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Mary Sancy

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COMMERCIAL RELATIONS BETWEEN BELGIUM AND POLAND

Mary Sancy

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I. INTRODUCTION

It is important to recognize that several different kinds of treaties exist between Belgium and Poland. First are those between the two countries themselves; second, those between the Belgium-Luxembourg Economic Union (U.E.B.L.) and Poland; third, those agreements between Benelux and Poland; and last, those between the European Economic Community (E.E.C.) and Poland. While Belgium has entered into many treaties with the other eastern countries, this discussion will center on the Belgium-Poland trade agreements.

Today trade agreements are governed by the E.E.C. agreements. Nonetheless, a number of conventions and agreements governing special aspects of trade remain within national competence. Export is one of these special aspects.

II. THE LEGAL SITUATION

A. THE BELGIAN — POLISH AGREEMENTS AND CONVENTIONS

Texts:

- Agreement on air freight, Signed October 17, 1956;
- Agreement on road transport, Signed October 30, 1968;

*Professor of Environmental Law, Foundation Universitaire Luxembourgeoise, Arlon, Belgium; Assistant Professor of Law, University of Louvain, Belgium; Vice President of Belgian Society of Environmental Law.

- Convention on social security, Signed November 25, 1965;
- Convention on double imposition prevention, Signed September 14, 1976.

Most of these agreements are not new ones, yet they remain in force.

B. THE U.E.B.L. — POLISH AGREEMENTS

On July 25, 1921, negotiations between Belgium and Luxembourg resulted in an economic union convention known as the Union Economique Belgium Luxembourg, or U.E.B.L. Codicils were appended on June 10, 1933, on March 2, 1936, and on February 7, 1937. The most recent agreement on economic cooperation was signed on April 22, 1981. In addition, the two countries maintain agreements on technical cooperation (February 17, 1965) and on long-term trade (August 22, 1967).

The U.E.B.L. requires that the same custom tariff be applied at the common border. The convention also imposes (1) financial tariffs and (2) monetary and commercial dispositions, both of which require that treaties with foreign countries be common to both Belgium and Luxembourg. The convention has been renewed twice, in 1971 and in 1982, for ten-year periods.

Texts:

- Commercial treaty, signed December 30, 1922;
- Codicils to the treaty, added June 10, 1933, March 2, 1936, and February 7, 1937;
- New economic cooperation agreement, signed April 22, 1981;
- Agreement on technical cooperation, signed February 17, 1965;
- Agreement on long-term development of economic, industrial, scientific, and technical cooperation, signed November 22, 1973, effective April 10, 1975;
- Quinquennial agreement on economic cooperation, signed April 10, 1975;
- Agreement to expand economic, industrial, and technical cooperation with small and mid-sized enterprises, signed September 26, 1979 (provision of agreement about the industrial cooperation on third market signed September 19, 1979).

Most of these agreements are cooperation pacts.

C. THE BENELUX — POLISH AGREEMENTS

The political initiative associating the economics of Belgium, the

Netherlands, and Luxembourg resulted in the treaty of February 3, 1958, establishing the Benelux Economic Union (Benelux).

The aims of Benelux are threefold:

1. Freedom of movement for persons, commodities, capital, and services between member-countries.
2. Coordination of economic, financial, and social policies.
3. Pursuit of a joint policy regarding economic and financial relations with third countries and regarding payments related thereto.

The establishment of the Benelux Economic Union concluded a long process. Since economic union presupposes free trade, not only in the products of the countries concerned but also in those of third parties, a common commercial policy was necessary. The first important step towards this end was the December 9, 1953, protocol laying the basis for establishing a common policy on third-party imports and exports, as well as payment for them.

Intra-Benelux exchanges of industrial products are free from quantitative restrictions, unlike petrol from Eastern Europe and coal from non-EEC countries.

Texts:

- Payment agreement, signed March 3, 1959;
- Long-term commercial agreement, signed November 25, 1971 and annual protocol.

While these agreements technically remain in force, they have been subsumed under the E.E.C., so that no reference to Benelux exists.

D. THE E.E.C. — POLISH AGREEMENTS

Texts:

- New textile agreement, signed July 7, 1982 effective January 1, 1983;
- Self-limitation on ovine meat, reached on September 16, 1961, in force January 1, 1981, with retroactive effect, extended annually by tacit consent;
- Council decision, reached on December 19, 1985, imposing import contingencies for E.E.C. members in reference to the state-trade countries for 1986.

Every year conferences take place between the E.E.C. and the third countries.

Since 1976, the E.E.C. has been responsible for member-country imports under article 113 of the treaty. The principle of article 113 is self-limitation. Quotas are the basis for the agreements. The first textile agreement was signed in 1979, with new negotiations in 1982

and 1986. The last text — import limitation — applies to the period 1987-1990. The first steel agreement was signed on July 17, 1978. It is based on the CECA, the European Community for Steel and Coal, and has been renewed annually.

Fixed quotas exist for agricultural imports as well. The most important of the agricultural imports with quotas are chickens, geese, and eggs. Mushroom export is a virtual monopoly for Poland.

In addition to these quota restrictions, imports may also be restricted for health or safety reasons, as was the case for mushrooms and agricultural products some months ago after Chernobyl. Restrictions may also be introduced to regulate trade in strategic products. Belgium had such a problem two years ago over export of a technical machine tool to the USSR.

The European Commission verifies the application of quotas and other restrictions. If a member-country is in violation, the Commission can enter an action against it in the European Court of Justice.

III. SOME NUMBERS

(1) In 1985, total U.E.B.L. exports to the six East European countries — Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania — increased by 12 percent. Of the six countries, Poland is U.E.B.L.'s best client, absorbing 23 percent of its total exports. Poland is 39th on the list of U.E.B.L.'s principal world clients.

(2) U.E.B.L. exports consist mainly of common metals, chemical products, plastic, textiles, and mechanical and electrical manufactures. These products represent 70 percent of total exports.

(3) U.E.B.L. imports are primarily minerals (mostly coal), chemical products, plastics, and iron and steel products. For 1986 a decrease of almost 15 percent was predicted for mineral imports because of the economic crisis.

Evolution of the Exchanges between U.E.B.L. and Poland

Year	Import of UEBL (in mill. BF)	Export from UEBL (in mill. BF)	Economic (in mill. BF)
1980	5,589 +20	4,508 -13	-1,081
1981	4,745 -15	3,483 -23	-1,262
1982	4,836 + 2	3,422 - 1	-1,414
1983	5,138 + 6	3,958 +15	-1,180
1984	6,735 +31	4,980 +26	-1,755
1985	7,170 + 6	6,146 +23	-1,024
1985 (5 m)	2,918 0	2,191 +22	- 727
1986 (5 m)	2,279 -21	1,792 -19	-487

The table shows (1) that U.E.B.L. exports have increased since 1983 and that the difference between the low in 1981 and the near-high in 1985 is 76 percent; and (2) that between 1982 and 1985 U.E.B.L. imports increased by 48 percent. These figures show a reinforcement of the commercial relationship, albeit with still a small economic number.

IMPORTS

The five most important imports from Poland:

1. Minerals products	2,725 million BF.	(38%)
2. Common metals	1,794 million BF.	(25%)
3. Vegetables	444 million BF.	(6%)
4. Chemical products and plastic	303 million BF.	(4%)
5. Animals	278 million BF.	(4%)

EXPORTS

The five most important exports to Poland:

1. Chemical products and plastic	2,707 million BF.	(44%)
2. Common metals	912 million BF.	(14%)
3. Machine and electrical materials	487 million BF.	(8%)
4. Textiles	287 million BF.	(5%)
5. Optical and cinematic instruments	179 million BF.	(3%)

Evolution of the Exchanges between Benelux and Poland

TABLE 3
EVOLUTION OF EXCHANGES BETWEEN BENELUX
AND POLAND

Year	IMPORT	EXPORT	ECONOMIC
	of BENELUX (in Mill. U.S.)	from BENELUX (in Mill. U.S.)	
1981	356	415	+ 59
1982	263	206	- 57
1983	293	240	- 53
1984	290	287	- 3
1985	303	314	+ 11
1986	304	354	+ 50

Trade between the EEC and Eastern Europe

TABLE 4
TRADE BETWEEN THE EEC AND EASTERN EUROPE

YEAR	IMPORT of the EEC (in Mill. U.S.)	EXPORT from the EEC (in Mill. U.S.)	EXPORT ECONOMIC (in Mill. U.S.)
1981	15,216	15,830	+ 614
1982	13,928	12,231	- 1,697
1983	15,236	11,662	- 3,574
1984	9,541	7,115	- 2,426
1985	9,253	7,686	- 1,567
1986	9,431	9,061	- 370

The quotas imposed on European Council countries by the Council decision of December 19, 1985, are determined for Benelux and not for the individual countries. All contingent goods are designated, and a particular quantity of goods is authorized for import.

EEC Trade with Poland for 1984-1986

Note that commercial exchanges declined by 15 percent in 1986. The most important products remained the same: imports from Poland were minerals, manufactured goods, crude materials, and food; exports to Poland were machinery, chemicals, and manufactured articles.

TABLE 5
EEC TRADE WITH POLAND FOR 1984 - 1986

YEAR	IMPORT of the EEC (in Mill. U.S.)	EXPORT of the EEC (in Mill. U.S.)	ECONOMIC (in Mill. U.S.)
1984	2,757	1,943	- 814
1985	2,597	2,111	- 486
1986	2,703	2,374	- 329

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THE FUTURE

Relations between the Comecon and the E.E.C. are beginning to improve. Some negotiations have taken place, and in 1987 a normalization and a mutual recognition succeeded. Such an event will have a significant impact on Polish export to the EEC countries, in the future, since the exchange will then operate on a firmer foundation, and high standards of both product quality and environmental protection can be met.

