

European
Investment
Bank



annual report 1985



The European Investment Bank in 1985 and 1984

Key data

	1985	1984 ⁽¹⁾
	(million ECUs)	
Total financing provided during the year	7 184.6	6 897.1
of which — loans from own resources	6 225.0	5 627.7
— financing from other resources (accounted for in the Special Section)	959.6	1 269.4
Operations within the Community		
Total	6 524.4	6 188.8
— loans from own resources	5 640.7	5 007.0
of which:		
subsidised loans for reconstruction work in earthquake-stricken areas of Italy	30.2	51.9
— loans from the resources of the New Community Instrument for borrowing and lending (NCI)	883.7	1 181.8
of which:		
subsidised loans for reconstruction work in earthquake-stricken areas of Italy	14.0	14.6
Operations outside the Community		
Total	660.2	708.3
of which — financing from own resources	584.3	620.7
— financing from Community budgetary funds	75.9	87.6
<i>Breakdown:</i>		
— Mediterranean countries	425.2	547.6
of which — Spain and Portugal	260.0	220.0
— African, Caribbean and Pacific (ACP) States and the Overseas Countries and Territories (OCT)	235.0	160.7
Amount outstanding at 31 December in respect of loans from own resources and guarantees	33 290.9	31 167.4
Amount outstanding at 31 December in respect of operations accounted for in the Special Section	8 198.2	7 551.3
Subscribed capital	14 400.0	14 400.0
of which paid in and to be paid in	1 465.7	1 465.7
Reserves, provisions and operating income	2 971.1	2 455.3
Subscribed capital	28 800.0	
of which paid in and to be paid in	2 595.9	
Reserves, provisions and operating income	3 227.9	
Funds raised during the year	5 709.2	4 360.9
Medium and long-term borrowings outstanding at 31 December	26 735.8	25 007.0
Balance sheet total at 31 December ⁽²⁾	35 092.1	32 463.7

⁽¹⁾ Because of periodical statistical adjustments, amounts quoted for previous financial years cannot be compared with those given in earlier publications.

⁽²⁾ See Notes to the Financial Statements (point 3 of Note A to Annex E, page 99).

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Board of Governors

(Situation at 1 June 1986)

Chairman	Nigel LAWSON (United Kingdom) <i>until June 1985</i> Frans GROOTJANS (Belgium) <i>until November 1985</i> Mark EYSKENS (Belgium)
BELGIUM	Willy DE CLERCQ, Deputy Prime Minister, Minister of Finance and Foreign Trade <i>until January 1985</i> Frans GROOTJANS, Deputy Prime Minister, Minister of Finance and the Middle Classes <i>until November 1985</i> Mark EYSKENS, Minister of Finance
DENMARK	Palle SIMONSEN, Minister of Finance
GERMANY	Gerhard STOLTENBERG, Federal Minister of Finance
GREECE	Gerassimos ARSENIS, Minister for National Economy <i>until June 1985</i> Konstantinos SIMITIS, Minister for National Economy
SPAIN	Carlos SOLCHAGA CATALAN, Minister for Economic and Financial Affairs <i>from January 1986</i>
FRANCE	Pierre BEREGOVY, Minister for Economic, Financial and Budgetary Affairs <i>until March 1986</i> Edouard BALLADUR, Minister for Economic and Financial Affairs and for Privatisation
IRELAND	Alan DUKES, Minister for Finance <i>until February 1986</i> John BRUTON, Minister for Finance
ITALY	Giovanni Giuseppe GORIA, Minister of the Treasury
LUXEMBOURG	Jacques POOS, Deputy Prime Minister, Minister of the Treasury
NETHERLANDS	H. Onno RUDING, Minister of Finance
PORTUGAL	Miguel José RIBEIRO CADILHE, Minister of Finance <i>from March 1986</i>
UNITED KINGDOM	Nigel LAWSON, Chancellor of the Exchequer

Audit Committee

(Situation at 1 June 1986)

Chairman

Jørgen BREDSDORFF, Fhv. rigsrevisor, Audit Department, Copenhagen
until June 1985

Albert HANSEN, Secrétaire Général du Conseil du Gouvernement, Luxembourg

Members

Jørgen BREDSDORFF

Albert HANSEN

Konstantinos THANOPOULOS, Manager, Bank of Greece, Athens

Board of Directors

(Situation at 1 June 1986)

Chairman: Ernst-Günther BRÖDER

Vice-Chairmen:

C. Richard ROSS

Arie PAIS

Lucio IZZO

Noel WHELAN

Alain PRATE

Miguel A. ARNEDO ORBAÑANOS, *appointed in February 1986*

Directors

Luigi ARCUTI

Paul ARLMAN

Richard BRANTNER

Karl BREDAHL

Corneille BRÜCK

David DELL

José María GARCIA ALONSO

Julián GARCÍA VARGAS

José António GIRÃO

Paolo GNES

Philippe JURGENSEN

Roger LAVELLE

Robert LION

David McCUTCHEON

Ludovicus MEULEMANS

Rudolf MORAWITZ

Waldemar MÜLLER-ENDERS

Yves ROLAND-BILLECART

Massimo RUSSO

Jean SAINT-GEOURS

Gerassimos SAPOUNZOGLU

Mario SARCINELLI

Jean-Claude TRICHET

James Brian UNWIN

Sir Malcolm WILCOX

Presidente, Istituto Mobiliare Italiano, Rome

Directeur, plaatsvervangend hoofd van de Directie Buitenlandse Financiële Betrekkingen, Ministry of Finance, The Hague

Sprecher des Vorstands der Kreditanstalt für Wiederaufbau, Frankfurt

Fhv. afdelingschef, Ministry of Finance, Copenhagen

Président-Directeur de la Caisse d'Épargne de l'État, Luxembourg

Deputy Secretary, Department of Trade and Industry, London

Director General del Tesoro y Política Financiera, Ministry of Economic and Financial Affairs, Madrid, *from January 1986*

Presidente del Instituto de Crédito Oficial, Madrid, *from January 1986*

Director-Geral do Tesouro, Ministry of Finance, Lisbon, *from January 1986*

Condirettore Centrale, Banca d'Italia, Rome

Directeur Adjoint du Trésor, Chef du Service des Affaires Internationales, Ministry of Economic, Financial and Budgetary Affairs, Paris, *until April 1985*

Deputy Secretary (Overseas Finance), H. M. Treasury, London, *from July 1985*

Directeur Général de la Caisse des Dépôts et Consignations, Paris, *until February 1985*

Second Secretary, Department of Finance, Dublin

Inspecteur-generaal van de Administratie der Thesaurie, Ministry of Finance, Brussels

Ministerialdirigent, Federal Ministry of Economic Affairs, Bonn

Ministerialdirektor, Federal Ministry of Finance, Bonn

Directeur Général de la Caisse Centrale de Coopération Économique, Paris, *from March 1985*

Director-General for Economic and Financial Affairs, Commission of the Communities, Brussels

Président Directeur Général, Crédit National, Paris

Adviser to the Minister for National Economy, Ministry for National Economy, Athens

Direttore Generale del Tesoro, Ministry of the Treasury, Rome

Directeur de Cabinet of the Minister of State for Economic and Financial Affairs and for Privatisation, Paris, *from May 1985*

Deputy Secretary (Overseas Finance), H. M. Treasury, London, *until June 1985*

Deputy Chairman, Privatbanken Ltd., London, *deceased May 1986*

Alternates

Berardo CLEMENTE

Ex-Dirigente Superiore, Ministry of the Treasury, Rome
deceased August 1985

Jacques DELMAS-MARSALET

Directeur Général-adjoint de la Caisse des Dépôts et Consignations, Paris, *from March 1985*

Andrew EDWARDS

Under Secretary (Overseas Finance), H. M. Treasury, London, *from July 1985*

Flemming FARUP-MADSEN

Kontorchef, National Bank of Denmark, Copenhagen

Geoffrey FITCHEW

Under Secretary (Overseas Finance), H. M. Treasury, London, *until June 1985*

Winfried HECK

Ministerialdirigent, Federal Ministry of Finance, Bonn

Pierre MATHIJSEN

Director-General for Regional Policy, Commission of the European Communities, Brussels

Horst MOLTRECHT

Ministerialdirektor i. e. R., Federal Ministry for Economic Cooperation, Bonn

Miguel MORA HIDALGO

Consejero Técnico de la Dirección General del Tesoro y Política Financiera, Ministry for Economic and Financial Affairs, Madrid, *from January 1986*

Ian PLENDERLEITH

Assistant Director, Head of Gilt-Edged Division, Bank of England, London

Paolo RANUZZI DE BIANCHI

Direttore Generale, Ministry of the Treasury, Rome, *from October 1985*

Yves ROLAND-BILLECART

Directeur Général de la Caisse Centrale de Coopération Économique, Paris, *until February 1985*

Denis SAMUEL-LAJEUNESSE

Chef du Service des Affaires Internationales, Direction du Trésor, Ministry of Economic, Financial and Budgetary Affairs, Paris

Savino SPINOSI

Direttore Generale, Ministry of the Treasury, Rome

Jan VANORMELINGEN

Eerste Adviseur bij de Administratie der Thesaurie, Ministry of Finance, Brussels

Management Committee

(Situation at 1 June 1986)

Ernst-Günther BRÖDER, President

C. Richard ROSS, Vice-President

Arie PAIS, Vice-President

Lucio IZZO, Vice-President

Noel WHELAN, Vice-President

Alain PRATE, Vice-President

Miguel A. ARNEDO ORBAÑANOS, Vice-President

General Adviser to the Management Committee: Paul DIRIX

Organisation Structure of the Bank ⁽¹⁾

(Situation at 1 June 1986)

Heads of Departments

Secretary-General
Dieter HARTWICH, Manager,
General Administration
Directorate

Internal Audit
Coordination

Information-Public Relations

Personnel

Hans HITZLBERGER, Co-Manager,
Head of Personnel

Recruitment-Training
Personnel Administration
Regulations

Secretariat and General Affairs

Bruno EYNARD, Deputy Manager

Secretariat
Translation
Representative Office in Brussels
Internal Services

Management Services

Jean EQUINET, Deputy Manager

Organisation and Methods
Data Processing
Budget

Heads of Divisions

Jan VOORDECKERS, Adviser
Thomas CRANFIELD,
Deputy Adviser

Karl Georg SCHMIDT,
Principal Adviser

Ronald STURGES, Adviser
Jean-Claude CARREAU
Arnout BRANDT CORSTIUS

Christopher SIBSON, Deputy Adviser
Klaus WOSZCZYNA, Adviser
Manfred TEICHERT, Principal Adviser
Michel HATTERER

Penrhyn TURNER, Adviser
Ernest ERPELDING, Adviser
Rémy JACOB

Operations in the Community Directorate 1

Eugenio GREPPI, Manager ⁽²⁾

Operations in Italy, Rome

Giorgio RATTI, Central Manager
Ernest LAMERS, Adviser, Deputy
Head of Department

Operations in Denmark, Germany and Spain

Christopher LETHBRIDGE, Deputy Manager

Alessandro MORBILLI, Adviser
Filippo MANZI, Adviser
Alain BELLAVOINE, Deputy Adviser

Fridolin WEBER-KREBS, Adviser
Manfred KNETSCH, Adviser

Directorate 2

Pit TREUMANN, Manager

Operations in Belgium, France, Greece, Luxembourg and the Netherlands

Gérard d'ERM, Deputy Manager

Jean Marie PAYEN, Principal Adviser
Anders ANKERSEN, Adviser

Representative Office in Athens

Konstantin ANDREPOULOS,
Deputy Adviser

Operations in Ireland, Portugal, the United Kingdom and the North Sea

Dennis KIRBY, Associate Manager

Rex SPELLER, Adviser
Jos VAN KAAM, Deputy Adviser
Richard POWER
Guy BAIRD (Head of Office)

Liaison Office in London

*Organisational units supporting
Directorates 1 and 2*

Coordination

Francis CARPENTER, Adviser

Monitoring

Thomas HALBE, Deputy Manager

André DUNAND, Adviser
Brian FEWKES, Adviser
Agostino FONTANA, Deputy Adviser

⁽¹⁾ See also page 87 et seq.; Administration.

⁽²⁾ Also chairs the Coordination Group for all operations in the Community.

Organisation Structure of the Bank *(cont.)*

Heads of Departments		Heads of Divisions
Directorate for Operations outside the Community Jacques SILVAIN, Manager		
	ACP — OCT Thomas OURSIN, Principal Adviser	Coordination Terence BROWN John AINSWORTH, Adviser Jean-Louis BIANCARELLI, Deputy Adviser Martin CURWEN
	Mediterranean Countries Pietro PETTOVICH, Adviser	Roger ADAMS, Adviser
	Monitoring Robert CORNEZ, Deputy Manager	Alfred KAWAN, Principal Adviser Nicolas URMES, Deputy Adviser Jacqueline NOEL
Finance and Treasury Directorate Philippe MARCHAT, Manager		
	Issues Wolfgang THILL, Associate Manager	Coordination Henri-Pierre SAUNIER Jean-Claude BRESSON, Principal Adviser Ulrich MEIER, Adviser Thomas HACKETT, Deputy Adviser Joseph VOGTEN
	Treasury John VAN SCHIL, Deputy Manager	Lucio RAGUSIN, Adviser Eberhard UHLMANN
	General Accountancy François ROUSSEL, Deputy Manager	
Research Directorate Henri LEROUX, Manager	Economic Research within the Community Herbert CHRISTIE, Co-Manager	Joachim MÜLLER-BORLE, Adviser Carlo BOLATTI, Deputy Adviser Horst FEUERSTEIN Patrice GERAUD
	Economic Research outside the Community (Herbert CHRISTIE, Co-Manager, a. i.)	Klaus ACKERMANN, Adviser Luigi GENAZZINI, Adviser
	Financial Research Desmond McCLELAND, Associate Manager	Anthony CLOVER, Adviser
	Documentation and Library	Marie-Odile KLEIBER
Legal Directorate Jörg KÄSER, Manager	Xavier HERLIN, Deputy Manager	Konstantin ANDREOPOULOS, (¹) Deputy Adviser Giannangelo MARCHEGIANI, Deputy Adviser Roderick DUNNETT

Technical Advisory Service

Group A: Special Projects	Hellmuth BERGMANN, Chief Technical Adviser Filippo BARILLI, Deputy Chief Technical Adviser Jean-Jacques SCHUL, Deputy Technical Adviser Jean-Paul JACQUOT, Special Adviser
Group B: Operations in the Community	Walter LOWENSTEIN-LOM, Deputy Chief Technical Adviser Peter BOND, Technical Adviser Jean-Pierre DAUBET, Deputy Technical Adviser
Group C: Operations outside the Community	Robert VERMEERSCH, Group Leader Zdenek HAVELKA, Technical Adviser J. Garry HAYTER, Technical Adviser Gerhart GERECHT, Deputy Technical Adviser Günter WESTERMANN, Deputy Technical Adviser

(¹) Also responsible for the Representative Office in Athens.

Unit of account

In accordance with Article 4 (1) of the Statute, the Bank's Board of Governors decided on 13 May 1981 to adopt, with effect from 1 January 1981, the following new definition of the unit of account of the Bank (Official Journal of the European Communities L 311 of 30 October 1981): 'The unit of account shall be defined as being the ECU used by the European Communities' (for the composition of the ECU, see page 99).

The conversion rates used by the Bank during each quarter for its financing and borrowing statistics are those obtaining on the last working day of the previous quarter; in 1985, these were as follows:

	during the 1st quarter	during the 2nd quarter	during the 3rd quarter	during the 4th quarter
1 ECU =				
DM	2.23176	2.23658	2.24895	2.21245
Ffrs	6.83069	6.83117	6.85414	6.75146
£	0.609846	0.584022	0.567748	0.589526
Ptas	122.860	125.208	128.506	135.583
Lit	1 371.10	1 428.77	1 433.15	1 494.63
Fl	2.51853	2.52306	2.53484	2.49411
Bfrs	44.7168	45.0079	45.2655	45.8803
Dkr	7.98805	7.99418	8.06607	8.04946
Dr	91.0428	96.7198	99.9678	108.590
Esc.	120.344	126.153	128.984	138.805
IR£	0.715023	0.717068	0.717724	0.715963
Lfrs	44.7168	45.0079	45.2655	45.8803
US\$	0.708946	0.727107	0.734949	0.826221
Sfrs	1.83830	1.89593	1.88404	1.81025
Yen	178.052	182.213	183.113	179.083
Sch.	0.858808	1.03724	1.10105	1.17062
Can\$	0.935808	0.994319	1.00203	1.13234
£Leb.	6.28481	12.3608	11.5460	15.3264
NZ\$	1.48782	1.56032	1.52006	1.50633
Nkr	6.44254	6.46762	6.47674	6.59613

The balance sheet and financial statements have been drawn up on the basis of the conversion rates obtaining at 31 December of the financial years concerned (see page 99).

Financing provided in 1985

In the main, the European Investment Bank grants loans from its own resources (principally the proceeds of its borrowings on capital markets) and furnishes guarantees. It also acts as agent of the Community in providing financing from Community funds in non-member countries in furtherance of the Community's policy of economic and financial cooperation and, since 1979, in Member Countries by making loans from the resources of the New Community Instrument for borrowing and lending (NCI); such operations are accounted for off balance sheet in the Bank's Special Section and are included in the statistics and reports on Bank activity when the decision to provide financing is the responsibility of the Bank's Board of Directors.

Financing provided by the Bank in 1985 totalled 7 184.6 million ECUs ⁽¹⁾ as against 6 897.1 million in 1984 ⁽²⁾ and 5 923.3 million in 1983. Compared with 1984, this represented a slight increase at current prices (4.2%) and virtual stability in real terms. Financing from own resources, amounting in all to 6 225 million, was 11 % up on 1984 (5 627.7 million), while Special Section operations (see p. 92) came to

959.6 million, as against 1 269.4 million in 1984 (—24 %).

As shown in Table 1, operations within the Community financed from own resources amounted to 5 640.7 million in 1985 and those from NCI resources to 883.7 million, making a total of 6 524.4 million, or 90.8 % of new financing overall. Lending in Member Countries from the Bank's own resources pursues the objectives set out in Article 130 of the Treaty of Rome (see p. 24). Lending from NCI resources is applied to the purposes specified in the various decisions taken by

⁽¹⁾ Except where otherwise indicated, all amounts quoted are expressed in ECUs (see p. 8). Differences between totals shown and the sum of individual amounts are due to rounding.

⁽²⁾ Because of statistical adjustments, amounts quoted for previous financial years may differ slightly from those given in earlier publications.

Table 1: **Financing provided in 1985, from 1981 to 1985 and from 1959 to 1985** ⁽¹⁾

Broad breakdown by origin of resources and project location

	1985		1981—1985 ⁽²⁾		1959—1985 ⁽²⁾	
	Amount	%	Amount	%	Amount	%
Loans from EIB own resources and guarantees						
— within the Community	5 640.7	78.5	21 143.1	74.2	35 464.7	77.6
<i>(of which, guarantees)</i>	—	—	379.7	1.3	622.1	1.4
— outside the Community	584.3	8.1	2 428.8	8.5	3 966.0	8.7
Total	6 225.0	86.6	23 571.9	82.7	39 430.7	86.3
Financing provided from other resources (accounted for in the Special Section) ⁽³⁾						
— within the Community, from the re- sources of the New Community Instrument for borrowing and lend- ing (NCI)	883.7	12.3	4 595.9	16.1	5 070.6	11.1
— outside the Community from Mem- ber States' or Community budgetary funds	75.9	1.1	347.7	1.2	1 191.5	2.6
Total	959.6	13.4	4 943.6	17.3	6 262.1	13.7
Grand total	7 184.6	100.0	28 515.5	100.0	45 692.8	100.0
of which: — within the Community	6 524.4	90.8	25 739.0	90.3	40 535.3	88.7
— outside the Community	660.2	9.2	2 776.5	9.7	5 157.5	11.3

⁽¹⁾ Amounts at current prices and exchange rates. A summary of financing provided over such a long period should be interpreted cautiously; data for individual years are affected by price movements and exchange rate variations occurring between 1959 and 1985.

⁽²⁾ See Note 2 to text above.

⁽³⁾ Excluding Euratom loans and loans on special conditions made available under financial cooperation agreements as decided by the Commission of the European Communities.

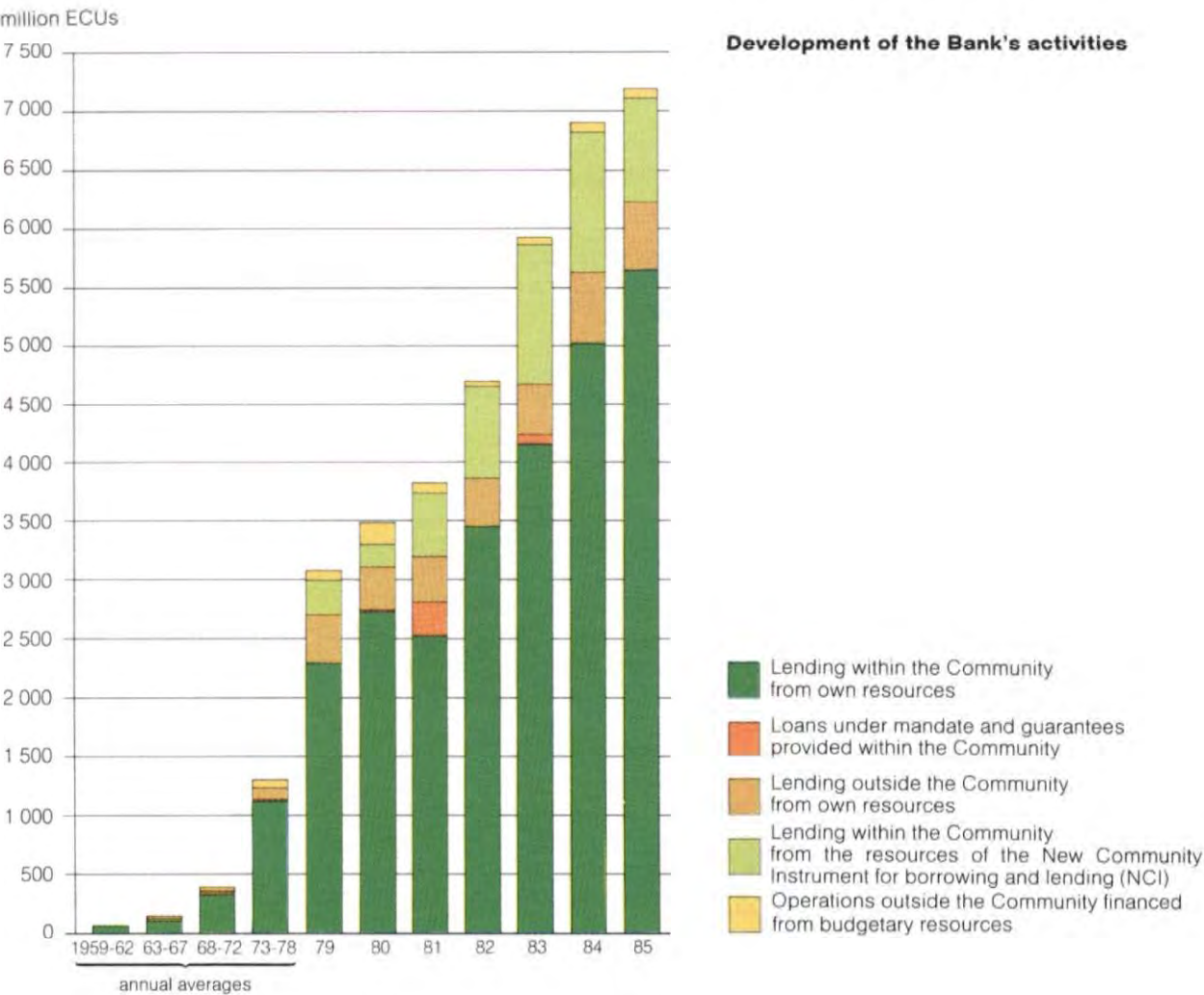
Financing provided in 1985

the Council of the European Communities since the NCI facility was introduced in October 1978 (see p. 25).

Operations outside the Community financed from the Bank's own resources came to 584.3 million and those from the budgetary resources of the Community to 75.9 million, making 660.2 million in all, as against 708.3 million in 1984, a downturn attributable in the main to the fact that no financing was made available in Yugoslavia. Operations in

non-member countries are mounted in support of investment consonant with the objectives set out in the Agreements and Financial Protocols signed with them.

The Bank made calls on the market for a total of 5 709.2 million (4 360.9 million in 1984). To finance its lending from own resources, the Bank raised 5 268 million in fixed-rate public loan issues and private borrowings, of which 468.7 million was converted into floating-rate operations by means of



currency and interest-rate swaps. Bringing in 374 million by means of commercial paper issues and 56.5 million from FRN issues, floating-rate borrowings totalled 899.2 million, or 15.7 % of aggregate funds raised. Finally, an amount of 10.6 million was realised through the allotment to third parties of certificates, guaranteed by the EIB, providing participations in Bank loans.

Disbursements on loans from own resources in 1985 totalled 5 898.6 million, comprising 5 343.2 million for lending in the Community and 555.4 million for operations outside the EEC.

The amount of loans from own resources and guarantees outstanding ⁽¹⁾ rose from 31 137 million at 31 December 1984 to 33 290.9 million at 31 December 1985, an increase of 7 %. Particulars of the principal forms of guarantee attaching to loans outstanding are given in Annex B (Note 2) to the Financial Statements (see p. 97).

At 31 December 1985, the balance sheet total stood at 35 092.1 million compared with 32 463.7 million at the end of 1984 (see also Annex E to the Financial Statements, Note A, point 3).

Disbursements during 1985 in respect of financing provided from Community resources came to 1 095.4 million, 1 043.8 million being in respect of loans from NCI resources and 51.6 million of operations from Community funds mounted in the African, Caribbean and Pacific States and in certain Mediterranean countries.

The amount outstanding ⁽¹⁾ in respect of Special Section operations rose from 7 551.3 million at 31 December 1984 to 8 198.2 million at 31 December 1985, an increase of 8.5 %.

⁽¹⁾ Original amount of loans and guarantees after taking into account principal repayments, terminations, cancellations, exchange adjustments and, in the case of operations mounted from own resources, third party participations in Bank loans (see p. 97, Note 3 to Annex B of the Financial Statements).

Economic context

In 1985 the activity of the Bank developed within the context of slower output growth in industrialized countries (2.7 % compared with 4.9 % in 1984). The main components of this were a marked deceleration of growth in the USA and, to a lesser extent, in Japan, whereas in the European Community there was a consolidation of the moderate growth rate registered a year earlier: 2.3 % in 1985 compared with 2.1 % in 1984 (see Table 2). A counter-inflationary stance, based on the containment or reduction of government deficits and non-accommodating monetary policies, was maintained in most industrialized countries in 1985.

Inflation, as measured by the private consumption deflator, was stable at about 3 % in the USA and continued to decline in the Community — from 6.1 % to 5.3 %. The 20 % fall in the effective exchange rate of the dollar between February and December was absorbed without excessive strains in financial markets and it helped to reduce pressures for the introduction of protectionist measures in the USA. Apart from the adjustment of the central rate of the Italian lira in July, which was

due primarily to factors other than the movement of the dollar, the fall in the American currency was achieved without changes in 1985 in central rates within the European Monetary System (EMS).

Major disequilibria persist, however, in the world economy. Europe is stricken with high unemployment, though total employment increased slightly for the second consecutive year. In the European Community the unemployment rate rose from 10.7 % in 1984 to 11 % in 1985. In the USA continuing large budget deficits and the associated current account deficits have influenced trade and international capital flows. The USA current account deficit attained about 150 bn ECUs, against surpluses of 64 bn ECUs for Japan and 17 bn ECUs for the Community.

The debt situation of many developing countries remains a major issue confronting the world economy, although the non-oil developing countries have succeeded in reducing their current account deficits. In a number of countries, substantial progress has been made in achieving structural adjustment through a combination of liberalisation

measures and counter inflationary macro-economic policies. Numerous developing countries are still faced with the need to reconcile economic growth with external equilibrium.

There are, however, powerful factors that are beyond the control of developing countries. High interest rates are one such factor; indeed they were one of the elements which triggered the debt crisis. From this point of view a favorable development in 1985 was the fall in the dollar and the associated fall in interest rates, which alleviated the burden of debt, a large proportion of which is at floating interest rates and denominated in dollars. Against this, the growth in the volume of exports slowed considerably during the year, owing to the more moderate rate of expansion of activity in the United

States; and there is also concern that the generalized fall in commodity prices is harming the export earnings of developing countries. The effects of commodity price trends are, however, not unambiguous. A fall in oil prices benefits both industrialized and non-oil developing countries through an improvement in their terms of trade which improve their growth prospects. But it might compromise the ability of some heavily indebted oil-producing countries to meet their external liabilities. On the other hand, the counterpart to the improvement in the terms of trade of the industrialised countries, brought about by lower non-oil commodity prices, is a fall in those of non-oil developing countries.

The fall in the price of oil in 1985 and the early months of 1986 was much steeper than that of other

Table 2: Summary data, 1981—1985: EEC — USA — Japan

	EEC					USA					Japan				
	1981	1982	1983	1984	1985*	1981	1982	1983	1984	1985*	1981	1982	1983	1984	1985*
Annual rates of change															
Volume (%)															
GDP (1)	-0.2	0.5	1.2	2.1	2.3	2.5	-2.1	3.7	6.8	2.5	4.0	3.3	3.4	5.8	5.0
GFCF	-4.7	-1.5	0.2	2.3	1.4	1.1	-6.6	8.2	18.0	5.2	3.1	0.9	-0.2	5.7	5.2
GDP per head															
Volume indices (EEC 1980 = 100)	99.5	99.8	100.8	102.7	105.0	143.0	137.4	140.1	148.8	151.1	104.2	106.4	109.0	113.9	118.8
in purchasing power parities	8 813	9 728	10 587	11 414	n.d.	12 668	13 401	14 717	16 530	n.d.	9 233	10 397	11 460	12 604	n.d.
in ECUs	8 180	8 901	9 519	10 176	10 907	11 426	13 378	15 689	19 456	21 258	8 918	9 349	11 116	13 203	13 786
GFCF as % of GDP	20.0	19.2	18.7	18.7	18.5	17.8	16.5	16.8	17.9	17.2	30.7	29.7	26.7	27.8	29.1
Prices (private consumption deflator) (%)	11.8	9.8	7.8	6.1	5.3	8.4	5.8	4.5	3.2	3.1	4.4	2.6	1.9	2.1	1.8
Productivity (2)	1.1	1.5	2.0	2.1	1.8	2.6	-1.3	2.4	2.6	0.5	3.1	2.3	1.6	5.2	4.0
Trade balances (fob) bn ECUs	-1.2	3.2	11.9	11.9	18.3	-25.0	-37.3	-69.6	-137.2	-169.1	17.9	18.5	35.4	56.1	70.8
Public sector borrowing requirement (% GDP)	-5.4	-5.6	-5.5	-5.4	-5.2	-0.9	-3.8	-4.1	-3.4	-3.9	-4.0	-3.6	-3.5	-2.7	-1.7
Employment (% change)	-1.2	-1.0	-0.8	0.2	0.4	0.8	-0.9	1.3	4.1	2.0	0.8	1.0	1.7	0.6	1.0
Unemployment rates	7.4	9.0	10.1	10.7	11.0	7.6	9.7	9.6	7.5	7.3	2.2	2.4	2.7	2.7	2.5

(1) GDP for EEC; GNP for United States and Japan.

(2) Gross domestic product per person employed.

* Estimates

Sources: EEC; OECD.

commodities. Hence it would appear that the initial impact of changes in the terms of trade on the net export earnings of non-oil developing countries was largely positive. The opposite holds for oil-producing countries, though it is still difficult to assess the subsequent effects on their export earnings from induced effects in world output and trade.

In the **United States**, the stance of budget policy remained expansionary in 1985 and there was some relaxation of monetary policy, particularly in the second half of the year. This was reflected in an accelerated growth of monetary aggregates and a fall in interest rates, partly in response to what was considered by the Federal Reserve to be a permanent fall in the velocity of circulation of money. The slowdown in output growth — 2.5 % in 1985 against 6.8 % in 1984 — was due to a negative contribution of net exports and a deceleration of domestic demand, particularly private fixed investment — 5.2 % in 1985 compared with 18 % a year earlier — and stockbuilding. Investment lost momentum, particularly in the manufacturing sector. More generally, the effects of fiscal incentives granted in 1983 and 1984 were starting to wear off. As a result of slower growth in 1985, the fall in unemployment nearly came to a stop and the unemployment rate stabilized at 7.3 %. Continued wage moderation, competition from imports and deregulation in some sectors (telecommunications, air, road and rail transport) had a stabilising effect on prices.

In **Japan**, the authorities continued to implement their policy of reducing the general government deficit, which fell from 2.7 % of GNP in 1984 to 1.7 % in 1985. Monetary policy was steered along a non-accommodating course dictated by fears that weakness of the yen might trigger protectionist measures in Japan's export markets. Nevertheless, output growth remained buoyant, slowing slightly from 5.8 % in 1984 to 5 % in 1985. This deceleration was due almost exclusively to a slowdown in exports, owing to the slower expansion of markets in North America. Exports nevertheless increased by 7.6 % in real terms and the current balance still made a positive contribution to growth. Domestic demand growth was unchanged from 1984 (3.8 %), with a particularly strong contribution from private investment in machinery (10.7 %). The inflation rate continued to be among the lowest in the industrialized world, while the unemployment rate fell once again in 1985 to 2.5 %.

In the **European Community**, growth of domestic demand in 1985 was practically the same as in 1984.

A fall of investment in construction was offset by higher growth rates in private consumption and investment in machinery and equipment. Net exports' contribution to output doubled compared with 1984 — 0.4 % and 0.2 % of GDP respectively — in spite of slower growth of world trade (5.3 % against 9.3 % in 1984).

In 1985 the rate of **inflation** in the European Community fell for the fifth consecutive year. At the same time, there was a further slight reduction in the dispersion of inflation rates. Nevertheless, differences remain quite marked, going from 2.2 % in Germany (private consumption deflator) to 18 % in Greece. An important contribution to the moderation of price increases in 1985 was made by the extreme weakness of import prices, the latter influenced both by the depreciation of the dollar and by depressed conditions in most commodity markets. The decline in the import price of crude oil towards the end of 1985 should ensure that price increases continue to moderate in 1986.

Other factors underlying the disinflationary process observed in Europe since 1980 have continued to exert their influence in 1985. The stance of monetary policy in most Member Countries is still guided by price stabilisation considerations. Domestic demand growth remained very moderate. Furthermore, with the exception of Italy, wage increases during the current recovery have remained below what might have been predicted by past experience. This might be ascribed partly to depressed labour market conditions, partly to the shift towards service sector employment and the consequent fall in the bargaining power of unions and partly to measures, applied with varying degrees of stringency in different countries, intended to improve labour market flexibility.

Gross fixed investment in the Community increased by only 1.4 % in 1985, compared with 2.3 % in 1984. This slowdown is entirely accounted for by a 2.7 % fall in **investment in construction** following a 1.1 % increase in 1984. The fall in 1985 was particularly marked in Germany (—5.3 %), owing partly to extremely severe weather at the beginning of the year. The rate of growth of **investment in machinery** accelerated considerably in 1985, 6.1 % compared with 3.6 % in 1984, with particularly strong gains in Germany (8.8 %), Denmark (19.5 %) and the Netherlands (11.7 %).

In several countries in recent years, rising real interest rates contributed to a deterioration in the

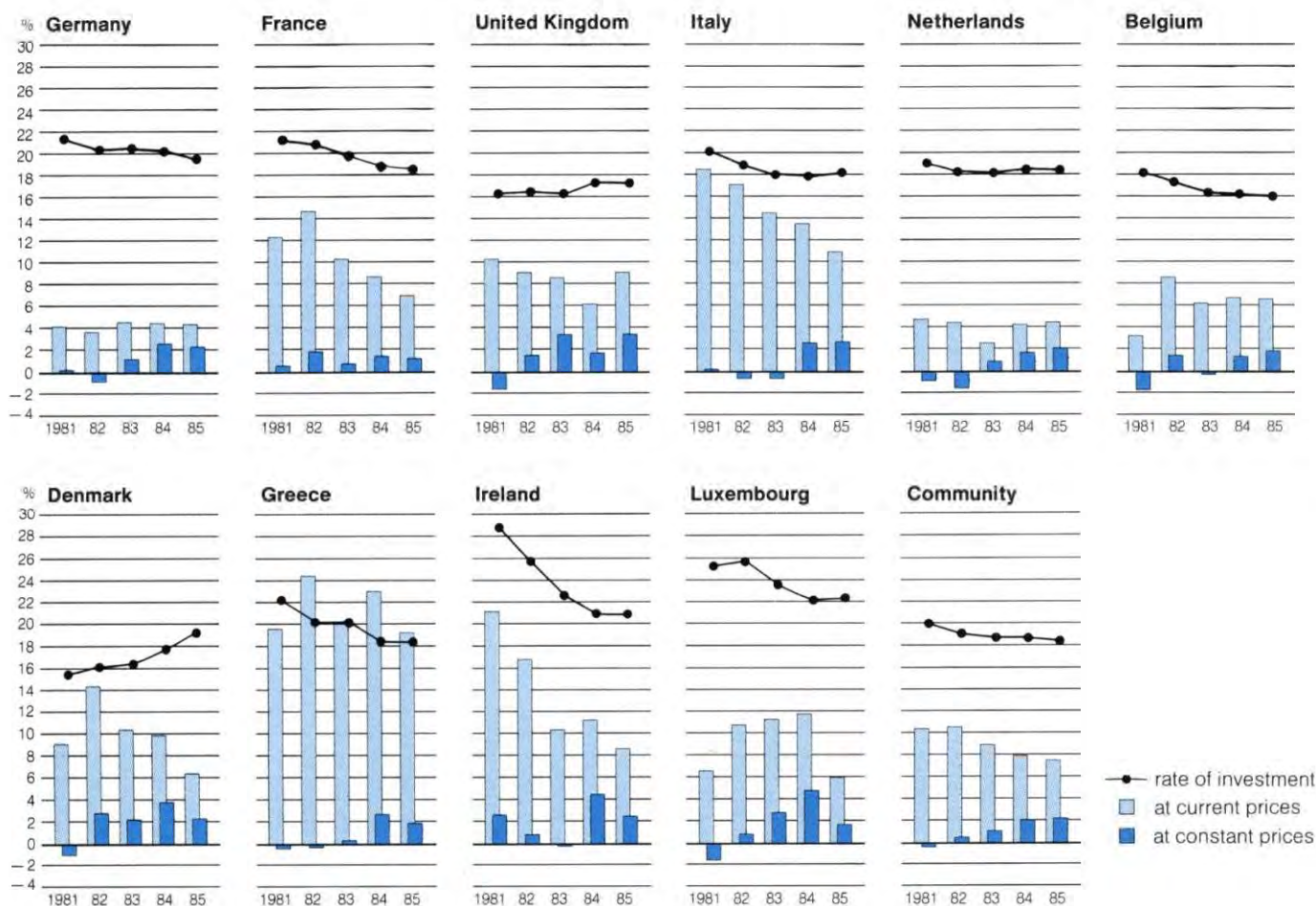
financial position of enterprises, which became particularly severe at the beginning of the 1980s when real interest rates exceeded the rate of return on capital. During the present recovery, wage moderation and some decline in interest rates have led to some improvement in the profitability of firms. However, wage moderation during the current upswing has probably not entirely offset the effect of earlier increases that were not warranted by

improvements in productivity and the terms of trade. Thus, in the face of uncertain growth prospects and levels of profitability which are still low, firms have, in the first instance, been generally more inclined to reduce their liabilities and to pursue labour-saving investment than to expand capacity.

Total **employment**, which had fallen for three consecutive years (1981—1983), has benefited from

Gross domestic product in the Community

variations by comparison with the previous year ⁽¹⁾



⁽¹⁾ Derived from aggregates expressed in national currencies in the case of Member Countries and in ECUs in the case of the Community.

the ongoing recovery, increasing by 0.2 % and 0.4 % respectively in 1984 and 1985. These modest gains were however insufficient to prevent further rises in unemployment in certain countries, given the medium-term growth trend of the labour supply, and the average unemployment rate in the Community increased once more. There are, however, some encouraging signs. The rate of increase of unemployment has generally slowed down and, for the first time since 1980, the unemployment rate stabilized in some Member Countries in 1985 (Belgium, Luxembourg) and fell in others (the Netherlands, Denmark).

The Community **current account** position swung into surplus in 1985 (0.5 % of GDP), confirming the trend that had emerged a year earlier. This was accounted for by faster growth of exports than imports in real terms, but more particularly by an improvement in the terms of trade. The trend towards surpluses or the reduction of deficits was observed in most countries.

Very large differences in sectoral specialisation, income, productivity, employment and infrastructure endowment continue to exist between the less-favoured **regions** and the rest of the Community. These regional disparities tended to lessen during the 1960s and early 1970s, when overall growth was rapid and migration flows were large. The process, however, came to a halt after the first oil price shock in 1973. Recent calculations for the 1970–82 period show that the trend towards reducing regional gaps was reversed by 1974.

Regional disparities within the Community obviously increase as new Member States with a lower overall development level join. This was the case with the accession of Ireland in 1973 and Greece in 1981. In 1986, it will be so with the accession of Spain and Portugal: whereas population will increase by some 18 % in comparison to the Community of Ten, the number of people with an income per head below 60 % of the Community average will almost double in the enlarged Community to some 60 million, or 20 % of the total population.

In **Spain**, growth slackened a little during 1985 with a recovery in domestic demand providing the main impetus, while export growth was significantly down

from the high rate of the preceding year. Nevertheless an improvement in the terms of trade and buoyant invisible earnings led the current balance-of-payments surplus to increase from 3 to 3.7 billion ECUs. Gross fixed investment registered a noticeable increase, in contrast to the decreases experienced in recent years; and inflation, though still well above the Community average, declined during the year. For the first time in ten years employment increased in 1985. But the increase was more than offset by increases in the labour force and the unemployment rate rose again from an already high level.

In **Portugal**, the stabilization policy was maintained. Output growth resumed after two years of decline, and investment declined at a slower rate. Export earnings and tourism receipts continued to expand, while imports still stagnated, contributing to a strong reduction of the current account deficit. However, inflation, though falling, is still quite high, and unemployment has grown. The public sector deficit continues to absorb about 14 % of GDP.

The difficulties which the Iberian countries will have of adapting to Community membership are likely to be accentuated by problems of high unemployment and inflation, though some progress appears to have been made in containing price increases, particularly in Spain and more recently in Portugal. Extensive sectoral restructuring has already begun with the improvement of public enterprises' performance, the introduction of more flexibility into the labour market and the liberalisation of exchange control. A cause for concern in both economies has been the weakness of private investment over a number of years.

Most of the **Mediterranean countries** not in the Community were beset with continuing economic problems particularly in their balance of payments positions. Growth was generally modest and inflation remained a problem. In Lebanon, the war situation has aggravated the division of the country and had a heavy cost in economic terms. Turkey was successful in redressing its balance of payments' position, and continuing the introduction of market disciplines. Yugoslavia, however, has had difficulty in developing internal reforms and it ran into serious external commercial borrowing constraints. The budget deficit remains high in

Egypt, despite efforts to reduce subsidies. In several countries the level of military spending and the reduced flow of aid funds precluded for the time being an investment strategy to promote growth in the longer term. International Monetary Fund (IMF) assistance programmes with tight budget austerity were continued in Morocco and Yugoslavia.

ACP countries, though differing from one another in many ways, had in common a disappointing economic performance in 1985. Except in special cases, for instance, a number of tourism-based economies in the Caribbean, living standards have come under renewed pressure, especially in sub-Saharan Africa, despite an easing of the food situation. The adverse economic features that have characterised many ACPs in recent years have persisted: most notably, high rates of inflation and unsustainable balance of payments' positions. Debt rescheduling has again been a common occurrence; fewer ACP countries remain creditworthy; and direct private investment has significantly declined. Flows of official concessional finance have also fallen at a

time when for many countries they offer the only source of foreign financing.

The prospects for the ACP group, however, are not altogether bleak. Lower interest rates and the recent fall in oil prices should help to set a more favourable external economic context. At the same time, a small group of ACP countries are for the first time making a serious attempt at stabilisation and structural adjustment, with the backing of the IMF and the World Bank amongst others. Actions taken by these countries include raising the regulated prices for export crops, increasing real interest rates, restructuring tariff systems, and liberalising trade and exchange rate régimes.

In the circumstances, opportunities for new fixed asset formation continue to be scarce, and much project finance is concentrated on the rehabilitation of existing assets, linked to improvements in operational efficiency and policy reform. Even less than in the past can projects be treated in isolation; they have to be appraised in a broader economic context.

Community Policy

The year 1985 was marked by the conclusion of the negotiation concerning the accession of Spain and Portugal to Community membership from 1 January 1986 and by the adoption of a series of agreements prepared by an intergovernmental treaty revision conference and endorsed at the European Council in Luxembourg in December. The 'single act' formalising these agreements has been signed at the beginning of 1986 by all governments while national ratification procedures are under way.

The accession of Spain and Portugal has increased the Community's territory by some 36 %, its population by 18 % and its gross domestic product by

12 %. While a period of difficult adaptation awaits many regions and sectors, not only in the two new member countries, in due course the enlarged Community should be stronger and better prepared to play its rôle internationally than before.

The items of the **Treaty revision** directly or indirectly linked to the Bank's activities are as follows:

— **Economic and social cohesion** to promote the balanced development of the Community has been formulated as a basic objective of the Community. The EIB and the structural funds are called upon to

support this to the full, above all in fostering the development of the least favoured regions.

— The **internal market** is to be completed by 1992 so that free movement throughout the Community of goods, persons, services, and capital be ensured, unimpeded by internal frontiers; enterprises should thus be able to gear their corporate strategy to a unified internal market of continental dimension with more certainty than before, thus giving them a better basis for competitiveness world-wide.

— On the basis of experience with the EMS and the development of the ECU, **monetary cooperation** is to be strengthened.

— The **scientific and technological basis** of European industry is to be strengthened, as a means of improving its international competitiveness. The research and development efforts of firms, research institutions and universities are to be encouraged, cooperation between enterprises is to be developed and public procurement is to be opened to greater international competition.

— The importance of **preventing damage to the environment** and of a cautious use of natural resources has been re-emphasised.

— The treaty provisions on European cooperation in the sphere of **foreign policy** are based on the principle of early mutual information and consultation and on the adoption of common positions in international relations and within international organisations, including matters relating to European security.

Other decisions and proposals

On 7 May 1985 the Council decided to **raise the Community's own resources** to a maximum of 1.4 per cent of VAT receipts as from 1 January 1986. One of its consequences will be to permit a further expansion of Community financing for structural

purposes. The present volume of such loans and grants is shown in the following table:

Community financing for structural purposes within the ten member countries in 1985

(million ECUs)

Loans	
EIB — own resources	5 640.7
— NCI	883.7
ECSC	1 010.5
Euratom	208.1
Total	7 743.0
Grants	
ERDF	2 495.5
ESF	2 188.4
EAGGF Guidance	726.2
Total	5 410.1
TOTAL	13 153.1

— On 5 December 1985 ⁽¹⁾ the Council authorised a raising of the maximum amount of **Euratom loans** — for financing investment projects in the field of nuclear energy — to 3 000 million ECUs, the ceiling of 2 000 million set in 1982 being practically attained;

— As far as the **New Community Instrument** is concerned, a fourth borrowing and lending authorisation proposed in June by the Commission was still under review by the Council at the beginning of 1986. The amount proposed is 1 500 million ECUs to finance investments by small and medium-sized enterprises mainly those which foster technological development and innovation;

— The reform of the **European Regional Development Fund**, which was put into operation at the beginning of 1985, has made this fund more flexible and wide-ranging in operation. It has done this mainly by substituting upper and lower limits for rigid country quotas in the case of each member country and by developing programme financing in addition to project financing.

(1) OJ L 334 of 12 December 1985.

An important development of regional policy has taken place through the adoption of the regulation concerning **Integrated Mediterranean Programmes (IMPs)** covering the years 1986—1992. These programmes provide for the joint financing, by national and Community resources, of productive and infrastructure investments and of education and training, in Greece and in designated areas of Italy and the South of France. Their object is to help these regions of the Community to adapt to the challenges of enlargement and, especially in the case of Greece, to improve their economic structures.

The Community resources earmarked for this purpose are 2.5 billion ECUs from the structural funds plus 1.6 billion ECUs of additional budgetary resources plus up to 2.5 billion ECUs of EIB and/or NCI loans to be engaged on the basis of the standard rules which apply to these loans. Nearly 40 % of the total Community finance for the IMPs should therefore take the form of loans. Close cooperation between the Bank, the Commission and the national and regional authorities will be of prime importance for the successful implementation of this mechanism.

In the **industrial** field, the most noteworthy developments in 1985 concern the progressive dismantling of production quotas and price controls for **steel** products and stricter limitations on State grants to that industry, on the basis of an agreement on the gradual elimination of such assistance. Furthermore, through the Esprit, Brite and Eureka programmes, Community finance and coordination to stimulate **industrial innovation** and promotion of **research and development** are being reinforced.

Greece joined the **European Monetary System** in July 1985 without, however, participating for the time being in the exchange rate mechanism; the Drachma was incorporated in 1984 in the component currencies of the ECU.

Up to now, transactions in **ECU** have been cleared within the banking system by small groups of commercial banks working in close cooperation with one another, there being no other institutional means by which clearing could take place. The multipolar arrangements came under increasing strains as the volume of ECU transactions mounted,

and from 1983 onwards the banks which were most active in the ECU market began to discuss among themselves — with encouragement from the European Commission — the possibility of creating a multilateral clearing system. The discussions took place in a working party on which the EIB was represented and their outcome was that in September 1985 the statute of a multilateral clearing system was approved by the banks concerned. Then, early in 1986, the Bank for International Settlements expressed its readiness to act as the central clearing agent. The new ECU clearing system will start in September 1986 and will be operated on an experimental basis for about one year before becoming fully operational. The EIB is a founder member of the ECU Banking Association, which will manage this clearing system, and it holds a permanent vice-presidency as of right on the executive committee on which it represents the interests of the European Community.

The ceiling for Community borrowing and lending for **balance of payments purposes** has been raised from 6 to 8 billion ECUs by a Council regulation which fixed the maximum available to one Member State at any one time at 50 % of this ceiling, and abolished the condition that the balance of payments difficulty should have had its origin in oil price increases.

As regards **environmental protection**, the Council approved the directive ⁽¹⁾ on assessing the impact on the environment of certain public and private projects. This directive is designed to ensure that a prior assessment is conducted of the impact on the environment of major schemes such as oil refineries, power stations, radioactive waste storage facilities and integrated chemical plants as well as motorways, rail lines, airports, ports, etc. The assessment would focus, inter alia, on the effects on human beings, fauna and flora, the soil, water, climate, landscape, cultural heritage, etc. The Council also adopted the directive on harmonising Member States' legislation concerning the lead content of petrol, and made substantial progress as regards the future legislation on emission standards for cars.

During 1985 also, the Commission put forward draft new **energy objectives** for 1995. The proposed new

(1) OJ L 175 of 5 July 1985.

objectives imply that efforts to reduce the dependence on imported oil should be maintained, since there could well be a renewed period of tight oil markets at some point in the 1990s. In its communication to the Council, the Commission drew attention to the fact that temporary surpluses and downward pressure on energy prices are short-term signals which should not be allowed to delay or undermine the decisions necessary to assure long-term needs.

Development Cooperation

The conventions, protocols and agreements currently applicable to financial cooperation outside the Community are listed in Table 9 on page 64.

The **Third Lomé Convention**, associating the EEC Member States with 65 countries in Africa, the Caribbean and the Pacific was signed on 8 December 1984 covering a period of five years. Angola subsequently signed the Convention on 30 April 1985, raising the number of ACP states to 66. Lomé III entered into force on 1 May 1986 after ratification procedures had been completed.

During the transitional phase, operations continued to be mounted under the Second Lomé Convention.

The Bank joined with the Commission of the European Communities in preparing the implementation of the new Convention, notably by participating in Community aid programming missions to each of the ACP States concerned. At the end of 1985, programming missions had visited 30 countries.

Cooperation with **Mediterranean countries** has been characterised by the implementation of a number of cooperation agreements, two of which ended with the accession of Spain and Portugal to the Community at the end of 1985. A new financial protocol between Malta and the Community was signed on 4 December. It provided financial aid of 29.5 million ECUs normally to be committed before 31 October 1988 (16 million in EIB loans from own resources and 13.5 million mainly in grants but including also some soft loans from budgetary resources of the Community). At the end of the year, a proposal of the Community for a new financial protocol was being examined by the Yugoslav authorities.

Following the ASEAN-EEC ⁽¹⁾ Ministerial Meeting on economic matters in October 1985, development of non-financial cooperation between these countries has been envisaged.

⁽¹⁾ Association of South-East Asian Nations.

EIB lending policy

During the course of the year, the governing bodies of the Bank adopted several measures and orientations which are important for its present and future activities.

The Governors of the Bank, acting upon the statutory recommendation of the Board of Directors, decided to increase the subscribed capital of the Bank. This decision, after the inclusion of the contributions of Spain and Portugal, raised the subscribed capital from 14.4 billion to 28.8 billion ECUs on 1 January 1986. The limit on the Bank's outstanding loans and guarantees was thus raised from 36 billion to 72 billion ECUs (for more details see box on page 20 and annex to the Financial Statements, pp. 104 to 106).

The recommendations on lending policy which were endorsed by the Governors in June 1984 indicate how this extra headroom is to be used. They provided that priority should continue to be given to lending for regional development purposes; that in addition to the Bank's traditional objectives (regional development, energy, infrastructure of common interest), an attempt should be made to finance projects fostering important advanced technology developments or helping substantially to protect the environment; and that efforts by the Bank to persuade promoters to have as extensive recourse as possible to international competitive bidding should be maintained and stepped up. Bearing in mind these recommendations by the Governors, the Bank is continuing to adapt in a

Increase in the Bank's capital

At the beginning of 1985 the Bank's outstanding loans and guarantees seemed virtually certain to reach their statutory limit of 250 % of subscribed capital early in 1986. To ensure that the Bank would be able to continue to develop its activity, the Board of Governors decided on 11 June 1985 to increase the Bank's subscribed capital from 14.4 billion ECUs to 26.5 billion with effect from 1 January 1986. The Board of Governors noted that the subscribed capital would be raised further to 28.8 billion ECUs by the contributions of Spain and Portugal which, on the basis of the relative economic weight of both countries, together amounted to 2.3 billion. Spain and Portugal having become members of the Bank on 1 January 1986, the subscribed capital of the Bank has stood since that date at 28.8 billion ECUs.

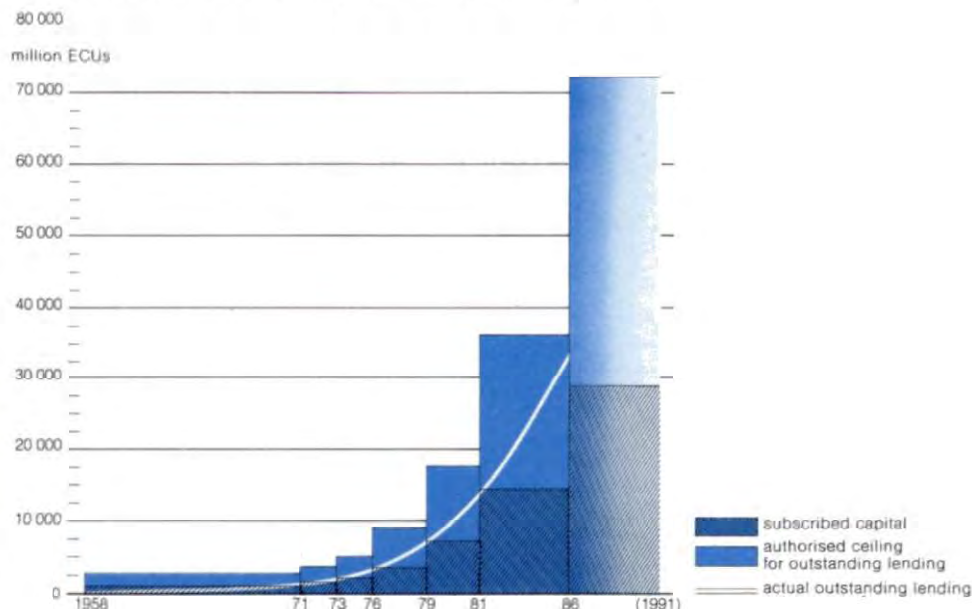
The Board of Governors also decided that 7.5 % of the increase in capital should be paid in by means of 12 equal semi-annual instalments beginning in April 1988 and ending in October 1993. The new Member States will also be contributing their share to the capital already paid in by other Member States or still to be paid in by them in respect of the 1981 capital increase. When all these instalments have been paid, the total of capital paid in, amounting to 2 595.9 million ECUs, will be equivalent to 9.01 % of the Bank's present subscribed capital.

The Bank's subscribed capital — increased five times, in addition to the amounts subscribed upon entry by new members — has developed as follows:

	Date	Amount of increases (million)	Percentage of general increases %
Initial subscription (B, D, F, I, L, NL)	1958	1 000	—
Increase	26. 4. 1971	+ 500	+ 50
Accession (DK, Irl, UK)	1. 1. 1973	+ 525	—
Increase	1. 1. 1976	+ 1 518.75	+ 75
Increase	1. 1. 1979	+ 3 543.75	+ 100
Accession (Gr)	1. 1. 1981	+ 112.50	—
Increase	31. 12. 1981	+ 7 200	+ 100
Increase	1. 1. 1986	+ 12 108.15	+ 84.08
Accession (Sp, P)	1. 1. 1986	+ 2 291.85	—
Total	1. 1. 1986	28 800	

On the occasion of the latest capital increase Italy's share of subscribed and paid in capital was aligned with those of Germany, France and the United Kingdom. Under a similar arrangement the Netherlands' participation in the Bank's capital was aligned with that of Belgium in 1971.

The growth of the Bank's capital and outstanding loans



flexible manner to changing circumstances and is contributing to structural change and to the modernisation of the Community's capital stock. The authorisation given in 1984 to borrow at floating rates and to onlend at such rates to suitable clients within a global ceiling, has proved a valuable step in increasing the Bank's ability to satisfy loan requests for valid investment projects.

The Bank's contribution to modernisation, by financing investment developing or introducing new technology, does not fully emerge from the traditional statistical tabulations of projects financed. This is because the characteristics of individual projects are changing in ways not fully captured by the statistics. For example the new technology content of telecommunications projects is much higher than it was before the days of satellite connections, digital switching and fibre optic cabling. Another example concerns railway projects. Whereas in the past such projects concerned established technology such as the electrification of main lines, there is now a greater high technology element exemplified by the construction of new high speed links between major centres. The new rail link between Paris and the Atlantic regions of France was the first project of this kind to benefit from a loan from the Bank. Moreover, many industrial projects financed because of their contribution to regional development have major implications in terms of structural adjustment and introduction of modern technologies.

The implications for the Bank of the third **enlargement** of the Community are far-reaching, particularly for the lending side of the Bank's activities. Accession will bring new problems of adjustment, both in the new Member Countries and

in the existing Member Countries. The Bank's lending in Spain and Portugal, will, from now on, follow the same criteria as in the other Member Countries. The volume of the Bank's lending there will no longer be limited by financial protocols, as was the case until 1985, but only by the number and economic merits of the investment projects proposed for loans ⁽¹⁾. In its lending policy, the Bank will take proper account of the invitation contained in the Treaty on the Accession of Spain and Portugal to the European Community, and especially in the protocols and declarations annexed to it, to make adequate use of the Community resources for promoting regional development in Spain, and economic and industrial development in Portugal. In adapting to the enlargement of the Community, the Bank will be helped by the increase in its capital and the changes in the composition of its governing bodies (see page 87).

The importance of financing development projects outside the Member States, in the context of cooperation agreements with Mediterranean and ACP countries, has been confirmed by the Board of Governors who have decided that over the period 1985 to 1991, the Bank's operations from its own resources **outside the Community** and in the framework of economic co-operation agreements could reach 3 000 million ECUs. This amount includes the 1 120 million provided for in the Lomé III Convention and it will allow the continuation of lending in the countries where the Bank is traditionally active.

⁽¹⁾ For implementation of the agreements which governed financial assistance during the years preceding the accession of both countries, see pp. 109 to 111.

1	2
3	
4	5

Most of the financing provided by the Bank is channelled, in accordance with Article 130 of the Treaty of Rome, into investment furthering the economic development of less-favoured regions (industrial project, 1), pursuing the Community's energy objectives (geothermal project, 2),

improving Community infrastructure (telecommunications, 3), fostering trade within the Community (flower auction hall, 4) or making Community industry more competitive through the application or development of advanced technology (5).

Ph.: B. Turbang



Operations within the Community

General survey

Financing provided by the Bank from its own resources for projects in Member Countries totalled 5 640.7 million in 1985, compared with 5 007 million during the previous year ⁽¹⁾; lending from the resources of the New Community Instrument for borrowing and lending (NCI) came to 883.7 million (1 181.8 million in 1984)⁽²⁾.

Total financing in the Community thus climbed from 6 188.8 million to 6 524.4 million, an increase of 5.4% following the previous year's rise of 13%.

The bulk of lending from the Bank's own resources was devoted to capital investment schemes in less developed regions and to projects furthering the Community's energy policy objectives; in accordance with current guidelines, financing from NCI resources is focused increasingly on productive investment by small and medium-sized industrial enterprises (SMEs) outside assisted areas.

In 1985, loans totalling 30.2 million from own resources and 14 million from NCI resources — all attracting 3 % per annum interest subsidies financed from the General Budget of the European

Communities — were granted for reconstruction in the earthquake-stricken areas of Campania and Basilicata; allowing for financing provided under this heading in previous years, aggregate subsidised lending for reconstruction, for which an overall aid package of 1 billion was envisaged ⁽³⁾, now amounts to 902.9 million, including 611.5 million from NCI resources.

⁽¹⁾ See box, page 24.

⁽²⁾ See box, page 25.

⁽³⁾ Council Decision 81/19/EEC of 20 January 1981.

Serving Community policies

Community regional policy is tailored to achieving the twin objectives of economic integration and the balanced and steady development of the common market. It continues to remain very much of a priority at a time when the enlargement of the Community by the accession of Spain and Portugal will lead to greater disparities in terms of output per head, unemployment rates or the degree of endowment with infrastructure and services. In the light of current technological changes, support for the development of backward or declining regions has occasionally to be conceived along new lines with the emphasis on making the most of each region's potential.

The financing of projects fostering regional development remains the Bank's prime sphere of activity, a factor which leads to a predominance of EIB lending in those Member Countries where regional problems are most pronounced and acute.

In 1985, loans made available from EIB own resources in support of regional development projects came to 3 286.2 million (3 085.5 million in 1984) and accounted for 58.3% of total financing within the Community. Allowing for loans from NCI resources (104.5 million), aggregate Bank funding

for projects in this category worked out at 3 390.7 million, over 60 % of which was concentrated in regions commanding the highest priority as far as Community regional policy is concerned or where output per head is at least 20 % below the Community average. Projects in Italy accounted for some 50 % of the funds advanced (1 720.2 million, including 1 462.9 million in the Mezzogiorno).

Around one third of the total was given over to promoting industrial investment and, to a lesser extent, the tertiary sector and agriculture: 1 138.1 million was provided in all (compared with 1 110.2 million in 1984), including 711.5 million in the form of global loan finance for SMEs which received 2 770 allocations totalling 707.9 million.

Loans directed towards improving infrastructure vital for the economic development of assisted areas amounted to 1 966.3 million, two thirds of which was for transport and telecommunications projects.

* * *

On the energy front, the steps taken to harness indigenous resources, diversify imports and use energy more economically have facilitated the

requisite structural adjustments such that the Community is no longer as vulnerable as was the case in the early 1970s. The need to continue along this path was nevertheless reconfirmed when it came to reviewing the Community's new **energy objectives** for 1995.

Developments on the oil market and the drop in crude prices in particular have combined to improve economic prospects in the immediate future. They have however altered the parameters adopted for appraising the economic worth of certain capital projects.

Loans from the Bank's own resources

The economic policy **objectives** for EIB financing from own resources within the Community are defined in **Article 130 of the Treaty of Rome** and spelled out in the Bank's Statute and the directives and guidelines laid down by its Board of Governors. In practice, the Bank finances projects in the productive, energy and infrastructural sectors which:

— contribute towards the economic development of **less privileged regions** — **regional development projects**;

— are of **common interest to several Member Countries or benefit the Community as a whole**;

— serve to **modernise or convert undertakings or create fresh activities** called for by the progressive establishment of the common market.

These categories include :

— projects in the **energy** sector which help to attain the Community's goals: development of indigenous resources, rational use of energy, import diversification;

— projects for the **modernisation or conversion of undertakings**, whether called for by the progressive establishment of the common market or necessitated by structural difficulties, specific projects improving the competitiveness of Community industry by **developing or introducing advanced technology**, and projects resulting from close **technical and economic co-operation** between undertakings in different Member Countries;

— **Community infrastructure** projects promoting European **economic integration** (transport and telecommunications schemes improving links within the Community) or helping to attain Community objectives such as **protection of the environment**.

The Bank pays particular heed to ensuring, in accordance with Article 20 of its Statute, that 'its funds are employed as rationally as possible in the interests of the Community' and provides financing only 'where the execution of the project contributes to an increase in economic productivity in general and promotes the attainment of the common market'.

Table 3: **Loans from the Bank's own resources in 1985**

Breakdown by location, sector and economic policy objective

	Total (2)	Sector			Economic policy objective (1)			
		Industry, agriculture, services	Energy	Infra-structure	Regional development	Energy	Community infrastructure	Modernisation of undertakings
Belgium	77.8	—	77.8	—	—	77.8	—	—
Denmark	264.0	9.5	250.5	4.0	13.4	254.5	—	—
Germany	91.4	—	91.4	—	1.8	91.4	—	—
Greece	401.7	44.2	71.7	285.8	401.7	71.7	45.7	—
France	889.6	290.2	191.6	407.8	653.9	191.6	114.1	128.3
Ireland	146.6	25.1	7.0	114.5	146.6	7.0	—	—
Italy	2603.9	723.7	884.0	996.3	1 692.8	890.6	268.0	206.9
Netherlands	69.1	—	—	69.1	4.0	—	69.1	—
United Kingdom	1 096.7	148.1	657.0	291.6	372.0	657.0	120.6	—
Total	5 640.7	1 240.7	2 230.9	2 169.1	3 286.2	2 241.6	617.4	335.2

(1) The various totals under these headings do not make an aggregate: certain loans answer simultaneously more than one objective, a factor which also explains why certain figures do not match across the columns between the 'Sector' and 'Economic policy objective' headings; for a detailed breakdown, see Tables 17 and 18.

(2) Disbursements made in 1985, partly under contracts signed previously, totalled 5 343.2 million (at conversion rates obtaining on 31 December 1985).

Be this as it may, there is currently considerable uncertainty about future developments in oil prices. On the one hand, the Community as a whole and certain Member States in particular remain heavily dependent for energy imports on countries presenting a high political risk, while, on the other, there is still immense scope for action in terms of continuing to make more efficient use of energy and to develop the Community's indigenous resources.

In 1985, the EIB lent a total of 2 282 million, mainly from its own resources, for projects furthering the Community's energy policy objectives. Financing designed to foster rational use of energy

(565.2 million, as against 756.6 million in 1984) went chiefly towards district heating systems (see box, page 27), the harnessing of geothermal resources, interconnection of high voltage power grids, electrification of a railway line, installation of solar panels and energy saving in industry.

Loans for developing the Community's indigenous energy resources rose from 1 232.6 million in 1984 to 1 479.8 million, mainly in support of eight nuclear power stations and a fuel reprocessing and storage facility (1 009 million) and the exploitation of oil and gas deposits. Financing for import diversification, gaslines in particular, came to 237 million.

Loans from NCI resources

Since 1979, the Bank has granted loans from the resources of the New Community Instrument for borrowing and lending (NCI). The Council of the European Communities originally authorised two tranches of NCI funds, each for 500 million (NCI I), followed by a tranche of 1 billion (NCI II) and, in 1983 and 1984, two tranches of 1.5 and 1.4 billion respectively (NCI III).

Loans granted by the Bank from these resources must conform to the guidelines laid down by the Council. In accordance with the decisions authorising the second tranche of NCI III, lending must centre on:

— **investment projects**, mainly those of **small and medium-sized undertakings**, in industry and directly related services, designed in particular to promote the dissemination of innovation and new techniques and the implementation of which contributes directly or indirectly to the creation of jobs;

— the **rational use of energy**, the replacement of oil by other sources of energy in all sectors and infrastructure projects facilitating such replacement;

— **infrastructure projects** which are associated with the development of productive activities, which contribute to regional development or which are of Community interest, such as telecommunications, including information technology, and transport, including the transmission of energy.¹

The Bank has received a mandate to grant these loans on behalf, for the account and at the risk of the Community. The Bank finds suitable projects and, following the Commission's decision as to the eligibility of each project, appraises applications, decides on the granting of loans and administers them, all in accordance with the procedures laid down in its Statute and its usual criteria. The Commission raises the borrowings and transfers the proceeds to the Bank.

Table 4: Loans from NCI resources in 1985

Breakdown by project location, sector and economic policy objective

	Total (2)	Sector		Economic policy objective (1)			
		Productive sector	Infra-structure	Infrastructure of:		Energy	Modernisation of undertakings
				Regional interest	Community interest		
Denmark	68.5	37.5	31.0	—	—	31.0	37.5
Greece	22.0	4.4	17.6	17.6	17.6	—	4.4
France	357.8	269.9	87.9	14.6	73.2	—	284.6
Ireland	27.9	27.9	—	27.9	—	—	—
Italy	374.1	300.9	73.3	27.4	36.5	9.4	300.9
United Kingdom	33.4	16.4	17.0	17.0	—	—	16.4
Total	883.7	657.0	226.7	104.5	127.3	40.4	643.7

(1) See Table 3, Note 1.

(2) Disbursements made in 1985, partly under contracts signed previously, totalled 1 043.8 million (at conversion rates obtaining on 31 December 1985).

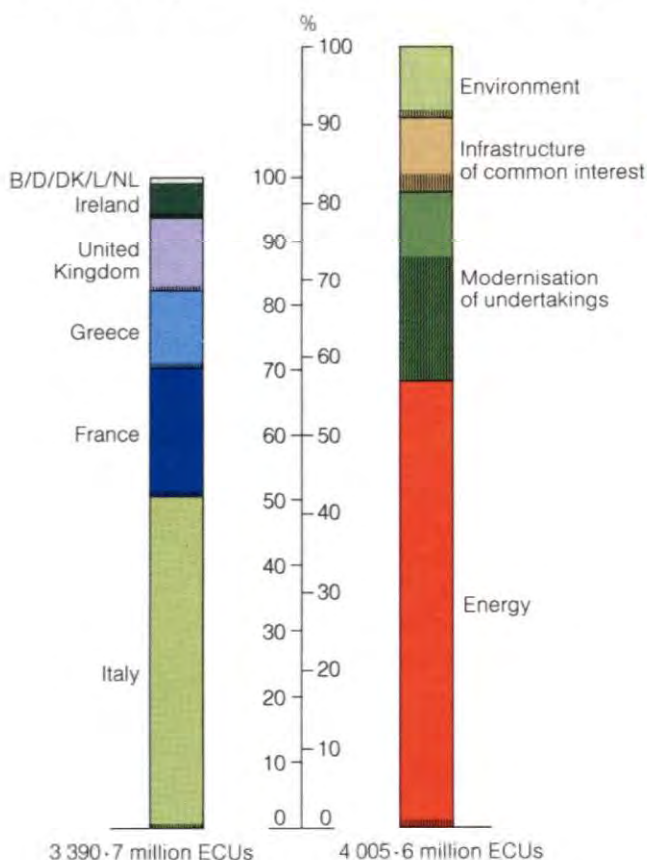
Financing provided within the Community in 1985

Breakdown by principal economic policy objective

■ of which NCI

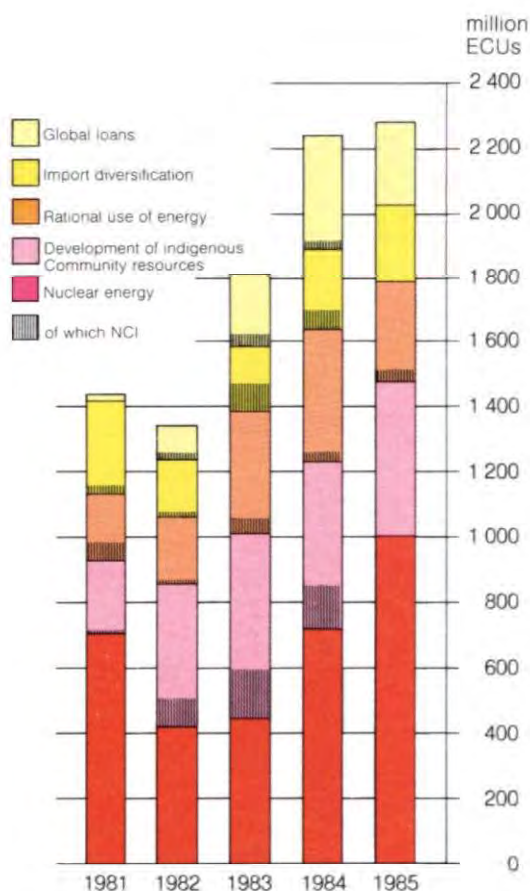
Regional development

Common European interest/modernisation of undertakings



Financing provided within the Community from 1981 to 1985

Energy objectives



In addition, the Bank, acting as agent for Euratom, signed jointly with the Commission five finance contracts for a total of 208.1 million for nuclear power stations in Italy, Germany and France. These operations are accounted for off balance sheet in the Bank's Special Section (see p. 92) and, while they are appraised and managed by the Bank, are not included in its operating statistics since the financing decisions are taken by the Commission.

The total capacity of nuclear power station units financed by the Bank and Euratom in 1985 stands at

some 12.8 GW, equivalent to 13 % of installed capacity planned for 1990.

Once completed, new projects co-financed by the Bank will help to cut back the Community's dependence on oil by around 9.3 million t.o.e. (tonnes of oil equivalent) per annum including 2.9 million through rational use of energy. This represents about 3% of projected Community oil imports in 1990. The corresponding figures for all projects financed by the Bank between 1981 and 1985 are 61 million t.o.e. (including 14.8 million t.o.e.

through more rational use of energy) or almost one fifth of average annual imports.

* * *

The **completion of the internal market** presupposes the freer flow of goods, people, services and information within the Community, which in turn calls for the improvement and extension of transport and communications infrastructure, in particular by reinforcing connections in Europe through

modernising existing facilities and creating new links where inadequacies in present networks result in bottlenecks.

New needs in the field of telecommunications, especially when it comes to keeping companies competitive, tend generally to extend beyond the national scale and to require the deployment of very advanced technology, e.g. satellites. This changed approach demands a compatibility of standards and equipment, which in turn highlights the need to remove all market barriers.

District heating

Like all testing times, the energy crisis that shook the world in 1973 had its positive side. Challenge and response, as Toynbee observed, are the moving force in history: governments and all those active within the economy realised that energy resources were not limitless, that they were something to be carefully husbanded.

In the Community, the rational use of energy has become a priority objective, alongside the development of indigenous resources and the diversification of imports. The EIB has been involved increasingly in the financing of projects in this field (2 463.1 million between 1981 and 1985). Appreciable amounts have gone, inter alia, to heat transmission and distribution grids which absorbed 353.5 million over the same period, almost one quarter of this being in global loans. Of the latter total, more than half — 196.2 million — went to Denmark, which since 1976 has been systematically pursuing a policy of making communal heating systems more efficient.

In Denmark, schemes financed by the Bank serve over 800 000 people, or about 16 % of the entire population. EIB loans to local authorities have gone towards heat grids serving Copenhagen and Kalundborg in Zealand, several cities in Jutland — Århus, Randers, Herning, Ikast, Esbjerg and Varde — and installations in the islands of Bornholm, Falster, Lolland and Fyn. The grids so financed draw their heat from stations burning either coal or household refuse, as is the case at Nykøbing on Falster Island.

The overall benefits of these projects in terms of reduced oil consumption works out at around 1.4 million tonnes per annum, half through energy saving as such and half through fuel substitution.

In France, the EIB has advanced 94.2 million, usually channelled through global loans to the Caisse d'Aide à l'Équipement des Collectivités Locales, to close on thirty local authorities laying networks to provide heat — and in some cases hot water also — for housing and public buildings.

Most of the schemes in question are located in the Île-de-France, where fifteen or more communities have

tapped major geothermal sources to provide district heat. The other French projects use either coal firing or the incineration of refuse as their heat sources. A number of grids serve major conurbations like Besançon and Evreux, while at Villeurbanne the system serving the university campus has been integrated into the heat distribution network for the conurbation of Lyons. The last case is in the Drôme, where waste heat from the uranium enrichment plant at Pierrelatte is no longer dissipated in the Rhône but is being used instead for heating living accommodation and greenhouses.

Taken together, these investment projects will make for annual savings of the equivalent of over 100 000 tonnes of oil and save imports of 60 000 tonnes.

Systems have also been financed in Germany and Italy. A network of heat conduits is already in place in the Saar, where residual heat is to be drawn from coking ovens and steelworks and the thermal power station at Fenne is to feed waste heat into the Saarbrücken grid. In Italy, a number of cities in the North — Padua, Reggio Emilia and Massa Carrara, as well as local authorities in the vicinity of Verona have received financing.

In these two countries, oil import savings can be put at around 40 000 tonnes, half achieved through reduced consumption.

In this field of financing, there is an additional factor worth mentioning: most of the projects in question not only save energy but also help to reduce pollution, either directly, by virtue of the type of equipment installed, or indirectly, where conventional generating plant is replaced by more modern installations. The benefits are especially marked where these schemes serve dense urban or heavily industrialised areas like the Saar, the regions of Paris and of Lyons, and various population centres in Northern Italy and Eastern Denmark. The recent fall in oil prices, even if it proves only to have short to medium-term repercussions, could however have a slightly undermining effect on the economic and financial return on these projects, although the long-term benefit from the part they will play in the structural improvements that are called for in the Community energy field remains undeniable.

EIB financing for projects pursuing these objectives totalled 384.3 million, mainly for Community transport infrastructure.

Most of the works in question were roads or motorways: the Friuli - Austrian frontier link in Italy and various sections in France - Burgundy to Valle d'Aosta, the Lorraine steelworks region to Belgium and Luxembourg and Alsace to Switzerland. Funds were also advanced for harbour works at Harwich and Felixstowe in the United Kingdom, for procuring aircraft for Dutch airlines serving other Community countries, and for installing air traffic control and telecommunications equipment in Greece.

In addition, facilities to expedite trade were financed, in the form of a rail/road transfer terminal and an

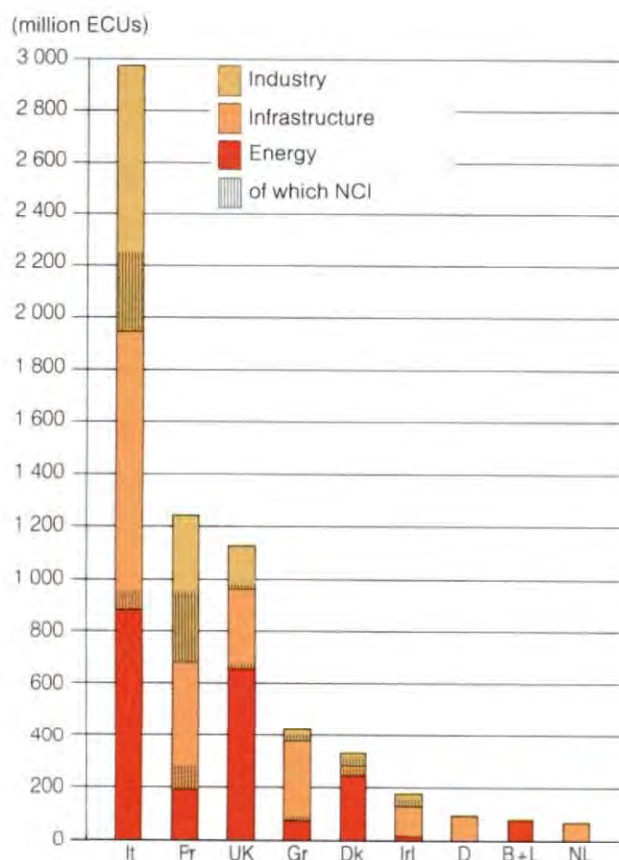
agricultural produce market in Verona in Italy and near Amsterdam in the Netherlands, the Community's main flower auction centre.

* * *

The Community's **environmental protection policy** calls for optimal resource management and improvement of the quality of life through stricter legislation and the harmonisation of standards. This presupposes ever-closer coordination at Community level, both to achieve the cross-frontier action on which effective solutions to the problems depend and to avoid distortion of competition. The pursuit of these ends has led in particular to the implementation of major programmes of water purification and multi-purpose schemes involving both environmental protection and energy saving.

Financing provided within the Community in 1985

Breakdown by project location and major sector



In providing its backing for Community policies in this area, the Bank attaches primary importance to assessing the environmental impact of the projects submitted to it and to widening its operations in support of investment helping to protect the environment; in 1985, total lending for investment of this kind rose to double the 1984 figure, reaching 360.4 million, with the bulk of the funds going to water purification schemes in Central and Northern Italy (see box, p. 29), in particular the Po, Arno and Tiber Valleys. Financing was also provided for works in the vicinity of Gorzone and the Venice Lagoon, as well as for the Gulf of Manfredonia in the South. In Greece, EIB funds went towards sewerage and contaminated water treatment plants serving a number of major cities. Most of these projects will contribute to the reduction of pollution in the Mediterranean and in particular those parts of the Adriatic and the Aegean that are under the greatest threat.

Water supply and sewerage schemes also attracted support in various counties in Ireland as well as in the United Kingdom, in the South West, Yorkshire, North and North West.

Financing was also provided for the procurement of equipment for airborne emergency services in Italy, mainly for firefighting units dealing with the outbreaks that frequently ravage the country's forests.

* * *

A coordinated approach to the development and dissemination of **advanced technology** is of vital importance to the sharpening of Europe's ability to compete. This is coming out on many fronts: major

cooperative programmes like Esprit, Race, Brite and Eureka, and various more specific schemes in a whole spectrum of ventures, great and small, across a wide range of sectors. All are designed to further

Environmental protection in Central and Northern Italy

Covering some 650 kilometres in its journey from the Alps to the Northern Adriatic, the Po is by far the largest river in Italy. One of Italy's most thriving regions, covering about one fifth of the land mass (70 000 sq.km) and accounting for over a third of the population — close on 20 million people — the Po river valley system is something of a Community showpiece. The fertility of the Plain of the Po and the many strategic routes that cross the region — the Po itself, which is navigable as far as Piacenza, and for instance the Via Emilia of antiquity — led to the development of a major urban civilization, the hubs of which now are Milan, Turin and Bologna. This huge area houses more than half of Italy's entire productive capacity.

Urban and industrial development and intensive agriculture however also bring with them pollution: liquid effluent and surface waters are now heavily contaminated with residue. It was long believed that the river itself, carrying 50 billion cubic metres of water to the sea every year, could ensure the necessary dilution and provide a natural means of purification. Economic activity and the generation of domestic sewage however are now producing pollution on a scale equivalent to that of a population of 80 million, resulting in chronic deterioration in the quality of water: this can only be used after treatment at almost exorbitant cost and disturbance to the organic balance of the environment. The result has been increased recourse to shallow aquifers, themselves prone, like the Po, to contamination. Moreover, in places these have been over-exploited and subsidence has resulted.

It has been estimated that, in the Po Delta, there is a daily outfall of 415 tonnes of nitrogen and 50 tonnes of phosphates. These exacerbate pollution in the Adriatic, which is more or less a closed sea, lacking the benefits of currents and tide: the harmful effects on fishing and tourism are obvious.

It was in the early 1970s that the regions concerned began to take steps, and in 1982 Piedmont, Lombardy, Emilia Romagna and Venezia produced an inter-regional and inter-sectoral plan to develop and enhance the River Po and natural resources and the environment in the entire Po basin.

Out of that has come Bank participation in the financing of sewage collection and treatment works at various locations in the valley of the Po and its tributaries, in particular the laying of more than 400 kilometres of main and secondary sewers and the construction of 35 sewage treatment plants which will process 350 million cubic metres of contaminated water per annum. A total population of about 3.5 million people will reap the benefits of these environmental improvements.

The projects financed in this way conform with the general Community Directive on the pollution of water by

dangerous substances (76/464/EEC of 4 May 1976) and more specifically with the Directives on the quality of water for human consumption (80/778/EEC of 15 July 1980) and the quality of bathing water (76/160/EEC of 8 December 1975). They will play their part in safeguarding the Mediterranean from pollution from land-based sources, as defined in the third protocol to the Barcelona Convention and the Community's three environmental action programmes and at the same time contribute to preventing eutrophication, the spread of which is threatening the Northern Adriatic. Efforts to control the Po date from early times, and these new schemes will further that quest, reducing the scale and the incidence of the surges in the delta that from time to time have inflicted heavy damage to infrastructure, industrial and commercial activity and farming, as well as to individuals.

Bringing pollution down to a tolerable level in this part of the Mediterranean area calls for action also on other fronts: these too attracted financing from the Bank in 1985.

A first phase of works has been implemented in the Gorzone watershed, a large tract of almost 1 400 square kilometres of land between Lake Garda and the Adriatic, where four sewage treatment plants and 225 kilometres of sewers have been installed to process domestic sewage and effluent from various chemical and textile plants and close on 500 tanneries located on higher ground in the catchment area. Not only will the scheme serve to cut down the release of contaminated water to the sea but it will also spare many smaller undertakings the need to suspend operations when watercourses are depleted.

A more ambitious project concerns the reduction of pollution in the Venice Lagoon, involving the installation of a system of sewers and the construction of treatment plants to answer pressing needs: sanitation and the development of economic activities, in particular fishing and tourism. Already in hand, the 'Save Venice' programme features movable barrages to close the three outlets from the Lagoon when it is threatened by 'acqua alta', the occasional flooding that affects the city. When the barriers are up the already limited interflow with the sea will be reduced still further and it is essential for the level of pollution in the Lagoon to be reduced significantly before then.

These various action programmes to combat pollution in Northern Italy require funding on a major scale: about one billion ECUs for the phase currently in hand. In 1985 on a number of occasions, the Bank stepped in with supporting finance for various projects, involving a total of 129.2 million, including 36.5 million from NCI resources: 84.9 million for the Po Valley schemes, 30.6 million for the Venice Lagoon and 13.7 million for the Gorzone basin.

the development and dissemination of new technologies as yet not very widespread on a Community scale.

Bank operations in these various spheres are grouped together in Tables 3, 4 and 17 under the heading **'modernisation of undertakings'** and amount to a total of 978.9 million.

In the first category come loans for investment in the development or introduction of new technology, totalling 325.6 million, (250.7 million in 1984). These consist of:

— 225.5 million for investment in industry: in Italy, production of antibiotics, agents for cancer treatment and other pharmaceutical products (see box, p. 40), manufacture of telecommunications and data processing network equipment, satellites, electronic components, X-ray film and a new

generation of tyres; in France, the introduction of robots at a motor industry plant producing a new range of engines;

— 59.9 million in global loans, the first to be specified for advanced technology, under which 12 allocations for a total of 45 million have been granted;

— 40.2 million for a satellite ground station and the launching of telecommunications satellites.

Also falling under the heading of loans for the modernisation of undertakings were the following:

— global loans from NCI resources for productive investment by small and medium-sized enterprises outside assisted areas (629.1 million, compared with 771.6 million in 1984) — from these and other such loans granted previously 2 916 allocations were made, for a total of 723.8 million (see Table 21);

Advanced technology in the service of man

The strategic rôle of advanced technology in the economy is now an accepted fact of life. There are sections whose development has a close technological dependence on recent scientific progress, like chemicals and electronics, but the whole of industry and the services sector, even agriculture now draw sustenance from innovation: new products and manufacturing methods, the deployment of new materials and improved performance in terms of reliability, precision and quality.

The Bank verifies that all projects submitted to it use the most efficient technology to hand, in addition to which it contributes directly to the financing of investment in the development and dissemination of advanced technology.

Bank activity in the advanced technology field has shown significant growth in recent years: loans totalled about 40 million in 1982, rising to 172 million the following year, 250 million in 1984 and 325 million in 1985. The diversity of the projects financed is also striking, ranging from communications satellites to investment in innovation on a smaller scale; from automated production processes to the manufacture of new pharmaceutical materials.

In 1985, finance totalling 26 million was provided for five projects offering health benefits going beyond the pharmaceutical manufacturing stage to include research and development on very specific items:

— a new range of high-sensitivity, high-resolution radiographic films designed to minimise patient exposure to radiation and featuring digital processing of the data captured on the new media;

— a new generation of pacemakers and cardiac valves and haemodialysis filters using new types of fibrous filter material;

— monoclonal antibodies for use in immunodiagnostics;

— new, more effective and less toxic antibiotics and cancer treatment agents produced using processes and monitoring systems featuring highly sophisticated equipment, based in particular on fermentation technology and the application of recombinant DNA (dioxynucleic acid). One of the research centres so financed had already received a loan in 1982 to finance its laboratory and its antibiotics and cancer treatment drugs plant;

— new pharmaceutical products to be developed at a research and development centre working on therapeutic and diagnostic agents, where efforts are being concentrated on products for the chemotherapeutic treatment of tumours offering a wider spectrum of application and greater tolerability; on methods to ally photochemotherapy with laser technology and on new forms of medication for hypertension, respiratory disorders and the treatment of ulcers.

Recourse to advanced technology was not of course confined to the development of new products, new manufacturing processes or their monitoring. There were applications also in environmental protection projects and the treatment of often extremely toxic effluent where very elaborate processes were used.

— loans for investment in the modernisation of the textile industry in Italy (24.2 million).

Not included in the total was a large number of investment projects in the assisted areas that were also aimed at improving productivity and the competitiveness of industrial and service companies and accounted for a total of 580 million in individual loans and global loan allocations.

A survey follows of financing in the industrial sector, including credit made available in assisted areas.

* * *

Financing by the Bank in 1985 went towards **investments amounting to 25 billion** (5.4 billion in industry), making an average contribution of 38 % to their total cost.

According to appraisal data, this aggregate capital investment should directly create around 43 000 permanent jobs, including 36 000 in industry. Of these, some 33 000 should be generated by smaller-scale ventures financed in conjunction with global loans. Funding for industrial modernisation as such helped to enhance productivity and consolidate the position of firms, mainly small and medium-sized companies, with a total payroll of around 300 000.

At the same time, the orders and works required to implement projects provide employment for a substantial number of workers in various sectors during sometimes fairly lengthy construction periods. This temporary boost, both direct and indirect, to employment should yield an average of 190 000 jobs over the first two years and progressively less thereafter. If similar account is taken of projects financed in previous years, the contribution towards safeguarding employment in 1985 is equivalent to some 500 000 to 600 000 jobs.

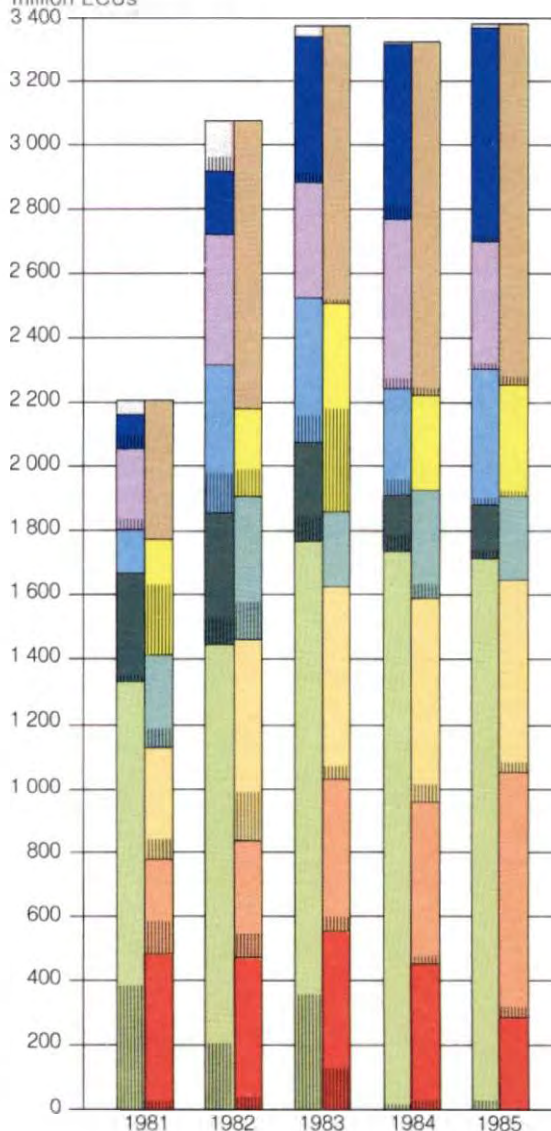
A further consideration is that investment for enhancing productivity and competitiveness, especially in the industrial sector, contributes in the long term to a more solid employment situation.

The average term of loans signed in 1985 was around 13 years in the case of infrastructure projects and energy installations, and 10 years for

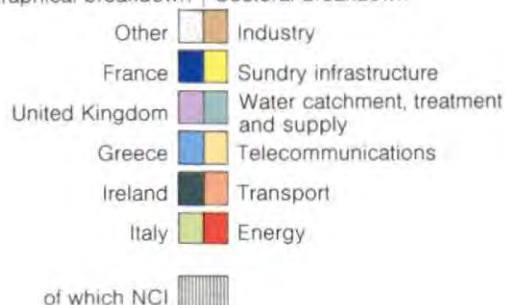
Financing provided within the Community from 1981 to 1985

Regional development

million ECUs



Geographical breakdown | Sectoral breakdown



industrial projects. Variable-rate loans amounted to 844.4 million or 17.6 % of all loans from own resources.

About 30 % of all financing went to private undertakings and 70 % to public enterprise. More than four fifths of loans for industrial projects went to private industry; needless to say, allocations from

global loans to public or semi-public finance institutions serve, almost entirely, to channel funds into private enterprise. In the energy sector, most projects were mounted by public undertakings, as was the case with almost all infrastructural investment whether for major schemes financed through individual loans or less ambitious projects attracting global loans.

Sectoral breakdown

Financing for investment in the energy sector amounted to 2 230.9 million, entirely from own resources, 955.9 million being for nuclear projects.

Lending for infrastructure — chiefly transport, telecommunications and sewerage — came to 2 395.8 million in all, including 226.7 million from NCI resources.

Table 5: **Financing provided within the Community in 1985, 1984 and from 1981 to 1985**
Geographical breakdown

	1985						1984						1981—1985					
	From EIB own resources		From NCI resources		Total		From EIB own resources		From NCI resources		Total		From EIB own resources		From NCI resources		Total	
	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%	million ECUs	%
Belgium	77.8	1.4	—	—	77.8	1.2	32.5	0.6	—	—	32.5	0.5	353.4	1.7	—	—	353.4	1.4
Denmark	264.0	4.7	68.5	7.8	332.5	5.1	183.9	3.7	134.6	11.4	318.5	5.1	1 047.5	4.9	392.2	8.5	1 439.7	5.6
Germany	91.4	1.6	—	—	91.4	1.4	134.3	2.7	—	—	134.3	2.2	690.7	3.3	—	—	690.7	2.7
Greece	401.7	7.1	22.0	2.5	423.7	6.5	275.5	5.5	69.3	5.9	344.8	5.6	1 518.7	7.2	301.5	6.6	1 820.2	7.1
France	889.6	15.8	357.8	40.5	1 247.4	19.1	814.0	16.3	386.3	32.7	1 200.3	19.4	3 062.4	14.5	1 008.2	21.9	4 070.6	15.8
Ireland	146.6	2.6	27.9	3.1	174.5	2.7	124.0	2.5	50.0	4.2	174.0	2.8	1 155.9	5.5	247.7	5.4	1 403.6	5.4
Italy	2 603.9	46.2	374.1	42.3	2 978.0	45.6	2 538.2	50.7	497.3	42.1	3 035.5	49.0	9 927.8	46.9	2 434.6	53.0	12 362.4	48.0
Luxembourg	—	—	—	—	—	—	16.4	0.3	—	—	16.4	0.3	16.4	0.1	—	—	16.4	0.1
Netherlands	69.1	1.2	—	—	69.1	1.1	—	—	—	—	—	—	69.1	0.3	—	—	69.1	0.3
United Kingdom	1 096.7	19.4	33.4	3.8	1 130.1	17.3	888.2	17.7	44.3	3.7	932.5	15.1	3 278.4	15.5	211.7	4.6	3 490.1	13.5
Non-member countries ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	22.8	0.1	—	—	22.8	0.1
Total	5 640.7	100.0	883.7	100.0	6 524.4	100.0	5 007.0	100.0	1 181.8	100.0	6 188.8	100.0	21 143.1	100.0	4 595.9	100.0	25 739.0	100.0
<i>of which guarantees</i>	—	—	—	—	—	—	—	—	—	—	—	—	379.7	1.8	—	—	379.7	1.5

⁽¹⁾ Loans granted in accordance with the second paragraph of Article 18 (1) of the Bank's Statute, empowering the Board of Governors to authorise the Bank to contribute towards financing projects outside, but of direct interest to, the Community.

In the productive sector, after some years of lively growth, and in spite of the fall in global loans from NCI resources, activity remained more or less on a par with 1984, at 1 897.7 million, including 497.3 million in individual loans, chiefly for electrical engineering and electronics projects, transport equipment, chemicals, printing, foodstuffs and services; the remainder took the form of global loans: 771.3 million from own resources and 629.1 million from NCI resources.

About 26 % of the total for individual loans and global loan allocations went to the consumer goods industries, 21 % to semi-manufactures activities and 53 % to capital goods production.

Global loans and allocations

In 1985, 42 intermediary institutions received 96 global loans, including 39 in France (25 loans for 16 regional development companies) and 48 in Italy. Loans of this kind totalled 1 858.5 million (1 916.5 million in 1984), and comprised:

— 711.4 million from own resources for smaller-scale industrial, service-sector and tourism ventures in less-favoured areas plus 207 million for smaller infrastructural works; in addition, 59.9 million went towards small or medium-scale industrial projects furthering the development or deployment of advanced technology and 251 million helped to

Financing provided within the Community in 1985

Sectoral breakdown

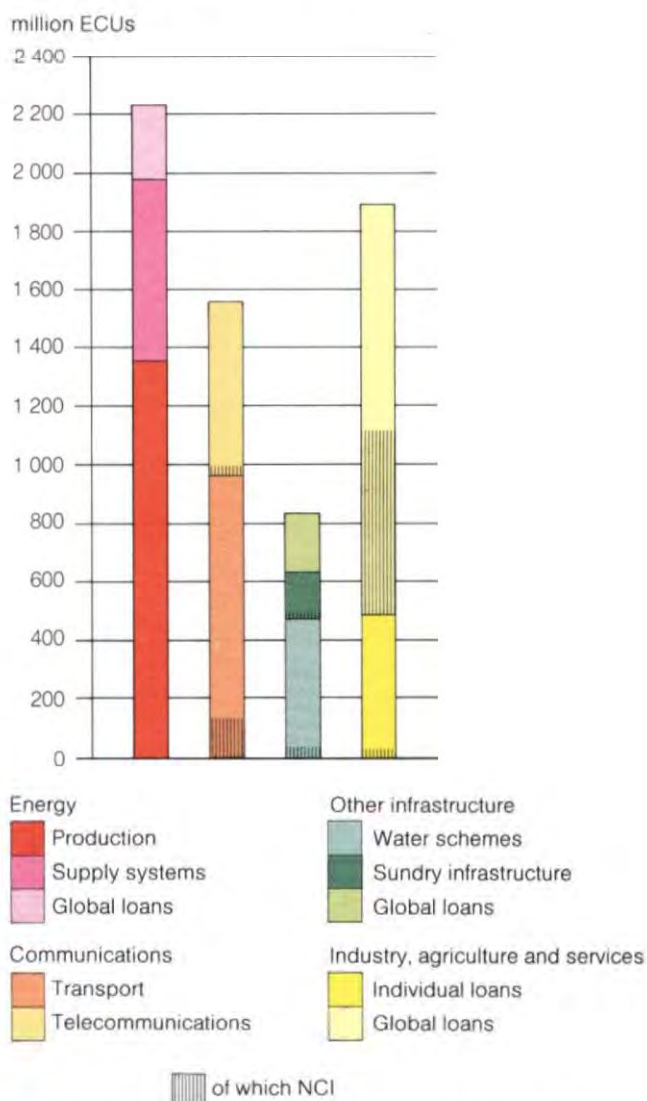


Table 6: **Contribution made by global loans from EIB own and NCI resources to total financing for industry, agriculture and services from 1981 to 1985**

	1981	1982	1983	1984	1985
Allocations from current global loans:					
number	843	1 183	3 172	4 563	5 813
amount (a) — million ECUs	282.3	438.0	1 010.9	1 389.3	1 602.9
Individual loans and global loan allocations:					
amount (b) — million ECUs	436.2	897.4	1 383.2	1 941.5	2 100.2
Contribution of global loan allocations to total financing					
(a)/(b) — %	65	49	73	72	76

Operations within the Community

finance industrial investment or smaller energy installations furthering the pursuit of the Community's energy policy objectives;

— 629.1 million from NCI resources for productive investment by small and medium-sized enterprises outside assisted areas.

Financing provided within the Community in 1985

Breakdown by country and by sector

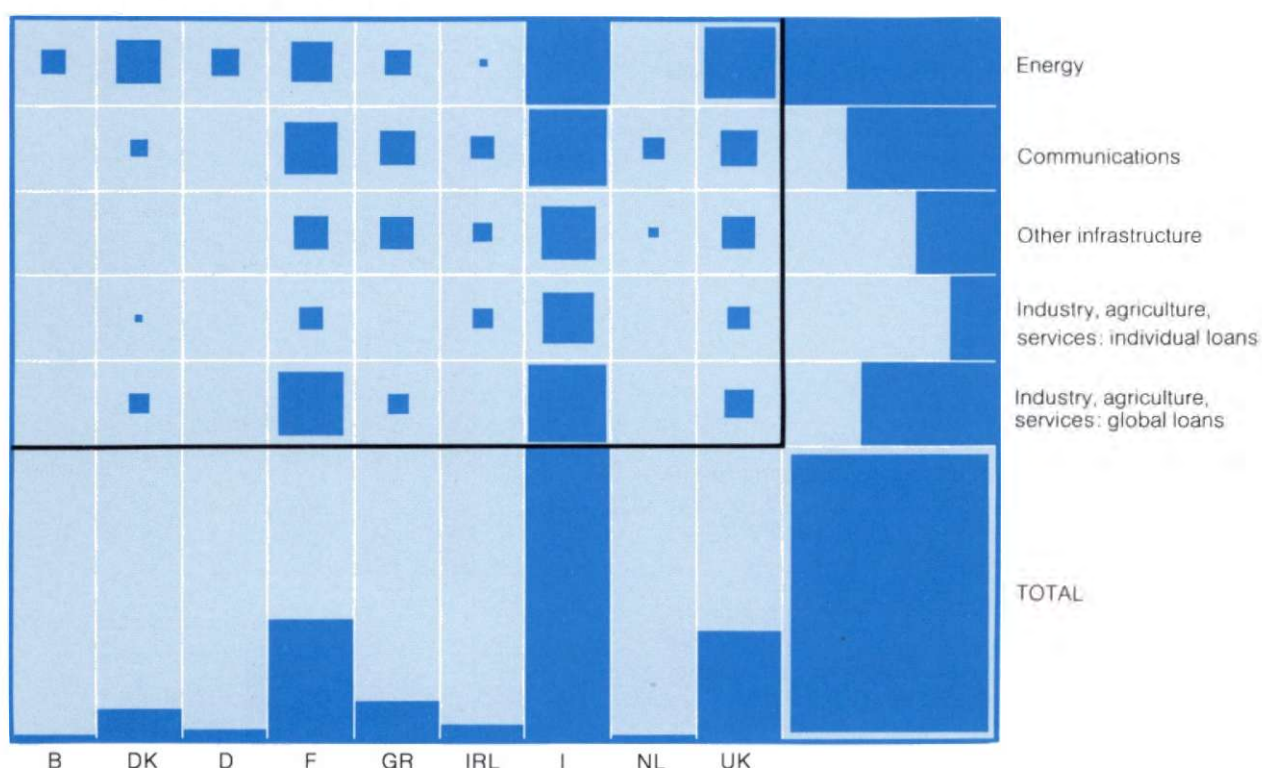


Table 7: **New global loans and allocations granted in the Community in 1985 from EIB own resources and those of NCI** (see Tables 18 to 21 for details)

	Global loans signed in 1985		Allocations from current global loans	
	Number	million ECUs	Number	million ECUs
Regional development	45	918.5	3 258	845.3
Infrastructure			488	137.4
Industry			2 770	707.9
Energy objectives	14	251.0	279	263.0
Infrastructure			164	136.6
Industry			115	126.4
Modernisation of undertakings	33	629.1	2 916	723.8
Advanced technology	4	59.9	12	45.0
Total	96	1 858.5	6 465	1 877.1

From global loans currently under drawdown, 6 465 allocations were made, for a total of 1 877.2 million, as compared with 5 258 for 1 773.9 million in 1984 (see Tables 7 and 21). The further rise was especially marked in the case of SME investment within assisted areas, which received 2 770 allocations in all, for a total of 707.9 million, compared with 1 870 for 649.5 million in 1984.

Outside assisted areas, 2 916 firms received credit totalling 723.8 million (2 593 for 685.2 million in 1984); 115 projects answering the Community's energy objectives attracted 126.4 million and 12 projects to be financed for their technical innovatory content received 45 million.

In addition, 488 smaller items of regional infrastructure and another 164 corresponding to energy objectives attracted financing for totals of 137.4 million and 136.6 million respectively.

In the productive sector, the 5 813 allocations (1 602.9 million) granted on various grounds showed a preponderance of metal-working and mechanical engineering, foodstuffs and services projects, followed by textiles and leather industries, woodworking and printing and publishing.

The level of investment per new post in global-loan-financed SMEs was around 67 000 ECUs, whereas for larger projects financed by individual loans the figure was 231 000 ECUs.

About 99 % of the allocations and 96 % of the total amount involved went to independent firms employing less than 500 people. The equivalent figures worked out at 94 % and 81 % for companies with less than 200 people on their payroll and 72 % and 48 % for those employing less than 50.

Financing operations by country

Italy

In Italy, lending from own resources came to 2 603.9 million, compared with 2 538.2 million in 1984. Loans from NCI resources dipped from 497.3 million in 1984 to 374.1 million.

Almost two thirds of the loans from own resources contributed to regional development, going towards: infrastructure (996.3 million), the energy sector (883.9 million) and industrial projects (723.7 million), where a large proportion of the financing took the form of global loans. Four fifths of the loans from NCI resources went for productive investment by small and medium-sized enterprises outside assisted areas.

Overall lending from all resources came to 2 978 million (3 035.5 million in 1984), or 45 % of

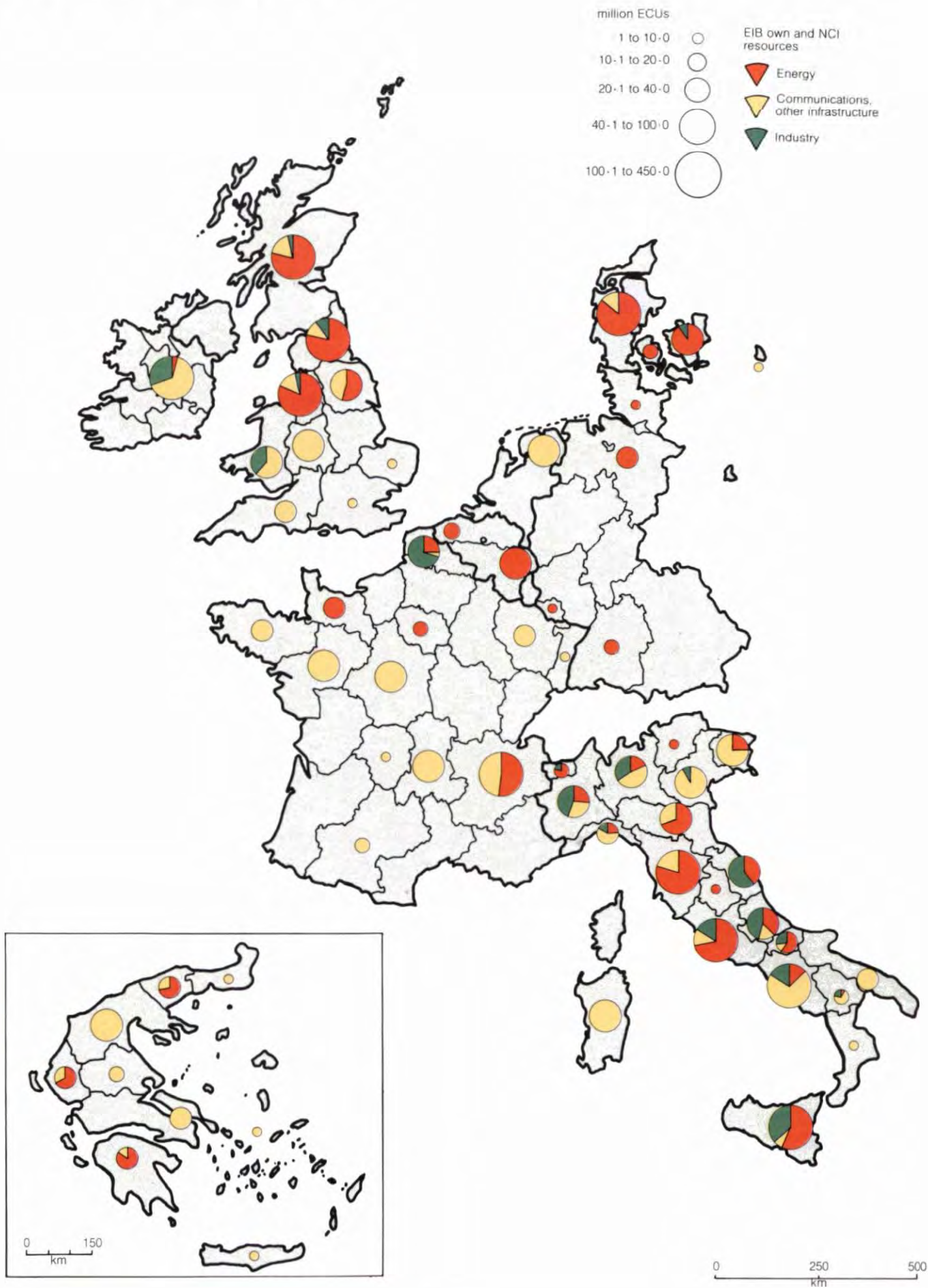
total lending within the Community (49 % in 1984; see Table 8 for detailed breakdown).

* * *

As far as infrastructure, the sector receiving the largest volume, was concerned, finance for water purification schemes assumed greater prominence. In the energy sector ENEL financing, especially for nuclear power stations, showed an upturn. In the productive sector, individual loans went towards a wider spectrum of projects; a significant proportion featured the application of advanced technology, either in production or on the administrative side.

Almost a third of all funds advanced went to 15 credit institutions via 48 global loans totalling

Projects financed by individual loans in 1985



927.4 million, testifying to the close and well-established connection between the Bank and Italy's long and medium-term credit institutions. Most of the loans were earmarked for financing small and medium-sized industrial ventures in the Mezzogiorno (283.8 million) and Central and Northern Italy (417.9 million), of which 300.9 million was placed outside assisted areas, using NCI resources. From global loans already under allocation, 2 323 SMEs received 797.3 million worth

of credit: 1 113 claiming 302.4 million in the Mezzogiorno, 391 claiming 142.9 million in Central and Northern Italy's assisted areas, and 819 a total of 352 million outside those areas.

Two global loans, together amounting to 15.8 million, were committed in support of four projects featuring the introduction of advanced technology. The total for global loans for investment in industry and infrastructure furthering the pursuit

Table 8: **Financing in Italy in 1985**

Breakdown by origin of resources, economic policy objective and major sector

	From EIB own resources	From NCI resources	Total	
	million ECUs	million ECUs	million ECUs	%
Total Italy	2 603.9	374.1	2 978.0	100.0
Breakdown by economic policy objective ⁽¹⁾				
Regional development	1 692.8	27.4	1 720.2	57.8
of which Mezzogiorno	1 435.5	27.4	1 462.9	49.1
Reconstruction	30.2	14.0	44.2	1.5
Energy	890.7	9.4	900.1	30.2
Hydroelectric	30.3	—	30.3	1.0
Nuclear	245.7	—	245.7	8.3
Dev. of oil and natural gas deposits	99.2	—	99.2	3.3
Rational use of energy	120.1	9.4	129.5	4.4
Gaslines	185.5	—	185.5	6.2
Global loans	209.9	—	209.9	7.0
Community infrastructure	268.0	36.4	304.4	10.2
Communications	84.9	—	84.9	2.9
Other infrastructure	7.3	—	7.3	0.2
Environmental protection works	175.8	36.4	212.2	7.1
Modernisation of undertakings	206.9	300.9	507.8	17.0
Modernisation and conversion	24.2	—	24.2	0.8
Advanced technology	182.7	—	182.7	6.1
Productive investment by SMEs	—	300.9	300.9	10.1
Deduct ⁽²⁾	— 454.5	—	— 454.5	— 15.2
Breakdown by major sector				
Energy	883.9	—	883.9	29.7
Individual loans	674.0	—	674.0	22.6
Global loans	209.9	—	209.9	7.1
Communications	712.8	14.0	726.8	24.4
Water schemes	209.3	36.5	245.8	8.3
Other infrastructure	74.2	22.7	96.9	3.2
Industry, agriculture, services	723.7	300.9	1 024.6	34.4
Individual loans	307.1	—	307.1	10.3
Global loans	416.6	300.9	717.5	24.1

⁽¹⁾ See Table 3, Note 1.

⁽²⁾ Deduct to take account of duplication in the case of financing justified on the basis of several objectives.

of the Community's energy policy objectives was 215.6 million. For a detailed breakdown of global loan allocations during 1985, see Table 21.

* * *

Loans for **regional development** totalled 1 720.2 million, including 27.4 million from NCI resources.

The Mezzogiorno accounted for some 1 462.9 million, or 85 % of all regional development loans, a degree of concentration that may be ascribed to the maximising of support for industrial investment and the placing of the necessary funds at the disposal of intermediary institutions. As far as infrastructure was concerned, further work on projects commenced in previous years featured during this transitional phase, between the changeover from the system of special State assistance, and implementation of a new law and three-year programme. Financing elsewhere was applied to new projects adopted by the authorities under the FIO (Investment and Job-creation Fund). As part of the Community aid set aside for reconstruction work in areas of Campania and Basilicata struck by earthquakes late in 1980 44.2 million were committed, accounting for over 90 % of the funds in question.

The breakdown of lending in the mainland Mezzogiorno and the islands was as follows: 249.3 million in Campania, 144.8 million in Sicily, 83 million in Sardinia, 67 million in Abruzzi, 63.7 million in Latium, 30.7 million in Apulia, 23.6 million in Molise, 16.2 million in the Marches and 11.9 million in Basilicata. In addition, 385.4 million were advanced for ongoing regional telecommunications projects and 310.7 million for investment by small and medium-sized enterprises in industry, services and tourism, through the intermediary of various financial institutions operating in the Mezzogiorno.

A total of 81.6 million was also granted in loans for the purchase of new aircraft for use on inter-regional lines and 36.8 million for the procurement of fixed-wing aircraft and helicopters for emergency services in the Mezzogiorno and Central and Northern Italy.

Developments worth noting in the regional pattern of lending in Italy were as follows:

In **Campania**, a number of loans were granted for infrastructure aimed at achieving the coordinated development of Greater Naples and in particular the alleviation of its crucial transport problems. These went towards the construction of a new business precinct in the centre of the city, improvements to a suburban railway line and a motorway interchange, the upgrading of water supplies and modifications to the district heating system, with its conversion to natural gas firing and its extension to neighbouring communities. Funds were also advanced for improvements to factories producing telecommunications and remote data processing equipment in Caserta, antibiotics in Torre Annunziata and deep-frozen foods in Benevento, as well as for the modernisation of two hotels, at Avellino and Caserta. Bank financing also went towards reconstruction of viaducts on the Naples-Bari motorway and the reinstatement of industrial estates in the communes that suffered damage in the late 1980 earthquakes.

In **Sicily**, the Bank financed the tapping of Italy's largest oilfield, an offshore deposit near Ragusa in the Strait of Sicily, the expansion and modernisation of an electronic components factory at Catania and the construction of three hotels, at Palermo, Catania and Syracuse.

In **Sardinia**, financing was provided for improvements to water supplies on the Island, especially in Cagliari and Sassari.

In **Latium**, various operations were mounted in support of investment in the consumer goods industries: electronic equipment at Anagni, absorbent disposables, soap and detergents at Patrica and Pomezia and frozen foods at Ferentino.

There were two principal fields of financing in **Abruzzi**: natural gas storage at Nuova Cupello and S. Salvo and, in particular, telecommunications: enlargement of the satellite ground station at Fucino and two factories at l'Aquila, one making and assembling satellites and ground station equipment and the other telecommunications equipment. There was also a loan for a sanitary disposables factory in Pescara.

The Bank financed works on the trunk road system in **Apulia**, as well as the construction of breakwaters for the coal terminal in the Port of Brindisi, anti-pollution installations for the Gulf of Manfredonia and regional water supply works.

Loans in **Molise** went towards the tapping of an oilfield in Campobasso Province, various underpinning works on unstable mountain terrain in Isernia Province and the expansion of a liquid detergents plant at Pozzilli.

In **The Marches**, loans went for investment in the exploitation of natural gas deposits, an industrial bakery at Ascoli Piceno and a deep-freezing plant at Porto d'Ascoli.

This leaves **Basilicata**, where the Bank advanced credit for extraction of natural gas and the building of a large holiday village designed to further the development of the Metaponto Coast for tourism.

In the less-favoured parts of Central and Northern Italy, regional development financing amounted to 257.3 million, including seven global loans for small and medium-sized enterprises amounting to 117 million. Individual loans were granted for a project to complete the last section, up to the Austrian frontier, on the Friuli motorway, continuing reafforestation schemes in the Valle d'Aosta, modernisation of a tractor assembly plant at Jesi in the northern part of the Marches and, at Falconara, installation of energy-saving and anti-pollution equipment at a refinery.

Lending for projects furthering the pursuit of the **Community's energy objectives** came to 900.1 million, including 890.7 million from the Bank's own resources: 375.2 million related to a nuclear power station at Montalto di Castro, a number of hydroelectric plants at various locations in the North and the working of oil and gas deposits. Loans totalling 185.5 million went towards the extension of Italy's natural gas transmission, storage and distribution system.

Finance for investment in the more efficient use of energy amounted to 129.5 million, with loans for geothermal power stations in Tuscany, district heat grids in Central and Northern Italy, improvements to refineries at Leghorn and Falconara, the interconnection of the French and Italian high-voltage grids across the Alps, the production of biogas from pig-farming units in Umbria and the installation of solar panels.

Twelve global loans totalling 209.9 million were granted for investment in smaller industrial schemes and infrastructural works furthering the pursuit of energy objectives. Some 212 allocations amounting

to 215.6 million were granted from global loans already under drawdown, including 113.8 million for industrial investment.

Lending for **Community infrastructure** tended to concentrate on improved links with other Member States: the Friuli motorway, a container terminal at the port of Genoa-Voltri, a rail/road transfer terminal at Verona and an agricultural produce exchange designed in particular to expedite the export of Mezzogiorno products to other Community countries (92.2 million).

There was a large increase in lending for projects concerned with the **protection of the environment** (212.2 million). In addition to the equipment for emergency services mentioned above, credit was advanced in particular for major works for water purification, mostly under FIO programmes. These included sanitation schemes in the Po Valley, parts of Veneto (see box, p. 29), the Greater Rome area and the Gulf of Manfredonia. River training works on the Arno will reduce flood risk to Florence and Pisa, in projects that also involve improvements to sewerage.

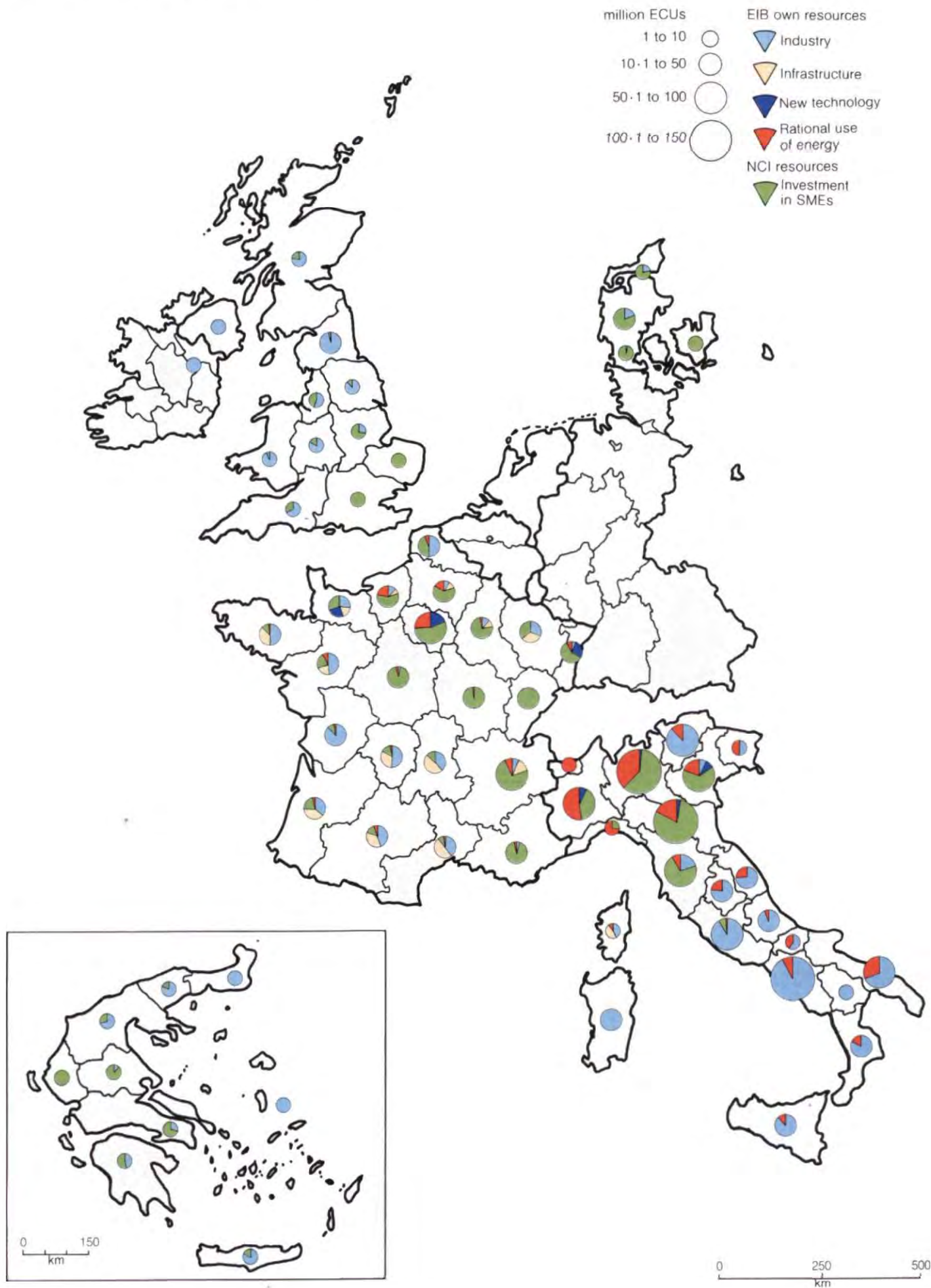
France

Lending in France came to a total of 1 247.4 million, a similar figure to that achieved in 1984, including 357.8 million from NCI resources.

This includes 678.7 million in the form of global loans signed, as in 1984, with 20 intermediary institutions, 16 of which were regional development companies. The funds were earmarked for investment in the productive sector, infrastructure and energy.

In the **productive sector** 560 million were granted for the introduction of robots into a plant producing a new line of automobile engines in Nord - Pas-de-Calais, plus various global loans. Some of the latter went for investment by small and medium-sized enterprises in industry and the services and fisheries sectors in areas eligible for regional development aid (176.5 million from the Bank's own resources), while outside those assisted areas 269.9 million were granted from NCI resources; others went for investment in the introduction or development of advanced technology throughout France (44.1 million from own resources).

Projects financed from global loans in 1985



From global loans already under drawdown, 2 946 allocations totalling 500·3 million went to 1 049 firms located in assisted areas (168 million) and to 1 889 others elsewhere (303·1 million). Eight allocations were granted for innovatory investment (29·2 million). Most of the undertakings in question were metalworking and mechanical engineering firms (20 %), or those active in food processing (11·5 %), paper and printing (8·8 %), tourism and commercial services (11·2 %).

Infrastructure financing (495·7 million) went mainly in support of projects to improve communications: the Bourges—Clermont-Ferrand section of the A71 motorway will help to improve access to the Massif Central; the Toulouse by-pass will provide an unimpeded motorway link from Bordeaux to Narbonne crossing the whole of South-West France; the Angers—Le Mans section of the A11 will complete the motorway box serving Southern Brittany and the Lower Loire Valley. Similarly, the provision of the Paris—Le Mans line for the 'TGV Atlantique', the western arm of France's high-speed train system, will do much to cut travel time from Paris to Brittany and the South West. Through CAECL, the agency for financing infrastructural projects by local authorities or the FSGT ('Fonds Spécial de Grands Travaux'), the Bank provided credit for many other road schemes, chiefly in the West, Central France, the Lorraine steel-making area and the Vosges, together with an integrated package of infrastructural works at Nancy, designed mainly to protect the city against flood risks.

A number of the roads financed were Community trunk routes, e.g. the Mâcon—Châtillon section of the A40 serving Mont-Blanc and Italy, plus parts of the Longwy—Belgium and Thionville—Luxembourg links. Funds were also advanced by the Bank for the construction and launching of telecommunications satellites that will presently provide a commercial data network (29·3 million).

Through the device of global loans amounting to 147 million signed with CAECL, the Bank also provided finance for smaller items of infrastructure installed by local authorities helping to promote regional development. During the year a total of 121·3 million was advanced in this way for 487 such projects, mainly road works.

Lending for the **energy** sector (191·6 million), helped to finance the nuclear power station at Flamanville in Lower Normandy, a hydroelectric power station near Lyons, the laying of district heat

systems in the Paris area and two major interconnection schemes with other national high voltage electricity grids. The first involved the laying of cables under the Channel to the United Kingdom and the second a link via the Petit Saint-Bernard pass to Italy. There were in addition two global loans for financing investment furthering the Community's energy policy objectives. Allocations from global loans already under drawdown numbered 67, the 47·5 million so granted being used mainly for smaller district heat schemes.

United Kingdom

Financing in the United Kingdom came to 1 130·1 million, including 33·4 million from NCI resources. The rise of over 20% against 1984 was attributable to growth in lending for energy projects (657 million) and a recovery in lending for industrial investment (164·5 million).

In the **energy** sector, the major operations were credit for two nuclear power stations — Heysham and Torness Point — the connection of the latter to the national high voltage grid, irradiated fuel storage and reprocessing installations at Sellafield (554·7 million), and further development work on the Esmond gasfield off the Yorkshire coast.

Most other items of investment financed were in the Assisted Areas.

Lending for **infrastructure** projects totalled 308·6 million, mainly to finance road schemes in Wales, the Midlands and Scotland, the electrification of railway lines serving Glasgow and Liverpool, improvements to Leeds-Bradford Airport (145·2 million) and harbour works at Harwich and Felixstowe helping to improve communications with the Community at large (15·9 million). In certain regions of Scotland, the North and the South West, the Bank financed various sewage collection and treatment works (104·7 million), giving greater environmental protection in a number of areas. Loans also went towards a number of integrated projects including industrial estates, road schemes and liquid effluent and solid waste treatment plants (42·9 million).

In the **industrial sector** (63·2 million), the Bank financed a paper mill built on a former steelworks site at Shotton in Wales, alumina and aluminium processing plants in Wales and Scotland, an

electronic measuring instruments factory near Edinburgh, a plant to produce synthetic fibre from polyester waste at Hartlepool, an oilseed processing plant in Liverpool and the computerisation of retail operations by a cooperative group.

Three global loans were also granted, for a total of 101.3 million, to provide finance for investment by small and medium-sized enterprises, while from global loans already tapped 47.7 million were granted to 83 undertakings from own resources and 15.2 million to 81 undertakings from NCI resources.

Greece

The total for lending in Greece was 423.7 million, including 22 million from NCI resources.

Infrastructure projects claimed 303.3 million, or almost three quarters of total financing: telecommunications, both internal and international trunk systems and links with Inmarsat international navigational satellites; almost 1 000 kilometres of road works in a number of regions and the improvement and enlargement of both airports and regional seaports, chiefly in the Aegean islands. Other loans were for sewage collection and treatment facilities in a number of large cities on the Mediterranean, chiefly to reduce coastal pollution, the irrigation of some 30 000 hectares of farmland in various parts of the country and lesser items of infrastructure built by local communities with the help of global loan financing. Also during the year many smaller road and sewerage schemes were financed, for a total of 16.1 million.

In the **energy sector**, loans amounting to 71.7 million were granted for further development works at three hydroelectric schemes: Pigai, Thissavros and Stratos. With an aggregate installed capacity of 600 MW, these plants will help to further the development of inland areas and to boost the Member States' energy resources in general.

Two global loans were signed, for a total of 48.6 million, the proceeds of which will go towards strengthening the fabric of industry throughout

Greece, in particular in agriculture-related sectors and in rural locations. During the year, there were 53 allocations totalling 51.3 million for investment by industry and handicrafts and on-farm investment at some 2 200 agricultural holdings.

Denmark

In Denmark, aggregate financing worked out at 332.5 million, including 68.5 million from NCI resources with a distinct emphasis on projects conforming with the Community energy objectives (285.5 million). One target area was further installation work on Denmark's North Sea gas transmission and distribution network in the eastern part of the country (Copenhagen, the whole of Zealand and the Island of Fyn). Another was continuing investment in reducing energy consumption by fostering a general shift to district heat systems (the urban communities of Copenhagen and Århus and local authorities along the Lillebælt Strait — see box, page 27). In addition, there was Bank financing for electrification of the railway line crossing Zealand, for construction of wind-driven generators, laying of a district heat grid and enlargement of the Hasle port zone on the Island of Bornholm.

A final figure of 47 million covers loans for uprating of plasterboard production using an energy-saving process at Hobro in North Jutland and three global loans for investment by small and medium-sized enterprises. From global loans already under draw-down, 124 allocations were made for a total of 41.3 million, mostly outside assisted areas.

Ireland

Loans in Ireland, totalling 174.5 million, including 27.9 million from NCI resources, went entirely to regional development projects, in particular the improvement of basic infrastructure, which is still not adequate. There were numerous road improvement schemes (67.9 million), especially in the Cork area and Athlone, a bottleneck in the centre of the country, upgrading of water supplies and the construction of sewage treatment plants (46.8 million), enlargement of five advanced vocational training colleges and improvement of

their teaching and technical resources for management and skilled professional tuition: the National Institute for Higher Education at Limerick, the National Institute for Higher Education at Dublin, the Dublin Institute of Technology, the Regional Technical College at Tralee and the National Micro-electronics Research Centre in Cork (18.2 million).

The Bank also provided finance for the Moneypoint coal-fired power station and for further phases of forestry development programmes and reafforestation schemes and the construction of advance factories, in addition to which a new global loan will be used for financing investment by small and medium-sized industrial enterprises. During the year, 84 such firms received credit totalling 7.5 million.

Germany

Loans in Germany came to 91.4 million. They were used to finance projects answering Community energy objectives: the Neckarwestheim and Emsland nuclear power stations, each rated at 1 230 MW, sections of gasline bringing natural gas from the Soviet Union to the Community and the

connection of the German and the Danish gas networks. Also, a whole system of heat conduits was laid in the Saar to recover waste heat from a power station and various industrial concerns to supply district heating systems.

Belgium

New loans totalling 77.8 million will go towards the completion of three 1 003 MW units at the nuclear power plants at Tihange near Liège and Doel near Antwerp.

Netherlands

Four loans totalling 69.1 million were granted, three of which will help to strengthen airlines on routes within the Community through the purchase of Jetstream 31 short-haul aircraft and A 310-203 medium-haul Airbuses. The fourth loan was to finance expansion of a major Community flower auction centre at Aalsmeer near Amsterdam.

List of loans provided within the Community ⁽¹⁾

A. Loans provided from the Bank's own resources

Contracts signed in 1985

Loans from the Bank's own resources for which contracts were signed in 1985 in respect of projects within the Community totalled 5 640.7 million. All these operations, the principal economic aspects of which are outlined on pages 23 to 43, give rise to financial commitments for the Bank and are included on its balance sheet. The symbols in the columns to the right of each operation listed hereafter refer back to the economic policy objective headings featured in Table 3.

Reconstruction loans for the earthquake-damaged areas in Italy have an asterisk against the amount; these loans attracted a 3% interest subsidy.

Energy	Community infrastructure	Modern. of undertakings	Regional development		Energy	Community infrastructure	Modern. of undertakings	Regional development	
million ECUs					million ECUs				
BELGIUM				77.8					
3 500 million Belgian francs					10. Expansion of district heating grid serving municipality of Århus				
					Municipality of Århus				
					Dkr 250 million				31.3
1. Construction of Unit 3 (1 003 MW) of Tihange nuclear power station (Liège) and Unit 4 (1 003 MW) of Doel nuclear power station (East Flanders)					11. Extension of district heating system to serve five municipalities in the Lillebælt Strait (East Jutland)				
Belgelectric Finance B.V.					Trekantområdets Varmetransmissionselskab I/S				
Bfrs 1 750 million				39.1	Dkr 100 million				12.4
2. Construction of Unit 3 (1 003 MW) of Tihange nuclear power station (Liège)					12. Construction of mains to supply hot water to various urban district heating systems west of Copenhagen				
Belgelectric Finance B.V.					Vestegnens Kraftvarmeselskab I/S				
Bfrs 1 750 million				38.7	Dkr 120 million				14.9
DENMARK				264.0					
2 116 million Danish kroner					13. Hasle harbour extension works; district heating grid; construction of wind power generating units				
3.—5. Laying of natural gas transmission and distribution system to serve 47 municipalities in the Greater Copenhagen area					Municipality of Hasle				
Hovedstadsregionens Naturgas I/S through intermediary of Kongeriget Danmarks Hypotekbank og Finansforvaltning					Dkr 32 million				4.0
Dkr 300 million				37.6	14. Increasing productive capacity in a plasterboard factory in Hobro (North Jutland) and conversion from fuel oil to natural gas of heat production for calcining plant and drying oven				
Dkr 300 million				37.5	Danogips A/S				
Dkr 400 million				49.6	Dkr 36 million				4.5
6.—7. Laying of natural gas transmission and distribution system in the Counties of West Sjælland and Storstrøm (Zealand)					15. Global loan to the Danish Government (Regional Development Board) to finance small and medium-scale industrial and tourism ventures in regional development areas				
Naturgas Sjælland I/S through intermediary of Kongeriget Danmarks Hypotekbank og Finansforvaltning					Dkr 40 million				5.0
Dkr 63 million				7.9					
Dkr 100 million				12.4					
8. Laying of natural gas transmission and distribution system to serve 27 municipalities on the Island of Fyn					GERMANY				91.4
Naturgas Fyn I/S through intermediary of Kongeriget Danmarks Hypotekbank og Finansforvaltning					204 million Deutsche Mark				
Dkr 100 million				12.5	16. Construction of Unit 2 (1 230 MW) of Neckarwestheim nuclear power station in Baden-Württemberg				
9. Construction of district heating grid to serve the Greater Copenhagen area					Gemeinschaftskernkraftwerk Neckarwestheim through intermediary of EVS Kernkraft Neckarwestheim GmbH				
Centralkommunernes Transmissionselskab I/S					DM 400 million				18.1
Dkr 275 million				34.4					

Energy			
Community infrastructure			
Modern. of undertakings			
Regional development			
million ECUs			
17. Construction of the 1 230 MW Emsland nuclear power station at Lingen in Lower Saxony Kernkraftwerke Lippe-Ems GmbH DM 50 million	22.6	●	
18. Additional section of gasline conveying Soviet natural gas from Waidhaus on the Czechoslovak border to Medelsheim on the French border Mitteleuropäische Gasleitungsgesellschaft mbH through intermediary of MEGAL Finance Company Ltd DM 100 million	44.5	●	
19. Laying of gasline to interconnect Danish and European grids; construction of compressor station Deutsch-Dänische Erdgastransport-Gesellschaft mbH und Co. KG through intermediary of Compagnie luxembourgeoise de la Dresdner Bank — Dresdner Bank International AG DM 10 million	4.4	●	
20. Construction of Dillingen and Saarlouis district-heating system drawing on heat recycled from industrial plant (Saarland) Fernwärme-Verbund Saar GmbH through intermediary of Floris-Cors-ten B.V. DM 4 million	1.8	●	●
GREECE	401.7		
41 590.4 million Drachmas			
21. Construction of Pigai hydroelectric power station (210 MW) north of Ioannina (Epirus) PPC Dr 2 050 million	21.2	●	●
22. Construction of Thissavros hydroelectric power station (240 MW) on the Nestos (Macedonia) PPC Dr 2 660.4 million (equivalent of a US\$-denominated, variable-rate loan)	27.5	●	●
23. Construction of Stratos hydroelectric power station (150 MW) on the Acheloos (Western Central Greece) PPC Dr 2 500 million	23.0	●	●
24. Improvements to almost 500 km of roads in the Peloponnese Hellenic Republic (Ministry of Public Works) Dr 300 million	3.1	●	
25. Improvements and structural works on 225 km of roads, mostly along the main road linking Thessaloniki in Macedonia with Alexandroupolis in Thrace Hellenic Republic (Ministry of National Economy) Dr 1 350 million	13.5	●	

Energy			
Community infrastructure			
Modern. of undertakings			
Regional development			
million ECUs			
26. Improvements and upgrading works on 210 km of trunk and regional roads Hellenic Republic (Ministry of the Environment, Town Planning and Public Works) Dr 4 billion	36.8	●	
27. Harbour modernisation and extension works at Kavala (Macedonia), Volos (Thessaly), Souda and Rethymnon (Crete), Rhodes, Kos and Karpathos (Dodecanese), Corfu (Ionian Sea) and Syros (Cyclades) Hellenic Republic (Ministry of Public Works) Dr 900 million	9.3	●	
28. Airport modernisation and enlargement works at Kastoria (Macedonia), Heraklion and Chania (Crete) and on the islands of Lemnos, Mytilene, Santorini, Kefallinia, Skiathos, Cythera and Mykonos Hellenic Republic (Ministries of Transport and Public Works) Dr 500 million	5.2	●	
29. Renovation of air traffic control facilities — radar, radio communications, navigational aids — and approach installations at the international airports in Athens, Rhodes and Heraklion Hellenic Republic (Ministries of Transport and Public Works) Dr 250 million	2.3	●	●
30.—31. Expansion and modernisation of telephone and telex networks OTE Dr 3 560 million Dr 5 440 million (equivalent of US\$-denominated, variable-rate loan)	32.8 48.4	● ●	
32. Irrigation of 2 600 ha in the Plain of Boida-Mavri (Epirus) Hellenic Republic (Ministry of Agriculture) Dr 60 million	0.6	●	
33. Irrigation of 12 000 ha in the Plain of Drama (Eastern Macedonia) Hellenic Republic (Ministry of Agriculture) Dr 640 million	6.6	●	
34. Sprinkler irrigation of 15 500 ha of farmland on site of former Yannitsa Lagoon west of Thessaloniki (Macedonia) Hellenic Republic (Ministry of National Economy) Dr 2 billion	20.7	●	
35. Irrigation schemes in the Pieria, Aghitis, Nea Magnissia and Axioupolis areas (4 575 ha) (Macedonia) Hellenic Republic (Ministry of National Economy) Dr 120 million	1.2	●	



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Energy
Community infrastructure
Modern. of undertakings
Regional development

million ECUs

36. Irrigation of 2 200 ha in Ierapetra area (Crete)

Hellenic Republic (Ministry of National Economy)

Dr 200 million

1.8

37. Sewerage and sewage treatment schemes in three towns on the Mediterranean coast: Thessaloniki (Macedonia), Volos (Thessaly) and Aghios Nikolaos (Crete)

Responsible authorities in the towns concerned through intermediary of the **Hellenic Republic**

Dr 2 260 million

23.4

38. Sewerage and sewage disposal works in the Saronic Gulf, west of Athens, forming part of programme covering Greater Athens area

Hellenic Republic (Ministry of Public Works)

Dr 2 billion

20.0

39. Global loan to the **Deposits and Loans Fund** to finance small-scale infrastructural works undertaken by local authorities

Dr 6 billion

60.0

40. Global loan to the **Agricultural Bank of Greece** to finance small and medium-scale agro-industrial and on-farm investment, and also capital expenditure by rural-based, smaller industrial undertakings

Dr 4 800 million

44.2

FRANCE

889.6

6 054 million French francs

41. Construction of Units 1 and 2 (2 x 1 300 MW) of Flamanville nuclear power station on the Cotentin Peninsula in Lower Normandy

EDF

Ffrs 250 million

37.0

42. Construction of a 45 MW hydro-electric power station at Sault-Brenaz, 60 km upstream from Lyons (Rhône-Alpes)

Compagnie Nationale du Rhône

Ffrs 400 million

58.6

43. Interconnection of the French and Italian high-voltage electricity grids: erection of 53 km section between Albertville in Savoie and the Little Saint Bernard Pass on the Italian border

EDF

Ffrs 140 million

20.5

Energy				Energy			
Community infrastructure				Community infrastructure			
Modern. of undertakings				Modern. of undertakings			
Regional development				Regional development			
million ECUs				million ECUs			
44. Interconnection of the French and British high-voltage power grids by laying four pairs of submarine cables under the Channel between Bonningues-lès-Calais (Nord Pas-de-Calais) and Sellindge in Kent				52. Improvements to nine sections (72 km) of roads and motorways in Lorraine			
EDF				Région Lorraine, Département de Meurthe-et-Moselle and Département des Vosges through intermediary of CAECL			
Ffrs 160 million	23.4	●		Ffrs 80.6 million	11.9	●	●
45. Development of geothermal resources to serve district heating systems at Chevilly Larue and L'Hay-les-Roses on the outskirts of Paris (Île de France)				53. Construction and launching of satellites and installation of ground stations and transmission grids to provide advanced data transmission services to business users and links with the French Overseas Departments			
Syndicat intercommunal pour la géothermie through intermediary of CAECL				Administration des Postes et Télécommunications through intermediary of CNT			
Ffrs 73.7 million	10.9	●		Ffrs 100 million	14.6	●	●
46. High-speed train services (TGV — Atlantique) between Paris and Western France: construction of 273 km of electrified railway lines connecting Paris with Le Mans and Tours to serve Brittany and the South-West; introduction of 95 high-speed train sets				54. River training scheme in the Meurthe valley, sanitation schemes, construction of drinking water storage facilities and road link across the Meurthe into Nancy (Lorraine)			
Société Nationale des Chemins de Fer				District Urbain de Nancy through intermediary of CAECL			
Ffrs 300 million	44.4	●		Ffrs 30 million	4.4	●	
47. Construction of Bourges-Clermont-Ferrand section (182 km) of the A 71 motorway between Orléans and Clermont-Ferrand				55. Development and fitting-out of automated workshops for assembling and machining medium-sized motor vehicle engines at Douvrin (Nord Pas-de-Calais)			
Société des Autoroutes Paris-Rhin-Rhône through intermediary of CNA				Française de Mécanique			
Ffrs 250 million	37.0	●		Ffrs 475 million	69.5	●	●
48. Construction of Le Mans-Angers section (81.5 km) of the A11 motorway between Paris and Nantes				56.—58. Global loans to CAECL to finance small and medium-scale infrastructural works by local authorities or public agencies in assisted areas			
Société des Autoroutes du Sud de la France through intermediary of CNA				Ffrs 250 million	36.5	●	
Ffrs 150 million	22.2	●		Ffrs 250 million	36.5	●	
49. Motorway by-pass east of Toulouse linking the A 61 with the A 62 (Midi-Pyrénées)				Ffrs 500 million	74.1	●	
Région Midi-Pyrénées, Département de Haute-Garonne and the Ville de Toulouse through intermediary of CAECL				59.—69. Global loans to eleven regional development companies (SDR) to finance small and medium-scale industrial, tourism and service ventures in assisted areas			
Ffrs 50 million	7.4	●		— SDR de Bretagne			
50. Improvement works on 12 sections (270 km) of the road and motorway network				Ffrs 85 million	12.4	●	
Fonds Spécial de Grands Travaux				— SDR de Champagne-Ardenne			
Ffrs 700 million	102.1	●	●	Champex			
51. Improvements to road infrastructure over more than 100 km, notably on trunk roads between Rennes and Nantes and between St Brieuc and Quimper				Ffrs 10 million	1.5	●	
Région and Départements de Bretagne, Région du Pays de la Loire and Département de Loire-Atlantique through intermediary of CAECL				— Caisse de Développement de la Corse			
Ffrs 113.7 million	16.6	●		Ffrs 25 million	3.7	●	
				— SDR du Sud-Ouest — Expanso			
				Ffrs 30 million	4.4	●	
				— SDR de Lorraine — Lordex			
				Ffrs 40 million	5.9	●	
				— SDR du Nord et du Pas-de-Calais			
				Ffrs 70 million	10.2	●	
				— SDR de Picardie			
				Ffrs 10 million	1.5	●	
				— SDR du Centre et du Centre-Ouest — Sodecco			
				Ffrs 80 million	11.7	●	
				— SDR de l'Ouest — Sodero			
				Ffrs 80 million	11.7	●	

Energy			
Community infrastructure			
Modern. of undertakings			
Regional development			
million ECUs			
— SDR du Languedoc-Roussillon — Sodler Ffrs 30 million	4.4	●	
— SDR du Sud-Ouest — Tofinso Ffrs 40 million	5.9	●	
70.—71. Global loans to CEPME to finance small and medium-scale industrial, tourism and service ven- tures in assisted areas Ffrs 220 million	32.2	●	
Ffrs 381 million (equivalent of a DM- denominated, variable-rate loan)	56.5	●	
72. Global Loan to Caisse Centrale de Crédit Coopératif (CCCC) to finance small and medium-scale ven- tures in the fisheries sector in assis- ted coastal areas Ffrs 100 million	14.6	●	
73.—74. Global loans to Crédit National to finance small and medium-scale high-technology ven- tures in industry Ffrs 200 million	29.3	●	
Ffrs 100 million	14.8	●	
75. Global loan to CAECL to finance investment by local authorities and public establishments meeting the Community's energy policy objectives Ffrs 150 million	21.9	●	
76. Global loan to Crédit National to finance investment schemes meeting the Community's energy policy objec- tives Ffrs 130 million	19.3	●	
IRELAND	146.6		
105 million Irish pounds			
77. Addition of a third 300 MW unit at Moneypoint coal-fired power sta- tion Electricity Supply Board IR£5 million	7.0	●	●
78.—83. Improvements to various sections of the main road network Local authorities concerned through intermediary of Irish Government (Minister for Finance) IR£5 million	7.0	●	
IR£6.5 million	9.1	●	
IR£9.5 million	13.3	●	
IR£5 million	7.0	●	
IR£10 million	14.0	●	
IR£7.5 million	10.5	●	

Energy			
Community infrastructure			
Modern. of undertakings			
Regional development			
million ECUs			
84. Construction of Athlone by-pass and bridge over the Shannon Irish Government (Minister for Finance) IR£5 million	7.0	●	
85.—87. Water supply and sewage treatment schemes Local authorities concerned through intermediary of Irish Government (Minister for Finance) IR£5 million	7.0	●	
IR£15 million	21.0	●	
IR£13.5 million	18.9	●	
88. Construction of advance and custom built factories Shannon Free Airport Development Company Ltd and Udaras na Gael- tachta through intermediary of Irish Government (Minister for Finance) IR£5 million	7.0	●	
89. Extension of five higher technical education institutes at Limerick, Dublin, Tralee and Cork The institutes concerned through intermediary of Irish Government (Minister for Finance) IR£9 million	12.6	●	
90. Extension of facilities for higher technical, industrial and commercial training at Limerick National Institute for Higher Educ- ation through intermediary of Irish Government (Minister for Finance) IR£4 million	5.6	●	
ITALY	2 603.9		
3 728.7 billion Lire			
91.—93. Construction of 2 × 982 MW units at Montalto di Castro nuclear power station (Latium) ENEL Lit 150 billion (equivalent of a US\$- denominated, variable-rate loan)	109.3	●	
Lit 60.3 billion	42.2	●	
Lit 140 billion	94.1	●	
94. Construction of run-of-the-river power station (22 MW) on the Dora Baltea between Pont-St-Martin and Quincinetto (Piedmont) ENEL Lit 15 billion	10.1	●	
95. Construction of hydroelectric power stations offering a combined capacity of some 70 MW in Friuli, Emi- lia-Romagna and Lombardy ENEL Lit 30 billion	20.2	●	
96. Construction of five geothermal power stations in Tuscany with a com- bined capacity of 75 MW ENEL Lit 60 billion	43.9	●	

Energy	Community infrastructure	Modern. of undertakings	Regional development	million ECUs
97. Tapping of five natural gas deposits: Cervia Mare (Emilia-Romagna), San Benedetto and Flavia/Fulvia (The Marches), Pessa (Lombardy) and Demma — Locantore (Basilicata)				
AGIP S.p.A. through intermediary of ENI				
Lit 9 billion	6.6	●	●	
98.—99. Development of Torrente Tona oil deposit in Campobasso Province (Molise)				
AGIP S.p.A. through intermediary of ENI				
Lit 14 billion	9.8	●	●	
Lit 6 billion	4.2	●	●	
100.—103. Development of Italy's largest oil field, the 'Vega' field in the Strait of Sicily off Ragusa Province				
AGIP S.p.A. through intermediary of ENI				
Lit 42 billion	29.3	●	●	
Lit 18 billion	12.6	●	●	
Lit 38.5 billion	25.8	●	●	
Lit 16.5 billion	11.0	●	●	
104. Construction of biogas production facilities based on pig manure at Marsciano and Bettona (Umbria)				
Communes of Marsciano and Bettona through intermediary of Umbria Regional Authority				
Lit 7.7 billion	5.2	●	●	
105. Interconnection of Italian and French high-voltage power grids: erection of 138 km section between Rondissone in Valle d'Aosta and the Little Saint Bernard Pass on the French border				
ENEL				
Lit 20 billion	14.1	●	●	
106. Algeria-Italy gasline: laying of 155 km section between Arezzo in Tuscany and Minerbio in Emilia-Romagna and construction of compressor station at Melizzano (Campania)				
SNAM S.p.A. through intermediary of ENI				
Lit 40 billion	29.2	●	●	
107. Natural gas transmission system serving Central and Northern Italy: construction of gasline between Alessandria in Piedmont and Genoa in Liguria serving ten communes in Valle de Nievole (Tuscany) and 19 communes in Valsugana (Trentino — Alto Adige)				
SNAM S.p.A.				
Lit 23 billion	16.8	●	●	
108.—109. Construction of gas storage reservoirs:				
— at Ripalta (Lombardy) and Tresigallo (Emilia-Romagna) in Italy's Central and Northern Region				
SNAM S.p.A.				
Lit 23 billion	16.8	●	●	

Energy	Community infrastructure	Modern. of undertakings	Regional development	million ECUs
— at Nuova Cupello (Abruzzi) in the Mezzogiorno				
SNAM S.p.A. through intermediary of ENI				
Lit 17 billion	12.4	●	●	
110.—111. Conversion of depleted gas deposits into gas storage reservoirs:				
— at Sabbioncello (Emilia-Romagna) in Central and Northern Italy				
AGIP S.p.A.				
Lit 18 billion	13.1	●	●	
— at San Salvo (Abruzzi) in the Mezzogiorno				
AGIP S.p.A. through intermediary of ENI				
Lit 17 billion	12.4	●	●	
112.—114. Completion of conversion from town to natural gas of the Rome network and expansion of distribution systems to serve communes in the greater Rome area (Latium)				
ITALGAS S.p.A. through intermediary of				
— BNL — SAFOP				
Lit 17 billion	11.9	●	●	
— EFIBANCA				
Lit 17 billion	11.9	●	●	
— CENTROBANCA				
Lit 17 billion	11.9	●	●	
115.—116. Conversion from town to natural gas and extension of distribution network serving Naples and neighbouring communes (Campania)				
Napoletana Gas S.p.A. through intermediary of ENI				
Lit 28 billion	19.5	●	●	
Lit 12 billion	8.4	●	●	
117. Development of natural gas distribution networks in twenty communes in Udine Province				
Friuli-Venezia Giulia Autonomous Regional Authority				
Lit 10 billion	6.7	●	●	
118.—119. Establishment of new gas grids and extension of existing networks in 32 communes in Lombardy, Veneto, Piedmont and Emilia-Romagna				
Società Distribuzione Gas — Sodigas S.p.A. and Sodigas S.p.A. Tre-cate through intermediary of Medio-credito Lombardo				
Lit 14.6 billion	10.2	●	●	
Lit 6.3 billion	4.4	●	●	
120.—121. Construction of district heating network and combined heat and power generating plant designed to use a variety of fuels at Reggio Emilia (Emilia-Romagna)				
Azienda Gas Acqua Consorziale through intermediary of BNL — SAFOP				
Lit 7 billion	4.7	●	●	
Lit 3 billion	2.0	●	●	

Energy
Community infrastructure
Modern. of undertakings
Regional development

million ECUs

122.—123. Modifications to reduce heat loss and pollution at two refineries at Leghorn (Tuscany) and Sannazzaro (Lombardy)

Raffineria del Po S.p.A. and Stanic Industria Petrolifera S.p.A. through intermediary of **AGIP Petroli S.p.A.**

Lit 30 billion
Lit 15 billion

21.0
10.0

124. Energy saving measures, modernisation and improvement work and installations to reduce pollution at a refinery at Falconara (The Marches)

API — Raffineria di Ancona S.p.A. through intermediary of **BNL — Industrial Credit Section**

Lit 18 billion

12.6

125. Upgrading the Cumana sub-urban railway line in Naples and construction of marshalling/repair yard (Campania)

Italian Republic (Ministry of Transport)

Lit 20 billion

14.0

126.—127. Friuli motorway: completion of Carnia-Pontebba section (31.2 km)

Autostrade — Concessioni e Costruzioni Autostrade S.p.A. through intermediary of **IMI**

Lit 63 billion
Lit 27 billion

44.0
18.8

128. Repairs to twelve viaducts on Naples-Avellino-Bari motorway damaged during November 1980 earthquake (Campania)

Autostrade — Concessioni e Costruzioni Autostrade S.p.A.

Lit 5 billion

3.5*

129. Improvements to various sections of major roads in Apulia

ANAS

Lit 14 billion

9.4

130. Extension of Vomero interchange on the Naples urban motorway (Campania)

Campania Regional Authority

Lit 10 billion

6.7

131. Strengthening of protection to the outer harbour and coal jetties at Brindisi (Apulia)

Italian Republic (Ministry of Public Works)

Lit 10 billion

6.7

Energy	Community infrastructure	Modern. of undertakings	Regional development	million ECUs
132. Construction of terminal for container and roll-on roll-off vessels at port of Genoa — Voltri (Liguria)				
Italian Republic (Ministry of Public Works)				
Lit 20 billion				
				13.4
133.—135. Purchase of MD 82 aircraft for regional services:				
three loans each for Lit 39 billion				
(27.2 million ECUs equivalent of US\$-denominated loans)				
Aero Trasporti Italiani through intermediary of				
— Banco di Roma				
— Banca Commerciale Italiana				
— Credito Italiano				
136. Purchase of three aircraft and three helicopters for civil protection purposes				
Italian Republic (Ministry of Civil Defence)				
Lit 55 billion				
				36.8
137. Construction of a produce exchange at Verona (Veneto)				
Consorzio per la Zona Agricolo-Industriale de Verona through intermediary of VENEFONDIARIO				
Lit 12.5 billion				
				8.7
138. Expansion of installations at Fucino satellite ground station (Abruzzi)				
Telespazio through intermediary of EFIBANCA				
Lit 15 billion				
				10.9
139. Expansion of telephone facilities in Sardinia to connect some 80 000 new subscribers				
SIP through intermediary of IRI				
Lit 100 billion				
				72.9
140. Expansion of the telephone network in Campania, Basilicata, Apulia, Calabria and Sicily to connect over 225 000 new subscribers				
SIP through intermediary of IRI				
Lit 50 billion				
				36.5
141.—145. Improvements to telecommunications systems throughout the Mezzogiorno:				
five loans each for Lit 100 billion				
(69.8 million ECUs)				
SIP through intermediary of				
— ISVEIMER				
— IRI				
— CREDIOP				
— IMI				
— BNL				
146. Improvements to water supplies in Naples (city and province) and Caserta over an area encompassing a				

Energy	Community infrastructure	Modern. of undertakings	Regional development	million ECUs
population of some 2.3 million (Campania)				
Cassa per il Mezzogiorno				
Lit 85 billion				
				56.9
147. Improvements to water supplies in western and southern Sardinia, including towns of Sassari and Cagliari				
Cassa per il Mezzogiorno				
Lit 15 billion				
				10.0
148. Works to reduce pollution in Gulf of Manfredonia and improve water supplies in Foggia Province (Apulia)				
Apulia Regional Authority				
Lit 20 billion				
				14.6
149.—150. Scheme for reducing pollution in Venice lagoon; sewerage mains (56 km); treatment plant for effluent from Porto Marghera industrial area and communes of Venice and Martellago				
Veneto Regional Authority				
Lit 20 billion				
				14.6
Lit 23 billion				
				16.0
151.—153. Sewerage and sewage treatment works to reduce pollution in the river Po and tributaries in an area with a population of some 3.5 million				
— Piedmont Regional Authority				
Lit 15 billion				
				10.9
— Emilia-Romagna Regional Authority				
Lit 30 billion				
				21.0
— Lombardy Regional Authority				
Lit 14 billion				
				9.8
154. Construction of sewerage network and sewage treatment plant to reduce pollution in Avigliana lakes and the Dora Riparia, a tributary of the Po, north-east of Turin (Piedmont)				
Piedmont Regional Authority				
Lit 10 billion				
				6.7
155.—156. Construction of sewers and treatment plant for domestic and industrial effluent discharged into the Gorzone basin (Veneto)				
Veneto Regional Authority				
Lit 10 billion				
				7.0
Lit 10 billion				
				6.7
157. Flow control works on river Arno, flood protection schemes for Arno valley, especially Florence and Pisa, improvements to water supplies and construction of sewerage and sewage treatment facilities				
Tuscany Regional Authority				
Lit 30 billion				
				21.0

Energy
Community infrastructure
Modern. of undertakings
Regional development

million ECUs

158. Construction of sewerage mains to south Rome treatment plant and expansion of Rome-Ostia plant to serve more than one million inhabitants (Latium)

Commune of Rome through intermediary of **Istituto Bancario San Paolo di Torino**

Lit 16 billion 10.7

159. Works to control erosion and prevent landslides in highland areas of Isernia Province (Molise)

Italian Republic (Ministry of Public Works) and **Molise Regional Authority**

Lit 5 billion 3.3

160. Establishment and fitting-out of industrial estates at San Mango, Calabritto, Buccino and Calaggio (Campania), communes which suffered damage in the November 1980 earthquake

Italian Republic

Lit 40 billion 26.8*

161. Provision of basic infrastructure for a new business precinct in Naples: underground routing of Circumvesuviana railway, upgrading the Via Poggioreale and sanitation systems (Campania)

Commune of Naples and **Strade Ferate Secondarie Meridionali** through intermediary of **Campania Regional Authority**

Lit 60 billion 40.1

162. Construction of marketing centre for agricultural exports at Verona (Veneto)

Ente Autonomo Fiere di Verona through intermediary of **VENEFONDIARIO**

Lit 10 billion 7.3

163. Expansion of productive capacity of two plants manufacturing absorbent sanitary articles at Pescara (Abruzzi) and Patrica (Latium)

Aterni Fater S.p.A. through intermediary of **ISVEIMER**

Lit 22 billion 16.0

164. Construction of napkin liner production unit and rationalisation of soap and detergent manufacturing process at a plant in Pomezia (Latium)

Procter and Gamble Italia S.p.A. through intermediary of **IMI**

Lit 20 billion 14.6

165.—166. Expansion of a plant producing liquid detergents at Pozzilli (Molise)

Sodel through intermediary of **Banco di Napoli — Industrial Credit Section**

Lit 6.3 billion 4.4

Lit 2.7 billion 1.9

Energy
Community infrastructure
Modern. of undertakings
Regional development

million ECUs

167. Expansion of a plant manufacturing biomedical products, immuno-diagnostic kits, heart pacemakers and haemodialysis filters at Saluggia (Piedmont)

Sorin Biomedica S.p.A. through intermediary of **EFIBANCA**

Lit 4.5 billion 3.1

168.—169. Expansion and modernisation of a plant producing antibiotics at Torre Annunziata (Campania)

Ciba Geigy S.p.A. through intermediary of **ISVEIMER**

Lit 8.4 billion 5.9

Lit 3.6 billion 2.5

170. Construction of a research and development centre for new therapeutic and diagnostic substances at Concorezzo (Lombardy)

Boehringer Biochemica Robin S.p.A. through intermediary of **IMI**

Lit 8 billion 5.8

171.—172. Extension and reorganisation of a plant at Nerviano (Lombardy) producing injectable cancer-treatment drugs and antibiotics; development of production processes incorporating advanced technology

Farmitalia Carlo Erba S.p.A. through intermediary of **IMI**

Lit 10.5 billion 7.0

Lit 4.5 billion 3.0

173. Construction of research and development centre for antibiotics and active substances employing biomolecular engineering techniques, at Gerenzano near Varese (Lombardy)

Gruppo Lepetit S.p.A. through intermediary of **IMI**

Lit 5 billion 3.3

174. Modernisation and extension of a plant producing tractors at Jesi (The Marches)

Fiat Trattori S.p.A. through intermediary of **CENTROBANCA**

Lit 24 billion 16.8

175. Modernisation of three plants manufacturing telecommunications and data transmission equipment at l'Aquila (Abruzzi), Palermo (Sicily) and Caserta (Campania)

Italtel SIT S.p.A. and **Italtel Telematica S.p.A.** through intermediary of **IMI**

Lit 100 billion 72.9

176.—177. Conversion of an old plant near l'Aquila (Abruzzi) to produce and assemble satellites and equipment for satellite ground stations

Selenia Spazio S.p.A. through intermediary of **ISVEIMER**

Lit 9.1 billion 6.1

Lit 3.9 billion 2.6

Energy	Community infrastructure	Modern. of undertakings	Regional development
million ECUs			
178.—179. Modernisation and enlargement of a colour TV tube factory at Anagni (Latium)			
Videocolor S.p.A. through intermediary of IMI			
Lit 35 billion	24.4	●	
Lit 15 billion	10.5	●	
180.—181. Expansion and restructuring of an electronic components plant near Catania (Sicily)			
SGS Ates S.p.A. through intermediary of IMI			
Lit 28 billion	19.5	●	●
Lit 12 billion	8.4	●	●
182. Upgrading production and distribution capacity at ice cream and frozen foodstuffs plant at Ferentino (Latium), Benevento (Campania) and Porto d'Ascoli (The Marches)			
Italgel S.p.A. through intermediary of ISVEIMER			
Lit 20 billion	14.6	●	
183.—184. Expansion of a factory producing soft bread loaves and mini-cakes at Ascoli Piceno (The Marches)			
Nuova Forneria Adriatica S.p.A. through intermediary of INTERBANCA			
Lit 5.6 billion	3.7	●	
Lit 2.4 billion	1.6	●	
185. Modernisation of a clothing plant and warehouse facilities at Villorba (Veneto)			
Benetton S.p.A. and Benetton Cotone S.p.A. through intermediary of IMI			
Lit 8 billion	5.8	●	
186. Introduction of automated production processes and computerised management aids in nine clothing factories in Turin, Asti and Cuneo Provinces (Piedmont)			
Gruppo Finanziario Tessile S.p.A. through intermediary of IMI			
Lit 5 billion	3.6	●	
187.—188. Modernisation of four linen mills at Villa d'Almè, Fara d'Adda, Cassano d'Adda and Origgio (Lombardy)			
Linificio e Canapificio Nazionale S.p.A. through intermediary of IMI			
Lit 15.4 billion	10.3	●	
Lit 6.6 billion	4.4	●	
189.—190. Production of technologically advanced radiographic films and development of a digital radiographic system at a plant at Ferrania (Liguria)			

Energy	Community infrastructure	Modern. of undertakings	Regional development
million ECUs			
3M Italia S.p.A. through intermediary of MEDIOBANCA			
Lit 4.2 billion	2.8	●	
Lit 1.8 billion	1.2	●	
191.—192. Conversion of a plant at Settimo Torinese (Piedmont) for highly automated production of a new type of radial truck tyre			
Pirelli Pneumatici S.p.A. through intermediary of CREDIOP			
Lit 21 billion	14.1	●	
Lit 9 billion	6.0	●	
193. Reafforestation of more than 4 000 hectares and laying of forest tracks in the Valle d'Aosta			
Autonomous Region of Valle d'Aosta			
Lit 6 billion	4.0	●	
194. Construction of a holiday village with 1 100 beds on the Metaponto coast (Basilicata)			
Sviluppo Turistico per il Metaponto S.p.A. through intermediary of ISVEIMER			
Lit 5 billion	3.5	●	
195. Modernisation of five hotels at Avellino and Caserta (Campania), Catania, Palermo and Syracuse (Sicily)			
Compagnia Italiana dei Jolly Hotels S.p.A. through intermediary of IMI			
Lit 3.5 billion	2.4	●	
196.—197. Global loans to BNL — Industrial Credit Section to finance small and medium-scale industrial and service ventures in the Mezzogiorno			
Lit 25 billion	17.4	●	
Lit 25 billion	16.7	●	
198.—199. Global loans to BNL — SACAT to finance small and medium-scale hotel and tourism ventures			
— in the Mezzogiorno			
Lit 10 billion	7.0	●	
— in less-developed parts of Central and Northern Italy			
Lit 12.5 billion	8.7	●	
200. Global loan to Banco di Napoli — Industrial Credit Section to finance small and medium-scale industrial and service ventures in the Mezzogiorno			
Lit 30 billion	20.9	●	
201. Global loan to Banco di Sicilia to finance small and medium-scale industrial and service ventures in Sicily			
Lit 6.5 billion	4.3	●	



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Energy
Community infrastructure
Modern. of undertakings
Regional development
million ECUs

202. Global loan to **Consorzio Nazionale per il Credito Agrario di Miglioramento** to finance small and medium-scale ventures in the Mezzogiorno

- on-farm investment schemes
- agricultural processing ventures
- small-scale irrigation, afforestation and infrastructural schemes

Lit 6.5 billion 4.3 ●

203. Global loan to **CREDIOP** to finance small and medium-scale industrial and service ventures in the Mezzogiorno

Lit 10 billion 7.0 ●

204. Global loan to **Sezione di Credito Fondiario del Monte dei Paschi di Siena** to finance small and medium-scale hotel and tourism ventures in the Mezzogiorno

Lit 10 billion 7.0 ●

205. Global loan to **IMI** to finance small and medium-scale industrial and service ventures in the Mezzogiorno

Lit 30 billion 21.0 ●

206. Global loan, through intermediary of **IMI**, to several companies providing leasing facilities for small and medium-scale industrial and service ventures in the Mezzogiorno

Lit 40 billion 28.0 ●

207. Global loan to **INTERBANCA** to finance small and medium-scale industrial and service ventures in the Mezzogiorno

Lit 20 billion 13.4 ●

208. Global loan to **IRFIS** to finance small and medium-scale industrial ventures in Sicily

Lit 20 billion 14.6 ●

209.—211. Global loans to **ISVEIMER** to finance small and medium-scale industrial ventures in the Mezzogiorno

Lit 50 billion 36.5 ●

Lit 40 billion 28.0 ●

Lit 75 billion 50.2 ●

212. Global loan to **Mediocredito Centrale** to finance small and medium-scale industrial and service ventures in the Mezzogiorno

Lit 11.2 billion 7.5 ●

Energy			
Community infrastructure			
Modern. of undertakings			
Regional development			
million ECUs			
213.—214. Global loans to BNL — Industrial Credit Section to finance small and medium-scale industrial and service ventures in less-developed parts of Central and Northern Italy			
Lit 10 billion	7.0	●	
Lit 15 billion	10.0	●	
215. Global loan to CENTROBANCA to finance small and medium-scale ventures in industry, tourism and the service sector in less-developed parts of Central and Northern Italy			
Lit 7.5 billion	5.0	●	
216. Global loan to IMI to finance small and medium-scale ventures in industry, tourism and the service sector in less-developed parts of Central and Northern Italy			
Lit 45 billion	30.1	●	
217. Global loan to Mediocredito Centrale to finance, via the Regional Mediocrediti , small and medium-scale ventures in industry, tourism and the service sector in less-developed parts of Central and Northern Italy			
Lit 18.5 billion	12.4	●	
218. Global loan to the Regional Mediocrediti and INTERBANCA through intermediary of MEDIOCRE-DITO CENTRALE to finance small and medium-scale industrial and service ventures in less-developed parts of Central and Northern Italy			
Lit 60 billion	43.8	●	
219.—220. Global loans to IMI to finance small and medium-scale advanced technology projects undertaken by industrial enterprises in Central and Northern Italy			
Lit 17.8 billion	11.9	●	
Lit 5.8 billion	3.9	●	
221.—224. Global loans to BNL to finance investment schemes according with the Community's energy policy objectives			
— in Central and Northern Italy			
Lit 50 billion	35.0	●	
Lit 40 billion	27.9	●	
— in the Mezzogiorno			
Lit 20 billion	14.0	●	
Lit 20 billion	13.4	●	
225.—226. Global loans to IMI to finance investment schemes in Central and Northern Italy according with the Community's energy policy objectives			
Lit 30 billion	21.9	●	
Lit 40 billion	26.8	●	

Energy			
Community infrastructure			
Modern. of undertakings			
Regional development			
million ECUs			
227.—229. Global loans to Istituto Bancario San Paolo di Torino to finance investment schemes according with the Community's energy policy objectives			
— in Central and Northern-Italy			
Lit 23.5 billion	17.1	●	
Lit 11.5 billion	8.4	●	
— in the Mezzogiorno			
Lit 10 billion	7.3	●	
230. Global loan to INTERBANCA to finance investment schemes in Central and Northern Italy according with the Community's energy policy objectives			
Lit 25 billion	17.5	●	
231. Global loan to ISVEIMER to finance investment schemes in the Mezzogiorno according with the Community's energy policy objectives			
Lit 10 billion	6.7	●	
232. Global loan to Mediocredito Lombardo to finance investment schemes in Central and Northern Italy according with the Community's energy policy objectives			
Lit 20 billion	14.0	●	
NETHERLANDS	69.1		
174.3 million Dutch guilders			
233. Purchase of short-haul aircraft to serve principally on routes between Member States; construction of airport installations			
NetherLines b.v.			
Fl 10 million	4.0	●	
234.—235. Purchase of medium-haul aircraft to serve on routes between Member States			
Koninklijke Luchtvaart Maatschappij N.V. through intermediary of Groupe-ment d'Intérêt Économique Hol-lande-Bail and KG Allgemeine Leasing GmbH & Co			
Fl 85.1 million (equivalent of a loan denominated in French francs)	33.6	●	
Fl 49.2 million	19.7	●	
236. 78 000 m ² extension to covered section of a flower auction centre (currently covering 330 000 m ²) at Aalsmeer, near Amsterdam (Northern Holland)			
Coöperatieve Vereniging 'Verenigde Bloemenveilingen Aalsmeer' B.A.			
Fl 30 million	11.8	●	



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Energy
Community infrastructure
Modern. of undertakings
Regional development

million ECUs

UNITED KINGDOM

1 096.7

640.1 million pounds sterling

237.—239. Construction of Torness Point nuclear power station (1 320 MW) (Scotland)

South of Scotland Electricity Board

Equivalent of three US\$-denominated, variable-rate loans

£29.7 million 50.9

£20.1 million 35.4

£23 million 39.9

240. Construction of second nuclear power station (2 × 615 MW) at Heysham (North West)

Central Electricity Generating Board through intermediary of the **Electricity Council**

£200 million (equivalent of a US\$-denominated, variable-rate loan) 343.8

241. Construction of spent nuclear fuel reprocessing facilities at Sellafield (Northern England)

British Nuclear Fuels plc

£50 million (equivalent of a US\$-denominated, variable-rate loan) 84.7

242. Development of Esmond offshore gasfield in the southern area of the British sector of the North Sea

Hamilton Brothers UK Petroleum Corporation and **Hamilton Oil Great Britain plc**

£30 million 49.2

243. Erection of power lines linking Torness Point nuclear power station to the British high-voltage grid (Scotland)

South of Scotland Electricity Board

£30.1 million (equivalent of a US\$-denominated, variable-rate loan) 53.1

244. Electrification of the Rock-Ferry to Hooton section (9 km) of the railway line between Liverpool and the south side of the Mersey estuary (North West)

Merseyside County Council

£3 million 5.3

245.—246. Improvement of 18 km of the A 467 trunk road between Newport and Abertillery (Wales)

Gwent County Council

£3 million 5.1

£5 million 8.5

247.—248. Construction of road linking Llanelli and nearby industrial areas with M4 motorway (Wales)

Dyfed County Council

£2 million 3.4

£0.8 million 1.4

249. Construction of 11 km of Cardiff peripheral distributor road and improvements to access roads in Cardiff area (Wales)

South Glamorgan County Council

£6 million 10.6

Energy	Community infrastructure	Modern. of undertakings	Regional development
million ECUs			
250. Improvements to three of the main access roads to Swansea (Wales) West Glamorgan County Council £3 million	5.3	●	
251. Construction of Sighthill section of Edinburgh by-pass (Scotland) Lothian Regional Council £5.7 million	10.0	●	
252.—253. Improvement of various sections of major urban roads (18 km in all), principally in Birmingham, Coventry and Wolverhampton (West Midlands) West Midlands County Council £20 million £10 million	35.2 17.0	● ●	
254. Construction of Bridgnorth by-pass (West Midlands) Shropshire County Council £3.3 million	5.6	●	
255. Road schemes on 10 sections of road (13.5 km) construction of an access road and development of an industrial innovation centre in Clwyd (Wales) Clwyd County Council £3 million	5.1	●	
256. Construction of an expressway linking Llandudno with the A 55, improvement of the road network in Gwynedd (Wales) Gwynedd County Council £4 million	6.8	●	
257.—258. Deepening of the main access channel into the port of Harwich (East Anglia) to accommodate modern container vessels Harwich Harbour Board £2 million £2.5 million	3.3 4.1	● ●	
259. Construction of container terminal at the port of Felixstowe (East Anglia) Felixstowe Dock & Railway Co £5 million	8.5	●	
260. Modernisation and expansion of Leeds Bradford regional airport (Yorkshire and Humberside) Leeds Bradford Airport Joint Committee through intermediary of West Yorkshire Metropolitan County Council £5.3 million	9.0	●	

Energy	Community infrastructure	Modern. of undertakings	Regional development
million ECUs			
261. Sewerage and sewage treatment schemes and water supply works in south-east Devon (South West) South West Water Authority £10 million	16.4	●	
262. Sewerage and sewage treatment works and construction of sea outfalls aimed at improving the environment in Avon, Somerset and Dorset (South West) Wessex Water Authority £10 million	17.6	●	
263. Sewerage and sewage treatment schemes to reduce pollution in the basins of the Wiske, Don and Calder; improvements to water supplies in four towns in South Yorkshire Yorkshire Water Authority £10.4 million (equivalent of a US\$-denominated, variable-rate loan)	17.9	●	
264. Sewerage and sewage treatment schemes and water supply works in the North West North West Water Authority £25.7 million (equivalent of a US\$-denominated, variable-rate loan)	44.0	●	●
265. Improvements to the sewerage system in Newcastle-upon-Tyne (Northern England) Northumbrian Water Authority £5 million	8.8	●	●
266. Road works, water supply schemes and sewage treatment facilities in Central Scotland Central Regional Council £7.5 million	13.2	●	
267. Road works, construction of drainage and effluent disposal facilities and infrastructure for industrial estates in Lancashire (North West) Lancashire County Council £3 million	5.3	●	
268. Road schemes, industrial estates and coastal protection works in Lancashire (North West) Lancashire County Council, Blackpool and Blackburn Borough Councils through intermediary of Lancashire County Council £2.7 million	4.6	●	
269. Road improvements and development of industrial estates in South Yorkshire and Humberside South Yorkshire County Council £9 million	15.3	●	
270.—271. Establishment of industrial estates in County Durham (Northern England) Easington District Council £0.74 million Wear Valley District Council £0.18 million	1.3 0.3	● ●	

Energy		
Community infrastructure		
Modern. of undertakings		
Regional development		
million ECUs		
of industrial Scotland) Council	0.3	●
of industrial rham (Northern Council	2.6	●
and rationalis- aluminium pro- tisland and Fal- d Rogerstone		
m Limited	2.9	●
on of a plant polyester chips England) (K.) Ltd	4.3 5.9	● ●
plant producing and testing inburgh (Scot-		
	4.4	●

Energy		
Community infrastructure		
Modern. of undertakings		
Regional development		
million ECUs		
edible oilseed packaging instal- ment (North West)	10.2	●
of a plant for on the site of a plant at Shotton		
any Limited	27.9	●
and installation of systems for a		
le Society Ltd	7.6	●
ndate and gua- retaries of State nd, Wales, and nance small and es in industry, ce sector in the	68.5	●
o Investors in o finance small industrial ventures	16.4	●

In 1985, 629.1 million ECUs were advanced from the resources of the New Community Instrument (NCI) in the form of global loans for investment by small and medium-sized enterprises. Allocations from NCI global loans already on tap helped to finance 2 916 investment schemes by industrial SMEs.



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B. Loans provided from the resources of the New Community Instrument for borrowing and lending (NCI)

Contracts signed in 1985

Loans granted from NCI resources for projects within the Community are signed jointly by the Commission of the European Communities and the Bank. In 1985, they totalled 883.2 million.

These operations — the principal economic aspects of which are presented on pages 23 to 43 — are carried out by the Bank under mandate from, on behalf, for the account and at the risk of the European Economic Community (see page 25 for details) and are accounted for off balance sheet in the Bank's Special Section (see page 92); the Bank's responsibility for these loans is limited to proper performance, in conformity with normal banking practice, of the mandate entrusted to it.

The symbols in the columns to the right of each operation listed below refer back to the economic policy objective headings featured in Table 4.

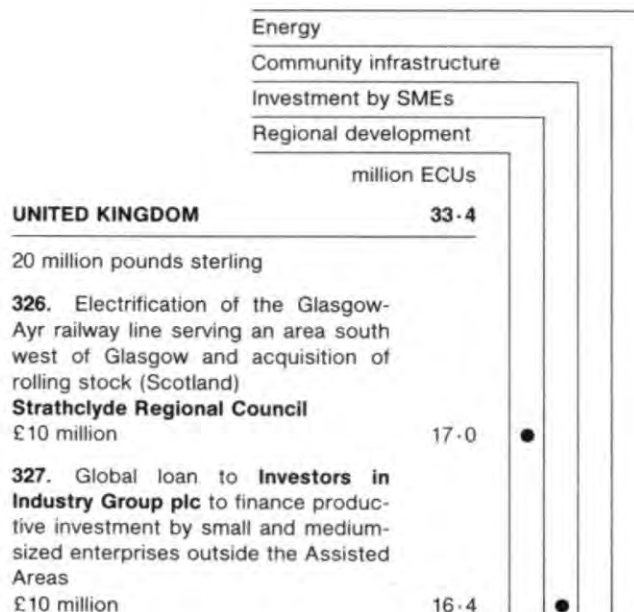
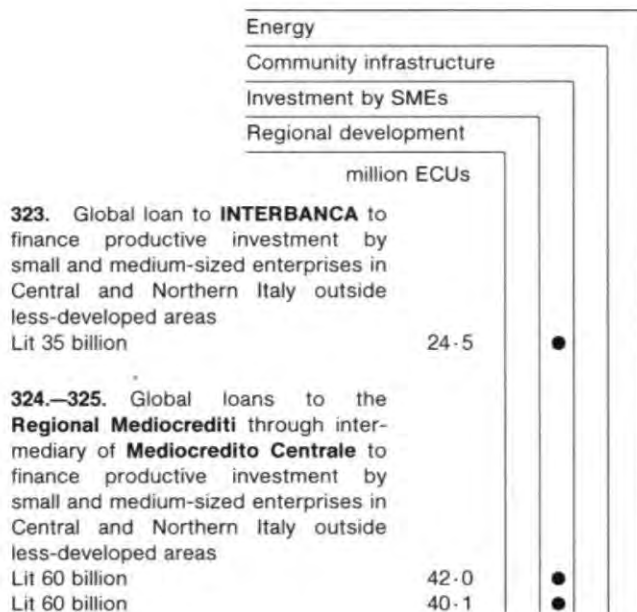
The reconstruction loan for the earthquake-damaged areas of Italy has an asterisk against the amount; this loan attracted a 3 % interest subsidy.

	Energy	Community infrastructure	Investment by SMEs	Regional development		
	million ECUs					
DENMARK	68.5					
550 million Danish kroner						
283.—284. Electrification of rail network: section between Helsingør and Korsør via Copenhagen						
Danske Statsbaner through intermediary of Kingdom of Denmark						
Dkr 70 million			8.7		•	
Dkr 180 million (equivalent of a loan denominated in Luxembourg francs)			22.3		•	
285.—286. Global loans to Finansieringsinstituttet for Industri og Håndværk A/S to finance productive investment by small and medium-sized industrial enterprises						
Dkr 200 million			25.0		•	
Dkr 100 million			12.5		•	
GREECE	22.0					
2 100 million Drachmas						
287. Expansion of the trunk and international telecommunications network; installation at Thermopylae of a coastal ground station to provide maritime communications via Inmarsat satellite						
OTE						
Dr 1 700 million			17.6		•	•
288. Global loan to the Hellenic Organisation of Small and Medium-sized Industries and Handicrafts (EOMMEX) to finance productive investment by small and medium-sized enterprises						
Dr 400 million			4.4		•	
FRANCE	357.8					
2 440 million French francs						
289. Construction of Mâcon-Châtillon section (96 km) of the A 40 motorway, providing a link with the Mont Blanc tunnel (Rhône-Alpes)						
Société des Autoroutes Paris-Rhin-Rhône through intermediary of CNA						
Ffrs 500 million			73.2		•	
290. Construction and launching of satellites and installation of ground stations and transmission grids to provide advanced data transmission services to business users and links with the French Overseas Departments						
Administration des Postes et Télécommunications through intermediary of CNT						
Ffrs 100 million			14.6 (1)		•	
291.—292. Global loans to CEPME to finance productive investment by small and medium-sized enterprises						
Ffrs 500 million			73.2		•	
Ffrs 70 million			10.4		•	
293.—294. Global loans to Crédit National to finance productive investment by small and medium-sized enterprises						
Ffrs 300 million			43.9		•	
Ffrs 270 million			40.0		•	
295.—308. Global loans to 14 regional development companies (SDR) to finance productive investment by small and medium-sized enterprises						
— SDR du Centre-Est — Centrest						
Ffrs 125 million			18.3		•	

(1) Investment promoting development of advanced technology

Energy			
Community infrastructure			
Investment by SMEs			
Regional development			
million ECUs			
— SDR de Champagne-Ardenne — Champex Ffrs 30 million	4.4	●	
— SDR du Sud-Ouest — Expanso Ffrs 35 million	5.1	●	
— SDR de Lorraine — Lordex Ffrs 40 million	5.9	●	
— SDR de Méditerranée Ffrs 40 million	5.9	●	
— SDR du Nord — Pas-de-Calais Ffrs 35 million	5.1	●	
— SDR de Normandie Ffrs 75 million	11.0	●	
— SDR de Picardie Ffrs 60 million	8.8	●	
— SDR d'Alsace — Sade Ffrs 80 million	11.7	●	
— SDR du Centre et du Centre-Ouest — Sodecco Ffrs 20 million	2.9	●	
— SDR de l'Ouest — Sodero Ffrs 20 million	2.9	●	
— SDR du Languedoc-Roussillon — Sodler Ffrs 10 million	1.5	●	
— SDR du Sud-Est Ffrs 120 million	17.6	●	
— SDR du Sud-Ouest — Tofinso Ffrs 10 million	1.5	●	
IRELAND	27.9		
20 million Irish pounds			
309. Development of 13 300 ha of forest roads, tourist amenities and technical facilities Forest and Wildlife Service of the Department for Fisheries and Forestry through intermediary of Irish Government (Minister for Finance) IR£20 million			
	27.9	●	
ITALY	374.1		
540 billion Lire			
310. Reinstatement of railway damaged in the November 1980 earthquake Azienda Autonoma delle Ferrovie dello Stato Lit 21 billion			
	14.1 *	●	
311. Implementation of sewerage and sewage treatment schemes designed to combat pollution in the Po and its tributaries in an area with a population of some 3.5 million Lombardy Regional Authority Lit 50 billion			
	36.5	●	

Energy			
Community infrastructure			
Investment by SMEs			
Regional development			
million ECUs			
312. Provision of basic infrastructure for a new business precinct in Naples (Campania) MEDEDIL — Società Edilizia Mediterranea p.A. through intermediary of ISVEIMER Lit 20 billion	13.4	●	
313.—314. Installation of solar panels for heating running water for domestic and tertiary sector users ENEL — in the Mezzogiorno Lit 6.6 billion			
	4.4	●	
— in Central and Northern Italy Lit 7.4 billion	5.0	●	
315.—316. Global loans to BNL to finance productive investment by small and medium-sized enterprises in Central and Northern Italy outside less-developed areas Lit 30 billion			
	21.9	●	
Lit 30 billion	21.0	●	
317. Global loan to Banco di Sicilia to finance productive investment by small and medium-sized enterprises in Central and Northern Italy outside less-developed areas Lit 10 billion			
	7.0	●	
318. Global loan to Cassa per il Credito alle Imprese Artigiane to finance productive investment by craft enterprises in Central and Northern Italy outside less-developed areas Lit 20 billion			
	13.4	●	
319. Global loan to CENTROBANCA to finance productive investment by small and medium-sized enterprises in Central and Northern Italy outside less-developed areas Lit 55 billion			
	38.4	●	
320. Global loan to EFIBANCA to finance productive investment by small and medium-sized enterprises in Central and Northern Italy outside less-developed areas Lit 15 billion			
	10.5	●	
321.—322. Global loans to IMI to finance productive investment by small and medium-sized enterprises in Central and Northern Italy outside less-developed areas Lit 60 billion			
	42.0	●	
Lit 60 billion	40.1	●	



Abbreviations

Greece	OTE	Organismos Tilepikoinonion tis Ellados
	PPC	Dimosia Epichirisi Ilektrismou Public Power Corporation
France	CAECL	Caisse d'Aide à l'Équipement des Collectivités Locales
	CEPME	Crédit d'Équipement des Petites et Moyennes Entreprises
	CNA	Caisse Nationale des Autoroutes
	CNT	Caisse Nationale des Télécommunications
	EDF	Électricité de France — Service National
Italy	AGIP	Azienda Generale Industria Petroli
	ANAS	Azienda Nazionale Autonoma delle Strade
	BNL	Banca Nazionale del Lavoro
	BNL/SACAT	Sezione Autonoma per l'Esercizio del Credito Alberghiero e Turistico della Banca Nazionale del Lavoro
	BNL/SAFOP	Sezione Autonoma per il Finanziamento di Opere Pubbliche e di Impianti di Pubblica Utilità della Banca Nazionale del Lavoro

CENTROBANCA	Banca Centrale di Credito Popolare
CIS	Credito Industriale Sardo
CREDIOP	Consorzio di Credito per le Opere Pubbliche
EFIBANCA	Ente Finanziario Interbancario
ENEL	Ente Nazionale per l'Energia Elettrica
ENI	Ente Nazionale Idrocarburi
IMI	Istituto Mobiliare Italiano
INTERBANCA	Banca per Finanziamenti a Medio e Lungo Termine
IRFIS	Istituto Regionale per il Finanziamento alle Industrie in Sicilia
IRI	Istituto per la Ricostruzione Industriale
ISVEIMER	Istituto per lo Sviluppo Economico dell'Italia Meridionale
MEDIOBANCA	Banca di Credito Finanziario
MEDIOCRECITO CENTRALE	Istituto Centrale per il Credito a Medio Termine
SIP	Società Italiana per l'Esercizio delle Telecomunicazioni
SNAM	Società Nazionale Metanodotti
VENEFONDIARIO	Istituto di Credito Fondiario delle Venezie

- 1
- 2
- 3
- 4

During the years leading up to the accession of Spain and Portugal the Bank loaned 550 million ECUs and 725 million ECUs respectively in those countries under the financial cooperation agreements signed between them and the Community. Projects so financed included improvements to the Madrid—Barcelona—Port-Bou railway line (1), irrigated farming at Odivelas-Vigia in the Alentejo (water supply canal, 2), improvements to operating safety at Funchal Airport in Madeira (3) and the Pocinho hydroelectric scheme on the Douro, east of Oporto (4).



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Operations outside the Community

Bank financing outside the Community in 1985 amounted to 584.3 million from own resources and 75.9 million from budgetary resources, giving a total of 660.2 million.

The Bank lent 260 million in Spain and Portugal with a view to paving the way for their integration into the Community economy, while 165.2 million, including 8.7 million from budgetary resources, were made available in the Maghreb countries, Syria and Cyprus under financial cooperation agreements concluded between the countries concerned and the Community.

Loans provided in the African, Caribbean and Pacific States under the Second Lomé Convention and in the Overseas Countries and Territories under the Decision of the Council of the European Communities came to 167.8 million from own resources and 67.2 million from budgetary resources earmarked for risk capital assistance, i.e. a total of 235 million.

Lending in Spain and Portugal

A total of 260 million was advanced solely from the Bank's own resources in these two countries for projects centred on strengthening transport infrastructure (140 million), developing energy-sector installations (70 million) and fostering the growth of small and medium-sized industrial and tourism enterprises (50 million). A brief survey of Bank financing in Spain and Portugal appears on page 109.

Spain

Of the 160 million lent in Spain (140 million in 1984), 100 million were devoted to communications infra-

structure: upgrading of five sections of trunk road serving Barcelona, Cordoba, Burgos, Valladolid and Murcia; improvements to a major rail line linking Madrid via Barcelona with the French frontier; construction of a new bulk cargo quay at the port of Cadiz as well as protection and development works in docks at Santa Cruz de Tenerife harbour in the Canary Islands. The Bank also provided a global loan to assist in financing small items of infrastructure implemented by local authorities in less-developed regions, while 17 small-scale road and water schemes attracted 27.2 million from credit lines already activated.

A loan for 40 million earmarked for construction of a large hydroelectric complex located 50 km south-

Financing facilities provided by the Bank

The Bank mounts operations outside the Community under agreements concluded between individual countries or groups of countries and the European Economic Community. The **general approval** for such operations is given by the Board of Governors in keeping with Article 18 of the Statute providing for lending outside the Member States (see Table 9).

The EIB advances **loans from its own resources** drawn from funds raised on the capital markets; the Community or the Member States furnish a blanket guarantee of up to 75 % of credit made available, to cover any risk attaching to these loans; such credit can attract interest subsidies from budgetary resources.

The Bank also acts as agent for the Community in providing financing from **budgetary resources**; operations under this heading, in the form of loans on special conditions or risk capital assistance, offer highly concessionary terms and are accounted for off-balance-sheet in the 'Special Section' (see p. 92). Loans on

special conditions are provided at a very low rate of interest (1 %) and for a very long term (40 years, including a 10-year grace period).

Risk capital is employed for financing acquisition of direct equity participations by the Bank on behalf of the Community or for lending to a State or a national development agency to bolster enterprises' equity capital. It can also be used for providing quasi-capital assistance in the form of subordinated or conditional loans. Subordinated loans are repayable only after prior-ranking loans have been repaid; repayment terms for conditional loans or the period for which these are made available are linked to fulfilment of conditions specified at the time of contract signature. The versatility of this medium, the terms and conditions of which are tailored to individual projects, can accommodate a variety of financing needs, chiefly in industry; lesser amounts are also made available for feasibility studies and for technical assistance to firms during the start-up period.

west of Valencia and comprising three reservoir dams plus two power plants will contribute towards harnessing the country's energy resources.

A further global loan concluded with Banco de Crédito Industrial (20 million) will serve to finance

investment by small and medium-sized enterprises, with the emphasis on modernisation schemes; furthermore, 111 allocations involving 50·1 million were approved in 1985 from ongoing global loans.

Table 9: **Amounts of Community financial aid provided for in conventions, financial protocols and decisions in force or under negotiation at 13 May 1986**

(million ECUs)

				Operations mounted from budgetary resources			
	Agreement	Duration	Loans from EIB own resources	Loans on special conditions	Risk capital operations	Grant aid ⁽²⁾	Total
Mediterranean Countries							
Yugoslavia	Financial Protocol	under negotiation					
Turkey	Supplementary Protocol	as from 1. 3. 1986		47 ⁽³⁾ ⁽⁴⁾			
	Fourth Financial Protocol	awaiting signature	225	325 ⁽⁴⁾		50	600
Algeria	Second Financial Protocol	1. 1. 1983— 31. 10. 1986	107 ⁽¹⁾	16 ⁽⁵⁾		28	151
Morocco	Second Financial Protocol	1. 1. 1983— 31. 10. 1986	90 ⁽¹⁾	42 ⁽⁵⁾		67	199
Tunisia	Second Financial Protocol	1. 6. 1983— 31. 10. 1986	78 ⁽¹⁾	24 ⁽⁵⁾		37	139
Egypt	Second Financial Protocol	1. 1. 1983— 31. 10. 1986	150 ⁽¹⁾	50 ⁽⁵⁾		76	276
Jordan	Second Financial Protocol	1. 1. 1983— 31. 10. 1986	37 ⁽¹⁾	7 ⁽⁵⁾		19	63
Lebanon	Second Financial Protocol	1. 3. 1983— 31. 10. 1986	34	5 ⁽⁵⁾		11	50
	Second advance of exceptional aid	—	50				50
Syria	Second Financial Protocol	1. 2. 1983— 31. 10. 1986	64 ⁽¹⁾	11 ⁽⁵⁾		22	97
Malta	Second Financial Protocol	31. 10. 1988	16	3 ⁽⁴⁾		10·5	29·5
Cyprus	Second Financial Protocol	1. 5. 1984— 31. 12. 1988	28 ⁽¹⁾	6 ⁽⁴⁾		10	44
Israel	Second Financial Protocol	1. 1. 1984— 31. 10. 1986	40				40
Total Mediterranean Countries			919	489		330·5	1 738·5
ACP States-OCT							
ACP	Third Lomé Convention	1986—1990	1 100 ⁽¹⁾	600 ⁽²⁾	600 ⁽⁴⁾	4 860	7 160
OCT	Council Decision	1986—1990	20 ⁽¹⁾	25 ⁽²⁾	15 ⁽⁴⁾	55	115
Total ACP—OCT ⁽⁶⁾			1 120	625	615	4 915	7 275
Grand Total			2 039	1 114	615	5 245·5	9 013·5

(1) Loans attracting interest subsidies from the European Development Fund in the case of projects in the ACP States and the OCT and from the General Budget of the European Communities in the case of projects in the Mediterranean countries. Amounts required for interest subsidies are financed from grant aid.

(2) Financing provided by the Commission, after deduction of interest subsidies.

(3) Amount in million units of account not included in the totals.

(4) Financing provided by the Bank.

(5) Financing provided by either the Commission or the Bank.

(6) Excluding STABEX transfers (925 million for the ACP States and 5 million for the OCT) and the special financing facility for mining production in the ACP States (415 million); financing provided by the Commission.

Portugal

The Bank advanced 100 million in Portugal (80 million in 1984), including 40 million for improving road links in the northern half of the country by construction of a 38 km section of the Oporto—Lisbon motorway plus nearly 100 km of main highway linking the port of Aveiro and Coimbra with Vilar Formoso.

A loan for 30 million went towards financing installation of the fourth unit of Sines coal-fired power station south of Lisbon, thereby helping to reduce the country's heavy dependence on oil imports.

Two global loans, each for 15 million, will meet the capital investment needs of a large number of small and medium-sized enterprises seeking to modernise their plant and, in some cases, to cut back energy consumption; 90 allocations worth 25.4 million were drawn down from credit lines already on tap.

Financing in other Mediterranean countries

Lending under this heading, mainly from own resources, totalled 165.2 million compared with 327.6 million in 1984 when two operations were mounted in Yugoslavia (126.3 million), absorbing both the balance of funds available under the financial protocol concluded with this country and additional financing authorised by the Board of Governors.

In **Algeria**, loans together worth 75 million will help to enhance communications both by road — upgrading of 134 km of main highway between Jijel, on the coast, and Constantine, the centre of a relatively inaccessible inland area — and by sea — extension of a quay and establishment of quay levels at the port of Bejaia, east of Algiers.

In **Tunisia**, five operations totalling 23.5 million (including 5 million on special conditions from budgetary resources) were mounted through the intermediary of Banque Nationale de Développement

Agricole: two loans will contribute towards expanding the country's fishing fleet through acquisition of ten trawlers, while two global loans will support agricultural and allied processing ventures and a third will fund farm cooperatives. Moreover, in 1985, 137 allocations, totalling 6.4 million, were approved from credit lines already activated.

In **Morocco**, a global loan for 8.5 million was concluded with Caisse Nationale de Crédit Agricole for funding on-farm investment (livestock and equipment purchases, construction of buildings) with the emphasis on the introduction of modern farming methods and increased self-sufficiency in foodstuffs. In addition, 19.2 million were drawn down from an existing line of credit in support of four agricultural processing ventures and some 82 500 very small on-farm investment schemes.

In **Cyprus**, 30.2 million (including 3.7 million on special conditions from budgetary resources)

Table 10: **Financing provided in the Mediterranean countries in 1985**

Breakdown by project location and origin of resources

	Loans from EIB own resources		Operations mounted from budgetary resources		Total	
	million ECUs	%	million ECUs	%	million ECUs	%
Spain	160.0	38.4	—	—	160.0	37.6
Portugal	100.0	24.0	—	—	100.0	23.5
Other countries	156.5	37.6	8.7	100.0	165.2	38.9
Algeria	75.0	18.0	—	—	75.0	17.7
Morocco	8.5	2.0	—	—	8.5	2.0
Tunisia	18.5	4.5	5.0	57.5	23.5	5.5
Syria	28.0	6.7	—	—	28.0	6.6
Cyprus	26.5	6.4	3.7	42.5	30.2	7.1
Total	416.5	100.0	8.7	100.0	425.2	100.0

Agricultural development in Morocco and Tunisia

Agriculture remains an essential aspect of life in Morocco and Tunisia, from both the economic and the social point of view. It accounts for approximately 14 % of gross national product, and occupies 50 % of the labour force in Morocco and 35 % in Tunisia. However, in both countries agricultural production has in the past lagged considerably behind food demand. In order to improve incentives for increased production, Morocco and Tunisia have recently embarked on a series of reforms, including significant price increases for agricultural commodities and the strengthening of agricultural credit and extension services for farmers.

The European Community has actively supported the agricultural development strategies of Morocco and Tunisia at the specific requests of these countries. Up to the end of 1985 loans for agriculture and supporting services from the Bank's own resources have totalled 28.5 million ECUs for Morocco and 39.5 million ECUs for Tunisia; the latter also received 6.5 million ECUs in special loans from budgetary resources managed by the Bank on behalf of the Community. In Morocco, the Bank supported the Caisse Nationale de Crédit Agricole (CNCA), a well-established agricultural credit institution with experience in reaching all strata of Moroccan agriculture. The Bank was associated in this effort with other lending agencies such as the World Bank and the Kreditanstalt für Wiederaufbau. In Tunisia, the EIB provided funds for a new agricultural credit bank, the Banque Nationale de Développement Agricole (BNDA), which has so far financed over 250 projects covering widely different aspects of Tunisian agriculture. The funds from the EIB are used by these institutions to finance on-farm investments by small farmers as well as by larger farming enterprises. There have also been several cases of direct

on-lending of EIB funds, via BNDA, for special projects such as the construction of fertilizer storage depots, the construction of a dairy plant, and the purchase of trawlers. Another noteworthy project supported directly by the EIB was a scheme promoted by the Office des Terres Domaniales to improve the quality of pasture land for sheep raising. This project demonstrated the viability of efforts to reclaim large tracts of land from desertification, as well as yielding direct productivity benefits.

Some of the lending activities of the EIB were also associated with funds from the European Community in the form of special loans at favourable conditions or outright grants managed by the Commission. Examples of this type of aid include support for agricultural infrastructure schemes and various technical assistance programmes.

The emphasis on developing local production of essential items such as cereals, meat and dairy products, in which deficits of 50 % or more of local consumption are reported, corresponds well to the countries' basic needs, and helps to reduce the pressures on their balance of payments. The measures recently taken in Morocco and Tunisia show that the governments concerned are aware of the importance of implementing reforms which ensure that farming becomes a genuinely profitable activity in their countries. In addition, certain essential agricultural support systems such as credit schemes and extension services are to be completely overhauled, so that farmers can take full advantage of the new opportunities offered by pricing policy reforms. In the context of its project activities, the EIB intends to continue to assist its partner countries as best it can in order to improve agriculture's productivity and check the growth in food deficits.

earmarked for constructing the Kouris dam and laying conduits will help to improve industrial and domestic water supplies to the island's main towns.

In **Syria**, a loan for 28 million will go towards financing work on uprating Mehardeh thermal power station in the north of the country.

Financing in the ACP States and the OCT

Despite the persistently adverse economic situation confronting the bulk of these countries, the Bank stepped up its activity, mounting operations in 27 African, Caribbean and Pacific States and three Overseas Territories. A total of 18 loans worth 167.8 million were advanced from own resources, while 25 risk capital operations involving 67.2 million were also concluded. Aggregate financing for the year thus stood at 235 million, compared with 160.7 million in 1984, and enabled the balance of risk capital resources provided for under the

Second Lomé Convention to be committed almost in full along with more than four-fifths of the amount earmarked for loans from own resources. The latter all carried interest subsidies financed from the European Development Fund.

Over half the funds made available benefited industrial investment (124 million) — chiefly the manufacturing (17 %) and agricultural processing (18.5 %) sectors — or development finance companies (17.3 %). From global loans already on tap, 82 allo-

cations totalling 33.8 million were drawn down in support of small and medium-sized enterprises, mainly in the agricultural processing (20 %), mining and quarrying (10.4 %), textiles (7.3 %) and tourism (6.7 %) sectors. In industry, operations focusing on the rehabilitation, renovation and start-up of businesses accounted for nearly 30 % of risk capital financing.

Other loans centred mostly on energy production (65.6 million, or 28 % of the total) as well as on telecommunications schemes (12 %), transport facilities and water supply networks.

Capital investment financed through individual loans or global loan allocations should help directly to create some 6 000 jobs, mainly in industry and agricultural processing; the average investment cost per job created in industry works out at 160 000 ECUs for individual loans and a fifth of this for global loan allocations. These figures do not allow for plantation projects or rehabilitation and start-up schemes aimed basically at putting firms back on an economically and financially viable footing.

The majority of projects in the ACP States involved co-financing operations mounted mainly with bilateral financial institutions in Member Countries, the World Bank, the Commission of the European Communities (European Development Fund) and other development aid agencies.

A breakdown of financing according to the level of development of the countries concerned reveals that nearly 80 % of overall lending from the Bank's own resources was directed towards projects in ACP States with both income per head greater than around US\$ 400 and above-average borrowing capacity, while more than 60 % of risk capital assistance was channelled to ventures in the most disadvantaged ACP States where GDP amounts to some US\$ 400 or less per head.

In 1985, the Bank provided financing in 19 African States (¹):

— The **Congo** (24.1 million): extension of oil palm plantations in the north of the country and improvements to international telephone installations;

— **Cameroon** (22 million): construction of a storage dam on the Mapé river, north of Yaoundé, for maintaining a regular flow of water throughout the year to power stations at Edéa and Song-Loulou;

— **Ivory Coast** (22 million): establishment of an oil palm plantation and construction of an oil mill as well as modernisation of cocoa-processing installations at a factory in the industrial area of Abidjan;

— **Kenya** (22 million): extension and modernisation of the local and international telephone networks;

— **Botswana** (10 million): installation of a fourth 33 MW unit at Morupule power station, fired with locally-mined coal;

— **The Sudan** (10 million): ongoing development of Gebeit gold mine reopened in 1982 and extension of Roseires hydroelectric power station with a view to improving the country's electricity supplies;

— **Malawi** (9.5 million): construction of a factory for processing tea from the Kavuzi estate as well as two global loans for financing small and medium-scale ventures and acquiring equity participations;

— **Burkina Faso** (7 million): shareholder's advance to Société de Recherches et d'Exploitation Minières du Burkina with a view to additional investment in working Poura gold mine;

— **Mauritania** (7 million): rehabilitation of electricity generating and supply and water treatment and distribution installations at Nouadhibou;

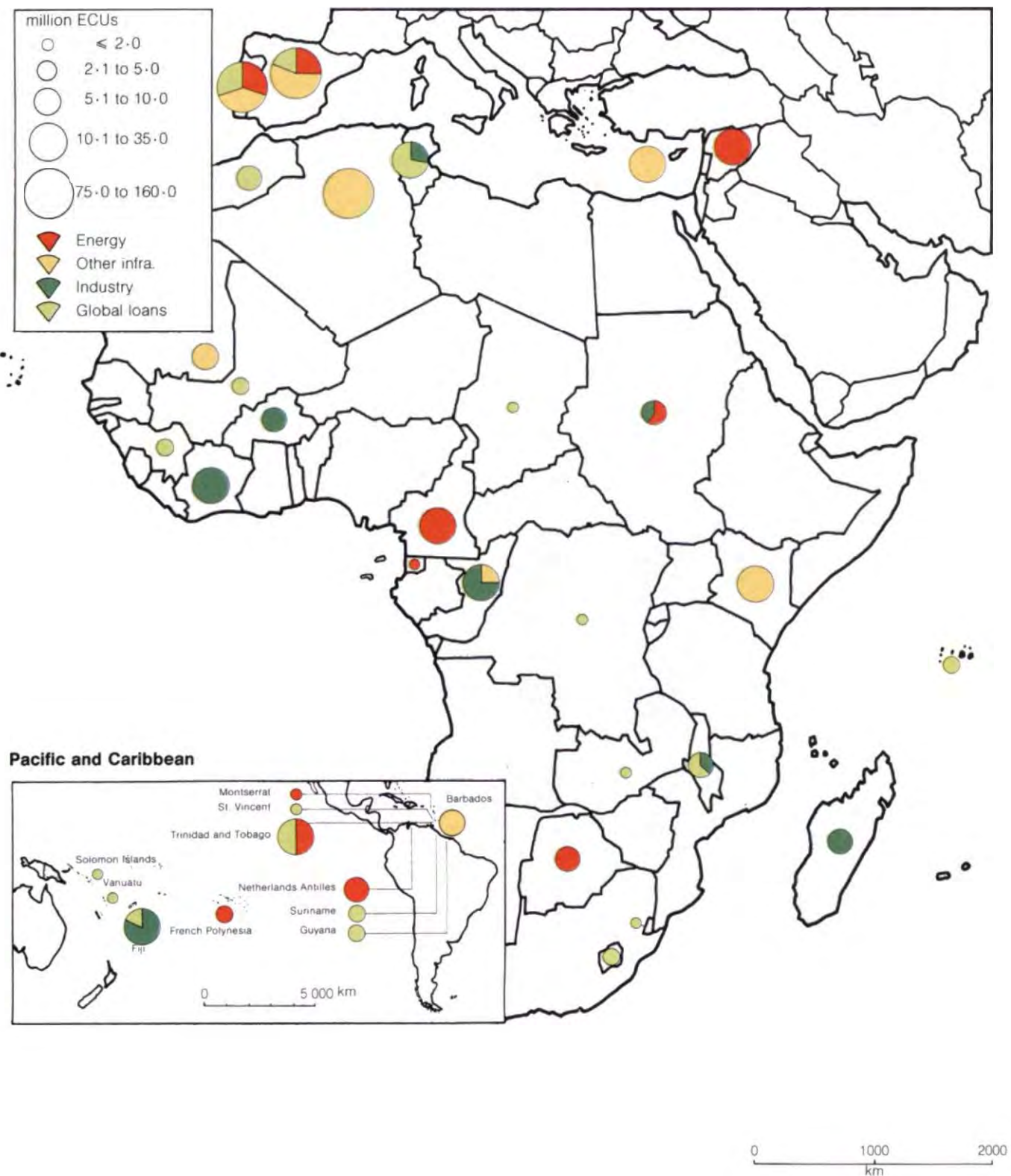
— **Madagascar** (6 million): rehabilitation and modernisation of a textile mill using local cotton at Antsirabé whose production should cover around 80% of domestic demand;

— **Mali** (3.4 million): additional investment designed to ensure smoother running of Dioro rice mill;

— **Lesotho** (3 million): global loan for financing small and medium-scale ventures, chiefly through acquisition of equity participations;

— **Seychelles** (3 million): global loan for financing small and medium-scale industrial, agricultural processing and tourism ventures;

(¹) See detailed list of operations on pages 73/74 and 75/76.



— **Guinea** (2.7 million): establishment of Banque Internationale pour le Commerce et l'Industrie de Guinée, a national and international banking institution;

— **Equatorial Guinea** (2 million): construction of a hydroelectric power station on the Riaba river;

— **Chad** (2 million): global loan made available to Banque Tchadienne de Crédit et de Dépôts and Banque Internationale pour l'Afrique au Tchad for rehabilitating small and medium-sized enterprises;

— Banque de Développement des Etats de l'Afrique Centrale (**BDEAC**), embracing Cameroon, the Central African Republic, The Congo, Gabon, Equatorial Guinea and Chad, received a loan for 2.6 million for expanding the port of Brazzaville serving several of these countries;

— three operations totalling 1.04 million will finance assistance for the National Industrial Development Corporation of **Swaziland** as well as studies on an

oil pipeline in **Zambia** and a natural gas recovery process in **Zaire**.

Five Caribbean States attracted Bank financing:

— **Trinidad and Tobago** (24 million): expansion of the electricity transmission network as well as a global loan for supporting small and medium-scale industrial and tourism ventures;

— **Barbados** (5.6 million): acquisition of container handling equipment at the port of Bridgetown which also serves as a clearing point for cargo heading for neighbouring States;

— **Suriname** (4.3 million): global loan for financing small and medium-sized enterprises in the industrial, agricultural processing, forestry, mining and tourism sectors as well as rehabilitation of existing enterprises and technical assistance to the country's development bank;

— **Guyana** (4 million): global loan for financing small and medium-sized enterprises in the industrial, agricultural processing, forestry and fisheries sectors;

Financing feasibility studies and technical assistance in the ACP States

The deteriorating economic climate prevailing in the bulk of ACP States coupled with the adverse international situation has, in recent years, exacerbated the problem of pinpointing and implementing viable capital investment projects. These factors have resulted in a growing need to conduct feasibility studies which, by dint of in-depth project analyses or expert opinions on specific difficulties, can reveal particular risks before a decision is taken to invest in or finance a scheme. The same considerations also militate in favour of appropriate technical assistance to fledgling firms.

Since the First Lomé Convention entered into force, the Bank has deployed risk capital resources helping to finance studies on preparing projects and assistance to firms during their start-up phase; funding is provided in the form of either conditional loans or direct or indirect equity participations in project research firms. Some 19 million have been devoted to these activities, with financing provided for more than fifty studies and technical assistance contracts, including four with a regional character, in some forty countries. Moreover, under the Second Lomé Convention, an additional six million will be given over to such operations over the next three years.

Studies have been funded either directly or through allocations from global loans concluded with development finance institutions. The majority have focused on the

industrial, mining and energy sectors, for which the Bank has been vested with special responsibility under the Lomé Convention, and reflect the problems inherent in launching industrial projects in the ACP States. Other studies have centred on agricultural processing and tourism. Technical assistance for firms during their start-up period has also proved valuable, serving, in numerous cases, to bolster undertakings' managerial capacity.

Of the forty or so studies already completed, fifteen have produced positive findings which, in many instances, have enabled work to go ahead on projects sometimes part-financed by the Bank. The rest have failed to give rise to projects because of national or international, political or economic considerations such as a fall in world prices for raw materials occurring after the studies have been concluded.

There are also grounds for stressing the importance of studies which have culminated in negative recommendations inasmuch as these have helped to avert the commencement of work on projects with too high a risk or without sufficient economic justification, so preventing the misuse of financial resources which might otherwise have been mobilised in support of borderline ventures. Such studies are concentrated in the mining sector, a fairly predictable state of affairs given the margin of uncertainty which always surrounds investment in this sphere.

Table 11: **Financing provided in the African, Caribbean and Pacific (ACP) States and the Overseas Countries and Territories (OCT) in 1985**

Breakdown by project location and origin of resources

	Loans from EIB own resources		Risk capital operations mounted from budgetary resources				Total
	million ECUs	%	million ECUs	%	million ECUs	%	
Africa	110.2	65.7	49.1	73.1	159.3	67.8	
West Africa	22.0	13.1	20.1	29.9	42.1	17.9	
Burkina Faso	—	—	7.0	10.4	7.0	3.0	
Ivory Coast	22.0	13.1	—	—	22.0	9.4	
Guinea	—	—	2.7	4.0	2.7	1.1	
Mali	—	—	3.4	5.1	3.4	1.4	
Mauritania	—	—	7.0	10.4	7.0	3.0	
Central and Equatorial Africa	48.7	29.0	4.5	6.7	53.2	22.6	
Regional	2.6	1.5	—	—	2.6	1.1	
Cameroon	22.0	13.1	—	—	22.0	9.3	
Congo	24.1	14.4	—	—	24.1	10.2	
Equatorial Guinea	—	—	2.0	3.0	2.0	0.9	
Chad	—	—	2.0	3.0	2.0	0.9	
Zaire	—	—	0.5	0.7	0.5	0.2	
East and Southern Africa	39.5	23.6	24.5	36.5	64.0	27.3	
Botswana	10.0	6.0	—	—	10.0	4.3	
Kenya	22.0	13.1	—	—	22.0	9.4	
Lesotho	—	—	3.0	4.5	3.0	1.3	
Madagascar	—	—	6.0	8.9	6.0	2.5	
Malawi	7.5	4.5	2.0	3.0	9.5	4.0	
Seychelles	—	—	3.0	4.5	3.0	1.3	
The Sudan	—	—	10.0	14.9	10.0	4.3	
Swaziland	—	—	0.04	—	0.04	—	
Zambia	—	—	0.5	0.7	0.5	0.2	
Caribbean	29.6	17.6	8.4	12.5	38.0	16.2	
Barbados	5.6	3.3	—	—	5.6	2.4	
Guyana	—	—	4.0	6.0	4.0	1.7	
St Vincent	—	—	0.1	0.1	0.1	0.1	
Suriname	—	—	4.3	6.4	4.3	1.8	
Trinidad & Tobago	24.0	14.3	—	—	24.0	10.2	
Pacific	16.0	9.5	8.1	12.0	24.1	10.2	
Fiji	16.0	9.5	6.0	8.9	22.0	9.4	
Solomon Islands	—	—	0.1	0.1	0.1	—	
Vanuatu	—	—	2.0	3.0	2.0	0.8	
Total ACP	155.8	92.8	65.6	97.6	221.4	94.2	
Total OCT	12.0	7.2	1.6	2.4	13.6	5.8	
Netherlands Antilles	7.1	4.2	1.6	2.4	8.7	3.7	
Montserrat	0.9	0.6	—	—	0.9	0.4	
French Polynesia	4.0	2.4	—	—	4.0	1.7	
Grand Total	167.8	100.0	67.2	100.0	235.0	100.0	

— **Saint Vincent and the Grenadines** (0.1 million): study on the construction of a landing strip on the island of Bequia to cater for traffic with Saint Vincent.

Three Pacific States received financing from the Bank:

— **Fiji** (22 million): construction of an integrated sawmilling complex on Viti Levu as well as a global loan for financing small and medium-sized enterprises in the industrial, agricultural processing, fisheries and tourism sectors;

— **Vanuatu** (2 million): global loan for financing small and medium-scale ventures in the industrial, agricultural processing, tourism, energy and transport sectors;

— **Solomon Islands** (0.1 million): study on the modernisation and merger of two shipyards.

In the OCT, the Bank provided funds for the following projects:

— **Netherlands Antilles** — Curaçao (8.7 million): uprating of a thermal power station by installing a 25MW set;

— **French Polynesia** (4 million): extension of the electricity transmission system;

— **Montserrat** (0.9 million): expansion of electricity generating plant and improvements to the medium-voltage transmission network.

List of financing operations outside the Community ⁽¹⁾

A. Loans from the Bank's own resources

Contracts signed in 1985

Loans from the Bank's own resources for which contracts were signed in 1985 in respect of projects outside the Community totalled 584.3 million, of which 416.5 million went to countries in the Mediterranean region and 167.8 million to the African, Caribbean and Pacific (ACP) States and the Overseas Countries and Territories (OCT). These operations, the principal economic aspects of which are outlined on pages 63 to 71, are included in the Bank's balance sheet.

All loans in the ACP countries and the OCT carried an interest subsidy financed from the European Development Fund (see page 63).

	million ECUs			
SPAIN	160.0	small infrastructure projects implemented by local authorities in less-developed regions		scale ventures in the industrial, tourism and service sectors plus energy saving and environmental protection schemes
21 268.7 million Pesetas		Ptas 1 285.1 million	10.0	Esc. 1 934.8 million
328. Construction of hydro-electric complex comprising reservoir dams and two power plants on the Jucar river, 50 km south-west of Valencia		333. Global loan to Banco de Crédito Industrial through intermediary of Instituto de Crédito Oficial for financing small and medium-sized industrial and service enterprises in less-developed regions		
Hidroeléctrica Española S.A. through intermediary of Banco de Crédito Industrial and Instituto de Crédito Oficial		Ptas 2 570.1 million	20.0	
Ptas 5 423.3 million	40.0			
329. Improvements to rail infrastructure on Madrid-Barcelona-Port Bou (French frontier) line		PORTUGAL	100.0	ALGERIA
Red Nacional de los Ferrocarriles Españoles		13 340.5 million Escudos		75.0
Ptas 3 855.2 million	30.0	334. Installation of fourth 300 MW unit at Sines coal-fired power station		280.3 million Algerian Dinars
330. Upgrading of five sections of trunk road serving Barcelona, Cordoba, Burgos, Valladolid and Murcia		Electricidade de Portugal EP		339. Upgrading of 134 km of main highway between Jijel and Constantine
Kingdom of Spain (Ministry of Public Works and Urban Development)		Esc. 4 164.2 million	30.0	Banque Algérienne de Développement for Ministry of Public Works
Ptas 6 372.4 million	47.0	335. Construction of Mealhada-Albergaria section (38 km) of Oporto-Lisbon motorway		DA 186.9 million
331. Construction of bulk cargo quay and associated facilities at port of Cadiz; protection and development works in docks at Santa Cruz de Tenerife harbour (Canary Islands)		BRISA, Auto-Estradas de Portugal through intermediary of Portuguese Republic		340. Construction of 750m quay and associated works at port of Bejaia, 200 km east of Algiers
Kingdom of Spain (Ministry of Public Works and Urban Development)		Esc. 2 579.7 million	20.0	Banque Algérienne de Développement for Ministry of Public Works
Ptas 1 762.6 million	13.0	336. Construction of new sections of main highway (99 km) linking the port of Aveiro and Coimbra with Vilar Formoso (Spanish frontier)		DA 93.4 million
		Portuguese Republic (Junta Autónoma de Estradas)		341. Installation of two 165 MW sets at Mehardeh thermal power station, 260 km north of Damascus
		Esc. 2 579.7 million	20.0	Public Establishment for Electricity through intermediary of Syrian State
		337. Global loan to Caixa Geral de Depósitos for financing small and medium-sized enterprises in the industrial, tourism and service sectors, with the emphasis on energy saving and environmental protection		80.8 million Syrian pounds
		Esc. 2 082.1 million	15.0	
332. Global loan to Banco de Crédito Local de España through intermediary of Instituto de Crédito Oficial for financing		338. Global loan to Banco Português de Investimentos for financing small and medium-		
				SYRIA
				342. Construction of dam and laying of conduits for improving industrial and domestic water supplies and for irrigation purposes in regions of Nicosia, Famagusta, Limassol and Larnaca
				Republic of Cyprus
				11.7 million Cyprus pounds
				26.5

(1) Finance contracts for operations mounted under the heading of financial cooperation with countries outside the Community are denominated in ECUs. Amounts shown in national currencies are given solely as a guide and are based on the equivalents in ECUs used by the Bank at the dates of contract signature (see page 8).

TUNISIA	18.5
11.6 million Tunisian Dinars	
343. Acquisition of ten 24 m to 30 m trawlers to expand country's fishing fleet	
Banque Nationale de Développement Agricole	
D 2.8 million	4.5

344.—345. Global loans to Banque Nationale de Développement Agricole for financing:	
— small and medium-scale productive ventures in the agricultural and agricultural-processing sectors	7.0
D 4.4 million	
— investment by farm co-operatives	
D 4.4 million	7.0

MOROCCO

346. Global loan to Caisse Nationale de Crédit Agricole for financing agricultural-processing and on-farm investment schemes	
65.2 million Moroccan Dirhams	8.5

ACP States — Africa

million ECUs

THE CONGO 24.1

8 159.7 million CFA francs	
347. Improvement of international telephone connections	
People's Republic of the Congo for Office National des Postes et Télécommunications	
CFAF 2 083.4 million	6.1

348. Extension of oil palm plantations from 2 150 ha to 5 000 ha and construction of related oil mill at Ouessou in the north of the country	
Sanghapalm through intermediary of People's Republic of the Congo	
CFAF 6 076.3 million	18.0

CAMEROON

349. Construction of storage dam on the Mapé river for maintaining regular flow of water during the dry season to hydro-electric power stations at Edéa and Song-Loulou on the Sanaga river	
Société Nationale d'Electricité du Cameroun	
7 426.6 million CFA francs	22.0

IVORY COST	22.0
7 426.6 million CFA francs	
350. Modernisation of cocoa processing installations in district of Abidjan	
Société Saco-Sa	
CFAF 1 012.7 million	3.0

351. Establishment of agro-industrial palm oil complex comprising over 5 000 ha of plantations and oil mill at Blidouba in the south-west of the country	
Republic of the Ivory Coast for Palmindustrie	
CFAF 6 413.9 million	19.0

KENYA

352. Extension and modernisation of local and trunk telephone networks and satellite telecommunications facilities	
Kenya Posts and Telecommunications Corporation	
277.7 million Kenyan Shillings	22.0

BOTSWANA

353. Installation of a fourth 33 MW coal-fired unit at Morupule power station	
Botswana Power Corporation	
16.9 million Pula	10.0

MALAWI 7.5

9.8 million Malawi Kwacha	
354. Construction of tea factory and macadamia shelling plant and irrigation of plantations	
Kavuzi Tea Co. Ltd	
MK 4.6 million	3.5

355. Global loan to Investment and Development Bank of Malawi Ltd for financing small and medium-sized enterprises in the industrial, agricultural-processing, transport and tourism sectors	
MK 5.2 million	4.0

CENTRAL AFRICA

356. Expansion of container handling facilities at port of Brazzaville	
People's Republic of the Congo for Agence Transcongolaise des Communications through	

intermediary of Banque de Développement des États de l'Afrique Centrale	
CFAF 877.7 million	2.6

ACP States and OCT — Caribbean

million ECUs

TRINIDAD AND TOBAGO 24.0

42.4 million Trinidad and Tobago dollars

357. Global loan to Trinidad and Tobago Development Finance Company for financing small and medium-sized enterprises in the industrial, agricultural-processing and tourism sectors	
\$ TT 21.2 million	12.0

358. Expansion of electricity transmission network	
Trinidad and Tobago Electricity Commission	
\$ TT 21.2 million	12.0

NETHERLANDS ANTILLES

359. Installation of 25 MW set at Mundo Nobo power station	
Kompania di Awa i Elektrisidat di Korsou N.V. through intermediary of Government of the Netherlands Antilles	
10.5 million Antillian Guilders	7.1

BARBADOS

360. Installation of container handling facilities at port of Bridgetown	
Barbados Port Authority	
9.3 million Barbados dollars	5.6

MONTSERRAT

361. Installation of 1.5 MW diesel generating set and improvements to medium-voltage transmission network	
Montserrat Electricity Services Limited	
1.723 million Caribbean dollars	0.9

FIJI **16.0**

14.5 million Fiji dollars

362. Global loan to **Fiji Development Bank** for financing small and medium-sized enter-

prises in the industrial, agricultural-processing, fisheries and tourism sectors
F\$ 3.4 million

4.0

363. Construction of integrated sawmilling complex with log-chipping plant at Drasa, Western Viti Levu

Joint Venture Company through intermediary of **Fiji State**
F\$ 11.1 million

12.0

FRENCH POLYNESIA

364. Erection of 20 kV and 90 kV transmission lines linking several hydroelectric power stations on Tahiti

Société de Transport d'Énergie Electrique en Polynésie through intermediary of **Caisse Centrale de Coopération Économique**
496.8 million CFP francs

4.0

Agriculture continues to play a determining role in the economies of the developing countries. Loans in Tunisia have helped to intensify agriculture, while other investment projects financed in the same country have helped to rehabilitate more than 10 000 hectares affected by desertification (see also box, p. 66).



Ph.: J. J. Schul

B. Financing operations from Community budgetary resource

Contracts signed in 1985

Operations concluded in 1985 from budgetary resources totalled 75.9 million, of which 8.7 million took the form of loans on special conditions in the Mediterranean region, while 67.2 million was advanced as risk capital in the ACP States and the OCT. Financing is provided by the Bank under mandate from, on behalf, for the account and at the risk of the European Economic Community and is accounted for off balance sheet in the Special Section (see page 92); the Bank's responsibility for these operations — the principal economic aspects of which are presented on pages 63 to 71 — is limited to proper performance of the mandate entrusted to it.

Mediterranean region

million ECUs

TUNISIA 5.0

3.1 million Tunisian Dinars

365. Acquisition of ten 24 m to 30 m trawlers to expand country's deep-sea fishing fleet
Banque Nationale de Développement Agricole
D 1.2 million 2.0

366. Global loan to **Banque Nationale de Développement Agricole** for financing small and medium-scale productive ventures in the agricultural and agricultural-processing sectors
D 1.9 million 3.0

CYPRUS

367. Construction of dam and laying of conduits for improving industrial and domestic water supplies and for irrigation purposes in regions of Nicosia, Famagusta, Limassol and Larnaca
Republic of Cyprus
1.7 million Cyprus pounds 3.7

ACP States — Africa

million ECUs

THE SUDAN 10.0

20.7 million Sudanese pounds

368. Development of Gebeit gold mine
Conditional loan to **Sudan Minex Gold Mining Venture** through intermediary of **Government of the Sudan**
£S 8.3 million 4.0

369. Installation of seventh set at Roseires hydroelectric complex

Conditional loan to **National Electricity Corporation** through intermediary of **Government of the Sudan**
£S 12.4 million 6.0

BURKINA FASO

370. Development of Pourra gold mine, west of Ouagadougou
Conditional loan to **Burkina Faso** to finance a shareholder's advance to **Société de Recherches et d'Exploitation Minières du Burkina**
2 363 million CFA francs 7.0

MAURITANIA

371. Rehabilitation of electricity generating and supply and water treatment and distribution installations at Nouadhibou
Conditional loan to **Islamic Republic of Mauritania** for **Société Nationale d'Eau et d'Electricité**
412.3 million Ouguiya 7.0

MADAGASCAR

372. Rehabilitation and modernisation of textile mill at Antsirabé, mainly related to finishing processes and extension of cotton plantations
Conditional loan to **La Cotonnière d'Antsirabé** through intermediary of **Democratic Republic of Madagascar**
3 million Malagasy francs 6.0

MALI

373. Additional capital investment at Doro Rice Mill complex, including new storage facilities and steam re-cycling installations
Conditional loan to **Republic of Mali** for **Doro Rice Mill (Opération Riz Ségou)**
1 147.7 million Mali francs 3.4

LESOTHO

374. Global loan for financing small and medium-sized enterprises in the industrial, agricultural-processing, mining and tourism sectors
Conditional loan to **Lesotho National Development Corporation**
4.3 million South African Rand 3.0

SEYCHELLES

375. Global loan for financing small and medium-sized industrial and tourism enterprises
Conditional loan to **Development Bank of Seychelles**
16 million Seychelles Rupees 3.0

GUINEA 2.7

52.2 million Syllis

376.—377. Establishment of new national (commercial and development) and international bank
— Conditional loan to **Republic of Guinea** for subscribing to capital of **Banque Internationale pour le Commerce et l'Industrie de Guinée — BICIGUI**
40.5 million Syllis 2.1
— Equity participation in **BICIGUI** on behalf of Community
11.7 million Syllis 0.6

EQUATORIAL GUINEA

378. Construction of hydro-electric power station on the Riaba river
Conditional loan to **Republic of Equatorial Guinea**
542.3 million Bpikwele 2.0

MALAWI

379. Global loan for financing small and medium-sized enterprises in the industrial, agri-

cultural-processing, transport and tourism sectors

Conditional loan to **Investment and Development Bank of Malawi Ltd**

2.6 million Malawi Kwacha 2.0

CHAD

380. Global loan for rehabilitating small and medium-sized enterprises in the industrial, agricultural-processing, fisheries, energy and transport sectors

Conditional loan to **Republic of Chad** for **Banque Tchadienne de Crédit et de Dépôts** and **Banque Internationale pour l'Afrique au Tchad**

685.4 million CFA francs 2.0

ZAIRE

381. Study on recovery of natural gas from Lake Kivu for use at Katana cementworks

Conditional loan to **Banque de Développement des États des Grands Lacs**

11.1 million Zaires 0.5

ZAMBIA

382. Study on restoration of Tazama oil pipeline

Conditional loan to **Republic of Zambia**

0.9 million Zambian Kwacha 0.5

SWAZILAND

383. Study by consultants on NIDCS operating procedures

Conditional loan to **National Industrial Development Corporation of Swaziland**

0.053 million Emalangeni 0.037

ACP States — Pacific

million ECUs

FIJI 6.0

5.5 million Fiji dollars

384.—385. Construction of integrated sawmilling complex with log-chipping plant at Drasa, Western Viti Levu

— Conditional loan to **Joint Venture Company** through intermediary of **Fiji State**

F\$ 3.3 million 3.6

— Equity participation in **Joint Venture Company** on behalf of the Community

F\$ 2.2 million 2.4

VANUATU

386. Global loan for financing small and medium-sized enterprises in the industrial, agricultural-processing, energy, transport and tourism sectors

Conditional loan to **Development Bank of Vanuatu**

148.2 million Vatu 2.0

SOLOMON ISLANDS

387. Study on modernisation and merger of two neighbouring shipyards on Florida Island

Conditional loan to **Government's Shareholding Agency**

0.1 million Solomon Islands dollars 0.10

ACP States and OCT — Caribbean

million ECUs

SURINAME 4.25

5.5 million Suriname Guilders

388.—389. Conditional loans to **Nationale Ontwikkelingsbank N.V.**

— Global loan for financing small and medium-sized enterprises in the industrial, agricultural-processing, forestry, mining and tourism sectors

Sur. Fl 5.2 million 4.0

— Technical assistance during life of global loan

Sur. Fl 0.3 million 0.25

GUYANA

390. Global loan for financing small and medium-sized enterprises in the industrial, agricultural-processing, forestry and fisheries sectors plus associated equipment renewal or maintenance and replenishment of raw materials' stocks

Conditional loan to **Guyana Co-operative Agricultural and Industrial Development Bank**

12.1 million Guyana dollars 4.0

NETHERLANDS ANTILLES

391. Installation of airborne-ash precipitation equipment and burners to reduce nitrogen oxide emissions at Mundo Nobo power station

Kompania di Awa i Elektrisidat di Korsou N.V.

2.4 million Antillian Guilders 1.6

SAINT VINCENT AND THE GRENADINES

392. Study on creation of air link with Bequia Island

Conditional loan to **Government of Saint Vincent and the Grenadines**

0.2 million East Caribbean dollars 0.1

Resources

This section deals with the evolution of capital markets and funds raised by the Bank for lending operations mounted from its own resources and accounted for in its balance sheet and for which it assumes financial responsibility. Details of these operations in 1985 appear on pages 44 to 58 and 72 to 74. The 'Resources' section, however, does not cover resources administered by the Bank under

mandate from and on behalf of third parties, which are accounted for off balance sheet in the Special Section (see page 92), in particular loans from NCI resources and financing provided in the ACP States and the Mediterranean countries from Community budgetary funds, details of which for 1985 appear on pages 59 to 61 and 75/76.

Evolution of capital markets

Issuing activity on the international market and the foreign bond sector of national markets developed rapidly in 1985 in spite of prevailing uncertainty over exchange rates and interest rates. The latter gave additional stimulus to borrowing on floating rate terms. More generally the easing of regulations by national authorities seeking to promote their domestic capital markets encouraged increased competition and innovation among market participants. At the same time the development of swap techniques opened up borrowing opportunities on new markets as well as the use of new financial instruments.

As the year progressed an evident slowing in economic activity in the U.S.A. was followed by a gradual easing in monetary policy which, together with legislative moves aimed at reducing the Federal budget deficit, encouraged expectations of lower interest rates. As these expectations tended to be fulfilled, interest rates on other markets also began to decline. This movement accorded with the official aims of re-stimulating economic activity in a general climate of reducing inflationary pressures.

The downward movement of interest rates on dollar markets tended to become steeper after the Group of 5 (U.S.A., Japan, Germany, France, U.K.) meeting in late September to promote a more realistic value for the U.S. dollar. The Japanese authorities, in particular, intervened to raise short-term rates on their domestic market which had the effect of increasing bond yields. Long-term interest rates in Germany and the U.K. also edged upwards temporarily. While the ensuing decline in the exchange value of the U.S. dollar might have been expected to produce tensions within the EMS, these were contained.

During the year the system continued to function without adjustment apart from that of the lira central rate in July.

In 1985 issuing activity denominated in the currencies of Member States, including the ECU, tended to account for a greater proportion of international borrowing than in earlier years, illustrating the interest of investors in these currencies. Community currencies formed part of swap operations only to a minor extent. These operations mostly involved the U.S. and Canadian dollars and the yen and, particularly in the second half of 1985 as the U.S. and Canadian dollars weakened, the Australian and New Zealand dollars.

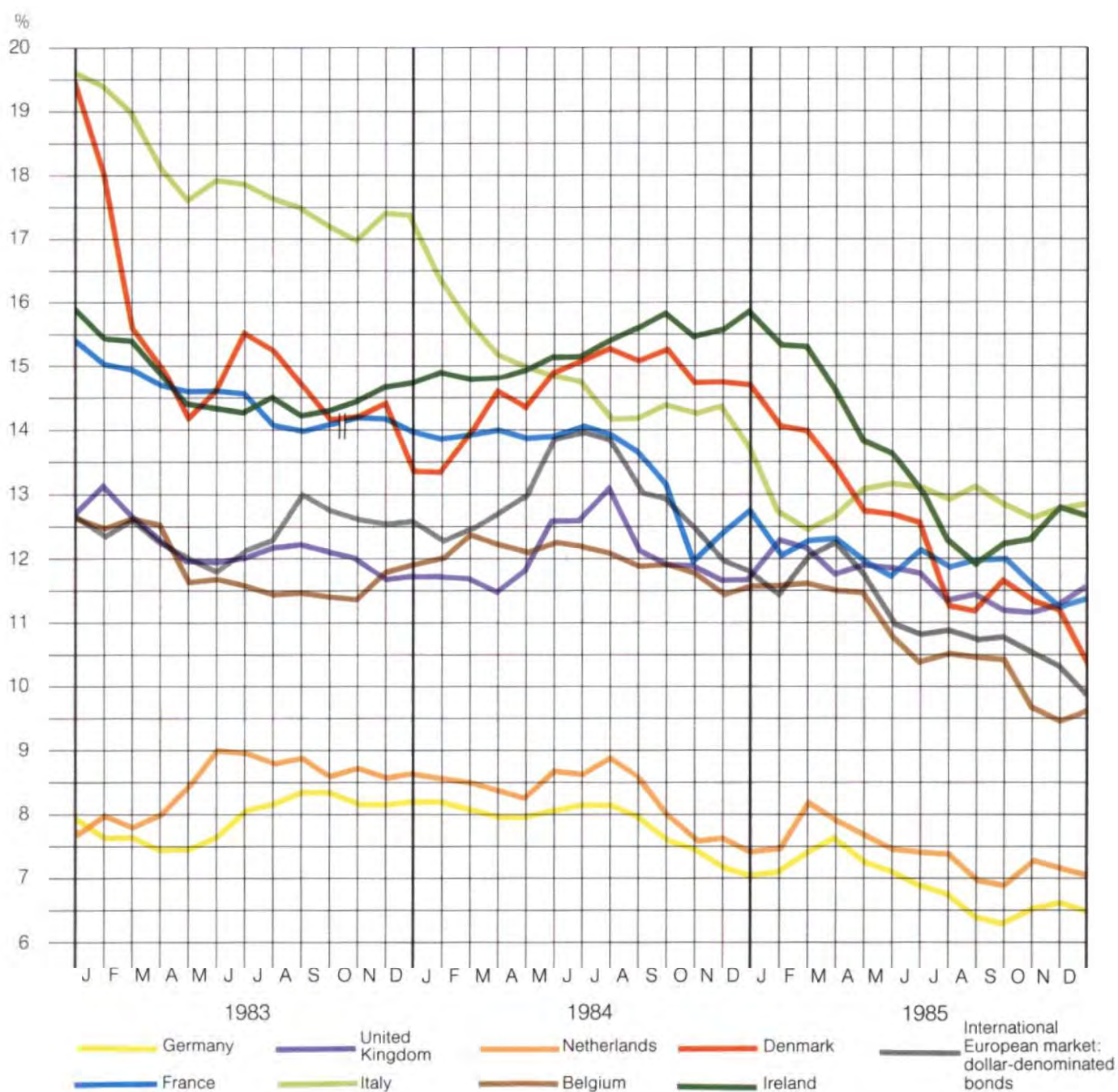
Despite a closure of the market for three weeks in February/March on account of wide fluctuations in the value of the dollar, issues denominated in Deutsche Mark increased sharply in 1985. The increase was attributable largely to the liberalisation measures introduced from 1 May including the opening of the market to floating rate operations which accounted for about 30 % of the total. A part of the increase was attributable to the development of bond issues with equity warrants attached and convertible issues.

Primary market activity in guilder securities was virtually unchanged in 1985, resembling the performance of fixed interest securities denominated in Deutsche Mark. The Netherlands authorities announced a significant move towards deregulation, notably permitting the opening of the market to floating rate issues, from the beginning of 1986.

The re-opening of the euro French franc market in April was the first of a series of liberalisation measures adopted by the French authorities in 1985. The market benefited from an almost continuous decline in bond yields during the year as the rate of inflation fell substantially and the franc remained among the stronger currencies in the EMS.

Gross yields on bonds

quoted on the various financial markets in the Community that offer the closest comparison with those issued by the European Investment Bank. For the United Kingdom and Ireland, yields have been calculated, for purposes of comparability, on the basis of an annual rather than a semi-annual compounding of interest.



The euro-lira market which was opened in 1985 saw the launching of three issues. In addition issuing activity on fixed interest terms by foreign borrowers on the domestic market increased last year. However limited progress in reducing the rate of inflation meant that the improvement in issuing conditions was modest.

The euro-sterling and domestic U.K. markets were affected adversely by the weakness of oil prices as well as by exchange rate uncertainty. The generally higher yields on fixed interest sterling issues which prevailed throughout the year tended to discourage borrowing in this form. On the other hand changes in legislation induced U.K. building societies to make recourse to floating rate issues on a substantial scale.

Progress in the implementation of stabilization policies in Belgium and the relative firmness of the exchange rate led to an improvement in borrowing conditions on the bond market in Belgium and to a lesser extent in Luxembourg. In Denmark, the opening of the euro-Danish krone market was a reflection of improved economic performance, evidenced by a decline in interest rates. For the greater part of 1985 interest rates also declined in Ireland. Towards the end of the year, however, increased uncertainty in foreign exchange markets, as the dollar and sterling depreciated, exercised upward pressure on interest rates in Ireland. In line with the general tendency of bond yields those in Greece ended the year significantly lower than when it began.

Public bond issues in ECU, excluding those made on the borrowers' own market, more than doubled in 1985 to 9.4 billion ECU from 3.4 billion a year earlier. Beginning in late 1984 with an issue by the EEC on the US domestic market, issues denominated in ECU were launched during 1985 by foreign borrowers on the domestic markets of France, Luxembourg and Japan as well as of the USA. Substantial amounts of ECU were also obtained through public issues by national borrowers in Italy, the Netherlands, Denmark and the USA. The steep decline in yields on ECU securities, however, resulting from the strength of investors' demand carried them below short-term deposit rates and narrowed the differential over yields in the stronger component currencies. Added to heavy activity in the primary market in the earlier part of the year, this tended to slow the progress of new issues during the second half of 1985.

Issues denominated in U.S. dollars remained by far the largest in amount. This included, however, refinancings of earlier, more costly issues. Reflecting the general uncertainty over the direction of interest rates, issues on floating rate terms once again formed the greater part of the total. Although the fixed interest as well as the floating rate sectors saw the resort to innovation to attract investors and borrowers alike, it was in issues on floating rate terms that more new techniques made their appearance. These included capped issues in which the investor receives interest up to a stipulated maximum no matter how high the reference rate rises and a third party, the purchaser of the 'cap', receives any interest in excess of the cap (this innovation has been adopted in floating rate issues in other currencies such as the Deutsche Mark), a mini/max formula in which a minimum as well as maximum rate would be set for an issue and a mismatch formula to take advantage of a positive slope of the yield curve by basing, for example, six monthly interest payments on interest terms re-fixed each month. An additional feature which made its appearance in 1985 was that the proceeds of perpetual floating rate issues launched by commercial banks were classed as primary capital by their authorities.

While it is normal for conditions in the eurodollar bond market to move in parallel with those on the New York market, bond yields on the international market tended to lag behind those in New York when the latter were declining in the second half of 1985. On the other hand the London inter-bank offered rate (Libor) which forms a reference rate for most floating rate note issues fell more steeply than the rate for U.S. commercial paper of a similar maturity.

The favourable evolution of Libor encouraged the development of financing through issues of short-term euro-notes (mainly denominated in U.S. dollars) backed up by revolving underwriting facilities or by lines of credit which could be used, alternatively, to back issues of commercial paper on the U.S. domestic market. Banks have increasingly conducted their financing operations in a more marketable or at least transferable form, broadly described as a movement towards 'securitisation', in protecting themselves against a possible deterioration in their loan portfolios and deterioration in their capital ratios. This movement is to some extent the counterpart of a decline in the existing practice of direct lending by international banking syndicates.

Issues in yen more than doubled in amount as the Japanese authorities eased criteria for admitting foreign borrowers. More than half the euroyen issues were dual currency issues consisting of securities subscribed in yen, yielding interest also denominated in this currency but redeemable in dollars at a predetermined yen/dollar conversion rate, which would usually take into account the anticipated appreciation of the yen against the dollar. The euroyen sector, however, showed signs of indigestion from time to time and on the domestic Japanese market bond yields rose abruptly in late October and November in response to the increase

in short-term rates engineered by the monetary authorities to ensure an appreciation of the yen against the U.S. dollar.

Activity remained high on the Swiss primary market but suffered occasionally from an excessively heavy flow of new issues some of which were intended to refinance earlier issues on less advantageous terms. After rising early in the year, long-term interest rates declined in Switzerland until October when the movement was halted by a flood of new issues encouraged by the favourable terms then available.

Bank activity on the capital markets

The Bank was able to take advantage of the generally favourable climate on the international capital market in 1985⁽¹⁾, its calls on the various sectors totalling 5 709.2 million, or some 30% more than in the previous year (4 360.9 million) and nearly 60 % up on the 1983 figure (3 619.4 million). However, it should be pointed out that 509.6 million were used to refinance certain earlier issues.

The amount of funds raised resulted in an increase in the amount of borrowings outstanding (after redemptions and adjustments for changes in conversion rates) of 2 100.6 million which, together with the surplus of the profit and loss account (515.8 million) plus Member States' contributions towards the capital increase decided by the Board of Governors on 15 June 1981 (135 million), lifted the Bank's total resources as at 31 December 1985 to 31 561.9 million as against 28 810.5 million twelve months previously.

At its meeting on 11 June 1985, the Board of Governors decided to increase the Bank's subscribed capital which was raised from 14.4 billion to 28.8 billion with effect from 1 January 1986. This

doubling of the capital incorporates a rise in the contributions of the first ten Member States, including the alignment of Italy's share of the subscribed capital with the shares of Germany, France and the United Kingdom, and the contributions of the two new Member States, Spain and Portugal. Once instalments corresponding to the portion of subscribed capital to be paid in have been received by the end of 1993, the Bank's paid-in capital will stand at 2 595.9 million (see Annex to Balance Sheet at 1 January 1986, page 106).

* * *

The relative abundance of funds available on the markets, at least during the second half of 1985, enabled the Bank to raise the resources required for its activities without any particular difficulty. It also managed to continue diversifying its portfolio of borrowings by concluding not only fixed-rate public issues and private placings which, until the final quarter of 1984, had constituted virtually its sole staple financing medium, but also floating-rate operations. Continuation of this policy in 1985 served to mobilise variable-rate resources totalling 899.2 million compared with 189.1 million during the previous year. With 821.8 million raised as against 189.1 million in 1984, the dollar headed the list of currencies borrowed and accounted for 91 % of

(1) All amounts are expressed in ECUs

aggregate variable-rate funds. To attain this figure, the Bank stepped up its commercial paper programme on the American market, negotiating a 10-year revolving underwriting facility as in 1984. With a view to collecting resources on more attractive conditions than those offered by commercial paper issues and without departing from its traditionally cautious policy, the Bank also had greater recourse than in the past to swap operations (interest-rate swaps, currency swaps or a combination of both). These enabled it either to

make calls on the markets, for currencies and maturities not used by it, for replenishing its fixed-rate resources (fixed-rate issues denominated in Canadian dollars or US\$ borrowings for shorter terms than for its customary issues) or to take advantage of the temporary abundance of funds on certain markets (private placings in yen).

In 1985, the Bank broadened its range of floating-rate borrowings to embrace the Deutsche Mark and the Irish pound; taking advantage of measures to

Table 12: **Breakdown by currency of funds raised by the EIB in 1985**

	before swap operations	%	swap operations	after swap operations	%
(million ECUs)					
MEDIUM AND LONG-TERM FIXED RATE BORROWINGS					
within the Community					
ECUs	720.0	12.6		720.0	12.6
DM	617.1	10.8		617.1	10.8
FI	424.3	7.4		424.3	7.4
Ffrs	368.6	6.5		368.6	6.5
Lit	342.0	6.0		342.0	6.0
£	217.7	3.8		217.7	3.8
Bfrs	170.5	3.0		170.5	3.0
Lfrs	40.0	0.7		40.0	0.7
Dkr	31.3	0.5		31.3	0.5
IR£	20.9	0.4	— 20.9		
	2 952.4	51.7	— 20.9	2 931.5	51.3
non-member countries					
US\$	1 259.5	22.1	— 275.1	984.4	17.2
Yen	621.3	10.9	— 92.6	528.7	9.3
Sfrs	354.8	6.2		354.8	6.2
Can\$	80.1	1.4	— 80.1		
	2 315.7	40.6	— 447.8	1 867.9	32.7
Total	5 268.1	92.3	— 468.7	4 799.4	84.0
MEDIUM AND LONG-TERM FLOATING RATE BORROWINGS					
within the Community					
DM	56.5	1.0		56.5	1.0
IR£			+ 20.9	20.9	0.4
non-member countries					
US\$ (commercial paper)	374.0	6.5		374.0	6.5
(other funds)			+ 447.8	447.8	7.9
Total	430.5	7.5	468.7	899.2	15.8
PARTICIPATION CERTIFICATES					
ECUs	10.6	0.2		10.6	0.2
Grand total	5 709.2	100.0		5 709.2	100.0

liberalise the capital markets introduced as from May 1985, it launched, in December, its first floating-rate borrowing denominated in Deutsche Mark for an amount of 56.5 million and a life of 5 years. The Bank was also the first international issuer on the Irish capital market, raising, at the end of October, for a term of ten years, fixed-rate Irish pounds equivalent to 20.9 million which were subsequently swapped for floating-rate Irish pounds.

Despite the growth in floating-rate borrowing, fixed-rate resources still accounted for 84 % of aggregate EIB operations, i.e. 4 810 million — 4 799.4 million in borrowings and 10.6 million in participation certificates — or 15 % more than in 1984 (4 071.8 million). As in the past, the Bank featured on the main capital markets both within and outside the Community. Moreover, whilst continuing to adopt a fairly conventional approach as regards the borrowing formulae offered to its subscribers, it was also instrumental in opening up or expanding certain markets such as those for the Eurolira, the Euro-Danish krone and the ECU. Following the pattern set in previous years, the weighting of the various currencies borrowed was conditioned by the climate prevailing on the various financial markets as well as the quest for the most attractive borrowing conditions for the currencies, terms and amounts required by the Bank's customers.

In keeping with the trend which began to emerge in 1984, funds raised in Community currencies represented over 61 % of all fixed-rate resources mobilised by the Bank in 1985. With a total of 720 million tapped, including 550 million through public issues, the ECU occupied pride of place

among Community resources borrowed at fixed rates. As part of its ongoing policy, embarked upon in 1984, of extending ECU markets, the Bank began in February by launching an issue quoted on the Paris market for an amount of 200 million to which French residents could subscribe without having to purchase investment currency. A subsequent issue of 150 million enabled the Bank simultaneously to approach the Dutch, Swiss and Japanese markets, while a further call for 100 million was made on the last of these in October; the Bank ended the year by approaching the international market for an identical amount. Despite its activity on the public issues market, the Bank did not shun private borrowings, concluding five of these for a total of 170 million.

The Deutsche Mark, whose weighting in both relative and absolute terms slipped back compared with 1984 (617.1 million as against 632.3 million), ranked second on the list of Community currency units borrowed at fixed rates in 1985. As in the previous year, the Bank was particularly active in the field of public issues, raising 448.4 million over the year as a whole. Private placings, concluded in the form of 'Schuldscheindarlehen', served to mobilise 168.7 million. Funds collected on the fixed-rate market in Guilder-denominated bonds totalled 424.3 million, compared with 479.4 million in 1984 : private placings brought in 264.8 million, while two public loan issues floated on the Dutch domestic market together accounted for 159.5 million. In France, the Bank launched two major fixed-rate issues involving 294.5 million on the domestic capital market as well as a smaller issue on the Eurofranc market which brought its total receipts to 368.6 million or more than double the amount gleaned in the previous year (174.9 million).

Table 13: **Funds raised from 1961 to 1985**

(million ECUs)

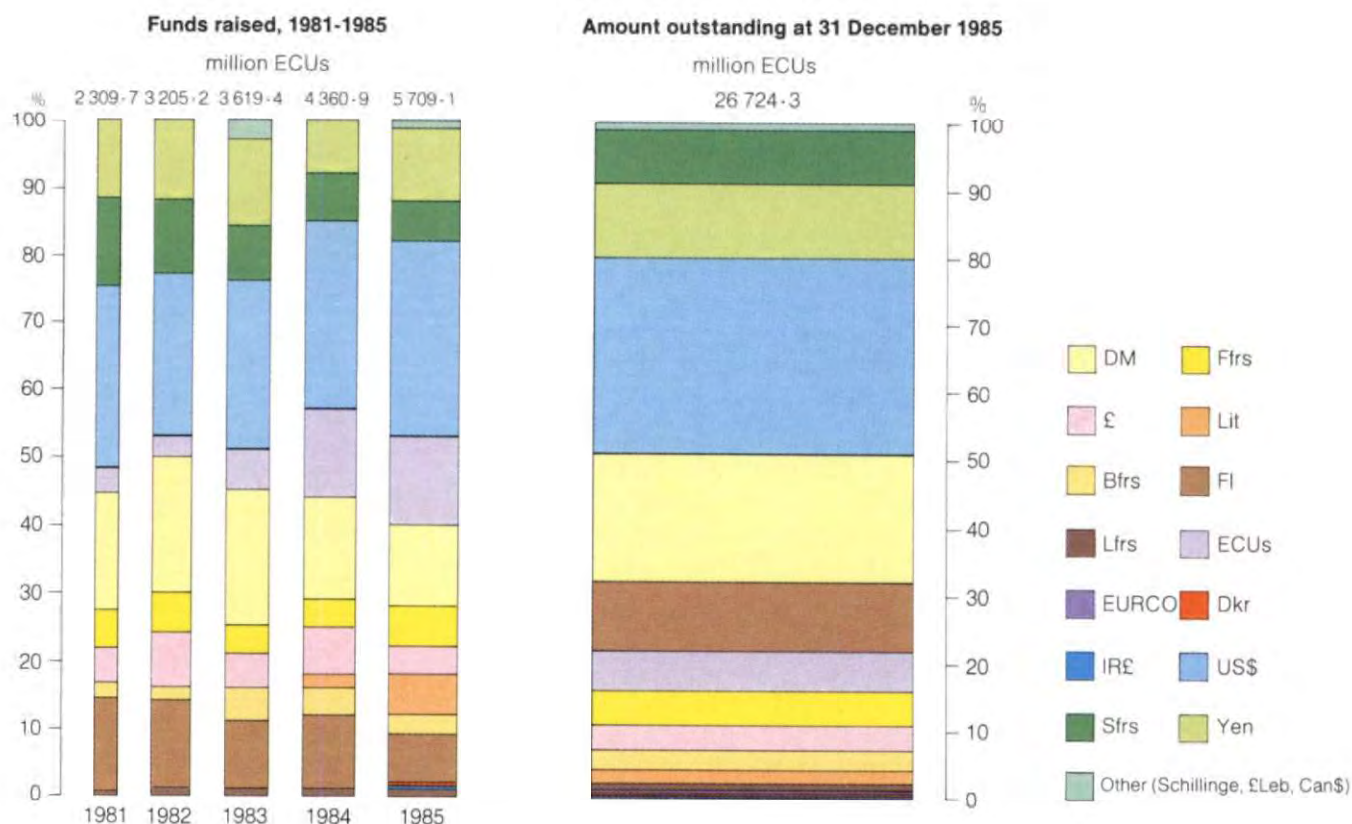
Years	Number	Medium and long-term borrowings				Short-term operations			Total funds raised
		Private borrowings	Interbank operations	Public issues	Total	Commercial paper	ECU-denominated certificates of deposit	Participation certificates	
1961/1980	386	4 688.3	128.4	7 830.9	12 647.6			402.5	13 050.1 ⁽¹⁾
1981	57	882.1	92.8	1 267.8	2 242.7			67.0	2 309.7
1982	91	1 213.7	105.7	1 826.3	3 145.7			59.5	3 205.2
1983	81	1 130.9	62.1	2 315.4	3 508.4			111.0	3 619.4
1984	104	822.2	—	3 227.5	4 049.7	189.1	100.0	22.1	4 360.9
1985	75	1 095.5	—	4 229.0	5 324.5	374.0		10.6	5 709.1
1961—1985	794	9 832.7	389.0	20 696.9	30 918.6	563.1	100.0	672.7	32 254.4

⁽¹⁾ Annual average: 652.5 million.

After a modest debut in 1984, the lira occupied fifth place in 1985 among Community currency units borrowed by the Bank at fixed rates, with 342 million raised as against 108.3 million in 1984. The Bank featured more frequently on the domestic lira market, floating three public issues totalling 275.1 million — compared with just one in 1984. During the fourth quarter, it opened up the Eurolira market with a fixed-rate operation for 66.9 million which was well received.

The Bank continued to raise lesser amounts on the fixed-rate capital markets of other Community countries. In view of the high rate for the pound

sterling compared with that for other Community currencies traditionally offered to its customers, resources mobilised by the Bank in this currency came to only 217.7 million compared with 284.9 million in 1984. The Bank mounted two operations totalling 166.9 million on the Eurosterling market on terms more closely matching those of its loans and at rates lower than those prevailing on the 'bulldog market', the UK domestic market in foreign securities. Private placings produced a further 50.8 million. The launching of a public loan issue denominated in Belgian francs plus private placings concluded in this currency provided fixed-rate resources much on a par with the level recorded in 1984. As in previous years, the Bank approached



Resources

Table 14: **Details of funds raised in 1985**

I. Medium and long-term fixed and floating rate operations

PUBLIC BORROWING OPERATIONS

Month of issue	Place of issue	Subscription currency	Amount in national currency (million)	Amount in ECUs (million)	Life (years)	Coupon %
January	Japan	Yen	30 000.000	168.490	10	6.700
January	Luxembourg	Lfrs	1 000.000	22.363	10	9.500
February	France	ECUs	200.000	200.000	10	9.250
February	Germany	DM	300.000	134.423	8	7.500
February	Luxembourg	US\$	100.000	141.054	10	11.000
March	Luxembourg	Can\$	75.000	80.145	10	12.000
March	Luxembourg	ECUs	50.000	81.988	8	11.125
March	Switzerland	Sfrs	150.000	81.597	10	6.000
March	Denmark	Dkr	250.000	31.297	10	12.000
April	Luxembourg	ECUs	150.000	150.000	10	9.750
April	Japan	Yen	30 000.000	164.642	10	7.300
April	Italy	Lit	150 000.000	104.985	8	12.250
April	Luxembourg	US\$	200.000	275.063	10	12.000
April	France	Lfrs	1 000.000	146.388	10	11.900
May	Germany	DM	200.000	89.422	12	7.375
May	Netherlands	Fl	200.000	79.269	15	8.000
June	Luxembourg	US\$	200.000	275.063	5	10.000
July	Belgium	Bfrs	4 500.000	99.413	10	10.500
July	Italy	Lit	100 000.000	69.776	7	12.500
July	Switzerland	Sfrs	100.000	53.077	10	5.625
August	Germany	DM	200.000	88.930	12	6.750
September	Luxembourg	ECUs	100.000	100.000	10	8.875
September	Luxembourg	US\$	150.000	204.096	7	10.250
October	Japan	Yen	30 000.000	167.520	12	6.200
October	Luxembourg	Lfrs	500.000	74.058	7	11.250
October	Luxembourg	Lit	100 000.000	66.906	5	13.500
October	Ireland	IR£	15.000	20.951	10	11.500
October	France	Lfrs	1 000.000	148.116	12	11.700
October	Luxembourg	US\$	200.000	242.066	9	10.250
November	Netherlands	Fl	200.000	80.189	10	7.250
November	Germany	DM	300.000	135.596	10	6.875
November	Italy	Lit	150 000.000	100.359	7	13.000
December	Switzerland	Sfrs	200.000	110.482	10	5.375
December	Luxembourg	ECUs	50.000	84.814	10	10.500
December	Luxembourg	ECUs	40.000	40.000	5	8.625
December	Luxembourg	ECUs	60.000	60.000	7	8.750
December	Germany	DM	125.000	56.498	5	variable
(37)				4 229.036		

PRIVATE BORROWING OPERATIONS

Number	Subscription currency	Amount in national currency (million)	Amount in ECUs (million)	Life (years)	Rate of interest %
5	DM	375.000	168.713	10	7.230—8.050
1	£	30.000	50.888	15	11.000
12	Fl	666.000	264.843	10—15	7.125—8.500
3	Bfrs	3 200.000	71.048	8—12	10.500—11.750
2	Lfrs	800.000	17.674	6—8	9.250—9.500
4	US\$	93.642	122.075	7—10	9.730—11.650
3	Sfrs	200.000	109.638	5—7	5.250—5.500
3	Yen	21 700.000	120.616	8—10	7.100—7.800
5	ECUs	170.000	170.000	5—10	8.750—9.795
38			1 095.495		
Total (I)	75		5 324.531		

II. Short-term operations

Commercial paper	US\$	374.000	variable
III. Third party participations in EIB loans	ECUs	10.600	

Total **5 709.131**

Corrigendum

Page 84, corrigendum to section Public Borrowing Operations

Table 14: **Details of funds raised in 1985**

I. Medium and long-term fixed and floating rate operations

PUBLIC BORROWING OPERATIONS

Month of issue	Place of issue	Subscription currency	Amount in national currency (million)	Amount in ECUs (million)	Life (years)	Coupon %
January	Japan	Yen	30 000.000	168.490	10	6.700
January	Luxembourg	Lfrs	1 000.000	22.363	10	9.500
February	France	ECUs	200.000	200.000	10	9.250
February	Germany	DM	300.000	134.423	8	7.500
February	Luxembourg	US\$	100.000	141.054	10	11.000
March	Luxembourg	Can\$	75.000	80.145	10	12.000
March	United Kingdom	£	50.000	81.988	8	11.125
March	Switzerland	Sfrs	150.000	81.597	10	6.000
March	Luxembourg	Dkr	250.000	31.297	10	12.000
April	Luxembourg	ECUs	150.000	150.000	10	9.750
April	Japan	Yen	30 000.000	164.642	10	7.300
April	Italy	Lit	150 000.000	104.985	8	12.250
April	Luxembourg	US\$	200.000	275.063	10	12.000
April	France	Ffrs	1 000.000	146.388	10	11.900
May	Germany	DM	200.000	89.422	12	7.375
May	Netherlands	Fl	200.000	79.269	15	8.000
June	Luxembourg	US\$	200.000	275.063	5	10.000
July	Belgium	Bfrs	4 500.000	99.413	10	10.500
July	Italy	Lit	100 000.000	69.776	7	12.500
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September	Luxembourg	US\$	150.000	204.096	7	10.250
October	Japan	Yen	30 000.000	167.520	12	6.200
October	Luxembourg	Ffrs	500.000	74.058	7	11.250
October	Luxembourg	Lit	100 000.000	66.906	5	13.500
October	Ireland	IR£	15.000	20.951	10	11.500
October	France	Ffrs	1 000.000	148.116	12	11.700
October	Luxembourg	US\$	200.000	242.066	9	10.250
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November	Germany	DM	300.000	135.596	10	6.875
November	Italy	Lit	150 000.000	100.359	7	13.000
December	Switzerland	Sfrs	200.000	110.482	10	5.375
December	United Kingdom	£	50.000	84.814	10	10.500
December	Luxembourg	ECUs	40.000	40.000	5	8.625
December	Luxembourg	ECUs	60.000	60.000	7	8.750
December	Germany	DM	125.000	56.498	5	variable
(37)			4 229.036			

the Luxembourg capital market, floating a public loan issue for 22.4 million and concluding both a private placing and a bank loan. Benefiting from the opening-up of the Euro-Danish krone market, the Bank was the first borrower to launch an issue on this Euro-market, raising 31.3 million.

With respect to non-Community currencies, the United States dollar's share of resources used for fixed-rate lending was slightly lower than in 1984, although this currency still headed the list with 984.4 million raised compared with 1 066 million in the previous year. However, aggregate dollar-denominated resources secured at fixed rates of interest totalled 1 259.4 million, of which 275.1 million corresponded to interest rate swap operations which enabled the Bank to obtain variable-rate resources as already mentioned.

In the light of the generally more favourable conditions prevailing on the international capital market, the Bank made continuous calls on the Euro-market, particularly in US dollars, floating five public loan issues for a total of 1 137.4 million, concluded after inviting bids from a small number of banks or negotiated through a banking syndicate. In

addition, private placings denominated in US dollars brought in 122 million in 1985.

The abundance of funds on the fixed-rate yen market allowed the Bank to boost significantly its borrowings in this currency. It collected a total of 621.3 million at fixed rates (compared with 346 million in 1984), of which 528.7 million were disbursed in fixed-rate loans and 92.6 million, following swap operations, in variable-rate loans. Excessive activity on the Euroyen market at the start of the year in the wake of measures designed to liberalise this market coupled with the relative persistence of high rates thereafter prompted the Bank to focus its attention on the 'Samurai bond market', the Japanese domestic market in foreign securities, where it floated three public loan issues totalling 500.6 million. A further 120.6 million were raised through bank loans, a substantial part of the funds being used for interest rate and currency swaps.

The Bank raised 354.8 million on the Swiss capital market, compared with 322.6 million in 1984, again launching public issues (245.2 million) and concluding private placings (109.6 million).

Results for the year

In 1985, as in previous years, the Bank's operating results reflected the use made of the EIB's own funds and, to a lesser extent, the continued growth in its lending activity.

Receipts of interest and commission on loans ran to 2 937.2 million compared with 2 719.2 million in 1984, whilst interest and charges on borrowings totalled 2 582.6 million as against 2 478.6 million in 1984. Management commission levelled out at 15.5 million compared with 15.4 million the previous year.

The lower level of the Bank's liquid holdings and the downturn in long-term interest rates combined to reduce investment income (interest and commission) to 199.5 million in 1985, as against 242.2 million in 1984.

The lowering of interest rates that gave the Bank less scope for buying back its own bonds under purchase fund arrangements slightly reduced the margin between financial income and financial charges; this margin nevertheless amounted to 38 million at the end of 1985, compared with 43.4 million in 1984.

Administrative expenses and charges rose from 49.4 million in 1984 to 55.8 million in 1985.

After allowing for exchange differences of 0.2 million, amortisation of issuing charges and issue and redemption premiums totalling

59.9 million, depreciation of property, fixtures and fittings amounting to 4.6 million, the net decrease of 10.2 million arising from re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and exceptional income of 38.9 million, the balance of the profit and loss account amounted to 515.8 million as against 434.8 million in 1984.

The Board of Directors has recommended that the Governors decrease the provision for changes in the conversion rate of the ECU by an amount of 10 213 093, representing the net decrease arising at 31 December 1985 from re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and appropriate the 1985 operating surplus, plus the amount corresponding to the exceptional income, i.e. a total of 526 003 022, to the reserves and provisions.

Following a decision adopted by the Board of Directors at its meeting on 25 July 1985, the balance sheet no longer includes the undisbursed balance of loans in its total. The structure of the balance sheet as such however remains unchanged (see Notes to the Financial Statements: point 3 of Note A to Annex E, page 99). The decision to exclude the figures in question has necessitated modifying the balance sheet total as at 31 December 1984.

At 31 December 1985, the balance sheet total stood at 35 092.1 million compared with 32 463.7 million at 31 December 1984, an increase of 8.1%.

Administration

Board of Directors

The Board was deeply saddened by the death on 21 August 1985 of Mr Berardo CLEMENTE, an Alternate Director from whose experience and competence the EIB had benefited since June 1983; to fill the vacancy so occurring, the Board of Governors appointed Mr Paolo RANUZZI DE BIANCHI.

Mr Brian UNWIN and Mr Geoffrey FITCHEW tendered their resignations from the Board during 1985. To fill the vacancies created, the Board of Governors appointed Mr Roger G. LAVELLE, Director, and Mr Andrew J.C. EDWARDS, Alternate Director, each to complete his predecessor's term of office.

The Board of Directors wishes to thank Mr Unwin and Mr Fitchew for their valued contributions to Bank activity.

Since entry into force in January 1986 of the Treaty of Accession of the Kingdom of Spain and the Portuguese Republic to the Community, the Board of Directors, pursuant to amended Article 11 (2) of the Statute, has consisted of 22 Directors and 12 Alternates.

The Board of Governors, now comprising 12 members, has appointed three new Directors, Mr José María GARCÍA ALONSO, Mr Julián GARCÍA VARGAS and Mr José António GIRÃO and a new Alternate Director, Mr Miguel MORA HIDALGO.

Audit Committee

At its Annual Meeting on 11 June 1985, the Board of Governors decided to renew the term of office of the outgoing member of the Audit Committee, Mr BREDSORFF, for the 1985, 1986 and 1987 financial years.

Mr HANSEN has taken over chairmanship of the Committee until the Bank's balance sheet and profit and loss account for the 1985 financial year are approved at the 1986 Annual Meeting.

Management Committee

Mr Miguel Angel ARNEDO ORBAÑANOS, Deputy Director for Foreign Operations at the Banco de España, has been appointed Vice-President to fill the post created as from 1986 in line with the accession to the Community of the Kingdom of Spain and the Portuguese Republic.

Information

As in previous years, the Bank has used a wide variety of communication techniques to diffuse information regarding its activities and to increase awareness of its rôle in the Community. In this context is the 'EIB Prize', inaugurated to foster research into capital and investment. In June the 1985 EIB prize was awarded to Miss Giovanna NICODANO of Milan for her thesis 'Struttura finanziaria, costo del capitale e decisioni d'investimento'. Under the chairmanship of Lord ROLL of IPSDEN (Chairman of S.G. Warburg & Co Ltd) the awarding jury consisted of Messrs Beniamino ANDREATTA (University of Bologna), Arnold HEERTJE (Amsterdam University), Jacques LESOURNE (Conservatoire National des Arts et Métiers, Paris), Michael MacCORMAC (University College, Dublin) and Wolfgang STÜTZEL (University of the Saar).

Organisation and Structure

During 1985, the Management Committee reviewed the structure of the Bank in preparation for the accession of Spain and Portugal to the Bank on 1 January 1986.

It was decided to divide lending operations in the member countries into two directorates supported by a common monitoring department and a coordination division. These changes are reflected in the organisation structure of the Bank as shown on page 6.

Two other significant organisational steps were taken in 1985. To adapt the economics work of the Bank to the requirements of the operational directorates, the Research Directorate was restructured as shown on page 7. 1985 also saw the first complete year of activity of the Internal Audit Unit which has concentrated, in its initial phase, on administrative expenses.

Staff

Various changes in senior staff took place in late 1985 and early 1986. Mr Dieter HARTWICH was appointed Secretary-General and Manager of the General Administration Directorate with effect from 1 December 1985. His successor as Manager of the Directorate for Operations outside the Community is Mr Jacques SILVAIN, formerly the Co-Manager and Head of the ACP-OCT Department. Mr Thomas OURSIN, formerly Head of the East Africa and Pacific Division, was appointed Head of the ACP-OCT Department.

Within the new structure of the Directorates for Operations within the Community shown on page 6, Mr Pit TREUMANN was appointed Manager of Directorate 2, Operations in the Community; Mr Christopher LETHBRIDGE was appointed to the new post of Head of Department — Denmark, Germany and Spain. His former position as Head of the Mediterranean Department has been filled by Mr Pietro PETTOVICH formerly Head of the division responsible for operations in Turkey, Maghreb and Malta.

At 31 December 1985, the Bank's staff totalled 673 comprising 308 female and 365 male employees, an increase in total of 35 for the year. At the end of the year, 45 (female) members of staff were taking advantage of the Bank's part-time working arrangements.

The breakdown between executive and other staff over the past five years is as follows :

Year	Executive staff		Non-executive staff secretaries, technicians	
	M	F	M	F
1981	196	16	99	217
1982	209	16	104	232
1983	223	22	108	243
1984	240	26	111	261
1985	259	34	106	274
Total 1985	293 (43.5%)		380 (56.5%)	

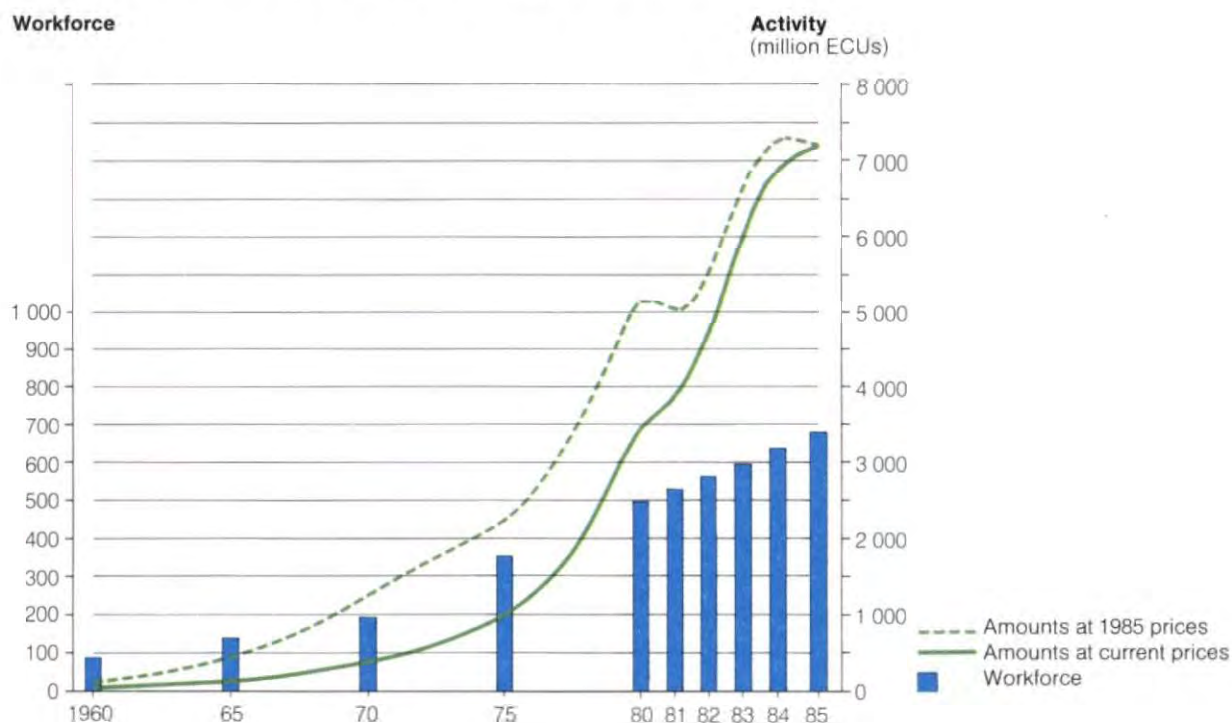
In 1985, 3 611 days were given over to training activities, 1 016 of these for training in new office techniques, 916 for language training and the remainder to general management and development programmes. These are intended to keep the staff up to date by giving them supplementary training in their own specialised fields. They also encourage staff to take an active interest in adapting the Bank's working methods and systems to its changing environment.

In 1985 for the first time the Bank recruited young post-graduate professional trainees who followed a year-long development programme. Furthermore two staff members were on full-time career development courses.

A consultative group has been established with the aim of promoting equal opportunities for female staff in the fields of professional training, career development and the application of administrative rules. The group made a significant contribution to the introduction of specialised training for staff in the lower grades, the majority of whom are female, to facilitate access to higher functions in the Bank.

During the year an evaluation of posts in the clerical, secretarial and service grades was completed. The existing functional grading system introduced for the higher grades in 1980 was extended to cover the whole staff. These measures have resulted in a reassessment of the degree of responsibility carried by individual posts — which in some cases has changed significantly with the arrival of new technology — leading to the introduction of more appropriate career patterns.

Staff complement related to total Bank activity (1960-1985)



The elected staff representatives were involved in consultation on matters of interest to staff and have contributed actively to the development of personnel policies. An in-house staff magazine was established with the support of the appropriate services and interested colleagues.

The first Spanish and Portuguese staff were welcomed in late 1985 and recruitment is continuing apace in these new member countries as vacancies arise, to ensure in due course an appropriate participation of their nationals in the Bank's staff. The Management Committee was authorised during 1985 to introduce a limited scheme for early retirement; this scheme will facilitate the recruitment of Spanish and Portuguese nationals.

* * *

The Board of Directors thanks the Bank's staff for their unstinting efforts throughout 1985 and for the extent and quality of their work performed to the highest standards.

Luxembourg, 13 May 1986

The Chairman of the Board of Directors
Ernst-Günther BRÖDER

Balance Sheet at 31 December 1985

in ECUs — see notes to the financial statements, Annex E

Assets	31. 12. 1985	31. 12. 1984
Receivable from Member States on account of called capital (Annex A)	270 000 000	405 000 000
Cash and bank deposits		
At sight and up to one year's notice	1 362 821 758	1 515 688 248
At more than one year's notice	78 033	802 673
	1 362 899 791	1 516 490 921
Investments (Note B)		
For not more than one year	161 304 848	41 681 724
For more than one year	704 400 598	583 500 980
	865 705 446	625 182 704
Borrowing proceeds to be received	91 270 285	270 450 477
Receivable from Member States for adjustment of capital (Annex D)	13 121 193	6 519 442
Loans (Annex B)		
Total outstanding	32 531 641 659	30 192 040 950
less: undischursed balance	2 305 176 694	2 496 298 699
	30 226 464 965	27 695 742 251
Contra accounts to guarantees		
In respect of loans under mandate	23 055 507	34 172 581
excluding those in respect of loans granted by third parties: 1985: 512 253 660; 1984: 561 798 760		
in respect of participations by third parties in Bank loans: 1985: 223 900 583; 1984: 379 366 118		
Land and buildings (Note C)	42 235 457	43 902 457
Accrued interest and commission	850 455 142	767 105 117
Receivable in respect of EMS interest subsidies paid in advance (Note H)	275 594 058	305 302 733
Unamortised issuing charges	324 303 678	309 245 445
Unamortised redemption premiums	9 224 135	12 853 541
	333 527 813	322 098 986
Special deposits for service of borrowings (Note D)	690 911 979	415 925 002
Miscellaneous (Note G)	46 814 611	55 770 517
	35 092 056 247	32 463 663 188

Liabilities	31. 12. 1985	31. 12. 1984
Capital (Annex A)		
Subscribed	14 400 000 000	14 400 000 000
Uncalled	12 934 285 000	12 934 285 000
	1 465 715 000	1 465 715 000
Reserve fund (Note N)	1 440 000 000	1 440 000 000
Additional reserves (Note N)	1 000 598 914	560 617 455
Provision for conversion rate adjustments (Note N)	14 669 916	19 832 369
Staff pension fund (Note E)	64 376 775	49 926 352
Payable to Member States for adjustment of capital (Annex D)	9 047 354	5 781 576
Short-term notes (Annex C)	659 383 128	287 530 192
Medium and long-term borrowings (Annex C)		
Bonds and notes	21 403 488 331	20 055 070 621
Other	5 320 838 116	4 935 885 841
	26 724 326 447	24 990 956 462
Redemption premiums	11 430 363	16 076 509
	26 735 756 810	25 007 032 971
Sundry creditors (Note F)	282 837 705	416 719 148
Guarantees		
on loans under mandate	23 055 507	34 172 581
on loans granted by third parties: 1985: 512 253 660; 1984: 561 798 760		
on participations by third parties in Bank loans: 1985: 223 900 583; 1984: 379 366 118		
Interest subsidies received in advance (Note H)	923 047 187	1 044 967 352
Interest subsidies received in advance for the account of third parties (Note H)	126 886 507	152 882 929
	1 049 933 694	1 197 850 281
Accrued interest and commission and interest received in advance	1 118 365 480	1 074 806 431
Coupons and bonds due and not yet paid (Note D)	690 911 979	415 925 002
Miscellaneous (Note G)	21 614 056	52 934 824
Balance of profit and loss account (Note N)	515 789 929	434 819 006
	35 092 056 247	32 463 663 188

Memorandum accounts

Special Section

Trust management funds		
— for the account of Member States	295 986 906	313 636 265
— for the account of the European Communities	7 275 996 775	6 378 531 652
Securities received as guarantee for loans under mandate	17 560 649	20 618 256
Securities received on deposit	78 835 310	98 738 127

Statement of Special Section ⁽¹⁾ at 31 December 1985

in ECUs — see notes to the financial statements, Annex E

Assets	31. 12. 1985	31. 12. 1984
Member States		
<i>From resources of the European Atomic Energy Community</i>		
Euratom loans disbursed Total ⁽²⁾	1 988 341 853	1 858 119 755
<i>From resources of the European Economic Community</i>		
<i>(New Community Instrument for borrowing and lending)</i>		
Loans		
— undisbursed	382 395 392	638 666 192
— disbursed	<u>4 757 896 039</u>	<u>4 034 101 208</u>
Total ⁽³⁾	5 140 291 431	4 672 767 400
Turkey		
<i>From resources of Member States</i>		
Loans		
— disbursed	<u>295 986 908</u>	<u>313 636 265</u>
Total ⁽⁴⁾	295 986 908	313 636 265
Mediterranean Countries		
<i>From resources of the European Economic Community</i>		
Loans		
— undisbursed	79 444 129	89 960 576
— disbursed	<u>209 555 871</u>	<u>190 339 424</u>
	<u>289 000 000</u>	<u>280 300 000</u>
Risk capital operations		
— Amounts to be paid up	3 000 000	3 000 000
— Amounts disbursed	<u>5 000 000</u>	<u>5 000 000</u>
	<u>8 000 000</u>	<u>8 000 000</u>
Total ⁽⁵⁾	297 000 000	288 300 000
African, Caribbean and Pacific States and Overseas Countries and Territories		
<i>From resources of the European Economic Community</i>		
First and Second Yaoundé Conventions		
Loans		
— undisbursed	—	70 699
— disbursed	<u>104 806 250</u>	<u>110 113 937</u>
	<u>104 806 250</u>	<u>110 184 636</u>
Contributions to the formation of risk capital		
— Amounts disbursed	<u>1 267 760</u>	<u>1 244 382</u>
Total ⁽⁶⁾	106 074 010	111 429 018
First and Second Lomé Conventions		
Risk capital operations		
— Amounts to be paid up	161 410 158	127 393 828
— Amounts disbursed	<u>209 129 002</u>	<u>179 612 946</u>
Total ⁽⁷⁾	370 539 160	307 006 774
Grand Total	<u>8 198 233 362</u>	<u>7 551 259 212</u>

N.B.

Total amounts outstanding on loans on special conditions made available by the Commission in respect of which the Bank has accepted an EEC mandate for recovering principal and interest:

(a) Under the First and Second Lomé Conventions: 31 December 1985: 598 273 563; 31 December 1984: 481 859 133.

(b) Under Financial Protocols signed with the Mediterranean Countries: 31 December 1985: 76 767 195; 31 December 1984: 59 070 731.

⁽¹⁾ The Special Section was set up by the Board of Governors on 27 May 1963: under a decision taken on 4 August 1977 its purpose was redefined as being that of recording operations carried out by the European Investment Bank for the account of and under mandate from third parties.

⁽²⁾ Initial amount of contracts signed under the Decisions of the Council of the European Communities of 29 March 1977 (77/271/Euratom) and 15 March 1982 (82/170/Euratom) providing for an

amount of two billion for financing commercially rated nuclear power stations within the Community under mandate, for the account and at the risk of the European Atomic Energy Community:

	1 976 391 633
Add: exchange adjustments	+ 120 586 714
Less: repayments	— 108 636 494
	<u>1 988 341 853</u>

Liabilities

	31. 12. 1985	31. 12. 1984
Trust management funds		
<i>Under mandate from the European Communities</i>		
European Atomic Energy Community	1 988 341 853	1 858 119 755
European Economic Community		
— New Community Instrument	4 757 896 039	4 034 101 208
— Financial Protocols with the Mediterranean Countries	214 555 871	195 339 424
— First and Second Yaoundé Conventions	106 074 010	111 358 319
— First and Second Lomé Conventions	209 129 002	179 612 946
	7 275 996 775	6 378 531 652
<i>Under mandate from Member States</i>	295 986 908	313 636 265
Total	7 571 983 683	6 692 167 917
Funds to be paid up		
On New Community Instrument loans	382 395 392	638 666 192
On loans and risk capital operations in the Mediterranean Countries	82 444 129	92 960 576
On loans under the Second Yaoundé Convention	—	70 699
On risk capital operations under the First and Second Lomé Conventions	161 410 158	127 393 828
Total	626 249 679	859 091 295
Grand Total	8 198 233 362	7 551 259 212

(3) Initial amount of contracts signed under Council Decisions 78/870/EEC of 16 October 1978 (New Community Instrument), 82/169/EEC of 15 March 1982 and 83/200/EEC of 19 April 1983 for promoting investment within the Community, as well as 81/19/EEC of 20 January 1981 for reconstructing the areas of Campania and Basilicata (Italy) stricken by an earthquake on 23 November 1980, and 81/1013/EEC of 14 December 1981 for reconstructing areas stricken by earthquakes in Greece in February and March 1981, under mandate, for the account and at the risk of the European Economic Community: 5 072 673 262

Add: exchange adjustments + 230 845 699
Less: cancellations 52 540 739
repayments 110 686 791 — 163 227 530
5 140 291 431

(4) Initial amount of contracts signed for financing projects in Turkey under mandate for the account and at the risk of Member States: 370 215 000

Add: exchange adjustments + 18 414 008
Less: cancellations 215 000
repayments 92 427 100 — 92 642 100
295 986 908

(5) Initial amount of contracts signed for financing projects in the Maghreb and Mashreq countries, Malta, Cyprus, Turkey and Greece (10 million lent prior to accession to EEC on 1 January 1981) under mandate, for the account and at the risk of the European Economic Community: 297 000 000

(6) Initial amount of contracts signed for financing projects in the Associated African States, Madagascar and Mauritius, and the Overseas Countries, Territories and Departments (AASMM—

OCTD) under mandate, for the account and at the risk of the European Economic Community:

— Loans on special conditions 139 483 056
— Contributions to the formation of risk capital 2 502 615 141 985 671

Add:

— capitalised interest 1 178 272
— exchange adjustments 5 114 727 + 6 292 999

Less:

— cancellations 1 573 609
— repayments 40 631 051 — 42 204 660
106 074 010

(7) Initial amount of contracts signed for financing projects in the African, Caribbean and Pacific States and the Overseas Countries and Territories (ACP—OCT) under mandate, for the account and at the risk of the European Economic Community:

— conditional and subordinated loans 369 255 000
— equity participations 11 323 510
— subscription of convertible bonds 2 499 606 383 078 116

Add:

— capitalised interest + 11 371

Less:

— cancellations 6 270 855
— repayments 4 812 172
— exchange adjustments 1 467 300 — 12 550 327
370 539 160

Profit and Loss Account for the year ended 31 December 1985

in ECUs — see notes to the financial statements, Annex E

Income	1985	1984
Interest and commission on loans	2 937 209 467	2 719 196 226
Interest and commission on Investments	199 484 300	242 226 951
Management commission (Note I)	15 565 292	15 376 864
Financial and other income (Note L)	39 350 295	43 544 224
Exchange differences	—	1 175 879
	3 191 609 354	3 021 520 144
Expenditure		
Administrative expenses and charges (Note K)	55 770 557	49 394 559
Interest and charges on borrowings	2 582 625 671	2 478 616 906
Amortisation of issuing charges and redemption premiums	59 916 231	49 924 062
Financial charges (Note L)	1 368 962	147 299
Depreciation		
— of net purchases of furniture and equipment	2 931 193	1 788 859
— of building	1 667 000	1 667 000
Exchange differences	219 234	—
	2 704 498 848	2 581 538 685
Operating surplus	487 110 506	439 981 459
Net decrease arising from re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute (Note J)	— 10 213 093	— 5 162 453
Exceptional income (Note M)	+ 38 892 516	—
Balance (Note N)	515 789 929	434 819 006

Statement of changes in financial position as at 31 December 1985

in ECUs — see notes to the financial statements, Annex E

	1985	1984
Source of funds		
Balance of profit and loss account	515 789 929	434 819 006
Items not involving movement of funds:		
Depreciation of building, net purchases of furniture and equipment	4 598 193	3 455 859
Amortisation of issuing charges and redemption premiums	59 916 231	49 924 062
Increase in accrued interest and commission payable and interest received in advance	43 559 049	198 055 723
Increase in accrued interest and commission receivable	— 83 350 025	— 135 631 650
	540 513 377	550 623 000
Other sources:		
Borrowing proceeds	5 875 566 869	4 234 985 710
Loan repayments to the Bank	1 851 850 634	1 561 393 563
Capital paid in by Member States	135 000 000	135 000 000
Exchange adjustments in respect of loans	2 015 164 031	— 1 499 027 449
Decrease (increase) in sundry debtors	8 955 906	— 26 658 459
Total	10 427 050 817	4 956 316 365
Use of funds		
Cash was used for:		
Net loan disbursements	6 397 737 379	5 200 105 323
Redemption of borrowings	1 788 216 394	1 325 239 331
Issuing costs and redemption premiums in respect of borrowings	71 345 058	127 517 176
Additions to land, building and furniture	2 931 193	1 788 859
Exchange adjustments in respect of borrowings	1 807 593 508	— 1 521 370 609
Net increase in capital adjustment accounts of Member States	3 335 973	439 964
Decrease in sundry creditors, miscellaneous liabilities, staff pension fund and net interest subsidies	268 959 700	201 718 210
Increase (decrease) in cash, bank balances and investments	86 931 612	— 379 121 889
Total	10 427 050 817	4 956 316 365

Annex A — Statement of subscriptions to the capital of the Bank

at 31 December 1985

in '000 ECUs — see notes to the financial statements, Annex E

Member States	Subscribed capital ⁽¹⁾	Available for call ⁽²⁾	Paid in at 31 December 1985	To be paid in ⁽¹⁾	Total paid in and to be paid in
Germany	3 150 000	2 829 375	261 562·5	59 062·5	320 625
France	3 150 000	2 829 375	261 562·5	59 062·5	320 625
United Kingdom	3 150 000	2 829 375	261 562·5	59 062·5	320 625
Italy	2 520 000	2 263 500	209 250	47 250	256 500
Belgium	829 500	745 068·75	68 878·125	15 553·125	84 431·25
Netherlands	829 500	745 068·75	68 878·125	15 553·125	84 431·25
Denmark	420 000	377 250	34 875	7 875	42 750
Greece	225 000	202 097·5	18 683·75	4 218·75	22 902·5
Ireland	105 000	94 312·5	8 718·75	1 968·75	10 687·5
Luxembourg	21 000	18 862·5	1 743·75	393·75	2 137·5
Total	14 400 000	12 934 285	1 195 715	270 000	1 465 715

(1) By decision of the Board of Governors of 15 June 1981, the subscribed capital was increased from 7 200 000 000 ECUs to 14 400 000 000 ECUs as from 31 December 1981. Each Member State is paying in, in its national currency, 7·5% of the increase, i.e. the equivalent of 540 000 000 ECUs, in eight equal instalments of 67 500 000 ECUs on 30 April and 31 October of the years 1984-1987. The amount of 270 000 000 ECUs to be paid in represents the four instalments for the years 1986-1987.

(2) 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.

N.B.: As from 1 January 1986, the subscribed capital has been increased from 14 400 000 000 ECUs to 28 800 000 000 ECUs. This doubling of the capital takes account of the increased contributions of the Ten (Decision of the Board of Governors of 11 June 1985) and the contributions of the two new Member States, Spain and Portugal (see 'Statement of subscriptions to the capital of the Bank at 1 January 1986', page 106).

Annex B — Analysis of loans outstanding

at 31 December 1985

in ECUs — see notes to the financial statements, Annex E

Countries and Territories in which projects are located	Number of loans	Total outstanding (1) (2) (3)	Amount undisbursed	Amount disbursed	% of total
1. Loans for projects within the Community and related loans:					
Germany	38	563 767 843	18 316 193	545 451 650	1.73
France	215	4 411 211 236	193 759 489	4 217 451 747	13.56
United Kingdom	311	5 336 525 074	45 536 652	5 290 988 422	16.40
Italy	720	13 106 848 441	813 466 717	12 293 381 724	40.29
Belgium	23	669 783 664	—	669 783 664	2.06
Netherlands	7	84 726 659	12 188 532	72 538 127	0.26
Denmark	96	1 176 590 241	16 589 750	1 160 000 491	3.62
Greece	114	1 671 933 791	19 148 300	1 652 785 491	5.14
Ireland	134	2 054 449 182	56 018 094	1 998 431 088	6.32
Luxembourg	2	17 702 949	—	17 702 949	0.05
Related loans (*)	7	203 744 221	—	203 744 221	0.63
Sub-total	1 667	29 297 283 301	1 175 023 727	28 122 259 574	90.06
2. Loans for projects outside the Community:					
New Member States at 1 January 1986					
Portugal	38	639 889 278	238 061 280	401 827 998	1.97
Spain	29	546 643 456	30 465 000	516 178 456	1.68
Mediterranean Countries					
Yugoslavia	6	311 110 433	165 075 000	146 035 433	0.96
Egypt	8	172 118 459	77 212 611	94 905 848	0.53
Morocco	8	145 291 835	48 556 677	96 735 158	0.45
Algeria	3	94 403 455	61 828 400	32 575 055	0.29
Turkey	9	91 280 906	—	91 280 906	0.28
Syria	4	81 334 405	48 158 870	33 175 535	0.25
Tunisia	10	66 414 655	22 230 860	44 183 795	0.20
Cyprus	3	46 314 309	26 764 330	19 549 979	0.14
Jordan	10	43 815 594	12 963 918	30 851 676	0.13
Lebanon	7	34 309 411	—	34 309 411	0.10
Malta	1	1 960 820	—	1 960 820	0.01
ACP Countries/OCT					
Cameroon	13	116 475 118	62 611 218	53 863 900	0.36
Ivory Coast	20	105 833 356	36 180 684	69 652 672	0.32
Kenya	11	84 431 336	29 905 775	54 525 561	0.26
Nigeria	3	77 658 542	44 212 000	33 446 542	0.24
Papua New Guinea	3	54 563 510	45 556 000	9 007 510	0.17
Fiji	5	50 895 651	16 000 000	34 895 651	0.16
Trinidad and Tobago	5	40 550 439	28 793 200	11 757 239	0.12
Zambia	4	36 942 209	648 000	36 294 209	0.11
Zimbabwe	2	34 768 660	23 352 557	11 416 103	0.11
Botswana	5	33 427 841	16 642 237	16 785 604	0.10
Senegal	5	32 902 669	—	32 902 669	0.10
Gabon	4	32 451 561	9 014 272	23 437 289	0.10
Congo	3	28 118 904	26 470 301	1 648 603	0.09
Mauritania	1	24 757 658	—	24 757 658	0.08
Togo	4	22 665 521	659 526	22 005 995	0.07
Malawi	5	17 775 922	7 500 000	10 275 922	0.05
Swaziland	3	15 779 998	—	15 779 998	0.05
Mauritius	5	14 892 855	1 446 000	13 446 855	0.04
Barbados	4	14 751 688	6 620 000	8 131 688	0.04
Ghana	2	14 041 534	—	14 041 534	0.04
Benin	1	13 500 000	13 500 000	—	0.04
Niger	3	13 107 433	—	13 107 433	0.04
Zaire	1	12 104 548	4 194 316	7 910 232	0.04
Guinea	2	11 036 664	4 079 041	6 957 623	0.03
Liberia	3	9 321 300	1 201 000	8 120 300	0.03
New Caledonia	2	8 832 138	—	8 832 138	0.03
Burkina Faso	1	7 419 774	—	7 419 774	0.02
Netherlands Antilles	1	7 100 000	7 100 000	—	0.02
West Africa	1	4 936 351	3 000 000	1 936 351	0.01
Jamaica	1	4 002 265	2 284 894	1 717 371	0.01
French Polynesia	1	4 000 000	4 000 000	—	0.01
Cayman Islands	1	2 840 618	—	2 840 618	0.01
Central Africa	1	2 600 000	2 600 000	—	0.01
Belize	1	1 848 121	365 000	1 483 121	0.01
Caribbean region	1	1 575 943	—	1 575 943	0.01
Montserrat	1	900 000	900 000	—	0.01
Tanzania	1	661 215	—	661 215	0.01
Sub-total	266	3 234 358 358	1 130 152 967	2 104 205 391	9.94
Grand Total	1 933	32 531 641 659	2 305 176 694	30 226 464 965	100.00

(*) Operations relating to projects on the Norwegian continental shelf and in Austria and Tunisia authorised under the provisions of the second paragraph of Article 18 (1) of the Statute.

(1) Currencies in which loans are repayable:

Currency	Amount
Currencies of Member States	16 531 270 778
Other currencies	13 695 194 187
Disbursed portion of loans	30 226 464 965
Add: undisbursed portion of loans:	
fixed-rate of interest and standard currency mix, as specified in finance contract	465 087 825
fixed-rate of interest, as specified in finance contract, with the Bank selecting the currency mix	1 071 626 833
open rate, with the Bank selecting the rate of interest and currency mix	768 462 036
	<u>2 305 176 694</u>
	<u>32 531 641 659</u>

Scheduled repayments on loans outstanding ('000 ECUs)

Repayable	Out-standing at 31. 12. 1985	Repayable	Out-standing at 31. 12. 1984
Year 1986	2 042 774	Year 1985	1 812 437
Year 1987	2 396 715	Year 1986	2 135 726
Year 1988	2 680 373	Year 1987	2 460 106
Year 1989	2 969 886	Year 1988	2 577 739
Year 1990	3 135 069	Year 1989	2 790 660
Years 1991 to 1995	13 511 053	Years 1990 to 1994	12 868 977
Years 1996 to 2000	5 054 661	Years 1995 to 1999	4 871 814
Years 2001 to 2005	696 264	Years 2000 to 2004	629 333
Years 2006 to 2009	44 846	Years 2005 to 2009	45 249
Total	<u>32 531 641</u>	Total	<u>30 192 041</u>

(2) Breakdown of loans outstanding at 31 December 1985 by principal form of guarantee (I)**A. Loans for projects within the Community and related loans (II)**

Loans granted to, or guaranteed by, Member States	21 989 586 537 (VI)
Loans granted to, or guaranteed by, public institutions in the Community	4 667 134 255
Loans granted to, or guaranteed by, financial institutions (banks, long-term credit institutions, insurance companies)	970 916 227
Loans guaranteed by companies outside the financial sector under majority control of Member States or public institutions in the Community	242 465 431
Loans secured by fixed charge on real estate	176 034 144
Loans guaranteed by non-bank companies in the private sector	688 232 837
Loans secured by fixed charge on assets other than real estate, or other security	562 913 870
Sub-total	<u>29 297 283 301</u>

B. Loans for projects outside the Community**1. Loans granted under the Second Yaoundé Convention**

Loans granted to, or guaranteed by, AASMM States which were signatories to the Convention	31 730 911
---	------------

Loans secured by other guarantees	1 647 802
	<u>33 438 713 (III)</u>

2. Loans granted under the First Lomé Convention

Loans granted to, or guaranteed by, ACP States which were signatories to the Convention	310 621 587
Loans secured by other guarantees	8 760 280
	<u>319 381 867 (IV)</u>

3. Loans granted under the Second Lomé Convention

Loans granted to, or guaranteed by, ACP States which were signatories to the Convention	549 210 143
Loans secured by other guarantees	17 440 619
Loans granted for mining and energy development projects (Article 59)	40 000 000
	<u>606 650 762 (V)</u>

4. Loans granted under EEC financial agreements with Mediterranean Countries

Loans guaranteed by the six founder Member States of the EIB	3 012 230
Loans guaranteed by the EEC	99 203 338
Loans granted to, or guaranteed or counter-guaranteed by, Mediterranean Countries which were signatories to these agreements	2 008 204 882 (VI)
Loans secured by other guarantees	164 466 566 (VI)
	<u>2 274 887 016</u>
Sub-total	<u>3 234 358 358</u>
Aggregate lending outstanding	<u>32 531 641 659</u>

(I) Certain loans are covered by several types of guarantee or security.

(II) Operations concerning projects on the Norwegian continental shelf and in Austria and Tunisia authorised under the provisions of the second paragraph of Article 18 (1) of the Statute.

(III) Guarantees provided by the six founder Member States of the EIB to cover any risk attaching to these financial commitments amount to 24 430 695.

(IV) Guarantees provided by Member States to cover any risk attaching to these financial commitments amount to 114 842 500.

(V) Guarantees provided by Member States to cover any risk attaching to these financial commitments amount to 460 061 000.

(VI) The blanket guarantee provided by the EEC to cover any risk attaching to these financial commitments and to those in Greece (223 017 153) arising from loans granted prior to that country's accession to the EEC amounted to 1 879 042 400 at 31 December 1985 compared to 1 574 167 400 at 31 December 1984.

In the event of these guarantees being invoked, the guarantors' obligations will be determined on the basis of the rates of conversion between the ECU and the currencies disbursed to borrowers as at the disbursement dates.

(3) Original amount of loans calculated on the basis of the parities applied on the date of signature

39 008 866 247	
Add:	
exchange adjustments	+ 3 034 892 793
	<u>42 043 759 040</u>
Less:	
terminations and cancellations	360 562 562
principal repayments to the Bank	8 927 654 236
third party participations in Bank loans	223 900 583
	<u>9 512 117 381</u>
Loans outstanding	<u>32 531 641 659</u>

The aggregate amount outstanding of loans and guarantees provided by the Bank, which under Article 18 (5) of the Statute must not exceed 250 % (i.e. 36 billion at present) of its subscribed capital, came at 31 December 1985 to:

loans	32 531 641 659
guarantees:	
in respect of loans under mandate	23 055 507
in respect of loans granted by third parties	512 253 660
in respect of third party participations in Bank loans	223 900 583
	<u>759 209 750</u>
Total amount of loans and guarantees outstanding	<u>33 290 851 409</u>

Annex C — Summary statement of borrowings

at 31 December 1985

in ECUs — see notes to the financial statements, Annex E

Short-term notes

Payable in	Unamortised principal		Rate of interest (weighted average)
	at 31. 12. 1984	at 31. 12. 1985	
ECU	100 000 000	100 000 000	8.63
US\$ nominal value	189 085 848	563 109 355	8.06
less:			
net amount of unamortised discounts	— 1 555 656	— 3 726 227	
Total	287 530 192	659 383 128	

Medium and long-term borrowings

Payable in	Unamortised principal at 31. 12. 1984	Operations during the financial year			Unamortised principal at 31 December 1985		
		Borrowings	Redemptions	Exchange adjustments	Amount (1)	Rate of interest (weighted average)	Due dates
EURCO (2)	73 288 626	—	705 132	690 766 +	73 274 260	8.13	1986/1989
ECU	872 948 000	720 000 000	—	—	1 592 948 000	10.47	1986/1999
DM	4 577 384 844	673 583 629	188 063 406	109 556 537 +	5 172 461 604	8.04	1986/2001
Ffrs	983 737 131	368 561 974	40 589 459	22 195 870 +	1 333 905 516	13.40	1986/1997
£	922 083 780	217 690 154	9 561 267	14 166 720 —	1 116 045 947	11.68	1986/2004
Lit	188 543 797	342 027 251	17 686 473	21 082 959 —	491 801 616	12.75	1986/1995
Bfrs	626 823 140	170 461 607	80 920 343	2 531 329 +	718 895 733	11.48	1986/2000
Fl	2 415 860 720	424 299 514	147 239 877	61 726 253 +	2 754 646 610	9.30	1986/2004
Dkr	—	31 296 750	—	123 233 +	31 419 983	12.00	1986/1995
IR£	—	20 950 803 (3)	—	55 982 +	21 006 785	11.50	1986/1995
Lfrs	226 046 028	40 036 464	18 341 912	489 906 +	248 230 486	10.39	1986/1995
US\$	9 390 183 789	1 259 417 539 (3)	914 713 597	1 922 817 670 —	7 812 070 061	11.30	1986/2000
Sfrs	2 078 806 506	354 795 609	194 362 457	5 725 369 —	2 233 514 289	6.18	1986/1996
£Leb.	1 074 018	—	584 618	489 400 —	—	—	—
Yen	2 454 726 709	621 267 802 (3)	169 835 741	960 479 +	2 907 119 249	8.00	1986/2000
Sch.	93 897 637	—	3 745 915	1 874 880 +	92 026 602	8.02	1986/1993
Can\$	85 551 737	80 144 645 (3)	—	40 736 676 —	124 959 706	12.06	1991/1995
Total	24 990 956 462	5 324 533 741	1 786 350 197	1 804 813 559 —	26 724 326 447		
Redemption premiums	16 076 509	—	1 866 197	2 779 949 —	11 430 363		
Grand Total	25 007 032 971	5 324 533 741	1 788 216 394	1 807 593 508 —	26 735 756 810		

(1) The following table shows in '000 ECUs the total capital sums required for redemption of medium and long-term borrowings over the following periods:

For redemptions during	Sums required at 31. 12. 1985	For redemptions during	Sums required at 31. 12. 1984
year 1986	1 525 839	year 1985	1 400 429
year 1987	2 022 956	year 1986	1 554 618
year 1988	2 146 291	year 1987	2 336 083
year 1989	2 255 025	year 1988	2 438 182
year 1990	3 154 209	year 1989	2 447 151
years 1991 to 1995	13 519 973	years 1990 to 1994	12 961 006
years 1996 to 2000	1 845 811	years 1995 to 1999	1 561 096
years 2000 to 2005	265 653	years 2000 to 2004	308 468
Total	26 735 757	Total	25 007 033

(2) The EURCO consists of the sum of fixed amounts of the currencies of the first nine Member States of the European Economic Community: 1 EURCO = DM 0.9 + Ffrs 1.2 + £0.075 + Lit 80 + Fl 0.35 + Bfrs 4.5 + Dkr 0.2 + IR£0.005 + Lfrs 0.5.

(3) During 1985, certain fixed-rate borrowings denominated in US\$, Can\$ and Yen were converted into floating-rate US\$; the fixed-rate IR£ loan issue was subsequently converted into a floating-rate IR£ borrowing.

Annex D — Amounts receivable from or payable to Member States for adjustment of capital contributions

at 31 December 1985

in ECUs — see notes to the financial statements, Annex E

In accordance with Article 7 of the Statute, application of the conversion rates given in Note A of Annex E entails adjusting the amounts paid by Member States in their national currency as contributions to the Bank's capital.

The corresponding amounts receivable from or payable to Member States are as follows:

Receivable from:	United Kingdom	9 901 379
	Greece	3 219 814
		13 121 193
Payable to:	Germany	3 178 779
	France	1 691 967
	Italy	611 456
	Belgium	1 216 386
	Netherlands	1 650 405
	Denmark	541 184
	Ireland	126 118
	Luxembourg	31 059
		9 047 354

In accordance with the Decision of the Board of Governors of 30 December 1977, where the accounting conversion rate of a currency fluctuates upwards or downwards by more than 1.5 %, amounts receivable from or payable to Member States will be

settled on 31 October of each year. Where the conversion rate fluctuates within the above margin of 1.5 % in either direction, the resulting amounts will remain in non-interest-bearing adjustment accounts.

Annex E — Notes to the financial statements

at 31 December 1985 — in ECUs

Note A — Significant accounting policies

1. Translation of currencies

In accordance with Article 4 (1) of its Statute, the Bank uses the ECU adopted by the European Communities as the unit of measure for the capital accounts of Member States and for presenting its financial statements.

The value of the ECU is equal to the sum of the following amounts of Member States' currencies:

DM	0.719	Bfrs	3.71
£	0.0878	Lfrs	0.14
Ffrs	1.31	Dkr	0.219
Lit	140.0	IRE	0.00871
Fl	0.256	Dr	1.15

The conversion rates between Member States' currencies and the ECU, which are determined on the basis of market rates, are published daily in the Official Journal of the European Communities. The Bank applies these rates in calculating the rates applicable to other currencies used for its operations.

The Bank conducts its operations in the currencies of its Member States, in ECUs and in non-Community currencies.

Its resources are derived from its capital, borrowings and accumulated earnings in various currencies and are held, invested or lent in the same currencies. Borrowed funds are sometimes converted into other currencies and at the same time forward exchange contracts are entered into in order to recover the amounts concerned in the original currency.

The following exchange rates were used for drawing up the balance sheet at 31 December 1985 and 31 December 1984:

1 ECU =	1985	1984
Deutsche Mark	2.18386	2.23176
French francs	6.70474	6.83069
Pounds sterling	0.615334	0.609846
Italian lire	1 489.94	1 371.10
Spanish pesetas	136.519	122.860
Belgian francs	44.645	44.7168
Dutch guilders	2.46133	2.51853
Danish kroner	7.95672	7.98805
Drachmas	131.200	91.0428
Portuguese escudos	140.736	120.344
Irish pounds	0.714055	0.715023
Luxembourg francs	44.645	44.7168
United States dollars	0.887927	0.708946
Swiss francs	1.84023	1.8383
Lebanese pounds	16.0715	6.28481
Japanese yen	178.207	178.052
Austrian Schilling	15.3523	15.6677
Canadian dollars	1.24088	0.935808
CFA francs	335.237	341.535

The gain or loss arising from translation of the Bank's assets and liabilities into ECUs is credited or charged to the profit and loss account. Excluded from such calculations are amounts receivable from or payable to Member States which are adjusted in accordance with Article 7 of the Bank's Statute.

2. Investments

Treasury bonds, notes and bonds are normally included at cost, or at nominal or market value where this is less than their original cost.

3. Loans

Loans are included in the assets of the Bank at their net disbursed amounts. The undisbursed balance of loans which was previously included under liabilities is now shown as a deduction from total loans outstanding under assets.

4. Fixed assets

Land and buildings are stated at cost less both initial write-down of the Kirchberg headquarters and accumulated depreciation. Depreciation is calculated to write off the value of the Bank's headquarters on a straight-line basis over 30 years.

Office furniture and equipment are written off in the year of acquisition.

5. Issuing charges and redemption premiums

Issuing charges and redemption premiums are amortised over the lives of the borrowings based on the principal amounts outstanding.

6. Interest subsidies received in advance

Certain loans carry interest subsidies received in advance at their discounted value. These subsidies are credited to income as and when the interest for which they are granted becomes payable.

7. Staff pension scheme

The Bank has a contributory pension scheme for its staff. All contributions to the scheme by the Bank and its staff are invested in the assets of the Bank. The amounts set aside are based on actuarial valuations performed every three years.

8. Taxation

The Protocol on the Privileges and Immunities of the European Communities, appended to the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, stipulates that the assets, revenues and other property of the Bank are exempt from all direct taxes.

Note B — Investments

Investments comprise:	1985	1984
treasury bonds, notes and bonds at the lowest of cost, nominal or market value (market value):		
1985: 723 980 677		
1984: 595 475 431)	699 818 643	577 847 439

the Bank's own bonds at their repurchase cost not yet liable for cancellation	5 597 156	5 403 565
bank bills at their nominal value	160 289 647	41 931 700
	<u>865 705 446</u>	<u>625 182 704</u>

The breakdown according to maturity is as follows:

not exceeding 3 months	158 907 709	23 931 700
over 3 months but not exceeding 6 months	1 569 949	1 767 146
over 6 months but not exceeding 12 months	827 190	15 982 878
over 12 months	704 400 598	583 500 980
	<u>865 705 446</u>	<u>625 182 704</u>

Note C — Land and Buildings

The item 'Land and Buildings' on the balance sheet, i.e. 42 235 457, represents the value of the building at Kirchberg after accumulated depreciation of 32 235 036.

Note D — Special deposits for service of borrowings

These represent the amount of coupons and bonds due but not yet presented for payment. The contra item on the liabilities side appears under the heading 'Coupons and bonds due and not yet paid'.

Note E — Staff pension scheme

The pension fund balance of 64 376 775 (49 926 352 at 31 December 1984) represents the actuarial valuation of the accumulated benefits under the scheme, in accordance with the Pension Scheme Regulations, increased by the contributions of the Bank and its employees plus the remuneration of the fund less withdrawals since the actuarial valuation.

The cost of the staff pension scheme borne by the Bank, including interest credited, for the year ended 31 December 1985 was 12 081 400 (8 549 025 for the year ended 31 December 1984).

Note F — Sundry creditors

Sundry creditors comprise:	1985	1984
short-term deposits from other banks	75 025 560	45 087 720
European Economic Community accounts:		
for Special Section operations and related unsettled sundry amounts	184 780 227	343 132 192
deposit accounts	16 826 968	25 535 019
other creditors	6 204 950	2 964 217
	<u>282 837 705</u>	<u>416 719 148</u>

Note G — Miscellaneous balance sheet accounts

These accounts comprise:	1985	1984
on the assets side:		
staff housing loans and advances on salaries	26 005 946	22 774 944

net amounts of swap operations	1 308 143	16 841 272
sundry debtors	19 500 522	16 154 301
	<u>46 814 611</u>	<u>55 770 517</u>

on the liabilities side:

accrued and sundry expenses	21 614 056	52 934 824
-----------------------------	------------	------------

Note H — Interest subsidies received in advance

(a) This item relates to amounts in respect of interest subsidies for loans granted for projects outside the Community, under Conventions signed with the ACP States and Protocols concluded with the Mediterranean Countries, as well as interest subsidies, concerning certain lending operations mounted within the Community from the Bank's own resources, made available in conjunction with the European Monetary System under Regulation (EEC) No 1736/79 of the Council of the European Communities of 3 August 1979.

(b) 'Interest subsidies received in advance for the account of third parties' relate to amounts received in respect of interest subsidies for loans granted from EEC resources under the Council of the European Communities' Decisions (78/870) of 16 October 1978 (New Community Instrument), (82/169) of 15 March 1982 and (83/200) of 19 April 1983 and Regulation (EEC) No 1736/79 of 3 August 1979 as amended by Regulation (EEC) No 2790/82 of 18 October 1982.

(c) Part of the amounts received through EMS arrangements has been made available as a long-term advance. The corresponding contra account is entered on the assets side as 'Receivable in respect of EMS interest subsidies paid in advance'.

Note I — Management commission

This represents the remuneration for the management of loans granted under mandate, for the account and at the risk of Member States or the European Communities and accounted for in the Special Section.

Note J — Net decrease arising from re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute

Application of the conversion rates adopted in drawing up the balance sheet (see Note A) at 31 December 1985 results in a net decrease in the value of net Bank assets of 10 213 093 (5 162 453 at 31 December 1984). The re-evaluation does not take account of assets expressed in the national currencies of Member States and representing the portion of capital paid in by each Member State in its national currency, which must be adjusted periodically in accordance with Article 7 of the Statute (see Annex D).

Note K — Administrative expenses and charges

Staff costs:	1985	1984
Salaries and allowances	35 578 303	32 261 588
Bank's contribution to pension, health insurance and other social costs	9 687 397	7 571 058
Other costs	2 243 295	2 234 588
	<u>47 508 995</u>	<u>42 067 234</u>
General and administrative expenses	8 261 562	7 327 325
	<u>55 770 557</u>	<u>49 394 559</u>

The number of personnel employed by the Bank was 673 at 31 December 1985 (638 at 31 December 1984).

Note L — Financial and other income, financial charges

Financial and other income	1985	1984
comprises:		

— realised gains on portfolio operations	39 229 635	41 297 242
— decrease in unrealised write-down of investments	—	1 731 993
— other income	120 660	514 989
	<u>39 350 295</u>	<u>43 544 224</u>

Financial charges comprise:

— increase in unrealised write-down of investments	1 235 813	—
— other charges	133 149	147 299
	<u>1 368 962</u>	<u>147 299</u>

Note M — Exceptional income

The exceptional income of 38 892 516 represents a reversal of expense accruals made in prior years. It has been determined that these accruals are no longer necessary. Based on a proposal from the Board of Directors, a decision of the Board of Governors of 30 December 1985 has led to the writeback of these accruals to the profit and loss account in 1985.

Note N — Reserves and provisions and appropriation of operating surplus

On 11 June 1985, the Board of Governors decided (a) to decrease the provision for conversion rate adjustments by an amount

of 5 162 453, representing the net decrease arising from re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and (b) to appropriate the 1984 operating surplus of 439 981 459 to the Additional Reserves.

Statement of movements in the reserves and provisions for the year ended 31 December 1985

	Situation at 31.12.1984	Appropriation of balance of profit and loss account for the year ended 31.12.1984	Situation at 31.12.1985
Reserve Fund	1 440 000 000	—	1 440 000 000
Additional Reserves	560 617 455	439 981 459	1 000 598 914
Provision for conversion rate adjustments	19 832 369	— 5 162 453	14 669 916
	<u>2 020 449 824</u>	<u>434 819 006</u>	<u>2 455 268 830</u>

The Management Committee has decided to propose that the Board of Directors recommend the Governors: (a) to decrease the provision for conversion rate adjustments by an amount of 10 213 093 representing the net decrease arising at 31 December 1985 from re-evaluation of net Bank assets not subject to adjustment under Article 7 of the Statute, and (b) to appropriate the 1985 operating surplus together with the amount corresponding to the exceptional income, i.e. a total of 526 003 022, to the reserves and provisions.

Report by Messrs Price Waterhouse

The President
European Investment Bank
Luxembourg

In our opinion, the accompanying financial statements present fairly the financial position of the European Investment Bank at 31 December 1985 and 1984, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were 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:

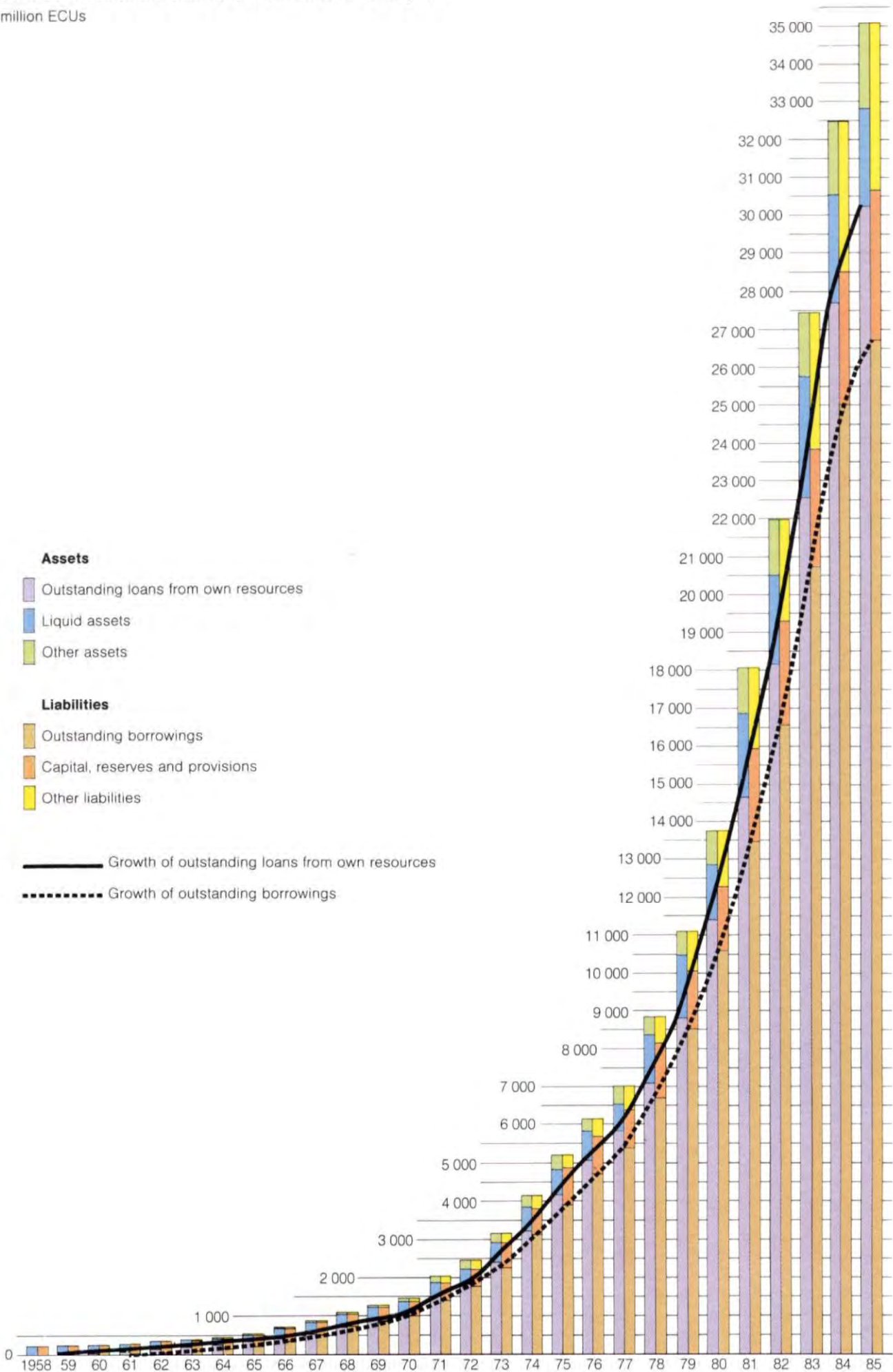
Balance sheet	
Special Section	
Profit and loss account	
Statement of changes in financial position	
Statement of subscriptions to the capital of the Bank	Annex A
Analysis of loans outstanding	Annex B
Summary statement of borrowings	Annex C
Amounts receivable from and payable to Member States for adjustment of capital contributions	Annex D
Notes to the financial statements	Annex E

Luxembourg, 21 February 1986

PRICE WATERHOUSE

Balance sheet of the Bank at 31 December of each year

million ECUs



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 reports of 21 February 1986 drawn up by Messrs Price Waterhouse,

considering the 1985 Annual Report, the balance sheet of the Bank and the statement of Special Section as at 31 December 1985 as well as the profit and loss account for the financial year ending on that date as drawn up by the Board of Directors at its meeting on 13 May 1986,

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

hereby certifies:

that the Bank's operations during the 1985 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, the profit and loss account and the statement of Special Section correspond to the book entries and that they reflect exactly the situation of the Bank as regards both assets and liabilities.

Luxembourg, 2 June 1986

The Audit Committee

A. HANSEN K. THANOPOULOS J. BREDSORFF

Balance Sheet at 1 January 1986 ⁽¹⁾

in ECUs — see notes to the financial statements, Annex E, page 99

Assets	1. 1. 1986	31. 12. 1985
Receivable from Member States on account of called capital	1 400 223 276	270 000 000
Receivable on account of reserve fund, additional reserves and provisions	256 872 736	—
Cash and bank deposits		
At sight and up to one year's notice	1 362 821 758	1 362 821 758
At more than one year's notice	78 033	78 033
	1 362 899 791	1 362 899 791
Investments		
For not more than one year	161 304 848	161 304 848
For more than one year	704 400 598	704 400 598
	865 705 446	865 705 446
Borrowing proceeds to be received	91 270 285	91 270 285
Receivable from Member States for adjustment of capital	13 121 193	13 121 193
Loans		
Total outstanding	32 531 641 659	32 531 641 659
less: undisbursed balance	2 305 176 694	2 305 176 694
	30 226 464 965	30 226 464 965
Contra accounts to guarantees		
In respect of loans under mandate excluding those in respect of loans granted by third parties; 1. 1. 1986: 512 253 660; 31. 12. 1985: 512 253 660	23 055 507	23 055 507
In respect of participations by third parties in Bank loans; 1. 1. 1986: 223 900 583; 31. 12. 1985: 223 900 583		
Land and buildings	42 235 457	42 235 457
Accrued interest and commission	850 455 142	850 455 142
Receivable in respect of EMS interest subsidies paid in advance	275 594 058	275 594 058
Unamortised issuing charges	324 303 678	324 303 678
Unamortised redemption premiums	9 224 135	9 224 135
	333 527 813	333 527 813
Special desposits for service of borrowings	690 911 979	690 911 979
Miscellaneous	46 814 611	46 814 611
	36 479 152 259	35 092 056 247

(1) See annex page 106.

Liabilities	1. 1. 1986	31. 12. 1985
Capital		
Subscribed	28 800 000 000	14 400 000 000
Uncalled	<u>26 204 061 724</u>	<u>12 934 285 000</u>
	2 595 938 276	1 465 715 000
Reserve fund	1 564 499 975	1 440 000 000
Additional reserves	1 087 109 011	1 000 598 914
Provision for conversion rate adjustments	15 938 252	14 669 916
Staff pension fund	64 376 775	64 376 775
Payable to Member States for adjustment of capital	9 047 354	9 047 354
Short-term notes	659 383 128	659 383 128
Medium and long-term borrowings		
Bonds and notes	21 403 488 331	21 403 488 331
Other	<u>5 320 838 116</u>	<u>5 320 838 116</u>
	26 724 326 447	26 724 326 447
Redemption premiums	<u>11 430 363</u>	<u>11 430 363</u>
	26 735 756 810	26 735 756 810
Sundry creditors	282 837 705	282 837 705
Guarantees		
on loans under mandate	23 055 507	23 055 507
on loans granted by third parties: 1. 1. 1986: 512 253 660; 31. 12. 1985: 512 253 660		
on participations by third parties in Bank loans: 1. 1. 1986: 223 900 583; 31. 12. 1985: 223 900 583		
Interest subsidies received in advance	923 047 187	923 047 187
Interest subsidies received in advance for the account of third parties	<u>126 886 507</u>	<u>126 886 507</u>
	1 049 933 694	1 049 933 694
Accrued interest and commission and interest received in advance	1 118 365 480	1 118 365 480
Coupons and bonds due and not yet paid	690 911 979	690 911 979
Miscellaneous	21 614 056	21 614 056
Contribution to balance of profit and loss account still to be appropriated	44 594 328	—
Balance of profit and loss account	515 789 929	515 789 929
	<u>36 479 152 259</u>	<u>35 092 056 247</u>

Memorandum accounts

Special Section

Trust management funds		
— for the account of Member States	295 986 908	295 986 908
— for the account of the European Communities	7 275 996 775	7 275 996 775
Securities received as guarantee for loans under mandate	17 560 649	17 560 649
Securities received on deposit	78 835 310	78 835 310

Annex to Balance Sheet at 1 January 1986

As from 1 January 1986, the subscribed capital has been increased from 14 400 000 000 ECUs to 28 800 000 000 ECUs. This doubling of the capital incorporates the increased contributions of the Ten, the alignment of Italy's share of the subscribed capital with the shares of Germany, France and the United Kingdom (Decision of the Board of Governors of 11 June 1985) and the contributions of the two new Member States, Spain and Portugal.

The Ten will pay in 7.5 % of their share in the capital increase, i.e. a total of 908 111 250 ECUs, in twelve equal six-monthly instalments of 75 675 937.50 ECUs beginning on 30 April 1988 and ending on 31 October 1993.

As regards the alignment of its share of subscribed capital, Italy will pay in an additional amount of 16 875 000 ECUs in four equal six-monthly instalments of 4 218 750 ECUs beginning on 30 April 1986 and ending on 31 October 1987.

Following their accession, the Kingdom of Spain and the Portuguese Republic will pay in an amount of 103 379 526 ECUs, corresponding to their share in the capital paid in by the Member States at 1 January 1986, in five equal six-monthly instalments of 20 675 905.20 ECUs beginning on 30 April 1986 and ending on 30 April 1988, as well as an amount of 78 513 750 ECUs in twelve equal six-monthly instalments of 6 542 812.50 ECUs beginning on 30 April 1988 and ending on 31 October 1993.

As regards the amount remaining to be paid in under the capital increase decided on 15 June 1981, the Kingdom of Spain and the Portuguese Republic will participate proportionally and in accordance with the timetable laid down for this increase. The Twelve will pay in, under this heading, an amount of 293 343 750 ECUs in four equal six-monthly instalments of 73 335 937.50 ECUs beginning on 30 April 1986 and ending on 31 October 1987.

Following their accession, the Kingdom of Spain and the Portuguese Republic will also contribute towards the Reserve Fund, the Additional Reserves and those provisions equivalent to reserves, as well as to the amount to be appropriated to the reserves and provisions corresponding to the balance of the profit and loss account as at 31 December 1985, i.e. in the case of the Kingdom of Spain an amount corresponding to 7.63888842 % and in the case of the Portuguese Republic an amount corresponding to 1.00694315 % of these reserves and provisions. Consequently, the draft balance sheet at 1 January 1986 together with the statement of subscriptions to the capital of the Bank at the same date reflect the situation at the beginning of the financial year 1986 (provisional evaluation, pending definitive establishment of the amounts to be contributed by the Kingdom of Spain and the Portuguese Republic to the Bank's reserves and provisions).

Statement of subscriptions to the capital of the Bank at 1 January 1986

(in '000 ECUs)

Member States	Subscribed capital	Available for call	Paid in at 31. 12. 1985	To be paid in					Total paid in and to be paid in
				in 1986	in 1987	in 1988	in 1989	from 1990 to 1993 (1)	
Germany	5 508 725	5 011 195.625	261 562.500	29 531.250	29 531.250	29 484.0625	29 484.0625	117 936.25	497 529.375
France	5 508 725	5 011 195.625	261 562.500	29 531.250	29 531.250	29 484.0625	29 484.0625	117 936.25	497 529.375
Italy	5 508 725	5 011 195.625	209 250.000	32 062.500	32 062.500	37 359.0625	37 359.0625	149 436.25	497 529.375
United Kingdom	5 508 725	5 011 195.625	261 562.500	29 531.250	29 531.250	29 484.0625	29 484.0625	117 936.25	497 529.375
Spain	2 024 928	1 843 594.060	—	46 848.236	46 848.236	29 829.468	11 561.600	46 246.40	181 333.940
Belgium	1 526 980	1 390 237.750	68 878.125	7 776.5625	7 776.5625	8 718.500	8 718.500	34 874.00	136 742.250
Netherlands	1 526 980	1 390 237.750	68 878.125	7 776.5625	7 776.5625	8 718.500	8 718.500	34 874.00	136 742.250
Denmark	773 154	703 917.450	34 875.000	3 937.500	3 937.500	4 414.425	4 414.425	17 657.70	69 236.550
Greece	414 190	377 098.250	18 683.750	2 109.375	2 109.375	2 364.875	2 364.875	9 459.50	37 091.750
Portugal	266 922	243 018.914	—	6 175.450	6 175.449	3 932.062	1 524.025	6 096.10	23 903.086
Ireland	193 288	175 978.900	8 718.750	984.375	984.375	1 103.600	1 103.600	4 414.40	17 309.100
Luxembourg	38 658	35 196.150	1 743.750	196.875	196.875	220.725	220.725	882.90	3 461.850
	28 800 000	26 204 061.724	1 195 715.000	196 461.186	196 461.185	185 113.405	164 437.500	657 750.00	2 595 938.276

(1) In four annual instalments identical to those payable in 1989.

Historical pattern of financing

The vigorous growth in Bank financing is evident in the surge from 500 million in 1972, just prior to the initial enlargement of the Community, to 3.5 billion in 1980 and close on 7.2 billion in 1985. The trend is illustrated in Table 15 and the graph below.

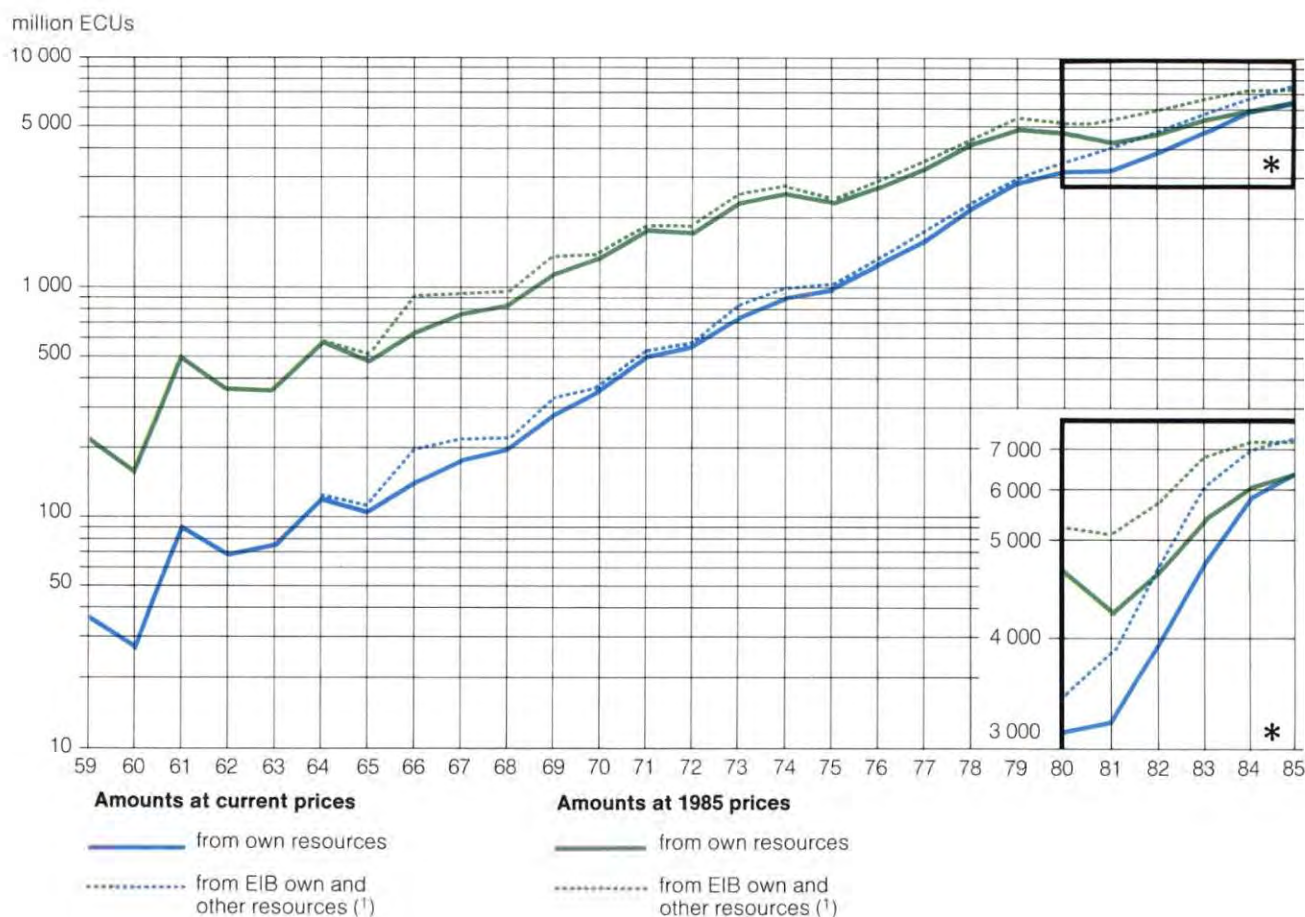
The following maps and graphs highlight certain aspects of Bank activity in the Member Countries over the past five years, as well as operations mounted outside the Community under cooperation agreements.

Operations within the Community (1981–1985)

Between 1981 and the end of 1985, the EIB provided a total of 21 143.1 million in loans from its own resources and guarantees in support of capital

investment in the Community. In addition, 4 595.9 million was made available from NCI resources, making a total of 25 739 million.

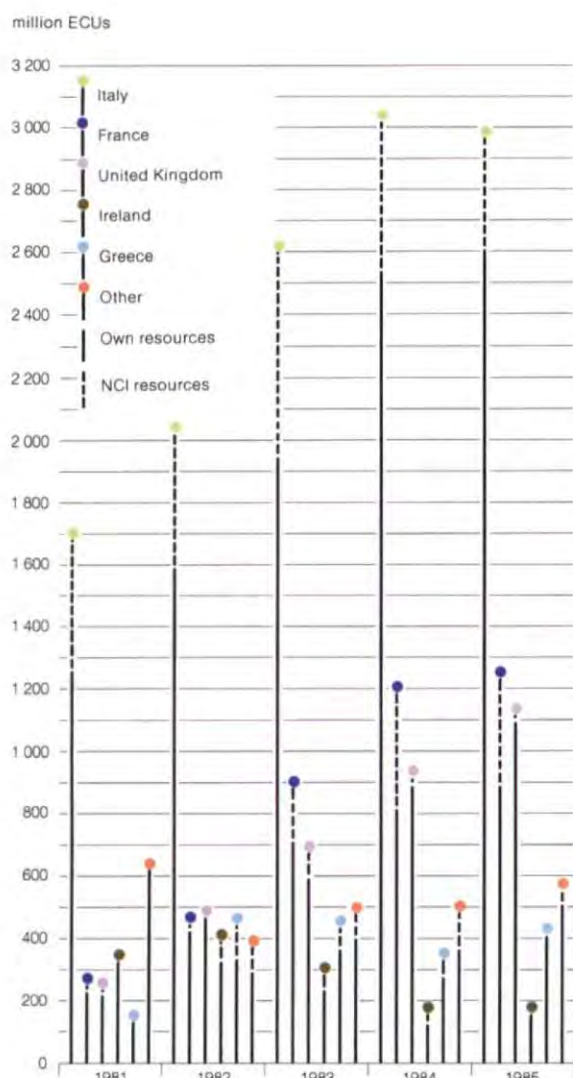
Financing provided inside and outside the Community from 1959 to 1985



(1) Financing outside the Community and, as from 1979, financing within the Community from NCI resources.

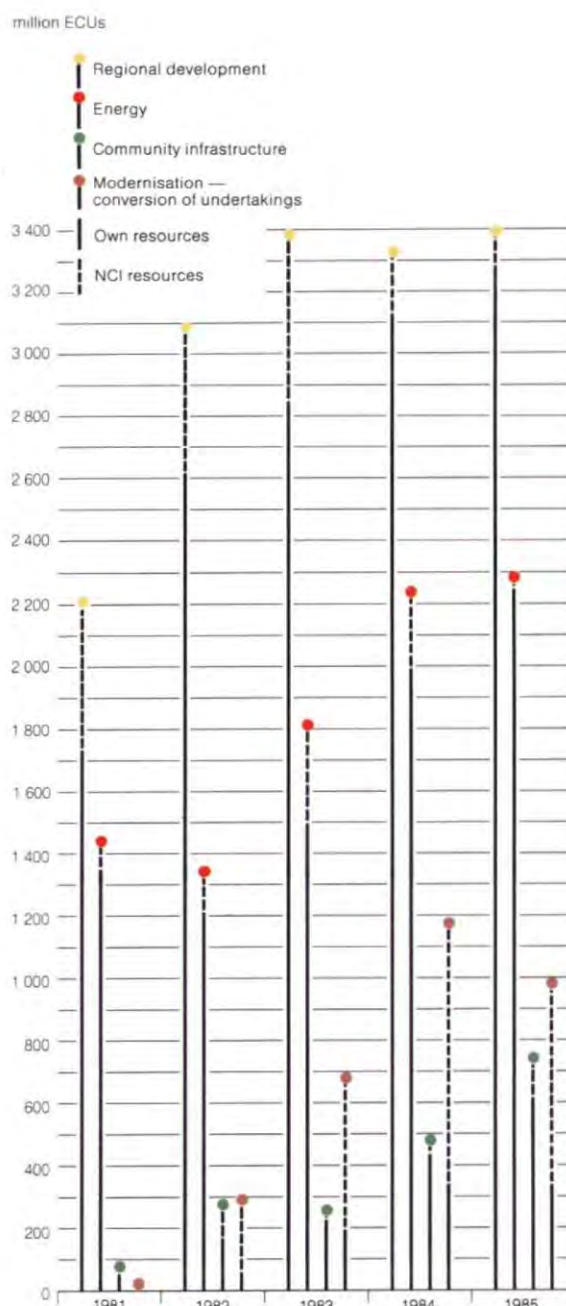
Breakdown by project location (see Table 5 and graph below)

More than 60 % of the projects financed since 1981 have been located in the countries with the most serious regional problems: Italy (with the Mezzogiorno alone accounting for 28 % of all lending in the Member Countries), Greece and Ireland. Lending in the United Kingdom and France came next, together accounting for 29 %. The rest was spread between the remaining Member Countries.



Breakdown by economic policy objective (see Table 17 and graph below)

Overall lending since 1981 for projects fostering regional development has accounted for 60 % of all financing within the Community. Finance for projects in pursuit of the Community's energy policy



objectives has focussed mainly on the development of indigenous energy resources and schemes aimed at making more efficient use of energy. Considerable amounts of financing also went into infrastructure designed to improve communications between the Member States, environmental protection projects and the modernisation of undertakings, where the bulk of the investment was placed by small or medium-sized enterprises.

Sectoral breakdown

(see Table 19 and graph opposite)

Credit for productive enterprise came to 7 billion, due largely to the incidence of global loans for small and medium-sized enterprises; global loan allocations went to some 13 500 industrial ventures and to almost 2 000 others in the agricultural and service sectors.

Financing for the energy sector came to 9 billion, while for infrastructure, chiefly transport and telecommunications, the figure was 9.7 billion.

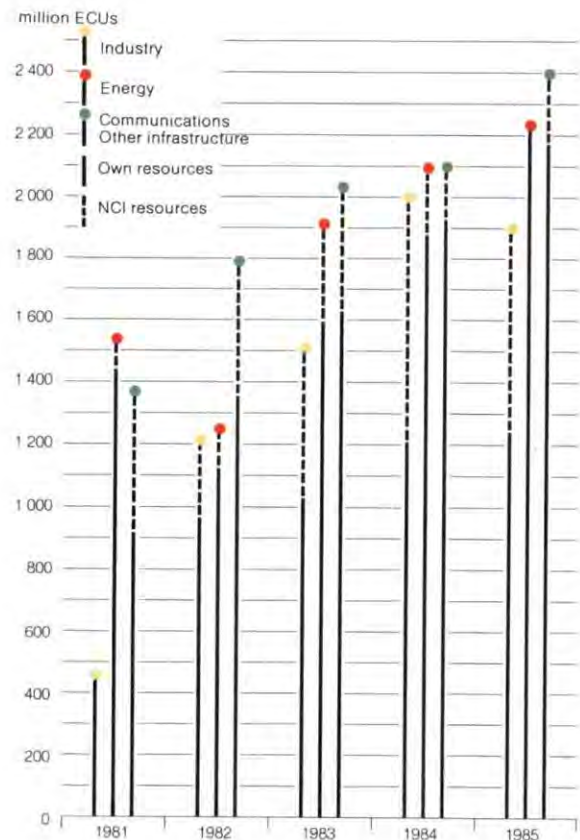


Table 15: Financing from 1959 to 1985

Year	Total financing	(million ECUs)				
		Within the Community			Outside the Community	
		Lending from own resources	Loans under mandate and guarantees	Lending from NCI resources	Lending from own resources	Operations mounted from budgetary resources
1959–1980 (annual average)	17 177.0	14 079.3	242.3	474.6	1 537.0	843.8
	780.8	640.0	11.0	21.6	69.9	38.5
1981	3 821.9	2 523.8	282.1	539.8	386.4	89.8
1982	4 688.6	3 446.0	—	791.1	410.2	41.3
1983	5 923.4	4 145.9	97.6	1 199.6	427.2	53.1
1984	6 897.1	5 007.0	—	1 181.8	620.7	87.6
1985	7 184.6	5 640.7	—	883.7	584.3	75.9
Total	45 692.8	34 842.6	622.1	5 070.6	3 966.0	1 191.5

Operations in Spain and Portugal

(see Table 16 and Map, p. 110)

In the years leading up to these two countries' accession to the Community, the Bank granted loans there totalling 1 275 million under the ceilings on operations prescribed in the financial

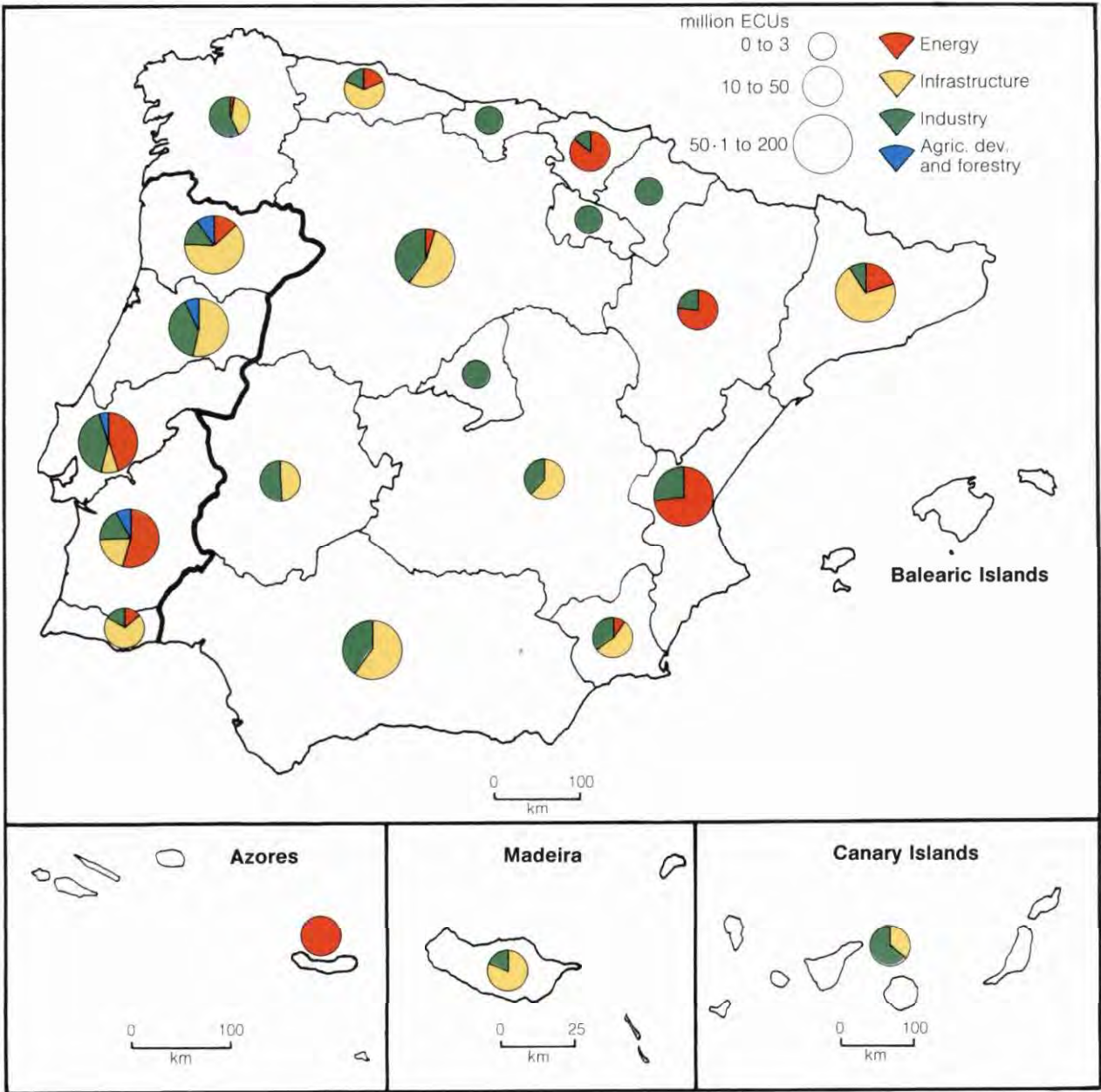
cooperation agreements signed between the Community on the one hand and Portugal and Spain on the other.

Portugal (1975—1985)

The bulk of the Bank's lending — 725 million in all — went for investment in efforts to surmount three of the main obstacles to the economic development of the country: inadequate communications infrastructure (273 million for road and rail works and

harbour and airport installations), heavy dependence on oil imports (190 million for hydroelectric and coal-fired power stations and improvements to the high voltage grid) and the low productivity of many undertakings (244 million including 70 million for major firms producing fertilizers, cement, plastics and copper; 174 million in global loans for financing

Financing operations in Spain and Portugal
prior to Community accession



276 small and medium-sized enterprises). In addition, 45 million were advanced in support of agricultural irrigation schemes and forestry operations.

Of these loans 24, totalling 445 million, attracted an interest subsidy financed from the Community budget.

Spain (1981–1985)

Bank lending — 550 million — was directed towards easing the integration of the Spanish economy into

that of the Community, chiefly through the financing of rail and road links and development and modernisation of small and medium-sized enterprises through the medium of global loans.

Total financing in the productive sector came to 207 million, with allocations going to 411 smaller companies in the industrial and tourist sectors. Lending for communications infrastructure came to 150 million, while the total for global loans for financing roads and sanitation schemes by local authorities was 96 million. In the energy sector, loans of 97 million went towards projects to exploit indigenous hydrocarbon resources and hydro-electric potential.

Table 16: **Financing operations in Spain and Portugal prior to Community accession**

	Agreement	Individual loans			Global loans		Allocations from current global loans (1)			
		Energy	Infra-structure	Industry, forestry	Infra-structure	Industry, tourism	Infra-structure		Industry, tourism	
	million ECUs	million ECUs			million ECUs		No	million ECUs	No	million ECUs
Spain	550.0	97.1	167.0	1.9	79.0	205.0	60	79.0	408	173.8
Pre-accession/financial cooperation	200.0	17.1	57.0	1.9	39.0	85.0	35	39.0	178	85.0
Additional pre-accession financial cooperation I	100.0	20.0	20.0	—	15.0	45.0	10	15.0	137	45.0
Additional pre-accession financial cooperation II	250.0	60.0	90.0	—	25.0	75.0	15	25.0	93	43.8
Portugal	725.0	190.0	273.0	88.0	—	174.0	—	—	276	149.1
Exceptional emergency aid	150.0	55.0	51.0	20.0	—	24.0	—	—	47	24.0
Protocol I	200.0	30.0	72.0	68.0	—	30.0	—	—	44	30.0
Pre-accession aid	150.0	35.0	60.0	—	—	55.0	—	—	71	55.0
Additional pre-accession aid I	75.0	40.0	—	—	—	35.0	—	—	104	29.8
Additional pre-accession aid II	150.0	30.0	90.0	—	—	30.0	—	—	10	10.3
Total	1 275.0	287.1	440.0	89.9	79.0	379.0	60	79.0	684	322.9

(1) The balance of the global loans should be committed in 1986.

Operations in other Mediterranean region (1981–1985)

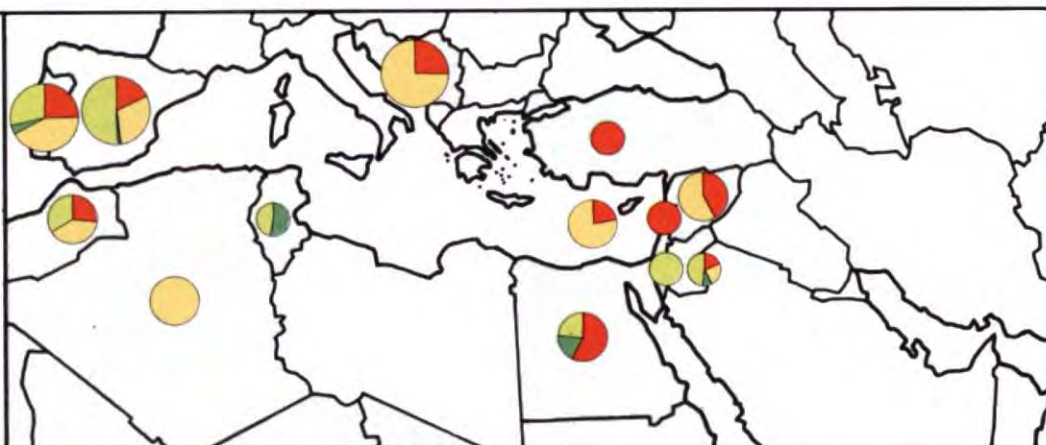
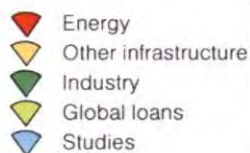
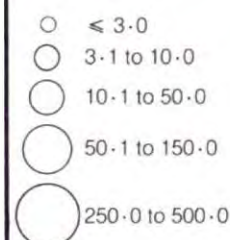
(see Tables 22 and 23 and Map, p. 112)

Since 1963, the Bank has been instrumental in implementing the Community's policy of economic and financial cooperation with almost every country in the Mediterranean region. In the period 1981 to 1985, financing totalled 837.3 million from own

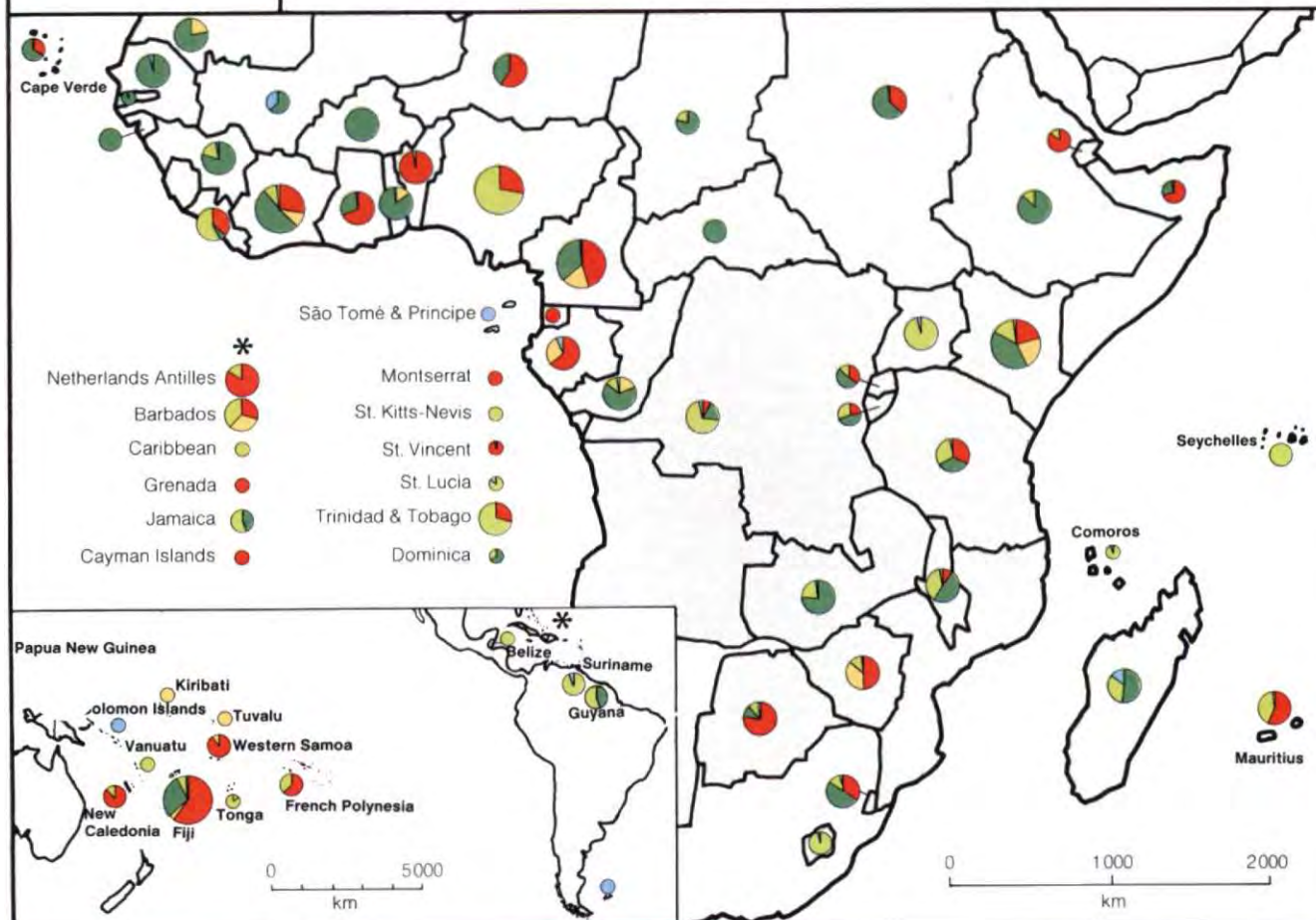
resources and 63.2 million from budgetary resources: 249.5 million in the Maghreb countries, 237.8 million in the Mashreq countries, 260 million in Yugoslavia, 49 million in Turkey, 54.2 million in Cyprus and 50 million in Israel.

Projects financed in the Mediterranean region from 1981 to 1985

million ECUs



Projects financed in the ACP States and the OCT from 1976 to 1985 (Lomé Conventions)



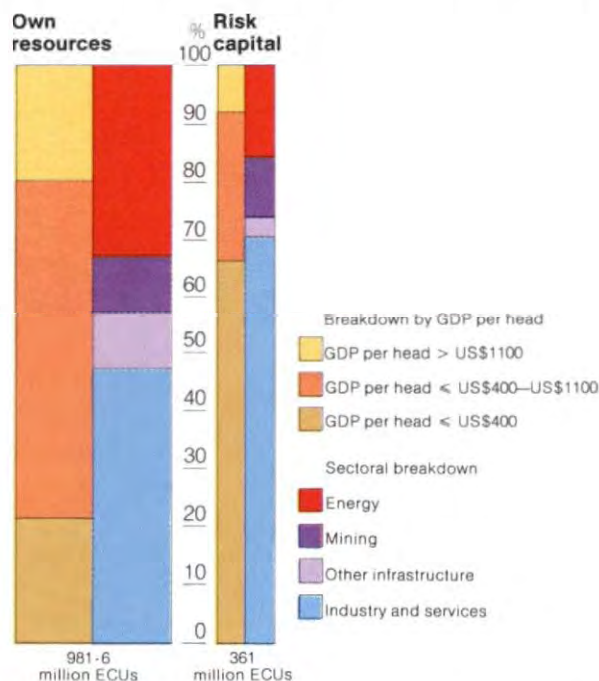
Operations in the African, Caribbean and Pacific countries under the Lomé Conventions (see Tables 24 and 25 and Map, p. 112)

Since 1976, the Bank has been funding investment in the African, Caribbean and Pacific countries that signed the Lomé I and II Conventions and in the Overseas Countries and Territories under Council Decisions.

Overall financing comes to 1 397 million, or 32 % of all Bank financing outside the Community, including

1 014.5 million from own resources and 382.6 million in the form of risk capital from the resources of the European Development Fund. Operations in Africa totalled 1 133.9 million, or over four fifths of the aggregate amount, while in the Caribbean the total was 92.7 million, in the Pacific 139.7 million and in the OCT 30.8 million. Finance for industry came to 872 million, for energy to 403.1 million and for infrastructure to 121.9 million.

Financing provided in the ACP countries from 1976 to 1985



Excluding regional projects for amounts of 10.6 million from own resources and 12.8 million from risk capital resources.

Table 17: **Financing provided within the Community in 1985 and from 1981 to 1985** ⁽¹⁾

Breakdown by economic policy objective

Objective (2)					1985	
	From EIB own resources		From NCI resources	million ECUs	Total	
	million ECUs	%			million ECUs	%
Regional development	3 286.2	100.0	104.5		3 390.7	100.0
Belgium	—	—	—	—	—	—
Denmark	13.4	0.4	—	—	13.4	0.4
Germany	1.8	0.1	—	—	1.8	0.1
Greece	401.7	12.2	17.6	—	419.3	12.4
France	653.9	19.9	14.6	—	668.5	19.7
Ireland	146.6	4.5	27.9	—	174.5	5.1
Italy	1 692.8	51.5	27.4	—	1 720.2	50.7
Luxembourg	—	—	—	—	—	—
Netherlands	4.0	0.1	—	—	4.0	0.1
United Kingdom	372.0	11.3	17.0	—	389.0	11.5
Energy policy objectives	2 241.6	100.0	40.4		2 282.0	100.0
Development of indigenous resources	1 479.8	66.0	—	—	1 479.8	64.8
Hydroelectric	160.5	7.2	—	—	160.5	7.0
Nuclear	1 009.0	45.0	—	—	1 009.0	44.2
Oil and natural gas deposits	310.3	13.8	—	—	310.3	13.6
Coal, lignite, peat	—	—	—	—	—	—
Import diversification	237.0	10.6	—	—	237.0	10.4
Natural gas	230.0	10.3	—	—	230.0	10.1
Coal	7.0	0.3	—	—	7.0	0.3
Rational use of energy	273.8	12.2	40.4	—	314.2	13.8
Global loans (3)	251.0	11.2	—	—	251.0	11.0
Community infrastructure	617.4	100.0	127.3		744.7	100.0
Transport	274.4	44.4	73.2	—	347.6	46.7
Roads, bridges and tunnels	176.9	28.7	73.2	—	250.1	33.6
Shipping	29.2	4.7	—	—	29.2	3.9
Airlines	59.6	9.6	—	—	59.6	8.0
Intermodal freight terminals	8.7	1.4	—	—	8.7	1.2
Telecommunications	—	—	—	—	—	—
Other infrastructure	19.1	3.1	—	—	19.1	2.5
Protection of the environment	323.9	52.5	36.5	—	360.4	48.4
Modernisation of undertakings	335.2	100.0	643.7		978.9	100.0
Advanced technology	311.0	92.8	14.6	—	325.6	33.3
Modernisation and conversion	24.2	7.2	—	—	24.2	2.5
Investment by SMEs	—	—	629.1	—	629.1	64.2
— Deduct to allow for duplication in the case of financing justified on the basis of several objectives			— 839.7	— 32.2	— 871.9	
Total	5 640.7		883.7		6 524.4	

⁽¹⁾ See Note 1, Table 1.⁽²⁾ See Note 1, Table 3.⁽³⁾ For industry and infrastructure.

1981—1985					
From EIB own resources			From NCI resources		Objective (2)
million ECUs	%		million ECUs	Total million ECUs %	
13 601.0	100.0		1 779.7	15 380.7	100.0
17.8	0.1		—	17.8	0.1
167.8	1.2		48.6	216.4	1.4
24.7	0.2		—	24.7	0.2
1 508.9	11.1		280.9	1 789.8	11.6
1 843.7	13.6		128.4	1 972.1	12.8
1 148.7	8.5		247.7	1 396.4	9.1
7 034.4	51.7		989.5	8 023.9	52.2
—	—		—	—	—
4.0	—		—	4.0	—
1 851.0	13.6		84.6	1 935.6	12.6
8 283.2	100.0		830.8	9 114.0	100.0
5 124.2	61.9		375.1	5 499.3	60.3
365.5	4.4		—	365.5	4.0
3 290.3	39.7		—	3 290.3	36.1
1 274.0	15.4		242.8	1 516.8	16.6
194.4	2.4		132.3	326.7	3.6
963.0	11.6		188.6	1 151.6	12.7
830.2	10.0		141.9	972.1	10.7
132.8	1.6		46.7	179.5	2.0
1 330.9	16.1		184.6	1 515.5	16.6
865.1	10.4		82.5	947.6	10.4
1 525.6	100.0		311.9	1 837.5	100.0
894.9	58.7		152.0	1 046.9	57.0
674.5	44.2		152.0	826.5	45.0
36.5	2.4		—	36.5	2.0
175.2	11.5		—	175.2	9.5
8.7	0.6		—	8.7	0.5
2.1	0.1		17.6	19.7	1.1
22.0	1.4		—	22.0	1.2
606.6	39.8		142.3	748.9	40.7
939.7	100.0		2 181.9	3 121.6	100.0
733.7	78.1		58.4	792.1	25.4
63.6	6.8		—	63.6	2.0
6.5	0.6		—	6.5	0.2
135.9	14.5		19.4	155.3	5.0
—	—		2 104.1	2 104.1	67.4
— 3 206.4			— 508.4	— 3 714.8	
21 143.1			4 595.9	25 739.0	Total

— Deduct to allow for duplication in the case of financing justified on the basis of several objectives

Table 18.1: **Financing provided within the Community from EIB own resources in 1985**

Sectoral breakdown

Sector	Individual loans and global loans			Allocations from ongoing global loans		Total individual loans and allocations from ongoing global loans	
	Number	million ECU's	%	Number	million ECU's	million ECU's	%
Energy	81	2 230.9	39.5	157	133.3	2 113.2	38.1
Production	32	1 359.3	24.1	36	26.8	1 386.1	25.0
Nuclear	13	955.9	16.9	—	—	955.9	17.2
Thermal power stations	1	7.0	0.1	—	—	7.0	0.1
Hydroelectric power stations	6	160.5	2.9	28	14.5	175.0	3.2
Geothermal energy and alternative sources	1	43.9	0.8	—	—	43.9	0.8
Oil and natural gas deposits	11	192.0	3.4	8	12.3	204.3	3.7
Transmission and storage	12	260.7	4.6	—	—	260.7	4.7
Electricity	4	111.1	2.0	—	—	111.1	2.0
Oil and natural gas	8	149.6	2.6	—	—	149.6	2.7
Supply	23	359.9	6.4	121	106.5	466.4	8.4
Electricity	—	—	—	19	6.3	6.3	0.1
Natural gas	14	242.3	4.3	91	74.5	316.8	5.7
Heat	9	117.6	2.1	11	25.7	143.3	2.6
Global loans	14	251.0	4.4	—	—	—	—
Infrastructure	111	2 169.1	38.5	484	136.1	2 098.2	37.7
Communications	65	1 393.7	24.7	462	112.5	1 506.2	27.1
Transport	54	828.6	14.7	462	112.5	941.1	16.9
Railways	3	63.7	1.1	—	—	63.7	1.1
Roads, bridges and tunnels	33	514.8	9.1	451	104.4	619.2	11.1
Shipping	7	49.2	0.9	8	5.6	54.8	1.0
Airlines	10	192.2	3.4	3	2.5	194.7	3.5
Intermodal freight terminals	1	8.7	0.2	—	—	8.7	0.2
Telecommunications	11	565.1	10.0	—	—	565.1	10.2
Telecommunications equipment	9	539.5	9.6	—	—	539.5	9.7
Satellites and earth stations	2	25.6	0.4	—	—	25.6	0.5
Water schemes	29	435.1	7.7	21	23.2	458.3	8.2
Agricultural development	5	31.0	0.5	—	—	31.0	0.5
Water catchment, treatment and supply	24	404.1	7.1	21	23.2	427.3	7.7
Other infrastructure	13	133.3	2.4	1	0.4	133.7	2.4
Public buildings	2	19.1	0.4	—	—	19.1	0.3
Composite infrastructure	11	114.2	2.0	1	0.4	114.6	2.1
Global loans	4	207.0	3.7	—	—	—	—
Industry, agriculture and services	90	1 240.7	22.0	2 896	878.7	1 348.1	24.2
Industry	39	433.7	7.7	2 371	722.1	1 155.8	20.8
Mining and quarrying	—	—	—	83	11.4	11.4	0.2
Metal production and semi-processing	1	2.9	0.1	22	17.5	20.4	0.4
Construction materials	1	4.5	0.1	210	62.9	67.4	1.2
Woodworking	—	—	—	209	39.7	39.7	0.7
Glass and ceramics	—	—	—	59	29.3	29.3	0.5
Chemicals	13	62.7	1.1	107	60.2	122.9	2.2
Metalworking and mechanical engineering	1	16.8	0.3	402	123.5	140.3	2.5
Motor vehicles, transport equipment	1	69.5	1.2	80	33.2	102.7	1.9
Electrical engineering, electronics	8	148.8	2.6	85	39.4	188.2	3.4
Foodstuffs	4	30.1	0.5	324	123.8	153.9	2.8
Textiles and leather	4	24.2	0.4	159	35.8	60.0	1.1
Paper and pulp, printing	2	43.9	0.8	136	42.2	86.1	1.6
Rubber and plastics processing	2	20.1	0.4	143	71.9	92.0	1.6
Sundry manufacturing industries	1	3.2	0.1	52	8.3	11.5	0.2
Civil engineering and building	1	7.0	0.1	300	23.0	30.0	0.5
Agriculture, forestry, fishing	1	4.0	0.1	40	17.9	21.9	0.4
Services	5	31.7	0.6	485	138.7	170.4	3.0
Tourism	2	5.9	0.1	277	93.5	99.4	1.8
Other	3	25.8	0.5	208	45.2	71.0	1.2
Global loans	45	771.3	13.7	—	—	—	—
Total	282	5 640.7	100.0	3 537	1 148.1	5 559.5 (1)	100.0

(1) The difference between this amount and the total lending figure represents the as yet unallocated portion of ongoing global loans.

Table 18.2: **Financing provided within the Community from NCI resources in 1985**

Sectoral breakdown

Sector	Individual loans and global loans			Allocations from ongoing global loans		Total individual loans and allocations from ongoing global loans	
	Number	million ECUs	%	Number	million ECUs	million ECUs	%
Energy	—	—	—	1	0.7	0.7	0.1
Infrastructure	11	226.7	25.7	10	4.1	230.8	23.5
Communications	7	167.4	19.0	—	—	167.4	17.0
Transport	5	135.2	15.3	—	—	135.2	13.7
<i>Railways</i>	4	62.0	7.0	—	—	62.0	6.3
<i>Roads, bridges and tunnels</i>	1	73.2	8.3	—	—	73.2	7.4
Telecommunications	2	32.2	3.7	—	—	32.2	3.3
<i>Telecommunications equipment</i>	1	17.6	2.0	—	—	17.6	1.8
<i>Satellites and earth stations</i>	1	14.6	1.7	—	—	14.6	1.5
Water schemes	1	36.5	4.1	—	—	36.5	3.7
Water catchment, treatment and supply	1	36.5	4.1	—	—	36.5	3.7
Other infrastructure	3	22.8	2.6	10	4.1	26.9	2.8
Public buildings	2	9.4	1.1	8	4.0	13.4	1.4
Composite infrastructure	1	13.4	1.5	2	0.1	13.5	1.4
Industry, agriculture and services	34	657.0	74.3	2 917	724.2	752.1	76.4
Industry	—	—	—	2 613	671.3	671.3	68.2
Mining and quarrying	—	—	—	28	5.8	5.8	0.6
Metal production and semi-processing	—	—	—	17	7.2	7.2	0.7
Construction materials	—	—	—	69	24.5	24.5	2.5
Woodworking	—	—	—	215	46.2	46.2	4.7
Glass and ceramics	—	—	—	60	30.0	30.0	3.0
Chemicals	—	—	—	128	45.1	45.1	4.6
Metalworking and mechanical engineering	—	—	—	710	146.0	146.0	14.8
Motor vehicles, transport equipment	—	—	—	93	24.3	24.3	2.5
Electrical engineering, electronics	—	—	—	130	34.3	34.3	3.5
Foodstuffs	—	—	—	294	95.8	95.8	9.7
Textiles and leather	—	—	—	207	79.6	79.6	8.1
Paper and pulp, printing	—	—	—	256	55.2	55.2	5.6
Rubber and plastics processing	—	—	—	169	37.4	37.4	3.8
Sundry manufacturing industries	—	—	—	76	14.5	14.5	1.5
Civil engineering and building	—	—	—	155	24.4	24.4	2.5
Industrial estates and buildings	—	—	—	6	1.0	1.0	0.1
Agriculture, forestry, fishing	1	27.9	3.1	8	2.4	30.3	3.1
Services	—	—	—	296	50.5	50.5	5.1
Tourism	—	—	—	10	2.3	2.3	0.2
Other	—	—	—	286	48.2	48.2	4.9
Global loans	33	629.1	74.2	—	—	—	—
Total	45	883.7⁽¹⁾	100.0	2 928	729.0	983.6⁽¹⁾	100.0

(1) The difference between these two amounts mainly relates to allocations from global loans concluded in previous years.

Table 18.3: **Financing provided within the Community from EIB own and NCI resources in 1985**

Sectoral breakdown

Sector	Individual loans and global loans			Allocations from ongoing global loans		Total individual loans and allocations from ongoing global loans	
	Number	million ECUs	%	Number	million ECUs	million ECUs	%
Energy	81	2 230.9	34.2	158	134.0	2 113.9	32.3
Production	32	1 359.3	20.8	37	27.5	1 386.8	21.2
Nuclear	13	955.9	14.6	—	—	955.9	14.6
Thermal power stations	1	7.0	0.1	—	—	7.0	0.1
Hydroelectric power stations	6	160.5	2.5	29	15.2	175.7	2.7
Geothermal energy and alternative sources	1	43.9	0.7	—	—	43.9	0.7
Oil and natural gas deposits	11	192.0	2.9	8	12.3	204.3	3.1
Transmission and storage	12	260.7	4.0	—	—	260.7	4.0
Electricity	4	111.1	1.7	—	—	111.1	1.7
Oil and natural gas	8	149.6	2.3	—	—	149.6	2.3
Supply	23	359.9	5.5	121	106.5	466.4	7.1
Electricity	—	—	—	19	6.3	6.3	0.1
Natural gas	14	242.3	3.7	91	74.5	316.8	4.8
Heat	9	117.6	1.8	11	25.7	143.3	2.2
Global loans	14	251.0	3.9	—	—	—	—
Infrastructure	122	2 395.8	36.7	494	140.2	2 329.0	35.6
Communications	72	1 561.1	23.9	462	112.5	1 673.6	25.5
Transport	59	963.8	14.8	462	112.5	1 076.3	16.4
Railways	7	125.7	1.9	—	—	125.7	1.9
Roads, bridges and tunnels	34	588.0	9.0	451	104.4	692.4	10.6
Shipping	7	49.2	0.8	8	5.6	54.8	0.9
Airlines	10	192.2	2.9	3	2.5	194.7	3.0
Intermodal freight terminals	1	8.7	0.2	—	—	8.7	0.1
Telecommunications	13	597.3	9.1	—	—	597.3	9.1
Telecommunications equipment	10	557.1	8.5	—	—	557.1	8.5
Satellites and earth stations	3	40.2	0.6	—	—	40.2	0.6
Water schemes	30	471.6	7.2	21	23.2	494.8	7.6
Agricultural development	5	31.0	0.5	—	—	31.0	0.5
Water catchment, treatment and supply	25	440.6	6.7	21	23.2	463.8	7.1
Other infrastructure	16	156.1	2.4	11	4.5	160.6	2.4
Public buildings	4	28.5	0.4	8	4.0	32.9	0.5
Composite infrastructure	12	127.6	2.0	3	0.5	127.7	1.9
Global loans	4	207.0	3.2	—	—	—	—
Industry, agriculture and services	124	1 897.7	29.1	5 813	1 602.9	2 100.2	32.1
Industry	39	433.7	6.6	4 984	1 393.4	1 827.1	27.9
Mining and quarrying	—	—	—	111	17.2	17.2	0.3
Metal production and semi-processing	1	2.9	—	39	24.7	27.6	0.4
Construction materials	1	4.5	0.1	279	87.4	91.9	1.4
Woodworking	—	—	—	424	85.9	85.9	1.3
Glass and ceramics	—	—	—	119	59.3	59.3	0.9
Chemicals	13	62.7	1.0	235	105.3	168.0	2.5
Metalworking and mechanical engineering	1	16.8	0.2	1 112	269.5	286.3	4.4
Motor vehicles, transport equipment	1	69.5	1.0	173	57.5	127.0	2.0
Electrical engineering, electronics	8	148.8	2.3	215	73.7	222.5	3.4
Foodstuffs	4	30.1	0.5	618	219.6	249.7	3.8
Textiles and leather	4	24.2	0.4	366	115.4	139.6	2.1
Paper and pulp, printing	2	43.9	0.7	392	97.4	141.3	2.2
Rubber and plastics processing	2	20.1	0.3	312	109.3	129.4	2.0
Sundry manufacturing industries	1	3.2	—	128	22.8	26.0	0.4
Civil engineering and building	1	7.0	0.1	455	47.4	54.4	0.8
Industrial estates and buildings	—	—	—	6	1.0	1.0	—
Agriculture, forestry, fishing	2	31.9	0.5	48	20.3	52.2	0.8
Services	5	31.7	0.5	781	189.2	220.9	3.4
Tourism	2	5.9	0.1	287	95.8	101.7	1.6
Other	3	25.8	0.4	494	93.4	119.2	1.8
Global loans	78	1 400.4	21.5	—	—	—	—
Total	327	6 524.4⁽¹⁾	100.0	6 465	1 877.1	6 543.1⁽¹⁾	100.0

(1) See Note 1, Table 18.2.

Table 19.1: **Financing provided within the Community from EIB own resources from 1981 to 1985** ⁽¹⁾

Sectoral breakdown

Sector	Individual loans and global loans			Allocations from ongoing global loans		Total individual loans and allocations from ongoing global loans	
	Number	million ECUs	%	Number	million ECUs	million ECUs	%
Energy	292	8 261.9	39.1	329	364.0	7 760.8	37.8
Production	139	4 979.0	23.5	99	79.1	5 058.1	24.7
Nuclear	58	237.3	15.3	—	—	3 237.3	15.8
Thermal power stations	12	333.0	1.6	—	—	333.0	1.6
Hydroelectric power stations	24	3 501.4	2.4	76	45.1	546.5	2.7
Geothermal energy and alternative sources	2	65.8	0.3	—	—	65.8	0.3
District heating plant	1	11.4	0.1	12	19.3	30.7	0.2
Oil and natural gas deposits	39	792.9	3.7	11	14.7	807.6	3.9
Solid fuel extraction	3	37.2	0.2	—	—	37.2	0.2
Transmission and storage	56	1 704.9	8.1	2	2.9	1 707.8	8.3
Electricity	23	695.8	3.3	—	—	695.8	3.4
Oil and natural gas	33	1 009.1	4.8	2	2.9	1 012.0	4.9
Supply	51	712.9	3.4	228	282.0	994.9	4.8
Electricity	—	—	—	26	18.7	18.7	0.1
Natural gas	26	466.7	2.2	174	167.9	634.6	3.1
Heat	25	246.2	1.2	28	95.4	341.6	1.6
Global loans	46	865.1	4.1	—	—	—	—
Infrastructure	399	7 988.1	37.8	1 537	471.0	7 912.4	38.6
Communications	208	5 138.8	24.3	1 505	421.0	5 559.8	27.1
Transport	152	2 671.7	12.6	1 505	421.0	3 092.7	15.1
Railways	12	347.4	1.6	7	8.2	355.6	1.7
Roads, bridges and tunnels	96	1 794.0	8.5	1 466	389.0	2 183.0	10.6
Shipping	21	113.3	0.5	28	21.2	134.5	0.7
Airlines	22	408.3	1.9	4	2.6	410.9	2.0
Intermodal freight terminals	1	8.7	0.1	—	—	8.7	0.1
Telecommunications	56	2 467.1	11.7	—	—	2 467.1	12.0
Telecommunications equipment	51	2 308.2	10.9	—	—	2 308.2	11.3
Satellites and earth stations	5	158.9	0.8	—	—	158.9	0.7
Water schemes	110	1 548.9	7.3	27	41.9	1 590.8	7.8
Agricultural development	28	199.6	0.9	—	—	199.6	1.0
Water catchment, treatment and supply	82	1 349.3	6.4	27	41.9	1 391.2	6.8
Other infrastructure	62	753.7	3.6	5	8.1	761.8	3.7
Housing	9	127.0	0.6	—	—	127.0	0.6
Public buildings	2	19.1	0.1	1	1.8	20.9	0.1
Composite infrastructure	51	607.6	2.9	4	6.3	613.9	3.0
Global loans	19	546.7	2.6	—	—	—	—
Industry, agriculture and services	340	4 893.1	23.1	8 620	2 867.6	4 839.4	23.6
Industry	144	1 805.6	8.5	7 291	2 416.2	4 221.8	20.6
Mining and quarrying	—	—	—	244	57.3	57.3	0.3
Metal production and semi-processing	3	38.7	0.2	101	77.2	115.9	0.6
Construction materials	12	169.3	0.8	673	243.5	412.8	2.0
Woodworking	—	—	—	711	136.4	136.4	0.7
Glass and ceramics	6	66.1	0.3	173	109.6	175.7	0.9
Chemicals	26	176.7	0.8	363	221.8	398.5	1.9
Metalworking and mechanical engineering	19	211.4	1.0	1 388	405.6	617.0	3.0
Motor vehicles, transport equipment	24	615.7	2.9	244	110.7	726.4	3.5
Electrical engineering, electronics	15	216.4	1.0	317	127.1	343.5	1.7
Foodstuffs	19	137.1	0.7	1 154	442.0	579.1	2.8
Textiles and leather	7	45.9	0.2	415	124.6	170.5	0.8
Paper and pulp, printing	5	60.2	0.3	441	129.6	189.8	0.9
Rubber and plastics processing	3	27.2	0.1	420	159.5	186.7	0.9
Sundry manufacturing industries	2	5.5	—	165	31.8	37.3	0.2
Civil engineering and building	3	35.4	0.2	482	39.5	74.9	0.4
Agriculture, forestry, fishing	3	56.0	0.3	225	98.4	154.4	0.8
Services	18	110.2	0.5	1 104	353.0	463.2	2.2
Tourism	6	15.9	0.1	755	252.8	268.7	1.3
Other	12	94.3	0.4	349	100.2	194.5	0.9
Global loans	175	2 921.3	13.8	—	—	—	—
Total	1 031	21 143.1⁽²⁾	100.0	10 486	3 702.6	20 512.6⁽²⁾	100.0

⁽¹⁾ See Note 1, Table 1.⁽²⁾ See Note 1, Table 18.1.

Table 19.2: **Financing provided within the Community from NCI resources from 1981 to 1985** ⁽¹⁾

Sectoral breakdown

Sector	Individual loans and global loans			Allocations from ongoing global loans		Total individual loans and allocations from ongoing global loans	
	Number	million ECUs	%	Number	million ECUs	million ECUs	%
Energy	36	749.5	16.3	1	0.7	667.7	15.5
Production	11	223.7	4.9	1	0.7	224.4	5.2
Thermal power stations	7	138.6	3.0	—	—	138.6	3.2
Hydroelectric power stations	1	32.9	0.7	1	0.7	33.6	0.8
Solid fuel extraction	3	52.2	1.2	—	—	52.2	1.2
Transmission and storage	13	333.6	7.2	—	—	333.6	7.8
Electricity	2	46.6	1.0	—	—	46.6	1.1
Oil and natural gas	11	287.0	6.2	—	—	287.0	6.7
Supply	7	109.7	2.4	—	—	109.7	2.5
Natural gas	6	97.8	2.1	—	—	97.8	2.3
Heat	1	11.9	0.3	—	—	11.9	0.2
Global loans	5	82.5	1.8	—	—	—	—
Infrastructure	59	1 679.1	36.5	180	69.0	1 716.6	39.9
Communications	28	733.6	16.0	1	4.2	737.8	17.1
Transport	15	380.1	8.3	1	4.2	384.3	8.9
Railways	8	141.9	3.1	—	—	141.9	3.3
Roads, bridges and tunnels	7	238.2	5.2	1	4.2	242.4	5.6
Telecommunications	13	353.5	7.7	—	—	353.5	8.2
Telecommunications equipment	11	295.1	6.4	—	—	295.1	6.8
Satellites and earth stations	2	58.4	1.3	—	—	58.4	1.4
Water schemes	8	266.5	5.8	2	24.3	290.8	6.8
Water catchment, treatment and supply	8	266.5	5.8	2	24.3	290.8	6.8
Other infrastructure	22	647.5	14.1	177	40.5	688.0	16.0
Housing	7	99.9	2.2	1	0.1	100.0	2.3
Public buildings	10	221.4	4.8	174	40.3	261.7	6.1
Composite infrastructure	5	326.2	7.1	2	0.1	326.3	7.6
Global loans	1	31.5	0.6	—	—	—	—
Industry, agriculture and services	110	2 167.3	47.2	6 954	1 855.8	1 919.0	44.6
Industry	4	15.9	0.3	6 252	1 709.6	1 725.5	40.1
Mining and quarrying	—	—	—	63	16.7	16.7	0.4
Metal production and semi-processing	—	—	—	52	25.6	25.6	0.6
Construction materials	1	6.8	0.2	208	74.4	81.2	1.9
Woodworking	—	—	—	512	115.2	115.2	2.7
Glass and ceramics	—	—	—	153	83.5	83.5	1.9
Chemicals	—	—	—	305	113.9	113.9	2.7
Metalworking and mechanical engineering	—	—	—	1 718	382.5	382.5	8.9
Motor vehicles, transport equipment	1	5.4	0.1	213	64.8	70.2	1.6
Electrical engineering, electronics	—	—	—	341	91.5	91.5	2.1
Foodstuffs	—	—	—	658	230.2	230.2	5.3
Textiles and leather	—	—	—	415	161.6	161.6	3.8
Paper and pulp, printing	—	—	—	670	155.7	155.7	3.6
Rubber and plastics processing	—	—	—	404	96.6	96.6	2.2
Sundry manufacturing industries	—	—	—	209	42.0	42.0	1.0
Civil engineering and building	2	3.7	0.1	331	55.4	59.1	1.4
Agriculture, forestry, fishing	2	47.3	1.0	9	2.5	49.8	1.2
Services	—	—	—	693	143.7	143.7	3.3
Tourism	—	—	—	142	37.8	37.8	0.9
Other	—	—	—	551	105.9	105.9	2.4
Global loans	104	2 104.1	45.8	—	—	—	—
Total	205	4 595.9 ⁽²⁾	100.0	7 135	1 925.5	4 303.3 ⁽²⁾	100.0

(1) See Note 1, Table 1.

(2) See Note 1, Table 18.1.

Table 19.3: **Financing provided within the Community from EIB own and NCI resources from 1981 to 1985** ⁽¹⁾

Sectoral breakdown

Sector	Individual loans and global loans			Allocations from ongoing global loans		Total individual loans and allocations from ongoing global loans	
	Number	million ECU's	%	Number	million ECU's	million ECU's	%
Energy	328	9 011.4	35.0	330	364.7	8 428.5	34.0
Production	150	5 202.7	20.2	100	79.8	5 282.5	21.3
Nuclear	58	3 237.3	12.6	—	—	3 237.3	13.0
Thermal power stations	19	471.6	1.8	—	—	471.6	1.9
Hydroelectric power stations	25	534.3	2.1	77	45.8	580.1	2.3
Geothermal energy and alternative sources	2	65.8	0.2	—	—	65.8	0.3
District heating plant	1	11.4	—	12	19.3	30.7	0.1
Oil and natural gas deposits	39	792.9	3.1	11	14.7	807.6	3.3
Solid fuel extraction	6	89.4	0.4	—	—	89.4	0.4
Transmission and storage	69	2 038.5	7.9	2	2.9	2 041.4	8.2
Electricity	25	742.4	2.9	—	—	742.4	3.0
Oil and natural gas	44	1 296.1	5.0	2	2.9	1 299.0	5.2
Supply	58	822.6	3.2	228	282.0	1 104.6	4.5
Electricity	—	—	—	26	18.7	18.7	0.1
Natural gas	32	564.5	2.2	174	167.9	732.4	3.0
Heat	26	258.1	1.0	28	95.4	353.5	1.4
Global loans	51	947.6	3.7	—	—	—	—
Infrastructure	458	9 667.2	37.6	1 717	540.0	9 629.0	38.8
Communications	236	5 872.4	22.8	1 506	425.2	6 297.6	25.4
Transport	167	3 051.8	11.8	1 506	425.2	3 477.0	14.0
<i>Railways</i>	20	489.3	1.9	7	8.2	497.5	2.0
<i>Roads, bridges and tunnels</i>	103	2 032.2	7.9	1 467	393.2	2 425.4	9.8
<i>Shipping</i>	21	113.3	0.4	28	21.2	134.5	0.5
<i>Airlines</i>	22	408.3	1.6	4	2.6	410.9	1.7
<i>Intermodal freight terminals</i>	1	8.7	—	—	—	8.7	—
Telecommunications	69	2 820.6	11.0	—	—	2 820.6	11.4
<i>Telecommunications equipment</i>	62	2 603.3	10.1	—	—	2 603.3	10.5
<i>Satellites and earth stations</i>	7	217.3	0.9	—	—	217.3	0.9
Water schemes	118	1 815.4	7.1	29	66.2	1 881.6	7.6
Agricultural development	28	199.6	0.8	—	—	199.6	0.8
Water catchment, treatment and supply	90	1 615.8	6.3	29	66.2	1 682.0	6.8
Other infrastructure	84	1 401.2	5.4	182	48.6	1 449.8	5.8
Housing	16	226.9	0.9	1	0.1	227.0	0.9
Public buildings	12	240.5	0.9	175	42.1	282.6	1.1
Composite infrastructure	56	933.8	3.6	6	6.4	940.2	3.8
Global loans	20	578.2	2.3	—	—	—	—
Industry, agriculture and services	450	7 060.4	27.4	15 574	4 723.4	6 758.4	27.2
Industry	148	1 821.5	7.1	13 543	4 125.8	5 947.3	24.0
Mining and quarrying	—	—	—	307	74.0	74.0	0.3
Metal production and semi-processing	3	38.7	0.1	153	102.8	141.5	0.6
Construction materials	13	176.1	0.7	881	317.9	494.0	2.0
Woodworking	—	—	—	1 223	251.6	251.6	1.0
Glass and ceramics	6	66.1	0.3	326	193.1	259.2	1.0
Chemicals	26	176.7	0.7	668	335.7	512.4	2.1
Metalworking and mechanical engineering	19	211.4	0.8	3 106	788.1	999.5	4.0
Motor vehicles, transport equipment	25	621.1	2.4	457	175.5	796.6	3.2
Electrical engineering, electronics	15	216.4	0.8	658	218.6	435.0	1.8
Foodstuffs	19	137.1	0.5	1 812	672.2	809.3	3.3
Textiles and leather	7	45.9	0.2	830	286.2	332.1	1.3
Paper and pulp, printing	5	60.2	0.2	1 111	285.3	345.5	1.4
Rubber and plastics processing	3	27.2	0.1	824	256.1	283.3	1.1
Sundry manufacturing industries	2	5.5	—	374	73.8	79.3	0.3
Civil engineering and building	5	39.1	0.2	813	94.9	134.0	0.6
Agriculture, forestry, fishing	5	103.3	0.4	234	100.9	204.2	0.8
Services	18	110.2	0.4	1 797	496.7	606.9	2.4
Tourism	6	15.9	0.1	897	290.6	306.5	1.2
Other	12	94.3	0.3	900	206.1	300.4	1.2
Global loans	279	5 025.4	19.5	—	—	—	—
Total	1 236	25 739.0 ⁽²⁾	100.0	17 621	5 628.1	24 815.9 ⁽²⁾	100.0

⁽¹⁾ See Note 1, Table 1.⁽²⁾ See Note 1, Table 18.1.

Table 20: **Global loans provided within the Community from 1981 to 1985**

Breakdown by economic policy objective and location

	Global loan contracts signed in 1985		Global loan contracts ⁽¹⁾ signed from 1981 to 1985		Allocations from 1981 to 1985	
	Number	million ECUs	Number	million ECUs	Number	million ECUs
REGIONAL DEVELOPMENT — INDUSTRY						
EIB own resources						
Italy	23	400.9	80	1 759.0	3 973	1 543.7
Greece	1	44.2	18	303.2	306	224.0
Ireland	—	—	12	87.5	1 025	117.3
France	14	176.5	42	464.7 ⁽²⁾	2 515	429.6
United Kingdom	2	84.9	11	197.5	214	101.1
Denmark	1	5.0	6	31.7	118	31.2
Belgium	—	—	2	17.8	12	17.8
REGIONAL DEVELOPMENT — INFRASTRUCTURE						
EIB own resources						
France	3	147.0	15	448.5	1 532	431.0
Greece	1	60.0	2	91.5	3	27.8
Italy	—	—	2	6.8	3	6.8
NCI resources						
Greece	—	—	1	31.5	3	28.5
Sub-total: Regional development	45	918.5	191	3 439.7	9 704	2 958.8
ENERGY POLICY OBJECTIVES						
EIB own resources						
Italy	12	209.9	36	654.1	508	545.7
France	2	41.1	8	182.7	243	163.3
Greece	—	—	1	9.8	9	6.8
Denmark	—	—	1	18.4	6	10.2
Ireland	—	—	—	—	7	1.3
NCI resources						
Italy	—	—	4	46.1	45	22.5
France	—	—	1	36.4	167	36.4
Sub-total: Energy policy objectives	14	251.0	51	947.5	985	786.2
MODERNISATION OF UNDERTAKINGS						
NCI resources						
Italy	11	300.9	34	1 148.4	1 928	971.4
France	18	269.9	54	755.6	4 443	726.8
United Kingdom	1	16.4	8	95.0	238	39.7
Denmark	2	37.5	6	84.4	294	84.2
Greece	1	4.4	2	20.7	17	16.0
Sub-total: Modernisation of undertakings	33	629.1	104	2 104.1	6 920	1 838.1
ADVANCED TECHNOLOGY						
EIB own resources						
France	2	44.1	2	44.1	8	29.2
Italy	2	15.8	2	15.8	4	15.8
Sub-Total: Advanced technology	4	59.9	4	59.9	12	45.0
Sub-Total — EIB own resources	63	1 229.4	239	4 333.1	10 486	3 702.6
Sub-Total — NCI resources	33	629.1	110	2 218.1	7 135	1 925.5
Grand Total	96	1 858.5	349	6 551.2	17 261	5 628.1

⁽¹⁾ Sum of lines of credit opened under finance contracts signed.⁽²⁾ Including 18.1 million under the heading of modernisation of undertakings.

Table 21: **Allocations from global loans within the Community in 1985 and from 1981 to 1985**

Breakdown by economic policy objective and region

	1985		1981—1985			1985		1981—1985	
	Number	million ECUs	Number	million ECUs		Number	million ECUs	Number	million ECUs
REGIONAL DEVELOPMENT — INDUSTRY									
Belgium	—	—	12	17.8	Limousin	67	8.2	134	17.2
Antwerp	—	—	1	1.7	Lorraine	42	7.9	117	20.9
Hainaut	—	—	4	8.0	Midi-Pyrénées	119	16.6	229	35.3
Liege	—	—	3	3.3	Nord-Pas de Calais	95	22.6	186	42.4
Limburg	—	—	1	0.9	Pays de la Loire	104	16.2	249	42.4
Namur	—	—	1	1.2	Picardy	11	1.6	39	9.0
Eastern Flanders	—	—	2	2.7	Poitou-Charentes	74	11.0	200	33.6
					Provence-Côte d'Azur	8	0.9	17	2.7
					Rhône-Alpes	47	4.8	87	8.7
Denmark	14	3.9	118	31.2	Ireland	84	7.5	1 025	117.4
East of the Great Belt (excl. Copenhagen)	—	—	15	3.1	Italy	1 504	445.3	3 973	1 543.7
West of the Great Belt	14	3.9	103	28.1	Abruzzi	95	35.4	284	135.4
					Basilicata	60	6.1	99	17.8
Greece	36	35.5	306	224.0	Calabria	82	13.4	240	63.6
Crete	6	4.6	22	18.2	Campania	262	102.9	680	323.7
Epirus	—	—	8	6.7	Friuli-Venezia Giulia	3	4.7	63	30.7
Central Greece (East)	4	1.6	69	35.0	Latium	69	50.3	311	211.0
Aegean Islands (East)	1	1.3	10	11.0	The Marches	145	35.4	335	110.5
Central and Western Macedonia	7	4.9	60	43.5	Molise	7	2.5	56	26.3
Eastern Macedonia	4	2.6	24	13.4	Apulia	182	42.7	428	138.3
Peloponnese-Central					Sardinia	219	25.6	418	89.8
Greece (West)	5	2.4	49	24.5	Sicily	141	30.6	402	106.9
Thessaly	1	0.5	33	27.1	Tuscany	72	18.0	215	73.4
Thrace	5	2.4	16	7.5	Trentino-Alto Adige	88	49.6	178	103.7
Multiregional projects	3	15.1	15	37.1	Umbria	63	22.1	216	90.5
					Veneto	16	6.0	48	22.1
France	1 049	168.0	2 515	429.7	United Kingdom	83	47.7	214	101.1
Alsace	7	1.3	9	1.6	Scotland	12	4.7	23	7.4
Aquitaine	100	15.7	271	41.4	Northern England	9	13.1	21	20.7
Auvergne	70	10.6	206	32.3	North-West England	16	2.8	44	6.9
Basse-Normandie	37	6.7	103	17.9	South-West England	8	4.7	23	15.7
Brittany	131	23.5	380	75.5	Yorkshire & Humber- side	13	5.4	39	17.4
Centre	6	0.6	19	3.1	East Midlands	3	0.4	13	6.7
Champagne-Ardenne	14	1.6	19	1.9	West Midlands	9	1.9	9	1.9
Corsica	18	2.8	46	8.5	Wales	6	5.1	17	6.7
Franche-Comté	—	—	1	0.1	Northern Ireland	7	9.6	25	17.8
Haute-Normandie	12	2.1	28	6.1					
Languedoc-Roussillon	87	13.3	175	29.1					
Sub-total: Regional development — industry from EIB own resources						2 770	707.9	8 163	2 464.8
REGIONAL DEVELOPMENT — INFRASTRUCTURE									
					Limousin	39	5.2	65	11.6
					Lorraine	18	8.2	24	10.9
					Midi-Pyrénées	80	13.1	421	77.1
France	487	121.3	1 532	431.0	Nord-Pas de Calais	—	—	118	48.2
Aquitaine	59	17.1	174	53.9	Pays de la Loire	23	7.3	75	36.3
Auvergne	59	12.9	172	40.0	Picardy	14	2.3	21	3.8
Basse-Normandie	9	4.8	22	11.4	Poitou-Charentes	—	—	3	2.4
Brittany	59	18.3	177	55.6	Rhône-Alpes	45	9.2	64	14.0
Centre	—	—	3	4.4					
Champagne-Ardenne	2	1.6	9	3.1	Greece (1)	1	16.1	3	27.8
Corsica	22	3.1	40	6.7	Italy	—	—	3	6.8
Franche-Comté	—	—	2	0.7	Basilicata	—	—	2	2.7
Haute-Normandie	6	1.5	34	13.4	Sicily	—	—	1	4.1
Languedoc-Roussillon	52	16.7	108	37.5					
Sub-total: Regional development — infrastructure from EIB own resources						488	137.4	1 538	465.5
Sub-total: Regional development — infrastructure from NCI resources						—	—	3	28.5
Grand Total: Regional development						3 258	845.3	9 704	2 958.8

(1) Amounts relate to a large number of sub-projects.

Table 21 (cont'd)

	1985		1981—1985			1985		1981—1985	
	Number	million ECUs	Number	million ECUs		Number	million ECUs	Number	million ECUs
ENERGY POLICY OBJECTIVES									
From EIB own resources									
Denmark	—	—	6	10.2					
Greece	—	—	9	6.8					
France	67	47.5	243	163.3	From NCI resources				
Ireland	—	—	7	1.3	France	—	—	167	36.4
Italy	200	210.3	508	545.7	Italy	12	5.2	45	22.5
Sub-total: energy policy objectives						279	263.0	985	768.2
of which Industry						115	126.4	479	375.6
of which Infrastructure						164	136.6	506	410.6
MODERNISATION OF UNDERTAKINGS									
From NCI resources									
Denmark	110	37.4	294	84.2	France	1 889	303.1	4 443	726.8
Greece	17	16.0	17	16.0	Italy	819	352.0	1 928	971.4
					United Kingdom	81	15.2	238	39.7
Sub-total: Modernisation of undertakings						2 916	723.8	6 920	1 838.1
ADVANCED TECHNOLOGY									
From EIB own resources									
					France	8	29.2	8	29.2
					Italy	4	15.8	4	15.8
Sub-total: advanced technology						12	45.0	12	45.0
Grand Total						6 465	1 877.1	17 261	5 628.1
of which from EIB own resources						3 537	1 148.1	10 486	3 702.6
of which from NCI resources						2 928	729.0	7 135	1 925.5

Table 22: Financing provided from 1981 to 1985 in the Mediterranean region

Breakdown by project location and origin of resources

	Loans from EIB own resources		Operations mounted from budgetary funds		Total	
	millions ECUs	%	millions ECUs	%	millions ECUs	%
Northern Mediterranean	270.0	32.3	39.0	61.7	309.0	34.3
Yugoslavia	260.0	31.1	—	—	260.0	28.9
Turkey	10.0	1.2	39.0	61.7	49.0	5.4
Maghreb	243.0	29.0	6.5	10.3	249.5	27.7
Algeria	75.0	9.0	—	—	75.0	8.3
Morocco	128.5	15.3	—	—	128.5	14.3
Tunisia	39.5	4.7	6.5	10.3	46.0	5.1
Mashreq	227.8	27.2	10.0	15.8	237.8	26.4
Egypt	115.5	13.8	3.0	4.7	118.5	13.2
Jordan	29.0	3.5	7.0	11.1	36.0	4.0
Lebanon	17.0	2.0	—	—	17.0	1.9
Syria	66.3	7.9	—	—	66.3	7.3
Other	96.5	11.5	7.7	12.2	104.2	11.6
Cyprus	46.5	5.5	7.7	12.2	54.2	6.0
Israel	50.0	6.0	—	—	50.0	5.6
Sub-total	837.3	100.0	63.2	100.0	900.5	100.0
Spain	550.0	—	—	—	550.0	—
Portugal	424.0	—	—	—	424.0	—
Grand Total	1 811.3		63.2		1 874.5	

Table 23: **Financing provided from 1981 to 1985 in the Mediterranean region** ⁽¹⁾ ⁽²⁾

Sectoral breakdown

Sector	Financing operations			Allocations from ongoing global loans		Total individual loans and allocations from ongoing global loans	
	Number	million ECUs	%	Number	million ECUs	million ECUs	%
Energy	22	483.6	25.8	6	8.4	492.0	26.6
Production	16	331.1	17.7	5	8.2	339.3	18.4
Thermal power stations	9	162.0	8.7	—	—	162.0	8.8
Hydroelectric power stations	4	119.0	6.3	1	1.7	120.7	6.5
Oil and natural gas deposits	3	50.1	2.7	1	0.7	50.8	2.7
Solid fuel extraction	—	—	—	3	5.8	5.8	0.3
Transmission and supply systems	6	152.5	8.1	1	0.2	152.7	8.2
Power lines	5	137.5	7.3	1	0.2	137.7	7.4
Gaslines and oil pipelines	1	15.0	0.8	—	—	15.0	0.8
Infrastructure	37	839.5	44.8	63	74.4	830.9	44.9
Communications	20	650.3	34.7	17	13.0	663.3	35.9
Transport	20	650.3	34.7	17	13.0	663.3	35.9
Railways	5	188.3	10.0	—	—	188.3	10.2
Roads, bridges and tunnels	10	356.0	19.0	17	13.0	369.0	20.0
Shipping	4	71.0	3.8	—	—	71.0	3.8
Airlines	1	35.0	1.9	—	—	35.0	1.9
Water schemes	8	89.2	4.8	16	19.4	108.6	4.8
Agricultural development	1	20.0	1.1	—	—	20.0	1.1
Water catchment, treatment and supply	7	69.2	3.7	16	19.4	108.6	5.9
Other infrastructure	1	17.0	0.9	30	42.0	59.0	3.1
Global loans	8	83.0	4.4	—	—	—	—
Industry, agriculture and services	49	551.4	29.4	1 090	456.4	525.8	28.5
Industry	6	32.9	1.8	830	394.1	427.0	23.1
Mining and quarrying	—	—	—	38	18.2	18.2	1.0
Metal production and semi-processing	—	—	—	12	6.4	6.4	0.3
Construction materials	2	22.5	1.2	82	52.4	74.9	4.0
Woodworking	—	—	—	82	30.8	30.8	1.6
Glass and ceramics	1	1.9	0.1	33	25.5	27.4	1.4
Chemicals	2	5.5	0.3	66	43.9	49.4	2.6
Metalworking and mechanical engineering	—	—	—	115	51.4	51.4	2.8
Motor vehicles, transport equipment	—	—	—	37	9.7	9.7	0.5
Electrical engineering, electronics	—	—	—	29	16.0	16.0	0.8
Foodstuffs	—	—	—	160	71.8	71.8	3.9
Textiles and leather	—	—	—	63	23.4	23.4	1.2
Paper and pulp	—	—	—	45	20.4	20.4	1.1
Rubber and plastics processing	—	—	—	47	21.1	21.1	1.1
Other	—	—	—	8	2.4	2.4	0.1
Civil engineering and building	—	—	—	10	4.6	4.6	0.2
Industrial estates and buildings	1	3.0	0.2	3	6.1	9.1	0.5
Agriculture, forestry, fishing	6	36.5	1.9	177	20.4	56.9	3.1
Services	—	—	—	83	41.9	41.9	2.3
Tourism	—	—	—	61	36.4	36.4	2.0
Other	—	—	—	22	5.5	5.5	0.3
Global loans	37	482.0	25.7	—	—	—	—
Total	108	1 874.5⁽³⁾	100.0	1 159	539.2	1 848.7⁽³⁾	100.0

⁽¹⁾ See Note 1, Table 1.⁽²⁾ Loans from own resources (1 811.3 million) and operations on special conditions (63.2 million) financed from Member States' or Community budgetary funds and accounted for off balance sheet in the Bank's Special Section.⁽³⁾ See Note 1, Table 18.1.

Table 24: **Financing provided from 1976 to 1985 in the African, Caribbean and Pacific (ACP) States under the Lomé Conventions and in the Overseas Countries and Territories (OCT)**

Breakdown by project location and origin of resources

(million ECUs)

	Loans from EIB own resources			Risk capital operations mounted from budgetary funds			Total financing ⁽¹⁾		
	Lomé I	Lomé II	Total	Lomé I	Lomé II	Total	Lomé I	Lomé II	Total
AFRICA	338.5	479.0	817.5	94.26	222.13	316.39	432.76	701.13	1 133.89
<i>West Africa</i>	<i>192.5</i>	<i>161.1</i>	<i>353.6</i>	<i>41.14</i>	<i>69.57</i>	<i>110.71</i>	<i>233.64</i>	<i>230.67</i>	<i>464.31</i>
Benin	—	13.5	13.5	0.35	4.5	4.85	0.35	18.0	18.35
Burkina Faso	8.0	—	8.0	7.93	7.0	14.93	15.93	7.0	22.93
Cape Verde	—	—	—	3.58	1.8	5.38	3.58	1.8	5.38
Ivory Coast	47.4	56.2	103.6	2.93	2.43	5.36	50.33	58.63	108.96
The Gambia	—	—	—	2.39	—	2.39	2.39	—	2.39
Ghana	16.0	—	16.0	2.25	16.03	18.28	18.25	16.03	34.28
Guinea	4.4	7.5	11.9	0.3	2.71	3.01	4.7	10.21	14.91
Guinea Bissau	8.0	—	—	—	3.8	3.8	—	3.8	3.8
Liberia	7.4	3.5	10.9	0.29	2.2	2.49	7.69	5.7	13.39
Mali	—	—	—	6.36	3.4	9.76	6.36	3.4	9.76
Mauritania	25.0	—	25.0	—	7.0	7.0	25.0	7.0	32.0
Niger	6.0	10.0	16.0	0.9	—	0.9	6.9	10.0	16.9
Nigeria	50.0	40.0	90.0	—	—	—	50.0	40.0	90.0
Senegal	12.0	21.0	33.0	8.47	4.65	13.12	20.47	25.65	46.12
Togo	16.3	4.4	20.7	5.25	2.43	7.68	21.55	6.83	28.38
Regional	—	5.0	5.0	0.14	11.62	11.76	0.14	16.62	16.76
<i>Central and Equatorial Africa</i>	<i>32.6</i>	<i>158.4</i>	<i>191.0</i>	<i>24.96</i>	<i>44.22</i>	<i>69.18</i>	<i>57.56</i>	<i>202.62</i>	<i>260.18</i>
Burundi	—	—	—	0.5	8.24	8.74	0.5	8.24	8.74
Cameroon	32.6	95.7	128.3	5.0	—	5.0	37.6	95.7	133.3
Central African Republic	—	—	—	—	5.1	5.1	—	5.1	5.1
Congo	—	28.1	28.1	3.32	0.48	3.8	3.32	28.58	31.9
Gabon	—	32.0	32.0	—	2.5	2.5	—	34.5	34.5
Equatorial Guinea	—	—	—	—	2.0	2.0	—	2.0	2.0
Rwanda	—	—	—	3.0	2.7	5.7	3.0	2.7	5.7
São Tomé	—	—	—	—	0.04	0.04	—	0.04	0.04
Chad	—	—	—	7.5	2.0	9.5	7.5	2.0	9.5
Zaire	—	—	—	5.64	20.66	26.3	5.64	20.66	26.3
Regional	—	2.6	2.6	—	0.5	0.5	—	3.1	3.1
<i>East and Southern Africa</i>	<i>113.4</i>	<i>159.5</i>	<i>272.9</i>	<i>28.16</i>	<i>108.34</i>	<i>136.5</i>	<i>141.56</i>	<i>267.84</i>	<i>409.4</i>
Botswana	6.5	29.0	35.5	1.75	—	1.75	8.25	29.0	37.25
Comoros	—	—	—	0.02	0.16	0.18	0.02	0.16	0.18
Djibouti	—	—	—	1.0	2.26	3.26	1.0	2.26	3.26
Ethiopia	—	—	—	—	12.5	12.5	—	12.5	12.5
Kenya	52.4	45.5	97.9	1.25	1.55	2.8	53.65	47.05	100.7
Lesotho	—	—	—	0.1	6.0	6.1	0.1	6.0	6.1
Madagascar	—	—	—	2.45	21.17	23.62	2.45	21.17	23.62
Malawi	14.5	7.5	22.0	1.55	11.5	13.05	16.05	19.0	35.05
Mauritius	12.5	4.0	16.5	0.03	0.5	0.53	12.53	4.5	17.03
Uganda	—	—	—	0.35	10.0	10.35	0.35	10.0	10.35
Seychelles	—	—	—	0.58	4.0	4.58	0.58	4.0	4.58
Somalia	—	—	—	0.25	9.56	9.81	0.25	9.56	9.81
The Sudan	—	—	—	6.5	10.2	16.7	6.5	10.2	16.7
Swaziland	12.0	7.0	19.0	1.15	0.04	1.19	13.15	7.04	20.19
Tanzania	5.0	—	5.0	7.75	11.0	18.75	12.75	11.0	23.75
Zambia	10.5	31.5	42.0	3.43	2.0	5.43	13.93	33.5	47.43
Zimbabwe	—	35.0	35.0	—	5.4	5.4	—	40.4	40.4
Regional	—	—	—	—	0.5	0.5	—	0.5	0.5
CARIBBEAN	20.5	47.6	68.1	3.38	21.25	24.63	23.88	68.85	92.73
Barbados	7.5	9.6	17.1	—	—	—	7.5	9.6	17.1
Belize	—	2.0	2.0	—	0.6	0.6	—	2.6	2.6
Dominica	—	—	—	—	1.0	1.0	—	1.0	1.0
Grenada	—	—	—	—	2.4	2.4	—	2.4	2.4
Guyana	—	—	—	3.2	4.0	7.2	3.2	4.0	7.2
Jamaica	—	4.0	4.0	—	5.0	5.0	—	9.0	9.0
St Lucia	—	—	—	0.18	1.0	1.18	0.18	1.0	1.18
St Vincent and the Grenadines	—	—	—	—	3.0	3.0	—	3.0	3.0
Suriname	—	—	—	—	4.25	4.25	—	4.25	4.25
Trinidad and Tobago	10.0	32.0	42.0	—	—	—	10.0	32.0	42.0
Regional	3.0	—	3.0	—	—	—	3.0	—	3.0
PACIFIC	31.0	75.9	106.9	2.07	30.68	32.75	33.07	106.58	139.65
Fiji	24.0	28.0	52.0	0.17	7.8	7.97	24.17	35.8	59.97
Kiribati	—	—	—	—	0.2	0.2	—	0.2	0.2
Papua New Guinea	7.0	47.9	54.9	1.9	13.8	15.7	8.9	61.7	70.6
Solomon Islands	—	—	—	—	0.1	0.1	—	0.1	0.1
Western Samoa	—	—	—	—	3.33	3.33	—	3.33	3.33
Tonga	—	—	—	—	2.32	2.32	—	2.32	2.32
Tuvalu	—	—	—	—	0.13	0.13	—	0.13	0.13
Vanuatu	—	—	—	—	3.0	3.0	—	3.0	3.0
Sub-total: ACP States	390.0	602.5	992.5	99.71	274.06	373.77	489.71	876.56	1 366.27
Sub-total: OCT	7.0	15.0	22.0	2.05	6.74	8.79	9.05	21.74	30.79
Grand Total	397.0	617.5	1 014.5	101.76	280.80	382.56	498.76	898.3	1 397.06

(¹) Excluding financing provided between 1964 and 1976 under the two Yaoundé Conventions, amounting to 146.1 million from EIB own resources and 142 million from EDF resources.

Table 25: **Financing provided from 1976 to 1985 in the African, Caribbean and Pacific (ACP) States under the Lomé Conventions and in the Overseas Countries and Territories (OCT) ⁽¹⁾ ⁽²⁾**

Sectoral breakdown

Sector	Financing operations			Allocations from ongoing global loans		Total individual loans and allocations from ongoing global loans	
	Number	million ECUs	%	Number	million ECUs	million ECUs	%
Energy	50	401.1	28.7	6	2.8	403.9	31.0
Production	43	332.1	23.8	5	2.2	334.3	25.6
Nuclear	1	15.0	1.1	—	—	15.0	1.1
Thermal power stations	16	98.1	7.0	3	1.8	99.9	7.7
Hydroelectric power stations	20	169.9	12.2	2	0.3	170.2	13.0
Geothermal power stations	1	9.0	0.6	—	—	9.0	0.7
Oil and natural gas deposits ⁽³⁾	5	40.1	2.9	—	—	40.1	3.1
Transmission and storage	7	69.0	4.9	—	—	69.0	5.3
Electricity	7	69.0	4.9	—	—	69.0	5.3
Supply	—	—	—	1	0.6	0.6	0.1
Electricity	—	—	—	1	0.6	0.6	0.1
Infrastructure	18	121.9	8.7	1	1.0	122.9	9.4
Communications	15	90.3	6.4	1	1.0	91.3	7.0
Transport	10	27.2	1.9	—	—	27.2	2.1
Railways	1	10.0	0.7	—	—	10.0	0.8
Shipping	9	17.2	1.2	—	—	17.2	1.3
Telecommunications	5	63.1	4.5	1	1.0	64.1	4.9
Telecommunications equipment	5	63.1	4.5	1	1.0	64.1	4.9
Water schemes	3	31.6	2.3	—	—	31.6	2.4
Water catchment, treatment and supply	3	31.6	2.3	—	—	31.6	2.4
Industry, agriculture and services	244	874.0	62.6	412	176.9	778.1	59.6
Industry	97	538.2	38.6	332	155.4	693.6	53.1
Mining and quarrying	11	134.7	9.6	12	7.6	142.3	10.9
Metal production and semi-processing	6	31.5	2.3	9	4.0	35.5	2.7
Construction materials	14	59.3	4.2	16	7.5	66.8	5.1
Woodworking	4	21.2	1.5	23	10.8	32.0	2.4
Glass and ceramics	2	4.0	0.3	7	4.8	8.8	0.7
Chemicals	11	46.9	3.4	15	9.4	56.3	4.3
Metalworking and mechanical engineering	1	0.5	—	28	10.1	10.6	0.8
Motor vehicles, transport equipment	2	7.3	0.5	12	4.6	11.9	0.9
Electrical engineering, electronics	—	—	—	5	3.3	3.3	0.3
Foodstuffs	33	165.3	11.9	93	43.8	209.1	16.0
Textiles and leather	10	42.9	3.1	47	18.5	61.4	4.7
Paper and pulp, printing	—	—	—	33	17.7	17.7	1.4
Rubber and plastics processing	3	24.6	1.8	26	11.6	36.2	2.8
Sundry manufacturing industries	—	—	—	5	1.3	1.3	0.1
Civil engineering and building	—	—	—	1	0.4	0.4	—
Agriculture, forestry, fishing	—	—	—	3	0.9	0.9	0.1
Services	57	38.9	2.8	70	14.8	53.7	4.1
Tourism	7	19.3	1.4	50	11.7	31.0	2.4
Other	50	19.6	1.4	20	3.1	22.7	1.7
Global loans	66	272.8	19.5	—	—	—	—
Development finance companies	24	24.1	1.7	7	5.8	29.9	2.3
Total	312	1 397.0 ⁽⁴⁾	100.0	419	180.7	1 304.9 ⁽⁴⁾	100.0

⁽¹⁾ See Note 1, Table 1.

⁽²⁾ Loans from own resources (1 014.5 million) and operations from risk capital resources (382.5 million) financed from Member States' budgetary funds through the EDF and accounted for off balance sheet in the Bank's Special Section.

⁽³⁾ Including oil refining.

⁽⁴⁾ See Note 1, Table 18.1.

Further information may be obtained from the

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1986: 36pp. (DA, DE, EN, FR, GR, IT, NL)

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