

EUROPEAN  
COAL AND STEEL COMMUNITY

—  
HIGH AUTHORITY



FINANCIAL REPORT  
for the year 1963

EUROPEAN COAL AND STEEL COMMUNITY

HIGH AUTHORITY

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# Financial Report

for the year 1963

No. 9

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Balance Sheet as of December 31, 1963

Statement of Revenues and Expenditures for 1963

Summary of Allocations from Net Excess of Revenues

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# EUROPEAN COAL AND STEEL COMMUNITY

## HIGH AUTHORITY

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<b>Albert Coppé</b>	Vice-President
<b>Albert Wehrer</b>	Member of the High Authority
<b>Paul Finet</b>	Member of the High Authority
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The tables contained in this Report as well as the Balance Sheet and the Statement of Revenues and Expenditures attached to it are expressed in Units of Account of the European Monetary Agreement (E.M.A.). All amounts contained therein are the equivalents of various currencies computed at the following rates for

**1 E.M.A. Unit:**

U.S.A. \$	:	1.00
DM	:	4.00
Bfr.	:	50.00
Ffr.	:	4.93706
Lire	:	625.00
Lfr.	:	50.00
Fl.	:	3.62
Sfr.	:	4.37282

The Ninth Financial Report of the High Authority of the European Coal and Steel Community relates to the calendar year 1963, the eleventh year of its financial operations.

As described further in this Report, the year 1963 was especially marked by the following:

- the rate of the levy of 0.20%, as reduced in 1962, was maintained in 1963;
- the amount of grants made in 1963 to foster research projects within the steel and coal industries was more than twice the amount granted in 1962;
- borrowings have, for the time being, been completely shifted to Europe;
- the financing of workers' housing programs reached a new peak.

### I. THE LEVY

In 1963 net revenues from the levy amounted to 18.45 million Units of Account as compared with 24.17 million in 1962. This decrease resulted from several causes: first, in the whole year 1963 levy was collected at the rate of 0.20% whereas in 1962 the rates of the levy were 0.30% in the first six months and 0.20% during the rest of the year; second, an amount of 0.52 million Units of Account had to be refunded to certain enterprises which had made excessive remittances in the past.

In the year 1953, when the levy was collected for the first time, the share of the levy on coal production amounted to 53% of the total and 47% was paid by the steel industry. Between 1953 and 1959 the contribution by the coal mining industry decreased to 31% and that of the steel industry rose to 69%. This proportion has not changed since 1960.

The geographical distribution of revenues from the levy is shown in Table 1.

**TABLE 1**  
Proceeds of the Levy

	1962		1963	
	Million Units of Account	%	Million Units of Account	%
German Federal Republic.....	12.34	51.1	9.54	50.3
Belgium .....	2.15	8.9	1.62	8.5
France .....	5.38	22.2	4.30	22.7
Italy .....	2.62	10.8	2.13	11.2
Luxembourg .....	0.74	3.1	0.59	3.1
Netherlands .....	0.94	3.9	0.79	4.2
Community:	24.17	100.0	18.97*	100.0

\* Gross amount, without deduction of the 0.52 million Units of Account mentioned in the first paragraph of this chapter.

## II. CONTRIBUTIONS TO READAPTATION

The High Authority continued its sponsorship of readaptation measures in co-operation with the national governments in 1963.

New commitments for grants to relocate workers released from German, French and Belgian steel plants aggregated 4.332 million Units of Account as compared with 7.284 million Units of Account in 1962. All such commitments were entered into under Article 56 of the Treaty establishing the Community.

The following changes were made in 1963 in respect of commitments for readaptation measures:

- Total disbursements of 0.625 million Units of Account were made under commitments made in previous years pursuant to section 23 of the Convention on Transitional Provisions. The outstanding amount of such commitments was further reduced by 5.787 million Units of Account because of reductions in the scope of the original plans. As a result of such disbursements and cancellations, there was a total decrease of 6.412 million Units of Account in the commitments for readaptation measures under section 23 of the Convention on Transitional Provisions.
- Disbursements of 1.315 million Units of Account were made to meet commitments previously entered into under Article 56 of the Treaty. A previous commitment of 0.262 million Units of Account was canceled. Consequently, the total amount of previous commitments outstanding under Article 56 decreased by 1.577 million Units of Account.

A summary of the changes that took place in 1963 is shown in Table 2.

**TABLE 2**  
Contributions to Readaptation

*(in thousand Units of Account)*

	Net Commitments outstanding at December 31, 1961	Commitments entered into in 1963	Disbursements and Cancellations in 1963	Net Commitments outstanding at December 31, 1963
<b>A. Type of Measure</b>				
Aid under Sec. 23 of Conv. on Transitional Provisions	10,962	3	6,412	4,553
Aid under Art. 56 of the Treaty .....	10,504	4,332	1,577	13,259
Financing of excessive coal stocks .....	308	—	—	308
<b>Total</b>	<b>21,774</b>	<b>4,335</b>	<b>7,989</b>	<b>18,120</b>
<b>B. Form of Financing</b>				
Non-repayable grants .....	21,762	4,335	7,977*	18,120
Loans .....	12	—	12	—
<b>Total</b>	<b>21,774</b>	<b>4,335</b>	<b>7,989</b>	<b>18,120</b>

\* Of this total 6,027 represent cancellations.

The total allocation for readaptation measures amounted to 33.72 million Units of Account as indicated in the attached Balance Sheet as of December 31, 1963.

It is composed as follows:

—cover for commitments outstanding.....	18.12
—counterpart of loans granted.....	5.60
—uncommitted balance .....	10.00
	<u>33.72</u>

### III. FINANCING OF RESEARCH

The contributions of the High Authority to the financing of research programs of enterprises considerably increased in 1963. A series of new commitments were entered into, especially for research in the mining industry. The amount of the new commitments totalled 8.054 million Units of Account as compared with 3.660 million in 1962.

Research programs approved in preceding years developed according to schedule in 1963 and necessitated the disbursement of 4.078 million Units of Account. The amount of commitments outstanding for research decreased to the same extent.

The changes that took place in respect of the commitments for research can be seen in Table 3.

TABLE 3

#### Contributions to Research

(in thousand Units of Account)

	Net Commitments outstanding at December 31, 1962	Commitments entered into in 1963	Disbursements in 1963	Net Commitments outstanding at December 31, 1963
<i>A. Type of Research or Field of Industry</i>				
Iron and Steel Industry...	3,406	2,370	1,362	4,414
Coal Mining Industry.....	4,619	4,702	1,442	7,879
Ore Mining .....	3,215	982	201	3,996
Experimental Housing ....	142	—	6	136
Industrial Health, Safety and Medicine .....	4,112	—	1,067	3,045
Total	15,494	8,054	4,078	19,470
<i>B. Form of Financing</i>				
Non-repayable Grants ....	15,494	8,054	4,078	19,470
Loans .....	—	—	—	—
Total	15,494	8,054	4,078	19,470

The total allocation for research measures amounted to 25.30 million Units of Account as indicated in the attached Balance Sheet as of December 31, 1963. It is composed as follows:

—cover for commitments outstanding.....	19.47
—counterpart of loans granted.....	2.83
—uncommitted balance .....	3.00
	25.30



#### IV. OVERALL SURVEY OF REVENUES, EXPENDITURES AND ALLOCATIONS

The tables below summarize, in brief, all revenues and expenditures of the High Authority during 1963, as compared with 1962.

TABLE 4

##### Total Revenues of the High Authority

*(in million Units of Account)*

Nature of Revenues	1962	1963
Levy .....	24.17	18.45
Interest on bank deposits and investments.....	7.46	7.83
Interest on arrears and fines.....	0.01	0.01
Receipts for pension fund.....	2.12	1.95
Sundry receipts .....	0.26	0.43
Sub Total	34.02	28.67
Interest on loans outstanding.....	13.97	16.75
Total	47.99	45.42

In comparing the totals for the two years, it should be remembered that the decrease in revenues is principally due to the decision of the High Authority to continue a lower collection rate for the levy throughout 1963.

TABLE 5

##### Total Expenditures of the High Authority

*(in million Units of Account)*

Nature of Expenditure	1962	1963
Administrative Expenses* .....	14.16	14.87
Bank charges and issue costs.....	2.06	1.33
Contributions to Readaptation.....	1.64	1.94
Contributions to Research.....	4.28	4.08
Pensions .....	0.15	0.33
Sub Total	22.29	22.55
Interest etc. paid for funds borrowed.....	12.66	15.21
Total	34.95	37.76

\* Including the High Authority's contribution to the administrative expenses of the other institutions of the Community, the Parliament, Council of Ministers and Court of Justice.

Table 6 shows the allocations made to the various funds and reserves from the excess of revenues over expenditures and permits a comparison of such funds and reserves at the end of three consecutive years:

**TABLE 6**

Development of Funds and Reserves

(in million Units of Account)

	Position as at Dec. 31, 1961	Changes in 1962	Position as at Dec. 31, 1962	Changes in 1963	Position as at Dec. 31, 1963
I. (a) Guaranty Fund .....	100.00	—	100.00	—	100.00
(b) Special Fund .....	42.17	+ 8.15	50.32	+ 8.50	58.82
II. (a) Readaptation Fund ..	43.85	— 6.48	37.37	— 3.65	33.72
(b) Research Fund .....	21.05	+ 0.32	21.37	+ 3.93	25.30
III. (a) Pension Fund .....	9.05	+ 1.97	11.02	+ 1.62	12.64
(b) Fund for Contingent Liabilities.....	—	+ 2.00	2.00	—	2.00
	216.12	+ 5.96	222.08	+10.40	232.48
IV. Unallocated Balance .....	16.05	+ 7.07	23.12	— 2.73	20.39
<b>Total</b>	<b>232.17</b>	<b>+13.03</b>	<b>245.20</b>	<b>+ 7.67</b>	<b>252.87</b>

**V. EMPLOYMENT OF FUNDS OF THE HIGH AUTHORITY**

In 1963, as in previous years, the High Authority's excess revenues were left in the countries of their origin. These funds were either placed with banks or invested in readily marketable, first class securities. This year due regard was again given to achieving the highest yields consistent with the maintenance of sufficient liquidity.

The revenues from placements and investments amounted to 7.83 million Units of Account in 1963 as compared with 7.46 million in 1962. All revenues of this type were, as in previous years, credited to the Special Fund.

**VI. BORROWING OPERATIONS**

The financing of capital investments by the enterprises of the coal and steel industries in the six countries of the Community is estimated at 1.8 billion Units of Account in 1963, higher than the figure of 1962 (1.7 billion). The expenditures in 1963 were principally related to the accomplishment of projects begun in previous years. Only a few new projects were initiated in 1963, which will lead to a smaller expenditure in 1964 than in previous years.

Nevertheless, the enterprises of the coal and steel industries will be compelled to maintain a reasonable level of capital investment in order to improve their productivity and to keep pace with the advance of technology. For that reason it can be assumed that the industries will have a considerable demand for long term capital in 1964. These needs will be accentuated by the decline of possibilities for self-financing.

The volume of loan applications filed by the enterprises with the High Authority reached new peaks in 1963. This induced the High Authority to pursue an active borrowing policy. The efforts to find long term capital at moderate cost were, however, hampered by political considerations. As in previous years due regard had to be given to economic and monetary policies and to the balance of payments problems of the lending and borrowing countries. In consequence the High Authority's borrowings in 1963 were confined to the capital markets of the European Economic Community and reached only about half the volume of 1962. This, in turn, restricted the grant of loans to only a fraction of the projects worthy of sponsorship.

The decline in the volume of borrowings had different causes. The principal one was the decision—in consideration of the American balance of payments problems—to abstain in 1963 from borrowing in the United States capital market. In the year under review American authorities once again stressed their desire that European and other borrowers should avoid the American market and that, as long as the American balance of payments problems persist, they should borrow in Europe. The borrowers were hampered in pursuing such policy, however, by the fact that the lending capacities of the various European capital markets are much smaller than that of the American market. Some of the European markets were not accessible either because of the high interest rates or because of governmental impediments. To give but one example it should be mentioned that one of the more efficient European markets, the Swiss, was not open to the High Authority in 1963 because of the long "waiting list" for foreign issues (it will be remembered that the High Authority had borrowed in Switzerland in December 1962).

It can be assumed that in 1964 the overall capacity of European markets will improve as far as the financing of loan issues resulting in capital export is concerned. It must not be forgotten, however, that borrowers who used to cover their capital requirements in the American market will more and more turn for funds to the limited European markets. If New York should regain its past role as the world's principal center for the placement of foreign loans and if the integration of the capital markets of Europe progresses, the High Authority in 1964 would, to a larger extent than heretofore, be in a position to contribute to the financing of approved projects.

The four loans contracted by the High Authority in 1963 were the following:

Bfr. 300 million at the rate of  $5\frac{1}{2}\%$  per annum in the form of Notes with a term of 20 years. The Notes were purchased at 98% by a Belgian bank for private placement with insurance companies and other institutional investors.

Fl. 10 million at the rate of  $4\frac{1}{2}\%$  per annum in the form of negotiable Notes with a term of 5 years. These Notes were purchased at par by a group of Dutch banks under the management of the Amsterdamsche Bank.

Lire 15 billion at the rate of  $5\frac{1}{2}\%$  per annum. These Bonds with a term of 20 years were purchased at  $97\frac{1}{2}\%$  by a syndicate of Italian banks under the management of the Banca Nazionale del Lavoro.

Fl. 1.75 million at the rate of  $4\frac{5}{8}\%$  per annum in the form of Notes with a term of 30 years purchased at par by a Dutch pension fund.

The total equivalent of these loans contracted in 1963 amounted to 33.3 million Units of Account as compared with the amount of 69.8 million borrowed in 1962. These borrowings increased the total of all funds borrowed since 1954 to 377.4 million Units of Account. As a result of mandatory repayments made since 1958 in the amount of 55.7 million Units of Account, the amount of outstanding borrowings was reduced to 321.7 million as of December 31, 1963.

Details of all borrowings of the High Authority are given in Table 7.

TABLE 7

## Total Amount of Borrowings

Year	Interest % p.a.	Term (Years)	Initial Amount		Amount outstanding at December 31, 1963 (equivalent in Units of Account)	
			In currency concerned	Equivalent in Units of Account		
1954	3 $\frac{7}{8}$	25	\$	100,000,000	100,000,000	80,500,000
1957	5 - 5 $\frac{1}{2}$	5-18	\$	35,000,000	35,000,000	23,100,000
1958	4 $\frac{1}{2}$ -5	5-20	\$	50,000,000	50,000,000	35,000,000
1960	4 $\frac{3}{4}$ -5 $\frac{3}{8}$	5-20	\$	35,000,000	35,000,000	31,700,000
1962	5 $\frac{1}{4}$	20	\$	25,000,000	25,000,000	25,000,000
					245,000,000	195,300,000
1961	4 $\frac{1}{2}$	5	Fl.	10,000,000	2,762,431	2,762,431
1961	4 $\frac{1}{2}$	20	Fl.	50,000,000	13,812,155	13,812,155
1962	4 $\frac{3}{4}$	20	Fl.	25,000,000	6,906,078	6,906,078
1962	4 $\frac{3}{4}$	25	Fl.	6,000,000	1,657,458	1,591,160
1962	4 $\frac{1}{2}$	5	Fl.	20,000,000	5,524,862	5,524,862
1963	4 $\frac{1}{2}$	5	Fl.	10,000,000	2,762,431	2,762,431
1963	4 $\frac{5}{8}$	30	Fl.	1,750,000	483,425	483,425
					33,908,840	33,842,542
1956	4 $\frac{3}{4}$	18	Sfr.	50,000,000	11,434,269	9,719,128
1961	4 $\frac{3}{4}$	5	Sfr.	9,000,000	2,058,168	1,646,535
1961	4 $\frac{1}{2}$	5	Sfr.	2,290,000	523,690	418,952
1962	4 $\frac{1}{2}$	18	Sfr.	60,000,000	13,721,123	13,721,123
					27,737,250	25,505,738
1963	5 $\frac{1}{2}$	20	Lire	15,000,000,000	24,000,000	24,000,000
1955	3 $\frac{1}{2}$	25	Lfr.	5,000,000	100,000	—
1957	5 $\frac{3}{8}$	25	Lfr.	100,000,000	2,000,000	1,889,751
1961	5 $\frac{1}{4}$	25	Lfr.	100,000,000	2,000,000	2,000,000
1961	5	25	Lfr.	100,000,000	2,000,000	2,000,000
1962	4 $\frac{3}{4}$	15	Lfr.	300,000,000	6,000,000	6,000,000
1962	5 $\frac{1}{8}$	25	Lfr.	250,000,000	5,000,000	5,000,000
					17,100,000	16,889,751
1955	3 $\frac{1}{2}$	25	Bfr.	200,000,000	4,000,000	3,340,000
1955	3 $\frac{1}{2}$	25	Bfr.	20,000,000	400,000	334,000
1962	5 $\frac{1}{4}$	20	Bfr.	300,000,000	6,000,000	6,000,000
1963	5 $\frac{1}{2}$	20	Bfr.	300,000,000	6,000,000	6,000,000
					16,400,000	15,674,000
1955	3 $\frac{3}{4}$	25	DM	50,000,000	12,500,000	9,857,000
1956	4 $\frac{1}{4}$	20	DM	2,977,450	744,362	583,580
					13,244,362	10,440,580
					377,390,452	321,652,611

## VII. LENDING AND GUARANTY OPERATIONS

In 1963 the equivalent of 67.4 million Units of Account was available for lending by the High Authority. This amount includes not only the proceeds of its borrowings during the course of the year but also some other funds, as described below:

	<i>in million Units of Account</i>	
a) <i>Borrowed funds</i>		
—unallocated loan funds		
raised in previous years .....	15.5	
—equivalent of borrowings in 1963 .....	33.3	48.8
	<hr/>	
b) <i>Revenue from placements and investments</i>		
—unused balance of previous years .....	10.1	
—revenues of 1963 .....	8.5	18.6
	<hr/>	
		<u>67.4</u>

It should be noted that a part, 7.9 million Units of Account, of such amount was needed to meet commitments for loans entered into in 1962. Thus only the balance of 59.5 million Units of Account was available for the granting of loans in 1963.

The amount available was used to make loans to enterprises of the Community. Loans for the financing of industrial projects were made only from borrowed funds while those for the financing of workers' housing programs were made both from borrowed funds and from the High Authority's own resources.

Commitments entered into for new loans in 1963 aggregated 51.07 million Units of Account. The distribution of these loans by types of investment and by countries is shown in table 8.

TABLE 8

### Distribution of Loans Made in 1963 by Branches of Industry and by Countries

(Initial amounts)

(in million Units of Account)

	Germany	France	Italy	Belgium	Luxem- bourg	Nether- lands	TOTAL
<i>Branches of Industry</i>							
Coal mining and cokeries .....	2.92	—	—	—	—	—	2.92
Iron ore mining.....	—	—	—	—	—	—	—
Iron and steel industry..	5.06	9.94	6.70	—	—	—	21.70
Subtotal	7.98	9.94	6.70	—	—	—	24.62
Housing for miners and steel workers .....	7.43	1.52	5.12	9.50	1.40	1.48	26.45
Total	15.41	11.46	11.82	9.50	1.40	1.48	51.07

The disbursements to the enterprises in 1963, including 7.94 million Units of Account which was committed in 1962, amounted to 59.01 million Units of Account. This amount was distributed by types of investment as follows:

	<i>in million Units of Account</i>
Coal mining industry (including mine-owned coking plants)	4.32
Iron ore mines .....	—
Iron and steel industry .....	23.92
Industrial reconversion .....	3.31
Workers' housing .....	27.46
Total:	<u>59.01</u>

The details of the credit operations carried out in 1963 are described below:

### 1) Financing of industrial projects of the coal and steel enterprises

#### a) *Granting of loans*

The loans raised by the High Authority in 1963 have enabled it again to participate in the financing of numerous projects sponsored by the enterprises of the coal and steel industries. As in preceding years loan applications by the enterprises far exceeded the funds available for such purposes. Of the funds borrowed by the High Authority in 1963 only the equivalent of 24.6 million Units of Account could be used for the financing of industrial projects in accordance with the general objectives of the Community. In the steel sector these loans related to modernization and rationalization projects and in the coal mining industry to projects contributing to the improvement of productivity, to decreasing the costs of production and to increasing the use of coal by power and chemical installations. The loans granted in 1963 carried interest rates between 5 and 6% per annum and have terms up to 20 years.

#### b) *Guaranteeing of loans*

The High Authority again guaranteed borrowings by enterprises of the Community of long term funds in their capital markets; in 1963 such borrowings amounted to 13.7 million Units of Account. In consequence of these new guaranties (less amortization of loans guaranteed in previous years), the total of guaranties outstanding increased to 42.9 million as of December 31, 1963 (in 1962 the total was 29.6 million).

### 2) Financing of workers' housing

Since 1955 the High Authority has contributed to the financing of workers' housing programs from funds accumulated in the Special Reserve. These funds originate from earnings on deposits and investments. Such housing loans are made at low interest rates and are pooled with loans, at market rates, supplied at the request of the High Authority by banks and insurance companies in the six countries of the Community. The pooling of credits from these two sources results on one hand in a substantial increase of the volume of financing and on the other hand in the reduction of the average interest charge to the enterprises.

The year 1963 was, as was 1962, marked by a noteworthy increase in the amount of housing loans granted. The amount of direct loans granted by the High Authority rose from 8.2 million Units of Account in 1961 to 17.0 million in 1962 and reached 26.5 in 1963 (of which 14.2 million was from borrowed funds and 12.3 million was from the Special Reserve). In 1963 local banks and institutions, at the request of the High Authority, supplemented these loans by credits in the total equivalent of 27.9 million Units of Account.

This acceleration of the financing of workers' housing is a consequence of the completion of the financing of the third and fourth housing programs in France, Italy, Belgium, of the fourth program in the Netherlands and, primarily, of the launching of the fifth program in all the countries of the Community.

The fifth housing program will extend over the years 1963, 1964 and the first half of 1965. It includes also a special allocation for financing of model sites in each of the six member countries of the Community which are to serve as prototypes for modern low-cost building.

### **3) Financing of industrial reconversion**

The initiative for the sponsorship of projects related to industrial reconversion rests, under the provisions of the Treaty, with the governments of the member countries of the Community. The High Authority may finance projects of that type only on the suggestion of national governments. In 1963 the governments, however, filed with the High Authority very few applications of this type. The nature of such projects necessitates a particularly thorough examination of all their economic and financial aspects and for that reason none of the applications under study could be approved before the end of the year.

In 1963, however, the High Authority completed the examination of two projects initiated in 1962 and granted and disbursed loans with respect thereto in the total equivalent of 3.3 million Units of Account.

### **4) Overall survey of direct credit operations for the period from 1954 to 1963**

Direct loans granted to the enterprises in the course of the year 1963, both from funds borrowed and from the Special Reserve, increased the total amount of loans granted by the High Authority since its inception to the equivalent of 449.27 million Units of Account. The amount of guaranties for funds borrowed by the enterprises directly from banks increased to 44.51 million and the total amount of financial aid granted by the High Authority reached the equivalent of 493.78 million Units of Account. The distribution of these amounts by branches of industry and by countries is shown in table 9.



**TABLE 9**  
**Distribution of Loans and Guaranties by Types of Investment**  
**and by Countries**

(Initial amounts covering the period 1954 to 1963)

(in million Units of Account)

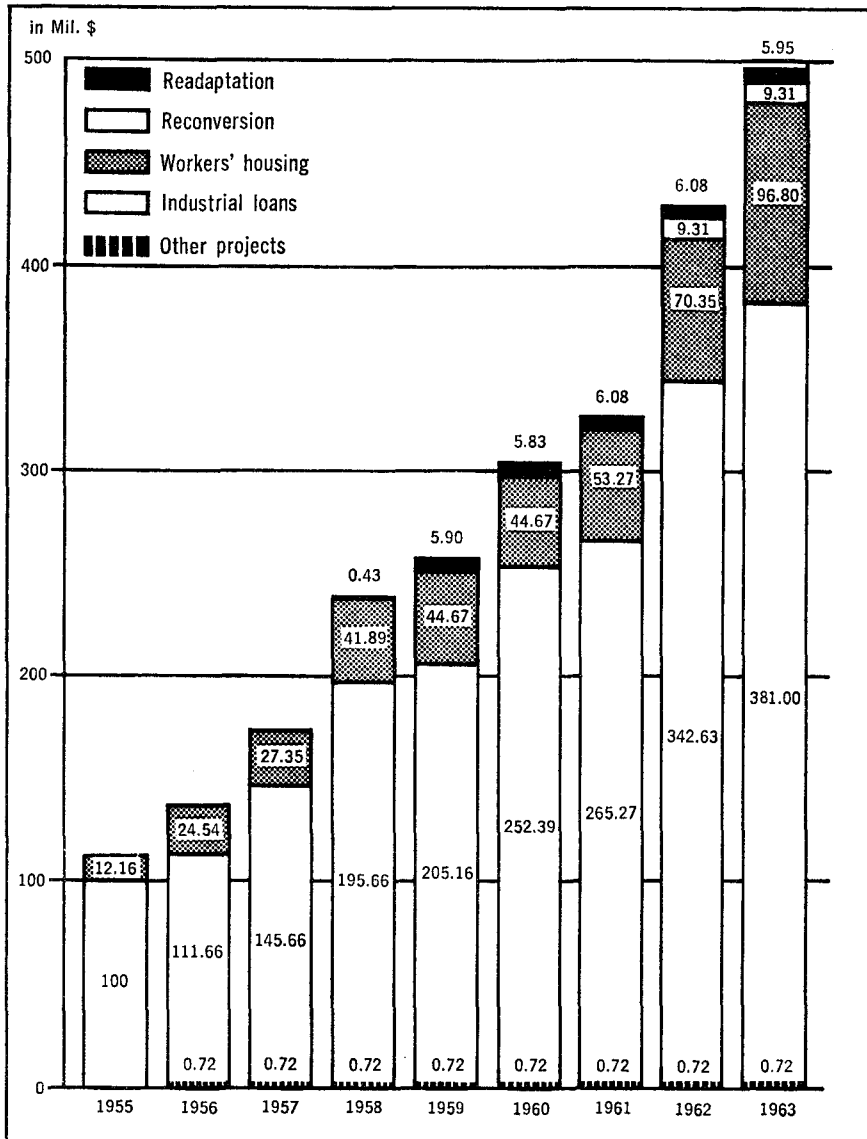
	Loans granted			Guaranties	Total of loans and guaranties	%
	from borrowed funds	from own resources	Total			
<b>A. Branches of Industry</b>						
Coal mining industry*..	147.63	—	147.63	—	147.63	29.89
Iron ore mines**.....	30.25	—	30.25	—	30.25	6.13
Iron and steel industry* .....	158.91	—	158.91	44.21	203.12	41.14
Workers' housing .....	39.00	54.47	93.47	—	93.47	18.93
Industrial reconversion .	9.31	—	9.31	—	9.31	1.88
Readaptation .....	—	5.65	5.65	0.30	5.95	1.20
Research (experimental housing) .....	—	3.33	3.33	—	3.33	0.68
Other projects .....	—	0.72	0.72	—	0.72	0.15
<b>Total</b>	<b>385.10</b>	<b>64.17</b>	<b>449.27</b>	<b>44.51</b>	<b>493.78</b>	<b>100.00</b>
<b>B. Geographical Distribution</b>						
German Federal Republic	190.31	38.20	228.51	32.50	261.01	52.86
Belgium .....	48.70	2.96	51.66	—	51.66	10.47
France .....	78.21	13.75	91.96	11.71	103.67	20.99
Italy .....	63.04	3.69	66.73	0.30	67.03	13.57
Luxembourg .....	2.70	2.40	5.10	—	5.10	1.03
Netherlands .....	2.14	3.17	5.31	—	5.31	1.08
<b>Community</b>	<b>385.10</b>	<b>64.17</b>	<b>449.27</b>	<b>44.51</b>	<b>493.78</b>	<b>100.00</b>

\* including coking plants and power stations

\*\* including ore dressing plants

The figures in table 9 show only the total initial amounts of loans granted and guaranties given as of December 31, 1963. The following chart shows the total amounts of credit facilities granted by the High Authority at the end of each of the years 1955 to 1963.

Initial Amounts of Loans Granted and Guaranties Given  
as at December 31 of the Years 1955 to 1963



## 5) Indirect financing through banks

The large liquid resources of the High Authority are placed principally with banks in the countries of the Community as mentioned in Chapter V of this report. The system of close cooperation initiated in previous years between these banks and the High Authority was further developed in the year under review. The banks again followed the suggestions of the High Authority and, at their own risk, furnished enterprises of the Community with additional middle term credits in national currencies at reduced rates of interest with terms of 4 to 10 years. The total amount of such additional middle term loans to the enterprises of the coal and steel industries granted by the banks between 1955 and 1963 reached the equivalent of 179.58 million Units of Account (initial amount) of which 97.18 million were outstanding as of December 31, 1963. This amount was distributed by countries as follows:

*(in million Units of Account)*

German Federal Republic .....	52.04
France .....	19.75
Italy .....	14.25
Belgium .....	7.14
Luxembourg .....	4.00
Netherlands .....	—
Community:	<u>97.18</u>

## 6) General remarks

Apart from granting direct financial aid in the form of loans and guaranties in the total equivalent of 493.78 million Units of Account mentioned in table 9, and from indirect middle term financing in the total equivalent of 179.58 million Units of Account mentioned in section 5 of this chapter, the supplemental credits supplied by banks and other institutions on the initiative of the High Authority should also be taken into consideration. The latter have had at least as large a volume as the direct financial facilities granted by the High Authority. In the period between 1955 and 1963 the enterprises of the Community have thus benefited both from direct and indirect credit facilities made available or arranged by the High Authority in the aggregate equivalent of about 1 billion Units of Account.

## VIII. CONCLUSIONS AND OUTLOOK

The total amount of funds of budgetary character was slightly reduced in the year under review.

On the other hand, the Special Reserve increased, to the extent of earnings from deposits and investments, all of which was again earmarked for the financing of workers' housing programs.

The borrowing operations in 1963 and the related lending operations decreased in comparison with the preceding year. The improvement of the situation of certain capital markets in and outside the Community which can be hoped for in 1964 would permit the High Authority to continue its financial contribution to the fostering of rationalization and modernization programs of the enterprises.

Finally, we call attention to the High Authority's Balance Sheet as of December 31, 1963, to the Statement of Revenues and Expenditures for the year then ended and to the tables of supplementary information attached thereto.

**HIGH AUTHORITY  
of the  
EUROPEAN COAL AND STEEL COMMUNITY  
BALANCE SHEET DECEMBER 31, 1963**

All amounts are stated in E.M.A. Units of Account and are the equivalent of various currencies computed at the following rates for  
1 E.M.A. Unit of Account: US\$: 1.—; Belgian francs: 50.—; French francs: 4.937; German (W) marks: 4.—;  
Luxembourg francs: 50.—; Dutch guilders: 3.62; Italian Lire: 625.—; Swiss francs: 4.372.

**Assets**

**Liabilities**

<p>I—LOANS FROM FUNDS BORROWED (*)</p> <p>A) Disbursed Loans:</p> <p style="padding-left: 20px;">in U.S.A. dollars 195,300,000.—</p> <p style="padding-left: 20px;">in Dutch guilders 33,814,917.12</p> <p style="padding-left: 20px;">in Swiss francs 25,505,737.70</p> <p style="padding-left: 20px;">in Italian lire 22,080,000.—</p> <p style="padding-left: 20px;">in Luxembourg francs 16,889,751.16</p> <p style="padding-left: 20px;">in Belgian francs 14,574,000.—</p> <p style="padding-left: 20px;">in German (W) marks 10,440,580.20</p> <p style="text-align: right;">318,604,986.18</p> <p>B) Undisbursed Loan Funds</p> <p style="padding-left: 20px;">in Italian lire 1,920,000.—</p> <p style="padding-left: 20px;">in Belgian francs 1,100,000.—</p> <p style="padding-left: 20px;">in Dutch guilders 27,624.31</p> <p style="text-align: right;">3,047,624.31</p> <p style="text-align: right; border-top: 1px solid black;">321,652,610.49</p> <p>II—LOANS FROM OWN RESOURCES</p> <p>A) Loans from Special Fund for the financing of housing projects 52,629,374.16</p> <p>B) Other Loans</p> <p style="padding-left: 20px;">1. from funds allocated for readaptation 5,599,879.05</p> <p style="padding-left: 20px;">2. from funds allocated for research 2,830,848.42</p> <p style="text-align: right;">8,430,727.47</p> <p style="text-align: right;">61,060,101.63</p> <p>III—CASH AND OTHER CURRENT ITEMS</p> <p>A) Cash and due from banks 144,741,284.03</p> <p>B) Other short and middle-term placements with banks 4,967,419.26</p> <p style="text-align: right;">149,708,703.29</p> <p>IV—INVESTMENTS</p> <p style="padding-left: 20px;">Securities at cost 42,263,010.49</p> <p>V—INTEREST RECEIVABLE BUT NOT YET DUE 6,438,766.03</p> <p>VI—OTHER ASSETS 1,513,573.83</p> <p>VII—ENTERPRISES' LIABILITY UNDER GUARANTIES (per contra) 42,861,236.55</p> <p style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">582,636,765.76</p>	<p>I—LOANS (1)</p> <p style="padding-left: 20px;">in U.S.A. dollars 195,300,000.—</p> <p style="padding-left: 20px;">in Dutch guilders 33,842,541.43</p> <p style="padding-left: 20px;">in Swiss francs 25,505,737.70</p> <p style="padding-left: 20px;">in Italian lire 24,000,000.—</p> <p style="padding-left: 20px;">in Luxembourg francs 16,889,751.16</p> <p style="padding-left: 20px;">in Belgian francs 15,674,000.—</p> <p style="padding-left: 20px;">in German (W) marks 10,440,580.20</p> <p style="text-align: right;">321,652,610.49</p> <p>II—RESERVES</p> <p>A) Guaranty Fund 100,000,000.—</p> <p>B) Special Fund 58,817,143.44</p> <p style="text-align: right;">158,817,143.44</p> <p>III—ALLOCATIONS FOR FINANCIAL AID</p> <p>A) <i>for readaptation</i></p> <p style="padding-left: 20px;">1. for commitments outstanding for grants 18,120,203.60</p> <p style="padding-left: 20px;">2. loans (per contra) 5,599,879.05</p> <p style="padding-left: 20px;">3. uncommitted balance 10,000,000.—</p> <p style="text-align: right;">33,720,082.65</p> <p>B) <i>for research</i></p> <p style="padding-left: 20px;">1. for commitments outstanding for grants 19,470,226.04</p> <p style="padding-left: 20px;">2. loans (per contra) 2,830,848.42</p> <p style="padding-left: 20px;">3. uncommitted balance 3,000,000.—</p> <p style="text-align: right;">25,301,074.46</p> <p style="text-align: right;">59,021,157.11</p> <p>IV—PENSION FUND 12,635,077.75</p> <p>V—INTEREST RECEIVABLE BUT NOT YET DUE (2) 4,901,829.27</p> <p>VI—BONDS AND COUPONS PAYABLE 2,752,797.75</p> <p>VII—OTHER LIABILITIES 465,688.14</p> <p>VIII—CONTINGENT LIABILITIES 2,000,000.—</p> <p>IX—UNALLOCATED REVENUE 20,390,461.81</p> <p>X—LIABILITIES UNDER GUARANTIES (per contra) 42,861,236.55</p> <p style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">582,636,765.76</p>	<p style="text-align: right;">321,652,610.49</p> <p style="text-align: right;">158,817,143.44</p> <p style="text-align: right;">33,720,082.65</p> <p style="text-align: right;">59,021,157.11</p> <p style="text-align: right;">12,635,077.75</p> <p style="text-align: right;">4,901,829.27</p> <p style="text-align: right;">2,752,797.75</p> <p style="text-align: right;">465,688.14</p> <p style="text-align: right;">2,000,000.—</p> <p style="text-align: right;">20,390,461.81</p> <p style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">582,636,765.76</p>
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(\*) The following claims and related securities under loans granted from funds borrowed as well as other items of the Assets are pledged to the Bank for International Settlements in Basle in favor of the holders of Secured Notes and Coupons issued by the High Authority:

of item I: 211,835,614.66    of item III: 1,781,359.47    of item V: 3,666,024.08

(1) including Secured Notes for 211,835,614.66  
(2) of which related to Secured Notes 3,560,401.11

**Auditor's Certificate**

Having examined the books, vouchers and documents of the book-keeping and the explanations given to me, I hereby certify that the financial condition of the High Authority as of December 31, 1963, is correctly and properly reflected in the above document.

Luxembourg, February 26, 1964

Urbain J. Vaes  
Auditor

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

Hans Skribanowitz  
Director General  
of  
CREDIT AND INVESTMENTS

Giorgio Signorini  
Director General  
of  
ADMINISTRATION AND FINANCE

**HIGH AUTHORITY**  
of the  
**EUROPEAN COAL AND STEEL COMMUNITY**  
**REVENUES AND EXPENDITURES IN THE YEAR 1963**

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

All amounts are stated in E.M.A. Units of Account and are the equivalent of various currencies computed at the following rates for 1 E.M.A. Unit of Account: USA\$: 1.—; Belgian francs: 50.—; French francs: 4.937; German (W) marks: 4.—; Luxembourg francs: 50.—; Dutch guilders: 3.62; Italian Lire: 625.—; Swiss francs: 4.372

Revenues	For the period January 1, 1963 to June 30, 1963	For the period July 1, 1963 to Dec. 31, 1963	Total for the year 1963	Expenditures	For the period January 1, 1963 to June 30, 1963	For the period July 1, 1963 to Dec. 31, 1963	Total for the year 1963
REVENUES FROM LENDING OPERATIONS:				EXPENDITURES IN CONNECTION WITH BORROWING OPERATIONS:			
Interest Received:				Interest and Fees:			
on loans from borrowed funds	7,517,082.07	8,103,069.42	15,620,151.49	Interest on funds borrowed	7,007,582.31	7,582,935.10	14,590,517.41
on undisbursed loan funds	96,313.87	176,600.62	272,914.49	Fees to depositary and agent banks	254,577.94	361,715.94	616,293.88
on loans from funds not borrowed	328,460.96	342,955.93	671,416.89	Miscellaneous	17.86	9.25	27.11
Guaranty fees	81,199.51	100,101.19	181,300.70	Total Expenditures in connection with borrowing operations	7,262,178.11	7,944,660.29	15,206,838.40
Sundry Receipts	5,688.31	137.70	5,826.01	Other Expenditures:			
Total Revenue from lending operations	8,028,744.72	8,722,864.86	16,751,609.58	Administrative Expenses	7,594,043.67	7,279,911.50	14,873,955.17
LEVY:				Financial Expenses	209,065.52	1,122,506.45	1,331,571.97
German Enterprises	4,671,222.—	4,617,750.40	9,288,972.40	Expenditures for Research	1,716,615.51	2,361,853.70	4,078,469.21
Belgian Enterprises	811,876.04	810,666.90	1,622,542.94	Expenditures for Readaptation	436,320.80	1,503,835.39	1,940,156.19
French Enterprises	2,172,952.07	2,127,880.91	4,300,832.98	Expenditures for Pensions	172,026.12	162,232.62	334,258.74
Italian Enterprises	1,088,236.08	1,037,988.10	2,126,224.18	Total Other Expenditures	10,128,071.62	12,430,339.66	22,558,411.28
Luxembourg Enterprises	290,967.12	297,385.14	588,352.26	Total Expenditures	17,390,249.73	20,374,999.95	37,765,249.68
Dutch Enterprises	303,705.83	217,567.39	521,273.22	EXCESS OF REVENUES OVER EXPENDITURES:	5,177,730.24	2,480,704.10	7,658,434.34
Total Levy	9,338,959.14	9,109,238.84	18,448,197.98				
OTHER REVENUES:				The following allocations and withdrawals were made in the year 1963:			
Interest on Deposits and Investments	3,896,532.87	3,939,906.18	7,836,439.05	ALLOCATIONS:			
Fines	5,918.19	2,080.—	7,998.19	To the Special Fund	8,495,848.43		
Receipts for Pension Fund	1,019,276.14	930,139.67	1,949,415.81	For Research	3,932,943.17		
Miscellaneous	278,548.91	151,474.50	430,023.41	To the Pension Fund	1,615,157.07		14,043,948.67
Total Other Revenues	5,200,276.11	5,023,600.35	10,223,876.46	WITHDRAWALS:			
Total Revenues	22,567,979.97	22,855,704.05	45,423,684.02	From the Readaptation Fund	3,652,804.50		6,385,514.33
				From the Unallocated Revenue	2,732,709.83		7,658,434.34

**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 High Authority for the year 1963 are correctly and properly reflected in the above document.

Luxembourg, February 26, 1964

Urbain J. Vaes  
*Auditor*

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

Hans Skribanowitz  
*Director General*  
of  
CREDIT AND INVESTMENTS

Giorgio Signorini  
*Director General*  
of  
ADMINISTRATION AND FINANCE

HIGH AUTHORITY  
of the  
EUROPEAN COAL AND  
STEEL COMMUNITY

LUXEMBOURG, DECEMBER 31, 1963

Department of  
Credit and Investments

Comparative Table Regarding Revenues and Expenditures

(in thousand Units of Account)

	Fiscal years July 1 to June 30			
	1960/61	1961/62	1962/63	1963/64 (first-half)
<b>REVENUES</b>				
Interest on Loans etc. ....	11,503	12,897	15,512	8,723
Levy .....	32,789	28,246	19,626	9,109
Other Revenues .....	9,033	11,969	10,126	5,024
<b>Total Revenues</b>	<b>53,325</b>	<b>53,112</b>	<b>45,264</b>	<b>22,856</b>
<b>EXPENDITURES</b>				
Interest and Fees paid .....	10,592	11,702	14,001	7,945
Administrative Expenses .....	11,919	13,391	14,456	7,280
Financial Expenses .....	1,797	1,430	1,327	1,123
Expenditures for Research .....	3,313	4,361	3,850	2,361
Expenditures for Readaptation .....	6,953	1,989	888	1,504
Expenditures for Pensions .....	267	195	216	162
<b>Total Expenditures</b>	<b>34,841</b>	<b>33,068</b>	<b>34,738</b>	<b>20,375</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b> .....	<b>18,484</b>	<b>20,044</b>	<b>10,526</b>	<b>2,481</b>
Revaluation of Assets .....	+ 6,417	—	—	—
<b>NET EXCESS OF REVENUES OVER EXPENDITURES</b> .....	<b>24,901</b>	<b>20,044</b>	<b>10,526</b>	<b>2,481</b>

**HIGH AUTHORITY  
of the  
EUROPEAN COAL AND  
STEEL COMMUNITY**

*LUXEMBOURG, DECEMBER 31, 1963*

Department of  
Credit and Investments

Summary of Allocations from Net Excess of Revenues

*(in thousand Units of Account)*

	Fiscal years			1963/64 (first half)	Total
	1952/61	1961/62	1962/63		
Net Excess of Revenues over Expenditures .....	219,812	20,044	10,526	2,481	252,863
Allocations:					
To Guaranty Fund.....	100,000	—	—	—	100,000
To Special Fund.....	35,873	10,337	8,331	4,276	58,817
For Readaptation .....	44,653	(11,895)	2,671	(1,709)	33,720
For Research .....	17,868	3,991	(723)	4,165	25,301
To Pension Fund.....	8,502	1,603	1,762	768	12,635
To Contingent Fund.....	—	2,000	—	—	2,000
Total Allocation .....	206,896	6,036	12,041	7,500	232,473
Unallocated Balance:					
For each period.....	12,916	14,008	(1,515)	(5,019)	20,390
Brought forward from previous periods .....	—	12,916	26,924	25,409	—
Total Unallocated Balance...	12,916	26,924	25,409	20,390	20,390