

EUROPEAN COAL AND STEEL COMMUNITY

HIGH AUTHORITY

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*FINANCE DIVISION*

# Financial Report

for the year 1956

# EUROPEAN COAL AND STEEL COMMUNITY

## HIGH AUTHORITY

<b>René Mayer</b>	President
<b>Franz Etzel</b>	Vice-President
<b>Albert Coppé</b>	Vice-President
<b>Léon Daum</b>	Member of the High Authority
<b>Paul Finet</b>	Member of the High Authority
<b>Enzo Giaccherio</b>	Member of the High Authority
<b>Heinz Potthoff</b>	Member of the High Authority
<b>Dirk Spierenburg</b>	Member of the High Authority
<b>Albert Wehrer</b>	Member of the High Authority

## FINANCE DIVISION

**Paul Delouvrier**, Director

**H. Skribanowitz**, Alternate Director

The balance-sheet of the High Authority  
is expressed in EPU Accounting Units

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Present parity: 1 EPU Unit = 1 US \$

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In this report the amounts stated in EPU Accounting Units are the equivalent of various European currencies computed at the following rates for

**1 EPU—Unit :**

DM	4.20
BFrs.	50.—
FFrs.	350.—
Lire	625.—
Lux. Frs.	50.—
Fl.	3.80
SFrs.	4.29

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The present Financial Report is the second report of this type and covers the calendar year 1956, i. e. the fourth year of the High Authority's activity.

### I. GENERAL SITUATION

The general economic expansion in the countries of Western Europe that characterized the situation in the preceding year has continued also in 1956. This expansion had several common aspects for the six countries of the European Coal and Steel Community; the development, however, was not exactly alike in each of the countries or in each sector of their economies.

At closer view it appeared that the expansion has been retarded to a growing extent by the shortage of man-power and long-term capital.

In the financial field the favorable general expansion has led to a considerable increase of demand for long-term capital which in its turn has further aggravated the tension already existing in the capital markets. This aggravation of tension coincided in some of the countries with governmental and central bank measures aiming to check inflationary trends. The shrinkage of capital supply has naturally contributed to a slackening of the pace of expansion, especially towards the end of the year.

Under such circumstances the industries, especially the coal and steel industries, have found it difficult to procure themselves to a sufficient extent with long-term financing and for such funds that they were able to find they had to agree to abnormally high interest rates.

In accordance with the principles of its financial policy the High Authority has tried also in 1956 to a possible extent to assist the enterprises of the Community in their search for long-term financing. The fact that not only the capital markets of the Community but also those of third countries were tight last year and the grave international tension that darkened the economic outlook in the second half-year have not facilitated such tasks of the High Authority. Although for these reasons, the High Authority's contribution to the financing of the industries' capital investment did not have the expected

and desirable volume, the year 1956 still got a special importance owing to the fact that an entirely new chapter of the High Authority's financial activity was opened in that year: In July the High Authority has namely floated its first public issue of bonds and introduced them on the Stock Exchange; the details of this operation are more closely described further on in this Report.

The year 1956 has further been marked by the facts that the Guarantee Fund, one of the principal bases of the High Authority's credit, has reached the contemplated level of 100 million dollars and that the value of the production of the enterprises of the Community from which the High Authority is collecting the levy has reached the new high of 7.4 billion dollars. These two facts will enable the High Authority in 1957 to consider a new commensurate reduction of the levy rate.

It is worthwhile finally to mention that in 1956 the Act of Pledge, another base of the High Authority's credit, has been amended and supplemented in co-operation with the present lenders to the High Authority. In consequence, the High Authority has acquired the needed flexibility in the execution of its borrowing and lending operations.

## II. THE AMENDMENT OF THE ACT OF PLEDGE

The main features of the Act of Pledge entered into between the High Authority and the Bank for International Settlements on November 28, 1954, are closely described in our first Financial Report. In the course of execution of the previous loan and credit operations in the various countries of the Community it appeared that this excellent instrument of guarantee which was created in the interest of all present and future lenders to the High Authority could be further improved and adapted to practical requirements.

With this in view the High Authority, after having thoroughly investigated all aspects of the matter and consulted legal and financial experts from the six countries of the Community, proposed a series of amendments of the original text of the Act to its lenders and to the Bank for International Settlements, the Depositary under the Act of Pledge. In consequence of these efforts a supplemental indenture to the Act of Pledge was signed between the High Authority and the Bank for International Settlements on May 16, 1956.

The essential amendments refer to the types of securities which the High Authority may demand from enterprises borrowing from it. According to the amended text of the Act, the High Authority has now the right to chose such types of securities which in its opinion are better suited to cover the High

Authority and the lenders to it. The High Authority will, however, as up to now and as far as practicable, give preference to mortgages on the financed projects.

Of the other amendments of the Act of Pledge, the following are particularly worth while mentioning: improvement of the system of Currency Undertakings; the right to issue bonds under par, if necessary; broader possibilities for the placement of undisbursed loan funds and, finally, the possibility to transfer from the common pledge to a special reserve fund all such monies which are in excess of liabilities to be secured by the pledge (e. g. earned spread on interest etc.)

### III. RESOURCES OF THE HIGH AUTHORITY AND THEIR UTILIZATION

The rates at which the general levy on the production of coal and steel was collected in the preceding years, i. e. since January 1, 1953, were reproduced in detail in the first Financial Report. The levy rate of 0.45% effective as of January 1, 1956, did not change in the course of the year. The levy collected at this rate yielded in 1956 a total of 33.44 million EPU Accounting Units as compared with 54.19 million in 1955; the decrease is due to the reduction of the levy rate as of January 1, 1956. The total revenue from levy increased to 173.74 million EPU Accounting Units (dollars) as of December 31, 1956, and is broken by years and countries as follows:

*Gross proceeds of the levy*  
(in million EPU Accounting Units)

Country	1953	1954	1955	1956	Total	Percentage of total for the Community
Germany .....	15.23	25.03	25.67	16.03	81.96	47.2
Belgium .....	3.84	5.80	5.86	3.58	19.08	11.0
France .....	7.88	12.11	12.33	7.45	39.77	22.9
Italy .....	1.72	2.89	3.43	2.26	10.30	6.0
Luxembourg .....	1.07	1.62	1.71	1.06	5.46	3.0
Netherlands .....	1.35	2.00	1.88	1.09	6.32	3.7
Saarland .....	2.25	3.32	3.31	1.97	10.85	6.2
Community .....	33.34	52.77	54.19	33.44	173.74	100.0

This revenue from levy was supplemented by other revenues (interest on deposits, fines etc.) which in the period from January 1, 1953, to December 31, 1956, reached the equivalent of 8.11 million EPU Accounting Units and which together with levy produced the following total Revenue:

(in million EPU Accounting Units)

	1953	1954	1955	1956	Total
Levy .....	33.34	52.77	54.19	33.44	173.74
Other Revenue ...	0.21	1.35	1.69	4.86	8.11
Total	33.55	54.12	55.88	38.30	181.85

The total expenditures by the institutions of the Community over the whole period from August 8, 1952, to December 31, 1956, amounted to 37.2 million EPU Accounting Units.

The balance of the proceeds of the levy and other Revenue after deduction of the afore-mentioned expenditure has been allocated as follows at the end of the four years:

(in million EPU Accounting Units)

	1953	1954	1955	1956
I - a) Guarantee Fund .....	20.0	52.5	95.0	100.0
b) special Reserve for housing and other loans .....	—	1.5	1.7	8.7
II - Provisions				
a) for the financing of readaptation measures .....	3.8	12.7	15.9	21.8
b) for the financing of research work	0.2	3.0	3.6	7.0
c) for administrative expenditure (including balances not yet allocated)	1.0	1.0	2.8	7.1
Total .....	25.0	70.7	119.0	144.6

#### IV. EMPLOYMENT OF THE PROCEEDS OF THE LEVY

As regards the placement of its cash resources, the High Authority in 1956 followed the same policy as in the preceding years. The object was again to combine a high interest yield with the maintenance of the required liquidity.



The aiming for a high revenue from interest arises in the first instance from the wish to accumulate the largest possible funds in currencies of the Community for the purpose of financing the construction of housing facilities for workers. (See the chapter "Contribution to the financing of housing further on in this Report".)

The total revenue from interest on the High Authority's bank deposits for the period from January 1, 1953, to December 31, 1956, amounted to 7.9 million EPU Accounting Units and is broken by years as follows:

*(in million EPU Accounting Units)*

1953	.....	0.2
1954	.....	1.1
1955	.....	2.4
1956	.....	4.2
Total	.....	<u>7.9</u>

The rapid increase of the interest yield has the three following reasons:

- (a) The increase of the volume of money deposited with banks, especially of the Guarantee Fund which reached the level of 100 million EPU Accounting Units in April 1956,
- (b) The rise of interest rates in all countries of the Community,
- (c) The extension of the depositing periods for the funds. Such extension was decided upon after careful examination of the requirements of liquidity.

In the year under review the High Authority continued the development of friendly relations with commercial banks with the objective of inducing them to enlarge their medium-term credit facilities which they place at moderate interest rates at the disposal of the coal and steel industries. The total amount of such credits which the banks make for their own account and under their sole responsibility amounted to 45.80 million EPU Accounting Units as of December 31, 1956.

The distribution of the credits by countries and the interest rates applicable to them are as follows:

*Medium-term credits*

Country	Amount in national currency	Equivalent in millions of EPU Units	Interest rate for the final borrower % p.a.
Germany .....	DM 100 million	23.80	4 <sup>7</sup> / <sub>8</sub> %
Belgium .....	Bfrs 323 million	6.46	4 <sup>1</sup> / <sub>2</sub> %
France .....	Ffrs 2,500 million	7.14	4 <sup>1</sup> / <sub>2</sub> %
Italy .....	Lire 4,000 million	6.40	5 <sup>1</sup> / <sub>4</sub> %
Luxembourg .....	Bfrs 100 million	2.00	4 <sup>1</sup> / <sub>2</sub> %
		45.80	

The amount placed at the disposal of French enterprises was not drawn down by them at the end of 1956 but it is assumed that in 1957 the interest of the enterprises in such credits will be greater. The Belgian enterprises also did not fully utilize the facilities placed at their disposal; they have, in fact, drawn only 278 million Belgian Francs out of the 323 million available.

It seems that in 1957 Dutch enterprises will also become interested in medium-term credits. In previous years when the Dutch capital market was in better shape Dutch enterprises could easily satisfy their requirements in the local market.

## V. REVIEW OF LOAN AND CREDIT OPERATIONS

As early as in the spring of 1955, i. e. at a time when the granting of credits to enterprises out of the proceeds of the Export-Import Bank loan of \$ 100 million was not yet entirely completed, the High Authority made an important policy decision: as far as future borrowing was concerned it was decided to concentrate all efforts on a direct access to the capital markets and on the public issue of bonds. The American capital market has not been very receptive for European issues since the second world war and the High Authority was fully aware of the difficulty to enter this market before having successfully launched a public loan operation in Europe and thus having been confirmed as a good borrower by European financial circles. Of course, the High Authority at first was contemplating to float an issue on one of the capital markets of the Community. However, foreign exchange regulations and the difficulties of the transfer of the loan proceeds prevented the issue of bonds which was on the point of being definitely agreed upon with a group of Dutch banks. With that experience in mind the High Authority turned to the traditional capital market of Europe: to the free market of Switzerland.

The negotiations with the syndicate of leading Swiss banks chosen by the High Authority for the transaction were successful and lead to the signature of an agreement in the middle of 1956.

### **The Swiss Loan and the financing of industrial investments**

On June 6, 1956, the High Authority and a syndicate of Swiss banks under the leadership of the Swiss Credit Bank, the Swiss Bank Corporation and the Union Bank of Switzerland signed an agreement on the issue of

SFr 50,000,000 4<sup>1</sup>/<sub>4</sub>% Bearer Bonds of 1956  
with a lifetime of 18 years, to be issued at par.

The issue carrying interest as of July 15, 1956, consists of 50,000 Bonds of SFr 1,000.- each.

In accordance with the Act of Pledge signed in 1954 between the High Authority and the Bank for International Settlements, Basle, and fully described in our first Financial Report for the years 1953/54/55 the service of the Swiss Bonds is also secured by the Common Pledge of the obligations of the enterprises borrowing from the High Authority and of the security therefor.

Although the amount of the issue of SFr 50 million is representing the usual Swiss maximum for an individual issue the bonds were heavily over-subscribed within a few days; the considerable number of small and medium subscriptions well illustrates the interest of broad circles of investors.

The success of this first public issue, especially on a market having the reputation of being as selective as the Swiss one, was a clear proof that the credit of the High Authority could be considered as established already in 1956. The successful distribution of the bonds to the public is owed to a considerable extent also to the efforts of the banking syndicate to educate the investors and to popularize the High Authority as a new sound issuer of bonds; finally the traditional Swiss interest in the first institutions of the United Europe must be mentioned in this connection.

The proceeds of the loans were relented to the enterprises at the interest rate of 4<sup>7</sup>/<sub>8</sub>% p. a. which represents self cost (i. e. initial interest increased by the spread of the syndicate and other issue costs). The loans to the enterprises have the same duration of 18 years as the bond issue.

The loans were made only to enterprises of the steel industry as this industry did not get any loans from the proceeds of the first U. S. loan of 1954.

The selection of projects to be financed was based on the general recommendations of the commissions of experts charged by the High Authority with the formulation of the "General Objectives of the Community". Thus it was assured that the loans were used only for projects considerably contributing to an economy in the consumption of coke and scrap.

Under the Swiss operation the High Authority received loan applications for a total of \$ 79.0 million from steel enterprises in Germany, Italy and the Saar and for a total of \$ 87.3 from the German coal industry. The latter applications were not screened as of the beginning since it was decided, as mentioned, to allocate the whole proceeds of the Swiss loan to the steel industry alone.

To avoid frittering away the modest means available the High Authority, to its regret, had to eliminate also a large number of applications by steel enterprises referring to projects which would have well deserved a financial support by the High Authority if more funds would have been on hand.

After a thorough study of the presented projects, the High Authority finally chose six of them for financing. To these projects involving total costs of SFrs 171.47 million (= \$ 39.97) the High Authority contributed SFrs 50.0 million with the following distribution:

SFrs 18.0 million to 2 German enterprises
SFrs 27.0 million to 3 Italian enterprises
SFrs 5.0 million to 1 Saar enterprise
<hr/>
SFrs 50.0 million

### **Contribution to the financing of worker's housing**

As indicated in our first Financial Report the first program of the High Authority for the construction of worker's housing was financed with the help of loans in currencies of the Community which were granted to the High Authority by specialized banking institutions. Owing to the increased tension on the capital markets of the Community this source unfortunately could not be employed for the financing of the next housing program.

In consequence, entirely new methods of financing had to be sought for the execution of the second housing operation.

As already mentioned in our first Financial Report, housing projects cannot be financed with foreign credits involving exchange risks. Loans or credits

in the currencies of the Community were available in limited amounts only and they could be raised only at the normal interest rates of the local markets. The rents for workers' houses or apartments in the six countries of the Community are, however, in general too low to permit the house owners to cover interest charges at normal market rates for their housing loans.

After having thoroughly examined all the aspects of the matter and in consideration of the top priority of worker's housing the High Authority decided in co-operation with the national authorities to take further measures for the fostering of this enterprise. With this aim the High Authority decided to establish and to finance a Second Housing Program. This program will provide housing facilities both for coal and steel workers and will be primarily financed by a contribution of the High Authority amounting to 15 million EPU Accounting Units and principally derived from interest earned or to be earned on the High Authority's bank deposits in the period from January 1, 1953 to December 31, 1958. These loans from the High Authority's own funds carry a very low interest rate and will be in all cases supplemented by local financing at market rates of interest. In such a way a moderate average credit cost to the borrowers is arrived at. It is low enough to permit financing of worker's housing.

In such a way it was possible before the completion of the First Housing Program involving an amount of 25 million EPU Accounting Units already to start the Second Housing Program. This program will amount in the end also to at least 25 million EPU Accounting Units of which 15 million will be contributed, as mentioned, from the High Authority's own funds and the rest by local institutions.

The Second Housing Program is scheduled to be completed before the end of 1958. The German part of this program was started at the end of 1956. In December 1956, the High Authority granted loans of DM 18.0 million to the Kreditanstalt für Wiederaufbau, Frankfurt, and of DM 12.0 million to the Bank für Gemeinwirtschaft, Düsseldorf (the equivalent of these two amounts is 7.1 million of EPU-Accounting Units). The two banks will supplement these funds by their own means in the amounts of DM 27.0 million and DM 18.0 million respectively and will pay the totals of DM 45.0 million and DM 30.0 million to the constructors in 1957. These loans are further supplemented by Government loans and contributions of the mining and steel enterprises and will permit the construction of about 12,000 housing units at a total cost of DM 240.0 million or 59.0 million EPU Accounting Units.

The loans of the Kreditanstalt für Wiederaufbau and the Bank für Gemeinwirtschaft of DM 75.0 million in all will be channelled through mortgage banks. The interest rates to be charged to the constructors will be 5% p. a.

for loans over DM 100,000 each and  $5\frac{1}{4}\%$  p. a. for loans under DM 100,000 each. The loans will be repayable over a period of 32 years the annuity being  $6\frac{1}{2}\%$ .

It is scheduled to start the Dutch and Italian parts of the Second Housing Program as early as possible in 1957. The negotiations with the local authorities of those countries were begun at the end of 1956.

### The total amounts of borrowings

Through the issue of the bonds in Switzerland, the total amount of borrowings of the High Authority has increased to

**129.059.774 EPU Accounting Units**

as of December 31, 1956. The details of these borrowings were as follows:

*Borrowings of the High Authority*

Country	Lender	Amount of Loan		Maturity Years	Interest Rate %	Date
		in national currency	in EPU Accounting- Units			
U.S.A.	Export-Import Bank	\$ 100,000,000	100,000,000	25	$3\frac{7}{8}$	1954
Germany	Rheinische Giro- zentrale und Provinzialbank	DM 25,000,000	5,952,381	25	$3\frac{3}{4}$	1955
Germany	Landesbank für Westfalen (Girozentrale)	DM 25,000,000	5,952,381	25	$3\frac{3}{4}$	1955
Belgium	Caisse Générale d'Epargne et de Retraite	Bfrs 200,000,000	4,000,000	25	$3\frac{1}{2}$	1955
Luxembourg	Caisse d'Epargne de l'Etat	Lfrs 25,000,000	500,000	25	$3\frac{1}{2}$	1955
Saarland	Landesbank und Girozentrale Saar	Ffrs 350,000,000	1,000,000	20	$4\frac{1}{4}$	1956
Switzerland	Public Issue	Sfrs 50,000,000	11,655,012	18	$4\frac{1}{4}$	1956
		Total				
		129.059.774				

### Remarks concerning the loans granted to enterprises

As of December 31, 1956 the High Authority had granted 90 loans from borrowed funds and 3 loans from funds not borrowed. The total of all these loans amounts to 136.92 million EPU Accounting Units.

The borrowed funds were always relented in the same currency, with the same duration and at interest rates representing self costs.

The *distribution by countries* of the loans granted is as follows:

(in million EPU Accounting Units)

Total	Operation	Germa- ny	Saar- land	Belgium	France	Italy	Luxem- bourg	Nether- lands
100.0	US-Loan I .....	47.6	10.4	14.0	21.6	5.4	1.0	—
11.7	Swiss Loan .....	4.2	1.2	—	—	6.3	—	—
17.4	Housing Program I .	11.9	1.0	4.0	—	—	0.5	—
7.1	Housing Program II .	7.1	—	—	—	—	—	—
0.72	Other Loans .....	—	—	—	—	—	0.72	—
136.92	Total	70.8	12.6	18.0	21.6	11.7	2.22	—

The *distribution by interest rates* of the loans to enterprises is as follows:

<i>Operation:</i>	<i>Interest rate to the last borrower</i>
1st U. S.-Loan	4.1% p. a.
Swiss Loan	4 <sup>7</sup> / <sub>8</sub> % p. a.
1st Housing Program	3 <sup>3</sup> / <sub>4</sub> to 4 <sup>1</sup> / <sub>2</sub> % p. a.
2nd Housing Program	5 to 5 <sup>1</sup> / <sub>4</sub> % p. a.
Other loans from the High Authority's own funds	3% p. a.

The *distribution by types of projects* is the following:

*(in million EPU Accounting Units)*

<i>Description of project types</i>	<i>Total of loans by the High Authority</i>
a) Modernization of coalmining installations including coking plants	35.14
b) Pit-head power stations	46.31
c) Expansion of facilities for the production and dressing of iron ore	18.55
d) Modernization of facilities for the production of pig-iron	11.66
e) Housing for miners and steel workers	24.54
f) Sundry projects	0.72
Total:	<u>136.92</u>

## VI. GUARANTEE OPERATIONS

In the year under review the enterprises of the Community did not apply for guarantees of the High Authority.

## VII. PAYMENTS FOR READAPTATION

For the financing of readaptation measures in accordance with § 23 of the Convention Containing the Transitional Provisions of the Treaty establishing the Community an amount of 2.3 million of EPU Accounting Units was paid out of levy as of December 31, 1956 and is broken by years as follow:

*(in thousands EPU Accounting Units)*

Country	1953	1954	1955	1956	Total
France .....	—	—	85	55	140
Italy .....	—	—	—	2,224	2,224
Total	—	—	85	2,279	2,364



### VIII. FINANCING OF RESEARCH

Up to December 31, 1956, the amount of 9.52 million EPU Accounting Units has been earmarked by the High Authority for the financing of research works of the following types:

*(in million EPU Accounting Units)*

Experimental construction of housing for workers	5.0
Experiments concerning rolling processes	0.2
Research of radiation effects	0.1
Medical Research in mines and plants	1.2
Improvement of the quality of coke	1.0
Reduction of coke consumption	1.5
Experiments concerning the use of silicate briquettes	0.28
Safety measures in mines	0.20
Sundry	0.04
Total	9,52

The actual payments against this schedule amounted to 1.41 million EPU Accounting Units as of December 31, 1956 and were broken as follows:

*(in thousands of EPU Accounting Units)*

	1953	1954	1955	1956	Total
Experimental construction of housing for workers .....	—	300	423	159	882
Experiments concerning rolling processes .....	—	—	82	35	117
Research of radiation effects ....	—	—	79	26	105
Medical research in mines and plants .....	—	—	—	138	138
Improvement of the quality of coke	—	—	—	—	—
Reduction of coke consumption..	—	—	—	—	—
Experiments concerning the use of silicate briquettes .....	—	—	—	134	134
Safety measures in mines .....	—	—	—	—	—
Sundry .....	—	—	40	—	40
	—	300	624	492	1.416

## IX. OUTLOOK

The continuing heavy demand for capital investment within the coal and steel industries on one hand and the recent proofs of the High Authority's ability within certain limits to supply financing for projects of special importance to the Community on the other will certainly induce the High Authority to pursue its present financial policy also in 1957. The High Authority will have to make all possible efforts for the floating of a new public bond issue or for the borrowing of long-term money otherwise, in order to make new long-term loans to enterprises for the financing of industrial projects and workers' housing. In view of the situation prevailing in all markets of importance, however, one could think in this connection of moderate amounts only. Certainly it will not yet be possible to obtain the very large amounts needed for the financing of new facilities for the production of coal; such facilities are urgently required to replace mines running out and to prevent a serious drop in general output.

In this connection it is interesting to mention that the enterprises of the coal, steel and iron-ore industries of the Community have spent on capital investment in their plants the amount of about 4 billion EPU Accounting Units as far as the period from January 1, 1953 to December 31, 1956 is concerned. In the same period an additional amount in the equivalent of about 905 million Accounting Units was spent for the construction of workers' housing. The industrial investments were broken by years as follows:

*(in million EPU Accounting Units)*

	Iron ore and Steel	Coal	Total
1953 .....	521	455	976
1954 .....	468	450	918
1955 .....	555	414	969
1956 (estimated) .....	560	420	980
	2,104	1,739	3,843

In concluding the report we call special attention to the Annex and to the Balance-Sheet as of December 31, 1956.

*For the High Authority*

THE MANAGEMENT OF THE FINANCE DIVISION

## ANNEX

### REPORT ON THE PEREQUATION LEVY

In the years 1953 to 1956, the following amounts of perequation levy were collected and disbursed:

*(in million EPU Accounting Units)*

	German Account	Dutch Account	Total
Proceeds of 1953.....	9.4	0.8	10.2
Proceeds of 1954.....	15.0	1.2	16.2
Proceeds of 1955.....	12.6	1.3	13.9
Proceeds of 1956.....	9.5	0.9	10.4
Total	46.5	4.2	50.7
Payments to Belgian mines.....	38.0	3.4	41.4
Payments to Italian mines.....	6.1	0.4	6.5
Total	44.1	3.8	47.9
On hand, as of December 31, 1956 .....	2.4	0.4	2.8

The balances temporarily on hand at the end of year are held by the High Authority only as trust funds; for that reason they are not included in the Balance-Sheet.

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

BALANCE-SHEET DECEMBER 31, 1956

All amounts are stated in EPU Accounting Units (1 EPU Unit = U.S.A. \$ 1.-)  
and are the equivalent of the various currencies computed at the rates set forth on  
page 4 of this Report

**Assets**

**Liabilities**

Assets		Liabilities	
<b>I - GRANTED LOANS</b>		<b>I - LIABILITIES UNDER SECURED NOTES</b>	
a) Disbursed for the financing of industrial projects		issued under Loans	
in US-Dollars	100,000,000.—	in US-Dollars	100,000,000.—
in Swiss Francs	11,655,011.65	in German Marks	11,904,761.90
b) Disbursed for the financing of housing projects		in Swiss Francs	11,655,011.65
in German Marks	3,294,714.28	in Belgian Francs	3,580,000.—
in Belgian Francs	3,580,000.—	in French Francs	434,285.71
in French Francs	434,285.71		127,574,059.26
c) Undisbursed Balances in German Marks	8,610,047.62	<b>II - PENSION FUND</b>	2,167,964.50
	127,574,059.26	<b>III - CAPITAL RESERVES</b>	
<b>II - OTHER LOANS (in Belgian Francs)</b>	480,000.—	Guarantee Fund	100,000,000.—
<b>III - CASH AND OTHER CURRENT ITEMS</b>		Special Fund for housing and other loans	8,646,192.68
a) Cash and Due from Banks	139,784,717.85	<b>IV - PROVISIONS</b>	
b) Other Current Items	5,807,849.04	a) for expenditure on readaptation	21,760,069.46
	145,592,566.89	b) for expenditure on technical and economic research	6,999,802.62
<b>IV - OTHER ASSETS</b>	746,947.63	c) for loan service	29,503.63
		d) for administrative expenses, including balances not yet allocated	7,124,522.56
		<b>V - OTHER LIABILITIES</b>	35,913,898.27
			91,459.07
	274,393,573.78		274,393,573.78

*Note:* The claims and securities under Loans (see Assets I) are pledged to the Bank for International Settlements, Basle, in favor of the holders of Secured Notes issued by the High Authority (see Liabilities I).

**Auditor's Note**

Having examined the books, vouchers and documents of the book-keeping and the explanations given to me I herewith certify that the financial situation of the High Authority as of December 31, 1956, is correctly and properly reflected in the above document.

Luxembourg, March 10, 1957.

Urbain J. Vaes  
Auditor

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

Finance Division  
P. Delouvrier

H. Skribanowitz