

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ADJUSTMENT ASSISTANCE PROGRAMMES

Addendum

Oral Statement by the Belgian Expert at the Meeting of the Group in May 1969

1. As a detailed survey of the provisions and application measures of the economic expansion legislation and the other measures for structural adjustment was communicated to the Group in 1965 and distributed in document COM.TD/H/3, it will suffice for me to refer briefly to those measures and give information on developments since 1966.
2. These developments, resulting from the Act of 14 July 1966, which introduced special assistance for speeding up the economic development of the coal-producing areas and certain other areas with special problems, aimed essentially at expanding in certain ways the assistance which could be granted under the system which existed before 1966.
3. As was mentioned in the communication reproduced in document COM.TD/H/3, Belgium has no legislation for the express purpose of facilitating structural adjustments necessitated by changes in the trend of world trade.
4. Since 1953 a number of Acts have been passed to guarantee economic expansion by promoting productive industrial investment. Since 1959 the legislation has also endeavoured to ensure a better geographical distribution of such investments so as to overcome the problems of certain less-favoured areas or areas in which industrial reconversion is taking place.
5. Among the measures to promote industrial development, mention must be made of the Act of 17 July 1959 to promote economic expansion and the creation of new industries and the Act of 18 July 1959 to combat the economic and social difficulties of certain regions; this latter Act was supplemented by the Act of 14 July 1966. As regards small undertakings, there is an Act of 24 May 1959 to increase the facilities of access to professional and handicraft credit.

6. The Act of 17 July 1959, which applies to the whole territory of Belgium, is intended:

- (i) to revive the economy and in the longer term to combat structural unemployment;
- (ii) to pursue the rationalization of undertakings and the increase of production;
- (iii) to adapt production to the situation arising out of the creation of large economic groups;
- (iv) to stimulate fresh action in order to replace undertakings likely to disappear.

7. The Act of 18 July 1959, known as the Regional Act, supplemented by that of 17 July 1966, aims at ensuring a more balanced distribution of activity and prosperity between the different parts of the country and at combatting specific economic and social difficulties of certain among them.

8. For this purpose assistance may be given in the following forms:

(a) Financial measures

- partial rebate of interest paid on loans granted by credit institutions up to a maximum of five years. The Act of 14 July 1966 also permits the executive authorities to make a grant of capital to undertakings to cover a fraction of the cost of new investments;
- a State guarantee for the repayment of the capital, interest and subsidiary charges on loans granted;
- payment of an advance, repayable without interest, for the development of prototypes or new manufacturing processes;
- subsidies for the construction or purchase of buildings intended to be sold or rented to an industrial undertaking;
- expropriation of land intended for industrial development and assistance in developing the infrastructure.

(b) Fiscal measures

- exoneration for not more than five years from the land tax. This period was extended to a maximum of ten years by the Act of 14 July 1966;
- fiscal facilities in case of mergers;
- fiscal adjustments to the capital gains tax.

(c) Financing of structural adjustments

- the Regional Economic Expansion and Reconversion Fund takes over any expenditure involved through the application of the Acts of 17 and 18 July 1959 and 14 July 1966;
- the National Investment Company established under the Act of 2 April 1962 is authorized to take participation in the capital of new or expanding industrial undertakings which are recognized as being of value but which are unlikely to attract private capital in sufficient quantity.

(d) Assistance in vocational training, rehabilitation and the finding of fresh employment

The National Employment Office grants assistance for vocational training and rehabilitation. Training assistance is available to personnel recruited for the establishment, expansion or reconversion of an undertaking; rehabilitation assistance consists of a contribution to the remuneration of workers affected by reconversion. In certain cases the Office grants removal, transport and reinstallation allowances to skilled or specialized workers who are not unemployed and who are eighteen years of age or over when they are obliged to change their place of residence in order to be or remain at the disposal of an employer who is setting up, expanding or reconverting an undertaking.

9. It should be noted in general that it is the undertakings themselves which are the driving force in the Belgian economic system, the intervention of the public authorities in various aspects of the economy being limited to measures to promote expansion, particularly in regions affected by economic stagnation.
10. In view of the traditionally liberal commercial policy practised by Belgium, the legislation concerning assistance for economic expansion is not intended particularly to expand the markets for imports from developing countries.
11. The measures of assistance for structural adjustments in Belgium were inspired by other considerations, and more particularly the need to improve the situation of industry as a whole and to promote regional development.
12. In view of the importance of international trade for the Belgian economy these measures may of course facilitate structural adaptations to meet more intense foreign competition, since assistance could be granted to undertakings which wish to abandon certain manufactures and switch to products which are more elaborate or more highly finished or to products for which demand is expanding.