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of the European Communities

ECSC

European Coal and Steel Community

FINANCIAL REPORT 1980

No 26

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European Coal and Steel Community

Commission of the European Communities

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

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

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

The value of the EUA is determined daily.

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

The amounts which, in this report, are expressed in EUA and represent sums in national currencies have been calculated on the basis of the conversion rates for the European unit of account. On 31 December 1980 one EUA was equal to:

BFR	41,3351	LFR	41,3351
DKR	7,88723	UKL	0,549110
IRL	0,690185	SFR	2,31477
FF	5,93916	DM	2,56556
HFL	2,79081	LIT	1 217,30
USD	1,30963	CAD	1,55950
u.a.	0,566776	£	0,700973

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

Contents

Introduction	8
Borrowings	10
Loans	18
Changes in reserves and provisions	33
Annexes	
I – Main characteristics of loans outstanding at 31 December 1980	36
II – ECSC balance sheet at 31 December 1980 and 1979	42
III – ECSC revenue and expenditure for the years 1980 and 1979	44

Luxembourg, October 1981

This financial report covers the year 1980, the 28th year of the European Coal and Steel Community's existence and the 26th 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'.

88

Introduction

General economic situation

The second oil price increase at the end of 1979 once again dealt a severe blow to the Community economy. During 1980 the Community's economic growth became increasingly slow. After a period of expansion lasting about two and a half years, the situation changed at the start of 1980 with the result that the gross domestic product in that year increased by only 1,3% as against 3,4% in 1979. Gross fixed capital formation also lost momentum: the average rate of increase in the Community fell from 3,8% in the previous year to 2,1%.

The slow-down in growth combined with structural factors resulted in a deterioration in the employment situation: in 1980 6,2% of the working population were unemployed, compared with 5,5% in 1979.

The renewed upsurge in inflation which began in 1979 became more pronounced in 1980; consumer prices in the Community rose on average by 13,8% in 1980, as against 10,0% in 1979. The divergences between consumer price increases in the individual Member States also increased, becoming double the average for the 1970s.

After the substantial surplus of 1978, the Community trade balance deteriorated quite markedly in 1979 and more particularly in 1980, when the final deficit was 21 800 million EUA. This resulted in a 5% deterioration in the terms of trade, caused mainly by the sharp increase in crude oil prices (movements in other raw materials prices and in the exchange rates of the European currencies had the opposite effect). The deterioration in the terms of trade was so pronounced that even the greater increase in the volume of exports as compared with imports could not prevent a trade deficit.

Steel

In 1980 world crude steel production fell by 4,5% to 714 million tonnes. Production of crude steel in the European Community fell by 9,2% to 128 million tonnes, compared with 141 million in 1979, 133 million in 1978 and 126 million in 1977. Production thus remained below the 1974 level.

The drop in production was accompanied by a fall-off in Community demand, marked by a decline in visible steel consumption which fell from about 126 million tonnes in 1979 to about 120 million tonnes in 1980 (crude steel equivalent). Exports remained at

about the same level in 1980 as in 1979, that is approximately 25,5 million tonnes; imports, at 9,0 million tonnes in 1980, were slightly down on the previous year (9,4 million tonnes).

The drop in production meant a decline in the rate of utilization of production capacities. The rate of utilization of crude steel production potential sank from 69,2% in 1979 to 63,1% in 1980, while that for finished products decreased from 62,3% to 57,3% in the same period.

Because of the recession in the steel market, as early as January 1977 the Commission had introduced a system for adjusting supply to demand and issued recommendations to the steel-producing groups that they should observe certain limits on their deliveries within the Common Market. During the third quarter of 1980 demand for steel declined drastically both in the Community and the world markets. Rates of utilization in Community steelworks fell to extremely low levels. The continuing decline in the demand for steel and the collapse of prices in the Community threatened to lead to lasting structural damage in the European steel industry. In October 1980 the Commission therefore, in accordance with the procedure laid down in Article 58 for cases of manifest crisis, introduced a system of production quotas and intervened directly in production on a mandatory basis in order to restore the balance between supply and demand.

At the same time the Commission applied to the Council for additional budgetary resources to enable additional measures to be taken to assist iron and steel workers affected by the steel crisis. Between 1974 and 1980 the average number of jobs in the Community iron and steel industry was reduced by about 156 000. Further reductions are expected in view of the demand trends for steel forecast by the Commission.

According to the investment survey carried out by the Commission on 1 January 1981, capital expenditure at current prices in the iron and steel industry, which in 1979 stood at 2 100 million EUA, rose to 2 300 million EUA in 1980. At constant 1970 prices expenditure in 1980 was 1 200 million EUA which was 10,5% above the 1979 figure, but only 60% of the 1975 expenditure. According to the figures currently available, crude steel production potential will decline between 1980 and 1984 from 202,5 million tonnes to 196,8 million tonnes, while the potential for finished rolled products will increase from 167,6 million tonnes to 171,9 million tonnes in the same period.

In 1980 the total value of newly decided investment projects notified to the Commission amounted to approximately 2 500 million EUA, which was similar to the figure for the previous year. The number of notifications of investment was however considerably higher than in 1979.

Coal

In 1980, Community coal production stood at 245,4 million tonnes, an increase of about 3,5% over the previous year. In the Federal Republic of Germany, Belgium and the United Kingdom the increases amounted to 1,0%, 3,3% and 6,2% respectively, while a decrease was recorded in France (-2,8%).

Consumption also increased in 1980 by around 1% to 313,8 million tonnes, the main factor being the increase in consumption by the electricity industry, which is the most important outlet, accounting for about 59% of overall consumption. Demand from coking plants at 87,9 million tonnes and industry at 16,1 million tonnes remained at the levels of the previous year, but there was a significant decline (10%) in household consumption to 17,9 million tonnes.

Pithead stocks increased in 1980 by about 10,7 million tonnes, while imports from non-Community countries reached a record level of 74,5 million tonnes (an increase of 25%). The increase was accounted for mainly by supplies from the United States and South Africa, which were responsible for 38% and 26% respectively of total Community imports. Intra-Community trade, on the other hand, fell slightly to 16,1 million tonnes; deliveries from the Federal Republic of Germany, the Community's biggest exporter, fell to 10,9 million tonnes, a decrease of 21% compared with 1979.

According to the investment survey carried out on 1 January 1981, capital expenditure in the coal industry, which in 1979 amounted to about 1 200 million EUA, totalled about 1 700 million EUA in 1980 and should reach about 1 800 million EUA in 1981. Extraction potential in 1980 increased very slightly to 246,4 million tonnes. According to the survey a decline is expected in production capacity by 1984 to 238,5 million tonnes.

Borrowings

1. The situation on capital markets in 1980

Borrowing conditions remained very difficult during 1980 on most capital markets. The worsening inflationary strains resulting in particular from the successive rises in oil prices and also the uncertainty connected with the situation in the Near and Middle East were largely responsible for this situation. In the United States, the adoption of a restrictive monetary and budgetary policy caused interest rates to rise sharply, although this trend was interrupted in the second quarter, when fears of a worsening recession led to a temporary relaxation of this policy.

In most industrialized countries, widening balance-of-payments deficits were a further factor pushing up interest rates. As rates were rising in the United States, they also went up both on national capital markets and on the Euro-dollar market. In Europe, they maintained their upward tendency until the end of 1980, although there was some easing in the middle of the year.

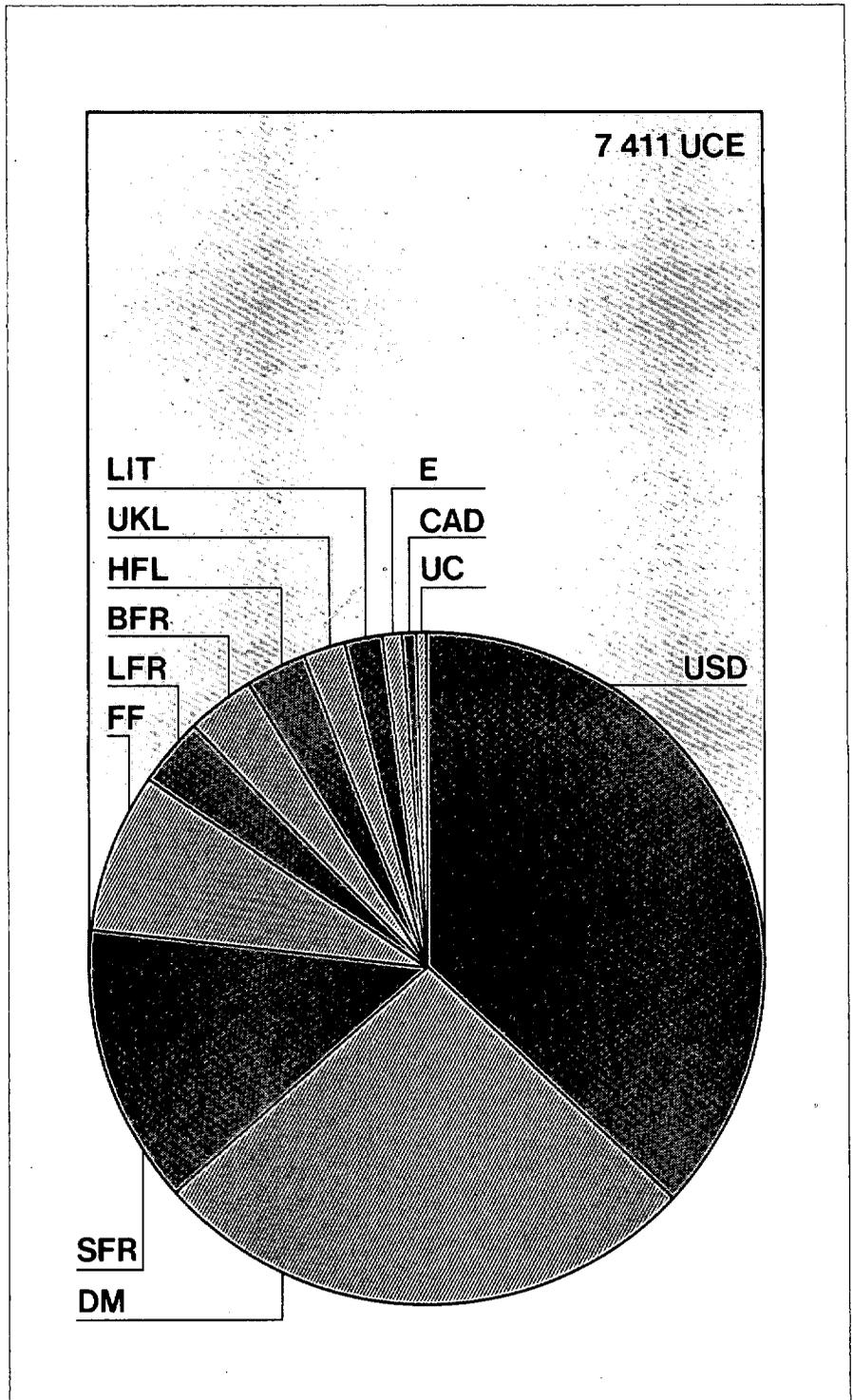
On a number of financial markets, short-term interest rates reached exceptionally high levels, higher than those of long-term rates. It has therefore become very difficult to raise long-term funds through conventional fixed-rate bond issues, and such issues have had to be concentrated on the few periods in which there was an easing of long-term rates. This situation led to an increase in variable-rate issues denominated in dollars and, towards the end of the year, an upturn in stock market prices boosted convertible bond issues. In the United Kingdom, only one

Table 1¹ (in million EUA)

Currency borrowed	Total contracted borrowings ²	Repayments	Balance outstanding
USD	2 747,34	591,71	2 155,63
DM	1 957,47	474,70	1 482,77
LIT	127,33	58,82	68,51
FF	594,53	72,04	522,49
HFL	208,09	77,79	130,30
SFR	1 004,33	495,86	508,47
BFR	236,36	60,09	176,27
LFR	252,93	77,12	175,81
£	71,33	71,33	—
u.a.	35,29	20,64	14,65
CAD	48,09	—	48,09
UKL	127,48	4,73	122,75
Total	7 410,57	2 004,83	5 405,74

¹ The main characteristics of the borrowings outstanding by the ECSC at 31 December 1980 and those of the u.a. 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.

ECSC borrowings between
1954 and 31 December 1980



foreign issue was floated following the abolition of the relevant restrictions, while the amount of Euro-sterling issues increased rapidly. In the FR of Germany, the amount of foreign public issues denominated in German marks remained at roughly the same level as in 1979, despite many strains caused by the deterioration in the country's current account. In France, the maintenance of positive real interest rates and the lead enjoyed by bond market rates helped to boost issues on this market. Similarly, the amount of issues denominated in Euro-francs increased sharply. Issues denominated in Belgian and Luxembourg francs fell, reflecting exchange market pressures on these currencies, while placements in Dutch guilders increased.

Outside the Community, the amount of foreign public issues fell in Japan, but remained the same in Switzerland.

2. ECSC borrowings in 1980

The main Community currencies borrowed were the Deutschmark and the French franc, and the only non-Community currencies borrowed were the US dollar and the Swiss franc. Borrowings in the currencies of Member States accounted for 72% of the total raised on the capital markets.

The borrowings contracted by the ECSC in 1980 totalled 1 004,1 million EUA.

The main characteristics of the loans contracted during 1980 are given on pages 14 and 15.

Including its operations in 1980, total borrowings contracted by the ECSC since its inception up to 31 December 1980 reached the equivalent of 7 410,57 million EUA.

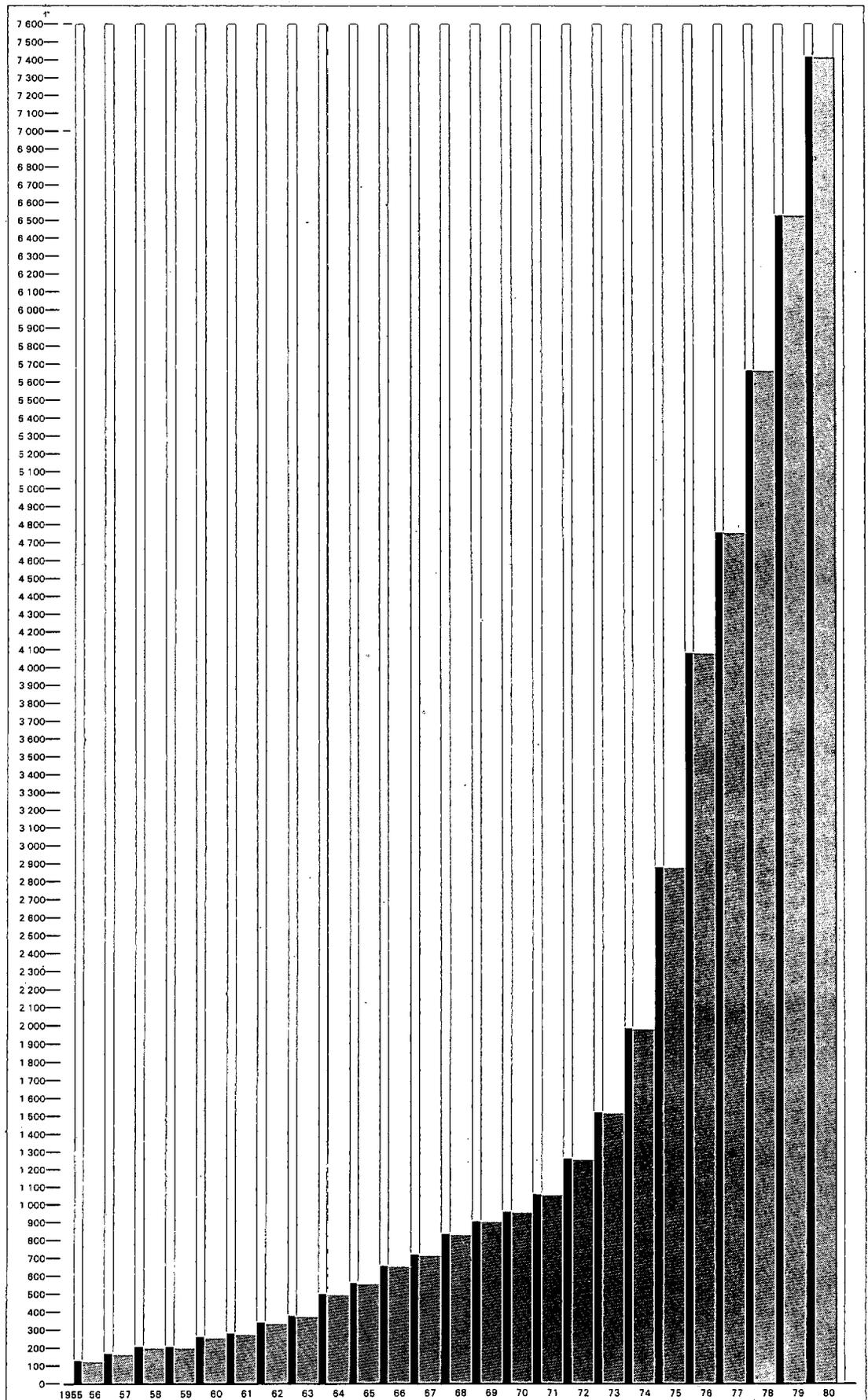
Loans contracted by the ECSC in 1980

Kind of loan	Currency	Amount (in millions)	Rate of interest	Duration (years)	Issue price %
Debenture	LFR	500	10	10	99
Debenture	FF	150	14 ¹ / ₄	6	99
Debenture	FF	400	14	12	100
Debenture	USD	100	11 ¹ / ₂	8	100
Debenture	USD	25	11	7	100
Debenture	USD	50	11 ¹ / ₄	10	99 ³ / ₄
Debenture	DM	150	7 ⁷ / ₈	12	100
Debenture	DM	150	9 ¹ / ₂	8	100
Debenture	SFR	80	6	10	100
Debenture	UKL	20	13 ¹ / ₂	8	100
Private placement	FF	20	12,225	12	
Private placement	FF	80	12 ³ / ₄ à 13 ¹ / ₄	15	
Private placement	FF	20	13,30	5	
Private placement	FF	10	13,60	5	
Private placement	FF	20	13,95	8	
Private placement	FF	15	14,30	7	
Private placement	FF	20	14,30	7	
Private placement	DM	50	9,65	10	
Private placement	DM	40	8 ³ / ₄	8	
Private placement	DM	70	8 ¹ / ₄	8	
Private placement	DM	35	8 ¹ / ₈	8	
Private placement	DM	10	8 ¹ / ₈	8	
Private placement	DM	50	8 ¹ / ₈	8	
Private placement	DM	12	8—10	12	
Private placement	DM	12	8	12	
Private placement	DM	12	8	12	
Private placement	DM	12	7,90	12	
Private placement	DM	250	8,35	8	
Private placement	LFR	250	12—10	8	
Private placement	LFR	400	11 ³ / ₄	8	
Private placement	BFR	500	13 ¹ / ₂	8	
Private placement	BFR	2 000	13 ³ / ₈	8	
Private placement	SFR	38	5 ¹ / ₄	6	
Private placement	SFR	17	5 ¹ / ₄	6	
Private placement	SFR	30	6 ¹ / ₄	5	
Private placement	SFR	20	5 ⁷ / ₈	5	
Private placement	HFL	50	10 ⁷ / ₈	15	
Private placement	UKL	25	17—14 ³ / ₄	5	

Repayment (in millions)	Quotation Stock Exchange
From 1983 7 instalments of 25 and the last of 325	Luxembourg
Whole amount in 1986 66,6 in 1982-84-86-88, 66,8 in 1990-92	Luxembourg Paris
From 1985, 4 equal instalments Whole amount in 1985 From 1984, 4 instalments of 8 and 3 instalments of 6	Luxembourg Luxembourg—Singapore Luxembourg
From 1985, 8 equal instalments From 1985, 4 equal instalments	Frankfurt, Berlin, Düsseldorf, Hamburg, Munich Frankfurt, Berlin, Düsseldorf, Hamburg, Munich
From 1986, 4 equal instalments of 10 and the last of 40	Bâle, Berne, Geneva, Lausanne, Zürich
Whole amount in 1988	Luxembourg
From 1985, 8 equal instalments 10 in 1985, 30 in 1990, 40 in 1995 Whole amount in 1985 Whole amount in 1985 Whole amount in 1988 Whole amount in 1987 From 1984, 4 equal instalments	
Whole amount in 1988 From 1985, 4 equal instalments From 1985, 8 equal instalments From 1985, 4 equal instalments	
From 1985, 4 equal instalments From 1985, 4 equal instalments	
Whole amount in 1988 From 1985, 4 equal instalments	
Whole amount in 1986 Whole amount in 1986 Whole amount in 1985 From 1984, 2 equal instalments	
From 1986, 10 equal instalments	
Whole amount in 1985	

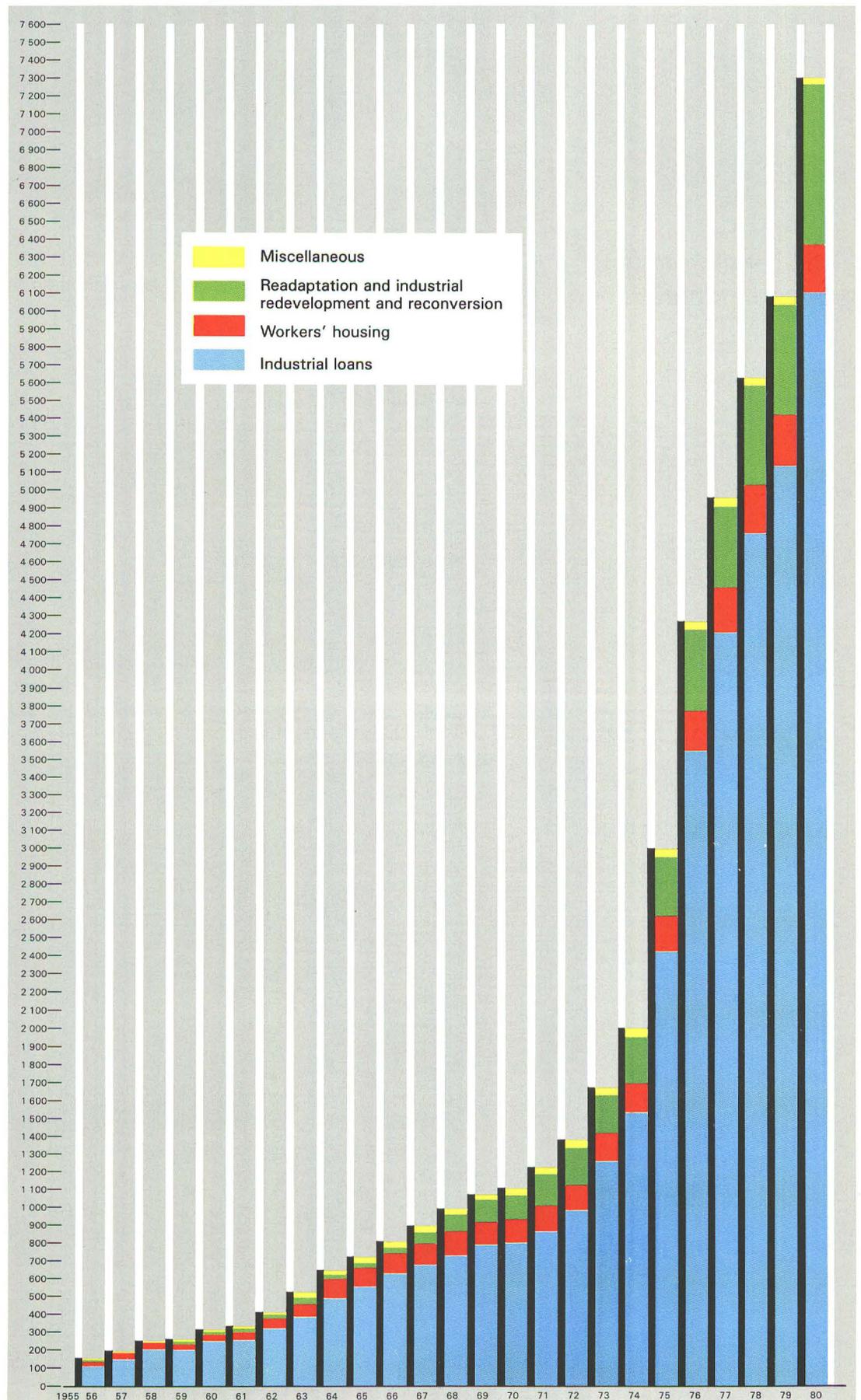
TOTAL BORROWINGS UP TO 31 DECEMBER 1980

Amounts in million European units of account



**BREAKDOWN BY SECTOR OF LOANS DISBURSED AND GUARANTEES GRANTED
UP TO 31 DECEMBER 1980**

Amounts in million European units of account



Loans

ECSC lending and guarantee operations

The funds available to the Commission in 1980 for ECSC loans to undertakings totalled 1 097,28 million EUA, broken down as follows:

1. Borrowed funds

— available at the beginning of the year	84,63	
— product of loans floated in 1980	<u>1 004,00</u>	1 088,63

2. Own funds

— repayment of earlier loans		<u>8,65</u>
		1 097,28

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

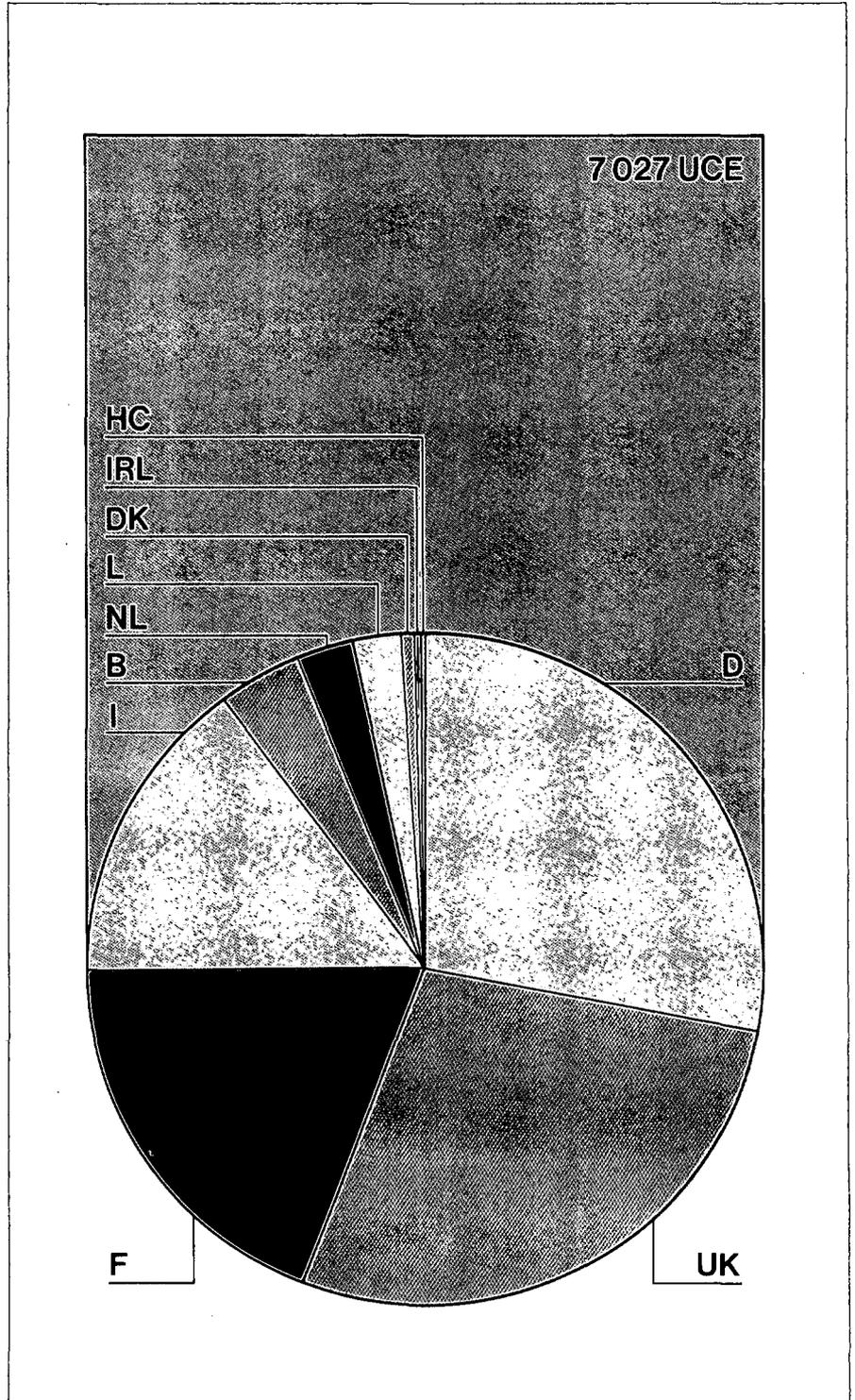
Total loans amounted to 1 030,74 million EUA.

Table 2
Loans disbursed in 1980

(in million EUA)

Sector	FR of Germany	Belgium	France	Italy	Luxembourg	Netherlands	United Kingdom	Ireland	Denmark	Non-Community	Total
I — Coal industry	6,39	—	—	—	—	—	226,84	—	—	—	233,23
Iron and steel industry	90,92	—	121,29	133,56	63,78	—	3,51	—	4,29	6,63	423,98
Thermal power stations	23,39	29,17	37,40	—	—	—	—	—	—	—	89,96
Miscellaneous	—	—	—	5,06	—	4,58	—	—	—	—	9,64
Total	120,70	29,17	158,69	138,62	63,78	4,58	230,35	—	4,29	6,63	756,81
II — Industrial reconversion	7,56	—	116,25	—	4,84	—	136,45	0,97	—	—	266,07
III — Social housing	0,78	—	0,51	4,44	—	0,27	1,73	0,13	—	—	7,86
Grand total	129,04	29,17	275,45	143,06	68,62	4,85	388,53	1,10	4,29	6,63	1 030,74

ECSC loans between
1954 and 31 December 1980



1. Industrial loans (Article 54)

1980 was marked by an increase in the number of loans granted for industrial investment projects pursuant to Article 54 of the ECSC Treaty.

Loans granted totalled 756,81 million EUA.

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

Other categories of loans — for environmental protection projects, for vocational training and research centres and for safeguarding the supply of raw materials — were also granted at reduced rates of interest.

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

As part of the Community's energy policy, a large proportion of ECSC loans was used to finance projects in the coal industry. A total of 233,23 million EUA was disbursed for projects aimed at the modernization and amalgamation of mines.

In accordance with the criteria set out in the Commission communication of 29 March 1980, some loans were granted at reduced rates of interest.

Loans totalling 89,96 million EUA were granted for the financing of power plants to be fuelled with Community coal.

The loans to industry disbursed in 1980 went to the following undertakings:

Federal Republic of Germany

Thyssen AG, Duisburg
Steag und VEW, Bergkamen
Fried. Krupp AG, Bochum
Röchling-Burbach GmbH, Völklingen
Edelstahlwerke Buderus AG, Wetzlar
Westfälische Berggewerkschaftskasse, Bochum
Saarbergwerke AG, Saarbrücken
Krupp Stahl AG, Bochum
Steag-RWE OHG, Voerde

Belgium

Ebes, Antwerp
Intercom, Brussels

Denmark

Danske Staalvalseværk A/S, Frederiksværk

France

Charbonnages de France, Paris
Sollac, Paris
Usinor, Paris
Sacilor, Paris

Table 3
Loans for industrial investment (Article 54)

(in million EUA)

Country	Total loaned ¹ by 31.12.1979	New loans in 1980 ¹	Total loaned	Balance outstanding
			Position at 31.12.1980	
Denmark	45,63	4,29	49,92	27,96
FR of Germany	1 506,31	120,70	1 627,01	988,82
Belgium	177,97	29,17	207,14	132,79
France	967,74	158,69	1 126,43	935,78
Italy	863,04	138,62	1 001,66	779,51
Luxembourg	89,93	63,78	153,71	148,57
Netherlands	145,97	4,58	150,55	117,20
United Kingdom	1 503,55	230,35	1 733,90	1 550,69
Ireland	15,27	—	15,27	15,27
Non-Community	—	6,63	6,63	6,63
Total	5 315,41	756,81	6 072,22	4 703,22

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

Italy

Acc. e Ferriere Lombarde Falck SpA, Milan
 Ferrotubi SpA, Milan
 Italsider SpA, Genoa
 Cantieri Navali Riuniti SpA, Genoa
 Acc. di Piombino SpA, Genoa
 Teksid SpA, Turin
 Ilssa Vioal SpA, Milan

Luxembourg

Métallurgique et Minière de Rodange/Athus, Rodange
 ARBED SA, Luxembourg

Netherlands

Climax Molybdenum BV, Rotterdam

United Kingdom

NCB, London
 Brymbo Steel Works Ltd, Brymbo

Non-Community

Aktieselskabet Sydvaranger, Oslo

2. Loans for industrial reconversion (Article 56)

The restructuring of the iron and steel industry has already resulted in a considerable reduction in the number of jobs, which fell from 792 000 in 1974 to 636 000 in 1980, and further major cuts seem necessary. As in the past, the Commission tried to encourage the creation of new jobs in other sectors by means of loans at reduced rates of interest. It also increased its support for small and medium-sized undertakings. To achieve greater effectiveness it acted through certain financial institutions to which it granted global loans, the product of which was reloaned to that category of undertakings. These loans totalled 266,07 million EUA in 1980, which was more than four times as much as in the previous year. For the first time ECSC reconversion loans amounted to a quarter of the total disbursements. The loans are intended to help create 11 450 jobs.

Reductions in interest rates may be applied to all or part of the loans granted pursuant to Article 56 of the ECSC Treaty. For a period of five years the interest rate payable on such loans is three percentage points below the normal rate, which is set in accordance with the corresponding borrowed funds. The lower rate was granted on condition that a portion of the new jobs created would be reserved primarily for workers made redundant in the ECSC industries.

Under the terms of the Treaty, requests for loans of this type are submitted to the Commission by the government of the Member State concerned. The geographical distribution of the loans granted therefore largely reflects the national policies on reconversion. Loans were granted to the following undertakings:

Federal Republic of Germany

Stahlwerke Röchling-Burbach GmbH, Völklingen
Saarländische Investitionskreditbank, Saarbrücken (for small and medium-sized undertakings)

France

Banque Populaire de la Loire, Saint-Étienne (for small and medium-sized undertakings)
Banque Populaire du Nord, Lille (for small and medium-sized undertakings)
SOFIREM, Soc. Financière pour favoriser l'Industrialisation des Régions Minières, Paris (for Silvallac)
Société de Mécanique Lorraine (SML), Maizière-les-Metz
Soc. Mécanique Automobile de l'Est (SMAE), Metz
Soc. Française de Mécanique, Automobiles Peugeot and Régie Nationale des Usines Renault, Douvrin
Société Mécanique Automobile du Nord (SMAN), Paris
Rockwool Isolation, Paris
Crédit National, Paris (for small and medium-sized undertakings)
Société de Développement Régional de Lorraine (LORDEX), Nancy (for small and medium-sized undertakings)
Soc. Valenciennoise d'Équipements pétroliers (SOVEP), Cosne

Ireland

Industrial Credit Company, Dublin (for Runtalrad and Eurolift)

Luxembourg

General Motors Luxembourg Operation SA, Bascharage
Société Nationale de Crédit et d'Investissement (for small and medium-sized undertakings)

United Kingdom

Finance for Industry, London (for small and medium-sized undertakings)
Rothmans International Ltd, Basildon/Essex
Daniel Doncaster, Sheffield
Girling Midland Ross Air Actuation Ltd, Birmingham
Natural Gas Tubes Ltd
Cameron Breweries, Hartlepool
FHS Automotive Parts Manufacturing Ltd, Cardiff
Wiggins Teape, Basingstoke
Sheepbridge Stokes Ltd, Chesterfield
Sony UK Ltd, Sunbury-on-Thames
Dynoplast Ltd, North Seaton Industrial Estate, Ashington
Alfred Teves, London
Ford Motor Co. Ltd, Brentwood
Mokellar Watt Ltd, Glasgow
Lightning Fastners Ltd, Witton
Roche Products Ltd, Welwyn Garden City

ABF. PLASTIC, La Ricamarie
The new FMC machine

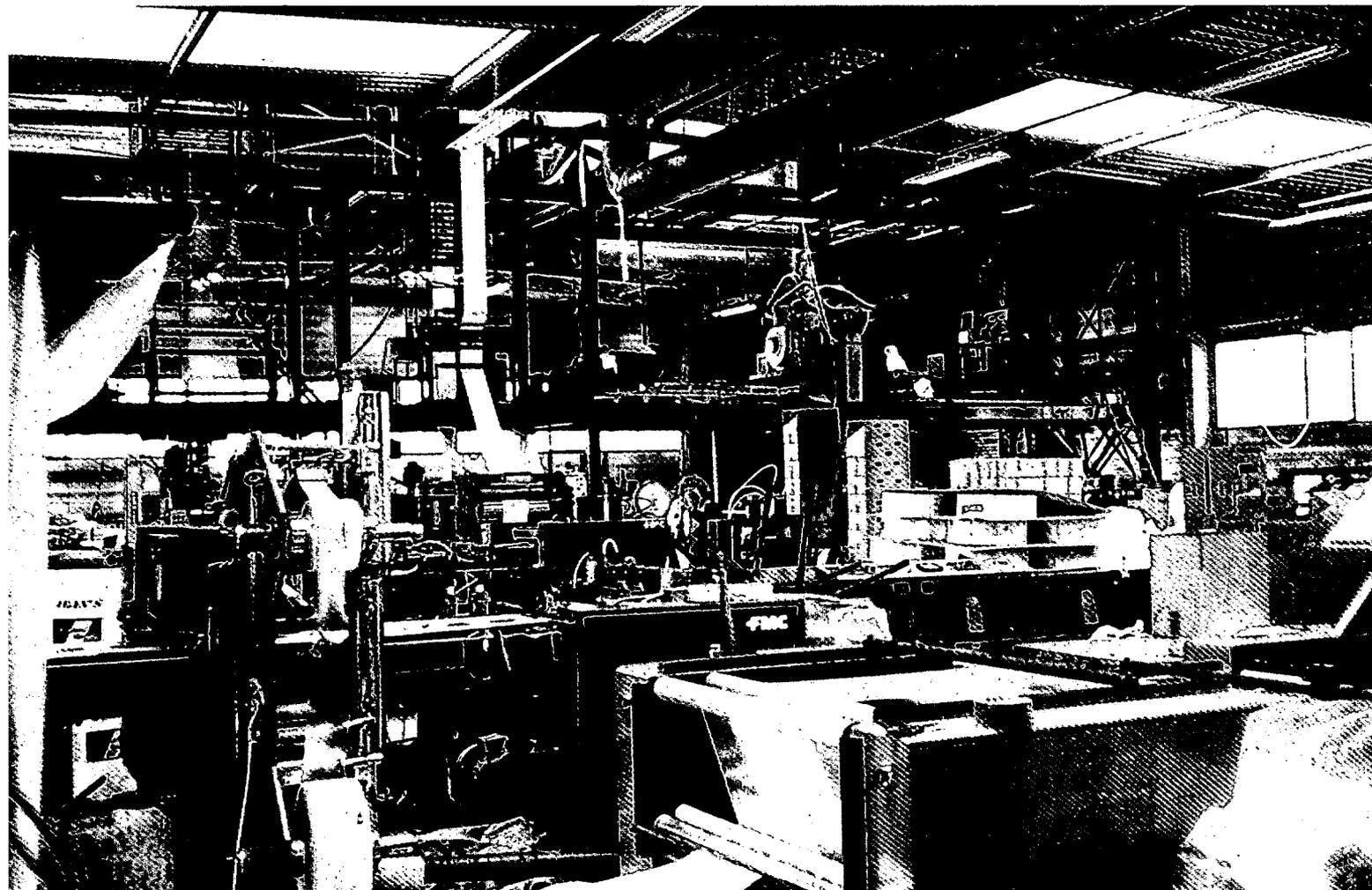


Table 4
Loans for industrial reconversion (Article 56)
A — Breakdown by country

(in million EUA)

Country	Total loaned by 31.12.1979 ¹	New loans in 1980 ¹	Total loaned	Balance outstanding
			Position at 31.12.1980	
Denmark	—	—	—	—
FR of Germany	206,44	7,56	214,00	115,37
Belgium	53,58	—	53,58	19,28
France	171,74	116,25	287,99	234,52
Italy	66,82	—	66,82	40,50
Luxembourg	4,06	4,84	8,90	8,35
Netherlands	29,08	—	29,08	10,80
United Kingdom	92,71	136,45	229,16	204,16
Ireland	0,47	0,97	1,44	1,44
Community	624,90	266,07	890,97	634,42

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

B — Breakdown by industry

Category	Amount (in million EUA)	%
1. Manufacture of motor vehicles and accessories	275,9	30,97
2. Iron and steel industry	145,9	16,38
3. Coal, gas	66,5	7,46
4. Global loans	63,2	7,09
5. Chemicals	61,8	6,94
6. Non-ferrous metals	32,0	3,59
7. Food industries	29,4	3,30
8. Industrial estates	27,8	3,12
9. Paper and printing	26,2	2,94
10. Mechanical engineering	25,6	2,87
11. Rubber	22,8	2,56
12. Power stations	22,2	2,49
13. Cast iron, steel and other metal products	21,1	2,37
14. Textiles and clothing	12,5	1,40
15. Electrical equipment	12,1	1,36
16. Ceramic ware, glass, lime and stone	11,9	1,34
17. Joinery and furniture manufacture	10,9	1,22
18. Processing of plastics	6,0	0,67
19. Miscellaneous	17,2	1,93
of which Aeronautical engineering	4,5	
Metal engineering	1,5	
Transport	1,3	
Total	891,0	100,00

3. Loans for housing (Article 54)

1980 saw the continuation of the housing finance policy. 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.

Under the 8th ECSC social housing programme, the Commission in 1980 disbursed 7,86 million EUA.

The loans disbursed from own funds at 1% interest totalled 4,54 million EUA in 1980; this sum was supplemented by 3,32 million EUA from borrowed funds. These amounts enabled the Commission to finance approximately 600 new moderate-rent housing units. Since the beginning of its financial activities the ECSC has therefore financed the construction of over 167 000 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 on the terms prevailing on those markets. Borrowers thus have larger sums to draw on, while at the same time the average interest rate on their borrowings remains moderate.

Country	Total loaned by 31.12.1979 ¹	New loans in 1980 ¹	Total loaned	Balance outstanding
			Position at 31.12.1980	
Denmark	1,45	—	1,45	1,02
FR of Germany	136,65	0,78	137,43	77,21
Belgium	38,37	—	38,37	11,82
France	38,82	0,51	39,33	22,20
Italy	22,77	4,44	27,21	19,68
Luxembourg	6,67	—	6,67	3,38
Netherlands	13,62	0,27	13,89	6,92
United Kingdom	11,00	1,73	12,73	10,46
Ireland	0,51	0,13	0,64	0,55
Community	269,86	7,86	277,72	153,24

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

4. Guarantees

Redemption of the initial amounts of loans previously guaranteed (guarantees provided under the ECSC Treaty), totalling 62,47 million EUA, reduced the remaining commitments to 7,80 million EUA at 31 December 1980.

5. Summary of lending operations and guarantees (1954—80)

From the start of its financing activities to 31 December 1980, the ECSC granted loans totalling 7 254,22 million EUA, of which 7 026,96 million were from borrowed funds and 227,26 million from its own resources.

Including guarantees furnished over the same period, the total amount of ECSC financial assistance was 7 316,69 million EUA (compared with 6 140 million EUA at 31 December 1979).

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

Table 6 Loans disbursed and guarantees granted up to 31 December 1980 by type of investment and country (Initial amounts) ¹ (in million ECU)						
Breakdown	Loans			Guarantees	Total loans and guarantees	%
	From borrowed funds	From own resources	Total			
<i>A — Type of investment</i>						
Coal industry	1 922,91 ²	—	1 922,91	—	1 922,91	26,28
Iron-ore mines	105,34	—	105,34	—	105,34	1,44
Iron and steel industry	4 012,76	3,70	4 016,46	62,32	4 078,78	55,75
Industrial reconversion	887,37	3,60	890,97	—	890,97	12,18
Worker housing	71,07	206,65	277,72	—	277,72	3,80
Miscellaneous	27,51	13,31	40,82	0,15	40,97	0,55
Total	7 026,96	227,26	7 254,22	62,47	7 316,69	100,0
<i>B — Country</i>						
Ireland	16,71	0,64	17,35	—	17,35	0,24
Denmark	46,91	1,45	51,36	—	51,36	0,70
FR of Germany	1 865,32	123,45	1 988,77	52,58	2 041,35	27,90
Belgium	286,88	12,75	299,63	—	299,63	4,09
France	1 414,62	40,18	1 454,80	9,74	1 464,54	20,02
Italy	1 078,92	16,88	1 095,80	0,15	1 095,95	14,98
Luxembourg	164,68	5,57	170,25	—	170,25	2,33
Netherlands	180,23	13,61	193,84	—	193,84	2,65
United Kingdom	1 963,06	12,73	1 975,79	—	1 975,79	27,00
Non-Community	6,63	—	6,63	—	6,63	0,09
Total	7 026,96	227,26	7 254,22	62,47	7 316,69	100,00
¹ After adjustment for the new exchange rates adopted for the conversion of national currencies to European units of account, listed on page 4. ² Including thermal power-stations (288,65 million EUA).						

Changes in reserves and provisions

The table below shows the changes in ECSC reserves and provisions between 31 December 1979 and 31 December 1980.

	Position at 31.12.1979	Changes in 1980	Position at 31.12.1980
<i>Reserves</i>			
– Guarantee fund	230,00	30,00	260,00
– Special reserve	140,00	3,50	143,50
– Former pension fund	41,53	0,32	41,85
<i>Budgetary provisions</i>			
(a) for rehabilitation of workers	189,57	25,71	215,28
(b) for technical and economic research	73,38	4,61	77,99
(c) assistance (Article 56)	20,56	23,15	43,71
(d) assistance (Article 54)	17,69	18,19	35,88
(e) assistance to coking coal	8,82	–4,94	3,88
<i>Other provisions</i>	105,03	14,23	119,26
Total	826,58	114,77	941,35
<i>Unallocated balance</i>	0,42	–0,28	0,14
Grand total	827,00	114,49	941,49

Revenue from the levy, which has been fixed at 0,31% since 1 January 1980 amounted to 116,60 million EUA in 1980, compared with 103,24 million EUA in 1979. This total comprises 28,80 million EUA from coal production and 87,80 million EUA from iron and steel production.

Revenue resulting from the management of liquid assets, i.e. from interest on own resources invested, was 74,68 million EUA and income from borrowed funds not yet disbursed was 22,11 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 (rehabilitation of workers, technical research, assistance to coking coal) and reduced interest loans, in accordance with the social, regional and industrial objectives of the Community.

Annexes

- I – Main characteristics of loans outstanding at 31 December 1980**
- II – ECSC balance sheet at 31 December 1980 and 1979**
- III – ECSC revenue and expenditure for the years 1980 and 1979**

Main characteristics of loans outstanding at 31 December 1980

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1980 (in European units of account)
			in currency	equivalent in European units of account	
1962	5 ¹ / ₄	20	USD 25 000 000	19 089 361,12	2 710 689,29
1964	5 ¹ / ₄	20	30 000 000	22 907 233,34	6 108 595,56
1966	6 ¹ / ₂	20	15 000 000	11 453 616,67	4 581 446,67
1966	6 ¹ / ₂	20	20 000 000	15 271 488,89	5 994 059,39
1967	6 ¹ / ₂	20	25 000 000	19 089 361,12	8 704 748,67
1967	6 ⁵ / ₈	20	20 000 000	15 271 488,89	7 024 884,89
1973	7	15	30 000 000	22 907 233,34	20 616 510,01
1974	7 ³ / ₄	15	50 000 000	38 178 722,23	30 924 765,01
1974	9 ¹ / ₄	8	100 000 000	76 357 444,47	76 357 444,47
1974	9 ¹ / ₂	10	100 000 000	76 357 444,47	61 085 955,58
1974	10	10	200 000 000	152 714 888,94	122 171 911,15
1975	8 ³ / ₈	8	150 000 000	114 536 166,70	114 536 166,70
1975	8 ³ / ₄	7	50 000 000	38 178 722,23	30 542 977,78
1976	8 ³ / ₄	5	65 000 000	49 632 338,90	49 632 338,90
1976	9 ¹ / ₄	10	60 000 000	45 814 466,68	38 178 722,23
1976	9	7	50 000 000	38 178 722,28	38 178 722,23
1976	8 ⁵ / ₈	8	75 000 000	57 268 083,35	57 268 083,35
1976	9	20	100 000 000	76 357 444,47	76 357 444,47
1976	8 ¹ / ₂	10	23 000 000	17 562 212,23	13 171 659,17
1976	7 ⁷ / ₈	5	30 000 000	22 907 233,34	22 907 233,34
1976	8 ¹ / ₈	8	75 000 000	57 268 083,35	57 268 083,35
1976	8 ⁷ / ₈	20	75 000 000	57 268 083,35	57 268 083,35
1976	8	7	30 000 000	22 907 233,34	22 907 233,34
1977	7 ¹ / ₄	5	50 000 000	38 178 722,23	38 178 722,23
1977	8 ¹ / ₄	10	10 000 000	7 635 744,45	7 635 744,45
1977	7 ³ / ₄	5	25 000 000	19 089 361,12	19 089 361,12
1977	9 ¹ / ₈	20	75 000 000	57 268 083,35	57 268 083,35
1977	7 ⁵ / ₈	7	30 000 000	22 907 233,34	22 907 233,34
1977	9	18	50 000 000	38 178 722,23	34 169 956,39
1977	8 ¹ / ₈	5	20 000 000	15 271 488,89	15 271 488,89
1977	8	19	25 000 000	19 089 361,12	12 217 191,12
1977	8 ³ / ₄	15	42 000 000	32 070 126,68	32 070 126,68
1977	8 ¹ / ₄	12	50 000 000	38 178 722,23	38 178 722,23
1977	8 ³ / ₄	20	100 000 000	76 357 444,47	69 103 487,24
1978	8 ³ / ₈	7	30 000 000	22 907 233,34	22 907 233,34
1978	8 ¹ / ₂	8	40 000 000	30 542 977,79	30 542 977,79
1978	8 ¹ / ₂	12	20 000 000	15 271 488,89	15 271 488,89
1978	8 ³ / ₄	10	15 000 000	11 453 616,67	11 453 616,67
1978	8 ³ / ₄	9	20 000 000	15 271 488,89	15 271 488,89
1978	8 ³ / ₄	9	15 000 000	11 453 616,67	11 453 616,67
1978	9	15	25 000 000	19 089 361,12	17 791 284,56
1978	9 ¹ / ₄	20	25 000 000	19 089 361,12	17 791 284,56
1978	9 ³ / ₈	15	30 000 000	22 907 233,34	22 907 233,34
1978	9 ¹ / ₁₀	10	25 000 000	19 089 361,12	19 089 361,12
1978	8 ³ / ₄	9	50 000 000	38 178 722,23	38 178 722,23
1978	9	10	20 000 000	15 271 488,89	15 271 488,89
1978	9 ¹ / ₂	15	25 000 000	18 089 361,12	19 089 361,12
1978	9 ¹ / ₂	15	20 000 000	15 271 488,89	15 271 488,89
1978	9 ¹ / ₂	15	20 000 000	15 271 488,89	15 271 488,89
1978	9 ¹ / ₂	15	10 000 000	7 635 744,45	7 635 744,45
1978	9 ¹ / ₄	12	18 000 000	13 744 340,00	13 744 340,00
1978	9 ¹ / ₄	12	40 000 000	30 542 977,79	30 542 977,79
1978	9—9 ³ / ₄	20	50 000 000	38 178 722,23	38 178 722,23
1979	11 ¹ / ₄ —9 ¹ / ₄	12	15 000 000	11 453 616,67	11 453 616,67
1979	9 ³ / ₄	10	10 000 000	7 635 744,45	7 635 744,45

Main characteristics of loans outstanding at 31 December 1980

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1980 (in European units of account)
			in currency	equivalent in European units of account	
1979	11 ¹ / ₂ —9 ³ / ₈	10	USD 20 000 000	15 271 488,89	15 271 488,89
1979	10 ³ / ₄ —9 ¹ / ₄	12	150 000 000	114 536 166,70	114 536 166,70
1979	9 ³ / ₄	20	125 000 000	95 446 805,59	95 446 805,59
1979	12—10 ¹ / ₂	7	100 000 000	76 357 444,47	76 357 444,47
1980	11 ¹ / ₂	8	40 000 000	30 542 977,79	30 542 977,79
1980	11 ⁵ / ₈	10	50 000 000	38 178 722,23	38 178 722,23
1980	11 ¹ / ₂	8	100 000 000	76 357 444,47	76 357 444,47
1980	11	7	25 000 000	19 089 361,12	19 089 361,12
1980	11 ¹ / ₄	10	50 000 000	38 178 722,23	38 178 722,23
				2 335 010 651,81	2 171 300 290,87
1955	3 ³ / ₄	25	DM 50 000 000	19 488 922,50	1 169,33
1965	5 ¹ / ₂	18	150 000 000	58 466 767,49	13 447 356,53
1968	6 ¹ / ₄	13	60 000 000	23 386 707,—	2 338 670,70
1969	6 ¹ / ₄	15	40 000 000	15 591 138,—	6 236 455,20
1969	6 ¹ / ₂	13	50 000 000	19 488 922,50	3 897 784,50
1971	7 ¹ / ₂	15	100 000 000	38 977 844,99	23 386 706,99
1972	6 ¹ / ₂	15	100 000 000	38 977 844,99	27 284 491,49
1972	7	15	150 000 000	58 466 767,49	40 926 737,24
1973	6 ¹ / ₂	15	150 000 000	58 466 767,49	46 773 413,99
1973	7 ³ / ₄	15	100 000 000	38 977 844,99	31 182 275,99
1974	10	7	50 000 000	19 488 922,50	19 488 922,50
1974	9 ³ / ₄	7	150 000 000	58 466 767,49	58 466 767,49
1975	8 ¹ / ₂	10	56 000 000	21 827 593,20	13 642 245,75
1975	8 ¹ / ₂	7	20 000 000	7 795 569,00	7 795 569,00
1975	8 ¹ / ₂	10	150 000 000	58 466 767,49	36 541 729,68
1975	8	7	150 000 000	58 466 767,49	58 466 767,49
1976	7 ³ / ₄	10	80 000 000	31 182 275,99	23 386 706,99
1976	8 ¹ / ₄	10	45 000 000	17 540 030,25	8 770 015,13
1976	8	5	50 000 000	19 488 922,50	19 488 922,50
1976	7 ³ / ₄	7	125 000 000	48 722 306,24	48 722 306,24
1976	7 ³ / ₄	10	75 000 000	29 233 383,74	29 233 383,74
1977	7	12	81 630 000	31 817 614,87	31 817 614,87
1977	7	12	19 800 000	7 717 613,31	7 717 613,31
1977	6	12	16 000 000	6 236 455,20	6 236 455,20
1977	6	12	32 000 000	12 472 910,40	12 472 910,40
1977	5 ³ / ₄	8	20 000 000	7 795 569,00	4 872 230,63
1977	5 ¹ / ₂	8	20 000 000	7 795 569,00	4 872 230,63
1977	5 ¹ / ₂	8	20 000 000	7 795 569,00	4 872 230,63
1977	5 ¹ / ₂	8	20 000 000	7 795 569,00	4 872 230,63
1977	6	14	98 000 000	38 198 288,09	30 012 940,64
1977	5 ¹ / ₂	8	18 000 000	7 016 012,10	4 385 007,57
1977	5 ¹ / ₂	8	12 000 000	4 677 341,40	2 923 338,38
1977	6 ¹ / ₈	10	25 000 000	9 744 461,25	9 744 461,25
1978	5 ³ / ₄	10	30 000 000	11 693 353,50	11 693 353,50
1978	5 ⁷ / ₈	10	20 000 000	7 795 569,00	7 795 569,00
1978	5 ¹ / ₄	12	150 000 000	58 466 767,49	58 466 767,49
1978	6 ¹ / ₂	15	15 000 000	5 846 676,75	5 846 676,75
1978	6 ¹ / ₂	15	50 000 000	19 488 922,50	19 488 922,50
1978	6 ¹ / ₄	10	15 000 000	5 846 676,75	5 846 676,75

Main characteristics of loans outstanding at 31 December 1980

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1980 (in European units of account)
			in currency	equivalent in European units of account	
1978	6	12	DM 70 000 000	27 284 491,50	27 284 491,50
1978	6½	15	32 400 000	12 628 821,78	12 628 821,78
1978	6¼	10	9 000 000	3 508 006,05	3 508 006,05
1978	6	10	150 000 000	58 466 767,49	58 466 767,49
1978	6½	6	16 200 000	6 314 410,89	4 209 607,27
1978	6½	12	20 000 000	7 795 569,00	7 795 569,00
1978	6¾	10	20 000 000	7 795 569,00	7 795 569,00
1978	6	6	20 000 000	7 795 569,00	7 795 569,00
1979	6½—6¾	6	34 000 000	13 252 467,30	13 252 467,30
1979	6¾	6	50 000 000	19 488 922,50	19 488 922,50
1979	6½—6¾	7	10 000 000	3 897 784,50	3 897 784,50
1979	7	12	150 000 000	58 466 767,49	58 466 767,49
1979	8	10	25 000 000	9 744 461,25	9 744 461,25
1979	8	10	25 000 000	9 744 461,25	9 744 461,25
1979	7½	12	40 000 000	15 591 138,00	15 591 138,00
1979	7¾	15	50 000 000	19 488 922,50	19 488 922,50
1979	8¼	10	40 000 000	15 591 138,00	15 591 138,00
1979	8½	10	60 000 000	23 386 707,00	23 386 707,00
1979	8¼	10	12 000 000	4 677 341,40	4 677 341,40
1980	7⅞	10	150 000 000	58 466 767,49	58 466 767,49
1980	8	10	40 000 000	15 591 138,00	15 591 138,00
1980	9,65	10	50 000 000	19 488 922,50	19 488 922,50
1980	8¾	8	40 000 000	15 591 138,00	15 591 138,00
1980	8¼	8	70 000 000	27 284 491,50	27 284 491,50
1980	8½	8	35 000 000	13 642 245,75	13 642 245,75
1980	8½	8	10 000 000	3 897 784,50	3 897 784,50
1980	8½	8	50 000 000	19 488 922,50	19 488 922,50
1980	8—10	12	12 000 000	4 677 341,40	4 677 341,40
1980	8	12	12 000 000	4 677 341,40	4 677 341,40
1980	8	12	12 000 000	4 677 341,40	4 677 341,40
1980	7,9	12	12 000 000	4 677 341,40	4 677 341,40
1980	7⅞	12	150 000 000	58 466 767,49	58 466 767,49
1980	8,35	8	250 000 000	97 444 612,48	97 444 612,48
1980	9,5	8	150 000 000	58 466 767,49	58 466 767,49
				1 730 628 011,14	1 482 769 064,18
1963	5½	20	LIT 15 000 000 000	12 322 352,75	2 464 470,55
1966	6	20	15 000 000 000	12 322 352,75	4 928 941,10
1966	6	20	15 000 000 000	12 322 352,75	4 928 941,10
1968	6	20	15 000 000 000	12 322 352,75	6 571 921,47
1968	6	20	15 000 000 000	12 322 352,75	6 571 921,47
1972	7	15	20 000 000 000	16 429 803,66	11 500 862,56
1972	7	15	20 000 000 000	16 429 803,66	11 500 862,56
1974	7	15	10 000 000 000	8 214 901,83	7 393 411,65
1975	10	10	30 000 000 000	24 644 705,50	15 402 940,94
				127 330 978,40	71 264 273,40

Main characteristics of loans outstanding at 31 December 1980

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1980 (in European units of account)
			in currency	equivalent in European units of account	
1957	3½	25	BFR 200 000 000	4 838 502,87	570 943,34
1957	3½	25	20 000 000	483 850,29	57 094,33
1962	5¼	20	300 000 000	7 257 754,31	1 016 085,61
1963	5½	20	300 000 000	7 257 754,31	1 524 128,41
1968	6¾	15	750 000 000	18 144 385,76	6 531 978,87
1970	8¾	20	500 000 000	12 096 257,18	8 068 203,54
1971	7¾	15	700 000 000	16 934 760,05	10 160 856,04
1973	7¾	12	1 000 000 000	24 192 514,35	15 120 321,47
1975	8¼	10	1 500 000 000	36 288 771,53	29 031 017,22
1978	8½	8	2 000 000 000	48 385 028,70	48 385 028,70
1980	13¾	8	2 000 000 000	48 385 028,70	48 385 028,70
1980	13½	8	500 000 000	12 096 257,18	12 096 257,18
				236 360 865,23	180 946 943,41
1964	5	20	FF 150 000 000	25 256 096,82	6 314 024,21
1971	8½	18	150 000 000	25 256 096,82	17 510 893,79
1972	7¼	15	150 000 000	25 256 096,82	17 679 267,78
1973	7½	15	60 000 000	10 102 438,73	8 081 950,99
1973	7½	18	150 000 000	25 256 096,82	23 993 291,98
1975	10	7	125 000 000	21 046 747,35	17 679 267,78
1976	10¼	5	40 000 000	6 734 959,15	1 346 991,83
1976	10	5	60 000 000	10 102 438,73	2 020 487,74
1976	10	7	50 000 000	8 418 698,94	8 418 698,94
1976	10⅕	18	250 000 000	42 093 494,70	42 093 494,70
1976	10½	7	50 000 000	8 418 698,94	5 051 219,36
1977	11¾	5	60 000 000	10 102 438,73	10 102 438,73
1977	11	12	300 000 000	50 512 193,64	50 512 193,64
1978	11¼/10	6	4 000 000	673 495,92	673 495,92
1978	11¼/10	7	4 000 000	673 495,92	673 495,92
1978	10⅞/10	15	275 000 000	46 302 844,17	46 302 844,17
1978	10½	7	50 000 000	8 418 698,94	8 418 698,94
1978	10—9,5/10	12	50 000 000	8 418 698,94	8 418 698,94
1978	10	10	300 000 000	50 512 193,64	50 512 193,64
1979	9⅞/10	15	325 000 000	54 721 543,11	54 721 543,11
1979	11	20	100 000 000	16 837 397,88	15 852 756,23
1979	11½	20	23 000 000	3 872 601,51	3 651 920,23
1980	10⅞	8	20 000 000	3 367 479,58	3 367 479,58
1980	12,225	12	20 000 000	3 367 479,58	3 367 479,58
1980	12¾—13¼	15	80 000 000	13 469 918,30	13 469 918,30
1980	14,25	6	150 000 000	25 256 096,82	25 256 096,82
1980	14	12	400 000 000	67 349 591,52	67 349 591,52
1980	13,30	5	20 000 000	3 367 479,58	3 367 479,58
1980	13,60	5	10 000 000	1 683 739,79	1 683 739,79
1980	13,95	8	20 000 000	3 367 479,58	3 367 479,58
1980	14,30	7	15 000 000	2 525 609,68	2 525 609,68
1980	14,30	7	20 000 000	3 367 479,58	3 367 479,58
				586 109 820,22	527 152 222,59

Main characteristics of loans outstanding at 31 December 1980

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1980 (in European units of account)
			in currency	equivalent in European units of account	
1961	4 $\frac{1}{2}$	20	HFL 50 000 000	17 915 945,55	1 110 788,63
1962	4 $\frac{3}{4}$	25	6 000 000	2 149 913,47	611 975,77
1962	4 $\frac{3}{4}$	20	25 000 000	8 957 972,77	1 272 032,13
1963	4 $\frac{5}{8}$	30	1 750 000	627 058,09	273 755,64
1964	5 $\frac{3}{4}$	20	25 000 000	8 957 972,77	2 454 484,54
1965	5 $\frac{3}{4}$	20	40 000 000	14 332 756,44	4 837 305,30
1975	8 $\frac{1}{2}$	15	60 000 000	21 499 134,66	14 332 756,44
1975	8 $\frac{5}{8}$	10	20 000 000	7 166 378,22	3 583 189,11
1976	8	7	60 000 000	21 499 134,66	21 499 134,66
1976	8 $\frac{3}{4}$	25	25 000 000	8 957 972,77	7 524 697,13
1976	8 $\frac{5}{8}$	25	30 000 000	10 749 567,33	9 029,636,56
1976	8 $\frac{3}{4}$	20	14 000 000	5 016 464,75	5 016 464,75
1978	7 $\frac{1}{4}$	15	100 000 000	35 831 891,10	35 831 891,10
1978	7 $\frac{5}{8}$	15	14 000 000	5 016 464,75	5 016 464,75
1980	10 $\frac{7}{8}$	10	50 000 000	17 915 945,55	17 915 945,55
				186 594 572,88	130 300 522,06
1957	5 $\frac{3}{8}$	25	LFR 100 000 000	2 419 251,44	360 611,33
1961	5 $\frac{1}{4}$	25	100 000 000	2 419 251,44	971 151,74
1961	5	25	100 000 000	2 419 251,44	957 742,85
1962	5 $\frac{1}{8}$	25	250 000 000	6 048 128,59	2 747 260,78
1964	5 $\frac{3}{8}$	20	150 000 000	3 628 877,15	967 700,57
1971	7	15	250 000 000	6 048 128,59	5 201 390,59
1971	7 $\frac{3}{4}$	12	300 000 000	7 257 754,31	3 096 641,84
1972	6 $\frac{3}{4}$	12	300 000 000	7 257 754,31	3 265 989,45
1972	6 $\frac{3}{4}$	15	400 000 000	9 677 005,74	6 773 904,02
1973	6 $\frac{3}{4}$	15	300 000 000	7 257 754,31	5 806 203,45
1973	7	12	800 000 000	19 354 011,48	12 096 257,17
1973	7	15	800 000 000	19 354 011,48	15 483 209,18
1973	8	12	300 000 000	7 257 754,31	4 064 342,42
1973	8	12	200 000 000	4 838 502,87	2 709 561,60
1973	7 $\frac{1}{4}$	15	500 000 000	12 096 257,18	11 128 556,61
1973	7 $\frac{1}{2}$	8	250 000 000	6 048 128,59	967 700,58
1974	10	7	400 000 000	9 677 005,74	2 419 251,43
1975	9	10	500 000 000	12 096 257,18	10 160 856,03
1975	9	9	100 000 000	2 419 251,44	1 935 401,15
1976	9 $\frac{1}{2}$	8	500 000 000	12 096 257,18	11 612 406,89
1976	9 $\frac{1}{2}$	8	200 000 000	4 838 502,87	2 419 251,43
1977	8 $\frac{1}{2}$	10	500 000 000	12 096 257,18	12 096 257,18
1978	7 $\frac{3}{4}$	10	250 000 000	6 048 128,59	6 048 128,59
1978	7 $\frac{3}{4}$	10	600 000 000	14 515 508,61	13 910 695,75
1978	8	6	200 000 000	4 838 502,87	4 838 502,87
1979	8 $\frac{3}{4}$	8	500 000 000	12 096 257,18	12 096 257,18
1980	10	10	500 000 000	12 096 257,18	12 096 257,18
1980	12-10	8	250 000 000	6 048 128,59	6 048 128,59
1980	11,75	8	400 000 000	9 677 005,74	9 677 005,74
				241 925 143,58	181 956 624,19

Main characteristics of loans outstanding at 31 December 1980

Year of issue	Interest % p.a.	Term (years)	Initial amount		Balance outstanding at 31.12.1980 (in European units of account)	
			in currency	equivalent in European units of account		
1976	9	7	CAD	50 000 000	32 061 558,19	32 061 558,19
1977	9	7		25 000 000	16 030 779,10	16 030 779,10
					48 092 337,29	48 092 337,29
1975	7 ³ / ₄	15	SFR	80 000 000	34 560 669,09	34 560 669,09
1976	6 ¹ / ₄	5		30 000 000	12 960 250,91	12 960 250,91
1976	6 ¹ / ₂	7		30 000 000	12 960 250,91	12 960 250,91
1976	5 ³ / ₄	15		80 000 000	34 560 669,09	34 560 669,09
1977	4 ¹ / ₂	8		65 000 000	28 080 543,64	28 080 543,64
1977	4 ¹ / ₂	16		80 000 000	34 560 669,09	34 560 669,09
1978	3 ³ / ₄	4		100 000 000	43 200 836,37	43 200 836,37
1978	3 ¹ / ₄	3		52 500 000	22 680 439,09	22 680 439,09
1978	3 ³ / ₈	4		57 500 000	24 840 480,91	24 840 480,91
1978	3 ⁵ / ₈	5		37 500 000	16 200 313,64	16 200 313,64
1978	3 ¹ / ₈	5		25 000 000	10 800 209,09	10 800 209,09
1978	3 ¹ / ₄	6		25 000 000	10 800 209,09	10 800 209,09
1978	3	5		20 000 000	8 640 167,27	8 640 167,27
1978	2 ¹ / ₂	3		100 000 000	43 200 836,37	43 200 836,37
1979	3	8		123 500 000	53 353 032,91	53 353 032,91
1979	1	2		18 000 000	7 776 150,55	3 888 075,28
1979	3	5		45 000 000	19 440 376,37	19 440 376,37
1979	2 ⁹ / ₁₀ —3 ¹ / ₄	4		25 000 000	10 800 209,10	10 800 209,10
1979	4 ³ / ₄	10		7 000 000	3 024 058,55	3 024 058,55
1980	5 ¹ / ₄	6		38 000 000	16 416 317,82	16 416 317,82
1980	5 ¹ / ₄	6		17 000 000	7 344 142,18	7 344 142,18
1980	6 ¹ / ₄	5		30 000 000	12 960 250,91	12 960 250,91
1980	6	10		80 000 000	34 560 669,09	34 560 669,09
1980	5 ⁷ / ₈	5		20 000 000	8 640 167,27	8 640 167,27
					512 361 919,31	508 473 844,04
1966	5 ³ / ₄	20	u.a. ¹	20 000 000	35 287 309,27	14 644 233,35
1977	9 ⁵ / ₈	12	UKL	20 000 000	36 422 574,71	32 871 373,67
1979	13 ¹ / ₈ —11 ¹ / ₂	10		5 000 000	9 105 643,68	9 105 643,68
1980	17—14 ³ / ₄	5		25 000 000	45 528 218,39	45 528 218,39
1980	13 ¹ / ₂	8		20 000 000	36 422 574,71	36 422 574,71
					162 766 320,76	138 572 043,80
					6 167 180 620,62 ²	5 440 828 165,83

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

² Total amount of borrowings contracted by the ECSC since its inception = 7 410 574 744,75 EUA (including borrowings reduced).

Balance sheet at 31 December 1980 and 31 December 1979

(in European units of account)

Assets		
	1980	1979
Cash and balances with central banks	5 760 379	466 829
Loans and advances to credit institutions		
repayable on demand	24 838 983	24 060 906
with agreed maturity dates or periods of notice	523 345 753	424 331 208
	548 184 736	448 392 114
Debt securities held in portfolio (Note 1)	264 243 139	206 634 624
Loans outstanding (Note 2)	5 514 673 415	4 793 911 983
Unamortized issuing costs and reimbursement premiums (Note 3)	72 722 065	70 902 275
Banks deposits for coupons and securities due but not presented for payment	55 471 293	40 376 952
Land and buildings (Note 4)	286 389	260 752
Other assets (Note 5)	25 201 409	32 069 955
Accrued income (Note 6)	155 563 851	128 356 011
	6 642 106 676	5 721 371 495
The annexed notes are an integral part of these accounts.		

Liabilities		
	1980	1979
Coupons and securities due but not presented for payment	55 471 223	40 376 859
Amount owed to credit institutions repayable on demand with agreed maturity dates or periods of notice	—	8 268 671
Medium and long-term borrowings (Note 7)	5 405 735 297	4 675 047 371
Other liabilities	14 823 929	3 850 471
Accrued interest and commission payable (Note 8)	224 587 699	166 822 885
Total liabilities due to third parties	5 700 618 148	4 894 366 257
Commitments concerning the ECSC operational budget (Note 9)		
Financial aid	376 741 857	310 021 337
Other	119 259 059	105 033 906
Reserves (Note 10)	496 000 916	415 055 243
Guarantee fund	260 000 000	230 000 000
Special reserve	143 500 000	140 000 000
Former pension fund	41 847 043	41 530 962
	445 347 043	411 530 962
Unallocated surplus of revenue	140 569	419 033
	6 642 106 676	5 721 371 495

**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*

Revenue and expenditure for the years ended 31 December 1980 and 31 December 1979

(in European units of account)

Expenditure		
	1980	1979
Interest paid	429 401 595	363 208 185
Commissions paid	3 870 354	3 864 210
Contribution to administration costs (Note 11)	5 000 000	5 000 000
Value adjustments for losses on loans and provisions for general risks relating to ECSC activities	11 572 097	800 000
Value adjustments in respect of securities (Note 12)	580 265	10 387 727
Realized losses in respect of securities (Note 13)	941 235	—
Amortization of issuing costs and reimbursement premiums (Note 3)	16 052 529	14 510 254
Other changes	439 909	462 587
Research expenditure	40 962 596	33 101 821
Rehabilitation expenditure	35 667 540	33 020 436
Assistance to coking coal and metallurgical coke	10 942 478	4 570 486
Interest subsidies under Article 54	7 437 504	5 374 622
Interest subsidies under Article 56	10 593 799	6 399 500
Loss on exchange	1 691 396	297 923
Surplus of revenues over expenditure	<u>114 483 290</u>	<u>104 050 368</u>
	689 636 587	585 048 116
The annexed notes are an integral part of these accounts.		

Revenue		
	1980	1979
Interest received (Note 14)	538 682 392	445 380 452
Profit on repurchased securities (Note 7)	4 110 303	2 739 281
Miscellaneous	2 239 285	4 514 726
Levy and fines (Note 15)	116 604 607	104 041 363
Realized gains in respect of securities	—	372 294
Contributions from Member States	<u>28 000 000</u>	<u>28 000 000</u>
	689 636 587	585 048 116
The annexed notes are an integral part of these accounts.		

**European Coal and Steel Community
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Statement of allocation of funds — Excess of revenue over expenditure for the years ended 31 December 1980 and 31 December 1979

(in European units of account)

	1980	1979
Surplus of revenue over expenditure at 1 January	419 033	113 045
Surplus of revenue over expenditure for the year, to be allocated	114 483 290	104 050 368
Total available for allocation	<u>114 902 323</u>	<u>104 163 413</u>
Allocation: (Note A)		
Guarantee fund	30 000 000	30 000 000
Special reserve	3 500 000	1 500 000
Former pension fund	316 081	468 300
Financial aids	66 720 520	42 937 063
Other	14 225 153	28 839 017
	<u>114 761 754</u>	<u>103 744 380</u>
Surplus of non-allocated revenue over expenditure at 31 December	140 569	419 033
The annexed notes are an integral part of these accounts.		

Notes to financial statements for the years ended 31 December 1980 and 31 December 1979

(European units of account)

A. Presentation of financial statements

The European Coal and Steel Community (ECSC) was established by the Treaty of 18 April 1951. The purpose of the ECSC under the Treaty is to aid the economic development of the Member States through the creation of a common market for coal and steel. The ECSC's principal sources of funds are the levies which it imposes and borrowings on the financial market and direct from banks.

The accounts to 31 December 1980 include the allocation of 1980 net income.

Accounts to 31 December 1980 are presented in accordance with the Commission's proposal for a Council directive concerning the annual accounts of banks and other financial institutions.

The financial statements as at 31 December 1979 have been reclassified so as to make them comparable with those prepared as at 31 December 1980.

End-of-year figures for projects financed out of the year's allocations reflect projects undertaken during the year which are to be carried out by the ECSC in the fields of job retraining or of technical and economic research. Actual expenditure on these projects is included in the revenue and expenditure account for the year in which expenditure is incurred.

B. Summary of significant accounting policies

The ECSC uses the European unit of account (EUA) as the unit of measure for presenting its financial statements. The EUA as adopted by the Council of the European Communities is defined as equal to the sum of the following amounts of the currencies of the Member States:

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

The following conversion rates for the EUA were used in drawing up the balance sheet at 31 December 1980:

Deutschmark	2,56556
Pound sterling	0,549110
French franc	5,93916
Italian lira	1 217,30
Dutch guilder	2,79081
Belgian franc	41,3351
Luxembourg franc	41,3351
Danish krone	7,88723
Irish pound	0,690185
US dollar	1,30963
Swiss franc	2,31477
Canadian dollar	1,55950

The gain or loss resulting from the unrealized year-end conversion into EUA of accounts held in foreign currencies was, prior to 1980, brought into account in determining net income available for allocation. From 1980 onwards these profits or losses are deferred and transferred to the accrued income account in the balance sheet.

C. Explanatory notes

1. Debt securities held in portfolio

The portfolio consists principally of government securities and repurchased ECSC bonds.

These securities are brought into account at the lower of acquisition cost or market value.

The book value of ECSC bonds repurchased and retained in the portfolio at 31 December 1980 was 67 555 097.

Repurchased ECSC bonds repayable during the 12 months following the year of account are deducted from issued bonds and retired from the market.

2. Loans outstanding

1 240 loans were outstanding at 31 December 1980.

Loans against borrowed funds in currencies:

US dollars	2 203 092 264	
German marks	1 449 917 312	
French francs	518 043 628	
Swiss francs	473 283 048	
Luxembourg francs	179 299 216	
Belgian francs	168 765 684	
Dutch guilders	127 512 783	
Pounds sterling	95 836 046	
Italian lire	70 011 270	
Canadian dollars	48 092 337	
European Monetary Units	14 644 234	
European units of account	<u>7 206 412</u>	5 355 704 234

Other loans:

Loans from the special reserve fund for the financing of workers' housing projects	131 467 411	
Loans from the pension fund for housing loans to officials of the European Communities	21 665 854	
Loans from the pension fund for Friuli iron industry	3 696 706	
Loans from the special reserve fund for technical and economic research	1 934 828	
Loans from the special reserve fund for rehabilitation	<u>204 382</u>	158 969 181
		<u>5 514 673 415</u>

These loans are analysed by country as follows:

United Kingdom	1 765 302 810	
France	1 192 992 181	
FR of Germany	1 182 479 041	
Italy	839 744 797	
Belgium	164 174 742	
Luxembourg	160 356 061	
Netherlands	135 071 464	
Denmark	28 981 409	
Ireland	17 278 822	
Third countries	6 626 234	
Communities officials — housing loans	<u>21 665 854</u>	
		5 514 673 415

Breakdown of these loans by principal form of guarantee:

Loans secured by Member States	2 391 947 019
Loans secured by banks	957 344 314
Loans secured by mortgages	981 226 645
Loans secured by industrial groups	1 094 109 952
Loans secured by other guarantees	26 677 138
Unsecured loans (granted to credit institutions for workers' housing and job retraining)	<u>63 368 347</u>
	5 514 673 415

Certain loans have been written down to take account of a risk element inherent in the debts.

3. Unamortized issuing costs and reimbursement premiums

Issuing costs and associated expenses are amortized over the life of the borrowings to which they relate.

4. Land and buildings

The ECSC owns a building in Washington DC which forms part of the Community's working assets. The building is leased to the European Communities.

5. Other assets

Other assets at 31 December 1980 are analysed as follows:

Levy receivable	6 782 814
Member States' contributions receivable	15 677 455
Other	<u>2 741 140</u>
	25 201 409

6. Accrued income assets

This item includes interest and commission on guarantees which had accrued but not yet fallen due on 31 December 1980, totalling 137 802 810.

Also included is the levy declared for the months of November and December 1980 which falls due after 31 December 1980, totalling 17 761 041.

7. Medium and long-term borrowings

As on 31 December 1980, the ECSC had medium and long-term borrowings of 5 405 735 297 in 265 loans at varying interest rates on the capital markets. These loans mature at various dates between 1981 and 2002.

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

US dollars	2 155 628 611
German marks	1 482 769 064
French francs	522 490 368
Swiss francs	508 473 844
Belgian francs	176 272 708
Luxembourg francs	175 807 250
Dutch guilders	130 300 523
Pounds sterling	122 744 077
Italian lire	68 512 282
Canadian dollars	48 092 337
European units of account	<u>14 644 233</u>
	5 405 735 297

Purchased ECSC bonds held in the portfolio at 31 December with a nominal value of 35 092 869 and maturing in 1981 were retired from the market and a profit of 4 110 303 was brought into account.

8. Accrued liabilities

This item includes interest and commission on borrowings which had accrued but not fallen due on 31 December 1980, totalling 211 277 410.

Unrealized currency conversion profits totalling 13 310 289 at 31 December 1980 are also shown in this account.

9. Commitments concerning the ECSC operational budget

At 31 December 1980 expenditure decided upon by the Commission was to be used as follows:

Financial assistance (contracted commitments)

Rehabilitation projects	215 278 490	
Technical and economic research projects	77 991 683	
Interest subsidies under Article 56 on reconversion loans	43 709 213	
Interest subsidies under Article 54 on industrial loans	35 879 757	
Coke projects	<u>3 882 714</u>	376 741 857

Other (approved commitments)

Technical and economic research	8 557 536	
Interest subsidies under Article 56 on reconversion loans	36 656 363	
Interest subsidies under Article 54 on industrial loans	15 045 160	
1981 budget	40 000 000	
Contingency reserve	<u>19 000 000</u>	119 259 059
Total		<u>496 000 916</u>

The breakdown of allocations made during 1980 and at the year end was, at 31 December 1980, as follows:

	Financial assistance	Other
Balance at 31 December 1979	310 021 337	105 033 906
Allocations during 1980	66 720 520	-11 774 847
Allocations at year end	<u>—</u>	<u>26 000 000</u>
Balance at 31 December 1980	376 741 857	119 259 059

10. Reserves

The guarantee fund and the special reserve have been built up from the allocation of excess ECSC revenue over expenditure. Allocation is at the discretion of the Commission.

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

11. Contribution to administration costs

The ECSC contributed to the administrative budget of the Commission of the European Communities a fixed amount of 5 000 000.

12. Value adjustments in respect of securities

In accordance with its accounting policies the ECSC's portfolio of investment securities and repurchased bonds is brought into accounts at acquisition cost or market value, whichever is the lower. The value of the portfolio has accordingly been reduced by 580 265 to reflect the reduction in market values as of 31 December 1980.

13. Realized losses in respect of securities

Capital losses or gains on investments are brought into account by reference to acquisition value, ignoring value adjustments made at the end of each financial year.

14. Interest received

This item includes interest received on loans totalling 445 275 491, interest on deposits of 68 862 988 and interest received on fixed interest securities of 24 543 913, at 31 December 1980.

15. Levy

The Treaty empowers the ECSC to impose a levy on the coal and steel production of enterprises within the Community. The levy is calculated on the basis of the average Community values of the various products subject to the levy. The rate applicable from 1 January 1980 was 0,31%. The 1979 figure had been 0,29%.

16. Other commitments

At 31 December 1980 the Commission had irrevocable commitments outstanding, totalling 7 849 174.

17. Guarantees provided

The ECSC guarantees loans made to various coal and steel companies by third parties; such guarantees are secured by guarantees received by the ECSC. Guarantees provided at 31 December 1980 totalled 7 795 569.

18. Commitments arising from uncompleted fixed-term operations

At 31 December 1980 the ECSC had contracted a number of 'swap' operations in respect of which commitments had been taken to buy currency totalling 44 841 273 and commitments to sell totalling 46 453 408.

Report of the Court of Auditors of the European Communities on the accounts of the European Coal and Steel Community as at 31 December 1980

1. The present report concerns the financial operations of the ECSC, excluding those relating to expenditures and revenues of an administrative nature, for the year ending 31 December 1980. It has been compiled in accordance with Article 78 septimo, section 5 of the Treaty creating the European Coal and Steel Community, as modified by Article 8 of the Treaty of 22 July 1975, which modified certain financial provisions of the Treaty establishing the European Communities and of the Treaty establishing a sole Council and sole Commission of the European Communities. As foreseen by these provisions, this report concerns the regularity of the accounting operations and of the financial management of the High Authority relative to those operations, with the exception of administrative expenditures and revenues. These are included in the Annual Report of the Court of Auditors on the general budget of the Communities.

2. To accomplish this task, the Court has examined the accounting of the ECSC and its financial state as of 31 December 1980. The evaluation of the accounts was carried out according to the provisions of the proposal of the Commission for a Council directive concerning the annual accounts of banks and other financial institutions. Although this proposal had not yet been adopted by the Council, the Commission decided — in agreement with the Court — to follow its recommendations in the establishment of the annual accounts of the ECSC because its activities are similar to those of a financial institution.

3. The opinion of the Court is that the annual accounts of 1980 sincerely and faithfully reflect the financial situation of the European Coal and Steel Community as of 31 December 1980, and the results of its operations for the year ending at this date. The presentation of the annual report has been modified with respect to the previous year in order to bring it into line with the presentation required by the Directive of the European Community concerning the annual accounts of banks and other financial institutions. The evaluation rules that have been applied remain identical to those of the previous year, with the exception of the change explained in note B of the annex, to which the Commission gave its approval, and which concerns the treatment of different rates of exchange.

Luxembourg, 30 June 1981.

M. MURPHY
President

P. GAUDY
Member

European Communities — Commission

Financial report 1980

European Coal and Steel Community

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The twenty-sixth annual Financial Report of the ECSC for the year 1980 records the financial activity of the Commission in the field covered by the Treaty establishing the European Coal and Steel Community. The introductory chapter gives a summary account of the output of ECSC products and the volume of capital spending. The following chapters describe the main characteristics of the ECSC's borrowing operations and its loans for industrial investment projects, reconversion and workers' housing; they include a number of graphical illustrations and lists of beneficiaries. The concluding chapter provides an insight into changes in the ECSC's income and expenditure over the financial year 1980.

The three annexes to this report contain, in order, the table showing the main characteristics of the borrowings contracted to 31 December 1980, the ECSC balance sheet with the auditor's notes, and the income and expenditure account for 1980 and 1979.