

NATIONAL BANK OF BELGIUM

GENERAL MEETING

of the

Shareholders of the National Bank of Belgium

on 25th February, 1963

REPORT

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

on the activities of the Bank in 1962

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

In 1962 the *Belgian economy* benefited from the strength of the demand from the industrial countries, where activity continued to grow at a favourable rate. The value of the Belgian-Luxemburg Economic Union's exports during the first eleven months showed an increase of over 10 per cent by comparison with the corresponding period of the previous year; since the average prices for exports tended to fall, the increase was in terms of volume. This increase was due in particular to the progressive interlocking of the economies forming the European Community, since trade with the member countries is expanding on the side of both imports and exports. The fact nevertheless remains that on external trade as a whole the proportion in which exports covered imports during the first eleven months rose from 93.3 per cent in 1961 to 97.1 per cent in 1962. It should also be emphasised that in the first ten months Belgian-Luxemburg exports represented 12.7 per cent of all those from Community countries as against 12.1 per cent in 1961.

During part of the year private consumption does not seem to have increased in proportion to the national income. This lag doubtless favoured the financing of capital expenditure, but there was reason to fear that failure of consumer expenditure to grow might depress the internal market. Some improvement did occur, however, in the course of the year; the recovery, accentuated by international political tension, resulted inter alia from general diffusion of prosperity incomes.

According to the first official estimates the public authorities' expenditure on consumption showed an increase of about 5 per cent in volume, and that on investment one of 10 per cent; the cyclical data, and more specifically the tensions evident in the building market, did not justify any faster expansion of such investment, although on

a longer view its desirability for the purpose of improving the structure must not be overlooked.

Domestic private capital expenditure even rose above the very high 1961 level; the rise was less than in the two previous years owing to the very size of the increases then. This flagging in the demand for capital goods is not peculiar to Belgium; it is evident in other industrialised countries. It is explained by the inequalities which arise as between the expansion in the various branches of activity; as production capacities tend to become temporarily excessive in certain categories, competition keeps prices down, and if wage costs per item have risen the narrowing of profit margins contributes towards slowing the growth of investment, particularly by reducing the opportunities for self-financing.

For Belgian industry as a whole the movement in hourly wage costs, and that in productivity, had not shown appreciable divergence during recent years. After the 1958 recession the recovery had led to a reduction in wage charges per unit produced; at the end of 1961, and in 1962, a certain increase in these charges was observed. But this increase was certainly less than the rises which took place in the countries where wages rose more rapidly than in Belgium, particularly in Federal Germany. When it comes to estimating the movement which has taken place as regards the Belgian economy's power to compete on the international market, the assessment is still favourable. It is moreover confirmed by the growth of exports.

The boom in the economy caused further expansion of the national product. The first estimates put this expansion at 3.5 per cent in volume, that is at a rate very close to that for 1961.

Industrial activity alone showed for the first ten months of the year an increase of some 5.5 per cent. For all European Economic Community countries together the growth of industrial production was a little greater by reason of especially rapid expansion in France and Italy.

The persistence of boom conditions has not so far caused any general tension in the price system.

No doubt production capacities have been strengthened by the last few years' capital investment, but there is reason to fear that lack of skilled labour may create localised bottlenecks. Cyclical unemployment has in point of fact now disappeared; at the end of October the number of persons regarded as fit for work but wholly unemployed was 17,000, representing less than one per cent of the wage-earning labour force.

On the whole therefore the Belgian economy has reached a very high level of employment without this having as yet produced inflationary tensions. The increase in the value of the national product has resulted rather from expansion in terms of volume than from the rise in prices.

The very large private capital expenditure effected during recent years has greatly contributed to the economic upswing. In fact the achieving of an adequate volume of investment is a major precondition for an expansive policy, one reason being that such investment improves productivity and diversifies production of exportable goods, these being elements which determine the competitive capacity of an economy that is open and depends on foreign countries.

The movement in domestic prices and wages has also been definitely favourable to maintenance of this capacity, on which the growth of the economy will essentially depend in the future, just as in the past.

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In the course of the year under review the *financing of domestic requirements*, resulting from the expansion, was ensured without difficulty through an abundant supply of funds on the financial markets at falling rates.

The increase of the national income, and the relatively slow growth of consumption, caused an accumulation of financial savings held in the form of cash and quasi-monetary liquid assets at banks and savings banks. In the first nine months of 1961 and 1962 the money supply increased by 3.7 and 3.9 per cent respectively, and the quasi-monetary assets by 7 and 8.4 per cent.

The increase in the money supply and quasi-monetary assets was of the order of Fr. 24 billion during the first nine months of 1962. The chief counterparts of this expansion were in the first place the financing by banks and savings banks, to the extent of Fr. 13.3 billion, of business and private customers' credit needs; next, to that of Fr. 11.7 billion, these same institutions' transactions with public authorities; and finally, to that of Fr. 5.9 billion, the business and private sector's net current and capital transactions with foreign countries. These counterparts together amount to Fr. 30.9 billion, which is greater than the increase in cash and in quasi-monetary assets, the difference being explained by the growth of the banks' and savings banks' bonded liabilities and capital resources as well as by a number of other factors.

Just as in 1961, the extent to which business and private borrowers took credit originally granted by banks rose by an exceptionally large amount of the order of Fr. 9 billion per annum. Since prices showed no appreciable movements, enterprises do not seem to have formed stocks of either raw materials or finished products beyond their normal requirements. Hence their demand for bank credit is explained by real expansion of their activity, by growth of exports and by capital investment, the financing of which reduces enterprises' resources available for working funds at a time when the manufacture of more highly processed products calls for more of these. It is moreover not impossible that the average duration of bank lendings may have tended to increase. The abundance of resources collected, and the easing of the regulations, enabled the banks to grant these new credits while reducing their rediscounts; their

portfolio, comprising in particular their own acceptances, grew considerably at the expense of the market's supply of bills; this market, organised after the war, had since then regularly ensured the mobilisation of bank acceptances carrying the National Bank's certificate and representing import and export transactions; the recent trend alters the conditions for its operation, and there is a risk that this may gradually deter the indispensable purchasers.

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The effort to clear up the *Government's financial position* was reflected both in a reduction of the budget deficit, due to an increase of receipts, and in improvement of the debt structure, especially through a decrease of the floating debt in foreign currencies.

The size of the ultimate cash deficit is measured by the actual increase of the direct debt, that is to say without regard to transactions which have not caused the Treasury to lose or gain funds. The increase of such Government debt has become slower; for the whole year it was Fr. 10.1 billion against Fr. 14.1 billion in 1961.

The direct foreign exchange debt, after reaching a peak of Fr. 50.4 billion in May, 1961, was down by the end of December, 1962 to Fr. 37.1 billion; the decrease thus amounted to Fr. 13.3 billion, including Fr. 10 billion in 1962.

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The state of the *foreign exchange market* reflected an absence of all disturbance.

If the public authorities' capital transactions with foreign countries are eliminated the Belgian-Luxemburg Economic Union's balance of payments, which had recovered in the second half of 1961, again showed a surplus in 1962.

For the first nine months of that year, like the second half of 1961, transactions in goods and services yielded a surplus at a quarterly average rate of the order of Fr. 1.5 billion. The surplus on all external payments other than public authorities' capital transactions reached Fr. 3.8 billion in the first quarter, Fr. 1.4 billion in the second and Fr. 0.9 billion in the third.

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The surplus on foreign payments made it possible to maintain the downward movement of *money market rates* and a parallel movement in deposit rates.

The lowering of the National Bank's rates had been begun in 1961, when the discount rate for accepted bills domiciled at a bank was reduced on 24th August from 5 to 4.75 per cent; a further reduction by 0.25 per cent had brought that rate down to 4.50 per cent on 28th December, 1961. This policy was continued by successive and prudent reductions of 0.25 per cent, so that it might be possible to watch the reactions in terms of capital movements with due regard for the return offered on money in foreign markets. Thus the National Bank's rate was lowered to 4.25 per cent on 18th January, 1962, to 4 per cent on 22nd March, to 3.75 per cent on 9th August and finally to 3.50 per cent on 6th December.

The policy directed to lowering rates for money has been happily extended to the entire structure of rates on the various markets at short, medium and long term.

The rates for certificates of the Securities Stabilisation Fund, and for the various categories of Treasury Certificates, have declined. Those for the very short-term Treasury Certificates for which the National Bank subscribes in order to place them in the market had already been reduced by 0.5 per cent as from the end of July, 1961, and were progressively lowered by 1 per cent in the first months of 1962.

Those for the six, nine and twelve-month Treasury Certificates issued by tender showed a decrease of the same order.

The fall likewise extended to the rates current in the market for long-term public debt. The yield on Government loans at 5 to 20 years, which had dropped from 6.07 per cent at the start of 1961 to 5.74 per cent at the beginning of 1962, fell further to 4.96 per cent a year later.

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No doubt this movement was favoured by the trend of cyclical factors. But it was also favoured by the *changes made in the working of the money market* following the reform on 1st January, 1962.

The abolition of the partial cover ratio, and the adopting of a weekly tender system, enabled the Securities Stabilisation Fund to stop the issue of its certificates on tap at a fixed rate. The Fund reduced their outstanding amount, which had touched a maximum of Fr. 14.4 billion in November, 1961, to Fr. 11 billion at the end of that year and to Fr. 10 billion at the end of January, 1962; it then brought the total down by degrees to about Fr. 8 or 9 billion during the rest of the year, and to a seasonal minimum of Fr. 6.4 billion at the year's end. This policy tended to lower the rate for the certificates issued; that rate, which had been 4.75 per cent at the end of July, 1961, was brought down to a minimum of 3.10 per cent in the course of September, 1962.

At the same time the distribution of credit as between public authorities on the one hand and business and private borrowers on the other was freely effected according to the opportunities offered by markets, at least as regards the counterpart for the increase of deposits.

Finally, since the banks were authorised to form freely their provisional minimum holding of public securities (apart from the obligatory holding of A Certificates), they proceeded to rearrange their

portfolios, among other things by substituting longer-term securities for the certificates of the Securities Stabilisation Fund, thereby helping to maintain quotations.

With effect from 1st January, 1963 the interim regulations which still required the banks to hold a minimum amount of public securities were abrogated by an order of the Banking Commission.

The final stage of liquidating the aftermath of war-time inflation as regards the structure of the banks' assets was started by the Royal Decree of 20th December, 1962, which changed the status of the Tranche A Treasury Certificates of the special loan intended for covering bank liabilities. These certificates, carrying a rate of 1 15/16 per cent net and outstanding to the extent of Fr. 19.8 billion, were converted into non-negotiable bonds of a special new loan divided into three tranches of Fr. 10 billion, Fr. 5 billion and Fr. 4.8 billion; on the first tranche the interest rate was raised from 1 15/16 per cent to 3.5 per cent with effect from 1st January, 1962; on the second the rate will be brought up to the same level in four years, and on the third in nine years. The effect is progressively to restore the amount of public debt located in the banks to a normal state.

Since the 3.5 per cent rate which is being applied by stages to the bonds is still below market conditions, it was laid down that the bonds of the new loan shall be admissible in payment of subscriptions for future issues of long-term Government loans, although the terms for such subscriptions by way of conversion are to be determined in each case in such a way as to ensure that these transactions shall not affect budget charges.

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The *policy for interest rates* in 1962 aimed at restoring them to normal by removing certain limitations, and at creating conditions favourable to transfer of funds to markets on which longer-term

financing is done. It formed part of a programme essentially directed towards lowering the cost of capital.

While the level of interest rates is not the only and perhaps not even the main factor determining the volume of capital expenditure, such expenditure is in any case assisted through reduction of the burdens imposed on borrowers.

But the cost of capital cannot be brought down without coordinating the action of the various financial intermediaries, who are in the market for the funds available at any given time, in such a way as to prevent competition between them of a kind likely to cause a rise in rates.

The policy which was followed sought to attain these objects.

The functioning of the markets was made more flexible. Coordination was at the same time ensured on the one hand through the influence which the National Bank exerts on the banks' deposit rates, changes in which are henceforth being decided after consultation between it and the Belgian Bankers' Association, and on the other hand through cooperation of the public-sector financial intermediaries within the Council of Credit Institutions under control of the Minister of Finance.

Besides this the institutions which collect savings deposits associated themselves with the overall policy, agreeing to lower their interest rates by a quarter per cent. This reduction is moderate if allowance is made for what has been done in the other sections of the market, but is significant when it is borne in mind that in our country the rate of 3 per cent for such deposits had become traditional.

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Some uneasiness has been expressed about how the *system for international payments* is organised, and about the creation of international liquidity.

It has been pointed out that in the present system the forming of exchange reserves depended not only on the increase of the world's gold stock, but also on accumulation of liquid claims on the countries whose currencies are most widely used in international settlements. It was in particular emphasised that strengthening of the reserves held by all industrialised countries other than the United States had for its counterpart short-term indebtedness of that country, whose currency together with gold forms the greater part of international liquidity. Yet the indebtedness of the United States is subject to certain limitations. The decrease of their gold reserves gave rise to fears about the working of the international payments system, and seemed to imply a threat to the expansion of the world economy; such expansion might in fact be in danger if that country had to carry out drastic deflation, or to adopt exchange restrictions, so as to restore equilibrium in its balance of payments.

The operation of the international monetary system does of course require in all countries, above all, a policy safeguarding the equilibrium both of economies and of balances of payments. But in the present context of growing interdependence this policy can be based on increasingly wide cooperation.

Disequilibria on one side or the other are of course inevitable. If they are temporary, they can be offset through loans granted by surplus countries to the countries in deficit. In order to avoid disturbance to the course of trade such loans must be sufficient. They must furthermore be proportionate to the borrowers' capacity. As to the lenders, regard must likewise be paid to their ability to contribute. The distribution of such loans can accordingly not result from any automatic formula.

For many years it has mainly been through collective institutions, created for the purpose, that international credits have been granted. The International Monetary Fund has proved to be an effective instrument of cooperation. The ample means with which it had been endowed at the outset were greatly reinforced in 1959, and again

in 1962. The Fund's actions are not automatic; account is taken of each country's particular case. Its policy is not rigid, but can be adapted to circumstances. Its means are not unchangeably fixed, but can be supplemented and diversified.

The form of cooperation represented by participating in the Fund is not exclusive; other arrangements of less extensive character, like the European Monetary Agreement, meet specific or regional needs; assistance of special kinds, like the swap transactions between Central Banks, permits the covering of momentary deficits.

The present problems can be solved through full use of the existing means and instruments of cooperation, adapted if necessary to new circumstances, on condition that the cooperation is supported by those internal measures which the countries out of balance must adopt; that is why it remains desirable that international aid shall be granted, according to particular cases, on terms which are each time negotiated.

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International financial cooperation has not been limited to the monetary sphere. It has also been directed towards meeting, in growing degree, the *capital needs of the developing countries*. Those countries' economic progress is mainly based on the activity of their own populations, but this must be backed by external assistance; this consists in providing part of the capital required for the infrastructure, as well as for improving agriculture and industrial equipment, which the actual situation of those countries prevents them from accumulating in sufficient amount.

The industrialised countries' help is also given, at least as effectively, through contribution of the know-how which is essential to development and to the rendering of those services which, in all spheres of community existence, are a prime condition for progress.

Assistance in these different forms has been for many years given to certain under-developed countries by other countries which were industrialised, and which had special responsibilities towards them.

The importance of the problem set by the developing of wide areas in the world, and of their populations, has been increasingly brought to the attention of all countries. International organisations have been created in order to associate the free world with a collective effort supplementing individual aid projects, which have themselves been increased.

Such mutual assistance is bound to extend more and more widely as the feeling of international solidarity grows. From countries in course of development it requires much work and organisation, while from the industrialised countries it calls for the provision of technical assistance and capital. This last is supplied in various forms corresponding to the different needs; there are for instance donations to finance infrastructures, long-term loans for capital projects which can stand the burden entailed by this form of financing, and medium-term loans for supplying industrial capital goods. It is important to apply these distinctions so as to draw the capital from the proper sources. It is in fact both the budgets and the long and medium-term capital markets of the industrialised countries which must be made to contribute.

In view of its nature such assistance must not be confused with international monetary cooperation, and is therefore not a matter in which Central Banks are directly concerned, or for which they are responsible. The Central Banks do however help to resolve these problems, since they contribute towards ensuring good operation of the financial markets.

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Belgium has associated itself with the steps taken, during recent years, to render international cooperation in all forms both more efficient and closer.

Its quota in the International Monetary Fund is at present 16.9 billion Belgian francs, of which 4.2 billion have been paid up in gold.

In August, 1961, following a drawing effected by the United Kingdom, Belgium supplied the Fund with 4.5 billion Belgian francs, including 1.5 billion against gold. Repayments were made in respect of this drawing. But drawings in Belgian francs were also effected by Argentina, to the extent of 0.6 billion in October, 1961, and by Canada to that of 1 billion in June, 1962.

By joining with the chief industrialised countries in the agreement of 5th January, 1962, designed to strengthen the resources of the International Monetary Fund, Belgium conditionally undertook to grant additional loans to the maximum extent of 7.5 billion Belgian francs.

This new undertaking is supplementary to those into which the country had previously entered through taking part in international institutions of cooperative character. Its participations amount to Fr. 22.5 billion in the International Bank for Reconstruction and Development, Fr. 3.5 billion in the Community's Fund for Development of Overseas Territories, Fr. 1.5 billion in the European Fund and Fr. 4.3 billion in the European Investment Bank. To this there should be added its share, fixed at Fr. 3.5 billion, in the aid contemplated for the years 1963 to 1968 by the new convention for association between the European Community and the African and Madagascan states.

Altogether therefore Belgium has undertaken to contribute to international financial cooperation a sum of Fr. 59.7 billion, of which Fr. 13.7 billion have been actually used.

Under the Law of 19th June, 1959, and arrangements agreed between the Government and the National Bank, the latter ensures the financing of transactions with the International Monetary Fund; between October, 1961 and February, 1962 it accordingly provided

gold and Belgian francs in relief of the Government to the extent of Fr. 8 billion, which had been reduced through repayments to Fr. 6.7 billion by 31st December, 1962.

The Law of 4th January, 1963, which approved Belgium's accession to the agreement of 5th January, 1962, permits the Government to transfer to the National Bank under agreed arrangements the task of financing any loans which may be granted to the International Monetary Fund.

In addition the National Bank assisted in organising the new machinery for cooperation between Central Banks. Through a swap transaction it placed 2.5 billion Belgian francs at the disposal of the Federal Reserve Bank of New York against 50 million dollars.

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During the first phase of the *European Economic Community*, covering the years 1958-1961, great progress was achieved towards economic integration of the member countries. The removal of hindrances to trade proceeded at an accelerated rate; the first measures were adopted in connection with the free movement of workers and services, and with recognising the right of free settlement; the principles of a common agricultural policy were defined; the liberalisation of capital movements was extended, thereby facilitating links between national financial markets.

The growing interdependence thus established as between the economies of the six countries modifies the facts of economic trends in each of them. The required coordination of policies, the effects of which are felt throughout the Community, is becoming more and more essential.

On the monetary plane, constant cooperation has already been organised within the Monetary Committee set up by the Treaty of

Rome as well as through regular contacts between Central Banks. It is of course indispensable within the framework of the Treaty.

No attempt could however safely be made to solve the problem of economic integration by hastening, more particularly, the stages of monetary association. It is in fact impossible to ignore the multilateral character, extending outside the Community, presented by the international monetary relations of each of the member countries, the currencies of which are now convertible. Nor can the fact be disregarded that many factors not susceptible to action by Central Banks affect the conditions for internal and external monetary equilibrium.

As long as the independence of each country's fiscal, budgetary and even social policies continues, the monetary authorities will remain subject to their national responsibilities. Since currency management is an attribute of sovereignty, it would be illusory to seek to unify monetary systems before a common political authority has been established.

The past coordination has already proved effective. It could in particular be improved by fuller mutual information, and by more regular comparison of positions in the course of exchanges of view regarding problems of common interest.

For its part the National Bank associates itself, to the full extent to which its proper responsibilities do not impose limitations, with the efforts made in that sense.

ECONOMIC AND FINANCIAL TRENDS IN 1962

I. ECONOMIC ACTIVITY

A. General Data.

According to the first estimates of the national accounts, contained in the economic budget for 1963, the gross national product increased in 1962 by 5.5 per cent at current prices and by 3.5 per cent at constant prices. The corresponding rates for 1961 were 5.4 and 3.7 per cent. In view of the very high level of economic activity in the last quarter the overall estimate in the budget will probably not be belied, in an unfavourable sense, by the final figures.

The expansion of domestic private spending appears to have become slower in 1962; in terms of volume, consumption probably increased by 2.5 per cent and investment by 3.5 per cent; the expenditure on equipment seems to have remained very large, but the construction of commercial and industrial buildings to some extent slowed down. The growth of public expenditure on consumption further quickened; in terms of volume it amounted to perhaps 5 per cent; the growth of public investment probably amounted to 10 per cent, a rate lower than that for 1961.

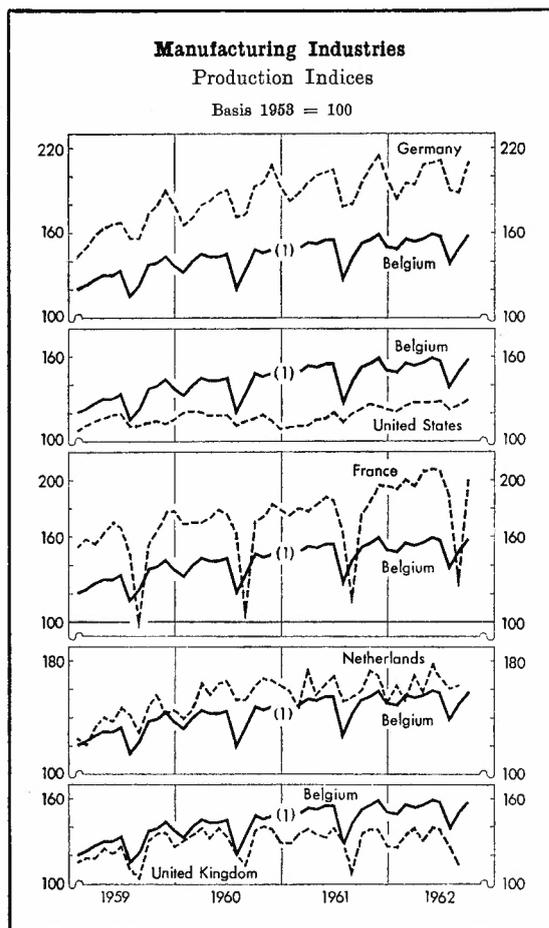
The increase of added values which represents this growth of the national product seems to have amounted at constant prices to 5 per cent in industry, to 3 per cent in building and to 1.5 per cent in agriculture.

Industrial production, if measured by the mean index for the first nine months of 1961 and 1962, grew by 5.8 per cent for all industries and by 6.6 per cent for manufacturing industries alone. These rates indicate orders of magnitude; they may be somewhat better than reality, in so far as the level of activity throughout the basis

period was affected by the drop in output due to the strikes in January, 1961.

Although international comparisons between the existing indices of industrial production call for some caution, it may be observed that over the same period the increase was 2.9 per cent in the Netherlands,

3.9 per cent in Federal Germany, 7.8 per cent in France, 9.9 per cent in Italy, that is 6.5 per cent for the European Economic Community as a whole, 0.8 per cent in the United Kingdom and 8.8 per cent in the United States.



Source : Organisation for Economic Cooperation and Development.
(1) Strikes.

In Belgium the activity of the non-ferrous metal industries declined under the influence of factors common to world markets; the same applied, but in lesser degree, to the coal mines and certain branches of the textile industry. The growth of industrial activity was due above all to the industries producing highly processed goods, both for capital and

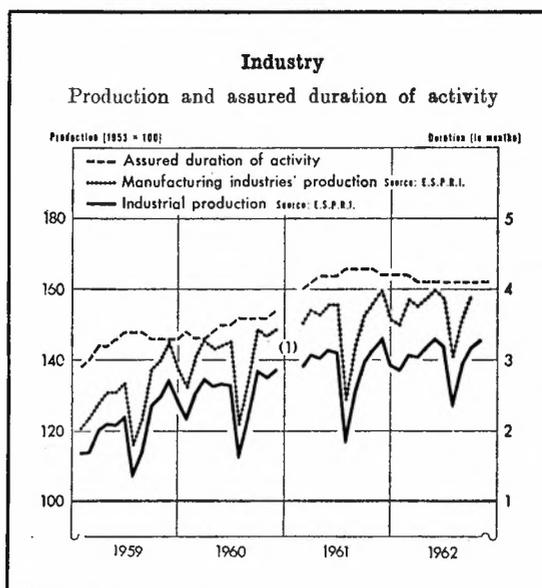
for consumption purposes, which industries, partly through the effect of progressive realisation of the European Economic Community, are expanding their sales in the member countries.

The enquiries into economic activity carried out by the National Bank indicated a recovery of industrial production in the last quarter. This movement was observed in most Western countries;

it is not only seasonal, but is also due to a strengthening of demand, which had shown some hesitation in the preceding months. Thus the assured duration of activity in the industries covered by the Bank's enquiries, while slightly down by comparison with its level in the last quarter of 1961, has remained on the whole unchanged since March, 1962.

At this level, with some exceptions, the installed production capacities are not fully utilised. From statements made by the firms taking part in the monthly enquiries into economic activity, when questioned on this subject at the end of October, it appears that the average proportion in which capacities were employed was

around 85 per cent. In metallurgy the existence of unused margins was more often put down to shortage of demand than to a lack of skilled labour; but this latter factor preponderated elsewhere, for instance in the textile industries, where half the firms said that expansion of their output was hampered by difficulty in recruiting skilled labour; in the metal manufacturing industries a quarter of the firms gave the same explanation.



(1) Strikes.

B. Industries.

1. COAL MINES (1).

The persistence of prosperity caused a rise in the country's apparent consumption of coal, which rose from 24.3 million tons in

(1) See Table 1, p. 91.

1961 to 26.3 million in 1962. The increase was mainly due to growth in the activity of power stations and to a recovery in purchases of house coal.

Exports were maintained both to the countries belonging to the European Coal and Steel Community and to the rest; they reached 3 million tons in 1962, as they had in 1961. They were facilitated by the policy of subsidies, financed through the temporary Fund designed to assist reorganisation of the coal market. This Fund, created by a Law of 28th July, 1960, was terminated on 27th July, 1962.

Notwithstanding these trends in demand the extraction of coal declined from 21.5 million tons in 1961 to 21.2 million in 1962, labour having been short despite the recovery in the recruiting of foreign workers from July onwards. The number of registered workers, 138,800 four years ago, was only 84,550 at the end of 1962; it fell by 4,000 in the course of that year. The labour shortage was partly offset by a fresh increase in individual output; this rose from 838 kg in 1957, per day's work done by underground and surface workers, to 1,019 kg in 1960, to 1,090 kg in 1961 and to 1,150 kg in 1962. For the first nine months of 1962, according to the European Coal and Steel Community's statistics, the output per underground worker and per man-shift amounted to 1,805 kg in Belgium, to 1,915 kg in France, to 2,072 kg in the Netherlands and to 2,402 kg in the Ruhr.

The excess demand was partly covered by drawing on stocks; the amount still available at pitheads — 1.4 million tons on 31st December, against 4.4 million at the start of the year — now includes little marketable coal. Accordingly, so as to avert any shortage in the supply of certain grades to the home market, the authorities liberalised imports of graded anthracite coal with effect from 1st August, 1962 as regards supplies coming from the Community, and from 1st September, 1962 as regards those from other countries. Since then imports have rapidly risen; the total for the

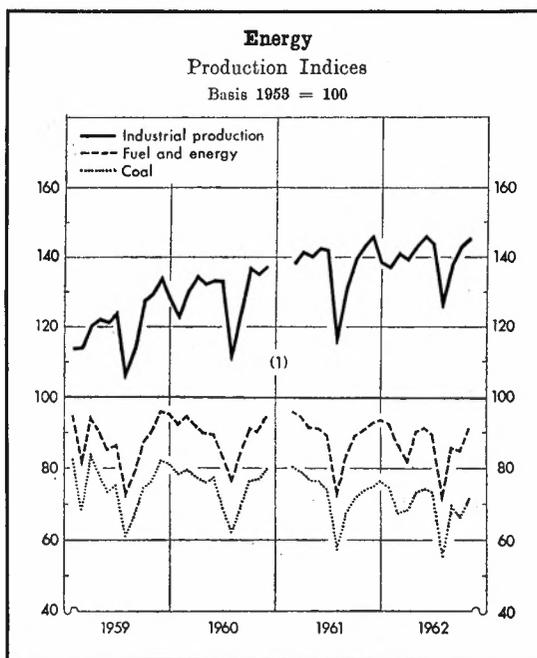
first eleven months rose from 3.6 million tons in 1961 to 4.2 million in 1962.

In the first half-year the wholesale price for coal showed a slight rise by comparison with a year before. Rises took place in August and September, their object being to make up for wage increases. For the whole year the average wholesale price was greater by 1 per cent than that for 1961. This increase was less than that in prices for coal in Federal Germany.

Having regard to the reorganisation of the coal industry the Special Council of Ministers of the Community on 17th December, 1962 expressed a favourable view as to terminating the partial insulation of the Belgian coal market. Accordingly the High Authority did not prolong beyond 1st January, 1963 the restrictive measures applied to trade in coal between Belgium and its fellow-members of the Community.

The relatively favourable course of the coal market must not however cause sight to be lost of the adaptation problems resulting from the development of new sources of energy, especially to the detriment of semi-bituminous coals. In the case of anthracite coals there is a certain shortage in the European Market despite the competition of other fuels.

The closures of mines in Belgium were less numerous than in 1961; they related to a capacity of about 500,000 tons.



Source : Economic, Social and Political Research Institute.
(1) Strikes.

2. **COKING PLANTS.**

For the first ten months of the year production was maintained at the same level as in 1961, that is an average of 0.6 million tons per month. But this stability of the mean level cloaks the weakening of the position which took place, from the start of the year onwards, owing to a falling off of demand by the Belgian and foreign steel industries.

The average price remained slightly below that for 1961, although wholesale prices for blast furnace coke were raised with effect from April, and those for graded coke for industry were raised several times from July onwards.

3. **ELECTRIC POWER** ⁽¹⁾.

Consumption of electricity increased by 8 per cent against 4.2 per cent in 1961. The increase was due to the growth of industrial activity, and especially to the increase in domestic consumption, which rose by about 15 per cent between that year and 1962.

The output of electricity grew at a rate still higher than that of consumption within the country. It had in fact to meet an increase of demand from Federal Germany, France and Switzerland, the needs of those countries not having been met by their own production owing to the poor supply of water power.

The fall in electricity prices continued; it was of the order of 2 per cent for high voltages and 5 per cent for low-voltage current, intended chiefly for household and craftsmen's use.

4. **NUCLEAR ENERGY.**

At the Mol Nuclear Energy Research Centre the B.R.2 reactor, an exceptional installation which became critical in July, 1961, began to raise in power load in October, 1962 after a series of indispensable tests.

⁽¹⁾ See Table 1, p. 91.

The flow of neutrons already attained by this reactor in 1962 is the highest now available in Europe. A first series of irradiation experiments began at the end of December; most of these were carried out in connection with foreign research programmes, inter alia for Euratom, the Organisation for Economic Cooperation and Development and the French Commissariat for Atomic Energy.

The B.R.3 nuclear power station, having a capacity of 11.5 megawatts, was linked to the Belgian electricity supply grid on 25th October. This prototype installation, with a pressurised water reactor, is intended for training personnel specialised in the running of power stations like the one which the Franco-Belgian Nuclear Energy Company of the Ardennes has begun to build at Chooz near Givet. The B.R.3 will also be a means of full-scale experiment for fuel elements of the Vulcain reactor project, and for elements on a plutonium basis.

A syndicate for designing and developing a medium-power reactor with variable neutronic spectrum — the Vulcain reactor — was formed in April. In cooperation with the Nuclear Energy Research Centre and the United Kingdom Atomic Energy Authority it undertook a series of studies which should make it possible to pass to the stage of industrial production about 1965. This project, by reason of the prospects which it opens for the nuclear industry, should become the mainstay of the Belgian nuclear programme.

The researches into the use of plutonium in power reactors, which have been jointly conducted for a number of years by the Société Belgo-Nucléaire and the Nuclear Energy Research Centre, were continued in 1962 with a large financial participation by Euratom.

5. PETROLEUM REFINERIES ⁽¹⁾.

Production increased by 7.7 per cent. Nevertheless the sale of products derived from crude petroleum sets a problem of

⁽¹⁾ See Table 1, p. 91.

equilibrium. In fact the home-market consumption of oils used for fuel, having been stimulated by recovery of industrial demand and by bad weather, increased by nearly 30 per cent. On the other hand the growth in the consumption of petrol was more limited.

The great expansion of exports, by 12 per cent in the case of oils used for fuel, relates in particular to the gas oil supplied to the Netherlands and Federal Germany as well as to the fuel oil supplied to France. There was a great increase in deliveries of light oils to foreign countries, including in particular Federal Germany, the United Kingdom and France.

Prices for petrol remained stable, whereas those of oils used for fuel, after having declined until June, thereafter recovered although they did not regain their 1961 average level.

The refining capacities will be further expanded in the near future.

6. **STEEL** ⁽¹⁾.

The considerable extension of production capacities is making competition keener on the world market for several kinds of steel products. The production of crude steel nevertheless increased by 4.8 per cent in 1962, but prices continued to tend downwards. The extent to which production capacities were employed, after being estimated at 93 per cent in 1961, was 85 per cent in 1962.

According to the results of the monthly enquiries into economic activity the assured duration of activity dropped from 2.5 months in the last quarter of 1961 to 2.3 months for the corresponding period in 1962.

For merchant steels the scales of certain prices underwent a reduction of the order of between 5 and 10 per cent on the internal

⁽¹⁾ See Table 2, p. 91.

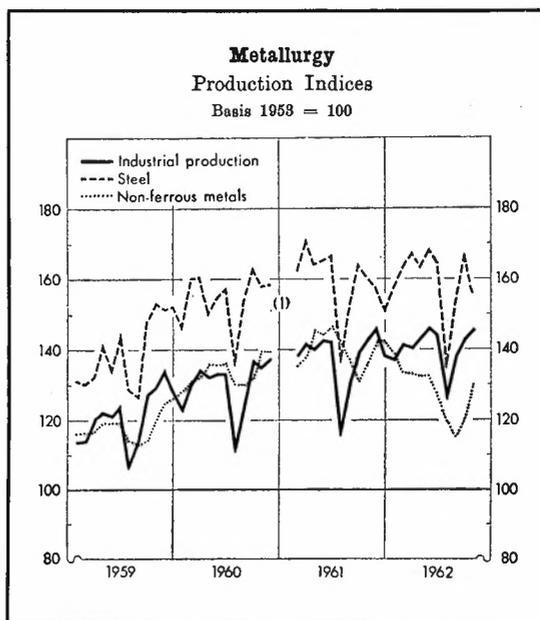
Community market; it seems, however, that enterprises aligned their prices on those of their competitors and that for this reason the prices charged showed a greater fall; the quotations for the same products, when exported outside the Community, fell from Fr. 4,750 per ton at the end of 1961 to Fr. 4,150 in December, 1962. The price for cold-reduced sheets in December was at a level slightly below that in January.

The keen competition exerted in particular by Japan, the United Kingdom and the Eastern bloc countries, and the growth of production in the countries importing steel, hampered the extension of steel exports from the Belgian-Luxemburg Economic Union. These did however show an increase of 7.5 per cent in quantity and 4.6 per cent in value during the first nine

months of the year as compared with the corresponding period of 1961; but if the first quarter is omitted the former figure drops to 2 per cent, while the latter indicates a decrease by 1.2 per cent.

The steel industry's exports to European Coal and Steel Community countries, which account for nearly half the total, increased by 11.3 per cent in 1962. A greater increase still was achieved in sales of steel to the United States. Exports to other non-Community countries, such as the United Kingdom, Portugal and Sweden, declined.

In April, 1962 the High Authority of the European Coal and Steel Community expressed a view favourable to the construction at Zelzate of a new steel plant to be called « Sidérurgie maritime ». The capital



Source : Economic, Social and Political Research Institute.
(1) Strikes.

expenditure in the first phase will be of the order of Fr. 13 billion, half of which will be provided by borrowing from para-statal credit institutions and from private financial intermediaries. The new enterprise will increase by about 1.5 million tons the capacity for producing flat products by the Linz-Donawitz process, and will provide employment for some 4,000 persons.

7. NON-FERROUS METALS ⁽¹⁾.

Conditions for this industry were rather unfavourable. Production in the first ten months of the year was down by 8 per cent in the case of crude metals, and by 2.3 per cent in that of semi-products. Only the tin industry increased its output in response to the strong world demand.

Several factors underlay the overall reduction of activity. On the one hand the world demand for copper, lead and zinc tended to weaken; the industry in Western Europe had moreover to compete with imports of lead and zinc at very low prices from countries in Eastern Europe. On the other hand a strike greatly reduced copper production between June and August, and difficulties in the supply of ores caused a drop in the output of lead and zinc. The position may however improve in the lead and zinc industry as a result of the agreement made with a large Canadian mining enterprise; from 1964 onwards this enterprise could cover the Belgian industry's raw material requirements to the extent of about 40 per cent.

In the category of semi-products the production of copper, lead and zinc also decreased; on the other hand that of aluminium goods greatly increased thanks to the starting of two new producing units at the beginning of the year.

The production of rare and high-purity metals used in the electronic industry tended to slow down. Enterprises further

⁽¹⁾ See Table 2, p. 91.

widened the range of their products, however, and continued their researches with a view to applying these metals to the chemical and nuclear industries.

Falling prices predominated on the non-ferrous metal markets up till October; towards the end of the year the quotations became slightly firmer.

Total exports of non-ferrous metals in the first nine months showed a slight rise in value. This rise resulted inter alia from the very appreciable reduction of zinc exports and from increases in sales of tin, aluminium and copper to the respective extents of approximately 66, 11 and 3 per cent.

Economic recovery in the United States caused great expansion of exports to that country. France and Italy, unlike the United Kingdom and Sweden, also increased their purchases.

8. METAL MANUFACTURING ⁽¹⁾.

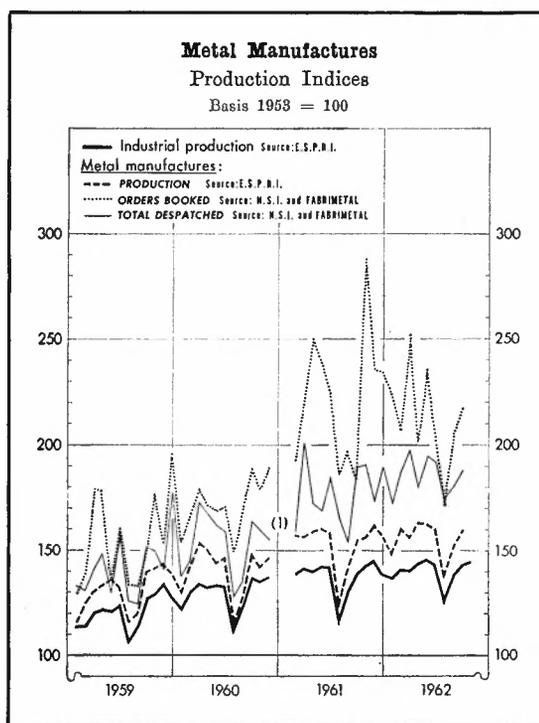
On the whole the growth of activity continued, the production index for the first nine months having risen by 6 per cent between 1961 and 1962 despite certain labour shortages. The number of employed workers was raised, not without difficulty, from 209,800 at the start of the year to 214,400 at the end of September.

The state of activity in this industry is often judged according to the compared movement of deliveries and orders; it is regarded as favourable so long as the former are less than the latter. This was in fact the case in 1961 and 1962, but the excess of orders was greatly reduced by reason of the slower expansion of demand; whereas deliveries in the first nine months were up by 10 per cent the new orders booked were up by only 3 per cent in comparison with 1961. The monthly enquiries into economic activity moreover indicate a

⁽¹⁾ See Table 3, p. 92.

slight decrease in the assured duration of activity. Demand from abroad showed itself firmer than that from the home market. This fact must however be regarded in the light of the progressive interlocking between European markets; at the same time an increasingly high proportion of the domestic demand for metal manufactures is being met by supplies from Community countries.

In an industry where diversification is still increasing under the impulse of progressive realisation of the Common Market the position



differs between one section and another. The rise in industrial investment, and the very high rate of building activity, sustained the output of capital goods. Demand for certain consumer durables, and for metals which have undergone primary processing, also continued to grow. On the other hand there was some weakening of demand in the sectors concerned with ships and railway material.

In the primary metal processing sector, often highly sensitive to the state of steel-working, increased inflows of orders from abroad made it possible to keep activity at a high level especially in steel moulding, iron founding and wire drawing.

The growth of demand for capital goods related in great part to machines and sundry appliances, to metallic building accessories and to electric capital goods; total deliveries of these various products during the period considered showed increases of 16, 13 and 18 per cent respectively.

Persistent depression on the sea-borne freight markets caused a drop in incoming orders for shipbuilding. Activity there was poorly sustained. Order books for railway and tramway material were not refilled before August, and production declined. Aircraft building activity on the other hand remained very high as the result of large orders booked in 1961.

The car industry increased its production by 8 per cent in the first nine months of the year by comparison with the corresponding period of 1961. Its foreign sales rose by 22 per cent.

On the other hand the weakening of home-market demand for household electrical appliances adversely affected activity in that line, while exports also declined.

The weapons industry benefited from a substantial inflow of orders.

Exports of metal manufactures as a whole to the European Economic Community appreciably increased. Those to Italy and France actually showed increases by 80 and 57 per cent for the first nine months of the year.

The decrease in deliveries to the United Kingdom was offset by a rise in sales to other countries, in particular the United States and the U.S.S.R. Exports to the Congo recovered.

9. BUILDING AND BUILDING MATERIALS (1).

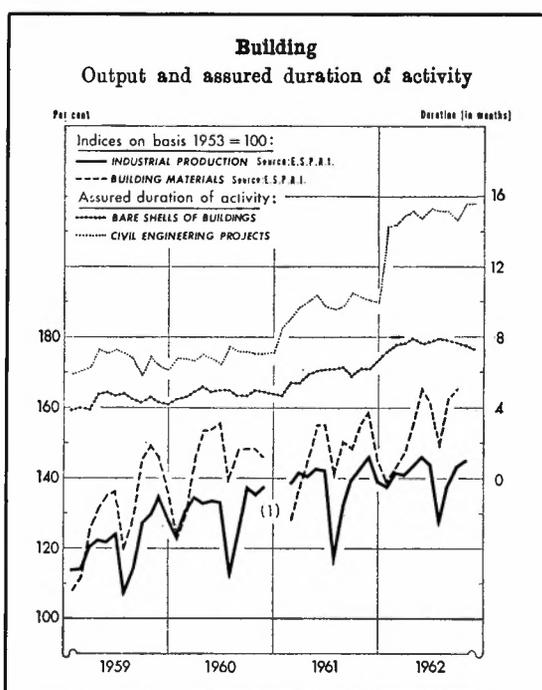
Capital expenditure on building provided a very strong stimulant for economic activity. The building industry was however handicapped by labour shortages, which it met to some extent through fuller mechanisation of its work. According to certain private estimates the amount of building done in the first eleven months of the year showed an increase of 9.5 per cent. According to the

(1) See Table 4, p. 92.

monthly enquiries into economic activity it further appears that the average assured duration of activity was further lengthened, although at a slower rate than in 1961.

In the second half-year the demand for new dwellings nevertheless showed signs of slackening. The number of building permits affords a similar indication, although this is imprecise in view of the changes made in the drawing up of the statistics since May. Outstanding contracts for the public sector on the contrary increased,

amounting on 1st December to Fr. 15.7 billion against Fr. 12.8 billion a year before.



The brisk building activity was reflected in the state of the industries that produce building materials; these, except the brick-makers, further benefited from the impulse of increased foreign demand. The overall index of production for all building materials showed in the first nine months a year-to-year increase of 10 per cent.

The production of bricks was maintained at a very high level. Nevertheless from the second half-year onwards some flagging was observed in foreign demand, especially that from the Netherlands. The decrease in deliveries to that country was offset only in part by a rise in exports to Federal Germany.

The ceramics industry as a whole suffered from a slackening of demand in the first half-year. In the autumn, however, the seasonal recovery was vigorous.

In the first eleven months of 1962 the production of cement rose slightly above its level of a year before. The total exports showed little change, but there was some switching between markets. In fact the exports to the Netherlands and United Kingdom fell appreciably; on the other hand the United States as well as the countries of Africa and Latin America enlarged their purchases.

Quarrying activity was very well maintained following the extension of markets in the European Economic Community.

The increase of foreign demand also accounts for the 20 per cent rise in the production of sheet and plate glass. Exports of window glass, in terms of value, increased by an average of 25 per cent in the first eight months of 1962. The sales to Italy, Canada and the United Kingdom showed expansion by 91, 44 and 30 per cent respectively. The growth of deliveries to the United States was likewise extremely marked, the prospect of a rise in import duties having caused a speculative increase of window glass imports into that country during the first months of the year. Even after 17th June, on which date the duties were raised, the deliveries to the United States remained relatively high even though they declined from July onwards. The incidence of the duty increase, amounting to 110 per cent on actual shipments, appears more clearly in the shrinkage of orders on hand for American customers; these decreased by 42 per cent in volume during the third quarter. A fresh drop in exports to the United States within the near future thus appears certain.

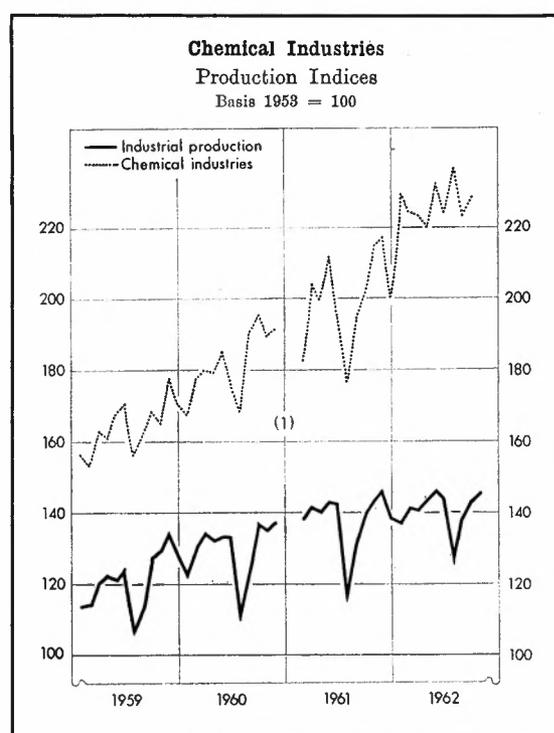
10. **CHEMICALS** ⁽¹⁾.

The growing use of chemical products in industrial and agricultural processes as well as in households is causing profound structural transformation of the chemical industries, which moreover have to adapt themselves to the size of the European Economic Community. This transformation is marked by the manufacture

⁽¹⁾ See Table 5, p. 93.

of many new products, and by the concentrating and rationalising of enterprises. Structural enlargement of markets has accentuated the favourable effect produced by the state of the business cycle; for the first nine months the overall production index attained a level 19 per cent higher than that for the corresponding period of 1961. The number of workers employed was up by about 3 per cent, and the capital expenditure by 30 per cent.

The various branches of the chemical industry did not, however, all share in the expansion. This especially favoured the forms of



Source : Economic, Social and Political Research Institute.
(1) Strikes.

production concerned with mineral chemistry, where the advance continued in spite of very keen international competition. The same did not apply to the branches specialising in organic chemistry, nor to the producers of nitrogenous fertilisers. Their activity remained stationary. The international markets are in fact keenly contested owing to the existence of excess productive capacities; that is why export prices continue to decline. Enterprises are trying to switch their activity.

In the case of synthetic ammonia they are progressively turning to petroleum products instead of coal and coke-oven gas as a source of hydrogen.

Other chemical industries, specialising in various kinds of production, continued their expansion at a very rapid rate. This was true of the industries concerned with photosensitive products, and with plastic materials, both of which increased their exports by about 20 per cent. Similarly the trend of activity was favourable in the

branches concerned with pharmaceuticals, with surface-active organic products and with colorants.

Export deliveries by all chemical industries in the first eleven months were up by 8.1 per cent in value despite the downward tendency in basic chemical products. The structure of exports underwent some changes; products of great specific value represent an increasing proportion of sales.

The geographical distribution of exports is marked by enlargement of the outlets in the European Economic Community. Sales to the United States and United Kingdom also advanced, while Sweden reduced its purchases.

11. **TEXTILES.**

The prosperity in the European economy was favourable to the industries producing consumer goods. The textile industries in particular benefited from this; for the first nine months, despite labour shortage, their production index was about 1.5 per cent above its level of a year earlier, which had been a maximum. According to estimates by the Textile Industry Federation the increase was actually 6 per cent for the first ten months of the year. Activity fell off in the cotton and garment industries, but improved in the industries concerned with wool, linen, jute, artificial and synthetic textiles, and knitwear.

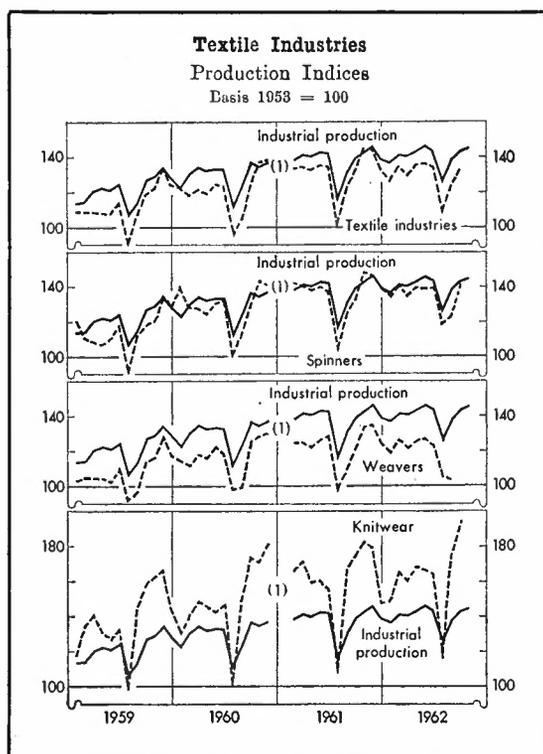
In November the assured duration of activity for the textile industry as a whole was the highest since 1958.

This favourable trend results in great part from the efforts made to sell abroad. Home-market demand, more or less stationary in the first half-year, showed in its turn a marked seasonal recovery in the autumn.

Despite the boom the overall index for wholesale prices of textile products continued its decline, which had begun in the second quarter

of 1961. For the first eleven months of the year the fall averaged 3.4 per cent. It was essentially due to the drop in jute prices. On the other hand there was a rising tendency in wholesale prices for woollen, and even more for linen products.

Exports increased by more than in the previous year. In 1961 their total value had shown a rise of 9 per cent; for the first eleven months of 1962 the rise was already 14.4 per cent by comparison with the corresponding period of 1961.



Source : Economic, Social and Political Research Institute.
(1) Strikes.

While the increase was general, it was particularly marked in the case of finished products such as fabrics, knitwear and ready-made clothing ⁽¹⁾.

The first nine months' exports to European Economic Community countries showed an increase of 16.8 per cent. As regards more particularly the sales to the Netherlands and to Federal Germany, the two chief customers of the

textile industries, the rates of increase were respectively 8.9 and 29.7 per cent. At the same time the deliveries to the British and French markets increased by 12.7 and 13.9 per cent.

At 28.3 per cent the expansion in exports to the United States was likewise very large, Belgian enterprises having been induced to speed up their shipments to that country in view of the tariff increase on woollen carpets with effect from 17th June.

(1) See Table 9, p. 95.

The growth in exports of textile products was not offset by a parallel movement in imports. For the first eleven months of 1962 the increase in the value of these was only 3.7 per cent. The previous year had of course been marked by considerable re-stocking with raw materials.

The total output of the woollen industry was up by 7.5 per cent in the first nine months of the year, even though the washers' and carbonisers' activity was down by 4 per cent, partly owing to shortage of labour ⁽¹⁾. On the other hand the spinners' output was up by 8 per cent in the case of combed wool and by 5 per cent in that of carded wool. Benefiting from well sustained foreign demand, the weavers of wool achieved an expansion rate of 8 per cent. Their exports in the first nine months of the year increased by 10 per cent if woollen carpets are excluded. The corresponding rate for such carpets was 28 per cent, thanks to accelerated deliveries to the United States. In the meantime a switch of markets has begun with a view to making up for the possible loss of the American market. Although this substitution process has gone forward satisfactorily, a problem of industrial re-equipment has nevertheless been set. The industry's equipment was designed to make wide carpets, which suited the taste of the American public rather than that of European buyers.

In the first nine months the activity of the cotton industry, owing to the weakening of domestic demand, was 7 per cent below its corresponding 1961 level ⁽²⁾; the spinners' inventory formation, which had sustained production in 1961, did not continue in 1962; and at 11 per cent the decrease of output was greater among the spinners than that of 4 per cent for the weavers. Wholesale prices for cotton products declined by an average of 5.1 per cent during the year's first eleven months. Nevertheless exports of cotton articles increased by 3.7 per cent in value, during the January-September period, despite the increase of competition in artificial and synthetic fibres and fabrics.

⁽¹⁾ See Table 6, p. 93.

⁽²⁾ See Table 7, p. 94.

In the first nine months of the year the linen industry very slightly increased its production ⁽¹⁾. Some divergence is however apparent as between the spinners and weavers. For linen spinners there was some flattening out of activity in the first half-year following the reorganisation of several enterprises; in the fourth quarter there was a recovery due to very strong domestic demand. For the weavers the recovery dated from the second half of 1961, but became more marked in the year under review. Manufacturers had to resort more to the buying of yarns in France and the United Kingdom. The course of home-market deliveries was roughly parallel to that of exports, which increased by 5.2 per cent. The weavers are meeting keen competition on the American market from Polish and Irish linen products, but managed to enlarge their sales in the European Economic Community. The strengthening of demand caused a rise in the wholesale prices for linen products; for the first eleven months this rise averaged 8 per cent.

For the first nine months the jute industry's production showed an increase of 21 per cent ⁽¹⁾. The great fall in prices following the abundant crop in Pakistan revived the demand. The exports of yarns went chiefly to the Netherlands, and those of fabrics to the United States.

During the above-mentioned period the expansion of the artificial and synthetic textile industry continued in conditions of price stability. The spinners and the weavers increased their output by 10 and 26 per cent respectively ⁽¹⁾.

The progress achieved by the knitwear industry was limited to 1.3 per cent in terms of production figures ⁽²⁾. The first nine months' exports were up by about 20 per cent, however, thanks to growing sales in Federal Germany. These partly reflect the effects of European integration, imports having also increased by 22 per cent.

⁽¹⁾ See Table 7, p. 94.

⁽²⁾ See Table 8, p. 94.

Activity in the garment industry slightly declined ⁽¹⁾ notwithstanding the rapid growth of exports; these increased by 17 and 53 per cent as regards the Netherlands and German markets, but declined by 15 per cent in the case of the British market.

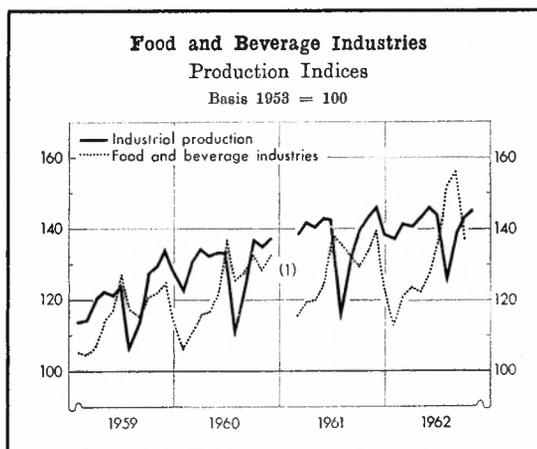
12. FOOD AND BEVERAGES.

The state of the food and beverage industries differs as between the two main categories of activity. The production of the basic food and beverage industries hardly altered, while that of food preparations shows a fundamental expansion reflecting a change in consumer habits.

The expansion of the food and beverage industries' markets in adjoining countries should be emphasised; for the year's first eleven months the value of exports was up by an average of 18 per cent.

The milling industry continues to be marked by excess capacities. Arrangements were made to place quotas on production from 1st October, 1962 onwards. Periodically an overall quota is fixed in the light of previous production and of the stocks on hand at the end of the period. It is distributed between the industrial millers.

The output of white sugar declined considerably owing to the decrease in the beet crop. It was estimated at 300,000 tons. Exports of sugar in the solid state were down by 36 per cent in the first nine months of 1962.



Source : Economic, Social and Political Research Institute.
(1) Strikes.

⁽¹⁾ See Table 8, p. 94.

The production of margarine slightly increased, but the exports appreciably declined.

A feature of the brewing industry is the flattening trend of production. Exports however rose by 47 per cent in the year's first nine months, going in particular to France, Federal Germany and the Netherlands. But they represent only a small part of the total sales. Imports increased by 17 per cent.

The production of canned meat and vegetables showed increases of 19 and 26 per cent respectively. An increase of 38 per cent was achieved by exports of prepared and canned fruit and vegetables, and one of 13 per cent by those of canned meat, for the first nine months of the year.

The chocolate makers and confectioners also increased their output by about 16 per cent, while the biscuit and jam makers raised theirs by 5 and 8 per cent. The production of food pastes, and that of dietetic and special foods, increased respectively by 6 and 11 per cent. In the trades mentioned there were notable increases of exports, chiefly to the countries of the European Economic Community. For the first nine months as compared with the corresponding period in 1961 the export sales of chocolate and other preparations containing cocoa were up by 30 per cent, while those of biscuits and of food pastes were up by 27 and 13 per cent respectively.

13. MISCELLANEOUS.

After a long period of expansion the paper industry has had a less favourable phase since 1961. Production increases were limited by foreign competition on the home market. The imports are in fact very large. Exports also increased, chiefly to France and in lesser degree to the Netherlands and Federal Germany. The paper processing industry is in a better state; its output rose by 4 per cent, partly as a result of two new producing units having started to operate.

Activity in the leather and footwear industry further improved despite the competition of synthetic materials.

The timber industry maintained its growth at a rate which was high, although lower than that for 1961. It benefited from increased demand on the part of the joinery, wooden utensil and furniture industries.

As regards the tobacco industry the use of tobacco greatly increased in the case of cigarettes; on the other hand it decreased in that of other products.

The diamond industry worked at full capacity. Exports of industrial diamonds, and of stones for jewellery, further increased. In the case of the former the growth of sales to the Netherlands, and the opening up of a new market in the U.S.S.R., have almost made good the slowing of deliveries to the United Kingdom and still more to the United States. The raw materials continue to be supplied by the Diamond Trading Company. Parallel markets are however growing up.

C. Agriculture.

During the next few years the structural context in which the activities of Belgian agriculture develop will be progressively and profoundly changed owing to the possibilities offered by mechanisation in agriculture, and by the economic prosperity, which makes it increasingly easy to absorb the labour surpluses that still exist on the farms.

A decision adopted in 1962, which will alter the facts of commercial agricultural policy, will further strengthen this trend. On 14th January, 1962 the Council of Ministers of the European Economic Community in fact decided to integrate the national agricultural markets, and defined the main lines of a common agricultural policy. This means abandonment of national

independence in regard to such policy, application of the rules about competition as stated in the Treaty of Rome, and dismantling of the systems for protecting national agricultural economies. The principle of free movement for farm products inside the Community is thus beginning to be applied.

However, with a view to ensuring gradual interlocking of markets and to preventing any serious disturbance of these, the Council of Ministers laid down a transitional period which is to end on 1st January, 1970; it will be marked by the setting up of machinery designed to moderate the immediate effects produced by the free play of competition. The said machinery will be set up by degrees; it will include a system of levies, the fixing of certain minimum prices, and safeguarding clauses.

The first regulations came into force on 30th July last and relate to cereals, to pig meat, to eggs, to poultry, to fruit and vegetables, and to wine. Belgium obtained a temporary exception to the one about cereals; it was authorised to maintain until 31st December, 1962 the system by which home-grown wheat has to be included in the grain milled.

Belgian agricultural production in 1962 ⁽¹⁾ was marked by an abundant wheat crop, exceeding the previous harvest by 16 per cent. This result was essentially due to the improvement in the average yield per hectare from 3,520 kg in 1961 to 4,000 kg in 1962. The areas sown were practically unchanged.

The crops of non-bread grains were also in general more abundant thanks to increased yields; on the other hand the areas sown decreased. The production of other fodders seems to have declined.

The beet crop was smaller than that for 1961 because of bad weather and the reduction which it was decided to make in cultivated areas owing to the low prices at which Belgian-produced sugar of the

(1) See Table 10, p. 95.

1961-1962 crop year had to be exported. The production, estimated in terms of raw sugar, appears to have amounted to 330,000 tons as against 450,000 tons in 1961, and will probably cover the country's consumption.

On the other hand the cultivation of flax was extended, and the production rose by 18 per cent. This increase was rendered possible through the agreement, concluded in February, 1961, between eleven European countries, by the terms of which Belgium, France and the Netherlands undertake to cover 80 per cent of the other members' flax fibre requirements. This agreement has been prolonged for one year.

Despite a reduction of the planted area from 72,000 to 68,000 hectares the output of potatoes rose from 1,789,000 tons in 1961 to 1,872,000 in 1962.

Animal production once again exceeded the country's consumption. Horned cattle increased in number by about 4 per cent ⁽¹⁾; sale of the surplus meat on adjoining countries' markets encountered certain difficulties, but exports rose in the second half-year, partly thanks to subsidies. The number of pigs increased by about 16 per cent; whereas export sales of live pigs and pig meat had fallen in the first half-year they rose after 30th July, the date when the common agricultural market came into force. Poultry-keeping made further progress on the opening of markets in Federal Germany and Italy; more eggs were sold on foreign markets, especially in France, Italy and Algeria. Federal Germany remains the chief customer.

Milk production continued to exceed the country's internal needs. The increase in manufacture of cheese and of whole milk powder did however make it possible to reduce the glut on the market for butter. The production of this latter was slightly down in the year's first nine months; the exports, small in comparison with total sales, very greatly declined. The Commercial Food Supply Office had to increase its intervention in the market.

⁽¹⁾ See Table 11, p. 95.

For the first eleven months of the year the index for sale prices of Belgian agricultural products, as calculated by the Ministry of Agriculture on the basis of 1951-1952, was 95 as against 93.3 for the corresponding months of the previous year. This movement, however, covers divergent tendencies. Thus the index for vegetable products rose from 89.8 in 1961 to 117.3 in 1962; the rise is essentially due to the temporary dearness of potatoes in the second quarter, as well as to the sharp rise in prices for fodder grains. On the other hand the price index for products of animal husbandry declined, as between the same periods, from 94.4 to 88.6; prices for pig meat and beef fell, particularly during the summer; at the same time the prices for eggs were falling noticeably during the greater part of the year.

D. Transport ⁽¹⁾.

Transport activity was marked not only by the persistence of boom conditions but also, above all, by progressive realisation of the European Economic Community. International traffic thus tended to grow faster than internal traffic.

Road-borne goods traffic is showing structural expansion, favoured by the organising of regular road links between the Belgian industrial centres and ports, on the one hand, and the Community member countries on the other.

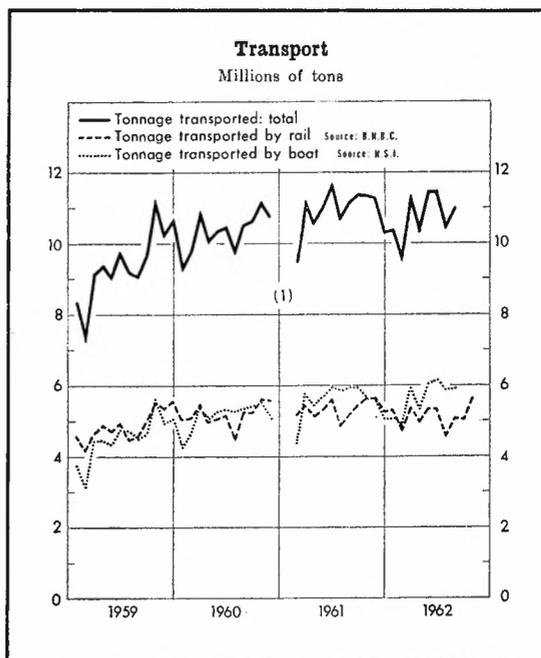
Rail traffic was up by 1.9 per cent in the first ten months of 1962. International traffic, including that in transit, expanded by 2.3 per cent. The railways benefited inter alia from an increase in the conveyance of Belgian quarry products to the Netherlands for building the Delta Plan dykes, as well as from the carrying of agricultural and food products from Danubian Europe to the United Kingdom, and from Italy and Spain to Belgium; in addition the expansion of trade inside

⁽¹⁾ See Table 12, p. 96.

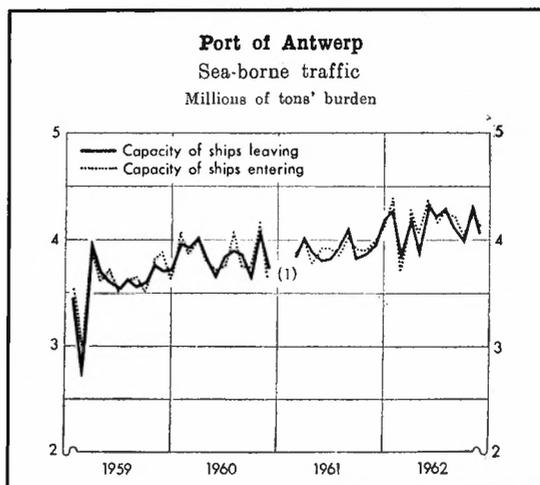
the European Economic Community stimulates transit by rail. The traffic inside Belgium increased by only 1.5 per cent; it feels the increased competition of transport by road and by water.

Inland water traffic showed an increase of 5.5 per cent for the first eight months of the year. The inland traffic was up by 5.1 per cent and international traffic by 5.7 per cent. Inland water freight rates, both inland and international, were slightly higher.

Sea-borne international traffic at the port of Antwerp showed for the first eight months an increase of 15 per cent in goods discharged, and one of 7 per cent in those shipped. Transit trade showed greater increases amounting to 25 and 6 per cent respectively. In a general way the sea-borne imports increased more than the exports because of the growing importance of crude mineral oils among the goods arriving at Antwerp; in the first half-year such oils accounted for as much as slightly over 40 per cent of the goods discharged.



(1) Strikes.



Source : Antwerp Port Administration.

(1) Strikes.

Sabena managed to increase its traffic, especially in the European and transatlantic services, although competition is extremely keen between air transport companies. For the first nine months the number of passengers was up by 20 per cent, and the amount of goods carried by 6.7 per cent.

Important infrastructure projects are continuing, or are to be undertaken, with a view to modernising and reorganising lines of communication. In the port of Antwerp the equipping of the sixth dock has been practically completed; the city has decided to excavate a seventh dock. The great changes in progress at the port of Zeebrugge have already enabled ships of 50,000 tons and more to reach the quay. As regards internal water transport the outstanding event was the starting of construction, on the canal from Charleroi to Brussels, of the Ronquières inclined plane, which will represent a great achievement by reason both of the size of the project and of the use of new technical methods.

The completion of further sections of the Baudouin motorway made it possible to open this to traffic as far as Hasselt. Work was also begun on the Walloon motorway, which will link the industrial centres of Hainaut with Liège, and will provide a new fast route between the Ruhr and the industrialised area in the North of France.

E. Employment.

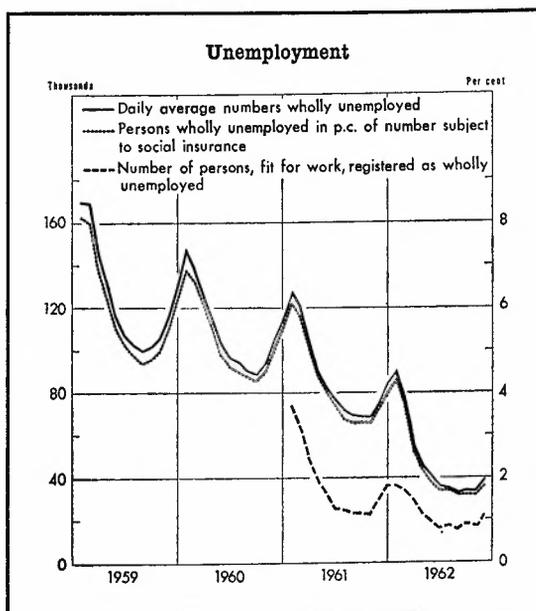
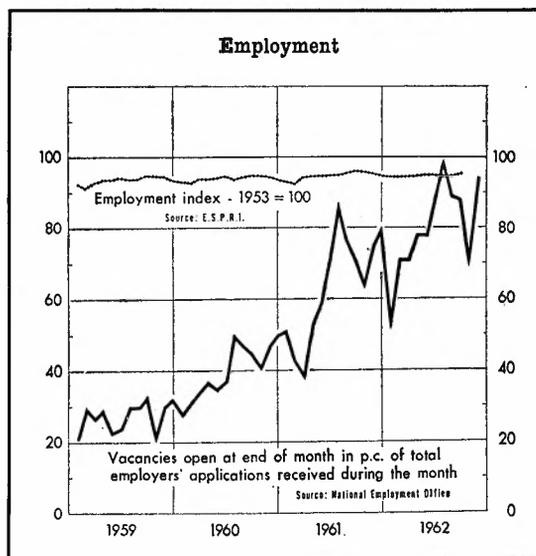
The overall index for employment rose slightly. The workers released by the coal mines were easily absorbed in manufacturing industries; employment notably increased in the metal manufacturing, building and chemical industries.

Growing tensions appeared on the labour market owing to shortage of workers. Skilled workers are in especially short supply; they represent only 11 per cent of the persons recorded as wholly

unemployed. Consequently the offers of employment sent by employers to the labour exchanges substantially exceeded wage-earners' applications for work, which on the average were down by 44 per cent in the first eleven months of the year. Over the same period the number of vacancies outstanding at the ends of months showed an increase of 17 per cent.

Unemployment has in fact fallen to a level representing a minimum for the post-war period. The average number of persons wholly unemployed has greatly decreased; it was about 34,400 in October and 39,000 in November ⁽¹⁾, that is approximately 1.3 per cent of the wage-earning labour force. The average number of persons partly unemployed followed a like tendency; it was 17,000 in October before the seasonal rise.

These figures do not include the unemployed persons who have been exempt from municipal verification since February, 1962, nor those employed by public authorities.



(1) See Table 13, p. 96.

It thus appears that the unemployment of cyclical character has completely disappeared, and even that the rate of frictional unemployment is at an extremely low level. Apart from the unemployed who are unfit for work, and who represent a large proportion of those recorded, the apparent labour reserve has become insignificant; in October it amounted to only about 17,000 persons.

The labour shortage has caused the authorities to increase their efforts with a view to recruiting foreign workers. The number of labour permits granted to immigrants in the first nine months was twice as great as in the corresponding period of the previous year. The foreign workers mostly go to the mines and to metallurgy.

To improve the production capacity of the workers still available some vocational training centres dependent on the National Employment Office were created under the Royal Decree of 24th March, 1961, concerning accelerated vocational training of adults and retraining of the unemployed; these centres greatly expanded in 1962, approximately one hundred being in operation at the end of September.

Apart from this the Consultative Council for Employment and Labour, created by the Royal Decree of 10th September, 1962, was instructed to investigate the problems connected with the applying and coordinating of measures intended on the one hand to contribute towards optimum employment of the active population, and on the other towards meeting the labour requirements of the country's economy.

II. PRICES AND WAGES

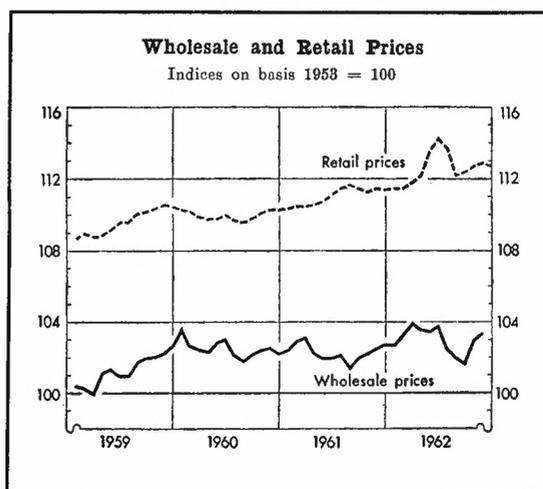
A. Prices.

The state of high activity continued to be marked by absence of tensions in the price system. In this respect the trend in the Belgian economy differs from that in several other countries of the European Economic Community.

The overall average index for wholesale prices ⁽¹⁾ for the first eleven months of 1962 showed a rise of only 0.7 per cent by comparison with the level for the corresponding period of the previous year. The rising movement, which began in September, 1961, continued on a moderate scale until March, 1962; afterwards it gave place to a slow and almost uninterrupted downward movement until September. In October and November the index rose again.

This overall movement covered divergent tendencies as between the prices for industrial and agricultural products.

While the overall index for the former showed firmness in certain months, it continued on the whole the slow falling movement which had begun in the first quarter of 1961; the average index for the first eleven months of 1962 was at a



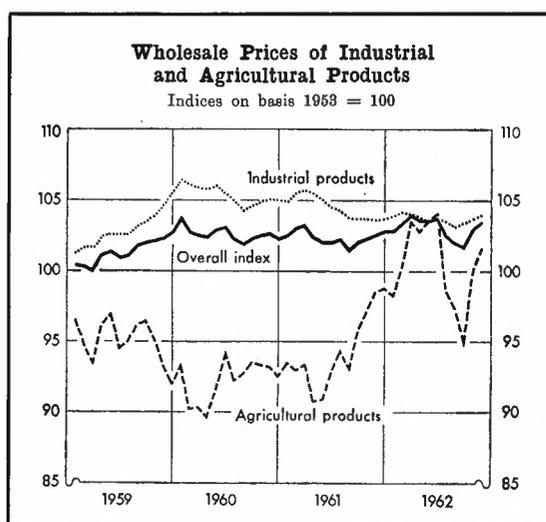
Source : Ministry for Economic Affairs and Energy.

(1) See Table 14, p. 97.

level lower by 0.8 per cent than that for the corresponding period of 1961. This fall is the resultant of slight downward and upward movements which affected the prices of many products. The falling tendency was especially marked among prices in the categories comprising textile products, steel, non-ferrous metals, basic chemicals and fats. Among the categories where wholesale prices moved to average levels higher than those for 1961 special mention may be made of building materials, metal manufactures and chemical fertilisers.

Prices moved differently according to the stages of production.

Apart from a slight rise in October and November the index for raw materials declined owing to weakening of quotations on the chief world markets. The decline applied in particular to the prices for scrap metal, zinc, lead and jute; from the third quarter onwards the last two benefited from a rising movement, which however did



Source : Ministry for Economic Affairs and Energy.

not make good the previous fall. Some basic products formed an exception; price rises were observed for instance in the case of raw flax, hydraulic limes, Tournai cement, lean and semi-bituminous coal, in this last case more especially from August onwards.

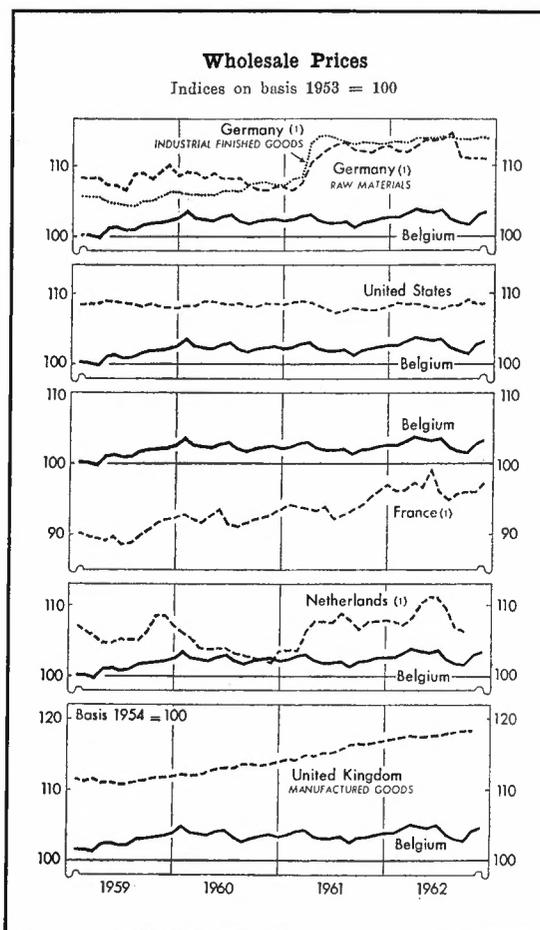
The index for prices of semi-finished products was maintained at the same level

as for the previous year, the downward and upward movements having on the whole offset each other. Products the prices of which declined included cotton yarns, fine zinc, billets and heavy and medium plates. One semi-finished product the price of which rose was tin.

The average price index for finished products in the first eleven months was at the same level as in the corresponding period of 1961, although from July onwards the monthly indices became higher than those for a year before.

Except for a temporary fall in April the overall index for wholesale prices of agricultural products continued, up till June, the rise which had begun a year earlier. It then declined during the third quarter, but resumed its upward movement in October and November. For the first eleven months of 1962 the average price index for agricultural products, including both home-grown and imported, exceeded by 7 per cent that for the corresponding period in 1961. The Ministry of Agriculture's index, which relates solely to home-grown products, indicates a rise by 1.8 per cent.

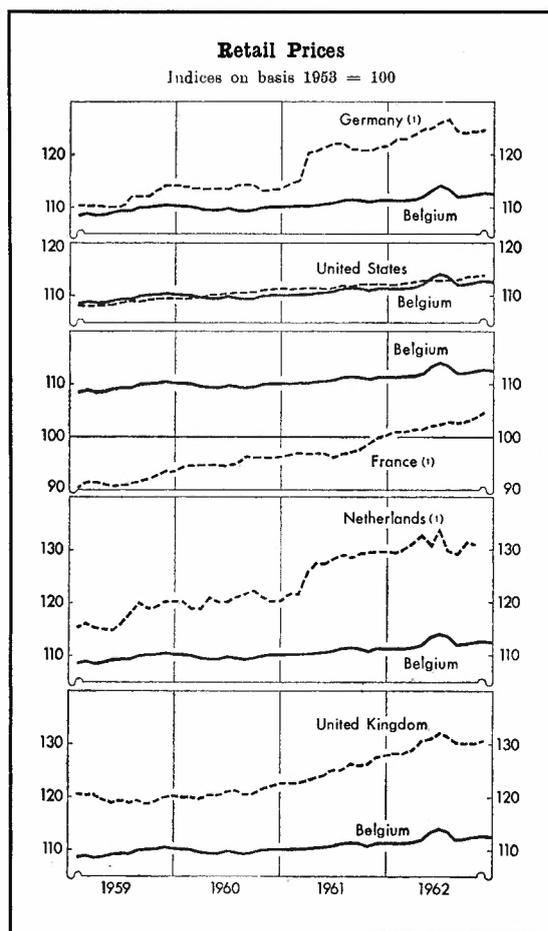
The movement in the overall index essentially results from the price movements affecting vegetable products. The average price index for these reached a level higher by 17.5 per cent than that for the corresponding period of 1961. In the spring the unfavourable weather caused a rise in the price of certain products, especially potatoes, barley and oats. In the summer the marketing of crops from the 1961-1962 farming year caused a notable fall in



(1) Indices adjusted for variations in rates of exchange.
Sources : Belgium : Ministry for Economic Affairs and Energy.
Germany : Federal Statistical Office.
United States : U.S. Department of Labor.
France : National Institute for Statistics and Economic Research.
Netherlands : Central Bureau of Statistics.
United Kingdom : Board of Trade.

prices for the products mentioned above. The decline in the price for cocoa likewise contributed to that in the overall index. From October onwards this latter was affected by the seasonal rise in prices

for oats, potatoes and hops and by the raising of the price for Belgian-grown tobacco.



(1) Indices adjusted for variations in rates of exchange.
Sources : Belgium : Ministry for Economic Affairs and Energy.
Germany : Federal Statistical Office.
United States : U.S. Department of Labor.
France : National Institute for Statistics and Economic Research.
Netherlands : Central Bureau of Statistics.
United Kingdom : Ministry of Labour.

The average price index for animal products in the first eleven months of 1962 was 3.4 per cent below that for the corresponding period of 1961, this being mainly due to the fall in the price for pigs, and from May onwards to that in the price for eggs. On the other hand the price of cattle showed firmness up to the middle of the second quarter. It then progressively declined.

Although showing characteristic signs of tension in the spring of 1962, retail prices rose by only 1.4 per cent in the course of that year (1).

After having fallen in February the index rose slightly in March, and more noticeably during the second quarter. In July and August the sale of the new crops caused a notable fall. This was followed by resumption of the upward movement, although the index did not reattain its June peak. In December the index again fell slightly.

(1) See Table 15, p. 97.

The movements in the overall index were caused by those in the index for prices of foodstuffs and beverages. The indices for products other than food and beverages, and for services, tended moderately upwards.

The movements in the index for food and beverages were much affected in the second quarter by the rise in prices for potatoes and eggs. The spring rise in the case of potatoes resulted from a reduction of supplies; it continued until late into the season owing to the fact that unfavourable weather had delayed the new crops. That in the case of eggs was due to strong foreign demand and to a decrease of production in Europe's chief exporting countries, Denmark and Poland. From September onwards the fall which had occurred in potato prices during the summer was outweighed by the rise in prices for rice, bread, butter, cheese and oranges. In December the decline in prices for certain grades of meat and for oranges caused the index to fall again.

After having been relatively stable until June the index for prices of products other than food and beverages progressively recovered, from the third quarter onwards, mainly owing to the rise in prices for lean and semi-bituminous coal as well as, from August, in those for tobacco and cigarettes; the prices for clothing rose very slowly throughout the year.

The index for services continued its upward movement during the past year, but rose faster in October and December under the influence of the rise in the price of newspapers.

Since the average rise in wholesale and retail prices remained moderate in Belgium, international comparison of the indices, as calculated on the basis of the year 1953, shows the disparities to have moved in a sense generally favourable to Belgian prices as against prices in the countries belonging to the European Economic Community and in the United Kingdom; on the other hand the price disparity deteriorated in relation to the United States.

B. Wages.

The rise of the retail price index in the spring of 1962 caused wage increases through operation of the sliding scale. In addition certain benefits have been conferred within the framework of the Social Programming Agreement of 11th May, 1960, which expired on 31st December, 1962, its renewal being now under negotiation.

Between September, 1961 and September, 1962 the index for average gross hourly earnings as calculated by the National Bank increased by 8 per cent. According to certain available statistics, which should be interpreted with great prudence owing to their overall character, it would seem that this increase in wages was a little greater than that in productivity as measured by relating the output achieved to the actual number of hours worked by the labour force; in many categories it was not possible to raise production to the limit of capacities, either because labour was lacking or because the demand was insufficient; it is therefore probable that 1962 will be marked both by a certain increase of unit production costs, at least on the average, and by the existence of margins for potential improvement of productivity.

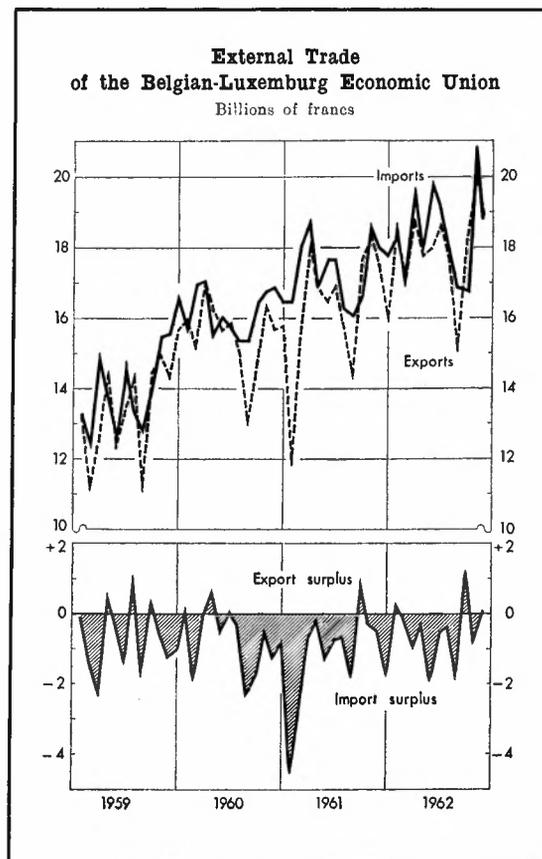
But the movement in wages, regarded as one of the factors influencing the competitive position, can be assessed only by reference to that which took place abroad. As to that, the movement in disparities as between Belgian and foreign wage indices was not homogeneous. Between June, 1961 and June, 1962 they tended to deteriorate in relation to the United States, the United Kingdom and the Netherlands; but they improved in relation to Federal Germany, while they remained virtually unchanged in relation to France and Italy.

III. EXTERNAL TRADE

Progressive realisation of the Common Market is causing an increase of intra-Community trade. The persistence of favourable economic conditions in Western Europe and the economic recovery in America during the first months of the year induced fresh expansion of the Belgian-Luxemburg Economic Union's external trade; for the first eleven months of 1962 exports amounted to Fr. 199.2 billion against Fr. 180.1 billion for the corresponding period of 1961, representing a rise by 10.6 per cent. Imports for the same periods reached Fr. 205.1 and 193 billion, rising by 6.3 per cent.

The proportion in which exports covered imports in the first eleven months was thus 97.1 per cent for 1962, as against 93.3 per cent for 1961 and 95.4 per cent for 1960 ⁽¹⁾.

The growth of trade was due more to expansion of business than to price movements. The volume index for exports in the first half of 1962 was 15 per cent



⁽¹⁾ See Table 16, p. 98.

above that for the first half of 1961, and 10 per cent above that for 1960; in the case of imports the corresponding proportions were respectively 6.7 and 13.2 per cent. On the other hand the indices for average unit values remained stable in the case of imports, and fell in that of exports ⁽¹⁾. This resulted partly from the fall in prices for steel products, which account for a considerable proportion of total exports from the Belgian-Luxemburg Economic Union.

The structure of exports is changing ⁽²⁾; the proportion of raw materials and semi-products is falling, to the advantage of more highly processed products. Markets are in fact contracting, for a whole series of basic chemical products of mineral origin, because former importing countries have increased their own production. Similarly in the textile industry's sales the proportion representing unmanufactured cotton and woollen products is increasing only slightly because plants have been built for processing fibres in the new countries; on the other hand synthetic textiles as well as knitwear and garments show rapid expansion. The case is the same with furniture and prepared foodstuffs. The recent course of exports is in fact generally marked by an increase in sales of a growing number of processed products, although in certain cases these are of only relatively slight importance in absolute amount.

As regards foreign sales of those products which still form the greater part of the Belgian-Luxemburg Economic Union's exports, those of textiles rose by 14.4 per cent for the first eleven months. Steel deliveries in the first nine months of 1962 were up by 7.5 per cent in quantity and by 4.6 per cent in value by comparison with the corresponding period of 1961, the results for which were however affected by the strikes. Exports of non-ferrous metals changed only slightly in value, but decreased by 3.5 per cent in quantity. In the sphere of metal manufactures the improvement of the country's competitive position, reinforced by the advantage of shorter delivery

⁽¹⁾ See Table 17, p. 98.

⁽²⁾ See Table 18, p. 99.

periods, caused a rapid increase in foreign sales; railway material exports, which had declined by one-half in 1961, reattained their 1960 level. Sales of glass and glassware greatly increased; the unfavourable effect due to the raising of import duties in the United States will produce clear effects only during the last months of the year. The shipments of cement showed little change; they are increasingly handicapped by the establishing of mills in the importing countries. Those of solid fuels were maintained, but the abolition of export premiums will probably cause the foreign sales to decline.

The rise of imports ⁽¹⁾ during the nine months under review was above all due to purchases of manufactured products. The increase amounted to 16.3 per cent in the case of machinery and electrical apparatus, to 15.9 per cent in that of non-ferrous metals and to 13.6 per cent in that of automobiles; imports of equipment for air transport and railways declined. The unfavourable effect produced by the weather on Belgian production caused an increase in imports of food and beverages.

But the persistence of activity at a high level also entailed increased imports of raw materials and fuels. In the case of textiles the divergence of activity as between manufacturing industries caused a fall in imports of raw cotton and a rise in those of raw wool. Despite some slowing in the steel industry the arrivals of iron ore rose further, whereas those of non-ferrous ores showed a further considerable fall, partly reflecting difficulties of supply. Solid fuel imports increased owing to liberalisation of the market for house coal and to the increase of quotas for other kinds of coal.

The overall deficit on the balance of trade greatly declined; for the first eleven months of 1962 it was only Fr. 6 billion as against Fr. 12.9 billion for the corresponding period of 1961.

The deficit in relation to the Community countries ⁽²⁾, which was Fr. 2.4 billion for the first ten months of 1961, gave place to a surplus

⁽¹⁾ See Table 19, p. 99.

⁽²⁾ See Table 20, p. 100.

of Fr. 5.2 billion for the corresponding period of 1962. The large surplus in relation to the Netherlands became greater still, rising for the first ten months from Fr. 11.6 billion in the former year to Fr. 13.3 billion in the latter. Trade with Italy, after being close to equilibrium for the first ten months in 1961, showed a surplus of Fr. 1.4 billion in 1962. At the same time the deficit with France dropped from Fr. 7.7 to 5.2 billion, and that on trade with Federal Germany from Fr. 6.5 to 4.2 billion. The proportion borne by imports from those countries to the total remained unchanged at 51 per cent. The share of exports going to the Community rose from 53.2 to 56 per cent, partly owing to an increase in deliveries to Federal Germany and to France. In the case of Federal Germany the increase in exports relates to a wide range of products, especially textiles, machinery, metals and F 104 G aircraft. The expansion in exports to France arose mainly from sales of machinery and apparatus, electrical equipment, base metals, cars, chemicals, especially photosensitive products and fertilisers, foodstuffs and beverages; that in imports of mineral products, textiles, machinery, apparatus and electrical equipment was partly offset by the decrease in purchases of aircraft. In the case of the Netherlands, like that of Federal Germany, the increase in sales of machinery, apparatus and electrical equipment must be in some measure put down to the country's participation in the syndicate charged with producing F 104 G aircraft; the overall expansion of trade with the Netherlands does not however equal the relative extent of that shown by trade with the other European Economic Community countries.

For the period reviewed the balance of trade with the United States shows a deficit of nearly half a billion francs as against Fr. 200 million in 1961. On the side of exports there were relatively high rates of growth in chemicals, especially photosensitive products and fertilisers, in textiles including knitwear, and in base metals. On that of imports mention may be made of the very marked rise in purchases of machinery, apparatus and electrical equipment, certain prototypes of parts for the F 104 G aircraft having had to be bought

from American makers; on the other hand the purchases of textile products and chemicals declined.

There was an increase in the deficit on trade both with the sterling area and with the United Kingdom. The adverse balance on trade with that country reached Fr. 6.4 billion for the first ten months as against Fr. 4.3 billion for the corresponding period in 1961. This deterioration was chiefly due to increased imports of base metals, especially copper, and in lesser degree of nickel and tin. The purchases of transport material including automobiles and aircraft, as well as of machinery, apparatus and electrical equipment, likewise appreciably increased.

On the whole the Belgian-Luxemburg Economic Union's trade with the other groups of countries showed little expansion.

The trade deficit in relation to East European countries remained very small.

In the first ten months of 1962 the deficit on trade with the Congo was Fr. 5.3 billion against Fr. 7.9 billion in 1961. For the first nine months the imports of mineral products were down from Fr. 1.5 to 0.6 billion, and those of base metals, chiefly copper, zinc and tin, from Fr. 6 to 5.5 billion. The capital investment which continues at a slow rate in the Congolese economy explains a certain increase in exports of machinery, apparatus and electrical equipment to that country.

The deficit in relation to Latin American countries reached Fr. 2 billion for the first nine months as against Fr. 0.8 billion in 1961. The deterioration chiefly results from the trade with Argentina. On the other hand the exports to Venezuela and Brazil rose faster than the imports from those countries.

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* *

The Belgian-Luxemburg Economic Union's external trade is being increasingly influenced by realisation of the European Economic

Community, which in virtue of a decision by the Council of Ministers on 14th January, 1962 passed into its second phase with retroactive effect from 1st January.

Consequently many decisions can be adopted without the need for a unanimous vote. The European Economic Community has thus been able to ease the operating procedure of its institutions, and to devote its actions more towards realising economic integration.

The transition to the second phase was subject to actual realisation of a series of objectives specifically defined by the Treaty of Rome. The adoption of a common agricultural policy was one of the objectives most difficult to attain. Numerous measures permitting application of this policy were finally approved; they were described above in the section relating to agriculture.

A further accelerated reduction of tariffs applying to intra-Community trade was ordered by the Council of Ministers on 15th May, 1962. It came into force on 1st July. Import duties on industrial products were lowered by 10 per cent, which brings their total reduction up to 50 per cent by comparison with the basis rates; on the same date the reduction of basic duties reached 35 per cent for a large number of agricultural products. So as to respect the parallelism required by the Treaty as between the rate of reduction in intra-Community Customs duties and the unification of duties charged on trade with non-Community countries, it was agreed that the second bringing together of such duties on industrial products should also be accelerated; it will take place on 1st July, 1963.

At their meeting between 23rd and 26th July, 1962 the Council of Ministers adopted a programme of action concerning the common commercial policy.

The external relations of the European Economic Community were greatly extended in the course of the year. A series of countries put in requests for adherence or association.

Negotiations have been started with Norway and Ireland. Those which had been opened in 1961 with the United Kingdom, Denmark and Turkey continued throughout 1962.

The agreement for associating Greece with the European Economic Community, having been concluded on 9th July, 1961, came into effective force on 1st November of the year under review.

The first convention covering association with the associated African and Madagascan states expired on 31st December, 1962. A new convention, which would in any case have been entailed through the fact that a number of the countries in question have gained their independence, is to come into force on 1st January, 1963. The perfecting of this convention has been the subject of study and negotiations; an agreement was initialled on 20th December, 1962. The Netherlands Antilles and Surinam have been numbered among the associate countries since February and September, 1962.

A number of tariff agreements have been concluded between the European Economic Community and various non-Community member countries of the General Agreement on Tariffs and Trade — among others with the United States on 7th March, the United Kingdom on 15th May and Switzerland on 26th June.

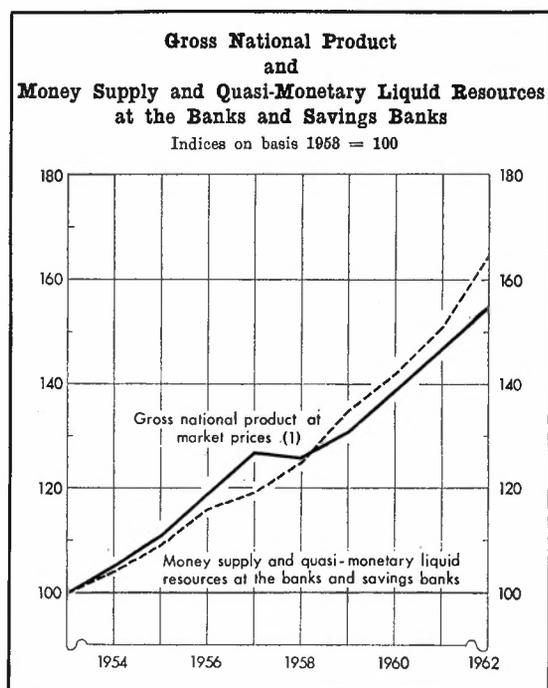
Finally the « trade expansion » act of 11th October, 1962, which authorises President Kennedy to reduce or abolish Customs duties on numerous products, opens up possibilities for trade cooperation between the United States and the European Community.

IV. MONEY AND FINANCE

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

The increase in the money supply and quasi-monetary liquid resources at the banks and savings banks, which had already been very large in 1961, was greater still last year. For the first nine months

it reached Fr. 24 billion or 5.8 per cent in 1962, against Fr. 18.9 billion or 5.1 per cent in 1961 and only Fr. 4.8 billion or 1.3 per cent in 1960.



(1) Source : Department of Applied Economics at the Free University of Brussels. For 1961 and 1962 : estimates.

Between September, 1961 and September, 1962 the money supply and quasi-monetary liquid assets increased by Fr. 41.2 billion, or 10.5 per cent, against Fr. 30 billion or 8.3 per cent during the twelve previous months.

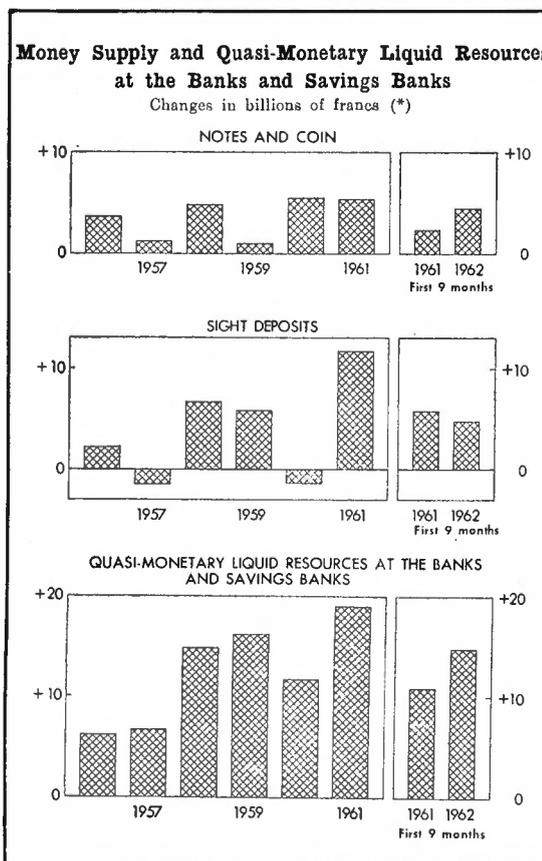
(1) See Table 21, p. 101.

A comparison which relates to a longer period, and which takes account of the simultaneous movement in the gross national product, confirms that the increase in the money supply and quasi-monetary liquid assets was particularly rapid during recent years : whereas between 1952 and 1957 it had averaged 4.7 per cent per annum, and that of the gross national product 5.3 per cent, it attained an annual average of 6.9 per cent from 1957 to 1962 as against 4.1 per cent for the gross national product. Consequently the mean annual ratio borne by the money supply and quasi-monetary liquid assets to the gross national product rose from 57.4 per cent for the 1953-1957 period to 60.4 per cent for 1958-1962.

In 1962, like 1961, the expansion of quasi-monetary liquid assets was greater than that of the money supply. Between December, 1961 and September, 1962 the former amounted to Fr. 14.7 billion, or 8.4 per cent, and the latter to Fr. 9.3 billion or 3.9 per cent.

1. **NOTES AND COIN** ⁽¹⁾.

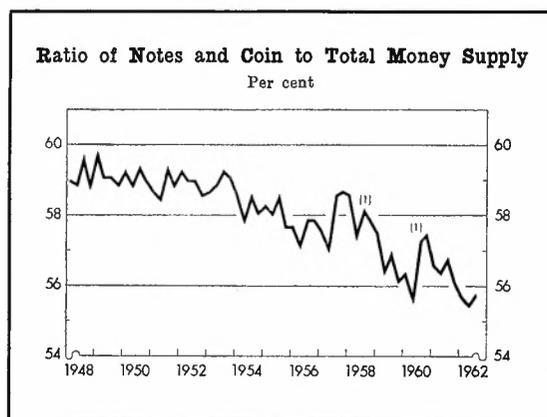
Of the Fr. 9.3 billion increase in the money supply notes and coin accounted for Fr. 4.5 billion and sight deposits for Fr. 4.8 billion.



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

(1) See Table 22, p. 102.

Thus, although notes and coin are greater than sight deposits, they rose by a smaller amount. Consequently their share of the money supply, already tending downwards for more than a decade, was further reduced last year, falling from an average of 56.6 per cent for the first nine months of 1961 to one of 55.7 per cent for



(1) The increase of the ratio in the third quarter of 1958 and in the third quarter of 1960 is partly due to adjustments of the statistics, the effect of which was to reduce the figure for the money supply without altering that for notes and coin.

the corresponding period in 1962. The correlative increase of the proportion borne by sight deposits to the money supply strengthened the banks' lending power, and was accordingly one cause of the abundance of liquid resources on the money market in 1962.

The National Bank's notes, which form by far the largest element in total notes and coin, increased by Fr. 4.1 billion during the first nine months of 1962 and by Fr. 9.4 billion, or 7.3 per cent, during the entire year. In absolute terms this was the largest annual increase recorded since 1945.

2. SIGHT DEPOSITS.

The Fr. 4.8 billion increase in sight deposits between December, 1961 and September, 1962 arose, to the extent of Fr. 2.6 billion, from the increase in deposits at sight or at not more than one month held by business and private customers at banks and at certain para-statal credit institutions ⁽¹⁾. For the rest it resulted principally from the increase in balances held by business and private customers on postal cheque accounts.

Sight deposits are the only kind of money of which the degree of use can be measured, even somewhat imperfectly. Between the

(1) See Table 23, p. 103.

first eleven months of 1961 and the corresponding period of 1962 the amount of payments effected by means of bank sight deposits rose by 11.2 per cent, and that of payments effected by means of balances at the Postal Cheque Office by 6.5 per cent ⁽¹⁾. In conjunction with the cyclical trends of economic activity, and notwithstanding the large increase of bank deposits, the frequency of turnover of these deposits went up by a further 2.8 per cent. At the same time the frequency of turnover of balances at the Postal Cheque Office, which had begun to fall in 1959, continued to decline.

3. QUASI-MONETARY LIQUID RESOURCES AT THE BANKS AND SAVINGS BANKS.

In the course of the last five years the increase of quasi-monetary liquid resources at the banks and savings banks has been very rapid. It reached Fr. 14.7 billion in 1958, Fr. 16.1 billion in 1959, Fr. 11.8 billion in 1960 and Fr. 19.1 billion in 1961, that is an average of about 12 per cent per annum ⁽²⁾. In the first nine months of 1962 it amounted to Fr. 14.7 billion. Between September, 1961 and September, 1962 it was Fr. 23.1 billion, or 14 per cent, which represents appreciable quickening by comparison with the increase of Fr. 15.6 billion, or 10.5 per cent, recorded in the twelve preceding months.

Contrary to what had occurred in the first nine months of 1961 the increase of quasi-monetary liquid resources between December, 1961 and September, 1962 related mainly to deposits at savings banks, which rose by Fr. 7.9 billion as against Fr. 6.8 billion in the case of quasi-monetary liquid resources at banks.

This increase by Fr. 6.8 billion in quasi-monetary resources at the banks related solely to the deposits in Belgian francs, residents' deposits in foreign currencies having stood at the same level in September, 1962 as at the end of 1961.

⁽¹⁾ See Table 24, p. 104.

⁽²⁾ See Table 25, p. 104.

Of the Fr. 7.9 billion increase in quasi-monetary liquid resources at savings banks the private savings banks accounted for Fr. 3.4 billion and the General Savings Fund for Fr. 4.5 billion.

In the case of this latter institution the increase had been only Fr. 0.9 billion for the first nine months of 1961. The growth of deposits on individual savings books was in particular much faster in 1962. For the first eleven months of that year the in-payments on such books reached the high monthly average of Fr. 2.2 billion, against Fr. 1.9 billion in the corresponding period of 1961, whereas at Fr. 1.7 billion the withdrawals were up only slightly by comparison with that period ⁽¹⁾. The result was a rise in the excess of in-payments over withdrawals, partly explained by the fact that the 1961 movements had been unfavourably affected through the strikes at the beginning of the year.

If the rapid increase of quasi-monetary liquid resources at banks and savings banks during the last five years can be placed in relation with the rise of creditor interest rates since 1957, as well as with rising incomes and a high marginal propensity to save, this also reveals the result of the considerable efforts made by these institutions to procure larger means of action.

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

The increase of the money supply and quasi-monetary liquid resources by Fr. 24 billion during the first nine months of 1962 had, by way of counterparts, surpluses of Fr. 5.9 billion on transactions with foreign countries, of Fr. 11.7 billion on those with the public authorities and of Fr. 13.3 billion on those with business and private customers resident in Belgium. These surpluses were offset to the

⁽¹⁾ See Table 26, p. 105.

⁽²⁾ See Table 27, p. 106.

extent of Fr. 6.9 billion through the deficit left by sundry other transactions, the most significant being the issue of bonds and the increase of capital resources, which together explain about one-half of the amount mentioned above.

1. TRANSACTIONS WITH FOREIGN COUNTRIES.

The surplus on transactions with foreign countries, excluding the public authorities' capital transactions and the Government's transfer transactions with such countries, rose from Fr. 2.5 billion for the first nine months of 1961 to Fr. 5.9 billion for the corresponding months of 1962. This rise was due to transactions in goods and services, the net result of which changed between the two periods from a deficit of Fr. 1.3 billion to a surplus of Fr. 4.4 billion.

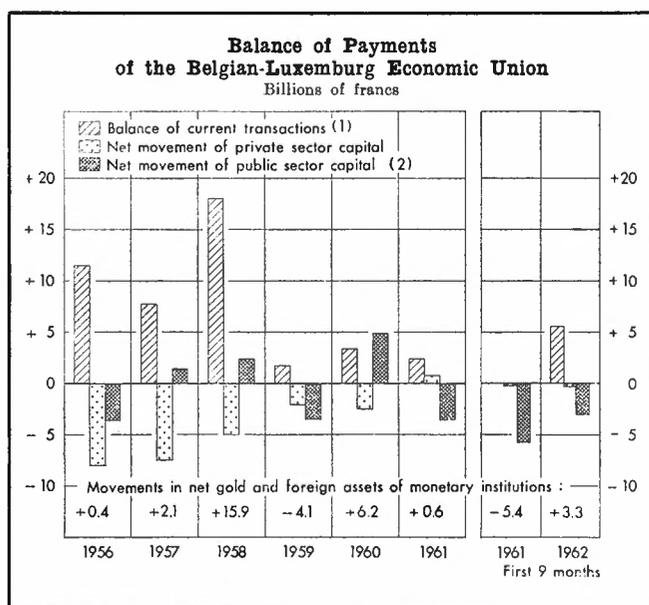
a) Balance of Payments ⁽¹⁾.

The transactions in goods and services had shown a surplus in the second half of 1961 owing to the resumption of exports after the strikes at the beginning of the year, and to the increase in the favourable balance on other transactions in goods and services. That surplus had been Fr. 3.2 billion. It was of the same order of magnitude in the first half of 1962, namely Fr. 3 billion. This stability covers movements in different directions. In the first six months of 1962 imports and exports left a deficit of Fr. 3 billion, against Fr. 1.3 billion in the second half of 1961, but this was offset by an increase in the surplus on other goods transactions, which rose from Fr. 2.4 to 4 billion. Within the transactions in goods and services other than those in goods the Fr. 1.1 billion surplus on investment income in the second half of 1961 gave place to a deficit of Fr. 0.3 billion in the first half of 1962, but this deterioration was neutralised through improvement of the net balance on several other items, especially transport, insurance and public authorities' transactions. In the

⁽¹⁾ See Table 28, p. 108.

third quarter of 1962 the surplus on all transactions in goods and services was Fr. 1.4 billion.

Private transfers yielded a surplus of Fr. 1 billion in the first half of 1962, and one of Fr. 0.2 billion in the third quarter. In the second half of 1961 the surplus had reached Fr. 1.9 billion, but this



(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 provinces, the municipalities and the para-statal organisations concerned with administration, operation and credit.

produced net receipts amounting to Fr. 0.2 billion in the first half of 1962 and to Fr. 1.5 billion in the third quarter. In the first half-year the purchases and sales of securities from and to non-residents, so far as recorded, produced a deficit of Fr. 0.8 billion, that is substantially the same as in the second half of 1961. As against this the private sector's other capital movements, including in particular foreigners' direct investments in the Belgian-Luxemburg Economic Union, yielded a surplus of Fr. 1 billion, or Fr. 1.9 billion less than the previous half-year.

Finally the capital movements under the head of para-statal operating and credit institutions showed net outgoings of Fr. 0.2 billion in the first half of 1962, whereas in the second half of 1961 there had been net receipts of Fr. 1.5 billion.

latter amount included Fr. 1.4 billion of war indemnity payments made by the Federal Republic of Germany; in the first half of 1962 such payments amounted to only Fr. 0.3 billion.

Apart from certain short-term transactions which undergo changes in various directions without real significance, the private sector's capital movements

The various transactions just reviewed, plus some others of less importance, make up the transactions with foreign countries mentioned above as having yielded a surplus of Fr. 5.9 billion in the first nine months of 1962.

The Belgian-Luxemburg Economic Union's balance of payments further includes the capital transactions of the Government, the provinces, the municipalities and the para-statal administrative organisations such as the Road Fund, as well as the Government's transfers. All these transactions together yielded a negative balance of Fr. 1.1 billion in the first half of 1962, and one of Fr. 1.7 billion in the third quarter. The Government's capital transactions, which are the largest, showed for the first nine months of 1962 a deficit of Fr. 3.2 billion. The Belgian franc public debt known to be located abroad increased by Fr. 1 billion, but the Government granted advances to Rwanda and to Burundi and acquired claims on the Congo through servicing that country's debt guaranteed by Belgium, to a total extent of Fr. 1.4 billion, while the foreign-currency public debt located abroad decreased by Fr. 2.8 billion; the total debt in foreign currencies was reduced by Fr. 9 billion, but it is necessary to eliminate the Fr. 6.2 billion contraction in that part of this debt which is located in Belgian banks; since it represents a transaction between residents, this contraction must not be counted in the balance of payments.

b) **Net Gold and Foreign Assets.**

The net result of all the transactions described above corresponds to the movement in the net gold and foreign assets of Belgian and Luxemburg monetary institutions. These assets comprise the gold holding, and the external assets in foreign exchange and in Belgian and Luxemburg francs, less the liabilities in foreign exchange and in Belgian and Luxemburg francs to foreign countries. The National Bank's gold holding and foreign assets largely exceed its foreign liabilities. On the other hand the other monetary institutions as a whole have net liabilities to foreign countries, their liabilities being greater than their assets.

During 1962 the net gold and foreign assets of the National Bank and the other monetary institutions increased by Fr. 4.1 billion in the first half-year, and were reduced by Fr. 0.8 billion in the third quarter, which gives a net increase of Fr. 3.3 billion for the period from December, 1961 to September, 1962; the Fr. 4.1 billion decrease shown during that period by the National Bank's net assets was outweighed by a contraction by Fr. 7.4 billion in the net liabilities of the other monetary institutions. In 1961 the net assets of the National Bank had increased by Fr. 12.1 billion, but this increase had been accompanied by one of Fr. 11.5 billion in the other monetary institutions' net liabilities, so that the total net external assets finally showed an increase of only Fr. 0.6 billion.

While the net assets of the National Bank and the net liabilities of the other monetary institutions thus increased and then decreased on more or less parallel lines, this was due to changes in the Treasury's foreign-currency debt to Belgian banks. In 1961, just as in 1960, the banks had contracted liabilities abroad in order to finance subscriptions for Belgian Treasury Certificates in foreign currencies; since the National Bank bought from the Treasury the proceeds of these subscriptions, its foreign assets had been thereby increased. In 1962 on the other hand the Treasury obtained exchange from the National Bank in order to repay a part of its foreign-currency debt, particularly that to Belgian banks, which by way of counterpart reduced their liabilities to foreign countries.

For the whole year the decrease in the National Bank's net gold and foreign assets reached Fr. 1.7 billion (1). It was accompanied by a change in the structure of those assets. Whereas the gold holding continued to increase, rising from Fr. 62.4 billion at the end of 1961 to Fr. 68.2 billion at the end of 1962, the excess of the other assets over the liabilities decreased by Fr. 7.5 billion. The decrease essentially related to the assets in convertible currencies and to the claim on the International Monetary Fund.

(1) See Table 29, p. 111.

The National Bank holds convertible currencies partly so as to be able if necessary to intervene on the exchange market in order to regularise rates, but mainly with a view to forming the counterpart to undertakings which it has given to deliver foreign currencies against Belgian francs at forward dates. Thus by forward purchases from the National Bank the Treasury covers forthcoming maturities in respect of its foreign-currency debt. In 1962 a part of this debt was repaid, and the relevant forward transactions were liquidated. But during the same period the National Bank contracted fresh forward liabilities. Thus on 20th June, at the request of the Federal Reserve Bank of New York, it effected a swap transaction by which it bought \$ 50 million spot from this latter against Belgian francs and resold them to it forward, likewise against Belgian francs; from August onwards moreover the National Bank resold forward, to Belgian banks, foreign currencies which these same banks had assigned to it spot in order to subscribe for Treasury Certificates in Belgian francs. On balance however the National Bank's forward liabilities were appreciably reduced in 1962, and consequently its assets in convertible currencies were brought down from Fr. 20.4 billion at the end of 1961 to Fr. 12.8 billion a year later.

The part which the National Bank finances in the claim on the International Monetary Fund was reduced from Fr. 8 billion to Fr. 6.7 billion. This part increases when the Fund draws Belgian francs from its holding in order to sell them to member countries; it decreases when the Fund rebuilds its assets with the aid of Belgian francs resold to it by member countries. In 1962 the Fund sold 1 billion Belgian francs to Canada, but it repurchased 2.3 billion from the United Kingdom.

2. TRANSACTIONS WITH THE PUBLIC AUTHORITIES.

In the first nine months of 1962 the monetary institutions' and savings banks' transactions with public authorities, including those in existing public securities, formed the counterpart to an increase of

Fr. 11.7 billion in the money supply and quasi-monetary liquid resources at such institutions ⁽¹⁾. This increase is of the same order of magnitude as that which occurred during the corresponding period of 1961.

Chiefly in connection with the great rise in savings deposits the savings banks increased their claims on the public authorities by Fr. 6 billion, against only Fr. 2.6 billion in the first nine months of 1961.

The monetary institutions' dealings in the market for existing public securities, which dealings do not necessarily benefit the public authorities and in any case do not benefit them directly, plus their direct financing of such authorities caused the creation of money and quasi-monetary liquid assets to the extent of Fr. 5.7 billion as against Fr. 8.3 billion between December, 1960 and September, 1961.

The monetary institutions' dealings in the market for public securities amounted to Fr. 1.5 billion, which is a little more than during the first nine months of 1961 ⁽²⁾. Purchases of public securities by banks formed the main element in these dealings. Despite the easing of the cover requirements at the start of the year the banks continued, in view of their great liquidity, to acquire public securities.

The monetary financing of public authorities, which had amounted to Fr. 7.1 billion during the first nine months of 1961, reached only Fr. 4.2 billion ⁽³⁾. As between the two periods the financing of the Government dropped from Fr. 7.5 to 3.7 billion. This drop was partly due to a certain reduction of the cash deficit resulting from budgetary transactions, but more so to the fact that the said deficit was financed in greater proportion through subscriptions by the public and by non-monetary organisations to the issue of Government securities.

⁽¹⁾ See Table 30, p. 113.

⁽²⁾ See Table 32, p. 115.

⁽³⁾ See Table 31, p. 114.

The monetary institutions' dealings on the market for public securities, and the monetary financing of the public authorities, are reflected in the banks' holding of short-term public securities and of Belgian long-term public securities. This holding rose from Fr. 90.3 billion in December, 1961 to Fr. 92.6 billion in September, 1962. Despite the size of these figures the repayments which the Treasury might have to effect, if bank deposits declined or if the banks' lendings to business and private borrowers increased faster than such deposits, still remain limited. The banks' holding of short-term public securities included Fr. 19.8 billion of Tranche A Treasury Certificates, which at the end of 1962 were converted into long-term bonds. The same holding includes large amounts of Tranche B Treasury Certificates, and of Securities Stabilisation Fund Certificates, changes in the outstanding amount of which affect the cash position of the Securities Stabilisation Fund and not that of the Government. Finally the banks can realise the Belgian medium and long-term public securities in their holding before maturity only by selling them on the market, the equilibrium of which is ensured by the Securities Stabilisation Fund.

a) **Budget.**

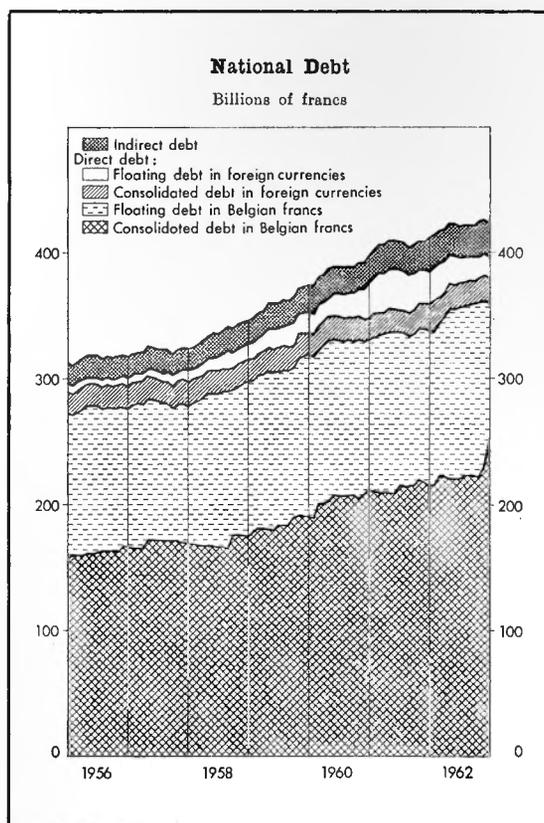
The cash deficit resulting from the Government's budgetary transactions amounted to Fr. 17.4 billion for the first eleven months of the year ⁽¹⁾. In comparison with the corresponding period of 1961 the ordinary receipts increased by Fr. 8 billion, or 7.4 per cent, thanks to the growth of economic activity and to higher rates of tax. But the rise in budgetary expenditure largely absorbed these additional receipts. It amounted to Fr. 3.2 billion in the case of the ordinary and to Fr. 3.6 billion in that of the extraordinary expenditure. As regards ordinary expenditure the adjusted budget for the 1962 financial year shows largely increased appropriations by comparison with 1961, chiefly in respect of national education and culture, of pensions, of

⁽¹⁾ See Table 34, p. 118.

public debt service, of higher expenditure on officials' salaries and of national defence ⁽¹⁾.

b) **National Debt.**

The smaller extent of monetary financing of the Government is reflected in a change of structure in the national debt. Part of the foreign-currency debt, any increase of which always entails creation of money, has been replaced by debt in Belgian francs.



Between December, 1961 and December, 1962 the direct debt in foreign currencies declined from Fr. 47.1 to 37.1 billion ⁽²⁾. The Fr. 10 billion decrease reflects the policy which the Government initiated in 1961, and pursued during the year under report, with a view to reducing the short-term foreign-currency debt of precarious character. Such debt amounted at the end of 1962 to Fr. 12.8 billion, being down by Fr. 9.1 billion since the start of the year and by

Fr. 18.8 billion as compared with the maximum attained in May, 1961.

The direct debt in Belgian francs rose from Fr. 338.4 to 358.6 billion between the end of 1961 and that of 1962. The

⁽¹⁾ See Table 33, p. 115.

⁽²⁾ See Table 35, p. 119.

greatest increase was that of Fr. 14.4 billion ⁽¹⁾ in the consolidated debt, but the medium and short-term debts also increased in some degree, rising respectively by Fr. 3.5 and 2.2 billion ⁽¹⁾ ⁽²⁾ ⁽³⁾.

Altogether the direct national debt rose by Fr. 10.1 billion ⁽²⁾ ⁽³⁾ in 1962 as against Fr. 14.1 billion ⁽²⁾ in 1961.

For the 1963 financial year the Government has presented to Parliament an ordinary budget balancing at the level of Fr. 140 billion ⁽⁴⁾. One assumption on which this budget is based is that the favourable economic trend will continue; it is assumed that the gross national product will grow by 3 per cent in volume and by 5 per cent at current prices. It is accordingly expected that the receipts will be above their level for the previous financial year by Fr. 8 billion. Direct taxes are being partly collected in 1963 according to the arrangements laid down by the Law of 20th November, 1962, which reformed the income taxes and in particular substituted an overall tax on total income for the three separate taxes which, under previous legislation, applied respectively to earned income, to income from land and buildings and to that from investments.

The ordinary budget being in balance according to the estimates, the extent of borrowing in 1963 will depend on execution of the extraordinary budget, on out-payments by the Road Fund and on certain items of extra-budgetary expenditure. These transactions would leave, to be financed by borrowing, a deficit which may be put at some Fr. 25 billion. Since the 1963 budget provides for repayments amounting to Fr. 10.3 billion, the direct and indirect public debt should increase by Fr. 14 or 15 billion in the course of this year.

⁽¹⁾ Apart from the effect produced by the conversion in December, 1962 of the Fr. 19.8 billion of Tranche A Treasury Certificates held by the banks into non-negotiable bonds of a new consolidated loan.

⁽²⁾ Apart from movements in Treasury Certificates held by the International Monetary Fund, which movements do not affect the Treasury because the National Bank receives the proceeds of the issues and meets the repayments.

⁽³⁾ Apart from the repayment in October, 1962 of Fr. 1.2 billion of Treasury Certificates held by the Bank of Issue (in liquidation), which repayment did not affect the Treasury because the proceeds of it were paid into the latter.

⁽⁴⁾ See Table 33, p. 115.

3. TRANSACTIONS WITH THE BUSINESS AND PRIVATE SECTOR.

During the first nine months of 1962 the increase of the money supply and quasi-monetary liquid resources at banks and savings banks had a particularly large counterpart in the increase, by Fr. 13.3 billion as against Fr. 6 billion in the corresponding period of 1961, in the credits which were granted to business and private borrowers resident in Belgium and were financed by those institutions ⁽¹⁾.

These figures take no account of the credits which were originally granted by banks, but were afterwards taken over by non-monetary organisations other than savings banks. The total credits originally granted by monetary institutions and savings banks, whether or not financed by such institutions, increased during the first three quarters of 1962 by Fr. 9.5 billion as against Fr. 8.7 billion in the corresponding period of 1961. The 1962 increase of Fr. 9.5 billion includes credits originally granted by savings banks to the extent of Fr. 6 billion, and by monetary institutions to that of Fr. 3.5 billion.

The increase of Fr. 3.5 billion in the case of monetary institutions compares with one of Fr. 4.3 billion in the corresponding quarters of 1961 ⁽²⁾. These figures under-estimate the extent of the expansion, however, since they are affected by the seasonal contraction which normally follows the end of December. To eliminate that influence it is necessary to consider periods of a duration equal to one year. Between September, 1961 and September, 1962 the increase was Fr. 9.1 billion against Fr. 9.7 billion in the preceding twelve months. During the 1951-1960 decade the largest annual increase, that in 1956, had been only Fr. 6.4 billion.

It follows from the foregoing that the amount of fresh bank credit taken by business and private customers resident in Belgium almost reached, in 1962, the same extremely high level as in 1961.

⁽¹⁾ See Table 36, p. 122.

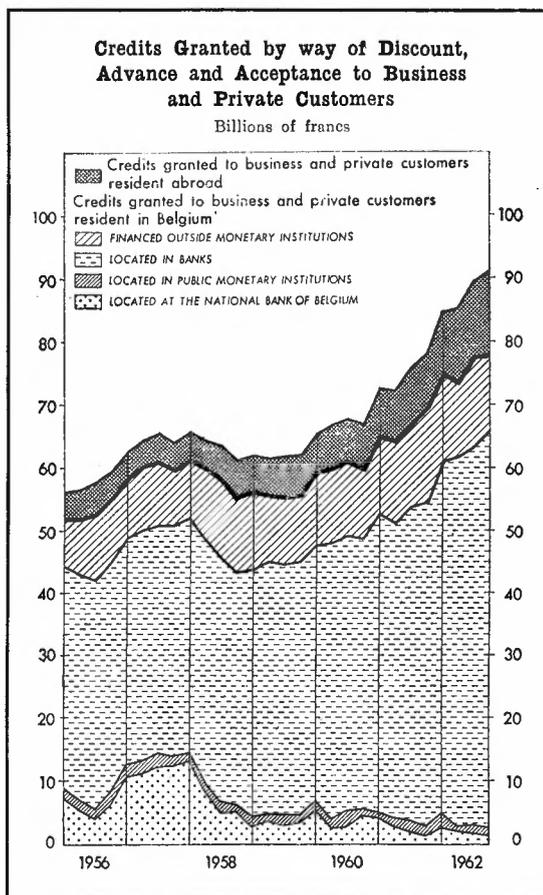
⁽²⁾ See Table 37, p. 123.

Although greatly increased in amount, the credits originally granted by monetary institutions to business and private customers were financed without difficulty. When the methods used for this financing are examined, allowance must be made for the lendings to non-residents as well as those to residents. These two kinds of lending in fact often assume a similar form, for instance that of Belgian franc bank acceptances or that of advances.

During the first nine months of 1962 the increase in credits originally granted by monetary institutions to business and private customers resident in Belgium and abroad was Fr. 6.7 billion as against Fr. 5.9 billion in the corresponding period of 1961.

At Fr. 11.1 billion the increase in that part of these credits which is located in

the banks was much greater ⁽¹⁾. Its size is explained by rapid expansion of the banks' means of action, by terminating of the requirements as to cash holdings, and by easing of those regarding cover following the measures adopted at the end of 1961, as well as by the limitation placed on issue of public securities including certificates of the Securities Stabilisation Fund. One of the ways in which the banks increased their share in the financing of credits granted to business and private borrowers was to keep in their own



⁽¹⁾ See Table 38, p. 124.

holdings, instead of rediscounting them at or through the Rediscount and Guarantee Institute, a higher proportion of their own acceptances; thus between the end of 1961 and September, 1962 their holding of bank acceptances representing imports rose from Fr. 2.1 to 5.1 billion, and that of bank acceptances representing exports from Fr. 0.6 to 2.1 billion.

Since the credits granted to business and private borrowers and located in the banks rose by Fr. 11.1 billion, while the total increase in such credits was Fr. 6.7 billion, the part located outside the banks decreased by Fr. 4.4 billion during the first nine months of 1962. This decrease occurred to the extent of Fr. 2.8 billion at the Rediscount and Guarantee Institute, and to that of Fr. 2.5 billion at the National Bank.

Between the end of 1961 and September, 1962 the part of its commercial portfolio which the Rediscount and Guarantee Institute finances with its own resources, or by borrowing money at very short term, declined by Fr. 2.8 billion ⁽¹⁾. During the same period the Institute's total portfolio, including the part financed through rediscount at the National Bank, was reduced by Fr. 4.5 billion; the extent of this reduction is explained by the fact that, for the reasons already stated, the banks rediscounted at the Institute a smaller proportion of their acceptances; nevertheless the end-of-year maturity caused the Institute's bill holding to rise to a level higher by Fr. 2 billion than that of December, 1961. During the first months of the year the supply in general exceeded the demand on the market for money at very short term, and the Institute had to finance its holding by rediscount at the National Bank only on rare occasions; the position changed in June, and from then onwards the Institute resorted to the National Bank for long periods; its borrowings there were quite large during the seasonal tightness of the money market in July and at the beginning of August, but for most of the rest of the time they were relatively moderate, although at the end of December they reached Fr. 6.5 billion.

(1) See Table 39, p. 125.

During the first three quarters of 1962 the credits granted to business and private customers and located at the National Bank declined by Fr. 2.5 billion ⁽¹⁾. In the course of the year the amount outstanding was generally at very low levels of the order of Fr. 2 billion; it temporarily increased at the times when the Rediscount and Guarantee Institute financed a large part of its holding through rediscount at the National Bank. On the approach of the annual maturity the credits located in the National Bank greatly increased, and on 31st December their outstanding amount was greater by Fr. 5 billion than at the end of 1961.

C. Market for Money at Very Short Term ⁽²⁾.

On the market for money at very short term the total amount of funds negotiated, which had greatly risen after the reform of that market in November, 1959, declined in 1962. Its daily average reached only Fr. 4.1 billion, against Fr. 5.8 billion in 1961 and Fr. 5.1 billion in 1960. This contraction is attributable to a number of factors.

In the first place the banks reduced their contributions of money at very short term following abolition of the cash ratio as part of the money market reform on 1st January, 1962. This factor influenced the supply of money throughout the year.

During the first months moreover the volume of transactions felt the effect of weakness in the demand for money at very short term, particularly on the part of the Rediscount and Guarantee Institute, whose bill holding had been greatly reduced as already explained. Up till May the supply accordingly often exceeded the demand, which caused refusals of money and brought rates down to very low levels. During this first period the lendings by the

⁽¹⁾ See Table 40, p. 127.

⁽²⁾ See Table 41, p. 128.

Securities Stabilisation Fund in connection with its role as market regulating institution remained relatively limited.

Between June and October the Securities Stabilisation Fund had to intervene more on the market for money at very short term. The extent of its dealings was influenced by the means of action available to it. These means were affected by the reduction, as compared with the maxima attained in the last months of 1961, in the outstanding amount of certificates issued by the Fund; from August onwards they were partly used for purchases on the short-term public security market, which the Fund also regulates. This contributed towards limiting the amount of money dealings on the very short-term money market, and to raising the rates there to levels appreciably higher than during the first five months of the year.

In November the market was disturbed by the issue of the Government loan. The banks, which temporarily held the proceeds of subscriptions to that loan, increased their offerings and reduced their demand. Rates fell away, and certain amounts of money were refused. But when on the last day of the month the banks transferred the balance of the subscriptions collected by them the market suddenly tightened, and the closing rate reached a peak of 4.40 per cent.

In December the tightness eased, bringing rates down to relatively low levels about the middle of the month. Afterwards further tension occurred under the influence of the end-of-year maturity.

D. Issues and Borrowings at Medium and Long Term.

The rapid formation of savings, and the liquidity of financial intermediaries, permitted the issue of a large amount of securities on the domestic capital market in 1962.

In the first half-year the public sector's long and medium-term net issues in Belgian francs, including issues on tap, amounted to

Fr. 14.8 billion against Fr. 9.8 billion in the first half of 1961. In these totals the net issues by the Government account for Fr. 6 and 3.3 billion respectively.

The net issues of Belgian trading and industrial companies' shares and bonds reached Fr. 3.3 billion in the January-April period of 1962 against Fr. 1.1 billion in the corresponding period of 1961.

During the first eleven months of the year the outstanding amount of bonds and medium-term notes issued by banks showed an increase of Fr. 2.5 billion against one of only Fr. 1 billion between December, 1960 and November, 1961.

The outstanding amount of bonds and medium-term notes issued by savings banks rose by Fr. 0.7 billion in the first three quarters of 1962. The increase in the corresponding quarters of 1961 had been only Fr. 0.4 billion.

In the sphere of long-term lendings the mortgage registrations, calculated on the basis of the dues collected, amounted to Fr. 33 billion in the first eleven months of 1962 against Fr. 30.6 billion in the corresponding period of 1961.

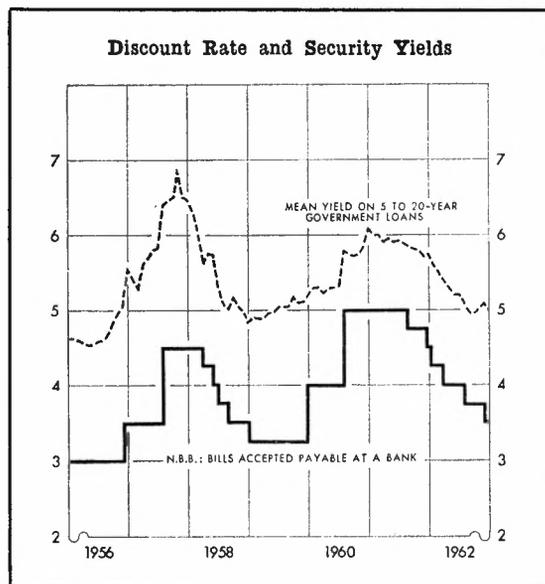
E. Interest Rates ⁽¹⁾.

Owing to the abundance of funds in the markets and the limitation on the issue of public short-term securities, especially certificates of the Securities Stabilisation Fund, there was a general continuance until August of the downward movement which had begun during 1961 in interest rates, of which a greater number have been freely formed since the money market reform of 1st January, 1962. After August certain rates slightly recovered, one reason

⁽¹⁾ See Table 42, p. 129.

being that the demand for short-term public securities on the part of the banks and para-statal credit institutions was smaller.

The National Bank sustained the downward movement by continuing to reduce its own rates. It lowered its discount rate for bills accepted payable at a bank from 4.50 to 4.25 per cent on 18th January, 1962, and then successively to 4 per cent on 22nd March, 3.75 per cent on 9th August and 3.50 per cent on 6th December.



The mean yield on Government loans with between 5 and 20 years still to run, which yield had been falling since the start of 1961, dropped from 5.74 per cent at the beginning of 1962 to 4.96 per cent twelve months later. Parallel with this movement the average yield on issue of the consolidated

loans issued by the Government during 1962 declined from 5.54 per cent for the loan in February to 5.26 per cent for that in June-July, and to 5.08 per cent for the one in November.

Between the end of 1961 and the end of August, 1962 the rate for certificates of the Securities Stabilisation Fund and for Tranche B Treasury Certificates, which since the beginning of 1962 has been determined through weekly tenders instead of being linked to the National Bank's discount rate, fell from 4.25 to 3.15 per cent partly under the influence of the limitation on the issue of such certificates. At the end of the year it stood at 3.30 per cent.

The rate for 12-month Treasury Certificates, issued by monthly tenders, fell from 4.90 per cent at the beginning of December, 1961

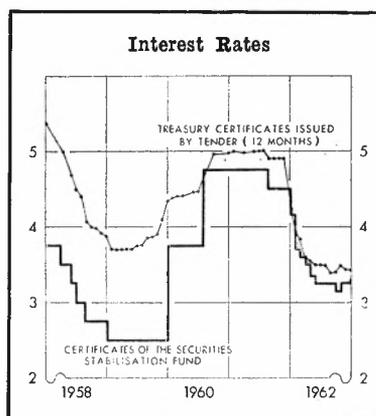
to 3.38 per cent at the beginning of September, 1962 and then rose again to 3.45 per cent at the beginning of January, 1963. The greatest falls took place when the certificates of the Securities Stabilisation Fund ceased to be issued without limit at a rate linked to the National Bank's discount rate, and when this latter rate was reduced.

The National Bank adjusted the rates for very short-term Treasury Certificates to the market conditions. At the end of August the certificates at 3 months were issued at a rate of 2.90 per cent against 4 per cent at the end of the preceding year. From October onwards a slightly higher rate was applied.

The banks reduced the rates which they pay on Belgian franc deposits at fixed periods and at notice. The reductions occurred at the times when the National Bank's discount rate was lowered. Thus the rate for 3-month time deposits was brought down from 3.15 per cent at the end of 1961 to 2.50 per cent a year later.

The rate of interest paid on savings deposits collected by the General Savings Fund, the private savings banks, the banks and the Belgian Municipal Credit Institution was not changed in 1962, but was reduced by 0.25 per cent with effect from 1st January, 1963.

The decline of short-term interest rates was more marked than that of yields on the medium and long-term capital market. Thus the gap between these two types of rate widened in 1962. At the beginning of 1963 the difference between the yield on Government 5 to 20-year loans and the rate for 4-month certificates of the Securities Stabilisation Fund was 1.66 per cent as against 1.49 per cent a year earlier and 1.32 per cent at the beginning of 1961.



F. Market for Dividend-Bearing Securities ⁽¹⁾.

The index representing cash quotations for dividend-bearing securities stood at a level definitely higher between January and May, 1962 than during the later months of the year. Between the two periods the fall amounted to about 7 per cent. It chiefly reflects the somewhat attenuated effects produced on the Belgian market by the sharp fall which occurred on the New York Stock Exchange on 28th May. It was most felt by shares of the chemical industries and of companies concerned with trade and services. On the other hand the shares of the coal mines, and of electricity and gas undertakings, were virtually unaffected by the fall in prices.

For the first five months of the year the total dealings on the cash market were of the same order of magnitude as in 1961 at an average of Fr. 1.1 billion per month. After the decline in New York the market contracted, and the monthly amount of dealings averaged only Fr. 0.8 billion.

⁽¹⁾ See Table 43, p. 131.

V. STATISTICAL ANNEXES AND TECHNICAL COMMENTS

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Table 1.

ENERGY

Sources : Ministry for Economic Affairs and Energy — Ministry of Finance (Excise Department).

Monthly Averages	Mining of Coal		Electricity	Petroleum Refineries			
	Production (thousands of tons)	Output per man-day of underground and surface workers actually at work (kg)		Total production (millions of kWh)	Input of crude petroleum	Production	
			Light oils			Other oils used for fuel	
					(millions of litres)		(thousands of tons)
1953	2,505	766	799	308	79	112	66
1957	2,424	838	1,051	519	130	173	104
1961	1,794	1,090	1,247	769	169	256	136
1962	(p)1,767						
1961 2nd quarter	1,913	1,104	1,199	769	181	279	130
3rd »	1,656	1,074	1,189	836	178	253	158
4th »	1,844	1,110	1,406	759	164	233	136
1962 1st quarter	1,790	1,119	1,378	778	164	274	123
2nd »	1,801	1,148	1,274	854	184	277	151
3rd »	1,615	1,145	1,253	805	185	244	129
October	(p)1,924	1,169	1,541	895	199	284	85
November	(p)1,913	(p)1,196	1,555	861	161	291	107
December	(p)1,749						

(p) Provisional figures.

(1) From 1959 the number of litres converted to weight at the rate of 1 litre = 840 gr.

Table 2.

BASIC METALLURGY

Sources : National Statistical Institute (Exports : N.B.B. classification) — Union of Non-ferrous Metal Industries.

Monthly Averages	Steel				Non-ferrous metals				
	Production		Exports		Production (thousands of tons)				
	Crude steel	Finished steel	Thou- sands of tons (1)	Billions of francs (1)	Raw products				Semi- finished products
					Copper	Zinc	Lead	Tin	
(thousands of tons)									
1953	369	280	344	1.90	12.5	16.1	6.4	0.82	12.8
1957	523	371	472	3.14	12.7	19.6	8.3	0.79	16.2
1961	584	405	549	3.11	18.5	20.5	8.3	0.54	22.5
1962	(p)612								
1961 2nd quarter	649	440	590	3.37	18.2	21.9	6.8	0.49	24.4
3rd »	614	403	561	3.16	15.7	20.8	8.5	0.52	20.6
4th »	594	437	558	3.13	19.3	19.6	10.3	0.69	23.5
1962 1st quarter	622	463	589	3.28	19.8	18.1	6.4	0.85	21.9
2nd »	626	458	611	3.36	15.9	17.2	7.1	0.74	22.5
3rd »	(p)590	(p)423	563	3.03	15.8	16.4	7.3	0.65	21.4
October ...	(p)603	(p)468			20.6(3)	16.6(3)	8.8(3)	0.68(3)	23.4
November .	609(2)								
December .	622(2)								

(p) Provisional figures.

(1) From 1961 : new series.

(2) Estimate.

(3) Moving quarterly averages.

Table 3.

METAL MANUFACTURES

Sources : Economic, Social and Political Research Institute — National Statistical Institute — Fabr metál.

Monthly Averages	Production indices (basis 1958 = 100)	Orders booked	Deliveries to	
			External markets	Internal market
(millions of francs)				
1953	100	4,195	1,639	3,048
1957	135	6,134	2,366	4,267
1961	150	9,189	3,258	4,835
1961 2nd quarter	160	9,981	3,209	5,023
3rd »	141	7,948	3,254	4,718
4th »	159	10,637	3,527	5,145
1962 1st quarter (p)	156	9,568	3,693	5,027
2nd » (p)	163	8,948	3,815	5,049
3rd » (p)	150	8,322	3,495	5,006

(p) Provisional figures.

Table 4.

BUILDING MATERIALS

Production

Source : National Statistical Institute.

Monthly Averages	Ordinary bricks (millions)	Cement (thousands of tons)	Sheet and plate glass (Index : basis 1953 = 100)
1953	172	386	100
1957	187	392	130
1961	177	396	184
1961 2nd quarter	198	460	169
3rd »	215	459	178
4th »	187	370	211
1962 1st quarter	119	301	220
2nd »	176	459	213
3rd »	209	452	203
October	(p)225	488	(p)222
November		392	

(p) Provisional figures.

Table 5.

CHEMICAL INDUSTRIES

Sources : Economic, Social and Political Research Institute — National Statistical Institute.

Period	Production indices (basis 1958 = 100)	Exports (monthly averages in millions of francs)			
		Products of the chemical and allied industries			Plastic materials and rubber
		Fertilisers	Others	Total	
1957	136	463	583	1,046	n.a.
1961	195	429	755	1,184	205
1961 2nd quarter	202	422	779	1,201	217
3rd »	191	410	742	1,152	188
4th »	211	405	780	1,185	216
1962 1st quarter	226	482	825	1,307	231
2nd »	226	373	881	1,254	254
3rd »	(p)229	449	711	1,160	235
October				(p)1,312	(p)299

(p) Provisional figures.
n.a. Figures not available.

TEXTILE INDUSTRIES

Table 6.

Woollen Industry

Source : National Statistical Institute.

Monthly Averages	Production		Production indices (basis 1958 = 100)		
	Washing and carbonising (tons)	Combed sliver (tons)	Spinners		Weavers
			Carded wool	Combed wool	
1953	1,671	1,632	100	100	100
1957	2,001	1,965	125	127	124
1961	2,161	2,186	120	162	138
1961 2nd quarter	2,438	2,298	121	164	136
3rd »	1,985	1,935	112	139	129
4th »	2,038	2,270	125	176	158
1962 1st quarter	2,095	2,394	128	179	149
2nd »	2,299	2,349	129	173	149
3rd »	2,002	2,145	116	159	128

Table 7.

Cotton, Linen, Rayon and Jute Industries

Source : National Statistical Institute.

Monthly Averages	Production indices (basis 1953 = 100)							
	Cotton		Linen		Rayon		Jute	
	Fine cotton spinners	Weavers	Spinners (flax and hemp)	Weavers	Spinners	Weavers of rayon and rayon fibres	Spinners	Weavers
1957	115	127	115	102	127	150	96	80
1961	111	122	141	105	124	189	88	64
1961 2nd quarter	112	123	147	108	123	178	86	61
3rd »	103	113	130	100	121	169	76	57
4th »	116	126	141	110	138	220	93	69
1962 1st quarter	103	121	138	110	135	223	108	75
2nd »	96	117	142	115	133	227	106	78
3rd »	95	109	123	109	124	224	99	72

Table 8.

Knitwear and Ready-Made Clothing

Source : National Statistical Institute.

Monthly Averages	Production indices (basis 1953 = 100)	
	Knitwear	Ready-made clothing
1957	134	104
1961	164	106
1961 2nd quarter	158	112
3rd »	159	98
4th »	171	106
1962 1st quarter	165	108
2nd »	164	110
3rd »	(p)162	95
October		(p) 99

(p) Provisional figures.

Table 9. External Trade in Textile Products
(monthly averages — millions of francs)

Source : National Statistical Institute. Calculations by the National Bank of Belgium.

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
1961 (1)	1,472	610	1,123	1,432
1961 (1) 2nd quarter	1,433	575	1,173	1,363
3rd »	1,283	601	1,040	1,384
4th »	1,527	583	1,194	1,566
1962 1st quarter	1,683	696	1,239	1,663
2nd »	1,567	601	1,289	1,610

(1) New series.

AGRICULTURE

Table 10. Agricultural Production
(thousands of tons)

Sources : National Statistical Institute — Ministry of Agriculture.

Description	1953	1961	1962 (p)
<i>Vegetable Products :</i>			
Wheat	560	722	835
Other grains	997	992	1,059
Sugar beet	2,389	2,703	1,969
Flax (linseed and straw)	193	196	231
Chicory	34	60	37
Potatoes	1,919	1,789	1,872
<i>Animal Products :</i>			
Milk and cream delivered to dairies (million of litres) (1)	n.a.	2,096	2,109
Slaughterings (net weight of meat) (2) ...	276	314	337

n.a. Figures not available.

(1) First ten months.

(2) First nine months.

Table 11. Farm Livestock
(thousands of head)

Source : National Statistical Institute.

Category	15th May, 1959	15th May, 1960	15th May, 1961	15th May, 1962
Farm horses	170	159	148	141
Horned cattle	2,643	2,690	2,728	2,832
of which : cows	1,012	1,021	1,025	1,051
Pigs	1,427	1,726	1,772	2,053

Table 12.

TRANSPORT

Sources : Belgian National Railways Company — National Statistical Institute.

Monthly Averages	Bulk goods carried by rail		International sea-borne traffic at the Port of Antwerp (thousands of metric tons)	
	Thousands of tons carried	Millions of ton-kilometres	Incoming goods	Outgoing goods
1953	5,150	477	1,201	1,147
1957	5,558	548	1,828	1,227
1961	5,115	538	1,936	1,285
1961 2nd quarter	5,360	557	1,960	1,275
3rd »	5,153	543	2,019	1,295
4th »	5,534	584	2,090	1,408
1962 1st quarter	5,130	536	2,005	1,427
2nd »	5,232	545	2,322	1,359
3rd »	4,897	505	2,118 ⁽¹⁾	1,119 ⁽¹⁾
October	5,648	567		

(1) Average July-August.

Table 13.

AVERAGE DAILY NUMBER OF REGISTERED UNEMPLOYED ⁽¹⁾

(thousands)

Source : National Employment Office.

Daily Averages	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
1961	93	33	126	65	23	88	28	10	38
1962	59	26	85	30	17	47	29	9	38
1961 2nd quarter	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
1962 1st quarter	106	35	141	52	23	75	54	12	66
2nd »	38	26	64	26	16	42	12	10	22
3rd »	32	20	52	21	13	34	11	7	18
4th »	66	24	90	25	15	40	41	9	50

(1) Since February, 1962 the figures have no longer taken account of unemployed persons who are exempt from municipal control in pursuance of the Ministerial Decree of 29th December, 1961.

PRICES

Table 14.

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	106.3	98.7	108.3	105.6	109.2	109.2
1961	102.4	94.3	104.5	100.2	103.0	108.5
1961 2nd quarter	102.1	91.4	105.0	101.0	103.2	108.8
3rd »	101.9	94.3	103.9	99.1	102.8	107.8
4th »	102.6	98.2	103.7	98.3	102.6	107.9
1962 1st quarter	103.4	100.7	104.1	98.1	103.4	108.5
2nd »	103.6	103.4	103.7	97.6	102.9	108.2
3rd »	102.1	96.9	103.4	96.6	103.0	108.4
October	103.0	99.9	103.7	97.0	103.1	109.0
November	103.4	101.6	103.9	97.0	102.9	109.4

Table 15.

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
1961	111.06	110.5	107.4	125.7
1962	112.62	112.5	108.3	128.5
1961 2nd quarter	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
1962 1st quarter	111.56	110.8	107.9	127.5
2nd »	113.36	114.1	107.9	127.8
3rd »	112.77	112.7	108.3	128.1
4th »	112.80	112.1	108.9	130.5

EXTERNAL TRADE

Table 16.

Balance of Trade of the Belgian-Luxemburg Economic Union

(billions of francs)

Source : National Statistical Institute.

Monthly Averages	Imports c.i.f.	Exports f.o.b.	Balance of trade	Proportion of exports to imports (p.c.)
1953	10.1	9.4	- 0.7	93
1957	14.3	13.3	- 1.0	93
1961	17.6	16.4	- 1.2	93
1961 2nd quarter	17.5	16.8	- 0.7	96
3rd »	16.5	16.0	- 0.5	97
4th »	18.5	17.3	- 1.2	94
1962 1st quarter	18.5	18.2	- 0.3	98
2nd »	19.1	18.2	- 0.9	95
3rd »	17.6	17.0	- 0.6	97
October (p)	20.8	20.0	- 0.8	96
November (p)	18.8	18.9	+ 0.1	100

(p) Provisional figures.

Table 17.

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	102.0	104.8	102.7
1961 (1)	171.0	169.3	97.3	96.4	99.2
1961 (1) 2nd quarter (p)	171.1	173.2	97.8	96.4	98.6
3rd » (p)	161.9	165.4	97.2	96.7	99.5
4th » (p)	179.5	179.6	98.1	95.3	97.1
1962 1st quarter (p)	179.7	190.1	97.7	95.7	98.0
2nd » (p)	186.0	191.9	97.4	95.5	98.0

(p) Provisional figures.

(1) New series.

Table 18.

Classification of Exports

(monthly averages - millions of francs)

Source : National Statistical Institute. Calculations by the National Bank of Belgium.

Principal Products	1958	1957	1961	1962 (first 9 months)
Steel products	1,902	3,142	3,106	3,223
Metal manufactures	1,720	2,455	3,771	4,339
Non-ferrous metals	900	954	1,339	1,342
Textiles and clothing	1,810	2,203	2,555	2,840
Chemical products	741	1,009	1,221	1,288
Solid fuels	347	492	223	224
Diamonds	290	515	796	816
Foodstuffs	275	256	361	406
Mineral oils	251	443	431	481
Agricultural products	192	284	508	593
Glass	184	294	449	516
Paper and books	106	207	303	350
Hides and leather	100	105	188	201
Cement	95	91	71	68
Products of quarrying	55	81	104	119
Rubber	52	78	96	104
Timber and furniture	44	93	181	235
Ceramics	22	30	56	51
Materials based on cement and plaster (1)	—	—	86	92
Tobacco	9	21	46	47
Sundries	319	522	461	468
Grand total ...	9,414	13,275	16,352	17,803

(1) New item as from 1960.

Table 19.

**Imports broken down as between the Main Sections of the
Standard Classification for International Trade**

(monthly averages - millions of francs)

Source : National Statistical Institute.

Category	1958	1957	1961	1962 (first 9 months)
Raw materials and fuels (Sections 2 and 3) ...	3,366	5,001	5,140	5,012
of which : wool	667	741	653	716
cotton	320	349	277	219
iron ore	292	385	446	437
non-ferrous metal ores	269	321	349	217
solid fuels	340	717	683	688
mineral oils (crude petroleum) ...	308	643	623	622
Foodstuffs (Sections 0 and 1)	1,812	1,998	2,114	2,259
Manufactured goods (Sections 5, 6, 7 and 8) ...	4,717	7,135	10,167	10,954
of which : base metals	820	1,156	1,713	1,847
machinery and electrical apparatus	1,076	1,550	2,316	2,650
means of transport	546	879	1,544	1,687
textiles (semi-finished and finished products)	470	684	944	983
chemical products	502	837	1,097	1,146
Sundries (Sections 4 and 9)	199	168	158	163
Total ...	10,094	14,302	17,579	18,388

Table 20.

Geographical Distribution of External Trade

Source : National Statistical Institute. Calculations by the National Bank of Belgium.

Area	Imports c.i.f.			Exports f.o.b.		
	1958	1961	1962 (first 9 months)	1958	1961	1962 (first 9 months)
A. Values : (monthly averages - millions of francs)						
European Economic Community ...	3,895	8,898	9,399	3,617	8,706	9,888
of which : Netherlands	1,385	2,692	2,718	1,677	3,828	4,025
Federal Germany (1)	1,239	3,136	3,467	876	2,513	3,055
France (1)	1,117	2,588	2,659	755	1,839	2,138
Sterling Area	1,912	2,275	2,620	1,293	1,667	1,599
of which : United Kingdom ...	913	1,326	1,490	732	860	871
United States and Canada	1,279	1,785	2,041	1,090	1,688	1,974
Latin America (2)	773	717	820	371	618	603
Republic of the Congo and Rwan- da-Burundi	755	962	780	551	194	227
Eastern Europe	244	565	561	378	555	525
Other countries	1,236	2,377	2,167	2,114	2,924	2,987
Total ...	10,094	17,579	18,388	9,414	16,352	17,803
B. In per cent of Total Values :						
European Economic Community ...	38.6	50.6	51.1	38.4	53.2	55.5
of which : Netherlands	13.7	15.3	14.8	17.8	23.4	22.6
Federal Germany (1)	12.3	17.8	18.9	9.3	15.4	17.2
France (1)	11.1	14.7	14.5	8.0	11.2	12.0
Sterling Area	18.9	12.9	14.2	13.7	10.2	9.0
of which : United Kingdom ...	9.0	7.5	8.1	7.8	5.3	4.9
United States and Canada	12.7	10.2	11.1	11.6	10.3	11.1
Latin America (2)	7.7	4.1	4.5	3.9	3.8	3.4
Republic of the Congo and Rwan- da-Burundi	7.5	5.5	4.2	5.9	1.2	1.3
Eastern Europe	2.4	3.2	3.1	4.0	3.4	2.9
Other countries	12.2	13.5	11.8	22.5	17.9	16.8
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.

(21)

Table 21.

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

(billions of francs)

At end of	Money Supply		Quasi-Monetary Liquid Resources	Total
	Notes and Coin (1)	Sight Deposits (2)			(3)	(4)
1959 December	121.3	95.0	142.0	358.3
1960 December	126.8	93.6	153.8	374.2
1961 December	132.2	105.2	172.9	410.3
1960 September	123.6	90.6	148.9	363.1
1961 September	129.2	99.4	164.5	393.1
1962 September	136.7	110.0	(p) 187.6	(p) 434.3

(p) Provisional figures.

In principle Table 21 records only the balances of Belgian residents. In practice the assets 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 of this Table. From August, 1960 onwards it has however been possible to eliminate a part of the Congo residents' balances included in sight deposits and in quasi-monetary liquid resources.

Column (1), « Notes and Coin » : Notes of the National Bank of Belgium, Treasury notes and coin, less amounts held by the monetary institutions mentioned in the following description of what is contained in Column (2).

Column (2), « Sight Deposits » : Belgian franc balances at sight and at not more than one month 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 balances of these monetary institutions themselves and of the Securities Stabilisation Fund.

Column (3), « Quasi-Monetary Liquid Resources » : Credit balances of the Treasury at the National Bank of Belgium, deposits at banks in foreign currencies, deposits at banks in Belgian francs at more than one month and on deposit and savings books, deposits on savings books and on current account at the General Savings Fund, savings and deposit accounts at private savings banks.

(22)

Table 22 breaks down Column (1) « Notes and Coin » in Table 21.

Table 22.

Notes and Coin

(billions of francs)

At end of	Notes of N.B.B. (1)	Treasury Notes and Coin (2)	Total (3)
1959 December	118.3	4.9	121.3
1960 November	118.9	5.1	121.7
December	124.1	5.2	126.8
1961 November	125.6	5.4	128.7
December	129.1	5.5	132.2
1962 January	125.7	5.4	128.8
February	126.8	5.4	129.8
March	127.9	5.4	131.0
April	129.5	5.5	132.5
May	130.0	5.5	132.9
June	132.1	5.6	135.3
July	133.2	5.7	136.2
August	133.2	5.7	136.5
September	133.2	5.7	136.7
October	134.5	5.7	137.9
November	134.0	5.7	137.5
December	138.5	5.8	

The amounts held by monetary institutions are not included in the notes and coin. In the case of monetary institutions other than the National Bank of Belgium it is not known, however, how these amounts are distributed between notes of the National Bank on the one hand and Treasury notes and coin on the other. For this reason it has been impossible to eliminate the amounts held by such institutions either from Column (1) « Notes of N.B.B. » or from Column (2) « Treasury Notes and Coin », the total of which is accordingly pro tanto greater than Column (3) « Total ».

(23)

Table 23 breaks down Column (2) « Sight Deposits » in Table 21.

Column (1), « Sight Deposits held by the Treasury, Provinces and Municipalities » : The increases at the end of each quarter arise from the fact that at these times certain Treasury accounting officers receive the funds which they need for making payments at the start of the following month. The December, 1960 figure is abnormally low owing to the disorganisation caused by the strikes; in the absence of these it would probably have been between Fr. 8 and 9 billion.

Columns (2) to (5), « Sight Deposits held by Business and Private Customers » : In principle the figures in these columns comprise only the balances of Belgian residents; in practice the assets of Luxemburg and Congo residents cannot in general

Table 23.

Sight Deposits

(billions of francs)

At end of	Held by the Treasury, Provinces and Municipalities (1)	Held by Business and Private Customers				Total (6)
		at the National Bank of Belgium (2)	at the Postal Cheque Office (3)	at Banks and Para-statal Establishments (4)	Total (5)	
1959 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	0.7	26.9	58.7	86.3	93.6
1961 November	8.2	0.4	27.3	64.7	92.4	100.6
December	10.0	0.6	27.9	66.7	95.2	105.2
1962 January	7.9	0.5	29.0	64.9	94.4	102.3
February	8.1	0.5	28.8	64.5	93.8	101.9
March	9.5	0.4	27.8	67.6	95.8	105.3
April	7.7	0.4	29.3	66.6	96.3	104.0
May	8.9	0.4	29.0	69.1	98.5	107.4
June	10.4	0.4	29.1	69.8	99.3	109.7
July	9.8	0.4	30.5	67.6	98.5	108.3
August	8.7	0.4	29.0	67.5	96.9	105.6
September	11.0	0.4	29.3	69.3	99.0	110.0
October	8.6	0.4	30.2	69.5	100.1	108.7
November	8.4	0.3	29.5	71.1	100.9	109.3

be separated from those of Belgian residents, and are therefore in great part included in these figures; from August, 1960 onwards it has however been possible to eliminate a part of the Congo residents' deposits in banks. The figures in these columns exclude the balances of monetary institutions and of the Securities Stabilisation Fund, but include those of certain para-statal administrative organisations. In conformity with the principles just stated the figures in Column (3) « Sight Deposits held by Business and Private Customers at the Postal Cheque Office » include neither the balances of international institutions nor those of banks; nor do they include the balance held by the National Bank of Belgium for account of the Minister of National Education and Culture.

(24)

The aggregate amounts of the payments effected by means of bank deposits at sight and of balances at the Postal Cheque Office are approximations given by the total of the debits in account, including those in accounts belonging to foreigners.

Column (1), « Total Amount of Payments Effected through Sight Deposits at Banks » : The record covers the transactions at the eight principal banks.

Column (2), « Total Amount of Payments Effected through Balances at Postal Cheque Office » : Account has been taken of the debit entries on postal cheque accounts of individuals and of the Treasury's extraordinary accounting officers. The

Table 24.

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

Monthly Averages per Standard Month of 25 days	Total Amount of Payments Effected (billions of francs)			Frequency of Turnover	
	through Sight Deposits at Banks	through Balances at Postal Cheque Office	Total	of Sight Deposits at Banks	of Balances at Postal Cheque Office
	(1)	(2)	(3)	(4)	(5)
1960	99.4	87.2	186.6	2.06	3.04
1961	106.9	93.0	199.9	2.18	2.96
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
1962 first 11 months	117.5	98.5	216.0	2.22	2.86

gross data have been rectified so as to eliminate the out-payments which represent duplication owing to the Government's accounting organisation, and which it has been possible to record.

The frequency of turnover of bank deposits at sight and of balances at the Postal Cheque Office has been obtained through dividing the total effected payments by the average balances in account.

(25)

Table 25.

Quasi-Monetary Liquid Resources at the Banks and Savings Banks

(billions of francs)

At end of	National Bank of Belgium	Banks			General Savings Fund	Private Savings Banks	Total
		Deposits in Foreign Currencies	Deposits in Belgian francs				
			at more than one month	received on Deposit or Savings Books (4)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
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	85.9	25.8	153.8
1961 December .....	...	8.0	27.3	16.3	91.8	29.5	172.9
1960 September	0.3	8.0	18.1	15.6	81.9	25.0	148.9
1961 September .....	...	8.4	25.2	15.9	86.8	28.2	164.5
1962 September .....	...	8.0	32.0	18.4	(p)96.3	32.9	(p)187.6

(p) Provisional figures.

Table 25 breaks down Column (3) « Quasi-Monetary Liquid Resources » in Table 21.

Column (1), « National Bank of Belgium » : The Treasury's credit balances, including that on the account opened to receive the proceeds of the exceptional counter-cyclical tax which was instituted by the Law of 12th March, 1957. Since September, 1961 the balance still appearing to the credit of this account has been negligible.

Columns (2) to (4), « Banks » : In principle the figures in these columns comprise only the balances of Belgian residents. In practice the assets of Luxemburg and Congo residents cannot in general be separated from those of Belgian residents, and are therefore in great part included in these figures. From August, 1960 onwards it has however been possible to eliminate a part of the Congo residents' deposits in Belgian francs at more than one month.

Column (5), « General Savings Fund » : Deposits on savings books and on current account.

Column (6), « Private Savings Banks » : Savings and deposit accounts.

(26)

Table 26.

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

Monthly Average or Month	In-payments	Out-payments	Net Movement
	(1)	(2)	(3)
1960	1.8	1.6	+ 0.2
1961	1.9	1.6	+ 0.3
1960 first 11 months	1.8	1.6	+ 0.2
1961 first 11 months	1.9	1.6	+ 0.3
1962 first 11 months	2.2	1.7	+ 0.5
1962 January	2.6	1.5	+ 1.1
February	2.0	1.5	+ 0.5
March	2.2	1.7	+ 0.5
April	2.0	1.7	+ 0.3
May	2.1	1.9	+ 0.2
June	2.1	1.9	+ 0.2
July	2.4	1.7	+ 0.7
August	2.1	1.6	+ 0.5
September	2.0	1.7	+ 0.3
October	2.2	1.9	+ 0.3
November	1.9	1.6	+ 0.3

(*) From May, 1962 provisional figures.

The deposits on savings books of individuals form the greater part of the quasi-monetary liquid assets at the General Savings Fund, the absolute amount of which appears in Column (5) of Table 25. They increase not only through the effect of

the in-payments and out-payments, given in this table, but also through that of interest added to the balances.

The rates paid on these deposits during the period covered by this table were 3 p.c. up to Fr. 250,000 and 2 p.c. beyond that amount. A fidelity premium equal to 10 p.c. of the interest earned on sums which remained standing in account throughout the calendar year was also paid.

(27)

Table 27.

**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 (1)	Counterparts : Transactions with			
		Foreign Countries (2)	Public Authorities (3)	Business and Private Customers Resident in Belgium (4)	Sundry Parties (5)
1960	+ 16.4	+ 1.9	+ 8.0	+ 12.2	- 5.7
1961	+ 35.5	+ 7.8	+ 9.2	+ 15.8	+ 2.7
1960 first 3 quarters	+ 5.6	+ 0.3	+ 6.4	+ 5.9	- 7.0
1961 first 3 quarters	+ 18.6	+ 2.5	+ 10.9	+ 6.0	- 0.8
1962 1st quarter	+ 6.6	+ 3.8	+ 3.7	+ 2.6	- 3.5
2nd » (p)	+ 11.0	+ 1.7	+ 4.0	+ 3.1	+ 2.2
3rd » (p)	+ 6.4	+ 0.4	+ 4.0	+ 7.6	- 5.6
first 3 quarters . (p)	+ 24.0	+ 5.9	+ 11.7	+ 13.3	- 6.9

(p) Provisional figures.

Column (1), « Money Supply and Quasi-Monetary Liquid Resources » : The movements of the money supply and of quasi-monetary liquid resources appearing in this column correspond in principle to the differences between the absolute amounts shown in Column (4) of Table 21. But they exclude certain purely accounting movements, resulting from the fact that with effect from August, 1960 it has been possible to eliminate from the money supply and quasi-monetary liquid resources a part of the Congo residents' balances included therein.

Columns (2) to (5), « Counterparts » : These counterparts are formed by :

a) the assets and liabilities of the National Bank of Belgium, of the other banks, of the Postal Cheque Office and of the Belgian Monetary Fund, other than the liabilities constituting money or quasi-monetary liquid resources;

b) the assets of the Belgian Municipal Credit Institution forming the counterpart of liabilities which constitute money;

c) the short-term assets of the National Fund for Credit to Trade and Industry;

d) the assets of the Rediscount and Guarantee Institute and of the Securities Stabilisation Fund in so far as they are financed through recourse to the National Bank of Belgium and the other banks or through borrowing money at very short term from the Belgian Municipal Credit Institution and from the National Fund for Credit to Trade and Industry;

e) the assets and liabilities of the General Savings Fund and of the private savings banks, other than the liabilities which constitute quasi-monetary liquid resources.

The movements in the assets and liabilities mentioned at a), b), c) and d) can be described as transactions of monetary institutions, and those in the assets and liabilities mentioned at e) as transactions of savings banks.

Column (2), « Transactions with Foreign Countries » : The figures in this column do not include the public authorities' capital and the Government's transfer transactions with foreign countries. The monetary institutions' foreign currency purchases resulting from these transactions are comparable to the granting of credit to public authorities by such institutions. They have accordingly been included in *Column (3) « Transactions with Public Authorities »* in this table.

Column (3), « Transactions with Public Authorities » : These transactions cover the monetary financing of public authorities [see Table 30, Column (1)], the monetary institutions' operations on the market for public securities [see Table 30, Column (2)] and the savings banks' acquisition of claims on public authorities [see Table 30, Column (3)].

Column (4), « Transactions with Business and Private Customers Resident in Belgium » : These transactions cover the credits, granted by monetary institutions and savings banks to business and private customers resident in Belgium, and financed by monetary institutions [see Table 36, Column (1)] and by savings banks [see Table 36, Column (2)].

Column (5), « Sundry Parties » : This column shows in particular the movement in monetary institutions' net claims on non-monetary financial intermediaries, the net movement of claims and liabilities (including bonded loans of banks and private savings banks) not ranked elsewhere in relation to residents, and the balancing items.

(28)

The balance of payments, unlike *Column (2) « Transactions with Foreign Countries »* in Table 27, records all 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.

Table 28.

Balance of Payments of the Belgian-Luxemburg Economic Union

(billions of francs)

	1961			1962	
	1st half	2nd half	Whole year	1st half	3rd quarter (p)
1. Exports	84.5	88.0	172.5	89.1	n.a.
2. Imports	89.5	89.3	178.8	92.1	n.a.
	- 5.0	- 1.3	- 6.3	- 3.0	n.a.
3. Other goods transactions, net	+ 2.6	+ 2.4	+ 5.0	+ 4.0	n.a.
4. All goods transactions, net	- 2.4	+ 1.1	- 1.3	+ 1.0	n.a.
5. Other transactions in goods and services, net .....	...	+ 2.1	+ 2.1	+ 2.0	n.a.
6. All transactions in goods and services, net	- 2.4	+ 3.2	+ 0.8	+ 3.0	+ 1.4
7. Private transfers, net	+ 0.5	+ 1.9	+ 2.4	+ 1.0	+ 0.2
8. Government transfers, net .....	...	- 0.8	- 0.8	...	...
Net movement of private sector capital :					
9. Short-term, recorded	+ 0.1	- 1.4	- 1.3	- 0.3	- 1.7
10. Identified transactions in securities ...	- 2.5	- 0.7	- 3.2	- 0.8	} + 1.5
11. Rest	+ 2.4	+ 2.9	+ 5.3	+ 1.0	
12. Net movement of para-statal operating and credit institutions' capital	+ 0.6	+ 1.5	+ 2.1	- 0.2	...
13. Net movement of public authorities' capital	- 6.2	+ 0.5	- 5.7	- 1.1	- 1.7
14. Errors and omissions	- 0.1	+ 1.1	+ 1.0	+ 1.5	- 0.5
15. Total corresponding to movement in monetary institutions' net gold and foreign assets	- 7.6	+ 8.2	+ 0.6	+ 4.1	- 0.8

(p) Provisional figures.
n.a. Figures not available.

Since publication of the National Bank of Belgium's Report on the activities of the Bank in 1961 various changes have been made in the Belgian-Luxemburg Economic Union's balance of payments, so as to make it conform better to the latest specifications in the International Monetary Fund's « Balance of Payments Manual », and so as to eliminate certain inaccuracies from it. Table 28 takes account of these changes. Detailed information on this subject will be given in an article, devoted to the Belgian-Luxemburg Economic Union's balance of payments during the first half of 1962, which will be published shortly in the *Information Bulletin* of the National Bank of Belgium.

Item 2, « Imports » : For some of these transactions the figures are c.i.f., that is to say they include the freight and insurance on transport of imported goods.

Item 3, « Other goods transactions, net » : Goods bought from a foreign country and resold to another foreign country, and work done on commission.

Item 5, « Other transactions in goods and services, net » : Non-monetary gold, freight, insurance, foreign travel, investment income, transactions of public authorities, frontier-region workers, etc.

Item 7, « Private transfers, net » : Transfers of savings by foreign workers are recorded, among others, under this head. In addition the figure for the second half of 1961 includes a receipt of Fr. 1.4 billion, and that for the first half of 1962 a receipt of Fr. 0.3 billion, corresponding to payments made by the Federal Republic of Germany under the terms on the one hand of the agreement between that country and Belgium regarding benefits for Belgian nationals who were victims of National Socialist persecution, and on the other hand of the treaty between the Federal Republic of Germany and the Grand Duchy of Luxemburg settling matters in dispute between Germany and Luxemburg.

Item 9, « Net movement of recorded private-sector short-term capital » : The record covers a number of elements of which the chief are the movement in the Belgian banks' acceptance liabilities to foreign countries, that in certified Belgian franc acceptances representing exports of the Belgian-Luxemburg Economic Union and financed outside Belgian monetary institutions, that in uncertified bills representing exports and rediscounted by certain para-statal credit institutions, and that in certain foreign institutions' holding of commercial bills on Belgium.

Item 10, « Identified transactions in securities » : Remainder of that part of the transactions in securities which it has been possible to separate from the « Net movement of other private sector capital » forming Item 11 in this table.

Item 11, « Net movement of other private sector capital » : The net amount under this head is approximate.

Item 13, « Net movement of public authorities' capital » : Net capital transactions of the Government, provinces, municipalities and administrative para-statal organisations such as the Road Fund; also included in this item are certain specific transactions effected by the National Industrial Credit Company within the framework of conventions which it has concluded with the Belgian Government about the financing of certain payment agreements.

The concept of Government capital appropriate to the balance of payments is both narrower and wider than the concept of Belgian public debt in foreign currencies [see Column (5) of Table 35]. It is narrower, since it takes no account of the part of this debt which is located in Belgian banks; it is wider, since it includes not only the rest of the said debt but also the public debt in Belgian francs which is known to be located abroad and the Government's claims on foreign countries.

The reason why an increase of the Belgian public debt in foreign currencies located in Belgian banks is not regarded as an inflow of Government capital, or a decrease as an outflow, is that these are transactions between a resident (the

Belgian Government) and other residents (the Belgian banks), and that the balance of payments records only transactions between residents and non-residents. However, in order to finance an increase in their holding of Belgian foreign-currency debt the Belgian banks normally contract foreign exchange liabilities to their foreign correspondents, and this is shown as a decrease of their net foreign assets in Item 15 of this table. That decrease may have two distinct counterparts in the balance of payments. If the increase of foreign-currency debt located in Belgian banks results from an increase in the total amount of such debt, the Government acquires the foreign exchange, which it transfers to the National Bank of Belgium, and as a counterpart to the decrease of the banks' net foreign assets there is accordingly an increase, also shown in Item 15, of the National Bank's net gold and foreign assets. If the increase of foreign-currency debt located in Belgian banks represents a simple repatriation of a debt previously located abroad, the Government's liabilities to foreigners will contract and the balance of payments will record, as a counterpart to the decrease in the banks' net foreign assets, an outflow of Government capital in Item 13. On a decrease of the Belgian foreign-currency public debt located in Belgian banks the balance of payments normally records movements opposite to those just described; it will show an increase of the Belgian banks' net foreign assets (Item 15 of this table), with as its counterpart either a decrease of the National Bank's net gold and foreign assets (also Item 15) or an inflow of Government capital (Item 13).

Item 15, « Total corresponding to movement in monetary institutions' net gold and foreign assets » : This item differs from Column (2) « Transactions with Foreign Countries » in Table 27. The difference is due to the inclusion in the present item, but not in Column (2) of Table 27, of a) the movement of net gold and foreign assets attributable to the public authorities' capital and the Government's transfer transactions with foreign countries, b) the movement of the Luxemburg banks' net foreign assets.

(29)

Table 29 takes no account of the foreign currencies and gold to be received or delivered at forward dates. A part of the foreign currencies to be delivered constitutes liabilities to residents, and must not be taken into account at all in a table which records claims on and liabilities to foreigners. The foreign currencies and gold to be delivered to foreigners are more often than not cancelled out by foreign currencies and gold to be received from abroad. A further general reason for neglecting forward purchases and sales of foreign currencies and gold is that to do otherwise would present a distorted view of reality; it would not in fact be possible to take equally into account a whole series of other transactions which will affect the National Bank of Belgium's net gold and foreign assets within the same period of time without being covered by forward exchange transactions, such for instance as payments for goods already delivered, maturities of other debts and the like.

Table 29.

Net Gold and Foreign Assets of the National Bank of Belgium

(billions of francs)

At end of month or period	Gold Holding	Assets in Convertible Currencies	Net Claims resulting from Liquidation of E.P.U.	Claim on the International Monetary Fund	Other Net Assets or Liabilities	Total	Movement
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1959 December	56.7	4.4	5.5	4.4	1.2	72.2	} + 8.4 +12.1
1960 December	58.5	12.6	3.5	4.4	1.6	80.6	
1961 December	62.4	20.4	0.4	8.0	1.5	92.7	
1962 January	63.9	19.3	0.4	8.0	- 0.6	91.0	- 1.7
February	64.6	17.9	0.4	7.2	- 0.6	89.5	- 1.5
March	64.9	18.2	0.4	7.2	- 0.2	90.5	+ 1.0
April	65.7	15.2	0.3	6.5	...	87.7	- 2.8
May	65.9	15.9	0.3	6.5	0.5	89.1	+ 1.4
June	66.8	13.4	0.3	7.5	1.6	89.6	+ 0.5
July	66.8	14.8	0.3	6.7	3.0	91.6	+ 2.0
August	67.1	14.2	0.3	6.7	- 0.3	88.0	- 3.6
September	67.1	14.3	0.3	6.7	0.2	88.6	+ 0.6
October	67.1	13.7	0.3	6.7	1.2	89.0	+ 0.4
November	67.0	13.1	0.3	6.7	2.3	89.4	+ 0.4
December	68.2	12.8	0.3	6.7	3.0	91.0	+ 1.6
Whole year							- 1.7

Column (1), « Gold Holding » : The ratio between the gold holding and the amount of the sight liabilities was as follows :

End of 1959 : 46.2 p.c.

End of 1960 : 45.8 p.c.

End of 1961 : 45.0 p.c.

End of 1962 : 47.8 p.c.

Column (2), « Assets in Convertible Currencies » : These are assets in American and Canadian dollars and assets in currencies of most of the European Monetary Agreement member countries.

Column (3), « Net Claims resulting from Liquidation of the European Payments Union » : At the end of 1961 there were still claims on Greece, Iceland, Norway and Turkey; in 1962 each of these countries reduced its indebtedness.

Column (4), « Claim on the International Monetary Fund » : The claim which the Belgian Government has on the International Monetary Fund for repayment of its membership quota, and which the National Bank was authorised by the Law of 19th June, 1959 to show in its accounts as its own asset up to the amount of the notes issued, credits granted or gold payments made by it in relief of the Government.

During the period covered by this table the claim on the International Monetary Fund increased when that institution obtained repayment of Belgian Treasury

Certificates with a view to selling Belgian francs to its member countries; in that case in fact the National Bank, in accordance with the conventions concluded between the Belgian Government and itself on 1st August and 14th October, 1959 under the Law of 19th June, 1959, effected repayment by its own means for account and in relief of the Government. The claim on the International Monetary Fund decreased when that institution subscribed for Belgian Treasury Certificates with Belgian francs repurchased from its member countries; in that case the proceeds of its subscription were in fact paid to the National Bank. The various increases and decreases were as follows :

a) an increase by Fr. 3 billion in August, 1961 following a purchase of Belgian francs from the Fund by the United Kingdom;

b) an increase by Fr. 0.6 billion in October, 1961 following a purchase of Belgian francs from the Fund by Argentina;

c) decreases by Fr. 0.8 billion in February, 1962, Fr. 0.7 billion in April, 1962 and Fr. 0.8 billion in July, 1962 following resales of Belgian francs to the Fund by the United Kingdom;

d) an increase by Fr. 1 billion in June, 1962 following a purchase of Belgian francs from the Fund by Canada.

Column (5), « Other Net Assets or Liabilities » : These mainly comprise the holding of certified Belgian franc acceptances representing exports from the Belgian-Luxemburg Economic Union and Belgian franc liabilities to foreign banks and international institutions.

Column (7), « Movement » : The figures in this column form one of the components of those in Item 15, « Total corresponding to movement in monetary institutions' net gold and foreign assets », in Table 28.

(30)

Table 30 breaks down Column (3) « Transactions with Public Authorities » in Table 27.

Column (1), « Monetary Financing of the Public Authorities » : This financing mainly comprises the increase in the outstanding amount of Treasury Certificates in Belgian francs or foreign currencies, located in Belgium, in so far as that increase gives rise to money creation, the subscriptions by monetary institutions to the public authorities' loan issues, the credits granted to provinces and municipalities by the Municipal Credit Institution as a monetary institution, and the increase of individual balances on postal cheque accounts. There is also monetary financing of public authorities when these sell to the banking system, against Belgian francs, foreign currencies which they have acquired through their capital or transfer transactions with foreign countries.

Table 30.

Transactions with the Public Authorities

(changes in billions of francs)

Period	Monetary Financing of the Public Authorities (1)	Intervention by Monetary Institutions on the Market for Public Securities (2)	Claims of Savings Banks on the Public Authorities (3)	Total (4)
1960	+ 5.8	+ 2.1	+ 0.1	+ 8.0
1961	+ 4.3	+ 1.9	+ 3.0	+ 9.2
1960 first 3 quarters	+ 4.5	+ 1.9	...	+ 6.4
1961 first 3 quarters	+ 7.1	+ 1.2	+ 2.6	+ 10.9
1962 1st quarter	+ 1.1	- 0.4	+ 3.0	+ 3.7
2nd » (p)	+ 0.1	+ 1.1	+ 2.8	+ 4.0
3rd » (p)	+ 3.0	+ 0.8	+ 0.2	+ 4.0
first 3 quarters (p)	+ 4.2	+ 1.5	+ 6.0	+ 11.7

(p) Provisional figures.

Column (2), « Intervention by Monetary Institutions on the Market for Public Securities » : Such intervention takes the form of purchases by the National Bank of Belgium, the other banks and the Belgian Monetary Fund of securities previously issued. It also comprises increases in the holding of public securities which the Securities Stabilisation Fund has acquired on the market, and which it finances :

- a) with the proceeds of its certificates placed at banks;
- b) with the Fr. 2.8 billion which the Government allocated to it in 1959, and which arose from the National Bank of Belgium's taking over the gold subscription to the International Monetary Fund;
- c) through its borrowings of money at very short term from monetary institutions;
- d) through recourse to the National Bank of Belgium.

The method of financing mentioned at c) was used neither in 1961 nor in 1962; that mentioned at d) was not used in 1961, and was used in 1962 only at the end-of-year maturity.

(31)

Table 31 breaks down Column (1) « Monetary Financing of the Public Authorities » in Table 30.

Column (1), « Treasury : Credit Received from Monetary Institutions » : The figures in this column chiefly comprise the increase in the outstanding amount of Treasury Certificates in Belgian francs or foreign currencies, located in Belgium, in so far as that increase gives rise to money creation, the subscriptions by monetary

Table 31.

Monetary Financing of the Public Authorities

(changes in billions of francs)

Period	Treasury		Other Public Authorities (3)	Total (4)
	Credit Received from Monetary Institutions (1)	Transfer and Capital Transactions with Foreign Countries (2)		
1960	+ 3.0	+ 0.9	+ 1.9	+ 5.8
1961	+ 8.6	- 6.3	+ 2.0	+ 4.3
1960 first 3 quarters	+ 8.2	- 4.4	+ 0.7	+ 4.5
1961 first 3 quarters	+ 14.7	- 7.2	- 0.4	+ 7.1
1962 1st quarter	- 1.2	+ 2.5	- 0.2	+ 1.1
2nd »	+ 4.0	- 3.8	- 0.1	+ 0.1
3rd » (p)	+ 4.1	- 1.9	+ 0.8	+ 3.0
first 3 quarters (p)	+ 6.9	- 3.2	+ 0.5	+ 4.2

(p) Provisional figures.

institutions to the public authorities' loan issues and the increase of individual balances on postal cheque accounts.

Column (2), « Treasury : Transfer and Capital Transactions with Foreign Countries » : The net amount of Belgian francs which the Treasury obtains from or transfers to the banking system as a result of, or in view of, its transfer and capital transactions with foreign countries. The result of these transactions is the same as if the credit which the Treasury receives from monetary institutions increased or decreased.

Column (3), « Other Public Authorities » : The other public authorities comprise the provinces, the municipalities and the para-statal administrative organisations such as the Road Fund. This column records both the borrowing by these institutions from monetary institutions and, as in the case of the Treasury, their net capital transactions with foreign countries.

(32)

Table 32 breaks down Column (2) « Intervention by Monetary Institutions on the Market for Public Securities » in Table 30.

Column (1), « Purchases of Public Securities on the Market » : Purchases by the National Bank of Belgium, the other banks and the Belgian Monetary Fund, on the market, of securities previously issued.

Column (2), « Through the Securities Stabilisation Fund » : Increases in the holding of public securities which the Securities Stabilisation Fund has acquired on the market, and which it finances :

Table 32.

Intervention by Monetary Institutions on the Market for Public Securities

(changes in billions of francs)

Period	Purchases of Public Securities on the Market (1)	Through the Securities Stabilisation Fund (2)	Total (3)
1960	+ 0.2	+ 1.9	+ 2.1
1961	+ 1.5	+ 0.4	+ 1.9
1960 first 3 quarters	+ 0.5	+ 1.4	+ 1.9
1961 first 3 quarters	+ 1.4	- 0.2	+ 1.2
1962 1st quarter	+ 0.2	- 0.6	- 0.4
2nd »	+ 0.6	+ 0.5	+ 1.1
3rd » (p)	+ 0.9	- 0.1	+ 0.8
first 3 quarters (p)	+ 1.7	- 0.2	+ 1.5

(p) Provisional figures.

a) with the proceeds of its certificates placed at banks;

b) with the Fr. 2.8 billion which the Government allocated to it in 1959, and which arose from the National Bank of Belgium's taking over the gold subscription to the International Monetary Fund;

c) through its borrowings of money at very short term from monetary institutions;

d) through recourse to the National Bank of Belgium.

The method of financing mentioned at c) was used neither in 1961 nor in 1962; that mentioned at d) was not used in 1961, and was used in 1962 only at the end-of-year maturity.

(33)

Table 33.

Ordinary Budget

(billions of francs)

Sources : 1960 and 1961 Financial Years : Moniteur Belge.
1962 and 1963 Financial Years : General Budget Statement of Receipts and Expenditure for the 1963 Financial Year.

	Financial Year 1960 (1)	Financial Year 1961 (2)	Financial Year 1962 (3)	Financial Year 1963 (4)
Expenditure	115.9	124.9	137.3	139.6
Receipts	109.7	120.4	131.8	139.8
Balance ...	- 6.2	- 4.5	- 5.5	+ 0.2

The expenditure and the balance for the 1960 financial year are not comparable to those for subsequent financial years because from 1961 onwards a number of

expenditure items, which although current expenditure had until then appeared in the extraordinary budget or had been financed by drawing on separate funds, were transferred to the ordinary budget. These items included sums spent on African affairs, on the cost of stationing Belgian troops in Federal Germany and on building premiums, as well as grants for social security and for war damage.

Column (1), « Financial Year 1960 » and Column (2), « Financial Year 1961 » :
Final results.

Column (3), « Financial Year 1962 » :

a) Expenditure :

	<i>(Billions of francs)</i>
This figure is made up as follows :	
Appropriations contained in the budget presented to Parliament	132.2
Amendments voted	+ 0.1
Additional appropriations and regularisation of appropriations contained in the two supplementary estimates (including Fr. 1.9 billion to cover commitments from previous financial years)	+ 5.0
	137.3

The expenditure for the 1962 financial year will however be less than this amount of Fr. 137.3 billion, since a part of the appropriations voted is generally not used before the end of the financial year and is then cancelled.

The main components of the amendments voted and of the additional appropriations and regularisation of appropriations are :

	<i>(Billions of francs)</i>
National education and culture	+ 1.6
Technical assistance and African affairs	+ 0.7
Aid for Rwanda and Burundi	+ 0.5
Raising of public officials' salaries	+ 0.5
National defence	+ 0.4
Belgian National Railways Company	+ 0.2

The figure of Fr. 137.3 billion is greater by Fr. 12.4 billion than the final result of the 1961 financial year. The chief factors in the increase were the following :

	<i>(Billions of francs)</i>
National education and culture	+ 4.1
Pensions	+ 1.9
Public debt	+ 1.1
Raising of public officials' salaries	+ 1.0
National defence	+ 1.0

b) Receipts :

This figure is an evaluation based on actual receipts for the first eight months of the financial year. It coincides moreover with the initial estimates.

Column (4), « Financial Year 1963 » : Estimates appearing in the budget of receipts and expenditure for this year :

a) Expenditure :

This figure is greater by Fr. 2.3 billion than the appropriations requested for the 1962 financial year. The chief factors producing increases and decreases are the following :

Raising of public officials' salaries : + Fr. 1.7 billion.

Public debt : + Fr. 1.5 billion due to the increase of such debt.

Pensions : + Fr. 0.7 billion due to revision of the rules for workers' pensions, to the rise in the retail price index and to the increase in the number of beneficiaries.

National education and culture : + Fr. 0.2 billion. The responsible Ministers have been instructed by the Government to propose the measures required so that the increase shall be limited to this amount.

War damage : - Fr. 0.4 billion.

Unemployment allowances : - Fr. 0.3 billion, on the basis of a further decrease expected in the number unemployed.

b) Receipts :

Of this figure the tax revenues alone account for Fr. 130.7 billion, being up by Fr. 7.7 billion in comparison with the probable revenues for the 1962 financial year. They are made up as follows :

Direct taxes : Fr. 53.2 billion, up by Fr. 4 billion in comparison with 1962. But the partial applying in 1963 of the tax reform (Law of 20th November, 1962), which profoundly alters the structure of the income taxes, makes any reference to 1962 difficult.

Excise and consumption taxes : Fr. 19.2 billion, up by Fr. 1.3 billion in comparison with 1962 owing to an expected increase in the consumption of mineral oils and alcohols.

Customs duties : Fr. 6.8 billion, down by Fr. 0.1 billion in comparison with 1962 owing to the reduction on 1st July, 1962 of import duties inside the European Economic Community, the effect of which will relate in 1963 to the entire year but will be partly offset through an expected 5 p.c. increase in the value of imports.

Registration (chiefly proceeds of taxes payable by stamp or in similar ways) : Fr. 51.5 billion, up by Fr. 2.5 billion in comparison with 1962 owing to the expected 5 p.c. increase of the gross national product.

(34)

The figures in Table 33 do not precisely show the effect produced by budgetary transactions on the Government's cash during each of the past years; first, they are budgetary figures for financial years; in addition they relate to a body of transactions

Table 34.

Treasury Expenditure and Receipts resulting from Budgetary Transactions

(billions of francs)

Source : Information Bulletin of the Ministry of Finance.

	1960	1961	1961 (first 11 months)	1962 (first 11 months)
	(1)	(2)	(3)	(4)
Ordinary Budget :				
Expenditure	111.2	126.0	114.7	117.9
Receipts	108.1	120.4	108.0	116.0
Balance ...	- 3.1	- 5.6	- 6.7	- 1.9
Extraordinary Budget :				
Expenditure	23.7	14.6	12.3	15.9
Receipts	0.3	0.4	0.3	0.4
Balance ...	- 23.4	- 14.2	- 12.0	- 15.5
Net Total Budget	- 26.5	- 19.8	- 18.7	- 17.4

which do not all necessarily give rise to receipts or outgoings of funds at the time when they are entered in account. On the other hand the figures in this table comprise the receipts and expenditure actually effected during periods of identical duration for account of different financial years, excluding internal transfers; they accordingly correspond to real receipts or outgoings of funds in the period to which they relate.

The divergence as between 1960 and 1961 of the balances resulting from execution of the ordinary budget on the one hand, and from that of the extraordinary budget on the other, is chiefly explained by transfer in 1961 to the ordinary budget of current expenditure items previously entered in the extraordinary budget. The result of this transfer was an increase of ordinary expenditure and a correlative decrease of extraordinary expenditure.

(35)

The changes in the figures for the direct public debt, as they appear in Table 35, may be affected by transactions which did not cause the Treasury to gain or lose funds. The transactions of this kind during the years 1960 to 1962 comprise :

a) the encashments of and subscriptions for Treasury Certificates effected by the International Monetary Fund in 1961 and 1962 as a result of the transactions mentioned in the comments on Column (4) « Claim on the International Monetary Fund » of Table 29; as was stated in the comments there it was the National Bank of Belgium which, in conformity with the legal and conventional provisions in force, bore the charge imposed by the encashments and received the proceeds of the subscriptions;

Table 35.

National Debt

(billions of francs)

Source : Treasury and Public Debt Administration.

At end of	Direct Debt						Indirect Debt	Total Debt
	in Belgian francs				in Foreign Currencies	Total		
	Consolidated	Medium Term	Short Term	Total				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1959 December	190.8	23.0	104.9	318.7	34.2	352.9	20.7	373.6
1960 December	211.6	18.1	100.9	330.6	44.4	375.0	21.1	396.1
1961 December	217.4	17.4	103.6	338.4	47.1	385.5	25.5	411.0
1962 January	216.1	18.5	107.2	341.8	46.6	388.4	25.4	413.8
February	222.9	18.4	105.2	346.5	45.7	392.2	25.4	417.6
March	222.6	18.4	107.1	348.1	45.1	393.2	25.4	418.6
April	221.1	20.4	113.0	354.5	43.5	398.0	25.4	423.4
May	220.9	20.2	113.2	354.3	43.3	397.6	25.3	422.9
June	220.7	20.0	115.1	355.8	40.0	395.8	25.3	421.1
July	223.8	20.0	113.3	357.1	39.7	396.8	25.2	422.0
August	223.6	20.0	114.3	357.9	38.8	396.7	25.2	421.9
September	223.4	20.0	115.2	358.6	38.1	396.7	25.2	421.9
October	222.9	22.0	115.4	360.3	36.7	397.0	27.5	424.5
November	232.2	20.9	109.3	362.4	36.4	398.8	27.5	426.3
December	251.6	20.9	86.1	358.6	37.1	395.7	27.5	423.2

b) the repayment in October, 1962 of Fr. 1.2 billion of Treasury Certificates held by the Bank of Issue (in liquidation); the proceeds of this repayment were paid to the Treasury;

c) the conversion in December, 1962 of Fr. 19.8 billion of Tranche A Treasury Certificates, held by the banks, into non-negotiable bonds of a new consolidated loan.

If the gross changes in the direct public debt are adjusted so as to eliminate these various transactions, the result is the changes mentioned above on pages 11 and 79 :

a) Total direct debt [Column (6) of this table] :		<i>(Billions of francs)</i>
1961 : Gross movement		+ 10.5
To be eliminated : Encashment of Treasury Certificates by the International Monetary Fund		- (- 3.6)
Adjusted movement		+ 14.1
1962 : Gross movement		+ 10.2
To be eliminated : Net subscription for Treasury Certificates by the International Monetary Fund		- (+ 1.3)
Repayment of Treasury Certificates held by the Bank of Issue (in liquidation)		- (- 1.2)
Adjusted movement		+ 10.1

b) Consolidated direct debt in Belgian francs [Column (1) of this table] :	<i>(Billions of francs)</i>
1962 : Gross movement	+ 34.2
To be eliminated : Issue of the loan for converting Tranche A Treasury Certificates	<u>- (+ 19.8)</u>
Adjusted movement	+ 14.4
c) Short-term direct debt in Belgian francs [Column (3) of this table] :	
1961 : Gross movement	+ 2.7
To be eliminated : Encashment of Treasury Certificates by the International Monetary Fund	<u>- (- 3.6)</u>
Adjusted movement	+ 6.3
1962 : Gross movement	- 17.5
To be eliminated : Net subscription for Treasury Certificates by the International Monetary Fund	- (+ 1.3)
Repayment of Treasury Certificates held by the Bank of Issue (in liquidation)	- (- 1.2)
Conversion of Tranche A Treasury Certificates into consolidated loan	<u>- (- 19.8)</u>
Adjusted movement	+ 2.2

Column (1), « Consolidated Direct Debt in Belgian francs » :

Besides the above-mentioned Fr. 19.8 billion loan for converting Tranche A Treasury Certificates the Government issued the following three loans in 1962 :

a) in February, Fr. 7.5 billion for a period of 20 years, but with an option for holders to obtain anticipated repayment after 5, 10 or 15 years, the loan bearing interest at the nominal rate of 5 p.c. for the first five years, 5.25 p.c. from the sixth to the tenth year and 5.50 p.c. for the last ten years;

b) in June-July, Fr. 8.1 billion for a period of 20 years, but with an option for holders to obtain anticipated repayment after 5, 10 or 15 years, the loan bearing interest at the nominal rate of 5 p.c. for the first ten years and 5.25 p.c. for the last ten years;

c) in November, Fr. 10.5 billion for a period of 20 years, but with an option for holders to obtain anticipated repayment after 10 or 15 years, the loan bearing interest at the nominal rate of 4.75 p.c. for the first ten years, 5 p.c. from the eleventh to the fifteenth year and 5.25 p.c. for the last five years.

In 1962 the Government on the other hand repaid the balance of the 4.50 p.c. 1952-1962 loan, namely Fr. 5.2 billion, and effected contractual amortisation of the other loans constituting the direct consolidated debt in Belgian francs.

Column (2), « Direct Debt in Belgian francs at Medium Term » :

During 1962 the Treasury in January, April and October placed 2, 3 and 5-year certificates with para-statal organisations and banks to the extent of Fr. 6.2 billion. The April issue, amounting to Fr. 2.3 billion, was effected by tender. On the other hand maturing certificates had to be repaid, while other certificates were used to finance a part of the subscriptions to medium-term loans as well as to the November consolidated loan.

Column (3), « Direct Debt in Belgian francs at Short Term » :

The movement of the figures in this column during 1962 was influenced, as stated at the start of the comments on this table, by various transactions which did not affect the Treasury, such as the net subscription for Treasury Certificates by the International Monetary Fund, the repayment of Treasury Certificates held by the Bank of Issue (in liquidation) and the conversion of Tranche A Treasury Certificates held by the banks.

Apart from this last transaction the Treasury Certificates located in the banks increased during 1962, as did individual balances at the Postal Cheque Office.

The Bank of England, which in August, 1961 had used 1.5 billion Belgian francs derived from its recourse to the International Monetary Fund in order to subscribe for Treasury Certificates, took repayment in February and April, 1962.

The outstanding amount of the Treasury's debt to the National Bank of Belgium within the Fr. 10 billion credit limit declined from Fr. 6.5 billion at the end of 1961 to Fr. 5.1 billion at the end of 1962.

Column (5), « Direct Debt in Foreign Currencies » :

The figures in this column take no account of the intergovernmental debts resulting from the 1914-1918 war.

In 1962 the consolidated debt increased by Fr. 0.6 billion. With a view to consolidating medium-term Treasury Certificates expressed in dollars the Treasury in April placed on the American market a loan, for \$ 30 million, to run for 15 years and bearing 5.25 p.c. nominal interest.

As a result of this transaction the medium-term debt declined by Fr. 1.5 billion in 1962.

The short-term debt decreased in 1962 by Fr. 9.1 billion. In this connection it may be observed that from August onwards the Treasury repaid foreign-currency Treasury Certificates partly through proceeds of the issue of certificates in Belgian francs for which the banks subscribed, and which they financed through sale to the National Bank of Belgium, accompanied by forward repurchase, of foreign-currency assets against Belgian francs.

Column (7), « Indirect Debt » :

Unlike the direct debt issued by the Government the indirect debt is one which is issued by para-statal organisations, but on which the interest and redemption are borne by the Government.

In September-October, 1962 the Road Fund issued a consolidated loan for Fr. 2.5 billion, running for 20 years, but with an option for holders to obtain anticipated repayment after 10 or 15 years, the loan bearing interest at the nominal rate of 5 p.c. for the first ten years and 5.25 p.c. for the last ten years.

(36)

Table 36.

**Credits Granted by Monetary Institutions and Savings Banks
to Business and Private Customers Resident in Belgium**

(changes in billions of francs)

Period	Financed by Monetary Institutions	Financed by Savings Banks	Total	Financed outside Monetary Institutions and Savings Banks	Total
	(1)	(2)	(3)	(4)	(5)
1960	+ 4.7	+ 7.5	+ 12.2	+ 1.2	+ 13.4
1961	+ 8.2	+ 7.6	+ 15.8	+ 1.4	+ 17.2
1960 first 3 quarters	+ 0.6	+ 5.3	+ 5.9	- 0.3	+ 5.6
1961 first 3 quarters	+ 1.6	+ 4.4	+ 6.0	+ 2.7	+ 8.7
1962 1st quarter	+ 0.5	+ 2.1	+ 2.6	- 2.8	- 0.2
2nd » (p)	+ 1.8	+ 1.3	+ 3.1	+ 2.6	+ 5.7
3rd » (p)	+ 3.3	+ 4.3	+ 7.6	- 3.6	+ 4.0
first 3 quarters . (p)	+ 5.6	+ 7.7	+ 13.3	- 3.8	+ 9.5

(p) Provisional figures.

The first three columns of Table 36 break down Column (4) « Transactions with Business and Private Customers Resident in Belgium » in Table 27.

Column (1), « Financed by Monetary Institutions » : Credits originally granted by monetary institutions by way of discount, advance and acceptance to business and private customers resident in Belgium, in so far as those credits are financed by those institutions themselves.

Column (2), « Financed by Savings Banks » : The figures in this column comprise :

a) the credits originally granted by monetary institutions by way of discount, advance and acceptance to business and private customers resident in Belgium, in so far as the said credits have been assigned to savings banks which finance them;

b) the savings banks' other claims on business and private customers, including those on para-statal credit institutions; the inclusion of this last category of claims is justified by the fact that the institutions in question retransfer to business

and private customers the greater part of the resources which they procure by incurring debt.

Column (4), « Financed outside Monetary Institutions and Savings Banks » : Credits originally granted by monetary institutions by way of discount, advance and acceptance to business and private customers resident in Belgium, in so far as the said credits have been assigned to institutions other than savings banks, in particular to the National Industrial Credit Company, to insurance companies and to foreign banks, which undertake their financing.

(37)

Table 37.

**Credits Originally Granted by Monetary Institutions
to Business and Private Customers by way of Discount,
Advance and Acceptance**
(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 (7)
	Financed by Monetary Institutions				Financed outside Monetary Institutions (5)	Total (6)	
	Located in Banks (1)	Located in Public Monetary Institutions (2)	Located at the National Bank of Belgium (3)	Total (4)			
1960	+ 6.6	- 0.6	- 1.3	+ 4.7	+ 1.1	+ 5.8	+ 1.2
1961	+ 8.3	+ 1.5	- 1.6	+ 8.2	+ 1.7	+ 9.9	+ 2.2
1960 first 3 quarters ...	+ 2.2	- 0.7	- 0.9	+ 0.6	- 0.2	+ 0.4	+ 1.0
1961 first 3 quarters ...	+ 3.8	+ 0.4	- 2.6	+ 1.6	+ 2.7	+ 4.3	+ 1.6
1962 1st quarter	+ 2.6	- 1.5	- 0.6	+ 0.5	- 1.8	- 1.3	+ 1.9
2nd »	+ 1.7	+ 0.4	- 0.3	+ 1.8	+ 2.2	+ 4.0	+ 0.2
3rd »	+ 3.6	- 0.2	- 0.1	+ 3.3	- 2.5	+ 0.8	+ 1.1
first 3 quarters ...	+ 7.9	- 1.3	- 1.0	+ 5.6	- 2.1	+ 3.5	+ 3.2

The first four columns of Table 37 break down Column (1) « Financed by Monetary Institutions » in Table 36.

Column (1), « Credits Located in Banks » : These credits form only a part of those originally granted by banks. Their amount depends inter alia on the total demand for credit and on the banks' resources.

Column (2), « Credits Located in Public Monetary Institutions » : Credits located at the Rediscount and Guarantee Institute, in so far as they are financed with very short-term money lent by the banks, the Belgian Municipal Credit Institution, the National Fund for Credit to Trade and Industry or the Securities

Stabilisation Fund, and short-term credits located in the National Fund for Credit to Trade and Industry.

Column (3), « Credits Located at the National Bank of Belgium » : Credits which the Bank has granted through its Discount Agencies, and commercial bills and bank acceptances which the Bank has rediscounted at the request of other banks and of the Rediscount and Guarantee Institute.

Column (5), « Credits Financed outside Monetary Institutions » : In Table 36 the part of these credits which is financed by savings banks forms, together with the said savings banks' other claims on business and private customers, Column (2) « Financed by Savings Banks », while the other part forms Column (4) « Financed outside Monetary Institutions and Savings Banks ».

Column (7), « Credits Granted to Business and Private Customers Resident Abroad » : These credits take the form of certified Belgian franc bank acceptances representing the Belgian-Luxemburg Economic Union's exports, and of credits directly granted to foreign countries by way of discount and advances. The part of the credits in this column which is located in the banks and at the National Bank of Belgium, and that which is financed by the Rediscount and Guarantee Institute through very short-term money borrowed from the banks, from the Belgian Municipal Credit Institution, from the National Fund for Credit to Trade and Industry and from the Securities Stabilisation Fund are included in Column (2) « Transactions with Foreign Countries » in Table 27.

(38)

Table 38.

**Credits Granted by way of Discount, Advance and Acceptance
to Business and Private Customers and Located in Banks**

(billions of francs)

At end of	Credits Granted to Business and Private Customers Resident in Belgium				Credits Granted to Business and Private Customers Resident Abroad
	Commercial Bills (1)	Advances (2)	Acceptances (3)	Total (4)	
1959 December	16.5	23.7	0.8	41.0	2.5
1960 December	20.3	26.2	1.4	47.9	3.3
1961 December	24.1	30.0	2.1	56.2	4.4
1960 September	17.0	25.6	0.6	43.2	3.2
1961 September	22.1	28.1	1.5	51.7	4.0
1962 March	25.1	30.0	3.7	58.8	7.1
June	25.4	31.1	4.0	60.5	6.8
September	27.2	31.8	5.1	64.1	7.6

The first four columns of Table 38 break down the credits the movement of which is given in Column (1) « Credits Located in Banks » in Table 37.

Column (1), « Commercial Bills » : The commercial bills held by banks represent only a part of those which they have discounted and which have not yet matured. The other part has been rediscounted at other institutions such as the National Bank of Belgium, para-statal organisations, etc.

Column (2), « Advances » : Carry-over loans and advances against securities and sundry debtors.

Column (3), « Acceptances » : Certified Belgian franc bank acceptances representing the Belgian-Luxemburg Economic Union's imports, and uncertified Belgian franc bank acceptances, in so far as the said certified and uncertified acceptances have not been rediscounted by banks at the Rediscount and Guarantee Institute or at non-banking organisations.

Column (5), « Credits Granted to Business and Private Customers Resident Abroad » : Certified Belgian franc bank acceptances representing the Belgian-Luxemburg Economic Union's exports, which the banks have not rediscounted at the Rediscount and Guarantee Institute or at non-banking organisations, and credits granted directly to foreign countries by way of discount and advances. The credits in this column form a part of those the movement of which is given in Column (7) « Credits Granted to Business and Private Customers Resident Abroad » in Table 37.

(39)

Table 39.

Rediscount and Guarantee Institute

(billions of francs)

At end of	Commercial Bill Holding (1)	Financed by	
		Money Borrowed at Very Short Term (2)	Rediscount at National Bank of Belgium (3)
1959 December	5.5	2.5	2.9
1960 December	4.9	1.4	3.4
1961 December	6.1	3.3	2.6
1962 March	1.6	1.2	0.3
June	3.7	1.2	2.3
September	1.6	0.6	0.9
December	8.1	1.4	6.5

Column (1), « Commercial Bill Holding » : This holding comprises :

a) credits granted to business and private customers resident in Belgium (certified Belgian franc bank and commercial acceptances representing the Belgian-Luxemburg Economic Union's imports, promissory notes, commercial bills) ;

b) credits granted to business and private customers resident abroad (certified Belgian franc bank and commercial acceptances representing the Belgian-Luxemburg Economic Union's exports).

Column (2), « Money Borrowed at Very Short Term » : In Table 37 the part of its commercial bill holding which the Rediscount and Guarantee Institute finances by money borrowed at very short term is shown :

a) in Column (2) « Credits Located in Public Monetary Institutions » in so far as it constitutes credits granted to business and private customers resident in Belgium and the money is borrowed from banks, from the Belgian Municipal Credit Institution, from the National Fund for Credit to Trade and Industry and from the Securities Stabilisation Fund;

b) in Column (5) « Credits Financed outside Monetary Institutions » in so far as it constitutes credits granted to business and private customers resident in Belgium and the money is borrowed from organisations other than those mentioned in a) above;

c) in Column (7) « Credits Granted to Business and Private Customers Resident Abroad » in so far as it constitutes credits granted to business and private customers resident abroad.

Column (3), « Rediscount at National Bank of Belgium » : The part of its commercial bill holding which the Rediscount and Guarantee Institute finances through rediscount at the National Bank of Belgium must be regarded as being located in this latter institution and, as such, forms the following columns in Table 40 :

a) Column (3) « Acceptances » in so far as it consists of certified Belgian franc acceptances representing the Belgian-Luxemburg Economic Union's imports;

b) Column (5) « Credits Granted to Business and Private Customers Resident Abroad » in so far as it consists of certified Belgian franc acceptances representing the Belgian-Luxemburg Economic Union's exports.

Since 9th February, 1961 the Rediscount and Guarantee Institute has varied its rates in function not only of the cost of its recourse to the National Bank of Belgium, as was previously the case, but also of the rate at which it borrows very short-term money. Thus it altered its rates several times in the course of 1962, more often than not downwards. The rates applicable to bills at 120 days or less at the end of 1962 were lower than those at the end of 1961 by 0.25 p.c. for bills drawn in respect of exports and by 1 p.c. for bills drawn in respect of imports.

(40)

The first four columns of Table 40 break down the credits the movement of which is given in Column (3) « Credits Located at the National Bank of Belgium » in Table 37.

Table 40.

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

(billions of francs)

At end of	Credits Granted to Business and Private Customers Resident in Belgium				Credits Granted to Business and Private Customers Resident Abroad
	Commercial Bills	Advances	Acceptances	Total	
	(1)	(2)	(8)	(4)	
1959 December	4.7	...	0.9	5.6	2.0
1960 December	3.4	...	0.9	4.3	2.5
1961 December	2.5	...	0.2	2.7	2.4
1962 March	2.1	...	...	2.1	0.3
June	1.8	...	...	1.8	2.3
September	1.7	...	...	1.7	0.9
December	3.6	...	2.7	6.3	3.8

Column (1), « Commercial Bills » : In the course of 1962 the greater part of the commercial bill holding originated from credits which the National Bank granted through its Discount Agencies.

Column (3), « Acceptances » : The holding of certified Belgian franc acceptances, representing the Belgian-Luxemburg Economic Union's imports, which the National Bank has rediscounted at the request of the Rediscount and Guarantee Institute.

Column (5), « Credits Granted to Business and Private Customers Resident Abroad » : The holding of certified Belgian franc acceptances, representing the Belgian-Luxemburg Economic Union's exports, which the National Bank has rediscounted at the request of the Rediscount and Guarantee Institute. Since 10th November, 1960 the rate applied by the National Bank to such acceptances has been lower than for acceptances representing imports, so that the Rediscount and Guarantee Institute presents them by preference for rediscount when it has to resort to this owing to tightness in the money market. The credits in this column form a part of those the movement of which is given in Column (7) « Credits Granted to Business and Private Customers Resident Abroad » in Table 37.

(41)

The reform which took place on 17th November, 1959 amalgamated the markets for clearing and non-clearing funds into a single market where the terms of business are negotiated more freely than before. All the monies borrowed in this single market have to be secured, either through the fact that the borrowers as public institutions enjoy the Government's guarantee for their liabilities, or that they provide tangible

Table 41.

Market for Money at Very Short Term

(billions of francs)

Daily Average	Money Lent by			Money Borrowed by			Total Money Lent or Borrowed	Withdrawals of Money
	the Banks	the Securities Stabilisation Fund	the Other Institutions	the Banks	the Rediscount and Guarantee Institute	the Other Institutions		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1960	2.4	1.1	1.6	1.0	3.0	1.1	5.1	...
1961	2.5	1.8	1.5	1.8	3.0	1.0	5.8	...
1962	1.5	1.0	1.6	1.5	2.6		4.1	0.3
1962 1st quarter	1.9	0.4	1.3	1.3	1.2	1.1	3.6	0.9
2nd »	1.5	0.9	2.0	1.5	1.7	1.2	4.4	0.2
3rd »	1.2	1.6	1.6	1.9	1.1	1.4	4.4	...
4th »	1.5	0.8	1.5	1.3	2.5		3.8	0.1

collateral such as public securities deposited at the National Bank of Belgium, public securities handed to this latter as cover for a current account advance, the amount drawable on which is pro tanto reduced, or commercial bills rediscountable at the National Bank and deposited there. Since the 1959 reform there have no longer been transactions at more than one day.

In 1962 the principal lenders were the banks and the General Savings Fund, and the principal borrowers the banks and the Rediscount and Guarantee Institute. The regulatory actions of the Securities Stabilisation Fund almost all took the form of granting loans.

(42)

Column (1), « N.B.B. : bills accepted payable at a bank, warrants » : The National Bank of Belgium also discounts other types of bills, and in addition grants advances in current account and loans. The rates at which it effected these various transactions at the end of 1961 and 1962 compared as follows :

Discount :	31st December, 1961	31st December, 1962
	(per cent)	
Acceptances previously certified by the National Bank of Belgium :		
Imports	4.50	3.50
Exports	3.50	2.75
Accepted bills not payable at a bank	5.00	4.00
Unaccepted bills payable at a bank	5.25	4.50

Unaccepted bills not payable at a bank, promissory notes	5.75	5.00
Advances in current account and loans :		
Treasury Certificates, and certificates of the Securities Stabilisation Fund, issued at not more than 130 days	4.50	3.50
Treasury Certificates issued at more than 130 days and not more than 366 days . . .	5.25	4.00
Other public securities	5.75	5.00

Table 42.

Discount and Interest Rates and Security Yields

At end of	N.B.B. : bills accepted payable at a bank, warrants (1)	Call Money (2)	Banks : time deposits in Belgian francs (3 months) (3)	Public Securities			
				Certificates at very short term (3 months) (4)	Certificates at short term (4 months) (5)	Certificates at short term issued by tender (12 months) (6)	Loans, 5 to 20 years (7)
1959 December	4.00	2.17	2.20	3.25	3.25	4.354	5.21
1960 December	5.00	2.67	3.45	4.50	4.75	4.956	6.07
1961 December	4.50	2.25	3.15	4.00	4.25	—	5.74
1962 January	4.25	1.51	3.00	3.60	3.80	3.958	5.58
February	4.25	1.48	3.00	3.40	3.60	3.850	5.47
March	4.00	1.87	2.75	3.30	3.50	3.604	5.37
April	4.00	1.74	2.75	3.00	3.40	3.550	5.28
May	4.00	1.82	2.75	3.00	3.30	3.500	5.20
June	4.00	2.32	2.75	3.00	3.25	3.498	5.21
July	4.00	2.73	2.75	3.00	3.30	3.500	5.06
August	3.75	2.36	2.50	2.90	3.15	3.379	4.96
September	3.75	2.44	2.50	2.90	3.20	3.400	4.95
October	3.75	2.50	2.50	3.00	3.25	3.490	5.01
November	3.75	1.77	2.50	3.00	3.25	3.450	5.08
December	3.50	2.73	2.50	3.00	3.30	3.450	4.96

Column (2), « Call Money » : The rates in this column are averages, weighted by the amounts of money negotiated, of the daily rates for the month. These daily rates are themselves averages, weighted by the amounts of money negotiated :

a) of the rates which the participants in the market arrange with each other freely and bilaterally during the morning;

b) of the single rate, quoted in the light of supply and demand, at which those transactions are settled at the end of the day which it was not previously possible to settle.

Column (3), « Banks : time deposits in Belgian francs (3 months) » : Up till the beginning of 1962 the interest rates paid on these deposits, as well as on other Belgian franc deposits for fixed periods and on Belgian franc deposits at notice,

were linked to the National Bank of Belgium's discount rate for bills accepted payable at a bank. Now they are fixed in mutual agreement by the National Bank and the Belgian Bankers' Association within the framework of a concerted policy and with allowance for market conditions, for the state of the balance of payments and for the course of the business cycle.

Column (4), « Certificates at very short term (3 months) » : The Treasury Certificates at very short term are certificates for which the National Bank of Belgium subscribes with a view to reselling them immediately to banks, and to public-sector financial institutions, in so far as it considers that the state of the money market justifies this. These certificates are at 1, 2, 3 and 4 months' maturity; since the beginning of 1962, however, no further certificates at 4 months have been issued. The interest rates are fixed by the National Bank; they cannot exceed its discount rate for bills accepted payable at a bank.

Column (5), « Certificates at short term (4 months) » : These certificates are the Tranche B Treasury Certificates and the certificates of the Securities Stabilisation Fund. The banks subscribe for them; the Securities Stabilisation Fund also subscribes for the Tranche B Treasury Certificates, the outstanding amount of which does not vary, in so far as the banks do not do so. Up till the beginning of 1962 the rate for the certificates in this column was linked to the National Bank of Belgium's discount rate for bills accepted payable at a bank. Now it is determined by weekly tenders in the light of the market situation and of the Securities Stabilisation Fund's policy; the certificates are all allotted at the highest rate taken. For 1962 the rates in this column are those at the last tender in each month.

Column (6), « Certificates at short term issued by tender (12 months) » : Treasury Certificates at 6, 9 and 12 months are issued by monthly tenders. The banks and public-sector financial institutions take part in these. The amount of certificates issued each month is fixed in mutual agreement by the Minister of Finance and the National Bank of Belgium. The subscriptions take place according to the American system at the different rates offered by the participants, and not at a single marginal rate as in the case of the tenders for Tranche B Treasury Certificates and for certificates of the Securities Stabilisation Fund. The rates in this column are average rates weighted by the amounts of certificates allotted. Since the tender takes place in the first days of the month, the rate for the following month's tender has been shown for each month so as to have the rate of the day nearest to the end of the month in question.

Column (7), « Loans, 5 to 20 years » : This column gives the average yield on Government 5 to 20-year loans, that is the rate which if applied to calculating the present value of all the payments still receivable (by way of redemption, interest, prizes and any premiums) makes that present value equal to the purchase price of all the bonds outstanding, valued at the quotation of the day, plus brokerages and any accrued interest. The calculation has been made for a selection of loans on which the nominal interest rate varies between 4 and 5.75 p.c. The rate appearing in respect of each month is that at the start of the following month.

The average yields on issue of Government loans in 1962 were as follows :

- a) February loan : 5.54 p.c.;
- b) June-July loan : 5.26 p.c.;
- c) November loan : 5.08 p.c.

These rates are calculated on the assumption that holders will not make use of the option allowed them to claim anticipated repayment of their bonds.

(43)

Table 43.

Market for Cash Dealings in Dividend-Bearing Securities

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

Period	Index of Quotations (Basis 1953 = 100)		Total Dealings per month (billions of francs)
	Belgian and Congolese Securities (1)	Belgian Securities (2)	
1960	121	162	0.9
1961	120	169	1.1
1962	119	171	0.9
1962 January	123	174	1.1
February	124	177	1.0
March	127	181	1.3
April	126	181	1.0
May	122	174	1.2
June	115	164	0.9
July	116	167	0.8
August	119	170	0.7
September	119	169	0.7
October	114	163	0.8
November	114	164	0.7
December	115	164	0.7

Columns (1) and (2), « Index of Quotations » : Average of the indices for quotations on the 10th and 25th of each month on the Brussels and Antwerp Stock Exchanges.

Column (3), « Total Dealings per month » : Belgian and foreign securities on the Brussels Stock Exchange.

**ANALYSIS OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR 1962**

ASSETS

GOLD HOLDING.

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

It amounted on 31st December, 1962 to Fr. 68,247,512,506 and consisted of :

Gold in foreign countries	Fr.	67,879,305,125
Gold in Belgium	Fr.	368,207,381
		68,247,512,506
	Fr.	68,247,512,506

On 31st December of the previous year the gold holding amounted to Fr. 62,424,171,251.

FOREIGN CURRENCIES.

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, 1962 to Fr. 12,848,337,243.

On 31st December, 1961 the corresponding assets had amounted to Fr. 20,432,253,356.

FOREIGN CURRENCIES AND GOLD RECEIVABLE.

The amount of Fr. 2,934,626,577 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, 1961 this item appeared at Fr. 6,856,148,989.

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, 1961	On 31st December, 1962
a) European Payments		
Union Fr.	413,476,851	251,263,463
b) European Monetary		
Agreement . . . Fr.	—	—
c) International Monetary		
Fund Fr.	7,988,661,609	6,738,661,609
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 claim amounting to Fr. 6,992,092,800 was apportioned in conformity with the provisions of the Agreement ⁽²⁾.

⁽¹⁾ See page 147 of this Report.

⁽²⁾ See the Report on the Activities of the Bank in 1959, page 93.

The Bank provides for execution of the consolidation and repayment agreements in accordance with its Convention of 16th April, 1959 with the Belgian Government ⁽¹⁾.

In the course of 1962 it received from abroad, and credited to the « Public Treasury, E.P.U. Special Liquidation Account », repayments totalling Fr. 162,213,388 and made up as follows :

	Ordinary repayments	Anticipated repayments	Total
Norway	106,000,000	—	106,000,000
Turkey	32,123,388	—	32,123,388
Greece	17,520,000	—	17,520,000
Iceland	6,570,000	—	6,570,000
	<u>162,213,388</u>	<u>—</u>	<u>162,213,388</u>

The amount of Fr. 162,213,388 was credited to the asset account « European Payments Union ». The balance on this account was consequently reduced from Fr. 413,476,851 to Fr. 251,263,463.

The contractual repayments to be received in 1963 amount to Fr. 133,563,388 namely :

	Balances on 31st December, 1962	Repayments due in 1963
Norway	78,000,000	78,000,000
Turkey	99,047,113	32,123,388
Greece	53,614,450	17,520,000
Iceland	20,601,900	5,920,000
	<u>251,263,463</u>	<u>133,563,388</u>

The Government pays to the Bank an amount of interest equal to that of the interest received by Belgium in accordance with the bilateral consolidation agreements.

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

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, 1961, 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 1962 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⁾.

On 31st December, 1962 the balance on this account appeared in the Balance Sheet at Fr. 6,738,661,609 against Fr. 7,988,661,609 on 31st December, 1961.

The decrease of Fr. 1,250,000,000 has as its counterpart an increase in the International Monetary Fund's holding of Belgian

(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.

Treasury Bills bearing no interest. It results from the following transactions effected by the Fund in the course of the year through the Bank :

1) Subscription for bills to the extent of the Belgian franc repayments effected by the United Kingdom Fr.	2,250,000,000
2) Encashment of bills, paid by the Bank in relief of the Government, with a view to a transfer of Belgian francs to Canada . . Fr.	1,000,000,000
that is, net . . . Fr.	<u>1,250,000,000</u>

The International Monetary Fund's holding appears among the Memorandum Accounts. It has risen from Fr. 8,886,338,391 to Fr. 10,136,338,391. This amount represents the difference between the countervalue of Belgium's participation, amounting to \$ 337,500,000 or B.Fr. 16,875,000,000, and the balance of the asset account « International Monetary Fund ».

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.

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 ⁽¹⁾.

⁽¹⁾ 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, 1962.

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, 1962 at a sum of Fr. 12,341,491,620

On 31st December, 1961 they amounted to Fr. 18,493,702,779

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, 1961 and 31st December, 1962 compare as follows :

	On 31st December, 1961	On 31st December, 1962
Bills on Belgium . . . Fr.	5,072,643,599	10,081,361,010
Belgian franc bills on foreign countries . . Fr.	13,637,913	1,601,275
Total Fr.	5,086,281,512	10,082,962,285

(1) See page 147 of the present Report.

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, 1962 to . . Fr. 3,022,085,469

The total on 31st December, 1961 was . Fr. 73,987,850

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

The holding of public securities comprises the securities acquired by the Bank in accordance with the Conventions, mentioned above, 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.

On 31st December, 1962 the Bank held Fr. 5,140,000,000 of Belgian Treasury Certificates, against Fr. 6,515,000,000 on 31st December, 1961. No transaction was effected during the year 1962 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 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, Allowances and Commissions ». It is calculated at the rate of discount for bills accepted payable at a bank.

In accordance with Article 37 of the Statutes 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. 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, 1961	On 31st December, 1962
a) Divisional currency :		
Treasury notes . . . Fr.	107,713,385	112,836,450
Silver coin Fr.	350,642,130	183,984,990
b) Small coin Fr.	31,461,694	28,846,253
	<hr/>	<hr/>
	Fr. 489,817,209	325,667,693

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.

These provisions have not come into play since 1959.

BALANCES AT THE POSTAL CHEQUE OFFICE.

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

on 31st December, 1962 Fr.	1,546,621
on 31st December, 1961 Fr.	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).

The Bank's consolidated claim on the Government, originally amounting to Fr. 35 billion, appeared in the Balance Sheet for 31st December, 1962 at Fr. 34,000,000,000

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.

PUBLIC LONG-TERM SECURITIES (Articles 18 and 21 of the Statutes).

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

on 31st December, 1962 Fr.	2,627,225,039
on 31st December, 1961 Fr.	2,568,446,110

ITEMS RECEIVABLE.

The « Items Receivable » appeared in the Balance Sheet on 31st December, 1962 at Fr. 1,449,149,580
as compared with Fr. 356,233,447
on 31st December, 1961.

They consist of cheques, coupons and redeemable securities for collection, in amounts recoverable or receivable from third parties, among others in connection with transactions in securities or foreign currencies and with printing work, as well as in postage or revenue stamps.

There was also shown under this heading on 31st December, 1962 the amount of the reductions of Income Tax and National Crisis Tax, on the dividend relating to the year 1960, of which the Bank was advised on 27th November, 1962.

PREMISES, FURNITURE AND EQUIPMENT.

The value of land and buildings appeared in the Balance Sheet for 31st December, 1962 at Fr. 1,593,221,705

In the Balance Sheet for 31st December, 1961 it stood at Fr. 1,538,660,073

The increase of Fr. 54,561,632 represents the amount spent in 1962 on the purchase of premises and on building in progress at Brussels and in the provinces.

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

SECURITIES OF THE STAFF PENSION FUND.

The item « Securities of the Staff Pension Fund » has on the liabilities side its counterpart entitled « Staff Pension Fund ». It was shown in the Balance Sheet for 31st December, 1962 at Fr. 1,277,651,683
 against, on 31st December, 1961 Fr. 1,167,443,097

The increase of Fr. 110,208,586 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 1962 to Fr. 15,815,423 against Fr. 17,522,063 in 1961.

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 ⁽¹⁾ with the pensions paid by the Staff Pension Fund.

ASSETS WRITTEN OFF PENDING COLLECTION.

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.

TRANSITORY ASSETS.

On 31st December, 1962 the Transitory Assets consisted of the following :

a) Fractional interest receivable on claims resulting from international agreements . Fr.	3,987,306
b) Fractional interest receivable on investments abroad Fr.	72,263,774
c) Fractional interest receivable on public long-term securities acquired in accordance with the Statutes Fr.	62,734,548
Carried forward . . Fr.	138,985,628

(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).

	Brought forward : Fr.	138,985,628
d)	Fractional moratory interest on reduction of Income Tax and of National Crisis Tax ⁽¹⁾ Fr.	13,818,420
e)	Provision for the making of bank notes and printer's sundries, for the staff restaurant and the Premises Department Fr.	35,896,648
f)	Anticipated payment, made in 1962, on account of Corporation Tax Fr.	135,000,000
g)	Claim on the Ministry of National Defence for repayment of cash removed by secret formations during the occupation . . . Fr. 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. A new request seeking compensation for the balance has been lodged at the Ministry of National Defence.	2,113,711
h)	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.	2,780,323
i)	Balances with foreign correspondents, being foreign exchange blocked in pursuance of foreign countries' exchange legislation . Fr. (The counterpart of the last three items <i>g</i>), <i>h</i>) and <i>i</i>) appears among the Transitory Liabilities.)	20,361
	Total . . Fr.	328,615,091

(1) See page 161 of the present Report.

LIABILITIES

BANK NOTES IN CIRCULATION.

On 31st December, 1962 the amount of the Bank's notes in circulation was Fr. 138,480,708,900

On 31st December, 1961 it was Fr. 129,078,300,500

These totals were made up as follows, by denominations :

	On 31st December, 1961	On 31st December, 1962
Fr. 1,000 Fr.	113,054,331,000	120,520,691,000
Fr. 500 Fr.	8,452,442,000	9,478,901,500
Fr. 100 Fr.	7,571,527,500	8,481,116,400
Total . . Fr.	129,078,300,500	138,480,708,900

CURRENT AND SUNDRY ACCOUNTS.

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

	On 31st December, 1961	On 31st December, 1962
Public Treasury, Ordinary Account Fr.	701,713	5,366,028
Public Treasury, Exceptional Counter- Cyclical Tax (Law of 12th March, 1957) . Fr.	24,941,874	26,784,593
Carried forward . . Fr.	25,643,587	32,150,621

Brought forward : Fr.	25,643,587	32,150,621
Public Treasury, E.P.U. Special Liquidation Account Fr.	—	—
Banks in Foreign Countries, Ordinary Accounts . Fr.	445,073,220	386,774,593
Institutions Governed by a Special Law, and Public Authorities . . . Fr.	3,513,465,813	203,926,898
Banks in Belgium . . Fr.	4,030,627,217	1,645,406,332
Individuals Fr.	346,893,760	326,067,100
Items Payable . . . Fr.	446,951,846	1,298,649,919
Fr.	8,808,655,443	3,892,975,463

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 1961 and 1962, the net liabilities to foreign countries under international agreements :

	On 31st December, 1961	On 31st December, 1962
European Monetary Agreement . . . Fr.	199,741,972	185,363,729
Other Agreements . . Fr.	365,679,696	412,849,128
Fr.	565,421,668	598,212,857

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 international agreements.

On 31st December, 1962 they amounted to Fr. 142,971,897,220 against Fr. 138,452,377,611 on 31st December, 1961.

FOREIGN CURRENCIES AND GOLD TO BE DELIVERED.

In the same way as on 31st December, 1961 the liabilities shown on 31st December, 1962 in the item « Foreign Currencies and Gold to be Delivered » comprise only transactions concluded in foreign currencies.

Their countervalue was Fr. 15,270,920,215 as against Fr. 25,376,184,130 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. 2,964,247,960
- 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. 12,301,754,678

On 31st December, 1962 the Bank held in foreign currencies an asset amounting to Fr. 12,848,337,243.

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. 12,341,491,620. In order to render them productive, however, it is obliged in certain cases to effect arbitrage transactions. To the extent of these, namely Fr. 2,934,626,577, 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 decrease as between 1961 and 1962 of the forward sales shown in account under « Debtors in respect of Foreign Exchange and Gold at Forward Dates » is smaller than the amount of the repayments effected by the Treasury on its short-term debt in foreign currencies. This debt in fact declined by Fr. 9,150 million ⁽¹⁾. The absence of agreement is explained by covering transactions concluded with the Treasury for the service of debts at longer term, as well as with Belgian and foreign banks.

The Bank's net position in foreign currencies on 31st December, 1962 was as follows :

Assets	
Foreign Currencies	Fr. 12,848,337,243
Foreign Currencies and Gold Receivable	Fr. 2,934,626,577
	15,782,963,820
Total	Fr. 15,782,963,820
Liabilities	
Foreign Currencies and Gold to be Delivered	Fr. 15,270,920,215
	512,043,605
Net asset	Fr. 512,043,605

On 31st December, 1962, 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.

⁽¹⁾ See page 78 of the present Report.

It amounted on 31st December, 1962 to Fr.	1,277,651,683
against, on 31st December, 1961 Fr.	1,167,443,097

TRANSITORY LIABILITIES.

On 31st December, 1962 the Transitory Liabilities were as follows :

a) Unaccrued discount on bills and Treasury Certificates held Fr.	21,836,819
b) Instalments paid by outside parties . . Fr.	65,911
c) Cash removed by secret formations during the occupation, to be recovered Fr.	2,113,711
d) Centenary Fund Fr.	2,780,323
e) Creditors in respect of blocked currencies Fr.	20,361
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.	140,825,676
h) Provision for building of premises and purchasing of equipment Fr.	221,983,906
i) Provision against Sundry Contingencies Fr.	280,000,000
Total . . Fr.	699,626,707

CAPITAL.

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

The Bank has had its Share Certificates reprinted. The new Certificates, with coupons numbered 161 to 184 attached, have been in course of delivery since 1st October, 1962.

RESERVE FUNDS.

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

	On 31st December, 1961	On 31st December, 1962
Statutory Reserve . . Fr.	533,469,290	569,700,506
Extraordinary Reserve . Fr.	260,478,892	260,562,240
Account for Depreciation of Premises, Furniture and Equipment . . . Fr.	1,397,127,428	1,443,168,477
Total . . Fr.	2,191,075,610	2,273,431,223

The increase represents the part accruing to the Statutory Reserve in the distribution of the profits as at 31st December, 1961, a transfer to the Extraordinary Reserve, and the sum of Fr. 46,041,049 which was applied on 31st December, 1962 to writing off the year's expenses relating to the building of premises.

The Extraordinary Reserve was increased by debiting the Profit and Loss Account with Fr. 83,348, being the amount of the tax-exempted part of the profits earned in 1962 on the sale and encashment of securities composing the Bank's holding of Public Long-term Securities. Article 7 of the Law of 20th November, 1962, amending the taxes on income, provides in certain circumstances for exempting all or part of these profits from tax. According to Article 31 of this Law the part thus immunised must remain unavailable. It amounted on 31st December, 1962 to Fr. 14,601,115.

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. 150,053,228, represents a reasonable valuation of the land.

NET PROFIT FOR DISTRIBUTION.

The favourable balance on the Profit and Loss Account, which forms the net profit to be distributed in accordance with Article 38 of the Statutes, amounts to Fr. 316,491,136 as against Fr. 383,128,688 on 31st December, 1961.

The distribution of the net profit, and the calculation of the Dividend, appear on page 167 of this Report.

Although the net sum applied to distribution is smaller than last year's, the net Dividend has not been reduced.

The changes made in the taxation arrangements for companies under the Law of 20th November, 1962, amending the taxes on income, explain this anomaly.

The amount of the Corporation Tax on the distributed profits, calculated at the rate of 30 per cent and operating to the extent of 15 per cent to relieve the Shareholder from tax, is due from the Company and is charged before distribution.

The deductions to be made from the Dividend compare as follows :

	1961		1962
Income Tax . . .	30 per cent	Preliminary Income	
Exceptional Tax	1.5 per cent	Tax	15 per cent

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).

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.

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. 1,910,512,430

ITEMS FOR COLLECTION.

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, 1962 to Fr. 12,766,538

DOCUMENTARY CREDITS OPENED.

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. 8,512,153

CERTIFICATION OF ACCEPTANCES RELATING TO EXPORTS AND IMPORTS.

The bank or commercial acceptances which were in circulation on 31st December, 1962 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. 6,324,183,194

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 have been prolonged to 15th May, 1963.

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 hold sufficient funds on the day before the date of maturity Fr. 1,000,000,000

SUNDRY DEPOSITS.

The breakdown of the Sundry Deposits is as follows :

International Monetary

Fund (1) Fr.	10,136,338,391	
Other Deposits Fr.	101,385,153,629	
	<hr/>	
Total . . . Fr.		111,521,492,020

SECURITIES RECEIVED BY WAY OF GUARANTEE FROM OUTSIDE PARTIES.

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

Cover for advance limits against Pledged Security Fr.	27,922,533,321	
Guarantees given by persons lodging bills for discount Fr.	7,814,650	
Cover provided in Securities and Commercial Bills by Borrowers of Call Money . . . Fr.	3,014,331,820	
Sundry Guarantees Fr.	295,010,138	
	<hr/>	
Total . . . Fr.		31,239,689,929

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

(1) See page 137 of the present Report.

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. 218,072,806

COMMITMENT TOWARDS THE NATIONAL FOUNDATION FOR FINANCING SCIENTIFIC RESEARCH.

In 1959 the Bank undertook a commitment to subscribe for Fr. 600,000,000 of the Fr. 3 billion loan to be issued by the National Foundation for Financing Scientific Research. In addition it agreed in 1962 to take the place, to the extent of Fr. 30 million, of a subscriber who wished to be partly discharged from his undertaking.

The Bank's subscription was paid in 1960 and 1961 to a total extent of Fr. 120 million. Accordingly there remains payable . . . Fr. 510,000,000

The third tranche will be paid at the beginning of 1963.

PUBLIC TREASURY.

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

<i>Portfolio and Sundry Assets</i> Fr.	1,021,666,667
Carried forward . . . Fr.	1,021,666,667

	Brought forward : Fr.	1,021,666,667
<i>Sundry Securities owned by the Government :</i>		
Preference Shares of the Belgian National Railways Company . Fr.	5,000,000,000	
Ordinary Shares of the Belgian National Railways Company . Fr.	1,000,000,000	
Participating Debentures of the Belgian National Railways Company . Fr.	638,305,187	
Treasury Bills of the Government of the Grand Duchy of Luxemburg (Belgian- Luxemburg Agreement) Fr.	1,406,719,713	
Federal Republic of Germany Government Bonds (London Agreements of 27th February, 1953) Fr.	195,905,400	
4.50 per cent Certificates of the National Housing Company Fr.	3,881,125,000	
4.50 per cent Certificates of the National Smallhold- ers' Company . . . Fr.	569,290,000	
Sundry Items . . . Fr.	1,019,541,111	
		Fr. 13,710,886,411
Carried forward . . Fr.		14,732,553,078

Brought forward : Fr. 14,732,553,078

Sundry Items for which the Government is the Depositary :

Items lodged by outside parties Fr.	6,000,884,063
Service of the Registered Debt Fr.	15,008,714,100
Deposit and Consignment Office Fr.	68,346,721,811
Items lodged by way of Guarantee Fr.	3,123,799,095
	<hr/>
	Fr. 92,480,119,069

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

3,911,528

Items to be delivered Fr.

6,514,238,230

Securities withdrawn from circulation . . . Fr.

710

Monetary Fund :

Public Long-term Securities Fr.

5,462,894,190

Total . . Fr. 119,193,716,805

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.

9,980,141,610

GENERAL SAVINGS AND PENSIONS FUND.

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

a) <i>Provisional investments</i>	Fr.	33,116,944,686
b) <i>Cover for Loans</i>	Fr.	14,355,500
c) <i>Guarantee Deposits</i>	Fr.	245,861,261
		<hr/>
Total	Fr.	33,377,161,447

PROFIT AND LOSS ACCOUNT

CREDIT

DISCOUNT, EXCHANGE, INTEREST, ALLOWANCES ⁽¹⁾ AND COMMISSIONS.

	On 31st December, 1961	On 31st December, 1962
Fr.	931,051,073	893,697,681

After deduction of the produce exceeding 3 per cent of discounts and advances allocated to the Government in accordance with Article 37 of the Statutes, and appearing on the debit side of the Profit and Loss Account, the earnings from credit and exchange transactions amount to Fr. 802,776,149 against Fr. 776,043,764.

The difference is relatively small.

The effect of the reducing factors — repayment of the claim arising from liquidation of the E.P.U., ease of the money market, limited extent of intervention on the exchange market, and stability of rates — was appreciable. It was partly counterbalanced by an improvement in the yield from provisional investments in foreign currencies.

Henceforth, subject to the said provisions of Article 37 of the Statutes, the advances imputable to the Treasury's credit limit are being

⁽¹⁾ In view of the relatively small amount represented by the allowance of 0.10 per cent per annum on small notes issued for account of the Treasury, this allowance no longer forms the subject of a special item; the amount received in 1962 was Fr. 2,656,380 against Fr. 2,491,378 in 1961.

uniformly charged at the rate of discount for bills accepted payable at a bank.

INCOME ON PUBLIC LONG-TERM SECURITIES AND OTHER SECURITIES ACQUIRED IN ACCORDANCE WITH THE STATUTES.

	On 31st December, 1961	On 31st December, 1962
Fr.	125,883,460	126,552,559

The holding of public long-term securities and other securities acquired in accordance with the Statutes rose on the year from Fr. 2,568,000,000 to Fr. 2,627,000,000.

The increase in the income from this holding, namely Fr. 669,099, is small. The proportion of arrears additional to the dividend paid by the Bank for International Settlements was smaller in 1962 than in 1961.

PROFIT ON SALE OF, AND COLLECTION OF PROCEEDS OF, SECURITIES.

	On 31st December, 1961	On 31st December, 1962
Fr.	18,197,386	3,649,185

The profit on sale of securities, and on collection of their proceeds, was smaller in 1962 than in 1961.

The size of this item in 1961 was explained by the gain in value recorded on repayment of the Central Bank of the Belgian Congo and Ruanda-Urundi's shares which were in the Bank's holding.

FEES FOR SAFE CUSTODY, BROKERAGE AND RENT OF SAFES.

	On 31st December, 1961	On 31st December, 1962
Fr.	22,741,350	25,585,356

The increase relates to fees for safe custody of open deposits.

AMOUNTS COLLECTED ON ASSETS WRITTEN OFF PENDING COLLECTION.

	On 31st December, 1961	On 31st December, 1962
Fr.	30,400	88,449

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

REPAYMENT OF TAXES COLLECTED IN EXCESS.

	On 31st December, 1961	On 31st December, 1962
Fr.	128,571,430	131,605,681

In application of Article 52 of the former Coordinated Laws concerning Income Taxes certain taxes which related to the 1960 accounting year, and which had been collected in excess, were repaid to the Bank ⁽¹⁾.

TRANSFERRED FROM THE TRANSITORY LIABILITIES « PROVISION FOR BUILDING OF PREMISES AND PURCHASING OF EQUIPMENT ».

	On 31st December, 1961	On 31st December, 1962
Fr.	22,054,332	46,041,049

The object of the transfer on 31st December, 1962 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.

(1) The same provision is applicable to the taxes on income of the year 1961; the taxes collected in excess on such income will be repaid in 1963. The income for the year 1962 is subject to the Law of 20th November, 1962 amending the taxes on income.

DEBIT

GENERAL EXPENSES.

	On 31st December, 1961	On 31st December, 1962
Fr.	411,440,654	444,506,092

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 the same way as in the previous year the number of employees and workers remained stable. The promotions made and merit increases granted on 1st January, 1962, the applying of provisions based on conventions concluded at national level and the adjustment of salaries and wages to the rise in the retail price index affected the amount of expenditure. Social security charges further increased.

EXPENSES OF ACQUIRING, SELLING AND SHIPPING GOLD.

	On 31st December, 1961	On 31st December, 1962
Fr.	270,253	133,906

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.

ORDINARY GRANT TO THE STAFF PENSION FUND.

	On 31st December, 1961	On 31st December, 1962
Fr.	39,600,000	44,135,000

EXTRAORDINARY GRANT TO THE STAFF PENSION FUND.

	On 31st December, 1961	On 31st December, 1962
Fr.	37,100,000	54,100,000

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 raise the actuarial reserves up to the level required in order to cover pensions which are not yet running. The provision of this grant is the corollary to the increase of pay.

DEPRECIATION OF OLD PREMISES, FURNITURE AND EQUIPMENT.

	On 31st December, 1961	On 31st December, 1962
Fr.	13,057,201	13,307,897

WRITTEN OFF NEW PREMISES.

	On 31st December, 1961	On 31st December, 1962
	22,054,332	46,041,049

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 1962 was apportioned as follows :

Work on modernising old premises in the provinces	
Fr.	<u>481,056</u>
Carried forward . . Fr.	481,056

Brought forward : Fr.	481,056	
Purchase of equipment for the printing works, technical departments and offices Fr.	9,984,118	
Purchase of furniture for offices at Brussels and in the provinces . . Fr.	2,842,723	
		Fr. 13,307,897
Expenditure relating to the construction of buildings at Brussels and in the provinces . . Fr.		46,041,049

AMOUNT DUE TO THE GOVERNMENT.

	On 31st December, 1961	On 31st December, 1962
Fr.	155,007,309	90,921,532

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 smaller in 1962 than in 1961.

The average amount of such transactions was a little smaller in 1962; moreover the rates then were appreciably lower than those of 1961.

TRANSFERRED TO THE EXTRAORDINARY RESERVE.

	On 31st December, 1961	On 31st December, 1962
Fr.	62,372	83,348

The amount of Fr. 83,348 represents the part which is free of tax, provided that it remains unavailable, of the profit realised in 1962 on the sale and encashment of securities held by the Bank.

ALLOCATION OF THE NET PROFIT.

After deduction of the transfer to Extraordinary Reserve the favourable balance on the Profit and Loss Account is Fr. 533,991,136.

It has been allocated as follows :

Transferred to the Transitory Liabilities as :

a) Provision for Taxes Fr.	122,900,000
b) Provision for Building of Premises and Purchasing of Equipment Fr.	74,600,000
c) Provision against Sundry Contin- gencies Fr.	20,000,000
	<hr/>
	Fr. 217,500,000
<i>Net Profit for Distribution Fr.</i>	<i>316,491,136</i>
	<hr/>
Total . . . Fr.	533,991,136

The position of these three transitory items is as follows :

a) **Provision for Taxes.**

On 31st December, 1961 Fr.	100,760,025
Tax payments made in 1962, chiefly comprising the National Crisis Tax on the Dividend paid on 1st March, 1962, the exceptional taxes laid down by Articles 122 and 123 of the Law of 14th February, 1961, the Preliminary Land and Buildings Tax and sundry taxes Fr.	82,834,349
	<hr/>
	Fr. 17,925,676
Transfer appearing on the debit side of the Profit and Loss Account in view of the payment of Corporation Tax as well as of the Preliminary Land and Buildings Tax and of the various taxes which the Bank expects to have to meet in 1963 Fr.	122,900,000
	<hr/>
Balance on 31st December, 1962 Fr.	140,825,676

The Corporation Tax established by the Law of 20th November, 1962, amending the taxes on income, represents 30 per cent of the profits. This rate is raised by five points per cent as regards that part of the profits, allocated to reserves, which exceeds Fr. 5,000,000.

In order to avoid the 15 per cent tax increase laid down by Article 35, paragraph 2 of the said Law the Bank in 1962 effected an anticipatory payment of Fr. 135 million; this amount appears in the Transitory Assets.

b) **Provision for Building of Premises and Purchasing of Equipment.**

On 31st December, 1961	Fr.	193,424,955
Drawings in 1962, the subject of comment above ⁽¹⁾	Fr.	46,041,049
	Fr.	147,383,906
Transfer by the debit of the Profit and Loss Account	Fr.	74,600,000
Balance on 31st December, 1962	Fr.	221,983,906

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 at Brussels.

c) **Provision against Sundry Contingencies.**

On 31st December, 1961	Fr.	260,000,000
Transfer by the debit of the Profit and Loss Account	Fr.	20,000,000
	Fr.	280,000,000

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 163 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 :

1. To the Shareholders : a First Dividend of 6 % on the Nominal Capital	24,000,000
2. As to the rest, namely Fr. 292,491,136	
a) 10 % to Reserve	29,249,114
b) 8 % to the Staff	23,399,291
3. As to the remainder, namely Fr. 239,842,731	
a) To the Government : one-fifth	47,968,546
b) To the Shareholders : a Second Dividend	191,855,226
c) The balance to Reserve	18,959
Total Net Profit to be distributed	316,491,136

DIVIDEND DECLARED FOR THE YEAR 1962

First Dividend, Total Fr.	24,000,000
Second Dividend, Total Fr.	191,855,226
Total . . Fr.	<u>215,855,226</u>

on 400,000 Shares, that is per Share a Dividend of Fr. 539.638

This Dividend is payable on 1st March, 1963 on presentation of Coupon No. 161, subject to deducting of the retentions laid down by the Law of 20th November, 1962 amending the taxes on income.

The amount retained by way of Preliminary Income Tax is 15 per cent of 85/70ths ⁽¹⁾ of the declared Dividend, less a sum corresponding to

Carried forward . . Fr. 539.638

⁽¹⁾ Allowing for the Shareholder's tax relief representing half the 30 per cent tax paid by the Company on 100/70ths of the declared Dividend.

Brought forward : Fr.	539.638
85/100ths of the net income collected on Shares by the Bank ⁽¹⁾ , namely Fr.	94.638
Leaving, net Fr.	445.—
The Additional Preliminary Income Tax ⁽²⁾ represents 15 per cent of Fr. 445, that is . . . Fr.	66.—

The Additional Preliminary Income Tax is not charged if the beneficiary of the income authorises the paying organisation to make out in his name, and to send to the Direct Taxes Department, the individual voucher mentioned in Article 8 of the Royal Decree of 3rd December, 1962.

The distributable profit being taken as equal to 100, the Corporation Tax and the Preliminary Income Tax are as follows :

Amount distributed	100
Corporation Tax operating, to the extent of 15 per cent, to relieve the Shareholder from tax —	30
Leaving :	70
Preliminary Income Tax calculated on 70 + 15, that is on 85/70ths —	12.75
Net :	57.25

Since the net Dividend amounts to Fr. 445, the taxable income to be declared for tax on individuals is consequently :

$$\text{Fr. } 445 \times \frac{85}{57.25} = \text{Fr. } 660.70$$

⁽¹⁾ In virtue of Article 43, paragraph 1 of the Law the Preliminary Income Tax is not due on that part of the income from shares :

a) which is allocated to the Government, to provinces, to municipalities and to public assistance committees;

b) which corresponds to the amount deducted in pursuance of Article 34, paragraph 1 from the distributed profits, that is to say the income from shares or from capital invested, as well as the income from public securities which have been issued free from Belgian non-personal and personal taxes.

⁽²⁾ The basis for charging the Additional Preliminary Income Tax is determined, for each beneficiary and for each transaction by way of payment or crediting in account (and not per coupon).

The amount which the Shareholder can count towards his total tax in accordance with the provisions of the Law represents the difference between the amount declared and that of the net Dividend, namely Fr. 215.70, possibly plus Fr. 66 as the amount of Additional Preliminary Income Tax if this has been charged.

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 :

Gold Holding	68,247,512,506
Foreign Currencies	12,848,337,243
Foreign Currencies and Gold Receivable	2,934,626,577
International Agreements (Laws of 28th July, 1948 and 19th June, 1959) :	
a) European Payments Union	251,263,463
b) European Monetary Agreement	—
c) International Monetary Fund	6,738,661,609
d) Other Agreements	—
Debtors in respect of Foreign Exchange and Gold at Forward Dates	12,341,491,620
Commercial Bills	10,082,962,285
Advances against Pledged Security	3,022,085,469
Public Securities (Article 20 of the Statutes, Conventions of 14th September, 1948 and 15th April, 1952) :	
a) Treasury Certificates	5,140,000,000
b) Securities issued by Institutions whose liabilities are guaranteed by the Government	—
c) Other Belgian Public Securities	—
Treasury Notes and Coin	325,667,693
Balances at the Postal Cheque Office	1,546,621
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)	2,627,225,039
Items Receivable	1,449,149,580
Premises, Furniture and Equipment	1,593,221,705
Securities of the Staff Pension Fund	1,277,651,683
Assets Written Off pending Collection	pro memoria
Transitory Assets	328,615,091
Total Assets	163,210,018,184

31st DECEMBER, 1962

LIABILITIES

Notes in Circulation		138,480,708,900
Current and Sundry Accounts :		
Public Treasury { Ordinary Account	5,366,028	
{ Exceptional Counter-Cyclical Tax (Law of 12th March, 1957)	26,784,593	
{ E.P.U. Special Liquidation Account	—	
Banks in Foreign Countries : Ordinary Accounts	386,774,593	
Institutions governed by a Special Law, and Public Authorities	203,926,898	
Banks in Belgium	1,645,406,332	
Individuals	326,067,100	
Items Payable	1,298,649,919	3,892,975,463
International Agreements (Laws of 28th July, 1948 and 19th June, 1959) :		
a) European Monetary Agreement	185,363,729	
b) Other Agreements	412,849,128	598,212,857
Total Sight Liabilities		142,971,897,220
Foreign Currencies and Gold to be Delivered		15,270,920,215
Staff Pension Fund		1,277,651,683
Transitory Liabilities		699,626,707
Capital		400,000,000
Reserve Funds :		
a) Statutory Reserve		569,700,506
b) Extraordinary Reserve		260,562,240
c) Account for Depreciation of Premises, Furniture and Equipment		1,443,168,477
Net Profit for Distribution		316,491,136
Total Liabilities		163,210,018,184

General Expenses	444,506,092
Expenses of Acquiring, Selling and Shipping Gold	133,906
Ordinary Grant to the Staff Pension Fund	44,135,000
Extraordinary Grant to the Staff Pension Fund	54,100,000
Depreciation of Old Premises, Furniture and Equipment	13,307,897
Written off New Premises	46,041,049
Amount due to the Government :	
Produce, exceeding 3 %, of Discounts and Advances on Pledged Security.	90,921,532
Transferred to the Extraordinary Reserve :	
Profit on Sale of, and on Collection of Proceeds of, Securities	83,348
Transferred to the Transitory Liabilities as :	
a) Provision for Taxes	122,900,000
b) Provision for Building of Premises and Purchasing of Equipment	74,600,000
c) Provision against Sundry Contingencies	20,000,000
Net Profit for Distribution	316,491,136
	1,227,219,960

MEMORANDUM ACCOUNTS A

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>Security provided by Borrowers of Call Money</i>	
<i>Sundry Guarantees</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 Grand Duchy of Luxemburg (Belgian-Luxemburg Agreement)	
Federal Republic of Germany Government Bonds (London Agreements of 27th February, 1953)	
4.50 % Certificates of the National Housing Co.	
4.50 % Certificates of the National Smallholders' Co.	
Sundry Items	
<i>Sundry Items for which the Government is the Depository :</i>	
Items lodged by outside parties	
Service of the Registered Debt	
Deposit and Consignment Office	
Items lodged by way of Guarantee	
<i>Securities lodged in pursuance of the Regent's Decree of 17th January, 1949 regarding the cancellation of undeclared Belgian bearer securities</i>	
<i>Items to be delivered</i>	
<i>Securities withdrawn from circulation</i>	
<i>Monetary Fund :</i>	
Public Long-term Securities	
Securities Stabilisation Fund, Securities Deposited	
General Savings and Pensions Fund :	
<i>Provisional Investments</i>	
<i>Cover for Loans</i>	
<i>Guarantee Deposits</i>	

AS AT 31st DECEMBER, 1962

CREDIT

Discount, Exchange, Interest, Allowances and Commissions	893,697,681
Income on Public Long-term Securities and Other Securities acquired in accordance with the Statutes	126,552,559
Profit on Sale of, and Collection of Proceeds of, Securities	3,649,185
Fees for Safe Custody, Brokerage and Rent of Safes	25,585,356
Amounts collected on Assets Written Off pending Collection	88,449
Repayment of Taxes collected in excess	131,605,681
Transferred from the Transitory Liabilities « Provision for Building of Premises and Purchasing of Equipment »	46,041,049
	<hr/>
	1,227,219,960

AS AT 31st DECEMBER, 1962

		1,910,512,430
		12,766,538
		8,512,153
		6,324,183,194
		1,000,000,000
	10,136,338,391	
	<u>101,385,153,629</u>	111,521,492,020
	27,922,533,321	
	7,814,650	
	3,014,331,820	
	<u>295,010,138</u>	31,239,689,929
		1,020,000,000
		218,072,806
		510,000,000
	1,021,666,667	
5,000,000,000		
1,000,000,000		
638,305,187		
1,406,719,713		
195,905,400		
3,881,125,000		
569,290,000		
1,019,541,111		
	<u>13,710,886,411</u>	
6,000,884,063		
15,008,714,100		
68,346,721,811		
3,123,799,095		
	<u>92,480,119,069</u>	
	3,911,528	
	6,514,238,230	
	710	
	<u>5,462,894,190</u>	119,193,716,805
		9,980,141,610
	33,116,944,686	
	14,355,500	
	<u>245,861,261</u>	33,377,161,447

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
Antwerp Port Administration	Administration du Port d'Anvers
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 (B.N.R.C.)	Société Nationale des Chemins de Fer Belges (S.N.C.F.B. ou S.N.C.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 (O.C.R.A.)
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 Credit Institutions	Conseil des Institutions de Crédit
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.)
Department of Applied Economics at the Free University of Brussels	Département d'Economie appliquée de l'Université Libre de Bruxelles
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) (E.S.P.R.I.)	Institut de Recherches Economiques, Sociales et Politiques (de l'Université de Louvain) (précédemment Institut de Recherches Economiques et Sociales) (I.R.E.S.P.)
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 = Fonds de l'Accord Monétaire 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
Information Bulletin of the National Bank of Belgium	Bulletin d'Information et de Documentation de la Banque Nationale de Belgique
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 des Métaux de Londres
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 and Energy (formerly Ministry for Economic Affairs)	Ministère des Affaires Economiques et de l'Energie (précédemment 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 (N.S.I.)	Institut National de Statistique (I.N.S.)
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 Luxembourg
Securities Stabilisation Fund	Fonds des Rentes
Social Programming Agreement	Accord de programmation sociale
Special Agricultural Committee (of E.E.C.)	Comité Spécial Agricole (de la C.E.E.)
Special Council of Ministers (of the E.C.S.C.)	Conseil Spécial des Ministres (de la C.E.C.A.)
Staff Pension Fund	Caisse de Pensions du Personnel
Telegraphs and Telephones Board	Régie des Télégraphes et des Téléphones
Textile Industry Federation	Fédération de l'Industrie Textile
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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