

## Declaration made by Belgium, Luxembourg and the Netherlands (Knokke, 14 October 1952)

**Caption:** On 14 October 1952, representatives of the Governments of Belgium, Luxembourg and the Netherlands, meeting in Knokke, adopt a joint declaration on the development of the pre-union and the achievement of economic union between the three countries.

**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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## Declaration by the Governments made at Knokke on 14 October 1952

### Development of the Pre-Union and preparations for Economic Union

I. — a) The three Governments once again find that they are fully agreed that complete Economic Union can be achieved only after the excessively large disparities between their economies have been reduced. They find with satisfaction that several of the obstacles which they had previously discovered along their path have now been reduced or evened out, for example the unfavourable balance of payments and the use of a highly developed policy of subsidies. They find with regret that the wage disparity existing in 1949 between the two economies has not been sufficiently reduced and has even increased in the interim, contrary to the hopes expressed in the Protocol of 13 March 1949. This disparity is currently placing a very heavy burden on their economic relations.

b) The three Governments have once again agreed that it is desirable to pursue a policy which leads to a rise in people's standard of living. This attitude has resulted in a desire to fix wage levels as high as the prospects of the economic situation will permit.

c) They agree that no wage policy should put at risk the balance of payments or of itself constitute the cause of a rise in unemployment.

d) They have noted that according to the facts which have been established there seems to be a slight upward trend in wages in the Netherlands at the present time. In particular, the Law of 1 July 1952 has resulted in an increase in wages and in employers' social security contributions, and there are plans for an increase in rents.

e) Moreover, it is reported that the opinion of the Economic and Social Council of the Netherlands will shortly be sought on the wage-determination method to be applied in future.

The three Governments find that wages actually have a tendency to adjust to the cost of living, either on a legal basis or as the result of agreements. The three Governments agree that it is necessary to contain, as far as possible, the rise in the cost of living, and to make products available to consumers at the lowest possible prices.

II. — Strengthened by their agreement on the above-mentioned provisions, the three Governments have decided to create, immediately, a Special Commission which, chaired by the Ministers of Economic Affairs and the Ministers of Labour, will consist of delegates from the most representative professional organisations of the three countries and will have the task of reviewing the constituent elements and the conditions of wages and pricing policy, in the light of the principles referred to above, and of giving their opinion on that subject.

III. — a) The three Governments have noted the special difficulties of certain Belgian industrial sectors, which those concerned attribute to the exceptional competition conditions within the Benelux market. These difficulties affect the following sectors in particular: tobacco, leather, paper, furniture, stove manufacture and enamelling.

b) In the opinion of the three Governments it is essential, first of all, to investigate the nature and the causes of the difficulties found and to adopt measures to remedy them.

c) To that end, special committees will be set up for each of the sectors particularly adversely affected. These committees will be chaired by civil servants and will also include employers' and workers' delegates from the sectors concerned. The committees will endeavour to promote arrangements drawn up by common agreement by the producers concerned with the assistance of the official bodies.

d) If amicable arrangements cannot be agreed, the Governments will intervene in order to adopt the most appropriate measures for the situation in question, guided, where necessary, by the provisions previously

adopted under the additional clause which was approved in Ulvenhout in September 1951.

IV. — The three Governments have agreed to meet again in six weeks' time in order to learn the outcome of the reviews to be carried out under section III above and as soon as possible in order to examine the results of the decisions taken under section II above.

V. — In order to ensure gradually increasing consistency between the various elements of their economic policy, the three Governments have decided:

1) to create a standing ministerial group responsible for ensuring the necessary convergence in important government decisions of an economic nature;

2) to invite the Nederlandsche Bank and the Banque Nationale de Belgique to establish close contact with one another, in the presence of Government Commissioners, in order to cooperate with regard to their policies on monetary matters, currency exchange and credit, as well as on exchange controls; the Government of the Grand Duchy of Luxembourg will be associated with this work;

3) to intensify the close coordination of their external trade policies, which was established following the Ostend Protocol of 31 July 1950, as regards the OEEC, the dollar zone and third countries.

Done at Knokke, in quadruplicate, on 14 October 1952.

For the Government of the Grand Duchy of Luxembourg:

For the Belgian Government:

For the Government of the Netherlands: