

NATIONAL BANK OF BELGIUM



REPORT

1975

NATIONAL BANK OF BELGIUM

LIMITED COMPANY

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REPORT

on the activities of the year 1975 presented to the General Meeting

on 23rd February, 1976

by the Governor in the name of the

Council of Regency

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THE NATIONAL BANK OF BELGIUM
CELEBRATED IN 1975 THE HUNDRED AND
TWENTY-FIFTH ANNIVERSARY OF ITS
FOUNDATION.

IN THE PRESENCE OF HIS MAJESTY THE
KING AND THE MANY PROMINENT
PERSONALITIES WHO HAD HONOURED THE
BANK BY ATTENDING THE ACADEMIC
MEETING COMMEMORATING THIS EVENT,
THE GOVERNOR, AND THEN THE PRIME
MINISTER, REVIEWED THE LANDMARKS OF
OUR INSTITUTION'S HISTORY FROM 1850 TO
1975, RECALLED THE OUTSTANDING SERVICES
RENDERED BY ITS LEADERS AND THEIR
FELLOW-WORKERS, AND DESCRIBED ITS
MISSION IN THE WORLD OF TODAY.

A WIDE PUBLIC WAS REACHED BY THE
VARIOUS FUNCTIONS AND EVENTS
DESIGNED TO MAKE THE ROLE AND
POSITION OF THE CENTRAL BANK AND
ITS SPECIFIC ACTIVITIES ON THE NATIONAL
AND INTERNATIONAL PLANE BETTER KNOWN.

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

Like the expansion which preceded it, the reversal which began at the end of 1973 affected all the industrialised countries; for these as a whole, the main categories of private expenditure declined; in nearly all these countries the national product decreased; others are passing through a period of stagnation; everywhere the degree of under-utilisation of the factors of production is high; unemployment, in particular, is reaching levels without precedent since the end of the second world war. Despite this slowing down, inflation, which appears to be inherent in the structures, is persisting, with varying degrees of intensity depending on the countries concerned; afraid of reviving it again, the authorities are carefully weighing their policies for restimulating activity. Disorganisation of the international monetary system, itself a reflection of more fundamental disturbances, could aggravate the contraction in world trade. Much more than a recession, what the western world is going through is a crisis; the material consequences of this are to a large extent alleviated in the countries where the out of work are assisted by unemployment benefits; but these measures, necessary though they are, do not solve the underlying problems.

*Main features
of the international
trend.*

On the world markets for basic products, the contraction in demand brought about a decline in most prices, though their average level still remains high in comparison with that of the last decades. On the other hand, the rise in the prices of manufactured products continued, but at a much slower rate than in 1974. Thus the terms of trade improved in favour of the industrialised countries. This change helped to redress the balance of current transactions of the members of the Organisation for Economic Cooperation and Development, whose deficit — over 30 billion dollars in 1974 — was almost eliminated in 1975; this improvement is due also to two other factors : the reduction in the volume of these countries' imports and the increase in purchases of finished

products by the oil-producing countries. The latter did not achieve as large a trade surplus as in 1974. The other developing countries suffered a worsening of their balance of payments and were obliged, in most cases, to increase their foreign indebtedness, which was already excessive in relation to their possibilities of repayment.

In most industrialised countries the improvement in the balance of payments gave the authorities more freedom of choice again in the conduct of economic policy. This was devoted for the most part to reviving growth. Almost everywhere the now classical methods of sustaining expenditure were employed, namely the adoption of deficit budgets for the central Government, or indeed for all public authorities, and downward pressure on interest rates. Fortunately, except in extreme cases, governments avoided resorting to import restrictions in order to favour domestic activities.

So long as the trend of activity remained synchronised, the decline in interest rates was general; it was more marked, however, in the Federal Republic of Germany and the United States. The dollar therefore weakened on the exchange markets owing to capital outflows, until around the middle of the year; subsequently, the rise in short-term rates in the United States simultaneously with the appearance of large surpluses in that country's current balance of payments brought about a very distinct strengthening of the dollar.

Actually the latter is now again at the centre of the international monetary mechanisms, both as a means of payment — even between members of the European Community — and as a reserve instrument; however, it is hardly used at all as a standard unit for defining official parities, where these still exist. Often brought about by capital movements, the fluctuations in the dollar rate have reached a scale which has caused disquiet in Europe owing to the repercussions of these movements on trade relations; for when its currency depreciates substantially in relation to the currencies of other countries, the American economy, as a whole little dependent on imports, benefits by competitive advantages more than most others. At the Rambouillet Conference in

November, the principle was accepted that official interventions were desirable in order to contain fluctuations in exchange rates which are clearly not induced by profound changes. This confirmed the abandonment of the rule of clean floating which at one time had been regarded by some as a panacea for balance of payments disequilibria. But no consensus has yet emerged at international level as to the concrete measures to be adopted in order to influence rates.

It was admittedly officially recognised that greater stability of exchange rates depends on the economic and financial situations in the different countries. But the efforts required to achieve better harmonisation of these situations have so far remained merely good intentions. Agreements have however just been reached in order to increase the quotas of the members of the International Monetary Fund, extend the drawing facilities of deficit countries and increase the resources which the Fund can use in their favour.

No new development occurred with regard to European monetary integration, apart from the official return of the French franc into the Community foreign exchange system after a period of *de facto* normalisation of the position of that currency. The operation of the European Monetary Cooperation Fund was improved. However, the role of the latter and that of the member countries' currencies was reduced owing to the fact that, for technical reasons, the central banks of the Community and those associated with the Community foreign exchange system decided to intervene in dollars on the exchange markets in order to moderate the fluctuations in the rate for that currency; and actually these interventions indirectly were used more to bring about the convergence of the rates within the European « snake » than were the *ad hoc* mechanisms which had been agreed upon.

In fact the members of the European Community were in 1975 primarily concerned with reviving economic growth. But the diversity of their situations, particularly with regard to foreign payments, was not conducive to the adoption of a genuine European strategy to combat the crisis. In the absence of concerted action, each of the countries took

the steps which it was able to adopt within the limits of its own compelling requirements, and relied on a revival of activity in countries larger than itself. Much depended on developments in the American economy. The recovery in demand which made itself felt there in the second half of the year, as well as the incipient improvement in Japan, are more favourable omens for the coming trend of the European economies, each of which thus feels itself taken in tow.

During the last days of the year the Belgian Prime Minister presented to his colleagues in the Council of Europe the important report which they had asked him to prepare in order to define the concept of European union.

*Economic and
financial trend
in Belgium.*

The effects on real income of the weakening of demand were felt later and less acutely in Belgium than in the main industrial countries; however, the volume of the gross national product, which had increased by 4 p.c. in 1974, declined by about 2 p.c. in 1975; it was in exports and in fixed capital formation by the manufacturing industries, measured at constant prices, that the turn-round took place; house-building was maintained; the volume of households' consumption rose again slightly; Government expenditure increased.

Of the main sectors of activity, industry was hardest hit : its total output decreased by about 10 p.c. on average in 1975; in manufacturing industry the degree of employment of production capacities actually fell from a maximum of 85 p.c. in May 1974 to 71 p.c. in October 1975; the weakness of demand most seriously affected the industries making intermediate products. On the other hand, the very important sector of services as a whole withstood the recession better; there was even a further increase in activity in some branches.

The corresponding disparities are to be found in the trend of employment; this is characterised by an increase in complete unemployment of about 70 p.c. in the average for 1975 compared with that for 1974, but this worsening was proportionally greater in industries than in services.

Simplifying the complexity of reality, one can say that a sort of dichotomy has developed in the Belgian economy, the activities sheltered from the crisis being in a quite different situation from the others. The general weakness of demand in the developed countries has affected certain branches which specialise in products subject to very keen competition; unemployment in these is already extensive and jobs are still threatened by the prospect of rationalisation measures, essential though these are for keeping up the productivity of enterprises in these sectors which are placed in a difficult position by the rise in domestic costs; their profitability has undoubtedly been low, or even zero or negative, and the uncertain future of many of them, whose running calls for a new approach, worries the managements and provokes reactions from the workers in defence of their jobs. The situation is different for the sheltered sectors, whether these be private enterprises mainly operating on the domestic market, where they enjoy a de facto protection, or whether they be the many branches of the administration, in the very wide sense of the term, where stability of employment is guaranteed; the activity of these sectors was a factor sustaining overall demand; but the burdens of the new cost increases could still be passed on, to a fairly large extent, to the consumer or to the taxpayer, in the form of price rises or heavier taxation; thus behaviour in these sectors remains inflationary with regard both to prices and to incomes of all kinds : the resultant upward pressures spread, by the market mechanisms or by the effect of social demonstration, to the first group, whose handicaps are further aggravated; the need for a change of behaviour is but little felt directly in the sheltered sectors and appeals for acceptance of this necessity, in the name of economic interdependence and social equality, are received with scepticism in all quarters.

This dichotomy is an important factor in the persistence of the rise in retail prices; the falling-off of large sections of demand, the unutilised equipment, the unemployment, the fall in the prices of basic products and the overall and subsequently selective freezing of domestic prices did not prevent the rise in the index of consumer prices in 1975 from still reaching 11 p.c., that is, 4 p.c. more than in 1973, the last full boom year.

Since this dichotomy allowed the various socio-professional categories to continue pressing their claims, and retail prices went on rising, the slackening in the rise in hourly wages was slow; from September 1974 to September 1975 the index of gross average earnings per hour worked still went up by about 17 p.c., against 23 p.c. during the previous twelve months. As, between these two periods, industrial productivity seems to have fallen off to an exceptional extent, labour costs per unit of output must have risen; furthermore, fixed overheads were spread over a smaller quantity of products sold; in some cases these changes resulted in a reduction in firms' profit margins or even the acceptance of selling prices below cost prices; in other cases, they reinforced the effect of the price-increasing factors which were still active; among these mention should be made of the still widespread practice of calculating profit margins as a percentage of cost or purchase prices and the tendency of the incomes of many non-wage-earners to be increased without reference to any growth in productivity but, on the whole, taking some wages as the yardstick.

The rise in the annual earned incomes of workers after tax was smaller than that in gross hourly earnings. For, in the first place, working hours were shortened under collective agreements or as a result of the reduction in overtime working and of partial unemployment; furthermore, the progressivity of the tax took more off the increased wages, even though the increase was largely nominal. If account is also taken of the rise in prices, the actual purchasing power of the earnings of the workers who kept their jobs probably changed only a little during one year; but this stability, achieved despite the decrease in real national income, took place at the expense of other categories of incomes, namely those of persons who lost their jobs, those of management staffs and those of enterprises whose activity was affected.

The proportion of households' and enterprises' incomes devoted to the formation of financial savings declined slightly. In absolute terms, however, the financial surplus of these two sectors increased. It was possible for the new resources thus released to be used for financing the deficit of the public authorities.

The new financial assets were constituted, more than in 1974, in the form of medium- and long-term investments. This shift, stimulated by the more marked fall in short-term interest rates, took place mainly in the first half-year; during the last months of the year, on the other hand, investors slowed down their subscriptions to medium-term notes and bonds in Belgian francs in expectation of a rise in rates, which was in fact decided upon towards the end of the year. With regard to new financial assets in foreign currencies, the building-up of deposits, which had been substantial in 1974, was reduced by half, while net purchases of foreign securities more than doubled.

The total net outflow of capital, in all currencies, from enterprises and individuals resident in the Belgian-Luxembourg Economic Union expanded, but the positive balance of movements of funds of all kinds carried out by non-residents to the Economic Union increased still more, so that the deficit in respect of all capital transactions decreased appreciably. On the other hand, current transactions during the first eleven months left a slightly smaller surplus than that for the same months of 1974; within this period, in 1975, this surplus diminished rapidly, in line with the deterioration in the balance of trade. Altogether, the transactions of the Belgian-Luxembourg Economic Union with foreign countries led to an increase in the Bank's total foreign exchange reserves of Fr. 18.4 billion in 1975, against Fr. 12.4 billion in 1974.

The lowest point of the recession appears to have been passed during the autumn. According to the Bank's inquiries, prospects are improving in manufacturing industry as a whole. Production of electricity is increasing again. The trend of residential building is better. On the other hand, current investment in fixed assets in industrial enterprises are stationary and the decisions taken for the coming months still reflect considerable hesitancy. Nor is it certain that the deterioration in the labour market is nearing its end.

From the time when prices went on rising despite a falling-off in demand, it became obvious that the origin of the inflation was something *Monetary policy.*

quite different from an excess of expenditure confronted with a supply made rigid by lack of resources.

Consequently, the maintenance of a set of monetary measures designed to curb demand had become quite pointless.

On the contrary, by lowering interest rates, it was possible to lighten the financial burdens weighing on cost prices and, in principle, to hope that this reduction would be passed on to prices. Making credit less expensive and easier to obtain was also a move in the direction of sustaining demand, an aim which had everywhere become a priority among the choices of economic policy.

The systems of limitation introduced during the boom were first made less restrictive and then abolished. The Bank's recommendations at the end of January 1975, apart from organising the partial freeing of the monetary reserve, abolished all restrictions on the granting of export credits and government-subsidised or guaranteed capital investment credits and exempted the opening of other bank credits, but not their use, from limitation; they also established a very favourable expansion norm for the financing of building. At the end of April the Bank did not renew its recommendations, including the obligation imposed on financial intermediaries to invest a certain proportion of their resources in short- and long-term public paper.

The legal measures adopted in August 1974 to limit the proportion of mortgage loans to the market value of the property encumbered were also relaxed in February and then discontinued in May. Likewise, the regulations governing instalment loans were made much less strict in July and September.

The action taken was not confined to the abolition of the earlier restrictions; it also had positive aspects. Thus the liquidity of the money market was increased not only by the freeing of the monetary reserve but also by several raisings of the rediscount ceilings. Some of these increases were granted to the banks temporarily, from 1st November, in direct proportion to the degree of utilisation of its ceiling by each institution; the

object of this selective measure, adopted in favour of the banks which have relatively most recourse to rediscounting, was to accentuate the decline in debtor interest rates.

One of the means available to the Bank for bringing down the cost of short-term credit was, indeed, to make refinancing by the financial intermediaries less expensive; the raisings of the rediscount ceilings contributed to this, as did also the increases in the quotas for advances granted at the basic rate. In February and April, with the same aim in view, the Bank revised the conditions governing recourse to rediscounting so as to enable the ceilings to be used at more favourable rates.

Furthermore, the scales of the Bank's rates were lowered several times. The discount rate was reduced from 8.75 to 6 p.c. in five stages and that for advances from 9.50 to 6 p.c.; the special penalty rates which had been applied to certain refinancing transactions during 1974 were less used. Altogether, the average rate for the funds actually made available by the Bank to the money market, taking into account the relative importance of the various forms of these interventions, was brought down by about 3.50 p.c. between the middle of 1974 and the last quarter of 1975.

This reduction in the cost of recourse to the Bank and, more still, the easier conditions created by the latter in the money market, enabled the Rediscount and Guarantee Institute to lower all its rates substantially.

These measures by the monetary authorities and, at least as much, the persuasive effect which they exerted at the same time as the Government, helped to maintain, if not to bring about, the downward movement of the rates for bank credits. This movement was not less great than if the banks had still been contractually fixing the terms for their own credits with reference to the Bank's rates for discounts and advances. The abandonment of this automatic link, decided upon at the end of 1973 at the Bank's request, proved to be just as warranted in a period of declining rates as at the time when they were rising sharply. For the « mechanical » repercussion of a lowering of the official rates on the cost of bank resources has greatly decreased since these resources have only been derived to a quite secondary extent from recourse to rediscounting

at the Bank or the Rediscount Guarantee Institute; furthermore, during recent years, the market has primarily sold foreign exchange to the Bank in order to obtain the additional supply of notes demanded by the public. Altogether, the liabilities which form, at the banks, the counterpart of their domestic financing operations in Belgian francs consist mainly of financial savings held by enterprises and households; the average rates paid on these savings, plus a margin representing the gross remuneration of the intermediary function, influence the determination of the minimum level of the cost of credit. Now when endeavouring to attract the cash holdings of enterprises, banks cannot ignore the terms offered for these funds on the very large foreign and international markets with which they are increasingly in competition. Similarly, when it comes to attracting the savings of households, the banks must bear in mind the fact that these can assume different forms; this mass of financial assets is spread among the whole complex of financial intermediaries; its composition changes, more than expected, depending on the relationships between the interest rates allowed on each category; each group of financial intermediaries tries to ensure that a change in the scale of rates shall not be large enough to bring about a substantial shift in the public's investments which would deprive it of resources; the differentials between the various rates are nowadays established much less as a result of competitive conditions than by consultation in a Committee presided over by the Governor of the Bank; this process, departing from the automatic mechanisms of the market economy, doubtless has the ultimate effect of reducing the extent of the fluctuations in the total remuneration paid on the funds obtained and, certainly, of lessening the variations in the differentials between the various rates; however these arrangements should not be allowed to create rigidities in the rate scales.

With regard to debtor rates, the decline in the rates for short-term credits granted by banks was substantial in 1975 : their weighted average was down, at the end of the third quarter, to less than two-thirds of the 1974 maximum. The fall was so large because the level reached in 1974 had been exceptionally high, actually in accordance with the Bank's wishes, because the remuneration on « large deposits » was considerably

less high and because the Bank's action not only made possible but accentuated the effects of these factors. The rates for ordinary overdrafts declined less than those for discount credits, which are more sensitive than the former to money market conditions, and than those for straight loans, for which competition between banks is keen; this trend was unfair to those enterprises which have difficulty in obtaining the less expensive forms of financing owing to their type of activity, their size or their method of management; consequently, when the Bank last lowered its rates, it asked that the reductions should preferably be used, as far as possible, to lighten the burden of the most expensive forms of credit.

With regard to the interest rates applied to medium- and long-term credits, their reduction was less marked than that in short-term rates, as their previous rise had also been. The decline reached its limits when the financial intermediaries were no longer able to reduce the remuneration allowed on long-term resources. For the attitude of investors changed under the influence, on the one hand, of the persistence of domestic inflation at a still very high level and, on the other hand, of the changes in trend abroad, where the slow crumbling of long-term rates had given way to an incipient rise.

It would have been difficult for the Bank to force all the money- and capital-market rates down further by creating more liquidity on the money market; for the reaction of savers, anticipating a raising of the rates, appeared to be fundamental and was reflected particularly in a preference, reappearing towards the middle of the year, for more liquid investments. Furthermore and above all, such a policy was appearing increasingly ill-timed : the recent trend of short-term rates abroad suggested that liquidity made available to the market would serve more as a vehicle for outflows of funds than as an instrument for pushing down rates.

The constraints to which a dependent economy is subject restrict the scope for action, and that available to the Bank was further narrowed by the obvious fact that Belgian prices were still rising more than those of several of the country's major trading partners. Further attempts to change interest rate relationships would thus have caused shifts of funds to foreign countries, including in the form of changes in the timing of

payments, and would thus have weakened the position of the Belgian franc on the foreign exchange market. The prospect of losing foreign exchange reserves by supporting the franc in relation to the European currencies to which it is tied by a system of fixed exchange rates did not worry the Bank at all. What could be feared, in the difficult circumstances of the moment, was that weakness of the franc would cause a speculative movement against it which might go so far as to endanger its maintenance within the « snake ». Now any rise in the rates for foreign currencies would immediately be reflected in an increase in the prices, in francs, of all those producer and consumer goods which have to be imported; in view of the actual price-formation mechanisms in Belgium, it was to be feared that this movement would spread to the consumer and that then, owing to the index-linking of many incomes and the conditions of formation of others, this rise in the cost of living would quickly lead to a new increase in costs; the advantage conferred on exports by the relative depreciation of the franc would then be largely, if not completely, offset by this permanent rise in costs; other elements might further aggravate the effect of the upward-pushing factors, so that the depreciation would ultimately prove to be a handicap to exporters.

The Bank therefore did not consider it desirable to pursue a still more vigorous policy of lowering creditor rates. The level at which these stabilised during the last months of the year is undoubtedly higher than in previous cyclical troughs. But such a comparison makes rather too great a concession to the monetary illusion; it overlooks the real aspect of the data. If the nominal rates are adjusted to allow for the rise in prices at the various times, it becomes evident that they remained singularly low in 1975. The same applies to debtor rates.

All the same, if it is true that monetary policy can only be an adjunct to overall economic policy during a period of overheating, when it is able to make use of two instruments — interest rates and the possibilities of access to credit — it is even more certain that the means at its disposal are not very effective for putting an end to stagnation. At such a time only management of rates can still have some repercussions. And even these are often less powerful than the effects of the economic climate,

which discourages spending by individuals and enterprises. Thus the fluctuations of most exports of goods and services are mainly due to factors quite different from rates : these exports have suffered from the fact that, in many foreign countries, the decline in domestic demand has often set in earlier and been more pronounced than in Belgium. Likewise, in their decisions to invest in fixed assets, enterprises react more to the demand prospects for their products and the latter's costs and prices than to interest rate stimuli; however, management of these rates, generally coupled with a system of subsidies, can play a useful part in speeding up the rate of execution of current programmes or facilitating capital expenditure on rationalisation. During the past two years, variations in stocks cannot be explained by the movements of rates either, since, on the contrary, they have been parallel with these. As for those enterprises whose financial situation has worsened, these have to finance their losses, however much it costs. Generally speaking, the lowering of rates contributes less to making a firm decide on expenditure to stimulate a revival in business than to easing its financial burdens and restoring some of its profitability; this means, in some cases, a lessening of the danger of bankruptcy but it also means, in other cases, making it easier to gamble on a rise in prices. With regard to expenditure on private consumption and house-building, this is affected in both cases by socio-psychological factors, by income and by employment prospects and also by price expectations, much more than by the current level of interest rates; the latter does, however, exert a certain influence on building decisions and, more still, on the timing of the implementation of these decisions, although to some extent this influence is reduced by tax advantages.

Whereas, in 1975, households and enterprises combined had a nominally higher financial surplus than in 1974, the public authorities' financial deficit, on the other hand, increased very considerably. The former served to finance the latter. It looks as if the financial data adjust themselves correctly to economic requirements, since the slowing-down of the expansion, or even falling-off, in private expenditure is

Determining factors of the management of Government finances.

compensated for by an acceleration of the expansion of Government expenditure.

Actually, however, the counter-cyclical orientation of the management of the public finances was only partly due to deliberate design. The adjustments in expenditure are not only the result of conscious decisions and the operation of built-in stabilisers which are to be set in motion by deflationary impulses; they are just as much the result of continuing inflation. For if the rise in certain current outlays consisting of social benefits is automatic during a period of under-employment, and if capital outlays have been decided upon for counter-cyclical reasons, on the other hand it is primarily inflation that has brought about the faster growth in personnel expenditure, in certain income transfers and in purchases of non-durable goods; as for the increase in interest charges on the public debt, this is mainly attributable to the rise in rates in recent years. On the revenue side, several categories of taxes have obviously been hit by the effect of the recession on the tax base, and their proceeds have risen relatively little; but, on the other hand, the amounts levied in respect of the preliminary income tax have undergone a further substantial increase, owing to the combined effect of inflation and the automatic operation of the progressivity of the tax scales. Altogether, as the net result of a set of forces differing in their origins as much as in their effects, the execution of the budget gave rise to a deficit of some Fr. 103 billion for 1975, against Fr. 58 billion in 1974; the growth from one year to the other, which took place despite the inflation, may have exerted a counter-cyclical influence on expenditure, but it also helped to sustain the rise in prices.

For the public sector as a whole, the deficit to be financed increased less rapidly : from about Fr. 80 billion in 1974 it rose in 1975 to about Fr. 130 billion, or 5.5 p.c. of the gross national product. This percentage is in no way excessive if compared with that reached in other European countries; measured by comparable standards, the public-sector deficit in 1975 represented about 10 p.c. of the national product in the United Kingdom, 7 p.c. in the Federal Republic of Germany, 6 p.c. in Denmark and 4 p.c. in the Netherlands. But, going back further, international

comparison proves less favourable to Belgium : during the boom years this country tolerated a larger public-sector deficit than in other countries; this deficit is moreover permanent and its image as a counter-cyclical instrument is due to the fact that it increases during periods of slackening economic activity. Furthermore, the rate of the continuous but imperfectly controlled growth in public expenditure has been for a long time now well above that in the national income, whatever the state of economic activity.

It is clear that, for many years, the rationality of the management of the public finances has been open to question. In stating this, the Bank is not intending to take sides, because it is fully aware that responsibility for making choices lies with the political authorities and, beyond them, ultimately with the body of citizens as a whole. But, by virtue of the functions entrusted to it, it is in duty bound to envisage the repercussions which decisions, inevitably influenced by political constraints, can have on the whole of the national economy, whose health, in itself and in relation to others, is reflected in the value of the currency.

The last decades have been marked by the continuous pressure of the demands being made. Put forward by all sections of society, by all shades of opinion and by the press which reflect them, just as much as by enterprises and institutions of all shapes and sizes, these demands relate to community expenditure; its expansion is called for, in various forms, at the level of the central Government or of the various local authorities. And it is so easy for everyone, making a virtue of orthodoxy, to resort to a pharisaical line of argument in order to denounce those excessive public expenditures which are undertaken in favour of others and to demand the raising of those taxes which affect others, while, conversely, justifying by the best possible reasons the necessary or desirable increase in the public expenditures by which this « everyone » himself benefits. In his case, the quality of the benefits provided free of charge by the State is never good enough; if he benefits by them, the number of exceptions, although entailing heavy administrative and supervisory expenses, made to the general regulations in all administrative matters is never excessive; the public sector has never been wrong to create too many jobs, if he is asking

for them; the transfers of income and capital which are made in his favour, directly or indirectly, by the community, represented by the public authorities, are not enough if he is the beneficiary as an individual or the owner or head of an enterprise, and whether it be with regard to health, exports, sport, building, research, agriculture, leisure, transport, culture, regional development, the family or sectoral policy. Every demand is legitimate and every rejection scandalous. The political authorities, harassed, threatened, trim a little off here and there and, to reduce the sum-total, spread the burdens between the municipality, the urban district, the province, the region, semi-governmental institutions and the central Government.

It will no doubt be pointed out, quite rightly, that public investment is of undisputed utility, that public consumption often represents, from a qualitative point of view, a better allocation of resources than many kinds of private consumption and that the main income transfers are socially justified; that, furthermore, useless duplications and many other sources of inefficiency are not the regrettable prerogative of the public sector. But in any case the fact remains that the sum total of that sector's expenditure has to be met. Covering this expenditure entails changes in the structure of production and, as its counterpart, in the allocation of the factors of production. The financial data which are the expression of these changes are merely the outward manifestation. There is no point in trying to dodge these financial requirements by expedients : these do not change the fundamental reality. If the redistribution of the available resources is to be carried out completely openly, the final instrument for this must obviously be taxation; otherwise inflation will blindly bring about the new distributions by eroding many forms of income and property in favour of others.

For some years the burden of taxation has partly been increasing surreptitiously, precisely owing to inflation. Despite the index-linking of the lowest portions of taxable incomes, the progressivity of the tax has increased the contribution, in terms of constant prices, of individuals; similarly, that of enterprises has grown insofar as the real value of the depreciations deductible from taxable profits has been reduced. But

this growth in tax burdens has not been sufficient to keep pace with the explosive increase in expenditure : the public authorities have even been obliged openly to introduce new rates.

In relation to the national income, the fiscal burden, including social security, was smaller in Belgium in 1972 than in the neighbouring countries and most of those in Northern Europe; its particularly rapid increase in that country in the preceding years was due to a sort of catching-up. But the fact remains that tax burdens are badly received in Belgium; they are looked upon as robbery; for are not public benefits gratis and cannot the directions in which income transfers are made always be disputed on the basis of individual scales of values? When it levies taxes, the State is defined by everyone as being the others. The individual invokes the community when it comes to receiving, but is opposed to it when it comes to contributing.

Admittedly it is particularly difficult to discern just where the threshold lies beyond which overall taxation becomes excessive owing to its harmful effects. But it is not reasonable, either, just to hope that the next step will not be the fatal one. It is also true that no catastrophe has yet been caused, either in Belgium or elsewhere, by the overstepping of this threshold, although it has been frequently predicted. But, in the economic field, thresholds are crossed without total disaster : sudden reversals are rare and it is by slow, almost imperceptible and scattered deteriorations that disorganisations take place. Already the burden of taxation is creating little-understood discrepancies between the gross earnings of employees, felt as a burden by employers, and the same net earnings regarded by the employees as the remuneration for their cooperation; these discrepancies lead to wage demands. The burden of taxation also becomes a price-increasing factor, by widening the margins between the price of the product as an element in the producer's turnover and the price of the same product as an element in the consumer's expenditure. It creates distortions between net incomes, depending upon whether the recipients have to make their contribution to meeting the community's burdens in accordance with the established rules or whether they lighten it by every possible kind of fraud; the enormous advantages of these practices are making them

increasingly common, despite costly administrative controls, even among persons of good character. These types of behaviour are not excusable, even if they mitigate the probable repercussions of heavier taxation on initiative, proficiency, innovation — that is, ultimately, on productivity and the supply of goods and services; in this connection it is obviously extremely difficult formally to prove that the compression of a given income scale weakens the will to produce more and better; but it is likely that the former is not without effect on the latter.

Furthermore, it is becoming increasingly clear that with the present level of overall taxation, both direct and indirect, any increase in tax has the effect of accentuating both inflationary price rises and deflationary declines in demand. For in fact, during a period of intense boom, enterprises, self-employed persons and wage and salary earners, encouraged by the inelasticity of demand and a labour shortage, tend to pass on the burdens of higher taxes, the first two downwards, by raising their prices, and the latter upwards, by demanding increases in their gross pay; conversely, during a period of recession, the slackening of demand and uncertainty about employment impede this continuous passing-on of the tax burden : consequently the taxpayer is more sensitive to the curtailment of his purchasing power, and this affects his spending decisions. If a dichotomic development leads to the simultaneous occurrence, in a country, of impulses of price inflation and demand deflation, as is the case in Belgium, the heavier burden of taxation helps to aggravate the two coexisting evils.

In 1975 it was possible for the Treasury deficit to be financed without difficulty because the supply of funds remained ample in relation to demand from enterprises and households. But recourse to borrowing only offers a temporary way of avoiding taxation : sooner or later, the burdens of the debt have to be met by taxes. Even after their real weight has been imperceptibly lightened by inflation, they absorb a large amount of current revenue : the central Government's debt is equivalent to nearly half the gross national product and its interest service alone required some Fr. 65 billion in 1975; this amount was greater than that of the investments of the Government and the Road Fund; it is thus necessary to take

simultaneously from the income of one and the same year the borrowed funds to finance the new investments and the taxes to pay the interest on the loans for earlier investments.

There can be no indebtedness, public or private, without direct or indirect counterparts in the form of financial assets. A fairly stable proportion of these consists of cash holdings. Thus, part of the growth in the Government debt is matched by an increase in the short-term liabilities of the monetary institutions, that is, a creation of liquidity : this helps to finance the Treasury. The process is as justified for the expenditure of the public authorities as it is for private expenditure, insofar as these outlays help to increase the volume of the national product, but only to that extent. It is mainly through subscriptions to long-term bonds by banks that this monetary financing of the Government has taken place in recent years. However, short-term public-debt securities are also held with the institutions participating in the money market; thus the development of the relationships between supply and demand in this market may necessitate the transfer of holdings of short-term public paper to the central bank.

In another case, redemption of the floating debt is unexpectedly demanded; safeguarding of the Government's credit then imposes on the Bank special obligations to assist the Treasury; this assistance can only be very temporary and therefore in no way absolves the Treasury administration of its duty to keep a proper watch on the structure of the debt; in exceptional circumstances the Bank can, it is true, ward off this danger of net repayments by making use of its powers to prevent the financial intermediaries from reducing, without unassailable economic reasons, the assistance which they normally give to the Government.

The Bank's participation in the financing of a Treasury deficit resulting from the execution of the current budget raises quite different problems. It takes place when this deficit is too large to be covered by the issuing of long-term loans, even if the Government has made the possible adjustments to the rates offered to subscribers and when, furthermore, its efforts to place short-term paper have failed owing to the inadequate supply of funds on the money market. The Treasury has recourse to the Bank, which is

the lender of last resort for it as it is for the banks. Now the size of the deficit may be excessive in view of the essential equilibria, either in any case or because no steps have been taken to organise the meeting of the Government's expenditure by establishing with absolute clarity an order of priority which takes account both of the volume of available savings and of the essential financial requirements of the other sectors. In this situation, recourse by the Government to the Bank is a factor of inflation and can only be explained by the tendency to look for an easy way out, particularly as the interventions of a central bank, unlike those of other institutions, have as their corollary, all other things being equal, an automatic widening of the credit base.

It is admittedly the Government's responsibility to ensure that the budget, an official act approved by Parliament, is implemented. It has many ways of forcing the Bank to create francs in favour of the Treasury, and thus of evading limits fixed by the conventions, to which the legislator wished to give a public character. These limits have in the past been exceeded indirectly by sales of foreign currencies which the Government borrowed abroad, or by various transactions carried out via the domestic money market, which have been described in earlier Reports. These conventional limits, criticised as being too rigid by some and too ineffective by others, nevertheless still retain their usefulness. For too many problems are seen solely from the financial angle and therefore their solution might appear, quite wrongly, to be within reach if a lax monetary policy permitted recourse at any time and without limit to the central bank. There would be a very great danger of such recourse being excessive, owing to the mentalities, lines of behaviour and modes of operation of institutions. That is why the Bank has regarded the imperfect system whereby temporary palliatives help the Treasury to tide over its most difficult maturity dates as a lesser evil; at least this does not finally dispense the Government from the need to put its house in order.

The Bank considers, however, that it would be preferable for the Treasury's requirements to be met henceforth by a uniform method of recourse to the money market, with its own assistance and in full agreement with its interest rate policy, which is in fact adopted with the Government's

assent. With this intention it made certain proposals; these were approved by the Superior Finance Council; they are still under discussion.

According to the present estimates, the public authorities' financial requirements will increase substantially in 1976, particularly as a large proportion of the substantial capital expenditure commitments undertaken by the authorities in 1975 to keep up demand will lead to payments during the following year. Meeting of the overall deficit might entail more difficulties than during the year under review. For in fact the amount of funds flowing into the markets might be relatively smaller; it will in any case encounter a private demand which will be all the stronger because economic activity will be reviving. Furthermore, there is a danger that the tensions on the domestic money and capital markets will be made more acute by developments abroad, reflected more particularly in the movement of interest rates in the large countries where economic trends are ahead of those of the Belgian economy.

The crisis,
employment and
inflation.

Financial imbalances prompt greater recourse to the creation of money. To justify this, some — especially the public authorities — invoke their obligation to meet their previously assumed liabilities, while others point to the advisability of curbing the rise in interest rates so as not to jeopardise the recovery. And yet, in such circumstances the mass of existing liquidity accumulated during the depression is already spontaneously tending to become more active again; therefore those responsible for monetary policy must show particular restraint with regard to any unhealthy growth in this mass of liquidity. Anticipating the danger of a rapid activation of available funds, the Government, in its message to Parliament concerning its policy of economic revival last October, did in fact call upon the monetary authorities to keep a particularly close watch on the trend and use of the at present very ample liquid resources.

This concern is justified, because the rate of price inflation still remains high in Belgium and because all information — including that from the Bank's inquiries — points to a continuation, or even an accentuation, of the rises.

The strengthening of demand could serve as a springboard for these, without however being sufficient to produce all the jobs hoped for. All the indications agree : they confirm that the recovery in activity will not easily put an end to the unemployment. The reduction in the work-forces in industry in general and in services was not as great as it could have been. Furthermore, while improvement of productivity is the condition for the maintenance of the existing jobs and the subsequent creation of new ones, the rationalisation pressures which it imposes on firms have the immediate effect of reducing personnel requirements. Or again, it is the lack of growth in the population which hinders the expansion of consumption of many personal services. Admittedly the shortening of working hours which is taking place by the reduction of the average working life, by the granting of additional holidays or by a lessening of the hours worked per week is, conversely, a source of creation of jobs; but this shortening has the effect of pushing up unit costs; furthermore, it creates jobs mainly in the activities where the labour factor is essential and where the advance in productivity is thus smallest and, consequently, it further accentuates the inflationary process due to the shift of the working population into the tertiary sectors; this shortening of working hours therefore cannot possibly be allowed to continue at an excessive rate in comparison with other countries.

If it is confirmed that a relatively large amount of unemployment persists after the trough of the business cycle has been passed, the problem of employment will be revealed as being of a special nature. In any case it is doubtful whether its origins and implications are at present being examined with complete clarity. It would seem that there is a fear of running counter to stereotyped social and mental attitudes, such as the maintenance of a hierarchy of incomes which ignores the burdens of certain manual jobs, while a deep-rooted prejudice lends attractiveness, at all levels, to the so-called « intellectual » occupations. Obvious contradictions should, however, reveal the existence of radical defects : for instance, the fact that the worsening of unemployment has not eliminated the necessity of still recruiting foreign labour for the performance of certain tasks.

The chances of development of some parts of the production apparatus, more particularly those of the most traditional activities, are increasingly often questioned; the difficulties of old industrial areas and those of certain sectors call for thought as to the consequences of international shifts for the future of an open economy. True, the first necessity is to maintain and perfect what already exists so as to renew from there. But it would be a defeatist attitude to just turn our backs on the latent problems instead of frankly analysing them without any theoretical preconceptions and without giving preference to those over-simplified and monolithic explanations of which all shades of opinion are so fond. The task is all the more urgent because big foreign companies are no longer showing the same enthusiasm for investing in Belgium as they did in the sixties. Much more than then, the country will have to display its own creative imagination when it comes to developing a new range of industrial and commercial activities.

If the art of politics no longer consists of making possible what is necessary, preference will be given to reassuring remedies. Recourse will be had to outdated patterns of economic policy : the growth in overall demand should be stimulated without any restriction until full employment is achieved.

In reality, such a line of conduct, disregarding sectoral disequilibria, would be a rejection of the lessons of recent events. Inflation would only be intensified by it, once the partial bottlenecks which temporarily block the growth in essential elements of supply were reached.

Now the harm done by inflation has not been properly understood. For years inflation was regarded as the lesser evil because it offered solutions which enabled difficult choices to be avoided, solutions which moreover had the advantage of being fairly painless, despite their social injustices. Admittedly, before beginning to worry about the dangers of the process for the economy, people had become aware of its disadvantages. The more astute among the participants in economic life had long ago found loopholes, while the less well-informed or weaker ones were still, until a short time ago, suffering from the dwindling of the real value of their incomes in some cases and, much more often, of their savings; the question of protecting the latter began to be discussed.

None of the corrective measures introduced to safeguard incomes or assets was capable of halting the price rises; on the contrary, many accelerated them. The clearly realised danger of halting growth while attempting to stop inflation led to a preference for the continuance of the phenomenon. It was believed to be a stimulus to spending. But inflation, becoming faster and faster, produced its own corrective effects; it destroyed the expansionary movement.

The way in which this destruction came about is still not properly understood; it appears to have taken place via many channels.

Contributory factors included the rises in the prices of raw materials and basic products; these rises were sudden but inevitable in the short run, owing to the sharp increase in world requirements due to the boom; their effects were accentuated by those of the quadrupling of the price of oil. The transfers of real incomes caused by these upheavals led to demand deflation in the industrialised countries; and the granting of loans in connection with the recycling of the earnings of the oil-producing countries was not capable of automatically making good the shortfall in spending, even though it mitigated its derived effects.

Other contributory factors were the balance of payments difficulties, differing in degree, of the various countries, and also the disordered state of the international monetary system, in which the variations in exchange rates, within a system of managed floating, helped to spread and amplify the price rises, together with the deflationary effects on incomes.

In the sphere of domestic spending, too, inflation produced its own corrective effects. In reaction against earlier excessive speculative purchases, demand for a large volume of producer goods contracted. Consumers slowed down their purchases in terms of volume, either because their real incomes, after tax, increased less or because they saved more in order to reconstitute the real value of their financial assets, or because some of their needs had been saturated by their hasty buying in anticipation of price rises, or because they were hampered by the credit restrictions, or, later, after the initial deteriorations, because the actual or feared loss of jobs forced them to be careful. Similarly again, house-building fell

off after the boom phase. And lastly, capital expenditure by industry also became hesitant when some sectors became fully aware of the growth in world production capacities due to prosperity, at the time when they were noticing that world demand prospects were becoming less favourable; these hesitations subsequently became widespread under the dual influence of the deterioration in demand which was in progress and of the doubts which were arising as to prosperity in the future.

Generally, financial factors also played a part in turning the surging boom into a serious recession. The financial intermediaries, whether operating internationally or on the domestic market, entered on a more difficult period from the point of view of their own liquidity and the solvency of their clients; they displayed greater caution in their lending policy. Interest rates, pushed up everywhere by the spontaneous interplay of market forces and the actions of the authorities, ultimately acted as a brake, imperfect though it was. The first signs of the reversal revealed to many participants in economic life, enterprises or households, the fragility of their financial situation, burdened by the certain weight of the indebtedness incurred during prosperity and overshadowed by the uncertainties as regards future income flows.

Moreover, throughout the world, the counter-inflationary policies being simultaneously pursued owing to synchronism of economic trends produced a cumulation of restrictive repercussions; the countries which were endeavouring to overcome balance of payments difficulties by measures restricting domestic demand no longer had as their counterpart any creditor countries able, for their part, to choose to pursue an expansionary policy : they, too, were caught up in the upheavals of domestic inflation.

Ignored, tolerated or weakly combated, inflation, growing more and more acute, has become rooted in our social life : at its height, it has been the major factor of disorganisation and crisis.

Should it be found that western societies have become incapable of properly guiding economic progress, although this is everywhere called

for because it is the basis of individual well-being, but that their operation on the contrary leads to an alternation of phases of uncontrolled boom followed by recessions for which a heavy social price has to be paid, it would have to be accepted that new, fundamental and serious problems are facing the people of our times and our countries, in our régimes.

In his Christmas message, the King said : « we feel, without always being able to explain it, that this crisis is no mere accident. Whatever interpretation we give to it, it forces us to think about our economic and social system, to ask ourselves whether new ideas do not need to be explored, and whether we must not try something new ».

21st January, 1976.

Economic and financial trend
in 1975

Reference periods :

Unless otherwise indicated, the figures used in this Report to describe the movements from year to year relate, whichever year is concerned, to the same period, i.e. that for which the 1975 data are available.

Conventional signs :

—	The datum does not exist
...	zero or negligible quantity
n.a.	not available
<i>p</i>	provisional
<i>e</i>	estimate
p.c.	per cent

INTERNATIONAL ECONOMIC AND FINANCIAL TREND.

The decline in world activity, which had already been a feature of 1974, was accentuated during the past year, leading to the deepest recession for more than a quarter of a century. This was coupled with a slackening of the rise in prices, which however was still considerable,

Table 1.

GROSS NATIONAL PRODUCT AND EXTERNAL TRADE OF THE MAIN INDUSTRIAL AREAS

	Volume of gross national product (Annual percentage increase)						Balance of trade (Billions of units of account) (1) (*)					
	E.E.C.			United States	Japan	O.E.C.D. countries	E.E.C. (2)			United States (3) (4)	Japan (3)	O.E.C.D. countries (3)
	Original members	New members	Total				Original members	New members	Total			
1970 ...	+5.8	+2.2	+4.9	-0.4	+10.9	+ 3.3	+0.1	- 4.0	- 3.9	+2.7	+ 3.9	+ 3.9
1971 ...	+3.6	+2.6	+3.4	+3.3	+ 7.3	+ 3.8	+1.5	- 3.0	- 1.5	-2.0	+ 7.6	+ 7.2
1972 ...	+4.2	+2.9	+3.9	+6.2	+ 8.7	+ 5.7	+4.2	- 4.3	- 0.1	-5.8	+ 8.2	+ 4.1
1973 ...	+5.4	+5.2	+5.4	+5.9	+10.2	+ 6.1	+5.0	- 8.8	- 3.8	+1.1	+ 3.1	+ 6.5
1974 ...	+2.5	+0.8	+1.9	-2.1	- 1.8	- 0.1	+0.3	-16.1	-15.8	-2.5	+ 1.2	-23.1
1975 . e	-3.1	-2.2	-3.0	-3.0	+ 1.3	- 2.0	+8.7	- 9.3	- 0.6	+9.2	+ 3.8	+ 5.6

(1) The unit of account is equal to 1 United States dollar in 1970, 1.03 dollar in 1971, 1.09 dollar in 1972, 1.19 dollar in 1973, 1.17 dollar in 1974 and 1.20 dollar in 1975. The value of the unit of account in terms of the dollar during the years 1970-1975 has been fixed in such a way that its weighted average in terms of all the currencies of the countries of the European Economic Community, the United States and Japan is, for each year, the same as in 1968.

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

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

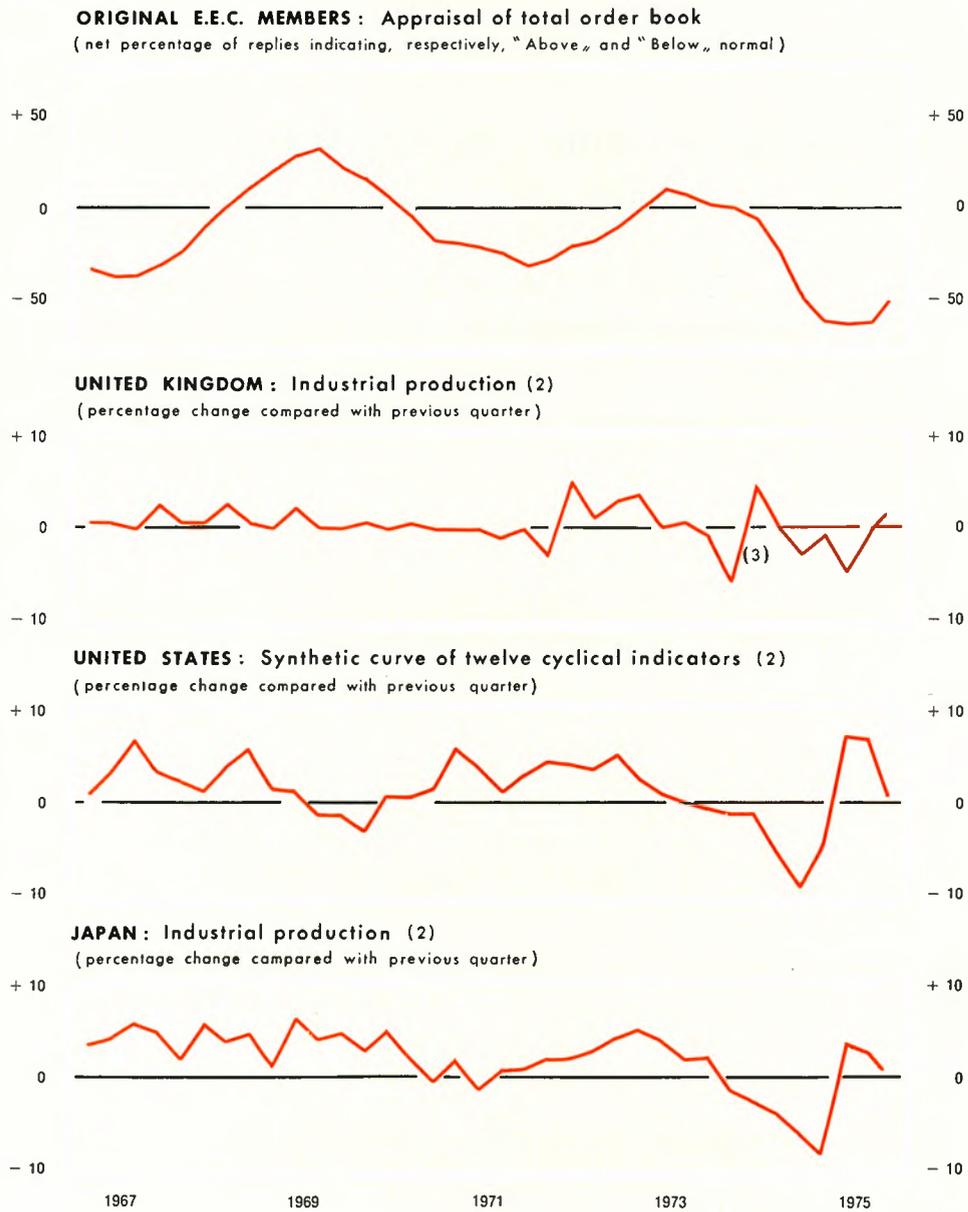
(4) Excluding exports by way of military aid.

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

and with a substantial reduction in the current balance of payments deficit of the developed countries as a whole. In order to support the steadily declining level of employment, the policies pursued after the abandonment

Chart I.

INTERNATIONAL TREND OF ECONOMIC ACTIVITY ⁽¹⁾



Sources : *Original E.E.C. members* : European Economic Community.

United Kingdom : Organisation for Economic Cooperation and Development.

United States : U.S. Department of Commerce.

Japan : Organisation for Economic Cooperation and Development.

(1) Monthly averages per quarter; last period : October 1975 for the United Kingdom and Japan; average for October-November 1975 for the original E.E.C. members and the United States.

(2) Seasonally adjusted.

(3) The data for the first and second quarters are distorted owing to the strikes and the application of the three-day week during the first quarter and the compensatory recovery of production which followed in the second quarter.

of the restrictive measures were aimed, in most of the industrialised countries, at expanding liquidity, exerting a downward pressure on interest rates and giving the public finances an increasingly expansionary effect.

The volume of the gross national product of the member countries of the Organisation for Economic Cooperation and Development as a whole, which had registered zero growth in 1974, decreased by about 2 p.c. owing to the weakening of all the components of final demand except for that from the public authorities. The decline spread via a cumulative reduction in foreign demand and was particularly strikingly reflected in a pronounced contraction of industrial production.

The latter reached its lowest level during the first months; after that there were signs of an incipient recovery due to the impulses from the United States and Japan, where, as shown by Chart 1, sensitive indicators were again moving upwards.

The developments just outlined had far-reaching repercussions, especially on employment, public finance, prices and current balances of payments.

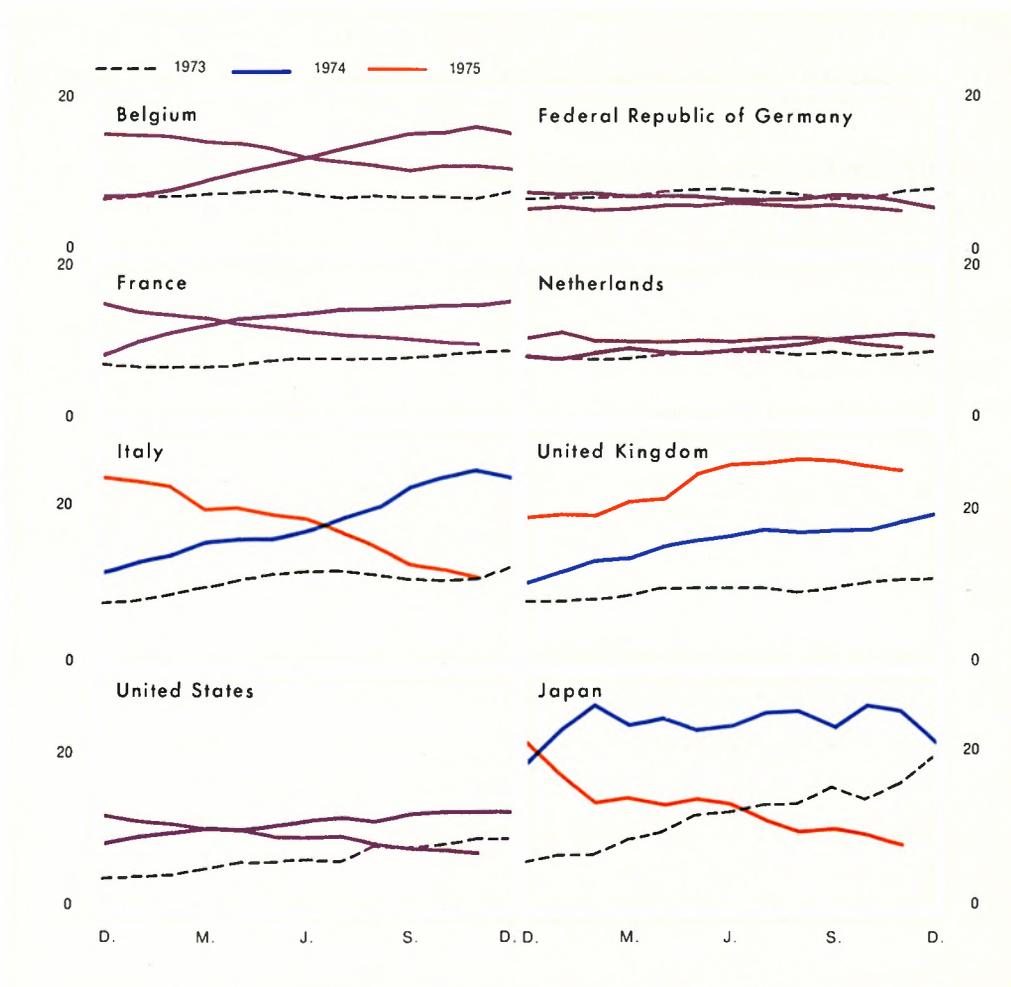
Underemployment rocketed. According to the International Labour Office, the number of registered unemployed in twenty-three affiliated countries, which approximately cover the area of the Organisation for Economic Cooperation and Development, increased between September 1974 and September 1975 by 53 p.c., climbing to 17.1 million, which is said to be the highest figure in the past forty years. No doubt other forms of underemployment which are not recorded as actual unemployment also increased greatly.

In order to combat this disquieting trend, Governments resorted increasingly to the instruments of budgetary policy, namely tax reductions and/or programmes of additional expenditure. Since, furthermore, after the usual time-lag, the built-in stabilisers produced their full effect during the past year, public finances were characterised almost everywhere by a large financial deficit. Covering this did not generally create any serious problems but, in any case during the second half of the year, it

Chart 2.

CONSUMER PRICES (1)

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



(1) Sources : Belgium : Ministry for Economic Affairs. Federal Republic of Germany : Federal Statistical Office. France : National Institute for Statistics and Economic Research. Netherlands : Central Bureau of Statistics. Italy : Central Statistical Institute. United Kingdom : Ministry of Labour. United States : U.S. Department of Labor. Japan : Prime Minister's Office.

acted as a factor pushing up long-term interest rates, in view of the reluctance felt at that time by many savers with regard to investment in bonds.

There was a slowing-down in the price trend : as will be seen from Chart 2, the rate of rise of consumer prices slowed down considerably during the year in most countries; the main exceptions in this respect were the United Kingdom, where the rise became still faster, and the Federal Republic of Germany, which had remained unaffected by the previous quickening.

This slowing-down of the rise in consumer prices was partly due to the curbing of the increase in wholesale prices, which was itself connected with the trend of world wholesale prices for raw materials and basic products. As reflected by the index of the « Hamburgisches Welt-Wirtschafts-Archiv », these world prices fell by 14 p.c. in 1975, owing to the decline registered for products for use as food; for products for industrial use the decrease was confined to 1 p.c. and applied only to those for use by the industries making capital goods, especially iron and steel products.

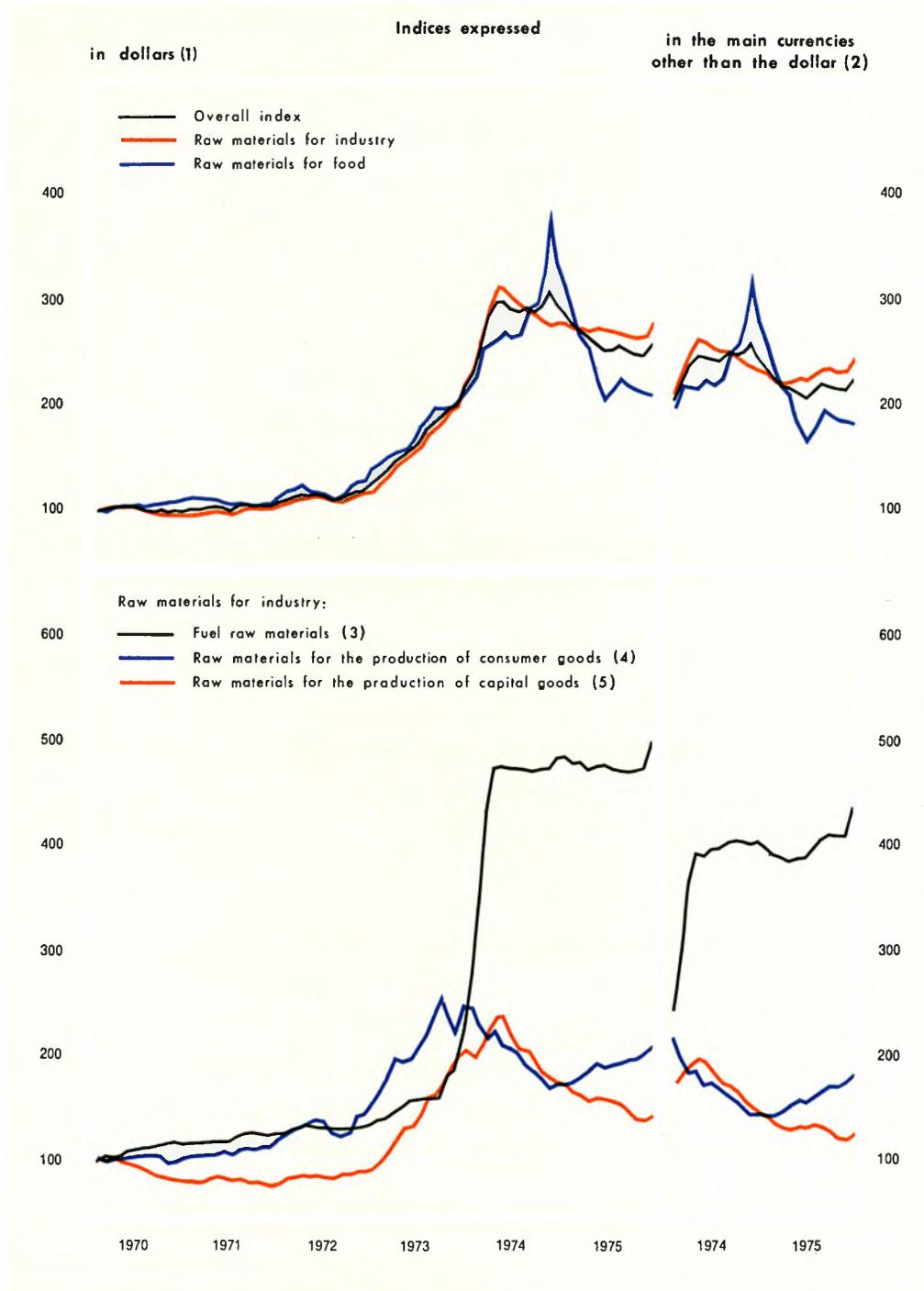
The slump also had a far-reaching effect on balances of current transactions. For the member countries of the Organisation for Economic Cooperation and Development as a whole, the trade deficit of about \$ 27 billion registered in 1974 was replaced by a surplus estimated at about \$ 6 billion. This turn-round was due to a substantial contraction in the volume of imports coupled with an increase in the volume of exports to the oil-exporting countries and an improvement in the terms of trade, resulting from the decline in the prices of raw material imports combined with the continuance of the rise in the prices of manufactured products.

Taking into account the increased overall deficit in respect of other current transactions, the negative current account balance of the same group of countries would appear to have been finally reduced from over \$ 33 billion in 1974 to about \$ 6 billion. The reduction was mainly attributable to the improvement achieved by countries which had suffered heavy deficits in 1974, particularly the United Kingdom, Italy, France and Japan, together with the large surplus achieved by the United States.

These changes which took place in the field of current transactions affected the direction of capital movements between industrialised

Chart 3.

WORLD PRICES
(Indices, first quarter 1970 = 100)



(1) Source : Index der Weltmarktpreise des Hamburg'schen Welt-Wirtschafts-Archivs.
 (2) Indices expressed in dollars \times index of the average weighted rate for the dollar as shown in Chart 4, divided by 100.
 (3) Coal and its derivatives, petroleum and its derivatives.
 (4) Textiles, hides and skins, cellulose.
 (5) Wood, rubber, iron and steel, non-ferrous metals.

countries. Furthermore, decisions to undertake capital transactions were influenced by developments as regards interest rates.

During the early months of the year, short-term interest rates were simultaneously moving downwards in the money markets of the main countries. As short-term yields in the United States and the Federal Republic of Germany were at that time if anything lower than those offered in other centres, funds tended to flow away from these two countries. Towards the middle of the year, short-term rates began to rise in the United States, owing to the revival of economic activity and, above all, to a rather less liberal policy on the part of the monetary authorities, concerned to keep the expansion of the monetary aggregates in check. On the other hand, most of the other countries continued to pursue their cheap money policy, making investments in dollars increasingly attractive.

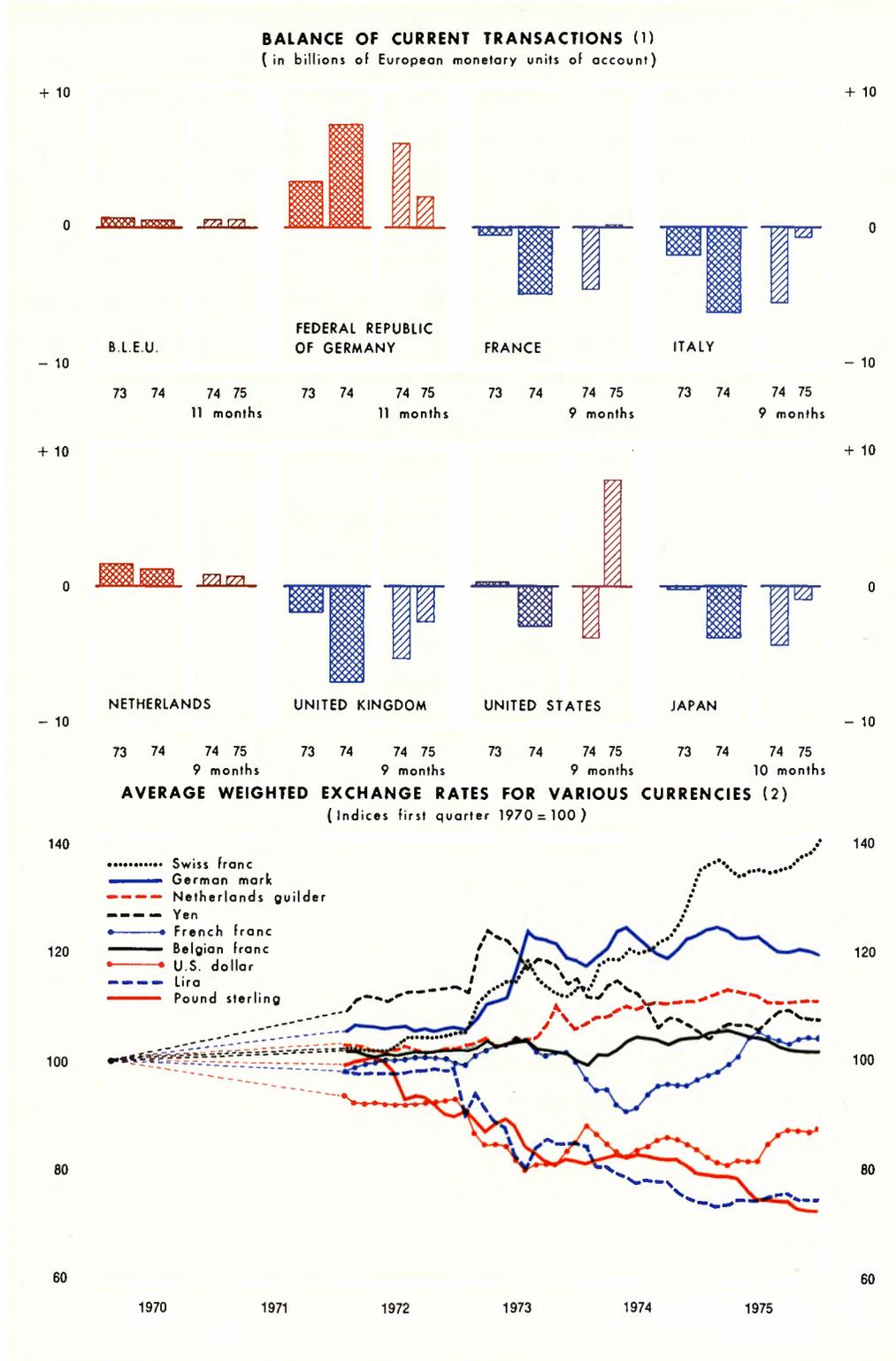
The developments described above were reflected in the trend of exchange rates. The weighted rate for the dollar weakened in the first half-year, but this decline was more than offset in the third quarter, owing to the trend of rates described above and the substantial surplus of the United States' balance of current transactions. During the last months of the year the rate disparities lessened somewhat and the strengthening of the dollar ceased. The German mark and, above all, the pound sterling were weak throughout the year, the former owing to the low level of short-term rates in the Federal Republic of Germany and the reduction in that country's current surplus and the latter owing to the trade deficit and the large price rises in the United Kingdom.

In the system of managed floating which continued to prevail, the afore-mentioned trends of exchange rates prompted regulating interventions designed, on the whole, to support the dollar rate during the first half and last quarter of the year and to check the rise of that currency during the third quarter.

The position of the non-oil-exporting developing countries became worse still. Their growth was adversely affected by the recession and inflation in the industrialised world, causing a decline in the volume and

Chart 4.

BALANCE OF CURRENT TRANSACTIONS AND EXCHANGE RATES



(1) Source : Statistical Office of the European Communities.

(2) Source : Organisation for Economic Cooperation and Development.

value of their exports and a further rise in the cost of their imports; consequently, their overall deficit on current transactions increased by nearly \$ 10 billion to over \$ 25 billion. On the other hand, the growth in the oil-producing and exporting countries accelerated, as was shown by the marked expansion in their imports; as the decline in the volume of their exports was partly offset by a rise in their unit values, these countries still benefited by a large surplus in respect of current transactions, of over \$ 40 billion, as against about \$ 67 billion in 1974.

With regard to **international cooperation**, mention may be made first of all of some lines of action designed to implement decisions adopted in connection with the oil crisis. Thus, the « oil facility » created in 1974 by the International Monetary Fund was renewed and expanded. In order to reduce the burden of the loans for the most seriously affected countries obliged to resort to this special credit facility, this was coupled with a « subsidy account » for the purpose of subsequently enabling interest subsidies to be granted.

Furthermore, at the instigation of the Organisation for Economic Cooperation and Development, an agreement was concluded in April in Paris on the creation of a support fund amounting to 20 billion special drawing rights; this is regarded as an additional credit facility of which all member countries could avail themselves in exceptional circumstances.

For their part, the oil-exporting countries established a fund of \$ 1 billion for the granting of interest-free loans to less developed countries.

Lastly, a conference on international economic cooperation, referred to as the « North-South Dialogue », opened in December in Paris; it was decided that the work should be continued in four committees which will be responsible for dealing with, respectively, energy, raw materials, development and financial questions, including that of the organisation of the international monetary system.

Secondly, there was the coordination of the policies to be put into effect by the various countries in order to combat the international

economic crisis, which was one of the major preoccupations of the past year. It was the subject of many exchanges of views at various meetings between representatives of Governments and of central banks.

Furthermore, the Interim Committee of the International Monetary Fund reached agreement on the raising by 32.5 p.c. of the total of the quotas of the Fund's member countries, which will thus be increased to 39 billion special drawing rights, it being agreed that the share of the oil-exporting countries would be doubled and that that of the less developed non-oil-exporting countries would remain unchanged. The agreement also provides, owing to the proposed abolition of the official price of gold, for adjustments to the methods of payment of the increase : the proportion of 25 p.c. to be paid in gold according to the present rules could be paid in special drawing rights, currencies of certain other members, subject to their agreement, or in the national currency.

As a contribution to the preparation of a complete set of amendments concerning gold, the Fund's Interim Committee adopted some basic principles, namely the abolition of the official price of gold, the abandonment of any obligation to use gold in transactions with the Fund, the sale of one-sixth of its gold for the benefit of the less developed countries and the return of another portion of one-sixth to the member countries.

In order to make a start on the implementation of these directives, the member countries of the Group of Ten agreed that, for an initial period of two years, they would not take any action to fix the price of gold and that the total gold stock at present held by their monetary authorities and by the International Monetary Fund would not be increased.

Most of the matters mentioned above — counter-cyclical policies, energy, international trade, the problems of the less developed countries, the international monetary system — were discussed once more at the Rambouillet « summit » attended by, apart from France, the United States, the Federal Republic of Germany, Japan, the United Kingdom and Italy.

EUROPEAN COMMUNITIES.

European integration made hardly any progress of note during the year. Certain facts, however, are worthy of mention; they concern monetary cooperation, regional and energy policies, relations with developing countries and the efforts towards a political organisation of the Community.

In the monetary sphere, the central banks of the Community and those associated with the Community foreign exchange system agreed in March to adopt a more active policy on the foreign exchange markets by endeavouring to prevent excessively large day-to-day fluctuations in the rate for the dollar. Indirectly this policy perhaps helped to improve the convergence of the currencies of the European « snake », but it also reduced, to the benefit of the dollar, the part played by European currencies as instruments of intervention.

On 8th July adjustments were made to the methods of operation of the European Monetary Cooperation Fund, more particularly as regards the duration of very short-term financing and the composition of the payments; firstly, the settlement date for the financing, hitherto fixed at the end of the month following that of the intervention, can henceforth be postponed unconditionally by three months at the debtor's request; secondly, the gold reserves are no longer taken into account for determining the proportion in which the various reserve components are to be included in the payment.

The French franc resumed, from 10th July, its position in the Community foreign exchange system, which it had temporarily left in January 1974.

A new unit of account was adopted on 18th March for the accounts of the European Investment Bank, on 21st April for the aid granted by the European Development Fund and on 18th December for the European Coal and Steel Community. The value of this unit — defined by a « basket » of currencies — is equal to the sum of fixed amounts of the

nine national currencies, calculated with the aid of weighting coefficients based on the gross national product of each member country and the trade of that country with the European members of the Organisation for Economic Cooperation and Development ⁽¹⁾. Its conversion into national currencies is calculated daily on the basis of the exchange rates for these.

In order to be able to pursue a regional policy at Community level, the Council set up on 18th March a European Regional Development Fund which has 1,300 million units of account at its disposal for the first three years and is intended to grant, by decisions of the Commission, subsidies, additional to those of the States, for capital investment in industry, crafts, services and infrastructures forming part of a regional development programme. A Regional Policy Committee was set up at the same time; this is a consultative body composed of representatives of the Commission and the member countries which is to act as an adviser to the Community and national authorities responsible for regional policy.

The Community, which had established an energy policy programme in 1974 with a view to curbing energy consumption and further safeguarding supplies, specified its details and defined its applications on several occasions; the Commission was called upon periodically to recommend long-term guide-lines in order to help the countries to adopt the appropriate measures.

On 28th February a new cooperation convention between the Community and forty-six African, Caribbean and Pacific countries was signed at Lomé. Under the convention, these countries will have the benefit of free access for their products to the Common Market and of a system of stabilisation of their export earnings in respect of certain basic products; for their part they undertook to guarantee to the

⁽¹⁾ The fixed amounts and the weighting coefficients were established as follows :

	German mark	Pound Sterling	French franc	Lira	Guilder	Belgian franc	Luxem- bourg franc	Danish crown	Irish pound
Fixed amounts	0.828	0.0885	1.15	100	0.286	3.66	0.14	0.217	0.00759
Weighting coefficients	27.8	17.5	10.5	14.0	9.0	7.9	0.3	3.0	1.5

Community commercial terms as favourable as those granted to the most favoured nation and not to discriminate between the nine member countries. The convention also contains important provisions regarding industrial, financial and technical cooperation.

In December the Belgian Prime Minister, Mr. Leo Tindemans, presented to the Heads of Government of the Community, at their request, a report on the plan for a European Union, which the 1972 Paris Conference set itself as an aim for the end of the decade. This report mainly attempts to make concrete proposals as to the courses to be followed in order to achieve a union, of which it gives an outline. The proposals consist, on the one hand, of political aims to be set, in some cases immediately, by the Council of Heads of Government and, on the other hand, of a strengthening of the Community institutions. With regard to the programme for economic and monetary union, the report suggests, apart from a re-examination, measures for making rapid progress, particularly a strengthening of the Community foreign exchange system; temporarily, these measures would not be applicable to countries which were obviously not yet able to comply with them, and would consequently be assisted by the other members.

MAIN AGGREGATES OF OVERALL DEMAND IN THE BELGIAN ECONOMY.

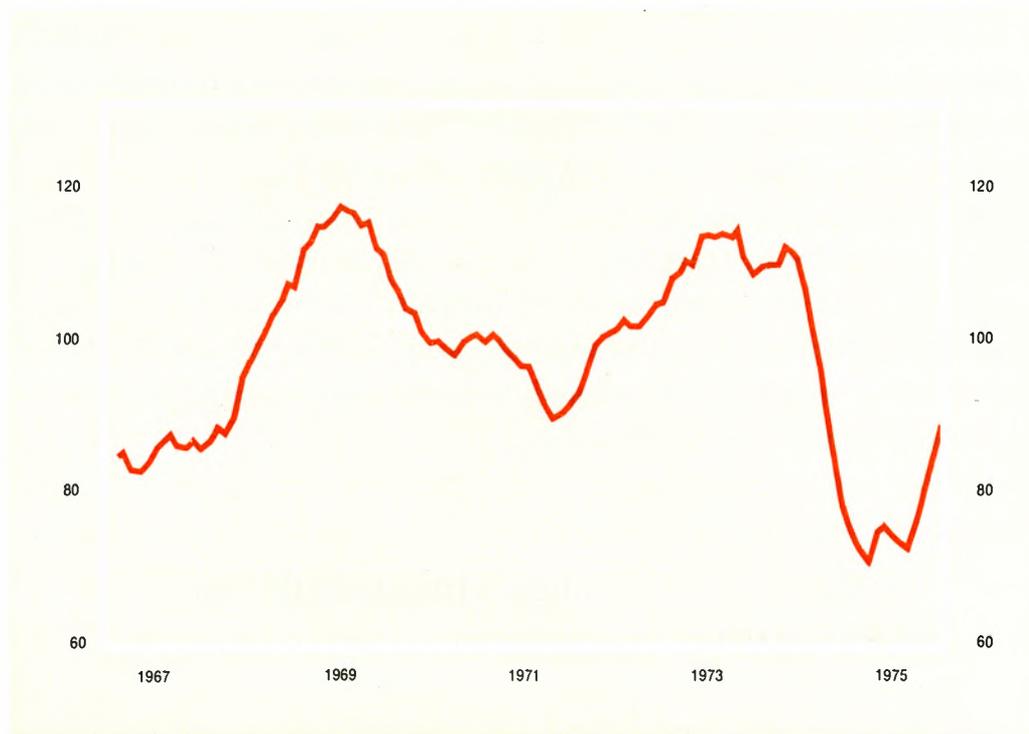
Owing to its close interdependence with the surrounding economies, Belgium has been unable to avoid the most serious crisis which the western world has experienced since the end of the war. Nevertheless it became involved in it later and less deeply than most of its fellow members of the European Economic Community. According to the latest estimates, the gross national product, which had still risen by 4 p.c. in constant prices in 1974, would appear to have declined by about 2 p.c. in 1975.

The economic picture changed, however, during the year. The decline which began at the beginning of the summer of 1974 continued

unabated during the early months of 1975. Subsequently, however, it was replaced by a certain stabilisation and even an incipient recovery at the end of the year, as is shown by the synthetic curve of the main results of the National Bank's monthly inquiries into the trend of economic activity.

Chart 5.

SYNTHETIC CURVE OF THE MAIN RESULTS OF THE NATIONAL
BANK OF BELGIUM'S MONTHLY INQUIRIES ⁽¹⁾



(1) The curve is the synthesis of eleven series of replies to the inquiries into the trend of activity made by the National Bank. The replies of the various series were converted to a common base by being allotted a mark depending on whether they were more or less favourable during a given month. The value of the synthetic curve, which represents the mean of the marks thus obtained, was at an average level of 100 points during the period 1963-1973.

Among the main aggregates of overall demand, estimated at constant prices, for the year as a whole, exports of goods and services showed, for the first time in over twenty years, a decline, which however hardly affected the balance of payments surplus with foreign countries, as imports decreased to about the same extent.

Domestic demand decreased to a more moderate extent. Among its components, households' consumer expenditure remained stationary during the first half-year but appears to have been higher in the second. Expenditure on services, especially tourism, was high again, while purchases of motor cars and household appliances recovered during the year, possibly thanks to the relaxation of the conditions governing consumer credit. Altogether, private consumption would appear to have increased somewhat.

Public consumption was higher than in 1974, owing to a rise in current purchases of goods.

Capital expenditure on housing, which had been substantial in 1973 and 1974, would seem to have been of the same order of magnitude as in the previous year.

Payments in respect of public capital expenditure, still influenced by the restrictive budgetary policy pursued in 1974, appear to have undergone hardly any change in terms of constant prices. There was an expansion, however, in budget commitments.

Gross fixed capital formation by enterprises as a whole declined. The gravity of the crisis caused the proportion of enterprises possessing unemployed production capacities to reach a peak, reduced self-financing possibilities and produced an atmosphere of uncertainty which lessens the propensity to create new capacities.

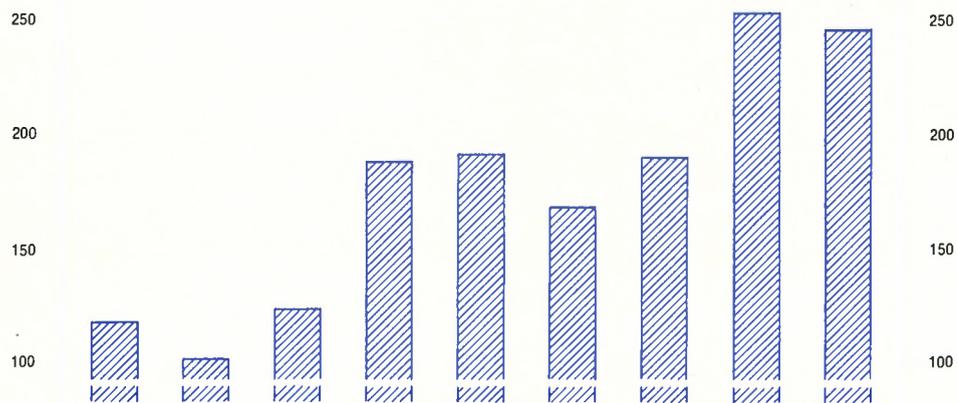
According to the results of the National Bank's last inquiry, gross fixed capital formation by industry, expressed in current prices, decreased by 3 p.c., against a rise of 33 p.c. the previous year. In some industrial sectors it appears to have gone on increasing. That of the financial intermediaries would appear to have risen by about 19 p.c., against 6 p.c. in 1974.

With regard to expenditure on stocks, those of finished products remained very high at enterprise level throughout most of the year. On the other hand, the crisis reduced products in course of manufacture, while prospects as regards the price trend and ease of replenishment

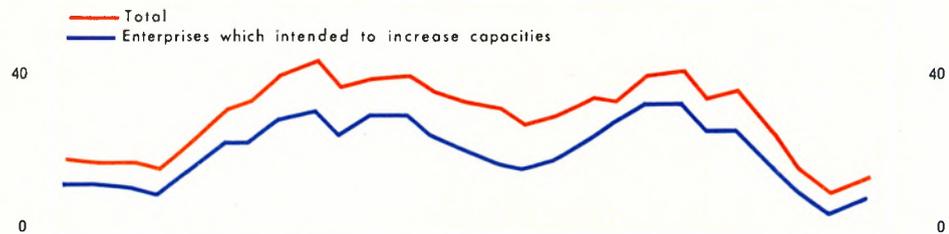
Chart 6.

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

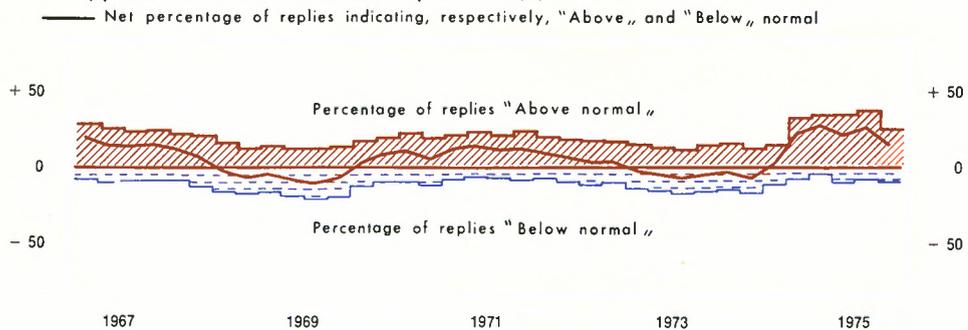
Value of investments in fixed capital (1)
(Index 1963 = 100)



Enterprises working at the limit of production capacities (2)
(in per cent of the number of enterprises which replied to the inquiries)



Appraisal of stocks of finished products (3)



- (1) This chart covers, for the latest period, the following industries : oil refineries, electricity, steel, non-ferrous metals, metal manufactures, textiles, paper, leather, wood processing, building materials, building, foodstuffs and chemicals. The data on the last-mentioned sector are from an inquiry carried out by the Federation of Chemical Industries. 1967 to 1974 : expenditure effected. 1975 : 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, foodstuffs 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, except for the foodstuffs industry and plus oil refining. Monthly averages per quarter.

induced enterprises to cut down their stocks of raw materials and basic products. Altogether, stocks probably declined, whereas they had increased substantially the previous year.

The Government submitted to Parliament a general plan for economic recovery, industrial and commercial redeployment and promotion of employment. This programme is centred on conservation and restructuring of the industrial and commercial apparatus, improvement of the competitive position, revival of economic activity and promotion of employment. It provides for the introduction of structures of public intervention designed to make up for the possible deficiency of private initiative, more particularly by the creation of public or mixed industrial companies by means of a public holding corporation, by participation in the companies responsible for primary energy supplies and by the association of private holding companies with economic planning; it also prescribes the general introduction of forms of consultation between the public authorities and employers and employees within the industrial sectors in order to improve the structure of the latter with a view to safeguarding their competitiveness in the longer run.

In order to improve the economy's competitive position, the plan provides for the extension of direct intervention in price formation and for measures aimed at reducing costs by a lowering of social security charges and by a moderation of the growth in incomes for a limited period and in ways which are described in detail further on in the section concerning wages and other incomes; it also proposes a law to safeguard competition.

A series of measures for reviving economic activity will reinforce the action taken during the first half of 1975 : speeding-up of the procedures and simplification of the formalities with a view to rapid implementation of public capital expenditure; stimulation of private demand by relaxation of the conditions governing instalment credit, encouragement of house-building and introduction of facilities for the purchase of equipment; and support for exports, including by an extension of the risk coverage by the National Del Credere Office.

Lastly, the plan includes various specific measures to promote employment.

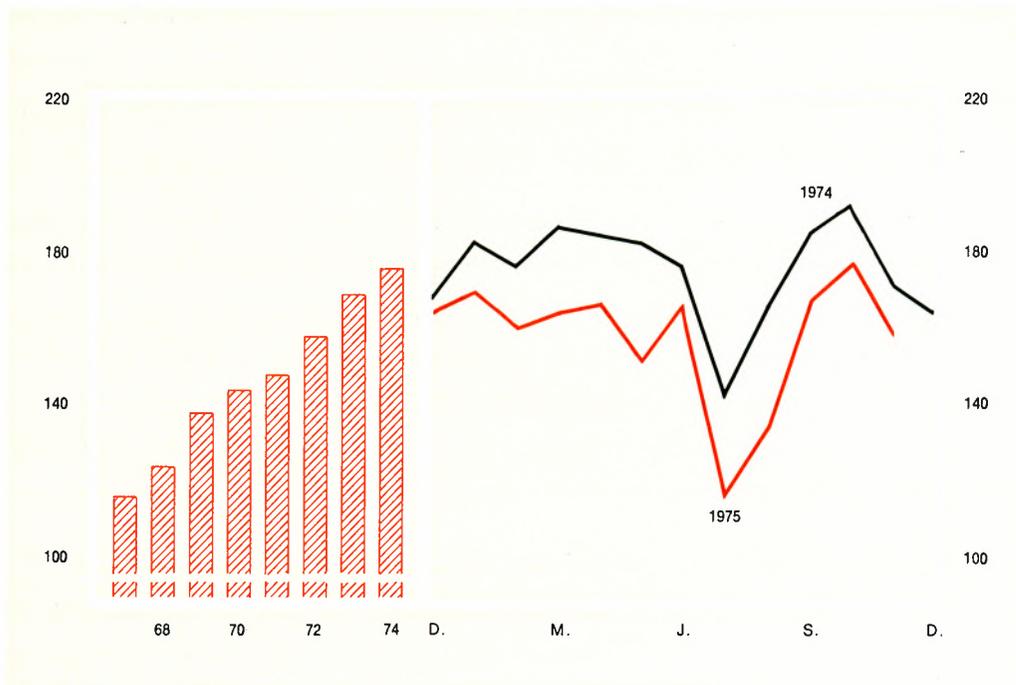
MANUFACTURING INDUSTRIES.

After an uninterrupted increase from 1967 to 1974, which amounted on average to 5.6 p.c. per year, the total production of the manufacturing industries for the first eleven months was 10.8 p.c. less than in 1974. The

Chart 7.

OUTPUT OF MANUFACTURING INDUSTRIES

(Indices 1963 = 100)

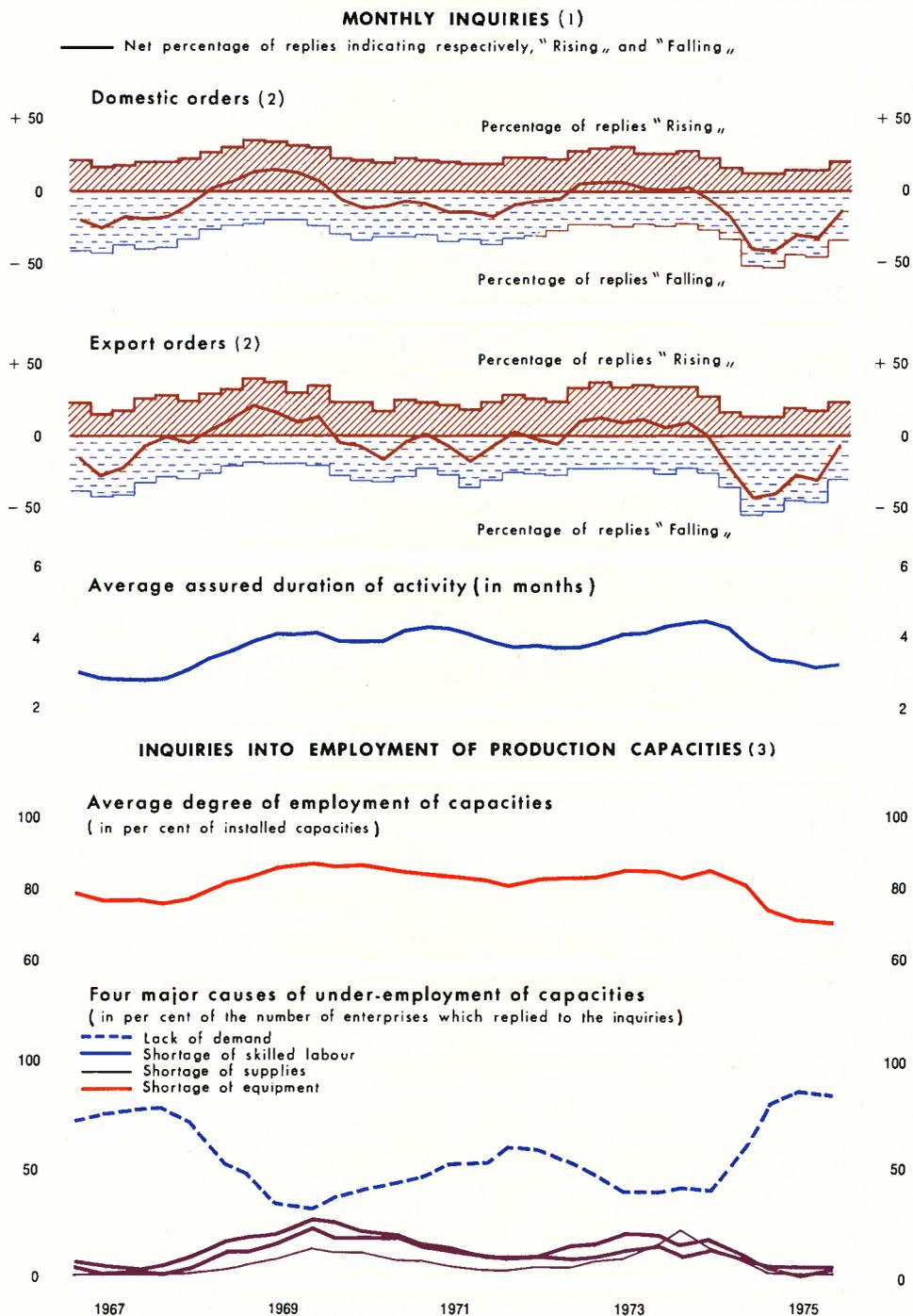


Source : National Statistical Institute.

decline had begun in the last quarter of 1974 and it became steadily worse during the first three quarters of 1975 : it reached 9.5 p.c. for the first

Chart 8.

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 oil refining.
Monthly averages per quarter.

(2) Seasonally adjusted.

(3) This graph covers, for the latest period, the industries listed in footnote (1) above, except for oil refining, plus the foodstuffs industry.
The data relate to the months of January, May and October in each of the years.

quarter, 10.6 p.c. for the second and 14.8 p.c. for the third; for the months of October and November it was smaller, namely 7.7 p.c. ⁽¹⁾.

The adverse trend had been foreshadowed by the deterioration of order books from the middle of 1974 onwards : the average duration of activity ensured by the order books had fallen from 4.41 months in the first half of 1974 to 3.69 months in the last quarter. The contraction of both domestic and foreign orders continued during the first seven months of 1975; after that a certain improvement set in, giving rise — for the first time for more than a year — to an increase in the average assured duration of activity in September and October.

Owing to the falling-off of production, the degree of employment of installed production capacities fell from a maximum of 85.1 p.c. in May 1974 to 74.2 p.c. in January 1975, 71.5 p.c. in May and 71 p.c. in October. In 1975 over 80 p.c. of heads of enterprises considered lack of demand to be the main cause of the under-employment of capacities. The forecasts of heads of enterprises concerning the trend of the degree of employment of production capacities during the months following the date of the inquiry became less unfavourable as the year went on.

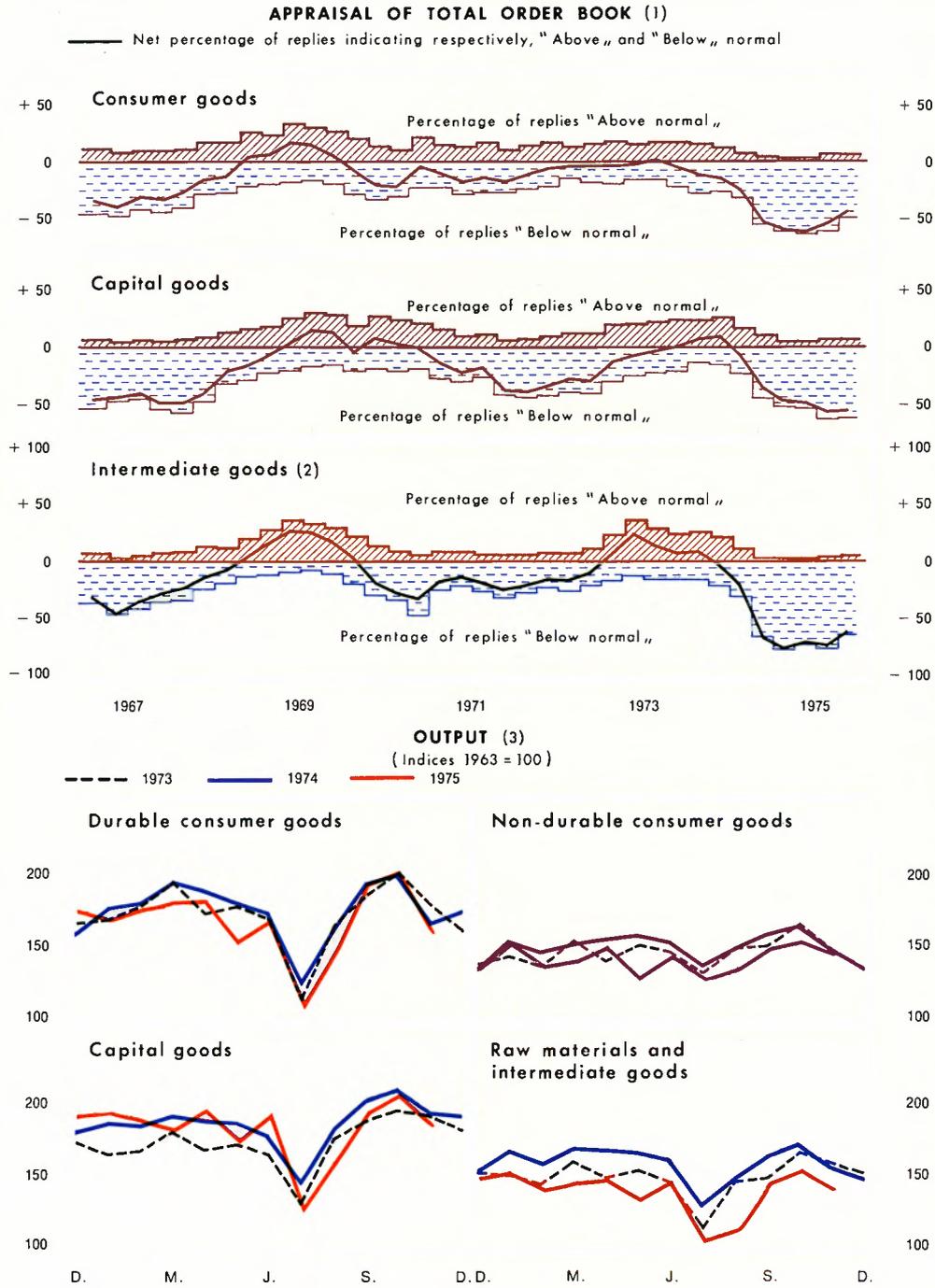
The sharpness of the fall in production in manufacturing industries varied appreciably depending on the categories of goods produced.

For the first eleven months of the year, output of **nondurable consumer goods** declined by 7 p.c. as a result of the slackening of both foreign and domestic demand. Among the worst-hit products, mention may be made of certain chemical products such as soaps, synthetic lyes, paints and varnishes and of foodstuffs, with the exception, however, of beverages, output of which — partly owing to the hot summer — hardly declined at all. In the tobacco industry there was scarcely any change in output.

⁽¹⁾ These percentages also include the course of production at power stations, petroleum refineries and coking plants, the situation in which is the subject of comment in the section entitled « Energy ».

Chart 9.

MANUFACTURING INDUSTRIES
Classified by categories of goods



(1) Monthly averages per quarter; last period : October-November 1975. Sources : National Bank of Belgium's inquiries. Calculations of the General Division for Economic and Financial Affairs of the Commission of the European Communities.

(2) Including petroleum, one of the products dealt with in the section entitled « Energy ».

(3) The index of non-durable consumer goods and that of raw materials and intermediate goods cover the products of various industries (coal, petroleum and derivatives of coal, electricity) the situation in which is commented on in the section entitled « Energy ». Source : National Statistical Institute.

The decrease in output of **durable consumer goods** was a little less marked than that in non-durable goods, as a result of the less adverse trend of output of electrical household appliances, motor vehicles, bicycles and motor cycles and also of ready-made clothing and footwear; on the other hand, output fell off sharply in the hosiery, furniture, glass and plastic articles industries. The decrease in the output of the whole of the durable goods sector became more pronounced during each of the quarters from the middle of 1974 onwards. Not until the third quarter of 1975 did the movement come to an end.

For the consumer goods industry as a whole, the appraisal of order books stopped deteriorating at that time; it even improved during the last quarter.

The revival of demand for diamonds after the summer led, during the last months of the year, to an improvement in activity in the diamond industry, which had previously contracted.

In the **capital goods** industry, the fall in output began to appear later than in the other sectors, and only amounted to 2.7 p.c. It took place both in the branch producing capital goods for industry, such as electrical machines, and in shipbuilding. Output of railway equipment underwent hardly any change.

For the first half-year alone, the sector's total output still increased somewhat, but it fell off substantially during the third quarter. The appraisal given by heads of enterprises concerning order books improved later and more hesitantly than for the other categories of goods.

In the **raw materials** and **intermediate products** industries output registered a fall of 14.5 p.c. — a considerably greater decrease than in the other sectors. The weakness of both foreign and domestic demand was mainly attributable to a major running-down of stocks by users, which had begun around the middle of 1974.

The drop in output was sharpest in the basic metallurgy sector, whose activity is very dependent on the trend of the world market. Now in

the latter demand suddenly fell off from August 1974 onwards. Thus the volume of orders for iron and steel products in the first eight months was very substantially below that in 1974; for the next four months, however, there was no longer any year-to-year decline. In the non-ferrous-metals industry, the average assured duration of activity became appreciably shorter.

The crisis also manifested itself in acute form in the spinning mills, which suffered from the repercussions of a running-down of stocks by users and the decline in activity in the Belgian hosiery and weaving industry.

The fall in output was also very marked in the industries making basic chemical products and plastic materials, which had still achieved a considerable expansion during the first ten months of 1974. The same was true of the paper manufacturing and processing sector.

In the non-metallic mineral products industries, the deterioration in activity mainly affected the glass industry, grappling with structural problems. Output of the other products, such as cement, baked clay and lime, decreased to a smaller extent.

For the industries making intermediate products as a whole, the beginning of the fourth quarter opened up less unfavourable prospects, reflected in the more optimistic appraisal given by the enterprises participating in the National Bank's monthly inquiries on the trend of their order books.

ENERGY.

Final uses of energy ⁽¹⁾ decreased appreciably for the first ten months, whereas their total had hardly changed in 1974. This reduction largely reflected the decline in activity, mainly in industry and, doubtless also,

⁽¹⁾ These uses have been estimated by adding together the added value of the energy sector, the value of the non-energy producer goods used by this sector and the net imports of energy products, these data being expressed in terms of constant prices.

economies brought about by the rise in prices of the products. During the last months, however, uses recovered again somewhat.

In 1974 final uses, calculated by the Ministry of Economic Affairs in terms of equivalent tons of coal, could be broken down as follows : petroleum products 51 p.c., gas 23 p.c., coke 11 p.c., electricity 8 p.c., and coal 7 p.c. The share of petroleum products had then decreased compared with the previous years, owing to substitutions among the products. This shift did not continue last year.

The volume of net total imports of energy products decreased, for the first ten months, by 16.4 p.c., whereas it had increased by 7.9 p.c. in 1974. There was not only a growth of 8.6 p.c. in exports but also a decline of 10.4 p.c. in imports.

For the same period, the production of the energy sector as a whole, estimated on the basis of the total added value at constant prices, which had remained more or less unchanged in 1974, fell by about 9 p.c.

A breakdown by sources of energy shows that output of coal continued to decline : the reduction amounted to 7.8 p.c., against 8.3 p.c. in 1974. The net quantities imported, which had gone up by 31.9 p.c. the previous year, fell by 34.6 p.c. After a rise of 6.7 p.c. in 1974, deliveries to the domestic market ⁽¹⁾ decreased by 25.4 p.c.; they were low both for cokeries and for domestic heating.

Output of coke, which was still rising slightly the previous year, fell by 29.2 p.c. Net imports — which represent only a small proportion of consumption — fell, in quantity, by 70.8 p.c., after having increased by 41.9 p.c. The deterioration of the state of business in the iron and steel industry is primarily responsible for the reduction of 31.6 p.c. in deliveries of coke to the domestic market; in 1974 they had gone up by 5.1 p.c.

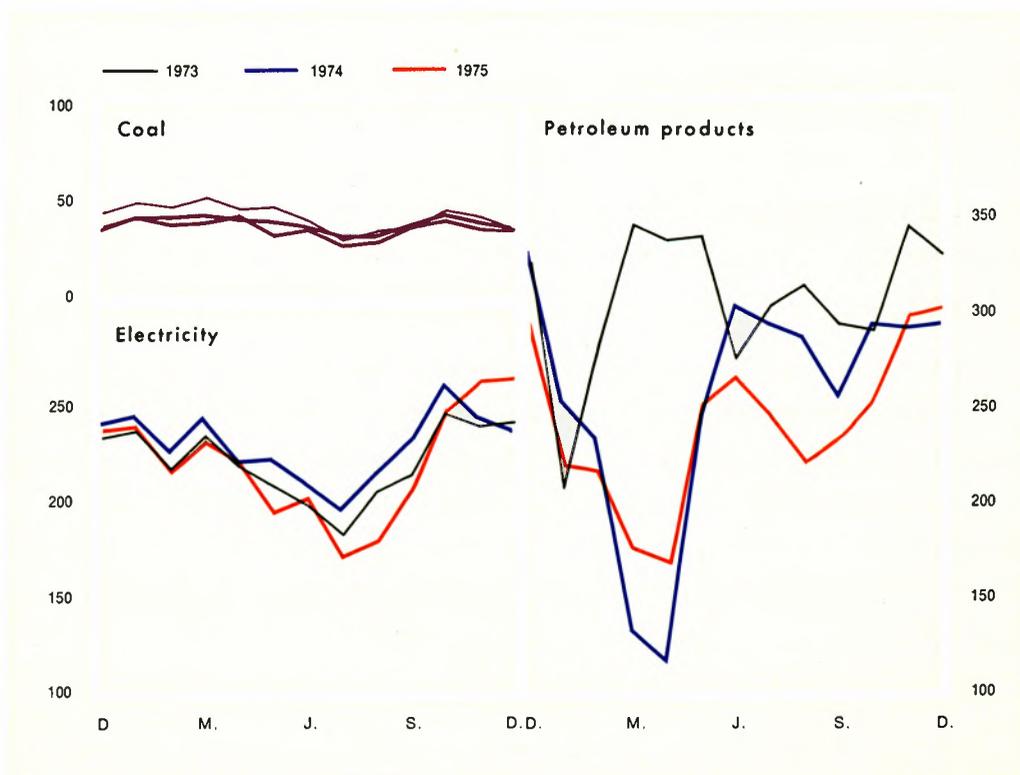
⁽¹⁾ These deliveries correspond to domestic production plus net imports (or less net exports) and plus the decrease (or less the increase) in stocks.

Production of **electricity** declined by 4.4 p.c., whereas it had still been continuing its fundamental expansion the previous year, but it did rise in the fourth quarter alone, by 4.5 p.c. Conventional thermal production decreased by 19.9 p.c. owing to the reduction in industrial activity and, mainly, the commissioning of nuclear power stations.

Chart 10.

ENERGY OUTPUT

(Indices 1963 = 100)



Source : National Statistical Institute.

Production of electricity by these power stations, still practically non-existent in 1974, amounted to 16.9 p.c. of total production; net available capacities totalled 828 megawatts; they could be over 3,000 megawatts in 1980.

The share of liquid fuels in supplies to conventional thermal power stations represented, as in 1974, about 48 p.c., against some 53 p.c. previously; the share of gaseous fuels declined from 35.3 to 31.8 p.c.; on the other hand, that of solid fuels rose from 17.7 to 20.7 p.c.

Total uses of electricity decreased by 5.6 p.c., solely owing to the falling-off in high-voltage uses by industry; this fall, of 13.9 p.c., followed an increase of 3.9 p.c. in 1974. Low-voltage uses, which represented 28 p.c. of total electricity consumption, went up by 13 p.c., against 9.4 p.c.

The output of the **petroleum** refineries declined by 5.3 p.c., against 18.9 p.c. in the previous year, which had been marked by difficult negotiations concerning the prices of petroleum products. After a fall of 24.3 p.c. in 1974, for the first ten months, the quantities of refined products exported went up again by 10.2 p.c. As imports decreased again slightly, transactions in refined products with foreign countries resulted in higher net exports.

After a decline of 14.7 p.c. the previous year, domestic deliveries of petroleum products decreased by only 6.6 p.c. Deliveries of petroleum products for non-energy uses, mainly to the petrochemical industry, again fell off considerably; the same was true, but to a smaller extent, of consumption of residual fuel oil; deliveries of gas oil and light fuel oil remained at a low level. On the other hand, the amount of petrol supplied for motor vehicles increased substantially.

Output of gas, which now represents only one-quarter of domestic uses, fell by about 30 p.c., after having risen by 4.4 p.c. the previous year. The volume of imports of natural gas declined by about 3 p.c., particularly owing to the decrease in deliveries to power stations; in 1974 it had grown by 16.3 p.c. Despite an increase of 19 p.c. in deliveries of gas outside the industrial sector, against 9.8 p.c. in 1974, total domestic uses went down by over 10 p.c., thus wiping out a large proportion of their previous year's growth.

BUILDING.

Demand for dwellings had begun to weaken towards the end of the third quarter of 1974, owing to the very rapid rise in building costs, the high level of interest rates for mortgage loans and a series of restrictive measures; besides, the preference for real assets had lessened. This

Table 2.

BUILDING INDUSTRY

(Monthly averages)

	Normally capable persons wholly unemployed and receiving unemployment pay (1) (thousands)	Dwellings		Other buildings		Civil engineering	Public authorities' capital expenditure commitments (billions of francs)
		Building permits (2) (thousands of approvals)	Average assured duration of activity (3) (in months)	Building permits (2) (thousands of approvals)	Average assured duration of activity (3) (in months)	Average assured duration of activity (4) (in months)	
1970	2.2	2.5	7.9	1.3	23.1	14.9	5.4
1971	3.6	2.0	7.1	0.9	23.5	13.9	6.1
1972	6.1	3.5	7.0	1.0	20.2	13.1	7.8
1973	3.5	3.8	8.0	1.1	18.4	14.5	6.8
1974	3.1	3.9	8.1	1.1	(5) 11.0	(5) 10.5	6.8
1974 1st quarter	2.9	3.8	8.6	1.1	11.0	10.9	8.1
2nd quarter	2.1	4.6	8.4	1.2	10.6	10.3	5.7
3rd quarter	2.4	4.0	8.0	1.1	11.2	10.7	6.7
4th quarter	4.9	3.0	7.3	0.9	11.3	10.2	6.5
1975 1st quarter	7.6	2.9	6.8	0.8	10.6	9.7	8.2
2nd quarter	9.3	3.5	6.9	0.9	10.5	10.0	7.9
3rd quarter	10.6	3.2	7.3	0.9	11.0	10.3	8.3
4th quarter	14.7	3.5(6)	7.7	0.9(6)	10.7	11.0	n.a.

(1) Source : National Employment Office.

(2) Source : Ministry of Public Works, Town Planning Board.

(3) Source : National Bank of Belgium's enquiries. The figures are for bare shells of buildings.

(4) Source : National Bank of Belgium's enquiries.

(5) New series.

(6) October-November.

tendency was maintained in the first half of 1975; it was reflected in, among other things, the rapid decrease in the number of applications for building permits approved by the Town Planning Board and also that in the number of applications for building premiums, in the fall in the number of applications for mortgage loans made to the General Savings

and Pensions Fund, in a decline in the loans granted and in a reduction of the assured duration of activity reported by the enterprises participating in the National Bank's inquiries.

In view of these symptoms and of the renewed increase in unemployment in the building sector, the restrictive measures were eased and then discontinued; this applied to the limitation on the amount of mortgage registrations in relation to the market value of the residential premises encumbered and also to the suspension of the construction of buildings with a value of over Fr. 50 million for a period of one year from the date of the building permit.

Moreover, steps were taken to revive activity in the residential building sector. The Government increased the programme of commitments of the National Housing Company, the National Land Company and the Housing Fund of the Large Families' League from Fr. 12.2 billion in 1974 to Fr. 20.4 billion; the two first-mentioned companies approved the award of contracts or placed orders for 15,100 dwellings, against 8,600 in 1974, which represents an increase of over 75 p.c. For the period from 1st September, 1975 to 29th February, 1976, the basic building premium was raised, within the framework of the regional policy, from Fr. 60,000 to Fr. 80,000 for the Flemish part of the country. Lastly, both the public and private institutions specialising in financing the building or purchase of dwellings eased the conditions governing access to their mortgage lending and reduced its cost.

The abolition of the restrictive measures and the introduction of stimulating measures contributed, towards the end of the third quarter, to a certain recovery in demand for dwelling. Various indicators exceeded their level for the corresponding months of 1974 : the amount of mortgage credits opened from August onwards, the assured duration of activity from September, and the number both of approvals given by the Town Planning Board and of applications for building premiums in October. The growth in applications for mortgage loans made to the General Savings and Pensions Fund induced that institution to reintroduce prior savings conditions in December.

In the sector of **non-residential buildings**, the number of applications for building permits approved by the Town Planning Board decreased, for the first eleven months, by 20.2 p.c., whereas it had increased by 0.6 p.c. in 1974. The assured duration of activity shortened from 11.3 months in the last quarter of the above-mentioned year to 10.5 months in the second quarter of 1975. During the summer months demand recovered somewhat, but the assured duration of activity remained below its 1974 level. The trend of this duration is the net result of a lengthening in the sector of buildings for industrial, professional and agricultural purposes, a slight decrease in the sector of socio-cultural buildings and a substantial reduction in the sector of commercial and administrative buildings, where excess capacity has developed in recent years, particularly in office buildings.

Unlike the residential building sector, that of non-residential buildings showed hardly any signs of recovery during the second half-year.

The public authorities' new investment commitments, which had been kept in check during the two previous years, were extended: for the first nine months, the amount of those relating to the building industry increased by about 19 p.c., whereas it had been reduced by 3 p.c. in 1974. The change in volume would only become apparent after elimination of the price rise, which is not exactly known.

Until the third quarter, the average assured duration of activity of **civil engineering** enterprises participating in the National Bank's monthly inquiries remained somewhat lower than in 1974, but from October onwards this duration became longer than in the previous year, except in the hydraulic works sector.

The slight strengthening of certain indicators of demand which took place during the second half-year has not yet had any repercussion on the trend of employment in the building industry as a whole : the number of unemployed has continued to rise, though more slowly, and that of reported vacancies has declined further; in December the number of normally capable persons wholly unemployed was 16,460, against 6,630

in 1974; that of unfilled vacancies fell, during the same period, from 1,091 to 322.

AGRICULTURE AND FISHING.

According to the agricultural census of 15th May, the shrinkage in the utilised agricultural area amounted to about 17,000 hectares, against 15,000 hectares in 1974 and 9,000 hectares the previous year.

The area of meadows and pastures was reduced, as was also that devoted to potatoes and cereals. This phenomenon particularly affected winter cereals, especially wheat and winter barley, the sowing of which was difficult and sometimes even impossible owing to the bad weather in the autumn of 1974. On the other hand, growing of green fodder, and especially that of maize for ensilage in the milky state, was extended, as were also the areas devoted to sugar beet. These areas, the increase in which had been relatively slight for several years, increased by about 15,000 hectares, largely owing to the measures adopted to encourage such cultivation at the level of the European Economic Community.

According to the provisional data, production of cereals decreased markedly, as a result both of the reduction in the areas sown and, above all, of the fall in average yields, largely caused by the partial replacement of winter crops by summer crops, which are less productive. The decline in production was particularly sharp in the case of wheat and barley; only production of oats increased slightly. The quality of the crops moreover differed greatly depending on the regions and even depending on the farms concerned.

Despite a slight decline in yield, due to last summer's drought and the deterioration of the soil during the previous winter, production of sugar beet increased. The sugar content also rose slightly on the whole, so that sugar output might be around 650,000 tons.

Production of potatoes was affected not only by the reduction in the areas planted but also, and above all, by an appreciable fall in yields. The

Table 3.

AGRICULTURE AND FISHING

	1970	1971	1972	1973	1974	1975
Agricultural area used (<i>thousands of hectares</i>) ⁽¹⁾	1,540	1,529	1,521	1,512	1,497	1,480
of which : Bread grains	207	225	234	218	212	191
Coarse grains	255	229	228	230	224	210
Sugar beet	90	93	101	104	105	120
Other industrial crops	11	16	11	11	12	13
Potatoes	46	42	37	43	40	36
Green fodder	37	44	52	56	63	78
Meadows and pastures	795	782	768	762	753	742
Market gardening	25	25	24	27	29	30
Fruit growing	20	19	18	17	16	16
Livestock (<i>thousand head</i>) ⁽¹⁾ :						
Horned cattle	2,887	2,840	2,825	2,962	3,044	2,997
of which : Milking cows	997	967	964	994	1,003	993
Pigs	3,722	3,912	4,283	4,630	5,026	4,638
Fishing fleet (<i>gross tonnage</i>) ⁽²⁾	31,185	24,061	23,175	22,824	24,042	p23,500
Vegetable production (<i>thousand tonnes</i>) ⁽³⁾ ...						
Cereals	1,550	1,912	1,946	2,094	2,070	p 1,454
of which : Wheat (spring and winter)	708	878	916	976	1,004	p 677
Oats	194	278	244	246	222	p 228
Barley (spring and winter)	525	588	637	716	699	p 426
Sugar beet	3,868	4,873	4,319	5,136	4,465	p 4,895
Potatoes	1,373	1,373	1,106	1,201	1,460	p 1,049
Milk delivered to dairies (<i>millions of litres</i>) :						
Year	2,355	2,339	2,510	2,480	2,580	n.a.
First 9 months	1,889	1,867	2,004	2,006	2,116	2,076
Fish landed in Belgium by Belgian fleet (<i>tonnes</i>) :						
Year	46,392	50,170	47,202	42,240	38,147	n.a.
First 10 months	37,414	41,105	39,389	34,619	32,221	28,599

Source : National Statistical Institute.

⁽¹⁾ Census on 15th May.⁽²⁾ Census on 31st December.⁽³⁾ Estimates based on yields per hectare.

shortfall in production led to a rapid rise in prices and finally induced the authorities to restrict export possibilities.

There was a substantial contraction in livestock. Owing to the slump in prices in the first half of 1974, the number of pigs fell by nearly 390,000, or about 8 p.c., after having grown continuously during the previous years. The number of head of cattle decreased by 47,000, or 1.5 p.c., mainly owing to the reduction in the number of cattle kept for fattening. This had considerably increased the previous year owing to expectations of a price recovery but was adversely affected last year by the application of a slaughtering premium. This premium, which, when it was introduced in 1974, was intended to encourage the orderly marketing of cattle other than milking cows, became, for the period from 1st May, 1975 to 29th February, 1976, merely a premium on the slaughtering of these animals. The number of milking cows fell by 10,000 and milk production during the first nine months declined slightly.

The quantities of fish landed in Belgium by the Belgian fleet decreased by about 11 p.c., for the first ten months. As the average price only rose slightly, the reduction in value amounted to 8 p.c.

SERVICES.

The services sector, which provides nearly 57 p.c. of the gross national product, was as a whole less seriously affected by the crisis than industry.

The expansion in most services connected with industrial and agricultural activities and with the marketing of enterprises' products nevertheless slowed down or was replaced by a contraction.

Road goods transport activities for outside customers, measured on the basis of declarations in respect of value-added tax, increased, for the first ten months, by 14 p.c. in nominal terms, against 25 p.c. the previous year. In terms of volume, however, the slowing-down would appear to have been

less great. According to the National Bank's monthly inquiries, the average rate of employment of transport capacity, expressed by the tonnage of the vehicle fleet, amounted to 72 p.c. for the year as a whole, against 77 p.c. in 1974; this reduction may, it is true, be partly due to the growth in the fleets of some enterprises.

Goods transport by rail, expressed in ton-kilometres, fell by 25 p.c. for the first eleven months, whereas it had risen by 11 p.c. in 1974; the decrease was slightly less marked for domestic transport than for international transport.

As for river transport, the number of ton-kilometres went down by 11 p.c. for the first six months, whereas it had increased by 13 p.c. in 1974.

With regard to sea transport, the tonnages of goods unloaded and loaded in Belgian ports fell, for the first nine months, by 21 and 17 p.c. respectively; the previous year they had gone up by 8 and 10 p.c.

The volume of goods carried by Sabena declined by 2 p.c. for the first eleven months, whereas it had risen by 9 p.c. in 1974. On the other hand, the total volume of goods dispatched via Belgian airports increased by 1.5 p.c. for the first ten months, whereas it had shown hardly any change the previous year.

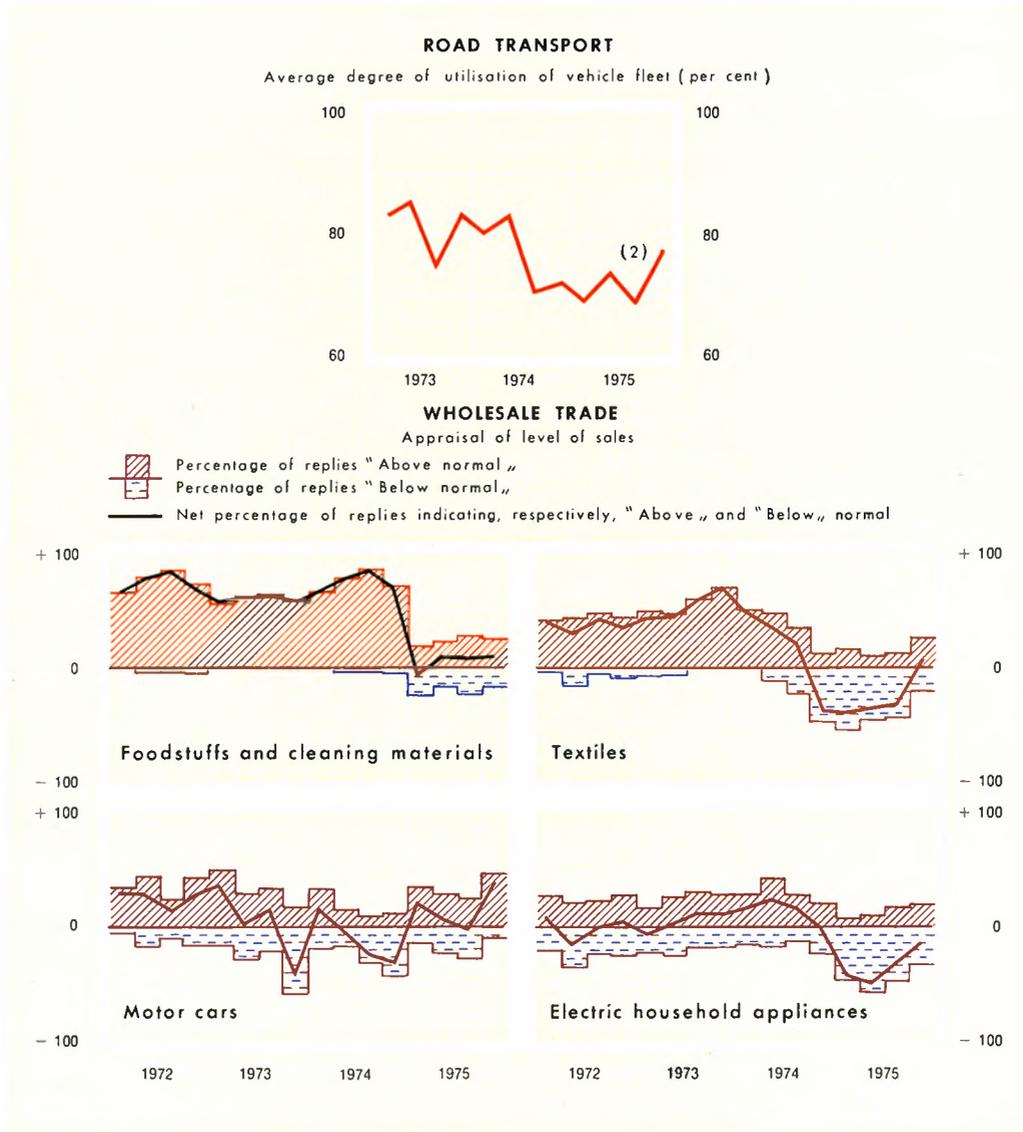
For the same period, wholesalers' domestic sales rose in value, according to the declarations in respect of value-added tax, by 7 p.c., against 24 p.c. in 1974. The value of sales abroad — which represent about 36 p.c. of the total — decreased by 12 p.c., after having gone up by 63 p.c. the previous year. Altogether, sales declined by 1 p.c.; in 1974 they had increased by 38 p.c. If the price rise is disregarded, however, the difference in trend between the two years must have been less marked.

According to those participating in the National Bank's inquiries on the trend of activity, wholesale turnover in the electrical household appliances, textiles, foodstuffs and cleaning materials sectors developed less favourably in 1975 than in the previous year; from July-August onwards, however, appraisals concerning the level of sales were generally

less unfavourable. The trend of sales of private motor vehicles showed an improvement in comparison with the very low levels reached in the fourth quarter of 1973 and in 1974.

Chart 11.

DATA FOUND BY THE NATIONAL BANK OF BELGIUM'S INQUIRIES INTO THE TREND OF ACTIVITY IN SERVICES (1)



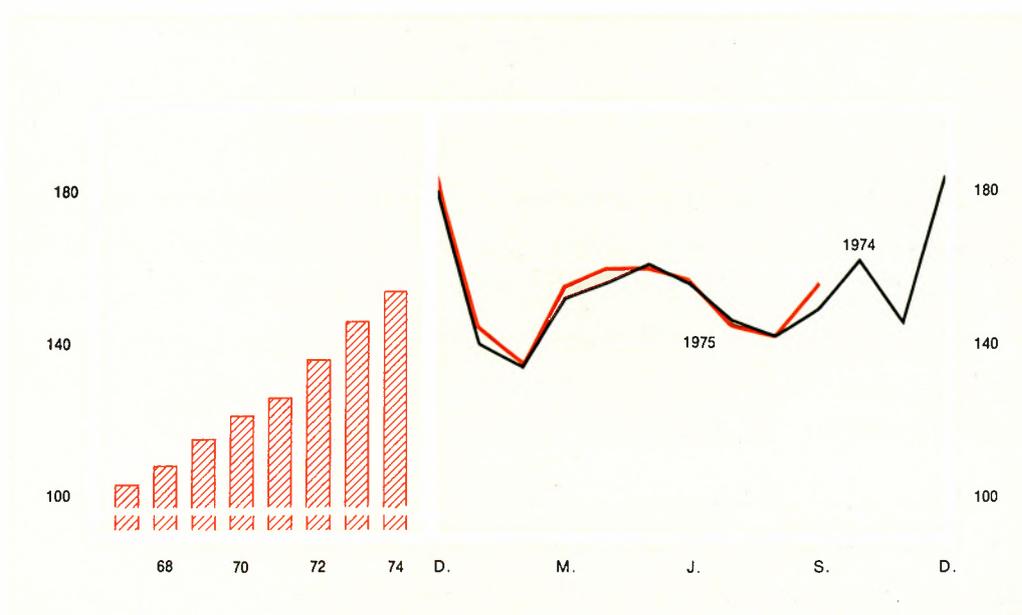
(1) Monthly averages per quarter.
 (2) Bargees' strike.

Total retail sales, measured by the indices of the National Statistical Institute, increased, for the first nine months, by 0.7 p.c. in volume against 6.2 p.c.; in value, this total rose by 12.5 p.c., against 18 p.c. Total sales rose more in small and medium-sized supermarkets and chain stores than in the case of small retailers, department stores and cooperatives. Considered separately, the sales of supermarkets belonging to department stores, chain stores and cooperatives went up by 19.2 p.c. in value, against 23.3 p.c.

Chart 12.

VOLUME OF RETAIL SALES

(Indices 1966 = 100)



Source : National Statistical Institute.

Activity at petrol filling stations showed a distinct recovery; the volume of consumption of petrol for motor vehicles increased, for the first ten months, by 11 p.c., whereas in 1974, admittedly under the influence of special circumstances, it had decreased by 3 p.c.

According to declarations in respect of value-added tax, the value of services rendered to enterprises by, among others, consultancy firms and

technical and publicity services went up by 15 p.c. for the first ten months, against 68 p.c. in 1974. In the publicity sector, expenditure on advertisements in the press, which represents about half of total publicity expenditure, fell, according to the Chamber of Publicity Consultants' Bureaux, by 5 p.c. for the year as a whole, after increasing by 6 p.c. in 1974; expenditure by the motor car industry went down by 18 p.c., while that by insurance companies, banks and other financial intermediaries rose by 4 p.c. and that of the household articles sector by 9 p.c.

Among services rendered both to enterprises and to individuals, Belgian franc funds of non-bank residents dealt with by the financial intermediaries increased by about 9.5 p.c. for the first ten months, against 8 p.c. in 1974. For the year as a whole, the number of debit entries to accounts held with financial institutions effected via the clearing houses rose by 9 p.c., against 20 p.c.

In the field of telecommunications, for the first eight months, domestic telephone calls rose by 20 p.c. in the case of trunk calls, while the number of local calls underwent hardly any change. The number of domestic and international telegrams handled decreased by 11.5 p.c., against 2.5 p.c. the previous year. The use of telex, expressed in time units, increased by 7 p.c., against about 16 p.c.

The number of computers in service in Belgium and the Grand Duchy of Luxembourg rose by 11 p.c. during the twelve months ended 1st July, whereas it had remained practically unchanged during the previous period. This increase is attributable to the larger number of small computers brought into service.

Services only affecting individuals showed divergent trends.

The number of teaching staff and scientific and administrative personnel of State educational establishments rose by 2 p.c., against 10 p.c. in 1974, according to the data published in the general budget statement for 1976.

According to the refunds scheduled in the relevant branches of the social security system, the rate of increase of medical services would appear to have amounted to 26 p.c., against about 18 p.c.

For the first ten months, turnover in the sector of repairs to consumer goods, especially motor vehicles and cycles, increased in value by 17 p.c., against 8 p.c.

With regard to passenger transport, the number of passengers carried by the Belgian National Railways Company declined by 2 p.c. for the first eleven months, whereas it had shown hardly any change in 1974. The number of kilometres travelled remained practically unchanged; in 1974 it went up by 3 p.c. The number of persons carried by the National Local Railways Company underwent little change during the first ten months, whereas it had declined by 2 p.c. the previous year. The number carried by joint-municipal transport undertakings increased by 4 p.c. for the first nine months, as in 1974; the number of kilometres travelled rose by 3 p.c., against 1 p.c. For its part, the number of passengers carried by Sabena declined slightly for the first eleven months, whereas it had risen by 3 p.c. the previous year. The total number of persons carried via Belgian airports rose, however, by 1.5 p.c. for the first ten months, whereas it had undergone hardly any change the previous year.

Assessed by the number of overnight stays, tourist traffic, which had remained unchanged in 1974, increased by 4 p.c. for the first eight months. The number of overnight stays rose in Kempen, the Ardennes and the valley of the Meuse, in the art cities and on the coast. Of the total of reported overnight stays, about one-quarter are accounted for by foreigners; these are mainly, in order of importance, Dutch, West Germans, British and French.

According to declarations in respect of value-added tax, corrected to eliminate the effect of the rise in prices, the turnover of the hotel sector increased, for the first ten months, by 15 p.c., against 1.5 p.c. in 1974; for restaurants the rise was the same as in the previous year, or about 3 p.c.; the turnover of licensed victuallers remained unchanged, whereas it had increased by 2 p.c. in 1974.

In the personal services sector, the turnover of laundries, expressed in terms of constant prices, fell by 3 p.c. for the same months, against 4 p.c. the previous year. The turnover of hairdressing saloons, which had gone up by 2 p.c. in 1974, decreased by 4 p.c.

The value of services in the field of recreation and culture rose less for the first ten months than in 1974, namely by 13 p.c., against 17 p.c.

The sums collected as royalties, mainly for theatrical performances, radio and television programmes, performances of music, literary works and the plastic arts increased by 13 p.c., for the first nine months, whereas they had undergone hardly any change the previous year.

In terms of constant prices, the turnover of cinemas fell by 8 p.c. for the first ten months, against a rise of 3 p.c. the previous year.

With regard to the leisure sector connected with sporting activities, the number of spectators at football matches rose by 3 p.c. for the 1974-1975 season, against 6.5 p.c. the previous season; the increase in the gross receipts of Belgian clubs amounted to 18 p.c., against 13 p.c. From July to the end of September, however, these receipts went up by only 10 p.c., against 18 p.c. a year earlier.

EMPLOYMENT.

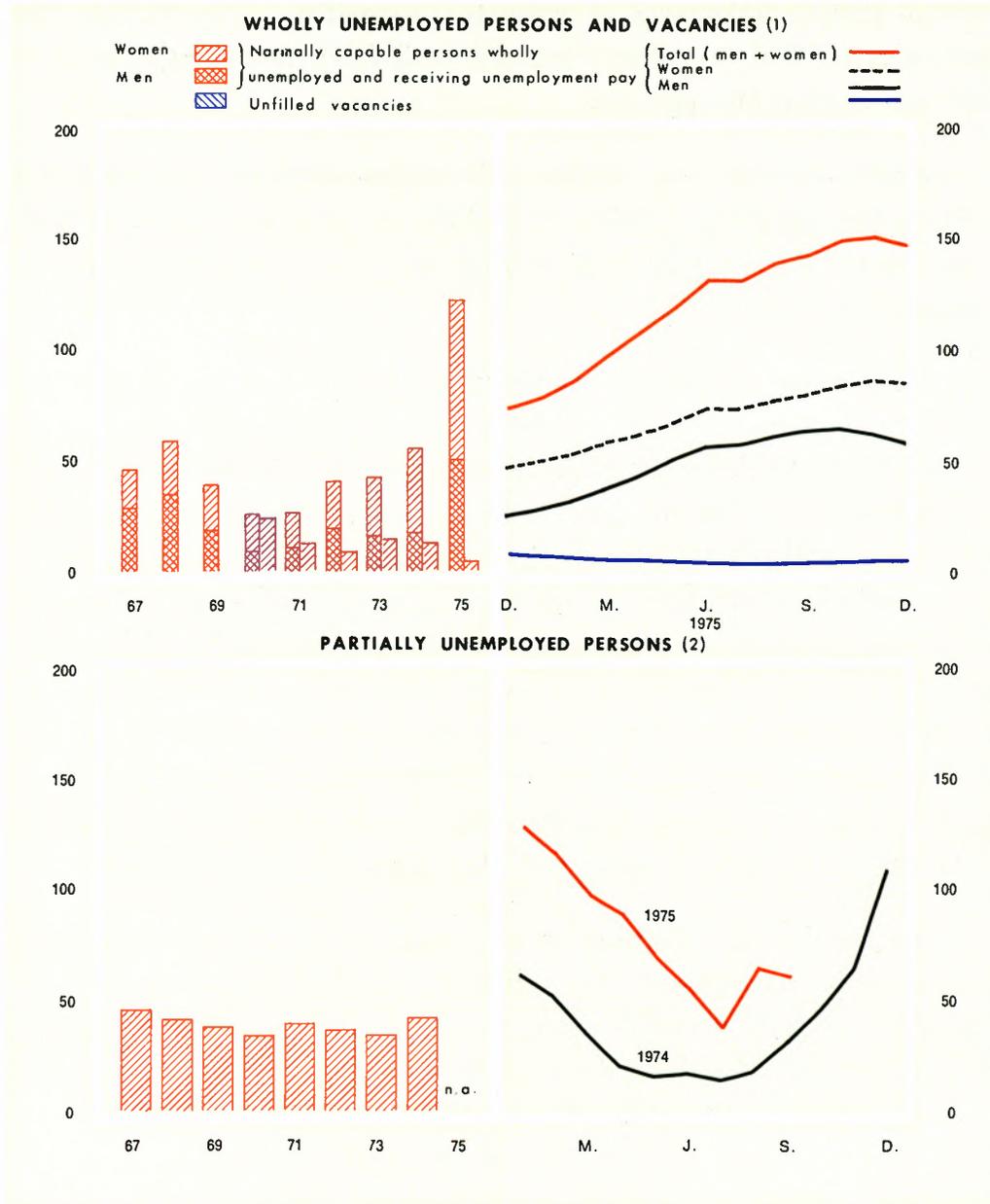
The reduction in economic activity had a pronounced effect on the labour market. Between the end of June 1974 and the end of June 1975, total employment would appear to have decreased, according to the estimates of the economic budget, by about 130,000, or 3.3 p.c. Disregarding seasonal movements, the labour situation worsened rapidly until the third quarter; from September onwards, however, the deterioration became slower.

The results of the Bank's inquiries among manufacturing industries and in the building industry regarding the state of activity revealed,

Chart 13.

DEMAND FOR AND SUPPLY OF EMPLOYMENT

(In thousands)



Source : National Employment Office.

- (1) For the annual data : average of the data at ends of months. For the monthly data : seasonally adjusted end-of-month figures. For unfilled vacancies : 1967 to 1969 : comparable data not available.
- (2) Daily averages.

throughout the year, a tendency of enterprises to dismiss workers; in December, however, the forecasts were distinctly less unfavourable than during the previous months.

Lack of skilled labour was now only exceptionally mentioned as a cause of under-employment of production capacities. For its part, the number of unfilled vacancies decreased until July; from then on a slight improvement became apparent.

During the first ten months, 31.5 million working days were lost owing to unemployment, against 18.6 million the previous year; even then, these figures do not take into account the days lost owing to partial unemployment.

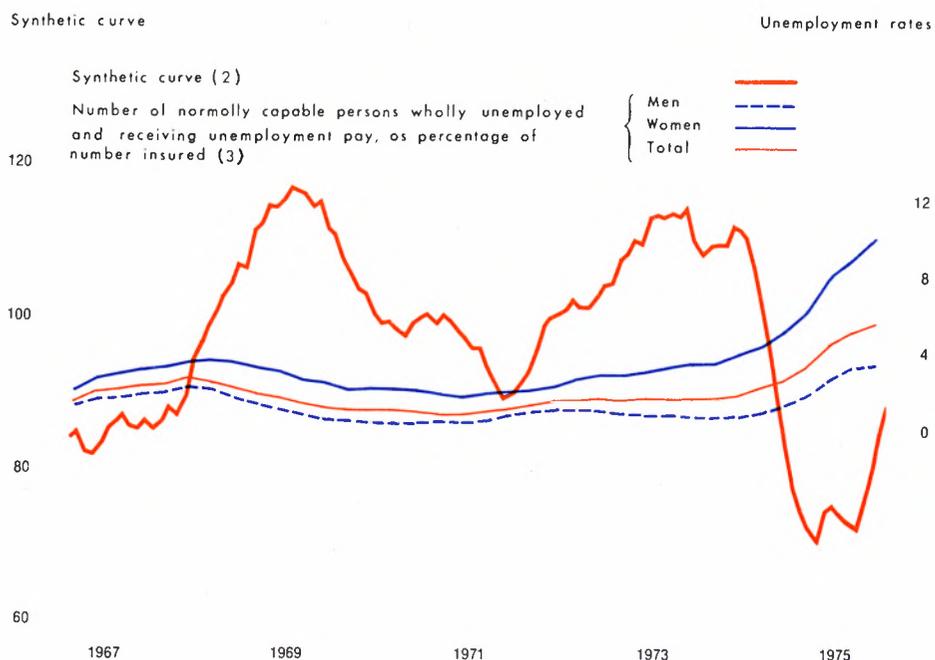
The number of persons wholly unemployed averaged 177,367, or 72,647 more than in 1974. Foreign unemployed persons represented 14.7 p.c. of this total, against 14 p.c. the previous year; it may be mentioned in this connection that the number of foreign workers in the country is said to be nearly 300,000. The increase in complete unemployment is almost entirely attributable to that in the number of normally capable persons unemployed : on average, this number was 66,701 higher than in 1974; the difference increased from 41,028 at the end of January to 85,892 at the end of October, but was down again to 82,976 at the end of December. Seasonally adjusted and measured in relation to the total number of persons insured, this unemployment rose from 3 p.c. at the end of January to 5.5 p.c. at the end of December.

The trend of the distribution according to sex of normally capable persons fully unemployed was characterised by an increase in the proportion of male unemployment, which is highly sensitive to changes in economic activity; this proportion rose from 38.3 p.c. at the end of December 1974 to 42.7 p.c. The unemployment rate, measured by the ratio between the category of unemployed in question and the corresponding total number of persons insured, amounted at the end of the year to 3.3 p.c. for men and 10.2 p.c. for women, against 1.5 and 5.6 p.c. respectively the previous year.

There have admittedly been found to be abuses, but the particularly high level of the unemployment rates is nevertheless primarily due to the extent of the crisis and also to structural factors; for, as is shown by a

Chart 14.

SYNTHETIC CURVE OF THE MAIN RESULTS OF THE NATIONAL BANK OF BELGIUM'S MONTHLY INQUIRIES AND UNEMPLOYMENT RATES ⁽¹⁾



(1) For the synthetic curve : monthly data. For the unemployment rates : monthly averages per quarter.

(2) For a description of the synthetic curve, see Chart 5, note (1).

(3) Seasonally adjusted.

comparison of the synthetic curve of the main results of the National Bank's monthly inquiries with the changes in the unemployment rate, the latter tends to go up from one cyclical period to the other, which incidentally is in accordance with the trend observed in a certain number of industrialised countries.

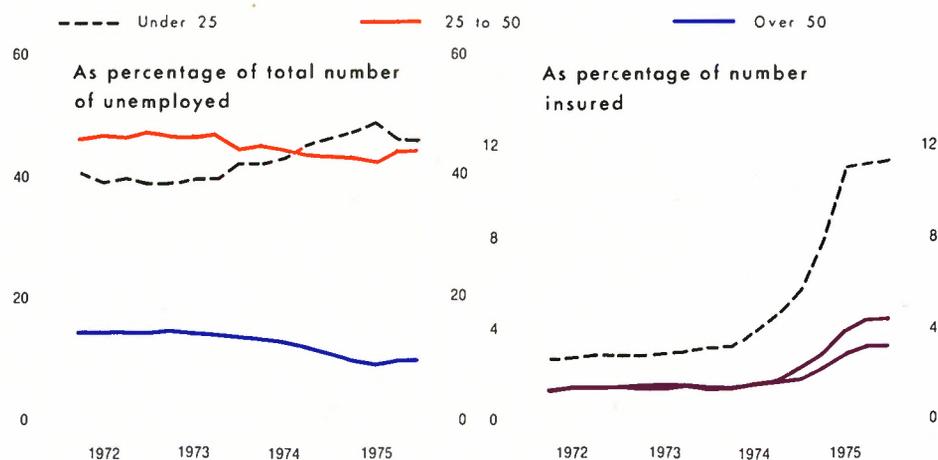
The distribution according to age shows that the proportion of unemployed persons aged under 25 in the total, which had risen from

42 p.c. at the end of 1973 to 46 p.c. in 1974, again reached this same percentage in December 1975. At the time, the unemployment rate for this age group was at the very high level of 11.4 p.c., against 4.4 and 3.3 p.c. respectively for the 25-to-50 and over-50 age groups. The extent of unemployment among young people is due to a variety of causes,

Chart 15.

NUMBER OF NORMALLY CAPABLE PERSONS WHOLLY UNEMPLOYED
AND RECEIVING UNEMPLOYMENT PAY (1)

Classification by age groups



Sources : National Employment Office. Calculations of the National Bank of Belgium.
(1) Seasonally adjusted end-of-quarter data.

some of which have already been explained in the previous Report; on top of structural factors there has come the decline in economic activity, which has made it more difficult to absorb the young people who have just finished their education into the working population.

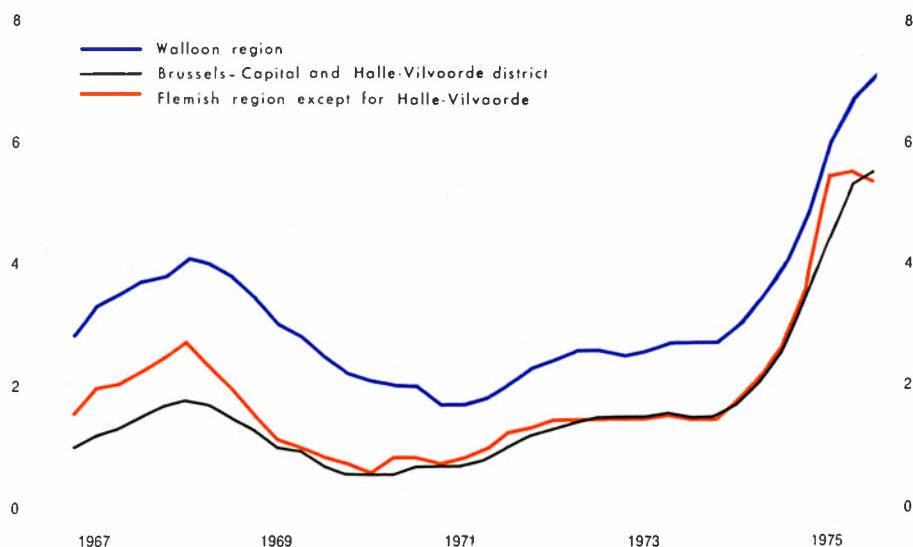
The distribution of complete unemployment according to regions reveals a proportionally larger rise in unemployment in Flanders and Brussels than in the Walloon region between December 1974 and June 1975. During the second half of the year, the unemployment rate

stabilised in Flanders and continued to go up in Brussels and the Walloon region. It remained highest in the last-mentioned region.

Chart 16.

RATE OF COMPLETE UNEMPLOYMENT BY REGIONS (1)

(Percentages)



(1) Number of normally capable persons wholly unemployed and receiving unemployment pay, as a percentage of the number insured. Seasonally adjusted end-of-quarter rates. Source: National Employment Office. Calculations of the National Bank of Belgium.

Viewed according to its sectoral distribution, complete unemployment increased in all sectors of the economy and above all in industry, where, at the end of December, its rise reached 105 p.c. compared with 1974, against 67 p.c. in the services. Among the branches of industry, the rise in unemployment took place mainly in the building, wood and paper, metal-manufacturing and textile industries.

With regard to partial unemployment, its daily average for the first nine months was 79,638, against 31,136 the previous year.

An important section of the economic recovery plan drawn up by the Government is devoted to promoting employment. It includes, apart from a number of general measures, special decisions for the benefit of young people; these apply to, among other things, the acceptance of young unemployed persons as trainees in public administrative bodies and in firms with at least 100 employees, and to the replacement of older workers who will take advantage of the regulations concerning voluntary early retirement.

WAGES AND OTHER INCOMES.

The rate of rise, compared with the corresponding quarter of the previous year, in the scale of **wages and salaries in private and public enterprises** touched its maximum in the first quarter of 1975; subsequently it slowed down appreciably while still remaining high in nominal terms.

Thus, from December 1974 to December 1975, collectively agreed monthly salaries rose by 14.9 p.c., against 24.5 p.c. during the previous twelve months. Bearing in mind the fact that the majority of employees work in the services sector where employment was less affected by the crisis than in industry, it is probable that the year-to-year increase in the total of salaries paid in December was not far below the above-mentioned percentage of 14.9.

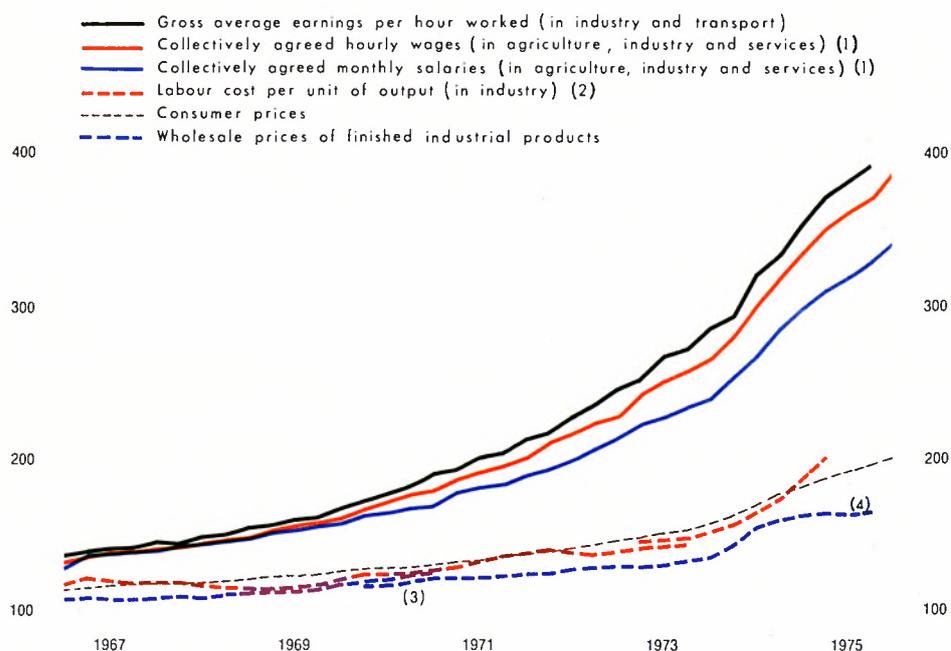
For workers, the rise in the collectively agreed hourly wage decreased from 25.6 p.c. between December 1973 and December 1974 to 16.2 p.c. for the following twelve months. That in gross average earnings per hour worked, calculated by the Bank for members of the work-force of a sample of firms in industry and transport, declined from 22.9 p.c. between September 1973 and September 1974 to 16.9 p.c. for the following annual period. But the total gross wage paid to these same workers in September 1975 does not appear to have been more than about 8 p.c. above that for September 1974. The shortfall in comparison with the increase in gross average earnings per hour worked is attributable to the increase in

unemployment and the reduction in actual working hours; the latter is due to the shortening of the collectively agreed hours in many sectors and the fairly widespread decrease in overtime working. The above-mentioned percentage of 8 does not take into account the allowances which in September 1975 partly replaced, for the workers who had lost their jobs, the wages which they were receiving in September 1974; it is therefore not representative of the trend of current incomes of workers' households,

Chart 17.

WAGES AND PRICES

(Indices 1963 = 100)



Sources : Collectively agreed wages and salaries : Ministry of Employment and Labour.
 Consumer prices and wholesale prices of finished industrial products : Ministry of Economic Affairs.
 Labour cost per unit of output : Economic Research Institute at Leuven.

(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. From 1978 onwards : new series.

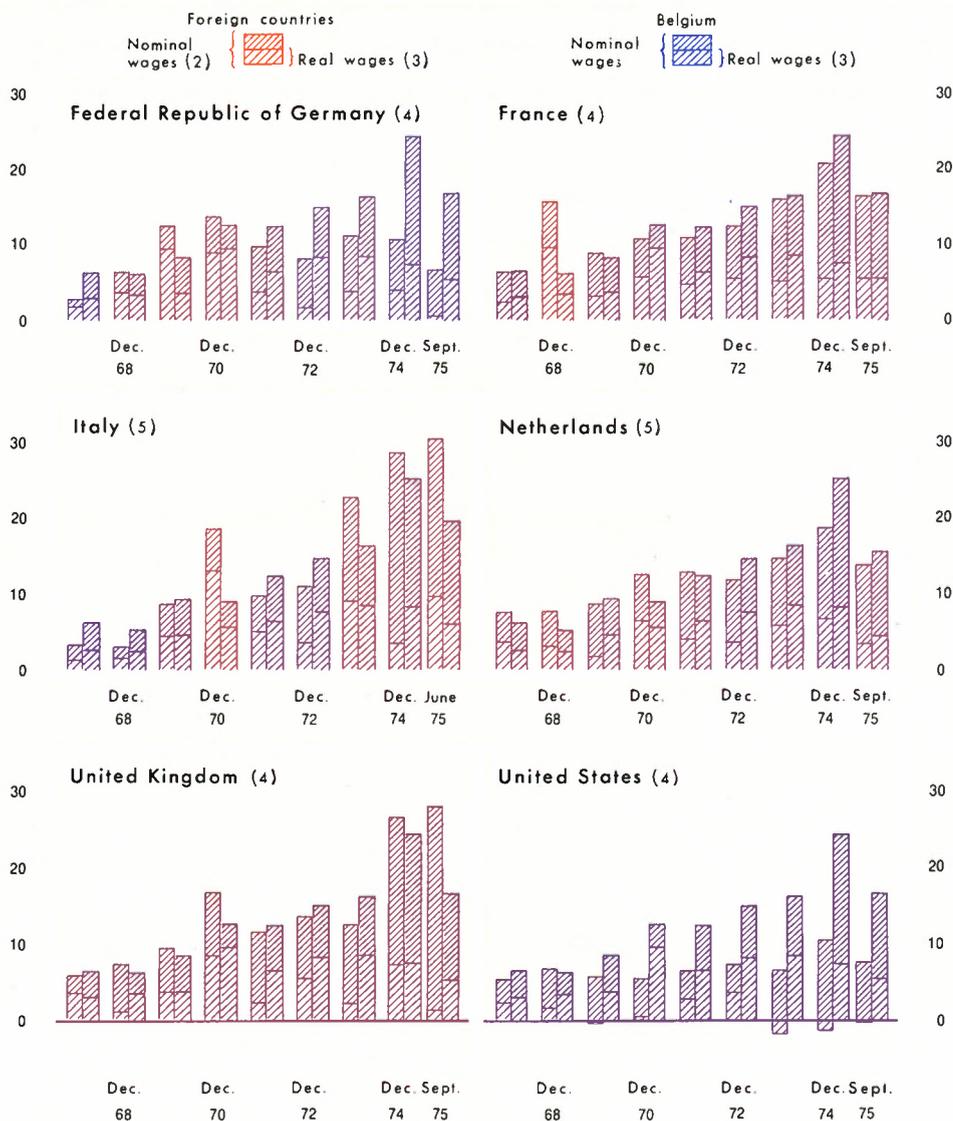
(3) Index calculated on the basis of prices including sales taxes.

(4) Index calculated on the basis of prices net of sales taxes or value-added tax. 1970 : estimate.

Chart 18.

WAGES : COMPARISON WITH FOREIGN COUNTRIES

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



Sources : Nominal wages : *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. Consumer prices : see Chart 21.

- (1) Percentages not adjusted for changes in exchange rates.
- (2) For the United States, the increase in nominal wages in 1969, 1978, 1974 and 1975 corresponds to the cross-hatched part above the 0 line.
- (3) Percentage changes in nominal wages adjusted for changes in consumer prices.
- (4) Average gross earnings per hour worked. Source for Belgium : National Bank of Belgium.
- (5) Collectively agreed wage. Source for Belgium : Ministry of Employment and Labour.

especially as it also disregards the effects produced on available incomes by, in one direction, taxation and parafiscal charges and, in the other direction, the granting of various other social benefits.

For a worker who has kept his job, while being affected like the average wage-earner by the partial unemployment, the rise in the gross monthly wage, as it has been possible to calculate it very roughly on the basis of extremely fragmentary data, would appear to have been about 12 to 13 p.c., and it would seem that the increase in the net monthly wage was not, on average, greatly affected by the changes in the rate of the contributions paid to the social security or in the ceilings which serve as a reference for calculating these contributions. On the other hand, this rise was again curtailed by the operation of the progressivity of taxation, despite the adaptations made to it in favour of the lowest incomes to allow for monetary erosion; the following typical examples have been chosen at both ends of the scale which embraces the great majority of wages in the extractive, manufacturing and building industries : two workmen, each with three dependants and receiving, in September 1974, gross monthly wages of Fr. 20,000 and Fr. 32,000 respectively, would have seen their net monthly wages increase by 11.5 and 9.2 p.c. respectively during the next twelve months, assuming that they had not become wholly unemployed.

Allowing for the rise in consumer prices, the net wage in real terms would have increased very slightly in the former case and decreased by about 1.5 p.c. in the latter.

The various percentages calculated do not include the social transfers which benefited the workers. For instance, if we add to the above-mentioned net wages the amount of the family allowances for two children under the age of six, the available income as thus defined would, during the twelve months in question, have risen in the two cases considered by 12.6 and 10.1 p.c. in nominal terms, while in real terms it would have gone up by 1.5 p.c. in the former case and decreased very slightly in the latter.

No data are available which would enable an international comparison to be made of the trend of net wages. For gross hourly wages the rise,

in nominal terms, appears to have been more rapid in Belgium than in the United States and the main countries of the European Economic Community, except for the United Kingdom and Italy; in real terms it would appear to have been faster than in all these countries, except Italy.

According to the budget figures, the increase, in nominal terms, in the total of **remuneration and social charges paid by the Government**, which had been 18 p.c. in 1974, would appear to have gone up to 18.9 p.c. in 1975. It was due not only to the effect of index-linking and of the social programming relating to public-sector employees but also to a certain working-off of payment backlogs by the Department of National Education.

Considered as a whole, the **profits of industry**, which had risen in the first half of 1974, decreased between that half-year and the first half of 1975. This development, which is the net result of situations which can differ fairly widely from sector to sector or from firm to firm, is attributable to a number of factors.

One of these factors is that the rate of increase in remuneration, the cyclical movement of which usually differs in timing compared with that of industrial production, reached a maximum, as has been seen, during the first months of 1975. The cost of the labour factor, which includes not only gross nominal wages and salaries but also the social charges paid by the employer, was also increased by the abolition of the ceilings on the employers' contributions for health and disability insurance and by a raising of the other ceilings; these new burdens probably more than offset the lowering of the contribution coefficients for family and holiday allowances.

The other components of cost prices were favourably affected by a decline in the average cost of credit, but on the other hand the average unit values of imported producer goods, an important element in industrial cost prices, rose by a further 5.5 p.c.

One of the most important explanatory factors is undoubtedly the sharp fall in production, which contributed in several ways to the contraction of profits. In the first place, as this fall was greater than the reduction in actual working hours and in employment — which, again, is a phenomenon regularly observed at this stage of the business cycle — it was accompanied by a decline in productivity; this decline, coupled with the rise in the cost of the labour factor which has already been mentioned, explains why the Economic Research Institute at Leuven arrives at an estimate of 27.5 p.c. for the rise in the wage cost (and salary cost) per unit of output in manufacturing industry between March-May 1974 and March-May 1975. The fall in production moreover led to an increase in fixed costs per unit of output. It is unlikely that the slackening rise in the price of the products sold was sufficient to offset, for the industries as a whole, the effect of the increase in unit costs. For the prices on the domestic market as reflected in the wholesale price index for finished industrial products, and also unit values for exports, rose on average, but to a smaller extent than in the previous year. Save in exceptional cases, profit margins per unit must have contracted or, in some cases, changed into losses. At the same time, overall, the decline in the volume of sales also contributed to the reduction in total profits.

The situation showed no recovery in the second half-year in comparison with the first : true, the rise in wage costs slowed down and import prices probably remained stationary; but, on the other hand, selling prices on both the domestic and foreign markets do not appear to have changed appreciably, while there was hardly any increase in the volume of sales.

The **profits of large enterprises in the services sector** were probably, on average, less affected by the crisis than those of industry, although the situation may have differed greatly depending upon whether the services rendered were more or less connected with industrial activities.

In **agriculture** the rise in the prices received on average during the year by producers, namely 13.4 p.c., exceeded that in the prices paid for

the factors of production, which amounted to only 4.6 p.c.; the latter percentage, however, is an underestimate, since it disregards the movement of wages and farm rents. The increase in income per unit of output was, furthermore, accompanied by a decline in production, more particularly of cereals and potatoes and, to a smaller extent, of pork and some kinds of beef. Altogether, the nominal incomes of farmers as a whole probably did not improve much in comparison with their relatively low 1974 level.

According to the estimates of the economic budget, **incomes of self-employed persons other than farmers**, that is, of the liberal professions, tradesmen and private companies increased, in nominal terms, somewhat less rapidly than in the previous year.

The total of **social benefits and services paid or supplied by the central Government and the social security institutions** increased, according to the amended 1975 budget, by 25 p.c., against 17.4 p.c. The acceleration was rapid for health service payments, but above all for compensation payments for loss of wages and salaries : for the first ten months, the average daily total of unemployment benefits alone more than doubled.

With regard to **income from personal property**, the amounts paid as net dividends would appear, according to a sample survey of Belgian companies, to have gone up by a further 6 p.c., against 19.6 p.c. in 1974. The movement of income from fixed-interest investments, on the other hand, is more difficult to determine : on the one hand, income from long-term financial assets, formed both abroad and in Belgium, doubtless increased more than in 1974, thanks to the high level of nominal interest rates and the growth in the total of these assets during that year; on the other hand, income from short-term financial assets benefited by the considerable increase in deposits on savings books, the average yield of which did not fall, but was at the same time — probably to a smaller extent — reduced owing to the decline in the average yield on other short-term non-monetary deposits, the average outstanding amounts of which incidentally only increased slightly.

In the economic recovery plan, the draft of which has been submitted to Parliament, the Government proposed a series of temporary measures of **income restraint**.

Thus, with regard to wages and salaries, provision is made for payments to the Solidarity Fund for Financing Early-Retirement Pensions in the event of further advantages being granted; index-linking beyond a certain amount would be temporarily suspended. The tariffs and fees which can be applied by the liberal professions and directors' fees, and also the amount of distributed dividends and rents, would not be allowed to exceed certain previously-reached levels.

PRICES.

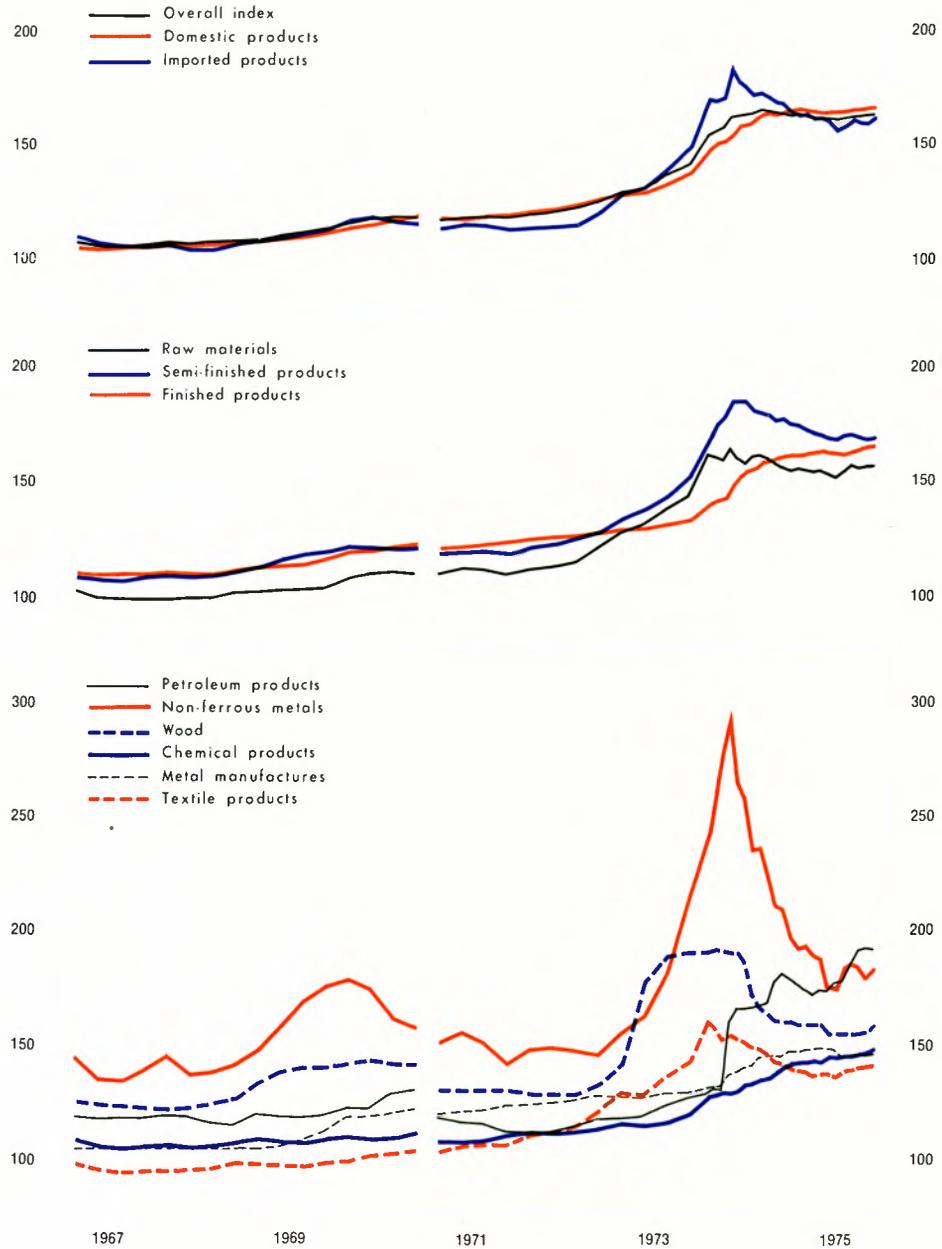
The official index for **wholesale prices of industrial products** was characterised, from the second half of 1974 onwards, by a fair degree of stability. Between the months of November of the last two years, the overall index did not change; the index for a group of imported industrial products went down by 3.8 p.c., while that for domestic industrial products rose by 1.2 p.c. During the previous twelve months, these two categories of products had registered rises of 12.4 and 20.1 p.c. respectively.

The results of the National Bank's inquiries among manufacturing industries confirmed the change of atmosphere with regard to prices : up to the end of October, the number of falls reported exceeded that of rises; the latter became predominant again, however, from November onwards.

A breakdown of the official index according to stages of production shows that the prices of raw materials, after having declined in the first half-year, subsequently recovered : the rise amounted to 0.4 p.c. from November 1974 to November 1975, against 9 p.c. the previous year. The prices of semi-finished products also went down during the first half-year; afterwards they became stable; in November, their index was 4.4 p.c. below that for November 1974, whereas it had risen by 15.3 p.c. during the previous twelve months. At the level of finished products, the upward

Chart 19.

WHOLESALE PRICES OF INDUSTRIAL PRODUCTS IN BELGIUM (1)
 (Indices 1963 = 100)



Source : Ministry of Economic Affairs.

(1) 1967-1973 : monthly averages per quarter; 1974 and 1975 : monthly data. Until 1970, indices calculated on the basis of prices including sales taxes. Subsequently, indices calculated on the basis of prices net of value-added tax.

trend persisted, but was appreciably less marked than in the previous year : the price of these products rose by 2.7 p.c., against 20.7 p.c. It would appear, subject to the reservations which have to be made with regard to such comparisons, that the rise in the wholesale prices of finished products was less fast in Belgium than in the United States and the main countries of the European Economic Community, except for France and, above all, the Federal Republic of Germany.

A breakdown of the overall index by products or groups of products reveals very different price movements. The prices of petroleum and chemical products reached in November a level appreciably higher than that of the previous year. The prices of metal products remained practically stable. Those of textiles, wood and above all iron and steel products and non-ferrous metals fell in the first half-year; subsequently they showed little change.

The tariffs used to calculate the prices for natural gas supplied to individuals were raised by 8.8 p.c. from December 1974 to December 1975, against 15.7 p.c.

The rate of rise of **prices for building and civil engineering work** slackened. It declined from 18.9 to 11.9 p.c., according to the index of the cost of social dwellings compiled by the Economic Research Institute at Leuven — on the basis of a comparison of the third quarters — and from 27 to 9.3 p.c. as regards the reconstruction value of a building calculated by the Belgian Surveyors' Association for the second half-years; the index of prices for civil engineering work compiled by the above-mentioned Institute went up, between the third quarter of 1974 and that of 1975, by only 7.7 p.c., against 19.1 p.c. These trends also became apparent in the results of the Bank's inquiries into the trend of economic activity, both for bare shells of buildings and for civil engineering work.

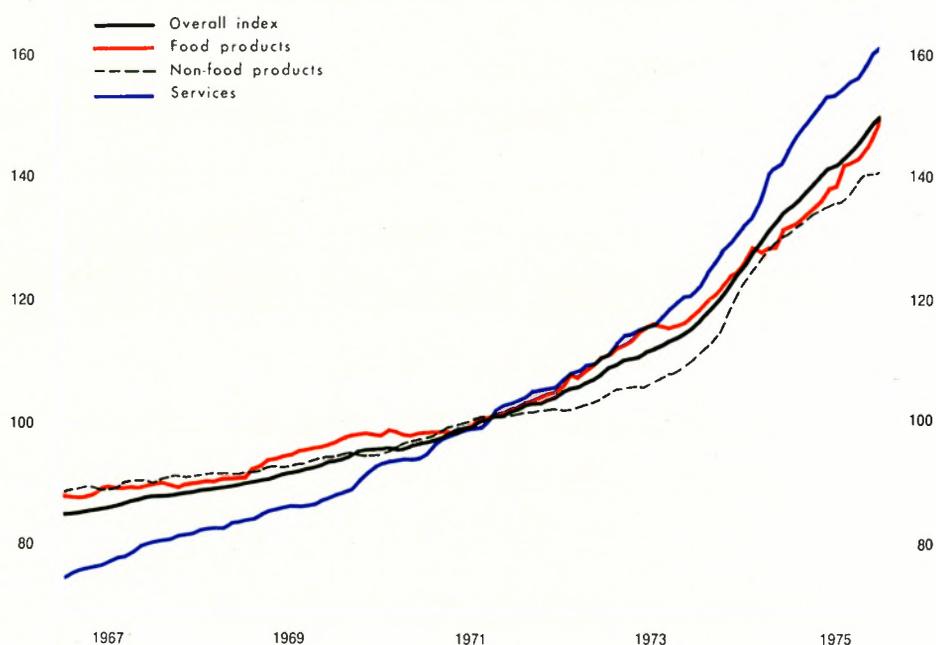
From one December to the other, the index of **prices of agricultural products** compiled by the Ministry of Agriculture went up by 19.7 p.c., whereas it had fallen by 2.3 p.c. during the previous corresponding period.

The rise was observable for animal products but, above all and to a very marked extent, for vegetable products, partly owing to the doubling of the price of potatoes.

Chart 20.

CONSUMER PRICES IN BELGIUM

(Indices 1971 = 100)



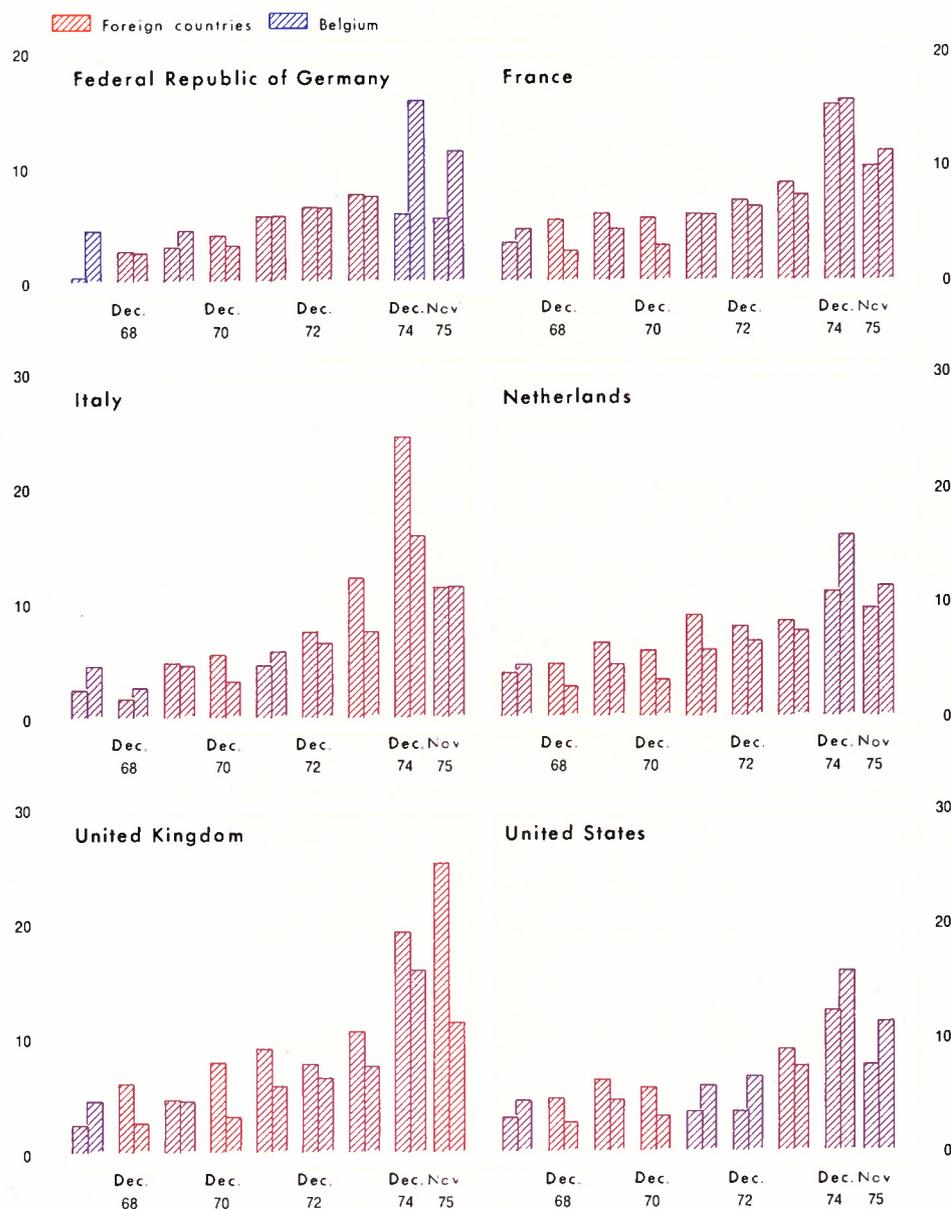
Source : Ministry of Economic Affairs.

The slowing-down of the rise in **consumer prices** was reflected in a decline in the rate of increase from 15.7 to 11 p.c. on the basis of the index figure for the month of December of each year. The slackening is entirely due to non-food products and services; on the other hand, the rise in prices of foodstuffs was slightly greater than in the corresponding previous period.

Chart 21.

CONSUMER PRICES : COMPARISON WITH FOREIGN COUNTRIES

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



Sources : Belgium : Ministry of 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 exchange rates.

An international comparison of indices of consumer prices shows that, from November to November, the rise was greater in Belgium than in the United States and the main countries of the European Economic Community, except for Italy and the United Kingdom, as had already been the case in 1974.

Until May, the Government continued to make use of the traditional instruments of **price policy** : the sectoral fixing of maxima for selling prices or profit margins, programme agreements and prior reporting of price increases.

Decrees were issued fixing maximum selling prices, including for beef and pork, milk, travel by taxi and electric light bulbs.

Programme agreements remained in force for petroleum products, non-ferrous metals, imported wood, chocolate and electrical household appliances. A new agreement was signed concerning composite animal feedstuffs.

The minimum period between the reporting of a price rise and the date on which it can come into force was kept at six months until 31st March; it was subsequently reduced to four months.

From 7th May onwards the Government replaced the system of prior reporting of price increases and sectoral fixing of maxima by a general freezing, for a period of two months, at their level of 30th April, of the prices applied by producers, importers and distributors and also of the prices for services. The measure was not, however, applied to certain types of prices, including those governed by a programme agreement, fixed by a special law, defined by international regulations or applied at trade fairs and markets. The freeze was subsequently extended until 31st December, after certain adjustments; thus the Minister of Economic Affairs was from then on able to allow certain departures from the rules.

On 31st December the freeze was discontinued and the general system of prior reporting of increases was put into effect again with some

adjustments. The minimum period of notice was fixed at three months; this first period can be followed by a second one of two months if the reporting party decides not to comply with the recommendation made to him by the Minister to postpone or reduce the increase; lastly, by application of the procedure of the maximum individual price, the increase can be prevented or limited for a further period of six months beginning at the latest on the expiry of the two afore-mentioned periods.

Outside the framework of the general regulation of prices, a law dated 10th April made the raising of rents for medium-sized and small dwellings subject to legal calculation formulae using coefficients laid down by Royal Decree.

The economic recovery plan which has already been referred to earlier contains various measures belonging to the field of price policy. Mention has already been made of the limitation of rents in the section on wages and other incomes. Moreover, it is proposed that all index-linking formulae applying to industrial and/or commercial prices and tariffs shall be forbidden and, lastly, that the price-revision clauses contained in contracts shall not be allowed to apply to more than 80 p.c. of the final price and shall be based on parameters representing the trend of actual costs.

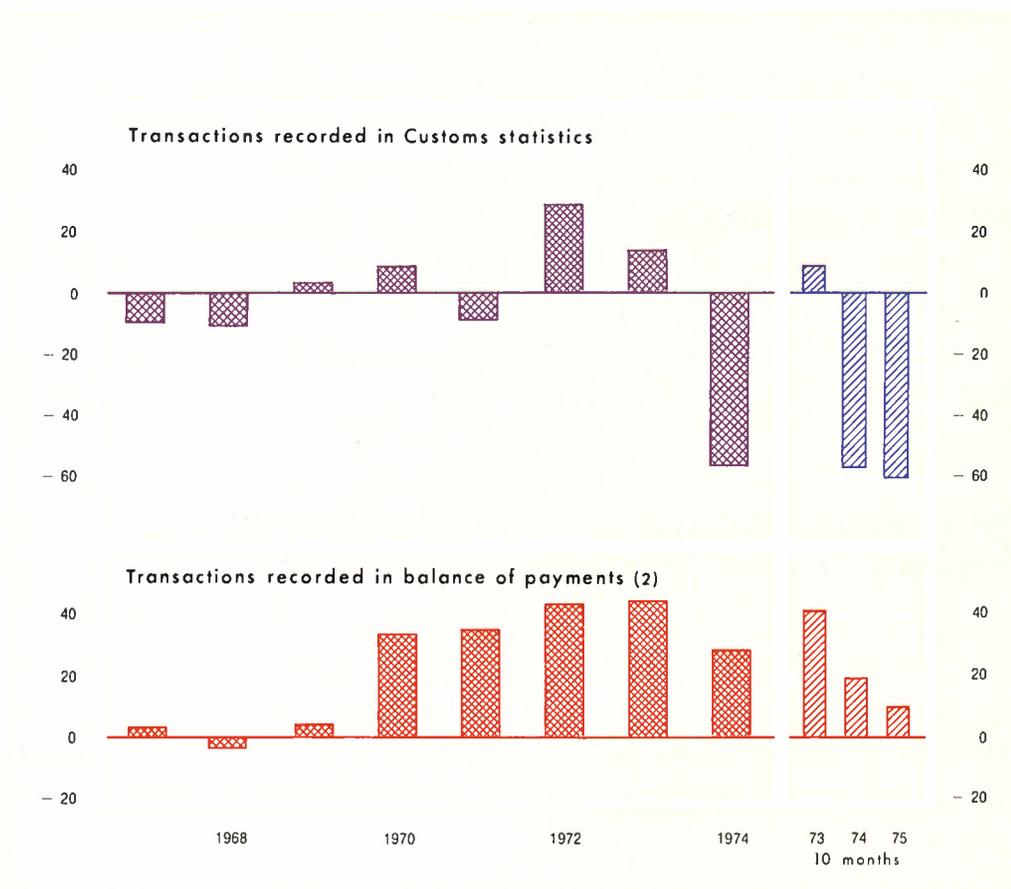
TRANSACTIONS OF THE BELGIAN-LUXEMBOURG ECONOMIC UNION WITH FOREIGN COUNTRIES.

For the first eleven months as a whole, the foreign trade surplus of the Belgian-Luxembourg Economic Union, measured according to the balance of payments, decreased from Fr. 24 billion in 1974 to Fr. 5.7 billion. The surplus of Fr. 14.4 billion registered in the first quarter was replaced by deficits of Fr. 0.7 and 4.2 billion respectively in the second and third quarters and of Fr. 3.8 billion for October-November, as a result of a more rapid decline in export earnings than in expenditure on imports. In a processing economy it is normal for the foreign trade balance to improve during the first phase of an economic recession and deteriorate afterwards.

According to Customs statistics, the trade deficit increased, for the first ten months, from Fr. 57.6 billion in 1974 to Fr. 60.3 billion. The favourable difference which the balance of export and import payments regularly shows in comparison with the balance measured by Customs statistics decreased somewhat during the ten months in question, after having grown substantially in 1974. It nevertheless remained considerable, mainly because the surplus in respect of export and import payments was

Chart 22.

EXTERNAL TRADE BALANCE OF THE BELGIAN-LUXEMBOURG ECONOMIC UNION ⁽¹⁾
(Billions of francs)



(1) With regard to the many causes of divergence between the external trade balance according to the balance of payments and that in the Customs statistics, see the Bulletin of the National Bank of Belgium, April 1972, pp. XXI-XXII. It will be noted, however, that one cause of divergence mentioned in the Bulletin referred to above has been eliminated. This related to purchases and sales of military equipment, which have been included since 1972 in both sets of statistics but which, at the time when the Bulletin was written, appeared not in the settlements for exports and imports in the balance of payments but under the heading « Transactions of public authorities not included elsewhere ».

(2) See Table 4, column (e).

swollen by a contraction in the outstanding amount of net commercial claims on foreign countries : furthermore, the balance of Customs statistics have contained some uncertain factors since the decision taken in April 1969 by the Benelux Intergovernmental Conference to abolish Customs formalities at the Belgian-Dutch frontier; as a result of this, independently of other causes of divergence, comparisons with the payments statistics are made particularly difficult.

The trend of the above-mentioned trade flows is measured in value. If the price movement is disregarded, the decline in volumes calculated on the basis of Customs statistics was over 10 p.c. for the first nine months, for both imports and exports. The terms of trade, which had deteriorated in 1974 owing to the rise in the prices of imported petroleum products, recovered again somewhat.

For the first ten months, the decline in the total value of foreign trade was mainly due to purchases and sales of chemical products, textiles and base metals and to imports of mineral products, especially petroleum products.

With regard to the geographical pattern of trade, the relatively largest contractions took place, in the case of imports, in transactions with the raw-material-producing developing countries, owing to the fall in industrial production in the Belgian-Luxembourg Economic Union and, in the case of exports ⁽¹⁾, in business with the developed countries hit by the crisis; on the other hand, exports to the member countries of the Organisation of Petroleum Exporting Countries increased greatly. Altogether, the Union's trade deficit increased in relation to the developed countries, such as those belonging to the group of the European Economic Community, the United States and Japan, and decreased in relation to the developing countries, especially the oil-exporting countries.

The trend of the proportions of the various currencies used in payment for imports and exports ⁽²⁾ shows that, during the first nine months, the

⁽¹⁾ See Annex 6, Table 1.

⁽²⁾ See Annex 6, Table 2.

Belgian franc was less used than in 1974 by exporters, perhaps less worried about exchange risks; on the other hand, the share of the U.S. dollar in the total of currencies used increased. With regard to payments for imports, however, the dollar's share declined.

Apart from payments for exports and imports, **current transactions** shown in the balance of payments include other transactions relating to goods, services and transfers. They resulted, for the first eleven months, in a surplus of Fr. 34.4 billion, against Fr. 35.6 billion in 1974. The

Table 4.

CURRENT TRANSACTIONS WITH FOREIGN COUNTRIES ⁽¹⁾

(Billions of francs)

	Transactions in goods				Services (4)	Private transfers (5)	Government transfers (5)	Total (h) = (c) + (d) + (e) + (f) + (g)
	Exports (2)	Imports (2)	Balance	Other trans- actions (3)				
	(a)	(b)	(c) = (a) - (b)	(d)				
1970	480.0	446.4	+33.6	+ 5.0	+ 4.9	+ 6.6	-14.4	+35.7
1971	520.6	485.9	+34.7	+ 6.5	+ 8.1	+ 6.8	-14.8	+41.3
1972	581.7	538.7	+43.0	+ 3.4	+13.6	+ 8.1	-16.9	+51.2
1973	723.9	679.5	+44.4	+ 3.9	+ 8.8	+11.5	-23.6	+45.0
1974	958.8	930.6	+28.2	+ 6.6	+15.6	+ 6.8	-21.4	+35.8
1974 First 11 months	872.2	848.2	+24.0	+12.1	+12.8	+ 6.6	-19.9	+35.6
1975 First 11 months ... p	814.9	809.2	+ 5.7	+17.7	+31.8	+ 3.4	-24.2	+34.4

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

(2) Payments made; these have been corrected, however, to allow for credits granted with the assistance of Belgian banks. Including commission processing.

(3) Third-country trade, i.e. goods bought and resold abroad without entering the Customs area of the Belgian-Luxembourg Economic Union, and non-monetary gold.

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

(5) Transactions carried out without counterpart, for instance, donations.

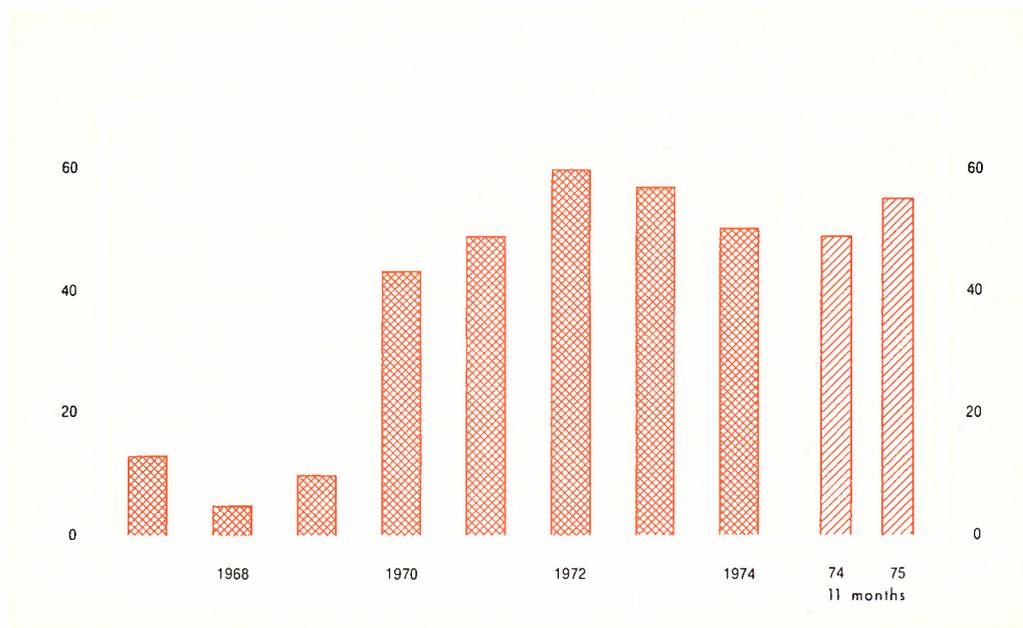
reduction in the surplus in respect of exports and imports and private transfers and the increase in the deficit in respect of Government transfers were almost completely offset by the growth in the surplus in respect of other transactions relating to goods and, above all, services.

The latter produced a surplus of Fr. 31.8 billion, against Fr. 12.8 billion the previous year. This increase was attributable primarily to the growth in the current expenditure of the international institutions established in the Belgian-Luxembourg Economic Union from about Fr. 16.6 billion to about Fr. 25 billion, but also to the increase — of Fr. 4.1 billion — in net income from portfolio investments, due to the larger excess of the interest received by the banks from non-residents over that paid to them, and, lastly, to freight payments, the surplus on which went up by Fr. 2.5 billion because expenditure decreased more than receipts.

Chart 23.

TRANSACTIONS IN GOODS AND SERVICES WITH FOREIGN COUNTRIES ⁽¹⁾

(Billions of francs)



(1) See Table 4, columns (e) to (e).

Altogether, the surplus in respect of all transactions in goods and services rose from Fr. 48.9 to 55.2 billion. The growth is, however, wholly attributable to the results for the first half-year, since, after that, the

Table 5.

CAPITAL TRANSACTIONS

(Billions of francs)

	1970	1971	1972	1973	1974	1974	1975 p
						(First 11 months)	
1. Transactions of public authorities :							
1.1 with foreign countries	- 0.7	-11.0	-10.7	- 4.4	- 3.9	- 3.0	- 2.5
1.2 in foreign currencies with Belgian and Luxembourg monetary institutions :							
1.2.1 Increase (+) or decrease (-) in liabilities in foreign currencies to Belgian and Luxembourg banks	-11.0	-18.1	- 6.4	- 0.3	+ 0.1	+ 0.1	+ 0.3
1.2.2 Increase (-) or decrease (+) in the outstanding amount of foreign currencies receivable at forward dates from the National Bank of Belgium	+ 2.9	+18.3	+ 8.1	...	...	...	...
Total 1 ...	- 8.8	-10.8	- 9.0	- 4.7	- 3.8	- 2.9	- 2.2
2. Transactions of enterprises and individuals :							
2.1 with foreign countries (1)	-13.8	- 9.3	-20.2	-13.1	- 5.1	- 1.7	- 9.6
2.2 in foreign currencies with Belgian and Luxembourg banks :							
2.2.1 Increase (-) or decrease (+) in net spot claims	+ 7.4	+ 9.1	+ 3.5	+ 1.0	- 7.6	- 8.9	- 3.4
2.2.2 Increase (-) or decrease (+) in net forward claims	+ 0.7	- 2.5	+ 8.6	- 6.5	- 1.4	- 2.8	- 5.8
Total 2 ...	- 5.7	- 2.7	- 8.1	-18.6	-14.1	-13.4	-18.8
3. Transactions of non-residents in Belgian and Luxembourg francs with Belgian and Luxembourg monetary institutions :							
3.1 Increase (-) or decrease (+) in liabilities in the form of commercial credits originally financed by Belgian banks	- 6.7	- 3.9	- 7.6	- 5.7	-10.7	- 8.2	- 1.1
3.2 Increase (+) or decrease (-) in the excess of claims over other spot liabilities	+ 5.3	+ 7.7	+ 4.8	+18.3	+ 6.5	+ 2.3	+ 5.4
3.3 Increase (+) or decrease (-) in the excess of the outstanding amount of Belgian and Luxembourg francs receivable at forward dates over the outstanding amount of Belgian and Luxembourg francs to be delivered at forward dates	+ 2.4	+ 5.7	- 8.2	- 0.3	-10.0	-11.3	+13.2
Total 3 ...	+ 1.0	+ 9.5	-11.0	+12.3	-14.2	-17.2	+17.5
4. Movement in the position in foreign currencies of Belgian and Luxembourg banks :							
4.1 Increase (-) or decrease (+) in net spot claims	+ 2.8	- 0.3	+ 1.4	- 9.1	- 7.9	-13.5	- 1.2
4.2 Increase (-) or decrease (+) in net forward claims	- 2.1	- 3.2	- 0.4	+ 5.4	+12.4	+15.1	- 7.0
Total 4 ...	+ 0.7	- 3.5	+ 1.0	- 3.7	+ 4.5	+ 1.6	- 8.2
Total 1 to 4 ...	-12.8	- 7.5	-27.1	-14.7	-27.6	-31.9	-11.7

(1) See table 6.

surplus became smaller than that achieved in 1974, owing to the trend of the balance of foreign trade.

With regard to transfers, the reduction in the surplus in respect of private transfers was primarily due to the increase in wages paid to recipients abroad by foreign workers employed in the Belgian-Luxembourg Economic Union. For its part, the expansion in the deficit in respect of Government transfers mainly reflected the increase in the resources made available by the Government to the European institutions.

The **capital transactions** shown in Table 5 include, in addition to residents' spot transactions with foreign countries, which are the only ones recorded in the usual presentation of the balance of payments, residents' transactions in foreign currencies with domestic monetary institutions and forward foreign exchange transactions. This presentation of the balance of payments makes it possible to highlight all the transactions which, directly or indirectly, could have affected the foreign exchange markets and thus may have induced the National Bank to intervene.

For the first eleven months, the capital transactions of the public authorities, just as in 1974, gave rise to a small deficit.

The movement in capital funds of enterprises and individuals with foreign countries, details of which are given in Table 6, resulted on balance in a deficit of Fr. 9.6 billion, against 1.7 billion in 1974. Foreign direct investments in the Belgian-Luxembourg Economic Union decreased by Fr. 12.6 billion from one year to the other; in 1974, admittedly, the amount of these investments had been swollen by loans to resident enterprises which were having difficulty, owing to the limitation of credit, in obtaining finance in Belgium, and also by appropriations to Luxembourg banks by foreign parent companies to enable their subsidiaries to extend their activities. For their part, residents' net purchases of foreign securities, mainly bonds, more than doubled, going up from Fr. 12.3 to 29.4 billion, particularly owing to the increase in issues of Eurobonds; on the other hand, residents' net investments in the form of deposits abroad,

especially in Belgian francs, decreased substantially; in 1974 certain short-term interest rates had been distinctly higher abroad than in Belgium, thus stimulating this type of investment; these differentials disappeared.

Table 6.

DETAILS OF CAPITAL TRANSACTIONS OF ENTERPRISES AND INDIVIDUALS WITH FOREIGN COUNTRIES

(Billions of francs)

	Public enterprises (1)	Private enterprises and individuals								Grand total	
		Foreign direct and portfolio investments in B.L.E.U.				Direct and portfolio investments in foreign countries					
		Total	of which			Total	of which				Total
			Securities	Direct investments	Real estate		Securities	Direct investments	Constitution (-) or liquidation (+) of deposits		
(a)	(b)				(c)				(d) = (b) + (c)	(e) = (a) + (d)	
1970	- 2.1	+15.4	+ 1.3	+15.9	...	-27.1	-15.7	- 7.8	- 2.7	-11.7	-13.8
1971	- 1.7	+27.3	+ 5.1	+21.8	+ 0.3	-34.9	-23.6	- 8.8	- 1.2	- 7.6	- 9.3
1972	- 2.2	+27.5	+ 4.1	+17.7	+ 0.9	-45.5	-36.0	- 6.5	- 1.4	-18.0	-20.2
1973	- 2.9	+38.1	+ 3.4	+27.5	+ 3.2	-48.3	-31.4	- 6.7	- 6.4	-10.2	-13.1
1974	- 1.0	+42.2	- 2.9	+41.8	+ 2.1	-46.3	-15.4	-14.5	-12.5	- 4.1	- 5.1
1974 First 11 m. ...	- 1.1	+36.0	- 3.0	+36.9	+ 1.9	-36.6	-12.3	- 8.8	-11.8	- 0.6	- 1.7
1975 First 11 m. p	- 1.4	+31.1	+ 1.6	+24.3	+ 1.1	-39.3	-29.4	- 5.5	- 1.7	- 8.2	- 9.6

(1) Public operating organisations and public sector financial intermediaries.

In their transactions with Belgian and Luxembourg banks, enterprises and individuals continued to expand their total net spot and forward claims in foreign currencies.

With regard to non-residents, their spot and forward transactions in francs with the monetary institutions gave rise to inflows of funds amounting to Fr. 17.5 billion, instead of outflows of Fr. 17.2 billion the previous year. On the one hand, the outstanding amount of commercial credits in Belgian francs granted to foreign countries by the banks went up much less than in 1974, owing to the contraction in foreign trade. On the other hand, non-residents greatly increased their net spot and forward

Table 7.

SUMMARY OF TRANSACTIONS WITH FOREIGN COUNTRIES, RESIDENTS'
TRANSACTIONS IN FOREIGN CURRENCIES WITH THE MONETARY INSTITUTIONS
AND FORWARD EXCHANGE TRANSACTIONS

(Billions of francs)

	1970	1971	1972	1973	1974	1974	1975 p
						(First 11 months)	
1. Current transactions ⁽¹⁾	+ 35.7	+ 41.3	+ 51.2	+ 45.0	+ 35.8	+ 35.6	+ 34.4
2. Capital transactions ⁽²⁾ :							
2.1 Transactions of public authorities	- 8.8	- 10.8	- 9.0	- 4.7	- 3.8	- 2.9	- 2.2
2.2 Transactions of enterprises and individuals	- 5.7	- 2.7	- 8.1	- 18.6	- 14.1	- 13.4	- 18.8
2.3 Transactions of non-residents in Belgian and Luxembourg francs with Belgian and Luxembourg monetary institutions	+ 1.0	+ 9.5	- 11.0	+ 12.3	- 14.2	- 17.2	+ 17.5
2.4 Movement in the position in foreign currencies of Belgian and Luxembourg banks	+ 0.7	- 3.5	+ 1.0	- 3.7	+ 4.5	+ 1.6	- 8.2
Total 2 ...	- 12.8	- 7.5	- 27.1	- 14.7	- 27.6	- 31.9	- 11.7
3. Errors and omissions	+ 0.4	- 2.1	- 0.5	+ 4.1	+ 5.2	+ 7.7	- 2.8
4. (= 1. to 3.) Total corresponding to the movement in the National Bank of Belgium's exchange reserves and in its forward position in foreign currencies and, in relation to foreign countries, in Belgian francs ⁽³⁾	+ 23.3	+ 31.7	+ 23.6	+ 34.4	+ 13.4	+ 11.4	+ 19.9

(1) See Table 4, column (h).

(2) See Table 5.

(3) See Table 8, column (j).

claims in francs on the monetary institutions, whereas they had reduced these claims the previous year. This growth in claims probably reflected, in addition to the need felt by non-residents to cover future payments, definite confidence in the franc.

The banks' net combined spot and forward claims in foreign currencies, which can undergo substantial temporary movements in the short run, increased, whereas they had declined slightly in 1974.

Altogether, for the eleven months in question, the current and capital transactions described above resulted on balance, taking into account errors and omissions, in a surplus of Fr. 19.9 billion, against Fr. 11.4 billion

Table 8.

NATIONAL BANK OF BELGIUM : EXCHANGE RESERVES
AND FORWARD POSITION IN FOREIGN CURRENCIES AND,
IN RELATION TO FOREIGN COUNTRIES, IN BELGIAN FRANCS (1)

(Changes in billions of francs)

	Exchange reserves						Forward position (2)			Grand total	of which :	
	Gold holdings (a)	Assets held at the I.M.F. (b)	Net claims on the E.M.C.F. (c)	Spot foreign currencies (d)	Spot Belgian francs (e)	Total (f) = (a) + (b) + (c) + (d) + (e) (f)	Foreign currencies (g)	Belgian francs (h)	Total (i) = (g) + (h) (i)		Position in foreign currencies (k) = (d) + (g) (k)	Position in Belgian francs (l) = (e) + (h) (l)
1970	-2.5	+ 18.6 ⁽³⁾	—	+ 3.4	-0.2	+19.3	- 3.7	+ 7.7	+ 4.0	+23.3	- 0.3	+ 7.5
1971	+3.7	+ 17.0 ⁽³⁾	—	- 4.4	-2.7	+13.6	+ 2.8	+15.3	+18.1	+31.7	- 1.6	+12.6
1972	-1.8	- 1.7 ⁽³⁾	—	+17.4	+1.8	+15.7	+14.0	- 6.1	+ 7.9	+23.6	+31.4	- 4.3
1973	-1.6	+ 3.9	+3.5	+30.8	-0.6	+36.0	- 8.3	+ 6.7	- 1.6	+34.4	+22.5	+ 6.1
1974 .....	...	- 1.3	-3.5	+17.7	-0.5	+12.4	+15.3	-14.3	+ 1.0	+13.4	+33.0	-14.8
1975 .....	...	+ 5.1	...	+13.9	-0.6	+18.4	+ 1.2	- 0.8	+ 0.4	+18.8	+15.1	- 1.4
1974 F. 11 m.	...	- 1.0	-3.5	+15.6	-0.7	+10.4	+13.8	-12.8	+ 1.0	+11.4	+29.4	-13.5
1975 F. 11 m.	...	+ 5.4	...	+14.7	-0.6	+19.5	+ 0.5	- 0.1	+ 0.4	+19.9	+15.2	- 0.7

(1) See Annex 6, Table 3.

(2) The plus sign indicates an increase in foreign currencies or Belgian francs receivable, or a decrease in foreign currencies or Belgian francs to be delivered, by the National Bank of Belgium; the minus sign indicates a decrease in foreign currencies or Belgian francs receivable, or an increase in foreign currencies or Belgian francs to be delivered, by the National Bank of Belgium. The main forward transactions carried out by the National Bank are : 1) sales of foreign currencies against Belgian francs to foreign central banks to cover the exchange risk resulting from the holding of exchange reserves in foreign currencies; in this case the inclusion of forward transactions in the table reveals that certain claims apparently in foreign currencies are actually in Belgian francs (increase in column (d) offset by a decrease in column (g) and an increase in column (h)); if there were only forward transactions of this type, the figures in columns (f) and (i) would be identical; 2) sales of foreign currencies to the public sector in view of forthcoming payments due on its debt in foreign currencies; in this case the inclusion of forward transactions in the table reveals that certain exchange reserves are now already virtually used up (increase in column (d) offset by a decrease in column (g)); column (j) gives the variation in the exchange reserves remaining available, thus differing from column (i), which gives the apparent variation in these reserves.

(3) Not including the amount of the special drawing rights received by Belgium as an allocation.

in 1974. This surplus was due to the transactions of the first half-year, which left a surplus of Fr. 22.5 billion, whereas those of the third quarter and the months of October and November resulted in net deficits of Fr. 2.2 billion and Fr. 0.4 billion respectively. It had as its counterpart a corresponding growth in the total composed of the **Bank's exchange reserves and forward position.**

For the year as a whole the above-mentioned total rose by Fr. 18.8 billion, against Fr. 13.4 billion.

Spot assets in foreign currencies went up by Fr. 13.9 billion. This increase was primarily due to purchases of dollars on the market and from foreign central banks needing Belgian francs, to payments made under agreements on the narrowing of exchange rate margins and to the receipt of the proceeds of investments of assets in foreign currencies.

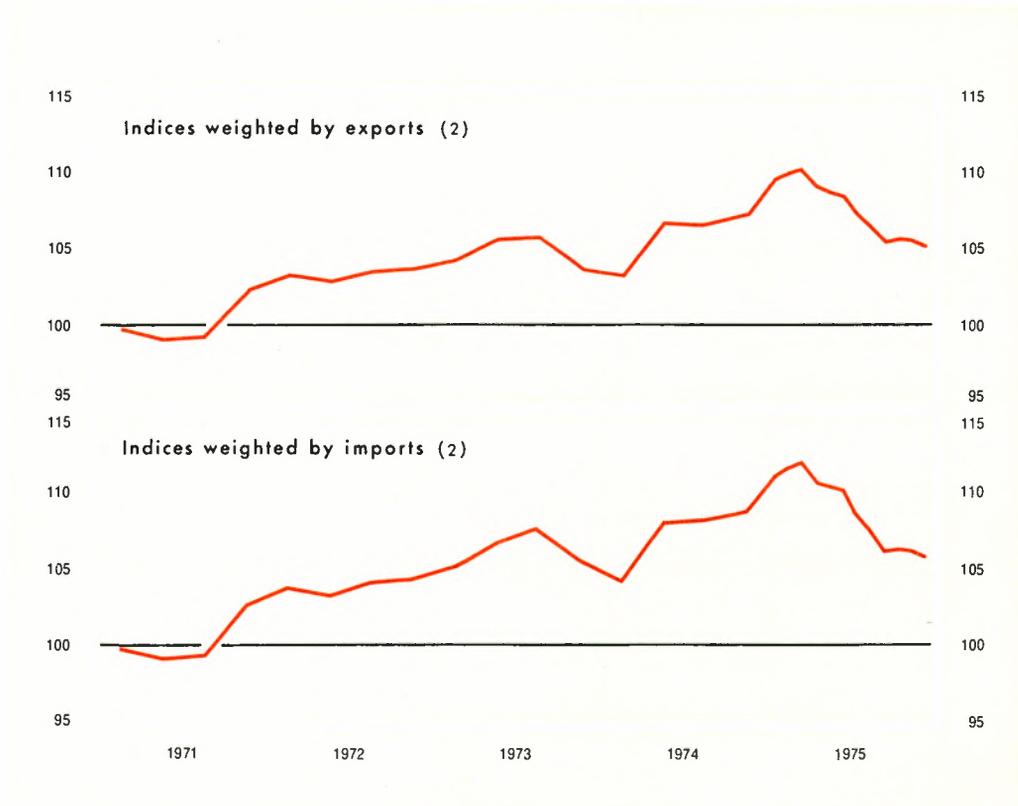
Assets held at the International Monetary Fund rose by Fr. 5.1 billion, mainly owing to the increase in the Bank's claim on the Fund resulting from net drawings in Belgian francs by various countries and the granting of an advance to the Fund within the framework of the « oil facility ».

With regard to the position on the **exchange markets**, the average rate for the Belgian franc on the regulated market, calculated by the Bank using as a weighting coefficient the relative importance of the Belgian-Luxembourg Economic Union's foreign trade, continued in the first quarter the upward movement which had begun in October 1974. After that it declined gradually until December, falling to a level about 3 p.c. below that reached in December 1974. This movement of the rate for the Belgian franc largely reflected the spells of weakness, followed by recovery, of the dollar rate during the period under consideration in relation to the snake currencies. Furthermore, within the snake, the Belgian franc, which had at first, usually alone, from January until mid-May, occupied the upper edge of the snake, left the top of it, partly owing to the deterioration in the overall balance of payments position; until mid-September it was generally in the upper part of the snake, and after that in the lower part.

Chart 24.

AVERAGE WEIGHTED VALUE OF THE BELGIAN FRANC
ON THE REGULATED EXCHANGE MARKET ⁽¹⁾

(Indices 1970 = 100)



(1) 1971 to 1974 : daily averages per quarter. 1975 : daily averages per month. See Annex 6, Table 4.

(2) These indices are obtained by weighting the indices of the rates for each currency by the relative importance of the Belgian-Luxembourg Economic Union's trade with the country or area of that currency. They differ from that calculated by the Organisation for European Cooperation and Development, reproduced in Chart 4, because they include the Belgian-Luxembourg Economic Union's foreign trade with all countries, whereas the index of the above-mentioned Organisation covers only foreign trade with member countries; furthermore, the latter index takes into consideration the competition between the Belgian-Luxembourg Economic Union and each of the afore-mentioned countries not only in their bilateral relations but also in the markets of the other countries.

On the free market the rates for foreign currencies, expressed in Belgian francs, were always higher, especially from the second quarter onwards, than those on the regulated market; the premium of the free dollar rate, expressed in daily averages per month, fluctuated between a minimum of 0.9 p.c. in January and a maximum of 4.92 p.c. in July.

PUBLIC FINANCES.

The trend of the finances of the central Government during the past year was characterised by the considerable worsening of the deficit, due to the combination of a speeding-up of expenditure and a slowing-down of revenue; the former was influenced by decisions of counter-cyclical policy, particularly with regard to public capital investment, by the still rapid rise in prices and by the autonomous increase in certain items of current expenditure, chiefly in connection with the sharp rise in unemployment; the latter was affected by the incidence of the crisis on the basis of taxation.

The deficit in respect of current transactions, which, under the single-budget system introduced in 1975, no longer include the contractual redemptions of the public debt, increased, for the first ten months of the year, from Fr. 7.6 billion in 1974 to Fr. 45.3 billion. For the year as a whole the current deficit was not as large, but it would nevertheless appear to have been over Fr. 30 billion, against Fr. 0.6 billion in 1974.

Current expenditure rose by 23.9 p.c. from 1974 to 1975, against 22.6 p.c. for the previous year ⁽¹⁾. Certain current revenues are allocated direct outside the budget and the expenditures effected from this revenue cannot be accurately broken down between the different economic items to which they relate; subject to this reservation, the increase in current expenditure is chiefly attributable to, firstly, « income transfers » mainly in favour of the social security and, in particular, employment, on which additional Fr. 17 billion was spent, then to « pay and pensions » under the combined influence of the price rises and the social programming and, lastly, to « interest on the public debt », swollen by the expansion in the debt and the high level of long-term interest rates in 1974.

For its part, current tax revenue during the first ten months was Fr. 6.8 billion below the initial estimates; the rate of increase of total current revenue declined from 20.8 p.c. in 1974 to 15.6 p.c.

⁽¹⁾ In calculating the percentage increases in current transactions, allowance was made for the current debudgetised transactions of the Economic Expansion Fund, the Road Fund, Belgium's general contribution to the European Communities and the Special Municipalities Fund. On the other hand, Customs duties transferred direct to the Communities are not included in the figures.

Despite the faster inflow of revenue from the preliminary income tax, which rose by 33.8 p.c., against 26.8 p.c., thanks to the rise in nominal incomes and the progressivity of the tax, the rate of growth of the total of direct taxes went down from 26.7 to 21.9 p.c. This slowing-down is mainly attributable to the proceeds of the advance payments which, as a result of the effects of the crisis on enterprises' profits, rose by only 2.7 p.c., against 12.9 p.c. in 1974. Revenue from the value-added tax increased by only 4.1 p.c.; it should, however, be mentioned in this connection that not only did the basis of the value-added tax suffer the impact of the adverse trend of economic activity but, furthermore, the rates of the tax on petroleum products were lowered.

The negative balance of capital transactions rose from Fr. 48.1 billion in 1974 to Fr. 60.8 billion. Capital revenue, consisting mainly of estate duties, went up by Fr. 1.6 billion, or 35.9 p.c., and the expenditure to be

Table 9.

CENTRAL GOVERNMENT'S NET FINANCIAL REQUIREMENTS

(Billions of francs)

	Net requirements met by the Treasury (1)							Other net requirements (7)	Grand total (h) = (c) + (g)
	Balance of budgetary transactions (2)			Other net inflows (+) or outflows (-) of funds (5)	Net outflows of funds (e) = (c) + (d)	Pro memoria : Con- tractual public debt re- payments (6)			
	Current trans- actions (3)	Capital trans- actions (4)	Total						
	(a)	(b)	(c) = (a) + (b)						
1970	+15.7	-38.5	-22.8	-1.0	-23.8	20.4	-13.9	-37.7	
1971	+10.8	-45.9	-35.1	+1.3	-33.8	19.2	-17.6	-51.4	
1972	-0.3	-58.9	-59.2	-4.5	-63.7	20.0	-23.7	-87.4	
1973	-3.9	-58.0	-61.9	+10.8	-51.1	34.5	-19.9	-71.0	
1974	-0.6	-57.2	-57.8	+0.4	-57.4	39.3	-19.5	-76.9	
1974 First 10 months	-7.6	-48.1	-55.7	+0.6	-55.1	32.9	-15.9	-71.0	
1975 First 10 months	-45.3	-60.8	-106.1	-1.4	-107.5	29.0	-17.2	-124.7	

(1) Source : Ministry of Finance.

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

(3) See Annex 6, Table 5.

(4) Including the expenditure of the Road Fund.

(5) Excluding inflows and outflows resulting from changes in the public debt.

(6) Redemptions by repurchase on the stock exchange or drawings by lot.

(7) These amounts correspond to the net increase in the debudgetised debt borne by the Central Government, i.e. to the prefinancing of certain central-government expenditure provided direct by autonomous organisations and institutions.

met by the budgetary sector, including the Road Fund, by Fr. 14.3 billion, or 27.3 p.c. The comparability of the data is, however, impaired by the inequality of the refunds of sales tax paid on stocks existing on 1st January, 1971; if these refunds, actually Fr. 0.9 billion in 1974 and Fr. 7.4 billion in 1975, are eliminated, the rate of increase of expenditure amounts to only 15.2 p.c. The ministerial departments' capital expenditure commitments for the first ten months exceeded those of 1974 by Fr. 11.1 billion or 29.2 p.c., but this policy of reviving economic growth will not produce a large proportion of its effects on outpayments under the capital budget until 1976.

Table 10.

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

	Central Government's net financial requirements (1)	Changes in current account credit balance with the N.B.B. and Treasury holding of commercial bills	Changes in debt							
			in Belgian francs							
			Grand total (2)	in foreign currencies	Total	to financial intermediaries (3)				to non-financial sectors (4)
						General Savings Fund and private savings banks	Public financial credit intermediaries	Banks	National Bank of Belgium	
(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) - (d) = (f) to (j)	(f)	(g)	(h)	(i)	(j)	
1970	+ 37.7	...	+ 37.7	-11.2	+ 48.9	+ 10.9	+ 10.7	+17.3	- 2.5	+12.5
1971	+ 51.4	...	+ 51.4	-28.6	+ 80.0	+ 18.1	+ 13.4	+39.0	- 8.8	+18.3
1972	+ 87.4	...	+ 87.4	-14.4	+101.8	+ 19.2	+ 28.5	+38.9	- 3.7	+18.9
1973	+ 71.0	...	+ 71.0	- 3.5	+ 74.5	+ 13.4	- 1.7	+41.2	- 0.5	+22.1
1974	+ 76.9	...	+ 76.9	- 1.5	+ 78.4	+ 17.1	+ 11.2	+26.5	+ 3.3	+20.3
1974 First 10 m. .	+ 71.0	+ 2.7	+ 73.7	- 1.3	+ 75.0	+ 16.1	- 3.4	+28.6	- 0.2	+33.9
1975 First 10 m. .	+124.7	+ 7.1	+131.8	- 1.3	+133.1	+ 43.9	+ 25.2	+39.5	- 4.8	+29.3

(1) See Table 9, column (h).

(2) See Annex 6, Tables 6 and 6b's.

(3) Certain categories of financial intermediaries, such as insurance companies and pension funds, for which the data are not available for the most recent periods, are included among the non-financial sectors.

(4) The figures for this item are calculated as residues; it chiefly includes households and enterprises which are not financial intermediaries.

For the first ten months, the overall deficit in respect of the aforementioned current and capital transactions thus rose from Fr. 55.7 billion in 1974 to Fr. 106.1 billion. With allowance being made for other Treasury transactions, especially the movement of third-party funds and

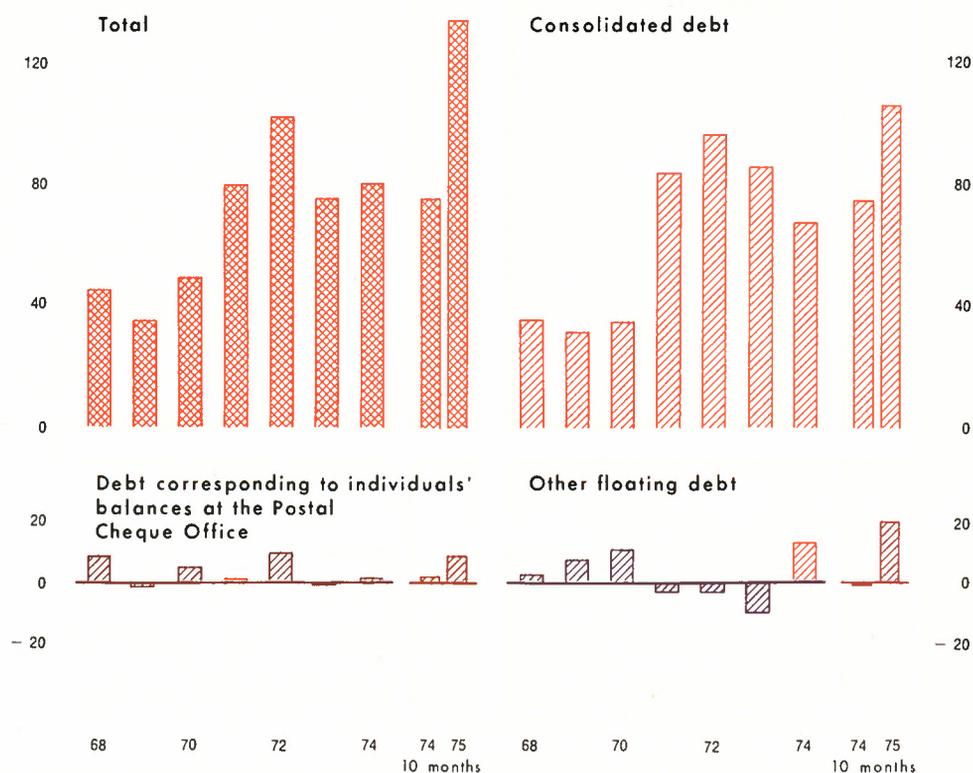
the Treasury accounting officials' cash holdings, which resulted in net expenditure of Fr. 1.4 billion, against net inflows of Fr. 0.6 billion in 1974, the net financial requirements met by the Treasury finally amounted to Fr. 107.5 billion, against Fr. 55.1 billion; for the year as a whole they reached Fr. 109.3 billion, against Fr. 57.4 billion.

The central Government's other expenditure, which mainly relates to capital expenditure prefinanced outside the budget by autonomous institutions and funds, such as the building of motorways by associations of local authorities, university expansion, building of underground railways

Chart 25.

CENTRAL GOVERNMENT'S DEBT IN BELGIAN FRANCS ⁽¹⁾

(Changes in billions of francs)



(1) See Table 10 column (e).

and Government-subsidised municipal works, gave rise to net financial requirements amounting to Fr. 17.2 billion, against Fr. 15.9 billion during the first ten months of 1974.

Thus the central Government's net financial requirements amounted altogether, for the first ten months, to Fr. 124.7 billion, against Fr. 71 billion.

The increase in debts in Belgian francs showed a parallel trend, having amounted to Fr. 133.1 billion, against Fr. 75 billion in 1974. Net issues of long-term loans in Belgian francs were appreciably higher than in the previous year; the floating debt in Belgian francs increased as a result of the development of individuals' balances at the Postal Cheque Office and of the short-term liabilities of the associations of local authorities for the building of motorways to the Belgian Municipal Credit Institution.

Out of the Fr. 133.1 billion of resources in Belgian francs made available to the central Government, only Fr. 29.3 billion, against Fr. 33.9 billion in 1974, was provided by the non-financial sectors, that is, primarily households and enterprises; on the other hand, the contributions of the financial intermediaries other than the Bank rose from Fr. 41.3 to 108.6 billion : these intermediaries not only benefited by the freeing of the monetary reserve but, in addition, they were amply provided with resources, above all at short term, while they did not increase their lending to the other domestic sectors and foreign countries any more than in 1974.

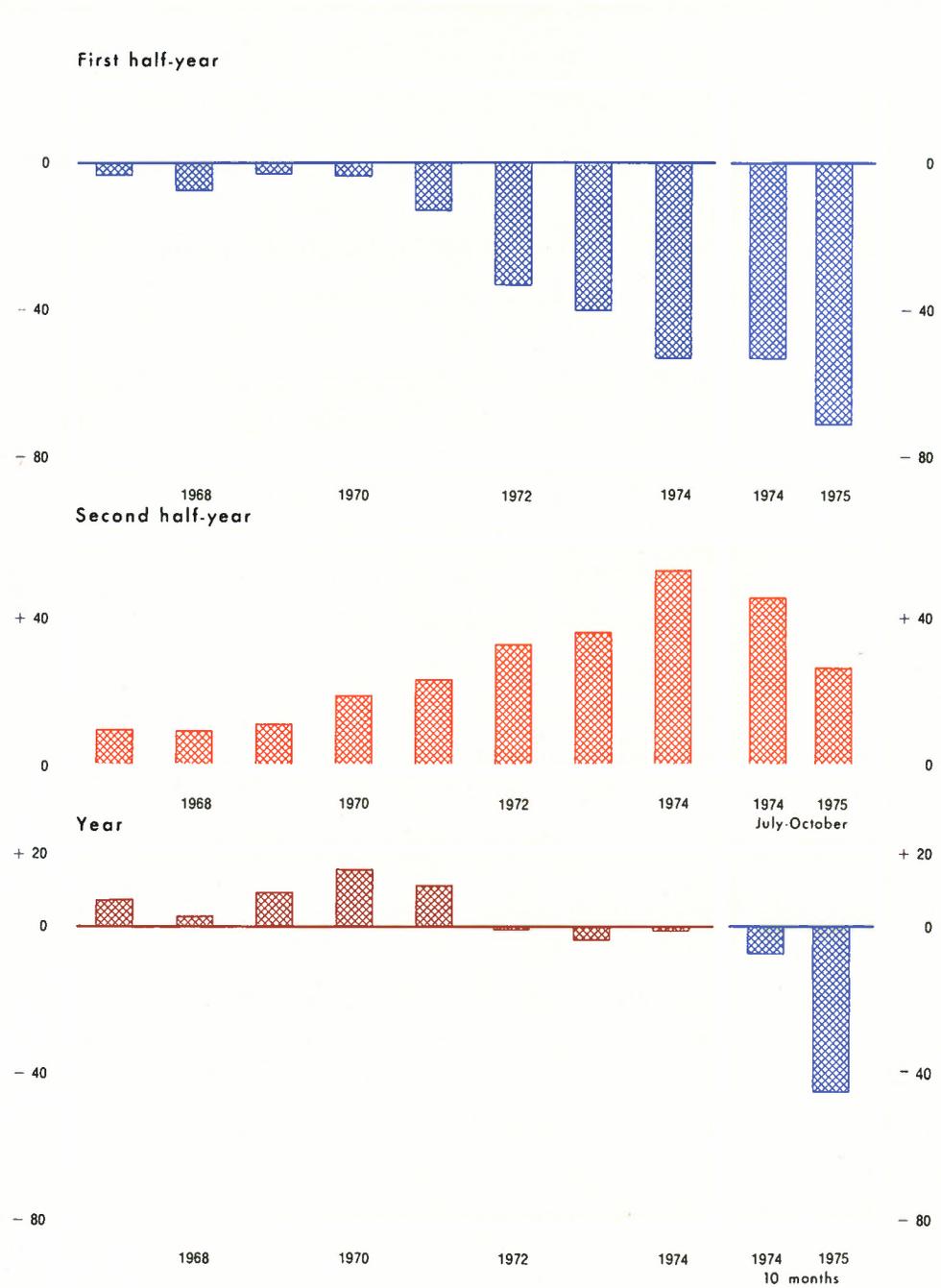
The funds derived from these various financial and non-financial sectors, totalling Fr. 137.9 billion, exceeded the central Government's financial requirements, amounting to Fr. 124.7 billion as mentioned above, and the redemption of the debt in foreign currencies, amounting to Fr. 1.3 billion. The Treasury was thus able to reduce its debt to the Bank by Fr. 4.8 billion, completely reconstituting its credit margin with the latter and, furthermore, to build up a portfolio of temporary investments in commercial bills and a current account balance totalling Fr. 7.1 billion.

The Treasury's position was not equally easy throughout the whole year. The recurrent deficit of the first half-year ought to have been

Chart 26.

BALANCE OF BUDGET OF CURRENT TRANSACTIONS ⁽¹⁾

(Broken down into half-years, in billions of francs)



(1) See Table 9, column (a).

reduced by the reform of the system of advance tax payments, which consisted of spreading the payments from April onwards instead of concentrating them, as previously, in July, but the resultant improvement in the seasonal pattern of tax revenue was, as is shown by Chart 26, more than offset by the cyclical deterioration in the public finances. This being so, the Treasury was unable to cover the whole of its financing requirements in the first half-year without having recourse to the lender of last resort : at the end of June its credit margin with the Bank was used to the extent of Fr. 20.5 billion; in addition, it had indirect recourse to the Bank by causing the Securities Regulation Fund to repurchase Fr. 4.6 billion's worth of Treasury certificates other than those of tranche B.

At the end of the year the Treasury, after having realised the whole of its temporary investments, took up Fr. 4.2 billion of its credit margin with the Bank.

The recorded net financial requirements of the local authorities amounted, for the first ten months, to Fr. 16.1 billion, against Fr. 11.5 billion in 1974.

Table 11.

PUBLIC AUTHORITIES' NET FINANCIAL REQUIREMENTS

(Billions of francs)

	Central Government (1)	Local authorities (2)	All public authorities (3)
1970	37.7	11.1	48.8
1971	51.4	13.0	64.4
1972	87.4	9.8	97.2
1973	71.0	15.3	86.3
1974	76.9	20.8	97.7
1974 First 10 months	71.0	11.5	82.5
1975 First 10 months	124.7	16.1	140.8

(1) See Table 9, column (h).

(2) Net public loan issues and changes in net liabilities to the Belgian Municipal Credit Institution, less « Government-share » loans.

(3) Not including social security.

Table 12.

CAPITAL ACCOUNT OF ENTERPRISES AND INDIVIDUALS

(Billions of francs)

	1973	1974	1975 <i>e</i>	1974	1975	Changes from the previous year (1)	
				(First 10 months)		1974	1975 <i>e</i>
A. Financing capacity :							
1. Capital resources :							
1.1 Gross saving (2)	426	501	548	n.a.	n.a.	+ 75	+ 47
1.2 Net capital transfers from public authorities and miscellaneous (3)	34	69	78	n.a.	n.a.	+ 35	+ 9
	460	570	626			+110	+ 56
2. Gross capital formation (4)	341(5)	441(5)	464(5)	n.a.	n.a.	+100	+ 23
3. Financing capacity (= 1. - 2.) (6)	119	129	162	103	138	+ 10	+ 33
B. Changes in net claims :							
1. Financial assets (7)							
	288	309	340	254	283	+ 21	+ 31
2. Financial liabilities :							
2.1 To Belgian financial intermediaries (8)	135	130	146	112	121	- 5	+ 16
2.2 Other (9)	34	50	32	39	24	+ 16	- 18
	169	180	178	151	145	+ 11	- 2
3. Net claims (= 1. - 2.)	119	129	162	103	138	+ 10	+ 33

(1) The comments generally relate to these changes.

(2) Gross undistributed profits (including appropriations for depreciation) of companies and unconsumed amounts of households' disposable incomes.

Sources : 1973 and 1974 : National Statistical Institute. 1975 : estimates of the Ministry of Economic Affairs (draft of economic budget for 1975).

(3) Amounts arrived at as differences. These amounts include, inter alia, payments for purchases of land and used goods and also credits to the public operating organisations and participations in these organisations.

(4) Enterprises' investments in fixed assets and stocks, and house-building.

Sources : See sources in Note (2) above.

(5) The estimates provided for this item by the sources stated in Note (2) have been adjusted to allow for the latest available balance-of-payments data.

(6) The amount of the savings of individuals and enterprises which, on balance, finances expenditure by public authorities and net lending to the rest of the world. This amount is, by definition, equal to the change in the net claims of individuals and enterprises; see section B.3. of the table.

(7) See Table 14.

(8) See Table 17.

(9) Mainly financial liabilities to foreign countries.

Altogether, the net financial requirements for the public authorities as a whole, excluding social security, amounted for the first ten months to Fr. 140.8 billion, against Fr. 82.5 billion in 1974.

CLAIMS AND LIABILITIES OF INDIVIDUALS AND ENTERPRISES.

Both the gross saving of individuals and enterprises and their gross capital formation — in stocks, equipment, non-residential buildings and dwellings — increased more slowly than in 1974, but the slowing-down was distinctly more marked for the latter than for the former. Consequently the financing capacity of individuals and enterprises, i.e. their net contribution to financing the expenditure of the public authorities and non-residents, which had undergone little increase in 1974, rose to an appreciably greater extent. It represented 6.9 p.c. of the gross national product, against 6.1 p.c. in 1974.

According to the partial data available, the above-mentioned growth is attributable to **households** and to **enterprises other than companies**. These combined considerably stepped up their formation of financial assets and contracted hardly any further liabilities.

Companies, for their part, formed appreciably less financial assets than in 1974, while their recourse to new financial liabilities underwent hardly any reduction.

On balance, the additional resources provided by households and enterprises went to meet the increase in the public authorities' deficit; net lending to the rest of the world, on the other hand, declined.

a) Financial assets.

During the first ten months the formation of financial assets by individuals and enterprises amounted to Fr. 282.5 billion, against Fr. 254.4

billion in 1974, making an increase of Fr. 28.1 billion or 11 p.c. For the year as a whole the rise was probably of the order of 10 p.c.; as the increase in the gross national product at current prices was greater, the rate of gross financial saving declined, but appreciably less than in the previous two years.

Table 13.

FINANCIAL ASSETS AND GROSS NATIONAL PRODUCT

	Total formation of financial assets (1)	Gross national product at current prices	Rate of financial savings
	(a)	(b)	(a) : (b)
	<i>(billions of francs)</i>		<i>(percentages)</i>
1970	173	1,292	13.4
1971	212	1,415	15.0
1972	288	1,579	18.2
1973	288	1,796	16.0
1974	309	2,106	14.7
1975 e	340	2,352	14.5

(1) See Table 14.

Whereas in 1974 investors had shown a greater preference for short-term assets, they displayed more interest during the first ten months of last year in medium- and long-term investments. This shift, connected with the relatively greater and faster fall in short-term interest rates, was more clearly evident in the first half-year than during the subsequent months, when investors slowed down their subscriptions to medium-term notes and bonds in Belgian francs in anticipation of the raising of rates decided upon at the end of the year.

The increase in the formation of financial assets applied both to assets in Belgian francs and to those expressed in foreign currencies; formation of other financial assets, which cannot be accurately classified in either of the two above-mentioned categories, was less than in 1974.

With regard to financial assets in foreign currencies, there were large movements in their components. Formation of deposits, primarily at short term, mainly by enterprises, declined from Fr. 12.1 to 6.5 billion. On the other hand, net purchases of securities amounted to Fr. 22.5 billion, against Fr. 7.1 billion; for it seems as if households, the main holders of these portfolios, built them up partly by substituting longer-term assets in foreign currencies for short-term assets in Belgian francs which they held abroad in 1974. The increase in these purchases, which mainly benefited securities in German marks, can be linked with the growth in issues on the international capital markets.

With regard to the formation of financial assets in Belgian francs, cash holdings underwent, during the first ten months, an expansion of Fr. 55.3 billion, against Fr. 25.3 billion in 1974. Between the fourth quarter of 1974 and the third quarter of 1975 their rate of increase would appear to have somewhat exceeded that in the gross national product, so that the

Table 14.

FINANCIAL ASSETS ⁽¹⁾
(Changes in billions of francs)

	Assets in Belgian francs (2)			Assets in foreign currencies			Other assets (6)	Grand total
	Short term (3)	Medium and long term (4)	Total	Deposits	Securities (5)	Total		
1970	+ 67.6	+ 67.8	+135.4	+ 1.6	+ 14.4	+16.0	+21.4	+172.8
1971	+105.3	+ 80.2	+185.5	- 3.3	+ 21.6	+18.3	+ 8.4	+212.2
1972	+165.6	+ 66.6	+232.2	- 3.0	+ 33.3	+30.3	+25.1	+287.6
1973	+169.2	p+ 87.8	p+257.0	+ 4.9	+ 25.7	+30.6	p+ 0.2	p+287.8
1974	+170.3	p+100.1	p+270.4	+13.1	+ 13.3	+26.4	p+11.8	p+308.6
1974 First 10 months ...	+115.2	p+ 86.0	p+201.2	+12.1	+ 7.1	+19.2	p+34.0	p+254.4
1975 First 10 months p	+121.7	+106.3	+228.0	+ 6.5	+ 22.5	+29.0	+25.5	+282.5

(1) Held by individuals and enterprises (other than financial intermediaries), including public operating organisations and certain financial intermediaries which could not be excluded in 1975: life assurance companies, employers' liability insurance companies and pension funds.

(2) See Table 15.

(3) Assets at up to one year.

(4) Assets at over one year.

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

(6) Assets for which the classification into Belgian francs and foreign currencies is not known or has no point. Primarily net commercial claims on foreign countries held by enterprises and direct investments abroad.

Table 15.

FINANCIAL ASSETS IN BELGIAN FRANCS

(Changes in billions of francs)

	Short term					Medium and long term				Grand total
	Cash holdings (1)	Deposits on ordinary deposit or savings books (2)	Other deposits at up to one year		Total	Fixed-income assets		Shares	Total	
			Total (3)	of which : Deposits at fixed date and at notice		Total (4)	of which : Bonds and medium-term notes (5)			
1970	+ 32.6	+ 7.5	+ 27.5	+ 23.4	+ 67.6	+ 66.8	+ 59.3	+ 1.0	+ 67.8	+135.4
1971	+ 37.8	+ 53.5	+ 14.0	+ 12.0	+105.3	+ 76.2	+ 65.1	+ 4.0	+ 80.2	+185.5
1972	+ 61.2	+ 87.3	+ 17.1	+ 11.0	+165.6	+ 65.5	+ 57.5	+ 1.1	+ 66.6	+232.2
1973	+ 41.5	+ 69.0	+ 58.7	+ 53.3	+169.2	p+ 86.5	p+ 83.0	p+ 1.3	p+ 87.8	p+257.0
1974	+ 46.3	+ 50.6	+ 73.4	+ 65.5	+170.3	p+ 94.0	p+ 95.1	p+ 6.1	p+100.1	p+270.4
1974 First 10 months	+ 25.3	+ 17.9	+ 72.0	+ 68.1	+115.2	p+ 80.4	p+ 81.7	p+ 5.6	p+ 86.0	p+201.2
1975 First 10 months p	+ 55.3	+ 86.5	- 20.1	- 26.3	+121.7	+100.3	+ 92.0	+ 6.0	+106.3	+228.0

(1) The cash holdings of the sectors described in footnote (1) of Table 14 have been calculated by adding together the total amount of notes and coin (see Annex 6, Table 7) and the amount of sight deposits held by enterprises and individuals (see Annex 6, Table 8).

(2) See Annex 6, Table 9.

(3) Deposits at over 30 days and up to one year with the mainly monetary institutions and deposits at not more than one year with the other financial intermediaries and with financial intermediaries abroad.

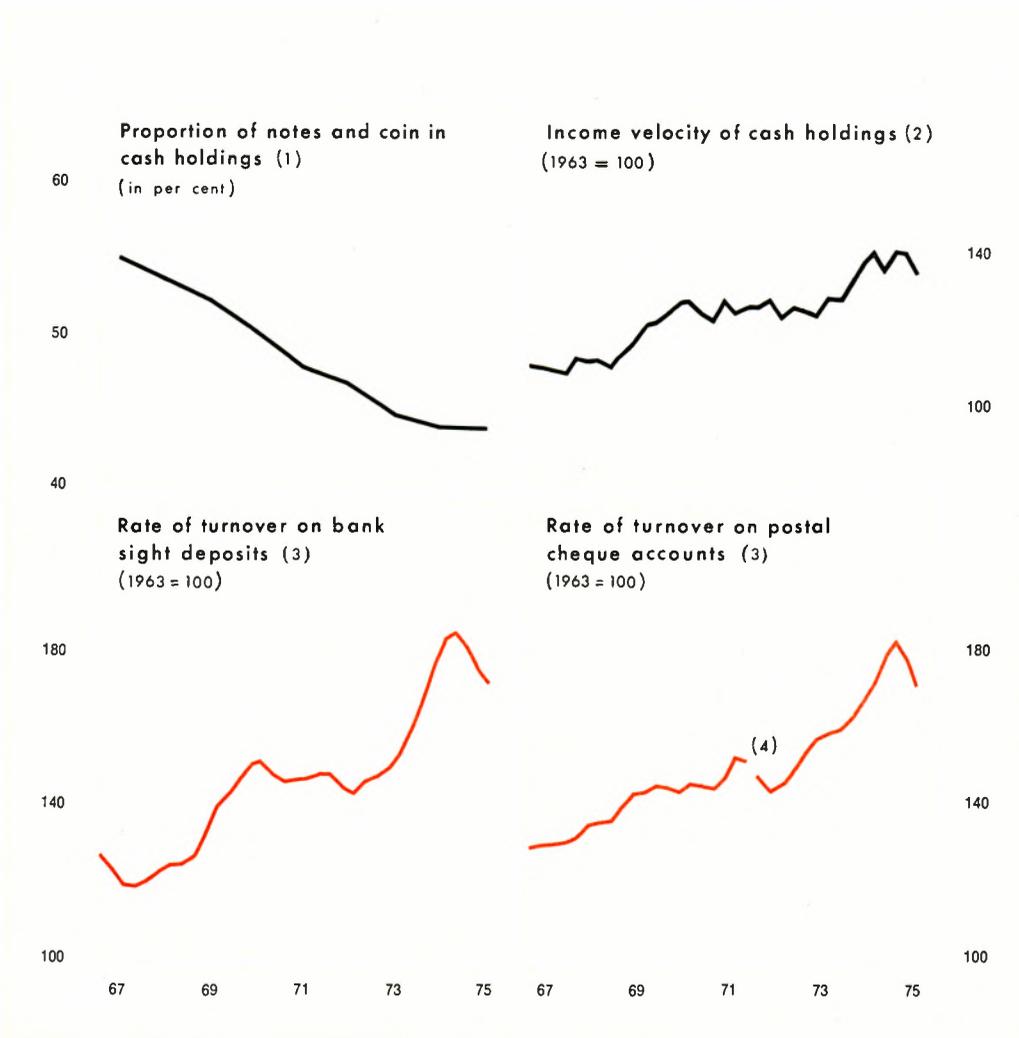
(4) Deposits at over one year and holdings of bonds and medium-term notes.

(5) See Annex 6, Tables 10, 11 and 12.

income velocity of these cash holdings would seem to have decreased. The same was true, but to a more marked extent, of the rate of turnover on bank sight deposits and postal cheque accounts. This trend can be linked with the general decline in interest rates and the public's concomitant liquidity preference.

Chart 27.

COMPOSITION AND UTILISATION RATE OF CASH HOLDINGS



(1) 1975 : estimate.

(2) Ratio of the gross national product at current prices to the average cash holdings. Quarterly figures seasonally adjusted.
Sources : Gross national product : National Statistical Institute and Department of Applied Economics of the Free University of Brussels.

(3) Monthly averages per quarter, seasonally adjusted. See Annex 6, Table 13.

(4) For statistical reasons, the figures for 1972 to 1975 are not fully comparable with those for the preceding years.

The proportion of notes and coin in total cash holdings continued to decrease, but much more slowly : at the end of October it was down to 43.6 p.c., against 44 p.c. a year earlier. The slowing-down took place mainly in the first months of the year, at the time when the rise in wages reached its maximum. Furthermore it is also possible that, as in the past, some traders whose stocks of goods decreased may have enlarged their holdings of notes.

The abnormally small increase — only Fr. 17.9 billion — in deposits on ordinary deposit or savings books during the first ten months of 1974 was followed by a substantial rise, of Fr. 86.5 billion, during the same period of last year. The keen interest shown in these deposits is attributable to, among other things, the fact that the remuneration on them was reduced by only 0.75 p.c., that is, considerably less than the reduction in the rates for other non-monetary financial assets.

Other non-monetary deposits at up to one year declined by Fr. 20.1 billion, whereas they had gone up by Fr. 72 billion during the first ten months of 1974. This decrease was due to that in deposits in francs with banks abroad, including in the Grand Duchy of Luxembourg, which had risen substantially the previous year, and to that in large deposits.

The net withdrawals of deposits in francs with banks abroad, held mainly by individuals, were partly caused by the fall in rates. The net reduction in balances in large deposits would appear to be mainly due to the adverse trend of enterprises' profits; it took place, furthermore, during a period when the rates allowed on this type of deposit were declining markedly. From October onwards, however, the rates showed a slight upward trend.

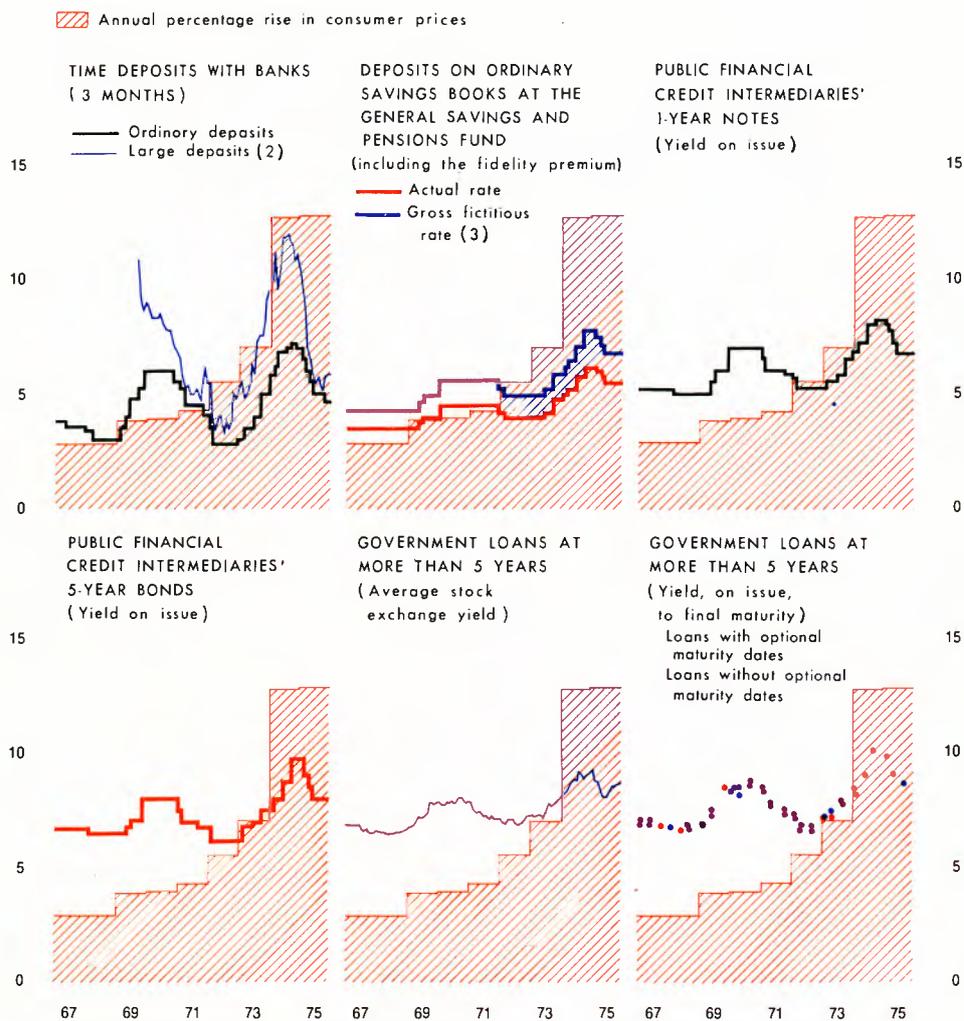
Ordinary deposits at fixed date and at notice rose appreciably less than in 1974. Their standard rates were furthermore reduced several times from November 1974 onwards, those for deposits at up to six months going down altogether by 2.25 to 2.35 p.c.

During the first ten months, enterprises and individuals formed fixed-income financial assets at medium and long term amounting to Fr. 100.3 billion, against Fr. 80.4 billion in 1974. Deposits at over one year increased by Fr. 8.3 billion, after a slight decline. Net investments in

Chart 28.

RATES ON PORTFOLIO INVESTMENTS IN BELGIAN FRANCS ACCESSIBLE TO THE GENERAL PUBLIC ⁽¹⁾

(Per cent)



(1) Rates before deduction of taxes at source. See Annex 6, Table 14.

(2) Indicative rates for deposits from Fr. 5 to 20 million.

(3) As income from deposits on ordinary savings books is at present exempt from tax up to Fr. 15,000 per year, their actual rate is not comparable with the rates shown in the other charts. 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.

medium-term notes and bonds amounted to Fr. 92 billion, against Fr. 81.7 billion; they appeared attractive mainly during the first months of the year, when the public was still expecting further falls in long-term rates. The rates for medium-term notes and bonds issued by the public credit institutions were reduced by 1.50 to 1.75 p.c. during the first half-year, while the yield on Government bonds to the holder to final maturity went down from 10.02 p.c. for the 1974-1982 loan issued in September 1974 to 8.25 p.c. for the 1975-1983 Road Fund loan issued in June 1975. Since then the change in the attitude of investors, doubtless influenced by the reversal in the trend of long-term rates towards the middle of the year in the leading foreign countries, put an end to the decline in rates. Those for bonds and medium-term notes issued by the public credit institutions remained unchanged and the yield of the 1975-1983 loan issued in September 1975 was increased to 8.69 p.c. This adjustment was not, however, sufficient to cause the public to abandon its wait-and-see attitude with regard to subscriptions to long-term securities.

Total net issues of bonds and medium-term notes were almost 50 p.c. above the level for the first ten months of 1974. The relative proportion of subscriptions by enterprises and individuals in these issues fell from 57.4 p.c. in 1974 to 43.9 p.c.; on the other hand, the share of the mainly monetary institutions and that of the other financial intermediaries became substantially larger.

Purchases of shares increased, although they only represented a small proportion of the total of new financial assets formed.

Lastly, the partial data available appear to indicate a contraction in net commercial claims on foreign countries held by enterprises. This movement is reflected in the smaller formation of **other financial assets** (assets which are not classified by currencies in Table 14).

b) *Financial liabilities.*

For the first ten months, the increase in the total financial liabilities of enterprises and individuals amounted to Fr. 145 billion, against Fr. 151 billion in 1974.

Table 16.

FINANCIAL LIABILITIES OF ENTERPRISES AND INDIVIDUALS

Approximate classification according to the debtor and the duration of the liabilities

(Changes in billions of francs)

	Enterprises			Individuals			Total (1)
	Short term	Long term	Total	Short term	Long term	Total	
1974 First 10 months ...	+ 45	+ 62	+ 107	+ 6	+ 38	+ 44	+ 151
1975 First 10 months ...	+ 54	+ 48	+ 102	+ 5	+ 38	+ 43	+ 145

(1) See Table 12, item B. 2.

This was mainly due to the smaller growth in the liabilities of enterprises. These increased their long-term liabilities by a distinctly smaller amount than in the previous year. The weakening of the propensity to undertake capital expenditure doubtless also played a part in this trend; but it may be assumed, on the other hand, that in the first half-year some enterprises resorted to short-term credit in order to finance their capital outlays, in anticipation of a decline in debtor interest rates for capital investment credits. This movement had its repercussion, together with other factors, in enterprises' short-term liabilities : the growth in these quickened after the beginning of the year to such an extent that, for the first ten months, it exceeded that in 1974. The worsening of the financial position of many enterprises and, doubtless also, the need to keep a minimum of producer goods in stock likewise contributed to this acceleration.

Recourse to credit by individuals showed hardly any difference from 1974. Net use of mortgage loans was no higher than in the previous year; during most of the period under review it was even slightly lower owing to the slackening of activity in house-building, but it quickened towards the end of this period. For its part, the outstanding amount of consumer credit went up slightly less than in 1974 : during the first seven months of the year the very stringent regulations still acted as a strong brake on

Table 17.

**CHANGES IN FINANCIAL LIABILITIES OF ENTERPRISES
AND INDIVIDUALS TO BELGIAN FINANCIAL INTERMEDIARIES**

Classified according to the institutions with which these liabilities were originally contracted

	Mainly monetary institutions				Other financial intermediaries						Grand total	of which : Bonds issued by the public operating organisations
	Banks	National Bank of Belgium	Public institutions	Total	Public financial intermediaries which specialise in		General savings and Pensions Fund	Private savings banks	Miscellaneous	Total		
					business lending	loans for housing						
	<i>a) In billions of francs</i>											
1970	+ 29.1	- 0.1	+ 0.2	+ 29.2	+ 21.3	+ 5.7	+ 5.1	+ 10.5	- 0.2	+ 42.4	+ 71.6	+ 5.1
1971	+ 35.8	+ 1.0	+ 0.4	+ 37.2	+ 13.2	+ 8.3	+ 8.3	+ 9.8	+ 0.3	+ 39.9	+ 77.1	+ 9.0
1972	+ 59.1	+ 0.2	+ 1.7	+ 61.0	+ 8.5	+ 8.1	+ 18.0	+ 15.5	+ 0.8	+ 50.9	+111.9	+ 9.0
1973	+ 57.1	+ 0.1	+ 4.4	+ 61.6	+ 21.4	+ 9.3	+ 22.8	+ 20.0	+ 0.1	+ 73.6	+135.2	+ 5.5
1974	+ 53.0	- 0.5	- 0.4	+ 52.1	+ 28.2	+ 9.7	+ 18.6	+ 21.9	- 0.4	+ 78.0	+130.1	+ 5.8
1974 First 10 months	+ 42.9	- 2.5	+ 3.9	+ 44.3	+ 24.3	+ 10.1	+ 16.5	+ 17.6	- 0.5	+ 68.0	+112.3	+ 0.9
1975 First 10 months	+ 56.3	- 2.7	+ 5.0	+ 58.6	+ 16.8	+ 11.2	+ 15.7	+ 18.4	- 0.2	+ 61.9	+120.5	+ 5.5
	<i>b) As percentage increase in comparison with amount outstanding at end of previous year</i>											
1974 First 10 months	+ 10.8	- 62.3	+ 48.8	+ 10.9	+ 11.5	+ 11.4	+ 10.2	+ 12.9	- 26.9	+ 11.3	+ 11.1	+ 1.6
1975 First 10 months	+ 12.5	- 77.4	+ 63.9	+ 12.7	+ 7.0	+ 11.5	+ 8.7	+ 11.6	- 10.8	+ 9.1	+ 10.6	+ 9.5

recourse by individuals to instalment credit; subsequently, Royal Decrees of 28th July and 26th September introduced substantial relaxations. These were probably partly responsible for the recover which became observable in purchases of durable consumer goods, accompanied by increased recourse to credit.

The total of **Belgian enterprises' financial liabilities to residents other than financial intermediaries, and to foreign countries** (see Table 12, item B. 2.2) increased, for the first ten months, by Fr. 24 billion, against Fr. 39 billion in 1974. The decisive factor behind this difference was the marked slowing-down in the growth in financial liabilities to foreign countries; it was observable both in the trend of short-term liabilities — which had been particularly large in 1974, at the time of the limitation of bank credit in Belgium — and in that of long-term liabilities, which mainly reflected the establishment of enterprises or the acquisition of holdings in enterprises in Belgium by non-residents. For the first ten months, direct recourse by enterprises to the Belgian capital market declined somewhat.

The **financial liabilities of enterprises and individuals to Belgian financial intermediaries** went up by Fr. 120.5 billion during the first ten months, against Fr. 112.3 billion in 1974. Their expansion was still slight in the early months of the year, but quickened subsequently.

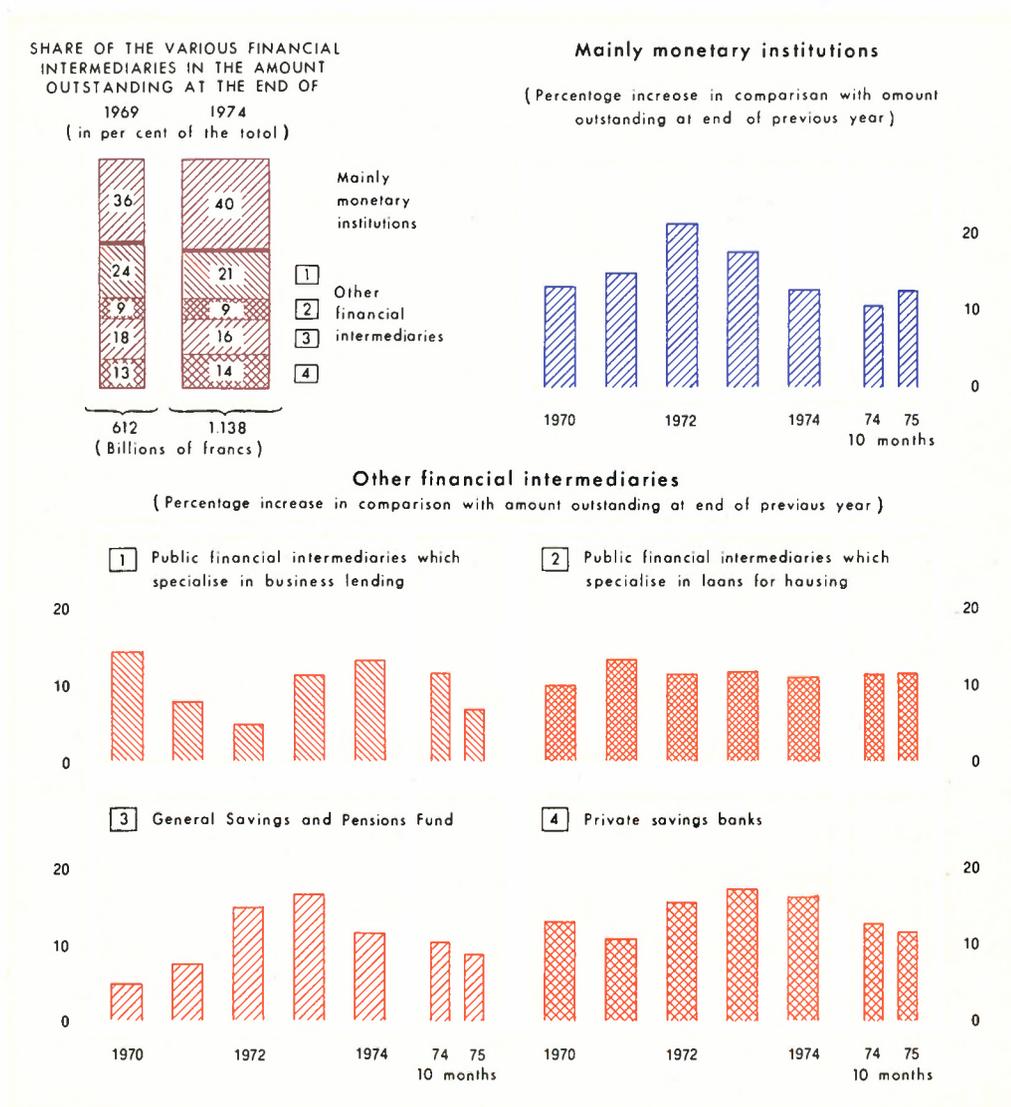
Liabilities to banks — which mainly grant short-term credits to enterprises — increased slowly in the first quarter; in the subsequent months, however, their amount grew faster, so that for the whole of the period under review it finally increased by Fr. 56.3 billion or 12.5 p.c., against Fr. 42.9 billion or 10.8 p.c. in 1974.

The decrease in enterprises' long-term credit requirements was reflected in the amount taken up from the public financial intermediaries specialising in business lending. On the other hand, uses of business credits granted by the private savings banks and the General Savings and Pensions Fund — which specialise less in lending to enterprises — increased

Chart 29.

FINANCIAL LIABILITIES OF ENTERPRISES AND INDIVIDUALS TO BELGIAN FINANCIAL INTERMEDIARIES ⁽¹⁾

Classified according to the institutions with which these liabilities were originally contracted



(1) See Table 17.

somewhat more than in 1974. In the case of the last-mentioned institution they did not counterbalance the decrease in recourse to loans for housing. On the other hand, in the case of the other public financial intermediaries

and the private savings banks, uses of this type of credit increased by a slightly larger amount than in 1974.

The trend of **credits opened** differed greatly depending on the category of financial intermediaries concerned.

Table 18.

CREDITS OPENED
(Billions of francs)

	Changes in outstanding amount of credits opened by banks (1)			New credits opened		
				Public financial intermediaries		Private savings banks
	Capital investment credits	Other credits	Total	Business lending	Loans for housing	
1971	+ 2.6	+ 76.3	+ 78.9	38.2	20.6	18.8
1972	+ 12.1	+ 89.5	+ 101.6	54.8	37.1	29.8
1973	+ 8.7	+ 85.9	+ 94.6	59.4	39.5	33.8
1974	+ 3.4	+ 52.9	+ 56.3	61.2	33.1	32.6
1974 First 11 months	+ 3.8	+ 42.2	+ 46.0	56.5	33.7	30.7
1975 First 11 months	p+ 10.5	p+132.3	p+142.8	77.6	39.6	27.5

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

For the first eleven months the outstanding amount of credits opened by banks went up by Fr. 142.8 billion, that is, more than three times the growth in 1974. As the rise took place mainly from the second quarter onwards, it may to a certain extent be regarded as a catching-up, perhaps partly artificial, made possible by the abolition of the limitation of these credits at the end of January; actually, expressed in relation to the gross national product, the expansion in the above-mentioned outstanding amount thus became approximately the same again as during the years preceding the introduction of the latest restrictive measures. It naturally led to a reduction in the rate of use of bank credits opened.

New business credits granted by public sector financial intermediaries also reached, for the first eleven months, a distinctly larger amount than in 1974, but the acceleration mainly became observable towards the middle of the year. Similarly, new housing credits opened, which during the

first two quarters were far from reaching their 1974 level, rose appreciably during the following months; whereas, for the whole of the period considered, their amount remained below that of the previous year in the case of the private savings banks, it showed a net increase in the case of the public sector financial intermediaries. The speeding-up which became apparent during the second half of the year in the granting of new long-term credits is doubtless connected with the fact that, after the lowering of the cost of these credits in June, enterprises and individuals no longer expected further major reductions in the rates but, on the contrary, were afraid that they would be raised; with regard to loans for housing, this acceleration was furthermore encouraged by the lifting of the restrictive measures, mentioned in an earlier section, which was followed by a recovery in decisions to build.

The **cost of credit** declined in comparison with the maximum reached in 1974. Debtor interest rates on short-term credits in Belgian francs granted to enterprises, which had already undergone a slight decline in the second half of that year, were appreciably lowered in the first half-year; subsequently they remained practically unchanged, except for a reduction in the rate for ordinary overdrafts in October. The fall was not equally large for all the forms of credits : for discount and acceptance credits it was about 5 p.c. during the year and 5.50 p.c. in relation to the maximum reached around the middle of 1974; for ordinary advances it amounted, in most cases, to 3.75 and 4.25 p.c. respectively; lastly, for « straight loans » — advances for fixed periods and for specific amounts, the cost of which depends on the rate applied on the interbank market, and which increased substantially — it would appear to have amounted, for three-month transactions, to 4.75 and over 6 p.c. respectively. Debtor interest rates on long-term credits, which, in comparison with the minimum reached in 1972, had risen distinctly less than the short-term rates, were reduced three times; the total reduction amounted, in the case of public sector financial intermediaries, to 1.75 p.c. for business lending and 2.25 p.c. for loans for housing. Lastly, the maximum rates chargeable for instalment credits were also lowered, by a Royal Decree of 26th September.

FINANCIAL INTERMEDIARIES.

About 76 p.c. of the new financial assets of enterprises and individuals were constituted, during the first ten months, with Belgian financial intermediaries, against 51.5 p.c. in 1974. This substantial shift can be linked with the appreciable reduction in some categories of assets such as deposits abroad and commercial claims on foreign countries and, to a smaller extent, with the relative decline in direct subscriptions to bonds issued by the non-financial sectors.

Table 19.

CHANGES IN FINANCIAL ASSETS OF INDIVIDUALS AND ENTERPRISES HELD WITH FINANCIAL INTERMEDIARIES

(Billions of francs)

	National Bank of Belgium (1)	Monetary Fund and Postal Cheque Office	Banks	Public sector non- monetary financial intermedi- aries	Private savings banks, mortgage and capital- accumula- tion companies	Total	Total as percentage of total financial assets (2)
1970	+ 5.1	+ 6.1	+ 40.0	+ 42.6	+ 16.4	+110.2	63.8
1971	+ 13.4	+ 0.6	+ 56.7	+ 58.5	+ 25.9	+155.1	73.1
1972	+ 20.4	+ 11.1	+ 76.3	+ 57.0	+ 33.5	+198.3	68.9
1973	+ 14.6	+ 1.7	+ 86.9	+ 73.9	p+ 34.5	p+211.6	p 73.5
1974	+ 17.2	+ 0.5	+ 63.1	p+ 82.3	p+ 32.1	p+195.2	p 63.3
1974 First 10 months ...	+ 5.0	+ 2.8	+ 49.4	p+ 53.8	p+ 19.9	p+130.9	p 51.5
1975 First 10 months ...	+ 18.3	+ 9.3	+ 73.4	p+ 80.0	p+ 34.0	p+215.0	p 76.1

(1) Mainly the outstanding amount of notes issued, less the part held by banks.

(2) Changes in financial assets held with all the financial intermediaries as a percentage of the total of Table 14.

Consequently, the financial intermediaries' working funds obtained directly from Belgian customers increased by an unprecedented amount, namely Fr. 215 billion.

This expansion was unevenly distributed among the intermediaries in question owing to the divergent trends which had developed in the formation of the different types of assets, which was discussed in the previous section.

Thus, as a result of the public's greater preference for cash holdings, the share in total new financial assets of institutions whose liabilities consist almost exclusively of means of payment, that is the Bank, the Monetary Fund and the Postal Cheque Office, increased substantially.

The year-to-year increase in the Bank's monetary liabilities almost quadrupled.

Although the banks obtained Fr. 24 billion more new financial assets than in the previous year, their share in the total of new financial assets declined from 37.7 to 34.1 p.c. The expansion in sight deposits and the even larger growth in deposits on ordinary savings books were partly offset by the decrease in time deposits, especially large deposits; this decrease took place despite the reduction in short-term deposits in Belgian francs formed with foreign, mainly Luxembourg, banks. This transfer of deposits to foreign countries indirectly provided the banks with funds in the form of balances on correspondents' accounts; these resources also decreased in 1975.

The share of the other financial intermediaries — those in the public sector and the private savings banks — in new financial assets underwent practically no reduction, thanks to the large proportion of deposits on ordinary savings books in their total liabilities.

During the first ten months, the total composed of the money supply and the banks' non-monetary liabilities went up by Fr. 102.4 billion, against Fr. 55 billion in 1974. The speeding-up from the one year to the other had as its main counterparts, on the one hand, the financing of the public authorities, which almost doubled, and, on the other hand, the turn-round in the overall balance of current transactions and capital movements of enterprises and individuals with foreign countries, including the Grand Duchy of Luxembourg : this balance, which was negative in 1974, became positive. Among the other counterparts of the changes in the liabilities of the monetary institutions, the claims originally acquired against enterprises and individuals rose more than in 1974, while the reduction in the monetary reserve of the non-monetary financial intermediaries exerted the same expansionary effect as in the previous year.

Table 20.

**ORIGINS OF CHANGES IN THE MONEY SUPPLY AND IN THE BANKS'
NON-MONETARY LIABILITIES**

(Billions of francs)

	Money supply (1)	Non-monetary financial assets held with banks			Total	Origins				
		in Belgian francs		in foreign currencies		Transactions with foreign countries (3)	Claims on enterprises and individuals	Financing of public authorities (4)	Monetary reserve of non-monetary financial intermediaries (5)	Miscellaneous
		at up to one year (2)	at over one year							
1970	+32.2	+12.8	+ 8.2	- 3.3	+ 49.9	+13.5	+29.5	+13.3	—	- 6.4
1971	+42.1	+25.5	+12.4	- 1.7	+ 78.3	+32.1	+37.1	+ 8.2	—	+ 0.9
1972	+65.2	+39.0	+10.3	- 0.5	+114.0	+22.6	+61.1	+39.2	- 4.1	- 4.8
1973	+46.7	+55.7	+ 6.2	+ 2.7	+111.3	+19.8	+61.6	+42.6	- 8.3	- 4.4
1974	+50.7	+27.1	+ 3.2	+ 5.6	+ 86.6	- 6.4	+51.4	+40.9	+ 6.3	- 5.6
1974 First 10 m. ...	+23.8	+23.3	+ 2.0	+ 5.9	+ 55.0	-13.7	+44.1	+23.8	+ 6.2	- 5.4
1975 First 10 m. ...	+55.5	+29.0	+12.2	+ 5.7	+102.4	p+11.4	p+59.1	p+40.1	+ 6.1	p-14.3

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

(2) Including deposits received on deposit or savings books.

(3) Current transactions and movements in capital funds of enterprises and individuals. The figures, calculated as differences from data prepared by the Belgian mainly monetary institutions, relate to Belgium; they are not comparable with those in Tables 4 to 7, which relate to the Belgian-Luxembourg Economic Union.

(4) The movement in capital funds of the public authorities to and from foreign countries is included in this column.

(5) Increase (-); decrease (+).

The so-called Mammoth Law of 30th June concerning the status of banks, private savings banks and certain other financial institutions confirmed the despecialisation on which these financial intermediaries had already embarked in practice and at the same time strengthened the public authorities' means of supervision.

RECOMMENDATIONS CONCERNING VARIOUS MEASURES OF MONETARY POLICY.

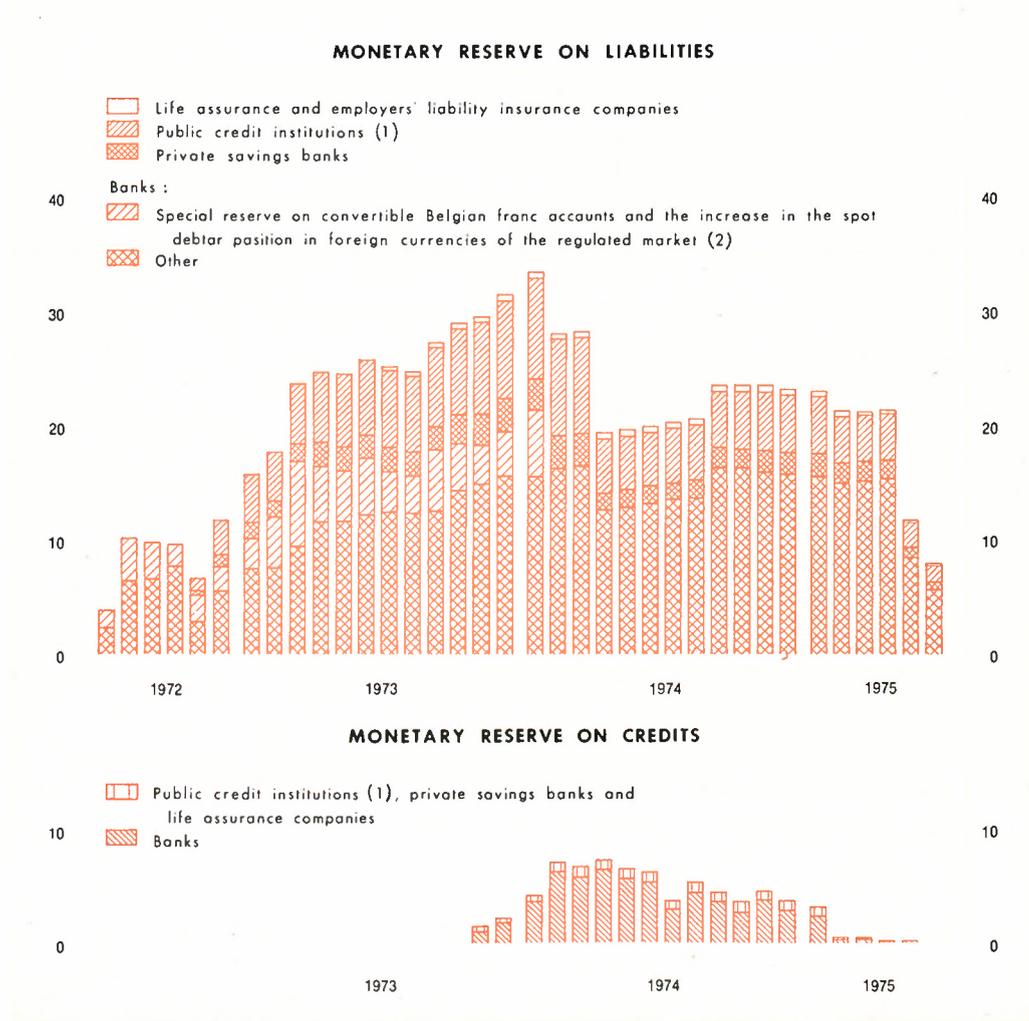
The system of restrictive measures as established by the recommendations of 31st October, 1974 for the principal financial intermediaries — banks, private savings banks and main public sector financial intermediaries — remained in force until the end of January. As the upward pressures on costs and prices remained very strong, it was

decided at that time to extend this system for an additional period of three months by the recommendations of 31st January. These, like the previous ones, were directed to the financial intermediaries under the law of 28th December, 1973 concerning the budget proposals for 1973-1974; the

Chart 30.

MONETARY RESERVE

(Outstanding amount in billions of francs, end of month)



(1) General Savings and Pensions Fund, Belgian Municipal Credit Institution, National Industrial Credit Company, National Fund for Credit to Trade and Industry and, from 1st October 1973, Central Office for Mortgage Credit and National Institute for Agricultural Credit.

(2) This special reserve was abolished with effect from February 1974.

Banking Commission gave compulsory force to the recommendations addressed to the banks.

The new recommendations contained, in many respects, relaxations prompted by the worsening of the economic situation.

Thus part of the monetary reserve on the financial intermediaries' liabilities was freed : firstly, the reserve coefficient on their sight liabilities, which, under a clause adapting the reserve to the trend of certain of the Bank's assets, had been raised from 5 to 6.2 p.c. on 20th September, 1974, was lowered to 6 p.c.; secondly, the reserve on their liabilities at over two years was abolished. Furthermore, the above-mentioned adaptation clause was no longer retained. The Bank also repaid the reserve on credits to the extent of the frozen amounts left over from the period prior to 31st March, 1974, when the financial intermediaries were still free to grant credits provided that they constituted a reserve on them and were therefore not yet directly and formally limited in the expansion of their credits.

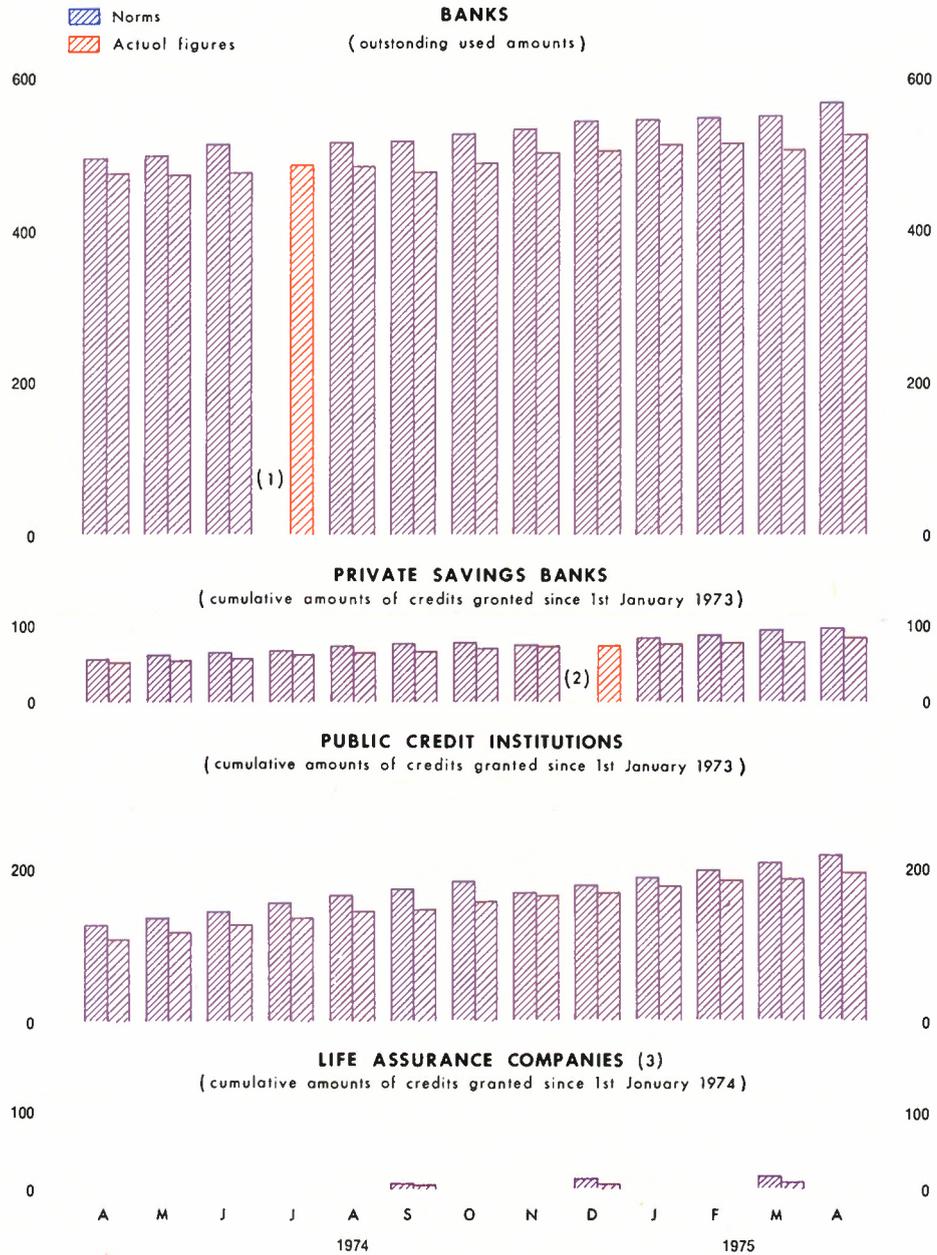
At the same time, the obligations to invest in public paper were slightly relaxed; thus, in the case of the banks, they applied henceforth only to 41 p.c. of the growth in their free working funds, instead of 43 p.c. previously.

Lastly, the Bank also relaxed the measures of direct limitation of credit. The lifting of all restrictions which already applied for Creditexport credits under the recommendations of 31st October, 1974 was extended to all credits in the form of acceptances with visa and certification representing exports and to Government-subsidised and/or guaranteed capital investment credits; furthermore, a special, very generous, norm was established for building loans. The permitted expansion of other lending remained, expressed as an annual rate, the same as before the end of January; in practice, however, a larger growth was made possible for these credits, too, since the margins still possessed by the financial intermediaries at the time of expiry of the previous recommendations had not been cancelled. Furthermore, for the banks, the limitation was henceforth only applicable to credits used, whereas previously it applied

Chart 31.

LIMITATION OF CREDIT : NORMS AND ACTUAL FIGURES

(In billions of francs, end of month)



(1) No norm on 31st July 1974.
 (2) No norm on 31st December 1974.
 (3) Main companies. Quarterly norms and actual figures.

to both credits opened and credits used; for the other financial intermediaries it continued to apply only to the granting of new credits.

As the economic situation went on deteriorating and the price rises were no longer due to excessive demand for goods and services, the Bank decided, at the end of April, in agreement with the Minister of Finance, not to renew recommendations. In order to avoid the disturbing effects on the money market of too sudden a freeing of the reserve on liabilities, it was agreed between the Bank and the financial intermediaries concerned that the reserve would be paid back in three instalments; a first quarter on 20th May, a second quarter on 16th June and the balance on 3rd July.

With regard to the life assurance companies and employers' liability insurance companies, for technical reasons the restrictive measures did not apply to the same periods as for the other financial intermediaries; however, the provisions in force for these enterprises underwent adaptations similar to those applied to the other intermediaries; these provisions, too, were in practice abolished after the first quarter.

In the Grand Duchy of Luxembourg, the Bank Control Commissioner abolished, from 30th April, the limitation on credits granted by Luxembourg banks and savings banks to Belgian enterprises or ones established in Belgium, which had previously been imposed to support the Bank's restrictive policy. The monetary reserve of Fr. 300 million which the Luxembourg authorities were still maintaining was repaid at the beginning of June.

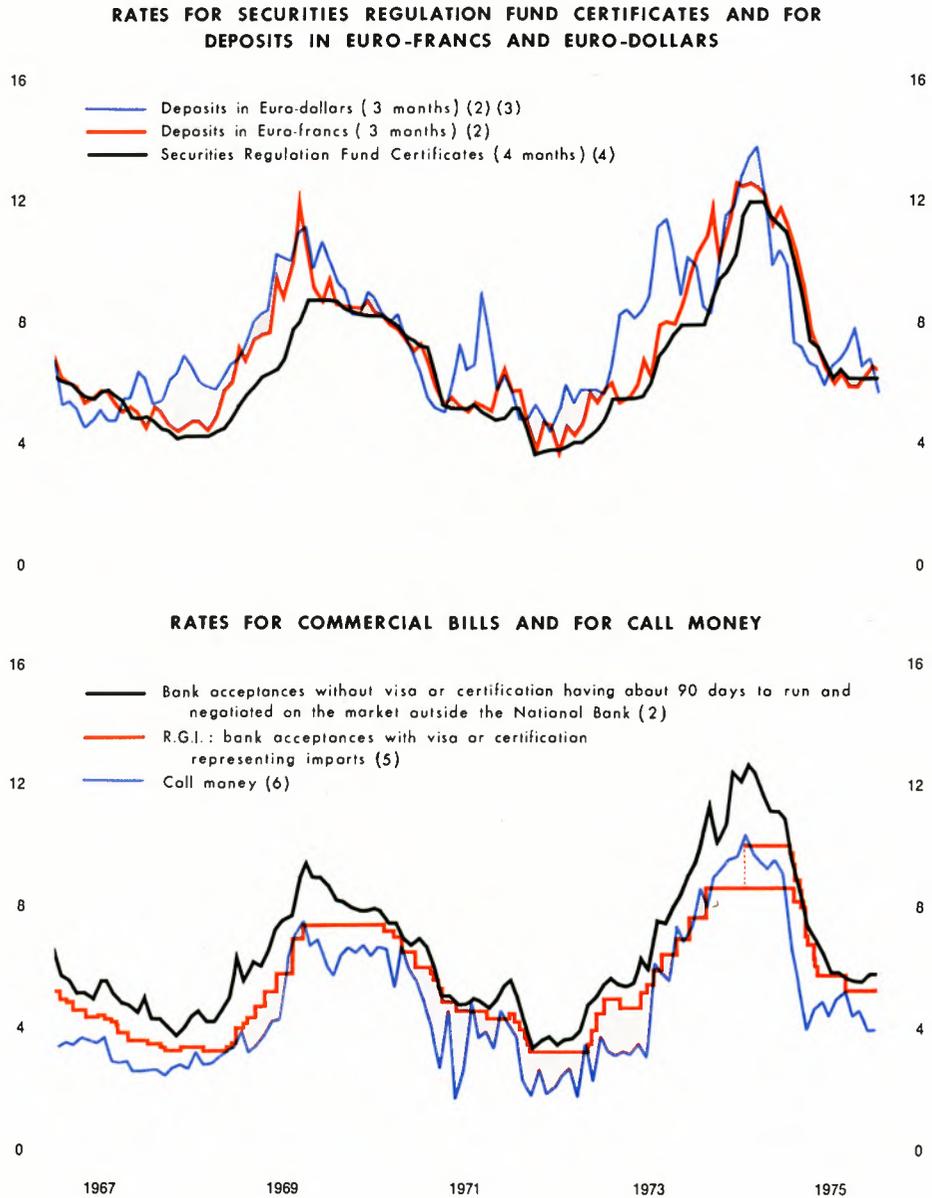
MONEY MARKET.

The resources of the financial institutions participating in the money market increased substantially, thanks to the abundant formation of financial savings. Since, on the other hand, recourse to credit by enterprises, individuals and non-residents did not increase any more than in 1974 and since the monetary reserve was gradually freed by the Bank, the development of the money market was characterised by easier conditions throughout the greater part of the year.

Chart 32.

RATES ON THE BELGIAN MONEY MARKET AND RATES FOR
THE EURO-FRANC AND EURO-DOLLAR (1)

(Per cent)



(1) See Annex 6, Table 15.

(2) Rates ruling at end of month.

(3) Rate for investors not arranging forward cover.

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

(5) Until 31st May 1970 and from 23rd October 1973 : not more than 120 days to maturity. Between these dates : from 61 to 120 days to maturity. This is the rate for acceptances counted against the transferring bank's rediscount ceiling at the National Bank of Belgium; from July 1974 to March 1975 the rate is different depending on whether the acceptances are counted against sub-ceiling A (bottom line) or sub-ceiling B (top line).

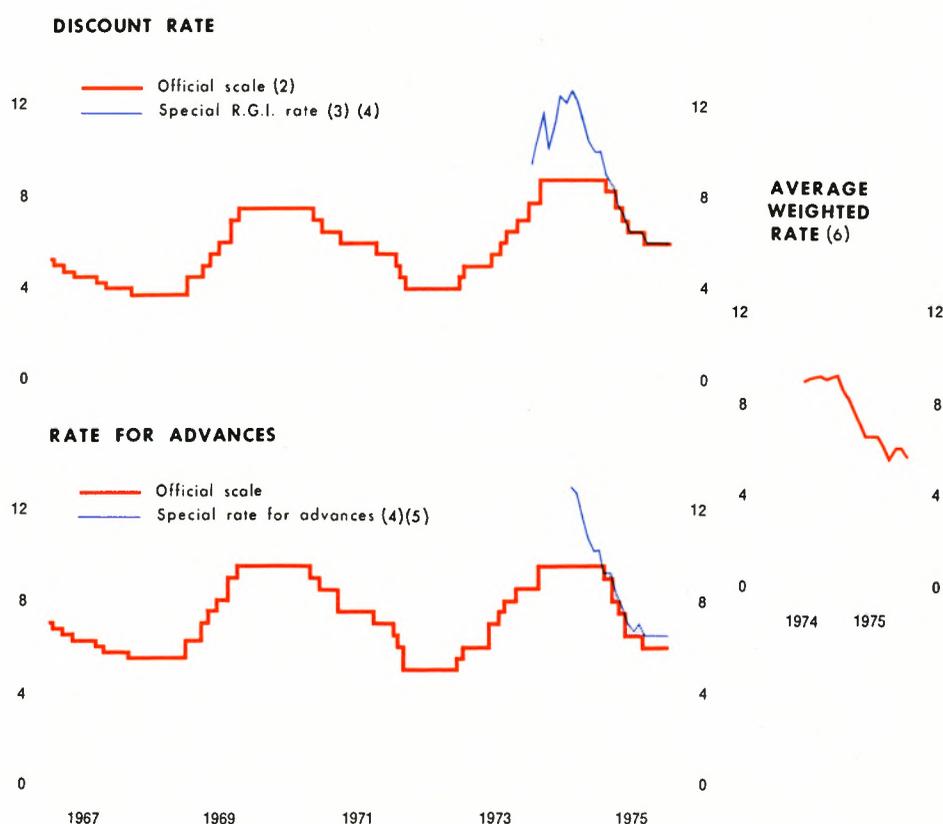
(6) Daily averages per month.

The easier state of the market was reflected in, among other things, a reduction in refinancing by the financial intermediaries at the Bank, the extent of subscriptions for short-term public paper and the decline in interest rates. The latter continued all along the line during the first

Chart 33.

RATES OF THE NATIONAL BANK OF BELGIUM ⁽¹⁾

(Per cent)



(1) See Annex 6, Tables 16 and 17.

(2) Bills accepted payable at a bank (from July 1974 to 26th February 1975 : bills counted against rediscount sub-ceiling A).

(3) Rate applied by the National Bank of Belgium when the Rediscount and Guarantee Institute makes use of its facility of rediscounting at the Bank, within a fixed limit, paper not counted against the banks' rediscount ceilings.

(4) Rate ruling at end of months. This rate can change from day to day within a range fixed by the Council of Regency of the National Bank of Belgium.

(5) Rate at which daily utilisations are charged when the monthly quota has been exhausted.

(6) Average cost of recourse to the National Bank of Belgium for the financial intermediaries which directly or indirectly finance credits to enterprises and individuals; this cost is calculated by taking the mean of the different rates weighted by the outstanding amount of the financing obtained by these intermediaries at these rates. Rates ruling at the end of the month.

half-year; in the second half-year the trend was more divergent : some rates still went down slightly, while others stabilised at the relatively low level which they had reached before or rose slightly.

The decline in rates was encouraged by the monetary authorities, which endeavoured to bring about the most favourable possible conditions for a revival of activity. The Bank lowered its official discount rate in five stages, from 8.75 to 6 p.c., and the official rate for advances from 9.50 to 6 p.c. The reduction was even more marked for the Bank's special rates : from 10 to 6 p.c. for the rate applied to rediscounting, by the Rediscount and Guarantee Institute, of bills not counted against the rediscount ceilings, which had touched a peak of 13.75 p.c. in July 1974, and from 10.25 to 6.50 p.c. for the special rate applied to drawings on current account beyond the monthly quota, the maximum for which had been 14 p.c., also in July 1974.

The average weighted rate, representing the average cost of recourse to the Bank for the financial intermediaries which directly or indirectly finance credits to enterprises and individuals, fell gradually from 9.18 p.c. at the end of 1974 to 6 p.c. or even less during the last months of the year.

At the same time the Bank, in order to exert a downward pressure on the debtor interest rates charged to enterprises and individuals, extended the financial intermediaries' possibilities of mobilisation, especially by relaxing the rules governing the use of the rediscount ceilings, raising these ceilings and increasing the quotas for advances usable at the base rate for advances in current account.

From 1st February, sub-ceiling A ⁽¹⁾, that is, the part of the rediscount ceiling within which commercial bills could be mobilised on the most favourable terms, was raised from 50 to 70 p.c. and sub-ceiling B was lowered from 50 to 30 p.c. From 27th February the Bank applied the same rate to both ceilings. Finally, the subdivision between the ceilings was abolished from 1st April, so that the financial intermediaries once more had a single rediscount ceiling which could be used for rediscounting either

⁽¹⁾ For a detailed description of the system of subdivision of the rediscount ceilings, see the 1974 Report, pages 110-111.

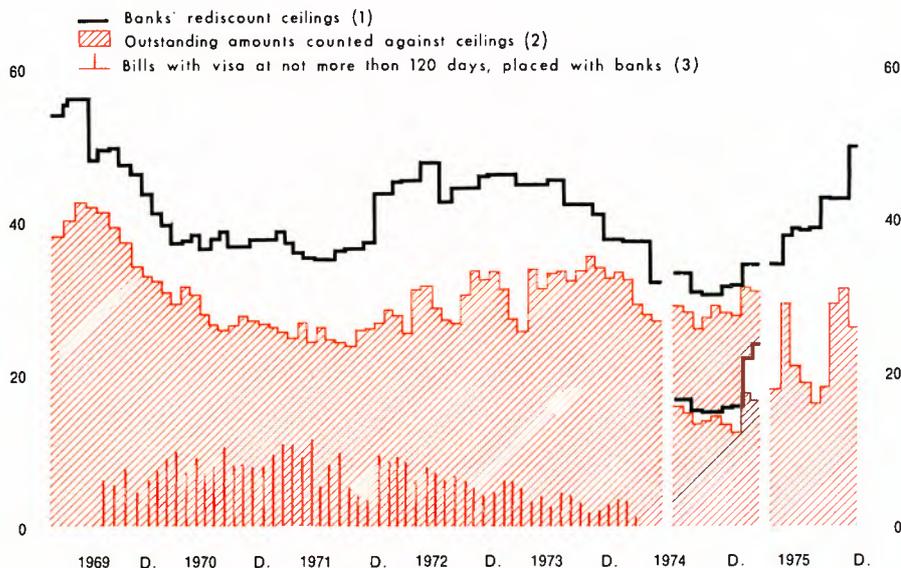
directly at the Bank at its official discount rate or at the Rediscount and Guarantee Institute at the rates established by that institution.

Apart from the relaxation of the rules governing the use of the rediscount ceilings, the Bank raised these several times. The banks' ceilings fixed according to the general formula increased not only owing to the quarterly adjustments to the development of their working funds but also owing to the raising, to 4.25, 4.75 and 5.25 p.c. on 28th February,

Chart 34.

BANKS' REDISCOUNT CEILINGS

(Billions of francs)



- (1) From July 1974 until January 1975, the ceilings were divided into two equal sub-ceilings A (lower part) and B (upper part). In February and March 1975 the ceilings were usable to the extent of 70 p.c. for sub-ceiling A and 80 p.c. for sub-ceiling B.
- (2) Daily averages per month. From 1969 to June 1974 the amounts counted against the ceilings included the amount of certified bills and other bills which were rediscountable at the National Bank of Belgium and actually mobilised at the latter or on the market outside the National Bank, together with that of bills with visa, whether rediscounted or not, with less than two years to run. From July 1974 onwards only the amount of rediscountable bills actually mobilised is counted against the ceilings; this change of procedure is explained by the fact that, since April 1974, no new visas have been granted.
- (3) These bills, having already been counted against the ceilings, gave the banks a rediscounting facility over and above the possibility of mobilising other bills within the limits of the available margins (system in force until June 1974). Data known only from the end of September 1969.

1st April and 31st August, respectively, of the percentage applied to the average of these funds. The rediscount ceilings of the banks subject to the lumpsum formula and those of the public credit institutions were raised in the same proportion.

Furthermore, from 1st November a selective but temporary raising of the banks' rediscount ceilings was granted in order to give each bank an available margin of at least 40 p.c. of its ceiling. The basis adopted for this purpose was the average degree of utilisation of each ceiling during the period July-September; by dividing this degree of utilisation by sixty, a coefficient was obtained for each bank which, where it was more than 1, was applied to the ceilings existing at the end of September in order to determine the new rediscount ceilings. This measure, which added Fr. 3.3 billion to the existing ceilings, was adopted in order to exert a downward pressure on short-term debtor interest rates : the banks whose ceilings were increased could demand a lower rate for their discount and acceptance credits owing to the fact that they were allowed to mobilise a larger proportion of these credits on favourable terms. An updating of this selective extension took place on 30th November.

The various adaptations described above raised the rediscount ceilings of the banks as a whole from Fr. 31.4 billion at the end of 1974 to Fr. 49.5 billion a year later.

The special rediscount facility which the Rediscount and Guarantee Institute enjoys with the Bank for the mobilisation of paper not counted against the rediscount ceilings, and which had been raised to Fr. 22 billion towards the end of 1974 to prevent a rise in rates on the money market owing to the payments due at the turn of the year, was lowered again at the beginning of 1975 to its former level, more in keeping with the Institute's normal requirements, namely Fr. 16 billion, of which Fr. 3 billion is usable on an exceptional basis.

The monthly average of the available margin on the rediscount ceilings of the banks as a whole increased steadily from Fr. 5.3 billion in December 1974 to Fr. 20.2 billion in April 1975. In May it fell again to Fr. 9 billion,

but in September it was above the April level. A sharp contraction of the average available margin occurred in October, reflecting a certain tightening of the money market due to payments to the Treasury. In November the monthly average of the available margin rose again slightly. In December it amounted to Fr. 23.4 billion, or about the same as its September level.

The monthly quotas for advances, which determine the amounts up to which the financial intermediaries can use the advances at the Bank's official rate, were regularly adapted to the trend of these financial intermediaries' working funds. Furthermore, the Bank decided, on 31st August, to increase by 0.50 p.c. the various degressive coefficients which, according to a specific scale, are applied to this average, which has previously been divided up into tranches, in order to fix the amount of the quotas. These therefore rose, for the financial intermediaries as a whole, from Fr. 47.3 billion in December 1974 to Fr. 48.2 billion in March, Fr. 48.9 billion in June, Fr. 59 billion in September and Fr. 60.6 billion in December.

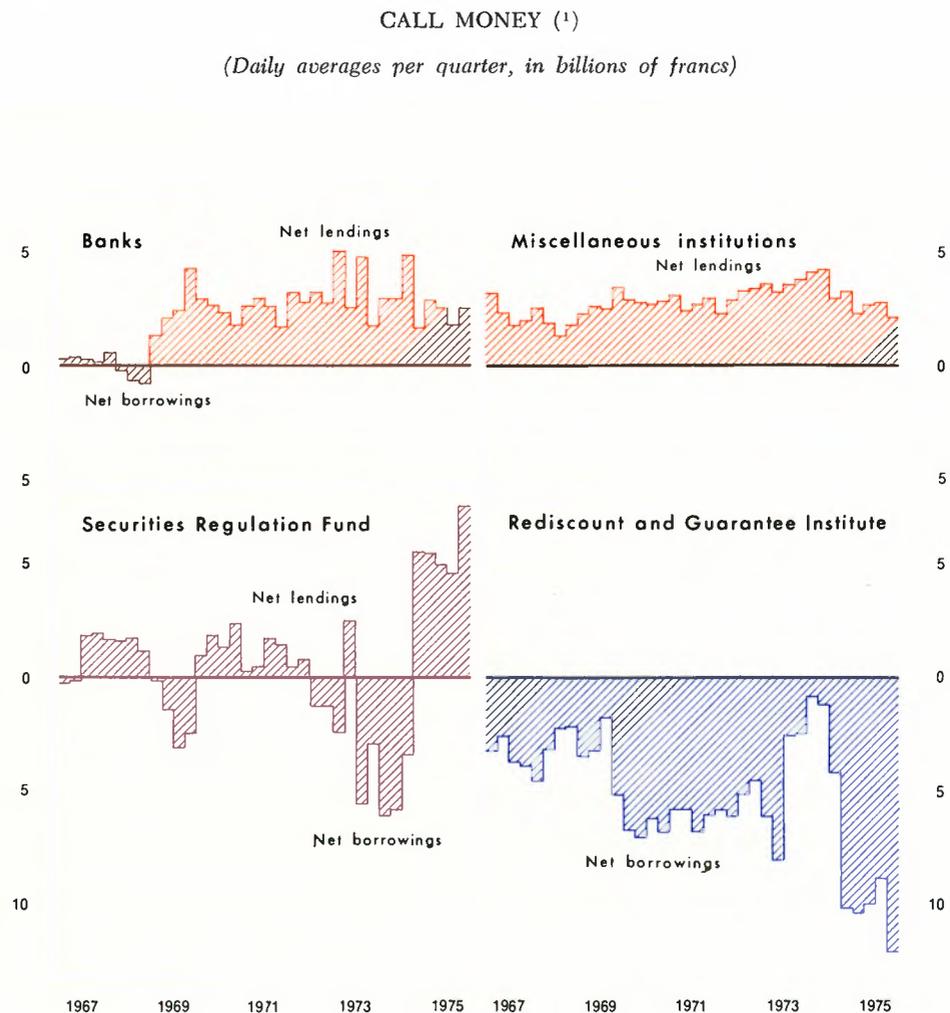
The Rediscount and Guarantee Institute's rate for bank acceptances with visa or certification having 120 days still to run and representing foreign trade transactions was reduced several times during the year. It went down from 8.65 p.c. for sub-ceiling A and 10 p.c. for sub-ceiling B at the end of 1974 to 5.25 p.c. on 22nd August, at which level it remained unchanged until the end of the year; in the meantime, as already mentioned, the distinction between the two categories has been abolished.

The rate applied by the Institute to bank acceptances without certification at 90 days, negotiated on the market outside the National Bank, was reduced from 10.90 p.c. at the end of 1974 to 5.85 p.c. at the end of June; subsequently the movement slowed down : at the end of October this rate was 5.60 p.c. and in November it rose again to 5.80 p.c.

On the call money market, net lendings by the participants, except for the Securities Regulation Fund and the Rediscount and Guarantee Institute, reached a daily average of Fr. 4.8 billion, against Fr. 6.7 billion

in 1974. But the Securities Regulation Fund, which had borrowed substantial amounts during the first three quarters of 1974, was a net lender of considerable sums. Consequently, the Rediscount and Guarantee Institute was able substantially to increase its recourse to the market.

Chart 35.



(1) See Annex 6, Table 18.

The easier position of the Securities Regulation Fund was due to two factors : firstly, its holdings of quoted public securities and Treasury certificates were, on average, smaller than in 1974; secondly, the average

outstanding amount of its own certificates was distinctly greater than in the previous year. Furthermore, the Fund's loans were at various times partly financed with advances granted by the Bank in implementation of a policy aimed at widening the market.

As a result of the reversal of the position of the Securities Regulation Fund and a relaxation of the terms governing its lending, the call money rate fell from 9.04 p.c. in December 1974 to 3.92 p.c. in March. From April to October it fluctuated between 4.3 and 5.1 p.c. In November and December it declined again below 4 p.c.

The average total outstanding amount of **commercial bills and bank acceptances** held by all the institutions participating in the money market was slightly higher than in 1974. However, an analysis of the location

Table 21.

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 (4)	at the National Bank of Belgium (5)	
1970	110.4	5.8	20.8	7.6	144.6
1971	124.1	4.6	23.5	4.1	156.3
1972	130.6	3.4	24.9	12.7	171.6
1973	140.3	3.2	24.1	20.7	188.3
1974	158.2	4.5	27.8	27.2	217.7
1974 1st quarter	153.9	0.8	27.2	29.0	210.9
2nd quarter	164.0	1.4	28.7	27.9	222.0
3rd quarter	161.7	4.1	26.0	27.3	219.1
4th quarter	153.5	11.8	29.0	24.7	219.0
1975 1st quarter	156.8	7.5	47.0	11.3	222.6
2nd quarter	165.3	5.6	43.0	10.1	224.0
3rd quarter	175.4	9.2	30.1	7.9	222.6
4th quarter	168.2(6)	12.8	33.1(6)	12.8	224.2(6)

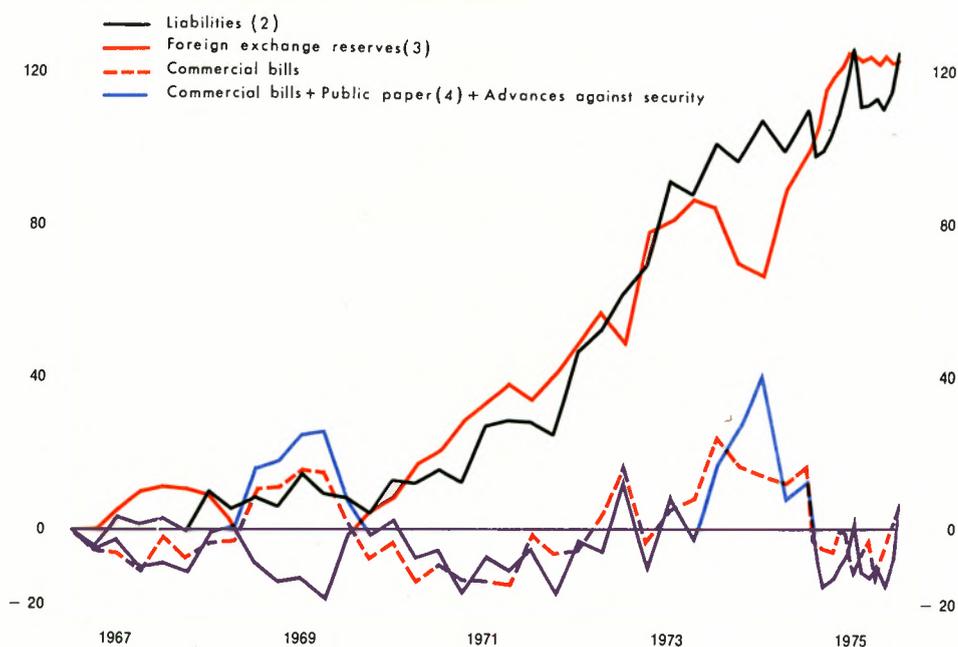
- (1) Outstanding used amounts of Belgian franc discount and acceptance credits originally granted by banks to enterprises and individuals (other than financial intermediaries, but including public operating organisations) and to foreign countries.
(2) These averages have been calculated by taking once 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) Including the Treasury's temporary investments in commercial bills and bank acceptances.
(5) 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.
(6) October-November.

of this outstanding amount reveals widely differing trends. Thus the holdings of various market institutions and non-residents were swollen in January, February, April and October by temporary investments made by the Treasury, which had received the proceeds of its public loans or advance tax payments. The banks' holdings, which had only increased to a moderate extent in the first half-year, were subsequently appreciably above the corresponding 1974 level. Thanks to the ample resources which the Rediscount and Guarantee Institute was able to obtain on the call

Chart 36.

LIABILITIES OF THE NATIONAL BANK OF BELGIUM
AND THEIR MAIN COUNTERPARTS

(Cumulative changes, in billions of francs, since 31st December 1966) ⁽¹⁾



(1) 1967 to 1974 : end of quarter. 1975 : end of month.

(2) Total of the liabilities side of the Bank's statement of account, excluding the items which have a specific counterpart on the assets side of the statement of account and the items which have been deducted from the counterparts shown in this chart.

(3) Less liabilities to foreign countries.

(4) Less the Treasury's creditor current account.

money market, its portfolio was each quarter at a higher level than in 1974. This being so, the amount of the bills placed by the Institute with the Bank was considerably smaller than the averages for the previous year.

In the first half-year the Bank's liabilities, the main counterparts of which are shown in Chart 36, increased much more than in the previous year; among the assets, the substantial growth in the foreign exchange reserves and the portfolio of public paper was only very partially offset by the contraction in the commercial portfolio.

From the end of June to the end of December the liabilities declined very slightly; over against this, the decrease in the portfolio of public

Table 22.

BELGIAN FRANC PUBLIC SECURITIES AT NOT MORE THAN ONE YEAR HELD
BY FINANCIAL INTERMEDIARIES OPERATING ON THE MONEY MARKET ⁽¹⁾

(Billions of francs)

Average of amounts outstanding at ends of months ⁽²⁾	Securities held by		Total securities	Resources placed at disposal ⁽³⁾	
	banks	other institutions		of the Treasury	of the Securities Regulation Fund
1970	20.5	33.3	53.8	48.5	5.3
1971	23.6	48.9	72.5	65.8	6.7
1972	21.7	50.4	72.1	63.4	8.7
1973	21.5	43.2	64.7	55.2	9.5
1974	25.3	32.7	58.0	54.8	3.2
1975	19.2	62.7	81.9	68.8	13.1
1974 1st quarter	18.8	34.3	53.1	50.4	2.7
2nd quarter	32.3	43.0	75.3	80.3	- 5.0
3rd quarter	24.1	21.2	45.3	45.4	- 0.1
4th quarter	26.2	32.3	58.5	43.2	15.3
1975 1st quarter	16.4	49.5	65.9	52.7	13.2
2nd quarter	13.4	72.9	86.3	75.5	10.8
3rd quarter	23.3	68.1	91.4	80.0	11.4
4th quarter	23.8	60.1	83.9	67.0	16.9

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

paper was offset by the reconstitution of the commercial portfolio, which, however, did not return to its previous year's high level; the foreign exchange reserves, for their part, underwent hardly any change.

The average outstanding amount of the portfolios of **short-term public paper** held by the financial intermediaries was considerably greater than in 1974. The holdings of the public credit institutions and private savings banks almost doubled, while those of the banks decreased. With regard to issuers, both the Treasury and the Securities Regulation Fund raised more funds.

The rate for the Securities Regulation Fund's certificates declined steadily from 11 p.c. at the end of 1974 to 6.25 p.c. at the end of June; after a seasonal rise in July, it fell back to 6.20 p.c. in August, remaining at that level from then on. The rates for Treasury certificates displayed a similar trend.

MARKET FOR VARIABLE-INCOME SECURITIES.

The downward movement of quotations for Belgian variable-income securities, which extended throughout the second half of 1973 and the year 1974, during which it in fact became faster, came to an end at the beginning of 1975. In December the cash and time rates were on average 16.8 and 19.8 p.c. respectively above their previous year's level. The relative recovery in quotations was not the result of a uniform movement throughout the year : the distinct rise during the early months was interrupted from June to October by a deterioration, which, however, was not comparable to the previous year's collapse and was partly wiped out in November and December.

Apart from the fact that it was assisted by the very low share prices at the beginning of the year, the recovery in the early months can be linked with the decline in medium- and long-term interest rates. The cessation of this decline after the middle of the year and, later, the

announcement of a temporary limitation on dividends distributed might explain the weakening from June to October, while the recovery from November onwards perhaps reflects the improved economic prospects.

Table 23.

MARKETS FOR VARIABLE-INCOME SECURITIES

	Total dealings (1) (Average per session, in millions of francs)	Indices of quotations for Belgian securities (2) (1963 = 100)	
		For cash	Time bargains
1970	111	95	94
1971	166	105	97
1972	195	118	112
1973	270	140	136
1974	180	116	119
1975	200	111	116
1974 December	121	95	96
1975 December	187	111	115

(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.

A similar development of quotations — namely a rise followed by a temporary falling-off — took place in most foreign centres.

The average per session of the dealings on the Brussels Stock Exchange was Fr. 200 million, against Fr. 180 million in 1974; as quotations were on average still somewhat lower than the previous year, this comparison indicates an increase in the volume of transactions.

As the growth in dividends distributed was less than the rise in quotations, the average yield on Belgian securities, consisting of the ratio between the last net dividend paid or announced and the quotation, declined; at the end of December it stood, according to a sample survey of Belgian companies, at 5.8 p.c., against 6.5 p.c.

AMENDMENTS TO THE STATUTES

The Bank's Statutes were amended in accordance with the resolutions of the Extraordinary General Meeting of Shareholders held on 27th October, 1975.

These amendments, approved by the Royal Decree of 24th November, 1975 ⁽¹⁾, are the result of those made to the Organic Law of our Institution by the law of 11th April, 1975 ⁽²⁾. This law relieves the Bank henceforth from the obligation to establish branches or agencies in all the chief towns of judicial districts and thus enables it to supplement, in agreement with the Government, the programme of rationalisation of its network of provincial agencies which had become necessary owing to the far-reaching changes which had taken place in the country's financial structure.

The implementation of the initial programme was completed in 1975, by the closing-down of the agencies at Soignies and Geraardsbergen.

The supplementary programme applies to the agencies at Neufchâteau, Ieper, Ath, Dendermonde, Oudenaarde and Wavre. It is spread over the three-year period 1976-1978.

⁽¹⁾ See Annex No. 7.

⁽²⁾ See the *Moniteur Belge* of 23rd August, 1975.

Balance Sheet

Profit and Loss Account

Memorandum Accounts

Dividend Declared for the Year 1975

ASSETS

BALANCE SHEET AS A

Gold Holding		71,821,213,379
International Monetary Fund :		
Quota		26,343,131,216
Loans		—
Special Drawing Rights		29,946,559,191
	Total Cover Items	128,110,903,786
Foreign Currencies		107,146,922,315
Foreign Currencies and Gold Receivable		—
International Agreements		10,376,520
Advance to the I.M.F.		2,428,482,848
European Monetary Cooperation Fund		—
E.E.C. : Medium-term Financial Assistance		6,538,206,240
Debtors in respect of Foreign Exchange and Gold at Forward Dates		11,914,125,848
Commercial Bills		22,161,269,595
Advances against Pledged Security :		
Institutions Governed by a Special Law	3,313,200,375	
Banks	11,093	
Enterprises and Individuals	23,001,413	3,336,212,881
Public Securities :		
Belgian Public Securities		4,225,000,000
Luxembourg Public Securities		—
Treasury Notes and Coin		409,118,307
Balances at the Postal Cheque Office		1,689,431
Consolidated Claim on the Government		34,000,000,000
Special Treasury Bills		800,000,000
Provisional Adjustment resulting from the Law of 3rd July, 1972		3,450,349,538
Items Receivable		996,431,832
Public Long-term Securities		5,273,870,702
Premises, Furniture and Equipment		2,195,878,545
Securities of the Staff Pensions Fund		6,481,462,888
Transitory Assets		1,301,856,709
	Total Assets	340,782,157,985

AT 31ST DECEMBER, 1975

LIABILITIES

Bank Notes in Circulation		288,380,851,100
Current and Sundry Accounts :		
Public { Ordinary Account	10,351,347	
Treasury { Exceptional Counter-Cyclical Tax	6,954,718	
Institutions Governed by a Special Law	203,362,281	
Banks in Belgium	723,376,704	
Enterprises and Individuals	762,570,606	
Banks in Foreign Countries, Ordinary Accounts	394,704,478	
Items Payable	2,336,047,803	4,437,367,937
International Agreements		3,222,789,149
		<hr/>
Total Sight Liabilities		296,041,008,186
International Monetary Fund :		
Special Drawing Rights, Net Cumulative Allocation		10,186,198,565
European Monetary Cooperation Fund		—
Monetary Reserve :		
Belgium		—
Grand Duchy of Luxembourg		—
Foreign Currencies and Gold to be Delivered		12,072,218,985
Staff Pensions Fund		6,481,462,888
Transitory Liabilities		9,929,239,711
Capital		400,000,000
Reserve Fund :		
Statutory Reserve		1,115,126,576
Extraordinary Reserve		1,890,831,088
Account for Depreciation of Premises, Furniture and Equipment		2,071,724,521
Net Profit for Distribution		594,347,465
		<hr/>
Total Liabilities		340,782,157,985

DEBIT

PROFIT AND LOSS ACCOUNT A

Government's Share :		
Discounts and Advances	626,337,836	
Transactions with Foreign Countries	3,167,053,160	
Monetary Reserve	197,270,900	3,990,661,896
General Expenses :		
Remunerations and Social Charges	2,487,495,723	
Other Operating Expenses	260,088,081	
	2,747,583,804	
<i>less :</i>		
Expenses to be borne by Others	401,473,813	2,346,109,991
Taxes		897,466,437
Depreciation of Premises, Furniture and Equipment		190,004,870
Additional Grant to the Staff Pensions Fund		525,000,000
Transfers to Reserves and Provisions :		
Extraordinary Reserve	204,837,678	
Provision for Sundry Contingencies	100,000,000	
Centenary Fund	10,000,000	314,837,678
Net Profit for Distribution		594,347,465
		8,858,428,337

MEMORANDUM ACCOUNTS A

Ministers of National Education :

Balance for their account at the Postal Cheque Office (Education)

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 and Sundry Items :***International Monetary Fund**International Development Association**Asian Development Bank**African Development Bank**Other Deposits***Public Treasury :***Sundry Securities owned by the Government :*

Preference Shares of the Belgian National Railways Co.

Ordinary Shares of the Belgian National Railways Co.

Participating Debentures of the Belgian National Railways Co.

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

4.50 % Certificates of the National Housing Co.

4.50 % Certificates of the National Land Co.

Sundry Items :

— Earmarked for the Monetary Fund

— Others

Sundry Items for which the Government is the Depository :

Items lodged by outside parties

Service of the Registered Debt

Deposit and Consignment Office

Items lodged by way of Guarantee

*Securities lodged in pursuance of the provisions regarding the cancellation of undeclared Belgian bearer securities**Items to be delivered***Securities Regulation Fund****General Savings and Pensions Fund :***Provisional Investments**Cover for Loans**Guarantee Deposits*

Proceeds of Discount and Advance Operations	1,086,481,063
Proceeds of Transactions with Foreign Countries	7,185,642,847
Proceeds of Public Long-term Securities	388,350,264
Fees for Safe Custody, Commissions and Allowances	184,645,301
Sundry Receipts	12,216,222
Drawings on the Transitory Liabilities Items :	
Provision for Building of Premises and Purchasing of Furniture and Equipment	1,092,640
	<hr/>
	8,858,428,337

legislation)	14,132,988,337
.	47,385,442
.	15,793,136,813
.	503,259,144
.	
.	42,732,109,900
.	1,432,436
.	10,827,013,000
.	943,096,846
	<hr/>
	54,503,652,182
.	900,000,000
.	158,912,410
.	
.	4,664,500,000
.	1,516,550,000
.	255,876,743
.	11,000,000
.	141,518,912,991
	<hr/>
	147,966,839,734
5,000,000,000	
1,000,000,000	
638,305,187	
1,084,309,066	
3,606,237,000	
256,860,000	
879,638,435	
3,083,243,546	15,548,593,234
42,643,688,420	
312,509,891,500	
3,436,090,831	
12,109,103,113	370,698,773,864
.	
.	37,775
.	25,174,348,714
	<hr/>
	411,421,753,587
.	23,832,571,369
.	
.	1,271,976,191
.	64,042,736
.	620,658,938
	<hr/>
	1,956,677,865

DIVIDEND DECLARED FOR THE YEAR 1975

First Dividend, Total	Fr.	24,000,000
Second Dividend, Total	Fr.	373,500,000
		397,500,000
Total :	Fr.	397,500,000

on 400,000 Shares, that is per Share a Dividend of Fr. 993.75

Coupon No. 174 will be payable with effect from 1st March, 1976 at the rate of Fr. 795 free of Preliminary Tax on Personal Property.

Since the Net Dividend amounts to Fr. 795, the taxable income per Share to be declared by individuals for tax purposes is Fr. 1,450.88 ⁽¹⁾, including the tax relief and the Preliminary Tax on Personal Property.

The Council of Regency :

Marcel D'HAENZE, *Vice-Governor*,
 Roland BEAUVOIS, *Director*,
 Elisabeth MALAISE, *Director*,
 Henri VLOEBERGHES, *Director*,
 René EWALENKO, *Director*,
 Georges JANSON, *Director*,
 Constant BOON, *Regent*,
 Henri LEMAIRE, *Regent*,
 Hendrik CAPPUYNS, *Regent*,
 Louis VAN HELSHOECHT, *Regent*,
 Roger RAMAEKERS, *Regent*,
 Raymond PULINCKX, *Regent*,
 Charles HURIAUX, *Regent*,
 Jozef HOUTHUYS, *Regent*,
 William FRAEYS, *Regent*,
 Georges DEBUNNE, *Regent*.

The Governor,
 Cecil de STRYCKER.

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

Income from Shares	Fr.	795.00
Tax relief $\frac{795 \times 57.5}{100}$	Fr.	457.13
Preliminary Tax on Personal Property $\frac{795 \times 1}{4}$	Fr.	198.75
	Fr.	1,450.88

Annexes

BALANCE SHEETS COMPARED AS AT

ASSETS	1971	1972	1973	1974	1975
Gold Holding	77,206.6	75,393.9	71,817.9	71,821.2	71,821.2
International Monetary Fund :					
Quota	29,972.2	25,913.7	23,959.3	24,866.2	26,343.1
Loans	—	—	—	—	—
Special Drawing Rights	20,269.8	26,095.0	30,477.0	28,425.7	29,946.6
Total Cover Items	127,448.6	127,402.6	126,254.2	125,113.1	128,110.9
Foreign Currencies	35,039.2	52,420.9	75,905.1	88,619.5	107,146.9
Foreign Currencies and Gold Receivable	244.8	11.4	—	—	—
International Agreements	—	—	—	—	10.4
Advance to the I.M.F.	—	—	—	—	2,428.5
European Monetary Cooperation Fund	—	—	3,500.2	—	—
E.E.C. : Medium-term Financial Assistance	—	—	—	6,538.2	6,538.2
Debtors in respect of Foreign Exchange and Gold at Forward Dates	34,777.4	20,594.4	28,775.8	13,470.1	11,914.1
Commercial Bills	15,084.2	33,433.7	40,081.8	32,157.5	22,161.3
Advances against Pledged Security :					
Institutions Governed by a Special Law	305.9	2,630.5	364.6	434.7	3,313.2
Banks	0.7	867.6	2,080.7	165.4	—
Enterprises and Individuals	12.0	27.7	20.2	22.5	23.0
	318.6	3,525.8	2,465.5	622.6	3,336.2
Public Securities :					
Belgian Public Securities	4,925.0	1,100.0	450.0	5,125.0	4,225.0
Luxembourg Public Securities	—	—	—	—	—
Treasury Notes and Coin	312.3	312.8	301.8	378.7	409.1
Balances at the Postal Cheque Office	0.9	1.6	1.4	1.9	1.7
Consolidated Claim on the Government.	34,000.0	34,000.0	34,000.0	34,000.0	34,000.0
Special Treasury Bills	—	—	2,771.3	861.6	800.0
Provisional Adjustment resulting from the Law of 3rd July, 1972	—	—	3,450.4	3,450.4	3,450.4
Items Receivable	414.3	565.7	1,050.8	1,683.4	996.4
Public Long-term Securities	3,832.3	4,110.8	4,293.6	4,831.2	5,273.9
Premises, Furniture and Equipment	2,191.7	2,191.6	2,193.5	2,197.4	2,195.9
Securities of the Staff Pensions Fund	3,514.1	3,988.2	4,541.1	5,454.4	6,481.5
Assets Written Off Pending Collection	p.m.	p.m.	—	—	—
Transitory Assets	578.4	778.4	913.4	1,134.4	1,301.8
	262,681.8	284,437.9	330,949.9	325,639.4	340,782.2

LIABILITIES	1971	1972	1973	1974	1975
Bank Notes in Circulation	201,765.5	222,559.7	238,505.9	256,103.6	288,380.8
Current and Sundry Accounts :					
Public Treasury :					
Ordinary Account	19.3	20.2	4.0	23.6	10.3
Exceptional Counter-Cyclical Tax	7.4	7.4	7.0	7.0	7.0
Institutions Governed by a Special Law	374.6	496.8	308.9	118.3	203.4
Banks in Belgium	1,009.2	1,089.7	559.5	858.3	723.4
Enterprises and Individuals	297.1	352.6	390.5	719.8	762.6
Banks in Foreign Countries, Ordinary Accounts	698.7	605.3	626.6	422.1	394.7
Items Payable	1,485.5	1,605.3	2,444.2	3,655.2	2,336.0
	3,891.8	4,177.3	4,340.7	5,804.3	4,437.4
International Agreements	3,129.3	1,407.0	1,971.9	2,628.9	3,222.8
Total Sight Liabilities	208,786.6	228,144.0	244,818.5	264,536.8	296,041.0
International Monetary Fund :					
Special Drawing Rights, Net Cumulative Allocation	7,022.3	10,467.3	10,186.2	10,186.2	10,186.2
European Monetary Cooperation Fund			—	—	—
Monetary Reserve :					
Belgium		11,791.0	33,630.8	20,746.0	
Grand Duchy of Luxembourg			897.8	300.0	
Foreign Currencies and Gold to be Delivered	35,796.2	21,546.6	26,530.3	11,082.2	12,072.2
Staff Pensions Fund	3,514.1	3,988.2	4,541.1	5,454.4	6,481.5
Transitory Liabilities	2,999.5	3,728.7	4,997.2	7,523.2	9,929.2
Capital	400.0	400.0	400.0	400.0	400.0
Reserve Fund :					
Statutory Reserve	899.5	950.3	1,002.7	1,057.8	1,115.1
Extraordinary Reserve	732.6	857.6	1,308.7	1,686.0	1,890.9
Account for Depreciation of Premises, Furniture and Equipment	2,028.3	2,033.3	2,068.9	2,072.9	2,071.7
Net Profit for Distribution	502.7	530.9	567.7	593.9	594.4
	262,681.8	284,437.9	330,949.9	325,639.4	340,782.2

PROFIT AND LOSS ACCOUNTS COMPARED

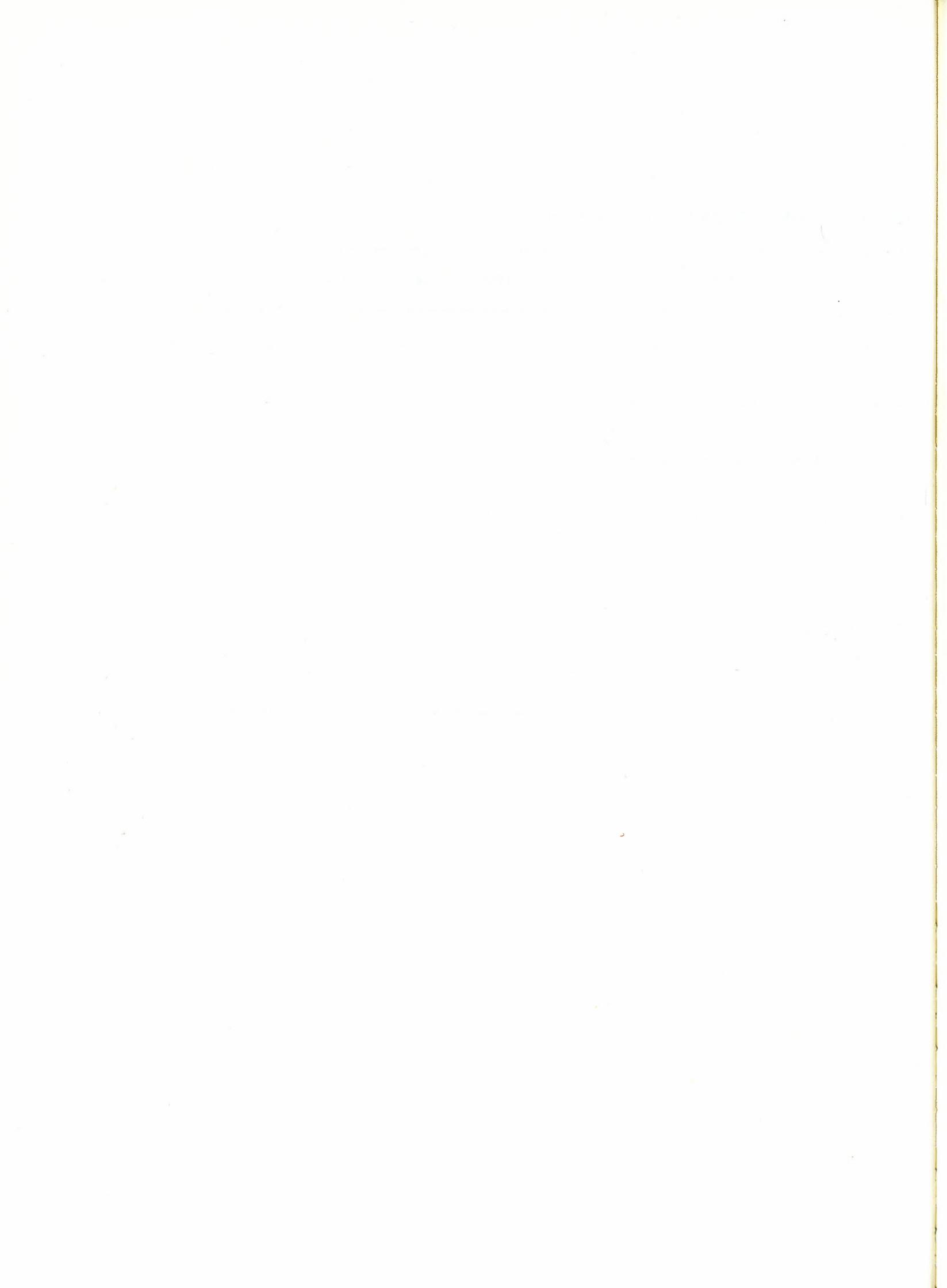
DEBIT ⁽¹⁾	1971	1972	1973	1974	1975
Government's Share :					
Discounts and Advances	346.9	203.7	799.4	2,586.3	626.3
Transactions with Foreign Countries	329.4	465.9	2,110.0	3,819.5	3,167.0
Monetary Reserve			660.4	678.0	197.3
	676.3	669.6	3,569.8	7,083.8	3,990.6
General Expenses :					
Remunerations and Social Charges	1,206.6	1,383.9	1,597.1	2,021.4	2,487.5
Other Operating Expenses	157.8	153.1	180.9	195.0	260.1
	1,364.4	1,537.0	1,778.0	2,216.4	2,747.6
<i>less :</i>					
Expenses to be borne by Others	— 182.5	— 198.3	— 237.4	— 270.5	— 401.5
	1,181.9	1,338.7	1,540.6	1,945.9	2,346.1
Taxes	396.1	351.1	863.3	724.0	897.5
Depreciation of Premises, Furniture and Equipment	88.4	120.1	174.3	82.4	190.0
Additional Grant to the Staff Pensions Fund	138.0	198.2	212.0	498.0	525.0
Transfers to Reserves and Provisions as :					
— Extraordinary Reserve	200.1	125.1	451.1	377.3	204.8
— Provision for Taxes	360.0	310.0	—	—	—
— Provision for Sundry Contingencies	125.0	95.0	680.0	150.0	100.0
— Centenary Fund	—	—	—	—	10.0
Net Profit for Distribution	502.7	530.9	567.7	593.9	594.4
	3,668.5	3,738.7	8,058.8	11,455.3	8,858.4

(1) The figures for 1971 and 1972 have been adjusted to the new structure of the Profit and Loss Account.

(2) Until 1972 this item was entitled « Amounts Collected on Assets Written Off Pending Collection ».

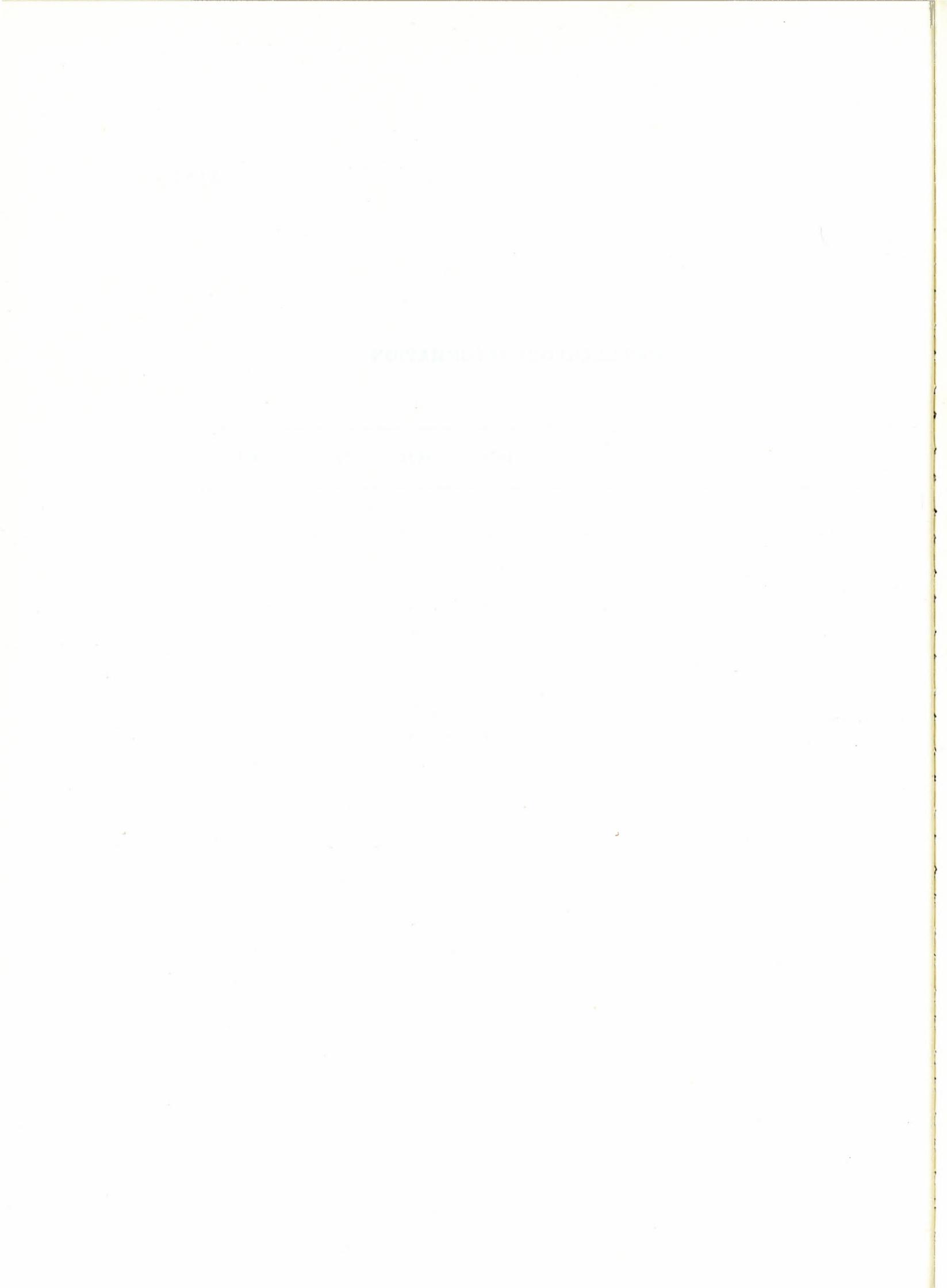
AS AT 31st DECEMBER (in millions of francs)

CREDIT ⁽¹⁾	1971	1972	1973	1974	1975
Proceeds of Discount and Advance Operations . . .	679.4	670.4	1,538.8	3,892.0	1,086.5
Proceeds of Transactions with Foreign Countries . . .	2,131.4	2,155.0	5,537.0	6,971.4	7,185.6
Proceeds of Public Long-term Securities	267.3	288.0	299.4	346.2	388.4
Fees for Safe Custody, Commissions and Allowances	188.9	199.6	213.1	211.1	184.6
Sundry Receipts ⁽²⁾	0.7	26.7	2.8	27.7	12.2
Drawings on Transitory Liabilities Items :					
— Provision for Building of Premises and Purchasing of Furniture and Equipment	27.9	24.5	15.8	6.9	1.1
— Provision for Taxes	372.9	374.5	451.9		
	3,668.5	3,738.7	8,058.8	11,455.3	8,858.4



MISCELLANEOUS INFORMATION

	1971	1972	1973	1974	1975
Gross dividend declared per share	837.80	887.06	950	993.75	993.75
Preliminary tax on personal property retained per share	157.80	167.06	190	198.75	198.75
Net dividend declared per share	680.00	720.00	760	795.00	795.00
Taxable income per share to be declared by individuals for tax purposes	1,032.00	1,093.00	1,292	1,351.50	1,450.88



**STATEMENT OF THE PUBLIC LONG-TERM SECURITIES
CONSTITUTING, ON 31st DECEMBER, 1975,
THE BANK'S HOLDINGS**

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

7.50 p.c.	Belgian Loan 1969/87.
8.25 p.c.	Belgian Loans 1970/80, Amalgamated.
8.50 p.c.	Belgian Loan 1970/83.
8.50 p.c.	Belgian Loan 1971/84.
7.50 - 7.75 p.c.	Belgian Loan 1971/78/86.
7.75 p.c.	Belgian Loan 1971/86.
7.25 - 7.50 p.c.	Belgian Loan 1971/80/87.
7.50 p.c.	Belgian Loan 1971/87.
7.25 p.c.	Belgian Loans 1972-73/87, Amalgamated.
7 - 7.25 p.c.	Belgian Loan 1972/79/87.
7 - 7.25 p.c.	Belgian Loan 1973/81/87.
7.75 p.c.	Belgian Loan 1973/87.
8.25 p.c.	Belgian Loan 1974/88.
8 - 8.25 p.c.	Belgian Loan 1974/81/88.
9 p.c.	Belgian Loan 1974/82.
10 p.c.	Belgian Loan 1974/82.
10 - 9.75 p.c.	Belgian Loan 1975/81/85.
4 p.c.	Belgian Premium Bonds 1941.
4 p.c.	War Damage 1923.
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.								
8.25 p.c.	Telegraphs and Telephones Board 1969/81.								
8.50 p.c.	Telegraphs and Telephones Board 1970/84.								
7.25 p.c.	Telegraphs and Telephones Board 1971/83.								
7.75 p.c.	Telegraphs and Telephones Board 1973/85.								
8 - 8.25 p.c.	Belgian National Railways Company 1970/76/82.								
7.75 p.c.	Belgian National Railways Company 1971/85.								
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.								
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.								
8 p.c.	National Industrial Credit Company 1971/91.								
8 p.c.	National Industrial Credit Company 1971/79.								
7.75 p.c.	Loan of the Association of Local Authorities for Motorway E3 1971/83.								
7.75 p.c.	Loan of the Association of Local Authorities for Motorway E5 1971/83.								
7.25 p.c.	Loans of the Association of Local Authorities for Motorway E3 1972-73/84, Amalgamated.								
7.25 p.c.	Loan of the Association of Local Authorities for the Motorways of the Periphery of Brussels « B1 » 1973/85.								
7.75 p.c.	City of Antwerp Loan 1971/82.								
8 p.c.	City of Ghent Loan 1971/81.								
7.75 p.c.	City of Liège Loan 1971/82.								
8.75 p.c.	Brussels Canal and Maritime Installation Company Limited 1970/86.								
	National Industrial Credit Company shares.								
	National Investment Company shares.								
	Bank for International Settlements shares :								
	<table> <tr> <td rowspan="6">1st and 2nd tranches</td> <td rowspan="6">}</td> <td>— Belgian Issue.</td> </tr> <tr> <td>— American Issue.</td> </tr> <tr> <td>— Danzig Issue.</td> </tr> <tr> <td>— Esthonian Issue.</td> </tr> <tr> <td>— Latvian Issue.</td> </tr> <tr> <td>— Lithuanian Issue.</td> </tr> </table>	1st and 2nd tranches	}	— Belgian Issue.	— American Issue.	— Danzig Issue.	— Esthonian Issue.	— Latvian Issue.	— Lithuanian Issue.
1st and 2nd tranches	}			— Belgian Issue.					
				— American Issue.					
				— Danzig Issue.					
				— Esthonian Issue.					
				— Latvian Issue.					
		— Lithuanian Issue.							
	3rd tranche of Belgian Issue.								
	Belgian National Railways Company Dividend Right Certificates.								

ANNEX 5

WEEKLY RETURNS
PUBLISHED IN THE « MONITEUR BELGE » DURING 1975

WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1975 *

(Millions of francs)

ASSETS

DATE	Gold holding	International Monetary Fund :			Total cover items	Foreign currencies	Foreign currencies and gold receivable	Inter-national agreements	Advances to I.M.F.	European Monetary Cooperation Fund	E.E.C. : Medium-term financial assistance	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	Special Treasury bills	Provisional adjustment resulting from the Law of 3rd July, 1972	Public long-term securities	Premises, furniture and equipment	Securities of the Staff Pensions Fund	Sundries	TOTAL ASSETS
		Quota	Loans	Special drawing rights											Belgian public securities	Luxembourg public securities										
January	6	71.821	24.866	...	28.426	125.113	89.015	...	...	...	6.538	13.710	31.404	2.597	450	...	336	2	34.000	2.771	3.450	4.831	2.193	5.213	4.286	325.909
»	13	71.821	24.647	...	28.426	124.894	89.877	...	...	...	6.538	14.095	23.749	429	4.200	...	374	1	34.000	2.771	3.450	4.831	2.193	5.215	4.249	320.866
»	20	71.821	24.381	...	28.426	124.628	90.244	...	...	...	6.538	14.095	21.972	417	3.225	...	402	2	34.000	2.771	3.450	4.831	2.193	5.243	4.339	318.350
»	27	71.821	24.381	...	28.426	124.628	91.210	...	...	...	6.538	14.839	12.814	53	5.725	...	444	1	34.000	862	3.450	4.831	2.197	5.774	1.685	309.889
February	3	71.821	24.379	...	28.426	124.626	93.224	...	...	...	6.538	15.766	10.874	10.241	...	...	455	1	34.000	862	3.450	5.273	2.197	5.777	1.283	316.233
»	10	71.821	24.379	...	28.426	124.626	94.160	...	...	...	6.538	16.119	19.154	208	...	...	484	2	34.000	862	3.450	5.273	2.197	5.763	1.077	316.271
»	17	71.821	24.379	...	28.426	124.626	94.934	...	...	...	6.538	16.119	14.308	23	...	...	492	2	34.000	862	3.450	5.273	2.197	5.828	1.240	314.012
»	24	71.821	24.384	...	28.426	124.631	95.599	...	...	...	6.538	16.119	6.183	22	...	...	506	1	34.000	862	3.450	5.273	2.197	5.878	1.333	309.866
March	3	71.821	25.501	...	28.426	125.748	98.257	...	...	...	6.538	13.692	10.796	230	...	...	487	1	34.000	862	3.450	5.273	2.197	5.888	1.435	315.035
»	10	71.821	25.501	...	28.426	125.748	98.491	...	...	...	6.538	13.692	9.037	181	...	...	484	1	34.000	862	3.450	5.273	2.197	5.879	1.908	314.686
»	17	71.821	25.501	...	28.426	125.748	98.756	...	...	...	6.538	13.692	6.134	108	...	...	501	1	34.000	862	3.450	5.273	2.197	5.879	1.593	311.933
»	24	71.821	25.501	...	28.426	125.748	98.901	...	...	...	6.538	13.692	5.935	222	...	...	488	1	34.000	862	3.450	5.273	2.197	5.883	1.816	312.207
»	28	71.821	25.501	...	28.426	125.748	99.229	...	...	...	6.538	13.692	9.701	64	2.475	...	484	1	34.000	862	3.450	5.273	2.197	5.889	1.563	318.414
April	7	71.821	25.501	...	28.426	125.748	99.394	...	...	...	6.538	13.648	10.267	29	3.250	...	445	1	34.000	862	3.450	5.273	2.197	5.875	1.992	320.388
»	14	71.821	25.501	...	28.426	125.748	99.569	...	...	...	6.538	13.648	9.897	26	250	...	453	2	34.000	862	3.450	5.273	2.197	5.914	1.821	317.137
»	21	71.821	25.501	...	28.426	125.748	99.352	...	...	...	6.538	13.320	10.886	113	...	...	443	1	34.000	862	3.450	5.274	2.197	5.935	2.163	317.771
»	28	71.821	25.501	...	28.761	126.083	100.010	...	...	...	6.538	13.070	7.549	22	5.200	...	446	1	34.000	862	3.450	5.274	2.197	5.941	2.189	320.221
May	5	71.821	25.369	...	28.761	125.951	100.664	...	...	...	6.538	13.070	9.360	9.181	...	...	401	1	34.000	862	3.450	5.274	2.197	5.955	2.088	326.458
»	12	71.821	25.369	...	28.761	125.951	100.931	...	...	...	6.538	13.070	15.186	116	...	...	387	1	34.000	862	3.450	5.274	2.197	5.963	2.029	325.139
»	16	71.821	25.369	...	28.761	125.951	101.907	...	...	...	6.538	13.220	16.211	116	...	...	399	1	34.000	862	3.450	5.274	2.197	5.963	2.359	327.632
»	26	71.821	25.941	...	28.760	126.522	102.207	...	...	...	6.538	13.220	11.395	265	...	...	392	1	34.000	862	3.450	5.266	2.197	5.977	2.679	324.155
June	2	71.821	25.317	...	28.928	126.066	104.941	...	...	...	6.538	13.525	14.404	21	4.400	...	382	1	34.000	862	3.450	5.266	2.197	5.981	2.265	332.144
»	9	71.821	25.317	...	28.928	126.066	104.987	...	...	...	6.538	13.375	9.785	22	8.850	...	391	1	34.000	862	3.450	5.266	2.197	5.983	2.421	331.940
»	16	71.821	25.317	...	29.710	126.848	104.933	...	...	...	6.538	13.215	1.677	20	15.125	...	403	1	34.000	862	3.450	5.266	2.197	5.985	2.525	329.890
»	23	71.821	25.317	...	29.710	126.848	105.103	...	...	...	6.538	13.070	4.094	17	13.125	...	415	1	34.000	862	3.450	5.266	2.197	5.985	2.501	329.317
»	30	71.821	25.554	...	29.947	127.322	106.827	...	...	...	6.538	12.990	4.180	3.423	20.500	...	373	1	34.000	862	3.450	5.274	2.197	6.005	3.165	340.735
July	7	71.821	25.554	...	29.947	127.322	107.159	...	...	...	6.538	12.990	4.025	89	20.441	...	351	1	34.000	862	3.450	5.274	2.197	5.992	2.567	336.287
»	14	71.821	26.579	...	29.947	128.347	107.439	...	...	...	6.538	12.990	19.742	287	...	...	363	2	34.000	862	3.450	5.274	2.197	5.995	2.879	332.685
»	18	71.821	26.579	...	29.947	128.347	107.496	...	...	...	6.538	12.990	14.369	373	1.575	...	402	1	34.000	862	3.450	5.274	2.197	5.995	2.685	327.244
»	28	71.821	26.579	...	29.947	128.347	107.616	...	...	...	6.538	12.990	9.369	42	2.275	...	428	2	34.000	862	3.450	5.274	2.197	5.995	2.772	322.247
August	4	71.821	26.579	...	29.947	128.347	107.869	...	...	...	6.538	12.990	9.777	32	5.925	...	419	1	34.000	862	3.450	5.271	2.197	5.983	3.087	326.743
»	11	71.821	26.579	...	29.947	128.347	109.163	...	...	...	6.538	12.990	1.033	24	9.625	...	420	1	34.000	862	3.450	5.271	2.197	5.983	3.278	323.182
»	18	71.821	26.579	...	29.947	128.347	109.339	...	...	...	6.538	12.990	1.398	24	9.275	...	402	2	34.000	862	3.450	5.271	2.197	5.983	3.117	323.195
»	25	71.821	26.579	...	29.947	128.347	109.421	...	...	...	6.538	12.990	6.973	1.323	...	...	416	1	34.000	862	3.450	5.271	2.197	5.983	3.071	320.843
September	1	71.821	26.417	...	29.947	128.185	110.004	...	...	...	6.538	12.990	13.767	134	...	...	398	1	34.000	862	3.450	5.271	2.197	5.983	3.194	326.974
»	8	71.821	26.417	...	29.947	128.185	110.058	...	...	...	6.538	12.990	3.813	21	10.150	...	397	...	34.000	862	3.450	5.271	2.197	5.973	3.312	327.217
»	15	71.821	26.417	...	29.947	128.185	110.223	...	...	...	6.538	12.990	2.823	1.027	6.950	...	421	...	34.000	862	3.450	5.271	2.197	5.973	3.377	324.289
»	22	71.821	26.417	...	29.947	128.185	108.508	...	...	...	6.538	12.990	3.472	2.360	5.025	...	433	1	34.000	862	3.450	5.271	2.197	5.977	4.205	323.474
»	29	71.821	26.417	...	29.947	128.185	106.284	...	...	...	6.538	12.990	5.875	1.193	7.100	...	445	2	34.000	862	3.450	5.271	2.197	5.979	3.501	326.300
October	6	71.821	26.417	...	29.947	128.185	106.420	...	...	...	6.538	12.990	17.541	2.317	...	...	422	1	34.000	862	3.450	5.271	2.197	5.963	3.277	331.862
»	13	71.821	26.417	...	29.947	128.185	107.374	...	...	...	6.538	12.990	13.225	85	...	...	447	1	34.000	862	3.450	5.271	2.197	5.963	4.019	327.035
»	20	71.821	26.417	...	29.947	128.185	107.477	...	...	...	6.538	12.990	10.182	49	...	...	452	2	34.000	862	3.450	5.271	2.197	5.963	3.853	323.899
»	27	71.821	26.417	...	29.947	128.185	107.660	...	...	...	6.538	12.990	6.965	75	...	...	487	1	34.000	862	3.450	5.271	2.197	5.963	3.967	321.039
November	3	71.821	26.297	...	29.947	128.065	107.629	...	...	...	6.538	12.990	11.525	38	...	...	465	2	34.000	862	3.450	5.271	2.197	5.964	4.104	325.528
»	7	71.821	26.297	...	29.947	128.065	106.591	...	...	...	6.538	12.990	13.952	39	...	...	438	1	34.000	862	3.450	5.271	2.197	5.949	4.792	327.563
»	17	71.821	26.638	...	29.947	128.406	105.802	...	...	...	6.538	12.990	11.747	41	...	...	433	2	34.000	862	3.450	5.271	2.197	5.949	4.106	324.222
»	24	71.821	26.638	...	29.947	128.406	105.786	...	5	...	6.538	12.990	11.837	80	...	...	446	1	34.000	862	3.450	5.271	2.197	5.950	4.080	324.327
December	1	71.821	26.638	...	29.947	128.406	105.868	...	...	...	6.538	12.990	19.236	207	...	...	416	2	34.000	862	3.450	5.271	2.197	5.953	4.232	332.056
»	8	71.821	26.470	...	29.947	128.238	108.273	...	...	...	6.538	12.641	16.906	1.319	1.275	...	427	2	34.000	862	3.450	5.271	2.197	5.943</		

WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1975 *
(Millions of francs)

LIABILITIES

Memorandum Account : Postal Cheque Office : Balance for account of the Ministers of National Education (Law of 11.7.1973 - Education legislation)	Notes in circulation	Current Accounts :				Inter-national agreements	Total sight liabilities	International Monetary Fund : Special drawing rights, net cumulative allocation	European Monetary Cooperation Fund	Monetary reserve		Foreign currencies and gold to be delivered	Staff Pensions Fund	Sundries	Capital, reserves and depreciation accounts (1)	TOTAL LIABILITIES	DATE
		Public Treasury		Banks in foreign countries, ordinary accounts	Sundry current accounts and items payable					Belgium	Grand Duchy of Luxembourg						
		Ordinary account	Exceptional counter-cyclical tax														
11.792	256.346	17	7	366	1.336	2.575	260.647	10.186	...	20.746	300	11.323	5.213	12.659	4.835	325.909	January 6
11.745	251.000	2	7	303	1.204	2.446	254.962	10.186	...	20.746	300	11.713	5.215	12.909	4.835	320.866	» 13
11.574	248.227	6	7	243	2.043	2.307	252.833	10.186	...	20.190	300	11.713	5.243	13.050	4.835	318.350	» 20
11.477	243.676	10	7	286	2.387	2.163	248.529	10.186	...	20.190	300	12.469	5.774	7.167	5.274	309.889	» 27
11.263	248.975	67	7	491	2.081	2.104	253.725	10.186	...	20.122	300	13.410	5.777	7.439	5.274	316.233	February 3
11.264	248.477	36	7	393	2.056	2.187	253.156	10.186	...	20.122	300	13.814	5.763	7.656	5.274	316.271	» 10
11.038	245.993	65	7	365	2.780	2.119	251.329	10.186	...	19.349	300	13.815	5.828	7.931	5.274	314.012	» 17
11.039	244.884	109	7	352	2.801	2.527	250.680	10.186	...	15.588	300	13.827	5.878	8.133	5.274	309.866	» 24
10.863	252.104	65	7	436	2.274	2.158	257.044	10.186	...	15.588	300	11.382	5.888	9.373	5.274	315.035	March 3
10.691	252.545	57	7	372	1.604	2.061	256.646	10.186	...	15.474	300	11.408	5.878	9.520	5.274	314.686	» 10
10.646	250.000	50	7	359	1.380	1.974	253.770	10.186	...	15.427	300	11.421	5.879	9.676	5.274	311.933	» 17
10.535	249.801	77	7	270	1.606	2.067	253.828	10.186	...	15.546	300	11.409	5.883	9.781	5.274	312.207	» 24
10.436	255.333	...	7	335	2.125	2.010	259.810	10.186	...	15.509	300	11.399	5.889	10.047	5.274	318.414	» 28
10.263	257.618	22	7	271	1.541	2.200	261.659	10.186	...	15.502	300	11.351	5.875	10.241	5.274	320.388	April 7
10.263	255.342	22	7	244	1.622	2.016	259.253	10.186	...	15.400	300	11.358	5.914	9.452	5.274	317.137	» 14
10.218	255.255	90	7	268	2.341	2.118	260.079	10.186	...	15.438	300	10.981	5.935	9.578	5.274	317.771	» 21
10.076	255.035	16	7	236	5.166	2.057	262.517	10.186	...	15.434	300	10.686	5.941	9.883	5.274	320.221	» 28
10.039	264.627	62	7	346	1.303	2.169	268.514	10.186	...	15.429	300	10.682	5.955	10.118	5.274	326.458	May 5
9.963	263.312	49	7	290	1.176	2.118	266.952	10.186	...	15.428	300	10.684	5.963	10.352	5.274	325.139	» 12
9.886	264.329	60	7	304	2.083	2.226	269.009	10.186	...	15.428	300	10.857	5.963	10.615	5.274	327.632	» 16
9.710	263.698	85	7	259	2.366	2.169	268.584	10.186	...	11.622	300	10.857	5.977	11.355	5.274	324.155	» 26
9.618	271.685	24	7	370	1.688	1.967	275.741	10.186	...	11.622	300	11.212	5.981	11.828	5.274	332.144	June 2
9.518	271.974	9	7	281	1.455	2.020	275.746	10.186	...	11.619	...	11.039	5.983	12.093	5.274	331.940	» 9
9.298	271.786	11	7	369	2.550	2.044	276.767	10.186	...	7.812	...	10.852	5.985	13.014	5.274	329.890	» 16
9.225	272.454	20	7	324	1.510	1.840	276.155	10.186	...	7.672	...	10.683	5.986	13.361	5.274	329.317	» 23
8.983	282.307	7	7	317	2.451	1.926	287.015	10.186	...	7.672	...	10.594	6.005	13.989	5.274	340.735	» 30
8.879	286.448	6	7	254	1.278	1.868	289.861	10.186	...	47	...	10.594	5.992	14.333	5.274	336.287	July 7
8.732	282.663	24	7	227	2.226	1.861	287.008	10.186	...	40	...	10.632	5.995	13.550	5.274	332.685	» 14
8.732	277.950	11	7	373	1.320	1.826	281.487	10.186	...	40	...	10.588	5.995	13.674	5.274	327.244	» 18
8.645	272.049	15	7	205	2.185	1.921	276.382	10.186	...	1	...	10.594	5.995	13.815	5.274	322.247	» 28
8.462	277.016	21	7	257	1.388	1.901	280.590	10.186	...	1	...	10.594	5.983	14.120	5.274	326.748	August 4
8.398	273.204	11	7	194	1.469	1.863	276.748	10.186	...	...	...	10.587	5.983	14.404	5.274	323.182	» 11
8.287	272.508	10	7	205	1.981	1.873	276.584	10.186	...	...	...	10.587	5.983	14.581	5.274	323.195	» 18
8.207	269.881	138	7	231	2.105	1.812	274.174	10.186	...	...	...	10.587	5.983	14.639	5.274	320.843	» 25
8.128	275.905	112	7	408	1.691	1.788	279.911	10.186	...	...	...	10.629	5.983	14.991	5.274	326.974	September 1
7.976	275.815	2	7	753	1.585	1.884	280.046	10.186	...	...	...	10.629	5.973	15.109	5.274	327.217	» 8
7.738	272.918	6	7	675	1.545	1.844	276.995	10.186	...	...	...	10.629	5.975	15.230	5.274	324.289	» 15
7.738	272.040	6	7	687	1.452	1.959	276.151	10.186	...	...	...	10.628	5.977	15.258	5.274	323.474	» 22
7.556	272.244	14	7	766	3.872	1.884	278.787	10.186	...	...	...	10.629	5.979	15.445	5.274	326.300	» 29
7.396	280.139	143	7	642	1.066	2.280	284.277	10.186	...	...	...	10.631	5.963	15.531	5.274	331.862	October 6
10.546	274.890	179	7	665	1.285	2.258	279.284	10.186	...	...	...	10.630	5.963	15.698	5.274	327.035	» 13
10.488	272.730	166	7	754	1.191	2.199	277.047	10.186	...	...	...	10.630	5.963	14.799	5.274	323.899	» 20
10.251	268.134	94	7	636	2.869	2.265	274.005	10.186	...	...	...	10.630	5.963	14.981	5.274	321.039	» 27
9.990	273.691	189	7	662	1.512	2.270	278.331	10.186	...	...	...	10.612	5.964	15.161	5.274	325.528	November 3
9.942	276.012	119	7	637	1.288	2.200	280.263	10.186	...	...	...	10.612	5.949	15.279	5.274	327.563	» 7
9.811	272.649	175	7	644	1.187	2.133	276.795	10.186	...	...	...	10.614	5.949	15.404	5.274	324.222	» 17
9.711	271.189	131	7	455	2.837	2.160	276.779	10.186	...	...	...	10.615	5.950	15.523	5.274	324.327	» 24
9.497	278.775	159	7	567	2.743	2.154	284.405	10.186	...	...	...	10.619	5.953	15.619	5.274	332.056	December 1
13.846	279.193	4	7	524	1.880	2.664	284.272	10.186	...	...	...	12.798	5.945	15.770	5.274	334.243	» 8
13.736	279.014	4	7	594	1.062	2.893	283.574	10.186	...	...	...	12.797	5.944	15.915	5.274	333.690	» 15
13.447	285.149	19	7	545	1.467	2.764	289.951	10.186	...	...	...	12.476	5.942	16.296	5.274	340.125	» 22
13.413	285.203	5	7	327	3.096	3.254	291.892	10.186	...	...	...	12.476	5.956	16.372	5.274	342.156	» 29

ECONOMIC AND FINANCIAL STATISTICS

Table 1.

Geographical Distribution of Exports from the Belgian-Luxembourg Economic Union

	Monthly averages in billions of francs							In per cent of the total value	
	1970	1971	1972	1973	1974	1974	1975 p	1960	1975 p (First 10 months)
						(First 10 months)			
1. Market-economy countries ...	47.27	50.64	57.91	70.45	88.20	88.29	82.79	97.0	95.9
a) Developed countries	43.39	46.56	53.33	64.79	79.57	79.80	73.80	82.4	85.5
of which :									
European Economic Community	35.31	37.89	43.74	53.02	64.07	64.30	60.48	58.3	70.0
Original members	32.94	35.50	40.45	48.65	57.85	58.12	53.66	50.5	62.1
Federal Republic of Germany	(11.67)	(13.11)	(14.71)	(17.16)	(19.71)	(19.78)	(19.35)	(15.8)	(22.4)
France	(9.60)	(10.26)	(12.03)	(15.06)	(18.31)	(18.46)	(16.22)	(10.4)	(18.8)
Italy	(2.28)	(2.25)	(2.70)	(3.50)	(4.10)	(4.23)	(3.26)	(3.1)	(3.8)
Netherlands	(9.39)	(9.88)	(11.01)	(12.93)	(15.73)	(15.65)	(14.83)	(21.2)	(17.1)
New members	2.37	2.39	3.29	4.37	6.22	6.18	6.82	7.8	7.9
of which :									
United Kingdom ...	(1.79)	(1.87)	(2.63)	(3.36)	(4.95)	(4.87)	(5.50)	(5.5)	(6.4)
United States	2.93	3.45	3.61	4.07	5.13	5.19	3.40	9.5	3.9
Japan	0.36	0.31	0.40	0.65	0.71	0.75	0.48	0.6	0.6
b) Developing countries ...	3.88	4.08	4.58	5.66	8.63	8.49	8.99	14.6	10.4
of which :									
Members of the Organisation of Petroleum Exporting Countries	(0.79)	(0.81)	(1.07)	(1.49)	(2.21)	(2.15)	(3.47)	(2.8)	(4.0)
Republic of Zaïre	(0.47)	(0.52)	(0.43)	(0.46)	(0.60)	(0.58)	(0.46)	(1.6)	(0.5)
2. Countries with centrally planned economies	0.81	0.79	1.05	1.73	2.86	2.83	2.78	2.5	3.2
Total ⁽¹⁾ ...	48.33	51.69	59.25	72.51	91.65	91.68	86.33	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.

Table 2.

Currencies used in payments for imports and exports ⁽¹⁾*(Percentage of total)*

Currencies	Payments for imports						Receipts from exports					
	1970	1971	1972	1973	1974	1975 (first 9 months)	1970	1971	1972	1973	1974	1975 (first 9 months)
Belgian franc	23.8	25.1	27.1	26.0	25.2	25.6	45.7	46.2	46.0	48.9	52.2	50.6
German mark	18.3	18.9	18.6	19.6	20.1	20.0	17.7	17.7	18.1	17.4	16.5	16.4
French franc	9.4	10.1	11.9	12.1	11.0	11.9	7.7	8.5	10.3	11.3	10.6	10.9
Netherlands guilder	6.0	6.5	6.6	7.0	7.8	7.9	6.7	6.7	6.9	6.7	6.7	6.5
Pound sterling	8.1	7.7	7.4	7.1	5.8	6.2	2.6	2.3	2.3	2.0	2.2	2.6
Italian lira	3.1	2.9	3.0	2.5	2.2	2.2	0.7	0.7	1.2	1.1	1.0	0.9
Danish crown	0.1	0.3	0.3	0.3	...	...	...	...	0.1	0.2	...	...
Total of currencies of E.E.C. countries	68.8	71.5	74.9	74.6	72.1	73.8	81.1	82.1	84.9	87.6	89.2	87.9
United States dollar	21.5	20.6	18.3	18.8	21.0	19.9	14.9	14.5	11.9	9.7	8.2	9.8
Other currencies	9.7	7.9	6.8	6.6	6.9	6.3	4.0	3.4	3.2	2.7	2.6	2.3

⁽¹⁾ Only payments for genuine imports and exports of goods; commission processing and third-country transactions are therefore excluded.

Table 3.

**National Bank of Belgium : foreign exchange reserves and forward position
in foreign currencies and, in relation to foreign countries, in Belgian francs**

(Billions of francs)

At end of	Foreign exchange reserves						Forward position			Grand total	of which :		Annual changes in total of foreign exchange reserves (3)	Annual changes in grand total (3)
	Gold holding	Assets held at the International Monetary Fund (1)	Net claims on the European Monetary Cooperation Fund (2)	Spot foreign currencies	Spot Belgian francs (2)	Total (f) = (a) + (b) + (c) + (d) + (e)	Foreign currencies	Belgian francs	Total (i) = (g) + (h)		Position in foreign currencies (k) = (d) + (g)	Position in Belgian francs (l) = (e) + (h)		
1969	76.0	7.8	—	35.6	-0.9	118.5	-34.2	3.7	-30.5	88.0	1.4	2.8		
1970	73.5	29.8	—	39.0	-1.1	141.2	-37.9	11.4	-26.5	114.7	1.1	10.3	+19.3	+23.3
1971	77.2	50.3	—	35.0	-3.8	158.7	-35.5	26.7	- 8.8	149.9	-0.5	22.9	+13.6	+31.7
1972	75.4	52.0	—	52.4	-2.0	177.8	-21.5	20.6	- 0.9	176.9	30.9	18.6	+15.7	+23.6
1973	71.8	54.4	3.5	75.9	-2.6	203.0	-26.5	27.3	0.8	203.8	49.4	24.7	+36.0	+34.4
1974 Nov.	71.8	53.6	...	92.7	-3.3	214.8	-12.6	14.5	1.9	216.7	80.1	11.2	+10.4 ⁽⁴⁾	+11.4 ⁽⁴⁾
Dec.	71.8	53.3	...	95.1 ⁽⁵⁾	-3.1	217.1	-11.1	13.0	1.9	219.0	84.0	9.9	+12.4	+13.4
1975 Nov.	71.8	59.0	...	112.4 ⁽⁵⁾	-3.7	239.5	-10.6	13.0	2.4	241.9	101.8	9.3	+19.5 ⁽⁴⁾	+19.9 ⁽⁴⁾
Dec.	71.8	58.7	...	113.7 ⁽⁵⁾	-3.7	240.5	-12.1	11.9	- 0.2	240.3	101.6	8.2	+18.4	+18.8

(¹) These comprise a) the rights which are held by the Belgian Government as a member of the International Monetary Fund and which the National Bank of Belgium 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 and b) the advances granted by the Bank for its own account to the Fund, within the framework of the « oil facility », under an agreement concluded with the Fund and approved by the Government.

(²) Difference between claims on foreign countries (other than acceptances representing exports) and liabilities to foreign countries, particularly to the central banks.

(³) Not including the accounting changes, namely those resulting from a) the adjustments made to various assets and liabilities following the revaluation of the Swiss franc in 1971, the appreciation of the Belgian franc due to the decisions of the Washington Monetary Conference of 18th December, 1971, and the devaluation of the U.S. dollar in 1973, b) the allocations of special drawing rights to Belgium in 1970, 1971 and 1972, and c) the changes in exchange rates which, since January, 1974, may have affected the countervalue in Belgian francs of the changes in the outstanding amounts in foreign currencies.

(⁴) Change in the first eleven months.

(⁵) Including the medium-term financial assistance which the Belgian Government granted to Italy under the directive of the Council of the European Communities adopted on 17th December, 1974, and which is financed by the National Bank of Belgium on behalf of the Government in accordance with the Convention concluded on that date between the Government and the Bank.

Table 4.

Official Rates of Exchange Fixed by the Bankers meeting at the Brussels Clearing House

(Daily quotations in Belgian francs)

1975	1 U.S. dollar	1 pound sterling	1 Nether- lands guilder	1 German mark	1 French franc	100 Italian lire	1 Cana- dian 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	100 yens
January																	
Highest . . .	36.32	84.90	14.50	15.04	8.15	5.58	39.69	14.28	8.91	6.43	6.98	214.00	148.00	64.71	10.15	72.64	12.10
Lowest . . .	34.51	82.69	14.37	14.95	8.06	5.45	34.67	13.95	8.70	6.28	6.92	210.50	143.60	61.72	9.90	69.03	11.64
Mean . . .	35.45	83.78	14.44	14.99	8.12	5.50	35.66	14.05	8.78	6.32	6.95	211.52	145.55	63.16	10.00	79.89	11.85
February																	
Highest . . .	35.55	84.28	14.51	15.03	8.19	5.51	35.65	14.22	8.78	6.40	6.99	212.75	145.50	63.20	10.05	71.10	12.05
Lowest . . .	34.04	82.60	14.38	14.89	8.08	5.42	34.08	13.91	8.73	6.28	6.93	209.60	143.25	61.18	9.81	69.09	11.72
Mean . . .	34.80	83.32	14.45	14.94	8.13	5.46	34.78	14.06	8.75	6.30	6.95	210.94	143.94	62.01	9.95	69.60	11.94
March																	
Highest . . .	34.66	83.54	14.54	14.92	8.23	5.49	34.65	14.16	8.81	6.38	7.07	210.50	145.00	61.96	9.88	69.33	12.11
Lowest . . .	33.94	82.63	14.43	14.79	8.14	5.42	34.03	13.72	8.74	6.28	6.96	208.25	142.00	61.23	9.78	67.88	11.90
Mean . . .	34.34	83.10	14.49	14.83	8.18	5.45	34.36	13.88	8.77	6.33	7.00	209.26	143.41	61.62	9.81	68.68	11.99
April																	
Highest . . .	35.48	83.88	14.55	14.86	8.50	5.58	35.35	13.79	8.87	6.42	7.09	210.00	148.00	62.91	9.92	70.96	12.20
Lowest . . .	34.63	83.40	14.48	14.78	8.26	5.51	34.53	13.70	8.83	6.32	7.00	208.50	143.00	61.94	9.80	69.25	11.91
Mean . . .	35.15	83.32	14.51	14.80	8.38	5.55	34.82	13.75	8.85	6.37	7.05	208.98	144.24	62.50	9.86	70.30	12.05
May																	
Highest . . .	35.22	82.43	14.58	15.01	8.82	5.61	34.48	14.15	8.95	6.48	7.10	213.00	145.00	62.91	9.93	70.45	12.15
Lowest . . .	34.67	80.01	14.49	14.78	8.50	5.54	33.51	13.75	8.85	6.35	7.00	208.60	143.00	62.22	9.77	69.35	11.90
Mean . . .	34.89	81.01	14.53	14.87	8.63	5.57	33.94	13.95	8.89	6.41	7.07	210.12	143.87	62.52	9.84	69.79	12.00
June																	
Highest . . .	35.25	81.29	14.59	14.99	8.77	5.62	34.23	14.09	8.97	6.45	7.16	212.75	161.50	62.97	9.94	70.50	12.03
Lowest . . .	34.76	76.95	14.44	14.90	8.68	5.57	33.88	13.94	8.91	6.41	7.10	210.40	144.00	62.48	9.86	69.51	11.84
Mean . . .	34.94	79.71	14.51	14.94	8.73	5.59	34.06	14.02	8.93	6.43	7.13	211.30	145.23	62.68	9.90	69.88	11.93
July																	
Highest . . .	38.44	83.02	14.51	15.01	8.80	5.78	37.23	14.20	8.99	6.49	7.16	213.25	149.00	65.92	10.17	76.88	12.92
Lowest . . .	35.42	77.76	14.39	14.86	8.67	5.61	34.39	14.04	8.89	6.41	7.06	210.00	144.50	63.03	9.95	70.84	11.99
Mean . . .	36.80	80.39	14.44	14.93	8.72	5.67	35.72	14.11	8.94	6.45	7.10	211.95	145.59	64.28	10.05	73.59	12.43
August																	
Highest . . .	38.47	82.45	14.55	14.93	8.79	5.77	37.27	14.37	8.98	6.44	7.06	212.00	146.00	65.94	10.16	76.94	12.92
Lowest . . .	38.05	80.37	14.41	14.81	8.72	5.71	36.77	14.20	8.80	6.41	6.95	210.25	144.75	65.25	10.10	76.10	12.75
Mean . . .	38.28	80.96	14.49	14.86	8.75	5.73	37.00	14.27	8.87	6.43	7.01	211.02	145.19	65.67	10.12	76.56	12.86
September																	
Highest . . .	40.49	83.09	14.72	15.11	8.82	5.85	39.69	14.76	8.89	6.51	7.06	214.30	147.50	67.45	10.30	80.98	13.37
Lowest . . .	38.42	81.17	14.54	14.89	8.74	5.75	37.33	14.34	8.78	6.43	6.96	211.00	145.00	65.83	10.12	76.84	12.93
Mean . . .	39.21	81.78	14.61	14.99	8.77	5.79	38.22	14.48	8.83	6.46	7.00	212.44	146.00	66.39	10.17	78.42	13.09
October																	
Highest . . .	39.72	80.97	14.70	15.13	8.88	5.80	38.85	14.71	8.90	6.52	7.09	214.30	147.75	66.71	10.13	79.43	13.15
Lowest . . .	38.51	79.48	14.62	15.06	8.81	5.71	37.51	14.52	8.85	6.43	7.01	212.50	145.75	65.40	10.02	77.01	12.76
Mean . . .	38.94	80.11	14.66	15.09	8.84	5.74	38.02	14.63	8.87	6.47	7.05	213.22	146.47	65.83	10.07	77.89	12.90
November																	
Highest . . .	39.56	80.25	14.72	15.11	8.88	5.78	39.17	14.77	8.95	6.48	7.12	214.00	147.75	66.37	10.17	79.12	13.06
Lowest . . .	38.47	79.73	14.67	15.06	8.84	5.72	37.79	14.66	8.86	6.46	7.03	212.75	146.00	65.36	10.06	76.94	12.76
Mean . . .	39.03	79.98	14.69	15.08	8.86	5.75	38.50	14.71	8.90	6.47	7.07	213.12	146.53	65.88	10.11	78.06	12.91
December																	
Highest . . .	39.69	80.13	14.72	15.12	8.89	5.81	39.18	15.10	9.02	6.46	7.14	215.00	147.50	66.54	10.28	79.38	13.00
Lowest . . .	39.34	79.55	14.69	15.05	8.82	5.77	38.82	14.78	8.93	6.38	7.09	213.10	144.75	66.01	10.15	78.68	12.87
Mean . . .	39.51	79.91	14.71	15.07	8.86	5.79	39.01	15.00	8.97	6.43	7.11	213.80	146.32	66.32	10.22	79.03	12.94
Year																	
Highest . . .	40.49	84.90	14.72	15.13	8.89	5.85	39.69	15.10	9.02	6.52	7.16	215.00	161.50	67.45	10.30	80.98	13.37
Lowest . . .	33.94	76.95	14.37	14.78	8.06	5.42	33.51	13.70	8.70	6.28	6.92	208.25	142.00	61.18	9.77	67.88	11.64
Mean . . .	36.80	81.45	14.54	14.95	8.58	5.64	36.19	14.24	8.86	6.41	7.04	211.50	145.22	64.10	10.01	73.61	12.41

Table 5.

**Cash Receipts and Expenditure
resulting from Execution of the Current Budgetary Transactions**

(Billions of francs)

	Gross data		Data made comparable (¹)		Balance (e) = (a) - (b) or (c) - (d)
	Receipts (a)	Expenditure (b)	Receipts (c)	Expenditure (d)	
1970	295.2	279.5	294.7	279.0	+15.7
1971	320.5	309.7	324.3	313.5	+10.8
1972	360.5	360.8	367.8	368.1	- 0.3
1973	404.5	408.4	430.2	434.1	- 3.9
1974	483.8	484.4	513.1	513.7	- 0.6
1974 First 10 months	405.7	413.3	429.9	437.5	- 7.6
1975 First 10 months	471.3	516.6	496.8	542.1	-45.3

(¹) The data have been made comparable by, on the one hand, eliminating the receipts and expenditure of the Post and Sea Transport Administrations, which, before the creation of the Post Board and Sea Transport Board in 1971, were included in budgetary transactions and, on the other hand, adding to these transactions the debudgetised ordinary receipts and expenditure of the Economic Expansion and Regional Reconversion Fund, of the Road Fund, of Belgium's ordinary contribution to the European Communities and of the Special Municipalities Fund. It was not possible, however, to add to the receipts the Customs duty transferred direct to the European Communities since 1971 or to allow for the corresponding expenditure.

Table 6.

Official National Debt Position

(Billions of francs)

At end of	Direct debt						Indirect debt (2)	Debt taken over from the Republic of Zaire (3)	Total (4)
	in Belgian francs				in foreign currencies (1)	Total			
	Consolidated	Medium term	Short term	Total					
1969	347.7	13.9	120.2	481.8	61.1	542.9	52.9	2.6	598.4
1970	359.6	12.5	135.4	507.5	50.3	557.8	61.7	2.2	621.7
1971	426.5	13.4	124.1	564.0	22.2	586.2	56.7	1.8	644.7
1972	494.9	17.7	123.7	636.3	8.4	644.7	65.5	1.4	711.6
1973	559.4	15.9	120.0	695.3	5.5	700.8	62.9	1.0	764.7
1974 October	621.4	19.7	114.8	755.9	4.7	760.6	59.8	0.8	821.2
December ...	613.7	19.7	123.4	756.8	4.6	761.4	59.2	0.8	821.4
1975 October	687.0	17.6	139.4	844.0	3.9	847.9	85.6	0.5	934.0
December ...	681.9	17.2	140.4	839.5	3.7	843.2	85.1	0.4	928.7

Source : Ministry of Finance, Treasury Administration.

(1) Not including the inter-governmental debts resulting from the 1914-18 war.

(2) Debt in Belgian francs and in foreign currencies which has been issued by public organisations but in respect of which the interest and redemption are borne by the national debt budget.

(3) Debt assumed by the Belgian Government under the Convention of 6th February, 1965 between Belgium and the Republic of Zaire, approved by the Law of 23rd April, 1965. Not including the debt of the Belgian-Congolese Amortisation and Management Fund.

(4) The changes between the end of one period and the other may be partly of an accounting nature. Item 2 in Table 6bis indicates the changes in the national debt which have not given rise to movements of funds for the Treasury.

Table 6bis.

**National Debt and Funds Available for Meeting the Central Government's
Net Financial Requirements**

(Changes in billions of francs)

	1970	1971	1972	1973	1974	1974	1975
						(First 10 months)	
1. National debt ⁽¹⁾	+ 23.3	+23.0	+66.9	+53.1	+56.7	+56.5	+112.6
2. Transactions without movement of funds :							
a) Treasury Certificates held by the International Monetary Fund ⁽²⁾	(- 0.5)	(-10.4)	(+ 3.9)	(+ 1.3)	(- 0.7)	(- 1.3)	(- 2.0)
b) The National Bank of Bel- gium's credit balance at the Postal Cheque Office for account of the Ministers of National Education ⁽³⁾ ...	(...)	(- 0.3)	(- 0.2)	(- 2.1)	(—)	(—)	(—)
c) Miscellaneous	(...)	(- 0.1)	(- 0.5)	(+ 2.8)	(...)	(...)	(...)
Total 2 ...	- 0.5	-10.8	+ 3.2	+ 2.0	- 0.7	- 1.3	- 2.0
3. Funds available to meet the Treasury's net financial require- ments (= 1. - 2.)	+23.8	+33.8	+63.7	+51.1	+57.4	+57.8	+114.6
4. Debudgetised debt for the service of which the Central Government is responsible ⁽⁴⁾	+13.9	+17.6	+23.7	+19.9	+19.5	+15.9	+ 17.2
5. Funds available to meet the Central Government's net finan- cial requirements (= 3.+4.) ⁽⁵⁾	+37.7	+51.4	+87.4	+71.0	+76.9	+73.7	+131.8

⁽¹⁾ According to Table 6 of this Annex.

⁽²⁾ The giving of Treasury Certificates to the International Monetary Fund in part payment for the increases in Belgium's quota does not, by its very nature, 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.

⁽³⁾ Until November 1973, that is, during the period when the Government's liability corresponding to this credit balance was included in the national debt. Changes in this credit balance have as their exact counterparts movements of the balance held by the Ministers of National Education at the Bank.

⁽⁴⁾ Debt to the financial intermediaries and direct recourse to the capital market, insofar as it has been possible to record such recourse.

⁽⁵⁾ See Table 10, column (c), page 73.

Table 7.

Notes and Coin (*)

(Billions of francs)

At end of	Notes issued by the National Bank of Belgium	Notes and coin issued by the Treasury	Total notes and coin (¹)	Annual changes in total notes and coin
1969	183.0	7.0	185.2	
1970	188.2	7.5	190.7	+ 5.5
1971	201.8	8.1	204.5	+13.8
1972	222.6	8.5	225.3	+20.8
1973	238.5	9.1	240.7	+15.4
1974 October	243.1	9.2	246.1	+ 5.4 (²)
December	256.1	9.5	258.4	+17.7
1975 October	273.7	9.9	277.1	+18.7 (²)
December	288.4	10.2	n.a.	n.a.

* See the Bulletin of the National Bank of Belgium, Statistics, Table XIII-4.

(¹) Notes and coin less holdings of mainly monetary institutions. Since it is not known to what extent the holdings of mainly 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.

Table 8.

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			
1969	0.4	43.9	131.2	175.5	25.7	201.2	
1970	0.4	49.6	152.6	202.6	25.3	227.9	+ 26.7
1971 (2)	0.6	49.6	176.4	226.6	29.6	256.2	+ 28.3
1971 (3)	0.6	49.6	176.4	226.6	34.0	260.6	
1972	0.6	60.3	206.1	267.0	38.0	305.0	+ 44.4
1973	0.5	61.4	231.2	293.1	43.2	336.3	+ 31.3
1974 October	0.2	64.1	248.7	313.0	41.7	354.7	+ 18.4(4)
December	0.3	61.5	259.9	321.7	47.6	369.3	+ 33.0
1975 October	0.3	70.4	287.6	358.3	47.8	406.1	+ 36.8(4)

* See the Bulletin of the National Bank of Belgium, Statistics, Table XIII-4.

(1) Balances held by the 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) Old series.

(3) New series. The difference from the old series is due to better recording of the balance held by the special accounting officers at the Postal Cheque Office.

(4) Change on the first ten months.

Table 9.

Deposits on Ordinary Deposit or Savings Books

(Changes in billions of francs)

	Institutions receiving deposits				Total
	Banks	General Savings and Pensions Fund	Private savings banks	Public financial credit intermediaries	
1970	+ 2.7	+ 1.5	+ 2.8	+ 0.5	+ 7.5
1971	+21.8	+16.2	+12.3	+ 3.2	+ 53.5
1972	+35.6	+23.0	+22.7	+ 6.0	+ 87.3
1973	+24.9	+19.5	+19.7	+ 4.9	+ 69.0
1974	+12.9	+17.8	+13.7	+ 6.2	+ 50.6
1974 First 10 months	+ 2.7	+ 6.9	+ 4.8	+ 3.5	+ 17.9
1975 First 10 months	+37.0	+21.9	+19.3	+ 8.3	+ 86.5

Table 10.

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

Classified according to issuers

(Changes in billions of francs)

	Central Government (1)	Public financial intermediaries (2)	Other public authorities and institutions	Banks	Private savings banks, mortgage and capital accumulation companies (2)	Others	Total
1970	+28.4	+42.2	+ 6.7	+ 4.6	+ 7.0	+ 5.3	+ 94.2
1971	+79.4	+48.9	+11.9	+ 4.8	+ 7.2	+10.0	+162.2
1972	+94.6	+33.4	+13.7	+ 5.3	+ 4.5	+23.1	+174.6
1973	+79.2	+41.5	+ 8.1	+ 6.1	<i>p</i> + 8.9	<i>p</i> +16.9	<i>p</i> +160.7
1974	+66.1	+57.0	<i>p</i> + 6.9	+ 6.9	<i>p</i> +12.4	<i>p</i> +10.7	<i>p</i> +160.0
1974 First 10 months ...	+74.2	+44.5	<i>p</i> - 2.5	+ 5.3	<i>p</i> +10.4	<i>p</i> +10.4	<i>p</i> +142.3
1975 First 10 months ...	+96.4	+65.3	<i>p</i> +10.6	+ 8.2	<i>p</i> +11.2	<i>p</i> +17.8	<i>p</i> +209.5

(1) Direct and indirect debt and, insofar as it has been possible to record it, the debudgetised debt for the service of which the Central Government is responsible.

(2) Including savings bonds or certificates.

Table 11.

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

Classified according to holders

(Changes in billions of francs)

	Mainly monetary institutions	Other financial intermediaries (1)	Public authorities	Foreign countries	Others (2)	Total
1970	+ 29.4	+ 5.3	+ 0.4	<i>e</i> - 0.2	+ 59.3	+ 94.2
1971	+ 48.9	+ 45.2	+ 2.0	<i>e</i> + 1.0	+ 65.1	+162.2
1972	+ 56.0	+ 58.6	+ 1.8	<i>e</i> + 0.7	+ 57.5	+174.6
1973	+ 48.3	+ 26.3	+ 2.5	<i>e</i> + 0.6	<i>p</i> + 83.0	<i>p</i> +160.7
1974	+ 38.2	+ 24.5	+ 2.0	+ 0.2	<i>p</i> + 95.1	<i>p</i> +160.0
1974 First 10 months ...	+ 35.6	+ 22.4	+ 2.4	+ 0.2	<i>p</i> + 81.7	<i>p</i> +142.3
1975 First 10 months <i>p</i>	+ 61.4	+ 53.4	+ 0.9	+ 1.8	+ 92.0	+209.5

(¹) Excluding the net acquisitions of certain financial intermediaries the amount of which is not known for 1975, namely those of life assurance companies and employers' liability insurance companies and those of pension funds.

(²) The figures in this column have been calculated as a difference and mainly represent the net acquisitions of individuals and enterprises. See Table 12 in this Annex.

Table 12.

**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)

	Central Government	Public financial inter- mediaries	Other public authorities and institutions	Banks	Private savings banks, mortgage and capital accumulation companies	Others	Total
1970	+ 13.1	+ 29.6	+ 1.8	+ 4.6	+ 7.2	+ 3.0	+ 59.3
1971	+ 16.5	+ 29.9	+ 2.0	+ 4.8	+ 7.1	+ 4.8	+ 65.1
1972	+ 19.4	+ 18.5	+ 2.0	+ 5.2	+ 4.3	+ 8.1	+ 57.5
1973	+ 20.0	+ 36.3	+ 1.6	+ 6.1	p+ 8.6	p+ 10.4	p+ 83.0
1974	+ 25.4	+ 42.7	+ 2.8	+ 6.7	p+ 11.7	p+ 5.8	p+ 95.1
1974 First 10 months ...	+ 29.1	+ 33.4	p- 1.9	+ 5.3	p+ 9.9	p+ 5.9	p+ 81.7
1975 First 10 months ...	+ 26.8	+ 44.1	p+ 0.9	+ 8.3	p+ 10.1	p+ 1.8	p+ 92.0

Table 13.

Sight Deposits

Total Amount of Payments Effected and Rate of Turnover (*)

(Monthly averages per standard month of 25 days)

	Total amount of payments effected (billions of francs)			Rate 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		
1970	325.7	207.3	533.0	3.33	4.13		
1971	375.7	234.4	610.1	3.28	4.24		
1972	435.4	266.4	701.8	3.25	4.15 ⁽¹⁾		
1973	522.5	293.3	815.8	3.38	4.41		
1974	646.6	353.5	1,000.1	3.99	4.82		
1974 First 11 months	634.8	350.8	985.6	3.93	4.75		
1975 First 11 months	696.1	407.1	1,103.2	3.84	5.05		
1974 1st quarter	586.5	346.4	932.9	3.79	(2)	4.77	(2)
2nd quarter	655.2	362.7	1,017.9	3.92	3.74	4.75	4.62
3rd quarter	636.7	339.8	976.5	3.85	3.94	4.70	4.75
4th quarter	708.0	365.2	1,073.2	4.39	4.09	4.87	4.88
1975 1st quarter	673.9	415.8	1,089.7	4.04	4.14	5.44	5.21
2nd quarter	738.1	430.9	1,169.0	4.03	3.84	5.15	5.06
3rd quarter	658.6	370.9	1,029.5	3.44	3.84	4.53	4.86

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

(¹) For statistical reasons, the figures for 1972 to 1975 are not fully comparable to those for the previous years.

(²) Seasonally adjusted figures.

Table 14.

Rates for Investments in Belgian Francs Accessible to the General Public ⁽¹⁾

(Per cent)

At end of	Time deposits at banks (3 months)		Deposits on ordinary savings books at the General Savings and Pensions Fund (3)	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) (4)
	Large deposits (2)	Ordinary deposits		(1 year)	(5 years)	
1969	9.000	6.00	4.00	7.00	8.00	7.80
1970	6.875	5.50	4.50	7.00	8.00	7.79
1971	5.500	4.00	4.50	5.75	6.75	7.17
1972	5.250	3.00	4.00	5.25	6.25	7.21
1973	9.500	5.75	4.75	6.75	7.50	7.92
1974 June	11.875	6.75	5.75	8.00	8.75	8.86
December ...	10.500	7.00	6.25	8.25	9.75	9.03
1975 January	9.500	7.00	6.25	8.25	9.75	9.24
February ...	8.625	6.50	6.25	8.00	9.75	8.79
March	7.000	6.00	6.00	7.75	9.00	8.71
April	6.500	6.00	6.00	7.25	8.50	8.42
May	5.875	5.50	5.75	7.25	8.50	8.09
June	5.500	5.00	5.50	6.75	8.00	8.07
July	5.750	5.00	5.50	6.75	8.00	8.21
August	5.375	5.00	5.50	6.75	8.00	8.41
September ...	5.125	5.00	5.50	6.75	8.00	8.50
October	5.750	4.65	5.50	6.75	8.00	8.50
November ...	5.875	4.65	5.50	6.75	8.00	8.53
December ...	5.875	4.65	5.50	6.75	8.00	8.72

(1) Rates before deduction of tax at source.

(2) Indicative rates for deposits of from Fr. 5 to 20 million.

(3) Rates credited on amounts up to Fr. 500,000. They include the fidelity premium paid on amounts that remained on deposit from 16th January to 31st December. Since, up to a certain amount (at present Fr. 15,000 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.

(4) Yields at the start of the following year or the following month. See the Bulletin of the National Bank of Belgium, Statistics, Table XIX-6.

Table 18.

Belgian Money Market, Euro-Franc and Euro-Dollar Rates (*)

(Per cent)

	Call money (1)	Treasury Certificates at very short term (3 months) (2)	Certificates of the Securities Regulation Fund (4 months) (3)	Treasury Certificates issued by tender (4)		Rediscount and Guarantee Institute : bank acceptances with visa or certification representing imports (up to 120 days) (2) (5)	Bank acceptances without visa or certification negotiated on the market outside the National Bank (at about 90 days) (2) (6)	Deposits in Euro-currencies (3 months) (2)	
				(6 months)	(9 months)			Belgian francs	Dollars (7)
1969	5.40	8.50	8.75	8.80	8.80	7.40	8.75	9.50	10.00
1970	6.25	6.95	7.25	7.45	—	6.00	7.00	7.81	6.37
1971	3.70	4.80	5.15	5.35	5.65	4.45	5.65	5.75	5.62
1972	2.48	4.50	4.85	4.85	5.25	4.90	5.40	5.81	5.62
1973	4.81	7.65	7.95	—	—	7.65	9.50	10.25	9.87
1974 June	8.97 ⁽⁸⁾	11.25	11.50	—	—	8.65	12.25	12.56	12.75
December .	9.51 ⁽⁹⁾	10.50	11.00	—	—	8.65 | 10.00	10.90	11.25	9.87
1975 January ...	6.47	9.50	10.00	10.75	10.75	8.15 | 8.85	9.50	10.25	7.25
February ..	5.46	8.50	9.00	9.50	9.25	8.00 | 8.10	8.50	9.25	7.12
March ...	3.92	7.30	7.40	8.00	—	6.75 | 6.75	7.35	7.75	6.62
April	4.53	7.15	7.25	7.75	8.00	6.25	6.90	7.25	6.50
May	4.77	6.60	6.75	7.50	7.50	5.75	6.45	6.63	5.87
June	4.30	6.00	6.25	6.50	6.75	5.75	5.85	6.06	6.50
July	4.93	6.25	6.50	6.50	6.75	5.75	5.85	6.38	6.75
August ...	5.10	6.05	6.20	6.75	7.00	5.25	5.70	5.94	7.12
September .	4.33	6.05	6.20	6.75	7.00	5.25	5.60	5.94	7.75
October ...	4.50	6.05	6.20	6.75	6.90	5.25	5.60	6.31	6.50
November .	3.88	6.05	6.20	6.75	6.90	5.25	5.80	6.56	6.75
December .	3.94	6.05	6.20	6.75	—	5.25	5.80	6.44	5.62

(*) See the Bulletin of the National Bank of Belgium, 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) Between 1st June, 1970 and 22nd October, 1973 : rate for transactions at 61 to 120 days. This is the rate for acceptances which are counted against the presenting bank's rediscount ceiling at the National Bank of Belgium; from 8th July, 1974 until 26th February, 1975 this rate was different depending on whether the acceptances were counted against sub-ceiling A (left-hand column) or sub-ceiling B (right-hand column).

(6) Since 22nd January, 1975 : bills not counted against the rediscount ceilings.

(7) Source : The Times. Rate for investors not arranging forward cover.

(8) First half-year.

(9) Second half-year.

Table 16.

National Bank of Belgium's Official Scale of Discount and Advance Rates

(Per cent)

	Discount		Advances in current account and loans against		
	Bills accepted payable at a bank, warrants and acceptances, bearing visa (3) or certified (4), representing foreign trade transactions	Other bills and promissory notes	Treasury Certificates and Securities Regulation Fund Certificates issued at up to 180 days (1)	Treasury Certificates issued at over 180 days and up to 374 days (1)	Other public securities (2)
At end of					
1969	7.50	9.50	9.00	9.25	9.50
1970	6.50	8.50	8.00	8.25	8.50
1971	5.50	7.00	6.50	6.75	7.00
1972	5.00	6.00		6.00	
1973	7.75	8.50		8.50	
1974	8.75 (5)	9.50		9.50	
1975	6.00	6.00		6.00	
1975					
1st January - 29th January	8.75 (5)	9.50		9.50	
30th January - 12th March	8.25 (5)	9.00		9.00	
13th March - 23rd April ...	7.50	8.00		8.00	
24th April - 28th May	7.00	7.50		7.50	
29th May - 20th August ...	6.50	6.50		6.50	
21st August - 31st December	6.00	6.00		6.00	

(1) Maximum proportion advanced : 95 p.c.

(2) Maximum proportion advanced : 80 p.c.

(3) The visa was abolished on 1st April, 1974.

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

(5) Rate for bills counted against rediscount sub-ceiling A. For the periods in question the rates for bills counted against sub-ceiling B were as follows :

1974 (end of year) 9.50 p.c.

1975 1st January - 29th January . . 9.50 p.c.

30th January - 26th February . 9.00 p.c.

27th February - 12th March . 8.25 p.c.

Table 17.

National Bank of Belgium's Special Rates

(Per cent)

At end of	Rediscount and Guarantee Institute's rediscount facility for mobilisation of paper not counted against rediscount ceilings (1)	Advances above monthly quota allotted to banks, private savings banks and public credit institutions (2)
1973 December	9.50	—
1974 January	10.50	—
February	11.75	—
March	10.25	—
April	11.25	—
May	12.50	—
June	12.25	—
July	12.75	13.00
August	12.25	12.75
September	11.50	11.75
October	10.50	10.75
November	10.00	10.25
December	10.00	10.25
1975 January	9.00	9.25
February	8.50	9.25
March	7.75	8.25
April	7.25	7.75
May	6.50	7.00
June	6.50	6.75
July	6.50	7.00
August	6.00	6.50
September	6.00	6.50
October	6.00	6.50
November	6.00	6.50
December	6.00	6.50

(1) Rate existing since 21st December, 1973.

(2) Rate existing since 8th July, 1974.

Table 18.

Call Money (*)

(Billions of francs)

Daily average	Lent by			Borrowed by				Total dealings
	banks	the Securities Regulation Fund	other institutions	banks	the Securities Regulation Fund	the Rediscount and Guarantee Institute	other institutions	
1970	3.8	1.6	3.2	1.4	0.1	6.7	0.4	8.6
1971	4.4	1.2	3.2	1.9	0.3	6.1	0.5	8.8
1972	5.2	0.8	3.5	2.2	1.2	5.4	0.7	9.5
1973	6.4	0.9	4.2	2.9	3.1	4.8	0.7	11.5
1974	6.2	1.4	4.2	3.1	3.9	4.2	0.6	11.8
1975	6.5	5.7	3.4	4.1	0.1	10.4	1.0	15.6

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

**Royal Decree of 24th November, 1975 approving amendments
made to the Statutes of the National Bank of Belgium**

(*Moniteur belge* of 12th December, 1975)

BAUDOUIN, King of the Belgians,

To all, present and to come, Greetings.

In view of the Law of 11th April, 1975 amending Royal Decree No. 29 of 24th August, 1939 concerning the activity, organisation and powers of the National Bank of Belgium, issued pursuant to the Law of 1st May, 1939 (Art. 1, 1, h) ;

In view of Article 92 of the National Bank of Belgium's Statutes;

In view of the authentic copy of an authenticated deed drawn up on 27th October, 1975 before Me Jacques Possoz, Notary at Brussels, making, in the Statutes of the limited company named « National Bank of Belgium », certain amendments which were adopted by the duly constituted General Meeting of Shareholders;

In view of the Regent's Decree dated 13th September, 1948 and of the Royal Decrees dated 1st October, 1957, 29th July, 1959, 8th March, 1968 and 22nd September, 1969;

On the proposal of Our Minister of Finance,

We have decreed and do decree the following :

Article 1. — The following amendments made in the Statutes of the National Bank of Belgium by the aforesaid deed dated 27th October, 1975 are approved :

1°) The text of Article 1 shall be replaced by the following text :

« The National Bank of Belgium, constituted in the form of a limited company formed pursuant to the Law of 5th May, 1850, its duration having been last extended in accordance with the Law of 19th June, 1959, shall henceforth be governed by the provisions of Royal Decree No. 29 of 24th August, 1939, issued pursuant to the Law of 1st May, 1939, which provisions were last amended by the Law of 11th April, 1975, and by the present Statutes.

It shall have its registered office at Brussels ».

2°) The text of Article 2 shall be replaced by the following text :

« The Bank shall establish branches or agencies in the places in the territory of the Belgian-Luxembourg Economic Union where there is found to be a need for them, in agreement with the Government concerned ».

Article 2. — The present Decree shall come into force on the date of its publication in the *Moniteur belge*.

Article 3. — Our Minister of Finance is charged with the execution of this Decree.

Given at Brussels on 24th November, 1975.

BAUDOUIN

By the King :
The Minister of Finance,
W. De Clercq.

CONVENTION OF 31st DECEMBER, 1975

**between the Belgian Government and the National Bank of Belgium
amending the Convention of 31st December, 1973 concerning the implementation
of the Government guarantee covering the Bank's assets in U.S.A. dollars
in accordance with the letter from the Minister of Finance
dated 18th February, 1972.**

In view of paragraph 7 of Article 6 of Decree-Law No. 5 of 1st May, 1944, as last amended by the Law of 7th June, 1973, whereby the Belgian Government guarantees the National Bank of Belgium against any exchange or other loss which it might suffer on the assets in U.S.A. dollars which it has been led to acquire in fulfilment of the obligations assumed by Belgium to the International Monetary Fund;

In view of the letters, defining the methods of implementation of the Government guarantee, addressed on 18th February, 1972 and 31st December, 1973 by the Minister of Finance to the Governor of the National Bank of Belgium;

In view of the Convention of 31st December, 1973 between the Belgian Government and the National Bank of Belgium concerning the implementation of the Government guarantee covering the Bank's assets in U.S.A. dollars in accordance with the letter from the Minister of Finance dated 18th February, 1972;

Considering that it is appropriate to revise the terms of the redemption of the Treasury bills referred to in Article 3 of the said Convention :

Between

the Belgian Government, represented by its Minister of Finance, Mr. Willy De Clercq, of the one part,

and

the National Bank of Belgium, represented by its Governor, Mr. Cecil de Strycker, of the other part,

The following has been agreed :

Sole article. — Article 4 of the Convention of 31st December, 1973, shall be replaced by the following provision :

« The unredeemed amount of the Treasury bills issued pursuant to Article 3, which amounted on 31st December, 1974 to 861,577,752 Belgian francs, shall be paid to the Bank in five annuities, the first of 61,577,752 Belgian francs to be paid on 31st December, 1975 and the others, each of 200 million Belgian francs, to be paid on 31st December of the subsequent years ».

Done in duplicate at Brussels, 31st December, 1975.

For the Belgian Government,
The Minister of Finance,
W. De Clercq.

For the National Bank of Belgium,
The Governor,
C. de Strycker.

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
Association of Local Authorities for the Building of Motorways	Association Intercommunale pour la Construction d'Autoroutes
Autonomous Funds	Fonds autonomes
Autonomous War Damage Fund	Caisse Autonome des Dommages de Guerre
Bank Control Commissioner (Luxembourg)	Commissaire au contrôle des banques (Luxembourg)
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 Navi- gation 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-Luxembourg Economic Union (B.L.E.U.)	Union Economique Belgo-Luxembourgeoise (U.E.B.L.)
Belgian-Luxembourg 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 Petroleum Federation	Fédération pétrolière belge
Belgian Surveyors' Association	Association Belge des Experts
Benelux Economic Union	Union Economique Benelux

Benelux Intergovernmental Conference	Conférence intergouvernementale du Benelux
Board of Executive Directors (of I.M.F.)	Conseil d'Administration (du F.M.I.)
Board of Governors (of I.M.F.)	Conseil des Gouverneurs (du F.M.I.)
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
Budgetary Policy Committee (of the European Communities)	Comité de politique budgétaire (des Communautés Européennes)
Bulletin of the National Bank of Belgium (formerly Information Bulletin of the National Bank of Belgium)	Bulletin de la Banque Nationale de Belgique (pré- cédemment Bulletin d'Information et de Docu- mentation de la Banque Nationale de Belgique)
Centenary Fund	Fonds du Centenaire
Central Council of 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 Publicity Consultants' Bureaux	Chambre des Agences-Conseils en Publicité
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 expor- tations de petites et moyennes entreprises
Committee of Control for Electricity	Comité de Contrôle de l'Electricité
Committee of Governors of the Central Banks	Comité des Gouverneurs des banques centrales
Committee of Management for Electricity	Comité de Gestion de l'Electricité
Committee of the Brussels Stock Exchange	Commission de la Bourse de Bruxelles
Consultation Committee for Creditor Interest Rates	Comité de concertation des taux d'intérêt créditeurs
Consultative Committee for Coordinating Medium-Term Export Financing, known as « Cofinex »	Comité Consultatif de Coordination du Finance- ment à Moyen Terme des Exportations (Cofinex)
Consultative Council for External Trade	Conseil Consultatif pour le Commerce Extérieur
Council of Heads of Government	Conseil des Chefs de Gouvernement
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
Creditexport Association	Association Creditexport
Currency Reform Loan	Emprunt de l'Assainissement monétaire
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.)
Department of National Education	Département de l'Education Nationale
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 for Economics and Financial Affairs of the Commission of the European Communities	Direction générale des Affaires économiques et financières de la Commission des Communautés Européennes
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
Commission (of the European Communities)	Commission (des Communautés Européennes)
Economic Expansion and Regional Reconversion Fund	Fonds d'Expansion Economique et de Reconversion Régionale
Economic Policy Committee (of the European Communities)	Comité de politique économique (des Communautés Européennes)
Economic Programming Office	Bureau de Programmation Economique
Economic Research Centre (at Louvain)	Centre de Recherches Economiques (de Louvain)
Economic Research Institute [formerly Economic, Social and Political Research Institute (of Louvain University)]	Institut de Recherches Economiques [précédemment Institut de Recherches Economiques, Sociales et Politiques (de l'Université de Louvain)]
Energy Board	Administration de l'Energie
European Agricultural Direction and Guarantee Fund (of the European Communities)	Fonds Européen d'Orientation et de Garantie Agricole (des Communautés Européennes)
European Agricultural Markets Organisation	Organisation Européenne des Marchés Agricoles
European Assembly	Assemblée européenne
European Atomic Energy Community (Euratom)	Communauté Européenne de l'Energie Atomique (Euratom)
European Coal and Steel Community (E.C.S.C.)	Communauté Européenne du Charbon et de l'Acier (C.E.C.A.)
European Communities	Communautés Européennes
European Development Fund (of the European Communities) (formerly Fund for the Development of Overseas Countries and Territories)	Fonds Européen de Développement (des Communautés Européennes) (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 Monetary Cooperation Fund	Fonds européen de coopération monétaire
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 Paiement (U.E.P.)
European Regional Development Fund	Fonds européen de développement régional
European Social Fund (of the European Communities)	Fonds social européen (des Communautés Européennes)
Excise Department (Ministry of Finance)	Service des Accises (Ministère des Finances)
Export Credit	Creditexport
External Trade Fund	Fonds du Commerce Extérieur
Federation of Belgian Enterprises (formerly Federation of Belgian Industries)	Fédération des Entreprises de Belgique (précédem- ment 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 Com- merce (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 statisti- que des Communautés Européennes
Group of Twenty	Groupe des Vingt
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
Industrial Promotion Office	Office de Promotion Industrielle
Information Bulletin of the Ministry of Finance	Bulletin de Documentation du Ministère des Finances
Inland Water Transport Regulating Office	Office Régulateur de la Navigation Intérieure
International Bank for Reconstruction and Development (I.B.R.D.)	Banque Internationale pour la Reconstruction et le Développement (B.I.R.D.)
International Energy Agency	Agence internationale de l'énergie
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
Medium-term Economic Policy Committee (of the European Communities)	Comité de politique économique à moyen terme (des Communautés Européennes)
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
Ministry of Public Works, Town Planning Board	Ministère des Travaux Publics, Administration de l'Urbanisme
Monetary Committee (of the European Communities)	Comité Monétaire (des Communautés Européennes)
Monetary Fund	Fonds Monétaire
National Coal Mines Council	Conseil National des Charbonnages
National Committee for Economic Expansion	Comité National d'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 Local Railways Company	Société Nationale des Chemins de fer Vicinaux
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.)]
Organisation of Petroleum Exporting Countries	Organisation des pays exportateurs de pétrole
Permanent Budget Equalisation Fund	Fonds Permanent d'Egalisation des Budgets
Post Administration	Administration des Postes
Post Board	Régie des Postes
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.)
Regional Policy Committee	Comité de politique régionale
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
Sea Transport Administration	Administration des transports maritimes
Sea Transport Board	Régie des transports maritimes
Securities Regulation Fund	Fonds des Rentes
Short-term Economic Policy Committee (of the European Communities)	Comité de politique conjoncturelle (des Communautés Européennes)
Social Programming Agreement	Accord de programmation sociale
Solidarity Fund for Financing Early-Retirement Pensions	Fonds de solidarité de financement de la prépension
Special Agricultural Committee (of the European Communities)	Comité Spécial Agricole (des Communautés Européennes)
Special Council of Ministers (of E.C.S.C.)	Comité Spécial des Ministres (de la C.E.C.A.)
Special Municipalities Fund	Fonds spécial des communes

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
Town Planning Board	Administration de l'Urbanisme
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
Washington Monetary Conference	Conférence monétaire de Washington

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