

Minutes of the discussions between Belgian, Luxembourg and Netherlands Ministers (Luxembourg, 29–31 January 1948)


Caption: From 29 to 31 January 1948, representatives of the Belgian, Luxembourg and Dutch Governments meet in Luxembourg to coordinate their financial, economic and social policies.

Source: Archives Nationales du Luxembourg, Luxembourg. Ministère des Affaires étrangères. Traités. Traités bilatéraux - BENELUX. Benelux-Documents divers 1946 - 1952, AE 8844.

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URL:
http://www.cvce.eu/obj/minutes_of_the_discussions_between_belgian_luxembourg_and_netherlands_ministers_luxembourg_29_31_january_1948-en-10fd514a-0789-4dc2-95d6-a29eb1deec5d.html

Last updated: 05/07/2016



Minutes of the discussions between Belgian, Luxembourg and Netherlands Ministers held in Luxembourg on 29, 30 and 31 January 1948

Having noted the reports of the Meeting of Presidents of the three Councils, the Ministers of the three countries agreed as follows:

1. *Approval of appointment orders*

The Ministers approved the orders appointing the Secretary-General, the Deputy Secretary-General and the Secretary in the Secretariat-General.

2. *Relations to be established between the Governments and the 'Meeting of Presidents'*

Pursuant to letters exchanged on 14 March 1947 between the Netherlands, Belgian and Luxembourg Governments, it had been decided that the 'Meetings of Council Presidents' would be chaired in turn by a representative of the Belgo-Luxembourg Economic Union and a representative of the Netherlands.

In order to forge closer links between the Meeting of Presidents and the three Governments, the latter would, in future, appoint as representatives a member of the Netherlands Government and a member of the Belgian Government assisted by a member of the Luxembourg Government. These meetings might also be attended by other members of the three Governments.

3. *Participation by delegates other than civil servants in the work of the Councils*

Whenever one of the Councils provided for in the Convention on Customs Union deemed it appropriate, experts appointed by the Governments and selected from among the economic circles involved and trade union and employers' organisations would be invited to take part in the work of the Councils or Committees.

4. *Functioning of the trade agreement and the payment agreement between the Netherlands and the Belgo-Luxembourg Economic Union*

The Ministers agreed on the text of the Memorandum concerning short-term financial problems, as set out in Annex 1.

5. *Reimbursement of Nederlandsche Bank banknotes*

As the Belgian Ministers had raised the issue of the reimbursement of Nederlandsche Bank banknotes belonging to Belgians which were no longer legal tender, the Netherlands Minister for Finance would ask the Nederlandsche Bank to inform the Banque Nationale de Belgique of the grounds for the decisions taken.

6. *Coordination of the long-term financial, economic and social policy of the three Governments*

The Belgian Government would draw up a list of problems falling under this heading and would draw up the agenda for a select meeting of Ministers responsible, to be convened in Brussels in the very near future. The reports of the Subcommittee on Allocation and Priorities and the Committee on Prices and Wages would also be considered at that meeting.

7. *Export purchase tax*

The Belgian Ministers explained why they could not agree to the wishes of the Luxembourg and Netherlands Governments as regards the immediate abolition of the export tax laid down by the Order of 21 August 1947. They undertook to abolish it as soon as the expected return had been achieved.

8. *Standardisation of excise duties and purchase tax*

The Ministers agreed:

- a. to abolish excise duty on benzene, vinegar, margarine, acetic acid and slaughtering;
- b. to standardise the fee system for the monitoring of works of gold, silver and platinum at the following levels:

works of gold: HFL 12.00 (BEF 200) per 100 g;

works of silver: HFL 0.60 (BEF 10) per 100 g;

works of platinum: HFL 18.00 (BEF 300) per 100 g;

- c. as regards sugar, the Netherlands Government would invite a special committee to meet on 5 February 1948 in order to consider this problem in its entirety;

- d. the problem of the standardisation of other excise duties and purchase tax was referred to the Customs Administration Council which would submit proposals to the next meeting of Ministers, setting out solutions through which any obstacles to the movement of goods between the three countries in the form of excise duties and purchase tax could be removed as soon as possible, on the understanding that these proposals had to take account of the need to avoid any serious repercussions on Treasury revenue levels and the economic and social interests of the three countries.

9. Standardisation of customs legislation

The deadline originally given to the Customs Administration Council for lodging its report on the warehouse system, the standardisation of customs documents and investigations outside the territory of the Union was extended to 1 September 1948.

10. Illegal trafficking in currency and means of payment

The Committee instructed to study this problem would continue its work. The Belgian Government promised its full support with a view to resolving this problem.

11. Abolition of the statistics duty

Abolition had been decided in principle. It had already taken place in the Belgo-Luxembourg Economic Union and would take place in the Netherlands at a later date to be set by the Netherlands Government.

12. Movement of modes of transport

The various problems raised by the movement of modes of transport were referred to the Councils responsible, for further consideration.

13. Prerogatives of the Trade Agreements Council (Article 6 of the Convention)

The Trade Agreements Council provided for in Article 6 of the Netherlands-Belgium-Luxembourg Customs Convention of 5 September 1944 would be responsible for dealing with all questions of principle raised by economic relations with foreign countries. The heads of delegation responsible for economic negotiations with third countries, whatever their nature, would maintain contact with the Trade Agreements Council, keep it informed of all developments in these negotiations and submit to it any problems that might arise and cause the interests of the Netherlands to conflict with those of the Belgo-Luxembourg Economic Union.

14. Attendance at negotiations by observers

Pursuant to paragraph 13 of the Protocol of 2 and 3 May 1947, negotiations of goods trading agreements conducted by one of the Parties might be attended by an observer from the other Party. If, prior to the opening

of negotiations for the conclusion of trading agreements between one of the two Parties and a foreign Government, that Government were opposed to attendance by observers from the other Party, urgent representations would be jointly made with a view to persuading it to accept such attendance.

15. *Industrial development*

A. Information and prior consultation procedure

The Ministers had adopted the list of industries whose creation, extension or modification would trigger the prior consultation procedure between the three Governments. This list is set out in Annex II to these minutes. The prior consultation procedure is set out in Annex III to these minutes. It was further agreed that this list could be *amended* in the future, on the basis of the following procedure:

- a. in the period between meetings of Ministers, and on a proposal from the Council of the Economic Union, the list would be amended with the *immediate agreement* of the three Governments;
- b. if immediate agreement could not be reached, the proposed amendments to the list would be discussed at the earliest possible meeting of Ministers.

The Governments would take steps to adopt the legislative provisions needed for the proper implementation of the prior consultation procedure. The Belgian and Luxembourg Governments would inform the Netherlands Government of the provisions envisaged for this purpose, in accordance with the minutes of the Second Committee.

As regards milling, it was agreed that the Netherlands Government would issue authorisation without prior consultation, provided that extensions of existing enterprises were involved and that applications had already been submitted. Notification would be given of these authorisations; the normal procedure would apply in all other cases.

B. The Ministers considered that discussions on the adoption, in each of the three countries, of appropriate prior information and consultation methods would obviously be supplemented by other discussions intended to launch a new phase of activity of civil service committees. New provisions had to be envisaged so as to strengthen, as far as possible, the advantages to be gained from a concerted and productive policy on the part of the countries participating in Benelux.

The Ministers took the view that progress could be made in two ways:

- either individual cases could be integrated as contacts were made, the resolution of which would create a body of case-law;
- or joint work could take place on the basis of the key principles of an economic policy favourably directing the activities of the Benelux economic system.

These two methods had, in practice, to be combined if tangible results were to be achieved, and it was to be hoped that the key principles of a common economic policy could henceforth be discussed *in the Industrial Development Committee*.

The Ministers acknowledged, in this respect, that the industrial development policy of Benelux would have to be considered from three points of view:

- technical: it seemed desirable to work towards the adoption of production instruments which provided Benelux with good cost price conditions so that the domestic market and the export market could be satisfied in particularly favourable conditions. The following considerations nevertheless had to be taken into account in this respect;

— economic: knowledge was needed, in the three countries, of basic production conditions, cost structures, in particular wages and social security charges, subsidies, the taxation system and, in general, all those factors which influenced the economic level of production;

— social: the same level of labour employment needed to be maintained as far as possible in the three associated countries.

Moreover, to secure the more distant future, endeavours had to be made to pool efforts to achieve a common and rational approach to the general re-equipment of the three countries. To attain this goal, all information and all reasonable prospects for industrial development needed to be compared and contrasted jointly. A general programme for the re-equipment of Benelux, especially as regards large industry, would be a particularly satisfactory outcome.

The above guidelines had been drawn up with a view to industrial development. They should not, however, be restricted to that goal: it was to be hoped that they would be expanded and extended to the procedure guiding the economic development of the Union as a whole, in particular development of agriculture.

Lastly, in order to pave the way for more effective scientific research to improve industrial and commercial output, the Ministers hoped that the efforts being made in this respect in the three countries could be pooled.

16. *Agricultural policy*

The Ministers approved the minutes of the meeting of 9 May 1947 set out in Annex IV and the report of the Agriculture, Foodstuffs and Fisheries Committee of the Economic Union.

The Ministers recommended that the Council of the Economic Union add a representative of the Ministry of Economic Affairs to the Standing Subcommittee on Prices provided for in point 7 of those minutes.

The Ministers invited the Council of the Economic Union to instruct the Agriculture, Foodstuffs and Fisheries Committee to study the agricultural aspects of long-term economic policy. That Council would submit a report covering longer-term forecasts for each of the main agricultural sectors to the next meeting of Ministers.

17. *Transport problems and port questions*

I. *Questions included in the Committee report*

a. The increase in the *sand and gravel* quota for export to Belgium would be reviewed during the negotiations concerning the application of the trading agreement between the Belgo-Luxembourg Economic Union and the Netherlands, as set out under subparagraph (c) in Annex I. The Belgian Ministry of Public Works would enter into negotiations with the appropriate Netherlands Government departments so that an agreement on the transport of sand and gravel might be concluded by 1 April 1948.

b. The Netherlands Government would take whatever steps it could within its remit to ensure that Dutch *towing* companies on the *Upper Rhine* treated Belgian and Luxembourg vessels in the same way as Dutch vessels.

c. By 1 March 1948, the Dutch authorities would notify the date on which *towing rates on the Upper Rhine* could be restored to the previous level and would encourage Dutch towing companies on the Upper Rhine to envisage, as far as possible, a reduction in rates.

d. *Zuid Beveland Canal*

The Netherlands delegation provided the following information: the rebuilding of the main locks would start in a few weeks' time and would be completed by the end of 1948. Navigation would continue while the work was taking place, with the exception of a few very short periods. Electrification would be completed at more or

less the same time, as supplies of Belgian equipment were not needed. The scaffolding on the Vlakte Bridge, the only obstacle still existing at this location, would be removed within a month. The Netherlands delegation would approach the relevant authorities and ask them to restore the illuminated buoys in the Wemeldinge channel. A speeding up of customs formalities at Hansweert would be envisaged.

e. The Dutch authorities undertook immediately to dismantle the temporary Bailey bridge on the *Terneuzen middle lock* in the event of damage to the main sea lock while awaiting the reconstruction of the permanent lift bridge.

f. *Dordrecht Bridge* — The Public Works and Water Management Department would notify the approximate cost of building a permanent bridge having the *same headroom* as the road bridge. The possibility of more frequent opening of the present swing bridge would be examined.

g. *Sea tonnage* Negotiations would be continued with a view to achieving cooperation by the merchant fleets, in particular in the maritime conferences. The Netherlands took the view that vessels could be made available to Belgium in the future.

II. Problems raised by the Belgian Government

A. The Ministers acknowledged that the following questions should be considered without delay:

1. Port dues: general alignment of dues in Belgium and the Netherlands; collection of port dues at Terneuzen.
 2. Other port charges.
 3. Pilot services: mandatory pilot services on the Ghent-Terneuzen Canal;
rate increase;
division of services.
 4. Navigable waterways not being used.
 5. Tolls on Belgian canals.
 6. Customs inspection of coastal trading between Belgian ports.
 7. Administrative measures taken by the Netherlands Government limiting freedom of transit.
 8. Customs formalities:
Esschen–Roosendaal.
Lanaye–St. Pierre.
Benelux A and B forms.
 9. Restoration of normal marker buoys in the waters of the Wielingen.
 10. Immediate creation of a Technical Committee on the Scheldt to which all studies currently under way and to be undertaken in future as regards the river would be referred. The remit and composition of the Standing Committee on the Scheldt would need to be revised.
- B. The items listed under section A did not include all port and transport problems existing between the two countries. Belgium reserved the right, pursuant to the existing treaties, to raise problems not listed above in due course.
18. The question of the release of Luxembourg investments in the Netherlands was covered under a special arrangement between the two Governments concerned.

Done at Luxembourg, 31 January 1948.

For the Netherlands:
(signed) VAN HARINXMA THOE SLOOTEN.

For Belgium:
(signed) P. H. SPAAK.

For the Grand Duchy of Luxembourg:
(signed) JOS. BECH.

Annex I to the minutes of the meeting of 31 January 1948
Memorandum concerning short-term financial problems

The Belgian Government and the Netherlands Government, wishing to apply the provisions adopted at the end of the discussions held in Luxembourg on 29, 30 and 31 January between Belgian, Luxembourg and Netherlands Ministers,

Noting that circumstances make certain measures necessary to tackle the imbalance in trade and services, estimated at 2 billion Belgian francs for the period from 1 December 1947 to 31 May 1948,

Have agreed as follows:

A. The Netherlands authorities shall take measures to limit the anticipated transfers from the Netherlands to the Belgo-Luxembourg Economic Union in respect of exports to the Netherlands to exceptional cases in keeping with commercial practice. On a trial basis, the Belgo-Luxembourg Exchange Institute shall take the measures needed to ensure that importers in the Belgo-Luxembourg Economic Union pay their Dutch suppliers within a reasonable period.

The Netherlands authorities may invite their importers to use ordinary trade credit in dealings with their suppliers in the Belgo-Luxembourg Economic Union in all cases in which the latter are able to agree thereto. This trade credit, which will continue to be essentially private in nature, will not entail a discriminatory or preferential system, such as the undertaking by the Banque Nationale de Belgique to certify or rediscount the bills which may be issued on such occasion by exporters in the Belgo-Luxembourg Economic Union.

B. Steps will be taken to make the preference clause governing trade between the Belgo-Luxembourg Economic Union and the Netherlands as effective as possible. For this purpose, officials from the two contracting Parties will meet and draw up lists of Dutch products whose import into the Belgo-Luxembourg Economic Union could be increased and will adopt the measures needed to underpin such imports.

C. It is also agreed to distribute, over a period of seven months ending on 30 June 1948, the quotas of Belgo-Luxembourg imports into the Netherlands which were to be allocated up to 31 May 1948 under the Convention. If, during implementation, this measure, together with the other provisions set out in the Memorandum, proves to be inadequate for the intended purposes, the Netherlands Government shall have the right to determine the time at which reductions could be made to the flow of Belgo-Luxembourg exports to the Netherlands. It remains, nevertheless, understood that the reductions of Belgian exports envisaged above will take place by mutual agreement between the Netherlands authorities and the authorities of the Belgo-Luxembourg Economic Union as regards the various products.

The competent officials of the Joint Netherlands-Belgium-Luxembourg Committee will be asked to study by common agreement the technical methods which need to be applied if Belgo-Luxembourg exports are reduced.

The Netherlands delegation also states its wish, if circumstances so permit, for the period of seven months referred to above to be returned to the existing system under the Convention, i.e. six months. This statement has been noted, and it is agreed that, should this be the case, the Netherlands Government will be responsible

for giving notification thereof at the time that it considers appropriate.

D. As the Netherlands has a credit which can be drawn partly in Belgian francs at the International Bank for Reconstruction and Development, it will draw down 1 billion Belgian francs of this credit. The Belgian francs purchased in this way against dollars at the Banque Nationale de Belgique by the International Bank for Reconstruction and Development will be made available to the Nederlandsche Bank in accordance with a procedure to be determined by common agreement between the two Central Banks.

E. The provisions envisaged set out above are intended to bring about a balance which must be achieved by 30 June 1948. In order to maintain sufficient funds in the payment agreement account until such date, the following measures will be applied:

1. In accordance with the agreements in force, the Netherlands will regularly settle, in gold or in foreign currencies accepted by the Banque Nationale de Belgique, any surpluses appearing in the payment agreement account, ascertained on the last day of each month;
2. The gold that the Netherlands may thus be required to assign for the periods from 31 January to 30 April 1948 may, up to 30 June 1948, be bought back by it against dollars or against Belgian francs purchased against dollars at the Banque Nationale de Belgique by the International Bank for Reconstruction and Development;
3. The Belgian and Netherlands Governments will pool their efforts to secure the transfer, before 1 June 1948, of 1.5 million pounds sterling from the British authorities to be credited to the Banque Nationale de Belgique. If such transfer takes place, the Banque Nationale de Belgique will assign a corresponding amount in US dollars in exchange to the Nederlandsche Bank;
4. As the application of the Paris Agreement of 18 November 1947 may result in the Netherlands' account constantly exceeding the ceiling set by the payment agreement, it is agreed that the Netherlands will periodically take the steps needed to reduce this account below the ceiling so that, overall, the mean debt remains close to 1.4 billion Belgian francs. For this purpose, from the date of 30 April 1948, the Netherlands will transfer, in gold or in foreign currencies accepted by the Banque Nationale de Belgique, not only the surplus which may appear in the operation of the payment agreement but also an additional amount equivalent to 50 % of this surplus.

This particular arrangement will be applied up to and including 30 June 1948. It may be determined by common agreement whether it is to be kept in force.

Annex II to the minutes of the meeting of 31 January 1948

List of industries in respect of which the Council of the Economic Union proposes to apply the mandatory prior consultation procedure:

1. Window glass industry.
2. Carbonic acid industry.
3. Copper sulphate industry.
4. Powder and explosives industry.
5. Cellulose film industry, excluding such film intended for the photographic industry.
6. Coal mines.
7. Coking plants.
8. Sodium carbonate industry.
9. Iron and steel industry.
10. Ball bearing and ball manufacturing industry.
11. Bicycle and other chain manufacturing industry.
12. Plywood industry.
13. Furniture industry.

The minimum amount of fixed assets is 5 million Belgian francs (300 000 Dutch guilders).

14. Strawboard production industry.

15. Cement industry.
 16. Asbestos cement industry.
- The minimum amount of fixed assets is 5 million Belgian francs (300 000 Dutch guilders).
17. Rubber industry.
 18. Sugar works and refineries.
 19. Rice mills.
 20. Oil mills.
 21. Flour mills.
 22. Breweries.
 23. Nitrogen.

Annex III to the minutes of the meeting of 31 January 1948

Draft prior consultation procedure

1. Should a Government be aware of a plan to create or extend (in the sense of expanding production resources) an enterprise in a branch of industry in respect of which provision is made for prior consultation, and should it, in principle, be in favour of this plan, it shall notify the other Governments thereof in advance. For this purpose, it shall send them a note together with a statement setting out its intentions.

2. Within ... working days of receipt of this letter, the Government consulted shall, where appropriate, give notification of any opposition to the plan notified; notification of this opposition shall be followed as soon as possible by an explanatory note. The exchange of letters set out above will take place via the Secretariat-General of the Netherlands-Belgium-Luxembourg Customs Convention.

3. Experience acquired in these matters will make it possible, after a period of time, for deadlines to be set for this stage of the procedure, where it is required. In the interim, the Governments shall undertake to draw up and notify their points of view with all due diligence.

It is noted in this respect that the Governments shall, initially, help to organise contacts between interested economic circles in the three countries. These interested economic circles shall submit minutes of their discussions, signed by the heads of delegation, to their respective Governments.

Contacts may also be made between the Ministerial departments of the three countries or at a simultaneous meeting of representatives of the administrative authorities and the interested economic circles.

4. Should the exchanges of views referred to in paragraph 3 above lead to an agreement between the parties in question, the applicant Government shall assess the attitude to be taken to such agreement. Should this not be the case, the problem shall be referred for opinion to the Council of the Economic Union of the Customs Convention. Its reasoned opinion shall be forwarded to the Governments involved.

5. Should the applicant Government be unable to agree with the opinion delivered by the Council of the Economic Union, or should this opinion not be unanimous, the problem may be added, for resolution, to the agenda for the quarterly meeting of the Ministers responsible, as provided for in point 8 of the minutes of the meeting held in Brussels on 2 and 3 May 1947.

6. Should the procedure outlined above fail to provide a solution, the applicant Government may take its decision in full knowledge of the facts.