BELGIUM

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND BELGIUM

611.5531/24

The Chargé in Belgium (Sussdorff) to the Acting Secretary of State

No. 101 [BRUSSELS,] January 4, 1934.
[Received January 20.]

SIR: I have the honor to report that in the course of a conversation which I had yesterday with Mr. Suetens, Chief of the Commercial Treaty Division of the Belgian Foreign Office, the latter inquired particularly whether sentiment in the Department of State favored the institution of negotiations for the conclusion of a commercial treaty between the United States and Belgium. In reverting to this subject later in the conversation, Mr. Suetens informed me that at its last session the Theunis Commission had decided to study the question of Belgium's commercial relations with Canada and with the United States in the near future. He added that this study might be begun in two or three weeks. It will be recalled that the Theunis Commission is only consultative in character; but it is believed that it will play an important rôle in shaping Belgian commercial policy.

A search in the Embassy's archives reveals that Mr. Phillips[1] reported in his despatch No. 491, of May 5, 1926,[2] that the Belgian Foreign Office was not inclined to initiate negotiations for a new commercial treaty with the United States at that time. In his despatch No. 156, of January 4, 1928,[2] Mr. Gibson[3] reported that nothing had come to his attention which might lead him to believe that there had been any change in that attitude.

In concluding his conversation with me, Mr. Suetens said that he would be glad if I could find out for him what the attitude of my Government is concerning the question of the institution of commercial treaty negotiations with Belgium.

The Embassy would appreciate telegraphic instructions from the Department, since it appears likely that the Belgian Foreign Office will repeat its inquiry in the above matter in the near future.

Respectfully yours, LOUIS SUSSDORFF, JR.

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[1] William Phillips, Ambassador in Belgium.
[2] Not printed.
[3] Hugh S. Gibson, Ambassador in Belgium.

611.5531/24 : Telegram

The Secretary of State to the Ambassador in Belgium (Morris)

WASHINGTON, February 5, 1934—5 p. m.

5. Your despatch 101, January 4. I am not clear as to the nature of the commercial treaty which Suetens has in mind but assume that he has in view a trade agreement involving reciprocal customs concessions. You should state that the necessary plans and arrangements have not as yet been perfected for extending to additional countries the reciprocity program which this Government has begun. It will be glad, however, as soon as the necessary arrangements can be made, to include Belgium among the countries with which it would enter into early negotiations. Discussions are at present being confined to a few countries whose products are more largely non-competitive with those of the United States than are those of Belgium.

It is possible that legislative authorization for the Executive to enter into reciprocity agreements may be enacted by Congress.[5] I prefer not to institute any new discussions with countries from which the United States imports competitive products until it has been ascertained whether such legislation will be enacted. You may so advise the Belgian authorities in confidence.

HULL

611.5531/29

The Ambassador in Belgium (Morris) to the Secretary of State

No. 197 BRUSSELS, May 31, 1934.
[Received June 9.]

SIR: I have the honor to inform the Department that during the course of a conversation which I had with Monsieur Paul Hymans, Belgian Minister for Foreign Affairs, on May 24, we discussed the question of the negotiation of a new commercial treaty between the United States and Belgium. Monsieur Hymans told me that he was not sufficiently conversant with the details of this subject to go into a lengthy discussion thereof but that his Ministry would prepare a memorandum outlining in brief Belgian grievances as regards American commercial policy.

On May 30 Baron Beyens, a young official at the Ministry for Foreign Affairs, called on me at the direction of Monsieur Hymans and left with me the memorandum, copies of which I am enclosing

[5] Act approved June 12, 1934; 48 Stat. 943.

for the Department's information. I consider this document of such importance to the Department that I am forwarding copies of it without translation in order that it may go off in the pouch which leaves today.

Baron Beyens informed me that the Ministry felt there was a general need for increased trade between the two countries. I emphasized the harm to American trade and interests in Belgium which necessarily follows the application of import quotas affecting American imports here. I added that I felt there could be little improvement in trade relations between the two countries until Belgium showed a willingness to abolish quota restrictions as protectionist measures against the importation of American goods. Baron Beyens replied with the usual argument that quotas were necessary for the protection of the home market at the present time.

I respectfully suggest to the Department that it study the contents of the enclosed note, along with my despatches: [6]

No. 124 of February 12, 1934
No. 141 of March 5, 1934
No. 153 of March 21, 1934
No. 155 of March 26, 1934.

In this connection, Mr. Sussdorff, Counselor, undoubtedly discussed the situation with the Department earlier this month, and this despatch will supplement his discussions and bring the matter up to date. I am prepared to add any information which the Department may desire when I am in Washington the middle of June. A study of the information obtained from these discussions and from the material referred to above will furnish the Department with a complete picture of the trade situation between the two countries.

I believe the Belgians are sincerely interested in improving these relations and that every encouragement should be offered them to show that sympathetic consideration will be given any concrete offer which will remove restrictions and improve trade relations. I respectfully urge the Department to keep the Embassy informed of the details of any negotiations which may ensue. The situation is daily becoming more complicated by the application of new restrictions. In this connection I refer to my despatch No. 185 of May 17, 1934.[7] The Embassy is in close touch with American interests here and therefore it is in a position to be of value to the Department in furnishing up to date information relating to restrictions on American trade.

Respectfully yours, DAVE H. MORRIS

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[6] Despatches listed not printed.
[7] Not printed.

[Enclosure—Translation] [8]

The Belgian Ministry for Foreign Affairs to the American Embassy

BRUSSELS, May 30, 1934.

The Belgian Government fully shares the ideas contained in the message by which President Roosevelt asked of the Congress of the United States the powers necessary for negotiating with foreign countries treaties of commerce covering reciprocal concessions and reciprocal facilities intended to develop commercial interchanges. The Belgian Government is pleased with this step, for it too is convinced that the return to prosperity depends on a lowering of customs barriers and an increase in international trade. Moreover: the message of the President of the United States was not a surprise to it, the statements made on several occasions by the Secretary of State, Mr. Cordell Hull, particularly at the London Monetary and Economic Conference,[8a] had shown it that the United States Government was aware of the gravity of the situation and the remedies which it was advisable to apply to it.

The Belgian Government has always been an advocate of the simultaneous lowering of customs barriers; it has made great efforts along this line during these last few years, efforts which have not, unfortunately, been crowned with success. Let it suffice to recall the part [taken by Belgium at] the Geneva Commercial Convention of 1930,[9] the conclusion, in 1932, of the Convention of Ouchy with the Netherlands and Luxemburg,[10] intended to lower customs barriers by successive steps and open to all nations, and lastly the declarations made by Belgium's representatives at the London Conference, declarations which agreed fully with those of the leader of the American delegation, Mr. Cordell Hull.

This means that the Government of Belgium is entirely disposed to enter into *pourparlers* with that of the United States of America, with a view to the conclusion of a new treaty of commerce, covering reciprocal concessions.

The Belgian Government wishes to call attention to the fact that [it] is at present, taking the number of its population into account, one of the best customers of the United States. Belgium has pursued up to the present time a liberal economic policy toward the United States; the duties of her customs tariff are, with a few exceptions, ex-

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[8] Filed separately under 611.5531/31.

[8a] For correspondence concerning the Conference, held June 12–July 27, 1933, see *Foreign Relations*, 1933, vol. I, pp. 452 ff.

[9] See League of Nations document C.203.M.1930.II (Geneva, April 15, 1930).

[10] For text and protocol, see Department of State, *Treaty Information*, Bulletin No. 37, October 1932, pp. 16–23.

tremely moderate; the majority of the raw materials and foodstuffs for which the United States is now seeking markets enter our country free of duty.

On the contrary, the American customs tariff is very high; the majority of Belgian products are heavily taxed. The latest revision of the tariff, in 1930, ended in excluding from the American market some products which formerly found a very important market there (cement, brick). That is not all: aside from the height of the customs duties, Belgian exports suffer from the strictness and the complication of the administrative provisions of the tariff, such as those relative to the marking of articles, those concerning suspicion of "dumping," the quarantine applied to our horticultural products, etc.

The Belgian Government therefore believes that the present system of reciprocal exchanges is not equitable, and that it should be improved; it is ready to cooperate with the American Government in the measures adapted for their development.

An examination of the commercial balance of the two countries emphasizes, moreover, the lack of balance which now exists in trade between the Belgian-Luxemburgian Economic Union and the United States. The following table, taken from the American customs statistics, shows that this lack of balance has been perceptibly accentuated during the last few years.

Years	*Exports of the Union to the United States.*	*Imports from America into the Economic Union.*
	(Dollars)	(Dollars)
1929	74,048,000	114,855,000
1930	51,536,000	86,000,000
1931	34,241,000	59,441,000
1932	21,927,000	40,278,000

The figures for 1933 are not yet known, but an examination of the Belgian commercial statistics shows that the lack of balance existing in 1932 has continued.

A brief glance at the above table shows that the value of the exchange of goods has been reduced on both sides, but that the decrease has been proportionately much greater, in the exports from the Economic Union to the United States.

It is this situation that the Belgian Government would like to change, not by rectifying unilaterally the commercial balance to the advantage of Belgium, but by developing simultaneously the exchanges on both sides for the greater advantage of both parties.

The Belgian Government made an investigation among the exporters of the country, with a view to ascertaining what claims it should submit to the United States Government, when the negotiations contemplated

in President Roosevelt's message are undertaken. This investigation is completed and the Belgian Government is now in position to formulate such claims. We shall give a brief outline thereof.

From a tariff point of view, the Government of the King will ask for concessions on certain products for which Belgium is, or has been, the principal source of supply on the United States market, or which do not come into competition with American industry. For example, it will ask for reductions in import duties on cement (which can be sold only on the coasts and which has been excluded from the American market by the duty of 6 cents a pound, imposed in 1930); on articles of crystal and de luxe hollow glass ware; on certain products of the textile industry (tissues of dyed and colored cotton, upholstering tissues, cotton carpets, certain linen tissues: padding and oysters; heavy jute paddings; on certain metallurgical products (galvanized sheet iron and wire netting); lastly on certain Belgian specialties; art laces, Belgian chicory, hot-house grapes.

Moreover, the Belgian Government would ask for the consolidation of certain import duties (*droits d'entrée*) and customs exemption enjoyed by certain products, such as: fertilizer, creosote oil, et cetera.

Lastly, with respect to the administrative provisions of the American customs tariff, Belgium would ask for a more liberal application of this legislation, which causes, in numerous cases, considerable prejudice to her export trade. For example, the Belgian Government would request that the luxury tax, collected from the manufacturer (matches, for instance), be not counted in the evaluation of merchandise for the purpose of customs taxation. It would also like to obtain the removal or at least a mitigation of the quarantine imposed on our horticultural products.

The Belgian Government is ready to enter into negotiations with the United States. Its sincere desire is to promote trade, to the fullest possible extent between the two countries for their mutual advantage.

611.5531/32

Memorandum by the Assistant Secretary of State (Sayre)

[WASHINGTON,] June 22, 1934.

The Belgian Ambassador called to see me to discuss the editorial of June 21 in the *Washington Post* concerning the Montevideo Convention covering most-favored-nation treaties[11] and concerning the Ouchy Convention. The Belgian Ambassador is very much interested

[11] See Department of State, Conference Series No. 19: *Report of the Delegates of the United States of America to the Seventh International Conference of American States, Montevideo, Uruguay, December 3–26, 1933*, pp. 57, 275–277; also *Foreign Relations*, 1934, vol. IV, pp. 8 ff. (text of convention on p. 14).

in the possibility of promoting some kind of a pluri-lateral convention, such as is embodied in the Ouchy Convention, for the progressive horizontal reduction of tariff rates. He said that he had no instructions whatsoever from his Government but came in to discuss the matter with me in a purely personal and informal manner. I told the Ambassador that the State Department was not yet prepared to discuss the Ouchy Convention in the light of the present situation but that I could say to him, speaking purely as an individual, and not as an official of the State Department, that I had in my mind the possibility of the United States proceeding along the line of pluri-lateral bargaining for progressive reductions of tariff under the new tariff bargaining bill, in addition to bilateral bargaining for the reduction of specific tariff rates. (As a matter of fact, I had spoken of this matter to the President on June 12 and the President had replied that he was heartily in favor of the idea). The Belgian Ambassador said that his country would heartily further any efforts in this direction and could be counted on to support the move. He added that in his mind there was no doubt but that Holland and the Scandinavian countries would also join in the move. I told the Ambassador that at present I had someone in the State Department working on the matter and that I did not expect to take the matter up officially until after I had had a chance to study the question in the light of studies which are now being made.

The Ambassador, upon leaving, asked me what it would be possible for us to do with regard to plate glass and the other matters to which he had called attention in his recent note to the State Department.[12] I informed him that we were giving attention to these matters and would shortly address a reply to him, but that it did not seem likely that action could be taken in the immediate future. I suggested that I hoped that we could enter into conversations with his Government after further studies had been made looking towards the negotiation of a trade agreement with Belgium.

F[RANCIS] B. S[AYRE]

611.5531/34

The Belgian Ambassador (May) to the Secretary of State

[Translation]

No. 2824 WASHINGTON, July 9, 1934.

MR. SECRETARY OF STATE: Knowing Your Excellency's interest in any measure tending to encourage among peoples the commercial exchanges which are the basis of their economic prosperity, the

[12] Not printed.

moment has seemed to me to be opportune to submit, for your friendly examination, certain considerations which, in the present circumstances, might properly engage the attention of the Government of the United States.

Indeed, the special powers which have been granted to His Excellency the President of the Republic not only accord with national wishes, but with those of countries which desire to see their relations with the great American Republic strengthened by a progressive lowering of customs barriers.

Belgium has the honor to be among the States the Governments of which have shown themselves to be most liberal in tariff policy.

True to its free trade traditions, it has on many occasions in the past, and notably upon the personal initiative of our late Sovereign, sought the adoption of formulas designed to create throughout the world a mighty current of international economic cooperation. These repeated attempts to conclude agreements aiming at those ends testify to its continued goodwill.

On various occasions Your Excellency has on your part publicly brought out the danger which you perceive in the tendency of nations towards closed economies, the success of which can only be artificial and temporary.

You cited among the remedies to be applied to the abuses of economic nationalism, "the lowering of customs barriers and the standardization of exchange rates and currencies".

These words have produced a profound echo in Belgium where we follow with keen sympathy the exceptional effort made by the President to bring about in the United States the economic reconstruction which must be the prelude to general prosperity.

We also fully share the sentiment expressed by Mr. Sayre, Assistant Secretary of your Department, in the radio speech which he made on May 18 last, when, appealing for greater international solidarity, the eminent economist stated:

"It is necessary for humanity, in renouncing a narrow materialism, to attain a higher vision of the essential conditions of life."

But the author recognizes clear sightedly "that no nation can afford to wreck its currency and face bankruptcy by permitting the continued purchase from foreign nations of more goods than it can sell abroad." Belgium, alas, is in this category. Our trade balance with the United States is extremely unfavorable. In recent years, it may be said, we have bought in the United States twice as much as we have sold to them.

According to the latest statistics, our country was 19th out of 112 in American imports and 10th in exports. Belgium is proportionally one of the United States' best customers.

In spite of that fact, I have the honor to point out to Your Excellency how severely several of the industries of our country, which formerly were the most flourishing, have been affected by new tariff measures. Nevertheless, there has been no lack of evidences of friendly goodwill on the part of the competent agencies of your Government. We have been invited to try to devise formulas which harmonize with the new legislation and which at the same time permit of mitigating the effects of those measures which are prejudicial to our interests.

Since the Chief of State is henceforth in a position to enter upon commercial negotiations with foreign Powers, the Government of the King would view with favor, if Your Excellency considers it desirable, a decision whereby the competent authorities of our respective Governments might undertake a methodical and careful examination of the economic problems, the solution of which could not fail to bring about a perceptible improvement in the stream of our commercial transactions.

As to the basic commodities constituting the principal subject matter of such an examination, the mutual advantages which they offer should be outlined in analytical memoranda drawn up by each party.

I am [etc.] PAUL MAY

611.5531/34

The Secretary of State to the Belgian Ambassador (May)

[WASHINGTON,] July 12, 1934.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of July 9, in which Your Excellency suggested the advisability of instituting a thorough and methodical study of the economic problems existing in the commercial relations between Belgium and the United States with a view to the eventual conclusion of a mutually advantageous trade agreement between the two Governments. In particular, Your Excellency advocated the early preparation by each country of a full memorandum of its desiderata.

The American Government takes pleasure in acceding to the suggestions outlined above, the more so as they coincide with its view that it would not be opportune to undertake formal negotiations for such an agreement at once, but rather that exploratory studies be made by both Governments with a view to determining whether, if negotiations were instituted, a mutually satisfactory agreement would be likely to result. Inasmuch as the Belgian Government likewise views with favor the objectives and procedure herein set forth, this Govern-

ment will promptly set up a Committee of Experts to undertake a thorough study of the trade and tariff relations between the two countries with a view to formulating concrete proposals regarding the concessions or commitments which would be sought from Belgium under such an agreement. The American Government further understands that the Belgian Government will undertake similar studies regarding the concessions or commitments which would probably be sought from the United States under such an agreement.

When these studies shall have been completed and the results communicated by each Government to the other, consideration can then be given to the question of whether or not it would serve a useful purpose to proceed with the negotiations.

May I assure Your Excellency that I am deeply sensitive to the sympathetic understanding with which the Belgian Government is following the efforts of the Administration here to help restore prosperity, both national and international. I am well aware of the liberal principles which have in the past guided Belgium's commercial policy and sincerely hope that it will prove possible through mutual agreement to increase the flow of trade between our respective countries.

Accept [etc.] CORDELL HULL

611.5531/37a : Telegram

The Acting Secretary of State to the Ambassador in Belgium (Morris)

WASHINGTON, September 1, 1934—2 p.m.

41. We are preparing to give public notice in the press appearing Tuesday evening, September 4, of intention to negotiate a foreign trade agreement with the Government of Belgium.[13] Announcement will be made at the same time, for the benefit of American interests concerned, that the Committee for Reciprocity Information has prescribed that all information and views in writing and all applications for supplemental oral presentation of views shall be submitted to the Chairman not later than October 22; oral presentation of views by persons whose applications therefor have been approved will be heard October 29.

Belgium is the first European country concerning which we are making such an announcement. Please inform Belgian Government in case it desires to make simultaneous announcement.

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[13] Department of State, *Press Releases*, September 8, 1934, p. 155.

611.5531/151a : Telegram

The Acting Secretary of State to the Ambassador in Belgium (Morris)

WASHINGTON, November 8, 1934—7 p. m.

51. Department's 47, October 12, 7 p. m.[14] It has been decided that the American memorandum of desiderata will be given to the Belgian Chargé on Monday, November 12, at 11 a. m. We have now arranged that Belgian officials in Brussels will on the same day hand you the Belgian memorandum of desiderata. It will not be handed to the Department at the same time by de Ligne. Please telegraph in brief form a list of the concessions which Belgium will ask[15] and forward the full memorandum by mail at the earliest possible moment. Our memorandum of desiderata will be sent to you by the earliest pouch.

PHILLIPS

611.5531/165

The Ambassador in Belgium (Morris) to the Secretary of State

No. 287 BRUSSELS, November 12, 1934.
[Received November 22.]

SIR: Confirming the Embassy's telegram No. 57, November 12, 1934, 5 p. m.,[14] I have the honor to transmit herewith copies and translations of a Note, dated November 12, 1934, from the Belgian Minister for Foreign Affairs, with four enclosures setting forth the Belgian desiderata in regard to the forthcoming tariff negotiations with the United States.

Mr. de Lantsheere, Chef de Cabinet of the Minister for Foreign Affairs, who handed the Note and its enclosures to a member of my staff, stated that the Belgian Government had included in its request for tariff concessions all articles on which Belgian producers had asked for concessions in the course of the preliminary investigation conducted by the Foreign Office. Mr. de Lantsheere intimated, however, that although the Belgian Government had advanced 87 items on which tariff concessions were sought, his Government would not push most of these requests in the forthcoming negotiations. In view of the number of concessions requested, the Embassy decided to cable to the Department only the most important points in connection with the five concessions stressed by the Belgian Foreign Office in enclosure

[14] Not printed.
[15] Telegram No. 57, November 12, not printed.

No. 1 to its Note. In enclosure No. 2,[17] the Belgian Government has indicated to a certain extent the relative importance which it attaches to the request for each individual concession. It should be noted in addition that in enclosure No. 1 the Belgian Government reserves to itself the right to present to the American Government both before and during the negotiations additional desiderata which it is not possible to specify definitely at the present time.

In view of the fact that the Note from the Foreign Office was received only 24 hours, approximately, before the closing of the mail for the first fast steamer, the *Majestic*, the forty-page translation of the Note with its enclosures was necessarily made with great speed, and in the work emphasis has been laid on accuracy rather than on form.

Respectfully yours, DAVE H. MORRIS

[Enclosure—Translation]

The Belgian Minister for Foreign Affairs (Jaspar) to the American Ambassador (Morris)

BRUSSELS, November 12, 1934.

MR. AMBASSADOR: I have the honor to transmit herewith to Your Excellency a memorandum and three notes[18] prepared by the Government of the King, in view of the forthcoming tariff negotiations between the United States and Belgium.

I avail myself [etc.] HENRI JASPAR

[Subenclosure—Translation]

Memorandum Concerning the Tariff Negotiations Between the United States and Belgium

The Government of the King is happy that Belgium was the first European country approached by the American Government as a result of the initiative of President Roosevelt for the commencement of negotiations which should result in a network of commercial treaties bringing about reciprocal concessions. It was one of the first to applaud this initiative and is persuaded that it can contribute in a very favorable way to the recovery of international commerce.

The gesture of President Roosevelt has been better understood in Belgium than elsewhere, because it is altogether in a line with the commercial policy followed up to the present by the Belgian Govern-

[17] Not printed.
[18] The three notes, enclosures 2, 3, and 4, not printed.

ment. The American Government is not ignorant of all the efforts made by the Belgian Government in the years which have elapsed since the War to bring about a greater freedom of international exchange: it is sufficient to cite its active participations in the Geneva conferences with a view to concerted economic action, the conclusion, with the Netherlands and the Scandinavian countries, of the Oslo Convention of Economic Rapprochement,[19] finally the initiative taken by the Belgian, Luxemburg and Netherlands Governments in signing two year[s] ago the Ouchy Convention, designed to lower gradually the economic barriers, and open to the adhesion of all countries. All these efforts have met with opposition or indifference on the part of most nations. Moreover, the Belgian custom tariff is distinguished by its moderation and, if it has been necessary at times to have recourse to quotas, the Government of the King has done it respecting, in so far as possible, the existing commercial currents.

Belgium maintains with the United States of America important commercial relations of which the commercial balance has been for a long time largely favorable to the United States. Whether one consults the American statistics or the Belgian statistics it is clear that Belgium buys each year from America to an amount almost double that which she sells to America. The Belgium Government is an adversary of the system in which the balance of trade ought to be exactly in equilibrium between country and country; in its opinion that is a fallacious policy which only aggravates the contraction of world commerce at a time when all efforts are being made to develop these international exchanges. However, it (the Belgium Government) cannot refrain from remarking that the American importations into the Belgo-Luxemburg Union benefit in general from a tariff régime much more liberal than that which is applied to Belgian products exported to the United States, that the disparity in the balance of trade between the two countries is excessive. It believes that its views coincide with those of the American Government in wishing that this situation may be rectified by an equal increase of purchases on both sides.

The Belgian Government must call attention again to the fact that in spite of its small area and the unimportant total of its population the Belgo-Luxemburg Union constitutes one of the best markets both for raw materials exported from the United States (grain, cotton, tobacco, gasoline), and for certain special products of their industry (automobiles, typewriters). In proportion to its population the Belgo-Luxemburg Union is, after the Netherlands, the best client of the United States.

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[19] League of Nations Treaty Series, vol. CXXVI, p. 341.

For all these reasons the Government of the King hopes that the Government of the United States is disposed to regard the negotiations in a broad spirit of conciliation. It is ready, on its side, to make every effort to satisfy the desiderata which will be submitted to it.

The Belgium Ministry of Foreign Affairs has the honor to submit to His Excellency Mr. Morris a note which, in accordance with the agreement between the Government of the United States and the Belgian Embassy at Washington, is destined to serve as an introduction to the negotiations which should be undertaken in the near future between the two countries. (Enclosure 2)

The desiderata set forth in this note have been gathered in the course of an extensive inquiry in Belgium in both industrial and agricultural circles interested in American markets. This note, therefore, represents exactly the claims of Belgian industry and agriculture in connection with the American customs tariff. The Government of the King must indicate immediately that it considers certain of the claims set forth as presenting an especial importance: it reserves to itself the right to make more precise this point in the course of the negotiations. As a fair example and without having the enumeration considered as a limitation, the Belgian Government mentions that the claims relative to cement, glass, linen fabrics, leathers, sodium phosphate . . . [20] are particularly important in its eyes. Furthermore, the Government of the King reserves to itself the right to present to the American Government either before or during the course of the negotiations other claims which it is not possible for it to specify at the moment.

The Belgian Government must point out that the obstacles which hinder the entry into the United States of Belgian products are not all related to the tariff. Certain stipulations of the American customs regulations constitute obstacles for Belgian and Luxemburg articles which in certain cases are very annoying, sometimes even prohibitive.

The Belgian Government is not ignorant of the fact that the President of the United States has not received special powers in this matter. The Government of the King, however, believes that an amelioration of the conditions of the importation of Belgian products could be attained by a more liberal and supple application of the measures of which it is a question.

As this question presents a very great importance for Belgo-Luxemburg exports to the United States the Belgian Government counts on the fact that the American Government will make an effort to give sat-

[20] Omission indicated in the original.

isfaction, in so far as possible, to the desiderata which are succinctly set forth in another note, likewise enclosed herewith. (Enclosure 3.)

American legislation on the quarantine of horticultural products (Quarantine Act) has resulted in the complete prohibition of the entry into American territory of Belgian horticultural products.

As this question presents for Belgium considerable importance the Ministry for Foreign Affairs has believed it necessary to record its claims in this manner in a separate note. (Enclosure 4.) The Government of the King hopes that the Government of the United States will find it possible in the future to apply the legislation relative to the quarantine in a more liberal spirit.

611.5531/154

The Secretary of State to the Belgian Chargé (De Ligne)

WASHINGTON, November 12, 1934.

SIR: With reference to proposal made looking to trade agreement negotiations between the Government of the United States and the Belgian Government, I attach for transmission to your Government a list of products on which concessions are being asked for by the Government of the United States.[21] In addition to the concessions requested in the attached schedule, proposals regarding the treatment to be accorded by Belgium to electric washing machines, automatic coal stokers, and fishing tackles are under consideration. It is understood that a list of concessions desired of the United States by your Government will be handed today to the American Ambassador at Brussels by the appropriate Belgian authorities.

The general provisions of the proposed agreement to be suggested by this Government will be submitted to you at an early date. Amongst these proposals will be those providing for most-favored-nation treatment in respect of customs matters; national treatment in respect of internal taxation; and limitation on the amount of internal taxes which might be levied on those products on which concessions may be accorded. Provisions will likewise be suggested by which no quantitative restrictions shall be placed on those products on which concessions may be given and by which such quantitative restrictions as may be applied to commodities on which concessions are not sought will be applied in an equitable manner.

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[21] Not printed.

Upon receipt of the desiderata of your Government, I wish to assure you that careful and sympathetic study will be given to them in the hope that early discussions may be undertaken.

Accept [etc.] For the Secretary of State:
FRANCIS B. SAYRE

611.5531/168a : Telegram

The Secretary of State to the Ambassador in Belgium (Morris)

WASHINGTON, November 27, 1934—7 p. m.

52. Having completed a study of the Belgian desiderata, we feel that they offer a basis for and justify the inception of actual negotiation as soon as possible. We have suggested to de Ligne that he cable Brussels that as soon as the Belgian experts whose presence he desires arrive we shall be prepared to start active negotiations. De Ligne tells us that he sent a long telegram yesterday urging his Government to expedite the departure of the Belgian experts and I should appreciate it if you would for your part explain the situation and the importance of losing no further time.

HULL

611.5531/196

The Belgian Chargé (De Ligne) to the Secretary of State

[Translation]

No. 4877 WASHINGTON, December 31, 1934.

MR. SECRETARY OF STATE: With reference to my last communication regarding the commercial negotiations undertaken between the Government of the United States and the Government of the King,[22] I have the honor to advise Your Excellency that the examination of the American revendications by the appropriate services of our Administration is virtually terminated.

My Government has charged Mr. Forthomme, Minister of State, to be the head of the Belgian Delegation which will negotiate with that of the United States. Mr. Forthomme will embark on the 10th of January on the steamer *Ile de France*.

I have learned, further, that Count Robert van der Straten Ponthoz will arrive at New York on the 10th of January by the steamer *Champlain*, and that he will be accompanied by Baron Beyens, who is also a member of the Belgian Delegation.

Mr. Hymans has informed me by telegraph that, as far as we are concerned, the negotiations may begin from Monday the 14th of January.

I avail myself [etc.] PRINCE EUGENE DE LIGNE

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[22] Not printed.

INFORMAL REPRESENTATIONS BY THE EMBASSY IN BELGIUM REGARDING TAXATION OF AMERICAN FIRMS OPERATING IN BELGIUM THROUGH BELGIAN AGENTS

855.512/47

The Ambassador in Belgium (Morris) to the Secretary of State

No. 124 BRUSSELS, February 12, 1934.
[Received February 28.]

SIR: I have the honor to refer to my despatch No. 37, of September 19, 1933,[23] concerning the difficulties experienced by American business interests in Belgium under the increasing restrictions imposed on foreign trade by the Belgian Government and to your Instruction No. 24, of November 8, 1933,[23] indicating that the Department would be glad to receive reports from the Embassy concerning any problems of importance.

Belgian restrictions affecting American import trade are extremely complicated; they include taxation, quotas and import duties. The present despatch will deal with the important question of the taxation of American firms in Belgium.

For background, the following résumé of the situation may be helpful:

Prior to 1932, Belgium followed a policy of taxing foreign firms which were operating in Belgium. Foreign firms were considered to be operating in Belgium when they maintained an office in the country, used a letter-head with a Belgian address on it, employed a resident agent in Belgium, or operated in any way which indicated that an actual establishment was being maintained in the country. When a foreign firm operated through a Belgian agent, however, it was not considered as operating in Belgium, and therefore was not subjected to Belgian taxation.

Toward the end of 1932, the Belgian Government began notifying foreign firms which had agents in Belgium that in addition to the taxes paid by their agents, they (the foreign firms) were subject to Belgian taxation on the grounds that they were operating in the country even though they maintained no establishment in Belgium. Since the agent's books do not show the profits made by the principal, the foreign firm is arbitrarily estimated to be making a profit of 15 per cent of the turnover. These profits are subjected to the "taxe professionelle," which in Brussels amounts to 22 per cent of the profits and varies between 20 and 24 per cent in other cities, according to the amount of the city taxation (the federal tax is always 16.5 per cent).

[23] Not printed.

The Belgian Government outlined its change in attitude very loosely, in a ministerial instruction, dated July 11, 1933, which stated that a foreign firm operating in Belgium, even through an intermediary, was subject to taxation, unless the intermediary was "really autonomous." According to verbal statements of the Director General of Taxation and other tax officials, real autonomy on the part of the intermediary does not exist if the foreign firm consigns stocks to the intermediary; if the foreign firm fixes retail prices; or if the foreign firm participates in an advertising campaign. This ruling would subject American cotton, grain, and tobacco exporters to Belgian taxation on two grounds—consignments of stocks, and fixing of retail prices. As the actual profit on cotton and grain transactions amounts to 1 per cent or less, and as the Belgian "taxe professionelle" (varying between 20 and 24 per cent of an estimated profit of 15 per cent) would amount to over 3 per cent of the turnover, business would naturally become impossible, and the American firms would have to cease their Belgian operations. The sale of almost any American trade-marked article, such as razors, automobiles, prepared medicines, typewriters, etc., would also render the American exporting firms subject to taxation, as in almost every case the retail prices of these articles are fixed by the American company and the latter participates in advertising.

The fact that the Belgian Government will not give the Embassy a statement in writing outlining clearly and fully its new policy of taxation of foreign firms complicates the problem and renders it difficult for the Embassy to do anything to protect the interests of American firms, other than to advise them to use extreme caution in establishing trade connections in Belgium. With regard to some 2,000 American firms which are already selling their products in Belgium, the Embassy can do absolutely nothing except await developments.

The Belgian Government is attempting to collect the tax referred to above retroactively over a period of three years, but local attorneys have informed the Embassy that, in their opinion, this is illegal. The present tax claims of the Belgian Government with regard to past years are, therefore, perhaps more vexatious than dangerous, but the Belgian Government could draw up new laws in the future along the lines indicated above in such a way as to render our commercial relations with Belgium extremely precarious.

The importance of the vexatious situation outlined above for background purposes is illustrated by the case of the Goodyear Tire and Rubber Export Company, of Akron, Ohio. This American company is represented in Belgium by an independent Belgian corporation, the Belgian Tire and Rubber Company, which has its offices

at 19, Place Simonis, Brussels. The American principal has no financial interest in the Belgian corporation, but simply sells its automobile tires to the latter. The goods are shipped on consignment, but must be paid for even if not resold after a period of six months. The Goodyear Tire and Rubber Export Company, of Akron, Ohio, sends an employee from its Paris subsidiary to check stocks in the hands of the Belgian Tire and Rubber Company twice a year. It also grants an advertising allowance to the Belgian company and, like all other tire companies whether Belgian or foreign, specifies the retail prices of its tires sold in Belgium. The Belgian company is entirely independent, and, if it refuses to follow the instructions of the Goodyear Tire and Rubber Export Company, the only recourse which the latter has is to withdraw the agency and to place it in other hands. In spite of this set-up, the Belgian tax authorities are not satisfied with the collection of taxes on the profits of the Belgian Tire and Rubber Company, but are endeavoring also to collect taxes on the profits of the Goodyear Tire and Rubber Export Company of Akron, Ohio, derived from the sale of their goods in Belgium. As indicated above, these profits are arbitrarily estimated by the Belgian Government at 15 per cent of the turn over. Under this arbitrary method of calculation, the profit for each of the years 1931 and 1932 is placed at 4,500,000 francs by a tax decision of October 5, 1933. Since the rate of the tax is 22 per cent, the tax claim of the Belgian Government against the Goodyear Company amounts to 990,000 francs for each year. If the tax is not paid within 40 days after the notification to pay, a fine of 200 per cent will be added.

During the past 18 months the Embassy, in conversations with members of the Belgian Foreign Office and with Belgian tax officials, has continually pointed out that in its opinion the new departure of the Belgian Ministry of Finance in taxing foreign firms is not only unjustified by existing regulations but is in every way harmful to the best interests of the two countries, since if the new program is enforced a large number of American firms will undoubtedly be obliged to sever their Belgian connections and withdraw from Belgium. The Embassy has also pointed out the impracticability of attempting to collect taxes from firms which have no physical establishment in Belgium. The Belgian Foreign Office informed the Embassy on January 4, 1934, that it has adopted the Embassy's point of view in the above matter and that the entire question of the taxation of foreign firms would be reconsidered by a commission composed of officials from the Ministries of Foreign Affairs and Finance. Since the Ministry of Finance is the Ministry directly concerned in this matter, I felt that it would be advisable for me to see Mr. Jaspar, Minister of Finance, in order to present to him the Embassy's view-point with the

object of counteracting as far as possible the influence of some of his subordinate officials who are believed to be responsible for the new Belgian tax policy. The Foreign Office agreed that this was a desirable move. Accordingly, on February 8, 1934, I called on Mr. Jaspar and acquainted him with my views. Mr. Jaspar indicated clearly that his chief concern was to increase Belgian tax returns. He promised that he would give the matter consideration, but he declared that he would have to place Belgian interests above American interests. At first, Mr. Jaspar stated that his administration was a fiscal one, the duty of which was to collect taxes in accordance with existing regulations, but that it was willing to study separately each individual case involving the taxation of a foreign firm. At the close of our conversation, Mr. Jaspar intimated that if a study of the results to be expected from the new Belgian tax policy should show that it was not calculated to increase Belgian revenues sufficiently to offset any disadvantages accruing to Belgium from it, he would abandon it, but that if tax returns should increase materially under the application of the new policy, it would be maintained.

In my conversation with Mr. Jaspar, I gathered the impression that his attitude was prompted not only by a desire to develop a new source of revenue, but by a desire to improve the position of Belgium in forthcoming negotiations with foreign countries in various matters relating to Belgium's foreign trade. It is also my opinion that despite the fact that the Belgian Foreign Office professes to accept the Embassy's point of view in regard to the taxation of foreign firms the former is encouraging Mr. Jaspar to appear to assume an *intransigeant* attitude in the matter. In this connection, it is of interest to note that various other foreign Missions in Belgium, notably the British, Dutch, Swiss, Swedish and Danish, are also protesting to the Belgian Government concerning similar taxation of firms of their nationality.

In view of the present bargaining mood of the Belgian Government, it seems not unlikely that the Belgian Embassy in Washington, in conversations with the Department, may offer to settle satisfactorily the question of the taxation of American firms in Belgium in return for trade concessions by the United States. If this offer is made, I feel that the Department should refuse categorically to negotiate on such a basis, because:

(1) the new tax policy outlined above is unsound from a legal point of view, and

(2) strenuous opposition against it has developed among Belgian importers and also among influential Belgian institutions, such as the Antwerp Chamber of Commerce, which feel that such taxation will drive business away from Belgium. This opposition is being further strengthened by protests from foreign governments, and it seems very

unlikely that, in the long run, the present unsound policy of the Belgian Government concerning the taxation of foreign firms can be maintained.

Consequently, I feel that any attempt on the part of the Belgian Embassy at Washington to use the question of the taxation of American firms in Belgium to secure trade concessions from the United States should be promptly squelched, with an indication that trade advantages can only be secured by giving trade advantages in return.

Respectfully yours, DAVE H. MORRIS

855.512/47

The Secretary of State to the Ambassador in Belgium (Morris)

No. 54 WASHINGTON, March 13, 1934.

SIR: I have received your despatch No. 124 of February 12, 1934, with regard to the taxation of American firms in Belgium. I fully concur with the position which you have taken in this matter and I hope that you will continue to urge upon the Belgian Government that this taxation be abandoned. Should such a system of taxation be actually put into effect it could not, as you point out, do other than to drive many American firms out of the Belgian market. Please continue to keep me fully informed with regard to all the developments in this case.

I wish to commend you upon the excellence of this report and I hope that the Embassy will continue to keep me fully and currently advised of all Belgian restrictions affecting American trade.

Very truly yours, For the Secretary of State:
FRANCIS B. SAYRE

855.5123 Goodyear/4

The Ambassador in Belgium (Morris) to the Secretary of State

No. 193 BRUSSELS, May 23, 1934.
[Received June 1.]

SIR: I have the honor to refer to my despatch No. 124 of February 12, 1934, concerning the taxation of American firms in Belgium and outlining the taxation difficulties of the Goodyear Tire and Rubber Export Company of Akron, Ohio.

There are enclosed copies of two notes from the Belgian Ministry of Foreign Affairs and translations thereof,[25] which set forth the attitude of the Belgian Government in substantiation of its claim that

[25] Note dated May 3 not printed.

the American firm maintained an establishment in Belgium and therefore is subject to taxation on its profits from this business. The firm's attitude, which was developed fully in my despatch referred to above and in enclosures to the Department's instruction No. 47 of February 8, 1934,[26] is that it only consigns merchandise to its distributor here and therefore it does not maintain an establishment, which would render it liable to the taxation claimed by the Belgian Government.

In the last paragraph of the note from the Ministry of Foreign Affairs of April 18, 1934 (copy enclosed), the Company is given the alternative of entering legal proceedings against the Government in support of its contentions or of accepting to be taxed.

The Company has not yet decided to take the case to law. A lawyer representing the American firm has been to Brussels to see the Acting Commercial Attaché to seek advice as to the best policy to adopt. The Embassy has felt that it could not advise the Company to enter legal action and has refrained from so doing. However, in view of the definite stand taken by the Belgian Minister of Finance, there is little that can be accomplished by repeating the representations which have been made time and again by the Embassy in the firm's interests.

The matter is brought to the Department's attention in answer to the last paragraph of its instruction No. 47 of February 8, 1934 and with the request that I be instructed as to how to proceed further in the matter.[27]

Respectfully yours, DAVE H. MORRIS

[Enclosure—Translation]

The Belgian Minister for Foreign Affairs (Hymans) to the American Ambassador (Morris)

BRUSSELS, April 18, 1934.

MR. AMBASSADOR: Referring to note No. 82 which Your Excellency was so good as to address to me under date of December 4, 1933, I have the honor to inform Your Excellency that the dossier relating to the taxability of the American firm, "The Goodyear Tire Rubber Export & Co." has been examined again by the Ministry of Finance.

The facts gathered from this dossier concerning the activities pursued in Belgium by the American Company in question have led the Bureau of Internal Revenue ("Administration des Contributions") to conclude that in the case of this firm there exists an establishment in Belgium.

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[26] Instruction No. 47 and enclosures not printed.

[27] Apparently no instruction was given with respect to further action in the matter.

Under this heading the American Goodyear firm unquestionably falls under the Belgian income tax law, and the Administration may not renounce the collection of the taxes in question.

In communicating this decision to me, the Minister of Finance observes that it had not been possible for him to agree with the argument upheld by the firm in question, which claims that it is engaged exclusively in trade on a consignment basis in Belgium.

The Belgian Administration agrees to consider that the consignment of merchandise, pure and simple, by a foreign firm, does not permit of the conclusion that there exists in Belgium an establishment on the basis of which a professional income tax might be assessed. But it does not seem possible to consider the case of the "Goodyear" firm as being confined to consignment trade.

The daily sending of copies of invoices and of a stock-statement, the continual intervention of the American firm in price-fixing and the conditions of sale, its special participation in advertising expenses, the semi-annual verification of stocks, their sales in Belgium in any quantity, all these circumstances show that the American firm is engaged in this country in transactions similar to those in which a Belgian firm could be engaged.

Moreover, the fact that the Belgian firm, "Belgian Tire Company," presents itself to the public under the heading "Goodyear" which covers its trucks and the façade of its head office, permits of the conclusion that the Belgian firm is in reality a sales-house* of the American company.

The Belgian firm, it is true, obtains merchandise on consignment and is remunerated by a commission which covers the general expenses, risks and other expenditures. But these are means of remuneration which are dictated by the Commercial interest of the contracting parties; besides, this is the conclusion to be drawn from a passage from a letter addressed by the American firm to the division controller on November 16, 1932:

"by granting the consignment (of goods) to such a distributor with the guarantee of a certain bank and with personal guarantees," says this letter, ["] we are able to place our distributor on a basis allowing him to extend the sale of our goods."

Such are, Mr. Ambassador, the facts that have come out and those on which the Minister of Finance has based his decision.

He has added that in case the firm in question is unable to agree with this point of view, he can only advise it to have the question of principle settled by the competent judicial authorities; or, if the firm accepts the principle of the taxation, to prove by means of an objective

*Underlined in original. [Footnote in the file translation.]

documentation that the profits which are attributed to it are exaggerated.

I avail myself [etc.]

For the Minister:
The Secretary General
F. VAN LANGENHOVE

SUSPENSION BY BELGIUM OF ITS DENUNCIATION OF AGREEMENT WITH THE UNITED STATES CONCERNING RECIPROCAL RECOGNITION OF AIRWORTHINESS OF AIRCRAFT, SIGNED OCTOBER 22, 1932 [29]

711.5527/31

The Belgian Minister for Foreign Affairs (Hymans) to the American Ambassador in Belgium (Morris) [30]

[Translation]

No. 196/1019 BRUSSELS, March 27, 1934.

MR. AMBASSADOR: I have the honor to inform Your Excellency that the agreement concluded by the United States and Belgium on October 22, 1932, concerning the reciprocal recognition of certificates of airworthiness for aircraft imported as merchandise, has, in its application, presented certain difficulties which have made it necessary for the Royal Government to denounce it, under Article 4 of the said agreement.

The difficulties indicated by the competent authorities result from the fact that the latter are obliged, under the stipulations of the arrangement, to deliver a Belgian certificate of airworthiness to American aeroplanes solely because these aeroplanes possess an American certificate of airworthiness.

The technical conditions required in the United States of America for the construction of certain aeroplanes are not similar to those of the countries which have adhered to the International Commission of Air Navigation (CIDNA). Thus, for large aeroplanes for transportation purposes, especially, the safety coefficient is fixed at 4 for the first flight, while the Belgian regulations prescribe the figure 5 (page 8 of the Regulations annexed to the Ministerial Decree of September 17, 1931).

Such a situation may be extremely detrimental to the interests of Belgian industry, the outlets for which are already very restricted and which thus finds itself seriously handicapped in the domestic market.

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[29] For exchange of notes constituting the agreement, see *Foreign Relations*, 1932, vol. II, pp. 139–140.

[30] Transmitted to the Department by the Ambassador in his despatch No. 158, April 3; received April 14.

His Majesty's Government would be willing to enter into negotiations for a new agreement which would protect Belgian industry from the damage resulting from the less stringent American regulations.

In Belgium, the issuance of certificates and licenses of airworthiness for aircraft is regulated by the Royal Decree dated December 27, 1930, amended by the Royal Decree of December 1, 1932. A Ministerial Decree of September 17, 1931, drawn up in accordance with the Royal Decree of December 27, 1930, mentioned above, sets forth the conditions for airworthiness which must be complied with in order to obtain certificates and licenses of airworthiness; these conditions are patterned on those laid down by the International Commission of Air Navigation (CIDNA).

According to Articles 1 and 2 of the Royal Decree of December 27, 1930, all aeroplanes duly registered with the Belgian aeronautical registration authorities must be provided with a certificate or a license of airworthiness issued by the Air Administration.

Article 21 of the Royal Decree mentioned above provides that, upon condition of reciprocity, the Air Administration may approve the model specifications established by the competent authorities of the foreign country in which the experimental model was constructed, if the conditions of airworthiness in force in that foreign country are recognized as equivalent to those required by the Decree of September 17, 1931.

Article 23 stipulates that a certificate of airworthiness may be issued to aircraft constructed abroad in conformity with model specifications approved according to the conditions stated in Article 21.

The result is that, in actual practice, all aircraft constructed abroad must, indirectly, comply with the Belgian technical requirements in order to secure in Belgium a certificate of airworthiness; the experimental model must have been approved by the competent Belgian authorities and the airplanes themselves must conform to this model.

According to the regulations in force in Belgium, His Majesty's Government would be willing to conclude a reciprocal convention with the United States, on condition that the latter agree in principle that, in order to be admitted into Belgium, models and series-aeroplanes of American manufacture must comply with the safety requirements prescribed by the Belgian regulations.

By virtue of such a convention, the Belgian Government would recognize the validity of verifications, both of model specifications and of series-aeroplanes, made in the United States, so that such verifications need not be renewed at the time when the aeroplanes are duly registered in Belgium or when the aeroplane motors are actually put into use in Belgium. However, this would not give foreign aircraft any right to exemption from complying with the Belgian safety requirements.

Your Excellency will be good enough to find attached copies of the Royal Decrees of December 27, 1930; May 11, 1931; and December 1, 1932; as well as the Ministerial Decree of September 17, 1931.[32]

I avail myself [etc.] For the Minister:
The Director General
E. CASTEUR

711.5527/30 : Telegram

The Secretary of State to the Ambassador in Belgium (Morris)

WASHINGTON, April 14, 1934—4 p. m.

16. Your 17, April 12, 1 p. m.[33] Boeing accidents of which there has recently been publicity found by aeronautical authorities of this Government not to be due to structural failures.

American airline record of approximately 25,000,000 passenger miles per passenger fatality for year 1933 believed to compare favorably with that of any other country.

You should express regret that Government of Belgium has denounced agreement without first affording this Government an opportunity to furnish detailed information that might satisfy Belgian objections to the agreement.

You are requested to express the hope that the Belgian Government may be disposed to withdraw notice of denunciation pending an investigation by this Government of any objections raised to the agreement. If this is done inform Department in detail of objections of Belgian Government with information as to any accidents involving American built aircraft that have occurred in Belgium since agreement has been in force.

You may state that United States has airworthiness agreements with seven countries other than Belgium and that they have been satisfactory to all governments concerned.

HULL

711.5527/32 : Telegram

The Ambassador in Belgium (Morris) to the Secretary of State

BRUSSELS, April 18, 1934—3 p. m.
[Received April 18—11 : 25 a. m.]

18. Department's telegram No. 16, April 14, 4 p. m. Have just received a note dated yesterday from the Belgian Government which in translation reads as follows:

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[32] Not found in Department files.
[33] Not printed.

"In reply to your inquiry of the 16th instant I have the honor to inform Your Excellency that the Belgian Government is disposed to suspend its denunciation of the agreement in question provided that a supplement to that agreement is concluded by the two countries in the shortest possible time in accordance with the following principles: machines which comply with American regulations will be admitted into Belgium if they also comply with certain supplementary conditions which will be stipulated in the supplement. The American authorities will be competent to verify the point whether the machines comply with these supplementary conditions. The Bureau of Aeronautics is studying these conditions at the present time and will communicate to Your Excellency shortly.

The proposed supplement will establish therefore the principle of reciprocity of the validity of control measures each country retaining the right of accepting only material which complies with its own regulations.

The Bureau of Aeronautics would like to receive information concerning the new regulations regarding airworthiness promulgated by the American authorities since January 1, 1933. I am taking the liberty of resorting to Your Excellency's good offices with the request that you be so kind as to put me in possession of these texts as soon as possible.

I should also be very grateful to Your Excellency if you would inform me as to your Government's reaction in regard to the proposal set forth above".

MORRIS

711.5527/32 : Telegram

The Secretary of State to the Ambassador in Belgium (Morris)

WASHINGTON, April 19, 1934—7 p. m.

17. Your 18, April 18, 3 p. m. On the basis of information so far furnished by Belgian Government through your Embassy and Belgian Embassy, it is believed that there is a good prospect of reaching an agreement that will be satisfactory to both Governments. You may state that this Government will be pleased to enter into negotiations with Belgian Government immediately in an effort to reach such agreement as soon as possible. Inform Foreign Office that on April 17 aeronautical authorities of Department of Commerce furnished Belgian Embassy with full information in regard to airworthiness requirements of this Government.

Request to be informed whether in view of willingness of this Government to endeavor to reach a new agreement, Belgian Government is disposed to withdraw its notice of denunciation of arrangement now in force.

HULL

790532—51——13

711.5527/33

The Secretary of State to the Ambassador in Belgium (Morris)

No. 72 WASHINGTON, April 26, 1934.

SIR: The Department is in receipt of your telegram of April 24, 1934,[34] reporting that you are in receipt of a note dated April 23, 1934, from the Belgian Foreign Office stating that the Belgian Government has withdrawn its notice of the denunciation of the airworthiness agreement in force between the United States and Belgium with the understanding that this Government will enter into negotiations with the Belgian Government for the conclusion of a supplementary agreement.[35]

You are requested to inform the Belgian Government that this Government appreciates its action in withdrawing its notice of denunciation of the present arrangement and that upon the receipt of the Belgian draft of a supplementary agreement, which you have been informed will be submitted shortly, it will be given prompt consideration.

Very truly yours, For the Secretary of State:
R. WALTON MOORE

[34] Not printed.
[35] No supplementary agreement made.