

EUROPEAN COAL AND STEEL COMMUNITY

Commission of the European Communities

# **Financial Report**

for the year 1975

No 21

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# EUROPEAN COAL AND STEEL COMMUNITY

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**Antonio Nicoletti, Director-General for Credit and Investments**

The figures in this report and the attached ECSC balance sheet, together with the main features of the borrowings contracted, are expressed in European units of account (EUA).

Decision No 3289/75 of 18 December 1975<sup>1</sup> defined the European unit of account as the sum of given amounts of the currencies of the Member States, and stated that it should be used for the purposes of the Treaty establishing the European Coal and Steel Community from 1 January 1976 and also for the 1975 ECSC balance sheet.

Only the statement of income and expenditure annexed to the balance sheet is given in units of account (u.a.), in accordance with the terms of the earlier Decisions Nos 3541/73 and 3542/73.<sup>2</sup> Currencies were converted into this unit of account on the basis of the rates prevailing on 31 December 1974.

Currencies were converted into European units of account (EUA) and units of account (u.a.) at the following rates:

<i>1 u.a.</i>		<i>1 EUA</i>	
Bfrs	48.7652	Bfrs	46.0606
Lfrs	48.6572	Lfrs	46.0606
Dkr	7.57831	Dkr	7.1969
DM	3.21978	DM	3.05382
FF	5.97402	FF	5.21981
Fl	3.35507	Fl	3.13120
Lit	872.885	Lit	797.769
£	0.572465	£	0.575973
£ Ir.	0.572465	£ Ir.	0.575039
Sfrs	3.37685	Sfrs	3.05239
US \$	1.34286	US \$	1.16528
Ƨ	0.87972	Ƨ	0.834377
		u.a./EMA	0.747384

<sup>1</sup> OJ L 327 of 19.12.1975, p. 4.

<sup>2</sup> OJ L 361 of 29.12.1973; OJ L 357 of 31.12.1974.

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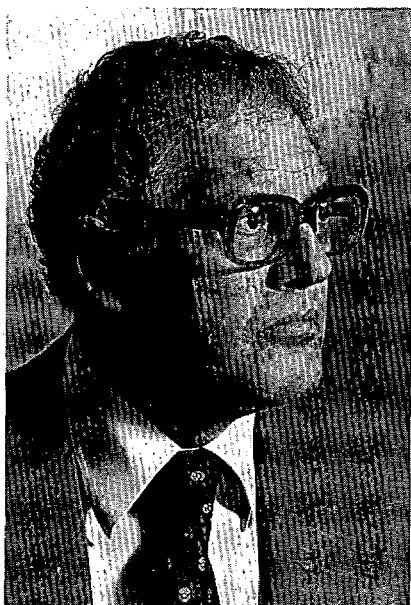
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*LUXEMBOURG, JUNE 1976*

This financial report covers the year 1975, the 23rd year of the European Coal and Steel Community's existence and the 21st 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'



**FOREWORD BY  
VICE-PRESIDENT HAFERKAMP  
TO THE  
ECSC FINANCIAL REPORT FOR 1975**

*The European Coal and Steel Community (ECSC) stood up well to the difficult conditions besetting the coal and steel industries in 1975.*

*With the average rate of utilization of crude steel production capacity in the Community running as low as 66.2%, output and sales of steel declined sharply. Aggravated by the rise in production costs, the financial situation of the steel industry was also seriously affected by the fall in prices obtaining in the Community, and particularly by the fall in prices for exports. The coalmining industry also suffered as a result of the recession in the Community and in other industrialized countries. In 1975, production of coal in the Community was about 5% lower than in 1973.*

*Investment trends in the coal and steel industries varied. In the coal industry capital expenditure reported for 1975 was appreciably higher than for the previous year, the first time this has happened for many years, whereas in the steel industry it reached only the 1974 and 1973 level.*

*Both the coalmining industry and the steel industry had to borrow more to finance their investment programmes. Pursuant to its obligation under the ECSC Treaty to facilitate the carrying out of investment programmes and to contribute to improving the living standards of workers, the Commission stepped up substantially its financial assistance in 1975. Loans granted totalled 805 million EUA (709 million u.a.) as against 378 million u.a. in 1974. 728 million EUA of this were granted in respect of industrial projects—about 161 million EUA for coalmining and 567 million EUA for the steel industry. Assistance was given for the first time to projects outside the Community which will help to ensure supplies of raw materials for the steel industry in the Community.*

*Of the industrial loans, about 91 million EUA were granted with interest rebates. The projects assisted included investments to eliminate operational bottlenecks, environment protection and the construction of research and vocational training establishments. 77 million EUA were granted on favourable terms in the form of loans for social or regional purposes. 19 million EUA were for the construction of subsidized housing. 58 million EUA were granted in the form of conversion loans to create new jobs for redundant coal and steel workers.*

*Lending in 1975 for industrial projects and for social and regional projects was the highest since the ECSC was set up.*

*In 1975, the proportion of total capital expenditure in the steel industry accounted for by the ECSC rose to almost 20 % and in coalmining to as much as 25 %.*

*Given the great demand for capital on the part of coal and steel undertakings in the current year and the ample scope available to the ECSC for refinancing on the international capital markets, the Commission expects to carry on successfully with its financing activities in 1976,*

WILHELM HAFERKAMP



## I — INTRODUCTION

Economic activity in the Community and the rest of the world experienced an exceptionally sharp downturn in 1975. In terms of imports, there was a marked decrease in the volume of world trade, largely as a result of the considerable fall-off in demand from the industrialized countries.

Within the Community, activity declined steadily until the middle of the year. In spite of a brief recovery from the summer onwards, the volume of the gross domestic product fell by 2% compared to 1974 and the unemployment rate rose to some 4.5% of the working population. In addition to the five million unemployed many workers in the Community were also on short time, which meant a considerable reduction in the number of hours worked.

This unemployment was mainly the result of the depression affecting industrial production, which in 1975 was 7% below the level for the previous year for the Community as a whole. However, the depression did not affect all industries to the same extent. Because of differences in demand, the slump was most marked in the industries producing raw materials, semi-finished goods and capital goods.

In this economic climate and especially as a result of the reduction in stocks, the Community iron and steel industry had to cut back its production, which fell from 155.6 million tonnes in 1974 to around 125 million tonnes in 1975, i.e. by 19.5%. Community crude steel production thus reverted to its 1968 level. For the Community as a whole, the rate of utilization of maximum crude steel production capacities did not exceed 66.2%. Pig iron production showed a somewhat similar trend: 88.6 million tonnes in 1975 compared to 112.1 in 1974, i.e. a fall of almost 21% for the Community as a whole.

However, not all the basic sectors were depressed, a particular exception being the energy sector. The new price structure necessitated by increased oil prices led to structural changes in demand, which benefited existing sources of primary energy in the Community. However, the increase in Community coal production in 1975 was not the result of a shift in the basic trend nor of increased output or capacities; it was due to the fact that a long strike had caused a sharp drop in production in the United Kingdom in the first few months of 1974. Compared to its 1973 level, Community coal production fell by about 5% in 1975.

In 1975 the Community coal and steel industries showed quite different tendencies in their propensity to invest.

The new prospects for the energy sector necessitated a change in the investment plans for Community coal mines. In its medium-term guidelines for coal 1975-1985,<sup>1</sup> the Commission laid down new Community supply standards, involving stabilization of total Community production. To achieve this stabilization, there will have to be considerable capital investment in the most economically viable coalfields. For the first time in many years, capital expenditure rose in 1975, from

<sup>1</sup> Cf. OJ C 22 of 30.1.1975.

326 million u.a. in 1974 to 562 million u.a.<sup>1</sup> The pits' new investment programmes had to be partly financed by increased borrowing because of the economic crisis and the short-term fall in sales to iron and steel undertakings and power stations.

The iron and steel industry was affected by the reduction in the volume of activity, but even more so by a serious liquidity crisis. On the one hand the internal prices of rolled products fell to their lowest level of the year in October 1975, some 35-45 % below the peak prices for the first half of 1974; export prices fell by around 50 %. On the other hand, production costs continued to increase throughout the Community. Indeed, the price of energy, wage costs and the prices of capital goods increased steadily throughout 1975, resulting in a serious deterioration in the iron and steel undertakings' financial situation; revenue did not even cover depreciation.

At the same time the uncertain position of the iron and steel market, persistent inflation, unstable exchange rates and the difficulties of long-term financing all had their effect on the implementation of investment plans which totalled 3.1 thousand million u.a. in 1975 at current prices, compared to some 3 thousand million in both 1974 and 1973.<sup>2</sup>

The implementation of these investment programmes, which was necessary for the purposes of rationalization and modernization, depended mainly on the ability of undertakings to borrow funds and to a considerable extent on financial support from the Commission.

In these circumstances the Commission, in an effort to keep the iron and steel undertakings competitive, implement energy policy objectives and improve workers' living conditions, increased its financial assistance by a considerable amount.<sup>3</sup> In 1975 it contracted 23 loans totalling 731 million EUA. It also granted loans totalling 805 million EUA,<sup>4</sup> comprising:

- 728 million for industrial projects;
- 58 million for structural reorganization;
- 19 million for the construction of worker housing.

Total Community financing in the form of industrial loans thus represented a relatively high proportion of the capital expenditure by the coal and steel industries. Moreover, certain loans granted for financing investment projects of particular advantage to the Community enjoyed a reduced rate of interest. Such projects include those concerned with the removal of certain bottlenecks in the Community, environmental protection, the setting up of vocational training centres and the construction of worker housing.

The Commission, in close cooperation with the Council of Ministers, was also anxious to help increase the Community's supplies of raw materials, particularly iron ore. For the first time since the beginning of the ECSC's financial operations, two decisions were therefore concerned with the financing of investments outside the Community, namely in Liberia and Canada. The aim of these projects is to increase deliveries of iron ore and pellets to various Community undertakings. The Commission intends to pursue its efforts to this end and to encourage in particular joint supplies to groups of undertakings.

<sup>1</sup> Cf. 9th General Report on the Activities of the European Communities, p. 50. Old unit of account, the value of which was equal to that of the Special Drawing Rights.

<sup>2</sup> Cf. survey on investment in the iron and steel industry, 9th General Report, p. 47.

<sup>3</sup> Cf. 9th General Report, p. 46.

<sup>4</sup> European unit of account based on a 'basket' of the nine currencies.

The Commission also attached special importance to the creation of new activities likely to provide employment for coal or steel workers made redundant or about to be made redundant. It also stepped up its efforts in the financing of worker housing. Loans in these two sectors usually carried with them bonus interest or were granted at preferential rates. They totalled 58 and 19 million EUA respectively, the highest figures ever since the beginning of the ECSC's financial activity.

Since the last quarter of 1975, prices of iron and steel products have steadied somewhat, but in varying degrees depending on the sector. Stocks, which had fallen to an absolute minimum in the third quarter of 1975, have begun to build up again. There has been increased activity in certain consumer sectors—car industry, public works, domestic electrical appliances. Furthermore, the information set out in the Commission's forward programmes, intended to establish a better balance between production and actual consumption, has brought about adjustments in production and an improvement in the psychological climate of the market. The iron and steel undertakings have thus been able to improve their results, although still not by as much as desired. Nevertheless, the expected level of capital expenditure in both the iron and steel and coal sectors remains high. In these circumstances, it would seem that the Commission will have to meet a sizeable demand for capital in 1976 from ECSC undertakings.

## II — ECSC BORROWING OPERATIONS

Under Article 49 of the ECSC Treaty, the Commission is empowered to procure the funds it requires to carry out its tasks by contracting loans on national and international capital markets.

In spite of the worldwide recession in 1975, capital markets remained steady, particularly the Euro-bond market, which achieved a new record. Although interest rates fell slightly, the terms of loans were also shortened.

The ECSC, taking full advantage of the ready availability of capital, contracted 23 loans for a total equivalent to 731.3 million EUA.<sup>1</sup>

Once again most of the borrowing was done in US dollars, including two issues in New York for a total of 275 million dollars, thus confirming the excellent standing of the ECSC on the United States market. The scale of operations in US dollars decreased slightly, however, in favour of those in German Marks and Swiss francs.

The following are the main characteristics of the loans contracted during 1975:

- |          |             |   |
|----------|-------------|---|
| 1. US \$ | 150 million | Eight-year debenture loan issued at 99.50 % on the international capital market. The bonds bear 9 3/8 % interest payable half-yearly. The loan will be repayable on 15 February 1983. It is quoted on the New York Stock Exchange.      |
| 2. Lfrs  | 500 million | Ten-year debenture loan issued at 99.25 % on the Luxembourg capital market. The bonds bear 9 % interest payable annually. The loan will be repaid in six instalments from 12 March 1980. It is quoted on the Luxembourg Stock Exchange. |
| 3. DM    | 56 million  | Ten-year private placement at 8.50 % interest. The loan will be repaid in eight equal instalments from 1 March 1978.  |
| 4. DM    | 20 million  | Seven-year private placement at 8.50 % interest. The loan will be repayable on 1 March 1982.  |
| 5. Lfrs  | 100 million | Nine-year private placement at 9 % interest. The loan will be repaid in five equal instalments from 12 March 1980.  |

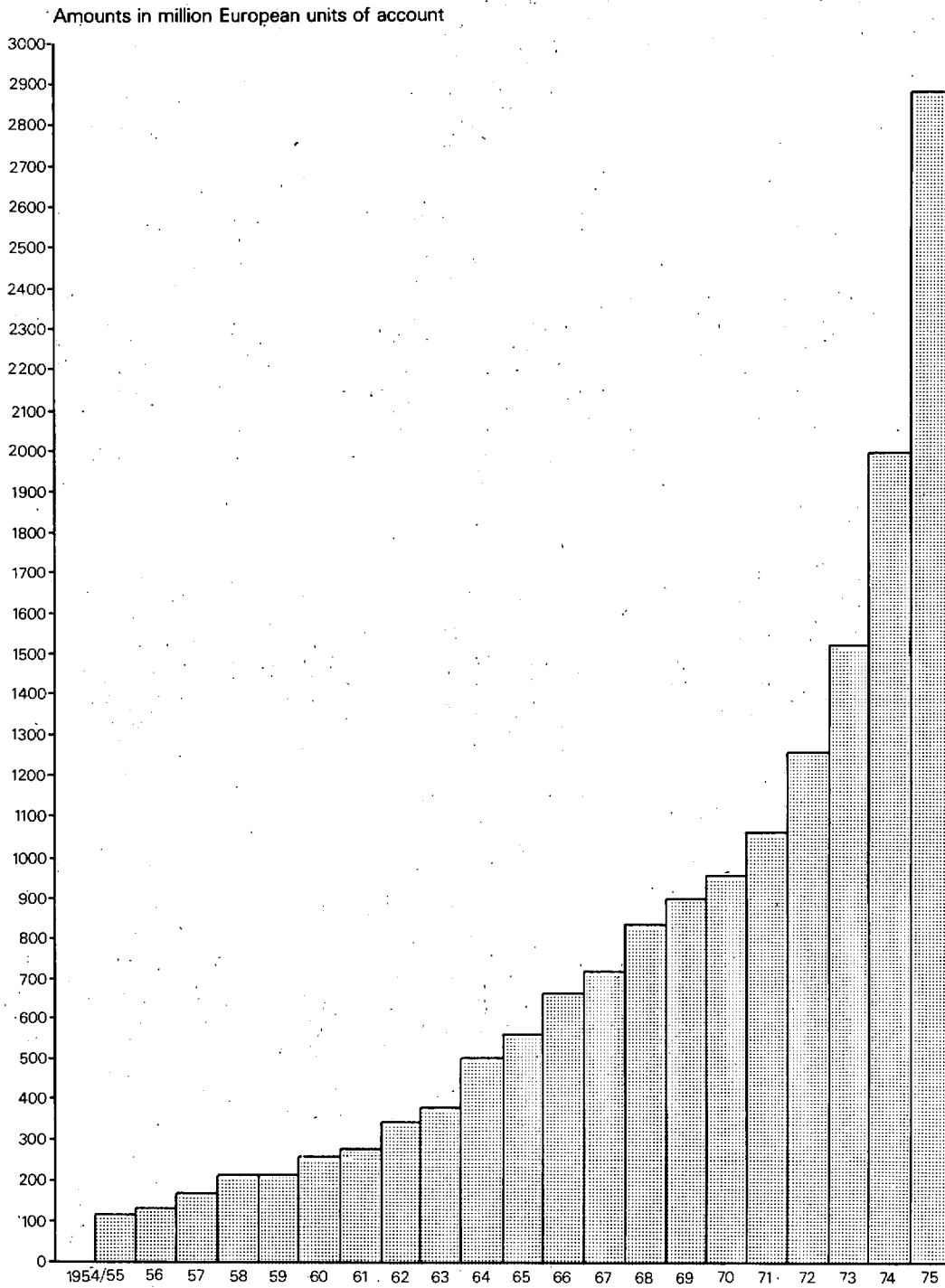
<sup>1</sup> 658.2 million ECSC u.a. at the rate of conversion as at 31.12.1974 against 528.3 million u.a. in 1974 and 293 million u.a. in 1973.

- |     |       |              |  |
|-----|-------|--------------|--|
| 6.  | DM    | 150 million  | Ten-year debenture loan issued at 99 % on the German capital market. The bonds bear 8.50 % interest payable annually. The loan will be repaid in eight equal instalments from 1 April 1978. It is quoted on five stock exchanges in the Federal Republic of Germany.                                 |
| 7.  | Fl    | 60 million   | 15-year debenture loan issued at par on the Dutch capital market. The bonds bear 8.50 % interest payable annually. The loan will be repaid in 15 equal instalments from 15 June 1976. It is quoted on the Amsterdam Stock Exchange.  |
| 8.  | FF    | 125 million  | Seven-year debenture loan issued at par on the international capital market. The bonds bear 10 % interest payable annually. The loan will be repaid from 15 June 1977 in five instalments of 5 million and a final instalment of 100 million. It is quoted on the Luxembourg Stock Exchange.         |
| 9.  | US \$ | 50 million   | Seven-year debenture loan issued at 99 % on the international capital market. The bonds bear 8.75 % interest payable annually. The loan will be repaid in six instalments of 2 million and one instalment of 38 million from 1 July 1976. It is quoted on the Luxembourg Stock Exchange.             |
| 10. | Bfrs  | 1500 million | Ten-year debenture loan issued at 99.50 % on the Belgian capital market. The bonds bear 8.25 % interest payable annually. The loan will be repaid in seven instalments of 100 million and one instalment of 800 million from 14 July 1978. It is quoted on the Brussels and Antwerp Stock Exchanges. |
| 11. | Sfrs  | 100 million  | Seven-year private placement. The bonds bear 8 % interest payable annually. The loan will be repayable on 17 July 1982.  |
| 12. | Fl    | 20 million   | Ten-year private placement at 8 5/8 % interest. The loan will be repaid in ten equal instalments from 1 September 1976.  |
| 13. | DM    | 16 million   | Five-year private placement at 8.50 % interest. The loan will be repayable on 1 August 1980.   |
| 14. | Sfrs  | 100 million  | Seven-year private placement. The bonds bear 8 % interest payable annually. The loan will be repaid in four equal instalments from 15 October 1980.  |

- |     |       |                     |  |
|-----|-------|---------------------|--|
| 15. | US \$ | 30 million          | Five-year debenture loan issued at par on the international capital market. The bonds bear 9.25 % interest payable annually. The loan will be repayable on 1 November 1980. It is quoted on the Luxembourg Stock Exchange.   |
| 16. | Sfrs  | 80 million          | 15-year debenture loan issued at par on the Swiss capital market. The bonds bear 7.75 % interest payable annually. The loan will be repaid in eleven instalments of 4 million and a final instalment of 36 million from 5 November 1979. It is quoted on five Swiss stock exchanges. |
| 17. | US \$ | 25 million          | Seven-year private placement at 9.25 % interest. The loan will be repayable on 1 November 1982.  |
| 18. | Sfrs  | 50 million          | Eight-year private placement at 8 % interest. The loan will be repaid in four equal instalments from 20 November 1980.   |
| 19. | Lit   | 30 thousand million | Ten-year debenture loan issued at 98.50 % on the Italian capital market. The bonds bear 10 % interest payable half-yearly. The loan will be repaid in eight equal instalments from 1 December 1978. It is quoted in Milan and Rome.  |
| 20. | Sfrs  | 50 million          | Seven-year private placement at 7 3/4 % interest. The loan will be repaid in three instalments from 15 January 1981.   |
| 21. | DM    | 60 million          | Five-year private placement. The bonds bear 8 % interest payable annually. The loan will be repayable on 1 December 1980.  |
| 22. | US \$ | 125 million         | Five-year debenture loan issued at par on the international capital market. The bonds bear 8 7/8 % interest payable half-yearly. The loan will be repayable on 15 December 1980. It is quoted on the New York Stock Exchange.  |
| 23. | DM    | 150 million         | Seven-year debenture loan issued at 99 % on the German capital market. The bonds bear 8 % interest payable annually. The loan will be repayable on 15 December 1982. It is quoted on five stock exchanges in the Federal Republic of Germany.  |

FIGURE 1

TOTAL BORROWINGS UP TO 31 DECEMBER 1975



Including its operations in 1975, total borrowings contracted by the ECSC since its inception up to 31 December 1975 were equivalent to 2872.43 million EUA.

TABLE 1<sup>1</sup>

(in million EUA)

Currency borrowed	Total borrowed <sup>2</sup>	Repayments	Balance outstanding
US \$	1 162.81	191.24	971.57
DM	641.16	149.02	492.14
Lit	194.29	23.82	170.48
FF	159.97	12.57	147.40
Fl.	91.90	41.62	50.28
Sfrs	278.90	33.35	245.54
Bfrs	114.41	11.76	102.65
Lfrs	142.31	10.97	131.34
£	59.92	—	59.92
u.a.	26.76	6.96	19.80
Total	2 872.43	481.31	2 391.12

<sup>1</sup> The main characteristics of the loans contracted by the ECSC up to 31 December 1975 and the definitions of £ (European Monetary Units) and units of account are given in Annex I.

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



### III — ECSC LENDING AND GUARANTEE OPERATIONS

The funds available to the Commission in 1975 for lending to undertakings totalled 937.47 million EUA, broken down as follows:

1. <i>Borrowed funds</i>		
— available at the beginning of the year	266.40	
— product of loans floated in 1975	665.80	
		932.20
2. <i>Own funds</i>		
— repayment of earlier loans		5.27
		937.47

As in 1974, these funds were used for industrial loans (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 804.86 million EUA.<sup>1</sup>

The funds remaining on 31 December 1975—as well as the loans contracted in the first quarter of 1976—permitted substantial disbursements (442 million u.a.) to be made for a number of loans approved in the last months of 1975.

TABLE 2  
Loans disbursed in 1975

*(in million EUA)*

Sector	FR Germany	Belgium	Denmark	France	Italy	Netherlands	Luxembourg	United Kingdom	Ireland	Community
I — Coal industry Iron and steel industry	23.65	—	—	—	—	—	—	137.22	—	160.87
	115.39	40.35	22.58	101.54	175.75	24.36	0.65	86.51	—	567.13
	Total	139.04	40.35	22.58	101.54	175.75	24.36	0.65	223.73	—
II — Industrial redevelopment	3.93	—	—	10.60	—	5.18	—	38.61	—	58.32
III — Worker housing	7.90	1.77	0.41	4.95	0.84	0.89	0.48	1.13	0.17	18.54
Grand total	150.87	42.12	22.99	117.09	176.59	30.43	1.13	263.47	0.17	804.86

<sup>1</sup> 708.88 million ECSC u.a. at the rate of conversion as at 31.12.1974 against 377.87 million u.a. in 1974.

## 1. Loans to industry (Article 54)

1975 was marked by a doubling of the amount of the loans granted for industrial investment projects, as provided for in Article 54 of the ECSC Treaty.

Loans granted totalled 728 million EUA.<sup>1</sup>

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, 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 1975 were made available in 70 operations, to 31 undertakings for the financing of the following programmes:

### *Coal mining industry*

— Colliery rationalization and modernization of:

National Coal Board, London

Northumberland Lynemouth colliery

Cumberland Haig colliery

South Yorkshire Royston colliery

Thurcroft colliery

Dinnington colliery

Durham

Hornden and Blackhall collieries

Easington colliery

North Derbyshire

Markham and Ireland collieries

Staffordshire

Littleton colliery

Trentham colliery

South Leicester

Coalville mine

North Nottingham

Thoresby colliery

Ollerton colliery

South Wales

Betws colliery

Taff Merthyr colliery

Blaenau colliery

Kent

Betteshanger colliery;

Eschweiler Bergwerks-Verein, Kohlscheid/Aachen (Emil Mayrisch and Westfalen collieries);

Ruhrkohle AG, Essen

Franz Haniel and Prosper collieries

General Blumenthal and Ewald-Forssetzung

Gneisenau

Heinrich Robert;

— Increased coking capacity:

Eschweiler Bergwerks-Verein, Kohlscheid/Aachen (Westfalen and Erin Coking plants);

<sup>1</sup> 640.57 million ECSC u.a. at the rate of conversion as at 31.12.1974 against 324. million u.a. in 1974

— District heating installations:

Société de Climatisation Interurbaine de la Défense (CLIMADEF), Paris (Courbevoie power/heating station);

— Environmental protection:

Eschweiler Bergwerks-Verein, Kohlscheid/Aachen (Westfalen colliery).

*Iron and steel industry*

— Increased coking capacity:

British Steel Corporation, London (Scunthorpe, Orgreave, Port Talbot coking plants and Normanby Park formed coke pilot plant);

Nuova Fornicoke SpA, Savona;

Société Lorraine de Laminage Continua SA (SOLLAC), Paris (Sérémaing coking plant).

— Rationalization of pig-iron and steel production:

Badische Stahlwerke AG, Kehl/Rhine;

Breda Siderurgica SpA, Milan (Sesto S. Giovanni works);

British Steel Corporation, London (Clydesdale works);

SA Cockerill, Seraing (Ougrée works);

Nazionale Cogne SpA, Turin;

Duisburger Kupferhütte, Duisburg;

Hoogovens IJmuiden BV, IJmuiden;

Fried. Krupp Hüttenwerke AG, Bochum (Rheinhausen works);

Manchester Steel Co. Ltd, Manchester;

Acciaierie di Piombino SpA, Piombino;

Société des Aciéries de Lorraine (SACILOR), Paris (Fontoy, Hagondange, Hayange, Homécourt, Jœuf and Rombas works);

SA Sidérurgie Maritime (SIDMAR), Ghent;

Forges de Thy-Marcinelle et Monceau, Marcinelle (Marcinelle works).

— Rationalization of sections production:

British Steel Corporation, London (Scunthorpe works);

Guest, Keen and Nettefolds Ltd, Warley (Cardiff works);

Stahlwerke Peine-Salzgitter AG, Peine (Peine and Salzgitter works).

— Rationalization of flats production:

Klöckner Werke AG, Duisburg (Bremen works);

Fried. Krupp Hüttenwerke, AG, Bochum (Bochum works);

Woodhead Components Ltd, Sheffield.

— Production of high-carbon and special steels:

Compagnie des Forges de Châtillon-Commentry-Biache SA, Paris (Isbergues works);

Fried. Krupp Hüttenwerke AG, Bochum (Düsseldorf works);

Società per l'Industria e l'Elettricità Terni SpA, Rome (Terni works).

— Expansion of coastal plants:

Det Danske Staalvalsevaerk A/S, Frederiksvaerk;

Italsider SpA, Genoa (Taranto works);

Union sidérurgique du Nord et de l'Est de la France SA (USINOR), Paris (Dunkirk works).

— Vocational training centres:

Fried. Krupp Hüttenwerke AG, Bochum (Bochum and Düsseldorf works);

Stahlwerke Peine-Salzgitter AG, Peine (Peine works);

Foundation Veuve Emile Metz-Tesch, Luxembourg.

— Environmental protection:

Det Danske Staalvalsevaerk A/S, Frederiksvaerk;  
 Duisburger Kupferhütte, Duisburg;  
 Mannesmann AG, Düsseldorf;  
 Acciaierie di Piombino SpA, Piombino;  
 Stahlwerke Röchling-Burbach GmbH, Völklingen, Saar (Burbach works);  
 Forges de Thy-Marcinelle et Monceau, Marcinelle.

In the energy sector, the ECSC was concerned with two problems, namely that of preserving a certain degree of Community independence, especially in coking coal supplies, and that of maintaining, if not increasing, supplies of Community coal to thermal power stations by helping to stabilize the production capacities of the most competitive mines. The loans granted to collieries in 1975 alone totalled 161 million EUA—more than 25 % of all loans granted to this sector since the ECSC's inception.

In the iron and steel sector, the ECSC helped to finance investment programmes considered to be in accordance with the General Objectives. The loans were spread over all stages of production—steelworks—owned coking plants, blast furnaces, steelworks and rolled products. A considerable portion of the industrial loans went into financing coastal iron and steel works already built or under construction.

The policy of granting loans for environmental protection projects at reduced rates of interest was continued. In particular, the Commission adopted certain projects involving the industrial use of technical processes of an innovating nature.

In an effort to obtain a better guarantee of Community supplies, the Commission, for the first time since the inception of the ECSC, granted a loan for financing investment in an overseas country with a view to increasing iron ore deliveries to Community undertakings.

TABLE 3

Loans for industrial investment (Art. 54)

(in million-EUA)

Country	Total loaned by 31.12.1974 <sup>1</sup>	New loans in 1975	Position at 31 December 1975 <sup>1</sup>	
			Total loaned	Balance outstanding
Denmark	8.25	22.58	30.83	30.83
FR Germany	797.01	139.04	936.05	691.07
Belgium	76.00	40.35	116.35	96.06
France	399.97	101.54	501.51	436.23
Italy	252.16	175.75	427.91	340.90
Luxembourg	3.26	0.65	3.91	2.81
Netherlands	36.35	24.36	60.71	52.57
United Kingdom	52.45	223.73	276.18	276.18
Community	1 625.45	728.00	2 353.45	1 926.65

<sup>1</sup> 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 58 million EUA, leading to the creation of more than 2 100 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, in 14 operations, to the following undertakings:

### *FR Germany:*

— Saar:  
ZF — Getriebe GmbH, Saarbrücken.

### *France:*

— Lorraine:  
Société Tubes de la Providence, Lexy;  
Société Bauknecht Industries SA, Metz;  
— Rhône Alpes:  
Société des Aciéries du Temple, St. Michel-de-Maurienne.

### *Netherlands:*

— Limburg:  
Globon BV, Hoensbroek;  
Lips-Heerlen BV, Heerlen;  
ENBI Rubber- en Kunststoffenfabriek BV, Nuth;  
ORNATEX BV, Kerkade.

### *United Kingdom:*

— Scotland:  
British Steel Corporation, London (Ravenscraig);  
— Wales:  
British Steel Corporation, London (Ebbw Vale).

Table 4 on page 29 gives the breakdown both by country and by industry for this type of loan.

TABLE 4

## Loans for industrial structural reorganization (Art. 56)

## A — Breakdown by country

(in million EUA)

Country	Total loaned by 31.12.1974 <sup>1</sup>	New loans in 1975	Total loaned	Balance outstanding
			Position at 31 December <sup>1</sup>	
FR Germany	108.80	3.93	112.73	95.71
Belgium	48.35	—	48.35	36.56
France	67.61	10.60	78.21	70.16
Italy	26.82	—	26.82	11.87
Luxembourg	—	—	—	—
Netherlands	26.11	5.18	31.29	23.25
United Kingdom	19.78	38.61	58.39	58.39
Community	297.47	58.32	355.79	295.94

<sup>1</sup> 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

Type	Amount (in million EUA)	%
Iron and steel industry	89.21	25.07
Manufacture of motor vehicles and accessories	54.24	15.25
Chemicals	40.37	11.35
Non-ferrous metals	27.10	7.62
Industrial estates	26.16	7.35
Power stations	19.76	5.55
Rubber	18.41	5.17
Articles of cast iron, steel and other metals	16.52	4.64
Mechanical engineering	12.66	3.56
Joinery and furniture manufacture	9.89	2.78
Ceramic ware, glass, lime and stone	8.44	2.37
Paper and printing	8.06	2.27
Electrical equipment	7.83	2.20
Textiles and clothing	4.76	1.34
Manufacture of plastic articles	3.24	0.91
Miscellaneous	9.13	2.57
Total	355.78	100.00

## 3. Loans for housing (Article 54, 2)

1975 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.

Own resources paid out by the Commission in 1975 under the 7th ECSC social housing programme amounted to 18 million EUA.

The loans disbursed from own funds at the rate of 1 % thus totalled 18 million EUA in 1975; this was supplemented by 0.5 million EUA from borrowed funds. These amounts enabled the Commission to finance some 10 000 new worker housing units. Since the beginning of its financial activities, the ECSC has therefore financed the construction of over 142 000 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 (Art. 54.2)

*(in million EUA)*

Country	Total loaned by 31.12.1974 <sup>1</sup>	New loans in 1975	Total loaned	Balance outstanding
			Position at 31 December 1975 <sup>1</sup>	
FR Germany	83.48	7.90	91.38	60.06
Belgium	27.53	1.77	29.30	15.38
France	27.11	4.95	32.06	21.49
Italy	14.48	0.84	15.32	9.45
Luxembourg	4.46	0.48	4.94	3.31
Netherlands	9.25	0.89	10.14	6.55
Denmark	0.28	0.41	0.69	0.69
United Kingdom	1.71	1.13	2.84	2.84
Ireland	—	0.17	0.17	0.17
Community	168.30	18.54	186.84	119.94

<sup>1</sup> 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 52.13 million EUA, reduced the remaining commitments to 21 million EUA at 31 December 1975.

#### 5. Summary of lending operations and guarantees (1954-1975)

From the start of its financing activities to 31 December 1975, the ECSC granted loans totalling 2 907 million EUA, of which 2 756 million were from borrowed funds and 151 million from its own resources.

Including guarantees furnished over the same period, the total amount of ECSC financial assistance was 2 964 million EUA (compared with 1 964 million EUA at 31 December 1974).

Table 6 on page 33 gives a detailed breakdown of this assistance by sector and by country.

TABLE 6

**Loans disbursed and guarantees granted up to 31 December 1975,  
by type of investment and country**  
(Initial amounts)<sup>1</sup>

(in million EUA)

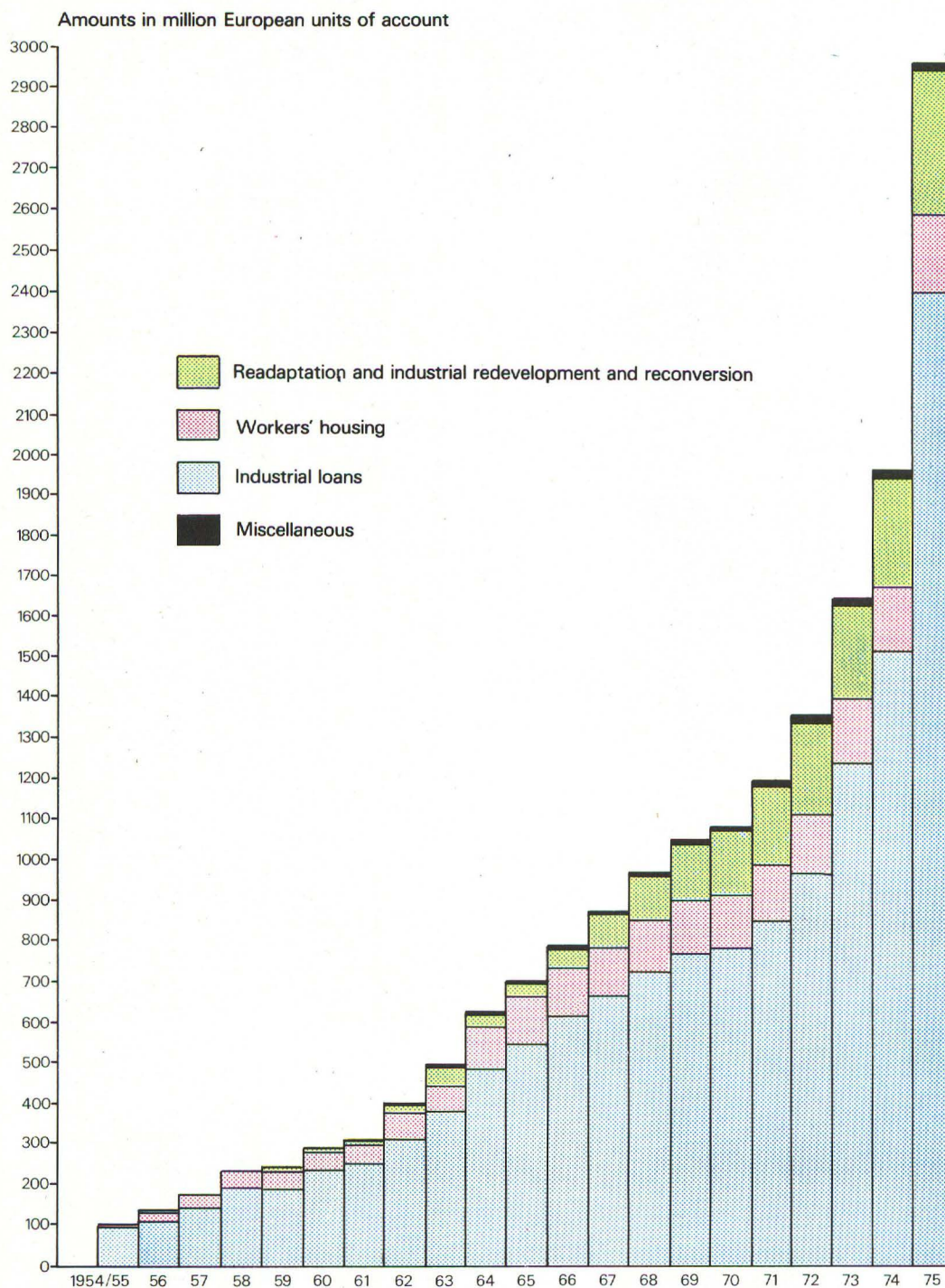
Breakdown	Loans			Guarantees	Total loans and guarantees	%
	From borrowed funds	From own resources	Total			
<b>A — Type of investment</b>						
Coal industry	593.62	—	593.62	—	593.62	20.03
Iron ore mines	29.39	—	29.39	—	29.39	0.99
Iron and steel industry	1 725.03	—	1 725.03	55.79	1 780.82	60.09
Industrial reconversion	350.28	5.50	355.78	—	355.78	12.00
Worker housing	52.17	134.66	186.83	—	186.83	6.30
Miscellaneous	5.41	11.68	17.09	0.23	17.32	0.59
<b>Total</b>	<b>2 755.90</b>	<b>151.84</b>	<b>2 907.74</b>	<b>56.02</b>	<b>2 963.76</b>	<b>100.00</b>
<b>B — Country</b>						
Ireland	—	0.17	0.17	—	0.17	0.01
Denmark	30.83	0.69	31.52	—	31.52	1.06
FR Germany	1 065.12	83.72	1 148.84	44.71	1 193.55	40.27
Belgium	188.07	6.42	194.49	—	194.49	6.56
France	579.88	33.09	612.97	11.08	624.05	21.06
Italy	460.54	9.68	470.22	0.23	470.45	15.87
Luxembourg	5.75	3.95	9.70	—	9.70	0.33
Netherlands	91.15	11.28	102.43	—	102.43	3.46
United Kingdom	334.56	2.84	337.40	—	337.40	11.38
<b>Community</b>	<b>2 755.90</b>	<b>151.84</b>	<b>2 907.74</b>	<b>56.02</b>	<b>2 963.76</b>	<b>100.00</b>

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



FIGURE 2

BREAKDOWN BY SECTOR OF LOANS DISBURSED AND GUARANTEES GRANTED UP TO 31 DECEMBER 1975



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

The table below shows the changes in ECSC reserves and provisions between 31 December 1974 and 31 December 1975.

TABLE 7

#### Changes in reserves and provisions

	Position as at 31.12.1974 in million ECSC u.a.	Changes in 1975 <sup>1</sup>	Position on 31.12.1975 in million EUA
I — (a) Guarantee fund	120.—	+ 30.—	150.—
(b) Special reserve	90.—	+13.—	103.—
II — Pension fund	33.95	+ 2.73	36.68
III — Provisions			
(a) for rehabilitation	123.21	- 4.24	118.97
(b) for research	22.83	+ 24.71	47.54
(c) assistance (Article 56)	7.74	+ 0.62	8.36
(d) assistance (Article 54)	9.17	+ 0.34	9.51
(e) assistance to coke	5.—	+ 1.33	6.33
IV — Other provisions	33.36	+ 8.14	41.50
Total	445.26	76.63	521.89
V — Unallocated balance	0.02	- 0.02	0.00
Grand total	445.28	76.61	521.89

<sup>1</sup> These changes result on the one hand from the changeover from the ECSC u.a., using the conversion rates as at 31.12.1974, to the European Unit of Account, and on the other hand to the real increase or decrease in the accounts concerned. The real increase is 21.45 m.u.a. for the guarantee fund and 6.58 m.u.a. for the special reserve fund.

Income from the levy, which has been fixed at 0.2% since 1 January 1972, amounted to 70.2 million u.a. in 1975, compared with 69.6 million u.a. in 1974. This total comprises 12 million u.a. from coal production and 58 million u.a. from iron and steel production.

Income resulting from the management of liquid assets, that is to say income from interest on own resources invested, was 29 million u.a. and income from borrowed funds not yet disbursed was 8 million u.a. Because of the fall in rates on most money markets, this total was slightly below the corresponding figure for 1974—44 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 1975
- II — ECSC BALANCE SHEET AT 31 DECEMBER 1975
- III — ECSC INCOME AND EXPENDITURE FROM 1 JANUARY  
TO 31 DECEMBER 1975

## Annex I

## MAIN CHARACTERISTICS OF LOANS

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1975 (in European units of account)		
			in currency of loan	equivalent in European units of account			
1954	3½	25	US \$	100 000 000	85 816 285	21 454 070	
1957	5½	18		25 000 000	21 454 071	—	
1957	5	5		10 000 000	8 581 628	—	
1958	5	20		35 000 000	30 035 699	6 350 405	
1958	4½	5		15 000 000	12 872 443	—	
1960	5½	20		25 000 000	21 454 071	7 294 384	
1960	4½-5	5		10 000 000	8 581 628	—	
1962	5½	20		25 000 000	21 454 071	10 126 322	
1964	5½	20		30 000 000	25 744 885	15 446 931	
1966	6½	20		15 000 000	12 872 443	9 439 791	
1966	6½	20		20 000 000	17 163 257	12 529 178	
1967	6½	20		25 000 000	21 454 071	17 077 441	
1967	6½	20		20 000 000	17 163 257	13 687 697	
1971	7½	15		20 000 000	17 163 257	17 163 257	
1973	7	15		30 000 000	25 744 885	25 744 885	
1974	7½	15		50 000 000	42 908 142	42 908 142	
1974	8½	5		20 000 000	17 163 257	17 163 257	
1974	9½	8		100 000 000	85 816 285	85 816 285	
1974	9½	10		100 000 000	85 816 285	85 816 285	
1974	10	10		200 000 000	171 632 569	171 632 569	
1974	8½	5		100 000 000	85 816 285	85 816 285	
1975	8½	8		150 000 000	128 724 427	128 724 427	
1975	8½	7		50 000 000	42 908 142	42 908 142	
1975	9½	5		30 000 000	25 744 885	25 744 885	
1975	9½	7		25 000 000	21 454 071	21 454 071	
1975	8½	5		125 000 000	107 270 356	107 270 356	971 569 065
1955	3½	25	DM	50 000 000	16 372 936	4 058 066	
1957	4½	20		2 977 450	974 994	132 599	
1964	5½	12		100 000 000	32 745 872	3 929 505	
1964	5½	15		100 000 000	32 745 872	11 002 613	
1964	5½	12		30 000 000	9 823 762	982 376	
1965	5½	18		150 000 000	49 118 809	30 289 932	
1965	5½	5		23 000 000	7 531 551	—	
1967	6½	5		30 000 000	9 823 762	—	
1968	6½-6¾	10		120 000 000	39 295 047	14 735 643	
1968	6½	13		60 000 000	19 647 523	11 788 514	
1969	6½	15		40 000 000	13 098 349	11 788 514	
1969	6½	13		50 000 000	16 372 936	11 461 055	
1969	6½	15		50 000 000	16 372 936	14 735 643	
1971	7½	15		100 000 000	32 745 872	32 745 872	
1972	6½	15		100 000 000	32 745 872	32 745 872	
1972	7	16		150 000 000	49 118 809	49 118 809	
1973	6½	15		150 000 000	49 118 809	49 118 809	
1973	7½	15		100 000 000	32 745 872	32 745 872	
1974	10	5		20 000 000	6 549 174	6 549 174	
1974	10	5		30 000 000	9 823 762	9 823 762	
1974	10	7		50 000 000	16 372 936	16 372 936	
1974	9½	7		150 000 000	49 118 809	49 118 809	
1975	8½	10		56 000 000	18 337 688	18 337 688	
1975	8½	7		20 000 000	6 549 174	6 549 174	
1975	8½	10		150 000 000	49 118 809	49 118 809	
1975	8½	5		16 000 000	5 239 339	5 239 339	
1975	8	5		60 000 000	19 647 523	19 647 523	
1975	8	7		(*) 150 000 000	49 118 809	49 118 809	690 275 606
1963	5½	20	Lit.	15 000 000 000	18 802 435	10 027 964	
1966	6	20		15 000 000 000	18 802 435	13 788 452	
1966	6	20		15 000 000 000	18 802 435	13 788 452	
1968	6	20		15 000 000 000	18 802 435	16 295 444	
1968	6	20		15 000 000 000	18 802 435	16 295 444	
1972	7	15		20 000 000 000	25 069 914	25 069 914	
1972	7	15		20 000 000 000	25 069 914	25 069 914	
1974	7	15		10 000 000 000	12 534 958	12 534 958	
1975	10	10		30 000 000 000	37 604 871	37 604 871	170 475 413
1957	3½	25	Bfrs.	200 000 000	4 342 106	1 641 316	
1957	3½	25		20 000 000	434 210	164 132	
1962	5½	20		300 000 000	6 513 159	3 191 448	
1963	5½	20		300 000 000	6 513 159	3 647 369	
1968	6½	15		750 000 000	16 282 897	13 677 633	
1970	8½	20		500 000 000	10 855 265	10 855 265	
1971	7½	15		700 000 000	15 197 370	15 197 370	
1973	7½	12		1 000 000 000	21 710 529	21 710 529	
1975	8½	10		1 500 000 000	32 565 794	32 565 794	114 414 489

## CONTRACTED TO 31st DECEMBER 1975

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1975 (in European units of account)		
			in currency of loan	equivalent in European units of account			
1970	8	15	E <sup>1</sup>	50 000 000		59 924 950	59 924 950
1964	5	20	FF	150 000 000	28 736 678	16 164 382	
1971	8½	18		150 000 000	28 736 678	28 736 678	
1972	7½	15		150 000 000	28 736 678	28 736 678	
1973	7½	15		60 000 000	11 494 671	11 494 671	
1973	7	7		50 000 000	9 578 893	9 578 893	
1973	7½	18		150 000 000	28 736 678	28 736 678	
1975	10	7		125 000 000	23 947 232	23 947 232	147 395 212
1961	4½	20	Fl.	50 000 000	15 968 319	6 339 423	
1961	4½	5		10 000 000	3 193 664	—	
1962	4½	25		6 000 000	1 916 198	919 775	
1962	4½	20		25 000 000	7 984 159	3 768 523	
1962	4½	5		20 000 000	6 387 328	—	
1963	4½	5		10 000 000	3 193 664	—	
1963	4½	30		1 750 000	558 891	336 612	
1964	5½	20		25 000 000	7 984 159	4 822 432	
1965	5½	20		40 000 000	12 774 655	8 543 051	
1967	6½	5		20 000 000	6 387 328	—	
1975	8½	15		60 000 000	19 161 983	19 161 983	
1975	8½	10		20 000 000	6 387 327	6 387 327	50 279 126
1957	3½	25	Lfrs.	5 000 000	108 552	—	
1957	5½	25		100 000 000	2 171 053	998 808	
1961	5½	25		100 000 000	2 171 053	1 418 978	
1961	5	25		100 000 000	2 171 053	1 406 554	
1962	4½	15		300 000 000	6 513 159	1 302 632	
1962	5½	15		250 000 000	5 427 632	3 766 905	
1964	5½	20		150 000 000	3 256 579	1 953 948	
1971	6½	8		150 000 000	3 256 579	3 256 579	
1971	7	15		250 000 000	5 427 632	5 427 632	
1971	7½	12		300 000 000	6 513 159	6 513 159	
1972	6½	12		300 000 000	6 513 159	6 513 159	
1972	6½	12		400 000 000	8 684 212	8 684 212	
1973	6½	15		300 000 000	6 513 159	6 513 159	
1973	7	12		800 000 000	17 368 423	17 368 423	
1973	7	15		800 000 000	17 368 423	17 368 423	
1973	8	12		300 000 000	6 513 159	6 513 159	
1973	8	12		200 000 000	4 342 106	4 342 106	
1973	7½	15		500 000 000	10 855 265	10 855 265	
1973	7½	8		250 000 000	5 427 632	5 427 632	
1974	10	7		400 000 000	8 684 212	8 684 212	
1975	9	10		500 000 000	10 855 265	10 855 265	
1975	9	9		100 000 000	2 171 053	2 171 053	131 341 263
1956	4½	18	Sfrs.	50 000 000	16 380 607	—	
1961	5½	5		9 000 000	2 948 509	—	
1961	4½	5		2 290 000	750 232	—	
1962	4½	18		60 000 000	19 656 727	7 862 690	
1969	5½	18		60 000 000	19 656 727	18 182 473	
1972	7½	12		50 000 000	16 380 607	16 380 607	
1973	6½	15		80 000 000	26 208 971	26 208 971	
1973	6½	15		65 000 000	21 294 789	21 294 789	
1973	7	7		75 000 000	24 570 910	24 570 910	
1973	7½	5		50 000 000	16 380 607	16 380 607	
1974	9½	5		20 000 000	6 552 243	6 552 243	
1975	8	7		100 000 000	32 761 213	32 761 213	
1975	8	8		100 000 000	32 761 213	32 761 213	
1975	7½	15		80 000 000	26 208 971	26 208 971	
1975	8	8		50 000 000	16 380 607	16 380 607	
1975	7½	8	*	50 000 000	16 380 607	16 380 607	261 925 901
1966	5½	20	u.a. <sup>2</sup>	20 000 000		26 760 004	19 802 404
						2 937 928 778	2 456 619 907

<sup>1</sup> The European Monetary Unit (E) is a unit of account, the value of which is fixed invariably at DM 3.66 or Bfrs. 50 or FF. 5.55419 or Lit. 625 or Lfrs. 50 or Fl. 3.62 depending on the choice of the holder. The equivalent of the loan in units of account has been calculated on the basis 1·E = DM 3.66.

<sup>2</sup> At present, this unit of account has the same value as that used by the former European Payment Union, as defined in Article 26(a) of its Charter, i.e. 0.88867088 gramme of fine gold. This value could change under certain circumstances.

\* Loans contracted in 1975 and paid out in 1976.

## Annex II

### BALANCE SHEET OF THE EUROPEAN COAL

A European unit of account represents the exchange value of the various currencies  
= DM 3.05382 = FF 5.21981 = Sfrs 3.05239 = £ 0.575973 = £ Ir. 0.575093 = Dkr. 7.19697

#### ASSETS

I — Disbursed loans	2 357 851 839.92
II — Cash and Bank accounts	416 352 074.16
III — Short and medium-term placements	30 438 823.39
IV — Investments	70 425 942.76
V — Fixed assets	1.00
VI — Recoverable issuing costs	36 719 250.26
VII — Miscellaneous	57 332 408.81
VIII — Accrued Income	65 428 172.12

3 034 548 512.42

#### Suspense accounts:

I — Enterprises' liabilities under guarantees	20 875 493.65
II — Duc on debentures	65 499 415.25

#### AUDITOR'S NOTE

Having examined the books, vouchers and documents of the bookkeeping and the explanations supplied to me, I herewith certify that the financial position of the European Coal and Steel Community at 31 December 1975 is correctly and properly reflected in the above document.

Luxembourg, 15 April 1976

**P. GAUDY**  
*Auditor*

## Annex II

## AND STEEL COMMUNITY AT 31 DECEMBER 1975

at the following rates of conversion: 1 European unit of account (EUA) = US \$ 1.16528  
 = u.a. 0.747384 = EMU 0.834377 = Bfrs. 46.0606 = Lfrs. 46.0606 = Lit. 797.769 = Fl. 3.1312

		<b>LIABILITIES</b>
<hr/>		
I — A. Loans	2 391 120 491.28	
B. Reimbursement premiums to be paid	1 966 863.93	
	<hr/>	2 393 087 355.21
II — Reserves		
A. Guarantee fund	150 000 000.—	
B. Special fund	103 000 000.—	
	<hr/>	253 000 000.00
III — Allowances		
A. Financial aid	190 707 252.27	
B. Other	41 504 692.88	
	<hr/>	232 211 945.15
IV — Former pension fund		36 679 360.88
V — Miscellaneous		49 028 558.28
VI — Accrued liabilities		70 540 687.42
VII — Unallocated balance		605.48
		<hr/>
		<u>3 034 548 512.42</u>
 Suspense accounts:		
I — Liabilities under guarantees	20 875 493.65	
II — Debentures to be paid	65 499 415.25	
<hr/>		

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

**W. HAFERKAMP**  
*Vice-President  
 of the Commission*

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

**Explanatory notes to the balance sheet at 31 December 1975**

**ASSETS**

*I — Disbursed loans*

<b>A — Loans from borrowed funds</b>			
— in US dollars		864 298 708.98	
— in German marks		492 109 893.16	
— in Italian lire		131 318 020.70	
— in Belgian francs		102 650 855.59	
— in Dutch guilders		50 279 126.26	
— in French francs		147 395 211.68	
— in Luxembourg francs		131 341 263.22	
— in Swiss francs		245 545 294.02	
— in u.a.		19 802 404.13	
— in EMU		59 924 950.—	
		<hr/>	2 244 665 727.74
<b>B — Other loans</b>			
— From the special reserve for the financing of workers' housing projects		97 878 560.71	
— from funds allocated for rehabilitation		356 701.20	
— from funds allocated for technical research		2 304 661.84	
— miscellaneous		12 646 188.43	
		<hr/>	113 186 112.18
			<hr/>
			2 357 851 839.92

*IV — Investments*

Total investments amount to 70 425 942.76 EUA.

*V — Fixed assets*

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

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

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

*VI — Recoverable issuing costs*

The amount of 36 719 250.26 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 57 332 408.81 EUA under this item consists of:

1. 4 575 323.95 EUA due from debtors under the levy;
2. 3 848 655.69 EUA from miscellaneous debtors;
3. 48 908 429.17 EUA in funds earmarked for the payment of overdue coupons and drawn bonds.

*VIII — Accrued income*

This item consists of:

1. 59 461 075.05 EUA in interest and commissions receivable but not yet due on 31 December 1975;
2. 5 967 097.07 EUA in levy claimed over the month of December, and falling due after 31 December.



## LIABILITIES

### Item I

#### A.

##### — Loans

The breakdown by currency is as follows:

— in US dollars	971 569 064.96	
— in German marks	492 136 908.22	
— in Italian lire	170 475 413.26	
— in Dutch guilders	50 279 126.23	
— in Belgian francs	102 650 855.60	
— in French francs	147 395 211.70	
— in Luxembourg francs	131 341 263.17	
— in Swiss francs	245 545 294.02	
— in u.a.	19 802 404.13	
— in EMU	59 924 949.99	2 391 120 491.28

#### B — Reimbursement premiums to be paid

— in French francs	1 939 725.77	
— in Belgian francs	27 138.16	1 966 863.93

### Item III — Allocations

#### A — Financial aid

##### 1. For rehabilitation

— commitments entered into for outright grants 118 966 698.91

##### 2. For technical and economic research

— commitments entered into for outright grants 47 539 820.38

##### 3. Assistance under Article 56

(Industrial redevelopment and reconversion) 8 356 206.09

##### 4. Assistance under Article 54

9 513 154.89

5. Assistance to coking coal and coke 6 331 372.— 190 707 252.27

#### B — Other

41 504 692.88

### Item IV — Former ECSC pension fund

This item totals 36 679 360.88 EUA. As of 5 March 1968 commitments for the payment of ECSC pensions are transferred to the Member States.

### Item V — Miscellaneous: 49 028 558.28 EUA

This includes the sum of 48 907 819.67 EUA for coupons due and bonds and commissions payable on them, and the sum of 120 738.61 EUA for miscellaneous credit accounts at the end of the financial year.

### Item VI — Accrued liabilities

This item comprises interest and commission payable but not yet due on 31 December 1975, totalling 70 540 687.42 EUA.

### Item VII — Unallocated balance

The amount of 605.48 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:

49 852 181.36 EUA under item I,  
101 495.56 EUA under item II and  
953 416.21 EUA under item VIII

#### — liabilities:

49 852 181.36 EUA under item I and  
901 283.73 EUA under item VI.

Annex III

INCOME AND EXPENDITURE OF THE EUROPEAN COAL AND

including income and expenditure in con.

All amounts are stated in units of account; a unit of account represents the exchange  
= DM 3.21978 = Bfrs. 48.6572 = Lfrs. 48.6572 = Dkr 7.57831 = FF 5.97402 = Fl. 3.35507

EXPENDITURE

A — Servicing of borrowing operations and guarantees		146 100 544.09
B — Budgetary expenditure :		
— Administrative expenditure	16 541 395.72	
— Expenditure for research	19 693 529.19	
— Expenditure for rehabilitation	27 844 521.60	
— Assistance to coking coal and coke	4 995 000.—	
		69 074 446.51
C — Other expenditure:		
— Financial expenditure	296 873.06	
— Assistance (Art. 56)	3 630 639.48	
— Assistance (Art. 54)	2 975 379.39	
		6 902 891.93
D — Excess of income over expenditure		42 199 243.54
		<u>264 277 126.07</u>

AUDITOR'S NOTE

Having examined the books, vouchers and documents of the bookkeeping and the explanations supplied to me, I herewith certify that the financial position of the European Coal and Steel Community at 31 December 1975 is correctly and properly reflected in the above document.

Luxembourg, 15 April 1976

P. GAUDY  
*Auditor*

Annex III

STEEL COMMUNITY FROM 1 JANUARY 1975 TO 31 DECEMBER 1975

nection with borrowing and lending operations

value of the various currencies converted at the following rates: 1 unit of account (u.a.)  
 = Lit. 872.885 = £ 0.572465 = £ ir. 0.572465 = Sfrs. 3.37685 = US \$ 1.34286

		<b>INCOME</b>
<hr/>		
A — Servicing of lending operations and guarantees		152 952 834.49
B — Levy		70 198 953.78
C — Other income:		
— Interest to deposits and portfolio	26 802 926.79	
— Fines and increases for overdue payment	2 931.35	
— Contributions from new Member States	13 847 898.13	
— Miscellaneous	471 581.53	
	<hr/>	41 125 337.80
		<hr/>
		<u>264 277 126.07</u>
<hr/>		

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

**W. HAFERKAMP**  
*Vice-President  
 of the Commission*

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

**Explanatory notes to statement of expenditure and income of the ECSC  
from the period 1 January 1975 to 31 December 1975 (in units of account)**

**EXPENDITURE**

A — The expenditure for the servicing of borrowing operations and guarantees totalling 146 100 544.09 u.a. is broken down as follows:

Interest on funds borrowed	140 880 500.26
Fees to agent banks	331 198.23
Miscellaneous	1 421 794.62
Amortization of recoverable issuing costs	3 467 050.98

**INCOME**

B — The income on the servicing of lending operations and guarantees totalling 152 952 834.49 u.a. is broken down as follows:

Interest on loans	134 818 077.99
Interest on available funds borrowed	10 416 876.81
Guarantee fees	102 556.38
Miscellaneous	7 615 323.31