

# NATIONAL BANK OF BELGIUM



## REPORT

1970



NATIONAL BANK OF BELGIUM

---

# R E P O R T

*on the activities of the year 1970 presented to the General Meeting  
on 22nd February, 1971*

---

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 National Bank was deeply moved by the loss of its Honorary Governor, Mr. Maurice Frère, who died through an accident on 11th August, 1970.*

*When Mr. Frère was appointed Governor on 7th November, 1944 he had already occupied high positions and carried out important and delicate missions in Belgium and abroad. His experience was commensurate with his abilities and knowledge.*

*He took up his new appointment, and the many tasks which it imposed on him, under particularly difficult circumstances. He performed his duties in accordance with the great traditions of the Bank, with firmness, calm and perseverance, mindful only of the general interest; his main concern was to restore and to strengthen monetary stability.*

*When he relinquished his functions in 1957, having reached the age-limit of 67 years, he could be justly proud of having done work of decisive importance.*

*While Governor Frère's activities were fruitful on the national plane, they were equally so in the international field, where his professional talents and remarkable understanding of men contributed to cooperation between Central Banks and to the expansion of the Bank for International Settlements - causes to which he was deeply attached.*

*With him there disappeared a man whose lofty sense of duty, concern for the general interest, far-sightedness and courtesy won everyone's admiration and respect.*

*It is with emotion that the Bank here once again presents its tribute of sorrow and gratitude.*



*The growth in the volume of the gross national product in Belgium, which had been exceptionally strong in the previous year, was slightly smaller in 1970. Nevertheless, it exceeded the average rate achieved by the other member countries of the Organisation for Economic Cooperation and Development, where the expansion also slowed down in most cases.*

*Among the various expenditure categories, the largest rise was in fixed capital investment by industrial enterprises and in outlays by local authorities. The overall growth in expenditure was, however, less rapid than in 1969, owing to the slower increase in private consumption, exports and stocks held by enterprises.*

*Since, moreover, supply became more flexible and adaptable, primarily owing to the taking into use of new equipment, the tensions produced by the excess overall demand slackened from the last months of 1969 onwards. Except in a few sectors, however, the easing remained very moderate in extent, and unemployment fell further.*

*The rise in wages quickened, as in many foreign industrial countries, and outstripped the growth in productivity. The upward movement of wholesale prices for finished industrial products was resumed from June onwards, without, however, impairing the overall competitiveness of Belgian industry in relation to its foreign rivals.*

*The slowing-down of stockbuilding and the very high level reached in the early months of the year by world prices for steel and certain other important exports of the Belgian-Luxemburg Economic Union explain why current transactions with foreign countries yielded an exceptionally large surplus.*

*This surplus was reflected in the official exchange rates and the movement of the National Bank's reserves.*

*Financial saving increased substantially and was devoted, to a much greater extent than in 1969, to the building-up of assets in Belgian francs.*

*There was therefore an increase in the supply on the domestic financial markets; as demand did not grow to the same extent, conditions became easier, this change taking place mainly in the money market, as was also the case abroad.*

*Since it thus had greater possibilities of borrowing, and smaller financial requirements, the Government was able substantially to reduce its indebtedness to foreign countries and to the Bank.*

\* \*

*Data  
concerning  
the Bank's  
policy.*

*The slowing-down of the rate of expansion could not be interpreted, at any time in the past year, as the precursor of an early reversal of the cyclical trend. At the very most it could only be regarded as the forerunner of a pause in a basically upward movement. Besides, the degree of utilisation of the factors of production in 1970 did not decline much as compared with the maximum reached at the time when the tensions were greatest; there was consequently a continuing risk that a resumption of the quickening of demand — or of one of its major components — might jeopardise the restoration of equilibrium.*

*Moreover, the danger of cost inflation emerged at the end of the year. Admittedly, monetary policy cannot provide a remedy for the actual causes of this latter type of inflation, but it must at least prevent stockbuilding or purchases of consumer goods, stimulated by prospects of price rises, from being made too easy by excessive abundance and cheapness of credit.*

*Furthermore, the National Bank had to make allowance in its actions for a major event outside the Belgian economy, namely the easing of*

American monetary policy, which started a downward movement of short-term interest rates first in the United States and on the Euro-dollar market and then in most foreign countries. This movement did not lead to any large-scale shifting of funds from foreign countries to Belgium, because the rates on time deposits — the only type of short-term investment accessible to foreigners and non-financial enterprises — fluctuated with those on the international markets, at least for deposits of a certain size. But there was the possibility, on the other hand, that residents wishing to borrow would find it advantageous to resort, abroad, to less expensive sources of financing than those in Belgium, thus avoiding, without cost, the domestic limitations on credit and bringing about an inflow of funds which would have disrupted the foreign exchange market.

Throughout the first part of the year the National Bank did not change the general orientation of the policy pursued the previous year. However, some of the terms of this policy were adapted, mainly in order to maintain its effectiveness.

Policy during  
the first three  
quarters.

The liquidation of speculative positions following the abandonment of the old parity of the German mark had enabled enterprises to repay substantial amounts of bank credit. To this extent the banks were able to grant new credits without any danger of exceeding the norms assigned to them by the National Bank for 31st March and 30th June. Thus these norms no longer had any moderating effect. They were abolished in March, while a new norm was fixed for 30th September, this being calculated so as to enable lending to grow to the extent which seemed compatible with the maintenance of the basic equilibria.

The lowering of the rediscount and visa ceilings, decided upon in September of the previous year and started in its last quarter, was continued in the first quarter of 1970.

On 1st June the visa procedure was replaced by a certification for bills representing exports to the countries of the European Economic Community. Whereas, by the visa, the National Bank unreservedly

*undertakes to rediscount a bill, under the new procedure of certification this rediscounting is subject to the existence of an available margin under the ceiling. This reform in no way changed the conditions — and especially the cost — of financing exports. Its object was to avoid the Bank's being obliged to refuse requests for visa in order to retain sufficient control over the extent of the assistance which the banks can obtain from it. For the outstanding amounts of bills representing exports increase with the latter; they are therefore in practice bound to grow much faster than the facilities of recourse to the lender of last resort which the banks as a whole must normally have at their disposal in order to make up their liquidity. If the ceilings had had to be progressively raised so as to enable all requests for visa to be accepted, there would have accumulated in the long run an enormous mass of assets which the banks could at any time have unconditionally channelled back to the Bank.*

*During the period when certified bills gradually replaced bills with visa, the Bank twice more lowered the rediscount and visa ceilings. At the end of the year the total of these ceilings was Fr. 38 billion, against Fr. 44 billion a year earlier; however, the available margins, after having declined during the first months, subsequently increased again.*

*Policy during  
the last  
quarter.*

*In the last months of the year the pressure of demand had weakened sufficiently for it to be possible to envisage an easing of the quantitative limitations on credit and a moderate adaptation of the short-term rates to the downward movement observed abroad.*

*A new credit limitation norm was fixed for 31st December. It enabled the banks to increase their lending to enterprises at a faster rate than before. Consumer credit, however, had to be kept within the limits of its outstanding amount on 30th September in order not to facilitate anticipation of purchases in view of the coming into force of the value-added tax.*

*Moreover, partly thanks to the decline in call money rates, encouraged by a change in the terms governing regulating interventions, the Rediscount*

*and Guarantee Institute had been able, as early as August and September, to reduce some of its buying rates for bills representing exports and imports, that is transactions the financing of which can easily be transferred abroad if it is less expensive there.*

*This downward movement was accentuated and extended to all the banks' debtor rates by two reductions in the National Bank's rates for discount and advances, each of 0.50 p.c., applied on 22nd October and 10th December respectively.*

*At the end of the year it became evident that the danger of cost inflation was becoming more pronounced. Its effect on prices might combine with those which were expected from the introduction, on 1st January, of the value-added tax. Admittedly, according to the calculations made, it was thought that the automatic incidence of this tax on consumer prices would be confined to a rise of less than 2 p.c. The Government had taken all possible precautions to avoid adverse psychological effects, by running an extensive information campaign, by using the powers of control conferred upon it by law and by negotiating voluntary price stabilisation agreements with a certain number of distribution enterprises. However, the eventuality of a speeding-up of the price rise could not be entirely disregarded, particularly as wage increases already obtained or envisaged made this more probable.*

*Continuation  
of credit  
limitation until  
31st March, 1971.*

*Prudence therefore dictated the retention of a device whereby, if this eventuality materialised, the tensions could be prevented from being further aggravated by a stepping-up of purchases by enterprises and households in anticipation of a quickening of the price rise. It was therefore decided that the limitation should remain in force in the first quarter of 1971 for the credits which can be most easily used to finance stockbuilding and consumption, loans to finance capital expenditure being in fact exempt from the restrictions. The norm for 31st March, 1971 was fixed at a level permitting the financing of a normal growth in transactions.*

*The National Bank has thus already given assistance to the Government's programme designed to prevent a runaway rise in prices.*

*The factors contributing to an upward movement, both from abroad and in Belgium, will, however, remain powerful, except in the event of a cyclical recession in Western Europe.*

*Within its own sphere of action the National Bank will take care to prevent, as far as possible, the emergence on the financial markets of any pronounced unbalance which might further strengthen the inflationary tendencies. For it is necessary to allow for the fact that the public sector's financial requirements will be larger in 1971 than in the previous year; the net recourse of enterprises to external funds might also increase, depending on the development of their capital expenditure on equipment, which is expected to increase again according to the forecasts, on the rebuilding of stocks, which have recently been reduced, and on their ability to produce internal savings. The requirements of funds, mainly for capital investment purposes, must be adequately covered, that is by contributions of stable financial savings placed at sufficiently long term; if these contributions were to be insufficient, the financial requirements would inevitably be covered, automatically, by a creation of funds achieved by recourse to monetary financing, effected either via loans from abroad, or through direct reliance on bank credit backed, as far as necessary, on the lender of last resort.*

*The banks' ability to grant credits without having to have recourse to the Central Bank, and thus their autonomous power of issuing currency, obviously tends to increase in line with the reduction of the relative importance of note holdings in the money supply. This trend makes the banks less dependent on the Central Bank. But by its handling of the rediscount and visa ceilings the National Bank has reacquired means of influencing bank liquidity. Furthermore, other instruments of monetary policy could, if necessary, be put into force for the same purpose.*

*At the same time the rate policy pursued jointly by the Treasury and the National Bank remains, in their hands, a means of affecting the equilibrium of the financial markets. Having now become sensitive, owing*

*to the persistence of creeping inflation, to the phenomenon of monetary erosion, an increasingly large number of savers will only consent to lend if they find, in the yield on their assets, in addition to the normal remuneration in terms of income, adequate compensation for the crumbling away of purchasing power. Should they no longer be given this compensation they might, particularly in a period of more perceptible price rise, allocate a larger proportion of their incomes to the purchase of real consumer or investment goods, thus aggravating the tensions in some sectors. The repercussions of such behaviour would combine with the effects which the same causes would produce on the attitude of borrowers; these would be induced to increase their borrowing owing to the fact that the real burden thus assumed would become disproportionately light.*

*Helping to maintain equilibrium, the policy of creditor and debtor interest rates must obviously make allowance for this kind of behaviour, especially in periods where there is general anticipation of price rises; satisfactory remuneration must be allowed to suppliers of funds, and a sufficient curb must be placed on the desire to borrow with a view to obtaining real increases in value.*

*Without disregarding the influence of foreign markets, to which domestic short-term rates are particularly sensitive, the National Bank will therefore endeavour to ensure that the set of rates does not decline below the thresholds beyond which the matching between capital expenditure decided upon and the necessary resources can no longer be achieved except through excessive monetary financing compared with the possible increase in the volume of the national product.*

*A satisfactory concordance between savings decisions and investment decisions can also be assured henceforth, in a more institutional manner, by the arrangements which are the subject of the proposals, designed to improve the financial machinery, which have been submitted to the Government by the Commission set up, at the request of Parliament, under the chairmanship of Mr. De Voghel, to study the possibilities of reforming the laws concerning banking and saving.*

\* \*

*The international foreign exchange markets were no longer upset by speculative movements of funds such as had occurred in the past few years.*

*Nevertheless there were still unbalances in the payments between the main countries, especially between the United States and the rest of the world; the surplus of \$ 2.2 billion shown by the U.S. balance of payments during the first three quarters of 1969 on the official reserve transactions basis was replaced by a deficit of \$ 7.2 billion in 1970. However, a surplus reappeared in respect of current transactions owing to the decline in domestic expenditure. But the easing of monetary policy designed to remedy this recession situation induced the American banks to repay a large proportion of the funds which they borrowed in 1969 on the Euro-dollar market.*

*The financing of these outflows of short-term funds did not raise any major problems because a certain number of countries were willing to maintain reserves in the form of dollar holdings. Being financed in this way the U.S. balance-of-payments deficit led to an increase in gross official international liquidity reserves.*

*Now at the same time the stock of these reserves was deliberately increased by the international monetary community.*

*Thus, in implementation of the decision adopted in 1969 by the member countries of the International Monetary Fund to create \$ 9.5 billion of special drawing rights during the years 1970-1972, the member countries were allotted rights to the value of \$ 3.4 billion in January, 1970 and \$ 3 billion in January, 1971, including \$ 71 and 70 million respectively to Belgium.*

*Furthermore, on the conclusion of the five-yearly study of the desirability of a change in quotas provided for by the Fund's Articles of Agreement, the Board of Governors on 9th February, 1970 called upon the member countries to subscribe to a new increase in the quotas. The rises come into force as the countries concerned agree to them and make the necessary payments. Thus Belgium's quota was raised in December,*

1970 from \$ 422 to 650 million; this increase takes into account the relative importance of our country in international relations.

The creation of official reserves brought about in these various ways doubtless reduces the danger that countries which together have an important share in international economic relations will be simultaneously driven to resort to restrictive measures harmful to trade owing to their inability to finance external deficits for long enough to allow more suitable restorative measures to produce their effects.

But the international monetary community also cannot afford to underestimate the opposite risk of more acute inflation which might be brought about by countries willing to tolerate, without a sufficient effort to redress the situation, the continuance of excessive domestic expansion because the resultant deficit in their balance of payments can be too easily covered thanks to the excessive reserves provided to them.

While the stock of international liquidity reserves must necessarily grow with the expansion in world transactions and national incomes, it is important to prevent this creation of means of payment from being unduly speeded up by the bringing about, through the deficit of a country issuing a reserve currency, of a spontaneous creation which excessively reinforces that which takes place under international arrangements. The latter can only serve to regulate the creation of international liquidity; thus, if this becomes too great, the application of the provisions of these arrangements must be slowed down or even suspended.

A change in parity may be an appropriate measure in the event of a balance-of-payments deficit. By virtue of the principles forming the basis of the Bretton Woods Agreements, exchange rates fluctuate only within narrow limits around the parities and these cannot be changed without the Fund's approval. This will be given if the change is necessary in order to correct a fundamental disequilibrium.

International  
foreign exchange  
system.

Experience has shown, however, that countries with a fundamental disequilibrium have been slow in deciding to submit a change in their

*parity for the Fund's approval. That is why the idea was put forward that the system should be made more flexible so as to enable exchange rates to fluctuate more widely — according to one method or another — depending on the short-term trend of balances of payments.*

*However, any system which introduces too much uncertainty regarding the extent of exchange rate fluctuations at the same time introduces, in the field of actual operations, more impediments to the smooth progress of commercial relations. Furthermore it has not been decisively proved either theoretically or by facts that substantial variations in foreign exchange rates constitute an instrument for automatically redressing balances of payments. This corrective factor of surpluses and deficits on current payments operates effectively only in so far as the price elasticities of demand for foreign products in the country in question, and vice versa abroad, are sufficient. If this condition is fulfilled it is also necessary that the supply of exportable products, or of those which can be substituted for imports, shall be sufficiently flexible in the country in question. Furthermore the effectiveness of the corrective mechanism is weakened if alterations in exchange rates have repercussions on domestic prices; in dominated economies, rises tend to spread rapidly. Now an exchange rate must have been in force for a certain length of time before it can produce all its effects on trade; thus a growth in exports, which should in theory be made possible by a depreciation of the national monetary unit in relation to the others, will very often not appear, in the case of highly processed products, until an appropriate sales policy has been put into operation in foreign markets.*

*Furthermore, a flexible exchange rate would be influenced not only by current transactions but also by capital movements. Outflows of capital leading to a rise in foreign exchange rates might bring about — as was the case in various European countries after the First World War — a rise in the price of imported products and thus an increase in domestic prices, incomes and costs. Owing to the irreversibility of rises in the latter, the country's competitive position might suffer a permanent deterioration as a result of transitory movements of funds. There would*

*also be a danger of these exerting greater pressure on foreign exchange markets because speculators, when anticipating a continuation of the rises, would stand to gain more, the wider the possible fluctuations in rates.*

*The Executive Directors of the International Monetary Fund were therefore right when, in their report on the operation of the international monetary system, they rejected all the most radical proposals for reform, namely the introduction of floating exchange rates, a substantial widening of the margins of fluctuation around the parities, and automatic changes in parities depending on certain economic indicators.*

*At the Fund's General Meeting in Copenhagen in September it was agreed that the study of the adjustments to be made to the present system should be continued without at all calling in question again the actual basic principles of this system.*

\* \*

*All the same the present organisation of international settlements itself must not be solely blamed for the disturbances which have occurred in its operation and for the drawbacks which may result, for some of the members of the international community, from the propagation in their countries of the effects of other members' economic policy decisions.*

*Coordination  
of the  
policies of all  
industrial  
countries.*

*Firstly, the events which have disrupted the international mechanisms have their roots rather in incompatibilities between the aims and means of economic policy as adopted and applied separately by the different countries; from this point of view the prevention and correction of international disequilibria would probably be more surely achieved by a common effort of coordination of these policies than by the adoption of some system of automatic regulation through exchange rates.*

*Secondly, it is the interdependence of economic trends, accelerated by the freeing of trade and the internationalisation of financial markets, which has made each country more subject to the influence of the situations which*

*develop in other countries and of the programmes pursued there by the authorities. The events of 1970 made this loss of autonomy of national policies particularly clear, especially where the economy is dominated by more powerful economies. The choices of aims made completely independently by the latter tend to be imposed on the others, even against their interests and despite their efforts; the latter countries feel the de facto diminution of their sovereignty.*

*The temptation to reject this subjection to foreign influence might revive attitudes of economic nationalism which would be a dislocating factor for the international economic system. Dangers of opposition and conflict would be considerably reduced if a genuine effort were made by all countries to coordinate their national economic policies; thus the adoption of the policy of each of them, whatever its size, would be more subject to concertation.*

*The Organisation for Economic Cooperation and Development is one of the centres of this coordination. That is why the Belgian Minister for Foreign Trade proposed to that Organisation that cooperation should be strengthened in this field between industrialised market-economy countries in order to prevent, as far as possible, conflicts due to divergent national structural or cyclical developments.*

\* \* \*

*Economic  
and monetary  
union of the Six.*

*Within the geographical area constituted by all the industrialised countries, coordination of economic policy cannot be as precise in its aims or as rigorous in its means as it must be between the members of the European Economic Community, where it is a cornerstone of economic and monetary unification.*

*The Heads of State and of Governments who met at The Hague in December, 1969 agreed that a stage-by-stage plan should be worked out with a view to attainment of this unification. The Council of Ministers, after having had a study made of the basic alternative methods for*

*achieving this aim by a group under the chairmanship of Mr. P. Werner, President of the Luxemburg Government, started in December, 1970 on the drawing-up of the plan, but was unable to complete it before the end of the year.*

*The terms of unification are thus not yet known, even for the first stage, but some of its main features, and also the essential conditions for its success, were clearly brought out by the preparatory studies.*

*The monetary unification will chiefly consist, for the member states, in the harmonisation of their instruments of monetary policy, the reduction, probably in the very first stage, followed by the abolition of the margins of fluctuation of exchange rates between their monetary units and, in the final stage, the establishment of complete freedom of movements of funds and total and irreversible mutual convertibility of their currencies at irrevocably fixed parities.*

*The process of unification could be greatly assisted by the creation of a European Monetary Cooperation Fund. This would facilitate the use of Community currencies for the settlement of balances between member states; it would make it possible to offset the surpluses of some of these in relation to outside countries against the deficits of others; it would manage the assets resulting from the Community's possible net surpluses and would administer a machinery for reciprocal credit-granting. In these various ways the Fund would help to strengthen the member states' foreign exchange position. Furthermore, as it would be immediately aware, by the mere fact of its operations, of the effect on the various states' exchange reserves of any imbalance which might develop within the Community, it would be able to give warning without delay to the authorities responsible for the harmonisation of both economic and monetary policies.*

*For it is essential that parallel progress should be made in these two fields; while it is hazardous to await the full achievement of economic integration before embarking on monetary unification, it is obvious that the stages of the latter cannot be gone through without serious risks unless the former is organised in step with it.*

*Indeed, in a large monetary area where income flows and movements of funds are increasingly freed of all impediments and foreign exchange risks, substantial differences cannot remain in either the fiscal or parafiscal systems or, more generally, in the institutional machinery which conditions industrial, commercial or financial activity. Similarly, the continuance of the structural gaps between more developed and less developed countries included in this area would give rise to oppositions between them. Above all, the appearance of divergences in the individual economic development of the various countries would inevitably produce friction between fellow-members, and especially between creditors and debtors.*

*It would therefore be vain to attempt to organise and then unify the policies of Central Banks if the member states were reluctant to carry out an effective concomitant coordination of their general economic policy, that is both their budgetary and tax policy and their income and development policies.*

*This harmonisation, proceeding parallel in all fields, which is to be transformed in the final stage into unification, is the condition of all progress towards European integration. Indeed, without it, what has been attained might henceforth be jeopardised again by divergences in the trends in the various countries.*

*Welcoming the results achieved by the Community and hoping, in the interests of all its members, that the task undertaken will be pursued and completed, the National Bank, within its own field of action, will give every assistance to the Government in the establishment and operation of the instruments of European economic and monetary unification.*

In most industrialised countries, economic growth slowed down; sometimes it even stopped; for all the member countries of the Organisation for Economic Cooperation and Development, the rate of increase in the national product declined from 4.9 p.c. in 1969 to 2.8 p.c. (<sup>1</sup>). This movement reflects, to some extent at least, the influence of the measures taken to combat inflationary pressures.

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 <i>(in billions of United States dollars)</i> (*)			
	E.E.C.	United King- dom	Japan	Unit- ed States	E.E.C.	United King- dom	Japan	Unit- ed States	E.E.C. (1)	United King- dom (2)	Japan (1)	Unit- ed States (2) (3)
1965 .....	+4.9	+2.5	+ 4.4	+6.3	+3.4	+5.0	+5.6	+1.9	- 1.1	- 0.7	+ 0.3	+ 5.3
1966 .....	+4.3	+1.9	+10.0	+6.5	+3.4	+4.4	+4.6	+2.7	- 1.0	- 0.2	+ 0.3	+ 3.9
1967 .....	+3.2	+2.0	+13.1	+2.6	+2.4	+3.1	+4.2	+3.2	+ 1.1	- 1.5	- 1.2	+ 4.1
1968 .....	+5.9	+3.4	+14.3	+4.7	+2.7	+3.6	+3.8	+4.0	+ 2.3	- 1.3	...	+ 0.8
1969 .....	+7.1	+1.9	+12.5	+2.8	+5.0	+4.4	+4.2	+4.7	+ 0.1	- 0.2	+ 1.0	+ 1.3
1970 ... e	+5.7	+1.9	+11.4	-0.2	+6.1	+5.5	+5.8	+5.2	- 0.7	...	+ 0.3	+ 2.7

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

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

(2) Exports f.o.b. less imports f.o.b.

(3) Excluding exports by way of military aid.

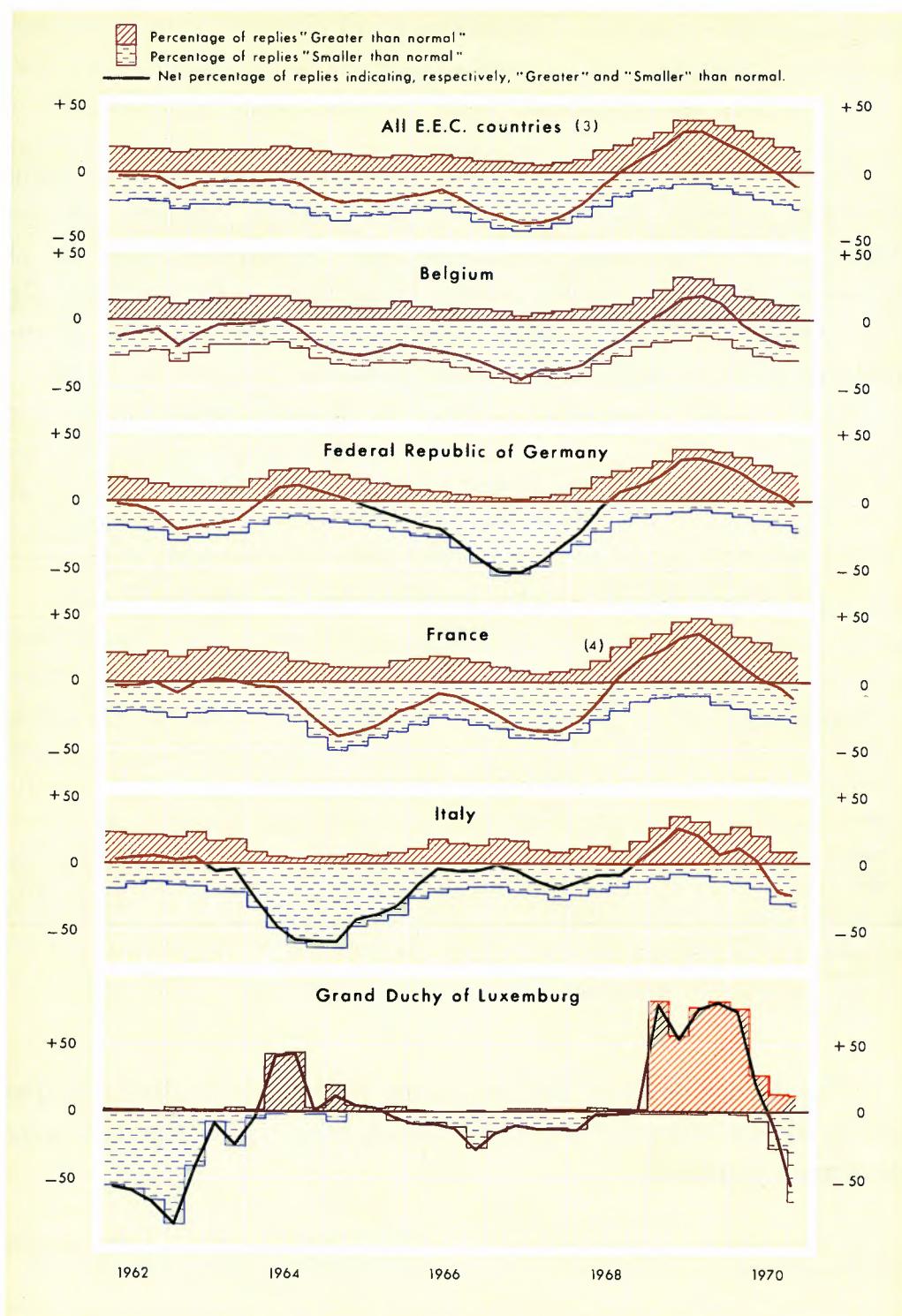
e Estimates.

The slowing down of the growth rate in the industrialised countries had an adverse effect, both in volume and in price, on the exports of some developing countries.

(1) Unless otherwise indicated, the comparisons made in this Report between 1970 and 1969 must be understood as comparing facts observed at identical dates or for identical periods.

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

Appraisal of total orders in hand <sup>(1)</sup> <sup>(2)</sup>



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 : October, 1970.

(3) Not including the Netherlands.

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

Wage increases were substantial in the industrialised countries, even in those with a low rate of expansion, and their pace often quickened. The rise in average price levels compared with the previous year was also more marked than in 1969, despite the decline in quotations for many basic products in the course of 1970.

In the **countries of the European Economic Community** the growth in the total national product, expressed in constant prices, fell to 5.7 p.c., against 7.1 p.c. in 1969. The appraisals by heads of enterprises concerning their order books, which had been exceptionally good in 1969, became gradually less favourable. The implicit index of the prices of the national product rose by 6.1 p.c., against 5 p.c. in 1969. The Community's trade balance, approximately in equilibrium in 1969, showed a small deficit.

In the Federal Republic of Germany the growth in the national product at constant prices slowed down. The expansion in foreign demand slackened as a result of a movement of prices to the disadvantage of that country, reinforced by the effect of the revaluation of the mark decided upon in October, 1969. On the other hand, domestic demand went on increasing at a continued high rate throughout most of the year. Overall demand exerted strong pressure on labour resources and production capacities. Thus the push exerted by costs and prices remained vigorous.

The Deutsche Bundesbank's foreign exchange reserves increased substantially. While the surplus of the balance of current transactions decreased markedly, net exports of long-term capital also declined considerably and the net inflow of short-term funds remained very large.

The authorities endeavoured to combat the cyclical tensions. The steps taken by the Government included an increase in taxation, and the Deutsche Bundesbank raised the discount rate in March. Subsequently, the decline in interest rates abroad blunted the effectiveness of the discount rate policy. The Deutsche Bundesbank lowered this rate three

times, and had increasing recourse to the method of imposing obligatory reserve ratios on the banks.

In France the growth in the national product at constant prices also slowed down, mainly as a result of a smaller increase in private consumption, coupled with a revival of the propensity to save.

The devaluation of the French franc and the implementation of a stabilisation plan in 1969 led to the restoration of external equilibrium. The decline in the deficit on current transactions and an influx of funds made it possible to repay the short-term facilities obtained from foreign countries during the balance-of-payments difficulties in 1968 and 1969 and largely to reconstitute the country's gross foreign exchange assets.

Nevertheless, the French economy was subject to inflationary tensions due to full employment of capacities and the rise in import prices. The authorities therefore maintained their restrictive budgetary and monetary policy for the greater part of the year. The Bank of France in the first half-year raised the rate of the obligatory reserves which the banks have to hold with it and maintained the policy of credit limitation for the first ten months.

During the second half-year the downward trend of market rates, due to the net capital influx, and the progressive slackening of the cyclical expansion induced the Bank of France to lower the discount rate twice and to discontinue the limitation of credit at the end of October, while at the same time reducing the banks' rediscount ceilings.

In the Netherlands the growth in the national product at constant prices was of the same order of magnitude in 1970 as in 1969. There were continued strong pressures on available resources, and imports increased appreciably. The deficit in respect of current transactions rose substantially, but the capital balance showed a large surplus, mainly owing to a net influx of private long-term capital.

In this context, the orientation of the authorities' policy remained restrictive. In January and August the Netherlands Bank reinforced its policy of limitation of short-term bank credit. The authorities also maintained their policy of keeping a watch on prices and in December they imposed a curb on wage increases for the next six months.

In Italy the growth in the national product at constant prices became more marked from 1969 tot 1970. The rise in prices and costs was very large in the first half-year but subsequently became less sharp.

Imports expanded faster than exports and the trade deficit deteriorated. On the other hand, the outflow of private funds decreased, while both enterprises and public sector credit institutions had greater recourse to international markets for their financing. As a result, net official foreign assets increased compared with the end of 1969.

With a view to restoring economic equilibrium, the Bank of Italy raised the discount rate in March and the Government adopted a set of measures in August. Taxation was increased in order to restrain private consumption and various measures were introduced to encourage productive investment.

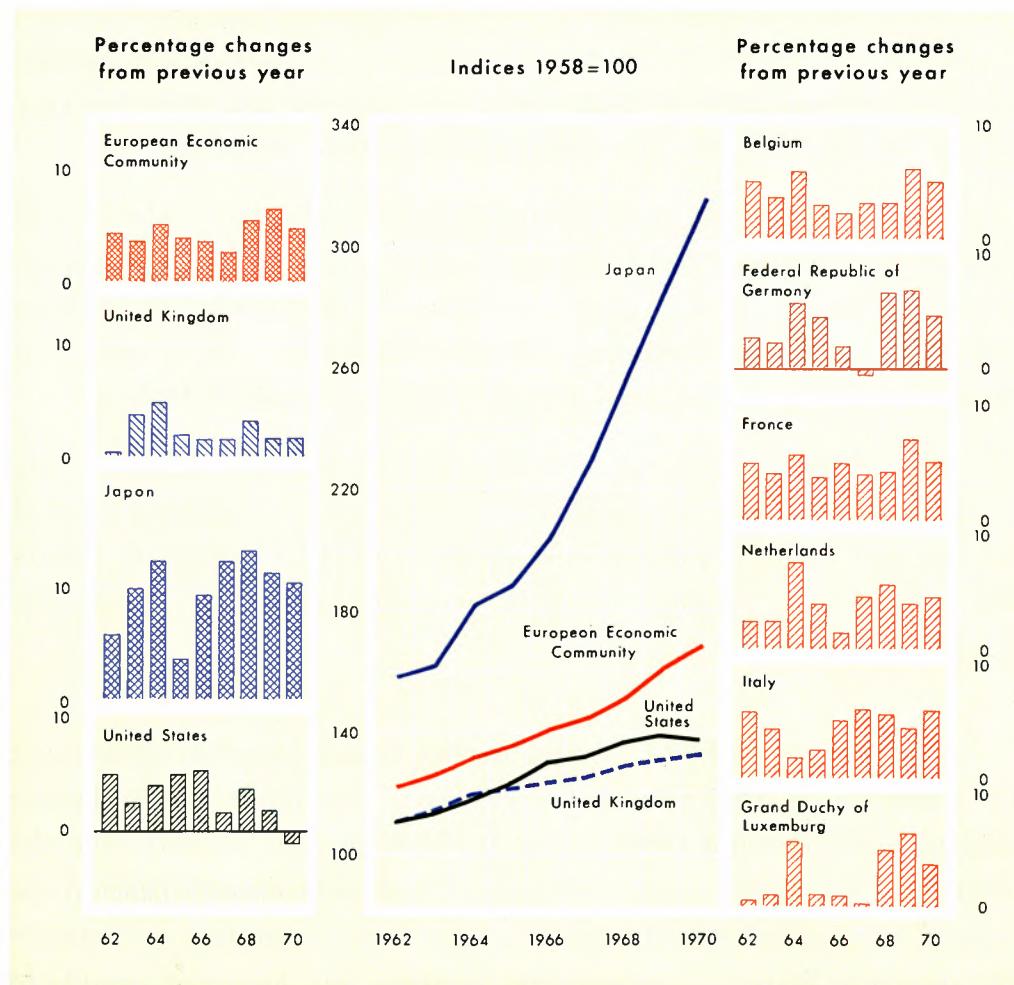
In the Grand Duchy of Luxemburg the national product at constant prices rose less in 1970 than in 1969, mainly as a result of the slowing down of world demand for iron and steel products. Nevertheless, the inflationary tensions persisted and in March the authorities instructed the financial intermediaries to be very selective in credit-granting, particularly with regard to loans for consumption purposes and long-term credits to finance building.

In the United Kingdom the national product at constant prices rose by 1.9 p.c. as in 1969.

Despite a relatively high level of unemployment, the rise in wages quickened. As a result, in the absence of any parallel increase in

productivity, there was an appreciable rise in costs and prices. The cost of living went up by 7.9 p.c. in 1970, against 4.7 p.c. in the previous year.

TREND OF GROSS NATIONAL PRODUCT PER HEAD OF POPULATION  
At constant prices



Sources : Gross national product : European Economic Community : Statistical Office of the European Communities.  
United Kingdom : « National Income and Expenditure », Central Statistical Office.  
Japan : Monthly Bulletin of Statistics of the United Nations.  
United States : Economic Indicators.  
Population : Monthly Bulletin of Statistics of the United Nations.  
1970 : estimates.

Under the favourable influence of the improvement in the terms of trade, the balance of merchandise transactions showed a very slight surplus, whereas it had left a deficit of £ 85 million in 1969. Owing to

the large surplus in respect of services, current transactions again yielded a net surplus, which is estimated to have reached £ 635 million, against £ 415 million the previous year. The system of obligatory deposits on imports was gradually made more flexible, and finally abolished in December.

Taking into account a particularly large surplus in respect of short-term capital movements, connected with the increase in private sterling balances and the growth in the banks' net foreign currency liabilities, transactions with foreign countries, not including the allocation of special drawing rights, resulted, for the first three quarters, in an increase in official net foreign holdings of £ 940 million, against £ 305 million in 1969.

The authorities continued to apply a restrictive policy. In order to reduce bank liquidity, the Bank of England called upon the banks, in April and October, to increase their special deposits with it. The limitation on bank credit was maintained. The two reductions in the discount rate, in March and April, bringing it down from 8 to 7 p.c., reflected the easing of international discount rates, rather than representing measures designed to revive economic activity. Lastly, the budget surplus achieved during the first eleven months, although smaller than that of the preceding year, was still substantial, amounting to £ 1,195 million, against £ 1,450 million in 1969.

In Japan the growth rate of the national product at constant prices declined slightly, although remaining very high. The inflationary pressures appear to have eased during the year.

In order to limit the surpluses in respect of current transactions, the Bank of Japan made short-term export credit dearer and reduced the cost of financing imports, and the Government abolished or increased the import quotas for many products.

The trend of economic activity and of the money and capital markets in the above-mentioned countries was influenced by developments in the **United States**.

In that country the national product at constant prices, after declining in the first quarter, subsequently increased slightly; the recovery was hampered, however, by the effect of the strike which broke out in September in the main car-manufacturing company; for the year as a whole, the national product remained below the 1969 level.

The halt in economic expansion, the worsening of unemployment, the cash difficulties encountered by a growing number of enterprises and the slowing down, during the year, of the rise in prices, although its rate remained high, induced the authorities gradually to replace their restrictive policy by a policy of moderate expansion. The implementation of the federal budget, chiefly influenced by the abolition of the 10 p.c. increase in income tax, resulted in a deficit of \$ 8.7 billion for the first ten months, as compared with a surplus of \$ 4.9 billion in 1969. The monetary authorities took steps to increase bank liquidity and also reduced the discount rate twice towards the end of the year. This change in policy led to an appreciable fall in short-term interest rates, especially the banks' debtor rates and those on Treasury certificates; long-term yields also declined, but to a smaller extent. The annual growth rate of the money supply rose from 3.4 p.c. in the first eleven months of 1969 to 5.5 p.c. in 1970.

Owing to the halt in economic expansion, the balance of current transactions showed a net surplus of \$ 0.7 billion for the first three quarters, against a deficit of \$ 0.8 billion in 1969. For the first ten months, merchandise exports increased by 9.5 p.c. in volume, whereas imports rose by only 2.9 p.c.

However, despite the improvement in the current balance, the net overall balance-of-payments position, as measured by the change in the official reserves and by liabilities only to foreign official institutions, and not including the allocation of special drawing rights, showed for the first three quarters a deficit of \$ 7.2 billion, whereas there had been a surplus of \$ 2.2 billion in 1969.

This movement was primarily due to the reversal, from one year to the next, in the net result of the flows of short-term funds between the

Euro-dollar market and the American banks. Whereas in 1969, in order partly to offset the effect of the pressure exerted on their credit-granting potential by the authorities' restrictive policy, the banks had substantially increased their borrowings on the Euro-dollar market — fed both by American residents and by non-residents —, in 1970, mainly thanks to the easing of this policy, they were able to make repayments. These repayments led to an appreciable decline in the rates on Euro-dollar deposits, making this type of investment less attractive.

The end result of these changes was to reduce the movement of American funds to and from the Euro-dollar market and the contribution of funds to this market by non-residents; the last-mentioned factor had the effect of causing private dollar assets held outside the United States to flow back into the official reserves of foreign countries, whereas the opposite phenomenon had occurred in 1969. During the first three quarters of that year, the United States' short-term liabilities to foreign banks increased by \$ 9.4 billion and those to foreign official institutions remained unchanged; in 1970, on the other hand, liabilities to the latter increased by \$ 5.3 billion and those to the former were reduced by \$ 3 billion.

Towards the end of the year, the American authorities took steps to induce the banks to limit their repayments on the Euro-dollar market.

## **ECONOMIC INTEGRATION OF THE EUROPEAN COMMUNITIES.**

On 26th January, 1970, the Council of Ministers of the European Communities established the conditions for the prior consultations between countries in the field of short-term economic policy and accepted the principle of harmonisation of medium-term policies, which will be carried out on the basis of a programme for the years 1971 to 1975.

The agreement introducing a system of short-term monetary support between Central Banks entered into force on 9th February.

On 11th June the Commission made proposals to the Council concerning the terms of a system of medium-term financial aid between the member states. According to these proposals the states would undertake, each to the extent of its quota in a total of 2 billion units of account, to grant, to any one of them whose balance of payments was in difficulty or in serious danger of difficulty, credits for between two and five years on a Council decision adopted with a qualified majority; the Council would determine the terms of the credit and also the economic policy undertakings to be entered into by the country seeking the aid.

In the budgetary field, a Council decision dated 21st April laid down the rules for the financing of the common agricultural policy and established the progressive replacement of the contributions of member states by own resources.

The Council completed practically the whole of the common organisation of the agricultural markets and continued the implementation, started in 1969, of the general programme aimed at eliminating technical obstacles to trade in industrial products. The preparation of the regulations for the application of the common transport policy was also continued.

On 1st January, 1970, a general lowering of the common Customs tariff was introduced — except in the case of most chemical products — representing the third stage of tariff reductions decided upon in 1967 on the conclusion of the negotiations known as the Kennedy Round. The Council also completed the establishment of the basic instruments for a common commercial policy.

The terms of a stage-by-stage achievement of the economic and monetary union of the Community, in accordance with the resolution adopted at the conference held at The Hague in December, 1969, formed the subject of a report prepared by a study group headed by Mr Pierre Werner, President of the Luxembourg Government, and subsequently of proposals by the Commission to the Council. According to these proposals, presented on 30th October, the Council was to decide to introduce an economic and monetary union, which would be fully

achieved during the present decade, and was to draw up a programme of action for a first three-year stage beginning on 1st January, 1971. This programme was to lay down as its main aims a certain harmonisation of taxation, action to integrate the capital markets, greater coordination of short-term economic policies and closer collaboration between Central Banks. The latter were to decide jointly, within the limits of their competence and within the framework of guide-lines laid down by the Council with regard to economic and monetary policy, the orientation of their monetary and credit policies. They were also to be requested to reduce the margins of fluctuation of exchange rates between the currencies of the Six, with the object of gradually introducing a specific Community foreign exchange system.

The Council had already, at its meeting on 8th and 9th June, adopted the common conclusions which emerged from the interim report of the group headed by Mr. Pierre Werner. It then expressed the belief, in particular, that the process of economic and monetary integration could be completed within the present decade, that economic and monetary union would entail the transfer of the necessary powers from the national plane to the Community plane, that the first stage should begin on 1st January, 1971 and be embarked upon with the determination to achieve the final object, and that it would be designed to represent a first sign of individuality of the Community within the international monetary system. The Council was not in a position, however, to take before the end of 1970 the proposed decisions.

The negotiations with a view to the United Kingdom, Ireland, Denmark and Norway joining the European Communities began on 30th June.

#### **OVERALL DATA CONCERNING THE BELGIAN ECONOMY.**

After quickening considerably in 1969, the cyclical expansion in overall demand continued in 1970, but at a less rapid rate. The growth rate of the national product at constant prices declined from 6.5 p.c. in 1969 to

about 5.5 p.c., according to the latest official estimates. It received a strong impetus from fixed capital investment.

Private consumption showed a moderate increase in the first half-year, in relation to the very high level reached in the previous year, when the value-added tax was expected to come into force on 1st January, 1970. The rise subsequently became more rapid owing to the increase in available incomes and the prospect of the entry into force of the above-mentioned tax.

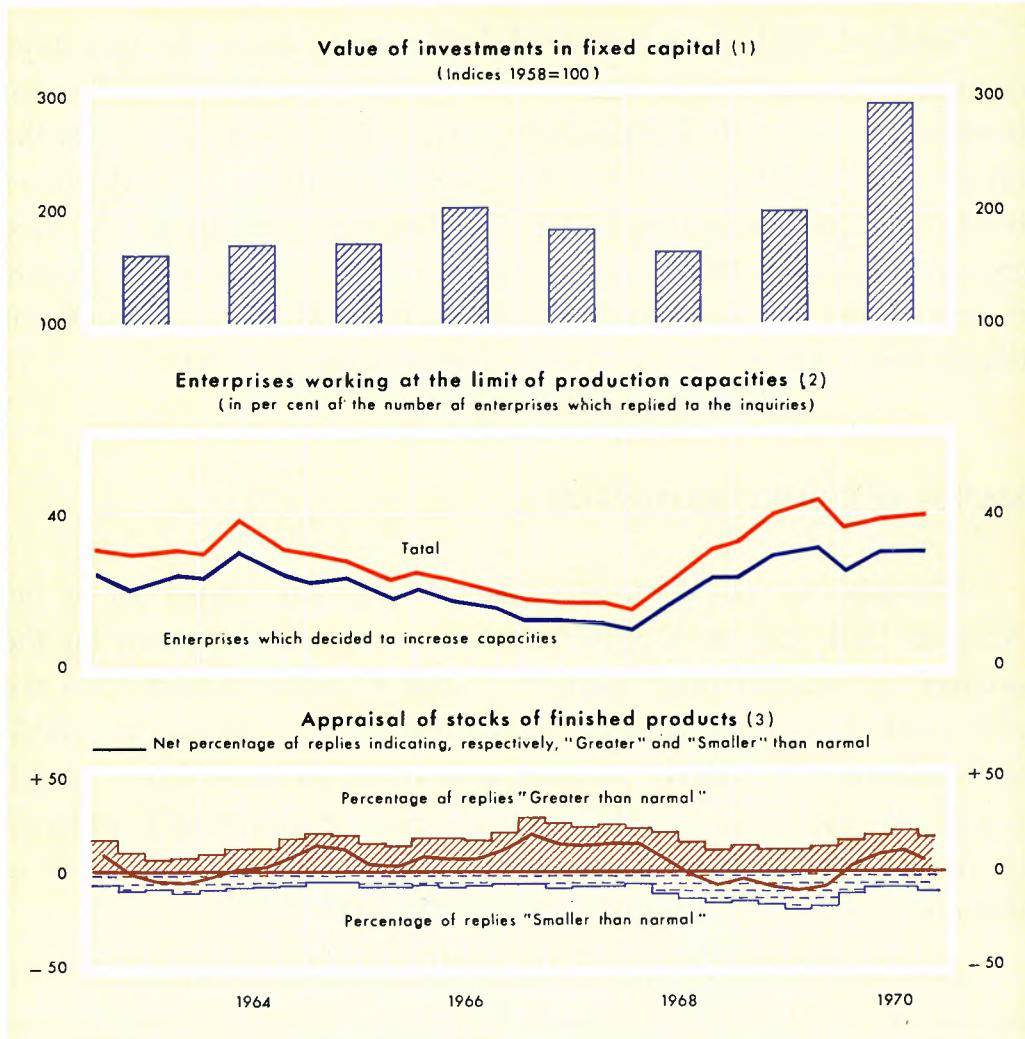
The growth in public consumption was smaller than in 1969.

Capital expenditure on housing remained substantial, particularly owing to the carrying out of social house-building programmes.

The appreciable recovery in gross fixed capital formation by enterprises, which began in 1969, was accentuated in 1970. Capital expenditure, expressed at current prices, appears to have increased by about 45 p.c. for all the industries taking part in the National Bank's inquiries plus the chemical industry. The propensity to undertake capital expenditure remained high throughout the year, because of the depletion of reserves of labour and of the continued strong pressure on production capacities and as a result of the policy designed to promote the structural reform and conversion of industrial sectors. For the subsequent pursuit of this policy the Government provided itself with a new instrument by concluding two initial « progress agreements » with groups of enterprises specialising in electrical and electronic manufacturing. Under these agreements, these enterprises are assured of the benefit of the measures of intervention provided for in the law on economic expansion and also, for a certain length of time, of a percentage of the new orders to be placed by the public sector, subject to an undertaking on their part to carry out, within specified periods, a programme of establishment or extension of industrial activity in a highly technical sector and to pursue research in the most advanced scientific and technological fields.

Capital expenditure by the public authorities increased in 1970 to an extent comparable to that in 1969; the increase was most marked in the

INDICATIONS GIVEN BY THE NATIONAL BANK OF BELGIUM'S  
INQUIRIES INTO FIXED CAPITAL FORMATION AND STOCKBUILDING IN INDUSTRY



(1) This graph covers, for the latest period, the following industries : oil refineries, electricity and steel, non-ferrous metals, metal manufactures, textiles, paper, leather, wood processing, building materials, building and chemicals. The data on the last-mentioned sector are from an inquiry carried out by the Federation of Chemical Industries. 1968 to 1969 : expenditure effected. 1970 : expenditure effected for the first half-year and forecasts for the second half-year.

(2) This graph covers, for the latest period, the following industries : steel, non-ferrous metals, metal manufactures, textiles, paper, leather, wood processing, building materials and chemicals. The data relate to the months of January, May and October in each of the years.

(3) This graph covers, for the latest period, the industries listed in footnote (2) above, plus petroleum-refineries. Monthly averages per quarter; last period : average for October-November, 1970.

case of road works and expenditures by local authorities. For the second year in succession the Government refrained, in view of the state of full employment of the Belgian economy, from undertaking commitments

involving the cyclical tranche for which provision had been made in the extraordinary budget.

Stocks of finished products tended to increase during the first three quarters of the year both in industry and in certain branches of distribution; there was subsequently a general reduction in these stocks in view of the prospect of the entry into force of the value-added tax. On the other hand, stocks of raw materials and semi-finished products, which were greatly expanded in 1969, seem to have contracted for the reason already mentioned and also owing to the downward trend which became apparent during the year in the prices of some of these producer goods.

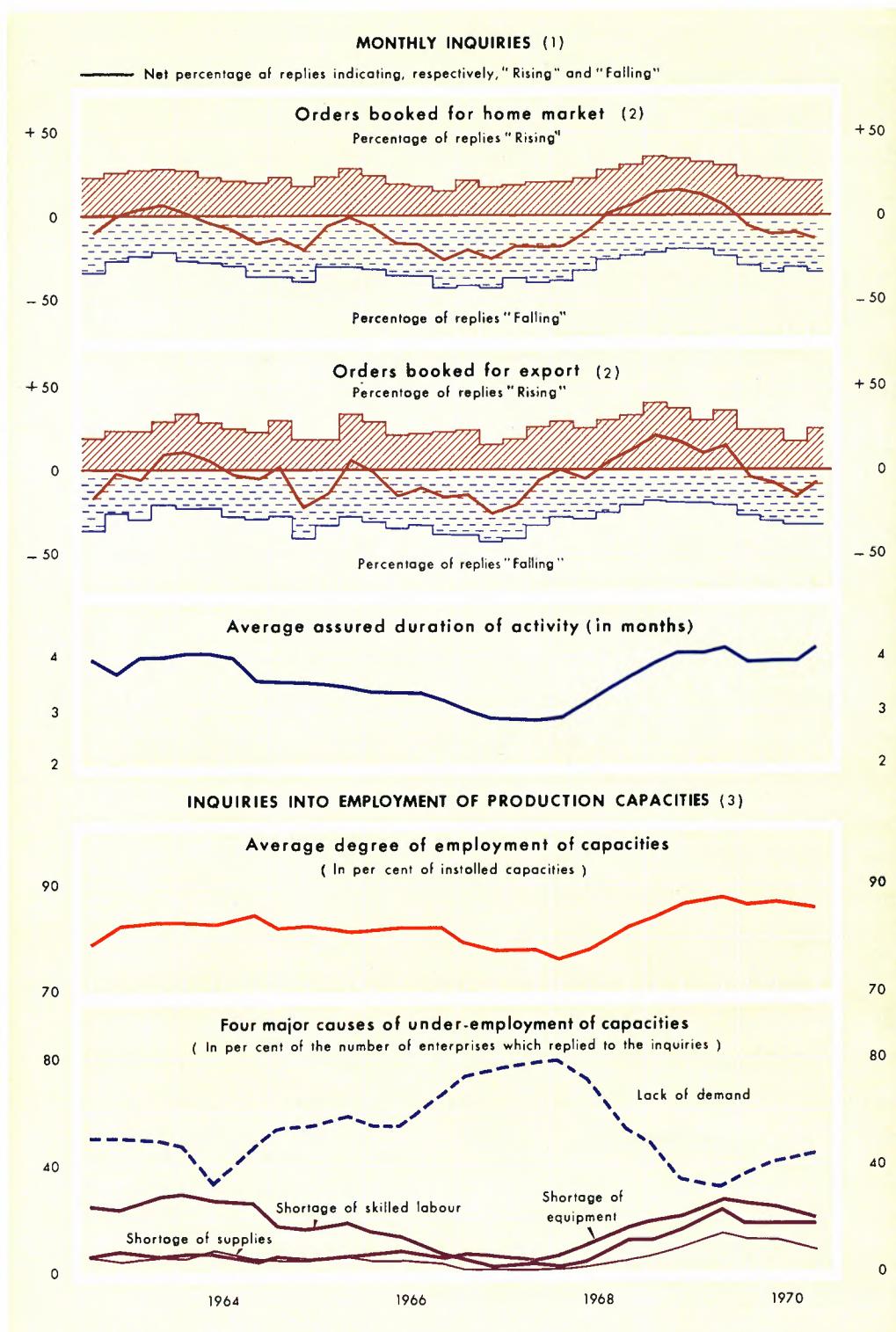
## MANUFACTURING INDUSTRIES.

The inquiries into the trend of economic activity carried out by the National Bank indicate a reduction in the pressure of demand for the products of manufacturing industry. This easing is evident from the movement of both export and domestic orders, from the less favourable appraisals made by heads of enterprises regarding the state of their overall order books and, lastly, from the greater number of firms which attributed the incomplete utilisation of their production capacities to the lack of demand.

For manufacturing industries as a whole, production in the first ten months increased by 5.2 p.c., against 11.6 p.c. in 1969 (<sup>1</sup>); the year-to-year growth tended to decrease as the months passed. The average degree of utilisation of production capacities declined slightly, being down to 85.6 p.c. in October, against 87.6 p.c. a year earlier. The proportion of enterprises working at the limit of their production capacity fell from 44 p.c. in October, 1969, to 40 p.c. In assessing these movements it should, however, be borne in mind that production capacities increased substantially during the period under review.

(<sup>1</sup>) 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 ».

DATA FOUND BY THE NATIONAL BANK OF BELGIUM'S INQUIRIES  
INTO THE TREND OF ACTIVITY IN MANUFACTURING INDUSTRIES



(1) This graph covers, for the latest period, the following industries : steel, non-ferrous metals, metal manufactures, textiles, paper, leather, wood processing, building materials, chemicals and petroleum-refineries.

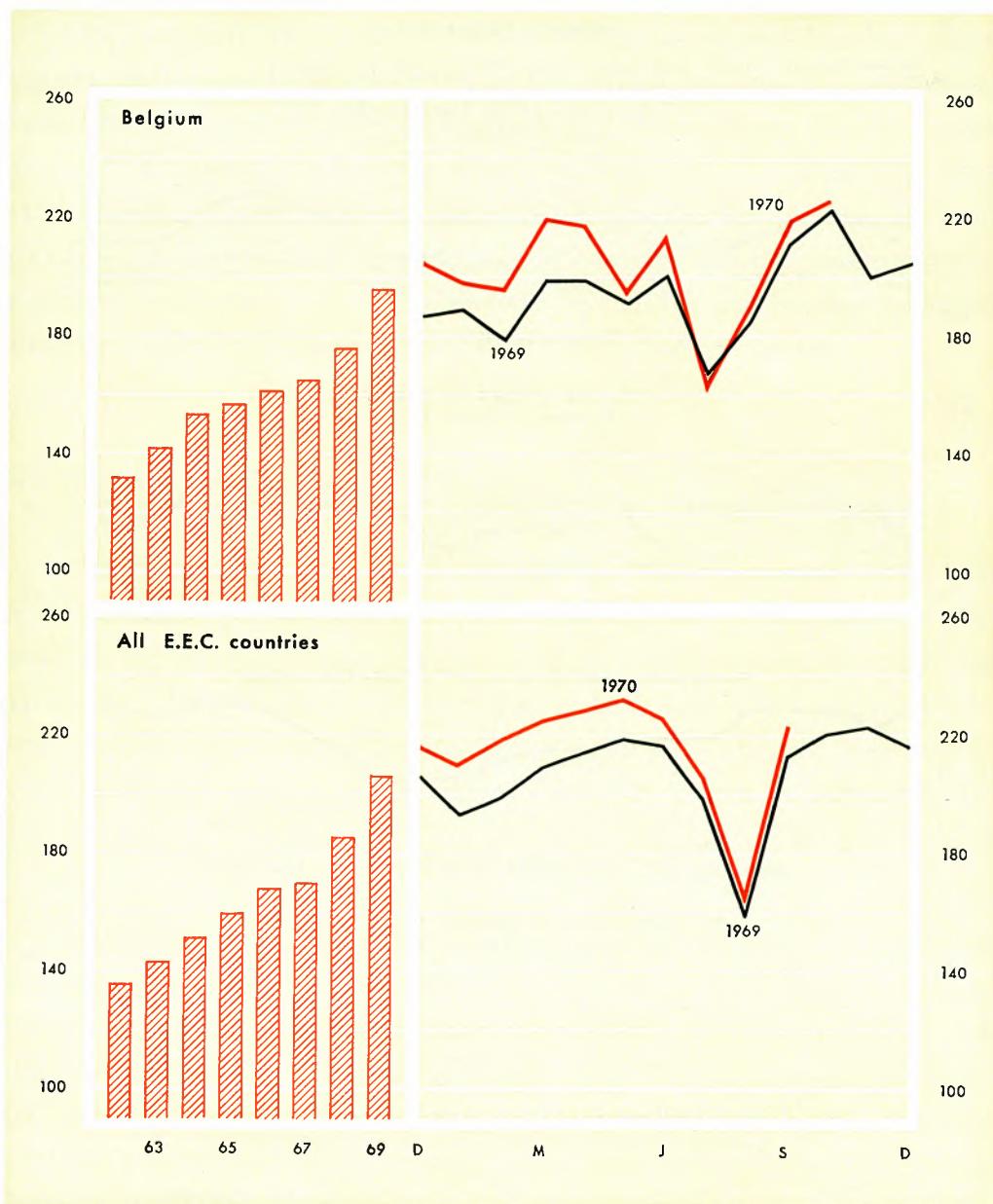
Monthly averages per quarter; last period : average for October-November, 1970.

(2) Seasonal movements eliminated.

(3) This graph covers, for the latest period, the industries listed in footnote (1) above, except for petroleum-refineries. The data relate to the months of January, May and October in each of the years.

## OUTPUT OF MANUFACTURING INDUSTRIES

*(Indices 1958 = 100)*



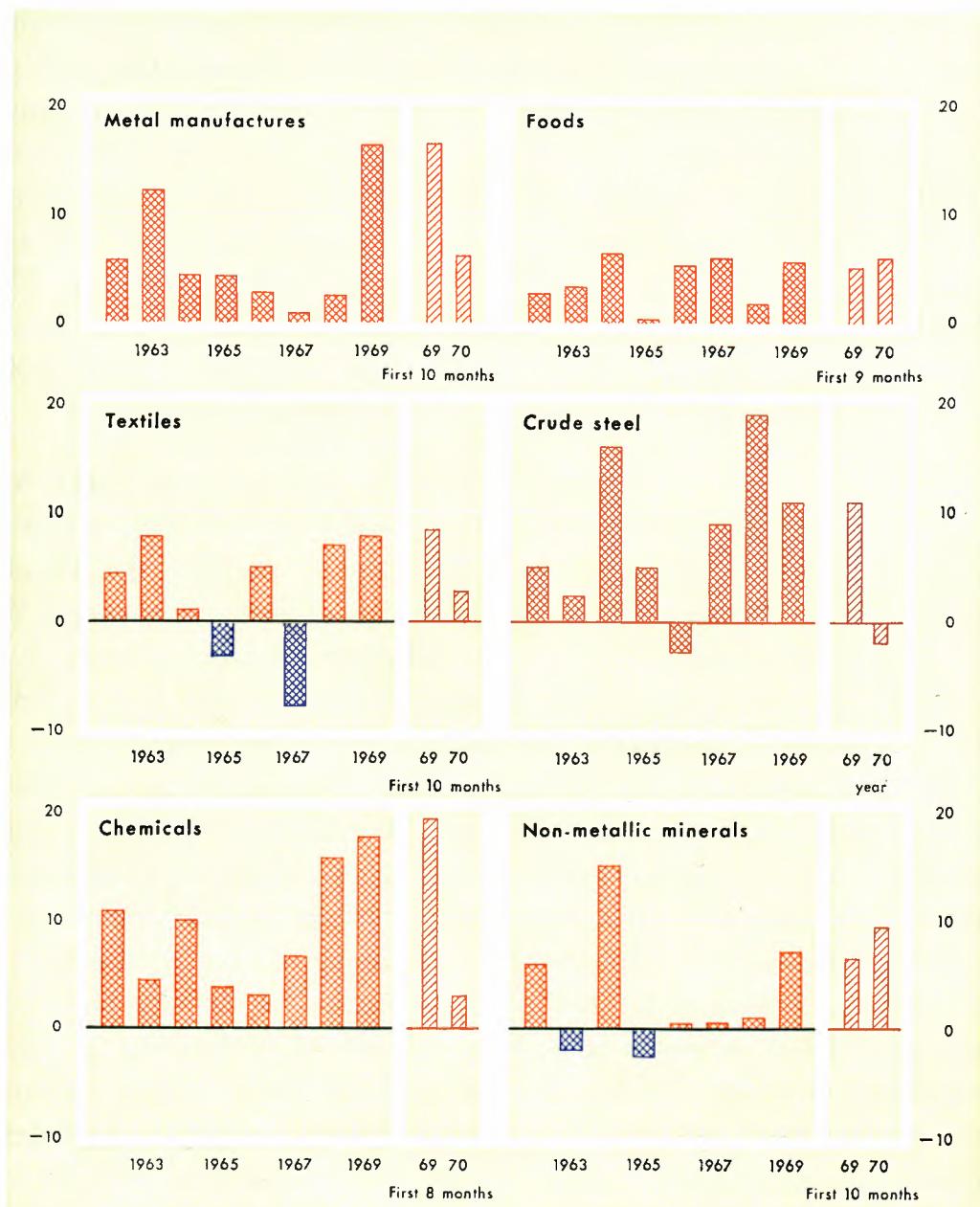
Sources : Belgium : National Statistical Institute,  
European Economic Community : Main economic indicators of the Organisation for Economic Cooperation and Development.

The average period of ensured activity for manufacturing industries as a whole underwent only minor changes.

In certain industries departing from the general trend towards less pronounced expansion than in 1969, output rose even faster than in that year. This was the case with the food industries, mainly thanks to a growth in exports; the quickening is due to the production of canned meat and vegetables, the activity of chocolate makers, the production of biscuits and of margarine, and also to the meat sector, in which slaughtering, mainly of pigs, increased appreciably during the first six months of 1970, whereas in 1969 it had remained practically stationary. The situation also developed favourably in the tobacco industry, owing to greater consumption of cigarettes. The faster rise in output of non-metallic mineral products was connected, on the one hand, with the high level of activity in the building industry and, on the other hand, with an expansion in exports, which particularly benefited the cement and glass industries. Output of non-ferrous metals also rose more markedly than in the previous year.

Other sectors experienced, in varying degrees, movements in accordance with the general trend. In the metal manufacturing industry activity was influenced by developments in the car industry, the output of which was stimulated in 1969 by advanced purchases and hampered in 1970 by strikes; in most other branches deliveries expanded substantially, particularly in the capital goods category, which benefited by the high level of capital investment; at the end of the year the average ensured duration of activity and the degree of utilisation of capacity, for the metal manufacturing industry as a whole, were above the levels reached a year earlier. In the textile industry export demand contracted, while home demand was affected by a running-down of stocks at the retail trade stage; activity in hosiery was below its 1969 level during the first eight months; a recovery, evidenced by the ensured duration of activity and the appraisal of total orders in hand, appears, however, to have set in from September onwards. In the chemical industries home demand appears to have increased only slightly and to have been satisfied to a greater extent by imports; the slackening of the expansion became apparent in various branches, particularly the nitrogen sector; the latest results of the inquiries into the trend of activity suggest that the tendency observed is being maintained. The activity of the steel industry, which increased

**OUTPUT OF MAIN MANUFACTURING INDUSTRIES**  
*(Percentage changes from the corresponding period of the previous year)*



Source : National Statistical Institute.

greatly in 1969, declined slightly; a falling-off of demand became apparent, particularly from May onwards, as the combined result of the previous anticipation of orders by intermediaries and users, of the slowing-down of the expansion in the activity of steel-consuming industries and of their running-down of stocks in expectation of a continued fall in prices; there were signs, however, of more favourable prospects towards the end of the year. The trend of output of the paper and cardboard industry was affected by the less marked rise in exports. The level of activity was lower than in 1969 in the wood industry and particularly in the leather industry, where foreign demand, the main component of overall demand, failed to increase, while home demand declined, as was also the case in the shoe and slipper industry, where a rise in consumption was more than offset by a marked increase in imports.

## **ENERGY.**

Primary production of energy, which in Belgium consists essentially of coal-mining, declined. Coal-mining showed a decrease of 14 p.c., due, on the one hand, to the carrying out of the programme for the reconversion of coal mines and, on the other hand, to the strikes which stopped or interfered with the output of the Campine mines at the beginning of the year.

Secondary production of energy further increased, but at a slower pace : coke production was unchanged and output of manufactured gas decreased; production of electricity showed a smaller increase; lastly, utilisation of crude petroleum underwent hardly any increase, whereas it had shown an exceptional rise in 1969, in conjunction with a substantial expansion in refining capacity which was not repeated in 1970.

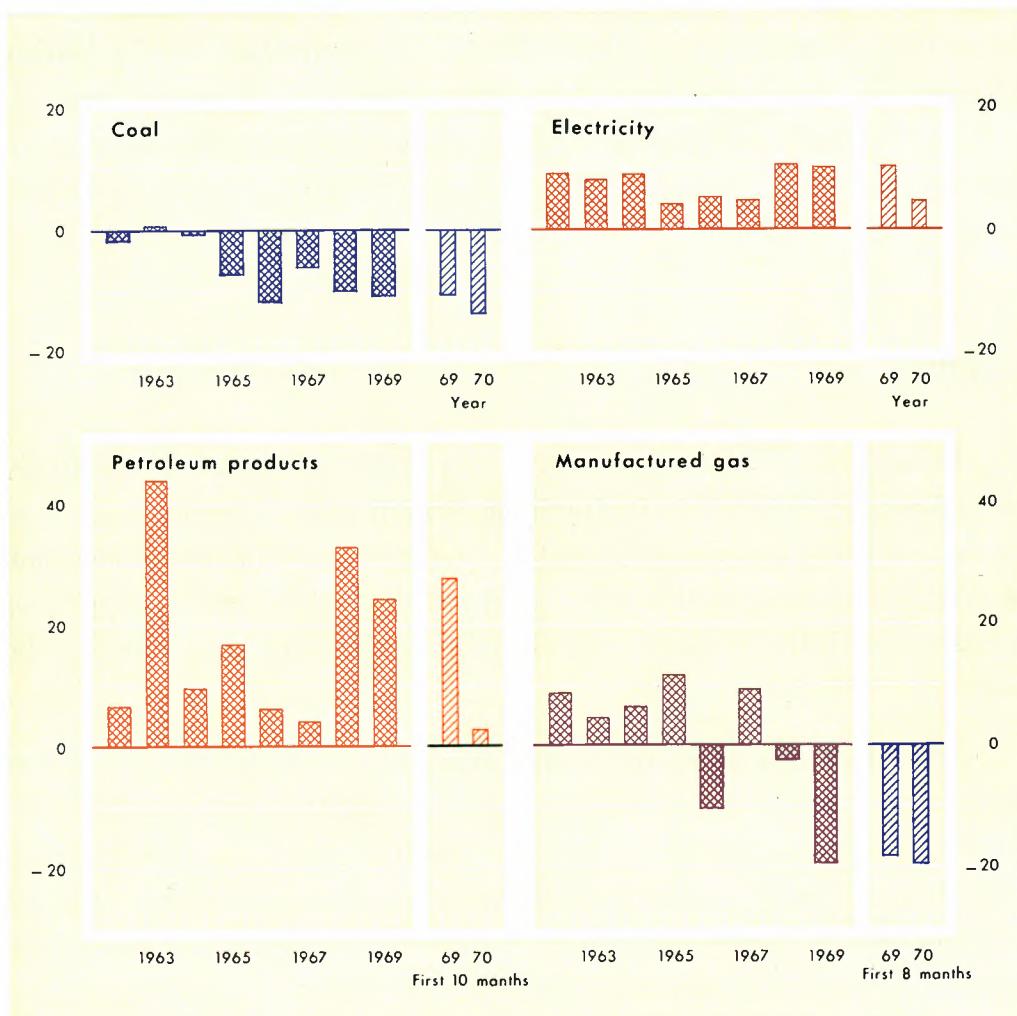
Total energy production, both primary and secondary, remained approximately stable, whereas it had increased in 1969.

On the other hand, the uses of energy continued to increase markedly, though at a somewhat slower rate. In the case of electricity, the quantities

used increased by 7.4 p.c., against 9.7 p.c. in 1969. The rise in high-voltage current was about 5.5 p.c., against 9 p.c. in 1969, and in low-voltage current, mainly for domestic and similar purposes, to 12 p.c., against 11 p.c. the previous year.

#### ENERGY OUTPUT

(Percentage changes from the corresponding period of the previous year)



Sources : Coal, electricity and petroleum products : National Statistical Institute.  
Manufactured gas : Energy Board.

The larger gap between production and use of energy was covered by increased imports of natural gas, in its process of structural expansion,

which rose from 2 billion cubic metres for the first eight months of 1969 to 2.5 billion, of coal and of electricity, and above all by a reversal of the balance of foreign trade in refined petroleum products, which resulted, for the first eight months of the year, in net imports of 0.2 million tons, as compared with net exports of 2.6 million in 1969.

## BUILDING.

There was intense activity in the building industry. For the first nine months the cyclical-trend index of activity rose by 7.6 p.c., against 4.8 p.c. in 1969. As there had been hardly any reduction in orders in

Table 2.

### BUILDING INDUSTRY (*Monthly averages*)

Output (Indices 1958 = 100)	(1) (2)	Building permits (millions of cubic metres) (1)		Buildings started (millions of cubic metres) (1)		Average assured duration of activity (in months) (3)				Normally capable persons fully unem- ployed and receiving unem- ployment pay (thou- sands) (4)	
		Bare shells of buildings				Finishin- work	Civil engineer- ing				
		Total	Residen- tial buil- dings	Build- ings for indus- trial, commer- cial or adminis- trative use							
1965 .....	168	2.6	2.0	n.a.	n.a.	8.5	6.8	14.1	6.0	12.5	n.a.
1966 .....	173	3.0	2.1	n.a.	n.a.	8.2	6.0	15.2	5.1	13.1	n.a.
1967 .....	183	2.8	2.2	n.a.	n.a.	7.5	5.0	15.7	4.2	15.5	8.9
1968 .....	173	2.6	2.0	2.0	1.4	9.0	6.1	17.8	3.9	15.9	11.7
1969 .....	183	3.1	2.4	2.4	1.7	11.3	7.9	21.3	5.4	15.1	5.1
1969 1st quarter ...	180	2.9	2.1	1.8	1.4	10.6	7.6	19.5	4.6	15.5	10.0
2nd quarter ...	182	3.5	2.7	2.9	2.0	11.0	7.9	20.1	4.9	15.0	4.5
3rd quarter ...	182	3.3	2.9	2.9	2.0	11.6	7.9	22.8	6.0	15.2	2.6
Octob.-Novemb.	186	2.5	2.1	2.4	1.8	11.8	8.0	22.8	5.9	15.1	2.8
1970 1st quarter ...	191	2.4	2.3	1.4	1.8	12.0	8.1	23.5	5.8	15.3	3.2
2nd quarter ...	195	2.9	3.9	2.7	2.0	11.6	7.8	22.7	6.1	15.5	1.7
3rd quarter ...	199	2.7(5)	2.7(5)	1.5(6)	1.4(6)	11.9	8.0	23.2	6.5	14.6	1.3
Octob.-Novemb.	n.a.	n.a.	n.a.	n.a.	n.a.	11.5	7.6	23.1	6.0	13.8	1.9

(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) Source : National Employment Office.

(5) Average for July-August.

(6) July.

n.a. Figures not available.

hand and as labour reserves were practically non-existent, a relatively large proportion of contractors — both those constructing bare shells of buildings and those engaged in civil engineering works — continued to state that, in order to meet new orders, their equipment would have to be increased.

The extent of the building work carried out in 1970 was mainly the result of the vigorous growth in demand throughout this sector in 1969 and the continuance of this growth in 1970 at a sustained rate in the case, at least, of buildings intended for use other than habitation and, to a smaller extent, of civil engineering work.

Measured in cubic metres, the volume of non-residential buildings for which building permits were issued increased, during the first eight months, by 20 p.c. and that of buildings started rose during the first seven months by 6 p.c.; in November the ensured duration of activity in this branch actually remained at the particularly high level of 23.2 months, only slightly below the absolute maximum of 23.9 months reached in January, 1970.

For the first nine months the total amount of capital expenditure commitments taken by the Government, including the Road Fund, the associations of local authorities for the building of motorways and the local authorities increased by 13.5 p.c., i.e., by a percentage higher than that of the rise in prices; thus, despite the increase in production capacity, the ensured duration of activity in the civil engineering branch was 13.8 months in November — a level which, though still high, was nevertheless below the maximum periods previously recorded.

In the housing sector, which represents approximately one-third of the activity of the building industry, demand, which determines the future rate of production, on the other hand declined; the total volume of dwellings for which building permits were issued was down by 18 p.c. for the first eight months, that of buildings started was down by 15 p.c. for the first seven months and the number of building premiums granted was down by 23 p.c. for the first eleven months compared with the — admittedly very high — figures for 1969. However, in their specialised

activity of financing social housing, the public-sector institutions further increased, during the first ten months, their new commitments in terms of current prices to such an extent that their interventions at least remained unchanged in volume. It can therefore be concluded that there was a distinct decline in demand for private residential building, mainly owing to the high level of prices and also the high interest rates. Since October these signs of slackening activity have begun to affect ensured durations of activity.

### **AGRICULTURE - HORTICULTURE - SEA FISHING.**

According to the agricultural census of 15th May the structural reduction of the utilised agricultural area continued, amounting to 11,000 hectares, as in 1969. The reduction affected the areas devoted to bread grains, mainly wheat, to flax and to fruit-growing. For the latter, the decrease was accelerated in 1970 by the granting of rooting-up

Table 3.

#### **AGRICULTURE - HORTICULTURE**

	1965	1966	1967	1968	1969	1970
Agricultural area used <sup>(1)</sup> .....	1,602	1,590	1,577	1,564	1,553	1,542
(Thousands of hectares)						
of which : Bread grains .....	263	244	229	232	223	207
Coarse grains .....	252	258	258	249	250	254
Sugar beet .....	65	66	78	90	90	90
Other industrial plants .....	30	26	17	17	19	11
Potatoes .....	50	52	54	47	43	46
Meadows and pasture .....	795	795	794	791	788	795
Market gardening .....	15	18	20	20	23	25
Fruit growing .....	34	33	31	27	26	21
Livestock <sup>(1)</sup> :						
(Thousands head)						
Horned cattle .....	2,725	2,767	2,753	2,799	2,839	2,887
of which : Milking cows .....	1,007	1,016	1,026	1,064	1,072	1,036
Pigs .....	1,824	1,948	2,300	2,479	2,780	3,722
Milk delivered to dairies :						
(Millions of litres)						
Year .....	1,958	2,199	2,403	2,585	2,475	n.a.
First 10 months .....	1,695	1,928	2,103	2,294	2,185	2,091

Source : National Statistical Institute.

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

n.a. Figure not available.

premiums by the European Economic Community. According to the information available it appears that yields per hectare for many cultures were below those in 1969.

The increase in the number of horned cattle was slightly greater than that in the previous year : 1.7 p.c. in 1970, against 1.4 p.c. in 1969. Breeders devoted themselves more to meat production. Mainly owing to the granting of slaughtering and reconversion premiums, the number of milking cows decreased, whereas in 1969 it was still rising slightly. Being also affected by bad weather, deliveries of milk to dairies likewise declined. This reduction, which is also observable in the other countries of the European Economic Community, made possible an appreciable absorption of stocks of butter and skimmed milk powder.

The rise in the number of pigs, influenced by the exceptionally favourable level of prices obtainable in 1969, was 34 p.c., against 12 p.c. in the previous year.

The tonnage of fish landed during the first ten months of the year was down in volume by 9.9 p.c., but up in value by 11.3 p.c.

## SERVICES.

The services sector, in the broad sense of the term, contributes more than 50 p.c. to the formation of the national product.

Among services connected with industrial and agricultural activities and the marketing of their products, goods transport showed a trend parallel to that observed in the manufacturing industries, having increased, but at a generally slower pace than in 1969. This phenomenon can be seen in the movement, during the first eight months, in the tonnage of ships entering sea ports, in road transport activity, at least from the second quarter onwards, and in the rise, during the first eleven months, in the

amount of goods carried by rail and by Sabena in terms of ton-kilometres. Primarily owing to the strikes in certain coal mines, traffic on inland waterways decreased.

In retail trade the rate of growth differed according to the types of enterprises concerned. The slackening of the expansion in private consumption in the early months of 1970 was not reflected in the types of retail shops for which figures are available, since it primarily affected durable goods, which are mainly distributed through other circuits. Supermarkets and chain stores increased their turnover, for the first eight months of 1970, at the same very high rate as in 1969. The growth rate of sales at department stores was of the same order as in 1969, though appreciably below that of sales at supermarkets and chain stores. The turnover of consumer cooperatives was maintained. Activity at petrol filling stations rose at the same rate as in 1969.

In the publicity sector the growth rate of the turnover was close to that of 1969.

**Services rendered both to enterprises and to individuals** concerning the trend of which figures are available generally increased more than in the previous year.

In the field of financial services the number of items handled at clearing houses rose appreciably, mainly owing to the more widespread use of the cheque as a payment instrument; more than 52 million items were handled. In line with this, the amount of Belgian franc funds dealt with by the financial intermediaries showed a more pronounced increase than in the previous year.

With regard to telecommunications, the number of telegrams sent during the first eight months decreased less than in the previous year and the use of telex, expressed in minutes, increased more sharply; on the other hand, the number of internal and international telephone calls rose less rapidly than in 1969.

With regard to services only affecting individuals the increase was in most cases fairly pronounced.

Tourist traffic and hotel business in general showed a more marked growth than in the previous year, at least during the first eight months. In the high season, however, the rise in overnight stays was less pronounced than in the previous year.

The number of passengers carried by rail and by Sabena showed a similar increase to that in 1969.

The growth in medical services must have been substantial : the increase in refunds made under this head in 1970 in the social insurance sector was appreciably greater than in the previous year.

The number of teaching staff rose, in the Government sector alone, by about 8 p.c., against 9 p.c. in 1969.

In the sphere of culture and recreation there was a large increase in the total of services rendered.

The sums collected in Belgium as royalties, mainly for theatrical performances, radio and television programmes and the performance of music showed, for the first nine months, an increase of around 12 p.c., against 4 p.c. in 1969.

Whereas in 1969 the net receipts of operators of motion picture theatres rose only very slightly in the first half-year, in 1970 they increased by about 7 p.c. This improvement was, however, due more to the rise in the price of seats than to increased cinema attendance.

Services of maintenance and adjustment of television sets continued to increase, in line with the number of sets in use.

In the recreation sector connected with sporting activities the situation developed very favourably. Thus, with regard to attendance at football matches, the gross receipts of Belgian clubs in the 1969-1970 season were about 15 p.c. higher than in the previous season.

## **EMPLOYMENT.**

The number of wholly unemployed persons having normal capacity for work declined further : the average number registered at the ends of months was 26,100, against 38,900 in 1969; this reduction applied mainly to male unemployed and to job-seekers aged 25 and above.

The downward trend slackened from the second quarter onwards; the reduction observed in relation to the corresponding quarters of 1969 fell from 25,900 in the first quarter to 4,600 in the fourth. As early as the end of June, however, the proportion of wholly unemployed persons receiving unemployment pay, in relation to the total population of wage and salary earners, was down to only 0.7 p.c.; furthermore on that date, over against 26,000 job-seekers, including those out of work but not drawing unemployment pay, there were nearly 30,000 unfilled vacancies.

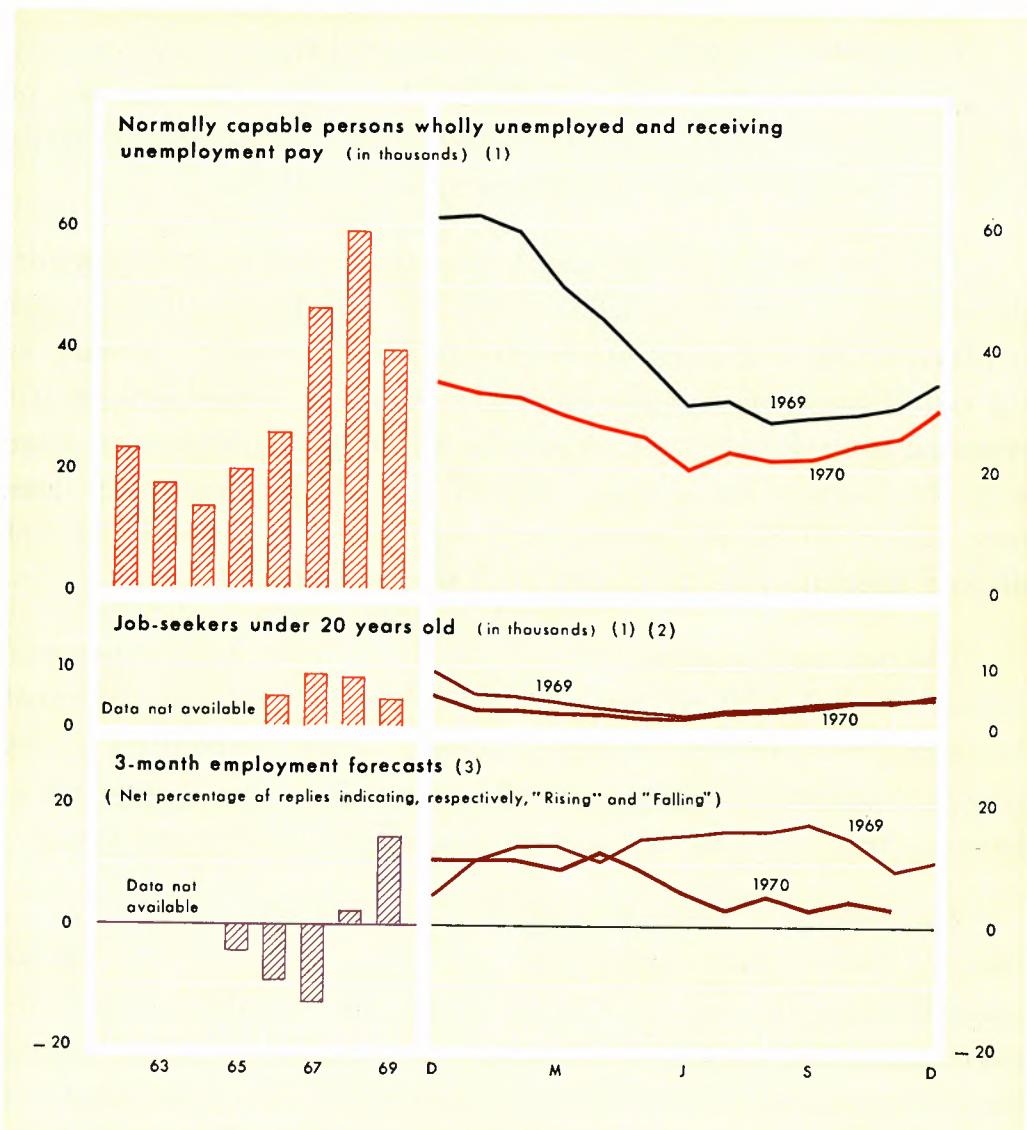
The reabsorption of unemployed did not fully meet the enterprises' demand for skilled labour; this remained substantial, although somewhat less than the maximum reached in October, 1969. According to the monthly inquiries into the trend of activity, enterprises continued to foresee a rise in employment, though at a slower rate than previously.

The residue of unemployment still observed may be regarded as being structural and attributable to the peculiarities of female unemployment, the low mobility of labour and the difficulties of re-employment encountered by workers possessing little skill, a certain number of whom are insufficiently adapted to the requirements of technical progress. Lastly, a special problem has arisen for diamond workers owing to an adverse trend which is both cyclical and structural in nature.

The rate of complete unemployment of normally capable workers remained highest in the regions of Mons, Liège-Huy and Ostend.

The granting of immigrants' labour permits issued to workers coming from countries which are not members of the European Economic

## EMPLOYMENT AND UNEMPLOYMENT



(1) Source : National Employment Office. For the annual data : average of the data at ends of months. For the monthly data : ends of months.

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

(3) Source : Inquiries by the National Bank of Belgium. This graph covers, for the latest period, the following industries : steel, non-ferrous metals, metal manufactures, textiles, paper, leather, wood processing, building materials and chemicals.

Community increased; the number of permits rose from 2,000 in the first ten months of 1969 to 3,500 in 1970.

## **WAGES AND OTHER INCOMES.**

As a result of the high level of economic activity and full employment, the growth rate of wages and salaries quickened. The same quickening took place, in varying degrees, in the Federal Republic of Germany, the United Kingdom, the Netherlands and France; it was particularly marked in Italy. In the United States, wage and salary rises showed a tendency to accelerate only at the end of the year.

In Belgium the increase, measured by the industrial and transport workers' average gross hourly wage, which takes account in principle of all types of remuneration directly paid or deducted at source by employers, was 12.2 p.c. from September, 1969 to September, 1970, against 8.2 p.c. in the previous twelve months.

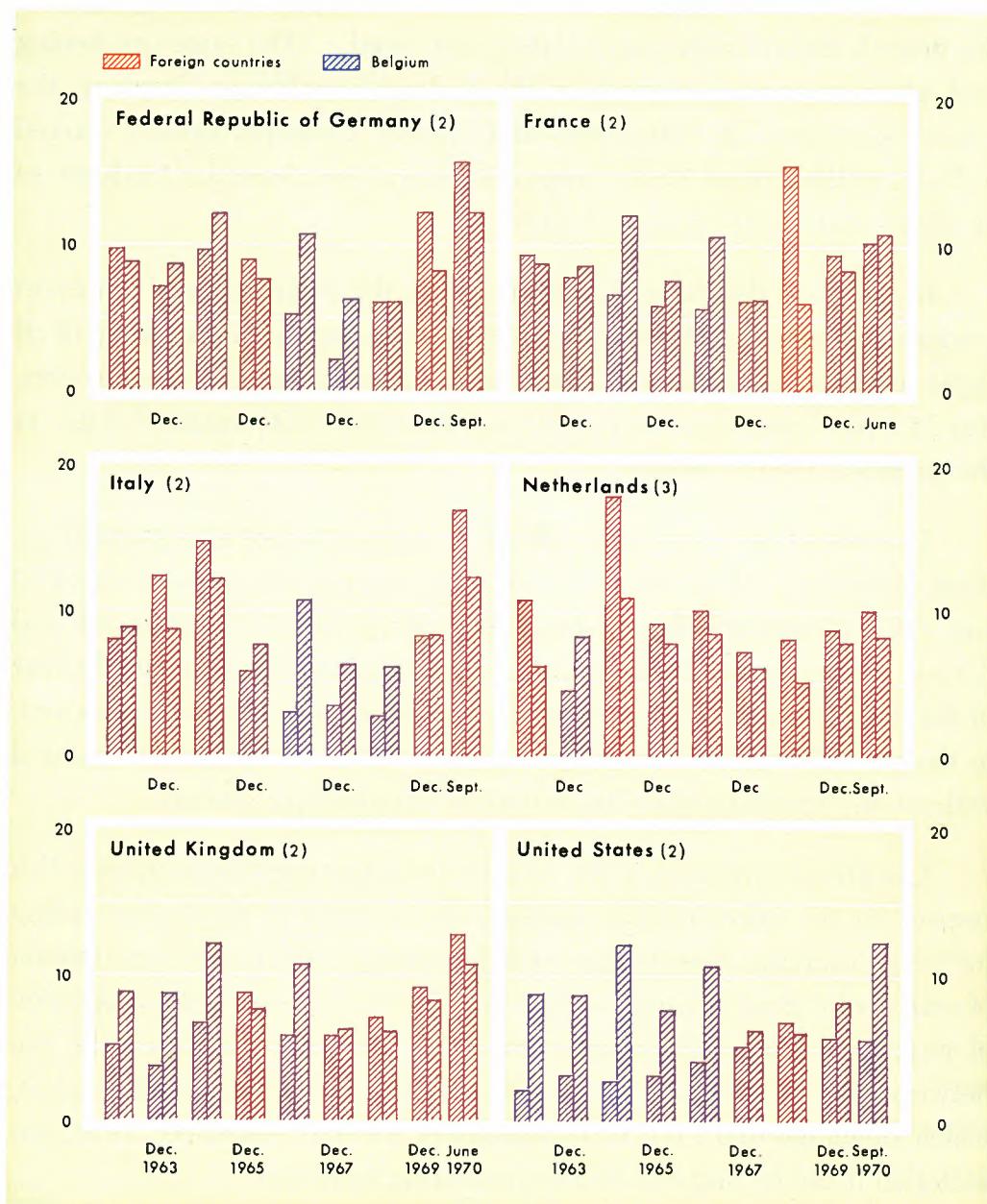
The rise in the indices for collectively agreed wages also speeded up. From September, 1969 to September, 1970 the increase amounted to 10.9 and 7.5 p.c. respectively for wage and salary earners, against 7.4 and 6.5 p.c. in the previous twelve months. It was due to the combined effect of the linking of pay to the consumer price index, the raising of scales and, in the case of wage earners, reductions in weekly working hours granted without any lowering of remuneration for standard pay periods.

The progressive scale of tax, despite the adjustment introduced in this respect for the lower income brackets, the removal of the lowest ceiling for social insurance contributions and the raising of the rate of contribution of workers for pension purposes had the effect of increasing the proportion of wages and salaries deducted at source. Altogether, however, the gap between the rise in gross pay and that in the index of consumer prices, which amounted to 3.7 p.c. from September, 1969 to September, 1970, was such that it can be said that real net pay again increased.

Besides the movement in hourly rates of pay, the rise in the level of employment helped to bring about the expansion in total wages and salaries; for the first three quarters the total pay declared to the National Social Insurance Office increased by about 12.5 p.c.

## WAGES : COMPARISON WITH FOREIGN COUNTRIES

*(Percentage changes (1) from the corresponding period of the previous year)*



Sources : Federal Republic of Germany : Federal Statistical Office.

France : National Institute for Statistics and Economic Research.

Italy : International Monetary Fund.

Netherlands : International Monetary Fund.

United Kingdom : National Institute of Economic and Social Research.

United States : U.S. Department of Labor.

(1) Percentages not adjusted for changes in monetary parities.

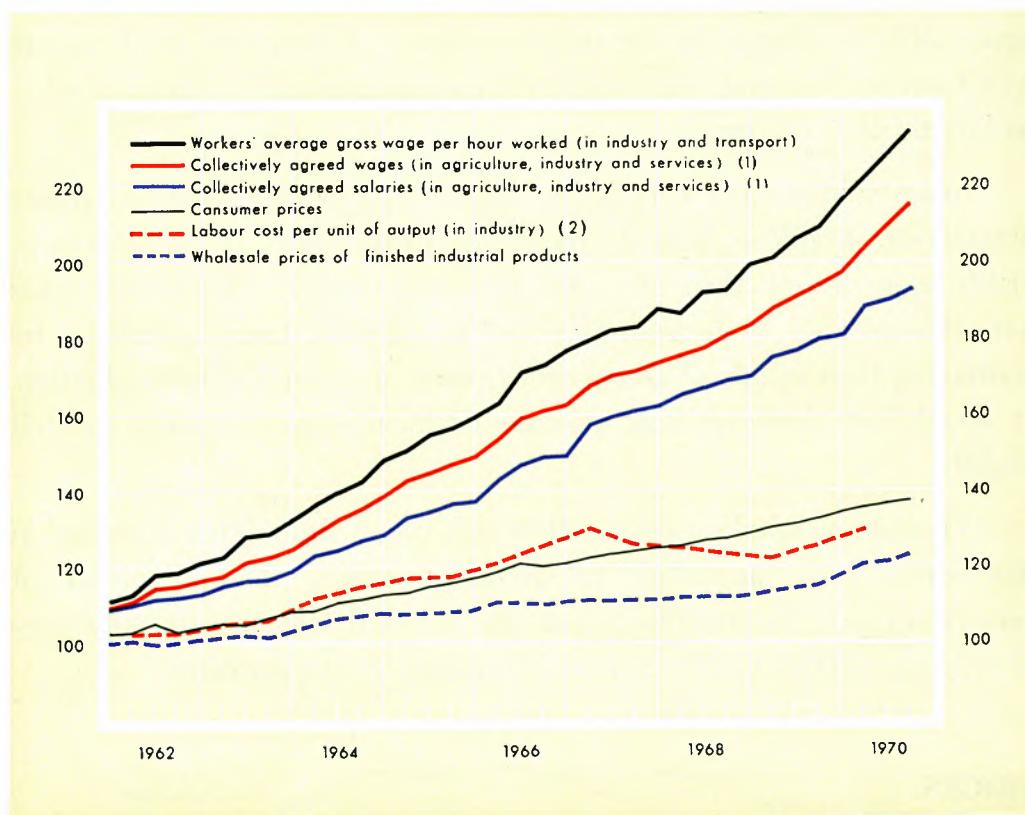
(2) Average gross wage per hour worked. Source for Belgium : National Bank of Belgium.

(3) Collectively agreed wage. Source for Belgium : Ministry of Employment and Labour.

The increases, due to the raising of certain contribution ceilings and rates, in the social charges borne by employers also added to the hourly cost of labour. In the manufacturing industries it increased by 12.9 p.c. in September, as compared with September, 1969, against 9.1 p.c. for the preceding twelve-month period. This rise does not appear to have been fully offset by increases in productivity and, according to the index calculated by the Economic Research Centre at Louvain, the average labour cost per unit of output went up by 6.5 p.c. from the first half of 1969 to the first half of 1970, whereas it had fallen by 2.6 p.c. the previous year.

#### WAGES AND PRICES

(Indices 1958 = 100)



Sources : Collectively agreed wages and salaries : Ministry of Employment and Labour.

Consumer prices and wholesale prices of finished industrial products : Ministry for Economic Affairs.

Labour cost per unit of output : Economic Research Centre at Louvain.

(1) As collectively agreed wages are hourly and collectively agreed salaries monthly, a collectively agreed reduction in working hours leads to a rise in the former but not in the latter. Allowance should be made for this difference in any comparison of the respective trends of these two indices.

(2) Wages and salaries; period covered : March to May and September to November in each year.

Among the other factors which affected enterprises' profit margins there was, in one direction, the cost of credit, which, although reduced at the end of the year, was on average appreciably higher than in 1969, and the fact that the unit value of imports of producer goods was higher, at least in the first half-year, than it had been in 1969, and, in the other direction, the imputation of fixed charges to a growing volume of production and the raising of selling prices, which, for finished industrial products, exceeded their 1969 level by 6.4 p.c. on average for the first eleven months, while in the case of export prices the rise over 1969 was 8.9 p.c. for the first half-year.

Altogether it would not appear that, in relation to production costs, the unit profit margins of industrial enterprises as a whole — that is, disregarding the spread of special cases around the average — changed appreciably in relation to the previous year. Enterprises' total income was, however, favourably affected by the expansion in the volume of sales, and particularly of exports.

In agriculture costs were 2.8 p.c. higher than in 1969, while the prices obtained by producers were 0.3 p.c. down; furthermore, as has been seen, yields were lower than in 1969 in many cases. Producers were nevertheless able to increase the productivity of their operations by continuing their efforts of reconversion, modernisation and rationalisation. It would seem, however, that average net income per operating unit fell slightly.

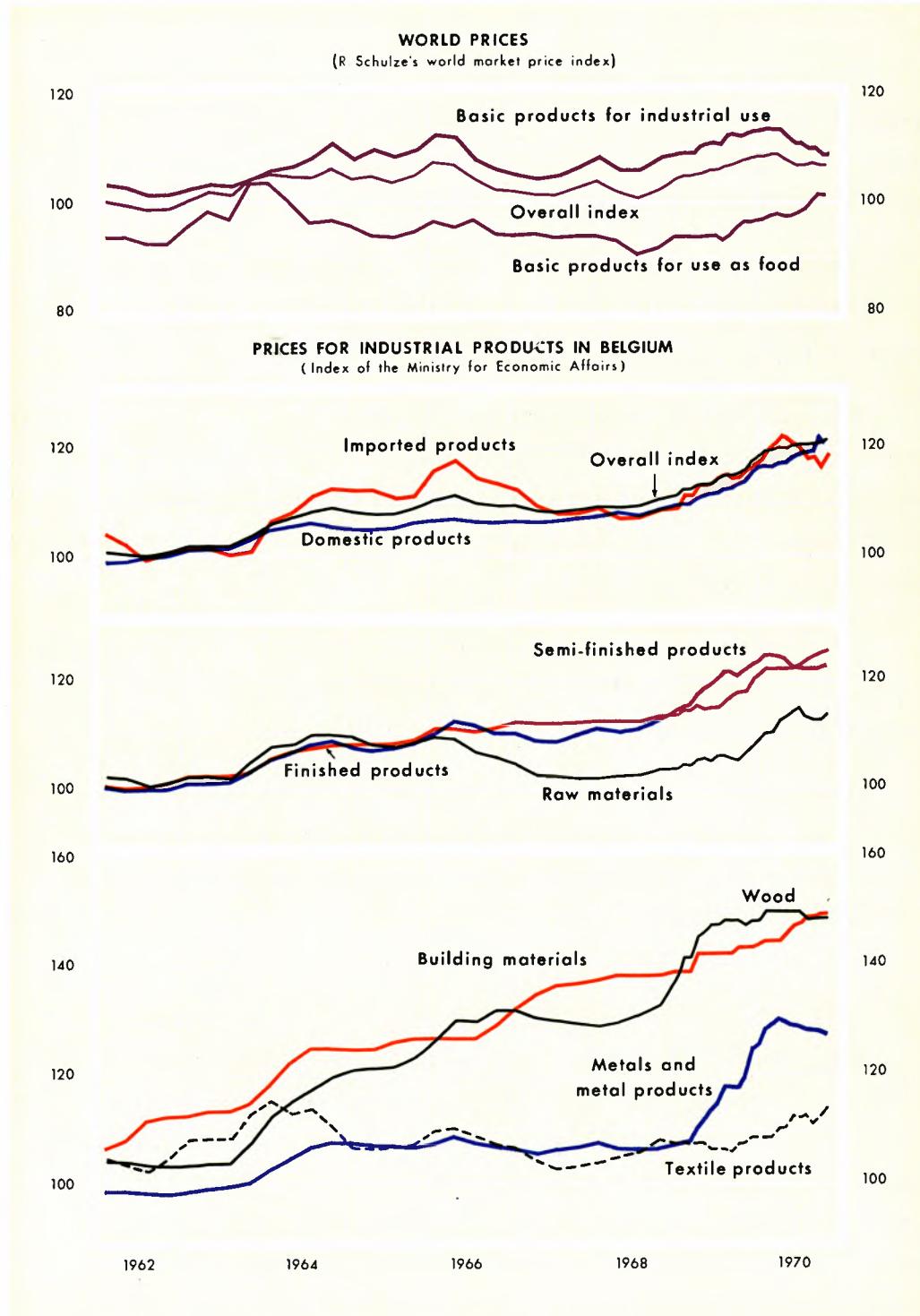
Viewed as a whole, incomes other than wages and salaries increased in line with these; according to initial estimates, the proportion of remuneration in the distribution of the national income rose only very slightly from 1969 to 1970, despite the increase in employment.

## PRICES.

World wholesale prices, which were still rising slightly at the beginning of the year, subsequently showed a downward trend as a result of the movement of prices of basic products for industrial use, primarily

WHOLESALE PRICES (1)

(Indices 1958 = 100)



(1) 1962 - 1968 : monthly averages per quarter. 1969 and 1970 : monthly data.

steel, copper, tin, wool and rubber; products for use as food, on the other hand, continued to rise fairly markedly.

In Belgium, the general index for wholesale prices of industrial products rose by 3.4 p.c. from December, 1969 to November, 1970, against 4.7 p.c. the previous year. The extent of the rise and the trends differed greatly, however, according to the categories of products.

Prices of imported products, chiefly affected by the movement of world wholesale prices, rose until April and then fell off fairly sharply; prices of domestic products, on the other hand, went up more steadily.

Prices of raw materials rose markedly until July, but after that there was a reversal in the trend; the increase in prices for semi-finished products was less pronounced and stopped at the end of the first quarter; prices of finished products, after becoming stable in the spring, resumed their increase from June onwards.

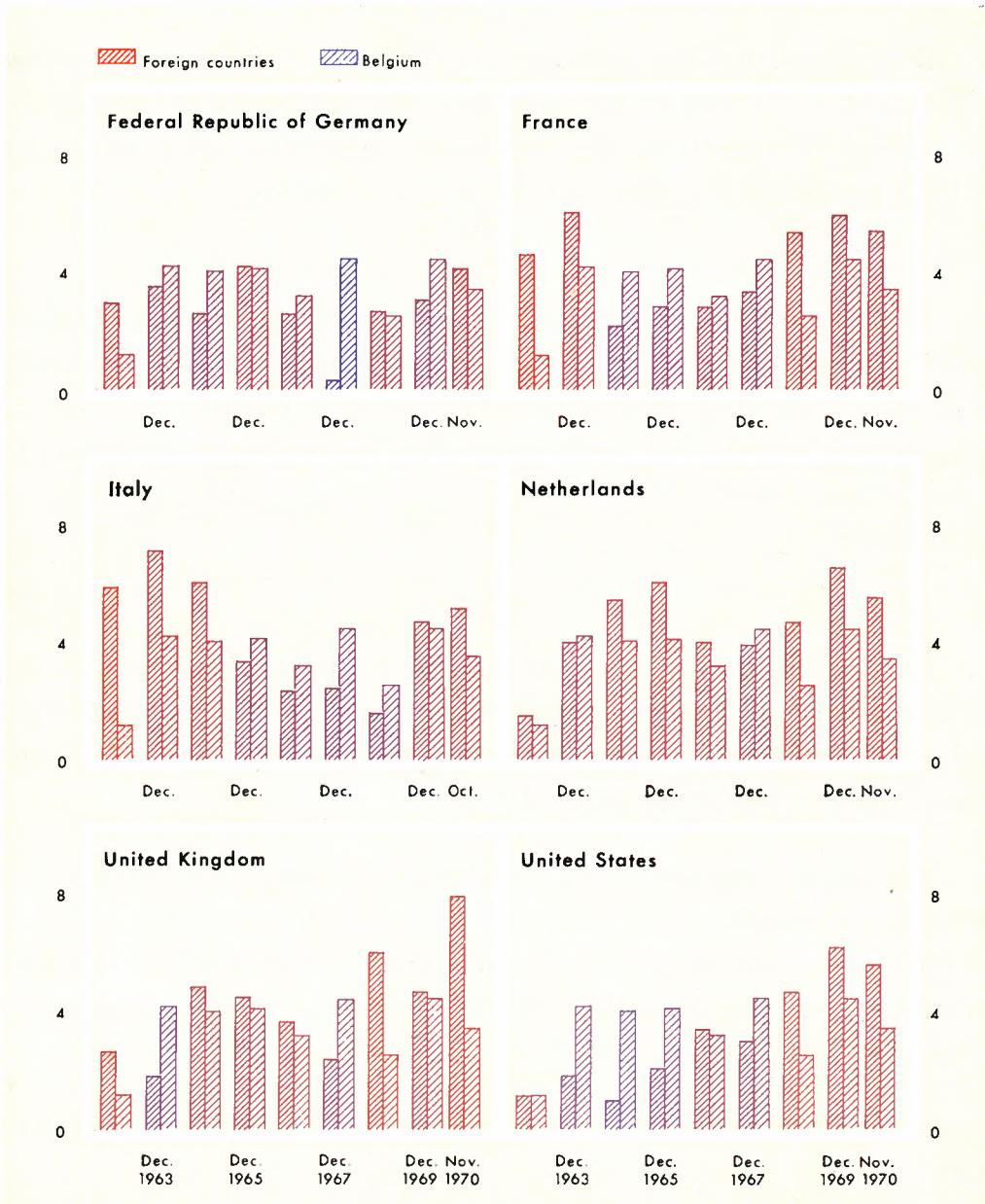
International comparisons indicate that Belgium occupies a median position from the point of view of the rise in wholesale prices, and especially in industrial wholesale prices, observed in 1970.

With regard to the different groups of products, the prices of metals and metal products, especially non-ferrous metals and steel products, as well as the price of wood, which had risen sharply in 1969, went up further during the early months of 1970 and subsequently declined; prices of other products generally continued to show an upward tendency.

Prices for building work continued to rise; according to figures worked out by the Brussels Land Surveyors' Union for the taking over of party walls, which primarily reflect the cost of the bare shell of the building, increases ranging from 3 to 15 p.c. took place for about half the items concerned from the third quarter of 1969 to the third quarter of 1970, whereas in 1969 most of the prices considered had shown rises of 10 p.c. or above. This trend is confirmed by the index for the reconstruction value

## CONSUMER PRICES : COMPARISON WITH FOREIGN COUNTRIES

*(Percentage changes (1) from the corresponding period in the previous year)*



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 Kingdom : Ministry of Labour. United States : U.S. Department of Labor.

(1) Percentages not adjusted for changes in monetary parities.

of a building, calculated by the Belgian Surveyors' Association, which is also affected by the cost of finishing work. This index went up by 7.8 p.c. between November, 1969 and November, 1970, against 8.5 p.c. in 1969.

With regard to public buildings and civil engineering work, according to the index worked out by the Economic Research Centre at Louvain the rise reached 9.3 p.c. between the third quarter of 1969 and the third quarter of 1970, against 7.4 p.c. for the twelve previous months.

According to the Ministry of Agriculture, the index of agricultural prices recorded at the stage of sale by producers was slightly above its 1969 level until May; after that, until August, it fluctuated around its previous year's level, and then dropped sharply from September onwards, mainly owing to the fall in prices for potatoes, eggs and certain categories of livestock.

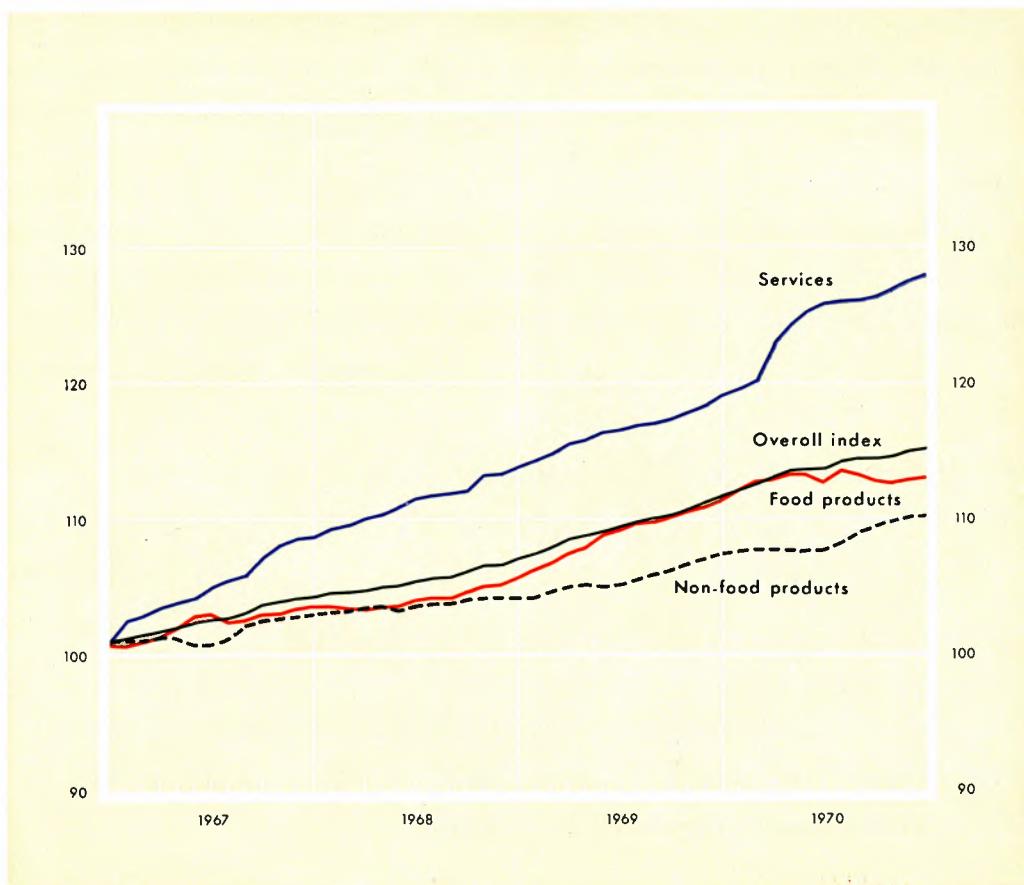
**Consumer prices** increased in 1970 by 3.1 p.c., against 4.4 p.c. the previous year. The rise was less marked than in the other countries of the European Economic Community, the United Kingdom and the United States, where it was of the order of 4 to 8 p.c.

The average increase in the price of food products was moderate in the first four months of the year; after that it was further reduced, mainly by the fall in prices for potatoes, for some types of meat and for chocolate, which had risen sharply in 1969; the increase on the year was confined to 1.4 p.c., against 5.4 p.c. in 1969.

The index for non-food products rose slightly less than in the previous year.

The increase in the prices for services, which had slowed down in 1969, speeded up again, having amounted to 7.4 p.c., against 4.7 p.c. in 1969.

CONSUMER PRICES IN BELGIUM  
(Indices 1966 = 100)



*Source :* Ministry for Economic Affairs.

### EXTERNAL TRADE.

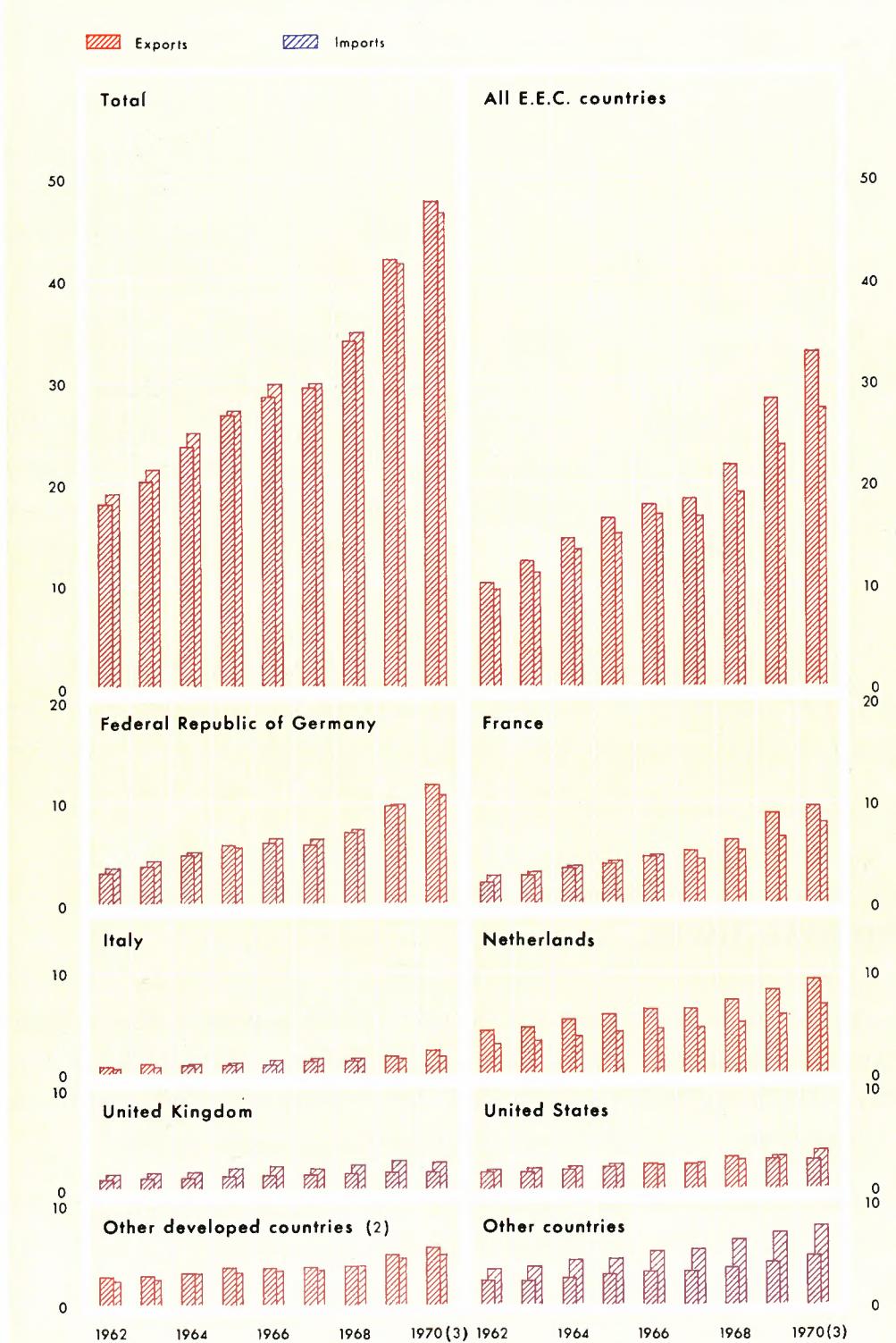
In the first ten months the total value of the exports of the Belgian-Luxemburg Economic Union increased by 15.7 p.c., against 22.5 p.c. in 1969. Unlike in the latter year, when the rises were mainly in real terms, the growth was due to an increase both in volume and in prices.

Owing to the very high prices reached in the first half of the year, the values of sales of steel products and non-ferrous metals rose faster than in 1969. For other categories of products the average unit value underwent

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

## Geographical distribution

*(Monthly averages in billions of francs) (\*)*



Source : National Statistical Institute.

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

(1) See Annex 6, Table 1.

(2) Excluding countries with centrally planned economies.

(3) First ten months.

hardly any change; these include, among others, metal manufactures and chemical products, exports of which rose in value at a rate which, while still high, was lower than that of the previous year, also textile products, deliveries of which rose only slightly in value, and, lastly, mineral oils, sales of which declined after having expanded sharply in 1969.

Exports to the countries of the European Economic Community, particularly the Federal Republic of Germany and Italy, and those to developing countries showed the highest growth rates. On the other hand, deliveries to the United States fell, while sales to the United Kingdom showed a moderate increase.

The total value of imports increased during the first ten months by 12.9 p.c., against 20.2 p.c. in 1969, despite a larger rise in their average unit value.

The slackening of the expansion in imports applied solely to consumer and producer goods; it was brought about mainly by the smaller increase in domestic consumption, in goods in course of manufacture and in exports, and also by the reduction in stocks of raw materials and semi-finished industrial products. Imports of capital goods, on the other hand, increased more than in 1969.

In the first half-year, mainly owing to the high and still rising prices of exported ferrous and non-ferrous metals, the terms of trade improved appreciably; their index, based on the figure 100 for 1958, rose to 105.8, against 101.8 in 1969. This improvement and the aforementioned phenomenon of running down of stocks had a favourable influence on the trade balance. This, after having shown a deficit of Fr. 1.3 billion for the first ten months of 1969, swung round to a surplus of Fr. 10.2 billion.

Chiefly owing to the changes in parities, the deficit in relation to the Federal Republic of Germany was replaced by a surplus, while the surplus in relation to France was reduced. In relation to the countries of the European Economic Community as a whole, the trade balance increased

substantially, reaching Fr. 52 billion for the first ten months, against Fr. 40 billion in 1969. In relation to the United States the deficit rose, owing to the halt in the economic expansion in that country.

### BALANCE OF PAYMENTS.

The balance of current transactions of the Belgian-Luxemburg Economic Union showed a surplus of Fr. 35 billion for the first eleven months, whereas it had been very close to equilibrium in 1969.

This movement is mainly a reflection of that of the balance of transactions in goods. A surplus of Fr. 35.7 billion was recorded for these transactions, which had shown a surplus of Fr. 6 billion the previous year. This exceptionally large change is explained by two factors : the actual trend of movements of goods, which was described in the previous section, and the levelling-out of the net foreign commercial claims of importing and exporting firms, which had been abnormally expanded throughout a large

Table 4.

#### BELGIAN-LUXEMBURG ECONOMIC UNION'S BALANCE OF CURRENT TRANSACTIONS WITH FOREIGN COUNTRIES <sup>(1)</sup>

*(Billions of francs)*

	Transactions in goods					Services ( <sup>(3)</sup> )	Private transfers	Govern- ment transfers	Grand total
	Exports	Imports	Com- mission- process- ing	Third- country trade ( <sup>(2)</sup> )	Total				
1965 .....	+253.6	-256.2	+ 6.6	+ 3.2	+ 7.2	+ 0.9	+ 2.5	- 3.0	+ 7.6
1966 .....	+266.4	-283.0	+ 8.1	+ 5.3	- 3.2	+ 0.3	+ 1.6	- 3.5	- 4.8
1967 .....	+283.3	-287.2	+ 7.8	+ 5.4	+ 9.3	+ 4.0	+ 1.5	- 4.7	+10.1
1968 .....	+318.6	-330.7	+ 8.7	+ 3.4	...	+ 5.0	+ 2.2	- 5.4	+ 1.8
1969 .....	+388.1	-392.7	+ 9.8	+ 4.8	+10.0	...	+ 0.5	- 6.3	+ 4.2
1969 First 11 months .....	+348.9	-356.4	+ 8.8	+ 4.7	+ 6.0	- 0.4	+ 0.5	- 5.9	+ 0.2
1970 First 11 months ... p	+420.7	-398.5	+ 9.0	+ 4.5	+35.7	+ 4.6	+ 1.4	- 6.7	+35.0

(1) Balance of operations, except for the items « Exports » and « Imports ».

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

(3) Costs of transport, insurance, foreign travel, investment income, transactions of public authorities and European and International institutions, frontier and seasonal workers, etc.

p Provisional figures.

proportion of 1969 by speculative distortions in the timing of payments. The resolution of these distortions doubtless continued until the early months of 1970, but its effect on the volume of commercial claims during the latter year seems to have been more or less offset by that of a lengthening of the payment periods granted to foreign customers, necessitated by the conditions of international competition. The extraordinarily large payments surplus in 1970 thus appears to correspond largely to a surplus in respect of actual transactions.

The deficit of Fr. 0.4 billion on service transactions was replaced by a surplus of Fr. 4.6 billion, mainly owing to an increase in net receipts of investment income; this had declined in 1969, chiefly as a result of faster repatriation of income by foreigners.

With regard to capital movements, Government transactions shown as such in the balance of payments were on a small scale, but if the funds which the monetary institutions obtain for the Government by borrowing

Table 5.

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

	Government			Other public authorities	Rest of public sector <sup>(2)</sup>	Private sector <sup>(3)</sup>	Grand total
	Assets	Liabilities	Total				
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	— 3.8	— 7.8
1969 .....	— 1.3	— 0.8	— 2.1	— 0.2	+ 9.6	+ 4.6	+ 11.9
1969 First 11 months .	— 1.2	— 0.9 <sup>(4)</sup>	— 2.1 <sup>(4)</sup>	— 0.2 <sup>(4)</sup>	+ 9.9 <sup>(4)</sup>	+ 1.3	+ 8.9
1970 First 11 months p	— 0.2	+ 0.6 <sup>(4)</sup>	+ 0.4 <sup>(4)</sup>	— 0.2 <sup>(4)</sup>	— 1.1 <sup>(4)</sup>	— 8.2	— 9.1

(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 6.

(4) Taking into account the operations carried out via the external liabilities of the monetary institutions, Government liabilities to foreign countries fell by Fr. 7.0 billion in 1970, whereas they had risen by Fr. 5 billion in 1969; as for the net liabilities of the whole of the public sector to foreign countries, these fell by Fr. 7.4 billion in 1970, whereas they had risen by Fr. 16.9 billion in 1969. See Annex 6, Table 2.

p Provisional figures.

from abroad themselves are added to the Government's direct liabilities, which are the only ones shown in Table 5, it is found that the Government's total recourse to foreign markets fell by Fr. 7.9 billion, whereas it had risen by Fr. 5 billion in 1969 <sup>(1)</sup>.

The other public authorities' capital transactions produced a small deficit. Those of the non-monetary financial intermediaries and public-sector enterprises, which had resulted in a net inflow of Fr. 9.9 billion in 1969, produced a net outflow of Fr. 1.1 billion; new borrowings, the amount of which was appreciably smaller than in 1969, were more than offset by repayments.

Table 6.

NET MOVEMENT IN PRIVATE-SECTOR CAPITAL FUNDS OF THE BELGIAN-LUXEMBURG ECONOMIC UNION TO AND FROM FOREIGN COUNTRIES <sup>(1)</sup>  
(Billions of francs)

	Direct and portfolio investments in foreign countries			Direct and portfolio investments in B.L.E.U.		Unclassified direct and portfolio investments	Grand total		
	Total	of which :		Total	of which : Direct investments				
		Securities	Direct investments						
1965 .....	- 5.4	- 2.1	- 2.0	+ 8.5	+ 7.1	+ 0.8	+ 3.9		
1966 .....	- 8.9	- 6.5	- 0.4	+ 7.2	+ 7.0	+ 0.6	- 1.1		
1967 .....	- 8.1	- 5.3	- 2.6	+15.0	+11.5	+ 0.3	+ 7.2		
1968 .....	-15.7	-13.4	- 2.6	+11.9	+12.5	...	- 3.8		
1969 .....	-13.4	-15.0	- 0.2	+18.0	+13.3	...	+ 4.6		
1969 First 11 months .	-13.4 <sup>(2)</sup>	-14.7	- 0.1	+14.7 <sup>(2)</sup>	+11.4	...	+ 1.3 <sup>(2)</sup>		
1970 First 11 months p	-23.5 <sup>(2)</sup>	-14.6	- 5.3	+15.3 <sup>(2)</sup>	+15.5	...	- 8.2 <sup>(2)</sup>		

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

(2) Besides the capital movements shown in the table, movements of funds recorded in the « Financing » items (see Table 7) take place via the banks' assets and liabilities. These operations consist of : the movement of the banks' foreign assets corresponding to their net foreign currency liabilities to the private sector; that of Belgian franc commercial credits granted to foreign countries, originally financed by the banks; that of the banks' own spot position in currencies of the regulated market and the free market (excluding their participations in their subsidiaries, already included in direct investments); and lastly, non-residents' withdrawals of Belgian francs from the banks and depositing of Belgian francs with them. Altogether, these operations resulted in a positive balance of Fr. 5.8 billion in 1970, whereas in 1969 they had led to an outflow of Fr. 15.1 billion. The swing is mainly attributable to the reversal of the movement of foreign currency deposits placed by residents with the banks, which, after having substantially increased in 1969, declined in 1970, and by the opposite movement of non-residents' Belgian franc deposits with the banks, which, after declining in 1969, increased in 1970. Greater granting of commercial credits in Belgian francs to foreign countries and a smaller reduction in the banks' own foreign currency position only constitute a partial offset. As a whole, the private sector's capital movements in the widest sense of the term, that is including both those made directly with foreign countries and those consisting of a change in bank assets and liabilities, produced a net outflow of Fr. 2.9 billion in 1970, against Fr. 18.8 billion in 1969.

p Provisional figures.

(1) See Annex 6, Table 2, column (d).

Among the non-bank private sector's capital transactions, the amount of residents' net purchases of foreign securities expressed both in Belgian francs and in foreign currencies was practically the same as in the previous year. However, in relation to the greatly increased total volume of financial saving by households, there was a distinct decline in the propensity to invest in foreign securities; residents were doubtless less attracted by investments in shares dealt in on the New York Stock Exchange because of the trend of quotations during the first part of the year, and by subscriptions for international loans, issues of which fell short of their 1969 level. The net amount of foreigners' direct investments in the Belgian-Luxemburg Economic Union, on the other hand, amounted to Fr. 15.5 billion, against Fr. 11.4 billion the previous year. But, conversely, residents made substantial direct investments abroad, which had not been the case in the previous year; in particular, the outstanding amount of the net loans of Belgian and Luxemburg enterprises to their foreign branches increased, mainly because of transactions by petroleum companies, instead of decreasing. Moreover, residents made deposits abroad, whereas in 1969 they had repatriated funds, perhaps in order to benefit by the high rates on the free foreign exchange market. Lastly, the inflows of speculative funds from France naturally ceased. Altogether the movement of private funds gave rise to a net outflow of Fr. 8.2 billion, against an inflow of Fr. 1.3 billion in 1969.

The current transactions and capital movements described above showed, after allowance for errors and omissions, a surplus of Fr. 22.8 billion.

This surplus was reflected in an increase of Fr. 5.5 billion in the outstanding amount of Belgian franc commercial credits to foreign countries, originally financed by banks, and a rise of Fr. 17.3 billion in the other net foreign assets of all monetary institutions.

The last-mentioned rise is not to be found either under the heading of the banks or under « Miscellaneous monetary institutions », but under that of the National Bank.

Table 7.

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

*(Billions of francs)*

	Balance of payments				Total	Financing of the balance of payments (1)						
	Net current trans-actions	Net movement in capital funds	Errors and omissions	(d)=(a) (e)+(j)		Movements of Belgian franc commercial credits granted to foreign countries, originally financed by the banks (e)	Movement of monetary institutions' other net foreign assets					
							Belgian and Luxembourg banks		Miscellaneous monetary institutions	National Bank of Belgium (exchange reserves) (3)	Total	
	(a)	(b)	(c)	(d)=(a) (e)+(j)		(f)	Belgian francs (2)	Foreign currencies	(h)	(i)	(j)=(f) (g)+(h)+(i)	
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 .....	+ 1.8	- 7.8	+ 1.5	- 4.5	+ 9.5	- 2.2	+ 8.1	+ 0.5	-20.4	-14.0		
1969 .....	+ 4.2	+11.9	+ 1.6	+17.7	+ 0.6	+ 5.5	+ 1.8	+ 0.2	+ 9.6	+17.1		
1969 First 11 months .....	+ 0.2	+ 8.9	+ 3.0	+12.1	+ 3.0	+ 6.1	- 3.3	...	+ 6.3	+ 9.1		
1970 First 11 months ... p	+35.0	- 9.1	- 3.1	+22.8	+ 5.5	- 2.4	- 0.7	- 1.2	+21.6	+17.3		

(1) The plus sign indicates an increase in assets or a reduction in liabilities, the minus sign a reduction in assets or an increase in liabilities. See Annex 6, Table 3.

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

(3) See Table 8, fifth column.

p Provisional figures.

Outside the Bank there was in fact an increase of Fr. 4.3 billion in net liabilities to foreign countries. Thus the banks' net Belgian franc liabilities, which had risen steadily until 1968 but had fallen, on balance, by Fr. 5.5 billion in 1969 as a whole, resumed their upward movement, the increase having amounted to Fr. 2.4 billion in the first eleven months; foreign enterprises doing business with the Belgian-Luxemburg economy reverted to accumulating working funds in francs. The banks' net foreign currency liabilities rose by Fr. 0.7 billion. They constitute one of the elements of the banks' overall foreign exchange position, the other items of which do not appear in the balance of payments either because they consist of claims on and liabilities to residents or because they represent forward transactions; it is this overall position which is of concern to the

banks from the point of view of their management of funds, and they keep it within narrow limits so as to avoid assuming any exchange risk, for which purpose they change, if necessary, the proportion included in their external assets.

The miscellaneous monetary institutions' net liabilities increased by Fr. 1.2 billion as a result of a rise in the balances of European institutions at the Postal Cheque Office.

Lastly, among net foreign assets other than commercial credits in Belgian francs, only those of the National Bank increased; the growth in these was Fr. 21.6 billion in the first eleven months.

For the whole year it was Fr. 19.2 billion.

The gold holding decreased by Fr. 2.5 billion, chiefly as a result of transactions with the International Monetary Fund.

The assets held with that institution rose by Fr. 18.5 billion, whereas they had declined by Fr. 7.5 billion in 1969. The National Bank's claim within the framework of Belgium's quota in the Fund increased by

Table 8.

NET FOREIGN ASSETS OF THE NATIONAL BANK OF BELGIUM <sup>(1)</sup>

*(Changes in billions of francs)*

	Gold holding	Assets held at the International Monetary Fund	Assets in convertible foreign currencies	Miscellaneous	Total	Belgian franc acceptances representing exports	Grand total
1965 .....	+ 5.4	+ 5.4	- 5.1	- 0.1	+ 5.6	+ 2.4	+ 8.0
1966 .....	- 1.7	+ 3.0	- 0.5	...	+ 0.8	+ 0.9	+ 1.7
1967 .....	- 2.2	- 2.0	+ 14.7	+ 1.5	+ 12.0	+ 0.4	+ 12.4
1968 .....	+ 2.2	- 1.3	- 18.0	- 3.3	- 20.4	+ 6.2	- 14.2
1969 .....	- 0.2	- 7.5	+ 17.1	+ 0.2	+ 9.6	- 4.4	+ 5.2
1970 .....	- 2.5	+18.5 <sup>(2)</sup>	+ 3.4	- 0.2	+ 19.2	- 8.1	+ 11.1
1969 First 11 months .	- 0.3	- 9.0	+ 15.6	...	+ 6.3	- 4.5	+ 1.8
1970 First 11 months .	+ 0.4	+10.1 <sup>(2)</sup>	+ 10.9	+ 0.2	+ 21.6	- 9.5	+ 12.1

(1) See Annex 6, Table 4.

(2) Not including the amount of the special drawing rights received by Belgium in January, 1970 as an initial allocation.

Fr. 11.8 billion; the gold tranche rose by Fr. 2.8 billion as a result of the payment of the increase in Belgium's quota in that institution, net drawings in Belgian francs were made on it by various countries to an amount of Fr. 8.1 billion and the Fund used Belgian francs amounting to Fr. 1.5 billion when it repaid to Italy loans previously made by that country under the General Agreements to Borrow; on the other hand, it bought Fr. 0.6 billion Belgian francs against gold. Acquisitions of special drawing rights amounted to Fr. 6.7 billion, Fr. 0.7 billion of this being at the Fund's initiative and Fr. 6 billion under a bilateral agreement with the Federal Reserve Bank of New York, which wished to reduce its liabilities resulting from swap transactions.

Convertible foreign currency assets increased by Fr. 3.4 billion, against Fr. 17.1 billion in 1969. They include the National Bank's claim

PROPORTIONS OF COVER FOR THE NATIONAL BANK OF

BELGIUM'S SIGHT LIABILITIES

(In per cent at the end of each year)



(1) Until 6th October, 1969, this proportion had to be at least one-third, under the Organic Law and Statutes of the Bank.  
 (2) Since 7th October, 1969, this proportion must be at least one-third.

resulting from swap transactions with the Federal Reserve Bank of New York; taking into account the repayments made by the latter, this claim rose by Fr. 7.7 billion.

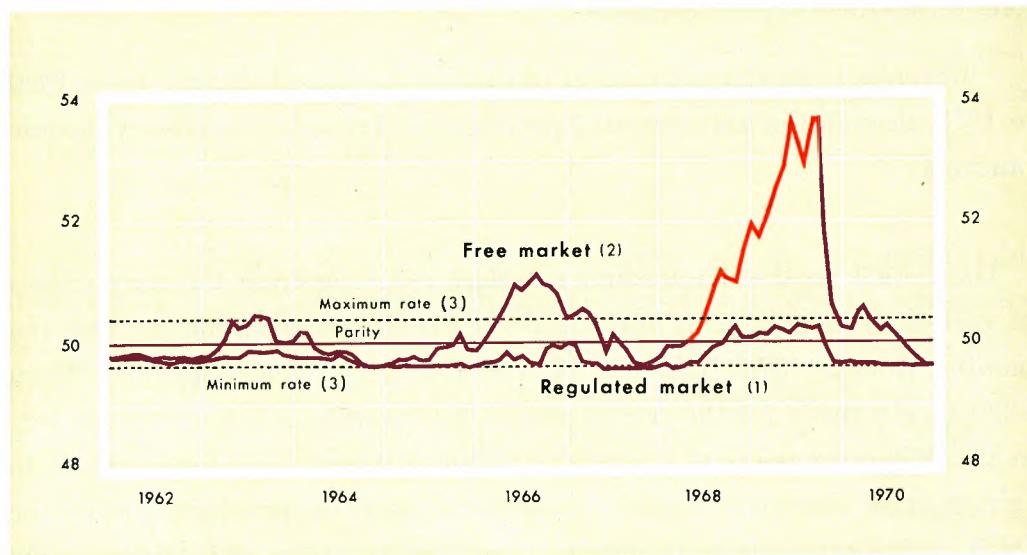
Miscellaneous assets and liabilities showed hardly any change.

The external assets which constitute the cover for the National Bank's sight liabilities represented 53.4 p.c. of these liabilities on 31st December, against 44.4 p.c. a year earlier.

The accumulation of substantial surpluses in payments with foreign countries was accompanied by a significant movement of rates on the foreign exchange markets.

On the regulated market the dollar rate was distinctly below par throughout the year. Similarly the free dollar rate, appreciably declining in comparison with the levels reached between the end of the summer of

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 5.

(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 50.875.

1968 and October, 1969, fell back below par from September onwards. During the last three months of the year the average difference between the quotations on the two markets was only 0.18 p.c.

On 16th November the zaire was added to the list of currencies officially quoted on the Brussels Foreign Exchange Market by the bankers meeting at the Clearing House.

## PUBLIC FINANCES.

On the basis of cash expenditure and without distinction between financial years, the execution of the Government's ordinary budgets resulted in a surplus of Fr. 6.2 billion for the first ten months, instead of a deficit of the same size in 1969. In assessing this movement allowance must be made, on the one hand, for the fact that 1970 benefited by Fr. 2.8 billion of motor vehicle tax revenue which should normally have been collected in 1969 and, on the other hand, for the clearing off during the latter year of arrears of about Fr. 3 billion of redemptions which it had not been possible to carry out in 1968 owing to the high level of prices of long-term Government securities.

Revenue from direct taxes, in particular, increased sharply from 1969 to 1970, despite the adjustments introduced in favour of the lower income brackets.

The deficit on the extraordinary budget resulting from the transactions of ministerial departments and the Road Fund increased, for the first ten months, from Fr. 37.1 billion in 1969 to Fr. 39.1 billion in 1970. When allowance is made for the rise in prices, this increase is not very large but, as in 1969, economic and financial conditions induced the Government to refrain from implementing the conditional tranche provided for in the 1970 capital expenditure programme, amounting to Fr. 14.6 billion. On the other hand, the initial basic programme was stepped up during the year by Fr. 4.2 billion by the addition of supplementary appropriations

intended to cover capital expenditure on education or resulting from unforeseen damage to the road system owing to the persistence of winter weather conditions. For the year as a whole the extraordinary expenditure budgeted for amounted to Fr. 48.6 billion, including Fr. 39.8 billion for capital outlays, against Fr. 43.8 and 36.7 billion, respectively, in 1969.

Table 9.

THE GOVERNMENT'S NET FINANCIAL REQUIREMENTS

(Billions of francs)

	Balance of budgetary transactions (1)			Balance of extra- budgetary transactions (d)	Balance of budgetary and extra- budgetary transactions (e) = (c)+(d)	Public debt repayments included in budgetary expenditure (f)	Govern- ment's net financial requirements (g) = (e)+(f)
	Ordinary budget (2) (a)	Extra- ordinary budget (3) (b)	Total (3) (a) + (b) (c)				
1965 .....	- 3.8	- 31.0	- 34.8	- 1.8	- 36.6	14.5	- 22.1
1966 .....	- 3.3	- 30.1	- 33.4	+ 2.0	- 31.4	14.3	- 17.1
1967 .....	- 2.1	- 36.1	- 38.2	- 0.1	- 38.3	15.3	- 23.0
1968 .....	- 5.1	- 41.7	- 46.8	- 3.0	- 49.8	15.7	- 34.1
1969 .....	- 5.1	- 45.7	- 50.8	+ 0.3	- 50.5	22.4	- 28.1
1969 First 10 months .	- 6.2	- 37.1	- 43.3	+ 0.4	- 42.9	19.4	- 23.5
1970 First 10 months .	+ 6.2	- 39.1	- 32.9	- 1.9	- 34.8	17.8	- 17.0

Source : Ministry of Finance.

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

(2) See Annex 6, Table 6.

(3) Including the expenditure of the Road Fund.

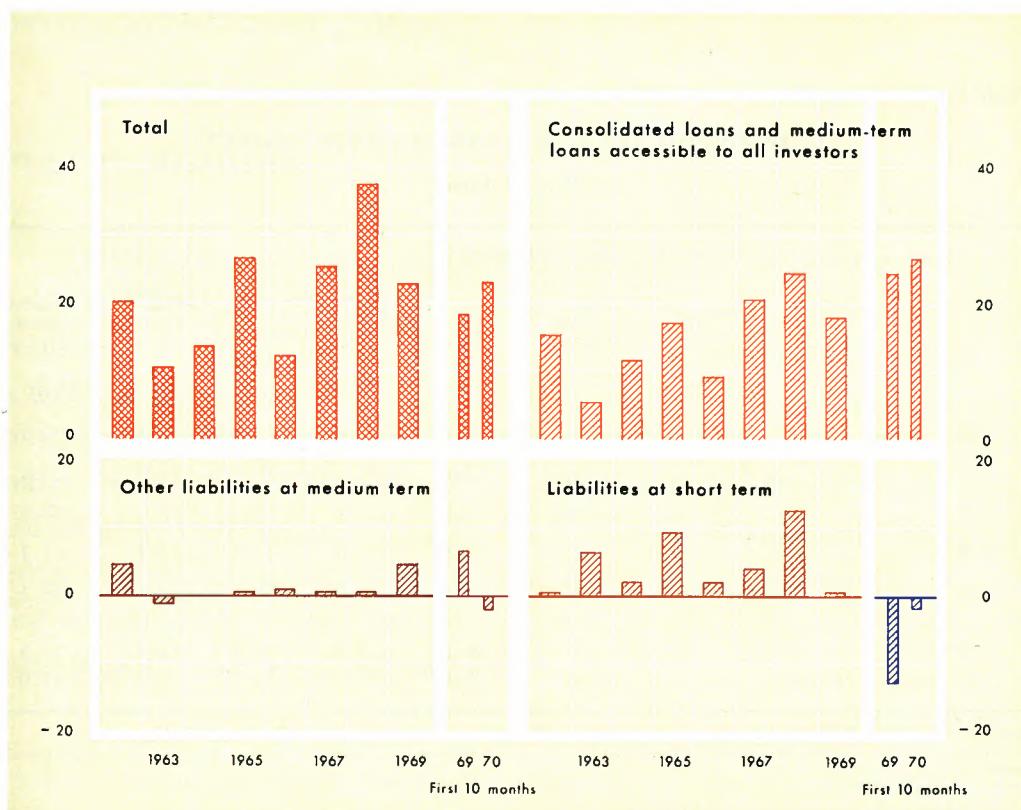
With allowance for extrabudgetary operations and deducting the public debt redemption included in budget expenditure, the Government's net financial requirements finally amounted, for the first ten months, to Fr. 17 billion, against Fr. 23.5 billion in 1969. For the year as a whole they totalled Fr. 23.8 billion, compared with Fr. 28.1 billion.

In relation to 1969 there were considerable changes in the ways in which these requirements were met. For the first ten months they were covered, and more than covered, by recourse to the Belgian market, which reached Fr. 23.1 billion, against Fr. 18.5 billion in 1969. This recourse

took the form of an increase of Fr. 26.9 billion in the consolidated debt, while the floating debt was reduced by Fr. 3.8 billion.

THE GOVERNMENT'S RE COURSE TO THE BELGIAN MARKET <sup>(1)</sup>

*(Changes in billions of francs)*



(1) See Table 10, column (d).

On the other hand, recourse to foreign markets decreased by Fr. 6.1 billion, whereas it had risen by Fr. 5 billion in 1969.

Among the contributions made by domestic sectors, those of the non-monetary sector amounted to Fr. 21.6 billion, against Fr. 14.1 billion in 1969, while those of the monetary institutions were very small, the increase in the claims on the Government held by monetary institutions other than the National Bank having been almost offset by a reduction of Fr. 10.5 billion in the Treasury's use of its credit line at the Bank;

nevertheless, the average use of this facility for the year as a whole only declined from Fr. 13.7 billion in 1969 to Fr. 11.5 billion, since the above-mentioned decrease only occurred in the last months of 1970.

Table 10.

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

	Government's recourse to the Belgian market				Govern- ment's recourse to foreign markets (2)	Grand total (3)	of which : Direct and indirect financing of the Govern- ment by monetary institutions (4)
	Monetary institutions (a)	Private savings banks, General Savings Fund, public financial credit inter- mediaries (b)	Others (1) (c)	Total (d)=(a)+(b)+(c)			
		(e)	(f) = (d) + (e)	(g) = (a) + (e)			
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
1969 .....	+ 14.7	- 0.4	+ 8.7	+ 23.0	+ 5.1	+ 28.1	+ 19.8
1969 First 10 months .	+ 4.4	+ 2.3	+ 11.8	+ 18.5	+ 5.0	+ 23.5	+ 9.4
1970 First 10 months .	p+ 1.5	+ 14.7	p+ 6.9	+ 23.1	- 6.1	+ 17.0	p- 4.6

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

(2) See Annex 6, Table 2, column (d).

(3) See Table 9, column (g), and Annex 6, Tables 7 and 7 bis.

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

p Provisional figures.

The monetary institutions' total financing of the Government, which comprises not only the direct financing mentioned above but also the assistance provided through recourse to foreign markets, was negative to the extent of Fr. 4.6 billion, whereas it had been positive to the extent of Fr. 9.4 billion in 1969.

Among the other public authorities' net financial requirements mention should be made first of all of those resulting from expenditure incurred by the associations of local authorities set up for the building of motorways,

which rose, for the first ten months, from Fr. 5.4 billion in 1969 to Fr. 6.9 billion. As for the local authorities, their requirements, measured by the change in the excess of their total indebtedness over their balances at the Belgian Municipal Credit Institution, increased from Fr. 5.1 billion to Fr. 15.6 billion; this movement was however only partly due to the stepping up of their capital expenditure, since it was in fact largely attributable to time-lags in the receipt of some of their current revenue.

Altogether, for the first ten months, the net financial requirements of the Government and those, mentioned above, of the other public authorities rose from Fr. 34 to 39.5 billion.

#### **CREDITS GRANTED TO ENTERPRISES AND INDIVIDUALS.**

The outstanding amount of credits granted by the financial intermediaries to enterprises and individuals increased by Fr. 44.7 billion in the first ten months, against Fr. 49.7 billion in 1969.

This decline is mainly attributable to a smaller growth in credit to individuals.

Enterprises' credit requirements were influenced by the very marked increase in fixed capital investment, but also in the opposite direction by the fact that gross saving rose, stockbuilding was reduced and the acquisition of substantial claims on foreign countries, observed in 1969, was not continued. Borrowing by enterprises took the form of greater recourse to short-term credit and less long-term borrowing. Many enterprises were apparently reluctant to incur long-term indebtedness in a period in which interest rates still remained at a very high level; moreover, there was less incentive to resort to subsidised long-term credits, as the Government gave more capital grants.

Net drawing on credits originally granted by the **monetary institutions**, that is the banks and the National Bank, went up by Fr. 19 billion, against Fr. 11.9 billion in 1969.

In the case of the banks the expansion of credits amounted to Fr. 20 billion, against Fr. 12 billion in 1969. Demand for credit, which was weak at the beginning of the year when operations with foreign countries were still returning to normal, subsequently became stronger, but the supply of credit remained restricted by the maintenance of the policy of credit limitation.

Table 11.

CREDITS GRANTED TO ENTERPRISES AND INDIVIDUALS <sup>(1)</sup>

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	Public financial credit intermediaries		General Savings and Pensions Fund	Private savings banks	Total		
				which specialise in business lendings	which specialise in loans for housing					
1965 .....	+ 16.0	+ 0.1	+ 16.1	+ 6.4	+ 2.6	+ 6.7	+ 6.9	+ 22.6	+ 38.7	
1966 .....	+ 20.0	+ 0.1	+ 20.1	+ 15.8	+ 2.9	+ 8.0	+ 7.7	+ 34.4	+ 54.5	
1967 .....	+ 25.9	+ 0.3	+ 26.2	+ 17.0	+ 3.5	+ 6.0	+ 8.0	+ 34.5	+ 60.7	
1968 .....	+ 25.7	- 0.3	+ 25.4	+ 18.4	+ 3.4	+ 9.2	+ 5.2	+ 36.2	+ 61.6	
1969 .....	+ 10.5	+ 0.6	+ 11.1	+ 21.9	+ 3.8	+12.9	+ 8.4	+ 47.0	+ 58.1	
1969 First 10 months	+ 12.0	- 0.1	+ 11.9	+ 18.3	+ 4.0	+ 7.9	+ 7.6	+ 37.8	+ 49.7	
1970 First 10 months	+ 20.0	- 1.0	+ 19.0	+ 13.3	+ 4.8	+ 1.5	+ 6.1	+ 25.7	+ 44.7	

(1) Outstanding used amount of credits granted by way of discount, advance and acceptance, excluding those representing enterprises' commercial claims on non-residents. Enterprises include the public operating organisations, but not the financial intermediaries.

(2) See Table 12.

The quickening of the expansion affected the various categories of credits, except for the financing of instalment sales and loans. The net slackening in the growth of the latter is connected with the decline in purchases of new cars, after the pronounced increase in 1969, with the tighter regulation of instalment credit applied from February onwards and with the limitations imposed on the banks' granting of consumer credit during certain periods of the year.

The increase between December, 1969 and October, 1970 in credits to finance building and real estate transactions mainly benefited building

enterprises and, to a smaller extent, real estate companies, while credits to individuals declined.

Table 12.

CREDITS ORIGINALLY GRANTED BY BANKS TO ENTERPRISES AND INDIVIDUALS <sup>(1)</sup>  
*(Changes in billions of francs)*

	industrial, agricultural and craftsmen's capital expenditure <sup>(2)</sup>	Specifically financing			Credits of which the apparent economic destination could not be identified	Total
		building and real estate transactions <sup>(3)</sup>	instalment sales and loans <sup>(4)</sup>	imports		
1965 .....	+ 2.9	+ 1.3	+ 0.8	+ 2.3	+ 8.7	+ 16.0
1966 .....	+ 4.6	+ 1.0	+ 1.3	+ 1.0	+ 12.1	+ 20.0
1967 .....	+ 4.8	+ 2.3	+ 1.4	+ 0.2	+ 17.2	+ 25.9
1968 .....	+ 4.8	+ 2.4	+ 4.3	+ 0.9	+ 13.3	+ 25.7
1969 .....	+ 0.4	+ 1.1	+ 3.1	- 0.6	+ 6.5	+ 10.5
1969 First 10 months .....	+ 0.8	+ 1.2	+ 3.5	+ 1.0	+ 5.5	+ 12.0
1970 First 10 months .....	+ 1.0	+ 2.5	+ 0.8	+ 3.4	+ 12.3	+ 20.0

(1) Outstanding used amount of credits granted by way of discount, advance and acceptance, excluding those representing enterprises' commercial claims on non-residents. 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, 1960, 15th February, 1961 and 14th July, 1966 (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.

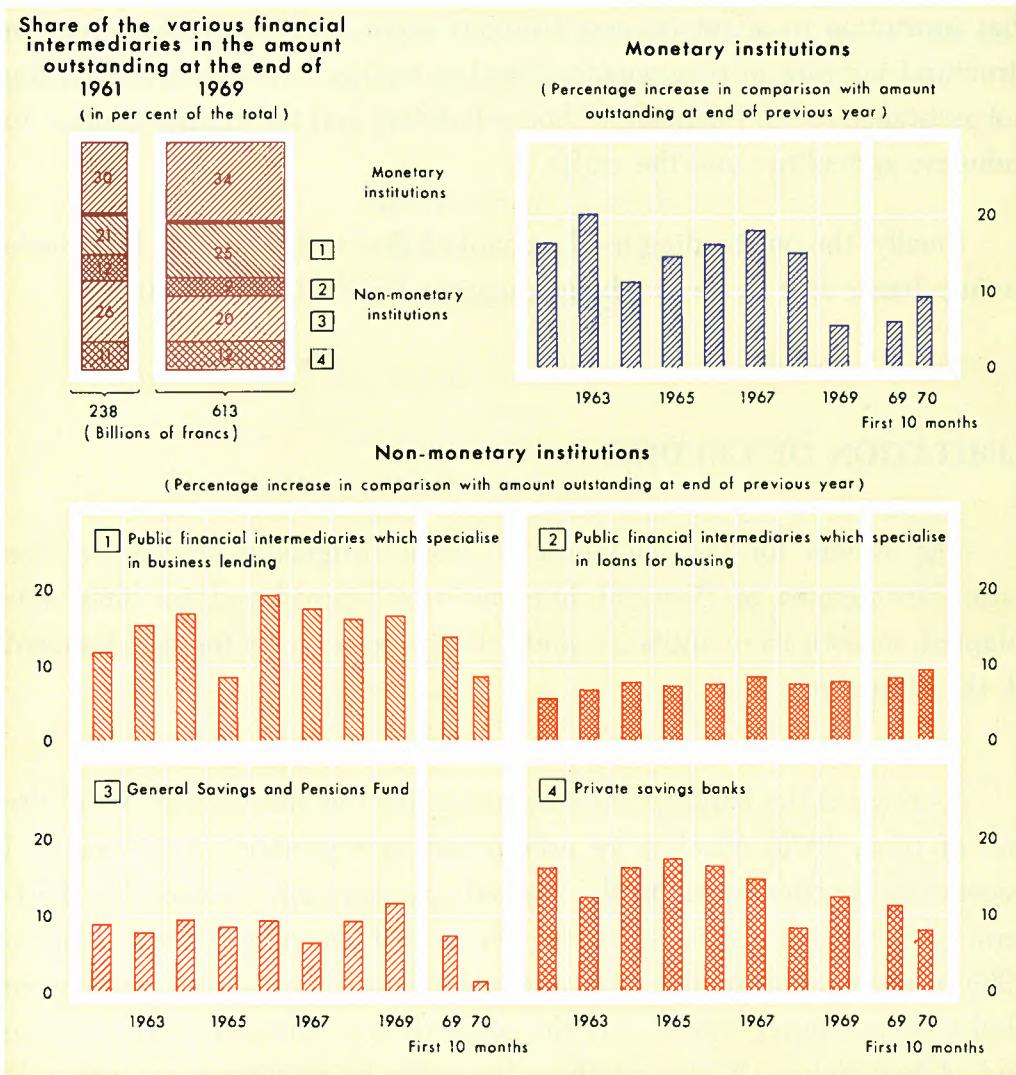
(4) Credits granted to purchasers and sellers on instalment terms (whether or not the banks are parties to the contract of sale), personal loans directly granted by banks, and credits granted by banks to finance companies.

The outstanding used amount of the credits originally granted to enterprises and individuals by **non-monetary institutions** increased by Fr. 25.7 billion during the first ten months, against Fr. 37.8 billion in 1969. This slower expansion reflects a smaller rise during the past few years in the resources of some of these institutions, less strong demand for certain categories of credits and the effect of the restriction imposed on the opening of credits since 1969 by the credit limitation measures.

The public financial intermediaries which specialise in business lending increased their net contributions by Fr. 13.3 billion, against Fr. 18.3 billion in 1969.

OUTSTANDING USED AMOUNT OF CREDITS GRANTED TO ENTERPRISES  
AND INDIVIDUALS <sup>(1)</sup>

Classified according to the institutions which originally granted them



(1) See Table 11.

On the other hand, the outstanding used amount of credit from the public financial intermediaries which specialise in loans for housing grew by Fr. 4.8 billion, against Fr. 4 billion in 1969. This rise is linked with the high level of activity in the social house-building sector.

The outstanding amount of credit originally granted by the General Savings and Pensions Fund increased by Fr. 1.5 billion, against

Fr. 7.9 billion in 1969, in which year its growth had been particularly large. This slowing down is connected with the smaller expansion since 1969 in the resources of the General Savings and Pensions Fund, which induced that institution to adapt its new lendings accordingly, and also with the structural increase in repayments of earlier credits. It affected both the net assistance to the financing of house-building and the credits granted to industry, agriculture and the crafts.

Finally, the outstanding used amount of the credits granted by private savings banks rose by Fr. 6.1 billion, against Fr. 7.6 billion in 1969.

#### **LIMITATION OF CREDITS.**

The system for the limitation of credits originally granted by the various categories of financial intermediaries, introduced in 1969, was adapted, in both its quantitative and selective aspects, to the development of the situation.

As regards the banks (<sup>1</sup>), the standards for the end of March and the end of June, 1970, which were established in September, 1969 and had become inoperative owing to the marked contraction in demand for short-term credit which accompanied the reversal of the positions taken up in 1969 in expectation of the adaptation of certain monetary parities, were abolished in March, 1970. At the same time norms were fixed for the end of September, 1970, and these, in order to encourage exporting of heavy equipment, no longer covered the used outstanding amount of credits granted through the intermediary of Export Credit. After having been partly revised in May, 1970, at the end of September, 1970, these limits allowed total outstanding amounts, including Export Credit operations, to increase for the first nine months at a rate representing an annual percentage of 12.5.

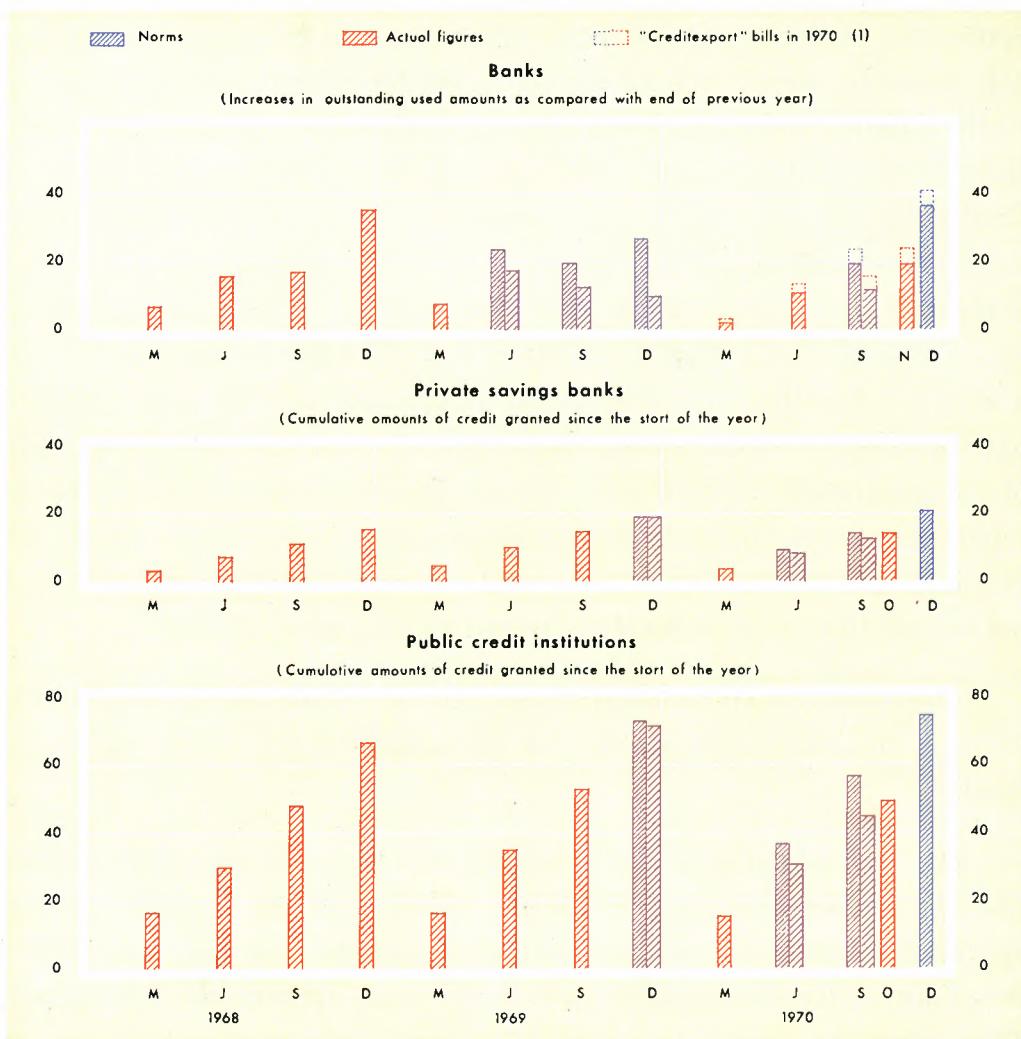
(<sup>1</sup>) See Annex 6, Table 8.

In September, 1970 norms were fixed for the end of the year. These limits, increased by the outstanding amount of Export Credit raised the tolerated increase for the whole year to 14 p.c.; this extension of the limit in relation to the first nine months was made possible by a more balanced position as regards the supply of and demand for goods and services. At

#### LIMITATION OF CREDITS

Norms and actual figures

(Billions of francs)



(1) These bills, excluded from the limitation of credit in 1970, are shown as a memorandum item in order to enable comparisons to be made with previous years.

the same time, however, the banks were called upon not to allow the outstanding amount of their consumer credits at the end of 1970 to exceed the amount reached on 30th September, 1970; for it was undesirable to encourage the purchases, particularly of durable consumer goods, which might be stimulated by the mere prospect of the introduction of the value-added tax on 1st January, 1971.

In December, 1970 the limitation system was extended until the end of March, 1971 for those credits of which excessive use might have been made for the purpose of speculative stockbuilding or consumption. The uses of capital investment credits were excluded from the field of application of the norms; for technical reasons this exception was applied only to credits opened to residents before 9th December, 1970 and declared to the Central Risks Office not later than 15th December. The limits fixed for the end of March, 1971, plus the foreseeable increase in Export Credit bills and the capital investment credits concerned, allow the actual outstanding amounts to increase, during the six months from the end of September, 1970 to the end of March, 1971, at a pace corresponding to an annual rate of 17 p.c., that is more than that of 14 p.c. adopted for 1970 as a whole. For this six-month period movements in stocks will probably have no effect, on balance, on demand for credit, since the reductions made in the last months of 1970 will normally have to be compensated for by replenishment of stocks in the succeeding months. Furthermore, the outstanding amount of consumer credits at the end of March, 1971 must not exceed 105 p.c. of its level at the end of September, 1970.

The actually used outstanding amounts of credits subject to limitation were, at the end of September, for all banks, 3.1 p.c. below the limits fixed.

Openings of credit of Fr. 1 million and above increased in 1970 by 15.5 p.c., against 6.1 p.c. in 1969. Their rate of expansion varied appreciably during the year; it was high during the first half-year, slowed down during the third quarter and then became appreciably faster again. There has been found to be a coincidence, sometimes with a certain time-lag, between the growth in the opening of such credits and the extent

of the differences between the norms and the outstanding amount of credits subject to limitation.

OUTSTANDING AMOUNT OF CREDITS OPENED AT BANKS <sup>(1)</sup>

*(Quarterly changes in billions of francs)*



(1) Credits opened of Fr. 1 million or above, excluding advances to non-residents.

(2) Estimate.

The limitation on the credits granted by the National Bank, primarily through its discount agencies, is similar to that recommended to the banks. The limits on credit on warrants, which display a markedly seasonal trend of their own, are fixed in relation to the amounts actually outstanding on the corresponding date of the previous year, plus an annual percentage increase equivalent to that permitted by the norms for the banks as a whole; those on other credits are calculated in exactly the same way as for the banks. At the end of September, 1970 the outstanding used amount was Fr. 1.3 billion as compared with total limits of Fr. 1.8 billion, and at the end of December the outstanding used amount of Fr. 2.5 billion was to be seen in relation to

limits totalling Fr. 3.1 billion and to actual used credits of Fr. 2.6 billion at the end of 1969.

The directives issued to the public credit institutions, the private savings banks and the insurance companies applied, as in 1969, to new opening of credit and not to the outstanding used amounts, in view of the fact that, among these institutions' operations, long-term loans repayable at fixed contractual maturity dates greatly exceed short-term credit lines. As demand for long-term loans was less affected by the reversal of speculative positions in foreign currencies, the norms fixed for the first half of 1970 were maintained. These norms restricted new credit-granting to half the amount, expressed in absolute figures, allowed for the whole of 1969. For the first nine months the quota was fixed at three-quarters of this amount and for the whole of 1970 the same amount was retained in some cases, while in others it was raised by 10 p.c. in line with the increase permitted for the banks.

For the public credit institutions the credits actually granted represented, at the end of June and the end of September, only 84 and 78.5 p.c. respectively of the maximum amounts authorised. For the private savings banks the corresponding percentages were 86 and 87.5.

In view of the reasons underlying the pursuit of the credit limitation policy in the first quarter of 1971, the granting by the non-monetary financial intermediaries of credits to finance capital expenditure was freed from 1st January, 1971, in the same way as the provision of such credits by the banks is no longer subject to the norms for the end of March, 1971. However, as these financial intermediaries also grant short-term credits, although this represents only a small proportion of their business, and in view of the increased danger of exceptionally heavy recourse to these facilities by enterprises and individuals, the Minister of Finance and the Central Office for Small Savings adopted, for the first quarter of 1971, with regard to the financial institutions which they control, measures which were modelled, in their terms and in the permitted percentages, on those applied to the banks.

## FINANCIAL ASSETS OF INDIVIDUALS AND ENTERPRISES.

The domestic and foreign financial assets built up by individuals and enterprises in the forms recorded below reached Fr. 103.9 billion during the first ten months of 1970, against Fr. 88.1 billion in 1969.

The more pronounced increase in individuals' and enterprises' financial assets, which took place despite an appreciable quickening of gross fixed capital formation by the latter, is attributable to a smaller growth, if not a decline, in commercial claims on foreign countries and above all to the exceptionally high proportion of households' available incomes which went into savings, owing to the high level of interest rates and the reduced propensity to buy durable consumer goods.

The speeding up of the formation of financial assets between the two years applied only to assets in Belgian francs.

Table 13.

### 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	
1965 .....	+20.1	+60.7	+2.6	- (+0.5)	+ 82.9	- 0.7	+ 1.6	+ 0.9	+ 83.8
1966 .....	+18.1	+61.0	+3.6	- (-0.2)	+ 82.9	+ 1.3	+ 6.1	+ 7.4	+ 90.3
1967 .....	+ 8.5	+86.6	+4.6	- (+2.8)	+ 96.9	+ 2.7	+ 4.8	+ 7.5	+104.4
1968 .....	+22.7	+80.6	+8.7	- (-0.5)	+112.5	+ 0.4	+12.6	+13.0	+125.5
1969 .....	+ 4.9p	+89.2	+6.8	- (-1.1) p	+102.0	+ 5.9	+15.0	+20.9p	+122.9
1969 First 10 months .	- 5.2p	+67.3	+5.1	- (-1.4) p	+ 68.6	+ 5.9	+13.6	+19.5p	+ 88.1
1970 First 10 months .	+15.2p	+76.9 p	+2.0	- (+0.8) p	+ 93.3	- 2.3	+12.9	+10.6p	+103.9

(1) Held by individuals and enterprises (other than financial intermediaries), including public operating organisations and certain financial intermediaries which could not be excluded in 1970 : 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 adding together the total amount of notes and coin (see Annex 6, Table 9, third column) and the sight deposits held by individuals and enterprises (see Annex 6, Table 10, fourth column).

(3) See Table 14.

(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-Luxemburg Economic Union.

p Provisional figures.

Individuals and enterprises in fact showed distinctly less interest in assets in foreign currencies.

Deposits in foreign currencies at Belgian banks declined by Fr. 2.3 billion in the first ten months of 1970, whereas they had increased by Fr. 5.9 billion in 1969. This shift was due to the fall in the interest rates paid on these deposits and the disappearance of the speculative movements connected with the maintenance of certain monetary parities which took place in 1969.

Net purchases of securities denominated in foreign currencies amounted to Fr. 12.9 billion, against Fr. 13.6 billion the previous year, representing a net reduction in the proportion of these investments in the total of newly formed financial assets. These purchases doubtless concentrated more than previously on fixed-income securities, the yield on which still remained at a very high level, although a slight downward movement became apparent towards the end of the year.

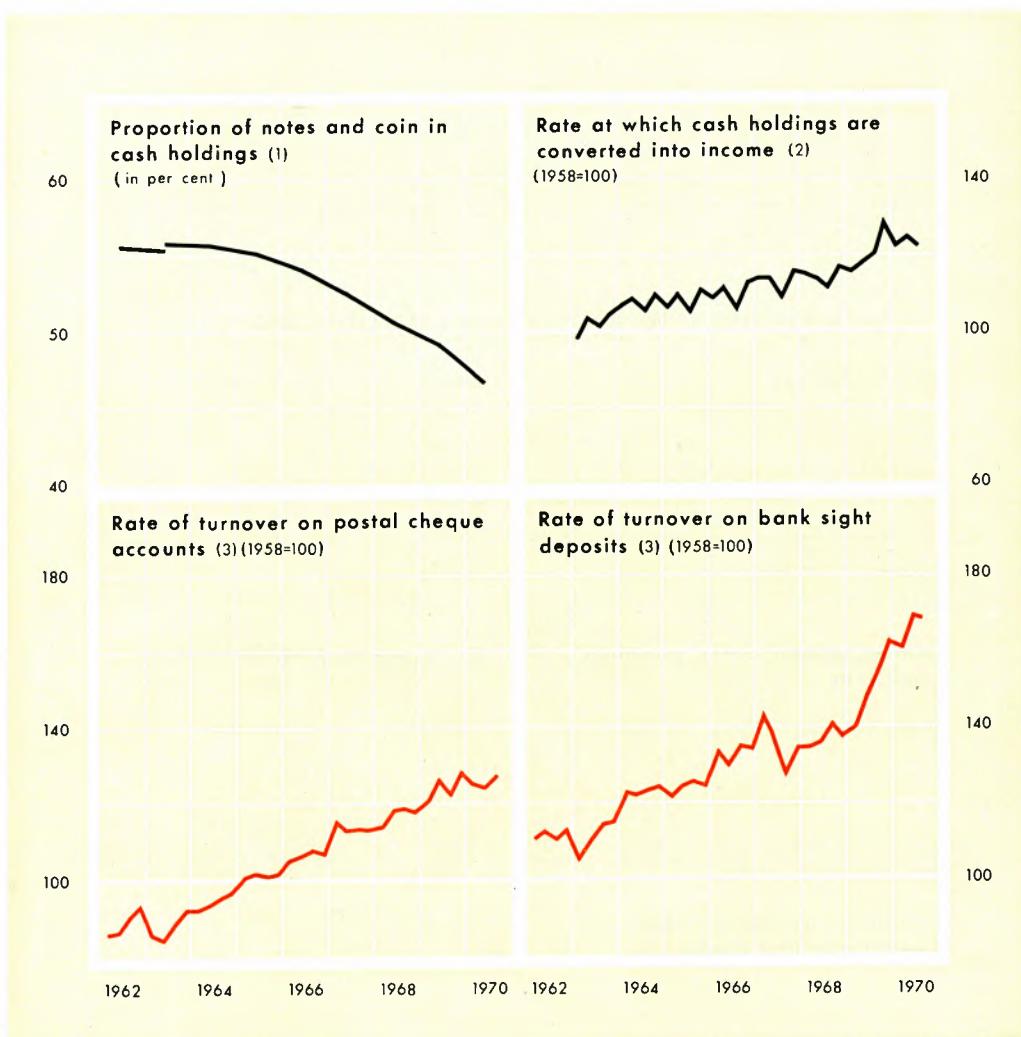
Net formation of assets in Belgian francs thus amounted to Fr. 93.3 billion, against Fr. 68.6 billion in 1969.

Cash holdings began to grow again at a normal rate after the exceptional contraction caused in 1969 by the conversion of idle cash holdings into other Belgian franc assets offering greatly increased yields, into foreign currency deposits with Belgian banks and into short-term investments abroad. This rise only affected sight deposits, so that the proportion of notes and coin in total cash holdings declined still further, falling from 51.6 p.c. in October, 1969 to 49.4 p.c. in October, 1970. The normalisation of the expansion in total cash holdings affected the trend of their rate of turnover; the rate at which money is converted into income, the rate of turnover on bank deposits and that on postal cheque accounts did not increase as markedly as in 1969.

The amounts paid in cash on public share issues reached only Fr. 2 billion, against Fr. 5.1 billion in 1969, mainly owing to an appreciable reduction in issues by banks.

Deposits on ordinary deposit or savings books increased by only Fr. 1.4 billion during the first ten months, whereas in 1969 they had still risen by Fr. 7.9 billion; this is attributable to the relatively small rise in recent years in the rates of interest on these investments, which went up, however, by 0.50 p.c. on 1st January, 1970.

#### COMPOSITION AND UTILISATION RATE OF CASH HOLDINGS



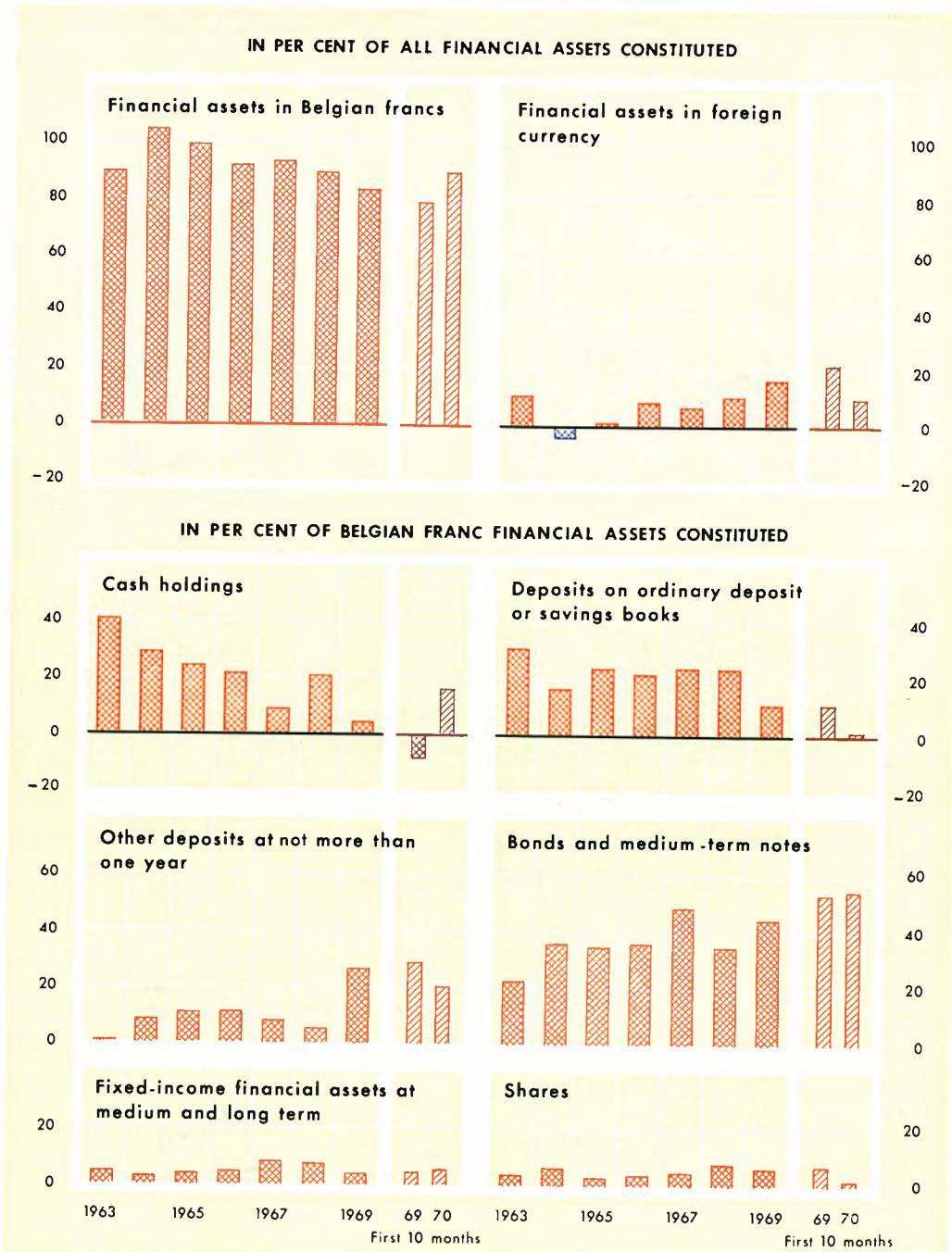
(1) 1970 : estimate.

(2) Ratio of the gross national product at current prices to the average cash holdings. Quarterly figures not adjusted to eliminate seasonal variations.

Sources : Gross national product : National Statistical Institute Department of Applied Economics of the Free University of Brussels.

(3) Monthly averages per quarter, adjusted to eliminate seasonal variations. See Annex 6, Table 11.

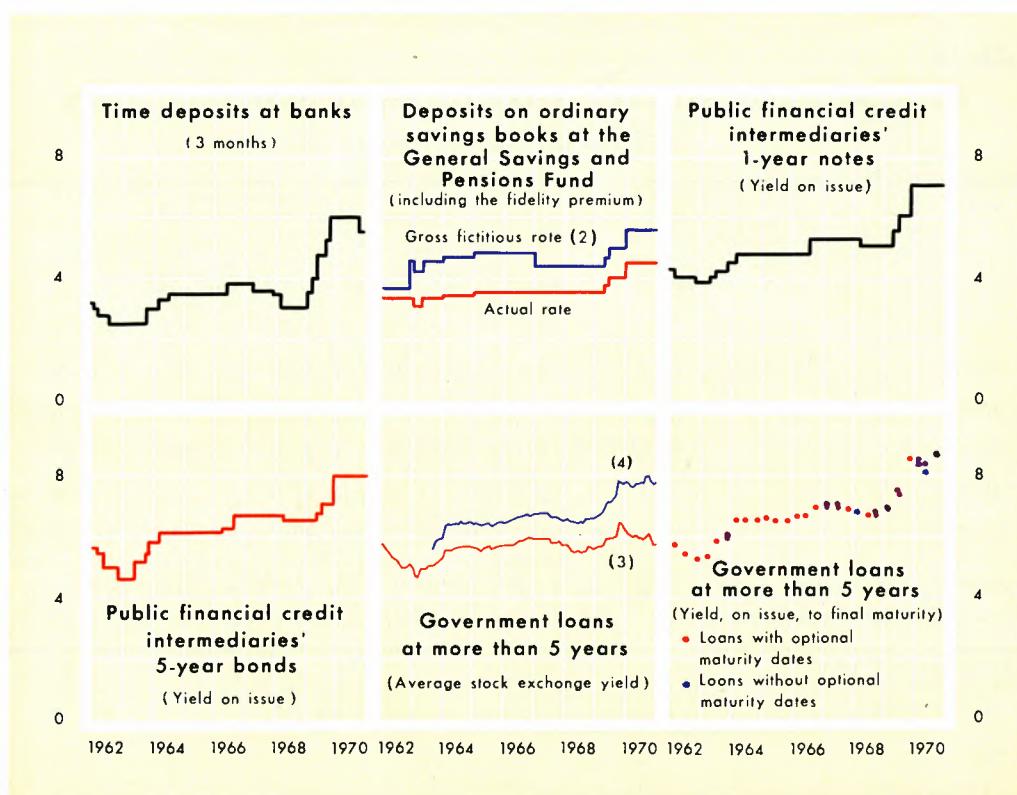
CLASSIFIED CONSTITUTION OF FINANCIAL ASSETS (1)



(1) See Tables 18 and 14.

The growth in other deposits at not more than one year, which was very marked in 1969, was only slightly smaller during the first ten months. The still very large increase in deposits at date and at notice was assisted by the reduced attractiveness of foreign currency deposits and the

RATES ON INVESTMENTS ACCESSIBLE TO THE GENERAL PUBLIC (1)  
(*Per cent*)



(1) Rates before deduction of taxes at source. See Annex 6, Table 16.

(2) As income from deposits on ordinary savings books is at present exempt from tax up to Fr. 7,500 per year, their actual rate is not comparable with the rates shown in the other graphs. The gross fictitious rate provides a valid basis of comparison in the case of an individual who pays, on the income from his other investments, neither more nor less than the tax deducted at source.

(3) Loans issued before 1st December, 1962.

(4) Loans issued after 1st December, 1962.

maintenance of a high level of yield on ordinary deposits, the rates for which remained unchanged until 9th November; on that date some of them were reduced. The rates for large deposits, the changes in which are closely linked with foreign rates, gradually declined.

Issues of bonds and medium-term notes reached particularly large volumes in comparison with 1969, especially in the case of those made by public-sector financial intermediaries. The rates of yield were on average distinctly above those of the previous year; they actually remained at the high levels reached at the end of 1969 and even rose somewhat in the case of non-continuous public issues. Individuals and enterprises built up medium and long-term fixed-income assets totalling Fr. 56.8 billion, against Fr. 40.1 billion in 1969.

Table 14.

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)	
1965 .....	+ 19.6	+ 8.9	+ 8.1	+ 32.2	+ 28.9	+ 60.7
1966 .....	+ 18.6	+ 9.0	+ 8.2	+ 33.4	+ 29.5	+ 61.0
1967 .....	+ 23.6	+ 7.7	+ 5.4	+ 55.3	+ 46.4	+ 86.6
1968 .....	+ 27.3	+ 5.7	+ 4.4	+ 47.6	+ 39.1	+ 80.6
1969 .....	+ 11.3	p+ 27.5	p+ 25.7	p+ 50.4	p+ 46.1	p+ 89.2
1969 First 10 months .	+ 7.9	p+ 19.3	p+ 21.9	p+ 40.1	p+ 36.8	p+ 67.3
1970 First 10 months .	+ 1.4	p+ 18.7	p+ 20.9	p+ 56.8	p+ 50.9	p+ 76.9

(1) See Annex 6, Table 12.

(2) See Annex 6, Tables 13, 14 and 15.

p Provisional figures.

## MONETARY SYSTEM.

Among the financial assets described above, the part consisting of the money supply and quasi-monetary liquidity holdings at the banks increased, if the public authorities' cash holdings are included, by Fr. 25.7 billion in the first ten months of 1970, against Fr. 22 billion in 1969. The growth rate of these assets thus showed hardly any change (4.7 p.c. against 4.3 p.c.), but there were considerable shifts in the elements which constitute their counterpart.

In fact the appreciable increase in the surplus on current transactions and in enterprises' and individuals' capital movements between Belgium and abroad and also the increased recourse of enterprises to short-term bank credit gave these factors a distinctly greater expansionary effect than in 1969.

Table 15.

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 enterprises and individuals (3)	Financing of the public authorities		Transactions with foreign countries (6)	Refinancing outside monetary institutions (increase -) (7)	Miscellaneous (8)
				Government (4)	Other public authorities (5)				
1965 .....	+21.1	+11.6	+32.7	+16.1	+ 7.0	+ 2.4	+13.2	- 2.9	- 3.1
1966 .....	+21.2	+12.8	+34.0	+20.1	+11.8	+ 3.2	- 4.0	+ 3.3	- 0.4
1967 .....	+11.0	+21.6	+32.6	+26.2	+ 1.4	- 0.1	+17.1	- 6.7	- 5.3
1968 .....	+26.1	+18.2	+44.3	+25.4	+23.7	+ 3.1	- 8.1	+ 0.8	- 0.6
1969 .....	+ 9.8	+29.4	+39.2	+11.1	+19.8	+ 2.7	+12.7	+ 0.7	- 7.8
1969 First 10 months	- 4.0	+26.0	+22.0	+11.9	+ 9.4	+ 1.9	+ 3.2	+ 1.8	- 6.2
1970 First 10 months	+11.4	+14.3	+25.7	+19.0 p	- 4.6 p	+ 8.3 p	+10.9 p	- 4.8 p	- 3.1

(1) See Annex 6, Tables 9 and 10. 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 11, third column.

(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 10, last column.

(5) Including the movement in capital funds of the other public authorities to and from foreign countries.

(6) Current transactions and movement in capital funds of enterprises and individuals. The figures relate to Belgium and, for 1970, cover ten months; they are therefore not comparable with those in Tables 4, 5, 6 and 7, which relate to the Belgian-Luxemburg Economic Union and, for 1970, cover eleven months.

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

(8) Mainly monetisation of public securities, net claims on the other financial intermediaries, bonded debt of banks, claims and liabilities (not classified elsewhere) on and to persons residing in Belgium.

p Provisional figures.

On the other hand, the non-monetary financial intermediaries, with which a larger proportion of households' financial savings were placed and from which less credits were sought by enterprises and individuals, on the one hand contributed more to financing the public authorities, which had less recourse to the monetary institutions, and on the other hand took in larger amounts of commercial paper, thus facilitating refinancing of these institutions.

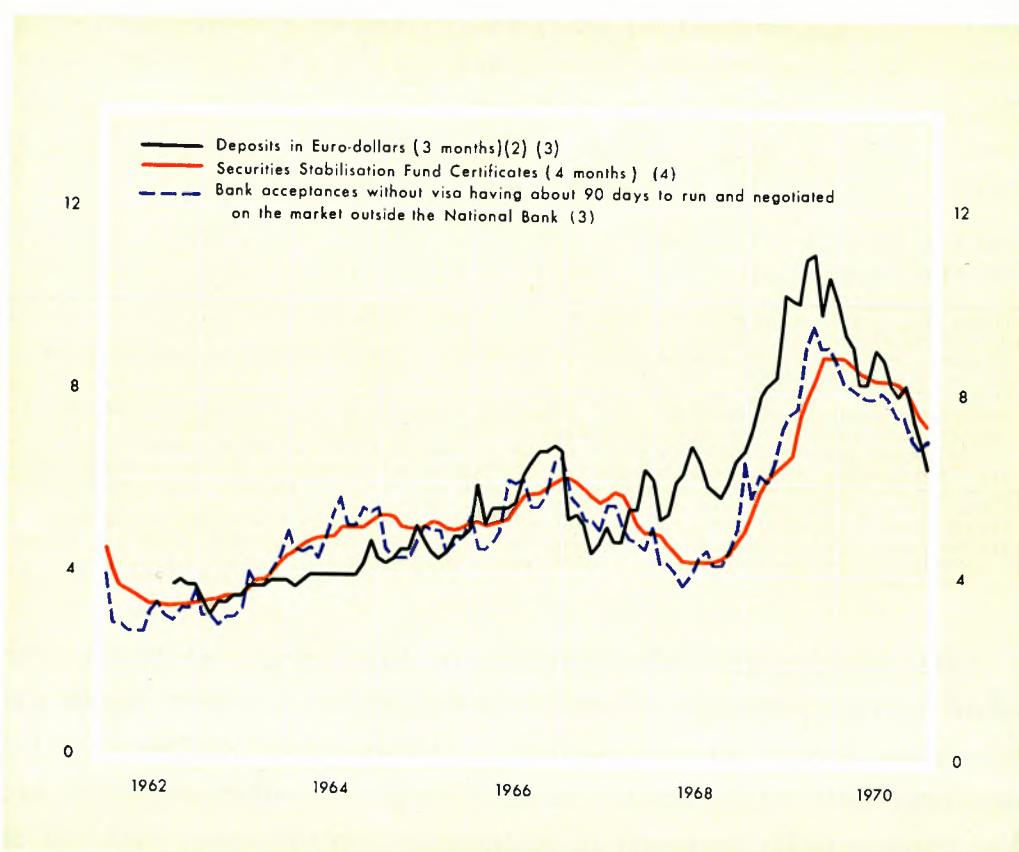
Lastly, miscellaneous transactions, mainly owing to the smaller increase in the banks' own funds, had a distinctly less marked contractive effect than in 1969.

## MONEY MARKET.

The easing of money market conditions which began at the end of September, 1969 when the balance of payments became positive again, continued and became more marked as the surplus persisted. The most characteristic signs of this easing were the increase in the supply of funds

BELGIAN MONEY MARKET AND EURO-DOLLAR RATES (1)

(*Per cent*)



(1) See Annex 6, Table 17.

(2) Rate for investors not arranging forward cover.

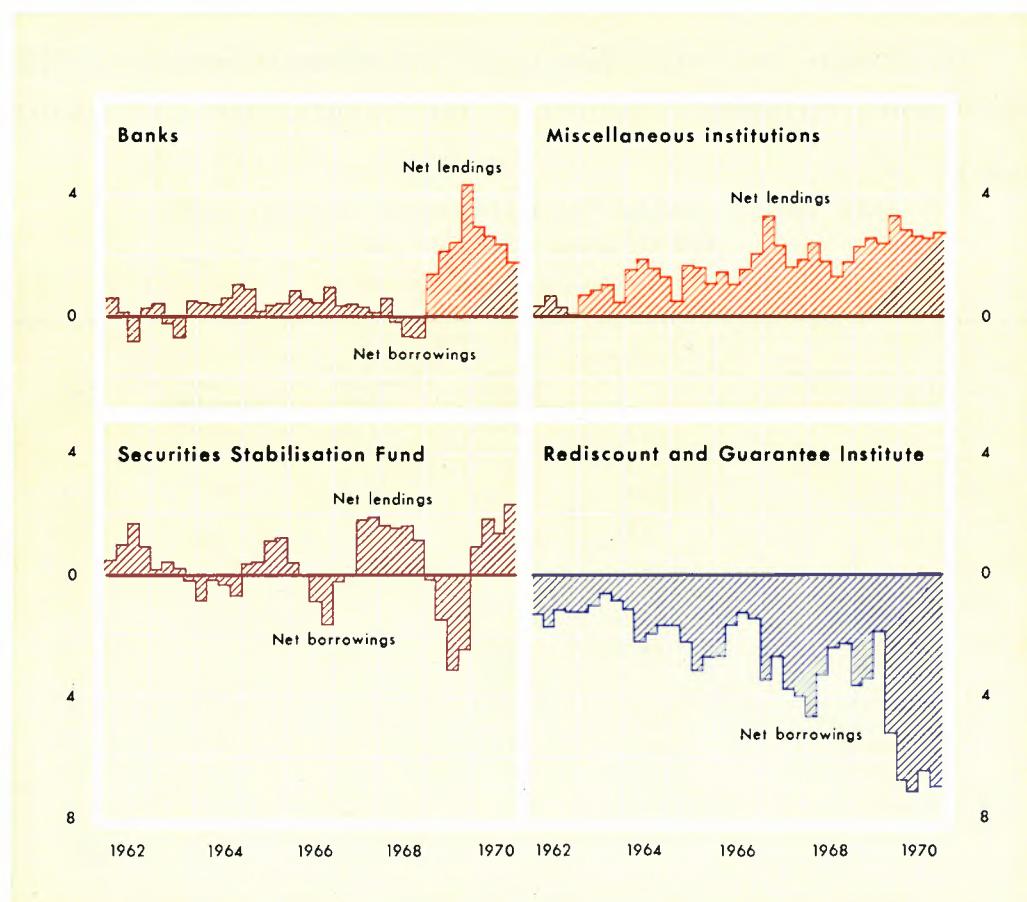
(3) Rate in force at the end of the month.

(4) Rate at the last weekly tender in the month.

on the call money market, the decline in the National Bank's commercial portfolio, the extent of subscriptions for Belgian franc public securities at up to one year and the gradual but persistent decline in interest rates in the various sections of the market.

The National Bank lowered its interest-rate scales on 22nd October and 10th December, by 0.50 p.c. on each occasion, thus reducing the basic discount rate from 7.50 to 6.50 p.c.

### CALL MONEY <sup>(1)</sup>



(1) See Annex 6, Table 18.

On the call money market the net contributions from the banks and the miscellaneous institutions were on average, for the year as a whole, of

the same order of magnitude as in 1969, but the Securities Stabilisation Fund, which had been a net borrower during that year, became a substantial net lender. The Rediscount and Guarantee Institute was thus able to borrow a considerably larger amount of funds.

Until August the call money rate fluctuated slightly below the maximum levels reached in the last months of 1969. Subsequently, except for momentary tensions, the decline was accentuated, mainly owing to a lowering of the rate beyond which the Securities Stabilisation Fund intervenes as a lender and to an expansion in the amount of its loans as a result of the divergences which occurred from that rate.

The average total outstanding amount of discounted commercial bills and of bank acceptances rose from Fr. 141.6 billion in the third quarter

Table 16.

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)	
1965 .....	56.6	1.9	15.0	4.0	77.5
1966 .....	62.6	0.8	15.8	8.8	88.0
1967 .....	74.3	2.5	17.7	6.8	101.3
1968 .....	86.6	1.8	21.5	10.8	120.7
1969 .....	89.9	2.2	19.5	26.0	137.6
1969 1st quarter .....	84.6	1.6	21.9	22.7	130.8
2nd quarter .....	88.1	1.9	20.3	27.1	137.4
3rd quarter .....	88.9	1.1	18.8	32.8	141.6
4th quarter .....	98.0	4.4	16.9	21.2	140.5
1970 1st quarter .....	102.5	5.4	18.9	12.2	139.0
2nd quarter .....	107.4	4.3	21.2	10.7	143.6
3rd quarter .....	113.9	6.4	20.3	4.7	145.3
4th quarter .....	118.0 (5)	7.2	22.3 (5)	2.7	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.

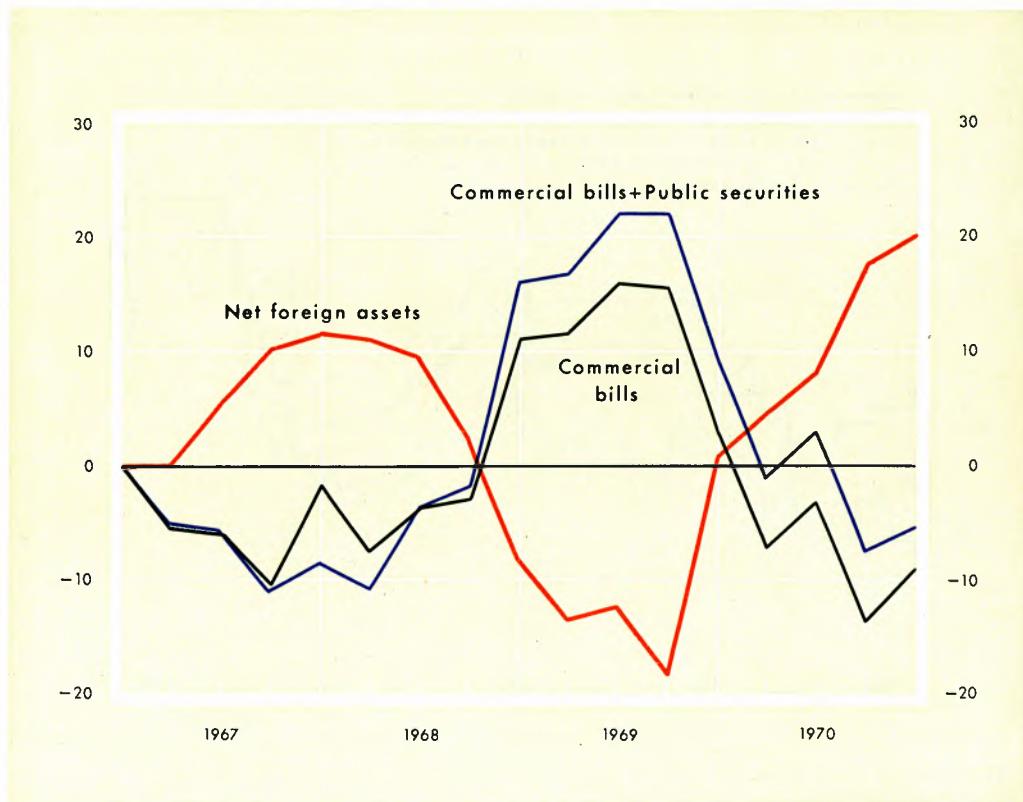
(5) October-November.

n.a. Figure not available.

of 1969 to Fr. 145.3 billion in the third quarter of 1970, that is an increase of Fr. 3.7 billion. The abundance of contributions of funds influenced the location of these bills. The portfolio located at the banks rose by Fr. 25 billion. The increase in the resources which the Rediscount and Guarantee Institute was able to obtain on the call money market made it possible for it to raise its own holding to an unusually high level, the average for each quarter having greatly exceeded that in the previous year. The average outstanding amount of the commercial bills and bank acceptances located in other market institutions and abroad, primarily in the Grand Duchy of Luxembourg, also went up, increasing by Fr. 1.5 billion between the third quarter of 1969 and the third quarter of 1970. Owing to this overall trend of the holdings of the various institutions, the average

MAIN COUNTERPARTS OF THE NOTES OF THE NATIONAL BANK OF BELGIUM (1)

*(Cumulative changes, in billions of francs, since 31st December, 1966)*

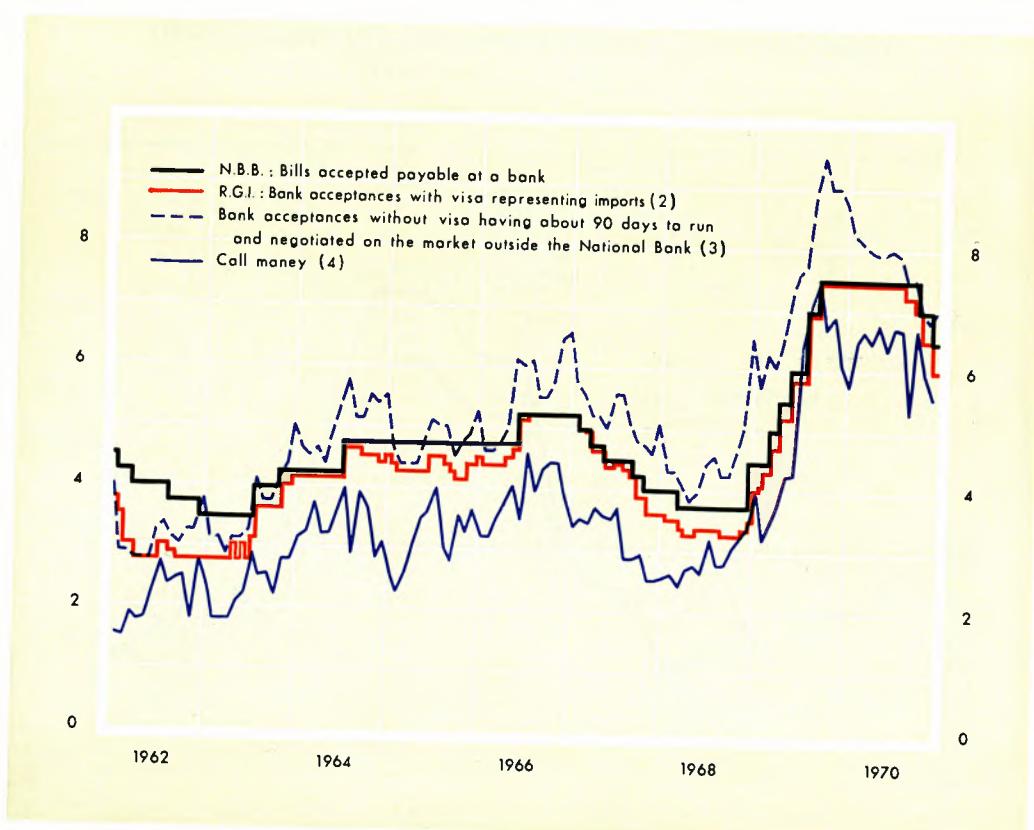


(1) Acceptances representing exports are included not in net foreign assets but in commercial bills.

outstanding amount of commercial bills and bank acceptances located at the National Bank gradually decreased, declining from Fr. 32.8 billion in the third quarter of 1969 to Fr. 4.7 billion in the third quarter of 1970. In the last quarter, it fell to Fr. 2.7 billion.

As in the preceding years, the large fluctuations observed from 1969 to 1970 in the rediscounting of commercial paper at the National Bank and, more generally, in its portfolio of commercial bills and public securities, representing as they do only one of the counterparts of the more limited variations in the amount of notes issued, were for the most part offset by equally large opposite movements in other assets transferred to the National Bank, in this case its net external assets.

RATES FOR COMMERCIAL BILLS AND FOR CALL MONEY <sup>(1)</sup>  
(per cent)



(1) See Annex 6, Tables 17 and 19.

(2) Until 31st May, 1970 : not more than 120 days to maturity. Since then : from 61 to 120 days to maturity.

(3)

Rates ruling at end of months.

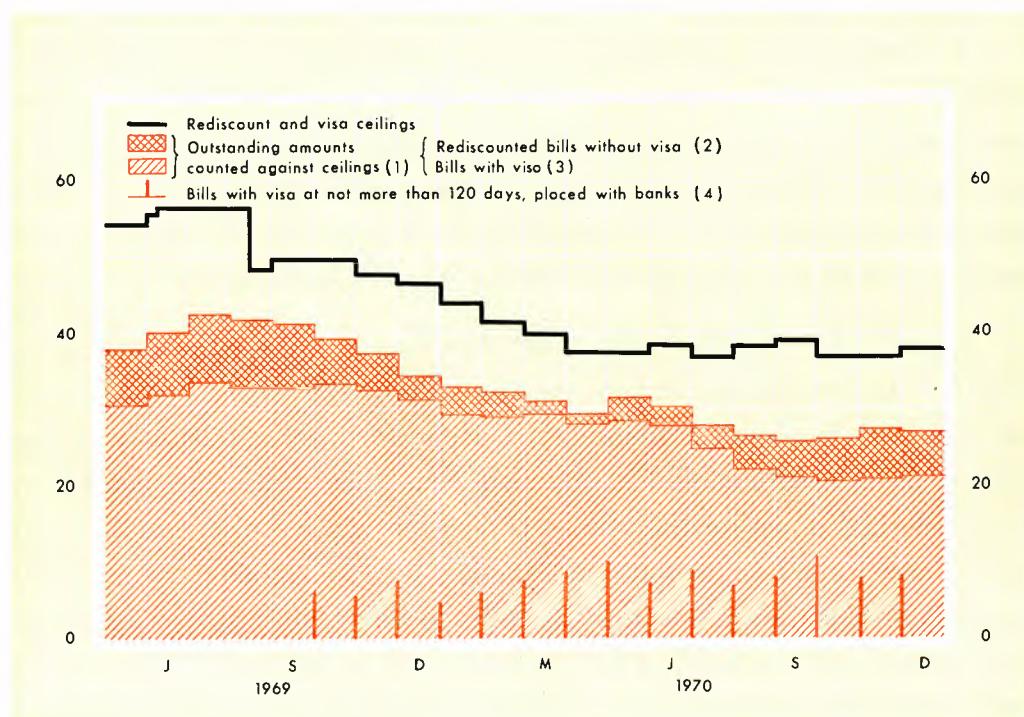
(4) Daily averages per month.

The easing in the money market was accompanied by an appreciable decline in the rates current on the market outside the National Bank. The rate for ninety-day bank acceptances without visa fell from 8.75 p.c. in December, 1969 to 7 p.c. in December, 1970. A similar, but slightly smaller, movement took place in the buying rates of the Rediscount and Guarantee Institute, which, incidentally, were diversified and brought more into line with Export Credit rates.

The rediscount and visa ceilings, introduced on 1st May, 1969 as a permanent instrument of monetary policy capable of being made more or less restrictive according to the circumstances, were adjusted several times. As had been announced in September, 1969, they were gradually lowered

#### REDISCOUNT AND VISA CEILINGS

(Billions of francs)



(1) Daily averages per month.

(2) Including rediscounted certified bills and 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.

(3) Bills, whether rediscounted or not, with less than two years to run (with not more than one year to run for Export Credit bills since 31st March, 1970).

(4) These bills, having already been counted against the ceilings, give the banks a rediscounting facility over and above the possibility of mobilising other bills within the limits of the available margins. Data available only from the end of September, 1969, to the end of November, 1970.

in the first quarter, from 12 p.c., at the end of December, 1969, of the average outstanding amount of the banks' principal Belgian franc resources to 10 p.c. at the end of March, 1970. By a decision adopted in March, 1970 this percentage was reduced to 9.5 on 30th June and to 9 on 30th September, so as to offset the effect which would be produced on the banks' available imputation margins by the replacement, discussed further on in this Report, of the « visa » by a certification for certain bills representing exports. Furthermore, from 31st March, the National Bank stopped counting against the ceiling the Export Credit bills with visa having more than one year to run, whereas previously all bills with visa having less than two years to run had been taken into account. Moreover, for banks benefiting by fixed-sum ceilings which were not originally determined in proportion to their liabilities a revision of these fixed sums was permitted from 31st July.

The total of the individual rediscount and visa ceilings fell from Fr. 44 billion on 31st December, 1969 to a minimum of Fr. 36.8 billion at the end of June, 1970; at the end of December it was Fr. 38 billion. The total available margin under the ceilings, which averaged Fr. 12.2 billion in December, 1969, touched a low point of Fr. 6.2 billion in May; subsequently it appreciably exceeded this amount, mainly owing to the banks' increased liquidity; in December it was Fr. 11 billion.

Since 1st June, 1970 the National Bank has no longer been giving its visa to bills representing exports payable within 120 days to countries of the European Economic Community. Henceforth these bills may be the subject of a certification <sup>(1)</sup> provided that they fulfil the conditions previously laid down for the visa. Unlike the visa, certification does not signify any formal rediscount undertaking by the National Bank; all it amounts to is a recognition that the bills to which it is affixed fulfil the rediscount conditions applied by the Bank. Thus, whereas bills with visa are automatically counted, as soon as the visa has been applied, against the ceiling of the bank obtaining it, certified bills are only thus counted

<sup>(1)</sup> In previous translations of the Annual Report the « visa » procedure has been referred to as « certification ». In this Report and henceforth, in order to avoid confusion, the words « visa » and « certification » will be used to represent the identical French words.

at the time when they are transferred to the National Bank or to the Rediscount and Guarantee Institute; in the latter case this counting against the ceiling implies, for the National Bank, a rediscount undertaking identical to that resulting from the visa.

From the point of view of monetary policy this formula has the advantage of enabling the National Bank to exert an influence more quickly on the liquidity of the banking system, since a possible adaptation of the ceilings can have a more immediate effect on the actual possibilities of mobilisation of the portfolio of certified bills than on those of the portfolio of bills with visa. For the Rediscount and Guarantee Institute and those to which it transfers its holdings, the certified bills offer the same degree of liquidity as bills with visa. Moreover, the certified paper, unlike the paper bearing the visa, does not count against the ceiling of the banks which hold it themselves. Lastly, for the exporter, financing by means of certified paper does not differ at all from financing by paper bearing the visa; in particular, it does not cost any more.

On 10th June, in order to give the banks greater freedom of action, the certification procedure was extended, as an alternative option to the visa, to exports against payment at not more than 120 days to countries which are not members of the European Economic Community. On 17th August the 120-day limit was lifted for all transactions which are to be, or may be, the subject of certification instead of the granting of the visa. The only transactions which continue to be covered only by the visa procedure and which are thus excluded from the field of application of the certification system, whatever the destination country, are medium-term operations financed by Export Credit.

The growth in the financial intermediaries' liquidity was also reflected in the movement of their holding of short-term public securities. The average outstanding amounts of these securities rose from Fr. 38.1 billion in the fourth quarter of 1969 to Fr. 55.2 billion in the fourth quarter of 1970. This increase was partly due to the growth in the portfolios of non-bank institutions, as a result of the temporary investment by these of part of the

proceeds of medium or long-term issues, and to the slowing down of the rates of expansion of the credits granted by some of them to enterprises and individuals. The amount of public securities placed with the banks also rose. The funds thus obtained for the Treasury increased by Fr. 12.9 billion and those made available to the Securities Stabilisation

Table 17.

BELGIAN FRANC PUBLIC SECURITIES RUNNING FOR UP TO ONE YEAR AND HELD BY FINANCIAL INTERMEDIARIES OPERATING ON THE MONEY MARKET <sup>(1)</sup>

*(Billions of francs)*

Average of amounts outstanding at ends of months <sup>(2)</sup>	Securities held by		Total securities	Resources placed at disposal <sup>(3)</sup>	
	banks	other institutions		of the Treasury	of the Securities Stabilisation Fund
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
1970 .....	20.5	33.3	53.8	48.5	5.3
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
1970 1st quarter .....	18.8	30.4	49.2	44.0	5.2
2nd quarter .....	20.5	35.9	56.4	51.8	4.6
3rd quarter .....	21.4	32.7	54.1	48.9	5.2
4th quarter .....	21.4	33.8	55.2	49.0	6.2

(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 Land 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.

Fund by Fr. 4.2 billion. Moving under the control of the Securities Stabilisation Fund, the rate for the certificates issued by it underwent a gradual decline, which accelerated in the second half of 1970 : from year-end to year-end it fell from 8.75 to 7.25 p.c. The rates for Treasury certificates showed a similar trend.

## STOCK MARKET.

The decline which had begun in June, 1969, in the quotations for Belgian variable-income securities continued until July, 1970. This movement is attributable to the higher level of yield of fixed-income securities, to the more uncertain outlook as regards economic activity, especially in the markets for ferrous and non-ferrous metals, certain chemical products and basic textiles, and to the more structural difficulties in the paper sector.

Subsequently there were signs of a recovery, particularly in the financial sector, in electricity and gas undertakings and in companies operating abroad.

Table 18.

MARKETS FOR VARIABLE-INCOME SECURITIES

	Total dealings ( <sup>1</sup> ) (Averages per session, in millions of francs)	Indices of quotations ( <sup>2</sup> ) (1958 = 100)			
		For cash		Time bargains	
		Belgian securities	Belgian and Congolese securities	Belgian securities	Belgian and Congolese securities
1965 .....	82	125	91	122	91
1966 .....	70	108	79	102	75
1967 .....	80	102	76	103	75
1968 .....	133	111	87	114	101
1969 .....	147	121	95	131	120
1970 .....	111	114	90	124	113
1969 December .....	110	114	90	128	116
1970 December .....	123	116	90	120	108

(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.

In December, 1970 the cash prices were 1.8 p.c. above their December, 1969 level, whereas the prices for time bargains were still 6.2 p.c. down.

The yield on variable-income securities was distinctly higher than in the previous year, mainly owing to the lower average level of prices and to the increase in dividends made possible by the growth in profits in 1969.

Total dealings were 24 p.c. down in comparison with 1969.



ANALYSIS OF THE  
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR 1970

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, 1970 to . . Fr. 73,519,400,720 and consisted of :

Gold in foreign countries . . . . .	Fr.	73,149,785,084
Gold in Belgium . . . . .	Fr.	369,615,636
	Fr.	73,519,400,720

On 31st December of the previous year it had amounted to Fr. 75,947,214,202.

INTERNATIONAL MONETARY FUND

The assets acquired by the Bank in application of the Law dated 9th June, 1969 <sup>(1)</sup> and of the Conventions concluded with the Government

<sup>(1)</sup> See Report on the activities of the year 1969, page 132.

are 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 :

## Quota.

Belgium's quota in the International Monetary Fund has been raised from \$ 422,000,000 to \$ 650,000,000, representing an increase of \$ 228,000,000, which is equivalent to B.Fr. 11,400,000,000. One quarter of this amount, that is B.Fr. 2,850,000,000, is payable in gold.

In pursuance of Article 2 of the Law of 9th June, 1969, the Bank assumed responsibility for the gold payment to the Fund and showed in its books as its own assets, in corresponding amount, the additional rights held by the Belgian Government in the Fund as a result of this operation.

Practically the whole of the balance payable in Belgian francs, that is Fr. 8,550,000,000, was paid up by the Belgian Government in Treasury bills expressed in Belgian francs and mobilisable by the Fund in accordance with its requirements in our currency. These bills are deposited with the Bank <sup>(1)</sup>.

On 31st December, 1970, the " Quota " account amounted to . . . . . Fr. 19.583.803.811

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, 1969 the balance of the account was . . . . . Fr. 7,776,944.192

Between the ends of 1969 and 1970 it therefore increased by . . . . . Fr. 11,806,859,619

<sup>(1)</sup> See page 99 of this Report.

which is explained by the following movements :

*Plus :*

a) Payment to the Fund by the Bank, in relief of the Belgian Government, on 29th December, 1970, of the additional subscription payable in gold, equal to 25 % of the quota increase . . . . .	Fr.	2,850,000,000
b) Drawings in Belgian francs on the International Monetary Fund :		
South Africa . . . . .	Fr.	1,250,000,000
Burundi . . . . .	Fr.	125,000,000
Colombia . . . . .	Fr.	390,000,000
United States . . . . .	Fr.	4,500,000,000
France . . . . .	Fr.	1,000,001,728
Ghana . . . . .	Fr.	100,000,000
United Arab Republic . .	Fr.	175,000,000
United Kingdom . . . .	Fr.	1,000,000,000
Turkey . . . . .	Fr.	250,000,000
		Fr.
		8,790,001,728
c) Use of Belgian Francs by the Fund in repayment of loans granted by Italy under the General Arrangements to Borrow . . . . .	Fr.	1,500,000,000
d) Attribution to the Belgian Treasury of Belgium's share in the distribution of the Fund's net income for the year ended 30th April, 1970 (Art. XII, section 6/b of the Fund's Articles of Agreement . . . Fr.		11,374,848
	plus . . Fr.	13,151,376,576

*Minus :*

a) Repayments effected in Belgian francs by the following countries :		
Brazil . . . . .	Fr.	2,541,027
Ceylon . . . . .	Fr.	45,000,000
Colombia . . . . .	Fr.	117,753,648
Carried forward . .	Fr.	165,294,675

Brought forward . . Fr.	165,294,675
Denmark . . . . . Fr.	268,466
Ghana . . . . . Fr.	100,000,000
India . . . . . Fr.	195,000,000
United Arab Republic . Fr.	60,000,000
Turkey . . . . . Fr.	99,370
Yugoslavia . . . . . Fr.	205,000,000
	<hr/>
Fr.	725,662,511
b) Reconstitution by the Fund of its assets in Belgian francs by a sale of gold (Art. VII, section 2/ii) . . . . . . . Fr.	618,854,446
	<hr/>
<i>minus</i> . . Fr.	1,344,516,957
	<hr/>
<i>Net increase</i> . . Fr.	11,806,859,619
L o a n s (').	

In 1970 the Bank was not called upon to grant, in relief of the Belgian Government, loans to the International Monetary Fund in implementation of the General Arrangements to Borrow.

#### S p e c i a l D r a w i n g R i g h t s (').

On 31st December, 1970, the special drawing rights shown in the Bank's accounts amounted to . Fr. 10,245,522,200

This amount is made up as follows :

- a) allocation to Belgium, on 1st January, 1970, of a first tranche of \$ 70,896,000 of special drawing rights, corresponding to 16.8 p.c. of \$ 422,000,000, its quota on that date, that is . . . . . . Fr. 3,544,800,000
- b) acquisition of drawing rights from countries participating in the system in exchange for effectively convertible currencies . . . . . Fr. 6,700,000,000

(<sup>1</sup>) See the Report on the activities of the Bank in 1969, pages 135 and 136.

c) payment of special drawing rights by the Fund for account of the Belgian Treasury in respect of interest on Belgium's assets for the period from 1st January to 30th April, 1970 (Art. XXVI of the Fund's Articles of Agreement) . . . . . Fr. 722,200

The counterpart of the initial allocation, that is Fr. 3,544,800,000, appears on the liabilities side in the account at indefinite term entitled : « International Monetary Fund : Special Drawing Rights, Net Cumulative Allocation » <sup>(1)</sup>.

Belgium's net creditor position in special drawing rights thus amounts to Fr. 6,700,722,200.

#### TOTAL COVER ITEMS.

According to Article 30 of the Statutes, brought into conformity with the Law of 9th June, 1969 <sup>(2)</sup>, the total assets grouped under this head must cover the total sight liabilities to the extent of at least one-third.

On 31st December, 1970, the cover items totalled . . . . . Fr. 103,348,726,731 against, on 31st December, 1969 . . . . . Fr. 83,724,158,394

The proportion of cover accordingly works out at 53.36 p.c.; it was 44.44 p.c. on 31st December, 1969.

#### FOREIGN CURRENCIES.

##### FOREIGN CURRENCIES AND GOLD RECEIVABLE AND TO BE DELIVERED <sup>(3)</sup>.

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

	On 31st December, 1969	On 31st December, 1970
Foreign Currencies . . . . Fr.	35,618,472,043	39,013,870,093
Carried forward . . Fr.	35,618,472,043	39,013,870,093

<sup>(1)</sup> See page 93 of this Report.

<sup>(2)</sup> See the Report on the activities of the Bank in 1969, page 136.

<sup>(3)</sup> See page 93 of this Report.

Brought forward . . Fr.	35,618,472,043	39,013,870,093
<b>Foreign Currencies and</b>		
Gold receivable <sup>(1)</sup> . . . . Fr.	17,509,800,735	10,717,986,554
Total . . Fr.	53,128,272,778	49,731,856,647
<b>Foreign Currencies and</b>		
Gold to be delivered <sup>(1)</sup> . . . . Fr.	51,767,241,429	48,686,895,295
Net position . . Fr.	1,361,031,349	1,044,961,352

The holdings of foreign currencies plus foreign currencies receivable represent the counterpart of forward sales to the Belgian Treasury and foreign banks.

On 31st December, 1970, such assets exceeded the liabilities by the amount of Fr. 1,044,961,352, which represents the countervalue of the Bank's position in foreign currencies.

#### INTERNATIONAL AGREEMENTS.

The details of each of the two items comprised under this head are given below <sup>(2)</sup> :

#### European Monetary Agreement.

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 <sup>(3)</sup>, 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.

<sup>(1)</sup> The transactions current are all in foreign currencies.

<sup>(2)</sup> Accounts opened pursuant to the Law of 28th July, 1948.

<sup>(3)</sup> See the Report on the activities of the Bank in 1959, pages 96 and 97.

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

### Other Agreements.

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.

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 <sup>(1)</sup>.

On 31st December, 1970 one country held . . . Fr. 140,184,282

**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, 1970  
 at the sum of . . . . . Fr. 37,843,000,821

On 31st December, 1969 they amounted to . Fr. 34,015,483,749

## COMMERCIAL BILLS.

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

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

<sup>(2)</sup> See page 93 of this Report.

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

The figures at 31st December, 1969 and at 31st December, 1970 compare as follows :

		On 31st December, 1969	On 31st December, 1970
Bills on Belgium <sup>(1)</sup> . . . . Fr.	18,634,223,545	6,481,573,790	
Belgian franc bills			
on foreign countries . . . . Fr.	4,271,104	6,340,995	
Total . . Fr.	<u>18,638,494,649</u>		<u>6,487,914,785</u>

#### 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 1969 and 1970 the distribution changed as follows :

		On 31st December, 1969	On 31st December, 1970
Institutions Governed by a			
Special Law . . . . . Fr.	18,310,670	147,661,154	
Banks . . . . . Fr.	9,084,887	27,795,920	
Enterprises and Individuals . Fr.	<u>19,761,811</u>	13,100,920	
Total . . Fr.	<u>47,157,368</u>		<u>188,557,994</u>

#### 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

		On 31st December, 1969	On 31st December, 1970
(1) Of which acceptances with visa :			
— export . . . . . Fr.	9,671,112,002	1,425,000,000	
— import . . . . . Fr.	2,913,457,041	2,153,000,000	

— this includes the credit line placed by the Bank at the Luxembourg Government's disposal, namely . Fr. 533,000,000

## Belgian Public Securities.

On 31st December, 1970 the Bank held Fr. 13,250,000,000 of Belgian Treasury Certificates as against Fr. 15,550,000,000 on 31st December, 1969.

## Luxemburg Public Securities.

On 31st December, 1970 the Bank held no Luxemburg Government Treasury Bills.

## TREASURY NOTES AND COIN.

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

		On 31st December, 1969	On 31st December, 1970
Divisional currency :			
Treasury notes . . . . Fr.		185,439,480	177,287,360
Silver coin . . . . Fr.		22,519,850	21,221,150
Small coin . . . . Fr.		73,486,038	66,744,447
	Fr.	<hr/> 281,445,368	<hr/> 265,252,957

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

## BALANCES AT THE POSTAL CHEQUE OFFICE.

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

#### 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.

#### 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, 1970 to . . . . .	Fr. 3,728,395,620
against, on 31st December, 1969 . . . . .	Fr. 3,632,825,859

#### ITEMS RECEIVABLE.

The « Items Receivable » appeared in the Balance Sheet on 31st December, 1970 at . . . . . Fr. 1,196,031,173  
against, on 31st December, 1969 . . . . . Fr. 923,001,206

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, 1970 at . . . . . Fr. 2,161,034,555

In the Balance Sheet for 31st December, 1969,  
it stood at . . . . . Fr. 2,104,985,102

The Bank is continuing the modernisation of its installations, always bearing in mind, in deciding about the starting of new works, the trend of economic activity and particularly the tensions which may appear in the building sector.

The fifth floor, erected on a part of the Head Office building, will be occupied in the early months of 1971.

At Charleroi the second phase of rebuilding is finished, as is also the renovation of the agencies at Huy and La Louvière.

Improvement of security arrangements is a matter to which the Bank devotes constant attention.

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

#### SECURITIES OF THE STAFF PENSIONS FUND.

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

On 31st December, 1970, it totalled . . . . Fr.	3,119,940,905
against, on 31st December, 1969 . . . . Fr.	2,857,870,303

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, 1970 the Transitory Assets consisted of the following :

a) Fractional interest receivable on bills held . . . Fr.	2,655,617
b) Fractional interest receivable on investments abroad . . . . . Fr.	454,728,803
c) Fractional interest receivable on public long-term securities acquired in accordance with the Statutes . . . . . Fr.	95,636,928
d) Provisions for the printing works, for the Bank's departments and for printing work in progress . Fr.	61,379,155
e) Residue, to be carried forward to 1971, of the anticipated payment made in July, 1970 with regard to Corporation Tax . . . . . Fr.	115,000,000
f) Securities of the Centenary Fund. The income on this Fund, which was created on the occasion of the Bank's Centenary and supplemented in 1964, 1968, 1969 and 1970, 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.	40,203,474
g) Value of the Collections. Inventoried under this heading at their purchase price are the acquisitions effected, since 1952, of coins and other objects or documents which relate to the history of our country's currency, credit and finances, and more particularly to the history of the Bank . . . . Fr.	16,083,448

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

---

Total . . Fr.	785,687,425
---------------	-------------

## *LIABILITIES*

### BANK NOTES IN CIRCULATION.

On 31st December, 1970 the amount of the Bank's notes in circulation was . . . . . Fr. 188,211,613,600

On 31st December, 1969 it was . . . . . Fr. 183,002,000,800

The breakdown by denominations was as follows :

	On 31st December, 1969	On 31st December, 1970
Fr. 1,000 . . . . .	Fr. 164,377,789,000	169,383,581,000
Fr. 500 . . . . .	Fr. 9,664,412,500	9,678,627,500
Fr. 100 . . . . .	Fr. 8,959,799,300	<u>9,149,405,100</u>
Total . . . . .	Fr. 183,002,000,800	188,211,613,600

### CURRENT AND SUNDAY ACCOUNTS.

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

	On 31st December, 1969	On 31st December, 1970
Public Treasury, Ordinary Account . . . . .	Fr. 24,948,612	23,561,088
Public Treasury, Exceptional		
Counter-Cyclical Tax <sup>(1)</sup> . . Fr. .	<u>8,184,718</u>	<u>7,434,718</u>
Carried forward . . Fr. .	33,133,330	30,995,806

<sup>(1)</sup> 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.	33,133,330	30,995,806
Banks in Foreign Countries,		
Ordinary Accounts . . . . Fr.	382,489,021	525,646,050
Institutions Governed by a Special Law . . . . . Fr.	292,381,050	248,486,198
Banks in Belgium . . . . Fr.	954,144,155	1,187,845,188
Enterprises and Individuals . Fr.	212,161,060	217,780,932
Items Payable . . . . Fr.	3,053,112,719	2,551,013,444
Total . . Fr.	4,927,421,335	4,761,767,618

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 (<sup>1</sup>) appear as follows :

	On 31st December, 1969	On 31st December, 1970
European Monetary		
Agreement . . . . . Fr.	147,936,141	458,980,162
Other Agreements . . . . Fr.	318,405,405	263,962,838
	Fr.	722,943,000
	466,341,546	

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

## TOTAL SIGHT LIABILITIES.

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

On 31st December, 1970 they amounted to Fr. 193,696,324,218 against Fr. 188,395,763,681 on 31st December, 1969.

## INTERNATIONAL MONETARY FUND :

### Special Drawing Rights, Net Cumulative Allocation.

The counterpart of the amount of Fr. 3,544,800,000 shown under this head appears on the assets side on the account : « International Monetary Fund : Special Drawing Rights » <sup>(1)</sup>.

## BELGIAN BANKS, MONETARY RESERVE.

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

## FOREIGN CURRENCIES AND GOLD TO BE DELIVERED <sup>(2)</sup>.

The countervalue of the liabilities shown on 31st December, 1970 in the item « Foreign Currencies and Gold to be Delivered » <sup>(3)</sup> was Fr. 48,686,895,295 against Fr. 51,767,241,429 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 and to foreign banks.

<sup>(1)</sup> See page 83 of this Report.

<sup>(2)</sup> See pages 83 and 85 of this Report.

<sup>(3)</sup> The transactions current are all in foreign currencies.

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 ».

#### STAFF PENSIONS FUND.

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

It amounted on 31st December, 1970 to . . Fr.	3,119,940,905
against, on 31st December, 1969 . . . . . Fr.	2,857,870,303

#### TRANSITORY LIABILITIES.

On 31st December, 1970 the Transitory Liabilities were as follows :

a) Unaccrued discount on bills and on Treasury Certificates held . . . . .	Fr. 95,001,462
b) Centenary Fund . . . . .	Fr. 40,203,474
c) Collections . . . . .	Fr. 16,083,448
The counterpart of the two items b) and c) is in the Transitory Assets.	
d) Provision for Taxes <sup>(1)</sup> . . . . .	Fr. 529,310,175
e) Provision for expenses of acquiring, selling and shipping gold . . . . .	Fr. 100,000,000
f) Provision for building of premises and purchasing of furniture and equipment <sup>(1)</sup> . . . . .	Fr. 558,969,261
g) Provision against Sundry Contingencies <sup>(1)</sup> . . .	Fr. 1,600,000,000
Total . . .	Fr. 2,939,567,820

<sup>(1)</sup> See pages 110 and 111 of this Report.

## CAPITAL.

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

## RESERVE FUND.

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

		On 31st December, 1969	On 31st December, 1970
Statutory Reserve . . . . .	Fr.	808,982,094	852,112,403
Extraordinary Reserve . . . . .	Fr.	530,385,511	532,495,800
Account for Depreciation of Premises, Furniture and Equipment . . . . .	Fr.	1,945,921,827	2,000,483,122
Total . . . . .	Fr.	3,285,289,432	3,385,091,325

The increase represents the part accruing to the Statutory Reserve in the distribution of profits as at 31st December, 1969, a transfer to the Extraordinary Reserve, and the depreciation applied to premises as on 31st December, 1970.

The transfer on 31st December, 1970 to the Extraordinary Reserve, namely Fr. 2,110,289, is the subject of comment in the analysis of the Profit and Loss Account <sup>(1)</sup>.

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. 160,551,433, represents the valuation of the land in the Bank's books.

<sup>(1)</sup> See page 109 of this Report.

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. 475,567,048 as against Fr. 448,743,180 on 31st December, 1969.

## 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 <sup>(1)</sup>.

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.

2,586,295,540

### 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.

5,985,170

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

« VISA » OF ACCEPTANCES RELATING TO EXPORTS AND IMPORTS.

The bank or commercial acceptances which were in circulation on 31st December, 1970 <sup>(1)</sup> and were given the visa of 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 affixing of the visa, amounted to . . . . . Fr. 27,580,151,480

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 Savings and Pensions Fund to members of the Bank's staff to enable them to build or buy their house, amounted to . . . . . Fr. 395,652,522

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.	25,413,272,040
Guarantees given by persons lodging bills for discount	. . . . . Fr.	<hr/> 7,859,000
Carried forward .	Fr.	25,421,131,040

(<sup>1</sup>) Other than those forming part of the Bank's portfolio (see page 86 of this Report), namely :

Acceptances with visa :	On 31st December, 1969	On 31st December, 1970
— export . . . . .	Fr. 15,830,655,871	19,554,490,316
— import . . . . .	Fr. 6,641,926,304	8,025,661,164
	Fr. 22,472,582,175( <sup>o</sup> )	27,580,151,480( <sup>o</sup> )

(<sup>o</sup>) Including those due within 120 days from Balance Sheet date : Fr. 11,774,674,502

14,208,176,475

Brought forward . . Fr.	25,421,131,040
Cover provided in Public Securities by Borrowers of	
Call Money . . . . . Fr.	4,289,015,000
Sundry Guarantees . . . . . Fr.	797,127,782
Total . . Fr.	30,507,273,822

**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, 1970 to . . . . Fr. 14,707,535

**DEPOSITS OF SECURITIES.**

The breakdown of these deposits is as follows :

International Monetary Fund (¹) . . . . . Fr.	12,591,000,000
Carried forward . . Fr.	12,591,000,000

(¹) See page 80 of this Report.

Brought forward . . Fr.	12,591,000,000
<b>International Development Association . . . . . Fr.</b>	
Association . . . . . Fr.	354,500,000
Asian Development Bank . . Fr.	61,800,000
Other Deposits . . . . . Fr.	102,907,772,165
Total . . Fr.	115,915,072,165

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
Participating Debentures of the Belgian National Railways Company . Fr.	638,305,187
Treasury Bills of the Government of the Grand Duchy of Luxembourg (Belgian-Luxemburg Agreement) Fr.	1,257,053,802
4.50 p.c. Certificates of the National Housing Company . Fr.	3,730,866,000
4.50 p.c. Certificates of the National Smallholders' Company Fr.	398,509,000
Carried forward . . Fr.	12,024,733,989

Brought forward . . Fr. 12,024,733,989

Sundry Items :

— Earmarked for the Monetary Fund . . . . .	Fr.	1,550,035,975
— Others . . . . .	Fr.	2,034,534,063
	Fr.	15,609,304,027

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

Items lodged by outside parties	Fr.	19,046,964,636
Service of the Registered Debt	Fr.	76,426,434,000
Deposit and Consignment Office	Fr.	98,184,360,520
Items lodged by way of Guarantee	Fr.	7,191,169,346
	Fr.	200,848,928,502

*Securities lodged in pursuance of the provisions regarding the cancellation of undeclared Belgian bearer securities (¹) . . . . .* Fr. 46,008

*Items to be delivered . . . . .* Fr. 20,853,314,967  
Total . . Fr. 237,311,593,504

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. 11,155,516,307

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

## GENERAL SAVINGS AND PENSIONS FUND.

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

## **PROFIT AND LOSS ACCOUNT**

## CREDIT

## DISCOUNT AND INTEREST.

On 31st December, 1969 On 31st December, 1970

Fr. 2,587,387,307 1,480,745,423

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 ('), namely :

On 31st December, 1969 On 31st December, 1970

Fr. 1,266,420,713 893,532,465

On 31st December, 1969 On 31st December, 1970

There remains for the Bank Fr 1,320,966,594 587,212,958

The part falling to the Bank thus decreased on the year by 733,753,636 Fr.

In 1970 the average volume of recourse to credit from the Bank was appreciably smaller than in 1969.

<sup>(1)</sup> See page 109 of this Report.

#### EXCHANGE AND INCOME FROM INVESTMENTS ABROAD.

On 31st December, 1969 On 31st December, 1970

Fr.	820,461,374	1,565,693,416
-----	-------------	---------------

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 <sup>(1)</sup>. In 1969 this amount was Fr. 406,645,538; in 1970 it reached Fr. 1,468,102,173 owing to the rise in the average net rate obtained on the investments, larger than in 1969, forming the counterpart of the Bank's liabilities to the Treasury.

The increase between 1969 and 1970 in the amount accruing to the Bank was mainly due to the substantial rise in its holdings of foreign currencies for its own account.

#### FEES FOR SAFE CUSTODY, COMMISSIONS AND ALLOWANCES.

On 31st December, 1969 On 31st December, 1970

Fr.	186,376,906	192,597,165
-----	-------------	-------------

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, 1969 On 31st December, 1970

Fr.	171,992,701	189,578,721
-----	-------------	-------------

<sup>(1)</sup> 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. 3,633,000,000 to Fr. 3,728,000,000; the income on this holding increased by Fr. 17,586,020 as against Fr. 10,883,300 in 1969.

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

	On 31st December, 1969	On 31st December, 1970
Fr.	19,385,642	8,353,799

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, 1969	On 31st December, 1970
Fr.	1,901,882	247,545

The sums received in 1970 represent receipts arising from the sale of assets which had been written off and had become useless to the Bank and from partial compensation for losses which had been written off.

TAX REFUNDS.

The amount of Fr. 24,060,903 mainly represents the refunding to the Bank of the unused part of its advance payment in respect of the 1968 financial year <sup>(1)</sup>.

<sup>(1)</sup> Art. 277, § 3 of the Income Taxes Code.

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

	On 31st December, 1969	On 31st December, 1970
Fr.	40,069,831	54,561,295

The object of the transfer on 31st December, 1970 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, 1969   On 31st December, 1970

Fr.	801,565,346	916,084,564
-----	-------------	-------------

The increase in the General Expenses over the previous year primarily reflects the movement of prices and charges.

The rise in prices affected maintenance expenses and the cost of all kinds of supplies; it also necessitated, on two occasions, the application of the sliding pay scale, the effect of which came on top of that of the two-yearly increases on 1st January, 1970 and of a programmed rise in the banking sector on the same date. The rates of social insurance contributions, and the limits of remuneration below which they are charged, were again raised in 1970.

The slight increase in the number of staff during 1970 does not contradict the impression of stability which emerges from the developments of the last decade. The Bank's organisation has entered a phase of change which requires a certain recruiting effort in order to adapt the staff structure to the requirements of modern techniques.

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, is included in the amount of the General Expenses.

ORDINARY GRANT TO THE STAFF PENSIONS FUND.

	On 31st December, 1969	On 31st December, 1970
Fr.	83,825,000	95,260,000

EXTRAORDINARY GRANT TO THE STAFF PENSIONS FUND.

	On 31st December, 1969	On 31st December, 1970
Fr.	68,000,000	70,000,000

The ordinary grant to the Staff Pensions 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, 1969	On 31st December, 1970
Fr.	106,804,238	118,283,901

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 1970 was apportioned as follows :

Expenditure relating to buildings in course of construction at Brussels and in the provinces . . .	Fr.	54,561,295
Work on modernising premises . . . . .	Fr.	38,699,750
Purchases of equipment for the printing works, technical departments and offices . . .	Fr.	20,520,227
Carried forward . .	Fr.	54,219,977
		54,561,295

Brought forward . . Fr.	54,219,977	54,561,295
Purchases of furniture for the offices at Brussels and in the provinces . . . . . Fr.	9,502,629	
		Fr. 63,722,606
Total . . Fr.		118,283,901

AMOUNT DUE TO THE GOVERNMENT.

On 31st December, 1969 On 31st December, 1970

Fr.	1,266,420,713	893,532,465
-----	---------------	-------------

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 contraction in the total amount of business done, the part payable to the Government in 1970 is smaller than that which it received in 1969.

TRANSFERRED TO THE EXTRAORDINARY RESERVE.

On 31st December, 1969 On 31st December, 1970

Fr.	12,217,166	2,110,289
-----	------------	-----------

The 1970 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 <sup>(1)</sup>.

(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. 1,420,567,048

It has been allocated as follows :

*Transferred to the Transitory Liabilities as :*

Provision for Taxes . . . . .	Fr.	525,000,000
Provision for Building of Premises and Purchasing of Furniture and Equipment . . . . .	Fr.	160,000,000
Provision against Sundry Contingencies . . . . .	Fr.	250,000,000
Centenary Fund . . . . .	Fr.	<hr/> 10,000,000
	Fr.	945,000,000
<i>Net profit for distribution</i> . . . . .	Fr.	<hr/> 475,567,048
	Total . . Fr.	1,420,567,048

The detailed position of the first three transitory items, shown above, is as follows (<sup>1</sup>) :

a) *Provision for Taxes.*

On 31st December, 1969 . . . . .	Fr.	477,084,977
Tax payments made in 1970, namely the Preliminary Land and Buildings Tax and sundry taxes . . - Fr.		12,774,802
Provision for Corporation Tax for the year 1970, covered by an anticipated payment . . . - Fr.		460,000,000
Transferred by the debit of the Profit and Loss Account in order to cover the payment of future taxes . . + Fr.		<hr/> 525,000,000
Balance on 31st December, 1970 . . . . .	Fr.	529,310,175

(<sup>1</sup>) The overall position of the « Centenary Fund » is given on page 94 of this Report.

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

On 31st December, 1969 . . . . .	Fr.	453,530,556
Drawn in 1970 <sup>(1)</sup> . . . . .	— Fr.	54,561,295
	Fr.	398,969,261
Transfer by the debit of the Profit and Loss Account . . . . .	+ Fr.	<u>160,000,000</u>
Balance on 31st December, 1970 . . . . .	Fr.	558,969,261

The expenses which this provision is intended to meet relate to the modernising of 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.

c) *Provision against Sundry Contingencies.*

On 31st December, 1969 . . . . .	Fr.	1,350,000,000
Transfer by the debit of the Profit and Loss Account . . . . .	+ Fr.	<u>250,000,000</u>
Balance on 31st December, 1970 . . . . .	Fr.	1,600,000,000

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. 1,600,000,000 represents 2.52 p.c. of the average amount, cumulated in 1970, of the commercial bill holding, of the foreign currency assets and of the transactions current in Belgian francs and in foreign currencies.

<sup>(1)</sup> See page 106 of this Report.

DISTRIBUTION OF THE NET PROFIT.

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

1. To the Shareholders, a First Dividend of 6 p.c. on the Nominal Capital . . . . .	Fr.	24,000,000
2. As to the rest, namely Fr. 451,567,048		
a) 10 p.c. to Reserve . . . . .	Fr.	45,156,705
b) 8 p.c. to the Staff . . . . .	Fr.	36,125,364
3. As to the remainder, namely Fr. 370,284,979		
a) To the Government, one-fifth . . . . .	Fr.	74,056,996
b) To the Shareholders, a Second Dividend . . Fr.		293,967,565
c) The balance to Reserve . . . . .	Fr.	2,260,418
<i>Total Net Profit to be distributed . . Fr.</i>		<i>475,567,048</i>

## DIVIDEND DECLARED FOR THE YEAR 1970

First Dividend, Total . . . . .	Fr.	24,000,000
Second Dividend, Total . . . . .	Fr.	293,967,565
		Total : Fr. 317,967,565

on 400,000 Shares, that is per Share a Dividend of . Fr. 794.92

Coupon No. 169 will be payable with effect from 1st March, 1971 at the rate of Fr. 645, free of Preliminary Income Tax.

Since the Net Dividend amounts to Fr. 645, the taxable income per Share to be declared by individuals for tax purposes is Fr. 979 ('), including the tax relief and the Preliminary Income Tax.

### *The Council of Regency :*

Cecil de STRYCKER, *Director*,  
 Paul CALLEBAUT, *Director*,  
 Roland BEAUVOIS, *Director*,  
 Elisabeth MALAISE, *Director*,  
 Henri VLOEBERGHS, *Director*,  
 August COOL, *Regent*,  
 Robert VANDEPUTTE, *Regent*,  
 Constant BOON, *Regent*,  
 Henri LEMAIRE, *Regent*,  
 Willy SCHUGENS, *Regent*,  
 Henri CAPPUYNS, *Regent*,  
 Lucien BOËL, *Regent*,  
 Louis VAN HELSHOECHT, *Regent*,  
 Roger RAMAEKERS, *Regent*,  
 Raymond PULINCKX, *Regent*.

*The Governor,*  
 Baron ANSIAUX.

(<sup>1</sup>) To be shown in Section IV of individuals' tax declaration :

Income from Shares . . . . .	Fr. 645.—
Tax relief	Fr. 172.75
	Fr. 161.25
Preliminary Income Tax	Fr. 979.—



**Balance Sheet**

**Profit and Loss Account**

**Memorandum Accounts**

## ASSETS

## BALANCE SHEET AS

<b>Gold Holding</b>	73,519,400,720
<b>International Monetary Fund :</b>	
Quota	19,583,803,811
Loans	—
Special Drawing Rights	10,245,522,200
<b>Total Cover Items</b>	103,848,726,731
<b>Foreign Currencies</b>	39,013,870,098
<b>Foreign Currencies and Gold Receivable</b>	10,717,986,554
<b>International Agreements :</b>	
European Monetary Agreement	—
Other Agreements	140,184,282
<b>Debtors in respect of Foreign Exchange and Gold at Forward Dates</b>	37,843,000,821
<b>Commercial Bills</b>	6,487,914,785
<b>Advances against Pledged Security :</b>	
Institutions Governed by a Special Law	147,661,154
Banks	27,795,920
Enterprises and Individuals	13,100,920
	188,557,994
<b>Public Securities :</b>	
Belgian Public Securities	18,250,000,000
Luxemburg Public Securities	—
<b>Treasury Notes and Coin</b>	265,252,957
<b>Balances at the Postal Cheque Office</b>	1,602,716
<b>Consolidated Claim on the Government</b>	34,000,000,000
<b>Public Long-term Securities</b>	3,728,395,620
<b>Items Receivable</b>	1,196,031,173
<b>Premises, Furniture and Equipment</b>	2,161,034,555
<b>Securities of the Staff Pensions Fund</b>	3,119,940,905
<b>Assets Written Off Pending Collection</b>	pro memoria
<b>Transitory Assets</b>	785,687,425
<b>Total Assets</b>	256,248,186,611

AT 31<sup>ST</sup> DECEMBER, 1970

**LIABILITIES**

<b>Bank Notes in Circulation</b>		188,211,613,600
<b>Current and Sundry Accounts :</b>		
Public    { Ordinary Account . . . . .	23,561,088	
Treasury    { Exceptional Counter-Cyclical Tax . . . . .	7,434,718	
Banks in Foreign Countries, Ordinary Accounts . . . . .	525,646,050	
Institutions Governed by a Special Law . . . . .	248,486,198	
Banks in Belgium . . . . .	1,187,845,188	
Enterprises and Individuals . . . . .	217,780,932	
Items Payable . . . . .	2,551,013,444	4,761,767,618
<b>International Agreements :</b>		
European Monetary Agreement . . . . .	458,980,162	
Other Agreements . . . . .	263,962,838	722,943,000
<b>Total Sight Liabilities</b>		193,696,324,218
<b>International Monetary Fund :</b>		
Special Drawing Rights, Net Cumulative Allocation . . . . .	3,544,800,000	
<b>Belgian Banks, Monetary Reserve</b>		—
<b>Foreign Currencies and Gold to be Delivered</b>		48,686,895,295
<b>Staff Pensions Fund</b>		3,119,940,905
<b>Transitory Liabilities</b>		2,939,567,820
<b>Capital</b>		400,000,000
<b>Reserve Fund :</b>		
Statutory Reserve . . . . .	852,112,403	
Extraordinary Reserve . . . . .	532,495,800	
Account for Depreciation of Premises, Furniture and Equipment . . . . .	2,000,483,122	
<b>Net Profit for Distribution</b>		475,567,048
<b>Total Liabilities</b>		256,248,186,611

## DEBIT

## PROFIT AND LOSS ACCOUNT

<b>General Expenses</b>	916,084,564
<b>Ordinary Grant to the Staff Pensions Fund</b>	95,260,000
<b>Extraordinary Grant to the Staff Pensions Fund</b>	70,000,000
<b>Depreciation of Premises, Furniture and Equipment</b>	118,283,901
<b>Amount due to the Government :</b>	
Produce, exceeding 3 %, of Discounts and Advances on Pledged Security	893,532,465
<b>Transferred to the Extraordinary Reserve</b>	2,110,289
<b>Transferred to the Transitory Liabilities as :</b>	
Provision for Taxes	525,000,000
Provision for Building of Premises and Purchasing of Furniture and Equipment	160,000,000
Provision against Sundry Contingencies	250,000,000
Centenary Fund	10,000,000
<b>Net Profit for Distribution</b>	475,567,048
	3,515,838,267

## MEMORANDUM ACCOUNT

**Minister of National Education :**

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

**Documentary Credits Opened****« Visa » of Acceptances relating to Exports and Imports****Guarantees given on behalf of the Staff****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 Luxemburg (Belgian-Luxemburg Agreement)

4.50 % Certificates of the National Housing Co.

4.50 % Certificates of the National Smallholders' Co.

Sundry Items

— Earmarked for the Monetary Fund

— Others

*Sundry Items for which the Government is the Depositary*

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*

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

*Provisional Investments*

*Cover for Loans*

*Guarantee Deposits*

AS AT 31<sup>ST</sup> DECEMBER, 1970

CREDIT

<b>Discount and Interest</b>	1,480,745,423
<b>Exchange and Income from Investments Abroad</b>	1,565,693,416
<b>Fees for Safe Custody, Commissions and Allowances</b>	192,597,165
<b>Income on Public Long-term Securities</b>	189,578,721
<b>Profit on Sale of, and Collection of Proceeds of, Securities</b>	8,353,799
<b>Amounts Collected on Assets Written Off Pending Collection</b>	247,545
<b>Tax Refunds</b>	24,060,903
<b>Transferred from the Transitory Liabilities Item « Provision for Building of Premises and Purchasing of Furniture and Equipment »</b>	54,561,295
	3,515,838,267

AS AT 31<sup>ST</sup> DECEMBER, 1970

2,586,295,540	
5,985,170	
27,580,151,480	
395,652,522	
25,413,272,040	
7,859,000	
4,289,015,000	
<u>797,127,782</u>	30,507,273,822
	1,020,000,000
	14,707,535
12,591,000,000	
854,500,000	
61,800,000	
<u>102,907,772,165</u>	115,915,072,165
5,000,000,000	
1,000,000,000	
638,305,187	
1,257,053,802	
3,730,866,000	
398,509,000	
1,550,085,975	
<u>2,034,584,063</u>	15,609,304,027
19,046,964,636	
76,426,484,000	
98,184,360,520	
7,191,169,346	200,848,928,502
46,008	
<u>20,853,314,967</u>	237,311,593,504
	11,155,516,307
78,779,356,040	
15,785,200	
<u>434,793,836</u>	79,229,935,076



## **ANNEXES**

**BALANCE SHEETS COMPARED AS AT**

<b>ASSETS</b>	<b>1966</b>	<b>1967</b>	<b>1968</b>	<b>1969</b>	<b>1970</b>
<b>Gold Holding</b>	76,232.6	73,962.9	76,175.1	75,947.2	73,519.4
<b>International Monetary Fund :</b>					
Quota				7,777.0	19,583.8
Loans				—	—
Special Drawing Rights					10,245.5
<b>Total Cover Items</b>	<b>76,232.6</b>	<b>73,962.9</b>	<b>76,175.1</b>	<b>83,724.2</b>	<b>103,348.7</b>
<b>Foreign Currencies</b>	21,404.8	36,086.8	18,087.0	35,618.5	39,013.9
<b>Foreign Currencies and Gold Receivable</b>	11,477.1	12,468.5	12,326.7	17,509.8	10,718.0
<b>Assets Abroad in Belgian Francs</b>	1,500.0	3,000.0	—	—	—
<b>International Agreements :</b>					
European Payments Union	—	—	—	—	—
International Monetary Fund :					
— Quota	15,189.5	14,736.5	10,278.0		
— Loans	3,375.0	1,875.0	4,975.0		
Other Agreements	—	—	119.8	—	140.2
<b>Debtors in respect of Foreign Exchange and Gold at Forward Dates</b>	21,311.6	35,520.7	18,256.1	34,015.5	37,843.0
<b>Commercial Bills</b>	15,502.6	13,833.8	26,694.2	18,638.5	6,487.9
<b>Advances against Pledged Security :</b>					
Institutions Governed by a Special Law	320.9	319.2	0.5	18.3	147.7
Banks	1.0	12.1	530.8	9.1	27.8
Enterprises and Individuals	16.3	13.8	40.6	19.7	13.1
	338.2	345.1	571.9	47.1	188.6
<b>Public Securities :</b>					
Belgian Public Securities	9,575.0	2,650.0	14,675.0	15,550.0	13,250.0
Luxemburg Public Securities	—	—	200.0	—	—
<b>Treasury Notes and Coin</b>	301.7	319.8	266.5	281.4	265.2
<b>Balances at the Postal Cheque Office</b>	1.6	1.5	1.9	1.4	1.6
<b>Consolidated Claim on the Government</b>	34,000.0	34,000.0	34,000.0	34,000.0	34,000.0
<b>Public Long-term Securities</b>	3,196.8	3,366.9	3,514.5	3,632.8	3,728.4
<b>Items Receivable</b>	592.4	498.7	961.0	923.0	1,196.0
<b>Premises, Furniture and Equipment</b>	1,908.6	1,998.6	2,063.6	2,105.0	2,161.0
<b>Securities of the Staff Pensions Fund</b>	2,035.6	2,328.8	2,583.4	2,857.9	3,119.9
<b>Assets Written Off Pending Collection</b>	p.m.	p.m.	p.m.	p.m.	p.m.
<b>Transitory Assets</b>	1,047.4	859.2	957.6	822.5	785.7
	218,990.5	237,852.8	226,707.8	249,727.6	256,248.1

**31st DECEMBER** (in millions of francs)

**ANNEX 1**

<b>LIABILITIES</b>	<b>1966</b>	<b>1967</b>	<b>1968</b>	<b>1969</b>	<b>1970</b>
<b>Bank Notes in Circulation</b>	175,311.2	177,481.8	183,243.4	183,002.0	188,211.6
<b>Current and Sundry Accounts :</b>					
Public Treasury :					
Ordinary Account . . . . .	12.1	1.7	3.8	24.9	23.6
Exceptional Counter-Cyclical Tax . . . . .	13.3	9.7	8.9	8.2	7.4
Banks in Foreign Countries, Ordinary Accounts	389.9	316.5	677.0	382.5	525.6
Institutions Governed by a Special Law . . . . .	216.4	153.6	482.9	292.4	248.5
Banks in Belgium . . . . .	1,280.7	2,195.9	857.5	954.1	1,187.9
Enterprises and Individuals . . . . .	293.3	308.1	327.7	212.2	217.8
Items Payable . . . . .	490.6	548.6	876.9	3,053.1	2,551.0
	2,696.3	3,534.1	3,234.7	4,927.4	4,761.8
<b>International Agreements :</b>					
European Monetary Agreement . . . . .	127.6	270.8	255.7	147.9	459.0
Other Agreements . . . . .	324.9	326.5	224.3	318.4	263.9
	452.5	597.3	480.0	466.3	722.9
<b>Total Sight Liabilities</b> . . . . .	178,460.0	181,613.2	186,958.1	188,395.7	193,696.3
<b>International Monetary Fund :</b>					
Special Drawing Rights, Net Cumulative Allocation . . . . .					3,544.8
<b>Belgian Banks, Monetary Reserve</b> . . . . .	—	—	—	—	—
<b>Foreign Currencies and Gold to be Delivered</b> . . . . .	32,799.7	48,217.9	30,664.7	51,767.3	48,686.9
<b>Staff Pensions Fund</b> . . . . .	2,035.6	2,328.8	2,583.4	2,857.9	3,119.9
<b>Transitory Liabilities</b> . . . . .	1,985.5	1,819.4	2,486.5	2,572.7	2,939.5
<b>Capital</b> . . . . .	400.0	400.0	400.0	400.0	400.0
<b>Reserve Fund :</b>					
Statutory Reserve . . . . .	694.8	731.9	769.2	809.0	852.1
Extraordinary Reserve . . . . .	481.8	502.2	518.2	530.4	532.5
Account for Depreciation of Premises, Furniture and Equipment . . . . .	1,753.2	1,843.2	1,905.8	1,945.9	2,000.5
<b>Net Profit for Distribution</b> . . . . .	379.9	396.2	421.4	448.7	475.6
	218,990.5	237,852.8	226,707.3	249,727.6	256,248.1

**PROFIT AND LOSS ACCOUNTS COMPARED**

<b>DEBIT</b>	<b>1966</b>	<b>1967</b>	<b>1968</b>	<b>1969</b>	<b>1970</b>
<b>General Expenses . . . . .</b>	673.8	704.4	762.8	801.6	916.1
<b>Ordinary Grant to the Staff Pensions Fund . . .</b>	64.0	67.5	74.8	83.8	95.2
<b>Extraordinary Grant to the Staff Pensions Fund . . .</b>	115.0	165.0	102.0	68.0	70.0
<b>Depreciation of Premises, Furniture and Equipment</b>	181.6	163.1	148.3	106.8	118.3
<b>Amount due to the Government :</b>					
Produce, exceeding 8 %, of Discounts and Advances on Pledged Security . . . . .	423.3	278.1	171.6	1,266.4	893.5
<b>Transferred to the Extraordinary Reserve . . . . .</b>	11.9	20.5	15.9	12.2	2.1
<b>Transferred to the Transitory Liabilities as :</b>					
— Provision for Taxes . . . . .	325.0	293.0	550.0	575.0	525.0
— Provision for Expenses of Acquiring, Selling and Shipping Gold . . . . .	—	—	—	20.0	—
— Provision for Building of Premises and Purchasing of Furniture and Equipment . . . . .	50.0	75.0	150.0	190.0	160.0
— Provision against Sundry Contingencies . . . . .	150.0	150.0	200.0	250.0	250.0
— Centenary Fund . . . . .	—	—	20.0	5.0	10.0
<b>Net Profit for Distribution . . . . .</b>	379.9	396.2	421.4	448.7	475.6
	2,374.5	2,312.8	2,616.8	3,827.5	3,515.8

ANNEX 2

**AS AT 31st DECEMBER** (in millions of francs)

CREDIT	1966	1967	1968	1969	1970
<b>Discount and Interest . . . . .</b>	1,068.1	802.5	886.0	2,587.4	1,480.7
<b>Exchange and Income from Investments Abroad <sup>(1)</sup></b>	862.8	1,075.9	1,314.5	820.5	1,565.7
<b>Fees for Safe Custody, Commissions and Allowances</b>	149.4	156.2	170.8	186.3	192.6
<b>Income on Public Long-term Securities . . .</b>	155.7	159.3	161.1	172.0	189.6
<b>Profit on Sale of, and Collection of Proceeds of, Securities . . . . .</b>	16.7	28.5	19.6	19.3	8.3
<b>Amounts Collected on Assets Written Off Pending Collection . . . . .</b>	0.8	0.4	2.2	1.9	0.2
<b>Tax Refunds . . . . .</b>	—	—	—	—	24.1
<b>Transferred from the Transitory Liabilities Item « Provision for Building of Premises and Purchasing of Furniture and Equipment » . . . . .</b>	121.0	90.0	62.6	40.1	54.6
	<b>2,374.5</b>	<b>2,312.8</b>	<b>2,616.8</b>	<b>3,827.5</b>	<b>3,515.8</b>

<sup>(1)</sup> 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 and Fr. 1,468.1 million in 1970, 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**

	<b>1966</b>	<b>1967</b>	<b>1968</b>	<b>1969</b>	<b>1970</b>
Gross dividend declared per share . . . . .	639.88	670.28	711.56	754.94	794.92
Preliminary income tax retained per share . . . . .	119.88	125.28	136.56	144.94	149.92
Net dividend declared per share . . . . .	520.00	545.00	575.00	610.00	645.00
Taxable income per share to be declared by individuals for tax purposes . . . . .	789.30	827.25	872.75	925.90	979.00



**STATEMENT OF THE PUBLIC LONG-TERM SECURITIES  
CONSTITUTING, ON 31st DECEMBER, 1970,  
THE BANK'S VARIOUS HOLDINGS**

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

- 4.25 p.c. Belgian Loan 1954/74, Series 1.
- 4.25 p.c. Belgian Loan 1954/74, Series 2.
- 4 p.c. Belgian Loan 1955/75.
- 6.75 - 7 p.c. Belgian Loans 1972/78, Amalgamated.
- 7 p.c. Belgian Loans 1967/82, Amalgamated.
- 6.75 - 7 p.c. Belgian Loan 1967/74/82.
- 6.75 p.c. Belgian Loan 1968/78.
- 6.50 - 6.75 p.c. Belgian Loan 1968/75/83.
- 6.75 p.c. Belgian Loans 1968/69/80, Amalgamated.
- 7.50 p.c. Belgian Loan 1969/87.
- 8 - 8.25 p.c. Belgian Loan 1969/76/81.
- 8.25 p.c. Belgian Loan 1970/80, Series 1.
- 8.25 p.c. Belgian Loan 1970/80, Series 2.
- 8.50 p.c. Belgian Loan 1970/83.
- 4 p.c. Belgian Premium Bonds 1941.
- 4 p.c. War Damage 1923.
- 4.25 p.c. Belgian National Railways Company 1954/74.
- 4 p.c. Belgian National Railways Company 1955/75, Series 2.
- 7 p.c. Road Fund Loan 1967/82.
- 6.75 p.c. Road Fund Loan 1967/79.
- 6.75 p.c. Road Fund Loan 1968/83.
- 7 p.c. Road Fund Loan 1969/81.
- 8 - 8.25 p.c. Road Fund Loan 1970/76/83.
- 2 p.c. National Foundation for Financing Scientific Research  
1960/69 - 1990/99, 1st tranche.
- 2 p.c. National Foundation for Financing Scientific Research  
1960/69 - 1990/99, 2nd tranche.
- 2 p.c. National Foundation for Financing Scientific Research  
1960/69 - 1990/99, 3rd tranche.

- 2 p.c. National Foundation for Financing Scientific Research  
           1960/69 - 1990/99, 4th tranche.  
 2 p.c. National Foundation for Financing Scientific Research  
           1960/69 - 1990/99, 5th tranche.  
 2 p.c. National Foundation for Financing Scientific Research  
           1960/69 - 1990/99, 6th tranche.  
 2 p.c. National Foundation for Financing Scientific Research  
           1960/69 - 1990/99, 7th tranche.  
 2 p.c. National Foundation for Financing Scientific Research  
           1960/69 - 1990/99, 8th tranche.  
 2 p.c. National Foundation for Financing Scientific Research  
           1960/69 - 1990/99, 9th tranche.  
 2 p.c. National Foundation for Financing Scientific Research  
           1960/69 - 1990/99, 10th tranche.  
 4 p.c. Telegraphs and Telephones Board 1954/74, Series 2.  
 6.75 - 7 p.c. Telegraphs and Telephones Board 1967/73/79.  
 6.75 p.c. Telegraphs and Telephones Board 1968/82.  
 8.25 p.c. Telegraphs and Telephones Board 1969/81.  
 8.50 p.c. Telegraphs and Telephones Board 1970/84.  
 6.75 - 7 p.c. Belgian National Railways Company 1966/72/78.  
 6.75 - 7 p.c. Belgian National Railways Company 1967/73/82.  
 6.75 p.c. Belgian National Railways Company 1968/83.  
 8 - 8.25 p.c. Belgian National Railways Company 1970/76/82.  
 6.75 p.c. National Fund for Credit to Trade and Industry 1968/88.  
 8.25 p.c. National Fund for Credit to Trade and Industry 1970/78.  
 8.75 p.c. Brussels Canal and Maritime Installation Company Limited 1970/86.  
 6.75 p.c. National Industrial Credit Company 1968/88.  
 8.25 p.c. National Industrial Credit Company 1969/80.  
 8.25 p.c. National Industrial Credit Company 1970/90  
 3.50 p.c. Loan of the Belgian-Congolese Amortisation and Management Fund,  
           1965/2005.  
 National Industrial Credit Company Shares.  
 Bank for International Settlements Shares :  
 1st and 2nd tranches      {  
                                — Belgian Issue.  
                                — American Issue.  
                                — Danzig Issue.  
                                — Estonian Issue.  
                                — Latvian Issue.  
                                — Lithuanian Issue.  
 3rd tranche  
 Belgian National Railways Company Dividend Right Certificates.

ANNEX 5

**WEEKLY RETURNS**

**PUBLISHED IN THE « MONITEUR BELGE » DURING 1970**

**WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1970 \***

**ASSETS**

DATE	Gold holding	International Monetary Fund :			Total cover items	Foreign currencies	Foreign currencies and gold receivable	International Agreements :		Debtors in respect of foreign exchange and gold at forward dates	Commercial bills	Advances against pledged security	Public securities :		Treasury notes and coin	Balances at Postal Cheque Office	Consolidated claim on the Government	Public long-term securities	Premises, furniture and equipment	Securities of the Staff Pensions Fund
		Quota	Loans	Special drawing rights				European Monetary Agreement	Other agreements				Belgian public securities	Luxemburg public securities						
January 5	75.888	7.777	—	3.545	87.210	35.190	16.984	—	—	33.436	18.807	64	12.275	—	268	1	34.000	3.631	2.064	2.896
» 12	75.885	7.777	—	3.545	87.207	35.870	16.954	—	—	34.093	13.733	34	12.650	—	274	1	34.000	3.633	2.064	2.898
» 19	75.888	7.777	—	3.695	87.360	34.535	16.727	—	—	33.475	14.206	37	10.650	—	300	2	34.000	3.728	2.105	2.966
» 26	75.888	7.777	—	3.795	87.460	34.999	16.594	—	—	33.040	11.518	23	11.925	—	324	2	34.000	3.728	2.105	2.972
February 2	75.983	8.777	—	3.795	88.555	35.151	16.063	—	—	33.704	20.769	41	4.600	—	322	2	34.000	3.728	2.105	2.971
» 9	75.983	8.777	—	3.795	88.555	35.856	15.551	—	—	34.723	13.084	23	11.475	—	353	1	34.000	3.726	2.105	2.970
» 16	75.974	8.777	—	3.945	88.696	36.385	16.218	—	—	35.277	11.578	34	11.425	—	375	1	34.000	3.728	2.105	2.996
» 23	75.974	8.777	—	3.945	88.696	36.742	17.096	—	4	35.655	13.144	33	8.625	—	398	1	34.000	3.728	2.105	2.998
March 2	75.959	9.277	—	3.945	89.181	35.685	17.615	—	28	34.756	11.039	51	13.300	—	400	1	34.000	3.728	2.105	2.999
» 9	75.959	9.277	—	3.945	89.181	35.450	17.470	—	14	34.539	9.794	35	13.850	—	405	1	34.000	3.727	2.105	2.990
» 16	75.959	9.082	—	3.945	88.986	35.936	17.173	—	89	34.011	9.448	35	12.000	—	429	1	34.000	3.727	2.105	2.996
» 23	75.959	9.082	—	3.995	89.036	37.808	17.173	—	71	35.820	7.691	31	11.150	—	443	1	34.000	3.726	2.105	2.996
» 27	75.959	10.082	—	3.995	90.036	36.456	17.173	—	68	35.668	9.436	30	12.425	—	429	2	34.000	3.725	2.105	2.996
April 6	75.959	10.372	—	3.995	90.326	38.291	17.553	—	71	37.439	6.184	16	15.100	—	405	2	34.000	3.720	2.105	2.987
» 13	75.959	10.372	—	3.995	90.326	38.736	17.781	—	234	37.964	3.382	16	14.700	—	407	2	34.000	3.728	2.105	2.987
» 20	75.959	10.372	—	3.995	90.326	39.508	17.508	—	62	38.568	8.600	28	7.575	—	416	1	34.000	3.728	2.105	3.000
» 27	75.959	10.254	—	4.095	90.308	40.017	17.235	—	55	39.024	5.520	19	11.300	—	426	2	34.000	3.728	2.105	3.002
May 4	75.930	10.254	—	4.095	90.279	38.486	17.488	—	82	37.427	17.196	677	4.850	—	395	2	34.000	3.728	2.105	3.011
» 11	75.930	10.254	—	4.095	90.279	38.705	17.016	—	108	36.999	8.622	20	13.100	—	374	2	34.000	3.728	2.105	3.013
» 15	75.930	14.754	—	4.596	95.280	34.792	16.907	—	144	32.861	7.326	23	11.875	—	373	2	34.000	3.728	2.105	3.013
» 25	75.951	14.754	—	4.596	95.301	34.213	15.335	—	41	31.221	12.059	20	8.575	—	358	2	34.000	3.726	2.105	3.019
June 1	75.951	15.194	—	4.596	95.741	33.588	15.432	—	69	31.115	12.086	37	14.700	—	336	1	34.000	3.728	2.105	3.027
» 8	75.943	15.294	—	4.596	95.833	34.098	17.117	—	76	32.519	10.606	25	15.050	—	340	2	34.000	3.728	2.105	3.019
» 15	76.012	15.419	—	4.596	96.027	34.546	16.795	—	97	32.518	6.946	18	15.225	—	340	2	34.000	3.728	2.105	3.020
» 22	76.012	15.419	—	4.596	96.027	35.164	16.795	—	—	32.630	8.017	16	13.575	—	344	2	34.000	3.728	2.105	3.020
» 29	76.009	15.419	—	4.696	96.124	34.076	15.958	—	—	32.481	10.012	20	15.875	—	327	1	34.000	3.728	2.105	3.026
July 6	75.992	15.419	—	4.696	96.107	36.057	16.251	—	—	35.266	15.377	19	15.725	—	293	1	34.000	3.727	2.105	3.028
» 13	75.992	15.419	—	4.696	96.107	36.167	15.590	—	—	34.492	12.550	18	15.750	—	303	1	34.000	3.727	2.105	3.028
» 17	75.995	16.919	—	4.696	97.610	35.735	15.590	—	—	34.498	12.120	21	15.000	—	306	2	34.000	3.727	2.105	3.028
» 27	75.995	16.919	—	4.696	97.610	36.294	15.363	—	—	35.510	8.033	17	14.675	—	337	1	34.000	3.728	2.105	3.038
August 3	75.966	17.094	—	4.696	97.756	39.120	15.590	—	—	38.159	8.953	15	12.725	—	321	1	34.000	3.728	2.105	3.040
» 10	75.966	17.094	—	4.696	97.756	40.556	16.299	—	—	39.160	3.069	16	15.000	—	331	1	34.000	3.728	2.105	3.031
» 17	75.954	17.094	—	4.696	97.744	41.138	16.437	7	—	39.611	2.775	41	12.875	—						

**WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1970 \***

(Millions of francs)

**LIABILITIES**

Sundries	TOTAL ASSETS	Memorandum Account : Postal Cheque Office : Balance for account of the Minister of National Education (Schools Pact)	Notes in circulation	Current Accounts :			International Agreements :		Total sight liabilities	International Monetary Fund : Special drawing rights, net cumulative allocation	Belgian banks, monetary reserve	Foreign currencies and gold to be delivered	Staff Pensions Fund	Sundries	Capital, reserves and depreciation accounts <sup>(1)</sup>	TOTAL LIABILITIES	DATE	
				Public Treasury		Banks in foreign countries, ordinary accounts	Sundry current accounts and items payable											
				Ordinary account	Exceptional Counter- cyclical Tax													
3.038	249.864	2.649	182.257	11	8	405	1.576	92	286	184.635	3.545	—	50.666	2.896	4.489	3.633	249.864	January 5
3.150	246.561	2.649	178.859	15	8	416	929	103	285	180.615	3.545	—	51.294	2.898	4.576	3.633	246.561	» 12
1.988	242.079	2.650	175.717	21	8	391	2.700	88	258	179.183	3.545	—	50.453	2.966	2.204	3.728	242.079	» 19
1.087	239.777	2.594	174.035	7	8	401	2.621	123	236	177.431	3.545	—	49.863	2.972	2.238	3.728	239.777	» 26
1.262	243.273	2.477	178.105	19	8	415	1.858	129	214	180.748	3.545	—	49.990	2.971	2.291	3.728	243.273	February 2
1.212	243.634	2.413	176.909	11	8	418	2.800	130	230	180.506	3.545	—	50.509	2.970	2.376	3.728	243.634	» 9
1.182	243.950	2.325	174.590	15	8	426	4.184	101	206	179.530	3.545	—	51.693	2.996	2.458	3.728	243.950	» 16
1.240	244.465	2.325	173.760	10	8	408	4.277	104	189	178.756	3.545	—	52.914	2.998	2.524	3.728	244.465	» 23
1.406	246.294	2.216	179.029	23	8	438	1.017	107	185	180.807	3.545	—	52.541	2.999	2.674	3.728	246.294	March 2
1.389	244.950	2.216	178.004	8	8	431	864	122	247	179.684	3.545	—	52.192	2.990	2.811	3.728	244.950	» 9
1.482	242.418	2.183	175.304	24	8	454	1.679	123	246	177.838	3.545	—	51.353	2.996	2.958	3.728	242.418	» 16
1.403	242.954	2.183	174.282	23	8	486	1.200	135	364	176.498	3.545	—	53.172	2.996	3.015	3.728	242.954	» 23
1.287	245.836	2.093	176.558	4	8	478	1.967	110	360	179.485	3.545	—	53.008	2.996	3.074	3.728	245.836	» 27
1.403	249.602	2.023	179.229	8	8	458	727	82	363	180.875	3.545	—	55.177	2.987	3.290	3.728	249.602	April 6
1.723	248.091	1.965	176.788	19	8	477	732	166	361	178.551	3.545	—	55.931	2.987	3.349	3.728	248.091	» 13
1.991	247.416	1.937	175.423	5	8	452	1.165	125	321	177.499	3.545	—	56.267	3.000	3.377	3.728	247.416	» 20
1.757	248.498	1.896	175.204	17	8	446	2.223	113	321	178.332	3.545	—	56.448	3.002	3.443	3.728	248.498	» 27
2.027	251.753	1.862	181.068	13	8	515	864	105	316	182.889	3.545	—	55.086	3.011	3.494	3.728	251.753	May 4
1.999	250.070	1.820	180.137	18	8	495	951	93	314	182.016	3.545	—	54.171	3.013	3.597	3.728	250.070	» 11
1.889	244.318	1.790	178.622	21	8	480	887	101	318	180.437	3.545	—	49.892	3.013	3.703	3.728	244.318	» 15
2.020	241.995	1.744	179.271	25	8	473	1.042	107	311	181.237	3.545	—	46.671	3.019	3.795	3.728	241.995	» 25
2.084	248.049	1.676	185.116	15	8	494	1.145	101	296	187.175	3.545	—	46.662	3.027	3.912	3.728	248.049	June 1
1.900	250.418	1.637	184.222	6	8	476	1.193	124	268	186.297	3.545	—	49.753	3.019	4.076	3.728	250.418	» 8
1.956	247.323	1.638	181.678	16	8	471	888	97	260	183.418	3.545	—	49.425	3.020	4.187	3.728	247.323	» 15
1.988	247.411	1.579	181.174	9	8	415	1.315	148	253	183.322	3.545	—	49.525	3.020	4.271	3.728	247.411	» 22
2.747	250.430	1.501	184.546	15	8	373	1.838	133	291	187.204	3.545	—	48.480	3.026	4.447	3.728	250.430	» 29
2.770	260.721	1.433	191.671	23	8	377	1.626	118	374	194.197	3.545	—	51.642	3.028	4.586	3.728	260.721	July 6
2.870	256.703	1.433	189.802	17	8	389	874	124	347	191.561	3.545	—	50.180	3.028	4.666	3.728	256.703	» 13
2.799	256.536	1.373	187.645	10	8	1.874	1.313	119	359	191.328	3.545	—	50.209	3.028	4.703	3.728	256.536	» 17
3.380	254.091	1.327	184.376	16	8	1.782	1.408	133	307	188.030	3.545	—	50.997	3.038	4.753	3.728	254.091	» 27
2.846	258.359	1.327	187.589	2	8	418	917	163	284	189.381	3.545	—	53.875	3.040	4.790	3.728	258.359	August 3
2.763	257.815	1.235	185.348	25	8	384	847	151	276	187.039	3.545	—	55.567	3.031	4.905	3.728	257.815	» 10
2.811	256.652	1.235	182.087	16	8	381	2.311	154	262	185.219	3.545	—	56.151	3.031	4.978	3.728	256.652	» 17
2.998	252.366	1.197	181.600	—	8	351	1.144	195	264	183.562	3.545	—	53.466	3.031	5.084	3.728	252.366	» 24
3.105	255.936	1.049	184.767															



ANNEX 6

**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	
	1965	1966	1967	1968	1969	1969	1970 p	1960	1970 p (First 10 months)
						(First 10 months)			
1. Market-economy countries .	26.12	27.86	28.56	33.33	41.25	40.38	46.69	97.5	98.3
a) Industrialised countries .	22.24	23.98	24.63	29.11	36.20	35.46	40.75	76.6	85.8
of which :									
European Economic Community .....	16.45	17.87	18.45	21.88	28.33	27.67	32.65	50.5	68.7
Federal Republic of Germany .....	(5.81)	(6.00)	(5.80)	(7.12)	(9.60)	(9.34)	(11.72)	(15.8)	(24.7)
France .....	(3.87)	(4.60)	(5.19)	(6.31)	(8.81)	(8.63)	(9.42)	(10.4)	(19.8)
Italy .....	(0.91)	(0.94)	(1.17)	(1.29)	(1.80)	(1.72)	(2.27)	(3.1)	(4.8)
Netherlands .....	(5.86)	(6.33)	(6.29)	(7.16)	(8.12)	(7.98)	(9.24)	(21.2)	(19.4)
United Kingdom .....	1.28	1.34	1.39	1.49	1.69	1.64	1.66	5.5	3.5
United States .....	2.22	2.46	2.45	3.21	2.90	2.96	2.78	9.5	5.9
Japan .....	0.15	0.20	0.25	0.23	0.32	0.31	0.36	0.6	0.8
b) Other developed countries	1.29	1.23	1.33	1.23	1.63	1.62	1.93	5.8	4.1
c) Developing countries ...	2.39	2.47	2.41	2.77	3.14	3.02	3.76	14.6	7.9
of which :									
Democratic Republic of the Congo .....	0.26	0.27	0.21	0.29	0.37	0.36	0.45	1.6	0.9
2. Countries with centrally planned economies .....	0.47	0.59	0.74	0.69	0.69	0.67	0.81	2.5	1.7
Total (1) ...	26.59	28.45	29.30	34.02	41.94	41.05	47.50	100.0	100.0

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

(1) Including supplies on board ships and aircraft, and miscellaneous items.

p Provisional figures.

**Table 2.**

**Net Liabilities of the Public Sector to Foreign Countries (¹)**

(Changes in billions of francs)

	Government				Other public authorities and institutions (²)			Grand total	
	Claims (³)	Recourse to foreign markets			Total	Net liabilities recorded in capital movements (⁵)	Liabilities through the intermediary of Belgian monetary institutions (⁶)		
		Liabilities recorded in capital movements (⁴)	Liabilities through the intermediary of Belgian monetary institutions	(d) = (b) + (c)					
	(a)	(b)	(c)	(d) = (b) + (c)	(e)	(f)	(g) = (e) + (f)	(h) = (a) + (d) + (g)	
1965 .....	- 0.5	- 5.3	+ 0.5	- 4.8	+ 2.1	- 0.1	+ 2.0	- 3.3	
1966 .....	- 0.3	- 2.2	+ 7.1	+ 4.9	+ 1.7	+ 0.2	+ 1.9	+ 6.5	
1967 .....	- 0.4	- 5.9	+ 3.4	- 2.5	+ 0.4	+ 9.0	+ 9.4	+ 6.5	
1968 .....	- 0.3	- 2.9	- 0.8	- 3.7	- 0.8	- 0.5	- 1.3	- 5.3	
1969 .....	- 1.3	- 0.8	+ 5.9	+ 5.1	+ 9.4	+ 2.8	+12.2	+16.0	
1969 First 10 months .....	- 0.9	- 0.2	+ 5.2	+ 5.0	+ 9.5	+ 3.4	+12.9	+17.0	
1970 First 10 months ... p	- 0.2	+ 0.6	- 6.7	- 6.1	- 1.5	+ 0.2	- 1.3	- 7.6	
1969 First 11 months .....	- 1.2	- 0.9	+ 5.9	+ 5.0	+ 9.7	+ 3.4	+13.1	+16.9	
1970 First 11 months ... p	- 0.2	+ 0.6	- 8.5	- 7.9	- 1.3	+ 2.0	+ 0.7	- 7.4	

(¹) The plus sign indicates a reduction in claims or an increase in liabilities and the minus sign indicates an increase in claims or a reduction in liabilities.

(²) Public authorities other than the Government, public operating organisations and non-monetary financial intermediaries of the public sector.

(³) See page 41, Table 5, first column.

(⁴) See page 41, Table 5, second column.

(⁵) See page 41, Table 5, fourth and fifth columns.

p Provisional figures.

Table 3.

**Financing of the Belgian-Luxemburg Economic Union's  
Balance of Payments <sup>(1)</sup>**

(Billions of francs)

Refinanc-ing, outside mone-tary insti-tu-tions, of commer- cial cre-dits 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 commer- cial cre-dits granted to foreign countries	Other net foreign assets	Total	Belgian franc commer- cial cre-dits granted to foreign countries	Other net foreign assets	Total	Belgian franc commer- cial cre-dits granted to foreign countries	Other net foreign assets (ex- change reser- ves)	Total	Total	Total		
	(a)	(b)	(c)	(d) = (b)+(c)	(e)	(d)	(f)	(g) = (e)+(f)	(h)	(i)	(k) = (d) (h)+(i)	(l) = (j) + (k)	
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	+ 5.9	+ 10.2	- 0.2	+ 0.5	+ 0.3	+ 6.2	- 20.4	- 14.2	- 3.7	- 4.5	
1969 .....	+ 2.8	+ 0.4	+ 7.3	+ 7.7	+ 1.8	+ 0.2	+ 2.0	- 4.4	+ 9.6	+ 5.2	+ 14.9	+ 17.7	
1969 First 11 months .....	+ 3.1	+ 2.6	+ 2.8	+ 5.4	+ 1.8	...	+ 1.8	- 4.5	+ 6.3	+ 1.8	+ 9.0	+ 12.1	
1970 First 11 months ... p	+ 5.3	+ 7.9	- 3.1	+ 4.8	+ 1.8	- 1.2	+ 0.6	- 9.5	+ 21.6	+ 12.1	+ 17.5	+ 22.8	

(<sup>1</sup>) 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 7 on page 44 of this Report is obtained by regrouping, as follows, the columns in the present table :

Table 7

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 (c) + (f) + (i)

p Provisional figures.

**Table 4.**

**Net Foreign Assets of the National Bank of Belgium**

(Billions of francs)

At end of	Gold holding	Assets held at the International Monetary Fund <sup>(1)</sup>	Assets in convertible foreign currencies	Miscellaneous <sup>(2)</sup>	Total <sup>(3)</sup>	Belgian franc acceptances representing exports	Grand total <sup>(3)</sup>	Annual changes in total	Annual changes in grand total
1964 .....	72.5	10.2	27.0	0.8	110.5	4.3	114.8		
1965 .....	77.9	15.6	21.9	0.7	116.1	6.7	122.8	+ 5.6	+ 8.0
1966 .....	76.2	18.6	21.4	0.7	116.9	7.6	124.5	+ 0.8	+ 1.7
1967 .....	74.0	16.6	36.1	2.2	128.9	8.0	136.9	+12.0	+12.4
1968 .....	76.2	15.3	18.1	- 1.1	108.5	14.2	122.7	-20.4	-14.2
1969 November .	75.9	6.3	34.1	- 1.1	115.2	9.7	124.9	+ 6.3 <sup>(4)(5)</sup>	+ 1.8 <sup>(4)(5)</sup>
December .	76.0	7.8	35.6	- 0.9	118.5	9.8	128.3	+ 9.6 <sup>(5)</sup>	+ 5.2 <sup>(5)</sup>
1970 November .	76.4	21.4	46.5	- 0.7	143.6	0.3	143.9	+21.6 <sup>(4)(6)</sup>	+12.1 <sup>(4)(6)</sup>
December .	73.5	29.8	39.0	- 1.1	141.2	1.7	142.9	+19.2 <sup>(6)</sup>	+11.1 <sup>(6)</sup>

<sup>(1)</sup> Rights, including the special drawing 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.

<sup>(2)</sup> Foreign assets in Belgian francs (other than the acceptances representing exports), mostly United States Treasury Certificates amounting to Fr. 1.5 billion up till April, 1967 and to Fr. 3 billion between November, 1967 and November, 1968; liabilities to non-residents, in particular to Central Banks.

<sup>(3)</sup> 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.

<sup>(4)</sup> Change in the first eleven months.

<sup>(5)</sup> 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.

<sup>(6)</sup> Not including an increase, by Fr. 3.5 billion, representing the amount of the special drawing rights received by Belgium in January, 1970 as an initial allocation.

Table 5.

## 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 Zaire (1)
							Tele- graphic transfer	Mail transfer									
<b>January</b>																	
Highest	49.76	119.35	13.70	13.50	8.96	7.91	46.38	46.37	11.53	9.63	6.64	6.96	192.58	175.00	71.18	11.88	
Lowest	49.66	119.17	13.64	13.46	8.93	7.89	46.30	46.29	11.49	9.61	6.62	6.94	191.90	174.60	71.03	11.85	
Mean	49.69	119.27	13.68	13.48	8.95	7.90	46.31	46.31	11.52	9.62	6.63	6.95	192.10	174.77	71.08	11.86	
<b>February</b>																	
Highest	49.70	119.58	13.67	13.47	8.97	7.89	46.33	46.32	11.57	9.61	6.63	6.96	192.20	175.00	71.17	11.90	
Lowest	49.65	119.28	13.64	13.46	8.95	7.89	46.26	46.25	11.54	9.55	6.62	6.94	191.75	174.60	71.04	11.85	
Mean	49.67	119.44	13.65	13.47	8.96	7.89	46.29	46.28	11.55	9.59	6.63	6.95	191.99	174.75	71.10	11.88	
<b>March</b>																	
Highest	49.68	119.63	13.69	13.56	8.96	7.91	46.32	46.32	11.54	9.57	6.63	6.96	192.40	174.75	71.20	11.90	
Lowest	49.65	119.38	13.65	13.47	8.95	7.89	46.27	46.27	11.51	9.54	6.62	6.95	191.90	174.33	71.12	11.88	
Mean	49.66	119.49	13.67	13.52	8.96	7.90	46.30	46.30	11.52	9.55	6.63	6.95	192.02	174.54	71.17	11.89	
<b>April</b>																	
Highest	49.74	119.67	13.71	13.67	8.99	7.91	46.37	46.37	11.56	9.57	6.63	6.97	192.23	174.75	71.27	11.93	
Lowest	49.64	119.40	13.66	13.56	8.96	7.89	46.27	46.26	11.53	9.54	6.61	6.95	191.73	174.25	71.13	11.90	
Mean	49.68	119.54	13.68	13.64	8.98	7.90	46.31	46.30	11.55	9.56	6.62	6.96	191.91	174.51	71.21	11.92	
<b>May</b>																	
Highest	49.67	119.48	13.72	13.68	9.00	7.90	46.31	46.31	11.56	9.55	6.62	6.95	191.95	174.55	71.34	11.91	
Lowest	49.63	119.19	13.67	13.65	8.99	7.89	46.22	46.22	11.48	9.54	6.61	6.94	191.65	174.00	71.21	11.90	
Mean	49.65	119.34	13.69	13.66	8.99	7.89	46.27	46.27	11.52	9.55	6.62	6.95	191.77	174.23	71.27	11.91	
<b>June</b>																	
Highest	49.67	119.13	13.73	13.68	9.00	7.90	48.20 <sup>(2)</sup>	48.21 <sup>(2)</sup>	11.52	9.59	6.63	6.96	192.13	174.25	71.38	11.91	
Lowest	49.63	118.92	13.68	13.63	8.99	7.89	47.42 <sup>(2)</sup>	47.42 <sup>(2)</sup>	11.49	9.55	6.62	6.94	191.70	173.80	71.29	11.88	
Mean	49.64	119.04	13.70	13.67	8.99	7.89	47.80 <sup>(2)</sup>	47.80 <sup>(2)</sup>	11.51	9.57	6.62	6.95	191.86	173.96	71.32	11.89	
<b>July</b>																	
Highest	49.64	118.89	13.79	13.67	9.00	7.89	48.36	48.36	11.55	9.59	6.62	6.95	192.55	173.88	71.36	11.91	
Lowest	49.63	118.54	13.70	13.66	8.99	7.89	47.93	47.93	11.51	9.55	6.62	6.94	191.95	173.40	71.32	11.91	
Mean	49.63	118.66	13.74	13.67	9.00	7.89	48.08	48.08	11.53	9.57	6.62	6.95	192.24	173.61	71.33	11.91	
<b>August</b>																	
Highest	49.65	118.67	13.80	13.68	9.00	7.96	48.81	48.80	11.55	9.60	6.62	6.95	192.43	173.60	71.37	11.91	
Lowest	49.63	118.31	13.77	13.66	8.99	7.89	48.36	48.36	11.53	9.57	6.61	6.94	192.28	173.40	71.34	11.91	
Mean	49.64	118.53	13.79	13.67	8.99	7.91	48.59	48.59	11.54	9.58	6.62	6.95	192.35	173.51	71.35	11.91	
<b>September</b>																	
Highest	49.65	118.52	13.80	13.67	9.00	7.97	49.28	49.29	11.54	9.57	6.62	6.95	192.45	173.60	71.36	11.91	
Lowest	49.63	118.19	13.79	13.65	8.98	7.92	48.68	48.68	11.47	9.52	6.62	6.95	192.13	173.25	71.32	11.90	
Mean	49.63	118.38	13.79	13.67	8.99	7.95	48.85	48.85	11.53	9.54	6.62	6.95	192.28	173.45	71.34	11.91	
<b>October</b>																	
Highest	49.66	118.62	13.80	13.67	8.99	7.97	48.72	48.72	11.48	9.58	6.62	6.95	192.43	173.60	71.36	11.91	
Lowest	49.63	118.40	13.78	13.66	8.98	7.96	48.43	48.43	11.44	9.55	6.62	6.94	192.18	173.30	71.30	11.91	
Mean	49.63	118.50	13.79	13.66	8.99	7.97	48.59	48.59	11.46	9.57	6.62	6.95	192.28	173.49	71.33	11.91	
<b>November</b>																	
Highest	49.64	118.74	13.81	13.67	9.00	7.98	48.75	48.75	11.52	9.61	6.63	6.95	192.28	173.88	71.36	11.91	
Lowest	49.63	118.58	13.78	13.66	8.99	7.97	48.60	48.60	11.46	9.57	6.62	6.94	191.85	173.60	71.32	11.89	
Mean	49.63	118.64	13.79	13.67	8.99	7.97	48.65	48.65	11.49	9.59	6.62	6.95	192.03	173.67	71.33	11.90	
<b>December</b>																	
Highest	49.75	119.12	13.83	13.66	9.02	7.99	49.23	49.23	11.53	9.63	6.64	6.98	192.65	174.25	71.51	11.94	
Lowest	49.63	118.56	13.77	13.59	8.99	7.96	48.57	48.57	11.51	9.59	6.63	6.95	192.05	173.40	71.32	11.90	
Mean	49.66	118.73	13.79	13.63	8.99	7.97	48.80	48.80	11.52	9.61	6.63	6.96	192.31	173.74	71.37	11.91	
<b>Year</b>																	
Highest	49.76	119.67	13.83	13.68	9.02	7.99	49.28	49.29	11.57	9.63	6.64	6.98	192.65	175.00	71.51	11.94	
Lowest	49.63	118.19	13.64	13.46	8.93	7.89	46.22	46.22	11.44	9.52	6.61	6.94	191.65	173.25	71.03	11.85	
Mean	49.65	118.95	13.73	13.62	8.98	7.92	47.60	47.60	11.52	9.58	6.62	6.95	192.10	174.01	71.27	11.90	

(1) Quoted since 16th November.

(2) Period from 3rd to 30th June (quotation suspended on 1st and 2nd June).

(3) Period from 16th to 30th November.

(4) Period from 16th November to 31st December.

**Table 6.**

**Cash Receipts and Expenditure  
resulting from Execution of the Ordinary Budget**

	Not including the debudgetised receipts and expenditure of the Economic Expansion and Regional Reconversion Fund (1)		Including the debudgetised receipts and expenditure of the Economic Expansion and Regional Reconversion Fund (1)		Balance (e) = (a) - (b) or (c) - (d)
	Receipts (a)	Expenditure (b) (2)	Receipts (c)	Expenditure (d)	
1965 .....	172.7	176.5	172.7	176.5	- 3.8
1966 .....	200.6	203.9	200.6	203.9	- 3.3
1967 .....	219.6	221.7	220.0	222.1	- 2.1
1968 .....	238.8	243.9	240.4	245.5	- 5.1
1969 .....	266.3	271.4	267.8	272.9	- 5.1
1969 First 10 months .....	222.6	228.8	223.8	230.0	- 6.2
1970 First 10 months .....	246.1	239.9	250.9	244.7	+ 6.2

(<sup>1</sup>) Fund created in 1967.

(<sup>2</sup>) The balance of the transactions of the Economic Expansion and Regional Reconversion Fund is included in this column.

**Table 7.**

**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				Total								
	Consol- idated	Medium term	Short term	Total									
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	103.6	429.3	55.4	484.7	40.7	525.4	3.5 528.9				
1968 .....	335.0	9.1	120.7	464.8	54.9	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	61.1	542.9	52.9	595.8	2.6 598.4				
1970 October .....	365.4	11.9	109.4	486.7	54.0	540.7	62.1	602.8	2.3 605.1				
December ...	359.6	12.5	135.4	507.5	50.3	557.8	61.7	619.5	2.2 621.7				

Source : Treasury and Public Debt Administration.

(<sup>1</sup>) Not including the inter-governmental debts resulting from the 1914-18 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 (e) of Table 10 on page 51, and in column (d) of Table 2 of this Annex, 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.

(<sup>2</sup>) Debt which has been issued by public organisations but in respect of which the interest and redemption are borne by the Government.

(<sup>3</sup>) The changes between the end of one period and the other may be partly of an accounting nature. Item 3 in Table 7bis indicates the changes in the national debt which have given rise to payments or receipts for the Treasury.

(<sup>4</sup>) 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 7bis.**

**Changes in the National Debt,  
and Meeting of the Government's Net Financial Requirements**

*(Billions of francs)*

	1965	1966	1967	1968	1969	1970	1969	1970
							(First 10 months)	
1. Changes in the public debt :								
a) Direct and indirect debt <sup>(1)</sup> .....	+22.5	+18.9	+21.9	+41.9	+28.5	+23.7	+26.0	+ 7.0
b) Debt taken over from the Congo <sup>(2)</sup> .....	- 2.1	- 0.5	- 0.4	- 0.5	- 0.4	- 0.4	- 0.3	- 0.4
Total ...	+20.4	+18.4	+21.5	+41.4	+28.1	+23.3	+25.7	+ 6.6
2. Accounting movements :								
a) Treasury Certificates held by the International Monetary Fund <sup>(3)</sup> .....	- 3.5	+ 1.3	+ 0.5	+ 4.4	+ 2.3	- 0.5	+ 6.4	- 9.0
b) Treasury Certificates taken by the N.B.B. to finance loans to the International Monetary Fund pursuant to the General Arrangements to Borrow <sup>(4)</sup> .....	+ 1.9	...	- 1.5	+ 3.1	- 5.0	...	- 5.0	...
c) N.B.B.'s credit balance at the P.C.O. for account of the Minister of National Education <sup>(5)</sup> .....	- 0.1	...	+ 0.3	+ 0.8	+ 0.2	...	- 1.7	- 1.4
d) Miscellaneous .....	...	...	...	...	+ 0.7	...	+ 0.7	...
Total ...	- 1.7	+ 1.3	- 0.7	+ 8.3	- 1.8	- 0.5	+ 0.4	-10.4
3. Changes in the public debt which gave rise to payments or receipts for the Treasury <sup>(3 = 1 - 2)</sup> .....	+22.1	+17.1	+22.2	+33.1	+29.9	+23.8	+25.3	+17.0
4. Changes in bills accepted by the Road Fund <sup>(6)</sup> .....	—	—	+ 0.8	+ 1.0	- 1.8	...	- 1.8	...
5. Total corresponding to meeting of the Government's net financial requirements <sup>(5 = 3 + 4)</sup> .....	+22.1	+17.1	+23.0	+34.1	+28.1	+23.8	+23.5	+17.0

<sup>(1)</sup> According to Table 7.

<sup>(2)</sup> The debt taken over from the Congo has appeared in the official statements of the public debt (Table 7) only since the Convention mentioned in footnote <sup>(4)</sup> to Table 7 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.

(<sup>3</sup>) The giving of Treasury Certificates to the International Monetary Fund in part payment for the increases in Belgium's quota does not actually lead to any receipt of funds by the Treasury; as for the other changes in the Fund's portfolio, connected with its transactions in Belgian francs, these are reflected, in accordance with the provisions of the existing laws and agreements, in receipts or payments for the National Bank of Belgium, and not for the Treasury.

(<sup>4</sup>) 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.

(<sup>5</sup>) 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.

(<sup>6</sup>) Changes in 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 8.

### Limitation of Bank Credit

On the dates shown in column (a) the credits subject to limitation, as defined in column (b), were not or are not allowed to exceed, for each bank, the higher of the norms calculated as shown in column (c).

Dates (a)	Credits subject to limitation (1) (b)	Norms (2) (c)
31st March, 1970 (3)	Acceptance, discount, pro- missory notes and advances credits, excluding foreign currency advances to non- residents and discount cre- dits to the Road Fund	Average amount outstanding at the end of March, June, September and December, 1968 multiplied by 1.195 or plus Fr. 45 million <i>or</i> Average amount outstanding at the end of June, Septem- ber, December, 1968, and March, 1969 multiplied by 1.155 or plus Fr. 45 million
30th June, 1970 (3)	Ditto	Average amount outstanding at the end of June, Septem- ber, December, 1968 and March, 1969 multiplied by 1.19 or plus Fr. 50 million
30th Sept., 1970	Ditto, excluding credits granted through Export Credit	Average amount outstanding at the end of September and December, 1969 multiplied by 1.055 or plus Fr. 30 million <i>or</i> Amount outstanding at the end of December, 1969 <i>or</i> Average of the amount outstanding at the end of Sep- tember, 1968, multiplied by 1.19 and of the amount outstanding at the end of September, 1969, multiplied by 1.04 <i>or</i> Norm at the end of March, 1970 (minus the amount of Export Credit credits outstanding on that date) multiplied by 0.95
31st Dec., 1970	Ditto	Norm at the end of Septem- ber, 1970 multiplied by 1.06 or plus Fr. 35 million
31st March, 1971	Ditto, excluding capital in- vestment credits opened for residents before 9th Decem- ber, 1970 and declared to the Central Risks Office not later than 15th December, 1970	Norm at the end of Septem- ber, 1970 (minus the out- standing amount on that date of capital investment) multiplied by 1.08 or plus Fr. 45 million

(<sup>1</sup>) The limitation applies to the outstanding used amount of the credits originally granted by each bank.

(<sup>2</sup>) For recently created banks, special norms, in line with the norms mentioned, have been fixed taking into account the special position of these banks.

(<sup>3</sup>) The norm fixed for this date was abolished on 26th March, 1970.

**Table 9.**

**Notes and Coin (\*)**

(Billions of francs)

At end of	Notes issued by the National Bank of Belgium	Notes and coin issued by the Treasury	Total notes and coin (1)	Annual changes in total
1964 .....	160.3	6.4	163.7	
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 .....	183.2	6.6	185.4	+ 5.3
1969 October .....	178.6	6.9	181.1	- 4.3 (2)
December .....	183.0	7.0	185.2	- 0.2
1970 October .....	182.6	7.3	185.6	+ 0.4 (2)
December .....	188.2	7.5	n.a.	n.a.

(\*) See the Information Bulletin of the National Bank, Statistics, Table XIII-4.

(1) 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.

(2) Change on the first ten months.

n.a. Figures not available.

Table 10.

**Sight Deposits (\*)**

(Billions of francs)

At end of	Held by enterprises and individuals				Held by public authorities (1)	Grand total	Annual changes in grand total
	at the National Bank of Belgium	at the Postal Cheque Office	at banks and public institutions	Total			
1964 .....	0.6	35.9	86.4	122.9	10.8	133.7	
1965 .....	0.4	37.5	95.4	133.3	11.8	145.1	+11.4
1966 .....	0.5	41.5	104.1	146.1	14.9	161.0	+15.9
1967 .....	0.5	39.0	113.5	153.0	17.4	170.4	+ 9.6(²)
1968 .....	0.8	46.3	123.3	170.4	20.8	191.2	+20.8
1969 October .....	0.4	45.3	123.8	169.5	22.0	191.5	+ 0.3(³)
December .....	0.4	43.9	131.2	175.5	25.7	201.2	+10.0
1970 October .....	0.3	48.1	141.9	190.3	21.9	212.2	+11.0(³)

(\*) 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 an accounting reduction of Fr. 0.2 billion.

(³) Change on the first ten months.

Table 11.

**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		
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		
1969 .....	280.6	194.9	475.5	3.03	4.07		
1969 First 11 months .....	276.1	194.3	470.4	2.98	4.07		
1970 First 11 months .....	320.0	205.4	525.4	3.30	4.12		
				(1)	(1)		
1969 1st quarter .....	253.8	185.4	439.2	2.77	2.80	3.92	3.94
2nd quarter .....	288.7	205.7	494.4	3.04	2.96	4.22	4.13
3rd quarter .....	273.9	187.2	461.1	2.95	3.10	3.88	4.02
4th quarter .....	306.2	201.3	507.5	3.35	3.24	4.26	4.19
1970 1st quarter .....	291.8	197.6	489.4	3.18	3.21	4.07	4.09
2nd quarter .....	341.6	211.3	552.9	3.47	3.38	4.15	4.06
3rd quarter .....	319.3	199.5	518.8	3.20	3.36	4.01	4.16

(\*) See the Information Bulletin of the National Bank, Statistics, Table XIII-13.

(1) Figures adjusted to eliminate seasonal variations.

Table 12.

**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	
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
1969 .....	+ 2.2	+ 3.7	+ 4.9	+ 0.5	+ 11.3
1969 First 10 months .....	+ 2.0	+ 1.9	+ 3.7	+ 0.3	+ 7.9
1970 First 10 months .....	+ 1.3	- 1.1	+ 1.0	+ 0.2	+ 1.4

(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 fund.

**Table 13.**

**Outstanding Amounts of Bonds and Medium-Term Notes in Belgian Francs**

Classified according to issuers

(Changes in billions of francs)

	Government (1)	Public financial inter- mediaries (2)	Other public authorities and institutions	Banks	Private savings banks, mortgage and capital accumu- lation companies (2)	Others	Total
1965 .....	+ 17,8	+ 14,3	+ 6,9	...	+ 1,9	+ 4,9	+ 45,8
1966 .....	+ 10,1	+ 14,0	+ 11,9	+ 0,6	+ 2,5	+ 2,0	+ 41,1
1967 .....	+ 21,5	+ 23,2	+ 10,5	+ 1,5	+ 4,7	+ 1,5	+ 62,9
1968 .....	+ 25,4	+ 28,6	+ 11,0	+ 3,0	+ 4,8	+ 3,3	+ 76,1
1969 .....	+ 22,6	+ 20,8	p+ 15,1	+ 4,5	+ 5,6	p+ 2,3	p+ 70,9
1969 First 10 months .	+ 31,0	+ 14,5	p+ 8,2	+ 3,7	+ 4,0	p+ 2,5	p+ 63,9
1970 First 10 months .	+ 25,0	+ 30,9	p+ 10,3	+ 3,5	p+ 5,7	p+ 2,7	p+ 78,1

(<sup>1</sup>) Direct and indirect debt.

(<sup>2</sup>) Including savings bonds or certificates.

p Provisional figures.

**Table 14.**

**Outstanding Amounts of Bonds and Medium-Term Notes in Belgian Francs**

Classified according to holders

(Changes in billions of francs)

	Monetary institutions	Other financial intermediaries ( <sup>1</sup> )	Public authorities	Others ( <sup>2</sup> )	Total
1965 .....	+ 11.0	+ 3.6	+ 2.3	+ 28.9	+ 45.8
1966 .....	+ 4.1	+ 4.3	+ 3.2	+ 29.5	+ 41.1
1967 .....	+ 13.0	+ 2.3	+ 1.2	+ 46.4	+ 62.9
1968 .....	+ 16.5	+ 20.1	+ 0.4	+ 39.1	+ 76.1
1969 .....	+ 12.0	+ 12.5	+ 0.3	p+ 46.1	p+ 70.9
1969 First 10 months .....	+ 9.7	+ 17.2	+ 0.2	p+ 36.8	p+ 63.9
1970 First 10 months ... p	+ 22.7	+ 3.7	+ 0.8	+ 50.9	+ 78.1

(<sup>1</sup>) Excluding the net acquisitions of certain financial intermediaries the amount of which is not known for 1970, namely those of life assurance companies and employers' liability insurance companies and those of pension funds.

(<sup>2</sup>) The figures in this column have been calculated as a difference and mainly represent the net acquisitions of individuals and enterprises. See Table 15 in this Annex.

p Provisional figures.

**Table 16.**

**Outstanding Amounts of Bonds and Medium-Term Notes in Belgian Francs  
held by Individuals and Enterprises**

Classified according to issuers

(Changes in billions of francs)

	Government	Public financial intermediaries	Other public authorities and institutions	Banks	Private savings banks, mortgage and capital accumulation companies	Others	Total
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	+19.6	+ 5.3	+ 1.5	+ 4.6	+ 1.5	+46.4
1968 .....	+ 6.6	+18.5	+ 3.2	+ 3.0	+ 4.5	+ 3.3	+39.1
1969 .....	+ 8.9	+16.9	p+ 9.0	+ 4.5	+ 5.5	p+ 1.3	p+46.1
1969 First 10 months .	+13.3	+11.1	p+ 3.1	+ 3.7	+ 4.0	p+ 1.6	p+36.8
1970 First 10 months .	+ 9.9	+23.0	p+ 7.0	+ 3.5	p+ 5.9	p+ 1.6	p+50.9

p Provisional figures.

Table 16.

**Rates for Investments Accessible to the General Public (¹)**

(Per cent)

At end of	Ordinary 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 stock exchange yield on Government loans (at more than 5 years) (³)	
			(1 year)	(5 years)	Loans issued before 1st December, 1962	Loans issued after 1st December, 1962
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 .....	3.00	3.50	5.00	6.50	5.58	6.65
1969 June .....	4.75	4.00	6.00	7.06	5.95	7.16
December .....	6.00	4.00	7.00	8.00	6.19	7.80
1970 January .....	6.00	4.50	7.00	8.00	6.09	7.82
February .....	6.00	4.50	7.00	8.00	6.02	7.65
March .....	6.00	4.50	7.00	8.00	5.93	7.64
April .....	6.00	4.50	7.00	8.00	6.00	7.78
May .....	6.00	4.50	7.00	8.00	5.95	7.77
June .....	6.00	4.50	7.00	8.00	5.94	7.83
July .....	6.00	4.50	7.00	8.00	5.88	7.76
August .....	6.00	4.50	7.00	8.00	5.93	8.01
September .....	6.00	4.50	7.00	8.00	6.08	8.05
October .....	6.00	4.50	7.00	8.00	5.90	7.83
November .....	5.50	4.50	7.00	8.00	5.70	7.72
December .....	5.50	4.50	7.00	8.00	5.70	7.79

(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. Since, up to a certain amount (at present Fr. 7,500 per year), the income from deposits on ordinary savings books is exempt from tax, their rate is not comparable with the rates shown in the other columns.

(³) Yields at the start of the following year or of the following month. Not including loans which are perpetual or are redeemable only through repurchase on the market, and not including premium bonds. The yields on loans issued before 1st December, 1962 are subject to a deduction of tax at source which is smaller than that on loans issued after that date. See the Information Bulletin of the National Bank, Statistics, Table XIX-6.

Table 17.

## Belgian Money Market and Euro-Dollar Rates (\*)

(Per cent)

	Call money ( <sup>1</sup> )	Treasury Certificates at very short term ( <sup>2</sup> )	Certificates of the Securities Stabilisation Fund ( <sup>4</sup> months) ( <sup>3</sup> )	Treasury Certificates issued by tender ( <sup>4</sup> )		R.G.I. : bank accept- ances with visa represen- ting imports (60 to 120 days) ( <sup>2</sup> ) ( <sup>5</sup> )	Acceptances without visa negotiated on the market outside the National Bank ( <sup>2</sup> )		Deposits in Euro- dollars ( <sup>3</sup> months) ( <sup>2</sup> ) ( <sup>6</sup> )
				( <sup>9</sup> months)	( <sup>12</sup> months)		commer- cial (at about 30 days)	bank (at about 90 days)	
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 .....	2.84	5.00	5.25	5.30	5.30	4.00	4.30	6.50	6.75
1969 June .....	3.76( <sup>7</sup> )	6.55	6.80	...	...	5.80	5.90	7.60	10.12
December .....	6.78( <sup>8</sup> )	8.50	8.75	8.80	8.80	7.40	7.40	8.75	10.00
1970 January .....	5.75	8.50	8.70	8.75	8.75	7.40	7.20	8.25	9.37
February .....	6.44	8.25	8.50	...	8.70	7.40	7.20	8.15	9.12
March .....	6.65	8.10	8.35	...	8.50	7.40	7.20	8.00	8.25
April .....	6.47	8.05	8.30	8.40	8.40	7.40	7.20	7.90	8.25
May .....	6.74	8.00	8.25	...	8.35	7.40	7.20	7.90	9.00
June .....	6.34	8.00	8.25	...	...	7.40	7.20	8.00	8.75
July .....	6.67	8.00	8.25	...	8.35	7.40	7.20	7.90	8.25
August .....	6.64	7.80	8.10	8.30	...	7.20	7.10	7.50	8.00
September .....	5.30	7.65	7.95	8.20	8.25	7.00	6.90	7.50	8.25
October .....	6.66	7.30	7.60	...	8.15	6.50	6.40	7.00	7.50
November .....	5.93	7.10	7.40	7.60	7.90	6.50	6.30	6.80	7.00
December .....	5.55	6.95	7.25	...	7.75	6.00	6.00	7.00	6.37

(\*) 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) Before 1st June, 1970 : rate for acceptances at 120 days or less.

(6) Source : The Times.

(7) First half-year.

(8) Second half-year.

**Table 18.**

**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	
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	1.5	3.0	2.4	...	3.1	1.1	6.6
1969 .....	3.8	0.1	3.3	1.3	1.8	3.5	0.6	7.2
1970 .....	3.8	1.6	3.2	1.4	0.1	6.7	0.4	8.6

(\*) See the Information Bulletin of the National Bank, Statistics, Table XVIII-1.

Table 19.

## 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, war- rants	Acceptances with prior visa of 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 promis- sory notes	Treasury Certifi- cates and Secu- rities Stabil- isation Fund Certifi- cates issued at up to 130 days (1)	Treasury Certifi- cates issued at over 130 days up to 374 days (1) (2)	Other public se- cu- ri- ties (3)
		Imports	Exports						
At end of									
1964 .....	4.75	4.75	4.25	5.25	5.75	6.25	5.25	5.75	6.50
1965 .....	4.75	4.75	4.25	5.25	5.75	6.25	5.25	5.75	6.50
1966 .....	5.25	5.25	4.75	5.75	6.25	6.75	6.00	6.25	7.00
1967 .....	4.00	4.00	3.50	4.75	5.25	5.75	5.00	5.25	5.75
1968 .....	4.50	4.50	4.00	5.25	5.75	6.25	5.50	5.75	6.25
	Accepted bills payable at a bank, warrants and acceptances, bearing visa or certified (4), representing foreign trade transactions						Other bills and promissory notes		
1969 .....	7.50			9.50			9.00	9.25	9.50
1970 .....	6.50			8.50			8.00	8.25	8.50
1970									
1st January - 21st October .	7.50			9.50			9.00	9.25	9.50
22nd October-9th December	7.00			9.00			8.50	8.75	9.00
from 10th December .....	6.50			8.50			8.00	8.25	8.50

(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.

(4) The certification procedure started on 1st June, 1970.



## 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 Canal and Maritime Installation Company Limited	S.A. du Canal et des Installations Maritimes de Bruxelles
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
Central Risks Office	Centrale des Risques
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 Expansion and Regional Reconversion Fund	Fonds d'Expansion Economique et de Reconversion Régionale
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.)
Energy Board	Administration de l'Energie
European Agricultural Direction and Guarantee Fund (of E.E.C.)	Fonds Européen d'Orientation et de Garantie Agri- cole (de la C.E.E.)
European Agricultural Markets Organiza- tion	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)
Export Credit	Creditexport
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 fabri- cations 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 Ducroire

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 Land Company (formerly National Smallholders' Company)	Société Nationale Terrienne (précédemment Société Nationale de la Petite Propriété Terrienne)
National Mixed Mines Commission	Commission Nationale Mixte des Mines
National Sickness and Disablement Insurance Institute	Institut National d'Assurance Maladie-Invalidité
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'Égalisation 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 Luxembourg	Caisse d'Epargne du Grand-Duché de Luxembourg
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 Pensions 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

## CONTENTS

	Page
In memoriam : Mr. Maurice Frère.	
Report presented by the Governor in the name of the Council of Regency . . . . .	V
—Economic and Financial Trends in 1970 . . . . .	1
Economic integration of the European Communities . . . . .	9
Overall data concerning the Belgian economy . . . . .	11
Manufacturing industries . . . . .	14
Energy . . . . .	19
Building . . . . .	21
Agriculture - Horticulture - Sea fishing . . . . .	23
Services . . . . .	24
Employment . . . . .	27
Wages and other incomes . . . . .	29
Prices . . . . .	32
External trade . . . . .	37
Balance of payments . . . . .	40
Public finances . . . . .	48
Credits granted to enterprises and individuals . . . . .	52
Limitation of credits . . . . .	56
Financial assets of individuals and enterprises . . . . .	61
Monetary system . . . . .	66
Money market . . . . .	68
Stock market . . . . .	77

	Page
—Analysis of the Balance Sheet and Profit and Loss Account for the year 1970	79

### Balance Sheet

#### *Assets*

Gold holding . . . . .	79
International Monetary Fund . . . . .	79
Quota . . . . .	80
Loans . . . . .	82
Special Drawing Rights . . . . .	82
Total cover items . . . . .	83
Foreign currencies. Foreign currencies and gold receivable and to be delivered . . . . .	83
International agreements . . . . .	84
European Monetary Agreement . . . . .	84
Other agreements . . . . .	85
Debtors in respect of foreign exchange and gold at forward dates . . . . .	85
Commercial bills . . . . .	85
Advances against pledged security . . . . .	86
Public securities . . . . .	86
Belgian public securities . . . . .	87
Luxemburg public securities . . . . .	87
Treasury notes and coin . . . . .	87
Balances at the Postal Cheque Office . . . . .	87
Consolidated claim on the Government . . . . .	88
Public long-term securities . . . . .	88
Items receivable . . . . .	88
Premises, furniture and equipment . . . . .	88
Securities of the Staff Pensions Fund . . . . .	89
Assets written off pending collection . . . . .	89
Transitory assets . . . . .	90

#### *Liabilities*

Bank notes in circulation . . . . .	91
Current and sundry accounts . . . . .	91
International agreements . . . . .	92

	Page
Total sight liabilities . . . . .	93
International Monetary Fund . . . . .	93
Belgian banks, monetary reserve . . . . .	93
Foreign currencies and gold to be delivered . . . . .	93
Staff Pensions Fund . . . . .	94
Transitory liabilities . . . . .	94
Capital . . . . .	95
Reserve Fund . . . . .	95
Net profit for distribution . . . . .	96

#### Memorandum Accounts

Ministry of National Education . . . . .	97
Documentary credits opened . . . . .	97
« Visa » of acceptances relating to exports and imports . . . . .	98
Guarantees given on behalf of the staff . . . . .	98
Securities received by way of guarantee . . . . .	98
Guarantee certificates received from the Public Treasury . . . . .	99
Items for collection . . . . .	99
Deposits of securities . . . . .	99
Public Treasury . . . . .	100
Securities Stabilisation Fund . . . . .	101
General Savings and Pensions Fund . . . . .	102

#### Profit and Loss Account

##### *Credit*

Discount and interest . . . . .	103
Exchange and income from investments abroad . . . . .	104
Fees for safe custody, commissions and allowances . . . . .	104
Income on public long-term securities . . . . .	104
Profit on sale of, and collection of proceeds of, securities . . . . .	105
Amounts collected on assets written off pending collection . . . . .	105
Tax refunds . . . . .	105
Transferred from the Transitory Liabilities item « Provision for building of premises and purchasing of furniture and equipment » . . . . .	106

*Debit*

	Page
General expenses . . . . .	107
Ordinary grant to the Staff Pensions Fund . . . . .	108
Extraordinary grant to the Staff Pensions Fund . . . . .	108
Depreciation of premises, furniture and equipment . . . . .	108
Amount due to the Government . . . . .	109
Transferred to the Extraordinary Reserve . . . . .	109
Allocation of the profit . . . . .	110
a) Provision for taxes . . . . .	110
b) Provision for building of premises and purchasing of furniture and equipment . . . . .	111
c) Provision against sundry contingencies . . . . .	111
Distribution of the net profit . . . . .	112
—Balance Sheet. — Profit and Loss Account. — Memorandum Accounts . . . . .	115

## ANNEXES

no.		Page
1	Balance Sheets compared as at 31st December, 1966 to 1970 . . . . .	122
2	Profit and Loss Accounts compared as at 31st December, 1966 to 1970 . . . . .	124
3	Miscellaneous information . . . . .	127
4	Public long-term securities constituting, on 31st December, 1970, the Bank's various holdings . . . . .	129
5	Weekly returns published in the <i>Moniteur Belge</i> during 1970 . . . . .	—
6	Economic and financial statistics . . . . .	131
	Glossary of Names as used in this and previous Reports of the National Bank . .	153



*Translated from the French by*  
D.F. Long and Co (Translations) Ltd - London S.E. 1



---

Printing Works  
of the National Bank of Belgium  
Ch. AUSSEMS,  
Chief Engineer  
of the Printing Department  
Square des Nations 17 - 1050 Brussels

---