

Financial report 1978

European Coal and Steel Community

No 24

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European Coal and Steel Community

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As from 1 January 1976, the Commission of the European Communities adopted for its operations under the ECSC Treaty the unit of account already used in other sectors of activity of the European Communities and known as the European unit of account (EUA).

This EUA is defined as equal to the sum of the following amounts of the national currencies of the Member States:

Deutschmark	0,828
Pound sterling	0,0885
French franc	1,15
Italian lira	109,00
Dutch guilder	0,286
Belgian franc	3,66
Luxembourg franc	0,14
Danish krone	0,217
Irish pound	0,00759

The value of the EUA is determined daily.

The daily calculation of the EUA equivalent in a Community currency is made by converting into that currency the above fixed amounts in each national currency composing the EUA on the basis of the official rates recorded on the exchange market of the country concerned. The day-to-day calculation into a non-Community currency of an amount in EUA is determined on the basis of the cross rate of this currency on a financial market of the Community which is considered to be representative by the Commission for the currency in question: in general this is the Brussels market.

The amounts which, in this report, are expressed in EUA and represent sums in national currencies have been calculated on the basis of the conversion rates for the European unit of account. On 31 December 1978 one EUA was equal to:

BFR	39,6543	LFR	39,6543
DKR	6,99113	UKL	0,675274
IRL	0,675274	SFR	2,22839
FF	5,75538	DM	2,50868
HFL	2,71453	LIT	1 140,06
USD	1,37688	CAD	1,62918
u.a.	0,545626	£	0,685432

Note: For technical reasons the Continental practice of using a comma instead of a decimal point has been adopted in this publication.

Contents

Introduction	7
ECSC borrowing operations	11
ECSC lending and guarantee operations	15
Changes in reserves and provisions, management of liquid assets	33
 Annexes	
I — Main characteristics of loans contracted to 31 December 1978	36
II — ECSC balance sheet at 31 December 1978	42
III — ECSC income and expenditure from 1 January to 31 December 1978	44

Luxembourg, June 1979

This financial report covers the year 1978, the 26th year of the European Coal and Steel Community's existence and the 24th 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 exercised 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'.

Introduction

In 1978, as in the preceding year, the rate of economic growth in the Community was low: 2,6% against 2,3% in 1977. Forecasts for 1979 point to a slight acceleration in the growth rate to around 3,5% in 1979.

In 1978, the Community iron and steel industry achieved a quite significant increase in production which reached 132,6 million tonnes against 126,1 million tonnes in 1977 and the 135 million tonnes recorded in 1976; but this was still far short of the level achieved in 1974: 156 million tonnes. There was a marginal improvement in the rate of utilization of production capacities: 66% in 1978 against 63% in 1977.

The 5% increase in output recorded by the Community as a whole was close to the world figure of 6%; it reflected the expansion of exports more than a revival of internal demand, which hardly increased above the previous year's level. The net balance of trade in finished products between the Community and third countries, which had deteriorated from 20,1 million tonnes in 1974 to 11,4 million tonnes in 1977, improved in 1978 to 16,8 million tonnes.

Price increases were again inadequate, despite the better financial results to which the policy carried through by the Community had contributed. Even in the special steels market, which was not affected by the crisis, the situation is still causing concern. But export prices showed a considerable improvement, after lagging well behind those obtaining within the ECSC over a long period, and had in fact regained the level of the internal market by the end of 1978.

Despite the substantial losses recorded once again by the majority of undertakings, the overall financial position of the iron and steel industry is more favourable than a year ago. This improvement can be attributed, of course, to the upward movement of sales revenue and the increasingly vigorous efforts to introduce rationalization but it also reflects the measures taken by several governments to strengthen the financial structure of the undertakings most seriously affected.

According to the survey of investment of 1 January 1979, investment expenditure in the iron and steel industry, which amounted to 2 400 million EUA in 1977, was expected to amount to little more than 2 100 million EUA in 1978. Furthermore, these figures expressed in current prices only partially reflect the real trend in the volume of investments. At constant prices, expenditure in 1978 would scarcely have exceeded half the 1975 total. Many companies postponed the start of some of their projects. The previous survey still pointed to a substantial increase in crude steel production capacity over the period to 1981. This forecast now appears to be wide of the mark, at least from the point of view of crude-steel production capacity which should remain stable at the present overall level of 200 million tonnes/year.

In 1978, the investment notifications made to the Commission, in respect of new decisions whose implementation may be phased over several years, totalled 600 million EUA and thus fell far short of the average figures for the three preceding years, which had themselves been characterized by a sharply reduced propensity to invest in comparison with 1974. The number of investment notifications was lower than in the preceding years.

In the coal industry, the Community's output of 238 million tonnes (216 million tce), which was slightly lower than the figure for the preceding year, still fell far short of the target of 270 million tonnes (250 million tce) which the Community had set itself for 1985 in the 'Medium-term guidelines for coal 1975-85'.¹ The attainment of this objective has been hampered by the general economic situation and particularly by the decline in the activity of the iron and steel sector since 1975.

1978 was nevertheless marked by the stabilization of coal consumption in the Community at the 1977 level of 287 million tonnes. In fact the reduced demand for coking coal was more than offset by the increased demand from power stations. The combined effect of the maintenance of the level of coal consumption within the Community, the increase in exports, the slight fall in production and the stabilization of imports has been to permit an overall reduction in stocks of coal and coke.

The list prices for most of the Community's coal were increased in 1978 by 10 to 15%, thus covering part of the rise in costs; but the target price arrived at by the Commission for coking coal from third countries remained stable. Consequently, the financial situation of the coal industry deteriorated in the four producer countries of the Community.

The coal industry maintained a high level of investment activity. According to the annual survey of investment of 1 January 1979, investment expenditure, which amounted to little more than 350 million EUA in 1974, was expected to exceed 978 million EUA in 1978. Notwithstanding these investment efforts, the industry's extraction capacity fell back from 266 million tonnes in 1975 to 253 million tonnes in 1978.

The stabilization of extraction capacity therefore depends not only on the implementation of major investment projects in the most productive coal-fields, but also and above all on the improved marketing prospects particularly in coal-fired power stations.

During 1978 the Commission again acquired funds on a considerable scale to meet financing requests from the steel and coal sectors. These totalled 1 068,71 million EUA, and covered 51 projects.

Industrial loans to the coal and steel industries under Article 54 of the Treaty again accounted for over 20% of total estimated capital expenditure. The value of the loans granted under this heading, i.e. 667 million EUA (no doubt somewhat lower than the 1977 total of 713 million EUA) again reflected the fall in investment activity and a selective lending policy.

The loans for restructuring granted by the Community under Article 56 of the Treaty attained the record level of 113 million EUA, compared with 16 million EUA in 1977. In the general economic situation, which has hardly encouraged a revival of investment, there have clearly been too few reconversion projects in relation to the social and regional problems proposed by restructuring. But the loans that have been granted should ensure the creation of several thousand jobs.

In addition, the Commission has applied the new system of interest subsidies introduced in 1977 in support of restructuring projects which should make a major contribution to restoring the long-term competitiveness of the iron and steel industry. These projects have benefited from financing at a preferential rate. The Commission's decisions have taken account of the criteria it adopted: closure of one or more stages of production, an appreciable reduction in the number of production units, location of investment in an area especially hit by the steel crisis, parallel efforts to create employment in new activities and the extent to which the investments are to be carried out jointly with other undertakings.

¹ OJ C 22 of 30.1.1975.

At the request of the Commission, the Member States have provided special contributions to augment the budgetary resources earmarked for interest rate subsidies. But the efforts made have clearly fallen short of the amounts required to speed up the restoration of the competitiveness of the Community iron and steel industry.

ECSC borrowing operations

In 1978 the ECSC, taking full advantage of the ready availability of capital, contracted loans for a total equivalent to 1 068,71 million EUA.

The main characteristics of the loans contracted during 1978 are given on pages 12 and 13.

Including its operations in 1978, total borrowings contracted by the ECSC since its inception up to 31 December 1978 were equivalent to 5 669,27 million EUA.

Table 1¹

(in million EUA)

Currency borrowed	Total borrowed ²	Repayments	Balance outstanding
USD	2 115,65	251,29	1 864,36
DM	1 388,38	305,22	1 083,16
LIT	135,96	36,62	99,34
FF	404,49	27,67	376,82
HFL	195,52	66,87	128,65
SFR	838,63	270,38	568,25
BFR	183,33	33,93	149,40
LFR	222,04	37,14	184,90
£	72,95	72,95	—
u.a.	36,66	16,68	19,98
CAD	46,04	—	46,04
UKL	29,62	0,97	28,65
Total	5 669,27	1 119,72	4 549,55

¹ The main characteristics of the loans contracted by the ECSC up to 31 December 1978 and those of the u.a. and of the £ are given in Annex 1.

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

ECSC borrowing requirements

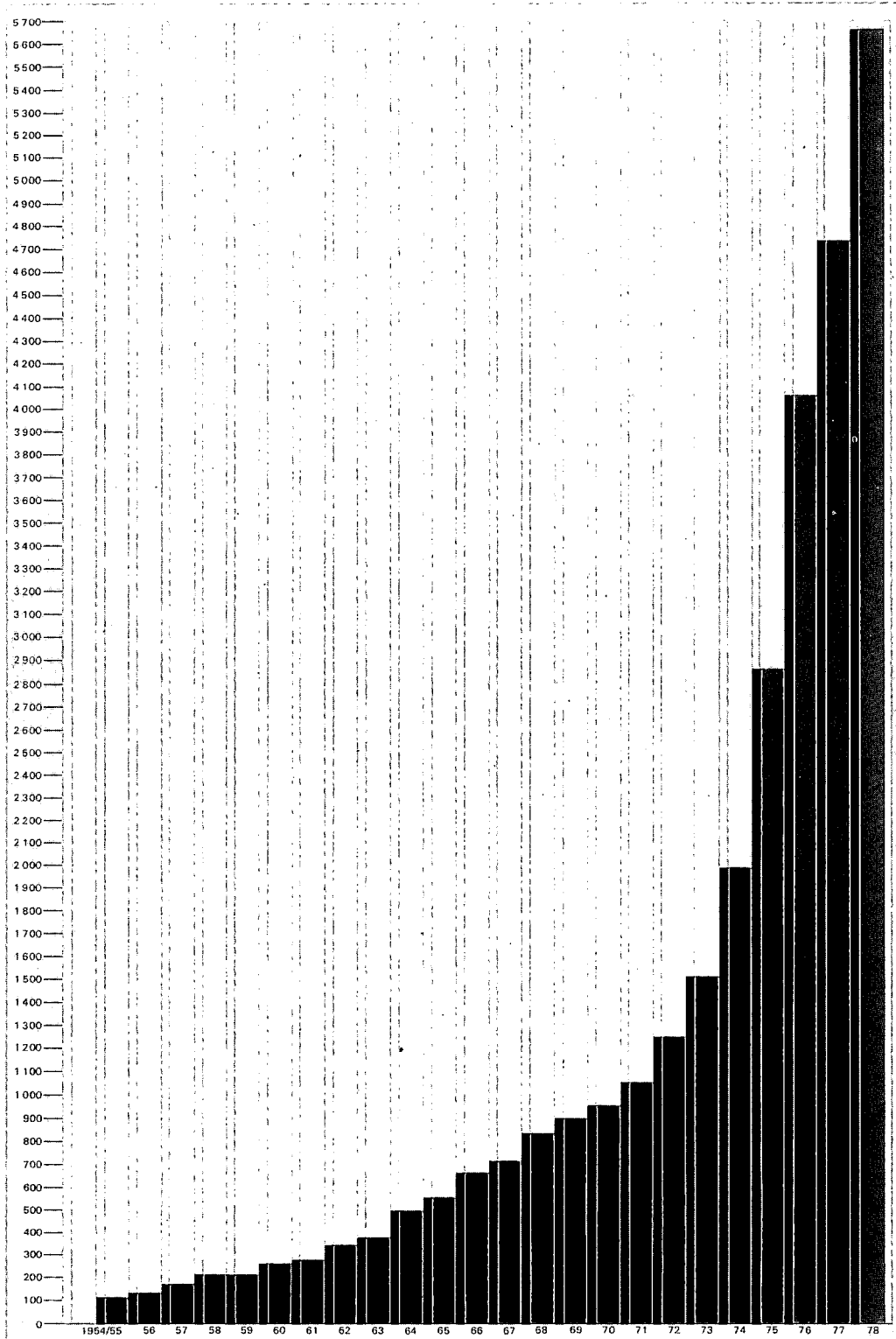
Kind of loan	Capital market	Currency	Amount (in millions)	Rate of interest %	Duration (years)	Issue price %
Debenture	International	USD	30	8 ³ / ₈	7	99
Debenture	German	DM	150	5 ¹ / ₄	12	99 ³ / ₄
Debenture	International	USD	25	9	15	100
Debenture	International	USD	25	9 ¹ / ₄	20	99 ¹ / ₂
Debenture	French	FF	275	10,80	15	100
Debenture	Dutch	HFL	100	7 ¹ / ₄	15	99
Debenture	Belgian	BFR	2000	8 ¹ / ₂	8	99 ¹ / ₂
Debenture	Luxembourg	LFR	600	7 ³ / ₄	10	99 ¹ / ₄
Debenture	German	DM	150	6	10	100
Debenture	International	USD	50	9 ³ / ₄ —9	20	99
Debenture	International	USD	20	8 ¹ / ₂	12	99
Debenture	International	USD	50	8 ³ / ₄	9	99 ³ / ₄
Private placement		USD	15	8 ³ / ₄	10	
Private placement		USD	30	9 ³ / ₈	15	
Private placement		USD	40	9 ¹ / ₄	12	
Private placement		USD	40	8 ¹ / ₂	8	
Private placement		USD	20	8 ³ / ₄	9	
Private placement		USD	15	8 ³ / ₄	9	
Private placement		USD	25	9,10	10	
Private placement		USD	20	9	10	
Private placement		USD	25	9 ¹ / ₂	15	
Private placement		USD	20	9 ¹ / ₂	15	
Private placement		USD	20	9 ¹ / ₂	15	
Private placement		USD	10	9 ¹ / ₂	15	
Private placement		USD	18	9 ¹ / ₄	12	
Private placement		DM	30	5 ³ / ₄	10	
Private placement		DM	20	5 ⁷ / ₈	10	
Private placement		DM	15	6 ¹ / ₂	15	
Private placement		DM	50	6 ¹ / ₂	15	
Private placement		DM	15	6 ¹ / ₄	10	
Private placement		DM	70	6	12	
Private placement		DM	32,4	6 ¹ / ₂	15	
Private placement		DM	9	6 ¹ / ₄	10	
Private placement		DM	16,2	5 ¹ / ₂	6	
Private placement		DM	20	6 ¹ / ₂	12	
Private placement		DM	20	6 ³ / ₄	10	
Private placement		DM	20	6	6	
Private placement		FF	4	11,4	6	
Private placement		FF	4	11,4	7	
Private placement		FF	50	10 ¹ / ₂	7	
Private placement		FF	50	10,95	12	
Private placement		SFR	100	3 ³ / ₄	4	
Private placement		SFR	147,5	3 ¹ / ₄ —3 ³ / ₈ —3 ⁵ / ₈	5	
Private placement		SFR	50	3 ¹ / ₈ —3 ¹ / ₄	5	
Private placement		SFR	40	2 ¹ / ₄	2	
Private placement		SFR	35	2 ³ / ₈	2	
Private placement		SFR	20	3	5	
Private placement		HFL	14	7 ⁵ / ₈	14	
Private placement		LFR	250	7 ³ / ₄	10	
Private placement		LFR	200	8	6	
Private placement		FF	300	10	10	
Private placement		SFR	100	2 ¹ / ₂	3	

Repayment (in millions)	Quotation Stock Exchange
Whole amount in 1985	Luxembourg
From 1984 2 instalments of 15 and 4 of 30	Frankfurt, Berlin, Düsseldorf, Hamburg, Munich
From 1979 14 equal instalments and the last of 13,1	Luxembourg
From 1979 14 equal instalments and the last of 12,5	
From 1981 13 equal instalments	Paris
From 1984 10 equal instalments	Amsterdam
From 1983 4 instalments of 100, 200, 200, 1 500	Brussels, Antwerp
From 1980 5 instalments of 25, 3 of 75, the last of 250	Luxembourg
Whole amount in 1988	Frankfurt, Berlin, Düsseldorf, Hamburg, Munich
From 1985 12 equal instalments and the last of 29	Luxembourg
From 1983 8 equal instalments	Luxembourg
Whole amount in 1987	Luxembourg
Whole amount in 1988	Luxembourg
From 1983 11 equal instalments	
From 1984 6 equal instalments, the last of 16	
Whole amount in 1986	
From 1984 4 equal instalments	
From 1984 4 equal instalments	
Whole amount in 1988	
Whole amount in 1988	
From 1983 10 equal instalments, the last of 2,5	
From 1983 10 equal instalments, the last of 2	
From 1983 10 equal instalments, the last of 2	
From 1983 10 equal instalments, the last of 1	
From 1984 6 equal instalments, the last of 7,2	
Whole amount in 1988	
Whole amount in 1988	
From 1984 10 equal instalments	
From 1984 10 equal instalments	
From 1981 8 equal instalments	
From 1983 8 equal instalments	
From 1982 12 equal instalments	
From 1981 8 equal instalments	
From 1979 6 equal instalments	
From 1983 8 equal instalments	
From 1984 5 equal instalments	
Whole amount in 1984	
From 1983 2 equal instalments	
Whole amount in 1984	
From 1984 2 equal instalments	
From 1981 10 equal instalments	
Whole amount in 1982	
From 1981 3 instalments of 52,5, 57,5; 37,5	
From 1983 2 equal instalments	
Whole amount in 1980	
Whole amount in 1980	
Whole amount in 1983	
From 1984 10 equal instalments	
Whole amount in 1988	
From 1981 4 equal instalments	
From 1985 5 equal instalments	
Whole amount in 1982	

FIGURE 1

TOTAL BORROWINGS UP TO 31 DECEMBER 1978

Amounts in million European units of account



ECSC lending and guarantee operations

The funds available to the Commission in 1978 for lending to undertakings totalled 981,70 million EUA, broken down as follows:

1. Borrowed funds		
— available at the beginning of the year	38,61	
— product of loans floated in 1978	935,40	974,01
2. Own funds		
— repayment of earlier loans		7,69
		981,70

As in 1977, these funds were used for loans to industry (Article 54 of the Treaty), reconversion loans (Article 56) and loans for worker housing. The industrial and reconversion loans were disbursed out of borrowed funds, while almost all the housing loans were drawn from the ECSC's own resources.

In the same period, total loans amounted to 797,68 million EUA.

The funds remaining on 31 December 1978 — as well as the loans contracted in the first quarter of 1979 — permitted, in the first three months of 1979, substantial disbursement to be made for a number of loans approved in the last months of 1978.

Table 2
Loans disbursed in 1978

(in million EUA)

Sector	FR of Germany	Belgium	Denmark	France	Italy	Netherlands	Luxembourg	United Kingdom	Ireland	Community
I — Coal industry	17,80	—	—	3,34	—	—	—	241,34	—	262,48
Iron-ore mines	—	—	—	—	—	—	—	1,98	—	1,98
Iron and steel industry	48,83	—	13,07	57,73	112,33	42,00	73,50	18,83	—	366,29
Power stations	3,99	—	—	31,09	—	—	—	—	—	35,08
Frioul steel ind.	—	—	—	—	1,27	—	—	—	—	1,27
Total	70,62	—	13,07	92,16	113,60	42,00	73,50	262,15	—	667,10
II — Industrial reconversion	62,18	—	—	32,21	10,13	—	—	8,15	—	113,30
III — Worker housing	5,60	1,89	0,10	2,77	2,63	0,82	0,44	3,01	0,02	17,28
Grand total	139,03	1,89	13,17	127,14	126,36	42,82	73,94	273,31	0,02	797,68

1. Industrial loans (Article 54)

1978 was marked by a decrease in the amounts loaned for industrial investment projects, as provided for in Article 54 of the ECSC Treaty.

Loans granted totalled 667,10 million EUA.

The interest rate and other conditions applicable to the loans were laid down as and when the loans were granted, depending on the rates and conditions applying to the corresponding borrowings.

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 and a further Communication published on 22 July 1977, certain loans for the financing of capital projects judged to be of particular advantage to the Community enjoyed a reduced rate of interest, applicable for the first five years of the loan. This preferential rate remained at three points below the normal rate.

The loans to industry disbursed in 1978 were made available in 59 operations to 32 undertakings for the financing of the following programmes:

Coalmining industry

Increase in coking capacity

Charbonnages de France (Houillères du Bassin de Lorraine, Carling coke works);
Ruhrkohle AG, Essen (Prosper coke works).

Power station

Charbonnages de France, Paris (Houillères du Bassin de Lorraine, Carling power station).

District heating installations

STÉAG Aktiengesellschaft, Essen (district heating pipe Ruhr-Abschnitt Mitte).

Colliery rationalization and modernization

National Coal Board, London:

- Cumbria
- Northumberland
- Tyne and Wear
- Durham
- Lancashire
- Greater Manchester
- Cheshire
- North Yorkshire

South Yorkshire

- Maryport colliery
- Butterwell colliery
- Wearmouth colliery
- Westoe colliery
- Bold colliery
- Parsonage colliery
- Holditch colliery
- Ackton Hall colliery
- Prince of Wales colliery
- Allerton Bywater colliery
- Sharlston colliery
- Grimethorpe colliery
- Bentley colliery
- Silverwood colliery
- Treeton colliery
- South Kirkby colliery
- Kingswood colliery
- Brodsworth colliery
- Barnburgh colliery

South Yorkshire

Manvers colliery
Manton colliery
Yorkshire Main colliery
Hatfield colliery
Goldthorpe/Highgate colliery
Askern colliery
Frickley/South Elmsall colliery
Houghton Main colliery

West Yorkshire

Disposal point at Bowers Row

Derbyshire

Oxcroft colliery
Whitwell colliery
Bolsover colliery
Warsop colliery
Shirebrook colliery

Nottinghamshire

Gedling colliery
Bilsthorpe colliery
Linby colliery
Newstead colliery
Creswell colliery
Ollerton colliery
Bentnck colliery
Bevercotes colliery
Silverhill colliery
Thoresby colliery
Harworth colliery
Mansfield colliery

Staffordshire

Silverdale colliery
Lea Hall colliery
Disposal point at Hayes

West Midlands

Rawdon and Donisthorpe collieries
Bagworth colliery

Kent

Snowdown colliery

West Glamorgan

Treforgan colliery

Mid Glamorgan

Lady Windsor-Abercynon colliery

Gwent

Oakdale colliery, Cwm/Goedeley colliery,

Abertillery and Blaenserchan colliery

Fife

Seafeld/Frances collieries;

Ruhrkohle AG, Essen (Lohberg and Niederberg collieries).

Construction of a new mine

National Coal Board, London (Selby mine/North Yorkshire).

Professional training centre

Saarbergwerke AG, Sarrebruck (Camphausen, Fenne and Velsen training centres).

Iron and steel industry

Infrastructure projects

BOC Investments Limited, London (Redcar and Teesside works);
Northumbrian Water Authority, Newcastle upon Tyne
(British Steel Corporation works at Redcar and Teesside).

Direct reduction

British Steel Corporation, London (Hunterston works).

Rationalization of pig-iron and steel production

ARBED SA, Luxembourg (Esch-Belval, Differdange and Schifflange works);
Dalmine SpA, Milan (Dalmine works);
Hoogovens-IJmuiden BV, IJmuiden (IJmuiden works);
Italsider SpA, Genoa (Genova-Cornigliano and Genova-Campi works);
Acciaierie e Ferriere Lombarde Falck SpA, Milan (Sesto S. Giovanni and Vobarno works);
Fried. Krupp Hüttenwerke AG, Bochum (Rheinhausen works);
Stahlwerke Peine-Salzgitter AG, Peine (Salzgitter works);
Acciaierie di Piombino SpA, Piombino/Livorno;
Société des Acières et Laminoirs de Lorraine SACILOR SA, Hayange
(works in the Thionville area);
Société Lorraine de Laminage Continu SA SOLLAC, Paris (Sérémange works);
Acciaierie Ferriere del Tanaro SpA, Lesegno/Cuneo;
Thyssen AG vorm. August Thyssen Hütte, Duisburg (Oberhausen works).

Rationalization of sections production

Badische Stahlwerke AG, Kehl/Rhein;
Acciaierie e Ferriere Beltrame SpA, Vicenza.

Rationalization of flats production

Union sidérurgique du Nord et de l'Est de la France USINOR SA, Paris
(Dunkerque, Mardyck and Montataire works).

Modernization of wire rod production

Acciaierie di Bolzano SpA, Bolzano;
Société Des Acières et Laminoirs de Lorraine SACILOR SA, Hayange
(Gandrange-Rombas works);
Redaelli Siderurgia Acciai Speciali SpA, Milan (Rogoredo works).

Production of special steels

Stahlwerke Bochum AG, Bochum;
Società per l'Industria e l'Elettricità TERNI SpA, Rome.

Expansion of coastal plant

Det Danske Stalvalsevaerk A/S, Frederiksvaerk;
Italsider SpA, Genoa (Tarente works).

Research centres

Institut de Recherches de la Sidérurgie Française IRSID, Saint-Germain-en-Laye
(Saint Germain-en-Laye Laboratories and Pilot Station at Maizières-les-Metz).

Professional training centre

Hoesch Werke AG, Dortmund (Dortmund training centre);
Thyssen AG vorm. August Thyssen-Hütte, Duisburg (Ruhrort training centre).

Environmental protection

Fried. Krupp Hüttenwerke AG, Bochum (Rheinhausen works);
Thyssen Edelstahlwerke AG, Düsseldorf (Krefeld works).

Overseas projects

Iron-ore mines

British Steel Corporation, London (Fire Lake Mine, Quebec, Canada);
Finsider International SA, Luxembourg (in favour of Companhia Italo-Brasileira de Peletização ITABRASCO, Vitória, Etat de Espírito Santo/Brésil).

Table 3
Loans for industrial investment (Article 54)

(in million EUA)

Country	Total loaned by 31. 12. 1977 ¹	New loans in 1978 ¹	Total loaned	Balance outstanding
			Position at 31. 12. 1978	
Denmark	32,13	13,07	45,20	42,20
FR of Germany	1 321,82	70,63	1 392,45	1 004,97
Belgium	182,97	—	182,97	142,33
France	785,52	92,16	877,68	768,34
Italy	635,24	113,60	748,84	622,25
Luxembourg	4,40	73,50	77,90	76,00
Netherlands	104,34	41,99	146,33	124,97
United Kingdom	932,25	262,15	1 194,40	1 192,74
Community	3 998,67	667,10	4 065,77	3 973,80

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

2. Loans for industrial reconversion (Article 56)

Reconversion loans granted under Article 56 of the ECSC Treaty are designed to facilitate the creation of new and economically sound activities capable of reabsorbing into productive employment workers who have been or are about to be made redundant in the coal and steel industries.

During the year, the financing of reconversion projects totalled 113,30 million EUA, leading to the creation of more than 9 450 jobs.

These loans may enjoy, in part or in whole, the special terms described above. The interest rate payable on such loans was three points below the normal rate, which is set in accordance with the corresponding borrowed funds.

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

Under the terms of the Treaty, requests for loans of this type are submitted to the Commission by the government of the Member State concerned. The geographical distribution of the loans granted largely reflects therefore the national policies for the redevelopment of mining or steel-producing areas in decline.

Loans for industrial reconversion were granted to the following undertakings:

FR of Germany*North Rhine/Westfalen*

Ruhrkohle AG, Essen (Monopol colliery).

France*Lorraine*

Société de Développement Régional de Lorraine LORDEX, Nancy (to various enterprises);

Luchoire SA, Paris (Boulay/Moselle works);

Société Anonyme de Véhicules Industriels et d'Equipements Mécaniques

SAVIEM, Suresnes (Batilly/Meurthe-et-Moselle works);

Société Mécanique Automobile de l'Est SMAE, Metz (Ennery and Metz works).

Auvergne

Rockwool Isolation SA, Paris (Saint-Eloy-les-Mines/Puy-de-Dômes works).

Languedoc-Roussillon

Société Financière pour favoriser l'Industrialisation des Régions Minières

SOFIREM, Paris (in favour of Merlin Gerin, Alès/Gard).

Italy*Liguria*

Italsider SpA, Genoa (Genoa-Campi works).

United Kingdom*Durham*

Courtaulds Limited, London (Spennymoor works).

Clwyd

Country Produce Limited, London (Sandy industrial estate, Hawarden, Deeside).

Multiregional

Finance for Industry Limited, London (in favour of various enterprises).

Table 4
Loans for industrial reconversion (Article 56)

A — Breakdown by country

(in million EUA)

Country	Total loaned by 31. 12. 1977 ¹	New loans in 1978 ¹	Total loaned	Balance outstanding
			Position at 31.12.1978	
FR of Germany	140,99	62,81	203,80	120,86
Belgium	55,56	—	55,56	29,29
France	117,62	32,21	149,83	123,65
Italy	53,12	10,13	63,25	41,24
Netherlands	30,41	—	30,41	15,96
United Kingdom	61,16	8,15	69,31	69,04
Ireland	0,44	—	0,44	0,44
Community	459,30	113,30	572,60	400,48

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

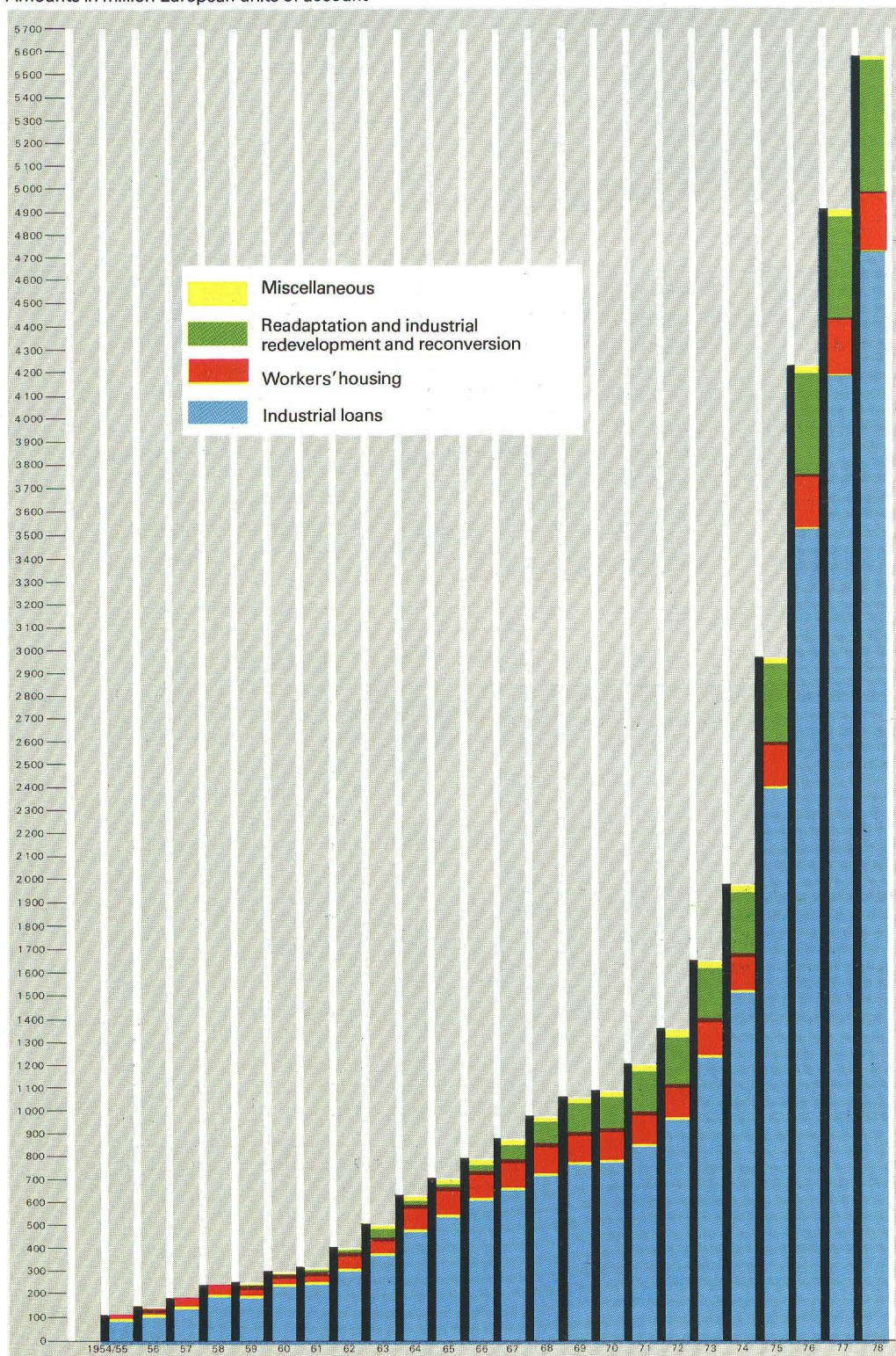
B — Breakdown by industry

Category	Amount (in million EUA)	%
Iron and steel industry	131,28	22,93
Manufacture of motor vehicles and accessories	102,24	17,85
Coal, gas	65,18	11,38
Chemicals	52,54	9,18
Non-ferrous metals	32,75	5,72
Industrial estates	28,89	5,05
Rubber	23,18	4,05
Power stations	22,47	3,92
Articles of cast iron, steel and other metals	20,01	3,49
Mechanical engineering	19,96	3,49
Joinery and furniture manufacture	11,31	1,98
Ceramic ware, glass, lime and stone	9,81	1,71
Paper and printing	9,76	1,70
Textiles and clothing	9,16	1,60
Global loans	9,07	1,58
Electrical equipment	8,91	1,56
Manufacture of plastic articles	4,62	0,81
Miscellaneous	11,46	2,00
Total	572,60	100,00

FIGURE 2

BREAKDOWN BY SECTOR OF LOANS DISBURSED AND GUARANTEES GRANTED UP TO 31 DECEMBER 1978

Amounts in million European units of account



3. Loans for housing (Article 54.2)

1978 saw a continuation of the policy for housing finance. 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 granted in the currency of the country concerned to avoid any exchange risks to recipients. They may be combined with other loans generally granted by financial institutions in the country concerned.

The funds paid out by the Commission in 1978 under the ECSC social housing programme amounted to 17,28 million EUA, of which most was disbursed under the 8th programme.

The loans disbursed from own funds at the rate of 1% thus totalled 15,93 million EUA in 1978; this was supplemented by 1,35 million EUA from borrowed funds. These amounts enabled the Commission to finance some 6 000 new worker housing units. Since the beginning of its financial activities, the ECSC has therefore financed the construction of over 160 000 of these housing units.

The very low interest rates applied enable borrowers to combine this type of loan with other capital raised on national markets at the terms prevailing on those markets. Borrowers thus have larger sums to draw on whilst at the same time the average rate on their borrowings remains moderate.

Table 5
Loans for worker housing (Article 54.2)

(in million EUA)

Country	Total loaned by 31. 12. 1977 ¹	New loans in 1978 ¹	Position at 31.12.1978	
			Total loaned	Balance outstanding
FR of Germany	128,18	5,60	133,78	82,58
Belgium	37,66	1,89	39,55	16,27
France	34,12	2,77	36,89	22,76
Italy	14,16	2,63	16,79	10,61
Luxembourg	6,39	0,44	6,83	4,09
Netherlands	12,62	0,82	13,44	7,43
Denmark	1,22	0,10	1,32	1,06
United Kingdom	2,47	3,01	5,48	5,06
Ireland	0,47	0,02	0,49	0,47
Community	237,29	17,28	254,57	150,33

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

4. Guarantees

The ECSC Treaty states that the Commission may also facilitate the carrying out of investment programmes by guaranteeing loans obtained by undertakings from outside sources.

Redemption of the initial amounts of loans previously guaranteed, totalling 63,84 million EUA, reduced the remaining commitments to 14,91 million EUA at 31 December 1978.

5. Summary of lending operations and guarantees (1954–78)

From the start of its financing activities to 31 December 1978, the ECSC granted loans totalling 5 510,38 million EUA, of which 5 300,64 million were from borrowed funds and 209,74 million from its own resources.

Including guarantees furnished over the same period, the total amount of ECSC financial assistance was 5 574 million EUA (compared with 4 903 million EUA at 31 December 1977).

Table 6

Loans disbursed and guarantees granted up to 31 December 1978 by type of investment and country
(Initial amounts) ¹ (in million EUA)

Breakdown	Loans			Guarantees	Total loans and guarantees	%
	From borrowed funds	From own resources	Total			
<i>A - Type of investment</i>						
Coal industry	1 281,41 ²	—	1 281,41	—	1 281,41	22,99
Iron-ore mines	100,93	—	100,93	—	100,93	1,81
Iron and steel industry	3 279,49	3,95	3 283,44	63,68	3 347,12	60,05
Industrial reconversion	568,75	3,85	572,60	—	572,60	10,27
Worker housing	66,28	188,28	254,56	—	254,56	4,57
Miscellaneous	3,78	13,66	17,44	0,16	17,60	0,91
Total	5 300,64	209,74	5 510,38	63,84	5 574,22	100,00
<i>B - Country</i>						
Ireland	0,44	0,49	0,93	—	0,93	0,02
Denmark	45,20	1,32	46,52	—	46,52	0,83
FR of Germany	1 621,15	119,44	1 740,59	53,64	1 794,23	32,19
Belgium	265,80	12,85	278,65	—	278,65	5,00
France	1 027,72	37,76	1 065,48	10,04	1 075,52	19,29
Italy	815,53	13,47	829,00	0,16	829,16	14,87
Luxembourg	80,04	5,69	85,73	—	85,73	1,54
Netherlands	181,05	13,24	194,29	—	194,29	3,49
United Kingdom	1 263,71	5,48	1 269,19	—	1 269,19	22,77
Community	5 300,64	209,74	5 510,38	63,84	5 574,22	100,00

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

² Including power stations (160,31 million EUA).

Changes in reserves and provisions, management of liquid assets

The table below shows the changes in ECSC reserves and provisions between 31 December 1977 and 31 December 1978.

Table 7
Changes in reserves and provisions *(in million EUA)*

	Position at 31. 12. 1977	Changes in 1978	Position at 31.12.1978
I — (a) Guarantee fund	183,—	+ 17,—	200,—
(b) Special reserve	134,50	+ 4,—	138,50
II — Pension fund	39,92	+ 1,14	41,06
III — Provisions			
(a) for rehabilitation	119,29	+ 39,65	158,94
(b) for research	51,24	+ 14,13	65,37
(c) assistance (Article 56)	8,17	+ 11,39	19,56
(d) assistance (Article 54)	6,89	+ 5,74	12,63
(e) assistance to coke	4,57	+ 6,02	10,58
IV — Other provisions	68,36	+ 7,83	76,19
Total	615,94	106,89	722,83
V — Unallocated balance	0,09	0,02	0,11
Grand total	616,03	106,91	722,94

Income from the levy, which has been fixed at 0,29% since 1 January 1972, amounted to 100,78 million EUA in 1978, compared with 86,84 million EUA in 1977. This total comprises 21,88 million EUA from coal production and 78,90 million EUA from iron and steel production.

Income resulting from the management of liquid assets, i.e. income from interest on own resources invested, was 33,78 million u.a., and income from borrowed funds not yet disbursed was 10,32 million u.a.

Apart from this contribution to an increase in reserves, these interest receipts on own resources have enabled the Commission to finance direct aid (readaptation, technical research, assistance to coking coal and coke, etc.) and reduced interest loans, in accordance with the social, regional and industrial objectives of the Community.

ANNEXES

- I— Main characteristics of loans
contracted to 31 December 1978**
- II— ECSC balance sheet at 31 December 1978**
- III— ECSC income and expenditure from
1 January to 31 December 1978**

Main characteristics of loans contracted to 31 December 1978

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1978 in European units of account
			in currency	equivalent in European units of account	
1954	3 ⁷ / ₈	25	USD 100 000 000	72 627 970,48	4 793 446,05
1960	5 ³ / ₈	20	25 000 000	18 156 992,62	2 578 292,96
1962	5 ¹ / ₄	20	25 000 000	18 156 992,62	4 975 015,98
1964	5 ¹ / ₄	20	30 000 000	21 788 391,15	8 715 356,46
1966	6 ¹ / ₂	20	15 000 000	10 894 195,57	5 810 237,65
1966	6 ¹ / ₂	20	20 000 000	14 525 594,10	7 662 250,89
1967	6 ¹ / ₂	20	25 000 000	18 156 992,62	10 748 939,63
1967	6 ⁵ / ₈	20	20 000 000	14 525 594,10	8 642 728,49
1973	7	15	30 000 000	21 788 391,15	21 062 111,45
1974	7 ³ / ₄	15	50 000 000	36 313 985,24	35 587 705,54
1974	8 ¹ / ₄	5	20 000 000	14 525 594,10	14 525 594,10
1974	9 ¹ / ₄	8	100 000 000	72 627 970,48	72 627 970,48
1974	9 ¹ / ₂	10	100 000 000	72 627 970,48	72 627 970,48
1974	10	10	200 000 000	145 255 940,97	145 255 940,97
1974	8 ³ / ₄	5	100 000 000	72 627 970,48	72 627 970,48
1975	8 ³ / ₈	8	150 000 000	108 941 955,73	108 941 955,73
1975	8 ³ / ₄	7	50 000 000	36 313 985,24	31 956 307,01
1975	9 ¹ / ₄	5	30 000 000	21 788 391,15	21 788 391,15
1975	8 ⁷ / ₈	5	125 000 000	90 784 963,10	90 784 963,10
1976	8 ³ / ₄	5	65 000 000	47 208 180,81	47 208 180,81
1976	9 ¹ / ₄	10	60 000 000	43 576 782,29	39 945 383,77
1976	9	7	50 000 000	36 313 985,24	36 313 985,24
1976	8 ⁵ / ₈	8	75 000 000	54 470 977,86	54 470 977,86
1976	9	20	100 000 000	72 627 970,48	72 627 970,48
1976	8 ¹ / ₂	10	23 000 000	16 704 433,21	16 704 433,21
1976	7 ⁷ / ₈	5	30 000 000	21 788 391,15	21 788 391,15
1976	8 ¹ / ₈	8	75 000 000	54 470 977,86	54 470 977,86
1976	8 ⁷ / ₈	20	75 000 000	54 470 977,86	54 470 977,86
1976	8	7	30 000 000	21 788 391,15	21 788 391,15
1977	7 ¹ / ₄	5	50 000 000	36 313 985,24	36 313 985,24
1977	8 ¹ / ₄	10	10 000 000	7 262 797,05	7 262 797,05
1977	7 ³ / ₄	5	25 000 000	18 156 992,62	18 156 992,62
1977	9 ¹ / ₈	20	75 000 000	54 470 977,86	54 470 977,86
1977	7 ⁵ / ₈	7	30 000 000	21 788 391,15	21 788 391,15
1977	9	18	50 000 000	36 313 985,24	35 042 995,76
1977	8 ¹ / ₈	5	20 000 000	14 525 594,10	14 525 594,10
1977	8	19	25 000 000	18 156 992,62	15 978 153,51
1977	8 ³ / ₄	15	42 000 000	30 503 747,60	30 503 747,60
1977	8 ¹ / ₄	12	50 000 000	36 313 985,24	36 313 985,24
1977	8 ³ / ₄	20	100 000 000	72 627 970,48	70 812 271,22
1978	8 ³ / ₈	7	30 000 000	21 788 391,15	21 788 391,15
1978	8 ¹ / ₂	8	40 000 000	29 051 188,19	29 051 188,19
1978	8 ¹ / ₂	12	20 000 000	14 525 594,10	14 525 594,10
1978	8 ³ / ₄	10	15 000 000	10 894 195,57	10 894 195,57
1978	8 ³ / ₄	9	20 000 000	14 525 594,10	14 525 594,10
1978	8 ³ / ₄	9	15 000 000	10 894 195,57	10 894 195,57
1978	9	15	25 000 000	18 156 992,62	18 156 992,62
1978	9 ¹ / ₄	20	25 000 000	18 156 992,62	18 156 992,62
1978	9 ³ / ₈	15	30 000 000	21 788 391,15	21 788 391,15
1978	9 ¹ / ₁₀	10	25 000 000	18 156 992,62	18 156 992,62
1978	8 ³ / ₄	9	50 000 000	36 313 985,24	36 313 985,24

Main characteristics of loans contracted to 31 December 1978

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1978 in European units of account
			in currency	equivalent in European units of account	
1978	9	10	USD 20 000 000	14 525 594,10	14 525 594,10
1978	9 ¹ / ₂	15	25 000 000	18 156 992,62	18 156 992,62
1978	9 ¹ / ₂	15	20 000 000	14 525 594,10	14 525 594,10
1978	9 ¹ / ₂	15	20 000 000	14 525 594,10	14 525 594,10
1978	9 ¹ / ₂	15	10 000 000	7 262 797,05	7 262 797,05
1978	9 ¹ / ₄	12	18 000 000	13 073 034,69	13 073 034,69
1978	9 ¹ / ₄	12	40 000 000	29 051 188,19	29 051 188,19
1978	9—9 ³ / ₄ ¹	20	50 000 000 ²	36 313 985,24	36 313 985,24
				2 013 973 621,51	1 864 360 002,36
1955	3 ³ / ₄	25	DM 50 000 000	19 930 800,26	1 582 525,47
1964	5 ¹ / ₂	15	100 000 000	39 861 600,52	3 308 512,84
1965	5 ¹ / ₂	18	150 000 000	59 792 400,78	22 920 420,30
1968	6 ¹ / ₄	13	60 000 000	23 916 960,32	7 175 088,08
1969	6 ¹ / ₄	15	40 000 000	15 944 640,21	9 566 784,13
1969	6 ¹ / ₂	13	50 000 000	19 930 800,26	7 972 320,10
1971	7 ¹ / ₂	15	100 000 000	39 861 600,52	31 889 280,42
1972	6 ¹ / ₂	15	100 000 000	39 861 600,52	35 875 440,47
1972	7	16	150 000 000	59 792 400,78	53 813 160,70
1973	6 ¹ / ₂	15	150 000 000	59 792 400,78	59 792 400,78
1973	7 ³ / ₄	15	100 000 000	39 861 600,52	39 861 600,52
1974	10	5	20 000 000	7 972 320,10	7 972 320,10
1974	10	5	30 000 000	11 958 480,16	11 958 480,16
1974	10	7	50 000 000	19 930 800,26	19 930 800,26
1974	9 ³ / ₄	7	150 000 000	59 792 400,78	59 792 400,78
1975	8 ¹ / ₂	10	56 000 000	22 322 496,29	19 532 184,25
1975	8 ¹ / ₂	7	20 000 000	7 972 320,10	7 972 320,10
1975	8 ¹ / ₂	10	150 000 000	59 792 400,78	52 318 350,68
1975	8 ¹ / ₂	5	16 000 000	6 377 856,08	6 377 856,08
1975	8	5	60 000 000	23 916 960,31	23 916 960,31
1975	8	7	150 000 000	59 792 400,78	59 792 400,78
1976	7 ³ / ₄	10	80 000 000	31 889 280,42	31 889 280,42
1976	8 ¹ / ₄	10	45 000 000	17 937 720,24	17 937 720,24
1976	8	5	50 000 000	19 930 800,26	19 930 800,26
1976	7 ³ / ₄	7	125 000 000	49 827 000,65	49 827 000,65
1976	7 ³ / ₄	10	75 000 000	29 896 200,39	29 896 200,39
1977	7	12	81 630 000	32 539 024,51	32 539 024,51
1977	7	12	19 800 000	7 892 596,90	7 892 596,90
1977	6	12	16 000 000	6 377 856,08	6 377 856,08
1977	6	12	32 000 000	12 755 712,17	12 755 712,17
1977	5 ³ / ₄	8	20 000 000	7 972 320,10	6 975 780,09
1977	5 ¹ / ₂	8	20 000 000	7 972 320,10	6 975 780,09
1977	5 ¹ / ₂	8	20 000 000	7 972 320,10	6 975 780,09
1977	5 ¹ / ₂	8	20 000 000	7 972 320,10	6 975 780,09
1977	6	14	98 000 000	39 064 368,51	36 274 056,47
1977	5 ¹ / ₂	8	18 000 000	7 175 088,09	6 278 202,08
1977	5 ¹ / ₂	8	12 000 000	4 783 392,06	4 185 468,05
1977	6 ¹ / ₈	10	25 000 000	9 965 400,13	9 965 400,13

¹ For five years at 9,25%, remaining years at 9%.² Borrowings contracted in 1978 but paid out in 1979.

Main characteristics of loans contracted to 31 December 1978

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1978 in European units of account
			in currency	equivalent in European units of account	
1978	5 ³ / ₄	10	DM 30 000 000	11 958 480,16	11 958 480,16
1978	5 ⁷ / ₈	10	20 000 000	7 972 320,10	7 972 320,10
1978	5 ¹ / ₄	12	150 000 000	59 792 400,78	59 792 400,78
1978	6 ¹ / ₂	15	15 000 000	5 979 240,08	5 979 240,08
1978	6 ¹ / ₂	15	50 000 000	19 930 800,26	19 930 800,26
1978	6 ¹ / ₄	10	15 000 000	5 979 240,08	5 979 240,08
1978	6	12	70 000 000	27 903 120,37	27 903 120,37
1978	6 ¹ / ₂	15	32 400 000	12 915 158,57	12 915 158,57
1978	6 ¹ / ₄	10	9 000 000	3 587 544,05	3 587 544,05
1978	6	10	150 000 000	59 792 400,78	59 792 400,78
1978	5 ¹ / ₂	6	16 200 000	6 457 579,28	6 457 579,28
1978	6 ¹ / ₂	12	20 000 000	7 972 320,10	7 972 320,10
1978	6 ³ / ₄	10	20 000 000	7 972 320,10	7 972 320,10
1978	6	6	20 000 000	7 972 320,10	7 972 320,10
				1 246 484 206,73	1 083 159 290,83
1963	5 ¹ / ₂	20	LIT 15 000 000 000	13 157 202,25	4 385 734,08
1966	6	20	15 000 000 000	13 157 202,25	7 017 174,53
1966	6	20	15 000 000 000	13 157 202,25	7 017 174,53
1968	6	20	15 000 000 000	13 157 202,25	8 771 468,16
1968	6	20	15 000 000 000	13 157 202,25	8 771 468,16
1972	7	15	20 000 000 000	17 542 936,34	15 788 642,71
1972	7	15	20 000 000 000	17 542 936,34	15 788 642,71
1974	7	15	10 000 000 000	8 771 468,17	8 771 468,17
1975	10	10	30 000 000 000	26 314 404,51	23 025 103,95
				135 957 756,61	99 336 877,00
1957	3 ¹ / ₂	25	BFR 200 000 000	5 043 589,22	1 149 938,34
1957	3 ¹ / ₂	25	20 000 000	504 358,92	114 993,83
1962	5 ¹ / ₄	20	300 000 000	7 565 383,83	2 118 307,47
1963	5 ¹ / ₂	20	300 000 000	7 565 383,83	2 647 884,34
1968	6 ³ / ₄	15	750 000 000	18 913 459,57	11 348 075,73
1970	8 ³ / ₄	20	500 000 000	12 608 973,05	10 089 700,22
1971	7 ³ / ₄	15	700 000 000	17 652 562,27	14 122 049,81
1973	7 ³ / ₄	12	1 000 000 000	25 217 946,10	22 065 702,84
1975	8 ¹ / ₄	10	1 500 000 000	37 826 919,15	35 305 124,54
1978	8 ¹ / ₂	8	2 000 000 000	50 435 892,20	50 435 892,20
				183 334 468,14	149 397 669,32
1964	5	20	FF 150 000 000	26 062 571,02	9 773 464,13
1971	8 ¹ / ₂	18	150 000 000	26 062 571,02	22 066 310,14
1972	7 ¹ / ₄	15	150 000 000	26 062 571,02	23 456 313,92
1973	7 ¹ / ₂	15	60 000 000	10 425 028,41	10 425 028,41
1973	7	7	50 000 000	8 687 523,67	6 081 266,57
1973	7 ¹ / ₂	18	150 000 000	26 062 571,02	25 628 194,84
1975	10	7	125 000 000	21 718 809,18	19 981 304,44
1976	10 ¹ / ₄	5	40 000 000	6 950 018,94	6 950 018,94
1976	10	5	60 000 000	10 425 028,41	10 425 028,41
1976	10	7	50 000 000	8 687 523,67	8 687 523,67
1976	10 ¹ / ₅	18	250 000 000	43 437 618,37	43 437 618,37

Main characteristics of loans contracted to 31 December 1978

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1978 in European units of account
			in currency	equivalent in European units of account	
1976	10 ^{1/2}	7	FF 50 000 000	8 687 523,67	8 687 523,67
1977	11 ^{3/8}	5	60 000 000	10 425 028,41	10 425 028,41
1977	11	12	300 000 000	52 125 142,04	52 125 142,04
1978	11 ^{4/10}	6	4 000 000	695 001,89	695 001,89
1978	11 ^{4/10}	7	4 000 000	695 001,89	695 001,89
1978	10 ^{8/10}	15	275 000 000	47 781 380,20	47 781 380,20
1978	10 ^{1/2}	7	50 000 000	8 687 523,67	8 687 523,67
1978	10 ^{9,5/10}	12	50 000 000	8 687 523,67	8 687 523,67
1978	10	10	300 000 000 ¹	52 125 142,04	52 125 142,04
				404 491 102,21	376 821 339,32
1961	4 ^{1/2}	20	HFL 50 000 000	18 419 394,89	3 610 201,40
1962	4 ^{3/4}	25	6 000 000	2 210 327,39	795 717,85
1962	4 ^{3/4}	20	25 000 000	9 209 697,44	2 523 457,10
1963	4 ^{5/8}	30	1 750 000	644 678,82	324 181,35
1964	5 ^{3/4}	20	25 000 000	9 209 697,44	3 739 137,16
1965	5 ^{3/4}	20	40 000 000	14 735 515,91	6 925 692,48
1975	8 ^{1/2}	15	60 000 000	22 103 273,86	17 682 619,09
1975	8 ^{5/8}	10	20 000 000	7 367 757,95	5 157 430,55
1976	8	7	60 000 000	22 103 273,86	22 103 273,86
1976	8 ^{3/4}	25	25 000 000	9 209 697,44	8 472 921,64
1976	8 ^{5/8}	25	30 000 000	11 051 636,93	10 167 505,97
1976	8 ^{3/4}	20	14 000 000	5 157 430,57	5 157 430,57
1978	7 ^{1/4}	15	100 000 000	36 838 789,77	36 838 789,77
1978	7 ^{5/8}	15	14 000 000	5 157 430,57	5 157 430,57
				173 418 602,84	128 655 789,36
1957	5 ^{3/8}	25	LFR 100 000 000	2 521 794,61	714 422,85
1961	5 ^{1/4}	25	100 000 000	2 521 794,61	1 286 340,75
1961	5	25	100 000 000	2 521 794,61	1 271 249,83
1962	5 ^{1/8}	25	250 000 000	6 304 486,52	3 514 063,97
1964	5 ^{3/8}	20	150 000 000	3 782 691,91	1 513 076,76
1971	6 ^{1/2}	8	150 000 000	3 782 691,91	958 281,94
1971	7	15	250 000 000	6 304 486,52	6 304 486,52
1971	7 ^{3/4}	12	300 000 000	7 565 383,83	5 396 640,47
1972	6 ^{3/4}	12	300 000 000	7 565 383,83	5 068 807,17
1972	6 ^{3/4}	15	400 000 000	10 087 178,44	9 078 460,60
1973	6 ^{3/4}	15	300 000 000	7 565 383,83	7 565 383,83
1973	7	12	800 000 000	20 174 356,88	17 652 562,27
1973	7	15	800 000 000	20 174 356,88	20 174 356,88
1973	8	12	300 000 000	7 565 383,83	5 900 999,39
1973	8	12	200 000 000	5 043 589,22	3 933 999,60
1973	7 ^{1/4}	15	500 000 000	12 608 973,05	12 104 614,13
1973	7 ^{1/2}	8	250 000 000	6 304 486,52	3 026 153,54
1974	10	7	400 000 000	10 087 178,44	7 565 383,83
1975	9	10	500 000 000	12 608 973,05	12 608 973,05
1975	9	9	100 000 000	2 521 794,61	2 521 794,61
1976	9 ^{1/2}	8	500 000 000	12 608 973,05	12 608 973,05

¹ Borrowings contracted in 1978 but paid out in 1979.

Main characteristics of loans contracted to 31 December 1978

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1978 in European units of account
			in currency	equivalent in European units of account	
1976	9 1/2	6	LFR 200 000 000	5 043 589,22	5 043 589,22
1977	8 1/2	10	500 000 000	12 608 973,05	12 608 973,05
1978	7 3/4	10	250 000 000	6 304 486,52	6 304 486,52
1978	7 3/4	10	600 000 000	15 130 767,66	15 130 767,66
1978	8	6	200 000 000	5 043 589,22	5 043 589,22
				214 352 541,82	184 900 430,71
1976	9	7	CAD 50 000 000	30 690 285,91	30 690 285,91
1977	9	7	25 000 000	15 345 142,96	15 345 142,96
				46 035 428,87	46 035 428,87
1962	4 1/2	18	SFR 60 000 000	26 925 268,92	4 711 922,06
1969	5 1/2	18	60 000 000	26 925 268,92	18 847 688,24
1972	7 1/2	12	50 000 000	22 437 724,10	16 285 300,16
1973	6 1/4	15	80 000 000	35 900 358,55	35 900 358,55
1975	7 3/4	15	80 000 000	35 900 358,55	35 900 358,55
1975	7 3/4	8	50 000 000	22 437 724,10	22 437 724,10
1976	7 1/4	6	100 000 000	44 875 448,19	44 875 448,19
1976	6 1/4	5	30 000 000	13 462 634,46	13 462 634,46
1976	6 1/2	7	30 000 000	13 462 634,46	13 462 634,46
1976	6	6	20 000 000	8 975 089,64	8 975 089,64
1976	6	7	25 000 000	11 218 862,05	11 218 862,05
1976	5 7/8	8	25 000 000	11 218 862,05	11 218 862,05
1976	5 3/4	15	80 000 000	35 900 358,55	35 900 358,55
1977	5 1/4	2	20 000 000	8 975 089,64	8 975 089,64
1977	4 1/2	8	65 000 000	29 169 041,33	29 169 041,33
1977	4 1/2	16	80 000 000	35 900 358,56	35 900 358,56
1978	3 3/4	4	100 000 000	44 875 448,19	44 875 448,19
1978	3 1/4	3	52 500 000	23 559 610,30	23 559 610,30
1978	3 3/8	4	57 500 000	25 803 382,71	25 803 382,71
1978	3 5/8	5	37 500 000	16 828 293,07	16 828 293,07
1978	3 1/4	5	25 000 000	11 218 862,05	11 218 862,05
1978	3 1/4	6	25 000 000	11 218 862,05	11 218 862,05
1978	2 1/4	2	40 000 000	17 950 179,28	17 950 179,28
1978	2 3/8	2	35 000 000	15 706 406,87	15 706 406,87
1978	3	5	20 000 000	8 975 089,64	8 975 089,64
1978	2 1/2	3	100 000 000 ¹	44 875 448,19	44 875 448,19
				604 696 664,42	568 253 312,94
1966	5 3/4	20	u.a. ² 20 000 000	36 655 144,73	19 977 053,87
1977	9 5/8	12	UKL 20 000 000	29 617 607,08	28 655 034,85
				5 089 017 144,96 ³	4 549 552 229,52

¹ Borrowings contracted in 1978 but paid out in 1979.

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 its Charter, i.e. 0,88867088 grams of fine gold. This value could change under certain circumstances.

³ Total amount of borrowings contracted by the ECSC since its inception = 5 669 267 280,51 EUA (including borrowings reduced).

Balance sheet of the European Coal and Steel Community at 31 December 1978

(All amounts are stated in European units of account)

A European unit of account represents the exchange value of the various currencies at the following rates of conversion: 1 EUA = DM 2,50868 = BFR 39,6543 = LFR 39,6543 = DKR 6,99113 = FF 5,75538 = HFL 2,71453 = LIT 1 140,06 = UKL 0,675274 = IRL 0,675274 = SFR 2,22839 = USD 1,37688 = £ 0,685432 = CAD 1,62918 = u.a. 0,545626

Assets

I — Disbursed loans	4 549 891 466,92
II — Cash and bank accounts	309 677 950,59
III — Short and medium-term placements	78 209 905,41
IV — Investments	167 265 646,27
V — Fixed assets	272 400,75
VI — Recoverable issuing costs	69 290 099,40
VII — Miscellaneous	71 096 459,47
VIII — Accrued income	112 867 783,35
	5 358 571 712,16

Suspense accounts

I — Enterprises' liabilities under guarantees	14 948 100,20
II — Due on borrowings contracted	113 314 575,47

Note of the Court of Auditors

We have examined the accompanying financial statements comprising the balance sheet of the European Coal and Steel Community at 31 December 1978 and the statement of income and expenditure for the year ended on that date.

Our examination has been carried out in accordance with the provisions of the Treaty of 22 July 1975, which amended certain financial provisions of the Treaties establishing the European Communities.

On the basis of our examinations, we certify that these financial statements are in accordance with the books and records of the Commission; in our opinion the balance sheet and the statement of income and expenditure present fairly the financial position of the European Coal and Steel Community at 31 December 1978 and the result of its operations for the year then ended.

Luxembourg, 20 July 1979

M. N. MURPHY
President

P. GAUDY
Member

		Liabilities
I	A. Borrowings	4 416 237 653,95
	B. Reimbursement premiums to be paid	1 204 338,13
II	Short term credits	28 457 135,42
III	Reserves	
	A. Guarantee Fund	200 000 000,—
	B. Special Fund	138 500 000,—
	C. Former pension Fund	41 062 662,29
		<u>379 562 662,29</u>
IV	Allocations	
	A. Financial aid	267 084 273,84
	B. Other	76 194 889,24
V	Miscellaneous	38 427 742,01
VI	Accrued liabilities	151 289 972,67
VII	Unallocated balance	113 044,61
		<u>5 358 571 712,16</u>
	<i>Suspense accounts</i>	
I	Liabilities under guarantees	14 948 100,20
II	Borrowings contracted but not yet paid	133 314 575,47

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

F.-X. ORTOLI
*Vice-President
of the Commission*

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

Income and Expenditure of the European Coal and Steel Community from 1 January 1978 to 31 December 1978

(All amounts are stated in European units of account)

Expenditure

A —	Servicing of borrowings and guarantees		352 181 251,15
B —	Budgetary expenditure:		
	— Administrative expenditure	5 000 000,—	
	— Expenditure for research	32 306 675,19	
	— Expenditure for rehabilitation	20 993 860,29	
	— Assistance (Art. 56)	4 799 674,54	
	— Assistance (Art. 54)	3 976 807,66	67 077 017,68
C —	Other expenditure:		
	— Financial expenses		236 252,09
D —	Exchange rate adjustments		10 783 339,46
E —	Excess of income over expenditure		106 923 784,23
			<u>537 201 644,61</u>

Note of the Court of Auditors

We have examined the accompanying financial statements comprising the balance sheet of the European Coal and Steel Community at 31 December 1978 and the statement of income and expenditure for the year ended on that date.

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Luxemburg, 20. Juli 1979

M. N. MURPHY
President

P. GAUDY
Member

		Income
A —	Servicing of loans and guarantees	374 456 791,30
B —	Levy	100 775 514,54
C —	Other income	
	— Interest from deposits and portfolio	33 781 462,93
	— Fines and increases for overdue payment	141 424,88
	— Contributions from Member States	28 000 000,—
	— Miscellaneous	46 450,96
		<u>61 969 338,77</u>
		<u>537 201 644,61</u>

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

F.-X. ORTOLI
*Vice-President
of the Commission*

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

Explanatory notes to the balance sheet at 31 December 1978

Assets

I — Disbursed loans

A — Loans from borrowed funds

— in US dollars	1 829 361 021,29	
— in Deutschmarks	1 050 936 928,57	
— in Italian lire	98 254 485,40	
— in Belgian francs	149 354 769,55	
— in Dutch guilders	128 217 518,37	
— in French francs	315 489 298,70	
— in Luxembourg francs	184 908 785,40	
— in Swiss francs	524 459 093,87	
— in EMU	10 317 726,62	
— in u.a.	19 977 053,87	
— in Canadian dollars	46 035 428,87	
— in pounds sterling	36 873 920,81	4 394 186 031,33

B — Other loans

— From the special reserve for the financing of workers' housing projects	128 687 857,57	
— from funds allocated for rehabilitation	254 698,94	
— from funds allocated for technical research	2 241 348,90	
— miscellaneous	20 574 369,51	
— Frioul — Iron industry/former pension fund	3 947 160,67	155 705 435,59
		<u>4 549 891 466,92</u>

III — Short and medium-term placements

This item, which amounts to 78 209 905,41 EUA, represents ECSC obligations that have been repurchased on various markets; these obligations are amortizable within three years.

IV — Investments

This item amounts to 167 265 646,27 EUA. It is made up of obligations with a State guarantee, obligations of semi-State bodies and treasury bills.

V — Fixed assets

This item, which amounts to 272 400,75 EUA, includes buildings owned by the ECSC. These are: a building in Paris (in co-ownership with the other two European Communities), a building in London held by the Community on long-lease tenure and a building in Washington.

VI — Recoverable issuing costs

The amount of 69 290 099,40 EUA 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 71 096 459,47 EUA under this item consists of:

1. 14 452 240,93 EUA due from debtors under the levy;
2. 22 413 404,23 EUA from miscellaneous debtors;
3. 34 230 814,31 EUA in funds earmarked for the payment of overdue coupons and drawn bonds.

VIII — Accrued income

This item consists of:

1. 105 172 535,35 EUA in interest and commissions receivable but not yet due on 31 December 1977;
2. 7 695 248,00 EUA in levy claimed over the month of December, and falling due after 31 December.

Liabilities

I

A — Borrowings

The breakdown by currency is as follows:

— in US dollars	1 828 046 017,13	
— in Deutschmarks	1 082 159 290,81	
— in Italian lire	99 336 877,—	
— in Dutch guilders	128 655 789,36	
— in Belgian francs	149 397 669,32	
— in French francs	324 696 197,28	
— in Luxembourg francs	184 900 430,71	
— in Swiss francs	523 377 864,75	
— in pounds sterling	28 655 034,85	
— in u.a.	19 977 053,87	
— in Canadian dollars	46 035 428,87	4 416 237 653,95

B — Reimbursement premiums payable

— in French francs	1 172 815,70	
— in Belgian francs	31 522,43	1 204 338,13

III

C — Former ECSC pension fund

This item totals 41 062 662,29 EUA. As of 5 March 1968 commitments for the payment of ECSC pensions were transferred to the Member States.

IV — Allocations

A — Financial aid

1. For rehabilitation		
— commitments entered into for outright grants	158 942 125,72	
2. For technical and economic research		
— commitments entered into for outright grants	65 369 487,44	
3. Assistance under Article 56 (Industrial redevelopment and reconversion)	19 562 789,89	
4. Assistance under Article 54	12 634 870,79	
5. Assistance to coking coal and coke	10 575 000,—	267 084 273,84

B — Other

76 194 889,24

V — Miscellaneous: 38 427 742,01 EUA

This includes the sum of 34 230 814,29 EUA for coupons due and bonds and commissions payable on them, and the sum of 4 196 927,72 EUA for miscellaneous credit accounts at the end of the financial year.

VI — Accrued liabilities

This item comprises interest and commission payable but not yet due on 31 December 1978, totalling 151 289 972,67 EUA.

VII — Unallocated balance

The amount of 113 044,61 EUA 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: 15 757 245,35 EUA under item I, 125 998,73 EUA under item II and 337 749,05 EUA under item VIII.
- liabilities: 15 830 161,65 EUA under item I and 325 728,30 EUA under item VI.

Significant accounting policies

(a) European unit of account used for translation of currencies

The ECSC uses the European unit of account (the EUA) as the unit of measure for presenting its financial position and results of operations. The EUA was adopted by the Council of the European Communities and has been defined as equal to the sum of the following amounts of the currencies of the Member States.

Deutschmark	0,828
Belgian franc	3,66
French franc	1,15
Italian lira	109,00
Luxembourg franc	0,14
Dutch guilder	0,286
Pound sterling	0,0885
Irish pound	0,00759
Danish krone	0,217

The value of the EUA, in terms of the currencies of the Member States, is determined by the Commission of the European Communities by converting the abovementioned amounts of currencies into the currency concerned on the basis of the official exchange rates prevailing on that currency's national market. The value of the EUA in terms of a non-member currency is determined on the basis of the cross rates of the currency concerned relative to the EUA on a financial market of the Member States that the Commission considers to be representative; normally, this is the Brussels market.

- (b) The ECSC follows the accrual method of accounting with respect to the collection of levies, interest and other revenues and expenses.
- (c) Currency parity adjustments shown in the income and expenditure account constitute the gain or loss resulting from a revaluation of the net assets of the ECSC using year end exchange rates.
- (d) Investments are stated at cost. A provision for the depreciation of investments to the lower of cost and market value is carried under the heading provision for charges.

**Explanatory notes to statement of income and expenditure
of the ECSC for the period 1 January 1978 to 31 December 1978
(in European units of account)**

Expenditure

A — The expenditure for the servicing of borrowing operations and guarantees totalling 352 181 251,15 EUA is broken down as follows:

Interest on funds borrowed	336 235 968,71
Miscellaneous	137 940,35
Fees to agent banks	3 335 688,53
Amortization of recoverable issuing costs	12 471 653,56

Income

B — The income on the servicing of loans and guarantees totalling 374 456 791,30 EUA is broken down as follows:

Interest on loans	355 391 593,72
Interest on available funds borrowed	10 324 175,24
Guarantee fees	79 731,74
Miscellaneous	8 661 290,60

European Communities — Commission

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The twenty-fourth annual Financial Report of the ECSC for the year 1978 records the financial activity of the Commission in the field covered by the Treaty establishing the European Coal and Steel Community. The introductory chapter gives a summary account of the output of ECSC products and the volume of capital spending. The following chapters describe the main characteristics of the ECSC's borrowing operations and its loans for industrial investment projects, reconversion and workers' housing; they include a number of graphical illustrations and lists of beneficiaries. The concluding chapter provides an insight into changes in the ECSC's income and expenditure over the financial year 1978.

The three annexes to this report contain, in order, the table showing the main characteristics of the borrowings contracted to 31 December 1978, the ECSC balance sheet with the auditor's notes, and the income and expenditure account for 1978.