

No. 347

**BELGIUM
and
NETHERLANDS**

**Exchange of Letters constituting an agreement for the
unfreezing of assets. Brussels, 4 October 1946, and The
Hague, 12 October 1946**

*French official text communicated by the Minister for Foreign Affairs of Belgium.
The registration took place on 6 January 1949.*

**BELGIQUE
et
PAYS-BAS**

**Echange de lettres constituant un accord pour le déblocage
des avoirs. Bruxelles, 4 octobre 1946, et La Haye,
12 octobre 1946**

*Texte officiel français communiqué par le Ministre des affaires étrangères de
Belgique. L'enregistrement a eu lieu le 6 janvier 1949.*

TRANSLATION — TRADUCTION

No. 347. EXCHANGE OF LETTERS¹ BETWEEN BELGIUM
AND THE NETHERLANDS CONSTITUTING AN AGREE-
MENT FOR THE UNFREEZING OF ASSETS. BRUSSELS,
4 OCTOBER 1946, AND THE HAGUE, 12 OCTOBER 1946

I

Brussels, 4 October 1946

T.T.D.C./34/2.

Mr. F. A. G. Keesing

Administrator in the Ministry of Finance

36a, Fred Hendriklaan

The Hague

Sir,

Enclosed are the two copies (amended in the manner requested in the note you handed to Mr. Williot, dated 2 October) of the memorandum concerning the application of the Financial Agreement of 24 May 1946 and various other questions.

I should be very grateful if I could receive *as soon as possible* the agreement of the Netherlands Government on the whole memorandum.

I have the honour to be, etc.

(Signed) J. VANHEURCK
Director-General of the Treasury

II

The Hague, 12 October 1946

His Excellency Mr. Jean Vauthier

Minister of Finance

Brussels

Your Excellency,

In reply to the letter dated 4 October 1946, ref. T.T.D.G. 34/2, from Mr. Vanheurck to Mr. Keesing, I have the pleasure in returning herewith a copy of the memorandum of 12 October 1946, duly signed by me.

¹ Came into force on 12 October 1946, by the exchange of the said letters. This agreement does not apply to the territories of the Belgian Congo and Ruanda-Urundi.

I take this opportunity of expressing my satisfaction that the complicated negotiations have at last culminated in a result which, I trust, will serve the good relations and the economic co-operation between our two countries.

I have the honour to be, etc.

(Signed) LIEFTINCK

MEMORANDUM OF 12 OCTOBER 1946

CONCERNING:

- (a) the application of the Belgian-Netherlands Financial Agreement of 24 May 1946;
- (b) various questions concerning the financial relations between the Netherlands and Belgium;
- (c) the unblocking and utilization of Belgian assets in the Netherlands and of Netherlands assets in Belgium.

In the course of the negotiations conducted in Brussels in May 1946 and of exchanges of views which followed the signing of the agreement between the two Governments concluded on 24 May 1946, the Netherlands and Belgium delegations discussed various points concerning the application of this agreement and certain questions respecting the financial relations between the Netherlands and the Belgian currency area.

The two delegations placed the results of these discussions on record in the following terms:

A. APPLICATION OF THE FINANCIAL AGREEMENT OF 24 MAY 1946

1. *Redemption by the Belgian Government of the Belgian 3½% external loan of 1937*

(a) In view of the revalorization of the Swedish crown (krona), and in variation of article I, B(2) of the Financial Agreement of 24 May 1946, the certificates of the aforesaid loan which belong to persons resident in the Netherlands will be requisitioned by the competent Netherlands authorities and sold by the said authorities to the Belgian Treasury at the par value of these certificates, expressed in Swedish crowns and converted into Belgian francs at the rate of 12.1554 Belgian francs to the Swedish crown;

(b) The loan certificates requisitioned by the Netherlands Government with a view to their redemption by the Belgian Treasury will cease to bear interest as from the date appointed in the requisitioning decree for the delivery of the certificates. As from that date, the Netherlands Government may apply for the sum of 500 millions referred to in Article I, B. of the agreement of 24 May 1946 to be placed at its disposal;

(c) The coupons of the 3½% loan of 1937 which have matured since 10 May 1940 will be paid off in Belgian francs on the same basis as the capital.

2. *Purchase of Belgian francs by the Nederlandsche Bank against foreign currency*

In order to simplify operations, purchases of Belgian francs by the Nederlandsche Bank against foreign currency and the sale of such currency against florins by the National Bank of Belgium will be carried out at rates which are either parity or the average rate of exchange of the currency in relation to the Belgian franc and the florin, and which at the same time correspond to the parity between the Belgian franc and the florin.

3. *Investment of Belgian capital in the Netherlands and disinvestment of Netherlands capital in Belgium*

In order that they may be applied to the special foreign currencies account, these operations have to be centralized at the banks of issue or private institutions specially designated for this purpose. This applies, *inter alia*, to the redemption of Belgian loans in the Netherlands, to the placing of Netherlands issues on the Belgian market, sales of Belgian securities belonging to Netherlands nationals and purchases of Netherlands securities by Belgian nationals.

B. PAYMENTS WHICH MAY BE TRANSFERRED

The list of current payments which may be transferred under the monetary convention of 21 October 1943 will henceforth include income of whatever nature and amortization payments under contract, including debts due before 1 September 1944. Capital may not be transferred except within the terms of section G below.

Each of the parties reserves the right to place such conditions on transfers as are necessary for safeguarding the exchange situation and good relations between the two countries. Transfers are to be made under the conditions required by control of enemy holdings and restitution of property.

C. LIQUIDATION OF FLORIN NOTES DEPOSITED BY THE PUBLIC IN BELGIUM

The question as to lawful ownership of the notes will be examined, in co-operation with the Belgian authorities and from a liberal point of view, in a manner which will protect the interests of *bona fide* holders and take into account the practical difficulties of establishing proof of proper ownership.

D. ACCOUNTS IN FOREIGN CURRENCY

Any requisition of foreign currency in the Netherlands and in the Economic Union of Belgium and Luxembourg will not affect foreign currency held for the account of nationals of the other country. Such currency may, moreover, be utilized by its owners.

E. ADMINISTRATIE KANTOREN

With respect to certificates issued by Administratie Kantoren to persons resident in Belgium against the deposit of foreign securities, the Netherlands authorities are willing to exempt from possible requisition the foreign securities corresponding to these certificates, and to authorize the income corresponding to the interest on these foreign securities to be paid to the Belgian beneficiaries in foreign currency, provided that these securities have, since before 10 May 1940, been in the ownership of persons resident in Belgium.

F. FORWARD CONTRACTS IN FOREIGN CURRENCY

Forward contracts in foreign currency concluded before 10 May 1940 between persons resident in the Netherlands and persons resident in Belgium may be liquidated by the contracting parties. The competent authorities in the two countries will give the relevant authorizations for the transfer of the foreign currency.

G. UNBLOCKING OF CREDIT BALANCES

Balances on deposit in the Netherlands which belong to persons resident in Belgium, and balances on deposit in Belgium which belong to persons resident in the Netherlands, will be unblocked forthwith, and made available for use, by the competent authorities in both countries, according to the procedure set forth below:

1. *Certification in Belgium of credit balances and of securities belonging to persons resident in the Netherlands*

The persons concerned should apply for certification to members of the "Bedrijfs-groep Handelsbanken" or of the "Vereeniging voor den Effectenhandel", which will forward them to the Nederlandsche Bank, together with an "affidavit" in quintuplicate certifying that the assets to be released are free of all enemy interest within the meaning of the relevant Netherlands regulations (annex 1).

The Nederlandsche Bank, after stamping these affidavits, will send three copies to the Institut Belgo-Luxembourgeois du Change, which will return one to the Nederlandsche Bank as advice of certification, and keep one for its own records, the third copy being sent to the institution holding the balances.

If all or some of the credit balances to be certified are in currencies other than those which are legal tender in the Netherlands and Belgian currency areas, the Nederlandsche Bank will attach to the affidavits which are to be sent to the Institut Belgo-Luxembourgeois du Change such certificates of proper ownership as may be required by the regulations in force in the countries concerned.

2. *Certification in the Netherlands of credit balances and of securities belonging to persons resident in Belgium*

The persons concerned should, through an approved Belgian bank, apply for certification to the Institut Belgo-Luxembourgeois du Change. The approved

Belgian banks will examine the application forms and attach an "affidavit" to them (annex 2), certifying that the balances to be certified are free of all enemy interest within the meaning of the Belgian regulations. The banks will transmit the documents to the Institut Belgo-Luxembourgeois du Change, which will countersign the affidavits and forward them in quadruplicate to the Nederlandsche Bank, together with any certificates of proper ownership required by other countries, if all or some of the assets are in foreign currency.

The unblocking of the securities which have been held in the Netherlands for Belgian account since before 10 May 1940 will be authorized automatically on the presentation of the affidavit of non-enemy ownership.

3. *Utilization of certified assets*

(a) *Credit balances*

Belgian franc balances held in Belgium for Netherlands account, with the exception of the proceeds of disinvestment operations carried out since 6 October 1944, will, on receipt of advice of certification, be placed to the credit of foreign "B" accounts, which may be freely used in Belgium for payments of any kind or for transfer to another foreign "B" account of the same nationality; such balances may also be repatriated to the Netherlands under the Belgian-Netherlands payments agreement.

Foreign currency balances held in Belgium for Netherlands account will, on receipt of advice of certification, be placed at the disposal of their owners, in the same currency, provided that this is permissible under the legislation of the country of issue of the currency.

The Netherlands authorities will make florin assets held in the Netherlands for Belgian account and resulting from current payments freely utilizable for all payments in the Netherlands, or for repatriation to Belgian under the payments agreement. In addition, credit balances resulting from disinvestment operations carried out before 6 October 1944 will be treated similarly, provided that their utilization of transfer serves a useful or economic purpose.

Foreign currency balances held in the Netherlands for Belgian account will, on receipt of advice of certification, be placed at the disposal of their owners, in the same currency, provided that this is permissible under the legislation of the country of issue of the currency.

It is understood that the freeing of holdings in Belgian francs and florins will in no way prejudice the currency blocking measures enacted in Belgium and the Netherlands.

(b) *Securities*

I. *Netherlands holdings*

The term "Netherlands holdings" shall be deemed to mean securities deposited in the name of persons resident in the florin area.

The Netherlands holdings will become unblocked holdings upon receipt of advice of certification.

The "unblocked" Netherlands holdings will be subject to the following regulations:

(1) Repatriation

On the application of the owners, and with the authorization of the Institut Belgo-Luxembourgeois du Change, the securities may be repatriated to the Netherlands through an approved Belgian bank or through an authorized broker. Foreign securities must first be certified as "of proper origin" by the Institut Belgo-Luxembourgeois du Change. As a rule, authorizations for the repatriation of Netherlands and foreign securities will be granted automatically.

(2) Negotiation

Belgian securities may be negotiated in Belgium, provided that the proceeds of the sale are entered in a special foreign "A" account, which may not be drawn upon except for reinvestment in securities. Subject to conditions to be agreed upon, the moneys in question may be applied to the repurchase of the dollar account, in conformity with the Belgian-Netherlands Financial Agreement of 24 May 1946.

II. *Belgian holdings*

The term "Belgian holdings" shall be deemed to mean securities deposited in the name of persons resident in Belgium, in the Belgian Congo or in Ruanda-Urundi.

The Belgian holdings will become unblocked holdings upon receipt of advice of certification.

The "unblocked" Belgian holdings will be subject to the following regulations:

(1) Repatriation

The securities may be repatriated to Belgium with the authorization of the Nederlandsche Bank. The Belgian securities must first satisfy the requirements of the Belgian ministerial order of 22 May 1946 regarding the non-enemy ownership of Belgian securities declared abroad. As a rule, authorizations for the repatriation of Belgian and foreign securities will be granted automatically.

(2) Negotiation

Netherlands securities may be negotiated in the Netherlands, but the proceeds of their sale will be subject to the Netherlands legislation on currency reform, and may not be used except for new investments.

4. *Collection of matured coupons and of redeemable securities payable in Belgium which belong to persons resident in the Netherlands*

(a) *Securities held in the Netherlands*

Application for the collection of matured coupons payable in Belgium should be sent by the persons concerned to members of the "Bedrijfsgroep Handelsbanken" or of the "Vereeniging voor den Effectenhandel", which will attach to the coupons an affidavit of non-enemy ownership" (annex 3).

The coupons accompanied by an affidavit will be forwarded by the members of the above-mentioned bodies to an approved Belgian bank, or to an authorized broker, who will credit the owner in a foreign "B" account, utilizable as described in 3 (a) above.

Securities redeemable in Belgium should be presented for collection to a member of the "Bedrijfsgroep Handelsbanken" or of the "Vereeniging voor den Effectenhandel". Before they can be sent to an approved Belgian bank or an authorized broker, the requirements of articles 3 to 6 of the aforesaid ministerial order of 22 May 1946 must be satisfied. The proceeds of redemption will be paid into a foreign "B" account.

(b) *Unblocked securities held in Belgium*

The proceeds of the collection of unblocked redeemable Belgian securities held for Netherlands account and of matured coupons from similarly held securities may be placed in a foreign "B" account without further formality.

5. *Collection of matured coupons and of redeemable securities payable in the Netherlands which belong to persons resident in Belgium*

(a) *Securities held in Belgium*

Applications for the collection of matured coupons payable in the Netherlands should be made to an approved Belgian bank or to an authorized broker. The bank or broker will attach to the coupons presented for collection an affidavit (annex 4) certifying that the coupons have been taken from securities duly certified by the Institut Belgo-Luxembourgeois du Change and declared in conformity with the provisions of the Netherlands decree of 16 November 1945; the bank or broker will send this affidavit together with the coupons to a member of the "Bedrijfsgroep Handelsbanken" or of the "Vereeniging voor den Effectenhandel".

The proceeds of the collection of coupons may be transferred to Belgium or used in the Netherlands for payments of any kind.

Similarly, Netherlands securities may be submitted for redemption by approved banks or authorized brokers, provided that they are accompanied by a certificate of proper origin issued by the Institut Belgo-Luxembourgeois du Change and by an affidavit of proper ownership (annex 5).

The proceeds of the redemption of these securities will be used in the same way as the proceeds of the collection of coupons.

(b) Unblocked securities held in the Netherlands for Belgian account

The proceeds of the collection of unblocked redeemable Netherlands securities held for Belgian account and of matured coupons from similarly held securities may be placed in an account that is transferable as described above.

6. *Position of commercial claims*

Any commercial claims on the Netherlands on the part of persons resident in Belgium, in respect of which no payment was made under the payments procedure in force during the occupation, may be transferred from the Netherlands to Belgium with the authorization of the Nederlandsche Bank. Similarly, any commercial claims on Belgium on the part of persons resident in the Netherlands, in respect of which no payment was made under the payments procedure in force during the occupation, may be transferred from Belgium to the Netherlands with the authorization of the Institut Belgo-Luxembourgeois du Change.

7. *Forms of affidavits of non-enemy ownership*

It is agreed that by the sequestration of assets connected with enemy interests these assets do not lose their "enemy" character.

(Signed) J. VAUTHIER
Minister of Finance
of the Kingdom of Belgium

(Signed) LIEFTINCK
Minister of Finance
of the Kingdom of the Netherlands