

# NATIONAL BANK OF BELGIUM



## REPORT

1971



NATIONAL BANK OF BELGIUM

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# REPORT

*on the activities of the year 1971 presented to the General Meeting  
on 28th February, 1972*

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# REPORT

PRESENTED BY THE GOVERNOR

IN THE NAME OF THE

Council of Regency

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

*Although still substantial in 1971, the growth in the volume of the gross national product was smaller than in the previous year. In the second half of the year unemployment, while remaining very limited, rose above the level for the corresponding period of 1970.*

*The slowing-down was due to the movement of gross fixed asset formation by enterprises and households and to the trend of foreign trade.*

*Fixed capital investment by enterprises had increased in 1970 at an exceptionally high rate; this pace could hardly have been maintained, allowing, moreover, for the uncertainty of the economic outlook; the other causes of slackening are the temporary state of over-equipment of certain sectors throughout the world and the less favourable trend of business profits accompanied, for some enterprises, by reluctance to incur further indebtedness in order to compensate for their inadequate possibilities of self-financing. With regard to house-building, there was probably no rise over the previous year; while this was partly attributable to the quickening of activity which followed the announcement of the entry into force in 1970 of the value-added tax, a more fundamental factor holding back decisions to build is the maintenance of land prices at a high level and the increased cost of building, the methods of which are only slowly becoming industrialised.*

*The value of exports increased less than that of imports. The fact that for the first eleven months of 1971 the surplus on current transactions with foreign countries was a little higher than that for the corresponding period of 1970 was due to the effect of changes in the timing of payments.*

*The introduction of the value-added tax, which had led to a running-down of stocks and an acceleration of private consumption towards the end of 1970, brought about the reverse movements at the beginning of 1971.*

*Subsequently the increase in available incomes was a factor keeping up household expenditure, although it was reduced in real terms by the rise in consumer prices.*

*The latter, influenced inter alia by the putting into effect of the new system of indirect taxes, went up more than in the previous year, whereas the increase in wholesale prices for finished industrial products was appreciably smaller.*

*On the money and capital markets, domestic supply, well maintained by substantial contributions of households' financial savings, was further expanded by inflows of private capital from abroad. This development was not matched by a corresponding movement in demand for funds from sectors of the economy other than the Government sector. The Government was therefore able to obtain, at declining interest rates, a considerable amount of long-term resources which enabled it substantially to reduce its foreign currency indebtedness despite an increased budget deficit. Admittedly this improvement of the debt structure was partly due to the exceptional balance of payments surplus; but, by its repayments of foreign currency debts, the Treasury brought about a return flow of short-term funds to foreign countries. The fact also remains that this year the Government sector, as a borrower on the domestic markets, did not deprive the other sectors of the economy of funds but merely took their place.*

*Economic policy  
in 1971.*

*In the early months of the year, monetary policy was made more flexible; it still remained cautious, however, the general concern being to curb the rise in prices. There was in fact the possibility that this might be increased by the indirect effects of the entry into force of the value-added tax and by the pressure exerted by the main groups of participants in economic activity in order to obtain an increase in their incomes.*

*The National Bank's action was aimed at preventing excessive recourse to credit, which would have facilitated expenditure on stockbuilding and consumption prompted by the prospect of a rise in prices. The control over credit expansion was prolonged and maximum levels were fixed for*



*the outstanding amounts which could be reached on 30th June and 30th September. But the credit limitation was eased by being made more selective, remaining applicable only to short-term credit. Furthermore, the limits were calculated in such a way as not to interfere with normal financing of transactions : the total of credits, whether subject to the limitation or not, was allowed to increase at an annual rate of 15 p.c. Special recommendations were issued for consumer credit.*

*Parallel to this, the National Bank took steps to restrict the volume of funds which the banks could directly or indirectly obtain from it. At that time the balance of payments surplus was providing the banks with ample cash resources. As money market rates had declined, the Bank, in order to discourage inflows of funds, confirmed this movement on 25th March by lowering its basic discount rate by 0.50 p.c. and its other rates by 1 p.c. It also recommended to each bank that from the end of March it should not increase its foreign indebtedness beyond a certain amount; this recommendation remained in force until the first fortnight in September. Lastly, since the overall limit fixed was fairly wide and still allowed the banks to incur foreign indebtedness in order to obtain resources from the National Bank by selling it borrowed foreign exchange, the latter offset this possibility of liquidity creation by a lowering of one-ninth, spread over three months, of the banks' rediscount and visa ceilings.*

*The change which took place in the economic climate and the measures adopted by the Government to stagger price rises removed the danger of a speculative stepping-up of expenditure financed by borrowing. On 30th September the outstanding amount of bank credit was appreciably below the limit fixed.*

*Furthermore, towards the middle of the year the prospect of a recurrence of the tensions was receding owing to the slowing-down of demand. The appraisals and forecasts made by business enterprises, which provide a prompter indication than statistical data reflecting the past, in fact revealed a change in the economic situation. Thus the data found by the National Bank's inquiries showed an overall reduction in order books and reduced employment of production capacities, while at the*

*same time forecasting a decline in demand, dismissals of personnel and, for 1972, a further reduction in fixed capital investment; cases of expected price reductions at the production level became more numerous.*

*This last indication was not, of course, confirmed by the trend of consumer prices. The rise in these is undoubtedly still striking, but it is becoming increasingly apparent that this is not necessarily the symptom of a state of demand inflation. Being influenced in developed countries by the cost of services — which in Belgium represent about 50 p.c. of the gross national product — consumer prices are subject to a structural pressure resulting from economic growth. For the latter causes a continuous expansion in demand for services; the producers of these — whether wage and salary earners or self-employed — expect to benefit by rises in income parallel to those obtained in manufacturing industries where the improvement in productivity enables pay to be raised. The productivity of the tertiary sectors cannot increase to the same extent. This inevitably creates a structural trend towards dearer services and thus towards a rise in consumer prices. Nevertheless, the persistence of this rise creates disquieting problems. It has been asked whether in Belgium the index-linking of wages and salaries does not result in a more rapid cumulative movement than abroad; but it now appears that the rises have not been greater in Belgium than in countries where there is no index-linking : in the latter, pay increases which have often been larger than here have taken place in other ways. In all industrialised countries creeping inflation, which goes on continuously and at a steadily quickening pace, is seen by simplification as the significant indicator of monetary erosion; it thus causes anxiety to many categories of savers and to the recipients of incomes which are not adapted — or adapted with a time-lag — to the rising prices of goods and services; it worries the public authorities and more particularly the monetary authorities. The view is being increasingly expressed that during periods in which inflationary pressures are due solely to an excessively fast rise in various kinds of pay, it is dangerous to combat these pressures by measures acting on demand; such measures may cause a fall in the level of employment and stop growth. The remedy lies rather in the adoption of appropriate incomes policies; but whereas these are fairly*

*easy to define in theory, their application runs up against the difficulty of measuring and of controlling with equal effectiveness the changes in all the categories of incomes which are responsible for the rises, and therefore provokes resistance in quarters which are affected by partial measures.*

*Since in Belgium the rise in consumer prices in the second half-year obviously no longer reflected a state of tension due to demand, but on the contrary prospects were becoming less favourable, a change was made in the direction of monetary policy.*

*Limitation of credit was abandoned from October onwards and the National Bank gradually replaced the restrictions by measures of support.*

*It was for these cyclical reasons that the various rates for discounts and advances were reduced by 0.50 p.c., on 23rd September, and not, as in March, to prevent capital inflows. At the end of December the National Bank raised the rediscount and visa ceilings in order to improve the banks' liquidity and thus facilitate bank lending.*

*The Government for its part took various measures in September to stimulate social house-building and from November onwards eased the conditions governing hire-purchase sales.*

*Another factor supporting expenditure was the increase in public investment. Furthermore, by offering a possibility for the investment of available funds, it exerted during the last months of the year a kind of automatic anti-cyclical effect, especially in the civil engineering sector, where the bottlenecks had disappeared, as is shown by the reduction in the assured period of activity.*

*The measures which the National Bank had adopted in March to slow down capital inflows proved inadequate when, in the first week of May, this movement acquired a quite exceptional volume, as in several other European countries. The Federal Republic of Germany and the Netherlands tried to prevent the influx of funds from abroad by allowing the exchange rate for their currencies to float, in principle temporarily. The Belgian-Luxemburg Economic Union endeavoured to achieve the same*

Foreign exchange  
policy in 1971.

*result by strictly separating the two foreign exchange markets; thus, capital flows were diverted to the free market, where rates were henceforth allowed to fluctuate without any downward limit, while commercial transactions continued to enjoy the advantage of exchange rates kept within narrow limits on the regulated market.*

*The suspension on 15th August of the convertibility of the dollar into gold or other reserve instruments created a completely new situation.*

*The countries which until then had continued to maintain the exchange rate for the dollar within the margins fixed by international agreements were freed of the obligation to ensure this stability. Some countries, including France, nevertheless chose to observe the former limits. The others found that they were no longer in a position to do so, short of instructing their Central Banks to absorb any excess supply of dollars; this would largely have deprived them of control of the creation of domestic liquidity and therefore the level of their prices would have been threatened; they would also have been relinquishing all possibility of influencing the volume of their exchange reserves, the composition of which would furthermore have become unbalanced.*

*In view of the size of the Belgian-Luxemburg Economic Union's current balance of payments surplus in 1970 and the first eight months of 1971, Belgium and the Grand Duchy of Luxemburg could no longer opt for maintaining the dollar rate within the old limits on the regulated market. By doing this they would have been undertaking a de facto devaluation of their currencies in relation to those of their main trading partners who were allowing the dollar to depreciate; the pursuit of a policy liable to increase an already substantial surplus would have been interpreted as a manipulation of exchange rates for commercial purposes; there would therefore have been a danger of the taking of reprisals sooner or later against Belgian and Luxemburg exports. Furthermore, the rise in the price of the large volume of goods imported from the countries which allowed their currencies to appreciate would have forced up enterprises' cost prices, either directly or through its effect on consumer prices and thus on wages. Lastly, the speculation on a revaluation of the Belgian and*

*Luxemburg francs which would certainly have taken place would have produced an inflow, through the regulated market, of assets of resident or foreign enterprises shifting their funds by changing the timing of payments for commercial transactions; there had already been a large movement of this type in the first half of August.*

*While it was dangerous for these reasons to keep the dollar rate stable, this did not mean that it was necessary, and it could even be harmful, to allow the currencies of other industrialised countries and, specifically, those of the countries of the European Economic Community, to fluctuate in relation to each other. At the meeting of the Community's Council of Ministers held on 19th August, Belgium, the Netherlands and the Grand Duchy of Luxemburg proposed that rate fluctuations should be kept within the old margins : thus intra-Community trade — representing in 1970 about 50 p.c. of the total exports of the member countries — would have benefited by a system of stable exchange rates; for the Belgian-Luxemburg Economic Union the proportion in question was as high as 70 p.c.*

*As the Council did not finally succeed in working out a Community approach, the Belgian, Dutch and Luxemburg Governments decided on 21st August to carry out their plan within Benelux. The necessary provisions for this purpose were adopted by the Central Banks. Under this agreement the Nederlandsche Bank and the National Bank of Belgium intervened as far as was necessary in order to prevent the exchange rate between the guilder and the Belgian franc from diverging upwards or downwards by more than 1.5 p.c. from the pivot rate of 1 guilder equals 13.81215 Belgian francs corresponding to the respective parities of the two currencies — that is, to re-establish the position which had prevailed until the Netherlands decided in May to allow its currency to fluctuate.*

*As a result of the liquidation of speculative positions taken up in Belgium and the Grand Duchy of Luxemburg during the period when the guilder was already floating, the dollar rate remained higher in relation to the Belgian franc than to the guilder for several weeks after 23rd August; arbitrage operations produced a demand for guilders on the Belgian market and the National Bank, intervening in order to keep that currency at its*

upper limit, became increasingly indebted to the Nederlandsche Bank. These liabilities reached their maximum, Fr. 6.4 billion, at the end of September. Subsequently the situation changed and the movement of exchange rates enabled the National Bank to purchase guilders on the market and gradually reduce its debt. In the course of December, moreover, Fr. 1 billion of this was repaid in gold. At the end of the year the Nederlandsche Bank's claim was only Fr. 1.4 billion. This balance was cleared off by 11th January, 1972.

Until the countries of the Group of Ten, meeting in Washington, agreed to re-establish limits to exchange rate fluctuations, the agreement between the Benelux partners enabled about 20 p.c. of the exports and 15 p.c. of the imports of the Belgian-Luxemburg Economic Union to be sheltered from the international monetary disorder.

The Belgian franc, which was allowed to float from 23rd August onwards, appreciated steadily in relation to the dollar. This appreciation was mainly due to the fact that the Belgian-Luxemburg Economic Union's current-account surplus was maintained during the last third of the year. Thus, from the end of August onwards, the dollar rate was mainly influenced by the foreign exchange transactions of enterprises, individuals and banks and much less by the interventions of the National Bank or those which other Central Banks carried out with the latter's consent. These interventions by Central Banks largely offset each other : on the one hand, apart from its purchases of guilders, the National Bank took in other currencies to cover the public sector's debts and, on the other hand, the Federal Reserve Bank of New York obtained on the market the Belgian francs required to discharge some of its commitments resulting from swap agreements.

In relation to all foreign currencies, because of the rise of some of them, the Belgian franc appreciated much less than against the dollar alone : in November the average rate for the franc in relation to the currencies of the various countries, weighted by the size of the Belgian-Luxemburg Economic Union's exports to each of these countries, was only 2.8 p.c. above its level in the first quarter of the year.

*In accordance with the conclusions of the meeting of the Group of Ten held in Washington on 17th and 18th December, the fluctuations of the dollar rate on the regulated foreign exchange market have no longer been allowed, since 21st December, to go beyond the permitted limits, increased to 2.25 p.c. on either side of the « central rate » which was adopted, namely 44.8159 francs per dollar.*

*As the Benelux monetary agreement had been kept in force, the margins of fluctuation of the Belgian franc and the guilder in relation to each other were not widened; both upwards and downwards they remained at only 1.5 p.c. But this agreement cannot have any real meaning unless the participating countries accept certain restraints. One of the Central Banks would acquire an excessive creditor position and the other an excessive debtor position if the balance of payments of the Belgian-Luxemburg Economic Union and that of the Netherlands were to develop very differently. As these balances are ultimately determined by the general economic and financial position in the three countries, the parallelism of their movement inevitably depends on adequate concertation of the policies pursued. The limitation of its freedom of action which each country thus has to accept can be thought of only as a temporary phase of a process leading to fuller economic integration. Clearly too little effort has been devoted, in the three countries, to organising the ways in which this evolution can take place.*

*The agreement reached in Washington on 18th December represents a first stage towards the reorganisation of the international monetary system, which had been disturbed for some years and was disrupted by President Nixon's decision to make the dollar inconvertible.*

*A first stage towards the reorganisation of the international monetary system.*

*The so-called « Bretton Woods » system contributed to world economic growth, particularly because it brought great stability of exchange rates and made it possible, through the action of the International Monetary Fund, to free current transactions to a fair extent from foreign exchange restrictions.*

*But this system, actually based on the standard of a dollar convertible into gold, had disadvantages which were widely analysed and commented upon throughout the world during recent years as events revealed its defects.*

*It ceased to operate, at least temporarily, in 1971 when large movements of short-term funds resulting from interest rate differentials or expectations of parity changes added their effects to those of an aggravation of the basic balance of payments deficit of the United States — a development which also led to an inordinate creation of international liquidity and an imbalance in the composition of official reserves.*

*The reorganisation of the world monetary system ought in principle to be so arranged that, benefiting by the lessons of the recent past, it will introduce greater rationality into the creation and use of reserves of international means of payment. It is premature, on the eve of negotiations which will be protracted, to try to outline the future mechanisms in advance.*

*For the time being the agreement concluded in December between the members of the Group of Ten contains two elements. On the one hand, the system of unlimited floating of the exchange rates for a large number of currencies is abolished; but, on the other hand, the margins of fluctuation within which these rates are allowed to move are widened.*

*In order better to preserve the balance of international transactions, the return to the principle of exchange rate stability was accompanied by a general revision of the official relationships between the values of the monetary units of the different countries. For most of them this does not yet involve a formal change in parity. Such alterations will probably not take place until after the U.S. Congress has ratified the new dollar parity; the U.S. Government has also stated that it does not wish to initiate the necessary parliamentary procedure until it has become possible to assess the results of the first phase of the trade negotiations which it has started with the European Economic Community, Japan and Canada.*

*Consequently the International Monetary Fund, by a declaration of its Board of Directors dated 18th December, authorised the member*



*countries to declare, pending the fixing of new official parities, a central rate established in relation to gold, to the unit of special drawing rights or to the monetary unit of another member; actually the central rates declared were fixed in relation to the U.S. dollar.*

*The same Fund decision confirmed the second resolution adopted by the Group of Ten. The permitted margins for the fluctuations of the rates of each monetary unit on the domestic foreign exchange market were provisionally increased to 2.25 p.c. on either side of the central rates or of the rate for the intervention currency. For the countries which had accepted the rules of the European Monetary Agreement, this decision meant that the divergences between the rates for their currencies and the parity or central rate can amount, both upwards and downwards, to 2.25 p.c. instead of the former 0.75 p.c. in relation to the U.S. dollar and to 4.5 p.c. instead of the former 1.5 p.c. in relation to each other; at the extreme, the possible range of difference between the maximum rate and minimum rate for all currencies other than the dollar among themselves is henceforth 9 p.c. True, this percentage can only be reached if, after a certain lapse of time, the positions of two currencies in relation to the dollar have both been completely reversed. It remains true to say, however, that exchange rates whose fluctuations could become so wide during fairly short periods are not very different from floating rates.*

*Furthermore, at the end of this first stage of the reorganisation of the international monetary system, the U.S. dollar is still inconvertible. Until such time as some form of convertibility of that currency has been organised, the basic deficit of the U.S. balance of payments, if it persists and is not covered by an increase in private dollar holdings, will ultimately be financed, under the Washington Agreement, by credits which the Central Banks of surplus countries will be forced to grant to the United States.*

*Used as the monetary unit of reference for the fixing of official exchange rates, serving as the currency of intervention and thus privileged in its fluctuations in relation to all other currencies compared with these among themselves, and at present inconvertible into gold, special drawing rights or other reserve instruments, the U.S. dollar is situated, after this*

*first stage of the reorganisation of the international monetary system, at the centre of a great monetary area which includes all the member countries of the International Monetary Fund.*

*European economic  
and monetary  
unification.*

*Acting on the report which was presented in 1970 by the working group headed by Mr. Pierre Werner, President of the Luxemburg Government, the Council of Ministers of the European Communities and the Representatives of the Governments of the Member States decided on 22nd March, 1971 to embark immediately on the step-by-step implementation, over ten years, of an economic and monetary union within the Community and laid down the principles of action for an initial three-year stage.*

*But as early as May, and still more from August onwards, the international monetary crisis was to reveal, by the course of events, the fragility of the bonds which, beyond the customs union, the member countries of the Community had created among themselves. In a period of upheaval most of them, preoccupied by their own immediate national interests, did not envisage the search for a solution to the problems created by the new situation from a truly Community point of view. The theoretical commitment previously undertaken to regard foreign exchange policy as a matter of common interest hardly inspired the attitudes adopted.*

*It has been seen that the decisions taken at the Washington meeting increased to 4.5 p.c. the possible difference at a given moment between the rates for the currencies of the Community countries in relation to each other and the central rates, and to 9 p.c. the possible divergence within a certain period between their respective maximum and minimum rates. The introduction of such a margin of uncertainty clearly runs counter to the principle of homogeneity of conditions of sale in a common market.*

*The achievement of this in fact presupposes that transactions between residents of different Community countries can be concluded as easily and as safely as those between residents of the same country. It was having regard to this principle that the above-mentioned resolution of 22nd March,*

1971 stipulated that the Community must not claim the benefit in foreign exchange relationships between member States, of any provisions permitting greater flexibility of the international foreign exchange system.

In accordance with this resolution, after the December decision of the International Monetary Fund, the Commission of the Community placed on the agenda the examination of the problem by which the member countries were confronted in the organisation of their foreign exchange relationships.

The maintenance by these countries of smaller margins of fluctuation of the rates for their currencies between themselves than in relation to those of outside countries basically implies that they must be determined to adopt a common attitude to the problems which they have to settle with the rest of the world. This narrowing of margins also requires, from the technical point of view, that the Central Banks of these countries shall periodically agree on the limits within which they allow the dollar to fluctuate if they use it as the currency of intervention, or that they jointly adopt another instrument. Moreover, it must be possible for temporary deficits to be financed by reciprocal credits according to mechanisms similar to those which have operated since the end of August in Benelux. These mechanisms could call upon credit facilities already provided for short-term monetary assistance between Central Banks and for medium-term financial cooperation between member States, or upon those which may be granted via a European Monetary Cooperation Fund which is still to be set up.

Obviously, the proper operation of a mechanism for intra-Community financing would be jeopardised if, for long periods, the same countries remained in surplus or in deficit. This means that all the policies that affect a country's external equilibrium would have to be sufficiently coordinated between the members of the Community. It is thus in fact a question of creating the conditions for economic and monetary integration which were defined in March. But the repercussions of the international monetary crisis might call for a shortening of the time-table which was then envisaged.

*Admittedly the task to be performed will be greater than seemed likely at the time when the Werner Group drafted its report. The widening of the margins of fluctuation between the Community currencies, except between the guilder and the Belgian and Luxemburg francs, gives each country greater latitude in its economic policy decisions, since balance of payments equilibrium can be achieved, to a greater extent than in the past, by exchange rate variations.*

*It would be vain to attempt to deny that already in 1971 the system of fluctuating exchange rates very obviously caused a slackening of the coordination efforts which the member countries had declared it their intention to intensify. Little more than formal use was made of the new concertation procedures which they had established for this purpose.*

*However, owing to the interdependence of the member countries, mainly reflected in the relative importance of intra-Community trade in the foreign transactions of each of them, it would be in their interest to make the achievement of this integration of their economies a priority target and to base it on a progressively more complete monetary association.*

*Unless each member country reaffirms and soon translates into action its political determination to regard its interests and those of its partners as largely common and consequently to take the steps agreed upon, the European Economic Community, far from advancing towards integration, would be in danger of degenerating into a free trade area.*

*Factors of domestic policy in 1972.*

*The domestic state of the Belgian economy in 1972 will doubtless make it desirable to continue the counter-cyclical support programme already initiated by the Belgian authorities. This might perhaps call for an intensification of the measures, should it be necessary to give a fresh impetus to the economy. The effectiveness of such a policy would be enhanced if it were to form part of a more comprehensive scheme harmonised by the Community as regards its objects and as regards the choice of the instruments to be employed.*

*Provided that the international context allows it, one aspect of this programme will doubtless concern interest rates. The lowering of long-term debtor rates could facilitate investment in housing and perhaps also in capital goods. From the point of view of its repercussions on the formation of financial savings, this lowering would not be counter-indicated, since the remuneration on long-term assets is still at an historically high level; the present rates include protection against price rises, and if these were to become smaller, then, in a climate of serious slackening of activity, the rates would have to be reduced in order to prevent the volume of savings from becoming excessive in relation to the stated requirements.*

*For its part the National Bank will make such changes in its rates for discounts and advances as may be dictated by the development of the situation, with a view to assisting the action undertaken by the Government. The purpose of these changes in official rates is to influence the general level of creditor and debtor rates, to which they are propagated via the money and capital markets. Their effectiveness would be lessened, indeed destroyed, if this propagation were impeded by institutional resistances; obstacles of this kind are liable to hamstring the policy of the monetary authorities, especially when the latter's action is directed towards a lowering of rates which is necessary in the public interest. In January 1972 the National Bank made a further reduction in its rates, followed by a lowering of the interest allowed on time deposits, of the fidelity bonus for deposits on ordinary deposit or savings books and of the yield on certain medium-term notes.*

*The Government budgets will help to sustain economic activity. It is already apparent that the ordinary budget itself will be tabled with a deficit. There are doubtless circumstances in which, from the overall point of view, such a deficit is an instrument capable of supplementing the inadequacy of capital investment decisions by the private sector of the economy. However, the action taken to readjust economic activity through the public finances, when it is necessary, must have clearly defined aims and limits. Thus, a quickening of the rate of increase of current expenditure, permitted to the extent required during a period of*

*slackening activity, must be able to be stopped in a subsequent period of upsurge. Similarly, the structure of expenditure must be determined in the light of the aim pursued. As for the total volume of expenditure incurred under the extraordinary budget, it must be possible to adjust this to the situation in the financial markets and the supply possibilities in the sectors benefiting by this expenditure. The economic trend is known to the Government; there is a genuine need for an improvement in the methods of implementation of budgetary policy, on both the revenue and expenditure sides, so as to enable them to be more quickly manipulated and thus better adapted to the changes in the economic climate. Action to remedy the lack of flexibility which has long been a feature of Belgium's public finances is not the responsibility of the Government alone. The whole country should realise that it, too, must participate in this effort. The National Bank expresses the hope that the Government will take the initiative in this matter.*

*Improvement of  
the means of  
monetary policy.*

*In order to take into account the changes which have occurred during the past few decades and the lessons taught by an analysis of these, it would appear necessary to reorganise the means of action at the disposal of the monetary authorities.*

*Firstly, the influence of changes in interest rates may be reduced, even in the domestic economy, by various factors, especially price movements; the authorities should therefore be able to produce a more direct effect on the credit-granting powers of the financial intermediaries and for this purpose, in particular, to influence their liquidity. The rediscount and visa ceilings are one of these instruments, and the National Bank is already making use of them. The restrictions which can be imposed on the financial intermediaries with regard to the absolute amount of their various assets, especially their cash holdings or liquid assets, or with regard to the proportion represented by these assets in relation to their liabilities, are another instrument of this kind.*

*Secondly, the irreversible process of despecialisation of the financial intermediaries makes it necessary for the influence exerted by the Central*

*Bank for monetary purposes to be extended to categories of intermediaries, whether public or private, other than the banks in the narrow sense of the term. For the operations of these intermediaries and of the banks have moved closer towards each other; the activity of all of them, which thus has a similar effect on economic and monetary equilibria, should be included, on the basis of equal treatment, within the field of application of credit policy.*

*Thirdly, the internationalisation of money and capital markets may rob the national instruments of monetary policy of much of their effectiveness. Without prejudice to the obligations which they have assumed towards the International Monetary Fund or the European Economic Community or, indeed, towards other international institutions, this country's authorities must have the power to regulate, in certain circumstances, movements of funds to or from foreign countries. For this purpose it is desirable that the provisions dating from 1944 which form the legal basis of the foreign exchange regulations should be brought up to date. In accordance with the task originally entrusted to the Belgian-Luxemburg Foreign Exchange Institute, when it was a question of reserving the Central Bank's resources for priority uses, the Institute can limit the banks' foreign creditor position. But it does not, apparently, have the power to limit their debtor position, which it may be essential to do in periods of very heavy capital inflows. The events of the past year, during which the National Bank had no alternative but to adopt, itself, a measure of this sort, which was not applicable to Luxemburg banks, showed that it would be wise not to permit the continued existence of this legal deficiency.*

*This bringing up to date of the bases of monetary policy would provide an opportunity of clearly delimiting the allocation of powers between the National Bank and the Banking Commission. The text, already old, of Royal Decree No. 185 of 9th July, 1935 does not specify as clearly as might be desirable the distinction which has to be made between measures taken on the initiative of the Bank, which, under the Government's authority, is responsible for taking care of the overall equilibria, and the measures taken on the initiative of the body responsible for supervision of the proper management of banks in order to safeguard the interests of*

depositors and bondholders. The Banking Commission has certain statutory powers which enable it to influence the structure of the banks' balance sheets, under Article 11 of the above-mentioned decree. But for various reasons these powers can hardly be used in their present form for monetary purposes.

It would therefore be desirable that the legislation should be adapted so as to provide a more formal legal basis for the authorities' macroeconomic action. Specifically, the National Bank should be expressly authorised to make, in agreement with the Government, recommendations to the banks and other financial intermediaries. The National Bank itself would not have to possess any coercive powers for this purpose. It would in fact be sufficient for it to be stipulated that, at its request, the supervisory bodies would lay down regulations to give binding force to its recommendations to the credit institutions.

The same procedure of recommendations made by the National Bank and rendered compulsory if necessary by the supervisory bodies could be used to fix, when required, limits to the interest rates paid on the various categories of the financial intermediaries' liabilities.

Bringing up to date of the status of the currency.

Nearly all countries have made the fixing of the official parity of the monetary unit a responsibility of the Government, taking the view that a change in that parity, despite its exceptional nature, falls within the sphere of economic policy measures. Belgium can no longer, almost alone, justifiably claim that parity changes should be made in accordance with the parliamentary procedure, as is done at present under the Law of 12th April, 1957 concerning the status of the currency. To enable all changes to be made sufficiently promptly, the right to undertake them should be transferred to the executive.

Under the Law of 9th June, 1969 the National Bank must hold a total amount of specified reserve instruments at least equivalent in value to one-third of its sight liabilities. The actual proportion is at present far in excess of the legal coefficient. The effect of this provision is



*primarily psychological. The lessons of history and theory alike indicate that there would be no harm in abolishing the formal rule.*

*For it is not so much a legal requirement that obliges the National Bank to manage its reserves in such a way that they properly ensure the external liquidity of the economy as a whole. Beyond the rules of law the Bank is motivated by its awareness of the responsibilities which it bears, by virtue of its own function in the service of the public interest, for assisting by its action in reconciling the requirements of growth with those of the maintenance of internal and external equilibrium.*



Economic and financial trends  
in 1971



## INTERNATIONAL ECONOMIC AND FINANCIAL TRENDS

In the industrialised countries the rate of growth was distinctly below the maximum of the last few years. Some of them are in a phase of easing of cyclical pressures; in others the recovery has only recently started. In the countries of the European Economic Community and in Japan, economic expansion continued to slow down. To judge by the appraisals

Table 1.

### GROSS NATIONAL PRODUCT AND EXTERNAL TRADE OF THE MAIN INDUSTRIAL AREAS

	Annual percentage growth rate in volume of the gross national product				Annual percentage rise in prices of the gross national product				Balance of trade (in billions of United States dollars) (*) (1)			
	E.E.C.	United Kingdom	United States	Japan	E.E.C.	United Kingdom	United States	Japan	E.E.C. (2)	United Kingdom (3)	United States (3) (4)	Japan (2)
1966 .....	+4.3	+2.0	+6.5	+10.0	+3.3	+4.4	+2.7	+4.6	- 1.0	- 0.2	+ 3.9	+ 0.3
1967 .....	+3.4	+2.0	+2.6	+13.2	+2.4	+3.1	+3.2	+4.2	+ 1.1	- 1.5	+ 4.1	- 1.2
1968 .....	+5.9	+3.1	+4.7	+14.4	+2.8	+4.0	+4.0	+3.8	+ 2.3	- 1.5	+ 0.8	...
1969 .....	+7.3	+2.0	+2.6	+12.1	+4.1	+5.1	+4.8	+4.1	+ 0.1	- 0.3	+ 1.3	+ 1.0
1970 .....	+5.6	+2.0	-0.6	+10.9	+6.3	+7.2	+5.5	+6.6	+ 0.1	...	+ 2.7	+ 0.4
1971 ... e	+3.4	+1.5	+3.0	+ 4.8	+6.3	+8.5	+4.8	+4.0	+ 0.9	+ 0.7	- 2.0	+ 4.2

(1) Data in national currencies have been converted into dollars at par.

(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.

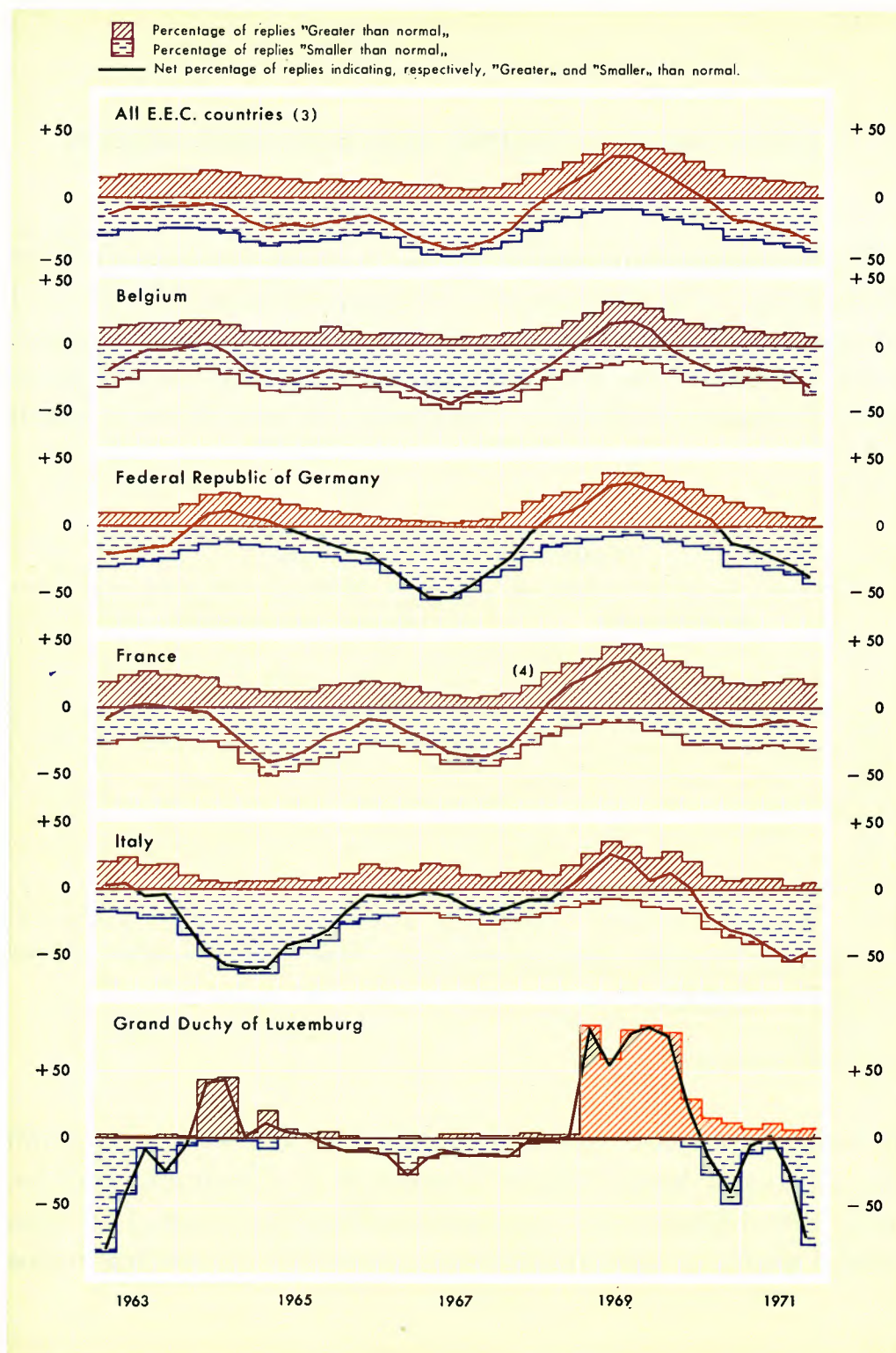
e Estimates.

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

by heads of enterprises concerning their order books, this slowing-down was accentuated during the year in several of the Community countries. In the United Kingdom the very small growth in the volume of the gross national product in 1969 and 1970 was followed by an absolute decline

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

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



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

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

(2) Monthly averages per quarter; last period : average for October-November, 1971.

(3) Not including the Netherlands.

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

in the first half of 1971 and a recovery in the second half. In the United States the modest reduction in the national product in 1970 was replaced by an expansion of about 3 p.c. In Canada, too, the rate of economic activity was better maintained than in 1970.

In nearly all the countries considered the changes in the rate of expansion of economic activity from 1970 to 1971 were accompanied by larger variations in the percentage increase in expenditure on fixed capital. Whereas in the United States this expenditure recovered in 1971 after having declined by about 3 p.c. in 1970, in Europe and Japan it rose more slowly than the very high rate reached in the previous years; in Italy it actually decreased. In Europe and Japan the investment propensity of enterprises was affected by the more uncertain prospects as to the growth of demand, by the slower increase — or even decline — in the resources available for self-financing and by the reduction in the degree of utilisation of equipment.

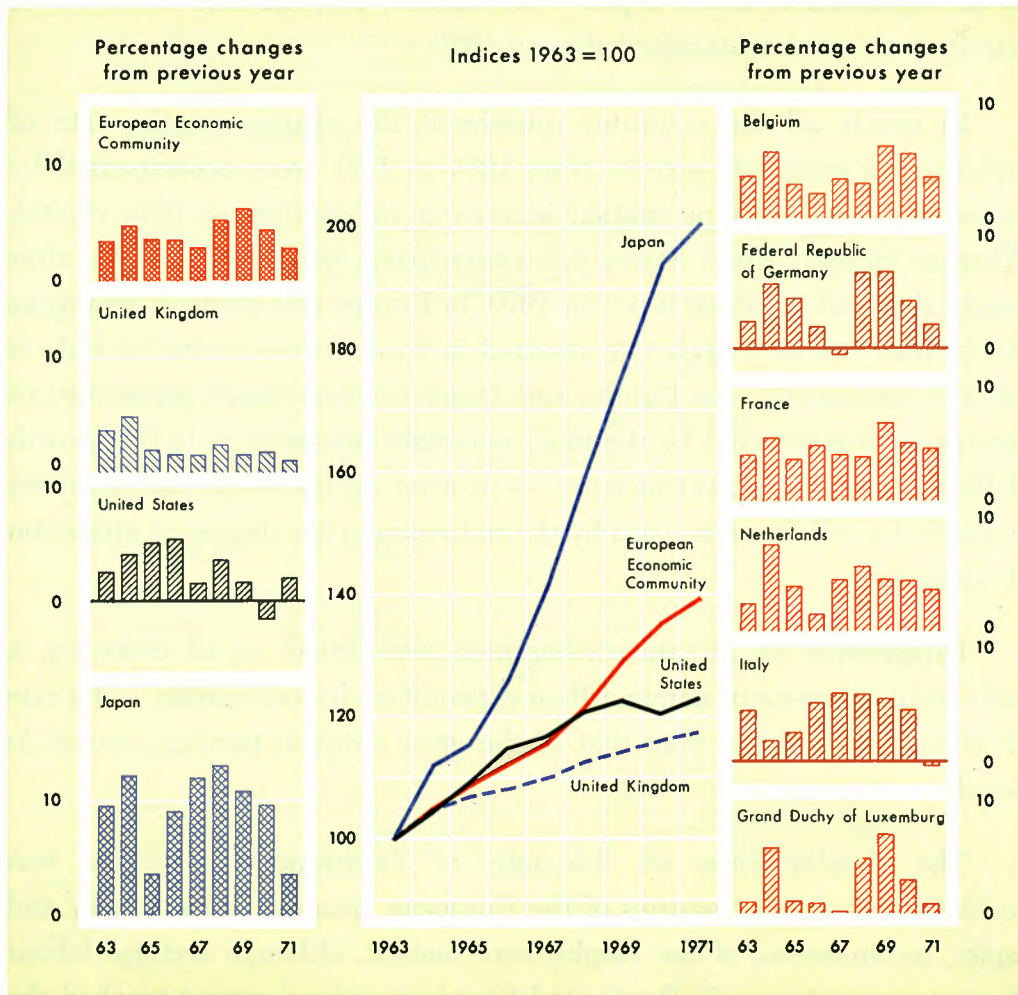
Expenditure on private consumption constituted, in all countries, a more stable element of demand than expenditure by enterprises. Its rate of increase was higher than that of the gross national product, except in Benelux.

The slowing-down of the rate of expansion of activity was accompanied, in the countries of the European Economic Community and Japan, by an easing of the employment market, although sectoral labour shortages persisted. In the United Kingdom unemployment reached the highest level in the post-war period, while in the United States, despite the economic recovery, it did not decrease in relation to the working population.

Despite these developments in the labour market, hourly wages rose, in nominal terms, at a rate close to that in 1970, except in Italy, where very substantial increases had been granted at the beginning of 1970. The upward movement of consumer prices also continued very strongly throughout the year; it was greater than that in 1970 except in the United States and Italy. The rise in the prices of the national product, however, was less pronounced than in the previous year in most countries.

## TREND OF GROSS NATIONAL PRODUCT PER HEAD OF POPULATION

At constant prices



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

Population : Monthly Bulletin of Statistics of the United Nations.  
 1971 : estimates.

Cost inflation caused some governments to resort to prices and incomes policies. In the United States a freeze on all prices and wages was applied for a period of three months running from 15th August. At the end of that period it was replaced by the fixing of annual limits to the rise in prices, wages and dividends. In France the action taken to combat



price increases was based, as previously, on the conclusion of programme agreements between the Government and enterprises and also, just as in the United Kingdom, on proposals made by the enterprises themselves. In Italy the price control on foodstuffs was tightened and public scales of charges were temporarily frozen. In the Netherlands, on the other hand, the Government lifted in August the price control measures and wage-rise curbs which it had introduced towards the end of 1970.

During the last months of the year the effect produced on prices by cost inflation became less marked, while the pressures exerted by demand continued to slacken. Monetary and budgetary policy, which had been generally restrictive in Europe during the first months of the year and even until the end of the summer in some countries, was made more flexible. As a whole the budgets presented for 1972 are expansionary.

The growth in foreign trade slowed down. The trade balance of all industrialised countries other than the United States yielded a larger surplus than in 1970; the improvement on the year was particularly great in the case of Japan. Over against this movement, the trade balance of the United States deteriorated markedly, changing from a surplus of \$ 2.7 billion in 1970 to a deficit of \$ 2 billion in 1971.

On top of the worsening of the United States' trade balance and, consequently, of its balance of current transactions, there was an increase in the net outflow of long-term capital and a reduction in foreign private-sector dollar holdings. At the same time as it constituted a growing drain on the American reserves, this very large U.S. balance of payments deficit increased both bank and business liquidity in Europe and Japan, with the result that it tended to escape the control of the Central Banks. In order to safeguard the effectiveness of monetary policy the latter, in many countries, lowered their discount rate in the first half-year so as to slow down capital inflows, while at the same time taking steps to sterilise part of the banks' resources.

But these measures and others adopted in the field of foreign exchange control proved inadequate. In order to prevent additional capital inflows, the Federal Republic of Germany and the Netherlands in May suspended

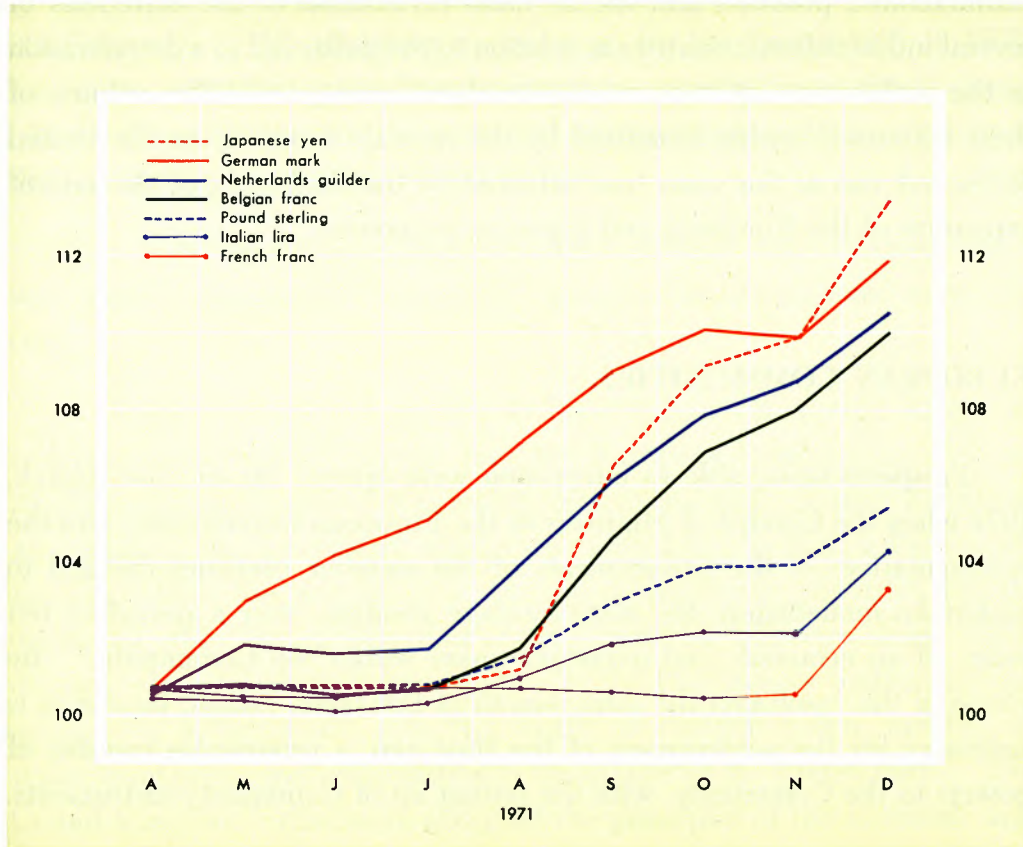
purchases of dollars by their Central Banks at the minimum rate imposed by the international agreements and thus allowed their currencies to appreciate. Switzerland and Austria revalued their currencies by 7.07 and 5.05 p.c. respectively. The inflows of dollars continued to swell the reserves of Japan and of those European countries whose Central Banks continued to intervene at the minimum rate.

Owing, on the one hand, to the deterioration of the trade balance of the United States at a time when that country's authorities were endeavouring to stimulate a recovery in economic activity and, on the other hand, to the more and more marked increase in the U.S. balance of payments deficit on an official settlement basis as private-sector holders in the rest of the world hastened to liquidate their dollar assets, the President of the United States suspended, with effect from 15th August, the convertibility of the dollar into gold or other reserve instruments and temporarily introduced various protectionist measures to redress the balance of trade.

As a result of the suspension of dollar convertibility, the governments of the industrialised countries were released from the obligation to maintain the rates for their currencies on the foreign exchange market within the regulation limits. The general practice of floating rates which followed was moderated, in some countries, by varying degrees of intervention by the Central Bank. The Benelux countries had proposed to the European Economic Community that intra-Community exchange relationships should be organised on the basis of stable rates, while the Community currencies should be allowed to fluctuate in common in relation to the rest of the world. This proposal was not adopted, but the Governments of the Netherlands, Belgium and the Grand Duchy of Luxemburg decided on 21st August to adopt this principle within Benelux by re-establishing between their currencies the system of stable exchange rates which had been in force before 5th May. As for France, it created a dual foreign exchange market, commercial transactions continuing to be settled within the limits of 0.75 p.c. on either side of the parity with the dollar while other operations were carried out at fluctuating rates.

RATES FOR FOREIGN CURRENCIES ON THE NEW YORK FOREIGN EXCHANGE MARKET

(Indices, parity with the U.S. dollar in April, 1971 = 100)



The period of floating rates ended after the reaching of an agreement on 18th December between the members of the Group of Ten. Most of these substituted a central rate for the old parity with the dollar and maintain the rate for that currency within limits of 2.25 p.c. on either side of this central rate. Simultaneously the United States decided to discontinue the protectionist measures adopted in August.

The position of the **developing countries** underwent rather different changes in the various groups of countries in 1971. The petroleum-producing countries benefited by a substantial increase in the selling prices for that product. The other countries for the most part sold their output

of basic products at lower unit prices than the average for the previous year. At the same time the persistence of the rise in prices of manufactured products and the de facto revaluation of the currencies of several industrialised countries in relation to the dollar led to a deterioration in the real income of the non-industrialised countries. The volume of these countries' exports benefited by the revival of activity in the United States but was at the same time affected by the slackening of the rate of expansion of the European and Japanese economies.

### **EUROPEAN COMMUNITIES.**

Prospects favourable to integration were opened up on 22nd March, 1971 when the Council of Ministers of the European Communities and the representatives of the Governments of the member countries decided to undertake immediately the stage-by-stage creation, over a period of ten years, of an economic and monetary union within the Community. By virtue of this resolution the achievement of this union entails, insofar as is necessary for the achievement of the final aim, a progressive transfer of powers to the Community, with the setting up of Community instruments.

According to the resolution the programmes of action are interdependent; in particular, monetary integration must be based on parallel advances in the convergence, and then in the unification, of economic policies. The principles of action were defined for a first three-year stage.

In conformity with these principles the Council introduced a procedure enabling it to lay down precise guide-lines for the short-term economic policy of the Community and of each member country, especially budgetary policy. It also decided that the member countries should coordinate their monetary and credit policies in compliance with the guide-lines of general economic policy which it is the Council's duty to define. Lastly, it introduced machinery for medium-term financial assistance among member countries to enable them to overcome any balance of payments difficulties which might arise.

The application of the measures adopted with a view to the attainment of economic and monetary union must take into account the requirements of the third medium-term economic policy programme adopted on 9th February. This programme, drawn up for the period 1971 to 1975, lays down quantified guide-lines by countries, compatible at the Community level, and also the main structural measures which they entail from the national and Community point of view.

The implementation of the plan for economic and monetary union was, however, practically suspended owing to the international monetary crisis.

The negotiations with a view to the entry of the United Kingdom, Ireland, Denmark and Norway into the European Communities led, on 23rd June, to an agreement of principle with regard to the United Kingdom. According to this agreement, which was ratified by the British Parliament and on which the accession of the other candidate countries largely depended, the United Kingdom's entry will be effective from 1973, immediately entailing full participation in the Community bodies and the progressive achievement, over five years, of customs union, identity of agricultural prices and participation in the budget of the Community. The United Kingdom furthermore accepted the principles of the economic and monetary union and of the alignment of the external characteristics of the pound sterling to those of the other Community currencies.

The Council continued the integration and structural reform of agriculture by laying down on 25th May the principles of a new orientation of the common agricultural policy involving selective measures designed, on the one hand, to encourage cessation of activity by certain enterprises and, on the other hand, to increase the productivity of others. Furthermore, it embarked on the integration of public works contracts by adopting on 26th July two directives aimed at eliminating discriminations based on nationality and coordinating the procedures for the awarding of contracts. Lastly, the member countries decided on 20th October to coordinate throughout the Community the national systems of aid for regional purposes; the first implementing measures are designed to reduce

the total subsidies for each capital investment in the most industrialised areas.

On 1st January, 1971 the common customs tariff was lowered practically all along the line, mainly in implementation of the next-to-last instalment of the reductions decided upon in 1967 at the end of the negotiations known as the Kennedy Round. On 21st June the Council adopted a system of general preferences in favour of finished and semi-finished products from the developing countries, in accordance with the resolution adopted by the United Nations Conference for Trade and Development held in 1968 in New Delhi.

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

The slowing-down of the cyclical expansion in overall demand which became apparent in 1970 was interrupted in the first quarter of 1971; it was subsequently resumed and became even more marked in the fourth quarter. The growth rate of the national product at constant prices declined from 6.1 p.c. in 1970 to about 4 p.c., according to the latest official estimates.

Private consumption, stimulated at the end of 1970 by the prospect of the coming into force on 1st January of the value-added tax, was weak in the first quarter. After that its movement differed for different kinds of products. It increased for ordinary consumer goods owing to the rise in households' available incomes, whereas demand for durable goods, of which anticipated purchases had often been made in the two preceding years, slackened. Because of this trend the authorities eased, with effect from 1st November, the conditions governing instalment sales.

Public consumption increased faster than in 1970.

Capital expenditure on housing, after a large increase in 1970, rose further, but to a limited extent, in the first half-year; it decreased in the second half. Thereupon the authorities, in September, adopted a set of measures to encourage social house-building.

For enterprises as a whole, gross fixed capital formation, which was particularly large in 1970, does not appear, according to the first available estimates, to have increased further, except perhaps to a small extent. In industrial enterprises it may even have declined slightly in terms of current prices, according to the results of the National Bank's latest half-yearly inquiry. In most industries the propensity to invest decreased, probably owing to three factors : self-financing possibilities developed less favourably; the expansion of production capacities achieved in the two preceding years enabled supply to be better adapted to demand; lastly, the growth in demand slackened during the year. The proportion of industrial enterprises which considered that production capacities had become more than adequate increased markedly.

The entry into force of the value-added tax changed the rate of stockbuilding. After having been cut down in the last months of 1970, stocks were replenished in the first months of the year under review. There was also a growth in stocks of finished products held by enterprises as a whole, owing to the slowing-down of the expansion in demand.

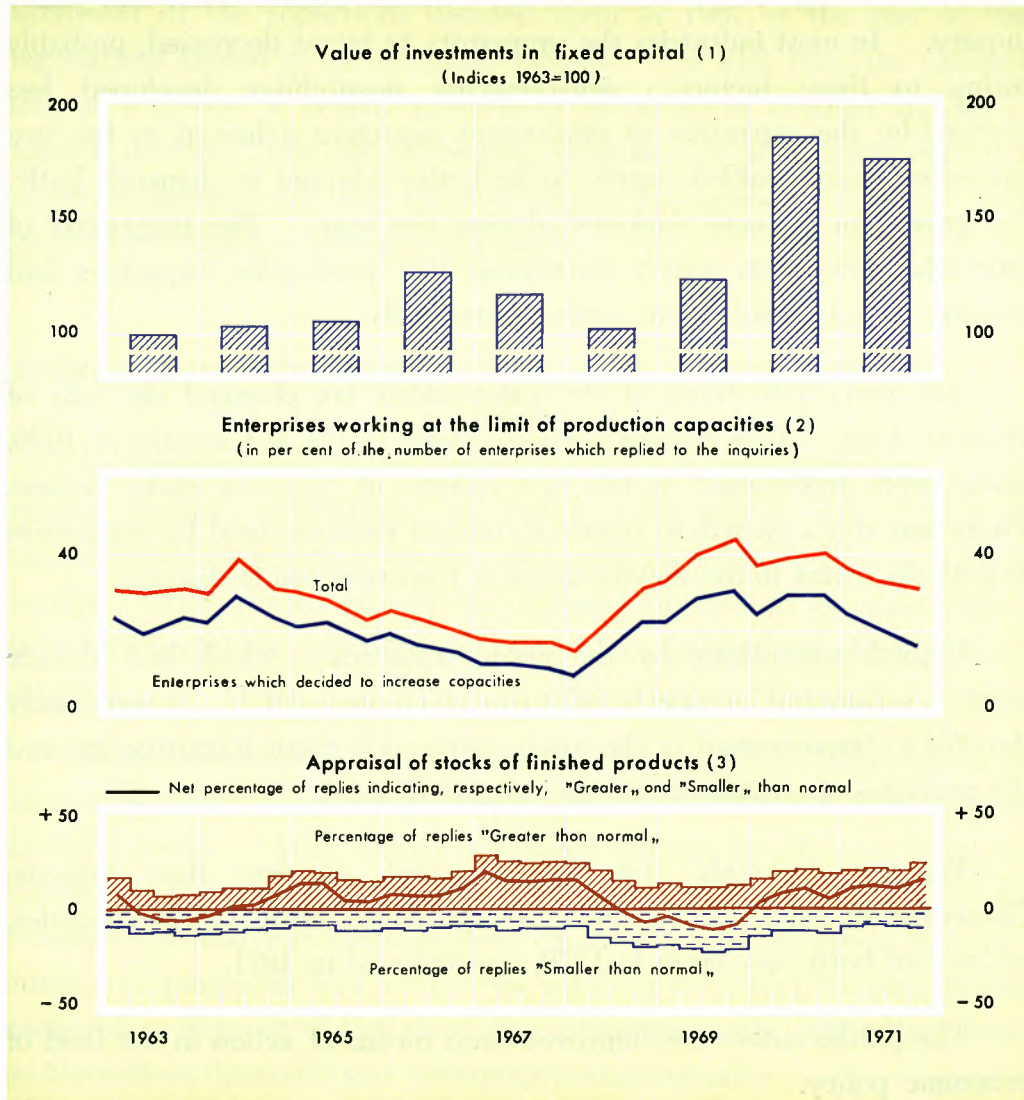
Capital expenditure by the public authorities, which had already shown a substantial increase in 1970, rose still more in 1971. It was mainly devoted to improvement of the road, river and harbour infrastructure and the provision of equipment for the education sector.

Exports of goods and services went up less than imports. Consequently the surplus yielded by transactions with foreign countries, which had been very large in 1970, was reduced in 1971.

The public authorities improved their means of action in the field of economic policy.

The new law on economic expansion, which confirms and strengthens the range of aids and incentives established by the authorities in recent years, was passed on 30th December, 1970; it is intended to serve as a primary instrument for the implementation of the 1971-1975 plan and subsequent plans. It introduces closer cooperation between the

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



(1) This chart covers, for the latest period, the following industries : oil refineries, electricity and steel, non-ferrous metals, metal manufactures, textiles, paper, leather, wood processing, building materials, building and chemicals. The data on the last-mentioned sector are from an inquiry carried out by the Federation of Chemical Industries.

1968 to 1970 : expenditure effected. 1971 : expenditure effected for the first half-year and forecasts for the second half-year.

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

The data relate to the months of January, May and October in each of the years.

(3) This graph covers, for the latest period, the industries listed in footnote (2) above, plus petroleum refining.

Monthly averages per quarter; last period : average for October-November, 1971.



Government, on the one hand, and enterprises, including those providing services, on the other. It provides a great variety of direct incentives to capital investment, which, in principle, are reserved for regions referred to as « development areas ». It establishes, for the whole territory, a system for contracts between the Government and enterprises designed to improve the latter's methods of administration and technology, to facilitate their conversion or structural reform and to stimulate progress. This law also defines a system of aids to help provide the necessary infrastructure for receiving business enterprises. Lastly, it increases the National Investment Company's possibilities of action.

Furthermore, the Industrial Promotion Office, created by the framework law of 15th July, 1970, was organised in July, 1971. Its aims are to promote innovation and technological progress in industrial enterprises and the service sector, to study all concrete problems of industrial economics and to take all steps conducive to the industrial and commercial exploitation of a product or method. It also advises the public sector in matters connected with industrial policy.

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

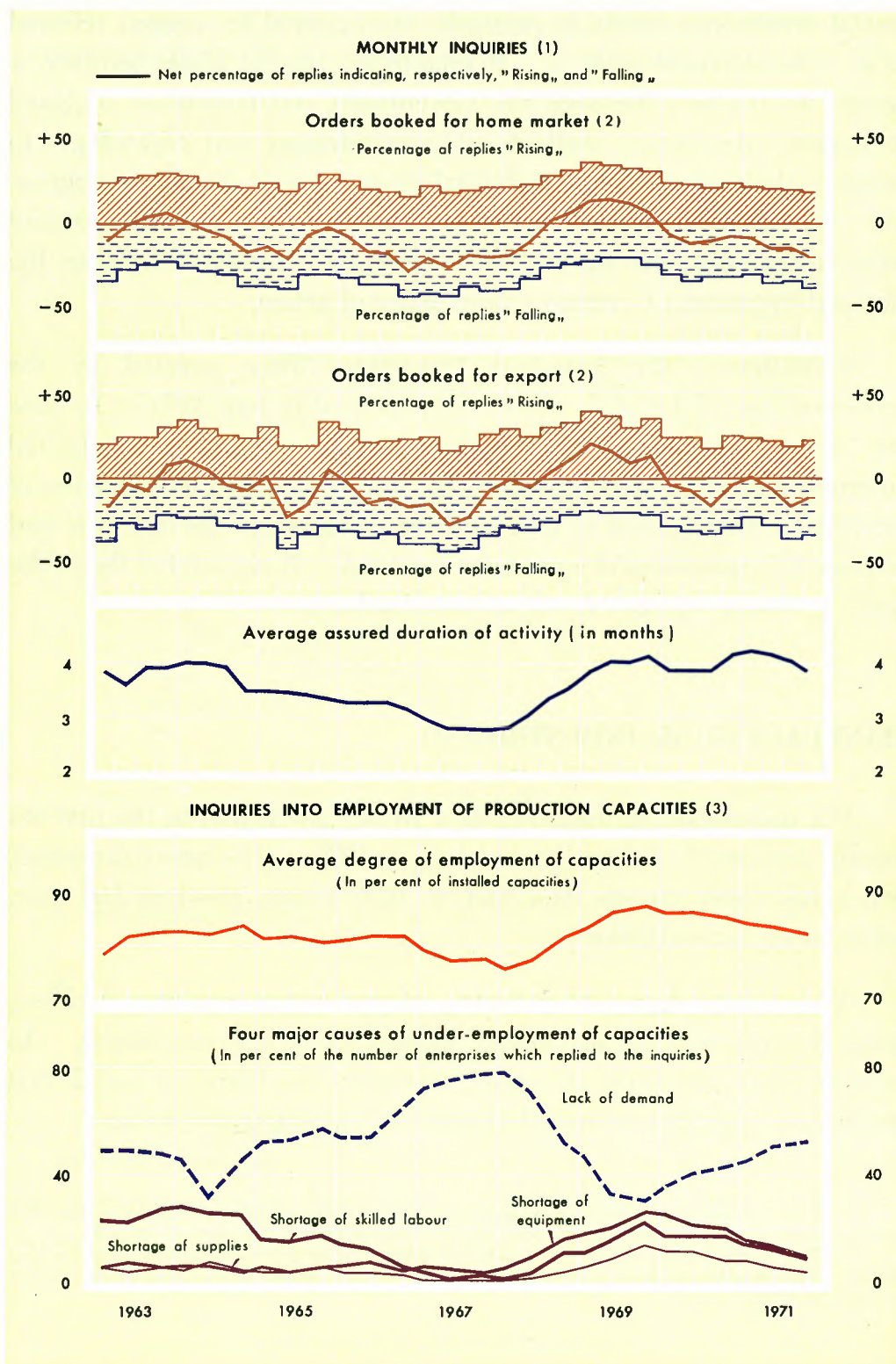
For manufacturing industries as a whole, production in the first ten months increased by 3.9 p.c., against 4 p.c. in 1970. The rate of expansion, which had been greater than that in 1970 during the first half-year, subsequently slowed down <sup>(2)</sup>.

The average degree of utilisation of production capacities declined, going down to 82.6 p.c. in October, against 85.6 p.c. a year earlier. In assessing this reduction it should, however, be borne in mind that production capacities increased during the period under review.

<sup>(1)</sup> Unless otherwise indicated, the comparisons made in this Report between 1971 and 1970 must be understood as comparing facts observed at identical dates or for identical periods.

<sup>(2)</sup> These percentages allow for the course of production at petroleum refineries and coking plants. The situation in these two branches of activity is the subject of comment in the section entitled « Energy ».

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



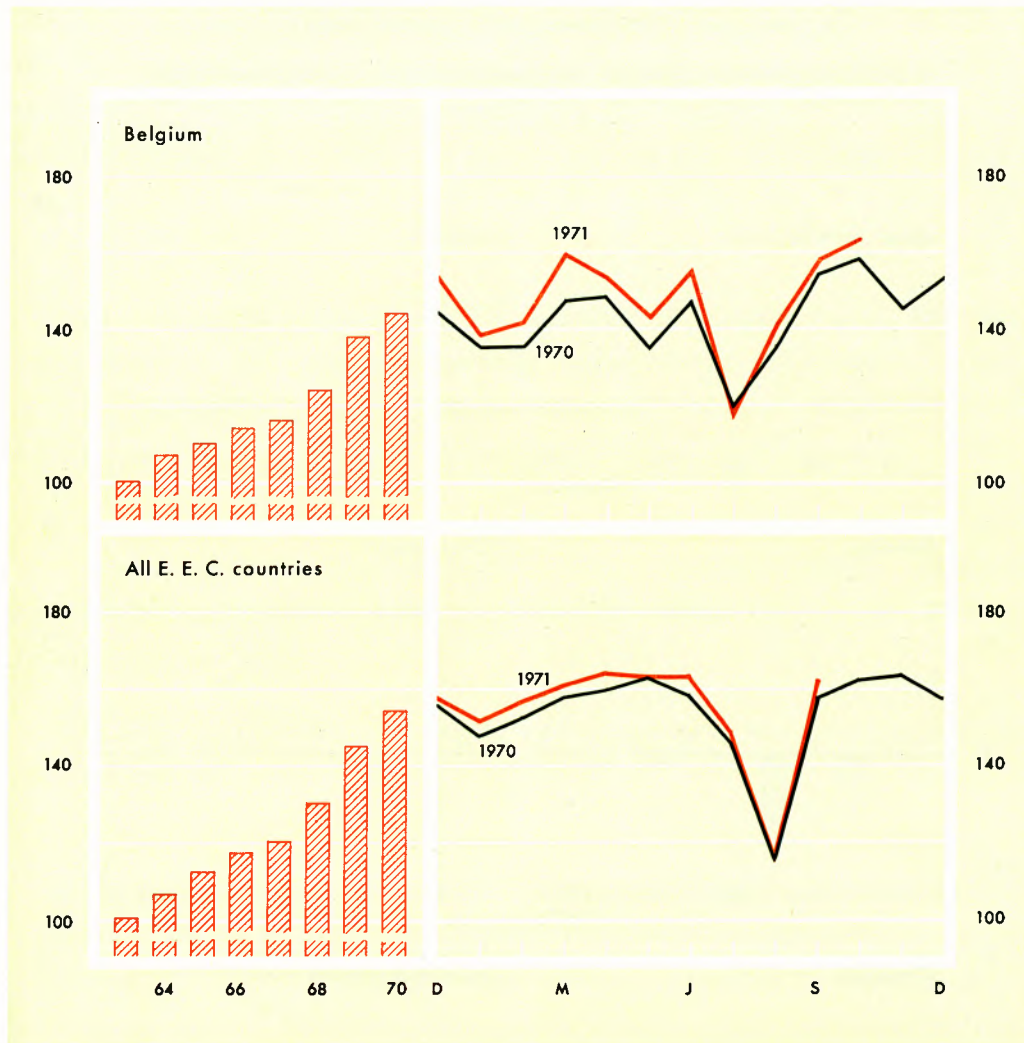
(1) This graph covers, for the latest period, the following industries : steel, non-ferrous metals, metal manufactures, textiles, paper, leather, wood processing, building materials, chemicals and petroleum refining.  
 Monthly averages per quarter; last period : average for October-November, 1971.

(2) Seasonal movements eliminated.

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

## OUTPUT OF MANUFACTURING INDUSTRIES

(Indices 1963 = 100)



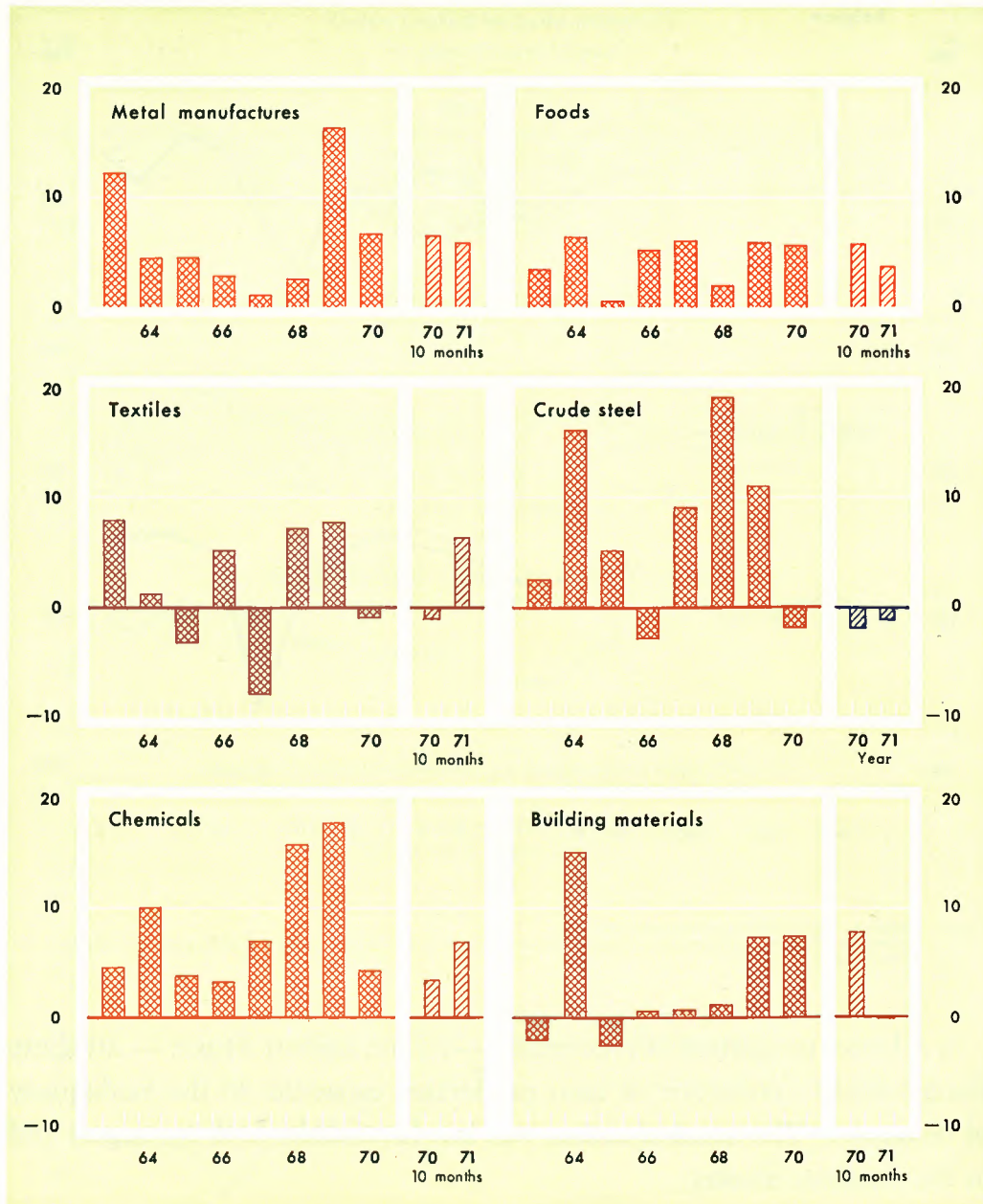
Sources : Belgium : National Statistical Institute.  
 European Economic Community : Main economic indicators of the Organisation for Economic Cooperation and Development.

A larger proportion of enterprises — 53 p.c. against 44 p.c. — attribute the incomplete utilisation of their production capacities to the inadequacy of demand. The trend of orders was less favourable, both for export and in the domestic market.

The average period of ensured activity showed a downward tendency, particularly at the end of the period.

## OUTPUT OF MAIN MANUFACTURING INDUSTRIES (1)

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



Source : National Statistical Institute.

(1) Industries the value added by which contributes most to the Gross National Product, arranged in decreasing order of that value.

Contrary to the trend for manufacturing industries as a whole, the rate of expansion of production speeded up in 1971 in some cases. This was so in the **textile industries**, where the recovery took place mainly in the wool mills, the hosiery industry and the ready-made clothing industry; there was growing foreign demand for the products of the two last-mentioned sectors and for cotton goods; sales on the Dutch market increased considerably.

In the **chemical industries**, the increase in output, which had been small in 1970, was greater, especially owing to the expansion in activity in the basic-chemistry and plastics-processing sectors. Exports on the whole rose steadily, although not so fast as in the previous year.

Stimulated by a growth in foreign demand, activity increased appreciably in the **leather industry**, after a pronounced decline in 1970, and in the **wood industry**.

In the other sectors the rise in production was less pronounced than in 1970.

The rate of expansion of activity in the **metal manufacturing industries**, without reaching the 1970 level, was on the whole maintained, under the influence of foreign demand, which, however, tended to slacken as the months passed. The increase in export deliveries enabled the car industry to compensate for the falling-off in sales of new vehicles on the domestic market. The capital goods industries, for their part, benefited by the still very high level of domestic investment.

The rate of growth in output was lower than in 1970 in the **foodstuffs industries**, especially the sectors which suffered from the weakening of foreign demand, such as meat-canning and production of beverages. The position in the **tobacco industry** was affected by the stabilisation of cigarette consumption.

Activity in the **steel industry**, which had shown a certain weakness in 1970, was mainly affected by the levelling-off of steel consumption both in Belgium and abroad; it was also hampered by the strikes which took place at the end of the year in the Liège region. Output in 1971 finally reached a level slightly below that of the previous year.

Activity in the **industries producing building materials** did not increase further after the marked rise in 1969 and 1970. This state of affairs is connected with the levelling-off of building after the last months of 1970 and the slower increase in exports.

Output of **non-ferrous metals** declined owing to the slackening of demand for most crude products.

In the **diamond industry** business fell off, especially for large cut stones.

The less favourable trend of demand both at home and abroad affected output of **paper and cardboard**.

Despite a growth in exports, activity in the **shoe and slipper industry** decreased as a result of a greater expansion in imports.

## **ENERGY.**

The production of the sector as a whole increased, during the first eight months, faster than in the previous year. In assessing this development allowance should be made for the 1970 strikes in the Campine mines, which disrupted production of coal and coke.

For the year as a whole **coal-mining** decreased by 3.5 p.c. The smallness of this reduction, despite the continuance of the coal-mine conversion programme, is attributable to the effect of strikes on output in

1970. Imports of coal, which had increased by 22.4 p.c. for the first nine months of 1970, owing to the temporary supply difficulties caused by these strikes, fell by 31.2 p.c.

Coke output during the first nine months fell by 0.5 p.c., against 0.9 p.c. the previous year. The quantities imported decreased by 13.5 p.c., whereas they had risen by 1.1 p.c. in 1970.

### ENERGY OUTPUT

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



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

Output of gas, which was already at a low level in the past few years, fell by 13 p.c. in the first eight months; on the other hand, the increase in imports of natural gas amounted to 43 p.c. during the first nine months.

Production of electricity, which had risen by 4.8 p.c. in 1970, went up by 8.8 p.c. The balance of foreign trade was reversed, taking the form of net exports. The amounts used increased by 5.7 p.c., against 7.4 p.c. in the previous year. This slowing-down is observable also in the amounts of electricity used by industry, which rose by 3.7 p.c., against 5.6 p.c. in 1970.

Use of crude petroleum increased by 2.2 p.c. for the first ten months, against 3 p.c. in 1970. Exports of refined products went up by 1.8 p.c. for the first nine months, whereas they had fallen by 21.4 p.c. in the previous year; imports rose by 18 p.c. against 17.6 p.c.

Comparison of the trend of production and foreign trade in all energy products seems to indicate that their overall use within the economy increased less rapidly than in the first eight months of 1970.

## **BUILDING.**

For the whole of the first ten months, activity in the building industry increased further, but less than in 1970 : the cyclical-trend index rose by 3.4 p.c. against 10.2 p.c. the previous year. Actually this index levels out from the fourth quarter of 1970 onwards, the increase in work for the public sector being offset by a decline in work commissioned by the private sector.

A marked growth is observable in the total amount of capital expenditure commitments taken by the public sector. The increase was greatest for the Government and the debudgetised sector, which primarily comprises the expenditure of the associations of local authorities for the building of motorways financed outside the extraordinary budget. Some of these investment decisions, however, had not yet led to a final award;



others, such as expropriations or equipment and finishing work, do not lead to orders being placed with civil engineering contractors; lastly, according to the inquiries into the trend of activity, the rate of execution of these works quickened. Consequently, the average duration of activity ensured by the civil engineering enterprises' orders books decreased.

Table 2.

**BUILDING INDUSTRY**  
(Monthly averages)

	Output (1) (2) (Indices 1963 = 100)	Building permits (1) (millions of cubic metres)		Buildings started (1) (millions of cubic metres)		Average assured duration of activity (3) (in months)					Normally capable persons fully unem- ployed and receiving unem- ployment pay (4) (thou- sands)
		Dwell- ings	Other build- ings	Dwell- ings	Other build- ings	Bare shells of buildings			Finish- ing work	Civil engineer- ing	
						Total	Residen- tial build- ings	Build- ings for indus- trial, comm- ercial or adminis- trative use			
1966 .....	118	3.0	2.1	n.a.	n.a.	8.2	6.0	15.2	5.1	13.1	n.a.
1967 .....	125	2.8	2.2	n.a.	n.a.	7.5	5.0	15.7	4.2	15.5	8.9
1968 .....	118	2.6	2.0	2.0	1.4	9.0	6.1	17.8	3.9	15.9	11.7
1969 .....	123	3.1	2.4	2.4	1.7	11.3	7.9	21.3	5.4	15.1	5.1
1970 .....	141	2.5	2.8	1.9	1.9	11.7	7.9	23.1	6.1	14.9	2.2
1970 1st quarter ...	131	2.4	2.3	1.4	1.8	12.0	8.1	23.5	5.8	15.3	3.2
2nd quarter ...	136	2.9	3.9	2.7	2.0	11.6	7.8	22.7	6.1	15.5	1.7
3rd quarter ...	141	2.6	2.7	1.9	1.8	11.9	8.0	23.2	6.5	14.6	1.3
Octob.-Novemb.	142	2.0	2.2	1.4	2.5	11.5	7.6	23.1	6.0	13.8	1.9
1971 1st quarter ...	141	1.9	1.9	1.3	1.5	11.8	7.3	25.0	6.0	15.3	3.3
2nd quarter ...	141	1.9	2.1	2.2	2.5	11.5	7.1	24.3	6.3	14.5	2.5
3rd quarter ...	141	n.a.	n.a.	n.a.	n.a.	11.1	7.1	22.9	6.0	13.1	2.5
Octob.-Novemb.	142 <sup>(5)</sup>	n.a.	n.a.	n.a.	n.a.	10.7	6.8	22.0	5.1	12.0	4.6

(1) Source : National Statistical Institute.

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

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

(4) Source : National Employment Office.

(5) October.

n.a. Figures not available.

In the case of work on bare shells of buildings, on the other hand, the rate of activity tended to slacken, as is shown in particular by the decrease in the total volume of buildings started. The demand for residential building, which had already declined in 1970, fell off further; this decline extended to other types of buildings, as is shown by the trend of building

permits and average ensured durations of activity. The statistics of the volume of new building work authorised, which admittedly often exaggerate cyclical fluctuations, indicate for the first six months reductions on 1970 of 28 p.c. for residential buildings and 36 p.c. for buildings for industrial, commercial or administrative use; the average ensured duration of activity declined for the latter from 23.1 months in October-November 1970 to 22 months a year later and, for residential buildings, from 7.6 to 6.8 months.

In view of these symptoms and of the reappearance of unemployment in this industry, various measures to encourage building and house-purchase were adopted on the initiative both of the public sector and of private bodies. The Government decided to raise the ceilings of the commitments and loans of the national social housing companies, to allow these companies to allot part of their reserves of land for use as plots for social housing, to ease the conditions governing Government-guaranteed mortgage loans and to abolish the degressive system whereby the financial advantages conferred decrease with the size of the municipalities concerned. Both public and private bodies specialising in the financing of building or house-purchase extended the terms and limits of access to their mortgage loans, reduced the cost of these and introduced or extended special savings schemes.

## **AGRICULTURE AND FISHING.**

According to the agricultural census of 15th May the reduction in the cultivated area continued, having amounted to 13,000 hectares, against 11,000 hectares in 1970. There was a substantial decrease in the areas devoted to coarse grains, primarily summer barley, meadows and pastures, and potatoes; for the latter it was mainly due to the low prices obtained for the 1970 crop. There was an extension, on the other hand, in the land sown with winter wheat and flax, mainly owing to the weather conditions, and in the areas devoted to sugar beet. In the case of sugar there is a quota which benefits by a Community price and sale guarantee, while flax production was assisted by the measures adopted by the Council of

Ministers of the European Community in order to stabilise the market. According to the data available it appears that yields per hectare were higher than in 1970, mainly for wheat, barley, sugar beet and potatoes.

The number of pigs, which had increased to an exceptional extent between May 1969 and May 1970 as a result of the high prices, rose slightly further during the last twelve months.

The reduction in the number of milking cows observed in 1970 continued in 1971. The number of other livestock, which had gone up three years in succession, also declined. Under the influence of the rise

Table 3.

AGRICULTURE

	1966	1967	1968	1969	1970	1971
Agricultural area used <sup>(1)</sup> ..... (Thousands of hectares)	1,590	1,577	1,564	1,553	1,542	1,529
of which : Bread grains .....	244	229	232	224	207	224
Coarse grains .....	258	258	249	249	255	233
Sugar beet .....	66	78	90	90	90	93
Other industrial plants .....	26	17	17	19	11	16
Potatoes .....	52	54	47	43	46	42
Meadows and pastures .....	795	794	791	788	795	782
Market gardening .....	18	20	20	23	25	25
Fruit growing .....	29	28	27	26	20	19
Livestock <sup>(1)</sup> : (Thousand head)						
Horned cattle .....	2,767	2,753	2,799	2,839	2,887	2,840
of which : Milking cows .....	1,016	1,026	1,064	1,072	1,052	1,031
Pigs .....	1,948	2,300	2,479	2,780	3,722	3,912
Milk delivered to dairies : (Millions of litres)						
Year .....	2,199	2,403	2,585	2,475	2,355	n.a.
First 10 months .....	1,928	2,103	2,294	2,185	2,076	2,098

Source : National Statistical Institute.

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

n.a. Figure not available.

in prices for dairy products, connected with the absorption of stocks of butter and skimmed-milk powder, deliveries of milk to dairies increased slightly, in spite of the fall in the number of milking cows and the effect of the measures adopted in 1969 to reduce marketing of milk and dairy produce.

The tonnage of fish landed during the first nine months of the year showed an increase of 10 p.c.; values rose to the same extent, as prices remained stable at the 1970 level.

## SERVICES.

The services sector, in the broad sense of the term, employs over 1.8 million people, or nearly half the working population, and contributes more than 50 p.c. to the formation of the national product.

**Among services connected with industrial and agricultural activities and the marketing of their products,** goods transport as a whole showed a trend parallel to that observed in the industrial sector, if allowance is made for certain shifts of a structural nature.

For the first eight months of 1971 the tonnage of ships entering sea ports increased by 2 p.c., against 3.8 p.c. the previous year. With regard to traffic on inland waterways, the number of ton-kilometres showed a rise of 0.8 p.c. for the first seven months, against a decrease of 4.2 p.c. in 1970, mainly due to the strikes in certain coal-mines.

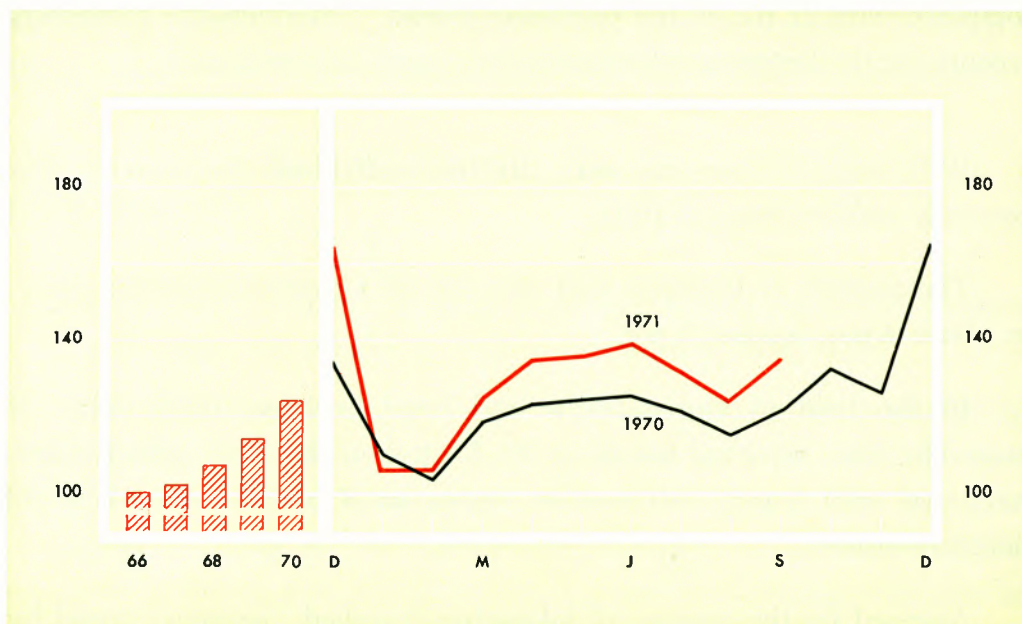
The number of ton-kilometres of goods carried by rail, which had gone up by 6.8 p.c. in 1970, declined by 5.9 p.c. for the first eleven months; this decline is mainly accounted for by building materials and ores. On the other hand, goods transport by road, assessed on the basis of the results of the National Bank's monthly inquiries, increased during the first eleven months. Goods carried by Sabena showed a rise of 5.1 p.c. for the first nine months, against 10.5 p.c. in 1970.

In retail trade the rate of growth differed according to the type of enterprise concerned. The growth in sales during the first nine months of 1971 in supermarkets and chain stores was practically the same as in 1970. The turnover of department stores rose less than in the previous year, while that of cooperatives remained stationary. Sales by small

retailers appear, on the whole, to have increased at a slightly higher rate than in 1970. Activity at petrol filling stations went up by 4.1 p.c. against 8.2 p.c.

#### VOLUME OF RETAIL SALES

(Indices 1966 = 100)



Source : National Statistical Institute.

In the publicity sector the growth rate of enterprises' turnover from April onwards was higher than that for 1970.

**Services rendered both to enterprises and to individuals** concerning the trend of which figures are available increased some times faster and sometimes more slowly than in 1970, depending on the types of services.

The amount of Belgian franc funds of non-bank customers dealt with by the financial intermediaries showed a more pronounced rise than in the previous year.

With regard to telecommunications, the use of telex, expressed in minutes, increased appreciably, although less than in the previous year;

at the same time the number of telegrams sent showed a larger fall. The number of internal and international telephone calls rose less than in 1970.

The rate of increase of computers in service in Belgium and the Grand Duchy of Luxemburg declined somewhat, though still remaining very high : it was about 20 p.c. in the twelve months ended 1st July, 1971, compared with 27 p.c. in the preceding period. Medium-size computers account for the largest number in the two countries combined.

With regard to services **only affecting individuals** the increase was generally smaller than in 1970.

The number of teaching staff rose, in the Government sector alone, by about 4 p.c., against 8 p.c.

In the field of tourist traffic and hotel business, the number of overnight stays reported increased by 2.3 p.c. in the first eight months, compared with 4 p.c.; this smaller expansion is mainly attributable to Belgian tourists.

Assessed by the number of kilometres travelled, passenger travel by rail during the first eleven months showed an increase of 2.2 p.c., whereas it had remained stationary in 1970; the number of passengers carried by Sabena increased for the first nine months by 8.3 p.c. compared with 11.6 p.c.

The growth in medical services must have been similar to that in 1970, at least on the basis of the refunds scheduled in 1971 in the relevant branches of the social security sector.

The sums collected in Belgium as royalties, mainly for theatrical performances, radio and television programmes and the performance of music showed, for the first nine months, an increase of around 6 p.c., instead of just over 12 p.c. in 1970.

After having gone up by about 7 p.c. in 1970, the net receipts of operators of motion picture theatres rose in the first half-year by 2 p.c.

In view of the rise in the price of seats since the beginning of the year, this development means that cinema attendances decreased.

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

In the recreation sector connected with sporting activities, attendance at football matches in the 1970-1971 season brought Belgian clubs 6 p.c. higher gross receipts, against a rise of about 15 p.c. in the previous season.

## **EMPLOYMENT.**

In the labour market the tendency towards an easing of the position, observable in the second half of 1970, was confirmed in 1971.

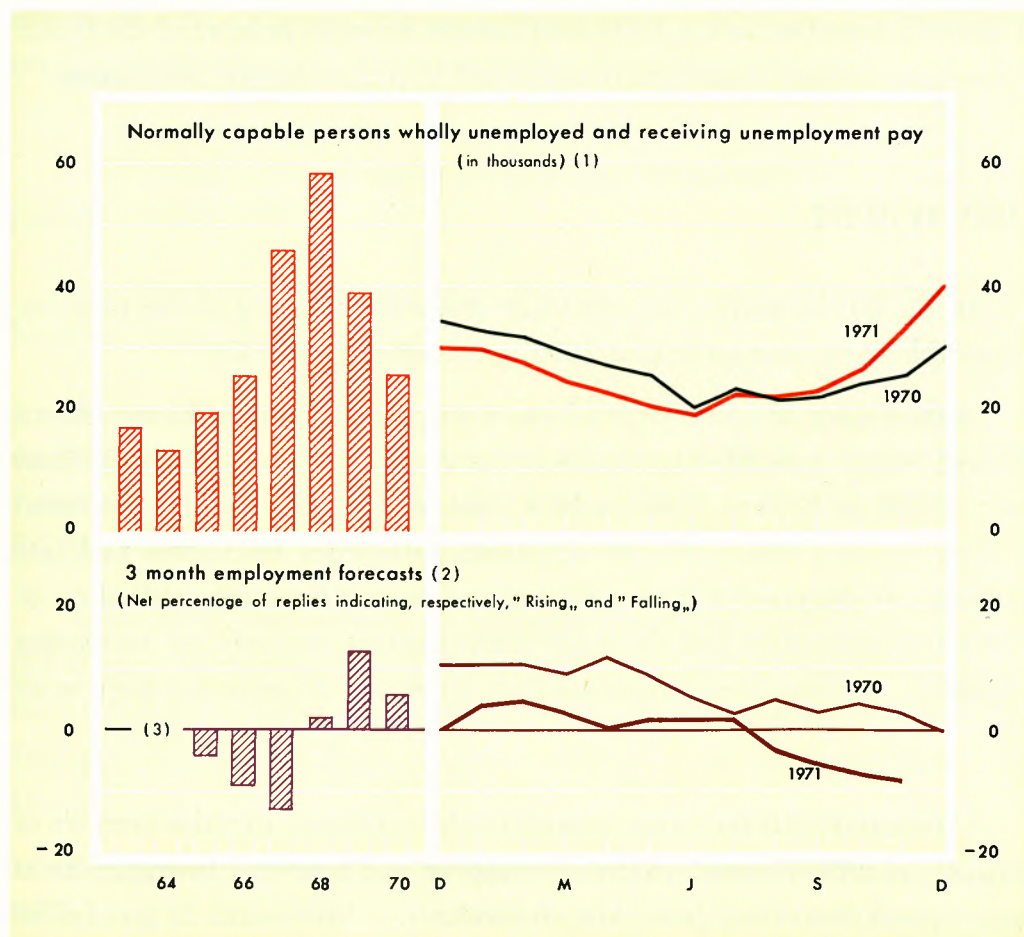
A slackening of demand for labour was apparent both in the movement of the number of unfilled vacancies at the end of the year, which declined from 15,500 in 1970 to 7,400 in 1971, and in the inquiries into the trend of activity; as a whole, the participating enterprises made less and less reference to shortage of skilled labour as a reason for under-utilisation of production capacities and, from the third quarter onwards, an increasing proportion of them even expressed their intention of reducing their work force.

Compared with the same periods of the previous year, the number of normally capable persons wholly unemployed and receiving unemployment pay stopped decreasing from August onwards. While still 11 p.c. below the 1970 level during the first quarter, it was 33 p.c. up by the end of the year, though still only representing 1.4 p.c. of the total population of wage and salary earners.

From a sectoral point of view, this increase on the year applies particularly to the building industry and the metal-manufacturing industry, mainly owing to the cessation of activity, either voluntary or forced, by certain enterprises; but the number of unemployed remained lower than in 1970 in some other industries, especially textiles.

The unevenness in the geographical distribution continued, with the rate of unemployment remaining highest in the regions of Ostend, Mons, Bruges and Liège-Huy.

#### EMPLOYMENT AND UNEMPLOYMENT



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

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

(3) Data not available.

The number of unemployed **free job-seekers** voluntarily registered at labour exchanges showed a similar movement to that of normally capable persons wholly unemployed and receiving unemployment pay; at the end of the year it was 29 p.c. above the 1970 level.



With regard to **partial unemployment**, which is influenced not only by the economic situation but also by weather conditions and fortuitous factors, this also rose, the daily average increasing from 31,500 to 37,000 units.

The number of **wholly unemployed persons of partial or very low capability**, the trend of which is still less dependent on the state of activity, was almost constantly some hundreds below the 1970 figure.

### **WAGES AND OTHER INCOMES.**

The increase in the remuneration of wage and salary earners continued at a high rate, although a tendency towards slowing down was observable for wages.

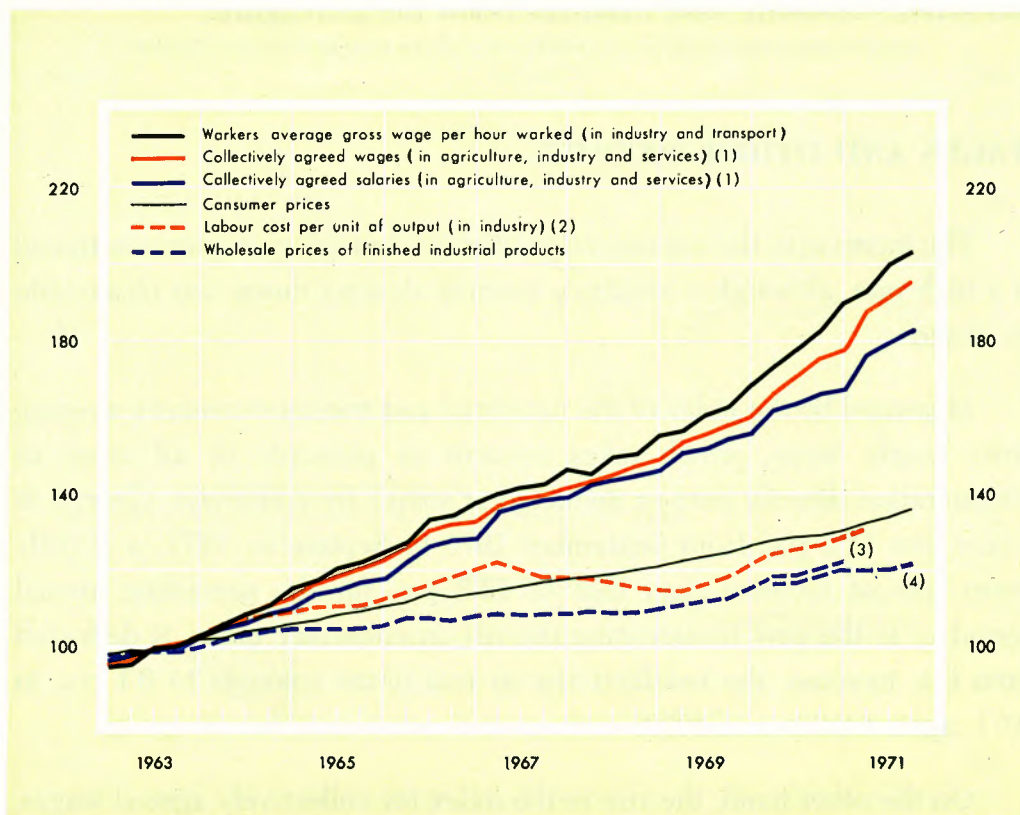
Measured by the index of the industrial and transport workers' average gross hourly wage, which takes account in principle of all types of remuneration directly paid or deducted at source by employers, the rise in wages was 11.6 p.c. from September 1970 to September 1971, a slightly lower rate of increase than that of 12.3 p.c. for the preceding annual period. If the part representing the rise in consumer prices is deducted from this increase, the resultant rise in real terms amounts to 6.1 p.c. in 1971, against 8.2 p.c. in 1970.

On the other hand, the rise in the index for collectively agreed wages, the upward movements of which in some cases, especially during boom periods, represent no more than a confirmation of previous increases in actual earnings, speeded up : from September 1970 to September 1971 it amounted to 11.3 and 9.8 p.c. respectively for wages and salary earners, against 10.9 and 7.5 p.c. in the previous twelve months. The increase is attributable to scale rises in certain branches of activity, to the application of clauses linking remuneration to the consumer price index and also, in the case of wage earners, to the incidence of reductions in contractual working hours without any concomitant decrease in total remuneration.

For nominal hourly rates of pay the increase did not differ much from that observed in the main foreign countries, except for the United States, where it was appreciably smaller. In real terms, however, it was greater than in these countries, the difference being often very pronounced.

#### 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 Louvain.

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

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

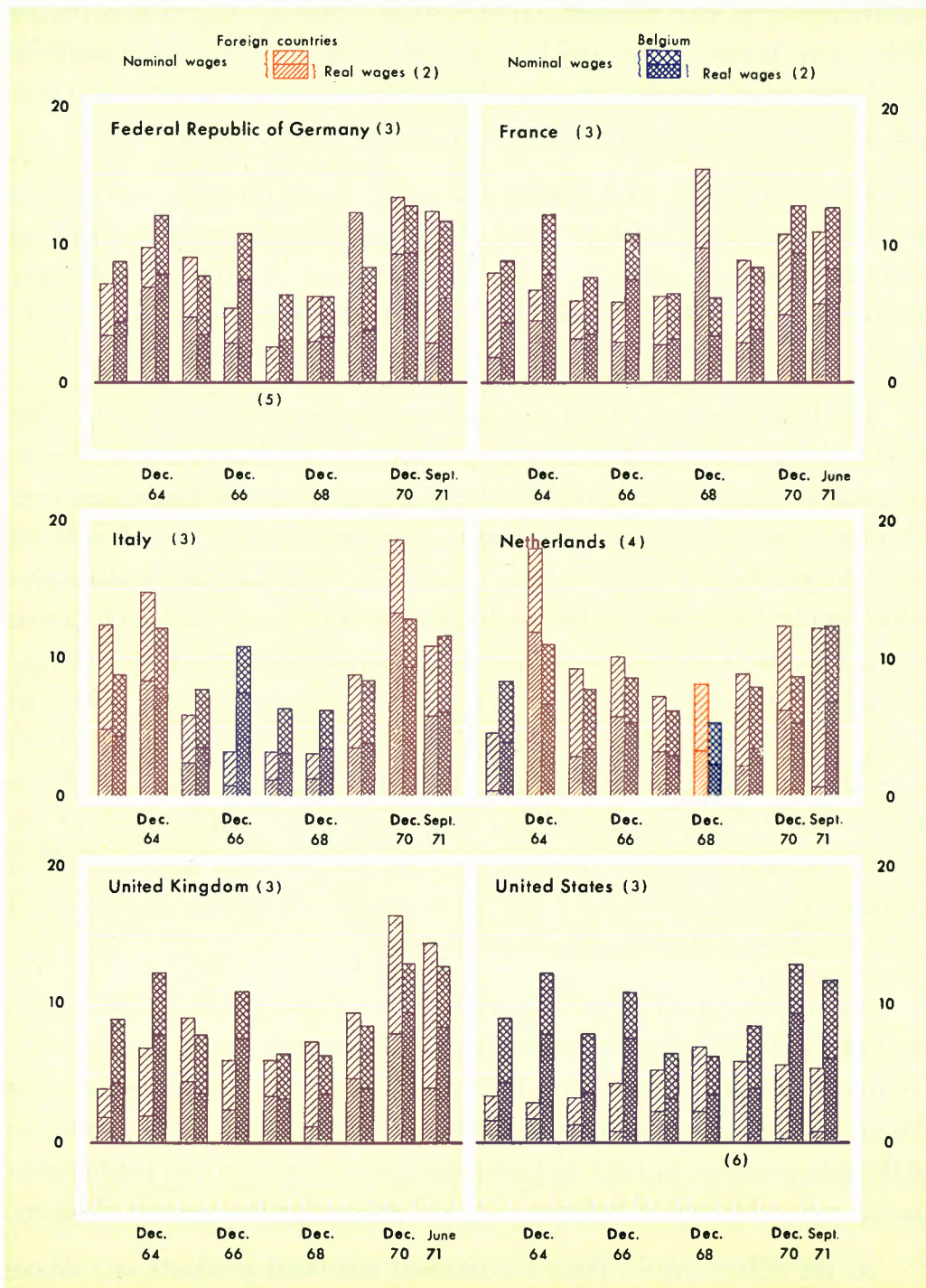
(3) Indices calculated on the basis of prices including sales taxes.

(4) Indices calculated on the basis of prices net of tax. Year 1970 : estimates.

The effective purchasing power of gross remuneration is affected not only by the cost of living but also by deductions made at source. In Belgium the proportion represented by these deductions was increased

## WAGES : COMPARISON WITH FOREIGN COUNTRIES

(Percentage changes <sup>(1)</sup> 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 : cf. chart on page 40.

- (1) Percentages not adjusted for changes in monetary parities.
- (2) Percentage changes in nominal wages adjusted for changes in consumer prices.
- (3) Average gross wage per hour worked. Source for Belgium : National Bank of Belgium.
- (4) Collectively agreed wage. Source for Belgium : Ministry of Employment and Labour.
- (5) In 1967 the real wage fell by 0.8 p.c. in the Federal Republic of Germany.
- (6) In 1969 the real wage fell by 0.8 p.c. in the United States.

in 1971 by the progressive nature of the tax and by the raising of certain rates and ceilings serving as a basis for the calculation of social security contributions; it was reduced, on the other hand, by adaptations of the Preliminary Business Tax and by a reduction in the rate of the workers' health insurance contribution. In short, there appears to be no doubt that real net pay increased further, but to a smaller extent than in 1970.

The trend of pay and a slight rise in the level of employment in the first half-year helped to bring about a substantial further expansion in total nominal wages and salaries. For the first three quarters the total pay declared to the National Social Insurance Office increased, according to provisional estimates, by 12 p.c. in comparison with 1970.

The hourly cost of labour was increased not only by the pay rises but also by the raising of certain ceilings and rates of social contributions borne by employers and, subsidiarily, by the granting of certain further indirect advantages under the inter-sector agreement of 15th June, which will not begin to produce its main effects until 1972. According to the index calculated by the Economic Research Institute at Louvain, the hourly labour cost in manufacturing industries during the period from March to May rose by 11.3 p.c. between 1970 and 1971, against 10.7 p.c. between 1969 and 1970. The increases in productivity, although they appear to have been faster than in 1970, were not sufficient entirely to absorb the new rise in the wage cost. Therefore, according to the same source, the labour cost per unit of output underwent an increase of 4.9 p.c. between the first half of 1970 and the first half of 1971, which, however, is a smaller rise than that of 8.5 p.c. during the preceding annual period.

Enterprises' production costs are influenced not only by the wage cost per unit product but also, in particular, by the average cost of credit, which became somewhat lighter, and by that of producer goods; the increase during the first nine months in the unit value of imports of these goods was of the same order as in 1970, leaving aside crude copper, which for the most part is only subjected in Belgium to initial processing for account of others.

As for selling prices, those for finished industrial products as a whole only exceeded their 1970 level by 2.7 p.c. on average for the first eleven

months, whereas they had shown a rise of 6.4 p.c. the previous year. Unit values of exports, for their part, disregarding crude and semi-processed copper, underwent hardly any change during the first nine months, whereas they had risen substantially in 1970.

Altogether it would appear that in industry the overall trend of enterprises' profit margins was less favourable than in the previous year. Total gross earnings were, however, again favourably affected by an expansion in the volume of sales, although the rise was smaller than in 1970.

In agriculture the average level of selling prices obtained by producers in 1971 was lower than that in the previous year, while costs did not decline to the same extent. This deterioration was, however, at least partly offset by higher yields and by further improvement of production methods.

In the public sector, pay was increased by the implementation of the initial social programme for 1971 and of the supplementary agreements concluded during the year.

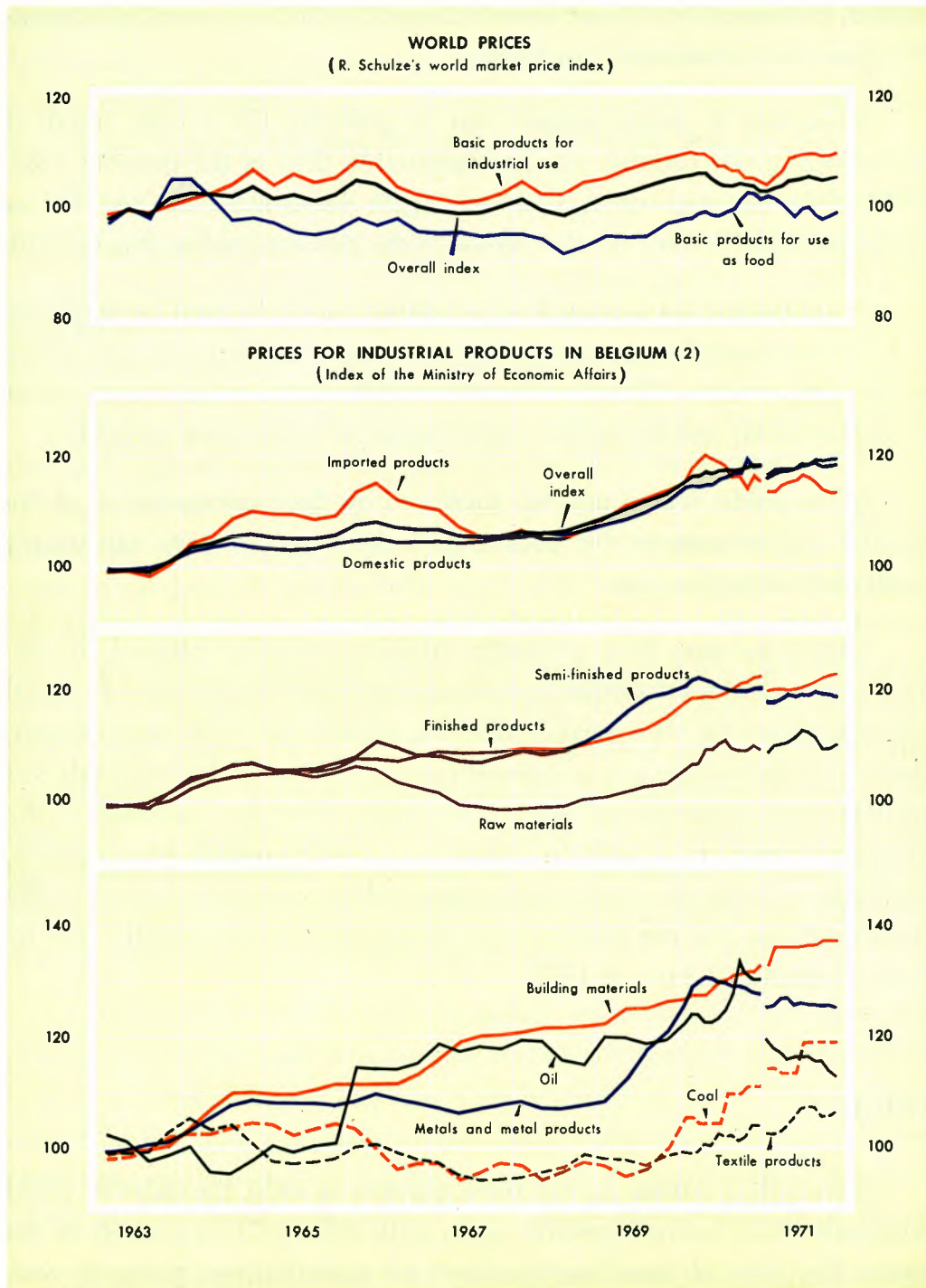
Among incomes from property, interest received continued to rise. There was in fact a substantial increase in the total of fixed-income financial assets; furthermore, their average yield was higher than in the previous year, the rise in the average rate of interest paid in 1971 to holders of bonds and medium-term notes having been only partly offset by a decline in the average interest rate paid to depositors. With regard to dividends, according to a sample survey of companies whose shares are quoted on the stock exchange, the net amounts paid during the first five months rose by 8.5 p.c., against 24.3 p.c. in 1970.

## **PRICES.**

After falling during the last three quarters of 1970, the index of world wholesale prices moved upwards again until July, 1971 as a result of the rise in the prices of some basic products for industrial use, primarily coal, petroleum and copper; the prices of the last mentioned product in

WHOLESALE PRICES (1)

(Indices 1963 = 100)



(1) 1963-1969 : monthly averages per quarter. 1970 and 1971 : monthly data.

(2) 1963-1970 : indices calculated on the basis of prices including sales taxes. 1971 : indices calculated on the basis of prices net of tax.

particular had declined considerably in 1970. The general index subsequently fluctuated around the level reached in June.

In Belgium, in order to ensure a smooth transition from the system of the sales tax to the system of the value-added tax, which came into force on 1st January, 1971, the Government organised a far-reaching information campaign directed both to producers and distributors and to consumers, and strengthened the **price policy** structure. A ministerial order of 6th November, 1970 had, on the one hand, increased to three months, with a possibility of a two-month extension, the period laid down for the advance declaration of any price rise and, on the other hand, fixed the rules to be observed by importers, producers and distributors in calculating the new prices, adjusted upwards or downwards, to be applied after the entry into force of the value-added tax. In fact any price rise due to reasons other than the immediate mechanical effect of that tax, and especially owing to cyclical or structural factors, was eliminated in the first quarter.

In April the system was made more flexible; the period for advance declaration was reduced to two months; prices remained, however, subject to close supervision by the authorities, whose action, based on concertations, can if necessary be reinforced under the law of 30th July by the imposition of maximum prices on individual enterprises and by economic, financial and penal sanctions on those infringing these provisions. In implementation of this law a ministerial order of 22nd December kept at two months the period for advance declaration of rises and stipulated that before the expiry of this time-limit the Minister for Economic Affairs can decide that the rise declared must be suspended, wholly or in part, for a period of up to six months; furthermore, it defined more closely and supplemented the obligations imposed on producers and importers when declaring price rises and putting them into effect and when fixing prices for new products; lastly, it provided the possibility of limiting the repercussions which producers' and importers' price increases can have on distributors' selling prices.

The index for **wholesale prices of industrial products** rose by 1.7 p.c. from January to November 1971, against 2.5 p.c. the previous year. This

increase, all of which took place in the first half-year, covers movements which differed as between imported products and domestic products. After moving up slowly during the first half-year, prices of imported products fell from July onwards, mainly owing to the decline in the prices of certain basic products and raw materials; in the end the November level was hardly any different from that in January. The rise in prices for domestic products continued practically throughout the period, but amounted to only 2.3 p.c., against 3.7 p.c. the previous year.

Movements also differed according to the stages of manufacture. Under the influence of the world-market trend, prices of raw materials rose in the first half-year, declined in the third quarter and then remained practically unchanged until November. Those for semi-finished products rose slightly until August. Prices for finished products remained fairly stable for the first five months of the year and subsequently went up gradually, rising over the January-November period as a whole by 2.7 p.c., against 3.7 p.c. in 1970; in relation to comparable foreign indices this shows that the rise in prices of finished products seems to have been distinctly smaller than in the United Kingdom, more marked than in the United States and the Netherlands and of about the same order as in the other countries of the European Economic Community.

The classification by products or groups of products shows that the prices of coal, chemical products, building materials and textiles rose appreciably, while those of petroleum products fell markedly; in the groups of metals and metal products, the increase in the prices of metal manufactures was more than offset by the fall in those for iron and steel and non-ferrous-metal products.

**Prices for building work** continued to rise. As far as residential building is concerned, the price schedules for the taking over of party walls and the index of the Economic Research Institute at Louvain indicate a slackening in comparison with the previous year; on the other hand, the reconstruction value of a building, calculated by the Belgian Surveyors' Association, which appears to reflect the price trend with a certain time-lag,



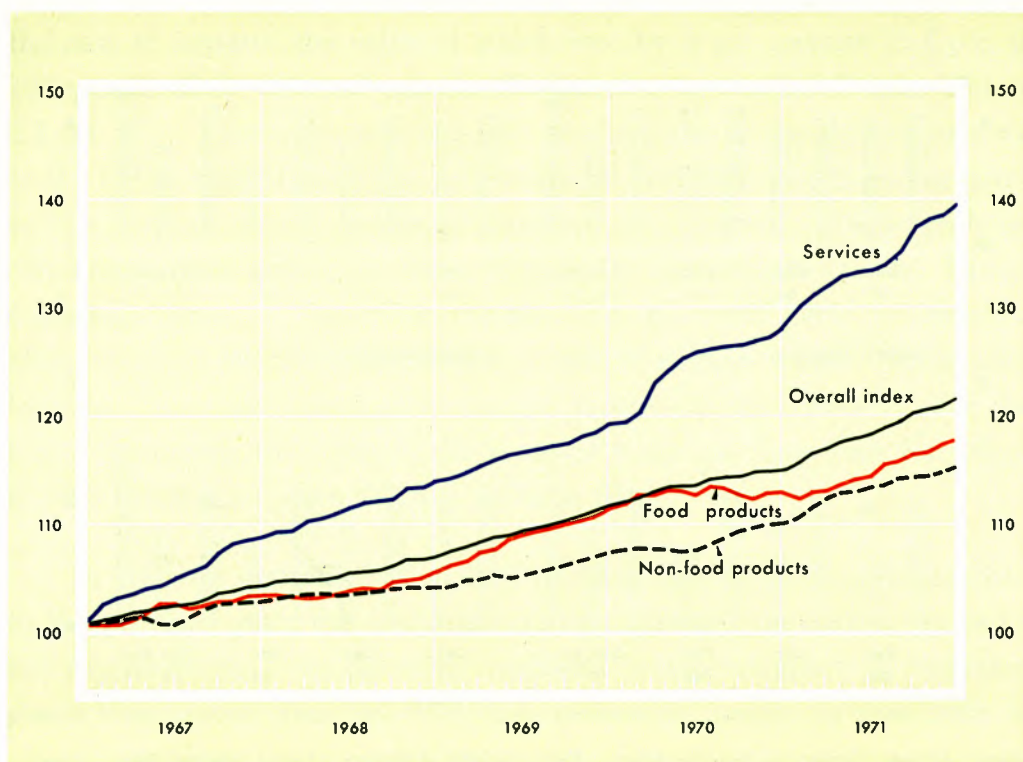
still shows a quickening of the movement. The indications of the cost of public buildings and civil engineering works, which all tally, show a slowing-down of the rise.

After having fallen considerably during the last three quarters of 1970, agricultural prices as recorded at the stage of sale by producers recovered in January, fluctuated around the level reached in that month until August and then again strengthened somewhat. These movements are mainly due to the prices of animal products, since those of vegetable products declined continuously throughout the year.

Consumer prices increased by 5.6 p.c., against 3.1 p.c. in 1970. Despite the introduction of the value-added tax, this rise remained distinctly

#### CONSUMER PRICES IN BELGIUM

(Indices 1966 = 100)



Source : Ministry for Economic Affairs.

**CONSUMER PRICES : COMPARISON WITH FOREIGN COUNTRIES**  
 (Percentage changes <sup>(1)</sup> from the corresponding period of the previous year)



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

smaller than that in the Netherlands and the United Kingdom and was of the same order as that in the Federal Republic of Germany, France and Italy; it again became faster than that in the United States. As a result of the very strict control exercised at the beginning of the year, the rise in the first quarter amounted to only 1.7 p.c., that is, approximately the rate which had been estimated for the mechanical effect of the value-added tax. Despite the easing of the price-curbing measures, the average increase did not quicken during the subsequent months; it was, however, faster than in 1970 in each of the groups composing the overall index.

#### **EXTERNAL TRADE AND BALANCE OF PAYMENTS OF THE BELGIAN-LUXEMBURG ECONOMIC UNION.**

According to Customs statistics, the growth in **external trade** in the first eleven months was smaller than in 1970. The slowing-down, modest in the case of imports, the value of which rose by 9 p.c. against 13.4 p.c. in 1970, particularly affected exports, the increase in which fell from 15.1 to 3.2 p.c. <sup>(1)</sup> This movement is partly attributable, in the case of exports, to the fall in world steel prices and above all, for both exports and imports, to the decline in the prices of certain raw materials which undergo commission processing in the Belgian-Luxemburg Economic Union, especially copper. The fall in the price for this metal alone accounts for about 3 p.c. of the reduction in the growth of foreign trade. It did not, however, have any direct effect on the balance of that trade. For the first nine months the index of the terms of trade, the base year for which is 1963, went down from 107.6 in 1970 to 104.

In volume, imports during the first nine months increased less than in the previous year, the slackening having affected imports of producer and capital goods. On the other hand, the growth in imports of consumer goods was greater than in 1970; this movement might be due both to

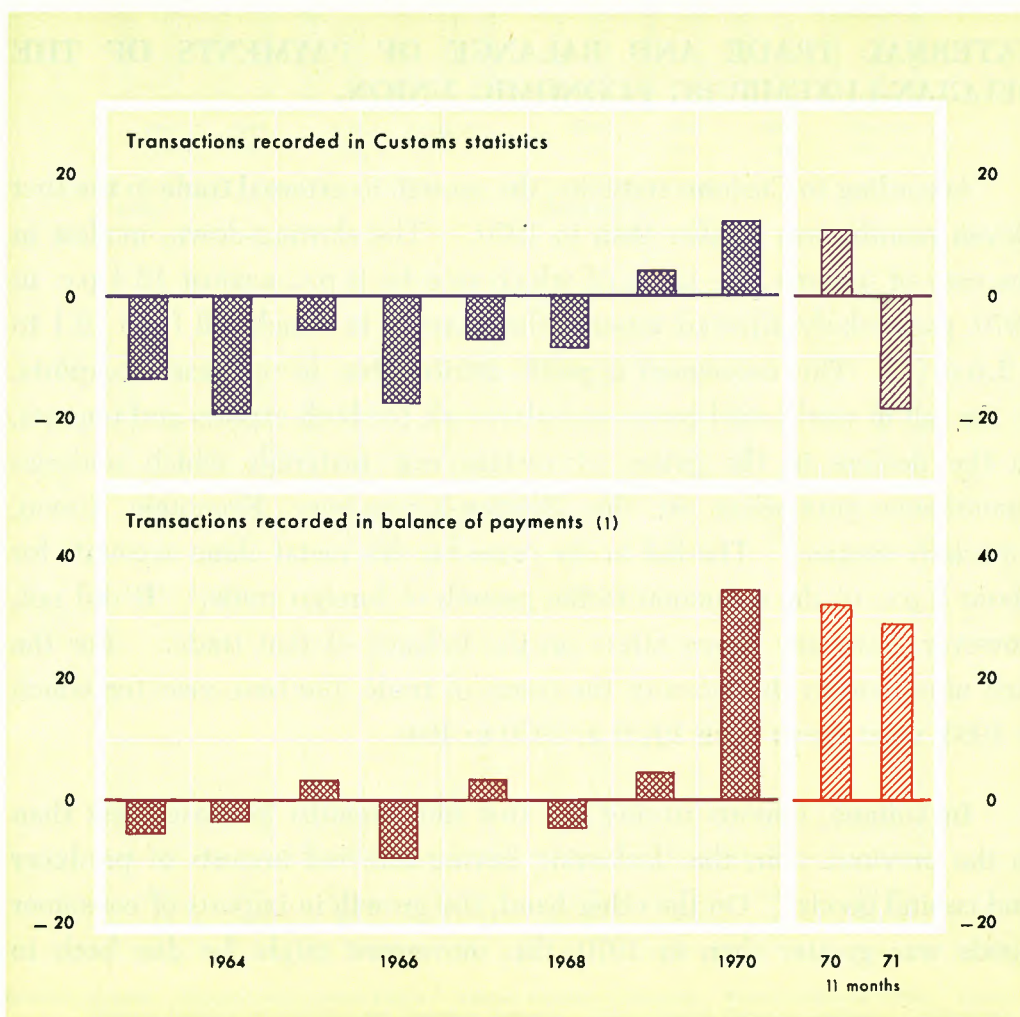
<sup>(1)</sup> See Annex 6, Table 1.

replenishment of stocks after the entry into force of the value-added tax and to a structural increase in the proportion of imported goods in total consumption.

The changes in movements of goods as measured by Customs statistics differ from those of payments for imports and exports, including commission processing. For the first eleven months the total of these payments increased by 8.8 p.c. for expenditure and 7.5 p.c. for receipts.

EXTERNAL TRADE BALANCE OF THE BELGIAN-LUXEMBURG ECONOMIC UNION

(Billions of francs)



(1) Cf. Table 4, column (c).

The differences from the Customs records are mainly due to exports and attributable to several causes.

On the one hand, the Belgian-Luxemburg Customs statistics may underestimate sales to some countries. For in several cases they indicate a rate of expansion distinctly lower than that shown by the corresponding foreign statistics. Thus, for the first eight months, the growth in exports to the Federal Republic of Germany, which, according to the first-mentioned statistics, was only 2.7 p.c., amounted according to German statistics to 13.4 p.c.; similarly, exports to the United Kingdom would appear to have increased not by 5.3 p.c. but by 32.6 p.c.; as for exports to Italy, these would appear not to have fallen by 7.4 p.c. but to have risen by 2.1 p.c. Admittedly such discrepancies are not a new phenomenon, but the differences seem to be greater since the beginning of 1971.

Furthermore, the balance of payments figures were doubtless influenced by speculative changes in the timing of payments. There is no doubt, for instance, that some exports have been paid for more quickly than usual owing to fears of a depreciation of the dollar and other currencies in relation to the Belgian franc, which did in fact take place after 15th August.

For the first eleven months, according to Customs statistics, external trade resulted in a deficit of Fr. 18.5 billion instead of a surplus of Fr. 10.9 billion in 1970, representing a contraction of Fr. 29.4 billion; according to the balance of payments, the surplus declined by only Fr. 2.9 billion compared with 1970, falling from Fr. 31.7 to 28.8 billion. It is probable that the Customs statistics exaggerate, and that the balance of payments underestimates, the contraction in the balance of the transactions actually carried out.

Current transactions, which, in addition to payments in respect of foreign trade, include third-country trade, services and transfers, resulted for the first eleven months in a surplus of Fr. 36.1 billion, against Fr. 35.3 billion in 1970.

Services left a surplus of Fr. 4.3 billion, against Fr. 5.2 billion in 1970. In comparison with the latter year, the increase in the positive balance in respect of freight transactions was more than offset by the growth in the deficit on foreign travel.

Table 4.

BALANCE OF CURRENT TRANSACTIONS WITH FOREIGN COUNTRIES <sup>(1)</sup>  
(Billions of francs)

	Transactions in goods				Services (4)	Private transfers (f)	Govern- ment transfers (g)	Total (h) = (c) + (d) + (e) + (f) + (g)
	Exports (2)	Imports (2)	Balance	Third- country trade (3)				
	(a)	(b)	(c) = (a) - (b)	(d)				
1966 .....	275.9	285.4	- 9.5	+ 5.3	+ 1.3	+ 1.6	- 3.5	- 4.8
1967 .....	293.1	290.0	+ 3.1	+ 5.4	+ 4.8	+ 1.5	- 4.7	+10.1
1968 .....	329.0	333.1	- 4.1	+ 3.4	+ 5.7	+ 2.2	- 5.4	+ 1.8
1969 .....	400.1	395.7	+ 4.4	+ 4.8	+ 0.8	+ 0.5	- 6.3	+ 4.2
1970 .....	480.8	446.4	+34.4	+ 5.0	+ 4.9	+ 2.0	- 8.9	+37.4
1970 First 11 months .....	433.5	401.8	+31.7	+ 4.5	+ 5.2	+ 1.8	- 7.9	+35.3
1971 First 11 months ... p	466.1	437.3	+28.8	+ 6.9	+ 4.3	+ 2.3	- 6.2	+36.1
of which :								
First 8 months ... p	(333.8)	(312.3)	(+21.5)	(+ 5.8)	(+ 1.8)	(+ 2.0)	(- 4.8)	(+26.3)
Sept.-November ... p	(132.3)	(125.0)	(+ 7.3)	(+ 1.1)	(+ 2.5)	(+ 0.3)	(- 1.4)	(+ 9.8)

- (1) Balance of operations, 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) Goods bought and resold abroad without entering the Customs area of the Belgian-Luxemburg Economic Union.  
(4) Cost of transport, insurance, foreign travel, investment income, transactions of public authorities and European and international institutions, frontier and seasonal workers, etc.  
p Provisional figures.

Transfers, that is, payments without any counterpart, resulted on balance in a smaller deficit than in 1970.

Capital movements by Belgian and Luxemburg banks, enterprises and individuals were stimulated by a number of factors, especially the disparities in interest rates and anticipation of changes in parities. During the first eight months a net inflow of Fr. 21 billion was recorded, primarily as a result of the above-mentioned factors. Subsequently there was a reversal of the situation; for the period September-November, capital

movements produced a net outflow of Fr. 10.3 billion. These developments took place more particularly in short-term transactions, which brought about a change in the banks' direct foreign assets and liabilities.

Table 5.

NET MOVEMENT IN CAPITAL FUNDS OF BANKS,  
ENTERPRISES AND INDIVIDUALS TO AND FROM FOREIGN COUNTRIES

(Billions of francs)

	Belgian franc commercial credits granted to foreign countries, originally financed by the banks (1) (a)	Direct claims on and liabilities to foreign countries (2)				Total  (f) = (a) + (b) + (c) + (d) + (e)
		of banks (3)		of public enterprises (d)	of private enterprises and individuals (4) (e)	
		Belgian and Luxemburg francs (b)	Foreign currencies (c)			
1966 .....	- 1.4	+ 3.3	- 1.8	+ 1.7	- 1.1	+ 0.7
1967 .....	- 5.5	+ 3.0	- 2.5	+ 0.9	+ 7.2	+ 3.1
1968 .....	- 9.5	+ 2.2	- 8.0	- 0.6	- 3.8	-19.7
1969 .....	- 0.6	- 5.5	- 7.7	+ 9.6	+ 4.6	+ 0.4
1970 .....	- 6.7	+ 4.4	+11.7	- 2.1	-11.7	- 4.4
1970 First 11 months .....	- 5.5	+ 3.0	+10.4	- 1.3	- 9.5	- 2.9
1971 First 11 months ..... p	- 1.1	+ 9.2	+ 9.7	- 3.0	- 4.1	+10.7
of which :						
First 8 months ..... p	(+ 1.2)	(+ 7.9)	(+13.4)	(- 2.3)	(+ 0.8)	(+21.0)
September-November ... p	(- 2.3)	(+ 1.3)	(- 3.7)	(- 0.7)	(- 4.9)	(-10.3)

(1) These are mainly credits financing payment periods granted by Belgian and Luxemburg exporters to their foreign customers and, for the remainder, chiefly advances granted to foreign enterprises.

(2) The classification of these claims and liabilities between the various categories of economic operators included in the table was made according to the following criterion : each transaction is attributed to the sector which is a direct cash creditor or debtor of the foreign country, whether the sector in question has (as is often the case with banks) or does not have, as the counterpart, a cash or a forward debt or claim in relation to a resident.

(3) Except for transactions for account of the public authorities, shown in Table 7, columns (d) and (g).

(4) See Table 6.

p Provisional figures.

The outstanding amount of commercial credits in Belgian francs to foreign customers originally financed by the banks declined by Fr. 1.2 billion in the first eight months, probably owing to the reduction in credit demand from non-residents, desirous of reducing their borrowing in francs to the minimum. Conversely, during the period September-November, the outstanding amount increased by Fr. 2.3 billion.

The movements of funds corresponding to the development of the banks' direct external assets and liabilities resulted, in the first eight months, in substantial net inflows, offset to a very small extent by net outflows during the period September-November.

The movement of non-residents' net assets in francs with banks led to a capital inflow of Fr. 9.2 billion for the eleven months as a whole, including Fr. 5.6 billion during the first four months. In order to avoid building up such assets beyond the amounts required for the execution of current transactions, the Belgian-Luxemburg Foreign Exchange Institute on 10th May forbade the banks to pay interest on foreign accounts in francs of the regulated market. Subsequently the appreciation of the franc from the end of August onwards made the acquisition of assets in that currency less attractive to foreigners. Consequently the increase in such assets amounted to only Fr. 2.3 billion for the period May-August and Fr. 1.3 billion for the period September-November.

During the first eight months the decline in the banks' net foreign spot assets in foreign currencies led to a net inflow into the foreign exchange market of Fr. 13.4 billion. More remunerative investment opportunities in Belgium were perhaps the cause of part of these repatriations, but these were made more particularly as the counterpart of transactions initiated by the banks' customers; for resident enterprises and individuals were in fact reducing their foreign currency deposits and, above all, increasing their borrowing in foreign currencies from banks owing to uncertainties about exchange rates; furthermore, for the same reason, the outstanding amount of foreign currencies sold forward to banks by customers increased much more rapidly than that of currencies purchased forward. After 15th August, on the other hand, the increase took place only in the latter item; consequently, in order to maintain their overall foreign currency position, the banks reconstituted their spot assets abroad, thereby bringing about an outflow of Fr. 3.7 billion during the period September-November.

The capital transactions of public-sector enterprises resulted, for the first eleven months as a whole, in net repayments amounting to Fr. 3 billion, against 1.3 billion in 1970.



The deficit resulting from the changes in the direct assets and liabilities of private enterprises and individuals in relation to foreign countries fell from Fr. 9.5 billion in 1970 to Fr. 4.1 billion. The net amount of direct foreign investments in the Belgian-Luxemburg Economic Union reached Fr. 19.3 billion, against Fr. 14.6 billion in 1970; in addition, non-residents purchased, on balance, Belgian and Luxemburg securities, particularly of oil companies, to the value of Fr. 4.9 billion. Conversely, net purchases of foreign securities rose from Fr. 14.6 to 19.7 billion, mainly owing to subscriptions to various issues by international organisations, and direct investments were made abroad, particularly by steel and oil companies, for a net amount of Fr. 7.6 billion.

Table 6.

CHANGES IN DIRECT CLAIMS AND LIABILITIES OF PRIVATE ENTERPRISES  
AND INDIVIDUALS ON OR TO FOREIGN COUNTRIES

(Billions of francs)

	Foreign direct and portfolio investments in B.L.E.U.		Direct and portfolio investments in foreign countries			Unclassified direct and portfolio investments	Grand total
	Total	of which : Direct investments	Total	of which :			
				Securities	Direct investments		
1966 .....	+ 7.2	+ 7.0	- 8.9	- 6.5	- 0.4	+ 0.6	- 1.1
1967 .....	+15.0	+11.5	- 8.1	- 5.3	- 2.6	+ 0.3	+ 7.2
1968 .....	+11.9	+12.5	-15.7	-13.4	- 2.6	...	- 3.8
1969 .....	+18.5	+13.8	-13.9	-15.0	- 0.7	...	+ 4.6
1970 .....	+15.4	+15.9	-27.1	-15.7	- 7.8	...	-11.7
1970 First 11 months .	+14.3	+14.6	-23.8	-14.6	- 5.6	...	- 9.5
1971 First 11 months <i>p</i>	+25.8	+19.3	-29.9	-19.7	- 7.6	...	- 4.1
of which :							
First 8 months . <i>p</i>	(+21.6)	(+16.5)	(-20.8)	(-14.1)	(- 5.1)	(...)	(+ 0.3)
Sept.-November . <i>p</i>	(+ 4.2)	(+ 2.8)	(- 9.1)	(- 5.6)	(- 2.5)	(...)	(- 4.9)

*p* Provisional figures.

With regard to the public authorities' capital transactions, these resulted in very large net outflows reaching Fr. 30.3 billion for the whole of the first eleven months and primarily representing a reduction in the Government's direct and indirect liabilities to foreign countries. Amply

supplied with resources by the Belgian money and capital market, the Treasury was in fact able to make substantial repayments of short-term debts in foreign currencies, thus offsetting the effect, on the National Bank's reserves and domestic liquidity, of the afore-mentioned inflows of short-term funds.

Table 7.

NET MOVEMENT IN THE PUBLIC AUTHORITIES' CAPITAL FUNDS  
TO AND FROM FOREIGN COUNTRIES

(Billions of francs)

	Government					Other public authorities			Grand total
	Claims	Direct liabilities	Net direct liabilities	Liabilities via Belgian monetary institutions	Total	Net direct liabilities	Liabilities via Belgian monetary institutions	Total	
	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) + (d)	(f)	(g)	(h) = (f) + (g)	
1966 .....	-0.3	-2.2	-2.5	+ 7.1	+ 4.6	...	...	...	+ 4.6
1967 .....	-0.4	-5.9	-6.3	+ 3.4	- 2.9	-0.5	+1.3	+0.8	- 2.1
1968 .....	-0.3	-2.9	-3.2	- 0.8	- 4.0	-0.2	+0.2	...	- 4.0
1969 .....	-1.1	-0.8	-1.9	+ 5.9	+ 4.0	-0.2	-0.2	-0.4	+ 3.6
1970 .....	-0.3	+0.1	-0.2	-10.5	-10.7	-0.2	+0.4	+0.2	-10.5
1970 First 10 months (1) .....	-0.2	+0.9	+0.7	- 7.0	- 6.3	-0.2	+0.4	+0.2	- 6.1
1971 First 10 months (1) ... p	-0.6	-7.8	-8.4	-20.1	-28.5	...	...	...	-28.5
1970 First 11 months .....	-0.2	+0.8	+0.6	- 8.7	- 8.1	-0.2	+0.4	+0.2	- 7.9
1971 First 11 months ... p	-0.6	-8.9	-9.5	-20.8	-30.3	...	...	...	-30.3
of which :									
First 8 months .....	p (-0.5)	(-7.5)	(-8.0)	(-18.0)	(-26.0)	(...)	(...)	(...)	(-26.0)
September-November ... p	(-0.1)	(-1.4)	(-1.5)	(- 2.8)	(- 4.3)	(...)	(...)	(...)	(- 4.3)

(1) This period is given because it appears in Table 12, column (e) of which shows the total of columns (b) and (d) of the above table.

p Provisional figures.

Altogether, for the eleven months in question, settlements with foreign countries taken as a whole led to an increase of Fr. 15.4 billion in the National Bank's foreign exchange reserves, against Fr. 21.6 billion in 1970.

Over the whole year these reserves went up by Fr. 13.6 billion, a rise of Fr. 23.1 billion in the first eight months having been partly offset by a decrease of Fr. 9.5 billion during the months September-December.

Table 8.

## SUMMARY OF BALANCE OF PAYMENTS

*(Billions of francs)*

	Net current transactions	Net movement in capital funds		Errors and omissions	Total corresponding to the movement of the National Bank of Belgium's exchange reserves (1)
		of banks, enterprises and individuals	of public authorities		
1966 .....	- 4.8	+ 0.7	+ 4.6	+ 0.3	+ 0.8
1967 .....	+ 10.1	+ 3.1	- 2.1	+ 0.9	+ 12.0
1968 .....	+ 1.8	- 19.7	- 4.0	+ 1.5	- 20.4
1969 .....	+ 4.2	+ 0.4	+ 3.6	+ 1.6	+ 9.8
1970 .....	+ 37.4	- 4.4	- 10.5	- 3.2	+ 19.3
1970 First 11 months .....	+ 35.3	- 2.9	- 7.9	- 2.9	+ 21.6
1971 First 11 months ... <i>p</i>	+ 36.1	+ 10.7	- 30.3	- 1.1	+ 15.4
of which :					
First 8 months ... <i>p</i>	(+ 26.3)	(+ 21.0)	(- 26.0)	(+ 1.8)	(+ 23.1)
Sept.-November ... <i>p</i>	(+ 9.8)	(- 10.3)	(- 4.3)	(- 2.9)	(- 7.7)

(1) See Table 9, column 5. Departing from the usual presentation of the balance of payments, the movement of the National Bank's reserves constitutes, in the above layout, the only item financing the balance of payments; the movements of funds usually recorded in the other financing items have in fact been included « above the line », that is, with all the balance of payments categories which constitute the usual items to be financed. This presentation has been adopted in order to bring out more clearly, in view of the circumstances, the incidence of various kinds of movements of funds with foreign countries on the official compensatory flows represented by the changes in the National Bank's exchange reserves. Table 2 of Annex 6 shows which categories from this table and the preceding tables have to be included in order to obtain the total of financing as shown in the usual presentation.

*p* Provisional figures.

The expansion during the first eight months was mainly accounted for by assets held at the International Monetary Fund; the National Bank's claim resulting from Belgium's participation in the Fund rose by Fr. 10.3 billion and acquisitions of special drawing rights amounted to Fr. 6.6 billion. The gold holding and assets in foreign currencies increased to a smaller extent, namely by Fr. 5.7 billion for the former and Fr. 3.2 billion for the latter. The increase in the gold holding was the result of transactions with the U.S. Treasury, the International Monetary Fund and the Belgian Treasury; on the one hand, the National Bank purchased gold against dollars from the U.S. Treasury to the value of Fr. 5.5 billion and against Belgian francs from the Fund for an amount of Fr. 2.4 billion; on the other hand, it sold gold to the Belgian Treasury to the value of Fr. 2.2 billion with a view to the repayment of certificates

denominated in gold held by the Bank for International Settlements. Despite the afore-mentioned conversions of foreign currency assets, the claim held under the swap agreements with the Federal Reserve Bank of New York increased by Fr. 19.6 billion as a result of transactions carried out by the National Bank to provide forward cover for the dollars acquired by its interventions on the regulated exchange market; in the opposite direction, Fr. 17.2 billion of foreign currencies held as a counterpart of forward sales to the Treasury was transferred to the latter at the time of its debt repayments.

Table 9.

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

(Changes in billions of francs)

	Foreign exchange reserves					Belgian franc acceptances representing exports	Grand total
	Gold holding	Assets held at the International Monetary Fund	Assets in foreign currencies	Miscellaneous	Total		
1966 .....	- 1.7	+ 3.0	- 0.5	...	+ 0.8	+ 0.9	+ 1.7
1967 .....	- 2.2	- 2.0	+ 14.7	+ 1.5	+ 12.0	+ 0.4	+ 12.4
1968 .....	+ 2.2	- 1.3	- 18.0	- 3.3	- 20.4	+ 6.2	- 14.2
1969 .....	- 0.2	- 7.3	+ 17.1	+ 0.2	+ 9.8	- 4.4	+ 5.4
1970 .....	- 2.5	+18.6 <sup>(2)</sup>	+ 3.4	- 0.2	+ 19.3	- 7.9	+ 11.4
1971 .....	+ 3.7	+17.0 <sup>(2)</sup>	- 4.4	- 2.7	+ 13.6	+ 3.9	+ 17.5
of which :							
First 8 months ...	(+ 5.7)	(+16.9) <sup>(2)</sup>	(+ 3.2)	(- 2.7)	(+ 23.1)	(- 0.5)	(+ 22.6)
Sept.-December .	(- 2.0)	(+ 0.1)	(- 7.6)	(...)	(- 9.5)	(+ 4.4)	(- 5.1)
1970 First 11 months .	+ 0.4	+10.1 <sup>(2)</sup>	+ 10.9	+ 0.2	+ 21.6	- 9.5	+ 12.1
1971 First 11 months .	+ 4.7	+17.0 <sup>(2)</sup>	- 1.3	- 5.0	+ 15.4	+ 2.4	+ 17.8

<sup>(1)</sup> See Annex 6, Table 3.

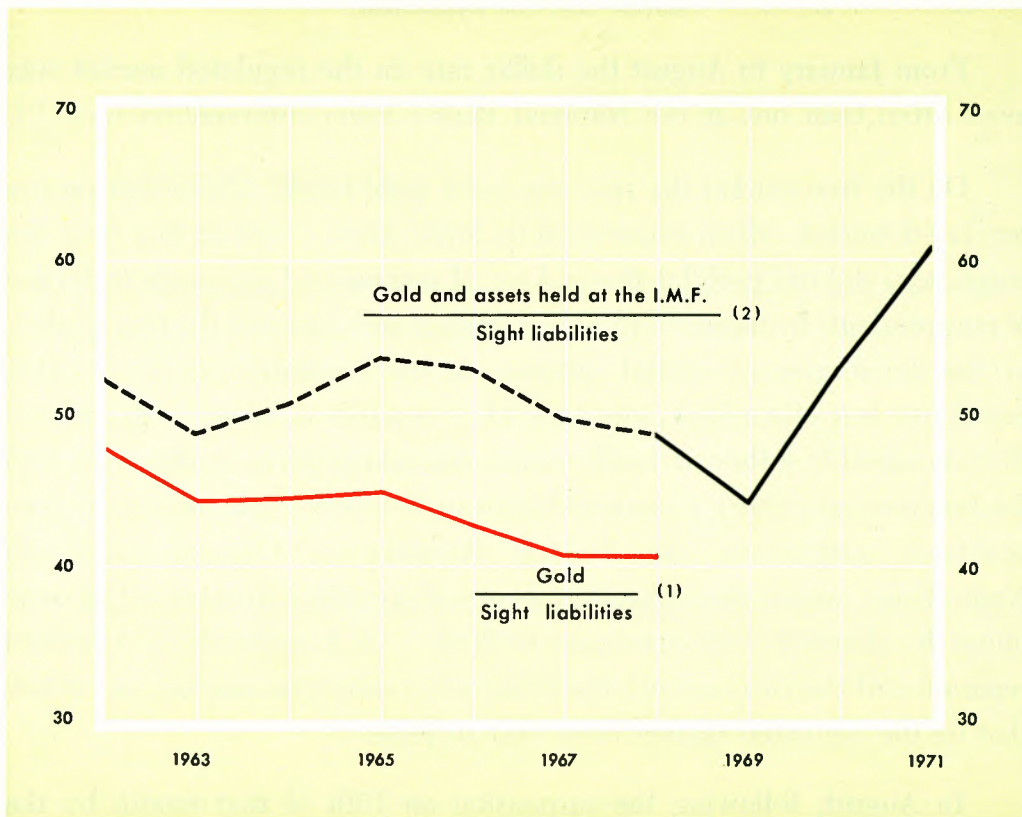
<sup>(2)</sup> Not including the amount of the special drawing rights received by Belgium as an allocation.

During the months September-December the exchange reserves declined, although the National Bank no longer intervened on the foreign exchange market except in guilders. The gold holding decreased by Fr. 2 billion, mainly owing to repayments of Treasury certificates denominated in gold and sales to the Nederlandsche Bank under the

Benelux monetary agreement. Similarly, foreign currency holdings fell by Fr. 7.6 billion; dollars held under swap agreements were repurchased for Belgian francs by the Federal Reserve Bank of New York and foreign exchange was sold to the public sector, mainly in order to meet its debt-repayment requirements. Other miscellaneous assets and liabilities

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

(In per cent at the end of each year)



(1) Until 6th October, 1960, this proportion had to be at least one-third, under the Organic Law and Statutes of the Bank.  
(2) Since 7th October, 1960, this proportion must be at least one-third.

underwent no change, whereas they had declined by Fr. 2.7 billion in the first eight months. These comprise the debt to the Nederlandsche Bank resulting from the Benelux agreement; the outstanding amount of this debt rose from Fr. 2.4 billion at the end of August to a maximum of Fr. 6.4 billion

at the end of September, subsequently falling back to Fr. 1.4 billion at the end of December.

The external assets which constitute the cover for the National Bank's sight liabilities represented 61.1 p.c. of these liabilities on 31st December, against 53.4 p.c. a year earlier.

The movement of rates on the foreign exchange markets reflected that of foreign payments and the effect of the decisions adopted in the field of foreign exchange by the Belgian and foreign authorities.

From January to August the dollar rate on the regulated market was more often than not at the National Bank's lower intervention limit <sup>(1)</sup>.

On the free market the rate was until April hardly above that on the regulated market, which constituted its lower limit. For at that time the regulations did not prohibit the making of commercial payments in favour of non-residents by means of foreign exchange purchases on the free market, or the occurrence of capital inflows via the regulated market. This possibility was eliminated from 11th May onwards in order to discourage the considerable inflow of funds which was taking place at that time into the Belgian-Luxemburg Economic Union and also into some other European countries, particularly the Federal Republic of Germany and the Netherlands, where the authorities were endeavouring to achieve the same object by allowing their currencies to float. As a result of the increased separation of the two markets, the dollar rate on the free market was below that on the regulated market from May to June.

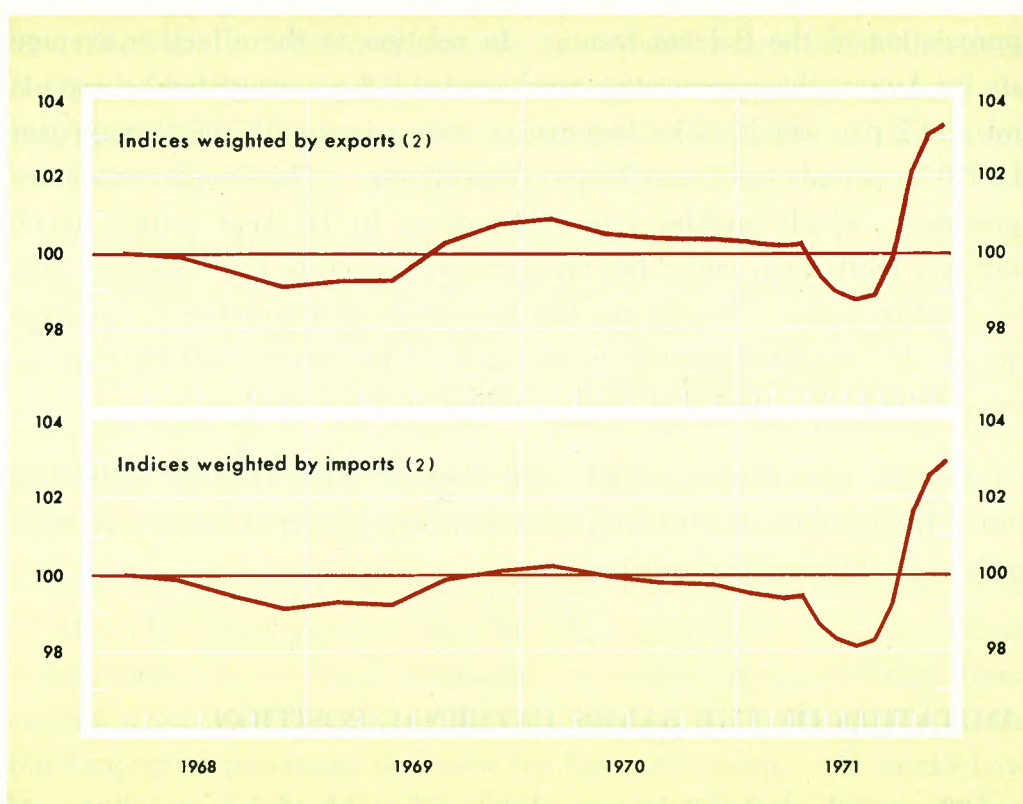
In August, following the suspension on 15th of that month by the U.S. Government of the convertibility of the dollar into gold, the Belgian Government was freed of its obligation to maintain the spot exchange rate between the Belgian franc and the dollar, on the regulated market, within the limits fixed by international monetary agreements. The National Bank therefore discontinued its interventions in dollars. As a result of this, in

<sup>(1)</sup> See Annex 6, Table 4.

the absence of appropriate arrangements with the other countries, the rates for their currencies were governed by the interplay of supply and demand, as had already been the case since May with the German mark and the guilder. However, with regard to the latter, an arrangement was concluded between the Governments of the Benelux countries to keep its rate again within the limits of 1.5 p.c. on either side of its parity with the Belgian franc.

AVERAGE WEIGHTED VALUE OF THE BELGIAN FRANC  
ON THE REGULATED EXCHANGE MARKET <sup>(1)</sup>

(Indices, first half 1968 = 100)



(1) 1968-1970 : daily averages per quarter; 1971 : daily averages per month.  
(2) These indices are obtained by weighting the indices of the rate for the Belgian franc in terms of each currency by the relative importance of the Belgian-Luxembourg Economic Union's trade with the country or area of that currency.

During this period of floating rates, the average weighted rate for the Belgian franc on the regulated market steadily appreciated, although the extent of this appreciation remained fairly modest, the index for the rate

weighted by exports having risen between August and the first part of December by 4.6 p.c., and that weighted by imports by 4.7 p.c. In comparison with the first quarter of 1970, during which the Belgian franc had moved upwards within the intervention margins, the rise of the index is even more modest, having amounted to 2.6 p.c. in both cases. The appreciation is considerably less than that which is found when the comparison is confined solely to the unweighted rate for the Belgian franc in relation to the dollar.

The « central rates » which resulted from the agreement concluded on 18th December between the members of the Group of Ten confirmed an appreciation of the Belgian franc. In relation to the effective average rate for August this appreciation works out at 3.8 p.c. weighted by exports and at 4.2 p.c. weighted by imports; in comparison with the first quarter of 1970 it amounts to 1.7 and 2.1 p.c. respectively. The Benelux monetary agreement, which enables rate fluctuations to be kept within much narrower limits than under the arrangements made in the Group of Ten, was kept in force. During the last two weeks of December the average rate on the regulated market, weighted both by exports and by imports, was a little higher than that corresponding to the central rates.

On the free market, supply and demand were roughly equivalent during the last four months, and rates therefore settled at levels very close to those of the regulated market.

#### **LIMITATION OF THE BANKS' EXTERNAL POSITION.**

The trend of the Belgian and Luxemburg banks' spot position in foreign currencies and of their net liabilities in francs to non-residents had resulted, for the reasons already stated, in very large inflows during the early months of the year. There was a danger that these inflows, occurring at a time when other private capital movements and the surplus on current operations, including the influx of funds connected with commercial transactions, were already providing the banks with ample resources, might



nullify the course of action which the monetary authorities were intending to pursue in order to control bank liquidity.

For this reason the National Bank in March called upon the Belgian banks to exercise moderation in operations causing them to incur indebtedness or increase their indebtedness to non-residents. If it found that banks were not complying with this recommendation, it would reduce their rediscount and visa ceiling.

The net external position of a bank was defined as comprising its spot assets and liabilities in foreign currencies in relation to foreign countries and Belgium, and in Belgian francs in relation to foreign countries; the assets as defined did not, however, include any credits which could directly or indirectly add to the cash holdings of Belgian enterprises, or assets and liabilities in Belgian francs in relation to the Grand Duchy of Luxemburg, in view of the monetary association with that country.

The limit set to the net external debtor position of each bank was fixed at the higher of the following two amounts : that at the end of February plus 10 p.c., or the end-of-month average from September, 1970 to February, 1971, plus 1.5 p.c. of the average, on the same dates, of the gross liabilities taken into account. These limits were therefore rather generously calculated on the basis of a de facto situation and still leaving a margin to allow for any special transactions which might take place.

During the weeks which followed the international monetary events of May the banks pointed out that the aggravation of their external indebtedness was no longer primarily due to the foreign exchange transactions which they themselves carried out with non-residents but to the building-up of provisions of francs for foreign account. It would have been unfair and probably ineffective to try to offset the effect of these inflows of funds on the volume of domestic liquidity by lowering the rediscount and visa ceiling of the banks which were receiving unwelcome contributions of foreign funds; the National Bank therefore came to an agreement, at the beginning of June, with the Belgian Bankers' Association to replace the lowering of the rediscount and visa ceiling by payments into a special account held with it.

The terms governing these payments were as follows : each week the banks reported to the National Bank an estimate of their external position and when the average of this position and of that at the end of the preceding month exceeded the permitted limit they lodged, until the next report, a deposit on a special account equal to the excess; the average of these deposits for the month was taken into consideration in the check carried out by the National Bank on the basis of the end-of-month statement; where there was still an excess, the bank in question was under the obligation to make an additional deposit for a fortnight.

Table 10.

EXTERNAL POSITION OF BELGIAN BANKS  
(Billions of francs)

	Net position (end of month)					Total of limits set to net debtor position of each bank (end of month)	Deposits in special account with National Bank of Belgium	
	Foreign currencies			Belgian francs in relation to foreign countries (2)	Grand total		for weekly excesses (daily averages)	for excesses at end of month (3)
	in relation to foreign countries	in relation to Belgium (1)	Total					
1970 June .....	-25.4	+24.4	- 1.0	-22.4	-23.4	—	—	—
December .....	-22.3	+22.5	+ 0.2	-26.1	-25.9	—	—	—
1971 March .....	-17.7	+14.0	- 3.7	-26.5	-30.2	-38.3	—	—
April .....	-17.2	+13.0	- 4.2	-29.7	-33.9	-38.3	—	—
May .....	-17.5	+ 8.6	- 8.9	-31.2	-40.1	-38.3	1.5(4)	2.5
June .....	-12.7	+ 6.9	- 5.8	-26.5	-32.3	-38.4	1.5(4)	0.5
July .....	-14.3	+ 6.3	- 8.0	-26.1	-34.1	-38.4	1.7	1.0
August .....	-15.0	+ 6.9	- 8.1	-25.9	-34.0	-38.4	2.2	1.3
September .....	-10.8	+ 4.5	- 6.3	-25.9	-32.2	—	2.9(5)	—

(1) Not including credits to enterprises and individuals.

(2) Not including credits to enterprises and assets and liabilities in relation to the Grand Duchy of Luxembourg.

(3) Deposits lodged in respect of excesses at the end of the month in question; owing to the periods of time required for preparing and checking the accounting documents, these deposits did not appear in the National Bank of Belgium's statement of account until about a month after the date to which they related.

(4) The average amount in June of the deposits for weekly excesses was taken into consideration in determining the additional deposits to be lodged for excesses at the end of May and the end of June; it therefore appears opposite each of these two months in the above table.

(5) First fortnight.

The net external debtor position of the banks as a whole increased steadily until April and then, after a very sharp but partly accidental rise in May, remained at a fairly stable level until the end of the summer. The amount whereby the individual limits were exceeded showed a similar movement; from the end of May onwards these excess amounts entailed the lodging of special deposits with the National Bank.

Owing to the situation created on the foreign exchange markets by the suspension of the convertibility of the dollar into gold and the resultant decision by Belgium no longer to maintain the rate for that currency within the regulation limits, the National Bank suspended, from 16th September, its recommendations concerning the banks' net external debtor position.

For its part, the Belgian-Luxemburg Foreign Exchange Institute suspended in November the application of the measures adopted in 1969 and 1970 to limit, as far as the regulated market was concerned, each bank's net spot assets in foreign currencies and the total of its advances in francs to non-residents.

## **PUBLIC FINANCES.**

At the end of the first ten months the **ordinary budget** resulted in a net revenue surplus of Fr. 3.1 billion, against Fr. 6.2 billion in 1970. The increase in revenue amounted to 10.6 p.c. and that in expenditure to 12.2 p.c., after reinclusion of the operations of the Economic Expansion and Regional Reconversion Fund and of the amounts eliminated from the budget in 1971 owing to the transformation of specialised departments of the administration into autonomous boards.

On the revenue side, the whole of the surplus was due to tax revenues, primarily the Preliminary Business Tax, and to the yield of the value-added tax and the retained stamp duties. The main increases in expenditure were in respect of national education and culture, communications, pensions and transfers to local authorities.

The overall deficit on the **extraordinary budget** and the Road Fund rose, for the first ten months, from, Fr. 39.1 billions in 1970 to Fr. 51.3 billion. This sharp rise in the deficit is attributable to the increase in public capital expenditure. The programme of commitments, the amount of which was originally Fr. 56.6 billion, was subsequently increased by Fr. 14.8 billion. This increase was due, on the one hand,

to the need to meet unforeseeable expenditures and to the fact that the general budget statement for 1971, containing the initial programme, was not able to take into account certain commitments which were subject to prior consultations not yet completed at the time of its publication and, on the other hand, to the Government's decision to step up public works in order to compensate for the effects of a certain falling-off of the rate of expansion of the economy in general and of building in particular. For the year as a whole the Fr. 71.4 billion of commitments of the ministerial departments and the Road Fund were going to lead, according to the adjusted forecasts, to outlays totalling Fr. 63.7 billion, or 31 p.c. more than the Fr. 48.6 billion spent in 1970.

Table 11.

THE GOVERNMENT'S NET FINANCIAL REQUIREMENTS

(Billions of francs)

	Balance of budgetary transactions (1)			Other net inflows (+) or outflows (-) of funds (4)	Net outflows of funds (e) = (c) + (d)	Public debt repayments included in budgetary expenditure (f)	Government's net financial requirements (g) = (e) + (f)
	Ordinary budget (2)	Extra-ordinary budget (3)	Total (3)				
	(a)	(b)	(c) = (a) + (b)				
1966 .....	- 3.3	-30.1	-33.4	+ 2.0	-31.4	14.3	-17.1
1967 .....	- 2.1	-36.1	-38.2	- 0.1	-38.3	15.3	-23.0
1968 .....	- 5.1	-41.7	-46.8	- 3.0	-49.8	15.7	-34.1
1969 .....	- 5.1	-45.7	-50.8	+ 0.3	-50.5	22.4	-28.1
1970 .....	+ 5.6	-48.8	-43.2	- 1.6	-44.8	21.0	-23.8
1970 First 10 months .	+ 6.2	-39.1	-32.9	- 1.9	-34.8	17.8	-17.0
1971 First 10 months .	+ 3.1	-51.3	-48.2	+ 0.6	-47.6	15.7	-31.9

Source : Ministry of Finance.

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

(2) See Annex 6, Table 5.

(3) Including the expenditure of the Road Fund.

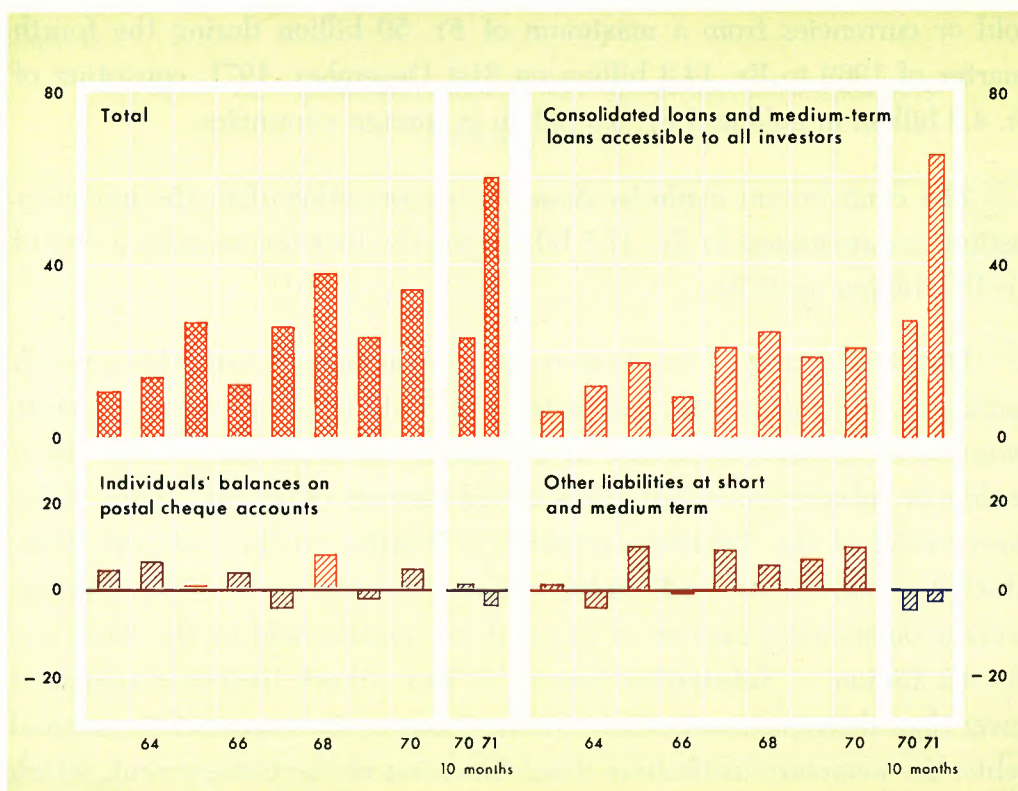
(4) Excluding inflows and outflows resulting from changes in the public debt.

The Government's net financial requirements amounted, for the first ten months, to Fr. 31.9 billion, against Fr. 17 billion in 1970, allowance being made for the trend of the overall balance of the budget and for the other inflows and outflows of funds, and after deduction of the public debt

redemption included in the ordinary budget. The requirements were more than covered by recourse to the domestic capital market, which amounted to Fr. 59.8 billion, against Fr. 23.1 billion the previous year; the whole of these funds were raised by net issues of consolidated loans, the outstanding amount of which increased by Fr. 65.4 billion, while the floating debt was reduced by Fr. 5.6 billion.

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

(Changes in billions of francs)



(1) See Table 12, column (d).

The size of the contributions from the Belgian market as a whole, further confirmed upon the issue in October of two Government loans, the gross proceeds of which reached the record level of Fr. 47 billion, caused the Treasury to abandon the agreements signed at the beginning of the year with the banks and certain categories of non-monetary financial

intermediaries, stipulating that to the extent of at least 50 or 60 p.c., depending on the category, the main additional resources obtained from customers would be devoted to investments in short paper and long-term securities.

Already begun in 1970, the reduction of the foreign debt, which comprises both the Treasury's direct liabilities and those which it bears via the Belgian monetary institutions, was accentuated in 1971 : for the first ten months it amounted to Fr. 27.9 billion, against Fr. 6.1 billion. The repayments made since 1970 reduced the Government's floating debt in gold or currencies from a maximum of Fr. 50 billion during the fourth quarter of 1969 to Fr. 14.3 billion on 31st December, 1971, consisting of Fr. 4.8 billion in gold and Fr. 9.5 billion in foreign currencies.

The contribution made by domestic sectors other than the monetary institutions amounted to Fr. 37.5 billion for the first ten months, a rise of Fr. 15.4 billion on 1970.

Direct financing of the Government by monetary institutions, which had been negligible in 1970, amounted in 1971 to Fr. 22.3 billion, primarily owing to a substantial increase in the banks' holdings, partly offset by a decline in balances entrusted to the Postal Cheque Office and above all by the reversal of the Treasury's position in relation to the National Bank, which had moved into credit at the end of October; for the whole year the average outstanding amount of Treasury certificates held by the Bank was Fr. 6.2 billion. Substantial though it was, direct financing remained lower than the repayments made by the Treasury in respect of its external debts; the monetary institutions' total financing of the Government, which includes that provided indirectly through recourse to foreign markets, thus declined during the first ten months by Fr. 5.6 billion, which was close to the amount of the reduction in 1970.

With regard to direct financing of the Government by the National Bank, an initial period of three years has elapsed since the limit of the agreed credit line opened for the Treasury was increased from Fr. 10 to 16 billion by the Convention of 30th March, 1968 which entered into force

on 1st September of that year and is subject to revision every three years. It was the Government's intention, by this Convention, to give the use of its option for recourse to the National Bank the normal mobility of a cash facility provided in order to cover cash deficits during the year. This utilisation was not to exceed, on average over a period of three years, two-thirds of the limit. During the period from 1st September, 1968 to 31st August, 1971 the average actual use made was Fr. 11.5 billion or 72 p.c. At the end of the first three-year period the Minister of Finance did not call for a re-examination of the Convention.

Table 12.

MEETING OF THE GOVERNMENT'S NET FINANCIAL REQUIREMENTS

(Billions of francs)

	Government's recourse to the Belgian market				Government's recourse to foreign markets (3)	Grand total (4)	of which : Direct and indirect financing of the Government by monetary institutions (5)
	Monetary institutions (1)	Private savings banks, General Savings Fund, public financial credit intermediaries (2)	Others (1) (2)	Total			
	(a)	(b)	(c)	(d) = (a) + (b) + (c)			
1966 .....	+ 6.9	- 1.4	+ 6.7	+ 12.2	+ 4.9	+ 17.1	+ 11.8
1967 .....	+ 3.9	+ 9.2	+ 12.4	+ 25.5	- 2.5	+ 23.0	+ 1.4
1968 .....	+ 27.4	+ 4.6	+ 5.8	+ 37.8	- 3.7	+ 34.1	+ 23.7
1969 .....	+ 15.0	- 0.4	+ 8.4	+ 23.0	+ 5.1	+ 28.1	+ 20.1
1970 .....	+ 14.9	+ 12.6	+ 6.7	+ 34.2	- 10.4	+ 23.8	+ 4.5
1970 First 10 months .	+ 1.0	+ 13.0	+ 9.1	+ 23.1	- 6.1	+ 17.0	- 5.1
1971 First 10 months .	p + 22.3	+ 24.9	p + 12.6	+ 59.8	- 27.9	+ 31.9	p - 5.6

(1) Where appropriate, the Treasury's credit balance with the National Bank of Belgium is subtracted from its indebtedness to the 'monetary institutions', column (a), and its provisional investments in commercial bills are deducted from its indebtedness to 'others', column (c).

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

(3) See Table 7, total of columns (b) and (d).

(4) See Table 11, column (g), and Annex 6, Tables 6 and 6bis.

(5) The Government's recourse to foreign markets, including that arranged via the monetary institutions, is regarded as indirect financing by the latter.

p Provisional figures.

Insofar as it was possible to record them, the **other public authorities'** net financial requirements amounted altogether, for the first ten months of 1971, to a little less than in 1970. Requirements connected with

expenditure by the associations of local authorities set up for the building of motorways rose from Fr. 6.9 billion in 1970 to Fr. 10 billion; on the other hand, the local authorities' requirements, measured by their net public issues of loans plus the change in their net indebtedness to the Belgian Municipal Credit Institution, fell from Fr. 15.5 billion in 1970 to Fr. 10.5 billion in 1971, mainly because in October of the latter year the rate of Government transfers to the provinces and municipalities was higher than in the previous year.

For the first ten months the net financial requirements of the Government and those, mentioned above, of the other public authorities rose from Fr. 39.4 billion in 1970 to Fr. 52.4 billion.

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

During the first ten months of 1971 the outstanding amount of **credits opened** by the banks, excluding advances to non-residents, increased much more than in 1970. The outstanding amount of credits opened to finance capital expenditure having increased less than in 1970, the acceleration was accounted for by short-term credits alone.

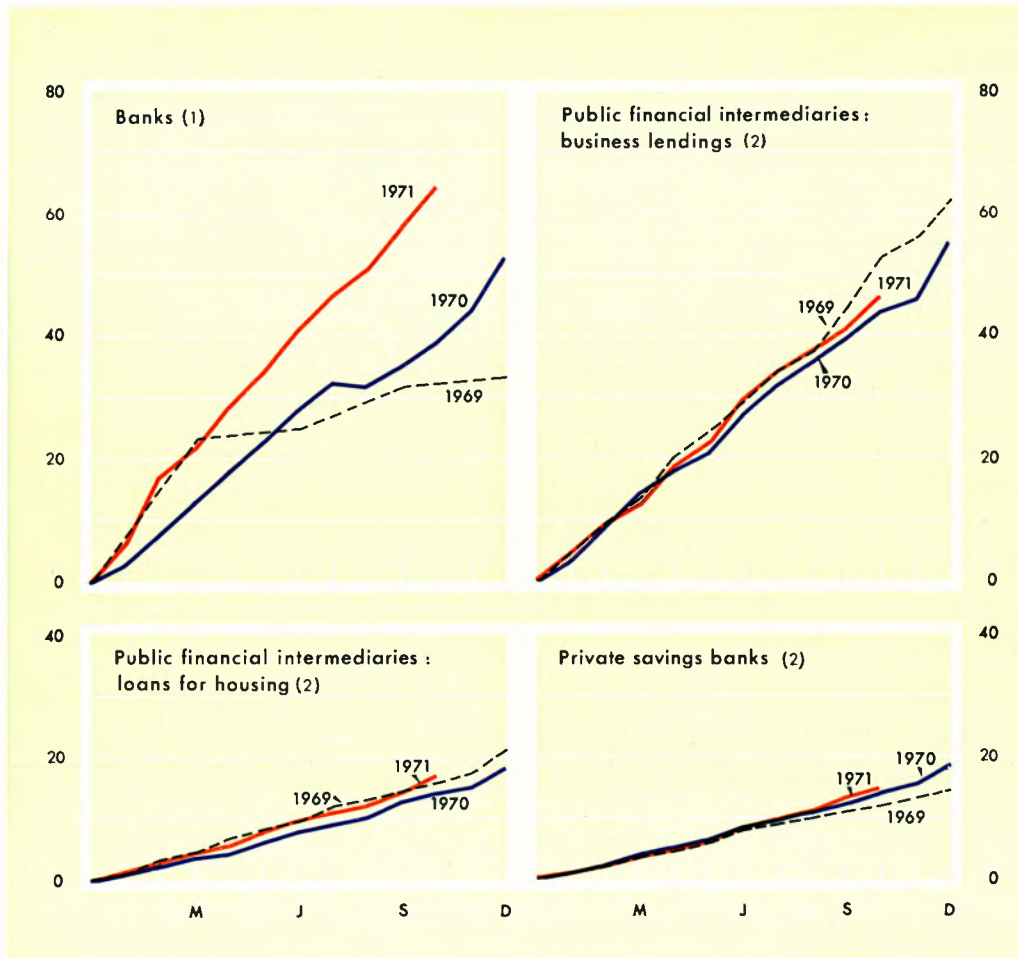
The reported amount of new credits opened by other intermediaries, which was distinctly less in 1970 than in 1969, showed a moderate but general increase again in 1971.

The **outstanding used amount of credits** granted to enterprises and individuals by all financial intermediaries increased by Fr. 55.9 billion during the first ten months, against Fr. 43.9 billion in 1970. The increase was larger in absolute terms than in the previous year both for credits to enterprises and for those to individuals. For these credits combined, however, it still only represents a rate of expansion of 8.2 p.c., which is relatively low compared with the preceding years.



## CREDITS OPENED

*(Cumulative data, in billions of francs, since the beginning of the year)*



(1) Changes in outstanding amounts of credits opened of Fr. 1 million or above excluding advances to non-residents.  
 (2) New credits granted.

The rise in enterprises' credit requirements was due to the increase in their capital expenditure, at least on stocks of finished products, this increase having more than counterbalanced the favourable effect produced on their cash situation by the change-over from the sales tax system to that of the value-added tax. The growth in their recourse to credit was mainly accounted for by short-term credits.

The greater increase in the outstanding used amount of credits granted to individuals was solely in the form of building credits, mainly due to the

trend of credit for social housing, since the rise in other housing credit was hardly any greater than in 1970.

Table 13.

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

Classified according to the institutions which originally granted them

(Changes in billions of francs)

	Monetary institutions			Non-monetary institutions					Grand total
	Banks	National Bank of Belgium	Total	Public financial intermediaries		General Savings and Pensions Fund	Private savings banks	Total	
				which specialise in business lendings	which specialise in loans for housing				
1966 .....	+20.0	+ 0.1	+20.1	+15.8	+ 2.9	+ 8.0	+ 7.7	+34.4	+54.5
1967 .....	+25.9	+ 0.3	+26.2	+17.0	+ 3.5	+ 6.0	+ 8.0	+34.5	+60.7
1968 .....	+25.7	- 0.3	+25.4	+18.4	+ 3.4	+ 9.2	+ 5.2	+36.2	+61.6
1969 .....	+10.5	+ 0.6	+11.1	+21.9	+ 3.8	+12.9	+ 8.4	+47.0	+58.1
1970 .....	+25.2	- 0.2	+25.0	+19.3	+ 5.5	+ 6.4	+ 8.5	+39.7	+64.7
1970 First 10 months	+19.7	- 1.0	+18.7	+12.8	+ 4.8	+ 1.5	+ 6.1	+25.2	+43.9
1971 First 10 months	+26.4	- 0.9	+25.5	+11.6	+ 7.2	+ 6.8	+ 4.8	+30.4	+55.9

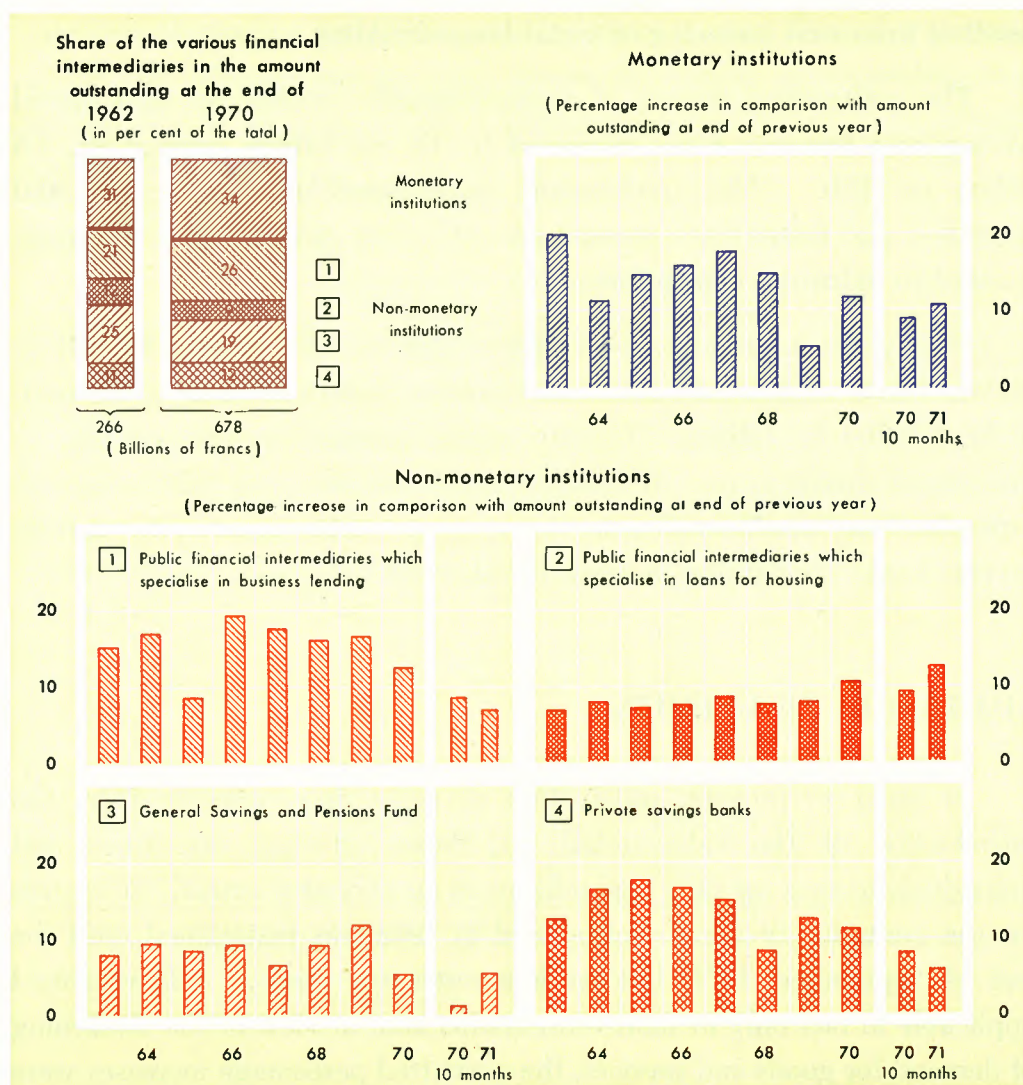
(1) Outstanding used amount of credits granted by way of discount, advance and acceptance, excluding those representing enterprises' commercial claims against non-residents. The enterprises include the public operating organisations but not the financial intermediaries.

Net drawing on credits originally granted by the monetary institutions, that is the banks and the National Bank, went up by Fr. 25.5 billion during the first ten months, against Fr. 18.7 billion in the previous year.

In the case of the banks the expansion of credit, larger for the first ten months as a whole, was small in the first and second quarters and more marked in the second half of the year, when the expected appreciation of the Belgian franc having taken place, enterprises' cash holdings no longer benefited to the same extent by the changes in the timing of foreign payments. Among the various categories of credits classified according to their apparent economic destination, only credits to building enterprises and those for financing of instalment sales and loans increased less than in 1970.

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

Classified according to the institutions which originally granted them



(1) See Table 18.

The outstanding used amount of credits originally granted to enterprises and individuals by non-monetary institutions rose by Fr. 30.4 billion, against Fr. 25.2 billion in 1970.

The public financial intermediaries which specialise in business lending increased their net contributions by Fr. 11.6 billion, against Fr. 12.8 billion

in 1970, while the outstanding used amount of credit from the public financial intermediaries which specialise in loans for housing, which had risen by Fr. 4.8 billion the previous year, went up by Fr. 7.2 billion as a result of increased financing of social house-building.

The outstanding amount of credit originally granted by the General Savings and Pensions Fund increased by Fr. 6.8 billion, against Fr. 1.5 billion in 1970. This acceleration, made possible by the substantial growth in that institution's resources in 1971, was primarily due to credits granted to industrial enterprises.

Finally, the outstanding used amount of the credits granted by private savings banks underwent successive increases, from one year to the next, of Fr. 6.1 and 4.8 billion. Credits mainly intended for the purchase or building of dwellings rose by about the same amount as in 1970, while the expansion was much smaller in the case of credits granted by private savings banks specialising in agricultural credit.

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

In order to prevent anticipation of price rises, reinforced by the introduction of the value-added tax, from inducing enterprises and individuals to step up their expenditure to an excessive extent, the system for the limitation of credits introduced in 1969 was maintained until the end of September, 1971, but on less restrictive terms. It remained applicable in fact only to short-term credits and, in view of the slackening of demand for goods and services, the permitted percentage increases were raised.

As regards the banks, the limits fixed for 1970 already no longer applied to the outstanding amounts granted by Export Credit, and for the first quarter of 1971 investment credits were also excluded from the field of application of the norms <sup>(1)</sup>.

<sup>(1)</sup> See Annex 6, Table 7.

This definition of the credits subject to limitation was maintained when norms were fixed in March for the second and third quarters. These limits were calculated in such a way that the total of credits, both those subject to limitation and those excluded from it, was allowed to increase in the first half-year and the third quarter at a speed corresponding to an annual rate of 15 p.c., which is higher than that of 13.2 p.c. actually reached in 1970.

Table 14.

LIMITATION OF BANK CREDIT

	Outstanding used amounts (billions of francs)			Total of limits fixed (billions of francs) (d)	Available margins in relation to limits fixed (e) = (d) - (c) as per- centage of (d)	Consumer credits (3) (billions of francs)	
	Total of discount, advance and acceptance credits (1) (a)	of which :				Outstanding used amounts (f)	Total of limits fixed (g)
		Credits excluded from limitation (2) (b)	Credits subject to limitation (c)				
1968 December .....	233.7	—	—	—	—	n.a.	—
1969 March .....	241.5	—	—	—	—	n.a.	—
June .....	251.1	—	251.1	257.5	2.5	n.a.	—
September .....	245.9	—	245.9	253.6	3.0	n.a.	—
December .....	243.4	—	243.4	260.9	6.7	n.a.	—
1970 March .....	246.5	10.6	235.9	(4)	(4)	n.a.	—
June .....	257.2	12.1	245.1	(4)	(4)	n.a.	—
September .....	259.2	13.2	246.0	253.9	3.1	17.4	—
December .....	275.5	13.3	262.2	270.6	3.1	17.3	17.4
1971 March .....	275.0	42.3	232.7	245.0	5.0	16.7	18.3
June .....	285.4	41.6	243.8	257.8	5.4	16.8	19.3
September .....	289.0	41.7	247.3	262.3	5.7	17.4	19.9

- (1) Excluding foreign currency advances to non-residents.  
(2) In 1970 : outstanding amounts granted by Export Credit; in 1971 : outstanding amounts granted by Export Credit and capital investment credits.  
(3) These credits form part of the total of credits subject to limitation.  
(4) The limits fixed for these dates were cancelled.  
n.a. Figures not available.

Demand for credit, which increased in absolute terms, was not, however, strong enough to enable the banks to expand the amounts outstanding at the permitted rate. Actually as early as the end of March the unused margin in relation to the overall limits was distinctly greater than usual and this situation was further accentuated at the end of June and September. In view of this state of affairs and the change in the economic outlook, it was decided on 23rd September not to prolong the system of limitation beyond 30th September.

Specific limits were fixed for the outstanding amounts of consumer credit, as had previously been done for the end of December, 1970. For the first nine months of 1971 the permitted increase was 14.4 p.c., whereas it had been nil for the last quarter of 1970. Here again, unused margins remained in relation to the norms.

All the direct credits granted by the **National Bank**, primarily through its discount agencies, are at short term. Similar norms to those in force for the banks were applied to these credits. At the end of September, the outstanding used amount of Fr. 1.4 billion was to be seen in relation to limits totalling Fr. 2 billion.

The short-term credits granted by the **other financial intermediaries** represent only a tiny proportion of their lending activities. These were subjected to limits modelled, with regard to their terms and the permitted percentages, on those applied in the case of banks.

As for the latter, the limitation on the credits originally granted by the National Bank and the other financial intermediaries was not extended beyond 30th September.

## **FINANCIAL ASSETS OF INDIVIDUALS AND ENTERPRISES.**

In 1971 the formation of domestic and foreign financial assets by individuals and enterprises in the forms recorded below was particularly large, having amounted in the first ten months to Fr. 163.8 billion, representing an increase of Fr. 57.4 billion compared with 1970.

This increase, which appears to be largely attributable to transactions by individuals, is considerably greater than that of Fr. 18.3 billions recorded in 1970. It is, however, to some extent only apparent because short-term financial assets held abroad — particularly time deposits with Luxemburg banks — which are not included in the records owing to lack of accurate data on them, declined in 1971, whereas they had risen in 1970. The

slower growth in expenditure on housing largely explains the quickening which nevertheless took place in the case of households' net financial saving, represented by their new financial assets, whether recorded or not, and less their new debts.

Table 15.

PRINCIPAL FINANCIAL ASSETS (1)

(Changes in billions of francs)

	Belgian francs					Foreign currencies			Grand total
	Cash holdings (2)	Non-monetary fixed-income assets (3)	Shares (4)	Less : Securities held by non-residents	Total	Deposits at Belgian banks	Securities (5)	Total	
1966 .....	+18.1	+ 61.0	+3.6	- (-0.2)	+ 82.9	+ 1.3	+ 6.2	+ 7.5	+ 90.4
1967 .....	+ 8.5	+ 86.6	+4.6	- (+2.8)	+ 96.9	+ 2.7	+ 4.8	+ 7.5	+104.4
1968 .....	+22.7	+ 79.5	+8.7	- (-0.5)	+111.4	+ 0.4	+12.6	+13.0	+124.4
1969 .....	+ 4.9	+ 89.6	+6.8	- (-1.1)	+102.4	+ 5.9	+15.5	+21.4	+123.8
1970 .....	+32.6 <sup>p</sup>	+101.2	+2.0	- (+1.3)	<sup>p</sup> +134.5	- 3.3	+15.0	+11.7 <sup>p</sup>	<sup>p</sup> +146.2
1970 First 10 months	+15.2 <sup>p</sup>	+ 80.2	+2.0	- (+0.8)	<sup>p</sup> + 96.6	- 2.3	+12.1	+ 9.8 <sup>p</sup>	<sup>p</sup> +106.4
1971 First 10 months	+20.3 <sup>p</sup>	+128.4	+6.2 <sup>p</sup>	- (+4.8)	<sup>p</sup> +150.1	- 1.8 <sup>p</sup>	+15.5	<sup>p</sup> +13.7	<sup>p</sup> +163.8

(1) Held by individuals and enterprises (other than financial intermediaries), including public operating organisations and certain financial intermediaries which could not be excluded in 1971 : life assurance companies, employer's liability insurance companies and pension funds.

(2) The cash holdings of the sectors described in footnote (1) have been calculated by adding together the total amount of notes and coin (see Annex 6, Table 8, third column) and the sight deposits held by enterprises and individuals (see Annex 6, Table 9, fourth column).

(3) See Table 16.

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

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

<sup>p</sup> Provisional figures.

New assets denominated in foreign currencies did not rise as fast as those denominated in Belgian francs.

Deposits in foreign currencies at Belgian banks, which had already decreased in 1970, declined further. Net purchases of securities denominated in foreign currencies rose from Fr. 12.1 billion in 1970 to Fr. 15.5 billion.

Assets in Belgian francs increased by Fr. 150.1 billion in the first ten months, against Fr. 96.6 billion in 1970.

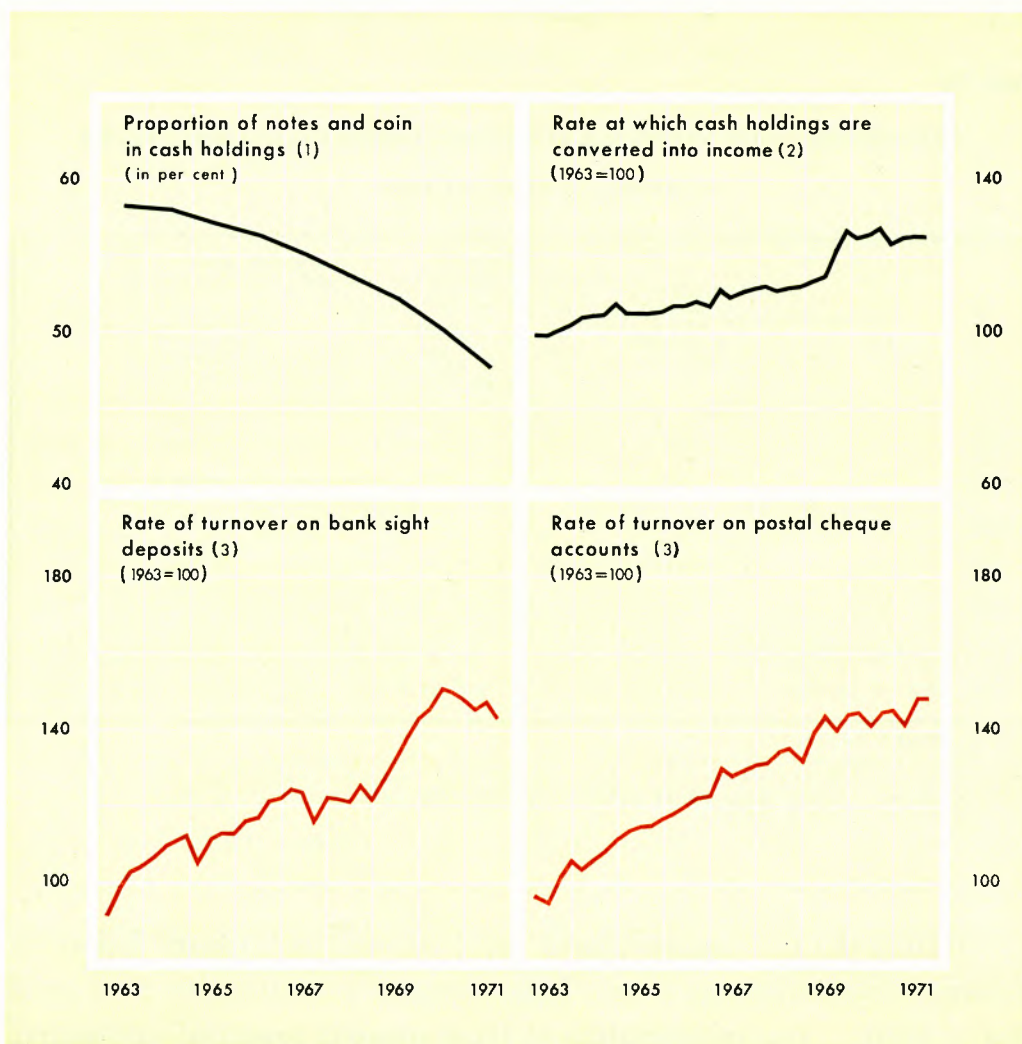
Cash holdings increased more than in 1970.





The decline in interest rates and, at the end of the year, the greater uncertainty concerning employment caused individuals and enterprises to maintain larger cash holdings in relation to their incomes and transactions. The rate at which cash holdings are converted into income and the rate of turnover on bank sight deposits were therefore lower than in 1970. These

#### COMPOSITION AND UTILISATION RATE OF CASH HOLDINGS



(1) 1971 : estimate.  
 (2) Ratio of the gross national product at current prices to the average cash holdings. Quarterly figures adjusted to eliminate seasonal variations.  
 Sources : Gross national product : National Statistical Institute and Department of Applied Economics of the Free University of Brussels.  
 (3) Monthly averages per quarter, adjusted to eliminate seasonal variations. See Annex 6, Table 10.

movements are contrary to the long-term structural trend of these two rates. On the other hand, during the second and third quarters the rate of turnover on postal cheque accounts was still above that in 1970. It was particularly influenced by the entry into force of the value-added tax, which entails the establishment and repayment of tax credits via the Postal Cheque Office.

The structural decline in the proportion of notes and coin in total cash holdings continued, having averaged 47.8 p.c., against 50 p.c. in 1970.

Table 16.

FIXED-INCOME NON-MONETARY FINANCIAL ASSETS IN BELGIAN FRANCS

(Changes in billions of francs)

	Deposits on ordinary deposit or savings books (1)	Other deposits at not more than one year		Financial assets at medium and long term		Grand total
		Total (2)	of which : Deposits at fixed date and at notice	Total (3)	of which : Bonds and medium-term notes (4)	
1966 .....	+ 18.6	+ 9.0	+ 8.2	+ 33.4	+ 29.5	+ 61.0
1967 .....	+ 23.6	+ 7.7	+ 5.4	+ 55.3	+ 46.4	+ 86.6
1968 .....	+ 27.3	+ 5.7	+ 4.4	+ 46.5	+ 38.0	+ 79.5
1969 .....	+ 11.3	+ 27.5	+ 25.7	+ 50.8	+ 46.5	+ 89.6
1970 .....	+ 7.5	+ 23.0	+ 18.7	<i>p</i> + 70.7	<i>p</i> + 63.2	<i>p</i> +101.2
1970 First 10 months .	+ 1.5	+ 19.8	+ 21.7	<i>p</i> + 58.9	<i>p</i> + 53.0	<i>p</i> + 80.2
1971 First 10 months .	+ 34.7	<i>p</i> + 9.2	<i>p</i> + 11.9	<i>p</i> + 84.5	<i>p</i> + 74.6	<i>p</i> +128.4

(1) See Annex 6, Table 11.

(2) Deposits at sight and at not more than 30 days with non-monetary financial intermediaries and deposits at fixed date and at notice, at over 30 days and not more than one year, with these intermediaries and monetary institutions.

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

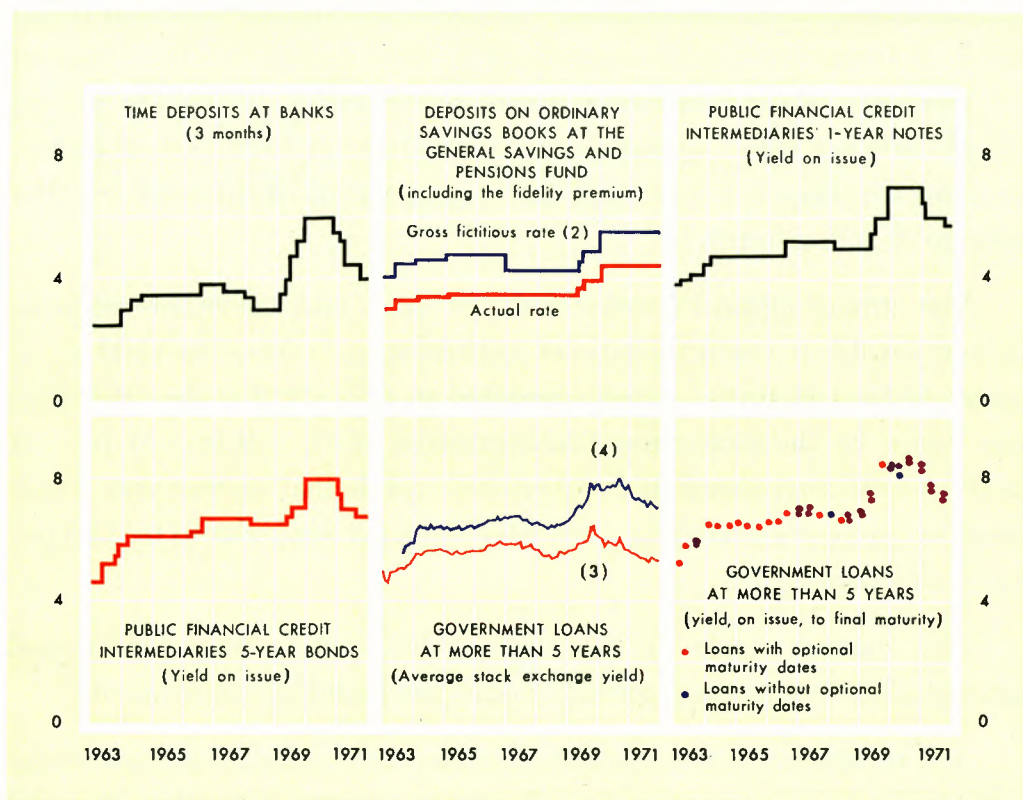
(4) See Annex 6, Tables 12, 13 and 14.

*p* Provisional figures.

During the first ten months of 1971, deposits on ordinary deposit or savings books underwent a very large increase, in contrast to their small rise in 1970. The remuneration of these deposits remained unchanged, while the rates on other non-monetary financial assets declined. Furthermore, the less favourable employment prospects induced some individuals to build up assets in this form as a precautionary measure.

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

(Per cent)



(1) Rates before deduction of taxes at source. See annex 6, Table 15.

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

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

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

The growth in other deposits at not more than one year, on the other hand, was much smaller than in 1970. The increase in the total represented by ordinary deposits at date and at notice, the rates for which were reduced during the year by 1.25 or 1.50 p.c., and by large deposits, the yields on which also decreased, declined from Fr. 21.7 billion in 1970 to Fr. 11.9 billion.

Fixed-income financial assets at medium and long term held by individuals and enterprises rose considerably faster than in the first ten months of 1970. The building-up of deposits at more than one year rose

from Fr. 5.9 to 9.9 billion and net investments in bonds and medium-term notes went up from Fr. 53 to 74.6 billion.

Admittedly the last-mentioned increase is still smaller than that in net issues of bonds and medium-term notes; this is because the financial intermediaries, whose resources increased considerably, absorbed more than half of these net issues, against less than one-third in 1970, and, of course, their investments are not included in the movements of financial assets of individuals and enterprises.

The strong demand encountered for bonds and medium-term notes made it possible to lower the rates of yield on issue. Thus the yield to the holder to final maturity, which amounted to 8.72 p.c. for the 1970-1983 loan issued by the Government in September, 1970, fell to 7.51 p.c. for the 1971-1987 loan issued in October, 1971, while that on five-year bonds issued on tap by the public financial intermediaries was reduced by 1.25 p.c. during the year.

The amounts paid in cash on public equity issues increased substantially. Some of these securities were purchased by non-residents.

The uncertain economic situation gave rise to a certain preference by individuals and enterprises for short-term assets, but the financial intermediaries with which they are held transformed a large proportion of these assets into long-term resources for the public authorities.

## **MONETARY SYSTEM.**

If the public authorities' sight deposits are added to the financial assets possessed by individuals and enterprises in the form of cash and quasi-monetary liquidity holdings at the banks, it is found that these total liabilities of the monetary institutions increased by Fr. 49.6 billion during the first ten months, against Fr. 25.7 billion in 1970.

The counterpart to the faster rise in these liabilities is represented mainly by the increase in the surplus in respect of current transactions and

enterprises' and individuals' capital movements between Belgium and abroad and also by a more pronounced rise in credits granted to enterprises and individuals. On the other hand, the monetary institutions reduced their direct and indirect financing of the public authorities, whereas in 1970

Table 17.

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

(Billions of francs)

	Money supply (1)	Quasi-mone- tary liquid assets at banks (2)	Total	Origins					
				Trans- actions with foreign countries (3)	Credits granted to enter- prises and individ- uals (4)	Financing of the public authorities		Refinanc- ing outside monetary insti- tutions (increase : -) (7)	Miscella- neous (8)
						Govern- ment (5)	Other public authori- ties (6)		
1966 .....	+21.2	+12.8	+34.0	- 4.0	+20.1	+11.8	+ 3.2	+ 3.3	- 0.4
1967 .....	+11.0	+21.6	+32.6	+17.1	+26.2	+ 1.4	- 0.1	- 6.7	- 5.3
1968 .....	+26.1	+18.2	+44.3	- 8.1	+25.4	+23.7	+ 3.1	+ 0.8	- 0.6
1969 .....	+ 9.8	+29.4	+39.2	+12.6	+11.1	+20.1	+ 2.7	+ 0.7	- 8.0
1970 .....	+32.2	+13.1	+45.3	+13.5	+25.0	+ 4.5	+ 8.6	- 7.3	+ 1.0
1970 First 10 months	+11.4	+14.3	+25.7	+11.0	+18.7	- 5.1	+ 7.8	- 4.3	- 2.4
1971 First 10 months	+23.1	+26.5	+49.6	<i>p</i> +26.7	+25.5	<i>p</i> - 5.6	<i>p</i> - 0.9	+ 2.5	<i>p</i> + 1.4

(1) See Annex 6, Tables 8 and 9. The totals of the amounts included in the last column of these two tables are equal to the amounts appearing in this column.

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

(3) Current transactions and movement in capital funds of enterprises and individuals. The figures relate to Belgium and, for 1971, cover 10 months; they are therefore not comparable with those in Tables 4, 5, 6 and 8, which relate to the Belgian-Luxemburg Economic Union and, for 1971, cover 11 months.

(4) See Table 13, third column.

(5) Including financing of the Road Fund. The movement in capital funds of the Government and of the Road Fund to and from foreign countries is included in this column. See Table 12, column (g).

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

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

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

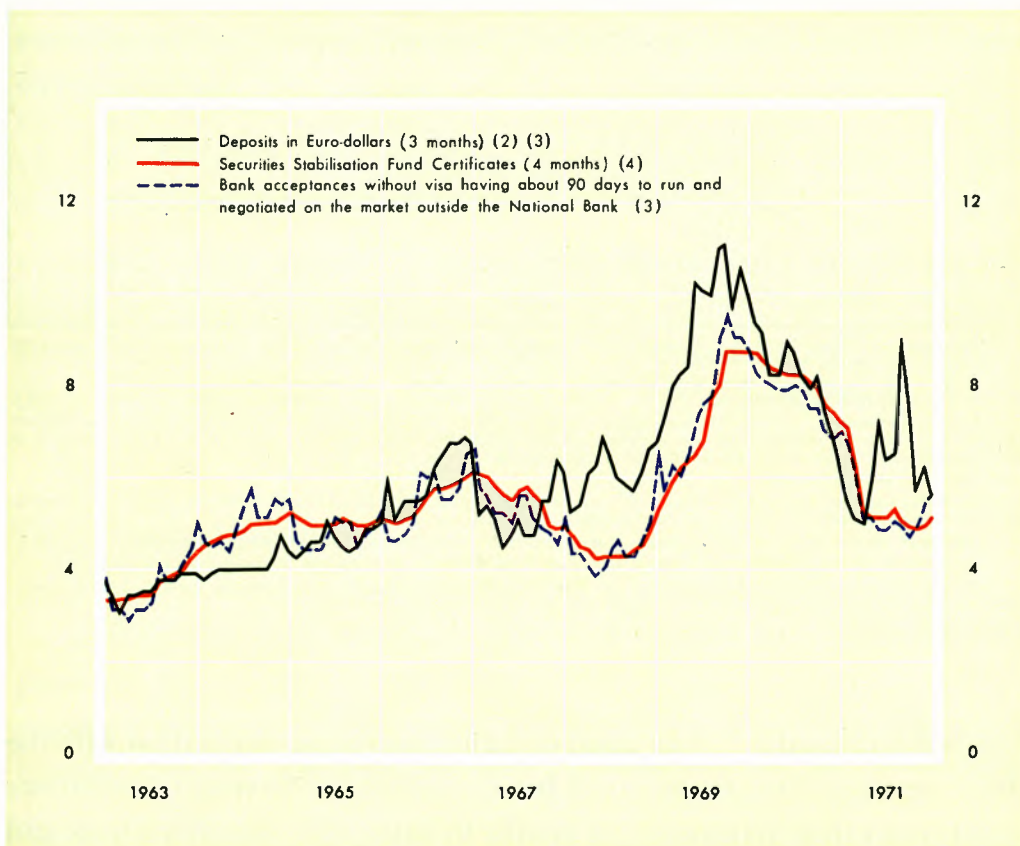
*p* Provisional figures.

they had increased it. The trend of their resources in comparison with the above-mentioned employments of funds enabled the monetary institutions to cut down their refinancing of credits to enterprises and individuals and of those representing enterprises' commercial claims on non-residents, whereas in 1970 they had had to increase this refinancing.

## MONEY MARKET.

The foreign payments surplus and the accumulation of financial savings by households, largely facilitated by that surplus, provided the financial intermediaries with very large amounts of funds; as these grew faster than demand for credit, the liquidity of these institutions increased considerably, at least during the first three quarters. This trend was reflected on the money market by the decline in rates, by the reduction of the National Bank's holding of commercial bills to a very low level and its subsequent maintenance at that level and by the scale of subscriptions for public

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



(1) See Annex 6, Table 16.

(2) Rate for investors not arranging forward cover.

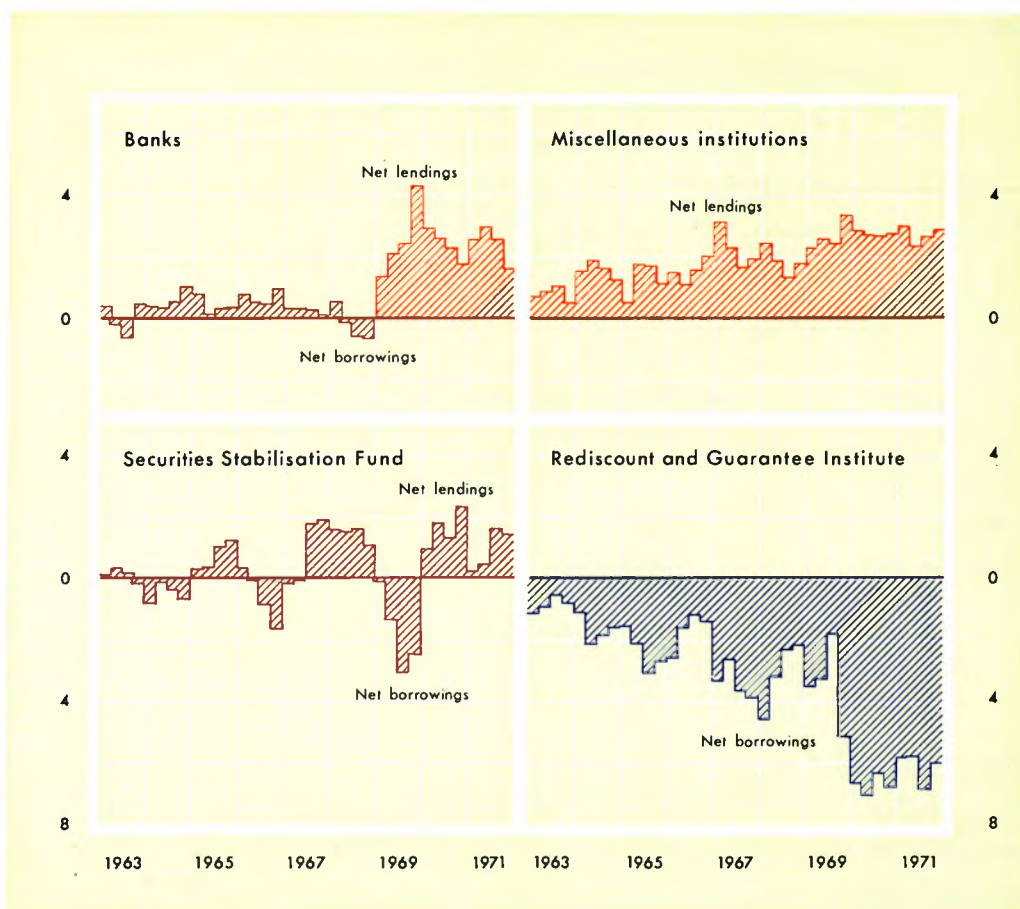
(3) Rate in force at the end of the month.

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

securities in Belgian francs at not more than one year during that period. In the last quarter the two Government loans and the contraction in the National Bank's foreign exchange reserves reduced the liquidity of the participants in the money market. The decline in rates was followed by a moderate rise.

The National Bank's basic discount rate was reduced from 6.50 to 6 p.c. on 25th March and to 5.50 p.c. on 23rd September. On the same dates the rate for advances against public long-term securities was lowered from 8.50 to 7.50 p.c. and to 7 p.c.

CALL MONEY <sup>(1)</sup>  
*(Daily averages per quarter in billions of francs)*



(1) See Annex 6, Table 17.

On the call money market the net contributions from participants other than the Securities Stabilisation Fund and the Rediscount and Guarantee Institute were, on average, of the same order as in 1970. The Rediscount and Guarantee Institute, whose holding requiring to be financed was smaller than that in the previous year, borrowed less on that market. At a counterpart to this, the Securities Stabilisation Fund reduced its net lendings.

Influenced by the slackening of demand in relation to supply and by lowerings of the rates at which the Securities Stabilisation Fund intervenes as a lender, the call money rate fell rapidly during the first quarter and subsequently remained at levels considerably lower than those for the corresponding months of 1970.

Table 18.

LOCATION OF COMMERCIAL BILLS DISCOUNTED BY BANKS  
AND OF BANK ACCEPTANCES (1)

(Billions of francs)

Average of amounts outstanding at ends of months (2)	Amount located				Total
	in banks	at the Rediscount and Guarantee Institute (3)	in other market institutions, outside the National Bank, and abroad	at the National Bank of Belgium (4)	
1966 .....	62.6	0.8	15.8	8.8	88.0
1967 .....	74.3	2.5	17.7	6.8	101.3
1968 .....	86.6	1.8	21.5	10.8	120.7
1969 .....	89.9	2.2	19.5	26.0	137.6
1970 .....	110.4	5.8	20.8	7.6	144.6
1970 1st quarter .....	102.5	5.4	18.9	12.2	139.0
2nd quarter .....	107.4	4.3	21.2	10.7	143.6
3rd quarter .....	113.9	6.4	20.3	4.7	145.3
4th quarter .....	118.0	7.2	22.8	2.7	150.7
1971 1st quarter .....	122.1	5.7	26.3	1.0	155.1
2nd quarter .....	126.7	2.2	23.3	2.2	154.4
3rd quarter .....	125.8	5.4	20.7	3.4	155.3
4th quarter .....	121.5 <sup>(5)</sup>	5.3	23.2 <sup>(5)</sup>	9.8	n.a.

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

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

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

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

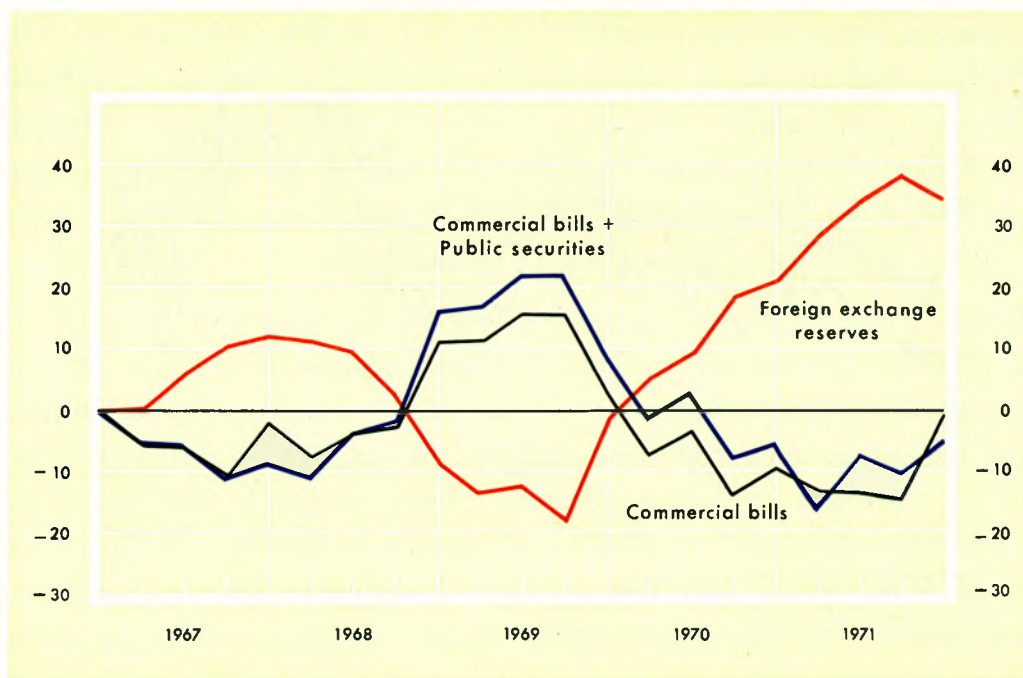
(5) October-November.

n.a. Figure not available.



The average total outstanding amount of **commercial bills and bank acceptances** rose from Fr. 150.7 billion in the last quarter of 1970 to Fr. 155.3 billion in the third quarter of 1971. This increase, and more, was accounted for by the banks. The portfolio held by various market organisations and by non-residents expanded considerably in the first quarter, subsequently decreasing again in the third quarter to near the 1970 level. This being so, the Rediscount and Guarantee Institute's holdings for its own account and, above all, the outstanding amount of bills located at the National Bank were, on average for the first three quarters, smaller than in the previous year.

MAIN COUNTERPARTS OF THE NOTES OF THE NATIONAL BANK OF BELGIUM  
(Cumulative changes, in billions of francs, since 31st December, 1966)

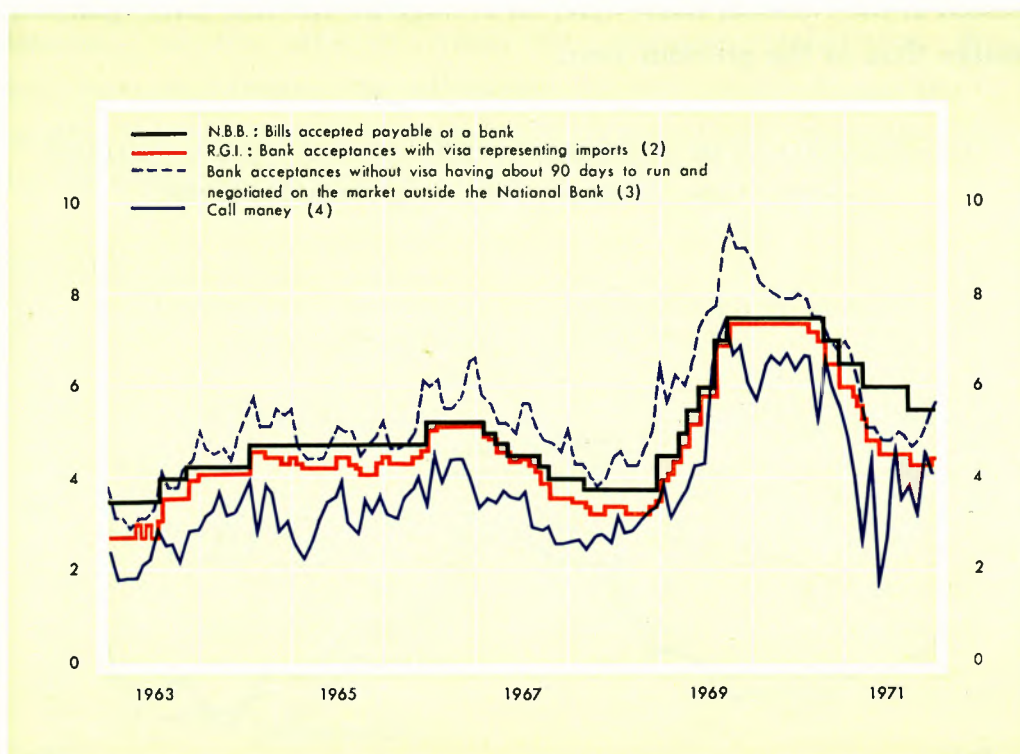


From October onwards the tightening of the money market caused changes in the location of commercial bills and bank acceptances. In comparison with the third quarter the amount located in banks was reduced by Fr. 4.3 billion in October-November and that located at the National Bank increased by Fr. 6.4 billion in the fourth quarter.

Whereas, in the first three quarters, the National Bank's portfolio of commercial bills and, more generally, that of commercial bills and public securities underwent minor fluctuations, the other important counterpart of the Bank's sight liabilities, namely the foreign exchange reserves, increased substantially. This total expansion exceeded the rise in requirements of

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

(Per cent)



(1) See Annex 6, Tables 16 and 18.  
 (2) Until 31st May, 1970 : not more than 120 days to maturity. Since then : from 61 to 120 days to maturity.  
 (3) Rates ruling at end of months.  
 (4) Daily averages per month.

notes, which explains why the Securities Stabilisation Fund and the Rediscount and Guarantee Institute saw fit to maintain balances on account with the National Bank during certain periods. In the last quarter, on the other hand, the foreign exchange reserves contracted by Fr. 3.8 billion and the Bank's portfolio of commercial bills and public securities increased by Fr. 5.1 billion.

The very high liquidity of the money market during the first nine months caused a rapid decline in rates on the market outside the National Bank. The rate for ninety-day bank acceptances without visa fell from 7 p.c. at the end of December, 1970 to 4.70 p.c. at the end of September. The various buying rates of the Rediscount and Guarantee Institute for bills with visa other than Export Credit bills and for certified bills were substantially reduced. This reduction, which exceeded that in the National Bank's discount rates, conferred an advantage on financing of foreign trade. In the last quarter, rates strengthened again slightly. That for ninety-day bank acceptances without visa was up to 5.65 p.c. by the end of December.

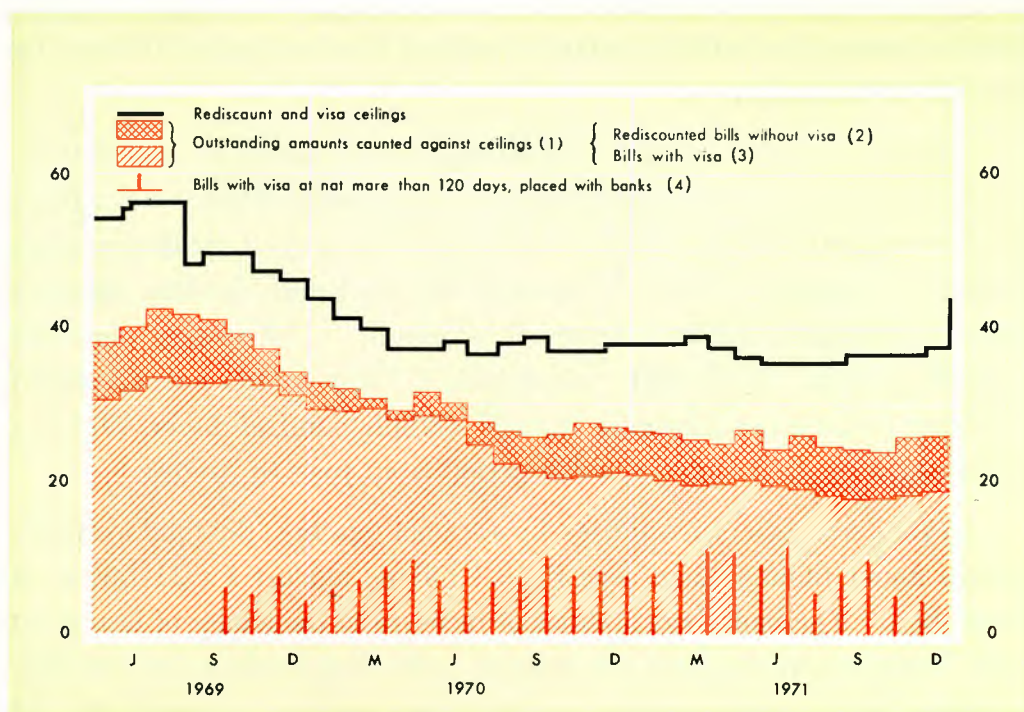
The banks' rediscount and visa ceilings were lowered by one-ninth by a decision taken by the National Bank in March, when there was a danger that the moderating effect which it still wished to exert on credit expansion might be counteracted by the growth in the banks' lending capacity resulting from the balance of payments surpluses. The ceilings were thus reduced, despite the periodic adaptation of those which are calculated according to the general formula, from Fr. 38 billion in December, 1970 to a minimum of Fr. 35.5 billions in the period from June to August.

In July, a month characterised by seasonal tensions, the total available margin under these ceilings was Fr. 9.4 billion, against Fr. 11 billion in December. The banks' possibilities of recourse to the lender of last resort were, however, greater than this margin, since their holdings on 31st July contained bills already counted against these ceilings, primarily Fr. 5.5 billion of bills with visa at not more than 120 days. Even allowing for the fact that part of the ceilings can never be used because some banks do not grant any — or not enough — credit which complies with the norms fixed by the National Bank for granting of the visa or for rediscounting, it can be said that the level of the banks' liquidity, as determined by their holdings of commercial bills mobilisable at the National Bank and by their other liquid assets, was very high at the beginning of the second half-year. The reason why the Bank, in view of this situation, did not further lower the rediscount and visa ceilings was because of the appearance of fairly clear signs that the pressures of demand were slackening.

In April the National Bank extended the choice between the certification and visa procedures to bills representing imports. Since that decision, the combined certification and visa system is as follows : bills representing exports to member countries of the European Economic Community no longer receive the visa, but are certified; those representing

#### REDISCOUNT AND VISA CEILINGS

(Billions of francs)



(1) Daily averages per month.

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

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

(4) These bills, having already been counted against the ceilings, give the banks a rediscounting facility over and above the possibility of mobilising other bills within the limits of the available margins. Data available only from the end of September, 1969, to the end of November, 1971.

exports to other countries or imports from any country can, optionally, be given the visa or be certified; however, bills representing exports against payment at medium and long term the financing of which is dealt with by Export Credit remain, irrespective of the country of destination, eligible solely for the visa procedure.

In comparison with the visa, certification has the advantage of making the outstanding amounts counted against the rediscount and visa ceilings, in practice, smaller. What happens is that paper bearing the visa is automatically counted against these ceilings as soon as it has received the visa and has less than a certain period, generally two years, to run, regardless of what institution actually finances it. Certified bills are counted against the ceilings only if they are rediscounted at the National Bank or on the market outside the Bank operated by the Rediscount and Guarantee Institute.

In December the ceilings were raised to the extent to which they had been lowered in the first half-year. At the same time the round-sum ceilings, for which no automatic adjustment is provided, were increased so as to re-establish the proportion of the total ceilings which they represented at the end of 1970; this increase was distributed among the banks concerned prorata of the combined expansion in their resources and in the mobilisable credits originally granted by them.

The size of the contributions of funds received by the financial intermediaries was also reflected, in the first nine months, in a substantial growth in their holding of **short-term public securities**. The average outstanding amounts of these securities rose from Fr. 54.1 billion in the third quarter of 1970 to Fr. 78 billion in the third quarter of 1971. The portfolio held by the public financial credit intermediaries, the General Savings and Pensions Fund and the private savings banks increased by over 50 p.c. from one period to the other. The banks' holdings also expanded considerably. Investments in public securities represented for these various institutions a necessary re-employment of funds which were abundantly provided to them by households, especially in the form of deposits on ordinary deposit or savings books, but for which there was not a corresponding rate of demand from enterprises and individuals. They supplied the Securities Stabilisation Fund with Fr. 2.7 billion and the Treasury with Fr. 21.2 billion, enabling the latter, in particular, to make large repayments on its foreign currency debt.

In the fourth quarter, the long-term loans issued by the Government partly replaced short-term public securities, either because the financial intermediaries themselves switched from the latter into the former or because individuals and enterprises subscribed to the loans using savings

Table 19.

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

(Billions of francs)

Average of amounts outstanding at ends of months (2)	Securities held by		Total securities	Resources placed at disposal (3)	
	banks	other institutions		of the Treasury	of the Securities Stabilisation Fund
1966 .....	19.9	17.1	37.0	34.4	2.6
1967 .....	20.6	25.2	45.8	42.8	3.0
1968 .....	17.2	31.3	48.5	44.6	3.9
1969 .....	14.7	27.4	42.1	40.1	2.0
1970 .....	20.5	33.3	53.8	48.5	5.3
1971 .....	23.6	48.9	72.5	65.8	6.7
1970 1st quarter .....	18.8	30.4	49.2	44.0	5.2
2nd quarter .....	20.5	35.9	56.4	51.8	4.6
3rd quarter .....	21.4	32.7	54.1	48.9	5.2
4th quarter .....	21.4	33.8	55.2	49.0	6.2
1971 1st quarter .....	20.7	44.4	65.1	59.7	5.4
2nd quarter .....	23.4	51.4	74.8	68.6	6.2
3rd quarter .....	27.1	50.9	78.0	70.1	7.9
4th quarter .....	23.1	49.0	72.1	63.9	8.2

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

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

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

previously held with financial intermediaries, which therefore reduced their outstanding amounts of short-term securities.

The rate for certificates issued by the Securities Stabilisation Fund declined steadily from 7.25 p.c. at the end of 1970 to 4.80 p.c. in mid-October. From then onwards it recovered slightly, reaching 5.15 p.c. at

the end of 1971. The rates for Treasury certificates fell during the first eleven months.

## STOCK EXCHANGE.

The recovery of quotations for Belgian variable-income securities which began in August, 1970 continued until July. This upward movement is attributable to the decline in long-term interest rates and the rise in dividends for 1970. A weaker phase followed until November in

Table 20.

### MARKETS FOR VARIABLE-INCOME SECURITIES

	Total dealings (1) <i>(Averages per session, in millions of francs)</i>	Indices of quotations (2) <i>(1963 = 100)</i>			
		For cash		Time bargains	
		Belgian securities	Belgian and Zairian securities	Belgian securities	Belgian and Zairian securities
1966 .....	70	90	88	78	75
1967 .....	80	85	84	78	75
1968 .....	133	93	97	86	101
1969 .....	147	101	106	99	120
1970 .....	111	95	100	94	113
1971 .....	166	105	109	97	117
1970 December .....	123	97	100	91	108
1971 December .....	108	101	104	93	110

(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.

connection with the measures adopted by the United States in August, which increased the uncertainties about the development of the international economic and monetary situation and the trend of business profits. In December quotations strengthened again. During that month, cash prices were 4.1 p.c., and prices for time bargains 2.2 p.c., above their December, 1970 level.

Total dealings in 1971 were 50 p.c. higher than in 1970.





Analysis of the Balance Sheet  
and Profit and Loss Account  
for the year 1971



*The conclusions of the Washington Monetary Conference changed the relationships governing exchange rate quotations, causing an appreciation of the Belgian franc.*

*On 31st December, 1971, the date to which the Balance Sheet and Profit and Loss Account commented on in the following pages are drawn up, the legal documents designed to enable this change to be incorporated in the evaluation of the National Bank's foreign assets and liabilities were still not in existence.*

*In particular, the National Bank remained bound by the unamended legal definition of the Belgian monetary unit and by the fact that on 31st December, 1971 the International Monetary Fund had not yet taken the decision which would have had the effect of changing the expression in Belgian francs of Belgium's rights and obligations as a member of the Fund and as a participant in the special drawing account. For the time being, therefore, no change has been made in the method of evaluation of the gold holding and of the items appearing in the balance sheet under the heading « International Monetary Fund ».*

*The National Bank has opened provisional accounts in its books in order to adjust its assets and liabilities in foreign currencies on the basis of the « central rates ». In the absence of legal parities between the franc and foreign currencies and in view of the cover held by the Bank, these adjustment accounts are for the present still included in the general accounts « Foreign Currencies », « Foreign Currencies and Gold receivable » and « Foreign Currencies and Gold to be delivered ».*



## ASSETS

### GOLD HOLDING.

The gold holding is shown in account at the price of Fr. 56,263.7994 per kilogramme of fine gold, corresponding to the definition of the Belgian monetary unit given in Article 1 of the Law of 12th April, 1957 concerning the status of the currency.

It amounted to . . . . .	Fr.	77,206,629,692
and consisted of :		
Gold in foreign countries . . . . .	Fr.	76,837,014,056
Gold in Belgium . . . . .	Fr.	369,615,636
	Fr.	<u>77,206,629,692</u>

During the past year the Bank recorded inflows of gold totalling Fr. 8,077,186,740, due for the most part to repurchases of dollars by the U.S. Treasury and acquisitions of Belgian francs by the International Monetary Fund <sup>(1)</sup>; it sold fine gold to the value of Fr. 4,389,957,768, mainly, on the one hand, to the Belgian Treasury, for the redemption of Treasury certificates expressed in gold and, on the other hand, to the Nederlandsche Bank in implementation of the Convention the purport of which is described on pages XIII and XIV of this Report.

The gold holding, which amounted to Fr. 73,519,400,720 on 31st December, 1970, underwent a net increase of Fr. 3,687,228,972.

### INTERNATIONAL MONETARY FUND.

On the basis of the rules in force on 31st December, 1971, the assets created by the application of the Conventions concluded between the Government and the National Bank concerning Belgium's rights and

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

obligations in its capacity as a member of the International Monetary Fund and a participant in the Special Drawing Account <sup>(1)</sup> are as follows :

*Q u o t a.*

Belgium's quota in the International Monetary Fund represents the equivalent of B.Fr. 32,500,000,000.

In pursuance of the Law of 9th June, 1969, the Bank is permitted to show in its books as its own assets the rights held by the Belgian Government in respect of the part of its quota in the Fund which exceeds the latter's holdings of Belgian francs.

On 31st December, 1971 the « Quota » account amounted to . . . . . Fr. 29,972,154,941

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

On 31st December, 1970 the balance of this account was . . . . . Fr. 19,583,803,811

Between the ends of 1970 and 1971 it therefore increased by . . . . . Fr. 10,388,351,130 which is explained by the following movements :

*Plus :*

a) Drawings of Belgian francs on the International Monetary Fund by the following countries :	
Brazil . . . . . Fr.	461,397
United States . . . . . Fr.	34,500,000,000
b) Attribution to the Belgian Treasury of Belgium's share in the distribution of the Fund's net income for the year ended 30th April, 1971 (Art. XII, section 6/b of the Fund's Articles of Agreement) Fr.	61,807,984
Carried forward . . Fr.	34,562,269,381

<sup>(1)</sup> Law of 9th June, 1969. See Report on the activities of the year 1969, page 132.

	Brought forward . . Fr.	34,562,269,381
c)	Expenditure by the Fund for its own account . Fr.	228,973
	<i>plus</i> . . Fr.	<u>34,562,498,354</u>

*Minus* :

a) Repayments to the International Monetary Fund effected in Belgian francs by the following countries :

Ceylon . . . . .	Fr.	60,000,000
Chile . . . . .	Fr.	773,465,719
Colombia . . . . .	Fr.	515,132,181
Denmark . . . . .	Fr.	100,000
Ecuador . . . . .	Fr.	79,715,851
France . . . . .	Fr.	11,140,721,071 <sup>(1)</sup>
Ghana . . . . .	Fr.	140,000,000
Island of Mauritius . .	Fr.	31,550,000
Indonesia . . . . .	Fr.	50,000,000
Philippines . . . . .	Fr.	100,000,000
United Kingdom . . . .	Fr.	8,350,000,000 <sup>(1)</sup>
Ruanda . . . . .	Fr.	25,000,000
Sudan . . . . .	Fr.	25,000,000
Syria . . . . .	Fr.	55,000,000
Tunisia . . . . .	Fr.	73,500,000
Turkey . . . . .	Fr.	250,000,000
Uruguay . . . . .	Fr.	125,000,000

b) Reconstitution by the Fund of its assets in Belgian francs by a sale of gold (Art. VII, section 2/ii) . . . . . Fr.

2,379,962,402

*minus* . . Fr. 24,174,147,224

Net increase . . Fr. 10,388,351,130

<sup>(1)</sup> Use of Belgian francs in fulfilment of repurchase obligations :  
— by France, to the countervalue of \$ 222.8 million out of a total of \$ 983.8 million;  
— by the United Kingdom, to the countervalue of \$ 167 million out of a total of \$ 1,298.9 million.

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

In 1971 the Bank was not called upon to grant, in relief of the Belgian Government, any loan to the International Monetary Fund in implementation of the General Arrangements to Borrow.

## Special Drawing Rights <sup>(1)</sup>

The asset shown by the Bank in its books in respect of the Belgian Government's participation in the International Monetary Fund's Special Drawing Account amounted on 31st December, 1971 to . . Fr. 20,269,825,950

On 31st December, 1970 it was . . . . . Fr. 10,245,522,200  
making an increase of . . . . . Fr. 10,024,303,750

accounted for by :

- a) allocation to Belgium, on 1st January, 1971, of a second tranche of special drawing rights, corresponding to 10.7 p.c. of Belgium's quota in the Fund, that is . . . . . Fr. 3,477,500,000
- b) acquisition of special drawing rights from countries participating in the system in exchange for foreign currencies . . . . . Fr. 6,500,000,000
- c) payment of special drawing rights by the Fund in respect of interest due to the Belgian Treasury on Belgium's assets for the year ended 30th April, 1971 (Art. XXVI of the Fund's Articles of Agreement) . . . . . Fr. 46,803,750

The counterpart of the special drawing rights allotted to Belgium appears on the liabilities side in the account at indefinite term entitled : « International Monetary Fund : Special Drawing Rights, Net Cumulative Allocation » <sup>(2)</sup>. The allocation of 1st January, 1971 raised their amount to Fr. 7,022,300,000.

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

<sup>(2)</sup> See page 105 of this Report.



TOTAL COVER ITEMS.

According to Article 30 of the Statutes, brought into conformity with the Law of 9th June, 1969 <sup>(1)</sup>, the total assets grouped under this head must cover the total sight liabilities to the extent of at least one-third.

On 31st December, 1971, the cover items  
 totalled . . . . . Fr. 127,448,610,583  
 against, on 31st December, 1970 . . . . . Fr. 103,348,726,731

The proportion of cover accordingly works out at 61.04 p.c.; it was 53.36 p.c. on 31st December, 1970.

FOREIGN CURRENCIES.

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

The amount of the Bank's assets and liabilities in foreign currencies is shown as follows in the balance sheets as at 31st December, 1970 and 31st December, 1971 :

	On 31st December, 1970	On 31st December, 1971
Foreign Currencies . . . . . Fr.	39,013,870,093	35,039,251,068
Foreign Currencies and Gold receivable <sup>(3)</sup> . . . . . Fr.	10,717,986,554	244,796,908
Total . . . Fr.	49,731,856,647	35,284,047,976
Foreign Currencies and Gold to be delivered <sup>(3)</sup> . . . . . Fr.	48,686,895,295	35,796,176,847
Net position . . . Fr.	1,044,961,352	512,128,871

The provisional adjustment of assets and liabilities, carried out parallel in the Bank's books on the basis of the central rates, does not affect its net position.

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

<sup>(2)</sup> See page 105 of this Report.

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

On 31st December, 1970 this was positive; on 31st December, 1971 it was negative.

A negative position developed from 30th August, 1971 onwards as a result of the regularising interventions provided for by the aforementioned Convention with the Nederlandsche Bank. At its maximum on 30th September, 1971 the Bank's indebtedness to that institution represented Fr. 6,357 million; on 31st December, 1971 it was down to Fr. 1,399 million.

#### INTERNATIONAL AGREEMENTS.

No balance appeared under this heading on 31st December, 1971. The details for each sub-item are given below :

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

The Bank may be called upon to grant Belgian franc advances to other Central Banks in accordance with the stipulations of the European Monetary Agreement dated 5th August, 1955, in conformity with the provisions of the Convention of 16th April, 1959, concluded with the Belgian Government <sup>(1)</sup>, and at the rate fixed by the Board of Management of the Agreement. Since February, 1960, this rate has remained continuously fixed at 3 p.c. The last drawings were made in March, 1963.

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

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

In 1971 the maximum amount represented by the balance on this account was Fr. 186,000,000; this balance was paid off on 20th August, 1971.

<sup>(1)</sup> See the Report on the activities of the Bank in 1959, pages 96 and 97.

The above-mentioned claims were governed by the Convention of the 25th February, 1947 between the Government and the Bank and by that of 1st July, 1959 between the Government, the Bank and the National Industrial Credit Company; the latter Convention was revoked on 31st December, 1971.

DEBTORS IN RESPECT OF FOREIGN EXCHANGE AND GOLD  
AT FORWARD DATES <sup>(1)</sup>.

The liabilities to the Bank undertaken by purchasers of foreign currencies or of gold <sup>(2)</sup>, deliverable at forward dates against payment in Belgian francs, are shown in the item « Debtors in respect of Foreign Exchange and Gold at Forward Dates ».

These liabilities stood in the Balance Sheet as at 31st December, 1971 at the sum of . . . . . Fr. 34,777,367,546  
On 31st December, 1970 they amounted to . Fr. 37,843,000,821

COMMERCIAL BILLS.

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

The figures at 31st December, 1970 and at 31st December, 1971 compare as follows :

	On 31st December, 1970	On 31st December, 1971
Bills on Belgium <sup>(3)</sup> . . . . Fr.	6,481,573,790	15,075,358,463
Belgian franc bills on foreign countries . . . . . Fr.	6,340,995	8,881,981
Total . . Fr.	6,487,914,785	15,084,240,444

<sup>(1)</sup> See page 105 of this Report.

<sup>(2)</sup> The transactions current are all in foreign currencies.

<sup>(3)</sup> Of which acceptances with visa :

	On 31st December, 1970	On 31st December, 1971
— export . . . . . Fr.	1,425,000,000	—
— import . . . . . Fr.	2,153,000,000	6,141,000,000

ADVANCES AGAINST PLEDGED SECURITY.

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

Between the ends of 1970 and 1971 the distribution changed as follows :

	On 31st December, 1970	On 31st December, 1971
Institutions Governed by a Special		
Law . . . . . Fr.	147,661,154	305,896,138
Banks . . . . . Fr.	27,795,920	651,519
Enterprises and Individuals . . Fr.	13,100,920	12,028,514
Total . . Fr.	188,557,994	318,576,171

PUBLIC SECURITIES.

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

The last Convention, which was concluded on 30th March, 1968 and came into force on 1st September, 1968, fixes their maximum amount at . . . . . Fr. 16,533,000,000

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

Belgian Public Securities.

On 31st December, 1971 the Bank held Fr. 4,925,000,000 of Belgian Treasury Certificates as against Fr. 13,250,000,000 on 31st December, 1970.

## Luxemburg Public Securities.

On 31st December, 1971 the Bank's portfolio contained no Luxemburg Treasury Bills; the position was the same on 31st December, 1970.

## TREASURY NOTES AND COIN.

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

	On 31st December, 1970	On 31st December, 1971
Divisional currency :		
Treasury notes . . . . . Fr.	177,287,360	203,184,700
Silver coin . . . . . Fr.	21,221,150	27,056,950
Small coin . . . . . Fr.	66,744,447	82,047,316
	<hr/>	<hr/>
Fr.	265,252,957	312,288,966

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

## BALANCES AT THE POSTAL CHEQUE OFFICE.

The Bank's balances at the Postal Cheque Office amount to . . . . . Fr.	871,303
against, on 31st December, 1970 . . . . . Fr.	1,602,716

## CONSOLIDATED CLAIM ON THE GOVERNMENT.

The Bank's consolidated claim on the Government, originally Fr. 35 billion, is unchanged at . . . . . Fr. 34,000,000,000

It was fixed at this figure in pursuance of Article 3 of the Law of 19th June, 1959, which reduced from five to one billion francs the

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

repayments laid down by Article 3, paragraph b, of the Law of 28th July, 1948, concerning the reorganisation of the Bank's Balance Sheet.

#### PUBLIC LONG-TERM SECURITIES.

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

on 31st December, 1971 to . . . . .	Fr.	3,832,270,726
against, on 31st December, 1970 . . . . .	Fr.	3,728,395,620

The Bank subscribed Fr. 50,000,000 to the increase of Fr. 500,000,000 in the capital of the National Investment Company, decided upon on 9th November, 1971; it paid up one-fifth of its subscription, namely Fr. 10,000,000. The latter amount is included in the year-to-year growth of Fr. 103,875,106 in its portfolio of public long-term securities.

#### ITEMS RECEIVABLE.

The « Items Receivable » appeared in the Balance Sheet on 31st December, 1971 at . . . . .	Fr.	414,284,977
against, on 31st December, 1970 . . . . .	Fr.	1,196,031,173

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

#### PREMISES, FURNITURE AND EQUIPMENT.

The value of land and buildings appeared in the Balance Sheet for 31st December, 1971 at . . . . .	Fr.	2,191,668,752
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In the Balance Sheet for 31st December, 1970, it stood at . . . . .	Fr.	2,161,034,555
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The Bank continued the modernisation of its installations.

The building of a fifth floor on a part of the Head Office building has been completed.

Conversions and renovations of existing premises and installations are being carried out at various locations. The rebuilding of the Turnhout agency was started in 1971.

Improvement of working conditions and greater safety of persons and valuables are primary aims of the Bank's building programme.

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

#### SECURITIES OF THE STAFF PENSIONS FUND.

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

On 31st December, 1971, it totalled . . . . Fr.	3,514,079,159
against, on 31st December, 1970 . . . . . Fr.	3,119,940,905

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

#### ASSETS WRITTEN OFF PENDING COLLECTION

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

TRANSITORY ASSETS.

On 31st December, 1971 the Transitory Assets consisted of the following :

a) Fractional interest receivable on bills held . . Fr.	1,828,073
b) Fractional interest receivable on investments abroad . . . . . Fr.	200,582,165
c) Fractional interest receivable on public long-term securities acquired in accordance with the Statutes . . . . . Fr.	98,034,107
d) Provisions for the printing works, for the Bank's departments and for printing work in progress . Fr.	55,516,055
e) Residue, to be carried forward to 1972, of the anticipated payment made in July, 1971 with regard to Corporation Tax . . . . . Fr.	165,000,000
f) Securities of the Centenary Fund. The income on this Fund, which was created on the occasion of the Bank's Centenary and supplemented in 1964, 1968 1969 an 1970, permits the awarding of prizes to encourage studies pursued by children of members of the staff as well as the payment of rewards for useful suggestions . . . . . Fr.	40,207,011
g) Value of the Collections. Inventoried under this heading at their purchase price are the acquisitions effected, since 1952, of coins and other objects or documents which relate to the history of our country's currency, credit and finances, and more particularly to the history of the Bank . . . . Fr.	17,297,800
The counterpart of the two items f) and g) appears among the Transitory Liabilities.	
Total . . Fr.	578,465,211



## LIABILITIES

### BANK NOTES IN CIRCULATION.

On 31st December, 1971 the amount of the Bank's notes in circulation was . . . . . Fr. 201,765,533,100

On 31st December, 1970 it was . . . . . Fr. 188,211,613,600

The breakdown by denominations was as follows :

	On 31st December, 1970	On 31st December, 1971
Fr. 5,000 . . . . . Fr.	—	30,630,670,000
Fr. 1,000 . . . . . Fr.	169,383,581,000	152,024,830,000
Fr. 500 . . . . . Fr.	9,678,627,500	9,655,307,500
Fr. 100 . . . . . Fr.	9,149,405,100	9,454,725,600
Total . . . . . Fr.	188,211,613,600	201,765,533,100

### CURRENT AND SUNDRY ACCOUNTS.

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

	On 31st December, 1970	On 31st December, 1971
Public Treasury, Ordinary Account . . . . . Fr.	23,561,088	19,309,033
Public Treasury, Exceptional Counter-Cyclical Tax <sup>(1)</sup> . . Fr.	7,434,718	7,434,718
Carried forward . . Fr.	30,995,806	26,743,751

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

Brought forward . . Fr.	30,995,806	26,743,751
Institutions Governed by a Special Law . . . . . Fr.	248,486,198	374,599,706
Banks in Belgium . . . . . Fr.	1,187,845,188	1,009,217,835
Enterprises and Individuals . Fr.	217,780,932	297,109,697
Banks in foreign countries, ordinary accounts . . . . . Fr.	525,646,050	698,654,172
Items payable . . . . . Fr.	2,551,013,444	1,485,435,146
Total . . Fr.	4,761,767,618	3,891,760,307

Under the head « Items Payable » there appear certain liabilities, denominated in Belgian francs, such as : letters of credit, cheques payable at a place other than that at which they are drawn, payment orders, dividends, the equivalent of foreign exchange due to outside parties, taxes payable, payments to be made to suppliers of goods and to the National Social Insurance Office, credit advices pending, and transactions in course of settlement which will later give rise to payments or to the crediting of current accounts.

#### INTERNATIONAL AGREEMENTS.

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

	On 31st December, 1970	On 31st December, 1971
European Monetary Agreement . . . . . Fr.	458,980,162	1,077,208,584
Other agreements . . . . . Fr.	263,962,838	2,052,126,624
Fr.	722,943,000	3,129,335,208

#### TOTAL SIGHT LIABILITIES.

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

On 31st December, 1971 they amounted to Fr. 208,786,628,615, against Fr. 193,696,324,218 on 31st December, 1970.

#### INTERNATIONAL MONETARY FUND.

##### Special Drawing Rights, Net Cumulative Allocation.

The counterpart of the amount of Fr. 7,022,300,000 shown under this head appears on the assets side on the account : « International Monetary Fund : Special Drawing Rights » <sup>(1)</sup>.

#### BELGIAN BANKS, MONETARY RESERVE.

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

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

The countervalue of the liabilities shown on 31st December, 1971 in the item « Foreign Currencies and Gold to be Delivered » <sup>(3)</sup> was Fr. 35,796,176,847, against Fr. 48,686,895,295 a year before.

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

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

<sup>(1)</sup> See page 94 of this Report.

<sup>(2)</sup> See pages 95 and 97 of this Report.

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

#### STAFF PENSIONS FUND.

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

It amounted on 31st December, 1971 to . . Fr.	3,514,079,159
against, on 31st December, 1970 . . . . . Fr.	3,119,940,905

#### TRANSITORY LIABILITIES.

On 31st December, 1971 the Transitory Liabilities were as follows :

a) Unaccrued discount on bills and on Treasury certificates held . . . . . Fr.	58,137,765
b) Fractional discount on foreign currencies to be delivered . . . . . Fr.	11,324,082
c) Centenary Fund . . . . . Fr.	40,207,011
d) Collections . . . . . Fr.	17,297,800
The counterpart of the two items c) and d) is in the Transitory Assets.	
e) Provision for Taxes <sup>(1)</sup> . . . . . Fr.	516,396,535
f) Provision for expenses of acquiring, selling and shipping gold . . . . . Fr.	100,000,000
g) Provision for building of premises and purchasing of furniture and equipment <sup>(1)</sup> . . . . . Fr.	531,101,034
h) Provision against Sundry Contingencies <sup>(1)</sup> . . Fr.	1,725,000,000
Total . . Fr.	<u>2,999,464,227</u>

#### CAPITAL.

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

<sup>(1)</sup> See page 124 of this Report.

## RESERVE FUND.

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

	On 31st December, 1970	On 31st December, 1971
Statutory Reserve . . . . . Fr.	852,112,403	899,529,526
Extraordinary Reserve . . . . Fr.	532,495,800	732,551,425
Account for Depreciation of Premises, Furniture and Equipment . . . . . Fr.	2,000,483,122	2,028,351,349
Total . . . Fr.	3,385,091,325	3,660,432,300

The increase represents the part accruing to the Statutory Reserve in the distribution of profits for 1970, the transfer to the Extraordinary Reserve and the depreciation applied to premises as on 31st December, 1971.

The transfer on 31st December, 1971 to the Extraordinary Reserve, namely Fr. 200,055,625, is the subject of comment in the analysis of the Profit and Loss Account <sup>(1)</sup>.

The difference between the amount of the asset « Premises, Furniture and Equipment » and that of the liability « Account for Depreciation of Premises, Furniture and Equipment », namely a sum of Fr. 163,317,403, represents the valuation of the land in the Bank's books.

## NET PROFIT FOR DISTRIBUTION.

The favourable balance on the Profit and Loss Account, which forms the profit to be distributed in accordance with Article 38 of the Statutes, amounts to Fr. 502,690,666 as against Fr. 475,567,048 on 31st December, 1970.

<sup>(1)</sup> See page 123 of this Report.



## MEMORANDUM ACCOUNTS

### MINISTER OF NATIONAL EDUCATION :

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

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

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

2,288,783,124

### DOCUMENTARY CREDITS OPENED.

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

24,150,122

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

« VISA » OF ACCEPTANCES RELATING TO EXPORTS AND IMPORTS.

The bank or commercial acceptances which were in circulation on 31st December 1971 <sup>(1)</sup> and were given the visa of the Bank, which thereby undertakes to discount them whenever they shall have not longer than 120 days to run, in so far as they conform to the conditions laid down at the time of affixing of the visa, amounted to . . . . . Fr. 26,231,021,596

GUARANTEES GIVEN ON BEHALF OF THE STAFF.

The guarantees given by the Bank to certain Discount Agencies in respect of loans granted by the General Savings and Pensions Fund to members of the Bank's staff to enable them to build or buy their house amounted to . . . . . Fr. 411,246,828

SECURITIES RECEIVED BY WAY OF GUARANTEE.

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

Cover for advance limits		
against Pledged Security . . . Fr.	26,347,229,760	
Guarantees given by persons		
lodging bills for discount . . Fr.	7,859,500	
Carried forward . . Fr.	26,355,089,260	

<sup>(1)</sup> Other than those forming part of the Bank's portfolio (see page 97 of this Report), namely :

Acceptances with visa :	On 31st December, 1970	On 31st December, 1971
— export . . . . . Fr.	19,554,490,316	22,604,498,437
— import . . . . . Fr.	8,025,661,164	3,626,523,159
	Fr. 27,580,151,480 <sup>(*)</sup>	26,231,021,596 <sup>(*)</sup>

<sup>(\*)</sup> Including those due within 120 days from Balance Sheet date : Fr. 14,203,176,475

9,872,882,744



Brought forward . . Fr.	26,355,089,260	
Cover provided in Public Securities by Borrowers of Call Money . Fr.	4,826,491,000	
Sundry Guarantees . . . . Fr.	885,786,277	
	Total . . Fr.	32,067,366,537

GUARANTEE CERTIFICATES RECEIVED FROM  
THE PUBLIC TREASURY.

The Guarantee Certificates received from the Public Treasury cover the advances granted by the Bank for the purpose of carrying out international agreements, this being in accordance with the provisions of the Law of 28th July, 1948, which amended Decree Law No. 5 of 1st May, 1944, relating to the terms for purchase and sale of gold and foreign currencies <sup>(1)</sup> . . . . . Fr.

1,000,000,000

ITEMS FOR COLLECTION.

The items — commercial bills, foreign currencies, etc. — which had been lodged by holders of current accounts or by foreign correspondents amounted on 31st December, 1971 to . . . . . Fr.

10,639,274

DEPOSITS OF SECURITIES.

The breakdown of these deposits is as follows :

International Monetary Fund . . . . . Fr.	2,201,000,000
Carried forward . . Fr.	2,201,000,000

<sup>(1)</sup> These are in fact the advances provided for by the European Monetary Agreement (see page 96).

Brought forward . . Fr.	2,201,000,000	
International Development Association . . . . . Fr.	137,000,000	
Asian Development Bank . . Fr.	61,800,000	
International Bank for Reconstruction and Development . . . . . Fr.	465,547,500	
Other Deposits . . . . . Fr.	97,315,183,450	
	Total . Fr.	100,180,530,950

PUBLIC TREASURY.

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

*Sundry Securities owned by the Government :*

Preference Shares of the Belgian National Railways Company . Fr.	5,000,000,000
Ordinary Shares of the Belgian National Railways Company . Fr.	1,000,000,000
Participating Debentures of the Belgian National Railways Company . . . . . Fr.	638,305,187
Treasury Bills of the Government of the Grand Duchy of Luxemburg (Belgian-Luxemburg Agreement) Fr.	1,225,018,259
4.50 p.c. Certificates of the National Housing Company . . Fr.	3,708,085,000
4.50 p.c. Certificates of the National Land Company . . . Fr.	372,616,000
Carried forward . . Fr.	11,989,024,446

Brought forward . . Fr.	11,989,024,446	
Sundry Items :		
— Earmarked for the Monetary Fund (1) . . . . . Fr.	839,245,885	
— Others . . . . . Fr.	1,618,005,491	
		Fr. 14,401,275,822
<i>Sundry Items for which the Government is the Depositary :</i>		
Items lodged by outside parties Fr.	25,510,075,198	
Service of the Registered Debt Fr.	108,710,605,600	
Deposit and Consignment Office . . . . . Fr.	112,064,353,751	
Items lodged by way of Guarantee . . . . . Fr.	7,799,393,576	
		Fr. 254,084,428,125
<i>Securities lodged in pursuance of the provisions regarding the cancellation of undeclared Belgian bearer securities (2) . . . . . Fr.</i>		40,343
<i>Items to be delivered . . . . . Fr.</i>		36,630,461,342
		Fr. 305,116,205,632

SECURITIES STABILISATION FUND.

The Securities which belong to the Securities Stabilisation Fund set up in pursuance of the Decree Law of 18th May, 1945, and which are held in safe custody at the Bank, amount to . . . . . Fr. 15,833,963,612

(1) Belgian Monetary Fund.

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

GENERAL SAVINGS AND PENSIONS FUND.

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

<i>Provisional Investments</i> . . . . .	Fr.	88,569,447,360
<i>Cover for Loans</i> . . . . .	Fr.	13,052,100
<i>Guarantee Deposits</i> . . . . .	Fr.	<u>476,943,868</u>
Total . . . . .	Fr.	89,059,443,328

## PROFIT AND LOSS ACCOUNT

### CREDIT

The international monetary situation changed the distribution of the proceeds of the Bank's operations.

As a result of the influx of foreign currencies which was a feature of the greater part of 1971, foreign assets took the place of domestic credit; hence the fall in discount and interest receipts and the increase in the yield of foreign operations.

### DISCOUNT AND INTEREST.

	On 31st December, 1970	On 31st December, 1971
Fr.	1,480,745,423	679,415,178

There was a substantial fall in discount and interest receipts. On the year the average level of the holding of commercial bills and advances against pledged security declined from Fr. 8,055 million to Fr. 5,001 million and that of the holding of public long-term securities from Fr. 11,533 million to Fr. 6,247 million. The discount rate for accepted drafts payable at a bank was lowered on 25th March from 6.50 p.c. to 6 p.c. and on 23rd September to 5.50 p.c.

In accordance with Article 37 of its Statutes, the Bank surrenders to the Government the part of the proceeds of its discount, advance and loan operations which is above the rate of 3 p.c.; this is mentioned in a special item of the Profit and Loss Account <sup>(1)</sup>.

After deduction of the Government's share, the Bank's discount and interest receipts in 1971 represented Fr. 254,743,399 less than in 1970 <sup>(2)</sup>.

EXCHANGE AND INCOME FROM INVESTMENTS ABROAD.

	On 31st December, 1970	On 31st December, 1971
Fr.	1,565,693,416	1,802,047,387

As is shown by the above figures, receipts from exchange operations and investments abroad, on the other hand, rose on the year by Fr. 236,353,971.

This refers to the net amount received by the Bank, that is, the proceeds after deduction of the Treasury's share. For since 1st January, 1966, the terms governing forward exchange cover provided to the Treasury by the Bank have been so arranged that the net rate of yield for the Bank on the investments which these forward cover operations enable it to make does not exceed the interest rate beyond which the proceeds of the Bank's discount, advance and loan operations are allocated to the Government.

The plentiful supply of funds on the domestic market in 1971 enabled the Treasury to reduce its foreign liabilities. Consequently, although the Bank's foreign assets increased substantially as a result of the international monetary situation, the average proportion of these assets allocated as cover for the Treasury's liabilities decreased. Hence the rise, on balance, in the

<sup>(1)</sup> See page 122 of this Report.

	1970	1971
<sup>(2)</sup> Gross receipts . . . . . Fr.	1,480,745,423	679,415,178
Government's share . . . . . Fr.	893,532,465	346,945,619
Part falling to the Bank . . . . Fr.	587,212,958	332,469,559

net proceeds accruing to the Bank despite the effect produced on the gross receipts <sup>(1)</sup> by the fall in rates abroad and the conversion of a large proportion of foreign currency surpluses into gold or into positions in the International Monetary Fund. Gold is unproductive; the remuneration received by the Bank on its positions in the International Monetary Fund <sup>(2)</sup> is limited to 0.50 p.c.

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

	On 31st December, 1970	On 31st December, 1971
Fr.	192,597,165	188,878,802

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

The round-sum allocation of 0.10 p.c. on the Bank's consolidated non-interest-bearing claim of Fr. 34,000,000,000 on the Government appears among the allowances; the purpose of this allocation is to reimburse partly the Bank for the expenses incurred in maintaining the note and coin circulation, of which this claim is the counterpart.

		1970	1971
(1) Gross receipts . . . . .	Fr.	3,033,795,589	2,131,456,507
Government's share . . . . .	Fr.	<u>1,468,102,173</u>	<u>329,409,120</u>
Part falling to the Bank . . . . .	Fr.	1,565,693,416	1,802,047,387

(2) These are the net positions; on 31st December, 1971, they were :

Quota		Special Drawing Rights	
Asset . . . . .	29,972,154,941	Asset . . . . .	20,269,825,950
Gold payment . . . . .	<u>— 8,125,000,000</u>	Liability : net cumulative allocation . . . . .	<u>— 7,022,300,000</u>
Net position . . . . .	21,847,154,941	Net position . . . . .	13,247,525,950

#### PROCEEDS FROM PUBLIC LONG-TERM SECURITIES.

The items previously included under the headings « Income on Public Long-term Securities » and « Profit on Sale of, and Collection of Proceeds of Securities » have been regrouped under the title « Proceeds from Public Long-term Securities »; this presentation brings out more clearly the movement of the overall yield on the holding acquired by the Bank in accordance with Articles 18 and 21 of its Statutes <sup>(1)</sup>.

This yield improved on the year as follows :

	On 31st December, 1970	On 31st December, 1971
Fr.	197,932,520	222,995,048

The improvement is the result of the increase in the holding and of switching operations carried out during the past year.

#### AMOUNTS COLLECTED ON ASSETS WRITTEN OFF PENDING COLLECTION.

	On 31st December, 1970	On 31st December, 1971
Fr.	247,545	691,331

The sums received in 1971 mainly represent proceeds of the sale of assets which had been written off and had become useless to the Bank.

#### TAX REFUNDS.

The amount of Fr. 34,919,643 represents the refunding to the Bank of the unused part of its advance payment in respect of the 1969 financial year <sup>(2)</sup>.

<sup>(1)</sup> See page 100 of this Report.

<sup>(2)</sup> Art. 277, § 3, of the Income Taxes Code.



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

	On 31st December, 1970	On 31st December, 1971
Fr.	54,561,295	27,868,227

The object of the transfer on 31st December, 1971 from the « Provision for Building of Premises and Purchasing of Furniture and Equipment » was to meet the capital expenditure effected in the course of the year on new buildings.

## *DEBIT*

### GENERAL EXPENSES.

	On 31st December, 1970	On 31st December, 1971
Fr.	916,084,564	1,084,666,077

As personnel expenses represent about 84.7 p.c. of General Expenses, their movement largely determines the amount of the latter.

Thanks to a permanent effort of equipment modernisation and staff training, the Bank has been able in recent years to cope with the increase in its work without adding to its staff. Nevertheless its personnel expenses became still heavier in 1971 owing to the repercussions of the social programme decisions adopted in the banking system with effect from 1st January, 1971 and to three upward adjustments of the sliding scale due to the rise in the index of consumer prices.

The rise in prices also affected the level of maintenance expenses and the cost of all kinds of supplies.

The Bank is partly subject to the value-added tax. Consequently the taxes on the goods and services supplied to it are not fully deductible.

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

#### ORDINARY GRANT TO THE STAFF PENSIONS FUND.

	On 31st December, 1970	On 31st December, 1971
Fr.	95,260,000	111,058,000

#### EXTRAORDINARY GRANT TO THE STAFF PENSIONS FUND.

	On 31st December, 1970	On 31st December, 1971
Fr.	70,000,000	138,000,000

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

#### DEPRECIATION OF PREMISES, FURNITURE AND EQUIPMENT.

	On 31st December, 1970	On 31st December, 1971
Fr.	118,283,901	88,399,629

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

The expenditure for the year 1971, which was lower than that for 1970, was apportioned as follows :

Expenditure relating to buildings in course of construction at Brussels and in the provinces . . . Fr.		27,868,227
Work on modernising premises . . . . . Fr.	26,606,375	
Purchases of equipment for the printing works, technical departments and offices . . . Fr.	22,325,020	
Purchases of furniture for the offices at Brussels and in the provinces . . . . . Fr.	11,600,007	
		<u>Fr. 60,531,402</u>
	Total . . Fr.	88,399,629

AMOUNT DUE TO THE GOVERNMENT.

	On 31st December, 1970	On 31st December 1971
Fr.	893,532,465	346,945,619

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

As was remarked in connection with the discount and interest receipts, the contraction in the total amount of business done and the lowering of the discount and advance rates reduced these receipts. This inevitably affected the Government's share.

ALLOCATION OF THE PROFIT.

The favourable balance on the Profit and Loss Account is . . . . . Fr. 1,187,746,291

It has been allocated as follows :

*Transferred to the Extraordinary Reserve* . . . . Fr. 200,055,625

*Transferred to the Transitory Liabilities as :*

Provision for Taxes . . . . . Fr. 360,000,000

Provision against Sundry Contingencies . . . . Fr. 125,000,000

Fr. 685,055,625

*Net profit for distribution* . . . . . Fr. 502,690,666

Total . . Fr. 1,187,746,291

The detailed position of the items shown above is as follows :

a) *Extraordinary Reserve.*

On 31st December, 1970 . . . . . Fr. 532,495,800

Transfer corresponding to the part of the profit made on the sale and collection of securities from the holding of public long-term securities <sup>(1)</sup> which is exempted from tax on condition that it remains unavailable + Fr. 55,625

Transferred by the debit of the Profit and Loss Account in order to strengthen the Reserve Fund . . . + Fr. 200,000,000

Balance on 31st December, 1971 . . . . . Fr. 732,551,425

<sup>(1)</sup> Articles 34 and 105 of the Income Taxes Code.

b) *Provision for Taxes.*

On 31st December, 1970 . . . . . Fr.	529,310,175
Sundry taxes paid in 1971, mainly the Preliminary Land and Buildings Tax . . . . . - Fr.	12,913,640
Provision for Corporation Tax for the year 1971, covered by an anticipated payment . . . . . - Fr.	360,000,000
Transferred by the debit of the Profit and Loss Account in order to cover the payment of future taxes . . . + Fr.	<u>360,000,000</u>
Balance on 31st December, 1971 . . . . . Fr.	516,396,535

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

On 31st December, 1970 . . . . . Fr.	558,969,261
Drawn in 1971 <sup>(1)</sup> . . . . . - Fr.	<u>27,868,227</u>
Balance on 31st December, 1971 . . . . . Fr.	531,101,034

No transfer had to be made to this provision on 31st December, 1971.

The existing balance covers the execution of the present programme, spread over several years.

d) *Provision against Sundry Contingencies.*

On 31st December, 1970 . . . . . Fr.	1,600,000,000
Transfer by the debit of the Profit and Loss Account . . . . . + Fr.	<u>125,000,000</u>
Balance on 31st December, 1971 . . . . . Fr.	1,725,000,000

<sup>(1)</sup> See page 119 of this Report.

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

The provision of Fr. 1,725,000,000 represents 3.39 p.c. of the average amount, cumulated in 1971, of the commercial bill holding, of the foreign currency assets and of the transactions current in Belgian francs and in foreign currencies.

NET PROFIT TO BE DISTRIBUTED.

In conformity with Article 38 of the Statutes, the Net Profit has been distributed as follows :

1. To the Shareholders, a First Dividend of 6 p.c. on the Nominal Capital . . . . . Fr.	24,000,000
2. As to the rest, namely Fr. 478,690,666	
a) 10 p.c. to Reserve . . . . . Fr.	47,869,067
b) 8 p.c. to the Staff . . . . . Fr.	38,295,253
3. As to the remainder, namely Fr. 392,526,346	
a) To the Government, one-fifth . . . . . Fr.	78,505,269
b) To the Shareholders, a Second Dividend . Fr.	311,120,786
c) The balance to Reserve . . . . . Fr.	2,900,291
<i>Total Net Profit to be distributed . . . Fr.</i>	<u>502,690,666</u>

## DIVIDEND DECLARED FOR THE YEAR 1971

First Dividend, Total . . . . .	Fr.	24,000,000
Second Dividend, Total . . . . .	Fr.	311,120,786
Total : Fr.		335,120,786

on 400,000 Shares, that is per Share a Dividend of . Fr. 837.80

Coupon No. 170 will be payable with effect from 1st March, 1972 at the rate of Fr. 680, free of Preliminary Income Tax.

Since the Net Dividend amounts to Fr. 680, the taxable income per Share to be declared by individuals for tax purposes is Fr. 1,032 <sup>(1)</sup>, including the tax relief and the Preliminary Income Tax.

### *The Council of Regency :*

Cecil de STRYCKER, *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*,

*The Governor*,  
 Robert VANDEPUTTE.

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

Income from Shares . . . . .		Fr. 680
Tax relief	$\frac{680 \times 15}{56}$	Fr. 182
Preliminary Income Tax	$\frac{680 \times 1}{4}$	Fr. 170
		Fr. 1,032



Balance Sheet

Profit and Loss Account

Memorandum Accounts

## ASSETS

## BALANCE SHEET AS

<b>Gold Holding</b> . . . . .		77,206,629,692
<b>International Monetary Fund :</b>		
Quota . . . . .		29,972,154,941
Loans . . . . .		—
Special Drawing Rights . . . . .		20,269,825,950
	<b>Total Cover Items</b> . . . . .	127,448,610,583
<b>Foreign Currencies</b> . . . . .		35,039,251,068
<b>Foreign Currencies and Gold Receivable</b> . . . . .		244,796,908
<b>International Agreements :</b>		
European Monetary Agreement . . . . .		—
Other Agreements . . . . .		—
<b>Debtors in respect of Foreign Exchange and Gold at Forward Dates</b> . . . . .		34,777,367,546
<b>Commercial Bills</b> . . . . .		15,084,240,444
<b>Advances against Pledged Security :</b>		
Institutions Governed by a Special Law . . . . .	305,896,138	
Banks . . . . .	651,519	
Enterprises and Individuals . . . . .	12,028,514	
		318,576,171
<b>Public Securities :</b>		
Belgian Public Securities . . . . .		4,925,000,000
Luxemburg Public Securities . . . . .		—
<b>Treasury Notes and Coin</b> . . . . .		312,288,966
<b>Balances at the Postal Cheque Office</b> . . . . .		871,303
<b>Consolidated Claim on the Government</b> . . . . .		34,000,000,000
<b>Public Long-term Securities</b> . . . . .		3,832,270,726
<b>Items Receivable</b> . . . . .		414,284,977
<b>Premises, Furniture and Equipment</b> . . . . .		2,191,668,752
<b>Securities of the Staff Pensions Fund</b> . . . . .		3,514,079,159
<b>Assets Written Off Pending Collection</b> . . . . .		pro memoria
<b>Transitory Assets</b> . . . . .		578,465,211
	<b>Total Assets</b> . . . . .	262,681,771,814

AT 31<sup>ST</sup> DECEMBER, 1971

**LIABILITIES**

<b>Bank Notes in Circulation</b> . . . . .		201,765,533,100
<b>Current and Sundry Accounts :</b>		
Public { Ordinary Account . . . . .	19,309,033	
Treasury { Exceptional Counter-Cyclical Tax . . . . .	7,434,718	
Institutions Governed by a Special Law . . . . .	374,599,706	
Banks in Belgium . . . . .	1,009,217,835	
Enterprises and Individuals . . . . .	297,109,697	
Banks in Foreign Countries, Ordinary Accounts . . . . .	698,654,172	
Items Payable . . . . .	1,485,435,146	3,891,760,307
<b>International Agreements :</b>		
European Monetary Agreement . . . . .	1,077,208,584	
Other Agreements . . . . .	2,052,126,624	3,129,335,208
<b>Total Sight Liabilities</b> . . . . .		208,786,628,615
<b>International Monetary Fund :</b>		
Special Drawing Rights, Net Cumulative Allocation . . . . .		7,022,300,000
<b>Belgian Banks, Monetary Reserve</b> . . . . .		—
<b>Foreign Currencies and Gold to be Delivered</b> . . . . .		35,796,176,847
<b>Staff Pensions Fund</b> . . . . .		3,514,079,159
<b>Transitory Liabilities</b> . . . . .		2,999,464,227
<b>Capital</b> . . . . .		400,000,000
<b>Reserve Fund :</b>		
Statutory Reserve . . . . .		899,529,526
Extraordinary Reserve . . . . .		732,551,425
Account for Depreciation of Premises, Furniture and Equipment . . . . .		2,028,351,349
<b>Net Profit for Distribution</b> . . . . .		502,690,666
<b>Total Liabilities</b> . . . . .		262,681,771,814

## DEBIT

## PROFIT AND LOSS ACCOUNT

General Expenses . . . . .	1,084,666,077
Ordinary Grant to the Staff Pensions Fund . . . . .	111,058,000
Extraordinary Grant to the Staff Pensions Fund . . . . .	138,000,000
Depreciation of Premises, Furniture and Equipment . . . . .	88,399,629
Amount due to the Government :	
Produce, exceeding 3 %, of Discounts and Advances on Pledged Security . . . . .	346,945,619
Transferred to the Extraordinary Reserve . . . . .	200,055,625
Transferred to the Transitory Liabilities as :	
Provision for Taxes . . . . .	360,000,000
Provision against Sundry Contingencies . . . . .	125,000,000
Net Profit for Distribution . . . . .	502,690,666
	2,956,815,616

## MEMORANDUM ACCOUNT

**Minister of National Education :**

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

**Documentary Credits Opened . . . . .**

« Visa » of Acceptances relating to Exports and Imports . . . . .

**Guarantees given on behalf of the Staff . . . . .****Securities received by way of Guarantee :***Cover for advance limits against Pledged Security . . . . .**Guarantees given by persons lodging bills for discount . . . . .**Securities provided by borrowers of Call Money . . . . .**Sundry Guarantees . . . . .***Guarantee Certificates received from the Public Treasury . . . . .****Items for Collection . . . . .****Deposits of Securities :***International Monetary Fund . . . . .**International Development Association . . . . .**Asian Development Bank . . . . .**International Bank for Reconstruction and Development . . . . .**Other Deposits . . . . .***Public Treasury :***Sundry Securities owned by the Government :*

Preference Shares of the Belgian National Railways Co . . . . .

Ordinary Shares of the Belgian National Railways Co . . . . .

Participating Debentures of the Belgian National Railways Co . . . . .

Treasury Bills of the Government of the Grand Duchy of . . . . .

Luxemburg (Belgian-Luxemburg Agreement) . . . . .

4.50 % Certificates of the National Housing Co. . . . .

4.50 % Certificates of the National 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 Stabilisation Fund . . . . .****General Savings and Pensions Fund :***Provisional Investments . . . . .**Cover for Loans . . . . .**Guarantee Deposits . . . . .*

AS AT 31<sup>ST</sup> DECEMBER, 1971

CREDIT

<b>Discount and Interest</b>	679,415,178
<b>Exchange and Income from Investments Abroad</b>	1,802,047,387
<b>Fees for Safe Custody, Commissions and Allowances</b>	188,878,802
<b>Proceeds of Public Long-term Securities</b>	222,995,048
<b>Amounts Collected on Assets Written Off Pending Collection</b>	691,331
<b>Tax Refunds</b>	34,919,643
<b>Transferred from the Transitory Liabilities Item « Provision for Building of Premises and Purchasing of Furniture and Equipement »</b>	27,868,227
	<hr/>
	2,956,815,616

AS AT 31<sup>ST</sup> DECEMBER, 1971

		2,288,783,124
		24,150,122
		26,231,021,596
		411,246,828
	26,347,229,760	
	7,859,500	
	4,826,491,000	
	885,786,277	32,067,366,537
		1,000,000,000
		10,639,274
	2,201,000,000	
	137,000,000	
	61,800,000	
	465,547,500	
	97,315,183,450	100,180,530,950
5,000,000,000		
1,000,000,000		
638,305,187		
1,225,018,259		
3,708,085,000		
372,616,000		
839,245,885		
1,618,005,491	14,401,275,822	
25,510,075,198		
108,710,605,600		
112,064,353,751		
7,799,393,576	254,084,428,125	
	40,343	
	36,630,461,342	305,116,205,632
		15,833,963,612
	88,569,447,360	
	13,052,100	
	476,943,868	89,059,443,328



## Annexes

**BALANCE SHEETS COMPARED AS AT**

<b>ASSETS</b>	<b>1967</b>	<b>1968</b>	<b>1969</b>	<b>1970</b>	<b>1971</b>
<b>Gold Holding</b> . . . . .	73,962.9	76,175.1	75,947.2	73,519.4	77,206.6
<b>International Monetary Fund :</b>					
Quota . . . . .			7,777.0	19,583.8	29,972.2
Loans . . . . .			—	—	—
Special Drawing Rights . . . . .				10,245.5	20,269.8
<b>Total Cover Items</b> . . . . .	73,962.9	76,175.1	83,724.2	103,348.7	127,448.6
<b>Foreign Currencies</b> . . . . .	36,086.8	18,087.0	35,618.5	39,013.9	35,039.2
<b>Foreign Currencies and Gold Receivable</b> . . . . .	12,468.5	12,326.7	17,509.8	10,718.0	244.8
<b>Assets Abroad in Belgian Francs</b> . . . . .	3,000.0	—	—	—	—
<b>International Agreements :</b>					
European Payments Union . . . . .	—	—	—	—	—
International Monetary Fund :					
— Quota . . . . .	14,736.5	10,278.0			
— Loans . . . . .	1,875.0	4,975.0			
Other Agreements . . . . .	—	119.8	—	140.2	—
<b>Debtors in respect of Foreign Exchange and Gold at Forward Dates</b> . . . . .	35,520.7	18,256.1	34,015.5	37,843.0	34,777.4
<b>Commercial Bills</b> . . . . .	13,833.8	26,694.2	18,638.5	6,487.9	15,084.2
<b>Advances against Pledged Security :</b>					
Institutions Governed by a Special Law . . . . .	319.2	0.5	18.3	147.7	305.9
Banks . . . . .	12.1	530.8	9.1	27.8	0.7
Enterprises and Individuals . . . . .	13.8	40.6	19.7	13.1	12.0
	345.1	571.9	47.1	188.6	318.6
<b>Public Securities :</b>					
Belgian Public Securities . . . . .	2,650.0	14,675.0	15,550.0	13,250.0	4,925.0
Luxemburg Public Securities . . . . .	—	200.0	—	—	—
<b>Treasury Notes and Coin</b> . . . . .	319.8	266.5	281.4	265.2	312.3
<b>Balances at the Postal Cheque Office</b> . . . . .	1.5	1.9	1.4	1.6	0.9
<b>Consolidated Claim on the Government</b> . . . . .	34,000.0	34,000.0	34,000.0	34,000.0	34,000.0
<b>Public Long-term Securities</b> . . . . .	3,366.9	3,514.5	3,632.8	3,728.4	3,832.3
<b>Items Receivable</b> . . . . .	498.7	961.0	923.0	1,196.0	414.3
<b>Premises, Furniture and Equipment</b> . . . . .	1,998.6	2,063.6	2,105.0	2,161.0	2,191.7
<b>Securities of the Staff Pensions Fund</b> . . . . .	2,328.8	2,583.4	2,857.9	3,119.9	3,514.1
<b>Assets Written Off Pending Collection</b> . . . . .	p.m.	p.m.	p.m.	p.m.	p.m.
<b>Transitory Assets</b> . . . . .	859.2	957.6	822.5	785.7	578.4
	237,852.8	226,707.3	249,727.6	256,248.1	262,681.8



LIABILITIES	1967	1968	1969	1970	1971
<b>Bank Notes in Circulation</b> . . . . .	177,481.8	183,243.4	183,002.0	188,211.6	201,765.5
<b>Current and Sundry Accounts :</b>					
Public Treasury :					
Ordinary Account . . . . .	1.7	3.8	24.9	23.6	19.3
Exceptional Counter-Cyclical Tax . . . . .	9.7	8.9	8.2	7.4	7.4
Institutions Governed by a Special Law . . . . .	153.6	482.9	292.4	248.5	374.6
Banks in Belgium . . . . .	2,195.9	857.5	954.1	1,187.9	1,009.2
Enterprises and Individuals . . . . .	308.1	327.7	212.2	217.8	297.1
Banks in Foreign Countries, Ordinary Accounts	316.5	677.0	382.5	525.6	698.7
Items Payable . . . . .	548.6	876.9	3,053.1	2,551.0	1,485.5
	3,534.1	3,234.7	4,927.4	4,761.8	3,801.8
<b>International Agreements :</b>					
European Monetary Agreement . . . . .	270.8	255.7	147.9	459.0	1,077.2
Other Agreements . . . . .	326.5	224.3	318.4	263.9	2,052.1
	597.3	480.0	466.3	722.9	3,129.3
<b>Total Sight Liabilities</b> . . . . .	181,613.2	186,958.1	188,395.7	193,696.3	208,786.6
<b>International Monetary Fund :</b>					
Special Drawing Rights, Net Cumulative Allo- cation . . . . .				3,544.8	7,022.3
<b>Belgian Banks, Monetary Reserve</b> . . . . .	—	—	—	—	—
<b>Foreign Currencies and Gold to be Delivered</b> . . . . .	48,217.9	30,664.7	51,767.3	48,686.9	35,796.2
<b>Staff Pensions Fund</b> . . . . .	2,328.8	2,583.4	2,857.9	3,119.9	3,514.1
<b>Transitory Liabilities</b> . . . . .	1,819.4	2,486.5	2,572.7	2,939.5	2,999.5
<b>Capital</b> . . . . .	400.0	400.0	400.0	400.0	400.0
<b>Reserve Fund :</b>					
Statutory Reserve . . . . .	731.9	769.2	809.0	852.1	899.5
Extraordinary Reserve . . . . .	502.2	518.2	530.4	532.5	732.6
Account for Depreciation of Premises, Furni- ture and Equipment . . . . .	1,843.2	1,905.8	1,945.9	2,000.5	2,028.3
<b>Net Profit for Distribution</b> . . . . .	396.2	421.4	448.7	475.6	502.7
	237,852.8	226,707.3	249,727.6	256,248.1	262,681.8

**PROFIT AND LOSS ACCOUNTS COMPARED**

DEBIT	1967	1968	1969	1970	1971
<b>General Expenses . . . . .</b>	704.4	762.8	801.6	916.1	1,084.7
<b>Ordinary Grant to the Staff Pensions Fund . . .</b>	67.5	74.8	83.8	95.2	111.1
<b>Extraordinary Grant to the Staff Pensions Fund .</b>	165.0	102.0	68.0	70.0	138.0
<b>Depreciation of Premises, Furniture and Equipment</b>	163.1	148.3	106.8	118.3	88.4
<b>Amount due to the Government :</b>					
Produce, exceeding 3 %, of Discounts and Advances on Pledged Security . . . . .	278.1	171.6	1,266.4	893.5	346.9
<b>Transferred to the Extraordinary Reserve . . . .</b>	20.5	15.9	12.2	2.1	200.0
<b>Transferred to the Transitory Liabilities as :</b>					
— Provision for Taxes . . . . .	293.0	550.0	575.0	525.0	360.0
— Provision for Expenses of Acquiring, Selling and Shipping Gold . . . . .	—	—	20.0	—	—
— Provision for Building of Premises and Purchasing of Furniture and Equipment . . . . .	75.0	150.0	190.0	160.0	—
— Provision against Sundry Contingencies . . . . .	150.0	200.0	250.0	250.0	125.0
— Centenary Fund . . . . .	—	20.0	5.0	10.0	—
<b>Net Profit for Distribution . . . . .</b>	396.2	421.4	448.7	475.6	502.7
	2,312.8	2,616.8	3,827.5	3,515.8	2,956.8

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

<b>CREDIT</b>	<b>1967</b>	<b>1968</b>	<b>1969</b>	<b>1970</b>	<b>1971</b>
<b>Discount and Interest</b> . . . . .	802.5	886.0	2,587.4	1,480.7	679.4
<b>Exchange and Income from Investments Abroad</b> <sup>(1)</sup>	1,075.9	1,314.5	820.5	1,565.7	1,802.0
<b>Fees for Safe Custody, Commissions and Allowances</b>	156.2	170.8	186.3	192.6	188.9
<b>Proceeds of Public Long-term Securities</b> . . . . .	187.8	180.7	191.3	197.9	223.0
<b>Amounts Collected on Assets Written Off Pending Collection</b> . . . . .	0.4	2.2	1.9	0.2	0.7
<b>Tax Refunds</b> . . . . .	—	—	—	24.1	34.9
<b>Transferred from the Transitory Liabilities Item « Provision for Building of Premises and Purchasing of Furniture and Equipment »</b> . . . . .	90.0	62.6	40.1	54.6	27.9
	2,312.8	2,616.8	3,827.5	3,515.8	2,956.8

<sup>(1)</sup> After deduction of Fr. 285.2 million in 1967, Fr. 58.6 million in 1968, Fr. 406.6 million in 1969, Fr. 1,468.1 million in 1970 and Fr. 329.4 million in 1971, paid to the Government in application of the terms for forward exchange cover provided by the Bank in connection with the Treasury's operations (see the Report for the year 1966, page 119).



## MISCELLANEOUS INFORMATION

	1967	1968	1969	1970	1971
Gross dividend declared per share . . . . .	670.28	711.56	754.94	794.92	837.80
Preliminary income tax retained per share . . . . .	125.28	136.56	144.94	149.92	157.80
Net dividend declared per share . . . . .	545.00	575.00	610.00	645.00	680.00
Taxable income per share to be declared by individuals for tax purposes . . . . .	827.25	872.75	925.90	979.00	1,032.00



**STATEMENT OF THE PUBLIC LONG-TERM SECURITIES  
CONSTITUTING, ON 31st DECEMBER, 1971,  
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 - 8.25 p.c. Belgian Loans 1975/81, Amalgamated.
- 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.
- 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.  
 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 Municipal Association for Motorway E3 1971/83.  
 7.75 p.c. Loan of the Municipal Association for Motorway E5 1971/83.  
 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 :
- |                      |   |                     |
|----------------------|---|---------------------|
| 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.



**WEEKLY RETURNS**  
**PUBLISHED IN THE « MONITEUR BELGE » DURING 1971**

WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1971 \*

(Millions of francs)

ASSETS

DATE	Gold holding	International Monetary Fund :			Total cover items	Foreign currencies	Foreign currencies and gold receivable	International Agreements :		Debtors in respect of foreign exchange and gold at forward dates	Commercial bills	Advances against pledged security	Public securities :		Treasury notes and coin	Balances at Postal Cheque Office	Consolidated claim on the Government	Public long-term securities	Premises, furniture and equipment	Securities of the Staff Pensions Fund
		Quota	Loans	Special drawing rights				European Monetary Agreement	Other agreements				Belgian public securities	Luxembourg public securities						
January 4	73.479	19.584	—	13.723	106.786	38.954	11.179	—	154	37.745	7.035	24	10.175	—	261	1	34.000	3.728	2.105	3.172
» 11	73.440	19.584	—	13.723	106.747	39.538	11.424	—	12	38.118	3.421	13	10.000	—	254	1	34.000	3.728	2.105	3.163
» 18	73.444	19.584	—	13.723	106.751	43.494	11.196	—	17	42.010	3.432	64	5.025	—	287	2	34.000	3.832	2.161	3.233
» 25	73.444	19.584	—	13.723	106.751	45.257	11.196	—	11	43.833	4.275	17	—	—	314	2	34.000	3.832	2.161	3.305
February 1	73.444	25.834	—	13.723	113.001	41.194	11.030	—	52	39.755	5.287	296	—	—	307	2	34.000	3.832	2.161	3.305
» 8	73.402	25.834	—	13.723	112.959	41.429	9.359	—	88	39.947	3.465	253	250	—	330	1	34.000	3.832	2.161	3.302
» 15	73.392	25.834	—	13.723	112.949	40.614	8.606	—	121	39.038	3.295	22	1.750	—	338	1	34.000	3.832	2.161	3.302
» 22	73.392	25.834	—	13.723	112.949	43.219	8.379	—	29	41.595	3.329	19	—	—	376	2	34.000	3.832	2.161	3.282
March 1	73.378	25.769	—	13.723	112.870	42.519	7.964	—	58	40.687	5.114	44	2.325	—	351	1	34.000	3.832	2.161	3.283
» 8	73.334	25.769	—	13.723	112.826	41.411	6.681	—	95	39.984	3.150	23	5.725	—	366	1	34.000	3.832	2.161	3.276
» 15	73.334	25.769	—	13.723	112.826	41.930	6.130	—	160	39.608	3.000	19	6.925	—	388	2	34.000	3.832	2.161	3.282
» 22	73.334	25.769	—	13.723	112.826	40.939	5.857	—	111	39.381	2.987	14	4.350	—	413	2	34.000	3.832	2.161	3.282
» 29	73.334	25.769	—	13.723	112.826	40.659	5.857	—	130	39.172	2.945	22	3.075	—	413	1	34.000	3.832	2.161	3.282
April 5	73.334	23.169	—	14.973	111.476	42.113	5.060	—	92	39.556	2.721	27	10.500	—	382	1	34.000	3.832	2.161	3.273
» 9	73.334	23.126	—	14.973	111.433	41.863	4.832	—	150	39.323	2.695	19	7.750	—	374	1	34.000	3.832	2.161	3.273
» 19	74.584	23.126	—	14.973	112.683	40.201	4.604	—	120	39.016	2.605	21	6.850	—	363	2	34.000	3.832	2.161	3.273
» 26	74.584	23.076	—	14.973	112.633	41.448	5.099	—	133	40.382	2.467	328	6.075	—	366	2	34.000	3.832	2.161	3.300
May 3	75.146	21.301	—	14.973	111.420	42.887	4.643	—	141	41.342	3.316	15	7.850	—	357	1	34.000	3.832	2.161	3.307
» 10	79.396	19.832	—	15.723	114.951	44.249	4.643	—	141	43.512	2.284	13	14.475	—	345	1	34.000	3.832	2.161	3.311
» 17	79.396	19.832	—	15.769	114.997	49.121	4.785	—	95	47.649	2.253	11	11.825	—	355	1	34.000	3.833	2.161	3.321
» 24	79.581	19.832	—	17.770	117.183	47.996	4.601	—	108	46.429	2.278	9	8.750	—	341	2	34.000	3.833	2.161	3.321
» 28	79.581	19.832	—	17.770	117.183	47.724	4.601	—	130	46.181	5.551	120	275	—	312	1	34.000	3.832	2.161	3.321
June 7	79.300	19.557	—	17.770	116.627	46.555	3.607	—	6	44.752	1.959	28	7.450	—	301	2	34.000	3.832	2.161	3.320
» 14	79.300	19.557	—	17.770	116.627	44.787	2.172	—	79	43.172	1.894	14	12.825	—	311	1	34.000	3.832	2.161	3.321
» 21	79.300	26.716	—	17.770	123.786	36.998	2.172	—	100	35.712	1.847	172	13.450	—	342	1	34.000	3.832	2.161	3.322
» 28	79.187	25.832	—	17.770	122.789	37.305	2.172	—	114	35.626	1.733	20	15.550	—	331	2	34.000	3.832	2.161	3.350
July 5	79.162	25.832	—	17.770	122.764	36.101	1.489	—	181	34.632	7.327	1.072	14.900	—	283	1	34.000	3.832	2.161	3.341
» 12	79.162	25.801	—	17.770	122.733	35.907	1.352	—	186	34.413	8.323	20	15.350	—	287	1	34.000	3.832	2.161	3.341
» 19	79.165	25.801	—	17.770	122.736	37.719	1.352	—	60	36.385	12.431	106	7.225	—	310	1	34.000	3.832	2.161	3.341
» 26	79.165	25.791	—	17.770	122.726	39.073	1.352	—	21	37.624	9.446	15	4.350	—	338	2	34.000	3.832	2.161	3.341
August 2	79.962	24.986	—	17.770	122.718	41.557	1.352	—	29	40.199	8.911	221	6.650	—	325	1	34.000	3.832	2.161	3.343
» 9	79.962	29.965	—	17.770	127.697	41.935	1.352	—	29	40.680	1.852	24	11.200	—	325	1	34.000	3.832	2.161	3.333
» 13	79.950	29.910	—	20.270	130.130	45.000	1.352	—	29	43.877	1.834	18	5.575	—	336	2	34.000	3.832	2.161	3.333
» 23	79.950	29.910	—	20.270	130.130	43.133	1.107	—	—	42.088	1.830	43	—	—	349	2	34.000	3.832	2.161	3.333
» 30	79.162	29.910	—	20.270	129.342	42.659	862	—	—	43.595	3.441	25	1.025	—	354	2	34.000	3.832	2.161	3.333
September 6	78.599	29.910	—	20.270	128.779	42.658	862	—	—	44.959	4.035	23	5.075	—	329	1	34.000	3.832	2.161	3.323
» 13	78.599	29.910	—	20.270	128.779	42.658	985	—	—	46.929	1.593	24	8.425	—	345	1	34.000	3.832	2.161	3.323
» 20	78.599	29.910	—	20.270	128.779	42.643	3.187	—	—	47.251	1.548	23	9.250	—	359	1	34.000	3.832	2.161	3.365
» 27	78.567	29.910	—	20.270	128.747	42.612	3.187	—	—	47.225	1.437	26	9.475	—	372	1	34.000	3.832	2.161	3.367
October 4	78.562	29.910	—	20.270	128.742	42.083	3.187	—	—	47.162	1.476	24	11.825	—	347	1	34.000	3.832	2.161	3.357
» 11	78.555	29.972	—	20.270	128.797	41.587	3.187	—	—	46.698	1.488	17	12.800	—	348	1	34.000	3.832	2.161	3.375
» 18	78.550	29.972	—	20.270	128.792	39.580	3.187	—	—	44.715	1.492	22	14.850	—	374	1	34.000	3.832	2.161	3.378
» 25	78.213	29.972	—	20.270	128.455	38.314	3.187	—	—	43.179	11.907	53	—	—	380	1	34.000	3.832	2.161	3.377
» 29	78.213	29.972	—	20.270	128.455	38.269	2.692	—	—	42.779	16.831	244	—	—	353	1	34.000	3.832	2.161	3.390
November 8	78.205	29.972	—	20.270	128.447	36.118	2.937	—	—	39.910	12.508	16	—	—	361	1	34.000	3.832	2.161	3.382
» 15	78.205	29.972	—	20.270	128.447	36.950	3.180	—	—	40.335	9.553	25	—	—	355	1	34.000	3.832	2.161	3.382
» 22	78.205	29.972	—	20.270	128.447	37.163	2.936	—	—	40.107	7.677	19	—	—	346	—	34.000	3.832	2.161	3.382
» 29	78.193	29.972	—	20.270	128.435	37.978	2.936	—	—	40.610	8.710	19	—	—	340	1	34.000	3.832	2.161	3.382
December 6	78.189	29.972	—	20.270	128.431	38.244	2.936	—	—	40.743	12.141	117	—	—	307	1	34.000	3.832	2.161	3.376
» 13	78.189	29.972	—	20.270	128.431	37.783	2.447	—	—	39.986	6.364	80	3.400	—	318	1	34.000	3.832	2.161	3.376
» 20	77.206	29.972	—	20.270	127.448	34.626	245	—	—	35.431	9.555	69	5.075	—	341	1	34.000	3.832	2.161	3.376
» 27	77.206	29.972	—	20.270	127.448	34.682	245	—	—	35.101	15.327	13	—	—	331	1	34.000	3.832	2.161	3.376

(1) Of which capital : fr. 400 million.

\* The figures in this table being reprinted from the French version of the Report, billions are marked by a full-stop, instead of by a comma as would be usual in English.

WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1971 \*  
(Millions of francs)

LIABILITIES

Sundries	TOTAL ASSETS	Memorandum Account : Postal Cheque Office : Balance for account of the Minister of National Education (Schools Pact)	Notes in circulation	Current Accounts :				International Agreements :		Total sight liabilities	International Monetary Fund : Special drawing rights, net cumulative allocation	Belgian banks, monetary reserve	Foreign currencies and gold to be delivered	Staff Pensions Fund	Sundries	Capital, reserves and depreciation accounts (1)	TOTAL LIABILITIES	DATE
				Public Treasury		Banks in foreign countries, ordinary accounts	Sundry current accounts and items payable	European Monetary Agreement	Other agreements									
				Ordinary account	Exceptional Counter-cyclical Tax													
3.230	258.549	2.586	187.704	2	7	537	1.319	449	264	190.282	7.022	—	49.049	3.172	5.296	3.728	258.549	January 4
3.213	255.737	2.586	184.498	2	7	565	1.097	415	255	186.839	7.022	—	49.664	3.163	5.321	3.728	255.737	» 11
636	256.140	2.573	180.926	18	7	535	4.027	378	372	186.263	7.022	—	53.341	3.233	2.448	3.833	256.140	» 18
740	255.694	2.424	179.097	1.170	7	520	2.287	407	343	183.831	7.022	—	55.187	3.305	2.516	3.833	255.694	» 25
877	255.099	2.389	183.018	1.502	7	622	1.510	350	390	187.399	7.022	—	50.933	3.305	2.607	3.833	255.099	February 1
809	252.185	2.347	182.275	24	7	539	2.278	289	385	185.797	7.022	—	49.549	3.302	2.682	3.833	252.185	» 8
1.281	251.310	2.288	179.785	1	7	538	5.491	254	383	186.459	7.022	—	47.884	3.302	2.810	3.833	251.310	» 15
849	254.021	2.251	179.025	6	7	508	6.558	358	385	186.847	7.022	—	50.215	3.282	2.822	3.833	254.021	» 22
1.295	256.504	2.172	184.180	3	7	513	5.150	332	347	190.532	7.022	—	48.893	3.283	2.941	3.833	256.504	March 1
1.161	254.692	2.133	184.064	17	7	484	5.428	292	343	190.635	7.022	—	46.904	3.276	3.022	3.833	254.692	» 8
973	255.236	2.133	181.981	24	7	538	8.773	292	419	192.034	7.022	—	45.961	3.282	3.104	3.833	255.236	» 15
1.124	251.279	2.063	180.656	—	7	529	6.604	299	417	188.512	7.022	—	45.461	3.282	3.169	3.833	251.279	» 22
897	249.281	1.965	180.516	6	7	515	4.998	257	415	186.714	7.022	—	45.251	3.282	3.179	3.833	249.281	» 29
947	256.141	1.922	186.557	14	7	627	5.992	249	413	193.859	7.022	—	44.824	3.273	3.330	3.833	256.141	April 5
1.067	252.773	1.879	185.618	22	7	589	4.087	205	410	190.938	7.022	—	44.355	3.273	3.352	3.833	252.773	» 9
1.303	251.034	1.829	182.960	19	7	588	5.637	200	407	189.818	7.022	—	43.711	3.273	3.377	3.833	251.034	» 19
1.156	253.382	1.788	182.452	21	7	590	6.487	258	408	190.223	7.022	—	45.576	3.300	3.428	3.833	253.382	» 26
1.247	256.519	1.788	189.713	11	7	630	1.475	350	594	192.780	7.022	—	46.074	3.307	3.503	3.833	256.519	May 3
1.132	269.050	1.686	189.872	2	7	607	11.583	317	593	202.981	7.022	—	48.255	3.311	3.648	3.833	269.050	» 10
1.423	275.830	1.679	188.792	13	7	665	14.664	274	591	205.006	7.022	—	52.891	3.321	3.757	3.833	275.830	» 17
1.446	272.458	1.552	189.149	24	7	826	11.889	325	587	202.807	7.022	—	51.474	3.321	4.001	3.833	272.458	» 24
1.564	266.956	1.552	194.446	1	7	582	1.446	468	584	197.534	7.022	—	51.223	3.321	4.023	3.833	266.956	» 28
1.677	266.277	1.520	195.391	16	7	578	2.226	422	581	199.221	7.022	—	48.752	3.320	4.129	3.833	266.277	June 7
1.676	266.872	1.460	192.590	10	7	549	8.641	417	579	202.793	7.022	—	45.670	3.321	4.233	3.833	266.872	» 14
1.322	259.217	1.365	192.311	6	7	640	8.383	674	572	202.593	7.022	—	38.136	3.322	4.311	3.833	259.217	» 21
2.314	261.299	1.265	194.298	16	7	619	8.526	590	573	204.629	7.022	—	38.101	3.350	4.364	3.833	261.299	» 28
1.856	263.940	1.265	203.575	4	7	757	3.460	528	565	208.896	7.022	—	36.369	3.341	4.479	3.833	263.940	July 5
1.983	263.889	1.181	202.561	6	7	632	4.840	536	558	209.140	7.022	—	36.013	3.341	4.540	3.833	263.889	» 12
2.090	263.749	1.141	200.135	22	7	623	5.147	522	549	207.005	7.022	—	37.993	3.341	4.555	3.833	263.749	» 19
1.992	260.273	1.141	196.444	15	7	612	4.290	359	550	202.277	7.022	—	39.239	3.341	4.561	3.833	260.273	» 26
1.947	267.246	1.092	199.920	1	7	638	5.170	337	547	206.620	7.022	—	41.820	3.343	4.608	3.833	267.246	August 2
1.933	270.354	1.092	197.490	20	7	651	9.978	309	654	209.109	7.022	—	42.300	3.333	4.757	3.833	270.354	» 9
2.075	273.554	1.002	195.419	12	7	922	11.720	280	667	209.027	7.022	—	45.513	3.333	4.826	3.833	273.554	» 13
2.281	264.289	1.007	192.897	1.384	7	641	5.909	255	602	201.695	7.022	—	43.561	3.333	4.845	3.833	264.289	» 23
2.191	266.822	958	193.826	7	7	590	6.200	1.667	617	202.914	7.022	—	44.798	3.333	4.922	3.833	266.822	» 30
2.347	272.384	852	197.301	1	7	631	4.788	3.514	833	207.075	7.022	—	46.151	3.323	4.980	3.833	272.384	September 6
2.606	275.661	810	194.324	22	7	625	7.602	4.802	820	208.202	7.022	—	48.233	3.323	5.048	3.833	275.661	» 13
2.326	278.725	777	192.922	23	7	701	7.294	6.697	853	208.497	7.022	—	50.911	3.365	5.097	3.833	278.725	» 20
2.099	278.541	548	191.759	7	7	585	8.457	745	6.756	208.316	7.022	—	50.884	3.367	5.119	3.833	278.541	» 27
2.227	280.424	548	198.195	4	7	726	3.468	691	7.160	210.251	7.022	—	50.796	3.357	5.165	3.833	280.424	October 4
2.513	280.804	490	196.271	22	7	1.870	4.874	794	7.143	210.981	7.022	—	50.300	3.375	5.293	3.833	280.804	» 11
2.445	278.829	440	192.955	15	7	670	9.471	759	7.110	210.987	7.022	—	48.293	3.378	5.316	3.833	278.829	» 18
2.686	271.532	380	191.076	4.721	7	807	1.079	749	6.781	205.220	7.022	—	46.750	3.377	5.330	3.833	271.532	» 25
2.574	275.581	311	196.009	4.682	7	1.084	1.098	806	6.434	210.120	7.022	—	45.854	3.390	5.362	3.833	275.581	» 29
2.637	266.310	311	194.448	666	7	863	1.005	700	5.657	203.346	7.022	—	43.242	3.382	5.485	3.833	266.310	November 8
2.729	264.950	237	192.529	646	7	907	968	699	5.336	201.092	7.022	—	43.984	3.382	5.637	3.833	264.950	» 15
2.463	262.533	237	190.735	718	7	699	1.228	729	4.923	199.039	7.022	—	43.557	3.382	5.700	3.833	262.533	» 22
2.506	264.910	1.167	192.571	58	7	709	2.126	671	4.684	200.826	7.022	—	44.098	3.382	5.749	3.833	264.910	» 29
2.478	268.767	1.044	196.992	401	7	709	1.135	727	4.500	204.471	7.022	—	44.281	3.376	5.784	3.833	268.767	December 6
2.647	264.826	1.044	194.448	7	7	795	1.243	743	4.452	201.695	7.022	—	43.071	3.376	5.829	3.833	264.826	» 13
2.611	258.771	1.742	196.250	7	7	677	979	1.279	3.043	202.242	7.022	—	36.420	3.376	5.878	3.833	258.771	» 20
2.612	259.129	1.570	197.089	83	7	680	1.032	1.242	2.738	202.871	7.022	—	36.118	3.376	5.909	3.833	259.129	» 27



## ECONOMIC AND FINANCIAL STATISTICS

Table 1.

### Geographical Distribution of Exports from the Belgian-Luxemburg Economic Union

	Monthly averages in billion of francs							In per cent of the total value	
	1966	1967	1968	1969	1970	1970	1971 <i>p</i>	1960	1971 <i>p</i>
						(First 11 months)			(First 11 months)
1. Market-economy countries	27.68	28.37	33.11	40.97	47.31	46.68	48.25	97.4	97.9
a) Industrialised countries	23.98	24.63	29.11	36.20	41.49	40.91	42.52	76.6	86.3
of which :									
European Economic Community	17.87	18.45	21.88	28.33	33.13	32.71	33.76	50.5	68.5
Federal Republic of Germany	(6.00)	(5.80)	(7.12)	(9.60)	(11.91)	(11.77)	(12.33)	(15.8)	(25.0)
France	(4.60)	(5.19)	(6.31)	(8.81)	(9.58)	(9.46)	(9.99)	(10.4)	(20.3)
Italy	(0.94)	(1.17)	(1.29)	(1.80)	(2.27)	(2.26)	(2.13)	(3.1)	(4.3)
Netherlands	(6.33)	(6.29)	(7.16)	(8.12)	(9.37)	(9.22)	(9.31)	(21.2)	(18.9)
United Kingdom	1.34	1.39	1.49	1.69	1.76	1.69	1.79	5.5	3.6
United States	2.46	2.45	3.21	2.90	2.90	2.85	3.42	9.5	6.9
Japan	0.20	0.25	0.23	0.32	0.35	0.35	0.31	0.6	0.6
b) Other developed countries	1.23	1.33	1.23	1.63	1.97	1.95	1.89	5.8	3.8
c) Developing countries	2.47	2.41	2.77	3.14	3.85	3.82	3.84	14.6	7.8
of which :									
Republic of Zaïre	0.27	0.21	0.29	0.37	0.47	0.48	0.52	1.6	1.1
2. Countries with centrally planned economies	0.59	0.74	0.69	0.69	0.81	0.80	0.76	2.5	1.5
Total <sup>(1)</sup>	28.45	29.30	34.02	41.94	48.37	47.73	49.26	100.0	100.0

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

<sup>(1)</sup> Including supplies on board ships and aircraft, and miscellaneous items.

*p* Provisional figures.

Table 2.

**Financing of the Belgian-Luxemburg Economic Union's  
Balance of Payments**

*(Changes in billions of francs)*

	Classification published in the Bulletin of the National Bank of Belgium (1)					Total	Corresponding items of Tables 5, 7 and 8 (2) of this Report					
	Refinancing, outside monetary institutions, of commercial claims on foreign countries	Monetary institutions' net foreign assets					Belgian franc commercial credits granted to foreign countries, originally financed by the banks (3)	Banks' direct claims on and liabilities to foreign countries		Liabilities via Belgian monetary institutions		National Bank of Belgium's exchange reserves (8)
		Belgian and Luxemburg banks		Miscellaneous monetary institutions	National Bank of Belgium			Belgian and Luxemburg francs (4)	Foreign currencies (5)	of the Government (6)	of the other public authorities (7)	
		Belgian and Luxemburg francs	Foreign currencies									
1966 .....	-1.1	-1.7	-6.4	+1.1	+ 1.7	- 6.4	+1.4	-3.3	+ 1.8	- 7.1	...	+ 0.8
1967 .....	+2.7	-0.8	-2.3	+0.3	+ 12.4	+ 12.3	+5.5	-3.0	+ 2.5	- 3.4	-1.3	+ 12.0
1968 .....	-0.8	+2.1	+8.1	+0.3	- 14.2	- 4.5	+9.5	-2.2	+ 8.0	+ 0.8	-0.2	- 20.4
1969 .....	+2.8	+5.9	+1.8	+2.0	+ 5.4	+ 17.9	+0.6	+5.5	+ 7.7	- 5.9	+0.2	+ 9.8
1970 .....	+4.8	+3.8	-0.7	+0.7	+ 11.4	+ 20.0	+6.7	-4.4	- 11.7	+ 10.5	-0.4	+ 19.3
1970 First 11 months .	+5.3	+4.9	-0.9	+0.6	+ 12.1	+ 22.0	+5.5	-3.0	- 10.4	+ 8.7	-0.4	+ 21.6
1971 First 11 months <i>p</i>	-2.2	-9.1	+9.8	+2.1	+ 17.8	+ 18.4	+1.1	-9.2	- 9.7	+ 20.8	...	+ 15.4
of which :												
First 8 months <i>p</i>	(-1.0)	(-7.2)	(+3.5)	(+0.7)	(+ 22.6)	(+ 18.6)	(-1.2)	(-7.9)	(- 13.4)	(+ 18.0)	(...)	(+ 23.1)
Sept-November <i>p</i>	(-1.2)	(-1.9)	(+6.3)	(+1.4)	(- 4.8)	(- 0.2)	(+2.3)	(-1.3)	(+ 3.7)	(+ 2.8)	(...)	(- 7.7)

(1) Statistics, Table IX, item 6 and its sub-items.

(2) Pages 45, 48 and 49.

(3) Table 5, column (a), with reversed signs.

(4) Table 5, column (b), with reversed signs.

(5) Table 5, column (c), with reversed signs.

(6) Table 7, column (d), with reversed signs.

(7) Table 7, column (g), with reversed signs.

(8) Table 8, last column.

*p* Provisional figures.

Table 3.

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

(Billions of francs)

At end of	Foreign exchange reserves					Belgian franc acceptances representing exports	Grand total (3)	Annual changes in total of foreign exchange reserves (4)	Annual changes in grand total (4)
	Gold holding	Assets held at the International Monetary Fund (1)	Assets in foreign currencies	Miscellaneous (2)	Total (3)				
1965 .....	77.9	15.6	21.9	0.7	116.1	6.7	122.8		
1966 .....	76.2	18.6	21.4	0.7	116.9	7.6	124.5	+ 0.8	+ 1.7
1967 .....	74.0	16.6	36.1	2.2	128.9	8.0	136.9	+12.0	+12.4
1968 .....	76.2	15.3	18.1	- 1.1	108.5	14.2	122.7	-20.4	-14.2
1969 .....	76.0	7.8	35.6	- 0.9	118.5	9.8	128.3	+ 9.8	+ 5.4
1970 November .	76.4	21.4	46.5	- 0.7	143.6	0.3	143.9	+21.6 (5)	+12.1 (5)
December .	73.5	29.8	39.0	- 1.1	141.2	1.9	143.1	+19.3	+11.4
1971 August ...	79.2	50.2	42.6	- 3.8	168.2	1.4	169.6	+23.1 (6)	+22.6 (6)
November .	78.2	50.3	38.1	- 6.1	160.5	4.3	164.8	+15.4 (5)	+17.8 (5)
December .	77.2	50.3	35.0	- 3.8	158.7	5.8	164.5	+13.6	+17.5

(1) Rights, including the special drawing rights, which are held by the Belgian Government as a member of the International Monetary Fund and which the Bank has been authorised, first by the Law of 19th June, 1959 and then by that of 9th June, 1969, to show in its accounts as its own assets in consideration of its assuming liability for the obligations incumbent on the Belgian Government in that connection.

(2) Foreign assets in Belgian francs (other than the acceptances representing exports), mostly United States Treasury Certificates up till 1967; liabilities to non-residents, in particular to Central Banks.

(3) For the reasons stated on page 110 of the Report on the National Bank's activities in 1962, this total takes no account of foreign exchanges and gold to be received or delivered at forward dates.

(4) Not including the accounting changes, namely those resulting from a) the change in the method of financing the counterpart of the International Monetary Fund's account with the National Bank of Belgium (Law of 9th June, 1969), b) the adjustments made to the cash assets in German marks following the revaluation of that currency in 1969 and to those in Swiss francs following the revaluation of that currency in 1971 and c) the allocations of special drawing rights to Belgium in 1970 and 1971.

(5) Change in the first eleven months.

(6) Change in the first eight months.

Table 4.

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

(Daily quotations in Belgian francs)

1971	1	1	1	1	1	100	1 Canadian dollar		1	1	1	1	100	100	100	1	1
	U.S. dollar	pound sterling	Nether- lands guilder	German mark	French franc	Italian lire	Tele- graphic transfer	Mail transfer	Swiss franc	Swedish crown	Danish crown	Norwe- gian crown	Austrian schillings	100 escudos	100 pesetas	Finnish mark	Zaire
<b>January</b>																	
Highest	49.70	119.95	13.82	13.67	9.00	7.97	49.19	49.19	11.55	9.63	6.64	6.97	192.60	174.65	71.43	11.93	100.03
Lowest	49.63	118.96	13.80	13.63	8.99	7.96	48.88	48.88	11.51	9.61	6.63	6.95	191.75	173.98	71.31	11.90	100.02
Mean	49.64	119.41	13.81	13.65	8.99	7.97	49.04	49.04	11.53	9.61	6.63	6.95	192.01	174.28	71.34	11.91	100.02
<b>February</b>																	
Highest	49.64	120.07	13.81	13.67	9.00	7.98	49.49	49.49	11.55	9.62	6.64	6.96	192.00	174.60	71.34	11.91	100.03
Lowest	49.63	119.80	13.79	13.66	8.99	7.95	49.17	49.17	11.52	9.58	6.63	6.95	191.63	174.00	71.31	11.91	100.02
Mean	49.63	119.99	13.80	13.67	8.99	7.96	49.26	49.26	11.55	9.60	6.63	6.95	191.72	174.46	71.32	11.91	100.02
<b>March</b>																	
Highest	49.65	120.15	13.81	13.68	9.00	7.99	49.49	49.49	11.56	9.62	6.64	6.96	192.23	174.50	71.38	11.91	100.03
Lowest	49.63	119.89	13.80	13.65	9.00	7.96	49.21	49.22	11.52	9.61	6.63	6.95	191.68	174.23	71.32	11.91	99.99
Mean	49.64	120.06	13.81	13.67	9.00	7.97	49.33	49.33	11.54	9.62	6.64	6.96	191.96	174.38	71.34	11.91	100.01
<b>April</b>																	
Highest	49.68	120.12	13.81	13.68	9.00	7.99	49.34	49.34	11.56	9.62	6.64	6.97	192.50	174.45	71.42	11.92	100.02
Lowest	49.63	119.74	13.77	13.63	9.00	7.98	49.17	49.16	11.53	9.61	6.62	6.96	192.08	174.00	71.33	11.88	99.98
Mean	49.64	120.03	13.79	13.66	9.00	7.98	49.27	49.27	11.55	9.62	6.63	6.97	192.26	174.21	71.36	11.91	100.00
<b>May</b> (until the 4th)																	
Highest	49.63	120.09	13.81	13.67	9.00	7.98	49.20	49.20	11.55	9.62	6.62	6.96	192.28	174.35	71.35	11.89	100.00
Lowest	49.63	120.01	13.81	13.67	9.00	7.98	49.20	49.20	11.55	9.62	6.62	6.96	192.20	174.25	71.35	11.88	99.99
Mean	49.63	120.05	13.81	13.67	9.00	7.98	49.20	49.20	11.55	9.62	6.62	6.96	192.24	174.30	71.35	11.88	100.00
<b>May</b> (from the 11th) <sup>(1)</sup>																	
Highest	49.65	120.12	14.06	14.18	8.99	7.98	49.24	49.25	12.19	9.62	6.63	6.99	198.70	176.00	71.35	11.89	100.01
Lowest	49.63	119.95	13.94	13.94	8.96	7.96	49.17	49.19	12.07	9.59	6.61	6.98	198.55	174.28	71.31	11.83	99.99
Mean	49.63	120.05	14.00	14.03	8.98	7.97	49.20	49.21	12.13	9.61	6.62	6.98	198.63	174.97	71.33	11.84	100.00
<b>June</b>																	
Highest	49.85	120.61	14.00	14.23	9.02	7.98	49.13	49.13	12.19	9.66	6.66	7.01	199.88	175.25	71.66	11.90	100.02
Lowest	49.63	120.01	13.89	13.94	8.97	7.95	48.53	48.53	12.10	9.61	6.62	6.98	198.68	174.50	71.33	11.84	99.98
Mean	49.73	120.29	13.96	14.16	9.00	7.96	48.72	48.73	12.15	9.63	6.64	6.99	199.20	174.85	71.48	11.86	100.00
<b>July</b>																	
Highest	49.79	120.44	14.00	14.35	9.03	7.99	48.86	48.86	12.15	9.65	6.64	7.01	199.60	175.00	71.57	11.92	100.00
Lowest	49.63	120.02	13.93	14.18	9.00	7.96	48.51	48.51	12.10	9.61	6.62	6.98	198.90	174.30	71.36	11.89	99.98
Mean	49.67	120.14	13.96	14.26	9.01	7.97	48.63	48.63	12.13	9.62	6.63	6.99	199.14	174.55	71.43	11.90	99.99
<b>August</b> (until the 13th)																	
Highest	49.65	120.09	14.40	14.66	9.00	8.00	49.04	49.04	12.24	9.63	6.63	7.00	199.45	174.60	71.45	11.91	99.99
Lowest	49.63	120.04	13.98	14.34	9.00	7.97	48.73	48.73	12.14	9.61	6.61	6.99	199.08	174.40	71.42	11.88	99.98
Mean	49.63	120.06	14.14	14.47	9.00	7.98	48.85	48.85	12.20	9.62	6.62	6.99	199.23	174.49	71.43	11.90	99.98
<b>August</b> (from the 23rd) <sup>(2)</sup>																	
Highest	48.88	119.53	14.02	14.28	8.86	7.95	48.24	48.25	12.23	9.63	6.62	7.06	199.55	183.00	70.35	11.83	96.98
Lowest	48.20	118.53	14.02	14.20	8.74	7.85	47.68	47.68	12.12	9.51	6.55	7.00	197.35	175.00	69.49	11.60	96.40
Mean	48.40	119.12	14.02	14.25	8.78	7.89	47.83	47.83	12.19	9.55	6.59	7.02	198.28	178.13	69.72	11.66	96.65
<b>September</b>																	
Highest	48.40	119.01	14.02	14.27	8.78	7.88	47.66	47.66	12.12	9.52	6.60	6.99	197.75	180.50	69.83	11.65	96.80
Lowest	46.77	116.18	13.92	14.13	8.47	7.65	46.46	46.46	11.83	9.32	6.46	6.84	194.25	174.00	67.80	11.26	93.54
Mean	47.81	118.05	14.00	14.23	8.66	7.79	47.18	47.18	12.00	9.44	6.54	6.93	196.27	176.48	69.07	11.51	95.63
<b>October</b>																	
Highest	47.10	117.23	13.98	14.18	8.52	7.70	46.74	46.75	11.90	9.39	6.48	6.88	195.00	174.15	68.30	11.33	94.20
Lowest	46.62	116.26	13.90	13.98	8.42	7.61	46.44	46.44	11.68	9.29	6.43	6.80	192.60	170.15	67.55	11.23	93.24
Mean	46.82	116.63	13.94	14.08	8.46	7.65	46.60	46.60	11.78	9.33	6.45	6.84	193.61	171.78	67.96	11.27	93.63
<b>November</b>																	
Highest	46.58	116.13	14.01	13.96	8.43	7.60	46.39	46.38	11.69	9.35	6.41	6.79	192.30	170.50	67.94	11.21	93.16
Lowest	45.94	114.57	13.87	13.86	8.33	7.50	45.84	45.84	11.61	9.24	6.36	6.72	190.75	168.50	67.00	11.06	91.88
Mean	46.32	115.50	13.91	13.91	8.38	7.56	46.15	46.15	11.64	9.27	6.38	6.76	191.52	169.40	67.59	11.15	92.64
<b>December</b> (until the 17th)																	
Highest	46.15	115.24	13.93	14.02	8.37	7.60	46.00	46.00	11.76	9.38	6.40	6.78	193.70	169.75	68.76	11.11	92.29
Lowest	45.52	113.87	13.85	13.92	8.23	7.51	45.49	45.49	11.66	9.29	6.33	6.71	191.50	168.00	66.43	10.96	90.94
Mean	45.69	114.69	13.91	13.98	8.28	7.56	45.73	45.73	11.71	9.33	6.36	6.75	192.28	168.78	67.26	11.01	91.39
<b>December</b> (from the 21st) <sup>(3)</sup>																	
Highest	45.51	116.23	13.91	13.94	8.71	7.67	45.76	45.76	11.73	9.36	6.43	6.78	193.00	171.00	69.53	10.98	90.61
Lowest	44.75	113.81	13.73	13.65	8.54	7.53	44.70	44.70	11.40	9.16	6.32	6.68	189.00	164.50	67.85	10.90	89.50
Mean	45.19	115.24	13.83	13.81	8.64	7.61	45.20	45.20	11.57	9.27	6.38	6.73	191.03	167.08	68.67	10.93	90.22

(1) Quotation suspended from 5th to 10th May.

(2) Quotation suspended from 16th to 20th August.

(3) Quotation suspended on 20th December.



Table 5.

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

(Billions of francs)

	Not including the debudgetised receipts and expenditure of the Economic Expansion and Regional Reconversion Fund (1) and of the National Post and National Sea Transport Boards (2)		Including the debudgetised receipts and expenditure of the Economic Expansion and Regional Reconversion Fund (1) and of the National Post and National Sea Transport Boards (2)		Balance (e) = (a) - (b) or (c) - (d)
	Receipts (a)	Expenditure (3) (b)	Receipts (c)	Expenditure (d)	
1966 .....	200.6	203.9	200.6	203.9	- 3.3
1967 .....	219.6	221.7	220.0	222.1	- 2.1
1968 .....	238.8	243.9	240.4	245.5	- 5.1
1969 .....	266.3	271.4	267.8	272.9	- 5.1
1970 .....	299.5	293.9	305.6	300.0	+ 5.6
1970 First 10 months .....	246.1	239.9	250.9	244.7	+ 6.2
1971 First 10 months .....	268.9	265.8	277.6	274.5	+ 3.1

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

(<sup>2</sup>) Boards created in 1971.

(<sup>3</sup>) The balance of the transactions of the Economic Expansion and Regional Reconversion Fund and the National Post and National Sea Transport Boards is included in this column.

Table 6.

## National Debt

(Billions of francs)

At end of	Direct debt						Indirect debt (2)	Debt taken over from the Republic of Zaïre (3)	Total (4)
	in Belgian francs				in foreign currencies (1)	Total			
	Consolidated	Medium term	Short term	Total					
1965 .....	293.6	6.8	104.9	405.3	45.4	450.7	33.9	4.4	489.0
1966 .....	305.6	7.8	109.3	422.7	49.8	472.5	31.0	3.9	507.4
1967 .....	317.1	8.5	103.6	429.3	55.4	484.7	40.7	3.5	528.9
1968 .....	335.0	9.1	120.7	464.8	54.9	519.7	47.6	3.0	570.3
1969 .....	347.7	13.9	120.2	481.8	61.1	542.9	52.9	2.6	598.4
1970 October .....	365.4	11.9	109.4	486.7	54.0	540.7	62.1	2.3	605.1
December ...	359.6	12.5	135.4	507.5	50.3	557.8	61.7	2.2	621.7
1971 October .....	429.2	13.7	122.7	565.6	24.6	590.2	57.5	1.9	649.6
December ...	426.5	13.4	124.1	564.0	22.2	586.2	56.7	1.8	644.7

Source : Treasury and Public Debt Administration.

(<sup>1</sup>) Not including the inter-governmental debts resulting from the 1914-18 war. The figures in this column represent only a fraction of the foreign debt, which in the broader sense also includes the indirect debt in foreign currencies, the debt taken over from the Republic of Zaïre and the Belgian franc liabilities in respect of which the Government is a debtor, either directly to foreign countries or to Belgian institutions which have themselves incurred debt of corresponding amount to foreign countries. The changes in the Government's recourse to foreign markets, as given in column (e) of Table 12 on page 61, take account of all the liabilities where the Government is a direct debtor and of the liabilities where it is a debtor through intermediary of Belgian monetary institutions.

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

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

(<sup>4</sup>) The changes between the end of one period and the other may be partly of an accounting nature. Item 3 in Table 6bis indicates the changes in the national debt which have given rise to payments or receipts for the Treasury.

Table 6bis.

**Changes in the National Debt,  
and Meeting of the Governments Net Financial Requirements**

(Billions of francs)

	1966	1967	1968	1969	1970	1970	1971
						(First 10 months)	
1. Changes in the public debt (1) .....	+18.4	+21.5	+41.4	+28.1	+23.3	+ 6.7	+27.9
2. Accounting movements :							
a) Treasury Certificates held by the International Monetary Fund (2)	(+ 1.3)	(+ 0.5)	(+ 4.4)	(+ 2.3)	(- 0.5)	(- 8.9)	(-10.4)
b) Treasury Certificates taken by the N.B.B. to finance loans to the International Monetary Fund pursuant to the General Arrangements to Borrow (3) .....	(...)	(- 1.5)	(+ 3.1)	(- 5.0)	(-)	(-)	(-)
c) N.B.B.'s credit balance at the P.C.O. for account of the Minister of National Education (4) .....	(...)	(+ 0.3)	(+ 0.8)	(+ 0.2)	(...)	(- 1.4)	(- 2.2)
d) Miscellaneous .....	...	...	...	(+ 0.7)	...	...	(+ 0.8)
Total of 2 ...	+ 1.3	- 0.7	+ 8.3	- 1.8	- 0.5	-10.3	-11.8
3. Changes in the public debt which gave rise to payments or receipts for the Treasury (3 = 1 - 2) .....	+17.1	+22.2	+33.1	+29.9	+23.8	+17.0	+39.7
4. Changes in bills accepted by the Road Fund (5) .....	—	+ 0.8	+ 1.0	- 1.8	...	...	...
5. Changes in the Treasury's credit balance with the N.B.B. and in its temporary investments in commercial bills .....	...	...	...	...	...	...	+ 7.8
6. Meeting of the Government's net financial requirements (6 = 3 + 4 - 5)	+17.1	+23.0	+34.1	+28.1	+23.8	+17.0	+31.9

(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) The loans granted to the International Monetary Fund within the framework of the General Arrangements to Borrow, and the repayments made by the Fund on those loans, are regarded as not having given rise to outward payments or receipts for the Treasury, since they were financed by the National Bank of Belgium. By

way of counterpart, the movement of the certificates for which the Bank subscribed in order to ensure this financing must be regarded as not being reflected in receipts or payments for the Treasury.

(<sup>4</sup>) The movements of the National Bank's credit balance at the Postal Cheque Office for account of the Minister of National Education have, as their exact counterparts, movements of the balance held by the Minister of National Education at the Bank.

(<sup>5</sup>) Changes in the Road Fund's indebtedness in the form of bills accepted by it in settlement for work done and approved (Royal Decree No 41 of 29th September, 1967).

Table 7.

## Limitation of Bank Credit

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

Dates (a)	Credits subject to limitation (1) (b)	Norms (2) (c)
30th Sept., 1970	Acceptance, discount and promissory note credits and advances, excluding foreign currency advances to non-residents, discount credits to the Road Fund and outstanding amounts of credit granted by Export Credit <sup>(3)</sup>	Average amount outstanding at the end of September and December, 1969 $\left\{ \begin{array}{l} \text{multiplied by 1.055} \\ \text{or} \\ \text{plus Fr. 30 million} \end{array} \right.$ <i>or</i> Amount outstanding at the end of December, 1969 $\left\{ \begin{array}{l} \text{multiplied by 1.055} \\ \text{or} \\ \text{plus Fr. 30 million} \end{array} \right.$ <i>or</i> Average of the amount outstanding at the end of September, 1968, multiplied by 1.19 and of the amount outstanding at the end of September, 1969, multiplied by 1.04 <i>or</i> Norm at the end of March, 1970 (minus the amount of Export Credit credits outstanding on that date) multiplied by 0.95
31st Dec., 1970	Ditto	Norm at the end of September, 1970 $\left\{ \begin{array}{l} \text{multiplied by 1.06} \\ \text{or} \\ \text{plus Fr. 35 million} \end{array} \right.$
31st March, 1971	Ditto, excluding capital investment credits opened for residents before 9th December, 1970 and declared to the Central Risks Office not later than 15th December, 1970	Norm at the end of September, 1970 (minus the outstanding amount on that date of capital investment credits excluded from the limitation) $\left\{ \begin{array}{l} \text{multiplied by 1.08} \\ \text{or} \\ \text{plus F. 45 million} \end{array} \right.$
30th June, 1971	Same definition as for 30th September, 1970, excluding capital investment credits opened for residents before 24th March, 1971 and declared to the Central Risks Office not later than 31st March, 1971	Norm at the end of March, 1971 $\left\{ \begin{array}{l} \text{Multiplied by 1.045} \\ \text{or} \\ \text{plus Fr. 25 million} \end{array} \right.$
30th Sept., 1971	Ditto	Norm at the end of March, 1971 $\left\{ \begin{array}{l} \text{Multiplied by 1.06} \\ \text{or} \\ \text{plus Fr. 35 million} \end{array} \right.$

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

(2) For recently created banks, special norms, in line with the norms mentioned, were fixed taking into account the special position of these banks.

(3) Bills financed by the Export Credit pools and bills at more than one year mobilised by these pools on the market operated, outside the National Bank, by the Rediscount and Guarantee Institute.

Table 8.

## 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
1965 .....	170.3	6.6	173.4	
1966 .....	175.3	6.9	178.7	+ 5.3
1967 .....	177.5	6.5	180.1	+ 1.4
1968 .....	183.2	6.6	185.4	+ 5.3
1969 .....	183.0	7.0	185.2	- 0.2
1970 October .....	182.6	7.3	185.6	+ 0.4 (2)
December .....	188.2	7.5	190.7	+ 5.5
1971 October .....	196.0	7.9	199.0	+ 8.3 (2)
December .....	201.8	8.1	n.a.	n.a.

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

(1) Notes and coin less holdings of monetary institutions. Since it is not known to what extent the holdings of monetary institutions other than the National Bank of Belgium consist of notes issued by the Bank, on the one hand, and of notes and coin issued by the Treasury, on the other, it has not been possible to effect the same deduction in the first column, and it has been possible to make it only partly in the second.

(2) Change on the first ten months.

n.a. Figures not available.

Table 9.

## 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			
1965 .....	0.4	37.5	95.4	133.3	11.8	145.1	
1966 .....	0.5	41.5	104.1	146.1	14.9	161.0	+ 15.9
1967 .....	0.5	39.0	113.5	153.0	17.4	170.4	+ 9.6 <sup>(2)</sup>
1968 .....	0.8	46.3	123.3	170.4	20.8	191.2	+ 20.8
1969 .....	0.4	43.9	131.2	175.5	25.7	201.2	+ 10.0
1970 October .....	0.3	48.1	141.9	190.3	21.9	212.2	+ 11.0 <sup>(3)</sup>
December .....	0.4	49.6	152.6	202.6	25.3	227.9	+ 26.7
1971 October .....	0.3	50.8	163.5	214.6	28.1	242.7	+ 14.8 <sup>(3)</sup>

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

(<sup>1</sup>) Balances held by special accounting officers at the Postal Cheque Office, and public authorities' balances at sight or not more than one month at the Belgian Municipal Credit Institution.

(<sup>2</sup>) After elimination of an accounting reduction of Fr. 0.2 billion.

(<sup>3</sup>) Change on the first ten months.

Table 10.

## Sight Deposits

## Total Amount of Payments Effected, and Frequency of Turnover (\*)

Monthly averages per standard month of 25 days	Total amount of payments effected (Billions of francs)			Frequency of turnover			
	through sight deposits at banks	through balances at Postal Cheque Office	Total	of sight deposits at banks	of balances at Postal Cheque Office		
1966 .....	191.3	149.3	340.6	2.67	3.47		
1967 .....	210.3	163.9	374.2	2.72	3.71		
1968 .....	236.6	174.0	410.6	2.74	3.83		
1969 .....	280.6	194.9	475.5	3.03	4.07		
1970 .....	325.7	207.3	533.0	3.33	4.13		
1970 First 11 months .....	320.0	205.4	525.4	3.30	4.12		
1971 First 11 months .....	368.7	232.2	600.9	3.23	4.19		
					(1)	(1)	
1970 1st quarter .....	291.8	197.6	489.4	3.18	3.26	4.07	4.15
2nd quarter .....	341.6	211.3	552.9	3.47	3.38	4.15	4.06
3rd quarter .....	319.3	199.5	518.8	3.20	3.35	4.01	4.15
4th quarter .....	349.9	221.0	570.9	3.46	3.31	4.30	4.17
1971 1st quarter .....	341.5	222.7	564.2	3.18	3.26	3.98	4.06
2nd quarter .....	387.6	245.4	633.0	3.39	3.30	4.35	4.25
3rd quarter .....	360.3	225.9	586.2	3.06	3.21	4.10	4.25

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

(1) Figures adjusted to eliminate seasonal variations.



Table 11.

### 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	
1966 .....	+ 6.6	+ 6.1	+ 4.5	+ 1.4	+ 18.6
1967 .....	+10.8	+ 6.4	+ 5.3	+ 1.1	+ 23.6
1968 .....	+12.0	+ 7.2	+ 6.5	+ 1.6	+ 27.3
1969 .....	+ 2.2	+ 3.7	+ 4.9	+ 0.5	+ 11.3
1970 .....	+ 2.7	+ 1.5	+ 2.8	+ 0.5	+ 7.5
1970 First 10 months .....	+ 1.3	- 1.0	+ 1.0	+ 0.2	+ 1.5
1971 First 10 months .....	+15.4	+ 9.6	+ 7.7	+ 2.0	+ 34.7

Table 12.

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

Classified according to issuers

(Changes in billions of francs)

	Government (1)	Public financial inter- mediaries (2)	Other public authorities and institutions	Banks	Private savings banks, mortgage and capital accumu- lation companies (2)	Others	Total
1966 .....	+ 10.1	+ 14.0	+ 11.9	+ 0.6	+ 2.5	+ 2.1	+ 41.2
1967 .....	+ 21.5	+ 23.2	+ 10.5	+ 1.5	+ 4.7	+ 1.7	+ 63.1
1968 .....	+ 25.4	+ 28.6	+ 9.2	+ 3.0	+ 4.8	+ 3.9	+ 74.9
1969 .....	+ 22.6	+ 20.7	+ 15.7	+ 4.5	+ 5.6	+ 2.2	+ 71.3
1970 .....	+ 19.3	+ 42.2	<i>p</i> + 19.8	+ 4.6	+ 7.0	<i>p</i> + 4.6	<i>p</i> + 97.5
1970 First 10 months .	+ 25.0	+ 30.9	<i>p</i> + 10.6	+ 3.5	+ 5.7	<i>p</i> + 2.2	<i>p</i> + 77.9
1971 First 10 months .	+ 66.6	+ 44.1	<i>p</i> + 25.1	+ 4.4	<i>p</i> + 6.1	<i>p</i> + 11.6	<i>p</i> + 157.9

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

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

*p* Provisional figures.

Table 13.

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

Classified according to holders

*(Changes in billions of francs)*

	Monetary institutions	Other financial intermediaries (1)	Public authorities	Others (2)	Total
1966 .....	+ 4.2	+ 4.3	+ 3.2	+ 29.5	+ 41.2
1967 .....	+ 13.2	+ 2.3	+ 1.2	+ 46.4	+ 63.1
1968 .....	+ 16.4	+ 20.1	+ 0.4	+ 38.0	+ 74.9
1969 .....	+ 11.8	+ 12.6	+ 0.4	+ 46.5	+ 71.3
1970 .....	+ 29.0	+ 4.4	+ 0.9	<i>p</i> + 63.2	<i>p</i> + 97.5
1970 First 10 months .....	+ 22.3	+ 1.9	+ 0.7	<i>p</i> + 53.0	<i>p</i> + 77.9
1971 First 10 months ... <i>p</i>	+ 47.0	+ 35.5	+ 0.8	+ 74.6	+157.9

(1) Excluding the net acquisitions of certain financial intermediaries the amount of which is not known for 1971, 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 14 in this Annex.

*p* Provisional figures.

Table 14.

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

Classified according to issuers

*(Changes in billions of francs)*

	Government	Public financial inter- mediaries	Other public authorities and institutions	Banks	Private savings banks, mortgage and capital accumu- lation companies	Others	Total
1966 .....	+ 7.1	+ 8.9	+ 8.6	+ 0.6	+ 2.5	+ 1.8	+29.5
1967 .....	+13.9	+19.6	+ 5.3	+ 1.5	+ 4.6	+ 1.5	+46.4
1968 .....	+ 6.6	+18.5	+ 2.1	+ 3.0	+ 4.5	+ 3.3	+38.0
1969 .....	+ 8.9	+16.9	+ 9.5	+ 4.5	+ 5.5	+ 1.2	+46.5
1970 .....	+ 9.4	+29.6	<i>p</i> + 9.9	+ 4.6	+ 7.2	<i>p</i> + 2.5	<i>p</i> +63.2
1970 First 10 months .	+12.5	+23.5	<i>p</i> + 6.5	+ 3.5	+ 5.9	<i>p</i> + 1.1	<i>p</i> +53.0
1971 First 10 months .	+16.9	+29.5	<i>p</i> + 8.9	+ 4.4	+ 6.0	<i>p</i> + 8.9	<i>p</i> +74.6

*p* Provisional figures.

Table 15.

Rates for Investments in Belgian Francs Accessible to the General Public <sup>(1)</sup>

(Per cent)

At end of	Ordinary time deposits at banks (3 months)	Deposits on ordinary savings books at the General Savings and Pensions Fund (2)	Yield, at issue, on public financial credit intermediaries' bonds and medium-term notes		Average stock exchange yield on Government loans (at more than 5 years) (3)	
			(1 year)	(5 years)	Loans issued before 1st December, 1962	Loans issued after 1st December, 1962
1965 .....	3.50	3.50	4.75	6.12	5.66	6.45
1966 .....	3.80	3.50	5.25	6.70	5.85	6.76
1967 .....	3.60	3.50	5.25	6.70	5.70	6.58
1968 .....	3.00	3.50	5.00	6.50	5.58	6.65
1969 .....	6.00	4.00	7.00	8.00	6.19	7.80
1970 June .....	6.00	4.50	7.00	8.00	5.94	7.83
December .....	5.50	4.50	7.00	8.00	5.70	7.79
1971 January .....	5.50	4.50	6.50	7.50	5.62	7.72
February .....	5.25	4.50	6.00	7.00	5.56	7.42
March .....	5.25	4.50	6.00	7.00	5.54	7.37
April .....	4.50	4.50	6.00	7.00	5.47	7.41
May .....	4.50	4.50	6.00	7.00	5.46	7.35
June .....	4.50	4.50	6.00	7.00	5.43	7.28
July .....	4.50	4.50	6.00	7.00	5.43	7.32
August .....	4.50	4.50	6.00	7.00	5.28	7.15
September .....	4.50	4.50	6.00	6.75	5.46	7.29
October .....	4.50	4.50	5.75	6.75	5.43	7.21
November .....	4.00	4.50	5.75	6.75	5.37	7.17
December .....	4.00	4.50	5.75	6.75	5.33	7.17

<sup>(1)</sup> Rates before deduction of tax at source.

<sup>(2)</sup> Rates credited on amounts up to Fr. 350,000 in 1965 and 1966 and up to Fr. 500,000 from 1st January, 1967 onwards. They include the fidelity premium paid on amounts that remained on deposit from 16th January to 31st December. Since, up to a certain amount (at present Fr. 7,500 per year), the income from deposits on ordinary savings books is exempt from tax, their rate is not comparable with the rates shown in the other columns.

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

Table 16.

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

(Per cent)

	Call money (1)	Treasury Certificates at very short term (3 months) (2)	Certificates of the Securities Stabilisation Fund (4 months) (3)	Treasury Certificates issued by tender (4)		R.G.I. : bank acceptances with visa representing imports (60 to 120 days) (2) (5)	Acceptances without visa negotiated on the market outside the National Bank (2)		Deposits in Euro-dollars (3 months) (2) (6)
				(9 months)	(12 months)		commercial (at about 30 days)	bank (at about 90 days)	
1965 .....	3.17	4.75	5.15	5.45	5.50	4.50	4.50	5.25	5.00
1966 .....	3.88	5.85	6.15	6.10	6.25	5.20	5.15	6.60	6.75
1967 .....	3.19	4.40	4.90	5.10	5.15	3.60	3.90	5.10	6.12
1968 .....	2.84	5.00	5.25	5.30	5.30	4.00	4.30	6.50	6.75
1969 .....	5.40	8.50	8.75	8.80	8.80	7.40	7.40	8.75	10.00
1970 June .....	6.39 <sup>(7)</sup>	8.00	8.25	—	—	7.40	7.20	8.00	8.75
December ...	6.12 <sup>(8)</sup>	6.95	7.25	—	7.75	6.00	6.00	7.00	6.37
1971 January .....	4.84	6.80	7.15	7.50	7.65	6.00	6.00	6.70	5.50
February ...	4.05	5.80	6.25	7.10	7.20	5.60	5.70	6.00	5.12
March .....	2.66	4.85	5.25	6.35	6.45	4.80	4.50	5.10	5.00
April .....	4.51	4.80	5.15	5.90	6.35	4.80	4.50	5.10	6.00
May .....	1.65	4.80	5.15	5.85	6.35	4.55	4.10	4.80	7.25
June .....	2.64	4.80	5.15	5.85	6.35	4.55	4.40	4.80	6.37
July .....	4.80	4.90	5.30	5.85	6.35	4.55	4.10	5.00	6.50
August .....	3.61	4.70	5.05	5.85	6.35	4.55	4.10	4.90	9.00
September ...	3.88	4.60	4.90	5.75	6.25	4.30	3.90	4.70	7.50
October .....	3.28	4.60	4.80	5.65	6.15	4.30	4.30	4.90	5.75
November ...	4.59	4.60	4.85	5.55	6.05	4.30	4.60	5.40	6.25
December ...	4.10	4.80	5.15	5.65	6.15	4.45	5.00	5.65	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) Before 1st June, 1970 : for acceptances at 120 days or less.

(6) Source : The Times.

(7) First half-year.

(8) Second half-year.

Table 17.

**Call Money (\*)**

(Billions of francs)

Daily averages	Lent by			Borrowed by				Total dealings
	banks	the Securities Stabilisation Fund	other institutions	banks	the Securities Stabilisation Fund	the Rediscount and Guarantee Institute	other institutions	
1966 .....	1.9	0.3	2.6	1.2	0.8	1.7	1.1	4.8
1967 .....	2.0	1.1	3.3	1.7	0.3	3.4	1.0	6.4
1968 .....	2.1	1.5	3.0	2.4	...	3.1	1.1	6.6
1969 .....	3.8	0.1	3.3	1.3	1.8	3.5	0.6	7.2
1970 .....	3.8	1.6	3.2	1.4	0.1	6.7	0.4	8.6
1971 .....	4.4	1.2	3.2	1.9	0.3	6.1	0.5	8.8

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

Table 18.

## National Bank of Belgium's Discount and Advance Rates

(Per cent)

	Discount						Advances in current account and loans against		
	Bills accepted payable at a bank, warrants	Acceptances with prior visa of the National Bank of Belgium		Bills accepted but not payable at a bank	Bills not accepted payable at a bank	Bills not accepted and not payable at a bank, promissory notes	Treasury Certificates and Securities Stabilisation Fund Certificates issued at up to 180 days (1)	Treasury Certificates issued at over 130 days up to 374 days (1) (2)	Other public securities (3)
		Imports	Exports						
At end of									
1965 .....	4.75	4.75	4.25	5.25	5.75	6.25	5.25	5.75	6.50
1966 .....	5.25	5.25	4.75	5.75	6.25	6.75	6.00	6.25	7.00
1967 .....	4.00	4.00	3.50	4.75	5.25	5.75	5.00	5.25	5.75
1968 .....	4.50	4.50	4.00	5.25	5.75	6.25	5.50	5.75	6.25
	Accepted bills payable at a bank, warrants and acceptances, bearing visa or certified (4), representing foreign trade transactions			Other bills and promissory notes					
1969 .....	7.50			9.50			9.00	9.25	9.50
1970 .....	6.50			8.50			8.00	8.25	8.50
1971 .....	5.50			7.00			6.50	6.75	7.00
1971									
1st January - 24th March .	6.50			8.50			8.00	8.25	8.50
25th March - 22nd Septemb.	6.00			7.50			7.00	7.25	7.50
23rd Septemb. - 31st Dec. .	5.50			7.00			6.50	6.75	7.00

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

(2) The maximum life was 366 days before 20th December, 1967.

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

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



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

Agricultural Fund	Fonds Agricole
Agricultural Investment Fund	Fonds d'investissement agricole
Antwerp Port Administration	Administration du Port d'Anvers
Asian Development Bank	Banque Asiatique de Développement
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 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-Luxemburg Economic Union (B.L.E.U.)	Union Economique Belgo-Luxembourgeoise (U.E.B.L.)
Belgian-Luxemburg Foreign Exchange Institute	Institut Belgo-Luxembourgeois du Change
Belgian Municipal Credit Institution	Crédit Communal de Belgique
Belgian National Railways Company (B.N.R.C.)	Société Nationale des Chemins de fer belges (S.N.C.F.B. ou S.N.C.B.)
Belgian Office for Increasing Productivity	Office Belge pour l'Accroissement de la Productivité
Belgian Surveyors' Association	Association Belge des Experts
Benelux Economic Union	Union Economique Benelux
Board of Management (of E.M.A.)	Comité directeur (de l'A.M.E.)
Brussels Canal and Maritime Installation Company Limited	S.A. du Canal et des Installations Maritimes de Bruxelles
Brussels Entente	Entente de Bruxelles

Brussels Land Surveyors' Union	Union des Géomètres Experts de Bruxelles
Brussels Municipal Water Company	Compagnie Intercommunale Bruxelloise des Eaux
Brussels Universal and International Exhibition	Exposition Universelle et Internationale de Bruxelles
Bulletin of the National Bank of Belgium (formerly Information Bulletin of the National Bank of Belgium)	Bulletin de la Banque Nationale de Belgique (précédemment Bulletin d'Information et de Documentation de la Banque Nationale de Belgique)
Centenary Fund	Fonds du Centenaire
Central Council of the Economy	Conseil Central de l'Economie
Central Office for Mortgage Credit	Office Central de Crédit Hypothécaire
Central Office for Small Savings	Office Central de la Petite Epargne
Central Risks Office	Centrale des Risques
Chamber of Representatives	Chambre des Représentants
Clearing House (at Brussels)	Chambre de Compensation (à Bruxelles)
Code of taxes payable by stamp or in similar ways	Code des taxes assimilées au timbre
Commercial Food Supply Office	Office Commercial du Ravitaillement (O.C.R.A.)
Commission of the European Communities	Commission des Communautés Européennes
Committee for the Study and Promotion of Exports of Small and Medium-sized Enterprises	Commission d'études pour la promotion des exportations de petites et moyennes entreprises
Committee of Central Bank Governors (of E.E.C.)	Comité des Gouverneurs des banques centrales (de la C.E.E.)
Committee of Control for Electricity	Comité de Contrôle de l'Electricité
Committee of Management for Electricity	Comité de Gestion de l'Electricité
Committee of the Brussels Stock Exchange	Commission de la Bourse de Bruxelles
Committee on Budgetary Policy (of E.E.C.)	Comité de politique budgétaire (de la C.E.E.)
Committee on Medium-term Economic Policy (of E.E.C.)	Comité de politique économique à moyen terme (de la C.E.E.)
Common Market	Marché commun
Consultative Committee for Coordinating Medium-Term Export Financing, known as « Cofinex »	Comité Consultatif de Coordination du Financement à Moyen Terme des Exportations (Cofinex)
Consultative Council for External Trade	Conseil Consultatif pour le Commerce Extérieur
Council of Ministers (of E.E.C.)	Conseil de Ministres (de la C.E.E.)
Council of Public Credit Institutions	Conseil des Institutions Publiques de Crédit
Council of Regency	Conseil de Régence
Council of State	Conseil d'Etat
Council of the European Communities	Conseil des Communautés Européennes
Court of Justice	Cour de Justice
Currency Reform Loan	Emprunt de l'Assainissement monétaire
Cyclical Policy Committee (of E.E.C.)	Comité de politique conjoncturelle (de la C.E.E.)
Department of Applied Economics at the Free University of Brussels	Département d'Economie appliquée de l'Université Libre de Bruxelles (D.U.L.B.E.A.)

Deposit and Consignment Office	Caisse des Dépôts et Consignations
Direct Taxes Department	Administration des Contributions directes
Directing Committee (of N.B.B.)	Comité de direction (de la B.N.B.)
Directorate General of Mines	Direction Générale des Mines
Directorate of the Coal Industry	Directoire de l'Industrie charbonnière
Discount Agency	Comptoir d'Escompte
Discount Committee	Comité d'Escompte
Economic and Social Committee	Comité Economique et Social
Economic Commission (of E.E.C.)	Commission Economique (de la C.E.E.)
Economic Expansion and Regional Reconversion Fund	Fonds d'Expansion Economique et de Reconversion Régionale
Economic Programming Office	Bureau de Programmation Economique
Economic Research Centre (at Louvain)	Centre de Recherches Economiques (de Louvain)
Economic, Social and Political Research Institute (of Louvain University) (E.S.P.R.I.)	Institut de Recherches Economiques, Sociales et Politiques (de l'Université de Louvain) (I.R.E.S.P.)
Energy Board	Administration de l'Energie
European Agricultural Direction and Guarantee Fund (of E.E.C.)	Fonds Européen d'Orientation et de Garantie Agri- cole (de la C.E.E.)
European Agricultural Markets Organi- sation	Organisation Européenne des Marchés Agricoles
European Assembly	Assemblée européenne
European Atomic Energy Community (Euratom)	Communauté Européenne de l'Energie Atomique (Euratom)
European Coal and Steel Community (E.C.S.C.)	Communauté Européenne du Charbon et de l'Acier (C.E.C.A.)
European Communities	Communautés européennes
European Development Fund (of E.E.C.) (formerly Fund for the Development of Overseas Countries and Territories)	Fonds Européen de Développement (de la C.E.E.) (précédemment Fonds de Développement pour les Pays et Territoires d'Outre-mer)
European Economic Community (E.E.C.)	Communauté Economique Européenne (C.E.E.)
European Free Trade Association	Association Européenne de Libre Echange
European Fund	Fonds Européen = Fonds de l'A.M.E.
European Investment Bank	Banque Européenne d'Investissement
European Monetary Agreement (E.M.A.)	Accord Monétaire Européen (A.M.E.)
European Nuclear Energy Agency	Agence Européenne pour l'Energie Nucléaire
European Parliamentary Assembly	Assemblée Parlementaire Européenne
European Payments Union (E.P.U.)	Union Européenne de Paiements (U.E.P.)
European Social Fund (of E.E.C.)	Fonds social européen (de la C.E.E.)
Excise Department (Ministry of Finance)	Service des Accises (Ministère des Finances)
Export Credit	Creditexport
External Trade Fund	Fonds du Commerce Extérieur
Federation of Belgian Industries	Fédération des Industries Belges
Federation of Chemical Industries	Fédération des Industries chimiques

Federation of Enterprises in the Metal Manufacturing Industries	Fédération des entreprises de l'industrie des fabrications métalliques
Franco-Belgian Nuclear Energy Company of the Ardennes	Société Franco-Belge d'Énergie Nucléaire des Ardennes
General Agreement on Tariffs and Trade (G.A.T.T.)	Accord Général sur les Tarifs douaniers et le Commerce (G.A.T.T.)
General Arrangements to Borrow (I.M.F.)	Accords Généraux d'Emprunt (F.M.I.)
General Budget Statement	Exposé Général du Budget
General Savings and Pensions Fund (G.S.P.F.)	Caisse Générale d'Épargne et de Retraite (C.G.E.R.)
General Statistical Bulletin of the Statistical Office of the European Communities	Bulletin général de Statistiques de l'Office statistique des Communautés européennes
High Authority (of E.C.S.C.)	Haute Autorité (de la C.E.C.A.)
Housing Fund of the Large Families' League	Fonds du Logement de la Ligue des Familles Nombreuses
Housing Institute	Institut du Logement
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 Development Association	Association Internationale de Développement
International Finance Corporation	Société Financière Internationale
International Lead and Zinc Study Group	Groupe d'Études 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'Étain
International Wheat Agreement	Accord International du Blé
Joint Committee of Banks and Bank Employees	Commission paritaire des banques
London Metal Exchange	Bourses des Métaux de Londres
Minister of National Education	Ministre de l'Éducation Nationale
Ministry for Economic Affairs	Ministère des Affaires Économiques
Ministry of Agriculture	Ministère de l'Agriculture
Ministry of Employment and Labour	Ministère de l'Emploi et du Travail
Ministry of Finance	Ministère des Finances
Ministry of National Defence	Ministère de la Défense Nationale
Ministry of Public Functions	Ministère de la Fonction Publique
Monetary Committee (of E.E.C.)	Comité Monétaire (de la C.E.E.)
Monetary Fund	Fonds Monétaire
National Coal Mines Council	Conseil National des Charbonnages

National Committee for Economic Expansion	Comité National de l'Expansion Economique
National Del Credere Office	Office National du Ducroire
National Employment Office (formerly National Employment and Unemployment Office)	Office National de l'Emploi (précédemment Office National du Placement et du Chômage)
National Foundation for Financing Scientific Research	Fondation Nationale pour le Financement de la Recherche Scientifique
National Fund for Credit to Trade and Industry	Caisse Nationale de Crédit Professionnel
National Housing Company (formerly National Cheap Dwellings Company)	Société Nationale du Logement (précédemment Société Nationale des Habitations et Logements à Bon Marché)
National Industrial Credit Company (N.I.C.C.)	Société Nationale de Crédit à l'Industrie (S.N.C.I.)
National Institute for Agricultural Credit	Institut National de Crédit Agricole
National Investment Company	Société Nationale d'Investissement
National Labour Council	Conseil National du Travail
National Land Company (formerly National Smallholders' Company)	Société Nationale Terrienne (précédemment Société Nationale de la Petite Propriété Terrienne)
National Mixed Mines Commission	Commission Nationale Mixte des Mines
National Post Board	Régie Nationale des Postes
National Sea Transport Board	Régie Nationale des Paquebots
National Sickness and Disablement Insurance Institute	Institut National d'Assurance Maladie-Invalidité
National Social Insurance Office	Office National de Sécurité Sociale
National Statistical Institute (N.S.I.)	Institut National de Statistique (I.N.S.)
National Water Distribution Company	Société Nationale des Distributions d'Eau
North Atlantic Treaty Organisation (N.A.T.O.)	Organisation du Traité de l'Atlantique-Nord (O.T.A.N.)
Nuclear Energy Research Centre	Centre d'Etudes de l'Energie Nucléaire
Organisation for Economic Cooperation and Development (O.E.C.D.) [formerly Organisation for European Economic Cooperation (O.E.E.C.)]	Organisation de Coopération et de Développement Economiques (O.C.D.E.) [précédemment Organisation Européenne de Coopération Economique (O.E.C.E.)]
Permanent Budget Equalisation Fund	Fonds Permanent d'Egalisation des Budgets
Postal Cheque Account (P.C.A.)	Compte de Chèques Postaux (C.C.P.)
Postal Cheque Office (P.C.O.)	Office des Chèques Postaux (O.C.P.)
Public Debt Sinking Fund	Fonds d'Amortissement de la Dette Publique
Rediscount and Guarantee Institute (R.G.I.)	Institut de Réescompte et de Garantie (I.R.G.)
Research Department (of the National Bank of Belgium)	Département des Etudes (de la Banque Nationale de Belgique)
Road Fund	Fonds des Routes
Royal Society for Political Economy	Société Royale d'Economie Politique
Sabena (see Belgian Air Navigation Company)	Sabena (cf. Société Anonyme Belge d'Exploitation de la Navigation Aérienne)

Savings Bank of the Grand Duchy of Luxemburg	Caisse d'Epargne du Grand-Duché de Luxembourg
Savings Bank Section of the General Savings and Pensions Fund	Caisse d'Epargne de la Caisse Générale d'Epargne et de Retraite
Securities Stabilisation Fund	Fonds des Rentes
Social Programming Agreement	Accord de programmation sociale
Special Agricultural Committee (of E.E.C.)	Comité Spécial Agricole (de la C.E.E.)
Special Council of Ministers (of E.C.S.C.)	Comité Spécial des Ministres (de la C.E.C.A.)
Staff Pensions Fund	Caisse de Pensions du Personnel
Statistical Office of the European Communities	Office statistique des Communautés européennes
Superior Finance Council	Conseil Supérieur des Finances
Telegraphs and Telephones Board	Régie des Télégraphes et des Téléphones
Textile Industry Federation	Fédération de l'Industrie Textile
Treasury and Public Debt Administration	Administration de la Trésorerie et de la Dette Publique
Union of Non-Ferrous Metal Industries	Union des Industries des Métaux Non Ferreux
United Nations (Organisation of the)	Organisation des Nations Unies
Veterans' Endowment	Dotation des Combattants

## CONTENTS

	Page
Report presented by the Governor in the name of the Council of Regency . . . . .	V
 Economic and Financial Trends in 1971 . . . . .	 1
International economic and financial trends . . . . .	3
European Communities . . . . .	10
Overall data concerning the Belgian economy . . . . .	12
Manufacturing industries . . . . .	15
Energy . . . . .	20
Building . . . . .	22
Agriculture and fishing . . . . .	24
Services . . . . .	26
Employment . . . . .	29
Wages and other incomes . . . . .	31
Prices . . . . .	35
External trade and balance of payments of the Belgian-Luxemburg Economic Union . . . . .	41
Limitation of the banks' external position . . . . .	54
Public finances . . . . .	57
Credits granted to enterprises and individuals . . . . .	62
Limitation of credits . . . . .	66
Financial assets of individuals and enterprises . . . . .	68
Monetary system . . . . .	74
Money market . . . . .	76
Stock exchange . . . . .	85

	Page
Analysis of the Balance Sheet and Profit and Loss Account for the year 1971	87

### Balance Sheet

#### *Assets*

Gold holding . . . . .	91
International Monetary Fund . . . . .	91
Quota . . . . .	92
Loans . . . . .	94
Special Drawing Rights . . . . .	94
Total cover items . . . . .	95
Foreign currencies. Foreign currencies and gold receivable and to be delivered . . . . .	95
International agreements . . . . .	96
European Monetary Agreement . . . . .	96
Other agreements . . . . .	96
Debtors in respect of foreign exchange and gold at forward dates . . . . .	97
Commercial bills . . . . .	97
Advances against pledged security . . . . .	98
Public securities . . . . .	98
Belgian public securities . . . . .	98
Luxemburg public securities . . . . .	99
Treasury notes and coin . . . . .	99
Balances at the Postal Cheque Office . . . . .	99
Consolidated claim on the Government . . . . .	99
Public long-term securities . . . . .	100
Items receivable . . . . .	100
Premises, furniture and equipment . . . . .	100
Securities of the Staff Pensions Fund . . . . .	101
Assets written off pending collection . . . . .	101
Transitory assets . . . . .	102

#### *Liabilities*

Bank notes in circulation . . . . .	103
Current and sundry accounts . . . . .	103
International agreements . . . . .	104



	Page
Total sight liabilities . . . . .	104
International Monetary Fund . . . . .	105
Belgian banks, monetary reserve . . . . .	105
Foreign currencies and gold to be delivered . . . . .	105
Staff Pensions Fund . . . . .	106
Transitory liabilities . . . . .	106
Capital . . . . .	106
Reserve Fund . . . . .	107
Net profit for distribution . . . . .	107

#### Memorandum Accounts

Minister of National Education . . . . .	109
Documentary credits opened . . . . .	109
« Visa » of acceptances relating to exports and imports . . . . .	110
Guarantees given on behalf of the staff . . . . .	110
Securities received by way of guarantee . . . . .	110
Guarantee certificates received from the Public Treasury . . . . .	111
Items for collection . . . . .	111
Deposits of securities . . . . .	111
Public Treasury . . . . .	112
Securities Stabilisation Fund . . . . .	113
General Savings and Pensions Fund . . . . .	114

#### Profit and Loss Account

##### *Credit*

Discount and interest . . . . .	115
Exchange and income from investments abroad . . . . .	116
Fees for safe custody, commissions and allowances . . . . .	117
Proceeds of public long-term securities . . . . .	118
Amounts collected on assets written off pending collection . . . . .	118
Tax refunds . . . . .	118
Transferred from the Transitory Liabilities item « Provision for building of premises and purchasing of furniture and equipment » . . . . .	119

*Debit*

	Page
General Expenses . . . . .	120
Ordinary grant to the Staff Pensions Fund . . . . .	121
Extraordinary grant to the Staff Pensions Fund . . . . .	121
Depreciation of premises, furniture and equipment . . . . .	121
Amount due to the Government . . . . .	122
Allocation of the profit . . . . .	123
a) Extraordinary Reserve . . . . .	123
b) Provision for taxes . . . . .	124
c) Provision for building of premises and purchasing of furniture and equipment . . . . .	124
d) Provision against sundry contingencies . . . . .	124
Net profit to be distributed . . . . .	125
Balance Sheet. — Profit and Loss Account. — Memorandum Accounts . . . . .	127

	Page
Annexes . . . . .	133
1 Balance Sheets compared as at 31st December, 1967 to 1971 . . . . .	134
2 Profit and Loss Accounts compared as at 31st December, 1967 to 1971 . . . . .	136
3 Miscellaneous information . . . . .	139
4 Statement of the public long-term securities constituting, on 31st December, 1971, the Bank's various holdings . . . . .	141
5 Weekly returns published in the <i>Moniteur Belge</i> during 1971 . . . . .	—
6 Economic and financial statistics . . . . .	143
Glossary of Names as used in this and previous Reports of the National Bank . . . . .	163



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