

EUROPEAN COAL AND STEEL COMMUNITY

Commission of the European Communities

Financial Report

for the year 1976

No 22

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EUROPEAN COAL AND STEEL COMMUNITY

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Until 5 January 1977

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

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

Deutschmarks	0.828
Pounds sterling	0.0885
French francs	1.15
Italian lire	109.00
Dutch guilders	0.286
Belgian francs	3.66
Luxembourg francs	0.14
Danish kroner	0.217
Irish pounds	0.00759

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

The amounts which, in this report, are expressed in EUA and represent sums in national currencies have been calculated on the basis of the conversion rates for the European Unit of Account. On 31 December 1976 one EUA was equal to:

FB	40.6600	Flux	40.6600
DKr	6.53960	£	0.662646
£ Ir.	0.662646	FS	2.76260
FF	5.61696	DM	2.66938
Fl	2.77855	Lit	989.293
US \$	1.12999	Can. \$	1.14213

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Luxembourg, June 1977

This financial report covers the year 1976, the 24th year of the European Coal and Steel Community's existence and the 22nd 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 1976
BY FRANÇOIS-XAVIER ORTOLI,
VICE-PRESIDENT OF THE COMMISSION**

During 1976 both the steel and coal industries once again made extensive use of ECSC loans.

The steel industry has continued to suffer from the most serious crisis since the end of the war. In addition to cyclical fluctuations, there is the problem of restructuring a large number of undertakings in traditional steelmaking areas.

As their financial situation has deteriorated, undertakings have increasingly been forced either to postpone a number of decisions on new investments or to envisage increased recourse to borrowed funds for the implementation of programmes already decided — which are nonetheless indispensable if they are to restore their competitiveness. Because of a lack of own resources, many of them are now having to make use of borrowings to a greater extent even than during the period when the emphasis was on the creation of new capacity to meet the then rapidly increasing demand.

For its part, as a result of the energy crisis of 1973, the coal industry has had to adopt new objectives aimed at stabilizing the rate of production; accordingly, it too is engaged in programmes which involve greater use of credit.

The Commission has endeavoured to make a substantial contribution to financing the investment necessary for achieving these two objectives of improving the competitiveness of the steel industry and stabilizing coal production.

With these ends in view, it has used to the widest extent its opportunities for borrowing on markets offering the most favourable conditions. It has been able to increase the total of loans granted under Article 54 — which during the first twenty years of the ECSC's existence averaged just over 50 million u.a. per year — to 278 million u.a. in 1973, 324 million u.a. in 1974, 728 million EUA in 1975, and 982 million EUA in 1976. The cumulative total of the industrial loans granted thus rose from 927 million EUA as at 31 December 1972 to 3 476 million EUA as at 31 December 1976. A simi-

lar effort has been made with regard to redevelopment loans granted under Article 56, which have increased from 3 million u.a. in 1973 to 49 million u.a. in 1974, 53 million u.a. in 1975 and 63 million u.a. in 1976; the cumulative total of these loans since the inception of the ECSC's financial activities is thus 445 million u.a. Of course, in assessing these figures one must not forget the effects of monetary depreciation and of the enlargement of the Community. Nonetheless, they do reflect a significant increase in the ECSC contribution to investment financing, from less than 5% to more than 25%.

The funds made available to undertakings derive to a very large extent from the United States market and other capital markets which offer the most advantageous terms. The reactions encountered on the capital markets, particularly that of the United States, have confirmed the Institution's credit-worthiness, without which such an expansion of loan activity would not have been possible. Most beneficiary undertakings have thus obtained borrowed funds on terms, with regard to interest rates maturities and amounts, which it would probably have been very difficult or impossible for them to find for themselves on the open financial market.

The Commission's efforts in attracting capital have thus been of vital importance for the implementation of investment programmes regarded as indispensable in the steel industry. The deterioration in the economic performance of practically all steelmaking undertakings could have posed a serious threat to these programmes at a time when increased market competition made them all the more necessary. Similarly, the Community's financial intervention has been a decisive factor in providing funds for projects based on the new energy policy guidelines.

At the same time, the Commission has pursued its financial activities at either end of the chain of production, both to improve the supply of raw materials to the steel industry and to promote the marketing of its products. Loans have thus been granted for infrastructure investment and for the acquisition and development of coal and iron-ore mines overseas. Another loan was granted for investment — in a tube mill — of a sort likely to contribute directly and primarily to increasing the market for steel products.

Certain of the Commission's loan operations have been carried out at a reduced rate of interest. These were concerned with industrial investment projects considered to deserve priority, such as the setting up of research and vocational training centres and investment aimed at the protection of the environment. They also involved redevelopment projects designed to provide for the productive re-employment of workers released as a result of major changes in production methods or marketing conditions for steel. Lastly, the sum of 18 million EUA has been allocated for financing, at the preferential interest rate of 1%, the construction of new housing for workers.

The characteristic feature of 1976, as far as both industrial loans and loans for social and regional purposes are concerned, was thus a level of activity never previously attained in the history of the ECSC.

During the coming months the Commission will pursue its efforts to help the coal industry to achieve its objective of stabilizing output. It will also give priority to financing essential restructuring operations in the steel industry and redevelopment projects, which remain one of the essential conditions of such a renewal.

These considerations have led the Commission to make provision in its budget for giving increased support, by means of reduced-interest loans, to programmes which are considered to deserve priority.

I — INTRODUCTION

In 1976, steel production in the Community (134 million tonnes) was only slightly higher than the very low level of 125 million tonnes recorded in 1975 and fell far short of the figure of 156 million tonnes which was reached in 1974. For the Community as a whole, the rate of utilization of capacity did not exceed 63%.

Although the early months of 1976 were marked by an improvement in the general level of economic activity, the growth rate was already deteriorating before the middle of the year.

Apart from contracting export markets, the main causes of this loss of momentum were the continuing weakness of the propensity to invest and the declining rate of growth of private consumption.

This situation was reflected, as in 1975, in a drop in demand from the steel-using industries. Both in the Community and in third countries, there was a considerable cutback in new orders, which reverted at the end of 1976 to the lowest levels recorded in 1975. As deliveries ran ahead of new business, the steel producers' order books were drastically thinned. To make matters worse, the reduced activity of the steel-using sectors was amplified by excess stocks which could not be quickly absorbed.

On the other hand, the rate of coverage of internal Community requirements by imports from third countries has doubled since the beginning of 1975, to almost 12% in the last quarter of 1976. This development has not been counterbalanced by a more sustained performance on the export side, where the continuing contraction is having an adverse effect on the balance of trade.

The declining volume of orders for iron and steel remained a major problem, but in view of the general fall in prices the financial results of the iron and steel industry were even more seriously affected by the downward trend of production.

This course of events considerably weakened the iron and steel industry's propensity to invest.

In fact, according to the annual survey of investment of 1 January 1976, the iron and steel undertakings still planned to spend much the same amounts on investment in 1976 as in 1975, i.e. approximately 2 900 million EUA.

At that point in time, the crisis did not seem to have rendered it impossible for undertakings, with few exceptions, to carry out the investment programmes already in progress or already approved. New investment decisions aimed at modernization or replacement had still been taken in 1975, and this was destined to continue in the first six months of 1976. The total value of investments notified to the Commission, i.e. the total investment expenditure corresponding to new decisions, still amounted to almost 2 100 million EUA in 1975 and almost 1 200 million EUA in the first six months of 1976.

But in the second half-year, in view of their worsening financial position, the iron and steel undertakings took almost no major new investment decisions, so that the value of investments declared fell to approximately 200 million EUA. Moreover, this total does not take into account postponements or cancellations of investment programmes. It can thus be inferred that capital expenditure actually incurred in 1976 fell far short of the total of 2 900 million EUA put forward in the estimates at the beginning of the year.

Meanwhile coal production amounted to 248 million tonnes in 1976, compared with 257 million in 1975. Despite this decline in production, stocks held by the producers increased by 1.6 million tonnes of coal and 5.3 million tonnes of coke.

Increased deliveries of coal to electricity generating stations raised the electricity industry to first place among the consumers of coal, ahead of the steel industry. The slight economic recovery was a contributory factor here, but the considerable increase in coal consumption in power stations was due primarily to the reduced contribution of hydro-electric power as a result of the exceptional drought of 1976. Deliveries to coking plants, the second largest outlet for coal, showed a further decline, reflecting the persistence of difficult conditions in the iron and steel industry.

As in the preceding year, the investment intentions of the coal industry measured up to the levels set in the 'Medium Term Guidelines for Coal 1975 to 1985', in which the Community recommended an increased investment effort in the most profitable coal-fields with a view to stabilizing extraction potential at 250 million tce in 1985. Thus, according to the annual investment survey of 1 January 1976, the industry's capital spending target for the year was 596 million EUA, which surpassed the levels of the two preceding years; but in the light of its forward projections of the same date the coal industry's total extraction potential was in danger of falling in 1979, the horizon year for the survey, to less than the 'guideline' level of 250 million tce.

In 1976, the volume of intended investment expenditure notified to the Commission by the coal undertakings¹ amounted to 987 million EUA, a figure without parallel since the creation of the ECSC. It must be pointed out, however, that a very large percentage of this expenditure was earmarked for a single major project in the United Kingdom, for the construction of a new mine.

¹ Declarations relating to projected expenditure likely to be spread over several years.

II — ECSC BORROWING OPERATIONS

The ECSC, taking full advantage of the ready availability of capital, contracted loans for a total equivalent to 956 million EUA.

Once again most of the borrowing was done in US dollars, including two issues in New York for a total of \$ 325 million, thus confirming the excellent standing of the ECSC on the United States market.

The following are the main characteristics of the loans contracted during 1976.

- | | | |
|----------|-------------|--|
| 1. FS | 105 million | Six-year private placement at 7 ¹ / ₄ % interest. The loan will be repayable on 30 January 1982. |
| 2. US \$ | 125 million | Debenture loan issued at par on the international capital market in two parts:
— 65 million of Notes — six years — 8 ³ / ₄ % interest;
— 60 million of Bonds — ten years — 9 ¹ / ₄ % interest.
The notes will be repayable on 15 January 1981. The Bonds will be repaid in nine instalments of 255 million and a final instalment of 37.5 million. It is quoted on the Luxembourg Stock Exchange. |
| 3. US \$ | 50 million | Seven-year private placement at 9% interest. The loan will be repayable on 15 January 1983. It is quoted on the Luxembourg Stock Exchange. |
| 4. Fl | 60 million | Seven-year debenture loan issued at 99.75%. The Bonds bear 8% interest payable annually. The loan will be repayable on 15 February 1983. |
| 5. Fl | 25 million | Twenty-five-year private placement at 8 ³ / ₄ % interest. The loan will be repaid in 25 instalments from 15 February 1977 on. |
| 6. FF | 40 million | Five-year private placement at 10 ¹ / ₄ % interest. The loan will be repaid in 5 half-yearly instalments from 20 February 1979 on. |
| 7. FF | 60 million | Five-year private placement at 10% interest. The loan will be repaid in 5 half-yearly instalments from 20 February 1979 on. |
| 8. DM | 80 million | Ten-year private placement at 7 ³ / ₄ % interest. The loan will be repaid in 8 instalments from 1 February 1979 on. |
| 9. Fl | 30 million | Twenty-five-year private placement at 8 ⁵ / ₈ % interest. The loan will be repaid in 25 instalments from 15 March 1977 on. |

10.	FF	50 million	Seven-year private placement. The bonds bear 10% interest payable annually. The loan will be repayable on 20 February 1983. It is quoted on the Luxembourg Stock Exchange.
11.	FF	250 million	Eighteen-year debenture loan issued at par on the French capital market. The bonds bear 10.20% interest payable annually. The loan will be repaid in 13 instalments from 1 March 1982 on. It is quoted on the Paris Stock Exchange.
12.	Can. \$	50 million	Seven-year debenture loan issued at 100.50% on the international capital market. The bonds bear 9% interest payable annually. The loan will be repayable on 15 March 1983. It is quoted on the Luxembourg Stock Exchange.
13.	Fl	14 million	Twenty-year private placement at 8 ³ / ₄ % interest. The loan will be repaid in 15 instalments from 15 March 1982 on.
14.	US \$	75 million	Eight-year debenture loan issued at 99.50%. The bonds bear 8 ⁵ / ₈ % interest payable half-yearly. The loan will be repayable on 1 May 1984. It is quoted on the New York Stock Exchange.
15.	US \$	100 million	Twenty-year debenture loan issued at 99%. The bonds bear 9% interest payable half-yearly. The loan will be repaid in 15 instalments from 1 May 1982 on. It is quoted on the New York Stock Exchange.
16.	FF	50 million	Seven-year private placement at 10 ¹ / ₂ % interest. The loan will be repaid in 5 instalments from 25 May 1979 on.
17.	FS	60 million	Private placement in two parts: — 30 million five-years — 6 ¹ / ₄ % interest; — 30 million seven-years — 6 ¹ / ₂ % interest. Repayable on 22 June 1981 and 1983.
18.	DM	45 million	Ten-year private placement at 8 ¹ / ₄ % interest. The loan will be repaid in 4 instalments on 22 June 1979 — 1980 — 1981 — 1986.
19.	DM	50 million	Five-and-a-half-year private placement at 8% interest. The loan will be repayable on 15 December 1981.
20.	US \$	23 million	Ten-year private placement issued at 99 ¹ / ₄ %. The bonds bear 8 ¹ / ₂ % interest. The loan will be repaid in 8 instalments from 2 August 1979 on. It is quoted on the Luxembourg Stock Exchange.
21.	FS	20 million	Six-year private placement at 6% interest. The loan will be repayable on 11 August 1982.

22.	FS	25 million	Five-year private placement at 6% interest. The loan will be repaid in 2 instalments from 10 September 1981 on.
23.	FS	25 million	Eight-year private placement at 5 ⁷ / ₈ % interest. The loan will be repaid in 3 instalments of 5 million and one of 10 million from 20 October 1981 on.
24.	DM	200 million	Debenture loan in two parts: — 125 million issued at 100 ¹ / ₂ % — 7 years, — 75 million issued at 99 ¹ / ₂ % — 10 years, 7 ³ / ₄ % interest. The loan will be repaid in 5 instalments from 1 October 1982 on. It is quoted on five stock exchanges in the Federal Republic of Germany.
25.	US \$	30 million	Five-year debenture loan issued at 99.50% on the international capital market. The bonds bear 7 ⁷ / ₈ % interest payable annually. The loan will be repayable on 15 October 1981. It is quoted on the Luxembourg Stock Exchange.
26.	Flux	500 million	Eight-year debenture loan issued at par on the Luxembourg capital market. The bonds bear 9 ¹ / ₂ % interest payable annually. The loan will be repaid from 5 November 1979 on with the last instalment of 350 million. It is quoted on the Luxembourg Stock Exchange.
27.	Flux	200 million	Six-year private loan at 9.50% interest. Repaid in 4 instalments of Flux 50 million from 5 November 1979.
28.	FS	80 million	Fifteen-year debenture loan issued at par on the Swiss capital market. The bonds bear 5 ³ / ₄ % interest payable annually. The loan will be repaid in 10 equal instalments and one final instalment of 40 million from 29 November 1981 on. It is quoted on five Swiss stock exchanges.
29.	US \$	75 million	Eight-year debenture loan issued at 99.563%. The bonds bear 8 ¹ / ₈ % interest payable half-yearly. Repayable on 15 November 1984. It is quoted on the New York Stock Exchange.
30.	US \$	75 million	Twenty-year debenture loan issued at 99%. The bonds bear 8 ⁷ / ₈ % interest payable half-yearly. The loan will be repaid in 15 instalments from 15 November 1982 on. It is quoted on the New York Stock Exchange.
31.	US \$	30 million	Seven-year debenture loan issued at 99.50% on the international capital market. The bonds bear 8% interest payable annually. The loan will be repayable on 1 December 1983. It is quoted on the Luxembourg Stock Exchange.

Including its operations in 1976, total borrowings contracted by the ECSC since its inception up to 31 December 1976 were equivalent to 4 069.06 million EUA.

TABLE 1¹

(in million EUA)

Currency borrowed	Total borrowed ²	Repayments	Balance outstanding
US \$	1 715.06	215.71	1 499.35
DM	930.17	197.91	732.26
Lit	156.68	24.26	132.42
FF	228.77	13.35	215.42
Fl	149.99	52.52	97.47
FS	438.46	40.11	398.35
FB	129.61	16.91	112.70
Flux	178.43	16.99	161.34
£	68.55	6.85	61.70
u.a.	29.57	9.61	19.96
Can. \$	43.78	—	43.78
	4 069.07	594.22	3 474.85

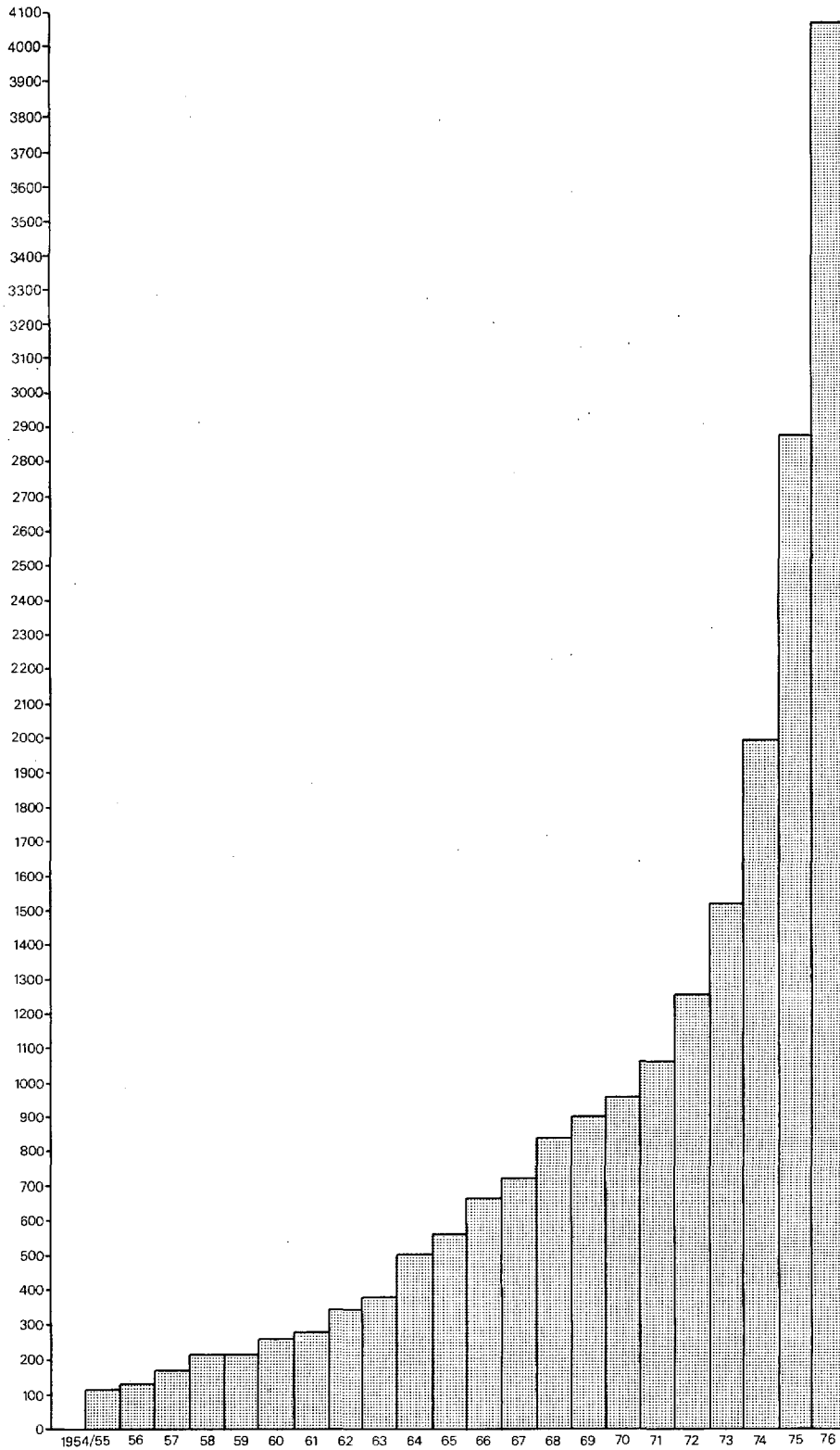
¹ The main characteristics of the loans contracted by the ECSC up to 31 December 1976 and the definitions of £ (European Monetary Unit) and EUA are given in Annex I.

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

FIGURE 1

TOTAL BORROWINGS UP TO 31 DECEMBER 1976

Amounts in million European units of account



III — ECSC LENDING AND GUARANTEE OPERATIONS

The funds available to the Commission in 1976 for lending to undertakings totalled 1 179·83 million EUA, broken down as follows:

1. <i>Borrowed funds</i>		
— available at the beginning of the year	142·23	
— product of loans floated in 1976	<u>1 030·46</u>	1 172·69
2. <i>Own funds</i>		
— repayment of earlier loans		<u>7·14</u>
		1 179·83

As in 1975, these funds were used for loans to industry (Article 54 of the Treaty), reconversion loans (Article 56) and loans for worker housing. The industrial and reconversion loans were disbursed out of borrowed funds, while 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 1976 — as well as the loans contracted in the first quarter of 1977 — permitted, in the first three months of 1977, substantial disbursements, to be made for a number of loans approved in the last months of 1976.

TABLE 2

Loans disbursed in 1976

(in million EUA)

Sector	FR of Germany	Belgium	Denmark	France	Italy	Netherlands	Luxembourg	United Kingdom	Ireland	Community
I — Coal industry	1049	—	—	27·00	—	—	—	142·36	—	179·85
Iron ore mines	21·85 ¹	—	—	—	10·62	—	—	43·78	—	76·25
Iron and steel industry	141·39	34·58	—	85·90	104·73 ²	38·16	—	321·56	—	726·32
Power stations	—	—	—	—	—	—	—	—	—	—
	173·73	34·58	—	112·90	115·35	38·16	—	507·70	—	982·42
II — Industrial reconversion	3·51	—	—	16·02	31·48	—	—	11·58	0·54	63·13
III — Worker housing	9·67	2·69	—	4·28	0·91	0·39	0·08	0·04	0·15	18·21
	186·91	37·27	—	133·20	147·74	38·55	0·08	519·32	0·69	1 063·76

¹ Of which 7475 million EUA for investments outside the Community, to facilitate the steel industry's iron ore supply.
² Including loans totalling 1858 million EUA to tube rolling mills, to facilitate the marketing of steel.

1. Industrial loans (Article 54)

1976 was marked by a substantial increase 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 1976 were made available in 75 operations, to 38 undertakings for the financing of the following programmes:

Coal mining industry

— Colliery rationalization and modernization:

Charbonnages de France, Paris (Lorraine coalfield: Simon Wendel and Merlebach mines);

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

National Coal Board, London

— Scotland

— North Derbyshire

— North and South Nottinghamshire

— North and South Yorkshire

— South Lancashire

— North East coalfield

— Western

— South Wales

— Kent

Ruhrkohle AG, Essen (colliery Lohberg and Niederberg).

Bogside colliery

Whitwell colliery

Bolsover colliery

Warsop colliery

Linby colliery

Newstead colliery

Cresswell colliery

Bentinck colliery

Bevercotes colliery

Silverhill colliery

Prince of Wales colliery

Grimethorpe colliery

Bentley colliery

Ackton Hall colliery

Brodsworth colliery

Frickley colliery

Colborne colliery

Butterwell opencast mine

Westoe colliery

Silverdale colliery

Bold colliery

Oakdale colliery

Cwm/Goedeley colliery

Snowdown colliery

— Increase in coking capacity:

Charbonnages de France, Paris (Houillères du Bassin de Lorraine, coke works Carling);

Eschweiler Bergwerks-Verein, Herzogenrath-Kohlscheid (coke works Erin, Castrop-Rauxel);

Ruhrikohle AG, Essen (coke works Prosper).

— Professional training centre:

Saarbergwerke AG, Saarbrücken (training centres Camphausen, Fenne and Velsen).

Iron ore mines

Eisenwerk-Gesellschaft Maximilianshütte mbH, Sulzbach-Rosenberg.

Iron and steel industry

— Infrastructure projects:

British Steel Corporation, London (project at Hunterston/Scotland);

Hansaport Hafenbetriebsgesellschaft mbH, Hamburg.

— Increase in coking capacity:

British Steel Corporation, London (Port Talbot and Redcar coke works);

Société Lorraine de Laminage Continu Sollac, Paris (coke works Sérémange).

— Rationalization of pig iron and steel production:

British Steel Corporation, London (Port Talbot, Redcar and Tinsley Park works);

Cockerill-Ougrée-Providence and Espérance-Longdoz SA Cockerill, Seraing (Ougrée works, Belgium, Haumont works, France);

Dalmine SpA, Milan (Dalmine works);

Société Anonyme des Forges et Aciéries de Dilling, Dillingen/Saar;

Acciaierie e Ferriere Lombarda Falck, Milan (Sesto S. Giovanni works);

Société Métallurgique Hainaut-Sambre SA, Gouillet (Montignies works);

Hamburger Stahlwerke GmbH, Hamburg;

Hoogovens IJmuiden BV, IJmuiden;

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

Neunkircher Eisenwerk AG, Neunkirchen/Saar;

Société Métallurgique de Normandie, Paris (Mondeville/Calvados works);

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

Acciaierie di Piombino SpA, Piombino;

Röchling-Burbach GmbH, Völklingen/Saar (Völklingen works);

Aciéries et Laminaires de Lorraine Sacilor, Paris (Fontoy, Hagondange, Hayange,

Homécourt, Joeuf and Rombas works);

SA Sidérurgie Maritime Sidmar, Ghent;

Union Sidérurgique du Nord et de l'Est de la France, SA Usinor, Paris

— Rationalization of sections production:

Guest, Keen and Nettlefolds Ltd., Warley (Cardiff works).

— Rationalization of flats production:

Cockerill-Ougrée-Providence et Espérance-Longdoz SA Cockerill, Seraing (Réhon works/France);

Creusot-Loire, Paris (Creusot works);

Klöckner Werke AG, Duisburg (Bremen works);

Woodhead Components Ltd., Leeds, (Sheffield works).

— Production of high-carbon and special steels:

British Steel Corporation, London (Shepcote Lane works);

Spartan Steel and Alloys Ltd., London (Redhough works);

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

— Expansion of coastal plants:

Italsider SpA, Genoa (Tarento works);

Société Lorraine et Méridionale de Laminage Continu Solmer, Paris (Fos-sur-mer works);

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

— Vocational training centre:

August Thyssen-Hütte AG, Duisburg-Hamborn.

— Environmental protection:

Fiat SpA, Turin;

Hamburger Stahlwerke GmbH, Hamburg;

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

Thyssen Edelstahlwerke AG, Düsseldorf (Witten works).

Overseas projects

— Iron ore mines:

British Steel Corporation, London (Fire Lake mine, Quebec, Canada);

Finsider International SA, Luxembourg (Bong Mining Company, Monrovia, Liberia);

Kreditanstalt für Wiederaufbau, Frankfurt/Main (Bong Mining Company, Monrovia, Liberia).

TABLE 3

Loans for industrial investment (Article 54)

(in million EUA)

Country	Total loaned by 31. 12. 1975 ¹	New loans in 1976 ¹	Total loaned	Balance outstanding
			Position at 31. 12. 1976	
Denmark	33.70	—	33.70	32.86
FR of Germany	1 020.61	173.73	1 194.34	900.64
Belgium	128.37	34.57	162.94	136.91
France	517.77	112.91	630.68	554.70
Italy	436.88	115.35	552.23	448.51
Luxembourg	4.37	—	4.37	2.93
Netherlands	64.05	38.16	102.21	90.64
United Kingdom	288.20	507.70	795.90	795.90
	2 493.95	982.42	3 476.37	2 963.09

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 63·13 million EUA, leading to the creation of more than 4 700 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 17 operations, to the following undertakings:

FR of Germany:

— Sarre:

Société Anonyme des Forges et Aciéries de Dilling, Dillingen.

France:

— Nord:

Société Industrielle de Bruay SARL, Paris (Bruay-en-Artois works);
Société Artésienne de Vinyle SA, Paris (Mazingarbe works);

— Lorraine:

Bauknecht Industrie SA, Valmont (St. Avoild works);
Johns-Manville de France SA, Saint-Marcellin-en-Forez (Carling works);

— Languedoc:

Société Nouvelle de Roulement SA, Annecy (Alès works).

Ireland:

— South-East:

Industrial Credit Company Ltd., Dublin (Callan works).

Italy:

— Lombardy:

Italsider SpA, Genoa (Lovere works);

— Liguria:

Cokitalia SpA, Milan (Savona works);
Italsider SpA, Genoa (Cornigliano works);

— Tuscany:

Italsider SpA, Genoa (Valdarno works);

— Sicily:
Acciaierie Megara SpA, Catania.

United Kingdom:

— North:
Vald. Birn Ltd., Cambois, Blyth;
Polypac BAL Ltd., Hartlepool;

— Wales:
British Steel Corporation, London (Tafarnaubach works/Ebbw Vale);
Natural Gas Tubes, London (Tafarnaubach works/Ebbw Vale);

— United Kingdom in general:
Finance for Industry Ltd., London.

TABLE 4

Loans for industrial reconversion (Article 56)

A — Breakdown by country

(in million EUA)

Country	Total loaned by 31. 12. 1975 ¹	New loans in 1976 ¹	Total loaned	Balance outstanding
			Position at 31 December 1976	
FR of Germany	125.28	3.51	128.79	101.74
Belgium	52.47	—	52.47	34.77
France	84.17	16.02	100.19	88.28
Italy	27.01	31.48	58.49	40.41
Netherlands	31.00	—	31.00	21.59
United Kingdom	60.21	11.58	71.79	71.79
Ireland	—	0.54	0.54	0.54
Community	380.14	63.13	443.27	359.12

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

Type	Amount (in million EUA)	%
Iron and steel industry	128.66	29.03
Manufacture of motor vehicles and accessories	59.62	13.45
Chemicals	52.48	11.84
Industrial estates	32.16	7.25
Non-ferrous metals	30.94	6.98
Power stations	22.13	4.99
Rubber	21.65	4.88
Articles of cast iron, steel and other metals	19.30	4.35
Mechanical engineering	17.95	4.05
Joinery and furniture manufacture	11.03	2.49
Paper and printing	9.21	2.08
Ceramic ware, glass, lime and stone	8.81	1.99
Electrical equipment	8.74	1.97
Textiles and clothing	5.08	1.15
Manufacture of plastic articles	3.01	0.68
Miscellaneous	12.50	2.82
Total	443.27	100.00

3. Loans for housing (Article 54.2)

1976 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 1976 under the ECSC social housing programme amounted to 18.21 million EUA, partly disbursed under the 7th programme and partly drawn from the first tranche of the 8th programme.

The loans disbursed from own funds at the rate of 1% thus totalled 14.17 million EUA in 1976; this was supplemented by 4.04 million EUA from borrowed funds. These amounts enabled the Commission to finance some 5 000 new worker housing units. Since the beginning of its financial activities, the ECSC has therefore financed the construction of over 147 000 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. 1975 ¹	New loans in 1976 ¹	Total loaned	Balance outstanding
			Position at 31 December 1976	
FR of Germany	104.54	9.67	114.21	74.52
Belgium	33.19	2.69	35.88	17.13
France	29.79	4.28	34.07	22.66
Italy	12.55	0.91	13.46	7.97
Luxembourg	5.59	0.08	5.67	3.59
Netherlands	11.43	0.39	11.82	6.86
Denmark	0.76	—	0.76	0.72
United Kingdom	2.48	0.04	2.52	2.32
Ireland	0.14	0.15	0.29	0.29
Community	200.47	18.12	218.68	136.06

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 61.39 million EUA, reduced the remaining commitments to 20.60 million EUA at 31 December 1976.

5. Summary of lending operations and guarantees (1954-1976)

From the start of its financing activities to 31 December 1976, the ECSC granted loans totalling 4 151.32 million EUA, of which 3 976.45 million were from borrowed funds and 174.87 million from its own resources.

Including guarantees furnished over the same period, the total amount of ECSC financial assistance was 4 213 million EUA (compared with 3 149 million EUA at 31 December 1975).

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

TABLE 6

Loans disbursed and guarantees granted up to 31 December 1976 by type of investment and country (Initial amounts) ¹

(in million EUA)

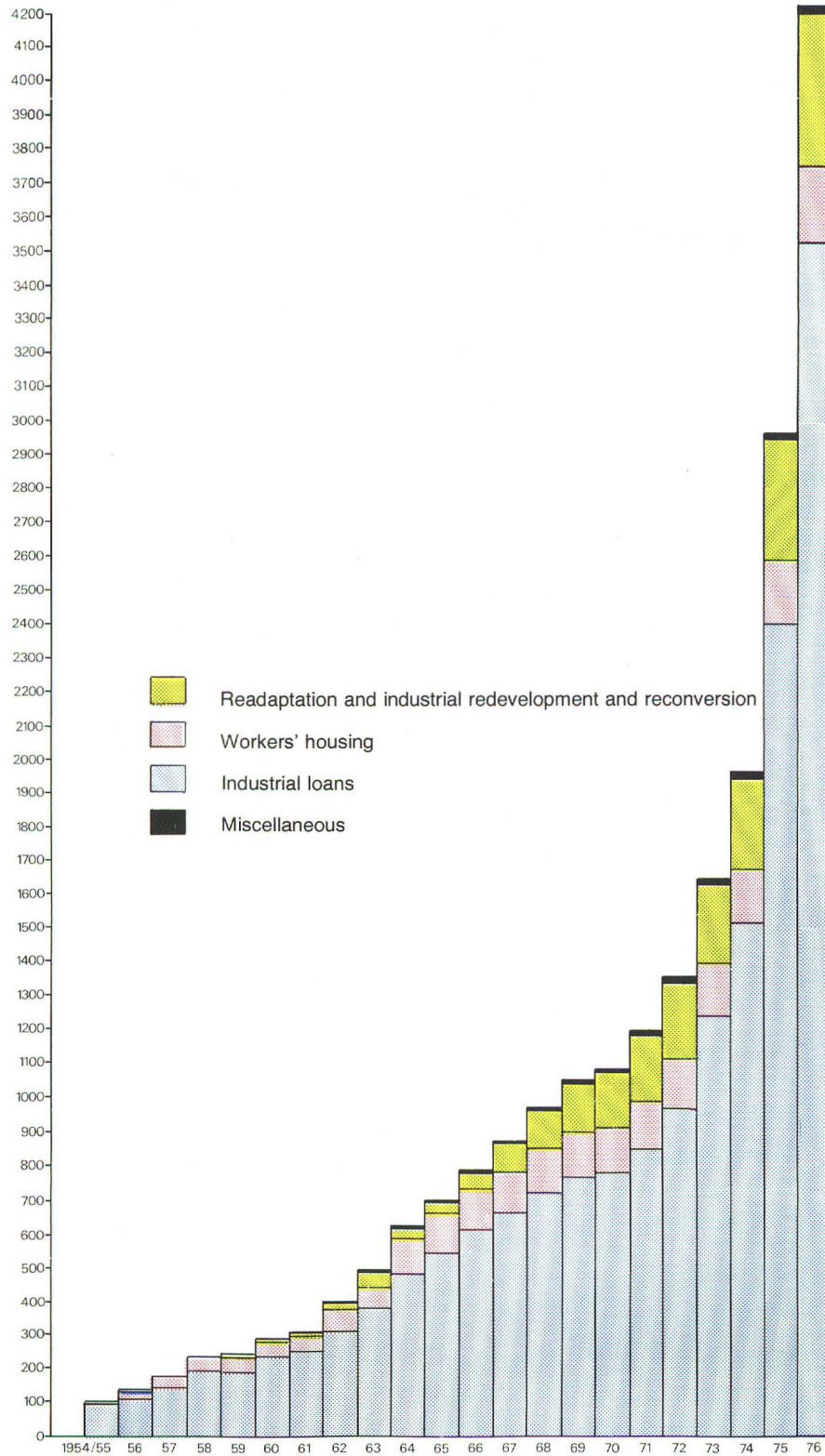
Breakdown	Loans			Guarantees	Total loans and guarantees	%
	From borrowed funds	From own resources	Total			
A — Type of investment						
Coal industry	814.04	—	814.04	—	814.04	19.32
Iron ore mines	106.89	—	106.89	—	106.89	2.54
Iron and steel industry	2 551.07	—	2 551.07	61.20	2 612.27	62.01
Industrial reconversion	438.84	4.43	443.27	—	443.27	10.52
Worker housing	61.25	157.42	218.67	—	218.67	5.19
Miscellaneous	4.36	13.02	17.38	0.19	17.57	0.42
Total	3 976.45	174.87	4 151.32	61.39	4 212.71	100.00
B — Country						
Ireland	0.54	0.29	0.83	—	0.83	0.02
Denmark	33.70	0.76	34.46	—	34.46	0.82
FR of Germany	1 345.78	101.48	1 447.26	50.91	1 498.17	35.56
Belgium	242.00	9.34	251.84	—	251.84	5.98
France	731.05	34.99	766.04	10.29	776.33	18.43
Italy	615.92	8.41	624.33	0.19	624.52	14.82
Luxembourg	6.46	4.55	11.01	—	11.01	0.26
Netherlands	133.31	12.03	145.34	—	145.34	3.45
United Kingdom	867.69	2.52	870.21	—	870.21	20.66
Total	3 976.45	174.87	4 151.32	61.39	4 212.71	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.

FIGURE 2

**BREAKDOWN BY SECTOR OF LOANS DISBURSED AND GUARANTEES GRANTED
UP TO 31 DECEMBER 1976**

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 1975 and 31 December 1976.

TABLE 7

Changes in reserves and provisions

(in million EUA)

	31. 12. 1975	Changes in 1976	Position at 31. 12. 1976
I — (a) Guarantee fund	150—	+ 10—	160—
(b) Special reserve	103—	+ 19—	122—
II — Pension fund	36.68	+ 2.40	39.08
III — Provisions			
(a) for rehabilitation	118.97	+ 9.23	128.20
(b) for research	47.54	+ 2.54	50.08
(c) assistance (Article 56)	8.36	+ 0.69	9.05
(d) assistance (Article 54)	9.51	- 0.26	9.25
(e) assistance to coke	6.33	- 2.48	3.85
IV — Other provisions	41.50	+ 14.70	56.20
Total	521.89	55.82	577.71
V — Unallocated balance	—	+ 0.05	0.05
Grand total	521.89	55.87	577.76

Income from the levy, which has been fixed at 0.29% since 1 January 1972, amounted to 92.61 million EUA in 1976, compared with 70.20 million EUA in 1975. This total comprises 17.98 million EUA from coal production and 74.63 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 million EUA and income from borrowed funds not yet disbursed was 8 million EUA.

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 1976
- II — ECSC BALANCE SHEET AT 31 DECEMBER 1976
- III — ECSC INCOME AND EXPENDITURE FROM 1 JANUARY
TO 31 DECEMBER 1976

Annex I

MAIN CHARACTERISTICS OF LOANS CONTRACTED TO 31 DECEMBER 1976

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31. 12. 1976 (in European units of account)	
			in currency of loan	equivalent in European units of account		
1954	3 ⁷ / ₈	25	US. \$	100 000 000	88 496 358.37	16 902 804.45
1957	5 ¹ / ₂	18		25 000 000	22 124 089.59	—
1957	5	5		10 000 000	8 849 635.84	—
1958	5	20		35 000 000	30 973 725.43	4 513 314.28
1958	4 ¹ / ₂	5		15 000 000	13 274 453.76	—
1960	5 ³ / ₈	20		25 000 000	22 124 089.59	6 062 000.55
1960	4 ³ / ₄ -5	5		10 000 000	8 849 635.84	—
1962	5 ¹ / ₄	20		25 000 000	22 124 089.59	8 982 380.38
1964	5 ¹ / ₄	20		30 000 000	26 548 907.51	14 159 417.33
1966	6 ¹ / ₂	20		15 000 000	13 274 453.76	8 849 635.85
1966	6 ¹ / ₂	20		20 000 000	17 699 271.67	11 725 767.47
1967	6 ¹ / ₂	20		25 000 000	22 124 089.59	16 106 337.28
1967	6 ³ / ₈	20		20 000 000	17 699 271.67	12 920 468.31
1971	7 ³ / ₄	15		20 000 000	17 699 271.67	17 699 271.67
1973	7	15		30 000 000	26 548 907.51	26 548 907.51
1974	7 ³ / ₄	15		50 000 000	44 248 179.19	44 248 179.19
1974	8 ¹ / ₄	5		20 000 000	17 699 271.67	17 699 271.67
1974	9 ¹ / ₄	8		100 000 000	88 496 358.37	88 496 358.37
1974	9 ¹ / ₂	10		100 000 000	88 496 358.37	88 496 358.37
1974	10	10		200 000 000	176 992 716.75	176 992 716.75
1974	8 ³ / ₄	5		100 000 000	88 496 358.37	88 496 358.37
1975	8 ³ / ₈	8		150 000 000	132 744 537.56	132 744 537.56
1975	8 ³ / ₄	7		50 000 000	44 248 179.19	42 478 252.02
1975	9 ¹ / ₄	5		30 000 000	26 548 907.51	26 548 907.51
1975	9 ¹ / ₄	7		25 000 000	22 124 089.59	22 124 089.59
1975	8 ⁷ / ₈	5		125 000 000	110 620 447.97	110 620 447.97
1976	8 ³ / ₄	5		65 000 000	57 522 632.94	57 522 632.94
1976	9 ¹ / ₄	10		60 000 000	53 097 815.02	53 097 815.02
1976	9	7		50 000 000	44 248 179.19	44 248 179.19
1976	8 ⁵ / ₈	8		75 000 000	66 372 268.78	66 372 268.78
1976	9	20		100 000 000	88 496 358.37	88 496 358.37
1976	8 ¹ / ₂	10		23 000 000	20 354 162.43	20 354 162.43
1976	7 ⁷ / ₈	5		30 000 000	26 548 907.51	26 548 907.51
1976	8 ¹ / ₈	8		75 000 000	66 372 268.78	66 372 268.78
1976	8 ⁷ / ₈	20		75 000 000	66 372 268.78	66 372 268.78
1976	8	7		30 000 000	26 548 907.51	26 548 907.51
					1 715 059 425.24	1 499 349 551.76
1955	3 ³ / ₄	25	DM	50 000 000	18 730 941.27	3 627 921.09
1957	4 ¹ / ₄	20		2 977 450	1 115 408.82	76 963.20
1964	5 ³ / ₄	12		100 000 000	37 461 882.53	—
1964	5 ¹ / ₂	15		100 000 000	37 461 882.53	9 477 856.28
1965	5 ³ / ₄	12		30 000 000	11 238 564.76	—
1965	5 ¹ / ₂	18		150 000 000	56 192 823.80	30 156 815.45
1965	5 ¹ / ₂	5		23 000 000	8 616 232.98	—
1967	6 ³ / ₄	5		30 000 000	11 238 564.76	—
1968	6 ¹ / ₂ -6 ⁷ / ₈	10		120 000 000	44 954 259.04	11 238 564.76
1968	6 ¹ / ₄	13		60 000 000	22 477 129.52	11 238 564.74
1969	6 ¹ / ₄	15		40 000 000	14 984 753.01	11 987 802.41
1969	6 ¹ / ₂	13		50 000 000	18 730 941.27	11 238 564.75
1969	6 ³ / ₄	15		50 000 000	18 730 941.27	14 984 753.01
1971	7 ¹ / ₂	15		100 000 000	37 461 882.53	37 461 882.53
1972	6 ¹ / ₂	15		100 000 000	37 461 882.53	37 461 882.53
1972	7	16		150 000 000	56 192 823.80	56 192 823.80
1973	6 ¹ / ₂	15		150 000 000	56 192 823.80	56 192 823.80
1973	7 ³ / ₄	15		100 000 000	37 461 882.53	37 461 882.53
1974	10	5		20 000 000	7 492 376.51	7 492 376.51
1974	10	5		30 000 000	11 238 564.76	11 238 564.76
1974	10	7		50 000 000	18 730 941.27	18 730 941.27
1974	9 ³ / ₄	7		150 000 000	56 192 823.80	56 192 823.80
1975	8 ¹ / ₂	10		56 000 000	20 978 654.22	20 978 654.22
1975	8 ¹ / ₂	7		20 000 000	7 492 376.51	7 492 376.51
1975	8 ¹ / ₂	10		150 000 000	56 192 823.80	56 192 823.80

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31. 12. 1976 (in European units of account)		
			in currency of loan	equivalent in European units of account			
1975	8 1/2	5		16 000 000	5 993 901.21	5 993 901.21	
1975	8	5		60 000 000	22 477 129.52	22 477 129.52	
1975	8	7		150 000 000	56 192 823.80	56 192 823.80	
1976	7 3/4	10		80 000 000	29 969 506.03	29 969 506.03	
1976	8 1/4	10		45 000 000	16 857 847.14	16 857 847.14	
1976	8	5		50 000 000	18 730 941.27	18 730 941.27	
1976	7 3/4	7		125 000 000	46 827 353.17	46 827 353.17	
1976	7 3/4	10		75 000 000	28 096 411.90	28 096 411.90	732 263 575.79
1963	5 1/2	20	Lit	15 000 000 000	15 162 343.21	7 075 760.17	
1966	6	20		15 000 000 000	15 162 343.21	10 108 228.81	
1966	6	20		15 000 000 000	15 162 343.21	10 108 228.81	
1968	6	20		15 000 000 000	15 162 343.21	12 129 874.57	
1968	6	20		15 000 000 000	15 162 343.21	12 129 874.57	
1972	7	15		20 000 000 000	20 216 457.61	20 216 457.61	
1972	7	15		20 000 000 000	20 216 457.61	20 216 457.61	
1974	7	15		10 000 000 000	10 108 228.81	10 108 228.81	
1975	10	10		30 000 000 000	30 324 686.42	30 324 686.42	132 417 797.38
1957	3 1/2	25	FB	200 000 000	4 918 839.15	1 623 216.92	
1957	3 1/2	25		20 000 000	491 883.92	162 321.69	
1962	5 1/4	20		300 000 000	7 378 258.73	3 098 868.67	
1963	5 1/2	20		300 000 000	7 378 258.73	3 615 346.78	
1968	6 3/4	15		750 000 000	18 445 646.83	14 018 691.58	
1970	8 3/4	20		500 000 000	12 297 097.88	11 478 111.16	
1971	7 3/4	15		700 000 000	17 215 937.04	17 215 937.04	
1973	7 3/4	12		1 000 000 000	24 574 195.77	24 574 195.77	
1975	8 1/4	10		1 500 000 000	36 981 293.65	36 981 293.65	112 697 983.26
1970	8	15	£ 1	50 000 000	68 555 226.03	61 699 703.43	
1964	5	20	FF	150 000 000	26 704 836.78	13 352 418.39	
1971	8 1/2	18		150 000 000	26 704 836.78	26 704 836.78	
1972	7 1/4	15		150 000 000	26 704 836.78	26 704 836.78	
1973	7 1/2	15		60 000 000	10 681 934.71	10 681 934.71	
1973	7	7		50 000 000	8 901 612.26	8 901 612.26	
1973	7 1/2	18		150 000 000	26 704 836.78	26 704 836.78	
1975	10	7		125 000 000	22 254 030.65	22 254 030.65	
1976	10 1/4	5		40 000 000	7 121 289.81	7 121 289.81	
1976	10	5		60 000 000	10 681 934.71	10 681 934.71	
1976	10	7		50 000 000	8 901 612.26	8 901 612.26	
1976	10.2	18		250 000 000	44 508 061.30	44 508 061.30	
1976	10 1/2	7		50 000 000	8 901 612.26	8 901 612.26	215 419 016.69
1961	4 1/2	20	FI	50 000 000	17 994 997.39	5 938 349.12	
1961	4 1/2	5		10 000 000	3 598 999.48	—	
1962	4 3/4	25		6 000 000	2 159 399.69	950 135.86	
1962	4 3/4	20		25 000 000	8 997 498.70	3 652 984.49	
1962	4 1/2	5		20 000 000	7 197 998.96	—	
1963	4 1/2	5		10 000 000	3 598 999.48	—	
1963	4 5/8	30		1 750 000	629 824.91	358 460.34	
1964	5 3/4	20		25 000 000	8 997 498.70	4 840 654.31	
1965	5 3/4	20		40 000 000	14 395 997.91	8 673 588.74	
1967	6 3/8	5		20 000 000	7 197 998.96	—	
1975	8 1/2	15		60 000 000	21 593 996.87	20 154 397.08	
1975	8 5/8	10		20 000 000	7 197 998.96	6 478 199.06	
1976	8	7		60 000 000	21 593 996.87	21 593 996.87	
1976	8 3/4	25		25 000 000	8 997 498.70	8 997 498.70	
1976	8 5/8	25		30 000 000	10 796 998.43	10 796 998.43	
1976	8 3/4	20		14 000 000	5 038 599.27	5 038 599.27	97 473 862.27
1957	3 1/2	25	Flux	5 000 000	122 970.98	—	
1957	5 3/8	25		100 000 000	2 459 419.58	994 083.23	
1961	5 1/4	25		100 000 000	2 459 419.58	1 495 775.18	
1961	5	25		100 000 000	2 459 419.58	1 481 222.58	
1962	4 3/4	15		300 000 000	7 378 258.73	737 825.88	
1962	5 1/8	15		250 000 000	6 148 548.94	4 001 080.70	

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31. 12. 1976 (in European units of account)
			in currency of loan	equivalent in European units of account	
1964	5 ³ / ₈	20	150 000 000	3 689 129.37	1 967 535.66
1971	6 ¹ / ₂	8	150 000 000	3 689 129.37	2 779 144.13
1971	7	15	250 000 000	6 148 548.94	6 148 548.94
1071	7 ³ / ₄	12	300 000 000	7 378 258.73	7 378 258.73
1972	6 ³ / ₄	12	300 000 000	7 378 258.73	6 566 650.27
1972	6 ³ / ₄	12	400 000 000	9 837 678.31	9 837 678.31
1973	6 ³ / ₄	15	300 000 000	7 378 258.73	7 378 258.73
1973	7	12	800 000 000	19 675 356.62	19 675 356.62
1973	7	15	800 000 000	19 675 356.62	19 675 356.62
1973	8	12	300 000 000	7 378 258.73	7 378 258.73
1973	8	12	200 000 000	4 918 839.15	4 918 839.15
1973	7 ¹ / ₄	15	500 000 000	12 297 097.88	12 297 097.88
1973	7 ¹ / ₂	8	250 000 000	6 148 548.94	4 918 839.15
1974	10	7	400 000 000	9 837 678.31	9 837 678.31
1975	9	10	500 000 000	12 297 097.88	12 297 097.88
1975	9	9	100 000 000	2 459 419.58	2 459 419.58
1976	9 ¹ / ₂	8	500 000 000	12 297 097.88	12 297 097.88
1976	9 ¹ / ₂	6	200 000 000	4 918 839.15	4 918 839.15
1976	9	7	Can. \$ 50 000 000	43 777 853.66	43 777 853.66
1956	4 ¹ / ₄	18	FS 50 000 000	18 098 892.35	—
1961	5 ¹ / ₄	5	9 000 000	3 257 800.62	—
1961	4 ¹ / ₂	5	2 290 000	828 929.27	—
1962	4 ¹ / ₂	18	60 000 000	21 718 670.82	7 058 568.02
1969	5 ¹ / ₂	18	60 000 000	21 718 670.82	18 460 870.20
1972	7 ¹ / ₂	12	50 000 000	18 098 892.35	18 098 892.35
1973	6 ¹ / ₄	15	80 000 000	28 958 227.76	28 958 227.76
1973	6 ³ / ₄	15	65 000 000	23 528 560.05	23 528 560.05
1973	7	7	75 000 000	27 148 338.52	27 148 338.52
1973	7 ¹ / ₄	5	50 000 000	18 098 892.35	18 098 892.35
1974	9 ¹ / ₄	5	20 000 000	7 239 556.94	7 239 556.94
1975	8	7	100 000 000	36 197 784.70	36 197 784.70
1975	8	8	100 000 000	36 197 784.70	36 197 784.70
1975	7 ³ / ₄	15	80 000 000	28 958 227.76	28 958 227.76
1975	8	8	50 000 000	18 098 892.35	18 098 892.35
1975	7 ³ / ₄	8	50 000 000	18 098 892.35	18 098 892.35
1976	7 ¹ / ₄	6	100 000 000	36 197 784.70	36 197 784.70
1976	6 ¹ / ₄	5	30 000 000	10 859 335.41	10 859 335.41
1976	6 ¹ / ₂	7	30 000 000	10 859 335.41	10 859 335.41
1976	6	6	20 000 000	7 239 556.94	7 239 556.94
1976	6	7	25 000 000	9 049 446.17	9 049 446.17
1976	5 ⁷ / ₈	8	25 000 000	9 049 446.17	9 049 446.17
1976	5 ³ / ₄	15	80 000 000	28 958 227.76	28 958 227.76
1966	5 ³ / ₄	20	u.a. ² 20 000 000	29 567 078.85	19 957 778.22
				4 069 069 412.57	3 474 853 686.36

¹ The European Monetary Unit (E) is a unit of account, the value of which is fixed invariably at DM 3·66 or FB 50 or FF 5·55419 or Lit 625 or Flux 50 or Fl 3·62 depending on the choice of the holder. The equivalent of the loan in units of account has been calculated on the basis 1 E = DM 3·66.

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

Annex II

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 the following rates
= DKr 6.53960 = FF 5.61696 = Fl 2.77855 = Lit 989.293 = £ 0.662646 = £ Ir. 0.662646

ASSETS

I — Disbursed loans	3 476 765 112.73
II — Cash and Bank accounts	422 984 312.09
III — Short and medium-term placements	28 607 183.18
IV — Investments	73 042 998.11
V — Fixed assets	331 917.01
VI — Recoverable issuing costs	53 107 717.02
VII — Miscellaneous	89 904 270.96
VIII — Accrued Income	92 188 156.47
	<hr/>
	<u>4 236 931 667.57</u>

Suspense accounts:

Enterprises' liabilities under guarantees 20 604 035.39

AUDITOR'S NOTE

Having examined the books, vouchers and documents of the bookkeeping and the explanations supplied to me, I herewith certify that the financial position of the European Coal and Steel Community at 31 December 1976 is correctly and properly reflected in the above document.

Luxembourg, 18 March 1977

P. GAUDY
Auditor

AND STEEL COMMUNITY AT 31 DECEMBER 1976

European units of account)

of conversion: 1 European unit of account (EUA) = DM 2.66938 = FB 40.6600 = Flux 40.6600
 = FS 2.76260 = US \$ 1.12999 = £ 0.729339 = Can. \$ 1.14213 = u.a. (AME) 0.676428.

LIABILITIES

I — A. Borrowings	3 474 853 686.32
B. Reimbursement premiums to be paid	1 633 032.93
II — Reserves	
A. Guarantee fund	160 000 000.—
B. Special fund	122 000 000.—
III — Allowances	
A. Financial aid	200 431 892.03
B. Other	56 202 081.55
IV — Former pension fund	39 084 545.41
V — Miscellaneous	69 132 123.22
VI — Accrued liabilities	113 546 443.52
VII — Unallocated balance	47 862.59
	<u>4 236 931 667.57</u>
Suspense accounts:	
Liabilities under guarantees	20 604 035.39

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 1976

ASSETS

I — *Disbursed loans*

A — Loans from borrowed funds		
— in US dollars	1 380 764 431.52	
— in German marks	726 473 841.73	
— in Italian lire	129 851 485.35	
— in Belgian francs	112 049 910.46	
— in Dutch guilders	97 467 743.91	
— in French francs	205 805 275.46	
— in Luxembourg francs	161 417 959.79	
— in Swiss francs	398 356 620.52	
— in u.a.	19 957 778.22	
— in EMU	61 699 703.40	
— in Canadian dollars	43 777 853.66	
— in Pounds sterling	8 375 512.71	
	<hr/>	3 345 998 116.73

B — *Other loans*

— From the special reserve for the financing of workers' housing projects	112 274 090.76	
— from funds allocated for rehabilitation	304 961.67	
— from funds allocated for technical research	2 391 438.36	
— miscellaneous	15 796 505.21	
	<hr/>	130 766 996.—

3 476 765 112.73

IV — *Investments*

Total investments amount to 73 042 998.11 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 331 917.01 EUA.

VI — *Recoverable issuing costs*

The amount of 53 107 717.02 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 89 904 270.96 EUA under this item consists of:

1. 16 804 639.18 EUA due from debtors under the levy;
2. 9 033 213.95 EUA from miscellaneous debtors;
3. 64 066 417.83 EUA in funds earmarked for the payment of overdue coupons and drawn bonds.

VIII — *Accrued income*

This item consists of:

1. 84 977 920.50 EUA in interest and commissions receivable but not yet due on 31 December 1976;
2. 7 210 235.97 EUA in levy claimed over the month of December, and falling due after 31 December.

LIABILITIES

I

A — Borrowings

The breakdown by currency is as follows:

— in US dollars	1 499 349 551.72
— in German marks	732 263 575.78
— in Italian lire	132 417 797.38
— in Belgian francs	112 697 983.27
— in Dutch guilders	97 473 862.27
— in French francs	215 419 016.69
— in Luxembourg francs	161 439 943.29
— in Swiss francs	398 356 620.61
— in u.a.	19 957 778.22
— in EMU	61 699 703.43
— in Canadian dollars	43 777 853.66

3 474 853 686.32

B — Reimbursement premiums to be paid

— in French francs	1 602 290.20
— in Belgian francs	30 742.73

1 633 032.93

III — Allocations

A — Financial aid

1. For rehabilitation

— commitments entered into for outright grants	128 200 818.18
--	----------------

2. For technical and economic research

— commitments entered into for outright grants	50 080 281.50
--	---------------

3. Assistance under Article 56 (Industrial redevelopment and reconversion)

9 046 756.76

4. Assistance under Article 54

9 254 035.59

5. Assistance to coking coal and coke

3 850 000.—

200 431 892.03

B — Other

56 202 081.55

IV — Former ECSC pension fund

This item totals 39 084 545.41 EUA. As of 5 March 1968 commitments for the payment of ECSC pensions are transferred to the Member States.

V — Miscellaneous: 69 132 123.22 EUA

This includes the sum of 64 066 417.83 EUA for coupons due and bonds and commissions payable on them, and the sum of 5 065 705.39 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 1976, totalling 113 546 443.52 EUA.

VII — Unallocated balance

The amount of 47 862.59 EUA under this heading represents an unallocated sum.

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

— assets:

41 396 749.71 EUA under item I,
37 943.60 EUA under item II and
797 673.79 EUA under item VIII

— liabilities:

41 396 749.71 EUA under item I and
755 487.60 EUA under item VI.

Annex III

INCOME AND EXPENDITURE OF THE EUROPEAN COAL AND

(All amounts are stated

EXPENDITURE

A — Servicing of borrowing operations and guarantees		263 310 403.45
B — Budgetary expenditure:		
— Administrative expenditure	15 639 210.31	
— Expenditure for research	29 485 073.37	
— Expenditure for rehabilitation	21 808 299.38	
— Assistance to coking and coke	9 225 505.48	
— Assistance (Art. 56)	4 286 501.94	
— Assistance (Art. 54)	3 743 851.65	
		84 188 442.13
C — Other expenditure:		
— Financial expenditure		38 625.46
C — Excess of income over expenditure		55 874 470.07
		<u>403 411 941.11</u>

AUDITOR'S NOTE

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

Luxembourg, 18 March 1977

P. GAUDY
Auditor

STEEL COMMUNITY FROM 1 JANUARY 1976 to 31 DECEMBER 1976

in European units of account)

		INCOME
<hr/>		
A — Servicing of lending operations and guarantees		271 061 601-62
B — Levy		92 609 414-29
C — Other income		
— Interest to deposits and portfolio	28 000 927-81	
— Fines and increases for overdue payment	1 171-02	
— Miscellaneous	<u>371 781-27</u>	
		28 373 880-10
D — Adjustments — currency parities		11 367 045-10
		<hr/> <u>403 411 941-11</u> <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 statement of income and expenditure of the ECSC
from the period 1 January 1976 to 31 December 1976 (in European units of account)**

EXPENDITURE

A — The expenditure for the servicing of borrowing operations and guarantees totalling 263 310 403·45 u.a. is broken down as follows:

Interest on funds borrowed	252 705 645·75
Fees to agent banks	2 383 279·58
Miscellaneous	401 572·49
Amortization of recoverable issue costs	7 819 905·63

INCOME

B — The income on the servicing of lending operations and guarantees totalling 271 061 601·62 u.a. is broken down as follows:

Interest on loans	248 740 768·37
Interest on available funds borrowed	12 239 788·10
Guarantee fees	107 994·07
Miscellaneous	9 973 051·08

European Communities — Commission

Financial Report for the year 1976

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Lit 5 300	Fl 15,25	£ 3 60	US \$ 6 20

The twenty-second annual Financial Report of the ECSC for the year 1976 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 1976.

The three annexes to this report contain, in order, the table showing the main characteristics of the borrowings contracted to 31 December 1976, the ECSC balance sheet with the auditor's notes, and the income and expenditure account for 1976.

