

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

BELGIAN IMPORT RESTRICTIONS

Notes on the New System of Licensing Tax Imposed on certain Agricultural Products

1. At an informal meeting held on 3 June 1960, the representatives of certain interested contracting parties discussed with the Belgian delegation various points relating to the licensing tax to be levied by Belgium on certain agricultural products covered by the Belgian waiver which were to be liberalized shortly. In addition to the information contained in document L/1221 of 2 June 1960, the Belgian delegation supplied a new table showing the rates of the tax to be applied (see the Annex to this paper). The following is a summary of the main points that emerged from these discussions.
2. Belgium intended to liberalize, by 1 July 1960 at the latest, the agricultural products listed in the Annex, which had hitherto been subject to quantitative restriction. The removal of the licensing requirement for the products was, however, not possible, since licences would have to be used in order to facilitate the collection of the tax. It was the intention of the Belgian authorities to make licensing, in the case of the liberalized products, a mere formality which would not hamper the import trade in any way. The possibility of liberalizing other products in the near future was under study by the Belgian Government.
3. As explained in document L/1221, the purpose of this licensing tax was to enable the Belgian authorities to offset to some extent possible detrimental effects of imports at abnormally low prices. In response to a question, the Belgian representative explained that the list of products shown in the Annex was not exhaustive, there being other products also subject to this tax at varying rates. The list included only those products subject to the licensing tax which were covered by the statement of 2 June 1960 announcing the forthcoming liberalization of a number of agricultural products. The Royal Decree of 29 April 1960, which forms the legal basis of the newly established tax, mentioned a number of other products not covered by the waiver and not subject to quantitative restrictions. The amount of the tax effectively levied on each product was determined on the basis of the difference between the price level on the international market and the internal target price fixed by the Belgian Government.
4. The Belgian representative recalled the detailed information regarding Belgian agricultural policy contained in document L/1173 of 6 May 1960, and noted that in Belgium the target price did not mean a guaranteed price to the producer. The protection provided to agriculture by the Belgian Government was

of a limited nature. The principal aim of the new measures was to avoid any disruption in agricultural prices in the Belgian market, following the opening up of the market to imports. The "international prices" used in fixing the rates of the tax were the c.i.f. prices calculated on the basis of current quotations on export markets, account being taken of the various grades of the agricultural products in question. The "target prices" applicable in Belgium were fixed by the Ministry of Agriculture in consultation with the Ministry of Economic Affairs; so that the cost of living and various other factors were taken into account. In addition, international trends and developments in agriculture abroad were also taken into consideration. Under this procedure, the level of the target prices could be reviewed annually, or even more frequently, if necessary.

5. The Belgian representative pointed out that under the previous system, imports of the products in question were permitted only when actual prices on the domestic market exceeded the target prices; otherwise no imports were permitted whatsoever. He considered that the new system undoubtedly represented a considerable improvement in the prospects for exporting countries supplying the market, particularly as prices on the domestic market would be somewhat stabilized in advance at a known level. The new system, though it admittedly involved an element of uncertainty, at least would not prevent such import trade as could surmount the tariff and licensing tax. Target prices were not officially published in Belgium, but they were known in agricultural and business circles. The Belgian representative assured those present that he would bring to his Government's attention the concern expressed by certain contracting parties over the lack of publicity regarding target prices.

6. Some representatives expressed misgivings regarding the element of uncertainty in the licensing tax system. They pointed out that, as the matter stands, traders whose interests would be affected by a sudden change in a tax rate would have no opportunity to make representations; any tax on a product takes effect immediately as soon as the Ministerial order announcing it has been published in the Belgian "Moniteur". They noted that the element of uncertainty could have particularly detrimental effects on the possibilities of concluding contracts with traders situated at considerable distances from the Belgian market. The Belgian representative gave an assurance that the concern which had been expressed on this account would be brought to the attention of his Government. He added that the Belgian authorities were at present considering the possibility of setting up a system which would alleviate any inconveniences that might be brought about by a sudden change in the licensing tax. He further pointed out that, in practice, changes in the licensing tax were usually unnecessary unless price fluctuations occurred on the international market.

7. In reply to a question, the Belgian representative explained that it would be difficult to determine the ad valorem equivalent of the new tax, since the incidence would vary according to the statistical basis used. He made it clear that the tax applied to imports from all countries without distinction, including the other members of the Benelux Customs Union.

8. The Belgian representative noted that, as may be seen from the annexed table, the rate of the tax in some cases had been fixed for the time being at nil. This was either because the present price level on the domestic market for the product in question was considered adequate, or because an imposition of the tax would be ineffective in redressing the domestic price situation, Belgium having in such cases to abide by world market prices in order to be able to dispose of its occasional surpluses. The authority to levy the tax was, however, retained in case there should be any change in the supply situation. The licensing tax was levied in addition to the normal customs duties laid down in the Benelux Customs Tariff, and attention might be drawn to the low level of the Benelux customs duties applicable to such products. The "Taxe de Transmission" might be modified for financial or fiscal reasons, but it was applicable to domestic as well as to imported products. Belgium had no existing anti-dumping legislation as such.

9. In reply to a question whether the Belgian Government would be willing to accept any bindings in the course of the forthcoming tariff negotiations with regard to the level of the licensing tax, the Belgian representative, while agreeing that, in principle, the licensing tax could be the subject of negotiation and binding, thought it highly unlikely that the Belgian Government would be prepared to accept any such bindings in the course of the forthcoming tariff negotiations.

10. It was noted that the Belgian Government intended to submit at the seventeenth session its Fifth Annual Report as required by the waiver, the discussion of which should provide an opportunity for reviewing the entire question.

ANNEX

Licensing Tax imposed on certain Liberalized
Agricultural Imports

<u>Brussels Nomenclature Heading No.</u>	<u>Description of Products</u>	<u>Maximum Rate B.fr.s.</u>	<u>Present Rate B.fr.s.</u>
ex 01 02 a2	Calves, per kg. live	4.-	2.50
ex 01 02 a2	Yearling bulls, per kg.; live	6.-	3.-
ex 01 02 a2	Heifers, per kg., live	10.-	5.50
ex 01 02 a2	Bulls, per kg., live	6.-	3.-
ex 01 02 a2	Cows, per kg., live	4.-	nil
ex 01 03 a2	Swine, other than pure-bred breeding animals, per kg., live	4.-	nil
ex 02 01 a2	Butchers' meat (beef and veal) fresh or chilled, per kg.	15.-	7.50
ex 02 01 a3	Butchers' meat (pork) excluding bacon and streaky pork, fresh or chilled, per kg.	10.-	1.75
ex 02 01 a3	Streaky pork, per kg.	4.-	nil
02 05 a	Bacon, per kg.	4.-	nil
ex 02 06 a	Meat, salted or in brine, per kg.	10.-	nil
ex 02 06 a	Meat, dried or smoked, per kg.	10.-	5.-
04 05 a1	Eggs in the shell, of poultry, unit	0,75	0,50