

NATIONAL BANK OF BELGIUM



REPORT

1969

NATIONAL BANK OF BELGIUM

REPORT

on the activities of the year 1969 presented to the General Meeting

on 23rd February, 1970

PRINTED IN BRUSSELS

AT THE PRINTING WORKS OF THE NATIONAL BANK OF BELGIUM

REPORT

PRESENTED BY THE GOVERNOR

IN THE NAME OF THE

Council of Regency

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

The year 1969 was marked by strong growth of the national product both in Belgium and in the other countries of the European Economic Community. These countries, like the United States and the United Kingdom, pursued policies aimed at counteracting the inflationary tensions and at ensuring equilibrium in their balances of payments. It is in this national and international context that the policies which the Belgian authorities, and in particular the National Bank, were led to pursue during the past year have to be considered.

The cyclical context and the problems which it raised.

Two problems emerged together at the start of 1969, then grew and entailed more and more vigorous action by the monetary authorities.

One resulted from the exceptionally rapid reversal of the cyclical trend in Belgium. Until the middle of 1968 total demand had been growing only slowly, but from the autumn onwards its rate of expansion quickened; by the beginning of 1969 it was clear that all categories of expenditure were definitely rising; orders from abroad were influenced by the existing or renewed upswing in the economies of the principal countries trading with Belgium; the execution of public investment programmes initiated at the time of the stimulation policy proceeded; households increased their expenditure on consumption and on house-building because of the improvement in prospects for employment, and under the prompting of an incidental factor, namely the fear that prices might rise on replacement of the turnover tax by a value-added tax; the foreseeable course of demand caused industrialists to revise their plans for capital expenditure by very considerably expanding them. The increase of spending by enterprises and individuals was supported by ample borrowing from financial intermediaries. Economic activity, stimulated by the growing volume of total demand, reached as from the first months of the year a high level in

The problem of maintaining internal equilibrium.

comparison with the capacities of the productive system. Prices, both wholesale and retail, tended to rise at a faster rate.

The risks of tension became ever more apparent as the year went by; they justified the adoption of a monetary policy designed to prevent too great an excess of demand over supply, as a whole or in certain sectors particularly sensitive to the expansive factors, from causing cost and price increases greater than those which occurred abroad. It is clear, however, that the Belgian economy cannot entirely escape from the spread of these latter.

The external
problem :
the outflow of
funds to foreign
countries.

The other problem concerned international relations, more particularly the movements of capital. So long as inflationary pressures of purely internal origin were avoided, equilibrium in trade relations was not immediately threatened; on the contrary, following the developments abroad, the vigorous rise of exports continued and amply covered the accompanying, largely consequent increase of imports. But the same did not apply to capital transactions; the outflow of funds to foreign countries was in fact stimulated by a number of factors. A gap had been created between the rates of interest ruling on the home and international markets because those in Belgium had been kept at a relatively low level so as not to impair economic recovery, while those on the international markets had risen under the influence of the American authorities' restrictive monetary policy; these disparities in yield caused the banks to build up their spot exchange position, already very high, while the public increased their investments in foreign securities. Access to funds, including bank credit, was moreover easier in Belgium than in various other countries — like France and the United Kingdom — which were already applying restrictive measures in order to remedy the disequilibria in their balances of payments; thus the lending by Belgian financial intermediaries contributed towards financing the constitution of foreign claims which arose because the price of imports was paid in advance, while the proceeds of exports were repatriated only with a certain delay. Finally movements of short-term funds, unavoidable owing to the internationalisation of money markets, resulted from expectations of changes in parity, particularly in that of the

German mark; a crisis of this kind had already occurred in November, 1968; it did so again in May and August, 1969, especially during the latter month, when devaluation of the French franc started baseless rumours about maintenance of the Belgian franc's parity.

The monetary policy measures required for coping with these two difficulties — the possible overdoing of cyclical expansion, and the reaction of domestic financial markets to the external factors — were coherent. The authorities' action had to aim at making funds less abundant on the domestic markets, more expensive for borrowers and more remunerative for lenders.

The monetary policy measures adopted in April and May.

Consequently a number of decisions were successively adopted until the autumn.

The National Bank increased its rates of discount and interest on 6th March, and again on 10th April. The basic rate of discount, already raised by 0.75 p.c. on 19th December, was accordingly increased from 4.50 to 5.50 p.c.

The Bank decided no longer to admit for rediscount any Road Fund acceptances falling due after 30th September, 1969. Such rediscounting enlarges the monetary resources on which the Government can temporarily draw in order to finance its capital expenditure; it is in fact justifiable, as is emphasised in the Report to the King on Royal Decree No. 41 of 29th September, 1967, only when the amount of funds available cannot ensure financing of the total capital expenditure needed in order to attain a high level of employment, a condition which was manifestly no longer fulfilled.

On 3rd April the Belgian-Luxemburg Foreign Exchange Institute instructed the banks which had a particularly large spot position in foreign currencies on the regulated market to reduce that position, progressively, so as to bring it down by 30th June to a stated amount.

At the end of April the National Bank gave the banks directives aimed at limiting to 14 p.c. for the whole of the year the expansion, as compared with the total at the end of 1968, of the credits used by enterprises and

individuals, including Belgian franc advances to non-residents. After making allowance for seasonal factors the increase was not to exceed 10 p.c. either at the end of June or at the end of September. These directives had two objects. On the one hand they immediately limited the liquidity creation effected by the banks in reliance on the lender of last resort; on the other hand they obliged the banks to be less generous in the opening of new credits, thereby narrowing the potential cash margins which enable enterprises to speed up the placing of orders for payment at later dates. To the other categories of financial intermediaries — namely public credit institutions, private savings banks and insurance companies — the respective supervisory authorities recommended similar limitation, adapted to the said intermediaries' terms of business; the directives related to the amount of the credits opened, the policy aim being here also to spread out the expansion of enterprises' expenditure programmes and that of decisions to build.

At the end of April the National Bank also introduced a system of rediscount and certification ceilings. Each bank's ceiling was in principle equal to a percentage, originally 16 p.c., of its chief resources in Belgian francs; but it was laid down that a bank's ceiling would be reduced, if it did not observe the norm for limitation of credit, by the amount of the excess; the National Bank could not in fact agree to provide funds for financing credits granted above the maximum fixed by its directives. This new instrument of monetary policy enables the National Bank to inform the banks clearly and expressly of its decisions to limit or to widen the facilities which it offers them for procuring cash by way of rediscount; at the same time it enables the Bank immediately to influence one of the elements in the banks' liquidity, namely the size of the bill holdings which can be admitted to rediscount. The setting up of such machinery was the more justified because it was necessary to slow down the exceptionally rapid expansion in the commercial portfolio of the National Bank; the latter's rediscounting in fact offset, to the detriment of its reserves, the domestic liquidity contraction due to the outflow of private funds.

From May onwards the National Bank reduced, from 180 to 120 days, the duration generally allowed for certifying bills representing exports of

consumer goods. It thereby aimed at making it less easy to lengthen the time-lag between despatch of the goods and payment for them.

Largely as a contribution to the effectiveness of the measures adopted by the National Bank in the sphere of credit the Banking Commission, by an order made on 20th May, required the banks to observe until 31st May, 1970 a « re-employment ratio », that is a minimum ratio, rising month by month to a peak of 60 p.c., between their easily negotiable assets and their short-term liabilities in Belgian francs.

During the months which followed the National Bank's and the Belgian-Luxemburg Foreign Exchange Institute's putting into force of the provisions just described the cyclical expansion continued at a rapid rate. Although the growth of bank lendings became appreciably slower, however, and although the banks' foreign currency spot position on the regulated market dropped from Fr. 14.3 billion on 31st March to Fr. 5.1 billion on 30th June, the foreign payments problem persisted for the two reasons already mentioned. On the one hand there was the rise in rates of interest on the Euro dollar market; because of the American banks' considerable borrowing these rates, from June onwards, exceeded 10 p.c. for deposits at three months. On the other hand there were international movements of funds due to the prospects of a change in the parity of certain currencies. During May and August the National Bank's net reserves declined by, respectively, about 3 and 8 billion Belgian francs. So as to strengthen its means of action the Bank extended its swap agreements with foreign Central Banks; the amount of the reciprocal short-term credit agreement with the Federal Reserve Bank of New York was raised from \$ 225 to 300 million at mid-May and to \$ 500 million at the beginning of September. In August the Bundesbank granted the National Bank a short-term credit facility amounting to 400 million German marks; this facility was not used, and it was given up in November.

Reinforcement
of the preceding
measures.

In order to restore equilibrium in external payments the National Bank and the Belgian-Luxemburg Foreign Exchange Institute reinforced and completed the measures which they had previously adopted.

The National Bank again increased its rates of discount and interest on 29th May, 31st July and 18th September; on this latter date it raised its basic rate of discount to 7.50 p.c., against 4.50 p.c. at the start of the year and a minimum of 3.75 p.c. in 1968. At the time of the rise on 31st July the special rate for export financing transactions, already abolished on 1st January in the case of sales to member states of the European Economic Community, was completely abandoned, since it enabled certain enterprises to procure cash at a cost lower than the market rates.

This rise in official rates was not peculiar to Belgium. In the course of 1969, on the contrary, all the principal foreign Central Banks raised their rate scales in one or more stages by amounts which ranged between 0.50 and 3 p.c.

The norms which had been authorised on 30th September and 31st December for expansion of bank lendings to enterprises and individuals were reduced so as to limit the increase of outstanding used amounts to 8.1 p.c. instead of 10 p.c., for the first three quarters, and to 11.2 instead of 14 p.c. for the whole year. The norms set at the end of April had in fact proved to be too large when account was taken of the subsequent facts. The reason was that, even though they were observed, they had not only permitted, as was the intention, normal financing of all legitimate transactions, the total amount of which had continued to increase, but in addition, contrary to the intended aim, they had allowed the outflow of private funds to continue.

On 17th September, when the National Bank told the banks that it would lower the norm on 31st December, it also told them that it intended to continue the policy of credit limitation during the first half of 1970. The increase authorised during this period is the same as for the second half of 1969. The banks were thus enabled to arrange, in good time, their opening of credits which might give rise to drawings in the following year. For the first half of 1970, just as for the year 1969, corresponding targets were set for the other financial intermediaries by the authorities to which they are subject.

The rediscount and certification ceilings were also reduced. The 16 p.c. ratio of the banks' Belgian franc resources was lowered to 14 p.c. on 18th August. On 17th September the National Bank announced that this percentage would be reduced to 10 at the end of the first quarter of 1970 by monthly decreases, of two-thirds of a point, with effect from the end of October. These decisions were justified by the continuance of direct and indirect recourse to rediscounting at the National Bank on a scale exceptional as compared with the amounts recorded during similar cyclical periods.

The Belgian-Luxemburg Foreign Exchange Institute for its part twice instructed the banks further to limit their foreign exchange position on the regulated market. It also adopted a series of measures which, while they in no way changed the basic principles of the regulation in force but did apply it more strictly, aimed at preventing short-term capital exports which ought normally to pass through the free market from being effected through the regulated market under cover of transactions in goods.

The effects of the measures adopted by the Bank and the Belgian-Luxemburg Foreign Exchange Institute between May and September already began to appear before the end of that period. Whereas the National Bank's net reserves had fallen from Fr. 114.9 billion at the end of October, 1968 — the period of tension which gave rise to the Bonn Conference — to Fr. 93.7 billion at mid-August, 1969, they then began to build up again. From mid-September onwards the regulated foreign exchange market again became a seller; this movement progressively developed, and reached a maximum when the new parity of the German mark was known. During October alone the National Bank's reserves increased by Fr. 13.4 billion; by the end of the year they had reattained the level of Fr. 118.5 billion.

*Effects of the measures.
Reasons for continuing the previous policy.*

The cyclical situation in Belgium and abroad did not, however, permit any relaxation of the Bank's credit policy during the last few months.

Abroad, indeed, the inflationary pressures remained in general strong, and interest rates consequently stayed very high. The principal Central

Banks maintained their rates of discount at the peak level for the year. Some even raised them afresh. Rates on the Euro dollar market, after falling for a time in October, again rose. In these circumstances there was a risk that any appreciable decline of interest rates in Belgium might have caused further outflows of private funds. The National Bank could therefore not contemplate any change in its rates of discount and interest; and the Securities Stabilisation Fund continued to exert an upward influence on the rate in the call money market by resorting to that market, rather than to advances by the National Bank, in order to finance its operations.

What is more, reasons of domestic cyclical policy justified maintaining the high level of interest rates as well as the limitations on expansion of credits. The difficulty which many industries had in increasing their production at short notice entailed the risk of quickening the price rise; and this rise, if it became significant, would adversely affect the Belgian economy's ability to compete. This risk was further increased by the German mark's revaluation, which is normally bound to cause a rise in the unit value of goods imported from the Federal Republic of Germany, as well as an increase in the volume or the prices of exports. For this reason the Government, which had already before that refrained from commitments involving the conditional tranche of the 1969 extraordinary budget, and had postponed introduction of the value-added tax system, announced on 28th November a batch of measures designed to ensure balanced growth of the economy. They included greater selectivity as regards Government aid for private investment, more restrictive regulation of instalment sales and personal loans, easing the limitations on imports of certain products, and a reduction of the tax rebates allowed on various exports.

In November the National Bank, desiring to promote employment of the available production factors in a manner consistent with the country's general advantage, made new recommendations to the banks about the priorities to be observed by them within their permitted credit quota. Lendings which must be regarded as having priority include those which

are of a kind likely to contribute directly towards productive activity, particularly in the depressed regions; they also include those which are required for effecting fixed investments, or which are indispensable for the manufacture of products intended for export. There must on the other hand be strict moderation in credits to finance building and consumption.

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Despite the sometimes acute difficulties which had to be overcome the economic developments in Belgium, considered for the year 1969 as a whole, appear particularly satisfactory.

*The results :
a retrospect of
economic and
financial trends
in 1969.*

On the one hand, according to the latest estimates, the growth-rate of the national product in real terms rose from 3.8 p.c. in 1968 to 6 p.c. in 1969, this being one of the highest rates for the last ten years. The quickening was due to exports, the value of which was up for the Belgian-Luxemburg Economic Union by 23 p.c. during the first eleven months, against 16 p.c. in 1968; to fixed capital formation, which, after having declined in the previous year, appears to have increased by 16.5 p.c. — at current prices — in the principal industries; and finally to house-building, which showed very marked recovery. For the first ten months the manufacturing industries' total output was up by 10.5 p.c., against 6.5 p.c. in 1968. In the last quarter however, according to all available indications, the Belgian economy was in a state very close to full employment of the production factors. In October the average degree to which the total installed capacities of manufacturing industries were utilised was 87 p.c., thus exceeding the maximum attained in 1964 during the previous phase of very high activity; the overloading of some equipments, the insufficiency of various supplies and the shortage of skilled labour prevented fuller use of capacities for production; the number of unfilled vacancies was very nearly three times as great as a year earlier. It is true that unemployment, although definitely down, was still appreciably above its earlier minimum levels. But it was attributable less to overall lack of opportunities for work than to unequal geographical

distribution of such opportunities, to insufficient mobility of labour and, in certain cases, to inadequate skill of the workers available.

On the other hand the rise of the growth-rate took place without economic disorder, the factors of tension having been contained within acceptable limits. The increase of wages and prices was indeed greater than in 1968. Thus the average gross hourly wage increased by 8.1 p.c. between September, 1968 and September, 1969, against 5.3 p.c. for the previous twelve months; for the first eleven months the rise of wholesale prices for industrial products reached 4.7 p.c. in 1969 against 1.2 p.c. in 1968, and consumer prices increased by 4.4 p.c. in 1969 against 2.5 p.c. in 1968. Increases in prices for building work were of the order of 7 to 10 p.c. according to the categories of work; they exceeded those for the previous year, which had been of the order of 2.5 to 4 p.c. But according to such comparisons as can be made these rises do not seem to have been, on the whole, greater than in the other European Economic Community countries; in many cases, indeed, they were more moderate.

In addition the Belgian-Luxemburg Economic Union's balance of trade compares favourably with that for previous years. For the first eleven months, according to the Customs statistics, there was a surplus of Fr. 1.6 billion in 1969 against a deficit of Fr. 7.9 billion in 1968.

This trend in the balance of trade, and loans placed abroad by public-sector financial intermediaries and operating organisations, caused the current account plus enterprises' and individuals' capital transactions with foreign countries, after having shown for the first ten months a deficit of Fr. 5.1 billion in 1968, to yield a surplus of Fr. 3.6 billion in 1969.

While credit policy did impose limitations, it remains true that as between the two periods the increase in the total outstanding amount of credits granted by all financial intermediaries (excluding life assurance companies), and used by enterprises and individuals, rose from Fr. 41.4 to 49.7 billion. In the case of non-monetary institutions the amount of mostly medium and long-term credits, granted before the limitation measures, caused the outstanding total actually used to grow by Fr. 37.8

billion against Fr. 26.5 billion in 1968. On the other hand the credits granted by monetary institutions generally turn over faster, and their growth can therefore be slowed down within shorter periods. In their case the outstanding used amount rose by only Fr. 11.9 billion in 1969 against Fr. 14.9 billion in 1968.

Because of the effect produced on tax revenues by the national product's great expansion in value, and thanks to the brake which the Government for cyclical reasons applied to extraordinary expenditure, the Government's net financial requirement declined. It was covered, to an extent greater than in 1968, by non-monetary resources; the appreciable rise in the interest rates allowed to subscribers for bonds greatly contributed to this result; thus the Government's October loan, yielding 8.51 p.c. as against 6.88 p.c. for the similar issue in February, brought in the large amount of Fr. 14.5 billion after deduction of amounts redeemed on an earlier loan. Without inclusion of the temporary investments which public entities effected in Treasury Certificates with the proceeds of foreign currency loans the monetary institutions' financing of the Government declined, for the first ten months, from Fr. 24.6 billion in 1968 to Fr. 8.6 billion in 1969; this latter amount includes Fr. 5 billion of recourse to foreign markets, however, whereas the liabilities to these had decreased by Fr. 3.6 billion in the previous year.

The amount of Belgian franc and foreign currency financial assets constituted by individuals and enterprises, in all the forms which it has been possible to record, was smaller than in 1968, having dropped from Fr. 92.2 to 88.7 billion for the first ten months, one reason being that individuals and enterprises used a greater part of their saving to finance investments and house-building.

The amount of foreign currency assets constituted in the form of securities and of deposits at Belgian banks increased from Fr. 10 to 20.5 billion. This increase, as between 1968 and 1969, took place during the first months of the period. Thereafter these investments became less attractive, since the prospects for the New York Stock Exchange appeared less favourable, while the rise in yields was faster for Belgian public long-

term securities than for Euro bonds, the issues of which moreover slowed down, and steps were taken which render the holding of foreign currency deposits less remunerative.

It is thus the constitution of assets denominated in Belgian francs which declined in 1969; the decline applied to cash holdings.

In fact the new non-monetary deposits in Belgian francs reached approximately the same total amount as in the previous year. But their composition was much affected by the course of interest rates; in comparison with 1968 there was much switching from savings deposits, on which only the fidelity premium was raised, to time deposits, the rates for which appreciably increased. Net purchases of bonds varied little between 1968 and 1969 owing to the recovery of subscriptions after the yields had been substantially raised.

On the other hand cash holdings, which had risen by Fr. 7.8 billion during the first ten months in 1968, fell by Fr. 5.3 billion in 1969. While this reversal was a little more marked in the case of sight deposits, the structural decrease in the proportion of bank notes to the total money supply nevertheless continued.

Since the average money supply expanded at a pace much slower than the particularly rapid growth of the national product at current prices, the rate of turnover of money increased in 1969. Idle cash holdings were converted into non-monetary financial assets so as to benefit from the high return on these. Enterprises moreover made fuller use of their cash, the holding of which had become more expensive. In particular they altered the amount of trade credits which they allow to each other.

The financial needs of enterprises were met not only by this activation of their cash holdings but also, more fundamentally, by the increase of their profits; these were favourably affected by the growth of production, by the rise of selling prices and by the improvement in productivity; the effects of these factors outweighed the consequences of the rise in the cost of labour, of capital and of raw materials. Enterprises thus managed to finance greatly expanding transactions without the norms set for the

restriction of credit being exceeded. Bank lendings at the end of September were indeed well below the target level, even though this had been lowered in August.

This gap between the norms laid down and the actual amounts outstanding seems to indicate that the financial situation of enterprises became easier towards the end of the year.

At that time the problems of financing the Treasury were in any case appreciably diminished, the liquidity of financial intermediaries improved, the financial markets were much more amply supplied, and the National Bank's commercial portfolio was much reduced. In the particular case of the call money market the lendings were stimulated and borrowings discouraged from the second quarter onwards by the directives which the participants in that market received from their supervisory authorities; on the quarterly average the amount of their lendings must henceforth be at least equivalent to that of their borrowings.

In a more general way the fourth quarter's expansion in the accrual of funds, both on the various markets and at financial intermediaries, must be largely put down to the high level of interest rates offered; this affected, inter alia, the movements of capital funds between Belgium and abroad. These movements were moreover favourably affected by disappearance of the tensions on the international exchange markets.

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By the end of 1969, therefore, the domestic and foreign financial disturbances which had caused difficulties and concern during its course had been eliminated. While the decisions adopted abroad were ultimately an important factor in this return to normal it remains true that the National Bank, through its overall policy, did contribute to that result. To the extent of its stabilising action it also sheltered the Belgian economy last year from the risks inherent in its evident prosperity, namely a disorderly

*Conditions for the
continuance of
balanced growth.*

spurt of costs and prices coupled with serious deterioration in the balance of payments.

If it is true that the majority of competent observers agree in contemplating a possible weakening of the upswing in the course of 1970 under the influence of economic trends abroad, it becomes all the more necessary to preserve the country's ability to compete. The relative level of costs is one of the factors on which that ability depends, and hence the need for cost stability calls for moderation on the part of all those — public authorities, business executives or workers' representatives — whose decisions affect it. The competitive power of the country's activities is however equally a function of profound elements, relating to the structure of industries, to methods of organisation and to enterprises' technological processes as well as to the skill of workers. Progress in these directions has become faster during recent years; it must undoubtedly become faster still in the present upward phase, which assists it.

Monetary policy can effectively help to achieve these objectives by ensuring the indispensable equilibria, as it did in 1969, through regularising the supply of funds on the domestic financial markets. These continue to face a pressing demand which comes from various sectors. With regard to Government expenditure the budget estimates already make clear that it will exert an increased expansive effect in 1970. In 1969 the increase of such expenditure, measured by the overall budget results including those of the Road Fund, was limited to 9 p.c. in comparison with the previous year; but the increase indicated by comparison of the estimates for 1970 with those for 1969 including the expenditure of the Fund for Economic Expansion and Regional Reconversion, reaches about 10.8 p.c. Even if the budget is strictly executed, as it is the proclaimed will of the Government, the financing of the total deficit will oblige the Treasury to borrow a gross amount of the order of Fr. 65 billion; this does not include any repayments which may have to be effected on the loans reaching optional maturity dates. The figure of Fr. 65 billion does, however, include repayments and redemption of consolidated debt; hence the increase estimated in the Treasury's net indebtedness during 1970 will be less than that, amounting to Fr. 28.1 billion, for 1969.

The fact remains that the trend of the Government's financial policy requires the monetary authorities to exercise constant prudence as long as the factors calling for anticyclical action remain unchanged.

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While the first three quarters of the year were marked by profound disequilibria in the international payments of certain important countries, the situation thereafter definitely improved. The deficit on France's balance of payments caused the French authorities to devalue the franc on 11th August. In order to reduce the persistent surplus on the Federal Republic of Germany's current payments that country's authorities, after having allowed the rate for the mark to rise from 30th September onwards, fixed a higher parity on 27th October; the previous inflow of funds was thereupon reversed. In the United Kingdom the balance of current transactions and long-term capital movements, favourably affected by the November, 1967 devaluation and by execution of the recovery programme, became positive with effect from the second quarter. The United States appeared to have no exchange reserve problems in 1969, because the very large deficit on that country's other foreign transactions was met through the American banks' heavy short-term borrowing on the Euro dollar market, causing rates there to show a rise which spread to most of the national money markets.

Restoring international monetary relations to normal.

The decrease of tension on the foreign exchange markets during the last quarter was accompanied by a fall in quotations on the free markets for gold; the price per ounce fell to around the official parity of 35 dollars. Apart from short-lived speculative movements the free quotations for gold are determined, on the one hand, by producing countries' sales, and on the other by industrial and artistic needs together with hoarding. From March, 1968 until now they have no longer had any link with the prices, based on parities for the various currencies, at which the Central Banks effect gold settlements with each other. Gold remains, in fact, the ultimate means of covering net balance of payment positions. Its role in

Gold and the new reserve assets. Adaptation of the National Bank's Statutes.

that connection progressively tends, however, to lose its importance. No doubt the recent agreement between the International Monetary Fund and the Union of South Africa will cause a greater or lesser part of new gold production to go into the official reserves. But the quantities available could not in any case increase at a rate fast enough to meet the needs of the Central Banks. These wish to be able to strengthen their reserves. This wish is justified by the growth of world trade, and above all by the size which movements of short-term funds are attaining as a result of the financial markets' internationalisation. It is not indeed desirable that the necessary creation of ultimate means for international settlements should be a function of factors so hazardous as the technical conditions governing the production of gold, the policy of the producing countries and the behaviour of hoarders and speculators. It is therefore both inevitable, and more sure, that such creation will be done by means of new reserve assets, the total amount of which can be deliberately determined by the international monetary community according to what is required for balanced development of the world economy. It is with this object that the International Monetary Fund's Articles of Agreement have been amended so as to enable that institution to create special drawing rights. It is obvious that the handling of this new machinery for creation of reserves will require very great prudence on the part of the international authorities.

The Law of 9th June, 1969, which approved Belgium's assent to this amendment, authorised the National Bank to enter these rights in account as its own assets, like all the other rights which the Belgian Government holds as a member of the Fund. In pursuance of this same Law, and of the amendments made in the Statutes of the National Bank by the General Meeting of Shareholders on 5th September, 1969, all the rights which are entered in this manner constitute, in the same way as gold, the cover for the Bank's sight liabilities; they are in fact denominated on a gold defined basis, and have the same liquidity as gold.

The member states of the International Monetary Fund decided to create special drawing rights from 1st January, 1970 onwards to the extent of 3.5 billion dollars in 1970 and 3 billion for each of the years 1971 and

1972. On the first annual allocation Belgium is receiving 71 million dollars.

The international monetary system's ability to meet, on appropriate terms, the justified needs for international liquidity will also be strengthened by the five-yearly revision of International Monetary Fund quotas. This will take place in 1970, and will probably bring their total up from \$ 21.3 to about 29 billion. The Fund will propose that Belgium's quota shall be increased more than proportionately to the total, and shall rise from \$ 422 to 650 million.

While monetary cooperation is required on a world scale it is at least as necessary, and more easily practicable, to organise active mutual assistance as between the European Economic Community countries which have set out to integrate their economies.

Monetary
cooperation
between the Six.

A memorandum on the coordination of economic policies, and on monetary cooperation within the Community, was addressed on 12th February, 1969 by the Commission to the Council. On 17th July the latter indicated its agreement to the principles contained in that memorandum, including the setting up of a Community system for short-term monetary support. At the Council's invitation the Committee of Central Bank Governors worked out a draft agreement, assigning to each participant bank a quota determining the support which it can obtain, and that of which it agrees to ensure the financing. The aid totals \$ 1 billion, of which \$ 100 million is for Belgium; it may be decided to grant extensions amounting, at most, to a second billion dollars. This agreement between Central Banks will be put into force when the procedures proposed by the Commission for coordinating short and medium-term economic policies have been finally approved by the Council; it will be supplemented at a later stage by a system of medium-term aid as between Governments.

The Chiefs of State or of Government, meeting in conference at The Hague on 1st and 2nd December, 1969, decided on the principle of closer economic policy harmonisation on which the development of monetary cooperation must rest; with regard to such cooperation they agreed to

provide for investigating the possibility of establishing a European Reserve Fund designed to sustain a common monetary policy.

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*Expediency of
coordinating
international
economic
policies.*

The coordination of policies is important not only within the Common Market but also at the level of the international economic community as a whole. It is of special importance for a country, like Belgium, which is wide open to all external influences.

It is true that the Belgian authorities can and must act on domestic demand; but limitation of such demand will not suffice to keep the economy in balance if inflationary tensions of foreign origin cause a great increase in the volume of exports as well as in their prices, and entail upward cost movements through the rise in price of imported products; conversely, when recessive situations develop abroad and spread to Belgium, action to support domestic demand cannot be applied on any great scale because of its effects on the balance of payments.

It is not only the size of its foreign trade that makes Belgium sensitive to external trends. The increasing internationalisation of financial markets, and the growing importance of plurinational firms, threaten to render largely ineffective the present monetary policy instruments for ensuring internal equilibrium, these having been designed for action within the national framework; they also tend increasingly to spread, in small and medium-sized economies, the effects produced by the economic policy options which the dominant economies exercise.

This renewed internationalisation of the economic system is particularly advanced in the sphere of capital movements, and is advancing in that of trade and services. It is certainly an element of efficiency in the economic organisation of a great whole; but there is a risk that its developments, if left to themselves, may run into conflict, in some circumstances, with the policies pursued by each country's authorities, who are responsible for employment and for raising the prosperity of their

nationals. Such conflict is not unavoidable; it will be avoided if those authorities widen the scope of their action. The solution of problems is no longer strictly national; it requires on the contrary that all countries, whatever their respective economic importance may be, shall consistently aim at willing and loyal cooperation.

The National Bank is charged, by its very nature, like all Central Banks, with a duty to safeguard the legitimate interests of the national economy. But it closely watches recent and prospective trends, which have caused and will cause those interests to become increasingly interlocked, transcending any conflicts, with those of other nations. It therefore hopes that economic policy decisions, like the facts which they seek to govern, will cover an area wider than that of each country. It thinks that the coordinating of action by Governments and by Central Banks must be reinforced; particularly so within international institutions, whose impartial recommendations, formulated with due regard for the diversity of particular situations, impose equally on the freedom of decision by all countries, both great and small, limits which must not be transgressed. It sees in this coordination a creative instrument of cohesion in European construction, as well as in the Community's relations with the other great economic entities and with the rest of the world.

Expansion of the world economy was still vigorous in 1969. The rate of growth was of the order of 5 p.c., against 5.7 p.c. in 1968, for the industrialised countries as a whole. It declined in the United States, without the inflationary processes ceasing to be active there, and in the United Kingdom, but it rose in most other countries of the European Free Trade Association and of the European Economic Community, and remained very high in Japan. The high level of activity in the industrialised countries stimulated exports from the developing countries, which in general benefited from the higher world prices for basic products.

The rise of prices became faster, and rates of interest appreciably rose, although reaching levels which sometimes differed widely between countries. There were considerable capital movements, caused not only by considerations of yield but also by speculation on a change in the parity of certain currencies. After devaluation of the French franc on 11th August, and revaluation of the German mark on 27th October, and following the improvement in the United Kingdom's balance of payments, the situation became more normal on the foreign exchange markets and the quotations for gold appreciably fell.

In the United States the national product at constant prices increased by only 3 p.c., against 4.9 p.c. in 1968.

Domestic demand was affected by the measures adopted in the budgetary and monetary fields in view of the pressures existing within the economy. The federal budget showed for the first ten months of the year a surplus of \$ 4.8 billion, whereas it had shown a deficit of \$ 15.1 billion

in 1968 ⁽¹⁾. Budgetary policy slowed down not only the expansion in Government buying of goods and services but also that in private consumption by reason, inter alia, of the effect produced by the 10 p.c. temporary surcharge on income tax. The official rate of discount, which had been raised from 5.25 to 5.50 p.c. on 18th December, 1968, was increased to 6 p.c. on 4th April, 1969. In addition the monetary authorities tried to act on the banks' liquidity by a half-point rise on 17th April in the

Table 1.

GROSS NATIONAL PRODUCT AND EXTERNAL TRADE OF THE
MAIN INDUSTRIAL AREAS

	Annual percentage growth-rate in volume of the gross national product			Annual percentage rise in prices of the gross national product			Balance of trade (in billions of United States dollars) (*)		
	E.E.C.	United States	United Kingdom	E.E.C.	United States	United Kingdom	E.E.C. (1)	United States (2)	United Kingdom (1)
1963	+ 4.6	+ 4.0	+ 4.3	+ 5.3	+ 1.3	+ 2.0	- 2.9	+ 5.3	- 1.7
1964	+ 6.1	+ 5.5	+ 5.4	+ 4.1	+ 1.5	+ 2.9	- 2.4	+ 7.1	- 3.2
1965	+ 5.0	+ 6.3	+ 2.4	+ 3.3	+ 1.9	+ 4.9	- 1.1	+ 5.3	- 2.4
1966	+ 4.1	+ 6.5	+ 1.8	+ 3.4	+ 2.8	+ 4.5	- 1.0	+ 3.9	- 2.0
1967	+ 3.3	+ 2.5	+ 1.9	+ 2.2	+ 3.2	+ 3.1	+ 1.2	+ 4.1	- 3.3
1968	+ 5.8	+ 4.9	+ 3.8	+ 2.8	+ 4.0	+ 3.8	+ 2.3	+ 0.8	- 3.6
1969 ... e	+ 7.2	+ 3.0	+ 2.0	+ 4.6	+ 4.6	+ 3.8	- 0.2	+ 1.2	- 2.4

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

(1) Exports f.o.b. less imports c.i.f.

(2) Exports f.o.b. (excluding exports by way of military aid) less imports f.o.b.

e Estimates.

percentage ratio for obligatory reserves to be formed against sight deposits, and by maintaining unchanged the maximum rates which may be allowed on time deposits. So as to mitigate the contraction of these latter deposits, the return on which became unattractive, the banks procured resources in other forms. In particular they obtained from their parent companies or from their subsidiaries the disposal of the proceeds of short-term commercial paper issued by these latter on their home market; in addition they resorted on a large scale to the Euro dollar market, thereby

⁽¹⁾ Unless otherwise indicated, the comparisons made in this Report between 1969 and 1968 must be understood as comparing facts observed at identical dates or for identical periods.

promoting a considerable rise in rates of interest on that market and consequently on the other European markets for funds. With effect from 16th October the increase in the American banks' borrowings from foreign banks or from their subsidiaries abroad was made subject to a 10 p.c. reserve obligation. As a result of the various measures limiting the supply of funds, and because of the strong demand for credit, rates of interest reached very high levels.

While the rise in rates for money caused a decrease of residential building, however, it does not appear to have affected enterprises' capital expenditure.

Despite the smaller expansion of total demand the rise of the price index for the national product reached 4.6 p.c. against 4 p.c. in 1968. The increase of hourly wages during the first ten months was of the order of 6 p.c., as in 1968.

For the first three quarters the balance of current transactions, which had shown a slight surplus in 1968, showed a deficit of \$ 0.7 billion. The net inflow of foreign long-term capital into the United States was reduced. On the one hand American enterprises decreased their recourse to the Euro issue market, largely because of the high interest rates; on the other hand the steadiness and then the fall of prices on the New York Stock Exchange checked the buying of American stocks by foreigners. The reduction in imports of capital at long term was however offset, and outweighed, by the increase in the banks' borrowing of short-term funds on the Euro dollar market. The overall balance of payments, measured by the movement in official reserves and in liabilities to foreign official institutions, showed for the first three quarters a surplus which, at \$ 1.5 billion, was close to that for 1968. The deficit on a liquidity basis, including all liquid liabilities to foreign countries, increased to \$ 8.1 billion for the first three quarters against \$ 0.7 billion in 1968.

In **Japan** the growth-rate of the national product at constant prices reached about 13 p.c., against 14 p.c. in 1968. During the first nine months the expansion of foreign demand became faster and domestic

demand, after brief weakening at the start of the year, was firm, particularly for capital goods. The upswing was accompanied by accentuation of the rise in prices and wages. This trend caused the authorities to adopt restrictive monetary measures at the beginning of September. The discount rate was raised from 5.84 to 6.25 p.c., and the proportion of reserves to be obligatorily formed against short-term deposits was raised from 0.5 to 1.5 p.c.; the limitation of credit was strengthened. For the whole year the balance of payments surplus on current account was of the order of \$ 2 billion and that of the basic balance, comprising current transactions and long-term capital movements, was of the order of \$ 1.7 billion.

In the **United Kingdom** the national product at constant prices rose by 2 p.c. as against 3.8 p.c. in 1968. The expansion of domestic demand was contained, liberating exportable surpluses which were easily absorbed by a considerably increased foreign demand.

During the first eleven months exports were up in volume by 9.3 p.c. as compared with 1968, whereas imports increased by only 1.7 p.c. Consequently the foreign payments situation very definitely improved. The balance of current transactions moved into surplus in the first quarter, and the basic balance in the second. For the first nine months as a whole the current surplus reached £ 230 million, against a deficit of £200 million in 1968; the basic surplus amounted to £ 225 million, whereas there had been a deficit of equal amount a year before.

Budgetary and monetary policy aimed at promoting and consolidating this improvement on external payments. For the first nine months a budget surplus of £ 1,590 million was achieved, whereas a deficit of £ 320 million had been shown in 1968. The Bank of England raised its discount rate from 7 to 8 p.c. on 27th February. On 1st October the banks, in agreement with the authorities, widened the margin which they add to the official discount rate in order to fix their lending rates. The outstanding total of bank lendings to the private sector stood at mid-December at the same level as at the time of the November, 1967

devaluation, although the authorised ceiling had been exceeded by some 2 p.c. The system of obligatory deposits on imports was prolonged for a year at the beginning of December, but the amount of the deposit was reduced from 50 to 40 p.c. of the value of products purchased abroad.

For the European Economic Community countries the growth-rate of total national products at constant prices rose from 5.8 p.c. in 1968 to 7.2 p.c., the highest rate since the creation of the Common Market. This expansion was accompanied by quickening of the rise in prices; the price index for the national product increased by 4.6 p.c. against 2.8 p.c. in 1968. The surplus on the Community's trade balance, of the order of 2.3 billion units of account in 1968, gave place to a small deficit.

In the Federal Republic of Germany the growth-rate of the national product at constant prices reached 8 p.c. against 7.6 p.c. in 1968. The expansion of foreign demand proceeded at a sustained rate, and that of domestic demand continued to quicken. There were therefore growing tensions in connection with employment and prices. For the first nine months of the year the surplus on the balance of current transactions was down by comparison with 1968. It was outweighed in the first quarter by large capital outflows, but in the second and third quarters this was no longer so, since speculation on a rise in the parity of the mark caused a considerable influx of short-term funds.

The authorities took steps to counteract the tensions by raising the rate of discount to 4 p.c. in April, to 5 p.c. in June and to 6 p.c. in September, by constricting the banks' liquidity and by slowing down public expenditure. They also adopted several measures designed to stop the speculative afflux of foreign funds, or to promote their re-exportation.

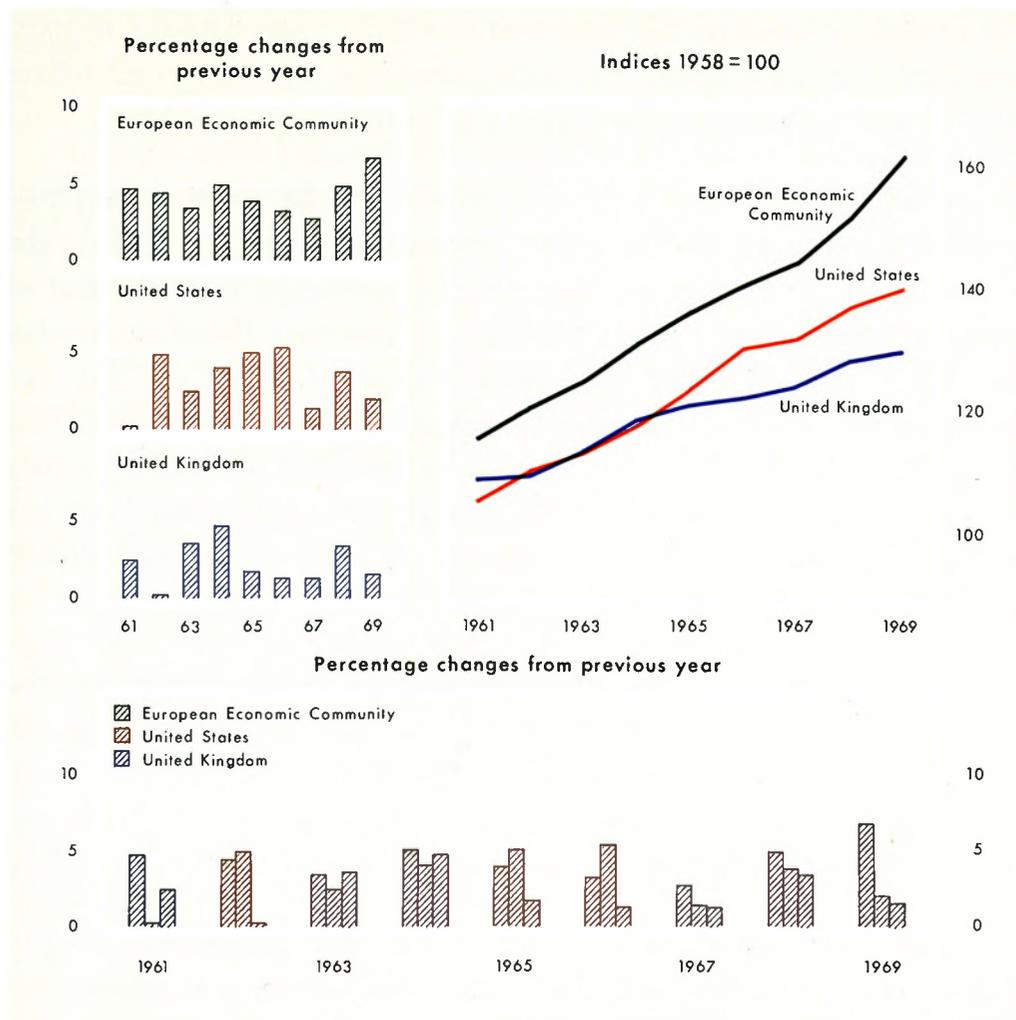
After the elections on 28th September the Bundesbank stopped supporting the rates for foreign currencies on the exchange markets. On 27th October the Government defined a new parity which implies revaluation of the German mark by 9.29 p.c. in terms of foreign currencies. The object of this measure was to contribute towards reducing the

persistent surplus on the balance of current transactions, and the risks of internal disequilibrium in the German economy.

The revaluation of the mark was followed by a notable decrease of the exchange reserves, chiefly due to a return flow of the funds which the prospect of revaluation had attracted to the Federal Republic of Germany.

GROSS NATIONAL PRODUCT PER HEAD OF POPULATION

At constant prices



Sources : Gross national product : *European Economic Community* : Statistical Office of the European Communities.
United States : Economic Indicators.
United Kingdom : « National Income and Expenditure », Central Statistical Office.
 Population : Monthly Bulletin of Statistics of the United Nations.
 1969 : estimates.

This movement attained such an extent that the money market became much tighter. For December, therefore, the Bundesbank reduced by 10 p.c. the reserve ratios which the banks have to observe; it also raised the rate for advances on security from 7.50 to 9 p.c. so as to check the outflows of short-term funds, and to counteract the inflationary tensions which became more marked during the last months of 1969. At the end of December a series of measures which had been adopted to discourage non-residents from placing short or long-term funds in Germany were terminated.

In France the growth-rate of the national product at constant prices went up from 4.3 p.c. in 1968 to 8.1 p.c. All the components of total demand increased, especially domestic fixed capital formation and private consumption.

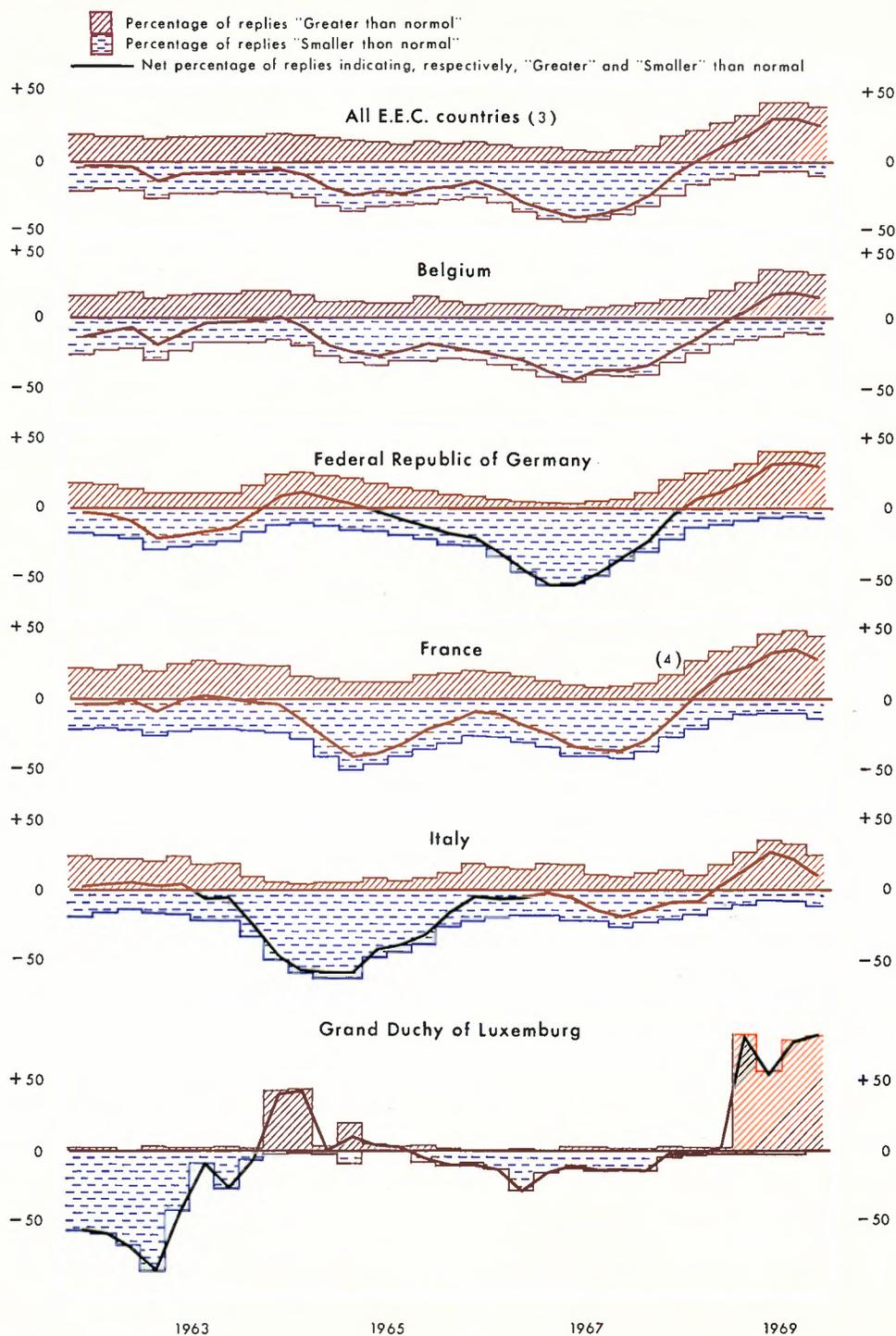
The internal and external imbalances which had been a feature of the French economy after the social crisis in May and June of 1968 were accentuated during the greater part of the year; in particular the deficit on the balance of payments increased, deterioration in the balance of current transactions having been accompanied by capital outflows.

The authorities took steps to counteract the tensions by raising the discount rate from 6 to 7 p.c. in June, and by reinforcing the policy of credit limitation. These measures did not suffice to restore external equilibrium, and the French Government decided to devalue the franc by 11.11 p.c. on 11th August. A plan to promote economic and financial recovery was adopted to support this measure; in October the authorities again raised the discount rate, increasing it to 8 p.c., and they tightened the limitation of credit.

In Italy the growth-rate of the national product at constant prices rose from 5.7 p.c. in 1968 to 6 p.c. The growth-rate of demand had begun to quicken in the second half of 1968; this quickening was reinforced by continued vigorous expansion of foreign demand, coupled with marked recovery of private consumption and of domestic fixed capital formation. Tensions appeared in connection with wages and prices, while imports

INQUIRIES INTO THE TREND OF ECONOMIC ACTIVITY IN THE COUNTRIES
OF THE EUROPEAN ECONOMIC COMMUNITY

Appraisal of total orders in hand ⁽¹⁾ ⁽²⁾



Source : Commission of the European Communities. Directorate General of Economic and Financial Affairs.

(1) The data cover, in principle, all industrial sectors except the food and extractive industries.

(2) Monthly averages per quarter; last period : average for October-November, 1969.

(3) Not including the Netherlands.

(4) Because of strikes, average for the months of April and June, 1968.

appreciably increased. The surplus on the balance of current transactions declined, while capital outflows notably expanded. These trends were offset only in part through the reduction, required by the authorities, of the credit institutions' foreign currency assets. For the first nine months the net official gold and exchange reserves declined by 468 billion lire, whereas they had increased by 124 billion in 1968.

The authorities consequently adopted a restrictive credit policy. On 1st July the Bank of Italy raised from 3.50 to 5 p.c. the rate of discount applied to banks whose recourse to the Central Bank has for six months exceeded 5 p.c. of their obligatory reserves. On 14th August it raised the basic rate of discount from 3.50 to 4 p.c., and the above-mentioned differential rate from 5 to 5.50 p.c.

In the Netherlands the authorities' policy aimed at containing the pressure exerted by total demand on the available resources, and at slowing down the appreciable price-rise which the putting of the value-added tax into force on 1st January, 1969 had speeded up. Reinforcing the general restrictive policy initiated at the end of 1968 the Government decided, in January, to reduce its assistance for investment and to increase certain excise duties. The Netherlands Bank pursued its credit limitation policy, the application of which was strengthened in May and October; and it raised its rate of discount in April and August, increasing it in two stages from 5 to 6 p.c. In addition a general pegging of prices, subsequently revised, was in force from April to September.

The expansion of domestic fixed capital formation and of private consumption continued, but at a slower rate, while foreign demand continued to grow considerably. The growth-rate of the national product at constant prices fell from 6.1 p.c. in 1968 to 5 p.c.

In the Grand Duchy of Luxemburg the national product at constant prices rose by 7 p.c. against 4 p.c. in 1968. Both foreign and domestic demand increased, the latter chiefly owing to investments connected with the expansion of steel capacities, or effected in new industries.

At the beginning of November the Government finished drafting a programme which aims at preventing tensions from appearing in the

economy. It planned in particular to reduce credit for building, to widen the interval between wage increases based on the cost of living index, and to reduce certain rates of value-added tax.

The **European Communities** continued to formulate Community law and to harmonise national legislations.

With a view to perfecting the Customs Union, achieved on 1st July, 1968, the Council of Ministers began work on harmonised Customs legislation and drew up a programme designed to eliminate technical hindrances to trade in industrial products and in foodstuffs. It continued the working out of a common transport policy with regard to railways, roads and navigable waterways. In order to promote the integration of capital markets it issued on 17th July a directive requiring Governments to apply, with effect from 1st January, 1972, a harmonised system of duties on contributions to joint stock companies.

Some special adjustments were made, during the second half of the year, in the terms of the common agricultural policy. On the change in the parities of the French franc and German mark the Council decided to maintain the value of the unit of account used for this policy. But it temporarily suspended its application to the agricultural markets of the two countries concerned; and it set up, on their frontiers, a system of compensatory duties designed to neutralise the effect produced on foreign trade by the gap thus created between agricultural prices in France and Germany, on the one hand, and those of the other Community countries on the other. For France this system will be in force until the start of the 1971-1972 crop year. For the Federal Republic of Germany it ended on 31st December; but that country was authorised to grant as compensation to its farmers, from 1970 to 1973 inclusive, aid which will be financed partially and on a declining scale by the European Agricultural Direction and Guarantee Fund.

Having been apprised on 12th February, 1969 of a memorandum from the Commission on the coordinating of economic policies and on monetary cooperation within the Community the Council decided, on 17th July,

that the member states should thenceforth consult each other before adopting short-term policy measures which produce a significant effect on relations with their fellow members. On the Council's invitation the Committee of Central Bank Governors moreover worked out a draft agreement establishing, between the Central Banks, a system for short-term monetary support; each participant bank will have a quota that will determine both the amount of the support which it can receive and that of the support for which it will agree to ensure financing. The quotas will total 1 billion units of account. In special cases Central Banks may receive or finance support greater than their quotas. The amount of these extensions may equal, at most, that of the total quotas. The quotas and potential extensions will accordingly total 2 billion units of account. The coming of the system into force is subject to final approval, by the Council, of the procedures proposed by the Commission for coordinating short and medium-term economic policies.

On 1st and 2nd December the Chiefs of State or Government of the Six, meeting in conference at The Hague, reaffirmed their will to pass from the transitional period to the definitive stage of the European Economic Community, to carry integration through to the establishment of an economic and monetary union, and to coordinate and encourage industrial research and development in the principal advanced sectors.

At this same conference the Six reaffirmed their agreement on the principle of widening the Community. They agreed that the preparatory work indispensable for establishing a common basis of negotiation should be done within the shortest practicable periods.

On 22nd December, applying the principles accepted at the Hague Conference, the Council of Ministers, who had to solve the problem of the final agricultural financial arrangement, decided to initiate a system giving the Community resources of its own with effect from 1971. During an interim period from 1971 to 1974 inclusive the agricultural levies, the special taxes instituted within the framework of common policies, and by progressive stages the Customs duties will accrue to the Community. With effect from 1975 this latter will have at its disposal the whole of its

own resources already mentioned plus receipts corresponding to not more than 1 p.c. of the basis, standardised within the Community, for the value-added tax. The action to provide the Community with resources of its own, and the budgetary autonomy which will result from this, constitute a crucial step in the integration process begun in 1958 by the Treaty of Rome. They ensure the European Communities' transition to the definitive period. This progress is further consolidated by the decision to strengthen the powers of the European Assembly in the budgetary field.

A point to mention in the sphere of the Community's external relations is the signature, on 29th July, of the Convention renewing the association of the eighteen African and Malagasy states.

OVERALL DATA CONCERNING THE BELGIAN ECONOMY.

The cyclical expansion of total demand, which had begun in the first months of 1968, became considerably faster in 1969 under the impulsion of an increase in exports even greater than the year before, and of particularly rapid recovery in enterprises' capital expenditure and in house-building.

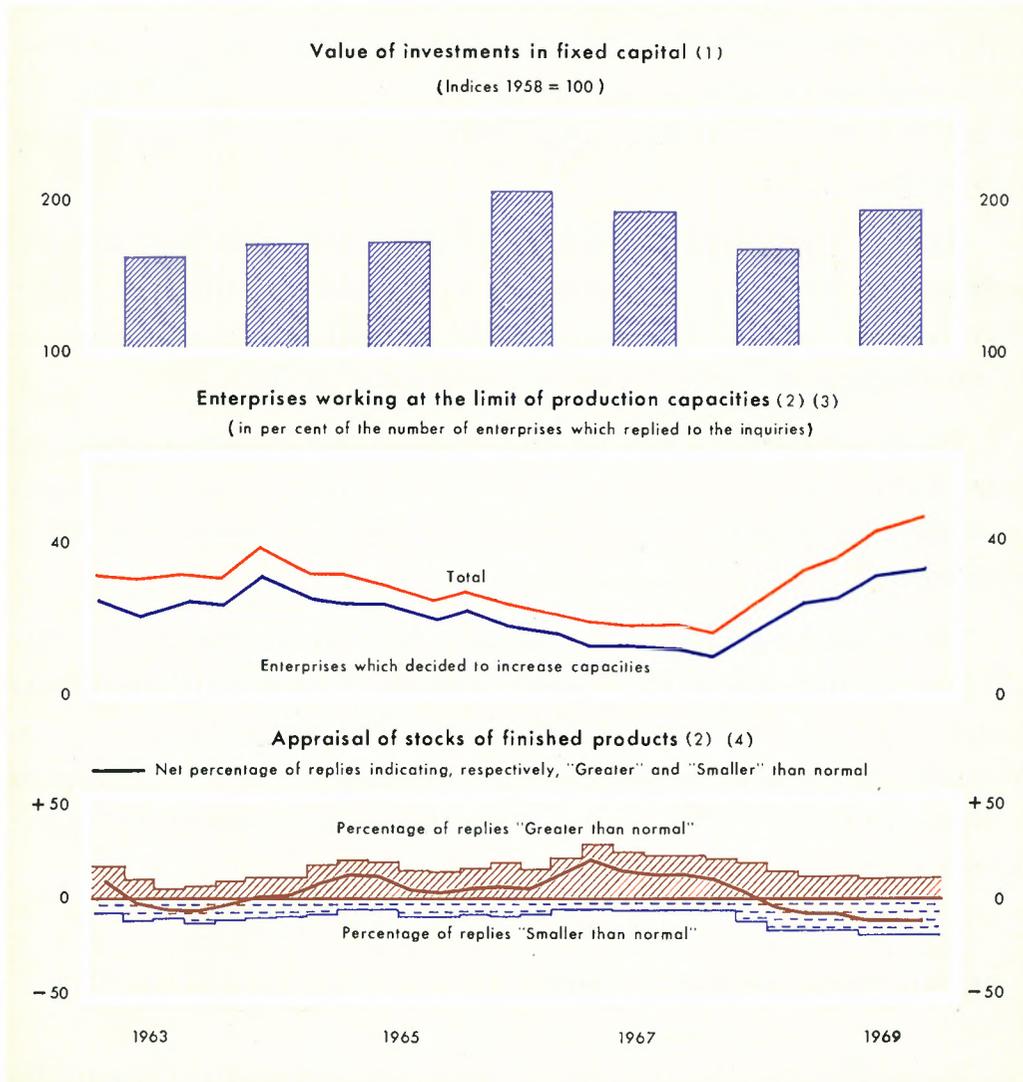
The growth of private consumption was only a little greater than that in the previous year. During the first nine months it was stimulated, at least in regard to durable goods, by the prospect of the value-added tax coming into force on 1st January, 1970. The postponing of this date, as decided in September, caused in the last months of the year a slowing down of demand, especially for cars.

The growth of public consumption was appreciably less marked than in 1968; it dropped from 6.8 to 4.9 p.c.

Capital expenditure on housing, which during the three previous years had no longer attained the high level reached in 1965, showed a large increase.

Impelled by the rapid expansion of total demand and the widening of profit margins, enterprises' gross fixed capital formation appreciably recovered from its 1968 decline. According to the National Bank's inquiries the propensity to invest became stronger throughout the year in

INDICATIONS GIVEN BY INQUIRIES INTO FIXED CAPITAL FORMATION AND STOCKBUILDING IN INDUSTRY



(1) The data gathered by the National Bank of Belgium's inquiries at present cover the following industries : steel, non-ferrous metals, metal manufactures, textiles, paper, leather, wood processing, energy and building. To these data have been added those found by the inquiry carried out for the chemical industry by the Federation of Chemical Industries. 1963 to 1968 : expenditure effected. 1969 : forecasts.
 (2) The data gathered by the National Bank of Belgium's inquiries at present cover the following industries : steel, non-ferrous metals, metal manufactures, textiles, paper, leather, wood processing and chemicals.
 (3) These data relate to the months of January, May and October in each of the years.
 (4) Monthly averages per quarter; last period : average for October-November, 1969.

industries as a whole; the proportion of enterprises deciding to expand their production capacities rose from 23 p.c. in January to 33 p.c. in October. Expenditure on investment in fixed capital, expressed at current prices, appears to have increased by about 16.5 p.c. for all the industries taking part in the National Bank's inquiries plus the chemical industry.

Owing to the high level of activity the Government refrained from commitments involving the cyclical tranche for which provision had been made in the extraordinary budget. On the other hand the local authorities appreciably increased their capital expenditure. Thus capital formation by public authorities still increased in 1969, but at a rate definitely lower than the year before.

Owing to the expansion of demand the stocks of finished products remained at a level which many enterprises considered insufficient; on the other hand the growth of activity entailed an increase of goods in course of manufacture, and probably also in raw material stocks.

The total gross investment effected in the various forms just mentioned showed a very marked increase, whereas in 1968 the increase of investment by public authorities had offset only in part the decrease of other investment.

The cyclical expansion of demand raised activity in industry, services and building to a high level. On the other hand agricultural production contributed little or nothing to the increase of the national product. According to the latest official estimates the growth-rate of this latter at constant prices rose from 3.8 p.c. in 1968 to 6 p.c., that is one of the highest percentage rates reached in the sixties.

MANUFACTURING INDUSTRIES.

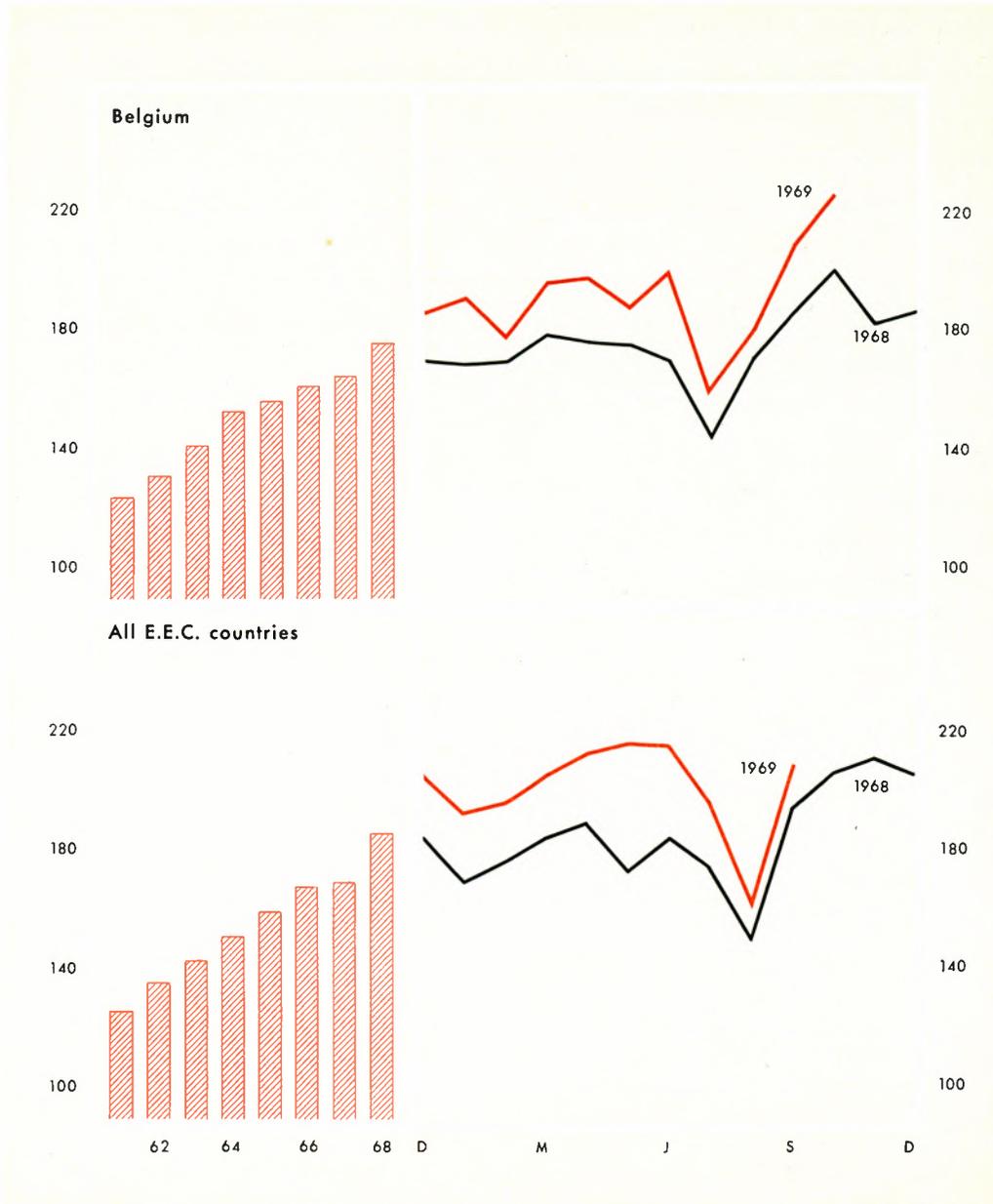
Total production for the first ten months in manufacturing industries increased by 10.5 p.c., against 6.5 p.c. in 1968 ⁽¹⁾

⁽¹⁾ These percentages allow for the course of production at petroleum refineries and coking plants. The situation in these two branches of activity is the subject of comment in the section entitled « Energy ».

The expansion of demand was sustained. The growth of export orders had begun at the start of 1968, became more marked in the first

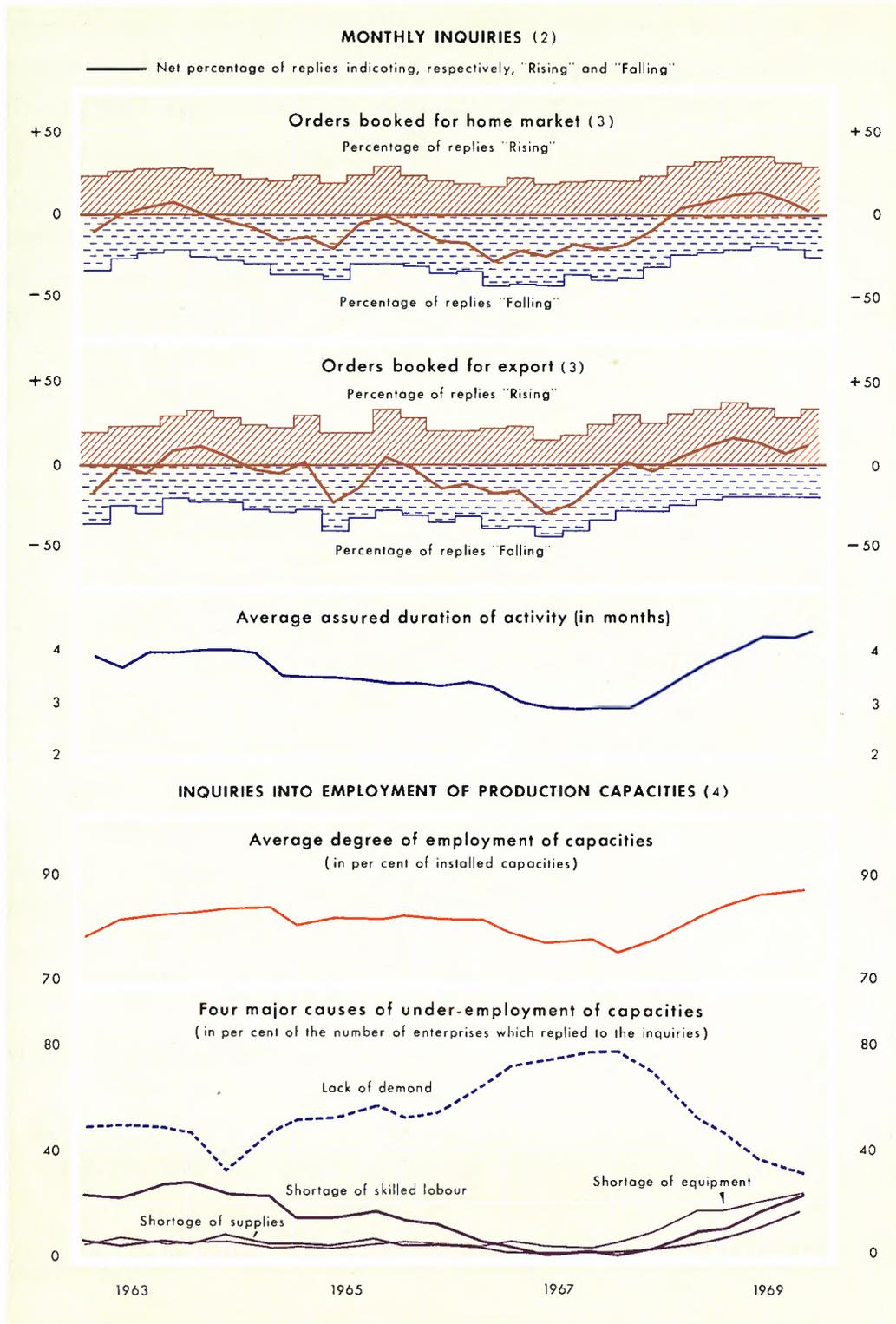
OUTPUT OF MANUFACTURING INDUSTRIES

(Indices 1958 = 100)



Sources : Belgium : National Statistical Institute.
 European Economic Community : Principal economic indicators of the Organisation for Economic Cooperation and Development.

DATA FOUND BY INQUIRIES INTO THE TREND OF ACTIVITY IN
MANUFACTURING INDUSTRIES (1)



(1) The data gathered by the National Bank of Belgium's inquiries at present cover the following industries : steel, non-ferrous metals, metal manufactures, textiles, paper, leather and wood processing.

(2) Monthly averages per quarter; last period : average for October-November, 1969.

(3) Seasonal movements eliminated.

(4) These data relate to the months of January, May and October in each of the years.

months of 1969 and, after slowing down from June to August, then recovered. Home-market orders, rising only as from the second half of 1968, continued to increase, although at a slower rate from the autumn onwards in the consumer goods industries.

Owing to the increase of demand, and despite the rise in the rate of production, the average ensured duration of activity for manufacturing industries as a whole lengthened from 3.9 months in December, 1968 to 4.4 months in June, and thereafter remained at this level. The data mentioned must be interpreted with allowance for the fact that certain enterprises, working at maximum capacity, refrained at certain times from booking further orders.

In manufacturing industries as a whole the proportion of enterprises working at the limit of their production capacity rose from 33 p.c. in January, 1969 to 45 p.c. in October. Between these two months the average extent to which production capacities were employed increased from 83.5 to 87 p.c., thus exceeding the maximum reached in 1964 during the previous phase of high activity. In 1969 however, unlike 1964, it was not only lack of skilled labour which checked the growth of production, but also shortage of equipment and of basic materials.

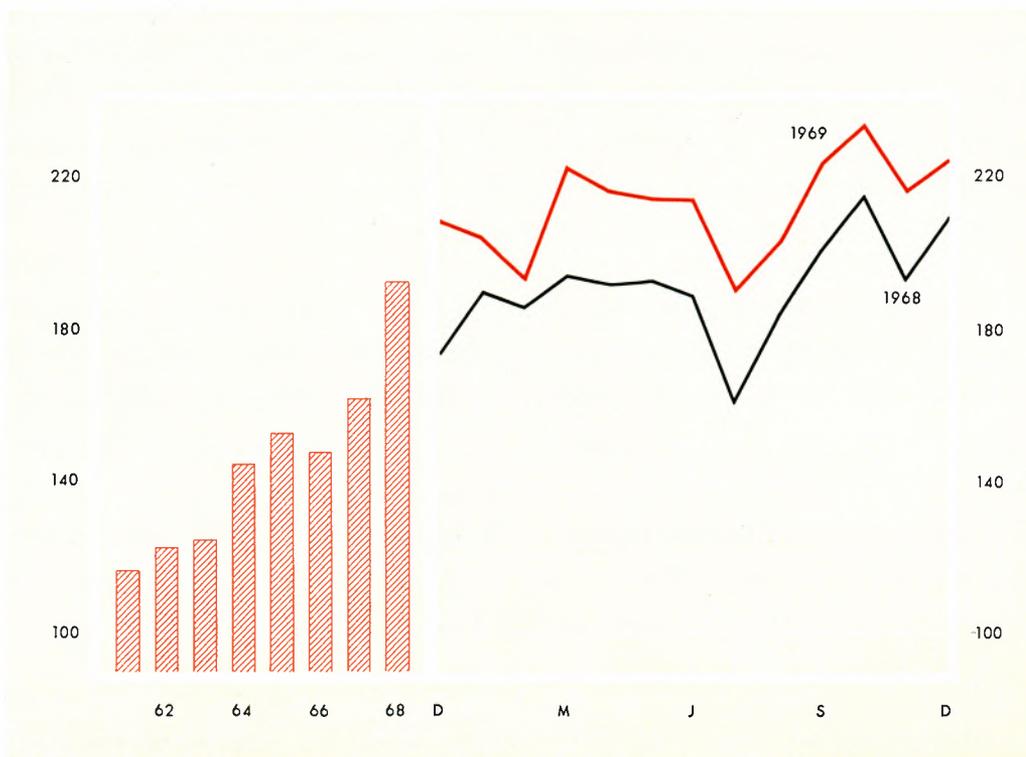
Measured by the production of crude steel, the activity of the steel industry increased by 11 p.c. in 1969 against 19 p.c. in the previous year. Production capacities, which were not further appreciably enlarged, were employed to the very large extent of 97 p.c. in October as compared with 93 p.c. a year earlier.

The new expansion of activity responds to the cyclical upswing in the whole of the industries consuming steel, both within the European Coal and Steel Community and outside it. The growth of demand, which applied chiefly to finished products and in particular to flats, was reinforced by anticipatory buying due to fear that prices would rise and delivery periods become longer. The average ensured duration of activity rose from 2.2 months in November, 1968 to 3 months in November, 1969.

Despite the high degree to which production capacities were employed, the supply of certain products was found insufficient, while the rise in prices became general. In these circumstances the producers gave

OUTPUT OF CRUDE STEEL

(Indices 1958 = 100)



Source : National Statistical Institute.

priority to supplying customers in the European Coal and Steel Community market; during the first nine months the deliveries to that market increased by 26 p.c., whereas those to outside countries were up by only 3 p.c.

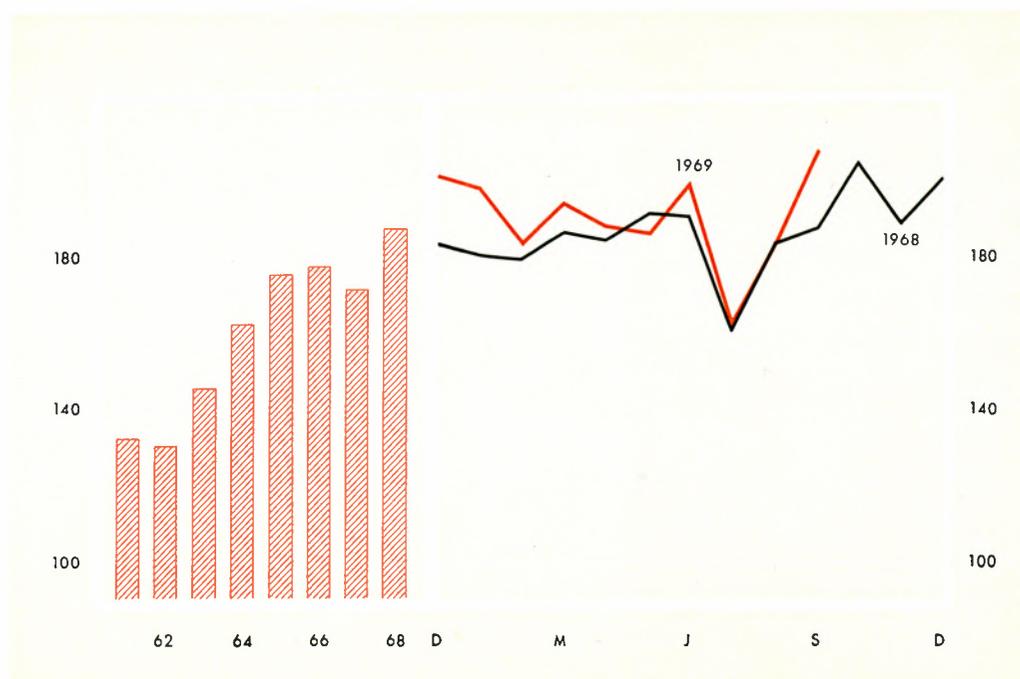
The first nine months' output in the **non-ferrous metals industry** was up by 3 p.c., against 9.5 p.c. in 1968. That of semi-finished products rose by 14 p.c., but that of crude metals fell by 6 p.c.

In semi-products the output of copper, aluminium and zinc was particularly sustained. The average proportion in which production

capacities were employed rose from 83 p.c. in October, 1968 to 87 p.c. in October, 1969 despite difficulties over recruiting certain categories of workers. Under the pressure of strong demand from the European Economic Community countries the average ensured duration of activity reached 2.5 months in November, against 2.1 months a year before.

OUTPUT OF THE NON-FERROUS METALS INDUSTRY

(Indices 1958 = 100)



Source : National Statistical Institute.

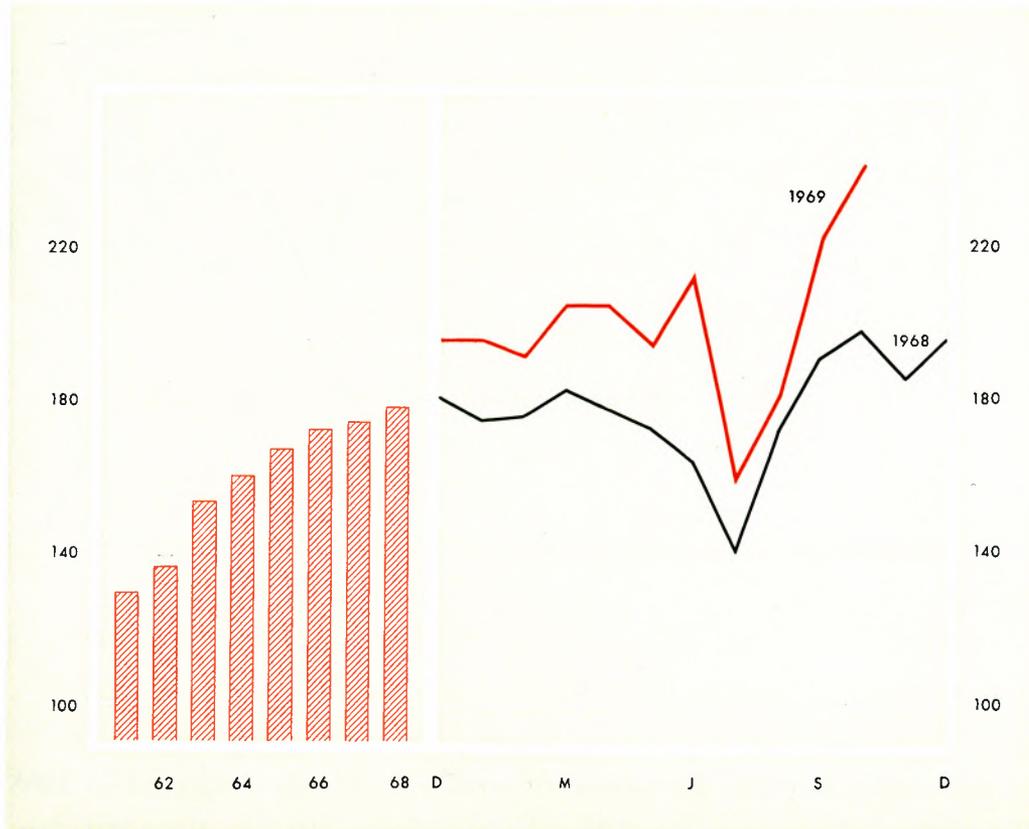
In crude products the output of copper had been supported in 1968 by exceptional demand due to the spring strike in the American industry; it declined in 1969, being retarded especially by delay in supplies. That of zinc became stabilised, and that of aluminium and tin greatly expanded.

Production in the metal manufacturing industries increased by 15 p.c. during the first ten months, against 2 p.c. in 1968, owing to acceleration of foreign demand and to a revival of domestic demand. During the first

eight months the deliveries to foreign countries were up by 26 p.c. in value, and those to the home market by 12 p.c.

Following the appreciable increase of investment expenditure in Belgium and in the other European Economic Community countries the deliveries of capital goods greatly increased, chiefly in the industries concerned with bridges and structures, with shipbuilding, machine tools,

OUTPUT OF THE METAL MANUFACTURING INDUSTRIES
(Indices 1958 = 100)



Source : National Statistical Institute.

hoists and telecommunications. With regard to consumer goods the car and cycle industry's deliveries increased by 36.5 p.c. in value owing to the very great firmness of external demand and to the broadening of domestic demand. Deliveries of primary products, likewise expressed in value, rose by 16 p.c.

The rate of deliveries was lower, however, than that of incoming orders. During the first eight months the booking of foreign orders was up by 34.5 p.c., and that of home-market orders by 19 p.c. The growth of order backlogs spread to all categories except shipbuilding. It was especially marked in capital goods. Consequently, despite the increase in the volume of production, the average ensured duration of activity rose from 5.3 months in November, 1968 to 6 months in November, 1969.

In the metal manufacturing industries as a whole the extent to which production capacities were employed was 86 p.c. in October against 80 p.c. a year earlier.

The chemical and rubber industries' output was up by 12 p.c. for the first seven months, against 14 p.c. in 1968. Exports, to which the big plants recently inaugurated make a large contribution, continued to grow; for the first eleven months their value increased by 27.5 p.c., that is at a rate slightly above the already very high level of 27 p.c. observed in 1968. This increase was particularly marked in crude organic chemical products, plastic materials and pharmaceuticals. On the other hand the exports of fertilizers showed practically no increase.

The activity of the industries producing building materials was favourably affected by the progress in building itself.

The cement industry's output, which had slightly declined for the first eleven months of 1968, was up by 10 p.c. This rise was above all due to the strengthening of domestic demand, foreign sales having remained steady.

The flat glass output, measured by the areas produced, an index which neglects the structural improvement in qualities and the fuller processing of the products, increased by 4 p.c. for the first ten months against 6.5 p.c. in 1968. Despite the contraction of the American outlet the total exports were up by 9.5 p.c. in value during the first nine months, mainly because of an exceptional rise in sales to the various countries of the European Economic Community.

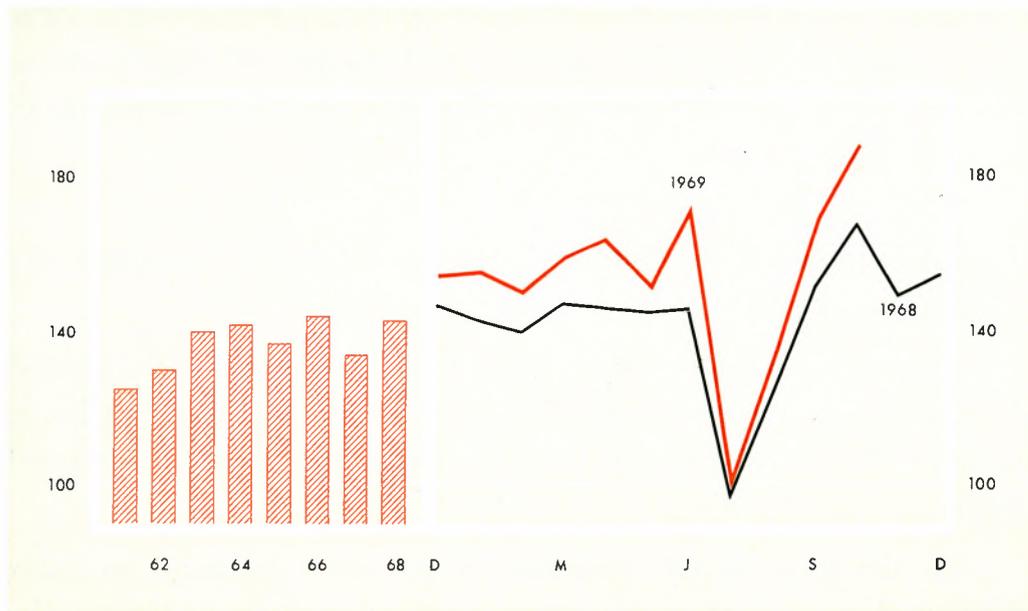
To meet the inflow of orders the brickworks raised their rate of production. Despite very full employment of their production capacities (98 p.c. in October for hollow bricks and 87 p.c. for solid bricks) their stocks became almost non-existent owing to the faster pace of deliveries.

The activity of the cement aggregates industry, measured by the cement input, increased by 11 p.c. in the course of the first nine months. This large increase entailed fuller use of the equipment; this was used to the extent of 91 p.c. of capacities in October, against 83 p.c. a year before.

The **textile industry's** output expanded by 10.5 p.c. for the first ten months as against 7.5 p.c. in 1968. This expansion was chiefly due, as

OUTPUT OF THE TEXTILE INDUSTRY

(Indices 1958 = 100)



Source : National Statistical Institute.

in 1968, to foreign demand, particularly to that from France and the Federal Republic of Germany. The growth-rate of activity became faster in fabrics, but generally slowed down at the spinneries.

The activity of the cotton industry increased by 3.5 p.c. for the first ten months in yarns, and by an equal percentage for the first nine months in fabrics. These moderate rates resulted not from lack of demand, but from the limited availability of certain production factors, in particular the difficulty of recruiting certain categories of workers.

The growth of activity in the woollen industry was a little less than in 1968 at the spinning stage; it amounted to 16 and 9.5 p.c. respectively in combed and carded wool for the first eight months. The weavers' production rose, increasing by 8.5 p.c. for the first nine months.

Activity in hosiery increased by 7.5 p.c. for the same period.

The output of artificial and synthetic fibres, not included in the textile industry's overall production index, varied little for the first eleven months.

The activity of the garment industry increased by 11.5 p.c. for the first eight months, against 3 p.c. in 1968.

In the leather industry the expansion in the output of tanned leathers continued at a faster rate; for the first eight months the activity increased by 13 p.c. against 11.5 p.c. a year before. Exports, already appreciably up in 1968, rose by a further 7 p.c. for the first nine months.

On the other hand production further declined, although less markedly than the year before, in the shoe and slipper industry, which continued to meet keen foreign competition. In shoes the reduction of activity reached 2 p.c. for the first ten months against 6.5 p.c. in 1968.

Thanks to a favourable trend during most of the year in demand, both domestic and foreign, the paper and cardboard industry's output increased at the same high rate as in 1968. Activity in the manufacture of paper and cardboard articles was checked both by exhaustion of production

capacity reserves, the employment of such capacities having reached 98 p.c. in October, and by certain difficulties of supply.

The growth-rate of production continued to be sustained in the **wood processing industry**; activity for the first eight months was up by 8 p.c. against 11 p.c. in 1968. On the home market the booking of orders showed definite expansion, while for exports it tended to decline after having greatly risen at the end of 1968. The value of sales rose in the main categories, especially in compressed boards.

In the **diamond industry** the flow of business in large stones was at a very high level during the first half of the year, and then slightly declined. In other stones foreign competition became stronger.

Activity in the **tobacco industry** was down by 3.5 p.c. for the first ten months, whereas it had increased by 2.5 p.c. in 1968. The decrease in output of smoking tobacco was no more than partly offset by the increase in that of other articles.

The output of the **food and beverage industries** as a whole rose by 3 p.c. for the first ten months, against 2.5 p.c. in 1968.

The situation in certain industries of that category was affected by the weather. Supplies of milk were reduced by this, as well as by the structural trend which causes breeders to turn more to the production of beef; hence the dairies were less amply supplied, and their activity slightly declined, especially their production of butter. On the other hand the high sugar content of the beet resulted, for the whole year, in an increase of the sugar industry's production.

Various other industries of that category showed a rise faster than that of the overall index. Owing to expansion of exports the production of biscuits increased for the first eight months by 6.5 p.c., whereas it had not changed in 1968. The production of canned vegetables increased by 36.5 p.c. for the first eight months, having contracted by 20 p.c. in 1968;

despite considerable growth of foreign sales the stocks increased. The activity of chocolate makers showed a further relatively large rise due to stronger domestic demand. The manufacture of beverages likewise increased, especially at the breweries. The production of canned meat was up by 17.5 p.c. for the first eight months, whereas it had fallen by 15 p.c. in 1968.

In certain other industries of that category, on the contrary, the trend was less favourable. In net weight of meat the slaughterings during the first nine months were up by only 1.8 p.c., against 7.5 p.c. in 1968; the smaller expansion was chiefly due to the decrease in pig slaughtering, which had greatly increased in the previous year. At the oil mills production was down by 1 p.c. for the first seven months, whereas it had risen by 12.5 p.c. in 1968.

ENERGY.

Total net electricity production, after having grown by 11 p.c. in 1968, increased by a further 10.5 p.c. in 1969.

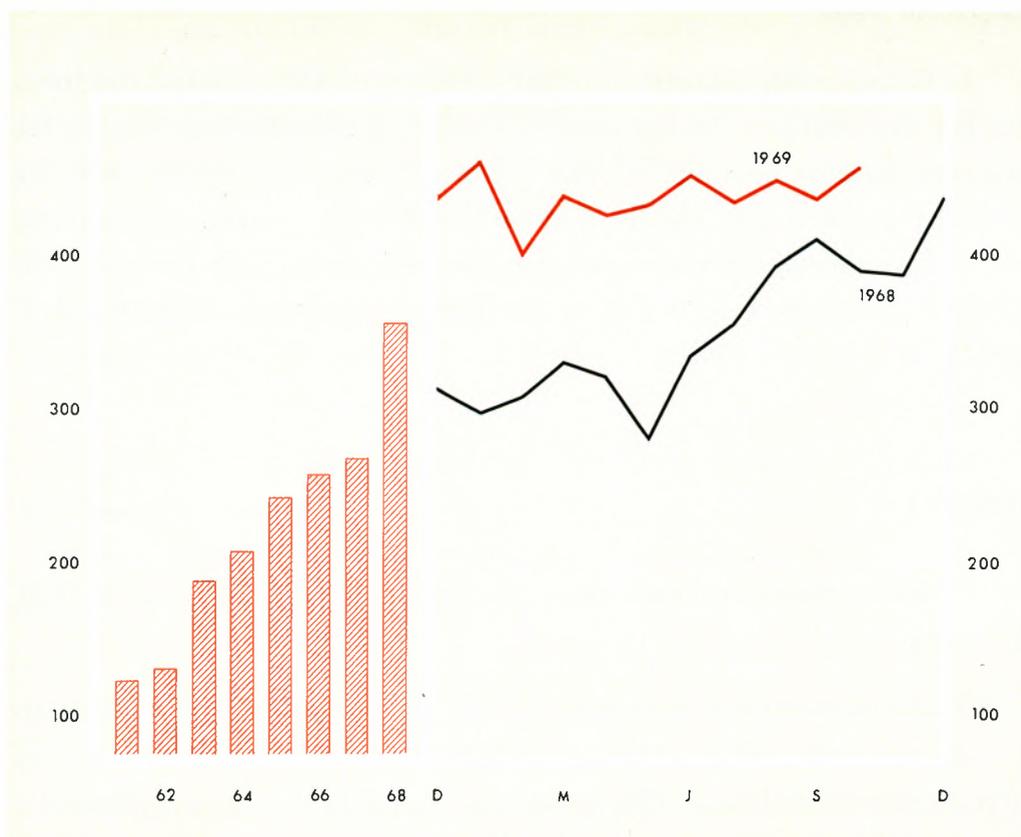
The consumption of high-voltage current was stimulated by the needs of industry, and continued to grow at an annual rate close to that of 10 p.c. achieved in 1968. The increase was greater than a year previously in many fields, but this was offset by the trend in the steel industry, which alone absorbs about a quarter of the total sales to industrial customers and which, having reached the limits of its production capacities, could not expand its activity so fast as in 1968.

The petroleum refineries, where production capacity had been greatly built up during previous years, increased their crude petroleum input during the first nine months of the year by 29.5 p.c., a rate very close to that achieved in 1968. Despite the fall in certain prices the value of refined product exports increased by 49 p.c. for the same months. Home market demand, both for industrial and for household use, likewise

continued to grow; in heavy oils, especially for industrial use, the quantities consumed were up by 21 p.c. for the first nine months.

OUTPUT OF PETROLEUM REFINERIES

(Indices 1958 = 100)



Source : National Statistical Institute.

The apparent consumption of coke, chiefly connected with the needs of steelmakers, increased by 8 p.c. for the first nine months against 11 p.c. in 1968. Domestic production did not increase, the coking plants having reached the limit up to which their capacities can be employed; the additional demand was met by a 21.5 p.c. increase of imports for the same period.

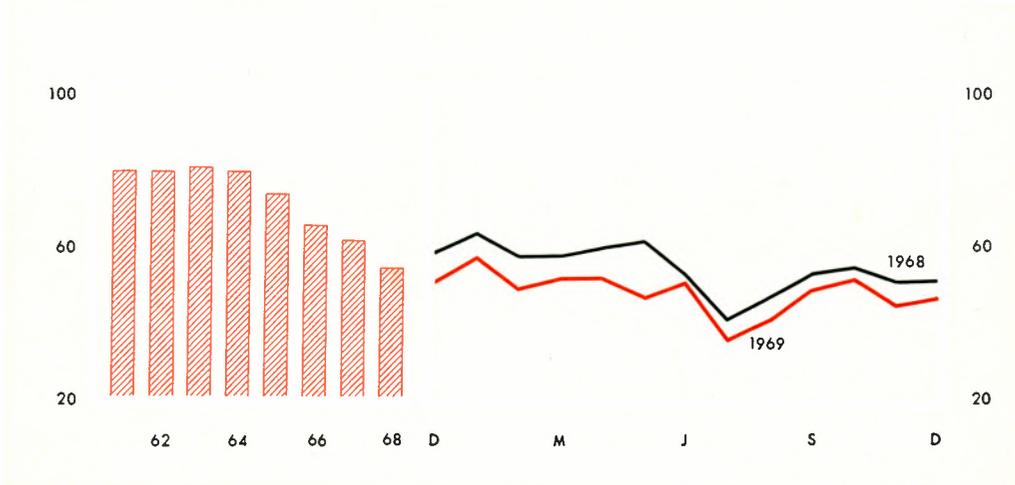
Adaptation to the natural gas distribution system continued. Consequently imports rose for the first nine months from 723 million cubic

metres in 1968 to 2,044 million, representing about three-quarters of total gas consumption. This showed for the first nine months a 77 p.c. increase, due partly to the needs of households but above all to those of industrial users.

The structural reduction in sales of coal on the home market, after having ceased in 1968, was resumed; during the first eleven months 18.5 million tons were consumed, against 19.6 million in 1968. This

MINING OF COAL

(Indices 1958 = 100)



Source : National Statistical Institute.

decrease, due to growing use of other energy sources, chiefly affected industrial demand. Coal production was affected inter alia by continuance of the programme for closing unprofitable mines, which caused six mines with a total yearly capacity of 1.2 million tons to close in 1969, and was reduced even more than consumption; it reached only 12,3 million tons for the first eleven months, against 13.6 million in 1968. The gap between production and consumption was filled by net imports which reached 5.2 million tons, as in 1968, and by further drawing on stocks to the extent of 1 million tons.

The 1969 appropriations in the budget of the Ministry for Economic Affairs to cover the grant of subsidies to the coal mines amounted to Fr. 5.1 billion, as in 1968.

BUILDING.

Demand greatly increased in most sections of the building industry.

With regard to housing the first six months' building permits, expressed in cubic metres' habitable volume, increased by 18.5 p.c. as

Table 2.

BUILDING INDUSTRY (Monthly averages)

	Output (Indices 1958 = 100) (1) (2)	Building permits (Thousands of cubic metres) (1)		Average ensured duration of activity, in months (3)				
				Bare shells of buildings			Finishing work	Civil enginee- ring
				Total	Residen- tial buildings	Buildings for industrial, commen- cial or adminis- trative use		
Dwellings	Other buildings							
1963	149	2,335	2,117	7.8	6.1	13.6	5.4	17.0
1964	175	2,881	2,177	8.0	6.2	14.0	5.9	14.8
1965	168	2,583	2,572	7.2	5.4	13.0	6.0	12.2
<i>(New series)</i>								
1965	168	2,583	2,572	8.5	6.8	14.1	6.0	12.5
1966	173	2,977	2,126	8.2	6.0	15.2	5.1	13.1
1967	183	2,762	2,178	7.5	5.0	15.7	4.2	15.5
1968	173	2,598	1,994	9.0	6.1	17.8	3.9	15.9
1968 1st quarter	173	2,509	1,403	7.4	4.5	16.4	3.6	15.7
2nd quarter	173	2,889	1,989	8.7	5.8	17.8	4.0	16.0
3rd quarter	174	2,412	2,317	9.8	6.9	18.1	4.0	16.1
October-November	175	2,633	2,354	10.1	7.2	19.1	3.9	16.0
1969 1st quarter	180	2,869	2,063	10.6	7.6	19.5	4.6	15.5
2nd quarter	182	3,537	2,667	11.0	7.9	20.1	4.9	15.0
3rd quarter	185	n.a.	n.a.	11.6	7.9	22.8	6.0	15.2
October-November	186(4)	n.a.	n.a.	11.8	8.0	22.8	5.9	15.1

(1) Source : National Statistical Institute.

(2) Cyclical-trend movement. The index relates to work on public and private account.

(3) Source : Monthly inquiries into economic activity organised by the National Bank of Belgium.

(4) October.

n.a. Figures not available.

compared with 1968; they were greater than during the previous years of high activity. On the other hand the number of building premiums granted during the first eleven months was greater by 41 p.c. than in 1968, and reached a level not recorded since 1961.

Demand grew even more in the case of buildings intended for use other than habitation; expressed in cubic metres of usable volume the construction permits relating to this type of buildings were up by 39.5 p.c. in the first six months as against their level of a year before, and ran close to the peaks previously reached in 1965 and 1967 for that period of the year.

The demand coming from public authorities also increased, although a good deal less than in the previous year. As regards the Government the amount of new commitments taken by the principal departments concerned fell from Fr. 19.7 billion for the first three quarters of 1968 to Fr. 18.6 billion in 1969; during the same period the total credits placed by the Belgian Municipal Credit Institution at the disposal of local authorities, and that of the subsidies paid to their accounts for the financing of capital expenditure, rose from Fr. 13.4 to 16.2 billion.

Although its movement considerably under-estimates production increases so far as they result from improvement of productivity and from the working of additional hours, the cyclical-trend index of activity in the building industry rose continuously and appreciably from the fourth quarter of 1968 onwards. For the first ten months of 1969 it was up by 5.5 p.c., whereas it had fallen by 4.5 p.c. in 1968. The gap between the monthly indices for the two years widened in the course of 1969 from 3.5 p.c. in January to 6.5 p.c. in October.

This trend caused a growing proportion of enterprises to feel that their equipment should be reinforced, and led to the exhaustion of labour reserves. The number of normally capable persons wholly unemployed was only 1,206 in October, against 4,290 a year earlier; for the same month the number of vacancies open rose from 531 in 1968 to 1,949 in 1969.

Despite a high degree of resources utilisation the size of demand caused the average ensured durations of activity to lengthen considerably. In regard to bare shells of buildings these durations considerably exceeded the maxima recorded during the previous boom, especially for non-residential buildings. They likewise increased in the finishing section, which however lags some way behind the trend in bare shells. The volume of civil engineering work remaining to be done, although below the exceptionally high level recorded during the first years of the infrastructure programme's extension, continues to ensure more than five quarters' activity for the enterprises concerned.

In the whole building industry, where the relative inelasticity of supply cannot be alleviated by imports, the strength of demand was reflected in marked price rises.

AGRICULTURE - HORTICULTURE - SEA FISHING.

According to the agricultural census of 15th May the structural reduction of the cultivated area continued, amounting to 9,000 hectares against 12,000 hectares in 1968.

The reduction chiefly affected the areas devoted to bread grains and to potatoes; for these latter it can be put down to the low level of the average price obtained for the previous crop year. The areas devoted to sugar beet remained stable; they had greatly increased in the two previous years as a consequence of the rise in the sugar quota benefiting from the E.E.C. prices and sales guarantee, as well as of the 1968 rise in the price of beet having an equal sugar content.

According to the first available data it seems that the yields per hectare were a little down by comparison with those for 1968 except in regard to potatoes and sugar beet.

Deliveries of milk to the dairies were down by 4.5 p.c. for the first ten months, whereas they had increased by 9 p.c. in 1968.

The increase in the number of horned cattle was slightly less than that recorded in the previous year because the rise in the number of milking cows was small. On the other hand the number of pigs increased by a further 12 p.c., largely because of the increase in exports of live pigs to France.

Table 3.

AGRICULTURE - HORTICULTURE

	1963	1964	1965	1966	1967	1968	1969
Cultivated area ⁽¹⁾	1,679	1,665	1,652	1,640	1,626	1,614	1,605
<i>(Thousands of hectares)</i>							
of which : Bread grains	246	262	266	247	232	235	227
Coarse grains	255	239	254	260	259	251	250
Sugar beet	57	64	65	67	78	90	90
Other industrial crops .	37	42	30	25	17	17	19
Potatoes	69	61	57	59	62	55	50
Meadows and pasture .	825	815	810	810	810	807	804
Market gardening	38	38	33	36	37	38	41
Fruit growing	46	45	44	43	42	40	39
Livestock ⁽¹⁾ :							
<i>(Thousand head)</i>							
Horned cattle	2,805	2,663	2,731	2,773	2,759	2,805	2,844
of which : Milking cows	1,044	999	1,010	1,019	1,029	1,067	1,076
Pigs	1,795	1,833	1,847	1,971	2,323	2,502	2,803
Milk delivered to dairies :							
<i>(Millions of litres)</i>							
Year	1,644	1,712	1,953	2,199	2,403	2,585	n.a.
First 10 months	1,441	1,486	1,694	1,928	2,103	2,294	2,190

Source : National Statistical Institute.

(1) Census on 15th May in each year.

n.a. Figures not available.

Difficulties of sale affected certain products including apples, butter and skimmed milk powder. Measures to normalise the terms of sale for some of these products on the markets of the European Economic Community countries were adopted towards the end of the year by the Council of Ministers. They include the grant of premiums for rooting up certain kinds of fruit trees as well as slaughtering and reconversion premiums for breeders of milking cows.

Largely because of the declining yield from certain fishing grounds the amount of fish landed during the first ten months was down in volume by 9 p.c., but up in value by 3.5 p.c.

SERVICES.

The economic upswing, and particularly the expansion of foreign trade, was reflected in **transport** activity.

For the seaports as a whole the tonnage of goods loaded and of those discharged during the first eight months, after having risen by 26 and 20 p.c. respectively in 1968, increased by a further 14.5 and 16.5 p.c. in 1969; these increases resulted, above all, from the expansion of traffic in petroleum products.

On inland waterways the traffic in terms of ton-kilometres was up by 4.5 p.c. for the first eight months, against 5 p.c. in 1968.

The amount of goods carried by rail in terms of ton-kilometres continued to increase, rising by 11 p.c. for the first eleven months; this rise was chiefly due to metal products and to ores. The number of passenger-kilometres, down in previous years, remained stable during the first eleven months.

For the same period Sabena showed an increase of 11 p.c. in passenger traffic, which had fallen by 1 p.c. in 1968, and of 24.5 p.c. in goods traffic as against 9.5 p.c.

In regard to **telecommunications** the number of internal and international telephone calls increased by, respectively, 5 and 18 p.c. for the first eight months. In the telegraphic service the number of telegrams sent decreased by 2.5 p.c., but use of the telex, expressed in number of minutes, increased by 12 p.c.

Tourist traffic was slightly up for the first eight months. Total recorded overnight stays increased by 2 p.c., a rather low proportion in view of the structural expansion in tourism and the high level of economic activity. The restrictions in force in certain countries on spending abroad continued to limit foreigners' stays; Belgian tourist traffic showed a greater increase.

In the sphere of **entertainment** the audiences at motion picture theatres further decreased, but in less marked degree; the reduction appears to have reached 7 p.c. in the first half-year against 9 p.c. in 1968. Motion pictures are feeling the competition of television. The fees collected for the keeping of radio or television sets were up by 15 p.c. for the first ten months.

As regards **retail trade** the various categories of retail shops did not benefit equally from the increase in private consumption. The growth-rate of turnover was the highest for supermarkets and for chain stores. These latter thus confirmed their previous year's rise, while the supermarkets further quickened their already considerable expansion achieved in previous years. The growth-rate of sales at department stores, although higher than in 1968, remained appreciably below that at supermarkets and chain stores. The consumer cooperatives' sales remained practically at the previous year's level.

Financial services also increased in line with the growth of activity in general. Thus the number of items handled at clearing houses in the first eleven months was over 34 million, that is 24 p.c. more than in 1968.

EMPLOYMENT.

The tendency to improvement which had appeared during 1968 in the course of the labour market became stronger in 1969 owing to the vigorous expansion of economic activity.

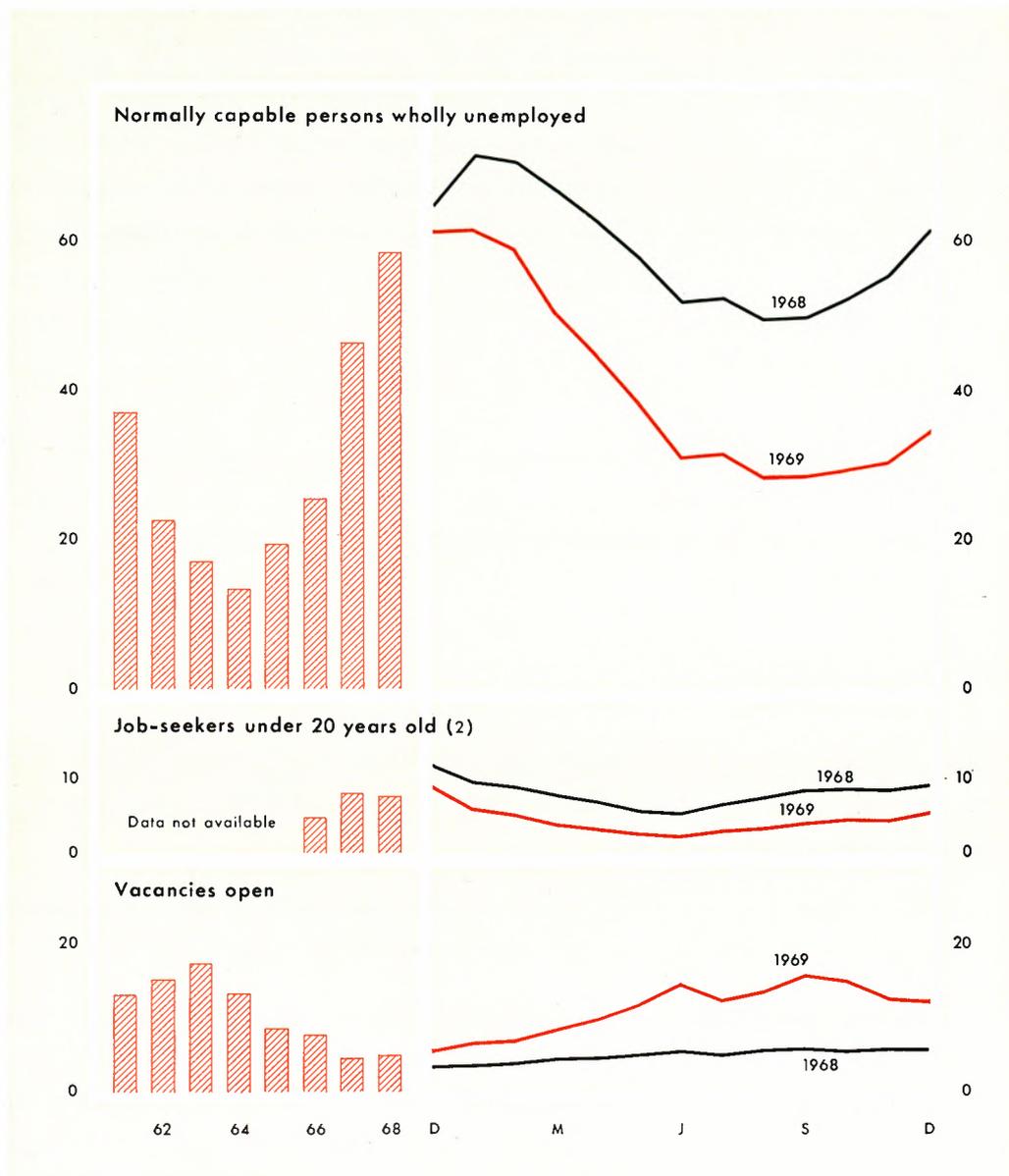
The average number of persons wholly unemployed at the ends of months dropped from 102,700 in 1968 to 85,300 in 1969.

This decrease applied only to the number of registered unemployed having normal capacity for work, their average number having been reduced from 58,600 in 1968 to 39,000 in 1969. Measured in relation to the corresponding months of the previous year the decrease, which had amounted to 10,600 on the average for January and February, rose to 26,200 on that for November and December.

The reabsorption of unemployed was slower and less pronounced in the case of women than of men; it was more marked in the category of unemployed persons under 25 years old than in that of older workers.

UNEMPLOYMENT AND VACANCIES (1)

(In thousands)



Source : National Employment Office.

(1) For the annual data : monthly average of the data at ends of months. For the monthly data : ends of months.

(2) Normally capable persons wholly unemployed, and voluntary job-seekers not in employment.

The total number of unemployed persons less than 20 years old and having normal capacity for work, and of job-seekers in the same age group who voluntarily registered at labour exchanges without being entitled to unemployment pay, fell from an average of 7,700 in 1968 to 4,100 in 1969.

There was an increase in the number of vacancies, notified to the National Employment Office, which measures enterprises' demand for labour only in part; the monthly average, 13,400 in 1968, reached 16,000. An increased proportion of these vacancies was not filled; at the end of 1969 there were still 12,200 open, against 5,700 in 1968. At the time of the previous boom the peak had been 20,600 in June, 1963; the June, 1969 figure was 14,500.

The proportion of manufacturing enterprises indicating lack of skilled labour as the reason for under-employment of their production capacities increased; it was 25 p.c. October, 1969 against 11 p.c. a year earlier and a maximum of 29 p.c. in January, 1964. The local shortages in certain categories of workers therefore affected the course of activity in various industries; the total number of capable persons wholly unemployed remained appreciably greater, however, than in the previous period of high economic activity. The relatively large residue of unemployment must therefore be put down to structural rather than cyclical causes; it arises from the fact that skills are insufficiently adapted to the new requirements for employment, from the change in the nature and location of productive activities and from inadequate mobility of labour. The inequality in the geographical distribution of unemployment, apparent for some years, was therefore maintained; in relation to the total number of persons subject to sickness and disablement insurance, distributed according to the groups of regional exchanges used for statistics of the National Employment Office, the number of normally capable persons wholly unemployed remained greatest in the areas covered by the groups of exchanges for Mons, Liège-Huy and Ostend.

The number of immigrants' labour permits was 2,300 for the first eleven months of 1969, against 2,100 in 1968, but it now relates only to workers coming from countries which are not members of the European

Economic Community, since nationals of the member countries can hold a job in Belgium without previous authorisation. Hence these statistics no longer afford any valid indication concerning the extent of workers' immigration.

WAGES AND OTHER INCOMES.

After two years of slowing down the growth-rate of wages and salaries increased in 1969 owing to the high level of economic activity.

Measured by the industrial and transport workers' average gross hourly wage index, which takes account in principle of remuneration in all forms whatsoever, the rise of wages quickened; whereas it had amounted to 5.3 p.c. from September, 1967 to September, 1968, it reached 8.1 p.c. during the next twelve months. During the years 1964 to 1966 of the previous boom period the annual increase had amounted to about 10 p.c. The movement of the index during 1969 was of the same order as in Italy, smaller than in the other European Economic Community countries and the United Kingdom, but greater than in the United States.

Some quickening was also observed in the rise of the indices for collectively agreed wages. Between September, 1968 and September, 1969 the increase amounted for wage and salary earners to 7.2 and 6.5 p.c., respectively, against 5.3 and 4.9 p.c. in the course of the previous twelve months.

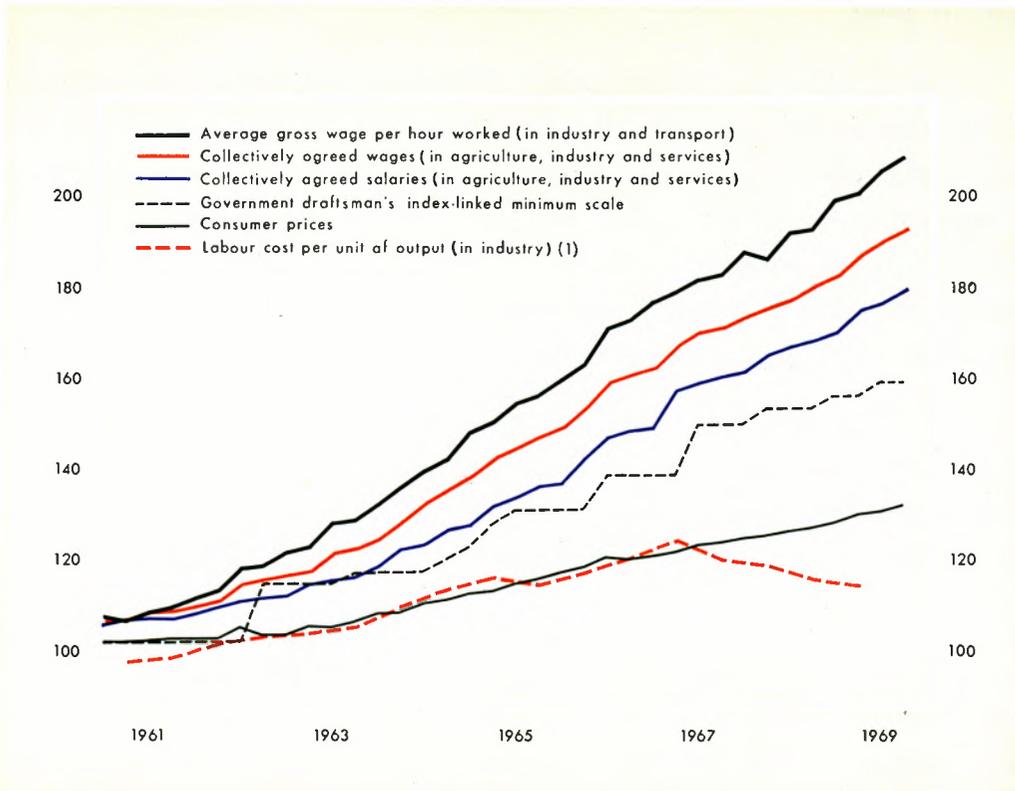
The increase of collectively agreed wages for the first nine months of 1969 was due roughly half to the fact that pay is linked to the consumer price index, and half to the effects produced by raising of scales and by reductions of weekly hours included in the collective agreements.

In the public sector the Government draftsman's minimum index-linked scale increased by 4 p.c. between September, 1968 and September, 1969, against 2 p.c. in the twelve preceding months.

The progressive scale of tax, and the raising with effect from 1st July of the rate for certain social insurance contributions, have increased the proportion of gross wages and salaries deducted at source.

It seems, however, that real net pay further increased despite the quickening of the rise in the consumer price index; this rose by 3.9 p.c. between September, 1968 and September, 1969 against 2.6 p.c. during the twelve previous months.

EMPLOYED PERSONS' REMUNERATION, CONSUMER PRICES AND
LABOUR COST PER UNIT OF OUTPUT
(Indices 1958 = 100)



Sources : Collectively agreed wages and salaries : Ministry of Employment and Labour.
Government draftsman's index-linked minimum scale : Ministry of Public Functions.
Consumer prices : Ministry for Economic Affairs.
Labour cost per unit of output : Economic Research Centre at Louvain.
(1) Wages and salaries; period covered : March to May and September to November in each year.

Besides the movement in rates of pay, the increase in the number of hours worked, due partly to the rise in the level of employment, likewise contributed towards causing a faster expansion of total wages and salaries; for the first three quarters the total pay declared to the National Social Insurance Office increased by 11.1 p.c.

The hourly cost of labour was affected by the rise of gross wages and by the increases in social charges borne by enterprises. In the manufacturing industries it increased by 8.1 p.c. for the first nine months as compared with 1968. But owing to the improvement of productivity, due in part to capital expenditure and to the expansion of output, the index of labour cost per unit of output as calculated by the Economic Research Centre at Louvain, after having fallen by 3.3 p.c. between the second half of 1967 and the second half of 1968, fell by a further 2.1 p.c. in the first half of 1969.

Among the other factors which affected enterprises' profit margins there was, on the one hand, the rise in rates of interest and that in the prices of imported raw materials, and on the other the imputation of fixed charges to enlarged production as well as the rise of selling prices which the strength of demand enabled producers to obtain; for the first eleven months of 1969 the average wholesale price of finished industrial products was higher by 2.7 p.c. than in 1968.

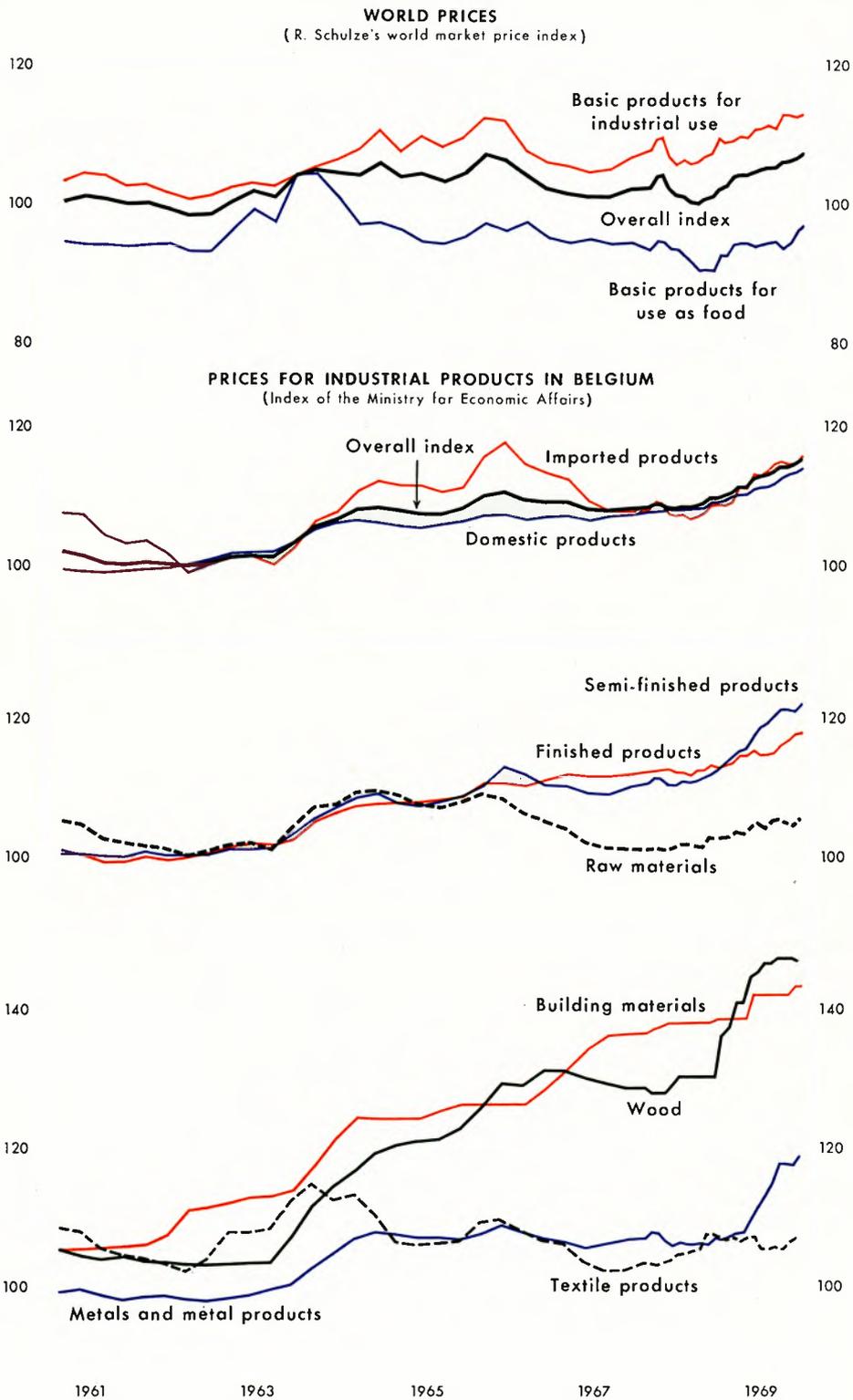
Industrial enterprises' total profit margins widened except, perhaps, in the few industries which benefited either not at all or at least not fully from the high level of activity. Enterprises' total income was moreover favourably affected by the increase of quantities sold.

For agricultural producers the average prices obtained in 1969 were 5.6 p.c. above the 1968 level. Since the average costs which they bore increased during the same period by only 1 p.c., and although certain yields were down as compared with those for 1968, agricultural incomes appear on the whole to have improved in 1969, the more so since productivity must have continued to increase.

PRICES.

World wholesale prices continued the upward movement which had been already apparent in the second half of 1968. Thus R. Schulze's overall average world market price index rose by 4.3 p.c. between

WHOLESALE PRICES (1)
(Indices 1958 = 100)



(1) 1961 to 1967 : monthly averages per quarter. 1968 and 1969 : monthly data.

December, 1968 and December, 1969; the rise amounted to 4.4 p.c. in the case of basic products for industrial use, and to 3.2 p.c. in that of products for use as food.

In Belgium the Ministry for Economic Affairs' index for **wholesale prices of industrial products** increased faster between December, 1968 and November, 1969 than during the corresponding previous months, rising by 4.7 p.c. as against 1.2 p.c. Largely reflecting the course of world prices, the prices for imported products rose by 6.6 p.c. against 0.4 p.c., while under the impulsion of the economic upswing the prices for domestic products rose by 4.1 p.c. as against 1.4 p.c.

The rise differed, in the case of industrial products, as between the three stages of manufacture; relatively moderate at the stage of raw materials, it was faster at that of finished products and extremely marked at that of semi-products, particularly as regards metals.

Classification of the index by groups of products, as carried out by the Ministry for Economic Affairs, reveals that three of these groups showed no marked rise in their prices, namely mineral, chemical and textile products; these latter, which had quite appreciably risen in 1968, even fell slightly, at least until September. On the other hand the upward movement was strongly marked in the case of metals and metal products. Special mention is merited by the considerable rise in non-ferrous metals, as well as by that in steel products, which followed a long period of relative weakness; according to those of the scales which conform to market conditions the increase of prices for representative steel products was of the order of 50 p.c. or more for deliveries inside the European Coal and Steel Community. The rise in prices for wood was likewise marked. In the Ministry's classification the building materials group includes only non-metallic mineral products, the prices for which increased no more than in relatively moderate degree. For all materials actually employed in construction, however, the rise was more appreciable; the price index used for application of revision clauses in public works contracts increased by 17.6 p.c. in 1969, against 1.8 p.c. in 1968.

The marked increase in **prices for building work** appears from the indications supplied by the Brussels Land Surveyors' Union for the taking over of party walls; most of the prices indicated are up by 10 p.c. or more between the fourth quarter of 1968 and the corresponding quarter of 1969. This rise is similar to that which marked the 1964 period of tension, and which was followed by a slower increase until 1968.

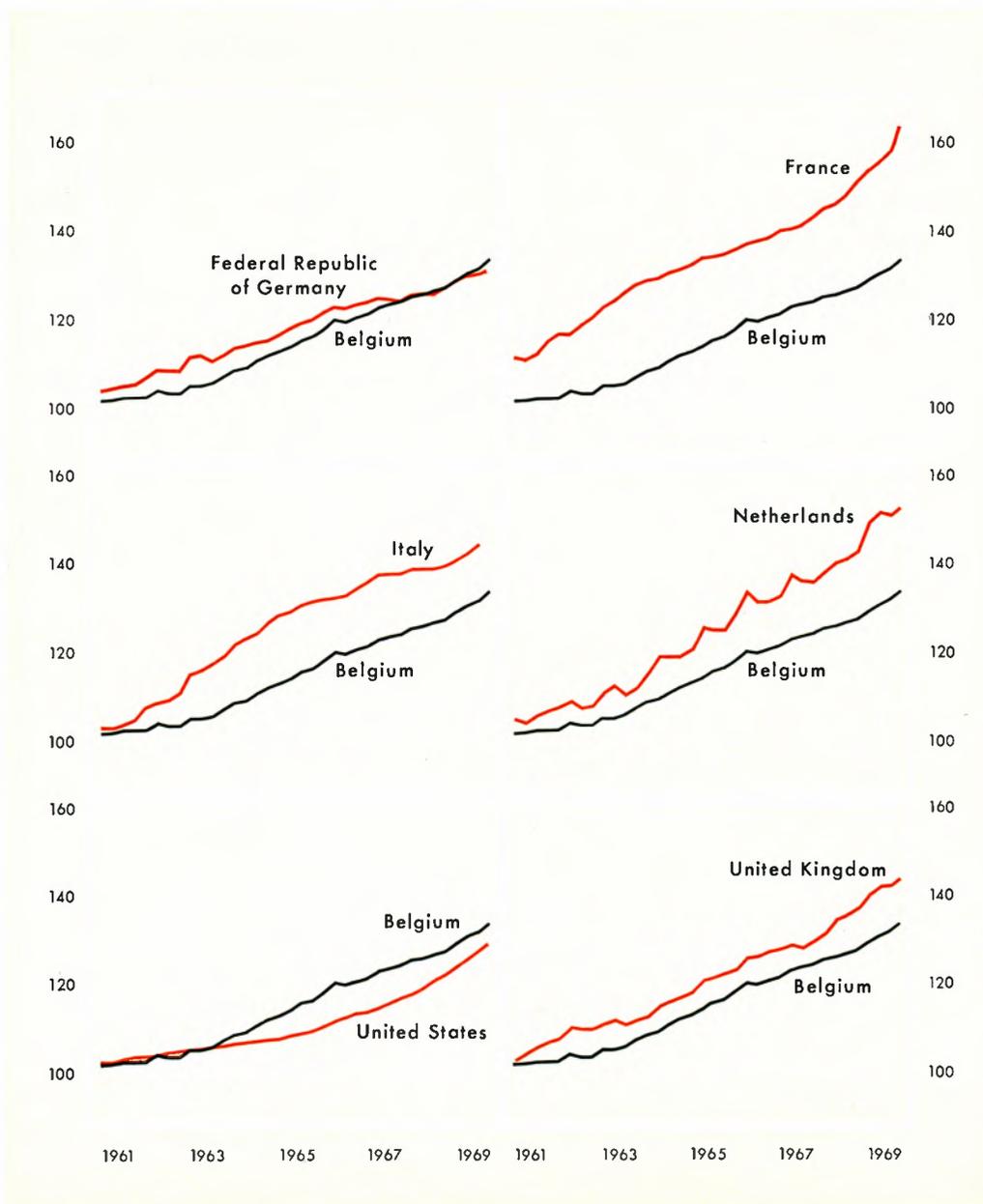
The quickening of the rise in prices for building work is likewise reflected in the index for the reconstruction value of a building; this index, as calculated by the Belgian Surveyors' Association, rose by 8.5 p.c. between November, 1968 and November, 1969, as compared with 3.3 p.c. during the twelve previous months. According to the index worked out by the Economic Research Centre at Louvain the rise was also considerable in the case of public buildings and civil engineering work; it reached 7.3 p.c. between the third quarter of 1968 and the third quarter of 1969, against 2.6 p.c. between the corresponding quarters of 1967 and 1968.

According to the Ministry of Agriculture the **agricultural prices** recorded at the stage of sale by producers showed a rise of 1.8 p.c. in the course of 1969 against 5.4 p.c. in 1968. Prices for vegetable products rose, among them that for potatoes, the production of which decreased, the very low prices obtained by producers in 1968 having caused them to reduce their planting; on the other hand the prices for animal products fell.

Consumer prices increased by 4.4 p.c. in 1969, against 2.5 p.c. in 1968, Contrary to what had happened during the 1966-1968 period the average rise in food products was greater than that in services, their levels having risen by 5.4 and 4.7 per cent respectively; the greatest rises applied to meat, potatoes and chocolate. The increase in the price of non-food products amounted to 3.1 p.c.

If national indices for consumer prices are compared without adjustment for changes of parity, so as to show the movement in the domestic purchasing power of each country's currency, it appears that in

CONSUMER PRICES : COMPARISON WITH FOREIGN COUNTRIES
 (Indices 1958 = 100)

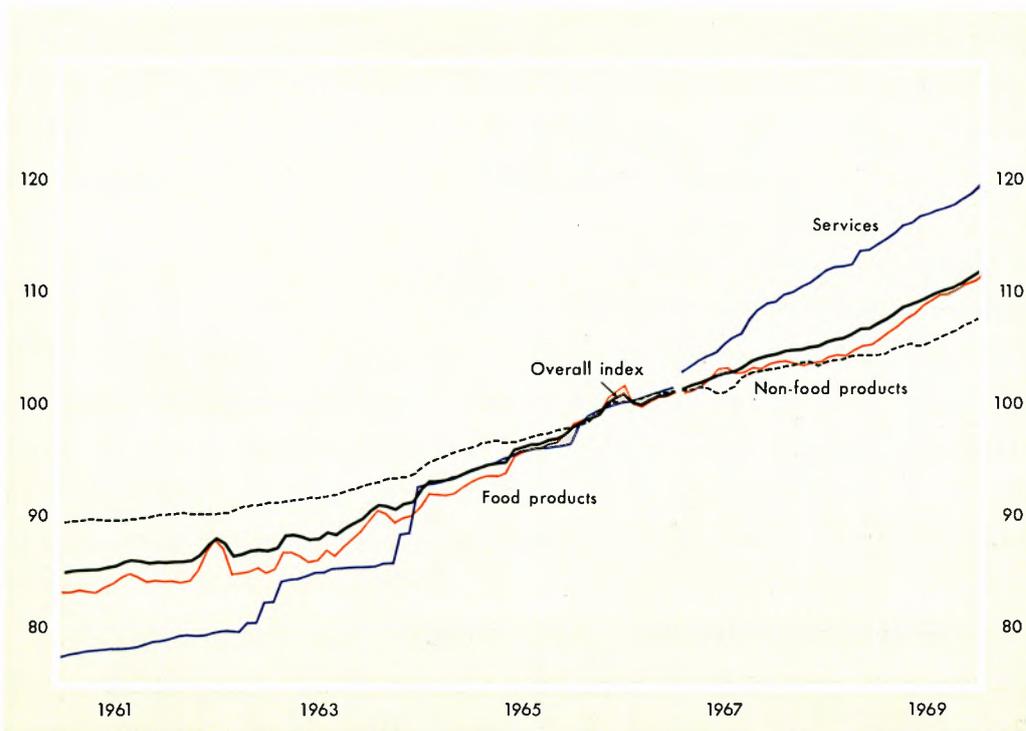


Sources : Belgium : Ministry for Economic Affairs. Federal Republic of Germany : Federal Statistical Office. France : National Institute for Statistics and Economic Research. Italy : Central Statistical Institute. Netherlands : Central Bureau of Statistics. United States : U.S. Department of Labor. United Kingdom : Ministry of Labour.
 (1) Indices not adjusted for changes of monetary parity. Monthly averages per quarter.

Belgium the rise during the first nine months of 1969 was of the same order of magnitude as in the United Kingdom, but more moderate than in the United States and in the European Economic Community countries except the Federal Republic of Germany.

CONSUMER PRICES IN BELGIUM

(Indices 1966 = 100) (1)



Source : Ministry for Economic Affairs.

(1) The figures for the years 1961 to 1966 have been obtained by conversion of the retail price index (basis 1953 = 100) into indices on the basis 1966 = 100. The conversion ratio used is the ratio of the two indices for 1966, that is 0.7697 for the overall index.

EXTERNAL TRADE.

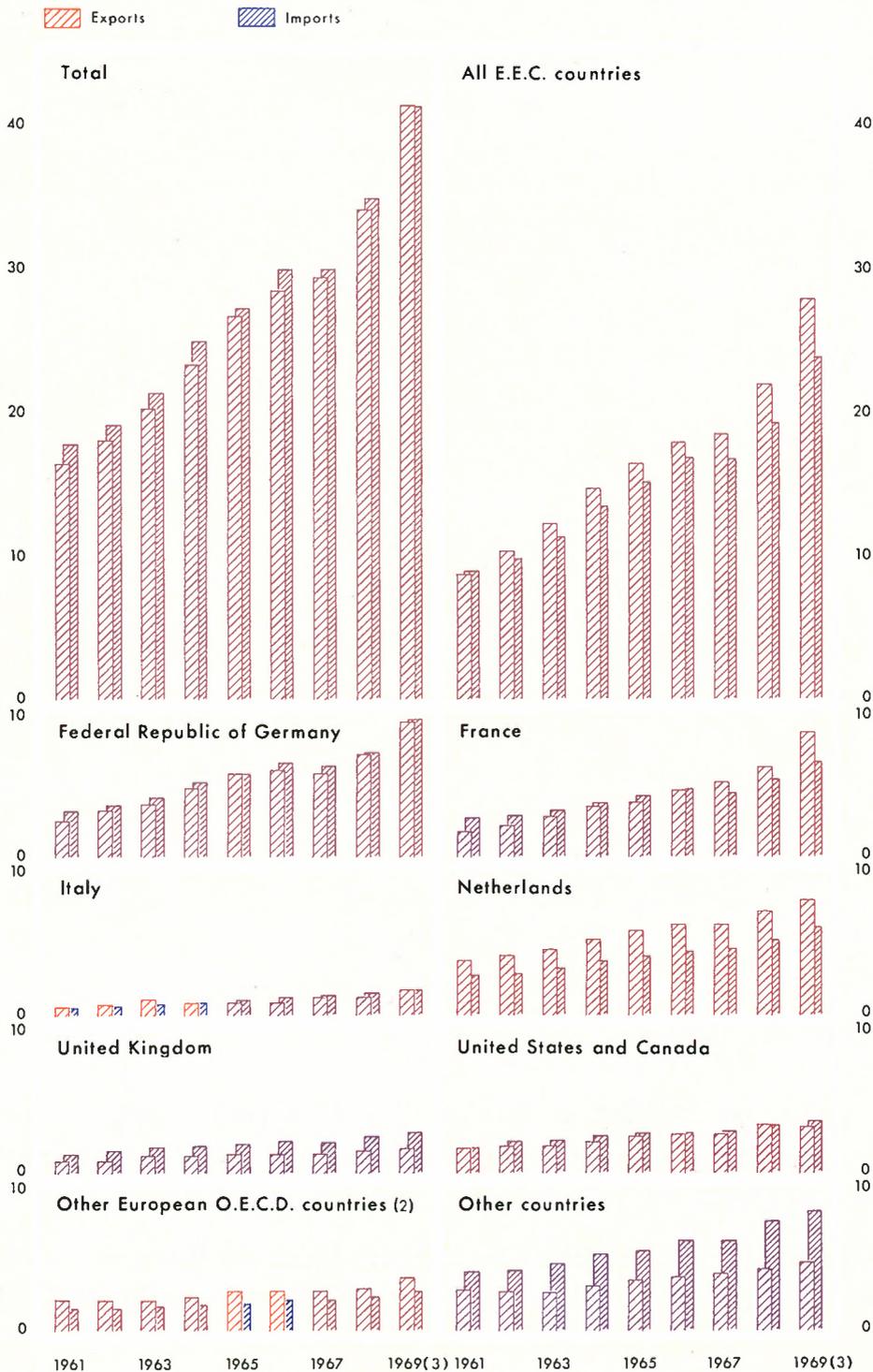
Vigorously impelled by foreign demand, exports greatly increased. In the first nine months they accounted for 4.1 p.c. of world exports against 3.8 p.c. in 1968.

Their total value increased by 22.8 p.c. during the first eleven months, against 15.9 p.c. in 1968; it reached a monthly average of Fr. 41.3 billion

EXTERNAL TRADE OF THE BELGIAN-LUXEMBURG ECONOMIC UNION (1)

Geographical distribution

(Monthly averages in billions of francs) (2)



Source : National Statistical Institute.

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

(1) See Annex G, Table 1.

(2) Including Finland.

(3) First eleven months.

against Fr. 33.7 billion a year earlier. This great increase, essentially reflecting expansion in volume, was very marked in trade with the European Economic Community countries except the Netherlands; on the other hand the exports to the United States, which had it is true been exceptionally large in 1968, decreased.

The growth of foreign sales was general for the major categories of products. Sales of mineral oils, of textile products, of metal manufactures and of steel products showed an increase much more marked than in 1968. Those of chemicals and of agricultural products increased at the same rate as the year before; on the other hand the increase in deliveries of non-ferrous metals, very appreciable in 1968, became smaller.

Under the combined effect of strong ultimate domestic demand, of the larger supplies required by rapid industrial expansion, and of the fact that production capacities were fully employed in certain industries, the growth of imports quickened. Their total value was up by 19.8 p.c. for the first eleven months, against 16.1 p.c. in 1968; it reached a monthly average of Fr. 41.2 billion against Fr. 34.4 billion a year earlier. Just as in the case of exports, this expansion essentially resulted from an increase in volume.

The growth of imports in the first nine months amounted to 22.2 p.c. for producer goods, to 19 p.c. for consumer goods and to 17.4 p.c. for capital goods. It especially applied to purchases from the Federal Republic of Germany and from France, and in lesser degree from the Netherlands and the United Kingdom.

The trade balance recorded by the Customs statistics showed a surplus of Fr. 1.6 billion for the whole of the first eleven months, against a deficit of Fr. 7.9 billion in 1968. The considerable increase of the surplus on trade with France and the elimination of the deficit on that with Italy outweighed the disappearance of the surplus in relation to the United States, the appearance of a deficit in relation to the Federal Republic of Germany and the increase of that, already observed during 1968, in relation to the United Kingdom.

The proportion in which exports covered imports amounted, for the first eleven months, to 100.4 p.c. against 97.9 p.c. in 1968.

BALANCE OF PAYMENTS.

Besides the actual trend of transactions with foreign countries two factors in 1969 very definitely affected the settlements effected for several categories of operations, and consequently the Belgian-Luxemburg Economic Union's balance of payments. On the one hand, during the first months of the year, there was the disparity of interest rates at short and long term between the Belgian and foreign markets, particularly that of the Euro dollar, where the rise was rapid and considerable, and on the other hand the « gambling » on a possible change in the parities of the German mark or of other currencies, as well as the consequences of the French devaluation and of the German revaluation.

These factors tended to cause deterioration in the balance of payments until during September. The reversal of the situation was extremely clear in October and November.

Thus the balance of current transactions for the first nine months showed a deficit of Fr. 11.3 billion, whereas it had been in equilibrium for the corresponding period of 1968. Conversely during October and November there was on current payments a surplus of Fr. 10.7 billion, much greater than that of Fr. 4.2 billion achieved a year before. On the whole the current balance showed a deficit of Fr. 0.6 billion for the first eleven months, whereas it had yielded a surplus of Fr. 4.3 billion in 1968.

Its reversal during the year was largely determined by that of payments in respect of transactions in goods. The changes in such net payments are very different from those in actual movements of goods. As measured by the Customs statistics, the trade deficit was only Fr. 2.8 billion for the first nine months, or less than that of Fr. 5.4 billion in 1968. On the other hand the payments for transactions in goods (other than

third-country trade), as recorded in the balance of payments (that is including commercial credits originally financed by banks), showed a net deficit of Fr. 7.3 billion, greater than that of Fr. 3.8 billion for the first nine months of 1968; if account is taken only of bank transfers effected during these nine months the deficit for 1969 amounts to Fr. 12.7 billion, against Fr. 7.5 billion in 1968.

Table 4.

BELGIAN-LUXEMBURG ECONOMIC UNION'S
BALANCE OF CURRENT TRANSACTIONS WITH FOREIGN COUNTRIES

(Billions of francs)

	Transactions in goods				Third-country trade (1)	Services (2)	Private transfers	Government transfers	Balance of current transactions
	between B.L.E.U. and foreign countries								
	Exports	Imports	Commission processing	Total					
1963	+ 200.7	- 209.7	+ 3.3	- 5.7	+ 2.4	- 1.3	+ 2.5	- 3.1	- 5.2
1964	+ 230.5	- 239.2	+ 5.2	- 3.5	+ 5.4	- 2.6	+ 3.0	- 2.4	- 0.1
1965	+ 253.6	- 256.2	+ 6.6	+ 4.0	+ 3.2	+ 0.3	+ 2.5	- 2.4	+ 7.6
1966	+ 266.4	- 283.0	+ 8.1	- 8.5	+ 5.3	- 0.7	+ 1.6	- 2.5	- 4.8
1967	+ 283.3	- 287.2	+ 7.8	+ 3.9	+ 5.4	+ 3.3	+ 1.5	- 4.0	+10.1
1968	+ 318.6	- 330.7	+ 8.7	- 3.4	+ 3.4	+ 4.2	+ 2.2	- 4.7	+ 1.7
1968 First 9 months	+ 229.5	- 239.7	+ 6.4	- 3.8	+ 3.8	+ 1.5	+ 2.0	- 3.4	+ 0.1
1969 First 9 months p	+ 275.8	- 290.2	+ 7.1	- 7.3	+ 3.1	- 4.1	+ 0.2	- 3.2	-11.3
1968 October-November	+ 59.5	- 58.3	+ 1.3	+ 2.5	- 0.5	+ 2.5	+ 0.2	- 0.5	+ 4.2
1969 October-November p	+ 73.4	- 66.6	+ 1.6	+ 8.4	+ 1.6	+ 2.0	- 0.3	- 1.0	+10.7
1968 First 11 months	+ 289.0	- 298.0	+ 7.7	- 1.3	+ 3.3	+ 4.0	+ 2.2	- 3.9	+ 4.3
1969 First 11 months p	+ 349.2	- 356.8	+ 8.7	+ 1.1	+ 4.7	- 2.1	- 0.1	- 4.2	- 0.6

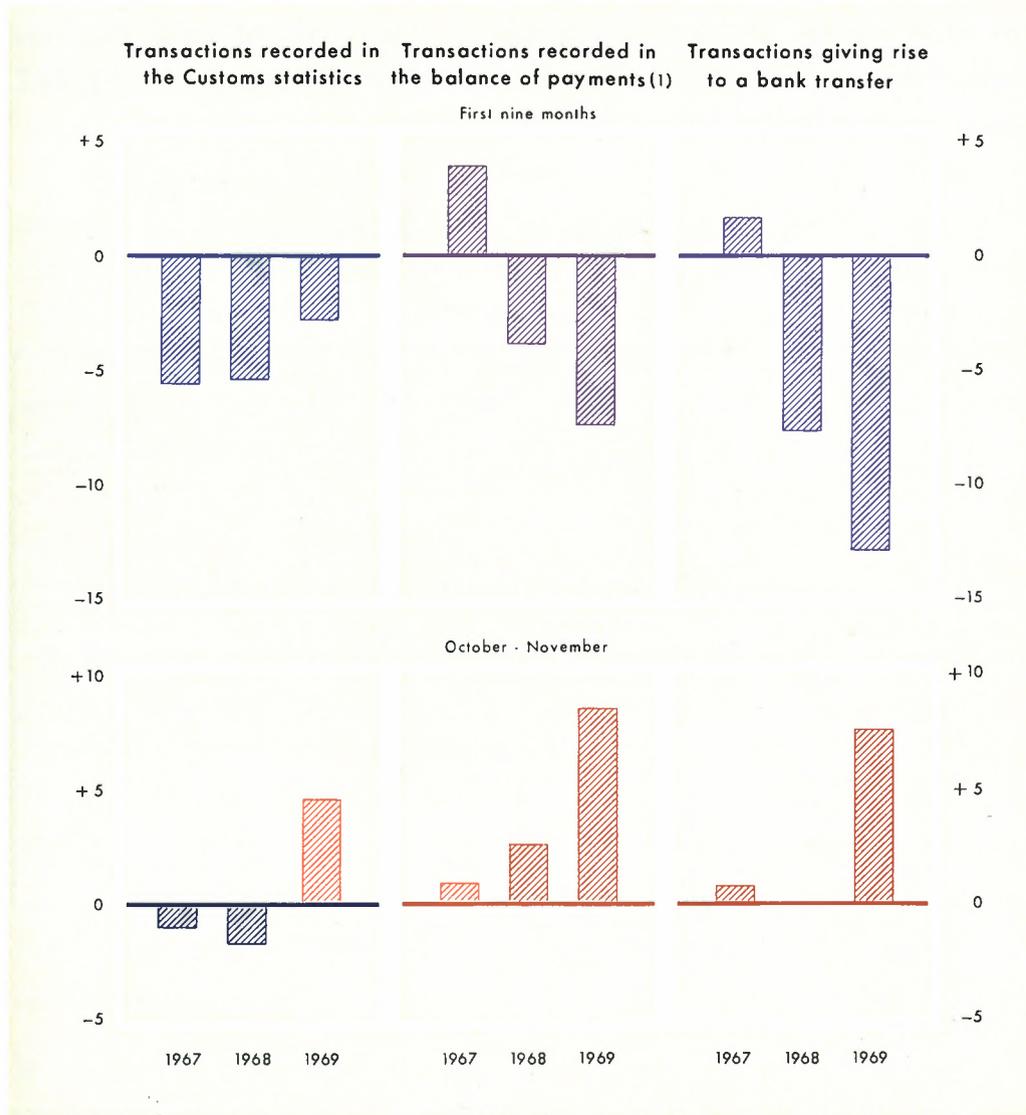
(1) Goods bought and resold abroad without entering the Customs area of the Belgian-Luxemburg Economic Union.

(2) Costs of transport, insurance, foreign travel, investment income, transactions of public authorities as well as of European and international institutions, frontier and seasonal workers, etc.

p Provisional figures.

The divergence of trend thus observed between the balance of exports and imports and that of the payments to which these operations gave rise is due to a number of causes. The average delay in payment for Belgian-Luxemburg exports being usually longer than that in the case of imports, the very large growth of trade caused an increase in Belgian enterprises' total commercial claims on their foreign customers. It further appears that the delays in payment changed, especially in the more agitated periods of May and August. Importers speeded up the transfers in favour of their German suppliers so as to cover themselves

BALANCE OF TRANSACTIONS IN GOODS
 BETWEEN THE BELGIAN-LUXEMBURG ECONOMIC UNION AND FOREIGN COUNTRIES
 (Billions of francs)



(1) See Table 4, fourth column.

against the risk of a mark revaluation, while exporters were tempted to slow down the collection of their claims or the repatriation of the foreign currencies earned, either because they gained by effecting short-term foreign investments yielding rates of interest higher than those on the home market or because they anticipated revaluation of the mark. This process,

described by the expression « leads and lags », was observed in several countries. It must also be borne in mind that during the first months of the year credit was less costly, and more abundant, in Belgium than in various countries; the financing of trade relations with these was therefore concentrated in the home market. Finally the rise in rates for foreign currencies on the free market led, in certain cases, to switching in breach of the regulations through payment for fictitious imports or through undervaluation of receipts from exports.

With allowance for the size of the payments effected each month in the Belgian-Luxemburg Economic Union for exports and imports of goods the outflow of short-term funds belonging to enterprises remained within tolerable limits. The National Bank and the Belgian-Luxemburg Foreign Exchange Institute moreover took steps to restrain the extent of these movements without hindrance to the normal working of international trade relations. The monetary authorities' object was to reduce the abundance of available funds, and add to the cost of credit, while making short-term domestic investment more remunerative so as to discourage the money outflows. The Belgian-Luxemburg Foreign Exchange Institute for its part adopted measures designed to prevent unjustified or accelerated buying of foreign currencies on the regulated market as well as improper retention of balances on regulated accounts. Since 9th May the banks' sales of foreign exchange to importers can no longer be applied to feeding these accounts, but must serve solely for duly justified immediate payments to non-residents. On 7th August the maximum period during which balances might be kept on regulated accounts was reduced from six months to thirty days in case of a parity change reducing the franc's value; if such amounts have not been applied within that period to authorised payments, the bank where they are deposited will automatically repurchase them and transfer the profit on exchange to the Treasury. In addition the rule which the Belgian banks had previously agreed with the Institute to observe, forbidding payment of interest on these regulated accounts, which have to be at sight, became statutory; it was accordingly extended to the Luxemburg banks. Finally the banks were invited to ensure respect for the terms of payment in all cases where payment

precedes an import; they were moreover instructed to submit for previous verification by the Institute the evidence supporting any payment greater than Fr. 10 million.

This overall action by the authorities contributed to the easing of tension which was observed from September onwards on the regulated exchange market.

At the end of that month the de facto revaluation of the mark ended the risk against which Belgian and Luxemburg enterprises that dealt with German firms were trying to cover themselves; it also ended the prospect of possible gains in value for such enterprises.

Thus the situation was reversed in October and November; while the balance of trade recorded by the Customs improved by Fr. 5.9 billion as compared with 1968, the improvement amounted on the basis of bank transfers to Fr. 7.5 billion.

For the whole of the first eleven months the surplus on transactions in goods, including third-country trade, increased by Fr. 3.8 billion; this, however, was outweighed by the change on services and transfers.

The surplus of Fr. 4 billion observed on service transactions in 1968 gave place to a deficit of Fr. 2.1 billion in 1969. Net expenditure on foreign travel slightly increased. The public authorities' foreign military expenditure, and trade expenses paid to foreign countries, likewise rose. The surplus on investment income was moreover reduced owing to an increase of income transferred by foreigners owing direct or portfolio investments in the Belgian-Luxemburg economy; this increase itself may be put down, on the one hand, to the expansion of direct investments effected by foreign firms during recent years, and on the other hand, to faster repatriation of income by foreigners having direct or portfolio investments.

The net receipt shown by private transfers was completely eliminated; remittances to foreign countries in respect of wages and pensions actually quickened.

The net outflows resulting from the movement of Government funds dropped from Fr. 3.2 billion in the first eleven months of 1968 to Fr. 2.4 billion in 1969. The Government increased its claims on foreign countries by Fr. 1.2 billion, and reduced its foreign liabilities by an equal

Table 5.

NET MOVEMENT IN CAPITAL FUNDS OF THE BELGIAN-LUXEMBURG
ECONOMIC UNION TO AND FROM FOREIGN COUNTRIES ⁽¹⁾
(Billions of francs)

	Government			Other public authorities	Rest of public sector (2)	Private sector (3)	Grand total
	Assets	Liabilities	Total				
1963	- 0.4	+ 2.8	+ 2.4	+ 0.1	+ 0.6	+ 1.5	+ 4.6
1964	- 0.1	+ 0.5	+ 0.4	+ 1.1	+ 2.3	+ 6.5	+ 10.3
1965	- 0.5	- 5.3	- 5.8	...	+ 2.1	+ 3.9	+ 0.2
1966	- 0.3	- 2.2	- 2.5	...	+ 1.7	- 1.1	- 1.9
1967	- 0.4	- 5.9	- 6.3	- 0.5	+ 0.9	+ 7.2	+ 1.3
1968	- 0.3	- 2.9	- 3.2	- 0.2	- 0.6	- 4.8	- 8.8
1968 First 9 months ...	- 0.2	- 2.2	- 2.4	- 0.2	- 2.0	- 3.3	- 7.9
1969 First 9 months . p	- 0.5	- 0.4	- 0.9	- 0.2	+ 9.1	+ 0.4	+ 8.4
1968 October-November .	...	- 0.8	- 0.8	...	+ 1.3	- 0.4	+ 0.1
1969 October-November p	- 0.7	- 0.8	- 1.5	...	+ 0.8	+ 0.3	- 0.4
1968 First 11 months ...	- 0.2	- 3.0	- 3.2	- 0.2	- 0.7	- 3.7	- 7.8
1969 First 11 months p	- 1.2	- 1.2	- 2.4	- 0.2	+ 9.9	+ 0.7	+ 8.0

(1) Excluding movement of monetary institutions' foreign assets and liabilities.

(2) Public operating organisations and non-monetary financial intermediaries of the public sector.

(3) See Table 7.

p Provisional figures.

amount. But the changes in these liabilities, as recorded in the balance of payments, do not include the movement of funds which Belgian monetary institutions obtain for the Government by themselves incurring debt to foreign countries, since these transactions amount from the Treasury's viewpoint to borrowing from residents. If account is taken of this, the Government's recourse to foreign markets increased by Fr. 5 billion, whereas it had been reduced by Fr. 3.8 billion in 1968.

On balance the capital transactions of the public operating organisations and public-sector non-monetary financial intermediaries, which had given rise to an outflow of Fr. 0.7 billion during the first eleven months of 1968, produced an inflow of Fr. 9.9 billion in 1969, chiefly

because of loans contracted abroad by the National Industrial Credit Company; here again these figures do not include the borrowing from banks financed by means of resources obtained abroad. If account is taken of such borrowing, the transactions of the said public institutions and intermediaries yielded a net inflow of Fr. 12.5 billion in 1969 against a net outflow of Fr. 1.1 billion in the previous year.

Table 6.

THE GOVERNMENT'S RECOURSE TO FOREIGN MARKETS

(Changes in billions of francs)

	Liabilities recorded in the movement of capital funds (1)	Liabilities incurred through the intermediary of Belgian monetary institutions	Total (c) = (a) + (b) = (d) + (e)	In foreign currencies	In Belgian francs
	(a)	(b)		(d)	(e)
1963	+ 2.8	+ 9.7	+12.5	+ 8.2	+ 4.3
1964	+ 0.5	+ 0.6	+ 1.1	+ 0.5	+ 0.6
1965	- 5.3	+ 0.5	- 4.8	- 4.9	+ 0.1
1966	- 2.2	+ 7.1	+ 4.9	+ 3.9	+ 1.0
1967	- 5.9	+ 3.4	- 2.5	+ 5.6	- 8.1
1968	- 2.9	- 0.8	- 3.7	- 0.9	- 2.8
1968 First 10 months (2)	- 3.1	- 0.5	- 3.6	- 0.7	- 2.9
1969 First 10 months (2)	<i>p</i> - 0.5	<i>p</i> + 5.5	+ 5.0	+ 5.4	- 0.4
1968 First 11 months ...	- 3.0	- 0.8	- 3.8	- 0.8	- 3.0
1969 First 11 months ...	<i>p</i> - 1.2	<i>p</i> + 6.2	+ 5.0	+ 5.2	- 0.2

(1) See Table 5, second column.

(2) This period is given because it appears in Table 18, item (e) of which reproduces the total of this table.

p Provisional figures.

The outflows of funds caused by the non-bank private sector's direct and portfolio investments directly effected abroad were chiefly due to purchases of foreign securities; on balance these purchases, probably including certain transactions for foreign account which could not be eliminated, rose from Fr. 12.6 billion in the first eleven months of 1968 to Fr. 14.8 billion in 1969. The increase amounted to Fr. 4.1 billion for the first four months, whereas for the next seven months there was a decrease by Fr. 1.9 billion in comparison with 1968; this reversal may be explained through the rise in the yield on bonds issued by public authorities in Belgium, through the reduction in the amount of issues on the Euro bond market and through the decline of stock market prices in New York.

The net amount of foreigners' direct investments, representing the greater part of the direct and private investments effected by non-residents in the non-bank private sector of the Belgian-Luxemburg economy, reached Fr. 11.4 billion for the first eleven months against Fr. 11 billion in 1968.

Table 7.

NET MOVEMENT IN PRIVATE-SECTOR CAPITAL FUNDS OF THE
BELGIAN-LUXEMBURG ECONOMIC UNION TO AND FROM FOREIGN COUNTRIES ⁽¹⁾

(Billions of francs)

	Direct and portfolio investments in foreign countries		Direct and portfolio investments in B.L.E.U.		Unclassified direct and portfolio investments	Total
	Total	of which : Securities	Total	of which : Direct investments		
1963	- 9.5	- 5.5	+ 9.7	n.a.	+ 1.3	+ 1.5
1964	- 6.7	- 1.3	+ 12.2	n.a.	+ 1.0	+ 6.5
1965	- 5.4	- 2.1	+ 8.5	+ 7.1	+ 0.8	+ 3.9
1966	- 8.9	- 6.5	+ 7.2	+ 7.0	+ 0.6	- 1.1
1967	- 8.1	- 5.3	+ 15.0	+ 11.5	+ 0.3	+ 7.2
1968	- 16.7	- 13.4	+ 11.9	+ 12.5	...	- 4.8
1968 First 9 months	- 11.1	- 8.8	+ 7.8	+ 8.7	...	- 3.3
1969 First 9 months p	- 11.5	- 12.8	+ 11.9	+ 8.4	...	+ 0.4
1968 October-November	- 3.9	- 3.8	+ 3.5	+ 2.3	...	- 0.4
1969 October-November p	- 2.6	- 2.0	+ 2.9	+ 3.0	...	+ 0.3
1968 First 11 months	- 15.0	- 12.6	+ 11.3	+ 11.0	...	- 3.7
1969 First 11 months p	- 14.1	- 14.8	+ 14.8	+ 11.4	...	+ 0.7

(1) Excluding movement of monetary institutions' foreign assets and liabilities.

p Provisional figures.

n.a. Figures not available.

The total payments effected for current transactions and capital movements of the public and private sectors (not including the movements of funds corresponding to changes in the banks' foreign assets and liabilities) showed, after allowance for errors and omissions, a surplus of Fr. 10.7 billion for the whole of the first eleven months as against a deficit of Fr. 1.4 billion in 1968. This surplus was, however, entirely due to the transactions in October and November, which yielded a surplus of Fr. 11.4 billion, whereas those in the first three quarters had shown a deficit of Fr. 0.7 billion.

The overall surplus of Fr. 10.7 billion for the first eleven months had as its counterpart an increase by Fr. 3 billion in the outstanding amount of

Belgian franc commercial credits to foreign countries, originally financed by banks, and an increase by Fr. 7.7 billion in the other net foreign assets of all monetary institutions. This last figure is made up of an increase by Fr. 6.3 billion in the National Bank's exchange reserves and a reduction by Fr. 1.4 billion in the net foreign liabilities of Belgian and Luxemburg banks (see Table 8, Columns f and g).

Table 8.

BELGIAN-LUXEMBURG ECONOMIC UNION'S
BALANCE OF PAYMENTS AND ITS FINANCING

(Billions of francs)

	Balance of payments			Total (d) = (a) + (b) + (c) = (e) + (j)	Financing of the balance of payments (1)						
	Net current trans- actions (a)	Net move- ment in capital funds (b)	Errors and omis- sions (c)		Move- ment of Belgian franc com- mer- cial credits granted to foreign coun- tries, origin- ally financed by the banks (e)	Movement of monetary institutions' other net foreign assets					Total (j) = (f) + (g) + (h) + (i)
						Belgian and Luxemburg banks		Miscel- laneous mon- etary insti- tutions (h)	National Bank of Belgium (ex- change reserves) (i)	Total	
						Belgian francs (2) (f)	Foreign curren- cies (3) (g)				
1963	- 5.2	+ 4.6	+ 0.6	...	+ 3.9	- 3.6	-10.0	- 1.2	+10.9	- 3.9	
1964	- 0.1	+10.3	+ 0.5	+10.7	+ 2.6	- 0.8	- 3.8	+ 0.3	+12.4	+ 8.1	
1965	+ 7.6	+ 0.2	+ 0.7	+ 8.5	+ 4.5	- 0.9	- 1.2	+ 0.5	+ 5.6	+ 4.0	
1966	- 4.8	- 1.9	+ 0.3	- 6.4	+ 1.4	- 3.3	- 6.4	+ 1.1	+ 0.8	- 7.8	
1967	+10.1	+ 1.3	+ 0.9	+12.3	+ 5.5	- 3.0	- 2.3	+ 0.1	+12.0	+ 6.8	
1968	+ 1.7	- 8.8	+ 1.6	- 5.5	+ 9.5	- 2.2	+ 7.1	+ 0.5	-20.4	-15.0	
1968 First 9 months	+ 0.1	- 7.9	+ 2.2	- 5.6	+ 4.7	- 2.9	+ 1.4	+ 0.7	- 9.5	-10.3	
1969 First 9 months ... p	-11.3	+ 8.4	+ 2.2	- 0.7	+ 2.9	+ 8.3	- 2.4	+ 0.3	- 9.8	- 3.6	
1968 October-November ...	+ 4.2	+ 0.1	- 0.1	+ 4.2	+ 5.0	+ 0.9	+ 7.5	...	- 9.2	- 0.8	
1969 October-November . p	+10.7	- 0.4	+ 1.1	+11.4	+ 0.1	- 2.7	- 1.8	- 0.3	+16.1	+11.3	
1968 First 11 months ...	+ 4.3	- 7.8	+ 2.1	- 1.4	+ 9.7	- 2.0	+ 8.9	+ 0.7	-18.7	-11.1	
1969 First 11 months . p	- 0.6	+ 8.0	+ 3.3	+10.7	+ 3.0	+ 5.6	- 4.2	...	+ 6.3	+ 7.7	

(1) The plus sign indicates an increase of assets or a reduction of liabilities, the minus sign a reduction of assets or an increase of liabilities. See Annex 6, Table 2.

(2) Including the movement of net foreign assets in Luxemburg francs.

(3) See Table 9, line 4b.

(4) See Table 10, last column.

p Provisional figures.

The Belgian franc commercial credits to foreign countries, the financing of which is originally ensured by banks, essentially comprise credits which finance terms of payment allowed by Belgian and Luxemburg

exporters to their foreign customers, while the remainder chiefly consists of cash advances granted to foreign enterprises. The growth in the total outstanding amount of these credits had begun in 1968, largely owing to disparities of interest rates as between Belgium and the principal foreign markets, and continued at a faster pace during the first four months of the year; the expansion amounted to Fr. 3.7 billion against Fr. 2.3 billion in 1968. Thereafter the outstanding amount slightly decreased, so that for the whole of the first eleven months its increase amounted only to Fr. 3 billion, against Fr. 9.7 billion a year before (see Table 8, Column e); this change resulted from the introduction of rediscount and certification ceilings, from the limitation of credit plus the raising of its cost, and finally from the October change in average terms of payment.

The Belgian and Luxemburg banks' net foreign liabilities, which form an element in the counterpart to the outcome of the balance of payments as defined above, declined by Fr. 1.4 billion during the first eleven months; but it is important to observe that they had decreased by Fr. 5.9 billion during the first nine months, and that they grew by Fr. 4.5 billion during October and November.

This reversal is essentially explained by the movement of net Belgian franc assets held by non-residents at banks of the Belgian-Luxemburg Economic Union (see Table 8, Column f). The liabilities of such banks under that head were in fact reduced by Fr. 8.3 billion during the first three quarters, some large withdrawals having taken place, particularly in August; the deposits in question were reconstituted to the extent of Fr. 2.7 billion in October and November. After the return flow there remained, for the eleven months, a net decrease of Fr. 5.6 billion. The Democratic Republic of the Congo's official institutions in particular altered the management of their exchange reserve and, so as to diversify its composition, reduced their Belgian franc assets by Fr. 2.8 billion.

The increase of the Belgian and Luxemburg banks' net foreign currency liabilities, included in the balance of payments' financing (see Table 9, line 4b) was steady; it amounted to Fr. 2.4 billion for the first nine months

and Fr. 1.8 billion for October and November. The liabilities and the gross assets both increased, largely owing to the exceptional growth of foreign currency advances to non-residents, the outstanding amount of these having grown by Fr. 9.1 billion for the first eleven months against Fr. 3.4 billion in 1968; these credits, granted mostly to firms of international standing or to their subsidiaries, have as their main counterpart the funds borrowed on the markets for Euro currencies.

Table 9.

CLASSIFICATION OF BELGIAN AND LUXEMBURG BANKS' FOREIGN ASSETS
AND LIABILITIES IN FOREIGN CURRENCIES ⁽¹⁾

(Changes in billions of francs)

	1968	1968	1969 p	1968	1969 p	1968	1969 p
		First 9 months		October-november		First 11 months	
1. Foreign liabilities corresponding to the banks' foreign currency claims on the public sector	+0.8	+0.9	- 9.3	-0.1	...	+ 0.8	- 9.3
2. Foreign assets corresponding to the banks' net foreign currency liabilities to residents other than the public sector	+2.5	+1.2	+11.6	+1.3	-1.0	+ 2.5	+10.6
3. Banks own spot position	+5.3	+0.7	- 3.7	+6.4	-0.8	+ 7.1	- 4.5
of which : a) Free market	(-4.1)	(-2.3)	(+ 3.7)	(-1.5)	(+2.7)	(- 3.8)	(+ 6.4)
b) Regulated market .	(+9.4)	(+3.0)	(- 7.4)	(+7.9)	(-3.5)	(+10.9)	(-10.9)
4. (= 1 + 2 + 3) Banks' net foreign currency liabilities to foreign countries	+8.6	+2.8	- 1.4	+7.6	-1.8	+10.4	- 3.2
of which : a) Investments ⁽²⁾ ...	(+1.5)	(+1.4)	(+ 1.0)	(+0.1)	(...)	(+ 1.5)	(+ 1.0)
b) Net liabilities included in balance of payments financing	(+7.1)	(+1.4)	(- 2.4)	(+7.5)	(-1.8)	(+ 8.9)	(- 4.2)
5. Pro memoria : Banks forward position in foreign currencies ⁽³⁾	-4.3	-0.1	+ 3.4	-5.7	+1.4	- 5.8	+ 4.8
of which : a) Free market	(+4.7)	(+3.6)	(- 3.4)	(+0.6)	(-1.7)	(+ 4.2)	(- 5.1)
b) Regulated market .	(-9.0)	(-3.7)	(+ 6.8)	(-6.3)	(+3.1)	(-10.0)	(+ 9.9)

(1) The plus sign indicates an increase of assets or a reduction of liabilities, the minus sign a reduction of assets or an increase of liabilities.

(2) Mainly the banks' investments in their foreign subsidiaries. From the balance of payments point of view these assets are regarded as direct investments and not as a foreign asset which contributes to financing the balance.

(3) The total of this forward item and the spot item (line 3) gives the banks' own total foreign currency position.

p Provisional figures.

The banks having increased their investments abroad by Fr. 1 billion, the decrease of their overall spot foreign currency position in relation to foreign countries reached Fr. 3.2 billion for the first eleven months (see

Table 9, line 4). This net return flow of foreign currencies resulted from regulations imposed by the Belgian-Luxemburg Foreign Exchange Institute. While in fact the banks' foreign liabilities incurred to non-residents in order to procure resources for the public sector increased by Fr. 9.3 billion (see Table 9, line 1), the resulting inflow did not suffice fully to offset the outflow induced, on the other hand, by the banks' constitution of foreign assets as counterpart to their new net foreign currency liabilities to residents other than the public sector, namely Fr. 10.6 billion (see Table 9, line 2); this amount essentially represented the accumulation of foreign currency deposits at banks by Belgian and Luxemburg enterprises and individuals as an indirect method of moving cash abroad. It was therefore the reduction of the foreign exchange assets constituting the banks' own spot position (see Table 9, line 3) which explains the net return flow of foreign currencies in question. A distinction further needs to be made between this position of the banks in foreign currencies according to whether it comprises free market or regulated market assets. In the former case the position increased throughout the period, and the increase reached Fr. 6.4 billion for the first eleven months (see Table 9, line 3a); in the latter it was reduced by Fr. 10.9 billion (see Table 9, line 3b) through a decision of the controlling authorities.

The banks' own position on the regulated market, very weak at the beginning of 1968, had increased by nearly Fr. 10 billion in the course of that year; it increased by a further Fr. 4.3 billion during the first three months of 1969, reaching a maximum of Fr. 14.3 billion at the end of March. The Belgian-Luxemburg Foreign Exchange Institute has estimated that the foreign currency assets thus constituted by the authorised banks appreciably exceeded, at this level, their legitimate need of working funds required for regular execution of their customers' transactions on the regulated market. It therefore decided to fix, for each bank individually, a limit to the spot foreign currency position on the regulated exchange market and to advances in Belgian or Luxemburg francs on convertible foreign accounts; the limits were calculated with due regard for each bank's turnover on the foreign exchange market. On 3rd April the banks were asked to clear off the excess over the limit at

the minimum rate of one-third in each of the months April, May and June. The National Bank agreed to effect, with the banks, swap transactions covering the foreign currencies which they had in certain cases to borrow so that their positions might be reduced within the periods fixed. By 30th June, 1969 the banks' above-mentioned foreign currency position was down to Fr. 5.1 billion, The Institute further decided on 14th August to limit each bank's position to the amount reached at the close of business on that day. Finally on 1st October, cancelling its previous directives, the Institute fixed two distinct limits for the banks' foreign currency position on the regulated market and for their total advances on convertible accounts. The limit for the foreign currency position was put at Fr. 2.5 billion, and thereafter slightly adjusted. At the end of November that position was negative to the extent of Fr. 0.9 billion, reflecting a foreign exchange return flow amounting to Fr. 10.9 billion since the start of the year.

The change in the banks' spot positions, on both the regulated and the free market, was approximately offset by the opposite changes in their forward positions.

The combined effect of the operations just described — current payments and the public and private sectors' capital movements, all of them directly effected by residents with non-residents or through the intermediary of the banks' foreign assets and liabilities, movements of foreign-owned capital, fluctuations in Belgian franc commercial credits to foreign countries originally financed by banks, and changes in the banks' foreign exchange positions — was ultimately reflected in the National Bank's foreign exchange reserves. The movements of these latter were therefore large and significant. The first nine months' losses of reserves amounted to Fr. 9.8 billion. The return flow which took place during October and November reached Fr. 16.1 billion.

In these fluctuations the fund movements which had been rendered unavoidable by internationalisation of financial markets, and were caused

by difference of rates or by anticipation of changes in parities, played a highly important role. This is shown by the table which follows :

	First 9 months	October-November	
	<i>(Billions of francs)</i>		
<i>Balance of current transactions</i> ⁽¹⁾			
(itself affected by short-term fund movements corresponding to the leads and lags, the size of which is not calculated)	- 9.1	+11.8	
<i>Net outflows of funds :</i>			
The private sector's (not including the banks') direct and portfolio investments in foreign countries	-10.5	- 2.6	
Increase of the private sector's net foreign currency assets at banks	-11.6	—	
Increase in the outstanding amount of Belgian franc commercial credits to foreign countries, originally financed by banks	- 2.9	- 0.1	
Increase of the banks' foreign currency position on the free market	- 3.7	- 2.7	
<i>Non-residents' transactions :</i>			
Withdrawals of Belgian franc funds deposited at banks	- 8.3	—	
Miscellaneous ⁽²⁾	- 0.3	—	
	<u>-37.3</u>	<u>- 5.4</u>	
<i>Net inflows of funds :</i>			
<i>Non-residents' transactions :</i>			
Deposits of Belgian franc funds at banks	—	+ 2.7	
Direct and portfolio investments in the Belgian-Luxemburg Economic Union	+11.9	+ 2.9	
Reduction of the private sector's net foreign currency assets at banks	—	+ 1.0	
Net borrowing by public authorities, public operating organisations and public credit institutions (directly from foreign countries and from banks)	+17.3	- 0.7 ⁽³⁾	
Reduction of the banks' foreign currency position on the regulated market	+ 7.4	+ 3.5	
Miscellaneous ⁽²⁾	—	+ 0.3	
	<u>+36.6</u>	<u>+ 9.7</u>	
<i>Changes in the National Bank's reserves</i>	<u>- 9.8</u>	<u>+16.1</u>	

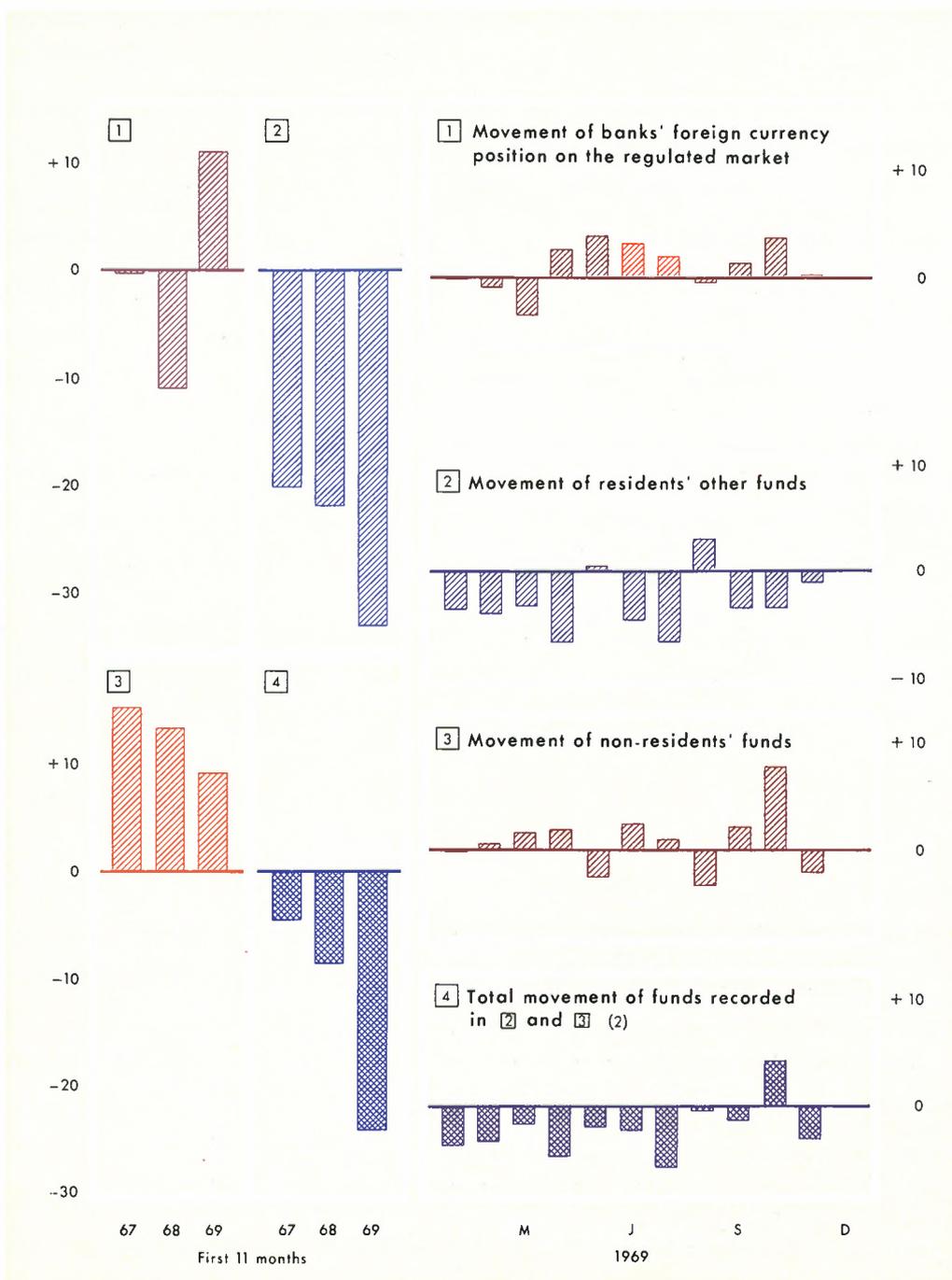
⁽¹⁾ Including errors and omissions.

⁽²⁾ Movement of miscellaneous monetary institutions' net foreign assets.

⁽³⁾ Repayment.

EFFECT PRODUCED ON THE FOREIGN EXCHANGE MARKETS BY THE MOVEMENT OF PRIVATE-SECTOR FUNDS (1)

(Billions of francs)



(1) A movement of funds which increases the supply of or reduces the demand for foreign currencies on the exchange markets appears in the graph with a plus sign; a movement which reduces the supply or increases the demand appears with a minus sign. The data include the movement of the banks' funds. On the other hand, for lack of statistics, it has not been possible to take account of the movement in short-term funds resulting from leads and lags.
 (2) Including unclassified funds.

For the whole year the increase of the National Bank's reserves, defined as its net gold and foreign exchange assets excluding acceptances representing exports, amounted to Fr. 9.6 billion.

Table 10.

NET GOLD AND FOREIGN ASSETS OF THE NATIONAL BANK OF BELGIUM ⁽¹⁾

(Changes in billions of francs)

	Gold holding	Assets held at the International Monetary Fund	Assets in convertible foreign currencies	Belgian franc acceptances representing exports	Others	Grand total	Total excluding acceptances representing exports
1963	+ 0.3	+ 0.4	+ 8.7	+ 0.3	+ 1.5	+ 11.2	+ 10.9
1964	+ 3.9	+ 3.1	+ 5.5	+ 0.2	- 0.1	+ 12.6	+ 12.4
1965	+ 5.4	+ 5.4	- 5.1	+ 2.4	- 0.1	+ 8.0	+ 5.6
1966	- 1.7	+ 3.0	- 0.5	+ 0.9	...	+ 1.7	+ 0.8
1967	- 2.2	- 2.0	+ 14.7	+ 0.4	+ 1.5	+ 12.4	+ 12.0
1968	+ 2.2	- 1.3	- 18.0	+ 6.2	- 3.3	- 14.2	- 20.4
1969	- 0.2	- 7.5	+ 17.1	- 4.4	+ 0.2	+ 5.2	+ 9.6
1968 First 9 months ...	+ 2.2	+ 7.0	- 17.9	+ 1.9	- 0.8	- 7.6	- 9.5
1969 First 9 months ...	- 0.2	- 11.8	+ 11.2	+ 1.4	- 9.0	- 8.4	- 9.8
1968 October-November	- 0.1	- 5.4	+ 0.8	+ 2.5	- 4.5	- 6.7	- 9.2
1969 October-November	- 0.1	+ 2.8	+ 4.4	- 5.9	+ 9.0	+ 10.2	+ 16.1
1968 First 11 months .	+ 2.1	+ 1.6	- 17.1	+ 4.4	- 5.3	- 14.3	- 18.7
1969 First 11 months .	- 0.3	- 9.0	+ 15.6	- 4.5	...	+ 1.8	+ 6.3

(1) See Annex 6, Table 8.

The gold holding decreased by Fr. 0.2 billion, whereas it had increased by Fr. 2.2 billion in 1968.

The assets held at the International Monetary Fund declined by Fr. 7.5 billion. The reduction reached Fr. 11.8 billion during the first nine months; the National Bank's claim within the framework of Belgium's quota in the Fund fell by Fr. 6.8 billion; in addition the outstanding amount of Fr. 5 billion for loans granted to the Fund by Belgium in execution of the General Arrangements to Borrow was completely eliminated. This reduction by Fr. 11.8 billion essentially resulted, on the one hand, from Belgian franc repayments to the extent of nearly Fr. 6 billion by various countries, chiefly the United Kingdom, and on the other hand from a Fr. 5.8 billion drawing effected at the end of July by the National Bank on its assets at the Fund, in the form of a drawing on the

gold tranche of the quota to the extent of Fr. 2.3 billion and of recovering Fr. 3.5 billion on loans previously granted to the Fund in execution of the General Arrangements to Borrow. The National Bank applied most of this drawing to repayment of its swap agreement liabilities to the Federal Reserve Bank of New York. During the last quarter the Bank's claim in respect of Belgium's Fund quota increased by Fr. 4.3 billion. Belgium repurchased Belgian francs from the Fund; in addition the Fund placed Belgian francs amounting to Fr. 2.5 billion at the Federal Republic of Germany's disposal. As a result of these operations Belgium again had available, at the end of the year, the whole of its gold tranche and of a Fr. 2.5 billion gold supertranche at the Fund.

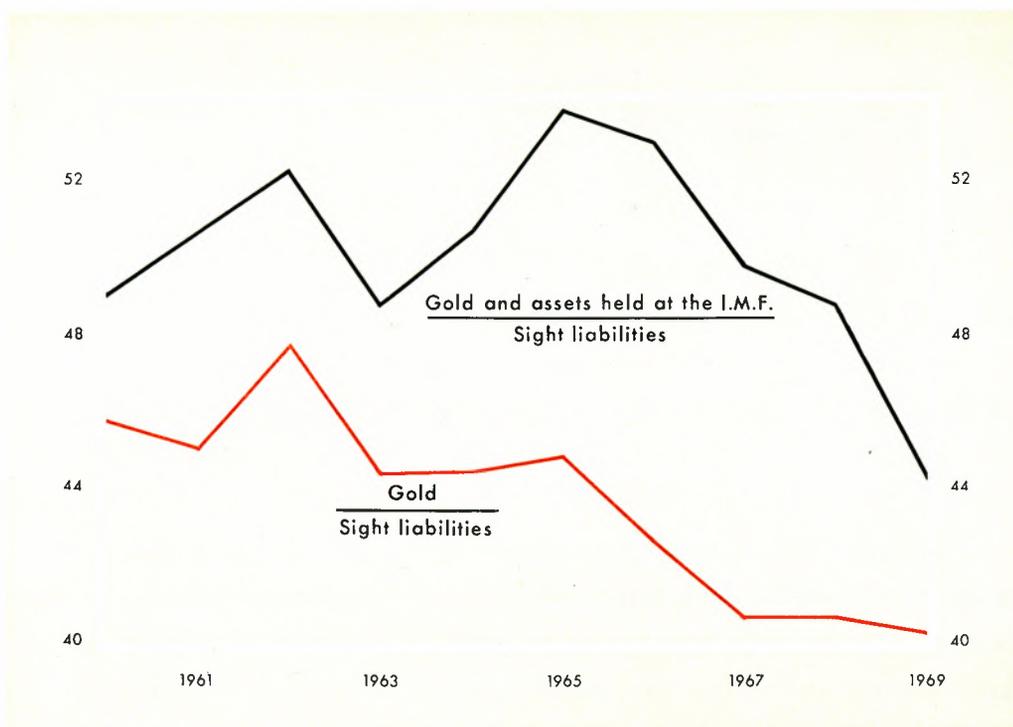
The convertible foreign currency assets, which had decreased by Fr. 18 billion in 1968, increased by Fr. 17.1 billion. These assets have, as their counterpart in the Bank's Balance Sheet, liabilities to deliver foreign currencies at forward dates, either to the Treasury so as to meet forthcoming debt maturities in foreign currencies or to Belgian or foreign banks in respect of swap transactions. These forward liabilities, less the change in the amounts of foreign currencies receivable at forward dates, increased by Fr. 15.9 billion.

The other assets and liabilities changed little on the year as a whole, but did show wide fluctuations during its course as a result of swap transactions with the Federal Reserve Bank of New York. At the end of December, 1968 the National Bank's Belgian franc liabilities, resulting from these transactions, amounted to Fr. 0.4 billion. They rose to Fr. 8.8 billion at the end of May, but were completely eliminated at the beginning of August, the National Bank having repaid them by means of the drawing on its assets at the International Monetary Fund. Towards the middle of August however, because of strong tensions on the regulated exchange market, the Bank's above-mentioned liabilities again greatly increased and reached a maximum of Fr. 12.2 billion. In order to reinforce its means of action the National Bank at that time extended its swap agreements with foreign Central Banks; on the one hand it agreed with the Federal Reserve Bank of New York to raise to \$ 500 million the amount

of the short-term reciprocal credit arrangement, already increased from \$ 225 to 300 million at the middle of May; on the other hand it concluded with the Bundesbank an agreement by which the latter granted it a short-term credit line amounting to 400 million German marks; this credit line was not used, and was terminated in November. As regards recourse to the swap agreement with the Federal Reserve Bank of New York the situation was completely reversed in the last months of the year. The National Bank progressively reduced its liabilities; by the end of October these had been entirely repaid. At the end of December the Bank was a creditor to the extent of Fr. 2.7 billion. This claim is comprised in the assets in convertible foreign currencies.

PROPORTIONS OF COVER FOR THE NATIONAL BANK OF BELGIUM'S SIGHT LIABILITIES

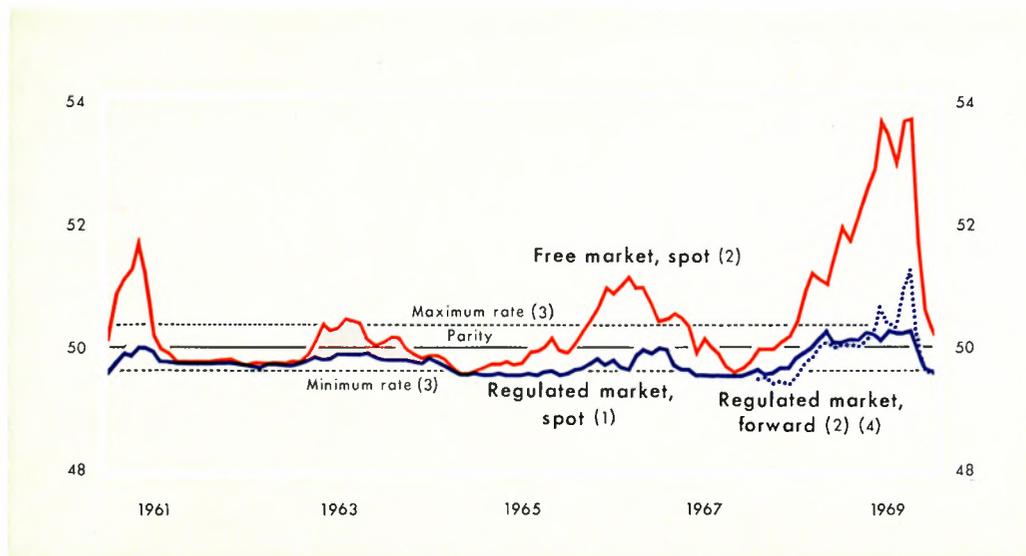
(In per cent at the end of each year)



The proportion in which the National Bank's sight liabilities were covered by gold, by claims in gold on international financial institutions

and by assets held at the International Monetary Fund, as that proportion is defined by Article 4 of the Law dated 9th June, 1969 concerning Belgium's assent to amendment of the Agreement which created the International Monetary Fund as well as concerning the monetary system, and by Article 30 of the National Bank's Statutes, amounted on 31st December to 44.4 p.c. against 48.8 p.c. a year before.

FOREIGN EXCHANGE MARKET
RATES IN BELGIAN FRANCS FOR THE UNITED STATES DOLLAR (TRANSFER)
(Daily averages per month)



- (1) Official rate fixed by the bankers meeting at the Brussels clearing House. See Annex 6, Table 4.
 (2) Rates by way of indication.
 (3) Rates defining the margin within which the National Bank maintains quotations on the regulated spot market pursuant to the International Monetary Fund's Articles of Agreement and to the European Monetary Agreement of 28th December, 1958. These rates are 49.625 and 50.375.
 (4) At three months.

The movement of spot rates on the regulated and free foreign exchange markets reflected the deterioration in payments during the first three quarters and the subsequent reversal. On the regulated market the daily average dollar rate per month was above par until September, but thereafter definitely below it. Similarly the dollar free rate, which in the spring and summer had reached peaks of Fr. 54.06 for the first fortnight in May and Fr. 53.97 for the second fortnight in August, considerably declined during the last months. On 31st December it stood at Fr. 50.185.

As regards the course of forward rates for the dollar on the regulated market, premiums had appeared from mid-April onwards following the measures adopted by the Belgian-Luxemburg Foreign Exchange Institute with the object of inducing the banks to reduce their overbought spot position in foreign currencies on that market. Certain banks which had been obliged to incur debt in foreign currencies so as to make their position conform to these directives had in fact covered their position by forward purchases; in addition the banks were no longer able, as before, to meet their customers' demand for forward currencies by obtaining spot cover. At the start of the second fortnight in August the premiums on the dollar in the regulated market reached peak indicative annual rates which were of the order of 14 p.c. at three months and of 25 p.c. at one month. From the middle of November onwards these premiums gave place to slight discounts which at the end of December amounted, in terms of annual rates, to 0.48 p.c. at three months and to 1.21 p.c. at one month.

PUBLIC FINANCES.

For the first ten months of the year the Government's net financial requirements were somewhat reduced.

The deficit resulting from execution of the **ordinary budget** reached Fr. 6.2 billion for the first ten months, against Fr. 1.9 billion in 1968, the growth of expenditure having exceeded that of receipts. These grew by 11.5 p.c., against 9.1 p.c. in 1968, but the increase of expenditure went up from 9 p.c. in 1968 to 13.5 p.c. in 1969, partly because certain items of expenditure were paid out at a faster rate than in 1968 and because certain cash expenditure, in particular on redemption of public debt, was carried forward from 1968 to 1969.

The deficit on the **extraordinary budget** amounted to Fr. 37.1 billion for the first ten months, against Fr. 35.1 billion in 1968; these figures take account of the Road Fund's expenditure, which reached Fr. 10.9 billion for the first ten months against Fr. 7.6 billion in 1968. In view of the

economic and financial trend the execution of the extraordinary budget capital expenditure programme was slowed down in the course of the year; the Government considered that there was no reason to enter into commitments which involved the conditional tranche of this budget, amounting to Fr. 7.3 billion. A similar decision was adopted with regard to capital expenditure in the important debudgetised sector covering work on roads and navigable waterways as well as in the para-statal sector. The total amount of projects not started by reason of these decisions reached Fr. 12.4 billion.

Table 11.

CASH RECEIPTS AND EXPENDITURE
RESULTING FROM BUDGETARY TRANSACTIONS ⁽¹⁾

(Billions of francs)

	Ordinary budget			Balance of the extraordinary budget ⁽²⁾	Balance of budgetary transactions ⁽²⁾
	Receipts	Expenditure	Balance		
1963	139.5	143.0	- 3.5	- 25.8	- 29.3
1964	157.8	155.3	+ 2.5	- 29.7	- 27.2
1965	172.7	176.5	- 3.8	- 31.0	- 34.8
1966	200.6	203.9	- 3.3	- 30.1	- 33.4
1967	219.6	221.7	- 2.1	- 36.1	- 38.2
1968	238.8	243.9	- 5.1	- 41.7	- 46.8
1968 First 10 months	199.7	201.6	- 1.9	- 35.1	- 37.0
1969 First 10 months	222.6	228.8	- 6.2	- 37.1	- 43.3

Source : Ministry of Finance.

⁽¹⁾ Receipts and expenditure actually effected during each period, whatever the financial year to which they relate, internal transfers being excluded.

⁽²⁾ Including the expenditure of the Road Fund.

With allowance for the effect of extrabudgetary operations the net overall deficit on operations, both budgetary and extrabudgetary, increased by Fr. 2.9 billion, rising from Fr. 40 billion for the first ten months of 1968 to Fr. 42.9 billion in 1969.

The Government's net financial requirements correspond to the difference between this last amount and the public debt redemption comprised in budget expenditure. Since for the first ten months such redemption amounted to Fr. 19.4 billion, against Fr. 12.7 billion in 1968,

the Government's net financial requirements were reduced from Fr. 27.3 billion in 1968 to Fr. 23.5 billion in 1969.

For the whole year the reduction appears more clearly because the amount of these requirements, Fr. 34.1 billion in 1968, was Fr. 28.1 billion in 1969; of this amount Fr. 4.8 billion was covered by recourse to foreign markets and Fr. 23.3 billion by the Belgian market's contributions. These covering transactions contrast with those observed in 1968, since the Fr. 34.1 billion net financial requirement for that year had been entirely covered by the Belgian market, while recourse to foreign markets had been reduced by Fr. 3.7 billion.

Table 12.

THE GOVERNMENT'S NET FINANCIAL REQUIREMENTS
(Billions of francs)

	Balance of budgetary transactions (1)	Balance of extra-budgetary transactions	Balance of budgetary and extra-budgetary transactions	Public debt repayments included in budgetary expenditure	Government's net financial requirements
	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) + (d)
1963	- 29.3	- 4.8	- 34.1	10.8	- 23.3
1964	- 27.2	- 0.4	- 27.6	12.6	- 15.0
1965	- 34.8	- 1.8	- 36.6	14.5	- 22.1
1966	- 33.4	+ 2.0	- 31.4	14.3	- 17.1
1967	- 38.2	- 0.1	- 38.3	15.3	- 23.0
1968	- 46.8	- 3.0	- 49.8	15.7	- 34.1
1968 First 10 months	- 37.0	- 3.0	- 40.0	12.7	- 27.3
1969 First 10 months	- 43.3	+ 0.4	- 42.9	19.4	- 23.5

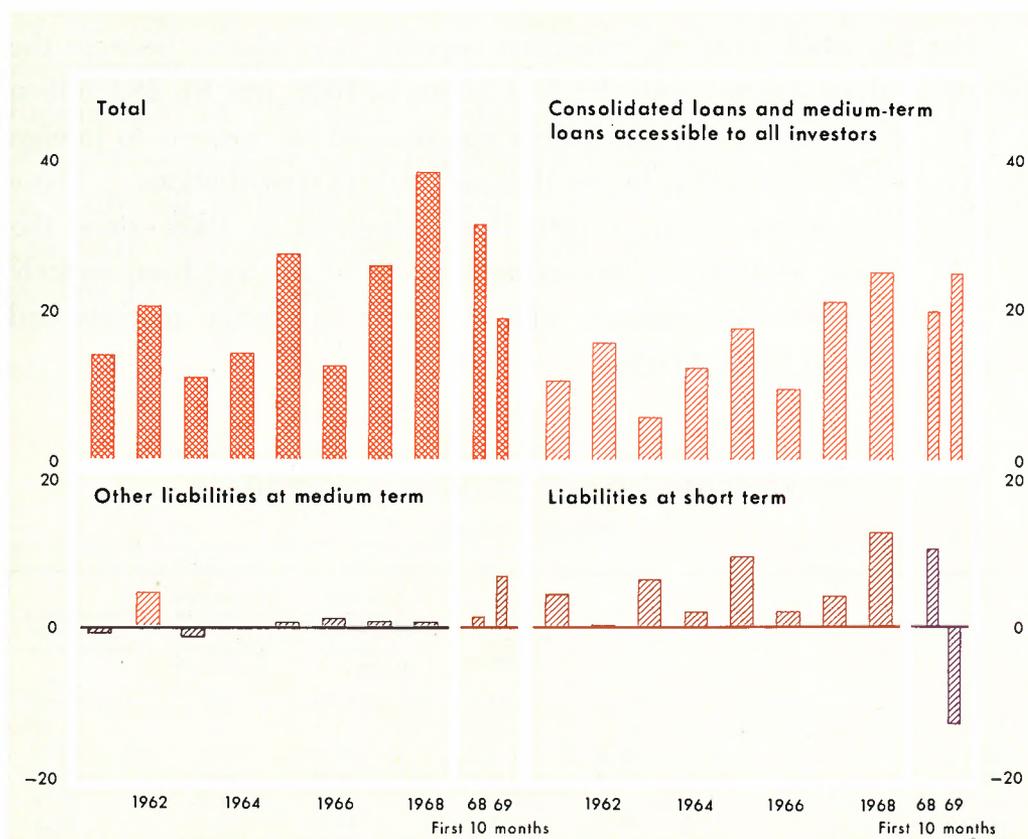
(1) See Table 11.

For the first ten months of 1969 the recourse to foreign markets reached Fr. 5 billion, and that to the Belgian market Fr. 18.5 billion. This last amount comprises an increase by Fr. 24.5 billion in consolidated debt, another by Fr. 6.7 billion in Treasury Certificates at more than one year, and a reduction by Fr. 12.7 billion in short-term liabilities.

The assistance provided by Belgian non-monetary sectors greatly increased; with the inclusion of Treasury Certificates for which public entities subscribed with the proceeds of foreign currency borrowing, not

THE GOVERNMENT'S RECOURSE TO THE BELGIAN MARKET ⁽¹⁾

(Changes in billions of francs)



(1) See Table 13, Column (d).

immediately utilised, it reached Fr. 14.9 billion against Fr. 2.7 billion in 1968.

On the other hand the monetary institutions, which had provided Fr. 28.2 billion in 1968, contributed only Fr. 3.6 billion. These figures allow for changes in the outstanding amount, located at these institutions, of bills accepted by the Road Fund; this amount had increased by Fr. 0.7 billion in 1968, whereas in 1969 it was reduced by Fr. 1.7 billion, that is its sum total at the end of the previous year.

The other contributions from monetary institutions therefore increased by Fr. 5.3 billion during the first ten months of 1969, against Fr. 27.5 billion

in 1968. The difference is largely explained by the change in the amount, used by the Treasury, of its credit line at the National Bank. This amount had increased by Fr. 10.8 billion between 31st December, 1967 and 31st October, 1968; in the corresponding period of 1969 it was reduced by Fr. 6.4 billion. For the whole of 1969, however, the average utilisation amounted to Fr. 13.7 billion; this was definitely above the level — two-thirds of the Fr. 16 billion limit — which, in pursuance of the Convention

Table 13.

MEETING OF THE GOVERNMENT'S NET FINANCIAL REQUIREMENTS

(Billions of francs)

	Government's recourse to the Belgian market				Government's recourse to foreign markets (2)	Grand total (3)	of which : Direct and indirect financing of the Government by monetary institutions (4)
	Monetary institutions (a)	Private savings banks, General Savings Fund, public financial credit intermediaries (b)	Others (1) (c)	Total (d) = (a) + (b) + (c)			
1963	+11.0	- 2.7	+ 2.5	+10.8	+12.5	+23.3	+23.5
1964	+11.5	- 5.7	+ 8.1	+13.9	+ 1.1	+15.0	+12.6
1965	+11.8	+ 5.6	+ 9.5	+26.9	- 4.8	+22.1	+ 7.0
1966	+ 6.9	- 1.4	+ 6.7	+12.2	+ 4.9	+17.1	+11.8
1967	+ 3.9	+ 9.2	+12.4	+25.5	- 2.5	+23.0	+ 1.4
1968	+27.4	+ 4.6	+ 5.8	+37.8	- 3.7	+34.1	+23.7
1968 First 10 months	+28.2	- 1.5	+ 4.2	+30.9	- 3.6	+27.3	+24.6
1969 First 10 months	<i>p</i> + 3.6	+ 2.3	<i>p</i> +12.6	+18.5	+ 5.0	+23.5	<i>p</i> + 8.6

(1) The figures for this item are calculated as residues; it chiefly includes the individuals, the enterprises which are not financial intermediaries, the insurance companies and the pension funds.

(2) See Table 6.

(3) See Table 12, Column (e), and Annex 6, Tables 5 and 5bis.

(4) The Government's recourse to foreign markets is regarded as indirect financing by monetary institutions.

p Provisional figures.

dated 30th March, 1968, must not be exceeded for a period of three years. For their part the banks continued to increase the holding of short and long-term public securities which they finance without recourse to foreign borrowing; during the first ten months they increased it by Fr. 13.9 billion as against Fr. 6.7 billion in 1968. The monetary institutions' other claims were reduced by Fr. 2.2 billion, mainly because individuals' balances at the Postal Cheque Office dropped below the extremely high level which they

had reached at the end of 1968; these claims had increased by Fr. 10 billion in the previous year.

The monetary institutions' total financing of the Government comprises not only the direct financing, mentioned above, but also the assistance provided through recourse to foreign markets; it amounted, for the first ten months, to Fr. 8.6 billion against Fr. 24.6 billion in 1968.

CREDITS GRANTED TO ENTERPRISES AND INDIVIDUALS.

During the first ten months the recorded outstanding amount of credits used by enterprises and individuals increased by Fr. 49.7 billion, against Fr. 41.4 billion in 1968.

The net amounts used at monetary institutions increased by Fr. 11.9 billion, against Fr. 14.9 billion in the previous year.

The outstanding used amount of the credits originally granted by the National Bank through its discount agencies decreased by only Fr. 0.1 billion in the course of the first ten months, against Fr. 1.1 billion in 1968. In December, 1968 indeed the seasonal expansion of sugar-warrant lending, which takes place each year during that month and reaches its peak in January, had been abnormally small. This also explains why, for the whole of the year, the outstanding amount had increased by Fr. 0.6 billion in 1969, whereas it had decreased by Fr. 0.3 billion in 1968.

At the banks the growth of credits was definitely more marked in the course of the first four months than a year before; it reached Fr. 10.8 billion against Fr. 7.4 billion in 1968. On the other hand a net slowing down occurred in the course of the following months. This reversal may be put down to the increase of enterprises' gross internal saving, the limitation of credit and the raising of debtor interest rates as a result of the rise in the National Bank's rates and, in several cases, of the increase in the gap

between these rates and those asked of customers. For the whole of the first ten months the expansion reached Fr. 12 billion against Fr. 16 billion in 1968.

Table 14.

CREDITS GRANTED TO ENTERPRISES AND INDIVIDUALS ⁽¹⁾

Classified according to the institutions which originally granted them

(Changes in billions of francs)

	Monetary institutions			Non-monetary institutions					Grand total
	Banks (2)	National Bank of Belgium	Total (3)	Public financial credit intermediaries		General Savings and Pensions Fund	Private savings Banks	Total	
				which specialise in business lendings	which specialise in loans for housing				
1963	+ 15.7	+ 0.7	+ 16.4	+ 8.5	+ 2.1	+ 5.3	+ 3.8	+ 19.7	+ 36.1
1964	+ 11.5	- 0.5	+ 11.0	+ 10.9	+ 2.6	+ 6.9	+ 5.5	+ 25.9	+ 36.9
1965	+ 15.9	+ 0.1	+ 16.0	+ 6.4	+ 2.6	+ 6.7	+ 6.9	+ 22.6	+ 38.6
1966	+ 19.9	+ 0.1	+ 20.0	+ 15.8	+ 2.9	+ 8.0	+ 7.7	+ 34.4	+ 54.4
1967	+ 25.7	+ 0.3	+ 26.0	+ 17.0	+ 3.5	+ 6.0	+ 8.0	+ 34.5	+ 60.5
1968	+ 25.8	- 0.3	+ 25.5	+ 18.4	+ 3.4	+ 9.2	+ 5.2	+ 36.2	+ 61.7
1968 First 10 months	+ 16.0	- 1.1	+ 14.9	+ 15.0	+ 3.6	+ 3.6	+ 4.3	+ 26.5	+ 41.4
1969 First 10 months	+ 12.0	- 0.1	+ 11.9	+ 18.3	+ 4.0	+ 7.9	+ 7.6	+ 37.8	+ 49.7

(1) Outstanding used amount of credits granted by way of discount, advance and acceptance, excluding mobilisation of commercial credits granted to non-residents. The enterprises include the public operating organisations, but not the financial intermediaries.

(2) See Table 15.

(3) See Annex 6, Table 6.

The slowing down between 1968 and 1969 chiefly affected the credits which had, as their apparent economic destination, the financing of industrial, agricultural and craft investments. The outstanding used amount of such credits did not increase during the first four months, and during the next six months it rose by less than in 1968. The capital expenditure definitely expanded, however; but it was financed more through internal saving, which had become more abundant, and through recourse to credits granted by non-monetary financial intermediaries. It is further probable that owing to the high level of interest rates enterprises hesitated to incur long-term debt, and preferred to cover a part of their capital expenditure by recourse to short-term credits which are not statistically classed among investment loans.

Whereas during the first four months the credits to finance building and real estate transactions had increased by less than in 1968, the recovery of building afterwards caused them to show expansion which attained twice the 1968 amount. For the first ten months as a whole the increase was the same as a year before.

Table 15.

CREDITS ORIGINALLY GRANTED BY BANKS TO ENTERPRISES AND INDIVIDUALS ⁽¹⁾
(Changes in billions of francs)

	Specifically financing				Credits of which the apparent economic destination could not be identified	Total
	industrial, agricultural and craftsmen's capital expenditure ⁽²⁾	building and real estate transactions ⁽³⁾	instalment sales and loans ⁽⁴⁾	imports		
1963	+ 3.5	+ 1.2	+ 1.4	...	+ 9.6	+ 15.7
1964	+ 3.2	+ 0.6	+ 1.5	+ 0.8	+ 5.4	+ 11.5
1965	+ 2.8	+ 1.3	+ 0.8	+ 2.3	+ 8.7	+ 15.9
1966	- 4.5	+ 1.0	+ 1.3	+ 1.0	+ 12.1	+ 19.9
1967	+ 4.6	+ 2.3	+ 1.4	+ 0.2	+ 17.2	+ 25.7
1968	+ 4.9	+ 2.4	+ 4.3	+ 0.9	+ 13.3	+ 25.8
1968 First 4 months	+ 1.2	+ 0.7	+ 0.9	- 0.1	+ 4.7	+ 7.4
1969 First 4 months .....	...	+ 0.2	+ 1.0	+ 0.4	+ 9.2	+ 10.8
1968 May-October	+ 3.4	+ 0.5	+ 3.2	+ 0.2	+ 1.3	+ 8.6
1969 May-October	+ 0.9	+ 1.0	+ 2.5	+ 0.6	- 3.8	+ 1.2
1968 First 10 months	+ 4.6	+ 1.2	+ 4.1	+ 0.1	+ 6.0	+ 16.0
1969 First 10 months	+ 0.9	+ 1.2	+ 3.5	+ 1.0	+ 5.4	+ 12.0

(1) Outstanding used amount of credits granted by way of discount, advance and acceptance, excluding mobilisation of commercial credits granted to non-residents. The enterprises include the public operating organisations, but not the financial intermediaries.

(2) Credits granted pursuant to the Laws of 24th May, 17th and 18th July, 1959, 15th February, 1961 and 14th July, 1960 (subsidised and/or guaranteed credits) as well as credits, neither subsidised nor guaranteed, of which at least a part initially ran for two years or more, provided that they were neither purely commercial credits nor credits principally financing the construction or purchase of residential buildings, of offices, of schools, of nursing homes, etc.

(3) Credits granted to enterprises which have as their object building and/or civil engineering work, credits granted to real estate companies and credits chiefly intended to finance the purchase or construction of residential buildings, of offices, of schools, of nursing homes, etc.

(4) Credits granted to purchasers and sellers on instalment terms (whether or not the banks are parties to the contract of sale), personal loans directly granted by banks, and credits granted by banks to finance companies.

During the greater part of 1969 the outstanding amount of personal loans and of credits financing instalment sales grew at a fast pace, comparable to that in 1968. Towards the end of the ten-month period under review some slowing down was observed.

The credits formally linked with imports increased more than in 1968.

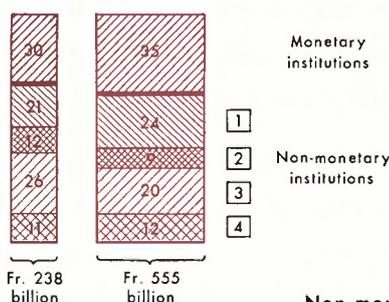
During the first four months the expansion in credits the apparent economic destination of which could not be identified was notably more

marked than in 1968, reflecting the growth of economic activity and also, probably, a switch of foreign trade financing to Belgium because of the disparity in rates of interest. Thereafter, for the reasons mentioned above, the movement was reversed; between May and October such credits were reduced by Fr. 3.8 billion, whereas they had increased by Fr. 1.3 billion in 1968. For the whole of the first ten months the expansion reached Fr. 5.4 billion, against Fr. 6 billion a year before.

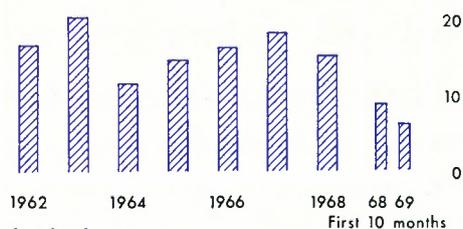
OUTSTANDING USED AMOUNT OF CREDITS GRANTED TO ENTERPRISES AND INDIVIDUALS ⁽¹⁾

Classified according to the institutions which originally granted them

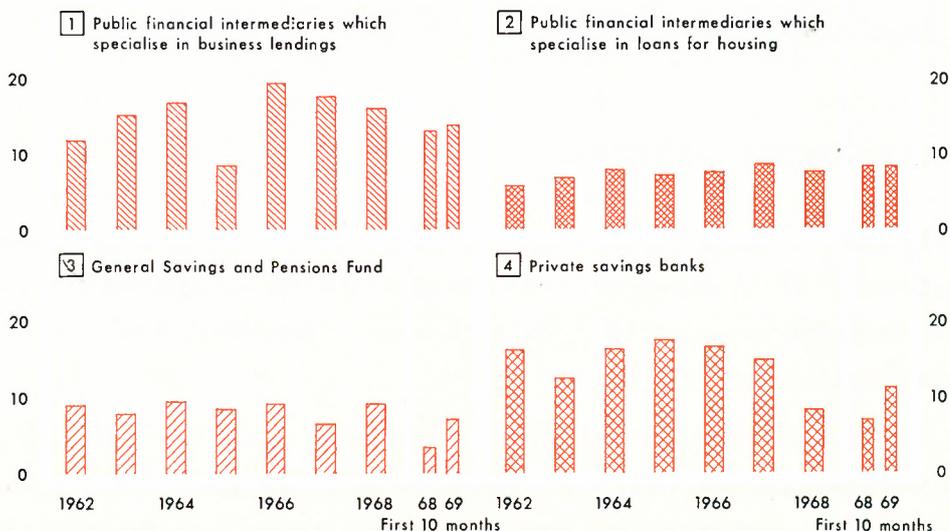
Share of the various financial intermediaries in the amount outstanding at the end of 1961 1968 (in per cent of the total)



Monetary institutions
(Percentage increase in comparison with amount outstanding at end of previous year)



Non-monetary institutions
(Percentage increase in comparison with amount outstanding at end of previous year)



(1) See Table 14.

Owing to the size of the credits opened in 1968 the outstanding used amount of the credits originally granted to enterprises and individuals by **non-monetary institutions** increased, for the first ten months, by Fr. 37.8 billion as against Fr. 26.5 billion in the previous year.

Among these institutions the public financial credit intermediaries which specialise in business lendings increased their net contributions by Fr. 18.3 billion, against Fr. 15 billion in 1968.

The outstanding used amount at public financial credit intermediaries which specialise in loans for housing showed growth similar to that for 1968, namely Fr. 4 billion against Fr. 3.6 billion. The amount of credits opened, but not yet used, remained large.

Net drawings on credits originally granted by the General Savings and Pensions Fund reached Fr. 7.9 billion as against Fr. 3.6 billion in 1968. The quickening was chiefly in credits granted to industry, agriculture and the crafts and, to a lesser extent, in loans to finance house-building.

Finally the outstanding used amount at private savings banks, where the increase had been particularly small in 1968 at Fr. 4.3 billion, increased by Fr. 7.6 billion in 1969. The expansion was thus close to that recorded in 1966 and 1967. While growth of the amount outstanding was less marked than in 1968 at the agricultural savings banks, it definitely quickened at the other institutions, which chiefly finance housing.

LIMITATION OF CREDITS.

In order to keep the growth of credit within bounds compatible with maintenance of the economy's external and internal equilibrium a system of credit limitation was laid down, with effect from the end of April, and gradually reinforced.

The limitation applies to credits originally granted by banks, by the National Bank through its discount agencies, by public-sector non-monetary financial intermediaries, by private savings banks and by insurance companies.

As regards the banks the limitation is aimed at all credits which reinforce the cash of enterprises and individuals, whether they be designed to mobilise commercial claims on foreign countries, or to meet domestic needs. It applies to the outstanding used amount of credits, by way of discount, advance and acceptance, originally granted by banks. Foreign currency advances to non-residents are, however, excluded; these credits, mostly financed with the aid of liabilities in Euro currencies, have not indeed in principle any direct link with the activity of enterprises established in Belgium, nor with the movement of exchange reserves. Bills drawn on the Road Fund were likewise excluded, because they contributed to financing the central authorities' capital expenditure, which must be adapted to the demands of the cyclical trend by budgetary policy rather than by credit limitation. Such bills in any case progressively decreased, and completely disappeared on 30th September, the National Bank having decided no longer to admit them for rediscount if they fell due after that date.

The directives given to the banks were established and adapted so as to permit the financing of normal expansion in transactions.

The norms set at the end of April aimed at keeping down the expansion of credits subject to limitation, during the whole of 1969, to 14 p.c. of the amount outstanding at the end of December, 1968. These objectives covered not only the situation at the end of 1969, but also the interim situations at the end of June and September, thereby enabling the National Bank at regular intervals to supervise the application of its moderating directives. The intercalated norms took account of seasonal factors, of the credits granted during the first four months of the year, and of the time which the banks needed in order to slow down the expansion of their lendings. At the end of June and September the outstanding amount of restricted credits was not to exceed 110 p.c. of the amount outstanding at the end of December, 1968.

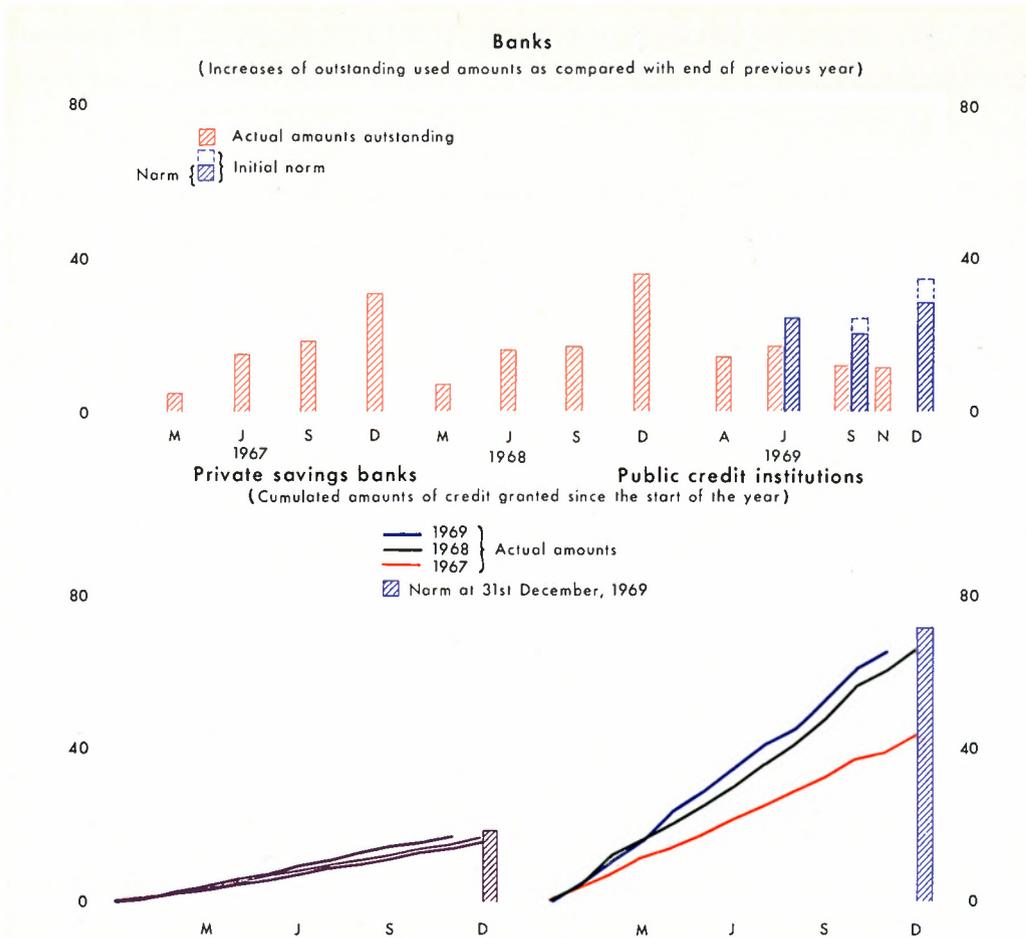
On 18th August the norm laid down for the end of September was lowered, so that the expansion of the credits was limited, for the first nine months, to 8.1 p.c. of the amount outstanding at the end of 1968. On

17th September the target for the end of December was changed so that the increase for the year should not exceed 11.2 p.c. On the same date norms were fixed for the end of March and of June, 1970, at 112 and 115.4 p.c. respectively of the amount outstanding at the end of 1968. The expansion thus authorised for the first half of 1970 corresponds, apart from seasonal variations, to that which was allowed for the second half of 1969.

In order to avoid the anomalies which would have resulted from too narrow a reference basis the individual norms for the different banks were

CREDITS SUBJECT TO QUANTITATIVE LIMITATION

(Billions of francs)



calculated by relation, not to the amounts outstanding at the end of the year, but to the average amounts outstanding at the end of four consecutive quarters, without this altering the total authorised expansion of credit. For the 1969 norms the individual situations at the ends of quarters in 1968 were taken into consideration, while for the 1970 norms the basic outstanding amount is the average of the amounts outstanding at the end of June, September and December, 1968 and of March, 1969. The object of this change in the timing of the reference period is to take more account of the trend in credits granted by banks during the period which immediately preceded the introduction of the limitative policy. With allowance for the reductions in August and September, therefore, each bank's maximum amounts outstanding were fixed for the end of June, September and December, 1969 at 118, 116 and 119.5 p.c. respectively of the average amount outstanding at the ends of quarters in 1968; for the end of March and of June, 1970 they stood respectively at 115.5 and 119 p.c. of the average amount outstanding at the end of June, September and December, 1968 and of March, 1969.

The regulation further lays down that at each date for which a norm has been fixed the expansion by comparison with the reference outstanding amount may in any case reach a minimum amount which is identical for all the banks. A special arrangement allows for the particular growth-rates of credits granted by recently created banks.

On the basis of the general norms of the lump-sum system and of the special arrangement for recently created banks the limited outstanding amount could have reached Fr. 257.5 billion on 30th June for the banks as a whole; the amount actually outstanding was Fr. 250.6 billion. The corresponding amounts at 30th September were Fr. 253.6 and 245.7 billion thus leaving an available margin of Fr. 7.9 billion. During the third quarter the actual amount outstanding thus contracted by Fr. 4.9 billion, whereas it had increased by Fr. 1.1 billion in 1968; after elimination of seasonal factors' effect the movement during this quarter of 1969 in fact reflected stability of the credits. With allowance for the Fr. 7.9 billion margin available at 30th September, and for the 31st December norm,

which was Fr. 260.9 billion, the actually used outstanding amount could have increased by Fr. 15.2 billion during the fourth quarter.

While the banks thus managed to moderate the expansion of outstanding used amounts, the reason is that they applied vigorous action to the openings of credit. The openings other than those of advance lines for non-residents cover practically all credits the use of which is subject to limitation; they increased during the first four months by Fr. 20.3 billion, and in the following six months they were reduced by Fr. 0.6 billion.

OUTSTANDING AMOUNT OF CREDITS OPENED AT BANKS

(Increases in billions of francs at ends of quarters in comparison with end of previous year)



Each bank remains responsible for allocating the total expansion quota allowed to it in such ways as it deems appropriate. Nevertheless the National Bank found it expedient, at the beginning of November, to make recommendations so that the possibilities of expansion shall be used according to a scale of priorities conforming to the country's economic and social interests. A high degree of priority may in general be accorded to credits directly contributing to productive activity in the industrial, agricultural or craft sectors, particularly in the depressed regions designated by the Government, to credits which finance fixed investments, chiefly

those which enjoy a Government guarantee or subsidies, or to export credits covering manufacture where bank financing is practically indispensable, particularly in the case of programmes the execution of which is spread out in time. On the other hand applications for export credits which may lead to malpractices concerning terms of payment or repatriation of foreign currency must be turned down. So that sufficient amounts might be reserved for the categories enjoying priority the banks were asked to maintain as a whole within the limits reached at the end of October, 1969 the credits financing real estate transactions, and more especially building, as well as those financing consumption. In these sectors there are, in fact, particularly marked price tensions.

The limitative regulations described above, as well as the other measures adopted by the National Bank in the sphere of credit policy, were reinforced in June by the Banking Commission's introduction of a re-employment ratio establishing certain norms with regard to the minimum total amount of the banks' easily mobilisable assets.

The National Bank also exerts restrictive action on the credits which it grants through its discount agencies. The norms applicable had to be set with due regard for the fact that more than half of these credits are on warrants financing stocks of agricultural products, and that therefore the seasonal fluctuations are extremely marked. Consequently, while the amount outstanding on 31st December, 1969 was up by more than 11.2 p.c. as compared with the end of the previous year, it was lower by about 6 p.c. than the seasonal peak reached in January, 1969.

The Government addressed directives to the **public credit institutions** and to the **insurance companies**, and the Central Office for Small Savings did the same as regards the **private savings banks**. The greater part of the credits granted by these three categories of institutions are long-term loans, repayable only at fixed contractual maturity dates, and not, like the greater part of bank lending, short-term credits which are quickly worked off and renewed. In view of this difference in kind it was deemed more

appropriate to control the amount of the new credits granted by these establishments rather than the outstanding amount of the credits actually used. The general norm limited the new facilities granted during the whole of 1969 to 110 p.c. of those granted during 1968 in the case of public institutions and of private savings banks; but some of these latter, whose business had been particularly restrained in 1968, were authorised to grant credits of an amount fixed in terms of the average for 1967 and 1968. In the case of insurance companies the norm was 110 p.c. of the average for 1966, 1967 and 1968.

So far as can be judged from the partial data available at the end of November these limits have been respected. After a period necessarily longer than for institutions which specialise in granting short-term credit the trend of the outstanding used amounts will soon be affected.

MONETARY SYSTEM.

It has been previously emphasised that the credits originally granted by monetary institutions to enterprises and individuals definitely increased during the first months of 1969; at the end of April their growth already reached Fr. 11.1 billion, against Fr. 7 billion in 1968. Thereafter the movement was reversed as a result of the measures adopted by the National Bank, the improvement in saving by enterprises and, during the last weeks of the ten-month period under review, the repatriation of certain assets previously held abroad. Between May and October such credits increased by only Fr. 0.8 billion, against Fr. 7.9 billion in 1968, so that during the first ten months they increased by Fr. 11.9 billion against Fr. 14.9 billion in 1968.

Monetary institutions' financing of the Government greatly decreased in the course of the year; while during the first four months such financing reached Fr. 13.4 billion, against Fr. 11.8 billion in 1968, it contracted by Fr. 4.8 billion in the following six months, whereas it had increased by Fr. 12.8 billion in 1968. This reversal of the movement must be put down

to the Government's effort, successful in October, to improve the attraction of the Treasury's new long-term loans for investors; it is also explained by the size of certain non-monetary financial intermediaries' investments in special medium-term Treasury Certificates as provisional re-employment

Table 16.

ORIGINS OF CHANGES IN THE MONEY SUPPLY
AND IN QUASI-MONETARY LIQUID ASSETS AT BANKS

(Billions of francs)

	Money supply (1)	Quasi- monetary liquid assets at banks (2)	Total	Origins				
				Credits granted to enter- prises and individuals (3)	Financing of the Govern- ment (4)	Trans- actions with foreign countries (5)	Refinanc- ing outside monetary institu- tions (increase : -) (6)	Miscel- laneous (7)
1963	+25.6	+ 8.2	+33.8	+16.4	+23.5	- 1.4	+ 1.2	- 5.9
1964	+19.6	+ 6.1	+25.7	+11.0	+12.6	+ 7.0	- 1.6	- 3.3
1965	+21.1	+11.6	+32.7	+16.0	+ 7.0	+13.2	- 2.8	- 0.7
1966	+21.2	+12.8	+34.0	+20.0	+11.8	- 4.0	+ 3.5	+ 2.7
1967	+11.0	+21.6	+32.6	+26.0	+ 1.4	+17.1	- 6.6	- 5.3
1968	+26.1	+18.2	+44.3	+25.5	+23.7	- 8.1	+ 0.8	+ 2.4
1968 First 4 months	+ 5.1	+ 8.1	+13.2	+ 7.0	+11.8	+ 0.8	- 2.8	- 3.6
1969 First 4 months	+ 1.4	+13.5	+14.9	+11.1	+13.4	+ 3.7	- 2.0	-11.3
1968 May-October	+ 4.1	+ 7.8	+11.9	+ 7.9	+12.8	- 5.9	+ 0.1	- 3.0
1969 May-October	- 5.4	+12.5	+ 7.1	+ 0.8	p- 4.8	p- 0.1	+ 3.7	p+ 7.5
1968 First 10 months	+ 9.2	+15.9	+25.1	+14.9	+24.6	- 5.1	- 2.7	- 6.6
1969 First 10 months	- 4.0	+26.0	+22.0	+11.9	p+ 8.6	p+ 3.6	+ 1.7	p- 3.8

(1) See Annex 6, Tables 7 and 8. The totals of the amounts included in the last column of these two tables are equal to the amounts appearing in this column.

(2) Belgian franc deposits at more than one month, deposits received on deposit or savings books, foreign currency deposits of persons residing in Belgium.

(3) See Table 14 and Annex 0, Table 6.

(4) Including financing of the Road Fund. The movement in capital funds of the Government and of the Road Fund to and from foreign countries is included in this column. See Table 13, last column.

(5) Current transactions and movement in capital funds of enterprises and individuals. The figures relate to Belgium; they are therefore not entirely comparable with those in Tables 4, 5, 7 and 8, which relate to the Belgian-Luxemburg Economic Union.

(6) Refinancing of commercial credits granted to non-residents, and of credits granted to enterprises and individuals.

(7) Mainly financing of public authorities other than the Government and the Road Fund, including the movement in their capital funds to and from foreign countries, monetisation of public securities, net claims on the other financial intermediaries, bonded debt of banks, claims and liabilities (not classed elsewhere) on and to persons residing in Belgium.

p Provisional figures.

for the proceeds of borrowing in foreign currencies. For the first ten months as a whole the monetary institutions contributed only Fr. 8.6 billion to financing the Government, against Fr. 24.6 billion in 1968.

Nevertheless for the first ten months these two factors, lendings to enterprises and individuals and financing of the Government, remained

the principal counterparts to creation of liquid assets held at monetary institutions.

In fact the balance of current transactions and of enterprises' and individuals' capital movements as between Belgium and abroad, after having been in deficit to the extent of Fr. 5.1 billion for the first ten months of 1968, achieved a surplus in 1969 only to the extent of Fr. 3.6 billion. Even this improvement is more than explained by the capital transactions of non-monetary financial intermediaries and of public-sector operating organisations; during the first ten months of 1969 these directly borrowed Fr. 9.7 billion net abroad, whereas they had repaid Fr. 1 billion in 1968.

The refinancing outside monetary institutions of commercial credits granted to foreign countries and of credits granted to enterprises and individuals decreased, thus constituting a positive element in the counterparts to expansion of liquidity, whereas in 1968 the opposite had taken place.

Table 17.

MONEY SUPPLY
(Changes in per cent) ⁽¹⁾

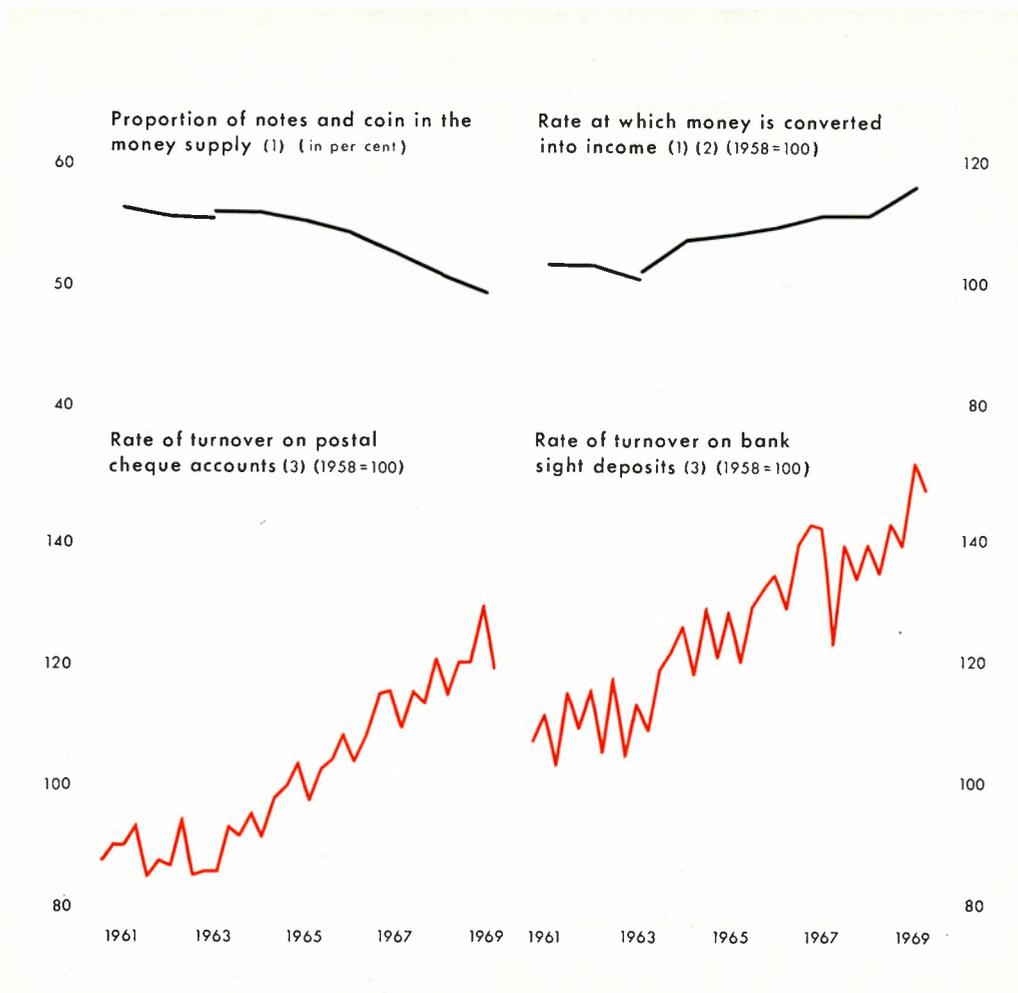
	Notes and coin	Sight deposits	Money supply
1963	+ 9.8	+ 10.8	+ 10.2
1964	+ 5.8	+ 6.3	+ 6.0
1965	+ 6.8	+ 9.0	+ 7.8
1966	+ 4.7	+ 9.2	+ 6.7
1967	+ 1.4	+ 8.1	+ 4.5
1968	+ 2.5	+ 10.7	+ 6.4
1968 First 10 months	+ 2.3	+ 10.9	+ 6.3
1969 First 10 months	+ 2.4	+ 8.8	+ 5.5

(1) Changes in the average for the period as compared with that for the corresponding previous period.

With allowance for the other causes of variation, which exerted a contractive effect smaller than that observed in 1968, the total amount of the money supply plus quasi-monetary liquid assets at banks increased during the first ten months by Fr. 22 billion, against Fr. 25.1 billion in 1968. In the course of the first four months the expansion had been greater than in 1968; thereafter a net slowing down was observed.

The decrease by comparison with the first ten months of 1968 in the amount of assets thus formed relates only to the money supply. Largely as a result of the rise in interest rates the formation of quasi-monetary liquid assets at banks did in fact become faster. On the other hand the money supply was reduced by Fr. 4 billion, whereas it had increased by Fr. 9.2 billion in 1968; it had still increased by Fr. 1.4 billion between the beginning of January and the end of April, but for the next six months it contracted by Fr. 5.4 billion.

COMPOSITION AND UTILISATION RATE OF THE MONEY SUPPLY



(1) 1969 : estimates.
 (2) Ratio of the gross national product at current prices to the average money supply.
 (3) Monthly averages per quarter. See Annex 6, Table 9.

The decrease of the public's preference for money also appears, although less clearly, from comparison of the average amounts in existence; in the course of the first ten months the average money supply increased by 5.5 p.c., against 6.3 p.c. in 1968. The slowing down applied solely to the growth-rate of sight deposits, the holders of which are more sensitive to changes in the yield of non-monetary assets. This growth-rate remained definitely greater than that of notes and coin, however, so that the latter's share in the total money supply was further reduced in conformity with the structural tendency observed in that connection.

The higher cost and lesser abundance of credit, as well as the higher return on non-monetary financial assets, therefore caused those concerned in the economic process to keep their cash holdings within stricter limits. This keeping down of cash was reflected in the fact that the growth-rate of the average money supply was definitely lower than that of the national product at current prices, whereas in 1968 the two rates had been approximately the same. This marked increase, after a period of stability, in the rate at which money is transformed into income is typical of prosperity periods, and has already been observed previously in Belgium, for instance in 1963-1964. The tendency to manage with smaller cash holdings is likewise reflected in the net acceleration of the rate of turnover on sight deposits.

CASH HOLDINGS AND OTHER FINANCIAL ASSETS.

The domestic and foreign financial assets built up by individuals and enterprises, in the forms recorded below reached Fr. 88.7 billion during the first ten months of the year against Fr. 92.2 billion in 1968; this does not include growth in the amount of commercial claims on foreign countries, a specific form of financial assets the rise of which cannot be even approximately measured.

This slowing down of the increase in individuals' and enterprises' financial assets, as recorded, contrasts with the expansion of the national

income in general and of total saving in particular. It is due to the growth of individuals' investments in house property, as well as to the net increase of capital expenditure financed through enterprises' gross internal saving.

Table 18.

PRINCIPAL FINANCIAL ASSETS ⁽¹⁾

(Changes in billions of francs)

	Belgian francs				Foreign currencies			Grand total	
	Cash holdings (2)	Non-monetary fixed-income assets (3)	Shares (4)	Less : Securities held by non-residents	Total	Deposits at Belgian banks	Securities (5)		Total
1963	+24.1	+34.6	+2.2	-(+0.8)	+ 60.1	+ 1.7	+ 5.1	+ 6.8	+ 66.9
1964	+20.9	+46.5	+4.9	-(+0.1)	+ 72.2	- 4.0	+ 1.0	- 3.0	+ 69.2
1965	+20.1	+60.8	+2.6	-(+0.5)	+ 83.0	- 0.7	+ 1.6	+ 0.9	+ 83.9
1966	+18.1	+60.7	+3.6	-(-0.2)	+ 82.6	+ 1.3	+ 6.1	+ 7.4	+ 90.0
1967	+ 8.5	+87.6	+4.6	-(+2.8)	+ 97.9	+ 2.7	+ 4.6	+ 7.3	+105.2
1968	+22.7	<i>p</i> +80.2	+8.7	-(-0.5)	<i>p</i> +112.1	+ 0.4	+12.5	+12.9	<i>p</i> +125.0
1968 First 10 months .	+ 7.8	<i>p</i> +66.8	+7.0	-(-0.6)	<i>p</i> + 82.2	- 0.1	+10.1	+10.0	<i>p</i> + 92.2
1969 First 10 months .	- 5.3	<i>p</i> +67.1	<i>p</i> +5.1	<i>p</i> -(-1.3)	<i>p</i> + 68.2	+ 5.9	+14.6	+20.5	<i>p</i> + 88.7

(1) Held by individuals and enterprises (other than financial intermediaries), including public operating organisations and certain financial intermediaries which could not be excluded in 1969 : life assurance companies, employers' liability insurance companies and pension funds.

(2) The cash holdings of the sectors described in footnote (1) have been calculated by deducting from the total money supply the sight deposits held by public authorities.

(3) See Table 19.

(4) Belgian companies' public share issues : amounts paid in cash on issue or on calls for further funds.

(5) Net purchases by residents of the Belgian-Luxembourg Economic Union.

p Provisional figures.

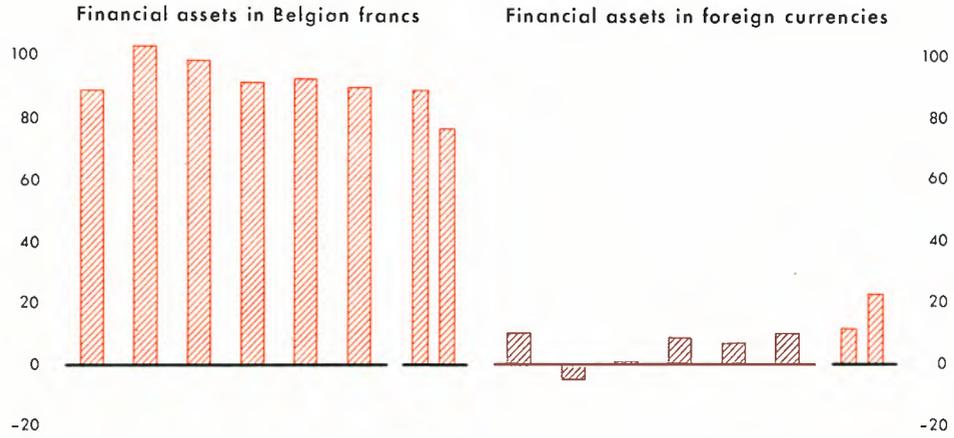
The decrease in the total amount of new financial assets related to the assets in Belgian francs; those formed in foreign currencies, on the contrary, attained greater amount. The attraction of investments abroad became less, however, in the course of the year.

Financial assets denominated in Belgian francs increased by only Fr. 68.2 billion, against Fr. 82.2 billion in 1968.

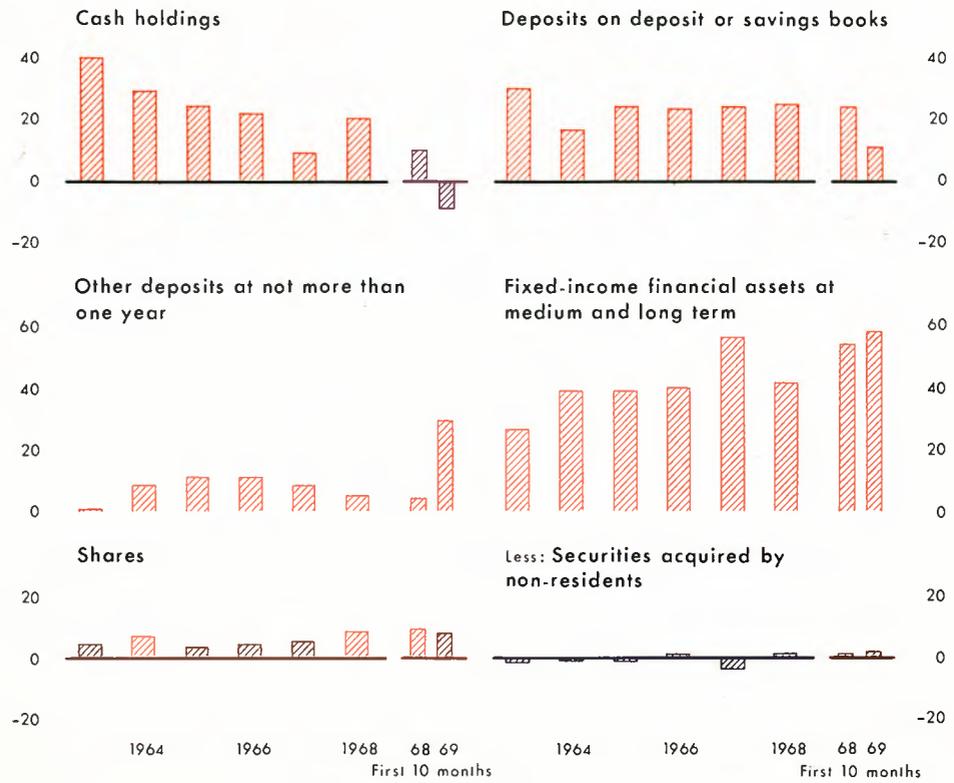
For the reasons previously indicated the cash holdings — that is the money supply less sight deposits held by public authorities — decreased by Fr. 5.3 billion, whereas they had increased by Fr. 7.8 billion during the first ten months of 1968.

CLASSIFIED CONSTITUTION OF FINANCIAL ASSETS (1)

IN PER CENT OF ALL FINANCIAL ASSETS CONSTITUTED



IN PER CENT OF BELGIAN FRANC FINANCIAL ASSETS CONSTITUTED



(1) See Table 18.

Deposits on ordinary deposit or savings books increased by only Fr. 7.8 billion, against Fr. 19.4 billion for the first ten months of 1968; their remuneration, more stable during recent years than that of other non-monetary financial assets, increased in 1969, but in lesser degree than this latter.

Table 19.

FIXED-INCOME NON MONETARY FINANCIAL ASSETS IN BELGIAN FRANCS

(Changes in billions of francs)

	Deposits on ordinary deposit or savings books (1)	Other deposits at not more than one year		Financial assets at medium and long term		Grand total
		Total	of which : Deposits at fixed date and at notice	Total	of which : Bonds and medium-term notes (2)	
1963	+ 18.2	+ 0.1	- 0.4	+ 16.3	+ 13.5	+ 34.6
1964	+ 12.2	+ 6.1	+ 5.9	+ 28.2	+ 25.9	+ 46.5
1965	+ 19.6	+ 9.0	+ 8.1	+ 32.2	+ 28.9	+ 60.8
1966	+ 18.6	+ 8.7	+ 8.0	+ 33.4	+ 29.5	+ 60.7
1967	+ 23.6	+ 8.1	+ 6.0	+ 55.9	+ 47.0	+ 87.6
1968	+ 27.3	+ 5.7	+ 4.2	p+ 47.2	p+ 38.6	p+ 80.2
1968 First 10 months	+ 19.4	+ 3.0	+ 6.0	p+ 44.4	p+ 37.5	p+ 66.8
1969 First 10 months	+ 7.8	+ 19.7	+ 22.4	p+ 39.6	p+ 36.1	p+ 67.1

(1) See Annex 6, Table 10.

(2) See Annex 6, Table 11.

p Provisional figures.

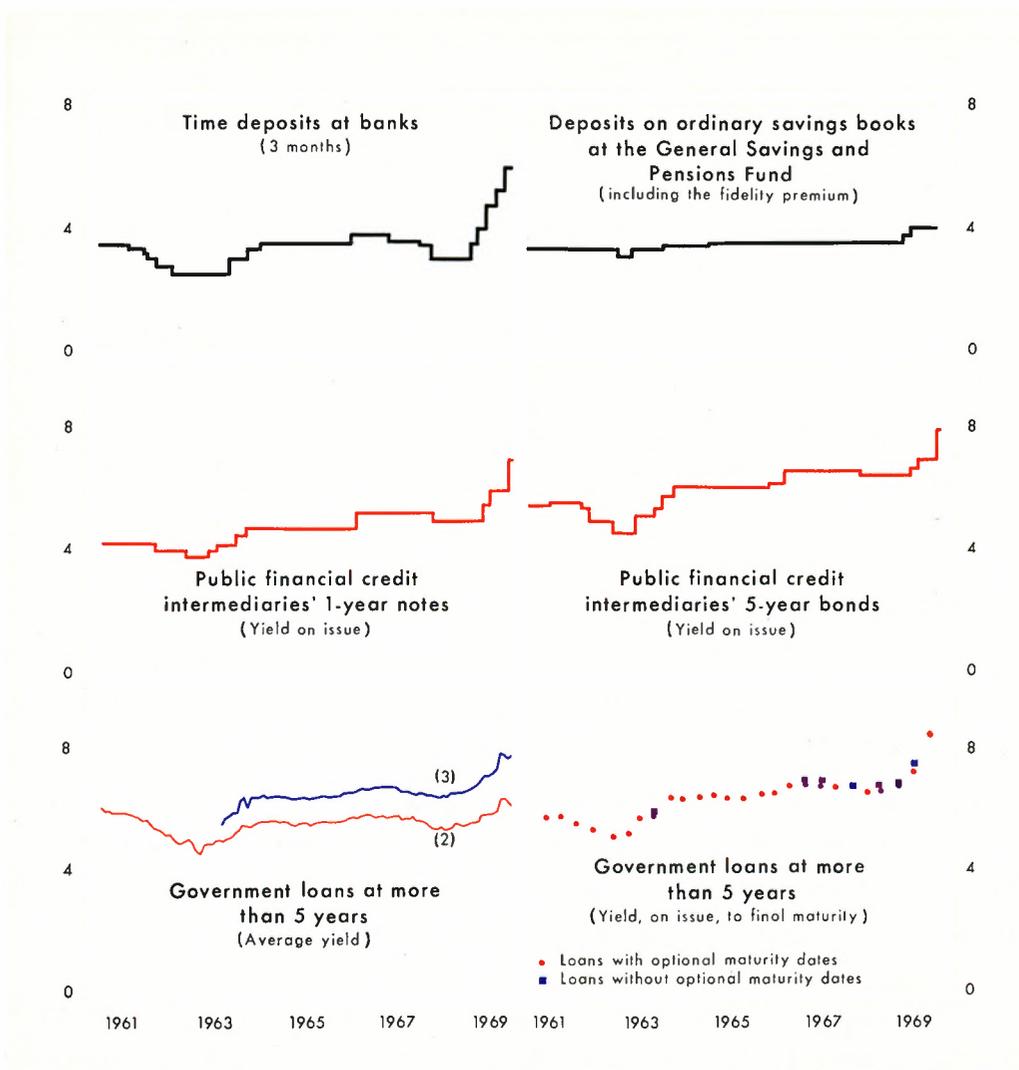
Growth of the other non-monetary deposits at not more than one year, which benefited from the cutting down of cash holdings, was particularly marked. Deposits at date and at notice alone increased by Fr. 22.4 billion, against Fr. 6 billion in 1968. The rates of interest paid on these deposits greatly rose; thus the rate on three-month deposits at banks rose from 3 p.c. at the start of the year to 6 p.c. as from 10th November; the rise of rates for large deposits was even more considerable owing to the competition of foreign markets.

Medium and long-term fixed-income financial assets increased by a little less than in 1968. Net purchases of bonds and of medium-term notes amounted to Fr. 36.1 billion, against Fr. 37.5 billion in 1968; the increase in buying of Government securities was outweighed by the decrease in that

of public-sector financial intermediaries' and local authorities' securities. Net acquisitions of bonds and of medium-term notes did quicken, however, during the last months of the period under review; this resulted from a substantial rise in their yield, which in the case of subscribers holding their securities until final maturity rose from 6.88 p.c. for the Government

RATES ON INVESTMENTS ACCESSIBLE TO THE GENERAL PUBLIC ⁽¹⁾

(Per cent)



(1) Rates before deduction of taxes at source. See Annex 6, Table 12.
 (2) Loans issued before 1st December, 1962.
 (3) Loans issued after 1st December, 1962.

loan with optional maturity dates issued in February, 1969 to 8.51 p.c. for that issued in October. The rates on bonds and medium-term notes issued on tap by public-sector financial intermediaries moved in a similar manner; the yield on one-year notes was raised from 5 p.c. at the start of the year to 7 p.c. with effect from 1st November, and that on five-year bonds from 6.5 to 8 p.c.

The amounts paid in cash on public share issues reached only Fr. 5.1 billion against Fr. 7 billion in 1968.

Individuals and enterprises took more interest in assets denominated in foreign currencies.

Their deposits in foreign currencies at Belgian banks increased during the first ten months by Fr. 5.9 billion whereas they had decreased by Fr. 0.1 billion in 1968. This movement was due to that of the free market balances, which enjoy rates aligned on those for Euro currencies, at least as regards deposits of a certain size; it produced very little effect on regulated accounts, on which no remuneration is allowed.

The net purchases of securities denominated in foreign currencies, which may include a certain amount of transactions effected for non-residents, amounted to Fr. 14.6 billion against Fr. 10.1 billion during the first ten months of 1968. Between January and April, owing to the higher yield on international loans and to the considerable interest still shown in securities the subject of dealing on the New York Stock Exchange, such purchases reached an average of Fr. 1.7 billion per month against a monthly average of Fr. 1 billion for the whole year 1968. Between May and October they averaged only Fr. 1.3 billion per month, and dropped to Fr. 0.7 billion in November. This slowing down may be partly due to less favourable prospects offered by the New York Stock Exchange, and to the fact that the yield on international loans still having between 10 and 20 years to run increased between the end of April and that of November by only about 0.5 p.c. per annum, or markedly less than that on medium and long-term fixed-income assets denominated in Belgian francs.

STOCK MARKET.

The rise which had begun at the start of 1967 in quotations for Belgian variable-income securities continued until the end of May, 1969. At that date the index for cash prices, although down by 4 p.c. as compared with the peak reached at the beginning of 1964, was above the levels reached at the start of 1967 and 1969 by 39 and 9 p.c. respectively. At the same time the recovery in stock market activity continued; total dealings during the first half of the year were greater by 35 p.c. than in 1968.

Table 20.

MARKETS FOR VARIABLE-INCOME SECURITIES

	Total dealings (1) (Averages per session, in millions of francs)	Indices of quotations (2) (1958 = 100)			
		For cash		Time bargains	
		Belgian securities	Belgian and Congolese securities	Belgian securities	Belgian and Congolese securities
1962	82	118	88	135	101
1963	87	120	90	132	100
1964	90	128	93	137	97
1965	82	125	91	122	91
1966	70	108	79	102	75
1967	80	102	76	103	76
1968	133	111	87	114	101
1969	147	121	95	131	120
1968 December	132	115	90	116	107
1969 December	110	114	90	128	116

(1) Transactions on the Brussels Stock Exchange (time and cash bargains).

Source : Committee of the Brussels Stock Exchange.

(2) Average of the indices on the 10th and 25th of each month for the Brussels and Antwerp Stock Exchanges.

Source : National Statistical Institute.

Largely owing to the scarcity of funds, the high level of yields on certain fixed-income financial assets and the growth of enterprises' and individuals' capital expenditure, both quotations and total dealings thereafter declined. In December the prices for time bargains in Belgian securities were still above the December, 1968 level, whereas the cash prices for such securities were slightly below that level. On the other hand total dealings during the months from July to December were on the average down by 15 p.c. as compared with 1968.

The yield on variable-income securities for the first ten months, although slightly down as compared with a year before, remained higher in Belgium than in the principal foreign countries.

That is only one of the factors for appraising the total yield on shares, this being likewise linked with gains in capital value. Over a long period such gains have generally been less marked in Belgium than in the principal

Table 21.

YIELDS AND PRICE INDICES OF VARIABLE-INCOME SECURITIES

	Belgium	Federal Republic of Germany	France	Netherlands	Italy	United States	United Kingdom
Yield (1) (per cent)							
1962	5.1	3.3	2.0	3.8	3.3	3.4	5.6
1963	5.0	3.3	2.3	3.6	3.9	3.2	4.4
1964	4.8	3.0	2.6	3.5	4.5	3.0	4.6
1965	5.0	3.6	3.1	3.8	4.6	3.0	5.5
1966	6.1	4.4	4.0	4.9	3.8	3.4	5.7
1967	6.4	4.1	4.6	4.5	4.2	3.2	5.2
1968	5.8(2)	3.1	4.6	4.1	4.4	3.1	3.7
1968 First 10 months .	5.8	3.1	4.6	4.1	4.3	3.1	3.8
1969 First 10 months .	5.5	3.0	4.1	4.2	4.0	3.2	3.9
Price indices (1958 = 100)							
1962	118	221	206	179	223	135	158
1963	120	215	188	188	193	151	181
1964	128	243	162	200	148	176	192
1965	125	216	150	185	146	191	181
1966	108	187	144	149	173	184	183
1967	102	196	131	157	159	199	195
1968	111	260	141	205	157	213	277
1968 First 10 months .	110	259	141	201	158	210	272
1969 First 10 months .	122	285	173	227	173	213	277

Sources : Belgium : Yields : Kredietbank. (Gross yield calculated by the National Bank of Belgium).
Price indices : See Table 20, second column.

Federal Republic of Germany : Federal Statistical Office.

France : National Institute for Statistics and Economic Research.

Netherlands : Yields : Amsterdam-Rotterdam Bank.

Prices indices : Central Bureau of Statistics.

Italy : Bank of Italy.

United States : Federal Reserve System.

United Kingdom : Central Statistical Office.

(1) Ratio of dividend to price, before tax and with allowance for any tax relief.

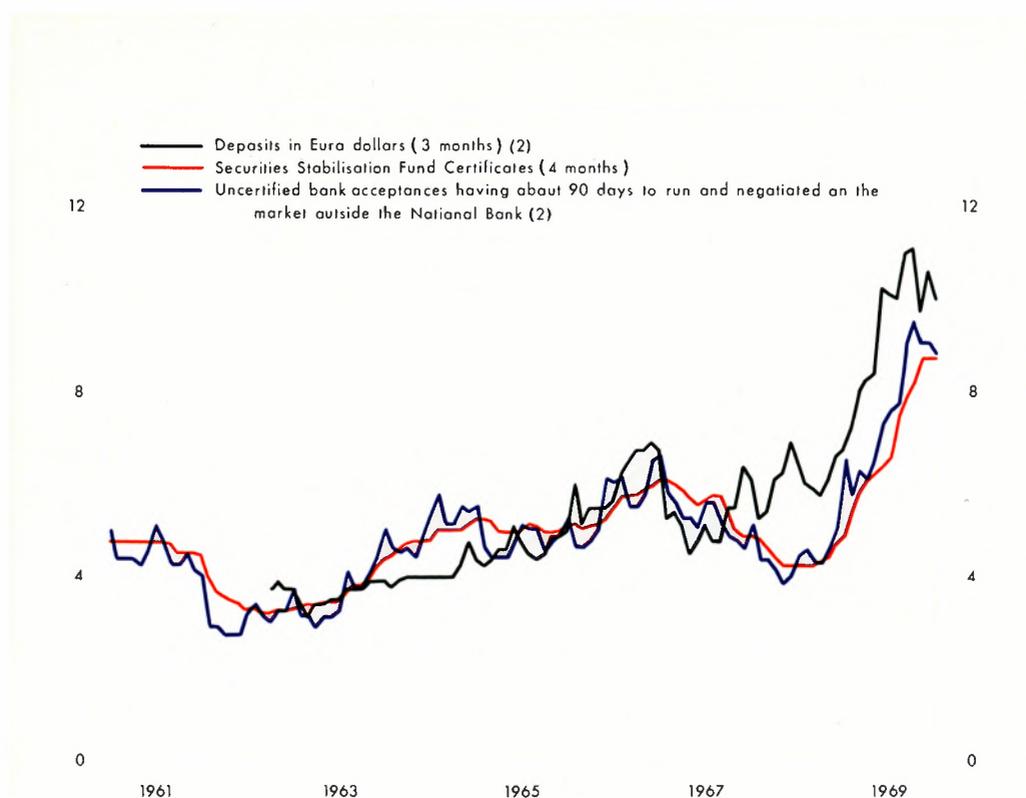
(2) New series from 1968.

foreign countries. But for the whole first ten months of 1969 as compared with that period in 1968 the rise of quotations in Belgium, although less than that observed in France and the Netherlands, exceeded that recorded in Italy, the Federal Republic of Germany, the United Kingdom and the United States.

MONEY MARKET.

The tensions which had appeared on the money market during the last months of 1968 persisted, and became stronger, during the first three quarters of 1969. Various factors had the effect of reducing the supply of funds and increasing the demand for them. On the one hand growing

RATE FOR THE EURO DOLLAR AND RATES ON THE BELGIAN MONEY MARKET ⁽¹⁾
(Per cent)



(1) See Annex 6, Table 18.

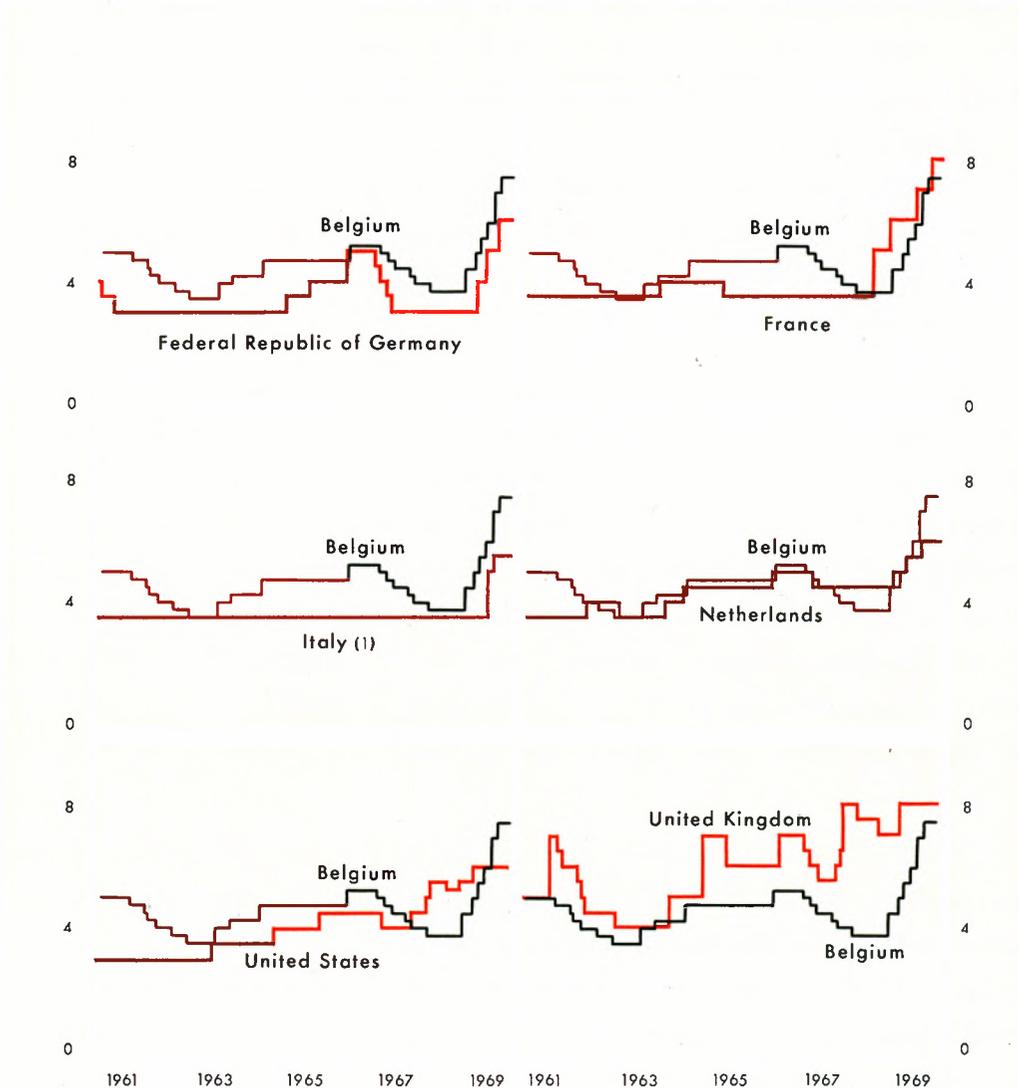
(2) Rate in force at the end of the month.

yields could be obtained from investments abroad, especially on the market for Euro currencies. On the other hand during the first four months enterprises and individuals increased their recourse to borrowing from financial intermediaries, and the Treasury had large financial requirements;

to meet these it had to resort, on a large scale, to placing short-term certificates because the proceeds of its consolidated loan issues were insufficient.

In these circumstances the rates of interest current in the money market greatly rose during the first nine months of 1969, and a growing

OFFICIAL DISCOUNT RATE : COMPARISON WITH FOREIGN COUNTRIES
(Per cent)



(1) Since 1st July, 1969 there have been two rates in Italy. The rate shown here is that applicable to credit institutions which have had recourse to rediscounting for an amount greater than 5 p.c. of their obligatory reserves during the calendar half-year preceding that of the transaction.

amount of commercial paper, which the market could no longer finance, found its way to the National Bank.

The latter raised its discount and advance rates eight times between 19th December, 1968 and 18th September, 1969. The rate applied to accepted bills payable at a bank was thus raised from 3.75 to 7.50 p.c., and that for advances on public securities from 5.50 to 9.50 p.c. At the time of the rise on 31st July the National Bank extended to acceptances representing exports to countries not members of the European Economic Community the abolition of the special rate which, as requested by the Commission of the Communities, had already been abolished on 1st January, 1969 as regards exports to member countries; the Bank had in fact found that the outstanding amount of certified acceptances concerning exports to non-member countries had considerably grown, regardless of the much more moderate increase in such exports, which implied increased financing of these in that form.

The slowing down of the expansion in credits granted by financial intermediaries to enterprises and individuals, the Belgian-Luxemburg Foreign Exchange Institute's directives concerning exchange transactions, and above all the return to normal on foreign exchange markets following revaluation of the German mark, eased the tensions on the Belgian money market from the end of September onwards. This easing was reflected in stabilisation of interest rates, in progressive reduction of the National Bank's commercial portfolio and in rebuilding of public security holdings by the institutions taking part in the market.

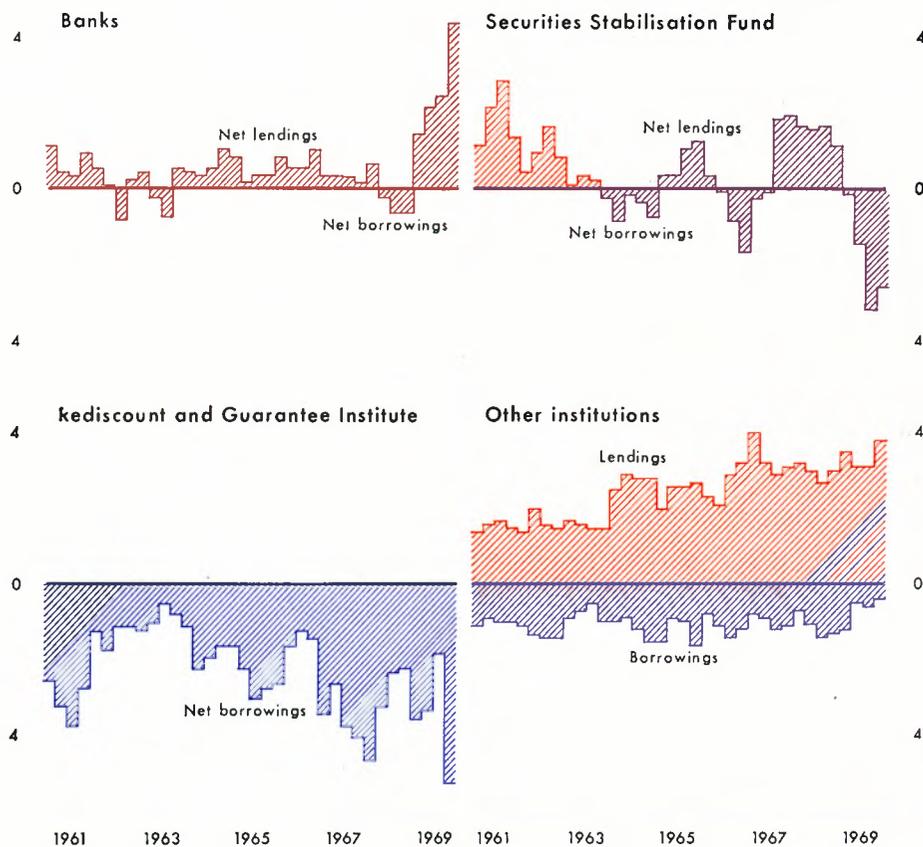
With effect from 1st May the working of the call money market was reorganised, at the National Bank's initiative, on the basis of directives addressed by the Banking Commission to the banks, by the Minister of Finance to the public credit institutions and by the Central Office for Small Savings to the private savings banks, concerning norms to be observed with regard to call loans.

Since these loans serve to square the cash position of institutions which may have to meet large, frequently unforeseeable daily movements

of their deposits, admission to the market will henceforth be confined to public or private-sector financial institutions which receive deposits on deposit or savings books or at terms not exceeding three months.

CALL MONEY (1)

(Daily averages per quarter in billions of francs)



(1) See Annex 6, Table 14.

Since such institutions must in principle generally have a cash surplus, subject to normal daily fluctuations, they are henceforth being required to lend, each quarter, an amount at least equal to that which they borrow.

This rule does not apply to the Securities Stabilisation Fund, which is charged with a regulating function on the money market, nor to the Rediscount and Guarantee Institute, whose task is to employ the surplus cash holdings brought into the market for mobilising, on the best terms, the credits which finance foreign trade.

The net contributions from the banks and other institutions to which the rule about a cash surplus applies became greater. During the first three quarters, however, the resources placed at the disposal of the Rediscount and Guarantee Institute were smaller than a year before; the reason was that the Securities Stabilisation Fund, a net lender in 1968, became habitually a net borrower of large amounts because a decision had been reached that it should give priority to financing its needs in this way, rather than through National Bank advances, so as to support the rise of interest rates which the monetary authorities desired. The rate for call money rose progressively until it reached more than 7 p.c. on the average for August and September, with peaks as high as 9 p.c.

Despite the easing of tension on the money market during the fourth quarter the decline in rates remained moderate. On the other hand there were increased accruals of funds, mostly used by the Rediscount and Guarantee Institute, while the Securities Stabilisation Fund continued to arrange its actions so as to prevent too much of a fall in rates, this being premature in the existing international context.

Growth between the fourth quarter of 1968 and the third quarter of 1969 in the average total outstanding amount of **discounted commercial bills** and of **bank acceptances** was close to that in 1968. It amounted to Fr. 15.4 billion, against Fr. 15.9 billion, but the location of this growth clearly reflected the strong tensions which prevailed during that period on the money market.

In fact the banks' holding increased by only Fr. 1.6 billion; for the reasons already indicated the holding sustained by the Rediscount and Guarantee Institute was Fr. 0.1 billion down; the outstanding amount located in other market institutions and abroad, contrary to the tendency

observed for several years past, decreased by Fr. 2.9 billion. In these conditions the National Bank's rediscounted holding rose by Fr. 16.8 billion, that is by more than the increase in the total average amount outstanding. During the fourth quarter it contracted by Fr. 11.6 billion as a result of the easing which occurred on the money market. At the end of December the total amount of commercial paper held by the National Bank was down again to a level lower by Fr. 8.1 billion than in 1968.

Table 22.

LOCATION OF COMMERCIAL BILLS DISCOUNTED BY BANKS,
AND OF BANK ACCEPTANCES (1)
(Billions of francs)

Average of amounts outstanding at ends of months (2)	Amount located				Total
	in banks	at the Rediscount and Guarantee Institute (3)	in other market institutions, outside the National Bank, and abroad	at the National Bank of Belgium (4)	
1963	39.3	0.7	14.8	4.7	59.5
1964	47.4	1.2	15.6	5.3	69.5
1965	56.6	1.9	14.9	4.0	77.4
1966	62.6	0.8	15.6	8.8	87.8
1967	74.3	2.5	17.4	6.7	100.9
1968	86.6	1.7	21.2	10.8	120.3
1968 1st quarter	84.8	2.6	19.9	7.5	114.8
2nd quarter	87.9	1.7	21.6	7.6	118.8
3rd quarter	86.5	1.5	21.8	11.9	121.7
4th quarter	87.3	1.2	21.4	16.0	125.9
1969 1st quarter	84.6	1.6	21.6	22.7	130.5
2nd quarter	88.1	1.9	20.0	27.1	137.1
3rd quarter	88.9	1.1	18.5	32.8	141.3
4th quarter	96.6 (5)	4.4	17.3 (5)	21.2	n.a.

(1) Outstanding used amount of Belgian franc discount and acceptance credits originally granted by banks to enterprises and individuals (other than financial intermediaries, but including public operating organisations), to the Road Fund and to foreign countries.

(2) These averages have been calculated by taking, once, the amounts outstanding at the beginning and end of the period, and twice the amounts outstanding at the ends of intermediate months.

(3) Amount currently held, excluding the part financed by recourse to rediscounting at the National Bank of Belgium.

(4) As the Table relates only to credits granted originally by banks the figures in this column do not include the credits directly granted by the National Bank of Belgium.

(5) October-November.

n.a. Figure not available.

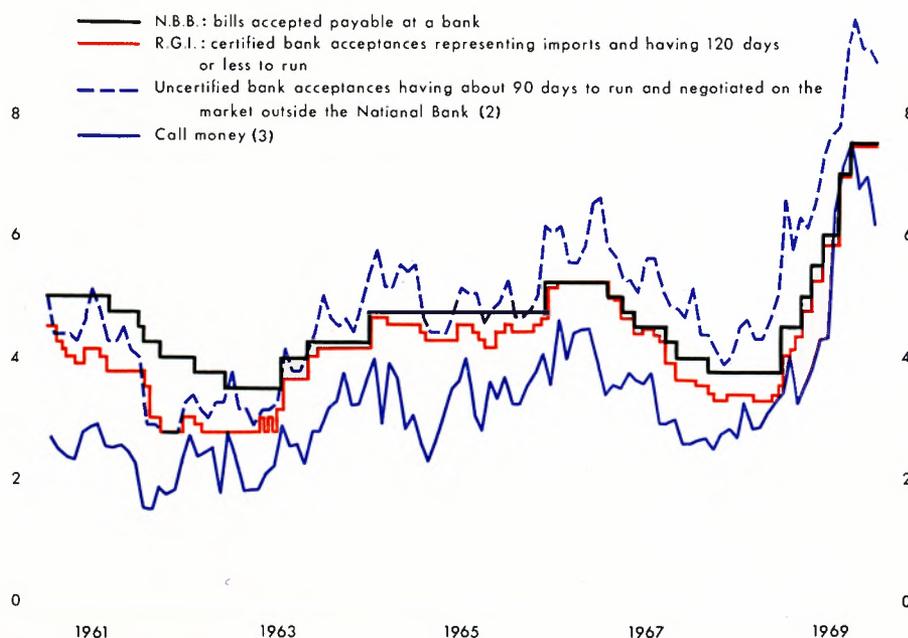
The tightness observed during the first three quarters entailed a continuous rise of the rates current on the market outside the National Bank; thus between the end of January and the peak reached at the beginning of October the cost of mobilising uncertified 90-day bank

acceptances rose from 5.70 to 9.75 p.c. A moderate fall began in the course of October; at the end of the year the rate was 8.75 p.c. for such acceptances.

While maintaining the principle according to which it retains complete freedom to decide at any time the total amount of bills which it agrees

RATES FOR COMMERCIAL BILLS AND FOR CALL MONEY (1)

(Per cent)



(1) See Annex 6, Tables 18 and 15.

(2) Rates ruling at ends of months.

(3) Daily averages per month.

to rediscount or to certify, and to appraise the quality of the bills which are presented to it, the National Bank instituted with effect from 1st May a system of rediscount and certification ceilings. Until then the limits which it set itself in that field were fixed according to criteria that related to the amount of each bank's capital resources; they were above

all inspired by concern for the solvency of the endorsing institutions. The new system essentially meets the needs of monetary policy. The limit beyond which a bank shall no longer have direct or indirect access to the lender of last resort is henceforth determined by applying a ratio to the whole of its resources comprising capital and reserves, loans issued in the form of bonds and medium-term notes, and Belgian franc deposits received at sight, on a time basis and on deposit or savings books, but excluding credit balances of banks. The authorised ceiling is calculated by applying this ratio to the average amount of each bank's resources during the twelve months terminating at the end of each calendar quarter, the new ceiling coming into force two months after the end of the quarter.

Against the single individual ceiling thus fixed there are simultaneously imputed the whole outstanding amount of the certified bills still having less than two years to run, the outstanding amount of uncertified bills directly rediscounted at the National Bank, and finally that of the uncertified bills rediscountable at the National Bank but mobilised in the outside market held by the Rediscount and Guarantee Institute.

The ratio serving for calculation of the ceilings may be lowered or raised according to domestic cyclical circumstances and the external trend. In addition the National Bank reduces the ceilings of banks which do not observe the norms that it has set concerning expansion of credits; it cannot indeed agree to provide funds for financing credits granted in disregard of its directives.

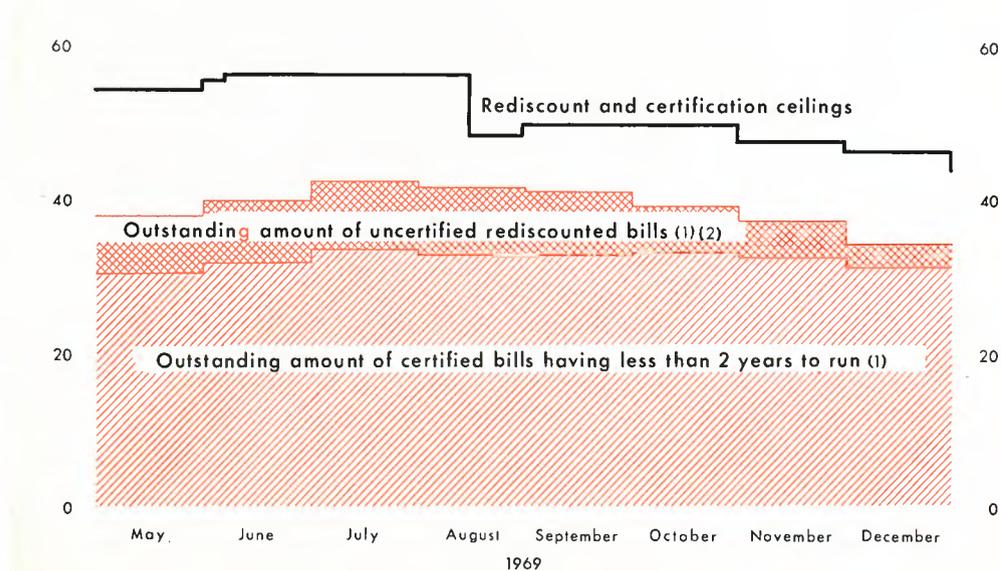
At the time of their institution the ceilings were fixed at 16 p.c. of the average, during 1968, of the resources taken into consideration. Since on 31st March, 1969 certain banks had already an outstanding amount of rediscounts and certification higher than the ceiling which would have been set for them by application of the general formula, the National Bank gave all the banks the choice between this formula and a transitional arrangement in which the bank's ceiling was determined by taking into account the outstanding amount of its bills actually rediscounted or rediscountable, plus that of the certified acceptances created by it during recent periods; this system was amended in June. On 1st May the

individual ceilings totalled Fr. 54.5 billion. In view of the certifications given, and of the mobilisations effected, the banking system at that time still had a total available margin of Fr. 18.8 billion.

The quarterly adaptations, the individual reductions caused by overstepping the norms for limitation of credit and the effect of two general decisions to lower the ratio, which was brought down to 14 p.c. on 18th

OUTSTANDING AMOUNTS COUNTED AGAINST REDISCOUNT AND CERTIFICATION CEILINGS

(Billions of francs)



(1) Daily averages per month.

(2) Including bills which are rediscountable at the National Bank of Belgium and have been mobilised on the market, outside the National Bank, through the Rediscount and Guarantee Institute.

August and then reduced by two-thirds of a point per month with effect from October, so that it shall be only 10 p.c. on 31st March, 1970, produced a change in the total individual ceilings. This total was only Fr. 48.6 billion on 18th August and Fr. 44 billion on 31st December. On the first of those two dates the total available margin was no more than Fr. 7.6 billion, but by the second it had climbed back to Fr. 10.1 billion as the result, in particular, of a decrease in rediscounts.

The average outstanding amount of Belgian franc public short-term securities held by banks, public financial credit intermediaries, the General Savings and Pensions Fund and private savings banks had greatly contracted during the second half of 1968, largely because the yield on such securities was relatively unattractive, but it recovered during the first

Table 23.

BELGIAN FRANC PUBLIC SECURITIES, RUNNING FOR UP TO ONE YEAR,
AND HELD BY FINANCIAL INTERMEDIARIES OPERATING IN THE MONEY MARKET ⁽¹⁾

(Billions of francs)

Average of amounts outstanding at ends of months (2)	Securities held by		Total securities	Resources placed at disposal (3)	
	banks	other institutions		of the Treasury	of the Securities Stabilisation Fund
1963	16.2	19.1	35.3	29.9	5.4
1964	16.3	11.9	28.2	25.5	2.7
1965	20.9	17.0	37.9	33.2	4.7
1966	19.9	17.1	37.0	34.4	2.6
1967	20.6	25.2	45.8	42.8	3.0
1968	17.2	31.3	48.5	44.6	3.9
1969	14.7	27.4	42.1	40.1	2.0
1968 1st quarter	18.5	32.6	51.1	46.8	4.3
2nd quarter	17.6	37.2	54.8	51.2	3.6
3rd quarter	17.1	28.4	45.5	41.8	3.7
4th quarter	15.7	26.8	42.5	38.6	3.9
1969 1st quarter	13.6	34.0	47.6	44.6	3.0
2nd quarter	16.4	32.3	48.7	46.1	2.6
3rd quarter	13.2	21.0	34.2	33.6	0.6
4th quarter	15.5	22.6	38.1	36.1	2.0

(1) Securities issued by the Treasury and the Securities Stabilisation Fund, and held by banks (not including swap certificates), the National Industrial Credit Company, the Belgian Municipal Credit Institution, the National Fund for Credit to Trade and Industry, the National Housing Company, the National Smallholders' Company, the Central Office for Mortgage Credit, the National Institute for Agricultural Credit, the General Savings and Pensions Fund and the private savings banks.

(2) These averages have been calculated by taking, once, the amounts outstanding at the beginning and end of the period, and twice the amounts outstanding at the ends of intermediate months.

(3) Securities issued by the Treasury and held by the Securities Stabilisation Fund have been treated as resources placed at the disposal of the Treasury and as a deduction from those which the Fund received.

half of 1969; between the last quarter of 1968 and the second quarter of 1969 it increased by Fr. 6.2 billion. The holding of the banks increased by Fr. 0.7 billion and that of the other institutions by Fr. 5.5 billion. This last increase was influenced by the fact that public authorities temporarily employed loan proceeds in Treasury Certificates.

The third quarter was marked by complete reversal of the trend. The holding of the banks declined by Fr. 3.2 billion, and that of non-banks by Fr. 11.3 billion. Thus the total contraction not only nullified the first half-year's partly fortuitous increase but reduced the average quarterly amount outstanding to Fr. 34.2 billion, a level lower than had been observed for several years.

This reversal, which took place at a time when both the internal and the external tensions had reached their maximum, was accompanied by slowing down in the formation of Belgian franc resources by the banks and most of the public financial intermediaries, some of whom had at the same time to meet an acceleration of drawings on credits granted to their customers; this particularly applied to the loans and advances granted by the Belgian Municipal Credit Institution to local authorities and to associations of these.

The third quarter's contraction affected to the extent of Fr. 12.5 billion the resources placed at the disposal of the Treasury, and to that of Fr. 2 billion those available to the Securities Stabilisation Fund; these accordingly dropped to Fr. 0.6 billion.

The decrease of tension which occurred at the end of the third quarter produced a further change. During the fourth quarter the holdings of short-term public securities increased both at banks and at other institutions. The increase amounted to Fr. 3.9 billion, of which Fr. 2.5 billion benefited the Treasury and Fr. 1.4 billion the Securities Stabilisation Fund.

The movement of rates during the year was characterised, as in the other compartments of the market, by a strong rise. The rate current on tenders for Securities Stabilisation Fund Certificates rose from 5.25 p.c. in December, 1968 to 6.80 p.c. in June, 1969; it then rose more markedly to 8.75 p.c. in September, at which level it remained until the end of the year.

AMENDMENT OF THE STATUTES

The Statutes of the National Bank were amended in accordance with the resolutions adopted by the Shareholders' Extraordinary General Meeting which was held on 5th September, 1969.

The amendments introduced result from those that the Law of 9th June, 1969 concerning Belgium's assent to the amendment of the Agreement which created the International Monetary Fund and concerning the monetary system ⁽¹⁾ made in Decree Law No. 5 of 1st May, 1944 concerning the conditions for purchase and sale of gold and foreign currencies and in the Bank's Organic Law.

These amendments, the practical content of which was described in the Report on the activities of the year 1968 ⁽²⁾, were ratified by the Royal Decree of 22nd September, 1969, published in the *Moniteur Belge* on 7th October, 1969 ⁽³⁾.

The Conventions between the Government and the Bank, required for the application of these new provisions, were signed on 7th October, 1969 and 7th November, 1969.

⁽¹⁾ See *Moniteur Belge* of 16th July, 1969.

⁽²⁾ See the Report for 1968, page 17.

⁽³⁾ See Annex 7.

ANALYSIS OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR 1969

ASSETS

GOLD HOLDING.

The gold holding is shown in account at the legal parity of the franc, that is Fr. 56,263.7994 per kilogramme of fine gold.

It amounted on 31st December, 1969 to . . Fr. 75,947,214,202
and consisted of :

Gold in foreign countries	Fr.	75,577,598,566
Gold in Belgium	Fr.	369,615,636
	Fr.	<u>75,947,214,202</u>

On 31st December of the previous year it had amounted to Fr. 76,175,050,131.

INTERNATIONAL MONETARY FUND.

In pursuance of the Law dated 9th June, 1969 the Bank may show as its own assets the rights held by the Belgian Government as a member of the International Monetary Fund, as they are defined in Article 2 of the said Law, in consideration of its assuming Belgium's obligations to supply Belgian currency, gold or foreign currencies to that international institution or its members.

The assets acquired or to be acquired by the Bank in application of these provisions and of the Conventions concluded with the Government ⁽¹⁾ are or will be shown under the following headings, each of them corresponding to the category of the Belgian Government's rights of which the Bank becomes the owner :

Q u o t a.

Belgium's quota in the International Monetary Fund amounts to \$ 422,000,000, that is the equivalent of B.Fr. 21,100,000,000.

The Bank is authorised to show as its own assets the rights which the Belgian Government holds « in respect of that part of its quota in the Fund which exceeds the latter's assets in Belgian francs ».

On 31st December, 1969 the « Quota » account amounted to Fr. 7,776,944,192

This amount corresponds to what it has been agreed to call the drawing rights in the « gold tranche » and in the « gold supertranche ».

On 31st December, 1968 the balance of the account reached Fr. 10,278,000,000

Between the ends of 1968 and 1969 it therefore decreased by Fr. 2,501,055,808

⁽¹⁾ Conventions of 7th October, 1969 and of 7th November, 1969, this latter having been published in the *Moniteur Belge* on 14th November, 1969.

which is explained by the following movements :

Minus :

a) Counterpart of the Belgian francs deposited on the Fund's account at the Bank at the date of the change in the arrangements ⁽¹⁾ Fr.	211,443,267
b) Belgium's drawing on the International Monetary Fund Fr.	2,325,000,000
c) Repayments effected in Belgian francs by the following countries :	
Burundi Fr.	9,000,000
Chile Fr.	115,000,000
Colombia Fr.	630,000,000
Costa Rica Fr.	25,000,000
Spain Fr.	104,905
Finland Fr.	350,000,000
Guatemala Fr.	82,500,000
Honduras Fr.	80,000,000
India Fr.	295,000,000
Panama Fr.	8,500,000
Democratic Republic of the Congo Fr.	223,387
United Kingdom Fr.	2,550,000,000
Rwanda Fr.	25,000,000
Tunisia Fr.	70,000,000
Turkey Fr.	4,000,000
	Fr. 4,244,328,292
Carried forward (<i>minus</i>) . . . Fr.	6,780,771,559

⁽¹⁾ Under the arrangements previous to the Law of 9th June, 1969 the Bank was subrogated in the Belgian Government's claim on the International Monetary Fund for the nominal value of the payments made by the Bank to the Fund in relief of the Belgian Government, including the Belgian francs maintained by the Fund on account at the Bank.

	Brought forward (<i>minus</i>) . . Fr.	6,780,771,559
<i>Plus :</i>		
a)	Belgium's repurchase of part of the Fund's assets in Belgian francs Fr.	1,643,750,000
b)	Belgian franc drawings on the Fund : Federal Republic of Ger- many Fr.	2,500,000,000
c)	The Fund's own expenditure Fr.	3,500,000
d)	Payment to the Belgian Treasury of Belgium's share in the distribution of the Fund's net income for the year which ended on 30th April, 1969 (Art. XII, section 6/b) Fr.	132,465,751
	<i>plus</i> . . Fr.	4,279,715,751
	<i>Net decrease</i> . . Fr.	2,501,055,808

L o a n s .

Under this heading there will be comprised the claims for repayment of the loans granted to the International Monetary Fund, in pursuance of the decision adopted on 5th January, 1962 by the Executive Board of the Fund, concerning the General Arrangements to Borrow, to which decision Belgium assented by the Law of 4th January, 1963.

The Bank in fact undertook,

- on the one hand to transfer to the Fund, by way of loan, the amounts of Belgian francs for which the Fund might call,
- and on the other hand to transfer the necessary Belgian francs or foreign currencies, to a state participating in the said Arrangements, if Belgium should take over all or part of the loans which that state had itself granted.

The whole of the operations could relate to a maximum amount of seven and a half billion Belgian francs.

On 31st December, 1968 the loans granted by Belgium to the International Monetary Fund amounted to Fr. 4,975,000,000; they were repaid in the course of 1969.

On 31st December 1969 there were no operations current.

Special Drawing Rights.

The Bank will show the special drawing rights in this item as and when they are allocated to Belgium by the International Monetary Fund. From the item there will be deducted any rights which this latter may eventually cancel.

The allocations will not entail any payment to the Fund at the time when they are made.

Since Belgium would have to pay to the Fund an amount equal to its net cumulative allocation if it withdrew from the system or on liquidation of the special drawing account, it will be necessary to enter the counterpart on the liabilities side in an account at indefinite term entitled : « International Monetary Fund : Special Drawing Rights, Net Cumulative Allocation ».

As regards the special drawing rights acquired from participant member countries or other holders of special drawing rights, in exchange for effectively convertible currencies, they will contribute towards increasing the asset item « Special Drawing Rights ».

Belgium's utilisation of special drawing rights will operate in the opposite direction.

The difference between the asset item « Special Drawing Rights » and the liability item « International Monetary Fund : Special Drawing Rights, Net Cumulative Allocation » will reflect Belgium's position in the system of special drawing rights.

A first allocation of special drawing rights took place on 1st January, 1970 for an amount of Fr. 3,544,800,000, that is the equivalent in Belgian

francs of \$ 70,896,000, corresponding to 16.8 p.c. of Belgium's \$ 422,000,000 quota.

TOTAL COVER ITEMS.

The Law of 9th June, 1969 concerning Belgium's assent to the amendment of the Agreement which created the International Monetary Fund and concerning the monetary system widened, in its Article 4, the definition of the cover for the Bank's sight liabilities.

According to Article 30 of the Statutes, brought into conformity with the said Law, the total assets grouped under this head must cover the total sight liabilities to the extent of at least one-third.

On 31st December, 1969 the cover items totalled Fr. 83,724,158,394

The proportion of cover accordingly works out at 44.44 p.c.

FOREIGN CURRENCIES.

FOREIGN CURRENCIES AND GOLD RECEIVABLE AND TO BE DELIVERED ⁽¹⁾.

The position of the Bank's assets and liabilities in foreign currencies changed as follows :

	On 31st December, 1968	On 31st December, 1969
Foreign Currencies Fr.	18,087,032,843	35,618,472,043
Foreign Currencies and Gold Receivable ⁽²⁾ Fr.	12,326,729,362	17,509,800,735
Total . . Fr.	30,413,762,205	53,128,272,778
Foreign Currencies and Gold to be delivered ⁽²⁾ Fr.	30,664,690,927	51,767,241,429
Net position . . Fr.	250,928,722	1,361,031,349

⁽¹⁾ See page 146 of this Report.

⁽²⁾ The transactions current are all in foreign currencies.

The assets in foreign currencies held or receivable cover liabilities which result from forward transactions concluded with the Belgian Treasury, Belgian banks and foreign banks.

On 31st December, 1969 such assets exceeded the liabilities by Fr. 1,361,031,349, which represents the Bank's position in foreign currencies.

INTERNATIONAL AGREEMENTS.

Following are the details proper to each of the two items, showing no balance in the present Balance Sheet, which are comprised under this head ⁽¹⁾ :

E u r o p e a n M o n e t a r y A g r e e m e n t .

It applies to Belgian franc advances granted by the Bank to other Central Banks in accordance with the stipulations of the Agreement dated 5th August, 1955, in conformity with the provisions of the Convention of 16th April, 1959, concluded with the Belgian Government ⁽²⁾, and at the rate fixed by the Board of Management of the European Monetary Agreement. Since February, 1960 this rate has remained unchanged at 3 p.c.

The advance facilities opened by the European Monetary Agreement have not been used since 1st April, 1963.

O t h e r A g r e e m e n t s .

This item is reserved for recording foreign currency or Belgian franc claims on countries, other than those taking part in the European Monetary Agreement, with which Belgium has concluded payment agreements.

⁽¹⁾ Accounts opened pursuant to the Law of 28th July, 1948.

⁽²⁾ See the Report on the activities of the Bank in 1959, pages 96 and 97.

The advances 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⁾.

DEBTORS IN RESPECT OF FOREIGN EXCHANGE AND GOLD AT FORWARD DATES ⁽²⁾.

The liabilities to the Bank undertaken by purchasers of foreign currencies or of gold ⁽³⁾, 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 ».

These liabilities stood in the Balance Sheet as at 31st December, 1969 at a sum of Fr. 34,015,483,749

On 31st December, 1968 they amounted to . Fr. 18,256,075,525

COMMERCIAL BILLS.

In the holding of commercial bills the discounted Belgian franc bills, payable in Belgium and abroad, are grouped.

The figures at 31st December, 1968 and at 31st December, 1969 compare as follows :

	On 31st December, 1968	On 31st December, 1969
Bills on Belgium ⁽⁴⁾ Fr.	26.692,408,539	18,634,223,545
Belgian franc bills on foreign countries Fr.	1,756,958	4,271,104
Total . . Fr.	26,694,165,497	18,638,494,649

⁽¹⁾ See the Report on the activities of the Bank in 1959, page 100.

⁽²⁾ See page 146 of this Report.

⁽³⁾ The transactions current are all in foreign currencies.

⁽⁴⁾ Of which certified acceptances :

— export Fr.	14,130,162,206	9,671,112,002
— import Fr.	3,302,000,000	2,913,457,041

ADVANCES AGAINST PLEDGED SECURITY.

The amount of the advances against pledged security has been subdivided according to the categories of commitment.

Between the ends of 1968 and 1969 the distribution changed as follows :

	On 31st December, 1968	On 31st December, 1969
Institutions Governed by a Special Law Fr.	492,681	18,310,670
Banks Fr.	530,801,079	9,084,887
Enterprises and Individuals . Fr.	40,583,307	19,761,811
Total . . Fr.	571,877,067	47,157,368

PUBLIC SECURITIES.

The Conventions of 14th September, 1948, 15th April, 1952 and 30th March, 1968, concluded in conformity with Article 20 of the Statutes, govern the conditions for admissibility of the securities which are comprised in this item.

The last Convention, which was concluded on 30th March, 1968 and came into force on 1st September, 1968, fixes their maximum amount at . . . Fr. 16,533,000,000
— this includes the credit line, placed by the Bank at the Luxemburg Government's disposal, namely . Fr. 533,000,000

Belgian Public Securities.

On 31st December, 1969 the Bank held Fr. 15,550,000,000 of Belgian Treasury Certificates as against Fr. 14,675,000,000 on 31st December, 1968.

Luxemburg Public Securities.

On 31st December, 1969 the Bank held no Luxemburg Government Treasury Bills; on 31st December, 1968 it had held such bills totalling Fr. 200,000,000.

TREASURY NOTES AND COIN.

The Bank's holding of Treasury notes and coin is made up as follows :

	On 31st December, 1968	On 31st December, 1969
Divisional currency :		
Treasury notes Fr.	171,635,890	185,439,480
Silver coin Fr.	50,824,850	22,519,850
Small coin Fr.	44,025,734	73,486,038
	<hr/>	<hr/>
Fr.	266,486,474	281,445,368

The provisions applicable to the arrangement for repaying the excess over the contractual limit of Fr. 700 million ⁽¹⁾ have not operated since 1959.

BALANCES AT THE POSTAL CHEQUE OFFICE.

The Bank's balances at the Postal Cheque Office amount to Fr.	1,440,318
against, on 31st December, 1968, Fr.	1,878,230

CONSOLIDATED CLAIM ON THE GOVERNMENT.

The Bank's consolidated claim on the Government, originally Fr. 35 billion, is unchanged 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.

⁽¹⁾ See the Report on the activities of the Bank in 1962, page 140.

PUBLIC LONG-TERM SECURITIES.

The holding of public long-term and other securities acquired under Articles 18 and 21 of the Statutes, shown in account at their purchase price, amounted :

on 31st December, 1969 to	Fr.	3,632,825,859
against, on 31st December, 1968	Fr.	3,514,529,092

ITEMS RECEIVABLE.

The « Items Receivable » appeared in the Balance Sheet on 31st December, 1969 at	Fr.	923,001,206
against, on 31st December, 1968	Fr.	961,034,749

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

PREMISES, FURNITURE AND EQUIPMENT.

The value of land and buildings appeared in the Balance Sheet for 31st December, 1969 at	Fr.	2,104,985,102
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In the Balance Sheet for 31st December, 1968 it stood at	Fr.	2,063,584,147
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The item « Premises, Furniture and Equipment » thus increased by	Fr.	41,400,955
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Execution of the programme for modernising the installations was continued.

The fifth floor, erected on a part of the Head Office building, has reached the stage of completion.

The Audenarde agency is moving into its new premises. Renovation of the Antwerp branch is ending. At Charleroi the second phase of rebuilding will be finished in 1970; the same will apply to modernisation of the agencies at Huy and La Louvière.

Other projects for rebuilding or modernising agencies appear in the premises programme. Their execution is regulated with due allowance for local needs and for the trend of economic activity.

The furniture and equipment, having been completely written off, is shown « pro memoria ».

SECURITIES OF THE STAFF PENSION FUND.

This item, which includes public securities shown at their purchase price, has on the liabilities side its counterpart entitled « Staff Pension Fund ».

On 31st December, 1969 it totalled Fr.	2,857,870,303
against, on 31st December, 1968 Fr.	2,583,383,790

The increase on the year results from the grants paid by the Bank, from interest, from the premiums received and lottery prizes collected during the year, and from the deductions from staff salaries and wages, less the out-payments effected by the Fund.

ASSETS WRITTEN OFF PENDING COLLECTION.

Under the heading « Assets Written Off Pending Collection » there are entered, « pro memoria », those assets and claims which cannot serve as counterpart for the Bank's sight liabilities because of uncertainty as to the date when they can be collected, or as to whether they can be collected at all.

TRANSITORY ASSETS.

On 31st December, 1969 the Transitory Assets consisted of the following :

a) Fractional interest receivable on bills held . . Fr.	2,587,335
b) Fractional interest receivable on investments abroad Fr.	516,886,201
c) Fractional interest receivable on public long-term securities acquired in accordance with the Statutes Fr.	86,794,059
d) Provisions for making bank notes and printer's sundries, and for the Bank's services Fr.	51,507,125
e) Residue, to be carried forward to 1970, of the anticipated payment made in July, 1969 with regard to Corporation Tax Fr.	120,000,000
f) Securities of the Centenary Fund. The income on this Fund, which was created on the occasion of the Bank's Centenary and completed in 1964, 1968 and 1969, permits the awarding of prizes to encourage studies pursued by children of members of the staff as well as the payment of rewards for useful suggestions Fr.	30,061,318
g) Value of the Collections. Inventoried under this heading at their purchase price are the acquisitions effected, since 1952, of coins and other objects which are of a monetary character and relate to the history of our country's currency, credit and finances, and more particularly to the history of the Bank Fr.	14,670,432

The counterpart of the two items f) and g) appears among the Transitory Liabilities.

Total . . Fr.	822,506,470
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LIABILITIES

BANK NOTES IN CIRCULATION.

On 31st December, 1969 the amount of the Bank's notes in circulation was Fr. 183,002,000,800

On 31st December, 1968 it was Fr. 183,243,428,400

The breakdown by denominations was as follows :

Fr. 1,000	. . . . .	Fr. 164,803,063,000		164,377,789,000
Fr. 500	. . . . .	Fr. 9,841,549,500		9,664,412,500
Fr. 100	. . . . .	Fr. 8,598,815,900		8,959,799,300
		Total . . Fr.	183,243,428,400	183,002,000,800

CURRENT AND SUNDRY ACCOUNTS.

The balances on « Current and Sundry Accounts » compare with a year previously as follows :

	On 31st December, 1968	On 31st December, 1969
Public Treasury, Ordinary		
Account Fr.	3,817,424	24,948,612
Public Treasury, Exceptional		
Counter-Cyclical Tax ⁽¹⁾ . . Fr.	8,934,718	8,184,718
Carried forward . . Fr.	12,752,142	33,133,330

⁽¹⁾ The Law of 12th March, 1957 lays down in its Article 7, that the proceeds receivable from this tax are to be credited in full to a special account which is to be shown under a separate heading in the Bank's returns and Balance Sheets.

Brought forward . . . Fr.	12,752,142	33,133,330
Banks in Foreign Countries, Ordinary Accounts Fr.	676,998,801	382,489,021
Institutions Governed by a Special Law Fr.	482,911,563	292,381,050
Banks in Belgium Fr.	857,492,832	954,144,155
Enterprises and Individuals . Fr.	327,673,107	212,161,060
Items Payable Fr.	876,859,724	3,053,112,719
Fr.	<u>3,234,688,169</u>	<u>4,927,421,335</u>

Under the head « Items Payable » there appear certain liabilities, denominated in Belgian francs, such as : letters of credit, cheques payable at a place other than that at 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.

The accounts concerning liabilities to foreign countries under international agreements ⁽¹⁾ appear as follows :

	On 31st December, 1968	On 31st December, 1969
European Monetary Agreement Fr.	255,714,442	147,936,141
Other Agreements Fr.	224,299,049	318,405,405
Fr.	<u>480,013,491</u>	<u>466,341,546</u>

TOTAL SIGHT LIABILITIES.

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

⁽¹⁾ Accounts opened pursuant to the Law of 28th July, 1948.

On 31st December, 1969 they amounted to Fr. 188,395,763,681 against Fr. 186,958,130,060 on 31st December, 1968.

INTERNATIONAL MONETARY FUND :

Special Drawing Rights, Net Cumulative Allocation.

The movement of the entries which relate to this item is explained in connection with the asset item : « International Monetary Fund : Special Drawing Rights » ⁽¹⁾.

BELGIAN BANKS, MONETARY RESERVE.

Under this heading there is no balance in this year's Balance Sheet.

FOREIGN CURRENCIES AND GOLD TO BE DELIVERED ⁽²⁾.

The countervalue of the liabilities shown on 31st December, 1969 in the item « Foreign Currencies and Gold to be Delivered » ⁽³⁾ was Fr. 51,767,241,429 against Fr. 30,664,690,927 a year before.

Apart from a small amount for spot settlement these liabilities consisted of foreign currencies deliverable at forward dates, either against other foreign currencies following arbitrage transactions effected by the Bank or against Belgian francs following transfers to the Belgian Treasury, to Belgian banks and to foreign banks.

Their counterpart appears on the assets side under the headings « Foreign Currencies and Gold Receivable » and « Debtors in respect of Foreign Exchange and Gold at Forward Dates ».

⁽¹⁾ See page 135 of this Report.

⁽²⁾ See pages 136 and 138 of this Report.

⁽³⁾ The transactions current are all in foreign currencies.

STAFF PENSION FUND.

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

It amounted on 31st December, 1969 to . . . Fr.	2,857,870,303
against, on 31st December, 1968 Fr.	2,583,383,790

TRANSITORY LIABILITIES.

On 31st December, 1969 the Transitory Liabilities were as follows :

a) Unaccrued discount on bills and on Treasury Certificates held Fr.	147,386,256
b) Centenary Fund Fr.	30,061,318
c) Collections Fr.	14,670,432
The counterpart of the two items <i>b)</i> and <i>c)</i> is in the Transitory Assets.	
d) Provision for Taxes ⁽¹⁾ Fr.	477,084,977
e) Provision for expenses of acquiring, selling and shipping gold ⁽¹⁾ Fr.	100,000,000
f) Provision for building of premises and purchasing of furniture and equipment ⁽¹⁾ Fr.	453,530,556
g) Provision against Sundry Contingencies ⁽¹⁾ . . Fr.	1,350,000,000
Total . . Fr.	<u>2,572,733,539</u>

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.

⁽¹⁾ See pages 161, 162 and 163 of this Report.

RESERVE FUND.

The Reserve Fund, which is provided under Article 14 of the Bank's Statutes, comprises the following items :

	On 31st December, 1968	On 31st December, 1969
Statutory Reserve Fr.	769,163,987	808,982,094
Extraordinary Reserve Fr.	518,168,345	530,385,511
Account for Depreciation of Premises, Furniture and Equipment Fr.	1,905,851,996	1,945,921,827
Total Fr.	3,193,184,328	3,285,289,432

The increase represents the part accruing to the Statutory Reserve in the distribution of profits as at 31st December, 1968, a transfer to the Extraordinary Reserve, and the depreciation applied to premises as on 31st December, 1969.

The transfer on 31st December, 1969 to the Extraordinary Reserve, namely Fr. 12,217,166, is the subject of comment in the analysis of the Profit and Loss Account ⁽¹⁾.

The difference between the amount of the asset « Premises, Furniture and Equipment » and that of the liability « Account for Depreciation of Premises, Furniture and Equipment », namely a sum of Fr. 159,063,275, represents the valuation of the land in the Bank's books.

NET PROFIT FOR DISTRIBUTION.

The favourable balance on the Profit and Loss Account, which forms the profit to be distributed in accordance with Article 38 of the Statutes, amounts to Fr. 448,743,180 as against Fr. 421,410,613 on 31st December, 1968.

⁽¹⁾ See page 160 of this Report.

MEMORANDUM ACCOUNTS

MINISTER OF NATIONAL EDUCATION :

Balance for his account at the Postal Cheque Office (Schools Pact).

The Memorandum Account « Minister of National Education : Balance for his account at the Postal Cheque Office (Schools Pact) » is published in the Bank's weekly return below the total of the liabilities ⁽¹⁾.

Its counterpart « Postal Cheque Office : Balance for account of the Minister of National Education (Schools Pact) » appears in the weekly return below the total of the assets Fr. 2,649,383,001

DOCUMENTARY CREDITS OPENED.

Under the head « Documentary Credits Opened » there appear the import credits opened by the Bank for Belgian companies or firms which are customers of its Discount Agencies, as well as the export credits opened by foreign banks Fr. 2,602,115

⁽¹⁾ Account opened pursuant to the Law of 29th May, 1959, Article 15.

CERTIFICATION OF ACCEPTANCES RELATING TO EXPORTS AND IMPORTS.

The bank or commercial acceptances which were in circulation on 31st December, 1969 ⁽¹⁾ and were certified by the Bank, which thereby 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. 22,472,582,175

GUARANTEES GIVEN ON BEHALF OF THE STAFF.

The guarantees, given by the Bank to certain Discount Agencies in respect of loans granted by the General Saving and Pensions Fund to members of the Bank's staff to enable them to build or buy their house, amounted to Fr. 352,091,551

COMMITMENT TOWARDS THE NATIONAL FOUNDATION FOR FINANCING SCIENTIFIC RESEARCH.

In 1959 the Bank undertook a commitment to subscribe, in ten Fr. 60,000,000 tranches, for Fr. 600,000,000 of the Fr. 3,000,000,000 loan to be issued by the National Foundation for Financing Scientific Research. In addition it agreed in 1962 to

⁽¹⁾ Other than those forming part of the Bank's portfolio (see page 138 of this Report), namely :

		On 31st December, 1968	On 31st December, 1969
Certified acceptances :			
— export	Fr.	9,130,288,984	15,830,655,871
— import	Fr.	5,071,983,307	6,641,926,304
	Fr.	14,202,272,291 ^(°)	22,472,582,175 ^(°)

^(°) Including those due within 120 days from Balance Sheet date : 7,091,445,760 11,774,674,502

take the place, to the extent of Fr. 30,000,000, of a subscriber who wished to be partly discharged from his undertaking.

The Bank's subscription has been paid to a total extent of Fr. 566,250,000. Accordingly there remains payable Fr. 63,750,000

The tenth and last tranche will be paid at the beginning of 1970.

SECURITIES RECEIVED BY WAY OF GUARANTEE.

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

Cover for advance limits against Pledged Security	Fr.	23,915,086,870
Guarantees given by persons lodging bills for discount	Fr.	7,859,000
Cover provided in Public Securities by Borrowers of Call Money	Fr.	3,958,816,000
Sundry Guarantees	Fr.	783,175,366
Total	Fr.	28,664,937,236

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

ITEMS FOR COLLECTION.

The items — commercial bills, foreign currencies, etc. — which had been lodged for collection by holders of current accounts or by foreign correspondents amounted on 31st December, 1969 to Fr. 21,428,105

DEPOSITS OF SECURITIES.

The breakdown of these deposits is as follows :

International Monetary Fund	Fr.	13,112,000,000	
International Development Association	Fr.	487,000,000	
Asian Development Bank	Fr.	49,300,000	
Other Deposits	Fr.	95,095,198,437	
		<hr/>	
	Total . . Fr.		108,743,498,437

PUBLIC TREASURY.

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

Sundry Securities owned by the Government :

Preference Shares of the Belgian National Railways Company	Fr.	5,000,000,000	
Ordinary Shares of the Belgian National Railways Company	Fr.	1,000,000,000	
		<hr/>	
Carried forward	Fr.	6,000,000,000	

Brought forward . . Fr.	6,000,000,000	
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.	1,318,070,348	
4.50 p.c. Certificates of the National Housing Company . Fr.	3,752,666,000	
4.50 p.c. Certificates of the Na- tional Smallholders' Company Fr.	423,286,000	
Sundry Items Fr.	1,942,722,207	
		Fr. 14,075,049,742

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

Items lodged by outside parties Fr.	16,996,058,511	
Service of the Registered Debt Fr.	67,314,739,300	
Deposit and Consignment Office Fr.	97,156,478,953	
Items lodged by way of Guarantee Fr.	6,383,107,088	
		Fr. 187,850,383,852

*Securities lodged in pursuance of the provisions
regarding the cancellation of undeclared Belgian
bearer securities ⁽¹⁾ Fr.*

78,248

Carried forward . . Fr. 201,925,511,842

(¹) Pursuant to the Regent's Decree of 17th January, 1949.

Brought forward . . Fr.	201,925,511,842
<i>Items to be delivered</i> Fr.	10,297,845,724
<i>Monetary Fund :</i>	
Public Long-term Securities Fr.	1,989,280,325
Total . . Fr.	<u>214,212,637,891</u>

SECURITIES STABILISATION FUND.

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. 12,543,311,065

GENERAL SAVINGS AND PENSIONS FUND.

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

<i>Provisional investments</i> Fr.	70,866,672,251
<i>Cover for Loans</i> Fr.	19,769,200
<i>Guarantee Deposits</i> Fr.	403,658,815
Total . . Fr.	<u>71,290,100,266</u>

PROFIT AND LOSS ACCOUNT

CREDIT

DISCOUNT AND INTEREST.

	On 31st December, 1968	On 31st December, 1969
Fr.	886,037,441	2,587,387,307

There appears in a separate item, on the debit side of the Profit and Loss Account, that part of the proceeds obtained from discount, advance and loan operations which is allocated to the Government in accordance with Article 37 of the Statutes ⁽¹⁾, namely :

	On 31st December, 1968	On 31st December, 1969
Fr.	171,640,252	1,266,420,713

	On 31st December, 1968	On 31st December, 1969
There remains for the Bank . Fr.	714,397,189	1,320,966,594

The increase on the year of the part falling to the Bank therefore amounts to Fr. 606,569,405

It is attributable to the average level, appreciably higher in 1969 than in 1968, of the total discount transactions allowed.

⁽¹⁾ See page 160 of this Report.

EXCHANGE AND INCOME FROM INVESTMENTS ABROAD.

	On 31st December, 1968	On 31st December, 1969
Fr.	1,314,516,429	820,461,374

These figures have been reached after deduction of an amount due to the Government by reason of the change made in the terms governing forward exchange cover provided by the Bank in connection with the Treasury's operations ⁽¹⁾. In 1968 this amount was Fr. 58,632,729; in 1969 it reached Fr. 406,645,538 owing to the rise in the average net rate obtained on the investments forming the counterpart of the Bank's liabilities to the Treasury.

The decrease between 1968 and 1969 in the amount accruing to the Bank is explained by the fact that the latter was obliged, during a certain period in 1969, to make use of facilities afforded by its swap agreements with the Federal Reserve Bank of New York.

FEEES FOR SAFE CUSTODY, COMMISSIONS AND ALLOWANCES.

	On 31st December, 1968	On 31st December, 1969
Fr.	170,741,114	186,376,906

The commissions received by the Bank cover the expenses entailed by various services rendered for account of outside parties.

The round-sum allocation of Fr. 34,000,000 on the Bank's consolidated claim on the Government, not productive of interest, for partly reimbursing the expenses of maintaining the note and coin circulation, appears among the allowances.

INCOME ON PUBLIC LONG-TERM SECURITIES.

	On 31st December, 1968	On 31st December, 1969
Fr.	161,109,401	171,992,701

⁽¹⁾ See the Report for 1966, page 119.

The holding of public long-term securities and other securities acquired in accordance with the Statutes rose on the year from Fr. 3,515,000,000 to Fr. 3,633,000,000; the income on this holding increased by Fr. 10,883,300 as against Fr. 1,796,095 in 1968.

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

	On 31st December, 1968	On 31st December, 1969
Fr.	19,623,623	19,385,642

This profit results from the collection of bonds drawn for redemption or repaid at maturity, as well as from switching operations designed to increase the total return on the holding.

AMOUNTS COLLECTED ON ASSETS WRITTEN OFF PENDING
COLLECTION.

	On 31st December, 1968	On 31st December, 1969
Fr.	2,168,793	1,901,882

The sums received in 1969 represent receipts arising from the sale of assets which had been written off and had become useless to the Bank.

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

	On 31st December, 1968	On 31st December, 1969
Fr.	62,631,270	40,069,831

The object of the transfer on 31st December, 1969 from the « Provision for Building of Premises and Purchasing of Furniture and Equipment » was to meet the capital expenditure effected in the course of the year on new buildings.

DEBIT

GENERAL EXPENSES.

	On 31st December, 1968	On 31st December, 1969
Fr.	762,775,347	801,565,346

The expenditure relating to remuneration of the staff represents the greater part of the General Expenses.

Changes in the staff, in their remuneration and in social charges are therefore a crucial factor.

Thanks to a constant effort to improve productivity it proved possible to keep the staff at their previous number despite the great increase of activity in several departments. On the other hand to the effect of a programmed pay rise in the banking sector on 1st January, 1969 there was added that of two sliding scale increases due to the rise of prices. The rates of social security contributions, and the limits of salary below which they are charged, were moreover raised.

The amount of the General Expenses includes the cost of the services which the Bank renders free of charge, including its services as Cashier to the Government and to the Securities Stabilisation Fund.

ORDINARY GRANT TO THE STAFF PENSION FUND.

	On 31st December, 1968	On 31st December, 1969
Fr.	74,775,000	83,825,000

EXTRAORDINARY GRANT TO THE STAFF PENSION FUND.

	On 31st December, 1968	On 31st December, 1969
Fr.	102,000,000	68,000,000

The ordinary grant to the Staff Pension Fund depends on total salaries and wages. The provision of an extraordinary grant is the corollary to the increase of pay; its object is to raise the actuarial reserves to the level required in order to cover pensions which are not yet running.

DEPRECIATION OF PREMISES, FURNITURE AND EQUIPMENT.

	On 31st December, 1968	On 31st December, 1969
Fr.	148,279,862	106,804,238

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

The expenditure for the year 1969 was apportioned as follows :

Expenditure relating to buildings in course of construction at Brussels and in the provinces . . Fr.		40,069,831
Work on modernising premises Fr.	31,354,113	
Purchases of equipment for the printing works, technical departments and offices . . Fr.	28,491,659	
Carried forward . . Fr.	59,845,772	40,069,831

Brought forward . . Fr.	59,845,772	40,069,831
Purchases of furniture for the offices at Brussels and in the provinces Fr.	6,888,635	
	<u>Fr.</u>	<u>66,734,407</u>
Total . . Fr.		106,804,238

AMOUNT DUE TO THE GOVERNMENT.

	On 31st December, 1968	On 31st December, 1969
Fr.	171,640,252	1,266,420,713

In accordance with Article 37 of the Statutes the difference between the rate charged by the Bank on its discount, advance and loan transactions, and interest at 3 p.c., is allocated to the Government.

Owing to the very considerable expansion in the total amount of business done, and to the progressive rise in the rate of discount, the part payable to the Government in 1969 is much greater than that which it received in 1968.

TRANSFERRED TO THE EXTRAORDINARY RESERVE.

	On 31st December, 1968	On 31st December, 1969
Fr.	15,946,997	12,217,166

The 1969 transfer to the Extraordinary Reserve corresponds to the part which is exempt from tax, provided that it remains unavailable, of the profit realised on sale and encashment of public securities held and on the sale of a piece of land in the provinces ⁽¹⁾.

⁽¹⁾ Articles 34 and 105 of the Income Taxes Code.

ALLOCATION OF THE PROFIT.

After the transfer to the Extraordinary Reserve the favourable balance on the Profit and Loss Account is Fr. 1,488,743,180

It has been allocated as follows :

Transferred to the Transitory Liabilities as :

Provision for Taxes	Fr.	575,000,000
Provision for Expenses of Acquiring, Selling and Shipping Gold	Fr.	20,000,000
Provision for Building of Premises and Purchasing of Furniture and Equipment	Fr.	190,000,000
Provision against Sundry Contingencies	Fr.	250,000,000
Centenary Fund	Fr.	5,000,000
	Fr.	<u>1,040,000,000</u>
<i>Net Profit for Distribution</i>	Fr.	<u>448,743,180</u>
Total	Fr.	1,488,743,180

The detailed position of the first four transitory items, shown above, is as follows ⁽¹⁾ :

a) *Provision for Taxes.*

On 31st December, 1968	Fr.	845.865,556
Tax payments made in 1969, namely the Preliminary Land and Buildings Tax and sundry taxes	Fr.	13,780,579
Provision for Corporation Tax, covered by an anticipated payment :		
— Year 1968	Fr.	450,000,000
— Year 1969	Fr.	<u>480,000,000</u>
Carried forward	Fr.	97,915,023

⁽¹⁾ The overall position of the « Centenary Fund » is given on page 147 of this Report.

Brought forward . — Fr.	97,915,023
Transferred by the debit of the Profit and Loss Account in order to cover the payment of future taxes . + Fr.	575,000,000
Balance on 31st December, 1969 Fr.	477,084,977

b) *Provision for Expenses of Acquiring, Selling and Shipping Gold.*

On 31st December, 1968 Fr.	80,000,000
Transferred by the debit of the Profit and Loss Account + Fr.	20,000,000
Balance on 31st December, 1969 Fr.	100,000,000

The amount of the provision as thus increased corresponds more closely to the needs with due regard for the trend in the costs of transport and insurance.

c) *Provision for Building of Premises and Purchasing of Furniture and Equipment.*

On 31st December, 1968 Fr.	303,600,387
Drawn in 1969 ⁽¹⁾ — Fr.	40,069,831
	Fr. 263,530,556
Transfer by the debit of the Profit and Loss Account + Fr.	190,000,000
Balance on 31st December, 1969 Fr.	453,530,556

The expenses which this provision is intended to meet relate to the modernising of branches and agencies in the provinces, and to the completion of work in progress at Brussels.

The execution of the building programme will be spread over several years, and will depend on the cyclical situation.

⁽¹⁾ See page 157 of this Report.

d) *Provision against Sundry Contingencies.*

On 31st December, 1968 Fr.	1,100,000,000
Transfer by the debit of the Profit and Loss Account + Fr.	<u>250,000,000</u>
Balance on 31st December, 1969 Fr.	1,350,000,000

The Provision against Sundry Contingencies was created at the end of 1957 in view of the risks inherent in the Bank's activity, and of the fluctuations to which its earnings are subject.

The provision of Fr. 1,350,000,000 represents 2 p.c. of the average amount, cumulated in 1969, of the commercial bill holding, of the foreign currency assets and of the transactions current in Belgian francs and in foreign currencies.

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 p.c. on the Nominal Capital Fr.	24,000,000
2. As to the rest, namely Fr. 424,743,180	
a) 10 p.c. to Reserve Fr.	42,474,318
b) 8 p.c. to the Staff Fr.	33,979,454
3. As to the remainder, namely Fr. 348,289,408	
a) To the Government, one-fifth Fr.	69,657,882
b) To the Shareholders, a Second Dividend . Fr.	277,975,535
c) The balance to Reserve Fr.	<u>655,991</u>
<i>Total Net Profit to be distributed . . Fr.</i>	<i>448,743,180</i>

DIVIDEND DECLARED FOR THE YEAR 1969

First Dividend, Total	Fr.	24,000,000
Second Dividend, Total	Fr.	277,975,535
	Total . . Fr.	301,975,535

on 400,000 Shares, that is per Share a Dividend of . Fr. 754.94

Coupon No. 168 will be payable with effect from 1st March, 1970 at the rate of Fr. 610, free of Preliminary Income Tax.

Since the Net Dividend amounts to Fr. 610, the taxable income per Share to be declared by individuals for tax purposes is Fr. 925.90 ⁽¹⁾, including the tax relief and the Preliminary Income Tax.

The Council of Regency :

Franz DE VOGHEL, *Vice-Governor*,
 Cecil de STRYCKER, *Director*,
 Paul CALLEBAUT, *Director*,
 Roland BEAUVOIS, *Director*,
 Elisabeth MALAISE, *Director*,
 Henri VLOEBERGHES, *Director*,
 August COOL, *Regent*,
 Robert VANDEPUTTE, *Regent*,
 Roger DE STAERCCKE, *Regent*,
 Constant BOON, *Regent*,
 Henri LEMAIRE, *Regent*,
 Willy SCHUGENS, *Regent*,
 Henri CAPPUYNS, *Regent*,
 Lucien BOËL, *Regent*,
 Louis VAN HELSHOECHT, *Regent*,
 Roger RAMAEKERS, *Regent*.

The Governor,
 Baron ANSIAUX.

(1) To be shown in Section IV of individuals' tax declaration :

Income from Shares		Fr. 610.—
Tax relief	$\frac{610 \times 15}{56}$	Fr. 163.40
Preliminary Income Tax	$\frac{610 \times 1}{4}$	Fr. 152.50
		Fr. 925.90

Balance Sheet

Profit and Loss Account

Memorandum Accounts

With a view to simplification it has been deemed desirable no longer to indicate the references to the Laws and Conventions which had appeared up till now under certain items in the Balance Sheet, the Profit and Loss Account and the Weekly Returns.

These indications do appear, however, in the part of the Report devoted to analysis of the Balance Sheet and of the Profit and Loss Account. Readers may refer to them there.

ASSETS

BALANCE SHEET AS

Gold Holding		75,947,214,202
International Monetary Fund :		
Quota		7,776,944,192
Loans		—
Special Drawing Rights		—
	Total Cover Items	83,724,158,394
Foreign Currencies		35,618,472,043
Foreign Currencies and Gold Receivable		17,509,800,735
International Agreements :		
European Monetary Agreement		—
Other Agreements		—
Debtors in respect of Foreign Exchange and Gold at Forward Dates		34,015,483,749
Commercial Bills		18,638,494,649
Advances against Pledged Security :		
Institutions Governed by a Special Law	18,310,670	
Banks	9,084,887	
Enterprises and Individuals	19,761,811	
		47,157,368
Public Securities :		
Belgian Public Securities		15,550,000,000
Luxemburg Public Securities		—
Treasury Notes and Coin		281,445,368
Balances at the Postal Cheque Office		1,440,318
Consolidated Claim on the Government		34,000,000,000
Public Long-term Securities		3,632,825,859
Items Receivable		923,001,206
Premises, Furniture and Equipment		2,104,985,102
Securities of the Staff Pension Fund		2,857,870,303
Assets Written Off Pending Collection		pro memoria
Transitory Assets		822,506,470
	Total Assets	249,727,641,564

AT 31ST DECEMBER, 1969

LIABILITIES

Bank Notes in Circulation		183,002,000,800
Current and Sundry Accounts :		
Public { Ordinary Account	24,948,612	
Treasury { Exceptional Counter-Cyclical Tax	8,184,718	
Banks in Foreign Countries, Ordinary Accounts	382,489,021	
Institutions Governed by a Special Law	292,381,050	
Banks in Belgium	954,144,155	
Enterprises and Individuals	212,161,060	
Items Payable	3,053,112,719	4,927,421,335
International Agreements :		
European Monetary Agreement	147,936,141	
Other Agreements	318,405,405	466,341,546
Total Sight Liabilities		188,395,763,681
International Monetary Fund :		
Special Drawing Rights, Net Cumulative Allocation		—
Belgian Banks, Monetary Reserve		—
Foreign Currencies and Gold to be Delivered		51,767,241,429
Staff Pension Fund		2,857,870,303
Transitory Liabilities		2,572,733,539
Capital		400,000,000
Reserve Fund :		
Statutory Reserve		808,982,094
Extraordinary Reserve		530,385,511
Account for Depreciation of Premises, Furniture and Equipment		1,945,921,827
Net Profit for Distribution		448,743,180
Total Liabilities		249,727,641,564

General Expenses	801,565,346
Ordinary Grant to the Staff Pension Fund	83,825,000
Extraordinary Grant to the Staff Pension Fund	68,000,000
Depreciation of Premises, Furniture and Equipment	106,804,238
Amount due to the Government :	
Produce, exceeding 3 %, of Discounts and Advances on Pledged Security	1,266,420,713
Transferred to the Extraordinary Reserve	12,217,166
Transferred to the Transitory Liabilities as :	
Provision for Taxes	575,000,000
Provision for Expenses of Acquiring, Selling and Shipping Gold	20,000,000
Provision for Building of Premises and Purchasing of Furniture and Equipment	190,000,000
Provision against Sundry Contingencies	250,000,000
Centenary Fund	5,000,000
Net Profit for Distribution	448,743,180
	3,827,575,643

MEMORANDUM ACCOUNTS

Minister of National Education :

Balance for his account at the Postal Cheque Office
(SchoolsPact)

Documentary Credits Opened

Certification of Acceptances relating to Exports and Imports

Guarantees given on behalf of the Staff

Commitment towards the National Foundation for Financing of Scientific Research

Securities received by way of Guarantee :

Cover for advance limits against Pledged Security
Guarantees given by persons lodging bills for discount
Securities provided by borrowers of Call Money
Sundry Guarantees

Guarantee Certificates received from the Public Treasury**Items for Collection****Deposits of Securities :**

International Monetary Fund
International Development Association
Asian Development Bank
Other Deposits

Public Treasury :

Sundry Securities owned by the Government :

Preference Shares of the Belgian National Railways Co.
Ordinary Shares of the Belgian National Railways Co.
Participating Debentures of the Belgian National Railways Co.

Treasury Bills of the Government of the Grand Duchy of Luxembourg (Belgian-Luxembourg Agreement)

4.50 % Certificates of the National Housing Co.

4.50 % Certificates of the National Smallholders' Co.

Sundry Items

Sundry Items for which the Government is the Depository :

Items lodged by outside parties

Service of the Registered Debt

Deposit and Consignment Office

Items lodged by way of Guarantee

Securities lodged in pursuance of the provisions regarding the cancellation of undeclared Belgian bearer securities

Items to be delivered

Monetary Fund : Public Long-term securities

Securities Stabilisation Fund**General Savings and Pensions Fund :**

Provisional Investments

Cover for Loans

Guarantee Deposits

Discount and Interest	2,587,387,307
Exchange and Income from Investments Abroad	820,461,374
Fees for Safe Custody, Commissions and Allowances	186,376,906
Income on Public Long-term Securities	171,992,701
Profit on Sale of, and Collection of Proceeds of, Securities	19,385,642
Amounts Collected on Assets Written Off Pending Collection	1,901,882
Transferred from the Transitory Liabilities Item « Provision for Building of Premises and Purchasing of Furniture and Equipment »	40,069,831
	<hr/>
	3,827,575,643

AS AT 31ST DECEMBER, 1969

.	2,649,383,001
.	2,602,115
.	22,472,582,175
.	352,091,551
.	63,750,000
.	23,915,086,870
.	7,859,000
.	3,958,816,000
.	783,175,366
	<hr/>
	28,664,937,236
.	1,020,000,000
.	21,428,105
.	13,112,000,000
.	487,000,000
.	49,300,000
.	95,095,198,437
	<hr/>
	108,743,498,437
5,000,000,000	
1,000,000,000	
638,305,187	
1,318,070,348	
3,752,666,000	
423,286,000	
1,942,722,207	14,075,049,742
16,996,058,511	
67,314,739,300	
97,156,478,953	
6,383,107,088	187,850,383,852
.	78,248
.	10,297,845,724
.	1,989,280,325
	<hr/>
	214,212,637,891
.	12,543,311,065
.	70,866,672,251
.	19,769,200
.	403,658,815
	<hr/>
	71,290,100,266

ANNEXES

BALANCE SHEETS COMPARED AS AT

ASSETS	1965	1966	1967	1968	1969
Gold Holding	77,913.1	76,232.6	73,962.9	76,175.1	75,947.2
International Monetary Fund :					
Quota					7,777.0
Loans					—
Special Drawing Rights					
Total Cover Items	77,913.1	76,232.6	73,962.9	76,175.1	83,724.2
Foreign Currencies	21,864.3	21,404.8	36,086.8	18,087.0	35,618.5
Foreign Currencies and Gold Receivable	9,682.3	11,477.1	12,468.5	12,326.7	17,509.8
Assets Abroad in Belgian Francs	1,500.0	1,500.0	3,000.0	—	—
International Agreements :					
European Payments Union	6.6	—	—	—	—
International Monetary Fund :					
— Quota	12,230.0	15,189.5	14,736.5	10,278.0	
— Loans	3,375.0	3,375.0	1,875.0	4,975.0	
Other Agreements	5.6	—	—	119.8	—
Debtors in respect of Foreign Exchange and Gold at Forward Dates	21,376.2	21,311.6	35,520.7	18,256.1	34,015.5
Commercial Bills	12,294.8	15,502.6	13,833.8	26,694.2	18,638.5
Advances against Pledged Security :					
Institutions Governed by a Special Law	—	320.9	319.2	0.5	18.3
Banks	2.1	1.0	12.1	530.8	9.1
Enterprises and Individuals	31.7	16.3	13.8	40.6	19.7
	33.8	338.2	345.1	571.9	47.1
Public Securities :					
Belgian Public Securities	9,025.0	9,575.0	2,650.0	14,675.0	15,550.0
Luxemburg Public Securities	—	—	—	200.0	—
Treasury Notes and Coin	455.4	301.7	319.8	266.5	281.4
Balances at the Postal Cheque Office	0.9	1.6	1.5	1.9	1.4
Consolidated Claim on the Government	34,000.0	34,000.0	34,000.0	34,000.0	34,000.0
Public Long-term Securities	2,952.8	3,196.8	3,366.9	3,514.5	3,632.8
Items Receivable	487.5	592.4	498.7	961.0	923.0
Premises, Furniture and Equipment	1,787.7	1,908.6	1,998.6	2,063.6	2,105.0
Securities of the Staff Pension Fund	1,804.0	2,035.6	2,328.8	2,583.4	2,857.9
Assets Written Off Pending Collection	p.m.	p.m.	p.m.	p.m.	p.m.
Transitory Assets	1,021.9	1,047.4	859.2	957.6	822.5
	211,816.9	218,990.5	237,852.8	226,707.3	249,727.6

LIABILITIES	1965	1966	1967	1968	1969
Bank Notes in Circulation	170,268.9	175,311.2	177,481.8	183,243.4	183,002.0
Current and Sundry Accounts :					
Public Treasury :					
Ordinary Account	17.8	12.1	1.7	3.8	24.9
Exceptional Counter-Cyclical Tax	13.7	13.3	9.7	8.9	8.2
Banks in Foreign Countries, Ordinary Accounts	393.7	389.9	316.5	677.0	382.5
Institutions Governed by a Special Law	270.3	216.4	153.6	482.9	292.4
Banks in Belgium	1,371.9	1,280.7	2,195.9	857.5	954.1
Enterprises and Individuals	209.5	293.3	308.1	327.7	212.2
Items Payable	485.9	490.6	548.6	876.9	3,053.1
	2,762.8	2,696.3	3,534.1	3,234.7	4,927.4
International Agreements :					
European Monetary Agreement	262.5	127.6	270.8	255.7	147.9
Other Agreements	217.0	324.9	326.5	224.3	318.4
	479.5	452.5	597.3	480.0	466.3
Total Sight Liabilities	173,511.2	178,460.0	181,613.2	186,958.1	188,395.7
International Monetary Fund :					
Special Drawing Rights, Net Cumulative Allocation					
Belgian Banks, Monetary Reserve	—	—	—	—	—
Foreign Currencies and Gold to be Delivered	31,150.6	32,799.7	48,217.9	30,664.7	51,767.3
Staff Pension Fund	1,804.0	2,035.6	2,328.8	2,583.4	2,857.9
Transitory Liabilities	1,832.2	1,985.5	1,819.4	2,486.5	2,572.7
Capital	400.0	400.0	400.0	400.0	400.0
Reserve Fund :					
Statutory Reserve	661.6	694.8	731.9	769.2	809.0
Extraordinary Reserve	469.9	481.8	502.2	518.2	530.4
Account for Depreciation of Premises, Furniture and Equipment	1,632.2	1,753.2	1,843.2	1,905.8	1,945.9
Net Profit for Distribution	355.2	379.9	396.2	421.4	448.7
	211,816.9	218,990.5	237,852.8	226,707.3	249,727.6

PROFIT AND LOSS ACCOUNTS COMPARED

DEBIT	1965	1966	1967	1968	1969
General Expenses	599.6	673.8	704.4	762.8	801.6
Ordinary Grant to the Staff Pension Fund	55.2	64.0	67.5	74.8	83.8
Extraordinary Grant to the Staff Pension Fund	92.5	115.0	165.0	102.0	68.0
Depreciation of Premises, Furniture and Equipment	114.6	181.6	163.1	148.3	106.8
Amount due to the Government :					
Produce, exceeding 3 %, of Discounts and Advances on Pledged Security	289.9	423.3	278.1	171.6	1,266.4
Transferred to the Extraordinary Reserve	134.9	11.9	20.5	15.9	12.2
Transferred to the Transitory Liabilities as :					
— Provision for Taxes	360.0	325.0	293.0	550.0	575.0
— Provision for Expenses of Acquiring, Selling and Shipping Gold	25.0	—	—	—	20.0
— Provision for Building of Premises and Purchasing of Furniture and Equipment	91.4	50.0	75.0	150.0	190.0
— Provision against Sundry Contingencies	120.0	150.0	150.0	200.0	250.0
— Centenary Fund	—	—	—	20.0	5.0
Net Profit for Distribution	355.2	379.9	396.2	421.4	448.7
	2,238.3	2,374.5	2,312.8	2,616.8	3,827.5

AS AT 31st DECEMBER (in millions of francs)

CREDIT	1965	1966	1967	1968	1969
Discount and Interest	798.3	1,068.1	802.5	886.0	2,587.4
Exchange and Income from Investments Abroad ⁽¹⁾	1,055.2	862.8	1,075.9	1,314.5	820.5
Fees for Safe Custody, Commissions and Allowances	135.1	149.4	156.2	170.8	186.3
Income on Public Long-term Securities	147.7	155.7	159.3	161.1	172.0
Profit on Sale of, and Collection of Proceeds of, Securities	21.1	16.7	28.5	19.6	19.3
Amounts Collected on Assets Written Off Pending Collection	4.9	0.8	0.4	2.2	1.9
Transferred from the Transitory Liabilities Item « Provision for Building of Premises and Purchasing of Furniture and Equipment »	76.0	121.0	90.0	62.6	40.1
	2,238.3	2,374.5	2,312.8	2,616.8	3,827.5

⁽¹⁾ After deduction of Fr. 265.8 million in 1966, Fr. 285.2 million in 1967, Fr. 58.6 million in 1968 and Fr. 406.6 million in 1969, paid to the Government in application of the terms for forward exchange cover provided by the Bank in connection with the Treasury's operations (see the Report for the year 1966, page 119).

MISCELLANEOUS INFORMATION

	1965	1966	1967	1968	1969
Gross dividend declared per share	603.04	639.88	670.28	711.56	754.94
Preliminary income tax retained per share	103.04	119.88	125.28	136.56	144.94
Net dividend declared per share	500.00	520.00	545.00	575.00	610.00
Taxable income per share to be declared by individuals for tax purposes	742.40	789.30	827.25	872.75	925.90

**STATEMENT OF THE PUBLIC LONG-TERM SECURITIES
CONSTITUTING, ON 31st DECEMBER, 1969,
THE BANK'S VARIOUS HOLDINGS**

Public long-term and other securities acquired in pursuance of the Statutes

3.50 %	Belgian Debt 1943.
4 %	Liberation Loan 1945.
4.50 %	Belgian Loan 1953/73.
4.50 %	Belgian Loan 1954/72.
4.25 %	Belgian Loan 1954/74, Series 1.
4.25 %	Belgian Loan 1954/74, Series 2.
4 %	Belgian Loan 1955/75.
4.75 %	Belgian Loan 1959/71.
6.25 - 6.50 %	Belgian Loan 1965/71/78.
6.75 - 7 %	Belgian Loans 1972/78, Amalgamated.
7 %	Belgian Loans 1967/82, Amalgamated.
6.75 - 7 %	Belgian Loan 1967/74/82.
6.75 %	Belgian Loan 1968/78.
6.50 - 6.75 %	Belgian Loan 1968/75/83.
6.75 %	Belgian Loans 1968/69/80, Amalgamated.
7.50 %	Belgian Loan 1969/87.
8 - 8.25 %	Belgian Loan 1969/75/81.
4 %	Belgian Premium Bonds 1941.
4 %	War Damage 1923.
4.25 %	Belgian National Railways Company 1954/74.
4 %	Belgian National Railways Company 1955/75, Series 2.
7 %	Road Fund Loan 1967/82.
6.75 %	Road Fund Loan 1967/79.
6.75 %	Road Fund Loan 1968/83.
7 %	Road Fund Loan 1969/81.
2 %	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 1st tranche.
2 %	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 2nd tranche.

- 2 % National Foundation for Financing Scientific Research
1960/69 - 1990/99, 3rd tranche.
- 2 % National Foundation for Financing Scientific Research
1960/69 - 1990/99, 4th tranche.
- 2 % National Foundation for Financing Scientific Research
1960/69 - 1990/99, 5th tranche.
- 2 % National Foundation for Financing Scientific Research
1960/69 - 1990/99, 6th tranche.
- 2 % National Foundation for Financing Scientific Research
1960/69 - 1990/99, 7th tranche.
- 2 % National Foundation for Financing Scientific Research
1960/69 - 1990/99, 8th tranche.
- 2 % National Foundation for Financing Scientific Research
1960/69 - 1990/99, 9th tranche.
- 4 % Telegraphs and Telephones Board 1954/74, Series 2.
- 6.75 - 7 % Telegraphs and Telephones Board 1967/73/79.
- 6.75 % Telegraphs and Telephones Board 1968/82.
- 8.25 % Telegraphs and Telephones Board 1969/81.
- 6.75 - 7 % Belgian National Railways Company 1966/72/78.
- 6.75 - 7 % Belgian National Railways Company 1967/73/82.
- 6.75 % Belgian National Railways Company 1968/83.
- 6.75 % National Fund for Credit to Trade and Industry 1968/88.
- 6.75 % National Industrial Credit Company 1968/88.
- 8.25 % National Industrial Credit Company 1969/80.
- 3.50 % Loan of the Belgian-Congolese Amortisation and Management Fund
1965/2005.
- National Industrial Credit Company Shares.
- Bank for International Settlements Shares :
 - Belgian tranche.
 - Danzig tranche.
- Belgian National Railways Company Dividend Right Certificates.

WEEKLY RETURNS
PUBLISHED IN THE « MONITEUR BELGE » DURING 1969

WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1969 *

(Millions of francs)

ASSETS

DATE	Gold holding	Foreign currencies	Foreign currencies and gold receivable	International Agreements (Laws of 28th July, 1948 and 19th June, 1959)					Debtors in respect of foreign exchange and gold at forward dates	Commercial bills	Advances against pledged security	Public securities (Art. 20 of the Statutes. Conventions of 14th September, 1948, 15th April, 1952 and 30th March, 1968)		Treasury notes and coin	Balances at Postal Cheque Office	Consolidated claim on the Government (Laws of 28th July, 1948 and 19th June, 1959)	Public long-term securities (Articles 18 and 21 of the Statutes)	Premises, furniture and equipment	Securities of the Staff Pension Fund	
				European Monetary Agreement	International Monetary Fund		Other agreements	Belgian public Securities				Luxemburg public Securities								
					Quota	Loans (1)														
January 6	76.151	18.774	12.985	—	10.278	4.975	177	18.926	24.914	39	14.350	200	256	2	34.000	3.514	1.998	2.575		
» 13	76.148	18.820	13.154	—	10.278	4.975	67	20.988	20.761	30	15.450	200	268	2	34.000	3.515	1.998	2.576		
» 20	76.148	18.473	12.339	—	10.281	4.975	74	19.800	25.840	834	9.850	100	287	2	34.000	3.633	2.064	2.675		
» 27	76.151	18.462	12.339	—	10.281	4.975	130	19.800	25.719	31	7.525	100	317	2	34.000	3.633	2.064	2.675		
February 3	76.151	18.691	12.339	—	10.281	4.975	57	19.860	26.427	1.439	8.475	100	327	1	34.000	3.633	2.064	2.675		
» 10	76.151	19.032	12.523	—	10.281	4.975	20	20.044	22.607	35	14.050	—	346	2	34.000	3.633	2.064	2.675		
» 17	76.160	18.442	12.518	—	10.281	4.975	25	19.925	19.772	41	14.875	—	369	2	34.000	3.633	2.064	2.702		
» 24	76.160	18.179	12.157	—	10.281	4.000	36	18.925	22.692	31	11.475	—	370	2	34.000	3.633	2.064	2.730		
March 3	76.138	18.663	12.237	—	10.166	4.000	94	18.679	22.767	158	15.925	—	339	1	34.000	3.633	2.064	2.731		
» 10	76.138	18.382	12.609	—	10.077	4.000	115	18.751	22.235	39	15.550	—	348	2	34.000	3.633	2.064	2.724		
» 17	76.138	18.340	12.618	—	9.460	4.000	70	19.235	20.488	44	15.475	—	370	2	34.000	3.633	2.064	2.731		
» 24	76.138	17.908	12.385	—	7.310	4.000	103	18.743	23.825	30	14.750	—	384	2	34.000	3.632	2.064	2.730		
» 31	76.138	17.924	12.385	—	7.310	4.000	136	19.240	26.987	1.911	15.050	—	367	2	34.000	3.633	2.064	2.730		
April 4	76.131	19.700	13.395	—	7.310	4.000	65	21.059	27.859	464	14.500	—	341	1	34.000	3.633	2.064	2.723		
» 14	76.131	21.022	12.695	—	7.285	4.000	69	22.736	23.356	434	15.050	—	344	2	34.000	3.633	2.064	2.723		
» 21	76.131	21.674	12.947	—	7.285	4.000	127	22.648	23.744	30	15.025	—	364	2	34.000	3.633	2.064	2.723		
» 28	76.131	20.123	13.500	—	7.285	4.000	116	22.266	24.726	459	15.725	—	379	1	34.000	3.633	2.064	2.731		
May 5	76.093	21.843	13.623	—	7.285	4.000	47	23.403	26.784	437	15.200	—	354	2	34.000	3.633	2.064	2.725		
» 12	76.109	21.811	13.826	—	7.285	4.000	66	30.655	25.634	1.445	15.725	—	352	1	34.000	3.632	2.064	2.738		
» 19	76.109	23.093	13.458	—	7.285	4.000	133	31.816	31.368	478	15.650	250	332	1	34.000	3.632	2.064	2.745		
» 23	76.109	25.591	13.636	—	6.075	3.500	30	32.625	29.695	111	15.475	250	332	1	34.000	3.633	2.064	2.745		
June 2	76.109	23.786	14.476	—	6.066	3.500	51	29.580	31.152	2.562	15.950	250	294	1	34.000	3.633	2.064	2.753		
» 9	76.086	26.098	14.366	—	6.041	3.500	34	32.512	29.888	814	15.750	250	293	2	34.000	3.633	2.064	2.746		
» 16	76.131	24.299	13.573	—	6.041	3.500	86	31.265	28.502	794	15.750	250	317	2	34.000	3.632	2.064	2.747		
» 23	76.131	23.319	12.831	—	6.041	3.500	88	30.387	31.078	944	14.800	250	320	1	34.000	3.633	2.064	2.747		
» 30	76.127	25.052	13.191	—	6.041	3.500	107	30.419	31.475	3.432	15.825	250	308	1	34.000	3.633	2.064	2.747		
July 7	76.109	26.013	14.444	—	6.041	3.500	120	31.457	33.641	3.913	15.725	250	270	1	34.000	3.633	2.064	2.747		
» 14	76.109	26.170	14.274	—	6.041	3.500	79	31.332	35.479	878	14.600	350	289	2	34.000	3.633	2.064	2.747		
» 18	76.112	26.359	14.252	—	6.041	3.500	169	30.940	39.222	366	9.425	350	305	2	34.000	3.633	2.064	2.747		
» 28	76.112	25.645	14.195	—	6.041	3.500	68	29.833	34.987	901	10.700	350	333	1	34.000	3.633	2.064	2.760		
August 4	76.059	25.747	14.315	—	3.501	—	83	24.336	33.616	188	15.900	350	312	1	34.000	3.633	2.064	2.755		
» 11	76.073	26.038	15.211	—	3.501	—	22	26.992	29.953	58	15.750	350	318	1	34.000	3.633	2.064	2.755		
» 18	76.051	26.515	15.746	—	3.501	—	8	38.271	32.629	8.355	15.475	100	337	1	34.000	3.633	2.064	2.755		
» 25	76.051	28.789	14.888	—	3.501	—	8	38.963	36.141	3.104	12.900	100	341	1	34.000	3.633	2.064	2.755		
September 1	76.028	29.013	14.888	—	3.501	—	—	39.502	36.230	3.254	15.975	100	320	1	34.000	3.632	2.064	2.754		
» 8	75.987	29.750	14.403	—	3.501	—	—	40.842	36.583	866	15.725	100	329	1	34.000	3.633	2.064	2.748		
» 15	75.987	30.207	13.800	—	3.501	—	—	39.706	34.818	431	13.950	100	360	1	34.000	3.633	2.064	2.748		
» 22	75.987	29.568	13.591	—	3.501	—	—	38.348	32.744	48	15.750	100	366	1	34.000	3.633	2.064	2.773		
» 29	75.966	28.999	13.591	—	3.501	—	—	37.044	32.920	1.582	15.750	100	373	2	34.000	3.633	2.064	2.773		
October 6	75.961	31.176	13.788	—	3.501	—	—	38.085	33.239	1.613	14.375	100	363	1	34.000	3.628	2.064	2.766		
» 13	75.955	31.078	12.992	—	3.633	—	—	35.088	28.311	771	15.000	100	384	1	34.000	3.633	2.064	2.779		
» 20	75.950	31.299	13.443	—	3.633	—	—	33.155	26.013	33	11.650	100	395	1	34.000	3.633	2.064	2.795		
» 27	75.940	35.001	14.125	—	3.633	—	—	29.696	20.697	26	13.850	100	407	2	34.000	3.633	2.064	2.795		
November 3	75.940	34.091	13.494	—	3.633	—	—	27.558	25.700	28	8.375	100	387	1	34.000	3.632	2.064	2.797		
» 7	75.932	34.277	13.908	—	3.633	—	—	28.748	20.622	19	12.025	—	379	2	34.000	3.632	2.064	2.790		
» 17	75.932	32.976	15.439	—	5.277	—	—	29.247	20.979	39	8.075	—	333	1	34.000	3.630	2.064	2.789		
» 24	75.932	34.354	15.917	—	5.277	—	—	31.923	21.101	21	6.650	—	377	1	34.000	3.632	2.064	2.789		
				International Monetary Fund : (Laws of 28th July, 1948 and 9th June, 1969)					International Agreements : (Law of 28th July, 1948)											
				Quota	Loans	Special drawing rights	Total cover items	Foreign currencies	Foreign currencies and gold receivable	European Monetary Agreement	Other agreements									
December 1	75.962	6.277	—	—	82.239	34.386	16.159	—	—	32.870	17.176	77	13.575	—	356	2	34.000	3.633	2.064	2.797
» 8	75.957	6.277	—	—	82.234	32.662	16.926	—	—	31.663	16.926	36	12.825	—	351	1	34.000	3.633	2.064	2.790
» 15	75.957	7.777	—	—	83.734	33.279	17.013	—	—	32.397	12.670	30	14.825	—	345	1	34.000	3.633	2.064	2.790
» 22	75.957	7.777	—	—	83.734	35.216	17.013	—	—	33.982	17.866	21	11.300	—	323	1	34.000	3.633	2.064	2.790
» 29	75.957	7.777	—	—	83.734	35.856	17.510	—	—	34.703	17.762	24	12.150	—	309	1	34.000	3.633	2.064	2.790

(1) Special Belgian Treasury Bills (Law of 4th January, 1963. Convention of 1st February, 1963).

(2) Of which capital : Fr. 400 million.

* The figures in this table being reprinted from the French version of the Report, billions are marked by a full-stop, instead of by a comma as would be usual in English.

WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1969 *
(Millions of francs)

LIABILITIES

Sundries	TOTAL ASSETS	Memorandum Account : Postal Cheque Office : Balance for account of the Minister of National Education (Schools Pact, Law of 29th May, 1959, Article 15)	Notes in circulation	Current Accounts				International Agreements (Laws of 28th July, 1948 and 19th June, 1959)		Total sight liabilities	Belgian banks, monetary reserve	Foreign currencies and gold to be delivered	Staff Pension Fund	Sundries	Capital, reserves and depreciation accounts (2)	TOTAL LIABILITIES	DATE		
				Public Treasury		Banks in foreign countries, ordinary accounts	Sundry current accounts	European Monetary Agreement	Other agreements										
				Ordinary account	Exceptional Counter-cyclical Tax (Law of 12th March, 1957)														
2.603	226.717	2.414	182.417	14	9	709	921	244	223	184.537	—	32.004	2.575	4.086	3.515	226.717	January 6		
3.990	227.220	2.414	178.807	21	9	1.362	2.126	209	220	182.754	—	34.232	2.576	4.143	3.515	227.220	» 13		
3.775	225.150	2.261	176.018	23	9	3.532	4.290	184	222	184.278	—	32.214	2.675	2.350	3.633	225.150	» 20		
1.495	219.699	2.261	174.052	17	9	2.374	1.955	156	287	178.850	—	32.208	2.675	2.333	3.633	219.699	» 27		
1.512	223.007	2.239	177.980	14	9	2.404	1.207	154	285	182.053	—	32.265	2.675	2.381	3.633	223.007	February 3		
1.343	223.781	2.168	177.129	16	9	2.353	2.462	139	279	182.387	—	32.639	2.675	2.447	3.633	223.781	» 10		
1.412	221.196	2.125	175.294	19	9	2.002	2.092	115	272	179.803	—	32.517	2.702	2.541	3.633	221.196	» 17		
1.754	218.489	2.088	175.079	21	9	1.511	1.403	128	268	178.419	—	31.141	2.730	2.566	3.633	218.489	» 24		
1.704	223.299	2.044	180.699	7	9	1.054	1.206	122	249	183.346	—	30.968	2.731	2.621	3.633	223.299	March 3		
1.762	222.429	2.044	179.435	6	9	978	1.216	77	240	181.961	—	31.420	2.724	2.691	3.633	222.429	» 10		
2.189	220.857	2.044	176.933	22	9	1.096	1.361	90	343	179.854	—	31.923	2.731	2.716	3.633	220.857	» 17		
1.616	219.620	1.973	176.216	4	9	1.425	1.152	112	334	179.252	—	31.200	2.730	2.805	3.633	219.620	» 24		
2.129	226.006	1.973	180.353	16	9	1.536	2.727	80	333	185.054	—	31.699	2.730	2.890	3.633	226.006	» 31		
1.655	228.900	1.902	181.844	19	9	1.942	838	122	324	185.098	—	34.536	2.723	2.910	3.633	228.900	April 4		
2.143	227.687	1.855	179.066	13	9	1.958	1.213	251	342	182.852	—	35.484	2.723	2.995	3.633	227.687	» 14		
2.305	228.702	1.857	178.097	4	9	2.264	2.856	119	306	183.655	—	35.664	2.723	3.027	3.633	228.702	» 21		
2.961	230.100	1.789	179.016	7	9	2.186	3.133	131	304	184.786	—	35.875	2.731	3.075	3.633	230.100	» 28		
2.709	234.202	1.747	183.658	14	9	1.825	1.635	138	296	187.583	—	37.112	2.725	3.149	3.633	234.202	May 5		
5.688	245.031	1.747	181.624	17	9	3.971	4.798	129	304	190.844	—	44.579	2.738	3.237	3.633	245.031	» 12		
1.869	248.283	1.747	180.957	23	9	9.146	2.600	173	294	193.202	—	45.387	2.745	3.316	3.633	248.283	» 19		
2.305	248.177	1.661	181.299	22	9	9.149	1.188	112	294	192.073	—	46.386	2.745	3.340	3.633	248.177	» 23		
2.391	248.618	1.661	186.615	23	9	6.204	1.328	120	299	194.598	—	44.217	2.753	3.417	3.633	248.618	June 2		
2.030	250.107	1.561	185.535	12	9	6.130	1.148	142	291	193.267	—	47.042	2.746	3.419	3.633	250.107	» 9		
2.425	245.378	1.526	183.121	3	9	6.126	838	143	286	190.526	—	45.004	2.747	3.468	3.633	245.378	» 16		
2.808	244.942	1.484	183.066	23	9	6.134	1.963	113	288	191.596	—	43.390	2.747	3.576	3.633	244.942	» 23		
3.682	251.854	1.484	188.860	20	9	6.083	2.495	150	287	197.904	—	43.783	2.747	3.787	3.633	251.854	» 30		
2.769	256.697	1.415	192.812	3	9	6.109	1.079	97	277	200.386	—	46.075	2.747	3.856	3.633	256.697	July 7		
2.646	254.193	1.387	190.659	23	9	6.093	992	92	221	198.089	—	45.778	2.747	3.946	3.633	254.193	» 14		
2.460	251.947	1.336	188.155	10	9	6.148	1.528	168	189	196.207	—	45.362	2.747	3.998	3.633	251.947	» 18		
2.250	247.373	1.255	185.109	9	9	6.155	1.124	129	189	192.724	—	44.206	2.760	4.050	3.633	247.373	» 28		
2.360	239.220	1.256	188.292	1	9	445	848	147	186	189.928	—	38.799	2.755	4.105	3.633	239.220	August 4		
4.564	241.283	1.208	185.441	19	9	397	2.190	117	173	188.346	—	42.358	2.755	4.191	3.633	241.283	» 11		
2.766	262.207	1.244	183.082	3	9	12.233	1.734	184	173	197.418	—	54.250	2.755	4.151	3.633	262.207	» 18		
2.462	259.701	1.244	181.596	23	9	11.640	1.447	163	176	195.054	—	54.040	2.755	4.219	3.633	259.701	» 25		
3.104	264.366	1.089	185.519	11	9	11.600	1.510	142	269	199.060	—	54.571	2.754	4.348	3.633	264.366	September 1		
2.473	263.005	1.089	183.925	8	9	11.592	814	151	273	196.772	—	55.424	2.748	4.428	3.633	263.005	» 8		
3.112	258.418	1.026	180.979	14	9	11.594	863	161	274	193.894	—	53.605	2.748	4.538	3.633	258.418	» 15		
2.547	255.021	983	179.629	16	9	10.614	1.127	140	342	191.877	—	52.028	2.773	4.710	3.633	255.021	» 22		
2.630	254.928	983	180.449	9	8	9.604	2.500	145	309	193.024	—	50.717	2.773	4.781	3.633	254.928	» 29		
2.695	257.355	887	183.792	3	8	8.110	1.775	152	296	194.136	—	51.895	2.766	4.925	3.633	257.355	October 6		
2.747	248.536	887	180.739	2	8	5.105	2.526	245	358	188.983	—	48.055	2.779	5.086	3.633	248.536	» 13		
3.083	241.247	743	178.068	11	8	3.080	1.410	116	441	183.134	—	46.576	2.795	5.109	3.633	241.247	» 20		
2.655	238.624	743	175.066	7	8	746	6.494	125	378	182.824	—	44.219	2.795	5.153	3.633	238.624	» 27		
2.801	234.601	629	178.282	11	8	710	2.010	74	361	181.456	—	41.443	2.797	5.272	3.633	234.601	November 3		
2.915	234.946	629	177.981	12	8	672	1.042	118	320	180.153	—	43.040	2.790	5.330	3.633	234.946	» 7		
2.806	233.637	629	174.528	2	8	680	1.147	95	340	176.800	—	45.055	2.789	5.360	3.633	233.637	» 17		
2.744	236.782	509	173.919	25	8	666	1.745	96	316	176.775	—	48.216	2.789	5.369	3.633	236.782	» 24		
										International Agreements : (Law of 28th July, 1948)		International Monetary Fund : Special drawing rights, net cumulative allocation	Belgian banks, monetary reserve						
				European Monetary Agreement	Other agreements														
2.890	242.224	1.710	178.630	19	8	690	1.151	68	338	180.904	—	49.399	2.797	5.491	3.633	242.224	December 1		
4.354	240.465	1.658	177.612	19	8	667	783	134	363	179.586	—	48.842	2.790	5.614	3.633	240.465	» 8		
2.879	239.660	1.631	175.802	2	8	673	867	117	381	177.850	—	49.658	2.790	5.729	3.633	239.660	» 15		
2.809	244.752	2.731	178.454	16	8	696	1.635	134	372	181.315	—	51.248	2.790	5.766	3.633	244.752	» 22		
3.120	247.656	2.668	179.613	12	8	699	2.000	189	319	182.840	—	52.476	2.790	5.917	3.633	247.656	» 29		

ECONOMIC AND FINANCIAL STATISTICS

Table 1.

**Geographical Distribution
of Exports from the Belgian-Luxemburg Economic Union**

	Monthly averages in billions of francs								In per cent of the total value	
	1963	1964	1965	1966	1967	1968	1968	1969 <i>p</i>	1960	1969 <i>p</i>
							(First 11 months)			(First 11 months)
European Economic Community	12.26	14.58	16.45	17.87	18.45	21.88	21.59	27.86	50.5	67.4
Federal Republic of Germany	(3.73)	(4.83)	(5.81)	(6.00)	(5.80)	(7.12)	(7.08)	(9.40)	(15.8)	(22.7)
France	(2.94)	(3.53)	(3.87)	(4.60)	(5.19)	(6.31)	(6.13)	(8.69)	(10.4)	(21.0)
Italy	(1.04)	(0.88)	(0.91)	(0.94)	(1.17)	(1.29)	(1.25)	(1.73)	(3.1)	(4.2)
Netherlands	(4.55)	(5.34)	(5.86)	(6.33)	(6.29)	(7.16)	(7.13)	(8.04)	(21.2)	(19.5)
United Kingdom	1.16	1.15	1.28	1.34	1.39	1.49	1.47	1.64	5.5	4.0
United States and Canada .	1.89	2.10	2.49	2.72	2.67	3.43	3.43	3.17	10.6	7.7
Other European O.E.C.D. countries and Finland .	2.20	2.36	2.84	2.78	2.77	2.96	2.92	3.86	13.3	9.3
Japan	0.14	0.13	0.15	0.20	0.25	0.23	0.22	0.31	0.6	0.8
Comecon countries and Yugoslavia	0.36	0.39	0.45	0.58	0.82	0.69	0.69	0.76	2.8	1.8
Sterling area, excl. European O.E.C.D. countries	0.72	0.78	0.92	0.93	0.98	1.01	1.00	1.07	4.9	2.6
Democratic Republic of the Congo	0.19	0.26	0.26	0.27	0.21	0.29	0.28	0.37	1.6	0.9
Countries not included elsewhere :										
of Latin America	0.44	0.58	0.60	0.59	0.63	0.67	0.66	0.72	4.2	1.7
of Africa	0.25	0.29	0.39	0.36	0.37	0.43	0.43	0.53	1.5	1.3
of Asia	0.42	0.51	0.55	0.61	0.57	0.71	0.70	0.76	4.0	1.8
Miscellaneous	0.13	0.16	0.21	0.20	0.19	0.23	0.23	0.29	0.5	0.7
Total ...	20.16	23.29	26.59	28.45	29.30	34.02	33.62	41.34	100.0	100.0

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

p Provisional figures.

Table 2.

**Financing of the Belgian-Luxemburg Economic Union's
Balance of Payments ⁽¹⁾**

(Billions of francs)

	Refinancing, outside monetary institutions, of commercial credits granted to foreign countries	Movement of monetary institutions' net foreign assets										Grand total
		Belgian and Luxemburg banks			Miscellaneous monetary institutions			National Bank of Belgium				
		Belgian franc commercial credits granted to foreign countries	Other net foreign assets	Total	Belgian franc commercial credits granted to foreign countries	Other net foreign assets	Total	Belgian franc commercial credits granted to foreign countries	Other net foreign assets (ex- change reserves)	Total	Total	
		(a)	(b)	(c)	(d) = (b) + (c)	(e)	(f)	(g) = (e) + (f)	(h)	(i)	(j) = (h) + (i)		(k) = (d) + (g) + (j)	(l) = (a) + (k)
1963	+ 0.1	+ 3.5	-13.6	-10.1	...	- 1.2	- 1.2	+ 0.3	+10.9	+11.2	- 0.1	...
1964 .....	...	+ 2.5	- 4.6	- 2.1	- 0.1	+ 0.3	+ 0.2	+ 0.2	+12.4	+12.6	+10.7	+10.7
1965	+ 1.2	+ 0.9	- 2.1	- 1.2	...	+ 0.5	+ 0.5	+ 2.4	+ 5.6	+ 8.0	+ 7.3	+ 8.5
1966	- 1.1	+ 1.6	- 9.7	- 8.1	...	+ 1.1	+ 1.1	+ 0.9	+ 0.8	+ 1.7	- 5.3	- 6.4
1967	+ 2.7	+ 2.2	- 5.3	- 3.1	+ 0.2	+ 0.1	+ 0.3	+ 0.4	+12.0	+12.4	+ 9.6	+12.3
1968	- 0.8	+ 4.3	+ 4.9	+ 9.2	- 0.2	+ 0.5	+ 0.3	+ 6.2	-20.4	-14.2	- 4.7	- 5.5
1968 First 9 months	+ 0.2	+ 2.8	- 1.5	+ 1.3	- 0.2	+ 0.7	+ 0.5	+ 1.9	- 9.5	- 7.6	- 5.8	- 5.6
1969 First 9 months ... p	+ 0.5	+ 1.0	+ 5.9	+ 6.9	...	+ 0.3	+ 0.3	+ 1.4	- 9.8	- 8.4	- 1.2	- 0.7
1968 October-November ...	- 0.2	+ 2.7	+ 8.4	+11.1	...	...	...	+ 2.5	- 9.2	- 6.7	+ 4.4	+ 4.2
1969 October-November . p	+ 2.6	+ 1.6	- 4.5	- 2.9	+ 1.8	- 0.3	+ 1.5	- 5.9	+16.1	+10.2	+ 8.8	+11.4
1968 First 11 months .....	...	+ 5.5	+ 6.9	+12.4	- 0.2	+ 0.7	+ 0.5	+ 4.4	-18.7	-14.3	- 1.4	- 1.4
1969 First 11 months ... p	+ 3.1	+ 2.6	+ 1.4	+ 4.0	+ 1.8	...	+ 1.8	- 4.5	+ 6.3	+ 1.8	+ 7.6	+10.7

(¹) The classification of the balance of payments' financing given in this Table is the same, in greater detail, as that published regularly in the National Bank's Information Bulletin (see Statistics, Table IX, item 6 and its sub-items). The classification which appears in Table 8 on page 80 of this Report is obtained by regrouping, as follows, the columns in the present Table :

Table 8

Present Table

Column (e)	= Columns (a) + (b) + (e) + (h)
Columns (f) + (g)	= Column (c)
Column (h)	= Column (f)
Column (i)	= Column (i)
Column (j)	= Columns (e) + (f) + (i)

p Provisional figures.

Table 3.

Net Gold and Foreign Assets of the National Bank of Belgium

(Billions of francs)

At end of	Gold holding	Assets held at the International Monetary Fund (1)	Assets in convertible foreign currencies	Belgian franc acceptances representing exports	Others (2)	Grand total (3)	Total excluding acceptances representing exports (3)	Annual changes in total excluding acceptances representing exports	Annual changes in grand total
1962	68.3	6.7	12.8	3.8	- 0.6	91.0	87.2		
1963	68.6	7.1	21.5	4.1	0.9	102.2	98.1	+10.9	+11.2
1964	72.5	10.2	27.0	4.3	0.8	114.8	110.5	+12.4	+12.6
1965	77.9	15.6	21.9	6.7	0.7	122.8	116.1	+ 5.6	+ 8.0
1966	76.2	18.6	21.4	7.6	0.7	124.5	116.9	+ 0.8	+ 1.7
1967	74.0	16.6	36.1	8.0	2.2	136.9	128.9	+12.0	+12.4
1968 September .	76.2	23.6	18.2	9.9	1.4	129.3	119.4	- 9.5 ⁽⁴⁾	- 7.6 ⁽⁴⁾
November .	76.1	18.2	19.0	12.4	- 3.1	122.6	110.2	-18.7 ⁽⁵⁾	-14.3 ⁽⁵⁾
December .	76.2	15.3	18.1	14.2	- 1.1	122.7	108.5	-20.4	-14.2
1969 September .	76.0	3.5	29.3	15.6	-10.1	114.3	98.7	- 9.8 ⁽⁴⁾	- 8.4 ⁽⁴⁾
November .	75.9	6.3	34.1	9.7	- 1.1	124.9	115.2	+ 6.3 ⁽⁵⁾ (6)	+ 1.8 ⁽⁵⁾ (6)
December .	76.0	7.8	35.6	9.8	- 0.9	128.3	118.5	+ 9.6 ⁽⁵⁾	+ 5.2 ⁽⁵⁾

(1) Rights which are held by the Belgian Government as a member of the International Monetary Fund, and which the Bank has been authorised, first by the Law of 19th June, 1959 and then by that of 9th June, 1969, to show in its accounts as its own assets in consideration of its assuming liability for the obligations incumbent on the Belgian Government in that connection.

(2) Foreign assets in Belgian francs (other than the acceptances representing exports), mostly United States Treasury Certificates amounting to Fr. 1.5 billion between May, 1963 and April, 1967, and to Fr. 3 billion between November, 1967 and November, 1968; liabilities to non-residents, in particular the Belgian franc assets which the Federal Reserve Bank of New York held during the periods when the National Bank was a debtor on swap agreement.

(3) For the reasons stated on page 110 of the Report on the National Bank's activities in 1962 this total takes no account of the foreign exchange and gold to be received or delivered at forward dates.

(4) Change in the first nine months.

(5) Change in the first eleven months.

(6) Not including an increase, by Fr. 0.4 billion, which represented accounting adjustment of the cash assets in German marks following the revaluation of that currency.

Table 4.

Official Rates of Exchange Fixed by the Bankers meeting at the Brussels Clearing House

(Daily quotations in Belgian francs)

	1 U.S. dollar	1 pound sterling	1 Nether- lands guilder	1 German mark	1 French franc	100 Italian lire	1 Canadian dollar		1 Swiss franc	1 Swedish crown	1 Danish crown	1 Norwe- gian crown	100 Austrian schillings	100 escudos	100 pesetas	1 Finnish mark (1)
							Tele- graphic transfer	Mail transfer								
January																
Highest	50.26	120.01	13.92	12.56	10.16	8.05	46.84	46.84	11.66	9.73	6.70	7.04	194.45	176.25	72.10	—
Lowest	50.13	119.68	13.84	12.51	10.12	8.03	46.74	46.74	11.59	9.69	6.67	7.01	193.63	175.80	71.88	—
Mean	50.19	119.80	13.87	12.54	10.14	8.04	46.78	46.78	11.62	9.71	6.69	7.02	194.02	176.03	71.97	—
February																
Highest	50.25	120.18	13.86	12.50	10.15	8.03	46.77	46.76	11.66	9.71	6.68	7.03	194.20	176.35	72.09	—
Lowest	50.08	119.68	13.82	12.47	10.11	8.00	46.61	46.61	11.59	9.68	6.65	7.00	193.30	175.70	71.81	—
Mean	50.17	120.00	13.84	12.49	10.13	8.02	46.70	46.70	11.61	9.70	6.67	7.02	193.79	176.08	71.96	—
March																
Highest	50.35	120.57	13.89	12.55	10.16	8.02	46.77	46.76	11.72	9.76	6.71	7.05	194.55	176.98	72.13	—
Lowest	50.21	120.07	13.84	12.47	10.13	7.99	46.63	46.63	11.65	9.70	6.68	7.03	193.95	176.35	71.99	—
Mean	50.28	120.27	13.86	12.51	10.14	8.00	46.70	46.70	11.70	9.73	6.70	7.04	194.33	176.63	72.08	—
April																
Highest	50.37	120.64	13.87	12.66	10.16	8.04	46.81	46.80	11.69	9.75	6.70	7.05	194.68	177.13	72.15	—
Lowest	50.00	119.78	13.76	12.43	10.07	7.99	46.46	46.46	11.55	9.68	6.64	7.00	193.30	175.73	71.57	—
Mean	50.25	120.28	13.83	12.53	10.12	8.02	46.70	46.70	11.63	9.73	6.68	7.04	194.24	176.56	71.94	—
May																
Highest	50.37	120.03	13.84	12.87	10.13	8.03	46.78	46.78	11.65	9.74	6.68	7.05	194.45	177.05	72.30	—
Lowest	50.02	119.48	13.74	12.50	10.07	7.95	46.45	46.45	11.57	9.68	6.64	7.00	193.05	175.50	71.48	—
Mean	50.19	119.79	13.79	12.59	10.10	7.99	46.60	46.60	11.60	9.71	6.66	7.03	193.79	176.11	71.74	—
June																
Highest	50.37	120.45	13.82	12.60	10.14	8.04	46.69	46.69	11.72	9.74	6.70	7.06	194.83	177.30	72.08	—
Lowest	50.26	120.04	13.78	12.56	10.11	8.01	46.52	46.52	11.61	9.72	6.68	7.04	194.35	176.20	71.76	—
Mean	50.32	120.27	13.80	12.58	10.12	8.03	46.62	46.62	11.67	9.73	6.69	7.05	194.55	176.78	71.93	—
July																
Highest	50.37	120.50	13.83	12.60	10.15	8.03	46.60	46.60	11.70	9.74	6.70	7.06	194.88	176.88	72.10	—
Lowest	50.20	119.98	13.79	12.54	10.09	7.98	46.45	46.44	11.63	9.71	6.67	7.02	194.40	176.20	71.88	—
Mean	50.28	120.20	13.81	12.57	10.11	8.01	46.52	46.52	11.66	9.72	6.68	7.04	194.66	176.56	71.96	—
August																
Highest	50.37	120.18	13.96	12.68		8.04	46.78	46.78	11.72	9.75	6.69	7.06	195.30	177.05	72.26	—
Lowest	50.08	119.40	13.84	12.54	(⁵)	7.98	46.45	46.45	11.64	9.68	6.65	7.01	194.00	175.90	71.80	—
Mean	50.27	119.96	13.89	12.61		8.00	46.63	46.63	11.68	9.73	6.68	7.04	194.74	176.60	72.10	—
September																
Highest	50.37	120.27	13.95	12.69(²)	9.09	8.01	46.76	46.76	11.73	9.75	6.70	7.05	194.90	177.60	72.30	11.98
Lowest	50.24	119.68	13.90	12.64(²)	9.02	7.98	46.58	46.58	11.67	9.72	6.67	7.03	194.25	176.65	71.95	11.95
Mean	50.32	119.98	13.92	12.67(²)	9.06	8.00	46.68	46.68	11.71	9.73	6.69	7.04	194.67	177.08	72.16	11.97
October																
Highest	50.26	119.91	13.98	13.48(³)	9.02	7.99	46.55	46.55	11.69	9.73	6.68	7.03	194.30	177.10	71.98	11.95
Lowest	49.63	118.86	13.78	13.45(³)	8.89	7.93	46.11	46.13	11.48	9.62	6.60	6.94	191.90	174.75	70.88	11.80
Mean	49.95	119.40	13.89	13.46(³)	8.95	7.95	46.34	46.33	11.61	9.67	6.64	6.99	193.27	175.73	71.44	11.87
November																
Highest	49.76	119.34	13.81	13.49	8.92	7.97	46.27	46.27	11.53	9.64	6.64	6.97	192.25	175.28	71.15	11.84
Lowest	49.68	118.95	13.77	13.46	8.90	7.92	46.15	46.15	11.45	9.60	6.61	6.95	191.80	174.63	70.94	11.81
Mean	49.70	119.11	13.79	13.47	8.91	7.94	46.19	46.19	11.49	9.62	6.63	6.95	191.95	174.84	70.99	11.83
December																
Highest	49.74	119.32	13.79	13.55	8.94	7.95	46.34	46.33	11.55	9.63	6.64	6.97	193.05	175.00	71.12	11.87
Lowest	49.64	119.02	13.68	13.45	8.91	7.90	46.21	46.21	11.49	9.60	6.63	6.95	192.03	174.58	70.91	11.83
Mean	49.68	119.11	13.73	13.48	8.92	7.93	46.25	46.25	11.53	9.62	6.63	6.96	192.38	174.81	71.00	11.85
Year																
Highest	50.37	120.64	13.98			8.05	46.84	46.84	11.73	9.76	6.71	7.06	195.30	177.60	72.30	11.98(⁶)
Lowest	49.63	118.86	13.68	(⁴)	(⁵)	7.90	46.11	46.13	11.45	9.60	6.60	6.94	191.80	174.58	70.88	11.80(⁶)
Mean	50.13	119.85	13.84			7.99	46.56	46.56	11.63	9.70	6.67	7.02	193.87	176.15	71.77	11.88(⁶)

(1) Quoted at Brussels since 1st September.

(2) Period from 1st to 24th September (quotation suspended from 25th September to 26th October).

(3) Period from 27th to 31st October (quotation suspended from 25th September to 26th October).

(4)	from 1st January to 24th September	from 27th October to 31st December
Highest	12.87	13.55
Lowest	12.43	13.45
Mean	12.56	13.47

(5)	August		Year	
	from 1st to 8th	from 11th to 31st	from 1st January to 8th August	from 11th August to 31st December
Highest	10.10	9.14	10.16	9.09
Lowest	10.10	9.08	10.07	8.89
Mean	10.10	9.08	10.12	8.98

(6) Period from 1st September to 31st December.

Table 5.

National Debt

(Billions of francs)

At end of	Direct debt						Indirect debt (2)	Total debt, excluding debt taken over from the Congo (3)	Debt taken over from the Congo (4)	Total debt, including debt taken over from the Congo (3)
	in Belgian francs				in foreign currencies (1)	Total				
	Consolidated	Medium term	Short term	Total						
1962	251.6	20.9	86.1	358.6	37.1	395.7	27.5	423.2	...	...
1963	261.6	13.7	94.9	370.2	46.5	416.7	29.3	446.0	...	...
1964	276.9	6.3	97.4	380.6	48.2	428.8	33.3	462.1	...	...
1965	293.6	6.8	104.9	405.3	45.4	450.7	33.9	484.6	4.4	489.0
1966	305.6	7.8	109.3	422.7	49.8	472.5	31.0	503.5	3.9	507.4
1967	317.1	8.5	103.7	429.3	55.4	484.7	40.7	525.4	3.5	528.9
1968 October	337.5	9.7	109.6	456.8	55.0	511.8	39.8	551.6	3.1	554.7
December ...	335.0	9.1	120.6	464.7	55.0	519.7	47.6	567.3	3.0	570.3
1969 October	353.9	15.8	109.2	478.9	61.3	540.2	53.1	593.3	2.7	596.0
December ...	347.7	13.9	120.2	481.8	61.0	542.8	53.0	595.8	2.6	598.4

Source : Treasury and Public Debt Administration.

(¹) Not including the inter-governmental debts resulting from the 1914-1918 war. The figures in this column represent only a fraction of the foreign debt, which in the broader sense also includes the indirect debt in foreign currencies, the debt taken over from the Congo and the Belgian franc liabilities on which the Government is a debtor, either directly to foreign countries or to Belgian institutions which have themselves incurred debt of corresponding amount to foreign countries. The changes in the Government's recourse to foreign markets, as given in Column (c) of Table 6 on page 78, and in Column (e) of Table 13 on page 95, take account of all the liabilities where the Government is a direct debtor and of the liabilities where it is a debtor through the intermediary of Belgian monetary institutions.

(²) Debt which has been issued by public organisations but in respect of which the interest and redemption are borne by the Government.

(³) The figures may contain duplications, and the changes between the end of one period and the other may be partly of an accounting nature. Item 3 in Table 5bis indicates the changes in the national debt which have given rise to payments or receipts for the Treasury.

(⁴) Debt assumed by the Belgian Government under the Convention of 6th February, 1965 between Belgium and the Democratic Republic of the Congo, approved by the Law of 23rd April, 1965.

Table 5bis.

**Changes in the National Debt,
and Meeting of the Government's Net Financial Requirements**

(Billions of francs)

	1963	1964	1965	1966	1967	1968	1969	1968	1969
								(First 10 months)	
1. Changes in the public debt :									
a) Direct and indirect debt ⁽¹⁾	+22.8	+16.1	+22.5	+18.9	+21.9	+41.9	+28.5	+26.2	+26.0
b) Debt taken over from the Congo ⁽²⁾	- 1.2	- 1.2	- 2.1	- 0.5	- 0.4	- 0.5	- 0.4	- 0.4	- 0.3
Total ...	+21.6	+14.9	+20.4	+18.4	+21.5	+41.4	+28.1	+25.8	+25.7
2. To be eliminated :									
a) Accounting movements :									
Treasury Certificates held by the International Monetary Fund ⁽³⁾	- 0.3	- 1.7	- 3.5	+ 1.3	+ 0.5	+ 4.4	+ 2.3	- 3.5	+ 6.4
Treasury Certificates taken by the N.B.B. to finance loans to the International Monetary Fund pursuant to the General Arrangements to Borrow ⁽⁴⁾	+ 1.5	+ 1.9	...	- 1.5	+ 3.1	- 5.0	+ 3.6	- 5.0
N.B.B.'s credit balance at the P.C.O. for account of the Minister of National Education ⁽⁵⁾	- 0.4	+ 0.1	- 0.1	...	+ 0.3	+ 0.8	+ 0.2	- 0.5	- 1.7
Miscellaneous .....	...	...	...	...	...	...	+ 0.7	...	+ 0.7
b) Duplications :									
Treasury Certificates subscribed with the proceeds of indirect borrowing ...	- 1.0	...	...	...	...	...	...	...	...
Total to be eliminated ...	- 1.7	- 0.1	- 1.7	+ 1.3	- 0.7	+ 8.3	- 1.8	- 0.4	+ 0.4
3. Changes in the public debt which gave rise to payments or receipts for the Treasury (3=1-2)	+23.3	+15.0	+22.1	+17.1	+22.2	+33.1	+29.9	+26.2	+25.3
4. Changes in bills accepted by the Road Fund ⁽⁶⁾	-	-	-	-	+ 0.8	+ 1.0	- 1.0	+ 1.1	- 1.8
5. Total corresponding to meeting of the Government's net financial requirements (5=3+4) .	+23.3	+15.0	+22.1	+17.1	+23.0	+34.1	+28.1	+27.3	+23.5

⁽¹⁾ According to Table 5.

⁽²⁾ The debt taken over from the Congo has appeared in the official statements of the public debt (Table 5) only since the Convention mentioned in footnote ⁽⁴⁾ to Table 5 was ratified. However, since the loans comprised in that debt were at the time of their issue guaranteed by the Government, the latter was already meeting their

service with effect from 30th June, 1960, the date of the Congo's independence. That is why the changes in this debt are recorded here for the whole period under review.

(³) The repayments of Treasury Certificates held by the International Monetary Fund are borne, in accordance with the provisions of the existing laws and agreements, by the National Bank of Belgium; the latter on the other hand receives the proceeds of the Fund's subscriptions for certificates.

(⁴) The loans granted to the International Monetary Fund within the framework of the General Arrangements to Borrow, and the repayments made by the Fund on those loans, are regarded as not having given rise to outward payments or receipts for the Treasury, since they were financed by the National Bank of Belgium. By way of counterpart the movement of the certificates for which the Bank subscribed in order to ensure this financing must be regarded as not being reflected in receipts or payments for the Treasury.

(⁵) The movements of the National Bank's credit balance at the Postal Cheque Office for account of the Minister of National Education have, as their exact counterparts, movements of the balance held by the Minister of National Education at the Bank.

(⁶) Changes of the Road Fund's indebtedness in the form of bills accepted by it in settlement for work done and approved (Royal Decree No. 41 of 29th September, 1967).

Table 6.

**Outstanding Used Amount of Credits Originally Granted by
Monetary Institutions to Enterprises and Individuals (*)**

(Changes in billions of francs)

	Bank acceptances	Commercial bills	Advances	Total
1963	+ 0.1	+ 9.6	+ 6.7	+ 16.4
1964	+ 1.0	+ 4.6	+ 5.4	+ 11.0
1965	+ 2.3	+ 6.7	+ 7.0	+ 16.0
1966	+ 1.2	+10.3	+ 8.5	+ 20.0
1967	- 1.1	+12.7	+14.4	+ 26.0
1968	- 0.8	+ 6.0	+20.3	+ 25.5
1968 First 4 months	- 1.1	+ 0.9	+ 7.2	+ 7.0
1969 First 4 months	+ 0.1	+ 2.5	+ 8.5	+11.1
1968 May-October	- 0.3	+ 1.5	+ 6.7	+ 7.9
1969 May-October	- 0.9	+ 7.2	- 5.5	+ 0.8
1968 First 10 months	- 1.4	+ 2.4	+13.9	+ 14.9
1969 First 10 months	- 0.8	+ 9.7	+ 3.0	+ 11.9

(*) See the Information Bulletin of the National Bank, Statistics, Table XIII-9.

Table 7.

Notes and Coin (*)

(Billions of francs)

At end of	Notes issued by the National Bank of Belgium	Notes and coin issued by the Treasury (1)	Total notes and coin (2)	Annual changes in total
1962	138.5	5.8	141.7	
1963	150.5	6.1	153.7	+12.0
1964	160.3	6.4	163.7	+10.0
1965	170.3	6.6	173.4	+ 9.7
1966	175.3	6.9	178.7	+ 5.3
1967	177.5	6.5	180.1	+ 1.4
1968 April	177.1	6.4	179.4	- 0.7 (3)
October	178.9	6.5	181.5	+ 1.4 (4)
December	183.2	6.6	185.4	+ 5.3
1969 April	183.2	6.6	185.3	- 0.1 (3)
October	178.6	6.9	181.1	- 4.3 (4)
December	183.0	7.0	n.a.	n.a.

(*) See the Information Bulletin of the National Bank, Statistics, Table XIII-4.

(¹) Less holdings of the National Bank of Belgium. These holdings are not deducted in Column (1) « Treasury notes and coin » of the table in the Bulletin mentioned above.

(²) Notes and coin less holdings of monetary institutions. Since it is not known to what extent the holdings of monetary institutions other than the National Bank of Belgium consist of notes issued by the Bank on the one hand, and of notes and coin issued by the Treasury, on the other, it has not been possible to effect the same deduction in the first column, and it has been possible to make it only partly in the second.

(³) Change on the first four months.

(⁴) Change on the first ten months.

n.a. Figures not available.

Table 8.

Sight Deposits (*)

(Billions of francs)

At end of	Held by public authorities (1)	Held by enterprises and individuals				Grand total	Annual changes in grand total (2)
		at the National Bank of Belgium	at the Postal Cheque Office	at banks and public institutions	Total		
1962	10.6	0.5	30.4	71.3	102.2	112.8	
1963	12.1	0.5	32.9	78.6 ⁽³⁾	112.0 ⁽³⁾	124.1 ⁽³⁾	+13.6
1964	10.8	0.6	35.9	86.4	122.9	133.7	+ 9.6
1965	11.8	0.4	37.5	95.4	133.3	145.1	+11.4
1966	14.9	0.5	41.5	104.1	146.1	161.0	+15.9
1967	17.4	0.5	39.0	113.5	153.0	170.4	+ 9.6
1968 April	18.6	0.3	46.0	111.3	157.6	176.2	+ 5.8 ⁽⁴⁾
October	18.9	0.4	44.1	114.8	159.3	178.2	+ 7.8 ⁽⁵⁾
December	20.8	0.8	46.3	123.3	170.4	191.2	+20.8
1969 April	20.9	0.3	48.9	122.6	171.8	192.7	+ 1.5 ⁽⁴⁾
October	22.0	0.4	45.3	123.8	169.5	191.5	+ 0.3 ⁽⁵⁾

(*) See the Information Bulletin of the National Bank, Statistics, Table XIII-4.

(1) Balances held by special accounting officers at the Postal Cheque Office, and public authorities' balances at sight or not more than one month at the Belgian Municipal Credit Institution.

(2) After elimination of accounting changes, in particular of those which are due to revisions of the statistics mentioned in footnote (3) below.

(3) In the course of 1963 some changes were made in the statistics of sight deposits held by enterprises and individuals at banks and public institutions. In particular the adoption of uniform criteria by all banks as regards accounting for deposits of Luxemburg residents made it possible to eliminate these deposits completely (and no longer only in part, as had been the case before) from the figures for sight deposits held at banks.

(4) Change on the first four months.

(5) Change on the first ten months.

Table 9.

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
1963	132.5	107.1	239.6	2.23	2.85
1964	154.7	121.0	275.7	2.46	3.08
1965	167.8	135.8	303.6	2.48	3.30
1966	191.3	149.3	340.6	2.67	3.47
1967	210.3	163.9	374.2	2.72	3.71
1968	236.6	174.0	410.6	2.74	3.83
1968 1st quarter	216.9	167.2	384.1	2.66	3.70
2nd quarter	238.2	181.2	419.4	2.78	3.94
3rd quarter	234.6	168.4	403.0	2.68	3.74
4th quarter	256.7	179.1	435.8	2.85	3.92
1969 1st quarter	253.8	185.4	439.2	2.77	3.92
2nd quarter	288.7	205.7	494.4	3.04	4.22
3rd quarter	273.9	187.2	461.1	2.95	3.88
1968 First 11 months	232.0	173.1	405.1	2.71	3.83
1969 First 11 months	276.1	194.3	470.4	2.98	4.07

(*) See the Information Bulletin of the National Bank, Statistics, Table XIII-13.

Table 10.

Deposits on Ordinary Deposit or Savings Books (1)
(Changes in billions of francs)

	Institutions receiving deposits				Total
	Banks	General Savings and Pensions Fund	Private savings banks	Public financial credit intermediaries	
1963	+ 9.4	+ 4.1	+ 3.2	+ 1.5	+ 18.2
1964	+ 6.3	+ 2.4	+ 2.9	+ 0.6	+ 12.2
1965	+ 6.4	+ 8.1	+ 4.1	+ 1.0	+ 19.6
1966	+ 6.6	+ 6.1	+ 4.5	+ 1.4	+ 18.6
1967	+10.8	+ 6.4	+ 5.3	+ 1.1	+ 23.6
1968	+12.0	+ 7.2	+ 6.5	+ 1.6	+ 27.3
1968 First 10 months	+ 9.5	+ 4.1	+ 4.8	+ 1.0	+ 19.4
1969 First 10 months	+ 2.0	+ 1.8	+ 3.7	+ 0.3	+ 7.8

(1) The yearly changes result not only from in-payments and withdrawals but also from the crediting of interest added to the balance and, in the case of the General Savings and Pensions Fund, from the distribution in 1965 of a part of the reserve funds.

Table 11.

**Bonds and Medium-term Notes in Belgian Francs
held by Individuals and Enterprises (1)**

(Changes in billions of francs)

	Issuers						Total
	Government (2)	Public financial inter- mediaries	Other public authorities and institutions	Banks	Private savings banks, mortgage and capital accumu- lation companies	Others	
1963	+ 3.7	+ 4.0	+ 1.7	+ 0.3	+ 0.4	+ 3.4	+13.5
1964	+12.7	+ 9.7	+ 0.1	...	+ 1.3	+ 2.1	+25.9
1965	+ 8.2	+ 9.3	+ 4.6	...	+ 1.9	+ 4.9	+28.9
1966	+ 7.1	+ 8.9	+ 8.6	+ 0.6	+ 2.5	+ 1.8	+29.5
1967	+13.9	+20.3	+ 5.3	+ 1.5	+ 4.6	+ 1.4	+47.0
1968	+ 6.6	+17.7	p+ 3.6	+ 3.0	p+ 4.5	p+ 3.2	p+38.6
1968 First 10 months .	+ 4.5	+16.7	p+ 7.3	+ 2.6	p+ 4.1	p+ 2.3	p+37.5
1969 First 10 months .	+13.3	+10.6	p+ 2.7	+ 3.7	p+ 4.2	p+ 1.6	p+36.1

(1) Bonds, medium-term notes and savings bonds or certificates issued, less amounts held by public authorities (including administrative and social security institutions) and by financial intermediaries. The figures, however, include the holdings of certain financial intermediaries which could not be excluded in 1969, namely those of life assurance companies and of employers' liability insurance companies as well as those of pension funds.

(2) Direct and indirect debt.

p Provisional figures.

Table 12.

Rates for Investments Accessible to the General Public ⁽¹⁾

At end of	Time deposits at banks (3 months)	Deposits on ordinary savings books at the General Savings and Pensions Fund (2)	Yield, at issue, on public financial credit intermediaries, bonds and medium-term notes		Average yield on Government loans (at more than 5 years) (3)	
			(1 year)	(5 years)	(4)	(5)
1962	2.50	3.30	3.80	4.60	4.96	
1963	3.00	3.30	4.50	5.80	5.32	5.98
1964	3.50	3.40	4.75	6.12	5.62	6.43
1965	3.50	3.50	4.75	6.12	5.66	6.45
1966	3.80	3.50	5.25	6.70	5.85	6.76
1967	3.60	3.50	5.25	6.70	5.70	6.58
1968 June	3.00	3.50	5.00	6.50	5.41	6.52
December	3.00	3.50	5.00	6.50	5.58	6.65
1969 January	3.00	3.50	5.00	6.50	5.64	6.71
February	3.50	3.50	5.00	6.50	5.66	6.76
March	3.50	3.50	5.00	6.50	5.68	6.84
April	4.00	3.75	5.50	6.75	5.90	7.06
May	4.00	3.75	5.50	6.75	5.94	7.19
June	4.75	4.00	6.00	7.06	5.95	7.16
July	4.75	4.00	6.00	7.06	5.96	7.22
August	4.75	4.00	6.00	7.06	6.00	7.37
September	5.25	4.00	6.00	7.06	6.44	7.86
October	5.25	4.00	6.00	7.06	6.45	7.82
November	6.00	4.00	7.00	8.00	6.25	7.73
December	6.00	4.00	7.00	8.00	6.19	7.80

(¹) Rates before deduction of tax at source.

(²) Rates credited on amounts up to Fr. 250,000 before 1st January, 1965, up to Fr. 350,000 in 1965 and 1966, and up to Fr. 500,000 from 1st January, 1967 onwards. They include the fidelity premium which was paid until 1964 on amounts that remained on deposit throughout the calendar year, and from 1965 onwards on amounts that remained on deposit from 16th January to 31st December.

(³) Yields, at the start of the following year or of the following month, calculated on the basis of stock exchange quotations. Not including loans which are perpetual or are redeemable only through repurchase on the market, and not including premium bonds. See the Information Bulletin of the National Bank, Statistics, Table XIX-6.

(⁴) Yield on loans issued before 1st December, 1962. They are subject to a deduction of tax at source which is smaller than that on loans issued after this date.

(⁵) Yield on loans issued after 1st December, 1962. They are subject to a deduction of tax at source which is greater than that on loans issued before this date.

Table 13.

Belgian Money Market and Euro Dollar Rates (*)

(Per cent)

	Call money (1)	Treasury Certificates at very short term (8 months) (2)	Certificates of the Securities Stabilisation Fund (4 months) (3)	Treasury Certificates issued by tender (4)		R.G.I. : certified bank acceptances representing imports (120 days or less) (2)	Uncertified acceptances negotiated on the market outside the National Bank (2)		Deposits in Euro dollars (3 months) (5)
				(9 months)	(12 months)		commercial (at about 30 days)	bank (at about 90 days)	
1962	2.14	3.00	3.30	3.40	3.45	2.75	3.37	3.75	3.75
1963	2.31	4.10	4.35	4.60	4.75	4.125	4.25	5.00	3.87
1964	3.35	4.75	5.25	5.55	5.65	4.50	4.50	5.50	4.37
1965	3.17	4.75	5.15	5.45	5.50	4.50	4.50	5.25	5.00
1966	3.88	5.85	6.15	6.10	6.25	5.20	5.15	6.60	6.75
1967	3.19	4.40	4.90	5.10	5.15	3.60	3.90	5.10	6.12
1968 June	2.63 ⁽⁶⁾	3.75	4.25	4.75	...	3.35	3.35	4.40	6.50
December	3.07 ⁽⁷⁾	5.00	5.25	5.30	5.30	4.00	4.30	6.50	6.75
1969 January	3.90	5.40	5.60	5.50	5.50	4.10	4.40	5.70	7.25
February	3.16	5.70	5.90	...	5.90	4.30	4.40	6.25	8.00
March	3.47	6.00	6.20	...	...	4.70	4.90	6.05	8.25
April	3.75	6.10	6.30	...	6.35	5.20	5.40	6.50	8.37
May	4.25	6.25	6.45	6.70	6.70	5.80	5.40	7.25	10.25
June	4.28	6.55	6.80	...	...	5.80	5.90	7.60	10.12
July	6.39	7.50	7.75	...	7.10	5.80	5.90	7.70	10.00
August	7.10	7.75	8.00	...	...	6.90	6.90	9.00	11.00
September ...	7.48	8.50	8.75	...	8.30	7.40	7.30	9.50	11.12
October	6.66	8.50	8.75	...	8.80	7.40	7.20	9.00	9.75
November	6.89	8.50	8.75	8.80	8.80	7.40	7.20	9.00	10.62
December	6.07	8.50	8.75	8.80	8.80	7.40	7.40	8.75	10.00

(*) See the Information Bulletin of the National Bank, Statistics, Tables XIX-2 and 3.

- (¹) Daily averages.
(²) End of period.
(³) Last weekly tender in the period.
(⁴) Last tender in the year or tender in the month.
(⁵) End of period. Source : The Times.
(⁶) First half-year.
(⁷) Second half-year.

Table 14.

Call Money (*)

(Billions of francs)

Daily averages	Lent by			Borrowed by				Total dealings
	banks	the Securities Stabilisation Fund	other institutions	banks	the Securities Stabilisation Fund	the Rediscount and Guarantee Institute	other institutions	
1963	1.6	0.2	1.8	1.6	0.1	1.1	0.8	3.6
1964	1.9	...	2.7	1.3	0.5	1.7	1.1	4.6
1965	1.8	0.7	2.5	1.4	...	2.4	1.2	5.0
1966	1.9	0.3	2.6	1.2	0.8	1.7	1.1	4.8
1967	2.0	1.1	3.3	1.7	0.3	3.4	1.0	6.4
1968	2.1	1.6	3.0	2.4	0.1	3.1	1.1	6.7
1969	3.8	0.1	3.3	1.3	1.8	3.5	0.6	7.2

(*) See the Information Bulletin of the National Bank, Statistics, Table XVIII-1.

Table 15.

National Bank of Belgium's Discount and Advance Rates

(Per cent)

	Discount							Advances in current account and loans against			
	Bills accepted payable at a bank, warrants	Acceptances previously certified by the National Bank of Belgium				Bills accepted but not payable at a bank	Bills not accepted payable at a bank	Bills not accepted and not payable at a bank, and promissory notes	Treasury Certificates and Securities Stabilisation Fund Certificates issued at up to 130 days (1)	Treasury Certificates issued at over 130 days up to 374 days (2)	Other public securities (3)
		Exports		Imports	Bills not accepted but not payable at a bank						
		European Economic Community countries	Other countries								
At end of											
1962	3.50	3.50	2.75	2.75	4.00	4.50	5.00	3.50	4.00	5.00	
1963	4.25	4.25	3.75	3.75	5.00	5.75	6.25	4.50	5.25	6.25	
1964	4.75	4.75	4.25	4.25	5.25	5.75	6.25	5.25	5.75	6.50	
1965	4.75	4.75	4.25	4.25	5.25	5.75	6.25	5.25	5.75	6.50	
1966	5.25	5.25	4.75	4.75	5.75	6.25	6.75	6.00	6.25	7.00	
1967	4.00	4.00	3.50	3.50	4.75	5.25	5.75	5.00	5.25	5.75	
1968	4.50	4.50	4.00	4.00	5.25	5.75	6.25	5.50	5.75	6.25	
1969	7.50	7.50	7.50	7.50	9.50	9.50	9.50	9.00	9.25	9.50	
1969											
1st January - 5th February	4.50	4.50	4.50	4.00	5.25	5.75	6.25	5.50	5.75	6.25	
6th February - 5th March	4.50	4.50	4.50	4.00	5.25	5.75	6.25	5.75	6.00	6.25	
6th March - 9th April	5.00	5.00	5.00	4.50	5.75	6.25	7.00	6.50	6.75	7.00	
10th April - 28th May	5.50	5.50	5.50	5.00	6.25	6.75	7.50	7.00	7.25	7.50	
29th May - 30th July	6.00	6.00	6.00	5.50	6.75	7.25	8.00	7.50	7.75	8.00	
31st July - 17th September	7.00	7.00	7.00	7.00	9.00	9.00	9.00	8.50	8.75	9.00	
from 18th September	7.50	7.50	7.50	7.50	9.50	9.50	9.50	9.00	9.25	9.50	

(1) Maximum proportion advanced : 95 p.c.

(2) The maximum life was 366 days before 20th December, 1967.

(3) Maximum proportion advanced : 80 p.c.

**Royal Decree of 22nd September, 1969, approving Amendments
made in the Statutes of the National Bank of Belgium**

(*Moniteur Belge* of 7th October, 1969)

BAUDOUIN, King of the Belgians,

To all, present and to come, Greetings.

Considering the Law dated 9th June, 1969 concerning Belgium's assent to the amendment of the Agreement which created the International Monetary Fund, and concerning the monetary system;

Considering Article 92 of the National Bank of Belgium's Statutes, approved by the Regent's Decree of 13th September, 1948;

Considering the execution on 5th September, 1969 before M^e Jacques Possoz, a Notary at Brussels, of a publicly authenticated deed, making, in the Statutes of the joint stock company named « National Bank of Belgium », certain amendments which were adopted by the duly constituted General Meeting of Shareholders;

Considering the Regent's Decree dated 13th September, 1948, and the Royal Decrees dated 1st October, 1957, 29th July, 1959 and 8th March, 1968;

On our Finance Minister's proposal,

We have decreed and do decree the following :

Article 1. — The following amendments made in the Statutes of the National Bank of Belgium by the aforesaid deed dated 5th September, 1969 are approved :

1^o) In the third paragraph of Article 18 and in the fourth paragraph of Article 24 the words « pursuant to the fourth and fifth paragraphs » shall be replaced by the words « pursuant to the fourth paragraph », and at the end of these paragraphs the words « and by Article 5 of the Law dated 19th June, 1959 » shall be replaced by the words « by Article 5 of the Law dated 19th June, 1959 and by Article 2 of the Law dated 9th June, 1969 ».

2^o) The text of Article 30 shall be replaced by the following text :

« The Bank's sight liabilities must be covered to the extent of at least one-third by its gold holdings, by its claims in gold on international financial institutions and by

the rights which are held by the Belgian Government as a member of the International Monetary Fund, and which are shown by the Bank as its own assets in pursuance of the law ».

Article 2. — This Decree shall come into force on the date of its publication in the *Moniteur Belge*.

Article 3. — Our Minister of Finance is charged with the execution of this Decree.

Given at Brussels on 22nd September, 1969.

BAUDOUIN

By the King :
The Minister of Finance,
Baron SNOY et d'OPPUERS

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
Asian Development Bank	Banque Asiatique de Développement
Autonomous Funds	Fonds autonomes
Autonomous War Damage Fund	Caisse Autonome des Dommages de Guerre
Bank for International Settlements	Banque des Règlements Internationaux
Bank of Issue	Banque d'Emission
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-Congolese Amortisation and Management Fund	Fonds Belgo-Congolais d'Amortissement et de Gestion
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 Surveyors' Association	Association Belge des Experts
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 Land Surveyors' Union	Union des Géomètres Experts 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 Council of the Economy	Conseil Central de l'Economie
Central Office for Mortgage Credit	Office Central de Crédit Hypothécaire
Central Office for Small Savings	Office Central de la Petite Epargne
Chamber of Representatives	Chambre des Représentants
Clearing House (at Brussels)	Chambre de Compensation (à Bruxelles)
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.)
Commission of the European Communities	Commission des Communautés Européennes
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 Central Bank Governors (of E.E.C.)	Comité des Gouverneurs des banques centrales (de la C.E.E.)
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
Committee on Budgetary Policy (of E.E.C.)	Comité de politique budgétaire (de la C.E.E.)
Committee on Medium-term Economic Policy (of E.E.C.)	Comité de politique économique à moyen terme (de la C.E.E.)
Common Market	Marché commun
Consultative Committee for Coordinating Medium-Term Export Financing, known as « Cofinex »	Comité Consultatif de Coordination du Financement à Moyen Terme des Exportations (Cofinex)
Consultative Council for External Trade	Conseil Consultatif pour le Commerce Extérieur
Council of Ministers (of E.E.C.)	Conseil de Ministres (de la C.E.E.)
Council of Public Credit Institutions	Conseil des Institutions Publiques de Crédit
Council of Regency	Conseil de Régence
Council of State	Conseil d'Etat
Council of the European Communities	Conseil des Communautés Européennes
Court of Justice	Cour de Justice
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 (D.U.L.B.E.A.)
Deposit and Consignment Office	Caisse des Dépôts et Consignations
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 Research Centre (at Louvain)	Centre de Recherches Economiques (de Louvain)
Economic, Social and Political Research Institute (of Louvain University) (E.S.P.R.I.)	Institut de Recherches Economiques, Sociales et Politiques (de l'Université de Louvain) (I.R.E.S.P.)
European Agricultural Direction and Guarantee Fund (of E.E.C.)	Fonds Européen d'Orientation et de Garantie Agricole (de la C.E.E.)

European Agricultural Markets Organisation	Organisation Européenne des Marchés Agricoles
European Assembly	Assemblée européenne
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 Communities	Communautés européennes
European Development Fund (of E.E.C.) (formerly Fund for the Development of Overseas Countries and Territories)	Fonds Européen de Développement (de la C.E.E.) (précédemment Fonds de Développement pour les Pays et Territoires d'Outre-mer)
European Economic Community (E.E.C.)	Communauté Economique Européenne (C.E.E.)
European Free Trade Association	Association Européenne de Libre Echange
European Fund	Fonds Européen = Fonds de l'A.M.E.
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
Federation of Chemical Industries	Fédération des Industries chimiques
Federation of Enterprises in the Metal Manufacturing Industries	Fédération des entreprises de l'industrie des fabrications métalliques
Franco-Belgian Nuclear Energy Company of the Ardennes	Société Franco-Belge d'Energie Nucléaire des Ardennes
General Agreement on Tariffs and Trade (G.A.T.T.)	Accord Général sur les Tarifs douaniers et le Commerce (G.A.T.T.)
General Arrangements to Borrow (I.M.F.)	Accords Généraux d'Emprunt (F.M.I.)
General Budget Statement	Exposé Général du Budget
General Savings and Pensions Fund (G.S.P.F.)	Caisse Générale d'Epargne et de Retraite (C.G.E.R.)
General Statistical Bulletin of the Statistical Office of the European Communities	Bulletin général de Statistiques de l'Office statistique des Communautés européennes
High Authority (of E.C.S.C.)	Haute Autorité (de la C.E.C.A.)
Housing Fund of the Large Families' League	Fonds du Logement de la Ligue des Familles Nombreuses
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 Development Association	Association Internationale de Développement
International Finance Corporation	Société Financière Internationale
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
Joint Committee of Banks and Bank Employees	Commission paritaire des banques
London Metal Exchange	Bourses des Métaux de Londres
Minister of National Education	Ministre de l'Education Nationale
Ministry for Economic Affairs	Ministère des Affaires Economiques
Ministry of Agriculture	Ministère de l'Agriculture
Ministry of Employment and Labour	Ministère de l'Emploi et du Travail
Ministry of Finance	Ministère des Finances
Ministry of National Defence	Ministère de la Défense Nationale
Ministry of Public Functions	Ministère de la Fonction Publique
Monetary Committee (of E.E.C.)	Comité Monétaire (de la C.E.E.)
Monetary Fund	Fonds Monétaire
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 Institute for Agricultural Credit	Institut National de Crédit Agricole
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 Institute	Institut 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 (O.E.C.D.) [formerly Organisation for European Economic Cooperation (O.E.E.C.)]	Organisation de Coopération et de Développement Economiques (O.C.D.E.) [précédemment 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 (P.C.O.)	Office des Chèques Postaux (O.C.P.)
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 Department (of the National Bank of Belgium)	Département des Etudes (de la Banque Nationale de Belgique)
Road Fund	Fonds des Routes
Royal Society for Political Economy	Société Royale d'Economie Politique
Sabena (see Belgian Air Navigation Company)	Sabena (cf. Société Anonyme Belge d'Exploitation de la Navigation Aérienne)
Savings Bank of the Grand Duchy of Luxemburg	Caisse d'Epargne du Grand-Duché de Luxemburg
Savings Bank Section of the General Savings and Pensions Fund	Caisse d'Epargne de la Caisse Générale d'Epargne et de Retraite
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 E.C.S.C.)	Comité Spécial des Ministres (de la C.E.C.A.)
Staff Pension Fund	Caisse de Pensions du Personnel
Statistical Office of the European Communities	Office statistique des Communautés européennes
Superior Finance Council	Conseil Supérieur des Finances
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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Translated from the French by
PATRIA TRANSLATIONS, LTD., West Bexington, Dorchester (Dorset), England.

Printing Works
of the National Bank of Belgium
Ch. AUSSEMS,
Chief Engineer
of the Printing Department
Square des Nations 17 - 1050 Brussels
