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- Volume 2

Folder ID: 1872256

Project ID: P037451

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THE WORLD BANK  
Washington, D.C.

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The World Bank  
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Telephone: 202-473-1000  
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**1872256**  
A1995-187 Other #: 2 Box # 182989B  
Steel Mill and Railway Project - Luxembourg - Loan 0004 - P037451 -  
Negotiations - Volume 2



Folder 9 of 9

451

1. Arbed retains about 14 million \$.  
Hassdorf

which are destined for purchases  
of equipment for  
replacement of ~~the~~ in steel  
rolling metallurgical industry.

2. that ind. vital to Lux economy

3. Lux Govt., if it took power to  
requisition these \$ could  
sell to NRBs and get \$ to  
be stricken budget

4. If they did that they wd. ~~cause~~  
seriously damage the core  
of the whole lux economy

5. Therefore this loan, which  
avert this dire necessity is  
indirectly <sup>to facilitate imports</sup>  
de facto a loan for reconstruction.



# Record Removal Notice

<b>File Title</b> Steel Mill and Railway Project - Luxembourg - Loan 0004 - P037451 - Negotiations - Volume 2		<b>Barcode No.</b> 1872256		
<b>Document Date</b> August 28, 1947	<b>Document Type</b> Board Record			
<b>Correspondents / Participants</b>				
<b>Subject / Title</b> Extract from the Minutes of the One Hundred and Sixth Regular Meeting of the Executive Directors Held on August 28, 1947				
<b>Exception(s)</b>				
<b>Additional Comments</b> Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td><b>Withdrawn by</b> Vlada Alekankina</td><td><b>Date</b> December 03, 2018</td></tr></table>	<b>Withdrawn by</b> Vlada Alekankina	<b>Date</b> December 03, 2018
<b>Withdrawn by</b> Vlada Alekankina	<b>Date</b> December 03, 2018			

65

**INCOMING TELEGRAM OR CABLEGRAM**

From LUXEMBOURG Date AUGUST 28, 1947

WN1 to RB  
JB42 FZ52 LUXEMBOURG 29 28 1920 VIA CCC

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT WASHINGTON DC

PIERRE WERNER IS AUTHORIZED TO SIGN CONFORMED COPY OF LETTER  
SUMMARIZING AND CONFIRMING REPRESENTATIONS ON POLICY DISPATCHED  
ACCORDING MY CABLE AUGUST 27 ✓

DUPONG

ACTION copy routed to Mr. McCloy

INF. copy routed to Mr. Oppenheimer, ~~XXXXXXXXXX~~ Mr. Garner, Mr. Mendels

INF. copy routed to \_\_\_\_\_

Decoded by \_\_\_\_\_

4-LU-A-5

August 27, 1947

International Bank for  
Reconstruction and Development  
1818 H Street N.W.  
Washington, D.C.

Gentlemen:

In connection with the application of the Grand Duchy of Luxembourg for a loan from the International Bank for Reconstruction and Development, we are writing at your request to summarize and reaffirm certain of the facts relating to said application on which the Bank may rely in its consideration of the said application.

1. Schedule A attached to this letter sets forth as of January 1, 1947 (except as otherwise indicated therein) (a) the principal amounts and descriptions of all outstanding external debt issued, assumed or guaranteed by the Grand Duchy of Luxembourg or any of its political subdivisions or agencies or by any agency of any such political subdivision and of all outstanding internal debts issued, assumed or guaranteed by the Grand Duchy of Luxembourg; and (b) the annual amounts of interest and principal payable on such outstanding debt for the years 1947 through 1972.

2. Except as set forth in said Schedule A, there exist as of the date of this letter no credits under which the Grand Duchy of Luxembourg or any of its political subdivisions or agencies or any agency of any such political subdivision has

obtained or is entitled to obtain currencies other than Luxembourg francs.

3. Under Article IX of a Protocole Additionnel dated August 31, 1944 between the Belgian Government and the Luxembourg Government in connection with the debt in an amount equivalent to \$1,295,125.40 arising out of advances made by the Belgian Government to the Luxembourg Government during the occupation, all gold reserves of the Caisse d'Epargne de l'Etat must, so long as such debt is outstanding, remain deposited with the Banque Nationale de Belgique. Said Article IX and such deposit-arrangement relate only to said debt and not to other obligations of the Grand Duchy of Luxembourg to the Government of Belgium. Except for such deposit, none of the property or assets, revenue or receipts of the Grand Duchy of Luxembourg or any of its political subdivisions or of any agency of any such political subdivision is subject to any mortgage, pledge or other charge or priority as security for any external debt or other external obligations of any of them or for any other debt or obligation of the Grand Duchy of Luxembourg.

4. No payment of interest or principal on any of the indebtedness listed in said Schedule A is in default.

5. Schedule B to this letter sets forth as of May 15, 1947 the amounts, insofar as known to Luxembourg, of foreign assets, including securities held by the Grand Duchy of Luxembourg or by its agencies or political subdivisions, or by any person, incorpor-

ated or unincorporated, resident of Luxembourg, excluding assets in and securities of corporations of Belgium and obligations payable in Belgian francs.

6. Schedule C to this letter sets forth the budget of the Grand Duchy of Luxembourg for the fiscal year 1947.

7. Schedule D to this letter sets forth estimates of the foreign trade of Luxembourg for the year 1946 showing separately trade with Belgium and with other countries.

8. There is attached to this letter, marked "Schedule E", a true copy of the act of June 16, 1947, of the Luxembourg Parliament approving the Convention of April 17, 1946, relative to the organization of the Luxembourg Railways Company.

9. Schedule F to this letter sets forth the investment program of the Luxembourg Railways Company for the years 1947, 1948, and 1949.

10. There is attached to this letter, marked Schedule G, a true copy of the contract dated July 23, 1947, between Arbed and the United Engineering and Foundry Company, Pittsburgh, Pa., providing for the manufacture and sale to Arbed of a reversing strip mill.

11. The Government of Luxembourg will enter into an agreement with Arbed which will stipulate the terms and conditions on which Arbed will put at the disposal of the Luxembourg Government \$ 7,500,000 of its foreign exchange and on which the Luxembourg Government will assist Arbed in

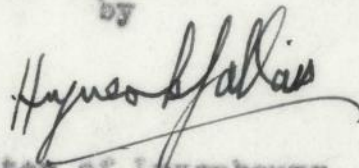


financing the purchase of a reversing strip mill. A copy of this agreement will be furnished the Bank prior to or together with the submission of the documents of ratification.

Very truly yours,

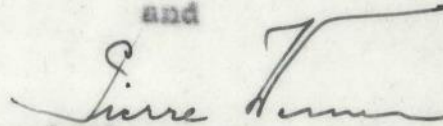
Grand Duchy of Luxembourg

by



Minister of Luxembourg

and



Commissioner of Bank Control,

Authorized Representatives

## GRAND DUCHY OF LUXEMBOURG

## PUBLIC DEBT

Status January 1, 1947

A. LONG TERM DEBT1. Internal Debt.

Specification of Loan	Interest due	Issued amount (prewar frs.)	Outstanding (in pre-war frs.)	(post libera- tion frs.)	Date on which will be wholly re- paid
4 1/2 % 1934 converted to 3 3/4 % since 1938	May 1 Nov. 1	185,898,600	167,443,000	209,303,750	May 1 1984
4 % 1935 converted 3 1/2 % since 1939	Feb.15 Aug.15	40,000,000	36,110,000	45,137,500	Aug.15 1985
4 % 1936 (I issue)	Jan.15 July15	41,771,000	29,730,000	37,162,500	Jan.15 1961
4 % 1936 (II issue)	Feb.1 Aug.1	48,726,000	34,680,000	43,350,000	Aug.1 1961
4 % 1936	Jan.15 July15	50,000,000	46,070,000	57,587,500	July15 1986
3 3/4 % 1937	Apr.1 Oct.1	34,200,000	31,670,000	39,587,500	Apr.1 1987
3 1/2 % 1938	June 15 dec.15	14,040,000	13,070,000	16,337,500	June 15 1988
4 % 1946 (I issue)	Feb.15 Aug.15	335,000,000	-	335,000,000	Feb.15 1996
4 % 1946 (II issue)	Dec.15 June 15	165,000,000	-	165,000,000	Dec 15 1996
				<u>948,466,250</u>	

2. External Debt.

5 % 1930 in Guilders & Lux. frs.	March 1 Sept. 1 = Fl. 7,000,000	101,010,000	89,588,655	111,985,818	March 1 1980
5 % 1932 in Guilders, Swiss frs. & lux. frs. (1)	Apr. 1 Oct. 1 = Fl. 8,000,000 = S.frs. 16,640,000	115,600,000	104,776,950	216,154,847	Oct.1 1982
				<u>328,140,665</u>	
		Grand total of long term debt		<u>1,276,606,915</u>	

(1) Gold stabilization clause: nominal value in Lux. frs. is presently adjusted by coefficient 2.063

**B. SHORT AND MIDDLE TERM DEBT**

**1. Internal Debt.**

**a) Bonds issued.**

Treasury Bonds of prewar issues Frs. 222,000	277,500
Treasury Bonds at 3,6,9 months issued since Jan. 15, 1945	116,082,000
Reconstruction Bonds at 2,3,5 years	145,254,000
Reconstruction bonds at 3 and 5 years as indemnif- ication for war-damages	4,880,000
Reconstruction Bonds at 2,3,5 years already de- livered as counterpart to forced invest- ments in Rm. by financial institutions	<u>238,015,000</u>
	504,508,500

**b) Bonds to be issued.**

Postal Check Office	500,000,000
Counterpart of forced investments in Rm. by financial institutions	1,502,000,000

**c) Blocked accounts (money exchange)**

<u>320,000,000</u>	2,322,000,000
--------------------	---------------

**2. External Debt.**

Liability against Belgian Government resulting from purchases of economic missions (provisional amount)	555,000,000
Debt against Belgian Government for advances made to Government in exile	<u>5,676,200</u>
	550,676,200
	+++++ <u>3,387,184,700</u>
Grand total of Short & Middle Term Debt:	3,387,184,700

A liability of a special character is constituted

a) by the Treasury Bonds issued by the Luxembourg Government against remittance by the Belgian Government of an amount of Frs. 1,475,001 in Belgian bank notes.

b) By an obligation to pay an amount provisionally set at Frs. 145,000,000 for lend-lease operations financed by the Belgian Government.

Both of these liabilities do not bear interest and are due at the end of the Economic Union.

Total of Public Debt on January 1, 1947: Long term: 1,276,606,915  
Short &  
Middle term: 3,387,184,700  
4,663,791,615

In 1947, this total amount has not undergone in the first 6 months a notable change. Bonds in \$ and £ are presently offered to holders of assets in these currencies. The subscriptions reach, at the date of this statement, an amount of Frs. 32,800,000. These are bearing interest at 3 % and are repayable in 20 annuities beginning in 1952. The subscription is not yet closed.

3. Debt of agencies of the Government of Luxembourg which are  
guaranteed by this Government.

	Outstanding
a) Crédit Foncier del'Etat Bonds 4 %	2,629,000
b) Fonds Amélioration Agricoles Bonds 3.5 %	6,601,000
c) Logements Populaires Bonds 3.75 % & 3.5 %	15,590,000
d) Croix Rouge Luxembourgeoise	4,500,000
	<hr/>
Total:	19,320,000

All these debts are guaranteed also by mortgages.

ANNUAL INSTALMENTS

for the Servicing of the Public Debt

Outstanding on August 27, 1947 (in thousand francs)

<u>Year</u>	<u>Debt in currencies other than Belgian &amp; Luxembourg francs</u>	<u>Debt in Belgian &amp; Luxembourg francs</u>	<u>Total</u>
1947	77,002	123,553	200,555 **
1948	21,181	195,261	216,442
1949	21,181	170,261	191,442
1950	21,181	151,261	172,442
1951	21,181	194,761	215,942
1952	22,981	147,761	170,742
1953	22,981	146,761	169,742
1954	22,981	145,761	168,742
1955	22,981	144,761	167,742
1956	22,981	143,761	166,742
1957	22,981	142,761	165,742
1958	22,981	141,761	164,772
1959	22,981	140,761	163,742
1960	22,981	139,761	162,742
1961	22,981	138,761	161,742
1962	22,981	92,019	115,000
1963	22,981	92,019	115,000
1964	22,981	92,019	115,000
1965	22,981	92,019	115,000
1966	22,981	92,019	115,000
1967	22,981	92,019	115,000
1968	22,981	92,019	115,000
1969	22,981	92,019	115,000
1970	22,981	92,019	115,000
1971	22,981	92,019	115,000
1972	19,981	92,019	112,000

Breakdown, see page 2

Breakdown, see page 3

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\*\* includes cash payments on frozen accounts 50 millions

INSTALMENTS

for the Servicing of the Outstanding Public Debt  
in Currencies other than Belgian & Luxembourg francs  
(In thousands of francs)

<u>Year</u>	<u>Loan 1950</u> <u>5 0/0 in guilders</u>	<u>Loan 1952</u> <u>5 0/0 in guilders</u>	<u>Loan 1947 **</u> <u>in L &amp; \$</u>	<u>Total</u>
1947	30,714	46,288	---	77,002
1948	6,916	13,065	1,200	21,181
1949	6,916	13,065	1,200	21,181
1950	6,916	13,065	1,200	21,181
1951	6,916	13,065	1,200	21,181
1952	6,916	13,065	3,000	22,981
1953	6,916	13,065	3,000	22,981
1954	6,916	13,065	3,000	22,981
1955	6,916	13,065	3,000	22,981
1956	6,916	13,065	3,000	22,981
1957	6,916	13,065	3,000	22,981
1958	6,916	13,065	3,000	22,981
1959	6,916	13,065	3,000	22,981
1960	6,916	13,065	3,000	22,981
1961	6,916	13,065	3,000	22,981
1962	6,916	13,065	3,000	22,981
1963	6,916	13,065	3,000	22,981
1964	6,916	13,065	3,000	22,981
1965	6,916	13,065	3,000	22,981
1966	6,916	13,065	3,000	22,981
1967	6,916	13,065	3,000	22,981
1968	6,916	13,065	3,000	22,981
1969	6,916	13,065	3,000	22,981
1970	6,916	13,065	3,000	22,981
1971	6,916	13,065	3,000	22,981
1972	6,916	13,065	---	19,981

\*\* estimate, as subscription not yet closed.

ANNUAL INSTALMENTS

For the Servicing of the Outstanding Public Debt in  
Belgian & Luxembourg francs

Year	Long term issued prior to 1947	Bonds delivered against forced in- vestments in Bm.	Other Treasury Bonds	Debloc- age frozen accounts	Debt against Belgian Govern- ment	Miscel- laneous	Total
1947	48,661	- - -	20,000	50,000	- - -	4,892	123,553
1948	48,661	42,500	50,000	40,000	9,100	5,000	195,261
1949	48,661	42,500	25,000	40,000	9,100	5,000	170,261
1950	48,661	42,500	5,000	40,000	9,100	5,000	151,261
1951	48,661	82,000	50,000	- - -	9,100	5,000	194,761
1952	48,661	81,000	4,000	- - -	9,100	5,000	147,761
1953	48,661	80,000	4,000	- - -	9,100	5,000	146,761
1954	48,661	79,000	4,000	- - -	9,100	5,000	145,761
1955	48,661	78,000	4,000	- - -	9,100	5,000	144,761
1956	48,661	77,000	4,000	- - -	9,100	5,000	143,761
1957	48,661	76,000	4,000	- - -	9,100	5,000	142,761
1958	48,661	75,000	4,000	- - -	9,100	5,000	141,761
1959	48,661	74,000	4,000	- - -	9,100	5,000	140,761
1960	48,661	73,000	4,000	- - -	9,100	5,000	139,761
1961	48,661	72,000	4,000	- - -	9,100	5,000	138,761
1962	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1963	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1964	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1965	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1966	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1967	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1968	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1969	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1970	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1971	41,419	32,500	4,000	- - -	9,100	5,000	92,019
1972	41,419	32,500	4,000	- - -	9,100	5,000	92,019

GRAND DUCHY OF LUXEMBOURG  
STATEMENT ON GOLD & FOREIGN ASSETS\*\*  
as of May 15, 1947

---

I. Gold

A. <u>Official Holdings.</u>	₤ 4,229,016.52
Due to Belgian Government	<u>1,295,125.40</u>
Net official holdings:	₤ 2,933,891.12
B. <u>Private Holdings.</u>	₤ 7,300,000.00
In the private holdings are included assets of holding companies, under foreign control, amounting to ₤2,900,000	
	<hr/> <hr/>
	₤ 10,233,891.12

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\*\* Remark: Only gold and assets in foreign currencies, as far as they existed on November 3, 1944, can be segregated from the holdings of the Belgian-Economic Union.



II. Foreign Assets

A. Disposable Assets.

1. Assets in U.S.A. Dollars

a) Assets located in U.S.A.	\$ 21,435,057
b) Dollar assets located in other countries	6,867,640
	<hr/>
	\$ 28,302,697

Major Holders: Hadir \$ 10,192,520  
 Arbed 7,607,500  
 Holding  
 Companies 7,641,200

2. Assets in L

a) Notes, bank accounts commercial debts	744,076
b) Financial Debts	<u>713,795</u>
	L 1,457,871

Major Holders: Holding  
 Companies:  
 457,000 (in bank  
 accounts chiefly)

3. Assets in French francs Fr. 124,449,409  
 4. Assets in Swiss francs S.fra. 5,000,000  
 5. Assets in Guilders fl. 1,898,162

B. Investments

The total of investments, comprising a great number of smaller items, as, e.g. bonds issued in the neighboring countries has never been valued. Of major importance are the investments of Arbed and of Holding companies.

Among the less permanent investments those in Dutch bonds and shares are the most important. They are estimated at \$ 18 - 20 millions.

TRADE BALANCE  
of the Grand Duchy of Luxembourg

	<u>Imports</u>	<u>Exports</u>	<u>Balance</u>
<u>I Quarter 1946</u>			
Belgium	545 179 630	289 345 211	- 255 834 419
France	57 370 678	43 696 615	- 13 674 063
Germany	246 835 806	3 945 834	- 241 889 972
Holland	36 518 566	200 555 602	+ 164 037 036
Switzerland	67 680 422	201 541 261	+ 133 860 859
Other countries	144 708 713	418 578 216	+ 273 869 503
	<hr/>	<hr/>	<hr/>
	1,097,293,815	1,157,662,759	+ 60,368,944
<u>II Quarter</u>			
Belgium	644 842 182	483 604 158	- 161 238 024
France	244 346 068	58 847 080	- 185 498 988
Germany	150 688 099	10 552 209	- 140 135 890
Holland	14 904 765	241 884 767	+ 226 980 002
Switzerland	154 942 054	221 202 513	+ 66 260 459
Other countries	169 435 092	677 036 158	+ 507 601 060
	<hr/>	<hr/>	<hr/>
	1,379,158,260	1,693,126,835	+ 313,968,625
<u>III Quarter</u>			
Belgium	661 908 075	595 556 644	- 66 351 431
France	163 237 093	50 490 249	- 112 746 844
Germany	220 656 686	25 522 784	- 195 133 902
Holland	30 362 834	218 586 235	+ 188 223 401
Switzerland	166 107 416	281 885 080	+ 115 777 664
Other Countries	345 353 995	618 758 060	+ 273 404 065
	<hr/>	<hr/>	<hr/>
	1,587,626,099	1,790,799,052	+203,172 ,953
<u>IV Quarter</u>			
Belgium	682 943 033	570 924 630	- 112 018 403
France	172 609 328	47 735 057	- 124 874 271
Germany	196 194 832	7 220 611	- 188 974 221
Holland	40 372 850	149 177 888	+ 108 805 038
Switzerland	103 154 495	337 106 643	+ 233 952 148
Other countries	484 394 488	711 724 014	+ 227 329 526
	<hr/>	<hr/>	<hr/>
	1,879,669,026	1,823,688,843	+ 144,219,817

*Lus. Lu*

OFFICE MEMORANDUM

TO: Mr. Crena de Iongh  
FROM: J. Rucinski  
SUBJECT: Luxembourg

DATE: August 27, 1947

*July 23/47*

As promised I am sending you herewith the draft loan agreement between the Grand-Duchy of Luxembourg and the Bank and a photostatic copy of the contract between ARBED and the United Engineering and Foundry Company in Pittsburgh for your information.

*9/9/47*

Attachments

**INCOMING TELEGRAM OR CABLEGRAM**

From DUPONG MINISTER OF FINANCE LUXEMBOURG Date AUGUST 27, 1947 *ESV*

RC2

WC622/BNS48 LUXEMBOURG 49 27 1810 ETAT LUXGOVT

MCCLOY PRESIDENT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
6 WASHINGTON

HAVE DISPATCHED TO YOU TODAY A ✓ LETTER SUMMARIZING AND CONFIRMING CERTAIN  
REPRESENTATIONS CONCERNING OUR FINANCIAL AND BUDGETARY POLICY MADE TO THE  
BANK IN CONNECTION WITH THE APPLICATION OF LUXEMBOURG FOR A LOAN

DUPONG MINISTER OF FINANCE

ACTION copy routed to Mr. McCloy

INF. copy routed to Mr. Oppenheimer

INF. copy routed to Mr. Garner Mr. Hoar

Decoded by \_\_\_\_\_

**INCOMING TELEGRAM OR CABLEGRAM**

*LS*

From BASYN BRUSSELS Date AUGUST 27, 1947

RC2 WC561

BN600 BRUSSELS 63 27 1635

STEPHENS INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT WASHINGTON DC

NO OBJECTIONS THIS END GUARANTEE SALE DOLLARS SERVICE LUXEMBURG LOAN IN COMPLIANCE TEXTS SUBMITTED BY INTERBANK. BOTH GOVERNMENTS DISCUSS SETTLEMENT SHORT TERMS DEBT WITH VIEW CONSOLIDATION REASONABLE TERMS. NO DEFINITE AGREEMENT POSSIBLE UNTIL RETURN ~~1/27~~ MINISTERS. SOLE INTENTION OF CONSOLIDATION STATES THIS CABLE SHOULD SATISFY BOARD WHICH OTHERWISE COULD GRANT LOAN TOMORROW SUBJECT FORMAL ASSURANCE REQUESTED

BASYN

1947 AUG -27 PM 2:36

REC'D SA 3 10 PM 1947  
RECEIVED VMD DEPT  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ACTION copy routed to \_\_\_\_\_  
INF. copy routed to \_\_\_\_\_  
INF. copy routed to \_\_\_\_\_  
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1947 AUG - 5 5 30 PM

RECEIVED  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
AUG 27 3 16 PM 1947

BRUNN

COULD BEHAVE FROM DOMESTIC SUBJECT FORMER ASSURANCE REQUESTED  
CONSOLIDATION STATES THIS CASE SHOULD BEING BOVED WHICH OTHERWISE  
AGREEMENT POSSIBLE UNIT BEING ~~AND~~ MINISTERS. SOME INTENTION OF  
SHORT TERM DEBT WITH THEM CONSOLIDATION BEING STATE TERM. NO DEFINITE  
COMMITMENT LETTER SUBMITTED BY INTERBANK. BOTH GOVERNMENTS DISCUSS SETTLEMENT  
NO OBJECTIONS THIS END GOVERNMENT STATE DOUBTS SERVICE INTERBANK FROM IN

STRENGTH INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT WASHINGTON DC

BRUNN BRUNN 03 51 1947

BGS MGS

From \_\_\_\_\_ Date \_\_\_\_\_

INCOMING TELEGRAM OF SUBJECT

Luxembourg, le August 27, 1947

451

RÉFÉRENCE: No

ANNEXES:

Mr. John J. McCloy

President, International Bank  
for Reconstruction and Development

1818 H Street N.W.

Washington D.C.

---

Dear Sir:

Referring to the Loan of \$ 12,000,000, or the equivalent in other currencies, which the International Bank for Reconstruction and Development proposes to grant to the Grand-Duchy of Luxembourg, I am writing to summarize and confirm certain representations which have been made to the Bank in connection with the application of the Grand-Duchy of Luxembourg for a loan and on which the Bank is relying in agreeing to grant a loan.

The Government of Luxembourg has formulated a program of expenditures for the reconstruction of real property, the indemnification of war damage and the modernization of industrial plant and equipment. The Government of Luxembourg recognizes that this program must ultimately be financed out of the national savings of Luxembourg and that, accordingly, in order to achieve the orderly reconstruction of the Luxembourg economy, as well as to assure the maintenance of the service of the proposed loan, certain governmental financial policies are essential. Such policies are briefly described as follows:

1. To achieve in the fiscal year 1948 and thereafter maintain a balance between ordinary budgetary receipts (excluding borrowings and special non-recurring levies) and ordinary expenditures (including expenditures of a consumption character which in the past have been included in the extraordinary budget, such as subsidies to stabilize price levels, recurrent expenditures for indemnification of death and personal injuries caused by the war, expenditures arising out of unblocking frozen accounts, etc.) and to that end

RÉFÉRENCE: No

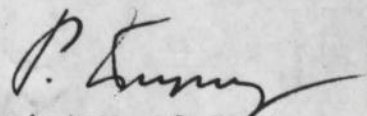
page 2

ANNEXES:

- (a) to discharge all claims for indemnification for war damages in long-term bonds, except in recognized cases of hardship and immediate need; and
- (b) to postpone, to the extent necessary to conform to the policy set forth in paragraph 1 above, the unblocking of frozen bank accounts or to discharge the Government's obligations arising from the freezing of such accounts in long-term bonds, except where the funds represented by such accounts are immediately needed for productive purposes.

2. To schedule expenditures for reconstruction of real property in reasonable and prudent relationship to the national income of Luxembourg, postponing such expenditures as may be required to permit as large a proportion as possible of each year's expenditures to be financed out of tax revenues and out of borrowings from national savings in that year.

The policies described above represent approved policies of the Luxembourg Government, have the support of the major political parties in Luxembourg and will be vigorously prosecuted.



Minister of State,  
President of the Government,  
Minister of Finance.



August 27, 1947

Mr. John J. McCloy  
President, International Bank  
for Reconstruction and Development  
1818 H Street N.W.  
Washington, D.C.

Dear Sir:

Referring to the Loan of \$12,000,000, or the equivalent in other currencies, which the International Bank for Reconstruction and Development proposes to grant to the Grand-Duchy of Luxembourg, I am writing to summarize and confirm certain representations which have been made to the Bank in connection with the application of the Grand-Duchy of Luxembourg for a loan and on which the Bank is relying in agreeing to grant a loan.

The Government of Luxembourg has formulated a program of expenditures for the reconstruction of real property, the indemnification of war damage and the modernization of industrial plant and equipment. The Government of Luxembourg recognizes that this program must ultimately be financed out of the national savings of Luxembourg and that, accordingly, in order to achieve the orderly reconstruction of the Luxembourg economy, as well as to assure the maintenance of the service of the proposed loan, certain governmental financial policies are essential. Such policies are briefly described as follows:

1. To achieve in the fiscal year 1948 and thereafter maintain a balance between ordinary budgetary receipts (excluding borrowings and special non-recurring levies) and ordinary expenditures (including expenditures of a consumption

character which in the past have been included in the extraordinary budget, such as subsidies to stabilize price levels, recurrent expenditures for indemnification of death and personal injuries caused by the war, expenditures arising out of unblocking frozen accounts, etc.) and to that end

(a) to discharge all claims for indemnification for war damages in long-term bonds, except in recognized cases of hardship and immediate need; and

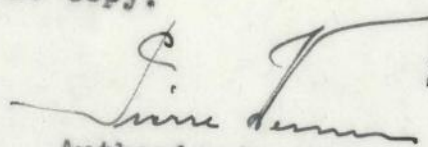

(b) to postpone, to the extent necessary to conform to the policy set forth in paragraph 1 above, the unblocking of frozen bank accounts or to discharge the Government's obligations arising from the freezing of such accounts in long-term bonds, except where the funds represented by such accounts are immediately needed for productive purposes.

2. To schedule expenditures for reconstruction of real property in reasonable and prudent relationship to the national income of Luxembourg, postponing such expenditures as may be required to permit as large a proportion as possible of each year's expenditures to be financed out of tax revenues and out of borrowings from national savings in that year.

The policies described above represent approved policies of the Luxembourg Government, have the support of the major political parties in Luxembourg and will be vigorously prosecuted.

(signed) Pierre Dupong  
Minister of State, President  
of the Government, Minister of Finance

Certified as a true copy:

Authorized representatives.

C Y R

Mr. McLain

August 26, 1947

Mr. Sommers

Luxembourg (LOAN)

On page 9 of the (undated) draft Factual Statement on the Luxembourg loan application received by the Legal Department on August 22, 1947, there appears a table purporting to show the composition of Luxembourg's governmental debt as of December 31, 1946 (excluding L. frs. 1,475 million of non-interest-bearing debt to Belgium in connection with the retirement of German marks from circulation, which will become due only when the Economic Union is dissolved).

This table is incomplete since it omits a debt to the Belgian Government in the approximate amount of \$1,295,000 payable in gold arising out of advances made by the Belgian Government to the Luxembourg Government during the occupation. Although this item is not large, it is important since, so long as the debt is outstanding, all gold reserves of the State Savings Bank remain deposited with the Belgian National Bank. I pointed this omission out to representatives of the Loan Department yesterday; they agreed that reference to this debt should be included.

D. Sommers

SEP 2 1947

## MINISTÈRE DES FINANCES

Luxembourg, le August 26th 1947.

RÉFÉRENCE: N°

ANNEXES

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428

Mr. Mc Cloy

President of the International

Bank for Reconstruction and Development

Washington 6 D.C.

Mr. President,

My technical expert Mr. Pierre Werner informs me that you wish to receive confirmation of my views on our future financial and budgetary policy in connection with the loan of \$ 12 millions or the equivalent thereof in other currencies the International Bank for Reconstruction and Development proposes to accord to the Grand-Duchy of Luxembourg. The following summarizes and confirms the explications on which the Bank relies in order to grant a loan to the Grand-Duchy of Luxembourg. The Luxembourg Government has established a program of expenses for the reconstruction of the real property, the indemnification of war damages and the modernization and equipment of industry plants. The Luxembourg Government recognizes that these expenses have to be financed ultimately out of the Luxembourg savings (exception made for the amount coming out of the liquidation of enemy properties confiscated in the country and war reparation eventually paid by Germany). Consequently it is essential, in order to assure the reconstruction of the Luxembourg economy and the regular service of the proposed loan, to pursue a financial policy with the following characteristics :

From the fiscal year 1948 on it is necessary to balance the ordinary budget. As to the ordinary budgetary receipts, loan receipts and extraordinary taxes have to be excluded. As to the ordinary budgetary expenses must be included especially those expenses which have a consumption character, such as subsidies paid in order to stabilize the prices of different food articles, recurrent expenses for indemnification of death and personal injuries caused by the war, the reimbursement of frozen accounts a.s.o. To the same end we are going to discharge claims for war damages in long term Bonds. Are excepted from this rule the recognized cases of hardship and immediate need. In so far it is required by the above mentioned policy Government's obligations arising from freezing Bank accounts shall be discharged in long term bonds, except where the funds represented by such accounts

SEP 2 1947

GRAND-DUCHÉ DE LUXEMBOURG

Luxembourg, le 28 Août 1947

MINISTÈRE DES FINANCES

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128

are immediately needed for ~~for~~ productive purposes. The expenses for the reconstruction of real property shall be scaled such as to be held in a reasonable proportion to the Luxembourg national income and to allow a part as big as possible to be financed out of tax revenues and out of borrowings from the national Luxembourg savings.

4 07

The policy above developed corresponds in its essential points with the policy I have followed up to now. It will be vigorously prosecuted. I did defend it before the Parliament. It is backed by all members of the Government and also by the Major political parties. This policy, I am sure, will give you all desirable appeasement.

Your's truly,

Minister of Finance.

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INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

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From the fiscal year 1948 on it is necessary to balance the ordinary budget. As to the ordinary budgetary receipts, loan receipts and extraordinary taxes have to be excluded. As to the ordinary budgetary expenses must be included especially those expenses which have a consumption character, such as subsidies paid in order to stabilize the prices of different food articles, recurrent expenses for indemnification of death and personal injuries caused by the war, the reimbursement of frozen accounts a.e.o. To the same end we are going to discharge claims for war damages in long term bonds. Are excepted from this rule the recognized cases of hardship and immediate need. In so far it is required by the above mentioned policy Government's obligations arising from freezing bank accounts shall be discharged in long term bonds, except where the funds represented by such accounts

Luxembourg, le 26 août 1947.

## MINISTÈRE DES FINANCES

RÉFÉRENCE: N° 5492

ANNEXES

428

Mr. Mc Cloy

President of the International  
Bank for Reconstruction and  
Development  
Washington 6 D. C.

Monsieur le Président,

Mon expert technique Monsieur Pierre Werner me communique votre désir de recevoir confirmation de mes vues sur la façon dont je conçois pour l'avenir notre politique financière et budgétaire en connexité avec l'emprunt de douze millions de dollars ou l'équivalent de cette somme en d'autres devises que la Banque Internationale pour la Reconstruction et le Développement propose d'accorder au Grand-Duché de Luxembourg. Ce qui va suivre résume et confirme les explications sur lesquelles la Banque s'appuie pour faire droit à la demande du Luxembourg en obtention d'un emprunt. Le Gouvernement du Grand-Duché a établi un programme de dépenses pour la reconstruction de la propriété bâtie, la réparation des dommages de guerre et la modernisation et l'équipement de l'industrie. Le Gouvernement luxembourgeois se rend compte que ce programme de dépenses doit être financé en dernière instance par l'épargne luxembourgeoise (sans compter le produit de la liquidation des biens ennemis confisqués dans le pays et les dommages de guerre qui seront éventuellement payés par l'Allemagne). Par voie de conséquence il est essentiel aux fins d'assurer la reconstruction de l'économie luxembourgeoise et le service continu de l'emprunt proposé de poursuivre une politique financière dont les caractéristiques se résument comme suit.

A commencer par l'année fiscale de 1948 il est nécessaire de maintenir l'équilibre entre les recettes et les dépenses budgétaires ordinaires. En ce qui concerne les recettes budgétaires ordinaires, en devront être exclues les recettes d'emprunts et d'impôts extraordinaires. Quant aux dépenses budgétaires ordinaires, y devront être incluses notamment celles qui ont un caractère de consommation telles que les subsides payés pour stabiliser les prix de certains articles de consommation; les dépenses revenant régulièrement pendant un certain nombre d'années, comme p. ex. les indemnités payées à raison de décès et d'invalidité causés par la guerre, le remboursement de comptes bloqués etc. Aux mêmes fins il est envisagé de payer les dommages de guerre avec des obligations d'Etat à long terme (rendues en cas de besoin non transférables). Seront exceptés de cette règle les cas de rigueur reconnus et de besoin immédiat. Pour autant que la politique

....

Luxembourg, le 26 août 1947

MINISTÈRE DES FINANCES

ci-dessus esquissée le réclame les comptes de fonds bloqués seront transformés en obligations à long terme (rendues non transférables en cas de besoin) sauf si les fonds bloqués sont nécessaires à des fins productives. Les dépenses pour la reconstruction de la propriété bâtie seront échelonnées de façon à les maintenir dans une proportion raisonnable avec le revenu national luxembourgeois et à permettre d'en faire supporter une part aussi large que possible par les revenus réguliers et l'épargne luxembourgeoise courante.

La politique ci-avant exposée répond d'ailleurs à celle que j'ai suivie jusqu'à présent. J'ai l'intention de la poursuivre avec vigueur. Je l'ai défendue dans ses grandes lignes devant le Parlement. Elle a l'appui de mes collègues au Gouvernement. Elle est appuyée également par la majorité parlementaire qui représente les deux tiers des membres du Parlement. Elle est de nature, j'en suis sûr, à vous donner tous les apaisements désirables.

Agrérez, Monsieur le Président, l'assurance de ma très haute considération.

Le Ministre des Finances,

Monseigneur Pierre Werner me communique le désir de recevoir confirmation de mes vues sur la façon de venir notre politique financière et avec l'emprunt de douze millions de dollars ou l'équivalent de cette somme en d'autres devises que la Banque Internationale pour la Reconstruction et le Développement propose d'accorder au Grand-Duché de Luxembourg. Ce qui va suivre résume et confirme les explications sur lesquelles la Banque a appuie pour l'obtention d'un emprunt. Le Gouvernement du Grand-Duché a établi un programme de dépenses pour la reconstruction de la propriété bâtie, la réparation des dommages de guerre et la modernisation et l'équipement de l'industrie. Le Gouvernement luxembourgeois se rend compte que ce programme de dépenses doit être financé en dernière instance par l'épargne luxembourgeoise (sans compter le produit de la liquidation des biens confisqués dans le pays et les dommages de guerre qui sont éventuellement payés par l'Allemagne). Par voie de conséquence il est essentiel aux fins d'assurer la reconstruction l'économie luxembourgeoise et le service continu de l'emprunt posé de poursuivre une politique financière dont les caractéristiques se résument comme suit.

A commencer par l'année fiscale de 1948 il est nécessaire de maintenir l'équilibre entre les recettes et les dépenses budgétaires ordinaires. En ce qui concerne les recettes budgétaires ordinaires, on devrait être exclu les recettes d'emprunts et d'impôts extraordinaires. Quant aux dépenses budgétaires ordinaires, y devront être incluses notamment celles qui ont un caractère de consommation telles que les subides payés pour stabiliser les prix de certains articles de consommation; les dépenses revenant régulièrement pendant un certain nombre d'années, comme p. ex. les indemnités payées à raison de décès et d'invalidité causés par la guerre, le rattachement de comptes bloqués etc. Aux mêmes fins il est envisagé de payer les dommages de guerre avec des obligations d'État à long terme (rendues en cas de besoin non transférables). Seront exceptés de cette règle les cas de rigueur connus et de besoin immédiat. Pour autant que la politique

158

President of the International  
Construction and  
Development  
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copy in Research File  
Aug 24  
Iron & Steel*

MEMORANDUM

From: E. W. Renbert

August 22, 1947

Subj: ARBED Rolling Mill - Luxembourg Loan Application

Pending the completion of a formal report covering the iron and steel industry of Luxembourg and the Benelux Union, the following considerations are submitted for prior use of the Loan Department concerning the new rolling mill to be installed by ARBED:

(1) The proposed installation does not involve an increase in the over-all national capacity for producing raw steel. This capacity is about three million tons per year but, in the period 1930-1937, the industry operated at a rate of about two million tons per year, the quota allowed by the International Steel Cartel. Current production (June 1947) is at a rate of about 1.8 million tons per year.

(2) The portion of the installation to be financed by the government through a loan from the Bank consists of the following essential items with necessary auxiliary equipment:

- 1 - 44" x 108" slabbing mill
- 1 - 60" hot strip mill
- 2 - 16 1/2" & 53" x 66" cold mills
- 2 - 28" x 66" skin pass mills

This equipment, with mechanical auxiliaries has been ordered by ARBED from the United Engineering and Foundry Company of Pittsburgh.

(3) In addition to the above equipment, other items for the same installation are now being purchased in the United States as follows:

- (a) Pickling and slitting equipment
- (b) Ingot soaking pits
- (c) Motors and other electrical equipment for driving mills and auxiliaries.

This equipment is separately financed directly by ARBED.

(4) The dollar costs involved in this project are as follows:

(a) Rolling mills and auxiliaries as covered in (2) above	\$7,550,000
(b) Pickling and slitting equipment	1,330,000
(c) Ingot soaking pits	706,000
(d) Electrical equipment (estimated)	4,000,000
Total	\$13,586,000

All estimated prices are f.o.b.

August 22, 1947

- (5) Terms of payment for the rolling mills and auxiliaries covered in (2) above, which is the portion to be financed by a Bank loan, are as follows:

20% of sales price payable August 15, 1947

80% payable in 16 equal and consecutive monthly installments of 5% each starting September 1, 1947

Terms of payment for other items have not yet been established.

- (6) The rolling mill equipment specified for this project is the most modern and efficient obtainable in the United States considering the types involved. It is not a continuous mill designed to give minimum labor costs but represents a good compromise between initial cost and operating costs for the particular conditions existing in the Luxembourg industry. The installations will be very flexible with respect to both sizes and types of products which can be produced.

- (7) The capacity of this equipment, as stated in the contract with the United Engineering and Foundry Company, is as follows:

"We take pleasure in submitting herewith our proposal covering a slabbing mill, hot and cold strip mills and auxiliary equipment, for the production of 25,000 to 30,000 tons of hot rolled strip per month, based on 25 working days, operating 3 turns per day, the bulk of the finished product being 40" wide with a small tonnage up to 60" in width, the final thickness of hot rolled strip being approximately .109" thick and some plates up to 1/2" thick, cold rolled strip down to an average finished gauge of .032".

"The slabbing mill, besides rolling slabs for the hot strip, will also produce a limited tonnage of 7-1/4" x 6-1/2" blooms."

Actually, this capacity relates to operation when running near minimum dimensions of products on the hot strip mill. When running medium and thick plates, the hot strip mill capacity may increase by 50 percent. In normal

August 22, 1947

operation, the slabbing mill may produce up to 90,000 tons per month of slabs, blooms and billets which means that this mill can handle three times the production of the Dudelange Plant in which it is to be installed and more than half of the total current national production. The cold mills are rated at 15,000 tons per month which probably also represents the minimum capacity. When running medium and heavy sheet, this capacity may increase by 100 percent. Peacetime demand is, however, for thin sheets and plates so that this equipment can be expected to operate on an average of not more than about 25 percent above the rated capacity.

(8) The installation of the new equipment appears to be fully justified from the following considerations:

(a) The installation permits a shift in production to items such as plates and sheets which are in very short supply and for which there is an increasing demand.

(b) The new plant will require a substantially smaller labor force than at present due principally to modernization of the cold rolling operation. The labor saving should be over 60 percent.

(c) The installation will permit conversion of semi-finished steel formerly sold as such to higher priced products. In 1937, Luxembourg produced 365,000 tons of semi-finished steel for sale as such as compared with 304,000 tons of plates, sheets and hoops. Belgium and Luxembourg exported 443,000 tons of semi-finished steel and 795,000 tons of plates, sheets, hoops and tubes. If run at rated capacity, the new plant should produce additional amounts of 180,000 tons per year of cold rolled sheets and strip and about 200,000 tons of hot strip and plate. At going U.S. prices, this represents additional gross income of about \$5,000,000 per year.

(d) In 1937, Germany exported approximately 1 million tons of sheets, plates and tubes with Poland, the Netherlands, Denmark and Switzerland as

August 22, 1947

important markets. In the same year Belgium and Luxembourg exported about 795,000 tons of similar products. It can be assumed that the additional production of 380,000 tons of finished steel can be consumed by former German markets and by the increased demand for such materials at home and abroad.

(a) The products from the new plant are required for shipbuilding, production of rolling stock, cars and trucks, containers and a variety of other uses. Cold rolled strip and sheets are particularly desirable for plating (tin, terne and galvanized) and for deep drawing. New industrial developments in the fields of metal furniture, building items such as sash, doors, frames, etc. are contemplated with increased availability of cold rolled strip.

E. W. Rembert

*Lux. Master  
Master file*

MICHAEL J. MADIGAN  
RICHARD V. HYLAND  
EMIL H. PRAEGER  
CLINTON F. LOYD

MADIGAN - HYLAND  
28-04 41st AVENUE  
LONG ISLAND CITY 1, N.Y.

STILLWELL 4-1213

August 22, 1947

International Bank for Reconstruction  
and Development,  
Washington, D. C.

Gentlemen: Re: Steel Mill Expansion at Luxembourg

In a discussion of the above subject, the question came up concerning the possible maximum capacity of the units purchased for the proposed expansion inasmuch as the proposal and information in the hands of the Bank did not include the specifications covering a slabbing mill, hot and cold strip mills and auxiliary equipment. The production capacity was set forth at 25,000 to 30,000 tons of hot rolled strip per month, based on 25 working days, operating 3 turns per day, the bulk of the finished product being 40" wide with a small tonnage up to 60" in width, the final thickness of hot rolled strip being approximately .109" thick and some plates up to 1/2" thick, cold rolled strip down to an average finished gauge of .032".

It was considered urgent to clear up this point. Therefore the writer made a trip to Pittsburgh where the equipment is being purchased from the United Engineering Co. On arrival there the writer explained to Mr. Gardner, President of the United Engineering Co., the nature of our problem. They are treating our inquiry confidential and proceeded to get out the general lay-out plans and discuss the equipment.

The slabbing mill, depending upon the sizes, is capable of producing 100,000 tons a month and this same mill has produced 125,000 to 150,000 tons per month.

In the general discussion that followed, they pointed out that while this capacity on a 3 shift base was possible it was nevertheless required in a mill of this size for efficient operation because of its ability to roll the various sizes required. For that reason it also makes an excellent basic investment on the part of a company that might have some future expansion in various lines. It is my understanding from United that these people contemplated using it to make blooms for feed stock for their structural and, possibly, reinforcing bar business.

MADIGAN-HYLAND

International Bank for Reconstruction and Development..#2...Aug. 22,1947

The balance of the equipment order is in line with the 25,000 to 30,000 tons capacity per month as outlined in the proposal and is very similar to the mill under installation for the Crucible Steel Co. and a similar mill at Hamilton, Ontario, Canada.

Yours very truly,

A handwritten signature in dark ink, appearing to read "J. P. Madigan". The signature is written in a cursive style with a prominent flourish at the end.

MJM.h

# FILE COPY

August 21, 1947

Dear Mr. Le Gallais:

Please accept my thanks for your letter of August 12, 1947, signed by you and Mr. Werner, in which you refer to the application of the Grand-Duchy of Luxembourg for a loan of \$12 million from the Bank and indicate the manner in which the Government intends to use the proceeds of the loan. ✓  
*applications*

I am pleased to note that a detailed list of goods to be purchased will be submitted to the Bank as soon as possible.

Sincerely yours,

John J. McGloy  
President

*Aug 6*  
*Letter*  
*Aug 6*  
*Dept*

The Honorable  
Hugues Le Gallais  
Minister of Luxembourg - loan  
Luxembourg Legation  
Washington, D. C.

JR:raf

LUXEMBOURG LOAN AGREEMENT

*File*

Notes of Staff Committee Meeting on August 21, 1947

Present: R. L. Garner, Vice President  
C. A. McLain, Legal Department  
D. Sommers " "  
C. C. Pineo, Loan Department  
A.S.G. Hoar " "  
F. D. Stephens " "  
J. Rucinski " "  
J. Boudeville " "  
P. Acheson " "  
E. W. Rembert, Consulting Engr.  
L. B. Rist, Research Department  
A. Stevenson " "  
Crena de Iongh, D., Treasurer

*lx*

Mr. Rembert informed the committee that he had obtained figures on the steel mill's capacity, which was somewhat higher than the Luxembourg representatives had given the Bank to understand. However, he could find nothing which would indicate an overall increase in steel capacity. It merely involved a shift to higher-priced products for which there was a demand. There had been a permanent shift in demand to sheets and plates. It would increase the total European production of sheets and plates but not of steel ingots.

Mr. Hoar explained that for a number of years Luxembourg steel production had run at less than capacity, first, due to cartel agreements and, since the war, due to shortages of coke from the Ruhr. Luxembourg would now increase its finishing capacity but not its total steel capacity. However, Luxembourg would produce 25% more steel ingots than it had under the cartel agreement. In the long run it would not entail the building up of competitive capacity until Germany production reached its pre-war level.

Mr. Garner stated that no suggestion had, to his knowledge, been made that German steel capacity would be allowed to reach its pre-war peak. Mr. McLain agreed that he did not feel that the taking over of German pre-war capacity was a reason for ~~not~~ making the loan. The committee was agreed that



European post-war steel needs would be higher than pre-war. Mr. Hoar pointed out that the plant would be built whether or not the loan was made.

Mr. Rucinski then took up the various criticisms of the report that members of the committee had submitted to him.

#### Section I

In the last paragraph on page ii, the last word of the first line was changed from "have" to "has" and the words "the equivalent of" were inserted before the figure of \$1,000,000 in the next line.

Mr. Sommers proposed that the last paragraph on page iii be changed. The words "in its lending operations" were added at the end of the second sentence at Mr. McLain's suggestion. Mr. Crena de Iongh and Mr. Hoar felt that the whole \$2 million worth of Belgian francs should be loaned to Luxembourg.

#### Section II

Mr. Rucinski submitted a redraft of the last sentence of the first paragraph on page 4. The committee agreed to it subject to two changes: At Mr. Garner's suggestion the words "in 1945 and 1946" were moved from the second line and inserted after the words "the relatively low output"; and at Mr. Rist's suggestion, the last part of the second sentence was changed to read "and as of June, 1947, the output of steel was 90% of 1930-38 level and 60% of capacity."

The first sentence of the last paragraph on page 5 was changed to read as follows: "The 1944 Agreement, signed in London in anticipation of the liberation of the Union's territories, has not been ratified, but its terms have been made effective in both Luxembourg and Belgium by executive decrees."

The committee agreed to omit the words "Foreign exchange and" at the beginning of the last sentence of the first paragraph on page 6.

At Mr. Sommer's suggestion, the second paragraph on page 7 was changed to read as follows: "Due to the relatively inelastic volume of credit and

currency and a substantial supply of unrationed consumers' goods, the large expenditures by the State have had little effect on the price level thus far."

The minus sign before the figure "13.0" in the last column of the table should be omitted as well as the one after the words "extraordinary deficit" in the same line of the table on the bottom of page 7.

The figure for Swiss francs in the 4th line of paragraph 3 on page 10 should be "5 million" and not ".5 million", and the word "Switzerland" in the next line should be omitted.

The Committee accepted the revision of the last paragraph on page 10 suggested by Mr. Sommers.

### Section III

The first words of the third sentence of the first paragraph on page 14 were changed to read "The Government intends in the future to indemnify..."

The second paragraph on page 14 was changed to read as follows:  
"Because of the considerable war damage to Luxembourg's railways and the cutting off for a period of the main coal-carrying route from the Ruhr which was also used by France, the railways were recording substantial operating deficits. As a result, the railways have been unable to raise the money needed for reconstruction of their lines and rolling stock."

The words "as a loan" were inserted before the words "to finance" in the third line of page 15. The committee felt that the figures on page 15 should be made to tally with those on page 20.

On page 16, the words "(advance to the R.R. Co.)" should appear after the words "railroad operating deficit" instead of after the words "indemnification of war damages" in the table of expenditures for consumption.

The word "are" in the fourth line on page 17 should come after the word "cash" instead of after the word "bonds".

The words "including equipment for the steel industry and railroad rolling stock" were added after the words "\$39.5 million" at the end of the second sentence of the second complete paragraph on page 18. In the ninth line of the same paragraph, the committee decided to omit the word "foreign" before the word "loan" and insert after it the words "from the International Bank".

At Mr. Garner's suggestion, the word "shows" in the sub-heading under Conclusions on page 18 was changed to "indicates". Mr. Garner also suggested the insertion of the word "reasonable" before the word "minimum" in the first conclusion.

Mr. Rucinski submitted a redraft combining the second and third conclusions, which the committee accepted subject to the insertion of the word "the" before the words "foreign assets" in the first line of (a), and the unsplitting of the infinitive in the last line of (b).

Conclusion No. 4 at the top of page 18A became No. 3 and the words "and 1948" were inserted after the words "in 1947" in the last line.

At this point Mr. McLain raised the question whether the Bank was proposing to advance money to Luxembourg to pay for the steel mill or to reimburse Arbed for the loan or seizure of its dollar assets. Mr. Hoar explained that because of its internal needs, the Luxembourg Government was under compulsion to take over Arbed's dollars. Arbed then could not carry out its modernization programme, which was essential to the Luxembourg economy. Consequently, the Luxembourg Government must borrow from the Bank to pay for the steel mill. Mr. Garner pointed out that this form was devised in order to protect the Bank from future demands for local currency.

Section IV

The committee agreed that the whole loan transaction should be spelled out. It was decided to omit the last two lines of the first paragraph on page 19 beginning with the words "the payment for which" and to substitute for it the fact that the purpose of the loan was to provide funds for the re-equipment of the steel industry. The first sentence of the same paragraph was changed to read as follows: "The Luxembourg Government, possessing no means to finance its share of the railways' rolling stock programme and to purchase equipment for the steel industry, has applied to the Bank for a loan of \$12 million."

The committee felt that some reference should be made to the Luxembourg subscription in the second complete paragraph on page 20. The words "as long as the railway company is not able to borrow on the market" after the words "are not sufficient" in the sixth line in the second paragraph; and the last part of the last sentence but one on the 11th line was changed to read "and will pay L.frs. 98 million in 1949."

The committee felt the section on "Steel Industry's Need for New Equipment" on page 21 would have to be changed in the light of Mr. Rembert's report.

Section V

In the last paragraph on page 23, the committee agreed that a statement be incorporated to the effect that monetary policy was settled by the National Bank of Belgium.

Mr. Crena de Iongh felt that the Bank must be informed how long the period of transition mentioned at the end of the last paragraph on page 24 was expected to last. Mr. Rucinski submitted a form of words to be added to the last sentence of this paragraph. The committee revised this to read as

follows: "It can be expected that with the expected constantly increasing production the Government should be in a position to raise from taxation and borrowing sufficient to meet its reduced expenditures."

Mr. Rucinski submitted a revised text for the second sentence on page 25. At Mr. Garner's suggestion, the word "since" was deleted in the third line, and a new sentence was begun after the word "products" in the eighth line, at the beginning of which sentence the word "Thus" was inserted.

Mr. Sommers suggested that the revision for the first paragraph on page 26 be put positively rather than negatively. After some discussion, the second sentence was revised to read as follows: "The country's national income, depending on the volume of steel production, will be limited unless allocations of coke to Luxembourg are augmented so as to permit the industry substantially to increase its production."

Mr. Sommers undertook to circulate the articles of representation to members of the committee.

With reference to the last sentence on page 29, Mr. Hoar explained that the Luxembourg Government had given the impression that it was extravagant. It had cut down its expenditures to the extent the Bank thought possible, but should it go ahead with the programme of internal borrowing contemplated, the debt service would amount to 36% of the present ordinary budget. The Loan Department had, therefore, been giving consideration to how best to safeguard the proposed loan from the danger of internal budgetary difficulties; and proposed that the Bank insist on:

1. an undertaking from Luxembourg that it improve its budgetary methods;
2. an undertaking that the Luxembourg Government would not increase its internal borrowing to a point at which the current service of the debt would exceed a certain figure or a certain percentage without the consent of the Bank;

3. provision in the budget for amortization payments from the start.

The committee agreed in principle to these suggestions being included in the loan agreement. Mr. Rucinski suggested that the service of the Luxembourg debt would not be permitted to exceed 25% of the preceding year's ordinary budgetary revenues without the consent of the Bank. This figure would allow the Luxembourg Government some margin, but would, in effect, put a brake on the last 40% of its contemplated borrowing for reconstruction.

Mr. Rist felt this scheme would be ineffective as it would, in practice, be impossible for the Bank to withhold its consent from any request from the Luxembourg Government that it be allowed to borrow money internally above the limit set by the Bank. Mr. McLain felt these provisions ought to be put in the contract. These restrictions would be worthless unless they were an obligation. In that event, any exchange of letters on the subject would have to be published at the back of the contract, which would only serve to overdramatize them.

Mr. Rist observed that the Bank was taking a risk on the foreign exchange position of Belgium, and the assurances it had received were worthless. Mr. Rucinski replied that so long as there were joint foreign exchange restrictions for Belgium and Luxembourg, the Bank was protected by the Belgian guarantee. As soon as foreign exchange restrictions were lifted, Luxembourg would have enough foreign funds to service the loan, inasmuch as service of the loan amounted to only 10% of Luxembourg's export surplus. Mr. Sommers pointed out that the Bank had accepted the Belgian assurances without making any investigation of Belgian balance of payments, or obtaining any negative pledge. Mr. Pineo felt the Bank could not ask Belgium, who was not the borrower, to sit down and work out with Bank representatives its balance of payments situation in view of the fact that the loan amounted to only \$10 million and in view of

her foreign debt record. Mr. Garner felt that the fact that there was a risk and that the risk had been accepted in view of Belgium's debt record should be pointed out in the President's recommendations.

It was the committee's feeling that there was no point in getting Luxembourg to begin paying back the loan until it had been disbursed. Amortization payments should begin in 1949. This would give Luxembourg a half-year of grace from the end of the disbursement period. One advantage of this would be to break the five-year period of grace precedent.

Mr. Hoar stated that the Luxembourg Government would call a special session of parliament to ratify the agreement, as it was anxious to go ahead with placing orders for its programme.

At the end of the meeting, Mr. Hoar stated that the factual report would be redrafted in the light of the discussions, and the two or three points which had been raised would be cleared with the heads of departments, including especially the discussion of the central bank situation on page 6.

LUXEMBOURG LOAN AGREEMENT

Notes of Meeting on August 20, 1947

Present: A.S.G. Hoar, Assistant Loan Director  
J. Rucinski, Loan Department  
P. Acheson " "  
P. Werner

*W.H.*  
*W.H.*

Mr. Werner stated that he had cabled to his Government part of the text of the Dutch agreement, particularly Article VII. If the text of the Luxembourg agreement did not differ substantially from the Dutch agreement, there would be no delay in getting his Government's approval.

Mr. Hoar explained to Mr. Werner that though the Bank was quite happy about Luxembourg's foreign exchange position, it was disquieted by the Luxembourg budget picture. Though he could not say anything definite to Mr. Werner until the matter had been discussed by the Bank's loan committee, the Loan Department had some ideas on how to meet the problem of which he would inform Mr. Werner in order to give him an opportunity to think them over. These were:

1. The Luxembourg Government would agree not to go beyond certain lengths in internal borrowing without the consent of the Bank.
2. In order to make the Luxembourg Parliament acutely aware from the start that the loan would have to be repaid, no period of grace would be allowed. In fact, the Bank would require an amortization payment of \$100,000 in the first year.
3. Certain re-arrangements of items to be included in the Budget would be required, so that it would genuinely reflect Luxembourg's current position.

With regard to the first point, Mr. Hoar explained that approval rather than consultation would be required. He felt that a provision for con-



sultation might be too weak, inasmuch as the Luxembourg Government might not take the Bank's advice.

With regard to the third point, Mr. Werner explained that the distinction between the ordinary and extraordinary budget was a practical one as legally there was only one budget. According to Luxembourg laws, every expenditure had to be included in one budget. Owing to the confused situation in which Luxembourg had found herself after the war, the presentation of the budget had been somewhat confused. There should be no major difficulty in re-arranging the presentation in the future, inasmuch as the two major items which the Bank had questioned, namely, subsidies and railroads, would disappear by next year.

Mr. Hoar wanted Mr. Werner to understand that the Bank did not want to interfere in the government of his country. However, the Bank might indicate the way in which it wanted certain things done. The Bank had to show the big institutions from which it borrowed that it was alert to certain difficulties and had done everything to put them right. Such actions by the Bank might, incidentally, prove helpful to its members. Mr. Hoar stated that the Bank did not regard the taking of security as a good way for it to do business. It preferred to work towards a sound economy for a borrower. When it saw some tendency or weakness that might affect the Bank's loan, then it would have to make a recommendation on that point. There was great pressure upon devastated countries to carry out reconstruction programmes more quickly than they could properly bear. It was conceivable that a government's position might be strengthened by what the Bank asked it to do.

Mr. Hoar thought these points <sup>possibly</sup> might be covered in an exchange of letters, the texts of which would not be published, <sup>although he thought something more</sup> However, there was a <sup>contractual</sup> question of what reference should be made to these matters in the press release. <sup>& therefore</sup> The amortization table would be included in the contract and would, therefore, <sup>public</sup> <sup>would be</sup> <sup>required.</sup>

be mentioned in the release. Some reference might have to be made in general terms to the fact that the Bank had asked the Luxembourg Government to clarify what it thought were certain obscurities in the presentation of the budget and perhaps to the limitations the Bank would impose on the Luxembourg Government's borrowing.

Mr. Werner felt it would be better to state that the Bank had assured itself that the Government would keep the service of the public debt within reasonable bounds. That would be more elastic and would leave a margin for maneuvering.

Mr. Hoar informed Mr. Werner that M. Basyn had telephoned the previous day to say that the Belgian Government was prepared to sign the letters. In view of the fact that it stated in the contract that owing to the existence of the Union it was felt necessary to get assurances from the Institut and the Belgian Government, which had been received, it would be necessary for the Bank to receive the assurances before the agreement was signed. It would be to Luxembourg's advantage to obtain these assurances before the agreement was signed. It was not of importance to the Bank, as the agreement would not come into force until Luxembourg ratified it and the assurances were received by the Bank. Mr. Werner was convinced that he could obtain the assurances from Belgium and the Institut.

**INCOMING TELEGRAM OR CABLEGRAM**

From \_\_\_\_\_ Date AUGUST 20, 1947

*Er*  
*W. Hoar*

RCL  
# 717

BA294 BRUXELLES DEGM 53 20 1205

GARNER INTERNATIONAL BANK WASHINGTON DC

AM DISTURBED LETTER HOAR AUGUST 14 OBJECTING EXPANSION ARBED PRODUCTION.  
HOPE IMMEDIATE EXPLANATIONS WILL LIFT LAST OBSTACLE APPROVAL LONG DELAYED  
APPLICATION. BELGIAN GOVERNMENT READY SIGN GUARANTEE FOREIGN EXCHANGE  
SERVICE LOAN AND EXAMINING ASSURANCE SHORT TERM DEBT LUXEMBURG. INFORM  
WERNER AND WIRE PLEASE WHEN APPLICATION THROUGH

BASIN

1947 AUG -20- PM 2:12

*This merely confirms  
telephone conversation  
R.H.*

ACTION copy routed to *Mr. Garner*

INF. copy routed to \_\_\_\_\_

INF. copy routed to \_\_\_\_\_

Decoded by \_\_\_\_\_

Decoded by \_\_\_\_\_

THE COPY LONGER TO \_\_\_\_\_

THE COPY LONGER TO \_\_\_\_\_

ACTION COPY LONGER TO \_\_\_\_\_

*Handwritten signature*

1941 AUG - SO - 014 1201

*Large handwritten signature*

1941

MEMBER AND WIFE PLEASE REEM APPLICATION THROUGH

SEALICE TOWN AND EXAMINING ASSOCIATE SHOULD LEARN DEBT PAYMENT\* INFORM

APPLICATION\* BELGIAN GOVERNMENT REVDX SIGN GOVERNMENT FOREIGN EXCHANGE

HOPE IMMEDIATE EXPLANATIONS WILL FILL INRE OBSERVE APPROVAT TOME DELAYED

IN DISCLOSED TALLEY HOWE VIGORAL If OBJECTING EXPLANATION VERED PRODUCTION\*

OFFICE INTERNATIONAL BANK WASHINGTON DC

1941 AUGUST 23 50 1502

171  
RGT

RECEIVED  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON DC

*Handwritten signature*

From \_\_\_\_\_ Date AUGUST 23 1941

**INCOMING TELEGRAM ON CUBAN**

# FILE COPY

August , 1947

His Excellency  
The Envoy Extraordinary and  
Minister Plenipotentiary of  
the Grand-Duchy of Luxembourg  
Washington, D. C.

Sir:

With reference to Article VII, Section 5 of the Loan Agreement of even date herewith between the Grand-Duchy of Luxembourg and International Bank for Reconstruction and Development, I am enclosing herewith "Schedule of Information To Be Furnished". Such Schedule lists the information which the Bank requests to be furnished under the provisions of said Section. To the extent that the information requested is available in statistical or other publications, the Bank will be satisfied with being furnished with such publications.

Yours respectfully,

Robert L. Garner  
Vice President

Confirmed:

GRAND-DUCHY OF LUXEMBOURG

---

Authorized Representative

# FILE COPY

August 14, 1947

Mr. Thomas Basyn  
Banque Nationale de Belgique  
10 Rue du Bois Sauvage  
Brussels

Dear Mr. Basyn:

As you may possibly have heard from Mr. de Selliers, we have encountered some further difficulties with Luxembourg which will certainly impose a little delay and may possibly lead to a far greater one, or even throw the whole basis of the proposed loan back into the melting pot.

Mr. Werner has shown us Arbed's contract with United Engineering for the supply of a reversing strip mill.

The perusal of this contract would seem to indicate that the construction which Arbed are undertaking is designed to provide them with a plant capable of producing sheet and plate products considerably in excess of the capacity of the Dudelange plant to supply steel ingots. In other words, if this deduction is correct, the project which the Bank is being asked to finance is linked with a plan to raise production and is not designed -- as we had understood hitherto -- merely to modernise equipment with the object of permitting economies of manpower and increased efficiency of operation. You will well understand that if the Arbed contract does provide for any material expansion we shall be unable to make any loan to assist its financing until we have thoroughly checked the proposition from an engineering standpoint and weighed it against the productive situation in neighbouring countries. We have therefore called for the specifications and Mr. Werner expects to be able to let us have them early next week.

If the examination of these specifications should reveal that no considerable expansion of total steel production is involved, the delay in concluding the loan agreement need not be long. On the other hand, if such expansion is planned, it will certainly entail so long a delay as to make the Arbed proposal (even if it is acceptable to the Bank) useless for the Luxembourg Government's present purpose. On that we can only wait and see.

In the meantime, however, and in accordance with your request I enclose herewith drafts dated August 12, 1947, of a resolution of the Institut belgo-luxembourgeois du Change, a letter from Banque Nationale de Belgique to the Bank and a letter from the Belgian Minister of Finance to Mr. McCloy. These have been prepared to indicate the kind

*Copy - Luxembourg Plan*

# FILE COPY

Mr. Thomas Basyn - Page 2

of assurances which the Bank would wish to receive from the Belgian Government and the two institutions named in connection with the availability of foreign exchange required for the service of the proposed loan to Luxembourg.

There is also enclosed a draft dated August 12, 1947, of a further letter from the Minister of Finance of Belgium to Mr. McCloy relating to the existing 700,000,000 Belgian franc indebtedness of Luxembourg to Belgium. The Bank believes that the statements contained in the attached draft in fact reflect the intentions of the Belgian Government with respect to this indebtedness and is of the opinion that it should have an assurance to that effect from the Belgian Government before entering into the proposed loan agreement with Luxembourg.

We shall be very glad to hear from you, at your earliest convenience, whether the enclosed drafts are acceptable to the Belgian Government. They will only be applicable, of course, to a loan on the basis of the one we have been considering for the last two months or so.

Sincerely yours,

A.S.G. Hoar  
Assistant Loan Director

Enclosures

ASGH/ts

Spare

Draft of  
August 12, 1947

To Mr. McCloy

Dear Mr. President:

The Belgian Government has taken note of the agreement dated \_\_\_\_\_ between the Grand-Duchy of Luxembourg and International Bank for Reconstruction and Development and is pleased to transmit to you herewith a Resolution adopted on \_\_\_\_\_ by the Institut belgo-luxembourgeois du Change and a letter dated \_\_\_\_\_ from the Banque Nationale de Belgique in regard thereto.

The Belgian Government is glad to add its assurances that the foreign exchange required by the Grand-Duchy of Luxembourg for the maintenance of the service of the loan provided for by such agreement will be made available to the Grand-Duchy of Luxembourg for that purpose in conformity with the enclosed documents.

\_\_\_\_\_  
Minister of Finance



Draft of  
August 12, 1947

International Bank for  
Reconstruction and Development  
1818 H Street, N. W.  
Washington, D. C.

Dear Sirs:

In consideration of the agreement dated \_\_\_\_\_  
between the Grand-Duchy of Luxembourg and your Bank,  
the Banque Nationale de Belgique hereby agrees that  
while the loan provided for by such agreement is out-  
standing, it will from time to time sell to the Grand-  
Duchy of Luxembourg, in exchange for Belgian francs, at  
the official rates of exchange then prevailing, such  
amounts of United States dollars and other currencies  
other than Belgian francs as may be required by the  
Grand-Duchy of Luxembourg to enable it to maintain the  
service of such loan in accordance with such agreement.

Very truly yours,

Banque Nationale de Belgique

by \_\_\_\_\_  
(title)

Draft of  
August 12, 1947

WHEREAS the Institut belgo-luxembourgeois du Change has taken note of the agreement dated \_\_\_\_\_ between the Grand-Duchy of Luxembourg and the International Bank for Reconstruction and Development providing, subject to ratification and other conditions, for a loan to the Grand-Duchy by the Bank in the amount of \$12,000,000 or the equivalent in other currencies;

NOW THEREFORE, the Conseil of the Institut belgo-luxembourgeois du Change hereby

RESOLVES that the Banque Nationale de Belgique shall from time to time while such loan is outstanding sell to the Grand-Duchy of Luxembourg, in exchange for Belgian francs, at the official rates of exchange then prevailing, such amounts of United States dollars and other currencies other than Belgian francs as may be required by the Grand-Duchy of Luxembourg to enable it to maintain the service of such loan in accordance with such agreement.

DRAFT  
August 12 , 1947

To Mr. McCloy

In reference to the proposed loan by International Bank for Reconstruction and Development to the Grand-Duchy of Luxembourg in the amount of \$12,000,000 or the equivalent in other currencies, and to the outstanding indebtedness of the Grand-Duchy of Luxembourg in the approximate amount of 700,000,000 Belgian francs in favor of the Belgian Government, arising out of lend-lease and reverse lend-lease operations and purchases of Luxembourg economic missions, I am pleased to convey to the Bank, at your request, the assurances of the Belgian Government that the claims of the Belgian Government in respect of the above indebtedness will not be pressed in such a way as to unsettle the Luxembourg financial position to an extent which would prevent or seriously impede the fulfilment by the Grand-Duchy of Luxembourg of its obligations to the Bank in respect of the proposed loan and that any arrangements that may be undertaken to settle or fund such indebtedness will be undertaken in conformity with the foregoing.

Minister of Finance

LUXEMBOURG LOAN AGREEMENT

Notes of Meeting on August 13, 1947

Present: A.S.G. Hoar, Assistant Loan Director  
F. D. Stephens, Loan Department  
J. Rucinski " "  
P. Acheson " "  
P. Werner

*Handwritten:* Arbed file  
*Handwritten:* ESV

Mr. Hoar opened the meeting by informing Mr. Werner there were three things in the Luxembourg loan application which disquieted him:

1. Mr. Werner's desire to keep Arbed's name out of any press release;
2. The fact that the Bank had not had an opportunity to discuss the strip mill specifications with the Arbed engineers;
3. The possibility that all dollars furnished under the loan would not go into the pool.

A. Purpose of the Loan

Mr. Werner wanted to have it clear in their minds what would be the final presentation of the Luxembourg case. He wanted to know whether the Bank would grant the loan exclusively for the specific purpose of modernizing the steel industry or with a view to the whole Luxembourg situation with its external and internal aspects. According to the development of their negotiations, when they had started on the basis of financing Luxembourg's internal expansion, to which objections had been raised by the National Advisory Council, it had seemed to him that it was always understood that the Bank would take into consideration the first purpose of the loan but would, at the same time, bear in mind that by financing Arbed's imports it would release certain internal funds, which would allow Luxembourg to finance internal expansion. As soon as both sides of the picture were shown, it lost its character of a purely specific project for modernizing the steel industry.

The purpose of the loan, as Mr. Hoar saw it, was to enable the Luxembourg Government to assist its reconstruction programme through the importation of capital equipment which would permit the modernization of the steel industry and the essential reconstruction of the railways, and would, at the same time, permit the Luxembourg Government so to arrange the existing foreign assets of the country that they could be used to supplement the present deficiency in the internal financing of the country.

Mr. Werner pointed out that if the Luxembourg Government wanted to make an internal expansion of credit, it had to sell foreign assets, ~~which had been~~ accrued before the war or derived from current exports, to the National Bank of Belgium. Thus, the question of foreign assets was intimately linked with the internal situation.

B. Publicity About Arbed

Mr. Rucinski had reported to Mr. Hoar Mr. Werner's anxiety that no reference be made to Arbed's coming into the picture in the press release, the Bank's annual report, or the contract. Mr. Hoar stated the Bank must be free to say what it wanted about Arbed; otherwise, it would be placed in an impossible position if it concealed the true state of affairs. He had discussed the matter with Mr. Garner and Mr. Pineo, who were of the opinion that the Bank must be able and free to state quite fully and frankly what the situation was.

Mr. Werner felt there may have been some misunderstanding on this point. It was his understanding that the Bank would state in the press release that the loan was intended to finance imports for the iron and steel industry. He wondered whether it would be absolutely indispensable to mention that it would be for Arbed. Mr. Hoar pointed out that there were only two other

concerns that it could be but saw no need to mention Arbed specifically. Mr. Werner saw no objection to a similar statement being included in the annual report. What he did want to avoid was that a <sup>false</sup> ~~fake~~ impression should arise in Luxembourg that the Government was borrowing for Arbed. The opposition was already saying that the present government was an Arbed government. Though the Government was making this operation with Arbed, the opposition should not be given an opportunity to make political capital out of it, inasmuch as Arbed was paying for everything it received. Mr. Hoar understood Mr. Werner's position and could not see any reason to mention Arbed specifically in any material that was published. Mr. Rucinski said that Arbed would have to be mentioned in the report to the Directors, but that would not be published.

C. Specifications

Mr. Hoar expressed his disquiet that the Bank representatives had not had an opportunity to discuss the specifications of the proposed strip mill with the Arbed engineers before they left. Mr. Werner had spoken about there being some difficulty about the Bank seeing the specifications because Arbed, a private institution, would have fears about its competitors. The Bank must insist on seeing the specifications because when the idea was first proposed of approaching the Luxembourg problem by way of Arbed financing, Mr. Hoar had been asked by Mr. McCloy how quickly it could be dealt with and had replied that if it came to an examination of the Luxembourg steel industry, it would take a long time, as an engineering survey would be necessary. They were told that the programme intended was one of replacement of obsolete machinery; that the general effect upon production would not be great; and that it would serve to put the mill into a competitive state and economize manpower.

The Bank must satisfy itself that there would be no expansion of production before the matter <sup>was</sup> ~~is~~ presented to the Board. Should the specifications indicate an appreciable expansion of the industry, ~~then~~ there would be considerable delay because then the Bank would have to satisfy itself that Luxembourg was not overexpanding its steel industry.

Mr. Werner felt that the Bank should be rather broadminded with respect to Arbed. He had asked for the specifications by cable the day before but had not yet received a reply. The Arbed New York representative had gone back to Luxembourg with the Arbed engineers. The engineers had been delayed in Brussels on their way to the United States and had been called back to Luxembourg for consultation with the Arbed management. Mr. Werner hoped Arbed would give United Engineering authority to send the Bank a copy of the specifications.

Mr. Hoar reiterated that the loan negotiations had been conducted on the basis that there would be no material increase in the Luxembourg steel capacity. Luxembourg might be perfectly justified in doubling its capacity, but the Bank must make sure that its loan was not going to assist in building up industries which would overdevelop an already saturated situation.

Mr. Werner explained that the difference lay not in an increase of steel production but in an increase in finished products. Arbed specialized in rolled sheets and plates, for which there was a good market. Mr. Werner thought it quite natural that Arbed should undertake this modernization programme, which would not expand its steel ingot capacity but only its finished product capacity. Mr. Rucinski pointed out that other countries might be relying on Luxembourg for ingots. Mr. Hoar said that it might

be perfectly legitimate for Arbed to try to enter into very acute competition, but it would have to go to the private market and not to the Bank to finance it. The Bank did not want to make a detailed survey of steel in Luxembourg, but it did want its engineering man to have a look at the specifications and make a report.

Mr. Rucinski stated Mr. Rembert had found out from the contract that the capacity of the plant Arbed intended to build for sheet and plate production was much larger than could be supplied by Doudelange's ingot capacity. He pointed out that the French case could not be used as a precedent since France had prepared a plan for reconstructing its whole economy, and this programme could not be carried out without increasing its steel production. France would have some excess steel capacity to be used for export. The Bank, therefore, could not finance another member to compete with France.

D. Dollars and the Pool

It had been reported to Mr. Hoar that Mr. Werner had stated that the dollar proceeds of the loan might not go to the pool but instead be used to expand Luxembourg's middle industry, and some might even be sold back to Arbed. Mr. Hoar appealed to Mr. Werner to keep the whole operation on straight-forward lines, otherwise the Arbed idea would be a failure, and they would be back where they had started.

Mr. Stephens pointed out that if the dollars were not made available to the Belgian National Bank, the Bank could not be sure of getting its assurance that the loan would be serviced.

Mr. Werner was prepared to follow the line recommended by the Bank in that respect. He explained that in any event they would sell the \$10 million derived from the loan to the pool and would make an arrangement with Belgium



whereby should their other industries need dollars for equipment, the Institut would provide them with an amount up to \$10 million. Mr. Werner did not feel the Institut would make any difficulties. Mr. Hoar could see that since Luxembourg was contributing that amount to the pool, it should have the right to the use of some of it for the import of equipment for middle industries, but that was a matter for Luxembourg to arrange with the Institut. The Bank wanted to be sure that nothing came in the way of its getting the proper guarantee for the service of its loan.

E. Joint Belgian-Luxembourg Application

Mr. Pineo had asked Mr. Hoar to repeat the advice he had given M. Le Gallais at the outset that the Luxembourg and Belgian governments should get together and present a joint application to the Bank. Mr. Pineo still felt that would be the most expeditious manner of handling it. (Mr. Hoar pointed out this would <sup>relevant, of course, only</sup> ~~only be operative~~ if the Arbed scheme failed.)

Mr. Werner explained that when they had first considered filing an application with the Bank, their first consideration had been the reconstruction of the devastated areas, as it was a problem of primary importance in Luxembourg. Luxembourg had thought it advisable to make a separate application since the Belgian and Luxembourg problems were not the same. Two-fifths of Luxembourg had been devastated during the war, whereas only one-tenth of Belgium was devastated. Therefore, from the social point of view, it was not so urgent a problem for Belgium.

F. Railways

Mr. Hoar raised the question of what would be the most cleancut method of getting assistance to Luxembourg. Should the Arbed scheme not prove feasible, Mr. Rucinski had suggested that the Bank should finance the import

needs of the 1947-1948 railroad programme, but had the railroads the Belgian francs to implement the budget side of Luxembourg's needs.?

Mr. Werner explained that the railroad situation had been very confused until a crisis had arisen as a result of discussions in Parliament about four months ago. A new company had been created. He had thought that after Luxembourg had obtained a loan for its general reconstruction programme, it should present an application, say, at the end of 1948 for the specific purpose of the railroads. However, that plan had not yet sufficiently advanced. It would have to wait upon the results of the operations of the railroads during 1947.

During the course of the discussion, it developed that the railroad reconstruction programme for 1947 would amount to \$7 million, of which \$3 million would be the capital subscription from Luxembourg and \$4 million for re-equipment. Mr. Hoar pointed out that the Bank could finance the import program of railroad equipment over and above the Luxembourg subscription needs, which could be postponed until 1948, to the extent it was not met by the Belgian Government. The advantage of contributing to the railroads lay in the fact that even if no more money were forthcoming, the loan would not have been money thrown away. Mr. Werner pointed out that the railroads had not placed large orders for new equipment inasmuch as they did not know whence the money was coming. Orders would be placed as soon as the loan was ratified. He felt that they should consider a programme for 1947 and 1948 for the whole of the loan, since Arbed's orders were spread over 1948. Even if the railroad orders were placed at once, they could not all be delivered in 1947. Mr. Werner explained that Luxembourg could only execute the programme when it had got the means. They were making up a programme necessary under normal conditions, and as financial conditions were not absolutely normal, Luxembourg could not count on executing it.

Mr. Hoar felt he knew enough about the picture where he might decide where the railroads were to fit into the picture and what to recommend to the Board, assuming a satisfactory report on the steel plant.

LÉGATION DU GRAND-DUCHÉ  
DE LUXEMBOURG  
WASHINGTON, D. C.

August 12, 1947

International Bank for  
Reconstruction and Development  
Washington, D.C.

Gentlemen:

We have the honor to refer to the letter from the Minister of Luxembourg under date of July 30, 1947 addressed to Mr. John J. McCloy, President, in which the Grand Ducal Government stated that the loan for which application has been made at the International Bank, should serve to facilitate the execution of the general reconstruction program of Luxembourg and to contribute to the restoration of its economy through the financing of equipment for the Luxembourg steel industry and of rolling stock for the Luxembourg railroads.

We wish to inform you that it is the intention of the Luxembourg Government to use the proceeds of the loan as follows:

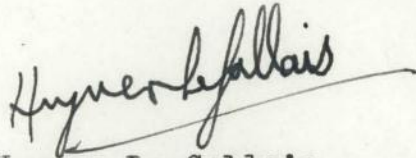
*10100*  
\$7,500,000 - for the expenditures to be made in 1947 and 1948 on new equipment for the steel industry, specifically for the purchase of a reversing strip mill;

*2,100,000*  
\$4,500,000 - expenditures under the rolling stock equipment program of 1947 of the Luxembourg railroads.

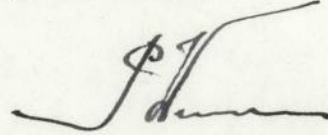
LÉGATION DU GRAND-DUCHÉ  
DE LUXEMBOURG  
WASHINGTON, D. C.

We have the honor, therefore, to confirm the application of the Luxembourg Government for a loan of \$12,000,000. A detailed list of the goods to be purchased will be submitted as soon as possible.

For the Luxembourg Government:



Hugues Le Gallais  
Minister of Luxembourg



Pierre Werner  
Commissioner of Bank Control

LUXEMBOURG LOAN AGREEMENT

*See file*

Notes on Meeting of August 12, 1947

Present: A.S.G. Hoar, Assistant Loan Director  
Joseph Rucinski, Loan Department  
P. Acheson, Loan Department  
F. M. Oppenheimer, Legal Department  
D. Sommers, Legal Department

It was decided at this meeting to omit the words "In conformity with the resolution adopted by the Institut belgo-luxembourgeois du Change on \_\_\_\_\_ and..." at the start of the draft of the letter which it was proposed the National Bank of Belgium should send to the Interbank. Mr. Rucinski pointed out that if the Institut ceased to exist, then the National Bank of Belgium would not be bound by the Institut's resolution.

The word "official" was inserted before the words "rates of exchange then prevailing" in the eighth line of the draft letter, and the words "for current transactions" were deleted in the next line.

Mr. Sommers felt that there was no need to specify that the Bank intended to earmark for the use of Luxembourg the \$2 million worth of Belgian francs to be furnished by the Belgian Government. He pointed out that the Treasurer's Office wanted to use some of these Belgian francs in connection with the Dutch loan. He added that the Belgian francs would be paid back on a pro rata basis with dollar borrowings.

It was decided to amend the last part of the draft of the letter from the Belgian Minister of Finance to read as follows:

"I am pleased to convey to the Bank at your request that the claims of the Belgian Government in respect of the above indebtedness will not be pressed in such a way as to unsettle the Luxembourg financial position to an extent which would prevent or seriously impede the fulfillment by

the Grand Duchy of Luxembourg of its obligations to the Bank.....in conformity with the foregoing."

Mr. Hoar was fearful of the future budgetary solvency of the Luxembourg Government whose revised programme might not betray a real change of heart. He felt it was essential to clear up their budgetary methods, as well as the question of keeping their borrowing within the bounds of what their budget could stand. The Bank should bring home to the Luxembourg Government the realities of their undertakings by having them make amortization payments from the beginning so that they would have to make budgetary provision for them from the start. He felt that it might be wise to have them make amortization payments monthly. After some discussion it was decided that monthly payments would afford the Bank no protection against extravagant internal borrowing by the Luxembourg Government. Mr. Hoar proposed that the Luxembourg Government be asked to consult with the Bank if the service of their internal debt should go above a certain percentage of their total available revenues. The Bank could exert considerable influence on the Government owing to the fact that the Republican element in the country was becoming strong. Mr. Hoar felt that the letter on representations should be considerably strengthened on the question of the budgetary situation.

Mr. Sommers would reserve for the staff meeting the question of mentioning steel and railroads in the Loan Agreement.

LUXEMBURG - GENERAL

*- Not sent to files -*

See telegram from Aldewereld dated 8 Aug. in which there  
is mention of discussion with Grafftey Smith re disbursements  
Luxemburg.

8 Aug



**OFFICE MEMORANDUM**

TO: Mr.  Pineo

DATE: August 7, 1947

FROM: F. D. Stephens

SUBJECT: Belgian Assurances Regarding Luxembourg Debt of 700 Million Belgian Francs.

I talked on the telephone this morning to M. Basyn and told him that the Bank was of the opinion that some formal assurance from the Belgian Government regarding the repayment of the Luxembourg debt on commodity and Lend Lease and Mutual Aid account (totaling about 700 million Belgian francs) would have to be obtained. I said the Bank would prefer a specific assurance that this debt would be consolidated on a long-term basis.

M. Basyn said that he would endeavour immediately upon his arrival to secure such an assurance which he hoped would be specific enough for our purposes.

Inasmuch as it is intended that the Luxembourg loan will not become effective until satisfactory assurances are received from the Belgians regarding the provision of foreign exchange for the loan service, the Bank will likewise have an opportunity to consider whether a second assurance on Luxembourg's debt to Belgium is equally satisfactory.

*FS*

# FILE COPY

August 6, 1947

Dear Mr. Le Gallais:

✓ I wish to acknowledge receipt of the letter of July 31, 1947, addressed to the International Bank for Reconstruction and Development and signed by you and Mr. Werner in which you refer to the application of the Grand-Duchy of Luxembourg for a loan of \$12,000,000 from the Bank and indicate the manner in which your Government intends to allocate the proceeds of the loan.

I am pleased to note that you plan to submit a detailed list of the goods which will be purchased with the \$12,000,000.

Sincerely yours,

(signed) John J. McCloy

John J. McCloy  
President

The Honorable  
Hugues Le Gallais  
Minister of Luxembourg  
Luxembourg Legation  
Washington, D. C.

A. Waterston/pmn

FILE COPY

August 6, 1947

Dear Mr. Le Gallais:

✓ Please accept my thanks for your letter of July 30, 1947, in which you refer to the application of the Grand-Duchy of Luxembourg for a loan from the International Bank for Reconstruction and Development and confirm the fact that the proceeds of the loan would be used to finance the purchase of equipment for the Luxembourg steel industry and rolling stock for the Luxembourg railroads.

Sincerely yours,

(signed) John J. McCloy

John J. McCloy  
President

The Honorable  
Hugues Le Gallais  
Minister of Luxembourg  
Luxembourg Legation  
Washington, D. C.

A. Waterston/pnn

*Lux negd*

LUXEMBOURG LOAN APPLICATION

The revised application of the Luxembourg Government asks for a loan of \$12,000,000 to be applied as follows:

- (a) \$10,000,000 - for the purchase of equipment for the iron and steel industry, specifically for part of the cost of a reversing strip mill;
- (b) \$2,000,000 - for the purchase of rolling stock under the 1947 Railroad equipment program.

Briefly, the intended procedure comprises the following:

1. ARBED will surrender \$7 $\frac{1}{2}$  million of its assets to the Luxembourg Government for general reconstruction purposes, against an undertaking by the latter to provide equipment of U.S. origin to assist ARBED's modernization program.
2. The Luxembourg Government will sell the dollars obtained from ARBED to the National Bank of Belgium for Belgian francs which will be used to supplement the Government's available resources for the internal financing of the general reconstruction program.
3. The Bank's loan, if made, will consist of:
  - (a) \$10,000,000 in U. S. currency;
  - (b) The equivalent of \$2,000,000 in Belgian currency (made available out of the Belgian capital subscription to the Bank);and the Belgian Government and the National Bank of Belgium will guarantee to sell U. S. dollars to the Luxembourg Government for the interest and amortisation of the dollar portion.
4. The Luxembourg Government will use the dollar portion of the loan to pay for equipment ordered by ARBED in the U. S., and the portion in Belgian francs to pay for rolling stock, the cost of which will

be payable in that currency.

5. The excess  $\$2\frac{1}{2}$  million which the Luxembourg Government will thus advance to ARBED over and above the  $\$7\frac{1}{2}$  million surrendered by the latter will be repaid by ARBED in Belgian francs in 1948.

## LUXEMBOURG LOAN APPLICATION

In considering the Luxembourg Loan Application account should be taken of the following general observations on a number of internal and external aspects of the Luxembourg economy:

(1). After the liberation the Luxembourg Government drew up a generous plan of reconstruction aiming at complete restoration of the country's economy to its prewar status and complete compensation to industries for damages suffered, the whole to be completed within five years after the liberation. A large part of the overall program was intended to be financed by the State. This program as originally conceived was quite out of proportion to the financial and material resources of the country. Insufficient account was taken of (a) the fact that production of the main asset of the country - the iron and steel industry - was to find itself considerably limited by the lack of coke, a factor outside of Luxembourg's control; (b) the drastic reductions on consumption required by such a program; and (c) the restricted possibility of obtaining external financial assistance.

However, late in 1946 the Government realized the impossibility of carrying out this program within the anticipated time, and took steps to bring the reconstruction and indemnifications within the limits of available resources. The Government reductions were primarily directed at sectors of the economy of least productive importance, i.e., indemnifications and reconstruction of dwellings, and to the greatest extent practicable emphasis was put on the restoration of productive facilities. In the opinion of the Government an irreducible minimum of public expenditure has now been set for the period 1947-48.

(2). By 1946, despite the low level of production, the country achieved an impressive export surplus, a unique case among countries ravaged by the war. This export surplus, mainly resulting from exports of steel products (current production plus stocks accumulated during 1944 and 1945), (a) contributed to the much needed physical resources at the disposal of surrounding countries and (b) increased the foreign exchange resources - to a great extent hard currencies - of the Belgo-Luxembourg Economic Union.

(3). The population of the country has demonstrated a great degree of discipline in facing the inconveniences of postwar shortages, and in assisting the Government in financing reconstruction. Heavy taxes were met and a sizeable portion of public savings was placed at the Government's disposal. There have been practically no strikes and the black market virtually non-existent.

(4). Financial arrangements between Luxembourg and Belgium make it impossible for the Luxembourg Government to resort to those devices practiced under present exceptional circumstances in other countries to finance - through a call on the central bank - that part of the reconstruction which cannot be met by taxation or the tapping of savings. This situation makes it impossible to finance even the reduced program of reconstruction without outside assistance.

The authority for, or the desirability of, participation by the Bank in the direct internal financing of a borrower being still a matter of discussion, the Luxembourg Government has submitted to the Bank a revised application for \$12 million of which \$10 million is needed for the steel industry and \$2 million for the railroads. It is to be noted that these two sectors are the most essential to the economy of the country. The importance of the iron and steel industry is well-known. Without an adequate railroad system Luxembourg's economy, which has no other means of transporting bulk products, would not function. The steel industry has been allowed to retain certain amounts of foreign exchange outside the Belgo-Luxembourg foreign exchange pool as an earmarked reserve for replacement and modernization of obsolescent equipment. In order to facilitate the financing of its share of the overall reconstruction program the Government proposes to take over part of this reserve in return for an undertaking to provide the steel industry with equipment to enable the latter to carry out a portion of its modernization program. The railroads have no reserves. Due to its importance the program of reconstructing the rolling stock must for the present be accomplished by means of credits from the Government.

Luxembourg Loan Application - Page 3

As a result of the complementary employment of part of the foreign exchange reserve of the steel industry and of the proceeds of the Bank loan now applied for, the Government would be able: (a) to import much needed equipment for the iron and steel industry and the railways; and (b) to compensate for the insufficiency of local credit facilities for the financing of its reconstruction program.

Without the Bank's assistance the Government might well have to postpone for some time the general reconstruction program which, as now reduced, can be considered as essential to a restoration of Luxembourg's prosperity.



LUXEMBOURG LOAN AGREEMENT

Notes of Meeting on August 4, 1947

Present: A. S. G. Hoar, Assistant Loan Director  
P. Acheson, Loan Department  
P. Werner

Mr. Hoar informed Mr. Werner of the results of the Staff Committee meeting held on the Luxembourg report on August 1. The report was to be rewritten, and Mr. McCloy would speak from a short memorandum prepared by the Loan Department at the Board meeting on August 6. No decision would be taken at this meeting of the Board, but it would afford M. Basyn an opportunity to get the feeling of the meeting. Mr. Hoar told Mr. Werner that the Staff Committee's criticisms were not directed against the idea of making a loan to Luxembourg, but against the form in which the report was now cast. Specifically, the Committee felt the report did not deal with the budget aspect with sufficient honesty. The Committee was very critical of the fact that certain items that were really ordinary budget expenditures, such as subsidies, were not carried in the ordinary budget.

Mr. Hoar suggested to Mr. Werner that the last two paragraphs of M. LeGallais' letter of July 31 should be revised because:

- (1) A loan may only be applied for for a specific purpose. The Luxembourg Government, therefore, should not state it might have to alter the lists of equipment. However, a provision for the modification of the lists on account of a change in the supply situation could be taken care of in the Loan Agreement.
- (2) It would be unwise to suggest at this time that the Luxembourg Government might need a further loan later. The

*Hoar file*

Bank would make no commitment at this time about future loans. However, Mr. Hoar assured Mr. Werner that the fact that no mention was made of Luxembourg's future needs would not increase its difficulties in obtaining a loan later if it could justify its need of one. The Board ~~formerly~~<sup>firmly</sup> believed that \$12 million would take care of all the Luxembourg Government's needs; in view of this, it would be far better to say nothing at this juncture.

Mr. Werner agreed to have the second page of Mr. LeGallais' letter rewritten in the light of Mr. Hoar's criticisms.

Mr. Werner told Mr. Hoar he was anxious to postpone the Board's consideration of the loan should Mr. Hoar foresee difficulties. Mr. Hoar felt that M. Basyn had the sympathy of the Board, but Mr. Hoar would have preferred to have waited for a good report to have come out of the Loan Department, which would have given the Board a chance to weigh the loan up, as there was a danger someone might imperfectly understand Mr. McCloy's report.

Mr. Hoar read Mr. Werner the memorandum from which Mr. McCloy would speak. Mr. Hoar did not like the treatment of the redistribution of the foreign exchange reserves. He felt that it should be made clear that these reserves were earmarked for the modernization program. Mr. Werner would call Mr. Hoar next morning should he have some more ideas about the memorandum.

Mr. Werner reported that M. Basyn had talked to Mr. McCloy, who had informed him the memorandum was to be given to the Board. Mr. Werner felt this was a mistake because it would draw attention to the exceptional character of the Luxembourg situation. Mr. Hoar's information was that Mr. McCloy did not intend to distribute the memorandum.

Mr. Hoar felt that the Luxembourg Agreement would be in shape to sign by the 20th of August. He felt the main delay might come in getting the Luxembourg Government to agree to the contract. He felt that the Dutch Agreement was a better model than the French, and he would make a copy available to Mr. Werner which he could send home.

COPY

August 1, 1947.

My dear Mr. Minister:

I have your note of July 30th in  
which you advise me that Mr. Pierre Werner has been  
designated as an expert to be a member of the loan  
committee of the Bank dealing with the Luxembourg  
application.

Sincerely,

(Signed) JOHN J. McCLOY

Honorable Hugues Le Gallais  
Minister of Luxembourg loan  
The Luxembourg Legation  
Washington, D.C.

LUXEMBOURG LOAN AGREEMENT

Notes of Staff Committee Meeting of August 1, 1947

*Skp file.*

Present: Mr. Garner  
Legal Department:  
D. Sommers  
Loan Department:  
C. C. Pineo  
A.S.G. Hoar  
F.D. Stephens  
J. Rucinski  
R. Skillings  
Research Department:  
L. B. Rist  
W. Renbert  
A. Stevenson  
Treasurer:  
D. Crena de Iongh

The outcome of this meeting was that Mr. Garner decided that a brief memorandum should be sent to Mr. McCloy covering the differences in the report caused by the recasting of the Luxembourg Loan Application. Mr. McCloy would either distribute this memorandum to the Board or speak from it at the next Board meeting.

Mr. Hoar opened the meeting by informing the Committee that this report had been a very hurried job on account of the fact that Mr. Rucinski and his colleagues had been working on the Netherlands report at the same time.

Section I

Mr. Sommers suggested that the rate of exchange used throughout the report should be set out as early as possible in the report. Mr. Garner suggested wherever foreign sums were mentioned, the equivalent in American dollars should be put in parentheses immediately after.

Section II

The Committee decided to substitute for the words ".....a varied political career due to" the word "from" in the first line of the third paragraph on page 1. The Committee decided to omit the third sentence of this same paragraph.

Mr. Hoar suggested that all the production figures in the table on page 2 should be shown in metric tons. Mr. Rist pointed out that 1937 was a very exceptional year. Mr. Hoar suggested that the words "It is to be noted, first, that....." in the first line of the third paragraph on page 2, and the words "second, that....." in the fourth line of the same paragraph should be omitted.

On page 3 Mr. Garner felt that the figures for Holland and Switzerland in the table of ownership of ARBED's shares could be omitted, as they were not significant. Mr. Rucinski stated they had no geographical breakdown of the ownership of HADIR's shares.

In the first line of page 4 Mr. Hoar suggested that G.N.P. (Gross National Product) should be written out in full, and that the word "population" should be substituted for "total" in the third line. The Committee decided to substitute the words "if the restoration of farm buildings can be completed" for the words ".....but farm buildings have not yet entirely been restored," at the end of the fifth line.

Mr. Hoar suggested that Section II should be re-arranged as follows:  
 National income should become Subsection 2;  
 Economic Union of Belgium and Luxembourg should become Subsection 3;  
 A new section on banking should be included as Subsection 4;  
 Public finance should become Subsection 5.

Mr. Hoar suggested that the subsection on banking should explain that Luxembourg had no central bank but only one or two small commercial banks; that bank notes were issued through the local savings banks; and that foreign exchange currently owned by Luxembourg residents went into the pool.

Mr. Crena de Iongh was critical of the section on the budget on page 4. It was not clear to him how the Luxembourg deficit was to be financed. He felt that when a country had full employment, internal reconstruction must lead to inflation. Mr. Stephens stated that they had been given information in confidence that the Luxembourg Government had received more francs from Belgium than it had placed in circulation. Mr. Rucinski stated that there would be a deficit of 400,000,000 Belgian francs in 1947 which would be financed out of the export surplus.

Mr. Garner felt there should be some reference to pages 15 and 16 from the section on the budget. Mr. Rucinski said that it would be partly explained by the section on banking, and he felt that the report should not underline the fact that the Bank would be financing a part of the Luxembourg deficit, which was very small compared to the whole program. It was Mr. Garner's view that almost every country had a deficit in its extraordinary budget, so that they should not be shocked by the Luxembourg situation. However, according to Mr. Rucinski, the Luxembourg situation was somewhat worse than in other countries, as the Luxembourg Government had fudged on what they had included in their extraordinary budget. Mr. Garner wanted some explanation of the contents of the ordinary budget included in the report. Mr. Pineo felt that some statement should be made to the effect that the Bank did not agree that certain items should be included in the ordinary budget, since they should more properly be put in the extraordinary budget.

Mr. Rist pointed out that the whole problem of Luxembourg was that it was going too quickly on its reconstruction program. Mr. Hoar added that the Luxembourg Government was practicing deficit financing, which was undoubtedly inflationary, but it had cut down its expenditures for 1947 and confined them to productive purposes.

Mr. Garner stated that all capital expenditures would be inflationary until steel was actually produced. According to Mr. Rucinski, Mr. Fisher of the Monetary Fund had stated that the inflation would be spread over the whole of the Union and would amount to very little. There had been little, if any, rise in prices in Luxembourg. Mr. Rist stated it would not be inflationary in the Union as a whole - it would be inflationary in Luxembourg and deflationary in Belgium. Mr. Rucinski said that the result would be that Luxembourg would strengthen all the foreign countries to whom it exported steel, as well as the foreign exchange position of Belgium. Mr. Hoar said all this would be made clear in the new or revised sections on banking and public finance.

Mr. Rist felt that the last part of the first paragraph on page 5 was in need of expansion, and suggested that it might clarify matters to use index figures.

Mr. Garner stated that the amounts of the foreign obligations of the Luxembourg Government mentioned in the second paragraph on page 5 should be stated. The Committee agreed that section 3 on page 5 should be clarified. Mr. Hoar pointed out that the strip mill would only be of use when more coal could be obtained. In the third line of section 3, it was the opinion of the Committee that dollar signs should be inserted before the figures.

The Committee agreed that the rate of exchange of Belgian for Luxembourg francs should be included in the section on the 1921 Convention.

Mr. Rist suggested that the word "formulates" should be substituted for "dictates" in the twelfth line on page 7.

Mr. Hoar wanted an explanation made in the section on foreign assets on page 8 of the make-up of assets owned by ARBED and HADIR and a statement of how part was set aside for reconstruction and part for working balances. Mr. Rist wanted something said about the requisitioning of foreign assets.



Section III

Mr. Hoar stated that what they had to lead up to in the report was that, in order to meet the needs of its internal financing, the Luxembourg Government had had to draw on certain foreign exchange assets for reconstruction purposes, and the Bank had stepped in to take care of the necessary replacement of foreign exchange. The Luxembourg Government had taxed and borrowed up to the limit. However, when the economy got going better, there would be greater tax receipts and more savings. Its present problem stemmed from not having a central bank.

Mr. Garner stated that two questions must be answered: (1) Would this loan cause a dangerous amount of inflation to offset the benefits of reconstruction? (2) In view of its increased debts, would the total burden be so great that it would tumble on the Government? Mr. Rist replied that a loan by the Bank would create less inflation than if the loan were made by Belgium. Under the assumption of recovery conditions, the debt burden would not be too much for the country to bear. Mr. Garner stated that it was, in any event, too late for the Bank to say that the Luxembourg Government should borrow from Belgium. Mr. Pineo stated that there was just one change from the position presented to the Board, and that was that the Luxembourg Government had taken over certain dollar accounts which the Government was now asked to replace.

Mr. Rist stated that the effect of the Bank's loan might be more important for Belgium and Great Britain than for Luxembourg. In regard to this, Mr. Garner stated that any facts, or any foreign countries which may be involved, should be included in the report. Mr. Pineo added that Belgium must be mentioned as the Bank was interested in <sup>The</sup> Belgian <sup>National</sup> Bank's ability to live up to its engagement.

Mr. Rist felt that the second paragraph on page 12 raised too many questions in one sentence. It was decided to delete the word "temporary" in the third line of this paragraph. It was decided that a description of ARBED's situation was to be inserted in this paragraph.

In the last paragraph but one on page 14, the words "1948-48" should read "1947-48." The Committee decided to substitute the word "serious" for the word "overwhelming" in the last line of this paragraph.

In the second line of the second paragraph on page 15, the Committee decided to substitute the word "means" for the word "funds."

Mr. Garner felt that the first paragraph on page 16 should come before the last paragraph on page 15.

Mr. Garner suggested that the words "which percentage is reasonable" should be substituted for the words "which cannot be considered large" in the fourth paragraph on page 16.

Mr. Garner felt that the last paragraph on page 17 was unnecessary.

The Committee decided to omit the last sentence of the first paragraph on page 18. It was Mr. Crena de Iongh's feeling that the Bank should pin the Luxembourg Government down in its representations as to policy.

Mr. Garner wanted consistent policy followed throughout the report in regard to percentage signs. He preferred the use of the percentage sign to the words "per cent."

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# WESTERN UNION

1201

## SYMBOLS

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A. N. WILLIAMS  
PRESIDENT

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P8 41 NL COLLECT=UD NEWYORK NY 31

INTERNATIONAL BANK=

EXECUTIVE 6360=

*Reply on Fr. Gen.*

COVET ONE PLEASE SEND LONDON BY SEPARATE AIRMAILS TWO COPIES  
OF MINUTE ALDEWERELD TO CRENAREPORTING LATEST INTERVIEW WITH  
LUXEBURG REPRESENTATIVE STOP HAVE GIVEN KANTERS WHO REPORTS  
FOR DUTY MONDAY AS ARRANGED BRIEF EXPLANATION OF WORK TO BE  
DONE GREETINGS=

:RIPMAN.)

Distribution: Mr. Riley  
Mr. Aldewereld (file)

Mr. Ripman (file) France

Luxemburg

Staff - Kanters

RECEIVED  
INTERNATIONAL BANK FOR  
RECONST. AND DEVEL.

AUG 1 9 51 AM 1947

AUG 4 1947

LÉGATION DU GRAND-DUCHÉ  
DE LUXEMBOURG  
WASHINGTON, D. C.

398

July 31, 1947

International Bank for  
Reconstruction and Development  
Washington, D.C.

Gentlemen:

We have the honor to refer to the letter from the Minister of Luxembourg under date of July 30, 1947 addressed to Mr. John J. McCloy, President, in which the Grand Ducal Government stated that the loan for which application has been made at the International Bank, should serve to facilitate the execution of the general reconstruction program of Luxembourg and to contribute to the restoration of its economy through the financing of equipment for the Luxembourg steel industry and of rolling stock for the Luxembourg railroads.

We wish to inform you that it is the intention of the Luxembourg Government to use the proceeds of the loan as follows:

\$10,000,000 - for the expenditures to be made in 1947 and 1948 on new equipment for the steel industry, specifically for the purchase of a reversing strip mill;

ack- aug 6 '47

RECEIVED  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

AUG 4 9 02 AM 1947

IN REPLY TO YOUR LETTER OF AUGUST 1, 1947,  
CONCERNING THE PROPOSED LOAN TO THE GOVERNMENT OF  
INDONESIA FOR THE PURCHASE OF EQUIPMENT AND  
MATERIALS FOR THE RECONSTRUCTION OF THE  
INDONESIAN PORTS AND HARBORS. THE BOARD OF  
DIRECTORS HAS APPROVED THE LOAN FOR THE  
AMOUNT OF \$10,000,000.

THE LOAN IS TO BE REPAYED BY THE GOVERNMENT OF  
INDONESIA IN EQUAL ANNUAL INSTALLMENTS OF  
\$1,000,000 PER ANNUM BEGINNING ON AUGUST 1,  
1948. THE INTEREST ON THE LOAN IS TO BE  
PAID BY THE GOVERNMENT OF INDONESIA AT THE  
RATE OF 5% PER ANNUM. THE LOAN IS TO BE  
FORWARDED TO THE GOVERNMENT OF INDONESIA  
BY THE INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT.

Yours faithfully,  
Director

AUG 12 1947

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON, D. C.

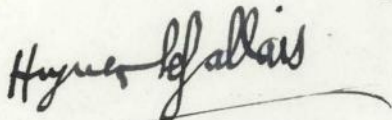
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LÉGATION DU GRAND-DUCHÉ  
DE LUXEMBOURG  
WASHINGTON, D. C.

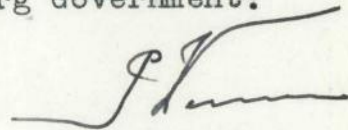
\$2,000,000 - expenditures under the rolling-stock  
equipment program of 1947 of the Luxem-  
bourg Railroads.

We have the honor, therefore, to confirm the application  
of the Luxembourg Government for a loan of \$12,000,000. A  
detailed list of the goods to be purchased will be submitted  
as soon as possible.

For the Luxembourg Government:



Hugues Le Gallais  
Minister of Luxembourg



Pierre Werner  
Commissioner of Bank Control

Aug. 1, 1947  
(Stamp)

COPY

LEGATION DU GRAND-DUCHÉ  
DE LUXEMBOURG  
WASHINGTON, D.C.

July 30, 1947.

My dear Mr. President,

With reference to the current negotiations concerning the loan application of the Luxembourg Government, I have the honor to inform you that Mr. Pierre Werner, Commissioner of Bank Control, is designated ~~xxxx~~ as expert in order to become a member of the loan committee, according to the provisions of Article III, Section 4, and Article V, Section 7, of the Articles of Agreement.

Yours sincerely,

(Sgd.) Hugues Le Gallais

Alternate Governor for Luxembourg

Mr. John J. McCloy  
President of the  
International Bank for  
Reconstruction and Development  
WASHINGTON D.C.



LÉGATION DU GRAND-DUCHÉ  
DE LUXEMBOURG  
WASHINGTON, D. C.

385

July 30, 1947

My dear Mr. President,

I have the honor to refer to my letter of November 18, 1946, with which I forwarded to you a note from Mr. Pierre Dupong, Prime Minister and Minister of Finance of Luxembourg, together with a Memorandum concerning the loan application of the Luxembourg Government.

The letter of the Prime Minister states that the Government of the Grand Duchy of Luxembourg is making an appeal to the International Bank with respect to the reconstruction of the devastated areas of Luxembourg and to the restoration of the Luxembourg economy.

In the following exchange of notes, the Luxembourg Government placed full emphasis on the reconstruction of the war-devastated areas. The Luxembourg Government considers indeed that the reconstruction of devastated areas should be rapid for reasons of economy as well as of social welfare and internal stability.

The result of the negotiations which have been going on for the past several weeks shows precisely the need of an external long-term loan for Luxembourg. In fact, the

Mr. John J. McCloy  
President of the Inter-  
national Bank for Re-  
construction and Development,  
WASHINGTON, D.C.

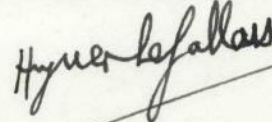
ack - Aug 6, 1947

LÉGATION DU GRAND-DUCHÉ  
DE LUXEMBOURG  
WASHINGTON, D. C.

reconstruction of the devastated areas is only one part of a larger rehabilitation plan, the outline of which has been submitted to you. An essential part of this plan is the modernization of the industrial equipment of Luxembourg and the reequipping of the railroads. This rehabilitation depends primarily on the restoration and the increase of productiveness of the Luxembourg economy.

I have the honor to confirm to you on behalf of my Government the foregoing consideration and to state that the proceeds of the forthcoming loan should, in the opinion of the Luxembourg Government, serve to facilitate the execution of the general reconstruction program of Luxembourg and to contribute to the restoration of its economy through the financing of equipment for the Luxembourg steel industry and of purchases of rolling stock for the Luxembourg railroads.

Yours sincerely,



Hugues Le Gallais  
Minister of Luxembourg

LEGATION DU GRAND-DUCHÉ  
DE LUXEMBOURG  
WASHINGTON, D. C.

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larger rehabilitation plan, the outline of which has been sub-  
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tion of the railways. This rehabilitation depends primarily on

the rehabilitation of the economy of the Grand-Duché.

Grand-Duché economy.

I have the honor to confirm to you on behalf of my Government the foregoing consideration and to state

the proceeds of the forthcoming loan should, in the first place,  
the Luxembourg Government, serve to facilitate the execution

of the general reconstruction program of Luxembourg and to  
contribute to the restoration of the economy through the financing

of equipment for the Luxembourg steel industry and of purchases  
of rolling stock for the Luxembourg railways.

I have the honor to assure you that the Luxembourg Government

RECEIVED  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

AUG 1 4 35 PM 1947

*Handwritten signature*

Hubert de Galleis  
Minister of Luxembourg

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Mr. D. Crena de Iough

July 28, 1947

S. Aldersveld

Loan to be Granted to Luxembourg

During last week and also today I had discussions with Mr. Werner, the Luxembourg negotiator, about the supervision procedure to be followed by the Bank in case a loan will be given to Luxembourg.

Mr. Werner informed me that a loan of \$12 million will be distributed as follows:

1. \$10 million to cover the purchase of a steel mill ordered in the U. S.
2. \$2 million for the cost of locomotives ordered or to be ordered in the United Kingdom, France, Belgium and Switzerland.

It was agreed with Mr. Werner that the Luxembourg authorities would supply us with copies of all contracts the moment the loan is granted or very soon afterwards. This will enable the Treasurer's Office to check possible advance payments with the text of the contract. Furthermore, Mr. Werner agreed to my suggestion that applications for withdrawal of the proceeds of the loan should be accompanied by copies of all the pertinent documents. This morning he informed me that after having discussed the matter with the "Arbed" people, the latter will always enable the Bank's representatives to supervise the use to which the equipment will be put.

One of the transactions of the \$2 million item mentioned above is the purchase of ten locomotives in the United Kingdom in the amount of Frs. 32 million, which is approximately \$750,000. The Belgian National Bank has already paid this amount in sterling for the account of Luxembourg, and Luxembourg is now under obligation to repay the Belgian francs to the Belgian National Bank. This repayment can be made either by the sale of dollars or of sterling to the Belgian National Bank. Also the Belgians are in agreement to accept Belgian francs out of the equivalent of \$2 million from the 18 percent contribution in local currency they have made available to the Bank. I am wondering whether we could possibly use sterling out of the 18 percent contribution of the United Kingdom for the above purpose, and I think it is anyway worth the trouble to investigate this while I am in England next week. If the British authorities will be in agreement, we could use some Belgian francs for the Dutch loan. I asked Mr. Werner to instruct his office in Luxembourg to air mail to me c/o the Bank of England copies of the invoices which I might need for the discussions in England.

*lux. - lux Desk*  
*Superv*

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-2-

Inasmuch as it is desirable to tackle this problem first here in Washington with Mr. Parsons, I give below the particulars available now about the locomotives ordered in England:

10 Locomotives ordered from the Falcon Foundry,  
Newton le Willows.

The equivalent in Belgian francs delivery England  
is Frs. 28,369,365.

Luxembourg paid to Belgium Frs. 32,465,587, the  
difference consisting of transportation and insurance.

Will you please let me know the outcome of your discussions with Mr. Parsons and whether you deem it advisable for me to take up this matter with Mr. Graffley-Smith when I arrive in England next week.

SA:ms

cc: Mr. Riley  
Mr. Hoader  
Mr. Simpson  
Trans. Office

Loan #4 - Luxembourg

18% Bfr. 42,300,000 have been advanced under this loan at the official buying rate for dollars against francs in Belgium on the date of the advances which was 43.70. The dollar equivalent of the amount advanced under the loan was thus \$967,963.33. The francs were carried in the Bank account at the Monetary Fund par value which was 43.8275 and thus the dollar equivalent credited to our cash ledger account was \$965,147.45.

Luxembourg has also made several payments of charges in francs on the loan. The Belgian franc amount due as charges was determined by computing the interest and loan commission on the dollar equivalent of the francs advanced. These dollar amounts and the dollar equivalent of the amount advanced which was due as principal repayments were converted into francs at the selling rate for cable transfers of francs against dollars in New York at noon on the date of payment.

After the Maintenance of Value ruling becomes effective against the member whose 18% currency is loaned, the borrower will repay as principal the exact number of Belgian francs received by it and the charges will be computed by applying the interest and loan commission rates (3-1/4% and 1% respectively) against the amount of Belgian francs loaned and outstanding. Computed on the old basis and the new basis the next payment which is due July 15, 1950 would be as follows:

(Principal Outstanding 1/15/50 = BF 41,947,500 @ 43.70 = U.S.\$ 959,896.97)

	<u>Old Basis</u>		<u>New Basis</u>		<u>Difference</u>	
	<u>(Based on Dollar Equivalent)</u>		<u>(Based on Currency Advanced)</u>		<u>(Between Old and New Bases)</u>	
	<u>Belgian Francs</u>	<u>U.S. Dollar Equivalent</u>	<u>Belgian Francs</u>	<u>U.S. Dollar Equivalent</u>	<u>Belgian Francs</u>	<u>U.S. Dollar Equivalent</u>
Interest @ 3 1/4%	BF 779,916.50	\$15,598.33	BF 681,646.88	\$13,632.94	BF 98,269.62	\$1,965.39
Commission @ 1%	239,974.00	4,799.48	209,737.50	4,194.75	30,236.50	604.73
Sub Total	BF 1,019,890.50	\$20,397.81	BF 891,384.38	\$17,827.69	BF 128,506.12	\$2,570.12
Principal	194,848.50	3,896.97	170,300.00	3,406.00	24,548.50	490.97
Total	<u>BF 1,214,739.00</u>	<u>\$24,294.78</u>	<u>BF 1,061,684.38</u>	<u>\$21,233.69</u>	<u>BF 153,054.62</u>	<u>\$3,061.09</u>

Assuming a rate of BF 50 = U.S. \$1.00

Mr. D. Crena de Iongh

July 28, 1947

S. Aldewereld

Loan to be Granted to Luxembourg

During last week and also today I had discussions with Mr. Werner, the Luxembourg negotiator, about the supervision procedure to be followed by the Bank in case a loan will be given to Luxembourg.

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Inasmuch as it is desirable to tackle this problem first here in Washington with Mr. Parsons, I give below the particulars available now about the locomotives ordered in England:

10 Locomotives ordered from the Vulcan Foundry,  
Newton le Willows.

The equivalent in Belgian francs delivery England  
is Frc. 28,369,365.

Luxembourg paid to Belgium Frs. 32,465.587, the  
difference consisting of transportation and insurance.

Will you please let me know the outcome of your discussions with Mr. Parsons and whether you deem it advisable for me to take up this matter with Mr. Grafftey-Smith when I arrive in England next week.

SA:lms

cc: Mr. Riley  
Mr. Maeder  
Mr. Ripman  
Treas. Office.



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Lux Loan

Files

July 28, 1947

F. M. Oppenheimer

Discussion with M. Pierre Werner  
on terms of Luxembourg Loan Agreement

M. Pierre Werner called to discuss what types of documents are necessary to implement the servicing of the Luxembourg Loan. A problem arises, he said, from the fact that all foreign exchange holdings are transferred by Luxembourg to the Belgian National Bank under the Belgium-Luxembourg Agreement of 1944. Hence, Luxembourg will be, or at any rate may be, unable to procure the foreign exchange necessary to service her loan without the consent of the Belgian National Bank and the Institut Belgo-Luxembourgeois du Change.

It follows that some commitment should be had from at least the two last-mentioned institutions, and perhaps also from the Belgian Government, to the effect that no obstacles will be put in the way of servicing the loan by Luxembourg. M. Werner thought that such commitments could take the form (1) of a resolution by the Institut providing that it will do nothing that could interfere with Luxembourg's performance of her obligations under the loan agreement, (2) a resolution by the Belgian National Bank that it will keep a reserve of funds necessary for Luxembourg's servicing of her loan out of

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2 - Files - 7-28-47

the foreign exchange contributed by Luxembourg, and  
(3) a letter of the Belgian Minister of Finance,  
approving Steps 1 and 2.

Mr. Werner seemed to be concerned about how such resolutions were to be made a part of the loan agreement. Since the Luxembourg-Belgium Agreement of 1944 has not yet been ratified by either the Belgian or the Luxembourg parliament, he is afraid that the Luxembourg Parliament may balk at any obvious indication of the necessity of Belgian consent in the loan agreement. The Luxembourg Parliament, when asked to ratify the loan agreement, might ask why such consent is necessary; and a reference to the Luxembourg-Belgium Agreement could be met by a disclaimer of all knowledge of any such agreement.

M. Werner indicated that he does not object to some intimation of the necessity of Belgian consent in the loan agreement, if it is given in a "discreet" fashion, inoffensive to the sensibilities of members of Parliament.

More specifically, he thought that any resolution by the Institut could be referred to quite openly, since Luxembourg is directly represented in the Institut. In turn, the resolution of the Institut could incorporate the resolution of the Belgian National Bank by reference.

F. M. O.

Here is the note brought in  
by Mr. Werner. He will  
be in town through tomorrow  
morning.

R.F.S.

~~July~~

Tish -

This looks rather  
like a carbon. You  
might check in case  
there is an original -  
Mr. Killings says "about  
July" is the date (1947)

N O T E

The development of our negotiations has shown that it would be fallacious to isolate one of the rehabilitation plans and we have come to the conclusion that the rehabilitation program of Luxembourg has to be considered as a whole, especially when determining the need of foreign assistance. Some of the difficulties encountered when considering the housing and communications reconstruction program are due to the exceptional monetary situation of Luxembourg (limited currency issue), others to the structure of its economy (outstanding importance of a single industry - steel-).

In spite of the magnitude of the housing and communications reconstruction task, the value of goods to be imported for this purpose, as far as they can be identified as entering directly into it, is relatively moderate (\$10 million out of \$100 million). This is due to the fact that the payment of local labor constitutes a substantial part of these expenditures and that the chief materials needed are produced in the country. Of course, at some level the reconstruction work influences unfavorably the balance of payments. But the specification of imports and establishing their connection with specific projects proves rather difficult. It appears, therefore, that the consideration of only the housing and communications reconstruction program is not an adequate measure of Luxembourg's need for foreign exchange (including Belgian francs as far as they are used to pay for imports from Belgium).

Referring to the information given in Complementary Note No/ 3 (pp 3 and 4) and Complementary Note No/ 4 (enclosures 2 and 5), I recall the total cost of the productive rehabilitation plan:

	million francs
A. Reconstruction of devastated areas	5,415,4
B. Equipment and Modernization:	
a) Iron and steel industry	2,700
b) Smaller industries	243
c) Railroads (1947-1949) (only rolling stock)	1,606,3
C. Construction of new dwellings	1,000
D. Purchase of motor vehicles	240
E. Agricultural development	250
	11,454,7

The two major items of this Plan make a total of 9,965,7 million francs or \$225 million.

Before going further, I should like to stress that the aim of these expenditures is only the replacement of destroyed or obsolete capital goods. They do not imply the creation of new industries nor the investments in houses and railroads beyond the standard of 1940. To the degree that more modern and more adequate equipment has an influence on output and gives production a more economic shape, it will contribute to the necessary increase of productivity.

I remember also the fact that the railroad program is set up with the assumption that the presently used German material may be retained.

Leaving out the items C.D. and E., I come to the breakdown of the Rehabilitation Plan, with consideration to external expenditures (the plan is considered as it is to be executed after Jan/1, 1947):

	U.S. dollars
A. Reconstruction	
a) Materials and goods entering directly into reconstruction	8,000,000 ***
b) Estimate of imports of goods indirectly entering into recon- struction and adverse influence of reconstruction on balance of payments	8,000,000**** 16,000,000

\*\*\* The total of these expenditures has been estimated according to Complementary Note No/4 at \$10,000,000 or \$2,000,000 a year when considering a Five-Year Plan. 1946 was the first year of execution of this Plan. An amount of \$8,000,000 remains to be spent on these items which comprise mainly imports of timber, non-ferrous metals, sewage material, glass and electrical equipment.

\*\*\*\* It is estimated that the imports of goods indirectly connected with the reconstruction work are at least as important as the above-mentioned imports.

These are especially coke, fuel raw materials for paints, tools, trucks, etc.

carried forward: 16,000,000

B. Equipment of Iron & Steel Industry	40,000,000
C. Equipment of other industries	2,500,000
D. Equipment of Railroads (including only rolling stock)	28,000,000

Total: \$ 86,500,000

Distinguishing imports from Belgium, hard currency countries (U.S.A., occupied Germany, Switzerland, Sweden) and soft currency countries (France, Great-Britain, the Netherlands) the following survey is :

	<u>Belgium</u>	<u>Hard Currency Countries</u>	<u>Soft Currency Countries</u>
A. Reconstruction	12,000,000	2,000,000	2,000,000
B. Iron & Steel Industry	4,000,000	34,000,000	2,000,000
C. Other industries	500,000	1,000,000	1,000,000
D. Railroads	9,500,000	10,000,000	8,500,000
	\$ 26,000,000	47,000,000	13,500,000

Total: \$86,500,000

The execution of this program depends on the foreign exchange available from three sources:

1. Surplus of balance of current trade operations
2. Liquidation of pre-war foreign assets
3. External loans.

**L. Surplus of balance of current trade operations.**

The difficulties of establishing a separate balance of payments for Luxembourg have been previously mentioned. Unofficial figures concerning the trade balance have been given in Complementary Note No/2. They may be used for the estimate of the future development of the balance of payments. Of course, this reasoning with the only existing trade figures could be misleading as to the final result.

But the other items in the Luxembourg balance of payments cannot under normal circumstances substantially modify the overall picture gathered from the trade balance, as this intervenes on the receipts and expenditure side with amounts equivalent to 88 -90 per cent of the total figures. It is assumed that interests and dividends to be paid by Luxembourg to foreign investors are higher than the income of Luxembourg investments abroad. To some degree this passive balance may be made good by the expenditures of tourists in Luxembourg. The service balance may undergo great changes according to the years.

It can be assumed that, on condition that the coke supply increases to about normal proportions, the balance of current trade of Luxembourg this year and the years to come will be favorable. The average surplus in the years 1935-1938 was about 145 million francs. Adapted to the present price-level the average of the next years could be assessed at \$8 - 10 millions, supposing the production could be brought up to the average level of 1935-1938. (1947 total production only 60 per cent).

2. Liquidation of foreign assets.

The foreign assets that can be liquidated in the next years and used for the above-detailed expenditures amount to \$20 ,illions, chiefly U.S. dollars.

3. External Loans/

The total of external expenditures is \$ 86,5 million

The available means are:

a) Liquidation of foreign assets	\$20 million	
b) Possible surplus of balance of current trade:		
1947:	\$ 6 million	
1948:	8 million	
1949:	10 million	\$24 million
c) Subscriptions to capital of Railroad Co. by Belgian & French Governments	\$ 7 million	
		\$51 million
	Balance	35.5 million

These expenditures will have to be met with the proceeds of foreign loans to be contracted at the first stage by the Government and later, with the improvement of credit conditions, by the Railroad Company and the industrial companies.

The loan of the International Bank is asked for financing the expenditures in 1947/1948.

They may be detailed as follows:

	<u>Belgium</u>	<u>Hard Currency Countries</u>	<u>Soft Currency Countries</u>
A. Reconstruction	\$,000,000	1,000,000	1,000,000
B. Iron & Steel Industry	_____	25,000,000	1,000,000
C. Other industries	500,000	1,000,000	1,000,000
D. Railroads	<u>\$ 6,000,000</u>	<u>6,000,000</u>	<u>5,000,000</u>
	<u>\$ 12,500,000</u>	<u>\$ 33,000,000</u>	<u>\$ 8,000,000</u>

Total: \$53,5 million

Means of financing expenditures in 1947/1948:

1. Liquidation of foreign assets	\$18 million	X
2. Possible surplus of balance of current trade 6 + 8 million	14 million	X
3. Subscription of Belgian Government to Luxembourg Railroad Co, 1st call	<u>2,25 million</u>	

Total \$ 34,25 million

Balance: \$53.5 - 34,25 = \$ 19,25 million.

The Luxembourg Government does not see the possibility of financing this balance on reasonable terms, if it is not by a loan from the International Bank. Up to the amount of about \$ 3 million a short or middle-term operation could possibly be envisaged in some other country, e.g. Switzerland late this year or at the beginning of 1948. But it is not yet possible to give details concerning the terms of such an operation.

The loan to be granted by the International Bank would serve to finance the following projects:



A. Equipment of iron & steel industry	
1 rolling mill ordered in the U.S. by Arbed, cost	\$10,000,000
B. Part of the railroad equipment program	<u>6,000,000</u>
(see enclosure)	<u>\$16,000,000</u>

Schedule G.

# UNITED

ENGINEERING and FOUNDRY COMPANY  
FIRST NATIONAL BANK BUILDING  
PITTSBURGH 22, PENNSYLVANIA



SUBJECT Slabbing, Hot and Cold Strip Mills  
and Auxiliary Equipment

Acieries Reunies Burbach Rich Dudelange  
(S.A.S.A.S.)  
Luxembourg

Gentlemen:

CABLE ADDRESS  
UNITED PITTSBURGH

July 23, 1947

In quintuplicate

United Reference AE-97184  
United Inquiry #61530

In reply to your inquiry of....., we propose to furnish you equipment and material at prices and with delivery as quoted herein. The prices quoted in this proposal are based upon supplying the material and equipment in accordance with specifications and drawings furnished herein, and manufactured in accordance with our Plant Standards No. X-15, with the understanding that all proposal drawings are approximate and are submitted only to indicate the general type, arrangement, and approximate dimensions of the equipment offered.

After this proposal becomes an order, no changes to the specifications, drawings, equipment and/or material to be furnished shall be made except by mutual agreement both as to cost and nature of change and then only when approved in writing by an officer of our Company. Any alterations in the equipment and/or material made by the purchaser in the field without our prior written consent shall be at the purchaser's risk and expense.

First-class material and workmanship is guaranteed. Should any part or parts made by us prove defective within one year from date of shipment, we agree to repair or re-furnish such parts F. O. B. our works, without charge to you, but we will not assume the cost of installation nor shall we be liable for delay, loss or damage caused by defective material. Shipment shall be made at purchaser's risk and railroad bills of lading shall be evidence of delivery.

Auxiliary or spare equipment, interconnecting piping for lubricating, air, hydraulic or water systems, operating valves, electrical equipment and foundation bolts, washers or reproduced tracings are not included in this proposal unless it is specifically so provided in our specifications, nor are safety guards, covers, or other devices or appliances that may be required by safety laws or Company safety specifications included, nor is an erector to be furnished unless so specified herein.

It is understood that we shall not be liable for any default or delay due to strikes, boycott, labor disputes, fire, accident or any cause beyond our control, including but not limited to inability to obtain materials or transportation facilities, war, embargo, blockade, orders of any Courts or actions of the United States of America, or any state or any government agency, or officials thereof, and that the purchaser shall not, by reason of any such cause, have any right of cancellation or any right to suspend, delay or otherwise prevent our manufacturing, shipping or storing for the purchaser's account any equipment, material or other thing purchased hereunder nor to withhold payment therefor.

Upon request, unless otherwise provided for herein, two sets of blueprints of final general arrangement drawings of the equipment and material designed and/or manufactured by us shall be supplied with this order, with the distinct understanding that no such drawings are to be reproduced, transmitted or disclosed to any party outside of the purchaser's company. The purchaser agrees for itself and its legal successors not to give, loan, exhibit or sell to any party or interest outside its own Company any drawing, photograph or specifications furnished by us or reproductions of them, and the purchaser shall not use them in any way except in connection with the installation covered by this proposal and for making spares and repairs to this equipment in its own foundries and shops. In no case shall we be required to furnish any detailed prints or any reproduced tracings of units or equipment manufactured by others and purchased by us as part of the equipment covered by this proposal.

There is no verbal or implied understanding or warranty outside of this proposal, and we assume no contingent liabilities whatsoever.

Following discussions between your engineers and our representatives, we take pleasure in submitting herewith our proposal covering a slabbing mill, hot and cold strip mills and auxiliary equipment, for the production of 25,000 to 30,000 tons of hot rolled strip per month, based on 25 working days, operating 3 turns per day, the bulk of the finished product being 40" wide with a small tonnage up to 60" in width, the final thickness of hot rolled strip being approximately .109" thick and some plates up to 1/2" thick, cold rolled strip down to an average finished gauge of .032".

The slabbing mill, besides rolling slabs for the hot strip, will also produce a limited tonnage of 7-1/4" x 6-1/2" blooms.

The equipment offered is of the latest and most efficient design and includes all features used in similar plants installed in the U.S.A.

It will be manufactured in the English system of feet and inches from drawings in the English language with the exception that all threads will be Whitworth standards.

**UNITED**  
ENGINEERING and FOUNDRY COMPANY

To A.R.B.E.D.

DATE 7-23-47  
United Inquiry #61530

SHEET NO. 2

The prices quoted in this proposal are based on supplying the material and equipment in accordance with specifications furnished under date of May 28, 1947 and manufactured in accordance with our plant standards X-15.

GROUP A - ONE (1) 44" x 108" SLABBING MILL  
Consisting of the units specified on sheets S-1 to S-4.

ESTIMATED ROUGH WEIGHT: 6,199,400#      PRICE: \$ 1,885,335.00

GROUP B - ONE (1) 60" HOT STRIP MILL  
Consisting of the units specified on sheets S-5 to S-10.

ESTIMATED ROUGH WEIGHT: 8,055,600#      PRICE: \$ 3,371,085.00

GROUP C - ONE (1) SIDE TRIMMING AND BEARING LINE  
For hot rolled strip, consisting of the units specified on sheets S-11 to S-13.

ESTIMATED ROUGH WEIGHT: 677,200#      PRICE: \$ 354,400.00

GROUP D - TWO (2) 16-1/2" x 53" x 66" 4-HIGH REVERSING COIL MILLS  
Each consisting of the units specified on sheets S-17 to S-18.

ESTIMATED ROUGH WEIGHT: 2,912,700#      PRICE: \$ 1,153,220.00

As a separate item, we quote -

TWO (2) PRESSUREMETERS      PRICE: \$ 3,750.00 for each mill stand

GROUP E - TWO (2) 28" x 66" 2-HIGH SKIN PASS MILLS  
Each consisting of the units specified on sheets S-19 to S-20.

ESTIMATED ROUGH WEIGHT: 1,061,000#      PRICE: \$ 520,735.00

GROUP F - ROLL GRINDERS AND LATHE  
As specified on sheet S-25.

ESTIMATED ROUGH WEIGHT: 432,200#      PRICE: \$ 264,405.00

TOTAL MECHANICAL EQUIPMENT - exclusive of pressuremeters.

ESTIMATED ROUGH WEIGHT: 19,338,100#      PRICE: \$ 7,549,180.00

**UNITED**  
ENGINEERING and FOUNDRY COMPANY

To  
A.R.B.E.D.

DATE

SHEET No.

7-25-47  
United Inquiry #61530

3

Not included in above quoted prices are -

1. Main and auxiliary motors, motor generator sets, controls, brakes, limit switches, magnetic clutches, magnets, conduit and wiring, or any other electric equipment, except as specified in attached motor lists.
2. Foundation bolts and washers, sleeves, masonry plates, floor plates and trench plates.
3. Foundation drawings other than those showing bolt plans and elevation of equipment, size and grip of foundation bolts, location of equipment with respect to building columns and floor level, necessary clearances for installation, location for interconnecting piping for oil, grease, steam, water, oil fuel, gas and air lines from point of application to a point 50 feet from point of application, location of oil cellars and drop pits; drawings will not indicate depth of concrete, reinforcing or embedded steel work, electric leads and conduit runs, setting of air or hydraulic valve stands for service pipe lines, filling, interconnecting sewers, storm or sanitary sewers or house traps, excavation diagrams, motor room or building foundations.
4. Foundation, excavation, back fill, piling or reinforcing steel.
5. Spare rolls or spare parts.
6. Building, including floors, lighting, heating, painting, ventilators and brickwork, connecting sewers and all storm and sanitary sewers, including house traps, fire protection, oil cellars.
7. Mill offices, laboratories, wash and locker rooms with furniture, equipment and piping.
8. Cranes, slings, chains, ropes, cables or any other handling equipment.
9. Plant water system and all interconnecting piping.
10. Mill air system, including air compressor, storage tanks and interconnecting piping; UNITED to furnish operating valves for air cylinders.
11. Boiler house and steam lines.
12. Machine shop equipment, standard wrenches and operating tools.
13. Mill pulpits, walkways, crossovers and stairs.

**UNITED**  
ENGINEERING and FOUNDRY COMPANY

To

A.R.B.E.D.

DATE

7-23-47  
United Inquiry #61530

SHEET No.

4

14. Roll heaters.
15. Roll storage racks.
16. Sump pumps.
17. Scrap buckets, except that at #200 shear, item A-13.
18. Scales, except as specified.
19. Any auxiliary equipment not definitely specified in proposal.
20. Interconnecting piping for lubricating, air, hydraulic or water systems, including valves located in the interconnecting piping.
21. Safety guards, covers or other devices or appliances that may be required by safety laws or company specifications.
22. Erection of mechanical and installation of electrical equipment.

Prices quoted are f.o.b. cars shipping point, with freight to the ports of New York, Philadelphia or Baltimore, prepared for ocean shipment, and are subject to an equitable adjustment in accordance with our attached Escalator Clause EC-2, dated October 15, 1942, and supplement dated November 29, 1946, attached hereto.

Payments: Prices quoted in this proposal are in dollars, and payments are to be made in U. S. exchange in the United States.

Terms of Payment: 20% of the sales price of the order payable August 15 1947.  
80% of the sales price of the order payable in 16 equal and consecutive monthly payments of 5% each; the first payment to be made the first of September 1947.

You are to provide the necessary import permit and all duties payable to the Luxembourg government for the importation of the equipment covered by this proposal are to be paid by you.

We agree to obtain all U.S.A. government permits and approvals required of us to manufacture, sell and ship the goods coming within the scope of this proposal, and to assist you in obtaining all permits and approvals, the application for which must be made by the purchaser.

The only permit now anticipated is the export license. At the present time, government regulations require us to have an export license before shipping any material out of the country. Therefore, our obtaining an export license, the application for which must be made by the purchaser, must be a condition of our delivery.

**UNITED**  
ENGINEERING and FOUNDRY COMPANY

To  
A.R.E.E.S.

DATE  
7-25-47  
United Inquiry #61530

SHEET No.

5

**Delivery:** Mechanical equipment twenty-two (22) months from receipt of order.

**Embargo:** In the event the United States government shall require payment in full or shall require us to relinquish right, title, or interest in such goods prior to shipment from the United States, the purchaser shall make payment in full prior to such shipment.

**Storage:** In the event the manufacture of the material is suspended at purchaser's direction or the purchaser is unable to accept delivery when the material is ready for shipment, the material will be stored at the purchaser's risk and expense, and for the purpose of payment, the placing of the material in storage shall be considered the same as shipment.

**Drawings:** If favored with your order, we will furnish upon completion of the work one (1) complete set of reproduced tracings or Van Dykes of general arrangement and details of the equipment and material designed and/or manufactured by United Engineering and Foundry Company, with the distinct understanding that no such drawings are to be reproduced, transmitted or disclosed to any part outside of the user designated by the purchaser; as to units which we purchaser outside and which become part of the general contract, we will endeavor, but cannot guarantee, to obtain tracings or blueprints of these units so that you may have a complete record.

The purchaser agrees for itself and shall so obligate the user to be designated by the purchaser not to give, loan, exhibit or sell to any party or interest outside of the user's company any drawings, photographs or specifications furnished by us or reproductions of them, and the purchaser shall use them in any way except in connection with the installation covered by this proposal and for making spares and repairs to this equipment in its own foundries and shops.

There is no verbal or implied understanding or warranty outside of this proposal, and we assume no contingent liabilities whatsoever.

**UNITED**  
ENGINEERING *and* FOUNDRY COMPANY

To **A.R.B.E.D.**

DATE **7-23-47**  
United Inquiry #61530

SHEET No. **6**

We thank you for this opportunity to quote, and trust we may be favorably considered when placing this business.

Very truly yours,

UNITED ENGINEERING AND FOUNDRY COMPANY

*William Hazel*

WILLIAM HAZEL, VICE PRESIDENT  
IN CHARGE OF SALES

Accepted by:  
AGNES REUNIS BURBACH MICH DUDELANGE

BY *[Signature]*  
*[Signature]*

**UNITED**  
**ENGINEERING and FOUNDRY COMPANY**

OCTOBER 15, 1942

ESCALATOR CLAUSE EC-2

With the view of arriving at an equitable adjustment of the price herein stated in case the costs of labor and material should vary either upward or downward to an appreciable extent because of the very abnormal conditions prevailing today, the parties agree that the contract price as stated is subject to adjustment in the following manner:

1. LABOR

- (a) For the purpose of this adjustment, the proportion of the contract price representing labor is fixed at 50 per cent.
- (b) The above amount accepted as representing labor will be adjusted for changes in labor costs, such adjustment to be based on the index of average hourly earnings in the durable goods (blast furnace, steel work and rolling mills) compiled monthly by the U. S. Department of Labor, Bureau of Labor Statistics. An average of the monthly labor index figures for the period from the date the order is placed with UNITED to the date of completion of the equipment at the factory will be computed and the percentage increase or decrease will be obtained by comparison with the labor index for the month during which the order is accepted. The adjustment for changes in labor costs will be obtained by applying such percentage of increase or decrease and the result will be accepted as an increase or decrease respectively in the contract price.

2. MATERIAL

- (a) For the purpose of this adjustment, the proportion of the contract price representing material is fixed at 30 per cent.
- (b) The above amount accepted as representing material will be adjusted for changes in material costs, such adjustment to be based on the index number of wholesale prices for Group VI, Metals and Metal Products compiled monthly by the U. S. Department of Labor, Bureau of Labor Statistics. An average of the monthly material index figures for the period from the date the order is placed with UNITED to the date of completion of the equipment at the factory will be computed and the percentage increase or decrease will be obtained by comparison with the material index for the month during which the order is accepted. The adjustment for changes in material costs will be obtained by applying such percentage of increase or decrease and the result will be accepted as an increase or a decrease respectively in the contract price.

3. GENERAL

- (a) In computing the averages, the month during which the order is placed with UNITED and the month during which the order is completed at the factory will be considered complete months, and for purposes of determining revisions in the contract price, the percentage of change of average hourly earnings and the percentage of change in the material index number will be calculated to the nearest  $\frac{1}{2}$  of 1 per cent.
- (b) UNITED will furnish the purchaser with an invoice setting forth the revisions in the contract price resulting from the above as soon as possible after it has completed its manufacture of this order, and payment therefor shall be made within thirty days after the date of said invoice.
- (c) The price to be determined by this Escalator Clause at the time of delivery shall be subject to all valid price regulations established by the Government through the Office of Price Administration or other governmental body.



**UNITED**  
ENGINEERING *and* FOUNDRY COMPANY

November 29, 1946

**SUPPLEMENT TO ESCALATOR CLAUSE EC-2**  
**DATED OCTOBER 15, 1942**

Because our suppliers who furnish some of the items going into this construction use methods of pricing on their products which reflect a cost to us not in keeping with our attached Escalator Clause EC-2, it is to be understood that as to the items where this condition applies, our price will be further revised to the extent that such difference is not reflected by our EC-2 Clause.

In computing this revision the difference in cost of these items between the date of our final quotation and that invoiced to us by our supplier will be calculated. After making proper allowance for amounts reflected by our EC-2 Clause on these items, the net result will be applied to the price adjustment obtained by means of the EC-2 Clause.

LUXEMBOURG LOAN AGREEMENT

MEMORANDUM

Summary of Discussion at Meeting of July 22, 1947

Present: A.S.G. Hoar, Assistant Loan Director  
F. D. Stephens, Loan Officer  
J. Rucinski, Loan Department  
R. F. Skillings, Loan Department  
P. Acheson, Loan Department  
P. Werner

There was some discussion of the wording of the Economic Report on Luxembourg. Mr. Hoar felt that the general run of the argument in the report seemed to be right.

The question of the apportionment of the \$12 million loan was discussed. From \$2 million to \$4 $\frac{1}{2}$  million out of the \$12 million was to go to the railroads, depending on the dollar requirements of the steel mill. The reason the railroad requirements had not been put higher previously was that \$12 million was the limit the Bank thought it could lend. Mr. Rucinski stated that \$7 $\frac{1}{2}$  million was the amount of Arbed's dollar assets.

Mr. Hoar pointed out that Luxembourg really had no foreign exchange problem, to which the Bank's loan could be related. The original plan had to be modified in view of Arbed's entrance upon the scene. Arbed had its own modernization scheme and had \$10 million set aside to finance it. Arbed's dollar assets would be used for some other purpose. Mr. Werner asserted that Arbed had agreed to advance its funds to the Luxembourg Government before the Bank made funds available to the Luxembourg Government.

In the 1947-8 period, Luxembourg, Mr. Hoar stated, would require about \$10 million for the steel mill. However, if the steel mill should need less, then more dollars would be available for the railroads.

*Hoar file*

Mr. Hoar told Mr. Werner that the Treasurer's Department would require a list of the goods to be purchased with the Bank loan and that Mr. Werner should discuss with that Department the documents it would require. Mr. Werner undertook to point out to Arbed what information and documents would be required in order to allow the Bank to supervise the end use of the loan, since the Bank was to lend Luxembourg money to finance particular Arbed deliveries. Mr. Stephens pointed out that the lists to be submitted to the Treasurer would be flexible, having a spread of  $\$7\frac{1}{2}$  -  $\$10$  million for the steel mill and  $\$2$  -  $\$4\frac{1}{2}$  million for the railroads. Reasons should be given for each end of the spread, these being the uncertainty of delivery and payment dates.

The ability of Arbed to borrow was discussed. It was the consensus of the meeting that this question was immaterial, inasmuch as the loan was being made to the Luxembourg Government rather than to Arbed. Arbed would merely be repaid what it had lent to the Luxembourg Government.

Mr. Hoar felt that the report was very skillfully presented, inasmuch as the internal budgetary problem was only mentioned in passing, and by helping with the modernization of the steel mill, which was the main problem, the Bank was also taking care of the internal financing problem which might otherwise have been a nuisance.

JUL 10 1947

## OFFICE MEMORANDUM

Lux-h 4 req.

gk

DATE: 10th July, 1947

TO: Mr. J. J. McCloy

FROM: A.S.G. Hoar

SUBJECT: Luxembourg Loan Application.

1. From conversations held today it would seem that Arbed's rolling mill proposal does not involve the creation of a new steel production unit but the modernization of existing plant. The expected results are slightly increased production and greater economy of operation; in the long view, of course, a falling off of production will be averted. Mr. Werner, the Luxembourg negotiator, has promised to produce papers to us and, if they confirm the above impression, we shall probably be able to dispense with the far reaching survey of European steel production which I had in mind this morning.

2. An Arbed purchasing mission, to which Arbed's Financial Advisor is attached, is due to arrive in this country on 13th July. If Arbed should be disposed to act in the way we have been considering, this Financial Advisor will no doubt be able to assist us to a rapid survey of the problem.

3. Werner has also telephoned to the Luxembourg Finance Minister and the latter intends to sound out Arbed on our ideas tomorrow. He has promised to telephone the results as soon as it is known and we should, therefore, have it by the end of this week. If the result is favourable, and if we do not have to make a far reaching survey of European steel production, we should be able to reach a conclusion on Arbed's proposal by the end of next week or thereabouts.

4. I cannot, however, be sanguine about the chances of Arbed's cooperation. It is true that the Luxembourg Government could cover

-2- McCloy

Arbed for all the financial cost of the accomodation we have in mind but there are other aspects which the Luxembourg Government could not cover. At the moment, Arbed has dollar assets standing in its own name and can conduct its purchasing and modernization programme freely and independently. If it falls in with our ideas it will part with its dollars and will be subject to what it will no doubt regard as the vexations and difficulties inherent in the Bank's supervision of its expenditure. Moreover, as you will remember, Arbed is a hard-boiled <sup>i</sup>International <sup>i</sup>Institution which is unlikely to have any particular tenderness towards Luxembourg arising from local patriotism. I very much fear that this cock will refuse to fight.

A.S.G. Hoar:vg

A handwritten signature in blue ink, appearing to be 'G.H.' with a flourish above the 'H'.

## N O T E

The Government of the Grand Duchy of Luxembourg envisages making an application for a loan from the International Bank for Reconstruction and Development.

A. Amount of Loan: \$20,000,000 = fr. 880,000,000.

B. Purpose:

1. Reconstruction of devastated areas. . .  
fr. 650,000,000.

Nearly 2/5 of the territory was devastated in the Runstedt offensive. About 17,000 houses have to be rebuilt or repaired; more than 300 bridges and many churches; factories have to be reconstructed, fields, pastures and woods restored to normal exploitation conditions. The total reconstruction program of the Grand Duchy amounts to 5 billion francs. The expenditures are spread over five years - from 1945 to 1950. The Country is in a position to raise by its own means, 4 billions. For somewhat less than 1 billion it has to make an appeal for an external loan.

Following is a survey of the means, in the program of the Grand Ducal Government, to enable it to face the extraordinary expenses of reconstruction:

a) Paid up to now by internal means:	1,200,000,000
b) Extraordinary taxes (capital tax and war- profit tax):	1,500,000,000
c) Extraordinary revenue including liquidation of enemy property:	500,000,000
d) Internal loans 1948-1950	1,000,000,000
e) External loans:	<u>800,000,000</u>
Total	5,000,000,000

The external loan is needed for the beginning of 1947. The internal capital-market needs a rest of about one year, for several reasons, chiefly in view of the accumulation of extraordinary tax payments in 1947. The savings capacity of the Luxembourg people, which in normal times might attain 1 billion francs, is not for the time being at pace with the abnormal expenditures caused by war-damage and other war-losses. It is expected that the one-year rest of the internal market and the development of the industrial production (now at 60 per cent of capacity) will enable the Luxembourg Government to make a substantial appeal to internal savings and to be self-sufficient for its financial plan from the beginning of 1948.

2. Equipment and Modernization of small and middle industries as well as of the agricultural production.....fr. 130,000,000
  3. Equipment and Modernization of the railway system.....fr. 100,000,000
- Total fr. 880,000,000

C. Currency:

The loan is asked for in U.S. dollars. The equipment for the small industries and for agriculture has to be purchased chiefly in the United States, Switzerland and other foreign countries. (130 million francs).

The equipment of the railway system is also purchased abroad (100 million francs).

The specification of the external payments of the pure reconstruction program is more difficult. A substantial part of the materials needed for reconstruction purposes is bought in the country, such as stones, bricks, cement, wood, steel etc. But it has to be stressed that the production of several of these materials depends on the importation of other raw materials, such as coke. The importation of coke (on the whole more than 500 million per year) comes chiefly from Germany and has to be paid for in dollars. The great variety of products to be imported for reconstruction purposes makes it desirable that the loan be granted in universally accepted currency. Full details can be given later, but it can be stated that the chief importations come from Germany, (payable in U.S. dollars) Belgium, France, the U.S.A., Switzerland, Great Britain and Holland.

It is also to be noted that the reconstruction absorbs a quantity of man-power and materials at the expense of the export industries which causes a shortage of highly appreciated currencies needed for current international payments.



D. Public Debt:

The external public debt of the Grand Duchy is negligible (not more than  $1\frac{1}{2}$  million dollars). The total public debt (long and short term) amounts at this time to  $2\frac{1}{2}$  billion francs. It is expected that after payment of all war losses it may be brought up, after five years, to 7 or 8 billions, which is bearable for the Luxembourg people.

Washington, October 1, 1946

Luxembourg - Plan

Secretary's Memorandum No. 230

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

July 3, 1947.

FROM: The Secretary

LOAN APPLICATION FROM LUXEMBOURG

Circulated herewith is a translation of a letter from the Minister of Finance of Belgium, dated June 4, 1947, to be considered in connection with the Loan Application from Luxembourg.

Distribution

Executive Directors and Alternates  
President  
Vice President  
General Counsel  
Secretary  
Treasurer  
Loan Director  
Research Director

TRANSLATION

C  
O  
P  
Y

MINISTER OF FINANCE

Bruxelles, 4 June 1947

No. 5520

Monsieur le Gouverneur,

I have received your letter of June 4th, 1947, No SD/GD/226, in which you suggested using a sum equivalent to two million dollars from the Belgian subscription to the capital of the International Bank as a gesture. The Bank may dispose of this sum either in favor of the Grand Duchy of Luxembourg, or in favor of the Netherlands, or again, in favor of any other borrower as it chooses.

I have the honor of acknowledging my agreement with this proposal.

However, it is well understood that there could be no question of increasing the sum in the near future.

I likewise state my agreement with regard to the possible transfer by Luxembourg to the National Bank of Belgium of the dollars to be provided, in case of need, by a loan to be granted by the International Bank for expenditures to be made in Belgian francs; as a counterpart, the National Bank will grant to Luxembourg the Belgian francs which it will need.

Please be assured, Monsieur le Gouverneur, of my most distinguished regards.

(Sgd.) G. EYSKENS

Monsieur Maurice FRERE  
Gouverneur de la Banque  
Nationale de Belgique  
Bruxelles

*Leif Hoar*

OFFICE MEMORANDUM

TO: Mr. M. M. Mendels  
FROM: A. S. G. Hoar  
SUBJECT: Luxembourg Loan Application.

DATE: July 2, 1947

I understand that Mr. Basyn has asked that the  
attached letter <sup>June 4/47</sup> from the Belgian Minister of Finance to  
Mr. Frere be circulated together with the Report on Luxem-  
bourg prepared by my Department. There is no objection to  
the circulation of this document to the Executive Directors.

*ASG*

Attachment

## OFFICE MEMORANDUM

TO: Mr. A. S. G. Hoar  
FROM: G. Stewart Mason *GSM.*  
SUBJECT: Luxembourg Loan Application.

DATE: July 2, 1947

*June 4/47*

Mr. Mendels told me that Mr. Basyn had asked that the letter from the Belgian Minister of Finance to Mr. Frere should be circulated to the Executive Directors at the same time as our Report. There does not seem to be any objection to the circulation of this document because, as Mr. Rucinski has pointed out, the Directors are more likely to say that this appears to be a very small amount which the Belgians are willing to loan the Luxembourg Government to which they have very obvious obligations.

I, therefore, attach a memorandum to Mr. Mendels which I will be glad if you would sign and send up to him unless you wish to expand the idea of the advantages accruing to Belgium if we were to lend say \$8,000,000 and only the equivalent of \$2,000,000 in Belgian francs from the Belgian subscription.

Attachment

GSMason:pnn

**Mémorial**  **Memorial**  
 du des  
**Grand-Duché de Luxembourg.** **Großherzogtums Luxemburg.**

Mercredi, le 25 juin 1947.

N° 30

Mittwoch, den 25. Juni 1947.

**Loi du 16 juin 1947, concernant l'approbation de la convention Belgo-Franco-Luxembourgeoise du 17 avril 1946 relative à l'exploitation des chemins de fer du Grand-Duché et des conventions annexes.**

Nous CHARLOTTE, par la grâce de Dieu, Grande-Duchesse de Luxembourg, Duchesse de Nassau, etc., etc.;

Notre Conseil d'Etat entendu ;

De l'assentiment de la Chambre des Députés ;

Vu la décision de la Chambre des Députés du 4 juin 1947 et celle du Conseil d'Etat du 6 du même mois, portant qu'il n'y a pas lieu à second vote ;

Avons ordonné et ordonnons :

**Art. 1<sup>er</sup>.** Sont approuvés et ont force de loi :

a) La Convention passée le 17 avril 1946 entre le Gouvernement du Grand-Duché de Luxembourg et les Gouvernements de la République française et du Royaume de Belgique relative à l'exploitation des chemins de fer du Grand-Duché ;

b) Le Protocole additionnel à la Convention précitée en date du 17 avril 1946 ;

c) L'avenant à la convention belgo-franco-luxembourgeoise du 26 juin 1946 ;

d) Les Statuts de la Société de droit luxembourgeois dite *la Société Nationale des Chemins de Fer luxembourgeois*, en date du 14 mai 1946.

e) Le cahier des charges, en date du 14 mai 1946.

Un exemplaire de chacun de ces documents est annexé à la présente loi.

**Art. 2.** Le Gouvernement grand-ducal est autorisé à conclure toutes conventions et tous arrangements concernant les services de la Poste, de la Douane, du Télégraphe, du Téléphone et de la Police dont l'organisation sera nécessaire dans les gares de jonction avec les réseaux voisins et dans les gares communes.

**Art. 3.** Le Conseil d'Administration de la Société Nationale des Chemins de fer luxembourgeois sera composé de 21 membres dont le Président et dix membres seront de nationalité luxembourgeoise, quatre membres et un Vice-Président au choix du Gouvernement belge, quatre membres et un Vice-Président au choix du Gouvernement français.

Le Président et les dix membres luxembourgeois du Conseil d'Administration seront nommés par arrêté grand-ducal et désignés de la manière suivante :

Cinq dont le Président représentant l'Etat Grand-Ducal.

Trois sur une liste d'au moins 10 agents en activité de service désignés par voie d'élection par les agents du cadre permanent. Le mode d'élection des candidats à présenter sera déterminé par règlement d'administration publique.

Un sur une liste d'au moins trois usagers présentée par la Chambre de commerce luxembourgeoise.

Un sur une liste d'au moins trois usagers, présentée par le Groupement sidérurgique luxembourgeois.

Un sur une liste d'au moins trois usagers, présentée par la Représentation officielle de l'Agriculture luxembourgeoise.

Le Collège des Commissaires de surveillance sera de cinq membres dont trois seront de nationalité luxembourgeoise nommés par arrêté grand-ducal, un membre sera au choix du Gouvernement belge et un membre au choix du Gouvernement français.

En attendant que le Conseil d'Administration de la Société Nationale des chemins de fer luxembourgeois soit constitué conformément à la présente loi, et au statut y annexé, le Gouvernement pourra nommer un Conseil d'Administration provisoire composé d'au moins cinq membres dont un délégué du Ministre des Transports, un délégué du Ministre

des Finances, un représentant du personnel. Le Gouvernement désignera en outre la personne qui remplira la fonction de Directeur de la Société jusqu'au moment où un Directeur sera choisi conformément à l'art. 24 des Statuts.

**Art. 4.** Sont approuvées les dispositions fiscales inscrites à l'article 8 du Cahier des Charges.

L'impôt sur les transports à payer par les C. F. L. est fixé forfaitairement, avec effet au 1<sup>er</sup> janvier 1946, à 4% du montant des recettes brutes, à l'exclusion des subventions que l'Etat aura à verser, le cas échéant, en vertu de l'article 11 de la Convention belgo-franco-luxembourgeoise du 17 avril 1946.

**Art. 5.** Le Gouvernement du Grand-Duché règle la police et assure la sécurité des Chemins de fer et des Services de transport automobile relevant de la Société. Il peut faire assermenter des agents de la Société et leur conférer les fonctions et la compétence d'agents de la police judiciaire, le tout conformément aux lois et dispositions réglementaires luxembourgeoises sur la police des chemins de fer.

**Art. 6.** Sont abrogées toutes dispositions législatives ou réglementaires contraires à la présente loi et sont révoquées pour cause d'intérêt public, pour autant qu'il n'y ait pas lieu à déchéance pure et simple, toutes concessions relatives à l'exploitation des chemins de fer luxembourgeois, notamment celles conclues avec la Société Anonyme Royale Grand-Ducale des Chemins de fer Guillaume-Luxembourg et avec la Société Anonyme luxembourgeoise des Chemins de fer et Minières Prince Henri.

Le Gouvernement est autorisé à fixer par voie d'accord à l'amiable l'indemnité qui pourra être due aux deux sociétés concessionnaires.

**Art. 7.** Le Gouvernement est autorisé à racheter de la Société des Chemins de fer et Minières Prince Henri les objets mobiliers définis à l'art. 30 du cahier des charges des 14.12.1868—27.2.1869, c'est-à-dire le matériel roulant, les approvisionnements et l'outillage, aux prix convenus de gré à gré ou, si l'une des parties le réclame, à dire d'experts.

En outre, le Gouvernement est autorisé à rétrocéder à la Société nationale des Chemins de fer luxembourgeois le matériel roulant attaché au réseau, les approvisionnements, l'outillage et le mobilier se trouvant dans les magasins, ateliers et

bâtiments du réseau aux prix à déterminer par des experts à désigner par les Gouvernements belge, français et luxembourgeois.

**Art. 8.** Des arrêtés grand-ducaux ou des arrêtés ministériels suivant les cas interviendront pour fixer sur avis conforme de la Société, les mesures d'exécution de la présente loi.

**Art. 9.** Un crédit de fr. 512.339.475,61 est mis à la disposition du Gouvernement pour couvrir les dépenses résultant de l'application de la convention du 17 avril 1946, savoir :

- a) participation de l'Etat au capital de la Société Nationale, premier versement à faire lors de la constitution de la société . . . . fr. 204.000.000 —
- b) versement à effectuer dans deux ans au même titre . fr. 204.000.000 —
- c) montant des sommes dues à la S.N.C.F. par l'Etat . . . . . fr. 40.339.475 61
- d) indemnité forfaitaire pour dommages de guerre dus à la S.N.C.F. . . . . fr. 64.000.000 —

fr. 512.339.475 61

Les crédits désignés sub *a*, *c* et *d* figureront à l'art. 195<sup>4</sup> du Budget de 1947 avec le libellé qui précède.

Le crédit sub *b* sera inscrit au Budget de l'année afférente.

Par contre, le Gouvernement est autorisé à porter en recettes :

- a) montant des sommes dues à l'Etat par la S.N.C.F. . . . . fr. 11.536.099 76

- b) contrevalueur des approvisionnements, de l'outillage, du mobilier et du matériel roulant que l'Etat cédera à la Soc. Nationale . . . . . fr. 159.000.000 —

Ces sommes seront inscrites au Budget des recettes de 1947 sous l'article 63<sup>4</sup>.

Mandons et ordonnons que la présente loi soit insérée au *Mémorial*, pour être exécutée et observée par tous ceux que la chose concerne.

Luxembourg, le 16 juin 1947.

Charlotte.

Le Ministre des Transports,  
Robert Schaffner.

## CONVENTION BELGO-FRANCO-LUXEMBOURGEOISE DU 17 AVRIL 1946.

SON ALTESSE ROYALE MADAME LA GRANDE-DUCHESSE DE LUXEMBOURG,  
 SON ALTESSE ROYALE LE PRINCE RÉGENT AU NOM DE SA MAJESTÉ LE ROI DES BELGES,  
 SON EXCELLENCE MONSIEUR LE PRÉSIDENT DU GOUVERNEMENT PROVISOIRE DE LA  
 RÉPUBLIQUE FRANÇAISE,

Résolus à contribuer en commun à l'exploitation des chemins de fer luxembourgeois et désireux d'assurer au trafic à destination ou en provenance du Grand-Duché et de ses au-delà son cours naturel,

Considérant, en particulier, que les stipulations du traité d'union économique belgo-luxembourgeois appellent, en ce qui concerne le trafic ferroviaire dans le Grand-Duché, l'établissement de garanties destinées à faciliter l'application dudit traité,

Désireux, en outre, d'éviter les détournements du trafic au détriment du Luxembourg,  
 ont désigné pour Leurs Plénipotentiaires :

Son Altesse Royale Madame la Grande-Duchesse de Luxembourg :

Monsieur Pierre *Dupong*, Ministre d'Etat, Président du Gouvernement, et

Monsieur Victor *Bodson*, Ministre des Transports, de la Justice et des Travaux publics ;

Son Altesse Royale le Prince Régent de Belgique :

Monsieur le Vicomte Joseph *Berryer*, Ministre de Belgique à Luxembourg, et

Monsieur Ernest *Rongvaux*, Ministre des Communications ;

Le Président du Gouvernement Provisoire de la République Française :

Monsieur Armand Blánquet du *Chayla*, Ministre de France à Luxembourg, et

Monsieur Jules *Moch*, Ministre des Travaux publics et des Transports,

Lesquels, après s'être communiqué leurs pleins pouvoirs, trouvés en bonne et due forme, sont convenus des dispositions suivantes :

*Article premier.*

En vue d'assurer la gestion de l'ensemble des chemins de fer luxembourgeois, les Hautes Parties Contractantes constitueront une société luxembourgeoise dont le capital sera souscrit par Elles à raison de 24,5% pour la Belgique, 24,5% pour la France et 51% pour le Luxembourg.

*Article deux.*

La Société aura une durée de 99 ans à compter du 1<sup>er</sup> juin 1945. Deux ans avant l'expiration de ce délai, les Hautes Parties Contractantes se concerteront sur les modalités de liquidation de la société ou la création d'une société nouvelle.

*Article trois.*

Les textes organiques concernant la société seront arrêtés d'un commun accord entre les Hautes Parties Contractantes et approuvés par une loi grand-ducale.

*Article quatre.*

L'existence du réseau luxembourgeois unifié ne pourra être l'occasion de mesures ayant pour effet de détourner le trafic de la voie qu'il suivrait, si ce réseau faisait partie intégrante du réseau belge ou du réseau français.

Aucun détournement du trafic devant emprunter naturellement le réseau grand-ducal ne sera favorisé par des mesures prises par les administrations des chemins de fer belges ou français.

*Article cinq.*

Les tarifs dégressifs belges seront prolongés sur les chemins de fer luxembourgeois pour les transports en transit empruntant les réseaux belge, français et luxembourgeois.



*Article six.*

Les chemins de fer luxembourgeois fourniront, en tout temps, un matériel et mettront en œuvre une organisation technique tels que le trafic en transit par le réseau luxembourgeois ne subisse aucun retard et bénéficie des mêmes facilités que si le réseau luxembourgeois faisait partie intégrante du réseau belge ou du réseau français.

*Article sept.*

Les gares communes existant sur les lignes qui relient les chemins de fer belges ou français aux chemins de fer luxembourgeois et celles qui viendraient à y être établies, seront, du point de vue douanier, gares internationales. Du point de vue ferroviaire, elles seront l'origine et le terminus de l'exploitation des chemins de fer belges ou français et luxembourgeois.

*Article huit.*

Le Gouvernement Grand-Ducal est subrogé dans tous les droits et obligations de la Belgique, de la France et des anciens exploitants des Réseaux Guillaume-Luxembourg et Prince Henri, résultant de traités, conventions et accords ainsi que de l'exploitation de ces réseaux.\*)

*Article neuf.*

Les dettes et créances réciproques entre le Gouvernement luxembourgeois et la Société Nationale des Chemins de Fer Français ont été réglées à la date du 2 janvier 1946.

*Article dix.*

Le Gouvernement Grand-Ducal se réservera, dans tous actes relatifs à l'organisation des chemins de fer luxembourgeois, un droit d'intervention en vue de faire assurer l'application des clauses de la présente convention.

Il modifiera ou complétera en ce sens, s'il y a lieu, tous les actes intervenus avant la mise en vigueur de la présente convention.

*Article onze.*

Si, pour ménager des intérêts exclusivement luxembourgeois, le Gouvernement Grand-Ducal venait à prendre des mesures non compatibles avec une saine gestion industrielle et commerciale des chemins de fer, la charge en résultant serait intégralement supportée par l'Etat luxembourgeois.

*Article douze.*

A défaut d'accord sur une autre procédure de règlement, les Hautes Parties Contractantes conviennent de soumettre, par requête unilatérale, à la décision de la Cour de Justice Internationale toute contestation relative à l'application des dispositions qui précèdent.

*Article treize.*

La présente convention sera ratifiée; les instruments de ratification seront déposés aux archives du Ministère des Affaires Etrangères à Luxembourg dans le délai le plus bref possible. La Convention entrera en vigueur le jour du dépôt des ratifications.

Fait en triple original à Luxembourg, le dix-sept avril mil neuf cent quarante-six.

Pierre DUPONG.  
Victor BODSON.  
Joseph BERRYER.  
Ernest RONGVAUX.  
Armand Blanquet du CHAYLA.  
Jules Moch.

\*) voir Avenant (document n° III).

## Document N° II.

## PROTOCOLE ADDITIONNEL.

En vue de l'application des articles 4, 5 et 7 de la Convention, les Hautes Parties Contractantes sont convenues des dispositions suivantes, qui sont considérées comme partie intégrante de ladite Convention :

*A l'article 4.* — Les trains complets en provenance de la région d'Audun-le-Tiche et à destination de Thionville et des au-delà de Thionville, et vice versa, pourront continuer, comme par le passé, à être achevés par l'itinéraire d'Esch-sur-Alzette-Bettembourg.

Les établissements situés en territoire belge ou français et raccordés au réseau luxembourgeois ou desservis par ce réseau seront, du point de vue des conditions de transport et des tarifs, traités sur ce réseau comme les établissements similaires situés en territoire luxembourgeois.

*Aux articles 4 et 5.* — Les tarifs applicables sur les parcours en transit par le réseau luxembourgeois, non précédés ou suivis d'un parcours belge, seront fixés d'un commun accord entre les Gouvernements français et luxembourgeois.

Les tarifs applicables sur les parcours en transit par le réseau luxembourgeois, non précédés ou suivis d'un parcours français, seront fixés d'un commun accord entre les Gouvernements belge et luxembourgeois.

*A l'article 7.* — Les gares frontières communes sont celles de :

- Bettembourg (en territoire luxembourgeois sur la ligne de Luxembourg à Thionville)
- Audun-le-Tiche (en territoire français sur la ligne de Rédange à Bettembourg)
- Longwy (en territoire français sur la ligne de Longwy à Luxembourg)
- Athus (en territoire belge sur la ligne d'Athus à Esch).

Des conventions seront passées entre les chemins de fer belges et luxembourgeois ou français et luxembourgeois pour régler les conditions d'exploitation des gares communes et des sections de lignes comprises entre la frontière belgo-luxembourgeoise ou franco-luxembourgeoise et les gares frontières communes, ainsi que le régime des établissements raccordés aux gares communes.

Par dérogation aux dispositions de l'article 7, l'exploitation de la section de ligne Longwy-frontière luxembourgeoise par les chemins de fer luxembourgeois sera limitée à l'exécution des transports en provenance ou à destination du Luxembourg et de ses au-delà.

Fait en triple original à Luxembourg, le 17 avril 1946.

Pierre DUPONG.  
Victor BODSON.  
Joseph BERRYER.  
Ernest RONGVAUX.  
Armand Blanquet du CHAYLA.  
Jules MOCH.

## Document N° III.

## AVENANT.

Son Altesse Royale Madame la Grande-Duchesse de Luxembourg,  
Son Altesse Royale le Prince Régent au nom de sa Majesté le Roi des Belges,  
Son Excellence Monsieur le Président du Gouvernement provisoire de la République Française,

Ayant convenu de remplacer par un nouveau texte l'article 8 de la Convention belgo-franco-luxembourgeoise réglant l'exploitation du réseau des Chemins de Fer Luxembourgeois signée à Luxembourg, le 17 avril 1946,

Ont désigné pour leur plénipotentiaires :

Son Altesse Royale Madame la Grande-Duchesse de Luxembourg :

Monsieur Victor *Bodson*, Ministre des Transports, de la Justice et des Travaux Publics ;  
 Son Altesse Royale le Prince Régent de Belgique ;  
 Monsieur le Vicomte Joseph *Berryer*, Ministre de Belgique à Luxembourg ;  
 Le Président du Gouvernement provisoire de la République Française ;  
 Monsieur Jean-Louis *Toffin*, Chargé d'Affaires de France à Luxembourg ;  
 Lesquels, après s'être communiqué leurs pleins pouvoirs trouvés en bonne et due forme, sont convenus de la disposition suivante :

*Article 8* (nouveau) :

Le Gouvernement Grand-Ducal est subrogé dans tous les droits et obligations de la Belgique, de la France et des anciens exploitants du réseau Guillaume-Luxembourg (ancienne administration des Chemins de fer d'Alsace et de Lorraine et Société Nationale des Chemins de fer français) et du réseau Prince Henri résultant de traités, conventions et accords ainsi que de l'exploitation de ces réseaux.

Fait en triple original à Luxembourg, le 26 juin 1946.

Victor BODSON.  
 Joseph BERRYER.  
 Jean-Louis TOFFIN.

**Document N° IV.**

**STATUTS**

de la

**SOCIÉTÉ NATIONALE DES CHEMINS DE FER LUXEMBOURGEOIS.**

Les statuts de la Société Nationale des Chemins de fer luxembourgeois, appelée ci-après, les C.F.L. sont établis comme suit :

CHAPITRE 1<sup>er</sup>.

**Dénomination, siège, objet et durée de la Société.**

Article 1<sup>er</sup>.

En exécution de la Convention belgo-franco-luxembourgeoise relative à l'exploitation des Chemins de fer du Grand-Duché en date du 17 avril 1946, il est créé une Société de droit luxembourgeois jouissant de la personnalité civile, régie sous réserve des dérogations approuvées ou prévues par la loi du 16 juin 1947, par le Code de Commerce et par les lois en vigueur sur les Sociétés luxembourgeoises, ainsi que par les présents Statuts, sous la dénomination de « Société Nationale des Chemins de Fer Luxembourgeois », en abrégé C.F.L.

Ses engagements sont réputés commerciaux.

Article 2.

Son siège est établi à Luxembourg.

Le Conseil d'Administration pourra ouvrir des agences à l'étranger ainsi que des établissements auxiliaires dans toutes les localités du territoire sur lequel s'exerce l'activité de la Société.

Article 3.

Sont applicables aux C.F.L. les dispositions du cahier des charges pour l'exploitation des chemins de fer annexé aux présents statuts, ainsi que les lois de police réglementant la dite exploitation dans le Grand-Duché pour autant qu'elles ne soient pas en opposition avec celles qui sont visées à l'article premier des présents statuts.

Article 4.

La société a pour objet d'administrer et d'exploiter les chemins de fer luxembourgeois suivant les méthodes industrielles.

Dans l'intérêt d'une bonne gestion industrielle :

a) Le Ministre des Transports du Grand-Duché pourra, moyennant l'accord préalable et unanime des trois associés de la dite Société nationale, proposer au Grand-Duc et déposer des projets de loi en vue de permettre à la Société Nationale des Chemins de fer luxembourgeois de réaliser des extensions du réseau par construction de lignes nouvelles.

b) un règlement d'administration publique pris après délibération du Gouvernement en conseil pourra moyennant l'accord préalable et unanime des trois associés de la dite Société nationale :

1° réduire, suspendre ou supprimer des services ferroviaires sur les lignes ou sections de ligne dont l'exploitation s'avère habituellement déficitaire ;

2° autoriser la Société Nationale des Chemins de Fer Luxembourgeois à effectuer par un autre moyen de transport, soit par adjonction, soit par substitution la desserte d'une ligne ou d'une section de ligne ferrée dont l'exploitation s'avère habituellement déficitaire ;

3° habiliter la Société Nationale des Chemins de Fer Luxembourgeois à prendre toutes participations dans une entreprise de transport public, sur le territoire et aux abords immédiats du Grand-Duché.

#### Article 5.

La Société aura une durée de 99 ans à compter du 1<sup>er</sup> juin 1945. Elle ne pourra être dissoute par anticipation que du consentement des Hautes Parties Contractantes à la Convention belgo-franco-luxembourgeoise relative à l'exploitation des chemins de fer grand-ducaux en date du 17 avril 1946. Trois ans avant l'expiration de la Société ou en cas de dissolution anticipée de celle-ci les Hautes Parties Contractantes se concerteront sur les modalités de prorogation ou de liquidation de la Société, ou de la création d'une société nouvelle.

En cas de liquidation l'actif net de la Société sera réparti entre les trois Etats au prorata du nombre des parts de la Société qu'ils possèdent.

La pleine jouissance des biens immobiliers du réseau, immeubles par destination compris, fera immédiatement retour à l'Etat grand-ducal.

Quant au matériel roulant, approvisionnements, outillage et autres objets mobiliers, les C. F. L. devront les remettre à l'Etat aux prix convenus de gré à gré, ou, si l'une des parties le réclame, fixés à dire d'experts désignés d'un commun accord.

### CHAPITRE II.

#### Capital social, apports.

##### Article 6.

Le capital social est fixé à huit cent millions de francs, représenté par mille parts de même valeur nominale et souscrit à raison de 510 parts par l'Etat grand-ducal, de 245 parts par le co-participant belge et de 245 parts par le co-participant français. La moitié du capital sera libérée lors de la constitution de la Société, l'autre moitié ne pourra être appelée qu'après un délai de deux années au moins à compter de la date de la constitution de la Société.

Aucune modification du capital social ne pourra être réalisée sans l'accord des trois co-participants.

##### Article 7.

L'Etat Grand-Ducal confère à la Société, à dater de sa constitution jusqu'à l'expiration du présent contrat de société le droit d'exploiter toutes les lignes de chemin de fer établies sur le territoire Grand-Ducal et remises en bon état d'exploitation.

Ce droit comporte la jouissance, dans le sens le plus étendu, de tous les immeubles, terrains, bâtiments et dépendances à l'usage du Chemin de fer ainsi que des installations fixes et le bénéfice de tous contrats et baux conclus dans l'intérêt de l'exploitation.

L'Etat Grand-Ducal garantit à la Société le plein exercice du droit d'exploiter tel qu'il vient d'être défini ci-dessus. Il s'engage notamment, tant envers la Société qu'envers les co-participants, à supporter toutes

les conséquences juridiques et financières qui résulteraient des revendications que pourraient formuler les anciens concessionnaires ou exploitants en raison de la privation de leurs droits antérieurs par le fait de l'Etat luxembourgeois.

En contre-partie, la Société accepte de supporter :

1° la charge des pensions dont les arrérages viennent à échéance pendant la durée effective de son existence,

2° les charges financières définies à l'article 33 ci-après.

#### Article 8.

L'Etat Grand-Ducal fait apport à la Société d'une somme de 408.000.000 fr. en espèces.

En rémunération de cet apport, l'Etat Grand-Ducal reçoit 510 parts de capital.

Le co-participant français fait apport à la Société d'une somme de 196.000.000 fr. en espèces.

En rémunération de cet apport, il reçoit 245 parts de capital.

Le co-participant belge fait apport à la Société d'une somme de 196.000.000 fr. en espèces.

En rémunération de cet apport, il reçoit 245 parts de capital.

#### Article 9.

La Société sera tenue d'effectuer les réparations de tous genres, y compris les grosses réparations, qui deviendraient nécessaires pendant la durée de la jouissance.

Par contre elle n'aura à supporter aucune charge du fait de la réparation des dommages de guerre.

Elle doit restituer à l'expiration de sa jouissance les immeubles, le matériel roulant, les installations, les machines, l'outillage, le mobilier et les approvisionnements en quantité et dans un état tel qu'ils puissent assurer l'exploitation normale du réseau au moment de cette restitution.

#### Article 10.

Tous les agents inscrits au cadre permanent du réseau en activité de service à la date du 1<sup>er</sup> juin 1945 sont incorporés dans le cadre permanent du personnel des C.F.L. avec leurs droits acquis, avec la même échelle, le même échelon et la même ancienneté. Les auxiliaires conservent les droits acquis à la même date.

#### Article 11.

La Société ne peut céder tout ou partie de son droit d'exploitation à des tiers associés ou non.

Sont considérées comme cessions non seulement les conventions portant aliénation du droit d'exploitation, mais tous actes par lesquels la Société transférerait, à titre onéreux ou à titre gratuit par bail, fusion ou autrement, l'exploitation totale ou partielle d'une ou de plusieurs lignes.

#### Article 12.

Les parts sont incessibles et inaliénables. Les droits afférents à ces parts sont ceux des actions dans les Sociétés Anonymes de droit luxembourgeois, sous réserve des dispositions des présents statuts.

Les participants ne sont tenus que jusqu'à concurrence de leur souscription au capital social.

### CHAPITRE III.

#### Administration et Surveillance.

#### Article 13.

La Société sera administrée par un Conseil d'Administration de 21 membres nommés pour six ans, de la manière suivante :

1° 11 membres, dont le Président, de nationalité luxembourgeoise, nommés par arrêté grand-ducal ;

2° 5 membres, dont un vice-président, nommés par le Gouvernement belge ;

3° 5 membres, dont un vice-président, nommés par le Gouvernement français.

Les Administrateurs sont les mandataires de la Société. Les administrateurs désignés par les Gouvernements belge et français ont en outre pour mission de faire rapport à leur Gouvernement sur toute question relative aux intérêts de leur pays et de veiller à l'application de la Convention du 17 avril 1946.

A la fin de leur mandat, en cas de décès, démission ou de révocation, les co-participants nommeront respectivement les nouveaux titulaires, comme il est dit ci-dessus.

L'Administrateur nommé en remplacement d'un autre achève le mandat de celui qu'il remplace.

Le droit de révocation appartient aux autorités qui ont droit de nomination.

#### Article 14.

Les fonctions de membre du Conseil d'Administration sont incompatibles avec celles de Ministre, de membre des Chambres législatives et de membre du Conseil d'Etat luxembourgeois.

Il est interdit aux administrateurs de prendre ou de conserver un intérêt direct ou indirect dans une entreprise privée ou dans un marché fait avec les C.F.L. ou pour leur compte, à moins qu'ils n'y soient autorisés par le Conseil d'Administration, ou qu'il ne s'agisse d'un contrat ou marché conclu avec l'un des co-participants.

Chaque année, il est fait rapport au Ministre des Transports sur les opérations autorisées par le Conseil aux termes du paragraphe précédent.

En outre, lorsque le Conseil d'Administration examinera un marché ou traité de quelque nature qu'il puisse être, à conclure entre les C.F.L. et toute entreprise privée dans laquelle un des administrateurs de la Société aurait des intérêts au titre de propriétaire, gérant ou administrateur, cet administrateur ne prendra pas part au vote.

Dans les cas prévus au précédent alinéa, il sera rendu compte chaque année, au Ministre des Transports, des conditions de passation des marchés ou traités en question.

#### Article 15.

Le Directeur des C.F.L. nommé conformément à l'article 24 des présents statuts ou son délégué peut être appelé par le Conseil d'Administration à assister aux réunions du Conseil, avec voix consultative.

#### Article 16.

Lés rémunérations du Président, des administrateurs membres du Comité Permanent visé à l'article 20 et des autres administrateurs seront fixées par le Ministre des Transports sur proposition du Conseil d'Administration.

#### Article 17.

Le Conseil d'Administration se réunit sur la convocation de son Président aussi souvent que l'exige l'intérêt de la Société et au moins une fois par trimestre.

Il doit être convoqué obligatoirement soit sur la demande du Ministre des Transports, soit sur demande de cinq administrateurs, soit sur demande de deux membres du Conseil de Surveillance visé à l'article 26.

Il se réunit soit au siège social, soit en tout autre lieu indiqué dans la lettre de convocation qui sera en principe, adressée quinze jours avant la séance et qui précisera l'ordre du jour. Dans les cas d'urgence le délai sera ramené à deux jours ouvrables et les convocations devront être adressées télégraphiquement.

Chaque administrateur aura le droit de faire porter à l'ordre du jour toute question qu'il paraîtra utile d'examiner.

#### Article 18.

Pour que le Conseil puisse valablement délibérer, il suffit que la moitié au moins de ses membres en exercice soit présente. Sur deuxième convocation d'une même réunion, tenue au plus tard dans les trois semaines, le Conseil peut valablement délibérer sur le même ordre du jour quel que soit le nombre des membres présents.

Les délibérations sont prises à la majorité des voix des membres présents ; en cas de partage, la voix de celui qui préside le Conseil est prépondérante.

Le Président ou un administrateur absent peuvent se faire représenter pour la présidence et le vote par un autre administrateur, mais un administrateur ne peut représenter comme mandataire, qu'un seul de ses collègues.

Exceptionnellement un administrateur belge ou français pourra se faire représenter par un mandataire spécial agréé par le co-participant intéressé.

Sur proposition de chacun des trois co-participants, le Conseil désigne les personnes devant remplir les fonctions de secrétaire et qui peuvent être prises en dehors de ses membres ; il en fixe aussi les émoluments.

#### Article 19.

Les délibérations du Conseil d'Administration sont constatées par des procès-verbaux inscrits sur registre spécial et signés par le Président en fonction et par les administrateurs et secrétaires présents à la séance.

Les copies ou extraits de ces procès-verbaux à produire en justice ou en toute autre circonstance sont signés soit par le Président du Conseil d'Administration, soit par deux autres administrateurs. La justification du nombre des administrateurs en exercice et de leur nomination, ainsi que du mandat donné par les Administrateurs représentés à la séance résulte valablement, vis-à-vis des tiers, de la simple énonciation dans le procès-verbal du nom des administrateurs présents ou représentés et du nom des administrateurs absents non représentés.

#### Article 20.

Le Conseil d'Administration peut élire dans son sein quatre membres, dont un Belge et un Français qui formeront un Comité permanent, chargé notamment de l'instruction et de la préparation des questions à soumettre au Conseil d'Administration et de la surveillance de l'exécution des décisions de celui-ci. Un des membres du Comité permanent sera choisi parmi les administrateurs luxembourgeois représentant le personnel.

#### Article 21.

Les C. F. L. sont représentés vis-à-vis de tiers et vis-à-vis de toutes administrations par leur Conseil d'Administration. La Société plaide en justice sous la dénomination « C. F. L. », poursuites et diligences de son Conseil d'Administration, représenté par son Président.

Le Conseil d'Administration a les pouvoirs les plus étendus pour gérer et administrer la Société, y compris ceux de vendre, d'acquérir, de transiger et de compromettre.

#### Article 22.

Par dérogation à ce qui précède, seront soumises à l'approbation du Ministre des Transports, les délibérations du Conseil d'Administration sur les objets suivants :

1° Les aliénations, acquisitions, échanges de biens ou de droits immobiliers, si la valeur dépasse un million de francs ;

2° Les contrats d'adjudication conclus pour un terme de plus de dix ans ou dont le montant dépasse deux millions de francs et les marchés de gré à gré, dont le montant dépasse un million.

#### Article 23.

Le Conseil d'Administration peut déléguer ses pouvoirs, pour un objet et des affaires déterminées, dans les limites et aux conditions qu'il déterminera, à son Président, à un ou plusieurs administrateurs ou au Comité permanent prévu à l'article 20 des présents statuts.

#### Article 24.

Le Conseil d'Administration choisit le Directeur du Réseau qui pour la gestion courante et des affaires déterminées exerce les pouvoirs, que lui délègue le Conseil d'Administration. Dans les limites déterminées par le Conseil d'Administration, il peut sous-déléguer ses pouvoirs.

Les fonctions de Directeur du Réseau ne peuvent être cumulées avec celles d'Administrateur. Le Directeur du Réseau doit avoir la nationalité luxembourgeoise. La nomination du Directeur du Réseau est sujette à l'approbation du Gouvernement.

- b) après paiement des 2% de dividende cités ci-dessus le surplus sera réparti :  
 à raison de 50%, pour le paiement d'une prime d'exploitation au personnel ou en faveur d'une œuvre sociale pour le personnel ;  
 à raison de 50%, aux trois co-participants au prorata de leur souscription au capital social.  
 Un règlement d'administration publique déterminera les modalités de répartition ou l'affectation de la part des bénéfices revenant au personnel.

## CHAPITRE V. Inventaire et bilan.

### Article 35.

L'année sociale commence le 1<sup>er</sup> janvier de chaque année ; toutefois le 1<sup>er</sup> exercice prendra cours le 1<sup>er</sup> juin 1945 et finira le 31 décembre 1946.

Chaque année, le 31 décembre, et pour la première fois le 31 décembre 1946, les écritures sociales sont clôturées et il est dressé un inventaire, un bilan, un compte d'établissement, un compte d'exploitation et un compte de profits et pertes.

Après vérification par le collège des commissaires, le bilan et le compte de profits et pertes sont soumis à l'approbation du Conseil d'Administration.

Ensuite ils sont soumis à l'approbation du Gouvernement luxembourgeois.

L'approbation des comptes ou le défaut d'observation de la part du Gouvernement luxembourgeois dans les trois mois suivant la présentation des comptes vaut quitus aux administrateurs pour les actes accomplis par eux, en leur qualité d'administrateur de la Société, au cours de l'exercice considéré.

Il en est de même pour les commissaires.

## CHAPITRE VI. Modifications aux Statuts.

### Article 36.

Les présents Statuts et le Cahier des Charges annexé ne pourront être modifiés que par une loi sur proposition du Conseil d'Administration et du consentement des Hautes Parties Contractantes à la Convention belgo-franco-luxembourgeoise relative à l'exploitation des Chemins de fer du Grand-Duché en date du 17 avril 1946.

## Document N° V.

## CAHIER DES CHARGES de la SOCIÉTÉ NATIONALE DES CHEMINS DE FER LUXEMBOURGEOIS.

### TITRE 1<sup>er</sup>.

#### Dispositions Générales.

##### Article 1<sup>er</sup>.

La Société Nationale des Chemins de Fer Luxembourgeois désignée ci-après par les lettres C.F.L., est tenue d'exploiter commercialement, d'une façon continue et régulière et en respectant le principe de l'égalité des usagers, les lignes ferrées qu'elle gère en exécution de la Convention belgo-franco-luxembourgeoise du 17 avril 1946 approuvée par la loi du 16 juin 1947.

Tout en s'efforçant d'obtenir un rendement optimum de la dite exploitation, les C.F.L. pratiqueront une stricte égalité de traitement de tous les intérêts du Grand-Duché, de la Belgique et de la France.

##### Article 2.

Le présent cahier des charges s'applique aux dites lignes ferrées.



## Article 3.

Lorsque, conformément à l'article 4, alinéa 2 des statuts, un arrêté grand-ducal pris après délibération du Gouvernement en Conseil autorise les C.F.L. à effectuer, par un autre moyen de transport, soit par adjonction, soit par substitution, la desserte d'une ligne ou d'une section de ligne ferrée dont l'exploitation s'avère habituellement déficitaire, le service dont il s'agit est soumis aux conditions et obligations déterminées par le Ministre des Transports selon la nature du nouveau mode de transport.

## Article 4.

Les C.F.L. sont entendus par les autorités compétentes préalablement à l'octroi de toute autorisation ou concession relative aux transports d'intérêt général tels que chemins de fer, téléferiques, autostrades, pipe-lines, lignes de navigation aérienne.

Les C.F.L. jouissent d'un droit de préférence quant à l'octroi de toute concession ou autorisation de transport par fer ou par route. Ce droit doit s'exercer dans les deux mois de l'introduction des demandes d'autorisation ou de concession.

## Article 5.

Les C.F.L. font les règlements d'ordre intérieur, de service et d'exploitation et les soumettent à l'approbation du Ministre des Transports.

Ces règlements obligent non seulement les C.F.L. mais quiconque utilise les chemins de fer ou s'y branche.

Les horaires des trains ordinaires de voyageurs sont communiqués au Ministre des Transports dans les conditions fixées par arrêté ministériel. Ils sont applicables à titre provisoire, à la date annoncée pour leur mise en vigueur, si le Ministre n'y fait pas opposition.

Ils sont tenus, dans les gares, à la disposition du public, dans les conditions établies par le Ministre des Transports sur la proposition des C.F.L.

## Article 6.

Des règlements d'administration publique pris après consultation des C.F.L. déterminent les mesures et dispositions nécessaires pour assurer la police, la sûreté et l'exploitation du chemin de fer ainsi que la conservation des ouvrages qui en dépendent.

Les dépenses entraînées par l'exécution des mesures prescrites par ces textes sont à la charge des C.F.L.

## Article 7.

Le contrôle administratif, technique et financier du Ministre des Transports sur les chemins de fer est exercé sous son autorité par un ou plusieurs commissaires du Gouvernement.

Les frais du contrôle administratif, technique et financier exercé par les fonctionnaires nommés par le Gouvernement Luxembourgeois sont à la charge de l'Etat grand-ducal. Leurs traitements sont fixés par le Ministre des Transports, par assimilation aux rémunérations fixées pour les agents des C.F.L. remplissant des fonctions de même importance, le Conseil d'Administration de la Société entendu. Les pensions dont ils jouiront sont à la charge de l'Etat. Ces fonctionnaires sont transportés gratuitement.

Afin de pourvoir aux frais de contrôle, les C.F.L. sont tenus de verser chaque année, à l'Etat luxembourgeois une redevance forfaitaire correspondant, au cours de l'exercice considéré à une somme calculée sur la base 1913 de 30.000 frs., d'après la formule du nombre-indice applicable aux traitements des fonctionnaires.

Les attributions des Commissaires seront déterminées par règlement d'administration publique.

## Article 8.

L'impôt sur les transports est acquitté par la Société, mais il est récupéré sur les usagers et incorporé dans les tarifs.

La Société jouit des exemptions fiscales ci-après :

a) *Impôt de l'Etat sur le revenu.*

## Article 25.

Les actes engageant les C. F. L. délibérés par le Conseil d'Administration devront porter les signatures conjointes du Président et d'un membre du Conseil, le Président ayant droit de déléguer un autre membre à ses lieu et place. La correspondance officielle est signée par le Président du Conseil d'Administration avec faculté de délégation à un membre du Conseil, elle est contresignée par le Directeur.

La correspondance de service est signée par le Directeur de la Société ou son délégué.

## Article 26.

La surveillance de la Société est confiée à un collège de cinq commissaires, dont trois de nationalité luxembourgeoise.

Ils seront nommés pour six ans.

Le droit de nomination, de remplacement et de révocation appartient pour trois membres au Gouvernement Grand-Ducal, pour un membre au Gouvernement belge et pour un autre au Gouvernement français.

Les dispositions relatives aux incompatibilités, interdictions et mesures de contrôle prévues à l'article 14 leur sont applicables.

Chaque commissaire a le droit d'investigation et le contrôle le plus large sur tout ce qui se rapporte à la gestion de la Société ainsi qu'aux intérêts de son pays. Le bilan, le compte d'établissement, le compte d'exploitation et le compte de profits et pertes devront être soumis à la vérification des commissaires le 15 avril de chaque année au plus tard.

Chaque commissaire peut se faire assister dans l'accomplissement de sa mission d'adjoints techniques.

## Article 27.

Il est attribué aux commissaires des émoluments fixés par le Ministre des Transports sur proposition du Conseil d'Administration.

## CHAPITRE IV.

**Dispositions financières.**

## Article 28.

Avant le 1<sup>er</sup> novembre de chaque année, le Conseil d'Administration arrête le budget de l'exercice suivant, budget qui pourra être revu périodiquement.

L'équilibre entre les dépenses et les recettes telles qu'elles sont définies à l'article 33 ci-après sera assuré, soit par des mesures d'économie, soit par des augmentations ou aménagements de tarifs.

## Article 29.

Les augmentations de tarifs proposées par le Conseil d'Administration doivent être approuvées par le Ministre des Transports dans le délai d'un mois, à moins que le Gouvernement n'obtienne dans le même délai, de la Chambre des députés, un crédit destiné à couvrir la totalité de l'insuffisance des recettes due à la non-approbation de l'augmentation de tarifs proposée.

A défaut du vote de ce crédit dans un délai de deux mois à partir du jour de la proposition faite par le Conseil d'Administration, les mesures proposées deviennent applicables de plein droit.

Les abaissements ou aménagements de tarifs demandés par le Gouvernement ne seront mis en vigueur qu'après le vote par la Chambre des députés d'un crédit couvrant la totalité de la diminution des recettes correspondantes.

## Article 30.

La Société ne peut emprunter que pour faire face à ses besoins de trésorerie courante, pour couvrir les dépenses complémentaires d'établissement et, le cas échéant, les dépenses d'établissement de lignes nouvelles.

Les emprunts émis par la Société Nationale avec l'accord de l'Etat luxembourgeois, bénéficieront de la garantie de celui-ci tant pour le remboursement du capital que pour le service des intérêts.

## Article 31.

La comptabilité des C.F.L. est tenue suivant les principes de la comptabilité industrielle. Elle comprendra un compte d'établissement et un compte d'exploitation.

## Article 32.

Des prélèvements destinés à alimenter un fonds de renouvellement du matériel et des installations, un fonds de réserve et un fonds d'assurance seront portés chaque année au compte d'exploitation.

Le prélèvement en faveur du fonds de renouvellement est calculé de façon à représenter l'amortissement normal des voies, du matériel, de l'outillage, des bâtiments et des ouvrages d'art, d'après des formules à arrêter par le Conseil d'Administration.

Le prélèvement destiné au fonds de réserve est de 2½% du montant des recettes brutes. Il cessera quand l'avoir du fonds aura atteint 20% de la recette moyenne brute des cinq dernières années.

Le fonds d'assurance a pour objet de couvrir les dommages matériels causés aux tiers, les accidents de trafic et les sinistres. Les disponibilités du fonds d'assurance ne peuvent être placées qu'en fonds d'Etat ou en titres d'emprunts garantis par l'Etat.

Les produits de ces placements sont acquis au fonds d'assurance.

Le prélèvement en faveur du fonds d'assurance est égal à ½% des recettes brutes. Il cessera quand le fonds aura atteint 15% de la recette moyenne brute des cinq dernières années.

## Article 33.

Les recettes et les dépenses à mettre en équilibre, conformément à l'article 28, comprennent notamment :

A. — Les recettes de toute nature y compris les subventions versées en vertu de l'article 29.

B. — Les dépenses ci-après :

a) les dépenses d'exploitation proprement dites y compris les prélèvements prévus à l'article précédent.

b) les charges de capital du réseau à verser à l'Etat Grand-Ducal :

1° la participation des C.F.L. dans les annuités pouvant revenir aux Sociétés Guillaume-Luxembourg et Prince Henri ; cette participation sera fixée au plus tard le 1<sup>er</sup> juillet 1947 d'accord entre le Gouvernement Grand-Ducal et la Société Nationale des Chemins de Fer Luxembourgeois, la décision prise en l'espèce requérant l'adhésion des trois co-participants.

2° L'annuité due à l'Etat Grand-Ducal en remboursement de ses avances pour travaux complémentaires d'établissement.

Cette annuité sera calculée au taux de 6,06% (intérêts et amortissement) sur la somme restant à amortir le 1<sup>er</sup> juin 1945. Elle sera payée pendant une période de 60 ans, sauf remboursement anticipé par la Société de tout ou partie du capital restant à amortir.

3° La somme due à l'Etat Grand-Ducal en remboursement de ses avances pour la couverture du déficit des Chemins de fer Luxembourgeois pour la période du 1<sup>er</sup> juin 1945 au 1<sup>er</sup> mai 1946. Les conditions du remboursement de ces avances seront fixées d'un commun accord entre le Gouvernement Grand-Ducal et la Société des Chemins de Fer Luxembourgeois, avec l'agrément unanime des trois co-participants.

4° L'annuité due à l'Etat Grand-Ducal pour la période du 1<sup>er</sup> juin 1945 au 31 décembre 1948, au titre de la créance de la Société Nationale des Chemins de fer français qui fait l'objet de l'article 3 de la Convention franco-luxembourgeoise des 28/31 juillet 1939.

c) les charges d'intérêt et d'amortissement des emprunts contractés par la Société.

d) l'amortissement du montant libéré du capital social, suivant un tableau d'amortissement à annexer aux présents statuts.

e) l'intérêt fixe de 2% net du montant libéré du capital social non encore amorti.

## Article 34.

Le bénéfice net du compte d'exploitation sera réparti comme suit :

a) paiement d'un premier dividende au capital non encore amorti ; ce dividende ne pourra dépasser 2% net ;

La Société n'est assujettie à l'impôt sur le revenu que sur les bénéfices répartis (article 34 des statuts) ; ceux-ci ne sont pas imposables dans la personne des participants.

Est exonéré également de l'impôt sur le revenu, dans la personne de la Société et dans la personne des bénéficiaires, l'intérêt fixe de 2% payable sur le montant libéré du capital non encore amorti, conformément à l'art. 33, sub B. e) des statuts.

b) *Impôt foncier.*

Les terrains, bâtiments et dépendances des chemins de fer faisant partie du domaine public sont exempts de toutes contributions foncières au profit de l'Etat.

c) *Impôt sur le capital.*

La société est affranchie des impôts sur le capital.

d) *Droits de timbre et d'enregistrement.*

Les C.F.L. sont exempts des droits de timbre et d'enregistrement à l'exception de la taxe d'abonnement et du droit de timbre sur les obligations à émettre par la Société.

En outre, les C.F.L. sont assimilés à l'Etat en ce qui concerne :

- 1° les impôts et taxes grevant les véhicules automobiles qu'ils utilisent ;
- 2° les droits de succession et de mutation.

Dans le cas où les exemptions fiscales, dont jouissent actuellement la Société Nationale des Chemins de fer belges et la Société Nationale des Chemins de fer français, seraient supprimées, en tout ou en partie, l'Etat grand-ducal pourrait apporter des modifications analogues au régime fiscal déterminé ci-dessus.

Article 9.

Les litiges s'élevant entre les pouvoirs publics et les C.F.L. au sujet de l'exécution et de l'interprétation des clauses du présent cahier des charges sont jugés par le Conseil d'Etat.

TITRE 2.

**Exploitation technique, Travaux, Voies, Matériel, Outillage.**

Article 10.

Les conditions de tracé et de construction des lignes ouvertes à l'exploitation à la date du 1<sup>er</sup> juin 1945, continuent à être fixées par les dispositions des projets approuvés.

Les parties de seconde voie et les autres ouvrages qu'il pourrait être nécessaire d'établir ultérieurement sur l'une quelconque de ces lignes seront exécutés conformément aux dispositions des projets précédemment approuvés pour la même ligne, à moins que le Ministre des Transports ne prescrive de nouvelles dispositions sur la proposition des C.F.L., ou après consultation de ceux-ci.

Article 11.

Le chemin de fer et toutes ses dépendances, ainsi que le matériel roulant et d'exploitation, sont constamment entretenus dans un état tel que les besoins du trafic et la circulation des trains soient assurés avec le maximum de sécurité et de facilité.

Toutefois, cette obligation est limitée :

- 1° En cas de réduction du trafic, aux exigences du service réduit maintenu ;
- 2° En cas de suspension ou de suppression du trafic ferroviaire sur une ligne ou une section de ligne conformément à l'article 4, sub 2 des statuts, en ce qui concerne le gros-œuvre de l'infrastructure, aux mesures nécessaires pour assurer la sécurité publique et le respect des droits des tiers.

Dans la deuxième hypothèse, le Ministre des Transports peut autoriser les C.F.L. à supprimer les installations de chemin de fer rendues inutiles par les transformations ainsi apportées à l'exploitation.

Article 12.

Sont à considérer comme dépenses d'établissement, les dépenses ayant trait à des travaux complémentaires, à des acquisitions de matériel, de mobilier et d'outillage ou à des dépenses rattachées (approvisionnements, etc...), qui représentent une augmentation du capital du réseau.

Le programme des travaux complémentaires de premier établissement est soumis à l'approbation du Ministre des Transports dans les conditions fixées par arrêté ministériel.

Article 13.

Les C.F.L. sont investis, pour l'exécution des travaux leur incombant, de tous les droits que les lois et règlements confèrent à l'Etat en matière de travaux publics, notamment pour l'acquisition des terrains par voie d'expropriation pour cause d'utilité publique et pour l'extraction, le transport et le dépôt des terres et matériaux. Toutefois, ils demeurent soumis à toutes les obligations qui dérivent, pour l'Etat, de ces lois et règlements.

Article 14.

Les C.F.L. sont tenus, pour l'étude et l'exécution de ces projets, d'accomplir toutes les formalités et de remplir toutes les conditions exigées par les lois, décrets et règlements relatifs aux travaux mixtes.

Article 15.

Les marchés et traités des C.F.L. sont passés après appel à la concurrence, sauf exceptions justifiées et précisées par un règlement particulier.

Article 16.

Les terrains acquis par les C.F.L., postérieurement au bornage général, en vue de satisfaire aux besoins de l'exploitation et qui, de ce fait, deviennent partie intégrante du chemin de fer donnent lieu, au fur et à mesure de leur acquisition à de nouveaux bornages et sont ajoutés sur le plan cadastral.

Article 17.

Si des routes de l'Etat ou des chemins repris, vicinaux, ruraux ou particuliers, sont traversés à leur niveau par le chemin de fer, les rails doivent être posés sans aucune saillie, ni dépression sur la surface de ces routes, et de telle sorte qu'il n'en résulte aucune gêne pour la circulation routière.

Sauf dérogation autorisée par le Ministre des Transports en raison des circonstances locales, le croisement à niveau du chemin de fer et des routes ne peut s'effectuer sous un angle inférieur à trente-cinq degrés.

Le Ministre fixe, les C.F.L. entendus, les conditions auxquelles doivent répondre les passages à niveau pour que les C.F.L. soient dispensés d'y placer ou d'y maintenir les barrières prévues par l'article 4 de la loi du 17 décembre 1859 sur la Police des chemins de fer et d'y entretenir des gardiens. La liste des passages à niveau auxquels cette dispense est applicable est dressée par les C.F.L. et soumise à l'homologation du Ministre des Transports.

Article 18.

Si le Gouvernement ordonne ou autorise la construction de routes, de chemins de fer ou de canaux qui traversent les lignes objet du présent Cahier des Charges, toutes les dispositions nécessaires doivent être prises pour qu'il n'en résulte aucun obstacle à la construction ou au service du chemin de fer, ni des frais supplémentaires pour les C.F.L.

Article 19.

• Les C.F.L. sont dispensés d'établir ou de maintenir les clôtures prévues par l'article 4 de la loi du 17 décembre 1859 sur la Police des chemins de fer, aux emplacements qui répondront aux conditions fixées par le Ministre des Transports sur la proposition des C.F.L.

Article 20.

Les concessions de chemin de fer s'embranchant sur les chemins de fer qui font l'objet du présent Cahier des Charges ou les prolongeant, ne doivent apporter aucun obstacle à la circulation, ni provoquer des frais pour les C.F.L.

Les concessionnaires ou exploitants de chemins de fer d'embranchement ou de prolongement peuvent, moyennant les prix à convenir et l'observation des règlements de police et de service, faire circuler leurs voitures, wagons, machines et autre matériel roulant sur les lignes exploitées aux conditions du présent

Cahier des Charges. Les C. F. L. ont, dans les mêmes conditions, pareil droit pour la circulation de leurs locomotives, voitures, wagons et autre matériel roulant, sur les dits embranchements et prolongements.

Si le concessionnaire ou l'exploitant d'un embranchement ou prolongement ou si les C. F. L. n'usent pas du droit mentionné à l'alinéa précédent, toutes mesures doivent être prises par eux pour que le service de transport ne subisse aucune interruption au point de jonction des diverses lignes.

Dans le cas où le service des chemins de fer d'embranchement devrait être établi dans les gares des C. F. L. la redevance à payer à la dite société serait réglée d'un commun accord entre elle et le concessionnaire ou exploitant intéressé.

Les C. F. L., le concessionnaire ou l'exploitant qui se servent d'un matériel qui n'est pas leur propriété doivent acquitter une indemnité en rapport avec l'usage et la détérioration de ce matériel.

Les C. F. L. sont tenus, si le Ministre des Transports le juge convenable, de partager l'usage des stations établies à l'origine des chemins de fer d'embranchement avec les concessionnaires ou exploitants des dits chemins de fer.

En cas de désaccord entre les C. F. L. et les concessionnaires ou exploitants, sur l'application des clauses du présent article, il sera statué par le Ministre des Transports.

Les dispositions prévues ci-dessus en faveur des lignes d'embranchement ou de prolongement cesseront d'être applicables à celles de ces lignes qui ne seraient plus effectivement exploitées par voie ferrée comme à celles qui, du fait de la suspension du service sur certaines lignes des C. F. L., cesseraient de se raccorder effectivement au réseau exploité par la dite société.

#### Article 21.

Les C. F. L. examineront les demandes de tout propriétaire de mines, d'usines ou de carrières, de tout propriétaire ou concessionnaire d'entrepôts ou de magasins généraux, de tout concessionnaire d'outillage public, de tout propriétaire d'outillage privé dûment autorisé dans les ports de navigation intérieure, ou de toute autre entreprise industrielle ou commerciale tendant à user du droit d'embranchement en se conformant aux dispositions ci-après. A défaut d'accord, il sera statué par le Ministre des Transports, les C. F. L. entendus.

Les embranchements sont construits aux frais des demandeurs et de manière à ce qu'il ne résulte de leur établissement aucune entrave à la circulation générale, aucune cause d'avarie pour le matériel, ni des frais pour les C. F. L. .

Leur entretien doit être fait avec soin aux frais des bénéficiaires et sous le contrôle du Ministre des Transports. Les C. F. L. ont le droit de faire surveiller par leurs agents cet entretien ainsi que l'envoi de leur matériel sur les embranchements.

Les C. F. L. peuvent à toute époque, prescrire les modifications qui seraient jugées utiles dans la soudure, le tracé ou l'établissement de la voie des dits embranchements ; les changements seront opérés aux frais des bénéficiaires.

Les C. F. L. peuvent, après avoir entendu les bénéficiaires, ordonner l'enlèvement temporaire des aiguilles de soudure, si les établissements embranchés venaient à suspendre en tout ou en partie leurs transports.

Les C. F. L. sont tenus d'envoyer leurs wagons sur tous les embranchements autorisés destinés à faire communiquer les établissements qu'ils desservent avec la ligne principale du chemin de fer.

Les C. F. L. amènent leurs wagons à l'entrée des embranchements.

Les expéditeurs ou destinataires font conduire les wagons dans leurs établissements pour les charger ou décharger et les ramènent au point de jonction avec la ligne principale, le tout à leurs frais et à leurs risques.

Les wagons ne peuvent être employés qu'au transport d'objets et de marchandises en provenance ou à destination des lignes des C. F. L.

Les traitements des gardiens d'aiguilles et des barrières des embranchements autorisés par l'administration sont à la charge des bénéficiaires des embranchements. Ces gardiens sont nommés et payés par

les C.F.L. et les frais qui en résultent leur sont remboursés par les dits bénéficiaires. En cas de désaccord, il sera statué par le Ministre des Transports, les C.F.L. entendus.

Les bénéficiaires d'embranchements sont responsables de toutes avaries, même de celles résultant de la force majeure, survenant au matériel des C.F.L. pendant son parcours ou son séjour sur leurs lignes.

Dans le cas d'inexécution d'une ou de plusieurs des conditions énoncées ci-dessus, le Ministre des Transports peut à la demande des C.F.L., et après avoir entendu le bénéficiaire de l'embranchement, ordonner la suspension du service ou faire supprimer sans indemnité la soudure, sans préjudice des dommages qui pourraient être réclamés par les C.F.L.

Les tarifs établis comme il est dit au Titre III ci-après déterminent les perceptions à effectuer par les C.F.L. pour les indemniser de la fourniture et de l'envoi de leur matériel sur les embranchements, le temps pendant lequel les wagons peuvent normalement séjourner sur les embranchements, les indemnités à payer au cas où ce temps serait dépassé et toutes autres dispositions relatives aux conditions générales d'usage des embranchements particuliers, notamment en ce qui touche les conditions de pesage des wagons et le mode de décompte des sommes à percevoir par les C.F.L.

L'utilisation de tout wagon envoyé sur un embranchement donne lieu à l'application du tarif pour charge complète.

Le chargement et le déchargement sur les embranchements s'opèrent aux frais des expéditeurs ou destinataires, soit qu'ils les fassent eux-mêmes, soit que les C.F.L. consentent à les opérer dans les conditions à fixer par le traité visé à l'alinéa ci-après.

Les conditions spéciales à chaque embranchement particulier sont fixées par un traité à intervenir entre les C.F.L. et le demandeur. Ce traité fixe notamment les conditions éventuelles de résiliation et de suppression des ouvrages. Il est communiqué au Ministre des Transports.

A toute époque, les C.F.L. peuvent supprimer sans indemnité la desserte des embranchements particuliers raccordés à une ligne ou section de ligne sur laquelle le service viendrait, en application des dispositions de l'article 4, alinéa 2 des statuts, soit à être supprimé, soit à être assuré par un autre mode de transport que le chemin de fer. S'ils n'usent pas de cette faculté, l'embranché doit, conformément aux dispositions du second alinéa du présent article, supporter tous les frais supplémentaires qui résulteraient pour les C.F.L. du maintien de l'embranchement.

#### Article 22.

Les locomotives, les tenders, les voitures à voyageurs, les wagons et tout autre matériel roulant, doivent satisfaire et aux conditions techniques reconnues les meilleures et en ce qui concerne le matériel roulant éventuellement aux règlements internationaux.

Les C.F.L. doivent entretenir constamment en bon état les locomotives, les voitures, wagons et tout autre matériel roulant nécessaires à l'exploitation commerciale du chemin de fer.

#### Article 23.

Les programmes des acquisitions ou de transformation de matériel roulant, de mobilier ou d'outillage, doivent être soumis à l'approbation du Ministre des Transports.

### TITRE 3.

#### Exploitation Commerciale, Taxes et Conditions relatives au Transport des Voyageurs et des Marchandises.

#### Article 24.

Les C.F.L. percevront, pendant toute la durée de leur exploitation, en contre-partie de leurs charges et obligations, des prix de transport et des frais accessoires établis conformément aux articles 27 et 28 ci-après.

Lorsque la perception des prix a lieu d'après le nombre de kilomètres, les distances sont déterminées par des tableaux approuvés par le Ministre des Transports.

## Article 25.

Les trains réguliers de voyageurs doivent contenir des places en nombre suffisant pour toutes les personnes qui se présenteraient dans les bureaux du chemin de fer. Toutefois, le Ministre des Transports peut autoriser les C. F. L. à limiter soit d'une façon permanente, soit d'une façon temporaire pendant les périodes d'affluence exceptionnelle, le nombre de places offertes dans les trains figurant sur la liste qui sera dressée par les C. F. L. et portée par leurs soins à la connaissance du public.

Certaines des places offertes peuvent, pour les parcours à courte distance et avec l'autorisation du Ministre des Transports, consister en places debout.

Les tarifs établis dans les conditions définies aux articles 27 et 28 ci-après peuvent comporter, sur la proposition des C. F. L. toutes mesures utiles pour assurer l'échelonnement du trafic au cours des périodes d'affluence.

## Article 26.

Les C. F. L. ne peuvent se refuser à transporter les masses indivisibles que le matériel normalement affecté au service est capable de transporter.

Pour les masses indivisibles dont les tarifs ne déterminent pas les prix et conditions de transport et dont le transport est reconnu possible par les C. F. L., ceux-ci fixent les prix, conditions et délais de transport qui sont communiqués au Ministre des Transports et applicables de plein droit si ce dernier n'y a pas fait opposition dans le délai de cinq jours. Dans ce cas et pendant trois mois au moins, les C. F. L. doivent accorder les mêmes facilités et consentir les mêmes conditions à tous ceux qui en feraient la demande.

## Article 27.

A) Les propositions de tarifs ou de modification de tarifs sont soumises par les C. F. L. au Ministre des Transports et communiquées, en même temps, pour avis à la Chambre de Commerce et à la représentation officielle de l'Agriculture.

Les tarifs proposés sont mis en application par les C. F. L. à l'expiration du délai de deux semaines compté à partir de la date à laquelle la proposition a été soumise au Ministre des Transports, si celui-ci n'a pas fait connaître aux C. F. L. cinq jours au moins avant l'expiration de ce délai, qu'il entend s'y opposer.

Toutefois les dispositions ci-dessus du présent article ne s'appliquent pas aux propositions tendant à des aménagements ou augmentations de tarifs destinés à la réalisation de l'équilibre financier dans le cadre des articles 28 et 29 des statuts des C. F. L., lesquelles demeurent soumises pour leur mise en vigueur aux règles prévues à l'article 29 précité.

La mise en vigueur des tarifs doit être portée à la connaissance du public par la voie du *Mémorial* et de la presse.

B) Toutes les fois qu'il aura été procédé dans les conditions du paragraphe A) ci-dessus à un abaissement des prix applicables au transport soit des voyageurs, soit des marchandises, les prix abaissés ne pourront être relevés qu'après un délai de trois mois, réserve faite des cas où l'application des tarifs abaissés aura été originairement limitée à une durée moindre.

## Article 28.

Lorsque l'abaissement de tout ou partie des tarifs a été requis par le Ministre des Transports d'accord avec le Ministre des Finances, dans les conditions fixées à l'article 29 des statuts, les C. F. L. doivent présenter les propositions nécessaires au Ministre des Transports dans le délai d'un mois à compter de l'invitation qui leur en a été faite, en y joignant l'évaluation des pertes de recettes à attendre de l'abaissement requis. La mise en vigueur de ces propositions est subordonnée à une décision du Ministre des Transports qui fixe la date d'application, après le vote par le Parlement du crédit prévu au dernier alinéa de l'article 29 des statuts des C. F. L.

## Article 29.

La perception des taxes doit se faire indistinctement et sans aucune faveur.



Tout traité particulier qui aurait pour effet d'accorder à un ou plusieurs expéditeurs une réduction sur les tarifs ou conventions en vigueur demeure formellement interdit.

Toutefois, cette disposition n'est pas applicable aux traités qui pourraient intervenir entre les services publics et les C. F. L.

#### Article 30.

Les C. F. L. sont tenus d'effectuer constamment avec soin, exactitude et célérité, et sans tour de faveur, le transport des voyageurs, des marchandises, des animaux vivants, des dépouilles mortelles et des objets quelconques qui leur sont confiés.

Dans les autorails et autres moyens de transport spéciaux, l'obligation de transporter les marchandises et les bagages est limitée à la nature, à la dimension et au tonnage des colis que le matériel en service est capable de transporter.

Sauf dispense accordée par le Ministre des Transports, les expéditions de marchandises, d'animaux vivants, de dépouilles mortelles et objets quelconques sont inscrites, à la gare de départ et à la gare d'arrivée, sur des registres spéciaux, au fur et à mesure de leur réception.

Les envois ayant une même destination et soumis aux mêmes conditions de tarif sont expédiés suivant l'ordre de leur inscription à la gare de départ. Toutefois, cette obligation ne s'entend que pour les envois qui ne nécessitent pas l'utilisation d'un matériel d'un type spécial que les C. F. L. ne sont pas tenus de posséder en quantité suffisante pour répondre immédiatement à toutes les demandes. Les types de matériel qui doivent être considérés comme spéciaux sont déterminés par le Ministre des Transports sur la proposition des C. F. L.

Toute expédition est constatée par une lettre de voiture établie en deux exemplaires, dont l'un accompagne l'envoi et l'autre reste aux mains de l'expéditeur.

#### Article 31.

1° Dans la limite des maxima fixés par arrêté du Ministre des Transports, les délais d'expédition, de transport et de livraison sont déterminés par les tarifs établis comme il est dit aux articles 27 et 28 ci-dessus.

2° A titre exceptionnel, les délais d'acheminement déterminés comme il est dit ci-dessus cessent d'être obligatoires pour les C. F. L. lorsque, par suite de l'interruption d'un autre mode de transport, la quantité de marchandises remises au chemin de fer dépasse sa capacité normale de transporter. Dans ce cas, un droit de priorité peut être accordé au transport des marchandises répondant à certaines conditions fixées par le Ministre des Transports.

Le cas échéant, le Ministre des Transports détermine sur la proposition des C. F. L., les lignes sur lesquelles les délais peuvent être suspendus, la durée de cette suspension et, éventuellement, la prolongation des délais.

3° Les tarifs fixent les jours et heures de réception et de livraison des marchandises.

Les C. F. L. pourront apporter aux dispositions ainsi fixées les dérogations qui seront motivées par les circonstances locales, dans l'intérêt du développement du trafic ou de l'organisation du service.

#### Article 32.

Les C. F. L. ont la faculté de faire soit eux-mêmes, soit par un entrepreneur agréé, l'enlèvement et la remise des marchandises au domicile des expéditeurs ou des destinataires.

Les C. F. L. peuvent également faire, par eux-mêmes ou par un entrepreneur agréé, l'enlèvement et la remise des marchandises dans les bureaux ou dépôts qu'ils peuvent installer dans des localités quelconques et dans ceux des dits entrepreneurs.

Les tarifs à percevoir sont soumis au Ministre des Transports, affichés ou déposés dans les gares intéressées à la disposition du public et applicables dans le délai de quinze jours si, dans ce délai, le Ministre n'y a pas fait opposition.

Les expéditeurs et destinataires restent libres de faire eux-mêmes et à leurs frais et risques l'enlèvement ou la remise des marchandises en gare. Toutefois, les tarifs établis comme il est dit aux articles 27 et 28

ci-dessus peuvent comporter la livraison d'office au domicile du destinataire, soit pour la totalité des transports de certaines catégories déterminées, soit dans des cas qu'ils fixent.

Article 33.

Sous réserve des dispositions destinées à assurer la coordination des transports, les C.F.L. peuvent passer avec toute entreprise de transport les accords tarifaires nécessaires pour satisfaire aux besoins du public et aux nécessités du service dont ils sont chargés.

Toutefois, lorsque plusieurs entreprises desservent la relation intéressée par un accord, celui-ci sera soumis à l'approbation du Ministre des Transports.

TITRE 4.

**Stipulations relatives à divers Services Publics.**

Article 34.

1<sup>o</sup> Si le Gouvernement désire diriger des troupes et du matériel militaire, ou aérien sur l'un des points desservis par le chemin de fer, les C.F.L. mettront immédiatement à sa disposition tous leurs moyens de transport.

Ces transports ainsi que ceux des militaires voyageant pour les besoins du service soit en unités constituées soit en détachements, sont réglés dans les conditions indiquées à l'article 37 ci-après.

2<sup>o</sup> Les militaires voyageant isolément soit à titre personnel soit pour les besoins du service, sont, sur présentation des pièces militaires régulières, transportés, eux et leurs bagages à la moitié des prix des billets ordinaires simples et des taxes de bagages figurant au tarif général applicable au transport des voyageurs et des bagages.

La réduction ci-dessus ne s'applique qu'au prix du transport à l'exclusion des frais accessoires et des suppléments prévus pour l'usage de certaines voitures ou de certains trains.

Article 35.

Les agents des administrations publiques chargés de la surveillance des chemins de fer sont transportés suivant des arrangements spéciaux à intervenir entre les dites administrations et les C.F.L.

Article 36.

Les C.F.L. sont tenus, à toute réquisition, de faire partir par convoi ordinaire, les wagons ou voitures cellulaires employés au transport des prévenus, accusés ou condamnés.

Les wagons et les voitures employés au service dont il s'agit sont construits aux frais de l'Etat ; leurs formes ou dimensions sont déterminées de concert par les Ministres de la Justice, de l'Intérieur et des Transports, les C.F.L. entendus.

Les employés de l'administration pénitentiaire, les gardiens et les prisonniers placés dans les wagons ou voitures cellulaires ne sont assujettis qu'à la moitié de la taxe fixée par les tarifs généraux pour les voyageurs ordinaires de la classe inférieure.

Les gendarmes placés dans les mêmes voitures ne paient que la taxe fixée pour les militaires, en application de l'article 34 du présent Cahier des Charges.

Le transport des wagons et des voitures est réglé dans les conditions de l'article 37 ci-après.

Dans le cas où l'administration pénitentiaire voudrait pour le transport des prisonniers, faire usage des voitures des C.F.L., ceux-ci seraient tenus de mettre à sa disposition, dans les trains autres que les trains à composition spéciale, un ou plusieurs compartiments de voitures à voyageurs, dont le prix de location serait égal, par compartiment et par kilomètre, au triple de la taxe fixée par les tarifs généraux pour un voyageur ordinaire utilisant le même type de compartiment.

Les dispositions qui précèdent sont applicables au transport des jeunes délinquants recueillis par l'Administration pénitentiaire pour être transférés dans des établissements d'éducation.

## Article 37.

Les charges résultant pour les C.F.L. des obligations qui lui incombent, à l'égard des services publics en exécution des articles 34, 35 et 36 ci-dessus, sont évaluées par les Ministres des Transports et des Finances sur l'avis de commissions spéciales comprenant des représentants des C.F.L. et des Ministres intéressés.

Ces charges donnent lieu, en faveur des C.F.L. à des remboursements dont le montant est établi sur la base des prix de revient des prestations fournies par ces chemins de fer et dont les conditions de règlement sont arrêtées d'un commun accord par les Ministres des Transports et des Finances, les C.F.L. entendus

## Article 38.

Le service des lettres, dépêches et colis postaux est fait comme suit :

1<sup>o</sup> A chacun des trains de voyageurs et de marchandises circulant aux heures ordinaires de l'exploitation désignés par le Ministre des Transports, les C.F.L. sont tenus de réserver, à la demande de l'Administration des Postes et pour les parcours qu'elle désigne un ou deux compartiments spéciaux d'une voiture à voyageurs ou un espace équivalent pour recevoir les lettres, dépêches et colis postaux et les agents nécessaires au service des Postes, le surplus de la voiture restant à la disposition des C.F.L.

2<sup>o</sup> Si le volume des dépêches et des colis postaux ou la nature du service rend insuffisante la capacité de deux compartiments, les C.F.L. sont tenus, soit de mettre à la disposition de l'Administration des Postes un emplacement de 16 mètres carrés aménagé dans un fourgon convenablement suspendu ou une voiture à voyageurs, soit d'admettre la substitution aux wagons ordinaires d'une voiture spéciale, ou éventuellement de plusieurs voitures spéciales. En cas de désaccord il est statué par le Ministre des Transports.

Les C.F.L. ne sont pas tenus d'ajouter à un train ou d'en retirer un véhicule postal à une gare intermédiaire du parcours, lorsque cette adjonction ou ce retrait sont reconnus par le Ministre des Transports nécessiter une manœuvre qui ne peut s'effectuer en même temps que le service propre du train et dans le temps d'arrêt prévu pour le service.

Lorsque les C.F.L. voudront changer les heures de départ de ces convois ordinaires, ils seront tenus d'en avertir l'Administration des Postes en même temps qu'ils soumettront au Ministre des Transports l'horaire modifié, sans toutefois que le préavis puisse avoir une durée inférieure à deux jours.

3<sup>o</sup> L'Administration des Postes fera construire à ses frais les voitures qu'il pourra être nécessaire d'affecter spécialement au transport et à la manutention des dépêches et des colis postaux. Les formes, dimensions et aménagements de ces voitures seront déterminés de concert par le Ministre des Transports et le Ministre ayant dans ses attributions le service des Postes, Télégraphes et Téléphones, les C.F.L. entendus. L'Administration des Postes fera entretenir ses voitures spéciales ; toutefois, l'entretien des châssis, des organes de traction, de choc, de suspension et de roulement sera effectué par les C.F.L.

Le poids à pleine charge de ces voitures pourra atteindre celui des voitures autres que les automotrices, du modèle le plus grand et le plus lourd, employées normalement par les C.F.L. sur la ligne et dans le train considérés, pour l'exécution de son propre service, et une tolérance de poids de 10% sera admise.

L'aménagement et l'entretien des emplacements prévus au paragraphe 2<sup>o</sup> du présent article seront effectués aux frais de l'Administration des Postes par les C.F.L.

4<sup>o</sup> Sur la demande de l'Administration des Postes, les C.F.L. lui fourniront en location, pour être utilisés, sans aménagement spécial, soit des fourgons entiers, soit même des compartiments de fourgons ; dans la mesure où ses disponibilités et les nécessités du chemin de fer le permettront.

5<sup>o</sup> Les C.F.L. sont tenus de mettre à la disposition du Ministre ayant dans ses attributions le service des Postes, Télégraphes et Téléphones, dans chaque véhicule automoteur circulant aux heures ordinaires de l'exploitation un espace suffisant aux besoins du service postal, sans que toutefois sa superficie puisse être supérieure à six mètres carrés. Un aménagement sommaire pourra être demandé par l'Administration des Postes, selon les conditions prévues au dernier alinéa du paragraphe 3 du présent article.

6<sup>o</sup> Les C.F.L. sont tenus, sauf impossibilité reconnue par le Ministre des Transports, d'assurer l'escorte en route et l'échange aux stations, par son personnel des lettres et des dépêches qui lui sont confiées par le service des Postes.

La levée des boîtes aux lettres situées dans les emprises des gares et leur présentation aux agents des Postes circulant en chemin de fer peuvent également être demandées aux C.F.L.

7° Les C.F.L. sont tenus de transporter par tous les convois ou véhicules automoteurs servant au transport des voyageurs, et dans les mêmes conditions que les voyageurs ordinaires, et, éventuellement par les convois servant au transport des marchandises, tout agent de l'Administration des Postes, Télégraphes et Téléphones, circulant pour les besoins du service et muni d'une carte de circulation ou d'un ordre de service, délivré par le Ministre ayant dans ses attributions le service des Postes, Télégraphes et Téléphones ou son délégué.

8° Les C.F.L. sont tenus de fournir à chacun des points extrêmes de la ligne, ainsi qu'aux principales stations intermédiaires qui sont désignées par l'Administration des Postes, un emplacement sur lequel l'Administration pourra faire construire ou installer des dépôts, des bureaux de poste ou d'entrepôts pour les dépêches et les colis postaux, des hangars et, d'une manière générale, procéder à toute installation utile pour le chargement et le déchargement des véhicules utilisés par le service de cette Administration.

Lorsque les conditions du service des chemins de fer le permettront, les C.F.L. pourront louer à l'Administration des Postes, Télégraphes et Téléphones des locaux, guérites, espaces couverts et non clos appartenant au chemin de fer.

Les emplacements à affecter au garage des véhicules, du matériel et de l'outillage de l'Administration des Postes sont déterminés de concert entre cette Administration et les C.F.L.

9° Le prix de location des terrains et des locaux fournis par les C.F.L. est déterminé par des conventions à intervenir entre l'Administration des Postes, des Télégraphes et des Téléphones et les C.F.L.

10° La position des terrains et locaux susvisés est choisie de manière que les bâtiments qui y seront construits aux frais de l'Administration des Postes, Télégraphes et Téléphones ne puissent entraver le service des C.F.L.

11° L'Administration des P.T.T. se réserve le droit d'établir à ses frais, sans indemnité, mais aussi sans responsabilité pour les C.F.L., tous passages aériens ou souterrains, ou appareils mécaniques destinés à faciliter le transport ou l'échange des dépêches et des colis postaux à la condition que ces dispositifs, par leur nature ou leur position, n'apportent ni entraves ni frais supplémentaires aux différents services de la ligne ou des stations.

12° Les employés chargés de la surveillance du service, les agents préposés à l'échange ou à l'entrepôt des dépêches et des colis postaux ont accès dans les gares ou stations pour l'exécution de leur service, en se conformant aux règlements de police intérieure des C.F.L.

#### Article 39.

Les prestations réciproques échangées entre les C.F.L. et l'Administration des P.T.T., seront réglées de part et d'autre sur la base des prix de revient respectifs, ainsi qu'il est prévu à l'article 37 ci-dessus. Le règlement s'opérera par voie de compte-courant annuel, donnant lieu à paiements trimestriels.

#### Article 40.

Sur avis des C.F.L. le Gouvernement se réserve la faculté de faire, le long des voies, toutes les constructions, de poser tous les appareils nécessaires à l'établissement de lignes télégraphiques et téléphoniques, sans nuire au service du chemin de fer.

Les installations de lignes faites par l'Administration des Postes, Télégraphes et Téléphones devront satisfaire aux conditions de sécurité qui sont déterminées par le Ministre des Transports sur la proposition des C.F.L. et après avis du Ministre, ayant dans ses attributions le service des Postes, Télégraphes et Téléphones.

Sur la demande de l'Administration des Postes, Télégraphes et Téléphones, il est réservé, dans les gares des villes et des localités qui seront désignées ultérieurement, le terrain nécessaire à l'établissement des maisonnettes destinées à recevoir le bureau télégraphique et son matériel.

Les C.F.L. sont tenus de faire surveiller les fils et les appareils des lignes télégraphiques et téléphoniques, afin de donner au personnel de l'Administration des Postes, Télégraphes et Téléphones connaissance de tous les accidents qui pourraient survenir, et de leur en faire connaître les causes. En cas de rupture du fil télégraphique, les agents des C.F.L. ont à en rétablir provisoirement la continuité électrique, d'après les instructions qui leur seront données à cet effet.

Le personnel des services techniques de l'Administration des Postes, Télégraphes et Téléphones, voyageant pour le service des lignes électriques, a accès dans les gares et le long des voies ferrées en se conformant aux règlements sur la police des chemins de fer, ainsi que le droit de circuler dans les voitures du chemin de fer, dans les conditions définies au paragraphe 7 de l'article 38 ci-dessus.

En cas d'accident aux lignes télégraphiques et téléphoniques, l'Administration peut requérir les moyens de transport utiles pour amener à pied d'œuvre le personnel et le matériel nécessaires à la remise en état. Ce transport doit être effectué dans des conditions telles qu'il ne puisse entraver en rien l'exploitation du chemin de fer.

Si les C.F.L. demandent le déplacement de fils, appareils ou poteaux dont la présence s'oppose à l'exécution de travaux sur le chemin de fer, ce déplacement a lieu aux frais et par les soins de l'Administration des Postes, Télégraphes et Téléphones. En cas de désaccord, il est statué par le Ministre des Transports.

Les C.F.L. peuvent être autorisés et, au besoin, requis par le Ministre des Transports, agissant de concert avec le Ministre ayant dans ses attributions le service des Postes, Télégraphes et Téléphones d'établir, à leurs frais, les fils et appareils télégraphiques destinés à transmettre les signaux nécessaires à la sûreté et la régularité de leur exploitation.

Ils peuvent se servir des poteaux des lignes télégraphiques et téléphoniques de l'Etat, lorsque de semblables lignes existent le long de la voie.

Les C.F.L. sont tenus de se soumettre à tous les règlements concernant l'établissement et l'emploi de ces appareils, ainsi que l'organisation, aux frais des C.F.L., du contrôle de ce service par les agents de l'Etat.

Les dispositions de l'article 39 ci-dessus sont applicables aux prestations fournies par les C.F.L. aux termes des troisième, quatrième, cinquième et sixième alinéas du présent article, étant entendu qu'il sera tenu compte dans la détermination de la rémunération à verser aux C.F.L. des prestations fournies ou des avantages consentis à ceux-ci, à prix réduit par l'Administration des Postes, Télégraphes et Téléphones évalués d'un commun accord.

#### Article 41.

Les prestations effectuées par les C.F.L. en faveur des services télégraphiques et des colis postaux feront l'objet de conventions entre les C.F.L. et l'Administration des P.T.T.

#### Article 42.

Les arrangements ou conventions qui pourront intervenir entre les C.F.L. et les services publics, en dehors des cas visés aux articles 34 et 40 ci-dessus, ne pourront comporter, par rapport aux tarifs ordinaires, que des modifications justifiées par les accroissements de trafic et les réductions de dépenses que ces arrangements ou conventions seront susceptibles de procurer au chemin de fer.

Ces arrangements ou conventions seront soumis à l'approbation du Ministre des Transports et du Ministre des Finances.

**Avis. — Relations extérieures.** — Le 3 juin 1947, S. A. R. Madame la Grande-Duchesse a reçu en audience pour la remise de ses lettres de créance S. Exc. M. Hernan *Cuevas*, Envoyé extraordinaire et Ministre plénipotentiaire de Chili.

A la même occasion, S. Exc. M. Hernan *Cuevas* a présenté les lettres de rappel de son prédécesseur.

— 12 juin 1947

**Arrêté grand-ducal du 13 juin 1947 portant prorogation de la loi du 28 juin 1946 sur les logements et de l'arrêté du 24 décembre 1945 sur les loyers.**

Nous CHARLOTTE, par la grâce de Dieu, Grande-Duchesse de Luxembourg, Duchesse de Nassau, etc., etc., etc. ;

Vu l'art. 12 de la loi du 28 juin 1946 ayant pour objet de remédier à la pénurie des logements ;

Vu la loi du 21 mars 1947, concernant la fixation des loyers ;

Vu l'art. 27 de la loi du 16 janvier 1866 sur l'organisation du Conseil d'Etat et considérant qu'il y a urgence ;

Sur le rapport de Notre Ministre de l'Intérieur et après délibération du Gouvernement en conseil ;

Avons arrêté et arrêtons :

**Art. 1<sup>er</sup>.** La loi du 28 juin 1946, ayant pour objet de remédier à la pénurie des logements est prorogée jusqu'au 31 décembre 1947 inclusivement.

Est prorogé à la même date Notre arrêté du 24 décembre 1945, portant modification de l'arrêté grand-ducal du 10 janvier 1945, pour autant qu'il n'a pas été abrogé ou modifié par la loi du 21 mars 1947, concernant la fixation des loyers.

**Art. 2.** Notre Ministre de l'Intérieur est chargé de l'exécution du présent arrêté.

Luxembourg, le 13 juin 1947.

Charlotte.

Le Ministre de l'Intérieur,  
Eugène Schaus.

**Arrêté grand-ducal du 16 juin 1947 soumettant à licence le transit des armes, des munitions et du matériel de guerre ou pouvant servir à la guerre.**

Nous CHARLOTTE, par la grâce de Dieu, Grande-Duchesse de Luxembourg, Duchesse de Nassau, etc., etc., etc. ;

Vu la loi du 6 juin 1923, autorisant le pouvoir exécutif à réglementer l'importation, l'exportation et le transit de certains objets, denrées et marchandises ;

Vu la Convention du 23 mai 1935, instituant entre le Grand-Duché et la Belgique un régime commun en matière de réglementation des importations, des exportations et du transit, et la loi du 15 juillet 1935, approuvant la dite convention ;

Vu les arrêtés grand-ducaux des 4 novembre 1944, 20 décembre 1944 et 29 septembre 1945 soumettant à licence gouvernementale les importations et le transit des matières premières et marchandises ;

Vu l'arrêté grand-ducal du 5 août 1946 concernant la réglementation de l'importation et de l'exportation des marchandises et portant suppression des licences de transit ;

Vu l'art. 27 de la loi du 16 janvier 1866 sur l'organisation du Conseil d'Etat, et considérant qu'il y a urgence ;

Sur le rapport et après délibération du Gouvernement en Conseil ;

Avons arrêté et arrêtons :

**Art. 1<sup>er</sup>.** Le transit des armes, des munitions et du matériel de guerre ou pouvant servir à la guerre repris à la liste ci-après est subordonné à la production d'une licence délivrée par Notre Ministre des Affaires Etrangères, savoir :

*Catégorie I.*

1<sup>o</sup> Fusils et carabines ainsi que leurs canons ;

2° Mitrailleuses, fusils mitrailleurs et pistolets mitrailleurs de tous calibres ainsi que leurs canons ;

3° Canons, obusiers et mortiers de tous calibres, ainsi que leurs affûts, bouches à feu et freins ;

4° Munitions pour les armes énumérées sous les §§ 1 et 2 ci-dessus, projectiles chargés et non chargés pour les armes énumérées sous le § 3 ci-dessus et charges propulsives préparées pour ces armes ;

5° Grenades, bombes, torpilles et mines chargées et non chargées, ainsi que les appareils permettant de les lancer ou de les faire éclater ;

6° Chars de combat, véhicules et trains blindés, blindage de toute espèce.

#### *Catégorie II.*

Navires de guerre et autres de toute espèce, y compris les porte-aéronefs et les sous-marins.

#### *Catégorie III.*

1° Aéronefs montés ou démontés, plus lourds que l'air ou plus légers que l'air, ainsi que leurs hélices, fuselages, tourelles de tir, carènes, empennage et trains d'atterrissage ;

2° Moteurs d'aéronefs.

#### *Catégorie IV.*

Revolvers et pistolets automatiques d'un poids

supérieur à 630 gr. ainsi que les munitions pour les dits articles.

#### *Catégorie V.*

1° Lance-flammes et tous autres engins de projection servant à la guerre chimique ou incendiaire ;

2° Gaz moutardé, lewisité, éthylarsine, dichlorée, méthylarsine dichlorée et tous autres produits destinés à la guerre chimique ou incendiaire ;

3° Poudres de guerre et explosifs.

**Art. 2.** Notre Ministre des Affaires Etrangères est chargé de l'exécution du présent arrêté qui entrera en vigueur le jour de sa publication au *Mémorial*.

Luxembourg, le 16 juin 1947.

**Charlotte.**

*Les Membres du Gouvernement :*

**Pierre Dupong.**

**Joseph Bech.**

**Nicolas Margue.**

**Eugène Schaus.**

**Lambert Schaus.**

**Alphonse Osch.**

**Robert Schaffner.**

**Arrêté grand-ducal du 16 juin 1947, modifiant les arrêtés grand-ducaux des 26 juin 1913 (art. 22 et 23), 4 avril 1936 et 5 mai 1945, concernant les registres de contrôle du bétail.**

Nous CHARLOTTE, par la grâce de Dieu, Grande-Duchesse de Luxembourg, Duchesse de Nassau, etc., etc., etc. ;

Revu Nos arrêtés des 4 avril 1936 et 5 mai 1945, portant introduction de registres de contrôle du bétail ;

Vu la loi du 29 juillet 1912, concernant la police sanitaire du bétail et l'amélioration des chevaux, des bêtes à cornes et des porcs ;

Vu Notre arrêté du 26 juin 1913, concernant l'exécution de cette loi, et notamment les art. 22 et 23 ;

Attendu que le commerce de chevaux a été libéré de toutes entraves, qu'il y a donc lieu de

supprimer l'obligation de faire accompagner le cheval mis dans le commerce d'une licence de transport ;

Notre Conseil d'Etat entendu ;

Sur le rapport de Notre Ministre de l'Agriculture ;

Avons arrêté et arrêtons :

**Art. 1<sup>er</sup>.** L'obligation d'inscrire les chevaux au livre de contrôle du bétail, prévu par les arrêtés précités des 26 juin 1913 (art. 22 et 23), 4 avril 1936 et 5 mai 1945, est supprimée.

**Art. 2.** Notre Ministre de l'Agriculture est chargé de l'exécution du présent arrêté, qui sera publié au *Mémorial*.

Luxembourg, le 16 juin 1947.

**Charlotte.**

*Le Ministre de l'Agriculture,*  
**Nicolas Margue.**

**Arrêté grand-ducal du 16 juin 1947, portant réglementation des conditions d'admission et de stage des agents de l'Administration des Services agricoles, prenant date à une époque antérieure à l'année scolaire 1944/45 etc.**

Nous CHARLOTTE, par la grâce de Dieu, Grande-Duchesse de Luxembourg, Duchesse de Nassau, etc., etc., etc. ;

Vu l'art. 1<sup>er</sup> de la loi du 14 juillet 1932 modifiant et complétant la loi du 8 mai 1872 sur les droits et devoirs des fonctionnaires de l'Etat ;

Vu l'art. 1<sup>er</sup> de l'arrêté grand-ducal du 30 janvier 1947, portant réglementation des conditions de recrutement et d'examen des agents de l'administration des services agricoles ;

Vu l'art. 27 de la loi du 16 janvier 1866 sur l'organisation du Conseil d'Etat et considérant qu'il y a urgence ;

Sur le rapport de Notre Ministre de l'Agriculture et après délibération du Gouvernement en Conseil ;

Avons arrêté et arrêtons :

**Art. 1<sup>er</sup>.** Pour les candidats à l'emploi de conducteur de l'administration des services agricoles qui sont porteurs des diplômes d'études requis par l'art. 2 de l'arrêté grand-ducal du 30 janvier 1947, portant réglementation des conditions d'admission et de stage des agents de l'administration des services agricoles, prenant date à une époque antérieure à l'année scolaire 1944/45, le point de départ du stage légal est fixé au 1<sup>er</sup> mai 1945, pour autant que ces candidats se sont classés en rang utile au concours d'avant-stage de 1945.

**Art. 2.** Pour les candidats-conducteurs au stage à la suite de leur classement à l'une des sessions de 1945 la durée normale du stage pourra être réduite, sans qu'elle puisse cependant être inférieure à 18 mois pour les candidats qui sont porteurs d'un diplôme de fin d'études de 1940 ou d'une date antérieure, 2 années pour les candidats qui sont porteurs d'un diplôme de fin d'études prenant date en 1941 ou 1942.

**Art. 3.** Pour les candidats-commis techniques, surveillants des travaux et techniciens agricoles qui sont actuellement au service de l'administration des services agricoles, la durée normale du stage pourra être réduite, sans qu'elle puisse ce-

pendant être inférieure à deux années, et sans que les candidats puissent se présenter à l'examen d'admission définitive avant l'âge de 21 ans accomplis.

Ne bénéficieront pas de cette réduction les candidats qui, à la date du 10 septembre 1944, ne remplissaient pas encore les conditions d'études exigées par l'art. 2 de l'arrêté grand-ducal du 30 janvier 1947.

**Art. 4.** Notre Ministre de l'Agriculture est chargé de l'exécution du présent arrêté qui sera publié au *Mémorial*.

Luxembourg, le 16 juin 1947.

Charlotte.

*Le Ministre de l'Agriculture,*  
Nicolas Margue.

**Arrêté grand-ducal du 18 juin 1947 concernant la répartition des emplois d'inspecteur, de contrôleur et de receveur de 1<sup>re</sup> classe dans l'administration des Douanes.**

Nous CHARLOTTE, par la grâce de Dieu, Grande-Duchesse de Luxembourg, Duchesse de Nassau, etc., etc., etc. ;

Vu l'arrêté grand-ducal du 8 octobre 1945, portant modification de la loi du 8 novembre 1926, concernant l'organisation de l'administration des Douanes, notamment l'article 2 remplaçant l'article 4 de la dite loi ;

Revu l'arrêté grand-ducal du 16 mars 1927, concernant la répartition des emplois d'inspecteur, de contrôleur et de receveur de 1<sup>re</sup> classe dans l'administration des Douanes et celui du 16 février 1933, portant modification de l'article 1<sup>er</sup> de l'arrêté précité ;

Revu Notre arrêté du 19 avril 1946, relatif au classement des bureaux de recettes de l'administration des Douanes et celui du même jour, modifiant l'arrêté grand-ducal du 16 mars 1927, concernant la circonscription des contrôles et des bureaux de recettes de la Douane et le classement de ces bureaux ;

Vu l'article 27 de la loi du 16 janvier 1866 sur l'organisation du Conseil d'Etat et considérant qu'il y a urgence ;



Sur le rapport de Notre Ministre des Finances et après délibération du Gouvernement en Conseil ;

Auons arrêté et arrêtons :

**Art. 1<sup>er</sup>.** En dehors de l'inspecteur attaché à la Direction le rang et le titre d'inspecteur seront conférés par application de l'article 2 de l'arrêté grand-ducal du 8 octobre 1945, remplaçant l'article 4 de la loi du 8 novembre 1926 à quatre fonctionnaires du grade de receveur de 1<sup>re</sup> classe ou de contrôleur, en tenant compte des conditions d'ancienneté.

Quant aux fonctionnaires des autres groupes visés à l'article 2 de l'arrêté grand-ducal précité, ils seront nommés soit receveurs de 1<sup>re</sup> classe, soit contrôleurs pour les fonctions de receveur de 1<sup>re</sup> classe ou de contrôleur.

**Art. 2.** Les arrêtés grand-ducaux du 16 mars 1927 et du 16 février 1933 sont abrogés.

**Art. 3.** Notre Ministre des Finances est chargé de l'exécution du présent arrêté.

Luxembourg, le 18 juin 1947.

Charlotte.

*Le Ministre des Finances,*

**Pierre Dupong.**

**Arrêté ministériel du 3 juin 1947, portant modification du chapitre 5 de l'arrêté ministériel du 30.12.38, relatif à l'exécution de l'arrêté grand-ducal du 29.12.38, concernant l'organisation et l'assainissement de l'économie laitière.**

*Le Ministre de l'Agriculture,*

Vu l'arrêté grand-ducal du 29.12.1938, concernant l'organisation et l'assainissement de l'économie laitière ;

Arrête :

Le chapitre 5 de l'arrêté ministériel du 30.12.1938 précité aura la teneur suivante :

**Art. 1<sup>er</sup>.** Il est créé une marque nationale du beurre luxembourgeois. La marque est caractérisée par une rose stylisée. Au-dessus de la Rose

figure le texte : Contrôlé par l'Etat. Au-dessous de la Rose se trouvent les inscriptions concernant le standard du beurre (voir art. 5 du présent arrêté). Au-dessous de ce texte figurent les numéros de contrôle. Le tout est entouré d'une bande qui porte l'inscription : Grand-Duché de Luxembourg et dans chacun des quatre coins de la bande se trouvent les armoiries du Grand-Duché de Luxembourg.

La marque est déposée entre les mains du fonctionnaire désigné par le Gouvernement grand-ducal pour l'administration des marques de fabrique et de commerce et jouit donc des avantages et privilèges des marques de fabrique et de commerce conformément à la loi du 28 mars 1883 et de l'arrêté grand-ducal du 30 mai 1883, pris en exécution de cette loi. Elle est déposée en outre à l'étranger.

**Art. 2.** La présence de la marque sur les parchemins et emballages des beurres garantit :

1<sup>o</sup> que les beurres sont d'origine luxembourgeoise ;  
2<sup>o</sup> que la fabrication de ces beurres est placée sous le contrôle de l'Etat ;

3<sup>o</sup> que les beurres ne contiennent d'autres graisses que la matière grasse du lait pur et qu'ils ne contiennent pas plus de 16% d'eau ;

4<sup>o</sup> que les beurres ne contiennent aucun agent de conservation outre le sel et qu'ils ne contiennent aucun colorant à l'aniline ;

5<sup>o</sup> que les beurres proviennent de lait ou de crème pasteurisée. Toutefois, peuvent obtenir la marque nationale, les beurres provenant de lait ou de crème non pasteurisée, pourvu qu'ils remplissent les conditions requises à l'expertise de beurre. Cette garantie cesse d'exister dès que les parchemins et emballages des beurres sont ouverts.

**Art. 3.** L'Administration des Services agricoles est chargée de la gestion de la marque. Pour être autorisées à se servir de la marque, les laiteries doivent remplir les conditions suivantes :

1<sup>o</sup> les laiteries doivent être établies sur le territoire du Grand-Duché ;

2<sup>o</sup> les laiteries sont obligées à ne travailler que du lait provenant d'étables soumises à un contrôle sanitaire dont la forme et l'étendue seront spécialement désignées par l'organe chargé de la gestion de la marque d'accord avec le Service vétérinaire ;

3° les laiteries doivent tenir une comptabilité régulière renseignant sur les entrées et sorties du lait et de la crème, ainsi que sur la production et la vente du beurre. A cet effet, les laiteries sont obligées à établir, à la fin de chaque mois, sur formulaires spéciaux, le relevé de la situation mensuelle. Celui-ci doit être envoyé, chaque mois, à l'Administration des Services agricoles, Service technique des laiteries, à Luxembourg;

4° le personnel des laiteries doit posséder les connaissances théoriques et pratiques requises pour la fabrication d'un beurre de qualité. Il doit, en outre, être exempté de maladies contagieuses, ce qui sera constaté périodiquement par un examen médical;

5° les laiteries doivent *efficacement* pasteuriser le lait ou la crème, utiliser une machine frigorifique de puissance suffisante pour assurer aux différents stades de la fabrication la température nécessaire à l'obtention d'un produit de qualité, être dotées d'une installation de maturation adéquate pour la crème et posséder, en outre, tous les appareils nécessaires au contrôle du lait et de la crème;

6° les laiteries qui ne pasteurisent pas, doivent posséder tous les appareils nécessaires au contrôle de la teneur en graisse et en impuretés du lait, ainsi que ceux nécessaires à la détermination de l'acidité du lait et de la crème; en outre, elles ne doivent faire usage pour les opérations de la production du beurre et le nettoyage des ustensiles et des appareils que d'une eau reconnue potable et de température suffisamment basse, ou bien posséder une installation frigorifique; enfin elles doivent posséder des installations spéciales pour le chauffage du lait et de la crème;

7° les plafonds et les murs des locaux réservés à la fabrication du beurre doivent être peints à l'huile ou bien être couverts d'une matière quelconque facilement lavable et imperméable à l'eau.

L'éclairage et la ventilation doivent être tels qu'ils ne s'opposent en rien à la fabrication d'un beurre de qualité;

8° les laiteries doivent participer régulièrement à des concours beurriers qui auront lieu au moins six fois par an et obtenir à ces concours pour le beurre fabriqué le minimum de points prévus pour

l'obtention de la marque. L'organisation de ces concours est déterminée par des règlements spéciaux.

**Art. 4.** A partir du 1<sup>er</sup> juillet 1947, toutes les laiteries, quel qu'en soit le statut juridique, devront participer d'une façon régulière aux concours beurriers prévus à l'article précédent.

**Art. 5.** Il est créé deux standards de beurre: standard A et standard B. Le standard A est le « Beurre de marque Rose pasteurisé », le standard B, le « Beurre de marque Rose ».

Ne pourront être désignés « Beurres de marque Rose pasteurisés » que les beurres qui auront obtenu dans trois expertises consécutives au moins 80% du maximum total des points dont au moins 8/10 des points fixés pour le goût: ne pourront être désignés « Beurres de marque Rose » que les beurres qui auront obtenu dans trois expertises consécutives au moins 75% des points, tant du maximum total que du maximum fixé pour le goût. Le standard doit être nettement marqué sur les parchemins et emballages.

**Art. 6.** Seul le « Beurre de marque Rose pasteurisé » pourra être exporté ou mis en frigo.

**Art. 7.** L'Administration des Services agricoles, Service technique des laiteries, exercera un contrôle régulier quant à l'emploi de la marque. Après instructions du résultat des expertises de beurre et des conditions stipulées à l'art. 3, pour être autorisé à se servir de la marque, l'Administration des Services agricoles proposera l'obtention de la marque au Ministre de l'Agriculture qui en décidera.

**Art. 8.** Les pains de beurre doivent être enveloppés dans du papier-parchemin portant l'indication du poids, du standard et des chiffres de contrôle.

**Art. 9.** L'emballage de beurre en caisses ou fûts ne pourra se faire qu'en caisses ou fûts neufs, en hêtre et de bonne qualité. Après le remplissage, la marque est apposée sur une planche des caisses ou fûts. A l'intérieur, les caisses ou fûts sont à garnir de papier-parchemin bien propre. Sur les deux fonds est appliqué un billet de contrôle en papier mince, portant le chiffre de contrôle, le numéro de la laiterie et éventuellement la date de remplissage.

**Art. 10.** Les parchemins et billets de contrôle, ainsi que tout autre matériel muni de la marque,

ne pourront être fournis que par l'Administration des Services agricoles, laquelle est autorisée à percevoir au profit du Trésor des taxes pour compenser les frais de gestion, de contrôle et de surveillance de la marque.

**Art. 11.** Les laiteries qui auront obtenu l'autorisation de se servir de la marque sont tenues de permettre l'accès de leurs locaux, ainsi que l'inspection des installations et livres de comptabilité, pendant les jours ouvrables du lever jusqu'au coucher du soleil aux agents de contrôle désignés par le Ministre de l'Agriculture sur proposition de l'Administration des Services agricoles.

**Art. 12.** L'emploi de la marque sur des papiers d'affaires, enveloppes et en-têtes de lettre est strictement défendu. Il est défendu, en outre, de changer ou d'altérer d'une façon quelconque la marque sur les parchemins, billets de contrôle et emballages, en y apportant d'autres signes ou inscriptions que ceux prévus par le présent arrêté.

Aussi est-il défendu de fabriquer et d'employer des étiquettes d'un arrangement semblable à celui de la marque dans le but trompeur de faire croire aux acheteurs qu'il s'agit de la marque même. Toute contrefaçon et toute apposition frauduleuse de la marque, ainsi que toute tentative de ces délits encourront les peines prévues par la loi du 28 mars 1883 sur les marques de fabrique et de commerce, sans préjudice des peines prévues par le Code pénal.

En outre, la confiscation du beurre et des emballages portant la marque contrefaite ou frauduleusement apposée pourra être ordonnée par les agents du Service de la police sanitaire et du Contrôle des denrées alimentaires.

**Art. 13.** Les laiteries, auxquelles le droit d'employer la marque est accordé, devront par leur comptabilité, justifier l'emploi fait des parchemins et billets de contrôle qui leur ont été fournis. Les marques déchirées ou non utilisables sont à produire au contrôle.

**Art. 14.** Le droit de se servir de la marque sera retiré aux laiteries dont les produits n'auront plus obtenu à deux épreuves successives le minimum de points exigé.

Le droit de l'emploi de la marque ne pourra être reconquis qu'après avoir prouvé, à trois autres

épreuves successives, que les beurres ont de nouveau les qualités requises par le présent arrêté. Une laiterie, à laquelle le droit de se servir de la marque a été retiré deux fois dans une période de 12 mois, ne pourra reconquérir ce droit qu'après que ses produits auront rempli à six épreuves successives les conditions du présent arrêté.

**Art. 15.** La marque pourra encore être retirée dans les cas suivants :

1° aux laiteries qui en auront abusé de sorte que lors du contrôle un grand nombre de parchemins ou billets de contrôle manquent sans que l'emploi en puisse être justifié ;

2° aux laiteries qui se seront servies d'autres marques que de celles fournies par l'Administration des Services agricoles ou auxquelles il peut être prouvé qu'elles ont cherché à s'en procurer ;

3° aux laiteries ou fédérations de laiteries qui auront pratiqué des importations de beurre ou qui auront fait des transactions de graisses végétales.

**Art. 16.** En cas d'emploi abusif de la marque ou de contravention aux dispositions du présent arrêté, l'Administration des Services agricoles peut provisoirement suspendre l'usage de la marque.

**Art. 17.** Le retrait définitif de la marque sera prononcé par le Ministre de l'Agriculture sur la proposition de l'Administration des Services agricoles.

**Art. 18.** En cas de retrait de la marque, les laiteries sont obligées de renvoyer immédiatement à l'Administration des Services agricoles toutes les marques qui leur ont été fournies sous une forme quelconque.

**Art. 19.** Tous les autres détails d'administration, de contrôle et de surveillance de la marque seront réglés par l'Administration des Services agricoles.

**Art. 20.** Les infractions et tentatives d'infractions aux dispositions du présent arrêté seront punies des peines prévues à l'article 30 de l'arrêté du 29 décembre 1938, concernant l'organisation et l'assainissement de l'économie laitière

**Art. 21.** Les dispositions du chapitre 5 de l'arrêté ministériel du 30.12.1938 sont abrogées.

**Art. 22.** Le présent arrêté sera publié au *Mémorial*.  
Luxembourg, le 3 juin 1947.

*Le Ministre de l'Agriculture,*  
**Nicolas Margue.**

**Arrêté ministériel du 19 juin 1947 complétant l'arrêté ministériel du 28 mars 1947 libérant provisoirement certains produits des formalités de la fixation ou de l'homologation des prix par l'Office des Prix (*Mémorial* p. 308).**

*Le Ministre des Affaires Economiques,*

Vu l'arrêté grand-ducal du 8 novembre 1944 concernant la création d'un Office des Prix ;

Vu l'arrêté ministériel du 28 mars 1947 libérant provisoirement certains produits des formalités de la fixation ou de l'homologation des prix par l'Office des Prix ;

Arrête :

**Art. 1<sup>er</sup>.** A partir du 23 juin 1947, la liste des produits prévus par l'article 1<sup>er</sup> de l'arrêté ministériel du 28 mars 1947 ci-dessus cité est complétée comme suit :

**A. — Secteur textile :**

6° les articles de mercerie tels qu'ils sont énumérés sub A 1 à 8 des avis de l'Office des Prix en date du 28 mars 1947 concernant la fixation des marges bénéficiaires pour le commerce de gros et pour le commerce de détail en matières textiles (*Mémorial* p. 312 et 314) ;

- 7° les chapeaux pour dames et hommes ;
- 8° les tissus en rayonne ;
- 9° les tissus d'ameublement ;
- 10° les gants ;
- 11° les parapluies ;
- 12° les corsets et gaines.

**B. — Secteur alimentaire :**

- 3° les poissons frais de mer et d'eau douce ;
- 4° les poissons salés, congelés et séchés, à l'exception des conserves ;
- 5° les condiments ;
- 6° les fruits secs et légumes secs, à l'exception des légumineuses, pois, haricots et lentilles ;

7° les articles de confiserie, à l'exception du chocolat vendu contre timbres ;

8° les vins, apéritifs, vins-liqueurs, champagnes, alcools et spiritueux de toutes provenances.

**C. — Secteur des objets de luxe :**

8° les articles de sport et de pêche ;

**D. — Secteur industriel :**

6° les articles de toilette, de nettoyage et d'entretien, à l'exception des savons de ménage ;

7° les machines agricoles et accessoires ;

8° les bicyclettes ;

9° les accessoires des machines à coudre ;

10° les articles de musique ;

11° les articles de voyage et de maroquinerie ;

12° les articles d'horlogerie ;

13° les articles de papeterie ;

14° les articles de ménage, à l'exception des articles en tôle galvanisée ;

15° les articles de souvenir, les jouets et les articles de vannerie ;

16° dans le commerce de chaussures le plafond de bénéfice absolu prévu par le N° 2 de l'avis de l'Office des Prix concernant les marges bénéficiaires applicables dans le commerce des chaussures (*Mémorial* p. 315) est abrogé.

**Art. 2.** Les prix des articles et produits énumérés à l'article 1<sup>er</sup> ne devront pas dépasser le prix normal prévu par l'art. 2 de l'arrêté grand-ducal du 8 novembre 1944.

Toutes les dispositions concernant l'affichage des prix restent en vigueur.

**Art. 3.** Le présent arrêté sera publié au *Mémorial*.  
Luxembourg, le 19 juin 1947.

*Le Ministre des Affaires Economiques,*  
**Lambert Schaus.**

**Arrêté ministériel du 24 juin 1947 portant modification de la décharge partielle du droit d'accise pour les alcools destinés à certains usages industriels.**

*Le Ministre des Finances,*

Revu l'arrêté ministériel du 14 novembre 1946 relatif à la mise en vigueur provisoire des nouveaux

taux du droit d'accise et de la taxe de consommation sur les alcools et autres liquides alcooliques ;

Considérant qu'il échet d'adapter le montant de la décharge partielle prévue par l'article 10 du dit arrêté pour les alcools utilisés au chauffage, à l'éclairage ou à la production de la force motrice au montant fixé par la loi belge du 10 juin 1947 resp. l'arrêté belge du 11 juin 1947 ;

Arrête :

**Art. 1<sup>er</sup>.** Le taux de 3.440 francs par hl d'alcool à 50° de l'alcoolomètre de Gay-Lussac, température

15° du thermomètre centigrade prévu par le susdit article 10 pour les alcools utilisés au chauffage, à l'éclairage ou à la production de la force motrice est remplacé par le taux de 3.480 frs. Ce nouveau taux est applicable aux alcools faisant l'objet de passavants validés à partir du 25 juin 1947.

**Art. 2.** Le présent arrêté sera publié au *Mémorial*.  
Luxembourg, le 24 juin 1947.

*Le Ministre des Finances,*  
**Pierre Dupong.**

**Arrêté ministériel du 13 juin 1947, concernant la nomination des jurys chargés du contrôle définitif des cultures productrices de semences de céréales et de pommes de terre.**

*Le Ministre de l'Agriculture,*

Vu les articles 8 et 21 de l'arrêté ministériel du 3 avril 1946, concernant l'organisation du contrôle officiel des semences.

Arrête :

**Art. 1<sup>er</sup>.** Sont nommés membres, resp. membres suppléants pour le contrôle officiel des cultures productrices de semences inscrites pour l'année 1947 :

A. — *Contrôle des cultures de céréales dans les 12 cantons du pays :*

Membres : MM. Cam. Hansen, professeur à l'école agricole, Ettelbruck ;  
Charles Wirtgen, agriculteur, Frisange ;  
Membre suppl. M. Alfred Reiser, agriculteur, Feulen-Haut.

B. — *Contrôle des cultures de pommes de terre :*

a) pour les communes de Troisvierges, Weiswampach, Hachiville, Asselborn et Heinerscheid :

Membres : MM. Ad. Neyen, professeur-stagiaire à l'école agricole, Ettelbruck ;  
Jos. Gærens, agriculteur, Schieren ;  
Membre suppl. M. Schræder-Schleich, agriculteur, Lieler,

b) pour les communes de Clervaux, Bœvange Cl., Munshausen, Hosingen, Consthum et Oberwampach :

Membres : MM. Edm. Wirion, préposé du service Phytopathologique, Luxembourg ;  
René Wester, agriculteur, Fennange ;  
Membre suppl. M. J. Jacobs-Theisen, agriculteur, Marnach.

c) pour le canton de Wiltz, excepté la commune de Oberwampach :

Membres : MM. Ant. Jentges, professeur à l'école agricole, Ettelbruck ;  
Th. Salentin, secrétaire communal, Gœsdorf ;  
Membre suppl. M. René Nanquette, agriculteur, Tarchamps.

d) pour le canton de Rédange :

Membres : MM. Jean Nicolay, directeur à l'école agricole, Ettelbruck ;  
Ed. Wagner, agriculteur, Wahl ;  
Membre suppl. M. Emile Berns, agriculteur, Feulen-Bas.

e) pour les cantons de Diekirch et Vianden :

Membres : MM. Jean Meyers, professeur à l'école agricole, Ettelbruck ;

Félix Steichen, agriculteur, Kehmen ;

Membre suppl. M. Alb. Siebenaller, agriculteur, Scheuerhof, Vianden.

**Art. 2.** Les membres des jurys devront s'abstenir pour le contrôle de leurs propres cultures et de celles de leurs parents ou alliés jusque et y compris le 3<sup>me</sup> degré.

**Art. 3.** Les membres des jurys toucheront une indemnité de 75 fr. par demi-journée d'opérations. ; les membres-fonctionnaires ne toucheront que le frais de route et de séjour prévus au N° 115 du tableau annexé à l'arrêté gr.-d. afférent du 14 mai 1922.

**Art. 4.** Le présent arrêté sera publié au *Mémorial* ; un exemplaire sera expédié à chaque membre des jurys, pour leur servir de titre.

*Le Ministre de l'Agriculture,*  
**Nicolas Margue.**

**Arrêté ministériel du 13 juin 1947, concernant la fixation de taxes à percevoir pour l'avant-contrôle des cultures de plants de pommes de terre et de plombage des plants reconnus de cultivateurs non syndiqués.**

*Le Ministre de l'Agriculture,*

Vu l'arrêté ministériel du 3 avril 1946, concernant l'organisation du contrôle officiel des semences, notamment l'article 7, alinéa 3 ;

Vu l'arrêté ministériel du 7 février 1947, portant fixation de certaines taxes à percevoir pour le contrôle officiel des semences ;

Arrête :

**Art. 1<sup>er</sup>.** Sont assujetties à une taxe supplémentaire de 5 francs par are toutes les cultures de plants de pommes de terre inscrits au contrôle officiel des semences dont l'avant-contrôle est assuré par un agent de l'administration des services agricoles. De plus, si l'apposition des certificats et étiquettes ainsi que le plombage des sacs sont effectués par un agent de l'administration des services agricoles, il est perçu de ce chef une taxe de 3 francs par sac de 50 kg.

Ces taxes sont perçues au profit de l'Etat en dehors de la taxe d'inscription prévue à l'art. 2 sub a) de l'arrêté précité du 7 février 1947.

**Art. 2.** Le mode de perception de ces taxes supplémentaires sera établi par l'administration des services agricoles.

**Art. 3.** Le présent arrêté sera publié au *Mémorial*.

*Le Ministre de l'Agriculture,*  
**Nicolas Margue.**

**Arrêté ministériel du 15 juin 1947 portant institution de commissions officielles pour les examens du titre et du brevet de maîtrise.**

*Le Ministre du Travail et de la Prévoyance sociale,*

Vu l'art. 3 de la loi du 2 juillet 1935, portant réglementation des conditions d'obtention du titre et du brevet de maîtrise dans l'exercice des métiers ;

Vu l'art. 3 de l'arrêté du 24 juin 1936, portant réglementation de la procédure applicable aux examens de maîtrise ;

Vu l'arrêté du 19 novembre 1938, portant institution de commissions officielles pour l'examen du titre et du brevet de maîtrise dans l'exercice des métiers pour la durée de deux années ;

Vu les propositions de la Chambre des Métiers ;

Arrête :

**Art. 1<sup>er</sup>.** Le Commissariat du Gouvernement aux examens de maîtrise est composé comme suit :  
Président : Monsieur J.-P. *Winter*, Professeur-attaché aux Ministères du Travail et de l'Education Nationale, nommé Commissaire du Gouvernement par arrêté ministériel du 18 décembre 1946 ;  
Membres : Messieurs *Theisen* Paul, Vice-président de la Chambre des Métiers et *Scholer* François, Président des Fédérations artisanales ;  
Secrétaire : Monsieur *Ruckert* Alphonse, Secrétaire de la Chambre des Métiers.

**Art. 2.** Sont nommés experts pour la partie théorique des examens de maîtrise :

MM. *Rousseau* Léon, Ingénieur dipl., chargé de cours aux Cours techniques supérieurs, Luxembourg ;  
*Robert* Aloyse, Régent de l'Institut Emile Metz, Dommeldange ;  
*Dieschbourg* Camille, Professeur à l'Ecole d'Artisans, Luxembourg ;  
*Wilhelm* Jean-Pierre, Instituteur technique à l'Ecole professionnelle d'Esch-s.-Alzette ;  
*Neyens* Armand, Employé de la Chambre des Métiers.

**Art. 3.** Sont nommés membres des commissions instituées pour l'examen des candidats au titre et au brevet de maîtrise dans l'exercice des métiers énumérés ci-après :

Commission pour le métier de :

a) *Mécanicien-Dentiste* :

Président : M. *Heischbourg* Paul, médecin-dentiste, Luxembourg, Place Guillaume, 28 ;  
Membres effectifs : MM. *Hammer* Paul, maître-méc. de Pr. D., Luxembourg, route de Longwy, 317 ;  
*Schätter* Fréd., maître-méc. de Pr. D., Esch-s.-Alzette, rue de l'Hôpital ;  
Membre suppléant : M. *Ludig* Paul, maître-méc. de Pr. D., Luxembourg, rue Henri VII, 4.

b) *Meunier* :

Président : M. *Peusch* Jean, maître-meunier, Clervaux ;  
Membres effectifs : MM. *Altmann* Michel, maître-meunier, Schrassig ;  
*Dieschbourg* J.-P., maître-meunier, Nonnenmuhle, Echternach ;  
Membre suppléant : M. *Wildschutz* Nic., maître-meunier, Kleinbettingen.

c) *Mécanicien de machines de bureaux* :

Président : M. *Hansen* François, m.-méc. de mach. de bur., Luxembourg, rue de la Porte-Neuve, 9 ;  
Membres effectifs : MM. *Theis* Adolphe, m.-méc. de mach. de bur., Esch-s.-Alzette, rue X. Basseur, 8 ;  
*Goblet* Pierre, m.-méc. de mach. de bur., Luxembourg, rue L. Menager, 149 ;  
Membre suppléant : M. *Molitor* Xavier, m.-méc. de mach. de bur., Diekirch, Grand' rue, 34.

d) *Tailleuse* :

Président : M. *Schröder* Henri, couturier, Luxembourg, rue Duchscher, 10 ;  
Membres effectifs : MM. *Hensel-Heinen* M<sup>me</sup>, couturière, Esch-s.-Alzette, rue de l'Eau, 2 ;  
*Berweiler* Richard M<sup>me</sup>, couturière, Luxembourg, rue Glesener, 40 ;  
Membre suppléant : M. *Pommerell* René, maître-tailleur, Luxembourg, Blvd. Roosevelt, 4.

e) *Peintre* :

Président : M. *Schock* Paul, maître-peintre, Luxembourg, rue du Marché-aux-Herbes, 34 ;  
Membres effectifs : MM. *Hamper* Jos., maître-décorateur, Luxembourg, rue de Strassen ;  
*Fohl* Mathias, maître-peintre, Luxembourg, rue de la Paix, 5 ;  
Membre suppléant : M. *Schneider* Nic., maître-peintre, Wormeldange.

f) *Vitrier* :

Président : M. *Schneider* Guill., maître-vitrier, Esch-s.-Alzette, Place Norbert Metz ;  
 Membres effectifs : MM. *Mack* Léon, maître-vitrier, Bonnevoie, rue de Bonnevoie, 27 ;  
                                   *Fehlen* Jos., maître-vitrier, Luxembourg, rue Ad. Fischer, 106 ;  
 Membre suppléant : M. *Dahm* Henri, maître-vitrier, Ettelbruck, rue du Commerce, 36.

g) *Horloger* :

Président : M. *Harpes* Auguste, maître-horloger, Mersch ;  
 Membres effectifs : MM. *Scherer* Auguste, maître-horloger, Esch-s.-Alzette, rue de l'Alzette, 71 ;  
                                   *Bock* Gaston, maître-horloger, Esch-s.-Alzette, rue de la Gare, 25 ;  
 Membre suppléant : M. *Hilger* Pierre, maître-horloger, Luxembourg, rue des Capucins, 14.

h) *Bijoutier* :

Président : M. *Speller* Paul, maître-bijoutier, Luxembourg, Grand' rue ;  
 Membres effectifs : MM. *Kass* Robert, maître-bijoutier, Luxembourg, avenue Monterey ;  
                                   *Hemmer* Pierre, maître-bijoutier, Luxembourg, Grand' rue ;  
 Membre suppléant : M. *Becker* Nic. Ferd., maître-bijoutier, Luxembourg, rue Poincaré, 42.

i) *Sculpteur sur bois* :

Président : M. *Schintgen* Bernard, maître-sculpteur, Luxembourg, route d'Arlon, 23 ;  
 Membres effectifs : MM. *Schmit* Lucien, maître-sculpteur, Luxembourg, côte d'Eich, 39 ;  
                                   *Hoscheid* Joseph, maître-sculpteur, Esch-s.-Alzette, rue de l'Alzette, 131 ;  
 Membre suppléant : M. *Feltgen* Henri, maître-sculpteur, Luxembourg, rue de Chicago, 23.

j) *Peintre en autos* :

Président : M. *Feidt* Edouard, maître-peintre en autos, Luxembourg, rue d'Esch, 60 ;  
 Membres effectifs : MM. *Hæser* Emile, maître-peintre en autos, Luxembourg, rue d'Anvers, 36 ;  
                                   *Gehlen* Nic., maître-peintre en autos, Luxembourg, avenue V. Hugo, 88 ;  
 Membre suppléant : *Conrardy* Jean, maître-carrossier, Luxembourg, rue Henri VII, 9.

k) *Mécanicien-Orthopédiste* :

Président : M. *Moitzheim* Nic., maître-méc. orthop., Luxembourg, rue Philippe, 8 ;  
 Membres effectifs : MM. *Jungblut* Armand, maître-méc. orthop., Luxembourg, rue des Genêts, 20 ;  
                                   *Faber* Eugène, maître-méc. orthop., Esch-s.-Alzette, rue Victor Hugo, 22 ;  
 Membre suppléant : M. *Petin* Jean, maître-méc. orthop., Luxembourg, rue de Hollerich, 13.

l) *Relieur* :

Président : M. *Glesener* Ernest, maître-relieur, Luxembourg, rue Glesener, 43 ;  
 Membres effectifs : MM. *Willmes* Jos., maître-relieur, Luxembourg, rue Louvigny, 3 ;  
                                   *Kesseler* André, maître-relieur, Ettelbruck, Grand' rue ;  
 Membre suppléant : M. *Schlechter* Léon, maître-relieur, Luxembourg, Blvd. de l'Alzette, 20.

m) *Fabricant de Jalousies* :

Président : M. *Besch* Nicolas, maître-menuisier, Luxembourg, route d'Esch, 16 ;  
 Membres effectifs : MM. *Bernard* Charles, maître-fabr. de jalousies, Luxembourg, rue de Hollerich, 24 ;  
                                   *Philippe* Fernand, maître-fabr. de jalousies, Luxembourg, Blvd. Extérieur ;  
 Membre suppléant : M. *Breden* J.-P., maître-fabr. de jalousies, Mamer.

n) *Traiteur* :

Président : M. *Theisen* Pierre, maître-traiteur, Luxembourg, rue Philippe, 3 ;  
 Membres effectifs : MM. *Liot* Paul, maître-traiteur, Luxembourg, rue du Fossé, 5 ;  
                                   *Hansen* Lucien, maître-traiteur, Esch-s.-Alzette, avenue de la Gare, 14 ;  
 Membre suppléant : M. *Hein* René, maître-traiteur, Ehnen.



## o) Opticien :

Président : M. Dr. *Hippert* François, médecin-oculiste, Luxembourg, rue Heine, 8 ;  
 Membres effectifs : MM. *De Westphalen* R., Maître-opticien, Metz, rue Henry Maret, 2 ;  
*Weyler* Victor, maître-opticien, Esch-s.-Alzette, rue de l'Alzette, 21.

## p) Installateur de Frigos :

Président : M. *Hommel* Ferd., ingénieur, Luxembourg, avenue de la Porte Neuve ;  
 Membres effectifs : MM. *Schieren* Albert, maître-mécanicien, Luxembourg, Blvd. de la Pétrusse ;  
*Schoos* Jules, maître-électricien, Luxembourg, rue Franklin, 10 ;  
 Membre suppléant : M. *Wengler* Jos., Ingénieur, Luxembourg, rue de la Semois, 88.

## q) Tailleur de Pierres :

Président : M. *Thome* Christophe, maître-tailleur de pierres, Strassen ;  
 Membres effectifs : MM. *Schou* J.-P., maître-tailleur de pierres, Grevenmacher ;  
*Warnier* Achille, maître-tailleur de pierres, Weimerskirch, rue Raspert, 13 ;  
 Membre suppléant : M. *Sabatini* Aureleo, maître-tailleur de pierres, Esch-s.-Alzette, Blvd. Pr. Henri, 2.

## r) Carreleur :

Président : M. *Gruber* Louis, maître-carreleur, Luxembourg, rue d'Ernay, 13 ;  
 Membres effectifs : MM. *Frascht* Lucien, maître-carreleur, Luxembourg, rue Jean l'Aveugle, 9 ;  
*Braun* Pierre, maître-carreleur, Beggen, rue Charles Collart, 5 ;  
 Membre suppléant : M. *Thibeau* Michel, maître-paveur, Luxembourg-Neudorf.

## s) Mécanicien-Orthopédiste-Bandagiste :

Président : M. *Moitzheim* Nic., maître-méc.-orthopédiste, Luxembourg, rue Philippe, 8 ;  
 Membres effectifs : MM. *Faber* Eugène, maître-méc.-orthopédiste-bandagiste, Esch-s.-Alzette, rue Victor  
 Hugo, 22 ;  
*Jungblut* A. J., maître-méc.-orthopédiste-bandagiste, Luxembourg, rue des  
 Genêts, 20 ;  
 Membre suppléant : M. *Pelin* Jean, maître-méc.-orthopédiste, Luxembourg, rue de Hollerich.

**Art. 4.** Le présent arrêté sera publié au *Mémorial*. Un extrait en sera transmis à chacun des intéressés pour lui servir de titre.

Luxembourg, le 15 juin 1947.

*Le Ministre du Travail  
 et de la Prévoyance sociale,  
 Pierre Dupong.*

**Arrêté du 17 juin 1947, concernant l'examen de fin d'études à l'Ecole agricole d'Ettelbruck.**

*Le Ministre de l'Agriculture,*

Vu l'art. 62 de l'arrêté grand-ducal du 5 mai 1933, portant nouveau règlement sur l'organisation de l'Ecole agricole d'Ettelbruck ;

Arrête :

**Art. 1<sup>er</sup>.** M. J.-P. *Zanen*, anc. directeur de l'Ecole agricole, membre de la Commission de surveillance de l'Ecole agricole, à Luxembourg, est nommé président de la commission d'examen de fin d'études à l'Ecole agricole pour l'année scolaire 1946/47.

M. Math. *Putz*, Conseiller de Gouvernement, à Luxembourg, est nommé commissaire du Gouvernement.

**Art. 2.** Sont nommés membres de la même Commission :

MM. Jean *Nicolay*, directeur,

J.-P. *Lanners*, et

Jean *Meyers*, professeurs au même établissement.

**Art. 3.** M. le professeur Aloyse *Thull*, d'Ettelbruck, est nommé membre suppléant.

**Art. 4.** L'épreuve écrite aura lieu les lundi 21 et mardi 22 juillet, l'examen oral le jeudi 24 juillet 1947.

**Art. 5.** Le présent arrêté sera publié au *Mémorial*.

Le Ministre de l'Agriculture,  
Nicolas Margue.

#### Avis de l'Office des Prix concernant les prix des écorces de chêne.

En vertu de l'arrêté grand-ducal du 8 novembre 1944 concernant la création d'un Office des Prix il est porté à la connaissance de tous les intéressés que les prix maxima des écorces de chêne sont abrogés avec effet à partir du 10 juin 1947 et seront dispensés à l'avenir des formalités de fixation et de l'homologation des prix prévues par l'arrêté ci-dessus cité.

Luxembourg, le 11 juin 1947.

Le Ministre des Affaires Economiques,  
Lambert Schaus.

#### Emprunts communaux. — Tirage d'obligations.

Communes et sections intéressées.	Désignation de l'emprunt	Date de l'échéance	Numéros sortis au tirage		Caisse chargée du remboursement
			100	500	
Merttert (Wasserbillig) ...	43.000 frs. 3,5% de 1897	1.7.1947	10, 101	35, 54	Banque Internationale, Luxembourg
Manternach-Berbourg ....	20.000 frs. 3,5% de 1898	id.	37, 66, 86, 168, 196		id.
Betzdorf-Olingen .....	20.000 frs. 3,5% de 1900	id.	12, 89, 107, 166, 196		id.
Luxembourg-Hamm .....	19.900 frs. 3,5% de 1896	id.	5, 63, 102, 136, 163, 189		id.
Rosport .....	46.000 frs. 3,5% de 1897	id.	23, 87	5, 64	id.
Steinfort .....	150.000 frs. 4% de 1919	1.8.1947	33, 41, 62,	31, 38, 70, 95, 120, 218, 226, 246, 271.	id.

Luxembourg, le 27 mai 1947.

**Avis. — Laiteries.** — Par arrêté ministériel du 19 mai 1947, la laiterie de *Niederwampach*, mise en activité sans autorisation gouvernementale de réouverture, a été fermée. — 19 mai 1947.

## Bekanntmachung.

Anträge auf gerichtliche Todeserklärung der nachstehend aufgezählten Personen sind gestellt worden.

*Bruffato* Primo, geb. am 29.7.1897 in Cagnaprus, gest. zu Allach am 15.11.1944 ;  
*Bintener* René, geb. am 22.12.1921 in Helmdingen, gefallen zu Langendreer am 16.2.1945 ;  
*Brachmond* Johann, geb. am 8.3.1892 in Roder, gest. zu Dachau am 16.7.1942 ;  
*Bartel* Joh. Peter, geb. am 24.11.1874 in Rümelingen, gest. in Rheinbach am 2.2.1944 ;  
*Cresto* François, geb. am 23.11.1920 in Esch-Alzette, gest. zu Jaswicz-Mala am 5.8.1944 ;  
*Cukier-Celinska* Marja-Reysta, geb. am 2.2.1904 in Szydlowice, gest. in Auschwitz ;  
*Closter* Joseph, geb. am 23.5.1924 in Derenbach, gefallen bei Goveleya-Jama am 1.3.1944 ;  
*Dumong* Léon, geb. am 3.1.1921 in Consthum, gest. in Tambow am 1.7.1945 ;  
*Delhez* Eugen, geb. am 7.8.1909 in Rodingen, gest. bei Obelcko am 16.1.1945 ;  
*Engelhardt* François, geb. am 3.10.1903 in Hildesheim, gest. in Rußland am 8.9.1945 ;  
*Fries* Peter Franz Adam, geb. am 14.7.1926 in Düdelingen, gest. in Odessa am 20.4.1946 ;  
*Gärgen* Wilhelm, geb. am 30.7.1905 in Volmeringen, gest. in Lissizy am 11.7.1944 ;  
*Heinen* August, geb. am 29.12.1922 in Heisdorf, gest. zu Olen am 27.6.1944 ;  
*Haas* Wilhelm, geb. am 9.10.1920 in Esch-Alzette, gefallen bei Chinelle am 29.8.1943 ;  
*Hofmann* Ferdinand, geb. am 13.2.1912 in Differdingen, gefallen bei Krasny-Podschineck am 6.7.1943 ;  
*Hoffmann* Semmi, geb. am 3.5.1888 in Aurich, gest. in Auschwitz ;  
*Hoffmann-Cahen* Rosalie, geb. am 26.6.1893 in Everlingen, gest. in Auschwitz am 20.7.1944 ;  
*Hengen* Joseph, geb. am 24.2.1920 in Differdingen, gefallen bei Doblen am 22.9.1944 ;  
*Junker* Eugen, geb. am 24.6.1898 in Petingen, gest. in Mauthausen am 7.5.1945 ;  
*Jaminet* Roger, geb. am 13.5.1920 in Differdingen, gest. in Hameln am 12.12.1944 ;  
*Kahn-Meyer*, geb. am 22.4.1858 in Freudenburg, gest. in Theresienstadt am 12.1.1943 ;  
*Kahn-Kahn* Caroline, geb. am 21.3.1865 in Esch-Alzette, gest. in Theresienstadt am 28.4.1943 ;  
*Munster* Emil, geb. am 4.3.1924 in Esch-Alzette, gest. in Kirsanow im August 1945 ;  
*Morby* Anton Theodor, geb. am 10.2.1910 in Hollerich, gefallen bei Katlinba am 23.11.1944 ;  
*Prumbaum* Joseph, geb. am 31.12.1895 in Luxemburg, gest. in Siegburg am 7.11.1944 ;  
*Pompermaier* Lucien, geb. am 13.12.1922 in Esch-Alzette, erschossen in Sommerburg am 30.11.1945 ;  
*Reding* Aloyse, geb. am 27.2.1924 in Bissen, gest. in Tambow am 24.2.1945 ;  
*Sommer* Hubert, geb. am 9.3.1917 in Hagen, früher wohnhaft in Luxemburg ;  
*Schwirtz* Joseph, geb. am 15.1.1921, in Küntzig, gest. zu Torgau am 22.12.1944 ;  
*Sinner* Heinrich, geb. am 18.7.1886 in Hiwingen, gest. in Nieder-Roden am 27.1.1945 ;  
*Sommer-Bonem* Selma, geb. am 15.8.1885 in Grevenmacher, gest. in Auschwitz ;  
*Schumacher* Nikolaus, geb. am 2.7.1922 in Luxemburg, gefallen bei Rikowo am 6.9.1943 ;  
*Schimberg* Nikolaus, geb. am 21.3.1897 in Hovelingen, gest. in Saulgau am 23.4.1945 ;  
*Schmit* Cornelius Joh. Peter, geb. am 3.1.1906 in Luxemburg, gest. in Dachau am 12.11.1942 ;  
*Schaeffer* Michel, geb. am 2.12.1922 in Düdelingen, gefallen bei Prossnitz am 29.4.1945 ;  
*Weimerskirch* Robert, geb. am 6.6.1920 in Contern, gefallen in Rußland am 1.10.1943.

Alle Personen, welche nähere Angaben über den Tod der vorstehenden Personen machen können, sind hiermit ersucht, binnen zehn Tagen einen kurzen Bericht an das Innenministerium einzusenden.

**Avis. — Caisse d'Epargne. — Déclarations de perte de livrets.** — A la date du 1<sup>er</sup> juin 1947 les livrets N<sup>os</sup> 4536, 6082, 16253, 34424, 181788, 353291, 506355, 515622, 547179 ont été déclarés perdus.

Les porteurs des dits livrets sont invités à les présenter dans la quinzaine à partir de ce jour, soit au bureau central, soit à un bureau auxiliaire quelconque de la Caisse d'Epargne de l'Etat et à faire valoir leurs droits.

Faute par les porteurs de ce faire dans le dit délai, les livrets en question seront déclarés annulés et remplacés par des nouveaux. — 1<sup>er</sup> juin 1947.

**Avis. — Caisse d'Epargne. — Annulation de livrets perdus.** — Par décision de Monsieur le Ministre des Finances, en date du 2 juin 1947 les livrets Nos 1817, 34490, 41899, 197670, 209694, 280310, 313958, 348134 ont été annulés et remplacés par des nouveaux. — 2 juin 1947.

### VILLE DE LUXEMBOURG.

#### Emprunt de 4% de frs. 1.400.000.— Emission 1918.

Tirage du 2 mai 1947.

*Titres remboursables le 1<sup>er</sup> août 1947, coupons N° 59 et ss. alt.*

*Lit A:* francs 1.000,— nominal les 42 obligations portant les

Nos 3, 25, 53, 61, 83, 99, 129, 140, 143, 152, 165, 166, 176, 178, 241, 252, 321, 379, 392, 402, 431, 484, 504, 530, 591, 685, 761, 803, 865, 885, 888, 895, 921, 1038, 1043, 1045, 1057, 1132, 1190, 1213, 1243, 1244.

*Lit B:* francs 500,— nominal les 4 obligations portant les

Nos 35, 94, 125, 178.

*Lit C:* francs 100,— nominal les 2 obligations portant les

Nos 14, 85.

Ces obligations cessent de porter intérêt à partir du 1<sup>er</sup> août 1947.

Liste des obligations sorties aux tirages précédents et non encore présentées au remboursement.

*Lit A:* francs 1.000,— nominal les 45 obligations portant les

Nos 45, 100, 111, 128, 130, 175, 182, 199, 236, 270, 276, 279, 302, 322, 323, 324, 325, 327, 338, 350, 357, 393, 414, 527, 582, 621, 689, 887, 966, 972, 973, 974, 1063, 1064, 1073, 1083, 1093, 1094, 1105, 1175, 1181, 1185, 1188, 1195, 1290.

*Lit. B:* francs 500,— nominal les 9 obligations portant les

Nos 1, 4, 13, 33, 59, 105, 148, 174, 179.

*Lit. C:* francs 100,— nominal les 2 obligations portant les

Nos 66, 78.

Le service de l'emprunt est fait aux guichets de la Banque Internationale à Luxembourg, Société Anonyme à Luxembourg et de ses succursales et agences.

Luxembourg, le 2 mai 1947.

Le Bourgmestre,  
Emile HAMILIUS.

**Avis. — Consuls.** — L'exequatur a été accordé par le Gouvernement du Brésil à M. Nicolas *Hientgen*, qui par arrêté grand-ducal du 9 août 1946 a été nommé Consul honoraire du Grand-Duché à Sao Paolo avec juridiction sur l'Etat de Sao Paolo. — 9 juin 1947.

**Avis. — Education Physique.** — Par arrêté grand-ducal en date du 30 avril 1947, M. Alex *Servais*, juge de paix, à Luxembourg, a été nommé aux fonctions de Commissaire Général aux Sports. — 3 mai 1947.

**Avis. — Administration des Contributions et Accises.** — Documents de transport (passavants) des alcools, eaux-de-vie, liqueurs et des autres liquides alcooliques similaires.

Il est porté à la connaissance des distillateurs, rectificateurs, fabricants et marchands de liqueurs et à tous les intéressés que les imprimés énumérés ci-après sont cédés, à partir du 1<sup>er</sup> juillet 1947, par les bureaux des sections d'accise de l'Administration des Contributions aux prix suivants :

1 <sup>o</sup>	Le cahier de passavants	N <sup>o</sup> I au prix de	8 francs.
2 <sup>o</sup>	» »	N <sup>o</sup> II »	10 »
3 <sup>o</sup>	» »	N <sup>o</sup> IV »	25 »
4 <sup>o</sup>	» » de bandelettes de		
		contrôle au prix de ...	5 »

L'avis publié au *Mémorial* du 24 mars 1947, N<sup>o</sup> 16 et relatif aux prix des passavants est annulé. — 10.6.47.

**Avis. — Jury d'examen.** — Le jury d'examen pour le droit se réunira en session extraordinaire du 14 au 18 juillet 1947, dans une des salles du Palais de Justice à Luxembourg, à l'effet de procéder à l'examen de MM. Lambert *Dupong* de Luxembourg, Eugène *Gørgen* de Luxembourg, Norbert *Franck* d'Esch-sur-Alzette, Jean *Gremling* de Strassen, Edouard *Pauly* de Luxembourg, Paul *Reuter* de Luxembourg et René *Wolter* de Luxembourg, récipiendaires pour l'examen du doctorat en droit.

L'examen écrit aura lieu le lundi, 14 juillet 1947, de 9 heures à midi et de 15 à 18 heures.

Les épreuves orales sont fixées comme suit : pour M. *Franck* au mardi, 15 juillet, à 16,30 h. ; pour M. *Pauly* au mercredi, 16 juillet, à 15 h. ; pour M. *Gørgen* au même jour, à 17 h. ; pour M. *Wolter* au jeudi, 17 juillet, à 15 h. ; pour M. *Gremling* au même jour, à 17 h. ; pour M. *Dupong* au vendredi, 18 juillet à 15 h., et pour M. *Reuter* au même jour, à 17 heures. — 6 juin 1947.

**Avis. — Règlements communaux.** — En séance du 23 mars 1946, le conseil communal de *Gæsdoerf* a pris une délibération portant nouvelle fixation de la taxe d'eau à percevoir sur les abonnés de la conduite d'eau dans les sections de *Gæsdoerf* et *Dahl*.

La dite délibération a été dûment approuvée et publiée. — 29 mai 1947.

En séance du 10 mai 1947, le conseil communal de *Flaxweiler* a pris une délibération portant modification du règlement sur l'usage des chemins communaux et ruraux.

Le dit règlement a été dûment publié. — 6 juin 1947.

Par arrêté ministériel du 10 juin 1947, M. Pierre *Olinger*, cultivateur, à Mertzig-Haut, a été nommé aux fonctions d'échevin de la commune de Mertzig. — 10 juin 1947.

**Avis. — Association syndicale.** — Par arrêté de M. le Ministre de l'Agriculture en date du 9 juin 1947, l'association syndicale pour l'exécution de travaux d'améliorations foncières agricoles sur le ban de Colbette-Marscherwald, dite « *Meliorationsgenossenschaft Colbette-Marscherwald* » dans la commune de Consdorf a été autorisée. L'arrêté en question ainsi qu'un double de l'acte d'association ont été déposés au Gouvernement et au secrétariat communal de Consdorf. — 9 juin 1947.

**OFFICE MEMORANDUM**

TO: F. D. Stephens  
FROM: L. Svoboda *yoona*  
SUBJECT: Loan to Luxembourg

DATE: June 24, 1947

Mr. Hoar asked me today to inform you of the following developments in the Luxembourg loan application:

- (1) The Finance Policy Committee had a meeting yesterday in which agreement was reached on the following recommendation to be made with regard to the Luxembourg loan application:
  - (a) A loan should be granted to the Luxembourg Government even if it is recognized that it will be made mainly for budgetary purposes.
  - (b) The loan should be given under two conditions:
    - (i) The Luxembourg Government should be notified that the Bank considers it a loan in effect to the Union as a whole, which will be taken into account in any future application from either member of the Union.
    - (ii) The Belgian Government should be urged to revise, with a view to its increasing the amount which it has indicated it will make available in local currency from its subscription to the Bank.
- (2) Mr. Garner had a conversation yesterday with Mr. Werner, the Luxembourg Government's representative, during which he discussed the matter in the above-mentioned way.

(3) In view of the fact that the loan has been principally approved, it is Mr. Garner's wish that all necessary technical preparations should be accelerated. With regard to these preparations, Mr. Hoar sets out the following points:

(a) Luxembourg's representative should be given a list containing a summary of all information which his Government will have to supply to the Bank in connection with the loan contract itself. This list shall be prepared in a way similar to that which has been chosen for Denmark's loan contract. The Danish list may be used as an example.

If there is any information on file which has already been supplied by the Luxembourg Government, it should be put into final form and included in the questionnaire.

(b) Any additional information of general character which might be considered necessary and useful should be requested from the Luxembourg representative at this time.

(c) A draft report should be worked out by the working party without delay. Reports presented up until now which cover the matter fairly well could be used as a basis.

(d) A draft contract worked out by the Legal Department, even if still lacking the final figure of the loan amount to be granted to the Luxembourg Government, may be shown to Mr. Werner. You may contact Mr. Sommers of the Legal Department in this matter.

Mr. Hoar would like to see you and discuss the above-mentioned situation with you as soon as you arrive in your office. Mr. Mason has been given a copy of this memorandum.

(To be submitted to the  
Executive Directors on  
June 23, 1947, for  
approval)

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

June 23, 1947.

COMMITTEE ON FINANCIAL POLICY

Report on the Luxembourg Loan Application

1. At a meeting on June 23, the Committee on Financial Policy considered a memorandum from the Loan Department containing a review of the Luxembourg loan negotiations and a recommendation that approval be given in principle to a loan to finance internal expenditures on productive projects. The review of the situation as submitted to the Committee is attached hereto as Appendix "A".
2. In connection with the financing of Luxembourg's reconstruction programme, the Committee noted the following:
  - (a) Every effort had been made by Luxembourg to reduce her extraordinary expenditures in the 1947 budget and she had intimated that she would consider any suggestions that the Bank might make as to further possibilities for reduction.
  - (b) It appeared that Luxembourg's need for credit financing could be reduced to \$10 - \$12 million in 1947 and that the prospects were that there would be no further need for recourse to the Bank for reconstruction purposes thereafter.



- (c) The need was not for foreign exchange as such, but for a loan to finance internal expenditures. Such financing could not be met by further taxation, the reasonable limit of capacity having been reached, nor by further borrowing from Belgium, nor, in the absence of a central banking system in the Grand Duchy, by the creation of currency.
- (d) Of the \$10 - \$12 million required from the Bank, the equivalent of \$2 million could be made available in local currency out of Belgium's subscription to the Bank.
- (e) It was understood that both the Institut Belgo-Luxembourgeois du Change and the National Bank of Belgium would furnish the Bank with an assurance that applications for foreign exchange to meet the service of a Bank loan to Luxembourg would be granted within the limit of the available resources of the Belgium-Luxembourg Economic and Monetary Union.
- (f) The Acting Managing Director of the Fund had stated that the Fund would have no objection to such a loan.
- (g) There was some need for speedy action, especially since it was hoped that any loan agreement will be ratified by the Luxembourg Parliament before it rises in the middle of July; it is not scheduled to meet again until November. It would also doubtless be of help to the Bank in its first market operations if it were able to state that a member Government other than the United States had given consent to the use of its subscription to the Bank.

3. After considering carefully the loan application in the light of Luxembourg's position as a member of Belgium-Luxembourg monetary union, the Committee came to the following conclusions:

- 2-
- (a) Although a member of a monetary union, Luxembourg, as a Sovereign State, had been admitted as an individual member of the Bank and was therefore entitled to apply for an individual loan.
  - (b) The Luxembourg loan, which would be tied to current reconstruction projects of a productive nature, could be regarded as more urgent than a loan for the development of new means of production.
  - (c) The objection that under Article V Section 3 (b) the Bank cannot make a loan wholly for the purpose of internal financing could be met by pointing at the fact that the loan, although technically a loan to Luxembourg for the purpose of internal financing, was in its monetary effects similar to a loan to the Belgium-Luxembourg union and would partly be used for the purchase of goods which would entail foreign expenditure by Belgium at some stage.
  - (d) This loan to Luxembourg would increase her productivity and assist her economic recovery which would serve, in effect, to strengthen the economy of the entire Belgium-Luxembourg monetary union.

4. The Committee therefore recommends:

- (a) That approval be given in principle to this loan to Luxembourg to finance internal expenditures on reconstruction projects.
- (b) That although the loan is given to Luxembourg and not to the Belgium-Luxembourg Monetary Union it was in its monetary effects similar to a loan given to that union and that both members of the union should therefore be notified that

-4-

the Bank will take into account the dollar part of the loan in considering any future application from either member of the union.

- (c) That Belgium be urged to review, with a view to its increase, the amount which she has indicated she will make available in local currency from her subscription to the Bank.
- (d) That it be established as a matter of principle that, quite apart from the Bank making clear that such a loan to Luxembourg sets no precedent for the making of loans for internal financing, the Bank does not have to recognize or consider precedents when reviewing applications for loans.

Committee on Financial Policy

J. W. Beyen, Chairman  
Leon Baranski  
Eugene R. Black  
Victor Moller  
Sir R. Gordon Munro  
Graham F. Towers

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Communications and Records

June 17, 1947

LUXEMBOURG LOAN APPLICATION AND  
REVIEW OF SITUATION TO JUNE 13, 1947

The Luxembourg Government stated, in Complementary Note No. 1 to their application for a loan of \$20 million, that "negotiations concerning the use of the proceeds of the loan could start on the following basis".

1. Importation of goods and materials for housing-reconstruction purposes	\$ 2,400,000
2. Importation of rolling stock and other materials for railway-reconstruction purposes	\$ 6,000,000
3. Importation of coke and coal in view of the general restoration of the economy	\$ <u>11,600,000</u>
	\$ <u>20,000,000</u>

Examination of this Note and subsequent data submitted by the Luxembourg Government indicated, however, that the loan was required for the purpose of internal financing. Mr. Pierre Werner, Commissioner of Bank Control, has now arrived in Washington to negotiate with the Loan Department on behalf of the Luxembourg Government and conversations with him have confirmed this fact.

The following is a brief review of the situation to date:

Eligibility.

Even though a member of an economic union which has entrusted certain controls to a common authority, Luxembourg as a Sovereign State and as an accepted member government of the Bank is entitled to apply for a loan from the Bank.

War Damages and Reconstruction Plans.

Luxembourg has shown that considerable damage was suffered during the war. A Five-Year Reconstruction Plan has been formulated which is devoted in large measure to the reconstruction and repair of farms, dwellings and other buildings. A small part of the Reconstruction Plan comprises

the repair of communications including roads, railroad tracks, bridges, etc. Outside the Reconstruction Plan further plans have been formulated for the re-equipment of railroads with locomotives and with passenger and freight cars.

Means of  
Financing.

Some of the above plans have already been financed out of Luxembourg's own internal resources but it would appear that, even if less productive items are cut out of the extraordinary budget, Luxembourg has demonstrated that particularly in 1947 reconstruction expenditures cannot be met out of available resources. Strenuous efforts have been made by the Luxembourg Government to finance their reconstruction plans and since the inception of the Five-Year Reconstruction Plan, a total of almost 1,400 million francs had been spent by the end of February 1947 much of which had been financed out of extraordinary taxation. In this connection it should be noted that Luxembourg has no Central Bank and that her control of currency and credit is limited by her agreements with Belgium. Therefore, by reason of these conditions, Luxembourg is dependent on external aid to a greater extent than almost any other country.

In the 1947 extraordinary budget the total deficit (for which no means of financing can be found) has recently been reduced in Parliament to 475 million francs. It is roughly estimated by the Bank that this might be further cut down by the exclusion of certain consumer expenditures to a total of 325 million francs (\$7½ million). However, Mr. Werner has been asked to communicate with his Government to see what is

the absolute minimum to which the budget deficit can be reduced by the elimination of non-productive items.

In 1948 the Luxembourg Government hopes to be able to finance its extraordinary expenses by internal means, though this appears somewhat optimistic to the Bank.

The financing of the railroad equipment referred to in the above paragraph is not included in the budget. This involved a projected expenditure of the equivalent of \$6 million in 1947.

Loan  
required by  
Luxembourg  
for Internal  
Financing.

Due to the existence of the Belgium-Luxembourg Economic Union, Luxembourg has no separate balance of payments. As a member of the Economic Union she has given up the exercise of her authority in foreign exchange matters to the Institut Belgo-Luxembourgeois du Change, a common institution. There is no evidence that foreign currencies over and above her current allotments from the Institut Belgo-Luxembourgeois du Change are required to import goods for any of her reconstruction plans. Therefore, the granting of a loan for balance of payment purposes would be unreal. If a loan is made in dollars, it would appear that the Bank would require an assurance from the Institut Belgo-Luxembourgeois du Change, Belgian Government or other Belgian Agency that dollars would be made available to service the loan. Mr. Werner did not see any fundamental objection to this point. On the other hand, the Belgian Government have consented to the use by the Bank of the equivalent of \$2 million in Belgian francs from their subscription and a part or the whole of this sum could

be made available as a portion of any loan made by the Bank to the Luxembourg Government. Insofar as dollars are advanced such dollars will strengthen the foreign exchange position of the Economic Union as a whole and not that of Luxembourg.

Recommendation

The Legal Department is of the opinion that if a loan is tied, as it would be, to productive projects, the financing of Luxembourg's Belgian franc requirements (including expenditures in Belgium and Luxembourg) would fall within the scope of the Bank's Articles of Agreement. Therefore, as the position of Luxembourg is different from that of any other member government of the Bank, it is recommended that approval be given in principle to a loan to finance internal expenditure on productive projects in the year 1947 to a total of approximately \$10 million, provided that the Luxembourg Government is able to restrict all other expenditure under the extraordinary budget, or on railroad equipment, to sums which can be covered from other sources.

*McClellan  
Lux. Plan*

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INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

June 20, 1947.

COMMITTEE ON FINANCIAL POLICY

FROM : The Secretary

The Luxembourg Loan Application

The attached memorandum from the Loan Department is to be considered by the Committee on Financial Policy at a meeting scheduled for 10:30 a.m. on Monday, June 23, in the Board Room.

Distribution

Members of the Committee on Financial Policy  
President  
Vice President  
General Counsel  
Loan Director  
Research Director  
Treasurer  
Secretary

ELW:tr  
Sec-769



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

COMMITTEE ON FINANCIAL POLICY

June 19, 1947.

TO : The Chairman of the Committee on Financial Policy  
FROM : A. S. G. Hoar  
SUBJECT: The Luxembourg Loan Application

There is attached a review of the negotiations with the Luxembourg Government to date, regarding their request for a loan of \$20,000,000 and a recommendation that approval be given in principle to a loan to finance internal expenditures on productive projects.

Luxembourg has made considerable headway in reconstructing the very real damage which was suffered during the war and particularly as a result of "the Battle of the Bulge". Strenuous efforts have been made to finance these extraordinary expenditures by internal means, and, in the 1947 budget, extraordinary expenditures have been considerably pared and cannot be reduced much further even though the Luxembourg Government has intimated that it will consider any suggestions that the Bank may put to them in this respect. It would seem that with a loan of \$10,000,000 to \$12,000,000 in 1947 the economy of Luxembourg could be put on a stable basis in that year. There are prospects that, given a continuation of the trend of increasing production, the Luxembourg Government would not need to have further recourse to the Bank in future years for financing for reconstruction purposes. This loan, together with a loan to the Netherlands, would serve to strengthen the BENELUX Economic Union, the stability of which would contribute so much to European economic recovery.

As a matter of urgency, this loan, which will be tied to reconstruction projects of a productive nature, can be regarded in a very different light from a loan for the development of new means of production.

Mr. Fisher, acting in the place of Mr. Gutt, has stated that the Fund would have no objection to this loan. There is some need for speedy action, especially since it is hoped that any loan agreement will be ratified by Parliament before it rises in the middle of July: it is not scheduled to meet again until November. It would also, doubtless, be of help to the Bank in its first market operations if it were able to state that a member Government other than the United States had given consent to the use of its subscription to the Bank.

(Signed) A. S. G. Hoar

June 17, 1947

LUXEMBOURG LOAN APPLICATION AND  
REVIEW OF SITUATION TO JUNE 13, 1947

The Luxembourg Government stated, in Complementary Note No. 1 to their application for a loan of \$20 million, that "negotiations concerning the use of the proceeds of the loan could start on the following basis".

- |   |                      |
|---|----------------------|
| 1. Importation of goods and materials for housing-reconstruction purposes               | \$ 2,400,000         |
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|   | \$ <u>20,000,000</u> |

Examination of this Note and subsequent data submitted by the Luxembourg Government indicated, however, that the loan was required for the purpose of internal financing. Mr. Pierre Werner, Commissioner of Bank Control, has now arrived in Washington to negotiate with the Loan Department on behalf of the Luxembourg Government and conversations with him have confirmed this fact.

The following is a brief review of the situation to date:

Eligibility.

Even though a member of an economic union which has entrusted certain controls to a common authority, Luxembourg as a Sovereign State and as an accepted member government of the Bank is entitled to apply for a loan from the Bank.

War Damages and Reconstruction Plans.

Luxembourg has shown that considerable damage was suffered during the war. A Five-Year Reconstruction Plan has been formulated which is devoted in large measure to the reconstruction and repair of farms, dwellings and other buildings. A small part of the Reconstruction Plan comprises

the repair of communications including roads, railroad tracks, bridges, etc. Outside the Reconstruction Plan further plans have been formulated for the re-equipment of railroads with locomotives and with passenger and freight cars.

Means of  
Financing.

Some of the above plans have already been financed out of Luxembourg's own internal resources but it would appear that, even if less productive items are cut out of the extraordinary budget, Luxembourg has demonstrated that particularly in 1947 reconstruction expenditures cannot be met out of available resources. Strenuous efforts have been made by the Luxembourg Government to finance their reconstruction plans and since the inception of the Five-Year Reconstruction Plan, a total of almost 1,400,000,000 francs had been spent by the end of February 1947 much of which had been financed out of extraordinary taxation. In this connection it should be noted that Luxembourg has no Central Bank and that her control of currency and credit is limited by her agreements with Belgium. Therefore, by reason of these conditions, Luxembourg is dependent on external aid to a greater extent than almost any other country.

In the 1947 extraordinary budget the total deficit (for which no means of financing can be found) has recently been reduced in Parliament to 475 million francs. It is roughly estimated by the Bank that this might be further cut down by the exclusion of certain consumer expenditures to a total of 325 million francs (\$7 1/2 million). However, Mr. Werner has been asked to communicate with his Government to see what is

the absolute minimum to which the budget deficit can be reduced by the elimination of non-productive items.

In 1948 the Luxembourg Government hopes to be able to finance its extraordinary expenses by internal means, though this appears somewhat optimistic to the Bank.

The financing of the railroad equipment referred to in the above paragraph is not included in the budget. This involved a projected expenditure of the equivalent of \$6 million in 1947.

Loan  
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Due to the existence of the Belgium-Luxembourg Economic Union, Luxembourg has no separate balance of payments. As a member of the Economic Union she has given up the exercise of her authority in foreign exchange matters to the Institut Belgo-Luxembourgeois du Change, a common institution. There is no evidence that foreign currencies over and above her current allotments from the Institut Belgo-Luxembourgeois du Change are required to import goods for any of her reconstruction plans. Therefore, the granting of a loan for balance of payment purposes would be unreal. If a loan is made in dollars, it would appear that the Bank would require an assurance from the Institut Belgo-Luxembourgeois du Change, Belgian Government or other Belgian Agency that dollars would be made available to service the loan. Mr. Werner did not see any fundamental objection to this point. On the other hand, the Belgian Government have consented to the use by the Bank of the equivalent of \$2 million in Belgian francs from their subscription and a part or the whole of this sum could

be made available as a portion of any loan made by the Bank to the Luxembourg Government. Insofar as dollars are advanced such dollars will strengthen the foreign exchange position of the Economic Union as a whole and not that of Luxembourg.

Recommendation

The Legal Department is of the opinion that if a loan is tied, as it would be, to productive projects, the financing of Luxembourg's Belgian franc requirements (including expenditures in Belgium and Luxembourg) would fall within the scope of the Bank's Articles of Agreement. Therefore, as the position of Luxembourg is different from that of any other member government of the Bank, it is recommended that approval be given in principle to a loan to finance internal expenditure on productive projects in the year 1947 to a total of approximately \$10 million, provided that the Luxembourg Government is able to restrict all other expenditure under the extraordinary budget, or on railroad equipment, to sums which can be covered from other sources.

June 20, 1947

LUXEMBOURG LOAN APPLICATION  
Notes on Joint Meeting with the Fund Held June 19,  
1947, at 11:30 a. m.

Present: Fund: Mr. John L. Fisher

Bank: Messrs. Garner, Hoar, Stevens, Rucinski and Mason

Mr. Hoar gave a brief description of the peculiarities of the Luxembourg situation and asked Mr. Fisher whether he thought the Fund would have any objections to a loan in dollars to the Luxembourg Government, which would mean the sale of dollars to the National Bank of Belgium by the Luxembourg Government in exchange for Belgian francs. This came about from the fact that the Luxembourg Government did not need foreign exchange but funds for internal financing. Mr. Fisher replied that the Fund did not mind whether the loan was for internal purposes or not. From his point of view it was solely a question of the balance of payments. He did say that the Economic Union, as a whole, had no need of dollars but that the Fund would not have any objection to the small amount of the loan contemplated, about \$10,000,000, since the inflationary effect would be small. He suggested that the real test was whether the loan increased the productivity of the general economy.

Mr. Garner then said that it was really a question as to whether the Bank could afford to make a precedent of granting a loan for internal financing. He said that eventually the Bank would probably go into the field of internal financing so there did not seem to be any point in continuing to make it a condition per se that the Bank would not grant loans for financing budgetary deficits. In contrasting it with the proposed loan to Mexico, Mr. Garner said that it should be borne in mind that loans for reconstruction, at this time, were more important than loans for development. As the Fund had no objection to the loan from the balance of payments aspect, Mr. Garner said he would, therefore, put the matter up to the Bank's Committee on Financial Policy.

GAMason/pnn

June 20, 1947

LUXEMBOURG LOAN APPLICATION

Notes on Meeting Held with Mr. Werner on June 18,  
1947, at 10:30 a. m.

Present: Loan Department: Messrs, Stephens, Rucinski, Mason and Svoboda

Mr. Werner said that he had received a cable from the Minister of Finance giving information on the question of cutting down consumer expenditures which he had been requested to find out about at the previous meeting on June 12, 1947. The three main items under the heading of consumer expenditures were: (1) food subsidies, (2) the unblocking of frozen assets, and (3) the payment of war damages.

(1) Food subsidies.

Mr. Werner said that there were only three staple commodities which were subsidized in Luxembourg. These were butter, flour and pork. Butter took about 45% of the subsidies paid out, flour another 45% and pork the remaining 10%. The Finance Minister had informed Mr. Werner that food subsidies would be reduced this year. However, the method of making this reduction was under consideration because it had been calculated that its complete ending would add another 200 points to the cost of living index now standing at 1913 (100 = 1914, 700 = 1939). This would have serious consequences on salaries and wages. Probably one of two methods to reduce subsidies would be decided upon; either (1) a subsidized price for lower income bracket persons only, or (2) full payment of subsidies out of a special tax levied on private industry. As a very rough calculation Mr. Werner concluded that the figure of 200 million Luxembourg francs estimated in the 1947 budget would be reduced to 170 million. A comparative table of Luxembourg and Belgian prices for subsidized commodities was handed to the Bank staff and is attached hereto.

(2) Unblocking of frozen assets and hardship cases.

Mr. Werner has been informed by his Government that about half the annual figure of 100 million francs is set aside for cases where the rate of exchange of 5 Luxembourg francs for 1 reichmark has worked a hardship. This amount of 50 million francs would be almost exclusively paid in Treasury Bonds. In the case of the unblocking of frozen assets, cash will only be paid out after thorough investigation to those who are urgently in need of liquid funds and it is estimated that this figure cannot be reduced below the 50 million francs budgeted for. However, Mr. Werner pointed out that about 75% of these payments are made for productive purposes, e.g., to purchase raw materials. It could thus be said that out of the figure of 100 million francs 37½ million were really paid out for productive purposes.

(3) Payment of war damages.

To emphasize the smallness of the appropriation for the payment of war damages this year (325 million francs) Mr. Werner pointed to the following figures of the great amount already spent by the Luxembourg Government for reconstruction purposes from October 1944 to the end of March 1947 as follows:

	in billions of francs
Reconstruction program mostly houses including communications	1185
Payment of war damages	435
Reconstruction of railroads	<u>180</u>
Grand Total	<u><u>1800</u></u>

It was not possible for Mr. Werner to give the meeting a breakdown of the payment of war damages (figure of 435 million) but it could roughly be said that 200 million was for movables (furniture, equipment, motor trucks, etc.) and nearly all of this had been paid out in cash. He



contrasted this with the figures in this year's budget of 325 million of which only 125 million must be paid out in cash. This 125 million to be paid out in cash would be divided as follows:

(a) 60 million would be paid out for war damages to movables much of which would go for the equipment of farms with barns, stables, etc., and factories with machinery but it would also include furniture of the most necessary kind and motor trucks where this was necessary for the person's business.

(b) 45 million would go to compensate those who had received bodily injuries during the war. It was estimated that this figure could not be cut down if social unrest was not to arise among this class of persons.

(c) The same applied to the remaining 20 million set aside for the compensation of the income and salaries of those who had been deported to Germany during the war. Only 50% of their estimated income and salaries would be paid immediately and this 20 million only included the most urgent cases when cash was absolutely necessary. Mr. Werner said the figure could not be cut down further.

Mr. Werner announced that the agreement for setting up the new railroad company (51% Luxembourg, 24 $\frac{1}{2}$ % Belgium, 24 $\frac{1}{2}$ % France) had now been signed and there is attached a copy of his written remarks regarding this subject. Briefly the upshot of this development will be the adding of 138 million francs to the Luxembourg Government's budget for 1947 by eliminating the necessity of treating the railroad equipment problem separately. In other words, the cash payment of the Luxembourg Government of 138 million Luxembourg francs will be available for the purchase of new equipment.

To sum up: The Luxembourg Government would only be able to reduce the present over-all budget deficit of 475 million Luxembourg francs by (1) say 30 million for food subsidies, (2) possibly 20 million from the dollar

sterling loan now open to subscription; (3) 30 million for that part of the payment of war damages which would be paid out in bonds and which bonds would not be returned in the shape of payment of taxes, or altogether by a reduction of 80 million. However, against this reduction would have to be set the 138 million francs for the railroads. This would mean that the total deficit would now stand for 1947 at 533 million Luxembourg francs (\$12 million) but nothing would have to be allowed on top of this figure for railroad equipment. Mr. Werner is preparing a table to show the minimum of liquid funds required by the Luxembourg Government, i.e., those expenditures which cannot be paid off by the issue of Treasury Bonds.

GSMason/pnn

Tableau comparatif des prix belges et luxembourgeois  
des articles subsidiés.

---

Sont actuellement subsidiés, au Grand-Duché de Luxembourg, les prix  
de la farine, de la viande de porc et du beurre.

<u>Luxembourg.</u>			<u>Belgique.</u>	
Prix p. kg.	Subside p. kg.		Prix p. kg.	Subside p. kg.
<u>Beurre</u>				
Prix moyen au consommateur	44 fr.		56 fr.	27,90
<u>Viande de porc</u>				
Prix au consommateur	34 à 42 fr.	7 fr. au boucher	40 à 50 fr.	pas de subside direct, mais uniquement subside indirect sur le prix des fourrages importés.
<u>Farine</u>				
livrée au boulanger	fr. 2.90	3.50 fr. environ si le blé de provenance étrangère est employé dans la proportion de 40 %	1,90 fr.	5,50 fr. étant donné que la part du blé de provenance étrangère est plus grande que la part du blé indigène.

June 19, 1947

A. S. G. Hoar

The Luxembourg Loan Application

There is attached a review of the negotiations with the Luxembourg Government to date, regarding their request for a loan of \$20,000,000 and a recommendation that approval be given in principle to a loan to finance internal expenditures on productive projects.

Luxembourg has made considerable headway in reconstructing the very real damage which was suffered during the war and particularly as a result of "the Battle of the Bulge." Strenuous efforts have been made to finance these extraordinary expenditures by internal means, and, in the 1947 budget, extraordinary expenditures have been considerably pared and cannot be reduced much further even though the Luxembourg Government has intimated that it will consider any suggestions that the Bank may put to them in this respect. It would seem that with a loan of \$10,000,000 to \$12,000,000 in 1947 the economy of Luxembourg could be put on a stable basis in that year. There are prospects that given a continuation of the trend of increasing production the Luxembourg Government would not need to have further recourse to the Bank in future years for financing for reconstruction purposes. This loan, together with a loan to the Netherlands, would serve to strengthen the BENELUX Economic Union, the stability of which would contribute so much to European economic recovery.

As a matter of urgency this loan, which will be tied to reconstruction projects of a productive nature, can be regarded in a very different light to a loan for the development of new means of production.

Mr. Fisher, acting in the place of Mr. Gitt, has stated that the Fund would have no objection to this loan. There is some need for speedy action, especially since it is hoped that any loan agreement would be ratified by Parliament before it rose in the middle of July. It is not scheduled to meet again until November. It would also, doubtless, be of help to the Bank in its first market operations if it were able to state that a member Government other than the United States had given consent to the use of its subscription to the Bank.

A. S. G. Hoar

## OFFICE MEMORANDUM

TO: Mr. A. S. G. Hear

FROM: G. Stewart Mason *GSM.*

SUBJECT: Luxembourg Loan Application

DATE: June 18, 1947

I draw your attention to the paragraph I have marked in  
the letter sent by Mr. Frere to the Belgian Minister of Finance. *June 4/47 (attached hereto)*

It seems to me that if the Bank is to take advantage of the Belgian Government's authorization in its first campaign for a loan from the American public, there is some reason for concluding the Luxembourg loan negotiations as soon as possible. I thought perhaps you might like to draw this to the attention of the Committee on Financial Policy which, I understand, to examine the question of principle in the granting of a loan to Luxembourg.

GSMason/pnn

C o p i e

Bruxelles, le 4 juin 1947.

SD/GD/226

Monsieur le Ministre,

Au cours d'un échange de vues que j'ai eu récemment à Washington à la Banque Internationale, avec Mr. McCloy, Président, et divers hauts fonctionnaires de cette institution, ceux-ci m'ont dit à l'occasion de la demande d'emprunt présentée à la Banque par le Grand-Duché de Luxembourg, que celui-ci ayant surtout besoin de francs belges, il y aurait lieu de lui fournir ceux-ci, en mobilisant une tranche correspondante de la souscription belge à la Banque Internationale.

J'ai vivement combattu cette thèse, faisant valoir que s'il devait être procédé de cette manière, la Belgique pouvait mieux prêter directement au Grand-Duché sans passer par l'entremise de la Banque Internationale. J'ai toutefois ajouté que, dans les circonstances présentes, une telle opération de prêt, indirecte ou directe, ne pouvait être envisagée, la Belgique ayant besoin de toutes ses ressources pour sa propre reconstruction.

J'ai fait valoir à mes interlocuteurs, que si jusqu'ici notre pays avait pu s'abstenir de recourir au crédit de la Banque, il était cependant loin d'être en mesure d'accorder lui-même des crédits à d'autres pays au delà de ce qu'il avait tenu à faire pour les Pays-Bas en attendant l'entrée en activité des organismes de Washington.

Mr. McCloy m'a alors demandé si néanmoins, il ne serait pas possible au Trésor belge de mettre à titre symbolique à la disposition de la Banque, une somme limitée en francs belges à valoir sur la souscription de notre pays au capital de la Banque, insistant sur l'intérêt qu'il y aurait à faire valoir au public américain à l'occasion de la campagne en vue du placement des obligations de la Banque, que l'Amérique n'était pas seule à fournir des fonds. Il espérait que si un pays comme la Belgique, entrait dans cette voie, d'autres pourraient le suivre.

J'ai fini par lui dire que je pourrais vous recommander à mon retour à Bruxelles de mobiliser sur notre souscription une somme symbolique équivalant à 2 millions de dollars, soit 88 millions

Monsieur G. Eyskens,  
Ministre des Finances,  
Bruxelles.

de francs environ, dont la Banque pourrait disposer soit en faveur du Luxembourg, soit en faveur des Pays-Bas, soit en faveur de tout autre emprunteur à son choix, sans qu'il puisse être question que cette somme soit augmentée avant longtemps.

Il a été entendu en même temps que si la Banque accordait au Luxembourg un prêt en dollars, pour des dépenses à faire en francs belges, ce pays pourrait contre cession de ceux-ci à la Banque Nationale de Belgique, obtenir les francs belges qui lui seraient nécessaires.

Je viens donc vous demander d'envisager la possibilité de donner une suite favorable au désir exprimé par Mr. McCloy. Je suis convaincu que ce geste de notre part, dans les circonstances présentes, serait de nature à accroître encore le prestige et le crédit déjà très grands de notre pays aux Etats-Unis et à faciliter largement le succès de l'opération d'emprunt que nous envisageons nous-mêmes sur le marché de New York.

Je vous serais obligé, Monsieur le Ministre, de bien vouloir me faire connaître si vous êtes d'accord sur cette proposition.

Veillez agréer, Monsieur le Ministre, l'assurance de mes sentiments de haute considération.

(s) Maurice Frère.

June 17, 1947

LUXEMBOURG LOAN APPLICATION AND  
REVIEW OF SITUATION TO JUNE 13, 1947

The Luxembourg Government stated in Complementary Note No. 1 to their application for a loan of \$20 million that "negotiations concerning the use of the proceeds of the loan could start on the following basis".

1. Importation of goods and materials for housing-reconstruction purposes      \$ 2,400,000
  2. Importation of rolling stock and other materials for railway-reconstruction purposes      \$ 6,000,000
  3. Importation of coke and coal in view of the general restoration of the economy      \$ 11,600,000
- \$ 20,000,000

Examination of this Note and subsequent data submitted by the Luxembourg Government indicated, however, that the loan was required for the purpose of internal financing. Mr. Pierre Werner, Commissioner of Bank Control, has now arrived in Washington to negotiate with the Loan Department on behalf of the Luxembourg Government and conversations with him have confirmed this fact.

The following is a brief review of the situation to date:

Eligibility.

Even though a member of an economic union which has entrusted certain controls to a common authority, Luxembourg as a Sovereign State and as an accepted member government of the Bank is entitled to apply for a loan from the Bank.

War Damages and Reconstruction Plans.

Luxembourg has shown that considerable damage was suffered during the war. A Five-Year Reconstruction Plan has been formulated which is devoted in large measure to the reconstruction and repair of farms, dwellings and other buildings. A small part of the Reconstruction Plan comprises



the repair of communications including roads, railroad tracks, bridges, etc. Outside the Reconstruction Plan further plans have been formulated for the re-equipment of railroads with locomotives and with passenger and freight cars.

Means of  
Financing.

Some of the above plans have already been financed out of Luxembourg's own internal resources but it would appear that, even if less productive items are cut out of the extraordinary budget, Luxembourg has demonstrated that particularly in 1947 reconstruction expenditures cannot be met out of available resources. Strenuous efforts have been made by the Luxembourg Government to finance their reconstruction plans and since the inception of the Five-Year Reconstruction Plan, a total of almost 1,400,000,000 francs had been spent by the end of February 1947 much of which had been financed out of extraordinary taxation. In this connection it should be noted that Luxembourg has no Central Bank and that her control of currency and credit is limited by her agreements with Belgium. Therefore, by reason of these conditions, Luxembourg is dependent on external aid to a greater extent than almost any other country.

In the 1947 extraordinary budget the total deficit (for which no means of financing can be found) has recently been reduced in Parliament to 475 million francs. It is roughly estimated by the Bank that this might be further cut down by the exclusion of certain consumer expenditures to a total of 325 million francs ( $\$7\frac{1}{2}$  million). However, Mr. Werner has been asked to communicate with his Government to see what is

the absolute minimum to which the budget deficit can be reduced by the elimination of non-productive items.

In 1948 the Luxembourg Government hopes to be able to finance its extraordinary expenses by internal means, though this appears somewhat optimistic to the Bank.

The financing of the railroad equipment referred to in the above paragraph is not included in the budget. This involved a projected expenditure of the equivalent of \$6 million in 1947.

Loan  
required by  
Luxembourg  
for Internal  
Financing.

Due to the existence of the Belgium-Luxembourg Economic Union, Luxembourg has no separate balance of payments. As a member of the Economic Union she has given up the exercise of her authority in foreign exchange matters to the Institut Belgo-Luxembourgeois du Change, a common institution. There is no evidence that foreign currencies over and above her current allotments from the Institut Belgo-Luxembourgeois du Change are required to import goods for any of her reconstruction plans. Therefore, the granting of a loan for balance of payment purposes would be unreal. If a loan is made in dollars, it would appear that the Bank would require an assurance from the Institut Belgo-Luxembourgeois du Change, Belgian Government or other Belgian Agency that dollars would be made available to service the loan. Mr. Werner did not see any fundamental objection to this point. On the other hand, the Belgian Government have consented to the use by the Bank of the equivalent of \$2 million in Belgian francs from their subscription and a part or the whole of this sum could be made available as a portion of any loan made by the Bank to the Luxembourg Government. Insofar as dollars are advanced

such dollars will strengthen the foreign exchange position of the Economic Union as a whole and not that of Luxembourg.

Recommendation.

The Legal Department is of the opinion that if a loan is tied, as it would be, to productive projects, the financing of Luxembourg's Belgian franc requirements (including expenditures in Belgium and Luxembourg) would fall within the scope of the Bank's Articles of Agreement. Therefore, as the position of Luxembourg is different from that of any other member government of the Bank, it is recommended that approval be given in principle to a loan to finance internal expenditure on productive projects in the year 1947 to a total of approximately \$10 million, provided that the Luxembourg Government is able to restrict all other expenditure under the extraordinary budget, or on railroad equipment, to sums which can be covered from other sources.

June 13, 1947

LUXEMBOURG LOAN APPLICATION AND REVIEW OF SITUATION TO FRIDAY, JUNE 13, 1947

The Luxembourg Loan Application has been analyzed in the Working Party Report which covered the ground up to the middle of April. Mr. Pierre Werner, Commissioner of Bank Control, has now arrived in Washington and is negotiating with the Loan Department on behalf of the Luxembourg Government. Conversations with him have once again emphasized the fact that any loan granted to Luxembourg must be looked upon in the light of a loan in special circumstances.

The following is a brief review of the situation to date:

Eligibility.

Even though a member of an economic union which has entrusted certain controls to a common authority, Luxembourg as a Sovereign State and as an accepted member government of the Bank is entitled to apply for a loan from the Bank.

War Damages.

Luxembourg has shown that considerable damage was suffered during the war. A Reconstruction Plan has been formulated which is devoted in large measure over the next five years to the reconstruction and repair of farms, dwellings and other buildings. A small part of the Reconstruction Plan comprises the repair of communications including roads, railroad tracks, bridges, etc. Outside the Reconstruction Plan further plans have been formulated for the re-equipment of railroads with locomotives and passenger and freight cars.

June 13, 1947

LUXEMBOURG LOAN APPLICATION

Notes on Meeting held June 12, 1947, at 10:00 a.m.

Present: Loan Department: Messrs. Stephens, Rucinski, Mason and Svoboda  
Legal Department: Mr. Sommers (for part of the time)  
Luxembourg Government: Mr. Werner

Mr. Stephens informed Mr. Werner that the legal implications of a loan for the purpose of internal financing had not been clarified as yet nor had it been possible to obtain a decision on this question of policy from the Board of Directors. If this question could be decided favorably, there was a disposition on the part of the Bank to grant Luxembourg a loan for strictly productive projects. This would mean that the Bank could not finance the whole of the Luxembourg Government's budgetary deficit even as recently amended.

Mr. Stephens went on to point out that there were certain consumer expenditures in the extraordinary budget which the Luxembourg Government might be able to cut down:

(1) The 125 million francs which was to be paid in cash under the heading of war damages.

(2) The amount of the food subsidies. Mr. Stephens pointed out that many countries have been forced during the war and post-war years to give food subsidies but that many had made an effort to see that the essential goods were only subsidized for the poorer part of the population.

(3) The unblocking of frozen accounts. Mr. Stephens asked whether it was necessary to unblock these accounts as quickly as was being done.

In reply Mr. Werner pointed out that there were in these expenditures many items which could be classed as productive. For example under

the heading of war damages came the reparation of the dairy machinery in barns. It was only the actual cost of rebuilding the barn that was put under the heading of housing reconstruction. Mr. Werner also pointed out in regard to food subsidies that it was the intention of the Government next year to reduce food subsidies so that they would only be paid to those persons who could not afford staple commodities at unsubsidized prices. However, Mr. Werner promised to communicate at once with his Government to find out what further cuts could be made in consumer expenditures in the extraordinary budget.

Mr. Mason pointed out that the division into current consumer expenditures and expenditures for the reconstruction of capital had been done by the Bank on very meager information and that there might be productive as well as unproductive items under each heading. It was up to the Luxembourg Government to see if the non-productive items could be cut out of all of the items in the extraordinary budget.

Mr. Rucinski then asked why the Luxembourg Government had put food subsidies in the extraordinary budget and not the ordinary budget. Mr. Werner said that the Luxembourg Government took the view that everything that was of a non-recurring character should be put in the extraordinary budget. They hoped to be able to stop paying food subsidies in the future as they did not consider it to be a proper function of the State in normal times. Mr. Werner pointed out that he thought that both the ordinary and extraordinary budgets had been voted but that it might be possible for the Minister of Finance to see that the figures voted were not reached as he had a certain latitude in these matters.

The discussion then turned to the financing of the 1948 expenditures. Mr. Werner was asked if his figure of 400 to 500 million francs

for internal loans was not rather optimistic. In reply he stated that judging from present trends he was pretty certain that they would be able to get one-third (say 150 million francs) from accumulated social security funds which had been reaching a high figure of late. If the public could be counted upon for 200 million, this would leave only about 100 million francs to be obtained from other institutional savings, i.e., chiefly insurance companies.

Mr. Rucinski pointed out that the total extraordinary expenditure in 1948 would amount to as much as 20% of the estimated national income in that year. Mr. Werner agreed that this was a high figure.

Mr. Werner also said that as regards the loan from the public, a loan from the International Bank for Reconstruction and Development would have a very good psychological effect and that the length of negotiations with the Bank (about six months) had raised some doubts as to Luxembourg's financial standing in the minds of the public.

In speaking of the Luxembourg economy generally, Mr. Werner said that as the country was so dependent on one industry and in particular one unit of that industry, i.e., ARBED, the Government's idea had been to strengthen the other sectors of the economy; namely, agriculture and the so-called medium sized industries. He said that the profits of the metallurgical industry had been running at a good rate but that it had been the policy of the Government to allow the amortization and modernization of outworn machinery by a corresponding remittance of taxes for two years. This had the effect of allowing modernization without the need for Government support but meant that funds from the great metallurgical industries of Luxembourg were not available for use by the State for other purposes.

In discussing the equipment program for the railways, Mr. Stephens made it clear to Mr. Werner that this was no different to the reconstruction items in the extraordinary budget as it was really a question of internal financing. He asked that a rough balance sheet showing the assets and liabilities of the company which had been formed only a few weeks ago be made available to the Bank.

The meeting then discussed the supervision of expenditures under any loan granted by the Bank. Mr. Stephens stated that the Bank (as it had to do in the case of any borrower) would have to know where the funds were going and also that as long as any of the loan was outstanding the Bank would be interested in the general economic situation of the country and would want to consult with the Luxembourg Government whenever the necessity arose.

As regards the details of actual disbursement it was pointed out by Mr. Sommers that this might be discussed with members of the Treasurer's Office at a later date.

Mr. Werner seemed to feel that his Government would have no objections to consultation with the Bank but was particularly anxious to know their attitude to the floating of other external loans particularly if the Bank did not make a loan in amount considered sufficient by them. Mr. Stephens pointed out that whereas the Bank would be very willing to see Luxembourg borrow at the same time what funds she could externally from private sources, they would want her to act with caution and to see that none of the assets of the country were pledged so as to give priority over the Bank's loan.

In emphasizing the time factor Mr. Werner said that the Luxembourg Parliament would rise about the middle of July. Therefore, if any loan agreement were delayed past that date, ratification would only be



possible in November when Parliament reassembled.

In discussing once again the means by which the Bank would be assured that foreign exchange would be available for any loan granted, Mr. Werner undertook to find out what kind of assurance could be given to the Bank and also explore the question of the proper Belgian authority which it might be necessary to make a party to the agreement.

It was decided to call another meeting here when the Bank was able to make known its decision on the policy matter referred to or when the Luxembourg representative had received a reply from his Government.

GSMason/pnn

*Lux - Hoar*

OFFICE MEMORANDUM

TO: Mr. A. S. G. Hoar  
 FROM: G. Stewart Mason *G. Stewart Mason*  
 SUBJECT: Luxembourg Loan Application

DATE: June 12, 1947

I attach notes on the meeting held in your room yesterday regarding the Luxembourg Loan Application. Please let me know if you wish any changes made and what distribution you want of the remaining six copies.

*None.*

We have had a further talk with Mr. Werner this morning and notes of this meeting will also be sent to you.

There remain two things to be done on our part:

- (1) The drawing up of a document for submission by the President to the Executive Directors setting out the policy points for their decision. What form is this document to take and who is to prepare it?
- (2) Consultation with the Fund. You were to call Mr. Fisher yesterday. Could we know the result of your call and whether Mr. Fisher thinks it necessary to submit the matter to the joint committee of the Fund and the Bank?

*Memorandum of points at issue.*

*Garner  
 Pines  
 Hill  
 Riley  
 Sommers  
~~File.~~  
 Kucinski  
 Stephens  
 Mason*

*Not to any committee, but joint discussion. Fisher will ring me Monday, after Gull's arrival.*

June 12, 1947

LUXEMBOURG LOAN APPLICATION

Notes on Meeting held on June 11, 1947, at 2:30 p.m.

*my working file*

Present: Vice President, Mr. R. L. Garner

Loan Department: Messrs. Pineo, Hoar, Stephens, Mason

Legal Department: Mr. Sommers

Treasurer's Office: Mr. Riley

Mr. Hoar opened the meeting by saying that Mr. Werner had arrived from Luxembourg to negotiate on behalf of the Luxembourg Government. In preliminary talks Mr. Werner had made it quite clear that the loan requested from the Bank was for the purpose of internal financing. Mr. Hoar pointed out that the budget had received some criticism in Luxembourg and had resulted in a cutting down of certain expenditures. As matters now stand there was a deficit of 50 million francs on the ordinary budget and 425 million francs on the extraordinary budget or a total deficit requiring financing of 475 million francs. Most of the cuts in expenditures which have been made occurred in expenditures for the reconstruction of capital and current consumer expenditures were actually increased.

It seemed feasible that if a sum of say 125 million francs was cut out of consumer expenditures in the extraordinary budget and allowance was made for say 20 to 30 million francs from the internal sterling-dollar loan that the Bank might consider the financing of the remaining deficit, i.e., 330 million francs or \$7½ million. If the Bank, therefore, were to give \$10 million this year to Luxembourg \$2½ million could be devoted to the railroad equipment program which in total amounted to \$6 million. Mr. Hoar said that in 1948 it appeared that Luxembourg would be able to finance her extraordinary expenditures and could probably obtain an external

loan for the necessary railroad equipment or, alternatively, continue to rent instead of purchasing new equipment.

Mr. Garner first asked if a loan for the purpose of internal financing would be eligible. Mr. Sommers said that he was not sure if such a loan would be considered eligible if it were not tied to certain productive projects. Mr. Hoar said that it would be tied to productive projects but did Mr. Sommers consider that the loan would be eligible if it were tied to productive projects which would mean the spending of most of the proceeds internally and not on imports? Mr. Sommers said that he thought it could still be considered eligible. Mr. Garner said that if a loan was made to Luxembourg he would not wish it to become an example which other borrowers might seek to follow to the disadvantage of the Bank. On the whole, however, he was of the opinion that, if the Luxembourg Government could put forward a good program for \$10 million and were prepared to cut out some of the consumer expenditures, he would like to push along this loan.

Mr. Sommers then brought up the question of the urgency of the loan and the answer the Bank might have to give to other countries. Mr. Garner said that possibly a suitable answer might be that this was a small country which could rapidly be put on its feet and whose prosperity would be of help to neighboring countries.

The next question raised was that of the currency to be loaned. Mr. Frere on his visit had hinted that the Belgian Government might give the equivalent of \$2 million in Belgian francs, but Mr. Pineo said that they could not give more because this would create difficulties in Belgium. Mr. Garner suggested that this whole problem should be discussed with the Fund as soon as possible.

It was, therefore, decided that negotiations should be continued with Mr. Werner. The amount of any loan which the Bank might be prepared to grant should not be mentioned. Mr. Werner might be told that the Bank could only finance reconstruction projects and this would mean the cutting down of their consumer expenditures. In the meantime Mr. Garner thought that the President should inform the Board of Directors of the problems of the Luxembourg loan so that a decision on these policy matters might be reached.

Mr. Sommers raised the question of an agreement with the Belgian Government concerning the repayment of dollars to the Bank. It was pointed out that this matter had been discussed with Mr. Frere and Mr. Werner and that they both appeared to think that there would be no difficulties in obtaining such an agreement.

GSMason/pnn

T R A N S L A T I O N

C  
O  
P  
Y

Minister of Finance

Bruxelles, 4 June 1947

No. 5520

Monsieur le Gouverneur,

I have received your letter of June 4th, 1947, No SD/GD/226, in which you suggested using a sum equivalent to two million dollars from the Belgian subscription to the capital of the International Bank as a gesture. The Bank may dispose of this sum either in favor of the Grand Duchy of Luxembourg, or in favor of the Netherlands, or again, in favor of any other borrower as it chooses.

I have the honor of acknowledging my agreement with this proposal.

However, it is well understood that there could be no question of increasing the sum in the near future.

I likewise state my agreement with regard to the possible transfer by Luxembourg to the National Bank of Belgium of the dollars to be provided, in case of need, by a loan to be granted by the International Bank for expenditures to be made in Belgian francs; as a counterpart, the National Bank will grant to Luxembourg the Belgian francs which it will need.

Please be assured, Monsieur le Gouverneur, of my most distinguished regards,

(s) G. Eyskens

Monsieur Maurice FRERE  
Gouverneur de la Banque  
Nationale de Belgique  
Bruxelles

Attached to July 2/47 memo from  
M<sup>r</sup> Hoar to M<sup>r</sup> Hendels