

European Coal and Steel Community

Financial report 1977

No 23

This publication is also available in the following languages:

DA	ISBN	92-825-0764-5
DE	ISBN	92-825-0765-3
FR	ISBN	92-825-0767-X
IT	ISBN	92-825-0768-8
NL	ISBN	92-825-0769-6

A bibliographical slip can be found at the end of this volume.

© Copyright — ECSC/EEC/EAEC, Brussels-Luxembourg, 1979

Articles and texts appearing in this document may be reproduced freely in whole or in part so long as their source is mentioned.

Printed in Belgium 1979

ISBN 92-825-0766-1

Catalogue Number: CB-24-78-774-EN-C

European Coal and Steel Community

COMMISSION OF THE EUROPEAN COMMUNITIES

Roy Harris Jenkins	President
François-Xavier Ortoli	Vice-President
Wilhelm Haferkamp	Vice-President
Finn Olav Gundelach	Vice-President
Lorenzo Natali	Vice-President
Henk Vredeling	Vice-President
Claude Cheysson	Member
Guido Brunner	Member
Raymond Vouel	Member
Antonio Giolitti	Member
Richard Burke	Member
Vicomte Etienne Davignon	Member
Christopher Samuel Tugendhat	Member

Antonio Nicoletti, Director-General for Credit and Investments

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 calculations 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 1977 one EUA was equal to:

BFR	40.3535	LFR	40.3535
DKR	7.07974	UKL	0.641658
IRL	0.641652	SFR	2.45698
FF	5.76124	DM	2.58058
HFL	2.78938	LIT	1067.50
USD	1.22506	CAD	1.34065
u.a.	0.601596	£	0.705077

Contents

I — Introduction	9
II — ECSC borrowing operations	13
III — ECSC lending and guarantee operations	18
IV — Changes in reserves and provisions, management of liquid assets	35

Annexes

I — Main characteristics of loans contracted to 31 December 1977	37
II — ECSC balance sheet at 31 December 1977	40
III — ECSC income and expenditure from 1 January to 31 December 1977	42

Luxembourg, June 1978

This financial report covers the year 1977, the 25th year of the European Coal and Steel Community's existence and the 23rd 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 of the ECSC Financial Report
for 1977 by François-Xavier Ortoli,
Vice-President of the Commission**

During 1977 the ECSC's financial activities have taken place against the background of the serious crisis which has afflicted the European iron and steel industry since the end of 1974 and of the continuing weakness of the coal sector.

The crisis in the iron and steel industry has brought to light the structural deficiencies of a number of undertakings, especially in the traditional steel-making areas. The restructuring work undertaken, for which a Community approach is a prerequisite, should aim to adapt production capacity and plant to meet the new competitive conditions.

Meanwhile, the Commission has taken a series of interim measures aimed at:

- preserving the unity of the market;
- improving the market for iron and steel products;
- moderating the effects of the crisis on employment.

A system in operation since 1 January 1978 is designed to stabilize the level of imports on terms which take into account the price levels in the Community. Anti-dumping provisions based on GATT regulations which are being applied until agreements are

concluded with the exporting countries, also entered into force at the same date.

Capital expenditure by the iron and steel industry, considerably lower than that for the previous year, was likely to be inadequate to restore the competitiveness of a large number of works. In these circumstances the Community attached great importance to the marginal efficiency of the capital invested. It discouraged investments which would have increased production capacity.

In addition, within the framework of the powers vested in it by the Treaty, the Commission aimed to improve coordination of investment programmes in order to permit economies of scale to be achieved in terms of both investment and operating costs.

For the coal industry, 1977 was marked by a further fall in production, a considerable increase in stocks of coal and coke-oven coke, increased use of imported coal and continuing slack demand.

Capital expenditure by the coal industry, which increased considerably during the period 1974-76, has since been at a lower level. It would appear that the ambitious objective of achieving a

production capacity of 250 million tonnes by 1985 set in the medium-term guidelines adopted by the Community in 1974 is dependent not only on substantial investment in the most productive coalfields but particularly on the implementation of measures to promote sales which have been submitted by the Commission to the Council for approval.

■

During 1977 the Commission continued to acquire borrowed funds on a considerable scale to meet financing requests from the iron and steel undertakings.

The proportion of industrial loans granted under Article 54 of the Treaty again exceeded 20% of total estimated capital expenditure in the industries concerned.

The financing under Article 56 of the Treaty of reconversion projects—too few in number in relation to the social and regional problems caused by restructuring—was continued. A number of important decisions were taken at the end of the year which should result in increased financial assistance and the creation of several thousand jobs. Finally, the Commission granted additional loans for the construction of worker housing.

Total loans granted (742 million EUA)—although certainly lower than in 1976 (1 064 million EUA)—nevertheless represent one of the highest totals recorded since the ECSC began its financial activities. The decrease observed since the previous year reflects not only the fall in investment activity but also the more selective approach of lending policy.

Certain lending operations have continued to be carried out at a reduced rate of interest. These were concerned with investment projects considered to have priority, such as the employment creation and the setting up of research and vocational training centres. Loans for worker housing have been granted at the very low interest rate of 1% per annum.

In addition the Commission, fully aware of the financial effort required for the balanced restructuring of the Community iron and steel industry, has extended the system of aids towards the payment of interest to include restructuring programmes which make a major contribution to restoring the long-term competitiveness of the iron and steel industry.

In this context, the Commission has laid down, in the terms of a Communication of 22 July 1977, that its decisions will take into account in particular the degree of modernization and restructuring, as indicated by the closure of one or more stages of production, by an appreciable reduction in the number of production units, the location of the investment in an area especially hit by the steel crisis, parallel efforts to create employment in new activities outside the steel sector, as well as the extent to which the investments are to be carried out jointly with other undertakings. The agreement of the Member States has already been obtained to increase the budgetary resources which the Commission intends to use for this purpose.

In 1978, as the past year, the Commission will continue to provide the greatest possible assistance towards the financing of investment projects which will contribute towards the recovery of the industries of the ECSC.

I – Introduction

In 1977 the rate of economic growth for the Community as a whole was only 2.3 % in real terms, against 4.6 % in 1976. Forecasts for 1978 suggest that economic growth will accelerate slightly and may reach a rate marginally higher than in 1977. However, the rate of utilization of production capacity is likely to remain at a relatively low level in many sectors of industry.

Against this background, the iron and steel industry of the Community in 1977 saw a cutback in the production of crude steel which reached 126 million tonnes against 135 million tonnes in 1976 and the 156 million tonnes recorded in 1974.

Steel production thus fell by some 6 % during 1977, representing a decrease of 19 % over 1974. The rate of utilization of production capacity remained low and did not exceed 63 % for the Community as a whole. However, in the last few months of the year, the rate of production and deliveries was more closely in line with market demand. The total volume of order books has thus stabilized and represents on average almost one month's work at the maximum rate of production capacity.

The decline in production can largely be attributed to the falling-off in domestic demand due notably to a low level of investment activity and to the excess stocks held by producers, dealers and users. A second contributory factor was the deterioration in the balance of trade in steel. The net balance of trade between the Community and third countries in finished products fell from 20.1 million tonnes in 1974 to 14.7 million tonnes in 1975 and 6.7 million tonnes in 1976, to reach 9.8 million tonnes (estimate for 1977). The iron and steel industry of the Community has not only been the victim of the glut of cheap products from third countries on its own domestic market, but has also lost a large number of its traditional outlets in the world market.

Such a significant decline in production is a cause for even greater concern since it has been paralleled by a sharp fall in prices, ranging from 15 to 50 % depending on the products. The effect of this fall in prices has been felt even more strongly due to the rise in raw material prices and labour costs.

This situation led to a further worsening in the financial position of the iron and steel industry in the Community in 1977 and almost all undertakings incurred losses.

According to the survey of investment of 1 January 1977, the iron and steel industry, whose expenditure on investment declined from 3 300 million EUA in 1975 to 3 200 million EUA in 1976, planned to continue its cutback in investment in 1977 to a figure of only 2 600 million. Moreover, these figures, expressed in current prices, only partially reflect the downward trend in the volume of investment. Most undertakings have postponed a large proportion of their projects. The survey of 1 January 1977 had again predicted a significant increase in crude steel production potential over the period up to 1980; according to the estimates put forward on 1 January 1977, the latter was expected to rise from 198 million tonnes in 1976 to around 214 million tonnes in 1980. In view of the abandonment of expansion schemes and of the closures which have since taken place and others which may well occur before 1980, it is very probable that the actual figure will be in the region of 200 million tonnes.

In 1977, the investment notifications made to the Commission by iron and steel undertakings totalled 2 700 million EUA, a figure comparable at current prices to the average for the past three years. It should be pointed out however that over the same period, capital goods prices rose by more than 30 % and that the amount of 2 700 million EUA includes an expansion project to the value of 1 300 million EUA which has since been abandoned.

In the coal industry, production in 1977 amounted to only 241 million tonnes, that is some 220 million tce, a level quite far off the target of 250 million tce set by the Community to stabilize extraction potential by 1985. The attainment of this objective has been

hampered by the general economic trend over the past three years and in particular the recession in the iron and steel industry since 1975.

The combined effect of the increase in imports from third countries, the level of production and the weak demand has been to increase considerably stocks both at the pithead and at coking plants. In 1977, for the ECSC as a whole, stocks at the pithead rose by almost 11% compared with the previous year, to reach a level of some 33 million tonnes. Over the same period, stocks held in Community coking plants rose by 16% to about 21 million tonnes.

In 1977, coal prices, on the strictly domestic level within the Community, continued the trend observed the previous year, registering a generally moderate increase in Community coal price lists. The increases recorded in national currencies are, however, only one of the factors diminishing the competitiveness of the various types of coal produced in the Community. In particular, exchange-rate fluctuations favoured imports from third countries.

Investment in the Community by the coal industry is being maintained at a high level. From 1974 to 1976, investment expenditure rose from 358 million EUA to 788 million EUA. In fact, according to the annual survey of investment of 1 January 1977, the industry still planned to spend some 767 million EUA on investment in 1977. Despite the substantial figure of investment expenditure seen over the past few years, extraction potential fell from 266 million tonnes to 254 million tonnes between 1975 and 1977.

Achievement of the objectives set in the guidelines for coal drawn up by the Commission for 1975-85 with a view to maintaining production at the level of 250 million tce remains conditional upon the continuation of a major investment effort in the most profitable coal-fields.

II – ECSC borrowing operations

In 1977 the ECSC, taking full advantage of the ready availability of capital, contracted loans for a total equivalent to 729.41 million EUA.

Most of the borrowing was done in US dollars, including two issues in New York for a total of USD 117 million, thus confirming the excellent standing of the ECSC on the United States market.

The main characteristics of the loans contracted during 1977 are given on pages 14 and 15.

Including its operations in 1977, total borrowings contracted by the ECSC since its inception up to 31 December 1977 were equivalent to 4 734.00 million EUA.

Table 1¹

(in million EUA)

Currency borrowed	Total borrowed ²	Repayments	Balance outstanding
USD	1 971.33	255.37	1 715.96
DM	1 110.37	230.96	879.41
LIT	145.20	27.17	118.03
FF	285.53	17.51	268.02
HFL	149.41	58.69	90.72
SFR	558.12	59.34	498.78
BFR	130.60	22.41	108.19
LFR	192.18	24.18	168.00
£	70.91	70.91	—
u.a.	33.24	12.96	20.28
CAD	55.94	—	55.94
UKL	31.17	—	31.17
Total	4 734.00	779.50	3 954.50

¹ The main characteristics of the loans contracted by the ECSC up to 31 December 1977 and those of the u.a. are given in Annex 1.

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

ECSC borrowing operations

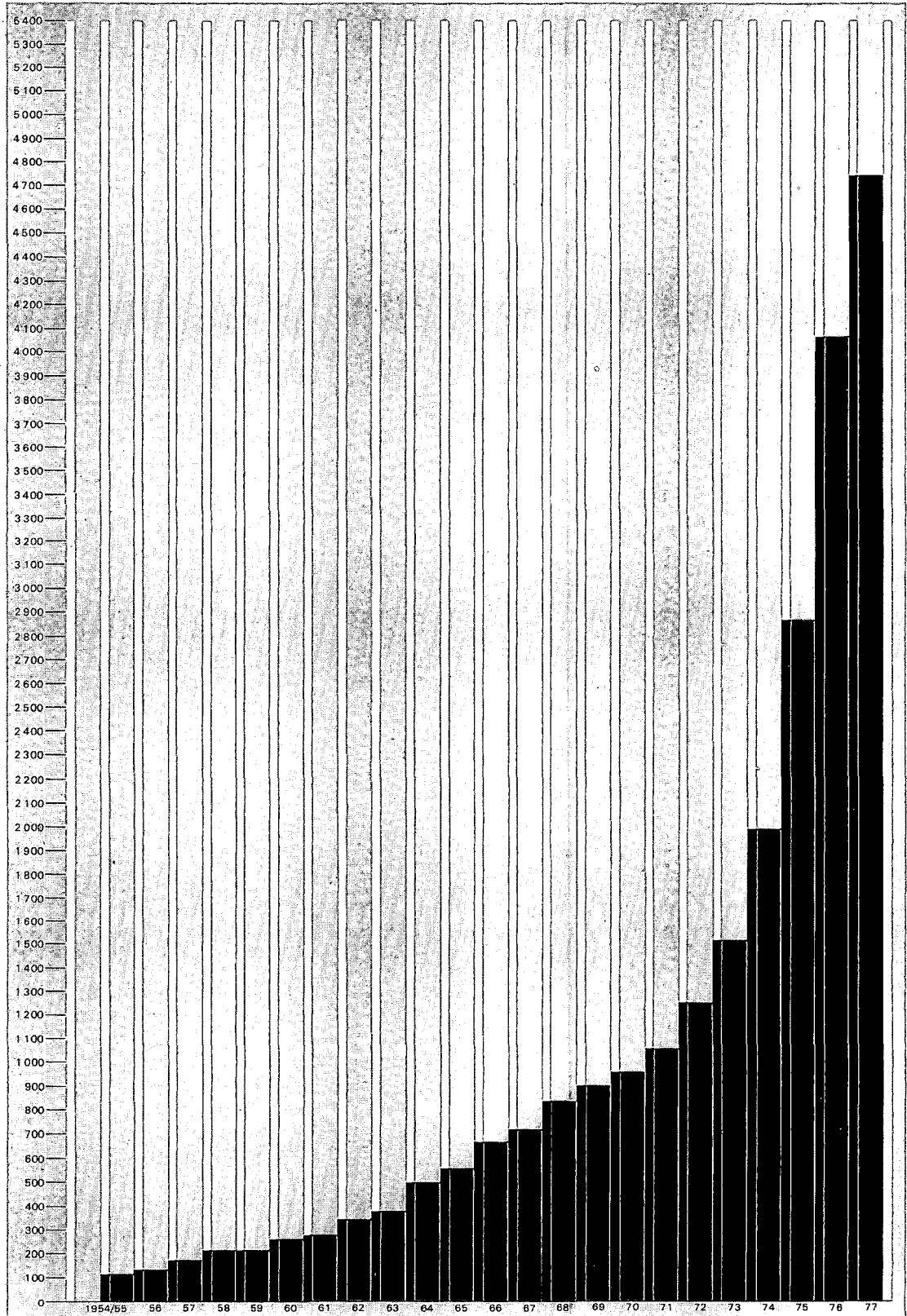
Kind of loan	Capital market	Currency	Amount in millions	Issue price	Duration (years)	Rate of interest
Debenture	International	USD	50	99	5	7¼
Debenture	International	CAD	25	100.50	7	9
Debenture	USA	USD	75	100	20	9½
Debenture	Luxembourg	LFR	500	100	10	8½
Debenture	International	USD	30	100	7	7⅝
Debenture	International	USD	50	100	18	9
Debenture	France	FF	300	100	12	11
Debenture	International	USD	50	100.50	12	8¼
Debenture	International	USD	100	100.75	20	8¾
Debenture	International	UKL	20	100	12	9⅝
Debenture	Swiss	SFR	80	100	15	4½
Private placing	International	USD	10		10	8¼
Private placing	International	USD	25		9	8
Private placing	International	DM	81.63		12	7
Private placing	International	USD	25		5 y 7 m	7¾
Private placing	International	DM	19.8		12	7
Private placing	International	USD	20		5 y 5 m	8⅞
Private placing	International	FF	60		5	11⅜
Private placing	International	DM	16		12	6
Private placing	International	DM	32		12	6
Private placing	International	USD	42		15	8¾
Private placing	International	SFR	20		2	5¼
Private placing	International	DM	20		8	5¾
Private placing	International	DM	20		8	5½
Private placing	International	SFR	65		8	4½
Private placing	International	DM	20		8	5½
Private placing	International	DM	98		14	6
Private placing	International	DM	18		8	5½
Private placing	International	DM	12		8	5½
Private placing	International	DM	25		10	6⅞

Repayment	Quotation Stock Exchange
Whole amount in 1982	Luxembourg
Whole amount in 1984	Luxembourg
15 equal instalments from 1983	New York
5 equal instalments from 1982	Luxembourg
Whole amount in 1984	Luxembourg
13 equal instalments from 1978; the last of 27 250 000	Luxembourg
9 equal instalments from 1981	Paris
8 equal instalments from 1981; the last of 26 000 000	Luxembourg
From 1978: 1 instalment of 2 500 000, 14 instalments of 3 500 000 and the last of 48 500 000 in 1997	Luxembourg
From 1978: 6 instalments of 650 000, 6 instalments of 1 300 000 and the last of 9 600 000	Luxembourg
From 1984: 9 instalments of 4 000 000 and the last of 44 000 000	Basle, Berne, Geneva Lausanne, Zurich
Whole amount in 1987	Luxembourg
From 1978: 8 equal instalments 3 000 000, the last of 1 000 000	Luxembourg
9 equal instalments from 1981	
Whole amount in 1982	
9 equal instalments from 1981	
Whole amount in 1982	
Whole amount in 1982	
8 equal instalments from 1982	
8 equal instalments from 1982	
11 equal instalments from 1982	
Whole amount in 1979	
8 equal instalments	
8 equal instalments	
Whole amount in 1985	
8 equal instalments	
14 equal instalments	
8 equal instalments	
8 equal instalments	
Whole amount in 1987	

FIGURE 1

TOTAL BORROWINGS UP TO 31 DECEMBER 1977

Amounts in million European units of account



III – ECSC lending and guarantee operations

The funds available to the Commission in 1977 for lending to undertakings totalled 852.58 million EUA, broken down as follows:

1. Borrowed funds		
— available at the beginning of the year	119.12	
— product of loans floated in 1977	727.38	
		846.50
2. Own funds		
— repayment of earlier loans		6.08
		852.58

As in 1976, these funds were used for loans to industry (Article 54 of the Treaty), re-conversion loans (Article 56) and loans for worker housing. The industrial and reconversion loans were disbursed out of borrowed funds, while almost all the housing loans were drawn from the ECSC's own resources.

In the same period, total loans amounted to 1 063.76 million EUA.

The funds remaining on 31 December 1977—as well as the loans contracted in the first quarter of 1978—permitted, in the first three months of 1978, substantial disbursements, to be made for a number of loans approved in the last months of 1977.

Table 2

Loans disbursed in 1977

(in million EUA)

Sector	FR of Germany	Belgium	Denmark	France	Italy	Netherlands	Luxembourg	United Kingdom	Ireland	Community
I – Coal industry	81.75	—	—	48.37	—	—	—	86.73	—	216.85 ¹
Iron ore mines	—	—	—	—	—	—	—	18.65 ²	—	18.65
Iron and steel industry	27.90	15.01	—	109.82	167.29	—	—	154.74 ³	—	474.76
Power stations	—	—	—	—	2.85	—	—	—	—	2.85
Total	109.65	15.01	—	158.19	170.14	—	—	260.12	—	713.11
II — Industrial reconversion	—	—	—	15.45	0.72	—	—	0.20	—	16.37
III — Worker housing	5.86	0.86	0.50	0.87	2.69	0.51	0.56	—	0.19	12.04
Grand total	115.51	15.87	0.50	174.51	173.55	0.51	0.56	260.32	0.19	741.52

¹ Of which 13.88 million EUA for investments outside the Community, to facilitate the supply of coal to the steel industry.

² 18.65 million EUA for investments outside the Community to facilitate the supply of iron to the steel industry.

³ Of which 14.28 million EUA for steelworks-owned coking plants.

1. Industrial loans (Article 54)

1977 was marked by a decrease in the amounts loaned for industrial investment projects, as provided for in Article 54 of the ECSC Treaty.

Loans granted totalled 982.42 million EUA.

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

Pursuant to a Commission Decision published in the Official Journal of the European Communities on 18 June 1970, supplemented by a Communication published on 25 November 1974, certain loans for the financing of capital projects judged to be of particular advantage to the Community enjoyed a reduced rate of interest, applicable for the first five years of the loan. This preferential rate remained at three points below the normal rate.

The loans to industry disbursed in 1977 were made available in 58 operations, to 30 undertakings for the financing of the following programmes:

Coalmining industry

— Increase in coking capacity:

Charbonnages de France, Paris (Houillères du Bassin de Lorraine, Carling coke works);
Eschweiler Berwerks-Vrein, Herzogenrath-Kohlscheid (Erin coke works, Castrop-Rauxel);

Ruhrkohle AG, Essen (Prosper coke works).

— Colliery rationalization and modernization:

Charbonnages de France, Paris (Houillères du Bassin de Lorraine, Simon Wendel, Merlebach and Sainte-Fontaine mines);

Eschweiler Bergwerks-Verein, Herzogenrath-Kohlscheid (Westfalen colliery, Ahlen/Westf., Anna colliery, Alsdorf/Aachen);

National Coal Board, London:

- North Derbyshire
- South Midlands
- West Midlands
- South Yorkshire

Shirebrook colliery
Rawdon and Donisthorpe collieries
Kingswood mine
Silverwood colliery
Treeton colliery
Allerton Bywater colliery
Prince of Wales colliery
South Kirby colliery
Ollerton colliery
Maryport colliery
Treforgan colliery

- North Yorkshire

- Barnsley
- Nottinghamshire
- Western
- Wales

and the group of mines.

Ruhrkohle AG, Essen:

- Lohberg colliery,
- Niederberg colliery,
- Grimberg and Haus Aden collieries,
- Monopol III fields, Ewald and Recklinghausen collieries,
- Consolidation and Pluto collieries;
- Nordstern colliery,

- Franz Haniel and Prosper collieries,
- General Blumenthal and Ewald-Fortsetzung collieries,
- Gneisenau colliery,
- Heinrich Robert colliery.
- Professional training centre:
National Coal Board, London (Stanhope Bretby/Burton-on-Trent training centres);
Preussag Aktiengesellschaft, Hanover (Ibbenbüren training centre).

Iron and steel industry

- Infrastructure projects:
British Steel Corporation, London (project at Hunterston, Scotland);
Northumbrian Water Authority, Newcastle-upon-Tyne (British Steel Corporation works at Redcar and Teesside).
- Energy installations:
British Steel Corporation, London.
- Increase in coking capacity:
British Steel Corporation, London (Port Talbot coke works);
Société Lorraine de Laminage Continu SOLLAC, Paris (Sérémange coke works).
- Rationalization of pig iron and steel production:
British Steel Corporation, London (Ravenscraig and Recar works);
Acciaieria e Ferriera del Caleotto SpA, Lecco;
Cockerill-Ougrée-Providence and Espérance-Longdoz SA, Cockerill, Seraing (Haumont works, France);
Dalmine SpA, Milan (Dalmine works);
Acciaierie e Ferriere Lombarde Falck, Milan (Sesto S. Giovanni works);
Italsider SpA, Genoa (Genova-Cornigliano and Genova-Campi);
Neunkircher Eisenwerk AG, Neunkircher/Sarre;
Société des Aciéries et Tréfileries de Neuves-Maisons, Châtillon, Paris (Neuves-Maisons works);
Stahlwerke Peine-Salzgitter AG, Peine (Salzgitter works);
Acciaierie di Piombino SpA, Piombino/Livorno;
Société Nouvelle des Aciéries de Pompey, Neuilly-sur-Seine;
Société des Aciéries et Laminoirs de Lorraine SACILOR SA, Hayange (Fontoy, Homécourt, Hagondange, Joeuf, Rombas and Hayange works);
SA Sidérurgie Maritime SIDMAR, Ghent;
Société Lorraine de Laminage Continu SOLLAC, Paris (Sérémange works);
Union Sidérurgique du Nord et de l'Est de la France SA USINOR, Paris
Denain, Dunkerque, Mardyck, Montataire, Valenciennois works).
- Rationalization of sections production:
Acciaierie del Tirreno SpA, Messina (Milazzo works).
- Rationalization of flats production:
Cockerill-Ougrée-Providence and Espérance-Longdoz SA COCKERILL, Seraing (Réhon works, France).
- Expansion of coastal plant:
Italsider SpA, Genoa (Tarento works).

- Research centres:
British Steel Corporation, London (Ladgate Lane and Grangetown, Teesside centres);
Institut de Recherches de la Sidérurgie Française IRSID, Saint Germain-en-Laye (Saint Germain-en-Laye Laboratories and
- Environmental protection:
British Steel Corporation, London (Stocksbridge, Aldwarke and Tinsley Park, Sheffield works);
Italsider SpA, Genoa (Genova-Cornigliano works);
Ferriere Acciaierie di Udine SpA SAFAU, Udine
- Reconstruction of steelworks affected by earthquake in Friuli:
FE.RI.O, Udine (Rivoli di Osoppo works);
Ferriere Nord SpA, Rivoli di Osoppo, Udine;
Minifer SpA, Buia/Udine.

Overseas projects

- Iron ore mines:
British Steel Corporation, London (Fire Lake Mine, Quebec, Canada).
- Coalmines:
Gewerkschaft Norbert Metz, Herzogenrath (Red Ash Sales Mining Company Inc., West Virginia, USA);
Hawley Charbon, France/Hauley Coalmining Corporation, USA:
— Union Sidérurgique du Nord et de l'Est de la France SA, USINOR, Paris,
— Société Lorraine et Méridionale de Laminage Continu SOLMER, Paris,
— Société Métallurgique de Normandie, Paris,
— Charbonnages de France, Paris.

Table 3

Loans for industrial investment (Article 54)

(in million EUA)

Country	Total loaned by 31.12.1976 ¹	New loans in 1977 ¹	Total loaned	Balance outstanding
			Position at 31.12.1977	
Denmark	32.81	—	32.81	31.13
FR of Germany	1 209.07	109.65	1 318.72	999.85
Belgium	165.32	15.01	180.33	149.31
France	629.75	158.19	787.94	701.02
Italy	522.27	170.14	692.41	579.27
Luxembourg	4.40	—	4.40	2.73
Netherlands	105.05	—	105.05	39.39
United Kingdom	754.70	260.12	1 014.82	1 014.34
Community	3 423.37	713.11	4 136.48	3 567.04

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

2. Loans for industrial reconversion (Article 56)

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

During the year, the financing of reconversion projects totalled 16.37 million EUA, leading to the creation of more than 4 771 jobs.

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

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

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

Loans for industrial reconversion were granted, in 8 operations, to the following undertakings:

France

- Nord/Pas-de-Calais:
Sommer Allibert SA, Grenoble (Auchel works, Pas-de-Calais).
- Lorraine:
SAVIEM, Suresnes (Batilly works, Meurthe-et-Moselle).
- Loire region:
Société Financière pour favoriser l'Industrialisation des Régions Minières SOFIREM, Paris, in favour of SEFAMEC, La Talaudière (Loire).
- Rhône-Alpes:
L'Unité Hermétique SA, La Verpillière (Industrial Zone of La Mure, Commune of Saint-Honoré).

Italy

- Friuli - Venice:
Ferriere Acciaierie di Udine SpA SAFAU, Udine.

United Kingdom

- Wales:
Natural Gas Tubes Ltd., London (Tafarnaubach/Ebbw Vale works).

Table 4**Loans for industrial reconversion (Article 56)****A — Breakdown by country***(in million EUA)*

Country	Total loaned by 31.12.1976 ¹	New loans in 1977 ¹	Total loaned	Balance outstanding
			Position at 31.12.1977	
FR of Germany	132.00	—	132.00	70.72
Belgium	53.83	—	53.83	32.81
France	100.80	15.45	116.25	97.74
Italy	55.70	0.72	56.42	36.86
Netherlands	30.52	—	30.52	18.98
United Kingdom	67.32	0.20	67.52	67.52
Ireland	0.50	—	0.50	0.50
Community	440.67	16.37	457.04	325.13

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

B — Breakdown by industry

Category	Amount (in million EUA)	%
Iron and steel industry	123.63	27.05
Manufacture of motor vehicles and accessories	72.08	15.77
Chemicals	52.50	11.49
Industrial estates	32.86	7.19
Non-ferrous metals	31.85	6.97
Power stations	22.39	4.90
Rubber	22.46	4.91
Articles of cast iron, steel and other metals	19.54	4.28
Mechanical engineering	19.40	4.24
Joinery and furniture manufacture	11.13	2.43
Paper and printing	9.50	2.08
Ceramic ware, glass, lime and stone	8.82	1.93
Electrical equipment	8.78	1.92
Textiles and clothing	5.06	1.11
Manufacture of plastic articles	4.65	1.02
Miscellaneous	12.39	2.71
Total	457.04	100.00

3. Loans for housing (Article 54.2)

1977 saw a continuation of the policy for housing finance. These loans are in principle drawn from the ECSC's own funds at a rate of 1% per annum on a long-term basis. As a rule they are granted in the currency of the country concerned to avoid any exchange risks to recipients. They may be combined with other loans generally granted by financial institutions in the country concerned.

The funds paid out by the Commission in 1977 under the ECSC social housing programme amounted to 12.04 million EUA, of which most was disbursed under the 8th programme.

The loans disbursed from own funds at the rate of 1% thus totalled 10.36 million EUA in 1977; this was supplemented by 1.68 million EUA from borrowed funds. These amounts enabled the Commission to finance some 5 050 new worker housing units. Since the beginning of its financial activities, the ECSC has therefore financed the construction of over 151 000 of these housing units.

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

Table 5

Loans for worker housing (Article 54.2)

(in million EUA)

Country	Total loaned by 31.12.1976 ¹	New loans in 1977 ¹	Total loaned	Balance outstanding
			Position at 31.12.1977	
FR of Germany	118.46	5.86	124.32	79.16
Belgium	36.15	0.86	37.01	16.19
France	33.22	0.87	34.09	21.46
Italy	12.47	2.69	15.16	9.48
Luxembourg	5.71	0.56	6.27	3.90
Netherlands	11.77	0.51	12.28	7.09
Denmark	0.71	0.50	1.21	1.10
United Kingdom	2.60	—	2.60	2.29
Ireland	0.30	0.19	0.49	0.48
Community	221.39	12.04	233.43	141.15

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

4. Guarantees

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

Redemption of the initial amounts of loans previously guaranteed, totalling 62.63 million EUA, reduced the remaining commitments to 17.92 million EUA at 31 December 1977.

5. Summary of lending operations and guarantees (1954-77)

From the start of its financing activities to 31 December 1977, the ECSC granted loans totalling 4 840.29 million EUA, of which 4 650.39 million were from borrowed funds and 189.90 million from its own resources.

Including guarantees furnished over the same period, the total amount of ECSC financial assistance was 4 903 million EUA (compared with 4 213 million EUA at 31 December 1976).

Table 6

Loans disbursed and guarantees granted up to 31 December 1977 by type of investment and country

(Initial amounts)¹

(in million EUA)

Breakdown	Loans			Guarantees	Total loans and guarantees	%
	From borrowed funds	From own resources	Total			
<i>A - Type of investment</i>						
Coal industry	1 016.03 ²	—	1 016.03	—	1 016.03	20.72
Iron ore mines	114.64	—	114.64	—	114.64	2.34
Iron and steel industry	2 998.92	2.85	3 001.77	62.46	3 064.23	62.50
Industrial reconversion	452.93	4.11	457.04	—	457.04	9.32
Worker housing	63.83	169.60	233.43	—	233.43	4.76
Miscellaneous	4.04	13.34	17.38	0.17	17.55	0.36
Total	4 650.39	189.90	4 840.29	62.63	4 902.92	100.00
<i>B - Country</i>						
Ireland	0.50	0.49	0.99	—	0.99	0.02
Denmark	32.81	1.21	34.02	—	34.02	0.69
FR of Germany	1 474.58	110.73	1 585.31	52.42	1 637.73	33.40
Belgium	260.96	10.77	271.73	—	271.73	5.54
France	904.38	34.98	939.36	10.04	949.40	19.37
Italy	752.47	11.66	764.13	0.17	764.30	15.59
Luxembourg	6.50	5.15	11.65	—	11.65	0.24
Netherlands	135.85	12.31	148.16	—	148.16	3.02
United Kingdom	1 082.34	2.60	1 084.94	—	1 084.94	22.13
Community	4 650.39	189.90	4 840.29	62.63	4 902.92	100.00

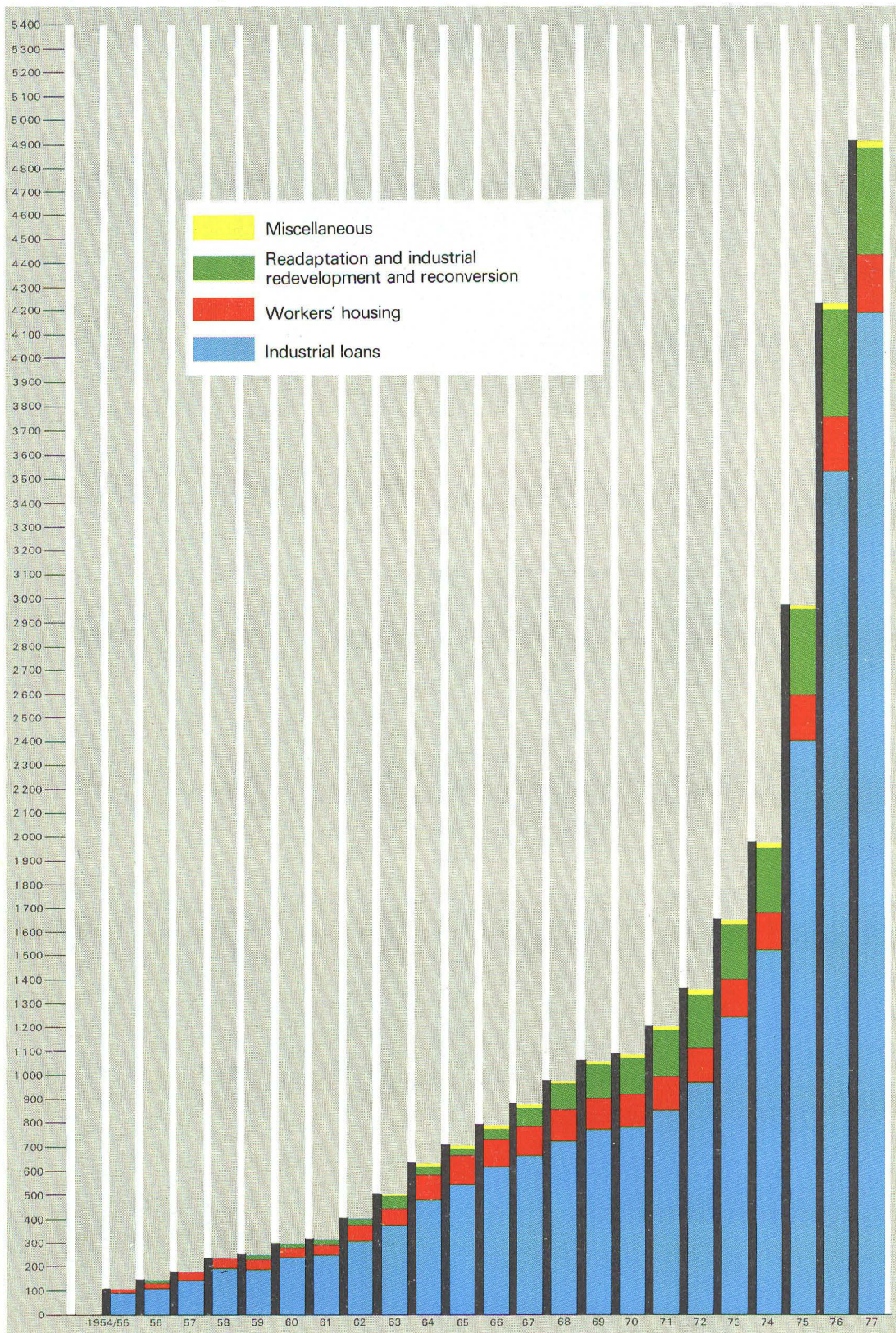
¹ After adjustment for the new exchange rates adopted for the conversion of national currencies to European units of account, listed on page 4.

² Including power stations (129.52 million EUA).

FIGURE 2

BREAKDOWN BY SECTOR OF LOANS DISBURSED AND GUARANTEES GRANTED
UP TO 31 DECEMBER 1977

Amounts in million European units of account



IV – Changes in reserves and provisions, management of liquid assets

The table below shows the changes in ECSC reserves and provisions between 31 December 1976 and 31 December 1977.

Table 7

Changes in reserves and provisions

(in million EUA)

	Position at 31.12.1976	Changes in 1977	Position at 31.12.1977
I – a) Guarantee fund	160.—	+23.—	183.—
b) Special reserve	122.—	+12.50	134.50
II – Pension fund	39.08	+ 0.84	39.92
III – Provisions			
a) for rehabilitation	128.20	– 8.91	119.29
b) for research	50.08	+ 1.16	51.24
c) assistance (Article 56)	9.05	– 0.88	8.17
d) assistance (Article 54)	9.25	– 2.36	6.89
e) assistance to coke	3.85	+ 0.72	4.57
IV – Other provisions	56.20	+12.16	68.36
	Total		
V – Unallocated balance	577.71	+38.23	615.94
	0.05	+ 0.04	0.09
	Grand total		
	577.76	38.27	616.03

Income from the levy, which has been fixed at 0.29% since 1 January 1972, amounted to 86.84 million EUA in 1977, compared with 92.61 million EUA in 1976. This total comprises 20.23 million EUA from coal production and 66.61 million EUA from iron and steel production.

Income resulting from the management of liquid assets i.e. income from interest on own resources invested, was 30.43 million u.a. and income from borrowed funds not yet disbursed was 10.31 million u.a.

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

ANNEXES

- I — Main characteristics of loans contracted to 31 December 1977
- II — ECSC balance sheet at 31 December 1977
- III — ECSC income and expenditure from 1 January to 31 December 1977

Main characteristics of loans contracted to 31 December 1977

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1977 (in European units of account)
			in currency	equivalent in European units of account	
1954	3 $\frac{7}{8}$	25	USD 100 000 000	81 628 655	10 611 725
1958	5	20	35 000 000	28 570 029	2 285 602
1960	5 $\frac{3}{8}$	20	25 000 000	20 407 164	4 244 690
1962	5 $\frac{1}{4}$	20	25 000 000	20 407 164	6 938 436
1964	5 $\frac{1}{4}$	20	30 000 000	24 488 596	11 428 011
1966	6 $\frac{1}{2}$	20	15 000 000	12 244 298	7 346 579
1966	6 $\frac{1}{2}$	20	20 000 000	16 325 731	9 713 810
1967	6 $\frac{1}{2}$	20	25 000 000	20 407 164	13 468 728
1967	6 $\frac{5}{8}$	20	20 000 000	16 325 731	10 815 797
1973	7	15	30 000 000	24 488 596	24 488 596
1974	7 $\frac{3}{4}$	15	50 000 000	40 814 327	40 406 184
1974	8 $\frac{1}{4}$	5	20 000 000	16 325 731	16 325 731
1974	9 $\frac{1}{4}$	8	100 000 000	81 628 655	81 628 655
1974	9 $\frac{1}{2}$	10	100 000 000	81 628 655	81 628 655
1974	10	10	200 000 000	163 257 310	163 257 310
1974	8 $\frac{3}{4}$	5	100 000 000	81 628 655	81 628 655
1975	8 $\frac{3}{8}$	8	150 000 000	122 442 982	122 442 982
1975	8 $\frac{3}{4}$	7	50 000 000	40 814 327	37 549 181
1975	9 $\frac{1}{4}$	5	30 000 000	24 488 596	24 488 596
1975	8 $\frac{7}{8}$	5	125 000 000	102 035 819	102 035 819
1976	8 $\frac{3}{4}$	5	65 000 000	53 058 626	53 058 626
1976	9 $\frac{1}{4}$	10	60 000 000	48 977 193	46 936 477
1976	9	7	50 000 000	40 814 327	40 814 327
1976	8 $\frac{5}{8}$	8	75 000 000	61 221 491	61 221 491
1976	9	20	100 000 000	81 628 655	81 628 655
1976	8 $\frac{1}{2}$	10	23 000 000	18 774 591	18 774 591
1976	7 $\frac{7}{8}$	5	30 000 000	24 488 596	24 488 596
1976	8 $\frac{1}{8}$	8	75 000 000	61 221 491	61 221 491
1976	8 $\frac{7}{8}$	20	75 000 000	61 221 491	61 221 491
1976	8	7	30 000 000	24 488 596	24 488 596
1977	7 $\frac{1}{4}$	5	50 000 000	40 814 327	40 814 327
1977	8 $\frac{1}{4}$	10	10 000 000	8 162 865	8 162 865
1977	7 $\frac{3}{4}$	5	25 000 000	20 407 164	20 407 164
1977	9 $\frac{1}{8}$	20	75 000 000	61 221 491	61 221 491
1977	7 $\frac{5}{8}$	7	30 000 000	24 488 596	24 488 596
1977	9	18	50 000 000	40 814 327	40 814 327
1977	8 $\frac{1}{8}$	5	20 000 000	16 325 731	16 325 731
1977	8	19	25 000 000	20 407 164	20 407 164
1977	8 $\frac{3}{4}$	15	42 000 000	34 284 035	34 284 035
1977	8 $\frac{1}{4}$	12	50 000 000	40 814 327	40 814 327
1977	8 $\frac{3}{4}$	20	100 000 000	81 628 655	81 628 655
				1 885 621 924	1 715 956 765
1955	3 $\frac{3}{4}$	25	DM 50 000 000	19 375 489	2 699 005
1964	5 $\frac{1}{2}$	15	100 000 000	38 750 978	6 587 666
1965	5 $\frac{1}{2}$	18	150 000 000	58 126 468	26 738 175
1968	6 $\frac{1}{2}$ -6 $\frac{7}{8}$	10	120 000 000	46 501 174	5 812 647
1968	6 $\frac{1}{4}$	13	60 000 000	23 250 587	9 300 235
1969	6 $\frac{1}{4}$	15	40 000 000	15 500 391	10 850 274
1969	6 $\frac{1}{2}$	13	50 000 000	19 375 489	9 687 745
1969	6 $\frac{3}{4}$	15	50 000 000	19 375 489	13 562 842
1971	7 $\frac{1}{2}$	15	100 000 000	38 750 978	34 875 881
1972	6 $\frac{1}{2}$	15	100 000 000	38 750 978	38 750 978
1972	7	16	150 000 000	58 126 468	58 126 468
1973	6 $\frac{1}{2}$	15	150 000 000	58 126 468	58 126 468
1973	7 $\frac{3}{4}$	15	100 000 000	38 750 978	38 750 978
1974	10	5	20 000 000	7 750 196	7 750 196
1974	10	5	30 000 000	11 625 294	11 625 294
1974	10	7	50 000 000	19 375 489	19 375 489
1974	9 $\frac{3}{4}$	7	150 000 000	58 126 468	58 126 468
1975	8 $\frac{1}{2}$	10	56 000 000	21 700 548	21 700 548
1975	8 $\frac{1}{2}$	7	20 000 000	7 750 196	7 750 196
1975	8 $\frac{1}{2}$	10	150 000 000	58 126 468	58 126 468
1975	8 $\frac{1}{2}$	5	16 000 000	6 200 157	6 200 157
1975	8	5	60 000 000	23 250 587	23 250 587
1975	8	7	150 000 000	58 126 468	58 126 468
1976	7 $\frac{3}{4}$	10	80 000 000	31 000 783	31 000 783
1976	8 $\frac{1}{4}$	10	45 000 000	17 437 940	17 437 940

Main characteristics of loans contracted to 31 December 1977

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1977 (in European units of account)
			in currency	equivalent in European units of account	
1976	8	5	50 000 000	19 375 489	19 375 489
1976	7 ³ / ₄	7	125 000 000	48 438 723	48 438 723
1976	7 ³ / ₄	10	75 000 000	29 063 234	29 063 234
1977	7	12	81 630 000	31 632 424	31 632 424
1977	7	12	19 800 000	7 672 694	7 672 694
1977	6	12	16 000 000	6 200 157	6 200 157
1977	6	12	32 000 000	12 400 313	12 400 313
1977	5 ³ / ₄	8	20 000 000	7 750 196	7 750 196
1977	5 ¹ / ₂	8	20 000 000	7 750 196	7 750 196
1977	5 ¹ / ₂	8	20 000 000	7 750 196	7 750 196
1977	5 ¹ / ₂	8	20 000 000	7 750 196	7 750 196
1977	6	14	98 000 000	37 975 959	37 975 959
1977	5 ¹ / ₂	8	18 000 000	6 975 176	6 975 176
1977	5 ¹ / ₂	8	12 000 000	4 650 117	4 650 117
1977	6 ¹ / ₈	10	25 000 000	9 687 745	9 687 745
				1 038 305 344	879 412 771
1963	5 ¹ / ₂	20	LIT 15 000 000	14 051 522	5 620 609
1966	6	20	15 000 000	14 051 522	8 430 913
1966	6	20	15 000 000	14 051 522	8 430 913
1968	6	20	15 000 000	14 051 522	10 304 449
1968	6	20	15 000 000	14 051 522	10 304 449
1972	7	15	20 000 000	18 735 363	18 735 363
1972	7	15	20 000 000	18 735 363	18 735 363
1974	7	15	10 000 000	9 367 682	9 367 682
1975	10	10	30 000 000	28 103 045	28 103 045
				145 199 063	118 032 786
1957	3 ¹ / ₂	25	BFR 200 000 000	4 956 200	1 387 736
1957	3 ¹ / ₂	25	20 000 000	495 620	138 774
1962	5 ¹ / ₄	20	300 000 000	7 434 299	2 602 004
1963	5 ¹ / ₂	20	300 000 000	7 434 299	3 122 405
1968	6 ³ / ₄	15	750 000 000	18 585 748	12 638 308
1970	8 ³ / ₄	20	500 000 000	12 390 499	10 740 085
1971	7 ³ / ₄	15	700 000 000	17 346 699	15 612 029
1973	7 ³ / ₄	12	1 000 000 000	24 780 998	24 780 998
1975	8 ¹ / ₄	10	1 500 000 000	37 171 497	37 171 497
				130 595 859	108 193 836
1964	5	20	FF 150 000 000	26 036 062	11 390 777
1971	8 ¹ / ₂	18	150 000 000	26 036 062	24 039 964
1972	7 ¹ / ₄	15	150 000 000	26 036 062	26 036 062
1973	7 ¹ / ₂	15	60 000 000	10 414 425	10 414 425
1973	7	7	50 000 000	8 678 687	8 678 687
1973	7 ¹ / ₂	18	150 000 000	26 036 062	26 036 062
1975	10	7	125 000 000	21 696 718	21 696 718
1976	10 ¹ / ₄	5	40 000 000	6 942 950	6 942 950
1976	10	5	60 000 000	10 414 425	10 414 425
1976	10	7	50 000 000	8 678 687	8 678 687
1976	10 ¹ / ₅	18	250 000 000	43 393 436	43 393 436
1976	10 ¹ / ₂	7	50 000 000	8 678 687	8 678 687
1977	11 ³ / ₈	5	60 000 000	10 414 425	10 414 425
1977	11	12	300 000 000	52 072 123	52 072 123
				285 528 811	268 019 559
1961	4 ¹ / ₂	20	HFL 50 000 000	17 925 130	4 714 309
1962	4 ³ / ₄	25	6 000 000	2 151 016	860 407
1962	4 ³ / ₄	20	25 000 000	8 962 565	3 047 272
1963	4 ⁵ / ₈	30	1 750 000	627 380	336 276
1964	5 ³ / ₄	20	25 000 000	8 962 565	4 230 331
1965	5 ³ / ₄	20	40 000 000	14 340 104	7 689 881
1975	8 ¹ / ₂	15	60 000 000	21 510 156	18 642 135
1975	8 ⁵ / ₈	10	20 000 000	7 170 052	5 736 042
1976	8 ⁷ / ₈	7	60 000 000	21 510 156	21 510 156
1976	8 ³ / ₄	25	25 000 000	8 962 565	8 604 062
1976	8 ⁵ / ₈	25	30 000 000	10 755 078	10 324 875
1976	8 ³ / ₄	20	14 000 000	5 019 036	5 019 036
				127 895 803	90 714 782

Main characteristics of loans contracted to 31 December 1977

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1977 (in European units of account)	
			in currency	equivalent in European units of account		
1957	5 3/8	25	LFR	100 000 000	2 478 100	855 759
1961	5 1/4	25		100 000 000	2 478 100	1 388 703
1961	5	25		100 000 000	2 478 100	1 373 815
1962	5 1/8	15		250 000 000	6 195 249	3 749 547
1964	5 3/8	20		150 000 000	3 717 150	1 734 670
1971	6 1/2	8		150 000 000	3 717 150	1 883 356
1971	7	15		250 000 000	6 195 249	6 195 249
1971	7 3/4	12		300 000 000	7 434 299	6 368 716
1972	6 3/4	12		300 000 000	7 434 299	5 798 753
1972	6 3/4	12		400 000 000	9 912 399	9 912 399
1973	6 3/4	15		300 000 000	7 434 299	7 434 299
1973	7	12		800 000 000	19 824 798	19 824 798
1973	7	15		800 000 000	19 824 798	19 824 798
1973	8	12		300 000 000	7 434 299	6 616 526
1973	8	12		200 000 000	4 956 200	4 411 018
1973	7 1/4	15		500 000 000	12 390 499	12 142 689
1973	7 1/2	8		250 000 000	6 195 249	3 964 959
1974	10	7		400 000 000	9 912 399	9 912 399
1975	9	10		500 000 000	12 390 499	12 390 499
1975	9	9		100 000 000	2 478 100	2 478 100
1976	9 1/2	8		500 000 000	12 390 499	12 390 499
1976	9 1/2	6		200 000 000	4 956 200	4 956 200
1977	8 1/2	10		500 000 000	12 390 499	12 390 499
					184 618 433	167 998 250
1976	9	7	CAD	50 000 000	37 295 342	37 295 342
1977	9	7		25 000 000	18 647 671	18 647 671
					55 943 013	55 943 013
1962	4 1/2	18	SFR	60 000 000	24 420 223	6 105 056
1969	5 1/2	18		60 000 000	24 420 223	18 925 673
1972	7 1/2	12		50 000 000	20 350 186	17 908 164
1973	6 1/4	15		80 000 000	32 560 298	32 560 298
1973	6 3/4	15		65 000 000	26 455 242	26 455 242
1973	7	7		75 000 000	30 525 279	30 525 279
1973	7 1/4	5		50 000 000	20 350 186	20 350 186
1975	8	7		100 000 000	40 700 372	40 700 372
1975	8	8		100 000 000	40 700 372	40 700 372
1975	7 3/4	15		80 000 000	32 560 298	32 560 298
1975	8	8		50 000 000	20 350 186	20 350 186
1975	7 3/4	8		50 000 000	20 350 186	20 350 186
1976	7 1/4	6		100 000 000	40 700 372	40 700 372
1976	6 1/4	5		30 000 000	12 210 112	12 210 112
1976	6 1/2	7		30 000 000	12 210 112	12 210 112
1976	6	6		20 000 000	8 140 074	8 140 074
1976	6	7		25 000 000	10 175 093	10 175 093
1976	5 1/8	8		25 000 000	10 175 093	10 175 093
1976	5 3/4	15		80 000 000	32 560 298	32 560 298
1977	5 1/4	2		20 000 000	8 140 074	8 140 074
1977	4 1/2	8		65 000 000	26 455 242	26 455 242
1977	4 1/2	16		80 000 000 ¹	32 560 298	30 525 279
					527 069 819	498 783 061
1966	5 3/4	20	u.a. ²	20 000 000	33 244 902	20 279 390
1977	9 5/8	12	UKL	20 000 000	31 169 544	31 169 544
					4 445 192 515 ³	3 154 503 757

¹ Borrowings contracted amount to SFR 80 000 000 of which SFR 5 000 000 had not yet been paid at 31.12.1977.

² At present, this unit of account has the same value as that used by the former European Payments Union, as defined in Article 26(a) of its Charter, i.e. 0,88867088 grams of fine gold. This value could change under certain circumstances.

³ Total amount of borrowings contracted by the ECSC since its inception = 4 736 038 621 EUA (including borrowings reduced).

Balance sheet of the European Coal

(All amounts are stated in

A European unit of account represents the exchange value of the various currencies at
 = LFR 40.3535 = DKR 7.07974 = FF 5.76124 = HFL 2.78938 = LIT 1067.50 = UKL 0.641652

Assets

I — Disbursed loans	4 055 192 910.18
II — Cash and bank accounts	307 698 469.52
III — Short and medium-term placements	59 165 404.15
IV — Investments	104 022 873.42
V — Fixed assets	306 158.88
VI — Recoverable issuing costs	62 611 936.42
VII — Miscellaneous	156 726 833.78
VIII — Accrued income	101 513 750.32

 4 847 238 366.67

Suspense accounts:

I — Enterprises' liabilities under guarantees	17 922 327.54
II — Due on debentures	2 035 018.60

Note of the Court of Auditors

We have examined the accompanying financial statements comprising the Balance Sheet of the European Coal and Steel Community at 31 December 1977 and the Statement of Income and Expenditure for the year ended on that date.

Our examination has been carried out in accordance with the provisions of the Treaty of 22 July 1975, which amended certain financial provisions of the Treaties establishing the European Communities. On the basis of our examination, we certify that these financial statements are in accordance with the books and records of the Commission. In our opinion the Balance Sheet and the Statement of Income and Expenditure present fairly the financial position of the European Coal and Steel Community at 31 December 1977 and the result of its operations for the year then ended.

Luxembourg, 23 November 1978

 M.N. MURPHY
President

 P. GAUDY
Member

and Steel Community at 31 December 1977

European units of account)

 the following rates of conversion: 1 European unit of account (EUA) = DM 2.58058 = BFR 40.3535
 = IRL 0.641652 = SFR 2.45698 = USD 1.22506 = £ 0.705077 = CAD 1.34065 = u.a. 0.601596

Liabilities

I — A. Borrowings	3 954 503 760.21
B. Reimbursement premiums to be paid	1 397 869.49
II — Reserves	
A. Guarantee fund	183 000 000.—
B. Special fund	134 500 000.—
III — Allocations	
A. Financial aid	190 166 658.33
B. Other	68 362 414.28
IV — Former pension fund	39 916 420.57
V — Miscellaneous	146 355 498.75
VI — Accrued liabilities	128 950 122.47
VII — Unallocated balance	85 592.57
	<hr/>
	4 847 238 336.67
	<hr/>
Suspense accounts:	
I — Liabilities under guarantees	17 922 327.54
II. — Debentures to be paid	2 035 018.60

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

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

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

**Income and expenditure of the European
from 1 January 1977**

(All amounts are stated in

Expenditure					
A — Servicing of borrowing operations and guarantees				312 228 991.87	
B — Budgetary expenditure:					
— Administrative expenditure		17 721 127.75			
— Expenditure for research		34 666 007.61			
— Expenditure for rehabilitation		30 752 994.56			
— Assistance to coking and coke		5 275 000.—			
— Assistance (Art. 56)		3 368 483.14			
— Assistance (Article 54)		3 601 807.34			
				95 385 420.40	
C — Other expenditure:					
— Financial expenditure				84 010.45	
D — Excess of income over expenditure				38 264 704.17	
					445 963 126.89

Note of the Court of Auditors

We have examined the accompanying financial statements comprising the Balance Sheet of the European Coal and Steel Community at 31 December 1977 and the Statement of Income and Expenditure for the year ended on that date.

Our examination has been carried out in accordance with the provisions of the Treaty of 22 July 1975, which amended certain financial provisions of the Treaties establishing the European Communities. On the basis of our examination, we certify that these financial statements are in accordance with the books and records of the Commission. In our opinion the Balance Sheet and the Statement of Income and Expenditure present fairly the financial position of the European Coal and Steel Community at 31 December 1977 and the result of its operations for the year then ended.

Luxembourg, 23 November 1978

M.N. MURPHY
President

P. GAUDY
Member

**Coal and Steel Community
to 31 December 1977**

European units of account)

Income

A — Servicing of lending operations and guarantees		328 604 045.32
B — Levy		86 840 594.20
C — Other income:		
— Interest to deposits and portfolio	30 430 794.40	
— Fines and increases for overdue payment	8 108.38	
— Miscellaneous	36 398.25	
	<hr/>	30 475 301.03
D — Adjustments — currency parities		43 186.34
		<hr/>
		445 963 126.89
		<hr/> <hr/>

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

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

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

Explanatory notes to the balance sheet at 31 December 1977

Assets

I — Disbursed loans

A — Loans from borrowed funds

— in US dollars	1 699 222 895.25
— in German marks	867 642 032.57
— in Italian lire	116 495 307.17
— in Belgian francs	108 193 962.01
— in Dutch guilders	90 702 593.40
— in French francs	258 057 362.62
— in Luxembourg francs	168 083 567.24
— in Swiss francs	500 781 202.89
— in £	11 463 145.13
— in u.a.	20 279 390.15
— in Canadian dollars	55 943 012.72
— in Pounds sterling	15 662 695.66

3 912 527 166.81

B — Other loans

— Friuli	2 854 332.54
— From the special reserve for the financing of workers' housing projects	117 953 106.41
— From funds allocated for rehabilitation	275 988.87
— From funds allocated for technical research	2 310 607.45
— Miscellaneous	19 271 708.10

142 665 743.37

4 055 192 910.18

IV — Investments

Total investments amount to 104 022 873.42 EUA.

V — Fixed assets

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

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

This amounts to 306 158.88 EUA.

VI — Recoverable issuing costs

The amount of 62 611 936.42 EUA represents the portion of issuing costs on current loans which has not yet been written off. These costs are recovered in annual instalments throughout the term of the loans.

VII — Miscellaneous

The total amount of 156 726 833.78 EUA under this item consists of:

1. 12 833 667.25 EUA due from debtors under the levy;
2. 3 481 515.14 EUA from miscellaneous debtors;
3. 140 411 651.39 EUA in funds earmarked for the payment of overdue coupons and drawn bonds.

VIII — Accrued income

This item consists of:

1. 94 614 064.19 EUA in interest and commissions receivable but not yet due on 31 December 1977;
2. 6 899 686.13 EUA in levy claimed over the month of December, and falling due after 31 December.

Liabilities

/

A — Borrowings

The breakdown by currency is as follows:

— in US dollars	1 715 956 769.46
— in German marks	879 412 767.67
— in Italian lire	118 032 786.88
— in Dutch guilders	90 714 782.49
— in Belgian francs	108 193 836.96
— in French francs	268 019 558.28
— in Luxembourg francs	167 998 253.13
— in Swiss francs	498 783 058.87
— in Pounds sterling	31 169 543.61
— in u.a.	20 279 390.15
— in Canadian dollars	55 943 012.71

3 954 503 760.21

B — Reimbursement premiums to be paid

— in French francs	1 366 893.24
— in Belgian francs	30 976.25

1 397 869.49

III — Allocations

A — Financial aid

1. For rehabilitation

— commitments entered into for out-right grants 119 292 465.06

2. For technical and economic research

— commitments entered into for out-right grants 51 235 811.02

3. Assistance under Article 56

(Industrial redevelopment and reconversion) 8 173 170.95

4. Assistance under Article 54

6 890 211.30

5. Assistance to coking coal and coke

4 575 000.—

190 166 658.33

B — Other

68 362 414.28

IV — Former ECSC pension fund

This item totals 39 916 420.57 EUA. As of 5 March 1968 commitments for the payment of ECSC pensions were transferred to the Member States.

V — Miscellaneous: 146 355 498.75 EUA

This includes the sum of 140 411 235.37 EUA for coupons due and bonds and commissions payable on them, and the sum of 5 944 263.38 EUA for miscellaneous credit accounts at the end of the financial year.

VI — Accrued liabilities

This item comprises interest and commission payable but not yet due on 31 December 1977, totalling 128 950 122.47 EUA.

VII — Unallocated balance

The amount of 85 592.57 EUA under this heading represents an unallocated sum.

N.B. Until July 1961 the claims and related sureties for loans granted from borrowed funds as well as other assets were pledged to the Bank for International Settlements in Basle in favour of the holders of secured notes and coupons issued by the ECSC. The amounts pledged are:

— 28 326 304.39 EUA under item I, 43 295.44 EUA under item II and 549 022.54 EUA under item VIII

— liabilities: 28 326 304.39 EUA under item I and 536 355.49 EUA under item VI.

**Explanatory notes to statement of income and expenditure of the ECSC
from the period 1 January 1977 to 31 December 1977 (in European units of account)**

Expenditure

A — The expenditure for the servicing of borrowing operations and guarantees totalling 312 228 991,87 u.a. is broken down as follows:

Interest on funds borrowed	298 603 375.69
Fees to agent banks	2 881 323.97
Miscellaneous	1 030 813.73
Amortization of recoverable issue costs	9 713 478.48

Income

B — The income on the servicing of lending operations and guarantees totalling 328 604 045.32 u.a. is broken down as follows:

Interest on loans	308 099 757.31
Interest on available funds borrowed	10 307 933.58
Guarantee fees	93 120.06
Miscellaneous	10 103 234.37

European Communities — Commission

Financial Report for the year 1977

Luxembourg: Office for Official Publications of the European Communities

1979 — 46 p. — 21 × 29.7 cm

DA, DE, EN, FR, IT, NL

ISBN 92-825-0766-1

Catalogue number: CB-24-78-774-EN-C

BFR	DKR	DM	FF	LIT	HFL	UKL	USD
220	39	14	32	6 200	15	4	7

The twenty-third annual Financial Report of the ECSC for the year 1977 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 capital markets, 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 1977.

The three annexes to this report contain, in order, the table showing the main characteristics of the borrowings contracted to 31 December 1977, the ECSC balance sheet with the auditor's notes, and the income and expenditure account for 1977.