

## List of Advertisers

Port of Antwerp .....	31
Avis .....	3
Belgian Consulate .....	6
Belgian Line .....	35
Belgian Pakhoed .....	32
Belgian Tourist Office .....	2
European American Bank .....	10
The Hipage Co., Inc. ....	34
Kredietbank .....	4
Sabena .....	36
Sea-Land .....	7
Société Générale de Banque .....	23
Leon Van Eessel .....	28

# belgian american trade review

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## In this issue:

Trade Relations Between the United States and the Belgo-Luxembourg Economic Union .....	12
by His Excellency Robert Urbain Belgian Minister of Foreign Trade	
The New Directors of the Chamber .....	16
The IMF Substitution Account .....	18
Quality Exports from Belgium .....	22
by Baron José de Vinck	
Solvay & Cie Continues Diversification of Activities and Interests Worldwide .....	24
Metallurgie Hoboken Opens Cobalt Refinery in North Carolina ...	24
Dart Containerline and Eckert Agency Merging to Form One of Largest U.S. Shipping Agencies .....	24
Fabrique Nationale Herstal Observes Fifty Years at Bruges .....	30
Personals .....	25
News in Brief .....	28
Welcome to New Members .....	33
Trade Fairs in Belgium .....	34

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this magazine or accept responsibility in connection with information rendered.

**Our cover:** The Belgian Tourist Board has declared 1980 as the Year of the Artisans. Despite modernization and technological developments, handicraft continues to be a flourishing and tenacious traditional Belgian industry. Reproduced on the cover is one of the masterpieces of the Potstainiers Hutois. See story on page 17.

# Trade Relations Between the United States and the Belgo-Luxembourg Economic Union

by His Excellency Robert Urbain  
*Belgian Minister of Foreign Trade*

The following speech was delivered at a membership luncheon of the Chamber at the Hotel Pierre, New York City, on June 19, 1980. Minister Urbain was frank in his appraisal of declining Belgian exports to the United States and the difficulties in encouraging Belgian businessmen to properly research and develop new markets in this country. He also discussed the necessity of correcting the situation and some of the steps he proposes to take.

After the luncheon, a meeting was held in another room. This was open to those interested in discussing Belgo-American trade relations with the Minister. Robert J. Savoye, Past President and Chairman of the Chamber's Trade Policy Committee, led a survey of the facts that have contributed to the present unsatisfactory trade relations and suggested some steps Belgian industry and business need to take to obtain a larger share of the potential American market.

I am particularly happy to speak to you today as this event constitutes an important stage in my duties as the official in charge of Belgium's foreign trade.

By choosing to speak in New York, I wish to stress the value my country attaches to its friendly and sustained relations with the United States.

A worldwide chaotic political situation, recurrent economic crises, and the feeling of insecurity which has gripped each of us as a corollary, far from dividing us, must draw our countries and our economies closer together.

At the end of World War II, the United States, through the Marshall Plan, greatly contributed to the recovery of Europe which as a result of the war had suffered complete economic disorganization. At that time, Europe, which did not exist as such, progressively asserted itself as a partner, a limited one at first, but going on to become the most important partner of the United States.

American investments in Europe were thriving and the United States enjoyed flourishing economic health and a strong currency.

During this whole area, a latent form of protectionism was prevalent among American producers. At the end of the fifties, for example, our country felt the effect of this trend in its carpet and sheet glass industries.

The balance of trade tipped most often in favor of the United States.

This situation continued until 1971 when the warning expressed by President Nixon on August 16 sounded the end of an era. The dollar no longer dominated the world's financial markets. Monetary chaos and the energy crisis, which followed two years later and from which we have not yet recovered, have created a new world. The European Community and the United States at present face the same problems and joint solutions will have to be found.

Of course, certain problems and conflicts of interest have existed, still do, and probably will continue to exist between our two countries. For example, the present tension in the Iron and Steel sector due to the fact that US Steel has filed a complaint against seven countries of the European Community has not contributed to improving the climate which had been perceptibly deteriorating for some time.



*Before addressing members and guests of the Chamber, Minister Urbain announced that by Royal Decree the following officials of the Chamber were named Foreign Trade Counselors: Robert A.M. Coppentrath, Eric de Spirlet, Pierre Feller, André C. Jacques and Paul Vergote.*

Nevertheless, on both sides of the Atlantic, a top level agreement has been reached to avoid at all costs a trade war which, far from solving problems, would only aggravate them.

On the other hand, it is to be expected that in a difficult economic situation trade conflicts should arise, resulting from a certain nervousness on the part of manufacturers and of labor when noting an increase in imports of competing foreign products.

In emphasizing this aspect I do not wish to indicate in any way that US Steel's claims are justified. I rather believe the contrary, since European companies and Belgian firms, in particular, have respected the trigger price system. Furthermore, European exports to the United States, recorded a decrease in 1979.

I sincerely hope that this investigation can be concluded without endangering relations between the United States and the EC and triggering a trade war.

Still, in the highly controversial and critical field of dumping and compensatory rights, the "floated glass" and "syn-



**Dais. Left to right: Robert J. Savoye, Chairman, BACC Trade Policy Committee, Past President, BACC; The Honorable Marcel De Moudt, Economic Minister, Belgian Embassy, Washington, D.C.; His Excellency René Van Hauwermeiren, Consul General of Belgium in New York; Robert A.M. Coppenrath, Chairman of the Board, BACC, President of Agfa-Gevaert, Inc.; His Excellency Robert Urbain, Belgian Minister of Foreign Trade; André C. Jacques, President, BACC, Vice Chairman, European American Bank & Trust Co./Banking Corp.; His Excellency Ambassador André Ernemann, Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations, Permanent Mission of Belgium to the United Nations; His Excellency Ambassador Jan Hendrickx, Ambassador at Large to the International Economic Organizations; Fernand Lamesch, President, TradeARBED, Inc.; Eric de Spirlet, President, Belgian Line Inc., Former President BACC; A. Genot, Counselor, Cabinet of the Minister of Foreign Trade; Georges Dunesme, Chief Representative, Banque Bruxelles Lambert S.A. Representative Office.**

thetic fiber" cases have been and still are a stumbling block between us.

The present energy problems have affected both our economics in much the same way. Consequently, we should search for common solutions within the framework of the I.E.A., or another specialized body.

The United States is a great nation, politically and economically. Belgium has always been conscious of this fact. Belgian exporters are becoming increasingly aware of it, but they do not always make the necessary efforts to conquer the American market. I should really say markets, if one takes into account the existence, roughly speaking, of four geographic markets, the East, the South East, the Middle West and the West, as well as of a large number of sectorial markets.

In addition, the presence of Belgian exporters in the most demanding, organized and competitive market in the world, confers on them an international prestige while providing them with the possibility of observing the advanced techniques developed on the other side of the Atlantic.

It is rather astonishing, therefore, that Belgium has not yet been able to respond to the possibilities offered by the American market.

During 1979, the Belgo-Luxembourg Economic Union imports from the United States increased by 32.6%, compared with the preceding year, whereas our exports grew by only 5.9%. In other words, American companies, present in a wide range of businesses, are much more active in the Belgian market than Belgian firms in the American market. This has led to a trade deficit which has deepened during the past few years and which is becoming a source of concern for Belgium. This trend is all the more disturbing since neighboring countries seem to have negotiated this difficult pass more effectively.

I must note to my regret that too many of our exporters hesitate to give the American market the interest it deserves. Indeed, our exports to the United States represent only 3.7% of our total world trade, a share which, moreover, tends to decrease from year to year. The U.S. thus continues to be a secondary market for our industries in spite of the many advantages I have mentioned.

It is true that certain obstacles make access to the American market particularly difficult: the dangers of protectionist measures on the part of American producers, expressed by the anti-dumping investigations in the steel sec-



**Robert M. Gottschalk, Esq., Attorney-at-Law, Past President BACC; H.E. René Van Hauwermeiren; H.E. Robert Urbain and André C. Jacques.**

tor, which I have just mentioned; the monitoring of imports through quotas and regularly revised minimum prices and "Buy American" laws favoring national industry. All this creates a particularly difficult climate for a potential exporter to the United States.

The instability of the dollar has not contributed to encouraging our firms to export to the U.S.A.

Without wishing to minimize these difficulties, I believe that our very average performances are due to two series of problems. The first arises from the fact that too large a share of our exports is concentrated in semi-finished and traditional products. Second, there is a general lack of knowledge among exporters regarding the particularities of the American market.

The concentration of up to 60% of our exports to the United States on generally unsophisticated manufactured products implies a vulnerability in the face of wide fluctuations in American orders. This vulnerability is definitely less apparent in other regions of the world, particularly towards the EC, due to the fact that these same articles represent only 33.1% of our total exports to the countries in the European Community.

Exports of diamonds and iron and steel products represent respectively 23.5% and 19.6% of the Belgo-Luxembourg Economic Union's exports to the U.S. Their sensitivity to economic developments can be demonstrated by the fluctuations recorded between 1978 and 1979 when our diamond sales decreased by 19%, and sheet steel by 29%.

Our exports of copper, aluminum, zinc, wire and wire products and rubber show an identical trend. This observa-

tion is not intended to condemn exports of semi-finished products. But it must prompt us to draw some obvious conclusions, namely that we should closely follow and re-examine the range of products which we offer, some of which are unquestionably subject to progressive erosion. Having observed this lack of diversification, we must more resolutely direct our development efforts towards more sophisticated products.

On the other hand, one should take into account the fact that semi-finished products will be subjected to increasing competition from the newly industrialized countries. It is, therefore, urgent that wherever possible we modify the composition of our exports to this market. To achieve such a goal implies action on two levels. First of all, a renewal and reorientation of Belgian industry towards highly technological modern sectors. The government's industrial policy, followed by the private sector, has emphasized the necessity to promote the development of industries in the forefront of progress. This is a long and medium term program, the results of which will appear progressively. If, indeed, our sales figures for certain groups of products showed a tendency to decline in 1979, others have increased in such sectors as durable goods and more highly developed products. Fortunately, Belgium has substantial technological assets.

The audio-visual program which is to be presented in this city in October will show that Belgium produces advanced and progressive products and these are only some aspects of Belgian technology. However, these products must be sold in the United States by utilizing more direct and qualitative promotion methods.

On a more modest level, Belgium also offers a range of consumer goods successfully exported to the Common Market countries. Among these are foods, textiles, manufactured products, furniture and decorator items.

Why shouldn't Belgium sell as much food products on this market as the Netherlands? Why is Belgian beer less known than Dutch beer? I feel that this is an unacceptable situation. I can agree to the fact that the Netherlands is stronger than we are where maritime transport is concerned, but that they continue to do better than we do in beer sales annoys me. Why isn't there a Belgian brewery in the United States?

Belgium must, therefore, seriously re-examine its investigation and approach to the American market and the methods to be utilized. In all events, it must cease to consider this market as a secondary one where, after a few deals are negotiated, one disappears for months or even years.

The example of the Belgian firms that have taken the necessary steps and succeeded should encourage others to undertake the required effort.

The geographical extent of the market should not lead one to believe that there is a single market in the United States. There are in fact several markets, each of which can be easily approached separately and progressively. I am thinking of the particularly dense market stretching along the Northeast which is by far the largest but also the most widely prospected. There is the Great Lakes area with its large industrial cities, the Pacific coast area with its high purchasing power, and finally the Southwest with cities such as Houston and Dallas, belonging to one of the country's richest and most dynamic states. Whatever the choice, the importance in the United States of market research

prior to any marketing effort, and of human contacts, particularly when beginning to prospect, cannot be sufficiently emphasized.

One cannot underestimate the interest of having a national, or better yet, a regional representative present on the spot. The success of Belgian investments in the U.S.A. in the past have often been due to a partnership between a Belgian firm and a local company, thus linking together the introduction of a new product adapted to the tastes of American consumers with a knowledge of the market which constitutes an indispensable condition for success.

An important aspect of the economic presence of one country in another is that of investment and establishing cooperation agreements. These exchanges take place in the United States in a free and open climate which we greatly appreciate. Belgian investments increased 9% in 1978 compared to 1977. The figures for 1979 are not available as yet, but I know that several Belgian investments in various fields have been decided during the past year, some of

(Continued on Page 16)

*In introducing the guest speaker President André C. Jacques said that Minister Urbain is well known to the members of the Chamber.*

*"In fact, I had the pleasure of introducing him myself when, in September 1978, he addressed this Chamber as Minister of the Walloon Regional Economy.*

*"Minister Urbain's career includes academic, political and governmental functions. After graduating magna cum laude, he spent eight years as a teacher of mathematics, a lecturer, a headmaster and finally a member of the board of the State University of Mons and of the Polytechnical Faculty of that city.*

*"He began his political career as an advisor for the economic expansion of the Regional Development Agency in Mons, a position he occupied for ten years, from 1958 to 1968.*

*"In June of the latter year, he was named Chief of Cabinet of Minister Delmotte, State Secretary for the Regional Economy, and in 1969 he was named Secretary General of the Province of Hainaut. He held that post until November, 1971.*

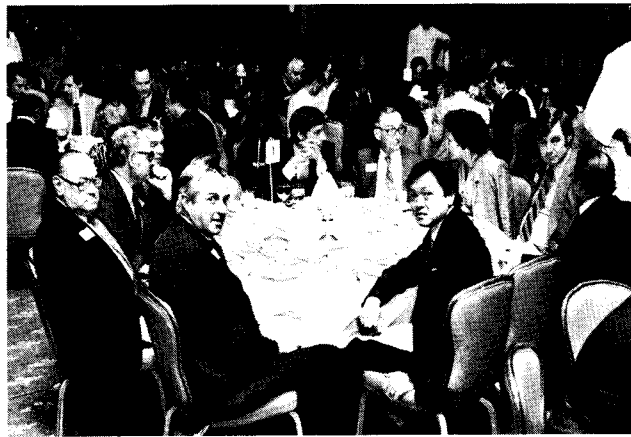
*"He then became a member of the House of Representatives and was re-elected in 1974, 1977 and in 1978. In 1977, he was elected Mayor of Boussu-Hornu, the town where he was born in 1930. He also acted as Secretary of the French Cultural Council, was a Vice President of the National Education Commission and a member of the Commission of Economic Affairs and Foreign Trade of the House of Representatives. He also was President of Simbogaz and Immobogaz in Mons.*

*"In the Government he served as State Secretary for Housing and Urban Planning from June to November, 1973. He was Secretary of State for the Walloon Regional Economy from June 1977 to April 1979, Minister of Telecommunications from April 1978 to January 1980 and since January 23, 1980 he has been Minister of Foreign Trade. In this capacity Minister Urbain is most eager to review and develop trade possibilities between Belgium and the United States. I am certain we will enjoy listening to his address.*

*"Before closing, however, I should mention that Minister Urbain is a Reserve Captain in the Belgian Army, has been decorated Knight of the Order of the Crown and Commander of the Order of Leopold and has been awarded a very high distinction by the Government of Roumania."*



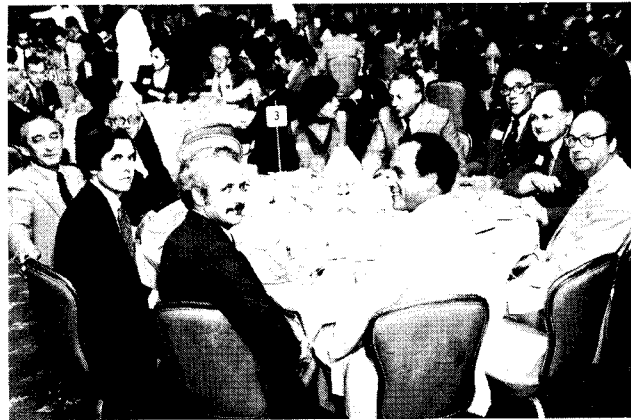
H.E. Urbain and Commercial Officers of the Belgian Office of Foreign Trade.



Belgian Consulate General in New York, Table No. 1



Belgian Consulate General in New York, Table No. 2



Belgian Consulate General in New York, Table No. 3



European American Bank & Trust Co. Table



Dart Containerline Table



Kredietbank Table



Robert A.M. Coppenrath and André C. Jacques looking over their certificates of Foreign Trade Counselors just received from Minister Urbain.

## Urbain

(Continued from Page 14)

which are well advanced. A few days ago, a plant was inaugurated for the production of extra fine cobalt powder in North Carolina. This plant is a subsidiary of a leading Belgian company in non-ferrous metals.

Another important problem is the image which each firm must create for its product on foreign markets. In this respect, our efforts coincide with the events scheduled in various cities in the U.S. to celebrate the 150th anniversary of Belgian independence and which will underline Belgium's trade, cultural, economic and social relations. No doubt our image will benefit to a certain extent from the favorable climate which these events will create.

A lot remains to be done in this direction and the effort to be made is gigantic, for it is alas true that on the world map our country occupies a tiny space, territorially speaking. We are, however, doing our best and our present plans coincide with scheduled events.

In another connection, it should not be forgotten that while the application of the GATT trade decisions does not solve all the problems, it will most probably open the American market to our products to a greater extent.

I am thinking particularly of the tariff concessions which are to be applied by the United States, consequent to these negotiations, and which concern rough diamonds, films other than movie films, as well as certain aluminum products and floor coverings.

Similarly, codes of proper conduct concerning, among others, anti-dumping measures, subsidies, compensatory rights and government allocations, probably will result in our exporters being less subject to negative investigations and decisions in the future.

In short, one can hope that our trade relations with the United States will soon get off to a new start. *But we must make sure that this hope becomes a reality.*

In the present economic situation, it is indispensable to develop a determined, dynamic policy and line of action. We are obliged to increase our presence in a series of well selected markets.

The American market is one of these.

We will act jointly with industry to provide the necessary means and will to succeed. It is to this end that the United States is considered a priority market by the Belgian Office For Foreign Trade. It is for this reason that I am continuing my trip to Washington to attend a consular conference to discuss an improvement in our methods of prospecting the American market and of adopting measures to promote our sales more effectively.

All our diplomatic posts throughout the United States will be mobilized, greater flexibility will be required of commercial prospectors, and finally the Attaché for technological affairs in Washington will assume the all important task of coordinating the information gathered and of promoting our brainpower and know-how in the United States.

It is among friends that one can best measure one's capacities. This is what we are about to do in the United States.

## Two New Directors of the Chamber



**J. Edward Day, Attorney at Law, Partner Squire, Sanders & Dempsey, Washington, D.C., in charge of Belgian Embassy account.**



**Lt. General Louis W. Truman, U.S.A. (Ret.) Chairman of the Chamber's Southeastern Chapter.**