

NATIONAL BANK OF BELGIUM

GENERAL MEETING

of the

Shareholders of the National Bank of Belgium

on 26th February, 1962

REPORT

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

on the activities of the Bank in 1961

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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 year 1961 opened under unfavourable auspices.

On the one hand the worsening of economic relations with the Republic of the Congo had given rise to misgivings. It was feared that the reduction in the amount of exports sent and services rendered to that country would affect Belgium's national income and, above all, the balance of payments.

On the other hand doubts were expressed about the continuance of growth in the national economy. The structural crisis in the coal mines, the difficulties in other sectors and the relative gravity of the 1958 recession had engendered uneasiness in certain regions and certain circles; this uneasiness, increased by other factors, had been reflected at the end of 1960 in strikes of unusual magnitude.

At the end of the year, while not all the problems have been solved, the uncertainties are no longer so keenly felt. Awareness of the difficulties has strengthened the will to clear them up. In any case the economic trends of the past year may be regarded as satisfactory, especially if allowance is made for the fears entertained when it began, as well as for the slowing down in the rate of growth of foreign demand by comparison with the previous year.

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In the European Economic Community as a whole, while production has been maintained at a high level, its progress has been slower. During the first months of the year the limits of production capacity were approached in Western Germany and the Netherlands, without the resulting full employment being accompanied by serious disturbance of the price level or balance of payments; the currency

reevaluation which those countries effected in March helped to reduce the risk of internal tensions. The advance of industrial activity had been particularly rapid in the Netherlands during 1960; it became slower there in 1961 because of the physical limits to expansion. Some slackening was observed in Germany, but it was less marked. The same was true of France and Italy, where however the expansion has been spread over a longer period.

The rate of expansion in the output of British industries as a whole remained low by reason of the particular difficulties affecting the United Kingdom.

The cyclical trend in the United States continues to diverge from that in the countries forming the Community. At the time when signs of slackening were appearing in these latter, the American economy was entering a phase of recovery; this will no doubt tend to sustain external demand.

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For the first ten months of the year the activity of all Belgian industries was up by a little less than 3 per cent. For the first three quarters of 1961 in comparison with the corresponding periods of the previous year such activity successively showed a decrease of 3 per cent and two increases of 7 and 4 per cent; these last two figures are slightly greater than those for the entire Community.

During the very last months of the year signs of slowing appeared in certain sectors as the result of a decrease in demand on European markets.

The country's high level of activity was supported by the amplitude of domestic investment. Originating from the previous rise in income, and favoured by a deliberate policy of expansion, the expenditure on industrial equipment and on building continued to grow. For the first nine months of 1961 the home-market orders

placed with the metal-using industries for capital goods, for railway transport material and for ships showed, as against the corresponding period a year earlier, an increase of 25.5 per cent by comparison with 8.3 per cent for the whole of 1960. On the same basis the imports of capital goods were up by 19 per cent as against 15.5 per cent in that year. The builders were working to the limit of their capacity. The public authorities contributed towards this more ample flow of capital expenditure; up to the beginning of November the amount of public works newly put up for tender exceeded by 8 per cent that for the corresponding period of the previous year.

Private consumption was probably affected by the high level of incomes, particularly by the increase in aggregate wages due to the recovery in employment, to a further rise in average hourly earnings, and to the lengthening of actual working hours which had taken place in the course of 1960.

Exports recovered after having been checked by the strike movement. In terms of value those for the first eleven months exceeded by more than 4 per cent the total for the corresponding period in 1960. The Belgian-Luxemburg Economic Union's share of international trade was maintained at the previous level.

Unemployment dropped to near the minimum reached during the previous boom period; some industries had recruiting difficulties. The further capital expenditure is improving productivity, however, and will thus restore margins of productive capacity in cases where this is being too fully used.

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The prosperity which the country thus enjoyed was not marred by any disquieting trend in the cost and price system. Activity continued in a state of equilibrium. The wholesale industrial price index declined somewhat from the second quarter onwards as a result

of keener competition. The official retail price index rose slightly up till August, then steadied down; it did not pass the points at which the linking of rates of pay with it would entail the raising of nominal wages on a large scale.

On the whole, and to judge by the available indices, the disparities in wholesale and retail prices as well as wages, and perhaps also the disparities in wage costs, have moved in favour of Belgium.

In addition the prosperity created no tensions in the external and internal financial situation.

Rates of exchange on the free foreign exchange market, where the disturbed conditions during the first months had caused strains, thereafter declined and remained until the end of the year at a level close to parity or even lower in the case of certain currencies.

Rates of interest on the bond markets showed a fall. Those for public securities issued by tender declined slightly in the last months of the year; this movement became definitely more marked at the beginning of 1962, when the first tender took place following the money market reform which will be described later. The average level of rates on the call money market was below that of the previous year.

For the first eleven months the amount of new time and savings deposits which the public formed at banks was Fr. 7.3 billion; the relative increase in such deposits was greater than that in cash holdings, which is put at Fr. 8.8 billion. This fact, no doubt partly due to the level of interest rates allowed to time depositors, shows in any case the adequacy of overall money creation and the abundance of liquidity in the economy.

On the money market this abundance was also reflected in the small extent of recourse to rediscounting at the National Bank, and in the large amount of public securities which the banks held over and above what the regulations required. The proceeds of subscriptions

to the Certificates of the Securities Stabilisation Fund did not need to be used for the purpose of intervention on the public security markets, so that large amounts were sterilised on account at the National Bank. The risks of inflationary pressures which might have resulted from the Treasury's large borrowings abroad were thus avoided.

The expansion of existing liquidity is chiefly due to the Government's recourse to borrowing from monetary institutions in various ways, but in particular by putting into the banks Treasury Certificates expressed in foreign currencies. The banks' purchasing of bonds on the market, and their granting of credit to business and private customers, were less important factors.

Finally the transactions with foreign countries, other than the public sector's capital transactions, again became a source of monetary expansion towards the middle of the year. At the start of the year the strikes and the growing purchases abroad — especially of capital goods — produced a deficit in payments for transactions in goods; thereafter this deficit was progressively cleared off. For the first three quarters as a whole the rendering of services and the private transfers showed, because of the decrease in certain receipts from the Congo, a surplus smaller than for the corresponding period of 1960. The net outgoings of private capital were much less in amount than during 1960. The deficit on external payments as a whole — excluding the public sector's capital transactions — reached Fr. 0.8 and 1.2 billion in the first and second quarters of 1961, then gave way to a surplus of Fr. 2.2 billion in the third quarter; in the last three months of the year the surplus was at least maintained.

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Improvement of the Government's financial situation, and the consolidating of the economy's external position, are not aims in themselves; but beyond all doubt the achievement of those objects

does add to the means available to the country for pursuing a more fundamental policy of economic, social and cultural progress.

As regards reform of the public finances great progress was made in the course of 1961. In the ordinary budget for that financial year the appropriations requested, namely Fr. 129.2 billion, exceed the probable receipts by Fr. 7.1 billion. The deficit will doubtless be smaller than this because of the cancelling of unused appropriations. For the 1960 financial year it was Fr. 6.8 billion; but the expenditure entered in the 1961 ordinary budget includes some current items which appeared in the extraordinary budget up till 1960. The cash position was less unfavourable during 1961. The actual increase of the Government's direct debt, which measures the size of the Treasury's ultimate deficit, was Fr. 14 billion in 1961 against Fr. 22 billion in both 1959 and 1960.

Besides this the structure of the debt was improved in the course of the year. In 1960 the total direct debt in foreign currencies had increased by more than Fr. 10 billion. The movement continued at a still faster rate until May, 1961, when the said foreign currency debt reached Fr. 50.4 billion against Fr. 44.4 billion at the end of 1960. Repayments brought it down again to Fr. 47 billion at the end of December. In addition the Government pursued a policy of consolidating the short-term debt in foreign currencies; during the last seven months of the year such debt decreased by Fr. 9.7 billion, while the foreign currency liabilities at medium and long term increased by Fr. 6.3 billion.

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The National Bank's net reserves of gold and foreign assets increased by Fr. 12.1 billion in the course of 1961.

But while the course of foreign payments in respect of current transactions and private capital movements was more favourable than

had been hoped, the reserves acquired by the Bank arise to the extent of nearly one-half from other transactions, namely from the incurring of foreign exchange debt by the Government and by certain para-statal operating organisations. As counterpart for their foreign currency lendings to the Treasury the banks increased their liabilities to foreign countries. Thus the total amount of the net gold and foreign assets belonging to all monetary institutions decreased in fact by nearly Fr. 1 billion; at the end of November it stood close to Fr. 75.1 billion.

The foreign currencies borrowed by the Government were transferred to the National Bank. In most cases the transfer gave rise to a forward purchase transaction; the Treasury moreover covered in the same way its repayments of longer-term debts having not more than a few months to run. The obligations resting on the Bank to deliver foreign exchange in this connection are the counterpart of the item « Debtors in respect of Foreign Exchange and Gold at Forward Dates », which rose from Fr. 11.8 billion on 31st December, 1960 to Fr. 18.5 billion at the end of December, 1961.

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The effect of the progressive freeing of capital movements, and of the return to convertibility of currencies, has been to facilitate movements of funds from one money market to another. Exchange crises may occur in the countries on which such movements impose an obligation to repay foreign liabilities, or to convert their nationals' cash holdings into foreign exchange. When such crises affect countries whose foreign liabilities form a part of the stock of international liquidity, that is to say countries whose currency serves for reserve purposes, they threaten the present organisation for international settlements.

The problem of the dollar in 1960, and that of sterling in 1961, have drawn attention to the reality of this risk.

In March the Central Banks, and then in August the International Monetary Fund, helped the United Kingdom — by granting it credits — to meet its foreign exchange difficulties.

The international monetary authorities took steps to enlarge the means of action of the institutions charged with the task of seeing that the international settlements system continuously operates. The September Meeting of the International Monetary Fund contemplated the arranging, through a previous convention between the Fund and some of its members, of machinery which would help the Fund to exercise the borrowing powers accorded to it by Article VII of its Articles of Agreement.

Consultations between the chief industrial countries led to agreement in principle regarding credit lines which will be opened for the Fund by each of the participants, and regarding the procedure for use of these additional facilities.

Belgium, cooperating fully to ensure the stability of the international payments system, will join in this agreement. In the case of Belgium, however, any amounts which the Fund might draw from it ought to be mainly placed at the Fund's disposal in gold or in other countries' currencies. It is in fact unlikely that the foreign currency requirements of the member countries for the benefit of which such drawings would be effected will result from a deficit, in relation to Belgium, of a size equal to the latter's contribution.

As counterpart for any gold and foreign exchange which it might give up the National Bank would in any case obtain, on the Fund, a claim of which it could if necessary obtain repayment before the due date.

The new obligations thus contracted by Belgium are additional to those which already resulted from its participation in the International Monetary Fund. But contrary to what happened in earlier

years, when the Fund mostly placed dollars at the disposal of members having recourse to its resources, it now has to use, as much or more, the currencies of the main continental European countries including Belgium. Thus in 1961 the Fund made use of its Belgian franc assets when the United Kingdom and Argentina drew on it. In respect of these two transactions the National Bank, acting in pursuance of the conventions concluded with the Government in 1959, supplied the Fr. 3.6 billion requested by the Fund. By way of counterpart the claim on that institution which the Bank shows in its books, in accordance with the said conventions, rose to Fr. 7,989 million at the end of 1961.

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It was principally in view of the need to safeguard external equilibrium during a difficult period that the National Bank kept its official discount rate unchanged for a year, after having raised it to 5 per cent on 4th August, 1960.

In August of last year the relaxation occurring on the free foreign exchange market, and the improvement in the current balance of payments, gave rise to a decision to start lowering short-term rates. Because of the abundance of liquidity, moreover, the money and bond markets displayed a state of ease which was reflected in a spontaneous tendency towards a reduction of rates.

On 24th August the National Bank lowered its rates by 0.25 per cent, bringing its discount rate for bills accepted payable at a bank down to 4.75 per cent. This reduction entailed a fall in those rates the movements of which had been linked to changes in the official discount rate since November, 1957. The reduction was limited in view of the high level of economic activity which was maintained.

On 28th December the Bank again lowered the scale of its rates; these were further reduced by 0.25 per cent, the rate applicable to accepted bills domiciled at a bank being brought down to 4.5 per cent.

With allowance for the improvement which had occurred in the balance of payments this fall may appear moderate. It forms part of a movement to reduce the rates for money; this movement may be continued by stages, so long as it does not create excessive differentials by comparison with the rates obtainable on short-term investments abroad. In that connection allowance has to be made for the increase which American banks were recently authorised to make in the rates allowed on time deposits.

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The alteration of rates in December came some days before a reorganisation of the money market; this comprises a number of rules with regard to banking structural ratios, to the methods of establishing interest rates on certain public securities sold in the market, and to those for establishing the rates paid on time deposits at banks. At the same time a new instrument was placed at the disposal of the monetary authorities through the establishing of a monetary reserve ratio.

The system of ratios laid down, among other things, the proportion in which deposits were to be covered by public securities. It was established in 1946 to prevent a return flow to the Central Bank of the short-term debt which had resulted from war-time inflation and was located in the other banks; and before 1961 it had already been subjected to various adjustments.

First, in 1949 it had been made more flexible, so that the banks were able gradually to diversify the composition of their covering assets.

In 1957 a further amendment put an end to the link between movements of bank deposits and the outstanding amount of credit granted by them to the Treasury. The short-term debt located in the banks was converted into public securities, namely Tranche A and

Tranche B of a special Government loan. The partial cover held by large and medium-sized banks was in future to comprise only bonds of this special loan, the certificates issued by the Securities Stabilisation Fund, and cash assets.

The arrangements introduced by the 1957 reform had undoubted advantages.

In the first place they definitely ended the multiplying effect previously produced when the Treasury, being in a state of deficit, immediately re-expended the proceeds of the certificates for which the banks had to subscribe when their deposits increased.

Besides this the arrangements protected the Treasury against the strains which were induced, in the opposite case of a contraction of deposits, by the repayment of Treasury Certificates in substantial amounts.

Finally the prescribed method of employing the resources which the banks gained through the expansion of their deposits channelled those resources into the Securities Stabilisation Fund. In this way the Fund was able to build up a float of available assets which strengthened its ability to act, in execution of its extended task, on the market for bonds, on that for public short-term securities and on that for call money.

The system established in 1957, however, still subjected the banks' assets-side business to certain obligations laid down by rule.

While these obligations have not really hampered the financing of enterprises, and while the latter's demands have been met without difficulty except in brief periods of tension, it nevertheless seemed good policy — in the context of the measures favouring expansion — to widen the margin of funds which the banks can make available to enterprises for financing purposes.

An order made by the Banking Commission on 21st December, 1961, and approved by the Minister of Finance and the Minister for

Economic Affairs and Energy, abrogated as from 1st January, 1962 the provisions contained in the regulations of 11th October, 1949 concerning cash and cover. The effect of certain transitory provisions in the order is however to limit the exemption from the cover requirement to the future increment of deposits.

Apart from this the banks may make up as they choose, except as regards the A Certificates, the assortment of eligible assets which each bank holds in order to provide the minimum covers required by the transitory provisions.

The linking of the rates for the Tranche B Treasury Certificates and for the certificates of the Securities Stabilisation Fund to the National Bank's discount rate has been abandoned.

That link had been introduced in November, 1957. Although it was justified, from the point of view inter alia of the effectiveness of discount rate policy, there were certain circumstances in which it might create rigidity in the fixing of rates for the various categories of public securities sold on the money market.

The steps taken to adjust the rules governing the banks' cover ratios make it possible to form market rates more flexibly. Henceforth these will fluctuate in accordance with the supply of and demand for liquidity, subject to control by the monetary authorities, so that the structure of short and long-term rates will be established in a more normal manner.

The certificates of the Securities Stabilisation Fund will run for four months, just as before, but they will be issued by way of weekly tenders, the allotment being made at a uniform rate.

The Treasury Certificates at very short term will be issued through the National Bank as hitherto.

The public tenders for Treasury Certificates at six, nine and twelve months will be continued.

Through its action on the money market in conjunction with action by the Securities Stabilisation Fund, and through its cooperation with the Treasury for the purpose among others of determining the amount and terms of issue of the certificates, the National Bank will help to guide the movement of rates while adjusting them to the course of both the balance of payments and the business cycle.

The Bank will moreover continue to exert an influence on the fixing of bank deposit rates. While indeed these will henceforth no longer be linked to the National Bank's discount rate their future movements, determined in view of the state of the market and balance of payments as well as the cyclical trend, will form the subject of an agreement reached after consultation between the National Bank and the Belgian Bankers' Association; within the framework of monetary policy the other financial intermediaries who gather funds in the form of deposits will no doubt be induced to associate themselves with this combined action in the matter of deposit rates.

These various provisions have been completed by the establishing of a monetary reserve ratio.

Overall demand may be expanded at certain times through credit obtained from monetary institutions, and at other times it may be reduced through repayments made in respect of such credit. The National Bank can therefore help to regularise such demand, and accordingly the course both of the business cycle and of the balance of payments, in so far as it is able to influence the volume of credit granted by monetary institutions.

The instruments now available to the National Bank are variation of its discount rate, the terms on which it certifies acceptances and rediscounts commercial bills, and open market operations.

To make variation of the discount rate effective the demand for credit would have to be relatively sensitive to its cost. But that is not always the case. The National Bank's freedom to vary its

discount rate is moreover limited by the risk of engendering disparities, between Belgian and foreign interest rates, which would cause outflows of funds.

The terms on which the National Bank certifies acceptances and rediscounts commercial bills are affected by trade and industrial usages, and can be altered only within certain limits.

The instruments of open market policy have been appreciably improved through the money market reforms. Nevertheless it remains true that action through transactions in the market for public securities may not be enough to regularise credit, or may conflict with debt policy.

Many foreign countries have increased the effectiveness of discount and open market policies by entrusting their monetary authorities with power to vary a cash or reserve ratio. The usefulness of this instrument has been proved for many years. Through direct action on monetary institutions' liquidity the reserve ratio makes it possible to control their lending capacity.

Despite its advantages the monetary reserve ratio method has not so far been used in Belgium. The object of the 4 per cent cash ratio, introduced in 1946, was to consolidate and strengthen the banks' individual structures. The mechanisms which resulted from the November, 1957 money market reform had not the flexibility of a reserve ratio system.

The introduction of such a system formed the subject of a second order, made by the Banking Commission on 21st December, 1961 and likewise approved by the Minister of Finance and by the Minister for Economic Affairs and Energy. By virtue of this order the Commission is empowered, on the National Bank's proposal based on the needs of monetary policy and credit control, to fix the proportion of the various categories of monetary and quasi-monetary liabilities which must be constituted in the form either of balances held on special sight deposit

at the National Bank, or of sight balances with the Securities Stabilisation Fund, or of special-type public securities deposited at the National Bank.

The required monetary reserve ratio must not exceed 20 per cent for liabilities at sight and at not more than one month, and 7 per cent for liabilities at more than one month and for those on deposit accounts. Failing approval by the Minister of Finance and by the Minister for Economic Affairs the ratio may not be increased by more than 3 points per period of thirty days.

Reinforcing as it does the effects of altering the discount rate and of open market operations, the new instrument may be of great use either for preventing excessive demands for credit from impairing monetary equilibrium, or possibly for encouraging economic recovery by freeing bank liquidity previously sterilised.

At the present time the application of this ratio is possible in the case of the banks. But although these are a special factor in monetary movements, they are not the only class of financial intermediaries whose lendings may finance an undesirable expansion of demand. Private or public enterprises which administer quasi-money may also cause the putting back into circulation, at the wrong time, of inactive cash holdings collected by them with a view to granting loans. It is thus desirable that the National Bank's means of action shall be completed through progressive application of the monetary reserve ratio system to all institutions at which quasi-monetary balances are held.

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In their technical aspects the reforms just reviewed fulfil a desire to facilitate the implementing of a financial policy allowing both for the requirements of growth and for the needs of internal and external equilibrium.

The maintenance of an adequate rate of development remains one of the prime objects of economic policy. There are indeed a certain number of important problems, including those raised by reinforcement of the industrial and agricultural structures, which by their nature take time to solve. The problem of energy is one of these. The problems of regional economy are of the same kind; important re-equipment schemes must be carried out, or new enterprises must be established, in certain depressed or declining areas. Similarly a realignment of activities has become necessary in order to replace industries which are contracting by others that meet a growing demand.

The Law for Economic Expansion, Social Progress and Financial Recovery, dated 14th February, has reinforced the measures inaugurated by the July, 1959 legislation to assist private investment.

An Agricultural Investment Fund and a Directorate of the Coal Industry have been created.

Finally a bill has been introduced into Parliament for setting up a National Investment Company as well as regional Companies; their object is to facilitate the financing of enterprises by providing risk capital.

The success of any broad policy for promoting investment presupposes that its financing shall not be hampered either by overall shortage of available funds or by any hitch in the mechanisms for collecting and distributing such resources as exist.

A governmental Commission has been set up to investigate the present financing machinery, and to propose to the Government such reforms as it may deem desirable in order to ensure better functioning of the capital markets as well as the mobilising of available financial resources.

The present problem is probably not one of overall shortage of funds for financing. But shortages may appear in some markets

because of rigidity and partitioning. Improvements can therefore be made in the financing system with a view to channelling funds into productive public or private investments which conform to the programmed objectives. In addition certain institutional entities might be created which would be charged with the duty of helping the Government to plan and implement a financial policy for assisting development of the economy.

Such a financial policy may help, so far as possible, to stimulate decisions to invest. At the same time however it must prevent growth of expenditure from exceeding what the economy can stand, and it must rule out disorderly development.

These principles of financial policy also guide the action of the Central Bank.

Economic progress must in fact be real, that is exclusive of any purely nominal increase of incomes.

In a dependent economy any inflation would impede and not stimulate growth. It would in fact impair equilibrium in external payments, and so hinder provision of the foreign exchange required for developing the country's economy.

Other things being equal, the effect of the effort made to quicken the rate of expansion must be to increase imports. As to capital movements it must be emphasised that Belgium is traditionally a country which exports part of its current savings, and that moreover the repayments — of course spread out over a period — will be made on external debts of the public sector.

In addition the external sight balances will doubtless have to be partly used in order to meet the obligations which rest on the National Bank in view of the assistance that this latter gives to the working of the international settlements system.

Finally it would be wrong to neglect the consequences of the change in relations with the Congo. These relations, it is true, have not been completely broken through independence; while there has been a definite fall in Belgian exports to the Congo, and in the amount of goods conveyed to that country, the imports from it have remained large. The same applies to commission processing of Congolese raw materials, and to the rendering of commercial and technical services on behalf of enterprises established in the Congo; because of this the net receipts during the first three quarters of 1961 in respect of settlements with the Congolese economy reached a substantial total. But it is not certain that this will still be so in the future.

Consequently equilibrium in the balance of payments will be ensured only if the expansion of current receipts, earned through exports of goods and services, is enough to cover the increase of imports as well as any fall in receipts from the Congo and the deficit on capital account.

Action aimed at development therefore implies the promoting of export activity, the more so since realisation of the Common Market alters the terms of competition which Belgian enterprises have to meet.

Satisfactory as it is, the improvement observed in Belgium's competitive position in the matter both of internal costs and of export prices must go further. In point of fact it also depends on other factors such as the creation of products, new to the international market, which would confer on Belgium the competitive advantage of an innovator. In that connection scientific research, pure and applied, is an essential factor.

At the close of the year 1961 one may certainly be glad that the Belgian economy's progress has been satisfactory in many respects. The hazards of the immediate future have been removed thanks to the will to recover which the country has shown, coupled with the dynamic force which it has displayed. That will and that dynamic force must

however remain available to perform a longer-term task which the country has undertaken with a view, first, to consolidating the results achieved, this being followed by tireless pursuit of the country's effort to improve its structure, to introduce new techniques, to modernise its methods and to rejuvenate its ideas.

MONEY AND FINANCE

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

Between September, 1960 and September, 1961 the total money supply and quasi-monetary liquid resources at banks and savings banks increased by Fr. 29.9 billion; in the previous twelve months the increase had been Fr. 19.3 billion.

Of this increase by Fr. 29.9 billion the growth of the money supply accounted for Fr. 14.4 billion, and that of quasi-monetary liquid resources for Fr. 15.5 billion.

The increase in the money supply resulted to the extent of Fr. 5.6 billion from that in notes and coin, and to the extent of Fr. 8.8 billion from that in sight deposits. Between September, 1959 and September, 1960 total notes and coin had risen at the same

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

(in billions of francs) (*)

At end of	Money Supply		Quasi-Monetary Liquid Resources (3) (4)	Total
	Notes and Coin (1)	Sight Deposits (2) (4)		
1958 December .	120.3	89.2	125.9	335.4
1959 December .	121.3	95.0	142.0	358.3
1960 December .	126.8	93.6	153.7	374.1
1959 September .	118.3	91.3	134.2	343.8
1960 September .	123.6	90.6	148.9	363.1
1961 September .	129.2	99.4	(p)164.4	(p)393.0

(*) 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) Residents' Belgian franc balances 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' deposits at banks in foreign currencies; residents' time deposits at banks 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. From September, 1960 onwards it has however been possible to eliminate a part of the bank balances belonging to Congo residents.

rate, but total sight deposits had ceased to rise because, in particular, of the events in the Congo ⁽¹⁾.

a) **Notes and Coin.**

Between November, 1960 and November, 1961 the note and coin circulation increased by Fr. 7 billion; it had done so by Fr. 2.9 billion during the previous twelve months.

The effect of seasonal factors on the movement of bank notes in circulation generally operates as follows : a decrease at the beginning of the year, then recovery leading to a peak about July, thereafter a fall by stages during a period of unequal length according to the year,

and finally a fresh rise, especially at the end-of-December maturity.

Notes and Coin
(in billions of francs)

At end of	Notes of N.B.B.	Treasury Notes and Coin (1)	Total (2)
1958 December	117.4	4.8	120.3
1959 November	116.0	4.9	118.8
December	118.3	4.9	121.3
1960 November	118.9	5.1	121.7
December	124.1	5.2	126.8
1961 January	122.0	5.2	124.9
February	122.0	5.2	124.9
March	122.7	5.2	125.6
April	123.6	5.2	126.7
May	123.7	5.2	126.5
June	124.8	5.3	127.9
July	125.6	5.3	128.5
August	124.8	5.3	127.8
September	125.9	5.3	129.2
October	125.9	5.4	128.9
November	125.6	5.4	128.7
December	129.1	5.5	

Whereas during 1961 the amount of bank notes in fact fell in the course of the year's first weeks and rose in the second quarter, reaching Fr. 125.7 billion on 10th July, the subsequent reduction was relatively slight; between the July, 1961 peak and the subsequent low point, recorded on 28th August, the decrease

was only Fr. 3.2 billion. By the end of September the total amount of bank notes already exceeded the July maximum. The end-of-year

(1) In September, 1960 total sight deposits were at a level lower by Fr. 0.7 billion than in September, 1959, but certain accounts of Congo residents which formed part of that total in September, 1959 no longer formed part of it in September, 1960. In the absence of this rectification there would perhaps have been no decrease in total sight deposits between the one date and the other.

settlement brought the total up to Fr. 129.1 billion, being Fr. 5 billion more than a year earlier.

Between December, 1960 and December, 1961 the total Treasury notes and coin circulating increased by Fr. 0.3 billion. This increase, and that of similar magnitude which occurred in 1960, represent a certain quickening of a slight expansive movement which began in 1958 after the contraction in the years 1954 to 1957.

b) **Sight Deposits.**

Total sight deposits increased by Fr. 9.9 billion between November, 1960 and November, 1961.

This movement was chiefly due to the rise in deposits at sight, and at not more than one month, which business and private customers

Sight Deposits
(in billions of francs)

At end of	Held by the Treasury and Local Authorities	Held by Business and Private Customers (1)				Total
		Current Accounts at the N.B.B.	Balances on P.C.A.	Deposits at sight and at not more than one month at Banks and Para-statal Establishments	Total	
1958 December	7.2	0.5	24.0	57.5	82.0	89.2
1959 November	7.8	0.4	24.5	60.5	85.4	93.2
December	7.6	0.5	25.8	61.1	87.4	95.0
1960 November	7.4	0.5	25.0	57.8	83.3	90.7
December	7.3 ²	0.7	26.9	58.7	86.3	93.6
1961 January	7.7	0.6	27.7	58.9	87.2	94.9
February	8.2	0.5	26.8	60.2	87.5	95.7
March	8.7	0.5	25.9	61.9	88.3	97.0
April	7.9	0.4	27.1	61.1	88.6	96.5
May	8.4	0.5	27.1	63.4	91.0	99.4
June	8.5	0.4	27.3	62.7	90.4	98.9
July	7.7	0.4	27.5	61.3	89.2	96.9
August	7.7	0.4	26.2	62.2	88.8	96.5
September	9.7	0.4	27.0	62.3	89.7	99.4
October	8.4	0.4	27.8	62.8	91.0	99.4
November	8.3	0.4	27.2	64.7	92.3	100.6

(1) Not including the monetary institutions and the Securities Stabilisation Fund, but including certain para-statal institutions. 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. From November, 1960 onwards it has however been possible to eliminate a part of the deposits held by Congo residents at banks.

(2) The figure for the sight deposits held in December, 1960 by the Treasury and the local authorities is abnormally low by reason of the disorganisation caused through strikes.

hold at banks and para-statal establishments. Such deposits increased during all months of the period considered except in April, in June on the issue of a Government loan and in July under the influence of seasonal factors; finally, in November, 1961, they reached an amount exceeding by Fr. 6.9 billion that in November, 1960.

Business and private holders' balances on postal cheque accounts grew by Fr. 2.2 billion between November, 1960 and November, 1961.

In November, 1961 the sight deposits of the Treasury and local authorities at monetary institutions were above their level of a year earlier by Fr. 0.9 billion. Just as during previous years, there were rises at the ends of quarters in particular; these are due to the fact that at these times certain Treasury accountants regularly receive the funds which they require in order to make payments at the start of the following month.

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

Monthly Averages per Standard Month of 25 days	Total Amount of Payments Effected through			Frequency of Turnover	
	Sight Deposits at Banks	Balances at Postal Cheque Office	Total	of Sight Deposits at Banks	of Balances at Postal Cheque Office
	(in billions of francs)				
1959	90.3	83.4	173.7	1.91	3.13
1960	99.4	87.2	186.6	2.06	3.04
1959 (first 11 months) ...	89.2	82.9	172.1	1.89	3.13
1960 (first 11 months) ...	98.8	87.6	186.4	2.04	3.06
1961 (first 11 months) ...	105.7	92.5	198.2	2.16	2.95

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

The payments made out of sight deposits at banks, and those effected by the debit of postal cheque accounts, continued to increase in 1961. The rise in the former was smaller, and that in the latter was little greater, than in 1960. In 1961 the rate of turnover of bank

deposits quickened further, whereas that of balances at the Postal Cheque Office again slowed down.

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

The total quasi-monetary liquid resources at the banks and savings banks increased by Fr. 15.5 billion between September, 1960 and September, 1961.

Between these dates the Treasury's credit balances at the National Bank decreased by Fr. 0.3 billion. This fall was entirely due to the

Quasi-Monetary Liquid Resources at the Banks and Savings Banks ⁽¹⁾
(in billions of francs)

At end of	National Bank of Belgium (2)	Banks			General Savings Fund (3)	Private Savings Banks (4)	Total
		Deposits in Foreign Currencies	Deposits in Belgian francs				
			at more than one month	received on Deposit or Savings Books			
1958 December	0.6	2.6	14.2	13.2	75.2	20.1	125.9
1959 December	0.5	4.3	16.1	15.4	82.2	23.5	142.0
1960 December	0.2	7.2	19.1	15.6	85.8	25.8	153.7
1959 September ...	0.6	3.1	16.2	14.7	77.3	22.3	134.2
1960 September ...	0.3	8.0	18.1	15.6	81.9	25.0	148.9
1961 September ...	...	8.4	25.2	15.9	(p)86.7	28.2	(p)164.4

(p) Provisional figures.

(1) 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 this table. From September, 1960 onwards it has however been possible to eliminate a part of the deposits held by Congo residents in Belgian francs at banks.

(2) Treasury's credit balances.

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

(4) Savings and deposit accounts.

movement of the account opened for receiving the proceeds of the Exceptional Counter-Cyclical Tax introduced by the Law of 12th March, 1957; in September, 1961 the credit balance still appearing on that account was negligible.

The quasi-monetary liquid resources at the banks rose between September, 1960 and September, 1961 by Fr. 7.8 billion, that is by Fr. 0.1 billion more than during the whole twelve previous months.

But whereas between September, 1959 and September, 1960 it was especially the deposits in foreign currencies which had risen under the influence of the rise in interest rates abroad and of the events in the Congo, between September, 1960 and September, 1961 it was the movement in Belgian franc deposits at over one month which formed by far the most important component in the increase of quasi-monetary liquid resources at banks.

The growth of deposits on savings books and on current accounts at the General Savings Fund reached Fr. 4.8 billion between September, 1960 and September, 1961. In the same period the

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

Monthly Average or Month	In-payments	Out-payments	Net Movement
1959	1.8	1.3	+ 0.5
1960	1.8	1.6	+ 0.2
1961	1.9	1.6	+ 0.3
1961 January	2.0	1.6	+ 0.4
February	1.9	1.5	+ 0.4
March	1.9	1.9	...
April	1.9	1.7	+ 0.2
May	1.9	1.7	+ 0.2
June	1.9	1.9	...
July	2.1	1.6	+ 0.5
August	1.7	1.5	+ 0.2
September	1.8	1.6	+ 0.2
October	1.9	1.6	+ 0.3
November	1.7	1.4	+ 0.3
December	2.0	1.7	+ 0.3

(1) From June, 1961 provisional figures.

balances on savings and deposit accounts at private savings banks rose by Fr. 3.2 billion. For the preceding twelve months the corresponding increases had been respectively Fr. 4.6 and 2.7 billion.

The deposits on savings books of individuals form the greater part of the quasi-monetary liquid assets at the General

Savings Fund. In 1961 the new deposits on such books increased by comparison with 1960, while the withdrawals showed little change; consequently the excess of in-payments over out-payments increased, amounting on the monthly average to Fr. 0.3 billion in 1961 against Fr. 0.2 billion in 1960.

At the General Savings Fund the rates paid on individuals' savings deposits, and the fidelity premium, were not altered in 1961. The

rates were 3 per cent up to Fr. 250,000, and 2 per cent thereafter; the fidelity premium was equal to 10 per cent of the interest earned on all sums deposited before 1st January and still standing in account on 31st December.

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

Between December, 1960 and September, 1961 the money supply and the quasi-monetary liquid resources at the banks and savings banks increased by Fr. 18.5 billion. By way of counterparts this increase

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	Domestic Private Sector	Sundry Parties
1959	+ 22.9	+ 0.7	+ 9.7	+ 14.2	- 1.7
1960	+ 16.4 ¹	+ 1.9	+ 8.0	+ 12.2	- 5.7
1961 1st quarter	+ 6.9 ¹	- 1.9	+ 7.6	- 0.1	+ 1.3
2nd » (p)	+ 5.2	+ 0.1	+ 1.4	+ 3.4	+ 0.3
3rd » (p)	+ 6.4 ¹	+ 3.9	+ 2.1	+ 2.5	- 2.1
first 3 quarters . (p)	+ 18.5 ¹	+ 2.1	+ 11.1	+ 5.8	- 0.5

(p) Provisional figures.

(¹) Excluding purely accounting movements.

had surpluses amounting to Fr. 2.1 billion on transactions with foreign countries, to Fr. 11.1 billion on those with public authorities and to Fr. 5.8 billion on those with the domestic private sector.

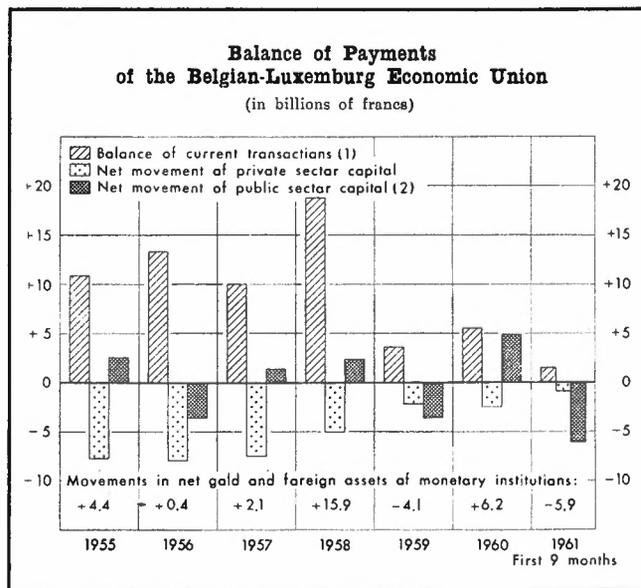
a) Transactions with Foreign Countries.

The item « transactions with foreign countries » in the statistics showing the counterparts of the money supply and of quasi-monetary liquid resources does not include the public authorities' capital transactions or the Government's transfers to and from foreign

countries. The monetary institutions' purchases of foreign currencies originating from these transactions are similar to the granting of credit by them to public authorities; they have accordingly been included in the transactions with these latter.

**Balance
of Payments**

On the other hand the balance of payments does record all the transactions, between the Belgian-Luxemburg Economic Union and foreign countries, which have given rise to a financial settlement through the Belgian and Luxemburg banking system.



(1) The current transactions comprise the transactions in goods and services, the private transfers and the Government transfers.
 (2) The public sector comprises the Government, the local authorities and the para-statal organisations concerned with administration, operation and credit.

In the first half of 1961 the expenditure on imports of goods was up by Fr. 7.5 billion in comparison with the corresponding half of 1960, and by Fr. 4.1 billion in comparison with the second half of that year. Compared as between the same periods, the receipts

from exports were up by respectively Fr. 1.7 and 2.4 billion; their rise was slowed down by the strikes which occurred in Belgium at the end of 1960 and the beginning of 1961. The Fr. 4.7 billion deficit which imports and exports showed in the first half of 1961 was partly offset by a surplus on other transactions in goods. Finally the whole of the transactions in goods produced a deficit of Fr. 1.7 billion in the first half of 1961; they had yielded a surplus of Fr. 2.6 billion in the first half, and a deficit of Fr. 1.3 billion in the second half, of 1960.

As regards the balance of other transactions in goods and services the surplus of Fr. 4.6 billion recorded in the first half of 1960 gave way to a deficit of Fr. 1 billion in the first half of 1961. This change was mainly due to deterioration in the net result of transport, foreign travel and investment income.

For the first six months of 1961 transport transactions showed net expenditure of Fr. 0.6 billion, whereas for the first half of 1960 they had yielded a net receipt of Fr. 1.4 billion. This reversal

Balance of Payments of the Belgian-Luxemburg Economic Union

(in billions of francs)

	1959	1960			1961	
		1st half	2nd half	Whole year	1st half	3rd quarter (p)
Exports, f.o.b.	138.4	80.0	79.3	159.3	81.7	n.a.
Imports, f.o.b. (1)	142.6	78.9	82.3	161.2	86.4	n.a.
	- 4.2	+ 1.1	- 3.0	- 1.9	- 4.7	n.a.
Other goods transactions, net (2)	+ 2.4	+ 1.5	+ 1.7	+ 3.2	+ 3.0	n.a.
All goods transactions, net	- 1.8	+ 2.6	- 1.3	+ 1.3	- 1.7	n.a.
Other transactions in goods and services, net (3)	+ 3.0	+ 4.6	- 1.0	+ 3.6	- 1.0	n.a.
All transactions in goods and services, net	+ 1.2	+ 7.2	- 2.3	+ 4.9	- 2.7	+ 1.7
Private transfers, net	+ 3.2	+ 2.0	+ 1.1	+ 3.1	+ 1.4	+ 1.1
Government transfers, net	- 0.8	- 1.7	- 0.8	- 2.5	...	...
Net movement of public sector capital (4) :						
Long-term	- 5.1	...	- 0.8	- 0.8	+ 0.1	} - 0.5
Short-term	+ 1.6	+ 0.6	+ 5.1	+ 5.7	- 5.7	
Net movement of private sector capital :						
Short-term, recorded	- 1.2	- 1.3	+ 1.5	+ 0.2	+ 0.1	- 1.1
Rest	- 0.9	- 1.5	- 1.2	- 2.7	- 0.3	+ 0.4
Unascertained transactions (5), errors and omissions	- 2.1	- 0.2	- 1.5	- 1.7	- 0.5	+ 0.1
Total corresponding to movement in monetary institutions' net gold and foreign assets	- 4.1	+ 5.1	+ 1.1	+ 6.2	- 7.6	+ 1.7

(p) Provisional figures.

n.a. Figures not available.

(1) Including transport expenditure other than that relating to import of goods.

(2) Goods bought from a foreign country and resold to another foreign country, and work done on commission.

(3) Non-monetary gold, foreign travel, transport, insurance, investment income, transactions of public authorities, frontier-region and foreign workers, etc.

(4) Government, local authorities, and para-statal organisations concerned with administration, operation and credit.

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

originated from a decrease in receipts from the Congo, coupled with an increase of expenditure due to the rise in imports of goods.

The item « foreign travel » showed for the first half of 1961 a deficit greater by Fr. 1 billion than that for the first half of 1960. It seems that in the first half of 1961 this item took account of expenditure which appeared, in the first half of 1960, among the unascertained items.

The surplus on investment income reached no more than Fr. 0.5 billion in the first half of 1961 as against Fr. 2.4 billion for the corresponding period in 1960. On the one hand the payments made abroad were greater. On the other hand the payments coming from the Congo diminished; this diminution was however partly due to the fact that certain payments, made in the first half of 1960, were not made in 1961 until the third quarter.

The Belgian-Luxemburg Economic Union's receipts of private transfers, mostly coming from the Congo, had reached a high level in the first half of 1960 but had declined during the next half-year. For the whole first six months of 1961 the excess of receipts over expenditure of the same nature was a little greater than in the second half of 1960.

The public sector's capital movements showed a net outgoing of Fr. 5.6 billion in the first half of 1961. In the case of long-term capital the receipts exceeded the outgoings by Fr. 0.1 billion; the greater part of the receipts comprised the proceeds of loans placed abroad by para-statal entities, while the bulk of the outgoings represented repayments on the Belgian Government's foreign currency debt. As to the public sector's short-term capital movements, these yielded a deficit of Fr. 5.7 billion; the part located abroad of the Belgian Government's short-term debt in foreign currencies, and that part of it in Belgian francs which is also located abroad, declined by

Fr. 4.6 billion ⁽¹⁾ and Fr. 0.5 billion respectively. In addition the Belgian Government made payments amounting to Fr. 0.6 billion by way of redemption and interest on the foreign currency debt which the Congolese Treasury had contracted before 30th June, 1960 with a guarantee by the Belgian Government.

Between January and June, 1961 the private sector's short-term capital transactions, which include its investments in commercial bills, gave rise to a net receipt of Fr. 0.1 billion. During the same period the private sector's other capital movements showed a net outgoing of Fr. 0.3 billion; the deficit resulting from transactions in securities was in very large part offset by the surplus resulting from other transactions.

Finally the net gold and foreign assets held by all Belgian and Luxemburg monetary institutions decreased by Fr. 7.6 billion in the first half of 1961. This overall movement covers on the one hand a fall by Fr. 10.5 billion in the Belgian banks' net gold and foreign assets, due mainly to liabilities which those banks contracted abroad so as to finance a larger holding of Belgian Treasury Certificates in foreign currencies, and on the other hand an increase by Fr. 2.9 billion in the net gold and foreign assets held by other monetary institutions, including the National Bank.

In the course of the third quarter of 1961 the balance of transactions in goods and services became positive. The consequent surplus, and that resulting from private transfers swollen by an

⁽¹⁾ While the part of the Belgian Government's short-term foreign currency debt which is located abroad thus declined, the Belgian banks' holding of foreign-currency Treasury Certificates increased by a greater amount. This explains why the total outstanding amount of such short-term foreign currency debt rose further in the first half-year.

In the balance of payments the Belgian banks' foreign currency lendings to the Treasury are not regarded as capital transactions by the public sector with foreign countries; they represent in fact a transaction between residents. What the balance of payments records is any indebtedness which the banks may have contracted towards foreign correspondents so as to procure all or some of the resources needed for their foreign currency lendings to the Treasury. This indebtedness appears as a negative item in the final figure reflecting the movement of monetary institutions' net gold and foreign assets, whereas, other things being equal, the Treasury's transfer of the borrowed foreign exchange to the National Bank appears as a positive item in the same final figure. If in the first half of 1961 the Treasury had placed its foreign currency certificates directly on markets abroad, the item « net movement in the public sector's short-term funds » would have shown a surplus roughly corresponding to the increase of the short-term public debt in foreign currencies, and the final outcome of the balance of payments would have been positive.

exceptional payment coming from Western Germany, reached a total greater than that of the public and private sectors' net capital outgoings. Finally the net gold and foreign assets held by Belgian and Luxemburg monetary institutions increased by Fr. 1.7 billion.

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

On 31st December, 1961 the National Bank's net gold and foreign assets amounted to Fr. 92.7 billion, being Fr. 12.1 billion more than on 31st December, 1960.

The various components of the Bank's net gold and foreign assets moved as follows.

The gold holding, which was Fr. 58.5 billion on 31st December, 1960, reached Fr. 62.4 billion on 31st December, 1961; on the latter date it covered 45 per cent of the sight liabilities as against 45.8 per cent a year earlier.

The assets in convertible currencies, that is American and Canadian dollars as well as the currencies of most European Monetary Agreement members, increased by Fr. 7.8 billion in 1961.

During the same period the total bilateral claims resulting for Belgium from liquidation of the European Payments Union declined by Fr. 3.1 billion; the United Kingdom and France cleared off the whole of their debts, while Greece, Iceland, Norway and Turkey reduced theirs.

The claim on the International Monetary Fund is the one which the Belgian Government has on that institution for repayment of its quota as a member, 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 amounts of gold paid by it in relief of the Government. That claim increased in August, 1961 by Fr. 3 billion, and in October, 1961 by Fr. 0.6 billion.

On 8th August, 1961 the International Monetary Fund placed 4.5 billion Belgian francs at the disposal of the United Kingdom. For that purpose it sold to the National Bank gold equivalent to 1.5 billion Belgian francs, and encashed Fr. 3 billion of Treasury Certificates deposited at the National Bank in its name. In accordance with conventions concluded between the Belgian Government and the National Bank on 1st August, 1959 and 14th October, 1959 the Bank repaid these Treasury Certificates out of its own resources for account of and in relief of the Government. As counterpart it entered in account an increase of Fr. 3 billion in its claim on the Fund.

Argentina's purchase of Belgian francs from the International Monetary Fund in October, 1961 caused the National Bank to repay to

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 Claims on E.P.U., or resulting from its Liquidation	Claim on the International Monetary Fund	Other Net Assets or Liabilities	Total	Movement
1958 December	63.5	1.4	7.8	—	2.8	75.5	} — 6.2 ² + 8.4
1959 December	56.7	4.4	5.5	4.4	1.2	72.2	
1960 December	58.5	12.6	3.5	4.4	1.6	80.6	
1961 January	57.8	14.0	3.1	4.4	— 0.8	78.5	— 2.1
February	56.8	16.0	3.1	4.4	— 0.6	79.7	+ 1.2
March	56.6	15.5	3.1	4.4	0.1	79.7	...
April	54.3	16.9	2.8	4.4	— 0.6	77.8	— 1.9
May	53.5	18.4	2.8	4.4	0.8	79.9	+ 2.1
June	53.7	19.9	2.4	4.4	2.2	82.6	+ 2.7
July	54.2	22.9	2.4	4.4	0.3	84.2	+ 1.6
August	57.5	18.9	0.7	7.4	— 0.7	83.8	— 0.4
September	58.3	19.3	0.7	7.4	0.3	86.0	+ 2.2
October	60.1	20.4	0.4	8.0	— 0.2	88.7	+ 2.7
November	61.7	20.2	0.4	8.0	— 1.0	89.3	+ 0.6
December	62.4	20.4	0.4	8.0	1.5	92.7	+ 3.4

(1) The figures do not include the foreign currencies and the gold to be received or delivered at forward dates. On the other hand they do include certain non-sight assets which were excluded from the corresponding table in earlier Reports of the National Bank of Belgium; in particular they include 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 amounts of gold paid by it in favour of the said Fund and in relief of the Government. The omission of this claim in previous years is explained by the fact that, when it first appeared in 1959, it largely resulted from simple take-over of a Government's claim, so that to take account of it would have introduced a purely accounting increase into the movement of the Bank's net gold and foreign assets. The increase which occurred during 1961 in the claim on the Fund is on the other hand entirely due to transactions with that institution, and it affected other external assets and liabilities of the Bank. Hence it must be taken into account so that an overall view of the movement in the Bank's net gold and foreign assets may be obtained. Fuller information about this claim, and its movement, is given later in the part of the Report devoted to analysis of the Balance Sheet and of the Profit and Loss Account for the year 1961.

(2) Excluding the Fr. 2.0 billion increase in the claim on the International Monetary Fund, due to payment to the Government of the countervalue of the gold and dollars delivered to the said Fund and of the Belgian francs appearing on its current account as a result of the subscription of the Belgian quota.

the Fund, out of its own resources but for account of and in relief of the Government, a further Fr. 0.6 billion tranche of Treasury Certificates deposited in the Fund's name.

The item « other net assets or liabilities » chiefly comprises the holding of Belgian franc acceptances representing exports, and Belgian franc liabilities towards foreign banks and international institutions. On 31st December, 1961 the balance of this item was substantially the same as a year before.

b) Transactions with the Public Authorities.

The transactions of monetary institutions and savings banks with public authorities cover the latter's monetary financing, the monetary institutions' operations on the market for public securities and the savings banks' acquisition of claims on the said authorities.

The public authorities' monetary financing chiefly comprises the increase in the outstanding amount of Belgian franc or foreign

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
1959	+ 4.4	+ 3.3	+ 2.0	+ 9.7
1960	+ 5.8	+ 2.1	+ 0.1	+ 8.0
1961 1st quarter	+ 4.9	+ 0.6	+ 2.1	+ 7.6
2nd » . (p)	+ 0.4	+ 0.2	+ 0.8	+ 1.4
3rd » . (p)	+ 1.8	+ 0.9	- 0.6	+ 2.1
first 3 quarters (p)	+ 7.1	+ 1.7	+ 2.3	+11.1

(p) Provisional figures.

and the increase in individuals' balances on postal cheque accounts. There is also monetary financing of public authorities

currency Treasury Certificates located in Belgium, so far as this gives rise to currency creation, the subscriptions by monetary institutions to loans issued by public authorities, the credits granted to local authorities by the Municipal Credit Institution as a monetary institution,

when these latter sell to the banking system, for Belgian francs, foreign currencies which they have acquired through their capital or transfer transactions with foreign countries. Between January and September, 1961 the public authorities' monetary financing reached Fr. 7.1 billion.

The monetary institutions' operations on the market for public securities comprise their purchases of securities previously issued; they also include increases in the holding of public securities which the Securities Stabilisation Fund has acquired on the market, and which it finances through the proceeds of its certificates placed at banks, and possibly — although this was not the case in 1961 — through borrowing call money from monetary institutions or through recourse to the National Bank. For the first nine months of 1961 as a whole the monetary institutions' operations on the public securities market amounted to Fr. 1.7 billion; they comprised, for the most part, purchases of public securities by the banks.

During the same period the claims held by the savings banks on public authorities increased by Fr. 2.3 billion.

Altogether between January and September, 1961 the transactions with public authorities formed the counterpart to an increase by Fr. 11.1 billion in the money supply and in quasi-monetary liquid resources at banks and savings banks.

The ordinary budget for the 1961 financial year was presented in equilibrium at the level of Fr. 122.9 billion. **Budgets**

The actual receipts will probably show a shortfall of Fr. 0.8 billion. The original budget in fact allowed for the putting into force, on 1st January, of the 20 per cent increase in taxes payable by stamp or in similar ways. In fact however the raising of the rates for these was applied only as from 5th May.

On the other hand the appropriations voted will probably be greater by Fr. 6.3 billion than the figure initially contemplated; of this increase the amendments account for Fr. 0.1 billion, and supplementary appropriations already voted or proposed by the Government for Fr. 6.2 billion. The chief appropriations making up the said Fr. 6.3 billion increase are Fr. 1.6 billion for education, Fr. 1 billion for the benefit of the local authorities, Fr. 0.9 billion for service of the national debt, Fr. 0.8 billion on account of African affairs, Fr. 0.5 billion for national defence, Fr. 0.3 billion in favour of the Belgian National Railways Company and Fr. 0.2 billion for housing.

The result is that the requested appropriations exceed the probable receipts by Fr. 7.1 billion. The deficit on the ordinary budget for the 1961 financial year will however probably be smaller

Ordinary Budget
(in billions of francs)

Sources : 1959 and 1960 Financial Years : *Moniteur Belge*.
1961 and 1962 Financial Years : General Budget Statement of Receipts and Expenditure for the 1962 Financial Year.

	Financial Year 1959 (1)	Financial Year 1960 (1)	Financial Year 1961 (2)	Financial Year 1962 (3)
Expenditure	110.5	116.5	129.2	132.2
Receipts	102.3	109.7	122.1	131.8
Balance ...	- 8.2	- 6.8	- 7.1	- 0.4

(1) Final results.
(2) Expenditure : Initial appropriations, amendments and supplementary estimates, including the appropriations requested for covering expenditure relating to previous financial years, but without allowance for amendments in the second supplementary estimates.
Receipts : Estimate based on the actual receipts for the first eight months.
(3) Budget estimates.

than this, since part of the voted appropriations is generally not used before the end of the financial year, and is then cancelled.

The appropriations requested for the 1961 financial year, at Fr. 129.2 billion, are greater by Fr. 12.7 billion than the actual expenditure in the 1960 financial year; the real increase of expenditure however seems unlikely, in view of probable cancellations, to reach this figure; it is largely attributable to the fact that the current expenditure included up till 1960 in the extraordinary budget was transferred to the ordinary budget with effect from 1961. As regards receipts, their increase by comparison with the 1960 financial year will amount to about Fr. 12.4 billion. Thus the deficit

on the ordinary budget for the 1961 financial year will not differ very much from that for the previous financial year; it would have been smaller but for the transfers which took place from the extraordinary to the ordinary budget between the two financial years, as mentioned above.

Like the ordinary budget for 1961, that for 1962 was introduced in equilibrium, at least if allowance is made for the reduction of appropriations by Fr. 0.4 billion which the Government undertook to propose after its introduction; it amounts to Fr. 131.8 billion. At this level the estimated expenditure is greater by Fr. 2.6 billion than the appropriations requested for the 1961 financial year. Larger appropriations are provided, inter alia for pensions (+ Fr. 1.8 billion), national debt service (+ Fr. 1.3 billion), the raising of public officials' salaries (+ Fr. 0.5 billion) and national education (+ Fr. 0.4 billion). On the other hand certain cuts in appropriations are contemplated; they relate chiefly to the expenditure on technical assistance and to that resulting from the events in Africa (− Fr. 1.4 billion), as well as to the subsidies towards unemployment benefit (− Fr. 0.4 billion), this last being due to the progressive achieving of full employment.

The Fr. 131.8 billion of ordinary receipts expected for the 1962 financial year exceed by Fr. 9.7 billion the probable receipts for 1961. This increase is to result, to the extent of Fr. 8.6 billion, from tax revenues. The growth of economic activity is expected to increase these latter by Fr. 5.6 billion; the remaining Fr. 3 billion would arise from the fact that the tax increases imposed under the Law for Economic Expansion, Social Progress and Financial Recovery were applied during only a part of the 1961 financial year.

On the basis of these forecasts, and with allowance for the probable deficit on the extraordinary budget, for the needs of the Road Fund and for the foreseeable cash deficit resulting from extra-budgetary operations, the Government hopes to limit its resort to borrowing in 1962 to around Fr. 19 billion. In these circumstances the increase of the national debt would amount to about Fr. 10 billion,

since the contractual redemption in respect of which appropriations are contained in the ordinary budget will reach approximately Fr. 9 billion.

**Execution of
Budgets**

The figures quoted above do not precisely show the effect produced by budgetary transactions on the Treasury in the course of each of the past years. In the first place they are budget figures per financial year. In addition they relate to a body of transactions which do not necessarily all give rise to receipts or outgoings of funds at the time when they are entered in account. The figures which appear below, on the other hand, group the receipts and expenditure actually occurring during periods of identical length in respect of different financial years, excluding internal transfers.

Execution of Budgets

(in billions of francs)

Source : Information Bulletin of the Ministry of Finance.

	1959	1960	1960 (first 11 months)	1961 (first 11 months)
Ordinary Budget :				
Expenditure	108.4	111.2	100.6	114.7
Receipts	100.2	108.1	98.5	108.0
Balance	- 8.2	- 3.1	- 2.1	- 6.7
Extraordinary Budget :				
Expenditure	18.1	23.7	20.5	12.3
Receipts	0.2	0.3	0.2	0.3
Balance	- 17.9	- 23.4	- 20.3	- 12.0
Total Budget Surplus or Deficit	- 26.1	- 26.5	- 22.4	- 18.7

For the whole first eleven months of 1961 the cash deficit resulting from budgetary transactions was Fr. 18.7 billion, being Fr. 3.7 billion less than in the corresponding period of 1960. The above-mentioned figure of Fr. 18.7 billion comprises a deficit of Fr. 6.7 billion on the ordinary budget, as against Fr. 2.1 billion in the first eleven months of 1960, and one of Fr. 12 billion on the extraordinary budget in place of Fr. 20.3 billion.

The divergence of trend between 1960 and 1961 in the balances shown by execution of the ordinary budget, on the one hand, and of the extraordinary budget on the other is mainly explained by the 1961 transfer to the ordinary budget of current expenditure which had previously been entered in the extraordinary budget. This transfer caused the ordinary expenditure to show an increase, further enlarged by a certain rise in expenditure which was already regarded as ordinary beforehand, and a related decrease in extraordinary expenditure.

On the receipts side there was appreciable growth of the ordinary revenues under the influence of cyclical expansion and of the higher rates of tax.

The consolidated direct debt in Belgian francs amounted at the end of 1961 to Fr. 217.4 billion, that is Fr. 5.8 billion more than at the end of 1960; the increase in this latter year had been Fr. 20.8 billion. In 1961 the Treasury issued two loans together amounting to Fr. 13 billion. The first, in June, was for Fr. 7 billion; it runs for 12 years and 6 months, but holders are given an option to obtain anticipated repayment of their bonds after 5 or 9 years; the nominal rate of interest is 5.25 per cent for the first five years, 5.50 per cent for the next four and 5.75 per cent during the last period. The second loan, limited on issue to Fr. 6 billion, was issued in October; it runs for 20 years, holders being able to obtain anticipated repayment of their bonds after 5, 10 or 15 years; the nominal rate of interest is 5.25 per cent for the first five years, 5.50 per cent for the next five and 5.75 per cent during the last ten.

National Debt

The direct Belgian franc medium-term debt, which had been reduced by Fr. 4.9 billion in 1960, declined by Fr. 0.7 billion in 1961 following the repayment of 4 per cent Treasury Certificates issued in 1949 and maturing in April.

The direct Belgian franc short-term debt amounted at the end of 1961 to Fr. 103.7 billion, being Fr. 2.7 billion more than at the end

of 1960. Following purchases of Belgian francs by the United Kingdom and Argentina from the International Monetary Fund the latter encashed Fr. 3.6 billion of Treasury Certificates which had been handed to it in payment of Belgium's quota; as already stated it was the National Bank which, in accordance with the legal and contractual

National Debt

(in billions of francs)

Source : Treasury and Public Debt Administration.

At end of	Direct Debt						Indirect Debt (3)	Total Debt
	in Belgian francs				in Foreign Currencies (2)	Total		
	Consolidated	Medium Term	Short Term (1)	Total				
1958 December	175.5	26.1	95.9	297.5	29.5	327.0	18.6	345.6
1959 December	190.8	23.0	104.9 ⁴	318.7	34.2	352.9	20.7	373.6
1960 December	211.6	18.1	101.0	330.7	44.4	375.1	21.1	396.2
1961 January	210.8	18.1	104.3	333.2	46.4	379.6	21.7	401.3
February	210.2	18.1	106.0	334.3	49.4	383.7	22.3	406.0
March	210.0	18.1	106.6	334.7	49.2	383.9	22.4	406.3
April	209.5	17.4	110.5	337.4	49.9	387.3	22.4	409.7
May	209.3	17.4	110.6	337.3	50.4	387.7	22.5	410.2
June	215.6	17.4	104.1	337.1	49.8	386.9	22.5	409.4
July	215.2	17.4	103.1	335.7	50.0	385.7	22.4	408.1
August	214.9	17.4	102.0 ⁵	334.3	48.2	382.5	22.4	404.9
September	214.7	17.4	103.7	335.8	48.0	383.8	22.4	406.2
October	220.1	17.4	101.1 ⁵	338.6	47.9	386.5	22.3	408.8
November	218.2	17.4	103.6	339.2	47.5	386.7	22.6	409.3
December	217.4	17.4	103.7	338.5	47.0	385.5	25.5	411.0

- (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) The movement of the direct short-term Belgian franc debt between December, 1958 and December, 1959 was affected by the handing of Fr. 4.2 billion of Treasury Certificates in October, 1959 to the International Monetary Fund in part payment for the increase of Belgium's quota in that institution.
(5) Following purchases of Belgian francs by the United Kingdom and Argentina from the International Monetary Fund the latter encashed, to the extent of Fr. 3 billion in August and Fr. 0.6 billion in October, Treasury Certificates which had been previously handed to it in part payment of Belgium's quota. In accordance with the conventions concluded between the Belgian Government and the National Bank of Belgium on 1st August, 1959 and 14th October, 1959 the Bank repaid these Treasury Certificates out of its own resources for account of and in relief of the Government.

provisions in force, repaid these certificates in relief of the Government. Among other movements of short-term debt attention may be drawn to the new subscription for Treasury Certificates effected by various subscribers including the banks, para-statal institutions and the Bank of England, which in this way used a part of the Belgian francs arising from its recourse to the International Monetary Fund; in addition the balances of individuals on postal cheque accounts increased; and finally the outstanding amount of the Treasury's debt to the National

Bank within the credit limit of Fr. 10 billion rose from Fr. 6 billion at the end of 1960 to Fr. 6.5 billion at the end of 1961.

The direct debt in foreign currencies increased by Fr. 2.6 billion, that is Fr. 7.6 billion less than in 1960. The short-term debt decreased by Fr. 3.6 billion, while the debts at medium and long term increased by Fr. 4.8 and 1.4 billion respectively. This movement conforms to the Government's policy of consolidating or repaying short-term foreign currency debt. Several large transactions were effected with that object in 1961. In July the Netherlands market subscribed for a loan of 150 million guilders, comprising 75 million running for 20 years at 4.75 per cent and 75 million for 2 to 5 years at rates ranging between $4\frac{3}{8}$ and $4\frac{5}{8}$ per cent; in August the Treasury placed on the German market a 2-year loan for 200 million Deutsche Marks at $5\frac{1}{8}$ per cent; in November a loan for \$ 55 million was issued on the American market, of which \$ 25 million ran for 15 years at 5.50 per cent and \$ 30 million for 3 years also at 5.50 per cent; finally it may be mentioned that the proceeds of the Bank of England's subscription for Belgian franc Treasury Certificates were applied by the Treasury to the repayment of short-term debts in foreign currencies.

Altogether the direct public debt increased by Fr. 10.4 billion in 1961. If one disregards the decrease, entailing no cash payment by the Treasury, of Fr. 3.6 billion in the certificates held by the International Monetary Fund the increase becomes Fr. 14 billion as against Fr. 22.2 billion in 1960.

The indirect debt rose from Fr. 21.1 billion at the end of 1960 to Fr. 25.5 billion at the end of 1961. The rise is due to the issue, by para-statal institutions, of two loans on which the interest and redemption will be borne by the Government. With effect from January, 1961 the Belgian National Railways Company issued a 5 or 10-year loan for Fr. 2.4 billion at 5.25 and 5.50 per cent. In December a loan for Fr. 2.5 billion was issued by the Road Fund; the

rate of interest on this loan is 5.25 per cent for the first five years, 5.50 per cent for the next five and 5.75 per cent for the last ten.

**Monetary Financing
of the Public
Authorities**

The monetary financing of the public authorities between January and September, 1961 showed an increase of Fr. 7.1 billion; that of the Treasury was up by Fr. 7.6 billion, while that of the other public authorities was down by Fr. 0.5 billion.

As regards the Treasury's monetary financing the increase of Fr. 7.6 billion resulted from one of Fr. 14.7 billion in the credit received by the Treasury from monetary institutions, including the

Monetary Financing of the Public Authorities
(changes in billions of francs)

Period	Treasury			Total
	Credit Received from Monetary Institutions	Transfer and Capital Transactions with Foreign Countries (1)	Other Public Authorities	
1959	+ 7.0	- 4.0	+ 1.4	+ 4.4
1960	+ 3.0	+ 0.9	+ 1.9	+ 5.8
1961 1st quarter	+ 5.3	+ 0.2	- 0.6	+ 4.9
2nd »	+ 5.9	- 6.1	+ 0.6	+ 0.4
3rd » (p)	+ 3.5	- 1.2	- 0.5	+ 1.8
first 3 quarters (p)	+14.7	- 7.1	- 0.5	+ 7.1

(p) Provisional figures.

(1) When the Treasury obtains from monetary institutions or makes over to them Belgian francs as a result of or in view of its transfer and capital transactions with foreign countries, the result is the same as if the credits which it receives from these institutions increased or diminished.

increase of the banks' holding of Belgian Treasury Certificates in foreign currencies, together with a negative balance of Fr. 7.1 billion on the Treasury's transfer and capital transactions with foreign countries, this being due in particular to a decrease in national debt located abroad; the transfer of Belgian francs which

the Treasury had to effect to monetary institutions in order to finance this negative balance produced the same results as a repayment of borrowings at those institutions, and must for this reason be regarded as contraction of the Treasury's monetary financing.

The Fr. 0.5 billion reduction in the monetary financing of public authorities other than the Treasury corresponds to a decrease in the outstanding amount of lendings to local authorities.

The monetary institutions' operations on the market for public securities had the effect of creating Fr. 1.7 billion of money and quasi-monetary liquid resources at banks in the whole of the first nine months of 1961. The monetary institutions acquired bonds on the market to the net extent of Fr. 1.8 billion, but during the same period their operations through the Securities Stabilisation Fund were negative to the extent of Fr. 0.1 billion.

**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
1959	+ 1.9	+ 1.4	+ 3.3
1960	+ 0.2	+ 1.9	+ 2.1
1961 1st quarter	+ 1.1	- 0.5	+ 0.6
2nd »	- 0.1	+ 0.3	+ 0.2
3rd » (p)	+ 0.8	+ 0.1	+ 0.9
first 3 quarters ... (p)	+ 1.8	- 0.1	+ 1.7

(p) Provisional figures.

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

The credits granted to the domestic private sector by monetary institutions and savings banks include not only all the credits by way of discount, advance and acceptance granted at the outset by monetary institutions to business and private customers residing in Belgium, but also the credits directly granted by savings banks. The greater part of the credits initially granted by monetary institutions is financed by these latter; the balance is mobilised at public or private institutions, inter alia at savings banks, at the National Industrial Credit Company, at insurance companies and foreign banks.

The credits financed by the savings banks thus include not only the direct loans which they grant to the domestic private sector, but also that part of the credits distributed by monetary institutions of which they assume the financing.

⁽¹⁾ Included in the transactions with the private sector is the acquisition by savings banks of claims on para-statal institutions; these latter in fact retransfer to the private sector the greater part of the resources thus obtained.

For the whole first nine months of 1961 the outstanding total of credits granted to the private sector by monetary institutions and savings banks showed an increase of Fr. 8.5 billion. The portion of

**Outstanding Amount of Credits Granted to the Domestic 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
1959	+ 4.4	+ 9.8	+ 14.2	- 1.4	+ 12.8
1960	+ 4.7	+ 7.5	+ 12.2	+ 1.2	+ 13.4
1961 1st quarter	- 1.6	+ 1.5	- 0.1	+ 0.1	...
2nd » (p)	+ 2.6	+ 0.8	+ 3.4	+ 1.0	+ 4.4
3rd » (p)	+ 0.5	+ 2.0	+ 2.5	+ 1.6	+ 4.1
first 3 quarters (p)	+ 1.5	+ 4.3	+ 5.8	+ 2.7	+ 8.5

(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.

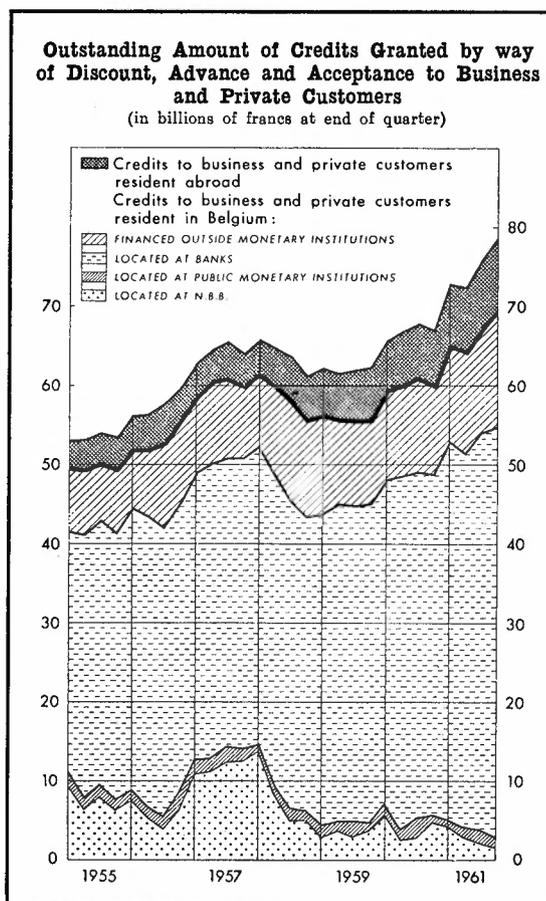
this outstanding total financed through monetary institutions showed an increase of Fr. 1.5 billion, that financed through savings banks one of Fr. 4.3 billion, and that financed outside such institutions and savings banks one of Fr. 2.7 billion.

**Credits Granted
by Monetary
Institutions**

Between December, 1960 and September, 1961 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 increased by Fr. 4.2 billion. During the corresponding period of 1960 the increase had been appreciably smaller; the continuance in 1961 of the boom period was reflected in a quickening of the demand for credit on the part of business and private customers. Of the new credit granted during the first three quarters of 1961 Fr. 2.7 billion was financed outside monetary institutions and, as has already been stated, Fr. 1.5 billion was financed by such institutions.

The means of action of the banks having been enlarged, the credits located at them increased by Fr. 3.7 billion. Those located at public monetary institutions did so by Fr. 0.4 billion. The outstanding amount of credits located at the National Bank decreased by Fr. 2.6 billion, and amounted in September to only Fr. 1.7 billion.

The credits granted by way of discount, advance and acceptance to business and private customers residing abroad rose by Fr. 1.6 billion during the first nine months of 1961; this rise, which includes the expansion in the outstanding amount of certified Belgian franc acceptances representing exports, was financed to the extent of about two-thirds outside 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 Monetary Institutions	Located at the National Bank of Belgium	Total			
1959	+ 1.6	+ 0.1	+ 2.7	+ 4.4	- 1.1	+ 3.3	+ 0.1
1960	+ 6.6	- 0.7	- 1.2	+ 4.7	+ 1.1	+ 5.8	+ 1.2
1961 1st quarter	- 0.6	+ 0.5	- 1.5	- 1.6	+ 0.7	- 0.9	+ 0.6
2nd »	+ 2.9	+ 0.3	- 0.6	+ 2.6	+ 0.1	+ 2.7	+ 0.7
3rd »	+ 1.4	- 0.4	- 0.5	+ 0.5	+ 1.9	+ 2.4	+ 0.3
first 3 quarters ...	+ 3.7	+ 0.4	- 2.6	+ 1.5	+ 2.7	+ 4.2	+ 1.6

It follows from the foregoing that the public and private non-monetary institutions which take over a part of the credits by way of discount, advance and acceptance initially granted by monetary institutions to business and private customers had enough liquidity during the first three quarters of 1961, in spite of the boom, to finance the greater part of the large increase during that period in the total credit granted to residents and non-residents, namely Fr. 3.8 billion out of Fr. 5.8 billion.

Credits Located
at Banks

As already stated, the outstanding amount of credit which had been granted by way of discount, advance and acceptance to business and private customers residing in Belgium, and was located in banks,

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

Period	Commer- cial Bills	Advances	Accept- ances	Total
1959	- 0.4	+ 2.1	- 0.1	+ 1.6
1960	+ 3.7	+ 2.5	+ 0.4	+ 6.6
1961 1st quarter	- 0.6	+ 0.2	- 0.2	- 0.6
2nd »	+ 1.3	+ 1.7	- 0.1	+ 2.9
3rd »	+ 1.1	...	+ 0.3	+ 1.4
first 3 quarters ...	+ 1.8	+ 1.9	...	+ 3.7

rose by Fr. 3.7 billion between December, 1960 and September, 1961. Half of this increase is located in the holding of commercial bills, the other half in the advances; on the other hand the holding of acceptances did not on balance vary.

The commercial bills held by the banks represent only a part of those which they have discounted and which have not yet matured. The banks have rediscounted the other bills by sale to third parties; the outstanding amount of such bills, including commercial bills representing credit granted to business and private customers residing abroad, increased by Fr. 2.4 billion in the first nine months of 1961. This increase reflects the non-monetary institutions' desire to employ their liquid resources rather than any need for liquidity on the part of the banks.

Among the public monetary institutions at which a part of the credits granted to business and private customers by way of discount, advance and acceptance is located the Rediscount and Guarantee Institute holds first place by reason of the volume of its operations. In 1961, just as in the previous year, the Institute was able to finance its holding by borrowings on the call money market; by way of exception at the ends of months, during the seasonal tension in July, and at the time of the Government's loan issues in June and October, the Institute had to supplement its means of action by rediscounting at the National Bank.

Rediscount and Guarantee Institute

(changes in billions of francs)

Period	Commercial Bill Holding (1)	Financed by	
		Money Borrowed at Very Short Term (2)	Rediscount at National Bank of Belgium (3)
1959	+ 1.4	...	+ 1.4
1960	- 0.6	- 1.1	+ 0.5
1961 1st quarter	- 1.0	+ 1.5	- 2.5
2nd »	+ 1.7	- 0.2	+ 1.9
3rd »	- 1.2	+ 0.4	- 1.6
4th »	+ 1.6	+ 0.2	+ 1.4
Whole year	+ 1.1	+ 1.9	- 0.8

(1) In addition to credits granted to business and private customers resident in Belgium (certified acceptances in Belgian francs representing imports into the Belgian-Luxemburg Economic Union) this commercial bill holding includes credits granted to business and private customers resident abroad (certified acceptances in Belgian francs representing exports from the Belgian-Luxemburg Economic Union).

(2) The part of its commercial bill holding which the Rediscount and Guarantee Institute finances with very short-term money borrowed from non-monetary institutions is treated, in the table showing the outstanding amount of credits granted by way of discount, advance and acceptance to business and private customers, as being financed outside monetary institutions.

(3) The part of its commercial bill holding which the Rediscount and Guarantee Institute finances through rediscount at the National Bank of Belgium is treated, in the table showing the outstanding amount of credits granted by way of discount, advance and acceptance to business and private customers, as being located at the National Bank and not in public monetary institutions.

Between December, 1960 and December, 1961 the Rediscount and Guarantee Institute's commercial bill holding rose from Fr. 5 to 6.1 billion. Since the Institute was able to increase its borrowings of call money by Fr. 1.9 billion, it reduced its rediscounting at the National Bank by Fr. 0.8 billion.

Since 9th February, 1961 the Rediscount and Guarantee Institute has varied its rates according not only to the cost of its borrowing at the National Bank, as was the case previously, but also to the rate at which it borrows call money. Thus it changed its rates several times in the course of 1961, mostly downwards. Its rates applicable to bills running for 120 days or less were lower by 0.75 per cent at the end of the year than its rates in force at the end of 1960.

In 1961 the movement in that part of the outstanding amount of credits which have been granted by way of discount, advance and acceptance to business and private customers residing in Belgium, and are located at the National Bank, was affected by the increase in the

Outstanding Amount of Credits Granted by way of Discount, Advance and Acceptance to Business and Private Customers Resident in Belgium, and Located at the National Bank of Belgium

(changes in billions of francs)

Period	Commercial Bills	Advances	Acceptances	Total
1959	+ 2.0	- 0.2	+ 0.9	+ 2.7
1960	- 1.3	...	+ 0.1	- 1.2
1961 1st quarter	- 0.6	...	- 0.9	- 1.5
2nd »	- 0.6	...	...	- 0.6
3rd »	- 0.5	...	...	- 0.5
4th »	+ 0.8	...	+ 0.2	+ 1.0
Whole year	- 0.9	...	- 0.7	- 1.6

means of action of monetary and non-monetary institutions as a whole. The holding of commercial bills declined during each of the first three quarters; it was to some extent restored at the time of the usual end-of-year tension. The advances were insignificant throughout the period considered. The holding of acceptances representing imports contracted appreciably during the first quarter, and thereafter steadied down, increasing only slightly in the last quarter; since these acceptances are rediscounted by the National Bank at a rate higher than certified acceptances representing exports, it is they that the Rediscount and Guarantee Institute first takes back into its holding when it is able to reduce its recourse to the National Bank.

The National Bank finances credits granted not only to business and private customers who reside in Belgium but also, in connection with their purchases in the Belgian-Luxemburg Economic Union, to those who reside abroad. The credits granted to such non-residents comprise certified acceptances representing exports and rediscounted by the Rediscount and Guarantee Institute. By reason of the lower

rate applied to them it is these acceptances which the Institute presented by preference for rediscount at the National Bank, when it was obliged to have recourse to this latter because of tightness in the money market. At the end of the year the National Bank's holding of certified acceptances representing exports was substantially at the same level as a year earlier.

As regards the advances which the National Bank grants directly to other banks, their outstanding amount never exceeded some tens of millions during the past year.

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The total amount of funds negotiated on the market for money at very short term had greatly risen immediately after the reform of that market in November, 1959. It increased further in 1961.

**Market for Money
at Very Short Term**

Market for Money at Very Short Term (1)

(in billions of francs)

Daily Average	Money Lent by the		Money Borrowed by the		Total Money Negotiated
	Banks (2)	Other Institutions	Banks (2)	Other Institutions	
1959	2.2	1.3	0.1	3.4	3.5
1960	2.4	2.7	1.0	4.1	5.1
1961	2.5	3.3	1.8	4.0	5.8
1961 1st quarter	2.5	2.5	1.4	3.6	5.0
2nd »	2.4	3.7	2.0	4.1	6.1
3rd »	2.3	4.4	2.1	4.6	6.7
4th »	2.7	2.8	1.8	3.7	5.5

(1) Up till 10th November, 1959 dealings took place not only in call money but also in money at 5 and 10 days. From 17th November, 1959 onwards no further money has been lent or borrowed at 5 or 10 days.

(2) Up till 16th November, 1959 the banks include only those at Brussels and Antwerp. Thereafter those at other places have been added.

The banks, which before that reform took part in the market almost solely as lenders, have since equally appeared as seekers of money. In 1961 their borrowings definitely increased; on the other hand their lendings remained substantially at the same level.

As regards the operations of non-banks their borrowings were of the same order of magnitude in 1961 as in 1960. On the other hand their lendings, including the operations which the Securities Stabilisation Fund effects in its capacity of market-regulating institution, did increase between the latter year and the former.

In December, after the Securities Stabilisation Fund had decided to suspend the issue of its certificates, the offering of funds on the call money market increased in relation to the demand, this having contracted so far as the banks and the Rediscount and Guarantee Institute were concerned. For some days certain amounts of money were refused, and the rates fell to a very low level.

**New Issue Market
and Borrowings at
Medium and
Long Term**

The public sector's borrowings on the domestic market, which had reached a nominal amount of Fr. 35.6 billion in 1960, reached only Fr. 25.6 billion in 1961. This reduction was exclusively attributable to the Government; between the two years its gross issues declined from Fr. 27.9 to 13 billion; the decrease in its net issues was not so great, however, because between the same two periods the repayments of Belgian franc securities quoted on the stock exchange and forming part of the direct and indirect national debt dropped from Fr. 12.8 to 7.9 billion. Unlike the Government, the rest of the public sector resorted to the domestic capital market in 1961 to a total extent greater by Fr. 4.9 billion than in 1960; the National Industrial Credit Company issued Fr. 4.6 billion, the Road Fund Fr. 2.5 billion, the Belgian National Railways Company Fr. 2.4 billion, the Telegraphs and Telephones Board Fr. 2 billion, the City of Antwerp Fr. 0.8 billion and the National Fund for Credit to Trade and Industry Fr. 0.3 billion.

The net issues of shares and bonds by Belgian industrial and commercial companies on the internal market amounted to Fr. 1.5 billion in the whole of the first five months of 1961, against Fr. 2.3 billion in the corresponding period of 1960.

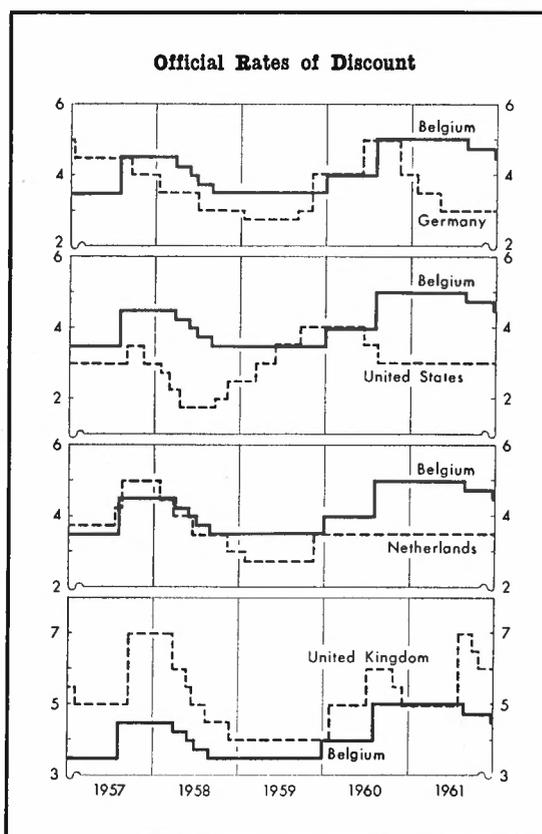
Between December, 1960 and November, 1961 the outstanding total of medium-term notes issued by banks increased by Fr. 1 billion, this being Fr. 0.4 billion greater than the increase recorded between December, 1959 and November, 1960.

Calculated on the basis of the duties collected, the amount of mortgages registered reached Fr. 30.6 billion in the first eleven months of 1961 against Fr. 27.4 billion in the corresponding period of 1960.

On 24th August and 28th December, 1961 the National Bank lowered its rates of discount by 0.25 per cent. These reductions were rendered possible by the easy state of the money and capital markets, and by the satisfactory position of the foreign exchange market.

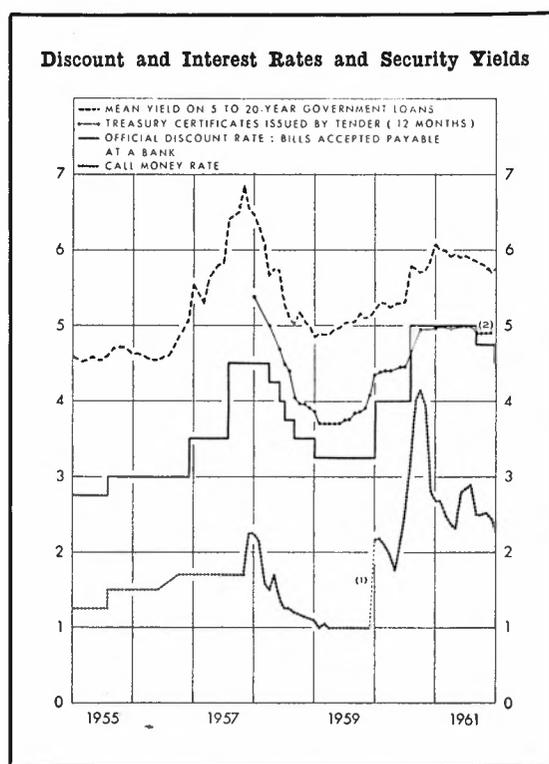
Interest Rates

On 24th August, 1961 the National Bank likewise lowered, by 0.25 per cent, its rate for advances on public securities other than certificates of the Securities Stabilisation Fund and Treasury Certificates issued at not more than one year. The rate for advances on such certificates remained that of the certificate, plus 5/16 per cent; accordingly it declined to the extent to which the fall in the official discount rate entailed a decrease in the rates for certificates at one year or less.



On 28th December, 1961 the National Bank amended the scale of its rates for advances, which it fixed as follows : 2.25 per cent on Treasury Certificates issued at 1 15/16 per cent; 4.50 per cent on Treasury Certificates and certificates of the Securities Stabilisation Fund issued at not more than 130 days; 5.25 per cent on Treasury

Certificates issued at over 130 days but not more than 366 days; and 5.75 per cent on other Belgian franc public securities « to bearer ».



(1) Break in the curve due to reform of the market for money at very short term in November, 1959.
 (2) There was no issue by tender of 12-month Treasury Certificates at the beginning of January, 1962.

to 4.50 and then to 4.25 per cent. They also had the effect of reducing, in accordance with the scale in force at the time, the rates paid on bank deposits in Belgian francs at fixed date and at notice; for deposits at three months' date the rate came down from 3.45 to 3.30 and then to 3.15 per cent.

The downward movement in the weighted average of mean daily rates for call money, which had begun in October, 1960, continued into April, 1961. For this latter month the weighted average was 2.33 per cent. The rates for the succeeding months were higher,

except that of 2.25 per cent recorded in December, when the supply of funds increased in relation to the demand as stated above in the survey of movements on the market for money at very short term.

Throughout the year under review the rate for very short-term Treasury Certificates at four months remained at the same level as that for 4-month Tranche B Treasury Certificates and for certificates of the Securities Stabilisation Fund.

Discount and Interest Rates and Security Yields

At end of	Official Discount Rate : bills accepted payable at a bank	Rates linked with the official Discount Rate (1)		Other Rates			
		Treasury Certificates at 4 months, of Tranche B (2)	Time Deposits at Banks in Belgian francs (3 months)	Call Money (3)	Treasury Certificates at very short term (4 months)	Treasury Certificates issued by tender (12 months) (4)	Government Loans, 5 to 20 years (5)
1958 December	3.50	2.75	1.75	1.10	2.50	3.860	4.85
1959 December	4.00	3.25	2.20	2.17	3.50	4.354	5.21
1960 December	5.00	4.75	3.45	2.67	4.75	4.956	6.07
1961 January	5.00	4.75	3.45	2.68	4.75	4.993	6.00
February	5.00	4.75	3.45	2.47	4.75	—	6.00
March	5.00	4.75	3.45	2.38	4.75	4.960	5.90
April	5.00	4.75	3.45	2.33	4.75	—	5.94
May	5.00	4.75	3.45	2.79	4.75	—	5.90
June	5.00	4.75	3.45	2.85	4.75	4.998	5.93
July	5.00	4.75	3.45	2.90	4.75	5.000	5.89
August	4.75	4.50	3.30	2.53	4.50	4.900	5.85
September	4.75	4.50	3.30	2.50	4.50	4.900	5.81
October	4.75	4.50	3.30	2.54	4.50	4.900	5.79
November	4.75	4.50	3.30	2.44	4.50	4.900	5.71
December	4.50	4.25	3.15	2.25	4.25	—	5.74

(1) The relation between these rates and the official discount rate was changed in January, 1960. The method of fixing the rates in question was changed as from January, 1962.

(2) The Securities Stabilisation Fund issues certificates carrying the same conditions.

(3) From December, 1959 onwards a weighted average of the average daily rates for the month.

(4) Tender in the following month.

(5) Beginning of the following month.

The rate for 12-month Treasury Certificates issued by tender hardly varied during the first seven months of 1961; between the tender on 6th January of that year and the one on 3rd August the said rate rose by less than 0.05 per cent. The tender which followed the lowering of the official discount rate in August, 1961 was held on 5th September; it showed, by comparison with the rate ruling on

3rd August, a decline of 0.1 per cent for 12-month Treasury Certificates. The rate for these certificates then remained unchanged until after the December reduction of the official discount rate. At the tender on 4th January, 1962 no 12-month certificates were allotted, but the rates for the certificates at 6 and 9 months fell by more than 0.4 per cent.

The average yield on Government loans running for 5 to 20 years declined from 6.07 per cent at the beginning of 1961 to 5.74 per cent a year later. The loan issued in June had an average yield, on issue, of 5.83 per cent; that issued in October yielded an average of 5.75 per cent; these rates are calculated on the assumption that the holders will not take advantage of their option to claim anticipated repayment of their bonds.

**Market for
Dividend-Bearing
Securities**

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

Source : 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)
1959	137	1.1
1960	121	0.9
1961	120	1.1
1961 January	109	0.8
February	117	1.2
March	122	1.7
April	124	1.4
May	129	1.8
June	127	1.2
July	123	0.8
August	120	0.8
September	118	0.7
October	117	0.8
November	118	0.9
December	120	0.9

(1) Brussels and Antwerp Stock Exchanges : average of the indices for the 10th and 25th of each month.
(2) Brussels Stock Exchange.

The index representing cash quotations for dividend-bearing securities, after having declined during the second half of 1960, recovered in 1961 up till May. It then fell away from June to October, after which the movement was again reversed.

The fall in quotations which occurred after May chiefly related to securities issued by

holding companies and by companies concerned with metallurgy, with the Congo and with plantations.

According to a private source the average yield on Belgian dividend-bearing securities was higher in 1961 than in 1960.

Total transactions on the market for cash dealings reached a level slightly higher than in 1960.

ECONOMIC ACTIVITY AND PRICES

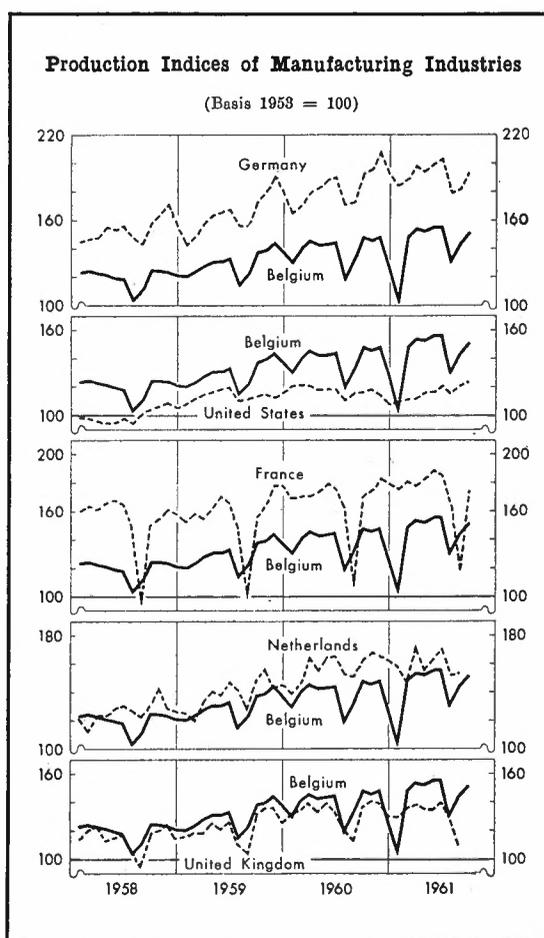
Industrial production, measured by the average index for the first nine months of the year, was up by 2.7 per cent as compared with the level for the corresponding period of 1960 in spite of strikes which paralysed important sectors of the economy in January. For the manufacturing industries alone the rise in the index amounted to 3.4 per cent.

Comparison based on the industrial production indices for the second and third quarters shows rates of expansion by 7 and 4 per cent respectively. These rates are slightly greater than those reflecting the increase of industrial production in the European Economic Community as a whole.

Industrial activity was sustained by the strengthening of internal demand, especially for capital goods. While

external demand on the whole remained firm, it nevertheless showed signs of slackening from the second quarter onwards. According to the latest available indications, however, there is not as yet any real

Industrial
Production



Source : Organisation for Economic Cooperation and Development.

change of tendency, the less so since the cyclical recovery in North America has begun to exert a favourable influence.

Coal Mines

While activity in the manufacturing industries increased, the coal mines further reduced their output from 22.5 million tons in 1960 to 21.5 million in 1961. It was only at this price, and thanks to a rise in exports, that pithead stocks were reduced from 6.6 to 4.4 million tons in the course of the year. Basically the trouble resulting from structural changes in the use of sources of power persists.

In fact, notwithstanding the very high level of activity, the apparent consumption of coal has hardly recovered; an increase of buying by power stations and cement works was accompanied by a decrease of deliveries to other sectors of industry. The consumption of house coal altered little.

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
1960	1,872	1,019
1961 (p)	1,793	1,092
1960 3rd quarter	1,757	1,021
4th »	1,897	1,072
1961 1st quarter	1,761	1,071
2nd »	1,913	1,104
3rd »	1,656	1,074
4th » . (p)	1,841	1,119

(p) Provisional figures.

On the other hand coal exports increased, both to countries in the European Coal and Steel Community and to outside countries. For the first eleven months they rose from 2.2 million tons in 1960 to 2.7 million in 1961. The imports, still subject to quota, amounted for the same period to 3.6 million tons in 1961 against 3.5 million in 1960.

After their falls in the previous year coal prices were further reduced with effect from 1st January, 1961. For the whole year the average wholesale price of coal was lower by 0.8 per cent than in 1960. This decline, on the one hand, and on the other hand the

upward revaluation of the German and Netherlands currencies together with the raising of prices in France and Federal Germany, resulted in improving the competitive position of Belgian coal.

The policy of reorganising the coal industry was continued in 1961 with further closures of unprofitable pits, representing extraction capacity of 2 million tons. In three years such capacities have been reduced by 7 million tons. Coal production is now about 25 per cent below its level in the years before 1958.

The total number of registered workers fell from 102,000 at the end of 1960 to 88,250 at the end of 1961. Part-time working, still considerable at the beginning of the year, practically disappeared in the fourth quarter. On the year the average number of man-days worked per month rose from 20.5 to 21.3. In addition the output per man-day of underground and surface workers actually at work rose further from 1,019 kg in 1960 to 1,092 kg in 1961.

The progress achieved in reorganising the coal industry has not yet made it possible to terminate the partial insulation of the Belgian coal market within the European Coal and Steel Community. The measures adopted at the end of 1959 in common agreement by the Belgian Government, the Special Council of Ministers and the High Authority have been prolonged, subject to introduction of greater flexibility on certain points, until the end of 1962. The import quotas have been enlarged by 3.3 per cent for coal coming from non-member countries, and by 4 per cent for that delivered by member countries of the Community, as compared with the imports actually effected in 1961. The quota for exports to adjoining countries of the Community was maintained at its 1961 level. Apart from this the Belgian Government has decided to reduce from Fr. 400 to 250 million, in 1962, the amount of the annual subsidy to coal mines which appear capable of standing the competition within the Community provided that their production is rationalised.

A Law of 16th November, 1961 set up a « Directorate of the Coal Industry », a public entity which is to direct the coal industry as a

whole, but is not to assume responsibilities connected with the management of enterprises. The Directorate has been clothed with extensive powers to determine price policy, to intervene actively in organising production and sales, to coordinate capital investment as well as the financing of this and of production, to procure and put to use the means of deriving value from coal and its by-products, and finally to pursue a social policy in favour of the workers. The Directorate will perform its task within the terms of the energy policy laid down by the Government, and so far as is compatible with the Treaty establishing the European Coal and Steel Community.

Coking Plants

The production of the coking plants was slightly below that in the previous year; for the first ten months it amounted to 6 million tons against 6.4 million in 1960. The strikes at the start of the year, and the fall in consumption per unit of output in steelworking, caused a decline in internal demand. Exports also decreased, in particular those to Italy, the Scandinavian countries and Egypt. Only France increased its purchases.

The price of cokes graded for industry was slightly lowered with effect from April, and that of large blast-furnace coke from June.

Mineral Oils

The petroleum refineries increased their output by 11 per cent in response to a steep rise of demand on the home market, where the high level of economic activity and the substitution of mineral oils for coal both in industry and in domestic heating have caused an increase of the order of 20 per cent in the apparent consumption of oils used for fuel. After a period of little or no increase in 1960 the deliveries of petrol to the home market also showed a rise of nearly 25 per cent following the growth of automobile traffic.

The increase of Belgian consumption more than made good the reduction in deliveries of fuel oil to the Netherlands and Switzerland,

and of petrol to this latter country as well as to Federal Germany. Apart from the competition of Soviet petroleum attention may be drawn, in this connection, to the growth of refining capacities in those countries.

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	308	79	112	66
1957	519	130	173	104
1960	669	157	219	121
1960 3rd quarter	725	165	234	130
4th »	605	146	195	115
1961 1st quarter	712	153	258	121
2nd »	769	181	279	130
3rd »	836	178	253	158
October	684	162	179	124
November	788	169	216	143

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

The refineries reduced their prices for petrol and for fuel oils. The reduction was greater for the former product; in fact, because of the refining methods, the supply of petrol is increasing faster than that of fuel oils.

The consumption of electricity showed, by comparison with the previous year, an increase of 3.8 per cent as against 8.3 per cent in 1960. It was checked by the strikes in January and by the reduction of activity in the coal industry, a large consumer of electric power. Production grew at a rate faster than that of internal consumption, this being due to an increase in deliveries of current to foreign countries. The result was full use of capacities.

Electricity

Important measures for regrouping activities were a feature of the electricity industry in 1961. They are designed to create, by stages, four regional distributing entities. In addition the steps

taken to re-equip power stations made it possible to lower prices by approximately 5 per cent as regards electricity for both industrial and domestic use.

Nuclear Energy

In the Nuclear Energy Research Centre, at Mol, the B.R. 2 high-flux reactor was inaugurated in July, 1961. This experimental reactor is one of the most powerful in Europe, and will provide a notable instrument for the study of nuclear materials. It forms the subject of an agreement concluded with the European Atomic Energy Community for jointly operating reactors and their related installations. Besides this the B.R.3 prototype power reactor, intended for training the personnel of future nuclear power stations, will be brought into operation shortly.

The building of power reactors has entered the phase of producing results. The Franco-Belgian Nuclear Energy Company of the Ardennes has decided to establish at Chooz, near the Belgian frontier, a nuclear power station having a pressurised water reactor. This station has been accorded the status of a joint enterprise of the European Atomic Energy Community.

In the sphere of radioisotopes the Nuclear Energy Research Centre, of Mol, has concluded with the French Commissariat for Atomic Energy an agreement to produce radioelements jointly. The object of this agreement is to bring about better coordinated and more efficient use of the means of production and of the research centres.

Steel

Activity continued to be sustained in the steel industry, but the volume of orders in hand progressively declined. Since November the capacities have no longer been fully used; the steelworks voluntarily cut down their production by common agreement with the producers in the other European Economic Community countries.

For the whole first eleven months the total orders booked were lower by 11.4 per cent than those for the corresponding period of 1960. Yet the weakening of the market was not continuous. Demand was even strongly restored in October and November, the recovery traditional within the Community before the winter season having been reinforced by an afflux of orders from non-member countries, especially from the dollar area.

The flagging of demand, and the considerable extension of production capacities, have stimulated competition on the markets for steel. In October some Belgian companies brought down their scales of prices, applied inside the Community, to the level of those charged by French steelworking companies. This measure merely confirmed a de facto situation. For exports to non-member countries the minimum quotations fixed by the Brussels Entente came down, in the case of merchant steels, from Fr. 5,050 per ton on 24th January to Fr. 4,750 in November. The fall amounted to between 7 and 12 per cent for hot-rolled sheet and to between 10 and 15 per cent for the cold-reduced variety.

Exports of Belgian-Luxemburg steel products for the first ten months were down by 7.6 per cent in quantity, and

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
1960	599	407
1960 3rd quarter	620	403
4th »	560	382
1961 1st quarter	480	339
2nd »	649	440
3rd »	614	403
October	634	455
November	575 ¹	
December	573 ¹	

(1) Estimate.

Exports of Steel Products

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

Monthly Average for	Thousands of tons	Billions of francs
1953	344	1.90
1957	472	3.14
1960 (1)	599	3.52
1960 3rd quarter	580	3.39
4th »	602	3.49
1961 (1) 1st quarter .	487	2.78
2nd » .	590	3.37
3rd » .	561	3.16
October	591	3.32

(1) New series.

8.9 per cent in value, as compared with the corresponding period of 1960.

For the first nine months of 1961 sales to Community countries alone showed a decrease of 5.9 per cent in quantity and 2.4 per cent in value. Federal Germany, the Belgian-Luxemburg steel industry's chief customer, reduced its purchases by 14.5 cent in value. On the other hand the shipments to France and Italy increased in value by 5.5 and 16.6 per cent respectively. The Community's share in Belgium's exports rose from 42.7 to 45.8 per cent.

Among non-member countries the United Kingdom, the United States and the Congo reduced their imports by 57.9, 6.2 and 43.7 per cent; on the other hand Argentina increased its purchases by 12.7 per cent.

Metal Manufactures

Metal manufactures comprise a number of highly heterogeneous products, which can nevertheless be grouped in four categories, namely capital goods, consumer durables, primary products and armaments. The first two categories

Metal Manufacturing Industry

Production

Source : Economic, Social and Political Research Institute.

Period	Index (Basis 1958 = 100)
1957	134.6
1960	140.0
1960 3rd quarter ...	130.8
4th » ...	141.1
1961 1st quarter ...	139.6
2nd » ...	161.4
3rd » ...	140.5

benefited most from the favourable cyclical conditions in 1961. The investment boom in fact continued in Western Europe, while diffusion of the boom incomes more than proportionately favoured the demand for durable consumer goods. Thus the index of production for the metal manufactures industry was up by 4.7 per cent for the first nine months of the year.

Alongside the expansion of activity the number of employed workers rose from 191,620 in October, 1960 to 206,490 a year later despite an appreciable decrease of employment in shipbuilding. Most of the other branches of activity took on workers.

For the first ten months of the year the total order bookings were above their level for the corresponding period of 1960 by 26 per cent; the fact that they exceeded by 13 per cent the value of deliveries during the same period is characteristic of a rising phase in the cycle. The demand from abroad rose by 27 per cent, and that from the home market by 25 per cent.

As regards capital goods the overall demand related mainly to machine tools, special-purpose equipments and complete industrial installations, pneumatic and hydraulic machinery. In electrical equipment the large amount of orders on hand caused a lengthening of delivery periods. The orders reaching the industry producing means of transport showed a recovery as regards construction of ships and railway material. They continued to expand as regards commercial vehicles.

Production of durable consumer goods showed further progress following the great activity in building, together with a strong demand for electric household appliances and for radio and television sets both on the home market and for export. The

demand for cars was particularly keen in the first half-year before the raising of the Turnover Tax; it slackened off, however, in the second half-year.

Activity was sustained in the arms industry; the amount of orders booked showed little change.

The aircraft makers, after more than two years' setback, booked some large military orders.

Metal Manufactures

(in millions of francs)

Sources : National Statistical Institute — Fabrimétal.

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
1960	7,332	2,868	4,388
1960 3rd quarter	7,105	2,528	4,150
4th »	8,052	2,820	4,762
1961 1st quarter (p)	8,234	3,020	4,447
2nd » (p)	9,749	3,202	4,986
3rd » (p)	7,971	3,241	4,716
October (p)	12,086 ¹	3,560	5,255

(p) Provisional figures.

(1) This amount includes about Fr. 8 billion of orders for aircraft.

The demand for primary products, which usually follows the tendency in the steel market, increased only slightly.

For the first ten months of the year the total shipments of metal manufactures were up by 11 per cent as compared with the corresponding period of 1960. Although they grew continuously from January onwards, they remained smaller than the incoming orders throughout the period considered. Exports increased at a rate slightly faster than home-market deliveries.

These increased by 10.6 per cent in value during the first ten months of the year. The increase was above all due to the expansion in sales of consumer goods, of capital goods for manufacturing industries and of ships, which expansion outweighed the decline in deliveries of railway material and of primary products.

The Community's share in exports of Belgian metal manufactures rose from 51 per cent in 1960 to 54 per cent in 1961. The growth of deliveries to the Netherlands was especially noteworthy. Sales to the United States remained stationary, while the markets in South America and the Congo greatly contracted. Exports to the Congo represented only 54.7 per cent of those in 1960. They did however tend to recover in the last few months.

Non-ferrous Metals

The strong demand for metal manufactures likewise affected the non-ferrous metals industry, which for the first ten months of the year increased its output in comparison with the corresponding period of 1960 by 2 per cent as regards raw metals and by 10 per cent as regards semi-products. In the case of raw metals the expansion lay almost exclusively in copper refining. The output of lead increased by 3.6 per cent, and that of zinc showed little change, while that of tin declined by 36.9 per cent because of the troubles in the Congo, the chief supplier of ores. In the case of semi-products the progress was particularly marked for aluminium, the output of which grew by 16.5 per cent.

There are no accurate data concerning the production of rare metals, the demand for which is rapidly growing with technical progress. Belgian industry has enlarged its production capacities and pursued its researches in the sphere of the semi-conductor metals, selenium, germanium and silicon, as well as other basic materials for the electronic industry. A strong impulse has also been given to the perfecting of new products made of tantalum and niobium.

On the London market electrolytic copper rose in price between January and May. Not only did consumption definitely recover but, more particularly, supplies tended to decline under the combined effect of strikes at the American refining centres and of voluntary limitation of output. In June the movement was reversed. For the year as a whole the average quotation was lower by 6.9 per cent than that for 1960.

The world markets for lead and zinc remained depressed in spite of measures on which the producers included in the International Lead and Zinc Study Group decided. The price for lead fell to its lowest level recorded in fifteen years.

On the other hand under the influence of political and economic difficulties in several producing countries the price of tin firmed up, rising from an average of £ 784 per long ton in January to £ 964 in November; towards the close of the year it somewhat declined.

The weakening of prices for the chief non-ferrous metals adversely affected the value of exports, which for the first nine months of the year were up by only 3 per cent while the quantities exported

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
1960	17.6	20.6	7.7	0.72	20.8
1960 3rd quarter ...	17.8	20.7	6.3	0.80	19.7
4th » ...	20.2	20.6	8.5	0.64	22.4
1961 1st quarter ...	20.7	19.6	7.7	0.45	21.6
2nd » ...	18.2	21.9	6.8	0.49	24.4
3rd » ...	15.7	20.8	8.5	0.52	20.6
October (1) ...	16.0	20.2	9.5	0.46	26.0

(1) Moving quarterly average for the raw products.

showed a rise of 11 per cent. For export sales of copper the corresponding proportions were 4.2 and 11.6 per cent. In terms of value the exports of aluminium and lead exceeded those in the previous year by 19.8 and 17 per cent, while tin deliveries were down by 41.4 per cent.

The increase of sales chiefly related to Community countries, whose share of the total amounted to 62.7 per cent against 59.5 per cent in 1960. Switzerland notably enlarged its purchases of copper. On the other hand the exports to the United States and United Kingdom remained stationary.

Building

The building industry's equipment was used throughout the year to the utmost limit permitted by the availability of labour.

Building permits granted for dwelling-houses in the first ten months exceeded by 6.7 per cent those granted in the corresponding

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
1960	172	366	212.5
1960 3rd quarter	210	400	212.6
4th »	175	339	200.1
1961 1st quarter	109	295	176.9
2nd »	198	460	169.1
3rd »	215	459	178.5
October	(p)215	428	(p)198.6
November		386	

(p) Provisional figures.

period of 1960. Although stricter criteria for granting them were introduced from December, 1960 onwards the number of governmental premiums paid on the building of dwellings hardly diminished.

Demand seems to have risen at a rate at least as fast for non-residential buildings; the building permits granted for these numbered 6,511 against 5,812 in 1960.

In the field of public works the contracts newly awarded up to 1st November exceeded by 8 per cent those in the corresponding

period of the year before; nevertheless they were below their 1959 level, which had still been determined by the policy of countering recession. On the other hand the total payments to builders declined by 21 per cent.

The expansion of output affected activity in the industries which produce building materials.

In the clayware industry the home-market demand for bricks greatly increased. Since exports increased as well, especially to the Netherlands and Federal Germany, all the available stocks were readily sold.

The cement works increased their total deliveries by 8.3 per cent in comparison with 1960. For exports alone the rate of growth was 7 per cent, this being due to strong demand from the Netherlands and United Kingdom, which outweighed the fall in deliveries to the United States and the new countries in Asia and Latin America. These countries are developing their own production capacities.

External demand was at the root of the decline in the glass industry's production. From the third quarter onwards the production of flat glass recovered, however, while remaining definitely below its mean 1960 level. Exports for the first ten months were below their level for the corresponding period of the preceding year by 7.6 per cent. Deliveries to Community countries showed practically no change. This stability, however, covers divergent tendencies. Thus for the first nine months of the year the purchases by Federal Germany and the Netherlands were up by 13.8 and 10 per cent respectively; those by France and Italy were down by 15.3 and 21.2 per cent. The drop in exports to markets overseas relates mainly to the United Kingdom and the United States.

The overall production index for the chemical industries showed an increase of 5.6 per cent for the first nine months of the year. As against this the fall in prices became somewhat more marked.

Chemicals

The mineral chemical industry is basically expanding; in several sections the production capacities are in full use. Trends were less favourable in organic chemicals; here the output of some products became excessive, and prices showed appreciable falls. The market for fertilisers suffered further deterioration, which affected manufacturers' activity.

The tendency was firmer in the synthetic and artificial fibres industry. In some sections demand continued to grow, and the means of production were completely employed. Prices remained weak, however, because of stronger foreign competition.

In the pharmaceutical products industry the decrease of exports to the Congo caused a reduction of activity.

The photosensitive products industry is still enjoying expansion of its markets; so as to meet the increased demand it has further enlarged its plants.

Chemical Industries

Production

Source : Economic, Social and Political Research Institute.

Period	Index (Basis 1959 = 100)
1957	136
1960	180
1960 3rd quarter	184
4th »	180
1961 1st quarter	177
2nd »	202
3rd »	191

For the first nine months the exports of chemical products were roughly equal in value to those of a year before. The trends diverged as between categories. Deliveries of organic chemical and photosensitive products were up by 32.7 and 22.7 per cent respectively. On the other hand the exports of

mineral chemicals, fertilisers and pharmaceuticals were down by respectively 21, 9 and 2 per cent.

The proportion of the exports taken by countries in the Community rose from 34 per cent in 1960 to 37.7 per cent in 1961.

Textile Industries

The firming of demand, both home and foreign, favourably affected the textile industries' activity. For the first nine months their

total production was above the level of a year earlier by 8 per cent. All sections showed expansion except the jute industry and the linen weavers. From the third quarter onwards demand slackened, especially in the cotton and knitwear industries, but it recovered in the industries concerned with jute and with linen fabrics.

The overall index for wholesale prices rose during the first months of the year, reaching in March its highest level since 1957. From May onwards the tendency was reversed under the influence of the intervening price reduction for raw jute; price fluctuations in the case of other textile products were small.

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
1957	1,427	553	1,096	1,108
1960 (1)	1,270	557	1,065	1,284
1960 3rd quarter	1,126	550	977	1,223
4th »	1,302	574	1,102	1,436
1961 (1) 1st quarter	1,644	683	1,092	1,409
2nd »	1,433	575	1,173	1,863
3rd »	1,283	601	1,040	1,384

(1) New series.

For the first ten months of the year the value of exports was up by 8.3 per cent thanks to increased shipment of fabrics, knitwear, garments and other finished products. Foreign sales of yarns showed no rise in comparison with the previous year. During the first three quarters the exports went 62 per cent to Community countries, against 57 per cent in 1960. The new liberalisation measures adopted by France permitted a 38.8 per cent increase in deliveries to that country. Sales to the Netherlands and to Federal Germany rose by 24 and 5.8 per cent respectively. As against this the American market

contracted because, in particular, of reduced demand for woollen carpets and linen goods.

Imports during the same period showed an increase of 14.4 per cent in value. This resulted in great part from restocking of raw

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
1960	2,033	2,055
1960 3rd quarter	1,813	1,863
4th »	1,772	2,098
1961 1st quarter	2,183	2,242
2nd »	2,438	2,298
3rd »	1,985	1,935

materials. Foreign competition also became keener on the Belgian market for finished products, especially on the part of the French and Netherlands industries.

Wool production as a whole was above its level for the first nine months of 1960 by 10 per cent. Activity was very great in the first stages of manufacture;

the demand for carded and combed wool was higher as a result not only of expanding output among the spinners, weavers and knitters, but also of the behaviour of users, who built up their stocks in view of the persistent firmness of world prices. At the end of the year

the prospects for activity were still favourable.

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	
1957	125	127	124
1960	112	153	121
1960 3rd quarter	103	133	114
4th »	117	167	131
1961 1st quarter	122	168	129
2nd »	121	164	136
3rd »	112	139	129

The sustained demand for woollen yarns permitted virtually full use of production capacities. The spinners of carded and combed wool increased their output by 7.4 and 6.3 per cent respectively.

After a dull period in 1960 the woollen weavers' activity recovered from the second quarter of 1961 onwards. It diverged, however, as between categories. The production of

woollen carpets, very high in 1960, slowed down on the threat of a substantial raising of import duties in the United States, the industry's principal market, plus the increased competition of Japanese products. For clothing and furnishing fabrics, on the other hand, demand was stronger than during the previous year.

The mean index for total cotton production was up by 4 per cent for the first nine months of the year.

Production of cotton yarns was maintained at a very high level during the first months of the year. Thereafter the position slightly deteriorated. On the internal market the demand weakened, while foreign competition became stronger. Order books as a whole nevertheless remained well filled.

The activity in cotton fabrics slowed down after the first quarter, falling to the same level as in the corresponding months of 1960. This fall was due to a reduction of demand on the internal market.

Tendencies also diverged in the linen industry. The production of yarns continued to grow rapidly thanks to an increase of demand from abroad.

Unlike the spinners, the weavers had to reduce their activity as the result of difficulties created on the American market by the competition of Poland, which since the beginning of 1961 has also enjoyed the benefit of the most favoured nation clause. From the third quarter onwards an increase of home-market demand, together with active canvassing of Community markets, permitted some restoring of the position.

Activity in the jute industry was irregular. During the first half-year that industry greatly reduced its output, the high cost of raw

Cotton Production

Indices of Industrial Activity
(Basis 1953 = 100)

Source : National Statistical Institute.

Monthly Average for	Fine Cotton Spinners	Weavers
1957	115	127
1960	111	127
1960 3rd quarter	101	118
4th »	120	138
1961 1st quarter	115	127
2nd »	112	123
3rd »	103	113

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
1957	115	102	127	150	96	80
1960	124	109	113	165	109	85
1960 3rd quarter	119	99	107	146	101	83
4th »	131	103	122	182	105	82
1961 1st quarter	145	101	113	187	97	68
2nd »	147	108	123	178	86	61
3rd »	130	100	121	169	76	57

jute having caused a rise in price of the manufactured products as well as a serious fall in demand. The situation was reversed from August onwards; the abundance of the new crop in Pakistan produced a fall in prices, followed by moderate recovery in the demand for yarns and fabrics. Still, the price of the raw material remains well above its level of two years ago. Besides this the weavers are feeling keen competition from Pakistan products.

Knitwear and Ready-Made Clothing

Indices of Industrial Activity

(Basis 1953 = 100)

Source : National Statistical Institute.

Monthly Average for	Knitwear	Ready-Made Clothing
1957	134	104
1960	153	104
1960 3rd quarter	148	95
4th »	169	105
1961 1st quarter	168	108
2nd »	158	112
3rd »	159	(p) 97
October (p)	191	112

(p) Provisional figures.

The spinners and weavers of rayon and staple fibre increased their production by respectively 7.6 and 11.9 per cent in the first nine months of the year.

The output of synthetic yarns and fabrics continued its structural expansion.

The increase of internal demand, and the growth of exports including those to the Netherlands, enabled the knitwear industry to increase its output in the first ten months of the year by 9 per cent.

Production in the garment industry rose by 2 per cent; increased exports to Federal Germany, the Netherlands and certain other European countries made up for the loss of markets in the Congo.

For many years the total output of the food and beverage industries has shown slow but regular growth independently of economic cycles. In 1961, a year of very high activity, the rate of growth was 4 per cent. On the whole there is expansion in new types of output which conform to the trend of consumer habits.

Foodstuffs
and Beverages

The situation of the millers was characterised, as before, by an excess of capacity in relation to the country's needs. The executing of the plan for reorganisation inaugurated in 1959 continues; some 50 per cent of the excess milling capacities have been eliminated. In addition the Minister for Economic Affairs has been authorised to impose production quotas so as to prevent any further increase of competition.

The production of refinery sugar declined by comparison with the previous year, which had been exceptional. There was an increase in exports, including those to the United Kingdom.

The production of dairy butter increased, on the other hand, although it exceeded the possibilities of sale on the home market. The Commercial Food Supply Office had to intervene in order to absorb the excess output. The Office made efforts to promote exports, but sales in Western Europe encounter growing difficulties.

Belgian consumption of fatty materials has tended to slow down during recent years, and the margarine industry's activity showed only a slight increase by comparison with the figures attained in 1960.

Foodstuffs and Beverages
Production

Source : Economic, Social and Political
Research Institute.

Period	Index (Basis 1958 = 100)
1957	113
1960	122
1960 3rd quarter ...	129
4th » ...	124
1961 1st quarter ...	115
2nd » (p)	128
3rd » (p)	132

(p) Provisional figures.

The brewing industry increased its output by 4 per cent thanks to a rise in exports, especially to France, which has become the chief foreign market. Consumption within the country is stationary.

Activity in the food preparation industry increased through expansion of markets in neighbouring countries. The jam manufacturers sold more to the Netherlands and United Kingdom, while benefiting from a gradual rise in consumption at home. Their output rose by roughly 20 per cent. The vegetable canners exported more to Federal Germany and the Netherlands. They expanded their production by approximately 13 per cent despite some strengthening of competition, causing serious price-falls on the home market. The meat canners for their part managed to keep their activity up to its previous level in spite of greater imports.

For the first nine months of 1961 food and beverage exports were above their level in the corresponding period of 1960 by 37 per cent. They went principally to Community countries, whose share of the total increased from 65 to 69 per cent.

Sundry Industries

The diamond industry benefited from cyclical expansion, with a definite rise in its exports. The trend of demand for industrial diamonds was favourable; the predominant tendency as regards jewellers' stones was also satisfactory. As to the sales of « assorted-size diamonds », however, the competition of Israeli products is becoming more and more of a handicap.

The production of the paper industry continued to rise, but at a slower rate than in 1960; it declined in the second half of the year. The imports increased more than the exports. Prices were stable; those for newsprint were however raised at the beginning of 1962.

The position of the leather industry improved in the course of the year. The growing use of leather in clothing as the result of a change in fashion favourably affected the production of light leathers.

Even the producers of heavy leathers enjoyed better activity. The footwear industry increased its output in spite of a dull summer season; its exports, mainly to the Netherlands and Federal Germany, were above their level for the first ten months of 1960 by 25 per cent.

An increase of demand both at home and abroad marked the activity of the timber industry. The high price of imported timber did not affect the prices for sale inside the country.

The tobacco industry continued to enjoy great structural growth of demand for high-grade articles. The production of raw tobacco declined. Prices remained stable.

Weather conditions did not in general crucially affect farm production in 1961. The wheat crop was better in quality but smaller in quantity than the previous year's. It exceeded only slightly the quota of 700,000 tons which can be delivered to the home market at the support price. The average yield per hectare in fact declined from 3,800 kg in 1960 to 3,520 kg in 1961. The 1960 autumn rains hampered the sowing of winter wheat to the advantage of spring wheat, which caused a slight extension of sowings. Governmental policy did not change for the 1961-1962 crop year; the average standard price was maintained at Fr. 470 per 100 kg, and the home-grown wheat content in the milled product at 70 per cent.

Farming

Agricultural Production

(in thousands of tons)

Sources : National Statistical Institute — Ministry of Agriculture.

Description	1953	1959	1960	1961 (p)
<i>Vegetable Products :</i>				
Wheat	560	793	773	722
Other Grains	997	1,046	1,034	956
Sugar Beet	2,389	1,485	3,063	
Flax (Linseed and Straw)	193	125	214	196
Chicory	34	44	55	
Potatoes	1,919	1,466	1,894	
<i>Animal Products :</i>				
Milk delivered to dairies (million litres)	1,091	1,303	1,420	1,605 ⁽¹⁾
Slaughterings (net weight of meat)	370	424	441	

(p) Provisional figures.

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

The sugar beet crop was very good, although inferior to that of 1960, which was exceptional. The yield per hectare is estimated at 45 tons, against 49 tons in that year. The overall quota of sugar for the new crop-year has been reduced from 350,000 to 318,000 tons. Payment for the corresponding quantity of sugar beet is made to the farmers at a price fixed by the authorities. The excess has to be sold at prices which are definitely falling because of the decline in world prices for sugar.

Yields of the fodder crops were excellent. Import levies had to be imposed to make up for the difference between the price on importation and that of the home product, thereby protecting the producers of coarse grains. The increase in consumption related mainly to exotic cereals such as sorghum, millet and alpist.

The prospects for flax-growing have improved. In February, 1961 eleven European countries agreed to limit, to 20 per cent of their requirements, their consumption of flax fibres coming from countries outside Western Europe. In return Belgium, France and the Netherlands guaranteed to supply the remaining 80 per cent. This agreement, valid for one year, started to run on 1st October.

Livestock production further increased in 1961, and tends more and more to exceed Belgian consumption despite the increase of this

Farm Livestock
(thousands of head)

Source : National Statistical Institute.

Category	15th May, 1958	15th May, 1959 (1)	15th May, 1960	15th May, 1961 (p)
Farm Horses	219	168	159	147
Horned Cattle	2,291	2,589	2,690	2,700
of which : Cows	931	989	1,021	1,030
Pigs	1,156	1,338	1,726	1,760

(p) Provisional figures.

(1) From 1959 onwards, on holdings of at least 1 hectare, whereas the figures for 1958 relate to holdings of 1 are (about 120 square yards) or more.

latter. The production of milk is excessive in relation to the country's internal needs, partly because of fraudulent imports of butter. The authorities are trying to encourage the manufacture of products derived from milk, and to expand the external markets for these. Exports are however proving to be practically impossible.

The extension of poultry raising caused an appreciable increase in the production of eggs, while the competition of overseas countries became keener on the German market, which is the main outlet. In the last quarter the possibilities of sale improved.

Meat production tends to exceed consumption within the country. So as to avoid glutting markets the producers are seeking outlets in countries adjoining Belgium. In the course of the year, however, difficulties occurred in connection with the supply of pork by reason of epizootic disease. The position was reversed from September onwards, partly owing to the previous stoppage of exports to France.

Prices for farm products diverged in tendency. For the first eleven months the indices established by the Ministry of Agriculture show an 8.6 per cent rise for products of stockraising, and a 17 per cent fall for those of cultivation. For the same period the overall index rose from 92 in 1960 to 93 in 1961.

In the sphere of agricultural policy it is worth remarking the creation, on 15th February, 1961, of an Agricultural Investment Fund which is authorised to grant subsidies to agricultural credit institutions so as to enable them to lend at reduced interest rates. The Fund will also guarantee, up to 75 per cent, the capital and interest payments on loans given by public or private agricultural credit institutions. Finally the Fund will itself grant loans where the transaction is one of special character which no credit institution could normally handle.

The increase of production and trade gave rise to great activity in transport. The number of tons carried by rail and water in the first half of 1961 was up to the level for the corresponding period in 1960, even though the January strikes greatly reduced traffic. But in the second half-year it was 9.7 per cent greater than in the corresponding period of the year before.

Transport

Rail traffic was most affected by the strike; for this reason it declined by 1.6 per cent. Internal traffic was down by 4.1 per cent,

while international traffic including that in transit was maintained at the previous year's level.

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
1960	5,070	525
1960 3rd quarter	4,972	516
4th »	5,065	518
1961 1st quarter	4,415	468
2nd »	5,360	557
3rd »	5,153	543
October	5,668	588

On the other hand the tonnage carried on inland waterways showed for the first eight months a 5.6 per cent increase in comparison with the corresponding period of 1960. The increase

relates solely to international, including transit, traffic; the amount of internal traffic remained stationary.

International sea-borne traffic at the port of Antwerp was marked by a decrease of transit trade in the case both of goods departing and of those arriving. In addition it suffered the effect of the strikes in

January, and of the accompanying fall in exports. Thus for the first nine months the amount of goods loaded was down by 5.5 per cent in comparison with 1960. That of goods discharged was on the other hand up by 1.9 per cent as compared with the level of a year earlier.

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
1960	1,816	1,288
1960 3rd quarter	1,856	1,187
4th »	1,718	1,232
1961 1st quarter	1,674	1,160
2nd »	1,960	1,275
3rd »	2,019	1,295

The Congo adversely affected traffic on the sea routes joining the two countries.

Air transport continued its basic expansion, although a certain over-equipment is in evidence at the international level. In the first seven months the traffic handled by Sabena was greater than in the corresponding period of 1960. The increase amounted to 1.6 per cent in passengers carried and to 13.4 per cent in goods traffic. Sabena is continuing to extend and modernise its air fleet.

Much work in connection with means of communication was completed or started in 1961. At the port of Antwerp the building of the sixth dock is in course of completion, while that of a sea lock available to the largest ships was begun on 28th June. The port of Zeebrugge is likewise undergoing important alterations, designed to let ships of 50,000 tons have access to the quay from 1963 onwards. The port equipment will be completed by the construction of further mineral oil storage capacity.

Work on widening and deepening the Terneuzen Canal, which gives access to the port of Ghent, is proceeding. Contracts for the work preparatory to building a new sea lock at Terneuzen have been awarded.

There are hydraulic projects concerned not only with access to ports but also with inland waterway communications. In that connection the salient fact of last year was the enlargement of the Lanaye lock, which now allows vessels of 2,000 tons to pass from the Belgian Meuse to the Netherlands Maas, and thus to rejoin the Rhine by a shorter route. At the same time work on the Brussels-Charleroi Canal was continued so as to make it accessible to craft of 1,350 tons throughout its length.

Construction of the Baudouin motorway, which is to run from Antwerp to the German frontier, has given rise to considerable infrastructure projects.

In order to establish rapid communication with the countries forming the Community the Belgian National Railways Company has

continued to electrify its system, in particular the line from Brussels to Paris and the one which runs from the French to the German frontier through the valleys of the Sambre and the Meuse.

In the course of the year unemployment was reduced to the level of about 90,000 which had prevailed in the preceding period of prosperity. To this number that representing seasonal unemployment has been added since November.

It should be emphasised that the unemployment figures do not accurately reflect the potential supply of labour really available. Among the 69,210 wholly unemployed persons recorded on the average as seeking employment in October only 23,058 were normally fit to exercise any gainful occupation, the rest being more or less handicapped by reason of age or infirmity. The National Employment Office tries to find them employment, one method by which it does so being to provide assistance towards their pay in pursuance of the Royal Decree of 25th February, 1961.

Average Daily Number of Registered Unemployed

(in thousands)

Source : National Employment 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
1960	119	39	158	82	28	110	37	11	48
1961	93	33	126	65	23	88	28	10	38
1960 3rd quarter	90	33	123	68	24	92	22	9	31
4th »	100	37	137	77	27	104	23	10	33
1961 1st quarter	135	42	177	89	30	119	46	12	58
2nd »	79	32	111	62	23	85	17	9	26
3rd »	64	26	90	52	18	70	12	8	20
4th »	91	33	124	55	21	76	36	12	48

The virtual disappearance of cyclical unemployment is the more noteworthy inasmuch as some exceptional factors have affected the

labour market. It has for instance been necessary to find other employment for the miners dismissed on the closing of marginal mines, and to integrate into the Belgian economy about 25,000 former residents of the Congo.

Since the third quarter more and more clearly marked strains have appeared. At the labour exchanges the number of jobs offered has exceeded that of applications for employment from normally fit workers. The disequilibrium was in fact more serious than that, because employers are not obliged to resort to the labour exchanges, and usually refrain from doing so when the shortage of workers in any given category is obvious.

The total number of workers employed in industry and transport has however increased only very slightly; the index, calculated on the basis 1953 = 100, rose from 101.3 in August, 1960 to 102 in August, 1961. The reduction of employment in coal mining and transport was outweighed by the expansion of it in basic metallurgy as well as in the industries turning out metal manufactures, chemical products and textiles.

With effect from 1st September, 1961 the first measures to establish free movement of employed persons within the Community came into force. During the first phase, which is to last for not more than two years, however, workers from member countries can hold employment in another member country only if no national of that country is available for it.

Despite the economic prosperity no tension was apparent in the movement of wholesale prices; their average level for the first eleven months was slightly lower than that for the corresponding period in 1960. **Prices**

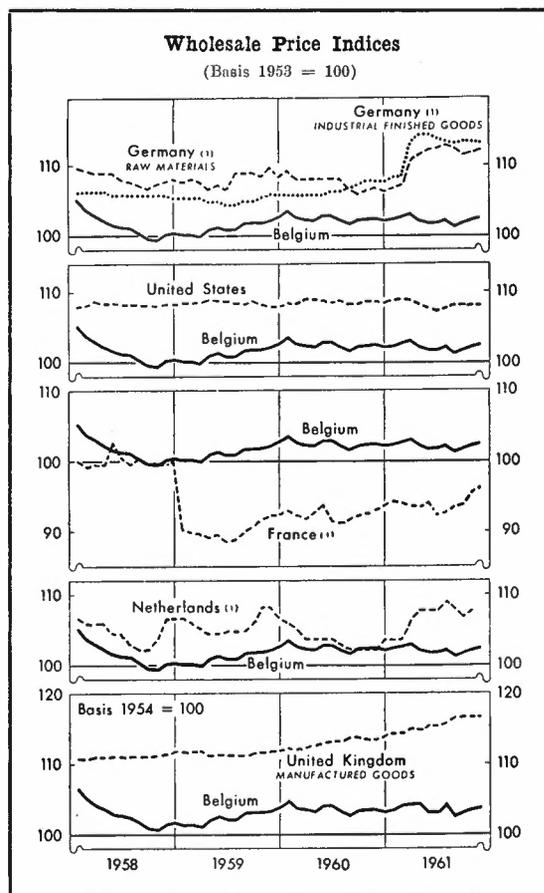
The rise which began in September, 1960 continued at a moderate rate until March, 1961; the slight downward movement in the subsequent months was interrupted by a fresh tendency to

Wholesale Price Indices

(Basis 1953 = 100)

Source : Ministry for Economic Affairs.

Period	Overall Index	Agricultural Products	Industrial Products	All Industrial Products : Prices at three stages of manufacture		
				Raw Materials	Semi-Finished Goods	Finished Goods
1957	106.1	98.7	108.3	105.6	109.2	109.2
1960	102.5	92.2	105.4	101.4	104.0	108.9
1960 3rd quarter	102.0	92.8	104.6	99.5	103.7	108.5
4th »	102.4	93.0	105.0	100.4	103.3	109.2
1961 1st quarter	102.8	93.2	105.4	101.4	103.3	109.6
2nd »	102.0	91.4	105.0	101.0	103.2	108.8
3rd »	101.8	94.3	103.9	99.1	102.8	107.8
October	102.2	97.2	103.7	98.4	102.6	107.9
November	102.4	98.5	103.6	98.0	102.7	107.9



(1) Indices adjusted for variations in rates of exchange.

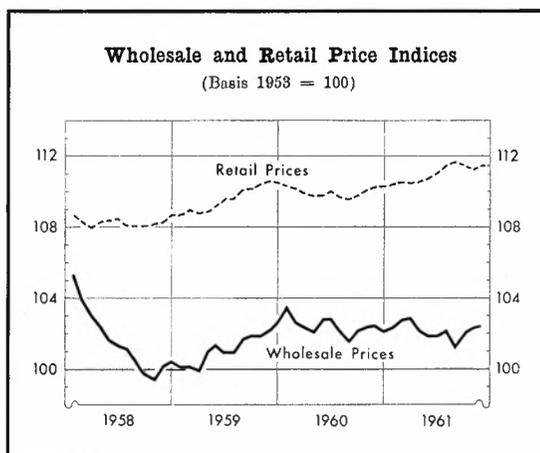
Sources : Belgium : Ministry for Economic Affairs.
 Germany : Federal Statistical Office.
 United States : U.S. Department of Labor.
 France : National Institute for Statistics and Economic Research.
 Netherlands : Central Office for Statistics.
 United Kingdom : Board of Trade.

rise from October onwards. The movements in prices for industrial and farm products diverged. Whereas the former were rather inclined to fall, the latter on the other hand recovered after having declined until April; their movements are partly seasonal.

The fall in wholesale prices for industrial products was mainly due to the weakening of raw material prices. This weakening relates especially to jute, cotton, scrap, certain non-ferrous metals, semi-bituminous coal and « coking fines ». On the other hand flax and vegetable oils showed a very definite rise.

After having ruled at high levels from October, 1960 to May, 1961 the price of jute progressively fell from June, 1961 onwards. The rise which began in raw cotton in November, 1960 continued during the first months of 1961. In May the tendency was reversed, but the fall lasted for only three months, and irregular movements predominated as from August.

After a period of firmness the price of scrap tended downwards as from the middle of the second quarter, thus showing close parallelism with world quotations. The same applied, on the whole, to prices for non-ferrous metals.



The prices for lean and semi-bituminous coals slowly rose from June onwards after a seasonal fall. Whereas the level of lean coal prices was slightly higher than that of a year earlier, the prices for « coking fines » and semi-bituminous coals remained lower owing to over-production of these types of coal.

The fall in the price-index for semi-finished products was smaller than the fall

shown by that for raw materials. Semi-finished products which are declining include coke, cotton yarns and caustic soda.

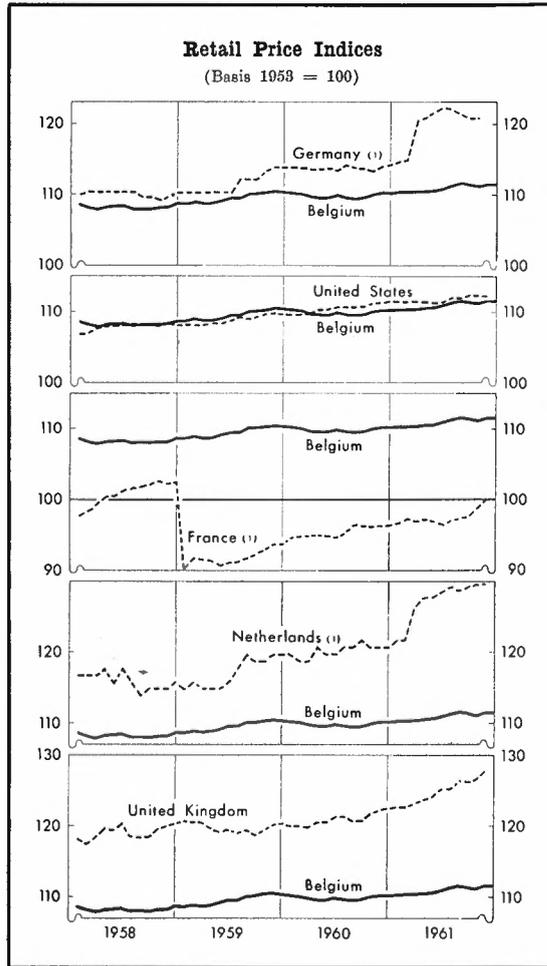
Retail Price Indices
(Basis 1953 = 100)

Source : Ministry for Economic Affairs.

Period	Overall Index	Foodstuffs	Products other than Foodstuffs	Services
1957	106.93	107.0	104.5	111.7
1960	109.97	109.3	107.0	122.6
1961	111.06	110.5	107.4	125.7
1960 3rd quarter ...	109.66	108.7	107.0	122.6
4th » ...	110.27	109.5	107.2	124.0
1961 1st quarter ...	110.48	109.7	107.2	125.0
2nd » ...	110.81	110.0	107.2	125.5
3rd » ...	111.54	111.4	107.3	125.8
4th » ...	111.42	110.9	107.7	126.5

The index for finished products continued in the first quarter of 1961 the moderate rising movement which it had begun in the second half of 1960. Thereafter it progressively declined until August, after which it became practically stable.

The farm products index reflects movements in various directions, but on the whole stood at a level higher than the previous



(1) Indices 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.

year's. Up till May the fall in prices for vegetable products caused the overall index to decline. Two rising movements in connection with the same products, the first in June and the second in September-November, then carried the index up to a level higher than when the year began. The prices for animal products moved irregularly, but they show a rise by comparison with a year before.

During the first eight months of the year the retail price index continued the moderate upward movement which had started in the second half of 1960. Food and non-food products as well as services all contributed to this rise, which seems to have been affected by the raising of the Turnover Tax from 5 to 6 per cent in May. From September, however, a slight fall set in; this was caused by the decline in food products. In the fourth quarter the index steadied down at slightly below the level for the third quarter.

The movement in food products was largely induced by meat prices, which rose until August and then fell as the result of imports on which the Government decided. Cuts in prices, including those for potatoes, canned peas and eggs, strengthened the downward tendency from September onwards.

The movement in non-food products was chiefly affected by the rise in the price of textiles and in that of coal as from the month of June.

International comparison of the wholesale and retail price indices, calculated on the basis 1953 = 100, indicates that the disparities have moved in favour of Belgium. These disparities even tended to improve during 1961 in relation to the United Kingdom, Federal Germany and the Netherlands. As regards these last two countries allowance should be made for the influence exerted by revaluation of their currencies.

The moderate rise of the retail price index caused no all-round increase of wages and salaries through operation of the sliding scale, since the next critical level of the index is 112.22. The index for gross hourly earnings, established by the National Bank, did however show a certain rise; in September it was above its level for the corresponding date in 1960 by 4.3 per cent. Various indirect social advantages accorded under the social programming agreement of 11th May, 1960 contributed towards the increase of total remuneration. According to the available statistics, which must be treated with the necessary reservations, it appears that productivity increased on the whole at a rate slightly higher than that shown by wages.

Wages and Salaries

The disparities between Belgian and foreign wage indices have continued to move to the advantage of Belgium. The greatest improvements appear in relation to Federal Germany and the Netherlands owing to the revaluation of the currency in those two countries.

The expansion apparent since 1959 in the Belgian-Luxembourg Economic Union's foreign trade continued, but at a slower rate than during the two preceding years. For the whole of the first eleven months imports amounted to Fr. 191.7 billion, against Fr. 180.9 billion in the corresponding period of 1960, representing a rise by 6 per cent. For the same period the increase of exports was slower at 4.3 per cent, their absolute value having risen from Fr. 172.6 to 180 billion. The proportion in which exports covered imports declined from 95.4 to 93.9 per cent owing to the effect of a large deficit in the first quarter, due to the strikes in December and January. Exports recovered during the second and third quarters, in which they were greater than a year previously by 7.7 per cent; the corresponding proportion for imports was 5.4 per cent. October and November did not bring any change of tendency.

Indices of Volume, Average Unit Values and Terms of Trade

(Basis 1953 = 100)

Source : Economic, Social and Political Research Institute.

Period	Indices of Volume		Indices of Average Unit Value		Terms of Trade
	Imports	Exports	Imports	Exports	
1957	136.7	131.8	102.1	104.8	102.6
1960	160.6	166.1	95.8	97.1	101.3
1960 3rd quarter	154.8	156.8	94.9	96.1	101.2
4th »	167.6	169.4	95.0	96.9	102.0
1961 (1) 1st quarter . (p)	171.1	159.8	97.2	97.1	99.9
2nd » . (p)	169.5	174.6	97.4	96.6	99.2
3rd » . (p)	160.6	168.6	97.1	97.4	100.3

(p) Provisional figures.

(1) New series.

The movement in the total values of imports and exports reflects changes both in their volume and in the unit values. In the first quarter of the year the terms of trade became less favourable. The index for average unit values of imports in fact rose, the rise in the value of food products and industrial finished goods having outweighed the fall in that of raw materials and industrial semi-products. On the other hand the index for mean export unit values slightly declined in the second quarter owing to a falling away of prices for industrial semi-finished goods, including steel products, which exceeded the rise in industrial finished products; during the third

quarter the upward factors again determined the tendency of the overall index.

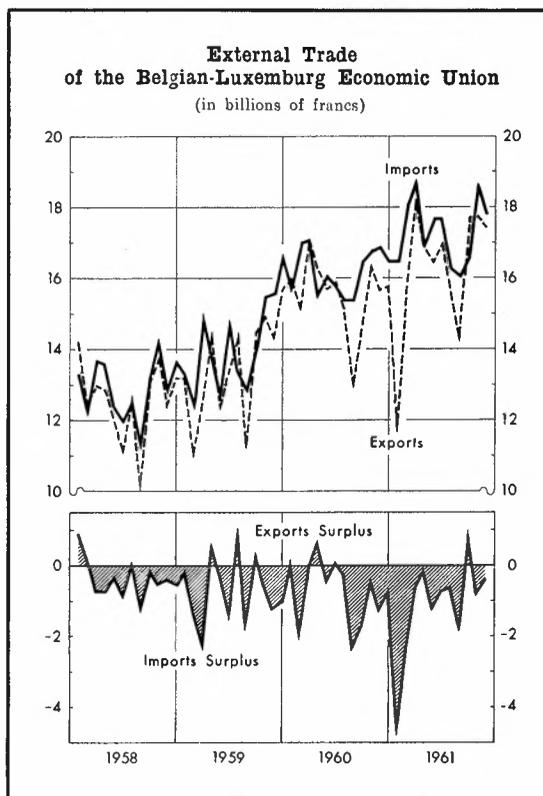
For exports as a whole the volume index in the second and third quarters of 1961 was 5.4 per cent above the already very high levels for the corresponding quarters in 1960, whereas the total volume of imports showed a slightly larger rise, namely one of 6.6 per cent.

For the first nine months of the year as compared with the corresponding period in 1960 imports showed a rise in value of 2.5 per cent for raw materials and fuels, one of 10.9 per cent for manufactured products, and a fall of 5.3 per cent for foodstuffs. The rise in imports of raw materials mostly related to wool (+ 10.2 per cent), while imports of non-ferrous metal ores greatly declined, including those of tin. Coal imports

increased by 4 per cent on the relaxing of the rules for insulating the Belgian market. The increase in imports of manufactured products mainly relates to textiles (+ 19.3 per cent) and to electrical machinery and apparatus (+ 25.2 per cent). The investment boom is clearly evident in this last figure. The reduction of food purchases abroad is due to the abundant agricultural production in 1960.

As regards exports their rise in value for the first ten months amounted to 11.4 per cent in the case of metal manufactures ⁽¹⁾ and to 8.3 per cent in that of textile products.

⁽¹⁾ According to the figures of Fabrimétal; those of the National Statistical Institute are not comparable for the last two years.



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	Proportion of Exports to Imports (in per cent)
1953	10.1	9.4	- 0.7	93
1957	14.3	13.3	- 1.0	93
1960	16.5	15.7	- 0.8	95
1960 3rd quarter	16.3	14.5	- 1.8	89
4th »	17.1	16.4	- 0.7	96
1961 1st quarter	17.8	15.3	- 2.5	86
2nd »	17.5	16.8	- 0.7	96
3rd »	16.5	16.0	- 0.5	97
October	(p)18.6	18.4	- 0.2	99
November (p)	17.8	17.4	- 0.4	98

(p) Provisional figures.

Other products such as diamonds, food and agricultural products, cement-based materials, paper and books, hides and leather, rubber, quarrying products, timber and furniture, ceramics, bricks and tobacco also showed large increases. Exports of coal rose by 4.6 per cent

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	1958	1957	1960	1961 (first 9 months)
Raw Materials and Fuels (Sections 2 and 3) ...	3,366	5,001	4,900	5,053
of which : wool	667	741	591	679
cotton	320	349	285	264
iron ore	292	385	435	437
non-ferrous metal ores	269	321	434	351
solid fuels	340	717	654	674
mineral oils (crude petroleum) ...	308	643	595	625
Foodstuffs (Sections 0 and 1)	1,812	1,998	2,111	1,992
Manufactured Goods (Sections 5, 6, 7 and 8)	4,717	7,135	9,301	10,066
of which : base metals	820	1,156	1,614	1,657
machinery and electrical apparatus	1,076	1,550	1,907	2,278
transport material	546	879	1,434	1,593
textiles (semi-finished and finished products)	470	684	817	953
chemical products	502	837	1,065	1,066
Sundries (Sections 4 and 9)	199	168	176	156
Total ...	10,094	14,302	16,488	17,267

owing to the enlargement of quotas and the sales to non-E.C.S.C. countries. On the other hand exports by the steel industry were checked in the first quarter by strikes, and from the second quarter onwards by a weakening of foreign demand, reflected in the movement both of quantities and of prices. Such exports were down by 12 per cent in comparison with the corresponding period of 1960, which however had been an exceptionally favourable year. Sales of glassware felt the recession in North America, and were down by 8 per cent.

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	1958	1957	1960 (new series)	1961 (first 10 months)
Steel Products	1,902	3,142	3,517	3,121
Metal Manufactures	1,720	2,455	3,326	3,776
Non-Ferrous Metals	900	954	1,327	1,331
Textiles and Clothing	1,810	2,203	2,349	2,526
Chemical Products	741	1,009	1,188	1,234
Solid Fuels	347	492	215	218
Diamonds	290	515	695	770
Foodstuffs	275	256	307	350
Mineral Oils	251	443	461	433
Agricultural Products	192	284	449	478
Glass	184	294	473	443
Paper and Books	106	207	284	302
Hides and Leather	100	105	148	190
Cement	95	91	66	71
Products of Quarrying	55	81	93	102
Rubber	52	78	86	95
Timber and Furniture	44	93	143	177
Ceramics	22	30	41	55
Materials based on Cement and Plaster ⁽¹⁾	—	—	81	87
Tobacco	9	21	36	46
Sundries	319	522	446	458
Grand Total ...	9,414	13,275	15,731	16,263

(1) New item as from 1960.

The overall trade deficit for the first eleven months of the year increased from Fr. 8.3 billion in 1960 to Fr. 11.8 billion in 1961. The deterioration in the balance of trade relates, however, solely to the first quarter. Trade with Community countries for the first nine months showed a deficit of Fr. 2.4 billion, whereas in 1960 it had been in balance. The proportion borne by imports from those countries

to total imports was for the same period 51 per cent, against 47.4 per cent in 1960; in the case of exports the corresponding proportion was 53.3 per cent against 49.7 per cent in that year. The emergence of a deficit in relation to Community countries is due, above all, to the trade with Federal Germany. Imports from that country were up by Fr. 3.2 billion, mostly in respect of steel products, automobiles and machinery; the exports to it remained stationary, the fall in deliveries of armaments and steel products being offset by a rise in those of

**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.		
	1958	1960	1961 (first 9 months)	1958	1960	1961 (first 10 months)
A. Values : (monthly averages, in millions of francs)						
European Economic Community .	3,895	7,891	8,814	3,617	7,949	8,644
of which : Netherlands	1,385	2,449	2,651	1,677	3,346	3,840
Federal Germany (1)	1,239	2,808	3,096	876	2,484	2,475
France (1)	1,117	2,241	2,593	755	1,635	1,825
Sterling Area	1,912	2,169	2,190	1,293	1,704	1,686
of which : United Kingdom ...	913	1,215	1,270	732	873	865
United States and Canada	1,279	1,829	1,708	1,090	1,664	1,676
Latin America (2)	773	742	718	371	657	601
Republic of the Congo and Rwanda- Burundi	755	1,106	977	551	257	191
Eastern Europe	244	502	515	378	574	542
Other Countries	1,236	2,249	2,345	2,114	2,926	2,923
Total ...	10,094	16,488	17,267	9,414	15,731	16,263
B. In per cent of Total Values :						
European Economic Community .	38.6	47.9	51.0	38.4	50.5	53.2
of which : Netherlands	13.7	14.9	15.4	17.8	21.3	23.6
Federal Germany (1)	12.3	17.0	17.9	9.3	15.8	16.2
France (1)	11.1	13.6	15.0	8.0	10.4	11.2
Sterling Area	18.9	13.2	12.7	13.7	10.8	10.4
of which : United Kingdom ...	9.0	7.4	7.4	7.8	5.5	5.3
United States and Canada	12.7	11.1	9.9	11.6	10.6	10.3
Latin America (2)	7.7	4.5	4.2	3.9	4.2	3.7
Republic of the Congo and Rwanda- Burundi	7.5	6.7	5.7	5.9	1.6	1.2
Eastern Europe	2.4	3.0	3.0	4.0	3.7	3.3
Other Countries	12.2	13.6	13.5	22.5	18.6	17.9
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.

automobiles and machinery. Thus for the first nine months of the year the deficit in relation to Federal Germany rose from Fr. 2.6 to 5.7 billion.

There was similarly a slight deterioration in the balance of trade with France, the deficit having grown from Fr. 5.8 billion in 1960 to Fr. 7.1 billion in 1961. The exports increased by 15.8 per cent and the imports by 17.9 per cent; the latter were affected by purchase of aircraft amounting to Fr. 1.2 billion.

On the other hand the surplus in relation to the Netherlands rose from Fr. 7.7 to 10.3 billion. While the imports increased by 11 per cent the exports did so by 17.1 per cent, mainly owing to sales of textiles, machinery and means of transport.

The balance of trade with the United States improved. For the first nine months the deficit came down from Fr. 755 million in 1960 to Fr. 450 million in 1961. The exports declined less rapidly than the imports, which had been much affected by purchases of aircraft in 1960. A better tendency appeared in the exports from the second quarter onwards.

With the United Kingdom the trade balance showed a deficit of Fr. 3.9 billion, against Fr. 3.3 billion in 1960, chiefly owing to a heavy reduction in exports of steel products and an increase in the import of diamonds and electrical apparatus. In relation to the rest of the sterling area the trade deficit was slightly reduced.

The surplus on the balance of trade with the countries of Eastern Europe slightly decreased; the deficit in relation to those of Latin America was slightly greater.

Exports to the Congo had fallen to a very low level in the second half of 1960, while the imports from it remained stable. In 1961 the exports somewhat recovered; on the other hand the imports, in particular those of ores and non-ferrous metals, declined. Thus the balance of trade improved by comparison with the second half of

1960. But by comparison with the first nine months of that year the deficit remained unchanged.

The year was marked by some important events in the sphere of relations between the European Economic Community and certain non-member countries. On 9th July the member states signed an agreement for associating Greece with the Community. They also opened negotiations with Turkey with a view to reaching a similar agreement. The United Kingdom and Denmark applied, on 9th and 10th August, 1961 respectively, for admission to the Community. Negotiations have been opened between these two countries and those forming this latter.

At their meeting on 24th and 25th July the Council of Ministers adopted two important decisions regarding the procedures to be applied for implementing a common policy in the matter of external trade. The first relates to procedure for consultation about the negotiating of agreements relating to the member states' commercial relations with outside countries, and to amendments of the liberalisation rules in regard to these latter. The second decision concerns standardising of the duration of trade agreements with non-member countries.

At the same meeting the Council of Ministers made preparations to implement a common policy concerning transport. At their session on 23rd, 24th and 25th October they drew up general programmes designed to remove restrictions on freedom of establishment, and on the free rendering of services, by companies and nationals — other than wage-earning workers — of one member state on the territory of another.

In the course of its session which began on 18th December, 1961, and was continued in January, 1962, the Council of Ministers adopted a series of measures permitting attainment of the main objectives

assigned by the Treaty of Rome to the first phase in realisation of the Common Market. They adopted a Community regulation about cartels and understandings between enterprises. They fixed at the end of December, 1964 the date on which equality of pay as between male and female workers for the same work must be achieved within member countries; by the end of June, 1962 the differences between such rates of pay must not exceed 15 per cent, and they must be reduced to 10 per cent by the end of June, 1963. The member states further agreed on the principles of a common agricultural policy.

Thus the Ministers, having found sufficient progress to have been effectively achieved in the sphere of common policy, decided in application of Article 8 of the Treaty to proceed to the second phase of realising the Common Market with effect from 1st January, 1962.

In accordance with the Treaty the import duties in intra-Community trade were lowered by 10 per cent on 1st January, 1962 for all products. By comparison with 1st January, 1957, which serves as reference date for tariff reductions, the duties have been reduced by 40 per cent for industrial products, 35 per cent for non-liberalised agricultural products and 30 per cent for liberalised agricultural products.

Similarly in the relations between member states the last quantitative restrictions were abolished for industrial products at the end of 1961, while in the course of the same year the member states enlarged their overall quotas relating to agricultural products.

So far as the Common External Tariff is concerned, the first stage of assimilating it and the national tariffs began for agricultural products with effect from 1st January, 1962.

**ANALYSIS OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR 1961**

ASSETS

The gold holding is valued at the price of Fr. 56,263.7994 per kilogramme of fine metal, corresponding to the legal parity of the franc. **Gold Holding**

It amounted on 31st December, 1961 to Fr.	62,424,171,251
and consisted of :	
Gold in foreign countries Fr.	62,085,421,795
Gold in Belgium Fr.	338,749,456
	62,424,171,251

On 31st December of the previous year the gold holding amounted to Fr. 58,524,922,734.

The Bank's foreign currency assets convertible into gold or dollars form the subject of accounts opened at its correspondents abroad. Their countervalue amounted on 31st December, 1961 to Fr. 20,432,253,356. **Foreign Currencies**

On 31st December, 1960 the corresponding assets had amounted to Fr. 12,605,328,665.

**Foreign Currencies
and Gold Receivable**

The amount of Fr. 6,856,148,989 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 » (1). It corresponds to the countervalue of sundry currencies purchased by the Bank on forward terms against other currencies.

In the Balance Sheet of 31st December, 1960 this item appeared at Fr. 6,774,429,798.

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

The claims on foreign countries under international agreements were subdivided as follows :

	On 31st December, 1960	On 31st December, 1961
a) European Payments		
Union Fr.	3,509,081,739	413,476,851
b) European Monetary		
Agreement . . . Fr.	—	—
c) International Monetary		
Fund Fr.	4,387,706,338	7,988,661,609
d) Other Agreements . Fr.	—	—

The essential characteristics of each of these subdivisions are set forth below :

a) *European Payments Union.*

The Agreement on the establishment of a European Payments Union having terminated on 29th December, 1958, Belgium's residual claim on that organisation, amounting to Fr. 6,992,092,800,

(1) See page 117 of this Report.

was apportioned in conformity with the provisions of the Agreement ⁽¹⁾.

The Bank provides for execution of the consolidation and repayment agreements in accordance with its Convention of 16th April, 1959 with the Belgian Government ⁽²⁾.

In the course of 1961 it received from abroad, and credited to the « Public Treasury, E.P.U. Special Liquidation Account », repayments totalling Fr. 3,095,604,888 and made up as follows :

	Ordinary repayments	Anticipated repayments	Total
France	—	1,690,975,000	1,690,975,000
United Kingdom	1,225,116,500	—	1,225,116,500
Norway	120,650,000	—	120,650,000
Turkey	32,123,388	—	32,123,388
Greece	17,520,000	—	17,520,000
Iceland	9,220,000	—	9,220,000
	<u>1,404,629,888</u>	<u>1,690,975,000</u>	<u>3,095,604,888</u>

The amount of Fr. 3,095,604,888 was credited to the asset account « European Payments Union ». The balance on this account was consequently reduced from Fr. 3,509,081,739 to Fr. 413,476,851.

The contractual repayments to be received in 1962 amount to Fr. 162,213,388, namely :

	Balances on 31st December, 1961	Repayments due in 1962
Norway	184,000,000	106,000,000
Turkey	131,170,501	32,123,388
Greece	71,134,450	17,520,000
Iceland	27,171,900	6,570,000
	<u>413,476,851</u>	<u>162,213,388</u>

The Government pays each year 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

⁽¹⁾ See the Report on the Activities of the Bank in 1959, page 93.

⁽²⁾ See the Report on the Activities of the Bank in 1959, page 94.

consolidation agreements. The debt to the Federal Republic of Germany having been completely cleared off, Belgium no longer has any interest to pay on this account.

b) *European Monetary Agreement.*

Under the heading « International Agreements : b) European Monetary Agreement », which appears on the assets side of the Balance Sheet, there are entered any Belgian franc advances which may be granted by the Bank to Central Banks of E.M.A. countries in accordance with the stipulations of the Agreement and the provisions of the Bank's aforesaid Convention of 16th April, 1959 with the Government (1).

The amounts advanced are repayable at the end of the month. Just as on 31st December, 1960, no amount appeared in the Balance Sheet under this head.

The rate of interest payable by the debtor countries is fixed by the Board of Management of the European Monetary Agreement. In 1961 it was 3 per cent.

The interest on the advances granted by the Bank accrues to the Bank.

c) *International Monetary Fund.*

The account « International Agreements : c) International Monetary Fund » is governed by 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 Bank's action in financing the Government's obligations to the International Monetary Fund (2).

(1) See the Report on the Activities of the Bank in 1959, pages 96 and 97.

(2) See the Report on the Activities of the Bank in 1959, page 97.

On the year the balance of this account rose from Fr. 4,387,706,338 to Fr. 7,988,661,609 following the payment by the Bank, in relief of the Government, of Fr. 3,600,955,271 of Belgian Treasury Certificates encashed by the International Monetary Fund for the following purposes :

Transfers of Belgian francs :	
— to the United Kingdom	Fr. 3,000,000,000
— to the Argentine Republic	Fr. 600,000,000
Own expenditure in Belgian francs	Fr. 955,271
	Fr. 3,600,955,271

The Government pays to the Bank, on the Belgian francs supplied to the Fund in relief of the Government, an allowance of 0.50 per cent per annum.

The difference between Belgium's total participation, namely \$ 337,500,000 or B.Fr. 16,875,000,000, and the amount appearing for the item « International Agreements : c) International Monetary Fund » is represented by Treasury Bills deposited in the name of the Fund ⁽¹⁾.

d) *Other Agreements.*

The item « International Agreements : d) Other Agreements » is reserved for recording any foreign currency or Belgian franc claims on foreign countries, not taking part in the European Monetary Agreement, with which Belgium has concluded payment agreements.

The advances to be granted in virtue of these agreements are governed by the Convention of 25th February, 1947 between the Government and the Bank, and by that of 1st July, 1959 between the Government, the Bank and the National Industrial Credit Company ⁽²⁾.

⁽¹⁾ See the Memorandum Accounts on page 123 of the present Report.
⁽²⁾ See the Report on the Activities of the Bank in 1959, page 100.

The interest payable to the Bank is calculated at the rate of discount for bills accepted payable at a bank.

No advance was outstanding on 31st December, 1961.

**Debtors in respect
of Foreign Exchange
and Gold at
Forward Dates**

The liabilities towards the Bank of buyers of foreign currencies or of gold, deliverable at forward dates against payment in Belgian francs, are shown in the item « Debtors in respect of Foreign Exchange and Gold at Forward Dates » ⁽¹⁾.

These liabilities appear in the Balance Sheet as at 31st December, 1961 at a sum of Fr. 18,493,702,779

On 31st December, 1960 they amounted
to Fr. 11,821,228,987

Commercial Bills

The holding of commercial bills includes, apart from the discounted bills payable in Belgium, the discounted Belgian franc bills payable abroad.

The figures at 31st December, 1960 and 31st December, 1961 compare as follows :

	On 31st December, 1960	On 31st December, 1961
Bills on Belgium Fr.	6,772,593,123	5,072,643,599
Belgian franc bills on foreign countries . . . Fr.	255,059	13,637,913
Total . . . Fr.	<u>6,772,848,182</u>	<u>5,086,281,512</u>

**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, 1961, to . . Fr. 73,987,850

The total on 31st December, 1960 was . Fr. 50,847,643

⁽¹⁾ See page 117 of the present Report.

The holding of public securities comprises the securities acquired by the Bank in accordance with the Conventions, mentioned in the margin, concluded between it and, on the one hand, the Belgian Government, and on the other hand the Luxemburg Government, in application of Article 20 of the Statutes. It may not exceed Fr. 10 billion and Fr. 333 million respectively.

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

On 31st December, 1961 the Bank held Fr. 6,515,000,000 of Belgian Treasury Certificates, against Fr. 6,040,000,000 on 31st December, 1960. No transaction was effected during the year 1961 either in securities issued by institutions whose liabilities are guaranteed by the Government, or in other Belgian public securities, or in certificates of the Luxemburg Treasury.

The advances granted by the Bank under the provisions of the Conventions mentioned above are charged at its 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 at 3 per cent and the interest 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 both to the transactions in public securities and to the transactions recorded in the asset accounts entitled « Commercial Bills », « Advances against Pledged Security » and « International Agreements : d) Other Agreements ».

**Treasury Notes
and Coin**

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

	On 31st December, 1960	On 31st December, 1961
a) Divisional currency :		
Treasury notes . . . Fr.	114,797,435	107,713,385
Silver coin . . . Fr.	472,547,560	350,642,130
b) Small coin . . . Fr.	29,613,859	31,461,694
	616,958,854	489,817,209

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 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 on the dates of all the weekly returns 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 above the contractual limit, 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 Fr. 700 million.

There was no need for these provisions to come into play during 1961.

**Balances
at the Postal
Cheque Office**

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

on 31st December, 1961 Fr.	1,645,495
on 31st December, 1960 Fr.	1,424,144

The Bank's consolidated claim on the Government, originally amounting to Fr. 35 billion, appeared in the Balance Sheet for 31st December, 1961 at Fr. 34,000,000,000

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)

It was fixed at this figure in pursuance of Article 3 of the Law of 19th June, 1959, which reduced from five to one billion francs the repayments laid down by Article 3, paragraph b of the Law of 28th July, 1948 concerning the reorganisation of the Bank's Balance Sheet.

The public long-term securities and other securities acquired under Articles 18 and 21 of the Statutes amounted to the following :
on 31st December, 1961 Fr. 2,568,446,110
on 31st December, 1960 Fr. 2,519,428,863

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

The « Items Receivable » appeared in the Balance Sheet on 31st December, 1961 at Fr. 356,233,447
as compared with Fr. 524,154,389
on 31st December, 1960.

Items Receivable

They consist in cheques, coupons and redeemable securities for collection, in amounts receivable from third parties in connection with transactions in securities or foreign currencies and the printing of notes and printer's sundries, as well as in postage or revenue stamps.

There was also shown under this heading on 31st December, 1961 the amount of the reductions of Income Tax and National Crisis Tax, on the dividend relating to the year 1959, of which the Bank was advised on 5th December, 1961.

The value of land and buildings appeared in the Balance Sheet for 31st December, 1961 at Fr. 1,538,660,073

Premises, Furniture and Equipment

In the Balance Sheet for 31st December,
1960 it stood at Fr. 1,519,047,361

The increase of Fr. 19,612,712 represents the amounts spent during 1961 on purchase of a building in the provinces and on new construction projects in progress at Brussels and in the provinces, less the proceeds of sale of a site at Brussels.

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,
1961 at Fr. 1,167,443,097
against, on 31st December, 1960 Fr. 1,074,994,576

The increase of Fr. 92,448,521 results from the grants paid by the Bank, from the premiums on redemption and lottery prizes collected during the year, and from the deductions from staff salaries and wages, less the out-payments effected by the Fund.

The Bank's contribution towards the payment of pensions amounted in 1961 to Fr. 17,522,063 against Fr. 12,532,277 in 1960.

The amount of this contribution was affected by the use of reserves released in pursuance of the provisions adopted in 1959, in agreement with the members, with a view to avoiding in future the cumulation of statutory pensions with the pensions paid by the Staff Pension Fund; in 1960 the release of reserves related to several years ⁽¹⁾.

(1) The statutory arrangements applicable :
1) to the workers;
2) to the clerical staff;
form the subject, respectively, of the Laws of 21st May, 1955 (*Moniteur Belge* of 19th June, 1955) and 12th July, 1957 (*Moniteur Belge* of 21st July, 1957).

Under the heading « Assets Written Off pending Collection » there are shown « pro memoria » those assets 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

On 31st December, 1961 the Transitory Assets consisted of the following :

Transitory Assets

a) Fractional interest receivable on claims resulting from international agreements . Fr.	6,627,171
b) Fractional interest receivable on investments abroad Fr.	65,574,970
c) Fractional interest receivable on public long-term securities acquired in accordance with the Statutes Fr.	60,370,928
d) Fractional moratory interest on reduction of Income Tax and of National Crisis Tax ⁽¹⁾ Fr.	13,500,000
e) Provision for the making of bank notes and printer's sundries, for the staff restaurant and the Premises Department Fr.	36,553,154
f) Claim on the Ministry of National Defence for repayment of cash removed by secret formations during the occupation . . . Fr.	2,113,711
Following the execution of the Judgment given at the end of 1958 by the Court of First Instance at Huy the Bank has so far been able to recover Fr. 129,689 on this claim, which originally amounted to Fr. 2,243,400.	
Carried forward . . Fr.	<hr/> 184,739,934

(1) See page 130 of the present Report.

	Brought forward . . Fr.	184,739,934
g)	Securities of the Centenary Fund. The income on this Fund, which was created on the occasion of the Bank's centenary, permits the provision of prizes and rewards for particularly deserving clerical employees and workmen Fr.	2,792,995
h)	Balances with foreign correspondents, being foreign exchange blocked in pursuance of foreign countries' exchange legislation . Fr. (The counterpart of the three last items f), g) and h) appears among the Transitory Liabilities.)	123,181
	Total . . Fr.	<hr/> 187,656,110

LIABILITIES

On 31st December, 1961 the amount of the Bank's notes in circulation was Fr. 129,078,300,500 Bank Notes
in Circulation

On 31st December, 1960 it was Fr. 124,090,392,400

These totals were made up as follows, by denominations :

	On 31st December, 1960	On 31st December, 1961
Fr. 1,000 Fr.	108,414,714,000	113,054,331,000
Fr. 500 Fr.	8,344,313,500	8,452,442,000
Fr. 100 Fr.	7,331,364,900	7,571,527,500
Total Fr.	124,090,392,400	129,078,300,500

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

	On 31st December, 1960	On 31st December, 1961
Public Treasury, Ordinary Account Fr.	24,281,720	701,713
Public Treasury, Exceptional Counter-Cyclical Tax (Law of 12th March, 1957) . Fr.	184,899,460	24,941,874
Public Treasury, E.P.U. Special Liquidation Account Fr.	—	—
Banks in Foreign Countries, Ordinary Accounts . Fr.	308,369,930	445,073,220
Carried forward . . . Fr.	517,551,110	470,716,807

Brought forward . . . Fr.	517,551,110	470,716,807
Institutions Governed by a Special Law, and Public Authorities Fr.	549,898,935	3,513,465,813
Banks in Belgium . . . Fr.	1,026,783,069	4,030,627,217
Individuals Fr.	300,881,690	346,893,760
Items Payable Fr.	728,520,460	446,951,846
	<u>Fr. 3,123,635,264</u>	<u>8,808,655,443</u>

Under the head « Items Payable » there appear the following liabilities : 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 1960 and 1961, the net liabilities to foreign countries under international agreements :

	On 31st December, 1960	On 31st December, 1961
European Monetary Agreement Fr.	249,129,358	199,741,972
Other Agreements . . . Fr.	263,368,377	365,679,696
	<u>Fr. 512,497,735</u>	<u>565,421,668</u>

**Total Sight
Liabilities**

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

On 31st December, 1961 they amounted to Fr. 138,452,377,611 as against Fr. 127,726,525,399 on 31st December, 1960.

In the same way as on 31st December, 1960 the liabilities shown on 31st December, 1961 in the item « Foreign Currencies and Gold to be Delivered » comprised only transactions concluded in foreign currencies.

Their countervalue was Fr. 25,376,184,130 as against Fr. 18,643,720,641 a year before.

Except for a small amount of foreign currencies to be delivered spot, these liabilities consisted of foreign currencies deliverable at forward dates :

- a) against other foreign currencies to the extent of the amount appearing on the assets side under « Foreign Currencies and Gold Receivable », that is Fr. 6,885,707,010
- b) against payment in Belgian francs to the extent of the amount appearing on the assets side under « Debtors in respect of Foreign Exchange and Gold at Forward Dates », that is Fr. 18,485,757,442

On 31st December, 1961 the Bank held in foreign currencies an asset amounting to Fr. 20,432,253,356.

Without running any exchange risk it can keep until their maturities the foreign currencies, sold at forward dates, the counterpart of which is formed by the item « Debtors in respect of Foreign Exchange and Gold at Forward Dates », representing Fr. 18,493,702,779. In order to render them productive, however, it is obliged in certain cases to effect arbitrage transactions. To the extent of these, namely Fr. 6,856,148,989, being the countervalue of the foreign currencies and gold receivable at forward dates, the deliveries of foreign currencies sold forward produce no effect on the Bank's assets.

The increase as between 1960 and 1961 of the forward sales shown in account under « Debtors in respect of Foreign Exchange and Gold at Forward Dates » does not reflect any increase of the

Treasury's short-term debt in foreign currencies. This debt, on the contrary, decreased by Fr. 3,581 million ⁽¹⁾. Since the rates of exchange were favourable, however, the Treasury covered the repayment of longer-term debts having not more than a few months to run.

The forward sales to the Treasury are charged at the rate of the day, without expenses.

The Bank's net position in foreign currencies on 31st December, 1961 was as follows :

Assets	
Foreign Currencies	Fr. 20,432,253,356
Foreign Currencies and Gold Receivable	Fr. 6,856,148,989
Total	Fr. <u>27,288,402,345</u>
Liabilities	
Foreign Currencies and Gold to be Delivered	Fr. 25,376,184,130
Net asset	Fr. <u>1,912,218,215</u>

On 31st December, 1961, therefore, the forward liabilities did not affect the gold holding.

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, 1961 to	Fr. 1,167,443,097
against, on 31st December, 1960	Fr. 1,074,994,576

**Transitory
Liabilities**

On 31st December, 1961 the Transitory Liabilities were as follows :

a) Unaccrued discount on bills and Treasury Certificates held	Fr. 34,097,895
b) Instalments paid by outside parties	Fr. 63,840
Carried forward	Fr. <u>34,161,735</u>

⁽¹⁾ See page 47 of the present Report.

Brought forward . . . Fr.	34,161,735
c) Cash removed by secret formations during the occupation, to be recovered . . . Fr.	2,113,711
d) Centenary Fund Fr.	2,792,995
e) Creditors in respect of blocked currencies Fr.	123,181
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 Taxes Fr.	100,760,025
h) Provision for building of premises and purchasing of equipment Fr.	193,424,955
i) Provision against Sundry Contingencies Fr.	260,000,000
Total . . . Fr.	<u>623,376,602</u>

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

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

	On 31st December, 1960	On 31st December, 1961
Statutory Reserve . . . Fr.	497,505,363	533,469,290
Extraordinary Reserve . Fr.	260,416,520	260,478,892
Account for Depreciation of Premises, Furniture and Equipment . . . Fr.	1,375,073,096	1,397,127,428
Total . . . Fr.	<u>2,132,994,979</u>	<u>2,191,075,610</u>

The increase represents the part accruing to the Statutory Reserve in the distribution of the profits as at 31st December, 1960,

plus the sum of Fr. 22,054,332 which was applied on 31st December, 1961 to writing off the year's expenses relating to the building of premises.

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. 141,532,645, represents the undepreciated value of the land.

In addition the Extraordinary Reserve was increased by debiting the Profit and Loss Account with Fr. 62,372, being the amount of the tax-exempted part of the profits earned in 1961 on the sale and encashment of securities comprising the Bank's holding of Public Long-term Securities.

Article 8 of the Law of 8th March, 1951, amending the laws and decrees relating to taxes on income, provides in certain circumstances for exempting all or part of these profits from tax. According to Article 27, paragraph 2bis of these coordinated laws the part thus immunised must remain unavailable. It amounted on 31st December, 1961 to a total of Fr. 14,517,767.

**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. 383,128,688 as against Fr. 382,775,131 on 31st December, 1960.

MEMORANDUM ACCOUNTS

The Memorandum Account « Minister of National Education and Culture : Balance for his account at the Postal Cheque Office (Schools Pact, Law of 29th May, 1959, Article 15) » is published in the Bank's weekly return below the total of the liabilities.

Minister of National Education and Culture :
Balance for his account at the Postal Cheque Office (Schools Pact, Law of 29th May, 1959, Article 15)

Its counterpart « Postal Cheque Office : Balance for account of the Minister of National Education and Culture (Schools Pact, Law of 29th May, 1959, Article 15) » appears in the weekly return below the total of the assets . Fr.

2,169,791,007

The items — bills of exchange, foreign currencies, etc. — which had been lodged for collection by holders of current accounts or by foreign correspondents amounted on 31st December, 1961 to Fr.

Items for Collection

23,032,510

Under the head « Documentary Credits Opened » there appear the import credits opened by the Bank for public financial institutions and for Belgian companies or firms which are customers of its Discount Agencies, as well as export credits opened by foreign Central Banks Fr.

Documentary Credits Opened

4,623,693

Certification of
Acceptances
relating to Exports
and Imports

The bank or commercial acceptances which were in circulation on 31st December, 1961 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, amounted to Fr.

8,305,540,680

Undertaking given
to an International
Institution

The Bank has given to an international institution an undertaking to repurchase on the day before their maturity certain Congo Treasury Bills, amounting to a total of 20 million U.S. dollars, which were issued on 19th May, 1960 at six months with a guarantee from the Belgian Government and were prolonged to 16th February, 1962.

This undertaking was assumed at the request of the Minister of Finance, who for his part promised the Bank that he would ensure that in accordance with the existing conventions his account should on the day before the date of maturity hold sufficient funds Fr.

1,000,000,000

Sundry Deposits

The breakdown of the Sundry Deposits is as follows :

International Monetary

Fund Fr. 8,886,338,391

Other Deposits Fr. 72,062,152,939

Total . . Fr.

80,948,491,330

The sum entered in respect of the item « International Monetary Fund » represents the amount of Belgian Treasury Bills which remain deposited in the name of that institution, namely (1) :

Bills which have been delivered to the Fund by the Belgian Government in respect of Belgium's quota to the appropriate extent, being payable at sight and not bearing interest Fr.	12,487,293,662
Bills which have been encashed by the Fund and paid by the Bank in relief of the Government in conformity with the Convention of 1st August, 1959 and the Additional Convention of 14th October, 1959, concluded between the Government and the Bank Fr.	3,600,955,271
Holding on 31st December, 1961 Fr.	8,886,338,391

The Securities received by way of Guarantee from Outside Parties comprise the items below :

Securities received
by way of
Guarantee from
Outside Parties

(1) See page 107 of the present Report.

Cover for advance limits against Pledged Security Fr.	21,246,442,196
Guarantees given by persons lodging bills for discount Fr.	7,814,650
Sundry Guarantees Fr.	232,168,725
Collateral provided in Securities and Commercial Bills by Borrowers of Call Money . . . Fr.	3,358,255,325
Total . . Fr.	<u>24,844,680,896</u>

Guarantee
Certificates
received from
the Public
Treasury

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 . . Fr.

1,020,000,000

Guarantees given
on behalf
of the Staff

These guarantees, 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, amount to . Fr.

198,803,056

Commitment
towards
the National
Foundation for
Financing
Scientific Research

In 1959 the Bank undertook a commitment to subscribe for Fr. 600 million of the Fr. 3 billion loan to be issued by the National Foundation for Financing Scientific Research. This subscription was paid in 1960 and 1961 to a total extent of Fr. 120 million Fr.

480,000,000

The Memorandum Accounts listed under the title « Public Treasury » call for no comment.

<i>Portfolio and Sundry Assets</i>	Fr.	1,020,000,000
<i>Sundry Securities owned by the Government :</i>		
Preference Shares of the Belgian National Rail- ways Company	Fr.	5,000,000,000
Ordinary Shares of the Belgian National Rail- ways 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.		231,905,400
4.50 % Certificates of the National Housing Company	Fr.	3,896,454,000
4.50 % Certificates of the National Smallholders' Company	Fr.	586,711,000
Carried forward	Fr.	12,760,095,300
		<u>1,020,000,000</u>

Brought forward . . . Fr.	12,760,095,300	1,020,000,000
Sundry Items Fr.	880,027,207	
	Fr.	13,640,122,507

Sundry Items for which the Government is the Depositary :

Items lodged by outside parties Fr.	6,399,246,909	
Service of the Registered Debt Fr.	15,060,050,200	
Deposit and Consignment Office Fr.	65,697,928,052	
Items lodged by way of Guarantee . . . Fr.	2,743,043,655	
	Fr.	89,900,268,816

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

8,349,146

Items to be delivered Fr.

5,175,893,562

Securities withdrawn from circulation . . Fr.

4,380

Monetary Fund :

Public Long-term Securities Fr.

5,263,968,970

Total . . Fr. 115,008,607,381

**Securities
Stabilisation Fund
(Securities
Deposited)**

The securities which belong to the Securities Stabilisation Fund set up in pursuance of the Decree Law of 18th May, 1945, and which are held in safe custody at the Bank, amount to Fr.

7,983,738,406

The deposits of the General Savings and Pensions Fund are made up as follows :

**General Savings
and Pensions Fund**

a) <i>Provisional investments</i> Fr.	26,882,572,271
b) <i>Cover for Loans</i> Fr.	19,840,600
c) <i>Guarantee Deposits</i> Fr.	229,391,000
Total . . Fr.	<u>27,131,803,871</u>

PROFIT AND LOSS ACCOUNT

CREDIT

Discount, Exchange, Interest and Commissions	On 31st December, 1960	On 31st December, 1961
Fr.	912,650,690	931,051,073

The improvement on the year amounts to Fr. 18,400,383. As against this improvement there is a charge of Fr. 155,007,309, instead of Fr. 137,636,957, in respect of the allocation to the Government of the proceeds of discounting and of advances on pledged security in excess of 3 per cent.

Although the nature and the amount of the transactions altered, the net receipt is substantially equal to last year's.

The claim arising on liquidation of the European Payments Union has progressively decreased. The investments in foreign currencies were greater in 1961 than in 1960; the average amount of the commercial bill holding, of advances and of the public securities held was on the contrary smaller.

Income on Public Long-term Securities and other Securities acquired in accordance with the Statutes	On 31st December, 1960	On 31st December, 1961
Fr.	130,692,925	125,883,460

The holding of public long-term securities and other securities acquired in accordance with the Statutes rose on the year from Fr. 2,519 million to Fr. 2,568 million. Nevertheless the income on that holding shows a decrease.

The liquidation of the Central Bank of the Belgian Congo and Ruanda-Urundi is the essential cause of this decrease. The last dividend was paid in 1960; the countervalue of the shares which the Bank held could be reinvested only with effect from 28th August, 1961, the date on which the said shares were repaid.

On the other hand the additions to the holding were less productive than previously. In 1960 the Bank paid a first tranche and in 1961 a second tranche of Fr. 60 million of its subscription to the loan, issued at 2 per cent, of the National Foundation for Financing Scientific Research.

	On 31st December, 1960	On 31st December, 1961	
Fr.	9,660,964	18,197,386	Profit on Sale of, and Collection of Proceeds of, Securities

The profit on sale of securities, and on collection of their proceeds, was greater in 1961 than in 1960.

The Bank held 30,000 shares of the Central Bank of the Belgian Congo and Ruanda-Urundi. These shares, of a par value of Fr. 1,000, were repaid at the rate of Fr. 1,550 per share.

Out of the profit shown in 1961 a tax-free amount of Fr. 62,372 was transferred to the Extraordinary Reserve by the debit of the Profit and Loss Account.

	On 31st December, 1960	On 31st December, 1961	
Fr.	23,173,120	22,741,350	Fees for Safe Custody, Brokerage and Rent of Safes

The decrease relates to the fees for safe custody.

The sundry deposits (other deposits) appear among the Memorandum Accounts at Fr. 72.1 billion as against Fr. 74.4 billion on 31st December, 1960.

Amounts collected on Assets Written Off pending Collection	On 31st December, 1960	On 31st December, 1961
	Fr. 24,000	30,400

These amounts represent the proceeds of collection of bad and doubtful debts.

Repayment of Taxes collected in excess	On 31st December, 1960	On 31st December, 1961
	Fr. 128,570,598	128,571,430

In application of Article 52 of the Coordinated Laws concerning Income Taxes certain taxes which related to the 1959 accounting year, and which had been collected in excess, were repaid to the Bank.

Amounts allowed by the Government	On 31st December, 1960	On 31st December, 1961
	Fr. 2,265,978	2,491,378

In accordance with the Convention of 18th March, 1946 the Treasury pays to the Bank an allowance of 0.10 per cent per annum on the amount of the small notes, for Fr. 20 and Fr. 50, issued for account of the Government. This allowance is intended to cover the costs of verification, handling and destruction of the said notes.

Transferred from the Transitory Liabilities « Provision for Building of Premises and Purchasing of Equipment »	On 31st December, 1960	On 31st December, 1961
	Fr. 15,915,144	22,054,332

The object of the transfer on 31st December, 1961 from the « Provision for Building of Premises and Purchasing of Equipment » was to meet the capital expenditure effected in the course of the year on new buildings.

DEBIT

	On 31st December, 1960	On 31st December, 1961	General Expenses
Fr.	406,955,732	411,440,654	

The level of the general expenses essentially depends on the course of expenditure on staff wages and salaries and on social charges, representing about 90 per cent of the total, and on the extent, which is variable, of the purchases of paper and supplies for the manufacture of notes.

In 1961 the number of employees and workers remained stable. The year's expenditure on staff wages and salaries was nevertheless higher in view of the action taken by the Bank on 1st January, 1961 within the terms of the Conventions reached on the national plane.

	On 31st December, 1960	On 31st December, 1961	Expenses of Acquiring, Selling and Shipping Gold
Fr.	1,322,220	270,253	

The expenses of acquiring, selling and shipping gold depend on the size and nature of the transactions, as well as on the terms of the market.

		On 31st December, 1960	On 31st December, 1961
Ordinary Grant to the Staff Pension Fund	Fr.	38,350,000	39,600,000
Extraordinary Grant to the Staff Pension Fund	Fr.	—	37,100,000

The ordinary grant to the Staff Pension Fund is a function of the total salaries and wages. The provision of an extraordinary grant is intended to strengthen the actuarial reserves against pensions which are not running.

		On 31st December, 1960	On 31st December, 1961
Depreciation of Old Premises, Furniture and Equipment	Fr.	25,211,095	13,057,201
Written off New Premises	Fr.	2,419,008	22,054,332

The capital expenditure on old and new premises (except the value of the sites), on furniture and on equipment has been completely written off in the books.

The expenditure for the year 1961 was apportioned as follows :

Work on modernising old premises at Brussels and in the provinces . . . Fr.	2,397,106
Purchase of material for the printing works, technical departments and offices Fr.	8,564,250
Carried forward . . . Fr.	<u>10,961,356</u>

Brought forward . . . Fr.	10,961,356	
Purchase of furniture for offices at Brussels and in the provinces . . . Fr.	<u>2,095,845</u>	
	Fr.	13,057,201
Expenditure relating chiefly to the building of the Bank's annexes at Brussels and, subsidiarily, to work in the provinces . . . Fr.		22,054,332

	On 31st December, 1960	On 31st December, 1961	Amount due to the Government
Fr.	137,636,957	155,007,309	

The amount which was produced in excess of 3 per cent by discounts and by advances against pledged securities, and which is allocated to the Government in accordance with Article 37 of the Statutes, was greater in 1961 than in 1960.

The average amount of such transactions was smaller in 1961; on the other hand the average level of rates was then higher than in 1960.

	On 31st December, 1960	On 31st December, 1961	Transferred to the Extraordinary Reserve
Fr.	6,183,276	62,372	

The amount of Fr. 62,372 represents the part which is free of tax, provided that it remains unavailable, of the profit realised in 1961 on the sale and encashment of securities held by the Bank.

After deduction of the transfer to Extraordinary Reserve the favourable balance on the Profit and Loss Account is Fr. 572,428,688.

**Allocation of the
Net Profit**

It has been allocated as follows :

Transferred to the Transitory Liabilities as :

a) Provision for Taxes Fr.	84,800,000
b) Provision for Building of Premises and Purchasing of Equipment Fr.	74,500,000
c) Provision against Sundry Contingencies Fr.	30,000,000
	Fr. 189,300,000
<i>Net Profit for Distribution</i> Fr.	383,128,688
Total . . Fr.	572,428,688

The position of these three transitory items is as follows :

Provision for Taxes	On 31st December, 1960 Fr.	96,018,691
	Tax payments made in 1961, chiefly comprising the National Crisis Tax on the dividend paid on 1st March, 1961, the exceptional taxes laid down by Articles 122 and 123 of the Law of 14th February, 1961, the Land Tax and sundry taxes Fr.	80,058,666
		Fr. 15,960,025
	Transfer appearing on the debit side of the Profit and Loss Account in view of the payment of taxes on earned incomes, as well as the Land Tax and the sundry taxes which the Bank expects to have to meet in 1962 Fr.	84,800,000
	Balance on 31st December, 1961 Fr.	100,760,025

Up till 1960 the Land Tax and the sundry taxes paid by the Bank were included in the general expenses.

Since 1961 all taxes falling on the Bank, whatever their nature may be, have been included in the provision for taxes, and their payment has been charged to this provision.

On 31st December, 1960 Fr.	140,979,287	Provision for Building of Premises and Purchasing of Equipment
Drawings in 1961, the subject of comment above (1) Fr.	22,054,332	
Fr.	<u>118,924,955</u>	
Transfer by the debit of the Profit and Loss Account Fr.	74,500,000	
Balance on 31st December, 1961 Fr.	<u>193,424,955</u>	

The expenses which this provision is intended to meet relate to the modernising of branches and agencies in the provinces, and to the continuance of building work on the Bank's annexes at Brussels.

On 31st December, 1960 Fr.	230,000,000	Provision against Sundry Contingencies
Transfer by the debit of the Profit and Loss Account Fr.	30,000,000	
Fr.	<u>260,000,000</u>	

The provision against sundry contingencies was established at the end of 1957 in view of the risks inherent in the Bank's activity, as well as of the fluctuations to which its earnings are subject.

(1) See page 133 of the present Report.

Distribution
of the Net Profit

The Net Profit has been distributed as follows in conformity with Article 38 of the Statutes :

DISTRIBUTION OF THE NET PROFIT FOR THE YEAR 1961

1. To the Shareholders : a First Dividend of 6 % on the Nominal Capital	24,000,000
2. As to the rest, namely Fr. 359,128,688	
a) 10 % to Reserve	35,912,869
b) 8 % to the Staff	28,730,295
3. As to the remainder, namely Fr. 294,485,524	
a) To the Government : one-fifth	58,897,105
b) To the Shareholders : a Second Dividend	235,270,072
c) The balance to Reserve	318,347
Total Net Profit to be distributed	383,128,688

DIVIDEND DECLARED FOR THE YEAR 1961

First Dividend, Gross Total Fr.	24,000,000
Second Dividend, Gross Total Fr.	235,270,072
Total . . Fr.	<u>259,270,072</u>

Taxes retained :

Income Tax, at 30 per cent	
Fr.	77,781,021
Exceptional Tax equal to	
5 per cent of the Income	
Tax Fr.	<u>3,889,051</u>
	Fr.
	81,670,072
Total Net Dividend Fr.	177,600,000

on 400,000 Shares, that is a Net Dividend of Fr. 444 per Share.

The Dividend will be payable on 1st March, 1962 against presentation of Coupon No. 160.

The Council of Regency :

Franz DE VOGHEL, *Vice-Governor*,
 Marcel LEFEBVRE, *Director*,
 Jean BRAT, *Director*,
 Cecil de STRYCKER, *Director*,
 Yvan FEYERICK, *Regent*,
 August COOL, *Regent*,
 Robert VANDEPUTTE, *Regent*,
 Hector MARTIN, *Regent*,
 Victor VAN ROSSEM, *Regent*,
 Max DRECHSEL, *Regent*,
 Emile MASQUELIER, *Regent*,
 Isidore SMETS, *Regent*,
 Roger DE STAERCKE, *Regent*,
 Constant BOON, *Regent*.

The Governor,
 Hubert ANSIAUX.

Balance Sheet

Profit and Loss Account

Memorandum Accounts

ASSETS

BALANCE SHEET AS AT 3

Gold Holding	62,424,171,251
Foreign Currencies	20,432,253,356
Foreign Currencies and Gold Receivable	6,856,148,989
International Agreements (Laws of 28th July, 1948 and 19th June, 1959) :	
a) European Payments Union	413,476,851
b) European Monetary Agreement	—
c) International Monetary Fund	7,988,661,609
d) Other Agreements	—
Debtors in respect of Foreign Exchange and Gold at Forward Dates	18,493,702,779
Commercial Bills	5,086,281,512
Advances against Pledged Security	73,987,850
Public Securities (Article 20 of the Statutes, Conventions of 14th September, 1948 and 15th April, 1952) :	
a) Treasury Certificates	6,515,000,000
b) Securities issued by Institutions whose liabilities are guaranteed by the Government	—
c) Other Belgian Public Securities	—
Treasury Notes and Coin	489,817,209
Balances at the Postal Cheque Office	1,645,495
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)	34,000,000,000
Public Long-term Securities (Articles 18 and 21 of the Statutes)	2,568,446,110
Items Receivable	356,233,447
Premises, Furniture and Equipment	1,538,660,073
Securities of the Staff Pension Fund	1,167,443,097
Assets Written Off pending Collection	pro memoria
Transitory Assets	187,656,110
Total Assets	168,593,585,738

31st DECEMBER, 1961

LIABILITIES

Notes in Circulation		129,078,300,500
Current and Sundry Accounts :		
Public Treasury	<ul style="list-style-type: none"> Ordinary Account 701,713 Exceptional Counter-Cyclical Tax (Law of 12th March, 1957) 24,941,874 E.P.U. Special Liquidation Account — 	
Banks in Foreign Countries : Ordinary Accounts	445,073,220	
Institutions governed by a Special Law, and Public Authorities	3,513,465,813	
Banks in Belgium	4,030,627,217	
Individuals	346,893,760	
Items Payable	446,951,846	8,808,655,443
International Agreements (Laws of 28th July, 1948 and 19th June, 1959) :		
a) European Monetary Agreement	199,741,972	
b) Other Agreements	365,679,696	565,421,668
Total Sight Liabilities		138,452,377,611
Foreign Currencies and Gold to be Delivered		25,376,184,130
Staff Pension Fund		1,167,443,097
Transitory Liabilities		623,376,602
Capital		400,000,000
Reserve Funds :		
a) Statutory Reserve		533,469,290
b) Extraordinary Reserve		260,478,892
c) Account for Depreciation of Premises, Furniture and Equipment		1,397,127,428
Net Profit for Distribution		383,128,688
Total Liabilities		168,593,585,738

General Expenses	411,440,654
Expenses of Acquiring, Selling and Shipping Gold	270,253
Ordinary Grant to the Staff Pension Fund	39,600,000
Extraordinary Grant to the Staff Pension Fund	37,100,000
Depreciation of Old Premises, Furniture and Equipment	13,057,201
Written off New Premises	22,054,332
Amount due to the Government :	
Produce, exceeding 3 %, of Discounts and Advances on Pledged Security	155,007,309
Transferred to the Extraordinary Reserve :	
Profit on Sale of, and on Collection of Proceeds of, Securities	62,372
Transferred to the Transitory Liabilities as :	
a) Provision for Taxes	84,800,000
b) Provision for Building of Premises and Purchasing of Equipment	74,500,000
c) Provision against Sundry Contingencies	30,000,000
Net Profit for Distribution	383,128,688
	1,251,020,809

MEMORANDUM ACCOUNTS

Minister of National Education and Culture : 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	
Undertaking given to an International Institution	
Sundry Deposits :	
<i>International Monetary Fund</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 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 Depositary</i>	
Items lodged by outside parties	
Service of the Registered Debt	
Deposit and Consignment Office	
Items lodged by way of Guarantee	
<i>Securities lodged in pursuance of the Regent's Decree of 17th January, 1949 regarding the cancellation of undeclared Belgian bearer securities</i>	
<i>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>	

AS AT 31st DECEMBER, 1961

CREDIT

Discount, Exchange, Interest and Commissions	931,051,073
Income on Public Long-term Securities and Other Securities acquired in accordance with the Statutes	125,883,460
Profit on Sale of, and Collection of Proceeds of, Securities	18,197,386
Fees for Safe Custody, Brokerage and Rent of Safes	22,741,350
Amounts collected on Assets Written Off pending Collection	30,400
Repayment of Taxes collected in excess	128,571,430
Amounts allowed by the Government :	
Allowance of 0.10 % per annum on the amount of the Small Notes issued for account of the Treasury (Convention of 18th March, 1946)	2,491,378
Transferred from the Transitory Liabilities « Provision for Building of Premises and Purchasing of Equipment »	22,054,332
	<hr/>
	1,251,020,809

AS AT 31st DECEMBER, 1961

		2,169,791,007
		23,032,510
		4,623,693
		8,305,540,680
		1,000,000,000
	8,886,338,391	
	72,062,152,939	
	<hr/>	80,948,491,330
	21,246,442,196	
	7,814,650	
	232,168,725	
	3,358,255,325	
	<hr/>	24,844,680,896
		1,020,000,000
		198,803,056
		480,000,000
	1,020,000,000	
5,000,000,000		
1,000,000,000		
638,305,187		
1,406,719,713		
231,905,400		
3,896,454,000		
586,711,000		
880,027,207		
	13,640,122,507	
6,399,246,909		
15,060,050,200		
65,697,928,052		
2,743,043,655		
	89,900,268,816	
	8,349,146	
	5,175,893,562	
	4,380	
	5,263,968,970	
	<hr/>	115,008,607,381
		7,983,738,406
	26,882,572,271	
	19,840,600	
	229,391,000	
	<hr/>	27,131,803,871

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

Agricultural Fund	Fonds Agricole
Agricultural Investment Fund	Fonds d'investissement 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
Board of Management (of E.M.A.)	Comité directeur (de l'A.M.E.)
Brussels Entente	Entente de Bruxelles
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 Ministers (of E.E.C.)	Conseil des Ministres (de la C.E.E.)
Council of Regency	Conseil de Régence
Council of State	Conseil d'Etat
Court of Justice	Cour de Justice
Credit Institutions Council	Conseil des Institutions de Crédit
Currency Reform Loan	Emprunt de l'Assainissement monétaire
Cyclical Policy Committee (of E.E.C.)	Comité de politique conjoncturelle (de la C.E.E.)
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
Directing Committee (of N.B.B.)	Comité de direction (de la B.N.B.)
Directorate General of Mines	Direction Générale des Mines
Directorate of the Coal Industry	Directoire de l'industrie charbonnière
Discount Agency	Comptoir d'Escompte
Discount Committee	Comité d'Escompte
Economic and Social Committee	Comité Economique et Social
Economic Commission (of E.E.C.)	Commission Economique (de la C.E.E.)
Economic Programming Office	Bureau de Programmation Economique
Economic, Social and Political Research Institute (of Louvain University) (formerly Economic and Social Research Institute)	Institut de Recherches Economiques, Sociales et Politiques (de l'Université de Louvain) (précédemment Institut de Recherches Economiques et Sociales)
European Agricultural Markets Organisation	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.)
European Social Fund (of E.E.C.)	Fonds social européen (de la C.E.E.)
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
Franco-Belgian Nuclear Energy Company of the Ardennes	Société Franco-Belge d'Energie Nucléaire des Ardennes
Fund for the Development of Overseas Countries and Territories	Fonds de développement pour les pays et les territoires d'outre-mer

General Agreement on Tariffs and Trade (G.A.T.T.)	Accord Général sur les Tarifs douaniers et le Commerce 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 Lead and Zinc Study Group	Groupe d'Etudes International du Plomb et du Zinc
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'Etain
International Wheat Agreement	Accord International du Blé
Katanga-Dilolo-Leopoldville Railway Company (K.D.L.)	Compagnie des Chemins de Fer Katanga-Dilolo-Léopoldville (K.D.L.)
Katanga Railway Company	Compagnie du Chemin de Fer du Katanga
Leopoldville-Katanga-Dilolo Railway Company (LEOKADI)	Société des Chemins de Fer Léopoldville-Katanga-Dilolo (LEOKADI)
London Metal Exchange	Bourse de Métaux de Londres
Minister for Economic Affairs and Energy	Ministre des Affaires Economiques et de l'Energie
Minister of National Education and Culture (formerly Minister of Public Instruction)	Ministre de l'Education nationale et de la Culture (précédemment Ministre de l'Instruction Publique)
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 Committee for Economic Expansion	Comité National de l'Expansion Economique
National Del Credere Office	Office National du Dueroire

National Employment Office (formerly National Employment and Unemployment Office)	Office National de l'Emploi (précédemment 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 Investment Company	Société Nationale d'Investissement
National Labour Council	Conseil National du Travail
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 des Distributions 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 Economic Cooperation and Development	Organisation de Coopération et de Développement Economiques
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 Luxemburg
Securities Stabilisation Fund	Fonds des Rentes
Special Agricultural Committee (of E.E.C.)	Comité Spécial Agricole (de la C.E.E.)
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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