WESTERN EUROPEAN ECONOMIC ORGANIZATIONS

A comprehensive reference guide

Edited by Robert Fraser

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A COMPREHENSIVE GUIDE

Edited by
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WESTERN EUROPEAN ECONOMIC ORGANIZATIONS:
A COMPREHENSIVE GUIDE

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PREFACE

The start of the 1990s has seen an intensified importance of economic factors for the countries of Western Europe.

In common with most of the rest of the developed world, much of Western Europe is affected by general economic malaise, while at the time of writing the outlook for the world trade system looks bleak. Moreover, the collapse of communist hegemony in the Soviet Union and Eastern Europe and the unification of the two parts of divided Germany have thrown up countless problems in the economic as well as the political arena, requiring the establishment of new bilateral and multilateral relationships.

This position represents a fresh turning point in developments stretching back nearly 50 years to the end of World War II. Once the effects of that war had begun to be overcome, there was a strong urge to consolidate cohesion among the democratic nations of Western Europe, but individual countries' particular concerns led to the emergence at the end of the 1950s of two separate blocs—the six-member European Economic Community and the seven-member European Free Trade Association. This division started to be reduced only after another 15 years when two members of the latter joined the European Communities, to be followed by a third 13 years later. Other initiatives led to the further expansion of both organizations; moreover, in 1989 and 1991 two more EFTA members formally applied for EC membership, and finally at the end of the latter year agreement was reached on the establishment of a European Economic Area to comprise all the now 19 countries of the enlarged blocs.

The present book looks at the overall economic position in Western Europe both in the international and regional context and in terms of the political, economic and structural conditions of each of the 19 countries concerned—defined as Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

More specifically, for each of the principal international and regional economic bodies to which all or most of these countries belong, it sets out their history, principal personnel, organization, aims and objectives, and methods and operations. For each of the 19 countries it then not only describes their political structure, their pattern of government and of economic development since 1945, the way in which the economy and industry are constructed and organized, but also provides details about all the major institutions which help to shape economic policy—including the central bank, the government and its principal ministries and other entities, the stock exchange, the political parties, the main employers' and employees' organizations, and pressure and other groups—again giving particulars about their history, personnel, structure, aims and objectives, and, most importantly, about their role in national economic policy-making. Generally, information is brought up to date as at the end of 1991.

The interplay of these various interests and influences within individual countries as well as on the international plane will have far-reaching effects on the pattern of wider relationships both within Europe as a whole and also in the global field as the new shape of world relationships emerges in the coming years.

The editor and contributors wish to thank the information departments of many of the organizations described for their assistance. Thanks are also due to John Harper and Mike Elleston of Longman for their encouragement in the course of the compilation of this book.

Robert Fraser
Bath January 1992

Statistical overview

	Area (sq km)	*Population (1990)*	*Exchange rate per US dollar end-1991*	*GNP per capita 1989 (US$)*	*Merchandise trade balance 1990 (US$ million)*
Austria	83,857	7,600,000	S 10.6936	17,360	−10,034
Belgium	30,519	9,800,000	BF 31.3604	16,390	+630
Denmark	43,093	5,100,000	DKr 5.9199	20,510	+4,566
Finland	338,145	5,000,000	Fmk 4.143	22,060	+768
France	543,965	56,100,000	FF 5.1901	17,830	−13,954
Germany	356,945	77,500,000	DM 1.5198	20,750[1]	+71,590[2]
Greece	131,957	10,000,000	Dr 175.522	5,340	−10,178
Iceland	102,820	256,000	ISK 55.8382	21,240	−79
Ireland	70,283	3,700,000	£Ir 0.5723	8,500	+3,977
Italy	301,277	57,100,000	Lit 1,151.4500	15,150	+723
Liechtenstein	160	29,000	SwF 1.3564	n.a.	[3]
Luxembourg	2,586	400,000	LF 31.3604	24.860	[4]
Netherlands	33,937[5]	15,000,000	Fl 1.7126	16,010	+10,466
Norway	323,877	4,200,000	NKr 5.9855	21,850	+7,625
Portugal	91,949[5]	10,300,000	Esc 134.7620	4,260	−6,580
Spain	504,782	39,200,000	Pta 96.7595	9,150	−29,566
Sweden	449,964	8,400,000	SKr 5.5543	21,710	+3,478
Switzerland	41,293	6,600,000	SwF 1.3564	30,270	−6,377
United Kingdom	244,103	57,200,000	£0.5356	14,570	−32,500

[1] Western Germany
[2] Western Germany only to June 30, 1990; unified Germany from July 1, 1990.
[3] Included with Switzerland
[4] Included with Belgium
[5] Land only.

CONTENTS

PART I: INTERNATIONAL ORGANIZATIONS

THE INTERNATIONAL FRAMEWORK

The 19 countries of Western Europe are all members of one or other of the two principal Western European trading blocs: the European Communities (EC) and the European Free Trade Association (EFTA). Accordingly their economic structures and policy-making arrangements are intimately bound up with those of these organizations respectively. Furthermore, apart from Liechtenstein, all are members of the Organization for Economic Co-operation and Development (OECD) and of the General Agreement on Tariffs and Trade (GATT) as well as (with the exception of Switzerland, which has applied for membership) of the International Monetary Fund (IMF) and of the World Bank Group (the International Bank for Reconstruction and Development and its principal affiliates: the International Development Association and the International Finance Corporation), while the central banks or other appropriate institutions of all these countries, other than Liechtenstein, also participate in the Bank for International Settlements.

Among major features of the economic situation in Western Europe at the beginning of the 1990s are the move towards greater economic and also political integration within the EC itself; the prospect of enlargement of the EC through the accession of current members of EFTA (and closer co-operation between these two bodies in the meantime); tensions in the context of general international trading relationships; and the effects on the West of the dramatically and rapidly transforming position in Eastern Europe and the former Soviet Union—again both politically and economically.

Leaving aside the new conditions arising in Eastern Europe, the changes in Western Europe themselves reflect economic trends evolving on the wider international level in the course of the preceding decade or more; these have involved in particular vastly increased interdependence in the financial and monetary as well as the industrial fields particularly among the developed market economy countries, but at the same time intensified competition in trade and widening divergence in growth and prosperity between the North and South—between the developed industrialized (and some of the newly industrializing) nations and the bulk of the still developing world.

Summit meetings of leaders of major market-economy industrialized countries

From the mid-1970s the four most significant Western European countries in economic terms were parties to a series of annual meetings of heads of state or government of major Western (i.e. non-communist) industrialized nations, held to cover principally economic developments and policies, both as they affected these and other comparable countries and also in the wider international context.

In the wake of the upheavals of the international monetary system at the end of the 1960s and the early 1970s which led to the evolution of new exchange rate relationships, and following also the massive increases in oil prices in 1973, President Valéry Giscard d'Estaing of France in July 1975 proposed the convening of a summit meeting of the leaders of France, West Germany, Japan, the United Kingdom and the United States—i.e. those countries currently participating in the work of the Group of Five (set up on the margins of but not as an integral committee of the International Monetary Fund) and being the five countries then entitled to appoint directors to the Fund's Executive Board.

By the time invitations were extended for the meeting to be held at Rambouillet, near Paris, in November 1975, it had been agreed to include Italy as a participant, but not Canada (ostensibly because such a step would open the way to requests by other claimants to a seat at the table); however, once it had been decided to hold such meetings on an annual basis, Canada was invited to the second summit, held in Puerto Rico in June 1986. Moreover (following pressure from the then five European Community member states not individually represented—Belgium, Denmark, Ireland, Luxembourg and the Netherlands), from the third meeting held in London in May 1977 the President of the Commission of the European Communities also was invited to take part in those sessions at which items which were within the competence of the Communities were discussed, and the President in office of the Council of the Communities was also invited where he or she was not otherwise represented.

While not of themselves a Western European forum and not having a formal identity, the summits do constitute a major opportunity for the addressing of economic concerns in a framework within which heads of state or government of the four largest economic powers of the area—all from within the European Communities—comprise a numerical majority and are thus able firmly to put forward their views (individually and, as appropriate, through the President of the European Commission) on matters dealing principally with international monetary affairs, trade, relations with developing countries, energy and the environment.

Although the finance ministers and central bank governors of the seven summit countries had on occasion met to consider certain aspects of the international monetary situation, it was not until the 12th summit held in Tokyo in May 1986, following discussion of the work of the Group of Five, that it was specifically agreed to form a new Group of Seven Finance Ministers to include also Canada and Italy which would work together more closely and more frequently in the periods between the summit meetings. The Group of Five Finance Ministers continued nevertheless to take a number of crucial decisions which were then subject to endorsement by the wider Group of Seven.

Furthermore, the summits have come increasingly—especially from 1983—to be the opportunity also for discussion of and the issuing of declarations on subjects outside the economic field and concerned more with political issues; it has been noted in this context that potentially controversial statements on matters of international security have sometimes been made on behalf of all seven countries including not only France which does not take part in the integrated command structure of the North Atlantic Treaty Organization but also Japan which is not a member of NATO.

Bank for International Settlements (BIS)

Address. Centralbahnplatz 2, CH-4002 Basle, Switzerland.
Telephone. 061 2808080.
Telex. 962487.
Fax. 061 2809100.

History. The Bank for International Settlements was established in pursuance of decisions taken at the Hague Conference, which had been convened in January 1930 and at which the creditor countries decided to secure a solution to the issue of German reparations by reducing and commercializing the German payments. The plan adopted at that conference contemplated the founding by the central banks of Belgium, France, Germany, Italy, Japan and Great Britain and by a US financial institution of an international bank; the instrument constituting the BIS was signed on Feb. 27, 1930, and the bank began operations on May 17 of that year.

Principal officers. Frederik Duisenberg (chairman of the board and president); Alexandre Lamfalussy (general manager).

Organizational structure. The BIS is a company limited by shares. Most, but not all, of these shares are subscribed directly by participating central banks or appropriate financial institutions, but the right of representation and of voting at general meetings of the Bank is exercisable only by a participating central bank or its nominee.

There are at present 29 countries so represented: 17 countries of Western Europe (i.e. excluding Luxembourg, which is represented jointly with Belgium with which it is in economic union, and Liechtenstein); six countries of Eastern Europe (Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia); Turkey; and five non-European countries (Australia, Canada, Japan, South Africa and the United States).

The Board of Directors comprises: (i) the governors for the time being of the central banks of Belgium, France, Germany, Great Britain (i.e. the UK), Italy and the USA—these being termed ex-officio directors; (ii) six persons representative of finance, industry or commerce, appointed one each by the governors of the central banks referred to under (i), and being of the same nationality as the governor who appoints him or her; and (iii) not more than nine persons elected by the Board by a two-thirds majority of the directors described under (i) and (ii) from among the governors of central banks of countries in which shares have been subscribed but of which the central bank does not delegate ex-officio directors to the Board. Directors appointed or elected under (ii) and (iii) hold or remain in office for three years but are eligible to be reappointed or re-elected as appropriate. The Board elects from among its members a Chairman, one or more Vice-Chairmen and a President—in each case for renewable terms of not more than three years. The President carries out the policy decided upon by the Board and controls the administration of the Bank. In practice since the mid-1940s the offices of Chairman of the Board and President of the Bank have been combined in one person. Also in practice, the USA, although regularly represented at the BIS, does not occupy the two seats on the Board to which it is entitled under the statutes. The General Manager is appointed by the Board on the proposal of its Chairman.

Aims and objectives. To promote the co-operation of central banks and to provide additional facilities for international financial operations, and to act as trustee or agent in regard to international financial settlements entrusted to it under agreements with the parties concerned.

Methods and operations. The Bank's operations must be in conformity with the monetary policy of the central banks of the countries concerned, and the Bank may in particular:

(i) Buy and sell gold coin bullion for its own account or for the account of central banks.
(ii) Hold gold for its own account under earmark in central banks.
(iii) Accept the custody of gold for the account of central banks.
(iv) Make advances to or borrow from central banks against gold, bills of exchange and other short-term obligations of prime liquidity or other approved securities.
(v) Discount, rediscount, purchase or sell with or without its endorsement bills of exchange, cheques and other short-term obligations of prime liquidity, including Treasury bills and other such government short-term securities as are currently marketable.

(vi) Buy and sell exchange for its own account or for the account of central banks.

(vii) Buy and sell negotiable securities other than shares for its own account or for the account of central banks.

(viii) Discount for central banks bills taken from their portfolio and rediscount with central banks bills taken from its own portfolio.

(ix) Open and maintain current or deposit accounts with central banks.

(x) Accept: (a) deposits from central banks on current or deposit account; (b) deposits in connection with trustee agreements which may be made between the Bank and governments in connection with international settlements; (c) such other deposits as in the opinion of the Board come within the scope of the Bank's functions.

(xi) Act as agent or correspondent of any central bank.

(xii) Arrange with any central bank for the latter to act as its agent or correspondent. If a central bank is unable or unwilling to act in this capacity, the Bank may make other arrangements, provided that the central bank concerned does not object. If in such circumstances it should be deemed advisable that the Bank should establish its own agency, the sanction of a two-thirds majority of the Board will be required.

(xiii) Enter into agreements to act as trustee or agent in connection with international settlements, provided that such agreements shall not encroach on the obligations of the Bank towards third parties; and carry out the various operations laid down therein.

In its primary banking role the BIS holds deposits for about 80 central banks, and some 10 per cent of world foreign exchange reserves are managed by the Bank.

Among other functions, the BIS also: (i) acts as a forum for international monetary co-operation: in the context of the approximately monthly meetings of its Board discussions are frequently held with governors or other officials of the central banks of countries not directly represented on the Board, while contact is maintained with other shareholding central banks including those of certain Eastern European countries; (ii) acts as agent for the European Monetary Co-operation Fund (EMCF) of the European Communities as regards operations in connection with the working of the European monetary system (EMS) and functions relating to the execution of financial operations connected with Community borrowing and lending; and (iii) provides the secretariats for the Committee of Governors of the European Community Central Banks and the Board of Governors of the EMCF, in particular in connection with operations of the EMS and the swap operations under which the central banks of the European Community countries deposit 20 per cent of their gold and dollar reserves with the EMCF against the issue of European currency units.

In addition to its banking operations, therefore, the BIS has a vital role in the context of worldwide international financial and monetary affairs, and in particular within the European framework. Furthermore, the monthly meetings provide an informal opportunity—frequently less widely publicized than some other comparable forums—for leading central bankers and advisers to give consideration to matters of common concern although not necessarily of direct BIS responsibility. Such subjects have included latterly the proposed establishment of a European central bank ("Eurofed") and the creation of the European Bank for Reconstruction and Development (EBRD) for the promotion of productive and competitive investment in the countries of Eastern Europe as they enter into new political and economic circumstances. BIS representatives also take part notably in discussions of certain committees of the International Monetary Fund.

Belgo–Luxembourg Economic Union (Union économique Belgo–Luxembourgeoise) (BLEU)

Address. 81a rue de la Loi, 1040 Brussels, Belgium and 41 boulevard Roosevelt, Luxembourg.

History. The Belgo–Luxembourg Economic Union was established under the Economic Union Convention signed on July 25, 1921, and entered into effect on May 1, 1922. The convention provided for a common external tariff for Belgium and Luxembourg, applied to financial, monetary, tariff, commercial and intellectual matters, and was for an initial period of 50 years, renewable thereafter for periods of 10 years. The deteriorating international economic situation in the early 1930s led to the conclusion in May 1935 of a convention establishing between the two countries a common regime relating to importation, exportation and transit; its duration was of the same period as the 1921 convention, into which its provisions were incorporated. Following the German occupation of 1940–44, the BLEU was restored on May 1, 1945.

The special circumstances of and particular links between Belgium and Luxembourg were recognized in both the 1957 Treaty of Rome establishing the European Economic Community and the 1958 Treaty of Brussels establishing the Benelux Economic Union.

At a ministerial conference in Luxembourg on Oct. 22, 1962, three protocols were agreed relating respectively to a revision of the BLEU conventions, to agriculture and to monetary association, and the revised economic union became effective on Aug. 1, 1965. The BLEU Convention, as amended, was extended for two successive 10-year periods from March 6, 1972, and March 6, 1982; at the time of the latter extension, three new protocols were agreed which in effect provided for Luxembourg to establish an institute of issue (i.e. the Luxembourg Monetary Institute—IML).

Organizational structure. The Committee of Ministers comprises members of the two governments; its role is to take decisions necessary for the good functioning of the BLEU, to co-ordinate common legal and regulatory measures provided for by the convention, and to consider matters concerning external economic relations. Its decisions are taken by mutual agreement between the Belgian and Luxembourg ministers present. The Administrative Commission comprises delegates from the two governments; its role is to supervise the application of the convention and to this end to ensure regular contact between the two governments. The Customs Council comprises three members: the Director General of Customs and Excise of Belgium as president; the Director of Customs of Luxembourg; and one member nominated by the Belgian government from among senior officials of the customs and excise administration. The principal role of the Customs Council is to ensure unity in the administration of the BLEU in the matter of common customs and excise and to manage the common receipts of the Union.

Aims and objectives. The establishment of an economic union between Belgium and Luxembourg, based on a customs union.

Methods and operations. Under the 1921 Convention (as amended), the territories of Belgium and Luxembourg are considered as forming a single territory from the point of view of customs, joint excise and joint measures to regulate external economic exchanges, and there is no customs frontier between the two countries. Except as otherwise provided, there is complete freedom of trade between the two countries, without hindrance or prohibitions on importation, transit or exportation, and without the levying of any duties or taxes. Goods subject to a common excise duty may be sent from the territory of one country to that of the other without levying, refund or discharge of any import or export duties.

Nationals of each of the two countries have the right, in the territory of the other, to equal treatment concerning circulation and residence (subject to restrictions determined by the Committee of Ministers in the interest of public order, security, public health and good morals). Nationals (including corporate bodies) of each country enjoy in the other equal treatment as regards civil rights and legal and judicial protection of their person, rights and interests, and have equal access to independent economic activities or the exercise thereof.

The two countries pursue a co-ordinated economic, financial and social policy and a co-ordinated pricing policy, and collaborate in the fields of transport and civil aviation.

Tariff and commercial treaties and agreements, and international payments agreements relating to external trade, are common, and are concluded by Belgium in the name of the BLEU (although Luxembourg has the right to sign jointly with Belgium). Common receipts from customs, excise and levies on imports are distributed between the two countries pro rata according to population.

Belgian bank notes and coinage circulate freely in Luxembourg. The two countries undertake to ensure that in their mutual relationships their respective monetary policies present the necessary compatibility. They undertake further to introduce and apply the same legislation relating to exchange control, which is entrusted to a single authority whose decisions are mandatory throughout the whole area of the economic union and on whose executive body each country is represented. The maximum quantity of notes and coinage issued under the authority of Luxembourg is equivalent to 20 per cent of the Belgian money in circulation at the end of the previous year multiplied by the ratio of the Luxembourg to the Belgian populations.

Benelux Economic Union (Benelux)

Address. 39 rue de la Régence, 1000 Brussels, Belgium.
Telephone. 02 519 3811.
Telex. 61540.
Fax. 02 513 42060.

History. Following the establishment of the Belgo–Luxembourg Economic Union (BLEU) in 1921, effective May 1922, various moves were made during the 1930s to bring about closer economic co-operation between Belgium, Luxembourg and the Netherlands, but the international climate of the time was not conducive to the furtherance of such initiatives.

On Oct. 21, 1943, the governments in exile of the three countries in London concluded a monetary convention (eventually superseded effective March 20, 1969) with the object of controlling payments between their countries after the war and, at the same time, to strengthen their economic relations. Also in London, the three governments on Sept. 5, 1944, signed the Netherlands–Belgium–Luxembourg Customs Convention which, while not providing for a customs union, represented a recognition that close economic co-operation would be vital after the war. In view of the varying conditions obtaining in Belgium, Luxembourg and the Netherlands after liberation in 1944–45, this Convention, as amended by a protocol dated March 14, 1947, did not come into force until Jan. 1, 1948, abolishing duties on intra-Benelux commercial exchanges and establishing a common external tariff.

A "Pre-Union Treaty" was concluded between the three countries in October 1949, and between 1953 and 1956 a number of further agreements were reached covering specific aspects of co-operation and economic relations.

Just over a month after the entry into force on Jan. 1, 1958, of the Treaties of Rome establishing the European Economic Community and Euratom, Belgium, Luxembourg and the Netherlands on Feb. 3, 1958, signed the Treaty establishing the Benelux Economic Union "as envisaged by the [1944] Customs Convention, defined and interpreted in accordance with the [1947] protocol". The new Treaty came into force on Nov. 1, 1960, for an initial period of 50 years, renewable thereafter for successive periods of 10 years. The 1957 EEC Treaty and Euratom Treaty each specify that the provisions of these treaties respectively do not preclude the existence or completion of regional unions between Belgium and Luxembourg, or between Belgium, Luxembourg and the Netherlands, "to the extent that the objectives of these regional unions are not attained by application of [the EEC or Euratom] Treaty".

Principal officers. B. M. J. Hennekam; Marie-Rose Berna; L. Laenerts (secretary-general).

Organizational structure. The Committee of Ministers, meeting at least once every three months and comprising at least three members of the government of each of the participating countries, supervises the application of the Treaty and ensures the realization of the aims covered by it. The Committee takes decisions unanimously (each country having one vote), while the abstention of one party does not prevent a decision being taken.

The Consultative Interparliamentary Council comprises 21 members each from Belgium and the Netherlands and seven from Luxembourg, chosen from among national parliamentarians, and meets generally four times a year. This advisory body was originally established effective September 1956, under a convention signed on Nov. 5, 1955.

The Council of the Economic Union, chaired in rotation by persons appointed by the three governments concerned, is responsible for (i) co-ordinating the activities of committees and special committees; (ii) carrying into effect decisions of the Committee of Ministers so far as the Council is concerned; and (iii) submitting proposals to the Committee of Ministers which it may deem advantageous for the functioning of the Economic Union.

There are in addition a number of committees and special committees; a Court of Arbitration comprising three judges from each of the three countries, established in 1964 and supervising the execution of the Treaty and associated agreements; the Benelux Court of Justice, likewise consisting of three senior judges from each of the countries, which is empowered to make rulings on the interpretation of common legal rules when so requested by a national court, to give advisory opinions when requested by national governments, and to give rulings on administrative matters; and an Economic and Social Advisory Council (with nine members and nine substitutes from each country, representative of government and of economic and social organizations), which gives advisory opinions regarding questions directly related to the functioning of the Union. The Secretary-General (of Dutch nationality) and two Assistant Secretaries-General (one of Belgian and one of Luxembourg nationality) are appointed by the Committee of Ministers.

Finance. Administrative costs are met as to 48.5 per cent each by Belgium and the Netherlands and as to 3 per cent by Luxembourg.

Aims and objectives. To strengthen the economic ties between the three countries by means of free movement of persons, goods, capital and services; to co-ordinate the three countries' policies in the economic, financial and social fields in order to attain the most satisfactory level of employment and the highest standard of living in keeping with economic circumstances and compatible with the maintenance of monetary stability; to further the pursuit of a joint trade policy directed towards the most favourable development of the exchange of goods and services with third countries by means of the freest possible trade; and to carry into practice their belief that economic progress, forming the principal aim of their union, must lead to the advancement of the individual and social welfare of their peoples.

Methods and operations. The nationals of each of the three member countries may freely enter and leave the territory of any other member, and enjoy the same treatment as nationals of that country as regards (i) freedom of movement, sojourn and settlement; (ii) freedom to carry on a trade or occupation, including the rendering of services; (iii) capital transactions; (iv) conditions of employment; (v) social security benefits; (vi) taxes and charges of any kind; and (vii) exercise of civil rights as well as legal and judicial protection of their person, individual rights and interests.

Goods traffic between the territories of the member countries, irrespective of origin, last exporting country or destination of the goods, are free of import and excise duty and any other duties, charges, imposts or dues of whatsoever kind, and also free from all prohibitions or restrictions of an economic or financial nature, such as quotas, restrictions applying to certain types of goods or currency restrictions. Goods originating from the territory of one of the members receive in the territories of the other members the same treatment as national products.

Transfers of capital between the territories of the members are free from any prohibition or restriction.

The rendering of services between the territories of the members is free of taxes, charges, imposts or dues of whatsoever kind, and also free from all prohibitions or restrictions of an economic or financial nature, such as quotas, restrictions applying to certain types of goods or currency restrictions.

The members undertake jointly to ensure that no law or regulation has the effect of disturbing competitive conditions in their territories.

The members are required, in close consultation, to pursue a co-ordinated policy in the economic, financial and social fields; to co-ordinate their policies in respect of private commercial agreements of abuses arising from the dominant position of one or more concerns; and to take steps to prevent the abuse of economic power.

In their relations with third countries the members agree (i) to accept and pursue a joint policy in the field of foreign trade and of payments related thereto; (ii) jointly to conclude treaties and conventions regarding foreign trade and the customs tariff; and (iii) to conclude, either jointly or concurrently, treaties and conventions regarding payments in connection with foreign trade.

As regards goods coming from or destined for third countries, import duties and excise duties as well as all other taxes, imposts or dues whatsoever, to be imposed on account of imports, exports or transit traffic are fixed in accordance with a common tariff with identical rates.

As regards the rate of exchange between the Netherlands guilder and the Belgium/Luxembourg franc, policies are determined by mutual agreement. Likewise, exchange rates in relation to the currencies of third countries, and any alteration of rates of exchange, are made only by mutual agreement.

Among specific steps taken towards the achievement of economic union since 1960 have been (i) the abolition of passport control at internal borders within Benelux in 1960; (ii) the setting of narrow parity bands between the Belgium/ Luxembourg franc and the Netherlands guilder in 1971–76; and (iii) the unification of internal commercial border formalities in 1984. Belgium/Luxembourg and the Netherlands each participate in the exchange rate mechanism of the European Communities' European monetary system.