

EUROPEAN COAL AND STEEL COMMUNITY

COMMISSION OF THE EUROPEAN COMMUNITIES

Financial Report

for the year 1969

No. 15

EUROPEAN COAL AND STEEL COMMUNITY

COMMISSION OF THE EUROPEAN COMMUNITIES

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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 (EMA). All such amounts are the equivalents of sums in national currencies computed at the following rates for

1 EMA unit :

US\$	1.00
DM	3.66
BFr	50.00
FFr	5.55419
Lit.	625.00
LFr	50.00
Fl.	3.62
SFr	4.37282
£	0.41666

CONTENTS

I—The levy	8
II—Financing of readaptation	9
III—Financing of research	9
IV—Overall survey of revenues, expenditures and ECSC allocations	10
V—Employment of ECSC funds	11
VI—Borrowing operations	12
VII—Lending and guarantee operations	15

ANNEXES:

Balance sheet as of 31 December 1969

Statement of revenues and expenditures for 1969

This financial report relates to the calendar year 1969, the seventeenth year of the European Coal and Steel Community's financial operations.

Since 1 July 1967, date of the entry into force of the Treaty establishing a single Council and a single Commission of the European Communities, the single Commission exercises the powers vested in the former High Authority by the Treaty of Paris, with each of the three Communities remaining a separate entity.

Consequently, this report refers only to the "Commission" of the European Communities unless the name "High Authority" has to be used.

During the year covered by this report, crude steel production has shown an appreciable increase from 98.6 million tons in 1968 to 107.3 million tons in 1969. At the same time, coal production continued its downward trend, decreasing from 175.8 million tons to 171.2 million tons.

Capital expenditures in the coal and steel industries in 1969 can as yet only be estimated on the basis of the forecasts by ECSC enterprises to the Commission on 1 January 1969. ⁽¹⁾

According to these estimates, about 272 million units of account should have been invested in the *coal sector* in 1969 (as against 227 million in 1968) and 26 million in *iron-ore mining* (21 million in 1968). Experience shows, however, that the amounts estimated for the ECSC mining industries at the beginning of the year are, in fact, fulfilled by no more than 85 to 90 %. Therefore, for the Community coal sector, real capital expenditures in 1969 may be put at something like 10% below the forecast referred to above.

After four years marked by high capital investment (averaging 1,300 million units of account from 1961 to 1964) the years 1965, 1966 and 1967 were marked by a sharp downturn to only 932, 848 and 750 million units of account respectively in the *iron and steel sector*. 1968, however, marked the beginning of an upward trend with capital expenditure at 822 million units of account. According to the forecasts submitted by the iron and steel enterprises, this trend will be even more pronounced in 1969. These forecasts estimate expenditure arising from investment projects announced at about 1,100 million units of account.

In view of the buoyant economic conditions in the iron and steel sector, it would be reasonable to assume that real capital expenditures in 1969 will even exceed the forecasts which the iron and steel enterprises made on 1 January of that year.

Taken together, capital expenditure in the ECSC industries is expected to increase from 1,124 million units of account in 1968 to 1,400 million in 1969.

The new upward trends seem likely to continue. The important projects which, pursuant to the regulations in force, were announced during 1969 by the Community's iron and steel enterprises, amount to 1,848 million units of account, which is approximately the level reached during the record year 1960.

⁽¹⁾ See "Les investissements dans les industries du charbon et de l'acier de la Communauté — Rapport sur l'enquête 1969" (Investment in the Community's coal and steel industries—Report on the 1969 Survey), Luxembourg, July 1969.

The following observations may be made concerning the ECSC's financial operations proper :

- 1) While the total balance sheet for 1968 exceeded 1,000 million units of account, in 1969 the total amount of loans granted by the ECSC since it began its operations also exceeded 1,000 million units of account.
- 2) The rate of the levy, fixed at 0.30% on 1 July, 1967, remained unchanged during 1969.
- 3) Borrowings in 1969 were 51.97 million units of account.
- 4) Loans granted during the same year were 67.88 million units of account.

I—THE LEVY

The levy on enterprises' declared production in 1969 amounted to 38.65 million units of account as against 35.78 million units of account in 1968. This increase can be explained by the favourable economic trends on the market for steel.

TABLE I
Proceeds of the levy

	1968		1969	
	Million units of account	%	Million units of account	%
<i>A—Branches of industry</i>				
Coal industry	7.16	20.0	7.00	18.2
Iron and steel industry	28.62	80.0	31.65	81.8
Total	35.78	100.0	38.65	100.0
<i>B—Geographical distribution</i>				
Germany (Fed. Rep.)	16.85	47.1	18.59	48.1
Belgium	3.65	10.2	4.00	10.3
France	7.18	20.1	7.66	19.8
Italy	5.41	15.1	5.30	13.7
Luxembourg	1.23	3.4	1.41	3.7
Netherlands	1.46	4.1	1.69	4.4
Community	35.78	100.0	38.65	100.0

II—FINANCING OF READAPTATION

Readaptation assistance granted by the Commission in 1969 under Article 56 of the ECSC Treaty amounted to 29.37 million units of account (as against 12.92 million units of account in 1968). As has been mentioned in our previous reports, the Commission's action is subject to two conditions, namely that its assistance must be requested by the Governments concerned and that these same Governments must take on at least 50% of the expenditure concerned with readaptation.

Table 2 below shows the various changes in the amount of the funds allocated for readaptation during 1969. It should be noted that the amount was increased by the commitments under Article 56 just referred to, and decreased, firstly, by disbursements during 1969 (20.36 million units of account) and secondly, by the cancellation of credits not taken up (1.03 million units of account).

It is recalled that, in addition to the amounts which will probably be required to cover commitments approved by the ECSC under Article 56 (55.97 million units of account), funds for readaptation include a contingency reserve reduced to 1 million units of account on 31 December 1969.

TABLE 2
Movement of funds allocated for readaptation

(in million units of account)

	Amount at 31 December 1968	Commitments entered into in 1969	Reductions in 1969 ⁽¹⁾	Amount at 31 December 1969
A—To provide for existing commitments	47.99	29.37	21.39	55.97
B—Contingency reserve	1.00	—	—	1.00
Total	48.99	29.37	21.39	56.97

⁽¹⁾ Disbursements (20.36 million units of account), cancellations (1.03 million units of account) and transfers (1 million units of account).

III—FINANCING OF RESEARCH

As has been mentioned several times, Commission assistance for research, granted under Article 55 of the ECSC Treaty, is normally in the form of non-repayable grants.

Assistance granted in 1969 for new research projects connected with ECSC enterprises totalled 8.83 million units of account as against 5.10 million units of account in 1968 and involved both the coal and the iron and steel sectors and social research.

Together with these new projects, work went ahead on research sponsored earlier, requiring disbursements amounting to about 6.75 million units of account and the cancellation of credits amounting to 0.56 million units of account. The figure for "funds available" at 31 December 1969 has been adjusted accordingly.

As with the funds for readaptation, the funds for research include a contingency reserve of 1 million units of account in addition to the amount to cover commitments approved (23.63 million units of account, representing payments still due under partial-financing contracts entered into by the ECSC).

TABLE 3
Movement of funds allocated for research

(in million units of account)

	Amount at 31 December 1968	Commitments entered into in 1969	Reductions in 1969 ⁽¹⁾	Amount at 31 December 1969
<i>A—To provide for existing commitments:</i>				
iron and steel industry	8.56	3.73	2.94	9.35
coal industry	6.88	3.67	2.57	7.98
ore mining	3.28	0.07	0.15	3.20
industrial health, safety and medicine	3.39	1.36	1.65	3.10
Total	22.11	8.83	7.31	23.63
<i>B—Contingency reserve</i>	1.00	—	—	1.00
Grand total	23.11	8.83	7.31	24.63

⁽¹⁾ Disbursements (6.75 million units of account), cancellations (0.56 million units of account).

IV—OVERALL SURVEY OF REVENUES, EXPENDITURES AND ECSC ALLOCATIONS

The following tables compare the ECSC's revenues and expenditures for 1968 and 1969, and give an overall picture of the Community's respective end-of-year financial positions.

TABLE 4
Total revenues of the ECSC

(in million units of account)

Nature of revenues	1968	1969
Interest and charges on loans outstanding	37.74	42.40
Levy	35.78	38.65
Interest on bank deposits and investments	11.36	14.32
Fines and interest on arrears	0.01	0.02
Receipts for Pension Fund	0.45	—
Sundry receipts	0.03	0.26
Total	85.37	95.65

TABLE 5
Total expenditures of the ECSC

(in million units of account)

Nature of expenditure	1968	1969
Interest etc., paid on funds borrowed	38.71	42.19
Administrative expenses	19.08	18.06
Bank charges	0.03	0.10
Non-repayable readaptation grants	4.88	20.35
Non-repayable research grants	8.15	6.75
Pensions	0.08	— ⁽¹⁾
Improvement reconversion	0.18	0.49
Total	71.11	87.94

⁽¹⁾ Pensions are charged on the Commission's budget as from 5 March 1968.

TABLE 6
Movement of funds and reserves

(in million units of account)

	Position as at 31 December 1967	Changes in 1968	Position as at 31 December 1968	Changes in 1969	Position as at 31 December 1969
I—(a) Guarantee Fund	100.00	—	100.00	—	100.00
(b) Special Reserve	83.58	+ 2.18	85.76	+ 6.76	92.52
II—(a) Funds for readaptation					
(b) Funds for research	42.14	+ 6.85	48.99	+ 7.98	56.97
(c) Funds for redevelopment and reconversion ⁽¹⁾	27.81	— 4.70	23.11	+ 1.52	24.63
	1.11	+ 1.72	2.83	+ 1.35	4.18
III—Pension Fund	25.14	+ 0.37	25.51	—	25.51
IV—Sundry liabilities	8.70	— 0.04	8.66	+ 3.00	11.66
	288.48	+ 6.38	294.86	+ 20.61	315.47
V—Unallocated balance	1.46	+ 7.88	9.34	— 9.23	0.11
Total	289.94	+ 14.26	304.20	+ 11.38	315.58

⁽¹⁾ These funds are to be used for financing the special interest rates on reconversion loans (cf. Chapter VII, No. 2, page 17 of this report).

V—EMPLOYMENT OF ECSC FUNDS

In 1969, high interest rates tended to prevail on most money markets. The US dollar rates on the American market and on the Eurodollar market reached an unprecedented level. The French and Belgian franc and Dutch guilder markets were also very tight. Compared with this situation, the level of interest rates on the Swiss and Italian money markets remained relatively low, but even here a certain upward trend was to be observed.

The Deutschmark market was extremely liquid during the first 9 months of the year and, because of this, the level of interest rates on the German and international market was abnormally low during this period. With the revaluation of the Deutschmark, this situation changed drastically, and the rates obtained on the German money market aligned themselves more or less with the high rates prevailing on the international market during the last 3 months of the year.

As the ECSC balance is drawn up in units of account on the basis of parities laid down by the European Monetary Agreement (see the preface of this report), the devaluation of the French franc brought about an exchange loss on funds held in French francs. This loss was, however, largely offset by the exchange profit secured two months later on the DM portfolio and deposits.

VI—BORROWING OPERATIONS

The persistence of inflatory trends led a number of countries to apply an increasingly restrictive monetary and financial policy during 1969. At the same time, because of the excessive rate of expansion of the economy, firms maintained a high rate of investment in order to respond to the increased volume of home and foreign demand. These two factors together caused a contraction of available funds, especially on the capital market, thus accelerating the upward trend in borrowing rates.

The rise in interest rates on long term capital, which attained record levels on the international market, also made itself felt in Community markets. Nevertheless in two of these, the interest rates were still below the international levels at the end of the year.

In spite of the general increase in borrowing rates, the Commission was able to obtain on acceptable terms the funds needed to satisfy the demand for loans regarded as having priority and as being of an urgent nature, both for financing industrial investment under Article 54 and for granting redevelopment loans under Article 56 of the ECSC Treaty. The Commission thus took out 4 loans for a total value of 52 million units of account, broken down as follows (1):

- 1) SFrs 60 million : debenture loan issued by a consortium of Swiss banks led by the Union de Banques Suisses, Zürich, at a rate of interest of $5\frac{1}{2}\%$ per annum at a rate of issue of 99.50% and for a term of 18 years ;
- 2) DM 40 million : two private loans at a rate of $6\frac{1}{4}\%$ per annum and for a term of 15 years ;
- 3) DM 50 million : two private loans at a rate of $6\frac{1}{2}\%$ per annum for a term of 13 years ;
- 4) DM 50 millions : two private loans at a rate of $6\frac{3}{4}\%$ per annum for a term of 15 years.

Thanks to the borrowing operations carried out during 1969, the total amount of loans taken out by the ECSC since its inception up to 31 December 1969, attained the value of 892.5 million units of account.

(1) The value in units of account of German loans takes into account the revaluation of the Deutschmark.

Loan operations since 31 December 1968 are summarized in

TABLE 7

(in million units of account)

Currency borrowed	Position as at 31 December 1968 (including new parities)			Operations during 1969		Position as at 31 December 1969		
	Total sum borrowed	Repay-ments	Sum out-standing	New borrowing	Repay-ments	Total sum borrowed	Repay-ments	Sum out-standing
US\$	355.000	104.100	250.900	—	12.000	355.000	116.100	238.900
DM	181.961	12.835	169.126	38.251	9.960	220.212	22.795	197.417
Lit	120.000	—	120.000	—	1.600	120.000	1.600	118.400
Fl.	57.390	13.834	43.556	—	1.464	57.390	15.298	42.092
FFr	31.400	1.576	29.824	—	0.703	31.400	2.279	29.121
SFr	27.007	—	27.007	—	1.688	27.007	1.688	25.319
LFr	27.737	9.614	18.123	13.721	1.887	41.458	11.501	29.957
Units of account	20.100	1.774	18.326	—	0.958	20.100	2.732	17.368
BFr	20.000	—	20.000	—	—	20.000	—	20.000
	840.595	143.733	696.862	51.972	30.260	892.567	173.993	718.574

Table 8 gives particulars of the loans current at 31 December 1969.

TABLE 8

Total amount of current borrowing¹

(Position as of 31 December 1969)

Year of issue	Interest % p.a.	Term years	Initial amount		Amount outstanding at 31 December 1969 (equivalent in EMA units of account)	
			In currency of loan	Equivalent in EMA units of account		
1954	3 ⁷ / ₈	25	US\$	100 000 000	100 000 000	55 900 000
1957	5 ¹ / ₂	18		25 000 000	25 000 000	11 700 000
1958	5	20		35 000 000	35 000 000	21 200 000
1960	5 ³ / ₈	20		25 000 000	25 000 000	18 400 000
1962	5 ¹ / ₄	20		25 000 000	25 000 000	21 700 000
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 ¹ / ₈	20		20 000 000	20 000 000	20 000 000
					320 000 000	238 900 000
1955	3 ³ / ₄	25	DM (*)	50 000 000	13 661 202	7 423 525
1957	4 ¹ / ₄	20		2 977 450	813 511	403 501
1964	5 ¹ / ₄	12		100 000 000	27 322 404	21 311 475
1964	5 ¹ / ₂	15		100 000 000	27 322 404	22 786 885
1964	5 ³ / ₄	12		30 000 000	8 196 721	5 737 705
1965	5 ¹ / ₂	18		150 000 000	40 983 607	37 841 530
1965	5 ¹ / ₂	5		23 000 000	6 284 153	6 284 153
1967	6 ³ / ₄	5		30 000 000	8 196 722	8 196 722
1968	6 ¹ / ₂ -6 ⁷ / ₈	10		120 000 000	32 786 885	32 786 885
1968	6 ¹ / ₄	13		60 000 000	16 393 443	16 393 443
1969	6 ¹ / ₄	15		40 000 000	10 928 962	10 928 962
1969	6 ¹ / ₂	13		50 000 000	13 661 202	13 661 202
1969	6 ³ / ₄	15		50 000 000	13 661 202	13 661 202
					220 212 418	197 417 190
1963	5 ¹ / ₂	20	Lit.	15 000 000 000	24 000 000	22 400 000
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
1968	6	20		15 000 000 000	24 000 000	24 000 000
1968	6	20		15 000 000 000	24 000 000	24 000 000
					120 000 000	118 400 000
1961	4 ¹ / ₂	20	Fl.	50 000 000	13 812 155	11 035 912
1962	4 ³ / ₄	20		25 000 000	6 906 077	5 994 475
1962	4 ³ / ₄	25		6 000 000	1 657 459	1 193 370
1963	4 ⁵ / ₈	30		1 750 000	483 425	387 293
1964	5 ¹ / 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
					46 339 779	42 091 713
1957	3 ¹ / ₂	25	BFr	200 000 000	4 000 000	2 528 000
1957	3 ¹ / ₂	25		20 000 000	400 000	252 800
1962	5 ¹ / ₄	20		300 000 000	6 000 000	5 460 000
1963	5 ¹ / ₄	20		300 000 000	6 000 000	5 880 000
1968	6 ³ / ₄	15		750 000 000	15 000 000	15 000 000
					31 400 000	29 120 800
1964	5	20	FFr(*)	150 000 000	27 006 638	25 318 723
1956	4 ¹ / ₄	18	SFr	50 000 000	11 434 269	4 573 708
1962	4 ¹ / ₂	18		60 000 000	13 721 123	11 662 954
1969	5 ¹ / ₂	18		60 000 000	13 721 123	13 721 123
					38 876 515	29 957 785
1957	5 ³ / ₈	25	LFr	100 000 000	2 000 000	1 480 461
1961	5 ¹ / ₄	25		100 000 000	2 000 000	1 764 471
1961	5	25		100 000 000	2 000 000	1 758 667
1962	4 ³ / ₄	15		300 000 000	6 000 000	4 800 000
1962	5 ¹ / ₈	25		250 000 000	5 000 000	4 564 317
1964	5 ³ / ₈	20		150 000 000	3 000 000	3 000 000
1966	5 ³ / ₄	20	Units of account(*)	20 000 000	20 000 000	17 367 916
					20 000 000	20 000 000
						718 574 127

(¹) Other loans have been completely repaid by 31 December 1969. When these are taken into account, the initial amount of borrowings stands at 892.566.931,42 units of account.

(*) The above table takes into account the parities of the DM and the FFr as of 31st December 1969.

(*) 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 GUARANTEE OPERATION

The total amount available to the Commission in 1969 for lending to enterprises was 99.20 million units of account.

These amounts consisted of the ECSC's own resources and of borrowings during 1969 and previous years, and also of repayments on earlier loans.

The total amount is made up as follows :

(in million units of account)

1) *Borrowed funds:*

(i) already available at beginning of year	32.68	
(ii) 1969 borrowings	51.97	
(iii) anticipated repayments	2.51	
		87.16

2) *Own resources (Special Reserve):*

(i) unexpended receipts from previous years	5.20	
(ii) available for allocation to special reserve in 1969	3.62	
(iii) repayments on earlier loans	3.22	12.04
		99.20

Total

As in 1968, these funds were used for loans to industry, for redevelopment and reconversion projects and for the building of workers' housing. It is worth mentioning that the loans to industry and the loans for redevelopment and reconversion projects were financed wholly out of borrowed funds and the home-building loans out of the ECSC's own resources. For reasons already explained in chapter VI above, only applications deemed to have priority and to be of an urgent nature were considered in 1969.

TABLE 9
Loans granted in 1969

(in million units of account)

Sector	Germany (Fed. Rep.)	Bel- gium	France	Italy	Nether- lands	Luxem- bourg	Communi- ty
I—Coal	—	—	6.83	—	—	—	6.83
Iron and steel	5.46	10.09	—	11.36	6.91	—	33.82
Total I	5.46	10.09	6.83	11.36	6.91	—	40.65
II—Industrial redevelopment and reconversion	10.93	4.32	0.97	0.48	6.97	—	23.67
Workers' housing	1.72	0.65	0.74	—	0.45	—	3.56
Total II	12.65	4.97	1.71	0.48	7.42	—	27.23
Grand total	18.11	15.06	8.54	11.84	14.33	—	67.88

1. Loans for industrial investment projects

Although the loans for redevelopment and reconversion have considerably increased during the last years, the financing of industrial investment projects, under Article 54 of the Treaty of Paris, still represents the most important part of the ECSC's finance activity.

Loans to industry in 1969 amounted to 40.65 million units of account as against 62.67 million units of account in 1968. Since funds made available for this purpose came from borrowed funds, their interest rates were 6¾% up to 5 November 1969 and 7¼% after that date.

The projects assisted all fall within the priority classes laid down in the Community's "General Objectives", as follows :

Coal mining industry :

Pithead power stations likely to use low-grade fuels :

Charbonnages de France, Paris (Houillères du Bassin de la Lorraine);

Iron and Steel Industry :

(i) Oxygen steel-making :

Italsider SpA Genoa (Tarente Works);

Rheinstahl Hüttenwerke AG, Essen (Hattingen Works);

(ii) Continuous casting :

Acciaierie e Ferriere Lombarde Falck SpA, Milan (Sesto San Giovanni Works);

(iii) Modernization and specialization (rolled steel production);

Cockerill-Ougrée-Providence, SA, Seraing (Marchienne and Athus Works);

Giuseppe e Fratello Redaelli SpA, Milan;

SA Sidérurgie Maritime "Sidmar", Ghent;

(iv) Projects intended primarily to improve facilities for the sale and distribution of iron and steel products;

Verolme Verenigde Scheepswerven NV, Rotterdam.

Table 10 below shows the distribution by country of all industrial loans granted by the ECSC since its inception. This Table also gives the separate figures for 1969 relating to new loans and repayments of previous loans.

TABLE 10
Loans for industrial investment projects

(in million units of account)

Country	Position at 31 December 1968 (including new parities)			Operations during 1969		Position at 31 December 1969		
	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)	384.782	83.686	301.096	5.464	14.992	390.246	98.678	291.568
Belgium	26.943	11.323	15.620	10.093	3.069	37.036	14.392	22.644
France	115.200	29.721	85.479	6.830	4.867	122.030	34.588	87.442
Italy	142.099	29.772	112.327	11.357	4.930	153.456	34.702	118.754
Luxembourg	1.000	1.000	—	—	—	1.000	1.000	—
Netherlands	14.517	—	14.517	6.906	—	21.423	—	21.423
Community	684.541	155.502	529.039	40.650	27.858	725.191	183.360	541.831

2. Loans for industrial redevelopment and reconversion

During 1969, loans for redevelopment and reconversion projects, as in the previous years, accounted for a substantial part of the ECSC's financial activities.

Previous reports had already underlined the fact that the terms for redevelopment and reconversion were usually special ones.

Indeed, the interest rate may be as low as 4.5% during the first five years either for the whole loan or only for part of it, depending on the reemployment facilities provided. The rate applied after the sixth year was 6¾% up to 5 November 1969; since that date it has been 7¼%.

The total amount of loans granted in 1969 was 23.67 million units of account; this total consisted of 19 loans, the recipients of which are listed below according to region :

(i) <i>Germany (Federal Republic)</i>	(Region concerned)
Aluminium Norf GmbH, Stüttgen b/Neuse	Ruhr
Pintsch-Bamag Apparatebau GmbH, Voerde	Ruhr
Deutsche Solvay-Werke GmbH, Solingen/Ohligs	Ruhr
Armco-Eurotec GmbH, Voerde	Ruhr
L. Schweisfurth, Inh. Karl Schweisfurth, Herten	Ruhr
Maschinenbau Damme AG, Lemförde	Lower Saxony
(ii) <i>Belgium</i>	
Crédit Communal de Belgique SA, Bruxelles	Limburg Province
Caterpillar Belgium SA, Gosselies	Hainaut Province

(iii) *France*

Société d'Équipement du Bassin Lorrain (SEBL), Metz	Lorraine
Valmont, St. Avold	
Creutzwald	
Briey	
Villers-la-Montagne	

(iv) *Italy*

Industria Armi Brevettate SpA, Gardone	Brescia Province
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(v) *Netherlands*

NV Bank voor Nederlandsche Gemeenten, 's-Gravenhage (on behalf of "NV Industriebouw Kerkrade")	Limburg Province
Bouwstaal Roermond NV, Roermond	Limburg Province
NV Vereenigde Glasfabrieken, Maastricht	Limburg Province
Everts & van der Weyden NV, Heerlen	Limburg Province
NV Nederlandse Staatsmijnen/DSM, Heerlen	Limburg Province
Internationale Beton Maatschappij, „Interbema”, NV, Susteren	Limburg Province

Table 11 summarizes these types of loans by countries and by industries. The breakdown by industry shows that branches of industry outside the normal scope of the ECSC have also been helped. The firms concerned undertook to find jobs for former miners and steelworkers laid off by shutdown of pits or steelworks, or by the reduction or the change in the activities of those enterprises 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 31 December 1968 (including new parities)			Operations during 1969		Position at 31 December 1969		
	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.)	25.108	—	25.108	10.929	0.027	36.037	0.027	36.010
Belgium	24.706	1.942	22.764	4.316	0.548	29.022	2.490	26.532
France	19.935	0.064	19.871	0.971	0.318	20.906	0.382	20.524
Italy	26.281	1.525	24.756	0.480	0.979	26.761	2.504	24.257
Luxembourg	—	—	—	—	—	—	—	—
Netherlands	13.670	0.345	13.325	6.975	—	20.645	0.345	20.300
Community	109.700	3.876	105.824	23.671	1.872	133.371	5.748	127.623

B—Breakdown by industries

Industry	Amount (million units of account)	%
Chemicals	23.915	17.93
Industrial estates	20.935	15.70
Motor vehicle manufacture	19.481	14.60
Power stations	15.929	11.94
Non-ferrous metals	14.234	10.67
Rubber	9.715	7.28
Iron and steelworks	9.454	7.09
Articles of cast iron, steel and other metals	4.203	3.15
Ceramic ware, glass, lime and stone	3.100	2.32
Mechanical engineering	2.644	1.98
Aeronautical engineering	1.600	1.20
Textiles and clothing	1.540	1.16
Conversion of plastics	1.425	1.07
Foodstuff industry	1.146	0.86
Metallic engineering	1.085	0.81
Transport	0.940	0.71
Joinery and furniture manufacture	0.887	0.67
Miscellaneous	0.618	0.47
Electrical equipment	0.520	0.39
Total	133,371	100,00

3. Loans for workers' housing

During 1969, the Community continued its policy of providing money for workers' housing by means of credits granted under scheme VI and the special tranche of scheme V. Payments made in this connection amounted to 3.56 million units of account.

It will be recalled that loans for workers' housing are, in principle, financed from the Special Reserve, i.e. the ECSC's own resources. These loans are also, as a rule, furnished in the currency of the country concerned to avoid any exchange risks to the recipients.

Moreover, 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 type of operation makes it possible to increase considerably the means available, while at the same time maintaining the final rate at a favourable level.

The Community raises other capital either directly by using borrowing funds or indirectly by associating institution investors with the financing of the projects concerned.

On 22 October 1969, the Commission decided within the framework of its social policy, to launch a 7th programme of aid to finance the construction of workers' housing, which would take effect from 1 January, 1970.

The implementation of scheme VII and the ultimate choice of housing projects to benefit from the low interest loans made available will be the subject of prior consultation with the national and regional authorities, the trade unions and the employers' organizations.

TABLE 12
Loans for workers' housing

(in million units of account)

Country	Position at 31 December 1968 (including new parities)			Operations during 1969		Position at 31 December 1969		
	Total loans granted	Repay- ments	Sum out- standing	New loans granted	Repay- ments	Total loans granted	Repay- ments	Sum out- standing
Germany (Fed. Rep.)	61.514	10.868	50.646	1.721	1.947	63.235	12.815	50.420
Belgium	22.812	2.626	20.186	0.647	2.398	23.459	5.024	18.435
France	20.903	2.234	18.669	0.745	0.862	21.648	3.096	18.552
Italy	14.224	1.666	12.558	—	0.754	14.224	2.420	11.804
Luxembourg	3.708	0.470	3.238	—	0.121	3.708	0.591	3.117
Netherlands	5.984	1.174	4.810	0.451	0.183	6.435	1.357	5.078
Community	129.145	19.038	110.107	3.564	6.265	132.709	25.303	107.406

4. Guarantees

The ECSC Treaty provides that the Commission may also facilitate the implementation of enterprises' investment programmes by guaranteeing loans which they obtain from outside sources.

Since the Commission studies both the technical and financial aspects of the investment programme concerned before making a decision, such a guarantee has the double advantage of covering lenders against all financial risks and providing them with 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.

No requests for guarantees were received in 1969. Contractual repayments, amounting to 48.72 million units of account, on loans previously guaranteed, have reduced commitments under this heading to 33.56 million units of account on 31 December 1969.

5. Overall survey of direct lending operations (1954-1969)

Up to 31 December 1969 and since its inception, the ECSC has granted loans amounting in all to 1,001.34 million units of account made up of 897.59 million units of account from borrowed funds and 103.75 million units of account from its own resources.

Including guarantees furnished over the same period, the total amount of ECSC financial assistance was 1,050.06 million units of account. Table 13 below gives a detailed breakdown of this assistance by sectors and by countries.

TABLE 13
Loans and guarantees granted to 31 December 1969 by sector and by country
(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 industry ⁽¹⁾	264.38	—	264.38	—	264.38	25.18
Iron-ore mines ⁽²⁾	30.25	—	30.25	—	30.25	2.88
Iron and steel industry	423.66	—	423.66	48.42	472.08	44.96
Workers' housing	46.05	86.66	132.71	—	132.71	12.64
Industrial redevelop- ment and reconversion	126.35	7.02	133.37	—	133.37	12.70
Miscellaneous	6.90	—	6.90	—	6.90	0.60
Readaptation	—	6.35	6.35	0.30	6.65	0.63
Research (experimen- tal building)	—	3.00	3.00	—	3.00	0.28
European school	—	0.72	0.72	—	0.72	0.07
Total	897.59	103.75	1001.34	48.72	1050.06	100.00
<i>B—Country</i>						
Germany (Fed. Rep.)	439.47	57.29	496.76	38.01	534.77	40.93
Belgium	85.67	4.29	89.96	—	89.96	8.57
France	142.57	23.14	165.71	10.41	176.12	16.77
Italy	187.32	7.44	194.67	0.30	194.97	18.57
Luxembourg	2.70	2.80	5.50	—	5.50	0.52
Netherlands	39.95	8.79	48.74	—	48.74	4.64
Community	897.59	103.75	1001.34	48.72	1050.06	100.00

⁽¹⁾ Including coking plants and thermal power stations.

⁽²⁾ Including sintering plants.

The financial activity of the past year related in this report was made possible by the active help of banking groups and the agents in the various ECSC countries. The Commission offers her sincere gratitude to all those who have given their assistance in this way. At the same time she wishes to thank the Bank for International Settlements in Basle for her efficient cooperation as a depository for those transactions passed under the "Act of Pledge".

The ECSC's balance sheet as per 31 december 1969 and the statement of revenues and expenditures for 1969 are joined to this report.

ANNEXES

BALANCE SHEET AS OF 31 DECEMBER 1969
STATEMENT OF REVENUES AND EXPENDITURES FOR 1969

BALANCE SHEET
OF THE EUROPEAN COAL AND STEEL COMMUNITY
AS OF 31 DECEMBER 1969

All amounts are stated in EMA units of account and are the equivalent of various currencies computed at the following rates for 1 EMA unit of account: US\$: 1.—; Belgian franc: 50.—; French franc: 5,55419; German (W) mark: 3,66; Luxembourg franc: 50.—; Dutch guilder: 3,62; Italian lire: 625.—; Swiss franc: 4,37282

ASSETS

I—Disbursed loans		782 003 600.06
II—Cash and due from banks		163 097 265.44
III—Investments		70 567 078.51
IV—Fixed assets		1.—
V—Recoverable issuing costs		15 014 512.89
VI—Miscellaneous		18 452 734.45
VII—Regularization account		20 471 974.47
		1 069 607 166.82
Enterprises' liabilities under guarantees	33 562 728.92	

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 condition of the European Coal and Steel Community as of 31 December 1969 is correctly and properly reflected in the above document.

Luxembourg, 21 April 1970

J. DE STAERCKE
Auditor

LIABILITIES

I—Loans		718 574 126.57
II—Reserves		
A. Guarantee Fund	100 000 000.—	
B. Special Fund	92 518 103.46	192 518 103.46
III—Allocations		
A. for financial aid	85 782 408.97	
B. for other purposes	11 656 436.78	97 438 845.75
IV—Pension Fund		25 509 350.79
V—Miscellaneous		20 654 905.93
VI—Regularization account		14 794 879.27
VII—Unallocated balance		116 955.05
		<u>1 069 607 166.82</u>
Liabilities under guarantees	33 562 728.92	

For the European Coal and Steel Community

The Commission of the European Communities

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

F. GILLET
*Director
of
Credit*

Explanatory notes to the Balance Sheet as of 31 December 1969

ASSETS

I—Disbursed loans

A. Loans from funds borrowed	Equivalent in units of account	Units of account
in US dollars	238 480 750.—	
in German (W) marks	177 726 479.59	
in Italian lire	118 228 800.—	
in Dutch guilders	41 789 668.53	
in Belgian francs	38 135 234.54	
in French francs	25 318 723.34	
in units of account	20 000 000.—	
in Swiss francs	18 531 748.41	
in Luxembourg francs	17 227 915.90	695 439 320.31

The loans from funds borrowed in Belgian francs contain up to 10 092 434.54 units of account an amount of 43 729 000.— Swiss francs granted with exchange guarantee.

B. Other loans

Loans from Special Fund for the financing of housing projects	74 527 957.22	
Loans from Special Fund for reconversion	6 892 422.39	
Loans from funds allocated for readaptation	457 309.95	
Loans from funds allocated for research	2 537 874.88	
Miscellaneous	2 148 715.31	86 564 279.75

III—Investments

Total investments amount to 70 567 078.51 units of account.

IV—Fixed assets

This item refers to buildings owned by the ECSC. These are:

- 1) a building in Paris, rue des Belles-Feuilles (in co-ownership with the other two European Communities);
- 2) a building in London owned by the Community on long-lease tenure.

Their purchase-prices have been written-off to a value of one unit of account.

V—Recoverable issuing costs

The amount of 15 014 512.89 units of account represents issuing costs on loans. They are recoverable in annual fractions over the remaining life of the loans.

VI—Miscellaneous

The total amount of 18 452 734.45 units of account consists of:

- 1) 1 311 753.22 due from debtors subject to the ECSC-levy;
- 2) 368 381.07 due from various other debtors;
- 3) 16 772 600.16 funds set aside for the payment of overdue coupons and of drawn bonds.

VII—Regularization account

This item consists of

- 1) interest and commissions receivable but not yet due on 31 December 1969: 17 252 767.88 units of account
- 2) levy claimed over the month of December, but becoming due after 31 December 1969: 3 219 206.59 units of account

LIABILITIES

	Equivalent in units of account	Units of account
<i>I—Loans</i>		
in U.S. dollars	238 900 000.—	
in German (W) marks	197 417 189.94	
in Italian lire	118 400 000.—	
in Dutch guilders	42 091 712.72	
in Swiss francs	29 957 784.67	
in Belgian francs	29 120 800.—	
in French francs	25 318 723.34	
in units of account	20 000 000.—	
in Luxembourg francs	17 367 915.90	718 574 126.57

III—Allocations

A. For financial aid

1. *for readaptation*

commitments entered into for grants	55 974 459.46	
uncommitted balance	1 000 000.—	56 974 459.46

2. *for research*

commitments entered into for grants	23 631 431.51	
uncommitted balance	1 000 000.—	24 631 431.51

3. *for reconversion*

4 176 518.—

B. For other purposes

85 782 408.97
11 656 436.78

IV—Pension Fund

This item totals 25 509 350.79; from 5 March 1968 on commitments relating to the payment of ECSC-pensions have been transferred to the Member-States.

V—Miscellaneous

Of the total of 20 654 905.93 units of account a sum of 16 772 599.49 refers to bonds and coupons payable as well as to commissions on these operations. The remainder of 3 882 306.44 units of account refers to various liabilities.

VI—Regularization account

Consists of interest and commissions payable but not yet due on 31 December 1969, totalling 14 794 879.27 units of account.

VII—Unallocated balance

The sum of 116 955.05 units of account represents unallocated excess of revenues over expenditures.

Note: Till 1961 the 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 favour of the holders of Secured Notes and Coupons issued by the ECSC,

on the assets, Item I for 136 123 127.21 units of account, Item II for 768 103.— units of account and Item VII for 2 471 072.04 units of account,

on the liabilities, Item I for 136 662 377.19 units of account and Item VI for 2 274 879.15 units of account.

**REVENUES AND EXPENDITURES
OF THE EUROPEAN COAL AND STEEL COMMUNITY
FOR THE YEAR 1969**

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

All amounts are stated in EMA units of account and are the equivalent of various currencies computed at the following rates for 1 EMA unit of account: US\$: 1.—; Belgian franc: 50.—; French franc: 4.937 up to 9 August 1969 included and French franc 5.55419 since that date; German (W) mark 4.— up to 25 October 1969 included and mark 3.66 since that date; Luxembourg franc: 50.—; Dutch guilder: 3.62; Italian lire: 625.—; Swiss franc: 4.37282

EXPENDITURES

A. Expenditures in connection with borrowing operations		42 190 187.07
B. Budgetary expenditures:		
Administrative expenditures	18 055 356.42	
Expenditures for research	6 750 248.51	
Expenditures for readaptation	20 354 317.71	45 159 922.64
C. Other expenditures:		
Financial expenses	95 055.65	
Bonification reconversion	494 794.02	589 849.67
D. Excess of revenues over expenditures		11 379 763.44
		<u>99 319 722.82</u>

The following allocations and withdrawals were made:

Allocations	
to the Special Fund	6 751 524.69
for financial aid	9 507 490.08
from the unallocated revenues	— 9 225 502.63
to other funds	4 346 251.30
	<u>11 379 763.44</u>

Auditor's Note

Having examined the books, vouchers and documents of the book-keeping and the explanations supplied to me, I herewith certify that the revenues and expenditures of the European Coal and Steel Community as of 31 December 1969 are correctly and properly reflected in the above document.

Luxembourg, 21 April 1970

J. DE STAERCKE
Auditor

REVENUES

A. Revenues from lending operations		42 404 413.32
B. Levy		38 655 685.27
C. Other revenues:		
Interest on deposits and investments	14 315 623.68	
Fines	16 689.17	
Miscellaneous	3 927 311.38	18 259 624.23
		<u>99 319 722.82</u>

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

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

F. GILLET
*Director
of
Credit*

**Explanation of the revenues and expenditures of the ECSC for the period
1 January 1969 to 31 December 1969**

EXPENDITURES

A. The expenditures in connection with borrowing operations totalling 42 190 187.07 units of account consist of:

Interest on funds borrowed	39 260 541.68
Fees to agent banks	788 008.35
Miscellaneous	343 235.62
Redemption recoverable issuing costs	1 798 401.42

REVENUES

A. The revenues from lending and guarantee operations totalling 42 404 413.32 units of account consist of:

Interest on loans	40 835 504.92
Guarantee fees	188 993.12
Sundry receipts	1 379 915.28