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ECSC

European Coal and Steel Community

FINANCIAL REPORT 1979

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European Coal and Steel Community

Commission of the European Communities

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

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

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

The value of the EUA is determined daily.

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

The amounts which, in this report, are expressed in EUA and represent sums in national currencies have been calculated on the basis of the conversion rates for the European unit of account. On 31 December 1979 one EUA was equal to:

BFR	40,3181	LFR	40,3181
DKR	7,71697	UKL	0,646904
IRL	0,670579	SFR	2,29783
FF	5,79312	DM	2,49057
HFL	2,74085	LIT	1157,19
USD	1,43839	CAD	1,68436
u.a.	0,562628	£	0,680484

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

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Luxembourg, July 1980

This financial report covers the year 1979, the 27th year of the European Coal and Steel Community's existence and the 25th year of its borrowing and lending operations.

Since the entry into force of the Treaty establishing a Single Council and a Single Commission of the European Communities (1967), the Commission has exercised the powers vested in the former High Authority, each of the three Communities continuing to be governed by its own Treaty. Consequently, this report refers only to the 'Commission' of the European Communities unless it is absolutely necessary to use the name 'High Authority'.

Introduction

General economic situation

Despite a further oil price increase, the economic results of the Community for 1979 were relatively satisfactory. Current estimates show the Community's gross domestic product to have increased by 3,4% compared with 1978, following a rise of 3,0% the previous year.

The economic expansion which began in 1978, notably as a result of concerted budgetary measures in July of that year, continued in 1979 and produced the highest annual growth rate for private investment achieved since 1973. Employment improved by 0,9%, the best result noted in the last six years. There was even a slight fall in overall unemployment during the year.

After the large surplus recorded in 1978 the Community's trade balance deteriorated markedly in 1979, ending in a deficit of 3 400 million ECU on a fob-fob basis. Approximately two-thirds of this decline in the trade balance of the Community, which totalled 16 500 million ECU, was due to developments in real terms. Community imports increased in volume by 10,8%, whereas the rate of growth of exports in real terms should not be higher than the world rate (6,5%). The balance is attributable to the deterioration in terms of trade which resulted from the steep increase in world prices of raw materials, especially crude oil (even though this increase, expressed in ECU, was tempered by the appreciation of European currencies against the US dollar).

The oil price increase recorded in 1979 (averaging almost 50% in US dollars over the year) is partly responsible for the deterioration in price trends in the Community. Whereas in 1978 the mean increase in consumer prices in the Community had been the lowest for seven years (7,3%), the figure for the whole of 1979 was 8,6%, with a very steep rise in the second half of the year. The upward trend in the prices of all the major components of the consumer price index (foodstuffs, services, rents, manufactured products and indirect taxes) became more pronounced. The increase in consumer prices was higher even than the rise in energy prices. The differences already noted between the inflation rates in the Member States became more marked.

Steel

In 1979, world steel production increased by 4% to 745 million tonnes. Production of crude steel in the European Community increased by 6,2% to 141 million tonnes, compared with 133 million in 1978, 126 million in 1977 and 134 million in 1976. This level of

production, however, represents a fall of 10% from the record year of 1974. The increase in production was entirely due to an improvement in internal demand, which contributed to a decline in the balance of trade for steel products, with exports being reduced to 24,6 million tonnes (25,8 million tonnes in 1978) and imports increasing from 8,7 million tonnes in 1978 to 9,4 million tonnes in 1979.

The increase in production enabled a further small increase in the rate of utilization of production capacities to be made, namely from 66% to 69% for crude steel and from 60% to 63,5% for finished products. The annual investment survey of 1 January 1980 reinforces the view taken in last year's Financial Report that crude steel production potential — after the cancellation of most expansion programmes — will not fall below the level of 200 million tonnes per year until at least 1983. The production potential for finished products will even increase from its present level of 167 million tonnes to 171 million tonnes in 1983. Contributing to this overall figure is a significant increase in production potential for hot coils, amounting to 6,7 million tonnes, or 9,6%.

Between now and 1983, the considerable number of partial or total closures decided recently, particularly in the United Kingdom, will be offset by commissioning of new plant and re-evaluation of production potentials at a number of works. The excess of production capacity for crude steel in 1979 was still well above the figure of 27 million tonnes mentioned in the latest General Objectives. Any marked improvement in the balance between the supply and demand for iron and steel products will depend not only on favourable market trends but also on an intensification of the restructuring work currently in progress.

1979 saw some slight improvements in prices, particularly for long products. By the end of the year, however, prices were weakening. Despite the price increases, further substantial financial restructuring and an improvement of 10% in labour productivity brought about by the somewhat higher levels of production, closures and the general trimming of labour forces, only a limited number of steel producers were restored to profitability.

According to the annual investment survey of 1 January 1980, investments in the iron and steel sector showed signs of incipient stabilization in 1979, when they totalled 2 000 million EUA, compared with 2 100 million EUA in 1978 and 2 400 million EUA in 1977.

It would appear that the small improvement in the market and the financial situation in 1979 has not been sufficient to encourage the investment essential for improvement in competitiveness, enabling the demand forecast in the revised General Objectives to be

profitably met. Investment decisions are unlikely to be put into effect as long as excess capacity continues to depress prices, inflation and interest rates remain at their present high levels, and the present serious recession continues unabated.

Coal

In 1979, coal production in the European Community stabilized (238,1 compared with 238,7 million tonnes in the previous year), with an increase of 3,5% in the Federal Republic of Germany more than offsetting decreases in France, Belgium and the United Kingdom (— 5,4%, — 6,6%, — 0,8% respectively). Figures for the first quarter of 1980 would appear to indicate that the trend towards growth in output is continuing, with an overall increase in production for the quarter of 3,8%, marked by a very large rise (8,4%) in the United Kingdom and a further improvement in the Federal Republic of Germany.

Consumption in 1979 increased by 7,6% to 310 million tonnes, the main contributing sectors being power-stations (7,7%) and coking plants (6,0%), the latter figure reflecting the higher level of steel production. Almost all of this increase, however, was covered by imports, which rose by 36% to 58,9 million tonnes, and by a decrease of 4,1 million tonnes in pit-head stocks.

The extraction potential of the Community's mines continued to decline in spite of considerable investment: in 1979 it was 245 million tonnes, compared with 260 million tonnes in 1976 and 252 million tonnes in 1978. This is largely the result of the closure of uneconomic or worked-out pits. The coal-producing companies expect this decline to continue — although much more slowly than in recent years — with extraction potential for the Community falling to 239 million tonnes by 1983. Although in some coal-fields extraction potential will increase significantly — particularly in Yorkshire, the Midlands and Kent in the United Kingdom, and the Ruhr and Saar in the Federal Republic of Germany — these increases will be more than offset by decreases in other areas. The result of the investment in new mines and the closures of uneconomic mines is evidenced by an increase in output per working day of 4,5% for the Community as a whole.

During 1979, investment in the coal industry amounted to 1 167 million EUA at current prices, compared with 932 million EUA in 1978 and 744 million EUA in 1977. At constant prices (1970) the investments for 1977, 1978 and 1979 were 354 million, 435 million and 614 million EUA respectively, showing that increasing real expenditure has been necessary to main-

tain extraction potential at its present level of about 240 million tonnes. However, investments on a massive scale would be required to reach the target of 270 million tonnes set for 1985 in the Community's 'Medium-term guidelines for coal 1975—85' (i. e. 250 million tce).

Various factors make this target difficult to achieve:

- uncertainty regarding the sale of a higher Community coal output in the face of increased imports at prices well below the cost of Community-produced coal;
- a faster rise in production costs than in revenues, despite increases in productivity;
- the persistence of high levels of interest rates.

Borrowings

ECSC borrowing operations

1979 witnessed a slight increase in Eurobonds on the capital markets as compared with 1978, while issues of conventional international loans declined, mainly as a result of the slump on the New York market. The proportion of US dollars in overall issues increased, however, at the expense in particular of the yen and the DM, but owing to the extreme uncertainty about future trends in interest rates, a gradual and increasing tendency emerged to issue loans at floating rates. The volume of new international syndicated bank credits and loans, which had already shown a sharp increase in 1978, grew by 10% from 1978 to 1979.

The upward trend in interest rates in 1979 intensified considerably during the first few months of 1980. Furthermore, because of the financial requirements associated with the purchase of oil, which will prove an extremely heavy burden, the major banks are becoming increasingly selective in granting new loans.

In this difficult situation the borrowings contracted by the ECSC in 1979 totalled 836,61 million EUA.

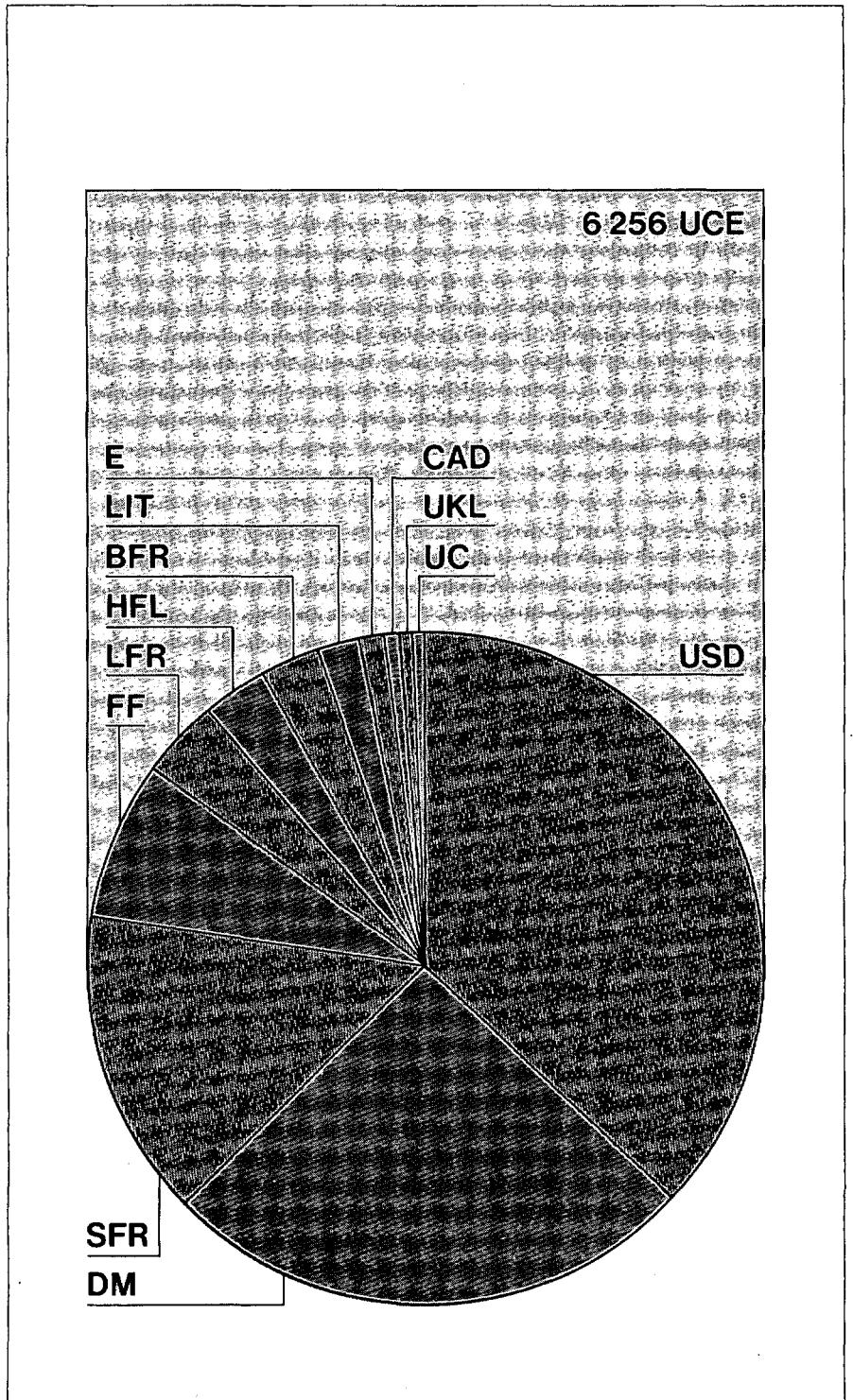
The main characteristics of the loans contracted during 1979 are given on pages 12 and 13.

Including its operations in 1979, total borrowings contracted by the ECSC since its inception up to 31 December 1979 reached the equivalent of 6 256,11 million EUA.

Currency borrowed	Total contracted borrowings ²⁾	Repayments	Balance outstanding
USD	2 317,17	365,83	1 951,34
DM	1 597,63	394,96	1 202,67
LIT	133,94	50,98	82,96
FF	479,19	52,11	427,08
HFL	193,64	72,71	120,93
SFR	931,22	437,49	493,73
BFR	180,32	52,77	127,55
LFR	230,79	59,22	171,57
£	73,48	73,48	—
u.a.	35,55	18,49	17,06
CAD	44,53	—	44,53
UKL	38,65	3,02	35,63
	6 256,11	1 581,06	4 675,05

¹⁾ The main characteristics of the borrowings issued and/or contracted by the ECSC up to 31 December 1979 and those of the u.a. and of the E are given in the Annex.
²⁾ After adjustment for the new exchange rates adopted for the conversion of national currencies to European units of accounts, listed on page 4.

ECSC borrowings between
1954 and 31 December 1979



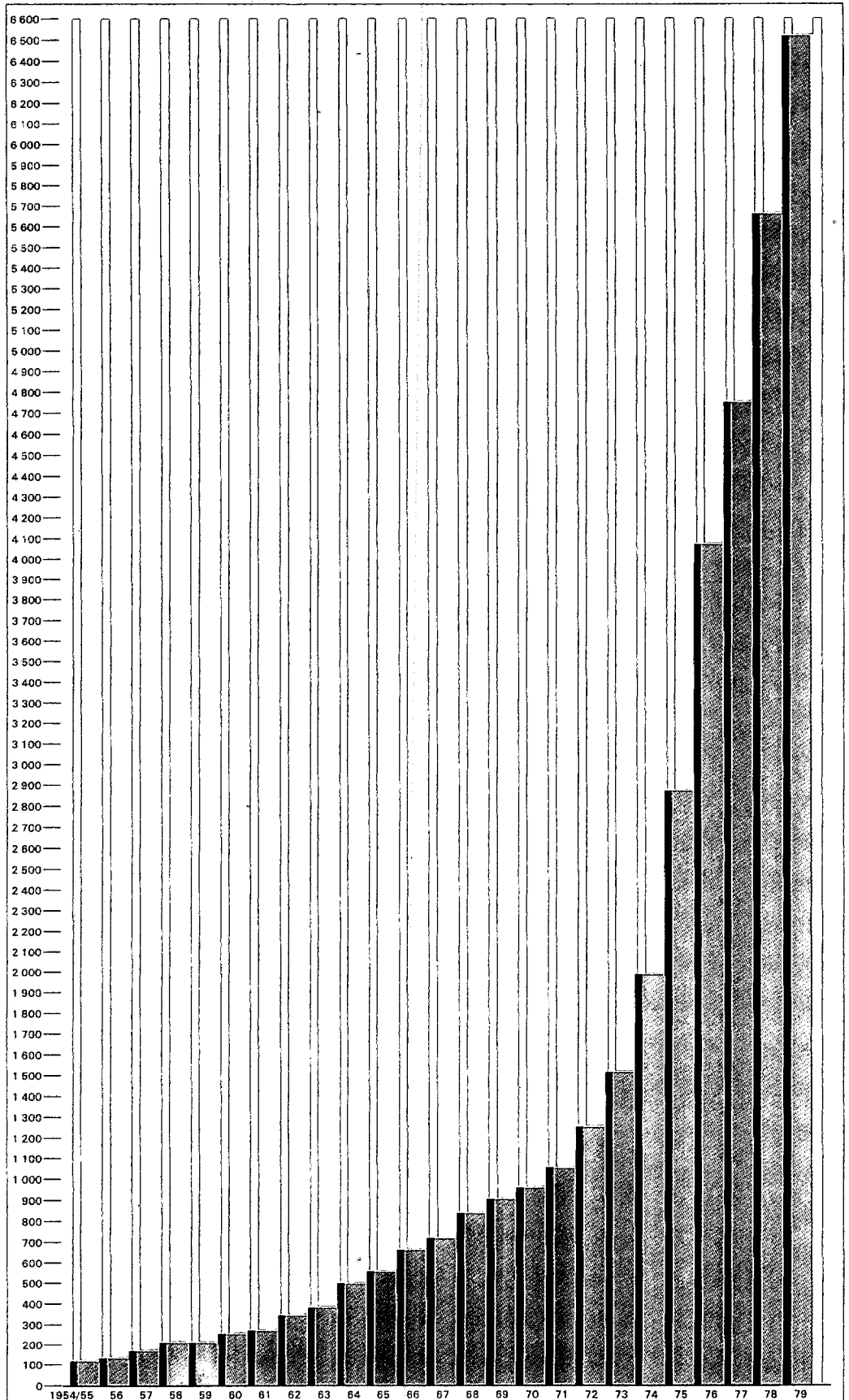
Loans contracted by the ECSC in 1979

Kind of loan	Currency	Amount (in millions)	Rate of interest %	Duration (years)	Issue price %
Debenture	FF	325	9,70	15	100
Debenture	USD	150	10 ³ / ₄ —9 ¹ / ₄	12	99 ³ / ₄
Debenture	USD	125	9 ³ / ₄	20	98,915
Debenture	USD	100	from 12 to 10 ¹ / ₂	7	98 ⁷ / ₈
Debenture	USD	40	11 ¹ / ₂	8	99 ³ / ₄
Debenture	USD	50	11 ⁵ / ₈	10	99 ⁵ / ₈
Debenture	DM	150	7	12	100
Debenture	DM	150	7 ⁷ / ₈	10	100
Debenture	LFR	500	8 ³ / ₄	8	99 ³ / ₄
Private placement	USD	15	11 ¹ / ₄ —9 ¹ / ₄	12	
Private placement	USD	10	9 ³ / ₄	10	
Private placement	USD	20	11 ¹ / ₂ —9 ³ / ₈	10	
Private placement	DM	34	6 ¹ / ₂ —6 ³ / ₄	6	
Private placement	DM	50	6 ³ / ₄	6	
Private placement	DM	{ 5	6 ¹ / ₂	5	
Private placement	DM	{ 5	6 ³ / ₄	7	
Private placement	DM	25	8	10	
Private placement	DM	25	8	10	
Private placement	DM	40	7 ¹ / ₂	12	
Private placement	DM	50	7 ³ / ₄	15	
Private placement	DM	40	8 ¹ / ₄	10	
Private placement	DM	60	8 ¹ / ₈	10	
Private placement	DM	12	8 ¹ / ₄	10	
Private placement	DM	40	8	10	
Private placement	FF	100	11	10	
Private placement	FF	20	10 ⁷ / ₈	8	
Private placement	FF	30	11 ³ / ₄	8	
Private placement	FF	23	11 ¹ / ₂	9	
Private placement	SFR	52,5	13 ³ / ₈	1,9	
Private placement	SFR	123,5	3	8	
Private placement	SFR	18	1	2	
Private placement	SFR	45	3	5	
Private placement	SFR	25	2,9 3 ¹ / ₄	4	
Private placement	SFR	7	4 ³ / ₄	10	
Private placement	UKL	5	13 ¹ / ₈ —11 ¹ / ₂	10	

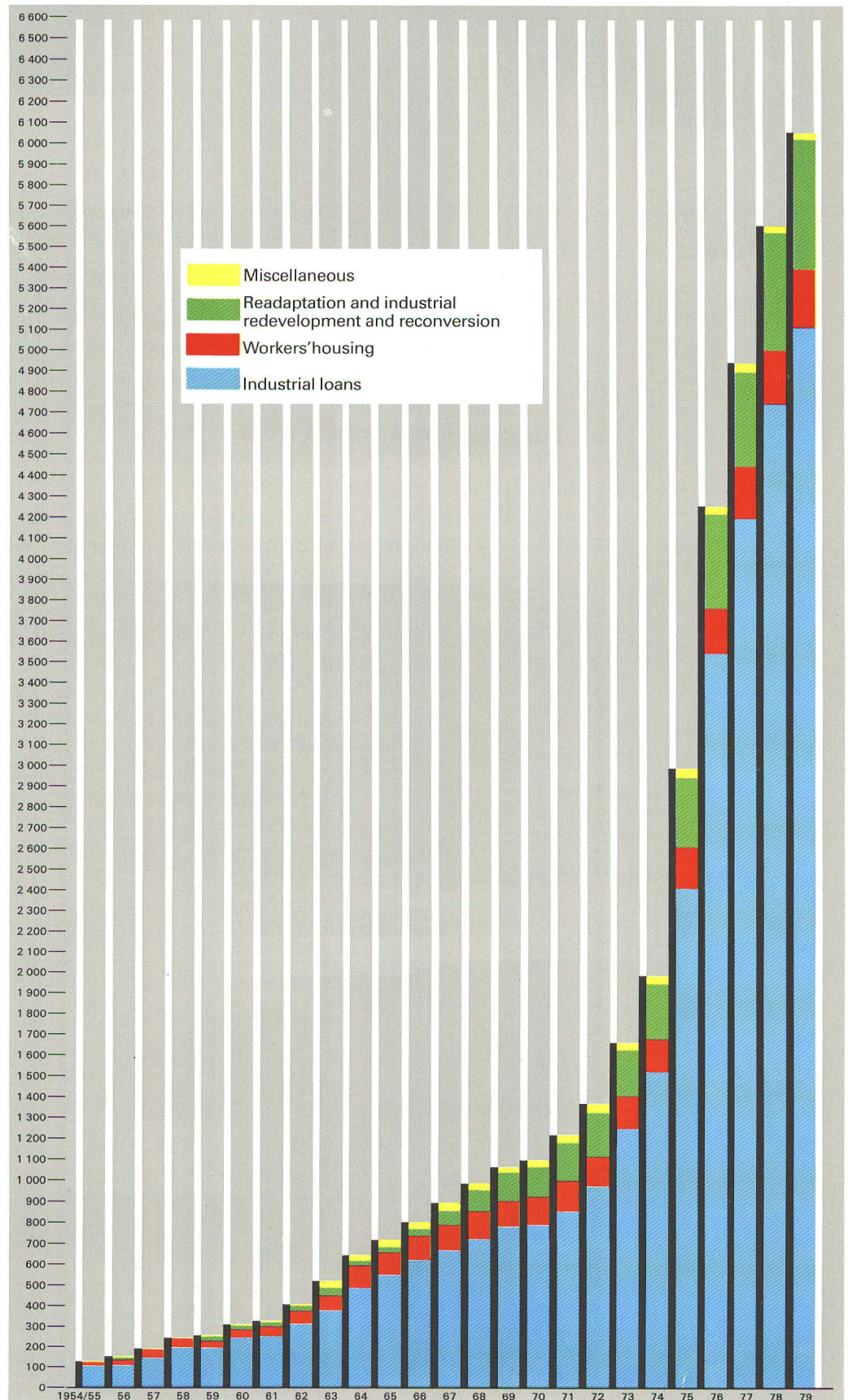
Repayment (in millions)	Quotation Stock Exchange
From 1982, 13 equal instalments From 1982, 9 equal instalments, the last of 82,5 From 1987, 6 instalments of 6,250 and 7 of 12,5 Whole amount in 1986 From 1985, 4 equal instalments Whole amount in 1990 From 1984, 4 instalments of 10, 1 of 20 and 3 of 30 Whole amount in 1990	Paris Luxembourg New York Luxembourg Singapore Luxembourg Frankfurt — Berlin — Munich — Hamburg — Düsseldorf Frankfurt — Berlin — Munich — Hamburg — Düsseldorf Luxembourg
Whole amount in 1987 From 1988, 4 equal instalments From 1986, 2 instalments of 2 and 2 of 3 From 1985, 5 equal instalments From 1984, 2 equal instalments Whole amount in 1985	
Whole amount at maturity	
Whole amount in 1989	
Whole amount in 1989	
From 1984, 8 equal instalments	
From 1985, 10 equal instalments	
Whole amount in 1989	
From 1985, 5 equal instalments	
From 1985, 5 equal instalments	
Whole amount in 1990	
Whole amount in 1989	
Whole amount in 1988	
From 1985, 5 equal instalments	
Whole amount in 1989	
Whole amount in 1980	
From 1982, 2 instalments of 9, 1 of 26,5, 2 of 20,5 and 38	
Whole amount in 1981	
From 1981, 1 instalment of 5, 1 of 25, 1 of 5 and 1 of 10	
In 1981, 1 instalment of 12,5 and in 1983, 1 of 12,5	
From 1985, 5 equal instalments	
From 1984, 5 instalments of 0,85 and 1 of 0,75	

TOTAL BORROWINGS UP TO 31 DECEMBER 1979

Amounts in million European units of account



**BREAKDOWN BY SECTOR OF LOANS DISBURSED AND GUARANTEES GRANTED
UP TO 31 DECEMBER 1979**
Amounts in million European units of account



Loans

ECSC lending and guarantee operations

The funds available to the Commission in 1979 for lending to undertakings totalled 866,81 million EUA, broken down as follows:

1. Borrowed funds			
— available at the beginning of the year		21,58	
— product of loans floated in 1979		<u>836,61</u>	858,19
2. Own funds			
— repayment of earlier loans			<u>8,62</u>
			866,81

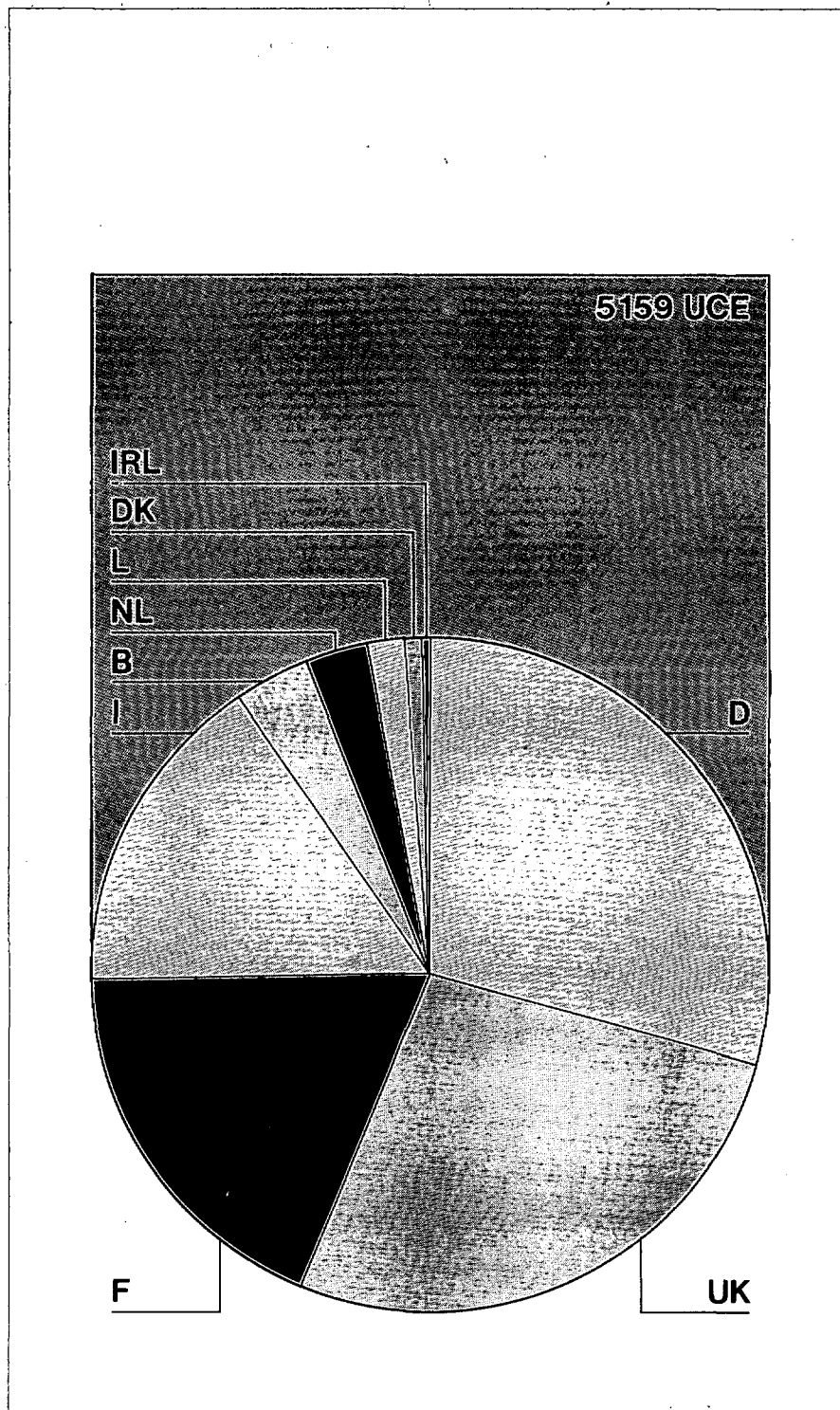
These funds were used for loans to industry (Article 54 of the Treaty), reconversion loans (Article 56) and loans for worker housing. The industrial and reconversion loans were disbursed out of borrowed funds, while the bulk of the housing loans were drawn from the ECSC's own resources.

Total loans amounted to 675,80 million EUA.

The funds remaining on 31 December 1979 — as well as the loans contracted in the first quarter of 1980 — permitted substantial disbursements to be made in the first three months of 1980 for a number of loans approved in the last months of 1979.

Sector	FR of Germany	Belgium	Denmark	France	Italy	Netherlands	Luxembourg	United Kingdom	Ireland	Community
I — Coal industry	8,58									
Iron-ore mines	—	—	—	—	—	—	—	229,04	—	237,62
Iron and steel industry	114,15	—	—	72,28	90,37	—	15,29	10,43	13,90	316,42
Thermal power-stations	12,37	—	—	28,71	—	—	—	—	—	41,08
Total	135,10	—	—	100,99	90,37	—	15,29	239,47	13,90	595,12
II — Industrial reconversion	7,88	—	—	27,20	3,88	—	4,17	15,92	—	59,05
III — Social housing	6,08	0,44	0,28	3,16	7,35	0,55	0,12	3,62	0,03	21,62
Grand total	149,06	0,44	0,28	131,35	101,60	0,55	19,58	259,01	13,93	675,80

ECSC loans between
1954 and 31 December 1979



1. Industrial loans (Article 54)

1979 was marked by an increase in the number of loans granted for industrial investment projects pursuant to Article 54 of the ECSC Treaty.

Loans granted totalled 595,12 million EUA.

A sizeable proportion of industrial loans was used for restructuring projects in the iron and steel industry. In accordance with the criteria laid down in the Commission Communication of 22 July 1977, some undertakings received loans at reduced rates of interest for projects of this kind.

Other categories of loans — for environmental protection projects and for vocational training and research centres — were also granted at reduced rates of interest.

The Commission also continued to attach particular importance to the financing of projects outside the Community for the purpose of safeguarding the supply of raw materials for the Community iron and steel industry. It is interested in increasing its involvement in this sector, in cooperation with ECSC undertakings and producers in third countries.

As part of the Community's energy policy, a very large proportion of ECSC loans was used to finance projects in the coal industry. A total of 237,62 million EUA was disbursed for projects aimed at the modernization and amalgamation of mines.

In particular, the Selby project in the north of England, which will require a total investment of 735 million EUA, should provide a further capacity of 10 million tonnes/year from 1984, intended primarily to meet the supply requirements of a new electric power plant.

Loans totalling 41,08 million EUA were granted for the financing of power plants to be fuelled with Community coal.

The loans to industry disbursed in 1979 went to the following undertakings:

Federal Republic of Germany

STEAG AG, Essen
Norddeutsche Ferrowerke, Emden
Klöckner-Werke AG, Duisburg
Thyssen AG, Duisburg
ARBED-Finanz Deutschland GmbH, Saarbrücken
Krupp Hüttenwerke AG, Bochum
Saarbergwerke AG, Saarbrücken
Gewerkschaft Norbert Metz, Herzogenrath

Belgium

Cockerill-Ougrée-Providence and Espérance-Longdoz SA, Seraing (Liège)

France

Société Sidérurgique de Châtillon-Neuves-Maisons, Neuves-Maisons
Société Lorraine de Laminage Continu (SOLLAC) SA, Paris
Charbonnages de France, Paris
SA Finolor, Paris
Union Sidérurgique du Nord et de l'Est de la France (USINOR) SA, Paris

Ireland

Irish Steel, Dublin

Table 3				
Loans for industrial investment (Article 54)				
<i>(in million EUA)</i>				
Country	Total loaned by 31. 12. 1978 ¹	New loans in 1979 ¹	Total loaned	Balance outstanding
			Position at 31. 12. 1979	
Denmark	43,95	—	43,95	35,60
FR of Germany	1 379,44	135,10	1 514,54	1 014,57
Belgium	180,23	—	180,23	123,55
France	857,35	100,99	958,34	812,55
Italy	724,27	90,37	814,64	634,20
Luxembourg	76,89	15,29	92,18	101,52
Netherlands	148,88	—	148,88	108,72
United Kingdom	1 153,09	239,47	1 392,56	1 353,08
Ireland	—	13,90	13,90	13,90
Community	4 564,10	595,12	5 159,22	4 197,69

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

Italy

Acciaierie del Tirreno SpA, Messina

Italsider SpA, Genova

Fabbrica Italiana Tubi SpA, Ferrotubi, Milan

Ilssa Viola SpA, Milan

Acciaierie di Piombino SpA, Piombino

Acciaieria e Ferreria Vicentina Beltrame SpA, Vicenza

Acciaierie di Bolzano SpA, Bolzano

Luxembourg

ARBED SA, Luxembourg

United Kingdom

National Coal Board, London

Guest Keen & Nettlefolds Ltd., Smethwick-Warley, South Wales

2. Loans for industrial reconversion (Article 56)

The restructuring of the iron and steel industry has already resulted in a considerable reduction in the number of jobs, which fell from 779 400 in 1974 to 670 000 in 1979, and further major cuts are still needed. As in the past, the Commission tried to encourage the creation of new jobs in other sectors by means of loans at reduced rates of interest. It also increased its support for small and medium-sized undertakings. To achieve greater effectiveness it acted through certain financial institutions, to which it granted global loans, the product of which was reloaned to that category of undertakings. These loans totalled 59,05 million EUA in 1979. While this amount may appear relatively small, it none the less helped to create 1 130 jobs. Further allocations will be made in 1980 as a result of decisions taken towards the end of 1979.

Reductions in interest rates may be applied to all or part of the loans granted pursuant to Article 56 of the ECSC Treaty. The interest rate payable on such loans was 3 points below the normal rate, which is set in accordance with the corresponding borrowed funds. The lower rate was granted on condition that a portion of the new jobs created would be reserved primarily 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 therefore largely reflects the national policies on reconversion. Loans were granted to the following undertakings:

FR of Germany

North Rhine-Westphalia

Ruhrkohle AG, Essen (Monopol colliery)

Saar

ARBED-Finanz Deutschland GmbH, Saarbrücken (Röchling-Burbach works at Völklingen)

France

Lorraine

S.A. Forges et Boulonneries d'Ars-sur-Moselle, Ars-sur-Moselle

Banque Populaire de Lorraine, Metz (for small and medium-sized undertakings)

Compagnie Électro-Mécanique (CEM) Paris (Maizières-les-Metz works)

Société de Développement Régional de Lorraine (LORDEX), Nancy (for small and medium-sized undertakings)

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

Nord/Pas-de-Calais

Société Française de Mécanique, Douvrin

Languedoc-Roussillon

Société Financière pour favoriser l'Industrialisation des Régions Minières (SOFIREM), Paris (for Merlin Gerin, Alès/Gard)

Auvergne

Rockwool-Isolation S.A., Paris (Saint-Eloy-les-Mines/Puy-de-Dôme works)

Italy

Val d'Aosta

Società Nazionale Cogne, Aosta

Luxembourg

Société Nationale de Crédit et d'Investissement (SNCI), Luxembourg (for small and medium-sized undertakings)

Villeroy et Boch Sàrl, Luxembourg

United Kingdom

North Yorkshire

Thyssen (GB) Ltd, Llanelli

Dyfed

Thyssen (GB) Ltd, Llanelli

Gwent

Girling Midland Ross Air Actuation Ltd, Tredegar

Mid-Glamorgan

Rockwool Ltd, Bridgend

Multiregional

Finance for Industry, London (for small and medium-sized undertakings)

Table 4
Loans for industrial reconversion (Article 56)
A — Breakdown by country

(in million EUA)

Country	Total loaned by 31. 12. 1978 ¹	New loans in 1979 ¹	Total loaned	Balance outstanding
			Position at 31. 12. 1979	
Denmark	—	—	—	—
FR of Germany	204,17	7,88	212,05	116,95
Belgium	54,78	—	54,78	24,35
France	148,70	27,20	175,90	135,65
Italy	62,28	3,88	66,16	41,35
Netherlands	30,02	—	30,02	13,40
United Kingdom	67,78	15,92	83,70	76,39
Ireland	0,42	—	0,42	0,42
Luxembourg	—	4,17	4,17	4,17
Community	568,15	59,05	627,20	412,68

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

B — Breakdown by industry

Category	Amount (in million EUA)	%
1. Iron and steel industry	136,98	21,84
2. Manufacture of motor vehicles and accessories	123,65	19,71
3. Coal, gas	68,54	10,93
4. Chemicals	52,23	8,33
5. Non-ferrous metals	32,91	5,27
6. Industrial estates	28,37	4,52
7. Global loans	24,81	3,95
8. Rubber	23,12	3,69
9. Power-stations	22,45	3,58
10. Mechanical engineering	22,35	3,56
11. Articles of cast iron, steel and other metals	20,15	3,21
12. Joinery and furniture manufacture	11,18	1,78
13. Ceramic ware, glass, lime and stone	10,51	1,67
14. Paper and printing	9,81	1,56
15. Electrical equipment	9,45	1,51
16. Textiles and clothing	9,26	1,48
17. Food industries	6,69	1,07
18. Processing of plastics	6,30	1,00
19. Metal engineering	1,59	
20. Transport	1,38	
21. Aeronautical engineering	0,87	0,61
22. Miscellaneous	4,60	0,73
Total	627,20	100,00

3. Loans for housing (Article 54.2)

1979 saw the continuation of the policy for housing finance. These loans are in principle drawn from the ECSC's own funds at a rate of 1% per annum on a long-term basis. As a rule they are granted in the currency of the country concerned to avoid any exchange risks to recipients. They may be combined with other loans generally granted by financial institutions in the country concerned.

The funds paid out by the Commission in 1979 under the ECSC social housing programme amounted to 21,63 million EUA. This sum was disbursed under the 8th programme which is still in progress.

The loans disbursed from own funds at the rate of 1% totalled 17,75 million EUA in 1979; this sum was supplemented by 3,88 million EUA from borrowed funds. These amounts enabled the Commission to finance approximately 6 500 new worker housing units. Since the beginning of its financial activities, the ECSC has therefore financed the construction of over 166 500 of these housing units.

The very low interest rates applied enabled 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, while at the same time the average rate on their borrowings remains moderate.

Table 5				
Loans for social housing (Article 54.2)				
<i>(in million EUA)</i>				
Country	Total loaned by 31. 12. 1978 ¹	New loans in 1979 ¹	Total loaned	Balance outstanding
			Position at 31. 12. 1979 ²	
Denmark	1,20	0,28	1,48	1,16
FR of Germany	134,59	6,08	140,67	83,43
Belgium	38,90	0,44	39,34	14,29
France	36,65	3,16	39,81	23,99
Italy	16,35	7,35	23,70	17,16
Netherlands	13,32	0,55	13,87	7,27
United Kingdom	5,72	3,62	9,34	8,14
Ireland	0,49	0,03	0,52	0,49
Luxembourg	6,72	0,12	6,84	3,80
Community	253,94	21,63	275,57	159,73

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

4. Guarantees

Redemption of the initial amounts of loans previously guaranteed (guarantee provided for by the ECSC Treaty), totalling 64,07 million EUA, reduced the remaining commitments to 11,54 million EUA at 31 December 1979.

5. Summary of lending operations and guarantees (1954 – 1979)

From the start of its financing activities to 31 December 1979, the ECSC granted loans totalling 6 075,68 million EUA, of which 5 848,27 million were from borrowed funds and 227,41 million from its own resources.

Including guarantees furnished over the same period, the total amount of ECSC financial assistance was 6 140 million EUA (compared with 5 574 million EUA at 31 December 1978).

Table No 6 summarizes the various operations, broken down by sector and country.

Breakdown	Loans			Guarantees	Total loans and guarantees	%
	From borrowed funds	From own resources	Total			
<i>A — Type of investment</i>						
Coal industry	1 529,36 ⁽²⁾	—	1 529,36	—	1 529,36	24,91
Iron-ore mines	97,25	—	97,25	—	97,25	1,58
Iron and steel industry	3 524,98	3,89	3 528,87	63,91	3 592,78	58,52
Industrial reconversion	623,41	3,79	627,20	—	627,20	10,22
Worker housing	69,54	206,03	275,57	—	275,57	4,49
Miscellaneous	3,73	13,70	17,43	0,16	17,59	0,28
Total	5 848,27	227,41	6 075,68	64,07	6 139,75	100,00
<i>B — Country</i>						
Ireland	14,33	0,52	14,85	—	14,85	0,24
Denmark	43,95	1,48	45,43	—	45,43	0,74
FR of Germany	1 751,51	126,38	1 877,89	53,93	1 931,82	31,46
Belgium	292,05	13,07	305,12	—	305,12	4,97
France	1 104,23	40,68	1 144,91	9,98	1 154,89	18,81
Italy ²	888,06	16,57	904,63	0,16	904,79	14,74
Luxembourg	98,46	5,71	104,17	—	104,17	1,70
Netherlands	179,43	13,65	193,08	—	193,08	3,14
United Kingdom	1 476,25	9,35	1 485,60	—	1 485,60	24,20
Community	5 848,27	227,41	6 075,68	64,07	6 139,75	100,00

¹ After adjustment for the new exchange rates adopted for the conversion of national currencies to European units of account listed on page 4.
² Including thermal power-stations (198,81 million EUA).

Changes in reserves and provisions

The table below shows the changes in ECSC reserves and provisions between 31 December 1978 and 31 December 1979.

	Position at 31. 12. 1978	Changes in 1979	Position at 31. 12. 1979
<i>Reserves</i>			
— Guarantee fund	200,00	30,00	230,00
— Special reserve	138,50	1,50	140,00
— Former pension fund	41,06	0,47	41,53
<i>Budgetary provisions</i>			
(a) for rehabilitation of workers	158,94	30,63	189,57
(b) for technical and economic research	65,37	8,01	73,38
(c) assistance (Article 56)	19,56	1,00	20,56
(d) assistance (Article 54)	12,63	5,06	17,69
(e) assistance to coke	10,58	— 1,76	8,82
<i>Other provisions</i>	76,19	28,84	105,03
Total	722,83	103,75	826,58
<i>Unallocated balance</i>	0,11	0,31	0,42
Grand total	722,94	104,06	827,00

Revenue from the levy, which has been fixed at 0,29% since 1 January 1972, amounted to 103,24 million EUA in 1979, compared with 100,78 million EUA in 1978. This total comprises 23,87 million EUA from coal production and 79,37 million EUA from iron and steel production.

Revenue resulting from the management of liquid assets, i. e. from interest on own resources invested, was 44,08 million u. a., and income from borrowed funds not yet disbursed was 18,81 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 (rehabilitation of workers, technical research, assistance to coking coal) 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 1979**
- II – ECSC balance sheet at 31 December 1979 and 1978**
- III – ECSC income and expenditure for the years 1979
and 1978**

Main characteristics of loans contracted to 31 December 1979

Year of issue	Interest % p. a.	Term (years)	Initial amount		Balance outstanding at 31. 12. 1979 (in European units of account)
			in currency	equivalent in European units of account	
1960	5 ³ / ₈	20	USD 25 000 000	17 380 543,53	1 320 921,31
1962	5 ¹ / ₄	20	25 000 000	17 380 543,53	3 615 153,05
1964	5 ¹ / ₄	20	30 000 000	20 856 652,23	6 952 217,41
1966	6 ¹ / ₂	20	15 000 000	10 428 326,12	4 866 552,19
1966	6 ¹ / ₂	20	20 000 000	13 904 434,82	6 396 040,02
1967	6 ¹ / ₂	20	25 000 000	17 380 543,53	9 107 404,81
1967	6 ⁵ / ₈	20	20 000 000	13 904 434,82	7 334 589,37
1973	7	15	30 000 000	20 856 652,23	19 466 208,75
1974	7 ³ / ₄	15	50 000 000	34 761 087,05	31 284 978,34
1974	9 ¹ / ₄	8	100 000 000	69 522 174,10	69 522 174,10
1974	9 ¹ / ₂	10	100 000 000	69 522 174,10	69 522 174,10
1974	10	10	200 000 000	139 044 348,19	139 044 348,19
1975	8 ³ / ₈	8	150 000 000	104 283 261,15	104 283 261,15
1975	8 ³ / ₄	7	50 000 000	34 761 087,05	29 199 313,12
1975	8 ¹ / ₄	5	30 000 000	20 856 652,23	20 856 652,23
1975	8 ⁷ / ₈	5	125 000 000	86 902 717,62	86 902 717,62
1976	8 ³ / ₄	5	65 000 000	45 189 413,16	45 189 413,16
1976	9 ¹ / ₄	10	60 000 000	41 713 304,45	36 499 141,40
1976	9	7	50 000 000	34 761 087,05	34 761 087,05
1976	8 ⁵ / ₈	8	75 000 000	52 141 630,58	52 141 630,58
1976	9	20	100 000 000	69 522 174,10	69 522 174,10
1976	8 ¹ / ₂	10	23 000 000	15 990 100,14	13 991 337,54
1976	7 ⁷ / ₈	5	30 000 000	20 856 652,23	20 856 652,23
1976	8 ¹ / ₈	8	75 000 000	52 141 630,58	52 141 630,58
1976	8 ⁷ / ₈	20	75 000 000	52 141 630,58	52 141 630,58
1976	8	7	30 000 000	20 856 652,23	20 856 652,23
1977	7 ¹ / ₄	5	50 000 000	34 761 087,05	34 761 087,05
1977	8 ¹ / ₄	10	10 000 000	6 952 217,40	6 952 217,40
1977	7 ³ / ₄	5	25 000 000	17 380 543,53	17 380 543,53
1977	9 ¹ / ₈	20	75 000 000	52 141 630,58	52 141 630,58
1977	7 ⁵ / ₈	7	30 000 000	20 856 652,23	20 856 652,23
1977	9	18	50 000 000	34 761 087,05	32 327 810,96
1977	8 ¹ / ₈	5	20 000 000	13 904 434,82	13 904 434,82
1977	8	19	25 000 000	17 380 543,63	13 209 213,07
1977	8 ³ / ₄	15	42 000 000	29 199 313,12	29 199 313,12
1977	8 ¹ / ₄	12	50 000 000	34 761 087,05	34 761 087,05
1977	8 ³ / ₄	20	100 000 000	69 522 174,10	65 350 843,65
1978	8 ³ / ₈	7	30 000 000	20 856 652,23	20 856 652,23
1978	8 ¹ / ₂	8	40 000 000	27 808 869,63	27 808 869,63
1978	8 ¹ / ₂	12	20 000 000	13 904 434,82	13 904 434,82
1978	8 ³ / ₄	10	15 000 000	10 428 326,11	10 428 326,11
1978	8 ³ / ₄	9	20 000 000	13 904 434,82	13 904 434,82
1978	8 ³ / ₄	9	15 000 000	10 428 326,11	10 428 326,11
1978	9	15	25 000 000	17 380 543,53	16 789 605,04
1978	9 ¹ / ₄	20	25 000 000	17 380 543,53	16 789 605,04
1978	9 ³ / ₈	15	30 000 000	20 856 652,23	20 856 652,23
1978	9 ¹ / ₁₀	10	25 000 000	17 380 543,53	17 380 543,53
1978	8 ³ / ₄	9	50 000 000	34 761 087,05	34 761 087,05
1978	9	10	20 000 000	13 904 434,82	13 904 434,82
1978	9 ¹ / ₂	15	25 000 000	17 380 543,53	17 380 543,53
1978	9 ¹ / ₂	15	20 000 000	13 904 434,82	13 904 434,82
1978	9 ¹ / ₂	15	20 000 000	13 904 434,82	13 904 434,82
1978	9 ¹ / ₂	15	10 000 000	6 952 217,40	6 952 217,40

Main characteristics of loans contracted to 31 December 1979

Year of issue	Interest % p. a.	Term (years)	Initial amount		Balance outstanding at 31. 12. 1979 (in European units of account)
			in currency	equivalent in European units of account	
1978	9 ¹ / ₄	12	USD 18 000 000	12 513 991,33	12 513 991,33
1978	9 ¹ / ₄	12	40 000 000	27 808 869,63	27 808 869,63
1978	9—9 ³ / ₄	20	50 000 000	34 761 087,05	34 761 087,05
1979	11 ¹ / ₄ —9 ¹ / ₄	12	15 000 000	10 428 326,11	10 428 326,11
1979	9 ³ / ₄	10	10 000 000	6 952 217,40	6 952 217,40
1979	11 ¹ / ₂ —9 ³ / ₈	10	20 000 000	13 904 434,82	13 904 434,82
1979	10 ³ / ₄ —9 ¹ / ₄	12	150 000 000	104 283 261,15	104 283 261,15
1979	9 ³ / ₄	20	125 000 000	86 902 717,62	86 902 717,62
1979	12—10 ¹ / ₂	7	100 000 000	69 522 174,10	69 522 174,10
				2 102 894 235,95	1 965 652 569,88
1955	3 ³ / ₄	25	DM 50 000 000	20 075 725,64	500 849,20
1965	5 ¹ / ₂	18	150 000 000	60 227 176,91	18 469 667,59
1968	6 ¹ / ₄	13	60 000 000	24 090 870,76	4 818 174,15
1969	6 ¹ / ₄	15	40 000 000	16 060 580,50	8 030 290,25
1969	6 ¹ / ₂	13	50 000 000	20 075 725,63	6 022 717,69
1971	7 ¹ / ₂	15	100 000 000	40 151 451,27	28 106 015,89
1972	6 ¹ / ₂	15	100 000 000	40 151 451,27	32 121 161,02
1972	7	16	150 000 000	60 227 176,91	48 181 741,53
1973	6 ¹ / ₂	15	150 000 000	60 227 176,91	54 204 459,22
1973	7 ³ / ₄	15	100 000 000	40 151 451,27	36 136 306,15
1974	10	7	50 000 000	20 075 725,64	20 075 725,64
1974	9 ³ / ₄	7	150 000 000	60 227 176,91	60 227 176,91
1975	8 ¹ / ₂	10	56 000 000	22 484 812,71	16 863 609,54
1975	8 ¹ / ₂	7	20 000 000	8 030 290,26	8 030 290,26
1975	8 ¹ / ₂	10	150 000 000	60 227 176,91	45 170 382,68
1975	8 ¹ / ₂	5	16 000 000	6 424 232,20	6 424 232,20
1975	8	5	60 000 000	24 090 870,76	24 090 870,76
1975	8	7	150 000 000	60 227 176,91	60 227 176,91
1976	7 ³ / ₄	10	80 000 000	32 121 161,01	28 106 015,89
1976	8 ¹ / ₄	10	45 000 000	18 068 153,07	13 551 114,81
1976	8	5	50 000 000	20 075 725,64	20 075 725,64
1976	7 ³ / ₄	7	125 000 000	50 189 314,09	50 189 314,09
1976	7 ³ / ₄	10	75 000 000	30 113 588,46	30 113 588,46
1977	7	12	81 630 000	32 775 629,68	32 775 629,68
1977	7	12	19 800 000	7 949 987,35	7 949 987,35
1977	6	12	16 000 000	6 424 232,20	6 424 232,20
1977	6	12	32 000 000	12 848 464,41	12 848 464,41
1977	5 ³ / ₄	8	20 000 000	8 030 290,26	6 022 717,69
1977	5 ¹ / ₂	8	20 000 000	8 030 290,26	6 022 717,69
1977	5 ¹ / ₂	8	20 000 000	8 030 290,26	6 022 717,69
1977	5 ¹ / ₂	8	20 000 000	8 030 290,26	6 022 717,69
1977	6	14	98 000 000	39 348 422,24	33 727 219,07
1977	5 ¹ / ₂	8	18 000 000	7 227 261,22	5 420 445,92
1977	5 ¹ / ₂	8	12 000 000	4 818 174,15	3 613 630,61
1977	6 ¹ / ₈	10	25 000 000	10 037 862,82	10 037 862,82
1978	5 ³ / ₄	10	30 000 000	12 045 435,38	12 045 435,38
1978	5 ⁷ / ₈	10	20 000 000	8 030 290,26	8 030 290,26
1978	5 ¹ / ₄	12	150 000 000	60 227 176,91	60 227 176,91
1978	6 ¹ / ₂	15	15 000 000	6 022 717,69	6 022 717,69
1978	6 ¹ / ₂	15	50 000 000	20 075 725,64	20 075 725,64
1978	6 ¹ / ₄	10	15 000 000	6 022 717,69	6 022 717,69

Main characteristics of loans contracted to 31 December 1979

Year of issue	Interest % p. a.	Term (years)	Initial amount		Balance outstanding at 31. 12. 1979 (in European units of account)
			in currency	equivalent in European units of account	
1978	6	12	DM 70 000 000	28 106 015,89	28 106 015,89
1978	6 ¹ / ₂	15	32 400 000	13 009 070,21	13 009 070,21
1978	6 ¹ / ₄	10	9 000 000	3 613 630,61	3 613 630,61
1978	6	10	150 000 000	60 227 176,91	60 227 176,91
1978	5 ¹ / ₂	6	16 200 000	6 504 535,10	5 420 445,92
1978	6 ¹ / ₂	12	20 000 000	8 030 290,26	8 030 290,26
1978	6 ³ / ₄	10	20 000 000	8 030 290,26	8 030 290,26
1978	6	6	20 000 000	8 030 290,26	8 030 290,26
1979	6 ¹ / ₂ —6 ³ / ₄	6	34 000 000	13 651 493,43	13 651 493,43
1979	6 ³ / ₄	6	50 000 000	20 075 725,64	20 075 725,64
1979	6 ¹ / ₂ —6 ³ / ₄	7	10 000 000	4 015 145,13	4 015 145,13
1979	7	12	150 000 000	60 227 176,91	60 227 176,91
1979	8	10	25 000 000	10 037 862,82	10 037 862,82
1979	8	10	25 000 000	10 037 862,82	10 037 862,82
1979	7 ¹ / ₂	12	40 000 000	16 060 580,51	16 060 580,51
1979	7 ³ / ₄	15	50 000 000	20 075 725,64	20 075 725,64
1979	8 ¹ / ₄	10	40 000 000	16 060 580,51	16 060 580,51
1979	8 ¹ / ₄	10	60 000 000	24 090 870,76	24 090 870,76
1979	8 ¹ / ₄	10	12 000 000	4 818 174,15	4 818 174,15
				1 394 471 950,14	1 202 667 421,51
1963	5 ¹ / ₂	20	LIT 15 000 000 000	12 962 434,86	3 456 649,30
1966	6	20	15 000 000 000	12 962 434,86	6 049 136,27
1966	6	20	15 000 000 000	12 962 434,86	6 049 136,27
1968	6	20	15 000 000 000	12 962 434,86	7 777 460,92
1968	6	20	15 000 000 000	12 962 434,86	7 777 460,92
1972	7	15	20 000 000 000	17 283 246,49	13 826 597,18
1972	7	15	20 000 000 000	17 283 246,49	13 826 597,18
1974	7	15	10 000 000 000	8 641 623,24	8 641 623,24
1975	10	10	30 000 000 000	25 924 869,73	19 443 652,30
				133 945 160,25	86 848 313,58
1957	3 ¹ / ₂	25	BFR 200 000 000	4 960 551,22	863 135,90
1957	3 ¹ / ₂	25	20 000 000	496 055,12	86 313,58
1962	5 ¹ / ₄	20	300 000 000	7 441 826,82	1 562 573,63
1963	5 ¹ / ₂	20	300 000 000	7 440 826,82	2 083 431,50
1968	6 ³ / ₄	15	750 000 000	18 602 067,06	8 928 992,17
1970	8 ³ / ₄	20	500 000 000	12 401 378,04	9 097 650,92
1971	7 ³ / ₄	15	700 000 000	17 361 929,26	12 153 350,47
1973	7 ³ / ₄	12	1 000 000 000	24 802 756,08	18 602 067,05
1975	8 ¹ / ₄	10	1 500 000 000	37 204 134,13	32 243 582,90
1978	8 ¹ / ₂	8	2 000 000 000	49 605 512,16	49 605 512,16
				180 316 036,71	135 226 610,38
1964	5	20	FF 150 000 000	25 892 783,16	8 091 494,74
1971	8 ¹ / ₂	18	150 000 000	25 892 783,16	19 937 443,03
1972	7 ¹ / ₄	15	150 000 000	25 892 783,16	20 714 226,53
1973	7 ¹ / ₂	15	60 000 000	10 357 113,27	9 321 401,94
1973	7	7	50 000 000	8 630 927,72	3 452 371,09
1973	7 ¹ / ₂	18	150 000 000	25 892 783,16	25 029 690,39
1975	10	7	125 000 000	21 577 319,30	18 988 040,99

Main characteristics of loans contracted to 31 December 1979

Year of issue	Interest % p. a.	Term (years)	Initial amount		Balance outstanding at 31. 12. 1979 (in European units of account)
			in currency	equivalent in European units of account	
1976	10 ¹ / ₄	5	FF 40 000 000	6 904 742,18	4 142 845,31
1976	10	5	60 000 000	10 357 113,27	6 214 267,96
1976	10	7	50 000 000	8 630 927,72	8 630 927,72
1976	10 ¹ / ₅	18	250 000 000	43 154 638,60	43 154 638,60
1976	10 ¹ / ₂	7	50 000 000	8 630 927,72	6 904 742,18
1977	11 ³ / ₈	5	60 000 000	10 357 113,26	10 357 113,26
1977	11	12	300 000 000	51 785 566,33	51 785 566,33
1978	11 ⁴ / ₁₀	6	4 000 000	690 474,22	690 474,22
1978	11 ⁴ / ₁₀	7	4 000 000	690 474,22	690 474,22
1978	10 ⁸ / ₁₀	15	275 000 000	47 470 102,47	47 470 102,47
1978	10 ¹ / ₂	7	50 000 000	8 630 927,72	8 630 927,72
1978	10 ^{9,5} / ₁₀	12	50 000 000	8 630 927,72	8 630 927,72
1978	10	10	300 000 000	51 785 566,32	51 785 566,32
1979	9 ⁷ / ₁₀	15	325 000 000	56 101 030,19	56 101 030,19
1979	11	20	100 000 000	17 261 855,44	17 261 855,44
1979	11 ¹ / ₂	20	23 000 000	3 970 226,75	3 970 226,75
				479 189 107,07	431 956 355,12
1961	4 ¹ / ₂	20	HFL 50 000 000	18 242 516,00	2 353 284,57
1962	4 ³ / ₄	25	6 000 000	2 189 101,92	700 512,61
1962	4 ³ / ₄	20	25 000 000	9 121 258,00	1 897 221,66
1963	4 ⁵ / ₈	30	1 750 000	638 488,06	299 906,96
1964	5 ³ / ₄	20	25 000 000	9 121 258,00	3 101 227,72
1965	5 ³ / ₄	20	40 000 000	14 594 012,80	5 892 332,67
1975	8 ¹ / ₂	15	60 000 000	21 891 019,20	16 053 414,09
1975	8 ⁵ / ₈	10	20 000 000	7 297 006,40	4 378 203,84
1976	8	7	60 000 000	21 891 019,21	21 891 019,21
1976	8 ³ / ₄	25	25 000 000	9 121 258,00	8 026 707,05
1976	8 ⁵ / ₈	25	30 000 000	10 945 509,60	9 632 048,45
1976	8 ³ / ₄	20	14 000 000	5 107 904,48	5 107 904,48
1978	7 ¹ / ₄	15	100 000 000	36 485 032,02	36 485 032,02
1978	7 ⁵ / ₈	15	14 000 000	5 107 904,48	5 107 904,48
				171 753 288,17	120 926 719,81
1957	5 ³ / ₈	25	LFR 100 000 000	2 480 275,61	540 541,00
1961	5 ¹ / ₄	25	100 000 000	2 480 275,61	1 133 852,29
1961	5	25	100 000 000	2 480 275,61	1 119 384,00
1962	5 ¹ / ₈	25	250 000 000	6 200 689,02	3 144 374,24
1964	5 ³ / ₈	20	150 000 000	3 720 413,41	1 240 137,80
1971	7	15	250 000 000	6 200 689,02	6 200 689,02
1971	7 ³ / ₄	12	300 000 000	7 440 826,82	4 241 271,29
1972	6 ³ / ₄	12	300 000 000	7 440 826,82	4 166 863,02
1972	6 ³ / ₄	15	400 000 000	9 921 102,43	7 936 881,95
1973	6 ³ / ₄	15	300 000 000	7 440 826,82	6 696 744,14
1973	7	12	800 000 000	19 842 204,86	14 881 653,65
1973	7	15	800 000 000	19 842 204,86	17 857 984,38
1973	8	12	300 000 000	7 440 826,82	4 985 353,97
1973	8	12	200 000 000	4 960 551,21	3 323 569,32
1973	7 ¹ / ₄	15	500 000 000	12 401 378,04	11 657 295,36

Main characteristics of loans contracted to 31 December 1979

Year of issue	Interest % p. a.	Term (years)	Initial amount		Balance outstanding at 31. 12. 1979 (in European units of account)
			in currency	equivalent in European units of account	
1973	7 1/2	8	LFR 250 000 000	6 200 689,02	1 984 220,48
1974	10	7	400 000 000	9 921 102,43	4 960 551,22
1975	9	10	500 000 000	12 401 378,04	12 401 378,04
1975	9	9	100 000 000	2 480 275,61	2 480 275,61
1976	9 1/2	8	500 000 000	12 401 378,04	12 401 378,04
1976	9 1/2	6	200 000 000	4 960 551,21	3 720 413,41
1977	8 1/2	10	500 000 000	12 401 378,04	12 401 378,04
1978	7 3/4	10	250 000 000	6 200 689,02	6 200 689,02
1978	7 3/4	10	600 000 000	14 881 653,65	14 881 653,65
1978	8	6	200 000 000	4 960 551,21	4 960 551,21
1979	8 3/4	8	500 000 000	12 401 378,04	12 401 378,04
				219 504 391,27	177 920 462,19
1976	9	7	CAD 50 000 000	29 684 865,47	29 684 865,47
1977	9	7	25 000 000	14 842 432,73	14 842 432,73
				44 527 298,20	44 527 298,20
1962	4 1/2	18	SFR 60 000 000	26 111 592,24	2 611 159,23
1975	7 3/4	15	80 000 000	34 815 456,32	34 815 456,32
1976	6 1/4	5	30 000 000	13 055 796,12	13 055 796,12
1976	6 1/2	7	30 000 000	13 055 796,12	13 055 796,12
1976	5 3/4	15	80 000 000	34 815 456,32	34 815 456,32
1977	4 1/2	8	65 000 000	28 287 558,26	28 287 558,26
1977	4 1/2	16	80 000 000	34 815 456,32	34 815 456,32
1978	3 3/4	4	100 000 000	43 519 320,40	43 519 320,40
1978	3 1/4	3	52 500 000	22 847 643,21	22 847 643,21
1978	3 3/8	4	57 500 000	25 023 609,23	25 023 609,23
1978	3 5/8	5	37 500 000	16 319 745,15	16 319 745,15
1978	3 1/4	5	25 000 000	10 879 830,10	10 879 830,10
1978	3 1/4	6	25 000 000	10 879 830,10	10 879 830,10
1978	2 1/4	2	40 000 000	17 407 728,16	17 407 728,16
1978	2 3/8	2	35 000 000	15 231 762,14	15 231 762,14
1978	3	5	20 000 000	8 703 864,08	8 703 864,08
1978	2 1/2	3	100 000 000	43 519 320,40	43 519 320,40
1979	1 3/8	1 1/2	52 500 000	22 847 643,21	22 847 643,21
1979	3	8	123 500 000	53 746 360,70	53 746 360,70
1979	1	2	18 000 000	7 833 477,68	7 833 477,68
1979	3	5	45 000 000	19 583 694,18	19 583 694,18
1979	2 9/10 - 3 1/4	4	25 000 000	10 879 830,10	10 879 830,10
1979	4 3/4	10	7 000 000	3 046 352,43	3 046 352,43
				517 227 122,97	493 726 689,96
1966	5 3/4	20	UC ¹⁾ 20 000 000	35 547 466,53	17 062 783,93
1977	9 5/8	12	UKL 20 000 000	30 916 488,38	28 906 916,63
1979	13 1/8 - 11 1/2	10	UKL 5 000 000	7 729 122,09	7 729 122,09
				38 645 610,47	36 636 038,73
				5 318 021 667,73 ²⁾	4 713 151 263,29

¹ At present, this unit of account has the same value as that used by the former European Payments Union, as defined in Article 26 (a) of its Charter, i. e. 0,88867088 grams of fine gold. This value could change under certain circumstances.

² Total amount of borrowings contracted by the ECSC since its inception = 8 256 107 111,50 EUA (including borrowings reduced).

Balance sheets as of 31 December 1979 and 1978

(in European units of account)

Assets		
	1979	1978
Loans outstanding (note 3)	4 793 693 335	4 549 891 467
Bank balances and deposits	448 858 943	309 677 951
Investment securities	169 380 099	167 265 646
Accrued interest receivable	113 121 166	105 172 535
Deferred issuing costs and premiums	70 902 275	70 494 437
Other assets (Note 4)	47 523 448	43 356 556
Bank deposits for bonds and coupons payable	40 376 952	34 230 814
Repurchased bonds (Note 5)	37 254 525	78 209 905
Property	260 752	272 401
	<u>5 721 371 495</u>	<u>5 358 571 712</u>
The accompanying notes are an integral part of these statements.		

Liabilities		
	1979	1978
Reserves (Note 6)-		
Guarantee fund	230 000 000	200 000 000
Special fund (housing and reconversion)	140 000 000	138 500 000
Former pension fund	41 530 962	41 062 662
	<u>411 530 962</u>	<u>379 562 662</u>
		o
Allocations from income (Note 7)-		
Financial aid	310 021 337	267 084 274
Other	105 033 906	76 194 889
	<u>415 055 243</u>	<u>343 279 163</u>
Unallocated income	419 033	113 045
Total reserves and allocations	<u>827 005 238</u>	<u>722 954 870</u>
Borrowings (Note 8)	4 675 047 371	4 416 237 654
Accrued interest	166 822 885	151 289 973
Bonds and coupons payable	40 376 859	34 230 814
Due to banks	8 268 671	28 457 135
Other liabilities and payables	2 848 488	4 196 928
Reimbursement premiums payable	1 001 983	1 204 338
	<u>5 721 371 495</u>	<u>5 358 571 712</u>

European Coal and Steel Community
Commission of the European Communities

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

A. NICOLETTI
Director-General
for Credit and Investments

Statements of revenues and expenditures for the years ended 31 December 1979 and 1978

(in European units of account)

	1979	1978
<i>Revenues:</i>		
From loans and guarantees (Note 9)	406 186 807	374 456 791
Levy (Note 10)	103 239 638	100 775 514
Contributions from Member States	28 000 000	28 000 000
Interest from deposits and investments	44 080 665	33 781 463
Gain on retirement of repurchased bonds (Note 8)	2 739 281	—
Miscellaneous	801 725	187 876
	<u>585 048 116</u>	<u>537 201 644</u>
<i>Expenditures:</i>		
For borrowings and guarantees (Note 11)	382 613 609	352 181 251
Reduction of portfolio to market value (Note 12)	10 387 724	—
Other financial expenses	231 627	236 252
Budgetary expenditures;	33 101 821	32 306 675
Research projects	33 020 436	20 993 860
Rehabilitation projects	5 374 622	3 976 808
Assistance under Article 54	6 399 500	4 799 675
Assistance under Article 56	4 570 486	—
Coke projects	—	—
Administration (Note 13)	5 000 000	5 000 000
	<u>480 699 825</u>	<u>419 494 521</u>
<i>Excess of revenues over expenditures</i>	104 348 291	117 707 123
<i>Loss from conversion of foreign currencies</i>	297 923	10 783 339
<i>Net income available for allocations</i>	<u>104 050 368</u>	<u>106 923 784</u>
The accompanying notes are an integral part of these statements.		

European Coal and Steel Community
Commission of the European Communities

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

A. NICOLETTI
Director-General
for Credit and Investments

**Statements of net income allocations
for the years ended 31 December 1979 and 1978**

(in European units of account)

	1979	1978
Unallocated income as of 1 January	113 045	85 593
Net income available for allocations	104 050 368	106 923 784
	<u>104 163 413</u>	<u>107 009 377</u>
Available for allocations		
Allocations to (Note 1):		
Guarantee fund	30 000 000	17 000 000
Special fund	1 500 000	4 000 000
Former pension fund	468 300	1 146 241
Financial aid	42 937 063	76 917 616
Other	28 839 017	7 832 475
Total allocations	<u>103 744 380</u>	<u>106 896 332</u>
Unallocated income as of 31 December	419 033	113 045
The accompanying notes are an integral part of these statements.		

Notes to financial statements 31 December 1979 and 1978

(in European units of account)

1. Presentation of financial statements

The accompanying financial statements as of 31 December 1979 include the proposed allocations of the 1979 net income.

2. Summary of significant accounting policies

(a) Gain or loss from conversion

The gain or loss resulting from the conversion at year end of the accounts in foreign currency is taken into account in the determination of net income available for allocation.

(b) Investment securities

Investment securities, mainly governmental securities, are valued at the lower of average cost or market.

(c) Property

Property consists of a building located in Washington D.C., which is valued at cost.

(d) Deferred issuing costs and premiums

Issuing costs and related expenses are amortized over the terms of the respective borrowings.

3. Loans

The breakdown of approximately 1 000 loans granted is as follows, as of 31 December 1979:

From borrowed funds in

United States dollars	1 951 819 054
German marks	1 149 083 958
Swiss francs	491 932 563
French francs	422 395 220
Luxembourg francs	159 997 281
Belgian francs	135 183 023
Dutch guilders	120 542 897
Italian lire	85 776 952
Canadian dollars	44 527 298
United Kingdom pounds	41 240 663
European units of account	8 908 071
European monetary units	17 062 784
	4 628 469 764

From other sources

Special reserve fund for the financing of social housing projects	137 743 009
Pension fund for housing loans to the European Communities' personnel	21 246 399
Pension fund for Friuli iron industry	3 888 730
Funds allocated for technical research	2 114 038
Funds allocated for rehabilitation	231 395
	165 223 571
	4 793 693 335

An analysis of these loans by country is as follows:

FR of Germany	1 216 142 003
United Kingdom	1 437 608 204
France	942 524 992
Italy	692 784 344
Belgium	192 711 409
Netherlands	141 129 397
Denmark	36 760 068
Luxembourg	97 970 568
Ireland	14 815 951
Loans for the construction of housing for the personnel of the European Communities	4 772 446 936
	21 246 399
	4 793 693 335

A breakdown of these loans by principal form of guarantee is as follows:

Loans secured by Member States	1 981 423 492
Loans secured by banks	977 141 584
Loans secured by mortgages	961 399 179
Loans secured by other guarantees	94 993 154
Loans secured by industry groups	778 735 926
	4 793 693 335

The terms of the loans granted to corporations within the European Community vary significantly.

The duration of the loans for worker housing projects varies between 20 and 25 years while the duration of the loans to the Communities' personnel varies between 10 and 20 years.

4. Other assets

As of 31 December 1979, this caption included the following accounts:

Levy receivable	21 547 051
Member States' contributions	19 676 293
Others	6 300 104
	47 523 448

5. Repurchased bonds

Repurchased bonds, which are temporarily held in treasury, are valued at the lower of the average cost or market value, except for the bonds maturing in 1980, which were withdrawn from the market (Note 8).

At 31 December 1979, the nominal value of the repurchased bonds in portfolio was 45 227 489.

6. Reserves

The guarantee and special fund result from allocations of the ECSC's net income made by the Commission.

The former pension fund represents the balance of the pensions funded by the ECSC prior to 5 March 1968, from which date on the pension commitments for the personnel are assumed directly by the Member States.

7. Allocations from income

Allocations from net income are made for industrial projects, social housing projects for workers and technical and economic research in accordance with the provisions of the Treaty establishing the ECSC. As of 31 December 1979, these funds were planned to be used for the following projects:

Financial aid (contracted commitments):

Rehabilitation projects	189 567 279	
Research projects	73 379 930	
Developments and reconversion (Article 56)	20 562 518	
Industrial loans (Article 54)	17 686 418	
Coal and coke grants	8 825 192	310 021 337

Other (approved commitments):

Research projects	11 930 288	
Developments and reconversion (Article 56)	41 607 911	
Industrial loans (Article 54)	18 495 707	
Budget 1980	23 000 000	
Other	10 000 000	105 033 906
		415 055 243

8. Borrowings

As of 31 December 1979, the ECSC had borrowed 4 675 047 371 under the form of approximately 220 operations on different capital markets at varying interest rates. The loans come to maturity at various dates through to 2001.

The breakdown of the net debt outstanding by currency was as follows:

United States dollars	1 951 344 142
German marks	1 202 667 421
Swiss francs	493 726 690
French francs	427 079 881
Luxembourg francs	171 566 244
Belgian francs	127 555 614
Dutch guilders	120 926 720
Italian lire	82 959 324
Canadian dollars	44 527 298
United Kingdom pounds	35 631 253
European units of account	17 062 784
	<hr/>
	4 675 047 371

Repurchased bonds held in treasury as of 31 December 1979, for a nominal value of 38 103 892 and maturing in 1980, were withdrawn from the market and a profit of 2 739 281 was recorded.

9. Revenues from loans and guarantees

The detail of the revenues from loans and guarantees is as follows:

Interest on loans	382 896 568
Interest on available funds	18 810 568
Guarantees fees	61 976
Miscellaneous	4 417 695
	<hr/>
	406 186 807

10. Levy

The ECSC is authorized under the Treaty to impose a levy on the average value of the production of coal and steel of the enterprises in the Community. During the year 1979 the percentage was 0,29 %.

11. Expenditures for borrowings and guarantees

The detail of the expenditures for borrowings and guarantees is as follows:

Interest on borrowed funds	363 208 185
Amortization of issuing costs	14 510 254
Agency fees	3 864 210
Miscellaneous	1 030 960
	<hr/>
	382 613 609

12. Reduction of portfolio to market value

In accordance with its accounting policies, which call for the valuation of its portfolio of investment securities and repurchased bonds at the lower of average cost or market, the ECSC recorded a provision of 10 387 724 to reflect the reduction in market value of the portfolio as of 31 December 1979. As of 31 December 1978, the difference amounted to 6 574 993 for which no reduction was recorded but which was included in the 'Other allocations from income'.

13. Administrative expenditure

The ECSC contributed to the administrative budget of the Commission of the European Communities for an amount of 5 000 000.

14. Commitments

As of 31 December 1979, the Commission had signed formal agreements for the borrowing of a total amount of 147 488 642; outstanding loan commitments amounted to 48 038 104.

15. Guarantees given

The ECSC guarantees loans made to various coal and steel companies by third parties; such guarantees are secured by guarantees to the ECSC from Member States, industrial concerns and banks or by mortgages on the projects financed.

European Communities—Commission

Financial report 1979

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The twenty-fifth annual Financial Report of the ECSC for the year 1979 records the financial activity of the Commission in the field covered by the Treaty establishing the European Coal and Steel Community. The introductory chapter gives a summary account of the output of ECSC products and the volume of capital spending. The following chapters describe the main characteristics of the ECSC's borrowing operations and its loans for industrial investment projects, reconversion and workers' housing; they include a number of graphical illustrations and lists of beneficiaries. The concluding chapter provides an insight into changes in the ECSC's income and expenditure over the financial year 1979.

The three annexes to this report contain, in order, the table showing the main characteristics of the borrowings contracted to 31 December 1979, the ECSC balance sheet with the auditor's notes, and the income and expenditure account for 1979 and 1978.