

# **Flying with Big Business: The European Investment Bank & The Aviation Industry**

**A report by Friends of the Earth International  
& CEE Bankwatch Network with contributions  
from Milieudefensie, Za Zemiata and HACAN  
ClearSkies**

**November 2003**



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## **Executive summary**

This report has been compiled by Friends of the Earth International, CEE Bankwatch Network, Milieudefensie (Friends of the Earth Netherlands), Za Zemiata (For the Earth) and HACAN ClearSkies (Heathrow Association for the Control of Aircraft Noise). It examines the European Investment Bank's (EIB) financial supporting of the aviation industry and looks closely at three case studies:

1. Schiphol Airport Extension, The Netherlands
2. Heathrow Airport Extension, United Kingdom
3. Sofia Airport, Bulgaria

All three of these projects have received large loans from the EIB. The EIB claims that these loans contribute to meeting its objectives as an EU institution. NGOs disagree saying public money should instead be spent on environmentally and socially sustainable projects; the already heavily subsidised aviation sector does not qualify.

The main findings of this report may be summarised as follows:

Largely unnoticed, the EIB has become one of the main public benefactors of the aviation industry, lending more than EUR 2 billion annually on the sector. Such a heavy bias towards an industry which contributes so significantly to climate change contradicts both the EIB's Sustainable Development and Climate Change policies. Due to a lack of staff with environmental expertise, as well as a policy which places the environmental requirement burden on the project promoter, the EIB takes no responsibility for the impact of its actions on the environment at both the local and global levels. At the same time the very restricted access to information and documents as well as a lack of rules and requirements for public participation mean that the voices of concerned citizens are ignored by the bank.

This report concludes with some recommendations for changes.

# Introduction

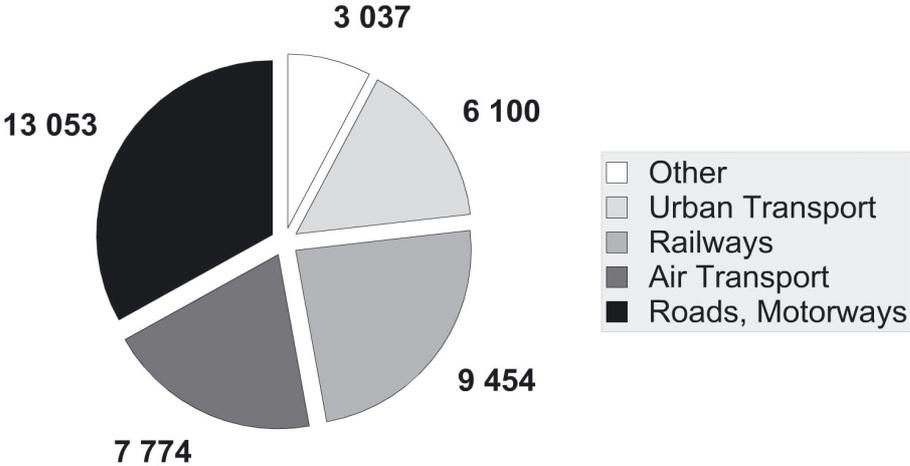
This report aims to provide an introduction to the European Investment Bank, an EU financial institution, in relation to the aviation industry. Via three different case studies, this report summarises NGO concerns regarding the EIB's investment in this industry and based on this information presents recommendations to the EIB regarding its future investment in this area.

## The EIB and...

The EIB is not a well-known element of the European Union, yet its impacts are immense. Its budget is significantly greater than any other international finance institution, including the much better known World Bank. The EIB's operations are backed by EUR 150 billion of subscribed capital pledged by member states<sup>1</sup>. Yet despite this investment responsibility, overall the EIB has weaker and less integrated commitments towards transparency, public participation and protection of the environment<sup>2</sup>. The EIB's lending budget was EUR 39.6 billion in 2002, 28 per cent of which was designated to transport related investment. Much of this lending, as this report illustrates, is unsustainable. In the last five years the EIB has contributed almost EUR 8 billion to air transport.

### Chart 1: EIB Transport Spending 1998-2002<sup>3</sup>

Amount in millions of euros



The EIB was established in 1958 as the European Community's non-profit making bank. Its main function was to provide low interest loans for less developed regions within member states in order to promote 'social and economic cohesion' of the Union. To ensure the fulfillment of this role, the bank's statute states the EIB 'may not finance a project in so far as funds are available from other sources on reasonable terms.'<sup>4</sup> This report reveals that the EIB has been lending to wealthy companies in developed regions of the Union, casting doubt on the consistency of EIB loans with this area of the statute.

<sup>1</sup> As of January 2003, according to the EIB, [www.eib.org](http://www.eib.org)  
<sup>2</sup> For more details see: <http://www.bankwatch.org/issues/eib/meib.html>  
<sup>3</sup> The Board of Governors constitutes of Ministers of Finance from the EU member states.  
<sup>4</sup> Statement made by Henry Marty Ganguie, Director of EIB Communications Department, at the EIB Press Conference, June 2003, Luxembourg

Most of the EIB's budget is spent within the Union. The extent to which EIB money is incorporated into products and services in the European Union is immense. Environment NGOs, particularly those related to Central and Eastern Europe (such as CEE Bankwatch), have been following the EIB since the mid-nineties, campaigning in a more concerted way with Friends of the Earth International in the last three years. Their investigations into the bank's involvement in controversial projects such as Sofia Airport in Bulgaria, the A4 motorway in Poland, the Chad-Cameroon pipeline or oil drilling in the south of Italy all reveal critical concerns as to how this European institution operates. The EIB was found to have no accountability to stakeholders, no transparency, no rules on public consultation within its loan decision-making process, and very little concern for the environmental and social consequences of the projects in which it invests.

The EIB is owned by member states. All loans agreed are the responsibility of the Board of Directors who are principally the staff of member states' government departments. This Board is also responsible for ensuring that the bank conforms to European Treaties, its own statute and the directives laid down by the Governors<sup>5</sup>. The Board is officially responsible for all decisions on financing but due to its governmental status appears to be beyond criticism. For example, the response of the bank to its apparent breach of Article 18 with regard to a BAA (British Airport Authority) loan was that:

*"Our Executive Directors would not have agreed a loan if it was a breach of our statute."*<sup>6</sup>

### **...aviation**

The Aviation industry is currently unsustainable with a significant impact on people and the environment both locally and globally.

All the same, however, every European country is willing to give the aviation industry generous tax concessions in order to attract air traffic to their country. Every country believes it is in competition with every other country in Europe. This is why the UK government has worked so closely with the industry in the development of Heathrow over the last 50 years. The UK government is intent on ensuring that the UK has an "economically successful" aviation industry. It believes that all other considerations are of secondary importance: climate change, noise, air pollution, community concerns.

The irony is that aviation is much less important to the economy than the glossy literature produced by the aviation industry implies. For example, in the case of UK the airline and airports sectors of aviation account for less than 1.5 per cent of Gross Domestic Product. Insurance and computing sectors of the economy are double the size; banking and finance are ten times as large. The aviation industry will argue that it facilitates other areas of the economy. This is true, but the stark fact remains: the economic health of the UK is not dependent on massive growth in aviation. The situation is much the same in other European countries. But governments continue to see airports as important pieces of infrastructure to aid the operation of the Single Market and the development of the regions.

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<sup>5</sup> The Board of Governors constitutes of Ministers of Finance from the EU member states.

<sup>6</sup> Statement made by Henry Marty Gauguie, Director of EIB Communications Department, at the EIB Press Conference, June 2003, Luxembourg

The industry enjoys many privileges. It pays no tax on aviation fuel and is largely exempt from VAT. Indirect subsidies from EU countries to the aviation industry amount to nearly GBP 20 billion a year<sup>7</sup>. The EIB money spent on air transport highlights the close relationship between the European governments and the aviation industry.

## **BOX 1: SUMMARY OF BARRIERS TO AVIATION SUSTAINABILITY**

### *Noise pollution*

The Aviation Industry contributes significantly to regional noise pollution. A survey of noise disturbance in the Netherlands found that 12 per cent of the entire population was 'considerably annoyed' by aircraft noise. The size of the aviation industry in the UK and the size of the population within 50 miles of the UK's three busiest airports (Heathrow, Gatwick and Manchester) would suggest that about one in eight people in the UK may be affected by aircraft noise). The aviation industry have argued that noise is being reduced due to modern, quieter aircrafts; however, due to the increased number of flights, the number of noise events has increased significantly, especially at sensitive times such as the evening, night and early mornings when most people are trying to sleep. With the phase-out of the noisiest aircraft now complete, further technological improvements will fail to keep pace with the predicted increase in air traffic, causing an increase in noise levels overall around airports.

### *Air quality*

As highlighted by Airport Watch, airport expansions in the UK will breach standards for nitrogen oxides around airports according to the UK government's own forecasts. This pollution, as well as the additional particulate pollution created as a consequence of airport expansion, raises significant health concerns (A UK government study estimated that 12,000 to 24,000 people die early every year in the UK from the acute effects of air pollution). But human health is not the only consequence of air pollution - the corrosion of buildings and structures, soiling of materials, interference with agriculture, damage to habitats and the local extinction of species are some of the additional concerns. Nitrous dioxide can also lead to acid rain and eutrophication of habitats, while increases in atmospheric ozone concentration often disturb plant growth.

### *Loss of Green Space and traffic*

Expansion of airports often leads to loss of Green Space; and inevitably leads to increased road traffic congestion. In the case of Terminal 5 at Heathrow, roads planned to serve the extension will result in the loss of farmland, valuable open spaces and London's Green Belt. Significant landtake is also required to provide warehousing, car parks, hotels, housing and services.

<sup>7</sup> De Pol, V The Myths of Flying (1999) Friends of the Earth Netherlands, The Netherlands

<sup>8</sup> From European Environment Agency (1995) Europe's Environment: The Dobbris Assessment, European Environment Agency, Copenhagen, Denmark

<sup>9</sup> From Friends of the Earth [www.foe.co.uk](http://www.foe.co.uk)

<sup>10</sup> Airport Watch (2003) Airports and Local Air Quality, Airport Watch, London

### *Climate change*

It is widely acknowledged by scientists that global climate change will result in an increase in average global temperatures, with unpredictable global environmental consequences. Scientists believe climate change may result in a potentially dramatic increase in extreme weather events, desertification, flooding and drought. Air travel is the fastest growing source of greenhouse gases like carbon dioxide, which scientists believe to be the cause of this climate change. However, CO<sub>2</sub> only represents about one third of aviation's total impact on climate: nitrogen oxides (which affect concentrations of ozone and methane in the upper atmosphere) and the formation of contrails are equally important. A report by the Intergovernmental Panel on Climate Change concluded that the aviation industry is currently responsible for about 3.5 per cent of manmade global warming, but that this will rise to as much as 15 per cent by 2050 if left unchecked.

The EIB released its first ever environmental report<sup>11</sup> last year. It is claimed that the protection of the environment is a 'top priority' for the bank. Why then is the EIB involved in airport projects like Sofia, Heathrow and Schiphol? One explanation is that although the EIB has publications indicating priority areas of lending, its defined 'operational priorities'<sup>12</sup> of lending areas are so vague that virtually any proposed project could be classified under this heading. As Adam McDonough, the EIB's Communication Department, stated:

'Most projects and most companies could work their way into one of these headings some way or other.'<sup>13</sup>

In one of the bank's recent environmental documents, 'The EIB & Climate Change', it states:

'The EIB emphasise the environment in general and climate change in particular as top priority areas of future activity of EIB ... and maintain lending for sustainable transport.'

The report also states:

'There will be a gradual shift in the structure of EIB lending portfolio to favour more climate friendly investments.'

When the EIB was asked to explain this statement in quantifiable terms the Communications Department<sup>14</sup> revealed:

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<sup>11</sup> The Environment Daily (2003) 'The EIB release first ever environmental report', Friday 14th February 2003, Issue 1385, The Environment Daily, UK

<sup>12</sup> THE EIB'S OPERATIONAL PRIORITIES

1. Regional development and economic and social cohesion within the Union.
2. Implementation of the "Innovation 2000 Initiative", fostering the emergence in Europe of an information and knowledge-based economy. Here, the aims are in particular to expand lending in favour of information and communications technologies, R & D, the development of SMEs (Small and Medium Size Enterprises) and the dissemination of information, including audio-visual material.
3. Environmental protection and improving the quality of life.
4. Preparing the Accession Countries for EU membership.
5. Implementation of Community development aid and co-operation policy in the Partner Countries.

<sup>13</sup> Interview with Adam McDonough, EIB Communication Department; May 2003, Luxembourg

<sup>14</sup> See footnote above

- There is no timescale associated with this statement
- There is no plan to phase out any lending for airport expansion
- There is no plan to phase out any lending for fossil fuel related projects
- There is no plan to phase out any type of projects.

The aviation industry is estimated to receive, mostly through subsidies and Value Added Tax (VAT) exemptions, over EUR 45 billion of financial support from the European Union per year<sup>15</sup>. Research carried out by campaign groups such as Airport Watch and The Right Price for Air Travel Campaign<sup>16</sup> suggests that the growth rates experienced by the Aviation Industry in recent years are in fact mainly due to the many economic privileges the air transport sector enjoys compared to other economic sectors. Also, that the economic benefits of aviation are often overemphasised when their contribution to GDP is only a few percent and the number of jobs even less<sup>17</sup>.

The case studies presented below look at aviation projects supported by the EIB in more detail. The decisions to grant finance, as with many other cases of EIB loans, were taken with disregard for environmental standards and the basic principles of transparency and public participation.

## **Case Study 1: Schiphol Airport - The Netherlands**

Amsterdam Airport Schiphol is far too big for Holland; it lacks a big “domestic-market”, as for example Heathrow has London and Charles de Gaulle has Paris. Therefore the combination Schiphol is more dependent on the transfer system and the quality of the airport than other airports. The Dutch are proud of their big airport. ‘Mainport Schiphol’ fits into their idea of the Netherlands as a trade and transport country. But the impact on the economy is over-estimated. More planes and travellers mean only more holidays abroad and low budget leisure trips.

Schiphol handles over 40 million passengers every year. It is the fourth largest airport in Europe after London, Frankfurt and Paris. This is possible only because of almost 45 per cent of its passengers being transfer passengers. The airport has a very high per hour capacity to make quick transfers possible. Schiphol has recently expanded in order to enlarge its capacity; a fifth runway was completed in spring 2003.

### **History**

In 1995 the Dutch government agreed to the plan for the fifth runway in what is now known as the infamous ‘double decision’. It was decided that this new runway would bring more flights and less noise disturbance. Although it would allow an increase from 44 to 54 million passengers a year, it also aimed to reduce the number of severely noise-damaged houses. The fifth runway is situated west of Amsterdam in a less densely populated area. But when the new runway opened, many people, also far away from the airport, discovered that the runway had serious consequences for their (night) rest. The government only calculated the most severely noise-loaded houses. They forgot that many people are more sensitive than the average citizen. Another health

<sup>15</sup> Yehudi David Demitri van de Pol, (1998) The Myths of Flying Putting aviation's economic benefits into perspective, The Right Price for Travel Campaign

<sup>16</sup> 'The Right Price for Air Travel' Campaign, Milieudefensie [www.milieudefensie.nl/airtravel](http://www.milieudefensie.nl/airtravel)

<sup>17</sup> See The Myths of Flying Putting aviation's economic benefits into perspective By Yehudi David Demitri van de Pol, November 1998 and Evans, C. (ed) The Plane Truth: Aviation & The Environment, Transport 2000 Trust

related issue is traffic and air pollution. The impact on regional air quality by car traffic around the airport is an additional concern.

Other aspects of the impact the airport will have are less known. The risk of a plane crash with more than 40 casualties may have increased by 400 per cent between 1990 and 2010. The government promised a standstill of this risk after the El Al crash in 1992. Air transport to and from the Netherlands is already responsible for more than 10 per cent of the climate change induced by the Netherlands.

Milieudefensie and other NGOs did not accept this 'double decision' and tried to block the construction of the fifth runway. They refused believe the Dutch government's promises. Milieudefensie managed to buy land on the site where the runway would be built and planted a little forest known as the "Bulderbos". After long legal struggles and many actions and demonstrations, the forest was cleared and the runway was finished in spring 2003.



### **The EIB ignores information**

Milieudefensie tried to stop the EIB from financing the Schiphol expansion. The bank responded to letters, but only formally reacted to the Environmental Impact Analysis (EIA) argument. The EIB's position was that an earlier EIA was a sufficient basis for deciding to finance. This meant that the EIB ignored all the new information that became public during a second, more integral, EIA. It was clear to Milieudefensie that the bank was not really interested in the impact of the project and was simply looking for good excuses to finance projects.

On February 15, 2002 the EIB 'approved' the financing of the Amsterdam Airport Schiphol Fifth Runway Project. By then the runway was already under construction. This puts in serious doubts the added value and necessity of the EIB money, ie, providing finance for a project that is almost finished. The EIB's statute states that it may not finance a project in so far as funds are available from other sources on reasonable terms. Yet Schiphol is a rich state-owned company that plans to invest EUR 1.7 billion in the expansion of the airport. The fifth runway cost EUR 320 million, not a great deal when compared to their annual earnings. In 2002 the airport added EUR 100 million of its EUR 140 million profit to its reserves. In this context it is clear that EUR 150 million of public European money from the EIB could surely have been invested in some more environmentally friendly projects.

## **Economics**

A fifth runway adds nothing to the sustainable development of the EU. The capacity of European airports is big enough. Extra flights are merely more holiday flights and more (low budget) tourist flights. Expansion of the airport is not even important for the Dutch economy. The extra flights do not mean more or better connections for business travellers. Only the airport and the catering industry will increase revenues.

## **Economic and social cohesion?**

Economic and social cohesion is the main objective of the EIB. One of the considerations for the EIB's "Decision to Finance" therefore is "to help consolidate the airport's position as one of Europe's major hub airports"<sup>18</sup>. All hub airports in Europe are competing and enlarging. These enlargements do not serve a European interest but only serve the interests of airports and airlines. Additionally, Holland is clearly not a European region that lacks transport modes or connections.

A report by the Dutch Central Planning Office (CPB) states:

*"In a world with low transport costs and high firm mobility, competition among countries is likely to result in too much investment in infrastructure."*<sup>19</sup>

## **Environment**

The EIB claim that 'Full EIA procedures have been undertaken prior to planning approval including an extensive public enquiry process'<sup>20</sup>, and that the project will 'significantly reduce the amount of noise in surrounding residential areas'.

Milieudefensie disagrees on the following grounds:

## **EIA procedures**

The final EIA procedures on the new Schiphol Airport Act were only completed on 11 March 2002, nearly a month after the EIB decided to approve the project. The EIB did not take this essential EIA, almost complete then, into account. In the Netherlands the concluding part of a full EIA procedure consists of an assessment by the EIA Commission. The Commission evaluates the quality of an EIA. In the case of the EIA for Schiphol's Fifth Runway, the EIA Commission was extraordinarily critical. It concluded that the EIA was flawed on five critical issues, related to: scenario sensitivity of noise calculations; the number and scattering of noise measuring equipment; the total volume of noise emissions; and issues related to external safety.

Further to their assessment, the Commission informed both Chambers of Parliament of its findings. This extraordinary action by the Commission illustrates the serious character of the shortcomings it revealed when assessing the EIA Schiphol. The Commission feels that valid arguments and doubts have been ignored by the government and other politicians. In a hearing in the parliament on September 11 this year the Commission repeated its criticisms and proposed possible improvements for the airport Act.

The national institute for environmental research (RIVM) states in its 2002 yearly report that the government still does not make a clear distinction between the environment and

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<sup>18</sup> Project description on EIB Website [www.eib.org](http://www.eib.org)

<sup>19</sup> CPB Discussion Paper "Strategic competition with public infrastructure: Ineffective and unwelcome?", page 40, conclusions, July 2002

<sup>20</sup> Project description on EIB Website [www.eib.org](http://www.eib.org)

the economy. "It can be concluded that environmental restrictions were abandoned or replaced by less strict regulations to make at least formal compliance with the double decision possible."

While the above criticism is directed towards the Dutch government it can also be easily applied to the EIB.

### **Noise reduction**

As noted above, the EIB project description states that the fifth runway will 'significantly reduce the amount of noise in surrounding residential areas'. Research on this issue however is not at all unequivocal. Although noise will most likely be reduced in some residential areas, in others the amount of noise is bound to increase. Calculations by the National Aerospace Laboratory (NLR) support this expectation<sup>21</sup>. The Commission of Experts on Aircraft Noise (Commissie Deskundigen Vliegtuiggeluid), led by Professor Berkhout and established by the Minister of Transport, was also highly critical of the EIA<sup>22</sup>.

### **Climate change**

Climate change was not an issue at all for the EIB. The Dutch government did not want this subject in the EIA and this made the subject irrelevant for the EIB as well. This contradicts what the EIB states in its July 2002 publication "EIB and Climate Change", that the bank is already making an effort and will begin to quantify and value the impact of projects on climate change. In the case of Schiphol this would have been a straightforward exercise. All the relevant data is available, yet no research was carried out.

### **Conclusion**

There were many reasons - environmental, social, economical - not to finance the expansion of Schiphol airport. There are many reasons not to finance airport expansion at all. Air transport is the most unsustainable transport mode and also the transport mode with the cheapest infrastructure. The aviation industry also enjoys the biggest tax exemptions so it does not need EIB support at all. Therefore, some basic questions need to be answered about the inappropriate use of EIB funds in the financing of airports.



<sup>21</sup> National Aerospace Laboratory Report CR-2002-114 - vergelijking geluidsbelasting MER Schiphol 2003 met herberekening aanwijzing S5P 1996, February 2002

<sup>22</sup> Reactie Cie Deskundigen Vliegtuiggeluid op "MER Schiphol 2003", February 2002

## Case study 2: Broken promises - Sofia Airport, Bulgaria

The expansion of Sofia Airport is part of the European Union TENS Project<sup>23</sup>, and is thus considered a high priority project by both the Bulgarian government and the European Union. Bulgarian NGOs have argued against the plans for the airport's expansion, and the concerns about its inappropriate location have a long history. The airport is situated within the city of Sofia, very close to communities, and thus poses serious problems to the population and environment. Due to the limited participation of affected stakeholders and the lack of information flow, the development and decision-making of the project has proved to be non-transparent and undemocratic. The large loans involved and the very poor economic indicators cast doubts on the project's justification and raise the questions of who will really benefit from the project and at what cost will it be implemented?

### Background

In November 1996 a plan for the reconstruction, development and extension of Sofia Airport was carried out by the British company Sir Halcrow and Partners and adopted by the Bulgarian government. The plan's primary focus was the construction of new passenger and cargo terminals and a new runway. The EIB approved a EUR 60 million loan in September 1997 before the final project was drawn up. Several months later, in June 1998, additional financing of EUR 40 million was issued from the Kuwait Fund for Arab Economic Development, followed by EUR 7.6 million from Phare<sup>24</sup>.

Phare involvement was justified by the argument that "...without Phare participation, providing technical assistance for Sofia Airport, the disbursement of the first tranche under the finance contract with EIB will not take place." No final project existed at the time, but the scope of the airport's modernisation plans was decreased. The Phare grant covered only the design of the new passenger terminal and new runway, with the cargo terminal no longer mentioned in project documents. The total project cost was estimated at EUR 186 million.

The development of this supposedly "high priority" project continued at a less than urgent pace until a new financial supplement from the EU could be secured. In 2000 it was defined as the most important project within the framework of the Stability Pact for South and Eastern Europe<sup>25</sup>, an initiative governed by the European Commission. Through the ISPA<sup>26</sup> program a grant of EUR 50 million was approved for the project. Thus, it received larger funds than all of the Stability Pact's spending on private sector development initiatives, economic reforms, business development, vocational training, environmental projects and social development. At that time the expansion was still in the design process and the project's final EIA remained unfinished.

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<sup>23</sup> The official project "Reconstruction, Development and Extension of Sofia Airport LOT B1 new Terminal Building and related facilities and LOT B2 new Runway system, taxiways and related works" is part of two Trans European Transport Corridors - N4 and N8.

<sup>24</sup> The Phare programme is one of the three pre-accession instruments financed by the European Communities to assist the applicant countries of central Europe in their preparations for joining the European Union.

<sup>25</sup> The Stability Pact for South and Eastern Europe is a political declaration signed in June 1999 as a response to the Kosovo crisis by countries from the Balkan region, major donor countries and international organizations aiming to "secure lasting peace, prosperity and stability for South Eastern Europe; foster effective regional cooperation; and give firm European anchorage to the region." through financial support to regional projects.

<sup>26</sup> ISPA (Instrument for Structural Policies for Pre-accession) is one of the European Community's financial instruments set up to assist ten of the Central and East European candidate countries in view of their accession. See <http://www.mrrb.government.bg/pageen3.php?P=44&SP=51>

Currently, the total cost of the project varies at between EUR 192 and EUR 210 million. The loan share element is EUR 100 million.

## **Environmental impacts**

A thorough EIA for the whole expanded airport complex was never conducted, nor were alternatives properly assessed and taken into account. The existing two non-technical summaries of the EIA reports for Lot B1 and Lot B2 that were submitted to the EIB state: “The Bulgarian Ministry of Environment and Waters has not required, and until now has seen no reason to require, the performance of a full EIA report<sup>27</sup>”. No studies have been done on the real cumulative impacts of the airport facilities, thus violating both national and European legislation (Act on Environmental Impact Assessment and EIA Directive 97/11/EC).

Bearing in mind the proximity of the airport to residential areas, the project poses numerous problems for human health, specifically due to the high levels of noise to which the citizens will be exposed.

Noise can severely impact almost all functions, organs and systems of the human body (central nervous, cardio-vascular, digestive and endocrine systems). A Health Risk Assessment Report (HRAR), conducted as additional to the EIA report, was supposed to show “the actual number of citizens affected by high noise levels living near the airport” and “to determine the sites that are covered by health protection standards within the Public Safety Zone<sup>28</sup>”. The experts admitted that meeting those two requirements is impossible because of the lack of a thorough EIA. The conclusions of this report state that assessment was made based on incorrect criteria, since there was no thorough EIA procedure for the whole functioning of the airport. The report states:

*“The health risk for the population during the operation of the airport cannot be assessed due to lack of objective data about the changes in the health and demographic condition of the population and the lack of a thorough EIA report. In this sense the assessment conducted in this report is based on indirect criteria”<sup>29</sup>*

According to the project description, one justification for the extension of the airport is that it will prevent aircraft from flying over the city of Sofia and thus will reduce noise levels. In the HRAR experts recognise the opposite consequence – due to traffic growth, the number of affected citizens will be increased. A previous ban on flights over the city of Sofia is persistently violated; therefore citizens are convinced that no one can guarantee these new promises of future prohibited flights. When a Public Safety Zone around the airport was determined, an upper limit (contour) of 60 dB(A) was used for daytime operation. There is no night contour because according to the HRAR **no** night flights are planned. Night flights were previously prohibited for a short time but were soon permitted under a decision of the Ministry of Environment and Waters in April 2002 with the exception of one flight per night<sup>30</sup>.

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<sup>27</sup> See page 2 of the Non-technical summary of the Final report of the Environmental Impact Assessment for the Sofia airport project: LOT B1. New terminal building and related facilities.

<sup>28</sup> Health Risk Assessment Report, Amendment to the Final Report on EIA for the project Sofia Airport Lot B2 New Runway System, Taxiways and Related Works, Institute for Air Transport/Project 2000-09/Polyconsult ECO Ltd, April 2001.

<sup>29</sup> See footnote 6

<sup>30</sup> Amendment of Decision N20-5/2001 of the Ministry of Environment and Waters on the EIA for the project: Reconstruction, Development and Extension of Sofia Airport Lot B2 New Runway System, Taxiways and Related Works, dated April 9, 2002.

A further serious impact concerns the number of emission sources of atmospheric pollutants (the aircraft gaseous emissions, exhaust fumes from the roadways and car parks) that will definitely increase due to the growth of air and road traffic.

## **Public involvement**

Although public participation was acknowledged as an obligatory condition by various Bulgarian authorities it was never really present during the project's development and implementation. NGOs were never acknowledged as an interested party and are not included in the development of plans for environmental protection and mitigation measures. In spite of this, NGOs and an Initiative Committee for citizens - Protection of the Activities of Sofia Airport (IC) - have begun actively corresponding with the EIB and the national authorities, raising their concerns about the consequences of this project.

The EIB usually excuses itself by claiming that any environmental and social impacts should be addressed by the national authorities. At the same time, the national authorities assure the public that the EIB is strictly following the development process of the project and its relevance to the high environmental standards of the EU *acquis*.

Some of the local municipalities - Vrajdebna, Poduene, Vasil Levski and Hristo Botev - and affected communities have been informed from time to time about the project, but rarely have their concerns been taken into account<sup>31</sup>. Other municipalities like Hadgi Dimitar, Krivina and Suha reka, which are also seriously affected by the airport facilities, have never been contacted.

Affected local citizens have filed cases in court for not receiving satisfactory compensation for their demolished homes (cases are pending). They were promised financial compensation for their land, but recently were compensated only for the portion of their lands included in the Public Safety Zone<sup>32</sup>. There is no legislation that deals with the consequences to settlements located along the borders of the Sanitary Zone. The local people were also promised new jobs, but since the launch of the construction no one has been offered employment.

The Bulgarian authorities have signed a Memorandum and a Program for Public Control together with the Chairman of the above-mentioned Initiative Committee (IC) and several of the municipalities. A court case was subsequently initiated by the IC in response to violations of the conditions contained in both documents.

## **Economic (non) sustainability**

The preliminary calculation of a 12 per cent Internal Rate of Return (IRR)<sup>33</sup> was later decreased to 3.6 per cent<sup>34</sup> for the terminal and the runway; without the ISPA contribution this figure drops to just 1.5 per cent. The total cost of the project has increased from EUR 186 million to EUR 216 million. Of these funds EUR 100 million is a repayable loan and more than EUR 60 million must be secured from the Bulgarian state budget. Usually, an IRR of 12-15 per cent for a project is acceptable, whereas, in over-indebted countries or in countries with limited reimbursement capacity, the actual opportunity cost of capital could easily reach levels of 25 or 30 per cent, or even higher.

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<sup>31</sup> Written statements submitted by the affected communities, NGOs and independent experts during the EIA procedures

<sup>32</sup> See footnote 28

<sup>33</sup> Calculated indicator of capital return according to projects sheets of the Stability Pact ([www.stabilitypact.org](http://www.stabilitypact.org))

<sup>34</sup> ISPA Application, submitted from the Bulgarian Ministry of Finances to the European Commission, ISPA Department, in 2000

According to the TIRS, “For the time being all of the studied airports are suitable for the traffic volumes they attract, and need only in the mid term ... to undergo modest improvements and modernisation ... Sofia and Sarajevo airports have been reconstructed recently ...”. The passenger growth studies conducted in 1996 bear no relation to the current situation at Sofia airport. Due to privatisation, the air company Balkan went bankrupt and, according to the ISPA application form, passenger numbers have decreased by 11 per cent. At the same time independent experts on airport planning and engineering argue that the construction of a new runway is unnecessary given that the existing one fully satisfies current passenger flows.

Construction of the terminal commenced in 2003, despite the fact that no new analysis has been done to verify studies and calculations that are now seven years old. Independent experts<sup>35</sup> have pointed out several times that the location of the new terminal is inappropriate, since the ground under the existing airport is riddled with old mineshafts, thus raising the price of the project. For the same reason, the construction of the terminal has now been delayed. The Austrian construction company Strabag requested a change in the project design because a recently conducted geological study shows that the terrain is unstable, necessitating alterations to the project. Of course, the stabilisation of the terrain will require additional financing.

Due to the slow development of the project, in November 2002 the financial contract between the Bulgarian Ministry of Finance and the EIB was revised. Amendments were needed in order to reflect the new timetable for the project. The Bulgarian government was required to pay EUR 100,000 to the EIB for revising the financial contract<sup>36</sup>.

## **Conclusions**

The EIB refuses to address the complicated and inconvenient problems stemming from the implementation of this dubious project, often insisting that the project is already approved and that no further discussions are necessary despite the altering conditions.

The double standards being deployed successfully by both the bank and the national authorities are jeopardising human health, the state of the environment and the patience of the Bulgarian taxpayer.

The EIA should be revised and carried out in compliance with national and European legislation, taking into full account the functioning of the recent airport facilities, the new terminal building and the new runway. The EIA reports must show the cumulative effect of the airport on the environment and the population.

The development and implementation of the project should be carried out in a transparent manner. NGOs as well as affected communities and municipalities must participate in all activities related to the project's development and implementation. There must be a regular information flow giving actual data about the project's development and the problems faced.

We consider that financial assistance via grants could be better used to renew the existing runway, satisfying the existing passenger flow this way. It could also be used for environmental/health protection measures to ensure that the project meets the high environmental standards

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<sup>35</sup> Association of Bulgarian Ecologists, consisting of professors of ecology and the environment, chairman of the Green party in Bulgaria, architects, engineers, town planning experts, ICAO experts and pilots.

<sup>36</sup> As stipulated in the regulations defined in amendment No.1 (19 Nov 2002) of the Finance Contract (Sept 1997) between European Investment Bank of Bulgaria and Sofia Airport EAD.

of the EU *acquis*. There is no valid reason for placing the high burden of large loans for this unsustainable and unnecessary project on Bulgarian taxpayers.

## **Case study 3: London's 'neighbour from Hell' - Heathrow Airport, United Kingdom**

### **Background**

London Heathrow is the busiest international airport in the world. A plane lands or takes off every 45 seconds. Yet, at the end of the World War Two, Heathrow was just a grassy airstrip on the outskirts of London, surrounded by farmland. Today Heathrow is enormous. It has 460,000 flights each year. Air pollution levels around Heathrow are amongst the highest in London. Aircraft noise can seriously disturb people living as far as 20 miles from the airport. Heathrow is like a 'city state', perched on the edge of London. A city state - with its own roads and bus services, shops and offices - whose tentacles reach right across the UK's capital city. In a recent survey just over a million Londoners said aircraft noise was a problem for them<sup>37</sup>. Few new rail or underground lines are considered for the capital unless they serve Heathrow.

### **Dubious economics**

Doubts continue about the true value of this enormous airport to London's economy. Of course the airport has played a role in attracting firms to London. But for most small and medium-sized companies, Heathrow is largely irrelevant. They would derive much more benefit from an improved public transport system that attracted people out of their cars, freeing up London's roads for essential business vehicles.

But there is little evidence that even London's big businesses require an airport the size of Heathrow. What evidence there is points the other way. Business passengers account for less than 50 per cent of the passengers using the airport<sup>38</sup>. And a fifth of all passengers are simply changing planes at Heathrow. These 'transfer passengers' contribute little to the London economy. The only real beneficiary of a giant Heathrow is the aviation industry, particularly the airport owner, BAA, and the UK's principal airline, British Airways.

### **Broken promises**

The growth of Heathrow over the last 50 years has involved a conspiracy between the aviation industry and the UK government against the people of London. Local residents were promised that each new development at the airport would be the last one. But promises were broken and, unflinchingly, the airport has increased in size.

The biggest battle was over the plan to build a fifth terminal at Heathrow. During the late 1980s the government had promised that the newly-opened Terminal 4 would be the last major development at Heathrow<sup>39</sup>. Yet, by the early 1990s, the government was considering an application by the newly privatised BAA for a fifth terminal. The Public Inquiry, which heard the case for and against the new terminal, lasted nearly four years. It was the longest in British history. The local community, supported by many of the local authorities, fought the mighty aviation industry day after day. But it was an uneven contest: the local community, operating on a shoe-string budget, against an industry with millions to spend.

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<sup>37</sup> GLA (2002) The Greater London Authority Household Survey, GLA, London

<sup>38</sup> HACAN ClearSkies (2003) Unwarranted Expansion, HACAN ClearSkies, London

<sup>39</sup> Glidewell (1979) Fourth Terminal Heathrow Public Inquiry, Environmental Education in Urban Areas: Working Party Report HMSO



Just before Christmas in 2001, the government gave BAA permission to build Terminal 5. But the government added a very important condition. It put a limit on the number of flights that would be allowed to use Heathrow after Terminal 5 was built. The limit was 480,000 flights per year. However, within nine months of setting that limit, the government itself announced that it was considering building a third runway alongside the new terminal at Heathrow. That would enable 655,000 flights a year to use the airport. Another broken promise, another battle for the local community.

### **Breach of statute**

While local people were fighting Terminal 5, little did they realise that the European Investment Bank was making plans to help with the funding of it. The EIB has a remit to finance projects that are environmentally sustainable, economically sound and which add to the 'economic and social cohesion' of a region. Under Article 18 of its statute, it may not finance a project where funds are available from other sources on reasonable terms. In practice this means that the EIB should be concentrating its money on projects that the government or the private sector are finding it difficult to fund in areas in need of regeneration. Yet the EIB has been giving low interest loans to BAA for many years. It helped finance Terminal 1, the Heathrow Express and Terminal 5. For Terminal 5, in 2002 BAA received a loan of EUR 390 million, to be paid back at a low rate of interest over a 12 year period.

The EIB has a lot of questions to answer before it provides finance for Terminal Five. Why is it financing a project which is going to be harmful to the environment? Why is it financing a project in west London, one of the wealthiest areas in London, where employment is virtually nil? Why has it chosen to assist a company that has plenty of money? BAA owns airports across the world<sup>40</sup>.

There is a strong case that the EIB's Terminal 5 loan to BAA contravenes Article 18 of its statute. BAA admits that it could have got the money elsewhere:

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<sup>40</sup> BAA was ranked 88th largest UK company in the Financial Times, FTSE 500 in 2001 - UK Data Top 100 UK Companies by turnover <http://specials.ft.com/ft500/may2001/FT3CEJ9NKMC.html>

*'If the EIB hadn't agreed funding, we would have got the loan from someone else. In the grand scheme of things, EIB funding is helpful, but not a necessity, we would have just funded from other sources.'*<sup>41</sup>

BAA went to the EIB simply because of the low interest rates on offer and due to its longstanding relationship with the bank. It is also questionable whether the EIB should have given a loan to a project as environmentally unsound as Terminal 5. When BAA were asked why an EU institution such as the EIB should provide loans for Terminal 5, they responded, 'I have no idea. You would have to ask them'<sup>42</sup>.

### **More inconsistencies**

The EIB maintains that it is up to member states to ensure that a satisfactory Environmental Impact Assessment has been carried out on given projects. If it has been done, the bank argues, then it is free to fund it. But is this not a naive position? An EIA is designed to measure the impacts of a project, not to decide whether it is environmentally sustainable. The Terminal 5 loan appears to contradict the EIB's policy on greenhouse gas emissions which states that the bank, when giving loans, will "emphasise the environment in general and climate change in particular as top priority areas of future activity." Questions must also be asked about whether Terminal 5 will bring 'economic and social cohesion' to West London. The decision to give the go-ahead to Terminal Five has left an angry, divided local community.

The EIB, when challenged, had some difficulty in justify its financing of Terminal 5: "Basically the bank is not a loaner of last resort." But later: "Well, obviously if projects could get money more cheaply elsewhere, they wouldn't come to us. That seems to be ... the reason why we are financing particular projects and why so many people come to the EIB is because the EIB has an advantage. The EIB's advantage will vary dependant on the markets you are looking at. I think it is particularly in regional development areas [where] the EIB's role is just to add a little bit more finance."<sup>43</sup>

The bank's representative also struggled when justifying the loan on environmental grounds. The EIB's representative said, "What is Terminal 5 doing? Providing better conditions for existing services and in that case is not directly linked to an increase in CO2 emissions".<sup>44</sup> That is a somewhat weak response given the fact that the estimated increase in passengers (and therefore flights as well) will be by one third annually.

### **Damaging local enterprise**

The evidence suggests that Terminal 5 will do little to attract further businesses to the region. Firms who feel that proximity to an airport is important to their business tend to come in the early years of an airport's life. Expansion of a major airport attracts few new firms to an area. What Terminal 5 will attract is more 'transfer passengers' and more car and lorry traffic to the already overcrowded streets of west London. It may also damage local businesses. Forty-five per cent of small and medium-sized firms in the Heathrow area believe that a fifth terminal will have an adverse effect on their business. They fear that they will not be able to compete with the wages offered by the airport and they estimate

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<sup>41</sup> Interview with Alan Clarkson, Treasury Manager at British Airport Authority in London, April 2003

<sup>42</sup> See footnote 30

<sup>43</sup> Interview with Adam McDonough, EIB Communications Dept, in Luxembourg, May 2003.

<sup>44</sup> See footnote 32

that the extra traffic on the roads will harm their businesses. There is a very real danger, with the continuing expansion of Heathrow, that the area will become over-dependant on one large industry. Yet none of this seems to have figured in the EIB's decision to grant a loan for Terminal 5.

At Heathrow, as at other major airports around Europe, airport expansion takes precedence over all other considerations. Yet the downsides of Heathrow are staggering.

## **Noise**

Of the one million Londoners who say they find aircraft noise from Heathrow a problem, over 400,000 regard it as a serious problem. For those people living under the flight path, the noise can come to dominate their lives. Many have a plane going over their heads every 90 seconds, virtually throughout the day. One resident put it like this: "It is like living under an aerial motorway, open from early morning until at least mid-evening." Another said, "It is this unremitting noise that I find hardest to cope with. Sometimes it drives me to a feeling of terrible despair."<sup>45</sup>

Many people feel the night flights are the worst. The planes start arriving at Heathrow at 4.30 in the morning. HACAN ClearSkies, the community campaign group, took the UK government to the European Court of Human Rights (ECHR) over night flights at Heathrow. The residents argued that night flights breached Article 8 of the Human Rights Convention, which entitles them to "the peaceful enjoyment" of their own home. The ECHR found in the residents' favour. But the UK government appealed and the Appeal Court ruled against the residents.

The UK government, working together with the aviation industry, uses all sorts of devices to try and show that the noise is not as bad as the people claim it to be. For example, when it measures noise, the method it uses doesn't take account of low-frequency noise, which is a significant component of aircraft noise. Measurements by HACAN ClearSkies show that low-frequency can add around eight decibels to the noise level<sup>46</sup>.

## **More pollution**

Heathrow is a major contributor to air pollution. It is one of the most polluted places in the whole of South East England. According to government figures, if a third runway is built, levels of nitrogen dioxide around Heathrow will exceed EU legal limits. The aviation industry is trying to produce its own figures to show that the government's estimates are too high. It is well aware that the EU standards are proving perhaps the major barrier to the further development of Heathrow.

## **HACAN ClearSkies: From the local to the global**

For many years HACAN ClearSkies, the local campaign group, concentrated on noise. Aircraft noise was, and still is, the main concern of most of its members. It would be difficult to exaggerate the way that noise from planes using Heathrow has spread across London and surrounding areas. People across London and the Thames Valley complain of problems with aircraft noise. Heathrow has become London's 'neighbour from Hell'.

Noise remains the main focus for HACAN ClearSkies. But, in recent years, it has started to campaign on air and water pollution and has begun to challenge the economic reasons

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<sup>45</sup> HACAN ClearSkies (1998) Heathrow's New Neighbours, HACAN ClearSkies, London

<sup>46</sup> HACAN ClearSkies (2003) The Quiet Con, HACAN ClearSkies, London

being put forward to expand Heathrow. Through its work on air and water pollution, HACAN ClearSkies is aiming to attract the support of people for whom noise is not a major issue. The UK government is considering a major expansion plan to cater for a doubling of passengers using UK airports by 2020, with the figure set to treble by 2030. This has generated enormous opposition from local airport communities and the large environment NGOs. HACAN ClearSkies is a founder member of AirportWatch, the umbrella organisation formed to fight the government's plans for airport expansion across the country. The campaign remains united in both questioning the need for airport expansion and outlining the social and environmental consequences of that expansion. But perhaps AirportWatch's biggest achievement has been to challenge the economic need for the airport expansion. It has shown that if the tax concessions enjoyed by the aviation were removed, the demand would not be there for significant airport expansion. It has highlighted the fact that cheap fares are resulting in more money going out of the UK than coming in. It has produced the figures to show that, because most leisure travel is done by the wealthiest 10 per cent of the population, the tax concessions are, in effect, subsidising the rich at the expense of the poor.

Another aspect is the noise argument, which needs to be made at a European level. It is very easy for national and regional governments to dismiss noise as only a problem for relatively few, rather over-sensitive, people. The fact that people react to different noises in different ways enables them to do this. But the noise sufferer is as abused by aircraft noise as the asthmatic child is by air pollution. There is a powerful argument to be made against aircraft noise on health, equality and quality of life grounds.

It has not been traditional for environmental groups to major on economics. But, in the battle against airport expansion, economic arguments need to be central. At Heathrow, Terminal 4, Terminal 5, a third runway and night flights have all been justified on economic grounds. Each time the authorities have argued that economic factors outweighed social and environmental concerns. As shown, we can challenge the economic arguments of the aviation industry with some confidence.

## **Conclusions and recommendations**

To conclude:

- The EIB is one of the main public supporters of the aviation sector with an overall lending figure of almost EUR 8 billion in the period 1998-2002.
- The aviation projects contradict the EIB's own Climate and Sustainable Development policies and are inconsistent with European and International Agreements, such as the Kyoto Protocol.
- The EIB's funding of aviation projects contradicts its goal to contribute to regional cohesion and development, as most of the financing occurs in highly developed regions of Europe; studies also show that the economic benefits of airport expansion have been grossly overestimated by the aviation industry.
- The EIB has taken no responsibility for assessing the environmental impacts of their investments in the aviation industry.
- Restricted access to information and no clear requirement for public participation makes it impossible for affected societies to voice their concerns.
- EIB loans to the companies involved in the expansion of Heathrow and Schiphol Airports breach the EIB's statute which insists that the bank should not finance a project if resources are easily available elsewhere.

- The EIB loan to Sofia airport poses a huge and unnecessary economic burden on Bulgarian citizens; the only one profiting from the current arrangement seems to be the EIB itself.
- EIB lending to Schiphol Airport was agreed before the Environmental Impact Assessment was finalised. The bank went ahead with its decision even though formal complaints raised by the Dutch EIA Commission regarding significant failings in the EIA have not been resolved. In the case of Sofia Airport, a thorough EIA has never been carried out.
- The EIB financing of hub airports such as Schiphol and Heathrow in order to promote 'competitive advantage' for these airports sounds like biased treatment in light of the fact that all European hub airports are in competition with each other.

Against this background of bad practice the above NGOs put forward the following recommendations:

- The EIB should come up with a clear strategy on promoting sustainable transportation, which would require, among other things, a drastic reduction of the bank's support for the aviation industry.
- For every financed project, the EIB should estimate its contribution to regional development and cohesion; clear indicators for achieving these goals should be established and progress evaluated.
- The EIB should set up a viable provision of transparency, with key documents on loans and the bank's operations made available in a timely way and in adequate language to allow for proper consultations with affected communities.
- The EIB should increase its environmental expertise and staff in order to be able to assess the impact of its aviation financing on climate change and environment.
- The EIB should urgently adopt a policy whereby the Environmental Impact Assessment is conducted before a given loan is agreed. The bank also needs to set up a clear mechanism for verifying the quality of the EIA process and its outcomes.
- The EIB should put into practice the provision of its statute and stop lending to wealthy companies which are able to seek investment funding elsewhere.
- The EIB should enter into meaningful dialogue with NGOs and concerned stakeholders when it is considering the financing of projects with adverse environmental and social impacts.
- An independent inspection/appeals mechanism needs to be put in place, where affected citizens can complain about EIB failures to comply with its own rules or with relevant EU regulations.

# Appendix: EIB aviation loans

## EIB loans in the aviation sector 1997-2002

| Country                | Year | Description  | millions EURO | Remarks   |
|------------------------|------|--|---------------|---|
| Africa group           | 2002 | Renewal and upgrading of airport and aeronautical equipment to improve air traffic safety                      | 33.0          | Remarks Agence pour la Sécurité de la Navigation Aérienne en Afrique et a Madagascar - ASECNA |
| Austria                | 2000 | Acquisition of three A320 Airbuses for renewal and expansion of medium-haul fleet                              | 46,50         | Austrian Airlines Österreichische Luftverkehrs AG   |
| Austria                | 1998 | Modernisation and expansion of aircraft fleet  | 50,5          | Tiroler Luftfahrt AG  |
| Austria                | 1999 | Modernisation and expansion of medium and long-haul airline fleet  | 117           | Österreichische Luftverkehr AG  |
| Austria                | 2001 | Tyrolean Airways fleet modernisation and expansion   | 58,40         | Tyrolean Airways Tiroler Luftfahrt AG   |
| Austria                | 2001 | Acquisition of three A320 Airbuses for renewal and expansion of medium-haul fleet                              | 13,50         | Austrian Airlines Österreichische Luftverkehrs AG   |
| Barbados               | 2001 | Upgrading and extension of Grantley Adams international airport, southern Barbados                             | 15,00         | Barbados Airport Inc  |
| Belgium                | 1997 | Modernisation of short-haul aircraft fleet for intra-Community traffic   | 37,7          | Sabena SA   |
| British Virgin Islands | 1999 | Expansion of international airport facilities on Beef Island   | 5,0           | British Virgin Islands  |
| Bulgaria               | 1997 | Upgrading Sofia Airport - loan will help finance a new passenger terminal building and extend the main runway. | 60,00         |   |
| Cape Verde             | 2002 | Construction and equipping of new air traffic control centre in Sal  | 20.0          | Empresa Nacional de Aeroportos e Segurança Aérea S.A.   |
| Cote d'Ivoire          | 1998 | Airport modernisation and extension.   | 5,5           | Aéroport International d'Abidjan  |
| Croatia                | 2002 | Modernisation of air traffic control at Zagreb airport   | 20.0          | Hrvatska Kontrola Zračne Plovidbe d.o.o.  |
| Cyprus                 | 2002 | Expansion and modernisation of air navigation services   | 55.0          | Republic of Cyprus  |
| Denmark                | 2000 | Modernisation of short and medium-haul fleet   | 18,00         | Scandinavian Airline System - SAS   |
| Denmark                | 1997 | Enlargement and modernisation of Copenhagen-Kastrup airport  | 53,6          | Københavns Lufthavne A/S  |
| Denmark                | 1998 | Extension and modernisation of Copenhagen-Kastrup airport  | 40            | Københavns Lufthavne AS   |
| Denmark                | 1999 | Modernisation of short and medium-haul fleet   | 105,4         | Scandinavian Airline System   |

# Appendix: EIB aviation loans

## EIB loans in the aviation sector 1997-2002

| Country | Year | Description   | millions EURO | Remarks  |
|---------|------|---|---------------|--|
| Denmark | 2002 | Construction of new passenger terminal and associated air and land side facilities at Billund airport (Jutland)                                       | 62,60         | Billund Lufthavn A/S                             |
| Egypt   | 1997 | Modernisation of medium-haul aircraft fleet   | 75,0          | National Bank of Egypt for Egyptair              |
| Estonia | 1997 | Loan to Tallinn Airport Ltd. will help finance investments to bring services up to international standards and up to 1.4 million passengers per year. | 10,00         |  |
| Finland | 1998 | Extension of Helsinki-Vantaa airport  | 107,8         | Ilmailulaitos                                    |
| France  | 2000 | Extension of Saint Denis-Gillot airport (La Reunion)  | 7,60          | Chambre de Commerce et d'Industrie de la Reunion |
| France  | 1997 | Purchase and customisation of Airbus A-300-600 aircraft for use as large-scale transporter  | 38,1          | SNI Aerospatiale                                 |
| France  | 1998 | Extension of Roissy-Charles de Gaulle airport   | 75,1          | Aéroports de Paris                               |
| France  | 1998 | Extension of Saint-Denis-Gillot airport   | 7,6           | Chambre de Commerce et d'Industrie de la Reunion |
| France  | 1999 | Acquisition of 23 A319 and A321 Airbus  | 300           | Groupe Air France SA                             |
| France  | 1999 | Extension of terminals at Basle-Mulhouse airport (Alsace)   | 61            | Aéroport de Bale-Mulhouse                        |
| Germany | 2000 | Construction of third terminal, high-speed train station and car park at Cologne/Bonn airport (North-Rhine-Westphalia)                                | 51,60         | Flughafen Köln/Bonn GmbH                         |
| Germany | 2000 | Extension of Düsseldorf airport   | 32,90         | Flughafen Düsseldorf GmbH                        |
| Germany | 2000 | Expansion and modernisation of Nürnberg airport   | 5,10          | Flughafen Nürnberg GmbH                          |
| Germany | 1997 | Extension of Hanover-Lagenhagen Airport (Lower Saxony)  | 50,6          | Flughafen Hanover-Lagenhagen GmbH                |
| Germany | 1998 | Construction of third terminal, high-speed train station and car park at Cologne/Bonn airport   | 60,7          | Flughafen Köln/Bonn GmbH                         |
| Germany | 1998 | Extension of Hanover-Lagenhagen airport   | 15,2          | Flughafen Hanover-Lagenhagen GmbH                |
| Germany | 1999 | Construction of third terminal, high-speed train station and car park at Cologne/Bonn airport   | 25,6          | Flughafen Köln/Bonn GmbH                         |
| Germany | 1999 | Expansion and modernisation of Nürnberg airport   | 25,6          | Flughafen Nürnberg GmbH                          |

# Appendix: EIB aviation loans

## EIB loans in the aviation sector 1997-2002

| Country    | Year | Description   | millions EURO | Remarks                                   |
|------------|------|---|---------------|---|
| Germany    | 2001 | Construction of new terminal at Munich airport (Bavaria)  | 110,00        |   |
| Germany    | 2001 | Extension and upgrading of Nuremberg airport (Bavaria)  | 5,10          | Flughafen Nurnberg GmbH                   |
| Germany    | 2001 | Construction of new container port terminal in Hamburg-Altenwerder                                | 30,00         | Hamburger Hafen- und Lagerhaus AG         |
| Germany    | 2002 | Upgrading and extension of Leipzig and Dresden airports (Saxony)                                  | 99,80         | Flughafen Dresden GmbH                    |
| Germany    | 2002 | Upgrading and extension of Leipzig and Dresden airports (Saxony)                                  | 87,80         | Flughafen Leipzig Halle GmbH              |
| Germany    | 2002 | Extension of Dusseldorf airport   | 291,50        | Flughafen Dusseldorf GmbH                 |
| Germany    | 2002 | Construction of new terminal at Munich airport (Bavaria)  | 90,00         | Mobilien-Verwaltungsgesellschaft Terminal |
| Greece     | 2000 | Construction of Spata international airport (Athens)  | 360,50        | Athens International Airport SA           |
| Greece     | 1997 | Construction of new Spata international airport (Athens)  | 302,6         | Athens International Airport SA           |
| Greece     | 1998 | Construction of Spata international airport (Athens)  | 30,4          | Athens International Airport SA           |
| Greece     | 1999 | Construction of Spata international airport (Athens)  | 173,8         | Athens International Airport SA           |
| Ireland    | 2001 | Upgrading of infrastructure at Cork, Dublin and Shannon airports                                  | 125,00        | AER Rianta CPT Ltd                        |
| Italy      | 1997 | Extension of Milan-Malpensa airport /TEN/   | 104,1         | SEA                                       |
| Italy      | 1998 | Modernisation of G. Marconi airport in Bologna  | 15,4          | Aeroporto G. Marconi di Bologna           |
| Italy      | 1999 | Extension of Leonardo da Vinci Fiumicino Airport  | 155           | Aeroporto di Roma                         |
| Italy      | 1999 | Expansion of passenger and freight handling facilities at Malpensa Airport (Lombardy)             | 103,7         | SEA                                       |
| Latvia     | 2000 | Modernisation and enlargement of passenger terminal at Riga international airport                 | 10,00         |   |
| Luxembourg | 1997 | Acquisition of two civil freighters as part of expansion and modernisation of aircraft fleet      | 95,7          | Cargolux Airlines International SA        |
| Luxembourg | 1998 | Purchase of four cargo aircraft and flight simulator as part of fleet expansion and modernisation | 92,1          | Cargolux Airlines International SA        |
| Luxembourg | 1999 | Purchase of four cargo aircraft and flight simulator as part of fleet expansion and modernisation | 105           | Cargolux Airlines International SA        |

# Appendix: EIB aviation loans

## EIB loans in the aviation sector 1997-2002

| Country                | Year | Description  | millions EURO | Remarks   |
|------------------------|------|--|---------------|---|
| Luxembourg             | 2002 | Purchase of two freighter aircraft (Boeing B747-400F)  | 73.6          | Cargolux Airlines International SA                  |
| Mauritius              | 2000 | Expansion and modernisation of Sir Seewoosagur Ramgoolam international airport   | 18,0          | Airports of Mauritius Ltd                           |
| Netherlands            | 1998 | Improvements to efficiency, safety and capacity of air traffic services system in Netherlands  | 22,4          | Luftverkeersbeveiligings-Organisatie                |
| Netherlands            | 2002 | Construction of fifth runway and associated taxiways at Schiphol airport, Amsterdam  | 150.0         | Luchthaven Schiphol NV                              |
| Philippines            | 1997 | Modernisation and extension of Puerto Princesa and Cotabato airports   | 25,0          | Government of the Philippines                       |
| Poland                 | 2002 | Construction of second passenger terminal at Warsaw International Airport  | 200.0         | Przedsiębiorstwo Państwowe "Porty Lotnicze" PPL     |
| Portugal               | 2000 | Technical upgrading of facilities at Madeira airport   | 74,80         | ANAM - Aeroportos e Navegacao Aerea da Madeira S.A. |
| Portugal               | 2000 | Renewal of medium-haul fleet   | 67,80         | TAP Air Portugal S.A.                               |
| Portugal               | 1997 | Upgrading of facilities at three airports and modernisation of air traffic control equipment   | 49,9          | ANA. EP   |
| Portugal               | 1998 | Renewal of medium-haul aircraft fleet  | 157,6         | TAP Air Portugal SA                                 |
| Portugal               | 1998 | Technical upgrading of facilities at Madeira airport   | 74,1          | ANAM  |
| Portugal               | 1998 | Technical upgrading of facilities at three airports and modernisation of air traffic control equipment                                       | 68,8          | ANA   |
| Portugal               | 2001 | Technical upgrading of facilities at three airports  | 29,90         | ANA - Aeroportos Portugal S.A.                      |
| Portugal               | 2001 | Modernisation of air traffic control system  | 12,50         | Navegacao Aerea de Portugal NAV, EP                 |
| Portugal               | 2002 | Expansion of passenger terminal and infrastructure at Oporto Airport   | 108.0         | Aeroportos e Navegação Aérea, EP                    |
| Regional - East Africa | 2001 | Feasibility study for joint air traffic control system for international flights in East African airspace and creation of air safety agency. | 0,30          | Conditional loan to Republic of Kenya               |
| Regional - East Africa | 2001 | Feasibility study for joint air traffic control system for international flights in East African airspace and creation of air safety agency. | 0,30          | Conditional loan to Republic of Uganda              |
| Regional - East Africa | 2001 | Feasibility study for joint air traffic control system for international flights in East African airspace and creation of air safety agency. | 0,30          | Conditional loan to United Republic of Tanzania     |

# Appendix: EIB aviation loans

## EIB loans in the aviation sector 1997-2002

| Country | Year | Description  | millions EURO | Remarks   |
|---------|------|--|---------------|---|
| Romania | 1999 | ConstructionAcquisition of ATR-42 aircraft by flagship carrier TAROM and rehabilitation of airline's maintenance hanger at Bucharest Otopeni Airport | 40            |   |
| Rwanda  | 2000 | Modernisation of international airport. Conditional loan to Republic of Rwanda   | 11,0          | Republic of Rwanda  |
| Spain   | 2000 | Improvement and extension of Madrid/ Barajas airport   | 480,80        | Ente Publico de Aeropuertos Espanoles y Navegacion Aerea  |
| Spain   | 2000 | Fleet renewal and expansion through acquisition of Airbus A340s  | 158,20        | Iberia Lineas Aereas de Espana SA                         |
| Spain   | 2000 | Fleet renewal and expansion through acquisition of four Boeing 737-800 aircraft  | 79,60         | Air Europa Lineas Aereas SA                               |
| Spain   | 2000 | Modernisation of short and medium-haul fleet (Airbus A320)   | 54,90         | Spanair SA  |
| Spain   | 1997 | Modernisation of long-haul aircraft fleet  | 139,8         | Iberia Lineas Aereas de Espana                            |
| Spain   | 1997 | Improvement and extension of two airports on Tenerife and of Lanzarote and Fuerteventura airports (Canaries)   | 39,3          | Ente Publico de Aeropuertos Espanoles y Navegacion Aerea  |
| Spain   | 1998 | Modernisation of long-haul aircraft fleet  | 146,8         | Iberia Lineas Aereas de Espana SA                         |
| Spain   | 1999 | Improvement and extension of Barajas airport, Madrid   | 147,3         | Ente Publico de Aeropuertos Espanoles y Navegacion Aerea  |
| Spain   | 1999 | Fleet renewal and expansion by acquisition of 20 Airbuses  | 150           | Iberia Lineas Aereas de Espana SA                         |
| Spain   | 2001 | Improvement and extension of Madrid/ Barajas airport   | 221,00        | Entre Publico de Aeropuertos Espanoles y Navegacion Aerea |
| Spain   | 2002 | Modernisation and expansion of Madrid/ Barajas airport   | 600.0         | Ente Público de Aeropuertos Espanoles y Navegación Aérea  |
| Spain   | 2002 | Renewal of passenger fleet   | 128.0         | Iberia Líneas Aéreas de Espana SA                         |
| Sweden  | 2000 | Modernisation of short and medium-haul fleet   | 56,10         | Scandinavian Airline System                               |
| Sweden  | 1998 | Renewal of short and medium-haul aircraft fleet  | 51,2          | SAS   |
| Sweden  | 1999 | Renewal of short and medium-haul fleet   | 106,6         | SAS   |
| Sweden  | 2001 | Modernisation of short and medium-haul fleet   | 37,60         | Scandinavian Airline System SAS                           |

# Appendix: EIB aviation loans

## EIB loans in the aviation sector 1997-2002

| Country        | Year | Description   | millions EURO | Remarks                            |
|----------------|------|---|---------------|------------------------------------|
| Tanzania       | 1998 | Renewal of air navigation and communications equipment at Dar-es-Salaam and Kilimanjaro airports. Conditional loan to United Republic of Tanzania | 12,8          | United Republic of Tanzania        |
| Thailand       | 2000 | Construction of air traffic control complex at second Bangkok international airport   | 26,4          | Aeronautical Radio of Thailand Ltd |
| United Kingdom | 1997 | Partial renewal of long-haul aircraft fleet   | 430,4         | British Airways plc                |
| United Kingdom | 1998 | Modernisation and extension of passenger facilities at Edinburgh, Heathrow and Gatwick airports   | 123,2         | BAA plc                            |
| United Kingdom | 1998 | Construction of new freight handling centre at Heathrow airport, London   | 29            | British Airways plc                |
| United Kingdom | 1998 | Design and production of fuselage and nacelles for regional passenger aircraft in Belfast (Northern Ireland)                                      | 43,5          | Short Brothers plc                 |
| United Kingdom | 1999 | Construction of new freight handling centre at Heathrow airport, London   | 141,8         | British Airways plc                |
| United Kingdom | 1999 | Modernisation of long-haul fleet  | 297,7         | British Airways plc                |
| United Kingdom | 2001 | Modernisation of Gatwick airport, near London   | 54,80         | Gatwick Airport Ltd                |
| United Kingdom | 2001 | Modernisation of Stansted airport, near London  | 54,80         | Stansted Airport Ltd               |
| United Kingdom | 2002 | Construction and commissioning of fifth passenger terminal at London Heathrow Airport   | 390,9         | Heathrow Airport Ltd               |
| Vanuatu        | 1999 | Modernisation of country's principal airport at Port Vila on Efate island. Conditional loan to Republic of Vanuatu                                | 5,0           | Republic of Vanuatu                |



## Thank you for “flying” with us

This report has been prepared within the framework of The EIB Campaign Coalition led by CEE Bankwatch Network & Friends of the Earth International



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