

***The Role
of the
European
Investment
Bank***

***Sheila
Lewenhak***

The Role of the European Investment Bank

SHEILA LEWENHAK



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N O T E:

The European Investment Bank is the European Economic Community's principal long-term financing institution. It is directly under the control of the governments of member states. Yet it is one of the least familiar Community bodies.

This book considers the EIB's borrowing and lending operations over the twenty-two years, 1958 to 1980, and some of the environmental and social effects of its lending activities. Since the Community countries' interests extend to non-EEC states, many of them former colonies or dependencies, in Chapters 14 and 15, some consideration has also been given to the Bank's operations beyond EEC boundaries. However, because of limitations of space in an outline such as this, it has not been possible to deal exhaustively with any one of the Bank's operations.

In a summary of financing over a twenty-two year period, statistics must be interpreted cautiously because of continual fluctuations in the exchange rates of currencies and because of price movements, as the EIB itself stresses in its Annual Reports. Figures given should be regarded merely as indications of trends in financing, rather than complete financial statements. As the EIB's activities are on-going, by the time this book is published, total amounts of financing will already exceed those shown here.

It is hoped that this short study may shed some light on an important EEC institution which deserves to be better known by those interested in changes in EEC member states' infrastructure and industry.

New Technologies and Work

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Chapter 1

THE ORIGINS, CHARACTER AND STRUCTURE OF THE EUROPEAN INVESTMENT BANK

It is generally agreed that large-scale investment in infra-structure and industry has considerable impact on the environment and on employment. This has been borne out within the European Economic Community countries of west Europe over the last quarter of a century, with the growth of motorways, energy projects, especially nuclear power, water supply schemes and telecommunications. There has been rapid growth in petrochemicals, and a decline in iron and steel production while southern peasant economies have been disrupted. The major investor in infra-structure and large-scale industrial projects for the EEC has been the little-known and little-publicised European Investment Bank. In order to comprehend developments in employment and the environment within the Community and its Associated States, it is essential to understand how the European Investment Bank operates and the policies it has been pursuing.

a) THE ORIGINS OF THE EUROPEAN INVESTMENT BANK

The European Investment Bank is the main long-term financing institution of the European Economic Community. It was established by Articles 3(j) and 129 of the Treaty of Rome which created the Community in 1958. The European Investment Bank is the chief EEC institution channelling into Community countries finance from the world's capital markets.

Besides its role as the Community's major source of loans for public developmental projects in member states, it is also of considerable importance in providing investment for private industrial development since it is mandated to step in with loans when no other source of finance is available on 'reasonable terms'. It has therefore been the