

NATIONAL BANK OF BELGIUM

GENERAL MEETING

of the

Shareholders of the National Bank of Belgium

on 29th February, 1960

REPORT

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

on the activities of the Bank in 1959

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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.

The first signs of recession appeared at the end of 1956, inter alia in a decrease of external demand for capital goods, and especially of orders for the metallurgical industry. Then, towards mid-1957, exports of textile products declined.

The fall in foreign demand was aggravated by the special position of certain countries which are important markets for the Belgian-Luxemburg Economic Union. The Congo economy felt the effects of the fall in quotations for non-ferrous metals. The Netherlands, which absorb more than a fifth of the exports, took steps in 1957 to redress their balance of payments by a cut in spending. France for its part adopted restrictive measures, and took action equivalent to altering the official rate of exchange; this alteration, sanctioned in June, 1958, was followed by devaluation at the end of the same year.

As the prospects for their activity and the prices of raw materials declined, so Belgian enterprises in turn slowed down their investment, first in inventories and then in capital goods. This state of affairs affected imports, and extended to the activity of the country's producers.

Private consumption, which had not previously been stimulated by excessive incurring of debt, suffered only a setback which was fortunately quite limited.

These various factors, acting together on total demand, checked the country's industrial activity. The first signs of recovery appeared in the second half of 1958. But it took nearly a year for the improvement to become established.

If the index of manufacturing output is taken as a criterion of the degree of industrial activity it is found to have fallen, in relation to the basis year 1953, from a maximum of 135 in the second half of 1957 to a minimum of 120 a year later. It then recovered to 135 in September-October, 1959.

The fall was comparable in extent to the American recession; it was more marked than the slowing observed in neighbouring countries. Such comparisons would however be better if they were less summary; they should be applicable to longer periods, with allowance for the movement in active populations. It should further be possible to take account of non-industrial forms of activity; service-rendering occupations, well developed in Belgium, were particularly favoured in the Exhibition year. It would therefore seem desirable to establish internationally comparable development indices, the more so since comparison between the various national production indices themselves calls for serious reservations in view of the differences of weighting within each of them.

Nevertheless it seems certain that economic recovery in Belgium was slower than in other countries. From the second half of 1959 onwards, however, the improvement of cyclical conditions in industry was at a rate comparable with that in most foreign economies. The course of demand during recent months holds out hope that the expansion will continue.

On the other hand 1959 was not a good year for agriculture because of the drought.

The actions of foreign markets were a determinant of the recovery, as they had been of the recession. Orders from the United States, Germany and the Netherlands definitely increased. The volume of export sales recovered. From a peak of 135 in the second quarter of 1956 the index, on the basis of 1953, had fallen to 121 in the second quarter of 1958; by the second quarter of 1959 it was back to 136, while last September and October it reached 147.

The authorities' budgetary policy helped to maintain internal demand; a number of laws known as economic revival measures were promulgated to encourage capital investment.

During the recovery unemployment was eliminated only in part. This is not an exceptional situation. In the first phase of cyclical recovery, in fact, some of the workers who are kept employed in enterprises during the recession are put back on to more directly useful tasks; the previous capital expenditure, and the reorganisation carried out in the recession period, also improve per capita production. Up to a point, therefore, the persistent under-employment is due to technological causes. It also has structural aspects, as in the case of workers employed in the coal mines and in the enterprises supplying these.

The extent of unemployment, which causes justified anxiety, and the delay with which certain industries have benefited from the revival have given rise to fears about the Belgian economy's overall capacity to compete.

So far as that capacity can be measured by international differences between prices and wages it seems on the contrary to have improved as a whole, at least to judge by comparative movements of the overall indices.

Maintenance of this competitive capacity must however continue to receive attention. It depends not only on the movement in prices and wages but also on other conditions affecting production, such for instance as the indispensable adapting of the whole range of Belgian products to changes in international demand. The size of producing units ought not in any event to hinder the introduction of modern techniques. Determination to reduce costs must inspire those who conduct not only public services but also agriculture, trade and industry. As to this some reorganisations have already been carried out, while others are in course of execution.

In the long run, moreover, efforts to adapt would be wasted if they were not backed by development of pure and applied scientific research. Institutions were created in 1959 to promote progress in that direction. A programme has been drawn up. The Government, public financial institutions and private enterprise have joined to ensure its financing.

It is all these improvements in the private or public apparatus for producing goods and services which form the long-term basis for keeping the currency sound, for maintaining employment and for raising the standard of living.

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Economic recovery was assisted by the abundance of liquid funds.

During the recession enterprises had accumulated liquid assets by not rebuilding their stocks of goods and by reducing their investment programmes. The 1958 balance of payments surplus had caused considerable monetary expansion. When recovery caused restocking with raw materials to begin, the import streams grew. But the proceeds of exports increased as well; thus transactions in goods with foreign countries still showed a surplus, although a smaller one. Up to the last months of the year the deficit on external payments as a whole had not become large.

In addition the increase in deposits at banks enabled these to subscribe for short and long-term public securities, apart from Securities Stabilisation Fund Certificates. The Treasury's expenditure, financed in this way, steadily restored the market's liquidity; and the Securities Stabilisation Fund for its part used its resources to keep the market easy. The rate of turnover of sight deposits became slower, showing that needs for money were satiated.

In the last quarter of the year, however, the Treasury's persistent deficit made it a constant borrower in the money market. Despite regulating action by the Securities Stabilisation Fund some strains appeared.

Short-term money was indeed attracted by the better yields offered on foreign markets. In certain countries cyclical recovery, more advanced or less sound, had already been accompanied by pressure on prices or on external payments; and some monetary authorities had raised their discount rates. The rates for money on national money markets had followed a parallel tendency. At the beginning of December the rate for three-month Treasury Bills was near or over 4.50 % in the United States, 3.50 % in the United Kingdom and 5 % in Canada; similar rates were current in Germany for transactions of like duration.

In Belgium, where the movement of the internal business cycle was different, the tendency for short-term interest rates to rise had remained rather weak until December. The average rate at which six-month Treasury Certificates were allotted reached only 3.50 % in November and 3.62 % in December. Since the National Bank's discount rate after its 0.25 % reduction on 8th January had been maintained at 3.25 %, there was no change in the rates which had been linked with the official scale since the November, 1957 money market reform. Thus the Securities Stabilisation Fund Certificates, and the four-month Treasury Certificates for banks out of Tranche B of the special loan of 9th November, 1957, yielded 2.50 %. The rate of interest on three-month time deposits in Belgian francs at banks was 1.60 %.

In the largely liberalised international exchange market the differences between rates have resumed their equalising function. The gap which was opening between the yields on short-term investments in Belgium and abroad entailed the risk of twofold disequilibrium.

On the one hand cash transfers might indirectly reduce the National Bank's exchange reserves. After falling in January and February these had remained fairly stable up to the end of October, except for the gold payment of Fr. 1.4 billion made to the International Monetary Fund in part payment for the increase of the Belgian quota; they then declined at the rate of Fr. 1.5 billion per month. This partly represented a shift of exchange reserves to the banks, which held them for account of the public.

On the other hand this latter movement, like the direct investments abroad, started a drain on internal liquidity at a time when the growth of activity and the deficit on the budget required all the available resources.

Accordingly the National Bank raised its rates as from 24th December, increasing the official discount rate from 3.25 % to 4 %. The rise was limited to 0.50 % for the discount of unaccepted bills and of promissory notes, and to 0.25 % for advances, so as to avoid too great an upward movement in the banks' charges to borrowers. The effects of the measure on market rates were reinforced by simultaneous revision of the method for fixing the rates for Securities Stabilisation Fund Certificates and for Tranche B Treasury Certificates. From 1960 onwards these rates will be below the official discount rate by 0.25 %, not by 0.75 % as before. This adjustment assures the banks of better yields on some of their important investments. Per contra the scale of rates which they pay on time deposits has been raised as from the beginning of January, 1960. Finally the rates for very short-term Treasury Certificates were increased by 0.75 % on 24th December and 0.25 % on 5th January, 1960.

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This decision to increase the rates for money was not taken in view of any internal economic imbalance, since the state of the business cycle in Belgium remains sound. The object was to make

the Belgian short-term capital market again competitive by narrowing the gap, too wide in comparison with foreign countries, between short and long-term rates. It may be hoped that this measure will affect only slightly the long-term rates, which are of great economic importance and are already to a large extent at the same level as in foreign countries.

It is however clear that the price of capital, especially at medium and long term, cannot fail to be drawn upwards if the public authorities have recourse to the market as freely in a period of marked recovery as during the recession. Such recourse would moreover conflict with the very principle of anticyclical policy which the Government itself adopted when, by the Law of 19th June, 1959, it created a Permanent Budget Equalisation Fund.

Taking into account the new economic conditions, the Government announced its intention to restore the balance of the ordinary budget in 1960.

The extraordinary budget, burdened this year by special assistance to the Congo, will have to be financed by the market. It includes expenditure not only for capital purposes but also on exceptional consumption.

From the economic point of view it is desirable to treat the budget as a whole, and to limit the total deficit to the possibilities of the capital market.

As to this it may be hoped that the Economic Programming Office, established in October, will guide the authorities in their actions. This Office has been charged with the task of preparing and submitting to the Government certain programmes designed to achieve the latter's general objectives on the national plane, with due regard both for the needs of the public and private sectors and for the possibilities of financing them.

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If the financial conditions for orderly economic expansion are thus safeguarded, and if external disturbances do not upset internal equilibrium, it will be easier for the monetary authorities to adjust liquidity and interest rates to the economy's requirements.

Their means of action were improved in 1959. By the Law of 19th June the legislature amended the statutes of the Securities Stabilisation Fund and widened its functions, authorising it to regulate the market in public securities not only at long but also at short term.

So that the Securities Stabilisation Fund may have the means required for carrying out its new task some additional resources have been placed at its disposal, apart from those which it obtains through the issue of Certificates. The Government transferred to it the Fr. 2.8 billion resulting from the National Bank's taking over Belgium's subscription in gold to the International Monetary Fund. It will also be able to use up to Fr. 7.2 billion of any resources of the Permanent Budget Equalisation Fund. Finally it has at the National Bank a line of credit, on current advance account, the amount of which is at present fixed at Fr. 2 billion. The Bank retains the option, and the responsibility, to enlarge this credit in the light of the economy's real needs; use of this advance account cannot be contemplated for the purpose of providing the Treasury with cash, of systematically supporting quotations for the Treasury's benefit, or of supplying funds to a money market rendered tight by capital outflows.

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The functioning of the market for call money and funds at very short term was changed by a reorganisation with effect from 17th November, 1959; the market was unified, more flexibility being introduced into the dealings between lenders and borrowers and into the formation of rates. This adjustment has helped the Securities Stabilisation Fund's interventions in that market.

Although the external factors previously mentioned have not so far caused any sharp contraction of liquidity, and although the market's resources have not been diverted to the granting of commercial credits, the Securities Stabilisation Fund has nevertheless intervened in the market for public short-term securities. But in doing so it has respected two rules. On the one hand its purchases have been of public short-term securities outstanding at the time. On the other hand such financing has preserved a quite temporary regularising character. The very function of the Fund would indeed be basically altered if it departed from these two principles. Its actions would no longer benefit the market if they took the form of directly subscribing for Certificates issued by the Treasury; and they would no longer be at short term if the Certificates purchased were not repaid on maturity.

In the spirit of the 1959 legislation, and within the letter of the agreements made between the Minister of Finance, the Securities Stabilisation Fund and the National Bank, use of the Fund's resources to remedy contraction of the money market in periods of recovery must have as its logical counterpart the rebuilding of the said resources in times of expansion. Failing such symmetry the Fund's action would indirectly amount to causing the National Bank and the other banks to grant permanent credit to the Treasury.

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Belgium's participation in the International Monetary Fund has conferred on the Government both privileges and obligations. Some of these are within the field of the legislative and executive powers. But others belong more specifically to the Central Banking sphere. This applies for instance to the exercise of rights to draw on the Fund, that is to buy foreign currencies against payment to the Fund of Belgian currency; such drawing rights amount in fact to potential exchange reserves of the Central Bank.

For these reasons the Law of 19th June, 1959 permitted the Bank thenceforth to take the Treasury's place in standing the monetary effect of transactions with the Fund, to supply the Fund apart from the gold payments with Belgian francs which it would use in favour of other member countries, and itself to decide when it is appropriate to exercise drawing rights. Thus the said law subrogated the Bank in the monetary rights and obligations which result for the Government from the latter's position as a member of the International Monetary Fund.

As a result of this change in the arrangements the Bank has shown in its accounts as its own asset, to the extent of the payments made in gold and in current account, the claim which the Government has on the Fund as a result of the Belgian participation. To effect this take-over the Bank transferred to the Government the countervalue of the amounts already paid, namely Fr. 2.9 billion; and in October it effected the fresh payment of Fr. 1.5 billion following the increase of the Belgian quota in the Fund.

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The financial situation of the Belgian Congo has caused anxiety. The financing of its ordinary budget deficit, and of the public capital expenditure required for economic expansion, rendered the cash position difficult. Despite a favourable balance of trade the Congo's balance of payments showed a deficit; and the exchange reserves of the Central Bank of the Belgian Congo and Ruanda-Urundi were greatly reduced.

This situation cannot be remedied by ordinary means. It calls for application of an overall policy providing on the one hand for action by the Congo itself, and on the other for increased assistance from Belgium. As regards the latter some definite undertakings have already been assumed on the drawing up of the 1960 budget, which in its extraordinary section provides Fr. 4.2 billion of assistance for the Congo and Ruanda-Urundi. This assistance is made up of

Fr. 2.5 billion to assist the Congo, Fr. 0.1 billion being taken from the proceeds of the Exceptional Counter-Cyclical Tax, together with Fr. 1 billion to set up a Development Company and Fr. 0.7 billion of advances to Ruanda-Urundi.

The National Bank further proposes to help in working out a body of measures aimed at consolidating the position of the Congo franc through cooperation, closer and better organised than before, between the Belgian and Congo monetary systems.

These measures will be assisted by legal definition of the value of the Congo franc, which was hitherto established by decree, and which the Government has asked Parliament henceforth to fix in the same way as that of the Belgian franc.

MONEY AND FINANCE

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

Between September, 1958 and September, 1959 the total money supply and quasi-monetary liquid resources at banks and savings banks increased by Fr. 22.9 billion; in the previous twelve months the increase had been Fr. 19.6 billion. The rise in the money supply was the same in both periods, but that in quasi-monetary liquid resources was greater between September, 1958 and September, 1959.

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) (5)	Total
	Notes and Coin (1)	Sight Deposits (2) (4) (5)			
1956 December .	114.4	84.0		104.4	302.8
1957 December .	115.5	82.5		111.2	309.2
1958 December .	120.3	89.2		125.9	335.4
1957 September .	114.4	80.0		107.1	301.5
1958 September .	118.0	84.0		119.1	321.1
1959 September .	118.3	91.3		(p)134.4	(p)344.0

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

(p) Provisional figures.

(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 currencies; 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.

(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) It has been possible to transfer to the quasi-monetary liquid resources, as from 1958, the holding companies' bank accounts at more than one month which up till 1957 were included in the sight deposits.

The growth of the money supply took place almost exclusively in sight deposits, which rose by Fr. 7.3 billion against only Fr. 0.3 billion for notes and coin.

a) **Notes and Coin.**

The note and coin circulation increased by Fr. 0.7 billion between November, 1958 and November, 1959; it had done so by Fr. 4.2 billion in the previous twelve months.

Notes and Coin
(in billions of francs)

At end of	Notes of N.B.B.	Treasury Notes and Coin (1)	Total (2)
1956 December	111.5	4.7	114.4
1957 November	111.0	4.7	113.9
December	112.7	4.7	115.5
1958 November	115.2	4.8	118.1
December	117.4	4.8	120.3
1959 January	115.4	4.8	118.2
February	116.0	4.8	118.9
March	116.3	4.8	119.0
April	116.8	4.8	119.8
May	116.5	4.8	119.4
June	117.5	4.9	120.3
July	118.8	4.9	121.7
August	117.5	4.9	120.4
September	115.6	4.9	118.3
October	116.0	4.9	119.1
November	116.0	4.9	118.8
December	118.3	4.9	

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

The total amount of Treasury notes and coin in circulation was substantially the same at the end of 1959 as a year before.

The incidence of the usual seasonal factors is apparent in the movement of the National Bank's notes, with a reduction in January after the end-

of-year settlement, an almost continuous rise to a peak in July, contraction in August and September and a fresh rise in December to a level higher by Fr. 0.9 billion than that for December, 1958. Subscriptions to the loans issued by the Government in January and September reinforced the effect of the seasonal factors which operate, at those times in the year, to reduce the note circulation.

b) **Sight Deposits.**

Between November, 1958 and November, 1959 the total deposits at sight and not more than one month at banks and para-statal institutions, together with balances at the National Bank and the

Postal Cheque Office, grew by Fr. 6.5 billion. The growth in the course of the twelve preceding months had amounted to Fr. 7.3 billion.

Business and private customers' deposits at sight and at not more than one month at banks and para-statal establishments, which balances represent a very large part of all sight deposits, stood in

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 (2)	Total	
1956 December	6.5	0.6	21.3	55.6	77.5	84.0
1957 November	5.4	0.5	21.8	51.7	74.0	79.4
December	6.4	0.9	22.0	53.2	76.1	82.5
1958 November	6.3	0.6	23.0	56.8	80.4	86.7
December	7.2	0.5	24.0	57.5	82.0	89.2
1959 January	6.0	0.4	23.9	55.9	80.2	86.2
February	6.6	0.4	23.2	56.0	79.6	86.2
March	7.6	0.3	24.0	58.8	83.1	90.7
April	8.2	0.3	23.9	58.5	82.7	90.9
May	7.1	0.5	24.4	60.7	85.6	92.7
June	7.8	0.4	24.9	60.6	85.9	93.7
July	6.2	0.3	24.5	58.6	83.4	89.6
August	7.0	0.4	23.9	59.1	83.4	90.4
September	8.3	0.4	24.2	58.4	83.0	91.3
October	6.6	0.4	24.6	60.2	85.2	91.8
November	7.9	0.3	24.5	60.5	85.3	93.2

(1) Not including the monetary institutions and the Securities Stabilisation Fund, but including certain para-statal institutions.

(2) The holding companies' bank accounts at more than one month, which up to 1957 were included in this column, have been eliminated as from 1958.

November, 1959 at a level higher by Fr. 3.7 billion than in November, 1958. The greatest increases occurred in March, when the balance sheets of certain banks were drawn up, and in May.

Business and private account-holders' balances on Postal Cheque Accounts increased by Fr. 1.5 billion between November, 1958 and November, 1959. In the same way as in previous years a maximum

was reached towards the middle of the year, namely Fr. 24.9 billion in June.

The deposits of the Treasury and local authorities at monetary institutions in November, 1959 were above their level of a year earlier by Fr. 1.6 billion.

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

Monthly Averages per Standard Month of 25 days	Frequency 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)		
1957	2.08	3.25	89.8	76.6	166.4
1958	1.99	3.25	85.7	80.4	166.1
1957 (first 11 months) ...	2.06	3.23	89.1	76.2	165.3
1958 (first 11 months) ...	1.98	3.24	84.9	80.3	165.2
1959 (first 11 months) ..	1.89	3.10	89.2	82.9	172.1

(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.

As a result of cyclical recovery the total payments effected both through sight deposits at banks and through balances on Postal Cheque Accounts increased. The total amount of such deposits and balances increased even faster, however, so that their frequency of turnover was reduced.

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

Between September, 1958 and September, 1959 the quasi-monetary resources at banks and savings banks rose by Fr. 15.3 billion as compared with Fr. 12 billion between September, 1957 and September, 1958.

The Treasury's credit balances at the National Bank increased by Fr. 0.1 billion between September, 1958 and September, 1959.

This increase reflects the movement on the account into which there are paid the proceeds of the exceptional counter-cyclical tax which was established in March, 1957, and which is earmarked for social purposes and for economic purposes of interest to the whole community.

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 (4)	Private Savings Banks (5)	Total
		Deposits in Foreign Currencies	Deposits in Belgian francs				
			at more than one month (3)	received on Deposit or Savings Books			
1956 December	—	3.2	9.8	12.5	63.1	15.8	104.4
1957 December	0.3	3.2	11.0	12.3	66.8	17.6	111.2
1958 December	0.6	2.6	14.2	13.2	75.2	20.1	125.9
1957 September ...	—	3.9	9.5	12.6	64.0	17.1	107.1
1958 September ...	0.5	2.6	14.4	12.5	69.9	19.2	119.1
1959 September ...	0.6	3.2	16.2	14.7	(p) 77.3	22.4	(p) 134.4

(p) Provisional figures.
 (1) Treasury's credit balances.
 (2) Balances of Belgian, Luxemburg and Congo residents.
 (3) It has been possible to include in this column as from 1958 (up till 1957 this had not been possible) the holding companies' bank balances at more than one month.
 (4) Deposits on savings books and on current account.
 (5) Savings and deposit accounts.

The quasi-monetary deposits at banks increased between September, 1958 and September, 1959; the increase was Fr. 0.6 billion for deposits in foreign currencies, Fr. 1.8 billion for those in Belgian francs at over one month and Fr. 2.2 billion for deposits in Belgian francs received on deposit or savings books.

The quasi-monetary liquid resources at the General Savings Fund and private savings banks rose at a faster rate than before. The rise between September, 1958 and September, 1959 was Fr. 7.4 billion in deposits at the General Savings Fund and Fr. 3.2 billion in balances at private savings banks. The corresponding figures for the previous twelve months had been respectively Fr. 5.9 and 2.1 billion.

The monthly average in-payments on individual savings books, which account for the greater part of the deposits at the General Savings Fund, were greater in 1959 than in 1958. The out-payments

also increased, but by less than the in-payments. The net in-payments rose from a monthly average of Fr. 0.4 billion in 1958 to one of Fr. 0.5 billion in 1959.

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

Period	In-payments	Out-payments	Net Movement
1957 Monthly Average ...	1.4	1.2	+ 0.2
1958 Monthly Average ...	1.6	1.2	+ 0.4
1959 Monthly Average ...	1.8	1.3	+ 0.5
1959 January	2.2	1.2	+ 1.0
February	1.7	1.1	+ 0.6
March	1.6	1.4	+ 0.2
April	1.8	1.4	+ 0.4
May	1.7	1.3	+ 0.4
June	1.9	1.5	+ 0.4
July	2.1	1.4	+ 0.7
August	1.7	1.2	+ 0.5
September	1.8	1.5	+ 0.3
October	1.8	1.4	+ 0.4
November	1.7	1.3	+ 0.4
December	2.0	1.7	+ 0.3

(1) From July, 1959 provisional figures.

The rate of interest paid on individual savings deposits has not been changed; it is 3 % up to Fr. 250,000 and 2 % beyond that

amount. But the 0.30 % interest rate increase which had been applied as from 1st January, 1958 to amounts of Fr. 250,000 or less remaining on an account throughout the year was terminated on 1st January, 1959.

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

The money supply and quasi-monetary liquid resources at banks and savings banks increased by Fr. 8.6 billion during the first three quarters of 1959. Among the counterparts the transactions with public authorities showed a surplus of Fr. 7.3 billion, and the outstanding amount of transactions with the private sector rose by

**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
1957	+ 6.5	+ 1.4	- 1.9	+ 9.1	- 2.1
1958	+ 26.2	+ 14.9	+ 13.6	- 0.3	- 2.0
1959 1st quarter	+ 5.7	- 2.1	+ 6.3	+ 3.4	- 1.9
2nd »	+ 4.6	- 0.3	+ 2.0	+ 1.6	+ 1.3
3rd » (p)	- 1.7	- 0.9	- 1.0	+ 1.8	- 1.6
first 3 quarters . (p)	+ 8.6	- 3.3	+ 7.3	+ 6.8	- 2.2

(p) Provisional figures.

Fr. 6.8 billion, while transactions with foreign countries showed a deficit of Fr. 3.3 billion.

a) **Transactions with Foreign Countries.**

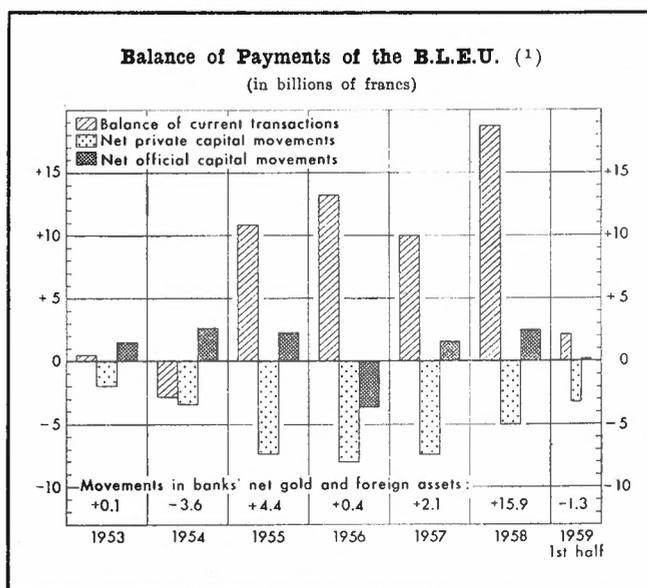
The item « transactions with foreign countries », which appears among the counterparts of the money supply and of quasi-monetary liquid resources at banks and savings banks, does not include the public authorities' capital transactions; when their proceeds are sold to monetary institutions these transactions are similar to lendings by those institutions to the Treasury, or to local authorities, and for that reason are included in the transactions with public authorities. In addition the recorded transactions with foreign countries do not include payments effected to the credit or by the debit of Congo companies' accounts at Belgian banks.

On the other hand all transactions between the Belgian-Luxemburg Economic Union and foreign countries which gave rise to a transfer through the Belgian or Luxemburg banking system are recorded in the balance of payments.

**Balance
of Payments**

Between the second half of 1958 and the first half of 1959 exports increased less than imports; the surplus was reduced from

Fr. 2.8 to 1.6 billion. Over the same period the surplus resulting



from all other transactions in goods, services and donations fell from Fr. 5 to 0.5 billion under the influence of, amongst others, the following factors : a contraction of the receipts from tourism which had been swollen in 1958 by the Brussels Universal and International Exhibition, a decrease of the surplus on

investment income and a decline in the amounts received by Belgian frontier workers. The overall surplus on current transactions dropped from Fr. 7.8 to 2.1 billion.

The net outgoings of private Belgian-Luxemburg and foreign capital reached Fr. 3.2 billion for the first half of 1959, that is Fr. 0.5 billion more than for the last half of 1958. The employment of funds in commercial bills showed a deficit of Fr. 1.3 billion instead of a surplus of Fr. 1 billion, while the deficit on other private capital came down from Fr. 3.7 to 1.9 billion; the Fr. 3.7 billion included in particular, at Fr. 2 billion, the subscriptions to a loan issued by the Congo Treasury on the Belgian market.

The movements of official long-term capital showed in the first half of 1959 a net inflow of Fr. 0.8 billion. The inflows mainly resulted from the issue of a loan for 22.25 million dollars by the Belgian Government on the American market, and of a Deutsche

Mark loan by SABENA. The outgoings include in particular the repayment of Treasury Certificates delivered to Ruanda-Urundi and

Balance of Payments of the Belgian-Luxemburg Economic Union

(in billions of francs)

	1957	1958	1958		1959
			1st half	2nd half	1st half
Exports, f.o.b.	141.8	133.0	67.2	65.8	66.3
Imports, f.o.b.	141.2	126.0	63.0	63.0	64.7
	+ 0.6	+ 7.0	+ 4.2	+ 2.8	+ 1.6
Other goods transactions, net ⁽¹⁾	+ 4.1	+ 3.6	+ 1.6	+ 2.0	+ 0.6
All goods transactions, net	+ 4.7	+ 10.6	+ 5.8	+ 4.8	+ 2.2
Other current transactions, net ⁽²⁾ ⁽³⁾ ...	+ 5.3	+ 8.1	+ 5.1	+ 3.0	- 0.1
All current transactions, net	+ 10.0	+ 18.7	+ 10.9	+ 7.8	+ 2.1
Net movement of private Belgian-Luxemburg and foreign capital :					
Commercial bills	- 0.9	- 0.1	- 1.1	+ 1.0	- 1.3
Other capital ⁽³⁾ ⁽⁴⁾	- 6.6	- 4.9	- 1.2	- 3.7	- 1.9
Net movement of official capital :					
Long-term	+ 0.2	- 0.7	+ 0.2	- 0.9	+ 0.8
Short-term	+ 1.2	+ 3.1	+ 1.6	+ 1.5	- 0.7
Unascertained transactions ⁽⁵⁾ , errors and omissions	- 1.8	- 0.2	—	- 0.2	- 0.3
Total corresponding to movement in banks' net gold and foreign assets	+ 2.1	+ 15.9	+ 10.4	+ 5.5	- 1.3

(1) Merchanting 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, 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 1957 certain expenditure on foreign travel was shown in the accounts as outgoings of private capital, whereas in 1958 the opposite may have been the case. It has been possible to apportion the figures more accurately for the first half of 1959.

(4) In these figures the subscriptions to loans issued by the Congo Treasury on the Belgian market are included to the following extent : nil in 1957, minus Fr. 2 billion in the first half of 1958, minus Fr. 2 billion in the second half of 1958 and nil in the first half of 1959.

(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 payment by Belgium of a further tranche of its subscription to the capital of the European Investment Bank.

The total net outgoings of official short-term capital amounted to Fr. 0.7 billion for the first six months of 1959. The largest movement was a decrease of Fr. 0.9 billion in the Treasury's net liabilities to the Congo and Ruanda-Urundi.

On balance the net external assets of monetary institutions declined in the first half of 1959 by Fr. 1.3 billion, whereas they had risen by Fr. 5.5 billion in the second half of 1958.

In the third quarter the net external assets continued to diminish. The surplus on current transactions was reduced, and perhaps even gave place to a deficit. The outgoings of private Belgian-Luxemburg and foreign capital exceeded the inflows, but the difference was smaller than in the first half-year. The movements of official capital showed an adverse balance for transactions at both short and long term.

Balance of
Payments with
the Belgian Congo
and Ruanda-Urundi

Relations with the Belgian Congo and Ruanda-Urundi occupy an important place in the Belgian-Luxemburg Economic Union's transactions with foreign countries.

In the balance of payments with those two countries the surplus on current transactions rose from Fr. 5.4 billion in the second half of 1958 to Fr. 7.6 billion in the first half of 1959. This increase is due, inter alia, to growth of the surplus on private donations. Transactions in goods showed the same net receipt in both periods.

Between the two periods the net outgoings in respect of multilateral settlements, that is outgoings resulting from transfers of Belgian francs to the Congo against foreign currencies, rose from Fr. 4.3 to 6 billion.

The movements of private capital other than commercial bills produced a net inflow of Fr. 1.4 billion in the first half of 1959. For the second half of 1958 they had shown a net outflow of Fr. 2.1 billion, including Fr. 2 billion for the loan issued by the Congo Treasury on the Belgian market.

The net outgoings of official capital amounted to Fr. 1.4 billion in the first half of 1959.

**Balance of Payments of the Belgian-Luxemburg Economic Union
with the Belgian Congo and Ruanda-Urundi**
(in billions of francs)

	1957	1958	1958		1959
			1st half	2nd half	1st half
Exports, f.o.b.	7.0	5.9	3.4	2.5	2.5
Imports, f.o.b.	5.0	4.2	2.0	2.2	2.1
	+ 2.0	+ 1.7	+ 1.4	+ 0.3	+ 0.4
Other goods transactions, net	+ 0.1	—	— 0.1	+ 0.1	—
All goods transactions, net	+ 2.1	+ 1.7	+ 1.3	+ 0.4	+ 0.4
Other current transactions, net	+ 12.5	+ 11.4	+ 6.4	+ 5.0	+ 7.2
All current transactions, net	+ 14.6	+ 13.1	+ 7.7	+ 5.4	+ 7.6
Multilateral settlements, net	— 9.3	— 9.3	— 5.0	— 4.3	— 6.0
Net movement of private Belgian-Luxemburg and Congo capital :					
Commercial bills	— 1.1	+ 0.5	— 0.3	+ 0.8	— 1.0
Other capital (1)	+ 0.1	— 3.7	— 1.6	— 2.1	+ 1.4
Net movement of official capital :					
Long-term	— 0.5	— 0.7	— 0.5	— 0.2	— 0.5
Short-term	— 3.1	— 0.6	— 0.3	— 0.3	— 0.9
Errors and omissions	+ 0.1	—	—	—	+ 0.1
Total corresponding to movement in banks' net gold and foreign assets	+ 0.8	— 0.7	—	— 0.7	+ 0.7

(1) In these figures the subscriptions to loans issued by the Congo Treasury on the Belgian market are included to the following extent : nil in 1957, minus Fr. 2 billion in the first half of 1958, minus Fr. 2 billion in the second half of 1958 and nil in the first half of 1959.

Altogether the banks' net external assets in the form of claims on the Congo grew by Fr. 0.7 billion during that period.

In the third quarter of 1959 the claims on the Congo declined. This reversal of the movement in comparison with the first half-year is due, amongst other things, to a reduction of the surplus on invisible transactions and an increase in net outgoings in respect of multilateral settlements and official capital. On the other hand the net inflows of private capital were greater.

The National Bank's net gold and foreign assets declined from Fr. 74.1 billion at the end of 1958 to Fr. 65.8 billion twelve months later.

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

These figures exclude certain assets which are not at sight, in particular the claim which the Belgian Government has on the International Monetary Fund for repayment of its quota as a member of that Fund and which the National Bank was authorised by the Law of 19th June, 1959 to show in its accounts, as an asset of its own, to the extent of the notes issued, the credits granted or the

Net Gold and Foreign Assets of the National Bank of Belgium (1)

(in billions of francs)

At end of	Gold Holding	Assets in Convertible Currencies	Net Assets under International Agreements with O.E.E.C. Countries	Other Net Assets or Liabilities	Total	Movement
1956 December	46.2	1.0	9.4 ²	0.3	56.9	} + 0.1 } + 17.1
1957 December	45.8	1.9	8.3 ²	1.0	57.0	
1958 December	63.5	1.5	8.7 ²	0.4	74.1	
1959 January	62.4	1.7	6.8	0.5	71.4	- 2.7
February	61.3	1.1	6.7	0.3	69.4	- 2.0
March	62.3	1.9	5.7	0.3	70.2	+ 0.8
April	63.3	4.3	4.9	0.1	72.6	+ 2.4
May	64.5	3.7	5.0	0.3	73.5	+ 0.9
June	63.5	3.6	4.8	0.3	72.2	- 1.3
July	64.0	3.3	4.5	- 0.2	71.6	- 0.6
August	63.8	3.1	4.4	- 0.4	70.9	- 0.7
September	62.7	3.4	4.3	- 0.1	70.3	- 0.6
October	59.4	3.9	5.3	0.2	68.8	- 1.5
November	57.8	4.0	5.2	- 0.6	66.4	- 2.4
December	56.7	4.4	5.2	- 0.5	65.8	- 0.6

(1) Excluding certain assets which are not at sight, in particular the claim which the Belgian Government has on the International Monetary Fund for repayment of its quota as a member of that Fund and which the National Bank of Belgium was authorised by the Law of 19th June, 1959 to show in its accounts, as an asset of its own, to the extent of the notes issued, the credits granted or the amounts of gold paid by it in favour of the said Fund in relief of the Government.

(2) The claim on the European Payments Union amounted to Fr. 9.7 billion at the end of 1956, Fr. 6.8 billion at the end of 1957 and Fr. 7.8 billion at the end of 1958.

amounts of gold paid by it in favour of the said Fund in relief of the Government. On 31st December, 1959 the claim on the Fund shown by the Bank in its accounts by virtue of these provisions amounted to Fr. 4.4 billion. On the one hand the Bank paid to the Government Fr. 2.9 billion representing the countervalue of the gold and dollars delivered to the Fund and of the Belgian francs appearing on the latter's current account as a result of the subscription of the Belgian quota; the countervalue of the gold and dollars delivered to the Fund, namely Fr. 2.8 billion, was assigned by the Government

to the Securities Stabilisation Fund in order to endow the latter with fresh resources at the time when its functions were widened. On the other hand the Bank paid to the Monetary Fund, in the name of and for account of the Government and in relief of the latter but out of its own resources, Fr. 1.5 billion representing the additional subscription which was to be paid in gold to the Fund and credited to the latter's current account in Belgian francs following the increase of the Belgian quota that was also authorised by the Law of 19th June, 1959.

If the exceptional transaction represented by this payment to the Fund is eliminated as well as another exceptional transaction to be discussed later, namely the repayment to the Bank by the National Industrial Credit Company of the consolidated claims under certain payment agreements, the diminution which other transactions produced in the Bank's net external assets in 1959 was Fr. 6 billion.

On the basis of gross figures the various components of the Bank's net external assets moved as follows.

The gold holding declined from Fr. 63.5 billion in December, 1958 to Fr. 56.7 billion in December, 1959. At the latter date it represented 46.2 % of the sight liabilities against 51.7 % a year earlier.

The assets in convertible foreign currencies, which since December, 1958 have included not only those in American and Canadian dollars but also those in the currencies of most member countries of the European Monetary Agreement, rose from Fr. 1.5 billion at the end of 1958 to Fr. 4.4 billion twelve months later.

The net assets under international agreements with countries of the Organisation for European Economic Cooperation, after consisting up to December, 1958 of the claim on the European Payments Union together with foreign Central Banks' balances cleared in the following month within the Union, have since then comprised the bilateral claims and the debt to Germany assigned to Belgium when the Union was liquidated, the interim advances

granted to Central Banks of European Monetary Agreement member countries, and the Belgian franc assets belonging to the said Central Banks. These net assets of the Bank under international agreements with the countries of the Organisation for European Economic Cooperation fell from Fr. 8.7 billion in December, 1958 to Fr. 5.2 billion in December, 1959.

The Bank's « other net assets or liabilities » include the accounts of international institutions and of the Central Bank of the Belgian Congo and Ruanda-Urundi, as well as the accounts not governed by the European Monetary Agreement or previously by the European Payments Union. Their positive balance, which had been Fr. 0.4 billion at the end of 1958, was Fr. 0.3 billion in June, 1959. Between these two dates the funds specially provided by the National Industrial Credit Company in virtue of the Convention of 14th September, 1954 to finance payment agreements with countries not belonging to the European Monetary Agreement fluctuated around Fr. 0.5 billion. This Convention of 14th September, 1954 was afterwards abrogated and replaced by another concluded on 1st July, 1959 between the Belgian Government, the National Bank and the National Industrial Credit Company. Under this new agreement the financing obligation assumed by the Bank within the framework of the payment agreements concluded with countries not party to the European Monetary Agreement is limited to short-term claims; the National Industrial Credit Company has undertaken to repay, to the extent of up to Fr. 1 billion, any of the Bank's claims which might become contractually immobilised or consolidated for periods greater than 120 days. As a result of replacement of the Convention of 1st July, 1959 by that of 14th September, 1954 the Bank repaid to the National Industrial Credit Company the funds specially provided by the latter, which repurchased from the Bank various consolidated claims under payment agreements; these repurchases explain why the balance of the Bank's « other net assets or liabilities » was negative during certain months in the second half of 1959.

b) **Transactions with the Public Authorities.**

The transactions of monetary institutions and savings banks with public authorities comprise 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.

The monetary financing of the public authorities mainly includes the acquisition of Treasury Certificates by monetary institutions

and the latter's subscriptions to loans issued by public authorities, the recourse by local authorities to credits granted by the Municipal Credit Institution as a monetary institution, the increase in deposits of individuals at the Postal Cheque Office,

and public authorities' sales against Belgian francs of foreign currencies derived from their capital transactions with foreign countries.

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
1957	- 2.1	- 0.5	+ 0.7	- 1.9
1958	+ 5.6	+ 4.1	+ 3.9	+13.6
1959 1st quarter	+ 1.7	+ 2.5	+ 2.1	+ 6.3
2nd »	+ 0.9	+ 1.1	—	+ 2.0
3rd » (p)	- 1.2	- 0.3	+ 0.5	- 1.0
first 3 quarters (p)	+ 1.4	+ 3.3	+ 2.6	+ 7.3

(p) Provisional figures.

For the whole of the first nine months of 1959 the monetary financing of the public authorities increased by Fr. 1.4 billion.

The monetary institutions' operations on the market for public securities include their purchases of securities previously issued; they also include the purchases which the Securities Stabilisation Fund finances with the proceeds of its certificates placed with banks, or which it financed in certain previous years by recourse to the National Bank. Such operations amounted to Fr. 3.3 billion in the first nine months of 1959.

The savings banks, for their part, increased their claims on the public authorities by Fr. 2.6 billion during the same period.

The whole of the transactions with public authorities have as counterpart an increase of Fr. 7.3 billion in the money supply and quasi-monetary liquid resources at banks and savings banks.

These movements need to be placed in relation to the state of the public finances.

Ordinary Budget

The ordinary budget estimates for the 1959 financial year showed a deficit of Fr. 5 billion. This was in line with cyclical policy as expressed in the Law of 19th June, 1959, which created a Permanent Budget Equalisation Fund; the surpluses earned in times

of prosperity are to be paid into this Fund to enable it to finance the deficits in times of depression.

Ordinary Budget
(in billions of francs)

Source : General Budget Statement of Receipts and Expenditure for the 1960 Financial Year.

	Financial Year 1957 (1)	Financial Year 1958 (1)	Financial Year 1959 (2)	Financial Year 1960 (3)
Expenditure	94.1	103.2	112.8	110.6
Receipts	100.0	95.0	101.9	110.6
Balance ...	+ 5.9	- 8.2	- 10.9	—

(1) Final results.
(2) Expenditure : Initial appropriations, amendments and 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.
(3) Budget estimates after reduction of the appropriations now requested, namely Fr. 111.5 billion, by amendments which the Government proposes to introduce.

The actual receipts for the 1959 financial year will probably be about equal to the estimates.

As regards expenditure supplementary

appropriations have been requested for a net amount of Fr. 5.9 billion, including Fr. 0.5 billion to cover expenditure relating to previous financial years. The amount by which the requested appropriations exceed probable receipts is thus Fr. 10.9 billion. But after annulment of certain appropriations which will not have been used by the close of the 1959 financial year the deficit relating to that year will probably be some Fr. 8 billion.

The increase in appropriations results to the extent of Fr. 1.6 billion from subsidies to the National Sickness and Disablement Insurance Fund, and to that of Fr. 2.8 billion from subsidies to the National Employment and Unemployment Office; the number of persons unemployed was greater than foreseen, and the allocations were increased. Other increases relate to education, national defence and pensions.

In comparison with the actual expenditure for the 1958 financial year the appropriations requested for 1959 are up by Fr. 9.6 billion. Through annulment of the appropriations unused at the close of the year this increase will probably be reduced to some Fr. 7 billion, roughly the same as the rise in receipts, which will grow by Fr. 6.9 billion between the two financial years.

The ordinary budget for the 1960 financial year was presented with receipts and expenditure in equilibrium at the level of Fr. 110.6 billion, account having been taken of the reduction of appropriations which the Government intends to propose.

By comparison with the appropriations requested for the 1959 financial year the expenditure contemplated for 1960 shows a decrease of Fr. 1.7 billion. Larger amounts are provided for education (up by Fr. 2.1 billion), for the national debt (up by Fr. 1.5 billion) and for pensions (up by Fr. 0.6 billion), but various other categories are down. Cyclical expansion is expected to reduce by Fr. 2.1 billion the Treasury's contributions in respect of unemployment benefit and the municipalities' work-creating projects for the unemployed. It is expected that structural reorganisation measures will enable the Treasury to reduce its subsidies by Fr. 0.5 billion for the National Sickness and Disablement Insurance Fund, Fr. 0.3 billion for the railways and Fr. 0.2 billion for the coal mines. The Government further proposes to save about Fr. 0.9 billion in expenditure on material for national defence. Finally the budgetary grant to the Autonomous War Damage Fund will be down by Fr. 2 billion as the

result of certain adjustments to be made in the methods of financing that institution.

The estimated receipts for the 1960 financial year exceed by Fr. 8.7 billion the probable receipts for the previous year. This forecast is based on the favourable trend of the business cycle, together with the recent increase in the rate of certain taxes and in postal charges.

**Execution of
Budgets**

The figures mentioned above do not permit the formation of any accurate idea of the effect on the Treasury of the budget expenditure and receipts during a given period. Those quoted below group the expenditure and receipts realised during an identical period for account of different financial years, and eliminate internal transfers.

The deficit resulting from ordinary budget transactions amounted in the first nine months of 1959 to Fr. 6.1 billion, or Fr. 1.3 billion more than in the corresponding period of 1958. The addition to

Execution of Budgets

(in billions of francs)

Source : Information Bulletin of the Ministry of Finance.

	1957	1958	1958 (first 9 months)	1959 (first 9 months)
Ordinary Budget :				
Expenditure	88.0	101.4	75.8	80.4
Receipts	95.8	94.3	71.0	74.3
Balance	+ 7.8	- 7.1	- 4.8	- 6.1
Extraordinary Budget :				
Expenditure	15.3	18.0	13.5	15.0
Receipts	0.3	0.4	0.3	0.2
Balance	- 15.0	- 17.6	- 13.2	- 14.8
Total Budget Surplus or Deficit	- 7.2	- 24.7	- 18.0	- 20.9

receipts resulting from the increase or restoration of certain taxes and duties at the end of 1958 and in the first months of 1959, as well as from business recovery, was smaller than that to expenditure.

The deficit resulting from extraordinary budget transactions rose from Fr. 13.2 to 14.8 billion by reason of the large liabilities contracted in 1958 and 1959.

Altogether the deficit resulting from ordinary and extraordinary budget transactions reached Fr. 20.9 billion, being Fr. 2.9 billion more than in the first nine months of 1958.

The financing of the budget deficit caused an increase in the national debt. National Debt

The direct internal consolidated debt rose from Fr. 175.5 billion at the end of 1958 to Fr. 190.8 billion at the end of 1959; the increase was thus Fr. 15.3 billion against Fr. 5.4 billion in 1958. The Treasury raised three long-term loans for a total amount of Fr. 20.5 billion. The first loan, running for twelve years, was issued in January at 4.75 % and amounted to Fr. 8.2 billion; the second, a fifteen-year 4.75 % loan issued in June, amounted to Fr. 4.1 billion; and lastly the eleven-year 5 % loan placed in September was for Fr. 8.2 billion. In 1958 the Government had issued only one consolidated loan; it had covered the greater part of its budget deficit by borrowing at short and medium term, as well as abroad.

The direct internal medium-term debt declined by Fr. 3.1 billion as a result of repayments and of subscriptions to consolidated loan issues for which payment was made in certificates at three and five years.

On the other hand the short-term direct internal debt increased by Fr. 8.9 billion in 1959. Of the increase Fr. 4.2 billion was due to delivery of Treasury Certificates to the International Monetary Fund in connection with the raising of Belgium's quota. The rest is explained by the fact that the increase in individuals' balances at the Postal Cheque Office, the new subscriptions for certificates by certain

para-statal institutions and the Treasury's drawings on its Fr. 10 billion credit line at the National Bank exceeded the repayments of certificates to the Congo. At the end of 1959 the Treasury had used its credit line at the National Bank to the extent of Fr. 8.2 billion.

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				
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 December	175.5	26.1	96.0	297.6	29.4	327.0	18.6	345.6
1959 January	178.0	25.4	95.0	298.4	29.7	328.1	18.5	346.6
February	182.0	25.4	95.5	302.9	29.7	332.6	18.5	351.1
March	181.7	24.0	98.6	304.3	30.7	335.0	18.5	353.5
April	181.2	24.0	100.6	305.8	33.2	339.0	21.0	360.0
May	181.1	24.0	99.7	304.8	33.9	338.7	20.9	359.6
June	184.7	23.6	97.5	305.8	33.0	338.8	20.9	359.7
July	184.4	22.9	99.9	307.2	33.5	340.7	20.8	361.5
August	184.3	22.7	100.3	307.3	33.9	341.2	20.8	362.0
September	192.3	22.7	93.6	308.6	34.6	343.2	20.8	364.0
October	191.9	22.7	102.5 ⁵	317.1	34.0	351.1	20.7	371.8
November	191.2	22.7	104.1	318.0	34.0	352.0	20.7	372.7
December	190.8	23.0	104.9	318.7	34.2	352.9	20.7	373.6

- (1) Including balances of private account-holders 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 outstanding amount of the item « Current Account of the Public Treasury » which appeared at this date among the assets in the National Bank of Belgium's Balance Sheet.
(5) In October, 1959 short-term Treasury Certificates amounting to Fr. 4.2 billion were handed to the International Monetary Fund in part payment of the increase in Belgium's quota in that institution.

The tendency to expansion of the short-term internal debt which was apparent throughout 1959 was broken by temporary contractions on the issue of consolidated loans in January, June and September. These contractions are explained by the fact that certain holders of Treasury Certificates cashed part of their holding in order to subscribe to the loans, and by the repayments which the proceeds of the loans enabled the Treasury to make to the National Bank.

The external direct debt rose in 1959 by Fr. 4.8 billion, that is by Fr. 1.6 billion more than in 1958. At the end of 1959 it stood at

Fr. 34.2 billion. The floating debt increased by Fr. 4 billion; the subscriptions for certificates in foreign currency exceeded the repayments effected by the Treasury on, amongst other things, the credit for 60 million dollars which had been granted to it in 1958 by American banks. The consolidated debt increased by Fr. 0.7 billion; in April the Treasury placed a fifteen-year 5.25 % loan for 22.25 million dollars on the American market; it also received 139 million Belgian francs out of the fifteen-year 5.75 % loan for 10 million dollars contracted in 1957 with the International Bank for Reconstruction and Development.

Altogether the direct debt increased by Fr. 25.9 billion in 1959. On comparing this increase with that of Fr. 21.4 billion recorded in the previous year one must bear in mind that to the extent of Fr. 4.2 billion it is due to the enlarging of Belgium's quota in the International Monetary Fund.

The indirect debt rose from Fr. 18.6 billion at the end of 1958 to Fr. 20.7 billion at the end of 1959; in April the Road Fund issued a twelve-year 4.75 % loan for Fr. 2.5 billion.

The monetary financing of the public authorities amounted to Fr. 1.4 billion for the whole of the first nine months of 1959.

Monetary Financing
of the Public
Authorities

In the case of the Treasury the credit received from monetary institutions showed little increase, at least for the period as a whole.

In the first quarter such credit grew by Fr. 1.2 billion; the increase in lendings by the National Bank and the other banks was offset only in part by the seasonal decrease of individuals' balances at the Postal Cheque Office. In the second quarter the lendings of monetary institutions to the Treasury increased by a further Fr. 0.3 billion, the fresh lendings by banks and the addition to individuals' balances on

Postal Cheque Accounts having exceeded the repayments to the National Bank. But in the third quarter the direct financing of the

Monetary Financing of the Public Authorities

(changes in billions of francs)

Period	Treasury		Other Public Authorities	Total
	Credit Received from Monetary Institutions	Capital Transactions with Foreign Countries		
1957	- 1.1	+ 0.6	- 1.6	- 2.1
1958	+ 4.3	+ 1.4	- 0.1	+ 5.6
1959 1st quarter	+ 1.2	+ 0.1	+ 0.4	+ 1.7
2nd »	+ 0.3	- 0.5	+ 1.1	+ 0.9
3rd » (p)	- 1.4	+ 0.3	- 0.1	- 1.2
first 3 quarters (p)	+ 0.1	- 0.1	+ 1.4	+ 1.4

(p) Provisional figures.

Treasury by monetary institutions declined by Fr. 1.4 billion to practically its December, 1958 level; decreases took place in individuals' balances at the Postal Cheque Office and more particularly, as a result of the September loan issue, in the Treasury's

recourse to the National Bank.

The Treasury's capital transactions with foreign countries were virtually in balance for the first nine months of 1959 as a whole.

As regards public authorities other than the Treasury the amount of monetary financing rose by Fr. 1.4 billion between December, 1958 and September, 1959.

Operations by Monetary Institutions on the Market for Public Securities

The money creation resulting from operations by monetary

Operations by Monetary Institutions on the Market for Public Securities

(in billions of francs)

Period	Purchases of Public Securities on the Market	Through the Securities Stabilisation Fund	Total
1957	+ 1.2	- 1.7	- 0.5
1958	+ 1.9	+ 2.2	+ 4.1
1959 1st quarter	+ 1.3	+ 1.2	+ 2.5
2nd »	+ 0.2	+ 0.9	+ 1.1
3rd » (p)	+ 0.1	- 0.4	- 0.3
first 3 quarters . (p)	+ 1.6	+ 1.7	+ 3.3

(p) Provisional figures.

institutions on the market for public securities amounted to Fr. 3.3 billion for the first three quarters of 1959 together.

In the course of that period the purchases of public securities on the market by the National Bank,

the other banks and the Belgian Monetary Fund reached a total of Fr. 1.6 billion. Such purchases, after having totalled Fr. 1.3 billion in the first quarter, afterwards greatly slowed down.

Monetary institutions' transactions through the Securities Stabilisation Fund on the market for public securities amounted to Fr. 1.7 billion for the whole of the first nine months of 1959.

The Law of 19th June, 1959 explicitly authorised the Securities Stabilisation Fund to buy and sell public short-term securities so as to enable it to conduct open market policy on the market at short term, as it was already able to do on that at long term.

With the same object the Fund's means of action were supplemented. They now comprise the proceeds of the certificates which the Fund places with banks, and of which the outstanding amount rose in 1959 because of the increase in the banks' current liabilities during a period when the demand for commercial credit remained small; the Fr. 2.8 billion resulting from the National Bank's taking over Belgium's gold subscription to the International Monetary Fund; possible recourse to the market for money at very short term; and a Fr. 2 billion credit line which is open at the National Bank, but only for the Fund's open market transactions, to the exclusion of systematic support of quotations for the benefit of the Treasury.

In agreement with the National Bank, and in addition to the measures which it is called upon to adopt within the limits of its own functions, the Fund is henceforth to take steps to adapt interest rates and total liquid resources to the different phases of the economic cycle.

c) Transactions with the Private Sector ⁽¹⁾.

The credits distributed by the monetary system and savings banks to the private sector include not only all the credits by way of discount,

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

advance and acceptance granted at the outset by monetary institutions to business and private customers residing in Belgium, but also the credits directly granted by savings banks. A large part of the credits initially granted by the monetary system are financed by the monetary institutions themselves. The balance is mobilised at public or private institutions such as savings banks, the National Industrial Credit Company, insurance companies and foreign banks.

The credits financed by the savings banks thus include, in addition to the direct loans which they have granted to the private sector, the part which they have assumed of the credits distributed by monetary institutions.

**Outstanding Amount of 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
1957	+ 3.3	+ 5.8	+ 9.1	- 0.5	+ 8.6
1958	- 8.4	+ 8.1	- 0.3	+ 1.4	+ 1.1
1959 1st quarter	+ 1.4	+ 2.0	+ 3.4	- 2.5	+ 0.9
2nd »	- 0.4	+ 2.0	+ 1.6	+ 0.3	+ 1.9
3rd » (p)	+ 0.3	+ 1.5	+ 1.8	+ 0.1	+ 1.9
first 3 quarters (p)	+ 1.3	+ 5.5	+ 6.8	- 2.1	+ 4.7

(p) Provisional figures.

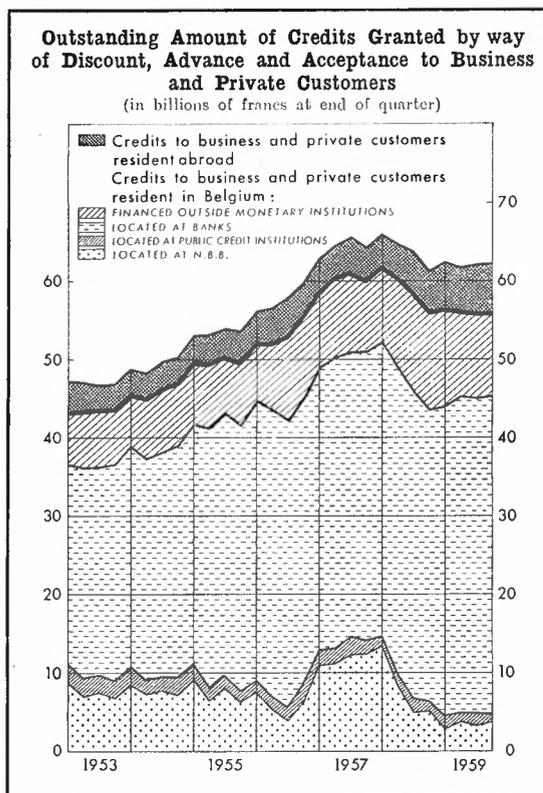
(1) Banks, National Bank of Belgium, National Fund for Credit to Trade and Industry, and Rediscount and Guarantee Institute so far as it finances its bill holding by recourse to the institutions mentioned.

(2) General Savings Fund and private savings banks.

The outstanding total of credits granted to the private sector by monetary institutions and savings banks increased by Fr. 4.7 billion during the first three quarters of 1959. The outstanding amount financed by monetary institutions rose by Fr. 1.3 billion, and that financed by savings banks by Fr. 5.5 billion; that financed outside such institutions declined on the other hand by Fr. 2.1 billion.

The outstanding amount of the credits which monetary institutions initially granted by way of discount, advance and acceptance to business and private customers residing in Belgium decreased by Fr. 0.5 billion in the first nine months of 1959; the credits financed outside monetary institutions were reduced by Fr. 1.8 billion, while as stated earlier those financed by such institutions increased by Fr. 1.3 billion. The credits located at the National Bank expanded by Fr. 0.6 billion, whereas they had contracted by Fr. 10.5 billion in 1958; those located at other banks rose by Fr. 0.8 billion; on the other hand the amount outstanding at public credit institutions fell by Fr. 0.1 billion.

Credits Granted
by Monetary
Institutions



Outstanding Amount of Credits Granted by way of Discount, Advance and Acceptance to Business and Private Customers
(changes in billions of francs)

Period	Credits Granted to Business and Private Customers Resident in Belgium						Credits Granted 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			
1957	+ 1.4	- 0.8	+ 2.7	+ 3.3	- 0.3	+ 3.0	+ 0.1
1958	+ 1.7	+ 0.4	- 10.5	- 8.4	+ 3.2	- 5.2	+ 1.6
1959 1st quarter	+ 0.8	- 0.2	+ 0.8	+ 1.4	- 1.8	- 0.4	- 0.3
2nd »	- 0.4	+ 0.6	- 0.6	- 0.4	+ 0.3	- 0.1	+ 0.5
3rd »	+ 0.4	- 0.5	+ 0.4	+ 0.3	- 0.3	—	+ 0.2
first 3 quarters ...	+ 0.8	- 0.1	+ 0.6	+ 1.3	- 1.8	- 0.5	+ 0.4

The outstanding amount of credits which monetary institutions initially granted by way of discount, advance and acceptance to business and private customers residing abroad grew by Fr. 0.4 billion between December, 1958 and September, 1959.

Creditexport

In August, 1959 there was formed, under the name of « Creditexport », a non-profit association designed to coordinate the medium-term financing of Belgian exports. The object of this association, which has taken the place of « Cofinex », is to examine such requests for assistance as are submitted to it and to express an opinion regarding them.

The contracting parties, namely certain banks and public-sector credit institutions, signed a protocol which created a financing fund fed by commitments of the said establishments to a total amount of Fr. 4,750 million.

The signatories undertook to submit for the association's opinion all requests addressed to them for the financing of capital goods to the extent of Fr. 5 million or more. They further undertook to finance jointly, within the framework of the fund and in stated proportions, such transactions as satisfy a number of conditions relating to the duration of the financing and to the terms of payment, and in respect of which the association has expressed a favourable opinion.

The financing takes the form of rediscounting by the participants as a whole, each to the extent of its quota in the fund, of bills drawn by the exporter. The National Industrial Credit Company acts as leader of the syndicate. The discount rate at which the financing is done is periodically determined by the signatories.

**Credits Granted
by the Banks**

The total amount of discount credits granted by banks and actually used by the beneficiaries fell from Fr. 27.9 billion in

November, 1958 to Fr. 27 billion a year later; the bills held increased by Fr. 0.2 billion, and those rediscounted were down by Fr. 1.1 billion. The advances, which were up by Fr. 2.5 billion, reached Fr. 23.6 billion in November, 1959.

The outstanding total of certified bank and commercial acceptances representing exports

rose from Fr. 3.9 billion in November, 1958 to Fr. 4.1 billion a year later.

Banks :
Outstanding Amount 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 Rediscounted		
1956 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 November	18.1	9.8	21.1	49.0
December	18.4	9.6	22.1	50.1
1959 January	16.9	10.4	22.2	49.5
February	16.0	10.5	22.6	49.1
March	18.0	8.5	23.0	49.5
April	18.1	8.6	23.3	50.0
May	17.4	9.7	23.2	50.3
June	17.5	9.3	23.7	50.5
July	17.1	9.5	23.6	50.2
August	17.4	9.0	23.6	50.0
September	17.4	8.8	24.0	50.2
October	19.3	8.4	23.3	51.0
November	18.3	8.7	23.6	50.6

(¹) Including bank acceptances located in banks.

Outstanding Amount of 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		
1956 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 November	3.6	3.3	0.6	2.7	10.2
December	4.1	3.3	0.5	2.9	10.8
1959 January	4.1	3.2	0.5	2.7	10.5
February	3.9	3.1	0.5	2.7	10.2
March	3.6	3.2	0.5	2.6	9.9
April	3.2	3.2	0.5	2.6	9.5
May	3.3	3.4	0.5	2.3	9.5
June	3.6	3.7	0.5	2.1	9.9
July	3.7	3.6	0.4	2.3	10.0
August	3.8	3.5	0.4	2.3	10.0
September	3.9	3.7	0.4	2.5	10.5
October	4.2	3.7	0.3	2.6	10.8
November	4.2	3.8	0.3	2.9	11.2

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

The outstanding total of certified acceptances representing imports increased by Fr. 0.6 billion between November, 1958 and November, 1959. During this period the outstanding amount of the acceptances in foreign currencies dropped by Fr. 0.3 billion as a result of the rise shown by rates in the United States.

Commercial Bill
Holding of the
Rediscount and
Guarantee Institute

The Rediscount and Guarantee Institute's commercial bill holding increased from Fr. 4.1 billion in December, 1958 to Fr. 5.5 billion

Rediscount and Guarantee Institute

(in billions of francs)

At end of	Commercial Bill Holding	Financed by		Rediscount at N.B.B.
		Money Borrowed at Very Short Term		
		Clearing Funds	Non-clearing Funds	
1956 December .	6.0	1.9	—	3.8
1957 December .	5.7	0.9	—	4.3
1958 December .	4.1	1.5	0.9	1.4
1959 January ...	4.0	1.8	0.9	1.0
February .	4.9	1.7	0.3	2.5
March	3.7	1.5	0.7	1.2
April	3.2	1.6	0.6	0.8
May	4.0	1.7	0.6	1.4
June	4.9	1.7	0.9	2.1
July	3.8	1.6	1.1	1.0
August ...	3.6	1.2	0.8	1.3
September .	4.5	0.9	0.4	2.9
October ...	3.8	1.3	0.4	1.9
November .	4.2	2.9		1.1
December .	5.5	2.4		2.8

twelve months later. During 1959 borrowings of money at very short term still represented the Rediscount and Guarantee Institute's chief means of financing its commercial bill holding. The Institute was however obliged to rediscount at the National Bank on a greater scale than in the previous year; its

daily total of rediscounts outstanding rose from an average of Fr. 0.2 billion in 1958 to one of Fr. 0.6 billion in 1959. Following the changes in the official discount rate on 8th January and 24th December the Institute adjusted the rates which it applies to acceptances representing imports or exports.

Commercial Bill
Holding and
Advances of the
National Bank

Because of the large means of action available to the banks, and the relatively small demand for credit on the part of business and

private customers, the National Bank's commercial bill holding remained at a very low level during the greater part of 1959; on 31st December it rose to Fr. 7.6 billion.

The National Bank's advances against pledged security, which had amounted to Fr. 0.5 billion at the end of 1958, increased in 1959; at the end of that year, however, they were only Fr. 0.1 billion.

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

(in billions of francs)

On 8th January, 1959 the National Bank lowered by 0.25 % its rates for discounting and advances, except the one for advances on certificates of the Securities Stabilisation Fund and on Treasury Certificates issued at not more than one year's maturity, this rate having remained

At end of	Commercial Bills	Advances against Pledged Security	Total
1956 December	11.4	0.5	11.9
1957 December	14.4	2.7	17.1
1958 December	4.1	0.5	4.6
1959 January	3.4	0.8	4.2
February	5.0	1.2	6.2
March	4.0	0.9	4.9
April	3.1	0.9	4.0
May	3.7	0.8	4.5
June	4.0	1.6	5.6
July	3.8	1.2	5.0
August	3.3	1.6	4.9
September	4.9	1.2	6.1
October	3.7	1.6	5.3
November	3.1	0.9	4.0
December	7.6	0.1	7.7

equal to that of the said certificates plus 5/16 %. On 24th December the rates of discount for accepted bills, warehouse warrants and certified bank acceptances were increased by 0.75 %, those for unaccepted bills by 0.50 %, and the rate for advances on public securities issued at over one year's maturity by 0.25 %.

*
* *

The public authorities' internal market borrowings, which had reached a nominal amount of Fr. 26.6 billion in 1958, amounted to Fr. 30.3 billion in 1959. The Government's gross issues rose from

Loan Issues and Borrowings at Medium and Long Term

Fr. 18.2 billion in the former year to Fr. 20.5 billion in the latter; it is interesting to observe that at the same time the repayment and amortisation of securities representing direct and indirect public internal debt and quoted on the stock exchange declined from Fr. 10.3 to 7.6 billion. Loans were placed by the Road Fund for Fr. 2.5 billion, by the City of Antwerp for Fr. 0.7 billion, by the City of Liège for Fr. 0.4 billion, by the Belgian National Railways Company for Fr. 2.7 billion, by the Telegraphs and Telephones Board for Fr. 1.5 billion and by the National Industrial Credit Company for Fr. 2 billion.

The net issues of shares and bonds by Belgian and Congo industrial and trading companies reached Fr. 3.5 billion for the first eight months of 1959 together, as against Fr. 2.5 billion in the corresponding period of 1958.

The outstanding amount of bonds and medium-term notes issued by banks increased by Fr. 0.3 billion in the first eleven months of 1959; in the corresponding period of 1958 they had increased by Fr. 1.6 billion.

The amount of mortgages registered, as calculated on the basis of the duties collected, was Fr. 23.1 billion for the first eleven months of 1959; this represents an increase of Fr. 3.9 billion as compared with the corresponding period of 1958.

Interest Rates

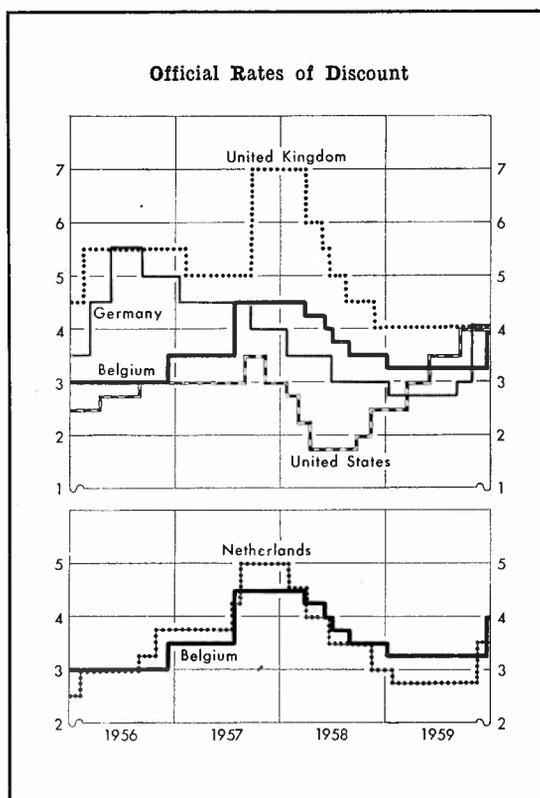
The decline of interest rates which had occurred in the previous year continued at the beginning of 1959. Thereafter a certain upward tendency appeared. It became more marked towards the end of the year as a result of the rate increases which had taken place abroad.

The changes made by the National Bank in its discount and advance rates have already been described. At the end of the year the rate for accepted bills payable at a bank was 4 %, being thus at

the same level as the discount rates in the United Kingdom, the United States, France and Germany, while exceeding the discount rate in the Netherlands by 0.50 %.

Since their creation in November, 1957 the four-month Treasury Certificates of Tranche B of the special loan and the certificates of the Securities Stabilisation Fund had carried interest at the National Bank's discount rate for accepted bills payable at a bank, less 0.75 %; the certificates of Tranche B and those of the Securities Stabilisation Fund have been issued or renewed on maturity at 3.75 % since 1st January, 1960, and this will continue as long as the said rate of the National Bank remains at 4 %. This fact has permitted upward adjustment of the scale of rates allowed on time deposits at banks in Belgian francs.

The call money rate fell from 1.10 % in December, 1958 to 1 % in January; apart from a slight temporary rise in February it remained at that level until the reform of the market for money at very short term on 17th November. Since that reform there has been only one single market, whereas previously there had been a market for clearing funds and another for non-clearing funds. In addition to the transactions which are effected freely during the day between all the participants a session of the market for money at very short term is held to close and settle the clearing. A feature of



this new market is that the loans are covered by material securities. This provision enabled the Banking Commission to permit an

exception from the rule as to banks' reserve ratios with a view to making it easier for them to operate in the market.

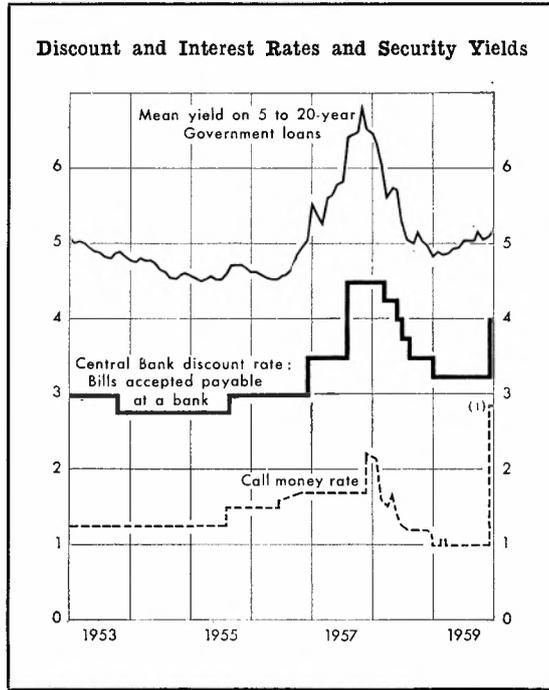
In virtue of this exception the call money loans granted to public credit institutions and the similar advances granted to other borrowing institutions will henceforth

be treated on the same footing. After these various changes the rates fluctuated according to the state of supply and demand, while remaining steadily above the

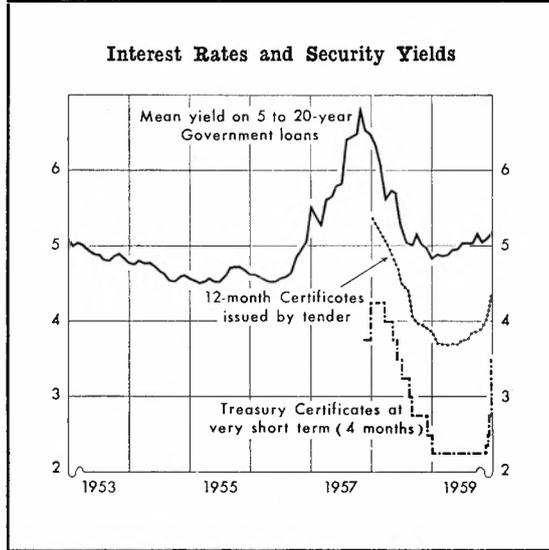
level of previous months; the call money rate which is established at the close-of-clearing session, and which of course does not necessarily correspond with the rates established during the day,

reached a peak of 2.90 % on 27th November; on 16th December it fell back to 1.60 %, after which it recovered, and on 31st December stood at 2.85 %.

The rate for very short-term four-month Treasury Certificates, which was 2.50 % in December, 1958, declined in January to 2.25 % and remained



(1) From 17th November, 1959 onwards the rate established at the closing session for clearing funds on the last day of the month.



at that level until October; since then it has progressively risen to 3.50 %.

The average rate for twelve-month Treasury Certificates, which had been 3.86 % at the January tender, declined during the first quarter and was only 3.696 % at the tender in April. Thereafter it rose each month until it reached 4.354 % in January, 1960.

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)	Time Deposits at Banks 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)
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 December	3.50	2.75	1.75	1.10	2.50	3.86	4.85
1959 January	3.25	2.50	1.60	1.00	2.25	3.714	4.90
February	3.25	2.50	1.60	1.05	2.25	3.700	4.87
March	3.25	2.50	1.60	1.00	2.25	3.696	4.88
April	3.25	2.50	1.60	1.00	2.25	3.700	4.95
May	3.25	2.50	1.60	1.00	2.25	3.701	4.97
June	3.25	2.50	1.60	1.00	2.25	3.741	5.04
July	3.25	2.50	1.60	1.00	2.25	3.750	5.04
August	3.25	2.50	1.60	1.00	2.25	3.850	5.04
September	3.25	2.50	1.60	1.00	2.25	3.861	5.18
October	3.25	2.50	1.60	1.00	2.25	3.900	5.06
November	3.25	2.50	1.60	2.85 ⁵	2.50	4.067	5.11
December	4.00	3.25	1.60	2.85 ⁵	3.50	4.354	5.19

(1) Since the money market reform in November, 1957. The relationship between these rates and the Central Bank discount rate was altered in January, 1960.

(2) Certificates which the banks may include in the partial cover for their liabilities at not more than one month. The outstanding amount 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.

(5) Rate established at the closing session for clearing funds.

The average yield on Government five to twenty-year loans, which had been 4.85 % in January, 1959, rose to 4.90 % in February; after having fallen to 4.87 % in March it tended upwards during the rest of the year, reaching 5.19 % in January, 1960. In a parallel movement the average yield on issue rose from 4.98 % for the Government loan in January to 5.05 % for that in June and 5.14 % for that in September.

On the market for cash dealings in dividend-bearing securities the total turnover in 1959 was greater than that recorded in 1958.

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

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

Period	Index of Quotations (Basis 1953 = 100) (1)	Total Dealings per month (in billions of francs) (2)
1957	155	1.1
1958	135	0.7
1959	137	1.1
1959 January	136	1.5
February	135	1.1
March	132	0.9
April	137	1.2
May	142	1.2
June	140	1.2
July	140	1.1
August	143	1.0
September	136	0.9
October	137	1.1
November	135	1.1
December	133	1.0

(1) Brussels and Antwerp Stock Exchanges. In 1957 the average for the 1st and 15th of each month; in 1958 and 1959 the average for the 10th and 25th of each month.

(2) Brussels Stock Exchange.

The overall index of quotations rose from an average of 135 in 1958 to one of 137 in 1959. During that year it showed movements in different directions; the largest were falls in March and September, and rises in April and May. The movements in quotations for certain securities, however, were more uniform. The prices for securities of Congo and

coal mining companies declined almost constantly during 1959; on the other hand those in the textile and glassmaking categories rose virtually without interruption throughout that year.

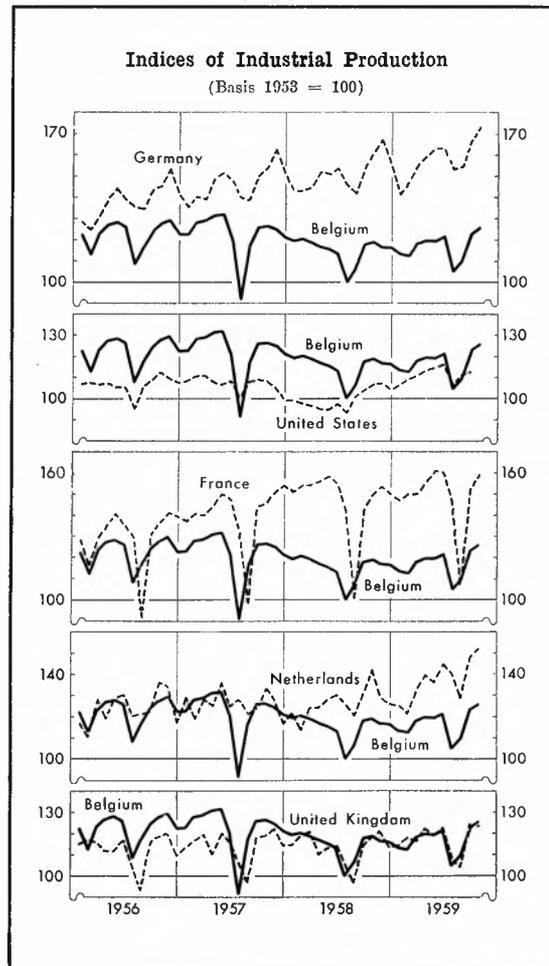
ECONOMIC ACTIVITY AND PRICES

During 1959 industrial activity in Belgium continuously grew. From April onwards the overall industrial production index was above the corresponding levels for the previous year; in October the increase reached 6 % in comparison with that month in 1958.

If one disregards the coal industry, which is going through a very serious structural crisis, the recovery of activity appears both faster and greater. In relation to the reference year 1953 the index of manufacturing production fell from the cyclical peak of 135 reached in the second quarter of 1957 to a low point of 120 in the second quarter of 1958, afterwards rising again to 135 last September and October.

The Belgian manufacturing industries found support in the favourable trend of industrial production abroad, both in North America and in Western Europe.

**Industrial
Production**



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 serious difficulties facing the coal industry have become no less acute. Rapid expansion of the use of new sources of power in Western Europe has caused disequilibrium between the supply of and demand for coal. Within the European Economic Community this has given rise to very keen competition, to further stockpiling and to the closing down of operating units.

The recovery of industrial activity gave rise to only a small increase in the apparent consumption of coal; for the first ten months of the year this rose from 22.9 million tons in 1958 to 23.5 million in 1959. The coking plants, electric power stations, cement and glass works increased their purchases; the consumption of house coal remained stationary.

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)
1953	2,505	766
1957	2,424	838
1958	2,255	841
1958 3rd quarter	2,046	835
4th »	2,155	859
1959 1st quarter	1,901	867
2nd »	1,937	901
3rd »	1,727	900
4th » . (p)	2,015	

(p) Provisional figures.

consequence, amongst other things, of restrictive measures adopted by the public authorities. During the same period however the deliveries of Belgian coal to foreign markets, including the Grand Duchy of Luxemburg, dropped from 2.6 million tons in 1958 to 2.1 million in 1959. The contraction relates especially to shipments to France. It is explained by the uncompetitive prices for certain kinds of Belgian coal, and by the glutting of the coal market in Europe.

Output was reduced from 27.1 million tons in 1958 to 22.8 million in 1959. The mines hastened the closing of unprofitable pits; the decrease in production capacity, after being 1.5 million tons in 1958, reached 2.5 million in the following year. It was

accompanied by a reduction in the total number of registered workers from 138,600 at the beginning of 1959 to 120,100 at the end of the year. Despite these measures it was impossible to avoid an increase in part-time working, the average number of days worked per month having fallen from 21.5 in 1958 to 18.2 in 1959. The mines' pithead stocks reached a maximum of 7.7 million tons in July; at the end of the year they were back to 7.5 million tons, against 6.9 million at the end of 1958.

Marketing difficulties and pressure of competition caused the coal industry to reduce coal selling prices more than once, at the beginning of January, in mid-June and in December. The total average reduction amounts to 6 % since the beginning of the year.

The extent of the over-production crisis in the coal industry has stimulated efforts to correct the industry's structural deficiencies. Reorganisation plans worked out by a group of experts, and approved by the National Coal Mines Council, have been progressively applied. They provide for closing unprofitable pits, as well as for concentrating and rationalising those operating units which seem capable of integration into the common market. Following the putting into execution of the programmes for ordering and reorganising the Belgian coal industry the High Authority of the European Coal and Steel Community authorised the Belgian Government, by a decision of 31st July, 1959, to grant subsidies to such coal enterprises as might prove profitable after the rationalising of their operations. This financial aid is however subject to two limitations : it must not exceed a certain amount, fixed at Fr. 926 million for 1959, and it may relate only to 8 million tons of mined coal.

Apart from this the High Authority and the Government up till the end of May paid a subsidy to certain coal mines with a view to lightening the financial burdens which result from accumulation of stocks. The High Authority has continued to contribute financially towards the costs of retraining workers thrown out of employment

by the closing of certain mines in connection with the measures for reorganising the coal industry. From the end of May to the beginning of January, 1960 it furthermore granted to partly unemployed miners financial assistance corresponding to 20 % of their normal wage. On 15th December the special Council of Ministers decided that from 1st January, 1960 onwards this assistance ought to be made degressive.

On the same date the Council indicated its agreement to the High Authority's applying Article 37 of the Treaty.

In execution of this Article Royal Decrees of 30th December, 1959 authorised the Minister for Economic Affairs to centralise coal imports, to supervise bargains concluded both on importing and on exporting, and to forbid the mines to dispose of more than 20 % of their stocks existing on 31st December; besides this the Minister may propose to the High Authority a limitation of amounts mined and of prices. In return Belgium undertook to reduce production capacities on the lines of the reorganisation plans.

Coking Plants

Thanks to recovery in the steel industry the output of coke for the first ten months rose from 5.7 million tons in 1958 to 5.9 million in 1959. The increase of internal demand outweighed the reduction of exports to France and the Scandinavian countries, where European competitors are contesting the market.

The prices for Belgian coal having declined, the coking plants reduced those for blast-furnace coke by 4.5 % as from July.

Electricity

The increase in the consumption of electric power from the second quarter of 1959 onwards reflects the improvement in economic activity. By comparison with last year it averages about 2.5 %.

With the support of the Committees of Management and of Control the electricity industry has continued to concentrate production in the most profitable power stations, and to rationalise the distribution networks. It has moreover effected further investments in pursuance of the capital development plan, which provides for building production units all of which will have an output greater than 100,000 kW.

The prices of electric power have been reduced since the beginning of the year by 5 % for domestic current and by about 8 % for industrial current. Consumers of high-voltage electricity are benefiting from a further 14 % price reduction as from 1st January, 1960.

The expansion of the petroleum refineries' output became definitely slower in 1959. Internal demand lost some of its strength as the result, amongst other things, of the rise produced in prices of the main petroleum products by the increase in excise duties at the beginning of April.

Mineral Oils

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 (1)
	(Millions of litres)	(Thousands of tons)		
1953	307.7	78.5	111.6	65.9
1957	519.5	130.2	172.6	104.2
1958	629.7	153.6	216.2	131.3
1958 3rd quarter	643.5	152.9	220.8	138.5
4th »	674.4	154.6	250.4	141.5
1959 1st quarter	675.5	158.0	237.2	119.6
2nd »	668.8	162.2	208.9	127.3
3rd »	631.0	157.8	178.3	105.0
October	577.2	133.3	197.6	106.1
November	578.2	135.5	263.1	96.8

(1) From 1959 onwards the number of litres converted to weights at the rate of 1 litre = 840 grammes.

Sales of petrol showed hardly any increase, but allowance should be made for a rise in the liquefied gas content. The raising of the

duty seems to have quickened the replacement of large cars by vehicles consuming less. As regards gas oil the exceptional mildness of the weather reduced the demand for house-heating purposes. Sales of fuel oil showed little increase despite the economic recovery. This fact seems to reflect rationalising of consumption. At the same time the electric power stations have done a good deal to replace fuel oil by coal. On the other hand the consumption of petroleum gases, which were exempt from excise duty up to the end of November, has spread rapidly both in industry and in transport.

Exports as a whole made further progress, the increase in sales of gas oil having outweighed the decrease in deliveries of other petroleum products. The Belgian refineries enlarged their sales in Western Germany, but most of the other external markets contracted. World over-production of petroleum is causing keen competition, aggravated by the appearance on West European markets of Soviet and Roumanian mineral oils sold at highly competitive prices. The result has been further falls in world quotations, which have led to a decline in fuel oil and gas oil prices on the Belgian market after a previous rise due to the raising of the excise duties. At the end of November however a fresh increase in the rates of duty reversed the tendency of prices.

Steel Industry

The position of the steel market was favourably influenced by cyclical recovery in Europe, and by the strike which paralysed the United States' steelworks for more than three months. The increase in orders which had been apparent from the last quarter of 1958 onwards continued in 1959. It caused rapid growth of activity; for the whole year the output of crude steel reached 6.4 million tons, representing a new peak higher by 7 % than the 1958 production.

The better tendency of the steel market was reflected in improved quotations. Between January and November, 1959 those for

merchant steels sold outside the European Coal and Steel Community seem to have risen from about Fr. 4,200 to 5,500 per ton, being a rise of the order of 30 %. Even greater rises appear to have been recorded in the case of products in special demand among users, such as certain kinds of plates and ferroconcrete bars. The Brussels Entente, which had for a time refrained from fixing maximum prices, has several times notified standard prices to its members for exports to countries outside the E.C.S.C. Price rises were also recorded for sales inside the E.C.S.C.; the average scale price for merchant steels rose from Fr. 5,170 per ton at the beginning of the year to Fr. 5,360 at the end of December.

Production of Crude and Finished Steel
(in thousands of tons)

Source : National Statistical Institute.

Monthly Average for	Crude Steel	Finished Steel
1953	369	280
1957	523	371
1958	501	350
1958 3rd quarter	491	331
4th »	500	363
1959 1st quarter	492	362
2nd »	531	391
3rd »	533	369
October	619	442

Prices for the steel industry's chief raw materials, coking coal and ores, have continued to decline. Those for scrap rose on the other hand by about 40 %.

Exports of Steel Products

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

The quantity of pig iron, cast iron and steel exported in the first ten months rose by 8.2 % between 1958 and 1959, but the value was down by 0.7 %, since the rise in quotations produces its effect on the export figures only with some delay.

Monthly Average for	Thousands of tons	Millions of francs
1953	344	1,903
1957	472	3,142
1958	478	2,785
1958 3rd quarter	479	2,650
4th »	487	2,709
1959 1st quarter	472	2,516
2nd »	524	2,777
3rd »	504	2,728
October	541	3,060

Exports to common market countries for the first ten months increased in quantity by 13.8 % between the two years. This percentage results from increases of 48.7 %, 40.7 % and 29 % respectively in exports to Western

Germany, the Netherlands and Italy, and a decrease of 35.1 % in those to France. Shipments to the United States were almost doubled. The share of Western Germany in the exports was 17.1 %, and that of the United States 18.9 %. As regards overseas markets attention may be drawn to the contraction of sales in the Congo, Argentina and India.

Metal Manufactures

The economic recovery appeared later in metal manufactures than in most other industries. For the first ten months of the year the average production index, calculated on the basis of 1953, was

Metal Manufacturing Industry Production

Source : Economic and Social Research Institute.

Period	Index (basis 1953 = 100)
1953	100.0
1957	134.6
1958	126.6
1958 3rd quarter ...	117.7
4th » ...	127.0
1959 1st quarter ...	126.3
2nd » ...	135.1
3rd » ...	125.6
October	140.3

130 against 127 in the corresponding period of 1958. Under the effect of recession the persons employed fell from a maximum of 208,000 in September, 1957 to a minimum of 172,500 in February, 1959. From then onwards the total number of workers began to recover; by October it had reached 179,000.

The position appears more favourable when the movement of incoming orders is examined. The amount of orders

booked has been recovering since the end of 1958; for the first ten months of 1959 it was above the level for the corresponding period of the previous year by 18 %. The bookings showed large increases at wire mills, in plate manufacture, in the automobile and electrical engineering industries. From the start of the year onwards the lag in orders by comparison with deliveries was almost completely made up. The increase in demand was more marked for export than on the home market, although large orders were given by the Belgian National Railways Company and the Ministry of National Defence; the persistence of the coal crisis adversely affected the booking of orders for capital goods intended for coal mines.

The output of primary products, as well as of automobiles and bicycles, increased; it was maintained at a high level in the electrical equipment industry. On the other hand activity is still low in the industries producing transport material, machinery and industrial apparatus, and in ship repairing; this latter industry was moreover paralysed by a strike for more than three months during the year.

For the first ten months total deliveries were down by 2 % in comparison with the corresponding period of 1958. Exports

however rose by 2.9 % in value between 1958 and 1959. Sales to the common market countries slightly increased, the rise in deliveries to the Netherlands and Italy having largely offset the fall in those to France and Western Germany. Shipments

to the United Kingdom were more than doubled, while those to the United States increased by half. Sales to the Congo were on the other hand greatly reduced.

A concentration movement is taking place in several sections of this industry with a view to adapting enterprises to the new terms of competition within the common market.

The output of the non-ferrous metals industry has been recovering since the end of 1958. For the first eleven months of 1959 in comparison with the corresponding period of the previous year it was up by 6.9 % in the case of raw metals and by 3.2 % in that

Metal Manufactures

(in millions of francs)

Sources : National Statistical Institute — Fabr metál.

Monthly Average for	Orders Booked	Deliveries to	
		External Markets	Internal Market
1953	4,195	1,639	3,048
1957	6,134	2,366	4,267
1958	5,425	2,366	4,256
1958 3rd quarter	5,042	2,255	3,927
4th »	5,499	2,456	4,348
1959 1st quarter	6,275	2,252	4,078
2nd » (p)	6,696	2,601	4,196
3rd » (p)	5,780	2,343	3,831
October (p)	7,361	2,514	4,442

(p) Provisional figures.

Non-ferrous Metals

of semi-finished products. The increase was in raw copper and zinc. On the other hand the lead foundries were handicapped by shortage

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	
1953	12.5	16.1	6.4	0.82	12.8
1957	12.7	19.6	8.3	0.79	16.2
1958	12.9	17.9	8.0	0.76	16.6
1958 3rd quarter ...	13.3	16.3	7.1	0.70	15.2
4th » ...	13.9	17.6	9.4	0.52	17.8
1959 1st quarter ...	14.9	18.3	7.7	0.61	15.8
2nd » ...	14.3	19.0	8.3	0.52	17.0
3rd » ...	17.1	17.6	6.6	0.53	16.2
October ... (1)	16.9	18.6	6.4	0.57	19.6
November (1)	16.3	19.2	7.0	0.50	18.5

(1) Moving quarterly average for the raw metals.

of lead ores, while the tin foundries were obliged greatly to slow down their output because of the reduction in supplies of cassiterite resulting from restrictions ordered by the International Tin Council.

Besides its traditional forms of production the Belgian industry is developing

its research and activity in the field of rare metals such as uranium, germanium, selenium, tantalum and niobium.

Being based mainly on commission processing, the non-ferrous metals industry did not feel the full effect of changes in world quotations. These quotations have incidentally improved in tendency thanks to the increase of demand, to strikes and to voluntary restricting of production.

The quotation for electrolytic copper at London rose from £ 221 per long ton on 2nd January, 1959 to £ 254 at the end of the year. At Brussels the price of copper followed a parallel course, increasing from Fr. 31 per kg at the beginning of January to Fr. 35 at the end of December. The strikes which paralysed the mines in the United States and Chile reduced supplies of the metal.

The over-production of zinc has been gradually eliminated as the result, in particular, of the output restrictions on which the producers of that metal have decided. The quotation for zinc on the London Metal Exchange rose from £ 73 per long ton at the

beginning of the year to £ 90 at the end of December. In the case of lead the market movement was much less favourable, and prices remained unchanged.

The improvement in the statistical position of the tin market caused the International Tin Council to raise the member countries' export quotas as from the second half of the year. At the same time tin prices became appreciably firmer thanks to the recovery in demand, moving up from £ 745 per long ton at the beginning of January to £ 786 at the end of December.

For the first ten months of the year the exports of non-ferrous metals were up by 26.2 % in value, and by only 3.7 % in quantity, as compared with the corresponding period in 1958. This movement is mainly due to that in copper and special metals, as well as aluminium and zinc. Exports were up by 54 % to Western Germany, 23 % to the Netherlands, 28 % to the United States and 8 % to the principal customer France. The United States increased their purchases of special metals.

Cyclical recovery, coupled with the influence of the revival measures adopted by the public authorities and with the year's exceptionally favourable weather, caused a continuous increase of activity in the building industry. **Building**

In the private sector the number of building permits granted and that of buildings begun in the first ten months of the year were up by 13 % and 11 % respectively in comparison with the corresponding period of 1958, while the number of De Taeye premiums reached a level never equalled since 1950. The arrangement in force since the start of the year permitting free choice of the financing institution for the building of family dwellings was prolonged for an indefinite period by a Royal Decree dated 28th September, 1959.

In the case of public works up to 1st December the amount of contracts newly awarded by tender, and that of the payments made to enterprises, were greater by 43 % and 38 % respectively than the corresponding amounts for a year previously.

Production of Building Materials

Source : National Statistical Institute.

Monthly Average for	Ordinary Bricks (millions)	Cement (thousands of tons)	Sheet and Plate Glass Index (Basis 1953 = 100)
1953	172	386	100.0
1957	187	392	130.2
1958	171	338	148.1
1958 3rd quarter	222	367	140.5
4th »	178	331	170.0
1959 1st quarter	94	249	188.0
2nd »	176	420	179.2
3rd »	207	428	179.6
October	(p)208	426	(p)207.4
November		388	

(p) Provisional figures.

The recovery in this line stimulated activity in the industries producing building materials.

At the brickworks the increase of sales to the home market caused large reductions

of stocks, bringing these back to a normal level. Prices have firmed up somewhat in the course of recent months.

The firmness of home and foreign demand caused a rise in the cement works' output by about 9 % in comparison with the previous year. Their output is thus near the highest levels recorded during the last boom period. For the first ten months of the year the quantities exported were up by 14.7 % because, in particular, of greater deliveries to the Netherlands and the United States.

Manufacturers of cement agglomerates reported a satisfactory rise in their sales.

Activity continued to be well maintained in the glass industry, which benefited from the recovery in building and the automobile industry in Europe and North America. Sales to the United States were almost doubled; those to Canada and the Netherlands also increased.

The quarries' total output rose as a result of the recovery in the building industry. It increasingly comprises products better adapted to the demand than those traditionally turned out.

On the other hand in most branches of the ceramics industry the level of activity remained somewhat low.

The chemical industries' production, which had remained steady at a very high level from mid-1957 onwards, resumed its rise as from the end of 1958. For the first ten months of 1959 it was greater by 7 % than for the corresponding period in 1958. The selling prices did however show a fall, which in the case of certain products was very large.

This applied in particular to nitrogenous fertilisers, the internal price for which was reduced as the result of Government action in support of farming. The output of fertilisers for the first ten months

was up by 9 % between 1958 and 1959. The exports go mostly to the Far East. For some years now new markets have been opened, including those in Yugoslavia, South Korea and Puerto Rico.

The chemical industries remain chiefly based on the production of fertilisers. Other activities are however developing. Among these the production of non-ferrous metal oxides and the manufacture of plastics may be mentioned. In the field of valorising by-products of petroleum refining the construction of a new plant for producing polyethylene has been started.

Chemicals

Production of Synthetic Ammonia and Derivatives

(in thousands of tons of nitrogen)

Source : National Statistical Institute.

Monthly Average for	Primary Nitrogen	Nitrogen Fertilisers
1953	15.2	13.8
1957	19.5	17.2
1958	22.9	20.6
1958 3rd quarter	23.2	20.2
4th »	24.2	22.1
1959 1st quarter	25.2	22.9
2nd »	26.1	23.8
3rd »	23.4	20.4
October	26.4	23.0

The progress achieved in the sphere of photosensitive products is reflected in exports; for the first ten months these increased in value by 17 % between 1958 and 1959.

The output of pharmaceutical products has risen at the rate of about 8 % per annum. Exports to European markets as well as to certain South American countries have grown.

Textile Industries

The signs of improvement which had appeared in the textile industries from the fourth quarter of 1958 onwards became more definite in the course of the year. The progressive strengthening of home and foreign demand permitted an increase of production in the first eleven months of the year by 12.8 % as compared with the corresponding period in 1958. The previous decline in activity was however not entirely made good.

External Trade in Textile Products

(monthly averages, in millions of francs)

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

Period	Imports		Exports	
	Raw Materials and Semi-Finished Products	Finished Goods	Raw Materials and Semi-Finished Products	Finished Goods
1953	1,236	385	1,020	789
1956	1,277	456	1,069	1,051
1957	1,427	553	1,096	1,108
1958	935	514	819	992
1958 3rd quarter	760	488	742	930
4th »	1,029	502	849	1,102
1959 1st quarter	1,025	603	806	1,027
2nd »	1,033	551	988	1,019
3rd »	1,026	597	924	1,057

Despite the strengthening of demand selling prices remained weak during the first half-year except for raw materials and semi-finished woollen goods. From then onwards a more general upward tendency appeared.

By comparison with 1958 exports were up by 13.3 % in value and by 13.9 % in quantity, especially to traditional customers such as the United Kingdom, the United States and the Netherlands.

Imports showed an increase of 14.5 % in value for the first eleven months. Although this increase was partly due to restocking of raw materials, it also indicates the effects produced by increased foreign competition on the home market for finished and semi-finished products.

With a view to strengthening the textile industry's competitive position the Government in the course of the second quarter adopted certain measures of a fiscal character which are additional to those decreed in 1958. A Royal Decree of 6th May, 1959

provides that the Minister of Finance may exempt wholly or partly from turnover tax any purchases of fuels, carburants and electricity used for manufacturing goods intended for export. This decision of general scope was applied until further notice only in favour of the textile industries. By Royal Decree of 18th May, 1959 the rates of turnover tax on imports of finished and semi-finished textile products were raised, and new taxes were instituted.

In the woollen industry, where the recovery in activity had begun in the last quarter of 1958, production rose at a fast rate from the start of the year onwards.

Preparatory processing benefited from substantial orders coming from abroad and from Belgian spinners. The spinners of combed wool were favoured by an increased demand on the part of knitwear manufacturers, and in lesser degree of weavers; the spinners of carded

Output of Wool Washers and Combers
(in tons)

Source : National Statistical Institute.

Monthly Average for	Washing and Carbonising	Combed Sliver
1953	1,671	1,632
1957	2,001	1,965
1958	1,766	1,752
1958 3rd quarter	1,530	1,536
4th »	1,731	1,831
1959 1st quarter	1,951	1,734
2nd »	2,339	1,828
3rd »	1,922	1,811
October	2,137	2,184

wool were able to increase their sales to makers of furnishing fabrics. Thus in the first ten months the spinners were able to increase their output in comparison with the corresponding period of 1958 by 15 % in the case of carded wool and by 28 % in that of combed wool.

Among wool weavers there is evidence of increased output of woven goods for furnishing purposes, and especially of carpets, owing

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	
1953	100	100	100
1957	125	127	124
1958	97	105	102
1958 3rd quarter	96	103	97
4th »	104	132	119
1959 1st quarter	102	118	114
2nd »	113	132	118
3rd » (p)	113	127	119
October (p)			143

(p) Provisional figures.

to the effect of a favourable foreign demand. On the other hand the improvement was more limited in clothing fabrics, notwithstanding a recovery in export sales.

The position of the cotton spinners gradually improved from the beginning of the year onwards as a result of a greater inflow of orders

both from abroad and from Belgian weavers, including carpet manufacturers. The result was a 15.3 % increase in production for the first ten months of the year as compared with the corresponding

period of 1958.

Cotton Production

Indices of Industrial Activity
(Basis 1953 = 100)

Source : National Statistical Institute.

Monthly Average for	Spinners	Weavers
1953	100	100
1957	115	127
1958	91	101
1958 3rd quarter	90	90
4th »	96	109
1959 1st quarter	109	107
2nd »	99	109
3rd » (p)	101	106
October (p)		129

(p) Provisional figures.

The output of cotton fabrics rose by 9.5 % in the period under review. The rise was particularly great among carpet weavers, who benefited from a steady increase in demand, especially on the part of traditional customers such as the United Kingdom and Western Germany.

The linen industry also shared in the recovery. Measures of tax relief, subsidies and the progress of rationalisation improved its competitive position.

Among linen spinners the order books gradually refilled, causing an increase of the order of 27 % in the quantities produced during the first ten months of the year.

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
1953	100	100	100	100	100	100
1957	115	102	127	150	96	80
1958	88	91	99	134	102	91
1958 3rd quarter	76	82	86	116	94	87
4th »	93	102	112	149	110	93
1959 1st quarter	106	93	106	144	115	82
2nd »	105	93	105	138	108	74
3rd » . (p)	104	97	93	131	101	81
October (p)		118		171		107

(p) Provisional figures.

The weavers joined in the recovery, although with a certain delay, thanks to an increase in export sales to the United States especially. Their deliveries on the home market were down by about 5 % for the first nine months of the year; some improvement appeared, however, after the first half-year.

The artificial and synthetic textile industry also shared in the economic recovery. Despite a decrease of 8.5 % in sales on foreign markets the spinners' output grew by reason of the increase in demand from weavers; the latter's exports showed an increase of 43.8 % in quantity for the first ten months in comparison with the corresponding period of 1958.

The tendency of consumers to take synthetic products in place of other textile products is becoming more marked. Producers are

accordingly making efforts to adapt their production apparatus to the new demands.

The position of the jute industry, unlike other textile industries, had improved in 1958; this tendency was maintained in 1959, but only at the stage of semi-finished products. The spinners' output was up by 8 % in the first ten months thanks to an increase in sales abroad, especially to the Netherlands. On the other hand the demand from Belgian weavers remained poor. The production of fabrics was down by 10.6 %. From September onwards however there was an increase in fresh orders coming from abroad.

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	126	99
1958 3rd quarter	130	90
4th »	143	96
1959 1st quarter	132	97
2nd »	130	104
3rd »	136	(p) 89
October (p)	170	

(p) Provisional figures.

In knitwear the strengthening of demand caused an expansion of 10 % in output, and of 9.5 % in exports, for the first ten months of the year.

In the clothing industry, on the other hand, the moderate recession has not yet quite ended. Output for the period mentioned was down by 3 %, while exports were smaller by 14.3 % in quantity.

Foodstuffs and Beverages

The foodstuff and beverage industries' overall production index, which had not fallen during the recession, rose only very slightly during the year under review. Exports of confectionery, farinaceous products, preserved foods, jams and beverages increased. The food and beverage industries' selling prices, which had tended downwards during the first half-year, then firmed up for both vegetable and animal products; for the year as a whole they were on the average 3 % above the level they had attained in 1958.

The production of dairy butter showed a decrease of about 9 % for the first ten months of 1959 owing to a decline, due to the drought, in deliveries of milk. Notwithstanding this decline, and the strengthening of the check on clandestine imports of Dutch butter, the Belgian market was easily supplied thanks to the drawing down of stocks. Prices were maintained at around the winter standard levels.

The margarine industry continued to expand, but at a slower rate than in 1958; its output for the first ten months was up by 4.9 % on the year.

The position of the millers remained difficult. The quantities produced by the industrial mills were slightly lower.

The required home-grown wheat content was raised by Royal Decree to 70 % with effect from 12th October, 1959.

For the first eleven months of the year the production of refined sugar dropped from 175,000 tons in 1958 to 162,000. Exports increased to the common market countries, to Switzerland and to the United Kingdom.

At the canneries production was limited because of the weather; it was smaller by about 16 % than in the first nine months of the previous year. Exports and home market sales increased; this permitted a reduction of the stocks which had accumulated during the second half of 1958.

The output of the jam makers was slightly down for the first nine months of the year, although their sales were maintained.

The brewing industry's production showed an increase of about 5 % for the first ten months, while its exports were up by 12 %.

The chocolate makers' activity also remained good.

Foodstuffs and Beverages

Production

Source : Economic and Social Research Institute.

Period	Index (Basis 1953 = 100)
1953	100
1957	110
1958	114
1958 3rd quarter ...	118
4th » ...	115
1959 1st quarter ...	107
2nd » ...	120
3rd » ...	116
October	120

Sundry Industries

After a year of recession the diamond industry joined in the cyclical recovery. In comparison with 1958 the unemployment in that industry was down by 40 %. The supply of rough stones was on the whole satisfactory. For the first eleven months of the year the exports of cut diamonds were up by 28 %. The increase in sales of industrial stones was favoured by the fact that the United States Government resumed purchases with a view to forming strategic reserves.

From the second quarter onwards the position of the leather industry progressively improved because of the strengthening of demand. Selling prices were rising during the greater part of the year as a result of the upward movement in world quotations for leathers and raw hides. A fall in prices did however begin towards the close of the year.

Activity was favourable in the footwear industry. The rise in exports exceeded that in imports despite the competition of Dutch and Italian producers.

In the paper industry production recovered after the start of the year. Prices showed little change, while exports of paper and cardboard were slightly smaller in 1959 than in 1958.

The increased consumption of products of the timber industry favourably affected that industry's activity on both the home and the export markets.

In the tobacco industry the production of cigars, cheroots and cigarettes increased, while that of tobacco showed little change. The fall in prices of home-grown tobacco continued up to the middle of the year. The prices for foreign tobacco on the other hand remained stable.

Farming

The exceptional weather in 1959 profoundly affected farm production. While the grain crop was abundant in the case of both

wheat and fodder grains, the drought adversely affected the harvest of sugar beet and potatoes as well as the output of dairy products.

The wheat crop was greater by 2 % than that in 1958. The increase in the average yield per hectare from 3,600 kg to 4,000 kg between the two crops outweighed the 10 % reduction in sowings. This had been due in particular to the unfavourable prospects prevailing at the start of the crop year as to the profitability of wheat cultivation; the Government had in fact announced its intention to re-establish a certain equilibrium between vegetable and animal products. For the 1959-1960 crop year, however, the average standard price was maintained at Fr. 470 per 100 kg. The exceptional abundance of the last harvest made it necessary to raise the required home-grown wheat content.

Because of the excellent yield per hectare the harvest of fodder grains in 1959

was greater by 8 % than that in the previous year. Nevertheless no problem of marketing arose in view of the considerable shortage in the production of other forms of animal feedingstuffs such as hay, clover and fodder beet.

The drought seriously affected the cultivation of sugar beet, and in lesser degree that of potatoes. The sugar beet crop, although slightly better in quality than that of the previous crop year, was smaller than this latter by 57 %. In the case of potatoes the decrease amounted to 24 %.

Agricultural Production

(in thousands of tons)

Sources : National Statistical Institute — Ministry of Agriculture.

Description	1953	1957	1958	1959
<i>Vegetable Products :</i>				
Wheat	560	751	779	793
Other Grains	997	961	984	1,045
Sugar Beet	2,389	2,486	2,832	1,213
Flax (Linseed and Straw)	193	182	170	125
Chicory	34	51	56	40
Potatoes	1,919	2,044	1,914	1,458
<i>Animal Products :</i>				
Milk delivered to dairies (million litres)	1,091	1,277	1,319	1,308 ¹
Slaughterings (net weight of meat)	370	391	412	425 ²

(1) Estimate on the basis of the first ten months' figures.

(2) Estimate on the basis of the first nine months' figures.

For the first ten months of the year the production of milk was slightly down because of the green fodder shortage from August onwards. The same cause led to greater slaughterings, which resulted in an increase of meat production.

The mechanising of agriculture continued, especially as regards tractors of ordinary type and milking machine installations.

For the first eleven months of the year the index for prices of stockraising products as calculated by the Ministry of Agriculture on the basis of 1951-1952 was 89.3 as against 85.3 for the corresponding period of the previous year; the slight difference reflects the fact

Farm Livestock
(thousands of head)

Source : National Statistical Institute.

Category	15th May, 1953	15th May, 1957	15th May, 1958	15th May, 1959 (p)
Farm Horses	219	182	177	170
Horned Cattle	2,291	2,485	2,591	2,625
of which : <i>Milch and Draught Cows</i>	931	977	994	1,011
Pigs	1,156	1,366	1,415	1,440

(p) Provisional figures.

that beef and pork became dearer as well as the slight rise in the price of butter, which however had fallen at the beginning of 1958. On the other hand the index for prices of vegetable products showed little change as between the same periods, the rise in potatoes and fodder grains having been offset by the fall in sugar beet. The index for costs of production in farming rose from an average of 115.9 for the first eleven months of 1958 to one of 119.1 for the corresponding period of 1959.

Transport

The transport of goods as a whole reflected the economic recovery only to a small extent.

The amount of bulky goods carried by rail increased slowly from the spring onwards. The Belgian National Railways Company

adjusted the tariff classes for the carriage of goods; at the same time the charges were reduced by an average of 10 % from 1st March. On the other hand the charges for carriage of passengers were raised by an average of 7.5 % with effect from 15th March.

Similarly it was only in the third quarter that the volume of goods loaded on boats through the Inland Water Transport

Regulating Office began to increase. On the other hand there is a clearer indication of recovery in the decrease in the number of boats waiting for a cargo.

Traffic at the port of Antwerp showed hardly any growth by comparison with 1958. For the first ten months the increase in shipments of goods was limited to transit traffic, particularly in steel products; it was outweighed by the decrease in goods discharged.

In air traffic the rate of expansion became slower. Competition between air transport companies became keener, and caused reductions of

charges. In the near future SABENA will put jet aircraft into service for conveying long-distance passengers.

The public authorities actively pursued their policy of improving communications. In the port of Antwerp the equipment of the

Bulk Goods carried by Rail

Source : Belgian National Railways Company.

Monthly Average for	Thousands of tons carried	Millions of ton-kilometres
1953	5,150	477
1957	5,558	548
1958	4,816	486
1958 3rd quarter	4,571	462
4th »	5,097	512
1959 1st quarter	4,473	466
2nd »	4,857	500
3rd »	4,673	482
October	5,570	579
November	5,313	546

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
1953	1,201	1,147
1957	1,828	1,227
1958	1,723	1,210
1958 3rd quarter	1,761	1,166
4th »	1,721	1,306
1959 1st quarter	1,669	1,167
2nd »	1,678	1,258
3rd »	1,498	1,282
October	1,597	1,463

fifth dock, and the related work, are well advanced; it is expected that the dock will be put into service in the course of next year. Excavation of a sixth dock was begun at the end of 1959. The Belgian National Railways Company electrified further sections of line, and placed orders for diesel electric locomotives as part of its re-equipment and rationalisation programme.

**Employment and
Unemployment**

Just as in 1954, cyclical recovery was reflected only slowly in the labour market. From March onwards there was a movement to take on labour; this brought employment in September up to a level which was higher by 8 % than at the trough of the recession in February, but still remained lower by 2.7 % than a year previously. The number of workers employed continued to decline in transport, and above all in the coal mines; it remained stationary in the electricity, gas and water industries, but increased in manufacturing industries and in building.

While the reduction of unemployment was not proportionate to the industrial recovery, the chief cause must be sought in the improvement of average physical productivity. For the first half of

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
1953	158	88	246	117	67	184	41	21	62
1957	83	34	117	56	22	78	27	12	39
1958	132	49	181	81	29	110	51	20	71
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
1959 1st quarter	231	61	292	123	38	161	108	23	131
2nd »	134	48	182	86	33	119	48	15	63
3rd »	110	40	150	73	29	102	37	11	48
4th »	125	46	171	86	32	118	39	14	53

the year the production per man-hour worked was greater by 8.5 % than in the corresponding period of 1958.

The fall in unemployment which began in March coincided at first with a seasonal movement, and was consequently very rapid; it became slower, however, in the course of the summer and autumn. For the year as a whole the average total daily number of persons unemployed was 199,200, as against 181,000 in 1958 and 117,000 in 1957. This high level is explained not only by the great increase in productivity but also by the relatively slow pace of recovery, by the persistence of the coal crisis and by certain structural aspects of unemployment.

Nevertheless the fall in unemployment brought down the average daily number of registered unemployed from 204,000 in the fourth quarter of 1958 to 171,000 in the last quarter of 1959.

Partial and accidental unemployment was greatly reduced; from May onwards it was below the corresponding 1958 levels in spite of a great increase of such unemployment in the coal mines. The strike of frontier residents working in France unfavourably affected the movement in this type of unemployment during the first two months of the year.

Complete unemployment was more slowly reduced. It was only from November onwards that it became smaller than for the corresponding months in 1958.

The Government favoured the provision of work for the unemployed by provinces and municipalities. During the first eleven months for instance these had an average of 17,600 unemployed persons on work projects, as against 10,300 in the corresponding period of 1958. The Royal Decree of 2nd February, 1959 provided for the Government to subsidise the carrying out of various works for account of local authorities to the extent of 80 % of their cost, provided that the employer recruited 80 % of the necessary labour from among

unemployed persons, and that the cost of the work should be not more than Fr. 1 million and not less than Fr. 250,000. In pursuance of this Decree projects representing a total value of more than Fr. 600 million were approved.

Unemployment benefit paid up to the end of November reached Fr. 5.8 billion, as against Fr. 4.4 billion up to the same date in 1958.

Prices

After a period of stabilisation at the minimum level reached during the recession the overall wholesale price index showed from the third quarter onwards a moderate upward tendency, which however was far from being general. The rise was more marked in the case of finished goods than in that of semi-finished goods and raw materials; in general the prices for these latter showed themselves insensitive to economic expansion because of the existence of unused production capacities for products of mineral origin and of surplus output in the case of agricultural products.

Wholesale Price Indices

(Basis 1953 = 100)

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

Period	Overall Index	Home Products	Imported Products	All Industrial Products : prices at three stages of manufacture		
				Raw Materials	Semi-Finished Goods	Finished Goods
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	101.7	105.4	93.9	100.3	99.6	106.6
1958 3rd quarter	100.5	103.7	93.3	99.4	98.9	105.8
4th »	100.1	103.6	93.7	99.2	99.1	105.2
1959 1st quarter	100.1	103.9	93.9	96.9	100.1	104.5
2nd »	101.1	104.5	95.2	97.7	99.8	104.8
3rd »	101.5	104.9	95.1	95.9	99.8	105.7
4th »	102.0 ¹	105.5 ¹	96.5 ¹	96.9	100.5	107.4

(1) October-November average.

Among the industrial raw materials which rose in price were wool, rubber and raw non-ferrous metals, but the supply of these latter was limited by strikes and output restrictions.

As regards finished products there were rises in steels, and from the third quarter onwards in non-ferrous metals.

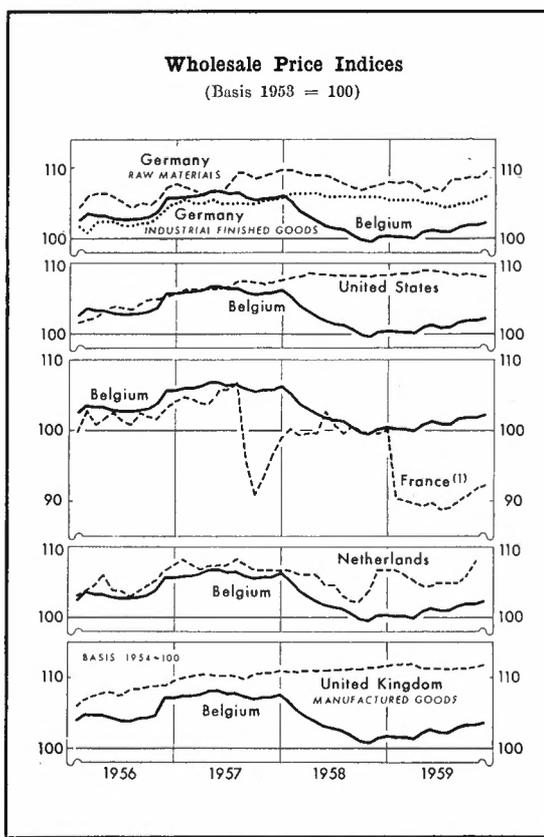
The prices of finished and semi-finished textile products other than woollens were still weak in the first half-year; from then onwards an almost general upward movement appeared.

The recovery in the building industry caused prices of building materials to rise.

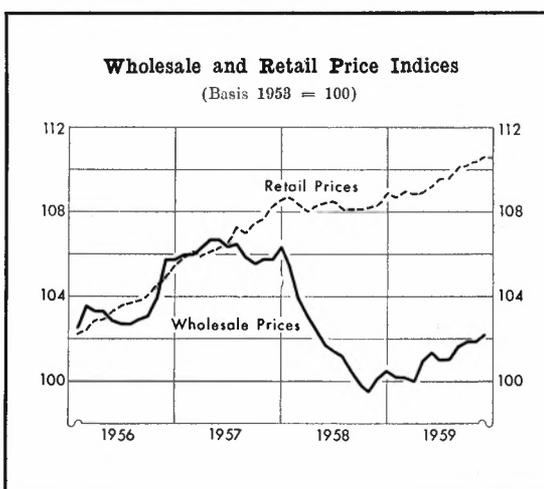
On the other hand the prices for electric power and fuels, especially coal, showed considerable falls which are likely to strengthen the competitive position of Belgian industry.

Prices for chemical products declined in the first half-year, including those for fertilisers, but a better tendency became apparent in the following months.

For farm products as a whole the overall level of prices was above that in 1958;



(1) The French index has been adjusted for variations in rates of exchange.
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.



Retail Price Indices

(Basis 1953 = 100)

Source : Ministry for Economic Affairs.

Period	Overall Index	Foodstuffs	Products other than Foodstuffs	Services
1953	100.0	100.0	100.0	100.0
1957	106.93	107.0	104.5	111.7
1958	108.31	107.9	106.2	114.6
1958 3rd quarter ...	108.08	107.2	106.4	114.6
4th » ...	108.44	108.0	106.1	115.9
1959 1st quarter ...	108.83	108.6	106.1	118.0
2nd » ...	109.25	108.9	106.8	120.1
3rd » ...	109.99	109.7	107.0	120.7
4th » ...	110.51	110.6	107.1	121.2

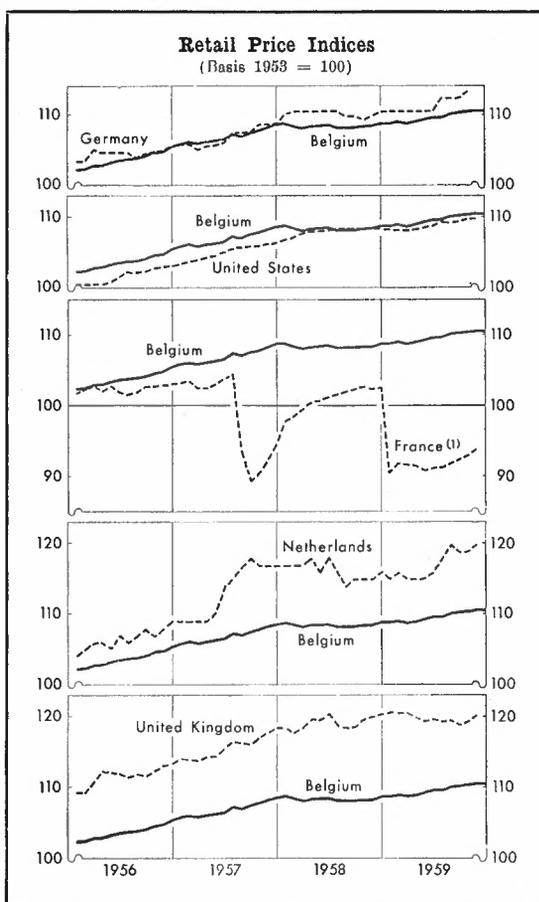
the upward movement was more marked for cultivated products.

International comparison shows that the disparities between Belgian and foreign wholesale prices as measured by the official indices on the basis of 1953 remained favourable to Belgium

except in the case of France, which however devalued its currency at the end of 1958.

Throughout the year the retail price index showed a slow but steady rise; in the last few months this was due to the increase, attributable to the drought, in the cost of foodstuffs and beverages. The index for prices of products other than these rose in consequence of the upward movement in prices for footwear, tobacco and certain textile goods; this movement was neutralised only in part by a fall in prices for coal, gas and electricity.

The rise in the cost of services also continued.



(1) The French index has been adjusted for variations in rates of exchange.

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.

The upward tendency in the cost of living is not peculiar to Belgium. International comparison of the indices calculated on the basis of 1953 shows that disparities in favour of Belgium persisted, except in relation to France; they even increased in relation to the Netherlands.

The index established by the National Bank for average gross hourly earnings showed a slight increase, the rise in the cost of living having resulted through operation of the sliding scale in wage increases during the second quarter in some important industries, especially those producing textiles and building materials. This movement continued in August; the retail price index then reached the level which under the agreements produces an increase in the wages of workers in basic industries such as those producing energy, as well as metalworking and chemicals, and in the salaries of persons in Government and similar service. In other branches of activity the sliding scale was applied at different levels of the index. In some branches moreover increases outside agreements were granted.

Wages and Salaries

In foreign countries wages also continued to tend upwards because of the rise in the cost of living or owing to strains in the labour market. Thus in relation to the reference year 1953 the international disparities between wage indices were maintained in favour of Belgium, except in relation to France; in relation to Western Germany the favourable disparity became even greater.

The growth which had appeared at the beginning of the year in the Belgian-Luxemburg Economic Union's external trade became more marked in the last few months.

External Trade

For the first eleven months of the year the slightly faster growth of imports characteristic of cyclical recovery reduced the proportion of exports to imports from 97.5 % in 1958 to 95.9 %.

External Trade of the Belgian-Luxemburg Economic Union

(in billions of francs)

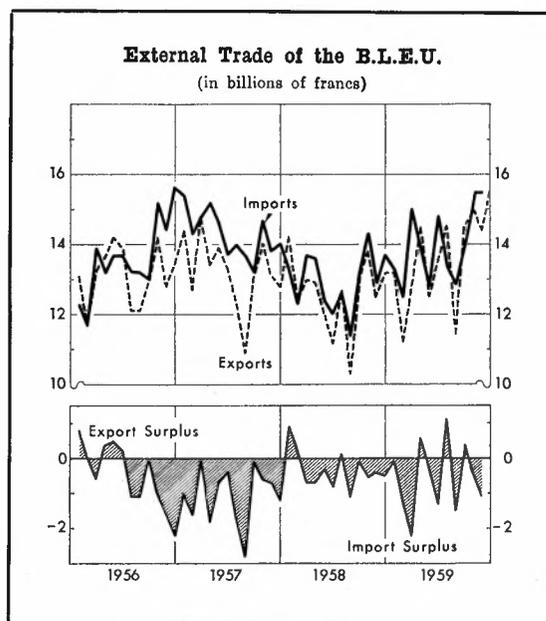
Source : National Statistical Institute.

Monthly Average for	Imports c.i.f.	Exports f.o.b.	Balance of Trade	Exports in per cent of Imports
1953	10.1	9.4	- 0.7	93
1957	14.3	13.3	- 1.0	93
1958	13.0	12.7	- 0.3	97
1958 3rd quarter	12.6	12.1	- 0.5	96
4th »	13.7	13.2	- 0.5	96
1959 1st quarter	13.6	12.5	- 1.1	92
2nd »	14.0	13.6	- 0.4	97
3rd »	13.6	13.6	—	100
October	15.5	15.0	- 0.5	97
November (p)	15.5	14.4	- 1.1	93
December (p)		15.7		

(p) Provisional figures.

The total value of imports in the first eleven months was Fr. 155.2 billion against Fr. 142.6 billion in 1958, representing a rise of 8.8 %. At the same time exports for the whole of 1959 reached Fr. 164.7 billion against Fr. 152.3 billion in 1958, this being an increase

of 8.1 %. If changes due to price movements are eliminated the growth of trade expressed in terms of volume during the first ten months of the year was 7.3 % in the case of imports and 9 % in that of exports.



These movements show that the enlargement of external trade was essentially due to the increase in terms of quantity. In fact the

price indices for both imports and exports declined in comparison with 1958. The fall was slightly more marked in the case of exports, so that the terms of trade deteriorated. For the first ten months of

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 Value		Terms of Trade
	Imports	Exports	Imports	Exports	
1956	134.7	134.8	99.8	101.2	101.4
1957	136.7	131.8	102.0	104.8	102.7
1958	130.6	132.6	96.4	98.5	102.1
1958 3rd quarter	125.4	130.3	95.3	96.5	101.3
4th »	139.2	142.3	94.0	95.0	101.0
1959 1st quarter	138.9	136.4	93.5	96.7	103.4
2nd »	142.3	147.0	93.4	94.2	100.9
3rd »	136.4	143.1	93.3	94.4	101.2
October	160.3	158.0	91.1	95.3	104.6

the year the average index for them calculated on the basis of the year 1953 was 102.2 as against 104.9 for the corresponding period in 1958.

The need to restock the economy with raw materials entailed an increase in imports of producers' goods. For the first ten months of 1959 the increase by comparison with the corresponding period in

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

(monthly averages, in millions of francs)

Source : National Statistical Institute.

Category	1953	1957	1958	1959 (first 10 months)
Raw Materials and Fuels (Sections 2 and 3)	3,366	5,001	4,127	4,200
of which : wool	667	741	453	541
cotton	320	349	223	201
iron ore	292	385	372	370
non-ferrous metal ores	269	321	255	295
solid fuels	340	717	700	679
mineral oils (crude petroleum) ...	308	643	653	610
Foodstuffs (Sections 0 and 1)	1,812	1,998	1,945	1,974
Manufactured Goods (Sections 5, 6, 7 and 8) ...	4,717	7,135	6,818	7,647
of which : base metals	820	1,156	973	1,142
machinery and electrical apparatus	1,076	1,550	1,464	1,532
transport material	546	879	990	1,082
textiles (semi-finished and finished products)	470	684	600	705
chemical products	502	837	853	927
Sundries (Sections 4 and 9)	199	168	147	146
Total ...	10,094	14,302	13,037	13,967

1958 related chiefly to deliveries of textile fibres and yarns, of non-ferrous metal ores and of base metals. In the case of these three groups of products the rises by comparison with 1957 were about 14 %, 15 % and 20 %. In the case of fuels there was a decline in the value of imports of crude petroleum, and more particularly of its derivatives in the form of heavy oils and gas oil.

The supplies of foodstuffs and beverages were maintained at about the same level as in the corresponding period of the previous year. Among durable consumer goods there was a 14 % increase in purchases of automobiles.

In the capital goods category the imports of machinery and transport material were up by about 6 %.

Classification of Exports from the Belgian-Luxemburg Economic Union

(monthly averages, in millions of francs)

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

Principal Products	1957	1957	1958	1959 (first 10 months)
Steel Products	1,902	3,142	2,785	2,712
Metal Manufactures	1,720	2,455	2,592	2,663
Non-Ferrous Metals	900	954	890	1,092
Textiles and Clothing	1,810	2,203	1,811	1,979
Chemical Products	741	1,009	1,041	1,163
Solid Fuels	347	492	348	224
Diamonds	290	515	544	691
Foodstuffs	275	256	245	254
Mineral Oils	251	443	521	511
Agricultural Products	192	284	414	384
Glass	184	294	326	423
Paper and Books	106	207	212	220
Hides and Leather	100	105	103	132
Cement	95	91	64	70
Products of Quarrying	55	81	74	78
Rubber	52	78	75	84
Timber and Furniture	44	93	77	94
Ceramics	22	30	27	30
Tobacco	9	21	26	30
Sundries	319	522	516	569
Grand Total ...	9,414	13,275	12,691	13,403

The recovery of exports in the course of the first ten months as a result of the increase in expenditure on consumption and in investment abroad was assisted, by the decline in the unit values of many exported products.

Despite a 5.1 % increase in the quantities shipped the value of the steel industry's exports was slightly down in the first ten months of the year by comparison with the corresponding period in 1958. On the other hand the sales of non-ferrous metals were up by about 26 %, chiefly because of the rise in copper prices. Exports of manufactured metal goods and transport material showed an increase of nearly 9 %. Shipments of machinery were however down by 8 % because, in particular, of a decrease in deliveries to the Congo.

The textile industries' exports were up by about 10 % because of an increase in the quantities shipped. The increase was mainly in woollen and cotton semi-finished and finished products.

Among the principal other exporting industries benefiting from an increase in foreign purchases attention may be drawn to those concerned with chemicals, diamonds, petroleum and glass. On the other hand exports of coal declined.

In comparison with the corresponding period in 1958 the adverse balance of trade with European Economic Community countries was up by Fr. 775 million for the first ten months because the rise in imports was greater than that in exports.

The growth of Fr. 1.2 billion in the export surplus in relation to the Netherlands was due to the fact that the increase in the Belgian-Luxemburg Economic Union's deliveries exceeded that in its purchases. The rise of about Fr. 3 billion in exports took place mainly in woollen and cotton yarns and fabrics, in metallurgical products and in transport material, whereas that in imports relates mainly to woollen and cotton fabrics and to machinery.

The Fr. 2 billion contraction of the deficit in relation to Western Germany results from an increase in exports, which reached 36 % and 35 % respectively for metals and for foodstuffs and beverages.

On the other hand the deficit in relation to France rose from Fr. 1.3 to 5.5 billion. The trade with that country was marked by an increase of nearly Fr. 2.5 billion in imports, especially of metals, machinery, automobiles and semi-finished woollen products. The

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

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

Area	Imports c.i.f.			Exports f.o.b.		
	1953	1958	1959 (first 10 months)	1953	1958	1959 (first 10 months)
A. Values : (monthly averages, in millions of francs)						
European Economic Community .	3,895	6,076	6,581	3,617	5,726	6,144
of which : Netherlands	1,385	2,048	2,192	1,677	2,626	2,870
Western						
Germany (1) ...	1,239	2,237	2,319	876	1,467	1,736
France (1)	1,117	1,511	1,742	755	1,345	1,188
Sterling Area	1,912	1,932	2,293	1,293	1,525	1,470
of which : United Kingdom ...	913	964	1,171	732	724	785
North America	1,279	1,476	1,460	1,090	1,316	1,980
Latin America (2)	773	629	589	371	754	693
Belgian Congo and Ruanda-Urundi	754	694	786	551	496	383
Eastern Europe	244	388	448	378	371	358
Other Countries	1,237	1,842	1,810	2,114	2,503	2,375
Total ...	10,094	13,037	13,967	9,414	12,691	13,403
B. Percentage Ratios to Total Values :						
European Economic Community .	38.6	46.6	47.1	38.4	45.1	45.8
of which : Netherlands	13.7	15.7	15.7	17.8	20.7	21.4
Western Germany .	12.3	17.2	16.6	9.3	11.6	12.9
France	11.1	11.6	12.5	8.0	10.6	8.9
Sterling Area	18.9	14.8	16.4	13.7	12.0	11.0
of which : United Kingdom ...	9.0	7.4	8.4	7.8	5.7	5.8
North America	12.7	11.3	10.5	11.6	10.4	14.8
Latin America	7.7	4.8	4.2	3.9	5.9	5.2
Belgian Congo and Ruanda-Urundi	7.5	5.3	5.6	5.9	3.9	2.8
Eastern Europe	2.4	3.0	3.2	4.0	2.9	2.7
Other Countries	12.2	14.2	13.0	22.5	19.8	17.7
Total ...	100.0	100.0	100.0	100.0	100.0	100.0

(1) Since the beginning of July, 1959 the Saar has been included in Germany, whereas previously it formed part of France.

(2) Excluding the overseas territories forming part of the Sterling Area.

rises in these four categories were respectively 36 %, 15 %, 50 % and 20 %. On the other hand the exports were reduced by Fr. 2 billion, mainly because of decreases of 36 % in shipments of steel and 42 % in those of coal.

The trade deficit with the sterling area was increased by Fr. 4 billion, inter alia, because of greater purchases of rough diamonds and transport material in the United Kingdom as well as of petroleum in Iraq, coupled with a reduction in sales of steel products and railway material in India.

In relation to the United States the deficit of Fr. 1.5 billion recorded up to the end of the first ten months in 1958 gave place to a surplus of Fr. 5.2 billion, due to a slight decline in imports and to the great expansion in sales to that country by 83 % in the case of pig iron and steel, and by about 44 % in textile products, mostly woollen carpets. The exports of the chemical and glass industries also showed very large increases. Thus, for the first time since the war, the trade balance with the United States showed a continuous surplus for a whole year. This state of affairs reflects an important change in the tendency of trade with that country, independently of the influence exerted by the strike in the American steel industry.

During the same period the exports of steel products and machinery to the Congo showed a large decrease. On the other hand there was a considerable rise in the imports of copper from that country.

During the second year in which the Rome Treaty was in force the European Economic Community's main task was to prepare the executive measures resulting from the provisions of that Treaty. In a general way the member countries have respected the obligations relating to the application as from 1st January, 1959 of the first reduction of Customs tariffs and the first enlargement of global import quotas. The Commission fixed the amount of the global quotas for products in the case of which there is no national production, and specified the method for calculating the quotas fixed at 3 % of such production.

**European Economic
Community**

The member countries and the Commission have continued to work out the common external tariff, which will be submitted to the other countries party to the General Agreement on Tariffs and Trade.

The Commission has listed the forms of discrimination contrary to freedom of settlement and to the free rendering of services in member countries. It expects to present at the end of 1959 a programme aimed at ending restrictions in that connection. It has furthermore adopted a draft regulation as to eliminating discrimination in respect of prices and terms of transport.

The Monetary Committee for its part has regularly examined the financial and monetary situation of the Community countries, and has begun to study the problem of liberalising capital movements between these.

AMENDMENT OF THE STATUTES

The Bank's Statutes have been amended in accordance with the resolutions adopted by the General Meeting of Shareholders, assembled on 29th July, 1959 in extraordinary session. The amendments made result from the provisions of the Law of 19th June, 1959 relating to the Statutes of the National Bank of Belgium and of the Securities Stabilisation Fund, as well as to the Belgian participation in the International Monetary Fund and in the International Bank for Reconstruction and Development. They were approved by the Royal Decree of 29th July, 1959, published in the « Moniteur belge » of 1st August, 1959.

The Meeting unanimously adopted the extension of the Bank's duration to 31st December, 1988, which date has been substituted for 31st December, 1961 in Article 4 of the Statutes.

It also introduced into Articles 18 and 24 of the Statutes amendments putting their provisions into accordance with Article 5 of the above-mentioned Law, which orders the subrogation of the Bank in certain rights resulting for Belgium from its participation in the International Monetary Fund, and approved the lowering to 3 % of the rate as from which the Bank's receipts from discount and interest are assigned to the Government in accordance with Article 37 of the Statutes.

The Meeting furthermore proceeded to bring up to date the first Article of the Statutes, setting forth the legal provisions relating to the Bank.

*
* *

Articles 33 and 34 of the Bank's Organic Law, relating to the payment of 0.25 % per annum allowed to the Bank in respect of issue expenses and of the return of the annual stamp duty charged on the unproductive part of the note circulation, were abrogated by the provisions of paragraph 3 of Article 1 of the Law of 19th June, 1959. The said stamp duty, at the rate of 1.44 per mille laid down by Article 171 of the Code of taxes payable by stamp or in similar ways, was abolished by Article 2 of the same Law. Article 3 of this latter likewise reduced from Fr. 5 billion to Fr. 1 billion the total amount of the repayments to be made by the Government on the consolidated debt of Fr. 35 billion forming the subject of the Law of 28th July, 1948.

**ANALYSIS OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR 1959**

ASSETS

The gold holding is valued on the basis of the gold selling price, Gold Holding
namely Fr. 56,263,7994 per kg of fine metal.

It amounted on 31st December, 1959 to Fr. 56,692,868,764.—
and consisted of :

Gold in foreign countries	Fr. 56,387,917,875.—
Gold in Belgium	Fr. 304,950,889.—
	Fr. 56,692,868,764.—

On 31st December of the previous year the gold holding
amounted to Fr. 63,486,774,818.—.

Since 11th May, 1959 the item « Foreign Currencies » has taken Foreign Currencies
the place of the one entitled « Foreign Assets ». The amount shown
represents the countervalue of foreign currency assets convertible
into gold or dollars and deposited with the Bank's correspondents
abroad, and of foreign notes in the physical possession of the Bank.
It no longer includes the bills in Belgian francs on foreign countries,
which appear in the item « Commercial Bills ».

On 31st December, 1959 the Bank's assets in foreign currencies
amounted to Fr. 4,407,511,386.—.

On 31st December, 1958 the item « Foreign Assets » comprised the following amounts :

a) in foreign currencies	Fr.	1,410,087,291.—
b) in Belgian francs	Fr.	4,666,708.—
	Fr.	<u>1,414,753,999.—</u>

**Foreign Currencies
and Gold Receivable**

The amount of Fr. 223,684,436.— which appears in the present Balance Sheet in the item « Foreign Currencies and Gold Receivable » has its counterpart on the liabilities side under the title « Foreign Currencies and Gold to be Delivered ».

This amount corresponds to the countervalue of Netherlands guilders to be received against delivery of forward sterling.

In the Balance Sheet of 31st December, 1958 the item « Foreign Currencies and Gold Receivable » appeared at Fr. 280,468,563.—.

**International
Agreements**
(Laws of 28th July,
1948 and 19th June,
1959)

In the course of 1959 the description « International Agreements (Laws of 28th July, 1948 and 19th June, 1959) » replaced that of « Claims on Foreign Countries under Payment Agreements ».

On 31st December, 1958 the said claims consisted of the following :

a) E.P.U.	Fr.	7,805,900,000.—
b) Member Countries of E.P.U.	Fr.	1,311,981,952.08
c) Member Countries of E.M.A.	Fr.	44,298,499.—
d) Other Countries	Fr.	<u>774,381,623.84</u>
Total.	Fr.	<u>9,936,562,074.92</u>

As was indicated on page 88 of last year's Report the Agreement on the Establishment of a European Payments Union expired on 29th December, 1958, and 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.

Following this settlement, with allowance on the one hand for the interest paid to Belgium and on the other hand for the contractual repayments made by the United Kingdom, Italy and E.P.U., the net claim on this latter amounted on 15th January, 1959 to Fr. 6,992,092,800.—.

In conformity with the Agreement on the Establishment of E.P.U. the claim on this institution formed the subject of the following apportionment :

a) sums owed to Belgium by the following countries :

	(in Belgian francs)
France	3,378,165,800
United Kingdom	3,305,499,500
Norway	691,478,450
Denmark	590,044,200
Switzerland	444,118,750
Sweden	404,408,050
Italy	296,011,500
Portugal	267,806,750
Turkey	224,863,700
Greece	122,234,450
Netherlands	112,740,400
Austria	90,273,900
Iceland	54,721,900
	<hr/>
	9,982,367,350

b) sum owed by Belgium to the Federal Republic of Germany : DM 251,183,062.20, that is	B.Fr. 2,990,274,550
Net amount of the claim resulting from E.P.U. transactions	<hr/> 6,992,092,800

The bilateral claims and debts formed the subject, as between the Belgian Government and the Government of each country concerned, of negotiations following which the Netherlands, Switzerland, Italy, Portugal and Austria agreed to the repayment in

March and April, 1959 of their total debts to Belgium, while the amounts owed by our country's other fellow-members as well as its debt to the Federal Republic of Germany formed the subject of new or supplementary agreements for consolidation and amortisation.

The Convention of 1st July, 1954 between the Belgian Government and the Bank ceased to be applicable by reason of the termination of E.P.U. A new Convention relating :

1) to execution of the European Monetary Agreement of 5th August, 1955, which came into force on 29th December, 1958,

2) to liquidation of the European Payments Union,

was concluded on 16th April, 1959. The following are its essential points as regards liquidation of the European Payments Union :

- the Bank will collect and pay for the Government's account all the amounts to be received or paid by Belgium under the bilateral amortisation agreements; for this purpose it will open in the name of the Public Treasury a special account (the E.P.U. Special Liquidation Account);
- the excess of the sums received by Belgium over those paid to foreign countries will be applied to repayment, to the proper extent, of the balance of the Bank's claim resulting from E.P.U., the Government undertaking not to use the said excess for any other purpose;
- the Government confirms to the Bank the guarantee against any loss whatsoever on the capital amount, on difference of exchange or otherwise, as stipulated in the Convention of 1st July, 1954; it undertakes to repay at any time, on one hundred and twenty days' notice given by the Bank, the still undischarged balance of the claim on E.P.U.;
- the Government will pay annually to the Bank an amount of interest equal to the difference between the interest received by Belgium and the interest paid by it in accordance with the bilateral amortisation agreements.

On 31st December, 1959 the position of the accounts relating to the E.P.U. liquidation was as follows :

on the assets side :

European Payments Union Fr. 5,536,380,550.—

on the liabilities side :

Public Treasury, E.P.U. Special Liquidation
Account Fr. 531,359.—
Net amount. . Fr. 5,535,849,191.—

as against Fr. 6,992,092,800.— on 15th January, 1959.

The decrease of Fr. 1,456,243,609.— since 15th January, 1959 is made up as follows :

	15th January, 1959	31st December, 1959	Difference
a) sums owed to Belgium by the following countries :			
France	3,378,165,800	2,889,593,350	488,572,450
United Kingdom	3,305,499,500	2,449,683,000	855,816,500
Norway	691,478,450	473,850,000	217,628,450
Denmark	590,044,200	500,000,000	90,044,200
Switzerland	444,118,750	—	444,118,750
Sweden	404,408,050	264,408,050	140,000,000
Italy	296,011,500	—	296,011,500
Portugal	267,806,750	—	267,806,750
Turkey	224,863,700	195,417,277	29,446,423
Greece	122,234,450	106,174,450	16,060,000
Netherlands	112,740,400	—	112,740,400
Austria	90,273,900	—	90,273,900
Iceland	54,721,900	47,711,900	7,010,000
	<u>9,982,367,350</u>	<u>6,926,838,027</u>	<u>3,055,529,323</u>
b) sum owed by Belgium to the Federal Republic of Germany	<u>2,990,274,550</u>	<u>1,390,988,836</u>	<u>1,599,285,714</u>
	<u>6,992,092,800</u>	<u>5,535,849,191</u>	<u>1,456,243,609</u>

The item « Claims on Foreign Countries under Payment Agreements : c) Member Countries of E.M.A. », which appeared in the Balance Sheet for 31st December, 1958 at Fr. 44,298,499.—, comprised the Bank's assets in those countries' currencies. Since 11th May, 1959 the said assets, convertible into United States dollars, have been included in the item « Foreign Currencies ».

Under the new item « International Agreements : b) European Monetary Agreement », appearing on the assets side in the Balance Sheet, there are recorded any Belgian franc advances which may be granted by the Bank to Central Banks of E.M.A. countries in accordance with the provisions of the agreement.

The above-mentioned Convention of 16th April, 1959 between the Government and the Bank regulates substantially as follows the special arrangements for the Bank's actions in execution of the European Monetary Agreement :

- the Bank will make with its own resources the Belgian franc advances to be granted to the Central Banks or monetary authorities of the contracting parties; it will give the notifications required with a view to obtaining settlement of its advances at the end of each accounting period ⁽¹⁾;
- the Bank will furthermore effect payment in gold of the Belgian-Luxemburg Economic Union's contribution to the European Fund, doing so however against payment by the Belgian Government of the Belgian franc countervalue of that contribution; in case of total or partial repayment of the latter the Government undertakes to retransfer to the Bank, against payment in francs, the amounts of gold received by way of such repayment;
- any risks, expenses, commissions and charges in general relating to execution of the agreement will be borne by the Government, to which on the other hand the benefits and profits will accrue;

⁽¹⁾ Any advance not repaid at the end of the monthly accounting period is notified to the Agent of the Organisation for European Economic Cooperation, who effects repayment of it through the European Fund.

nevertheless the interest owed by foreign countries to Belgium or by Belgium to foreign countries in case of recourse to credits or advances for which the Agreement provides will belong to the Bank or be borne by it, as the case may be (the rate of interest is at present fixed at 2 1/2 % per annum) ;

- the Government guarantees the Bank against any loss whatsoever on the capital amount, on difference of exchange or otherwise, which the Bank might sustain as a consequence of executing obligations that fall upon Belgium under the provisions of the European Monetary Agreement; no amounts which may remain due to the Bank on termination of the agreement may suffer immobilisation for more than one hundred and twenty days, the Government undertaking, subject to special agreement, to repay them at the end of that period.

The advances granted by the Bank since the coming into force of the European Monetary Agreement have been regularly repaid at the ends of months. No amount appeared on 31st December, 1959 in respect of the item « International Agreements : b) European Monetary Agreement ».

The new item « International Agreements : c) International Monetary Fund » relates to the transactions effected during the second half of 1959 in accordance with the Conventions concluded between the Government and the Bank on 1st August, 1959 and 14th October, 1959 with a view to regulating the special arrangements for the part played by the Bank in financing the Government's obligations towards the International Monetary Fund.

The sum of Fr. 4,387,706,338.— appearing on 31st December, 1959 in respect of this item represents the total of the following payments :

1. Initial participation :

- a) Payment to the Government by the Bank on 1st August, 1959 of the countervalue

of the gold and dollars delivered to the Fund, representing 25 % of Belgium's participation Fr. 2,812,500,000.—

On the same date this sum was placed by the Government at the disposal of the Securities Stabilisation Fund.

b) Repayment to the Government by the Bank :

1) of the Belgian franc payment, corresponding to 1 % of the quota, to the account of the Fund Fr. 112,500,000.—

2) of the balance of the Treasury Bills encashed by the Fund to cover expenditure in Belgian francs . . Fr. 206,338.—

2. Increase of the participation :

Payment to the Fund by the Bank on 15th October, 1959, in relief of the Government :

a) of the additional subscription payable in gold, equal to 25 % of the increase in the quota Fr. 1,406,250,000.—

b) of an amount in Belgian francs equal to 1 % of the increase in the quota . . Fr. 56,250,000.—

Total. . Fr. 4,387,706,338.—

On the payments in Belgian francs the Government pays to the Bank an allowance of 0.50 % per annum.

The difference between the amounts paid to the International Monetary Fund in gold, in dollars or in Belgian francs and the total amount of Belgium's participation is represented by Treasury Bills deposited and held in the name of the Fund (1).

(1) See the Memorandum Accounts, page 117.

The Bank is bound to supply out of its own funds the Belgian francs needed in case the International Monetary Fund should decide to encash all or part of these Treasury Bills with a view to transferring Belgian francs to other member countries, or to effecting other expenditure in Belgian francs.

But on the other hand by virtue of Article 5 of the Law of 19th June, 1959 the Bank is subrogated in the rights possessed by the Government as a member of the International Monetary Fund, the Government remaining a member in name and exercising for account of the Bank the rights in which the latter is subrogated.

In the event of use being made of the Fund's resources the foreign currencies would be delivered to the Bank against payment in Belgian francs to the Fund's account in the Bank's books; these Belgian francs would be kept on that account, which would be entered on the liabilities side of the Balance Sheet under a separate heading.

The item « *d*) Other Agreements », which showed no balance on 31st December, 1959, corresponds to the former item entitled « *d*) Other Countries », which appeared on the assets side in the Balance Sheet of 31st December, 1958 at Fr. 774,381,623.84.

This last amount represented the Bank's total claims in foreign currencies and Belgian francs on foreign countries which do not take part in the European Monetary Agreement, and with which Belgium has concluded bilateral payment agreements.

In accordance with the Convention of 25th February, 1947 between the Government and the Bank, and that of 14th September, 1954 between the Government, the Bank and the National Industrial Credit Company, the Bank ensured the financing of the advances granted under the said bilateral agreements but did so only up to the amount of the balances held with it in execution of the said agreements, the difference being supplied by the National Industrial

Credit Company in relief of the Government and paid into an unavailable account appearing on the liabilities side of the Bank's Balance Sheet and entitled « Special Provision ».

The Convention of 14th September, 1954 has been abrogated and replaced by that of 1st July, 1959, based on the following principles :

- the Bank will make with its own resources the short-term advances to be granted to foreign Central Banks or monetary authorities in execution of payment agreements concluded or to be concluded with foreign countries which are not parties to the European Monetary Agreement; the Government will pay it interest calculated at the rate of discount for bills accepted payable at a bank;
- the National Industrial Credit Company, in relief of the Government and against contractual subrogation in the Bank's rights both in relation to the Belgian Government as guarantor and in relation to the foreign debtor institutions, will repay to the Bank any claims on foreign countries which may suffer contractual immobilisation or consolidation for more than one hundred and twenty days;
- the Bank and the National Industrial Credit Company will fix in joint agreement with the Government, for each payment agreement, the maximum amount of their assistance; the National Industrial Credit Company's commitment is limited to a total of Fr. 1 billion.

In accordance with the provisions laid down by this new Convention the National Industrial Credit Company took over, in relief of the Government and against cash payment, the claims that the Bank had on the countries with which consolidation agreements at more than one hundred and twenty days had been concluded, that is a total of Fr. 795,332,117.—.

The Treasury's account was credited with :

- 1) the interest paid by E.P.U. from 1st to 15th January, 1959, this latter date being that of the last monthly settlement;
- 2) the amount by which the interest paid to Belgium by foreign countries exceeded that owed by these latter in virtue of bilateral agreements.

It was per contra debited with the interest for which the Government is liable to the Bank in accordance with the Conventions of 25th February, 1947, 1st July, 1954, 14th September, 1954, 16th April, 1959, 1st July, 1959, 1st August, 1959 and 14th October, 1959 on the advances granted by the Bank for the purpose of executing those agreements. The interest paid to the Bank by the Government is included among the receipts appearing in the Profit and Loss Account in the item « Discount, Exchange, Interest and Commissions ».

The item « Debtors in respect of Foreign Exchange and Gold at Forward Dates », the counterpart of which appears among the liabilities as « Foreign Currencies and Gold to be Delivered », stood in the Balance Sheet on 31st December, 1959 at

Fr. 1,205,209,600.—

Debtors in respect
of Foreign Exchange
and Gold at
Forward Dates

It represents the liabilities of debtors who have concluded with the Bank transactions for forward purchase of foreign currencies or gold.

On 31st December, 1958 this item amounted

to Fr. 72,353,804.—

Since 11th May, 1959 the item « Commercial Bills », which was previously entitled « Commercial Bills on Belgium », has included not only the discounted bills payable in Belgium but also the discounted Belgian franc bills payable abroad.

Commercial Bills

On 31st December, 1959 it was made up as follows :

Bills on Belgium	Fr.	7,559,416,246.—
Bills in Belgian francs on foreign countries	Fr.	451,860.—
Total.	Fr.	7,559,868,106.—

On 31st December, 1958 the amount of the discounted bills payable in Belgium was Fr. 4,102,632,108.32

On the same date the discounted Belgian franc bills payable abroad appeared among the « Foreign Assets » at Fr. 4,666,708.—

Advances against Pledged Security

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, 1959 to . . . Fr. 102,500,922.—

The total on 31st December, 1958 was . Fr. 510,375,655.60

Public Securities
(Article 20 of the Statutes. Conventions of 14th September, 1948 and 15th April, 1952)

The holding of public securities included the following :

	On 31st December, 1959	On 31st December, 1958
a) Treasury Certificates Fr.	8,215,000,000.—	7,840,000,000.—
b) Securities issued by institutions whose liabilities are guaranteed by the Government . . . Fr.	—	10,500,000.—
c) Other Public Belgian Securities . . . Fr.	—	—
Total. . . Fr.	8,215,000,000.—	7,850,500,000.—

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, and 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 1959.

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 as regards a 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 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, amended by the General Meeting's Resolution of 29th July, 1959, the profit arising for the Bank from the difference between interest :

- 1) at 3 1/2 % from 1st January to 31st July, 1959,
- 2) at 3 % from 1st August to 31st December, 1959,

and the rate 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 », « Advances against Pledged Security » and « Public Securities ».

**Treasury Notes
and Coin**

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

		On 31st December, 1959	On 31st December, 1958
Silver and Nickel Coin	Fr.	530,562,490.70	504,875,811.15
Treasury Notes . . .	Fr.	114,700,620.—	144,636,620.—
	Fr.	<u>645,263,110.70</u>	<u>649,512,431.15</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 the Conventions existing 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 that 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.

**Balances
at the Postal
Cheque Office**

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

on 31st December, 1959	Fr.	1,894,917.—
on 31st December, 1958	Fr.	2,178,652.75

**Consolidated Claim
on the Government**
(Article 3,
paragraph b
of the Law of
28th July, 1948
and Article 3
of the Law of
19th June, 1959)

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.—

In the Balance Sheet as at 31st December, 1959 it appeared at Fr. 34,029,880,281.90

against Fr. 34,242,568,558.29 in the Balance Sheet as at 31st December, 1958.

The decrease of Fr. 212,688,276.39 is due to :

1) the repayment effected by the Government through use of its share in the Bank's profits for the year 1958 in accordance with Article 3, paragraph b, sub-paragraph 2 of the Law of 28th July, 1948 Fr. 148,491,185.39

2) the third 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 97) Fr. 64,197,091.—

Under Article 3 of the Law of 19th June, 1959, amending Article 3, paragraph b of the Law of 28th July, 1948, the amount of the repayments to be made on the consolidated claim of Fr. 35 billion through use of the Government's share in the National Bank's profits, which amount was five billion francs, has been reduced to one billion. A sum of Fr. 29,880,281.90 will be taken from the Government's share in the profits of the year 1959 with a view to reducing the said claim to Fr. 34 billion.

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

on 31st December, 1959	Fr.	2,468,615,054.—
on 31st December, 1958	Fr.	2,378,906,936.—

Public Long-term Securities
(Articles 18 and 21 of the Statutes)

The « Items Receivable » appeared on

31st December, 1959 at	Fr.	318,324,157.99
as compared with	Fr.	175,212,017.73

on 31st December, 1958.

Items Receivable

They consist, 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 currencies, with the printing of notes and printer's sundries, as well as of postage or revenue stamps.

**Premises,
Furniture and
Equipment**

The value of land and buildings appeared in the Balance Sheet for 31st December, 1959 at Fr. 1,507,643,088.92

In the Balance Sheet for 31st December, 1958 it stood at Fr. 1,468,136,840.92

The increase of Fr. 39,506,248.— represents the amounts spent during 1959 on building and buying premises at Brussels and in the provinces.

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

**Securities
of the Staff
Pension Fund**

The item « Securities of the Staff Pension Fund » has on the liabilities side its counterpart entitled « Staff Pension Fund ». It was shown in the Balance Sheet for 31st December, 1959 at Fr. 1,032,091,546.— On 31st December, 1958 it was Fr. 1,003,048,847.47

The increase of Fr. 29,042,698.53 results from an ordinary grant of Fr. 33,100,000.—, the collection of premiums on redemption including lottery prizes, and the normal deductions from salaries and wages, less the out-payments effected by the Fund.

The Bank's contribution towards the payment of pensions amounted in 1959 to Fr. 15,451,204.— against Fr. 15,147,575.— in 1958.

Under the heading « Assets Written Off pending Collection » 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.

Assets Written
Off pending
Collection

The sum of Fr. 57,257.—, credited to the Profit and Loss Account on 31st December, 1959 in respect of the item « Amounts collected on Assets Written Off pending Collection », represents the proceeds of recovery of disputed claims.

On 31st December, 1959 the Transitory Assets consisted of the following :

Transitory Assets

a) Fractional interest receivable on claims resulting from international agreements . Fr.	100,505,906.—
b) Fractional interest receivable on investments abroad Fr.	2,768,122.—
c) Fractional interest receivable on public long-term securities acquired in accordance with the Statutes Fr.	56,920,408.—
d) Provision for the making of Bank Notes and printer's sundries, for the staff restaurant and the Premises Department Fr.	31,568,103.—
e) Claim on the Ministry of National Defence for repayment of cash removed by secret formations during the occupation . . . Fr.	2,184,219.—
Following execution of the Judgment given at the end of 1958 by the Court of First Instance at Huy the Bank has so far been	
Carried forward. . Fr.	193,946,758.—

Brought forward. . Fr. 193,946,758.—

able to recover Fr. 59,181.— on this claim, which originally amounted to Fr. 2,243,400.—.

The Bank has furthermore received Fr. 11,000.— in bonds of the Currency Reform Loan, the countervalue of which after realisation will also be applied to reducing the said claim.

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. 2,652,349.—

g) Balances with foreign correspondents, being foreign exchange blocked in pursuance of foreign countries' exchange legislation . Fr. 200,923.—
(The counterpart of the three last items e/, f/ and g/ appears among the Transitory Liabilities.)

Total. . Fr. 196,800,030.—

LIABILITIES

On 31st December, 1959 the amount of notes of the Bank in circulation was Fr. 118,324,567,600.— Bank Notes
in Circulation

On 31st December, 1958 it was . . . Fr. 117,353,105,000.—

These totals were made up as follows, by denominations :

	On 31st December, 1959	On 31st December, 1958
Fr. 1,000	Fr. 103,274,215,000.—	102,251,060,000.—
Fr. 500	Fr. 8,119,613,500.—	8,146,763,500.—
Fr. 100	Fr. 6,930,739,100.—	6,955,281,500.—
Total.	Fr. 118,324,567,600.—	117,353,105,000.—

The breakdown of the balances on « Current and Sundry Accounts » was as follows : Current and
Sundry Accounts

	On 31st December, 1959	On 31st December, 1958
Public Treasury, Ordinary Account	Fr. 6,660,434.67	7,669,890.73
Public Treasury, Exceptional Counter-Cyclical Tax (Law of 12th March, 1957) . Fr.	494,404,846.25	631,884,970.85
Public Treasury, E.P.U. Special Liquidation Account	Fr. 531,359.—	—
Carried forward. . Fr.	501,596,639.92	639,554,861.58

Brought forward. . Fr.	501,596,639.92	639,554,861.58
Banks in Foreign Countries, Ordinary Accounts . Fr.	252,232,801.—	181,161,719.91
Institutions Governed by a Special Law, and Public Authorities . . . Fr.	280,244,880.72	313,550,417.49
Banks in Belgium . . Fr.	2,267,282,647.—	2,875,959,142.86
Individuals . . . Fr.	243,865,257.—	173,632,712.83
Items Payable . . . Fr.	370,425,409.50	474,258,153.86
	<u>Fr. 3,915,647,635.14</u>	<u>4,658,117,008.53</u>

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.

**International
Agreements**
(Laws of 28th
July, 1948 and
19th June, 1959)

The following table compares, as between 1959 and 1958, the net liabilities to foreign countries under international agreements :

	On 31st December, 1959	On 31st December, 1958
Member countries of E.P.U. Fr.	—	230,883,324.09
European Monetary Agreement . . . Fr.	343,909,830.—	136,646,113.57
Other Agreements . . Fr.	223,787,366.—	302,101,745.73
	<u>Fr. 567,697,196.—</u>	<u>669,631,183.39</u>

The items « European Monetary Agreement » and « Other Agreements » correspond respectively to those entitled « Member Countries of E.P.U. » and « Other Countries » appearing in the Balance Sheet for 31st December, 1958.

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. **Total Sight Liabilities**

On 31st December, 1959 they amounted to Fr. 122,807,912,431.14 as against Fr. 122,680,853,191.92 on 31st December, 1958.

On 31st December, 1958 the special provision supplied under the Convention concluded on 14th September, 1954 between the Government, the Bank and the National Industrial Credit Company amounted to Fr. 500,000,000.— **Special Provision**
(Convention of 14th September, 1954 : N.I.C.C.)

The Convention of 14th September, 1954 has been abrogated and replaced by that of 1st July, 1959, the essential principles of which are set forth on page 100 of this Report. The special provision, having lost its purpose, was put back at the disposal of the National Industrial Credit Company on 1st July, 1959.

The item « Foreign Currencies and Gold to be Delivered », which appears in the Balance Sheet for 31st December, 1959 at Fr. 1,436,125,080.— **Foreign Currencies and Gold to be Delivered**
was shown in that for 31st December, 1958 under the title « Foreign Currencies and Gold to be Delivered » at Fr. 370,017,784.—

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 the total of these two items and the amount of the present item corresponds to the Bank's sight liabilities in gold and foreign currencies.

Staff Pension Fund

The item « Staff Pension Fund » has, as its counterpart on the assets side, the Securities of the Staff Pension Fund.

It amounted on 31st December, 1959 to Fr. 1,032,091,546.—
against a total on 31st December, 1958 of . Fr. 1,003,048,847.47

**Transitory
Liabilities**

On 31st December, 1959 the Transitory Liabilities were as follows :

a) Unaccrued discount on bills and Treasury Certificates held Fr.	38,811,496.52
b) Instalments paid by outside parties . . Fr.	70,439.—
c) Cash removed by secret formations during the occupation, to be recovered . . . Fr.	2,184,219.—
d) Centenary Fund Fr.	2,652,349.—
e) Creditors in respect of blocked currencies Fr.	200,923.—
The counterpart of the three items c/, d/ and e/ is included in each case in the Transitory Assets.	
f) Provision for expenses of acquiring, selling and shipping gold Fr.	30,000,000.—
g) Provision for building of premises and purchasing equipment Fr.	84,394,431.36
Carried forward. . Fr.	<u>158,313,857.88</u>

Brought forward. . Fr.	158,313,857.88
h) Provision for Taxes Fr.	68,468,099.72
i) Provision against Sundry Contingencies . Fr.	<u>160,000,000.—</u>
Total. . Fr.	386,781,957.60

The transactions recorded during 1959 in the account « Provision for Taxes » may be subdivided as follows :

Balance as at 1st January, 1959 Fr.	123,353,906.72
Payments of taxes effected in 1959, consisting almost entirely of the National Crisis Tax on the dividend payable on 1st March, 1959, together with the Earned Income Tax relating to the earnings for the 1957 accounting year . . . Fr.	<u>74,885,807.—</u>
	Fr. 48,468,099.72

A transfer appearing on the debit side of the Profit and Loss Account with a view to taxation of the earnings relating to the 1959 accounting year Fr.	<u>20,000,000.—</u>
Balance as at 31st December, 1959 Fr.	68,468,099.72

In 1959 the Direct Taxes Department repaid to the Bank an amount of Fr. 56,000,000, which in 1957 had formed the subject of an anticipatory payment of Earned Income Tax on the earnings for that year. This sum appeared in the Balance Sheet for 31st December, 1958 among the Transitory Assets.

The Capital of Fr. 400,000,000 is divided into 400,000 shares **Capital** 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 Bank's Statutes, comprise the following items :

	On 31st December, 1959	On 31st December, 1958
Statutory Reserve . . Fr.	461,723,780.20	425,236,538.81
Extraordinary Reserve . Fr.	254,233,244.72	254,233,244.72
Account for Depreciation of Premises, Furniture and Equipment . . Fr.	1,372,654,088.92	1,353,147,840.92
Total. . Fr.	2,088,611,113.84	2,032,617,624.45

The increase arises from the share in the distribution of the profits as at 31st December, 1958 which went to the Statutory Reserve, plus the sum of Fr. 19,506,248.— which was applied on 31st December, 1959 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. 134,989,000.—, represents a reasonable valuation of the land.

**Net Profit
for Distribution**

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. 379,720,159.93.

**Profit and
Loss Account**

The Law of 19th June, 1959 made provision, amongst other things, for the following amendments to the Bank's Statutes :

- 1) it abolished on the one hand the annual stamp duty paid to the Treasury on the note circulation, and on the other hand the rebate of that duty allowed by the Treasury to the Bank in respect

of the average circulation corresponding to the gold holding plus the claim on the Government;

- 2) it abolished the allowance of 0.25 % per annum which formed the subject of the Convention of 19th July, 1919, being paid by the Treasury to the Bank in respect of issue expenses and calculated on the part of the circulation corresponding to advances to the Government;
- 3) it allocated to the Treasury the difference between the rate of 3 %, instead of 3 1/2 %, and the rate of interest charged by the Bank on discount, advance and loan transactions.

The first two of these provisions came into force on 30th June, 1959, that is ten days after 20th June, 1959, on which date the Law of 19th June, 1959 was published in the « Moniteur belge ». The third has been applied since 1st August, 1959, the date of publication in the « Moniteur belge » of the Royal Decree of 29th July, 1959 approving the amendments made in the Bank's Statutes.

MEMORANDUM ACCOUNTS

**Minister of Public
Instruction :**

Balance for his
account at the
Postal Cheque
Office (Schools Pact,
Law of 29th May,
1959, Article 15)

This item is published in the Bank's weekly
return below the total of the liabilities.

Its counterpart, represented by the item
« Postal Cheque Office : Balance for account of
the Minister of Public Instruction (Schools Pact,
Law of 29th May, 1959, Article 15) », appears
in the weekly return below the total of the
assets Fr.

1,511,682,421.—

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.

15,176,633.—

**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.

13,677,709.—

**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, 1959 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. 5,875,103,759.—

The breakdown of the Sundry Deposits is as follows :

Sundry Deposits

Bonds of the Currency Reform Loan Fr.	2,469,000.—
International Monetary Fund Fr.	12,487,293,661.74
International Bank for Reconstruction and Development . . . Fr.	594,634,057.50

The sums appearing in respect of the items « International Monetary Fund » and « International Bank for Reconstruction and Development » represent the amount of Belgian Treasury Bills held in the name of each of these institutions.

The bills in question, delivered by the Belgian Government in respect of Belgium's quota to the appropriate extent, are payable at sight and do not bear interest.

Carried forward. . Fr. 13,084,396,719.24

Brought forward. . Fr. 13,084,396,719.24

In accordance with the Convention of 1st August, 1959 and the additional Convention of 14th October, 1959, both concluded between the Government and the Bank regarding Belgium's participation in the International Monetary Fund, the Bank is required to supply out of its own funds, in the name and for account of the Government and in relief of the latter, the Belgian francs needed in case the Fund should encash all or part of these bills.

Other Deposits . . . Fr. 70,866,392,538.23

Total. . Fr. 83,950,789,257.47

Securities received
by way of
Guarantees from
outside parties

Cover for advance limits
against Pledged
Security . . . Fr. 19,805,426,773.—

Guarantees given by
persons lodging bills for
discount . . . Fr. 7,814,650.—

Sundry Guarantees . . Fr. 186,048,825.—

Carried forward. . Fr. 19,999,290,248.—

Brought forward. . Fr.	19,999,290,248.—	
Security provided in Commercial Bills by Borrowers of Call Money	Fr. 152,827,357.—	
	<hr/>	
Total. . Fr.		20,152,117,605.—

The Guarantee Certificates received from the Public Treasury cover the advances granted by the Bank for the purpose of carrying out international 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

Guarantee
Certificates
received from
the Public
Treasury

Fr. 1,020,000,000.—

These guarantees are given by the Bank to certain Discount Agencies in respect of loans granted by the General Savings and Pensions Fund to members of the Bank's staff to enable them to build or buy their house Fr.

Guarantees given
on behalf
of the Staff

164,210,658.—

The Bank has undertaken a commitment to subscribe for Fr. 600,000,000 of the Fr. 3 billion loan to be issued by the National Foundation for Financing Scientific Research Fr.

Commitment
in relation
to the National
Foundation for
Financing Scientific
Research

600,000,000.—

This subscription will be paid up, to the extent of Fr. 60 million per annum, out of the amounts paid into the Reserve Fund.

Portfolio and Sundry Assets Fr. 644,356,896.—

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.—	
Participating Debentures of the Belgian National Railways Company . Fr.	638,305,187.—	
Treasury Bills of the Government of the Grand Duchy of Luxemburg (Belgian- Luxemburg Agreement) Fr.	1,406,719,713.—	
Federal Republic of Germany Government Bonds (London Agreements of 27th February, 1953) Fr.	303,905,400.—	
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.—	
Sundry Items Fr.	399,637,570.—	
		Fr. 13,467,577,870.—
Carried forward. . Fr.		14,111,934,766.—

Brought forward. . Fr. 14,111,934,766.—

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

Items lodged by outside parties Fr.	6,063,388,625.43
Service of the Registered Debt Fr.	14,912,920,600.—
Deposit and Consignment Office Fr.	62,557,907,424.59
Items lodged by way of Guarantee Fr.	2,424,423,597.50
	Fr. 85,958,640,247.52

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

9,676,073.—

Items to be delivered Fr.

10,090,842,867.50

Securities withdrawn from circulation . . Fr.

30,263,805.—

Monetary Fund :

Public Long-term Securities Fr.	4,799,558,170.—
Total. . Fr.	115,000,915,929.02

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, 1945 Fr.

7,879,653,380.—

Securities
Stabilisation Fund
(Securities
Deposited)

**General Savings
and Pensions Fund**

a) Provisional Investments	Fr.	18,603,262,934.—
b) Cover for Loans	Fr.	17,871,800.—
c) Guarantee Deposits	Fr.	<u>179,696,873.—</u>
Total.	Fr.	18,800,831,607.—

DISTRIBUTION OF THE NET PROFIT FOR THE YEAR 1959

1. To the Shareholders : a First Dividend of 6 % of the Nominal Capital	24,000,000.—
2. As to the rest, namely Fr. 355,720,159.93	
a) 10 % to Reserve	35,572,015.99
b) 8 % to the Staff	28,457,612.79
3. As to the remainder, namely Fr. 291,690,531.15	
a) To the Government : one-fifth	58,338,106.23
b) To the Shareholders : a Second Dividend	233,142,857.14
c) The balance to Reserve	209,567.78
Total Net Profit to be distributed	379,720,159.93

DIVIDEND DECLARED FOR THE YEAR 1959

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, 1960 against presentation of Coupon No. 158.

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,*
 Alfons CONIX, *Regent,*
 André RENARD, *Regent,*
 Robert VANDEPUTTE, *Regent,*
 Hector MARTIN, *Regent,*
 Victor VAN ROSSEM, *Regent,*
 Max DRECHSEL, *Regent,*
 Emile MASQUELIER, *Regent.*

The Governor,
 Hubert ANSIAUX.

Balance Sheet

Profit and Loss Account

Memorandum Accounts

ASSETS
BALANCE SHEET AS AT

Gold Holding	56,692,868,764.—
Foreign Currencies	4,407,511,386.—
Foreign Currencies and Gold Receivable	223,684,436.—
International Agreements (Laws of 28th July, 1948 and 19th June, 1959) :	
a) European Payments Union	5,536,380,550.—
b) European Monetary Agreement	—
c) International Monetary Fund	4,387,706,338.—
d) Other Agreements	—
Debtors in respect of Foreign Exchange and Gold at Forward Dates	1,205,209,600.—
Commercial Bills	7,559,868,106.—
Advances against Pledged Security	102,500,922.—
Public Securities (Article 20 of the Statutes. Conventions of 14th September, 1948 and 15th April, 1952) :	
a) Treasury Certificates	8,215,000,000.—
b) Securities issued by Institutions whose liabilities are guaranteed by the Government	—
c) Other Public Belgian Securities	—
Treasury Notes and Coin	645,263,110.70
Balances at the Postal Cheque Office	1,894,917.—
Consolidated Claim on the Government (Article 3, paragraph b of the Law of 28th July, 1948 and Article 3 of the Law of 19th June, 1959)	34,029,880,281.90
Public Long-term Securities (Articles 18 and 21 of the Statutes)	2,468,615,054.—
Items Receivable	318,324,157.99
Premises, Furniture and Equipment	1,507,643,088.92
Securities of the Staff Pension Fund	1,032,091,546.—
Assets Written Off pending Collection	pro memoria
Transitory Assets	196,800,030.—
Total Assets	128,531,242,288.51

31st DECEMBER, 1959

LIABILITIES

Notes in Circulation		118,324,567,600.—
Current and Sundry Accounts :		
Public Treasury	Ordinary Account 6,660,434.67 Exceptional Counter- Cyclical Tax (Law of 12th March, 1957) 494,404,846.25 E.P.U. Special Liquidation Account 531,359.—	
Banks in Foreign Countries : Ordinary Accounts	252,232,801.—	
Institutions governed by a Special Law, and Public Authorities	280,244,880.72	
Banks in Belgium	2,267,282,647.—	
Individuals	243,865,257.—	
Items Payable	370,425,409.50	3,915,647,635.14
International Agreements (Laws of 28th July, 1948 and 19th June, 1959) :		
a) European Monetary Agreement	343,909,830.—	
b) Other Agreements	223,787,366.—	567,697,196.—
Total Sight Liabilities		122,807,912,431.14
Foreign Currencies and Gold to be Delivered		1,436,125,080.—
Staff Pension Fund		1,032,091,546.—
Transitory Liabilities		386,781,957.60
Capital		400,000,000.—
Reserve Funds :		
a) Statutory Reserve		461,723,780.20
b) Extraordinary Reserve		254,233,244.72
c) Account for Depreciation of Premises, Furniture and Equipment		1,372,654,088.92
Net Profit for Distribution		379,720,159.93
Total Liabilities		128,531,242,288.51

Registration Fee and Expenses on the Deed prolonging the Bank's Duration	42,757,296.—
General Expenses	387,064,501.89
Expenses of Acquiring, Selling and Shipping Gold	3,899,646.—
Ordinary Grant to the Staff Pension Fund	33,100,000.—
Depreciation of Old Premises, Furniture and Equipment	31,812,763.—
Written off New Premises	19,506,248.—
Amounts due to the Government :	
a) Produce of Discounts and Advances on Pledged Security :	
exceeding 3 ½ % : from 1st January to 31st July, 1959	3,394,776.—
exceeding 3 % : from 1st August to 31st December, 1959	11,239,264.66
	14,634,040.66
b) Stamp Duty on the Note Circulation : from 1st January to 29th June, 1959	82,103,857.—
Transferred to the Transitory Liabilities as :	
a) Provision for Building of Premises and Purchasing Equipment	12,000,000.—
b) Provision for Taxes	20,000,000.—
c) Provision against Sundry Contingencies	52,757,296.—
Net Profit for Distribution	379,720,159.93
	1,079,355,808.48

MEMORANDUM ACCOUNTS

Minister of Public Instruction : Balance for his account at the Postal Cheque Office (Schools Pact, Law of 29th May, 1959, Article 15)	
Items for Collection	
Documentary Credits Opened	
Certification of Acceptances relating to Exports and Imports	
Sundry Deposits :	
<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>	
Securities received by way of Guarantee from outside parties :	
<i>Cover for advance limits against Pledged Security</i>	
<i>Guarantees given by persons lodging bills for discount</i>	
<i>Sundry Guarantees</i>	
<i>Security provided in Commercial Bills by Borrowers of Call Money</i>	
Guarantee Certificates received from the Public Treasury	
Guarantees given on behalf of the Staff	
Commitment towards the National Foundation for the Financing of Scientific Research	
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 Railways Company	
Treasury Bills of the Government of the Grand Duchy of Luxemburg (Belgian-Luxemburg Agreement)	
Federal Republic of Germany Government Bonds (London 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 Depository :</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>Items 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	697,480,737.48
Income on Public Long-term Securities and Other Securities acquired in accordance with the Statutes	122,133,728.—
Profit on Realisation of, and Collection of Proceeds of Securities	42,312,445.—
Fees for Safe Custody, Brokerages and Rent of Safes	17,931,021.—
Amounts collected on Assets Written Off pending Collection	57,257.—
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) : from 1st January to 29th June, 1959 .	70,578,430.—
b) Allowance of 0.25 % per annum on the Government Debt (Royal Decree of 24th August, 1939, Article 33) : from 1st January to 29th June, 1959	45,057,406.—
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)	2,121,914.—
Transferred from the Transitory Liabilities :	
a) Provision for Building of Premises and Purchasing Equipment	38,925,574.—
b) Provision against Sundry Contingencies	42,757,296.—
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	1,079,355,808.48

	1,511,682,421.—
	15,176,633.—
	13,677,709.—
	5,875,103,759.—
2,469,000.—	
12,487,293,661.74	
594,634,057.50	
70,866,392,538.23	
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	83,950,789,257.47
19,805,426,773.—	
7,814,650.—	
186,048,825.—	
152,827,357.—	
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	20,152,117,605.—
	1,020,000,000.—
	164,210,658.—
	600,000,000.—
644,356,896.—	
5,000,000,000.—	
1,000,000,000.—	
638,305,187.—	
1,406,719,713.—	
303,905,400.—	
4,005,160,000.—	
713,850,000.—	
399,637,570.—	
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	13,467,577,870.—
6,063,388,625.43	
14,912,920,600.—	
62,557,907,424.59	
2,424,423,597.50	
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	85,958,640,247.52
9,676,073.—	
10,090,842,867.50	
30,263,805.—	
4,799,558,170.—	
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	115,000,915,929.02
	7,879,653,380.—
18,603,262,934.—	
17,871,800.—	
179,696,873.—	
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	18,800,831,607.—

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

Agricultural Fund	Fonds Agricole
Autonomous Funds	Fonds Autonomes
Autonomous War Damage Fund	Caisse Autonome des Dommages de Guerre
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
Code of taxes payable by stamp or in similar ways	Code des taxes assimilées au timbre
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 Coordinating 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
Development Company of the Congo	Société de Développement du Congo
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)
Economic Programming Office	Bureau de Programmation Economique
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-Leopoldville (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 Economiques
Ministry of Agriculture	Ministère de l'Agriculture
Ministry of Finance	Ministère des Finances
Ministry of National Defence	Ministère de la Défense Nationale
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 Foundation for Financing Scientific Research	Fondation Nationale pour le Financement de la Recherche Scientifique
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'Etudes de l'Energie Nucléaire

Organisation for European Economic Cooperation (O.E.E.C.)	Organisation Européenne de Coopération Economique (O.E.C.E.)
Permanent Budget Equalisation Fund	Fonds Permanent d'Egalisation des Budgets
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'Etudes 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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