

EUROPEAN COAL AND STEEL COMMUNITY

HIGH AUTHORITY

FINANCE DIVISION

Financial Report

for the year 1957

EUROPEAN COAL AND STEEL COMMUNITY

HIGH AUTHORITY

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Dirk Spierenburg	Vice-President
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FINANCE DIVISION

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The balance-sheet and the accounts of the High Authority are expressed in
EPU Accounting Units

PRESENT PARITY: 1 EPU Unit = 1 US \$

In this report the amounts stated in EPU Accounting Units are the equivalent
of various currencies computed at the following rates for

1 EPU-UNIT :

DM	4.20
Bfr.	50.—
Ffr.	} 350.— until 10. 8. 57
	} 420.— from 11. 8. 57
Lire	625.—
Lfr.	50.—
Fl.	3.80
Sfr.	4.29

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Statement of Revenues and Expenditures

Luxembourg, February 10, 1958

The Third Financial Report of the High Authority covers the calendar year 1957, i.e., the Community's fifth year of operation.

I. GENERAL SITUATION

As was to be expected in view of the trend prevailing at the end of 1956, economic expansion continued in the Western European countries throughout 1957. The rate of increase, however, was not as steep as during the two previous years ; in the last quarter, indeed, the pace was definitely slower and the outlook less favorable. The economic policies of the various countries continued for most of the year to be dominated by the aim of checking inflation.

In these circumstances, it is not surprising that the money markets of the Community countries remained very tight, as a result of the steady demand for long-term capital and of the anti-inflationary policy of dear money.

The High Authority's successful endeavours to raise additional funds on advantageous terms for the coal-mining and iron and steel industries thus proved particularly valuable.

As in the preceding year, there were a number of difficulties to overcome : the Swiss market, a traditional exporter of capital, had been obliged since the second half of 1956 to reserve its funds for domestic requirements, while in the American market prosperity and anti-inflationary measures were producing the same effects as elsewhere, namely a dwindling supply of long-term funds and increasing rates of interest.

The increased interest rates in the U.S. were nevertheless well below those in a number of Community countries. It was, therefore, in the interest of the enterprises in these countries that the High Authority attempted to obtain access to the American capital market.

The venture was duly undertaken and, as will be seen, was carried through successfully despite the difficulties involved.

In July 1956, the High Authority floated its first public issue, in Switzerland, simultaneously introducing the bonds on the Swiss Stock Exchanges. In April 1957, it floated its second bond issue in the United States.

Five years after the establishment of the European Coal and Steel Community, the bonds issued by the High Authority are quoted on the Stock Exchanges of Switzerland, New York, Paris and Amsterdam.

II. RESOURCES OF THE HIGH AUTHORITY AND THEIR UTILIZATION

General Levy and Other Resources

During the first six months of 1957, the collection rate of the general levy remained fixed at 0.45%, the rate in force since January 1, 1956.

The order of magnitude of the reserves already accumulated, the prospect of an increase in the output of products subject to the levy and the adjustment of assessable values to the increase in prices in the last year enabled the High Authority to lower further the collection rate of the levy, which was reduced to 0.35% as of July 1, 1957.

Thus in two years the collection rate of the levy was cut by more than 60% (rate as at June 30, 1955 : 0.90% ; rate as at July 1, 1957 : 0.35%).

The liability of the enterprises under the levy is fixed in E.P.U. Accounting Units. The French Government's monetary operation of August 11, 1957, therefore made it necessary for the enterprises in France and the Saar to pay — in French francs — 20% more when remitting the levy to the High Authority.

The proceeds of the levy in EPU Accounting Units were thus unaffected by the adjustment of the French rate of exchange. This episode demonstrated the practical value of the exchange guarantee afforded to the High Authority in respect of its past, present and future revenues by the fact that the levy is fixed in EPU Accounting Units.

The proceeds of the levy for 1957 totalled 30.73 million E.P.U. Accounting Units, i.e., roughly 8% less than in 1956 when it totalled 33.44 million Accounting Units. The amount of the revenue corresponds with previous estimates. The increase in volume of leviabale production and its increased sales value have, to a great extent, offset the effect of the reduction in the levy rate that took place in the second half of 1957.

The total yield of the general levy from its introduction to December 31, 1957, was

204.47 million EPU Accounting Units.

To this amount must be added revenue from other sources (interest on bank deposits, interest in respect of arrears, fines, etc.), which over the period as a

whole totalled 13.41 million EPU Accounting Units. Total revenue, inclusive of incidental receipts and of contributions to the Pension Fund totalling 3.25 million, amounted on December 31, 1957, to 221.13 million EPU Accounting Units. The breakdown of this amount by countries is shown in the following table :

TABLE 1

Gross proceeds of the Levy and Sundry Receipts

(in millions of EPU Accounting Units)

Country	1953	1954	1955	1956	1957	Total	%
Germany (F.R.) ..	15.23	25.03	25.67	16.03	14.72	96.68	47.3
Belgium	3.84	5.80	5.86	3.58	3.10	22.18	10.8
France	7.88	12.11	12.33	7.45	6.83	46.60	22.8
Italy	1.72	2.89	3.43	2.26	2.40	12.70	6.2
Luxembourg	1.07	1.62	1.71	1.06	0.96	6.42	3.1
Netherlands	1.35	2.00	1.88	1.09	1.00	7.32	3.6
Saar	2.25	3.32	3.31	1.97	1.72	12.57	6.2
Levy	33.34	52.77	54.19	33.44	30.73	204.47	100.0
Sundry receipts ...	0.21	1.35	1.69	4.86	8.55	16.66	
Total	33.55	54.12	55.88	38.30	39.28	221.13	

Enterprises subject to the levy

As at December 31, 1957, 859 enterprises were subject to the Community's jurisdiction. Some of these either operated plants in two different countries or were producers of two or more products (iron ore, manganese ore, coal and steel). For that reason, Table 2 relates to 919 enterprises in all, as some of them are counted more than once. Only 484 enterprises were subject to the payment of levy on their production, the remaining 435 being exempt from such payment because of the type or the smallness of their output.

The breakdown of the enterprises by their types of production is shown in the following table :

TABLE 2

Enterprises Subject to the Community's Jurisdiction

Type of enterprise	Number of enterprises		
	subject to Community's jurisdiction	subject to the payment of levy	not subject to the payment of levy
Crude steel producers	209	209	—
Other iron and steel plants	244	74	170
Renn plants ⁽¹⁾	2	—	2
Iron ore mines	84	—	84
Manganese ore mines	2	—	2
Hard coal mines	294	189	105
Hard coal briquetting plants	55	—	55
Brown coal briquetting plants	12	12	—
Independent cokeries	17	—	17
Total	919 ⁽¹⁾	484	435

(1) For the direct reduction of iron ore.

(2) At December 31, 1956, enterprises recorded as being subject to the Community's jurisdiction totalled 897. The increase of 22 consists of very small enterprises.

Employment of Resources

The total expenditures of the Community from August 10, 1952, to December 31, 1957, amounted to 52.03 million EPU Accounting Units, as summarized in the following table :

TABLE 3

Specification of Expenditures

(in millions of EPU Accounting Units)

Type of expenditure	1952/53	1954	1955	1956	1957	Total
Administrative expenses ⁽¹⁾	7.39	7.63	8.03	9.76	10.71	43.52
Bank and financing costs	—	—	0.15	0.56	1.11	1.82
Readaptation	—	—	0.08	2.28	2.14	4.50
Research	—	0.30	0.62	0.50	0.65	2.07
Pensions	—	—	—	—	0.12	0.12
Total	7.39	7.93	8.88	13.10	14.73	52.03

(1) Includes expenditures by all four Institutions (High Authority, Council of Ministers, Common Assembly, Court of Justice).

Tables 1 and 3 do not include revenue and expenditures in respect of borrowing and lending operations. A statement including these items is annexed to the balance-sheet at the end of this report.

The excess of revenues over expenditures as allocated at the end of each year is as follows :

TABLE 4

Allocation of Surplus

(in millions of EPU Accounting Units)

	1953	1954	1955	1956	1957
I — a) Guarantee Fund	20.0	52.5	95.0	100.0	100.0
b) Special Fund	—	1.5	1.7	8.6	16.8
II — Provisions for :					
a) Expenditure on readap- tation	3.8	12.7	15.9	21.8	26.7
b) Expenditure on research	0.2	3.0	3.6	7.0	8.8
c) Administrative expenses (including amounts not allocated)	1.0	1.0	2.8	7.1	7.5
d) Service of loans	—	—	—	—	0.2
III — Pension Fund	—	—	—	—	3.2
Total	25.0	70.7	119.0	144.5	163.2

As is shown in the foregoing table, the amount of « provisions for administrative expenses (including amounts not allocated) » was not much increased at December 31, 1957, in comparison with December 31, 1956. This was due to the revaluation which the High Authority made of its assets in French francs immediately following the French monetary operation of August 11, 1957. This revaluation reduced the book value of the Community's assets in France and the Saar by 6.01 million E.P.U. Accounting Units ; this depreciation was covered from balances not allocated.

The Statement on the Budget of the Community for its sixth fiscal year mentioned that in that year a comparatively large part of the surplus would intentionally be left unallocated in order to meet various contingencies, and in particular « to enable the Guarantee Fund to be restored forthwith to 100 million, as well as to make up other reserves and provisions in the event of losses ». The amount so set aside proved to correspond with the estimates and even included a certain margin. Consequently the « unallocated balances », after deduction of the exceptional loss on the French franc, increased by 0.4 million to 7.5 million EPU Accounting Units at the end of the year.

III. EMPLOYMENT OF THE PROCEEDS OF THE LEVY

During 1957 the High Authority continued to follow the policy described in the Financial Report for 1956 in regard to the placement of its cash resources. The principal part of the Community's resources is deposited with banks. In 1957, for the first time a small proportion of its resources was invested in bonds of highest grade. While keeping its funds sufficiently liquid, the High Authority has again made all possible efforts to increase the yield by constantly improving the pattern of its holdings. The persistent rise in the rates of interest to October 1957 in all the Community countries, of course, helped to increase the income from the placement of such cash resources.

The total annual revenue from interest on bank deposits and securities has increased as follows :

(millions of EPU Accounting Units)

1953	0.2
1954	1.1
1955	2.4
1956	4.2
1957	5.3

—
Total 13.2
=

These figures show that the revenue from interest on deposits rose less markedly from 1956 to 1957 than from 1955 to 1956. This is mainly due to the fact that with the Guaranty Fund having reached its present ceiling of 100 million EPU Accounting Units in 1956, the collection rate of the levy was substantially reduced, in consequence of which the influx of money from this source and the growth of the High Authority's deposits with banks slowed down considerably.

The policy described in previous Financial Reports of arranging medium-term credits through banks for the industries of the Community was continued in 1957. As a result of agreements concluded by the High Authority, the amount of such credits made available through the banks reached a total of 48.3 million EPU Accounting Units by December 31, 1957.

The following table shows the breakdown by countries and certain provisions of the five-year credits made available to the industries of the Community in consequence of our placement policy.

TABLE 5

Medium-Term Credits

Country	Amount in national Currency	Equivalent in millions of EPU Accounting Units	Interest rate for the final borrower (% p.a.)
Germany (F.R.) ..	DM 100 million	23.80	4 7/8%
Saar	Ffr. 1.250 million	2.97	4 1/2%
Belgium	Bfr. 323 million	6.46	4 1/2%
France	Ffr. 2.500 million	5.95	4 1/2%
Italy	Lire 4.000 million	6.40	5 1/4%
Luxembourg	Lfr. 100 million	2.00	4 1/2%
Netherlands	Fl. 2.7 million	0.71	5 1/4%
		48.29	

As was suggested in last year's Financial Report, the funds made available to French and Belgian enterprises and not fully used up by them at December 31, 1956, have now all been drawn down, and a medium-term credit was arranged in the Netherlands for the first time during 1957.

IV. REVIEW OF LOAN AND CREDIT OPERATIONS

In the concluding passages of last year's Report we envisaged the possibility that the High Authority would be floating further loans in the course of 1957. This expectation proved to be correct. Two new loans were, indeed, raised during the year. One, for a small amount from an institutional investor in Luxembourg, was of special interest inasmuch as it marked the High Authority's first direct contact with that important sector of finance and its first drawing upon this source of long-term capital. The other loan, as stated earlier in this Report, was floated on the American capital market. This loan was for a much larger amount and will, it is hoped, be of the greatest importance for the future development of financial relations between the American private capital market and the European Coal and Steel Community as well as the European Institutions and the countries of Western Europe in general.

Foreign borrowers have experienced some difficulty in gaining access to the American capital market. In consequence of the unhappy experiences with certain European securities between the two world wars and of the necessity after 1945 to support a weak Europe by grants and loans from U.S. government funds, the private sector of the American capital market was understandably reluctant to consider investing in securities to be issued by European borrowers. For ten years, from 1947 through 1956, there was not a single issue of bonds of European industrial firms in the United States, and only four offerings for European governments were floated, representing less than 1/20th of 1% of the total bonds issued in the United States during the same period.

These psychological difficulties on the part of the lenders were supplemented on the occasion of the High Authority's issue by the unusual nature of the borrower. Every first issue is a delicate operation on any market. In our particular case a special effort was required to persuade the market to invest in our securities, i.e., bonds issued by a European institution of an unprecedented type, a legal entity recently established and whose constitution, powers, functions and financial strength were practically unknown to the general public.

There is no object in retracing the various stages in the lengthy preparation which was needed in order to provide the American capital market with appropriate information, to educate financial circles and to comply with the rigid Federal and State rules governing the issue of securities by foreign governments and corporations. We shall confine ourselves to emphasizing the importance of two factors which in our view contributed materially to the success ultimately achieved :

- the oversubscription of the High Authority's bond issue in Switzerland in July 1956, which was for the American market a confirmation of the Community's good credit standing in Europe, and, even more,
- the unremitting and imaginative efforts of the three investment banking firms appointed by the High Authority as leaders of the underwriting syndicate.

These investment houses were — over a period of more than nine months — successfully educating financing circles and investors in general about the High Authority's activities and financial background.

The timing of our issue had to be adapted to the market situation. Although the economic expansion observed in the United States in 1956 had created a heavy demand for medium and long-term capital, with a corresponding steep rise in interest rates, it seemed that our operation would become feasible in the autumn of 1956. The international crisis in November of that year following the events in Hungary and Egypt and a further increase in interest rates compelled the High Authority to postpone its issue. The offering was finally floated in April 1957, as soon as the first signs of an improvement in the market became apparent.

THE SECOND AMERICAN LOAN AND THE CREDITS FOR INDUSTRIAL INVESTMENT

On April 8, 1957, the High Authority signed a Purchase Contract in New York with a group of fifty well-known investment houses, under the leadership of Messrs. Kuhn, Loeb & Co., The First Boston Corporation and Lazard Frères & Co. These firms agreed to purchase from the High Authority Bonds and Serial Notes totalling \$ 35,000,000.

This financing consisted of :

- a) \$ 25,000,000 5½% Secured Bonds (Seventh Series), due April 1, 1975, issued at par, (in the form either of bearer bonds in denominations of \$ 1,000, \$ 500 and \$ 100, or of fully registered bonds in denominations of \$ 1,000 and multiples thereof) ;
- b) \$ 10,000,000 5% Serial Secured Notes (Eighth Series), maturing respectively in substantially equal amounts on April 1, 1960, 1961, and 1962, issued at par, (in denominations of \$ 1,000, \$ 10,000 and \$ 100,000) (1).

Such a combined issue of medium-term Notes and long-term Bonds, although unusual in Europe, is in accord with practice on the American market. It makes it easier to float a loan because commercial banks are in a position to purchase the short maturities, whereas insurance companies, pension funds and many individual subscribers prefer the purchase of long-term bonds assuring them the benefit of a high interest rate over a larger number of years.

As in the case of all other loans contracted by the High Authority whether private or public, past or future, the service of the 1957 5½% U.S. Dollar Bonds and the 1957 5% U.S. Dollar Notes is secured under the Act of Pledge (2) by the common pledge of the evidences of indebtedness (and related security) received and to be received by the High Authority for the loans made by it to the enterprises from the proceeds of its own borrowings.

Public offering was made on April 9, 1957, and the securities were all sold the same day.

The bonds have been quoted on the New York Stock Exchange since May 10, on the Amsterdam Stock Exchange since October 1 and on the Paris Stock Exchange since December 30, 1957.

The proceeds of the loan were relent at 5⅞% — i.e., in accordance with the High Authority's regular practice, providing no margin other than that required to cover service charges on the borrowing and lending operations — for the same maturity and on the same redemption terms as the loan itself.

Against the amount of \$ 35 million thus borrowed on the American market the High Authority received applications from enterprises within the Community for loans totalling \$ 320 million.

(1) In lieu of selling Notes for \$ 10 million the High Authority, in accordance with the provisions of the Purchase Contract, issued Serial Notes in the principal amount of \$ 7,000,000, borrowing from banks \$ 3,000,000 under the same terms and conditions agreed upon for the Serial Notes.

(2) A detailed description of the provisions of the Act of Pledge will be found in the First Financial Report (1953/54/55). For amendments to the Act of Pledge, see the Financial Report for 1956.

From among these applications the High Authority selected the projects considered to merit priority in the light of the general objectives of the Community and relating particularly to

- the stepping-up of coal and coke production,
- the stepping-up of pig-iron production,
- the beneficiation and reduction of iron ore ⁽¹⁾.

Such projects contribute, directly or indirectly, to a decrease in the relative consumption of scrap.

Of the total proceeds of this borrowing the High Authority utilized \$ 24 million for making loans to German mining enterprises, while using the remaining \$ 11 million for loans to German and Italian iron and steel enterprises (including \$ 1 million for housing for steelworkers in Italy).

The total costs of the projects which the High Authority helped to finance with the proceeds of the U.S.-loan amounts to 230 million EPU Accounting Units.

The High Authority's participation in the majority of the projects averaged 25 % of their cost.

CONTRIBUTION TO THE FINANCING OF WORKERS' HOUSING

First Housing Program

The first miners' and steelworkers' housing program, involving loans of 25 million EPU Accounting Units, was — as far as financing is concerned — completed by July 1956 ⁽²⁾. The technical execution of the program is still in progress.

At December 31, 1957, of 14,875 workers' housing units planned,

- 8,980 had been completed,
- 3,426 were under construction,
- 2,469 were in preparation.

Second Housing Program

The second program provides for High Authority assistance totalling at least 25-30 million EPU Accounting Units, of which in the end 15 million will be contributed by the High Authority from its own funds ⁽³⁾.

⁽¹⁾ It will be recalled that the proceeds of the 1954 U.S. Government loan were devoted to the coal-mining and iron ore industries, and the proceeds of the Swiss loan to the financing of investments in the iron and steel industry.

⁽²⁾ See Report for 1953/54/55.

⁽³⁾ See Report for 1956.

1) *Germany*

The agreements relating to the German part of the program were signed in December 1956 ⁽¹⁾.

2) *Netherlands*

On April 20, 1957, the High Authority granted to the Algemeen Mijnwerkers Fonds van de Steenkolenmijnen in Limburg (Netherlands Mineworkers' Fund) a loan of 4 million guilders, to which the Mineworkers' Fund covenanted to add 16 million guilders from its own funds utilizing the total for the financing of miners' housing in the Netherlands.

The 20 million guilders were lent through the Bank voor Nederlandsche Gemeenten to the Dutch municipal authorities in charge of the construction of the miners' houses. The credits have a life of 32 years and carry interest at the rate of 4% p.a.

3) *Saar*

On December 6, 1957, the High Authority granted the Landesbank und Girozentrale Saar, Saarbrücken, a loan of 280 million French francs on the understanding that the Landesbank would contribute 560 million from its own funds and utilize the total of 840 million French francs for the financing of workers' houses in the Saar. The loans will be made by the Landesbank, in consultation with the High Authority, to the corporations in charge of the construction ; they will have a life of nearly 27 years and carry interest at the rate of 5 % p.a.

4) *Belgium/Luxembourg*

Here the financing operations are only in their initial stages. On December 20, 1957, the High Authority, in order to obtain local currency, concluded a loan agreement with the Etablissement d'Assurance contre la Vieillesse et l'Invalidité, Luxembourg, by which the latter lent to the High Authority 100 million Luxembourg francs for 25 years at a rate of interest of 5 $\frac{3}{8}$ % p.a.

In order to make it possible to build a larger number of housing units, and to charge lower interest rates on the credits to be granted, the proceeds of the Luxembourg loan are to be supplemented by funds, at a low rate of interest, from the High Authority's Special Fund, and possibly by funds from other sources.

5) *France and Italy*

The negotiations concerning the financing of the second program are well advanced and are expected to be completed during the first half year of 1958.

(1) See Report for 1956.

The breakdown by countries of the Second Housing Program and the details of the financial contributions (i.e., whether definitely settled or only planned) as at December 31, 1957, are shown in the following table.

TABLE 6

Second Housing Program

Country	No. of housing units	Total cost		High Authority's contribution			Other sources
		in millions of national currency	in millions of EPU Accounting Units	direct	indirect (³)	Total	
				millions of EPU Accounting Units			
Germany ...	12,300	DM 315	75.0	7.1	10.7	17.8	57.2
Saar	700	Ffr 1,720	4.1	0.7	1.4	2.1	2.0
Belgium/Luxembourg(²)	1,000	Bfr 292.5	5.9	3.8	2.1	5.9	—
France(²) ..	1,100	Ffr 3,750	8.9	3.6	—	3.6	5.3
Italy	2,500	Lire 7,000	11.2	2.1	0.6	2.7	8.5
Netherlands.	1,250	FL 20.6	5.4	1.1	4.2	5.3	0.1
Total	18,850	—	110.5	18.4(¹)	19.0	37.4	73.1

(¹) Of which 15 was from the High Authority's Special Fund, 3 from borrowed funds and 0.4 from other sources.

(²) Planned, i.e. subject to alteration.

(³) These amounts include the loans made available by local financing institutions under special arrangements with the High Authority to supplement the loans of the latter; the pooling of funds from these two sources leads to the lowering of the average interest charge of the housing construction.

Third Housing Program

In view of the time which it necessarily takes to work out the financing arrangements and get building operations actually started — a fairly considerable period, as the High Authority has found from its two previous experiences — a third program will soon have to be considered. Urgent demands to this effect have, indeed, been received from, in particular, the iron and steel industries and trade unions of a number of Community countries.

TOTAL AMOUNT OF BORROWINGS

Including the Bond and Serial Note issue in the United States and the loan granted by the Luxembourg Etablissement d'Assurances contre la Vieillesse et l'Invalidité, the total borrowings of the High Authority as at December 31, 1957, increased to

165,893.107 EPU Accounting Units.

Table 7 shows the details of these borrowings.

TABLE 7

Total Amount of Borrowings

Country	Lender or nature of issue	Amount of loan		Maturity (years)	Interest Rate % p.a.	Date of Loan
		National currency	Equivalent in EPU Account. Units			
United States	Export-Import Bank	\$ 100,000,000	100,000,000	25	3 $\frac{7}{8}$	1954
Germany	Rheinische Girozentrale und Provinzialbank	(1) DM 25,000,000	5,952,381	25	3 $\frac{3}{4}$	1955
Germany	Landesbank für Westfalen (Girozentrale) .	(1) DM 25,000,000	5,952,381	25	3 $\frac{3}{4}$	1955
Belgium	Caisse Générale d'Epargne et de Retraite	Bfr 200,000,000	4,000,000	25	3 $\frac{1}{2}$	1955
Luxembourg	Caisse d'Epargne de l'Etat ..	Bfr 20,000,000 Lfr 5,000,000	400,000 100,000	25	3 $\frac{1}{2}$	1955
Saar	Landesbank und Girozentrale Saar	Ffr 350,000,000	(2) 833,333	20	4 $\frac{1}{4}$	1956
Switzerland	Bonds	Sfr 50,000,000	11,655,012	18	4 $\frac{1}{4}$	1956
United States	Bonds	\$ 25,000,000	25,000,000	18	5 $\frac{1}{2}$	1957
	Serial Notes ...	\$ 7,000,000	7,000,000	3-5	5	1957
	Bank Loans ...	\$ 3,000,000	3,000,000	3-5	5	1957
Luxembourg	Etablissement d'Assurance contre la Vieillesse et l'Invalidité	Lfr 100,000,000	2,000,000	25	5 $\frac{3}{8}$	1957
		Total	165,893,107			

(1) Already redeemed : DM 1,138,000 equal to 270,952 EPU Units.

(2) In previous reports and balance-sheets this loan was converted into EPU Accounting Units at the rate Ffr 350.— for one EPU Accounting Unit ; following the French monetary operation of August 11, 1957, the amount of the loan had to be recalculated at the rate of Ffr 420.— for one EPU Accounting Unit.

REMARKS CONCERNING THE LOANS GRANTED TO ENTERPRISES

In the period from the beginning of our activities through December 31, 1957, the High Authority granted from borrowed funds and from its own resources

124 credits to 88 enterprises. In the same period credits granted to 2 enterprises were fully repaid, reducing the number of enterprises having credits outstanding to 86 as of December 31, 1957. The amounts received in repayment were immediately used for new lending.

In all cases the borrowed funds were repaid in the same currencies and on the same terms as those on which they were raised. The interest rates payable by the borrowing enterprises cover only the actual costs of the funds to the High Authority.

Since the beginning of our operations, the following funds were at our disposal for the granting of loans :

165.89 millions of EPU Accounting Units of borrowed funds (see table 7),
9.84 millions of EPU Accounting Units of own resources set aside in the Special Fund.

Total 175.73 millions of EPU Accounting Units.

In the Balance-sheet as of December 31, 1957, this amount is divided as follows (in millions of EPU Accounting Units) :

	Borrowed Funds	Own Resources
a) Loans outstanding	163.60	9.09
b) Undisbursed funds	2.02	0.67
c) Final reimbursements	0.27	0.08
	165.89	9.84

The following table shows the distribution of the loans outstanding by countries:

TABLE 8
Distribution of loans outstanding by countries as of December 31, 1957

Country	Number of		Amount in millions of EPU Accounting Units		
	Debtors	Loans	Borrowed Funds	Own Resources	Total
Germany	47	71	92.41	7.14	99.55
Saar	4	6	12.40	—	12.40
France	8	8	21.60	—	21.60
Belgium	15	17	18.40	—	18.40
Italy	8	16	17.69	0.26	17.95
Luxembourg	3	3	1.10	0.64	1.74
Netherlands	1	1	—	1.05	1.05
Total as of Dec. 31, 1957	86	122	163.60	9.09	172.69

The following table shows the rates of interest payable by the borrowers from the High Authority.

TABLE 9

Rates of Interest on Loans to Enterprises

Source of funds for the loans made	Rate of interest
First American loan	4.1 %
Second American loan	5 $\frac{7}{8}$ %
Swiss loan	4 $\frac{7}{8}$ %
First Housing Program	3 $\frac{3}{4}$ - 4 $\frac{1}{2}$ %
Second Housing Program	5 - 5 $\frac{1}{4}$ %
Other credits	3 %

The loans that have been granted both from borrowed funds and from the High Authority's own resources are divided according to the capital investments financed as follows :

TABLE 10

Distribution of Loans by Types of Investment

(in millions of EPU Accounting Units)

Coal-mining installations (including coking plants)	59.14
Pit-head power-stations	46.31
Facilities for the production and dressing of iron ore	18.55
Facilities for the production of pig iron	21.66
Housing for miners and steelworkers	27.35 ⁽¹⁾
Other projects	0.72 ⁽²⁾
Total	173.73

(1) Of which 0.29 million was redeemed in 1957.

(2) Of which 0.08 million was redeemed in 1957.

The enterprise obligations representing the loans granted from borrowed funds are secured by the following types of security:

TABLE 11

Securities for Loans Granted from Borrowed Funds

(As outstanding at Dec. 31, 1957)

(in millions of EPU Accounting Units)

1) Guaranties by Member Countries and negative pledge clauses	24.70
2) Guaranties by Member Countries	5.09
3) Guaranties by State Banks and mortgages	80.83
4) First mortgages	12.22
5) Second mortgages	3.03
6) Guaranties by industrial concerns and negative pledge clauses	30.73
7) Negative pledge clauses	1.00
8) Guaranties by industrial concerns	6.00
Total	163.60

Redemption of Credits Granted and Loans Contracted

The remarks about our loan and credit operations cannot be concluded without mentioning the fact that the year under review was marked by the beginning of the repayment of credits granted to enterprises and by the corresponding redemption of the loans contracted by us.

On credits granted to German enterprises in connection with the First Housing Program, repayments totalling DM 1,239,000 equal to 295,000 EPU Accounting Units were made to us in 1957; of this amount we have used DM 1,138,000 or 270,952.38 EPU Accounting Units for making the mandatory redemption of the loans contracted by us in Germany.

Of the credit of Lfr 36,000,000 equal to 720,000 EPU Accounting Units granted by us from our own resources to the Luxembourg Government for the construction of the building for the European School, a first repayment of LFr 4,048,430 equal to 80,968.60 EPU Accounting Units was made to us.

V. GUARANTEE OPERATIONS

In the course of the year under review no guarantee operations were executed. An application for a guarantee presented to the High Authority at the beginning of the year was withdrawn by the applicants before the screening of the proposal had been concluded.

VI. PAYMENTS FOR READAPTATION

As of December 31, 1957, the following amounts had been paid out for the financing of readaptation measures conforming to § 23 of the Convention Containing the Transitional Provisions of the Treaty establishing the Community.

TABLE 12

Expenditures on Readaptation

(in thousands of EPU Accounting Units)

Country	1953	1954	1955	1956	1957	Total
France	—	—	85	55	255	395
Italy	—	—	—	2,224	1,888	4,112
	—	—	85	2,279	2,143	4,507

VII. FINANCING OF RESEARCH

As of December 31, 1957, commitments and payments for research work from proceeds of the levy were divided as follows:

TABLE 13

Expenditures on Research

(in thousands of EPU Accounting Units)

Type of Research	Commitments as of Dec. 31, 1957	Payments					Total
		1953	1954	1955	1956	1957	
Experimental construction of housing for workers ..	5,000 ⁽¹⁾	—	300	423	159	101	983
Experiments concerning roll- ing processes	200	—	—	82	35	5	122
Periodical ACIER-STAH-STEEL ..	40	—	—	40	—	—	40
Research on flame radiation effects	105	—	—	79	26	—	105
Research on labor hygienics and medicine	1,200	—	—	—	138	265	403
Improvement of the quality of coke	1,000	—	—	—	—	—	—
Research on measures for the reduction of coke consumption	650 ⁽²⁾	—	—	—	—	—	—
International research on low-shaft furnaces	850 ⁽²⁾	—	—	—	—	250	250
Experiments concerning the use of silicate bricks	278	—	—	—	134	27	161
Research on safety in mines	200	—	—	—	—	—	—
Research on labor hygienics and labor security in ge- neral	3,000	—	—	—	—	—	—
	12,523	—	300	624	492	648	2,064

(1) Of this amount, 3,000 will be used for making loans. For this reason the sum of 3 million EPU Accounting Units has been transferred from the "Allocation for Research" to the "Special Fund".

(2) Part of the credit of 1,500,000 EPU Accounting Units originally allocated for the research on the reduction of coke consumption will now have to be utilized for the research on the low-shaft furnaces.

VIII. PENSION FUND

The Staff Rules and Regulations of the Community, which came into force on July 1, 1956, lay down the details of the pension plan and the provisions concerning its financing.

Since the Community operates with tax-type revenues, it has not set up a legally independent Pension Fund, but, like the government of a country, prefers the

budget system, i.e., the Community itself guarantees the payment of the benefits due under the pension plan. On the other hand, in order to even out the burden of this scheme throughout the life of the Community, and thereby also maintain the corresponding appropriations of the levy on production at a stable level, the Institutions of the Community pay yearly contributions which are combined with the employees' contributions and entered on a Pension Fund account to which all disbursements under the Pension plan are charged. The assets of the Pension Fund are not kept separate from the Community's other assets and are administered on the same principles as the other funds of the Community.

Pension liability is worked out periodically by actuarial evaluation: if the amount in the fund is insufficient, the budget committee of the Community decides what action is to be taken to make it up.

The first actuarial evaluation since the Rules and Regulations were introduced will be completed in 1958. The amount in the Pension Fund as shown in the Balance-sheet as at December 31, 1957, is made up of the following:

- a) the balance of the Provident Fund which was in operation during the transitional period, and which came to an end on June 30, 1956 ;
- b) the contributions by the employees from their salaries;
- c) the contributions by the Institutions since July 1, 1956.

IX. EUROPEAN AND INTERNATIONAL CO-OPERATION

Our business relations with the banks inside and outside the Community have very satisfactorily expanded since the beginning of our activities in 1953.

The development of our borrowing and lending operations has resulted in particularly close cooperation with the Bank for International Settlements in Basle (the Depositary under the Act of Pledge) and with the various banks which were appointed by the High Authority as its agents for the execution of its loan and credit operations. The assistance, which is so invaluable for all the High Authority's activities, given both by the Bank for International Settlements and by the High Authority's agents, has been increasing all the time, both in regard to the execution of the agreements entered into and in regard to the advice provided to the High Authority on economic and financial matters.

The operations connected with the placement of our cash resources, especially those of the Guarantee Fund, have led to the creation of a net of correspondents which include the principal banks of the six countries of the Community, of Switzerland and, as of 1957, of the United States. All these banks have shown great interest in the development of our activities and most painstaking care and understanding in dealing with transactions which are all too frequently complicated by the existence of so many separate national currencies and money markets. The Government agencies concerned and the national Foreign Exchange

Authorities of the six Member Countries of the Community have also given us every possible assistance in this connection. We have thus been able to judge for ourselves as to the manner in which the spirit of European cooperation is now gaining ground in practical application.

The High Authority's loan operation on the American market has, in its turn, contributed to the expansion of international cooperation. The European Coal and Steel Community is now better known in American financial circles and so, too, are the importance and the growth of the European industries. In November 1957, in order that both parties might come to know one another better still, the High Authority arranged for a group of 33 leading personalities of American banking and insurance and of the coal-mining and iron and steel industries, to get together with 27 leading European bankers, to see the four Community institutions in operation and to visit one or more of the most modern plants in each of the Community countries. The different meetings and social events arranged on that occasion provided the opportunity for both parties for renewing or making valuable personal contacts.

X. CONCLUSIONS AND OUTLOOK

In accordance with the Treaty establishing the Community the five-year transition period for the Common Market for coal, steel, iron ore and scrap came to an end on February 10, 1958. This date is of the greatest importance in regard to the full and irrevocable implementation of the rules of the Common Market, and, although it does not affect the financial affairs of the Community, it provides an appropriate opportunity for a short review of the goals reached during these years.

Five years ago, in February 1953, the enterprises made their first payments under the levy, and the new European organization became financially independent. In these five years, the High Authority

- has accumulated a reserve of 100 million EPU Accounting Units in the Guarantee Fund;
- has built up a network of correspondents comprising 78 of the most important banks in the six countries of the Community, of Switzerland and of the United States;
- has increased its total resources as reflected in its Balance-sheet to the equivalent of \$ 333 million;
- has contracted for seven loans from banking houses and institutional investors;
- has floated two public bond issues, which are actively quoted on the Stock Exchange where they were introduced;
- has granted credits to 86 Community enterprises, thus helping to finance industrial investments involving a total cost of approximately 770 million EPU Accounting Units;

- has contributed to the construction of over 30,000 workers' housing units involving a total expenditure of approximately 180 million EPU Accounting Units;
- has made available to the enterprises under its jurisdiction directly or indirectly (loans, medium-term credits, assistance for research and readaptation) more than 300 million EPU Accounting Units in all as compared with levy payments by the enterprises over the same period totalling 205 million EPU Accounting Units.

The relatively substantial aid by the High Authority appears, however, inadequate if compared with the total capital requirements of the coal-mining and steel industries and with the continually increasing number of loan applications being received from the enterprises by the High Authority. Our credit and our organization being firmly established, it is hoped that in 1958 circumstances will be such that the High Authority will be able to a larger extent to come to the assistance of the enterprises in need of credits.

The uncertain economic situation prevailing at the beginning of 1958 will scarcely slow down the pace of investment within the coal-mining and steel industries. On the contrary, if the general objectives of the Community, worked out by the High Authority in consultation with the best experts available and with the industries concerned, are to be attained, it will be necessary to step up capital investment, with a view to modernizing facilities for coal and ore mining, for the production of pig iron and for the construction of worker's housing.

The uncertainty in the evaluation of economic trends may, perhaps, produce some easing of the capital markets; the first signs are already in evidence, in the form of lower discount and interest rates in the United States, Germany and the Netherlands. If this favorable trend continues, it would facilitate borrowing both by the enterprises directly and by the High Authority.

At the beginning of 1958 the new European organizations provided for under the Treaties of Rome viz.: the European Economic Community, Euratom, and the European Investment Bank were established. The Coal and Steel Community Treaty, however, will remain unchanged ⁽¹⁾, the only difference being that the new institutions and the European Coal and Steel Community will have a common Assembly and a common Court of Justice. Accordingly, the High Authority will have the same status as before and will consequently exercise the same financial functions. In fact, the continuing integration of the European economy will strengthen the Coal and Steel Community as a part of the whole.

(1) Art. 232 of the Treaty establishing the European Economic Community has the following wording:

"The provisions of this Treaty shall not affect those of the Treaty establishing the European Coal and Steel Community, in particular in regard to the rights and obligations of Member States, the powers of the Institutions of the said Community and the rules laid down by the said Treaty for the functioning of the Common Market for coal and steel."

In the financial field as in others, the vitality of the new organizations cannot but provide powerful support to the High Authority in the performance of its duties.

In concluding this report we call special attention to the Annex, to the Balance-sheet as of December 31, 1957, and to the Statement of Revenues and Expenditures as of such date.

For the High Authority

THE MANAGEMENT OF THE FINANCE DIVISION

ANNEX

REPORT ON THE PEREQUATION LEVY

During the transition period (February 10, 1953 - February 9, 1958) the coal-mining industries whose production costs were below the Community average were liable for the payment of a perequation levy over and above the general levy. The proceeds of this additional levy have been used for the payment of non-reimbursable aid to the Belgian and Italian mines ⁽¹⁾.

Originally, both German and Dutch mines were required to pay the perequation levy. As Dutch production costs subsequently rose slightly above the Community average, the Dutch mines were exempted from the levy as of May 1, 1957.

The High Authority decided to stop collection of the perequation levy at such time as it was possible to calculate definitively the payments still to be made to the Belgian mines through the end of the transition period. Consequently, as of December 10, 1957, the German coal-mines ceased to pay the levy.

The following table shows the collection and distribution of the perequation levy in the years 1953-57 :

(in millions of EPU Accounting Units)

	Germany	Nether- lands	Total
Proceeds of 1953	9.4	0.8	10.2
Proceeds of 1954	15.0	1.2	16.2
Proceeds of 1955	12.6	1.3	13.9
Proceeds of 1956	9.5	0.9	10.4
Proceeds of 1957	5.2	0.3	5.5
Total	51.7	4.5	56.2
Payments to Belgian mines	44.3	4.0	48.3
Payments to Italian mines	6.1	0.4	6.5
Total	50.4	4.4	54.8
Balance on hand as of December 31, 1957	1.3	0.1	1.4

The balance on hand represents funds not yet disbursed. As the High Authority holds these only as trust funds, they are not included in the Balance-sheet of the Community.

⁽¹⁾ Aid to the Italian mines was discontinued subsequent to Febr. 10, 1955.

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

STATEMENT OF REVENUES AND EXPENDITURES ⁽¹⁾

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

All amounts are stated in EPU Accounting Units and are the equivalent of various currencies computed at the rates set forth on page 4 of this Report.

	Total for Period from August 10, 52 to June 30, 57	Period from July 1, 1957 to December 31, 1957	Total
REVENUES			
<i>Interest Received:</i>			
— on Loans to Enterprises from borrowed funds	10,708,725.22	3,717,593.06	14,426,318.28
— on Undisbursed Loan Funds	845,180.—	6,269.98	851,449.98
— on Loans from Funds not Borrowed	19,154.38	64,131.05	83,285.43
<i>Total Interest Received:</i>	<i>11,573,059.60</i>	<i>3,787,994.09</i>	<i>15,361,053.69</i>
<i>Levy Received:</i>			
— from German Enterprises	89,530,343.35	7,151,998.60	96,682,341.95
— from Belgian Enterprises	20,805,660.95	1,373,634.98	22,179,295.93
— from French Enterprises	43,491,884.13	3,106,396.42	46,598,280.55
— from Italian Enterprises	11,464,301.89	1,233,711.16	12,698,013.05
— from Luxembourg Enterprises	5,971,506.50	448,958.66	6,420,465.16
— from Dutch Enterprises	6,840,837.79	484,932.58	7,325,770.37
— from Saar Enterprises	11,796,807.12	771,399.52	12,568,206.64
<i>Total Levy Received:</i>	<i>189,901,341.73</i>	<i>14,571,031.92</i>	<i>204,472,373.65</i>
<i>Other Revenues:</i>			
— Interests on Deposits ⁽²⁾	10,453,238.43	2,715,273.03	13,168,511.46
— Fines	47,100.79	7,263.16	54,363.95
— Receipts for Pension Fund	2,906,495.68	464,202.89	3,370,698.57
— Miscellaneous ⁽²⁾	180,252.26	9,075.41	189,327.67
<i>Total Other Revenues:</i>	<i>13,587,087.16</i>	<i>3,195,814.49</i>	<i>16,782,901.65</i>
Total Revenues:	215,061,488.49	21,554,840.50	236,616,328.99

⁽¹⁾ In the Official Gazette of October 30, 1957 a Statement of Revenues and Expenditures as of June 30, 1957 was published; it was made up in thousands of EPU Accounting Units. The present Statement as well as the following ones is or will be expressed in Accounting Units. The minor differences (less than 2,000 Units per item) between the situation as of June 30, 1957, as published in October 1957, and the situation as on June 30, 1957 (as in the first column of this Statement) are due to the rounding up of figures.

⁽²⁾ In the Statement as of June 30, 1957, published in the Official Gazette of October 30, 1957, these items (in thousands of Accounting Units) amounted to 10,445 and 188. The difference of 8,000 Units between these figures and those appearing for the same items in the first column of the present statement is due to the following; it is now considered preferable to convert interest received in national currencies directly into Accounting Units. The difference in exchange resulting from this reduced the item « Miscellaneous » by 8,000 Units and increased the item « Interest on Deposits » correspondingly.

In the original, 29 + 29a were a one-page foldout.

	Total for Period from August 10, 52 to June 30, 57	Period from July 1, 1957 to December 31, 1957	Total
EXPENDITURES			
<i>Interest and Fees :</i>			
— Interest on Secured Notes	11,032,018.86	3,456,351.85	14,488,370.71
— Fees to Depository and Agent Banks	575,669.49	168,251.91	743,921.40
— Exchange Differences	—	6.26	6.26
<i>Total Interest and Fees :</i>	11,607,688.35	3,624,610.02	15,232,298.37
<i>Other Expenditures :</i>			
— Administrative Expenses	38,558,839.29	4,962,903.89	43,521,743.18
— Financial Expenses	1,830,413.42	103,394.71	1,933,808.13
— Expenditures for Research	1,939,962.18	124,104.20	2,064,066.38
— Expenditures for Readaptation	3,680,913.46	826,402.46	4,507,315.92
— Expenditures for Pensions	102,954.—	15,313.18	118,267.18
<i>Total Other Expenditures :</i>	46,113,082.35	6,032,118.44	52,145,200.79
Total Expenditures :	57,720,770.70	9,656,728.46	67,377,499.16
EXCESS OF REVENUES OVER EXPENDITURES :			
<i>Revaluation of Assets</i>	157,340,717.79	11,898,112.04	169,238,829.83
	—	— 6,013,022.11	— 6,013,022.11
<i>Net Excess for each period and total :</i>	157,340,717.79	5,885,089.93	163,225,807.72
<i>Allocations :</i>			
— To Guaranty Fund	100,000,000.—	—	100,000,000.—
— To Special Fund	14,143,562.86	2,646,141.33	16,789,704.19
— For Readaptation	24,319,086.54	2,348,597.54	26,667,684.08
— For Technical and Economic Research	6,060,037.82	2,750,895.80	8,810,933.62
— To Reserve for Loan Service	71,625.59	99,253.02	170,878.61
— To Pension Fund	2,803,541.68	488,889.71	3,252,431.39
<i>Total Allocations :</i>	147,397,854.49	8,293,777.40	155,691,631.89
<i>Unallocated Balance :</i>			
— For each Period	9,942,863.30	— 2,408,687.47	7,534,175.83
— Brought forward from previous Periods		+ 9,942,863.30	
<i>Total Unallocated Balance :</i>	9,942,863.30	7,534,175.83	7,534,175.83

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 financial situation of the High Authority as of December 31, 1957, is correctly and properly reflected in the above document.

Luxembourg, March 13, 1958

Urbain J. Vaes,
Auditor

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

BALANCE-SHEET DECEMBER 31, 1957

All amounts are stated in EPU Accounting Units 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 BORROWED FUNDS⁽¹⁾</p> <p>1. For the financing of industrial projects :</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">in U.S.A. dollars</td> <td style="width: 10%; text-align: right;">134,000,000.—</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>in Swiss francs</td> <td style="text-align: right;">11,655,011.65</td> <td></td> <td style="text-align: right;">145,655,011.65</td> <td></td> <td></td> </tr> </table> <p>2. For the financing of housing projects :</p> <p>a) Disbursed</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">in U.S.A. dollars</td> <td style="width: 10%; text-align: right;">1,000,000.—</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>in German (W) marks</td> <td style="text-align: right;">11,904,761.90</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>less repayments</td> <td style="text-align: right;">295,000.—</td> <td></td> <td style="text-align: right;">11,609,761.90</td> <td></td> <td></td> </tr> <tr> <td>in Belgian francs</td> <td style="text-align: right;">4,400,000.—</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>in Luxembourg francs</td> <td style="text-align: right;">100,000.—</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>in French francs</td> <td style="text-align: right;">833,333.33</td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <p>b) Undisbursed balances</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">in Luxembourg francs</td> <td style="width: 10%; text-align: right;">2,000,000.—</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>in German (W) marks</td> <td style="text-align: right;">24,047.62</td> <td></td> <td style="text-align: right;">19,967,142.85</td> <td></td> <td></td> </tr> </table> <p>II - OTHER LOANS</p> <p>Amount committed : 9,838,155.37 of which disbursed :</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">in Luxembourg francs</td> <td style="width: 10%; text-align: right;">720,000.—</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>less repayments</td> <td style="text-align: right;">80,968.60</td> <td></td> <td style="text-align: right;">639,031.40</td> <td></td> <td></td> </tr> <tr> <td>in German (W) marks</td> <td style="text-align: right;">7,142,857.14</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>in Dutch guilders</td> <td style="text-align: right;">1,052,631.57</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>in Italian lire</td> <td style="text-align: right;">256,000.—</td> <td></td> <td style="text-align: right;">9,090,520.11</td> <td></td> <td></td> </tr> </table> <p>III - CASH AND OTHER CURRENT ITEMS</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">a) Cash and Due from Banks</td> <td style="width: 10%; text-align: right;">137,110,259.41</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>b) Other current items</td> <td style="text-align: right;">14,167,567.60</td> <td></td> <td style="text-align: right;">151,277,827.01</td> <td></td> <td></td> </tr> </table> <p>IV - INVESTMENT SECURITIES</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">a) Securities at cost</td> <td style="width: 10%; text-align: right;">1,729,185.02</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>b) Accrued Interest</td> <td style="text-align: right;">50,560.04</td> <td></td> <td style="text-align: right;">1,779,745.06</td> <td></td> <td></td> </tr> </table> <p>V - FUNDS FOR CONTINGENT LIABILITIES PER CONTRA</p> <p style="text-align: right;">833,722.39</p> <p>VI - INTEREST ON LOANS receivable but not yet due</p> <p style="text-align: right;">3,646,911.88</p> <p>VII - OTHER ASSETS</p> <p style="text-align: right;">1,077,730.94</p> <p style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">333,328,611.89</p>	in U.S.A. dollars	134,000,000.—					in Swiss francs	11,655,011.65		145,655,011.65			in U.S.A. dollars	1,000,000.—					in German (W) marks	11,904,761.90					less repayments	295,000.—		11,609,761.90			in Belgian francs	4,400,000.—					in Luxembourg francs	100,000.—					in French francs	833,333.33					in Luxembourg francs	2,000,000.—					in German (W) marks	24,047.62		19,967,142.85			in Luxembourg francs	720,000.—					less repayments	80,968.60		639,031.40			in German (W) marks	7,142,857.14					in Dutch guilders	1,052,631.57					in Italian lire	256,000.—		9,090,520.11			a) Cash and Due from Banks	137,110,259.41					b) Other current items	14,167,567.60		151,277,827.01			a) Securities at cost	1,729,185.02					b) Accrued Interest	50,560.04		1,779,745.06			<p>I - SECURED NOTES⁽¹⁾</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">in U.S.A. dollars</td> <td style="width: 10%;"></td> <td style="width: 10%; 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border-top: 1px solid black; border-bottom: 3px double black;">333,328,611.89</p>	in U.S.A. dollars		135,000,000.—				in German (W) marks	11,904,761.90					less repayments	270,952.38		11,633,809.52			in Belgian francs			4,400,000.—			in French francs			833,333.33			in Luxembourg francs			2,100,000.—			in Swiss francs			11,655,011.65		165,622,154.50	a) Guaranty Fund		100,000,000.—				b) Special Fund			16,789,704.19		116,789,704.19	a) For readaptation		26,667,684.08				b) For technical and economic research			8,810,933.62			c) For loan service			170,878.61		35,649,496.31
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⁽¹⁾ The evidences of indebtedness and security for these loans and the undisbursed balances are pledged under the Act of Pledge entered into by the High Authority and the Bank for International Settlements to secure the Secured Notes, per contra.

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 financial situation of the High Authority as of December 31, 1957, is correctly and properly reflected in the above document.

Luxembourg, March 13, 1958

Urbain J. Vaes,
Auditor

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

Finance Division

P. Delouvrier

H. Skribanowitz