

EUROPEAN COAL AND STEEL COMMUNITY

HIGH AUTHORITY

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*FINANCE DIVISION*

# Financial Report

for the year 1959

No. 5

# EUROPEAN COAL AND STEEL COMMUNITY

## HIGH AUTHORITY

|                         |                              |
|-------------------------|------------------------------|
| <b>Piero Malvestiti</b> | President                    |
| <b>Dirk Spierenburg</b> | Vice-President               |
| <b>Albert Coppé</b>     | Vice-President               |
| <b>Albert Wehrer</b>    | Member of the High Authority |
| <b>Paul Finet</b>       | Member of the High Authority |
| <b>Heinz Potthoff</b>   | Member of the High Authority |
| <b>Roger Reynaud</b>    | Member of the High Authority |
| <b>P. O. Lapie</b>      | Member of the High Authority |
| <b>Fritz Hellwig</b>    | Member of the High Authority |

## FINANCE DIVISION

**Hans Skribanowitz**, Director

The tables contained in this Report as well as the Balance Sheet and the Statement of Revenues and Expenditures attached to it are expressed in Units of Account of the European Monetary Agreement (E.M.A.). All amounts contained therein are the equivalents of various currencies computed at the following rates for

**1 E.M.A. Unit:**

|         |   |          |
|---------|---|----------|
| U.S. \$ | : | 1.00     |
| DM      | : | 4.20     |
| Bfr.    | : | 50.00    |
| Ffr.    | : | 493.706* |
| Lire    | : | 625.00   |
| Lfr.    | : | 50.00    |
| Hfl.    | : | 3.80     |
| Sfr.    | : | 4.29     |

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\* Prior to August 11, 1957, the applicable rate was 1 Unit = 350 Ffr; from that date to December 29, 1958, the rate was 1 Unit = 420 Ffr; and on the latter date the rate became 1 Unit = 493.706 Ffr. On January 1, 1960, the "New Franc", equal to 100 previous French francs, became effective. Amounts stated herein representing equivalents of French francs are based on the rates current in the respective years.

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### ANNEXES:

Balance Sheet as of December 31, 1959

Statement of Revenues and Expenditures

Summary of Allocations from Net Excess of Revenues

Comparative Table regarding Revenues and Expenditures

The Fifth Financial Report of the High Authority of the European Coal and Steel Community covers the calendar year 1959, this being its seventh year of operation.

In order to facilitate reading, the Report for 1959 and subsequent Reports will review the various readaptation and research contributions, which are financed through the levy, immediately after the section dealing with the proceeds of the levy. These contributions were formerly reviewed at the end of the Report.

### I. THE LEVY

The High Authority maintained the levy for the financial year 1959/60 at the rate of 0.35%, to which it had been reduced in July 1957. This rate therefore remained in force throughout the calendar year 1959. Maintenance of the rate at this level was deemed necessary in view of the situation in the coal mining industry, which increased the foreseeable commitments of the High Authority for the provision of normal and emergency readaptation measures, as discussed below. The prudence shown in fixing the rate of the levy for the year under review has been completely justified by the extent of such normal and emergency measures adopted during 1959.

The levy proceeds for 1959 amounted to 27.29 million Units of Account as against 28.17 million Units of Account in 1958, when the rate of the levy was also 0.35%. The net decrease in the proceeds for 1959 as compared with those for 1958 amounted to 0.88 million Units of Account or 4.12%; this decrease was chiefly due to difficulties in the coal mining industry. The reduction in the coal sector was, however, compensated to a considerable degree by increased payments from the prospering iron and steel industry.

The following table gives a comparison of the proceeds of the levy for 1958 and 1959:

TABLE I  
Proceeds of the Levy

| Country                                           | 1958                           |       | 1959                           |       |
|---------------------------------------------------|--------------------------------|-------|--------------------------------|-------|
|                                                   | million<br>Units of<br>Account | %     | million<br>Units of<br>Account | %     |
| German Federal Republic (including<br>Saar) ..... | 14.77                          | 52.4  | 14.22                          | 52.1  |
| Belgium .....                                     | 2.61                           | 9.3   | 2.29                           | 8.4   |
| France .....                                      | 6.64                           | 23.6  | 6.32                           | 23.2  |
| Italy .....                                       | 2.28                           | 8.1   | 2.46                           | 9.0   |
| Luxembourg .....                                  | 0.83                           | 2.9   | 0.91                           | 3.3   |
| Netherlands .....                                 | 1.04                           | 3.7   | 1.09                           | 4.0   |
| Community                                         | 28.17                          | 100.0 | 27.29                          | 100.0 |

## II. CONTRIBUTIONS TO READAPTATION

1959 was notable for greater activity in readaptation than any previous year. The difficulties of the coal mining industry led the High Authority to adopt, parallel with the usual readaptation measures, a series of emergency measures to deal with these difficulties.

A detailed account of these emergency measures follows:

### 1. Financing of excessive Coal Stocks at the Pit-Heads

Social considerations led the High Authority at the end of 1958 to make 7 million Units of Account available for assistance to those coal mining enterprises which were forced to bear additional costs because of excessive coal stocks at the pit-heads. The High Authority's contribution took the following two forms:

#### (a) *Non-repayable Grants*

These grants were made contingent on the interested Governments granting amounts equal to those provided by the High Authority. Financial assistance of this type provided by the High Authority amounted to 1.631 million Units of Account while additional commitments of more than 0.221 million Units of Account had not been allocated among the member countries at the close of the year.

#### (b) *Interest-free Loans*

The granting of these loans, each for a term of five years, was dependent on the loans being guaranteed by the interested Governments. Loans of this type authorized by the High Authority amounted to 5.148 million Units of Account.

### 2. Temporary Assistance to compensate Miners working Short Shifts in Belgium

The same social considerations led the High Authority to make available an amount of 5 million Units of Account in the form of special payments to Belgian miners compelled to work short shifts as a result of the difficulties in the coal mining industry.

### 3. Reorganization of the Belgian Coal Mining Industry

Under the Belgian Government's reorganization program designed to enable the Belgian coal mining industry to compete effectively once again in the Common Market, provision has been made for the closing of a number of mines. To avoid social hardship, it is planned to spread the closing of these mines over a transition period of two years. The professional re-education and transfer to other industries of miners thus to be released, as well as the continued payment of their wages during the transition period, require considerable financial assistance from

the Belgian Government and the High Authority. The amount agreed by the High Authority for this purpose is 7.5 million Units of Account.

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+                      +

Commitments entered into by the High Authority for readaptation grants and aids of all kinds amounted to 16.439 million Units of Account in the calendar year 1959 as against 8.527 million Units of Account in 1958.

The measures approved in 1959 increased the total commitments entered into by the High Authority since its inception to 37.536 million Units of Account as at December 31, 1959. This can be seen from the table below :

**TABLE 2**

Contributions to Readaptation

*(in thousand Units of Account)*

|                                                     | For the period from<br>August 10, 1952<br>to<br>December 31, 1959 |                  | Commitments<br>outstanding<br>as at<br>December 31,<br>1959 |
|-----------------------------------------------------|-------------------------------------------------------------------|------------------|-------------------------------------------------------------|
|                                                     | commitments<br>entered into                                       | payments<br>made |                                                             |
|                                                     | (a)                                                               | (b)              |                                                             |
| <b>A. Type of Measure</b>                           |                                                                   |                  |                                                             |
| I. Normal Readaptation Measures.....                | 18,036                                                            | 8,289            | 9,747                                                       |
| <b>II. Emergency Measures</b>                       |                                                                   |                  |                                                             |
| 1. Financing of excessive Coal Stocks..             | 7,000                                                             | 2,253            | 4,747                                                       |
| 2. Short Shifts—Belgium .....                       | 5,000                                                             | 3,260            | 1,740                                                       |
| 3. Reorganization—Belgium .....                     | 7,500                                                             | —                | 7,500                                                       |
| Total                                               | 37,536                                                            | 13,802           | 23,734                                                      |
| <b>B. Form of Financing</b>                         |                                                                   |                  |                                                             |
| — Non-repayable Grants .....                        | 32,064                                                            | 11,962           | 20,102                                                      |
| — Loans .....                                       | 5,472                                                             | 1,840            | 3,632                                                       |
| Total                                               | 37,536                                                            | 13,802           | 23,734                                                      |
| <b>C. Geographical Distribution</b>                 |                                                                   |                  |                                                             |
| — German Federal Republic<br>(including Saar) ..... | 5,870                                                             | 2,015            | 3,855                                                       |
| — Belgium .....                                     | 17,000                                                            | 4,698            | 12,302                                                      |
| — France .....                                      | 3,001                                                             | 645              | 2,356                                                       |
| — Italy .....                                       | 11,406                                                            | 6,435            | 4,971                                                       |
| — Netherlands .....                                 | 38                                                                | 9                | 29                                                          |
| — Not yet allocated.....                            | 221                                                               | —                | 221                                                         |
| Total                                               | 37,536                                                            | 13,802           | 23,734                                                      |

As at December 31, 1959 the High Authority had at its disposal funds allocated for readaptation amounting to 30.888 million Units of Account against outstanding commitments of 23.734 million Units of Account. The amount of assistance granted in the form of loans is not deducted from the Allocation as shown in the Balance Sheet, but it is not available for other readaptation payments during the life of these loans. The loans advanced up to December 31, 1959, totalling 1.840 million Units of Account (see Table 2), therefore reduce the Allocation of 30.888 million Units of Account shown in the Balance Sheet to an actual availability of 29.048 million Units of Account.

Thus, at December 31, 1959 the High Authority had available approximately 5.3 million Units of Account for new readaptation commitments. Applications for assistance in amounts substantially in excess of that figure are under review.

### III. FINANCING OF RESEARCH

Commitments for the financing of research entered into by the High Authority in 1959 amounted to 3.975 million Units of Account as compared with 9.740 million Units of Account in 1958.

The total amount of commitments for the financing of research entered into by the High Authority since its inception increased in 1959 to 26.197 million Units of Account. Allowing for the cancellation of commitments made in former years amounting to 1.300 million Units of Account, which were unused during the year under review, the actual total of commitments for research as at December 31, 1959 was 24.897 million Units of Account. Details are given in the following table:

**TABLE 3**  
Contributions to Research

(in thousand Units of Account)

|                                                 | For the period from<br>August 10, 1952 to<br>December 31, 1959 |                  | Commitments<br>outstanding<br>as at<br>December 31,<br>1959 |
|-------------------------------------------------|----------------------------------------------------------------|------------------|-------------------------------------------------------------|
|                                                 | commitments<br>entered into                                    | payments<br>made |                                                             |
|                                                 | (a)                                                            | (b)              | (a)-(b)                                                     |
| <b>A. Type of Research or Field of Industry</b> |                                                                |                  |                                                             |
| Iron and Steel Industry.....                    | 6,270                                                          | 2,095            | 4,175                                                       |
| Coal Mining Industry.....                       | 4,590                                                          | 954              | 3,636                                                       |
| Iron Ore Mines (Iron and other Ores).....       | 5,000                                                          | 1,472            | 3,528                                                       |
| Experimental Housing .....                      | 4,842                                                          | 4,332            | 510                                                         |
| Industrial Health, Safety and Medicine .....    | 4,195                                                          | 1,156            | 3,039                                                       |
| <b>Total</b>                                    | <b>24,897</b>                                                  | <b>10,009</b>    | <b>14,888</b>                                               |
| <b>B. Form of Financing</b>                     |                                                                |                  |                                                             |
| — Non-repayable Grants .....                    | 22,015                                                         | 7,127            | 14,888                                                      |
| — Loans .....                                   | 2,882                                                          | 2,882            | —                                                           |
| <b>Total</b>                                    | <b>24,897</b>                                                  | <b>10,009</b>    | <b>14,888</b>                                               |



As at December 31, 1959 the High Authority had at its disposal Funds allocated for research amounting to 20.422 million Units of Account against outstanding research commitments of 14.888 million Units of Account. Here, too, the amount of assistance given in the form of loans is not deducted from the Allocation as shown in the Balance Sheet, but is not available during the life of these loans for other research purposes. The loans granted in the amount of 2.882 million Units of Account (see Table 3) therefore reduce the Balance Sheet Allocation of 20.422 million Units of Account to an actual availability of 17.540 million Units of Account.

Thus, at December 31, 1959 the High Authority still had available 2.652 million Units of Account for the financing of research. The whole of this amount has since been committed.

#### IV. OVERALL SURVEY OF REVENUE, EXPENDITURE AND ALLOCATIONS

Because of their relative importance, special sections of this Report have been devoted to the proceeds of the levy and to the financing of readaptation and research. It is now appropriate to review all items of revenue and expenditure and to comment on the growth of the various Funds of the High Authority. For purposes of clarification the figures for 1959 are compared with those for the previous year.

In 1959 total revenue amounted to 45.33 million Units of Account as compared with 44.96 million Units of Account in 1958. A breakdown of total revenue is given in the table below:

TABLE 4

#### Total Revenue of the High Authority

*(in million Units of Account)*

| Nature of Revenue                              | 1958  | 1959  |
|------------------------------------------------|-------|-------|
| Levy .....                                     | 28.17 | 27.29 |
| Interest on Bank Deposits and Investments..... | 5.99  | 5.89  |
| Interest on Arrears and Fines.....             | 0.02  | 0.03  |
| Receipts for Pension Fund.....                 | 1.70  | 1.29  |
| Sundry Receipts .....                          | 0.09  | 0.49  |
|                                                | 35.97 | 34.99 |
| Interest on Loans outstanding.....             | 8.99  | 10.34 |
| Total                                          | 44.96 | 45.33 |

The total actual expenditure of the High Authority in 1959 amounted to 31.39 million Units of Account as compared with 26.67 million Units of Account in 1958. The table below gives a breakdown of these figures:

TABLE 5

Actual Expenditure of the High Authority

(in million Units of Account)

| Nature of Expenditure                                     | 1958         | 1959         |
|-----------------------------------------------------------|--------------|--------------|
| Administrative Expenses .....                             | 13.17        | 11.33        |
| Bank Charges and Issue Costs.....                         | 2.45         | 0.26         |
| Readaptation .....                                        | 0.87         | 6.58         |
| Research .....                                            | 1.60         | 3.47         |
| Pensions .....                                            | 0.08         | 0.16         |
|                                                           | 18.17        | 21.80        |
| Loan Service .....                                        | 8.50         | 9.59         |
| <u>Total Actual Expenditure</u> .....                     | <u>26.67</u> | <u>31.39</u> |
| Revaluation of French franc assets at the end of 1958.... | 5.56         | —            |
|                                                           | 32.23        | 31.39        |

There has been a marked increase in actual expenditure despite a decrease in administrative expenses and bank charges. This increase is chiefly due to greater payments for readaptation and research.

A comparison of the total amounts set out in Tables 4 and 5 shows that in 1959 revenue exceeded actual expenditure by 13.94 million Units of Account. In 1958 the net surplus was 12.73 million Units of Account.

The amounts allocated in these two years to the various Funds and Reserves can be seen in the following table which also shows the position of the Funds at the end of 1958 and 1959.

TABLE 6

## Allocation of Surplus

*(in million Units of Account)*

|                            | Allocation<br>in 1958 | Position<br>as at<br>December 31,<br>1958 | Allocation<br>in 1959 | Position<br>as at<br>December 31,<br>1959 |
|----------------------------|-----------------------|-------------------------------------------|-----------------------|-------------------------------------------|
| I. a) Guaranty Fund ...    | —                     | 100.00                                    | —                     | 100.00                                    |
| b) Special Reserve ...     | 5.95                  | 22.74                                     | 2.38                  | 25.12                                     |
| II. Allocations:           |                       |                                           |                       |                                           |
| a) for Readaptation ..     | 2.31                  | 28.97                                     | 1.92                  | 30.89                                     |
| b) for Research .....      | 6.67                  | 15.49                                     | 4.93                  | 20.42                                     |
| III. a) Pension Fund ..... | 1.62                  | 4.87                                      | 1.13                  | 6.00                                      |
| b) Loan Service .....      | 0.31                  | 0.48                                      | 0.49                  | 0.97                                      |
|                            | 16.86                 | 172.55                                    | 10.85                 | 183.40                                    |
| IV. Unallocated Balance .. | -4.13                 | 3.40                                      | 3.09                  | 6.49                                      |
|                            | 12.73                 | 175.95                                    | 13.94                 | 189.89                                    |

In explanation of these figures it should be noted that:

- 1) Interest receivable on investments, which accrues to the Special Reserve, amounted in 1959 to 5.94 million Units of Account. An amount of 3.55 million Units of Account, transferred in previous years to the Special Reserve from the Research Fund and other Funds for the granting of loans, was returned to these Funds in order to simplify the presentation of accounts. The net addition to the Special Reserve for 1959 was thereby reduced to an amount of 2.39 million Units of Account.
- 2) The commitments of the High Authority to be financed through these Funds include commitments for readaptation and research which, as indicated above, increased during the year by greater amounts than did their related Funds, and also commitments for the financing of the workers' housing programs and for contributions to the High Authority's pension fund. As noted above, applications for substantial additional commitments for readaptation and research were pending at the end of the year.

In order to meet these commitments the High Authority expects, in the future, to make use of the funds specifically allocated for these purposes in previous years and to cover the remainder from current proceeds of the levy.

## V. EMPLOYMENT OF FUNDS OF THE HIGH AUTHORITY

The High Authority continued to follow in 1959 the same policy regarding the investment of the levy proceeds and of the allocations to the particular Funds as that followed in prior years and explained in detail in earlier Reports. While endeavoring to achieve a state of adequate liquidity, the High Authority continued in 1959 to seek sufficient interest yields from investments to render feasible the planned allocation to the Special Reserve.

## VI. THE CAPITAL MARKETS IN 1959

In the year under review the economies of the Community countries were, in general, characterized by a noticeably higher level of activity. This trend first appeared in 1958. In some countries, however, especially during the second half of 1959, signs of over-activity became apparent, constraining the authorities to introduce higher discount rates and higher minimum reserve rates with central banks as well as other measures designed to restrict credit. The capital markets thus offered no uniform picture in 1959. The situation varied not only at different periods during the year but also from country to country.

The *North American capital market* was characterized by a serious disequilibrium between the rising demand for, and the insufficient supply of, capital. Interest rates tended to rise so that foreign borrowers found it more difficult to issue loans in the U.S. than in the previous year.

The *Swiss capital market* in 1959 was influenced by two factors. Owing to currency convertibility introduced in many European countries in January 1959 and to the rise of interest rates in London and New York, a considerable amount of capital left Switzerland, which resulted in a serious reduction of liquidity. Secondly, there was an ever-increasing demand for capital from domestic and foreign sources. The consequence of such shortage became clearly apparent and led to increased rates of interest. Apart from these technical factors, the Swiss market was even more restricted for borrowers from the Community countries, since Switzerland has for some time applied an effective embargo on new issues of this category. It is to be hoped that the traditionally liberal attitude of the Swiss market will prevail in due course.

The easier money conditions which first appeared in the *German capital market* in 1958, accompanied by a rapid decrease in interest rates, prevailed until the beginning of 1959. During the early part of 1959 the level of German interest rates declined to such an extent that Germany became attractive for foreign issuers for the first time since 1914. At the same time it was known that for reasons of economic policy the Deutsche Bundesbank viewed favorably such foreign issues, the proceeds of which would be used in whole or in part for the export of capital. However, these favorable conditions for foreign issues only lasted for a short while, during which time only a few issues were floated. The hopes cherished by German financial experts in 1958, that the German capital

market would become international, faded in the summer of 1959 when it became clear that the interest rates, which had reached 5%, could not be held at this level and were once again rising.

Although interest rates in the *Dutch market* remained relatively stable during the year under review, showing only a slight upward trend towards the year's end, Holland, contrary to all expectations, remained closed also in 1959 to foreign issues entailing an export of capital.

The *French capital market* showed a marked improvement in 1959 following the devaluation of the franc at the end of 1958 which resulted in a general stabilization of the economic and financial situation. With lowered interest rates, requirements for domestic issues could be satisfactorily met.

In the *Italian capital market* a noteworthy increase in liquidity and a considerable decrease in interest rates became apparent during 1959. The situation did not, however, improve to such an extent that foreign issues could be contemplated.

In the *capital markets of Belgium and Luxembourg* interest rates remained generally stable in 1959 in spite of a strong demand from the public and from private borrowers.

## VII. BORROWING OPERATIONS

In 1959 the High Authority made no new issues. It has always been the aim of the High Authority to grant credits to industries in the Community countries if such credits could be granted at lower rates than those obtaining in the domestic capital markets. In 1959, however, the development of interest rates in the capital markets of the Community countries, on which the Community industries could themselves obtain the necessary long-term finance, was such that during the first half of the year considerably fewer applications for credit facilities were made to the High Authority than in past years. Nevertheless the number of such applications to the High Authority in the early part of 1959 would have justified the issuance of a loan. As interest rates in the U.S.A. were too high and the Swiss market remained closed to borrowers from the Community countries, only a loan in the German market in the summer of 1959 could have been contemplated. It was, however, apparent that the low interest rates then existing in Germany did not really reflect the market situation. It was to be feared that bonds carrying such a low rate would be sold in volume by investors as soon as interest rates would sharply turn upwards. Therefore, the High Authority considered it advisable to refrain from making such an issue. This prudence was soon justified by subsequent developments within the German market.

While no new finance from outside sources was obtained by the High Authority in 1959, redemptions of previously contracted loans proceeded according to plan. As a result borrowings from outside sources were reduced to the equivalent

of approximately 208.5 million Units of Account by the end of the year. Details of loans outstanding as at the end of the year are contained in the table below:

**TABLE 7**

Total Amount of Borrowings (Secured Notes)

| Country      | Year | Interest<br>%<br>p.a. | Term<br>(years) | Original Amount          |                                      | Amount<br>outstanding<br>as at<br>December 31,<br>1959<br>(equivalent<br>in Units<br>of Account) |
|--------------|------|-----------------------|-----------------|--------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------|
|              |      |                       |                 | in currency<br>concerned | equivalent in<br>Units of<br>Account |                                                                                                  |
| U.S.A.       | 1954 | 3 $\frac{7}{8}$       | 25              | \$ 100,000,000           | 100,000,000                          | 94,000,000                                                                                       |
| Germany      | 1955 | 3 $\frac{3}{4}$       | 25              | DM 50,000,000            | 11,904,762                           | 10,963,643                                                                                       |
| Belgium      | 1955 | 3 $\frac{1}{2}$       | 25              | Bfr 200,000,000          | 4,000,000                            | 3,796,000                                                                                        |
| Luxembourg   | 1955 | 3 $\frac{1}{2}$       | 25              | Lfr 5,000,000            | 100,000                              | 94,900                                                                                           |
| Luxembourg   | 1955 | 3 $\frac{1}{2}$       | 25              | Bfr 20,000,000           | 400,000                              | 379,600                                                                                          |
| Germany      | 1956 | 4 $\frac{1}{4}$       | 20              | DM 2,977,450*)           | 708,923                              | 663,546                                                                                          |
| Switzerland  | 1956 | 4 $\frac{1}{4}$       | 18              | Sfr 50,000,000           | 11,655,012                           | 11,655,012                                                                                       |
| U.S.A.       | 1957 | 5 $\frac{1}{2}$       | 18              | \$ 25,000,000            | 25,000,000                           | 25,000,000                                                                                       |
| U.S.A.       | 1957 | 5                     | 3-5             | \$ 7,000,000             | 7,000,000                            | 7,000,000                                                                                        |
| U.S.A.       | 1957 | 5                     | 3-5             | \$ 3,000,000             | 3,000,000                            | 3,000,000                                                                                        |
| Luxembourg   | 1957 | 5 $\frac{1}{2}$       | 25              | Lfr 100,000,000          | 2,000,000                            | 2,000,000                                                                                        |
| U.S.A.       | 1958 | 5                     | 20              | \$ 35,000,000            | 35,000,000                           | 35,000,000                                                                                       |
| U.S.A.       | 1958 | 4 $\frac{1}{2}$       | 3-5             | \$ 15,000,000            | 15,000,000                           | 15,000,000                                                                                       |
| <b>Total</b> |      |                       |                 |                          | <b>215,768,697</b>                   | <b>208,552,701</b>                                                                               |

\*) This loan by a bank in the Saar originally amounted to Ffr. 350,000,000 and was converted into Deutsche Marks after the economic reunification of the Saar with the German Federal Republic.

**VIII. LENDING AND GUARANTY OPERATIONS**

No new loans were granted out of borrowed funds for industrial projects in 1959. The High Authority, however, was able to further this type of projects by guaranteeing loans granted to Community enterprises by domestic lenders.

The only loans which the High Authority had granted in 1959 were those granted from its own resources for the financing of the Workers' Housing Programs and of the emergency measure designed to deal with conditions in the coal mining industry (see Section II of this Report).

A survey of total resources available up to December 31, 1959 for the granting of loans is provided by the following table:

TABLE 8

Overall Picture of Loan Operations

(in million Units of Account)

|                                                                 | Loans from borrowed funds | Loans from High Authority's own resources |                  | TOTAL  |
|-----------------------------------------------------------------|---------------------------|-------------------------------------------|------------------|--------|
|                                                                 |                           | from Special Reserve                      | from other Funds |        |
| I. Amount available .....                                       | 215.77                    | 25.27                                     | 9.07             | 250.11 |
| II. Amount committed ...                                        | 215.77                    | 21.68                                     | 9.07             | 246.52 |
| III. Paid out .....                                             | 215.77                    | 18.00                                     | 5.45             | 239.22 |
| Redemption Payments.                                            | -7.27                     | -0.14                                     | -0.26            | -7.67  |
| Amount outstanding as per Balance Sheet at December 31, 1959... | 208.50                    | 17.86                                     | 5.19             | 231.55 |
| IV. Amount not yet drawn down .....                             | —                         | 3.68                                      | 3.62             | 7.30   |
| V. Amount not yet committed .....                               | —                         | 3.59                                      | —                | 3.59   |

**Guaranty operations**

In the year under review the High Authority agreed to participate up to 15 million Units of Account in the financing of a coastal steel plant. Within the scope of this commitment the High Authority guaranteed a credit of 9.76 million Units of Account granted by a financial group to the enterprise in question. Since, at the end of the year, only 7.91 million Units of Account of this guaranteed credit had been drawn down, the amount of guaranties and of rights of recourse under guaranties, as shown in the Balance Sheet, rose by only 7.91 million to 8.35 million Units of Account.

**Loans granted from the Special Reserve**

As stated in previous Reports, the revenue accruing to the Special Reserve from interest on bank deposits, fines and arrears is applied exclusively to the financing of housing projects for the workers in the Community industries. Such application has considerable social and political importance.

In 1959 2.58 million Units of Account were authorized for new loans of this kind, whereas payments in respect of earlier commitments amounted to 5.50 million Units of Account (see also Section VIII.—Housing).

### Loans granted from other Funds

Besides the loans granted in previous years:

- in an amount of 2.88 million Units of Account for experimental housing
- and in an amount of 0.72 million Units of Account for the building of the European School

loans in an amount of 5.47 million Units of Account were made available from the Readaptation Fund in the year under review. Up to December 31, 1959 1.84 million Units of Account had been paid out from such loans.

A breakdown of the "amount committed" for all loans into forms of investment and their geographical distribution is given in the table below:

**TABLE 9**

Distribution of Loans committed by Types of Investment  
and by Countries

(in million Units of Account)

|                                                                | Loans from Borrowed Funds | Loans from own resources |                  | Total         |
|----------------------------------------------------------------|---------------------------|--------------------------|------------------|---------------|
|                                                                |                           | from the Special Reserve | from other Funds |               |
| <b>A. Form of Investment</b>                                   |                           |                          |                  |               |
| Coal mining industry (including mine-owned coking plants)..... | 87.14                     | —                        | —                | 87.14         |
| Pit-head power stations.....                                   | 46.31                     | —                        | —                | 46.31         |
| Iron ore mines and ore-preparation plant .....                 | 21.85                     | —                        | —                | 21.85         |
| Iron and steel industry.....                                   | 40.36                     | —                        | —                | 40.36         |
| Workers' housing .....                                         | 20.11                     | 21.68                    | —                | 41.79         |
| Readaptation .....                                             | —                         | —                        | 5.47             | 5.47          |
| Research (experimental housing)...                             | —                         | —                        | 2.88             | 2.88          |
| Other projects (School).....                                   | —                         | —                        | 0.72             | 0.72          |
| <b>Total</b>                                                   | <b>215.77</b>             | <b>21.68</b>             | <b>9.07</b>      | <b>246.52</b> |
| <b>B. Geographical Distribution</b>                            |                           |                          |                  |               |
| German Federal Republic (including Saar) .....                 | 132.98                    | 15.77                    | 6.38             | 155.13        |
| Belgium .....                                                  | 18.40                     | 0.61                     | 0.45             | 19.46         |
| France .....                                                   | 35.10                     | 3.14                     | 0.98             | 39.22         |
| Italy .....                                                    | 26.19                     | 0.91                     | 0.23             | 27.33         |
| Luxembourg .....                                               | 3.10                      | 0.20                     | 0.80             | 4.10          |
| Netherlands .....                                              | —                         | 1.05                     | 0.23             | 1.28          |
| <b>Community</b>                                               | <b>215.77</b>             | <b>21.68</b>             | <b>9.07</b>      | <b>246.52</b> |



In the year under review there were no changes in the rates of interest on loans granted: it would therefore be superfluous to reprint the survey given in the Report for 1958 of the rates of interest to final borrowers.

During 1959, banks in the countries of the Community continued their cooperation with the High Authority through the furnishing of short-term and medium-term financing to the Community industries. Medium-term bank loans thus made available to Community industries totalled 54.5 million Units of Account at the end of 1959 as compared with 66.2 million Units of Account at the end of 1958. This reduction occurred because as at December 31, 1959 large sums of loans granted in earlier years had already been repaid and had not yet been replaced by new loans.

**TABLE 10**

Medium-Term Bank Loans  
(as at December 31, 1959)

| Country                                               | Amount in national<br>Currency | Equivalent<br>in million<br>Units of Account |
|-------------------------------------------------------|--------------------------------|----------------------------------------------|
| German Federal Republic<br>(including Saar) . . . . . | DM 128,847,280                 | 30.7                                         |
| Belgium . . . . .                                     | Bfr. 376,000,000               | 7.5                                          |
| France . . . . .                                      | Ffr. 2,750,000,000             | 5.6                                          |
| Italy . . . . .                                       | Lit. 5,000,000,000             | 8.0                                          |
| Luxembourg . . . . .                                  | Lfr. 100,000,000               | 2.0                                          |
| Netherlands . . . . .                                 | Hfl. 2,700,000                 | 0.7                                          |
| Community                                             |                                | 54.5                                         |

**IX. FINANCING OF WORKERS' HOUSING**

During 1959 the High Authority continued its financing of the Housing Programs for workers in the Community industries.

**First Program**

This program, which was initiated in 1955, provided for the construction of 15,000 housing units. It received financial assistance of various kinds from the High Authority in an amount of 23.0 million Units of Account and was completed in 1959.

**Second Program**

In furtherance of the Second Program, initiated in 1957, only the following small supplementary loans were granted in 1959, in addition to the assistance outlined in the Report for 1958.

In respect of the Luxembourg tranche, the High Authority granted loans amounting to Lfr. 20 million of which Lfr. 10 million came from the Special Reserve and Lfr. 10 million was taken down from the loan contracted in 1957 with a social insurance institution in Luxembourg. The average interest charges to the final borrowers on these two loans is 3¾% p.a. The term of the loans is 25 years. The loans were granted to the final borrowers through the State Savings Bank of Luxembourg and cover approximately 50% of the total building costs. The State Savings Bank has made available the balance required from its own resources at the market interest rates.

Details of the Second Program as at December 31, 1959 are given in the table below:

**TABLE 11**  
Second Housing Program  
(as at December 31, 1959)

| Country                                        | Number of Housing Units (planned) | Total Cost in million Units of National Currency | High Authority Loans        |                                       | Supplementary Loans in million Units of National Currency |
|------------------------------------------------|-----------------------------------|--------------------------------------------------|-----------------------------|---------------------------------------|-----------------------------------------------------------|
|                                                |                                   |                                                  | in million Units of Account | in million Units of National Currency |                                                           |
| German Federal Republic (including Saar) ..... | 14,000                            | DM 330                                           | 7.7                         | DM 32.4                               | DM 49.8                                                   |
| Belgium/Luxembourg ..                          | 1,200                             | Bfr. 352                                         | 4.1                         | Bfr. 205                              | none                                                      |
| France .....                                   | 1,200                             | Ffr. 3,750                                       | 3.0                         | Ffr. 1,500                            | not yet known                                             |
| Italy .....                                    | 2,800                             | Lit. 7,000                                       | 2.4                         | Lit. 1,509                            | Lit. 350                                                  |
| Netherlands .....                              | 1,017                             | Hfl. 20.6                                        | 1.1                         | Hfl. 4                                | Hfl. 16                                                   |
| Community ....                                 | 20,217                            |                                                  | 18.3*                       |                                       |                                                           |

\* Of which 13.4 million Units of Account from the Special Reserve;  
3.0 million Units of Account from funds raised from outside sources;  
1.9 million Units of Account from other funds.

### Third Housing Program

In 1958 the High Authority decided to undertake a Third Housing Program for which an equivalent of 15 million Units of Account was to be set aside from the funds of the Special Reserve. It has been explained in earlier Reports that the Special Reserve is mainly composed of interest receivable from the investment of the funds of the High Authority. As the execution of this Third Housing Program is to be spread over the years 1959/60, its financing will be covered by

interest receivable for these two years. It should again be noted that the employment of the resources of the Special Reserve for the Workers' Housing Programs entails two distinct advantages:

1. Such loans are only granted from the resources of the Special Reserve if, in the countries in question, complementary finance of substantially higher magnitude is provided for the same purpose either from the resources of the domestic capital markets or from social insurance companies or other special institutions.
2. A viable effective interest rate to the final borrower under the Workers' Housing Programs arises from the combination of the very low interest-bearing loans of the High Authority together with complementary loans granted on normal market terms.

The employment of this method leads to a marked increase in the total volume of loans, to a corresponding rise in the number of housing units scheduled for construction and to a reduction in loan and building costs.

During the year under review the financing of the German as well as of the Saar tranche of the Third Program was completed. The loan requirement in excess of the loans granted in 1958 (own resources DM 23.4 million, complementary finance DM 57.6 million) was granted in the year under review (own resources DM 6.6 million, complementary finance DM 19.8 million). A combined rate of interest of  $3\frac{3}{4}\%$  per annum was payable by the final borrower, the loans having a term of 33 years and the annual instalment being 6% per annum.

In the Saar a loan in the amount of DM 3.4 million was granted by the High Authority from its own resources. The amount made available by the High Authority was supplemented by loans of the Landesbank and the Girozentrale amounting to DM 10.2 million. The average rate of interest for the borrowers is  $4\frac{1}{2}\%$  per annum. The loans have a term of 25 years.

In the other Community countries the Third Program is still under discussion and negotiation.

## **X. CONCLUSIONS AND OUTLOOK**

The Treaty establishing the Community provides for two types of assistance to be given by the High Authority to the enterprises of the coal and steel industries: loan facilities and contributions for readaptation and research. The enterprises made less use in 1959 than in previous years of the loan facilities. On the other hand contributions of the two types assumed a marked increase.

The credit standing of the High Authority in the European and overseas markets is firmly established. If the shortage of credit, which became noticeable during the second half of 1959 in most capital markets of the Community, should grow more acute, and if the Community industries should thus be unable to obtain the necessary long-term loans to finance their capital investment programs in sufficient amounts and on sufficiently favorable terms, the High Authority will try to meet the financial requirements of the industries by utilizing the capital markets to which it has access.

As indicated above, in 1960, the High Authority will meet with additional demands for research and readaptation contributions. The modification of Article 56 of the Treaty establishing the Community, which was proposed by the High Authority in 1959 and subsequently adopted, will make it possible for the High Authority, through grants and loans from the levy proceeds and through loans from borrowed funds, to alleviate the consequences, for both the enterprises and the workers, of the structural changes in the coal mining industry.

Finally, we call attention to the High Authority's accompanying Balance Sheet as at December 31, 1959, to the Statement of Revenues and Expenditures for the year then ended and to the tables of supplementary information attached thereto.

*For the High Authority  
of the European Coal and Steel Community*

THE DIRECTOR OF THE FINANCE DIVISION

**HIGH AUTHORITY  
of the  
EUROPEAN COAL AND STEEL COMMUNITY**  
BALANCE SHEET — December 31, 1959

All amounts are stated in E.M.A. Units of Account and are the equivalent of various currencies computed at the rates set forth on page 4 of this Report.

**Assets**

**Liabilities**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>I—LOANS FROM FUNDS BORROWED</p> <p>1. For the financing of industrial projects:</p> <p style="padding-left: 20px;">(a) in U.S.A. dollars 177,946,390.00</p> <p style="padding-left: 20px;">(b) in Swiss francs 11,655,011.66</p> <p>2. For the financing of housing projects:</p> <p style="padding-left: 20px;">(a) in U.S.A. dollars 1,000,000.00</p> <p style="padding-left: 20px;">(b) in German (W) marks 11,627,188.85</p> <p style="padding-left: 20px;">(c) in Belgian francs 4,175,600.00</p> <p style="padding-left: 20px;">(d) in Luxembourg francs 2,094,900.00</p> <p>3. Undisbursed balances</p> <p>4. Other funds on sight and time accounts with banks</p> <p>5. Interest on loans receivable but not yet due</p> <p>II—LOANS FROM SPECIAL FUND<br/>for the financing of housing projects</p> <p>III—OTHER LOANS</p> <p>1. from funds allocated for readaptation 1,840,715.17</p> <p>2. from funds allocated for research 2,882,209.19</p> <p>3. from other funds 469,734.16</p> <p>IV—CASH AND OTHER CURRENT ITEMS</p> <p>1. Cash and due from banks 132,146,684.76</p> <p>2. Other short and middle-term placements</p> <p style="padding-left: 20px;">(a) with banks 22,506,260.27</p> <p style="padding-left: 20px;">(b) other items 7,527,224.03</p> <p>3. Interest receivable but not yet due 552,189.82</p> <p>V—INVESTMENTS</p> <p>1. Securities at cost 2,259,359.97</p> <p>2. Accrued interest 66,743.80</p> <p>VI—ADVANCES TO THE OTHER EUROPEAN COMMUNITIES AND<br/>COMMON INSTITUTIONS</p> <p>VII—CONTINGENT INTEREST (per contra)</p> <p>VIII—OTHER ASSETS</p> <p>IX—CASH RECEIVED AS SECURITY FOR GUARANTIES (per contra)</p> <p>X—ENTERPRISES' LIABILITY UNDER GUARANTIES<br/>(per contra) 8,349,100.00</p> | <p>189,601,401.66</p> <p>18,897,688.85</p> <p>208,499,090.51</p> <p>53,610.00</p> <p>922,314.94</p> <p>3,472,017.96</p> <p>212,947,033.41</p> <p>17,858,199.61</p> <p>5,192,658.52</p> <p>162,732,358.88</p> <p>2,326,103.77</p> <p>729,723.32</p> <p>1,594,200.16</p> <p>1,421,454.20</p> <p>6,587,311.71</p> <p>411,389,043.58</p> | <p>I—LOANS</p> <p>1. Secured Notes</p> <p style="padding-left: 20px;">(a) in U.S.A. dollars 179,000,000.00</p> <p style="padding-left: 20px;">(b) in German (W) marks 11,627,188.85</p> <p style="padding-left: 20px;">(c) in Belgian francs 4,175,600.00</p> <p style="padding-left: 20px;">(d) in Luxembourg francs 2,094,900.00</p> <p style="padding-left: 20px;">(e) in Swiss francs 11,655,011.66</p> <p>2. Surplus of loan service 971,851.97</p> <p>3. Interest and commission payable but not yet due 3,422,480.93</p> <p>II—RESERVES</p> <p>1. Guaranty Fund 100,000,000.00</p> <p>2. Special Fund 25,126,160.19</p> <p>III—ALLOCATIONS FROM REVENUE</p> <p>1. for readaptation 30,888,044.26</p> <p>2. for research 20,422,120.94</p> <p>IV—PENSION FUND 6,007,552.79</p> <p>V—CONTINGENT LIABILITIES (per contra) 1,594,200.16</p> <p>VI—OTHER LIABILITIES 1,329,635.32</p> <p>VII—BLOCKED DEPOSITS (per contra) 6,587,311.71</p> <p>VIII—UNALLOCATED REVENUE 6,486,984.80</p> <p>IX—LIABILITIES UNDER GUARANTIES (per contra) 8,349,100.00</p> | <p>208,552,700.51</p> <p>971,851.97</p> <p>3,422,480.93</p> <p>212,947,033.41</p> <p>125,126,160.19</p> <p>51,310,165.20</p> <p>6,007,552.79</p> <p>1,594,200.16</p> <p>1,329,635.32</p> <p>6,587,311.71</p> <p>6,486,984.80</p> <p>411,389,043.58</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

*Note:* The Claims and Securities under Loans granted from funds borrowed as well as the other items listed under Section I of the Assets are pledged to the Bank for International Settlements, Basle, in favor of the holders of Secured Notes issued by the High Authority (see Liabilities I).

**Auditor's Certificate**

Having examined the books, vouchers and documents of the book-keeping and the explanations given to me, I hereby certify that the financial condition of the High Authority as of December 31, 1959, is correctly and properly reflected in the above document.

Luxembourg, March 15, 1960

Urbain J. Vaes  
Auditor

23

**For the High Authority  
of the European  
Coal and Steel Community**

P. Malvestiti  
President

H. Skribanowitz  
Director of the Finance Division

**HIGH AUTHORITY**  
of the  
**EUROPEAN COAL AND STEEL COMMUNITY**

**REVENUES AND EXPENDITURES IN THE YEAR 1959**

(Including Revenues and Expenditures in connection with Borrowing  
and Lending Operations)

All amounts are stated in E.M.A. Units of Account and are the equivalent of various currencies  
computed at the rates set forth on page 4 of this Report.

| Revenues                                 | for the period<br>January 1, 1959<br>to June 30, 1959 | for the period<br>July 1, 1959 to<br>December 31,<br>1959 | Total<br>for the year<br>1959 |
|------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------|-------------------------------|
| <b>REVENUES FROM LENDING OPERATIONS:</b> |                                                       |                                                           |                               |
| Interest Received:                       |                                                       |                                                           |                               |
| on loans from borrowed funds             | 5,026,883.80                                          | 5,020,511.66                                              | 10,047,395.46                 |
| on undisbursed loan funds                | 9,834.40                                              | 10,236.25                                                 | 20,070.65                     |
| on loans from funds not borrowed         | 114,056.94                                            | 153,914.03                                                | 267,970.97                    |
| Sundry Receipts                          | 621.00                                                | 214.00                                                    | 835.00                        |
| Total Revenue from lending operations    | 5,151,396.14                                          | 5,184,875.94                                              | 10,336,272.08                 |
| <b>LEVY:</b>                             |                                                       |                                                           |                               |
| German Enterprises                       | 5,583,283.13                                          | 7,868,527.46                                              | 13,451,810.59                 |
| Belgian Enterprises                      | 978,932.30                                            | 1,311,736.22                                              | 2,290,668.52                  |
| French Enterprises                       | 3,052,932.56                                          | 3,263,584.11                                              | 6,316,516.67                  |
| Italian Enterprises                      | 1,108,754.16                                          | 1,352,948.66                                              | 2,461,702.82                  |
| Luxembourg Enterprises                   | 440,461.74                                            | 471,044.20                                                | 911,505.94                    |
| Dutch Enterprises                        | 504,033.41                                            | 587,418.36                                                | 1,091,451.77                  |
| Saar Enterprises                         | 771,366.79                                            | 136.51                                                    | 771,503.30                    |
| Total Levy                               | 12,439,764.09                                         | 14,855,395.52                                             | 27,295,159.61                 |
| <b>OTHER REVENUES:</b>                   |                                                       |                                                           |                               |
| Interest on Deposits and Investments     | 2,958,187.80                                          | 2,936,119.26                                              | 5,894,307.06                  |
| Fines                                    | 27,203.20                                             | 506.37                                                    | 27,709.57                     |
| Receipts for Pension Fund                | 719,703.20                                            | 574,239.48                                                | 1,293,942.68                  |
| Miscellaneous                            | 181,736.37                                            | 306,000.03                                                | 487,736.40                    |
| Total Other Revenues                     | 3,886,830.57                                          | 3,816,865.14                                              | 7,703,695.71                  |
| <b>Total Revenues</b>                    | <b>21,477,990.80</b>                                  | <b>23,857,136.60</b>                                      | <b>45,335,127.40</b>          |

**Auditor's Note**

Having examined the books, vouchers and documents of the book-keeping and the explanations supplied to me, I herewith certify that the revenues and expenditures of the High Authority for the year 1959 are correctly and properly reflected in the above document.

Luxembourg, March 15, 1960

Urbain J. Vaes  
Auditor

| Expenditures                                                                                                                                  | for the period<br>January 1, 1959<br>to June 30, 1959 | for the period<br>July 1, 1959 to<br>December 31,<br>1959 | Total<br>for the year<br>1959 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------|-------------------------------|
| <b>EXPENDITURES IN CONNECTION WITH BORROWING OPERATIONS:</b>                                                                                  |                                                       |                                                           |                               |
| <b>Interest and Fees:</b>                                                                                                                     |                                                       |                                                           |                               |
| Interest on Secured Notes                                                                                                                     | 4,600,818.15                                          | 4,585,529.98                                              | 9,186,348.13                  |
| Fees to depositary and agent banks                                                                                                            | 189,594.17                                            | 207,063.07                                                | 396,657.24                    |
| Miscellaneous                                                                                                                                 | 111.30                                                | 15.08                                                     | 126.38                        |
| <b>Total Expenditures in connection with borrowing operations</b>                                                                             | <b>4,790,523.62</b>                                   | <b>4,792,608.13</b>                                       | <b>9,583,131.75</b>           |
| <b>Other Expenditures:</b>                                                                                                                    |                                                       |                                                           |                               |
| Administrative Expenses                                                                                                                       | 6,116,727.11                                          | 5,219,314.94                                              | 11,336,042.05                 |
| Financial Expenses                                                                                                                            | 141,081.95                                            | 116,243.69                                                | 257,325.64                    |
| Expenditures for Research                                                                                                                     | 2,382,002.82                                          | 1,085,458.32                                              | 3,467,461.14                  |
| Expenditures for Readaptation                                                                                                                 | 2,250,609.98                                          | 4,331,536.61                                              | 6,582,146.59                  |
| Expenditures for Pensions                                                                                                                     | 48,906.68                                             | 110,882.76                                                | 159,789.44                    |
| <b>Total Other Expenditures</b>                                                                                                               | <b>10,939,328.54</b>                                  | <b>10,863,436.32</b>                                      | <b>21,802,764.86</b>          |
| <b>Total Expenditures</b>                                                                                                                     | <b>15,729,852.16</b>                                  | <b>15,656,044.45</b>                                      | <b>31,385,896.61</b>          |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b>                                                                                                   | <b>5,748,138.64</b>                                   | <b>8,201,092.15</b>                                       | <b>13,949,230.79</b>          |
| <b>ALLOCATIONS</b>                                                                                                                            |                                                       |                                                           |                               |
| From the excess of revenues over expenditures for the year 1959 in the aggregate amount of 13,949,230.79 the following allocations were made: |                                                       |                                                           |                               |
| To the Special Fund                                                                                                                           |                                                       |                                                           | 2,387,900.19                  |
| For Readaptation                                                                                                                              |                                                       |                                                           | 1,917,853.41                  |
| For Research                                                                                                                                  |                                                       |                                                           | 4,932,538.86                  |
| To the Pension Fund                                                                                                                           |                                                       |                                                           | 1,134,153.24                  |
| To the Account of the Loan Service                                                                                                            |                                                       |                                                           | 485,169.42                    |
|                                                                                                                                               |                                                       | <b>Total Allocations</b>                                  | <b>10,857,615.12</b>          |
| <b>UNALLOCATED BALANCE</b>                                                                                                                    |                                                       |                                                           | <b>3,091,615.67</b>           |
|                                                                                                                                               |                                                       |                                                           | <b>13,949,230.79</b>          |

**FOR THE HIGH AUTHORITY  
OF THE EUROPEAN  
COAL AND STEEL COMMUNITY**

P. Malvestiti  
*President*

H. Skribanowitz  
*Director of the Finance Division*

*In the original, 24 and 24a were a one-page foldout.*

24a

**HIGH AUTHORITY  
of the  
EUROPEAN COAL AND  
STEEL COMMUNITY**

Finance Division

LUXEMBOURG, DECEMBER 31, 1959

Summary of Allocations from Net Excess of Revenues

*(in thousands of Units of Account)*

|                                                   | Fiscal years July 1 to June 30 |         |          |          |                          | Total   |
|---------------------------------------------------|--------------------------------|---------|----------|----------|--------------------------|---------|
|                                                   | 1952/56                        | 1956/57 | 1957/58  | 1958/59  | 1959/60<br>(1st<br>half) |         |
| Net excess of Revenues over<br>Expenditures ..... | 131,746                        | 25,595  | 15,723   | 8,638    | 8,201                    | 189,903 |
| Allocations:                                      |                                |         |          |          |                          |         |
| To Guaranty Fund.....                             | 100,000                        | —       | —        | —        | —                        | 100,000 |
| To Special Fund.....                              | 5,688                          | 8,456   | 5,638    | 5,931    | ./ 587                   | 25,126  |
| For Réadaptation .....                            | 16,658                         | 7,660   | 4,740    | ./ 2,339 | 4,169                    | 30,888  |
| For Technical and Economic<br>Research .....      | 3,877                          | 2,183   | 5,138    | 7,310    | 1,914                    | 20,422  |
| To Reservé for Loan Service*.                     | 1                              | 71      | 187      | 474      | 239                      | 972     |
| To Pension Fund.....                              | —                              | 2,804   | 1,565    | 1,176    | 463                      | 6,008   |
| Total Allocations .....                           | 126,224                        | 21,174  | 17,268   | 12,552   | 6,198                    | 183,416 |
| Unallocated Balance:                              |                                |         |          |          |                          |         |
| For each period .....                             | 5,522                          | 4,421   | ./ 1,545 | ./ 3,914 | 2,003                    | 6,487   |
| Brought forward from previ-<br>ous periods .....  | —                              | 5,522   | 9,943    | 8,398    | 4,484                    | —       |
| Total Unallocated Balance                         | 5,522                          | 9,943   | 8,398    | 4,484    | 6,487                    | 6,487   |

\* Now renamed: "balance of loan service"



**HIGH AUTHORITY  
of the  
EUROPEAN COAL AND  
STEEL COMMUNITY**

Finance Division

LUXEMBOURG, DECEMBER 31, 1959

Comparative Table regarding Revenues and Expenditures

*(in thousands of Units of Account)*

|                                                           | Fiscal years July 1 to June 30 |         |         |                       |
|-----------------------------------------------------------|--------------------------------|---------|---------|-----------------------|
|                                                           | 1956/57                        | 1957/58 | 1958/59 | 1959/60<br>(1st half) |
| <b>REVENUES</b>                                           |                                |         |         |                       |
| Interest on Loans etc. ....                               | 6,456                          | 7,584   | 10,348  | 5,185                 |
| Levy .....                                                | 32,129                         | 29,123  | 26,057  | 14,855                |
| Other Revenues .....                                      | 7,720                          | 7,325   | 7,558   | 3,817                 |
| Total Revenues                                            | 46,305                         | 44,032  | 43,963  | 23,857                |
| <b>EXPENDITURES</b>                                       |                                |         |         |                       |
| Interest and Fees paid.....                               | 6,366                          | 7,252   | 9,666   | 4,793                 |
| Administrative Expenses .....                             | 10,328                         | 12,594  | 11,651  | 5,219                 |
| Financial Expenses .....                                  | 1,757                          | 195     | 2,502   | 116                   |
| Expenditures for Research.....                            | 817                            | 612     | 3,490   | 1,085                 |
| Expenditures for Readaptation.....                        | 1,339                          | 1,610   | 2,339   | 4,332                 |
| Expenditures for Pensions.....                            | 103                            | 33      | 111     | 111                   |
| Total Expenditures                                        | 20,710                         | 22,296  | 29,759  | 15,656                |
| <b>EXCESS OF REVENUES OVER EX-<br/>PENDITURES</b> .....   |                                |         |         |                       |
| Revaluation of Assets .....                               | —                              | 6,013   | 5,566   | —                     |
| <b>NET EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> ..... | 25,595                         | 15,723  | 8,638   | 8,201                 |