

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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SUBSIDIES

Notifications of Contracting Parties

Addendum

BELGIUM

Notification of 7 June 1961

By letter of 7 June 1961 the Government of Belgium has transmitted to the secretariat a notification on subsidies in Belgium.

NOTIFICATION OF 7 JUNE 1961

I. Subsidy to the film industry

1. Nature and extent of the subsidy

(a) Background and authority

Under the provisions of the Royal Decree dated 25 July 1957, a premium is granted to the film industry with a view to promoting the domestic production of high-class films.

(b) Incidence

The premium paid to producers is computed within the limits of budgetary credits on the basis of the entertainment tax payable to municipalities at the time the films are shown in the local theatres.

(c) Amount of the subsidy

The total amount of the subsidy earmarked in the budget for 1960 comes to 10 million francs.

(d) Estimated amount per unit

The amount granted for each film varies depending on several factors such as: length of film, the length of time during which it is shown, its box-office returns, the amount of local entertainment tax (which varies according to municipalities) These multifarious factors give rise to such differences between premiums that it would be pointless to strike an average.

2. Effect of the subsidy

(a) In view of the fact that the main purpose of the subsidy is to improve the standard of the domestic film production, the granting of such premiums has practically no effect on the foreign film trade.

(b) No official statistics are available on production, imports and exports of films for entertainment purposes.

II. Subsidies to the coal industry

1. Nature and extent of the subsidy

(a) Background and authority

The subsidies were granted for 1960 under the provisions of the Budgetary Act, their amount being determined by decision of the High Authority of the ECSC.

The crédit earmarked for 1960, in the amount of 600 million francs, was transferred to the account of the "Fonds d'Aide à l'industrie Charbonnière" (Coal Industry Assistance Fund) in pursuance of paragraph 26 of the Transitional Convention annexed to the Treaty establishing the European Coal and Steel Community. The said credit, which takes the place of the supports previously paid through the Equalization Fund, is intended to provide for the granting of subsidies under the provisions of paragraph 26-4 of the above-mentioned Convention.

A distinction is to be made between:

- (i) subsidies to marginal collieries;
- (ii) the assumption by the State, under certain conditions, of the interest payable by collieries on refundable credits placed at their disposal by public credit institutions.

(b) Incidence

The subsidy is paid to producers. The procedure applicable varies greatly but is in all cases based on production and depends on the loss, computed per ton, resulting from costs being higher than the selling price specified in the sales control schedule.

(c) Amount of the subsidy

Subsidies paid out in 1960 amounted to 524 million francs. This represents a considerable reduction as compared to previous years, particularly in the case of subsidies paid to marginal collieries.

(d) Estimated amount per unit

In view of the fact that subsidies will be granted to a limited number of collieries only, on different terms and in varying proportions so as to make it possible for marginal collieries to sell at the price established in the schedule by the "Comptoir des Ventes" (Sales Control Bureau), there would be no point in calculating an estimated amount per unit based on production as a whole. The amount per unit will differ in the case of each subsidized colliery.

2. Effect of the subsidy

(a) Estimated quantitative effects of the subsidy on international trade

The object of the subsidy is to enable the collieries concerned to become integrated in the ECSC market, through improved operating standards and, as the case may be, a modernization of methods and a consolidation of production.

In periods of shortage, this provision does not greatly affect the volume of imports and exports, as price is not the paramount consideration at such times. In periods of recession, on the other hand, the volume of international trade is to a great extent dependent on price, provided there are no barriers to a free movement of trade. Considering that, despite the subsidies, prices for Belgian coal are still much higher comparatively than in the case of foreign coal, the effect of the subsidies on Belgium's foreign trade in the coal sector is practically nil.

(b) Statistics of production, consumption imports and exports for 1957, 1958 and 1959

	<u>1957</u>	<u>1958</u>	<u>1959</u>
Production	29,086	27,062	22,757
Consumption	29,047	24,083	24,902
Imports	5,102	5,250	4,875
Exports	3,962	2,771	2,171

III. Subsidies to the rayon industry

These subsidies were abolished, starting with the year 1960.

IV. Agricultural sector

1. Wheat

Domestic production is supported through a scheme of compulsory incorporation of home-grown wheat in the milling of bread flour. The scheme is based on the following two main provisions:

- (1) determination of a target price for each year, based on the cost of production of standing crops, and application of such target price according to a monthly price schedule;
- (2) compulsory incorporation of home-grown wheat in the milling of bread flour in a proportion varying according to market conditions.

For the crop-year 1959-60, the target prices, the prices secured for standing crops and the percentage of compulsory incorporation were as follows:

	Target prices B/fr. per 100 kg.	Prices for standing crops B/fr. per 100 kg.	Percentage of incorporation
August 1959	450	449	75
September	450	439	75
October	455	454	70
November	460	465	70
December	465	450	70
January 1960	470	472	70
February	474	475	70
March	478	480	70
April	482	483	70
May	486	483	70
June	490	490	70
July	490	-	70

2. Coarse cereals

(a) Background and authority

Through the application of a special import duty, the Department of Agriculture endeavours to secure for coarse cereals an average price corresponding to 80 per cent of the wheat price.

However, in order to offset the effect which an increase in the price of coarse cereals is bound to have on the cost of animal products, an equalizing premium is granted to growers-users of coarse cereals.

This premium was granted in 1950 to all producers with an area of over one hectare under cultivation and at a rate depending on the net volume of coarse cereals required by each farm (coarse grains purchased from the trade).

The provisions covering the granting and the computation of this deficiency premium are contained in the Ministerial Act dated 21 December 1959.

The computation of the premium is based on the information provided by the yearly census of 15 May and on the data available for each farm.

(b) Incidence

An individual index card is tabulated for each farm, specifying the quantity of livestock converted into consumption units (in respect of cereals only) and the farm's own production of coarse cereals. The difference between the number of consumption units required for the livestock and the number of consumption units produced on the farm represents the net amount of coarse cereals required to be purchased by the farm. This net amount is then multiplied by the basic rate of the premium (0.8 B/fr. per kg. of coarse cereals) to obtain the total amount of premium payable to the farm. The subsidy is paid out directly to the grower-user of coarse cereals.

(c) Amount of the subsidy

The total amount made available by the Agricultural Fund for such deficiency payments in 1960 reached 665 million francs.

(d) Estimated amount per unit

Because of the basis on which it is calculated, the premium varies for each individual farm. In the average, however, it amounts to ± 3,375 francs per farm.

Effect of the subsidy

(a) Estimated quantitative effects of the subsidy

It may hardly be claimed that the premium could have any quantitative effect, since it does not affect the volume of coarse cereals produced within the country.

(b) Statistics of production, consumption, imports and exports for the B.L.E.U. (in '000 tons)

Cereals	Average 1953/54 1955/56	1956/57	1957/58	1958/59	1959/60 (forecast)
<u>Wheat</u>					
Production	657	632	799	832	843
Imports	641	515	456	508	555
Exports	15	21	43	107	150
Consumption	1,277	1,156	1,187	1,237	1,254
<u>Rye</u>					
Production	235	205	199	210	205
Imports	144	148	107	83	100
Exports	6	1	1	1	-
Consumption	373	352	305	292	305
<u>Barley</u>					
Production	287	309	312	334	417
Imports	514	698	629	375	350
Exports	63	85	92	66	70
Consumption	738	922	849	643	697
<u>Oats</u>					
Production	508	530	494	484	473
Imports	82	127	141	76	80
Exports	2	1	-	1	-
Consumption	588	656	635	559	553
<u>Maize</u>					
Production	10	7	4	3	2
Imports	408	421	450	498	450
Exports	62	45	37	47	45
Consumption	356	383	417	454	407
<u>Other</u>					
Production	1	5	5	5	6
Imports	168	240	273	505	500
Exports	3	5	3	3	3
Consumption	166	240	275	507	503

3. Hothouse Grapes: heating allowance(1) Nature and extent of subsidy

- (a) The allowance is granted with a view to improving the quality of grapes for export.

The rate of allowance is determined each year for the period 1 May to 30 April by Ministerial decision (Minister for Agriculture).

- (b) The allowance is paid to exporters on the basis of the volume exported to countries other than Luxemburg and the Netherlands. It takes the form of a standard allowance per kg. of grapes exported. It should be pointed out that grapes intended for export are subject to a quality control.

- (c) The total amount of the subsidy is not fixed but may be estimated at
- \pm
- 12,000,000 Belgian francs. In 1960, the amount granted totalled approximately 11,500,000 Belgian francs.

- (d) The allowance for 1960 amounts to 8 Belgian francs per kg.

2. Effect of the subsidy

- (a) The subsidy had a very favourable effect on the quality of grapes exported.

- (b) Statistics of production, consumption, imports and exports for the last ten years are shown hereunder (in tons).

Year	Production	Consumption	Imports	Exports
1936-38	9,500	\pm 7,800	\pm 300	2,000
1951	12,000	11,607	237	630
1952	12,000	11,976	288	312
1953	12,000	11,983	320	403
1954	13,000	12,885	415	530
1955	13,000	12,778	384	546
1956	11,500	10,946	278	832
1957	12,000	11,082	284	1,202
1958	13,000	11,871	599	1,382
1959	13,000	11,955	420	1,465
1960	13,000	\pm 12,000	\pm 450	\pm 1,450

4. TobaccoQuality premium on Belgian tobacco, 1959 crop

Extent of subsidy = \pm 12,000,000 Belgian francs

(a) Background and authority

Purpose: improvement of quality. Contributed by the Agricultural Fund (no executory decree).

(b) Incidence

The premium varies according to quality appraisal and is paid out directly to the producers. Its rate may reach as high as 6 Belgian francs per kg.

(c) Amount of the subsidy

Whilst the final figures are not definitely known as yet, it is estimated that the total amount of the subsidy might reach in the neighbourhood of \pm 12,000,000 Belgian francs.

(d) Estimated amount per unit

The total amount estimated above is equivalent to approximately 3.5 Belgian francs per kg.

Note: The decision to participate in this scheme is left to the tobacco growers.

Effect of the premium: Improvement in the merchandizing of Belgian tobacco at the producing stage.

Statistics: Raw tobacco

	Production	Imports ¹ Tons	Exports ¹ Tons
1936-38	5,522	17,912	128
1955	2,995	21,936	241
1956	2,481	22,691	331
1957	2,975	25,354	469
1958	3,771	26,230	570
1959	3,158	26,859	676

¹ Imports - Exports

Raw or unmanufactured tobacco, and tobacco refuse
(Leaf tobacco, unstripped)
(Leaf tobacco, stripped)
(Tobacco leaf midribs and refuse thereof.)

V. Dairy products sector1. Butter(i) Nature and extent of subsidy

(a) Whilst there is no surplus production of Belgian butter as such, there is some over-supply compared to consumption requirements as a result of fraudulent imports.

As a consequence, most of these fraudulent imports must be offset by exports of Belgian butter at world market prices. The subsidy granted on butter exports represents the difference between domestic and world market prices.

The financing of this export subsidy is provided by the Agricultural Fund. The Minister for Agriculture is also authorized by legislative provisions to allocate funds to regulate prices of agricultural products.

(b) The subsidy is paid out to exporters. It is variable depending on the fluctuations of domestic and world market prices for butter and is based on the difference between those prices.

(c) Amount of the subsidy for 1960: 323 million Belgian francs.

(d) Approximate amount per unit: 50.00 Belgian francs per kg.

(ii) Effect of subsidy

(a) The subsidy was instrumental in averting a drop in the price of butter, and consequently also in the price of milk payable to producers, since over 60 per cent of the volume of milk produced is converted to butter.

Despite the subsidy, the target prices for butter were not reached during the winter months, which shows that the extent of the subsidy was not such as to stimulate exports unduly and thus to cause domestic supplies to drop sufficiently to bring prices in line with the target scale.

(b) Statistics (in tons)

	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u> ¹
Production	89,312	89,918	86,284	94-95,000
Net imports	6,368	-	4,772	-
Net exports	-	3,781	-	5,227
Consumption	91,800	90,910	88,989	88.7-89,500
Consumption per head (kg.)	10,212	10,042	9,774	9 K 7

¹Provisional figures for 1960.

2. Other dairy products

Processing premiums are granted to manufacturers using Belgian milk for the processing of dairy products such as cheese, milk powder, condensed milk and casein. These premiums were introduced owing to the import liberalization of the above commodities to enable local production to compete against the imported products. Provision is made each year for such subsidies in the budget of the Ministry for Agriculture.

For 1960, the total of these subsidies amounted to 293,493,000 Belgian francs, apportioned as follows (provisional figures):

	<u>Subsidies</u> (in '000 frs.) (provisional)	<u>Weight</u> (in tons) (provisional)	<u>Unit price</u> (frs. per kg.) (provisional)
<u>Cheese</u>			
Hard	97,400	6,300	15.46
Semi-hard	4,130	1,100	3.75
Emmenthal	4,700	225	20.88
Cheddar	138	8	17.25
Herve	2,750	700	3.93
Plateau	<u>1,450</u>	<u>450</u>	3.22
Total	110,568	8,783	
<u>Milk powder</u>			
Whole	117,400	8,500	13.80
Skimmed	59,200	26,000	2.28
Condensed, whole	4,000	800	5.0
" skimmed	325	500	0.65
Casein.	<u>2,000</u>	300	6.66
Total	<u>293,493</u>		

Statistics of production, imports, exports and consumption of dairy products

	<u>1957</u>	<u>1958</u>	<u>1959</u>
<u>Cheese (in tons)</u>			
Production	15,536	15,569	17,819
Imports	35,854	36,413	34,171
Exports	475	850	416
Consumption	50,915	51,132	51,574
(disregarding stock fluctuations)			
Consumption per head (kg.)	5,640	5,632	5,649

Milk powder (in tons)

<u>Production</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Whole	881	4,220	5,009
Skimmed	24,580	25,923	23,313
Imports	11,544	13,709	20,752
Exports	9,692	16,375	12,167
Consumption	27,413	27,477	36,907
" per head (kg.)	3.03	3.03	4.04

Condensed Milk (in tons)

(a) <u>Evaporated whole milk</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Production	22,917	15,031	21,807
Imports	4,772	3,841	3,045
Exports	114	592	
Consumption	22,927		24,480
" per head (kg.)	2.532		2.681
(b) Concentrated whole milk	799	579	582
" skimmed "	554	634	584
Imports	443	620	552
Exports	3	1	0.3
Consumption (kg.)	0.198	0.202	0.188

VI. Meat sectorExport subsidies on calves and on veal

The object of these subsidies was to avert an undue drop in the price of calves during the summer months by stimulating exports of veal, in an endeavour to increase the number of calves brought to slaughter, thus curtailing for the future the breeding of bovine cattle for slaughter and milch cows, of which there was an over-supply.

The subsidies were granted to exporters on the basis of public auctions arranged by the OCRA ("Office Commercial de Ravitaillement") (Merchandizing Bureau for Foodstuffs).

Subsidies granted during the period from 13 May to 15 August 1960 totalled 11,960,524 Belgian francs, of which:

1,118,225 Belgian francs for 1,975 live calves (or 566 Belgian francs per head) and 10,842,299 Belgian francs for 1,293,720 kgs. of veal (equivalent to 8.38 Belgian francs per kg.).

The subsidies were financed through the Agricultural Fund.

Statistics of production, imports, exports and consumption of veal:

(in tons of slaughtered meat)	<u>1958</u>	<u>1959</u>	<u>1960</u>
Total domestic production	19,090	21,162	21,522
Imports	0	0	2
Exports	0	1,256	1,565
Consumption	19,090	19,906	19,959

Trend of prices for calves on the hoof at Anderlecht market. Average between "good" and "ordinary" classes (Belgian francs per kg.):

	<u>1958</u>	<u>1959</u>	<u>1960</u>
January	43.85	35.50	41.44
February	39.81	33.50	40.63
March	37.38	34.75	39.70
April	34.05	36.70	37.44
May	31.00	37.81	35.88
June	31.35	34.69	37.65
July	34.75	36.63	38.92
August	34.88	35.56	38.63
September	35.31	36.19	36.45
October	36.90	34.60	38.94
November	35.63	33.75	43.75
December	<u>34.35</u>	<u>35.60</u>	<u>45.10</u>
Average	35.77	35.44	39.54

Subsidies were granted in 1960 and in 1959, but not in 1958. Their effect was to further exports of live calves and of veal during the summer months, thus supporting the market and increasing the number of calves slaughtered during that period. Proof that the objective of the subsidies was attained is supplied by the census of bovine cattle as of 1 January 1961, which no longer shows an increase in the number of bovine cattle as a whole and of milch cows in particular, contrary to the trend prevailing during recent years.

