

EUROPEAN COAL AND STEEL COMMUNITY

COMMISSION OF THE EUROPEAN COMMUNITIES

Financial Report

for the year 1967

No. 13

EUROPEAN COAL AND STEEL COMMUNITY

HIGH AUTHORITY

(January 1 to July 5, 1967)

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The figures given in this Report and in the attached Balance Sheet and Statement of Revenues and Expenditures are expressed in units of account of the European Monetary Agreement (E.M.A.). All such amounts are the equivalents of sums in national currencies computed at the following rates for

1 E.M.A. unit:

US \$	1.00
DM	4.00
BFr	50.00
FFr	4.93706
Lire	625.00
LFr	50.00
Fl.	3.62
SFr	4.37282
£	0.41666

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Statement of Revenues and Expenditures for 1967

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This financial report relates to the calendar year 1967, the fifteenth year of the European Coal and Steel Community's financial operations.

The year was notable for the entry into force of the Treaty, signed on April 8, 1965 and subsequently ratified by the six Member States, setting up a single Council and Commission for the Communities.

Under the terms of Article 9 of this Treaty, the single Commission replaces the High Authority of the European Coal and Steel Community and the Commissions of the European Economic Community and the European Atomic Energy Community.

This single Commission has inherited the powers vested in the former bodies by the Treaties of Paris and Rome, with each of the three Communities remaining a separate entity, as before the entry into force of the Treaty of April 8, 1965.

For the sake of simplicity, this report refers only to the Commission of the European Communities ("the Commission") unless the name "High Authority" has to be used.

Capital expenditures in the coal and steel industries over the last year can as yet only be estimated on the basis of the forecasts submitted by E.C.S.C. enterprises on January 1, 1967, in connection with the survey for 1967. ⁽¹⁾

According to these forecasts, about 250 million units of account should have been invested in the coal sector (as compared to 245 million in 1966) and 17 million in iron-ore mining (16 million in 1966). Experience shows, however, that the amounts estimated for these two sectors at the beginning of the year are actually not fulfilled by more than 85 or 90%. Real capital expenditures in 1967 may, therefore, be put at something like 15% below the forecast.

After four years marked by high capital investment (averaging 1,300 million units of account from 1961 to 1964), there was a sharp downturn to only 932 million units of account in the iron and steel sector in 1965. This trend continued during 1966, when investment amounted to only 837 million. The forecasts submitted by iron and steel enterprises suggested that the figure for 1967 would be much the same, about 838 million units of account. Although forecasts made at the beginning of the year are not generally fulfilled 100%, the figures submitted by enterprises seem likely to prove accurate in 1967 because of the structural measures taken by certain Member States.

On the basis of these forecasts, capital expenditures in the E.C.S.C. industries probably amounted to something like 1,100 million units of account in 1967.

⁽¹⁾ See "Les Investissements dans les industries du charbon et de l'acier de la Communauté — Rapport sur l'enquête 1967" (Investment in the Community's coal and steel industries — Report on the 1967 Survey) Luxembourg, July 1967.

Three points should be noted concerning the E.C.S.C's financial operations:

- 1) After remaining at 0.25% until June 30, 1967, the rate of the levy was raised to 0.30% on July 1, 1967.
- 2) In 1967, borrowings on certain national markets within the Community and on the international capital market amounted to 58.02 million units of account.
- 3) Total lending during the year amounted to 78.64 million units of account.

Operations during 1967 brought the total sum borrowed to 720.5 million units of account, while the total amount of loans granted, and of guarantees furnished, rose to 869.27 million.

I—THE LEVY

The levy on enterprises' declared production amounted to 30.66 million units of account as against 26.78 million in 1966.

Two-thirds of this increase of 3.88 million was due to raising the rate of the levy from 0.25 to 0.30% on July 1, 1967; the remaining third can be attributed to the trend of the market for steel.

TABLE 1
Proceeds of the levy

	1966		1967	
	Million units of account	%	Million units of account	%
<i>A—Branches of industry</i>				
Coal industry	6.67	24.9	6.82	22.2
Iron and steel industry	20.11	75.1	23.84	77.8
Total	26.78	100.0	30.66	100.0
<i>B—Geographical distribution</i>				
Germany (Fed. Rep.)	12.70	47.4	14.28	46.6
Belgium	2.43	9.1	2.84	9.3
France	5.89	22.0	6.45	21.0
Italy	3.65	13.6	4.76	15.5
Luxembourg	0.88	3.3	1.01	3.3
Netherlands	1.23	4.6	1.32	4.3
Community	26.78 ⁽¹⁾	100.0	30.66	100.0

⁽¹⁾ In order to obtain a figure for 1966 comparable to the one for 1967, an amount of 4.09 million units of account, being the levy due but not yet paid, per 31 dec. 1966, should be added to the figure of 26.78.

It is worth noting that the coal industry's share has decreased from 53% in 1953 to 22% in 1967.

II—FINANCING OF READAPTATION

In 1967, grants totalling 18.99 million units of account (as against 16.55 million in 1966) were approved by the Community, under Article 56 of the Treaty, for readaptation assistance to workers laid off by E.C.S.C. enterprises. The increase was due mainly to the more rapid shutdown of plant and pits in Germany, together with pit closures in the Netherlands. It should be recalled that the E.C.S.C. can only act under Article 56 at the request of the Governments concerned, and provided they undertake to pay out at least an equal amount for the same purpose.

Table 2 shows the various changes in the amount of the funds allocated for readaptation during 1967. The amount was increased by the commitments under Article 56 just referred to, and decreased, first, by disbursements (totalling 6.13 million units of account during the year) and secondly, by the use of a large part of the contingency reserve (8 million units of account) to meet the very heavy call for funds under this heading (18.9 million units of account as against an estimate of 10.3 million).

In addition to the amount to cover commitments approved by the E.C.S.C. under Article 56 (40.15 million units of account), funds for readaptation include a contingency reserve, now down to 2 million units of account.

TABLE 2

Movement of funds allocated for readaptation

(in million units of account)

	Amount at December 31, 1966	Commitments entered into in 1967	Reductions in 1967 ⁽¹⁾	Amount at December 31, 1967
A—To provide for existing commitments	27.292	18.987	6.133	40.146
B—Contingency reserve	10.000	—	8.000	2.000
Total ₁	37.292	18.987	14.133	42.146

⁽¹⁾ Disbursements amounting to 6.133 million units of account and transfers of 8 million.

III—FINANCING OF RESEARCH

Community assistance for research is normally in the form of non-repayable grants; in very special cases, loans have been made (in connection with the experimental building of workers' housing).

New grants for research projects connected with the E.C.S.C. industries totalled 11.401 million units of account during the year under review (as compared with 14.70 million in 1966), mainly in the iron and steel sector. At the same

time, work went ahead on the research sponsored earlier, requiring disbursements amounting to 9.88 million units of account. The figure for "funds available" at December 31, 1967 has been adjusted accordingly.

Funds for research include a contingency reserve in addition to the amount to cover commitments approved (25.809 million units of account, representing payments still due under partial-financing contracts entered into by the E.C.S.C.). This reserve is now down to 2 million units of account, following the withdrawal of 1 million to provide fresh assistance for research in the prevailing economic conditions.

TABLE 3

Movement of funds allocated for research

(in million units of account)

	Amount at December 31, 1966	Commitments entered into in 1967	Reductions in 1967 ⁽¹⁾	Amount at December 31, 1967
<i>A—To provide for existing commitments:</i>				
iron and steel industry . . .	7.835	6.173	5.088	8.920
coal industry	7.840	3.116	2.817	8.139
ore mining	2.834	0.932	0.457	3.309
experimental housing . . .	0.069	—	—	0.069
industrial health, safety and medicine	5.857	1.180	1.665	5.372
Total	24.435	11.401	10.027	25.809
<i>B—Contingency reserve</i>	3.000	—	1.000	2.000
Grand total	27.435	11.401	11.027	27.809

⁽¹⁾ Disbursements (9.88 million units of account); transfers (1 million); cancellations (0.14 million).

IV—OVERALL SURVEY OF REVENUES, EXPENDITURES
AND ALLOCATIONS

The following tables compare the E.C.S.C.'s revenues and expenditures for 1966 and 1967 and give an overall picture of the respective end-of-year financial positions.

TABLE 4

Total revenues of the E.C.S.C.

(in million units of account)

Nature of revenues	1966	1967
Levy	30.87	30.66
Interest on bank deposits and investments	8.21	8.02
Fines and interest on arrears	0.12	0.08
Receipts for Pension Fund	2.35	2.39
Sundry receipts	0.24	0.22
Sub-total	41.79	41.37
Interest and charges on loans outstanding	30.82	34.83
Total	72.61	76.20

TABLE 5

Total expenditures of the E.C.S.C.

(in million units of account)

Nature of expenditure	1966	1967
Administrative expenses ⁽¹⁾	19.78	21.03
Bank charges	0.06	0.10
Non-repayable readaptation grants	1.42	6.13
Non-repayable research grants	9.25	9.90
Pensions	0.47	0.49
Improvement Reconversion	—	0.03
Sub-total	30.98	37.68
Interest etc., paid on funds borrowed	28.12	32.94
Total	59.10	70.62

⁽¹⁾ Including the E.C.S.C.'s contribution to the administrative expenses of the other common institutions (European Parliament, Council of Ministers, Court of Justice).

TABLE 6

Movement of funds and reserves

(in million units of account)

	Position as at December 31, 1965	Changes in 1966	Position as at December 31, 1966	Changes in 1967	Position as at December 31, 1967
I-(a) Guaranty Fund	100.—	—	100.—	—	100.—
(b) Special Reserve	70.67	+ 8.22	78.89	+ 4.69	83.58
II-(a) Funds for readaptation	27.02	+ 10.27	37.29	+ 4.85	42.14
(b) Funds for research	27.55	— 0.11	27.44	+ 0.37	27.81
(c) Funds for reconversion	—	—	—	+ 1.11	1.11
III-(a) Pension Fund	21.37	+ 1.88	23.25	+ 1.89	25.14
(b) Contingent liabilities	—	—	—	—	—
IV-Sundry liabilities	2.35	+ 7.52	9.87	— 1.17	8.70
	248.96	+ 27.78	276.74	+ 11.74	288.48
V-Unallocated balance	12.92	— 5.28	7.64	— 6.18	1.46
Total	261.88	+ 22.50	284.38	+ 5.56	289.94

V—EMPLOYMENT OF E.C.S.C. FUNDS

1967 was marked by a fall in rates in certain money markets, including those of Germany and Switzerland, followed toward the end of the year by the Netherlands and Belgian markets, thus continuing a trend which first appeared in 1966. In France and Italy, however, market rates remained more or less level. Lastly, Eurodollar rates fluctuated sharply and increased appreciably during the last few months of the year.

On December 31, 1967 the E.C.S.C.'s available funds were some 3 million units of account higher than on December 31, 1966, but the average for the whole year was well below the end-of-year figure. The rate of disbursements increased and more funds had to be held in liquid form throughout the year to allow for this trend. Interest earnings should have declined as a result but held at 8 million units of account, of which some 5 million were added to the Special Reserve, which thus stood at 83.58 million units of account on December 31, 1967.

VI—BORROWING OPERATIONS

Whereas several money markets were marked by a fall in rates, in general, the tightness of the capital markets noted in previous years increased still further in 1967.

Early in the year, the monetary authorities in a number of countries agreed to a policy in line with the wishes of the Community and decided to co-ordinate their efforts to bring interest rates down.

The cost of borrowing money did in fact fall slightly over the next few months, but only for a short time. International rates, which first increased in response to events in the Middle East, went further ahead starting in autumn. The international market unquestionably showed at least at rising rates tremendous resilience, and loans to the value of some US\$1,800 million were floated in 1967 as compared with US\$1,100 million in 1966, with the share of subsidiaries of American companies remaining virtually the same absolute figures.

Nevertheless, the financial uncertainties at the end of the year, together with American restrictions on transfers of capital abroad after January 1, 1968 are likely to accelerate still further the rising trend of the last few months.

On the other hand, the Community's internal markets, which are kept under close surveillance by the national authorities, have proved more resistant. In most cases, rates at the end of 1967 were much the same as at the beginning of the year; there were even isolated declines.

At the end of the period, the cost of borrowing on the international market had equalled, if not exceeded, the cost of similar operations on most national markets.

To meet requests for loans from both enterprises and governments under Article 56 of the Treaty, the Community floated four loans, largely on the international market, as in 1966. As a result the E.C.S.C. was able to grant loans to enterprises on terms generally more favourable than they could have obtained elsewhere.

These issues, totalling 58 million units of account, were as follows:

- 1) US\$25 million: bond issue at $6\frac{1}{2}\%$ for 20 years purchased at $98\frac{1}{2}$ by an international syndicate of banks headed by Banca Commerciale Italiana of Milan;
- 2) Fl.20 million: private loan at $6\frac{3}{8}\%$ for 5 years from a group of Netherlands banks;
- 3) US\$20 million: bond issue at $6\frac{5}{8}\%$ for 20 years purchased at $98\frac{1}{2}\%$ by an international syndicate of banks headed by S.G. Warburg and Co. Ltd. of London.
- 4) DM30 million: private loan at $6\frac{3}{4}\%$ for 5 years from a German finance house.

Loan operations during 1967 are summarised in table 7.

TABLE 7

(in million units of account)

Cur- rency borro- wed	Position as at December 31, 1966			Operations during 1967		Position as at December 31, 1967		
	Total sum borrowed	Repay- ments	Sum out- standing	New borrowing	Repay- ments	Total sum borrowed	Repay- ments	Sum out- standing
US\$	310.000	82.250	227.750	45.000	10.050	355.000	92.300	262.700
DM	113.994	4.319	109.675	7.500	1.289	121.494	5.608	115.886
Lire	72.000	—	72.000	—	—	72.000	—	72.000
Fl.	51.865	7.634	44.231	5.525	3.798	57.390	11.432	45.958
FFr	30.382	—	30.382	—	—	30.382	—	30.382
SFr	27.737	6.869	20.868	—	0.858	27.737	7.727	20.010
LFr	20.100	0.509	19.591	—	0.324	20.100	0.833	19.267
Units of account	20.000	—	20.000	—	—	20.000	—	20.000
BFr	16.400	1.148	15.252	—	0.150	16.400	1.298	15.102
	662.478	102.729	559.749	58.025	16.469	720.503	119.198	601.305

Table 8 gives particulars of the loans current at December 31, 1967.

TABLE 8
Total amount of current borrowing⁽¹⁾
(Position as at December 31, 1967)

Year of issue	Interest % p.a.	Term (years)	Initial amount		Amount outstanding at December 31, 1967 (equivalent in E.M.A. units of account)		
			In currency concerned	Equivalent in E.M.A. units of account			
1954	3 ⁷ / ₈	25	US\$	100,000,000	100,000,000	64,700,000	
1957	5-5 ¹ / ₂	5-18		35,000,000	35,000,000	15,500,000	
1958	4 ¹ / ₂ -5	5-20		50,000,000	50,000,000	25,800,000	
1960	4 ³ / ₄ -5 ³ / ₈	5-20		35,000,000	35,000,000	21,700,000	
1962	5 ¹ / ₄	20		25,000,000	25,000,000	25,000,000	
1964	5 ¹ / ₄	20		30,000,000	30,000,000	30,000,000	
1966	6 ¹ / ₂	20		15,000,000	15,000,000	15,000,000	
1966	6 ¹ / ₂	20		20,000,000	20,000,000	20,000,000	
1967	6 ¹ / ₂	20		25,000,000	25,000,000	25,000,000	
1967	6 ⁵ / ₈	20		20,000,000	20,000,000	20,000,000	
						355,000,000	262,700,000
1955	3 ³ / ₄	25		DM	50,000,000	12,500,000	7,938,925
1957	4 ¹ / ₄	20			2,977,450	744,362	446,618
1964	5 ³ / ₄	12			100,000,000	25,000,000	25,000,000
1964	5 ¹ / ₂	15			100,000,000	25,000,000	25,000,000
1964	5 ³ / ₄	12			30,000,000	7,500,000	6,750,000
1965	5 ¹ / ₂	18			150,000,000	37,500,000	37,500,000
1965	5 ¹ / ₂	5	23,000,000		5,750,000	5,750,000	
1967	6 ³ / ₄	5	30,000,000		7,500,000	7,500,000	
					121,494,362	115,885,543	
1963	5 ¹ / ₂	20	Lire	15,000,000,000	24,000,000	24,000,000	
1966	6	20		15,000,000,000	24,000,000	24,000,000	
1966	6	20		15,000,000,000	24,000,000	24,000,000	
					72,000,000	72,000,000	
1961	4 ¹ / ₂	20	Fl.	50,000,000	13,812,155	12,886,740	
1962	4 ³ / ₄	20		25,000,000	6,906,077	6,906,077	
1962	4 ³ / ₄	25		6,000,000	1,657,459	1,325,967	
1963	4 ¹ / ₂	5		10,000,000	2,762,431	939,227	
1963	4 ⁵ / ₈	30		1,750,000	483,425	419,337	
1964	5 ³ / ₄	20		25,000,000	6,906,077	6,906,077	
1965	5 ³ / ₄	20		40,000,000	11,049,724	11,049,724	
1967	6 ³ / ₈	5		20,000,000	5,524,862	5,524,862	
					51,864,641	45,958,011	
1964	5	20	FFr	150,000,000	30,382,454	30,382,454	
1956	4 ¹ / ₄	18		SFr	50,000,000	11,434,269	6,288,848
1962	4 ¹ / ₂	18		60,000,000	13,721,123	13,721,123	
					27,737,250	20,009,971	
1957	5 ³ / ₈	25	LFr	100,000,000	2,000,000	1,631,399	
1961	5 ¹ / ₄	25		100,000,000	2,000,000	1,888,256	
1961	5	25		100,000,000	2,000,000	1,885,216	
1962	4 ³ / ₄	15		300,000,000	6,000,000	6,000,000	
1962	5 ¹ / ₈	25		250,000,000	5,000,000	4,861,968	
1964	5 ³ / ₈	20		150,000,000	3,000,000	3,000,000	
					20,100,000	19,266,839	
1966	5 ³ / ₄	20	u. a. ⁽²⁾	20,000,000	20,000,000	20,000,000	
1957	3 ¹ / ₂	25	BFr	200,000,000	4,000,000	2,820,000	
1957	3 ¹ / ₂	25		20,000,000	400,000	282,000	
1962	5 ¹ / ₄	20		300,000,000	6,000,000	6,000,000	
1963	5 ¹ / ₂	20		300,000,000	6,000,000	6,000,000	
					16,400,000	15,102,000	
					709,534,418	601,304,818	

(1) Other loans had been completely repaid by December 31, 1967. When these are taken into account, the initial amount of borrowings stands at 720,503,569 units of account.

(2) At present this unit of account has the same value as that used by the former European Payments Union, as defined in Article 26 (a) of the latter's charter i.e. 0.88867088 grammes of fine gold. This value may change under certain circumstances.

VII—LENDING AND GUARANTY OPERATIONS

The total amount available for lending to enterprises in 1967—from the Special Reserve, from borrowings in 1967 and preceding years and from repayments on earlier loans—was 94.79 million units of account, made up as follows:

1. Borrowed funds:		<i>(in million units of account)</i>
(i) already available at beginning of year	24.09	
(ii) 1967 borrowings	58.02	82.11
2. Own resources:		
a) Special Reserve		
(i) unexpended receipts from previous years	5.74	
(ii) allocation for 1967	4.84	
(iii) repayments on earlier loans	2.00	
b) Miscellaneous	0.10	12.68
Total		94.79

These funds were used, in decreasing order, for loans to industry, for redevelopment and reconversion projects and for the building of workers' housing. The industrial projects were financed wholly out of borrowed funds and the home-building loans wholly out of the E.C.S.C's own resources; the redevelopment and reconversion projects were financed partly out of the Community's own resources and partly out of borrowed funds.

The total amount loaned in 1967 was 78.64 million units of account.

TABLE 9

Loans granted in 1967

(in million units of account)

Sector	Germany (Fed. Rep.)	Bel- gium	France	Italy	Nether- lands	Luxem- bourg	Commu- nity
I—Coal mines	8.63	—	—	—	—	—	8.63
Iron-ore mines	—	—	—	—	—	—	—
Iron and steel industry	33.72	—	—	3.—	—	—	36.72
Total I	42.35	—	—	3.—	—	—	45.35
II—Industrial redevelopment	6.78	5.—	5.82	7.52	2.25	—	27.37
Workers' housing	2.89	—	2.95	—	—	—	5.84
Readaptation	—	—	0.08	—	—	—	0.08
Total II	9.67	5.—	8.85	7.52	2.25	—	33.29
Grand total	52.02	5.—	8.85	10.52	2.25	—	78.64

1 Aid for industrial investment projects

(a) *Loans*

As already mentioned, aid for industrial projects remains the main finance activity. In 1967 a total of 45.35 million units of account were made available for this purpose, entirely from borrowed funds. Interest rates ranged from 6¹/₄ to 7% per annum. The projects assisted all fell within the priority classes laid down in the Community's "General Objectives," as follows:

Coal mining industry:

(i) Productivity and production-cost improvement and coal utilization:

Ewald-Kohle AG, Recklinghausen;
Steinkohlenbergwerk Friedrich Heinrich AG, Kamp-Lintfort;
Märkische Steinkohlegewerkschaft, Heessen;
Gewerkschaft Alte Haase, Sprochhövel (Westphalia).

(ii) Joint power stations:

Hibernia Aktiengesellschaft, Herne.

Iron and steel industry:

(i) Raw-material preparation and pig-iron production:

Neunkircher Eisenwerk AG, Neunkirchen (Saar);
Klößner-Werke AG, Duisburg.

(ii) Oxygen steel-making (in some cases for the joint benefit of several neighbouring firms):

Klößner-Werke AG, Duisburg;
Hoesch AG Hüttenwerke, Dortmund;
Société anonyme des forges et aciéries de Dilling, Dillingen (Saar);
Mannesmann AG Hüttenwerke, Düsseldorf.

(iii) Continuous casting:

Terni, Società per l'industria e l'elettricità SpA, Rome.

(iv) Modernization and specialization:

Röchling'sche Eisen- und Stahlwerke GmbH, Völklingen;
August Thyssen Hütte AG, Duisburg-Hamborn.

Table 10 shows the distribution by countries of all industrial loans granted by the E.C.S.C. since its inception, with separate figures for 1967.

TABLE 10

Aid for industrial investment projects

(in million units of account)

Country	Position at December 31, 1966			Operations during 1967		Position at December 31, 1967		
	Total sum loaned	Total repay- ments	Sum out- standing	New loans	Repay- ments	Total sum loaned	Total repay- ments	Sum out- standing
Germany (Fed. Rep.)	311.095	58.856	252.239	42.345	7.908	353.440	66.764	286.676
Belgium	26.565	9.440	17.125	—	0.750	26.565	10.190	16.375
France	104.687	19.749	84.938	—	2.880	104.687	22.629	82.058
Italy	127.593	23.300	104.293	3.000	2.721	130.593	26.021	104.572
Luxembourg	1.000	1.000	—	—	—	1.000	1.000	—
Netherlands	—	—	—	—	—	—	—	—
Community	570.940	112.345	458.595	45.345	14.259	616.285	126.604	489.681

(b) *Guarantees*

The E.C.S.C. Treaty provides that the Commission may also facilitate the implementation of enterprises' investments programs by guaranteeing loans which they obtain from outside sources.

Since the Commission studies both the technical and financial aspects of the investment program concerned before making a decision, such a guarantee not only covers lenders against all financial risks but also provides them with valuable guidance as to the economic soundness of the project.

With this type of financial backing, the firms concerned should normally be able to negotiate loans on capital markets outside their own countries on the same terms as borrowers regarded as first-class risks.

Moreover, the commission charged for such guarantees has been kept so low that it has little effect on the cost of the operations concerned.

During 1967, however, no requests were received for guarantees. Repayments, amounting to 47.01 million units of account on loans previously guaranteed, reduced commitments under this heading to 41.88 million units of account on December 31, 1967

2. Loans for industrial redevelopment and reconversion

During 1967, redevelopment and reconversion loans accounted for a substantial part of the E.C.S.C.'s financial activities, amounting to 27.37 million units of account as against some 17 million in 1966. While this sharp increase can be mainly attributed to the changing structure of industry, the generous loan conditions approved by the High Authority in 1965 also played an important part. As compared with the 6¹/₄ to 7% charged on industrial loans, the terms

for redevelopment and reconversion loans are generally more favourable, with a rate of only 4¹/₂% for the first five years and 6¹/₂% thereafter.

The total of 27.37 million units of account was shared between the following recipients for seventeen projects:

<i>Germany</i> (Fed. Rep.):	(region or coalfield)
1. Schlaraffia-Werke, Hüser & Co., Wuppertal	Ruhr
2. A. Ehrenreich & Co., Düsseldorf-Oberkassel	Ruhr
3. Ver. Knopffabriken Matheisen & Co., Essen	Ruhr
4. Glasindustrie Castrop-Rauxel GmbH, Dortmund-Mengede	Ruhr
5. Harnstoff- und Düngemittelwerk Saar-Lotharingen, GmbH, Perl (Saar)	Saar
<i>Belgium:</i>	(region or coalfield)
1. Crédit Communal de Belgique—I.D.E.A.—Brussels	Centre/Borinage
2. Schreder, S.A., Ans-lez-Liège	Liège
<i>France:</i>	
1. Clima-Chappée SA, Labuissière (Pas-de-Calais)	Nord/Pas-de-Calais
2. Le tube ouvré, S.A., Pierrepont (Meurthe-et-Moselle)	Lorraine
3. Prafer, Société lorraine de parachèvement de l'acier, Woippy (Moselle)	Lorraine
4. Société de l'ammoniac sarro-lorrain, S.A.R.L., Saint-Avold (Moselle)	Lorraine
5. Société d'estampage et de forges Ardennes Champagne (SEFAC), Monthermé (Ardennes)	Ardennes
<i>Italy:</i>	
Nazionale Cogne SpA, Turin	Val d'Aosta
<i>Netherlands</i> ⁽¹⁾ :	
1. Maas-Kabel N.V., Margraten	Dutch Limburg
2. N.V. Nederlandsche Steenwolffabriek, Rotterdam	Dutch Limburg
3. Dedert N.V., Rotterdam	Dutch Limburg
4. Handelsmaatschappij Curver N.V., Gilze-Rijen	Dutch Limburg

⁽¹⁾ A fifth loan granted to a Dutch firm was repaid during 1967, as the project for which it was intended had not been realized.

Table 11 summarizes these loans by countries and industries. Branches of industry outside the normal scope of the E.C.S.C. have also been helped. The firms concerned undertook to find jobs for former miners and steelworkers laid off by the shutdown of the pits or steelworks at which they were employed.

TABLE 11

Loans for industrial redevelopment and reconversion

A—Breakdown by countries

(in million units of account)

Country	Position at December 31, 1966			Operations during 1967		Position at December 31, 1967		
	Total sum loaned	Total repay- ments	Sum out- standing	New loans	Repay- ments	Total sum loaned	Total repay- ments	Sum out- standing
Germany (Fed. Rep.)	3.795	—	3.795	6.783	—	10.578	—	10.578
Belgium	8.903	0.553	8.350	5.000	0.701	13.903	1.254	12.649
France	4.890	0.012	4.878	5.823	0.027	10.713	0.039	10.674
Italy	17.832	—	17.832	7.520	0.500	25.352	0.500	24.852
Luxembourg	—	—	—	—	—	—	—	—
Netherlands	11.360	—	11.360	2.250	0.345	13.610	0.345	13.265
Community	46.780	0.565	46.215	27.376	1.573	74.156	2.138	72.018

B—Breakdown by industries

(in million units of account)

Industry	Amount
Power stations	15.000
Iron and steel and metal processing	12.904
Mechanical engineering	8.166
Motor vehicle manufacture	9.669
Rubber (tires)	6.383
Chemicals	13.882
Floor coverings	1.000
Industrial estates	4.800
Miscellaneous	2.352
Total	74.156

3. Loans for workers' housing

In 1967 the Community continued its established policy of providing money for workers' housing. Such loans are as a rule financed from the Special Reserve, at very low interest rates, and with repayments spread over a very long period.

They are also furnished in the currency of the country concerned to avoid any exchange risks to the recipients. Thanks to these generous terms, particularly in the matter of interest rates, borrowers can combine this type of loan with other capital raised from national sources and thus achieve a very reasonable average cost for the whole transaction.

Most of the loans granted during 1967 came under Building Scheme VI, running from 1966 to 1968, but some allocations were made for the "special tranche" of Scheme V.

Total disbursements in 1967 were 5.84 million units of account.

At December 31, 1967, the total number of dwellings financed with the help of E.C.S.C. loans was about 107,400, of which some 95,500 had been completed.

TABLE 12

Loans for workers' housing

(in million units of account)

Country	Position at December 31, 1966			Operations during 1967		Position at December 31, 1967		
	Total loans granted	Repay- ments	Sum out- standing	New loans granted	Repay- ments	Total loans granted	Repay- ments	Sum out- standing
Germany (Fed. Rep.)	51.773	7.263	44.510	2.886	1.313	54.659	8.576	46.083
Belgium	22.812	1.718	21.094	—	0.359	22.812	2.077	20.735
France	18.644	1.003	17.641	2.949	0.740	21.593	1.743	19.850
Italy	14.224	1.358	12.866	—	0.163	14.224	1.494	12.730
Luxembourg	3.308	0.239	3.069	—	0.114	3.308	0.353	2.955
Netherlands	5.627	0.808	4.819	—	0.182	5.627	0.990	4.637
Community	116.388	12.389	103.999	5.835	2.844	122.223	15.233	106.990

4. Loans for readaptation

No new lending took place in 1967 but 0.08 million units of account were disbursed in respect of the loan granted the previous year. As mentioned in last year's Financial Report, the loan in question was granted under the heading "readaptation" but was in fact intended to help workers laid off in their home district to purchase new accommodation in another area where jobs are available.

5. Recapitulation of direct lending operations 1954-1967

By December 31, 1967, loans granted by the E.C.S.C. since its inception amounted in all to 822.26 million units of account made up of 727.81 million

from borrowed funds and 94.45 million from its own resources. Including guarantees furnished over the same period, the total amount of direct financial assistance was 869.27 million units of account.

Table 13 gives a detailed breakdown of the Community's direct assistance.

TABLE 13

Loans and guarantees granted to December 31, 1967 by type of investment and countries
(initial amounts)

(in million units of account)

	Loans granted			Guaran- tees	Total of loans and guarantees	%
	from borrowed funds	from own resources	Total			
<i>A-Type of investment</i>						
Coal mining industry ⁽¹⁾	229.67	—	229.67	—	229.67	26.42
Iron-ore mines ⁽²⁾	30.25	—	30.25	—	30.25	3.48
Iron and steel	356.36	—	356.36	46.71	403.07	46.37
Workers' housing	44.39	77.83	122.22	—	122.22	14.06
Industrial redevelopment and reconversion	67.14	7.02	74.16	—	74.16	8.53
Readaptation	—	5.92	5.92	0.30	6.22	0.72
Research (experimental building)	—	2.96	2.96	—	2.96	0.34
Other projects	—	0.72	0.72	—	0.72	0.08
Total	727.81	94.45	822.26	47.01	869.27	100.00
<i>B-Country</i>						
Germany (Fed. Rep.)	375.97	49.33	425.30	35.00	460.30	52.95
Belgium	59.66	4.07	63.73	—	63.73	7.33
France	115.03	23.23	138.26	11.71	149.97	17.25
Italy	162.96	7.44	170.40	0.30	170.70	19.64
Luxembourg	2.70	2.40	5.10	—	5.10	0.59
Netherlands	11.49	7.98	19.47	—	19.47	2.24
Community	727.81	94.45	822.26	47.01	869.27	100.00

⁽¹⁾ Including coking plants and thermal power stations.

⁽²⁾ Including sintering plants.

The Commission wishes to express its appreciation of the willing co-operation received from its banking syndicates and their agents in the Community countries and from the Bank for International Settlements at Basle.

The E.C.S.C.'s statement of revenues and expenditures for the year 1967, balance sheet as of December 31, 1967, comparative table regarding revenues and expenditures and summary of allocations from net excess of revenues are appended.

ANNEXES

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR 1967

BALANCE SHEET AS OF DECEMBER 31, 1967

COMPARATIVE TABLE REGARDING
REVENUES AND EXPENDITURES

SUMMARY OF ALLOCATIONS FROM NET EXCESS
OF REVENUES

**REVENUES AND EXPENDITURES
OF THE EUROPEAN COAL AND STEEL COMMUNITY
IN THE YEAR 1967**

(Including revenues and expenditures in connection with borrowing and
lending operations)

All amounts are stated in E.M.A. units of account and are the equivalent
of various currencies computed at the following rates for 1 E.M.A. unit of
account: US\$: 1.-; Belgian francs: 50.-; French francs: 4,93706; German (W)
marks: 4.-; Luxembourg francs: 50.-; Dutch guilders: 3.62; Italian lire: 625;
Swiss francs: 4.37282

Revenues	For the period January 1, 1967 to June 30, 1967	For the period July 1, 1967 to December 31, 1967	Total for the year 1967
I - REVENUES FROM LENDING OPERATIONS			
Interest received:			
on loans from borrowed funds	15,711,869.07	16,171,538.—	31,883,407.07
on undisbursed loan funds	576,637.85	908,575.12	1,485,212.97
on loans from funds not borrowed	503,458.57	501,873.31	1,005,331.88
Guaranty fees	109,444.49	109,026.60	218,471.09
Sundry receipts	38,070.16	199,514.98	237,585.14
<i>Total revenue from lending operations</i>	<i>16,939,480.14</i>	<i>17,890,528.01</i>	<i>34,830,008.15</i>
II - LEVY			
German enterprises	6,118,556.75	8,163,080.25	14,281,637.—
Belgian enterprises	1,297,534.42	1,539,209.90	2,836,744.32
French enterprises	3,017,219.77	3,430,851.38	6,448,071.15
Italian enterprises	2,129,682.19	2,629,411.34	4,759,093.53
Luxembourg enterprises	454,022.20	555,392.58	1,009,414.78
Dutch enterprises	588,626.50	735,285.10	1,323,911.60
<i>Total levy</i>	<i>13,605,641.83</i>	<i>17,053,230.55</i>	<i>30,658,872.38</i>
III - OTHER REVENUES			
Interest on Deposits and Investments	4,078,211.10	3,937,878.35	8,016,089.45
Fines	19,939.23	63,154.54	83,093.77
Receipts for Pension Fund	1,173,269.87	1,211,652.16	2,384,922.03
Miscellaneous	56,052.40	167,510.—	223,562.40
<i>Total other revenues</i>	<i>5,327,472.60</i>	<i>5,380,195.05</i>	<i>10,707,667.65</i>
Total revenues	35,872,594.57	40,323,953.61	76,196,548.18

Auditor's Certificate

Having examined the books, vouchers and documents of the book-keeping and the explanations supplied to me, I herewith certify that the revenues and expenditures of the European Coal and Steel Community as of December 31, 1967 are correctly and properly reflected in the above document.

Luxembourg, March 25, 1968

J. DE STAERCKE
Auditor

Expenditures	For the period January 1, 1967 to June 30, 1967	For the period July 1, 1967 to December 31, 1967	Total for the year 1967
I - EXPENDITURES IN CONNECTION WITH BORROWING OPERATIONS:			
Interest on funds borrowed	15,064,251.95	15,717,184.30	30,781,436.25
Fees to depositary and agent banks	383,635.08	362,117.14	745,752.22
Miscellaneous	18.02	5.08	23.10
Redemption recoverable issuing costs	1,100,512.75	314,342.69	1,414,855.44
<i>Total expenditures in connection with borrowing operations</i>	16,548,417.80	16,393,649.21	32,942,067.01
II - OTHER EXPENDITURES			
Administrative expenses	10,552,015.71	10,473,708.76	21,025,724.47
Financial expenses	19,577.29	80,804.49	100,381.78
Expenditures for research	5,810,636.25	4,088,385.13	9,899,021.38
Expenditures for readaptation	3,312,031.27	2,820,557.51	6,132,588.78
Expenditures for pensions	190,433.14	303,510.66	493,943.80
Bonif. reconversion	—.—	27,487.58	27,487.58
<i>Total other expenditures</i>	19,884,693.66	17,794,454.13	37,679,147.79
Total expenditures	36,433,111.46	34,188,103.34	70,621,214.80
EXCESS OF REVENUES OVER EXPENDITURES	— 560,516.89	6,135,850.27	5,575,333.38
Total assets	— 560,516.89	6,135,850.27	5,575,333.38
The following allocations and withdrawals were made in the year 1967:			
ALLOCATIONS			
To the Special Fund		4,691,227.79	
For readaptation		4,854,155.90	
to the Pension Fund		1,890,978.23	
For research		374,152.37	
For reconversion		1,106,409.86	12,916,924.15
WITHDRAWALS			
From the unallocated revenue		6,180,636.18	
From miscellaneous		1,160,954.59	7,341,590.77
			5,575,333.38

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

A. R. A. THEUNISSEN
Director General
Credit and Investments

Joseph DINJEART
Director General
Administration and Finance

BALANCE SHEET
EUROPEAN COAL AND STEEL COMMUNITY
DECEMBER 31, 1967

All amounts are stated in E.M.A. units of account and are the equivalent of various currencies computed at the following rates for 1 E.M.A. unit of account: US\$: 1.-; Belgian francs: 50.-; French francs: 4.93706; German (W) marks: 4.-; Luxembourg francs: 50.-; Dutch guilders: 3.62; Italian lire: 625; Swiss francs: 4.37282

ASSETS

I - LOANS FROM FUNDS BORROWED ⁽¹⁾		
(A) Disbursed Loans		
in US dollars	257,950,000.—	
in German (W) marks	115,635,542.50	
in Italian lire	66,553,888.01	
in Dutch guilders	45,958,011.06	
in French francs	30,382,454.34	
in Swiss francs	20,009,970.68	
in Luxembourg francs	19,266,838.76	
in Belgian francs	15,102,000.—	
in units of account	20,000,000.—	590,858,705.35
(B) Undisbursed loan funds		
in US dollars	4,750,000.—	
in Italian lire	5,446,111.99	
in German (W) marks	250,000.—	10,446,111.99
		601,304,817.34
II - OTHER LOANS		
(A) Loans from Special Fund for the financing of housing projects		70,937,447.87
(B) Loans from Special Fund for reconversion		6,892,422.39
(C) Loans from funds allocated for readaptation		560,230.55
(D) Loans from funds allocated for research		2,633,989.03
(E) Miscellaneous		1,444,985.71
		82,469,075.55
III - CASH AND OTHER CURRENT ITEMS		
(A) Cash and due from banks		128,093,448.79
(B) Other short and middle-term placements with banks		2,245,675.50
		130,339,124.29
IV - INVESTMENTS (SECURITIES AT COST)		63,014,432.11
V - INTEREST RECEIVABLE BUT NOT YET DUE		13,713,372.25
VI - RECOVERABLE ISSUING COSTS		13,516,428.27
VII - OTHER ASSETS		6,713,545.25
VIII - ENTERPRISES LIABILITY UNDER GUARANTIES (per contra)	41,878,003.05	
		911,070,795.06

⁽¹⁾ The following claims and related securities under loans granted from funds borrowed as well as other items of the Assets are pledged to the Bank for International Settlements in Basle in favor of the holders of Secured Notes and Coupons issued by the High Authority:

of item I: 161,882,786.09

of item III: 2,317,737.40

of item V: 2,918,066.27

Auditor's Certificate

Having examined the books, vouchers and documents of the book-keeping and the explanations given to me, I hereby certify that the financial condition of the European Coal and Steel Community as of December 31, 1967. is correctly and properly reflected in the above document.

Luxembourg, March 25, 1968

J. DE STAERCKE
Auditor

LIABILITIES

I - LOANS ⁽¹⁾			
	in US dollars	262,700,000.—	
	in German (W) marks	115,885,542.50	
	in Italian lire	72,000,000.—	
	in Dutch guilders	45,958,011.06	
	in French francs	30,382,454.34	
	in Swiss francs	20,009,970.68	
	in Luxembourg francs	19,266,838.76	
	in Belgian francs	15,102,000.—	
	in units of account	20,000,000.—	601,304,817.34
II - RESERVES			
	(A) Guaranty Fund	100,000,000.—	
	(B) Special Fund	83,583,725.95	183,583,725.95
III - ALLOCATIONS FOR FINANCIAL AID			
	(A) for readaptation		
	1. commitments entered into for grants	40,145,673.37	
	2. uncommitted balance ⁽²⁾	<u>2,000,000.—</u>	42,145,673.37
	(B) for research		
	1. commitments entered into for grants	25,809,405.33	
	2. uncommitted balance ⁽²⁾	<u>2,000,000.—</u>	27,809,405.33
	(C) Reconversion		1,106,409.86
IV - PENSION FUND			25,137,598.86
V - INTEREST PAYABLE BUT NOT YET DUE ⁽³⁾			11,419,959.27
VI - BONDS AND COUPONS PAYABLE			7,839,571.29
VII - OTHER LIABILITIES			9,263,081.42
VIII - UNALLOCATED REVENUE			1,460,552.37
XI - LIABILITIES UNDER GUARANTIES (per contra)		<u>41,878,003.05</u>	
			<u>911,070,795.06</u>

⁽¹⁾ including Secured Notes for 161,882,786.09.

⁽²⁾ Contingency reserve.

⁽³⁾ of which related to Secured Notes 2,799,540.70.

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

A. R. A. THEUNISSEN
Director General
Credit and Investments

Joseph DINJEART
Director General
Administration and Finance

EUROPEAN COAL AND
STEEL COMMUNITY
COMMISSION
OF THE EUROPEAN COMMUNITIES

Luxembourg, March 25, 1968

Department of
Credit and Investments

Comparative Table regarding Revenues and Expenditures

(in thousands of units of account)

	Fiscal years July 1 to June 30				6 months ending December 31, 1967
	1963/64	1964/65	1965/66	1966/67	
<i>Revenues</i>					
Interest on loans	17,930	24,319	28,394	33,126	17,891
Levy	19,110	20,826	26,306	27,250	17,053
Levy declared but not yet paid in.	—	—	3,607	—	—
Other revenues	10,021	16,117	9,743	10,873	5,380
Total revenues	47,061	61,262	68,050	71,249	40,324
<i>Expenditures</i>					
Interest and fees paid	16,244	21,886	25,506	31,445	16,394
Administrative expenses	15,525	17,362	18,673	20,349	10,474
Special allocation to the Pension Fund.	—	5,163	—	—	—
Financial expenses	3,043	4,352	78	35	81
Expenditures for research	5,009	6,177	8,415	10,789	4,088
Expenditures for readaptation	2,912	2,559	2,131	3,578	2,821
Expenditures for pensions	292	800	430	421	303
Bonif. reconversion.	—	—	—	—	27
Total expenditures	43,025	58,299	55,233	66,617	34,188
<i>Excess of revenues over expenditures</i>	4,035	2,963	12,817	4,631	6,136
Recoverable issuing costs	—	—	8,981	—	—
Total assets	—	—	21,798	4,631	6,136

EUROPEAN COAL AND
STEEL COMMUNITY
COMMISSION
OF THE EUROPEAN COMMUNITIES

Luxembourg, March 25, 1968

Department of
Credit and Investments

Summary of Allocations from Net Excess of Revenues

(in thousands of units of accounts)

	Period						6 months ending 31 De- cember 1967	Total
	1952/62	1962/63	1963/64	1964/65	1965/66	1966/67		
Net exces of revenues over expenditures	239,856	10,526	4,035	2,963	21,798	4,631	6,136	289,945
<i>Allocations:</i>								
to Guaranty Fund	100,000	—	—	—	—	—	—	100,000
to Special Fund	46,210	8,331	8,000	4,643	7,858	7,429	1,112	83,583
for readaptation	32,758	2,671	12,289	784	8,529	6,095	3,598	42,145
for research	21,859	723	6,917	2,495	285	1,425	1,598	27,810
to Pension Fund	10,105	1,762	1,480	7,104	1,827	1,951	908	25,137
to Contingent Fund	2,000	—	4,000	6,000	9,009	1,457	1,152	8,704
for reconversion	—	—	—	—	—	—	1,106	1,106
Total allocations	212,932	12,041	8,108	9,026	27,508	12,593	6,278	288,485
<i>Unallocated balance:</i>								
for each period	26,924	1,515	4,073	6,063	5,709	7,962	142	1,460
brought forward from previous periods	—	26,924	25,409	21,336	15,273	9,564	1,602	—
Total unallocated balance	26,924	25,409	21,336	15,273	9,564	1,602	1,460	1,460