

EUROPEAN COAL AND STEEL COMMUNITY

HIGH AUTHORITY

# Financial Report

for the year 1964

No. 10

## EUROPEAN COAL AND STEEL COMMUNITY

### HIGH AUTHORITY

<b>Dino Del Bo</b>	President
<b>Albert Coppé</b>	Vice-President
<b>Albert Wehrer</b>	Member of the High Authority
<b>Paul Finet</b>	Member of the High Authority
<b>Roger Reynaud</b>	Member of the High Authority
<b>P.-O. Lapie</b>	Member of the High Authority
<b>Fritz Hellwig</b>	Member of the High Authority
<b>Karl M. Hettlage</b>	Member of the High Authority
<b>Johannes Linthorst Homan</b>	Member of the High Authority
<b>Hans Skribanowitz</b>	Director General of the Department of Credit and Investments
<b>Giorgio Signorini</b>	Director General of the Department of Administration and Finance (to Jan. 18, 1965)
<b>Joseph Dinjeart</b>	Director General of the Department of Administration and Finance (from Jan. 19, 1965)

## CONTENTS

	Page
I. — The Levy . . . . .	9
II. — Contributions to Readaptation . . . . .	9
III. — Financing of Research . . . . .	11
IV. — Overall Survey of Revenues, Expenditures and Allocations . . . . .	12
V. — Employment of Funds of the High Authority . . . . .	13
VI. — Borrowing Operations . . . . .	13
VII. — Lending and Guaranty Operations . . . . .	17
VIII. — Conclusions and Outlook . . . . .	21

### *ANNEXES:*

Balance Sheet as of December 31, 1964

Statement of Revenues and Expenditures for 1964

Summary of Allocations from Net Excess of Revenues

Comparative Table regarding Revenues and Expenditures

LUXEMBOURG, JANUARY 25, 1965

The Tenth Financial Report of the High Authority of the European Coal and Steel Community relates to the calendar year 1964, the twelfth year of its financial operations.

As described further in this Report, the year 1964 was especially marked by the following:

- the rate of the levy remained 0.20 % as in 1963;
- borrowings were, as previously in 1963, made completely in Europe and aggregated 128 million Units of Account;
- the loans granted to enterprises aggregated 131 million Units of Account.

Borrowings during 1964 increased the total of all funds borrowed since 1954 to 505 million Units of Account, while the total amount of credit facilities granted to enterprises in the same period reached the equivalent of 625 million Units of Account.

## I. THE LEVY

Net revenues from the levy amounted to 20.22 million Units of Account in 1964 as compared with 18.97 million Units of Account in 1963.

The rate of the levy having been 0.20 % in both the calendar years 1963 and 1964, a comparison of the revenues from this source is quite easy. The higher revenue in 1964 resulted from an increase in the production of the steel industry.

From the following table the distribution of the levy by industries and by countries can be seen. The contribution by the coal mining industry decreased from 31 % to 27 % of the total and that of the steel industry grew from 69 % to 73 %. The geographical distribution of revenues from the levy does not require any particular comment.

TABLE 1

### Proceeds of the Levy

	1963		1964	
	Million Units of Account	%	Million Units of Account	%
<b>A - Branches of Industry</b>				
Coal Mining Industry . . .	5.92	31	5.40	27
Iron and Steel Industry . .	13.05	69	14.82	73
Total	18.97	100	20.22	100
<b>B - Geographical Distribution</b>				
German Federal Republic .	9.54	50.3	10.36	51.2
Belgium . . . . .	1.62	8.5	1.78	8.8
France . . . . .	4.30	22.7	4.53	22.4
Italy . . . . .	2.13	11.2	2.05	10.1
Luxembourg . . . . .	0.59	3.1	0.66	3.3
Netherlands . . . . .	0.79	4.2	0.84	4.2
Community	18.97	100.0	20.22	100.0

## II. CONTRIBUTIONS TO READAPTATION

In 1964 new commitments for readaptation grants were entered into in the aggregate amount of 1.97 million Units of Account as compared with 4.33 million Units of Account in 1963. The new commitments were for readaptation measures in the Federal Republic of Germany, in Belgium and in France.

In this connection it should be remembered that grants for readaptation are made by the High Authority only on the initiative of the Member Governments of the Community, so that the volume of such grants is to some extent influenced by the volume of applications filed by the governments. It should also be noted that readaptation measures are always financed in equal parts by the High Authority and the Member Governments concerned.

Table 2 shows the changes in the allocation for readaptation. It can be seen from that table, that apart from the amount of 1.97 million Units of Account newly committed, disbursements under and cancellations of previous commitments in the total amount of 7.62 million Units of Account were made in 1964.

TABLE 2

Contributions to Readaptation

(in thousand Units of Account)

	Net Commitments outstanding at December 31, 1963	Commitments entered into in 1964	Disbursements and Cancellations in 1964	Net Commitments outstanding at December 31, 1964
<i>A - Type of Measure</i>				
Aid under Sec. 23 of Conv. on Transitional Provisions . . . . .	4,553	—	3,953	600
Aid under Art. 56 of the Treaty . . . . .	13,259	1,974	3,349	11,884
Financing of excessive coal stocks . . . . .	321 (*)	—	321	—
Total	18,133	1,974	7,623 (*)	12,484

B - Allocations

The total allocation for readaptation amounted to 22,782 as indicated in the attached Balance Sheet as of December 31, 1964. It is composed as follows:

— cover for commitments outstanding	12,484
— counterpart of loans granted . . . . .	298
— uncommitted balance . . . . .	10,000
	22,782

(\*) Adjusted figure.

(\*) Of this total 5,253 were attributable to cancellations and 2,370 to disbursements.

### III. FINANCING OF RESEARCH

In 1964 the High Authority pursued its activity in sponsoring research. In general the commitments entered into are non-reimbursable grants. In certain special cases loans are also granted for research purposes.

The commitments entered into in 1964 aggregated 5.42 million Units of Account as compared with 8.05 million Units of Account in 1963. The disbursements amounted to 4.73 million Units of Account, mostly for projects initiated in previous years.

The other details of the total allocation for research are shown in Table 3.

TABLE 3

#### Contributions to Research

(in thousand Units of Account)

	Net Commitments outstanding at December 31, 1963	Commitments entered into in 1964	Disbursements in 1964	Net Commitments outstanding at December 31, 1964
<i>A - Type of Research or Field of Industry</i>				
Iron and Steel Industry . .	4,414	232	849	3,797
Coal Mining Industry . . .	7,879	3,359	1,971	9,267
Ore Mining . . . . .	3,996	—	891	3,105
Experimental Housing . . .	136	—	67	69
Industrial Health, Safety and Medicine . . . . .	3,045	1,834	952	3,927
Total	19,470	5,425	4,730	20,165

#### B - Allocations

The total allocation for research amounted to 25,951 as indicated in the attached Balance Sheet as of December 31, 1964. It is composed as follows:

— cover for commitments outstanding	20,165
— counterpart of loans granted . . . . .	2,786
— uncommitted balance . . . . .	3,000
	25,951

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

The tables below summarize, in brief, all revenues and expenditures of the High Authority during 1964, as compared with 1963.

TABLE 4

##### Total Revenues of the High Authority

*(in million Units of Account)*

Nature of Revenues	1963	1964
Levy . . . . .	18.45	20.22
Interest on bank deposits and investments . . . . .	7.83	7.93
Interest on arrears and fines . . . . .	0.01	0.02
Receipts for pension fund . . . . .	1.95	1.75
Sundry receipts . . . . .	0.43	0.42
Sub total	28.67	30.34
Interest on loans outstanding . . . . .	16.75	20.55
Total	45.42	50.89

The increase in the budgetary revenues of the High Authority in 1964 is principally due to the increase of revenue from levy, the reasons for which were explained in chapter I of this report.

TABLE 5

##### Total Expenditures of the High Authority

*(in million Units of Account)*

Nature of Expenditure	1963	1964
Administrative Expenses (1) . . . . .	14.87	16.48
Bank charges and issue costs . . . . .	1.33	4.75
Contributions to Readaptation . . . . .	1.94	2.37
Contributions to Research . . . . .	4.08	4.73
Pensions . . . . .	0.33	0.72
Sub total	22.55	29.05
Interest etc. paid for funds borrowed . . . . .	15.21	18.63
Total	37.76	47.68

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



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

**TABLE 6**

**Development of Funds and Reserves**

*(in million Units of Account)*

	Position as at Dec. 31, 1962	Changes in 1963	Position as at Dec. 31, 1963	Changes in 1964	Position as at Dec. 31, 1964
I - a) Guaranty Fund . . . . .	100.00	—	100.00	—	100.00
b) Special Fund . . . . .	50.32	+ 8.50	58.82	+ 7.37	66.19
II - a) Readaptation Fund . . . . .	37.37	— 3.65	33.72	— 10.94	22.78
b) Research Fund . . . . .	21.37	+ 3.93	25.30	+ 0.65	25.95
III - a) Pension Fund . . . . .	11.02	+ 1.62	12.64	+ 1.02	13.66
b) Fund for Contingent Liabilities . . . . .	2.00	—	2.00	+ 4.00	6.00
	222.08	+ 10.40	232.48	+ 2.10	234.58
IV. - Unallocated Balance . . . . .	23.12	— 2.73	20.39	+ 1.09	21.48
Total	245.20	+ 7.67	252.87	+ 3.19	256.06

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

In respect of the employment of the funds not immediately needed for the accomplishment of the High Authority's financial tasks, no changes have intervened in the year under review. These funds were, as usual, either placed with banks or invested in readily marketable, first class securities.

The revenues from these placements and investments amounted in 1964 to 7.93 million Units of Account as compared with 7.83 million Units of Account in 1963.

In 1964 only a part of such revenues, i.e. 6.49 million Units of Account, was credited to the Special Fund while the remainder of 1.44 million was added to the Unallocated Balance.

**VI. BORROWING OPERATIONS**

The enterprises of the coal and steel industries in the six countries of the Community had spent in 1963 about 1.8 billion Units of Account on the financing of capital investments; it is estimated that in 1964 the enterprises' expenditures for the same purposes were slightly lower. In 1964 the expenditures were principally related, as in 1963, to the accomplishment of projects begun in previous years. A comparatively small number of new projects was initiated in 1964. The industries had, nevertheless, a considerable need for long term capital, partly because of

a decline in the possibilities for self-financing and partly because of the malfunctioning of certain of the capital markets within the Community. In view of the enterprises' permanent need for long term financing, the High Authority continued to pursue its active loan policy in 1964 with the aim of procuring capital on favorable terms. The total amount of loans contracted in 1964 reached the equivalent of 127.79 million Units of Account and was considerably above the figures for the preceeding year; it is noteworthy that the entire amount was raised in the capital markets of Europe.

Such a volume of borrowings was made possible by the fact that the High Authority in 1964 for the first time could tap certain European markets which had not been accessible in the past. The steady improvement of the German capital market began to offer wide opportunities for the placement of international issues, and thus the High Authority, too, could float there its first public issue of 15 year Bonds. This operation was immediately followed by the floatation of the High Authority's 20 year Bonds on the French capital market. The latter operation was of special interest as it was the High Authority's first borrowing on the French market and simultaneously the first international issue floated in Paris since the end of the last war.

In the year under review the High Authority was further able to tap an entirely new market by placing, through an international banking syndicate, on the European capital market an issue of long term Bonds denominated in US dollars. The banking syndicate was formed by a large number of banks from different countries, namely Austria, Belgium, Denmark, France, the German Federal Republic, Italy, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom. This operation clearly proved the development of the European capital market since the middle of 1963 and underlined the increasing importance of Europe as an international financial center.

The details of the loans contracted in the course of the year under review in the total equivalent of 127.79 million Units of Account were the following:

- (1) DM 100 million loan by a group of German banks at the rate of  $5\frac{3}{4}$  % p.a. with a term of 12 years.
- (2) DM 100 million public issue of Bonds at  $5\frac{1}{2}$  % p.a. and a term of 15 years. These Bonds were purchased by a syndicate of German banks under the management of the Deutsche Bank and the Dresdner Bank and were offered to the public at  $98\frac{1}{2}$  %. The Bonds are quoted on the Hamburg, Düsseldorf, Francfort, Berlin and Munich Stock Exchanges.
- (3) DM 30 million loan from a German bank at the rate of  $5\frac{3}{4}$  % and a term of 12 years.
- (4) Ffr. 150 million public issue of Bonds at 5 % p.a. and a term of 20 years. The Bonds were purchased by a syndicate of French banks under the management of Lazard Frères & Cie, Banque de Paris et des Pays-Bas and Société Générale, and were offered to the public at 98.30 %. The Bonds are quoted on the Paris Stock Exchange.

- (5) Fl. 25 million public issue of Bonds at the rate of  $5\frac{3}{4}$  % p.a. and a term of 20 years. The Bonds were purchased by a syndicate of Dutch banks under the management of the Amsterdamsche Bank and the Nederlandsche Handels-Maatschappij and were offered to the public at par. The Bonds are quoted on the Amsterdam Stock Exchange.
- (6) US \$30 million public issue in Luxembourg of Bonds at the rate of  $5\frac{1}{4}$  % p.a. and a term of 20 years. These Bonds were purchased by an international banking syndicate under the management of S. G. Warburg & Co. Ltd., London, Hambros Bank Ltd., London, N. M. Rothschild & Sons, London, Kredietbank S. A. Luxembourgeoise, Banque Européenne du Luxembourg, Banque Générale de Luxembourg, Banque Internationale à Luxembourg and Caisse d'Epargne de l'Etat du Grand-Duché de Luxembourg, and were offered on the international capital market at 99 %. The Bonds are quoted on the Luxembourg and London Stock Exchanges.
- (7) Lfr. 150 million loan from an Insurance Company at the rate  $5\frac{3}{8}$  % p.a. and a term of 20 years.

The loans contracted in 1964 increased the total amount of the High Authority's borrowings since the beginning of its financial activity in 1954 to 505.18 million Units of Account. Through 1964 mandatory repayments on such loans aggregated 69.22 million Units of Account, leaving an amount of 435.96 million Units of Account outstanding as of December 31, 1964.

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

**TABLE 7**  
**Total Amount of Borrowings**

Year	Interest % p.a.	Term (Years)	Initial Amount		Amount outstanding at December 31, 1964 (equivalent in Units of Account)	
			In currency concerned	Equivalent in Units of Account		
1954	3 <sup>7</sup> / <sub>8</sub>	25	\$	100,000,000	100,000,000	76,800,000
1957	5-5 <sup>1</sup> / <sub>2</sub>	5-18	\$	35,000,000	35,000,000	21,200,000
1958	4 <sup>1</sup> / <sub>2</sub> -5	5-20	\$	50,000,000	50,000,000	32,700,000
1960	4 <sup>3</sup> / <sub>4</sub> -5 <sup>3</sup> / <sub>8</sub>	5-20	\$	35,000,000	35,000,000	28,400,000
1962	5 <sup>1</sup> / <sub>4</sub>	20	\$	25,000,000	25,000,000	25,000,000
1964	5 <sup>1</sup> / <sub>4</sub>	20	\$	30,000,000	30,000,000	30,000,000
					275,000,000	214,100,000
1955	3 <sup>3</sup> / <sub>4</sub>	25	DM	50,000,000	12,500,000	9,390,000
1956	4 <sup>1</sup> / <sub>4</sub>	20	DM	2,977,450	744,362	551,573
1964	5 <sup>3</sup> / <sub>4</sub>	12	DM	100,000,000	25,000,000	25,000,000
1964	5 <sup>1</sup> / <sub>2</sub>	15	DM	100,000,000	25,000,000	25,000,000
1964	5 <sup>3</sup> / <sub>4</sub>	12	DM	30,000,000	7,500,000	7,500,000
					70,744,362	67,441,573
1961	4 <sup>1</sup> / <sub>2</sub>	5	Fl.	10,000,000	2,762,431	2,762,431
1961	4 <sup>1</sup> / <sub>2</sub>	20	Fl.	50,000,000	13,812,155	13,812,155
1962	4 <sup>3</sup> / <sub>4</sub>	20	Fl.	25,000,000	6,906,078	6,906,078
1962	4 <sup>3</sup> / <sub>4</sub>	25	Fl.	6,000,000	1,657,458	1,524,862
1962	4 <sup>1</sup> / <sub>2</sub>	5	Fl.	20,000,000	5,524,862	5,524,862
1963	4 <sup>1</sup> / <sub>2</sub>	5	Fl.	10,000,000	2,762,431	2,762,431
1963	4 <sup>5</sup> / <sub>8</sub>	30	Fl.	1,750,000	483,425	467,403
1964	5 <sup>3</sup> / <sub>4</sub>	20	Fl.	25,000,000	6,906,078	6,906,078
					40,814,918	40,666,300
1964	5	20	Ffr.	150,000,000	30,382,454	30,382,454
1956	4 <sup>1</sup> / <sub>4</sub>	18	Sfr.	50,000,000	11,434,269	8,861,558
1961	4 <sup>3</sup> / <sub>4</sub>	5	Sfr.	9,000,000	2,058,168	1,131,993
1961	4 <sup>1</sup> / <sub>2</sub>	5	Sfr.	2,290,000	523,690	288,029
1962	4 <sup>1</sup> / <sub>2</sub>	18	Sfr.	60,000,000	13,721,123	13,721,123
					27,737,250	24,002,703
1963	5 <sup>1</sup> / <sub>2</sub>	20	Lire	15,000,000,000	24,000,000	24,000,000
1955	3 <sup>1</sup> / <sub>2</sub>	25	Lfr.	5,000,000	100,000	—
1957	5 <sup>3</sup> / <sub>8</sub>	25	Lfr.	100,000,000	2,000,000	1,830,143
1961	5 <sup>1</sup> / <sub>4</sub>	25	Lfr.	100,000,000	2,000,000	2,000,000
1961	5	25	Lfr.	100,000,000	2,000,000	2,000,000
1962	4 <sup>3</sup> / <sub>4</sub>	15	Lfr.	300,000,000	6,000,000	6,000,000
1962	5 <sup>1</sup> / <sub>8</sub>	25	Lfr.	250,000,000	5,000,000	5,000,000
1964	5 <sup>3</sup> / <sub>8</sub>	20	Lfr.	150,000,000	3,000,000	3,000,000
					20,100,000	19,830,143
1955	3 <sup>1</sup> / <sub>2</sub>	25	Bfr.	200,000,000	4,000,000	3,216,000
1955	3 <sup>1</sup> / <sub>2</sub>	25	Bfr.	20,000,000	400,000	321,600
1962	5 <sup>1</sup> / <sub>4</sub>	20	Bfr.	300,000,000	6,000,000	6,000,000
1963	5 <sup>1</sup> / <sub>2</sub>	20	Bfr.	300,000,000	6,000,000	6,000,000
					16,400,000	15,537,600
					505,178,984	435,960,773

## VII. LENDING AND GUARANTY OPERATIONS

In 1964 the equivalent of 149.37 million Units of Account was available for lending by the High Authority (1963: 67.40 million). This amount included not only the proceeds of borrowings during the year but also other funds as described below:

	<i>(in million Units of Account)</i>	
a) <i>Borrowed funds</i>		
— unallocated loan funds raised in previous years . . . . .	7.39	
— equivalent of borrowings in 1964 . . . . .	<u>127.79</u>	135.18
b) <i>Own resources (Special Fund)</i>		
— interest earned in previous years . . . . .	6.19	
— part of interest earned in 1964 . . . . .	<u>8.00</u>	<u>14.19</u>
		<u>total: 149.37</u>

These funds were used for the granting of loans for the financing of industrial projects and housing projects for miners and steelworkers. The loans for industrial projects were financed exclusively from borrowings. Workers's housing programs, however, were financed both from borrowed funds and from revenue accumulated in the Special Fund. The total amount of loans granted in 1964 aggregated the equivalent of 130.82 million Units of Account. The distribution of this amount by types of investment and by countries is shown in Table 8.

TABLE 8

### Distribution of Loans made in 1964 by Branches of Industry and by Countries (Initial amounts)

	<i>(in million Units of Account)</i>				
	Germany	France	Italy	Belgium	Community
<i>Branches of Industry</i>					
Coal mining and cokeries . . . . .	18.88	4.35	—	—	23.23
Iron ore mining . . . . .	—	—	—	—	—
Iron and steel industry . . . . .	36.28	17.56	27.61	0.80	82.25
Sub total	55.16	21.91	27.61	0.80	105.48
Industrial reconversion . . . . .	—	—	15.00	—	15.00
Housing for miners and steelworkers . . . . .	4.27	1.01	3.26	1.80	10.34
Total	59.43	22.92	45.87	2.60	130.82

The details of the operations carried out in 1964 are described below:

### **1. Financing of industrial projects of the coal and steel enterprises**

#### *a) Granting of loans*

The credits granted for the financing of industrial projects had a considerable volume in 1964. The amount of 105.48 million Units of Account used for loans of this type related to projects in line with the general objectives of the Community. In the steel sector these loans principally related to the financing of installations for the dressing of iron ore, to the replacement of old steel making installations by oxygen steel works and other modernization projects (e.g. continuous casting plants). In the coal mining industry the loans related to projects contributing to the improvement of productivity, to decreasing the costs of production and to increasing the use of coal by power plants and chemical works.

The loans granted in 1964 carried interest rates between  $5\frac{3}{4}$  % p.a. and  $6\frac{3}{8}$  % p.a. and had terms between 12 and 20 years.

#### *b) Guaranteeing of loans*

In 1964 no applications for guaranties were received from the enterprises. The total amount of guaranties granted in previous years of 44.51 million Units of Account decreased to 42.35 million Units of Account at the end of the year as a result of the amortization of the loans guaranteed.

### **2. Financing of workers' housing**

In 1946 the financing of housing programs for coal and steel workers was principally done from the High Authority's own resources accumulated in the Special Fund. These loans were granted to the enterprises in their local currencies so that every exchange risk to them was eliminated. The low rate of interest at which these loans were granted permitted their pooling with other funds obtained by the enterprises at market rates. This pooling consequently resulted in a considerable increase of the volume of funds to be channelled to the financing of housing programs and considerably decreased the financing costs.

The supplemental funds so pooled originated either from the proceeds of the High Authority's borrowings or from credits which were, on the initiative of the High Authority, directly placed at the disposal of the enterprises by institutional investors in their countries.

In 1964 direct housing loans in the equivalent of 10.34 million Units of Account were granted, of which 8.28 million Units of Account from the Special Fund and 2.06 million Units of Account from the proceeds of borrowings. The supplemental loans granted by institutional investors for the same housing projects aggregated the equivalent of 25 million Units of Account.

### **3. Financing of industrial reconversion**

The total amount of funds allocated for this particular type of financing considerably increased in 1964. The loans granted were in the equivalent of 15 million Units of Account as compared with 3.3 million Units of Account in 1963.

A number of loan applications for this type of financing was filed with the High Authority by the Governments concerned just before the end of the year; they are under examination and some of them may be approved in 1965.

#### 4. Overall survey of direct credit operations for the period 1954 to 1964

Direct loans granted to the enterprises in the course of the year 1964, both from funds borrowed and from the Special Fund, increased the total amount of loans granted by the High Authority since its inception to the equivalent of 580.09 million Units of Account (initial amount). The amount of guaranties for funds borrowed by the enterprises directly from banks and institutional investors was 44.51 million. Thus the total amount of financial facilities granted by the High Authority reached the equivalent of 624.60 million Units of Account. The distribution of these amounts by branches of industry and by countries is shown in Table 9.

TABLE 9

#### Distribution of Loans and Guaranties by Types of Investment and by Countries (Initial amounts covering the period 1954 to 1964)

(in million Units of Account)

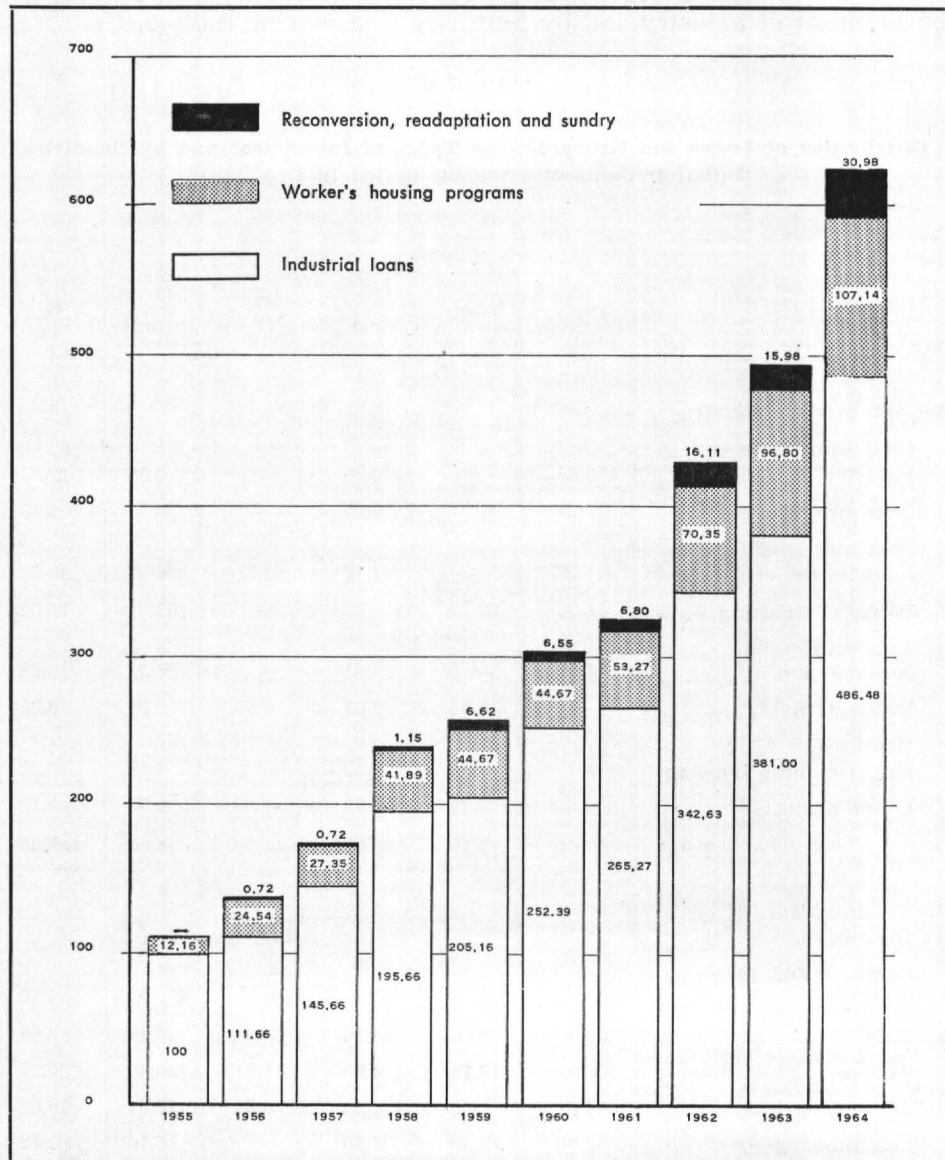
	Loans granted			Guaran- ties	Total of loans and guaran- ties	%
	from borrowed funds	from own resources	Total			
<b>A - Branches of Industry</b>						
Coal mining industry <sup>(1)</sup> . . . . .	170.86	—	170.86	—	170.86	27.35
Iron ore mines <sup>(2)</sup> . . . . .	30.25	—	30.25	—	30.25	4.85
Iron and steel industry <sup>(1)</sup> . . . . .	241.16	—	241.16	44.21	285.37	45.69
Workers' housing . . . . .	41.06	62.75	103.81	—	103.81	16.62
Industrial reconversion . . . . .	24.31	—	24.31	—	24.31	3.89
Readaption . . . . .	—	5.65	5.65	0.30	5.95	0.95
Research (experimental housing) . . . . .	—	3.33	3.33	—	3.33	0.53
Other projects . . . . .	—	0.72	0.72	—	0.72	0.12
Total	507.64	72.45	580.09	44.51	624.60	100.00
<b>B - Geographical Distribution</b>						
German Federal Republic . . . . .	245.45	42.48	287.93	32.50	320.43	51.30
Belgium . . . . .	50.60	3.66	54.26	—	54.26	8.68
France . . . . .	100.13	14.75	114.88	11.71	126.59	20.27
Italy . . . . .	106.62	5.99	112.61	0.30	112.91	18.08
Luxembourg . . . . .	2.70	2.40	5.10	—	5.10	0.82
Netherlands . . . . .	2.14	3.17	5.31	—	5.31	0.85
Community	507.64	72.45	580.09	44.51	624.60	100.00

<sup>(1)</sup> Including coking plants and power stations.  
<sup>(2)</sup> Including ore dressing plants.

The figures in Table 9 show only the total initial amounts of loans granted and guaranties given as of December 31, 1964. The following chart shows the total amounts of credit facilities granted by the High Authority at the end of each of the years 1955 to 1964.

**Initial Amounts of Loans Granted and Guaranties given as at December 31 of the Years 1955 to 1964**

(in million Units of Account)





## 5. Indirect financing through banks

The close relations between the banks in the Member Countries of the Community and the High Authority were further developed in 1964. The large volume of funds entrusted by the High Authority to these banks provided again the basis for fruitful cooperation in the interest of the coal and steel industries. At the request of the High Authority, but entirely at their own risk, the banks furnish the enterprises of the Community with additional medium term credits in national currencies at reduced rates of interest. The total amount of such loans (with terms of up to 10 years) granted between 1955 and the end of 1964 reached the equivalent of 185.96 million Units of Account (initial amount) of which 93.85 million were outstanding at the end of year. This amount was distributed by countries as follows:

*(in million Units of Account)*

German Federal Republic . . . . .	53.55
France . . . . .	17.22
Italy . . . . .	12.26
Belgium . . . . .	6.82
Luxembourg . . . . .	4.00
Total	<u>93.85</u>

## VIII. CONCLUSIONS AND OUTLOOK

The total amount of funds allocated for budgetary purposes slightly decreased at the end of 1964; only the Special Fund has, as envisaged, been increased with the purpose of continuing the financing of workers' housing programs.

The long term financing needs of the coal and steel industries of the Community remained on a high level. The enterprises continued to show interest in borrowing from the High Authority as its loans were again more attractive than local loans as to cost and term.

The simultaneous improvement of the situation of some of the more important capital markets of Europe and the increasing cooperation of the international financial circles (both inside and outside the Community) have enabled the High Authority substantially to step up its borrowing activities in 1964.

It is noteworthy that these increased borrowings were done exclusively in Europe. Thanks to these borrowings the High Authority was able to meet the larger part of the loan applications by the enterprises.

Provided that the capital markets continue to develop in a satisfactory manner, the High Authority proposes to pursue an active loan policy in 1965 and thus again to make its contribution to the financing of the capital investment programs of the enterprises.

Finally, we call attention to the High Authority's Balance Sheet as of December 31, 1964, to the Statement of Revenues and Expenditures for the year then ended and to the tables of supplementary information attached thereto.

**HIGH AUTHORITY OF THE  
EUROPEAN COAL AND STEEL COMMUNITY**

**BALANCE SHEET DECEMBER 31, 1964**

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

For the High Authority

Joseph Beets  
Director General  
of Administration and Finance

## ASSETS

I - LOANS FROM FUNDS BORROWED (1)		
A) Disbursed Loans		
in U.S.A. dollars	207,890,000.—	
in German (W) marks	67,391,572.61	
in Dutch guilders	40,638,674.03	
in French francs	27,992,367.93	
in Swiss francs	24,002,703.05	
in Italian lire	23,040,000.—	
in Luxembourg francs	16,830,143.56	
in Belgian francs	15,537,600.—	423,323,061.18
B) Undisbursed Loan Funds		
in U.S.A. dollars	6,210,000.—	
in Luxembourg francs	3,000,000.—	
in French francs	2,390,086.41	
in Italian lire	960,000.—	
in German (W) marks	50,000.—	
in Dutch guilders	27,624.31	12,637,710.72
II - LOANS FROM OWN RESOURCES		
A) Loans from Special Fund for the financing of housing projects		
	59,129,902.72	
B) Other Loans		
1. from funds allocated for readaptation		298,361.87
2. from funds allocated for research		2,786,121.16
	3,084,483.03	62,214,385.75
III - CASH AND OTHER CURRENT ITEMS		
A) Cash and due from banks		
	146,581,790.85	
B) Other short and middle-term placements with banks		
	3,866,770.90	150,448,561.75
IV - INVESTMENTS		
Securities at cost		43,927,002.83
V - INTEREST RECEIVABLE BUT NOT YET DUE		
		7,176,298.97
VI - OTHER ASSETS		
		1,367,301.89
VII - ENTREPRISES' LIABILITY UNDER GUARANTIES (per contra)		
	42,346,969.22	
		701,094,323.09

## LIABILITIES

I - LOANS (1)		
in U.S.A. dollars	214,100,000.—	
in German (W) marks	67,441,572.61	
in Dutch guilders	40,666,298.34	
in French francs	30,382,454.34	
in Swiss francs	24,002,703.05	
in Italian lire	24,000,000.—	
in Luxembourg francs	19,830,143.56	
in Belgian francs	15,537,600.—	435,960,771.90
II - RESERVES		
A) Guaranty Fund		
	100,000,000.—	
B) Special Fund		
	66,193,725.42	166,193,725.42
III - ALLOCATIONS FOR FINANCIAL AID		
A) for readaptation		
1. commitments entered into for grants	12,484,059.04	
2. loans (per contra)	298,361.87	
3. uncommitted balance	10,000,000.—	22,782,420.91
B) for research		
1. commitments entered into for grants	20,164,791.20	
2. loans (per contra)	2,786,121.16	
3. uncommitted balance	3,000,000.—	25,950,912.36
IV - PENSION FUND		
		13,659,219.31
V - INTEREST RECEIVABLE BUT NOT YET DUE (2)		
		5,874,127.51
VI - BONDS AND COUPONS PAYABLE		
		3,064,529.41
VII - OTHER LIABILITIES		
		126,518.63
VIII - CONTINGENT LIABILITIES		
		6,000,000.—
IX - UNALLOCATED REVENUE		
		21,482,097.64
X - LIABILITIES UNDER GUARANTIES (per contra)		
	42,346,969.22	
		701,094,323.09

(1) The following claims and related securities under loans granted from funds borrowed as well as other items of the Assets are pledged to the Bank for International Settlements in Basle in favor of the holders of Secured Notes and Coupons issued by the High Authority:

of item I: 199,083,029.30 of item III: 2,533,760.03 of item V: 3,360,273.96

## Auditor's Certificate

Having examined the books, vouchers and documents of the book-keeping and the explanations given to me, I hereby certify that the financial condition of the High Authority as of December 31, 1964 is correctly and properly reflected in the above document.

Luxembourg, March 3, 1965

Urbain J. VAES  
Auditor

23

(1) Including Secured Notes for 199,083,029.30  
(2) Of which related to Secured Notes 3,374,948.68

For the High Authority  
of the European Coal and Steel Community

Hans SKRIBANOWITZ  
Director General  
of Credit and Investments

Joseph DINJEART  
Director General  
of Administration and Finance

24

**HIGH AUTHORITY OF THE  
EUROPEAN COAL AND STEEL COMMUNITY**

**REVENUES AND EXPENDITURES IN THE YEAR 1964**

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

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

Revenues	For the period January 1, 1964 to June 30, 1964	For the period July 1, 1964 to Dec. 31, 1964	Total for the year 1964
<b>I - REVENUES FROM LENDING OPERATIONS</b>			
Interest Received			
on loans from borrowed funds	8,579,817.64	10,130,042.07	18,709,859.71
on undisbursed loan funds	144,190.78	714,988.70	859,179.48
on loans from funds not borrowed	373,361.91	384,518.84	757,880.75
Guaranty fees	109,319.96	109,465.44	218,785.40
Sundry Receipts	211.—	101.—	312.—
<i>Total Revenue from lending operations</i>	<i>9,206,901.29</i>	<i>11,339,116.05</i>	<i>20,546,017.34</i>
<b>II - LEVY</b>			
German Enterprises	5,007,699.35	5,350,099.27	10,357,798.62
Belgian Enterprises	888,025.52	890,980.22	1,779,005.74
French Enterprises	2,293,324.97	2,236,485.74	4,529,810.71
Italian Enterprises	1,055,684.82	995,152.18	2,050,837.—
Luxembourg Enterprises	319,642.32	340,400.86	660,043.18
Dutch Enterprises	436,148.32	408,785.62	844,933.94
<i>Total Levy</i>	<i>10,000,525.30</i>	<i>10,221,903.89</i>	<i>20,222,429.19</i>
<b>III - OTHER REVENUES</b>			
Interest on Deposits and Investments	3,912,172.14	4,017,244.11	7,929,416.25
Fines	4,898.40	13,652.01	18,550.41
Receipts for Pension Fund	841,710.80	906,155.62	1,747,866.42
Miscellaneous	238,860.94	185,168.97	424,029.91
<i>Total Other Revenues</i>	<i>4,997,642.28</i>	<i>5,122,220.71</i>	<i>10,119,862.99</i>
<b>Total Revenues</b>	<b>24,205,068.87</b>	<b>26,683,240.65</b>	<b>50,888,309.52</b>

#### Auditor's Certificate

Having examined the books, vouchers and documents of the book-keeping and the explanations supplied to me, I herewith certify that the revenues and expenditures of the High Authority for the year 1964 are correctly and properly reflected in the above document.

Luxembourg, March 3, 1965

Urbain J. VAES  
Auditor

Expenditures	For the period January 1, 1964 to June 30, 1964	For the period July 1, 1964 to Dec. 31, 1964	Total for the year 1964
<b>I - EXPENDITURES IN CONNECTION WITH BORROWINGS OPERATIONS</b>			
Interest and Fees			
Interest on funds borrowed	8,035,555.07	9,960,731.78	17,996,286.85
Fees to depositary and agent banks	264,106.99	366,571.54	630,678.53
Miscellaneous	22.63	10.41	33.04
<i>Total Expenditures in connection with borrowing operations</i>	<i>8,299,684.69</i>	<i>10,327,313.73</i>	<i>18,626,998.42</i>
<b>II - OTHER EXPENDITURES</b>			
Administrative Expenses	8,245,075.99	8,237,284.17	16,482,360.16
Financial Expenses	1,920,939.86	2,830,476.95	4,751,416.81
Expenditures for Research	2,646,665.35	2,083,417.35	4,730,082.70
Expenditures for Readaptation	1,408,558.28	960,632.76	2,369,191.04
Expenditures for Pensions	129,658.72	594,066.14	723,724.86
<i>Total Other Expenditures</i>	<i>14,350,898.20</i>	<i>14,705,877.37</i>	<i>29,056,775.57</i>
<b>Total Expenditures</b>	<b>22,650,582.89</b>	<b>25,033,191.10</b>	<b>47,683,773.99</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,554,485.98</b>	<b>1,650,049.55</b>	<b>3,204,535.53</b>
The following allocations and withdrawals were made in the year 1964:			
<b>ALLOCATIONS</b>			
To the Special Fund		7,376,581.98	
For Research		649,837.90	
To the Pension Fund		1,024,141.56	
To Contingent Fund		4,000,000.—	13,050,561.44
<b>WITHDRAWALS</b>			
From the Readaptation Fund			10,937,661.74
<b>UNALLOCATED BALANCE</b>			
			2,112,899.70
			1,091,635.83
			<b>3,204,535.53</b>

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

Hans SKRIBANOWITZ  
Director General  
of Credit and Investments

Joseph DINJEART  
Director General  
of Administration and Finance

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

Luxembourg, December 31, 1964

Department of  
Credit and Investments

**Summary of Allocations from Net Excess of Revenues**

(in thousand Units of Account)

	Fiscal years			1964/65 (first half)	Total
	1952/62	1962/63	1963/64		
Net Excess of Revenues over Ex- penditures	239,856	10,526	4,035	1,650	256,067
<i>Allocations:</i>					
To Guaranty Fund . . . . .	100,000	—	—	—	100,000
To Special Fund . . . . .	46,210	8,331	8,000	3,652	66,193
For Readaptation . . . . .	32,758	2,671	(12,289)	(358)	22,782
For Research . . . . .	21,859	(723)	6,917	(2,102)	25,951
To Pension Fund . . . . .	10,105	1,762	1,480	312	13,659
To Contingent Fund . . . . .	2,000	—	4,000	—	6,000
Total Allocation	212,932	12,041	8,108	1,504	234,585
<i>Unallocated Balance:</i>					
For each period . . . . .	26,924	(1,515)	(4,073)	146	21,482
Brought forward from previous periods . . . . .	—	26,924	25,409	21,336	—
Total Unallocated Balance	26,924	25,409	21,336	21,482	21,482

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

Luxembourg, December 31, 1964

Department of  
Credit and Investments

**Comparative Table Regarding Revenues and Expenditures**

(in thousand Units of Account)

	Fiscal years July 1 to June 30			
	1961/62	1962/63	1963/64	1964/65 (first half)
<i>Revenues</i>				
Interest on Loans etc . . . . .	12,897	15,512	17,930	11,339
Levy . . . . .	28,246	19,626	19,109	10,222
Other Revenues . . . . .	11,969	10,126	10,021	5,122
Total Revenues	53,112	45,264	47,060	26,683
<i>Expenditures</i>				
Interest and Fees paid . . . . .	11,702	14,001	16,244	10,327
Administrative Expenses . . . . .	13,391	14,456	15,525	8,237
Financial Expenses . . . . .	1,430	1,327	3,043	2,831
Expenditures for Research . . . . .	4,361	3,850	5,009	2,083
Expenditures for Readaptation . . . . .	1,989	888	2,912	961
Expenditures for Pensions . . . . .	195	216	292	594
Total Expenditures	33,068	34,738	43,025	25,033
<i>Excess of Revenues over Expenditures . . . . .</i>	20,044	10,526	4,035	1,650