

Summary record of the meeting between Dutch, Belgian and Luxembourg officials (Brussels, 8 June 1950)

Caption: On 8 June 1950, Dutch, Belgian and Luxembourg officials meeting at the Belgian Foreign Ministry prepare for the negotiations on the establishment of the international coal and steel pool.

Source: Archives Nationales du Luxembourg, Luxembourg, Ministère des Affaires étrangères. Traités. Traités - Economiques et Financiers. Plan Schuman - Négociations - La déclaration Schuman du 9 mai 1950 et les premières réactions - 1950, AE 11346.

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Meeting of Dutch, Belgian and Luxembourg officials held on 7 June 1950 at the Belgian Ministry of Foreign Affairs with a view to preparing for the negotiations on the creation of an international coal and steel pool.

Confidential

Those present were:

for Belgium: Baron Snoy, Mr Seynave, Mr Buysse, Mr Masouin, Mr Vinck, Mr Jeanne, Mr Biernaux.
for the Netherlands: Mr Blaine, Mr Devers, Mr Jacobs, ...
for Luxembourg: Mr C. Calmes and Mr Conrot.

Baron Snoy presented and commented on the document:

‘Draft Treaty implementing the Schuman Plan. Main provisions to be included’ (see annex).

1. The three delegations agreed on the importance for tactical reasons of adopting a common attitude on the greatest possible number of points. However, it was understood that each country would be represented by a separate delegation.
2. Their views coincided on the need to consider as a whole the negotiations on principles and the negotiations on implementing measures, in particular on transitional measures, so that the parties would know what they were committing themselves to when the Treaty was concluded. It was important to avoid entrusting the study of transitional measures to the Authority.
3. Baron Snoy, in reply to a question on the system of ownership and management of enterprises, stated that, in his opinion, the system of enterprise management would not be affected and that the ‘pooling’ would only cover existing governmental powers, for example on licences and intervention in the pricing system.
4. The Dutch stated that they could not accept the establishment of a High Authority which would take final decisions without the scrutiny, for example, of an international parliament.

Baron Snoy thought that it would be unacceptable for one country to be sacrificed to the interests of the others without recourse to an appeal body (conciliation, arbitration), which would enjoy the confidence of all parties. By analogy with the provisions of the draft Treaty establishing the Benelux Economic Union, he even advocated the right for a country not to be subjected to decisions that it judged would adversely affect its vital interests. Such a country would only be accountable for its attitude to its own general public. Such a solution would be an acceptable way of reconciling the principle of national sovereignty with that of the autonomy of the High Authority.

The feeling of the three delegations regarding the structure and composition of the High Authority was as follows: equal representation for all the countries on a board consisting of persons appointed by the Governments and whose chairman would represent the executive. The Governments would retain freedom in the choice of these persons, whose independence would be practically guaranteed if their term of office was sufficiently long. (These persons could be chosen from all sectors of society provided they were independent on joining the High Authority.) This board would be assisted by a body facilitating contact with interested professional groups (employers, workers, consumers?). The Governments, as they would not be represented on the board, would have commissioners attached to the High Authority whose task would be to monitor proceedings, to safeguard their interests and, in particular, to bring appeals before the judicial bodies.

5. The French declaration of 9 May 1950 made mention of an arbitrator to whom differences arising during the course of the negotiations ‘required to settle details of [the measures’] application’ would be submitted.

Opinions on the interpretation of the text in question were very mixed. This point needed to be clarified, but

it was agreed that the three delegations would not in any circumstances accept the intervention of an arbitrator before the Treaty was concluded.

6. There was an exchange of views on the transitional measures and, in particular, on the question of the restructuring fund and the compensating machinery for equating prices.

Regarding the restructuring fund, the preferences of the delegations present favoured a system of aid to countries having to cope with structural change, not by direct subsidies but rather by means of loans granted, for example, through the medium of a European investment bank, which, if necessary, could make use of ECA funds. The aid provided by the restructuring funds would of course only be partial, since each country would itself have to take on the main burden.

On the subject of price equalisation, the discussion highlighted the extreme complexity of the problem, which moreover presented itself somewhat differently for coal and for steel.

The main difficulty lay in the determination of prices which would qualify for compensation. Production costs were difficult to establish, and elements which were not comparable entered the picture (e.g. plant productivity). Secondly, selling prices did not reflect existing differences between production costs; they could be distorted (e.g. by subsidies, fierce competition or different methods of depreciation and capital remuneration). It did not seem possible to act in this area other than empirically, by adopting a flat-rate compensation scheme intended to remove the inequalities which would remain between the participating countries during the transitional period.

Some wondered whether the equalisation of prices would not involve the need to set up a quota system.

Baron Snoy asked whether it would not be sufficient to limit equalisation to coal and not to apply it to steel. The Luxembourg delegation pointed out that, assuming that all inequality had been removed as regards the raw materials for the steel industry, considerable imbalances would remain in labour costs and hence in steel production costs.

Mr Vinck then listed the current prices of coke fines in the various countries in order to give an idea of the scale of the problem:

Belgium:	640 frs/to
Netherlands:	390 frs/to
Germany:	363 frs/to
France:	500 frs/to
Great Britain:	365 frs/to

The constituent elements of these prices clearly varied greatly from country to country.

He thought that it would take a long time for Belgium to complete the structural reforms which were essential in the mining industry.

The head of the Netherlands delegation proposed that the discussion of the price problem and its effects on production, questions of investment, etc., should be resumed at a later date. No conclusion was drawn up.

7. All that was agreed was, of course, ad referendum.

8. The next meeting would take place in Brussels on Wednesday 14 June, at 10 a.m.

Brussels, 8 June 1950
sgd C. Calmes
sgd Conrot.

DRAFT TREATY IMPLEMENTING THE SCHUMAN PLAN.

Main provisions to be included.

I. The Member States guarantee freedom of movement for coal, coke, iron ore, scrap and steel products of all kinds in their various territories and in their overseas territories, exempt from customs duties or licence fees and excluding any quantitative restrictions.

The Member States will be placed on an equal footing, in particular for participation in public tendering procedures and supply to State, Provincial, Local Authority administrations, etc. (Article II-4 of the draft Treaty on Economic Union).

Study of the possible unification of import duties in the various participating countries.

II. The prices applied to the products referred to in Article I may not be subject to any discrimination with regard to purchasers located on their respective territories, or be subject to differential transport rates.

III. The Contracting States undertake to pursue equalisation in the development of the living conditions of the workforce in the industries under consideration. The Contracting States will take all relevant measures for the gradual achievement of this equalisation.

In assessing the cost of labour, account must be taken not only of wages paid to workers, but also of all charges borne by the industry for social security, family allowances, etc.

IV. The output of the industries under consideration will be available throughout the world without distinction or exclusion. Appropriate measures will be taken to develop exports on external markets. Provisions to be drawn up regarding organisation.

V. The level of prices will result from the free play of supply and demand in all the territories of both the Contracting States and their overseas possessions. On a transitional basis, prices will be determined in accordance with certain criteria to be defined.

VI. The Governments of the countries concerned (in so far as they intervene in this field) will undertake to apply a coordinated policy with regard to their intervention in the investment and equipment of the industries under consideration.

VII. In order to alleviate any disruption which an immediate merger of the markets could cause, certain transitional provisions must be applied.

Creation of an Equalisation Fund financed by a flat-rate levy on the production or sale of the product in question. Other transitional resources (Restructuring Fund)?

VIII. Bodies to be set up to provide for political involvement. Constitution and operation of a common High Authority.