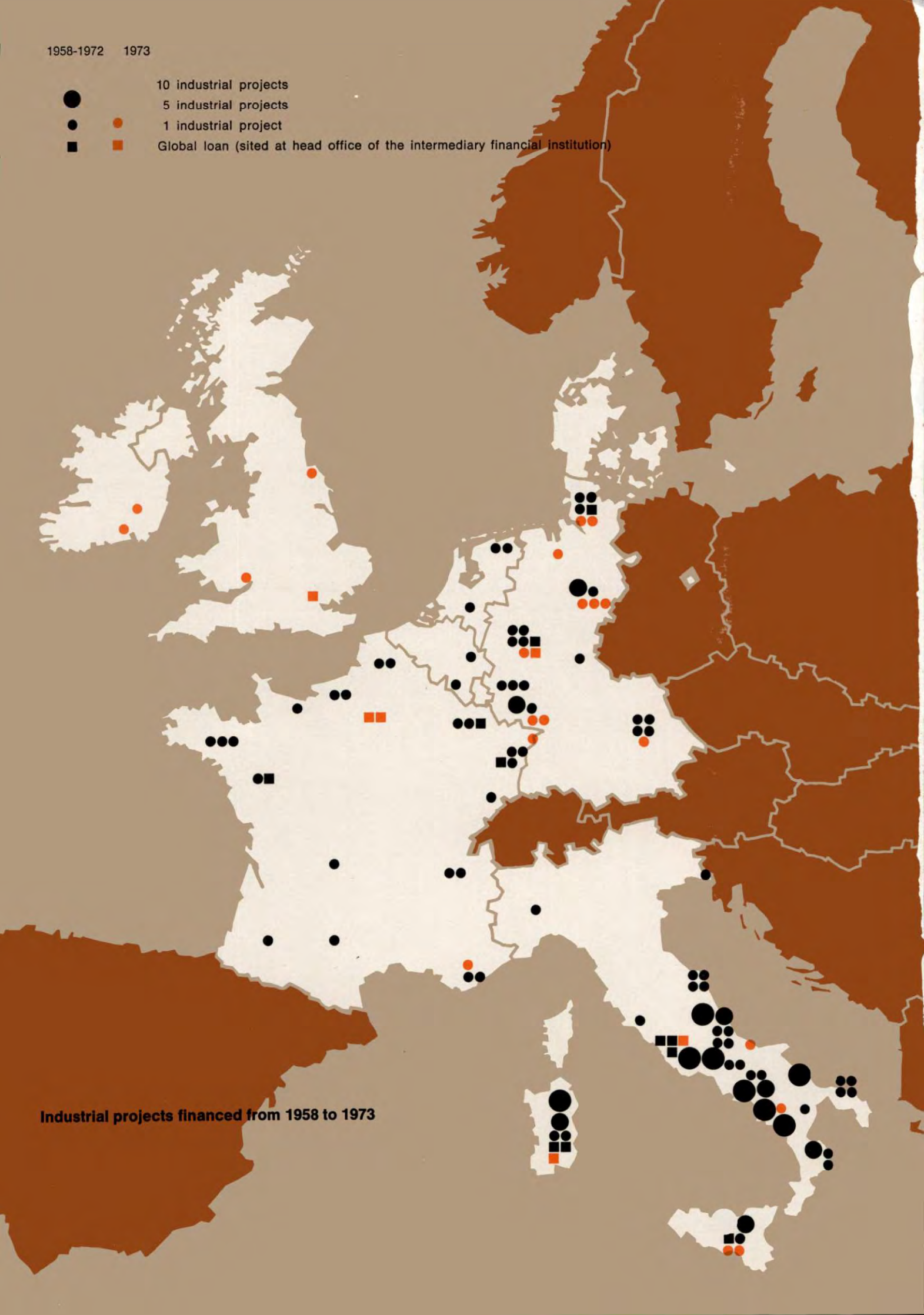
Finally, a global loan contract for 2 million (£T 30.4 million) was concluded with the Turkish Government for financing preinvestment activities; 60 000 u.a. have been appropriated from this loan for a technical assistance programme in the power sector.



1958-1972 1973

- 10 industrial projects
- 5 industrial projects
- 1 industrial project
- Global loan (sited at head office of the intermediary financial institution)

Industrial projects financed from 1958 to 1973





# EIB operations between 1958 and 1973

**480 contracts  
for 3 660 million since 1958**

Since its establishment in 1958, the European Investment Bank has signed 480 contracts providing for total financing of 3 658.1 million units of account.

The total cost of the capital investments to which the Bank has contributed amounts to some 16 000 million (1). The Bank's average contribution was thus about 22 %.

Tables 6 to 9 on pages 66 to 68 give the breakdown of the Bank's activities by type of financing, country, sector and economic objective within the terms of reference of Article 130 of the Treaty of Rome.

**86 % of financing  
within the Community**

In accordance with its principal objective, the majority of the Bank's operations between 1958 and 1973 were in the Member Countries. Loans and guarantees in respect of projects located within the Community or of direct benefit to the Member States totalled 3 152.3 million or 86 % of the total.

The Bank thereby contributed towards a total investment of 13 900 million, which is expected to create some 108 000 new jobs and assure continued employment for another 37 000 workers.

The 362 contracts signed by the Bank for projects of direct benefit to the Community relate to :

- 336 direct loans totalling 2 842.6 million;
- 17 global loans to financial institutions, totalling 199.7 million for financing small- and medium-scale industrial ventures located mainly in problem areas;
- 9 guarantees totalling 110.0 million.

**50.6 % of which  
was granted in Italy**

Because the Bank's primary task is to foster regional development and because of the economic backwardness of the whole of Southern Italy, that country has been by far the greatest beneficiary of financing through the EIB, having received 1 594.1 million units of account or 50.6 % of the Bank's support for projects of direct benefit to the Community. Next come France with 23.5 %, Germany with 17.7 %, the Benelux countries with 3.8 %, followed by the new Member Countries, the United Kingdom with 2.1 %, Ireland with 0.7 % and Denmark with 0.2 %. The remaining 1 % relates to a loan for a project which, although located in Austria, was of importance for future supplies of natural gas to the Community.

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(1) This represents the total amount of fixed investments in respect of all the projects backed by the Bank, calculated from data used as a basis for the promoters' financing plans at the time when the Bank's assistance was approved by its Board of Directors.



	1958-72	1973
Agricultural infrastructure		
Tourism		
Energy		
Telecommunications		
Agricultural development		
Supplying drinking water		
Port development		
Air transport		
Gas-turbine train		
Drilling platforms		
European School		
Motorways		
Gas pipelines		
Railways		
Waterways		

Scale 1 : 40 000 000

Infrastructure projects financed from 1958 to 1973

Scale 1 : 12 000 000



**more than 71 % of loans  
were for regional development  
or conversion**

Tables 8 and 9 (page 68) show that more than 71 % of the total amounts committed by the Bank on behalf of the Community since its foundation have been for projects in the less-developed regions and, to a lesser extent, in regions where traditional industries face problems of reconversion. Projects of common interest to several Member Countries have nevertheless assumed increasing importance in recent years and now account for 26 % of the Bank's total commitments. These projects have been in large part for the development of transport infrastructure benefiting the Community as a whole, but there has been a progressive increase in the number of projects, for example, nuclear power stations and gas pipelines, designed to improve the Community's energy supplies. Investments promoting industrial cooperation in sectors based on advanced technology are still limited in amount, as are those for industrial modernisation or redevelopment (slightly less than 5 % in all falls into these two categories).

**118 contracts for more  
than 500 million  
in the Associated Countries**

Operations in the **Associated Countries** began only in 1963; they slowed down considerably between 1970 and 1972 as a result of the time required to negotiate and then ratify the Association Agreements and the Financial Protocol. Nevertheless these countries, taken together, have received 505.8 million, or 14 % of the total funds provided by the Bank during the entire period 1958-1973, both from its own resources and from the resources of the Community and the Member States. The 118 contracts signed in favour of the various Associated States were distributed between Turkey (251.4 million; 49.7 %), the Associated African States, Madagascar and Mauritius, and the Overseas Countries and Territories (185.2 million; 36.6 %), and Greece (69.2 million; 13.7 %).

**including 185.2 million  
in the AASM and OCT**

Between 1 January 1964, the date of entry into effect of the first Association Agreements, and 31 December 1973, the Bank signed 58 contracts for operations in the **Associated African States, Madagascar and Mauritius** and the **Overseas Countries and Territories**. These contracts are divided between 29 ordinary loans amounting to 97.4 million from the Bank's resources and 29 operations financed from the resources of the European Development Fund, comprising 26 loans on special conditions totalling 85.3 million and 3 contributions to the formation of risk capital for 2.5 million. The graph on page 32 shows the breakdown of these operations by sector and country. They represent contributions to investments amounting to some 720 million; these investments are expected to give rise to nearly 42 000 new jobs.

**and 251.9 million in Turkey**

In **Turkey**, Bank lending under the first and second Financial Protocols during the period 1964-1973 comprised 45 loans on special conditions from the resources of Member States for a total of 251.4 million. These contributed to the financing of total investments amounting to around 1 400 million and led to the creation of nearly 14 000 new jobs.

Loans to the energy and transport sectors alone accounted for 40 % (103.9 million) of the total sum lent. Projects in the paper and chemical industries and



## Projects financed in the AASM from 1964 to 1973

Ordinary loans by the EIB and special operations from the resources of the European Development Fund

	1964-72		1973	
	Ordinary loans	Special operations	Ordinary loans	Special operations

Industry				
Infrastructure				
Energy				
Agriculture				
Tourism				





in mechanical engineering accounted for more than 108 million, or 43 % of the Bank's lending to Turkey.

**Infrastructure projects  
received 58 %  
of the amount granted**

A breakdown by economic sector of the projects financed by the Bank between 1958 and 1973 shows that approximately 58 % of total commitments was for infrastructural projects, headed by transport (21.3 %), followed closely by energy (20.1 %), and then by telecommunications, (10.8 %) (see Table 7, page 67).

**Substantial financing  
for basic industries**

Projects in the productive sectors, mainly industry, together attracted some 42 % of all financing provided by the Bank, with metal production and semi-finishing (10 %) and the chemicals industry (9 %) predominating, followed by the motor vehicle industry and mechanical engineering (7 %). Taken together, basic industries account for the greater part of industrial financing, absorbing 57 % of the funds provided. The manufacturing industries have also received very substantial sums, a large number of smaller projects having benefited from the « global loan » mechanism, which has been in use since 1969. Commitments under global loans granted within the Community (see Table 12, page 70), 153 in number, amount to a total of 75.8 million; the average sub-loan is 0.5 million, while the average amount of direct assistance to individual industrial ventures in the Community is of the order of 5 million. The Bank has approved sub-loans for a wide range of industries, chiefly metalworking and mechanical engineering (22 %), the food industry (18 %), construction materials (8.5 %) and rubber and plastics processing (8.7 %).

**and numerous loans  
to manufacturing industries**



# Resources

**The Bank's resources  
have increased  
by 30 % to 2 856.5 million**

The Bank's total resources at 31 December 1973 (comprising paid-up capital, retained earnings appropriated to the statutory and other reserves, and loans issued, but excluding receivables) amounted to 2 856.5 million units of account, compared with 2 189.8 million at 31 December 1972, registering an increase of 666.7 million or 30.5 %.

The increase in resources was made up of 130 million received from the nine Member States in the form of contributions to the Bank's capital, of 22.5 million in the form of contributions of the new Member States to the statutory and other reserves, of an increase of 488.3 million in borrowings outstanding and 25.9 million in new income for the year, appropriated to the statutory and other reserves.

**Paid-up capital  
increased by 130 million**

In accordance with the decision by the Board of Governors at its meeting on 26 April 1971 to increase the Bank's capital, the founder members of the Bank made a first payment of 25 million on 31 January 1973, the second payment of 25 million to be made on 31 January 1974.

On 28 February 1973 the new Member States contributed 105 million to the paid-up capital by the payment of 21 million in cash and 84 million in non-interest-bearing notes maturing in four equal instalments on 30 September 1973, 30 April 1974, 30 November 1974 and 30 June 1975.

During the year, the United Kingdom, Denmark and Ireland also paid 22.5 million as their contribution to the Bank's statutory and other reserves, the balance of 33.8 million to be paid in 1974 and 1975.

Payments by founder members and new members were made in their respective national currencies, on the basis of official parities.

**The Bank raised 612.3 million  
on the capital markets**

In 1973, the Bank made calls on the financial markets for a total of 612.3 million compared with 479.5 million in 1972 and 412.9 million in 1971. New issues amounted to 608 million and participations by third parties in financing the Bank's loans (through the purchase of participation certificates) amounted to 4.3 million (see Table 4).

For the third consecutive year, most of the issues made by the Bank were denominated in the currencies of the Member Countries. The Bank raised a total of 364.2 million through 15 issues denominated in the currencies of the six founder Member States. Eight of these issues, totalling 194 million, were placed on the domestic markets of the Member Countries, compared with 137 million in 1972.

**first issue in Eurco**

In September 1973, the Bank collaborated with a number of Community banks to pioneer the launching of an issue for approximately 30 million units of account denominated in a new unit, the Eurco (European Composite Unit). The Eurco consists of the sum of fixed amounts of the currencies of all the Member Countries of the European Economic Community, namely : 0.9 Deutsche Mark, 1.20 French francs, 0.075 pounds sterling, 80.0 Italian lire, 0.35 Dutch guilders, 4.5 Belgian francs, 0.2 Danish kroner, 0.005 Irish pounds and 0.5 Luxembourg francs.



Table 4 : **Issues made up to and including 1973**

Year	Number of issues	Amount (million u.a.)
1961	3	21.4
1962	2	32.3
1963	3	35.2
1964	5	66.8
1965	4	65.0
1966	6	138.5
1967	8	194.5
1968	13	212.5
1969	9	146.0
1970	7	168.9
1971	20	412.9
1972	19	462.0
1973	22	608.0
<b>1961-1973</b>	<b>121</b>	<b>2 564.0</b>

The amounts of each of the component currencies remain unchanged throughout the term of the loan. The value of the Eurco in terms of any given currency is equal to the sum of the values in this currency of the amounts of the currencies making up the Eurco calculated at the ruling rates of exchange.

The Eurco offers investors a new means of investing savings. It enables them in effect to spread their investment among all the currencies of the European Economic Community on a suitably weighted basis, and should thereby provide greater stability for the value of their investments.

The subscriptions for this issue, which were paid in United States dollars, were immediately converted into the Community currencies in the same proportions as in the Eurco.

Problems on the Eurobond market denominated in dollars limited the funds raised in the currency to 143.7 million, compared with 198 million in 1972.

In contrast, funds raised on the Swiss capital market by means of a public issue and a private placement amounted to 53.4 million compared with 24 million in 1972.

In addition, the Bank made a first issue in Lebanese pounds on the international capital market, for the equivalent of 16.7 million.



*As it had done for the Hotel Teranga at Dakar (Senegal) in 1971, the Bank again granted a loan in 1973 for the construction of an international-class hotel, this time at Libreville (Gabon). The promotion of tourism in the AASM and OCT is an important aid to economic development.*





**The rate of interest  
had to be increased twice**

Table 13 on page 71, gives details of borrowings during the year. After deduction of repayments, total outstanding borrowings amounted to 2 274.4 million at 31 December 1973, as against 1 772.2 million at 31 December 1972, representing an increase of 502.1 million, of which 13.8 million were received after the end of the financial year.

The trend of interest rates on the capital markets during the first nine months of 1973 was mainly affected by the climate of uncertainty prevailing on the foreign exchange markets, the growing severity of anti-inflation policies and, in certain countries, a marked recovery in the demand for financing fixed investment. The consequent rise in the cost of borrowing forced the Bank to revise the rates of interest which it charged on its loans. Since October 1972 these rates had been 7.375 % on loans of up to 9 years and 7.75 % for longer terms and in September 1973 they were raised to 8.125 % and 8.50 % respectively. In face of a further increase in the cost of long-term capital following on the oil crisis, the Bank, in December 1973, set its rate of interest at 8.75 % on all loans, regardless of their term.



# Results for the year

**Net income amounted  
to 25.9 million**

The results for 1973 were greatly affected by the substantial rise in spot and short-term interest rates on the money market. The volume of liquid assets was much higher on average than during the preceding financial year and income under this heading was almost doubled.

The increase in receipts of interest on loans was offset by an approximately equal rise in the amount of interest and charges on borrowings incurred over the year.

**and was appropriated  
to the statutory  
and other reserves**

After allowing for an exchange loss of 8 million, as a result of the devaluation of the dollar in October 1973, and amortisation of issuing charges and redemption premiums amounting to 6.9 million, compared with 5.6 million in 1972, the balance of the profit and loss account available for appropriation to the statutory and other reserves amounted to 25.9 million as against 21.9 million in 1972.

Of this balance 6.1 million was appropriated to the statutory reserve and the remainder to the other reserves. At 31 December 1973, total reserves therefore amounted to 249.7 million, of which 97.7 million constituted the statutory reserve.

**The Bank's balance sheet totals  
stood at nearly 3 500 million  
at 31 December 1973**

At the same date, the Bank's balance sheet totals stood at 3 484 million, compared with 2 755 million at 31 December 1972, representing an increase of 26.5 %.

*More finance was provided in 1973 for regions with inadequate telecommunications facilities. Five loans totalling 129 million were granted in Sardinia and Calabria, the Poitou-Charentes and Midi-Pyrénées regions, and in Ireland. In all the Bank has now provided nearly 400 million for this sector.*







# Administration

In accordance with Protocol No. 1 on the Statute of the Bank, annexed to the Act of Accession of the new Member States, the Board of Directors now comprises 18 directors and 10 alternates instead of 12 directors and 12 alternates as was previously the case. Their term of office will expire in 1978, at the end of the Annual Meeting during which the Annual Report for the financial year 1977 is examined.

Since the accession of new members in January 1973, the Board of Governors has increased the membership of the Board of Directors by appointing three directors, Mr Christopher FOGARTY, Mr Raymond PROSSER and Mr Rupert RAW, and two alternates, Mr Geoffrey LITTLER and Mr David NENDICK, nominated by the United Kingdom of Great Britain and Northern Ireland; a director nominated by the Kingdom of Denmark : Mr Erik HOFFMEYER; a director nominated by Ireland : Mr Sean F. MURRAY; and a director nominated by the Grand Duchy of Luxembourg : Mr Pierre GUILL, formerly an alternate director nominated jointly by the Benelux countries.

At the end of the Annual Meeting on 27 June the Board of Governors appointed the directors and alternates nominated by the Federal Republic of Germany, the French Republic, the Republic of Italy, the Kingdom of Belgium, the Kingdom of the Netherlands and the Commission of the European Communities.

Mr Herbert MARTINI, a director since the foundation of the Bank, Mr Friedrich BERNARD, Mr Frédéric BOYER de la GIRODAY, Mr Jacques FRIEDMANN, Mr Alfred KUBEL, and Mr Ugo MORABITO did not ask for their terms of office to be renewed and Mr Alfred BECKER, Mr Rudolf MORAWITZ and Mr John Edward NASH joined the Board of Directors, the first-named as director, the two last-named as alternates.

In October, Mr Jacques de LAROSIÈRE de CHAMPFEU, director, resigned because of a change in duties and was replaced by Mr Jean-Yves HABERER. On 1 January 1974, Mr Paul GAUDY, an alternate who resigned, was replaced by Mr Maurice ESSELENS.

The Board of Directors thanks Mr Herbert MARTINI, Mr Jacques de LAROSIÈRE de CHAMPFEU, Mr Friedrich BERNARD, Mr Frédéric BOYER de la GIRODAY, Mr Jacques FRIEDMANN, Mr Paul GAUDY, Mr Alfred KUBEL and Mr Ugo MORABITO for their valuable contribution to the Bank's activities.

Because of the extension of its activities resulting from the accession of the new Member Countries, the Bank has recruited additional staff, especially nationals of the new Member Countries. At 31 December 1973, the staff of the Bank numbered 286, compared with 230 at 31 December 1972.

At the end of the year, the Bank was deeply saddened by the death of Mr. Louis CASSAGNES, Manager of the Finance and Treasury Department, who died in an accident on 22 December. His ability and great humanity were appreciated by all.

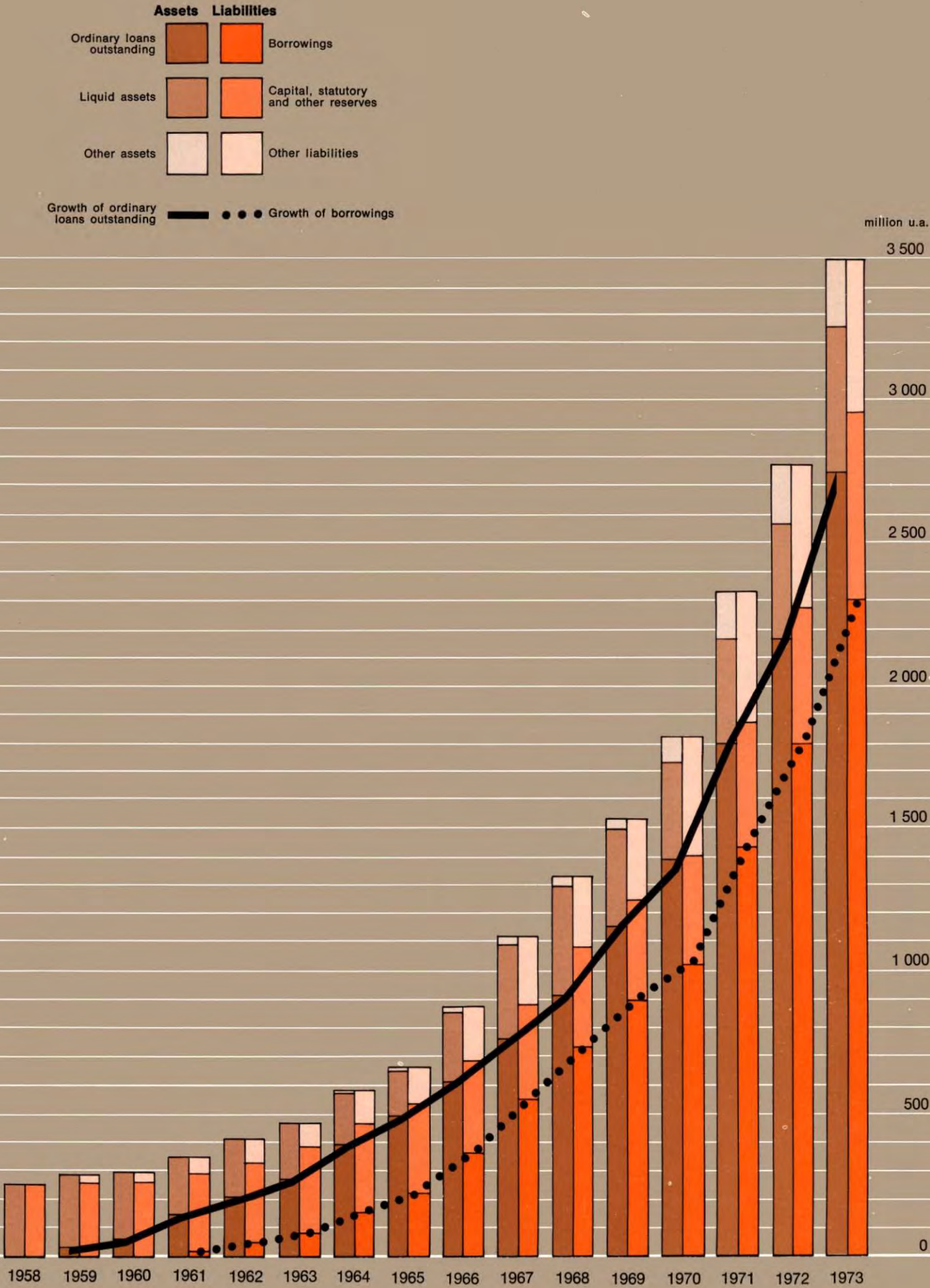
The Board of Directors wishes to convey its sincere thanks to the staff of the Bank for their diligence and the high quality of their work during 1973.

Luxembourg, 25 April 1974

The Chairman of the Board of Directors  
Yves LE PORTZ



**Balance sheet of the Bank**  
As at 31 December of each year





# Balance sheet at 31 December 1973

(in units of account of 0.88867088 grammes of fine gold) — see notes to the financial statements, Annex D

Assets	31.12.1973	31.12.1972
Receivable from Member States on account of called capital (Annex A) . . . . .	25 000 000	50 000 000
Receivable on account of statutory and other reserves (Annex A) . . . . .	33 767 732	—
Cash and bank deposits		
At sight and up to one year's notice . . . . .	270 820 601	272 519 425
At more than one year's notice . . . . .	2 083 523	5 611 574
	<b>272 904 124</b>	278 130 999
Investments (Note B)		
For not more than one year . . . . .	76 930 709	26 577 227
For more than one year . . . . .	87 823 422	35 295 420
	<b>164 754 131</b>	61 872 647
Borrowing proceeds to be received . . . . .	13 812 155	—
Loans (Annex B) . . . . .	2 734 525 659	2 160 481 294
(of which undisbursed 1973 - 302 385 248 u.a. 1972 - 298 159 824 u.a.)		
Contra accounts to guarantees		
In respect of loans under mandate . . . . .	92 896 175	92 896 175
excluding those		
(a) in respect of loans granted by third parties . . . . .	(16 393 443)	(16 393 443)
(b) in respect of participations by third parties in the loans of the Bank . . . . .	(21 490 655)	(17 290 655)
Land and buildings . . . . .	382 398	482 398
Accrued interest and commission . . . . .	39 360 743	30 239 042
Unamortised issuing charges . . . . .	50 328 801	38 748 863
Unamortised redemption premiums . . . . .	7 873 032	8 639 433
	<b>58 201 833</b>	47 388 296
Special deposits for service of loans (Note C) . . .	41 035 663	18 970 034
Miscellaneous (Note D) . . . . .	6 919 703	14 592 489
	<b>3 483 560 316</b>	2 755 053 374



## Liabilities

	31.12.1973	31.12.1972
Capital (Annex A)		
Subscribed . . . . .	2 025 000 000	1 500 000 000
Uncalled . . . . .	1 620 000 000	1 200 000 000
	<b>405 000 000</b>	300 000 000
Statutory reserve (Note H) . . . . .	97 686 458	68 550 827
Other reserves (Note H)		
For risks on loans and guarantees . . . . .	105 000 000	71 000 000
For equalisation of interest on borrowings . . . . .	13 000 000	9 000 000
For monetary risks . . . . .	23 000 000	12 500 000
For building . . . . .	11 000 000	6 500 000
	<b>152 000 000</b>	99 000 000
Write-back of issuing charges previously amortised . . . . .	23 127 079	23 127 079
Staff pension fund . . . . .	4 406 795	3 248 490
Payable to Member States for adjustment of capital . . . . .	102 631	107 199
Borrowings (Annex C)		
Bonds and notes . . . . .	1 948 711 958	1 521 120 207
Other medium- and long-term borrowings . . . . .	325 686 135	251 124 982
	<b>2 274 398 093</b>	1 772 245 189
Redemption premiums on bonds . . . . .	12 120 542	12 060 599
	<b>2 286 518 635</b>	1 784 305 788
Undisbursed balance of loans . . . . .	302 385 248	298 159 824
Guarantees		
On loans under mandate . . . . .	92 896 175	92 896 175
On loans granted by third parties . . . . .	(16 393 443)	(16 393 443)
On participations by third parties in the loans of the Bank . . . . .	(21 490 655)	(17 290 655)
Accrued interest and commission and interest received in advance . . . . .	64 972 048	43 467 892
Coupons and liabilities due and not yet paid (Note C) . . . . .	41 035 663	18 970 034
Miscellaneous (Note D) . . . . .	13 429 584	23 220 066
	<b>3 483 560 316</b>	2 755 053 374

## Memorandum Accounts

Securities received as guarantee for loans under mandate . . . . .	u.a. 23 224 044	u.a. 23 224 044
Securities received on deposit . . . . .	u.a. 82 894 682	u.a. 92 105 627



# Profit and loss account for the year ended 31 December 1973

(in units of account of 0.88867088 grammes of fine gold) — see notes to the financial statements, Annex D

Debit	1973	1972	Credit	1973	1972
Administrative expenses and charges . . . . .	<b>8 339 009</b>	6 034 013	Interest and commission on loans . . . . .	<b>160 010 213</b>	118 811 368
Interest and charges on borrowings . . . . .	<b>143 040 680</b>	104 570 351	Interest and commission on investments . . . . .	<b>30 238 494</b>	16 851 366
Amortisation of issuing charges and redemption premiums . . . . .	<b>6 942 417</b>	5 581 925	Management commission (Note E) . . . . .	<b>1 573 263</b>	1 385 803
Financial charges . . . . .	<b>1 016 472</b>	358 421	Financial and other income	<b>999 622</b>	1 273 123
Depreciation			Exchange differences . . . . .	—	153 654
On buildings . . . . .	<b>100 000</b>	100 000	Write-back of special provision set up at 31.12.1971	—	4 104 000
Of net purchases of furniture and equipment . . . . .	<b>132 703</b>	101 673	Net surplus value arising from revaluation of the assets of the Bank not subject to adjustment under Art. 7 of the Statute (Note G) . . . . .	<b>1 324 294</b>	2 846 744
	<b>232 703</b>	201 673			
Exchange differences (Note F) . . . . .	<b>8 718 527</b>	6 801 937			
Reserve for risks on loans and guarantees . . . . .	<b>10 151 426</b>	7 000 000			
Reserve for equalisation of interest on borrowings . . . . .	<b>976 941</b>	—			
Reserve for monetary risks	<b>6 301 308</b>	7 500 000			
Reserve for building . . . . .	<b>2 316 680</b>	2 500 000			
Balance appropriated to the statutory reserve . . . . .	<b>6 109 723</b>	4 877 738			
	<b>194 145 886</b>	145 426 058		<b>194 145 886</b>	145 426 058



# Statement of Special Section<sup>(1)</sup> at 31 December 1973

(in units of account of 0.88867088 grammes of fine gold)

Assets	31.12.1973	31.12.1972	Liabilities	31.12.1973	31.12.1972
<b>Turkey</b>					
<i>From resources of the Member States</i>					
Loans . . . . .	<b>190 772 738</b>	158 841 951	Trust management funds .	<b>190 772 738</b>	158 841 951
Undisbursed loans . . .	<b>59 599 384</b>	14 512 565	Undisbursed funds . . .	<b>59 599 384</b>	14 512 565
Total (2)	<b>250 372 122</b>	173 354 516	Total	<b>250 372 122</b>	173 354 516

## Associated African States and Madagascar and Overseas Countries and Territories

<i>From resources of the European Economic Community</i>					
Loans . . . . . (3)	<b>47 286 984</b>	36 238 458	Trust management funds .	<b>48 184 955</b>	36 238 458
Undisbursed loans . . .	<b>36 663 019</b>	18 489 954	Undisbursed funds :		
Contributions to the formation of risk capital . . .	<b>1 638 403</b>	—	Loans . . . . .	<b>36 663 019</b>	18 489 954
(of which : 740 432 u.a. not yet paid up)			Contributions to the formation of risk capital .	<b>740 432</b>	—
Total	<b>85 588 406</b>	54 728 412	Total	<b>85 588 406</b>	54 728 412

## Summary

Loans . . . . .	<b>238 059 722</b>	195 080 409	Trust management funds .	<b>238 957 693</b>	195 080 409
Undisbursed loans . . .	<b>96 262 403</b>	33 002 519	Undisbursed funds :		
Contributions to the formation of risk capital . . .	<b>1 638 403</b>	—	Loans . . . . .	<b>96 262 403</b>	33 002 519
(of which : 740 432 u.a. not yet paid up)			Contributions to the formation of risk capital .	<b>740 432</b>	—
Grand Total	<b>335 960 528</b>	228 082 928	Grand Total	<b>335 960 528</b>	228 082 928

(1) The Special Section was set up by the Board of Governors on 27 May 1963 for recording the operations carried out by the European Investment Bank for the account of and under mandate from the Member States and the European Economic Community.

(2) Original amount of loan contracts signed for financing projects in Turkey for the account of and under mandate from the Member States : u.a. 254 900 000

<b>less :</b>		
— repayments	u.a. 659 942	
— exchange adjustments on amounts disbursed	u.a. 3 867 936	
		u.a. 4 527 878
		u.a. 250 372 122

(3) Original amount of loan contracts signed for financing projects in the Associated African States and Madagascar and the Overseas Countries and Territories (AASM-OCT) for the account of and under mandate from the European Economic Community : u.a. 85 257 831

<b>add :</b>		
— capitalised interest	u.a. 504 269	
— exchange adjustments on amounts disbursed	u.a. 919	
		u.a. 505 188
		u.a. 85 763 019
<b>less :</b>		
— cancellations	u.a. 1 213 731	
— repayments	u.a. 599 285	
		u.a. 1 813 016
		u.a. 83 950 003



# Annex A - Statement of subscriptions to the capital of the Bank

At 31 December 1973

In thousands of units of account - See notes to the financial statements, Annex D

Member countries	Subscribed capital	Uncalled capital <sup>(1)</sup>	Called capital		
			Paid up at 31.12.1973	To be paid on 31.1.1974	Total
Germany	450 000	360 000	82 500	7 500	90 000
France	450 000	360 000	82 500	7 500	90 000
United Kingdom	450 000	360 000	90 000	—	90 000
Italy	360 000	288 000	66 000	6 000	72 000
Belgium	118 500	94 800	22 662.5	1 037.5	23 700
Netherlands	118 500	94 800	20 787.5	2 912.5	23 700
Denmark	60 000	48 000	12 000	—	12 000
Ireland	15 000	12 000	3 000	—	3 000
Luxembourg	3 000	2 400	550	50	600
<b>Total</b>	<b>2 025 000</b>	<b>1 620 000</b>	<b>380 000</b>	<b>25 000</b>	<b>405 000</b>

<sup>(1)</sup> Could be called by decision of the Board of Directors to such extent as may be required to meet the Bank's obligations towards lenders in respect of borrowings.

On 28 February 1973 the United Kingdom, Denmark and Ireland paid in their contributions to the called capital of the Bank, 20 % in cash in their respective national currencies and 80 % in the form of non-interest-bearing notes maturing in four equal instalments on 30.9.1973, 30.4.1974, 30.11.1974 and 30.6.1975. The notes that have not yet matured, amounting to 63 million u.a., are included under the heading of investments. The total amount of the contributions from the United Kingdom, Denmark and Ireland to the statutory and other reserves of the Bank was fixed at 56 279 553 u.a. by decision of the Board of Governors on 27 June 1973. The equivalent of this amount in national currencies was to be paid in five equal instalments on the date stipulated for payment of called capital and on the maturity dates of the notes for the payment of capital contributions.

## Annex B - Analysis of loans outstanding

At 31 December 1973

In units of account - See notes to the financial statements, Annex D

Countries and territories in which loans have been granted <sup>(1) (2)</sup>	Number of loans	Amount disbursed	Amount undisbursed	Total <sup>(3)</sup>	%
Germany	61	423 888 477.93	21 038 251.37	444 926 729.30	16.27
France	66	599 339 937.04	81 911 133.75	681 251 070.79	24.91
United Kingdom	4	28 559 849.91	43 019 965.58	71 579 815.49	2.62
Italy	189	1 152 870 567.99	113 120 000.00	1 265 990 567.99	46.30
Belgium	6	59 524 653.44	—	59 524 653.44	2.18
Netherlands	5	36 589 595.07	—	36 589 595.07	1.34
Denmark	2	6 826 666.66	—	6 826 666.66	0.25
Ireland	3	5 476 738.51	19 919 984.06	25 396 722.57	0.93
Luxembourg	3	6 098 856.33	—	6 098 856.33	0.22
Greece	14	50 480 756.77	—	50 480 756.77	1.85
Cameroon	9	11 157 351.31	3 025 949.00	14 183 300.31	0.52
Congo	1	7 755 356.84	—	7 755 356.84	0.28
Ivory Coast	7	11 581 137.07	18 139 639.00	29 720 776.07	1.09
Gabon	4	2 649 831.29	1 195 000.00	3 844 831.29	0.14
Upper Volta	1	420 083.72	—	420 083.72	0.02
Mauritania	1	8 423 603.79	—	8 423 603.79	0.30
Senegal	2	2 857 917.63	142 283.00	3 000 200.63	0.11
Zaire	2	15 894 432.47	873 042.00	16 767 474.47	0.61
New Caledonia	1	1 744 597.86	—	1 744 597.86	0.06
<b>Total</b>	<b>381</b>	<b>2 432 140 411.63</b>	<b>302 385 247.76</b>	<b>2 734 525 659.39</b>	<b>100.00</b>

<sup>(1)</sup> Currencies in which loans are repayable :

Currency:

Currencies of the Member Countries  
Option of the Bank as between the currencies of the founder Member Countries of the Community  
Other currencies

Disbursed portion of loans  
Add undisbursed portion of loans

Amount
u.a. 1 698 059 152
u.a. 15 917 914
u.a. 718 163 345
u.a. 2 432 140 411
u.a. 302 385 248
u.a. 2 734 525 659

<sup>(3)</sup> Original amount of ordinary loans calculated on the basis of the official parities notified to the International Monetary Fund and in effect on the date of signature :

Less :  
Exchange adjustments on amounts not yet disbursed at the dates of change of parities

Amount of credit established

Less :

(a) terminations and cancellations  
(b) principal repayments to the Bank  
(c) third party participations in loans

u.a. 3 238 653 888
u.a. 25 948 540
u.a. 3 212 705 348
u.a. 9 260 625
u.a. 361 327 524
u.a. 21 490 655

<sup>(2)</sup> Breakdown of loans at 31.12.1973 by principal form of guarantee :

Loans granted to or guaranteed by Member States  
Loans granted to or guaranteed by public institutions in the Community  
Loans granted to banks including certain long-term credit institutions or guaranteed by them  
Loans guaranteed by non-bank companies under majority control of Member States or public institutions in the Community  
Loans secured by fixed charge on real estate  
Loans guaranteed by non-bank companies in the private sector  
Loans granted to Associated States or guaranteed by them  
Loans secured by fixed charge on other property or other security

u.a. 1 477 481 949
u.a. 639 147 747
u.a. 227 042 302
u.a. 155 329 687
u.a. 86 052 476
u.a. 79 858 435
u.a. 67 936 666
u.a. 1 676 397
u.a. 2 734 525 659

Less :  
Exchange adjustments on amounts disbursed

Ordinary loans

The total volume of loans and guarantees granted by the Bank, which under Article 18 (5) of the Statute must not exceed 250 % of its subscribed capital, amounted at 31 December 1973 to :

— ordinary loans	u.a. 2 734 525 659
— guarantees given :	
- in respect of loans under mandate	u.a. 92 896 175
- in respect of loans granted by third parties	u.a. 16 393 443
- in respect of third party participations in the loans of the Bank	u.a. 21 490 655
	u.a. 130 780 273
	u.a. 2 865 305 932

\* Certain loans are covered by several types of guarantee or security.



## Annex C - Statement of consolidated borrowings

At 31 December 1973

In units of account - See notes to the financial statements, Annex D

Payable in	Borrowings at 31 December 1972	Operations during the financial year		Exchange adjustments	Borrowings at 31 December 1973		
		Borrowings	Redemptions		Amount (1)	Rate of interest (weighted averages)	Due dates
DM	461 748 634	95 628 415	6 010 929	—	551 366 120	6.76	1974/1988
Ffrs	127 431 903	36 008 851	14 125 840	—	149 314 914	7.13	1974/1988
Lit	261 669 440	80 000 000	5 656 960	—	336 012 480	6.55	1974/1988
Bfrs	129 616 000	52 000 000	2 460 000	—	179 156 000	7.39	1974/1993
Fl	111 850 828	55 248 619	1 754 143	—	165 345 304	7.07	1974/1990
Lfrs	52 321 343	42 000 000	156 753	—	94 164 590	7.18	1974/1988
Eurco (2)	—	30 159 191	—	—	30 159 191	8.375	1974/1988
US \$	549 254 405	149 211 001	13 317 812	66 406 764	618 740 830	7.79	1974/1990
Sfrs	78 352 636	48 970 397	—	—	127 323 033	6.68	1974/1988
£ Lebanese	—	22 815 631	—	—	22 815 631	7.125	1974/1985
<b>Total</b>	<b>1 772 245 189</b>	<b>612 042 105</b>	<b>43 482 437</b>	<b>66 406 764</b>	<b>2 274 398 093</b>		
Redemption premiums	12 060 599	300 000	240 057	—	12 120 542		
<b>Grand total</b>	<b>1 784 305 788</b>	<b>612 342 105</b>	<b>43 722 494</b>	<b>66 406 764</b>	<b>2 286 518 635</b>		

(1) The following table shows the total capital sums required for redemption of the loans during the five years following the date of this statement :

Year	1974	1975	1976	1977	1978
Amount	u.a. 78 342 796	u.a. 123 284 936	u.a. 105 838 820	u.a. 180 851 824	u.a. 200 959 545

(2) The Eurco consists of the sum of fixed amounts of the currencies of all the Member Countries of the European Economic Community, namely :  
1 Eurco = DM 0.9 + Ffrs 1.2 + £ st 0.075 + Lit 80 + Fl 0.35 + Bfrs 4.5 + Dkr 0.2 + £ IR 0.005 + Lfrs 0.5.

## Annex D - Notes to the financial statements

At 31 December 1973

### Note A — Unit of account used for preparation of the financial statements

The financial statements of the European Investment Bank are in units of account as defined in Article 4(1) of its Statute. The value of a unit of account is 0.88867088 grammes of fine gold.

Conversion of the various national currencies has been effected on the basis of parities at 31 December 1973 declared to the International Monetary Fund.

As the exchange rate relationships adopted in December 1971 in Washington had not yet been declared as official parities by the end of 1973, except in the case of the U.S. dollar, the parities between the unit of account and the currencies taken into account in preparing the financial statements at 31 December 1973 were as follows :

3.66	Deutsche Mark
5.55419	French francs
0.416667	Pounds sterling
625	Italian lire
3.62	Dutch guilders
50	Belgian francs
7.50	Danish kroner
0.416667	Irish pounds
50	Luxembourg francs
1.20635	United States dollars
4.0841	Swiss francs
2.19148	Lebanese pounds

### Note B — Investments

Investments include (a) treasury bonds, notes and bonds at the lowest of cost, nominal or market value : u.a. 147 650 065

(b) the Bank's own bonds at their redemption cost : u.a. 13 954 068

and (c) bank bills at their nominal value : u.a. 3 149 998

The breakdown, according to due dates, is as follows :

— not exceeding 3 months . . . . .	u.a. 28 141 584
— over 3 months but not exceeding 6 months .	u.a. 26 428 301
— over 6 months but not exceeding 12 months	u.a. 22 360 824
— over 12 months . . . . .	u.a. 87 823 422

### Note C — Special deposits for service of loans

This item, which appears as a contra item in the liabilities under the heading « Coupons and liabilities due and not yet paid », represents the amount of coupons and bonds due but not yet presented for payment. It amounts to . . . u.a. 41 035 663



**Note D — Miscellaneous balance sheet accounts**

These accounts include :

**(a) on the assets side :**

- the net surplus value arising from revaluation of the net assets of the Bank not subject to adjustment under Article 7 of the Statute :

surplus value at 31.12.1972	u.a.	2 846 744	
surplus value at 31.12.1973	u.a.	1 324 294	
(Note G)			u.a. 4 171 038

- sundry debtors . . . . . u.a. 2 748 665

**(b) on the liabilities side :**

- accrued expenses and sundry creditors . . . u.a. 13 429 584

**Note E — Management commission**

This item represents the remuneration for the management of loans for the account of and under mandate from the Member States and the European Economic Community.

**Note F — Exchange differences**

These include :

- losses arising from the devaluation of the US dollar on 18 October 1973 . . . . . u.a. 8 031 610
  - the net loss arising from financial operations during the financial year 1973 . . . u.a. 686 917
- u.a. 8 718 527

**Note G — Net surplus arising from revaluation of the assets of the Bank not subject to adjustment under Article 7 of the Statute**

This include :

The net surplus at 31 December 1973 arising from revaluation of the assets of the Bank not subject to adjustment under Article 7 of the Statute :

- on the basis of the central rates for the currencies in respect of which the International Monetary Fund has been notified of the central rate :  
surplus value in comparison with 31 December 1972 (u.a. 2 846 744) . . . . . u.a. 8 693 833
  - on the basis of the market rates of the United States dollar at 31 December 1973, in the case of currencies with a floating rate :  
depreciation . . . . . u.a. 7 369 539
- net surplus value in comparison with 31 December 1972 . . . . . u.a. 1 324 294

**Note H — Appropriation of the balance of the profit and loss account**

The balance of the profit and loss account available for appropriation to the statutory and other reserves, after amortisation of issuing charges and redemption premiums, amounted to u.a. 25 856 078 in 1973 against u.a. 21 877 738 in 1972.

On the recommendation of the Management Committee the Board of Directors has decided to propose to the Board of Governors that the balance be appropriated as follows :

- (a) u.a. 6 109 723 to the statutory reserve;
- (b) u.a. 10 151 426 to the reserve for risks on loans and guarantees;
- (c) u.a. 976 941 to the reserve for equalisation of interest on borrowings;
- (d) u.a. 6 301 308 to the reserve for monetary risks;
- (e) u.a. 2 316 680 to the building reserve, to meet the projected expenses for the construction of new premises.

Evolution of the Statutory and other Reserves during 1973  
in units of account

	Statutory Reserve	For risks on loans and guarantees	For equalisation of interest on borrowings	For monetary risks	Other Reserves For building
Balance at 31.12.1972	68 550 827	71 000 000	9 000 000	12 500 000	6 500 000
Contributed by the United Kingdom, Denmark and Ireland (see Annex A)	23 025 908	23 848 574	3 023 059	4 198 692	2 183 320
Appropriated on 31.12.1973	6 109 723	10 151 426	976 941	6 301 308	2 316 680
	<b>97 686 458</b>	<b>105 000 000</b>	<b>13 000 000</b>	<b>23 000 000</b>	<b>11 000 000</b>

**Report by Messrs Price Waterhouse & Co.**

The President,  
European Investment Bank,  
Luxembourg

In our opinion, the preceding financial statements present fairly the financial position of the European Investment Bank at 31 December, 1973 and the results of its operations for the year in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements covered by our opinion are the following :

- Balance sheet
- Profit and loss account
- Special Section
- Statement of subscriptions to capital . . . . . - Annex A
- Analysis of loans outstanding . . . . . - Annex B
- Statement of consolidated borrowings . . . . . - Annex C
- Notes to the financial statements . . . . . - Annex D

14 March 1974.

# Statement by the Audit Committee

The Committee instituted in pursuance of Article 14 of the Statute and Article 25 of the Rules of Procedure of the European Investment Bank for the purpose of verifying that the operations of the Bank are conducted and its books kept in a proper manner,

- having studied the books, vouchers and documents which it deemed necessary to examine in the discharge of its duties,
- having examined the report of 14 March 1974 drawn up by Messrs Price Waterhouse & Co.,

considering the 1973 Annual Report as well as the balance sheet of the Bank as at 31 December 1973 and the profit and loss account for the financial year ending on that date, as drawn up by the Board of Directors at its meeting of 25 April 1974,

considering Articles 22, 23 and 24 of the Rules of Procedure,

hereby certifies :

that the Bank's operations during the 1973 financial year have been carried out in compliance with the formalities and procedures laid down by the Statute and the Rules of Procedure,

that the balance sheet and the profit and loss account correspond to the book entries and that they reflect exactly the situation of the Bank as regards both assets and liabilities.

Luxembourg, 14 May 1974

The Audit Committee

E. RAUS R. LÉONARD H.G. DAHLGRÜN



Table 5 : List of projects financed in 1973

## Ordinary operations

million u. a.

million u. a.

### MEMBER COUNTRIES

696.8

**DENMARK** 51.2 million Danish kroner

6.8

1. Thermal power station at Godthaab (Greenland)

**Denmark (Ministry for Greenland)**

25 million Danish kroner

3.3

2. Harbour installations at Frederikshaab, Narssaq and Julianehaab (Greenland)

**Denmark (Ministry for Greenland)**

26.2 million Danish kroner

3.5

**GERMANY** 676.95 million Deutsche Mark

204.5

3. High-temperature nuclear power station at Uentrop (North Rhine-Westphalia)

**Hochtemperatur-Kernkraftwerk GmbH**

90 million Deutsche Mark

28.0

4.-5. Nuclear power station at Biblis (Hessen) second stage

**Rheinisch-Westfälisches Elektrizitätswerk AG (RWE)**

First loan : 102 million Deutsche Mark

30.0

Second loan : 51 million Deutsche Mark

15.8

6.-8. Nuclear power station at Neckarwestheim/Gemrigheim (Baden-Württemberg)

**Neckarwerke Kernkraft GmbH**

First loan : 51 million Deutsche Mark

15.0

Second loan : 51 million Deutsche Mark

15.8

**TWS Kernkraft GmbH**

51 million Deutsche Mark

15.0

9. Extension of electricity and natural gas distribution networks in North-West Lower Saxony

**Energieversorgung Weser-Ems AG**

20 million Deutsche Mark

5.9

10. Refrigerated ocean-going trawlers

**Reederei Söhle, Bremerhaven**

17.7 million Deutsche Mark

5.5

11. Small bar-mill at Neunkirchen (Saar)

**Neunkircher Eisenwerk AG**

25 million Deutsche Mark

7.8

12. Plant for exhausting and removing dust from fumes at a steelworks at Hüttental-Geisweid (North Rhine-Westphalia)

**Stahlwerke Südwestfalen AG**

4.5 million Deutsche Mark

1.4

13. Primary aluminium smelter at Stade (Lower Saxony)

**Vereinigte Aluminiumwerke AG (VAW)**

40 million Deutsche Mark

12.4

14. Extension of factory producing porcelain sanitary ware and tiles at Lübeck-Dänischburg (Schleswig-Holstein)

**Villeroy & Boch Keramische Werke KG**

20 million Deutsche Mark

5.9

15. Pharmaceutical products factory at Cuxhaven (Lower Saxony)

**TAD Pharmazeutisches Werk GmbH**

1.75 million Deutsche Mark

0.5

16. Factory for producing drilling equipment at Uetze (Lower Saxony)

**Prakla-Seismos Geomechanik GmbH**

2 million Deutsche Mark

0.6

17. Motor car assembly plant at Dingolfing (Bavaria)

**Bayerische Motoren Werke AG**

50 million Deutsche Mark

15.5

18. Factory for producing disc brakes, master cylinders and servo brakes at Saarbrücken and a foundry at Neunkirchen (Saar) for producing castings

**Deutsche Bendix Ausrüstungs GmbH**

15 million Deutsche Mark

4.3

19. Factory for the manufacture of construction machinery and equipment at Ellerau (Schleswig-Holstein)

**Koehring GmbH**

15 million Deutsche Mark

4.4

20. Global loan to **Industriekreditbank AG (IKB)** for financing small- and medium-scale ventures in development and conversion areas

70 million Deutsche Mark

20.6



	million u. a.
<b>FRANCE</b> 947.3 million French francs	<b>170.6</b>
21. Hydro-electric power station at Gamsheim (Alsace) <b>Centrale Electrique Rhénane de Gamsheim SA — CERGA</b> 90 million French francs	16.2
22. Bugey nuclear power station at Saint Vulbas (Rhône-Alpes) — second stage <b>Electricité de France (EDF)</b> 83.3 million French francs	15.0
23.-26. Extension and improvement of water supply system in Brittany <b>Department of Côtes-du-Nord, Finistère, Ille-et-Vilaine and Morbihan</b> Four loans of 5 million French francs	3.6
27. Increasing transport capacity on the Culoz-Chambéry-Modane (Rhône-Alpes) railway line <b>Société Nationale des Chemins de Fer Français (SNCF)</b> 100 million French francs	18.0
28. Gas-turbine trains for interregional rail services (Lyons-Bordeaux, Lyons-Nantes, Lyons-Strasbourg) <b>Société Nationale des Chemins de Fer Français (SNCF)</b> 50 million French francs	9.0
29. Extension and modernisation of telecommunications in the Midi-Pyrénées area <b>Administration des Postes et Télécommunications</b> 166.6 million French francs	30.0
30. Extension and modernisation of telecommunications in the Poitou-Charentes area <b>Administration des Postes et Télécommunications</b> 138.8 million French francs	25.0
31. « Mini-steelworks » at Toulon (Provence - Côte d'Azur) <b>Société SUDACIER SA</b> 20 million French francs	3.6
32. Porcelain sanitary ware factory at Bischwiller (Alsace) <b>CERAFILIA</b> 12 million French francs	2.2
33. Global loan to <b>Crédit National</b> for financing small- and medium-scale ventures mainly in development and conversion areas 166.6 million French francs	30.0

	million u. a.
34. Global loan to <b>Caisse Centrale de Crédit Hôtelier, Commercial et Industriel (CCCHCI)</b> for financing small- and medium-scale ventures mainly in development and conversion areas 100 million French francs	18.0
<b>IRELAND</b> 11.1 million Irish pounds	<b>22.6</b>
35. Extension and modernisation of telecommunications <b>Ireland - Department of Posts and Telegraphs</b> 7.5 million Irish pounds	15.3
36. Modernisation of sugar factories in the South-East and South-West <b>Comhlucht Siuicre Eireann Teoranta (Irish Sugar Company Limited)</b> 2.8 million Irish pounds	5.7
37. Animal foodstuffs factory at Cork (South-West) <b>Irish Agricultural Wholesale Society Limited</b> 0.8 million Irish pounds	1.6
<b>ITALY</b> 132 750 million Italian lire	<b>181.9</b>
38. Acquisition of semi-submersible drilling platforms for offshore oil exploration <b>SAIPEM SpA (ENI group)</b> 18 000 million Italian lire	24.4
39. Voltri-Alessandria section of the « Tunnels Motorway » (Genoa-Simplon link road) <b>Autostrade-Concessioni e Costruzioni Autostrade SpA</b> 20 800 million Italian lire	28.2
40. Extension and modernisation of telecommunications in Sardinia <b>SIP — Società Italiana per l'Esercizio Telefonico pA</b> 20 000 million Italian lire	28.8
41. Extension and modernisation of telecommunications in Calabria <b>SIP — Società Italiana per l'Esercizio Telefonico pA</b> 20 000 million Italian lire	29.8
42. Extension of a factory producing tin-plate, galvanised iron sheeting and light gauge sheets at Naples (Campania) <b>Cantieri Metallurgici Italiani SpA</b> 3 000 million Italian lire	4.3



million u.a.

43. Extension of a cementworks at Porto Empedocle (Sicily)

**Cementerie Siciliane SpA**

2 950 million Italian lire 4.0

44. Motor-car engine factory at Termoli (Molise)

**Fiat SpA**

19 000 million Italian lire 25.7

45. Factory for producing telecommunications equipment at Carini (Sicily)

**Società Italiana Telecomunicazioni Siemens SpA**

2 000 million Italian lire 2.7

46. Global loan to **Credito Industriale Sardo (CIS)** for financing small- and medium-scale ventures in Sardinia

10 000 million Italian lire 13.6

47. Global loan to the **Istituto per lo sviluppo economico dell'Italia meridionale (ISVEIMER)** for financing small- and medium-scale industrial ventures in the mainland Mezzogiorno

15 000 million Italian lire 20.3

#### UNITED KINGDOM 32.9 million pounds

67.1

48. Construction of burden preparation facilities at the Teesside (Northern England) iron and steel works

**British Steel Corporation**

14.7 million pounds 30.0

49. Blast furnace and other plant in the iron and steel works at Llanwern (Wales)

**British Steel Corporation**

14.7 million pounds 30.0

50. Global loan to the **Industrial and Commercial Finance Corporation Ltd (ICFC)** for financing small- and medium-scale ventures mainly in development and conversion areas

3.5 million pounds 7.1

#### AUSTRIA

43.3

51. Trans-Austria Gasline for supplying the Community with Russian natural gas

**Ente Nazionale Idrocarburi (ENI)**

17 350 million Italian lire 23.5

million u.a.

52. Trans-Austria Gasline for supplying the Community with Russian natural gas

**Gaz de France**

110 million French francs 19.8

#### ASSOCIATED AFRICAN STATES, MADAGASCAR AND MAURITIUS CFA F 3 030 million

10.9

#### CAMEROON

53. Extension of a sugar mill and refinery and sugar cane plantations at Mbandjock

**Société Sucrière du Cameroun (SOSUCAM)**

CFA F 500 million 1.8

#### IVORY COAST

54. Improvement and asphaltting of the San Pedro-Issia road

**Ivory Coast**

CFA F 2 200 million 7.9

#### GABON

55. Hotel at Libreville

**Société « Hôtel du Dialogue »**

CFA F 332 million 1.2

## Special operations

#### ASSOCIATED AFRICAN STATES, MADAGASCAR AND MAURITIUS CFA F 8 100 million

29.2

#### CAMEROON

56. Extension of a sugar mill and refinery and sugar cane plantations at Mbandjock

**Société Sucrière du Cameroun (SOSUCAM)**

CFA F 150 million in the form of an equity participation 0.5

57. Oil palm plantation and mill at Dibombari

**Société Camerounaise de Palmeraies « SOCA-PALM »**

CFA F 2 460 million 8.8



million u.a.

## IVORY COAST

58. Improvement and asphaltting of the San Pedro-Issia road

## Ivory Coast

CFA F 1 900 million 6.8

59. Rubber plantation in the South-West

## Société des Caoutchoucs de Côte-d'Ivoire (SOCATCI)

CFA F 1 920 million 6.9

## UPPER VOLTA

60. Agro-industrial complex of the Société Sucrière Voltaïque (SOSUHV) for sugar production at Banfora in the South-West

## Upper Volta

CFA F 1 400 million 5.0

## SENEGAL

61. Complementary studies and preliminary investments for a projected repair-yard for large-tonnage ships at Dakar

## Société pour le Développement de l'Infrastructure des Chantiers Maritimes du Port de Dakar (DA-KARMARINE)

CFA F 270 million as a contribution to the formation of risk capital 1.0

## OVERSEAS DEPARTMENTS 2.7

## MARTINIQUE

62. Modernisation of the N2 national highway linking Fort de France with Saint-Pierre Department of Martinique 3.5 million French francs 0.6

## REUNION

63. Modernisation of the N1 national highway linking Saint-Denis with the port at Pointe des Galets

## Department of Reunion

CFA F 590 million 2.1

million u.a.

TURKEY 1 258.7 million Turkish pounds (1) 76.4

64. Electrification of the Istanbul-Adapazari railway line and supply of 15 electric locomotives

## Republic of Turkey's Railways Operating Department (TCDD)

66.1 million Turkish pounds 4.4

65. Modernisation of Turkish domestic airlines by the purchase of five twin-jet Fokker F-28 Fellowship aircraft

## Türk Hava Yolları (Turkish Air Lines)

146.1 million Turkish pounds 8.6

66. Extension of cementworks at Eskisehir

## Eskisehir Cimento Fabrikası T.A.S.

33.8 million Turkish pounds 2.0

67. Extension of a synthetic fibres factory at Bursa, West Anatolia

## SIFAS — Sentetik İplik Fabrikaları A.S.

59.1 million Turkish pounds 3.5

68. Factory for producing synthetic rubber at Izmit

## Petkim Kauçuk, subsidiary of Petkim Petrokimya A.S.

97.3 million Turkish pounds 6.4

69. Second stage of the Turkish Railways' dieselisation programme: construction in Turkey of 140 diesel locomotives

## Republic of Turkey's Railways Operating Department (TCDD)

396.9 million Turkish pounds 23.5

70. Modernisation of forestry development and construction of a factory producing paper pulp, paper and board, and a saw-mill near Antalya

## Ministry of Forestry and Selüloz ve Kâğıt Fabrikaları İşletmesi (SEKA)

337.8 million Turkish pounds 20.0

71. Global loan to the Turkish Industrial Development Bank (TSKB) for financing small- and medium-scale industrial ventures in the private sector 91.2 million Turkish pounds 6.0

72. Global loan to the Turkish State for financing pre-investment expenses in the public sector 30.4 million Turkish pounds 2.0

(1) Amounts in Turkish pounds are given merely as a guide.



**Table 6 : Financing provided from 1958 to 1973**

Breakdown by type of financing and by country

Country	Number	Amount (million u.a.)	% of total
<b>Ordinary operations</b>			
<b>Member Countries</b>			
Belgium . . . . .	6	67.2	1.8
Denmark . . . . .	2	6.8	0.2
Germany . . . . .	62	558.2	15.3
France . . . . .	70	741.1	20.3
Ireland . . . . .	3	22.6	0.6
Italy . . . . .	206	1 594.1	43.6
Luxembourg . . . . .	3	9.0	0.2
Netherlands . . . . .	5	42.9	1.2
United Kingdom . . . . .	3	67.1	1.8
Non-member countries <sup>(1)</sup> . . . . .	2	43.3	1.2
<b>Total</b>	<b>362</b>	<b>3 152.3</b>	<b>86.2</b>
<i>including guarantees <sup>(2)</sup></i>	<i>9</i>	<i>110.0</i>	<i>3.0</i>
<b>Associated Countries</b>			
Greece . . . . .	15	69.2	1.9
AASM - OCT . . . . .	29	97.4	2.6
Cameroon . . . . .	9	17.3	
Congo . . . . .	1	9.0	
Ivory Coast . . . . .	7	28.7	
Gabon . . . . .	4	4.4	
Upper Volta . . . . .	1	0.5	
Mauritania . . . . .	1	11.0	
Senegal . . . . .	2	3.9	
Zaire . . . . .	2	17.6	
Ivory Coast and Upper Volta . . . . .	1	3.0	
New Caledonia . . . . .	1	2.0	
<b>Total</b>	<b>44</b>	<b>166.6</b>	<b>4.5</b>
<b>Ordinary operations total</b>	<b>406</b>	<b>3 318.9</b>	<b>90.7</b>
<b>Special operations <sup>(3)</sup></b>			
Turkey . . . . .	45	251.4	6.9
AASM - OCT - OD . . . . .	29	87.8	2.4
Cameroon . . . . .	6	23.9	
Congo . . . . .	1	2.0	
Ivory Coast . . . . .	7	27.2	
Dahomey . . . . .	1	3.3	
Gabon . . . . .	2	3.3	
Upper Volta . . . . .	1	5.0	
Madagascar . . . . .	1	1.9	
Mauritania . . . . .	1	2.7	
Senegal . . . . .	2	1.9	
Chad . . . . .	1	1.2	
Zaire . . . . .	1	9.0	
New Caledonia . . . . .	1	1.0	
Surinam . . . . .	1	1.9	
Martinique . . . . .	1	0.6	
Reunion . . . . .	2	2.8	
<b>Special operations total</b>	<b>74</b>	<b>339.2</b>	<b>9.3</b>
<i>including contributions to the formation of risk capital <sup>(4)</sup></i>	<i>3</i>	<i>2.5</i>	
<b>Grand total</b>	<b>480</b>	<b>3 658.1</b>	<b>100.0</b>

(1) Trans-Austria Gasline project for supplying natural gas to Italy (23.5 million u.a.) and France (19.8 million u.a.); loans made in accordance with Article 18 (1), second paragraph, of the Bank's Statute empowering the Board of Governors to authorise the Bank to contribute to financing projects outside the Community.

(2) Of which Italy : 90.2 million units of account; France : 2.7 million units of account; Germany : 17.1 million units of account.

(3) Accounts for loans on special conditions from the resources of the Member States (Turkey) and of the European Development Fund (AASM - OCT - OD) are kept under the Bank's Special Section.

(4) 0.5 million units of account for a project in Cameroon, 1 million units of account for a project in the Ivory Coast and 1 million units of account for a project in Senegal.

Table 7 : **Financing provided from 1958 to 1973**

Breakdown by sector including allocations from global loans

Sector	Number		Amount		
	Loans, guarantees and equity participations	Allocations from global loans	Total (million u.a.)	of which allocations from global loans (million u.a.)	% of total
<b>Infrastructure . . . . .</b>	<b>159</b>	—	<b>2 106.9</b>	—	<b>57.6</b>
Agricultural development . . . . .	12	—	139.8	—	3.8
Energy . . . . .	55	—	735.4	—	20.1
comprising :					
Power stations . . . . .	38	—	505.9	—	13.8
Gas pipelines . . . . .	10	—	169.1	—	4.6
Other . . . . .	7	—	60.4	—	1.7
Water supply and distribution . . . . .	6	—	31.6	—	0.9
Transport . . . . .	63	—	778.7	—	21.3
comprising :					
Railways . . . . .	15	—	185.4	—	5.1
Roads and bridges . . . . .	37	—	513.6	—	14.0
Sea and inland waterways . . . . .	8	—	40.9	—	1.2
Airlines . . . . .	2	—	33.9	—	0.9
Other . . . . .	1	—	4.9	—	0.1
Telecommunications . . . . .	20	—	395.1	—	10.8
Other . . . . .	3	—	26.3	—	0.7
<b>Agriculture, Industry and Services . . . . .</b>	<b>321</b>	<b>171</b>	<b>1 551.2</b>	<b>84.0</b>	<b>42.4</b>
Agriculture - Forestry - Fishing . . . . .	2	—	12.4	—	0.3
Industry <sup>(1)</sup> . . . . .	314	170	1 525.5	83.9	41.7
comprising :					
Mining and quarrying* . . . . .	6	9	46.1	3.7	1.3
Metal production and semi-process- ing* . . . . .	36	8	353.2	4.8	9.7
Construction materials* . . . . .	27	15	87.3	6.5	2.4
Woodworking . . . . .	3	9	8.4	3.0	0.2
Glass and pottery . . . . .	12	3	25.5	1.1	0.7
Chemicals* . . . . .	68	8	318.1	2.9	8.7
Metalworking and mechanical engi- neering . . . . .	27	41	111.6	19.3	3.1
Motor vehicles, transport equipment	12	4	136.2	2.2	3.7
Electrical engineering, electronics .	12	7	49.0	3.1	1.3
Foodstuffs . . . . .	42	23	107.1	14.9	2.9
Textiles and leather . . . . .	27	19	40.5	9.1	1.1
Paper pulp and paper* . . . . .	9	8	67.6	5.5	1.8
Rubber and plastics processing . . . . .	9	13	43.3	6.6	1.2
Other industries . . . . .	3	3	4.2	1.2	0.1
Global loans . . . . .	21	—	127.4 <sup>(2)</sup>	—	3.5
Services . . . . .	5	1	13.3	0.1	0.4
comprising :					
Tourism . . . . .	3	—	9.5	—	0.3
Research and development . . . . .	1	—	2.8	—	0.1
Other (pre-investment studies and technic- al assistance) . . . . .	1	1	1.0	0.1	—
<b>Grand total . . . . .</b>	<b>480</b>	<b>171</b>	<b>3 658.1</b>	<b>84.0</b>	<b>100.0</b>

<sup>(1)</sup> Of which the basic industries (marked with an asterisk) 872.3 million.<sup>(2)</sup> This amount represents the unallocated portion of the global loans.



**Table 8 : Financing provided within the Community (1)  
between 1958 and 1973**

Breakdown according to principal economic objective (2)

	1973		1958-1973	
	Amount (million u.a.)	%	Amount (million u.a.)	%
1. Regional development and conversion [Article 130 (a) and (b) of the Treaty of Rome] . . . . .	<b>424.5</b>	<b>60.9</b>	<b>2 251.0</b>	<b>71.4</b>
2. Modernisation and conversion of undertakings (creation of new activities and technologies, etc.) and sectoral restructuring [Article 130 (b) of the Treaty of Rome] . . . . .	<b>5.5</b>	<b>0.8</b>	<b>64.8</b>	<b>2.1</b>
3. Common interest to several Member States [Article 130 (c) of the Treaty of Rome] . . . . .	<b>266.8</b>	<b>38.3</b>	<b>816.2</b>	<b>25.9</b>
— Industrial cooperation, research and development . . . . .	16.2	2.3	87.8	2.8
— Infrastructure and policies serving the interests of the Community as a whole . . . . .	250.6 (2)	36.0	728.4	23.1
4. Special directive (West Berlin) . . . . .	—	—	<b>20.3</b>	<b>0.6</b>
<b>Total</b> . . . . .	<b>696.8</b>	<b>100.0</b>	<b>3 152.3</b>	<b>100.0</b>

(1) Including two loans totalling 43.3 million u.a. for a project located in Austria (financing provided under Article 18 (1), second paragraph, of the Bank's Statute).

(2) Breakdown of projects according to the economic policy objectives assigned to the Bank by Article 130 of the Treaty of Rome, taking as criterion the principal objective : the total amount of each loan being entered under a single category.

**Table 9 : Financing provided within the Community (1) between 1958 and 1973**

Breakdown according to economic policy objectives (2)

(million u.a.)

		of which						
		Common interest to several Member Countries						
			Regional development (development of less-developed regions and regional conversion) [Article 130 (a) and (b) of the Treaty of Rome]	Modernisation and conversion of enterprises and sectoral restructuring [Article 130 (b) of the Treaty of Rome]	Industrial cooperation and research - development [Article 130 (c) of the Treaty of Rome]	Infrastructure and policies serving the interests of the Community as a whole [Art. 130 (c) of the Treaty of Rome]		Special directive (West Berlin)
Country	Number	Amount				Total	of which energy	
1973								
Denmark . . . . .	2	6.8	6.8	—	—	—	—	—
Germany . . . . .	18	204.5	78.0	13.9	—	127.2	120.3	—
France . . . . .	14	170.6	121.4	—	16.2	58.2	31.2	—
Ireland . . . . .	3	22.6	—	—	—	—	—	—
Italy . . . . .	10	181.9	129.3	—	—	52.6	24.4	—
United Kingdom . . . . .	3	67.1	67.1	60.0	—	—	—	—
Non-member countries (3) . . . . .	2	43.3	—	—	43.3	43.3	43.3	—
Total . . . . .	52	696.8	425.2	73.9	59.5	281.3	219.2	—
From 1958 to 1973								
Belgium . . . . .	6	67.2	41.2	16.0	36.4	30.4	30.4	—
Denmark . . . . .	2	6.8	6.8	—	—	—	—	—
Germany . . . . .	62	558.2	310.4	51.9	41.2	306.4	192.5	20.3
France . . . . .	70	741.1	614.6	6.6	75.3	199.2	117.3	—
Ireland . . . . .	3	22.6	22.6	—	—	—	—	—
Italy . . . . .	206	1 594.1	1 376.8	35.8	41.8	290.6	24.4	—
Luxembourg . . . . .	3	9.0	4.0	—	—	5.0	4.0	—
Netherlands . . . . .	5	42.9	40.1	—	2.8	24.9	13.8	—
United Kingdom . . . . .	3	67.1	67.1	60.0	—	—	—	—
Non-member countries (3) . . . . .	2	43.3	—	—	43.3	43.3	43.3	—
Total . . . . .	362	3 152.3	2 483.6	170.3	240.8	899.8	425.7	20.3

(1) Including the two loans outside the Community granted in 1973 (see note 3).

(2) Breakdown of projects in the Member Countries according to the economic policy objectives under Article 130 of the Treaty of Rome which sets out the tasks of the Bank. In contrast to Tables 3 and 8, the total amount of each loan appears under each of the headings under which the project appropriately falls. Consequently the totals for the individual columns should not be added together.

(3) Trans-Austria Gasline project for supplying natural gas to Italy (23.5 million u.a. granted to Ente Nazionale Idrocarburi) and France (19.8 million u.a. granted to Gaz de France); financing provided under Article 18 (1), second paragraph, of the Bank's Statute.



Table 10 : Financing provided within the Community (1) in 1973

Breakdown according to method of financing

Country	Direct individual loans		Indirect individual loans (2)		Global loans (3)		Guarantees		Total	
	Number	Million u.a.	Number	Million u.a.	Number	Million u.a.	Number	Million u.a.	Number	Million u.a.
Denmark . . . . .	2	6.8	—	—	—	—	—	—	2	6.8
Germany . . . . .	17	183.9	—	—	1	20.6	—	—	18	204.5
France . . . . .	6	64.0	6	58.6	2	48.0	—	—	14	170.6
Ireland . . . . .	2	21.0	1	1.6	—	—	—	—	3	22.6
Italy . . . . .	4	111.2	4	36.8	2	33.9	—	—	10	181.9
United Kingdom . .	2	60.0	—	—	1	7.1	—	—	3	67.1
Non-member countries (4) . . . . .	2	43.3	—	—	—	—	—	—	2	43.3
<b>Total 1973 . . . . .</b>	<b>35</b>	<b>490.2</b>	<b>11</b>	<b>97.0</b>	<b>6</b>	<b>109.6</b>	<b>—</b>	<b>—</b>	<b>52</b>	<b>696.8</b>
<b>Total 1972 . . . . .</b>	<b>16</b>	<b>282.2</b>	<b>10</b>	<b>173.4</b>	<b>3</b>	<b>33.2</b>	<b>1</b>	<b>17.1</b>	<b>30</b>	<b>505.9</b>

(1) Including the two loans outside the Community granted in 1973 (see note 4).

(2) Loans granted through a financial institution.

(3) Loans to financial institutions acting as intermediaries which distribute the proceeds among small-scale investment projects after approval of each allocation by the Bank (allocations from global loans).

(4) Trans-Austria Gasline project for supplying natural gas to Italy (23.5 million u.a. granted to Ente Nazionale Idrocarburi) and France (19.8 million u.a. granted to Gaz de France); financing provided under Article 18 (1), second paragraph, of the Bank's Statute.

Table 11 : Global loans in the Community from 1968 to 1973

Breakdown by intermediary institution

Global loans				Allocations 1969-1973
Year	Intermediary Institution (1)	Million u.a.	Number	Million u.a.
1968	ISVEIMER I . . . . .	10.00	28	10.00 (2)
1969	CIS I . . . . .	3.60	7	3.60 (2)
1970	IKB I . . . . .	10.00	12	6.89 (3)
1970	SADE . . . . .	6.30	24	6.30 (2)
1970	IRFIS . . . . .	5.00	10	4.98 (2)
1971	CIS II . . . . .	5.00	13	4.97 (2)
1971	SODERO . . . . .	1.98	2	0.83 (3)
1971	ISVEIMER II . . . . .	15.00	19	14.74 (2)
1972	LORDEX . . . . .	2.70	2	0.96
1972	LGSH . . . . .	5.72	9	6.04 (2)
1972	IMI . . . . .	24.75	1	1.69
1973	IKB II . . . . .	20.60	7	2.38
1973	Crédit National . . . . .	30.00	13	10.86
1973	ICFC . . . . .	7.14	3	0.87
1973	Crédit Hôtelier (CCCHCI) . . . . .	18.00	3	0.65
1973	CIS III . . . . .	13.55	—	—
1973	ISVEIMER III . . . . .	20.33	—	—
<b>Total . . . . .</b>		<b>199.67</b>	<b>153</b>	<b>75.76</b>

(1) Istituto per lo Sviluppo Economico dell'Italia Meridionale, Naples (ISVEIMER).

Credito Industriale Sardo, Cagliari (CIS).

Industriekreditbank AG, Düsseldorf (IKB).

Société Alsacienne de Développement et d'Expansion, Strasbourg (SADE).

Istituto Regionale per il Finanziamento alle Industrie in Sicilia, Palermo (IRFIS).

Société de Développement Régional de l'Ouest, Nantes (SODERO).

Société Lorraine de Développement et d'Expansion, Nancy (LORDEX).

Landesbank und Girozentrale Schleswig-Holstein, Kiel (LGSH).

Istituto Mobiliare Italiano, Rome (IMI).

Crédit National, Paris.

Industrial and Commercial Finance Corporation Ltd., London (ICFC).

Caisse Centrale de Crédit Hôtelier, Commercial et Industriel, Paris (CCCHCI).

(2) Global loan terminated. The reason for any differences between the initial amount of the global loan and the total allocations authorised is that the conversion into units of account was effected on the basis of the rates applicable, in the first instance, when the global loan was signed and secondly, when allocations were authorised, the conversion rates having in some cases changed during the intervening period.

(3) Global loan terminated as a result of cancellation of unallocated credit.



Table 12 : Allocations from global loans in the Community

Breakdown by region and by sector

	1973			1969-1973		
	Amount of allocations			Amount of allocations		
	Number	Million u.a.	%	Number	Million u.a.	%
<b>REGIONS</b>						
Baden-Württemberg . . . . .	1	0.37	1.5	1	0.37	0.5
Bavaria . . . . .	1	0.31	1.3	1	0.31	0.4
Hesse . . . . .	1	0.31	1.3	2	1.13	1.5
Lower Saxony . . . . .	2	0.62	2.5	4	1.81	2.4
North Rhine-Westphalia . . . . .	—	—	—	7	3.62	4.8
Rhineland-Palatinate . . . . .	2	0.76	3.1	4	2.02	2.6
Schleswig-Holstein . . . . .	9	6.04	24.6	9	6.04	8.0
<b>Germany . . . . .</b>	<b>16</b>	<b>8.41</b>	<b>34.3</b>	<b>28</b>	<b>15.30</b>	<b>20.2</b>
Alsace . . . . .	2	1.80	7.3	26	8.10	10.7
Aquitaine . . . . .	1	0.90	3.7	1	0.90	1.2
Burgundy . . . . .	1	0.90	3.7	1	0.90	1.2
Brittany . . . . .	1	0.20	0.8	1	0.20	0.3
Limousin . . . . .	1	0.63	2.6	1	0.63	0.8
Lorraine . . . . .	5	4.62	18.8	5	4.62	6.1
Midi-Pyrénées . . . . .	4	1.36	5.5	4	1.36	1.8
Loire . . . . .	3	2.07	8.4	5	2.90	3.8
<b>France . . . . .</b>	<b>18</b>	<b>12.48</b>	<b>50.9</b>	<b>44</b>	<b>19.61</b>	<b>25.9</b>
Abruzzi . . . . .	—	—	—	6	3.38	4.5
Basilicata . . . . .	—	—	—	1	0.64	0.8
Calabria . . . . .	—	—	—	1	0.24	0.3
Campania . . . . .	1	1.08	4.4	18	8.03	10.6
Latium . . . . .	—	—	—	14	8.97	11.8
Marche . . . . .	—	—	—	3	2.06	2.7
Molise . . . . .	1	1.69	6.9	1	1.69	2.2
Apulia . . . . .	—	—	—	4	1.42	1.8
Sardinia . . . . .	—	—	—	20	8.57	11.3
Sicily . . . . .	—	—	—	10	4.98	6.6
<b>Italy . . . . .</b>	<b>2</b>	<b>2.77</b>	<b>11.3</b>	<b>78</b>	<b>39.98</b>	<b>52.8</b>
Scotland . . . . .	2	0.46	1.9	2	0.46	0.6
Wales . . . . .	1	0.41	1.6	1	0.41	0.5
<b>United Kingdom . . . . .</b>	<b>3</b>	<b>0.87</b>	<b>3.5</b>	<b>3</b>	<b>0.87</b>	<b>1.1</b>
<b>Total . . . . .</b>	<b>39</b>	<b>24.54</b>	<b>100.0</b>	<b>153</b>	<b>75.76</b>	<b>100.0</b>
<b>SECTORS</b>						
Mining and quarrying . . . . .	1	0.63	2.6	8	2.93	3.9
Metal production and semi-processing . . . . .	1	1.69	6.9	6	4.35	5.7
Construction materials . . . . .	3	1.23	5.0	14	6.45	8.5
Woodworking . . . . .	5	2.11	8.6	8	2.59	3.4
Glass and pottery . . . . .	—	—	—	3	1.13	1.5
Chemicals . . . . .	—	—	—	4	1.41	1.9
Metalworking and mechanical engineering . . . . .	10	4.97	20.2	37	16.75	22.1
Motor vehicles, transport equipment . . . . .	1	0.20	0.8	4	2.22	2.9
Electrical engineering, electronics . . . . .	—	—	—	6	2.79	3.7
Foodstuffs . . . . .	6	5.35	21.8	21	13.57	17.9
Textiles and leather . . . . .	9	4.69	19.1	18	8.22	10.9
Paper pulp and paper . . . . .	1	1.98	8.1	8	5.51	7.3
Rubber and plastics processing . . . . .	2	1.69	6.9	13	6.61	8.7
Other industries . . . . .	—	—	—	3	1.24	1.6
<b>Total . . . . .</b>	<b>39</b>	<b>24.54</b>	<b>100.0</b>	<b>153</b>	<b>75.76</b>	<b>100.0</b>



Table 13 : List of borrowings in 1973

Date of contract	Month of issue	Place of issue	Sub- scription currency	Amount in national currency (million)	Amount in million u.s. (central rates)	Term	Coupon %	Type of issue
15. 1.1973	January	Luxembourg	Lfrs	800	16.4	15 years	7	Public placing <sup>(1)</sup>
17. 1.1973	January	Germany	DM	100	20.6	15 years	6.75	Public placing <sup>(2)</sup>
31. 1.1973	February	Italy	Lit	25 000	39.6	15 years	7	Private placing
6. 2.1973	February	Luxembourg	US \$	75	69.1	15 years	7.25	Public placing <sup>(3)</sup>
16. 2.1973	February	Germany	DM	50	14.3	10 years	7	Private placing
19. 2.1973	February	Netherlands	Fl	100	28.4	15 years	7.625	Private placing
21. 2.1973	February	Belgium	Bfrs	750	15.4	20 years	7.75	Private placing
27. 2.1973	February	Germany	DM	50	14.3	15 years	7.125	Private placing
12. 4.1973	April	Belgium	Bfrs	350	7.2	15 years	7.5	Private placing
14. 5.1973	May	France	Ffrs	200	35.0	15 years	7.25	Public placing <sup>(4)</sup>
24. 5.1973	May	Switzerland	Sfrs	50	12.8	5 years	6.25	Private placing
	May	Switzerland	Sfrs	50	12.8	7 years	6.50	Private placing
28. 5.1973	May	Luxembourg	Lfrs	800	16.4	15 years	7	Public placing <sup>(5)</sup>
22. 6.1973	June	Netherlands	Fl	25	7.1	12 years	7.875	Private placing
	June	Netherlands	Fl	75	21.3	15 years	7.875	Private placing
26. 6.1973	June	Germany	DM	150	44.2	15 years	7	Public placing <sup>(6)</sup>
18. 7.1973	July	Luxembourg	Lfrs	500	10.3	15 years	7	Public placing <sup>(7)</sup>
6. 9.1973	September	Luxembourg	£ Lebanese	35	16.7	12 years	7.125	Public placing <sup>(8)</sup>
20. 9.1973	September	Luxembourg	Eurco	30	30.0	15 years	8.375	Public placing <sup>(9)</sup>
21. 9.1973	September	Switzerland	Sfrs	100	27.9	15 years	6.5	Public placing <sup>(10)</sup>
16.10.1973	October	Luxembourg	US \$	60	49.7	15 years	8	Public placing <sup>(11)</sup>
22.10.1973	October	Belgium	Bfrs	1 500	30.8	12 years	7.75	Public placing <sup>(12)</sup>
19.11.1973	November	Italy	Lit	25 000	33.9	15 years	7	Private placing
13.12.1973	December	Luxembourg	US \$	30	24.9	15 years	8.50	Public placing <sup>(13)</sup>

(1) Underwritten by Banque Internationale à Luxembourg and offered to the public by an international group of banks.

(2) Underwritten by a banking syndicate headed by Deutsche Bank AG together with Dresdner Bank AG, Commerzbank AG and Westdeutsche Landesbank-Girozentrale, offered for public subscription at 99 %.

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Graphic realisation : Weissenbruch Ltd., Printer to the King, Brussels.

The European Investment Bank wishes to thank the Société Générale de Constructions Electriques et Mécaniques ALSTHOM, the Compagnie Générale d'Electricité and the promoters for kindly providing it with the photographs used in this report.





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