

No. 478

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**BELGIUM  
and  
FRANCE**

**Convention concerning the conditions for the compensation  
of Belgian interests in the nationalized gas and electricity  
undertakings (with regulation and annexed provisions).  
Signed at Paris, on 18 February 1949**

*French official text communicated by the Permanent Representative of Belgium  
to the United Nations. The registration took place on 6 June 1949.*

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**BELGIQUE  
et  
FRANCE**

**Convention relative aux modalités d'indemnisation des inté-  
rêts belges dans les entreprises de gaz et d'électricité  
nationalisées (avec règlement et dispositions annexes).  
Signée à Paris, le 18 février 1949**

*Texte officiel français communiqué par le représentant permanent de la Belgique  
auprès de l'Organisation des Nations Unies. L'enregistrement a eu lieu le  
6 juin 1949.*

## TRANSLATION — TRADUCTION

No. 478. CONVENTION<sup>1</sup> BETWEEN THE BELGIAN GOVERNMENT AND THE FRENCH GOVERNMENT CONCERNING THE CONDITIONS FOR THE COMPENSATION OF BELGIAN INTERESTS IN THE NATIONALIZED GAS AND ELECTRICITY UNDERTAKINGS. SIGNED AT PARIS, ON 18 FEBRUARY 1949

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In view of the effect of the French laws and decrees respecting the nationalization of electricity and gas undertakings on the rights of Belgian holders of stock in these enterprises, the Belgian and French Governments agree on the following provisions:

1. The French Government declares that it is willing to offer compensation as prescribed in the annexes hereto to stockholders of Belgian nationality who express a wish to this effect.
2. The French Government accords to Belgium most-favoured-nation treatment in respect of the compensation of Belgian stockholders.

In particular, if at any future date the French Government grants to another country, for the benefit of the nationals thereof, payment by way of compensation for similar stock of sums of a greater amount, or yielding a higher interest, or payable in a smaller number of annual instalments, or enjoying certain transfer facilities, the Belgian Government shall be entitled to claim, on behalf of its nationals, the substitution of the compensation conditions accorded to the nationals of such other country for the procedure laid down in the present agreement.

This option shall be applicable to that part of the Belgian claim which has not yet fallen due on the date of the option.

3. The Belgian Government undertakes, subject to compliance by the French Government with the obligations assumed in the regulation annexed hereto, not to put forward, or to submit to international tribunals, or to support by diplomatic action, any claims which may be advanced by Belgian natural or juridical persons in pursuance of act No. 46628 of 8 April 1946.

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<sup>1</sup> Came into force on 18 February 1949, as from the date of signature, in accordance with paragraph 5. This convention applies to the territories of the Belgian Congo and Ruanda-Urundi.

4. Any difficulty which may arise in connexion with the interpretation or the application of the present agreement, and which it has not been found possible to settle by direct negotiation between the two Governments, shall be settled by arbitration.

Each of the two Governments shall nominate an arbitrator.

If, after a period of two months from the day on which the dispute has been referred to the two arbitrators, they have been unable to agree on the settlement thereof, the two Governments shall by common agreement appoint a third arbitrator. If, within a further period of one month, they are unable to agree on this appointment, the President of the International Court of Justice shall be requested to make the appointment.

The decision of the arbitration tribunal shall be final and binding on the Parties, and must be rendered within a time-limit of not more than six months.

5. The present agreement shall enter into force on the date of its signature.

DONE in duplicate in Paris, 18 February 1949.

For the Belgian Government:

(Signed) MOENS DE FERNIG

For the French Government:

(Signed) SCHUMAN

REGULATION RELATING TO THE COMPENSATION OFFERED  
BY THE FRENCH GOVERNMENT TO BELGIAN STOCK-  
HOLDERS AFFECTED BY THE LAW OF 8 APRIL 1946 AND  
THE DECREE OF 5 JUNE 1947

CHAPTER I—DECLARATION

*Article 1.* The benefits of the present regulation shall be reserved to Belgian natural and juridical persons who are entitled to compensation under the acts of 8 April 1946 and 12 August 1948 and the decree of 5 June 1947, and who have submitted a declaration communicating their acceptance of the said regulation. Such declaration must be submitted before 31 December 1949 to a Belgian official body designated by the Belgian Government with the approval of the French Government. After this date, compensation in respect of nationalization shall be governed exclusively by the provisions of the French laws.

Declarants shall be required to furnish to the Belgian official body, or to the representatives designated by such body, proof, as prescribed in the rules set forth in the annexed provisions to lay down the procedure for giving effect to this regulation, that the rights on which they base their claim belonged on 1 January 1946 to Belgian natural or juridical persons.

The benefits of the present regulation shall likewise be extended to Belgian natural or juridical persons who submit proof:

1. That they exercised after 1 January 1946 the faculty to apply as of right or exercised allotment rights with respect to shares belonging to them before that date;

2. that stocks acquired during the period between 1 January 1946 and 8 April 1946 were not previously owned by French nationals;

3. that the transfer of securities *mortis causa* during the period referred to in paragraph 2 above, has been duly effected.

In applying the present regulation the French Government reserves its rights with regard to:

(a) Belgian juridical persons whose capital includes more than 25 per cent of enemy interests;

(b) Belgian juridical persons concerned exclusively with the management of a portfolio of securities, more than 50 per cent of the assets of which are owned by French nationals.

*Article 2.* The Belgian official body referred to in article 1 shall communicate to the French Ministry of Finance for the first time on 1 May 1949 and every three months thereafter a statement, classified by companies and by categories of stock, of the securities regularly declared to it.

## CHAPTER II—CALCULATION OF COMPENSATION AND DELIVERY OF CLAIM CERTIFICATES

*Article 3.* Compensation due to the Belgian nationals who are beneficiaries under the present regulation shall not be calculated under any procedure other than that laid down by articles 10, 11, 12 and 14 of the act of 8 April 1946, as supplemented and modified by the acts of 21 October 1946 and 12 August 1948 and the decree of 5 June 1947.

The Commissions set up under the decree of 14 August 1947 shall be recommended to begin at the earliest possible date the valuation of undertakings the stock of which are not quoted on the stock exchange, and in which Belgian nationals have large interests.

*Article 4.* The holders of stocks declared pursuant to the terms of chapter I shall transfer to the Caisse nationale de l'Énergie (C.N.E.) (National Power Fund) for the account of the Caisse autonome d'Amortissement (C.A.A.) (Independent Sinking Fund) stocks in nationalized electricity and gas undertakings (the last coupon having been paid on 1 January 1949) in return for:

1. the allotment of one or more claim certificates issued by the C.A.A., redeemable in seven annual instalments and enjoying the rights and benefits specified in the present regulation; and,

2. delivery, where the case arises, of a document establishing their right to receive from the C.N.E. a certificate representing the share of the private property returned under the terms of article 15 of the act of 8 April 1946.

Such transfer and delivery of the claim certificates shall be effected in the manner and subject to compliance with the formalities prescribed in the "Annexed provisions to lay down the procedure for giving effect to the regulation", which will also prescribe the form of the claim certificate.

Claim certificates, drawn up in the name of the persons concerned, shall be deposited by the C.A.A. in a bank chosen by them and approved by the French Ministry of Finance.

As soon as the C.N.E. has issued the bonds as provided by the act of 8 April 1946 it shall remit to the C.A.A. the number of bonds corresponding, in accordance with the terms of the aforesaid act, to the value of the stocks of nationalized electricity and gas undertakings held by the C.N.E. as provided by paragraph 1 of this article. A complete list of the numbers of these bonds shall be communicated to each of the approved banks referred to above.

*Article 5.* It being impossible at once to compute finally the total amount of claims for compensation, the debt assumed by the C.A.A. shall, on the issue of the claim certificates, be estimated as accurately as possible, both for quoted and for non-quoted stocks, on the basis of the estimates made by Electricité de France (French Electricity Corporation) for the purpose of its interim interest payments for the financial years 1947 and 1948. So soon as Electricité de France is able to ascertain the exact and final amount of the Belgian claim for compensation, the C.A.A. shall readjust the nominal value of the claim certificates referred to above on this new basis.

### CHAPTER III—BENEFITS PERTAINING TO CLAIM CERTIFICATES; REDEMPTION, TRANSFER OR USE AS COLLATERAL OF CLAIM CERTIFICATES

*Article 6.* Claim certificates allotted to Belgian holders shall bear interest as from 1 January 1949, at the rate of 3 per cent, and the variable elementary interest provided under article 13 of the act of 8 April 1946 and article 4 of the act of 12 August 1948.

The fixed interest and the supplementary interest payable to holders of claim certificates not residents of France shall be transferable in accordance with the terms of the payments agreements at present in force, and under the conditions and according to the general principles applicable to financial transfers.

Where additional interest is allotted for the purpose of distributing the redemption bonus referred to hereunder, such additional interest shall not be transferable and shall be paid into the "Belgian reinvestment" accounts referred to in article 12.

Claim certificates allotted to Belgian holders shall likewise be entitled to the redemption bonus provided under article 4 of the act of 12 August 1948.

*Article 7.* Claim certificates shall be covered, to the extent of their provisional or definitive value, by an exchange guarantee based on the exchange rate of the French franc to the United States dollar in Paris on 8 April 1946, i.e., one dollar: 119.10 French francs; holders of certificates shall thus be entitled, on their redemption, to a number of French francs corresponding on the day of redemption to the number of dollars equivalent on 8 April 1946 to the amount of the claim certificate in French francs.

For the purpose of such conversion, the dollar exchange rate shall be the mean between the average official rate in Paris and the free rate quoted on the Paris stock exchange.

If the present system of quotation of the United States dollar in Paris were to be replaced by a single rate, the exchange rate applicable shall be such single rate.

If there should be neither a mean rate of the United States dollar in Paris, as defined above, nor a single rate the French Government shall, in agreement with the Belgian Government, seek a basis of revaluation such as to ensure to the Belgian creditors advantages equivalent to those which would have resulted from the provisions laid down in the preceding paragraphs.

*Article 8.* The C.A.A. shall provide for the annual redemption of one-seventh of the amount of the claims.

Nevertheless, if more than one-seventh of the bonds referred to at the end of article 4 are repaid by drawings in the course of a year, the claim certificates shall be redeemed to the value of an equivalent sum at the next date of maturity. The balance of the principal shall thereafter be redeemed in as many instalments as there remain dates of maturity.

Every Belgian creditor shall then be entitled on any date of maturity to request the deferment to one or more subsequent dates of maturity, at his choice, of one-third, two-thirds, or the entire amount of the redeemable balance of the claim constituted by his certificate or certificates.

Deferment of the principal shall imply the deferment of the redemption bonus pertaining thereto, without alteration of their amounts.

This option, which shall be definitive for the date of maturity in question, shall be exercised in the manner and according to the procedure laid down in the "Annexed provisions to lay down the procedure for giving effect to the regulation".

If creditors do not avail themselves fully of their right to redemption, the French Government shall nevertheless be entitled on each date of maturity to redeem or cause to be redeemed all or part of the amount of the annual instalment corresponding to the date of maturity in question.

Any sums redemption of which is deferred at the request of the Belgian creditors in pursuance of the above provisions shall bear interest only at the fixed rate of 3 per cent, and such interest shall be transferable under the conditions laid down in article 6.

*Article 9.* Redemption as set forth in article 8 shall be effected account being taken of the exchange guarantee prescribed in article 7 and of the redemption bonus provided in article 6. With respect to this latter a payment on account shall be made, at the time of redemption, corresponding to the redemption bonus paid in respect of the bonds of the C.N.E. drawn at the last drawing before the date of maturity in question.

If repayment by drawing has not yet been begun at the time of any of the dates of maturity fixed for the redemption, the payment on account of the redemption bonus shall be calculated as accurately as possible in accordance with the procedure laid down in article 13 of the act of 12 August 1948. On the expiry of the redemption period, the C.A.A. shall adjust the redemption bonus definitively by distributing, proportionately to the initial Belgian claims, an amount consisting of the difference between:

(a) the total amount of the repayment bonuses allotted to the C.A.A. by the C.N.E., in respect of the debentures corresponding to the total original Belgian claim actually repaid by drawing. To this total shall be added the product obtained by multiplying the highest bonus paid during the seven years in question by the number of the bonds not repaid by drawing; and,

(b) the total amount of the redemption bonuses paid on account by the C.A.A. to the Belgian creditors during the redemption period, plus any additions to the variable supplementary interest which may have been allotted to the Belgian creditors by way of distribution of the redemption bonus.

*Article 10.* Redemption of the first instalment shall in principle take place on 1 July 1949, and in no circumstances later than six months after the date of signature of the agreement.

Redemption of the second instalment shall take place on 1 January 1950 and subsequent redemptions on 1 January of each year, the last taking place on 1 January 1955.

Dates of interest payments shall coincide with the dates of redemption; however, the C.N.E. shall pay the interest for the financial year 1948.

As soon as the nominal value of the original claim certificates has been re-adjusted in accordance with article 5, the amount of the re-adjustment shall be paid, with due regard to the exchange guarantee provided under article 7, in as many equal annual instalments as there remain dates of maturity for the redemption of the Belgian claims.

Arrears of fixed and variable interest payable on the amount of the re-adjustment shall be paid on the date of maturity following the definitive establishment of the amount of the claims, and shall be transferable under the conditions laid down in article 6.

If, however, the C.N.E. pays such additional interest in a number of consecutive instalments, the principle laid down in the preceding paragraph shall apply to each one of these consecutive instalments taken separately.

*Article 11.* Claims for compensation shall be transferable only to Belgian natural or juridical persons. They may, however, be transferred to foreign companies subject to the authorization of the French Exchange Office, for which application must be made in each case. In the event of transfer by succession, the benefits provided for under this regulation shall pass to the heir.

Subject to the general credit regulations, the Belgian creditors may apply to French banks or official credit institutions for facilities for mobilizing non-matured annual instalments, and the applicants shall not be subjected to differential treatment by reason of their Belgian nationality. For this purpose, they may pledge their claims for compensation and provide for the repayment of the sums borrowed by assignment of the payments due to them.

#### CHAPTER IV—FACILITIES FOR THE REINVESTMENT OF SUMS OBTAINED FROM COMPENSATION

*Article 12.* Capital obtained from compensation, including redemption bonus, must be used or reinvested in France. In order to facilitate the reinvestment of such assets in France, they shall be paid to the credit of accounts opened at an approved bank in the name of the Belgian nationals concerned. These accounts shall be known as "Belgian reinvestment" accounts.



A. A general authorization to reinvest the sums credited to the aforesaid accounts shall be granted by the French Exchange Office in respect of the following operations:

1. Purchase on the stock exchange of French securities quoted on a French stock exchange, excluding securities or bonds redeemable in less than ten years from the date of purchase.

2. Subscription for the French securities referred to in paragraph 1 above when issued for the purpose of capital increase.

3. Acquisition of non-quoted French securities, when effected by one of the following methods:

(a) subscription to the capital of a French company on its formation, and subscription for bonds or notes redeemable in a period of not less than ten years;

(b) subscription as of right on the occasion of increase of capital.

4. Advances, provided that the loan contract includes no clauses other than those stipulating:

(a) the rate of interest, which may not be higher than the rate of interest paid by the Banque de France for advances on securities, plus one and one-half points;

(b) the term of the loan;

(c) where necessary, the security for the pledge, and, in the case of companies not less than 50 per cent of the capital of which is owned by Belgian nationals, the pledging of French securities as collateral;

(d) the natural or juridical person or persons standing surety for repayment.

The advances referred to above shall be repaid on maturity by a credit in the "Belgian reinvestment" accounts, unless such repayment is effected after the expiry of the seventh year. In this case repayment shall be effected by a credit in a blocked account.

5. Purchase of real property, of rights to real property or business undertakings situated in France.

6. Payment of the costs of enquiries undertaken in France by French companies with a view to effecting transactions as provided under A.

Payment of underwriting costs connected with the constitution of companies or with subscriptions to capital increases, incurred in France with a view to effecting transactions as provided under A.

7. Acquisition of equipment required for commercial, industrial, or agricultural undertakings of which Belgians are or might become the owners in France.

8. Repayment of advances made by French banks to Belgian nationals in order to finance investments in France:

—Whether made before the entry into force of the present agreement.<sup>1</sup>

—Or made in accordance with the provisions of article 11 above.

9. Withdrawals by natural persons holding a “Belgian reinvestment” account for the purpose of meeting their expenses of sojourn in France, and those of their relatives in the ascending or descending line within the limits laid down by the regulations governing “blocked accounts”.

*B.* By special authorization, for which application must be made to the French Exchange Office, the capital sums referred to above may be ceded to Belgian natural or juridical persons resident in Belgium for the purpose of enabling them to make investments in France.

*C.* All transactions not covered by the general authorization referred to under *A* above shall require special authorization for which application must be made to the French Exchange Office; and the latter will reduce the formalities and waiting periods required to a minimum.

#### CHAPTER V—FISCAL SYSTEM

Transactions arising out of the present agreement, as enumerated hereunder, shall enjoy the fiscal immunities as laid down in article 50 of act No. 46-628 of 8 April 1946:

—Declaration of option for the system established by the present regulation;

—Transfers or payments of the stock of nationalized companies to the Caisse nationale de l’Energie for the account of the Caisse autonome d’Amortissement;

—Issue of claims certificates;

—Delivery by the Caisse autonome d’Amortissement of claim certificates;

—Splitting or amalgamation of claim certificates.

The reconveyance to Belgian creditors by the Caisse autonome d’Amortissement, of the interests referred to in article 6 shall not constitute grounds for the application of the proportional tax on income from movable capital.

<sup>1</sup> A restrictive list is annexed hereto, see page 197.

## CHAPTER VI—DEFINITIONS

In the present regulation and its annexes, the term:

1. "French or foreign securities" is to be interpreted as defined by the order of 20 July 1947 respecting the general exceptions or prohibitions as laid down by decree No. 47—1337 of 15 July 1947, and the more detailed provisions governing certain methods of application of that decree.

An extract from this order is annexed to the present regulation.<sup>1</sup>

2. "France" shall be deemed to mean both the metropolitan territory and the territories comprised in the French franc area.

DONE in duplicate, in Paris, 18 February 1949.

For the Belgian Government:

(Signed) MOENS DE FERNIG

For the French Government:

(Signed) SCHUMAN

ANNEXED PROVISIONS TO LAY DOWN THE PROCEDURE FOR  
GIVING EFFECT TO THE REGULATION

## CHAPTER I—DECLARATION OF SECURITIES

*Article 1.* The securities which may be declared are those of the nationalized electricity and gas undertakings, as enumerated in the list annexed hereto.

## CHAPTER II—PROOF

*Article 2.* Proof of the rights claimed and of their ownership by Belgian natural or juridical persons on the dates specified in article 1 of the regulation, shall be submitted:

(a) in the case of bearer shares deposited with the Caisse Centrale de Dépôts et de Virements de Titres (C.C.D.V.T.) (Central Securities Deposit and Transfer Fund) in the form of an attestation by the approved Belgian bank, or, in default thereof, by the French or foreign bank through which the deposit was effected;

(b) in the case of registered shares, by producing the certificate of registration of the said shares or by an attestation by the company establishing the ownership;

<sup>1</sup> See page 197.

(c) in the case of securities still in circulation:

1. belonging to holders domiciled or resident in Belgium: either by means of the declaration made pursuant to the legislative order of 6 October 1944 on the declaration of foreign gold and currency holdings and or property situated abroad and foreign securities, or by producing any other evidence establishing the Belgian ownership of such securities on the dates prescribed in article 1 of the regulation;

2. belonging to holders domiciled or resident outside Belgium; in the form of an attestation issued by the Belgian diplomatic or consular authorities.

#### CHAPTER III—TRANSFER OF SECURITIES OF NATIONALIZED UNDERTAKINGS AND ISSUE OF CLAIM CERTIFICATES

*Article 3.* The transfer of stocks in pursuance of article 4 of the regulation shall be effected:

—in the case of open bearer securities, by simple delivery;

—in the case of registered securities, by transfer;

—in the case of securities which can be placed in circulation in France only in this form, by transfer to the Caisse Centrale de Dépôts et de Virements de Titres (C.C.D.V.T.).

Transfers shall be effected through the intermediary of the approved banks referred in the last paragraph of article 4 of the regulation. Banks shall not be entitled to undertake a transfer until they have ascertained that the declaration provided for in article 1 of the regulation has been submitted.

*Article 4.* Claim certificates shall be issued in registered form. They shall be provided with as many coupons or stamp spaces as may be necessary to enable redemptions to be recorded and interest and redemption bonuses to be paid. In order to make possible the exercise of the right of option referred to in article 8 of the regulation, three coupons, bearing the date of the year of redemption, shall be provided for each of the seven annual redemption instalments. A model claim certificate is attached to the annexed provisions.

#### CHAPTER IV—WAIVER OF THE RIGHT OF REDEMPTION OF ANNUAL INSTALMENTS PROVIDED UNDER ARTICLE 8 OF THE REGULATION

The exercise, in respect of all or part of any annual instalment, of the right of redemption provided under article 8 of the regulation, shall be subject to notification to the approved French bank with which the claim certificates are deposited two months before the date fixed for redemption.

The approved French banks shall communicate to the C.A.A. not later than one month before the date of maturity, a return showing:

1. a detailed statement, classified by dates of maturity, of the amount of the Belgian claim certificates in their possession;
2. the total amount of the Belgian claim certificates in their possession in respect of which the annual instalment relating to the date of maturity in question is to be redeemed;
3. the total amount, classified by dates of maturity, of the said claim certificates in respect of which partial redemption is requested by the Belgian creditors.

The C.A.A. shall communicate to the approved French banks not later than fifteen days before the date of maturity the decision of the French Government regarding the right of redemption provided in the sixth paragraph of article 8 of the regulation.

On the date of maturity in question the approved French banks shall present for payment all interest and redemption coupons of the claim certificates on which payment is to be made.

DONE in duplicate, in Paris, 18 February 1949.

For the Belgian Government:

(Signed) MOENS DE FERNIG

For the French Government:

(Signed) SCHUMAN

EXTRACT FROM THE ORDER OF 20 JULY 1947 RESPECTING THE GENERAL EXCEPTIONS TO THE PROHIBITIONS LAID DOWN BY DECREE No. 47-1337 OF 15 JULY 1947, AND MORE DETAILED PROVISIONS RESPECTING CERTAIN METHODS FOR APPLYING THE SAID DECREE

. . . . .

9. French securities: securities issued by a public corporation in the franc area or by a private corporation having its registered office in the franc area;

10. Foreign securities: securities issued by a foreign public corporation or by a private corporation having its registered office abroad.

Securities issued by a French public corporation or by a private corporation having its registered office in France shall also be deemed to be foreign securities if they are expressed in foreign currency.

. . . . .