

No. 3520

BELGIUM, LUXEMBOURG and NETHERLANDS

Protocol concerning the co-ordination of economic and social policies and Protocol of Signature. Signed at The Hague, on 24 July 1953

Agreement-annex to the above-mentioned Protocol concerning a Re-adaptation Fund. Signed at Brussels, on 16 November 1953

First Protocol prolonging the Protocol of Signature of 24 July 1953. Signed at Brussels, on 20 July 1954

Second Protocol prolonging the Protocol of Signature of 24 July 1953. Signed at The Hague, on 22 July 1955

Official texts: French and Dutch.

Registered by Belgium on 18 September 1956.

[TRANSLATION — TRADUCTION]

No. 3520. PROTOCOL¹ BETWEEN BELGIUM, THE GRAND DUCHY OF LUXEMBOURG AND THE NETHERLANDS CONCERNING THE CO-ORDINATION OF ECONOMIC AND SOCIAL POLICIES. SIGNED AT THE HAGUE, ON 24 JULY 1953

The Belgian, Luxembourg and Netherlands Governments,

After a detailed study of the present state of their respective economies and their reciprocal trade ;

Convinced more than ever of the need to establish an Economic Union to supplement the treaties and conventions signed within the framework of the Custom-Union ;

Resolved, for this purpose, to ensure the co-ordination of their economic and social policies on the basis of a concrete plan ;

Desiring to overcome the serious difficulties which may arise during the period of adaptation ;

Have agreed upon the following provisions :

Article 1

The three Governments declare that the establishment of an Economic Union having for its purpose the free movement of persons and the free exchange of goods, services and capital, requires the co-ordination of the economic policies, both domestic and foreign, and of the social policies of the three countries.

They undertake to adopt an active policy of social advancement and welfare. This policy shall be pursued in each of the three countries so far as economic circumstances permit in order to attain the most satisfactory level of employment and the highest level of living compatible with equilibrium in the balance of payments.

Article 2

The three Governments recognize that the simultaneous attainment of the purposes set forth in the preceding article requires the adoption of a policy of domestic financial stability as will consolidate the economic equilibrium of each of the three countries and also refrain from any appreciable deviation of an inflationary or deflationary character.

¹ Came into force provisionally with respect to certain articles on 24 July 1953, in accordance with the terms of the Protocol of Signature, and definitively on 24 July 1956, in accordance with article 14 of the Protocol. The instruments of ratification were deposited with the Government of the Netherlands by Belgium, Luxembourg and the Netherlands on 20 July 1956, 29 June 1955 and 24 July 1956, respectively. This Protocol is not applicable to the territories of the Belgian Congo and Ruanda-Urundi.

Article 3

The necessary equilibrium in the balance of payments at a level that will safeguard the purposes defined above can be achieved only by ensuring that each of the three countries enjoys a satisfactory competitive position in foreign markets.

In order to attain this desirable competitive position in foreign markets, the level of income, due account being taken of its effects on production costs, must be such as to allow the production of a volume of goods and services for export that will ensure a satisfactory equilibrium in the balance of payments. The level of income that can be achieved depends on productivity and prevailing economic conditions.

With respect to social policy, wage rates in various branches of production should be based on agreements concluded under the auspices of trade organizations, subject to any measures which the State is required to take to protect the common good.

The trend of economic factors, including the cost of living, should be taken into account in fixing wage rates.

Social security measures in the three countries shall be regulated by a common policy.

Article 4

The three Governments, considering that the balance of payments trends in an economy with normal levels of employment can be taken as an indication of the need for an economic adjustment, by raising or lowering the level of income, or for an increase in productivity, agree to make, in close consultation between themselves and, whenever it may be necessary to do so, the necessary adjustments which in each country appear to be most appropriate in view of prevailing circumstances.

The methods used to attain this end may utilize various techniques in domestic policy, monetary policy or trade policy ; different methods may be used in each of the three countries but it is agreed that they shall be in the interest of the common market as a whole and that, before being adopted, they shall be subjected to a joint examination by the three Governments.

Article 5

The three Governments recognize that, as a result of post-war developments and the international situation in recent years, their respective economies have developed along different lines and that, in particular, a considerable disparity in the structure of production costs has appeared. It has become evident that wage levels in the Netherlands are below traditional levels in relation to the principal competitor countries ; on the other hand, wage levels in Belgium and Luxembourg are above traditional levels in relation to the principal competitor countries.

This trend can be explained to some extent by changes in productivity of labour, population movements and the structural evolution of economies, but it is also due to the different wage policies followed by the three Governments.

Recent balance of payments trends in the Netherlands indicate that it would be advisable to raise wage levels in that country to some extent. On the other hand, recent trends in the foreign trade relations of the Belgo-Luxembourg Economic Union indicate that production costs in those countries should be reduced.

The necessary adjustments might be facilitated by economic development and the extension of social welfare measures in the principal competitor countries.

Article 6

The necessary measures of adjustment should not, as a general rule, restrict free competition and the normal operation of the common market in the territories of the three countries. A rational division of productive activities within the common market should, as a matter of course, entail activity in certain regions and sectors and reduce it in others.

Certain branches of production in one of the three countries may, however, during the process of adaptation referred to in article 5, be placed in a particularly serious and dangerous situation and their very existence might be jeopardized. It is agreed that, in this event, in addition to domestic assistance measures which may be taken on its own authority by the Government concerned to remedy the situation, specific measures shall be agreed upon by the competent body or bodies referred to in article 12 if the branch of activity in question faces a serious crisis due to the competition of one of the three countries.

The form and scope of the measures to be taken shall be determined in each case by the competent body or bodies to meet the specific requirements of the prevailing situation.

Article 7

The three Governments shall ensure that the effects of the measures taken pursuant to the preceding article shall neither delay the process of adaptation nor benefit third countries. Moreover, recourse shall be had to such measures only if the difficulties of the industry in question are serious and are caused by imports from one of the three countries.

A. As a consequence of the above, exceptional measures shall be taken if a study of reliable statistics and documents which the Governments agree to use for this purpose, indicates either that ;

1. Production in the sector in question during a given half-year has declined by at least 15 per cent in relation to average production in the corresponding half-years of the two previous years and that over 75 per cent of this decline is attributable to increased exports from a partner country ; or that

2. The volume of imports of a specific sector's products from a partner country has increased by 60 per cent or by an amount equal to 15 per cent of production during a given half-year in relation to average production in the corresponding half-years of the two previous years, provided that :

- (a) There has been no real increase in production in the importing country ;
- (b) Not more than 20 per cent of the total increase in imports is attributable to imports from third countries ;
- (c) The increase in imports from a partner country did not replace imports from third countries ;
- (d) Imports from a partner country account for at least 7 per cent of consumption in the importing country.

B. 1. If the competent body or bodies referred to in article 12 find that a certain branch of industry in one of the countries is in a state of serious crisis owing to imports from one of the two other countries, but that the provisions of Nos. 1 and 2 of sub-paragraph A of this article are not applicable, the three Governments may nevertheless take certain measures by way of exception.

2. If the competent body or bodies referred to in article 12 find that, as a result of the application of the provisions of this article, any measures which may be decided would have an unwarranted effect on the exporting country, these measures shall be revoked or, if necessary, adapted or replaced.

C. The measures taken pursuant to this article shall be decided by common agreement. They shall be temporary and the period of their application shall be laid down in advance.

Article 8

1. If no agreement is reached one month after the date on which one of the Governments which considers it is entitled to resort to the provisions of article 7 has submitted its request to the partner Government concerned, either of the two Governments may have recourse to arbitration by a body of three persons in accordance with the following procedure :

2. Within two weeks from the date of the entry into force of this Protocol, each of the three Governments shall draw up and communicate to the two other Governments a list of three persons from among whom it will select, if the case should arise, the arbitrator it is required to appoint.

Each Government may, however, appoint as arbitrator a person whose name does not appear on the list.

The arbitrator appointed by a Government may be a national of the country in question.

In the event of death, resignation or incapacity, each Government shall replace without delay the names of the persons which appear on the list and shall inform the two other Governments of its decision.

3. When the applicant Government notifies the Government concerned of its request for arbitration, it shall indicate the name of the arbitrator it has appointed in respect of the said request.

Within one week from the date of this notification, the Government concerned shall inform the applicant Government of the name of the arbitrator it has appointed ; if this notification is not made within the time-limit laid down, the person whose name appears at the head of the list submitted by the said Government shall be automatically appointed arbitrator.

The two arbitrators appointed shall, by common agreement and within two weeks of this notification, select the third arbitrator who shall be chairman.

If agreement is not reached, the President of the International Court of Justice shall be requested jointly by the two Governments concerned, or if necessary, by the party first applying to appoint the third arbitrator.

If the President of the International Court of Justice is prevented from acting, the Vice-President shall be requested to appoint the arbitrator ; if the Vice-President is prevented from acting, the first of the judges on the rolls of the Court shall be requested to appoint the arbitrator.

In the event of the death, resignation or incapacity of the arbitrator appointed, he shall be replaced without delay in accordance with the procedure described in this paragraph.

4. Unless otherwise agreed by the Governments parties to the dispute, the arbitrators shall themselves lay down procedure which, in all cases, shall provide for the hearing of both parties.

5. The arbitrators shall render their decision as mediators in the spirit of the agreements concluded by the three Governments.

The decision of the arbitrators shall be adopted by a majority ; it must be reached within two months of the appointment of the third arbitrator and shall be immediately enforceable.

6. The Government other than the Governments parties to the dispute may intervene by supporting one of the parties, without having the right to designate an additional arbitrator in respect of the said request.

The remuneration of the three arbitrators shall be fixed by common agreement between the Governments parties to each dispute.

Unless decided otherwise, each Government shall defray the cost of any expert investigation carried out at its request.

The administrative costs shall be borne by the Secretariat-General of the Councils of the Customs Union between the Netherlands, Belgium and Luxembourg.

Article 9

If the arbitrators have not rendered their decision within the prescribed two months' time-limit, the applicant Government, if it considers that its interests are

seriously jeopardized by this delay, may, as a measure of conservation and for a maximum period of three months, reduce imports from the other partner to the average level of the six months' period preceding the date on which the request was submitted.

Article 10

Every six months reckoned from the date of the entry into force of the exceptional measures decided upon in application of article 7, the Governments shall determine whether these measures are still appropriate. They shall, if the need arises, agree on any necessary amendments. If agreement is not reached recourse may be had to arbitration in accordance with the procedure described above in article 8.

Article 11

With a view to encouraging an increase in productivity and facilitating the completion of the process of adaptation referred to in article 5, the three Governments recognize the desirability of establishing a Benelux Re-Adaptation Fund the Statutes and method of operation of which shall be set forth in an agreement annexed hereto.¹

Article 12

This Protocol shall be applied by the three Governments acting through :

- (a) A Committee of Ministers ;
- (b) The meeting of the Presidents of the Councils of the Customs Convention between the Netherlands, Belgium and Luxembourg.

(a) The Committee of Ministers shall consist of the Ministers of Foreign Affairs, the Ministers of Foreign Trade, the Ministers of Economic Affairs and the Ministers of Finance.

If one or more Ministers are unable to attend or if such action is advisable for other reasons, they may designate other members of the Government to act on their behalf. Similarly, each of the Governments may invite other members of the Government to take part in or send representatives to a given meeting of the Committee whenever it deems it advisable to do so.

The Committee shall meet once a month.

(b) The Meeting of the Presidents of the Councils shall make arrangements for the meetings of the Committee of Ministers in respect of all matters relating to the application of this Protocol.

It shall ensure that the decisions of the Committee of Ministers are enforced by the competent national bodies.

¹ See p. 144 of this volume.

Article 13

This Protocol shall be without prejudice to the provisions of the Agricultural Protocols signed respectively at Brussels on 9 May 1947, at Luxembourg on 21 October 1950 and at The Hague on 29 December 1950.

Article 14

This Protocol shall be ratified and the instruments of ratification shall be deposited with the Government of the Netherlands.

It shall enter into force after the deposit of the third instrument of ratification on the same date as that of the entry into force of the Agricultural Protocols referred to in the preceding article.

It shall remain in force for a period of two years from the date of its entry into force. Thereafter it shall be extended from year to year by tacit agreement unless notice of its termination is given by one of the three Governments at least two months before its expiry.

If a radical change should occur in the competitive position of the three countries, the provisions of articles 6 to 11 inclusive may be amended by common agreement.

DONE at The Hague on 24 July 1953, in triplicate, in the French and Dutch languages, both texts being equally authentic.

For the Belgian Government :
Paul VAN ZEELAND

For the Luxembourg Government :
Jos. BECH

For the Netherlands Government :
J. LUNS

PROTOCOL¹ OF SIGNATURE

The Belgian, Luxembourg and Netherlands Governments,

Having on this date signed a Protocol concerning the co-ordination of their economic and social policies ;²

Undertake to submit this Protocol without delay to their respective Parliaments for approval.

¹ Came into force on 24 July 1953 by signature.

² See p. 108 of this volume.

I. Pending the entry into effect of the said Protocol, the three Governments have agreed provisionally and for a period of one year, on the following provisions :

Para. 1. Articles 1 to 7 inclusive, as well as articles 12, 13 and 14, paragraph 4, shall be applied in full.

Para. 2. Until such time as the arbitration procedure provided for under the Protocol becomes effective, there shall be established a Conciliation Commission to which the provisions of article 8 of the Protocol shall be applicable *mutatis mutandis*.

Notwithstanding the provisions of article 8, paragraph 5, the decisions of the Conciliation Commission shall be in the nature of an opinion.

Articles 9 and 10 of the Protocol shall be applied *mutatis mutandis*.

II. Pending the entry into effect of the provisions relating to arbitration procedure set forth in article 4, paragraph 3, of the Protocol signed at Luxembourg on 21 October 1950, the three Governments have agreed that the arbitrators referred to in the afore-mentioned article shall sit as a Conciliation Commission and shall render an opinion and not an enforceable decision.

DONE at The Hague on 24 July 1953, in triplicate, in the French and Dutch languages, both texts being equally authentic.

For the Belgian Government :
Paul VAN ZEELAND

For the Luxembourg Government :
Jos. BECH

For the Netherlands Government :
J. LUNS

AGREEMENT-ANNEX¹ TO THE PROTOCOL OF 24 JULY 1953² BETWEEN BELGIUM, THE GRAND DUCHY OF LUXEMBOURG AND THE NETHERLANDS CONCERNING A RE-ADAPTATION FUND. SIGNED AT BRUSSELS, ON 16 NOVEMBER 1953

The Belgian, Luxembourg and Netherlands Governments, desiring to stimulate productivity and to facilitate the process of adaptation of their economies in order to establish an Economic Union, have agreed on the following provisions :

Article 1

The Re-Adaptation Fund, referred to in article 11 of the Protocol concerning the co-ordination of economic and social policies, signed at The Hague on 24 July 1953,² shall be established by this Agreement-Annex.

The purpose of the Fund shall be to help enterprises to adapt themselves to the competitive conditions of the common market by increasing their productivity.

The operations of the Fund shall be mainly in connexion with the application of the provisions of article 7 of the Protocol.

Article 2

The enterprises of the three countries which are regarded as viable under the conditions resulting from the co-ordination of the economic and social policies of the partner countries may receive assistance from the Fund.

This assistance may not take the form of direct subsidies to enterprises. These enterprises may receive loans subject to special conditions, such as lower interest rates or guarantees.

The Fund may also encourage study and research for improvements that can be applied to groups of enterprises and are likely to increase the productivity of the enterprises.

Article 3

In granting loans, the Fund shall act through existing credit institutions which shall be empowered to engage in such activities by their Governments. In order to determine whether the applicant enterprise satisfies the conditions prescribed in this Agreement for receiving assistance from the Fund, the Fund, after a preliminary study has been carried out by the competent authorities of the country concerned, shall examine requests for loans which are submitted to it by these

¹ Came into force on 24 July 1956, the date of entry into force of the Protocol. This Agreement is not applicable to the territories of the Belgian Congo and Ruanda-Urundi.

² See p. 108 of this volume.

authorities. Requests for loans granted by the Fund shall be transmitted by it to the competent credit institutions.

The granting of a loan to an enterprise may be expedited by the enclosure of a special guarantee provided by the three Governments. The Fund is authorized to issue this guarantee on behalf of the three Governments.

Moreover, the Fund may take action to reduce the interest rates of credit institutions within limits to be fixed by the Governments. The Fund shall compensate these institutions for the difference between the usual interest rate charged by each of them and the reduced interest rate granted to the enterprise.

Article 4

The obligations assumed by the Fund may not exceed the amount fixed by the three Governments.

Article 5

Financial resources, other than the charges referred to in paragraph 3 of this article, required to meet the obligations of the Fund, shall be placed at its disposal by the three Governments.

These financial resources shall be provided by the three Governments on the recommendation of the Committee of Ministers, established under article 12 of the Protocol of The Hague of 24 July 1953, in the following proportions: Belgium and the Grand Duchy of Luxembourg : 50 per cent ; the Netherlands : 50 per cent.

Any charges that may be imposed, as a temporary measure, on movements of goods between the three countries pursuant to agreements reached between the three Governments, shall be credited to the Fund.

The charges levied in application of the Protocol of Luxembourg of 21 October 1950 shall not be credited to the Fund unless otherwise agreed by the Governments.

Article 6

The Fund shall be administered by a Council consisting of ten members, five representing the Government of the Netherlands, four representing the Government of Belgium and one representing the Government of the Grand Duchy of Luxembourg.

These representatives shall be appointed by each of the Governments and selected from among the officials of ministerial departments responsible for financial and economic matters.

The Governments shall appoint an alternate for each representative.

The Council may invite any person whose assistance is useful in the accomplishment of its task, to attend its meetings in an advisory capacity.

The Council shall draw up its rules of procedure which shall be submitted to the Committee of Ministers for approval.

Article 7

With respect to the scale of assessments laid down in the second paragraph of article 5, for Belgium and the Grand Duchy of Luxembourg, the Belgian and Luxembourg Governments have agreed to allocate this amount between their two countries on the basis of the relative size of their respective populations by applying the decision reached in respect of the distribution of the joint revenue fund established under article 11 of the Belgo-Luxembourg Economic Union Convention.

Article 8

The Fund shall not assume any obligations after the date on which the Protocol concerning the co-ordination of economic and social policies, signed at The Hague on 24 July 1953, ceases to have effect.

The liquidation of the Fund and the provisions governing such liquidation shall be agreed upon by the three Governments.

When liquidation is completed, the credit or debit balance of the Fund shall be distributed among the three countries in the proportions provided for in the second paragraph of article 5 and in article 7.

DONE at Brussels on 16 November 1953.

In triplicate, in the French and Dutch languages, both texts being equally authentic.

For the Belgian Government :

P. VAN ZEELAND

For the Luxembourg Government :

Jos. BECH

For the Netherlands Government :

J. LUNS

FIRST PROTOCOL¹ PROLONGING THE PROTOCOL OF SIGNATURE OF 24 JULY 1953.² SIGNED AT BRUSSELS, ON 20 JULY 1954

The Belgian, Luxembourg and Netherlands Governments,

Recognizing that it is desirable to bring into force without delay the provisions of the Protocol concerning the co-ordination of economic and social policies, signed on behalf of the three Governments at The Hague on 24 July 1953,³ as well as the provisions of article 4, paragraph 3, of the Protocol signed on behalf of the three Governments at Luxembourg on 21 October 1950,

Have agreed, pending the entry into force of the afore-mentioned provisions of the Protocol of 24 July 1953 concerning the co-ordination of economic and social policies, and of the Protocol of 21 October 1950, to extend the Protocol of Signature of 24 July 1953² for a period of one year as from 24 July 1954.

DONE at Brussels on 20 July 1954, in triplicate, in the French and Dutch languages, both texts being equally authentic.

For the Belgian Government :
P.-H. SPAAK

For the Luxembourg Government :
RASKIN

For the Netherlands Government :
J. LUNS

¹ Came into force on 24 July 1954, to cease to have effect on 23 July 1955, in accordance with its terms. This first Protocol is not applicable to the territories of the Belgian Congo and Ruanda-Urundi.

² See p. 142 of this volume.

³ See p. 108 of this volume.

SECOND PROTOCOL¹ PROLONGING THE PROTOCOL OF
SIGNATURE OF 24 JULY 1953.² SIGNED AT THE HAGUE,
ON 22 JULY 1955

The Belgian, Luxembourg and Netherlands Governments,

Recognizing that it is desirable to bring into force without delay the provisions of the Protocol concerning the co-ordination of economic and social policies, signed on behalf of the three Governments at The Hague on 24 July 1953,³ as well as the provisions of article 4, paragraph 3, of the Protocol signed on behalf of the three Governments at Luxembourg on 21 October 1950,

Have agreed, pending the entry into force of the afore-mentioned provisions of the Protocol of 24 July 1953 concerning the co-ordination of economic and social policies and of the Protocol of 21 October 1950, to extend the Protocol of Signature of 24 July 1953² for a period of one year as from 24 July 1955.

DONE at The Hague on 22 July 1955, in triplicate, in the French and Dutch languages, both texts being equally authentic.

For the Belgian Government :

VAN DER STRATEN-WAILLET

For the Luxembourg Government :

COLLART

For the Netherlands Government :

J. LUNS

W. BEYEN

¹ Came into force on 24 July 1955, to cease to have effect on 23 July 1956, in accordance with its terms. This second Protocol is not applicable to the territories of the Belgian Congo and Ruanda-Urundi.

² See p. 142 of this volume.

³ See p. 108 of this volume.