

NATIONAL BANK OF BELGIUM

GENERAL MEETING

of the

Shareholders of the National Bank of Belgium

on 23rd February, 1959

REPORT

PRESENTED BY THE GOVERNOR, IN THE NAME OF THE COUNCIL OF REGENCY,

on the activities of the Bank in 1958

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A Glossary of Names as used
in this and previous Reports of the National Bank
is printed at the end of the text.

In the course of 1957 the United States suffered a recession which, it was feared, would progressively spread.

In 1958 the value of world trade diminished. The average level of raw material prices remained depressed; freights hardly recovered; and the export prices of various industrial products declined.

In the second half of the year however the position of the United States' economy improved; the fall in private capital expenditure ceased, the growth of consumption was resumed, and the contraction of inventories slowed down. Public expenditure increased considerably. Productive capacities in the United States are, it is true, still partly unemployed, and the number of persons out of work there remains high. But inflationary pressures have reappeared; they have been in particular reflected on the stock exchanges in very rapid rises of share quotations, and have caused upward movements in rates of interest.

Belgian industry felt the recession from 1957 onwards. Orders from foreign markets were affected by a number of adverse factors, principally by restrictive economic policies in certain countries and in minor degree by the American recession, which caused a fall in exports to the United States and Canada at the end of 1957 and the beginning of 1958, as well as by the drop in the earnings of non-ferrous metal producers in the Congo in particular. Thereafter our exporters suffered from the all-round slowing down of industrial investment, from the worsening in the position of countries affected by the fall in raw materials, and from the effects of keener price competition in narrower markets. The result was a drop in the general level of industrial activity. New depressed industries have

appeared. Some are suffering from a lasting loss of demand; others are encountering stronger competition on the markets at home or abroad. Difficulties have also appeared in agriculture, the home market for which in Belgium as in a large number of other countries is in many cases protected by official price or import regulations. Unemployment as a whole, while moving seasonally, has increased. Employment has been reduced, and the total number of man-hours worked has fallen more than in proportion.

The economic fluctuations were neither parallel nor simultaneous in other European countries.

Internal demand slackened quite soon in the Netherlands, which in 1957 had adopted a policy of limiting expenditure; but activity there was not affected seriously or for long. The general level of British industrial production declined slightly. In France and Germany the tendency to expansion of activity persisted until towards the end of the year.

Yet, apart from undeniable differences, the movements in European countries show one striking similarity : in all of them the balance of payments has become more favourable. Whether because the balance of current transactions has improved, because movements of private capital have been reversed or because it proved possible to place public authorities' loans abroad, the exchange reserves of most West European countries have increased. Their total growth absorbed the greater part of the 2.1 billion dollars of gold with which the United States parted during the first ten months of 1958.

This recovery in European net payment positions, especially in relation to the dollar area, permitted an adjustment of credit policies; rates were generally lowered, restrictions were eased, and at the end of the year the United Kingdom, France, Germany, Italy and the Benelux countries, soon followed by most of the other members of the Organisation for European Economic Co-operation, were even able by common agreement to introduce a far-reaching reform of

their exchange systems, permitting foreigners to transfer into dollars the balances resulting from current transactions.

France in addition adopted special measures which included ordering of the budget, broad freeing of trade and a currency adjustment with a view to being able to enter the common market at the agreed date without invoking derogatory provisions.

The institution of the new exchange system, and the replacement of the European Payments Union by the European Monetary Agreement, undoubtedly represent an important advance towards the system of full convertibility and a clear step forward along the road to the liberalising of international trade.

Belgium, whose exchange system was already close to de facto convertibility, of course joined in this action.

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As a result of the fall in both the volume of imports and their prices the trade balance definitely improved by comparison with 1957. At the same time the surplus on services exchanged with foreign countries grew further, thanks in particular to an increase in receipts due to the Brussels Exhibition. The total surplus on current transactions therefore rose considerably. The balance of payments was squared by an accumulation of gold and foreign exchange; the National Bank's holding of these rose by 17 billion.

It should be emphasised that these assets partly originate from foreign borrowing by the public authorities. In part they also represent the countervalue of the decline in the Belgian economy's stocks of goods; their increase may thus be of a precarious character.

The immediate effect of these net foreign exchange receipts was however to create, as their counterpart, large liquid resources in Belgian francs; at the same time the slackening of industrial activity led to repayment of borrowings at banks.

In these circumstances the National Bank took steps continuously to improve the terms for borrowing by the private sector. The period to maturity of export bills admissible to certification was extended; so were the periods allowed for internal commercial bills; lendings on warehouse warrants were increased; and rates of interest were progressively lowered.

Yet the public sector remained the chief taker of credit to finance the budget shortage, and the main recipient of the large sums released by recession.

The shortage is due not only to the fall in ordinary receipts affected by economic conditions; it chiefly results from a fresh rise in expenditure. The anti-cyclical effect would have been similar, but the Government's financial position would have been undeniably sounder, if the shortage could have been financed by means of balances accumulated during the upswing.

When the economy enters a new phase of expansion, which it is hoped will be soon, it would be well not to disregard the lessons of the recent cycle.

Having no anti-cyclical reserve, the Government had to seek the funds available in the market as they grew. No doubt in this way it collected the savings which the public or institutional investors were seeking to employ. Nevertheless its continuous intervention in the market had two disadvantages. It caused a definite rise in the debt at short and very short term; and it may moreover check the fall in rates of interest.

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The increase in the national debt at short term is more than proportionate to that in the total debt; the outstanding amount of certificates at very short term was 1.5 billion at the end of 1957, but reached 5.5 billion a year later. As to the Treasury Certificates issued

by tender, the amount outstanding rose from 0.6 billion at the start of the year to 5.2 billion at the end of December.

The risks of such borrowing are evident in case of an economic upswing. So far as the public asked for repayment of the temporarily inactive savings which they had entrusted to banks or other financial institutions, these would themselves have to present for payment the Treasury Certificates which they held.

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In a period of economic recession the monetary authorities' action must of course be directed to bringing down interest rates.

In fact the Securities Stabilisation Fund did encourage the progressive recovery in quotations which appeared on the market for the public authorities' bonds. The movement in rates for short-term money was also downward. At the beginning of the year Treasury Certificates were issued by tender at 5.39 % for those at one year, and in December at 3.92 %. Much the same applied to call money, the rate for which was 2.25 % in December, 1957 but was down to 1.10 % a year later. The certificates at very short term showed a parallel downward movement.

This adjustment of the rate structure was helped by the National Bank's decisions regarding its own rates. These were lowered five times, to the full extent permitted by the movement in rates abroad, and with due regard for the fact that since November, 1957 the National Bank's discount rate has more directly affected the rates of the banks and those for short-term Treasury Certificates.

There is however no doubt that the fall in the rate structure would have been still more marked if the Treasury's demand on the money and capital markets had not been so insistent and continuous.

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The progressive putting into effect of the common market and perhaps quite soon of the free trade area, coupled with widening of the transferability of currencies, is integrating Belgium into a larger whole and thereby opening up better prospects for the functioning of its economy.

One can only welcome this advance towards a greatly enlarged market system. But, while this agrees exactly with the objects pursued by our country for many years, attention must be seriously drawn to the obligations which such a process imposes in the matter of internal discipline.

In the short run this integration sets problems of economic structure which will have to be solved. The solution would seem to depend less on adopting ad hoc measures aimed at restoring the country's total demand than on a programme of basic rationalisation.

Autonomous action on internal spending is of course useful as a means of countering recession. But in a small-scale and largely open economy total activity would be endangered if the position of our exporting industries became marginal on world markets.

New possibilities of expansion and progress are undoubtedly appearing; but only strengthening of our capacity for competition will enable us to exploit them. Such strengthening is therefore more than ever a *sine qua non* for our economic policy.

The policy which is indispensable for maintaining a high level of activity and employment, without which there can be no real economic and social progress, demands fulfilment of a number of conditions.

In particular a balance must be maintained between expenditure on consumption by both the Government and the private sector on the one hand, and capital expenditure on the other, so that, in an expansive climate, enterprises shall be put into such a position that they can steadily raise their output while lowering their costs.

While the means by which productivity can be increased are above all a matter of the technique proper to each industry, of organising enterprises, of the industrial relations between employers and employed, and of adopting suitable methods of rationalisation, the prime condition for such increase of productivity is still that it must be possible to invest on a sufficient scale and at an interest cost compatible with the return expected from such fresh investment.

Since the start of recession the National Bank's policy, in its own sphere and within the framework of the Government's economic policy, has aimed chiefly at keeping the currency stable, at making credit easy and at supporting the tendency to lower charges for it so as to help the private sector in its borrowing and above all in its investment. This last is not only desirable in a period of depression for supporting the level of activity; it is also essential in the long run for maintaining the country's capacity to compete.

In large measure however the success of this policy depends on the public authorities, both because of the extent of their recourse to the capital market and by reason of the interest rates which they cause to prevail there when they keep their issues up to the limit of what is possible.

MONEY AND FINANCE

1. Money Supply and Quasi-Monetary Liquid Resources at the Banks and Savings Banks.

The total money supply and quasi-monetary liquid resources at banks and savings banks showed between September, 1957 and September, 1958 an increase of Fr. 22.1 billion as against Fr. 4.3 billion in the preceding twelve months.

The growth of quasi-monetary liquid resources was greater than that of the money supply. The ratio of sight deposits to notes and coin rose somewhat, contrary to what had previously occurred.

Money Supply and Quasi-Monetary Liquid Resources at the Banks and Savings Banks

(in billions of francs) (*)

At end of	Money Supply		Quasi-Monetary Liquid Resources (3) (4)	Total
	Notes and Coin (1)	Sight Deposits (2) (4)		
1955 December	110.7	82.0	104.5	297.2
1956 December	114.4	84.5	111.4	310.3
1957 December	115.5	82.9	119.1	317.5
1956 September	112.8	83.2	108.7	304.7
1957 September	114.4	80.0	114.6	309.0
1958 September ... (5)	118.0	84.0	129.1	331.1

(*) 1 billion = 1,000,000,000.

(1) Notes of the National Bank of Belgium, Treasury notes and coin, less amounts held by the monetary institutions mentioned in (2) below.

(2) Belgian franc balances of residents on sight accounts at banks, at the Postal Cheque Office, at the National Bank of Belgium, at the National Fund for Credit to Trade and Industry and at the Belgian Municipal Credit Institution, not including the amounts held by these monetary institutions themselves.

(3) Credit balances of the Treasury at the National Bank of Belgium; residents' bank deposits in foreign exchange; residents' bank time deposits in Belgian francs; deposits on savings books and deposits on current account at the General Savings Fund; savings and deposit accounts at private savings banks; bonds and medium-term notes of banks and private savings banks.

(4) The balances of Luxemburg and Congo residents cannot in general be separated from those of Belgian residents, and are therefore in great part included in the figures in these columns.

(5) For the month of September, 1958 it has been possible to transfer to the quasi-monetary liquid resources the holding companies' bank accounts at more than one month which, for the other months shown in the table, were included in the sight deposits.

a) **Notes and Coin.**

The note and coin circulation increased by Fr. 4.2 billion between November, 1957 and November, 1958 as against Fr. 1 billion during the previous twelve months.

The total amount of Treasury notes and coin changed little, but the circulation of Treasury notes did show some slight increase.

Notes and Coin
(in billions of francs)

At end of	Notes of N.B.B.	Treasury Notes and Coin (1)	Total (2)
1955 December	107.6	4.9	110.7
1956 November	110.0	4.7	112.9
December	111.5	4.7	114.4
1957 November	111.0	4.7	113.9
December	112.7	4.7	115.5
1958 January	110.2	4.7	113.1
February	111.0	4.7	113.9
March	111.7	4.7	114.5
April	113.1	4.7	115.9
May	114.2	4.7	116.9
June	115.3	4.8	118.2
July	117.4	4.8	120.2
August	116.4	4.8	119.3
September	115.2	4.8	118.0
October	115.8	4.8	118.8
November	115.2	4.8	118.1
December	117.4	4.8	

(1) Less the amounts held by the National Bank of Belgium.
(2) Less the amounts held by monetary institutions.

Issues of the National Bank's notes exhibited the usual seasonal movements, with a decline in January on the completion of the annual settlement, this decline being increased by the issue of a Government loan; a rise in the following months to a maximum of Fr. 117.4 billion in July; then a reduction; and a fresh rise at the

end of the year to a level higher by Fr. 4.7 billion than in December, 1957.

b) **Sight Deposits.**

The total deposits at sight and at not more than one month at the National Bank, the other banks, the para-statal institutions and the Postal Cheque Office grew by Fr. 7.3 billion between November, 1957

and November, 1958 ⁽¹⁾, whereas in the previous twelve months they had contracted by Fr. 2.4 billion.

Business and private customers' balances at sight and at not more than one month at banks and para-statal establishments, which balances represent the greater part of the items shown as sight deposits, increased by Fr. 5.1 billion during the period considered. The upward movement was very rapid during March and May, was reversed in September owing to subscriptions to the 5 % ten-year

Sight Deposits
(in billions of francs)

At end of	Held by the Treasury and Local Authorities	Held by Business and Private Customers ⁽¹⁾				Total
		Current Accounts at the N.B.B.	Balances on P.C.A.	Deposits at Sight and at not more than one month at Banks and Para-statal Establishments	Total	
1955 December	7.9	0.6	21.0	52.5	74.1	82.0
1956 November	5.7	0.3	21.6	54.2	76.1	81.8
December	6.4	0.6	21.9	55.6	78.1	84.5
1957 November	5.4	0.5	21.8	51.7	74.0	79.4
December	6.4	0.9	22.4	53.2	76.5	82.9
1958 January	5.6	0.5	23.0	50.0	73.5	79.1
February	5.2	0.4	22.9	50.7	74.0	79.2
March	6.4	0.4	22.2	53.5	76.1	82.5
April	6.7	0.5	23.7	54.1	78.3	85.0
May	6.7	0.4	23.1	56.3	79.8	86.5
June	7.6	0.4	23.2	56.8	80.4	88.0
July	6.3	0.4	24.1	55.7	80.2	86.5
August ⁽²⁾	7.6	0.4	23.2	55.0	78.6	86.2
September ... ⁽²⁾	8.1	0.3	22.4	53.2	75.9	84.0
October ⁽²⁾	6.2	0.3	22.8	54.7	77.8	84.0
November ... ⁽²⁾	6.3	0.6	23.0	56.8	80.4	86.7

⁽¹⁾ Not including the monetary institutions, but including certain para-statal institutions.

⁽²⁾ The holding companies' bank accounts at more than one month, which up to July, 1958 were included in the deposits at sight and at not more than one month at banks, have been eliminated as from August, 1958.

Government loan, and was definitely resumed in October and November.

⁽¹⁾ The increase during this period was in reality a little greater; thanks to an improvement in the statistics the holding companies' time balances at banks, which balances in November, 1957 had been included in the deposits at sight and at not more than one month, were thereafter eliminated and consequently in November, 1958 were no longer included in the sight deposits.

Business and private customers' balances on Postal Cheque Accounts were enlarged by Fr. 1.2 billion between November, 1957 and November, 1958. They reached their peak of Fr. 24.1 billion for that period in July.

The deposits of the Treasury and local authorities at monetary institutions rose by Fr. 0.9 billion between November, 1957 and November, 1958.

Under the influence of slackening economic activity the total transactions settled through bank deposits declined as compared with

Sight Deposits
Frequency of Turnover, and Total Amount of Payments Effected ⁽¹⁾

Monthly Averages per Standard Month of 25 days	Rate of Turnover		Total Amount of Payments Effected through		
	of Sight Deposits at Banks	of Balances at Postal Cheque Office	Sight Deposits at Banks	Balances at Postal Cheque Office	Total
			(in billions of francs)		
1956	2.00	3.02	85.5	70.6	156.1
1957	2.13	3.25	92.0	76.6	168.6
1956 (first 11 months) ...	1.98	3.00	84.1	70.3	154.4
1957 (first 11 months) ...	2.11	3.23	91.2	76.2	167.4
1958 (first 11 months) ...	2.05	3.25	87.9	80.3	168.2

(1) The aggregate amounts of the payments effected are approximations given by the total of the debits in account after the eliminating of certain duplications in the case of balances at the Postal Cheque Office; as regards sight deposits at banks the returns do not cover all banks. The frequency of turnover is calculated by expressing the total of the debits in account thus obtained, for each period, in relation to the total average balance on accounts for the same period.

the previous year. The rate of turnover of such deposits showed a fall which reflects growth of inactive cash holdings.

The movement was different as regards Postal Cheque Account balances, which are less sensitive to variations in economic activity. Between 1957 and 1958 the total payments effected through such balances increased, and their frequency of turnover rose slightly.

c) **Quasi-Monetary Liquid Resources at the Banks and Savings Banks.**

The quasi-monetary liquid resources at banks and savings banks increased between September, 1957 and September, 1958 by

Fr. 14.5 billion, against Fr. 5.9 billion in the twelve preceding months.

The Treasury's credit balances at the National Bank rose by Fr. 0.5 billion between September, 1957 and September, 1958. The rise occurred on the account into which the proceeds of the exceptional counter-cyclical tax instituted by the Law of 12th March, 1957 are paid.

Quasi-Monetary Liquid Resources at Banks and Savings Banks

(in billions of francs)

At end of	National Bank of Belgium (1)	Banks (2)				General Savings Fund (3)	Private Savings Banks (4)	Total
		Foreign Currency Deposits	Deposits in Belgian francs		Bonds and Medium-term Notes			
			at more than one month	received on Deposit or Savings Books				
1955 December	0.1	2.4	11.4	12.0	3.8	58.7	16.1	104.5
1956 December	—	3.2	9.8	12.5	4.3	63.1	18.5	111.4
1957 December	0.3	3.2	11.0	12.3	4.9	66.8	20.6	119.1
1956 September ...	—	2.6	11.1	12.5	4.2	60.3	18.0	108.7
1957 September ...	—	3.9	9.5	12.6	4.5	64.0	20.1	114.6
1958 September (5)	0.5	2.6	14.4	12.5	6.3	69.9	22.9	129.1

(1) Treasury's credit balances.

(2) Balances of Belgian, Luxemburg and Congo residents.

(3) Deposits on savings books and on current account.

(4) Savings and deposit accounts, bonds and medium-term notes.

(5) For the month of September, 1958 it has been possible to include the holding companies' time accounts at banks in the deposits at more than one month at those banks; this is not the case for the other months shown in the table.

At the banks the foreign currency deposits declined by Fr. 0.7 billion in the last quarter of 1957 and by Fr. 0.6 billion in the first nine months of 1958; since December, 1957 no further interest has been allowed on commercial accounts in foreign currency. On the other hand the deposits in Belgian francs at more than one month rose by Fr. 1.5 billion in the last quarter of 1957 and by Fr. 3.4 billion in the first nine months of 1958; these rises (1) were assisted by the raising, since the November, 1957 money market reform, of the rates paid by the banks. The deposits received on

(1) Part of the increase in 1958 was due to improvement of the statistics, holding companies' time balances at banks having been included for September, 1958 in the deposits at more than one month whereas previously they had been shown among the sight deposits.

deposit or savings books have remained practically unchanged. Finally, under the influence of the widening of the capital market the outstanding amount of bonds and medium-term notes rapidly increased from Fr. 4.5 billion in September, 1957 to Fr. 6.3 billion a year later.

The increase in quasi-monetary liquid resources in the form of deposits on savings books and on current accounts at the General Savings Fund was Fr. 5.9 billion between September, 1957 and September, 1958, against Fr. 3.7 billion in the previous twelve months. This more rapid increase took place although, during the period under consideration, subscriptions to public authorities' loans took a larger part of savings than in the preceding period.

Among the various deposits and accounts at the General Savings Fund the deposits on individual savings books are the largest. In 1958 the average monthly in-payments on such books were up

General Savings Fund
Deposits on Individual Savings Books ⁽¹⁾
(in billions of francs)

Period	In-payments	Out-payments	Net Movement
1956 Monthly Average ...	1.2	1.0	+ 0.2
1957 Monthly Average ...	1.4	1.2	+ 0.2
1958 Monthly Average ...	1.6	1.2	+ 0.4
1958 January	1.9	1.2	+ 0.7
February	1.4	1.1	+ 0.3
March	1.4	1.3	+ 0.1
April	1.4	1.2	+ 0.2
May	1.5	1.3	+ 0.2
June	1.5	1.2	+ 0.3
July	1.8	1.2	+ 0.6
August	1.5	1.1	+ 0.4
September	1.5	1.2	+ 0.3
October	1.7	1.1	+ 0.6
November	1.5	1.0	+ 0.5
December	1.8	1.4	+ 0.4

(1) From July, 1958 provisional figures.

by Fr. 0.2 billion as compared with 1957. Since repayments were of the same order of size as in the previous year, the net increase in deposits rose from a monthly average of Fr. 0.2 billion in 1957 to one of Fr. 0.4 billion in 1958.

The limit on private persons' savings deposits

carrying the 3 % interest rate was raised from Fr. 200,000 to Fr. 250,000 as from 1st January, 1958. This rate is increased by 0.3 % for amounts which remain on deposit from 1st January to

31st December. The rate of interest paid beyond Fr. 250,000 is 2 %.

The balances on savings and deposit accounts together with the outstanding total of bonds and medium-term notes of the private savings banks grew by Fr. 2.8 billion between September, 1957 and September, 1958.

2. Counterparts of the Money Supply and of Quasi-Monetary Liquid Resources at the Banks and Savings Banks.

The Fr. 13.6 billion increase in the money supply and quasi-monetary liquid resources at banks and savings banks during the first three quarters of 1958 had its chief counterpart in a surplus of Fr. 12.3 billion on transactions with foreign countries. The balance of transactions with public authorities was also positive to the extent of Fr. 5.2 billion, whereas transactions with the private sector produced contraction of Fr. 3.7 billion.

Counterparts of the Money Supply and of Quasi-Monetary Liquid Resources at the Banks and Savings Banks

(changes in billions of francs)

Period	Money Supply and Quasi-Monetary Liquid Resources	Counterparts : Transactions with			
		Foreign Countries	Public Authorities	Private Sector	Sundry Parties
1956	+ 13.1	+ 2.8	- 0.2	+ 12.0	- 1.5
1957	+ 7.2	+ 1.4	- 2.2	+ 9.1	- 1.1
1958 1st quarter	+ 3.0	+ 3.8	+ 1.3	- 1.8	- 0.3
2nd »	+ 10.7	+ 5.6	+ 4.1	+ 0.6	+ 0.4
3rd » (p)	- 0.1	+ 2.9	- 0.2	- 2.5	- 0.3
first 3 quarters ... (p)	+ 13.6	+ 12.3	+ 5.2	- 3.7	- 0.2

(p) Provisional figures.

a) Transactions with Foreign Countries.

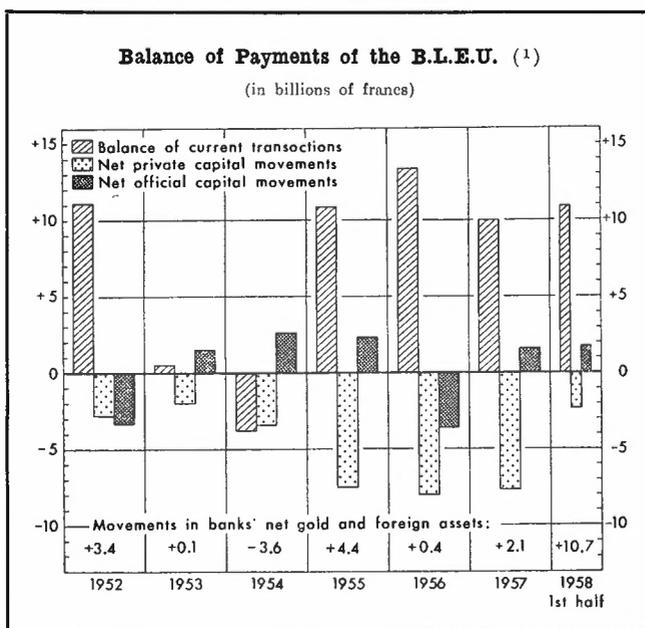
As they are recorded in the counterparts of the money supply and of quasi-monetary liquid resources at banks and savings banks

the transactions with foreign countries do not include the public authorities' capital transactions; these latter, when their product is sold to monetary institutions, are comparable to credits granted by these to the Treasury or local authorities and are for that reason included in the transactions with public authorities. Furthermore, the record of transactions with foreign countries does not include the payments which Congo companies make and receive by the debit and credit of their accounts at Belgian banks.

**Balance
of Payments**

On the other hand the balance of payments does record all transactions between the Belgian-Luxemburg Economic Union and

foreign countries, in so far as they have given rise to a transfer through the Belgian or Luxemburg banking system during the period considered.



(1) The balances for the years 1952, 1953 and 1954 are not strictly comparable with those for the more recent periods.

Between the second half of 1957 and the first half of 1958 exports declined by less than imports; a deficit of Fr. 0.9 billion was replaced by a surplus of Fr. 3 billion. Over

the same period the total surplus on other transactions in goods, on services and on private donations rose from Fr. 6 to 7.9 billion owing to the effect, in particular, of an increase in receipts from travel in connection with the Brussels Universal and International Exhibition. Altogether the surplus on current transactions increased from Fr. 5.1 to 10.9 billion.

The net outgoings of private Belgian-Luxemburg and foreign capital reached Fr. 2.3 billion for the first six months of 1958, being the same amount as in the second half of 1957. The investments in commercial bills showed a deficit of Fr. 1.1 billion instead of a surplus of Fr. 0.3 billion, but the negative balance of other private capital transactions declined from Fr. 2.6 to 1.2 billion; this latter amount includes the subscriptions to the Fr. 2 billion loan issued by the Congo Treasury on the Belgian market in February-March, 1958.

Balance of Payments of the Belgian-Luxemburg Economic Union

(in billions of francs)

	1956	1957	1957		1958 1st half (p)
			1st half	2nd half	
Exports, f.o.b.	140.1	141.8	73.1	68.7	67.3
Imports, f.o.b.	134.7	141.2	71.6	69.6	64.3
	+ 5.4	+ 0.6	+ 1.5	- 0.9	+ 3.0
Other goods transactions, net (1)	+ 3.7	+ 4.1	+ 2.2	+ 1.9	+ 1.6
All goods transactions, net	+ 9.1	+ 4.7	+ 3.7	+ 1.0	+ 4.6
Other current transactions, net (2) (3)	+ 4.2	+ 5.3	+ 1.2	+ 4.1	+ 6.3
All current transactions, net	+ 13.3	+ 10.0	+ 4.9	+ 5.1	+ 10.9
Net movement of private Belgian-Luxemburg and foreign capital :					
Commercial bills	+ 1.0	- 0.9	- 1.2	+ 0.3	- 1.1
Other capital (3) (4)	- 9.0	- 6.8	- 4.2	- 2.6	- 1.2
Net movement of official capital :					
Long-term	- 2.0	+ 0.2	- 0.8	+ 1.0	+ 0.2
Short-term	- 1.6	+ 1.4	- 0.3	+ 1.7	+ 1.6
Unascertained transactions (5), errors and omissions	- 1.3	- 1.8	- 0.6	- 1.2	+ 0.3
Total corresponding to movement in banks' net gold and foreign assets	+ 0.4	+ 2.1	- 2.2	+ 4.3	+ 10.7

(p) Provisional figures.

(1) Merchandising trade, work done on commission, and non-monetary gold.

(2) Foreign travel, transport, insurance, investment income, governmental transactions, workers in frontier regions and foreign workers, private donations, etc.

(3) It is sometimes difficult to discriminate between foreign travel, which is included in the other current transactions, and private capital other than commercial bills. It appears that in 1956 and 1957 certain expenditure on foreign travel was shown in the accounts as outgoings of private capital, whereas in 1958 the opposite would seem to have been the case.

(4) In these figures the subscriptions to loans issued by the Congo Treasury on the Belgian market are included to the following extent : minus Fr. 2.1 billion in 1956, nil in 1957 and minus Fr. 2 billion in the first half of 1958.

(5) The unascertained transactions appear mainly to include goods transactions, foreign travel and movements of private Belgian-Luxemburg and foreign capital, although it is not possible to apportion them between these different categories.

The official capital movements, which group together the public authorities' capital transactions and the Government-guaranteed loans, produced in the first half of 1958 a net inflow of Fr. 1.8 billion.

On the one hand the Government continued to collect the proceeds of the loan of 10 million dollars granted in 1957 by the International Bank for Reconstruction and Development, and increased by Fr. 1.1 billion, Fr. 600 million and Fr. 1.4 billion its short-term certificates placed respectively in the Congo, in Switzerland and in Germany; on the other hand it repaid the Treasury Certificates delivered to Ruanda-Urundi, paid in March a part of its subscription to the capital of the European Investment Bank, and handed over to the Congo the Belgian franc proceeds of the Treasury Certificates placed in Germany during the half-year. Apart from this various para-statal establishments received from abroad loans, guaranteed by the Belgian Government, for a total amount of a little over Fr. 2 billion; on the other hand a loan for Fr. 0.9 billion previously obtained by a para-statal institution was repaid.

On balance the net external assets of monetary institutions increased during the first half of 1958 by Fr. 10.7 billion against Fr. 4.3 billion in the previous half-year.

During the third quarter the net external assets continued to grow. The balance of current transactions remained positive. The outgoings of private capital exceeded the incomings, but the official capital movements showed a surplus. Amongst other things the Government obtained loans from American banks and in Switzerland. On the other hand it repaid the 50 million dollars which it had drawn from the International Monetary Fund in April, 1957, as well as some Treasury Certificates held by the Central Bank of the Belgian Congo and Ruanda-Urundi. On 30th September it paid a further tranche of its subscription to the capital of the European Investment Bank.

**Net Gold and
Foreign Assets of
the National Bank**

The National Bank's net gold and foreign assets rose from Fr. 57 billion at the end of 1957 to Fr. 74.1 billion a year later. At this level they exceed by Fr. 14.9 billion the previous maximum recorded in June, 1956.

The assets in gold, in American and Canadian dollars and free Swiss francs, which had been Fr. 47.7 billion in December, 1957, reached Fr. 64.9 billion in December, 1958. At this latter date the metallic reserve represented 51.7 % of the sight liabilities against 38.9 % twelve months earlier.

Net Gold and Foreign Assets of the National Bank of Belgium

(in billions of francs)

At end of	Gold Holding	Holdings of U.S. and Canadian Dollars and Free Swiss Francs	Claim on E.P.U.	Net Assets or Liabilities under Bilateral Agreements with E.P.U. and E.M.A. Countries	Other Net Assets or Liabilities	Total	Movement
1955 December	46.4	0.2	9.1	0.4	—	56.1	} + 0.8 } + 0.1
1956 December	46.2	1.0	9.7	— 0.3	0.3	56.9	
1957 December	45.8	1.9	6.8	1.5	1.0	57.0	
1958 January	47.3	2.0	7.0	0.4	0.9	57.6	+ 0.6
February	48.7	1.5	7.0	1.8	0.5	59.5	+ 1.9
March	49.9	0.7	7.4	1.5	1.0	60.5	+ 1.0
April	51.4	1.4	7.6	1.7	1.0	63.1	+ 2.6
May	55.0	1.3	7.9	1.2	0.9	66.3	+ 3.2
June	57.0	0.9	8.2	0.5	0.9	67.5	+ 1.2
July	59.1	1.0	7.8	0.6	0.8	69.3	+ 1.8
August	60.6	1.4	7.8	0.3	0.4	70.5	+ 1.2
September	61.4	1.1	7.8	0.4	0.1	70.8	+ 0.3
October	62.5	1.1	7.7	0.8	0.3	72.4	+ 1.6
November	63.5	0.8	7.8	0.1	0.3	72.5	+ 0.1
December	63.5	1.4	7.8	1.0	0.4	74.1	+ 1.6

The claim on the European Payments Union rose from Fr. 6.8 to 7.8 billion in the course of the past year.

The Belgian-Luxemburg Economic Union's surplus at the European Payments Union between the beginning of December, 1957 and the end of November, 1958 was Fr. 10.9 billion; since 75 % of this amount was settled in gold or dollars in accordance with the agreements in force, the claim on the European Payments Union consequently increased by Fr. 2.7 billion. Furthermore the Belgian-Luxemburg Economic Union granted a credit of Fr. 0.3 billion to the European Payments Union; this credit, together with the funds supplied by four other member countries, helped to finance a loan

which was granted by the Organisation for European Economic Co-operation to France and was designed to aid that country in meeting its external obligations.

**Changes in the Belgian-Luxemburg Economic Union's Claim
on the European Payments Union**
(in billions of francs)

Period	B.L.E.U.'s Net Surplus (+) or Deficit (-) in E.P.U.	Less : Gold or dollars received (+) or given (-) by B.L.E.U.						Net Amount repre- senting Increase (+) or Decrease (-) of the B.L.E.U.'s Claim on E.P.U.
		Settle- ment of the Net Surplus or Deficit	Repay- ment of the Special Loan granted to E.P.U. in 1952	Repay- ment of Bilateral- ised Claims on Debtor Countries	Share in Extra- ordinary Repay- ments to E.P.U.	Extra- ordinary Loan to France	Total	
1956	+ 10.9	+ 8.2	+ 0.4	+ 1.6	+ 0.1	—	+ 10.3	+ 0.6
1957	- 3.3	- 2.5	+ 0.4	+ 1.7	—	—	- 0.4	- 2.9
1958	+ 10.9	+ 8.2	—	+ 1.6	+ 0.4	- 0.3	+ 9.9	+ 1.0
1958 1st quarter ...	+ 3.7	+ 2.8	—	+ 0.4	—	- 0.1	+ 3.1	+ 0.6
2nd » ...	+ 4.4	+ 3.3	—	+ 0.4	—	- 0.1	+ 3.6	+ 0.8
3rd » ...	+ 1.6	+ 1.2	—	+ 0.4	+ 0.4	—	+ 2.0	- 0.4
4th » ...	+ 1.2	+ 0.9	—	+ 0.4	—	- 0.1	+ 1.2	—

On the other hand repayments amounting to Fr. 2 billion were received; Fr. 1.6 billion represented amortisation of previously bilateralised claims and Fr. 0.4 billion the Belgian-Luxemburg Economic Union's share in the extraordinary repayments made by Italy and Portugal.

The various operations just described explain the Fr. 1 billion increase which occurred during 1958 in the claim on the European Payments Union.

Since this item in the National Bank's balance sheet has never approached the amount of Fr. 10.1 billion which the Bank is prepared to finance out of its own resources, the Bank indicated its agreement to the continued suspending until 31st December, 1958 of the Convention of 11th May, 1955, by which the National Industrial Credit Company undertook to form, over and above that amount, a special fund of up to Fr. 1 billion.

On 27th December, 1958 most of the member countries of the European Payments Union announced that in future they would permit non-residents to transfer into dollars the balances resulting from current transactions; thus in Belgium the balances on foreign transferable accounts can since that date be used to buy United States or Canadian dollars on the regulated market, or can be transferred to the credit of any other foreign accounts. Following these measures the European Payments Union ended and the European Monetary Agreement, which entails the setting up of a European Fund and a multilateral system of settlements, came into force.

The net assets or liabilities on bilateral agreements with the countries of the European Payments Union represented the balance on foreign Central Banks' accounts, settlement of which was effected within the Union in the following month. Furthermore the National Bank had in December, 1958 some claims on these same countries, and liabilities towards them, under the European Monetary Agreement.

The positive balance of the National Bank's other net assets or liabilities declined from Fr. 1 billion in December, 1957 to Fr. 0.4 billion in December, 1958. The amount of funds provided by the National Industrial Credit Company under the Convention of 14th September, 1954 to finance payment agreements with countries not forming part of the European Payments Union was substantially the same at the end of 1958 as a year earlier, namely half a billion francs, after having reached a maximum of Fr. 0.7 billion in June and July.

b) Transactions with the Public Authorities.

The transactions of monetary institutions and savings banks with public authorities include the monetary financing of those authorities, the monetary institutions' operations on the market for public securities and the savings banks' acquisition of claims on public authorities.

There is for instance monetary financing of public authorities when banks acquire Treasury Certificates or subscribe to loans issued by such authorities, and when private deposits on Postal Cheque Accounts increase; the same applies when public authorities procure Belgian francs by selling to the banking system the exchange which

Transactions with the Public Authorities
(changes in billions of francs)

Period	Monetary Financing of the Public Authorities	Intervention by Monetary Institutions on the Market for Public Securities	Claims of Savings Banks on the Public Authorities	Total
1956	- 3.1	+ 2.9	—	- 0.2
1957	- 2.3	- 0.6	+ 0.7	- 2.2
1958 1st quarter	- 0.3	+ 0.3	+ 1.3	+ 1.3
2nd »	+ 2.7	+ 2.0	- 0.6	+ 4.1
3rd » . (p)	- 4.2	+ 2.1	+ 1.9	- 0.2
first 3 quarters (p)	- 1.8	+ 4.4	+ 2.6	+ 5.2

(p) Provisional figures.

they have obtained by their capital transactions with foreign countries. In the course of the first nine months of 1958 the monetary financing of the public authorities decreased by Fr. 1.8 billion.

The monetary institutions' operations on the market for public securities

include purchases of previously issued securities representing public debt, and their lendings to the Securities Stabilisation Fund which have served to finance that Fund's holding of such securities. Operations of this kind amounted to Fr. 4.4 billion for the first three quarters of 1958.

Finally the savings banks acquired Fr. 2.6 billion of claims on public authorities between December, 1957 and September, 1958.

Thus on the whole the transactions with public authorities had as counterpart an increase of Fr. 5.2 billion in the money supply and quasi-monetary liquid resources at banks and savings banks.

This movement should be considered in the more general context of the position of the public finances.

In the ordinary budget for the 1958 financial year the appropriations requested exceed the probable receipts by Fr. 10.4 billion; at the close of the year it will no doubt be possible to reduce this deficit to a smaller amount by cancelling certain unused appropriations.

The initial estimates showed a surplus of Fr. 5 billion. The deterioration by comparison with these estimates results from two factors, namely higher expenditure and shortfalls in revenue. The requested appropriations were increased by Fr. 12.6 billion as

Ordinary Budget
(in billions of francs)

Source : General Budget Statement of Receipts and Expenditure for the 1959 Financial Year.

	Financial Year 1956 (1)	Financial Year 1957 (1)	Financial Year 1958 (2)
Expenditure	86.1	94.1	105.9
Receipts	90.3	100.0	95.5
Balance ...	+ 4.2	+ 5.9	-10.4

(1) Final results.

(2) Expenditure : Initial appropriations, amendments, special laws and amended supplementary estimates, including the appropriations requested for covering expenditure relating to previous financial years.

Receipts : Estimate based on the actual receipts for the first ten months.

compared with their original amount to finance, in particular, enlarged subsidies to the National Employment and Unemployment Office and to the National Sickness and Disablement Insurance Fund, as well as for

education and for certain sections of the economy like the railways and coal mines where the structural difficulties have been aggravated by the current recession. Revenue shortfalls of the order of Fr. 2.8 billion must be attributed to the course of economic activity being less favourable than had been expected when the budget was drawn up.

The total appropriations requested for 1958 exceed by Fr. 11.8 billion the actual 1957 expenditure, whereas the receipts will probably show a drop of Fr. 4.5 billion between the two years.

Since each financial year begins in January, and is closed at the earliest only at the end of March in the following year, different

financial years partly overlap. The Treasury position records budgetary expenditure and receipts by calendar years without distinction between financial years; it reflects only real outgoings and incomings of funds, the internal transfers having been eliminated.

In the first nine months of 1958 the ordinary budget transactions showed a deficit of Fr. 4.8 billion, whereas in the corresponding

Treasury Position
(in billions of francs)

Source : Information Bulletin of the Ministry of Finance.

	1956	1957	1957 (first 9 months)	1958 (first 9 months)
<i>Ordinary Budget :</i>				
Expenditure	81.4	88.0	67.8	75.7
Receipts	87.8	95.3	71.9	70.9
Balance	+ 6.4	+ 7.3	+ 4.1	- 4.8
<i>Extraordinary Budget :</i>				
Expenditure	14.7	15.3	11.0	13.5
Receipts	0.3	0.3	0.2	0.3
Balance	- 14.4	- 15.0	- 10.8	- 13.2
Total Budget Surplus or Deficit	- 8.0	- 7.7	- 6.7	- 18.0
<i>Financing of the Budget Deficit :</i>				
Internal Consolidated Loans	+ 14.3	+ 7.9	+ 7.7	+ 9.9
Internal Floating Debt	- 5.4	- 1.1	- 5.1	+ 5.1
External Consolidated Loans	+ 0.2	+ 1.6	+ 1.5	+ 0.1
External Floating Debt	+ 1.0	+ 1.8	+ 0.3	+ 3.9
Funds of Other Parties	- 1.4	- 1.6	+ 1.4	+ 0.5
Cash Holding	- 0.7	- 0.9	+ 0.9	- 1.5

period of 1957 they had yielded a surplus of Fr. 4.1 billion; expenditure was much higher whereas, owing to the economic recession, receipts were slightly down.

The extraordinary budget deficit also increased because of growth in expenditure.

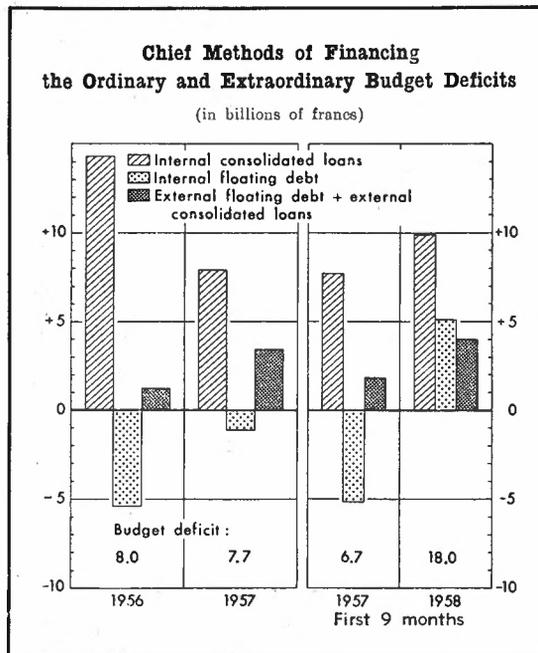
The overall budget deficit reached Fr. 18 billion against Fr. 6.7 billion in the first three quarters of 1957.

To finance this deficit the Treasury resorted to the internal and external markets. As a result of the easier conditions characteristic

of recession periods these markets supplied it with much larger resources than in 1957.

The net proceeds of the consolidated loan issued in September amounted to nearly Fr. 10 billion, exceeding the yield of the previous year's issues.

The internal floating debt increased by Fr. 5.1 billion during the first nine months of 1958, whereas it had declined by a similar amount in the corresponding period of 1957 chiefly owing to the effect of repayment of short-term Treasury Certificates held by the Belgian Congo and the banks as well as of medium-term certificates, coupled with a fall in individuals' deposits at the Postal Cheque Office. The increase during the period of 1958 under review arose from the issue of medium-term certificates and from subscriptions to short and very short-term certificates by para-statal institutions and banks.



The Treasury also contracted fresh debts in foreign currency, mainly at short term, more particularly towards German banks and in Switzerland.

While the available figures relating to the Treasury position stop at the end of September, the information about the national debt affords indications of the movement throughout the year.

National Debt

The Government's direct debt rose from Fr. 305.6 billion at the end of 1957 to Fr. 327 billion at the end of 1958, that is by Fr. 21.4 billion against Fr. 4.6 billion in 1957.

The direct internal consolidated debt stood in December, 1958 at Fr. 175.5 billion against Fr. 170.1 billion a year earlier; the increase

National Debt
(in billions of francs)

Source : Treasury and Public Debt Administration.

At end of	Direct Debt						Indirect Debt (3)	Total Debt
	Internal				External (2)	Total		
	Consolidated	Medium Term	Short Term (1)	Total				
1955 December	157.2	24.9	90.0	272.1	23.4	295.5	16.1	311.6
1956 December	167.2	23.4	86.0	276.6	24.4	301.0	16.8	317.8
1957 December	170.1	24.7	84.6 ⁴	279.4	26.2	305.6	18.0	323.6
1958 January	168.8	28.9	83.6 ⁴	281.3	26.1	307.4	18.0	325.4
February	168.3	28.9	85.3	282.5	26.6	309.1	18.0	327.1
March	168.0	28.9	87.6	284.5	27.1	311.6	17.9	329.5
April	167.6	28.5	92.6	288.7	27.7	316.4	18.0	334.4
May	167.4	28.5	92.8	288.7	27.6	316.3	19.9	336.2
June	166.8	26.7	95.2	288.7	27.9	316.6	19.8	336.4
July	166.5	26.7	96.5	289.7	28.9	318.6	19.7	338.3
August	166.3	26.7	97.3	290.3	32.3 ⁵	322.6	18.8	341.4
September	176.9	26.3	88.1	291.3	29.7	321.0	18.7	339.7
October	176.5	26.1	91.8	294.4	29.7	324.1	18.6	342.7
November	175.9	26.1	94.3	296.3	29.7	326.0	18.6	344.6
December	175.5	26.1	95.9	297.5	29.5	327.0	18.6	345.6

- (1) Including balances of private parties at the Postal Cheque Office.
(2) Excluding inter-governmental debts resulting from the 1914-1918 war.
(3) Debt, issued by para-statal institutions, on which the interest and redemption are borne by the Government.
(4) Including the current amount of the item « Current Account of the Public Treasury » which appeared at these dates among the assets in the National Bank of Belgium's Balance Sheet.
(5) As partial counterpart to the increase in the short-term external debt the Treasury had on 31st August, 1958 set aside a sum of 50 million dollars, which was applied in September to repaying Belgium's debt to the International Monetary Fund.

of Fr. 5.4 billion exceeds that which had been recorded in 1957, in which year the capital market had been very narrow for public securities. The issue in September of the 5 % ten-year consolidated loan yielded a nominal amount of Fr. 10.7 billion.

The direct internal medium-term debt increased by Fr. 1.4 billion. This increase represents the net result of various movements : on the one hand the issue in January of 5 1/2 % Treasury Certificates running for 6 years and 3 months, the subscriptions for which reached

Fr. 7.5 billion, and on the other hand the repayment of certificates issued in 1948 and 1949 and of certificates for which Ruanda-Urundi had previously subscribed, using advances granted by the Belgian Treasury, while a further factor was the decline in the outstanding total of two and three-year Treasury Certificates issued to banks.

The short-term direct internal debt increased by Fr. 11.3 billion during 1958. The increase was in the Treasury's indebtedness to para-statal institutions, and to a lesser extent to the Belgian Congo and the banks; it mainly occurred in the certificates at very short periods of 15 days to 4 months taken by the National Bank and sold by it to these various takers according to the state of the market, as well as in the certificates at 6, 9 and 12 months issued by public tender from January, 1958 onwards. The Treasury's debt on current account at the National Bank which resulted from the exceeding of the ten-billion limit in October, 1957, and which still amounted to Fr. 1.3 billion at the end of December, 1957, was completely cleared off at the beginning of February, 1958; but the National Bank's holding of Treasury Certificates increased from Fr. 6.6 billion in December, 1957 to Fr. 7.8 billion in December, 1958.

The external direct debt rose from Fr. 26.2 billion at the end of 1957 to Fr. 29.5 billion twelve months later. The floating debt increased by Fr. 3.7 billion. In February and March the Treasury obtained from a syndicate of German banks certain short-term Deutsche Mark credits, of which it handed over the Belgian franc proceeds, namely Fr. 1.4 billion, to the Congo. In August it took a 60-million dollar credit granted by American banks; but in the following month it repaid the 50 million dollars which it had drawn from the International Monetary Fund in April, 1957. It also borrowed at short term in Switzerland. The external consolidated debt declined by Fr. 0.4 billion, the repayments having exceeded the sum of about Fr. 200 million which the Treasury obtained from the 10-million dollar 15-year 5 3/4 % loan arranged in September, 1957 with the International Bank for Reconstruction and Development.

As to the indirect debt, this increased only by Fr. 0.6 billion; the increase resulting from the 5 1/2 % seven-year loan for Fr. 2 billion issued in April by the Road Fund was thus in great part offset by the Government's repayments, and in particular by the repayment of Fr. 1 billion of 5 or 10-year certificates issued in 1948 by the Belgian National Railways Company.

**Monetary Financing
of the Public
Authorities**

For the whole of the first nine months of 1958 the Treasury's direct borrowing from monetary institutions showed a decline of Fr. 2.5 billion. It had already been down by Fr. 0.9 billion in the first quarter of the year owing to the contraction in private deposits at the Postal Cheque Office. But these deposits increased again in

Monetary Financing of the Public Authorities

(changes in billions of francs)

Period	Treasury		Local Authorities	Total
	Credit Received from Monetary Institutions	Capital Transactions with Foreign Countries		
1956	+ 0.1	- 3.8	+ 0.6	- 3.1
1957	- 0.7	+ 0.6	- 2.2	- 2.3
1958 1st quarter	- 0.9	+ 0.4	+ 0.2	- 0.3
2nd »	+ 2.6	+ 0.3	- 0.2	+ 2.7
3rd » (p)	- 4.2	+ 0.7	- 0.7	- 4.2
first 3 quarters (p)	- 2.5	+ 1.4	- 0.7	- 1.8

(p) Provisional figures.

the following quarter, and since moreover the banks and the Municipal Credit Institution subscribed for more Treasury Certificates, the extent of the monetary institutions' direct financing of the Treasury increased during that period. Then in the third quarter it decreased again, the Treasury having been able to repay borrowings at the National Bank thanks to the issue of its consolidated loan in September; these repayments, coupled with a decrease in individuals' balances on Postal Cheque Accounts, largely exceeded the subscriptions to Treasury Certificates and bonds of the consolidated loan.

The Treasury's capital transactions with foreign countries were reflected in net sales of Fr. 1.4 billion of foreign exchange to monetary institutions.

Altogether, and with allowance for the movement in lendings to the provinces and municipalities, the monetary financing of public authorities diminished by Fr. 1.8 billion during the first nine months of the year.

The operations of monetary institutions on the market for public securities caused creation of money to the extent of Fr. 4.4 billion during the first three quarters of 1958.

Operations
by Monetary
Institutions
on the Market for
Public Securities

**Operations by Monetary Institutions on the Market
for Public Securities**
(in billions of francs)

Purchases of public securities on the market by the National Bank, the other banks and the Belgian Monetary Fund amounted to Fr. 1.7 billion in the first nine months of the year. This reflects the effect of the expansion in bank deposits, especially in time deposits, which led the banks to increase their holding of public securities at medium and long term.

Period	Purchases of Public Securities on the Market	Changes in the Advances to the Securities Stabilisation Fund	Total
1956	+ 1.4	+ 1.5	+ 2.9
1957	+ 1.2	- 1.8	- 0.6
1958 1st quarter	+ 0.4	- 0.1	+ 0.3
2nd »	+ 0.5	+ 1.5	+ 2.0
3rd » (p)	+ 0.8	+ 1.3	+ 2.1
first 3 quarters . (p)	+ 1.7	+ 2.7	+ 4.4

(p) Provisional figures.

The amount of loans from monetary institutions used by the Securities Stabilisation Fund to finance its holding of public securities increased by Fr. 2.7 billion during the first three quarters of 1958. For the whole year the increase was Fr. 2.3 billion. Since the banks' current liabilities had appreciably increased, and as the demand for

commercial credit was weak, the banks largely increased their holding of public securities and in particular bought certificates of the Securities Stabilisation Fund in large amounts. Lendings by the National Bank to that institution for financing its holding of public securities declined by Fr. 0.5 billion. They take the form of advances against the pledging of securities, or of discounting short-term notes which are charged against the limit of Fr. 10 billion for public securities. In agreement with the Treasury the National Bank adopts the second of these methods to finance the Securities Stabilisation Fund where the latter has intervened on the bond market for the direct benefit of the Government. In 1958 this was the case only

**Chief Methods of Financing the Securities Stabilisation Fund's
Holding of Public Securities**

(changes in billions of francs)

Period	Monetary Financing			Non-monetary Financing (1)	Total
	by the N.B.B.	by other Monetary Institutions	Total		
1956	+ 1.1	+ 0.4	+ 1.5	—	+ 1.5
1957	— 1.3	— 0.5	— 1.8	—	— 1.8
1958 (p)	— 0.5	+ 2.8	+ 2.3	— 3.0	— 0.7
1958 1st quarter (p)	— 0.5	+ 0.4	— 0.1	— 1.2	— 1.3
2nd » (p)	—	+ 1.5	+ 1.5	— 1.7	— 0.2
3rd » (p)	+ 0.9	+ 0.4	+ 1.3	+ 0.2	+ 1.5
4th » (p)	— 0.9	+ 0.5	— 0.4	— 0.3	— 0.7

(p) Provisional figures.

(1) Particularly loans of money at very short term by non-monetary institutions.

during two short periods, the Securities Stabilisation Fund having acted as counterparty for arbitrage transactions which took place at the time of loan issues for the Road Fund in April and for the Government in September.

Since as just explained the Securities Stabilisation Fund had obtained large sums by placing its certificates with banks, and had reduced its holding of public securities on the easing of the bond market, it was able during 1958 to repay Fr. 3 billion of resources of non-monetary origin previously placed at its disposal, especially money borrowed at very short term on the non-clearing market.

c) **Transactions with the Private Sector** ⁽¹⁾.

The credits distributed by the monetary system and savings banks to the private sector include all the credits by way of discount, advance and acceptance granted at the outset by monetary institutions to business and private customers residing in Belgium, as well as the credits directly granted by savings banks. The credits thus initially granted by the monetary system are in large part financed by the monetary institutions themselves, the balance being mobilised at public or private institutions such as the savings banks, the National Industrial Credit Company, the insurance companies and foreign banks.

The credits financed by the savings banks thus include not only the direct loans which they have granted to the private sector, but

**Credits Granted to the Private Sector
by Monetary Institutions and Savings Banks**

(changes in billions of francs)

Period	Financed by Monetary Institutions (1)	Financed by Savings Banks (2)	Total	Financed outside Monetary Institutions and Savings Banks	Total
1956	+ 4.5	+ 7.5	+12.0	+ 1.7	+13.7
1957	+ 3.3	+ 5.8	+ 9.1	- 0.5	+ 8.6
1958 1st quarter	- 3.6	+ 1.8	- 1.8	+ 1.0	- 0.8
2nd »	- 3.0	+ 3.6	+ 0.6	- 0.2	+ 0.4
3rd » (p)	- 2.2	- 0.3	- 2.5	+ 0.7	- 1.8
first 3 quarters (p)	- 8.8	+ 5.1	- 3.7	+ 1.5	- 2.2

(p) Provisional figures.

(1) Banks, National Bank of Belgium, National Fund for Credit to Trade and Industry, and Rediscount and Guarantee Institute so far as it finances its bill holding by recourse to the institutions mentioned.

(2) General Savings Fund and private savings banks.

also the part which they have assumed of the credits granted by monetary institutions.

(1) In these transactions there has been included the acquiring of claims on para-statal institutions, since these retransfer to the private sector the greater part of the resources thus obtained.

For the first nine months of 1958 the outstanding total of credits granted to the private sector by monetary institutions and savings banks showed a fall of Fr. 2.2 billion. The part of these credits which is financed by monetary institutions declined by Fr. 8.8 billion, while the part financed by savings banks rose by Fr. 5.1 billion.

If instead of considering the whole of the credits distributed by the monetary system and savings banks to the private sector one confines attention to the credits initially granted by way of discount, advance and acceptance by monetary institutions to business and private customers residing in Belgium, one finds for the first nine months of 1958 a decrease of Fr. 5.8 billion.

This movement is explained both by the abundance of liquid resources due to the balance of payments surplus and by a contraction in enterprises' financing requirements owing to changes in the course of economic activity.

Credits Granted by way of Discount, Advance and Acceptance to Business and Private Customers

(changes in billions of francs)

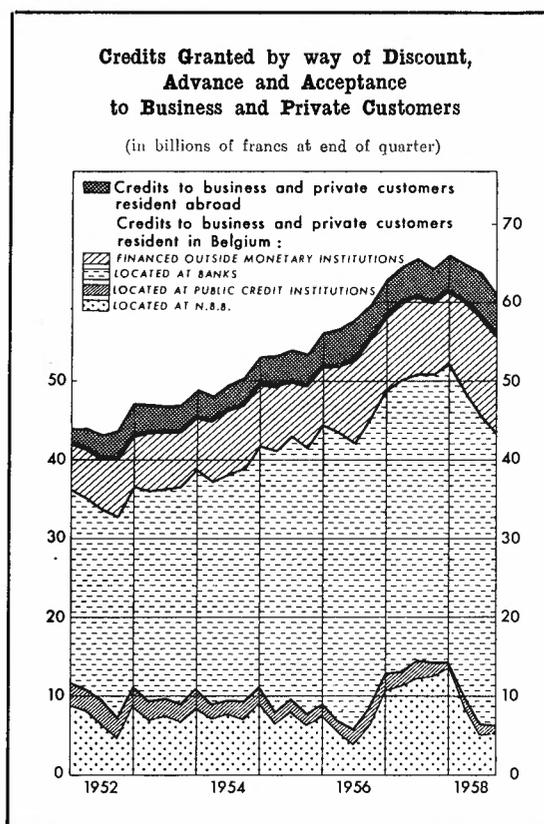
Period	To Business and Private Customers Resident in Belgium						To Business and Private Customers Resident Abroad
	Financed by Monetary Institutions				Financed outside Monetary Institutions	Total	
	Located in Banks	Located in Public Credit Institutions	Located at the National Bank of Belgium	Total			
1956	+ 0.8	+ 0.4	+ 3.3	+ 4.5	+ 1.9	+ 6.4	+ 0.2
1957	+ 1.4	- 0.8	+ 2.7	+ 3.3	- 0.3	+ 3.0	+ 0.1
1958 1st quarter	+ 1.2	+ 0.1	- 4.9	- 3.6	+ 2.2	- 1.4	+ 0.1
2nd »	+ 0.1	+ 0.3	- 3.4	- 3.0	+ 1.1	- 1.9	+ 1.0
3rd »	- 1.8	- 0.4	—	- 2.2	- 0.3	- 2.5	+ 0.1
first 3 quarters ...	- 0.5	—	- 8.3	- 8.8	+ 3.0	- 5.8	+ 1.2

The decrease however affected only the credits which continued to be carried by monetary institutions. The credits financed outside these institutions increased by Fr. 3 billion. This shift which took place in the financing of the credits reflects the size of the resources available outside the banking system.

The Fr. 8.8 billion reduction which as already mentioned occurred during the first nine months of 1958 in credits granted to business and private customers residing in Belgium and financed by monetary institutions took place to the extent of Fr. 8.3 billion at the National Bank. Since this latter is the lender of last resort, the total borrowings located there fluctuate more widely than those located in the rest of the banking system.

The credits which monetary institutions initially granted by way of discount, advance and acceptance to business and private customers residing abroad increased by Fr. 1.2 billion between December, 1957 and September, 1958.

Among the credits granted by banks and used by the beneficiaries those by way of discount fell from Fr. 30 to 27.9 billion between



Banks :
Amounts Used out of Credits
Granted by way of Discount and Advance
to Business and Private Customers
(in billions of francs)

At end of	Discount		Advances	Total
	Bills Held (1)	Bills Re-discounted		
1955 December	15.7	9.1	20.4	45.2
1956 November	16.1	10.1	22.0	48.2
December	14.4	13.0	22.3	49.7
1957 November	15.1	14.9	22.5	52.5
December	15.6	15.9	22.8	54.3
1958 January	14.3	16.3	22.9	53.5
February	15.1	14.9	23.5	53.5
March	16.7	13.7	22.5	52.9
April	17.0	12.9	23.3	53.2
May	16.8	12.8	23.5	53.1
June	16.5	11.9	22.8	51.2
July	16.3	11.2	23.0	50.5
August	16.5	11.0	22.0	49.5
September	14.9	12.0	22.9	49.8
October	17.3	10.5	22.2	50.0
November	18.1	9.8	21.1	49.0

(1) Including bank acceptances located in banks.

November, 1957 and November, 1958. Nevertheless the banks increased their bill holdings by Fr. 3 billion, since their deposits rose by Fr. 9 billion during that period; it follows that the outstanding total of their rediscounted bills was reduced by Fr. 5.1 billion. Besides this their advances declined by Fr. 1.4 billion on the twelve months.

The outstanding total of certified bank and commercial acceptances representing exports increased by Fr. 1.2 billion between November, 1957 and November, 1958, even though the value of exports dropped by 5 % over the same period. In the last months of 1957 the National Bank had eased the terms for granting its certificate on bills drawn in connection with export sales of various products; and in the course of 1958 it somewhat lengthened the period to maturity of the bills which it certifies in the case of exports to certain countries.

Acceptances in Belgian Francs (1)
(in billions of francs)

At end of	Certified Acceptances			Bank Acceptances not certified	Total
	representing Imports	representing Exports			
		Bank Acceptances	Commercial Acceptances		
1955 December	4.9	2.3	0.7	1.8	9.7
1956 November	4.8	2.0	0.9	3.0	10.7
December	5.3	2.0	0.8	3.2	11.3
1957 November	4.0	2.1	0.6	2.3	9.0
December	4.2	2.2	0.6	2.4	9.4
1958 January	4.1	2.1	0.5	2.4	9.1
February	3.9	2.2	0.5	2.2	8.8
March	3.6	2.4	0.5	2.4	8.9
April	3.3	2.8	0.5	2.2	8.8
May	3.3	3.0	0.5	2.4	9.2
June	3.6	3.0	0.4	2.5	9.5
July	3.7	2.9	0.5	2.4	9.5
August	3.5	2.8	0.5	2.5	9.3
September	3.3	3.0	0.6	2.5	9.4
October	3.5	3.2	0.6	2.5	9.8
November	3.6	3.3	0.6	2.7	10.2

(1) Excluding commercial acceptances not certified, the amount of which in circulation is not known.

The outstanding total of certified acceptances representing imports was reduced by Fr. 0.4 billion between November, 1957

and November, 1958. This movement may be partly explained by the fall, of the order of 8 % during the period, in the value of imports. Besides this the period to maturity of the bills admissible to certification by the National Bank, which period had already been reduced in 1957; was reduced again as from 1st January, 1958.

The outstanding total of foreign currency acceptances fell from Fr. 0.5 billion in November, 1957 to Fr. 0.4 billion in November, 1958.

The commercial bill holding financed by the Rediscount and Guarantee Institute declined from Fr. 5.7 billion in December, 1957 to Fr. 4.1 billion a year later as a result of the increase in the total available funds of non-monetary institutions.

Rediscount and Guarantee Institute
(in billions of francs)

At end of	Commercial Bill Holding	Financed by		
		Money Borrowed at Very Short Term		Rediscount at N.B.B.
		Clearing Funds	Non- clearing Funds	
1955 December .	5.8	1.5	—	4.0
1956 December .	6.0	1.9	—	3.8
1957 December .	5.7	0.9	—	4.3
1958 January ...	3.8	1.3	1.8	0.5
February .	2.3	1.5	0.6	—
March	2.6	0.9	0.4	1.1
April	2.8	2.0	—	0.6
May	3.4	1.9	0.5	0.7
June	4.4	2.1	1.9	0.1
July	3.9	1.5	1.1	1.0
August ...	3.6	2.3	0.1	1.0
September .	4.4	0.9	0.1	3.1
October ...	2.6	1.5	0.4	0.5
November .	2.9	2.2	0.5	—
December .	4.1	1.6	0.9	1.4

In the course of last year the Institute was able to finance its bill holding mainly by borrowing money at very short term. In particular it was able fairly regularly to borrow amounts, sometimes large, on the market for non-

clearing funds. This reflects the combined effect of the November, 1957 money market reform and of the relaxation which occurred on the bond market; these factors enabled the Institute to obtain part of the monies which the Securities Stabilisation Fund previously borrowed from non-clearing institutions.

The Institute's total rediscounts outstanding at the National Bank therefore greatly contracted. They reached their peak at the end of

September, when the banks appreciably reduced their lendings at very short term following the payment of subscriptions to the 5 % ten-year Government loan.

The rates applied by the Institute to acceptances representing imports and exports were several times reduced, in most cases on the lowering of the official discount rate.

The National Bank's commercial bill holding was affected by the increased assistance which non-banking institutions gave in the financing of acceptances, as well as by the reduction in the banks'

National Bank of Belgium :
Commercial Bill Holding and Advances
against Pledged Security

(in billions of francs)

At end of	Commercial Bills	Advances against Pledged Security	Total
1955 December	8.4	0.2	8.6
1956 December	11.4	0.5	11.9
1957 December	14.4	2.7	17.1
1958 January	10.2	1.9	12.1
February	8.4	1.3	9.7
March	8.5	1.7	10.2
April	6.8	2.1	8.9
May	6.1	1.6	7.7
June	4.6	1.5	6.1
July	5.3	1.4	6.7
August	4.1	0.5	4.6
September	6.3	1.5	7.8
October	2.4	0.5	2.9
November	2.0	0.6	2.6
December	4.1	0.5	4.6

bill rediscounts as a consequence of the increase in their resources and the decrease in the credit requirements of business and private customers. The holding fell from Fr. 14.4 billion at the end of 1957 to Fr. 4.1 billion at the end of 1958. The fall was continuous apart from the seasonal strains in July and December,

and a recovery in September due to contraction of the market for money at very short term in consequence of the issue of the Government loan.

The advances against pledged security declined from Fr. 2.7 billion in December, 1957 to Fr. 0.5 billion twelve months later as a result of easing of the money and capital markets.

So as to create conditions favourable to an economic upswing, by rendering credit as flexible and cheap as possible without however causing marked disparities between rates in Belgium and those abroad, especially in America, the National Bank several times altered its discount and advance rates during 1958. Altogether the rates for accepted bills payable at a bank, for warehouse warrants and for certified bank acceptances representing imports and exports were lowered, in four stages, by 1 %; the rates for accepted or unaccepted bills not payable at a bank, as well as the rate for promissory notes, were reduced by 1.25 %, and the rate for unaccepted bills payable at a bank by 1.50 %. The rate for advances on public securities issued at more than one year was reduced from 6.25 % to 5 %; that for advances on Treasury Certificates and on certificates of the Securities Stabilisation Fund issued at not more than one year remains equal to the rate for those certificates plus 5/16 %.

*
* *

The nominal amount of public authorities' loans issued on the internal market, after having been Fr. 19 billion in 1957, reached Fr. 26.6 billion in 1958. The increase applied mainly to the Government's gross issues, which rose from Fr. 12.1 to 18.2 billion; this rise was offset only in part by that in the repayments and amortisation of securities of the direct and indirect internal public debt quoted on the stock exchange, these having risen from Fr. 7.5 billion in 1957 to Fr. 10.3 billion in 1958. Loans were placed by the Congo for Fr. 4 billion, by the Road Fund for Fr. 2 billion, by the City of Antwerp for Fr. 0.6 billion, by the City of Brussels for Fr. 0.8 billion and by the Belgian Municipal Credit Institution for Fr. 1 billion.

Long-term Assets

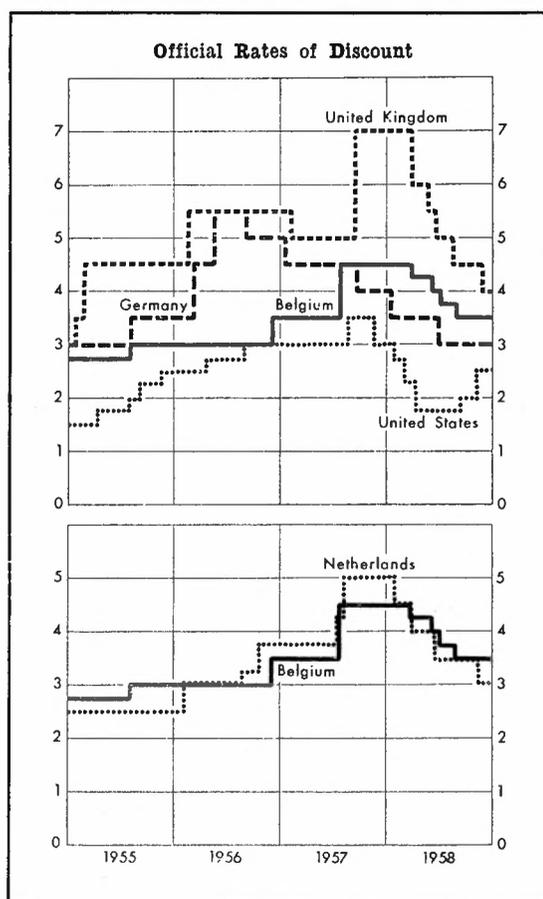
The extent of recourse to the capital market by Belgian and Congolese industrial and commercial companies definitely decreased

in 1958. For the whole of the first six months the net issues of shares and bonds by such companies amounted to Fr. 2 billion against Fr. 4.8 billion in the corresponding period of 1957.

The amount of mortgages registered, as calculated on the basis of the duties collected, was Fr. 19.2 billion for the first eleven months of 1958, being down by Fr. 0.8 billion in comparison with the total for the corresponding months in 1957.

Interest Rates

Rates of interest in Belgium followed the downward tendency which has prevailed in the chief European financial centres since the end of 1957. This movement was not reversed in spite of the rise in rates for money in North America during the second half of 1958.



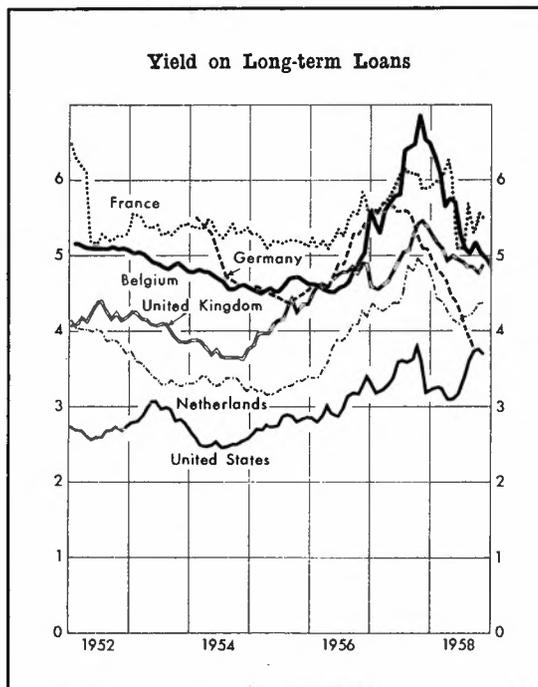
The changes made by the National Bank in its discount rates have already been described. The four reductions in the rate for accepted bills payable at a bank, made respectively on 27th March, 5th June, 3rd July and 28th August, entailed automatic adjustment of the rates for time deposits in Belgian francs at banks as well as in those for 4-month Treasury Certificates of Tranche B of the special loan

and for certificates of the Securities Stabilisation Fund.

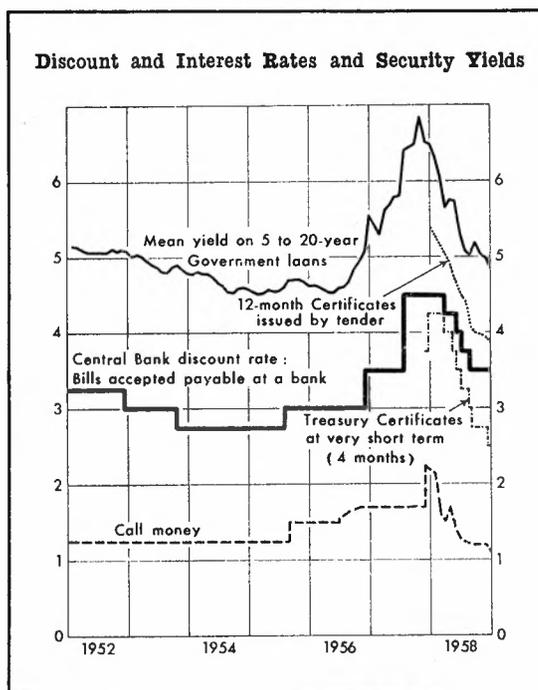
The short-term rates which are not linked to the Central Bank discount rate also declined. Thus the call money rate fell from 2.25 % in December, 1957 to 1.10 % a year later, and the rate for very short-term 4-month Treasury Certificates dropped from 4.25 % to 2.50 %. At the January tender the average rate for 12-month Treasury Certificates had been 5.3875 %; but at the first tender in 1959 it was no more than 3.86 %.

These various falls reflect the movements in supply and demand on the short-term capital market. The rapid increase in the resources of the banks and public credit institutions caused them to offer more funds at short term, while the Securities Stabilisation Fund's borrowings of money at very short term were reduced following the reform of the money market and a contraction of its holding of public securities.

The policy of lowering the rate for short-term money helped to ease the long-term



Belgium : Government loans, 5 to 20 years.
 Germany : Mortgage bonds.
 United States : Federal bonds having not less than 12 years to run.
 France : 5 % Perpetual Rente.
 Netherlands : 3.25 % Government Loan 1948-1998.
 United Kingdom : 2.5 % Consols.



capital market. The yield on Government loans at 5 to 20 years showed a fall which was interrupted only at the time of certain large public loan issues in April and September. At the beginning of 1959 that yield was 4.85 % against 6.47 % a year before. This movement in the market made it possible to lighten the terms borne by public authorities on their issues. The average yield on issue was reduced from 6.05 % for the Government loan in January to 5.16 % for that in September; and the period to maturity was raised from 6 years and 3 months for the first of these loans to 10 years for the second.

Discount and Interest Rates and Security Yields

At end of	Central Bank Discount Rate : bills accepted payable at a bank	Rates linked with the Central Bank Discount Rate (1)		Rates varying according to the relative strength of supply and demand			
		Treasury Certificates at 4 months (2)	Bank Deposits in Belgian Francs (3 months)	Call Money	Treasury Certificates at very short term (4 months)	Treasury Certificates issued by tender (12 months) (3)	Government Loans, 5 to 20 years (4)
1955 December	3.—	1.3125	1.40	1.50	—	—	4.63
1956 December	3.50	1.3125	1.40	1.70	—	—	5.54
1957 December	4.50	3.75	2.70	2.25	4.25	5.3875	6.47
1958 January	4.50	3.75	2.70	2.15	4.25	—	6.33
February	4.50	3.75	2.70	1.60	4.25	—	6.06
March	4.25	3.50	2.45	1.50	4.—	4.9995	5.64
April	4.25	3.50	2.45	1.70	4.—	—	5.75
May	4.25	3.50	2.45	1.40	3.75	4.6833	5.73
June	4.—	3.25	2.20	1.25	3.50	4.491	5.29
July	3.75	3.—	1.95	1.25	3.25	4.40	5.06
August	3.50	2.75	1.75	1.20	3.—	4.047	5.02
September	3.50	2.75	1.75	1.20	2.75	3.9804	5.18
October	3.50	2.75	1.75	1.20	2.75	3.9735	5.04
November	3.50	2.75	1.75	1.20	2.75	3.922	4.98
December	3.50	2.75	1.75	1.10	2.50	3.86	4.85

- (1) Since the money market reform in November, 1957.
(2) Certificates which the banks may include in the partial cover for their liabilities at not more than one month. The circulation of these certificates issued at 4 months was not large until the November, 1957 money market reform. Since then it has stood at Fr. 8.9 billion. Furthermore, since that time, the Securities Stabilisation Fund has been issuing a variable amount of certificates carrying the same conditions.
(3) Tender in the following month.
(4) Beginning of the following month.

Market for Dividend-Bearing Securities

The market for dividend-bearing securities was depressed until May. The total cash dealings dropped to a very low level, and quotations fell away, especially those for securities of Congolese

companies and of the Belgian industries most affected by the slackening of economic activity.

A change took place in June, being assisted by the recovery on the chief stock exchanges abroad, by the steadying of raw material prices, by the abundance of funds in search of investment and by the lowering of the rate for money. Business increased slightly, and quotations were marked up to a somewhat higher level. The improvement in prices mainly affected the financial group, holding companies and gas and electricity producers, as well as securities of the industries least affected by the decline in economic activity, namely the glassmaking, non-ferrous metal and chemical industries.

**Market for Cash Dealings
in Dividend-Bearing Securities**

Sources : National Statistical Institute — Committee of the Brussels Stock Exchange.

Period	Index of Quotations (Basis 1958 = 100) (1)	Total Dealings per month (in billions of francs) (2)
1956	164	1.3
1957	155	1.1
1958	135	0.7
1958 January	131	0.7
February	126	0.6
March	131	0.6
April	128	0.5
May	129	0.5
June	138	0.8
July	137	0.7
August	142	0.7
September	139	0.8
October	141	0.9
November	140	0.8
December	139	0.9

(1) Brussels and Antwerp Stock Exchanges. In 1956 and 1957 the average for the 1st and 15th of each month; in 1958 the average for the 10th and 25th of each month.

(2) Brussels Stock Exchange.

This recovery was however only of an extremely limited character. For the whole year the total dealings were less than two-thirds of those in 1957; and the index of quotations reached only 135 as against 155 for that year.

ECONOMIC ACTIVITY AND PRICES

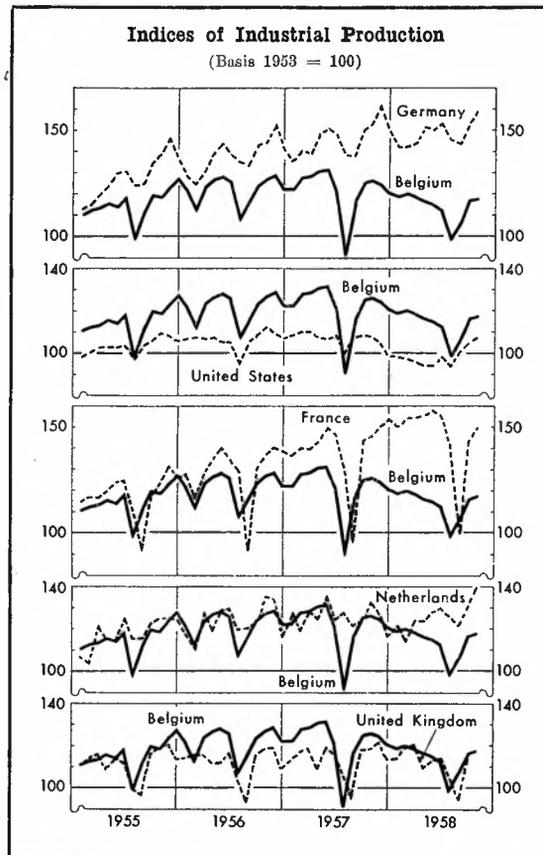
The decline which appeared about mid-1957 in the index of Belgian industrial production became more marked in the first half of the year under review.

Industrial
Production

Apart from seasonal movements, industrial activity became stabilised from the third quarter onwards thanks to a moderate increase of demand in various industries, amongst others steel.

For the first ten months together the fall in the overall index was 6 %. It was much greater in certain industries regarded in isolation, especially the textile industries.

On the world plane there was a recovery of industrial activity in the United States, whereas the tendency to slackening was affirmed in Europe. Nevertheless some signs of recovery appeared, particularly in the Netherlands; they do not justify the conclusion that there is any basic change in the cyclical trend.



Sources : *Belgium* : Economic and Social Research Institute.
Germany : Federal Statistical Office.
United States : Board of Governors of the Federal Reserve System.
France : National Institute for Statistics and Economic Research.
Netherlands : Central Office for Statistics.
United Kingdom : Board of Trade.

The coal industry reduced its output from 29.1 million tons in 1957 to 27.1 million in 1958 because of sales difficulties on the home and export markets. Some pits were closed, and the engagement of workers stopped; the total number on pay-rolls dropped from 153,100 at the end of January to 138,600 at the end of December. In addition partial unemployment appreciably increased; for the first ten months the average number of days worked fell from 23.4 per month in 1957 to 21.6 in 1958.

The economic recession reduced the need for fuel in the European Coal and Steel Community as a whole. Besides this the substitution of mineral oils for coal, in spheres where coal has not

the advantage of being used for some specific purpose, tends to increase in times of recession because of the growing disparity of prices in favour of oil.

Mining of Coal

Source : Directorate General of Mines.

Monthly Average for	Production (thousands of tons)	Output per man-day of underground and surface workers actually at work (kg)
1951	2,471	734
1953	2,505	766
1957	2,424	838
1958 1st quarter	2,538	832
2nd »	2,282	843
3rd »	2,046	835
4th » . (p)	2,153	858

(p) Provisional figures.

In the case of the Belgian coal industry account must also be taken of the increasing competition of relatively cheaper foreign coal, and of the carrying out of long-term contracts previously concluded.

Imports of coal thus remained very large, reaching 4.7 million tons for the first eleven months of the year. The geographical source of the imports, however, changed. The United States' share has been falling since purchases of coal from countries outside the Community were again made subject to licence on 23rd February, 1958, and since the cancellation or postponement by Belgian importers of a large number of long-term contracts for delivery. On the other hand the imports from other European Coal and Steel Community countries, in particular Federal Germany, have greatly increased because of the differences in price.

Exports of Belgian coal declined from 4 million tons in the first eleven months of 1957 to 2.6 million in the corresponding period of 1958.

Pithead coal stocks have reached a size never before recorded in Belgium, rising from 1.4 million tons at the end of 1957 to 6.9 million at the end of 1958.

The progressive glutting of the market led the mines to reduce their selling prices in April and June; the total reduction amounted to 1.2 %. A further reduction by an average of 5 % to 8 % was applied as from 1st January, 1959.

The coal crisis is also structural in character. For some time the structural deficiencies were less apparent because of the boom conditions and financial aid from the High Authority. Yet it does appear that measures to restore sounder conditions are unavoidable, the more so since the subsidies place a heavy burden on the Treasury, while the perequation assistance provided for the Belgian coal industry under the Treaty instituting the European Coal and Steel Community ended on 10th February, 1958. That is why the National Coal Mines Council instructed a group of experts to investigate the means to be used in order to permit integration of the coal industry into the European common market.

Certain measures of limited scope have been adopted in order to lighten the financial burdens on the mines. By instituting coal warrants the Law of 5th May, 1958 made it easier to finance pithead stocks. A Royal Decree of 3rd November raised from Fr. 4 to 5 billion the total principal amount of the credits for which a Government guarantee may be given under the Law of 12th July, 1955, designed to promote the financing of investments in the coal industry. The High Authority for its part decided to grant to the Community's coal industry « financial assistance intended to ease the situation resulting from the exceptional accumulation of stocks, which endangers the continuity of employment ».

Coking Plants

The recession in the steel industry caused the activity of the coking plants to decline. Coke production for the first ten months fell from 5.9 million tons in 1957 to 5.7 million in 1958. Because of contracting markets in Belgium and the Lorraine field, their chief traditional customer, the coking plants developed their sales on the Scandinavian markets. Thus they succeeded in keeping their exports up to the previous year's level and in checking the accumulation of stocks.

Competition has revived, and prices have fallen; the fall in twelve months amounts to 12.8 % for blast furnace coke.

Electricity

Production of electricity increased by only about 1 % in 1958 against 6.4 % in 1957. Both producers for distribution and industrial firms producing for their own needs felt the effects of the recession.

The Committees of Management and of Control have continued their policy of rationalising output by encouraging both the amalgamating of enterprises and agreements for co-operation between companies. These efforts have also tended to standardise and lower the charges for sale of electricity. After partial adjustments during the year the Committees announced a general 5 % decrease in the price for supplies of high-voltage electric power from 1st January, 1959 onwards.

Mineral Oils

The petroleum refineries proceeded with their expansion, while the structural change in the demand for fuels continued to become more marked in their favour. Petrol consumption moreover increased appreciably during the Brussels Universal and International Exhibition. As regards exports the refineries are enlarging their markets in neighbouring countries, amongst others the Netherlands and Federal Germany.

The weakness of marine freights and of world markets for mineral oils produced in Belgium a fall in oil prices which, by November, was of the order of 10 % in comparison with the 1957

Petroleum Refineries

Source : Ministry of Finance, Excise Department.

Monthly Average for	Input of Crude Petroleum	Production		
		Light Oils	Other Oils used for Fuel	
			Fuel Oil	Others
	(Millions of litres)	(Thousands of tons)		
1951	82.6	18.5	32.9	16.0
1953	307.7	78.5	111.6	65.9
1957	519.5	130.2	172.6	104.2
1958 1st quarter	609.4	155.5	200.1	128.9
2nd »	591.5	151.3	193.6	116.1
3rd »	643.5	152.9	220.8	138.5
October	705.1	164.7	282.3	135.7
November	649.9	134.8	231.6	129.1

average level. But with effect from 1st December the Government increased the tax on petrol consumption by 56 centimes per litre, and introduced a fresh tax of 36 centimes per litre on gas oil.

The private group of enterprises which had decided to build an 11,500 kW pilot nuclear power station to start operations in 1960 has entered into association with the Nuclear Energy Research Centre, a public utility institution founded in 1957. With the financial help of this private group this Centre is undertaking the construction of the pilot nuclear power station at Mol. It will have three nuclear reactors, two of which will serve for experimental research. By the end of 1958 the capital expenditure incurred amounted to Fr. 1.5 billion, while provision is made for Fr. 600 million in 1959.

Nuclear Energy

Apart from this, two Belgian electricity companies on 7th July concluded with a Netherlands company an agreement for forming a research syndicate charged with the duty of investigating the plan

for a nuclear power station, producing at the outset about 150,000 kW of electric energy.

Steel Industry

The average total of orders booked in the steel industry showed little change from 1957, but that year was already affected by the cyclical recession. Production of raw steel was down by 4.2 %

Production of Raw and Finished Steel

(in thousands of tons)

Source : National Statistical Institute.

Monthly Average for	Raw Steel	Finished Steel
1951	417	325
1953	369	280
1957	523	371
1958 1st quarter	527	369
2nd »	486	334
3rd »	491	331
October	541	396
November	463 <i>p</i>	
December	499 <i>p</i>	

(*p*) Provisional figures.

in comparison with the 1957 figure. The tendency however became more favourable in the second half-year as the result of vigorous recovery of external demand in June and October.

In the other member countries of the European Economic Community, especially Federal Germany and France, demand was still maintained in 1957 and declined only in 1958.

It seems that the establishment of the common market in steel has given greater stability to the Belgian steel industry.

Supplies of coal and ores were obtained at declining prices. The crumbling of scrap prices on the home market also continued; in December the decline amounted to 27 % per ton by comparison with the start of the year. Besides this the fall in the prices for scrap imported from countries outside the Community made it possible to reduce very considerably the amount of the perequation levies which are added to internal prices. This system ended on 1st December in pursuance of a decision taken by the Council of Ministers of the European Coal and Steel Community on 25th November to restore freedom on the common market for scrap.

The worsening of the economic conditions appears chiefly in the decline of selling prices. The scales applying inside the Community were three times reduced, in March, May and October. At the end of the year merchant steels were quoted at Fr. 4,500 per ton against Fr. 5,500 in January, that is 18 % lower. The minimum quotations for export to countries not members of the Community were also reduced in February, April and May. The prices actually charged were however even lower than the minima. In the case of merchant steels sold at around Fr. 4,200 per ton at the end of the year the fall amounted to nearly 17 % by comparison with quotations when the year began.

For the first nine months of 1958 Belgian-Luxemburg exports of iron, pig iron and steel were up by 3.3 % in quantity and down by 8.2 % in value as compared with the corresponding period of 1957. The Netherlands, after being the principal market in 1957, ranked only fourth; for the first nine months the deliveries to that country were down by 43 % in comparison with a year previously. The deliveries to France, Federal Germany and the United States, which have become the three largest customers, were on the contrary up by 27 %, 34 % and 12 % respectively. Argentina, Venezuela and India considerably increased their purchases, while the United Kingdom, the Scandinavian countries and the Belgian Congo reduced theirs.

The production of raw non-ferrous metals, except tin and aluminium, was reduced. In semi-finished products, on the other hand, activity was maintained at a level higher than in the previous year.

Non-ferrous Metals

The conditions for forming the prices of the different non-ferrous metals show great divergence. On the whole however a certain hardening has taken place since September as the result of more favourable world demand and a decrease of stocks in the hands of

users. Internal prices in Belgium have followed the movement of those on world markets.

After sagging for a time the London copper price rose by 27 % between January and November, only to fall back somewhat in December. Electrolytic copper at Brussels rose from Fr. 25.25 per kilogramme on 3rd January to Fr. 31 on 31st December.

Production of Non-Ferrous Metals
(in thousands of tons)

Source : Union of Non-Ferrous Metal Industries.

Monthly Average for	Raw Products				Semi-Finished Products
	Copper	Zinc	Lead	Tin	
1951	11.8	16.7	6.1	0.83	16.5
1953	12.5	16.1	6.4	0.82	12.8
1957	12.7	19.6	8.3	0.79	16.2
1958 1st quarter ...	12.5	19.5	8.0	1.16	16.8
2nd » ...	12.0	18.2	7.5	0.67	16.4
3rd » ...	13.3	16.3	7.1	0.70	15.2
October ... (1)	13.9	16.2	7.2	0.68	19.0
November . (1)	13.8	17.0	8.6	0.63	15.0

(1) Moving quarterly average for the raw metals.

The firmness of copper in November was partly due to the stoppage of production as a result of strikes in the North Rhodesian and Canadian mines.

Zinc and lead prices became stabilised in the last quarter. In the case of lead they had by the end of the year

regained their January level, while in that of zinc they were above it by 20 %. Speculative purchases following the United States' decision on 1st October to subject their imports to quota, and the proposals made in the course of United Nations conferences at London and Geneva to limit export and production programmes, were factors in these movements.

The London tin price fell from £ 730 per long ton to a low point of £ 640 following the decision taken on 8th September by the International Tin Council provisionally to suspend its stockpiling purchases. However, the quotation rapidly recovered in October and November, and at the end of December was £ 748.

For the first nine months of 1958 the total exports of non-ferrous metals showed an increase of 4.8 % in quantity by comparison with 1957. Sales of copper and lead increased, while those of tin and zinc were smaller. Nevertheless the previous price-falls caused the

total value of exports to decline by 14 %. The geographical distribution of exports did not change much between the two years. France and the United States, followed by the Netherlands and Federal Germany, remained the chief customers. Nevertheless the United States' share of the tin exported fell to 34 %, whereas in 1957 it had been nearly half.

Because of the diversity of metal manufactures the overall decline in this industry's activity is best apparent in the decrease in the average number of workers employed; for the first ten months this average was 206,380 in 1957, and dropped to 191,600 in 1958. All the groups of activity were affected in varying degrees by the fall except the manufacture of hoisting apparatus,

as well as that of railway and tramway material, which however has been showing a structural decline for some years.

The monthly totals of orders booked were on the average below the value of deliveries by Fr. 1.2 billion. Demand declined first for primary products and capital goods and then, progressively, for durable consumer goods. In some lines however it has on the whole remained relatively strong. This applies for instance to wire and metal drawing, cold rolling, electrical and precision engineering. Similarly the automobile industry benefited from a good export demand. On the other hand there were signs of definite recession in steel moulding, iron founding, various forms of mechanical engineering, machine tools and ship repairing.

Metal Manufactures

Metal Manufactures

(in millions of francs)

Sources : National Statistical Institute and Fabrimétal.

Monthly Average for	Orders Booked	Deliveries to	
		External Markets	Internal Market
1951	4,749	1,656	2,529
1953	4,195	1,639	3,048
1957	6,134	2,366	4,267
1958 1st quarter	5,417	2,477	4,370
2nd » (p)	5,718	2,266	4,354
3rd » (p)	5,038	2,239	3,955
October (p)	5,396	2,331	4,750

(p) Provisional figures.

Deliveries were maintained at the 1957 level because of the time required for executing orders previously booked. The fall which took place in primary products was offset by the faster deliveries of transport material; deliveries of consumer and capital goods remained relatively stable.

Exports of metal manufactures, which represented a value of Fr. 23.3 billion for the first ten months of 1957, reached the same level in the corresponding period of 1958. While the Netherlands and the Congo remained the chief customers during the first half-year, the exports to those countries nevertheless declined by 13.5 % and 6.6 % respectively in comparison with that period in 1957. On the other hand the shipments to Federal Germany grew by 63 %, and those to the United Kingdom doubled, while sales to Latin America increased slightly. The shipbuilders exported more to the United Kingdom. The considerable rise in sales to Federal Germany and the sterling area was partly in electrical engineering equipment, for which Latin America has also become an important market. Shipments to France and the United States were down by 20 % and 9 % respectively in the first half-year.

Chemicals

**Production of Synthetic Ammonia
and Derivatives**

(in thousands of tons of nitrogen)

Source : National Statistical Institute.

Monthly Average for	Primary Nitrogen	Nitrogen Fertilisers
1951	16.0	14.9
1953	15.2	13.8
1957	19.5	17.2
1958 1st quarter	21.6	19.6
2nd »	22.7	20.6
3rd »	23.2	20.2
October	24.0	22.0

The chemical industries as a whole maintained their total output at the previous year's level, but their selling prices tended downwards.

Not all sections showed the same movement. The production of primary nitrogen and nitrogen fertilisers definitely exceeded that in the previous

year. Yet in view of the structural changes which will be entailed by application of the Treaty instituting the common market the producers last August conceded a reduction of prices.

In the industries producing derivatives of coal and tar the position somewhat deteriorated. The same is true of the rubber and pharmaceutical industries; a feature in the latter, however, is expansive projects which may enable Belgium to make up some of its lost ground in this field.

Both imports and exports of chemical products were up by comparison with the previous year.

Just as in 1952, the textile industries were among those most affected by the slackening of economic activity; in the first ten months of the year their production as a whole was down by 21 % in comparison with the corresponding period in 1957. Besides this the contraction of demand which appeared towards the middle of 1957 caused adjustments of selling prices. The trough of the recession seems to have been in the second quarter of 1958.

Textile Industries

Selling prices deteriorated at the different stages of production; those for finished and semi-finished products declined by 4.1 % and 9.6 % respectively between January and November. The decline especially affected products of wool and cotton. The unfavourable

effect on the industries' earnings was partly offset by the fall in the prices of the raw materials consumed.

Output of Wool Washers and Combers
(in tons)

Source : National Statistical Institute.

Monthly Average for	Washing and Carbonising	Combed Sliver
1951	1,295	1,370
1953	1,671	1,632
1957	2,001	1,965
1958 1st quarter	1,945	1,912
2nd »	1,857	1,727
3rd »	1,530	1,536
October (p)	1,904	2,018

(p) Provisional figures.

The weakening of foreign demand is clear from the course of exports; for the first eleven months of the year these were down in value by about 20 % in comparison with the corresponding period of 1957.

Deliveries to France, the United States and the Netherlands showed the most marked reduction. On

the other hand, just as in other industries, the relative importance of the German market is growing.

Activity declined at all stages of production in the woollen industry.

It was however preparatory processing which resisted the recession best, thanks to the exemptions from tax accorded by the Government in 1956 and 1958.

A Royal Decree of 22nd November prolonged until 31st December, 1960 the reduction of turnover tax to 5 per mille on contracts for washing, carbonising and combing wool, which tax was to have been restored on 31st December, 1958 to its previous level. Another decree of the same date suspended until 31st December, 1960 the 1.5 % increase in the rate of turnover tax collected on imports of washed wool.

The spinners of combed wool were affected by the weakening of demand from weavers and knitwear manufacturers, while those

Output of Wool Spinners and Weavers

Indices of Industrial Activity
(Basis 1953 = 100)

Source : National Statistical Institute.

Monthly Average for	Spinners		Weavers
	Carded Wool	Combed Wool	
1951	104	81	104
1953	100	100	100
1957	125	127	124
1958 1st quarter	95	90	98
2nd »	95	94	97
3rd »	95	103	<i>p</i> 92
October			<i>p</i> 129

(*p*) Provisional figures.

of carded wool suffered from the unfavourable course of production of clothing fabrics and from the decline in exports of carpets to the United States.

The volume of sales on the home market during the first eight months was down by 35 % for fabrics made of carded wool, and by 17 % for those made

from combed wool. The decline in exports was almost as great.

In the cotton industry the output of the spinners was down by 23 % and that of the weavers by 22 %. The fall in prices, which

was more marked for yarns than for raw cotton and fabrics, also reflects the weakening of demand. Deliveries of fine cotton yarns on the home market in the first eleven months of 1958 were smaller by 26 % in volume than those in the corresponding period of 1957. Exports showed a fall of 24 % in value during the first nine months. In the case of fabric exports the fall reached 19.6 %. The corresponding percentages in terms of volume are not quite so high.

The trend in the linen industry was unfavourable because of difficulties of a cyclical character, together with increased competition from certain countries.

To counter the effects of foreign competition the Government decided to grant the linen processors temporary financial assistance

Cotton Production

Indices of Industrial Activity
(Basis 1953 = 100)

Source : National Statistical Institute.

Monthly Average for	Spinners	Weavers (1)
1951	119	119
1953	100	100
1957	115	127
1958 1st quarter	99	111
2nd »	78	93
3rd »	90	<i>p</i> 90
October		<i>p</i> 116

(1) 1951 : pure cotton and cotton mixed with rayon fibres.
(*p*) Provisional figures.

Production of Linen, Jute and Rayon

Indices of Industrial Activity
(Basis 1953 = 100)

Source : National Statistical Institute.

Monthly Average for	Flax and Hemp Yarns	Linen Fabrics	Rayon Yarns	Rayon and Rayon Fibre Fabrics	Jute Yarns	Jute Fabrics
1951		110			94	105
1953	100	100	100	100	100	100
1957	115	102	127	150	96	80
1958 1st quarter	104	89	105	147	105	95
2nd »	78	89	94	127	100	89
3rd »	76	<i>p</i> 79	86	<i>p</i> 116	94	<i>p</i> 87
October		111		150		101

(*p*) Provisional figures.

in the form of a premium of Fr. 10,600 per employed worker. The payment is being made in two tranches, the first at the end of 1958,

while the second will depend on the adoption of a plan for rationalising output and reorganising the market, as well as on the putting into force of measures designed to stimulate consumption of linen products.

Exports of linen yarns and fabrics in the first nine months of 1958 were down in value by 40 % and 16.3 % respectively in comparison with the corresponding period of 1957.

By Royal Decree of 22nd November the reduction in the rate of the lump-sum turnover tax from 10 % to 3 % for deliveries of linen yarn to weavers, and from 11 % to 1 % for sales of linen fabrics, was extended to 31st December, 1960.

The difficulties with which the jute industry has been contending since 1956 have been slightly reduced. By comparison with the first ten months of 1957, indeed, production was up by 5.2 % in the spinning mills as the result of good home-market demand, and by 16.7 % in the case of the weavers.

The value of exports declined by 17.9 % for fabrics, but rose by 3 % for yarns and 24 % for carpets thanks to buying by Federal Germany.

Wholesale prices for yarns and fabrics were less affected by the general tendency prevailing on textile markets.

The recovery which had been observed in 1957 in the rayon industry proved to be brief. In fact, since home-market demand has declined, the output of artificial yarns and fibres has been reduced notwithstanding an increase of the order of 24 % in the value of rayon yarn exports. The situation is hardly any more favourable in the case of rayon fabrics.

In 1958 definite growth was again recorded in synthetic yarns and fibres, which benefited from an increase in home and foreign demand. During the past three years the output of synthetic yarns and fibres has been almost trebled.

The Government gave indirect aid to the manufacturers of synthetic and artificial fibres by reducing to 5 per mille the rate of turnover tax applying to the purchase and import of raw materials. This measure, which has been in force since 10th March, 1958 and was to have been terminated on 31st December, was made definitive by the Royal Decree of 22nd November.

After several years of expansion the output of knitwear contracted because of the weakening of home and export demand. The Netherlands having greatly reduced their purchases, total exports were down by 15.9 % in the first nine months.

In ready-made clothing the recession remained limited, production being down by about 6 %. Exports were up by 3.7 % for the first nine months of the year.

The slackening which was apparent from the second half of 1957 onwards in the building industry continued. By comparison with the 1957 average the number of workers employed on public projects and private account was down by 16 %.

In the private sector the number of building permits granted and that of the buildings finished in the first nine months of the year showed a fall of 10 %. The total number of buildings begun was also smaller, as were also the De Taeye premiums, which were down by about 8 % in the same period. A Royal Decree dated 1st September eased the terms for granting these premiums, but the effects of this will not be felt before the spring.

Knitwear and Ready-Made Clothing

Indices of Industrial Activity
(Basis 1953 = 100)

Source : National Statistical Institute.

Monthly Average for	Knitwear	Ready-Made Clothing
1953	100	100
1957	134	104
1958 1st quarter	116	105
2nd »	115	105
3rd » . (p)	130	90
October (p)	164	

(p) Provisional figures.

**Building and
Allied Trades**

While in the case of public works the total amount of new contracts awarded by tender was up by some 32 % and exceeded the 1956 level, the total payments to contractors remained smaller by 4 % than those made last year.

The reduction in builders' activity produced adverse effects on the material-producing industries, which also suffered from

contraction of their external markets. Nevertheless recent months have shown an improvement in activity by comparison with the start of the year.

Production of Building Materials

Source : National Statistical Institute.

Monthly Average for	Ordinary Bricks (millions)	Cement (thousands of tons)	Sheet and Plate Glass (Index : 1953 = 100)
1951	195	366	108.4
1953	172	386	100.0
1957	187	392	130.2
1958 1st quarter	106	285	141.1
2nd »	179	370	140.8
3rd »	222	367	140.5
October	213	365	161.8
November		325	

At brickworks the decline in home-market and external sales

caused a fall of about 10 % in production by comparison with a year previously, as well as the appearance of large stocks in the Rupel region. Some price reductions resulted.

The activity of the cement works also slackened. On external markets Belgian producers are encountering greater competition from the countries of Eastern Europe, from Federal Germany and from Japan; for the first nine months of the year exports were down by 35 %. Home demand on the other hand has remained satisfactory.

The glassworks have maintained steady activity since the decline at the end of 1957. Exports of window glass amongst other items have been greater, especially to the United Kingdom, the United States and Canada. It has recently been decided to carry out some financial mergers with a view to improving the competitive position of this essentially exporting industry on the eve of the starting of the European common market.

The production of the quarries suffered from lack of orders on public and private account and from the fall in foreign demand.

The position was the same in the various branches of the ceramics industry.

The foodstuff and beverage industries have shown themselves relatively insensitive to cyclical movements as these have occurred since the war. Last year they further increased their activity, but at a slower rate, the increase in internal demand having outweighed the contraction of external markets. Prices on the whole were slightly down, although there was some divergence between categories of products; farm products showed a fall, while products processed in industry remained very firm.

Foodstuffs and
Beverages

In seven years the production of dairy butter has increased by about 50 %; whereas some years ago the country obtained from abroad a quarter of its requirements, there was in 1958 an excess supply of butter due inter alia to large clandestine imports. Prices fell in February to Fr. 20 below the target price. Thanks to the use of butter in fresh ways, and to exports at very low prices, the position has since then somewhat recovered.

The production of margarine, which showed an increase of 7 % for the first ten months of 1958, will probably by the end of the year have for the first time exceeded 100,000 tons. It has been sold without much difficulty on an expanding market.

The position of the millers remains difficult. Since May the stopping of mills has again been permitted, the Council of State having in large part annulled the Royal Decree of 7th February, 1956.

At the canneries the recovery which took place in the first half of 1957 proved to be of brief duration. While internal consumption seems relatively stable, exports have on the contrary diminished to the point of causing an appreciable increase in stocks. The

competition of early products and of frozen vegetables is more and more checking the growth of demand. In order to deal with these problems and to meet competition in the common market the chief producers have formed a cartel.

**Foodstuffs
and Beverages
Production**

Source : Economic and Social Research Institute.

Period	Index : 1953 = 100
1951	93
1953	100
1957	110
1958 1st quarter ...	105
2nd » ...	117
3rd » ...	118
October	117

The production of raw sugar from the 1957 crop was greater than the previous year's by more than 10 %, and will exceed 400,000 tons. Consumption within the country is appreciably less than production. Nevertheless the exports effected at very low prices within the 55,000 ton quota allowed to

Belgium for 1958 by the London agreements, coupled with deliveries to France and Germany outside the agreements, have checked the growth of stocks.

The jam factories' activity was rising in the first half-year, but falling from July onwards.

A feature of the brewing industry is still the movement to concentrate. Despite the hopes to which the Exhibition had given rise, the production of beer hardly increased. The tendency of trade with foreign countries was unfavourable.

The year under review was somewhat less prosperous than 1957 for the makers of chocolate and confectionery.

Sundry Industries

In the absence of more detailed statistics the fall in imports and exports of diamonds, coupled with the fact that at 56 % for the first ten months of 1958 the number of workers registered as unemployed showed a further rise by comparison with a year earlier, affords evidence of the decline in activity which has affected the diamond industry.

It was however no longer shortage of raw materials which checked the processing of diamonds, but the difficulty of selling the cut stones on external markets.

Competition from other diamond centres, amongst others from Israel, Federal Germany and the Netherlands, has become still keener.

Sales of industrial stones, for which as well as for gems the United States remain the chief customer, suffered from the indecision which the American authorities showed as regards their stockpiling programme.

In the last months of the year the diamond industry seems to have benefited from the improvement in transatlantic economic conditions.

The recession aggravated the structural difficulties of the leather industry.

In heavy leathers the decrease of activity became more marked. Light leathers on the contrary showed evidence of more stability.

The footwear industry maintained its activity despite greater foreign competition; imports increased more quickly than exports.

After several years of uninterrupted expansion the output of the paper mills declined, especially during the second quarter. Both internal demand and exports fell. Paper prices were greatly reduced.

The timber and woodworking industry also went through a less favourable period, especially in the first half-year.

Activity in the tobacco industry was on the whole maintained at the level reached in 1957. The production of cigarettes showed little change, while that of tobacco and cheroots was slightly smaller. Despite a decline in consumption within the country the cigar trade improved its turnover, exports having increased considerably. Prices

for home-grown tobacco declined a little in October, while those for imported tobacco remained stable.

Farming

The wheat crop was slightly greater than in 1957, the decrease in the average yield per hectare having been offset by a further extension of sowings; these rose from 188,000 hectares in 1956 to 208,000 in 1957 and 219,000 in 1958. On the other hand the area devoted to other grains was reduced from 326,000 hectares in 1956 to 317,000 in 1958. The chief factors in these trends were the

Agricultural Production (in thousands of tons)

Sources : National Statistical Institute and Ministry of Agriculture.

Description	1951	1953	1957	1958
<i>Vegetable Products :</i>				
Wheat	514	560	751	779
Other Grains	967	997	961	984
Sugar Beet	1,858	2,389	2,486	2,832
Flax (Linseed and Straw)	221	193	182	170
Chicory	118	34	51	56
Potatoes	2,016	1,919	2,043	1,914
<i>Animal Products :</i>				
Milk delivered to dairies (million litres)	927	1,091	1,277	1,394 ¹
Slaughterings (net weight of meat)	325	370	391	400 ¹

(1) Estimates on the basis of the first nine months' figures.

Government's policy directed to maintaining prices for home-grown wheat, and the poorness of the return on fodder crops due to cheap imports.

The very low prices for fodder grains have favoured the increase in livestock, the more so

because the sale of milk and butter at attractive prices is in principle guaranteed by the Government, and because during recent years the prices for meat have compared favourably with those for most other farm products. Apart from this the tendency for livestock to increase seems to have been strengthened by a certain speculation induced through the Brussels Exhibition.

In order to restore the balance on the one hand between the production of wheat and that of fodder grains, and on the other hand between crop growing and animal husbandry, the Government has decided to discourage any further extension of wheat sowings as well as all speculation on livestock. With this object it doubled the

licensing duty for fodder grain imports in August and announced that it has not decided to maintain, for wheat of the 1959 crop, the average target price of Fr. 470 per 100 kg. The additional duties received will be paid into the Agricultural Fund, and will return to livestock raisers in the form of premiums.

Farm Livestock

(thousands of head)

Source : National Statistical Institute.

Category	15th May, 1951	15th May, 1953	15th May, 1957	15th May, 1958
Farm Horses	230	219	182	178
Horned Cattle	2,160	2,291	2,485	2,596
of which : <i>Milch and Draught Cows</i> .	920	930	977	996
Pigs	1,265	1,156	1,366	1,423

The potato crop was smaller because of slight contraction in the cultivated area, a decline in the average yield of the late varieties per hectare, and damage caused by the weather.

The persistent crisis in flax has caused producers to bring down the sown area from 34,000 hectares in 1956 to 26,000 in 1957 and 24,000 in 1958. Prices have followed the downward movement, falling to a level below that for the 1951-1952 period by 50 %.

Farm Equipment

(in thousands)

Source : National Statistical Institute.

Type of Equipment	15th May, 1950	15th May, 1953	15th May, 1957	15th May, 1958
Ordinary Tractors	8.1	15.7	32.2	35.5
Other Tractors (1)	5.7	6.3	6.9	6.8
Beet Harvesting Machines	5.6	2.1	3.2	3.3
Sprayers		3.7	5.6	5.8
Milkers	10.6	15.1	24.6	26.9
Reaper-binders and Threshers			38.8	39.1

(1) Tractors for threshing and jeeps for field work.

The number of farm horses has been further reduced owing to the effect of mechanisation. On 15th May the number of tractors

was greater by 3,317 than in 1957; one farming or horticultural enterprise out of six is now equipped with a tractor. The number of mechanical milkers rose from 24,600 in 1957 to 26,900 in 1958.

For the first eleven months of the year the index for prices of vegetable products as calculated by the Ministry of Agriculture was 97.5 on the basis of 1951-1952, against 91.1 for the corresponding months in the previous year; the difference reflects the rise in the price of grain and potatoes. On the other hand between the same two periods the index for products of animal origin fell from 90.3 to 85.3. Pork and beef prices were weak during the greater part of the year, but especially in August and September; at the end of the year they recovered, probably because of the Government's measures favouring exports.

Transport

Goods traffic has naturally felt the effects of the recession.

As regards road traffic the essential statistics are lacking; it is therefore difficult to assess the trend.

The volume of inward and outward goods handled in the port

**International Sea-borne Traffic
at the Port of Antwerp**
(in thousands of metric tons)

Source : National Statistical Institute.

Monthly Average for	Incoming Goods	Outgoing Goods
1951	1,273	1,173
1953	1,201	1,147
1957	1,828	1,227
1958 1st quarter	1,732	1,243
2nd »	1,680	1,126
3rd »	1,761	1,166

of Antwerp shows a decrease of 5.5 % by comparison with the first nine months of 1957. On the other hand an increase of sea-borne traffic is apparent from the growth in the register tonnage and in the number of incoming ships.

At Ghent the movement in port activity was more irregular and more unfavourable.

The tonnage of goods loaded on to vessels through the Inland Water Transport Regulating Office showed in the first eleven months of 1958 a decrease of 7 % as compared with the corresponding period in 1957. On internal traffic the rates charged are appreciably higher than on international traffic.

The same tendency appears from the figures for carriage of goods by rail.

Air traffic has continued its basic expansion; in the first nine months of the year the Belgian Air Navigation Company (SABENA)

Bulk Goods carried by Rail

Source : Belgian National Railways Company.

Monthly Average for	Thousands of tons carried	Millions of ton-kilometres
1951	6,008	552
1953	5,150	477
1957	5,558	548
1958 1st quarter	4,893	493
2nd »	4,704	475
3rd »	4,571	462
October	5,297	526
November	4,908	482

carried an average of 13.2 million ton-kilometres per month against 10.5 million in the corresponding period of 1957.

Improvement of the transport infrastructure has continued.

Contracts have been placed, within the framework of the ten year plan, for the building of the fifth dock in the port of Antwerp.

Besides this the Government has entered in the 1959 budget the appropriations required for starting the port works that are to enable ships of 45,000 to 50,000 tons to use the harbour. This improvement is mainly designed to enable Antwerp to maintain its oil and ore traffic.

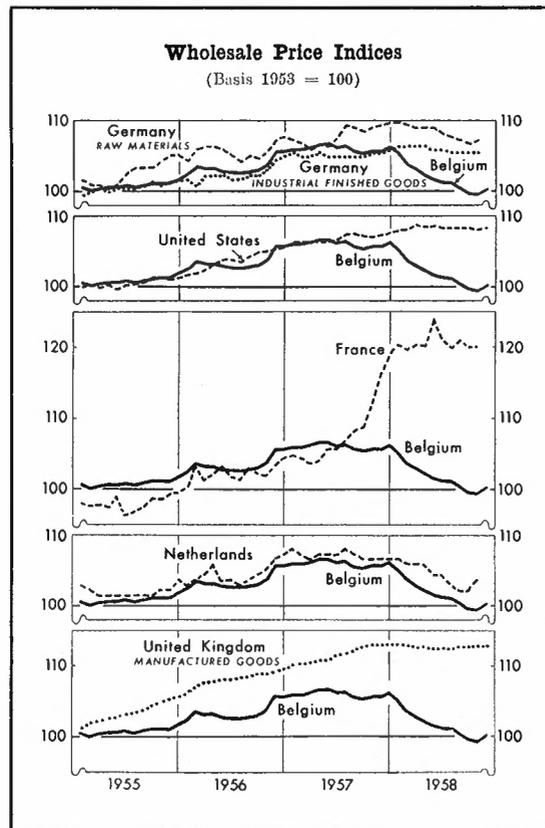
A Ministerial Decree of 15th September re-established the arrangements for granting cheap credits to inland water transport with a view to promoting modernisation and renewal of the fleet.

The Belgian National Railways Company has for its part continued to modernise its system.

As regards road transport a first section of the Antwerp-Aachen motorway has been opened to traffic. Apart from its importance for the port of Antwerp the new highway will favour economic development of the Campine.

Prices

The fall in wholesale prices began during 1958 in the group of imported products; it progressively spread to home products; and the overall index came down, from the level of 105.3 reached in January, to 100.2 in November.



Sources : Belgium : Ministry for Economic Affairs.
 Germany : Federal Statistical Office.
 United States : U.S. Department of Labor.
 France : National Institute for Statistics and Economic Research.
 Netherlands : Central Office for Statistics.
 United Kingdom : Board of Trade.

The disparities between Belgian and foreign wholesale prices, as measured by the official indices, have in general shifted to the advantage of Belgian prices.

While the fall in these latter has been extremely marked for raw materials, it has become definitely slower at the stage of semi-finished and still more at that of finished products. In point of fact the costs of these latter contain some very large rigid elements.

One of the largest falls among industrial products was suffered by steel. On the other hand the non-ferrous metals market has regained a certain equilibrium, perhaps fragile if one considers the conditions in which it was achieved; it resulted in the

case of copper from the strikes in Rhodesia and Canada, and in that of lead and zinc from the speculation caused by the failure to spread out the timing of the measures ordered in the United States for imposing quotas.

Wholesale Price Indices

(Basis 1953 = 100)

Sources : Ministry for Economic Affairs and Economic and Social Research Institute.

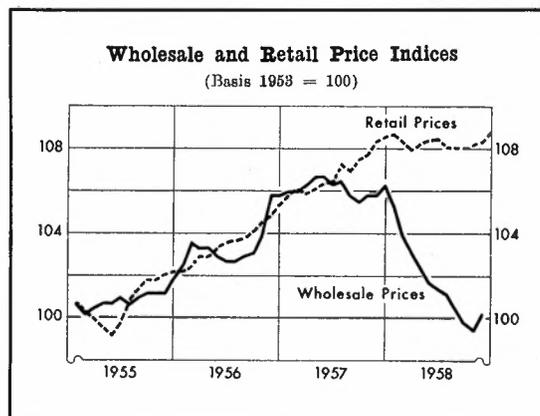
Period	Overall Index	Home Products	Imported Products	All Industrial Products : price at three stages of manufacture		
				Raw Materials	Semi-finished Goods	Finished Goods
1951	113.5	109.6	124.7	128.2	121.8	112.6
1953	100.0	100.0	100.0	100.0	100.0	100.0
1957	106.1	107.4	102.2	112.2	107.5	110.6
1958 1st quarter	104.1	108.3	95.1	103.4	102.2	109.0
2nd »	101.8	106.3	93.3	99.7	99.0	106.4
3rd »	100.5	103.7	93.3	99.7	99.6	106.2
October	99.5	103.1	93.0	99.1	99.8	105.6
November	100.2	103.8	94.3	100.0	100.6	105.5

The fall in the overall index of textile prices chiefly affected the woollen and jute trades.

Notwithstanding the state of crisis in the coal industry, price reductions are proving very difficult to effect; thus the cost of coal in its turn forms an element of rigidity in certain other prices. On the other hand the prices of petroleum products underwent further reductions, followed by rises in the second half-year.

The fall in prices of chemical products and building materials remained relatively moderate.

One feature in farming was a fall in prices of certain products of stockraising in the first half-year, followed by recovery in the second;



Retail Price Indices

(Basis 1953 = 100)

Source : Ministry for Economic Affairs.

Period	Overall Index	Food-stuffs	Products other than Foodstuffs	Services
1951 (1)	99.4	95.7	104.7	—
1953	100.0	100.0	100.0	100.0
1957	106.93	107.0	104.5	111.7
1958 1st quarter ...	108.33	108.2	105.9	113.6
2nd » ...	108.39	108.0	106.3	114.2
3rd » ...	108.08	107.2	106.4	114.6
4th » ...	108.44	108.0	106.1	115.9

(1) Former indices on the basis 1936-1938 = 100 converted to the basis 1953 = 100.

another was relative stability in products of vegetable origin, despite certain fluctuations in various directions. Similar trends are also found at the foodstuff stage.

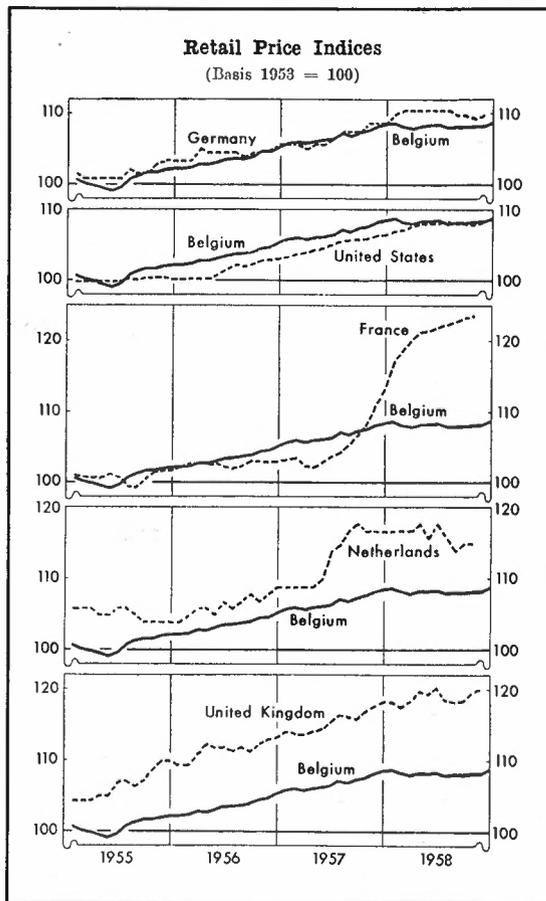
With slight variations the overall index for retail prices, unlike wholesale prices, maintained the level at which it began the year.

The lack of parallelism between retail and wholesale prices is due not only to the very different composition of the two indices, but also to the stability of demand for consumer goods.

International comparison shows that this phenomenon is not peculiar to Belgium.

The foodstuff index is the only one to show a slight decline, but it recovered to a small extent at the end of the year.

Products other than foodstuffs showed a slight



Sources : Belgium : Ministry for Economic Affairs.
 Germany : Federal Statistical Office.
 United States : U.S. Department of Labor.
 France : National Institute for Statistics and Economic Research.
 Netherlands : Central Office for Statistics.
 United Kingdom : Ministry of Labour.

rise, due in particular to the movement in prices for heating and lighting; these reached new peaks during the second and third quarter.

Besides this, services as a whole continued to rise in price.

In general the disparities between Belgian and foreign retail prices have shifted slightly in favour of the former, especially in relation to Germany and France, which however has devalued its currency.

The specific factors which cause wages to rise in the upward phase of the cycle ceased to exert their influence from the second half of 1957 onwards.

Wages and Salaries

The index for collectively agreed wages per man-hour, which reflects only imperfectly the movement in real wages, rose slightly. The few adjustments of wages in basic industries and building were due to the rise in the price index at the end of 1957. In addition fresh collective agreements were concluded in the mines, the transport industry and the printing trade.

Because of the complete or partial disappearance of overtime and of certain premia additional to collectively agreed wages, however, the index calculated by the National Bank for average gross earnings per man-hour worked showed a slight downward tendency from the second quarter onwards. The total wages paid of course declined more than proportionately because of the fall in the number of hours worked.

According to the available data the disparities between Belgian and foreign wage indices have shifted since the end of 1957 in Belgium's favour in relation to Federal Germany, the United States, France and the Netherlands; they have remained roughly unchanged in relation to the United Kingdom and Switzerland.

The recession through which the Belgian economy is passing produces a double effect on total employment. First, by reducing the possibilities of selling the goods produced it causes many enterprises to slow down their activity; in addition, by accentuating competition in narrower markets, it impels manufacturers to increase their efforts to rationalise so as to reduce their selling prices.

The second phenomenon is less evident than the first; but comparison between the number of man-hours worked and the volume of production does give an approximate idea of it. On that basis one finds that production per man-hour in the first nine months of the year showed an increase by comparison with the corresponding period of 1957 in most of the textile, foodstuff and metal-

Average Daily Number of Registered Unemployed

(in thousands)

Source : National Employment and Unemployment Office.

Daily Average	Total			Wholly Unemployed			Partly Unemployed		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
1951	132	74	206	101	52	153	31	22	53
1953	158	88	246	117	67	184	41	21	62
1957	83	34	117	56	22	78	27	12	39
1957 1st quarter	107	37	144	68	26	94	39	11	50
2nd »	66	30	96	50	21	71	16	9	25
3rd »	61	27	88	45	18	63	16	9	25
4th »	98	40	138	59	23	82	39	17	56
1958 1st quarter	153	51	204	85	29	114	68	22	90
2nd »	117	49	166	73	26	99	44	23	67
3rd »	108	41	149	73	25	98	35	16	51
4th »	151	53	204	95	33	128	56	20	76

manufacturing industries. As against this some other industries, anxious to keep their skilled workers, suffered a decrease in their productivity; this was the case in the steel industry.

The contraction of total employment is most marked in building, the textile industries and metal manufacturing. It was less noticeable in heavy metallurgy and the paper industry, and very slightly noticeable in the glassworks and coking plants.

The unemployment figures illustrate in another way the state of affairs described above. The average total number unemployed rose from 116,800 in 1957 to 180,900 in 1958, that is by 55 %.

Over the same period the total number partly unemployed was almost doubled, whereas the increase in total unemployment was 41 %. This indicates that many business executives expected a brief recession. But it is also explained by the fact that the mines organised a system of standing off workers in rotation so as to dismiss fewer of them.

Total unemployment became worse in the Northern part of the country in particular, and partial unemployment in the South.

The Government has encouraged the local authorities to put the unemployed to work with financial assistance from itself. The average number of unemployed persons put to work in this way had been greatly reduced during the upswing, but rose almost without ceasing in the first ten months of 1958, when it reached 9,950 against 5,300 in the corresponding period of 1957.

The unemployment benefit paid up to the end of October amounted to Fr. 3.9 billion, against Fr. 2.3 billion up to the corresponding date in 1957.

The Belgian-Luxemburg Economic Union's trade flow continued to contract during the first half of 1958; in the second half, on the other hand, it became stabilised.

External Trade

A phenomenon characteristic of the first phase of recession was that the fall in imports was faster than that in exports; the ratio of exports to imports for the first eleven months of the year rose from 92.9 % to 97.7 %.

The total value of imports for the first eleven months fell from Fr. 157.6 billion in 1957 to Fr. 142.2 billion in 1958, that is by 9.8 %.

The corresponding amounts for exports were Fr. 146.4 and 138.9 billion, the fall amounting to 5.1 %.

External Trade of the Belgian-Luxemburg Economic Union
(in billions of francs)

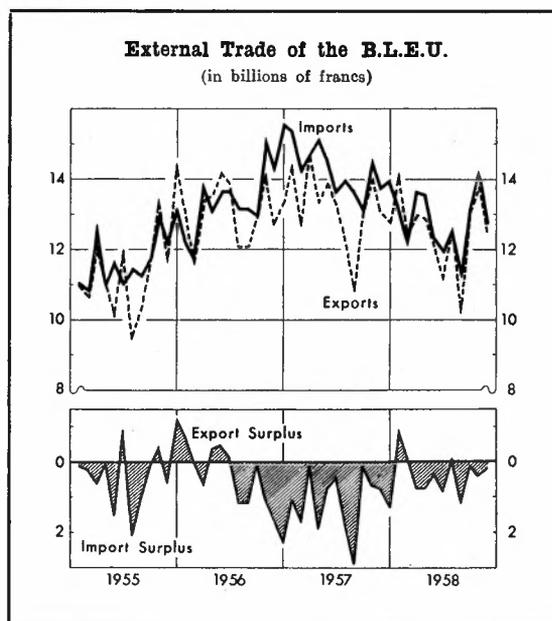
Source : National Statistical Institute.

Monthly Average for	Imports c.i.f.	Exports f.o.b.	Balance of Trade	Exports in per cent of Imports
1951	10.6	11.1	+ 0.5	105
1953	10.1	9.4	- 0.7	93
1957	14.8	13.8	- 1.0	93
1958 1st quarter	13.1	13.2	+ 0.1	101
2nd »	12.7	12.2	- 0.5	96
3rd »	12.7	12.1	- 0.6	95
October (p)	14.2	13.8	- 0.4	97
November (p)	12.7	12.5	- 0.2	98

(p) Provisional figures.

The indices of volume and of average unit values show how the total value of external trade was affected by movements in quantity and fluctuations in price. These indices take account of the

changes which took place in the composition of imports and exports.



The movement in trade at constant prices is measured by the volume index. For the whole of the first nine months of the year this index fell in the case of imports from 136 for the corresponding period in 1957 to 128; in the case of exports, on the other hand, it remained unchanged at 131.

From March onwards the index of export prices was lower than for the corresponding months in 1957, whereas the import price

index already showed a very definite decline for the first quarter as a whole. The index for the terms of trade, which expresses the ratio between the two indices just mentioned, thus rose from 101 in the first quarter of 1957 to 105 in the corresponding quarter of 1958.

In the course of the second quarter, however, the terms of trade deteriorated because of the marked fall in the export price index. This fall continued in the third quarter; but, since the import price index showed a greater fall, the terms of trade slightly improved.

For the first nine months of the year as a whole the index for the terms of trade was 101.7 as against 101.9 for the corresponding period of 1957.

Indices of Volume, Average Unit Values and Terms of Trade
(Basis 1953 = 100)

Source : Economic and Social Research Institute.

Period	Indices of Volume		Indices of Average Unit Values		Terms of Trade
	Imports	Exports	Imports	Exports	
1951 (1)	94	94	111	122	111
1956	135	135	100	101	101
1957	137	132	102	105	103
1958 1st quarter	131	133	98	105	105
2nd »	127	131	98	99	99
3rd »	126	129	95	97	101

(1) The figures for 1951 are not strictly comparable with those for the other periods shown in the table.

If one apportion the imports between producer, consumer and capital goods one finds that, according to the figures already available, the decline in the total value of imports was due especially to the first category.

The slackening of industrial activity was reflected in an appreciable reduction of raw material imports, chiefly in the textile, non-ferrous metal and diamond industries. The lack of movement in the value of crude mineral oil imports was due to the fall in their prices, the quantities imported having risen by 18 %. Despite a certain decline the imports of solid fuels remained very high for the special reasons stated above.

The reduction in imports of manufactured goods related essentially to textiles and certain consumer durables.

**Imports into the Belgian-Luxemburg Economic Union
broken down as between the Main Sections of the Standard Classification
for International Trade**

Source : National Statistical Institute.

Category	1953	1956	1957	1958 (first 9 months)
	(monthly averages, in millions of francs)			
Raw Materials and Fuels (Sections 2 and 3) ...	3,366	4,565	5,001	4,028
of which : wool	667	657	741	457
cotton	320	310	349	207
iron ore	292	353	385	364
non-ferrous metal ores	269	355	321	250
solid fuels	340	611	717	680
crude mineral oils	308	512	643	649
Chemicals (Section 5)	502	732	838	844
Foodstuffs (Sections 0 and 1)	1,812	1,997	1,998	1,927
Manufactured Goods (Sections 6 and 8)	2,593	3,783	3,868	3,420
Machinery and Transport Material (Section 7)	1,622	2,376	2,429	2,449
Sundries (Sections 4 and 9)	199	182	168	144
Total ...	10,094	13,635	14,302	12,812

Imports of machinery and transport material were still increasing during the first four months of the year; but thereafter they showed the effects of the slowing of capital expenditure in Belgium.

The movement of exports in the various categories showed some divergence.

The textile industries' sales suffered the greatest decline in both absolute and relative terms, since a fall in the unit values increased the effects of that in the volume.

Heavy metallurgical exports were maintained in quantity, although their value shows a characteristic drop of as much as 10 % for the first nine months.

The coal industry's external markets contracted because of an excess of coal available on European markets.

Classification of Exports from the Belgian-Luxemburg Economic Union

Source : National Statistical Institute. Calculations by the Research and Documentation Department.

Category	1953	1956	1957	1958 (first 9 months)
	(monthly averages, in millions of francs)			
Steel Products	1,902	3,001	3,142	2,798
Metal Manufactures	1,720	2,308	2,455	2,570
Non-Ferrous Metals	900	1,243	954	845
Textiles and Clothing	1,810	2,120	2,203	1,762
Chemical Products	741	952	1,009	1,056
Solid Fuels	347	470	492	354
Diamonds	290	593	515	493
Foodstuffs	275	267	256	234
Mineral Oils	251	411	443	527
Agricultural Products	192	328	284	358
Glassware	184	325	294	312
Paper and Books	106	186	207	213
Hides and Leather	100	109	105	98
Cement	95	86	91	64
Products of Quarrying	55	76	81	72
Rubber	52	88	78	74
Timber and Furniture	44	90	93	73
Ceramics	22	34	30	24
Tobacco	9	15	21	25
Sundries	319	475	522	512
Grand Total ...	9,414	13,177	13,275	12,464

The oil, glass, metal manufacturing and chemical industries may be mentioned as being among those which enlarged their foreign sales in terms of both quantity and value.

As to the geographical distribution of exports, the most striking fact was the contraction of the Netherlands market for a wide range of products. France bought large quantities of steel, while limiting its other purchases. On the whole the relative importance of the European Payments Union area and of the Congo slightly diminished; Latin America and the miscellaneous countries, on the other hand, took a slightly larger share of the exports.

The feature as regards the source of imports was the decline, to nearer the traditional level, of purchases from North America in the case of fuels in particular. All the other import streams, more particularly that from the Congo, were also reduced. The proportionate breakdown of imports as between the various suppliers

changed, the part coming from North America and the Congo being slightly smaller.

**Geographical Distribution
of the External Trade of the Belgian-Luxemburg Economic Union**

Source : National Statistical Institute. Calculations by the Research and Documentation Department.

	Imports c.i.f.			Exports f.o.b.		
	1953	1957	1958 (first 9 months)	1953	1957	1958 (first 9 months)
A. Values : (monthly averages, in millions of francs)						
E.P.U. Area (1)	6,820	9,823	8,953	6,442	9,522	8,737
United States and Canada	1,279	1,946	1,494	1,090	1,266	1,237
Latin America (2)	704	617	601	364	767	772
Belgian Congo and Ruanda-Urundi	755	788	665	551	583	505
Other Countries	536	1,128	1,099	967	1,137	1,262
Total ...	10,094	14,302	12,812	9,414	13,275	12,513
B. Percentage Ratios to Total Values :						
E.P.U. Area (1)	67.5	68.7	69.9	68.4	71.7	69.8
United States and Canada	12.7	13.6	11.7	11.6	9.5	9.9
Latin America (2)	7.0	4.3	4.7	3.9	5.8	6.2
Belgian Congo and Ruanda-Urundi	7.5	5.5	5.2	5.8	4.4	4.0
Other Countries	5.3	7.9	8.5	10.3	8.6	10.1
Total ...	100.0	100.0	100.0	100.0	100.0	100.0

(1) Member countries, overseas territories and non-member sterling countries.

(2) Excluding overseas territories participating in the European Payments Union.

For the first nine months of the year the overall trade deficit was down by Fr. 7.3 billion in comparison with the corresponding period of 1957. This reduction was distributed as follows between the principal balances with individual areas : Fr. 4.4 billion was on trade with the United States, Fr. 0.9 billion with the European Payments Union area and Fr. 0.4 billion with the Congo.

**Brussels Universal
and International
Exhibition**

Non-industrial activities, more particularly the tourist traffic, were stimulated by the Brussels Universal and International Exhibition, which created possibilities of employing several thousand persons at the time when recession was making itself clearly felt. Apart from this the Exhibition undoubtedly made a great contribution to the future

development of international economic exchanges. In particular it made the Belgian economy's spirit of enterprise and its achievements better known throughout the world.

During the first year's application of the Treaty instituting the European Economic Community the member countries took steps to set up the organisation of that Community so as to be able as soon as possible to investigate the basic economic problems.

European Economic
Community

The Community's institutions and organs were established within the periods laid down by the Treaty. The Council held its constitutive session on 25th and 26th January, the Commission on 16th January, the European Parliamentary Assembly on 19th and 21st March, the Economic and Social Committee on 19th May and the Court of Justice on 7th October. The European Investment Bank and the Monetary Committee were set up in February and March.

These institutions have begun to take stock of the economic and social problems set by European economic integration. The Commission has published a first report on the economic position of the member countries, and a statement of the social situation within the Community.

Furthermore, the member countries in July held at Stresa an agricultural conference with the representatives of the Community's institutions. The object was to bring the six member countries together with a view to defining the main lines of a common agricultural policy.

In the social sphere the member countries agreed to put into force, as from 1st January, 1959, the Convention concerning Social Security of Migrant Workers. The object of this convention, drawn up at the instance of the High Authority of the European Coal and Steel Community and signed on 7th December, 1957 by the member countries' Governments, is to remove such obstacles to the free

movement of labour as might result from differences between national legislations in the matter of social security.

Finally the Commission and the member Governments fixed the first contributions, which will make it possible to start the Fund for the Development of Overseas Countries and Territories.

The Monetary Committee has followed the monetary and financial situation of the member countries of the Community. The Commission consulted it on certain balance of payment problems which arose at the beginning of 1958.

The main task was to prepare for 1st January, 1959. On that date the member countries have to put into effect the first measures of tariff disarmament. They have to put into force with each other for each product a duty equal to the basic duty, that is to say the duty applying on 1st January, 1957, less 10 %. In addition Article 33 of the Treaty lays down that a first stage in the eliminating of quantitative restrictions will be put into effect on 1st January, 1959. Each of the member countries is to convert the bilateral quotas open to the other members into globalised quotas available to all member countries without discrimination. Besides this the total value of all the globalised quotas is to be increased by not less than 20 % as compared with the previous year; and the increase in the globalised quota for each product must be not less than 10 %. Finally, on the same date the globalised quotas for non-liberalised products are to be raised in each country to not less than 3 % of its national production.

**ANALYSIS OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR 1958**

ASSETS

The gold holding is valued on the basis of the gold selling price, **Gold Holding**
namely Fr. 56,263.7994 per kg.

It amounted on 31st December, 1958 to Fr. 63,486,774,818.—
and consisted of :

Gold in foreign countries	Fr.	63,181,823,929.—
Gold in Belgium	Fr.	304,950,889.—
		Fr. 63,486,774,818.—

On 31st December of the previous year the gold holding
amounted to Fr. 45,767,050,330.40.

Part of the foreign assets represents the countervalue of **Foreign Assets**
convertible foreign currencies deposited with the Bank's
correspondents in foreign countries, and of foreign notes in the
physical possession of the Bank. A further part consists of bills in
Belgian francs on foreign countries.

The total was made up as follows :

	On 31st December, 1958	On 31st December, 1957
a) Assets in foreign currencies . . . Fr.	1,410,087,291.—	1,891,969,327.—
b) Assets in Belgian francs . . . Fr.	4,666,708.—	31,148,837.45
	Fr. 1,414,753,999.—	1,923,118,164.45

Foreign Currencies
and Gold Receivable

This item, which appears in the present Balance Sheet at Fr. 280,468,563, and which has its counterpart on the liabilities side under the title « Foreign Currencies and Gold to be Delivered », represents the countervalue of dollars receivable against forward sales of gold bullion.

On 31st December, 1957 this item amounted to Fr. 350,046,700.

Claims on Foreign
Countries under
Payment
Agreements

On 31st December, 1957 the claims on foreign countries under payment agreements appeared as follows on the assets side of the Balance Sheet :

a) E.P.U.	Fr.	6,824,500,000.—
b) Member Countries of E.P.U.	Fr.	1,744,118,376.13
c) Other Countries	Fr.	879,264,121.99
	Fr.	<u>9,447,882,498.12</u>

The Convention which was concluded between the Belgian Government and the Bank on 1st July, 1954 in regard to the carrying out of the Paris International Agreement of 19th September, 1950 setting up a European Payments Union limits to Fr. 10,065,625,000 the obligation assumed by the Bank to finance out of its own resources the credits to be granted by the Belgian-Luxemburg Economic Union to the European Payments Union. The Government guarantees the Bank against any loss whatsoever on the capital amount, on difference of exchange or otherwise, which might arise for the Bank from carrying out the obligations that fall upon Belgium under the provisions of the Paris Agreement.

The said Convention, having been prolonged from year to year, was to have expired on 30th June, 1958; it was once more prolonged to 30th June, 1959.

An additional Convention was concluded on 11th May, 1955 between the Belgian Government, the Bank and the National

Industrial Credit Company under the terms of which the Bank agrees to provide the Belgian francs in an amount exceeding Fr. 10,065,625,000 on condition that the Belgian Government, or the National Industrial Credit Company for account of the Government, shall pay to the Bank an amount in Belgian francs equal to any such excess. The maximum amount to be provided by the National Industrial Credit Company is however limited to the sum of one billion francs.

This additional Convention was to have expired on 30th June, 1958. It was prolonged to 30th June, 1959 subject to a special arrangement that the provisions governing the ways in which the National Industrial Credit Company was to intervene were suspended for a period of six months, that is until 31st December, 1958.

On 31st December, 1958 the advances to E.P.U. amounted to Fr. 7,805,900,000, in which is included an amount of Fr. 275,000,000 representing Belgium's share in the financing of the special loans in gold granted by the Union to France.

By comparison with the amount which appeared in the Balance Sheet as at 31st December, 1957 the total of the advances granted to E.P.U. by the Belgian-Luxemburg Economic Union increased during 1958 by Fr. 981,400,000 notwithstanding the periodical payments in gold or dollars effected to a total of Fr. 1,609,800,000 by the countries with which bilateral agreements for repayment and amortisation have been concluded (see the Report for 1954, pages 84 to 86), as well as an extraordinary repayment of Fr. 414,700,000 effected in July, 1958 by E.P.U. following an exceptional repayment made to it by Italy and Portugal.

In 1957 the payments effected under the said bilateral agreements amounted to Fr. 1,719,000,000. The decrease shown in 1958 results from the fact that in July, 1957 the United Kingdom and Italy had effected, to the extent of Fr. 250 million, certain special payments under codicils added to the initial agreements concluded with those countries.

Item b), entitled « Member Countries of E.P.U. », the amount of which on 31st December, 1958 was Fr. 1,311,981,952.08, consists almost entirely of the current advances which have been made to those countries and which are intended to be offset at the close of the month within the Union against the liabilities to those same countries appearing on the liabilities side.

On the basis of the provisions in Article 36, paragraph c) of the Agreement on the Establishment of a European Payments Union it was decided to put an end to that Agreement on 29th December, 1958.

In application of the provisions of Article 27 of the European Monetary Agreement of 5th August, 1955 it was decided that this Agreement should be put into force on the same date.

At the request of the Minister of Finance the Bank is taking all desirable measures with a view to executing the financial transactions which arise for the Belgian Government, acting for account of the Belgian-Luxemburg Economic Union, from the terminating of the first of these Agreements and from the putting into force of the multilateral system of settlements provided by the second, the said transactions being effected in execution of the Law of 28th July, 1948, amending Decree Law No. 5 of 1st May, 1944 relating to the conditions for the purchase and sale of gold and foreign currencies.

The asset and liability items entitled « Member Countries of E.P.U. » were finally closed on the settlement at mid-January, 1959 of the December, 1958 transactions, while the item a) « E.P.U. » appearing on the assets side will remain there so long as the claim on that organisation has not been converted by reason of the said organisation being liquidated.

A new item c) has been introduced on the assets side under the title « Member Countries of E.M.A. ». The amount entered there on 31st December, 1958 is Fr. 44,298,499; it includes the claims

on these countries resulting from the transactions effected since 29th December, 1958 under the European Monetary Agreement.

Item *d*), entitled « Other Countries », represents the Bank's claims in foreign currencies and in Belgian francs on countries which are not parties to E.P.U., and with which payment agreements have been concluded.

Such claims appeared in the Balance Sheet on 31st December, 1958 at Fr. 774,381,623.84.

The Bank's contribution towards executing the said agreements is covered by the Convention which was concluded on 25th February, 1947 between the Belgian Government and the Bank.

Furthermore an additional Convention concluded on 14th September, 1954 between the Government, the Bank and the National Industrial Credit Company limited the Bank's undertaking to finance these agreements to the difference between the creditor and debtor balances shown in its books by the foreign Central Banks' accounts opened in respect of these agreements. Over and above this difference the Belgian Government, or the National Industrial Credit Company for the Belgian Government's account, undertakes to make the necessary provision. The National Industrial Credit Company's maximum contribution is however limited to the sum of two billion francs. The said Convention lays down that in certain cases the National Industrial Credit Company would have to contribute before the overall limit fixed for the Bank's contributions had been reached, doing so in pursuance of the clause providing that the amounts of the contributions by the Bank and the National Industrial Credit Company respectively should be fixed for each payments agreement by common agreement with the Government. Under this last provision the National Industrial Credit Company has been constantly contributing since January, 1956 in order to cover the excess over the limit of the Bank's contribution in respect of a payments agreement.

In the aggregate the National Industrial Credit Company contributed during 1958 certain amounts recorded in a special account entitled « Special Provision (Convention of 14th September, 1954) : N.I.C.C. », the balance on which amounted on 31st December, 1958 to Fr. 500 million.

The Treasury's account has been credited with the excess of the interest paid by E.P.U. and by foreign countries over the interest due to these latter in virtue of the agreements in force. It has on the other hand been debited with the interest for which the Government is liable to the Bank under the Conventions of 25th February, 1947, 1st July, 1954 and 14th September, 1954 on the advances granted by the Bank for executing those agreements. The interest paid to the Bank by the Government is included in the amount appearing in the Profit and Loss Account as the item « Discount, Exchange, Interest and Commissions ».

Debtors in respect
of Foreign Exchange
and Gold at
Forward Dates

This item, the counterpart of which appears among the liabilities as « Foreign Currencies and Gold to be Delivered », stood in the Balance Sheet on 31st December, 1958
at Fr. 72,353,804.—

It represents the liabilities of debtors who have entered into forward transactions with the Bank in foreign currencies and gold.

On 31st December, 1957 this item
amounted to Fr. 1,463,815,184.75

Commercial Bills
on Belgium

The holding of bills of exchange discounted by the Bank and payable in Belgium amounted on 31st December,
1958 to Fr. 4,102,632,108.32

On 31st December, 1957 the total was . Fr. 14,383,538,167.74

The advances made against pledged security in accordance with the provisions of Article 17, paragraphs (5) and (8) of the Statutes amounted on 31st December, 1958 to . . Fr. 510,375,655.60

**Advances against
Pledged Security**

The total on 31st December, 1957 was . Fr. 2,725,834,580.97

This item included the following securities :

	On 31st December, 1958	On 31st December, 1957
a) Treasury Certificates Fr.	7,840,000,000.—	6,615,000,000.—
b) Securities issued by Institutions whose liabilities are guaranteed by the Government . . Fr.	10,500,000.—	42,000,000.—
c) Other Public Short-term Belgian Securities . Fr.	—	1,500,000.—
Total. . Fr.	7,850,500,000.—	6,658,500,000.—

**Public Short-term
Securities**
(Article 20 of the
Statutes and
Convention of 14th
September, 1948)

Under the terms of the Convention which was concluded between the Belgian Government and the Bank on 14th September, 1948 the amount of the securities issued or guaranteed by the Belgian Government, which are held by the Bank as the result of transactions in accordance with Article 17, paragraphs (3) and (9) of the Statutes must not exceed ten billion francs.

In pursuance of the Conventions concluded on 15th April, 1952 with the Belgian Government on the one hand, and the Luxemburg Government on the other, the Bank placed at the latter's disposal a line of credit limited to Fr. 333 million. This line of credit was not used in 1958.

The advances granted by the Bank under the provisions of the Conventions mentioned above are charged at the Bank's rate of discount for bills accepted payable at a bank, except in the case of the sum of Fr. 2,465,000,000 representing the part of the Belgian

Government's debt to the Bank which, on 13th September, 1948, exceeded the consolidated amount of Fr. 35 billion.

The interest produced by the holding of public short-term securities appears among the receipts entered on the credit side of the Profit and Loss Account in the item « Discount, Exchange, Interest and Commissions ».

In accordance with Article 37 of the Statutes the profit arising for the Bank from the difference between interest at 3 1/2 % and the rate of interest charged on its discount, advance and loan transactions is paid to the Government by the debit of the Profit and Loss Account. This provision applies to the transactions recorded among the asset accounts entitled « Commercial Bills on Belgium », « Advances against Pledged Security » and « Public Short-term Securities ».

**Current Account
of the Public
Treasury**

On 31st December, 1957 the current account of the public Treasury showed a debtor balance of Fr. 1,325,071,547.68. This was cleared off as follows :

on 20th January, 1958	Fr.	800,000,000.—
on 1st February, 1958 the balance, namely	Fr.	525,071,547.68

**Treasury Notes
and Coin**

The breakdown of the Treasury notes and coin is as follows :

	On 31st December, 1958	On 31st December, 1957
Silver and Nickel Coin . Fr.	504,875,811.15	565,826,020.25
Treasury Notes . . . Fr.	144,636,620.—	107,390,070.—
Fr.	<u>649,512,431.15</u>	<u>673,216,090.25</u>

The limit on the Bank's holding of coin and notes circulating for account of the Treasury, which has been fixed at Fr. 700 million in accordance with an exchange of letters between the Minister of

Finance and the Bank, is subject to the following provisions laid down on 14th October, 1955 :

1) If the limit is exceeded in all the weekly returns published during a given month, the Bank will invite the Treasury to pay to it on the date of the last return for the said month the average excess for the month in question;

2) If despite the payment so effected the Bank's holding of Treasury notes and coin should remain during the following month at a level higher than Fr. 700 million, the Bank will request the Treasury to pay to it on the date of the last weekly return for that month the total amount which on that date exceeds the contractual limit of Fr. 700 million.

The Bank's balances at the Postal Cheque Office amounted to the following :

on 31st December, 1958	Fr.	2,178,652.75
on 31st December, 1957	Fr.	413,583.49

**Balances
at the Postal
Cheque Office**

After the reorganisation of the Bank's Balance Sheet in September, 1948 the consolidated claim on the Government amounted to Fr. 35,000,000,000.—

**Consolidated Claim
on the Government**
(Article 3,
paragraph b
of the Law of
28th July, 1948)

In the Balance Sheet as at 31st December, 1958 it appeared at Fr. 34,242,568,558.29 against Fr. 34,456,106,845.39 in the Balance Sheet as at 31st December, 1957.

The decrease of Fr. 213,538,287.10 is due to :

1) the repayment effected by the Government through use of its share in the Bank's profits for the year 1957 in accordance with Article 3, paragraph b, sub-paragraph 2 of the Law of 28th July, 1948 Fr. 149,341,196.10

2) the second of the six annual payments intended for clearing off the repayments which ought to have been effected by the Treasury for the accounting years 1953 to 1955 (see the Report for 1956, page 96) Fr. 64,197,091.—

According to an agreement reached between the Treasury and the Bank the latter consented at the request of the Government, which was concerned at the fact that the economic recession will place a heavy burden on its budget for the 1959 financial year, to the Government's share in the profits for the 1959 accounting year being actually credited to the Treasury's ordinary account instead of being applied to the repayment laid down by Article 3, paragraph b, sub-paragraph 2 of the Law of 28th July, 1948 concerning the reorganisation of the Bank's Balance Sheet.

It may be recalled that this repayment was suspended for the years 1953 to 1955, and that it was resumed as from the year 1956, the Government making good the arrears in such manner that the total repayments which ought to have been effected for the years 1953 to 1955 would be cleared off in six years at the rate of at least one sixth part per annum, payable on 1st March in the years 1957 to 1962.

Two of these sixth parts have so far served for the above-mentioned repayment on 1st March in 1957 and 1958. A third sixth part will serve a similar purpose on 1st March, 1959. The total of these three sixth parts will thus amount to Fr. 192,591,273.

The repayment which was suspended, and is to be carried forward to subsequent years on terms to be agreed, thus represents the share of the profits falling to the Government for the 1959 accounting year together with the fourth sixth part of the repayments in arrears, that is Fr. 64,197,091.

The public long-term securities and other securities acquired under Articles 18 and 21 of the Statutes amounted to the following :

on 31st December, 1958	Fr.	2,378,906,936.—	Public Long-term Securities (Articles 18 and 21 of the Statutes)
on 31st December, 1957	Fr.	2,238,824,368.48	

This item appeared on 31st December, 1958			Items Receivable
at	Fr.	175,212,017.73	
as compared with	Fr.	209,595,603.77	
on 31st December, 1957.			

It consists, inter alia, of items for collection such as cheques, coupons and redeemable securities, of amounts receivable from third parties in connection with transactions in securities or foreign exchange, the printing of notes and printer's sundries, as well as of postage or revenue stamps.

The value of land and buildings appeared in the Balance Sheet for 31st December, 1958 at	Fr.	1,468,136,840.92	Premises, Furniture and Equipment
--	-----	------------------	--

In the Balance Sheet for 31st December, 1957 it stood at	Fr.	1,415,719,246.12	
--	-----	------------------	--

The increase of Fr. 52,417,594.80 represents the amounts spent during 1958 on building premises at Brussels and in the provinces.

The furniture and equipment, having been completely written off, are included in this item only pro memoria.

This item, the counterpart of which appears among the liabilities under the heading « Staff Pension Fund », was shown in the Balance Sheet for 31st December, 1958 at	Fr.	1,003,048,847.47	Securities of the Staff Pension Fund
On 31st December, 1957 it was	Fr.	957,424,827.97	

The increase of Fr. 45,624,019.50 includes an ordinary grant of Fr. 34,202,000, the collection of premiums on redemption including lottery prizes, and the normal deductions from salaries and wages.

As is mentioned in the Report for 1952 on pages 89 and 90, the system which was brought into force on 1st January, 1953 now provides for dividing the pensions charge between the Pension Fund and the General Expenses of the Bank.

The Bank's contribution under this head amounted in 1958 to Fr. 15,147,575 against Fr. 12,445,000 in 1957.

**Assets Written
Off pending
Collection**

Under this heading there are shown pro memoria those items which cannot serve as counterpart for the Bank's sight liabilities because of uncertainty as to the date when they can be realised, or as to whether they can be realised at all.

The sum of Fr. 590,670.30 credited to the Profit and Loss Account as at 31st December, 1958 in respect of the item « Amounts collected on Assets Written Off pending Collection » almost entirely represents the proceeds of sale of a building which adjoins the Bank's Branch at Termonde, and which had been completely written off in the books.

Transitory Assets

On 31st December, 1958 the transitory assets consisted of the following :

a) Fractional interest receivable on investments and accounts opened under payment agreements	Fr.	103,416,219.—
b) Fractional interest receivable on public long-term securities acquired in accordance with the Statutes	Fr.	39,524,314.85
	Carried forward Fr.	<u>142,940,533.85</u>

	Brought forward Fr.	142,940,533.85
c)	Provision for the making of Bank Notes and printer's sundries, for the staff restaurant and the works department Fr.	34,589,763.40
d)	Advance payment made on account of income tax in 1957 Fr.	56,000,000.—
e)	Claim on the Ministry of National Defence for repayment of cash removed by secret formations during the occupation. A Judgment has been given by the Court of First Instance at Huy, but has not yet become unappealable Fr.	2,243,400.—
f)	Securities of the Centenary Fund. The income on this Fund, which was created on the occasion of the Bank's centenary, is intended to provide prizes and rewards for particularly deserving clerical employees and workmen Fr.	2,673,582.65
g)	Balances with foreign correspondents, being foreign exchange blocked in pursuance of foreign countries' exchange legislation . Fr. (The counterpart of the three last items e/, f/ and g/ appears among the Transitory Liabilities.)	342,424.—
	Total. . Fr.	<hr/> 238,789,703.90

LIABILITIES

**Bank Notes
in Circulation**

On 31st December, 1958 the amount of notes of the Bank in circulation was Fr. 117,353,105,000.—

On 31st December, 1957 it was . . . Fr. 112,670,371,200.—

These totals were made up as follows, by denominations :

	On 31st December, 1958	On 31st December, 1957
Fr. 1,000	Fr. 102,251,060,000.—	97,909,551,000.—
Fr. 500	Fr. 8,146,763,500.—	8,056,407,000.—
Fr. 100	Fr. 6,955,281,500.—	6,704,413,200.—
Total	Fr. 117,353,105,000.—	112,670,371,200.—

**Current and
Sundry Accounts**

The breakdown of the balances on current and sundry accounts was as follows :

	On 31st December, 1958	On 31st December, 1957
Public Treasury, Ordinary Account	Fr. 7,669,890.73	19,120,947.21
Public Treasury, Economic Co-operation Agreement Accounts	—	20,130,551.56
Public Treasury, Exceptional Counter-Cyclical Tax (Law of 12th March, 1957)	Fr. 631,884,970.85	208,754,408.25
Carried forward. . Fr.	639,554,861.58	248,005,907.02

Brought forward. . Fr.	639,554,861.58	248,005,907.02
Institutions Governed by a Special Law, and Public Authorities . . . Fr.	313,550,417.49	524,123,661.88
Banks in Belgium . . Fr.	2,875,959,142.86	2,546,183,904.01
Banks in Foreign Countries, Ordinary Accounts . Fr.	181,161,719.91	178,674,752.61
Individuals . . . Fr.	173,632,712.83	340,019,016.20
Items Payable . . . Fr.	474,258,153.86	654,257,139.05
Fr.	4,658,117,008.53	4,491,264,380.77

The amount shown as « Items Payable » represents the whole of the Bank's liabilities other than those entered in current accounts, in particular letters of credit; cheques payable at a place other than that on which they are drawn; payment orders; dividends; the equivalent of foreign exchange due to outside parties; taxes payable; payments to be made to suppliers of goods and to the National Social Insurance Office; credit advices pending; and transactions in course of settlement which will later give rise to payments or to the crediting of current accounts.

Comparison as between 1958 and 1957 of the liabilities to foreign countries under payment agreements shows the following :

	On 31st December, 1958	On 31st December, 1957	Liabilities to Foreign Countries under Payment Agreements
a) Member Countries of E.P.U. . . . Fr.	230,883,324.09	267,801,277.98	
b) Member Countries of E.M.A. . . . Fr.	136,646,113.57	—	
c) Other Countries . . Fr.	302,101,745.73	267,597,565.77	
Fr.	669,631,183.39	535,398,843.75	

The amount appearing in item b) comprises the liabilities to member countries of E.M.A. resulting from the transactions effected since 29th December, 1958 under the European Monetary Agreement.

**Total Sight
Liabilities**

The sight liabilities are the sum of the bank notes in circulation, the current and sundry accounts, and the liabilities to foreign countries under payment agreements.

On 31st December, 1958 they amounted to Fr. 122,680,853,191.92 as against Fr. 117,697,034,424.52 on 31st December, 1957.

**Special Provision
(Convention of
14th September,
1954 : N.I.C.C.)**

On 31st December, 1958 this provision, formed under the Convention of 14th September, 1954 concluded between the Government, the Bank and the National Industrial Credit Company (see page 89), amounted to Fr. 500,000,000. This item appeared in the Balance Sheet for 31st December, 1957 at Fr. 475,000,000.

**Foreign Currencies
and Gold to be
Delivered**

This item, which appeared in the Balance Sheet for 31st December, 1958 at . . . Fr. 370,017,784.— was shown in that for 31st December, 1957 at Fr. 1,849,733,778.35

The asset items « Foreign Currencies and Gold Receivable » and « Debtors in respect of Foreign Exchange and Gold at Forward Dates » form its counterpart.

The difference between their total and the amount of the present item corresponds to the sight liabilities in gold and foreign currencies.

Staff Pension Fund

This item is the counterpart to the « Securities of the Staff Pension Fund » among the assets.

It amounted on 31st December, 1958 to Fr. 1,003,048,847.47 against a total on 31st December, 1957 of Fr. 957,424,827.97

On 31st December, 1958 the transitory liabilities were as follows :

	Transitory Liabilities
a) Fractional interest payable on accounts opened under payment agreements . . Fr.	172,737.—
b) Unaccrued discount on bills and Treasury Certificates held Fr.	25,404,636.—
c) Instalments paid by outside parties . . . Fr.	73,302.—
d) Cash removed by secret formations during the occupation, to be recovered Fr.	2,243,400.—
e) Centenary Fund Fr.	2,673,582.65
f) Creditors in respect of blocked currencies Fr. The counterpart of the three items <i>d/</i> , <i>e/</i> and <i>f/</i> is included in each case in the Transitory Assets.	342,424.—
g) Provision for expenses of acquiring, selling and shipping gold Fr.	30,000,000.—
h) Provision for building of premises . . Fr.	111,320,005.36
i) Provision against Sundry Contingencies . Fr.	150,000,000.—
j) Provision for Taxes Fr.	123,353,906.72
Total. . Fr.	<u>445,583,993.73</u>

The transactions recorded during 1958 in the account « Provision for Taxes » may be subdivided as follows :

Balance as at 1st January, 1958 Fr.	138,328,893.72
Payments of taxes effected in 1958, consisting almost entirely of the National Crisis Tax on the dividend payable on 1st March, 1958, together with an amount provisionally assessed on account of the exceptional counter-cyclical tax relating to the earnings for the 1957 accounting year . Fr.	68,974,987.—
Carried forward Fr.	<u>69,353,906.72</u>

Brought forward Fr.	69,353,906.72
A transfer appearing on the debit side of the Profit and Loss Account with a view to taxation of the earnings relating to the 1958 accounting year Fr.	
	54,000,000.—
Balance as at 31st December, 1958 Fr.	123,353,906.72

Certain abatements of tax relating to the 1956 accounting year were the subject in 1958 of repayments, which appear on the credit side of the Profit and Loss Account under the heads of « Rebate of Income Tax » and « Provision for Taxes released and available ».

In 1957 the Bank paid a sum of Fr. 56,000,000 to the Direct Taxes Department by way of anticipatory payment of tax on the earnings for that year. This sum appears in the Balance Sheet as at 31st December, 1958 among the Transitory Assets.

Capital

The Capital of Fr. 400,000,000 is divided into 400,000 shares of Fr. 1,000 each, registered or to bearer, including 200,000 registered and untransferable shares in the name of the Government.

Reserve Funds

The Reserve Funds, which are provided under Article 14 of the Statutes of the Bank, comprise the following items :

	On 31st December, 1958	On 31st December, 1957
Statutory Reserve . . . Fr.	425,236,538.81	384,830,955.38
Extraordinary Reserve . Fr.	254,233,244.72	248,110,148.47
Account for Depreciation of Premises, Furniture and Equipment . . . Fr.	1,353,147,840.92	1,305,664,196.12
	Fr. 2,032,617,624.45	1,938,605,299.97

The increase arises from the share in the distribution of the profits as at 31st December, 1957 which went to the Statutory

Reserve, plus the sum of Fr. 47,483,644.80 which was applied on 31st December, 1958 to writing off the year's expenses relating to the building of new premises for the Bank.

The difference between the amount of the asset item « Premises, Furniture and Equipment » and that of the liability item « Account for Depreciation of Premises, Furniture and Equipment », namely a sum of Fr. 114,989,000, represents a reasonable valuation of the land.

Besides this the Extraordinary Reserve was increased, by debit of the Profit and Loss Account, to the extent of the profit of Fr. 6,123,096.25 which was realised during 1958 on the sale and collection of the proceeds of securities contained in the Bank's holding of public long-term securities.

Article 8 of the Law of 8th March, 1951, which amends with effect from the 1951 financial year the laws and decrees relating to income taxes, provides that under certain conditions a part or the whole of such profit shall be exempt from tax. The exempt portion, which under Article 27, paragraph 2bis of these co-ordinated measures must remain unusable, amounts to Fr. 342,778.85.

The favourable balance on the Profit and Loss Account, which forms the net profit to be distributed in accordance with Article 38 of the Statutes, amounts to Fr. 380,653,569.48.

**Net Profit
for Distribution**

MEMORANDUM ACCOUNTS

Items for Collection

Under this heading are shown the items, such as bills of exchange, foreign currencies, etc., which have been lodged for collection by holders of current accounts or by foreign correspondents of the Bank Fr.

21,990,982.—

Documentary Credits Opened

This item comprises import credits opened by the Bank for public financial institutions and for Belgian companies or firms, as well as export credits opened by foreign Central Banks . . Fr.

603,293.—

Certification of Acceptances relating to Exports and Imports

This is the amount of the bank or commercial acceptances which were in circulation on 31st December, 1958 and carried the Bank's certificate, in virtue of which the Bank undertakes to discount them whenever they shall have not longer than 120 days to run, in so far as they conform to the conditions laid down at the time of certification Fr.

6,530,386,523.—

Sundry Deposits

The breakdown of these is as follows :

Cover for advance limits
against pledged security

Fr. 18,756,055,239.—

Carried forward Fr. 18,756,055,239.—

Brought forward Fr.	18,756,055,239.—	
Guarantees given by persons lodging bills for discount Fr.	7,675,191.—	
Bonds of the Currency Reform Loan Fr.	3,552,000.—	
International Monetary Fund Fr.	8,323,455,270.74	
International Bank for Reconstruction and Development . . Fr.	894,634,057.50	
Other Deposits Fr.	69,255,770,726.03	
	Total. . Fr.	97,241,142,484.27

Guarantees given under Statute or Regulations by executives of the Bank, by Discount Agencies and by members of the staff . . . Fr.	178,375,713.50	Sundry Guarantees Received
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These Certificates secure the advances granted by the Bank for the purpose of carrying out payment agreements, this being in accordance with the provisions of the Law of 28th July, 1948, which amended Decree Law No. 5 of 1st May, 1944 relating to the terms for purchase and sale of gold and foreign currencies	Fr.	1,383,183,823.10	Guarantee Certificates received from the Public Treasury
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These guarantees are given by the Bank to certain Discount Agencies in respect of loans granted by the General Savings and Pensions			Guarantees given on behalf of the Staff
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Fund to members of the Bank's staff to enable them to build or buy their house Fr.	147,406,068.—
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Public Treasury

<i>Portfolio and Sundry Assets</i> Fr.	1,715,049,356.—
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Sundry Securities owned by the Government :

Preference Shares of the Belgian National Railways Company Fr.	5,000,000,000.—
--	-----------------

Ordinary Shares of the Belgian National Railways Company Fr.	1,000,000,000.—
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Participating Debentures of the Belgian National Railways Company . Fr.	638,305,187.—
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Treasury Bills of the Government of the Grand Duchy of Luxemburg (Belgian-Luxemburg Agreement) . . . Fr.	1,413,744,546.—
--	-----------------

Federal Republic of Germany Government Bonds (London Agreements of 27th February, 1953) Fr.	339,905,400.—
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4.50 % Certificates of the National Housing Company Fr.	4,005,160,000.—
---	-----------------

4.50 % Certificates of the National Smallholders' Company Fr.	713,850,000.—
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Sundry Items Fr.	317,747,936.—
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Fr.	<u>13,428,713,069.—</u>
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Carried forward Fr.	<u>15,143,762,425.—</u>
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Brought forward Fr. 15,143,762,425.—

*Sundry Items for which the Government is the
Depositary :*

Items lodged by outside partiesFr.	6,798,356,571.46
Service of the Registered DebtFr.	14,890,880,800.—
Deposit and Consignment OfficeFr.	57,256,331,175.64
Items lodged by way of GuaranteeFr.	2,308,300,860.—
	Fr. 81,253,869,407.10

*Securities lodged in pursuance of the Regent's
Decree of 17th January, 1949 regarding the
cancellation of undeclared Belgian bearer
securitiesFr.*

97,661,506.—

Securities to be deliveredFr.

20,130,964,247.50

Securities withdrawn from circulation . . .Fr.

26,860,877.50

Monetary Fund :

Public Long-term SecuritiesFr.

4,540,641,880.—

Total. . Fr. 121,193,760,343.10

Securities held in safe custody by the Bank
and belonging to the Securities Stabilisation Fund
set up in pursuance of the Decree Law of
18th May, 1945Fr.

4,649,739,323.—

**Securities
Stabilisation Fund
(Securities
Deposited)**

**General Savings
and Pensions Fund**

a) Provisional Investments	Fr. 16,480,337,877.—
b) Cover for Loans	Fr. 19,282,000.—
c) Guarantee Deposits	Fr. 169,740,317.—
	<hr/>
Total. . Fr.	16,669,360,194.—

DISTRIBUTION OF THE NET PROFIT FOR THE YEAR 1958

1. To the Shareholders : a First Dividend of 6 % of the Nominal Capital	24,000,000.—
2. As to the rest, namely Fr. 356,653,569.48	
a) 10 % to Reserve	35,665,356.95
b) 8 % to the Staff	28,532,285.56
3. As to the remainder, namely Fr. 292,455,926.97	
a) To the Government : one-fifth	58,491,185.39
b) To the Shareholders : a Second Dividend	233,142,857.14
c) The balance to Reserve	821,884.44
Total Net Profit to be distributed	380,653,569.48

DIVIDEND DECLARED FOR THE YEAR 1958

First Dividend, Gross Total	Fr. 24,000,000.—
Second Dividend, Gross Total	Fr. 233,142,857.14
Total.	Fr. 257,142,857.14
Income Tax	Fr. 77,142,857.14
Net Dividend, Total	Fr. 180,000,000.—

on 400,000 Shares, that is a net dividend of Fr. 450 on each.

This dividend is payable on 1st March, 1959 against the presentation of Coupon No. 157.

The Council of Regency :

Franz DE VOGHEL, *Vice-Governor,*
 Jean VAN NIEUWENHUYSE, *Director,*
 Marcel LEFEBVRE, *Director,*
 Jean BRAT, *Director,*
 Cecil de STRYCKER, *Director,*
 Léon-A. BEKAERT, *Regent,*
 Yvan FEYERICK, *Regent,*
 August COOL, *Regent,*
 Alfred PUTZEYS, *Regent,*
 Alfons CONIX, *Regent,*
 André RENARD, *Regent,*
 Robert VANDEPUTTE, *Regent,*
 Hector MARTIN, *Regent,*
 Victor VAN ROSSEM, *Regent,*
 Max DRECHSEL, *Regent.*

The Governor,
 Hubert ANSIAUX.

Balance Sheet

Profit and Loss Account

Memorandum Accounts

ASSETS

BALANCE SHEET AS AT 3

Gold Holding	63,486,774,818.—
Foreign Assets	1,414,753,999.—
Foreign Currencies and Gold Receivable	280,468,563.—
Claims on Foreign Countries under Payment Agreements :	
a) E.P.U.	7,805,900,000.—
b) Member Countries of E.P.U.	1,311,981,952.08
c) Member Countries of E.M.A.	44,298,499.—
d) Other Countries	774,381,623.84
Debtors in respect of Foreign Exchange and Gold at Forward Dates	72,353,804.—
Commercial Bills on Belgium	4,102,632,108.32
Advances against Pledged Security	510,375,655.60
Public Short-term Securities (Article 20 of the Statutes, and Conventions of 14th September, 1948 and 15th April, 1952) :	
a) Treasury Certificates	7,840,000,000.—
b) Securities issued by Institutions whose liabilities are guaranteed by the Government	10,500,000.—
c) Other Public Short-term Securities	—
Treasury Notes and Coin	649,512,431.15
Balances at the Postal Cheque Office	2,178,652.75
Consolidated Claim on the Government (Article 3, paragraph b of the Law of 28th July, 1948)	34,242,568,558.29
Public Long-term Securities (Articles 18 and 21 of the Statutes)	2,378,906,936.—
Items Receivable	175,212,017.73
Premises, Furniture and Equipment	1,468,136,840.92
Securities of the Staff Pension Fund	1,003,048,847.47
Assets Written Off pending Collection	pro memoria
Transitory Assets	238,789,703.90
Total Assets	127,812,775,011.05

31st DECEMBER, 1958

LIABILITIES

Notes in Circulation		117,353,105,000.—
Current and Sundry Accounts :		
Public Treasury	<ul style="list-style-type: none"> Ordinary Account 7,669,890.73 Exceptional Counter-Cyclical Tax (Law of 12th March, 1957) 631,884,970.85 	
Institutions governed by a Special Law, and Public Authorities	313,550,417.49	
Banks in Belgium	2,875,959,142.86	
Banks in Foreign Countries : Ordinary Accounts	181,161,719.91	
Individuals	173,632,712.83	
Items Payable	474,258,153.86	4,658,117,008.53
Liabilities to Foreign Countries under Payment Agreements :		
a) Member Countries of E.P.U.	230,883,324.09	
b) Member Countries of E.M.A.	136,646,113.57	
c) Other Countries	302,101,745.73	669,631,183.39
Total Sight Liabilities		122,680,853,191.92
Special Provision :		
Convention of 14th September, 1954 : N.I.C.C.		500,000,000.—
Foreign Currencies and Gold to be Delivered		370,017,784.—
Staff Pension Fund		1,003,048,847.47
Transitory Liabilities		445,583,993.73
Capital		400,000,000.—
Reserve Funds :		
a) Statutory Reserve		425,236,538.81
b) Extraordinary Reserve		254,233,244.72
c) Account for Depreciation of Premises, Furniture and Equipment		1,353,147,840.92
Net Profit for Distribution		380,653,569.48
Total Liabilities		127,812,775,011.05

DEBIT

PROFIT AND LOSS ACCOUNT

General Expenses		395,305,829.—
Expenses of Acquiring, Selling and Shipping Gold		13,085,116.80
Ordinary Grant to the Staff Pension Fund		34,202,000.—
Depreciation of Premises, Furniture and Equipment		22,292,335.60
Written off New Premises		47,483,644.80
Amounts due to the Government :		
a) Produce of Discounts and Advances on Public Long-term Securities exceeding 3.50 %	81,457,014.49	
b) Stamp Duty on the Note Circulation	163,881,590.—	
		245,338,604.49
Transferred to the Transitory Liabilities as :		
a) Provision for Building of Premises		20,000,000.—
b) Provision for Taxes		54,000,000.—
Transfer to the Extraordinary Reserve of Profit on Realisation of, and Collection of Proceeds of, Securities		6,123,096.25
Net Profit for Distribution		380,653,569.48
		<hr/> 1,218,484,196.42

MEMORANDUM ACCOUNTS

Items for Collection	
Documentary Credits Opened	
Certification of Acceptances relating to Exports and Imports	
Sundry Deposits :	
<i>Cover for advance limits against Pledged Security</i>	
<i>Guarantees given by persons lodging bills for discount</i>	
<i>Bonds of the Currency Reform Loan</i>	
<i>International Monetary Fund</i>	
<i>International Bank for Reconstruction and Development</i>	
<i>Other Deposits</i>	
Sundry Guarantees Received	
Guarantee Certificates received from the Public Treasury	
Guarantees given on behalf of the Staff	
Public Treasury :	
<i>Portfolio and Sundry Assets</i>	
<i>Sundry Securities owned by the Government :</i>	
Preference Shares of the Belgian National Railways Co.	
Ordinary Shares of the Belgian National Railways Co.	
Participating Debentures of the Belgian National Rail- ways Company	
Treasury Bills of the Government of the Grand Duchy of Luxemburg (Belgian-Luxemburg Agreement)	
Federal Republic of Germany Government Bonds (Lon- don Agreements of 27th February, 1953)	
4.50 % Certificates of the National Housing Co.	
4.50 % Certificates of the National Smallholders' Co.	
Sundry items	
<i>Sundry Items for which the Government is the Depositary :</i>	
Items lodged by outside parties	
Service of the Registered Debt	
Deposit and Consignment Office	
Items lodged by way of Guarantee	
<i>Securities lodged in pursuance of the Regent's Decree of 17th January, 1949 regarding the cancellation of undeclared Belgian bearer securities</i>	
<i>Securities to be delivered</i>	
<i>Securities withdrawn from circulation</i>	
<i>Monetary Fund :</i>	
Public Long-term Securities	
Securities Stabilisation Fund (Securities Deposited)	
General Savings and Pensions Fund :	
<i>Provisional Investments</i>	
<i>Cover for Loans</i>	
<i>Guarantee Deposits</i>	

Discount, Exchange, Interest and Commissions	749,680,949.02
Income on Public Long-term Securities and Other Securities acquired in accordance with the Statutes	115,328,120.25
Profit on Realisation of, and Collection of Proceeds of, Securities	6,123,096.25
Fees for Safe Custody, Brokerages and Rent of Safes	20,178,359.80
Amounts collected on Assets Written Off pending Collection	590,670.30
Rebate of Income Tax	31,055,022.—
Provision for Taxes released and available	20,703,348.—
Amounts due from and allowed by the Government :	
a) Return of Stamp Duty on the Note Circulation (Royal Decree of 24th August, 1939, Article 34)	133,488,319.—
b) Allowance of 0.25 % per annum on the Government Debt (Royal Decree of 24th August, 1939, Article 33)	91,839,981.—
c) Allowance of 0.10 % per annum on the amount of the Small Notes issued for account of the Treasury (Convention of 18th March, 1946)	2,012,686.—
Transfer from the Account « Provision for Building of Premises »	47,483,644.80
	<hr/>
	1,218,484,196.42

AS AT 31st DECEMBER, 1958

.	21,990,982.—
.	603,293.—
.	6,530,386,523.—
.	18,756,055,239.—
.	7,675,191.—
.	3,552,000.—
.	8,323,455,270.74
.	894,634,057.50
.	69,255,770,726.03
	<hr/>
	97,241,142,484.27
.	178,375,713.50
.	1,383,183,823.10
.	147,406,068.—
.	1,715,049,356.—
5,000,000,000.—	
1,000,000,000.—	
638,305,187.—	
1,413,744,546.—	
339,905,400.—	
4,005,160,000.—	
713,850,000.—	
317,747,936.—	
	13,428,713,069.—
6,798,356,571.46	
14,890,880,800.—	
57,256,331,175.64	
2,308,300,860.—	
	81,253,869,407.10
.	97,661,506.—
.	20,130,964,247.50
.	26,860,877.50
.	4,540,641,880.—
	<hr/>
	121,193,760,343.10
.	4,649,739,323.—
.	16,480,337,877.—
.	19,282,000.—
.	169,740,317.—
	<hr/>
	16,669,360,194.—

GLOSSARY OF NAMES AS USED IN THIS AND PREVIOUS REPORTS OF THE NATIONAL BANK

Agricultural Fund	Fonds Agricole
Autonomous Funds	Fonds Autonomes
Bank of Issue	Banque d'Emission
Bank of the Belgian Congo	Banque du Congo Belge
Banking Commission	Commission Bancaire
Belgian Air Navigation Company (SABENA)	Société Anonyme Belge d'Exploitation de la Navigation Aérienne (SABENA)
Belgian Aluminium Syndicate	Syndicat belge de l'Aluminium
Belgian Bankers' Association	Association Belge des Banques
Belgian Coal Mines Re-equipment Fund	Fonds de Rééquipement des Charbonnages Belges
Belgian-Luxemburg Economic Union (B.L.E.U.)	Union Economique Belgo-Luxembourgeoise (U.E.B.L.)
Belgian-Luxemburg Foreign Exchange Institute	Institut Belgo-Luxembourgeois du Change
Belgian Municipal Credit Institution	Crédit Communal de Belgique
Belgian National Railways Company	Société Nationale des Chemins de Fer belges (S.N.C.F.B.)
Belgian Office for Increasing Productivity	Office Belge pour l'Accroissement de la Productivité
Belgian Textile Industry Federation	Fédération de l'Industrie Textile Belge
Benelux Economic Union	Union Economique Benelux
Brussels Municipal Water Company	Compagnie Intercommunale Bruxelloise des Eaux
Brussels Universal and International Exhibition	Exposition Universelle et Internationale de Bruxelles
Centenary Fund	Fonds du Centenaire
Central Bank of the Belgian Congo and Ruanda-Urundi	Banque Centrale du Congo Belge et du Ruanda-Urundi
Central Council of the Economy	Conseil Central de l'Economie
Clearing Office	Chambre de Compensation
Commercial Food Supply Office	Office Commercial du Ravitaillement
Committee for the Study and Promotion of Exports of Small and Medium-sized Enterprises	Commission d'études pour la promotion des exportations de petites et moyennes entreprises
Committee of Control for Electricity	Comité de Contrôle de l'Electricité
Committee of Management for Electricity	Comité de Gestion de l'Electricité
Committee of the Brussels Stock Exchange	Commission de la Bourse de Bruxelles
Consultative Committee for Co-ordinating Medium-Term Export Financing, known as « Cofinex »	Comité Consultatif de Coordination du Financement à Moyen Terme des Exportations (Cofinex)
Consultative Council for External Trade	Conseil Consultatif pour le Commerce Extérieur
Council of Regency	Conseil de Régence
Council of State	Conseil d'Etat

Court of Justice	Cour de Justice
Currency Reform Loan	Emprunt de l'Assainissement monétaire
Deposit and Consignment Office	Caisse des Dépôts et Consignations
Direct Taxes Department	Administration des Contributions directes
Directorate General of Mines	Direction Générale des Mines
Discount Agency	Comptoir d'Escompte
Discount Committee	Comité d'Escompte
Economic and Social Committee	Comité Economique et Social
Economic and Social Research Institute (of Louvain University)	Institut de Recherches Economiques et Sociales (de l'Université de Louvain)
European Agricultural Markets Organi- sation	Organisation Européenne des Marchés Agricoles
European Atomic Energy Community (Euratom)	Communauté Européenne de l'Energie Atomique (Euratom)
European Coal and Steel Community (E.C.S.C.)	Communauté Européenne du Charbon et de l'Acier (C.E.C.A.)
European Economic Community (E.E.C.)	Communauté Economique Européenne (C.E.E.)
European Fund	Fonds européen
European Investment Bank	Banque Européenne d'Investissement
European Monetary Agreement (E.M.A.)	Accord Monétaire Européen (A.M.E.)
European Nuclear Energy Agency	Agence Européenne pour l'Energie Nucléaire
European Parliamentary Assembly	Assemblée Parlementaire Européenne
European Payments Union (E.P.U.)	Union Européenne de Paiements (U.E.P.)
Excise Department (Ministry of Finance)	Service des Accises (Ministère des Finances)
External Trade Fund	Fonds du Commerce extérieur
Federation of Belgian Industries	Fédération des Industries Belges
Fund for the Development of Overseas Countries and Territories	Fonds de développement pour les pays et les terri- toires d'outre-mer
General Agreement on Tariffs and Trade (G.A.T.T.)	Accord Général sur les Tarifs douaniers et le Com- merce international (G.A.T.T.)
General Budget Statement	Exposé Général du Budget
General Savings Fund (administered by :)	Caisse Générale d'Epargne (gérée par la :)
General Savings and Pensions Fund	Caisse Générale d'Epargne et de Retraite
High Authority (of E.C.S.C.)	Haute Autorité (de la C.E.C.A.)
Housing Institute	Institut du Logement
Information Bulletin of the Ministry of Finance	Bulletin de Documentation du Ministère des Finances
Inland Water Transport Regulating Office	Office Régulateur de la Navigation Intérieure
International Bank for Reconstruction and Development (I.B.R.D.)	Banque Internationale pour la Reconstruction et le Développement (B.I.R.D.)
International Finance Corporation	Société Financière Internationale
International Forestry and Mining Company of the Congo	Société Internationale Forestière et Minière du Congo
International Materials Conference	Conférence Internationale des Matières Premières

International Monetary Fund (I.M.F.)	Fonds Monétaire International (F.M.I.)
International Sugar Agreement	Accord International du Sucre
International Sugar Conference	Conférence Internationale des Sucres
International Tin Council	Conseil International de l'Étain
International Wheat Agreement	Accord International du Blé
Katanga-Dilolo-Leopoldville Railway Company (K.D.L.)	Compagnie des Chemins de Fer Katanga-Dilolo-Léopoldville (K.D.L.)
Katanga Railway Company	Compagnie du Chemin de Fer du Katanga
Leopoldville-Katanga-Dilolo Railway Company (LEOKADI)	Société des Chemins de Fer Léopoldville-Katanga-Dilolo (LEOKADI)
London Metal Exchange	Bourse des Métaux de Londres
Ministry for Economic Affairs	Ministère des Affaires Économiques
Ministry of Agriculture	Ministère de l'Agriculture
Ministry of Finance	Ministère des Finances
Monetary Committee (of E.E.C.)	Comité Monétaire (de la C.E.E.)
Monetary Fund	Fonds Monétaire
National Bank of Belgium (N.B.B.)	Banque Nationale de Belgique (B.N.B.)
National Coal Mines Council	Conseil National des Charbonnages
National Del Credere Office	Office National du Ducroire
National Employment and Unemployment Office	Office National du Placement et du Chômage
National Fund for Credit to Trade and Industry	Caisse Nationale de Crédit Professionnel
National Housing Company (formerly National Cheap Dwellings Company)	Société Nationale du Logement (précédemment Société Nationale des Habitations et Logements à Bon Marché)
National Industrial Credit Company (N.I.C.C.)	Société Nationale de Crédit à l'Industrie (S.N.C.I.)
National Mixed Mines Commission	Commission Nationale Mixte des Mines
National Sickness and Disablement Insurance Fund	Fonds National d'Assurance Maladie-Invalidité
National Smallholders' Company	Société Nationale de la Petite Propriété Terrienne
National Social Insurance Office	Office National de Sécurité Sociale
National Statistical Institute	Institut National de Statistique
National Water Distribution Company	Société Nationale de Distribution d'Eau
North Atlantic Treaty Organisation (N.A.T.O.)	Organisation du Traité de l'Atlantique-Nord (O.T.A.N.)
Nuclear Energy Research Centre	Centre d'Études de l'Énergie Nucléaire
Organisation for European Economic Co-operation (O.E.E.C.)	Organisation Européenne de Coopération Économique (O.E.C.E.)
Postal Cheque Account (P.C.A.)	Compte de Chèques Postaux (C.C.P.)
Postal Cheque Office	Office des Chèques Postaux
Public Debt Sinking Fund	Fonds d'Amortissement de la Dette Publique
Rediscount and Guarantee Institute (R.G.I.)	Institut de Réescompte et de Garantie (I.R.G.)
Research and Documentation Department (of the National Bank of Belgium)	Département d'Études et de Documentation (de la Banque Nationale de Belgique)
Road Fund	Fonds des Routes

Savings Bank of the Grand Duchy of Luxemburg	Caisse d'Epargne du Grand-Duché de Luxembourg
Securities Stabilisation Fund	Fonds des Rentes
Staff Pension Fund	Caisse de Pensions du Personnel
Telegraphs and Telephones Board	Régie des Télégraphes et des Téléphones
Treasury and Public Debt Administration	Administration de la Trésorerie et de la Dette Publique
Union of Non-Ferrous Metal Industries	Union des Industries des Métaux Non Ferreux
United Nations (Organisation of the)	(Organisation des) Nations Unies
Veterans' Endowment	Dotation des Combattants

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