

## Benelux

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**URL:** <http://www.cvce.eu/obj/benelux-en-79027a01-7de5-4618-962c-5c9c1c41f5a2.html>

**Last updated:** 08/07/2016



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Of all the organisations for economic cooperation created in the post-war period, Benelux is considered a precursor and a proving ground. The transitional Netherlands-Belgium-Luxembourg Customs Convention was signed on 5 September 1944 by the three governments-in-exile in London. It followed the Benelux monetary agreement of 21 October 1943, which fixed exchange rates between the Belgian-Luxembourg franc and the Dutch guilder. The Customs Convention established a tariff community between the three countries and provided for the subsequent creation of an economic union to foster economies of scale. The Convention also introduced a common external customs tariff and eliminated customs duties on trade within Benelux, but it maintained other protectionist barriers, such as quotas, levies, etc. Economic union was to be achieved in three successive stages: the unification of customs duties; the unification of excise duties, transfer tax and customs legislation; and, in the longer term, an economic union. The Benelux Convention provided for the creation of an Administrative Council for Customs, a Council for Trade Agreements and a Council of the Economic Union. Through this agreement, the three countries were not so much trying to achieve complete economic integration as to strengthen their position as small states under threat on the international stage, in particular at a time when the multilateral monetary agreements were being negotiated at Bretton Woods.

On 1 January 1948, the Benelux Customs Union became operative. In a very difficult post-war economic climate, the Benelux conventions offered barrier-free trade to the three signatories. But implementing the conventions was not always easy. Difficulties arose between the three governments, notably because of their conflicting opinions on European cooperation, their attitudes towards Germany and the use of aid made available by the Marshall Plan. The delicate negotiations between the three partners highlighted the difficulties involved in forging an economic union between States that, in the aftermath of the war, had diverse economic structures and national interests.

In October 1949, the three countries adopted a preliminary Benelux union treaty, which retained many safeguard clauses but, at the same time, allowed the gradual elimination of quantitative restrictions. In July 1953, they agreed on a protocol to coordinate economic and social policy. A few months later, a second protocol on a common trade policy encouraged a common import-export policy vis-à-vis third countries. Benelux then began to participate as a separate entity within the Organisation for European Economic Cooperation (OEEC). Gradually, the three partners learned to speak with one voice and to adopt common positions on international issues. On 3 February 1958, in The Hague, they signed the Benelux Economic Union Treaty in which they declared their determination to achieve the free movement of people, goods, capital and services as well as to pursue a coordinated policy in economic, financial and social matters. The Benelux Economic Union Treaty entered into force in 1960.