

EUROPEAN COAL AND STEEL COMMUNITY

COMMISSION OF THE EUROPEAN COMMUNITIES

Financial Report

for the year 1974

No 20

EUROPEAN COAL AND STEEL COMMUNITY

COMMISSION OF THE EUROPEAN COMMUNITIES

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The figures in this report and the attached ECSC balance sheet, together with the main features of the loans contracted, are expressed in units of account, which in the present report will be written u.a.

1. Decision No 3541/73/ECSC of 19 December 1973¹ on the definition of the unit of account to be used in Decisions, Recommendations, Opinions and Communiqués for the purposes of the Treaty establishing the European Coal and Steel Community set the value of the unit of account at 0.88867068 grammes of fine gold;
2. Decision No 3542/73/ECSC of 19 December 1973², extended by Decision No 3328/74/ECSC³ on the conversion rates for currencies expressed in units of account for certain purposes of the Treaty establishing the ECSC, set the conversion procedure for currencies used on the basis of rates prevailing on specific dates or during particular reference periods.

For the purpose of establishing the ECSC balance sheet the currencies were converted into units of account on the basis of the rates of 31 December 1974. These rates were then as follows:

1 u.a. =	{	Bfr	48.6572
		Lfr	48.6572
		Dkr.	7.57831
		DM	3.21978
		FF	5.97402
		Fl.	3.35507
		Lit.	872.885
		£	0.572465
		£ Ir.	0.572465
		Sfr	3.37685
		US \$	1.34826
₣	0.87972		

For the purpose of drawing up the ECSC revenue and expenditure accounts for 1974 the currencies were converted into units of account on the basis of the rates of 31 December 1973. These rates were then as follows:

1 u.a. =	{	Bfr	48.6572
		Lfr	48.6572
		Dkr.	7.57831
		DM	3.21978
		FF	5.55449
		Fl.	3.35507
		Lit.	727.610
		£	0.51165
		£ Ir.	0.51165
		Sfr	3.85221
		US \$	1.18643
₣	1		

¹ Official Journal of the European Communities L 361 of 29 December 1973.

² Official Journal of the European Communities of 29 December 1973.

³ Official Journal of the European Communities L 357 of 20 December 1974.

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LUXEMBOURG, JUNE 1975

This financial report covers the year 1974, the 22nd year of the European Coal and Steel Community's existence and the 20th year of its borrowing and lending operations.

Since the entry into force of the Treaty establishing a single Council and a single Commission of the European Communities (1967) the Commission has been exercising the powers vested in the former High Authority, each of the three Communities continuing to be governed by its own treaty. Consequently, this report refers only to the 'Commission' of the European Communities unless it is absolutely necessary to use the name 'High Authority'.

I — SHORT OUTLINE OF THE GROWTH IN INVESTMENTS IN THE COAL AND STEEL INDUSTRIES

In order to guide the parties concerned and help the Community determine its own course of action, the ECSC Treaty provides for the following instruments, in addition to the general objectives which describe the broad outlines of investment policy:

- (i) the annual survey of investment conducted directly among enterprises;
- (ii) prior notification by enterprises of investment programmes in excess of certain estimated costs and the giving of reasoned opinions on these programmes.¹

The details below, collected by the Commission from enterprises or their trade associations, relate to capital expenditure, methods of financing and recent trends in the readiness of enterprises to embark on new programmes.

(a) Capital expenditure by enterprises²

During 1974 the crude steel production of the enlarged Community reached 155.7 million tonnes, an increase of 5.7 million tonnes on the 1973 figure. The corresponding figure for the six original Community countries rose by 9.8 million tonnes to reach 132.6 million tonnes. During the same period the coal production of the Nine fell from 269.9 million tonnes to 242.6 million tonnes. The corresponding figures for the six original countries were 139.7 and 133.3 million tonnes respectively.

According to the annual survey of investments as of 1st January 1974, capital expenditure in the nine Community countries may have reached a total of about 3.5 thousand million u.a. in the ECSC industries as a whole in 1974. This expenditure may be broken down as follows:

- (i) capital expenditure in the coal industry amounted to about 400 million at constant prices, a slight increase on the 1973 level;
- (ii) in the iron and steel industry capital expenditure was maintained at about 3 000 million u.a. at constant prices; however, this represents a slight drop for the second year in succession.

¹ Articles 5, 46, 47 and 54 of the ECSC Treaty.

² 'Investments in the Community's coal and steel industries — Report on the 1974 survey', published in September 1974.

TABLE 1

Capital expenditure in the ECSC coal and iron and steel industries from 1954 to 1975

(in million units of account)

Sector	Actual expenditure					Expenditure planned for projects decided and embarked upon	
	1954-1969 ^a (annual average)	1970	1971	1972	1973	1974	1975
Coal industry:							
Europe of 6	255	108	136	151	148	206	104
Europe of 9 ¹	485	258	288	335	335	394	271
Iron and steel industry:							
Europe of 6	859	1 706	2 266	2 522	2 623	2 523	1 664
Europe of 9 ¹	1 188	2 073	2 851	3 112	3 038	3 140	2 187
Total							
Europe of 6	1 114	1 814	2 402	2 673	2 771	2 729	1 768
Europe of 9	1 673	2 331	3 139	3 447	3 373	3 534	2 458

¹ The figures for the United Kingdom up to 1971 include only National Coal Board expenditure.

² Capital expenditure for Denmark before 1971 and for Ireland before 1959 is not included in the table. The total of this expenditure has never amounted to 1 % of the overall capital expenditure in the iron and steel industries of the nine countries. The figures for the United Kingdom for before 1973 include expenditure on several products not included under the ECSC Treaty, in particular steel foundries, tubemaking and cold-working equipment.

³ In the case of the three new member countries the annual average relates to the period from 1956 to 1969.

(b) Recent trends: Enterprises' propensity to invest

For the iron and steel industry as a whole, the total amount of declared investment programmes — as distinct from actual expenditure recorded in the accounts for the same years — fell in the six original Community countries from around 4 000 million u.a. in 1970 to 669 million u.a. in 1971, and from 770 million u.a. in 1972 to 694 million u.a. in 1973. In 1974 expenditure totalled 1 939 million u.a. for the six original Community countries and 2 284 million u.a. for the enlarged Community.

The table below illustrates movements since 1970 in total planned expenditure for investment programmes declared by the iron and steel industry.

TABLE 2

Planned expenditure for programmes declared

(in million units of account)

Installations	Community of Six					Community of Nine
	1970	1971	1972	1973	1974	1974
Coal mines ¹	6.5	3.3	128.5	12.3	235.0	401.2
Mining and independent coking plants	—	73.6	2.9	1.6	60.2	60.2
Pit-head power stations	4.7	111.6	—	2.6	—	—
Total coal industries	11.2	188.5	131.4	16.5	295.2	461.4
Iron ore mines	5.4	—	—	8.0	—	—
Iron and steel industries coking plants	321.6	113.3	18.5	10.5	7.5	19.5
Preparation of charges and direct reduction	278.1	57.3	38.2	43.7	82.0	82.0
Blast furnaces	470.1	76.8	75.9	100.2	150.5	176.5
Steel works	450.1	126.9	240.7	165.3	450.1	522.6
Rolling mills	1 647.1	226.7	352.6	314.4	970.5	1 156.4
Iron and steel industries power stations and misc.	761.2	68.1	59.9	59.2	297.9	326.5
Total iron and steel ind.	3 928.2 ²	669.1	785.8	693.7	1 938.5	2 283.5
Total mining and iron and steel industries	3 944.8 ²	857.6	917.2	718.2	2 233.7	2 744.9

¹ Including lignite and coal briquetting plants.² Except for the large schemes i.e. 118.0 million u.a. in 1970 and 20 million in 1972.

The results of the survey on investment in 1974 confirmed that the iron and steel industry in the Community has continued to implement the major projects approved in 1970 and 1972. However, certain large enterprises appear to be cautious about embarking on major new programmes because of:

- (i) the unfavourable trend in the demand for steel;
- (ii) increases in the supply of iron and steel products as a result of the start-up of major plants being completed in the Community and of plants planned in many overseas countries;
- (iii) changes in the energy market and the upward trend in the prices of the main raw materials which could radically alter the competition situation;
- (iv) persistent inflationary trends and monetary insecurity, which are making economic calculations based on the extension of markets increasingly uncertain;
- (v) persistently high interest rates;

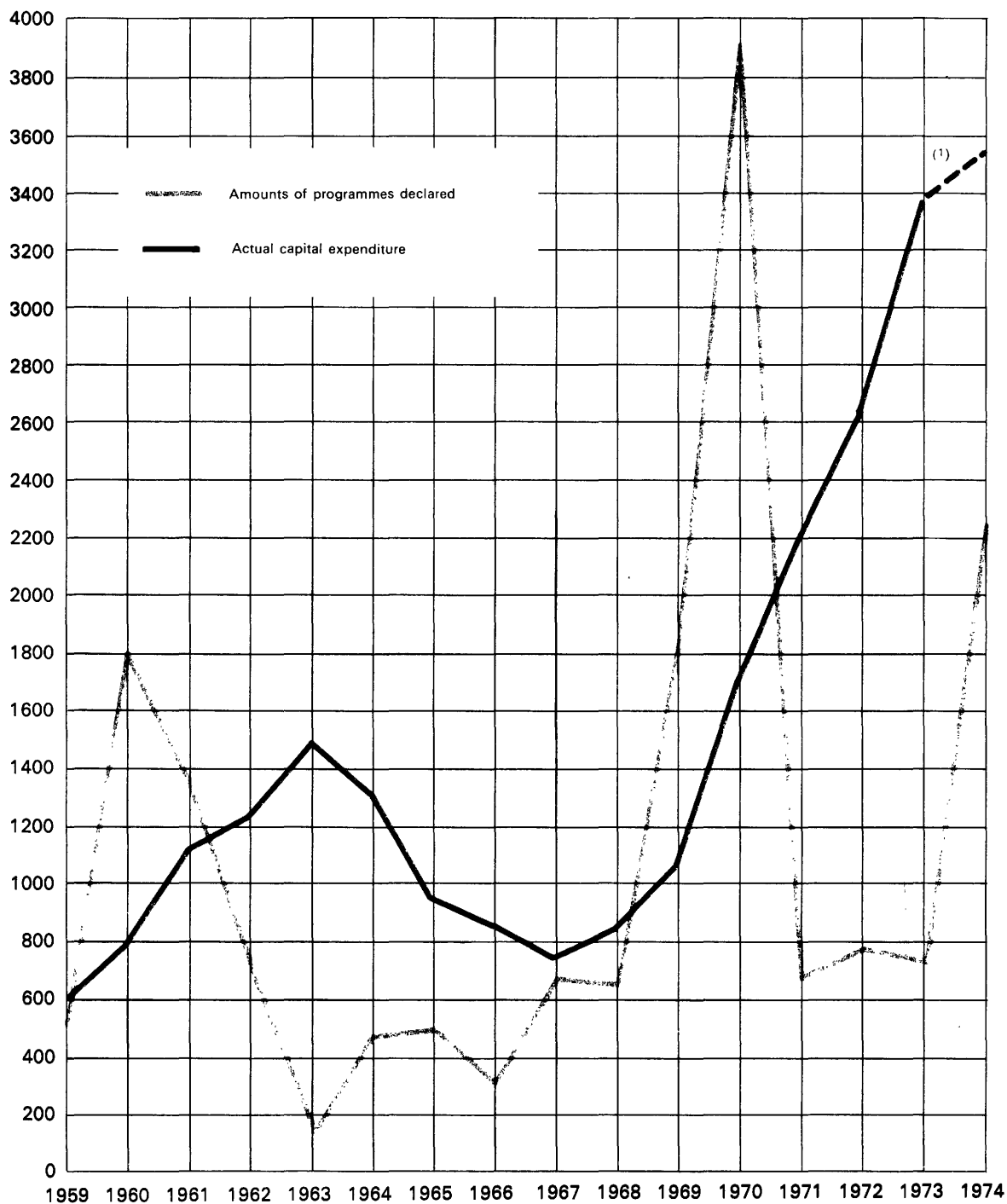
- (vi) the increased requirements of the authorities in terms of environmental protection which oblige enterprises to allocate money for pollution control which only a few years ago could be used exclusively for production purposes.

Coal producers are certainly aware of the need for investments and have embarked upon more ambitious programmes than in recent years. However, they are faced with the problem of financing capital projects which can only yield a return in the long term. This, coupled with the still rather unsettled state of the energy market, may explain why the coal companies did not, at least until the end of 1974, greatly increase their capital expenditure.

FIGURE 1

INVESTMENTS IN THE STEEL INDUSTRY OF THE COMMUNITY

In million units of account



(1) Survey at 1 January 1974.

II — BORROWING OPERATIONS BY THE ECSC

Under Article 49 of the ECSC Treaty, the Commission is empowered to obtain the funds necessary for the accomplishment of its mission by borrowing on the national and international capital markets.

The ECSC has continued to make the most extensive use of the various capital markets. It contracted 13 loans for a total equivalent to 527.71 million u.a. (compared with 260 million u.a. in 1973 and 230 million u.a. in 1972).

The sum of 527.71 million u.a., the highest since the ECSC began its financial operations was attained despite the strains which characterized the capital markets until recently and which, for most of the year, made it impossible to issue public loans.

Most of the borrowing was done in US dollars. The Commission obtained a large proportion of the funds by having recourse to recycled petrodollars. One of the last loans in 1974 was contracted in New York and involved a sum of US dollars 100 million. The ECSC was thus the first foreign issuer to contract a public loan following the reopening of the United States' capital market. The success of this operation in a highly selective market, highlighted the credit-worthiness of the ECSC as confirmed by the status of 'AAA' debtor, accorded by the specialist American agencies, which brings with it the most favourable borrowing conditions available.

The following are the main characteristics of the loans contracted during 1974:

1. US \$ 50 million Bond issue for a fifteen-year period underwritten at par on the international capital market. The bonds bear 7.75 % interest payable annually. The loan will be repaid from 1 February 1977. It is quoted on the Luxembourg Stock Exchange.
2. US \$ 20 million Bond issue for a five-year period underwritten at 99 % on the international capital market. The bonds bear 8.25 % interest payable annually and repayable on 15 March 1979. It is quoted on the Luxembourg Stock Exchange.
3. Lit. 10 thousand million Fifteen-year private placement. The bonds bear 7 % interest payable annually. The loan will be repaid on ten equal annual instalments from 1 March 1980.
4. US \$ 100 million Eight-year private placement. The bonds bear 9.25 % interest payable annually and repayable on 30 May 1982.

- | | | | |
|-----|-------|-------------|--|
| 5. | US \$ | 100 million | Ten-year private placement. The bonds bear 9.50 % interest payable annually. The loan will be repaid in five equal annual instalments from 7 June 1980. |
| 6. | DM | 20 million | Five-year private placement. The bonds bear 10 % interest payable annually and repayable on 1 August 1979. |
| 7. | DM | 30 million | Five-year private placement. The bonds bear 10 % interest payable annually and repayable on 1 September 1979. |
| 8. | DM | 50 million | Seven-year private placement. The bonds bear 10 % interest payable annually and repayable on 1 September 1981. |
| 9. | Sfr | 20 million | Five-year private placement. The bonds bear 9.25 % interest payable annually and repayable on 10 September 1979. |
| 10. | Lfr | 400 million | Bond issue for a seven-year period underwritten at 99.5 % on the Luxembourg capital market. The bonds bear 10 % interest payable annually. The loan will be repaid in four equal annual instalments from 30 October 1978. It is quoted on the Luxembourg Stock Exchange. |
| 11. | US \$ | 200 million | Ten-year private placement. The bonds bear 10 % interest payable annually. The loan will be repaid in five equal annual instalments from 20 November 1980. |
| 12. | US \$ | 100 million | Bond issue for a five-year period underwritten at 99.25 % on the international capital market. The bonds bear 8.75 % interest payable twice yearly and repayable on 1 December 1979. It is quoted on the New York Stock Exchange. |
| 13. | DM | 150 million | Bond issue for a seven-year period underwritten at par on the German capital market. The bonds bear 9.75 % interest payable annually and repayable on 1 December 1981. It is quoted on the five Stock Exchanges of the Federal Republic of Germany. |

Including its operations in 1974, the total value of the loans contracted by the ECSC from its inception to 31 December 1974 was equivalent to 1 995.42 million u.a.

The following table shows the loan position on 31 December 1974.

FIGURE 2

TOTAL AMOUNT OF BORROWINGS UP TO 31 DECEMBER 1974

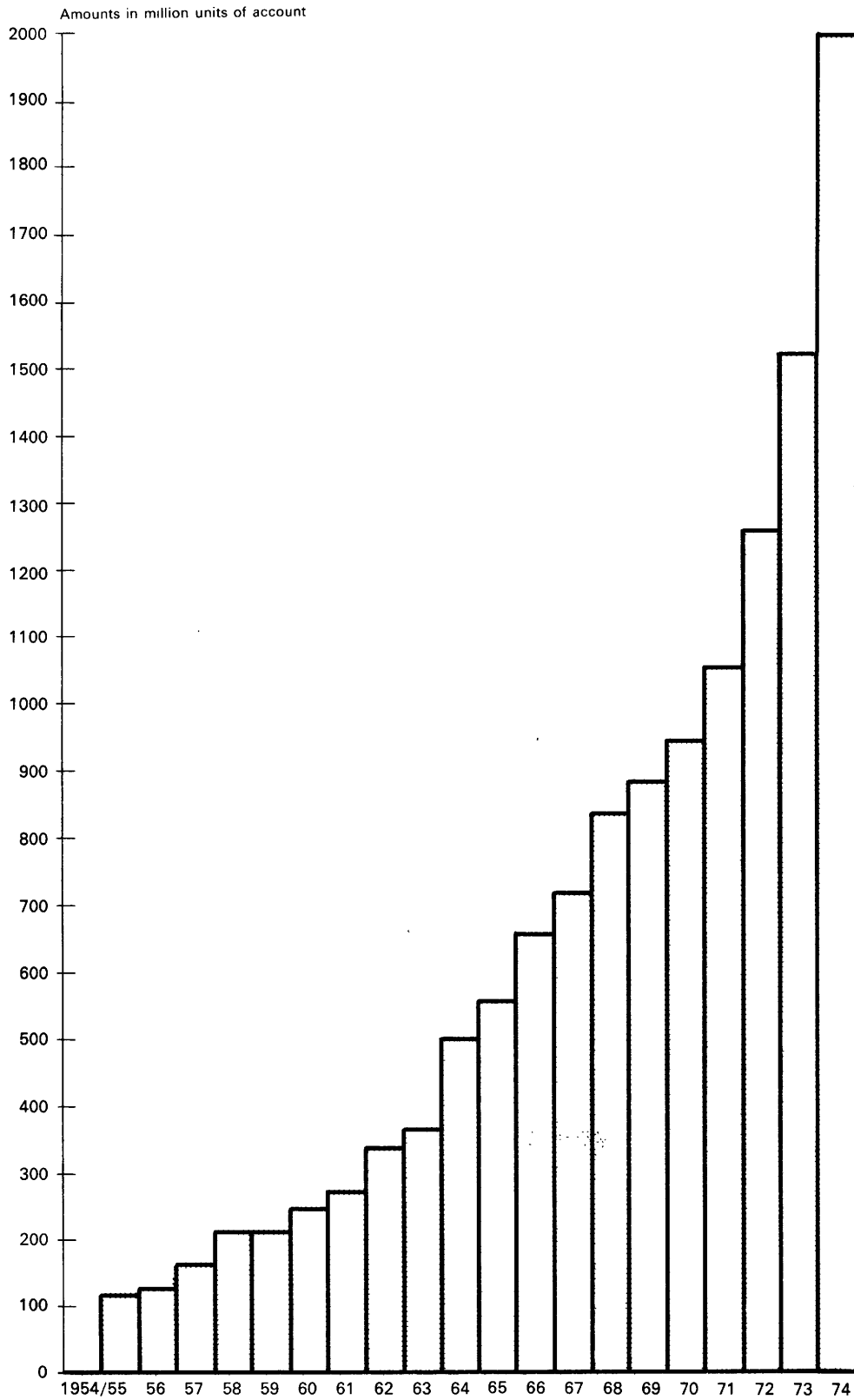


TABLE 3¹*(in million units of account)*

Currency borrowed	Total borrowed ²	Repayments	Balance outstanding
US-\$	726.06	150.39	575.67
DM	514.31	119.11	395.20
Lit	143.20	16.04	127.16
FF	118.85	9.41	109.44
Fl	61.92	35.98	25.94
Sfr	154.37	27.48	126.89
Bfr	77.48	8.83	68.65
Lfr	122.39	9.07	113.32
E	56.84	—	56.84
u.a.	20.00	3.90	16.10
Total	1 995.42	380.21	1 615.21

¹ The main characteristics of the loans contracted by the ECSC up to 31 December 1974 and the definitions of ₤ (European Monetary Units) and units of account are given in Annex I.

² After adjustment for the new exchange rates adopted for the conversion of national currencies to units of account, listed on page 4.

III — LOANS AND GUARANTEES

The funds available to the Commission in 1974 for lending to enterprises totalled 611.98 million u.a., broken down as follows:

1. Borrowed funds

— available at the beginning of the year	63.68	
— product of loans floated in 1974	543.13	
	<u> </u>	606.81

2. Own funds

— repayment of earlier loans	5.17	5.17
	<u> </u>	<u> </u>
		611.98

As in 1973, these funds were used for loans to industry (Article 54 of the Treaty) for redevelopment and reconversion projects (Article 56) and the building of workers' housing. The loans to industry and those for redevelopment and reconversion projects were disbursed from borrowed funds, while almost all the housing loans were drawn from the ECSC's own resources.

In the same period total loans rose to 377.87 million u.a. (compared with 286.41 million in 1973).

The funds remaining on 31 December 1974 permitted substantial disbursements (201 million u.a.) to be made in the first quarter of 1975 for a number of loans approved in the last few months of 1974.

TABLE 4
Loans granted in 1974

(in million units of account)

Sector	Germany (Fed. Rep.)	Bel- gium	Den- mark	France	Italy	The Nether- lands	Luxem- bourg	United King- dom	Communi- ty
I — Coal industry	31.61	—	—	—	—	—	—	30.57	62.18
Iron and steel industry	95.39	—	—	76.00	63.53	—	—	15.60	250.52
Generating plants	9.41	—	—	1.86	—	—	—	—	11.27
Total	136.41	—	—	77.86	63.53	—	—	46.17	323.97
II — Indust. redevelopment	13.09	10.28	—	6.52	0.54	1.85	—	17.16	49.44
III — Workers' housing	0.56	—	0.27	0.39	1.11	—	0.41	1.72	4.46
Grand total	150.06	10.28	0.27	84.77	65.18	1.85	0.41	65.05	377.87

1. Industrial loans (Article 54)

1974 was marked by a considerable increase in the loans granted for industrial programmes, as provided for in Article 54 of the ECSC Treaty.

Loans of this type totalled 323.97 million u.a., compared with 278 million u.a. in 1973.

Because of the rise in interest rates which persisted for most of the year, the normal interest rate, which was 8.25 % up to July 1974, had to be raised to 9.25 % and then to 10 %.

Pursuant to a Commission Decision published in the Official Journal of the European Communities on 18 June 1970, supplemented by a communication published on 25 November 1974, certain loans for the financing of capital projects deemed to be of particular advantage to the Community were given a reduced rate of interest, applicable for the first five years of the loan.

The loans to industry disbursed in 1974 were made available to 30 enterprises and 60 operations for the financing of the following programmes:

In the coalmining industry

— Rationalization and modernization of pits and collieries:

Gewerkschaft Auguste Victoria, Marl, Westphalia;
National Coal Board, London (Bettws colliery, South Wales);
Ruhrkohle AG, Essen (Grimberg and Haus Aden collieries; Monopol III pits;
Ewald and Recklinghausen collieries; Consolidation and Pluto pits; Nordstern colliery).

— Increased output of coking coal:

National Coal Board (Horden and Blackhall collieries, Durham; Easington pit, Durham).

— Increased output of coal for electricity production:

National Coal Board, London (Littleton and Trentham collieries, Staffordshire; Royston pit, South Yorkshire).

— Increased coking capacity:

Eschweiler Bergwerks-Verein, Kohlscheid, Aachen (Emil Mayrisch and Westfalen collieries; Westfalen and Erin coking plant).

— Pithead power stations using coal:

STEAG Aktiengesellschaft, Essen (Voerde electric power station).

— District heating installations:

Société de climatisation Interurbaine de la Défense (CLIMADEF), Paris (Courbevoie, power/heating station).

Iron ore mines

Eisenwerk-Gesellschaft Maximilianshütte mbH, Sulzbach-Rosenberg (Leonie mine).

Iron and steel industry

— Installation of coking capacity:

British Steel Corporation, London (Scunthorpe coking plant);
Italsider SpA, Genoa (Taranto works);
Société Marseillaise de Cokéfaction (MARCOKE SA), Paris (Fos-sur-Mer works);
Stahlwerke Peine-Salzgitter AG, Peine (Ilsede and Salzgitter works).

— Rationalization of pig-iron and steel production:
Acciaieria e tubificio di Brescia SpA, Brescia;
Fried, Krupp Hüttenwerke AG, Bochum (Rheinhausen works);
Mannesmann AG, Düsseldorf (Duisburg-Huckingen works);
Società Industrie Siderurgiche Meccaniche e Affini (SISMA SpA), Milan (Villa-
dossola works);
Dalmine SpA, Milan

— Rationalization of sectional steel production:
Stahlwerke Peine-Salzgitter AG., Peine (Peine works);
Badische Stahlwerke AG, Kehl.

— Rationalization of flat product production:
Creusot-Loire SA, Paris (Creusot factory);
Klöckner Werke AG, Duisburg (Bremen factory);
Rasselstein AG, Neuwied (Andernach factory).

— Expansion of coastal plants:
Italsider SpA., Genoa (Taranto works);
Société Lorraine et Méridionale de Laminage continu (SOLMER), Paris (Fos-sur-
Mer works);
Union Sidérurgique du Nord et de l'Est de la France (USINOR), Paris (Markyk
plant).

— Production of high-carbon and special steels:
Società per l'Industria et l'Elettricità Terni SpA, Rome (Terni plant);
SOFIFOS, Paris (Fos-sur-Mer works);
Edelstahlwerk Witten AG, Witten.

— Protection of the environment:
Badische Stahlwerke AG, Kehl;
British Steel Corporation, London (Templeborough works);
Hoesch Werke AG, Dortmund (Westfalen-hütte, Dortmund);
Stahlwerke Röchling-Burbach GmbH, Völklingen, Saar (Völklingen works);
Ferriere Acciaierie di Udine SAFAU SpA, Udine;
Rheinstahl Hüttenwerke GmbH, Essen (Henrichshütte, Hattingen);
Ruhrkohle AG, Essen (Walsum colliery and Prosper, Zollverein and Hansa coking
works).

— Occupational training:
Hoesch Werke AG, Dortmund.
Research in special steels:
Deutsche Edelstahlwerke AG, Krefeld.

During 1974 the Commission met numerous requests for investment financing for the ECSC industries in the United Kingdom.

In the energy sector the ECSC was concerned with two problems, namely that of preserving a certain degree of Community independence, especially in coking coal supplies, and that of maintaining, if not increasing, supplies of Community coal to thermal power stations. In this framework, loans have been granted in favour of investment projects at coal-fired power stations. The loans awarded to the collieries in 1974 alone totalled 62 million u.a., or about 16 % of the total loans granted to this sector since the ECSC's inception.

In the iron and steel sector the ECSC helped to finance investment programmes considered to be in accordance with the General Objectives. The loans were spread over all stages of production — steel industry coking plants, blast furnaces, steel

works and rolled products. A considerable portion of the industrial loans went into the financing of coastal iron and steel plants already installed or under construction.

Finally, there was a considerable increase in the size of loans at reduced rates for environmental protection projects. In particular, the Commission adopted certain projects involving the industrial use of technical processes of an innovating nature.

TABLE 5

Loans for industrial investment (Article 54)

(in million units of account)

Country	Total loaned by 31.12.1973 ¹	New loans in 1974 ¹	Total loaned	Balance outstanding
			Position at 31.12.1974 ¹	
Denmark	7.81	—	7.81	7.81
Germany (Fed. Rep.)	588.57	136.41	724.98	526.19
Belgium	69.53	—	69.53	53.42
France	280.11	77.86	357.97	306.65
Italy	162.13	63.53	225.66	156.73
Luxembourg	3.02	—	3.02	2.27
Netherlands	33.65	—	33.65	27.89
United Kingdom	—	46.17	46.17	46.17
Community	1 144.82	323.97	1 468.79	1 127.13

¹ After adjustment for the new exchange rates adopted for the conversion of national currencies to units of account listed on page 4.

2. Loans for industrial redevelopment and reconversion (Article 56)

Under Article 56 of the ECSC Treaty, redevelopment and reconversion projects are those designed to facilitate the creation of new and economically sound activities capable of reabsorbing redundant workers, or those about to be made redundant, into productive employment.

The financing of redevelopment and reconversion projects increased considerably in 1974. Loans disbursed totalled 49.44 million u.a.

Redevelopment and reconversion loans may enjoy special terms, as described above. The annual interest payable on such loans was raised from 5.25 % to 6.25 % and then to 7 % for all or part of the loan granted. The normal rate, which was raised in line with this from 8.25 % to 9.25 % and then to 10 % per annum, is payable from the sixth year. As in previous years, redevelopment and reconversion projects were financed out of borrowed funds.

The lower rate was granted to beneficiaries on the undertaking that a portion of the new jobs created would be reserved in the first instance for workers made redundant in the ECSC industries.

In accordance with the terms of the Treaty, requests for loans are submitted to the Commission by the government of the Member State concerned.

The geographical distribution of the loans granted therefore largely reflects the national policies for the redevelopment of mining or steel-producing areas in decline.

Loans for industrial redevelopment and reconversion were granted to the following enterprises:

Federal Germany:

- North Rhine Westphalia:
Flachgas AG Deleg-Dotag, Gelsenkirchen;
Deutsche Solvay-Werke, Solingen;
- Sarre:
Halbergerhütte, Saarbrücken.

United Kingdom:

- Scotland:
British Steel Corporation, London.

Belgium:

- Limburg:
Gemeentekrediet van België, Brussels;
Bauknecht NV, Strombeek-Bever.

France:

- Rhône-Alpes:
Société Fasson-France Sarl (Fasson Nederland, Leyden);
- Auvergne:
Société de Panneaux de Particules du Morvan, Neuilly;
- Lorraine:
Société Tubes de la Providence, Lexy;
Société Viessmann, Faulquemont;
- Nord:
Société 'Tubes Euro Lens', Lens.

Italy:

- Trentino/Alto Adige:
Ferriere Acciaierie di Udine SAFAU SpA., Udine.

Netherlands:

- Limburg:
BV Nederlandse Steenwolfabriek LAPINUS, Roermond;
ORNATEX, Kerkrade.

The table below gives a breakdown both by country and by industry for this type of loan.

TABLE 6

Loans for industrial redevelopment and reconversion (Article 56)

(in million units of account)

A — Breakdown by country

Country	Total loaned by 31.12. 1973 ¹	New loans in 1974	Total loaned	Balance outstanding
				Position by 31.12.1974 ¹
Germany (Fed. Rep.)	89.18	13.09	102.27	91.28
Belgium	33.77	10.28	44.05	35.39
France	56.35	6.52	62.87	57.12
Italy	24.22	0.54	24.76	12.75
Luxembourg	—	—	—	—
Netherlands	22.34	1.85	24.19	18.19
United Kingdom	—	17.16	17.16	17.16
Community	225.86	49.44	275.30	231.89

¹ After adjustment for the new exchange rates adopted for the conversion of national currencies to units of account listed on page 4.

B — Breakdown by industry

Type	Amount (in million units of account)	%
Motor vehicle manufacture	46.788	17.00
Iron and steel industry	45.749	16.62
Chemicals	37.599	13.66
Non-ferrous metals	25.654	9.32
Industrial estates	23.218	8.43
Power stations	18.398	6.68
Rubber	17.260	6.27
Joinery and furniture manufacture	9.345	3.39
Mechanical engineering	7.962	2.89
Ceramic ware, glass, lime and stone	7.920	2.88
Paper and printing	7.646	2.78
Electrical equipment	7.401	2.68
Articles of cast iron, steel and other metals	6.071	2.21
Textiles and clothing	3.083	1.12
Plastic article manufacture	2.625	0.95
Metal industries	1.233	0.45
Food industries	1.223	0.44
Aeronautical engineering	1.146	0.42
Transport	1.068	0.39
Miscellaneous	3.913	1.42
Total	275.302	100.00

3. Loans for housing (Article 54, 2)

1974 saw a continuation in the policy of financing housing. These loans are in principle drawn from the ECSC's own funds at a rate of 1 % per annum on a long-term basis. As a rule they are awarded in the currency of the country concerned to avoid any exchange risks to recipients. They may be combined with other loans generally awarded by the financial institutions of the country concerned.

Own resources paid out by the Commission in 1974 under the 7th ECSC housing programme rose to 4.07 million u.a., in accordance with the stage of construction reached. To fulfil earlier commitments under the 6th programme, a total of 0.02 million u.a. was made available to recipients.

The loans disbursed from own funds at a rate of 1 % thus totalled 4.09 million u.a. in 1974. This was supplemented by 0.37 million u.a. from borrowed funds.

The very low interest rates applied enable borrowers to combine this type of loan with other capital raised from national sources at terms prevailing on these markets. This combination makes it possible to increase considerably the means available, while at the time maintaining the average rate at a favourable level.

TABLE 7

Loans for workers' housing (Article 54, 2)

(in million units of account)

Country	Total loaned by 31.12.1973 ¹	New loans in 1974	Total loaned	Balance outstanding
			Position by 31.12.1974 ¹	
Germany (Fed. Rep.)	78.61	0.56	79.17	52.37
Belgium	26.06	—	26.06	14.25
France	23.33	0.39	23.72	15.71
Italy	12.09	1.11	13.20	8.51
Luxembourg	3.81	0.41	4.22	2.87
Netherlands	8.63	—	8.63	5.68
Denmark	—	—	0.27	0.27
United Kingdom	—	1.72	1.72	1.72
Community	152.53	4.46	156.99	101.38

¹ After adjustment for the new exchange rates adopted for the conversion of national currencies to units of account.

4. Guarantees

The ECSC Treaty states that the Commission may also facilitate the implementation of enterprises' investment programmes by guaranteeing loans obtained by them from outside sources.

Redemption of the initial amounts of loans previously guaranteed, totalling 52.13 million u.a., reduced the remaining commitments to 22.57 million u.a. at 31 December 1974.

5. Overall survey of direct lending operations and guarantees (1954-1974)

From the start of its financing activities to 31 December 1974 the ECSC granted loans totalling 1 912.06 million u.a., of which 1 787.66 million u.a. were from borrowed funds and 124.40 million u.a. from its own resources.

Including guarantees furnished over the same period, the total amount of ECSC financial assistance was 1 964.19 million u.a. (compared with 1 644.25 million u.a. at 31 December 1973).

The table below gives a detailed breakdown of this assistance by sector and by country.

TABLE 8
Loans paid out and guarantees granted up to 31 December 1974
by investment category and country
(Initial amounts)¹

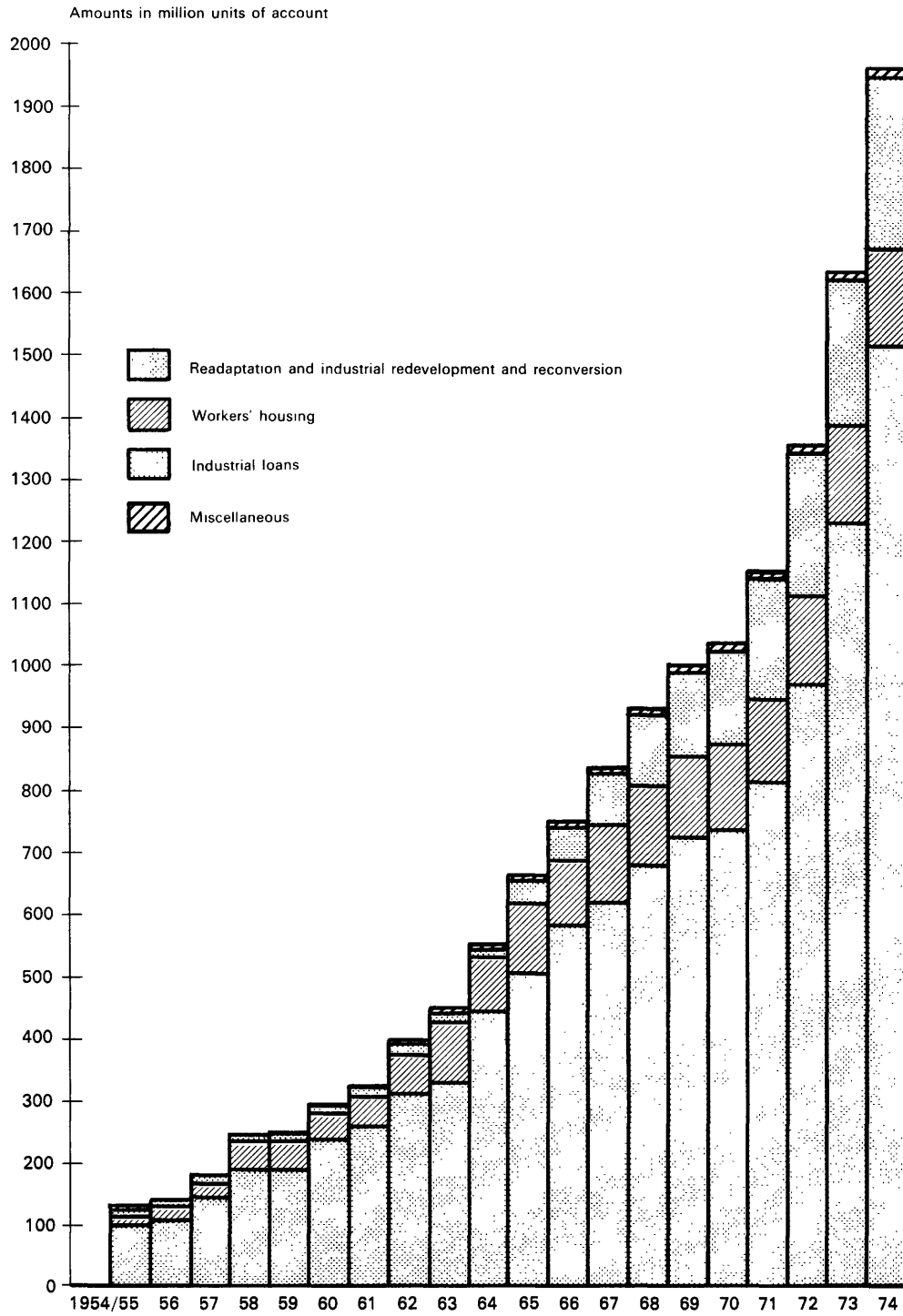
(in million units of account)

	Loans			Guaran- tees	Total loans and guaran- tees	%
	From borrowed funds	From own resources	Total			
<i>A — Type of investment</i>						
Coal industry	391.20	—	391.20	—	391.20	19.92
Iron ore mines	23.37	—	23.37	—	23.37	1.19
Iron and steel industry	1 049.27	—	1 049.27	51.92	1 101.19	56.06
Industrial redevelopment and reconversion	270.28	5.03	275.31	—	275.31	14.02
Workers' housing	48.60	108.40	157.00	—	157.00	7.99
Miscellaneous	4.94	10.97	15.91	0.21	16.12	0.82
Total	1 787.66	124.40	1 912.06	52.13	1 964.19	100.00
<i>B — Country</i>						
Denmark	7.81	0.27	8.08	—	8.08	0.41
Germany (Fed. Rep.)	842.78	71.87	914.65	42.24	956.89	48.72
Belgium	135.21	4.90	140.11	—	140.11	7.13
France	420.97	24.63	445.60	9.68	455.28	23.18
Italy	255.69	8.08	263.77	0.21	263.98	13.44
Luxembourg	4.76	8.30	8.06	—	8.06	0.41
Netherlands	57.10	9.63	66.73	—	66.73	3.40
United Kingdom	63.34	1.72	65.06	—	65.06	3.31
Community	1 787.66	124.40	1 912.06	52.13	1 964.19	100.00

¹ After adjustment for the new exchange rates adopted for the conversion of national currencies to units of account, listed on page 4.

FIGURE 3

**BREAKDOWN BY SECTOR OF LOANS AND GUARANTEES GRANTED
UP TO 31 DECEMBER 1974**



IV — CHANGES IN RESERVES AND PROVISIONS, MANAGEMENT OF LIQUID ASSETS

The table below shows the changes in ECSC reserves and provisions between 31 December 1973 and 31 December 1974.

TABLE 9

Changes in reserves and provisions

(in million units of account)

	Position on 31.12.1973	Changes in 1974	Position on 31.12.1974
I — (a) Guarantee fund	112.00	+ 8.00	120.00
(b) Special reserve	90.00	—	90.00
II — Pension Funds	26.52	+ 7.43	33.95
III — Provisions			
(a) for rehabilitation	106.61	+ 16.60	123.21
(b) for research	20.58	+ 2.25	22.83
(c) assistance (Article 56)	7.73	+ 0.01	7.74
(d) assistance (Article 54)	5.34	+ 3.83	9.17
(e) assistance to coke	4.00	+ 1.00	5.00
IV — Other provisions	29.89	+ 3.47	33.36
Total	402.67	42.59	445.26
V — Unallocated balance	0.50	— 0.48	0.02
Grand total	403.17	42.11	445.28

ECSC funds grew in 1974 mainly as a result of the following developments:

- (a) Increased income from the levy, which has been fixed at 0.29 % since 1 January 1972. This income amounted to 69.59 million u.a. in 1974, compared with 62.89 million u.a. in 1973. This increase of 6.70 million u.a. is explained by the favourable economic situation in the iron and steel sector for most of 1974, and by the extension of the levy to the enterprises of the new Member States.

This total comprises 11.43 million u.a. from coal production and 58.16 million u.a. from iron and steel production.

- (b) Increased income resulting from the management of liquid assets.

The revenue from interest on funds invested totalled some 44.19 million u.a. compared with 20.70 million u.a. in 1973. This increase was due to higher rates on the money markets, at least for most of 1974, and, to some extent, to the increase in liquid assets as a result of short-term investments of borrowed funds.

This revenue has been used in particular to finance outright aid (rehabilitation, technical research, aid for coke and coking coal, etc.) and reduced rate loans, in accordance with the social, regional and industrial objectives of the Community.

The financial activities reviewed in this report were made possible by the active assistance of banking groups and the ECSC agents in the various Member States, to whom the Commission expresses its sincere gratitude. At the same time it wishes to thank the Bank for International Settlements in Basle for its continued and efficient cooperation as a depository for transactions under the 'Act of Pledge'.¹

¹ A contract of surety concluded by the ECSC at the start of its operations in favour of its fund raisers in order to provide access to the international market. The Act of Pledge governs all loans contracted before 1961.

ANNEXES

- I — MAIN CHARACTERISTICS OF LOANS CONTRACTED
TO 1 DECEMBER 1974**
- II — ECSC BALANCE SHEET AS OF 31 DECEMBER 1974**
- III — ECSC INCOME AND EXPENDITURE FROM 1 JANUARY
TO 31 DECEMBER 1974**

Annex I

MAIN CHARACTERISTICS OF LOANS

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31 December 1974 (in units of account)
			in currency of loan	equivalent in units of account	
1954	3 $\frac{3}{8}$	25	US \$ 100 000 000	74 467 927	22 861 655
1957	5 $\frac{1}{2}$	18	25 000 000	18 616 982	1 638 294
1957	5	5	10 000 000	7 446 793	—
1958	5	20	35 000 000	26 063 774	7 223 389
1958	4 $\frac{1}{2}$	5	15 000 000	11 170 189	—
1960	5 $\frac{3}{8}$	20	25 000 000	18 616 982	7 558 495
1960	4 $\frac{3}{4}$ -5	5	10 000 000	7 446 793	—
1962	5 $\frac{1}{4}$	20	25 000 000	18 616 982	10 015 936
1964	5 $\frac{1}{4}$	20	30 000 000	22 340 378	14 893 585
1966	6 $\frac{1}{2}$	20	15 000 000	11 170 189	8 936 151
1966	6 $\frac{1}{2}$	20	20 000 000	14 893 585	11 877 634
1967	6 $\frac{1}{2}$	20	25 000 000	18 616 982	16 085 072
1967	6 $\frac{3}{8}$	20	20 000 000	14 893 585	12 882 951
1971	7 $\frac{3}{4}$	15	20 000 000	14 893 585	14 893 585
1973	7	15	30 000 000	22 340 378	22 340 378
1974	7 $\frac{3}{4}$	15	50 000 000	37 233 963	37 233 963
1974	8 $\frac{1}{4}$	5	20 000 000	14 893 585	14 893 595
1974	9 $\frac{1}{4}$	8	100 000 000	74 467 927	74 467 927
1974	9 $\frac{1}{2}$	10	100 000 000	74 467 927	74 467 927
1974	10	10	200 000 000	148 935 853	148 935 853
1974	8 $\frac{3}{4}$	5	100 000 000	74 467 927	74 467 927
				726 062 286	575 674 307
1955	3 $\frac{3}{8}$	25	DM 50 000 000	15 529 011	4 649 324
1957	4 $\frac{1}{4}$	20	2 977 450	924 737	185 872
1964	5 $\frac{3}{8}$	12	100 000 000	31 058 023	7 143 345
1964	5 $\frac{1}{2}$	15	100 000 000	31 058 023	13 013 311
1964	5 $\frac{1}{2}$	12	30 000 000	9 317 406	1 863 481
1965	5 $\frac{1}{2}$	18	150 000 000	46 587 034	32 300 344
1965	5 $\frac{1}{2}$	5	23 000 000	7 143 345	—
1967	6 $\frac{1}{4}$	5	30 000 000	9 317 406	—
1968	6 $\frac{1}{4}$ -6 $\frac{7}{8}$	10	120 000 000	37 269 627	18 634 814
1968	6 $\frac{1}{4}$	13	60 000 000	18 634 814	13 044 369
1969	6 $\frac{1}{4}$	15	40 000 000	12 423 209	12 423 209
1969	6 $\frac{1}{2}$	13	50 000 000	15 529 011	12 423 209
1969	6 $\frac{3}{4}$	15	30 000 000	15 529 011	15 529 011
1971	7 $\frac{1}{2}$	15	100 000 000	31 058 023	31 058 023
1972	6 $\frac{1}{2}$	15	100 000 000	31 058 023	31 058 023
1972	7	16	150 000 000	46 587 034	46 587 034
1973	6 $\frac{1}{2}$	15	150 000 000	46 587 034	46 587 034
1973	7 $\frac{3}{4}$	15	100 000 000	31 058 023	31 058 023
1974	10	5	20 000 000	6 211 605	6 211 605
1974	10	5	30 000 000	9 317 407	9 317 407
1974	10	7	50 000 000	15 529 011	15 529 011
1974	9 $\frac{3}{4}$	7	150 000 000	46 587 033	46 587 033
				514 313 850	395 203 482
1963	5 $\frac{1}{2}$	20	Lit 15 000 000 000	17 184 394	10 310 637
1966	6	20	15 000 000 000	17 184 394	13 747 515
1966	6	20	15 000 000 000	17 184 394	13 747 515
1968	6	20	15 000 000 000	17 184 394	16 038 768
1968	6	20	15 000 000 000	17 184 394	16 038 768
1972	7	15	20 000 000 000	22 912 526	22 912 526
1972	7	15	20 000 000 000	22 912 526	22 912 526
1974	7	15	10 000 000 000	11 456 263	11 456 263
				143 203 285	127 164 518
1957	3 $\frac{1}{2}$	25	Bfr 200 000 000	4 110 388	1 742 806
1957	3 $\frac{1}{2}$	25	20 000 000	411 040	174 280
1962	5 $\frac{1}{4}$	20	300 000 000	6 165 583	3 452 726
1963	5 $\frac{1}{2}$	20	300 000 000	6 165 583	3 884 317
1968	6 $\frac{3}{4}$	15	750 000 000	15 413 957	14 180 841
1970	8 $\frac{3}{4}$	20	500 000 000	10 275 971	10 275 971
1971	7 $\frac{3}{4}$	15	700 000 000	14 386 360	14 386 360
1973	7 $\frac{3}{4}$	12	1 000 000 000	20 551 943	20 551 943
				77 480 825	68 649 244
1970	8	15	£ ¹ 50 000 000		56 836 266
				carry forward	56 836 266
				1 517 896 512	1 223 527 817

CONTRACTED TO 31 DECEMBER 1974

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31 December 1974 (in units of account)	
			in currency of loan	equivalent in units of account		
				brought forward	1 517 896 512	1 223 527 817
1964	5	20	FF	150 000 000	25 108 721	15 692 951
1971	8½	18		150 000 000	25 108 721	25 108 721
1972	7¼	15		150 000 000	25 108 721	25 108 721
1973	7½	15		60 000 000	10 043 488	10 043 488
1973	7	7		50 000 000	8 369 573	8 369 573
1973	7½	18		150 000 000	25 108 721	25 108 721
					118 847 945	109 432 175
1961	4½	20	Fl.	50 000 000	14 902 818	6 914 908
1961	4½	5		10 000 000	2 980 564	—
1962	4¾	25		6 000 000	1 788 338	929 936
1962	4¾	20		25 000 000	7 451 409	4 008 858
1962	4½	5		20 000 000	5 961 127	—
1963	4½	5		10 000 000	2 980 564	—
1963	4½	30		1 750 000	521 599	331 439
1964	5¾	20		25 000 000	7 451 409	4 992 444
1965	5¾	20		40 000 000	11 922 255	8 762 857
1967	6¾	5		20 000 000	5 961 127	—
					61 921 211	25 940 442
1957	3½	25	Lfr	5 000 000	102 760	—
1957	5¾	25		100 000 000	2 055 194	1 054 458
1961	5¼	25		100 000 000	2 055 194	1 431 922
1961	5	25		100 000 000	2 055 194	1 420 754
1962	4¾	15		300 000 000	6 165 583	1 849 675
1962	5¾	15		250 000 000	5 137 986	3 777 452
1964	5¾	20		150 000 000	3 082 791	2 055 194
1971	6¾	8		150 000 000	3 082 791	3 082 791
1971	7	15		250 000 000	5 137 986	5 137 986
1971	7¾	12		300 000 000	6 165 583	6 165 583
1972	6¾	12		300 000 000	6 165 583	6 165 583
1972	6¾	12		400 000 000	8 220 778	8 220 778
1973	6¾	15		300 000 000	6 165 583	6 165 583
1973	7	12		800 000 000	16 441 554	16 441 554
1973	7	15		800 000 000	16 441 554	16 441 554
1973	8	12		300 000 000	6 165 583	6 165 583
1973	8	12		200 000 000	4 110 389	4 110 389
1973	7¼	15		500 000 000	10 275 971	10 275 971
1973	7½	8		250 000 000	5 137 986	5 137 986
1974	10	7		400 000 000	8 220 778	8 220 778
					122 386 821	113 321 574
1956	4¼	18	Sfr	50 000 000	14 806 699	—
1961	5¼	5		9 000 000	2 665 205	—
1961	4½	5		2 290 000	678 147	—
1962	4½	18		60 000 000	17 768 038	8 439 818
1969	5½	18		60 000 000	17 768 038	17 768 038
1972	7½	12		50 000 000	14 806 699	14 806 699
1973	6½	15		80 000 000	23 690 718	23 690 718
1973	6¾	15		65 000 000	19 248 708	19 248 708
1973	7	7		75 000 000	22 210 048	22 210 048
1973	7¼	5		50 000 000	14 806 699	14 806 699
1974	9¼	5		20 000 000	5 922 679	5 922 679
					154 371 678	126 893 407
1966	5¼	20	u.a. ¹	20 000 000	20 000 000	16 100 000
					1 995 424 167	1 615 215 415

¹ The European Monetary Unit (E) is a unit of account, the value of which is fixed invariably at DM 3,66 or Bfr 50 or FF 5,55419 or Lit. 625 or Lfr 50 or Fl. 3,62 depending on the choice of the holder. The equivalent of the loan in units of account has been calculated on the basis 1 E = DM 3,66.

² At present, this unit of account has the same value as that used by the former European Payment Union, as defined in Article 26a of its Charter, i.e. 0,88867088 gramme of fine gold. This value could change under certain circumstances.

Annex II

BALANCE SHEET OF THE EUROPEAN COAL

A unit of account represents the exchange value of the various currencies
= Bfr 48.6572 = Lfr 48.6572 = Dkr 7.57831 = FF 5.97402 = Fl. 3.35507

ASSETS

I — Disbursed loans		1 474 735 798.19
II — Cash and Bank accounts		470 841 030.54
III — Short and medium-term placements		24 475 043.84
IV — Investments		66 909 981.74
V — Fixed assets		1,—
VI — Recoverable issuing costs		23 317 536.33
VII — Miscellaneous		45 014 904.58
VIII — Accrued Income		45 198 393.76
		<hr/> <hr/>
		2 150 492 68.98
		<hr/> <hr/>
Suspense accounts:		
I — Enterprises' liabilities under guarantee	22 517 066.38	
II — Contributions due from new Member States	13 847 898.13	

¹ Parities established in conformity with decision 3542/73 ECSC and 3328/74 Commission of the European Communities (Official Journal of the European Communities of 29 December 1973 and 31 December 1974).

Auditor's Note

Having examined the books, vouchers and documents of the bookkeeping and the explanations supplied to me, I herewith certify that the financial position of the European Coal and Steel Community at 31 December 1974 is correctly and properly reflected in the above document.

Luxembourg, 15 May 1975

P. GAUDY
Auditor

Annex II

AND STEEL COMMUNITY AT 31 DECEMBER 1974

at the following rates of conversion: 1 EMA unit of account = DM 3.21978
 = Lit 872.885 = £ 0.572465 = £ Ir. 0.572465 = Sfr 3.37685 = US \$ 1.34286 = E 0.87972

LIABILITIES

I — A — Loans	1 615 215 414.56	
B — Reimbursement premiums to be paid	1 908 843.98	
		1 617 124 258.54
II — Reserves		
A — Guarantee fund	120 000 000.—	
B — Special fund	90 000 000.—	
		210 000 000.—
III — Allowances		
A — Financial aid	167 947 219.54	
B — Other	33 357 027.52	
		201 304 247.06
IV — Former pension fund		33 949 726.38
V — Miscellaneous		40 949 162.24
VI — Accrued liabilities		47 149 478.89
VII — Unallocated balance		15 816.87
		<u>2 150 492 689.98</u>
Suspense accounts:		
I — Liabilities under guarantees	22 517 066.38	
II — Unallocated contributions from new Member States	13 847 898.13	

European Coal and Steel Community
 Commission of the European Communities

A. NICOLETTI
 Director-General
 for Credit and Investments

R. HACKER
 Director for Borrowings
 and Administration of Funds

Explanatory notes to the balance sheet at 31 December 1974

ASSETS

I. Disbursed loans

A. Loans from borrowed funds

— in US dollars	369 472 618.17	
— in German marks	380 916 791.68	
— in Italian lire	126 585 906.32	
— in Belgian francs	65 165 059.48	
— in Dutch guilders	25 940 442.40	
— in French francs	109 432 174.63	
— in Luxembourg francs	104 422 582.69	
— in u.a.	16 100 000.—	
— in EMU	56 836 266.08	
— in Swiss francs	126 893 406.58	1 381 765 248.03

B. Other loans

— from the special reserve for the financing of workers' housing projects	78 630 179.27	
— from the special reserve for industrial redevelopment and reconversion	615 515.33	
— from funds allocated for rehabilitation	331 838.51	
— from funds allocated for technical research	2 236 222.55	
— miscellaneous	11 156 794.50	92 970 550.16

1 474 735 798.19

IV. Investments

Total investments amount to 66 909 981.74 u.a.

V. Fixed assets

This item includes properties owned by the ECSC. These are:

1. a building in Paris (in co-ownership with the two other European Communities);
2. a building in London held by the Community on long-lease tenure;
3. a building in Washington.

The purchase prices of these buildings have been written off to a value of 1 u.a.

VI. Recoverable issuing costs

The amount of 23 317 536.33 u.a. represents the portion of issuing costs on current loans which has not yet been written off. These costs are recovered in annual instalments throughout the term of the loans.

VII. Miscellaneous

The total amount of 45 014 904.58 u.a. under this item consists of:

1. 1 568 723.30 u.a. due from debtors under the levy;
2. 2 843 351.86 u.a. from miscellaneous debtors;
3. 40 602 829.42 u.a. in funds earmarked for the payment of overdue coupons and drawn bonds.

VIII. Accrued income

This item consists of:

1. 39 448 498.11 u.a. in interest and commissions receivable but not yet due on 31 December 1974;
2. 5 749 895.65 u.a. in levy claimed over the month of December, and falling due after 31 December.

LIABILITIES

Item I

A. Loans

The breakdown by currency is as follows:

— in US dollars	575 674 307.07	
— in German marks	395 203 482.07	
— in Italian lire	127 164 517.63	
— in Dutch guilders	25 940 442.38	
— in Belgian francs	68 649 244.11	
— in Swiss francs	126 893 406.58	
— in French francs	109 432 174.63	
— in Luxembourg francs	113 321 574.01	
— in u.a.	16 100 000.—	
— in EMU	56 836 266.08	1 615 215 414.56
<hr/>		
B. Reimbursement premiums to be paid		
— in French francs	1 883 154.05	
— in Belgian francs	25 689.93	1 908 843.98
<hr/>		

Item III. Allocations

A. Financial aid

1. For rehabilitation

— commitments entered into for outright grants 123 215 336.69

2. For technical and economic research

— commitments entered into for outright grants 22 826 191.50

3. Assistance under Art. 56

(Industrial redevelopment and reconversion) 7 738 733.66

4. Assistance under Art. 54

9 166 957.69

5. Assistance to coking coal and coke

5 000 000.— 167 947 219.54

B. Other

33 357 027.52

Item IV. Former ECSC pension fund

This item totals 33 949 726.38 u.a. As of 5 March 1968 commitments for the payment of ECSC pensions were transferred to the Member States.

Item V. Miscellaneous: 40 949 162.24 u.a.

This includes the sum of 40 601 490.19 u.a. for coupons due and bonds and commissions payable on them, and the sum of 347 672.05 for miscellaneous credit accounts at the end of the financial year.

Item VI. Accrued liabilities

This item comprises interest and commission payable but not yet due on 31 December 1974, totalling 47 149 478.89 u.a.

Item VII. Unallocated balance

The amount of 15 816.87 u.a. under this heading represents an unallocated sum.

N.B. Until July 1961 the claims and related sureties for loans granted from borrowed funds as well as other assets were pledged to the Bank for International Settlements in Basle in favour of the holders of secured notes and coupons issued by the ECSC. The amounts pledged are:

— assets:

55 435 401.56 u.a. under item I,
91 889.84 u.a. under item II and
1 034 590.31 u.a. under item VIII

— liabilities:

55 435 401.56 u.a. under item I and
990 794.80 u.a. under item VI.

Annex III

INCOME AND EXPENDITURE OF THE EUROPEAN COAL AND
including income and expenditure in con

All amounts are stated in units of account; a unit of account represents the exchange
= DM 3.21978 = Bfr 48.6572 = Lfr 48.6572 = Dkr 7.57831 = Fl 3.35507

EXPENDITURE

A — Servicing of borrowing operations and guarantees	97 017 177.97
B — Budgetary expenditure	
— Administrative expenditure	18 496 748.64
— Expenditure for research	19 312 834.26
— Expenditure for rehabilitation	9 524 765.42
— Assistance to coking coal and coke	4 704 422.80
	52 038 771.12
C — Other expenditure	
— Financial expenditure	834 491.19
— Assistance (Art. 56)	3 321 753.50
— Assistance (Art. 54)	1 828 883.45
— Adjustments for currency parities	24 655 568.06
	30 640 696.20
D — Excess of income over expenditure	42 101 276.72
	221 797 922.01
Excess of income over expenditure	42 101 276.72
Unallocated balance carried forward	480 220.84
	42 581 497.56
New allocations to special accounts	
— Guarantee fund	8 000 000.—
— Special reserve	—
— Financial aid	23 686 736.91
— Miscellaneous	3 466 155.70
— Pension fund	7 428 604.95
	42 581 497.56

Auditor's Note

Having examined the books and documents of the bookkeeping and explanations supplied to me, I herewith certify that the income and expenditure of the European Coal and Steel Community as of 31 December 1974 are correctly and properly reflected in the above document.

Luxembourg, 15 May 1975

P. GAUDY
Auditor

STEEL COMMUNITY FROM 1 JANUARY 1974 TO 31 DECEMBER 1974

nection with borrowing and lending operations

value of the various currencies converted at the following rates: 1 unit of account
 = Lit. 727.640 = £ 0.51165 = £ Ir. 0.51165 = Sfr 3.85221 = US \$ 1.18643 = FF 5.55419

		INCOME
A —	Servicing of lending operations and guarantees	91 972 448.99
B —	Levy	69 587 873.82
C —	Other income	
	— Interest to deposits and portfolio	44 191 508.53
	— Fines and increases for overdue payment	1 101.93
	— Contributions from new Member States	15 913 155.64
	— Miscellaneous	131 833.10
		<u>60 237 599.20</u>
		<u><u>221 797 922.01</u></u>

**European Coal and Steel Community
 Commission of the European Communities**

A. NICOLETTI
*Director-General
 for Credit and Investments*

R. HACKER
*Director for Borrowings
 and Administration of Funds*

**Explanatory notes to statement of expenditure and income of the ECSC
from the period 1 January 1974 to 31 December 1974 (in units of account)**

EXPENDITURE

A. The expenditure for the servicing of borrowing operations and guarantees totalling 97 017 177.97 u.a. is broken down as follows:

Interest on funds borrowed	93 732 918.89
Fees to agent banks	1 197 186.99
Miscellaneous	287 355.03
Amortization of recoverable issuing costs	1 799 717.06

INCOME

B. The income on the servicing of lending operations and guarantees totalling 91 972 448.99 u.a. is broken down as follows:

Interest on loans	86 049 814.73
Guarantee fees	116 143.97
Miscellaneous	5 806 490.29

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