

EUROPEAN COAL AND STEEL COMMUNITY

COMMISSION OF THE EUROPEAN COMMUNITIES

Financial report

for the year 1970

No.16

EUROPEAN COAL AND STEEL COMMUNITY

COMMISSION OF THE EUROPEAN COMMUNITIES

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The figures given in this report and in the attached balance sheet and statement of revenues and expenditures, together with the main features of loans contracted, summarized in annexes, are expressed in units of account of the European Monetary Agreement (EMA). All such amounts are the equivalents of sums in national currencies computed at the following rates for

1 EMA unit :

US\$	1.00
DM	3.66
BFr	50.00
FFr	5.55419
Lit.	625
LFr	50.00
Fl.	3.62
SFr	4.37282
£	0.41666

CONTENTS

	Page
I—Borrowing operations	8
II—Lending and guarantee operations.	9
III—Movement of reserves and allocations and the results of the year	15

ANNEXES .

I—Balance sheet as of 31 December 1970	19
II—Statement of revenues and expenditures for 1970	25
III—Main characteristics of loans contracted to 31 December 1970	30

This financial report relates to the calendar year 1970, the eighteenth year of the European Coal and Steel Community's financial operations.

It may be recalled that since the entry into force of the Treaty establishing a single Council and a single Commission of the European Communities (1967), the Commission exercises the powers vested in the former High Authority by the Treaty of Paris, 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 the name "High Authority" has to be used.

During the year covered by this report, Community crude steel production increased by 1.9 million tons from 107.3 million tons in 1969 to 109.2 million tons in 1970. At the same time, coal production continued its downward trend, decreasing from 171.2 million tons to 164.6 million tons.

Capital expenditures in the coal and steel industries in 1970 can as yet only be estimated on the basis of the forecasts by ECSC enterprises to the Commission on 1 January 1970.⁽¹⁾

According to these estimates, about 156 million units of account should have been invested in the coal sector⁽²⁾ in 1970 and 23 million in iron-ore mining. Experience shows, however, that the amounts estimated for the ECSC mining industries at the beginning of the year are, in fact, in the Community mines no more than 85 to 90% correct. Real capital expenditures in 1970 may be expected to be something like 10% below the forecast referred to above.

After four years marked by high capital investment (averaging 1 300 million units of account from 1961 to 1964), the years 1965, 1966 and 1967 were marked by a sharp downturn to only 932, 848 and 730 million units of account respectively in the iron and steel sector. 1968, however, marked the beginning of an upward trend with capital expenditure at 802 million units of account, followed by 1 039 million in 1969. According to the forecasts submitted by the iron and steel enterprises, this trend became even more marked in 1970, capital expenditure reaching about 1 688 million units of account, and new records may be expected in 1971 and 1972. Taken together, capital expenditure in the ECSC industries is expected to increase from 1 164 million units of account in 1969 to about 1 821 in 1970.

⁽¹⁾ See "Investment in the Community's coal and steel industries: Report on the 1970 survey", Luxembourg, July and November 1970.

⁽²⁾ Without pithead power stations and other generating plants.

I—BORROWING OPERATIONS

1970 was marked by a high level of interest rates, both on the national and international capital markets. In these circumstances, the Commission decided to restrict its borrowing operations to the simple accumulation of funds required for financing the most urgent projects, postponing others.

From January to November, only one loan was contracted : a private loan of 500 million Belgian francs raised in June 1970 from a group of Belgian banks at 8.75% per annum for a term of 20 years.

A slight relaxation was observed towards the end of the year, and the Commission issued in December 1970 a debenture loan of 50 million units of account on the European capital market. This loan, issued at par at 8% per annum for a term of 15 years, was guaranteed by a syndicate of banks from the six Community countries. The value of the EMA units, symbolised by the sign E , was fixed for the whole term of the loan at DM3.66 of BFr50.00 or FFr5.55419 or Lit.625 or Lfr.50.00 or Fl.3.62 at the discretion of the holder.

The use of this formula which, for the first time, links together in terms of their official parities the currencies of the Member Countries, made it possible to forestall the downward trend and obtain better conditions than those prevailing on the various markets for long-term loans. The attraction of the formula moreover aroused the interest of savers from a number of different countries, thereby mobilising a volume of funds which was quite considerable in size compared to that of conventional issues.

Although these operations would be carried out on the international capital market, they enable the monetary authorities concerned to gain an appreciation of the movements of funds to which they give rise, since the currency used must be that of one of the six countries both on subscription and on payment of interest and capital to title holders.

Taking these two operations for 1970 into account, the total amount of loans contracted by the ECSC since it began functioning, to 31 December 1970 reached the value of 952.57 million EMA units of account.

The following Table shows the loan position as of 31 December 1970.

TABLE I⁽¹⁾

(in million units of account)

Currency borrowed	Total amount of loans contracted	Repayments	Sum outstanding
US\$	355.00	130.30	224.70
DM	220.21	35.43	184.78
Lit.	120.00	3.20	116.80
Fl.	57.39	19.07	38.32
£	50.00	—	50.00
Sfr	41.46	13.38	28.08
Bfr	41.40	3.29	38.11
Ffr	27.01	3.38	23.63
Lfr	20.10	3.91	16.19
units of account	20.00	—	20.00
	952.57	211.96	740.61

⁽¹⁾ The main characteristics of loans contracted by the ECSC to 31 December 1970 are set out in Annex III.

II—LENDING AND GUARANTEE OPERATIONS

The total amounts available to the Commission in 1970 for lending to enterprises was 40.78 million units of account.

The total amount is made up as follows :

1) *Borrowed funds*

(i) already available at beginning of year	22.51	
(ii) Belgian loan ⁽¹⁾	10.00	
(iii) anticipated repayments	1.79	
		34.30

2) *Own resources*

(i) unexpended receipts from previous years	2.56	
(ii) drawings on allocations	1.02	
(iii) repayments on earlier loans	2.90	
		6.48
Total		40.78

As in 1969, these funds were used to loans to industry, for redevelopment and reconversion projects and for the building of workers' housing. It is worth mentioning that the loans to industry and the loans for redevelopment and reconversion projects were financed wholly out of borrowed funds and the home-building loans out of the ECSC's own resources.

For reasons already explained, only applications deemed to have priority and to be of an urgent nature were considered during the period of prevailing high interest rates. In 1970 loans worth a total of 31.66 million units of account were granted, leaving unexpended funds of 4.89 units of account from the ECSC's own resources and 4.23 from loan capital.

TABLE 2
Loans granted in 1970

(in million units of account)

Sector	Germany (Fed. Rep.)	Belgium	France	Italy	Nether- lands	Luxem- bourg	Com- munity
I—Coal	—	—	—	—	—	—	—
Iron and steel	1.15	2.90	—	6.00	—	2.00	12.05
Generating plant	—	—	1.84	—	—	—	1.84
Total	1.15	2.90	1.84	6.00	—	2.00	13.89
II—Industrial redevelopment and reconversion	7.74	—	6.04	—	2.40	—	16.18
III—Workers' housing	1.11	—	—	—	0.48	—	1.59
Grand total	10.00	2.90	7.88	6.00	2.88	2.00	31.66

⁽¹⁾ The product of the loan of 50 million EMA units of account was not paid until January 1971.

1. Loans for industrial investment projects

Loans to the coal and steel industries diminished in favour of the financing of industrial investment projects under Article 56 of the ECSC Treaty.

Loans to industry in 1970 amounted to 13.89 million of account. Owing to the steady increase during the year in the cost of raising such funds, the interest rates at which these loans were granted were 7.25% until 18 March 1970 and 8.25% after that date.

In present circumstances and within the limits of the resources available low-interest terms may, pursuant to a decision of the Commission published in the Official Gazette of the European Communities on 18 June 1970, be applied to loans for financing certain capital projects in the coal and steel industries which are of particular importance to the Community. The investment which the Commission has in mind are those which concern safety and hygiene in industrial plants, the integration within the Community of ESCC enterprises (multinational investments), the elimination of bottlenecks affecting an entire ECSC industry, or the establishment of research or vocational training centres within the ECSC field. These new low-interest rate terms were first applied at the beginning of 1971 for coking plant investment.

The projects assisted in 1970 all fall within the priority classes laid down in the Community's "General Objectives", as follows :

Coal mining industry :

Pithead power stations likely to use low-grade fuels :

Charbonnages de France, Paris (Houillères du Bassin de Lorraine) :

Iron and Steel Industry :

Oxygen steel-making :

Italsider Spa, Genoa (Taranto Works);

Continuous casting :

Mannesmann AG, Düsseldorf (Duisburg-Huckingen Works);

Rolling mill modernization and specialization :

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

SA Minière et Métallurgique de Rodange, Rodange;

SA Sidérurgique maritime "Sidmar", Ghent.

Table 3 below shows the distribution by country of all industrial loans granted by the ECSC since its inception. This Table also gives the separate figures for 1970 relating to new loans and repayments of previous loans.

TABLE 3

Loans for industrial investment projects

(in million units of account)

Country	Total sum loaned at 31 Dec. 1969	New loans in 1970	Total sum loaned	Sum outstanding
			Position at 31 December 1970	
Germany (Fed.Rep.)	390.25	1.15	391.39	270.15
Belgium	37.04	2.90	39.94	24.37
France	122.03	1.84	123.87	84.12
Italy	153.46	6.00	159.46	118.56
Luxembourg	1.00	2.00	3.00	2.00
Netherlands	21.42	—	21.42	21.42
Community	725.20	13.89	739.08	520.62

2. Loans for industrial redevelopment and reconversion

During 1970, loans for redevelopment and reconversion projects, as in the previous years, accounted for a substantial part of the ECSC's financial activities. Borrowed funds once again provided the capital required.

Previous reports had already underlined the fact that the terms for redevelopment and reconversion were usually special ones. At the beginning of the year it was still possible to offer an interest rate as low as 4.5% for the first five years either for the whole loan or only for part of it, depending on the reemployment facilities provided. But this special rate had to be raised to 5.5% after 29 April 1970. The normal interest rate payable after the fifth year of the loan in any case followed the same trend as that applying to industrial loans, rising from 7.25% to 18 March 1970 to 8.25% subsequent to that date.

The total amount of loans granted in 1970 was 16.18 million units of account; this total consisted of 14 loans, the recipients of which are listed below according to region :

Germany (Fed. Rep.)

Leichtmetall-Gesellschaft mbH, Essen	Ruhr Region
Signode System GmbH, Dinslaken	Ruhr Region
Mannesmann Aktiengesellschaft, Düsseldorf	Ruhr Region
Pigment Chemie GmbH, Cologne	Ruhr Region
Salzgitter Hüttenwerk AG, Salzgitter-Drütte	Lower Saxony

France

SA des Usines Chausson, Asnières-sur-Seine (Hts-de-Seine)	Northern France
Sté Constructions Mécaniques de Carvin, Ermenonville (Oise)	Northern France
SA Automobiles Citroën, Paris	Lorraine

Netherlands

Natron-Chemie NV, Rotterdam	South Holland
NV Raypak Produkten, Kerkrade	Limburg Province
NV van der Burg's Borstelfabrieken, Kerkrade	Limburg Province
NV Ventair, Maastricht	Limburg Province
NV Sigrano Nederland, Heerlen	Limburg Province
NV Interchrome Nederland, Maastricht	Limburg Province

Table 4 summarizes these types of loans by countries and by industries, whatever branch of industry may be concerned. The firms involved undertook to find jobs for former miners and steelworkers made redundant by the closure of pits or steelworks, or by the reduction or the change in the activities of those enterprises at which they were employed.

TABLE 4

Loans for industrial redevelopment and reconversion

A—Breakdown by countries

(in million units of account)

Country	Total sum loaned at 31 December 1970	New loans in 1970	Total sum loaned	Total re-payments	Sum outstanding
			Position at 31 December 1970		
Germany (FR)	36.04	7.73	43.77	0.09	43.67
Belgium	29.02	—	29.02	3.04	25.98
France	20.90	6.04	26.95	0.70	26.25
Italy	26.76	—	26.76	3.81	22.95
Luxembourg	—	—	—	—	—
Netherlands	20.65	2.40	23.05	0.35	22.70
Community	133.37 ⁽¹⁾	16.17	149.55	7.99	141.55

(¹) 126.48 million loaned from borrowed funds and the balance from the Community's own resources.

B—Breakdown by industries

Industry	Amounts (in million units of account)	%
Chemicals	25.00	16.7
Motor vehicle manufacture	24.98	16.7
Industrial estates	20.94	14.0
Non-ferrous metals	18.60	12.4
Power stations	15.93	10.7
Iron and steelworks	11.69	7.8
Rubber	9.72	6.5
Articles of cast iron, steel and other metals	4.78	3.2
Mechanical engineering	3.83	2.6
Ceramic ware, glass, lime and stone	3.70	2.5
Aeronautical engineering	1.60	1.1
Textiles and clothing	1.54	1.0
Conversion of plastics	1.43	0.9
Miscellaneous	1.22	0.8
Foodstuff industry	1.15	0.8
Steel construction	1.09	0.7
Transport	0.94	0.6
Joinery and furniture manufacture	0.89	0.6
Electrical equipment	0.52	0.4
Total	149.55	100.0

3. Loans for workers' housing

At the end of 1970, the ECSC had decided to launch a new programme the seventh in succession for workers' housing. Ten million units of account, together with funds totalling 20 million units of account to be raised in Member Countries, were earmarked for this programme. In view of the demand involved, this sum is likely to

be increased subsequently, depending on the funds available from the Community's own resources. During 1970, the Commission paid out 1.59 million units of account under its sixth workers' housing programme, and, concerning the seventh programme, completed the consultation procedure and sounded out the wishes of national and regional authorities, the employers' associations and the workers' trade unions. The first payments under the seventh programme will be made in 1971.

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

The very low interest rates applied enable borrowers to combine this type of loan with other capital raised from national sources at terms prevailing on these markets. This combination makes it possible to increase considerably the means available, while at the time maintaining the average rate at a favourable level. The Community raises other capital either directly by using borrowing funds or indirectly by associating institution investors with the financing of the projects concerned.

TABLE 5
Loans for workers' housing

(in million units of account)

Country	Total loans granted at 31 December 1969	New loans granted in 1970	Total loans granted	Repayments	Sum outstanding
Germany (FR)	63.23	1.11	64.34	14.75	49.59
Belgium	23.46	—	23.46	6.14	17.32
France	21.65	—	21.65	4.06	17.59
Italy	14.22	—	14.22	3.18	11.05
Luxembourg	3.71	—	3.71	0.71	3.00
Netherlands	6.44	0.48	6.92	1.58	5.33
Community	132.71	1.59	134.30	30.42	103.88

4. Guarantees

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

Since the Commission studies both the technical and financial aspects of the investment programme concerned before making a decision, such a guarantee has the double advantage of covering lenders against all financial risks and providing them with guidance as to the economic soundness of the project, particularly regarding the compatibility of iron and steel and colliery projects with the General Objectives as provided by Article 54, and of redevelopment and reconversion projects with the Community's industrial, regional and social policy.

This type of financial backing, of course, does not aim to cover the lenders' risks but assists the firms concerned in negotiating loans on capital markets outside their own countries, to which access would normally be difficult for them, on the same terms as borrowers regarded as first-class risks.

The commission charged for such guarantees has been kept so low that it has little effect on the cost of the operations concerned. No new requests for guarantees were received in 1970. Contractual repayments on loans previously guaranteed, amounting to 48.72 million units of account, have reduced commitments under this heading to 31.80 million units of account on 31 December 1970.

5. Overall survey of direct lending operations (1954-1970)

Up to 31 December 1970 and since its inception, the ECSC has granted loans amounting in all to 1 033 million units of account made up of 927.66 million units of account from borrowed funds and 105.34 million units of account from its own resources.

Including guarantees furnished over the same period, the total amount of ECSC financial assistance was 1 081.72 million units of account.

Table 6 below gives a detailed breakdown of this assistance by sectors and by countries.

TABLE 6
Loans and guarantees granted to 31 December 1970 by sector and by country
(initial amounts)
(in million units of account)

	Loans granted					
	from borrowed funds	from own resources	Total	Guarantees	Total of loans and guarantees	%
A : Type of investment						
Coal industry ⁽¹⁾	266.22		266.22	—	266.22	24.61
Iron-ore mines ⁽²⁾	30.25		30.25	—	30.25	2.80
Iron and steel industry	435.71		435.71	48.42	484.13	44.76
Workers' housing	46.05	88.25	134.30	—	134.30	12.41
Industrial redevelopment and reconversion	142.53	7.02	149.55	—	149.55	13.82
Miscellaneous	6.90	—	6.90	—	6.90	0.64
Readaptation	—	6.35	6.35	0.30	6.65	0.61
Research (experimental construction)	—	3.00	3.00	—	3.00	0.28
European School	—	0.72	0.72	—	0.72	0.07
Total	927.66	105.34	1 033.00	48.72	1 081.72	100.00
B : Country						
Germany (Fed. Rep.)	448.35	58.40	506.75	38.01	544.76	50.36
Belgium	88.58	4.29	92.87	—	92.87	8.59
France	150.45	23.14	173.59	10.41	184.00	17.01
Italy	193.23	7.44	200.67	0.30	200.97	18.58
Luxembourg	4.70	2.80	7.50	—	7.50	0.69
Netherlands	42.35	9.27	51.62	—	51.62	4.77
Community	927.66	105.34	1 033.00	48.72	1 081.72	100.00

⁽¹⁾ Including coking plants and thermal power stations.

⁽²⁾ Including sintering plants.

The financial activity of the past year related in this report was made possible by the active help of banking groups and the agents in the various ECSC countries. The Commission offers its sincere gratitude to all those who have given their assistance in this way. At the same time it wishes to thank the Bank for International Settlements in Basle for its efficient cooperation as a depository for those transactions passed under the "Act of Pledge".⁽¹⁾

III—MOVEMENT OF RESERVES AND ALLOCATION AND THE RESULTS OF THE YEAR

The Table below shows the movement of reserves and allocations of the ECSC for each year from 31 December 1968 to 31 December 1970.

TABLE 7
Movement of funds and reserves

(in million units of account)

	Position as at 31 December 1968	Changes in 1969	Position as at 31 December 1969	Changes in 1970	Position as at 31 December 1970
I—(a) Guarantee Fund	100.00	—	100.00	—	100.00
(b) Special Reserve	85.76	+ 6.76	92.52	— 7.52 ⁽¹⁾	85.00
II—(a) Funds for readaptation	48.99	+ 7.98	56.97	+11.95	68.92
(b) Funds for research	23.11	+ 1.52	24.63	— 3.28 ⁽¹⁾	21.35
(c) Funds for redevelopment and reconversion	2.83	+ 1.35	4.18	+ 0.79	4.97
III—Pension Fund	25.51	—	25.51	—	25.51
IV—Sundry liabilities	8.66	+ 3.00	11.66	+ 8.48	20.14
	294.86	+20.61	315.47	+10.42	325.89
V—Unallocated balance	9.34	— 9.23	0.11	—	0.11
Total	304.20	+11.38	315.58	+10.42	326.00

⁽¹⁾ This amount has been split up between various allocations.

⁽²⁾ Certain research projects for which allocations had been set aside in the budget were subsequently abandoned by their sponsors.

The increase of 10.42 million units of account in these reserves and allocations in 1970 matches the surplus of revenues over expenditure (for allocation, see Annexe II).

Revenues consisted mainly of :

- i) the levy which was fixed at 0.30% on 1 July 1967 and has remained unchanged since that date;
- ii) income from the management of funds.

⁽¹⁾ A contract of surety concluded by the ECSC at the start of its operations in favour of its fund raisers in order to provide better access to the international market. The Act of Pledge governs all loans contracted before 1961, when the ECSC obtained the consents of its lenders to issue its loan stock without special surety.

ECSC funds available for investment did not undergo any major fluctuations during 1970. As in the past, the investment policy pursued was designed to produce the maximum yield from assets compatible with the maintenance of adequate liquidity.

The high discount rates on the money market resulted in a substantial increase in interest on funds invested. Interest in 1970 totalled some 15 million units of account, an increase of 800 000 units of account over the previous year.

ANNEXES

I—BALANCE SHEET AS OF 31 DECEMBER 1970

II—REVENUES AND EXPENDITURES FROM 1 JANUARY TO
31 DECEMBER 1970

III—MAIN CHARACTERISTICS OF LOANS CONTRACTED TO
31 DECEMBER 1970

BALANCE SHEET
OF THE EUROPEAN COAL AND STEEL COMMUNITY
AS OF 31 DECEMBER 1970

All amounts are stated in EMA units of account and are the equivalent of various currencies computed at the following rates for 1 EMA unit of account : US\$1 = DM3.66 = BFr50 = FFr5.55419 = Lit.625 = LFr50 = Fl.3.62 = SFr4.37282

ASSETS

I—Disbursed loans	770 978 185.40
II—Cash and due from banks	159 735 683.18
III—Investments	66 270 449.97
IV—Fixed assets	1.00
V—Recoverable issuing costs	12 357 765.33
VI—Miscellaneous	16 511 486.03
VII—Regularization account	20 768 729.80
	<u>1 046 622 300.71</u>
I—Due on debentures	50 000 000.00
II—Enterprises' liabilities under guarantees	31 804 329.66

Auditor's Note

Having examined the books, vouchers and documents of the book-keeping and the explanations supplied to me, I herewith certify that the financial position of the European Coal and Steel Community as of 31 December 1970 is correctly and properly reflected in the above document.

Luxembourg, 26 April 1971.

J. DE STAERCKE
Auditor

LIABILITIES

I—Loans		690 605 721.49
II—Reserves		
A. Guarantee Fund	100 000 000.—	
B. Special Fund	85 000 000.—	185 000 000.—
III—Allocations		
A. For financial aid	95 240 411.38	
B. For other purposes	20 142 946.66	115 383 358.04
IV—Former Pension Fund		25 509 350.79
V—Miscellaneous		15 189 333.55
VI—Regularization account		14 817 581.79
VII—Unallocated balance		116 955.05
		<u>1 046 622 300.71</u>
I—Debentures to be paid		50 000 000.—
II—Liabilities under guarantees		31 804 329.66

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

F. GILLET
*Director General of
Credit and Investments*

Explanatory Notes to the Balance Sheet as of 31 December 1970

ASSETS

I—Disbursed loans

A. Loans from funds borrowed

in US dollars	222 727 200.00	
in German (W) marks	183 179 769.25	
in Italian lire	116 800 000.00	
in Belgian francs	47 200 634.54	
in Dutch guilders	38 139 502.78	
in French francs	23 630 808.45	
in units of account	20 000 000.00	
in Swiss francs	18 070 947.36	
in Luxembourg francs	16 191 080.72	685 939 943.10

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

B. Other loans

Loans from Special Fund for the financing of housing projects	73 217 215.84	
Loans from Special Fund for reconversion	6 892 422.39	
Loans from funds allocated for readaptation	436 667.92	
Loans from funds allocated for research	2 462 504.69	
Miscellaneous	2 029 431.46	85 038 242.30

III—Investment

Total investments amount to 66 270 449.97 units of account.

IV—Fixed assets

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

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

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

V—Recoverable issuing costs

The amount of 12 357 765.33 units of account represents issuing costs on loans. They are recoverable in annual fractions over the remaining life of the loans.

VI—Miscellaneous

The total amount of 16 511 486.03 units of account consists of :

- 1) 1 404 803.13 units of account due from debtors subject to the ECSC-levy;
- 2) 501 970.85 units of account due from various other debtors;
- 3) 14 604 712.05 units of account, funds set aside for the payment of overdue coupons and of drawn bonds.

VII—Regularization account

This item consists of :

- 1) interest and commissions receivable but not yet due on 31 December 1970 :
17 839 010.59 units of account;
- 2) levy claimed over the month of December, but becoming due after 31 December :
2 929 719.21 units of account.

LIABILITIES

I—Loans

in U.S. dollars	224 700 000.00	
in German (W) marks	184 781 955.05	
in Italian lire	116 800 000.00	
in Dutch guilders	38 321 546.98	
in Belgian francs	38 109 200.00	
in Swiss francs	28 071 130.29	
in French francs	23 630 808.45	
in units of account	20 000 000.00	
in Luxembourg francs	<u>16 191 080.72</u>	690 605 721.49

III—Allocations

A. For financial aid

- 1) *for readaptation*
commitments entered into for grants 68 919 330.47
- 2) *for research*
commitments entered into for grants 21 346 413.55
- 3) *for reconversion*
4 974 667.36

95 240 411.38

B. For other purposes

20 142 946.66

IV—Former ECSC Pension Fund

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

V—Miscellaneous

Of the total, a sum of 14 604 711.19 units of account refers to bonds and coupons payable as well as to commissions on these operations. The remainder of 584 622.36 units of account refers to various liabilities.

VI—Regularization account

Consists of interest and commissions payable but not yet due on 31 December 1970, totalling 14 817 581.79 units of account.

VII—Unallocated balance

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

Note : Till July 1961 the claims and related securities under loans granted from funds borrowed as well as other items of the assets are pledged to the Bank for International Settlements in Basle in favour of the holders of Secured Notes and Coupons issued by the ECSC,

on the assets, Item I for 121 368 555.81 units of account, Item II for 2 177 718.20 units of account and Item VII for 2 258 268.07 units of account,

on the liabilities, Item I for 123 341 355.81 units of account and Item VI for 2 162 691.62 units of account.

**REVENUES AND EXPENDITURES
OF THE EUROPEAN COAL AND STEEL COMMUNITY
FROM 1.1.1970 TO 31.12.1970**

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

All amounts are stated in EMA units of account and are the equivalent of various currencies computed at the following rates for 1 EMA unit of account : US\$1 = DM3.66 = BFr50 = FFr5.55419 = Lit.625 = LFr50 = Fl.3.62 = SFr4.37282

EXPENDITURES

A. Expenditures in connection with borrowing operations		43 990 735.32
B. Budgetary expenditures :		
Administrative expenditures	18 000 000.00	
Expenditures for research	12 459 424.99	
Expenditures for readaptation	11 362 948.95	
Coke aid	2 626 800.00	44 449 173.94
C. Other expenditures :		
Financial expenses	45 078.16	
Bonification reconversion	1 089 637.22	1 134 715.38
D. Excess of revenues over expenditures		10 426 408.83
		<u>100 001 033.47</u>

The following allocations and withdrawals were made :

Allocations

to the Special Fund	7 518 103.46
for financial aid	9 458 002.41
to other funds	8 486 509.88
	<u>10 426 408.83</u>

Auditor's Note

Having examined the books, vouchers and documents of the book-keeping and the explanations supplied to me, I herewith certify that the financial position of the European Coal and Steel Community as of 31 December 1970 is correctly and properly reflected in the above document.

Luxembourg, 26 April 1971.

J. DE STAERCKE
Auditor

		REVENUES
A. Revenues from lending operations		45 174 329.44
B. Levy		39 505 335.37
C. Other revenues :		
Interest on deposits and investments	15 070 380.77	
Fines	212 254.24	
Miscellaneous	38 733.65	
		15 321 368.66
		<u>100 001 033.47</u>

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

F. GILLET
*Director General of
Credit and Investments*

**Explanation of the revenues and expenditures of the ECSC during the period
from 1 January 1970 to 31 December 1970 (in units of account)**

EXPENDITURES

A—The expenditures in connection with borrowing operations totalling
43 990 735.32 units of account consist of :

Interest on funds borrowed	39 744 147.80
Fees to agent banks	763 799.49
Miscellaneous	351 040.47
Redemption of recoverable issuing costs	3 131 747.56

REVENUES

B—The revenues from lending and guarantee operations totalling 45 174 329.44
units of account consist of :

Interest on loans	42 650 886.60
Guarantee fees	165 476.40
Sundry receipts	2 357 966.44

Annexe III

Year of issue	Interest % p.a.	Term (years)	Initial amount		Amount outstanding at 31 December 1970 (equivalent in EMA Units of account)
			In currency of loan	Equivalent in EMA units of account	
1954	3 7/8	25	US-Dollar. 100 000 000	100 000 000	51 200 000
1957	5 1/2	18	25 000 000	25 000 000	9 800 000
1957	5	5	10 000 000	10 000 000	—
1958	5	20	35 000 000	35 000 000	18 900 000
1958	4 1/2	5	15 000 000	15 000 000	—
1960	5 3/8	20	25 000 000	25 000 000	16 750 000
1960	4 3/4 - 5	3-5	10 000 000	10 000 000	—
1962	5 1/4	20	25 000 000	25 000 000	20 050 000
1964	5 1/4	20	30 000 000	30 000 000	28 000 000
1966	6 1/2	20	15 000 000	15 000 000	15 000 000
1966	6 1/2	20	20 000 000	20 000 000	20 000 000
1967	6 1/2	20	25 000 000	25 000 000	25 000 000
1967	6 5/8	20	20 000 000	20 000 000	20 000 000
				355 000 000	224 700 000
1955	3 3/4	25	DM 50 000 000	13 661 202	6 800 246
1957	4 1/4	20	2 977 450	813 511	358 758
1964	5 3/4	12	100 000 000	27 322 404	18 306 011
1964	5 1/2	15	100 000 000	27 322 404	20 519 126
1964	5 3/4	12	30 000 000	8 196 722	4 918 033
1965	5 1/2	18	150 000 000	40 983 607	40 983 607
1965	5 1/2	5	23 000 000	6 284 153	—
1967	6 3/4	5	30 000 000	8 196 722	5 464 481
1968	6 1/2 - 6 7/8	10	120 000 000	32 786 885	32 786 885
1968	6 1/4	13	60 000 000	16 393 443	16 393 443
1969	6 1/4	15	40 000 000	10 928 961	10 928 961
1969	6 1/2	13	50 000 000	13 661 202	13 661 202
1969	6 3/4	15	50 000 000	13 661 202	13 661 202
				220 212 418	184 781 955
1963	5 1/2	20	Lit. 15 000 000 000	24 000 000	20 800 000
1966	6	20	15 000 000 000	24 000 000	24 000 000
1966	6	20	15 000 000 000	24 000 000	24 000 000
1968	6	20	15 000 000 000	24 000 000	24 000 000
1968	6	20	15 000 000 000	24 000 000	24 000 000
				120 000 000	116 800 000
1961	4 1/2	5	Fl. 10 000 000	2 762 431	—
1961	4 1/2	20	50 000 000	13 812 155	10 110 497
1962	4 3/4	20	25 000 000	6 906 077	5 538 674
1962	4 3/4	25	6 000 000	1 657 459	1 127 072
1962	4 1/2	5	20 000 000	5 524 862	—
1963	4 1/2	5	10 000 000	2 762 431	—
1963	4 5/8	30	1 750 000	483 425	371 271
1964	5 3/4	20	25 000 000	6 906 077	6 450 276
1965	5 3/4	20	40 000 000	11 049 724	11 049 724
1967	6 3/8	5	20 000 000	5 524 862	3 674 033
				57 389 503	38 321 547
1970	8	15	£ (1) 50 000 000	50 000 000	50 000 000
1956	4 1/4	18	SFr 50 000 000	11 434 269	3 716 137
1961	5 1/4	5	9 000 000	2 058 168	—
1961	4 1/2	5	2 290 000	523 689	—
1962	4 1/2	18	60 000 000	13 721 123	10 633 870
1969	5 1/2	18	60 000 000	13 721 123	13 721 123
				41 458 372	28 071 130
				carry forward 844 060 293	642 674 632

Year of issue	Interest % p.a.	Term (years)	Initial amount		Amount outstanding at 31 December 1970 (equivalent in EMA units of account)	
			In currency of loan	Equivalent in EMA units of account		
				brought forward	844 060 293	642 674 632
1957	3 1/2	25	BFr	200 000 000	4 000 000	2 372 000
1957	3 1/2	25		20 000 000	400 000	237 200
1962	5 1/4	20		300 000 000	6 000 000	5 040 000
1963	5 1/2	20		300 000 000	6 000 000	5 460 000
1968	6 3/4	15		750 000 000	15 000 000	15 000 000
1970	8 3/4	20		500 000 000	10 000 000	10 000 000
					41 400 000	38 109 200
1964	5	20	Fr	150 000 000	27 006 638	23 630 808
1957	3 1/2	25	FL.	5 000 000	100 000	—
1957	5 3/8	25		100 000 000	2 000 000	1 398 854
1961	5 1/4	25		100 000 000	2 000 000	1 697 663
1961	5	25		100 000 000	2 000 000	1 690 608
1962	4 3/4	15		300 000 000	6 000 000	4 200 000
1962	5 1/8	25		250 000 000	5 000 000	4 403 956
1964	5 3/8	20		150 000 000	3 000 000	2 800 000
					20 100 000	16 191 081
1966	5 3/4	20	RE (*)	20 000 000	20 000 000	20 000 000
					952 566 931	740 605 721

(*) The European Monetary Unit (E.M.U.) is a unit of account, the value of which is invariably fixed at DM 3.66 or BFr 50 or FFr 5.55419 or Lit. 625 or LFr 50 or Fl. 3.62 depending on the choice of the holder. This loan was guaranteed on 11 December 1970 and paid on 5 January 1971.

(*) At present, this unit of account has the same value as that used by the former European Payments Union, as defined in Article 26(a) of the latter's charter, i.e. 0.88867088 grammes of fine gold. This value may change under certain circumstances.