

GENERAL AGREEMENT ON TARIFFS AND TRADE

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BELGIAN DOLLAR IMPORT RESTRICTIONS

Note by the Belgian Delegation on restrictions placed by the B.L.E.U. on dollar imports

In accordance with the statement made by the leader of the Belgian delegation during the Seventh Session of the CONTRACTING PARTIES (Cf. SR.7/11 of 31 October 1952) to meet the wishes expressed by certain contracting parties, on the one hand, and to comply with the views of the International Monetary Fund, on the other, the Belgian Government have made essential changes in the régime which had hitherto governed importation of products payable in dollars.

In a Note communicated during the Intersessional Committee in February 1953 (Document L/75 of 4 February 1953) the tenor of the measures concerned was notified to the CONTRACTING PARTIES. Those measures mentioned in the document of 4 February 1953 were given the necessary publicity in the B.L.E.U.

The purpose of the present note is:

- 1) to indicate as clearly as possible the nature of the changes introduced by the Belgian Government into the regulations on dollar imports;
 - 2) to supply the statistical data enabling the evolution of B.L.E.U. imports from the dollar area to be followed;
 - 3) to give information on the directives which have been implemented by the Belgian Administration as regards dollar imports which are not in the schedule of completely free items.
- A. Comparison between the systems applicable to dollar imports before and after 1 February 1953

I. - System in force before 1 February 1953

The aggregate products payable in dollars had been subdivided into three groups:

- 1) group of products freely importable (List 1);

- 2) group of products, importation of which was prohibited (List 2);
- 3) group of products subject to prior approval before importation (List 3).

The products on List 1, calculated on the basis of the first half year in 1951, represented about 53 per cent of the aggregate value of imports. It should, however, be noted, in this connection, that the list of products on List 1 had not been published fully. Only the group of products on List 1 subject to the licensing system after declaration (about 25 per cent of the value of the imports calculated on the basis of the first half year in 1951) had been communicated (Appendix to Regulation No. 29 on import and export payments of the Belgian-Luxembourg Exchange Institute).

Products on List 2 represented about 10 per cent of the global value of dollar imports. It should be noted, in this connection, that the Belgian authorities had provided in the case of these products, on a provisional basis, for diminishing quotas (66 per cent, then 33 per cent of the value of imports calculated on the basis of the first half year of 1951). If the measures in force before the month of February 1953 had been maintained, the consequence would have been prohibition of imports of those products after a certain lapse of time.

Lastly, as regards the group of products on List No. 3, imports were subject to examination by the administrative department. They represented about 37 per cent of the global value of dollar imports. The directives to the administration which had to deal with consideration of import applications, authorized in principle up to approximately 50 per cent (or 18 per cent of the global value of imports), imports which came under the system of List 3. Imports in the other cases might either be reduced or prohibited, according to circumstances.

II. - System in force from 1 February 1953

- a) The products as a whole were subdivided into two lists:

- 1) List A, (general régime). It represents about 68 per cent of the value of imports (basis: first half year of 1951). Products on this list may be freely imported, whether payment is made in dollars or other currencies. List A includes products which formerly were on List 1, plus a series of products which had formerly been on Lists 2 and 3.

Products on List A are either under the régime of licensing after declaration, or of licensing. Regarding products under the régime of licensing after declaration, importers must fill out certain documents (Model F) issued by the Banks. That formality is designed solely to enable the Belgian authorities to check that the undertakings subscribed to by the purchaser at the time the document was filled out tally with the conditions under which importation and payment actually take place.

¹ Institut Belgo-Luxembourgeois du Change.

Regarding products under licence, importers are obligated to apply for an import licence from the appropriate agencies. The need to subject certain products of List A to the licensing system is a result of the wish of the Belgian authorities to know beforehand the country's state of supply in certain categories of products, and also the need for ensuring that import quotas of certain products which are imported within the scope of bilateral agreements concluded with non-member countries of the GATT are complied with.

In both cases, whether for products under licence or under licence after declaration, imports from the dollar area of products transferred from List A are still authorized.

2) List B - That list contains all the products which are not on List A. It represents, on the basis of the first half year in 1951, about 32 per cent of the value of dollar imports. Importation of the products transferred from List B is subject invariably to prior approval by the administrative departments. The decision is communicated to those concerned, either by the Central Quotas and Licensing Board (Office Central des Contingents et Licences) (in the case of products under licence) or by the Belgio-Luxembourg Exchange Institute (in the case of products under licence after declaration).

Regarding products on List B, the responsible administrative departments examine each case on its merits. The policy followed by the Belgian authorities is very liberal, consistent with the undertaking subscribed to by the Belgian Government during the Seventh Session of the CONTRACTING PARTIES. No product is totally and definitively prohibited.

List B now includes, inter alia, products, the importation of which, under the régime previous to 1 February 1953, were prohibited, or for which decreasing quotas had been fixed. Although the quota system has been maintained, the quotas fixed have been considerably increased (200 per cent of the value of actual imports during the first half year of 1951).

A large section of the products on List B was included thereon for reasons entirely alien to the dollar problem (international commitments of the B.L.E.U: IWA, ECSC, etc; need for carrying out control of the nature and quality of certain products; control of re-exportation conditions; farming seasons, etc.).

- b) Since 1 February 1953, other liberalization measures have been adopted by the Belgian Government.

The list of products transferred from List B to List A after the general measures of 1 February 1953 was communicated to those concerned through the Foreign Trade Board. (Office du Commerce Extérieur)

B. Evolution of imports from the dollar area

This chapter will enable a study to be made of the evolution of dollar imports by the B.L.E.U. during the months of February to June 1951, on the one hand and February to June 1953, on the other.

With a view to enabling a comparison to be drawn between the effects of the present régime on dollar imports by the B.L.E.U. and those of the free régime in force before the autumn of 1951, imports for the period February to June 1951 have been subdivided according to List A and B at present in force.

The result of these calculations is shown in the following table:

Lists	February - June 1951		February - June 1953	
	Value of Imports (In billions of Belgian francs)	%	Value of Imports	%
A	6.7	68	4.8	75
B	3.2	32	1.6	25
Total	9.9	100	6.4	100

From these statistics there will be seen that

- the value of global imports from the United States of America and Canada dropped in the course of the five months considered in 1953 by about 34 per cent, as compared with the period February - June 1951,
- the import of products on List A was dropped by about 29 per cent,
- the import of products on List B is down by about 50 per cent.

Moreover, during the period February - June 1953, three quarters of the dollar imports have been subjected de facto to the régime of List A.

It should be recalled here that the statistics supplied in this document refer solely to imports from the United States and Canada. Consequently, it is probable the figures for percentages relating to Lists A and B (Cf. Table) would be slightly modified if this study had been made to include the value of aggregate dollar imports. It is a well-known fact that dollar imports by the B.L.E.U. from countries other than the United States and Canada consist almost entirely of raw materials, importation of which is on principle free into the B.L.E.U. The percentage of free products is therefore most probably higher than the figure indicated in this study.

It is also reasonable to consider that as a result of the fact that they cover the period February - June 1953, the figures supplied are minima figures. The incidence of the measures adopted at the beginning of February 1953 could not become immediately apparent in the import figures of the B.L.E.U.

C. Comments on the evolution of dollar imports into the B.L.E.U., and incidence on that evolution of the directives followed by the administration for imports of products contained in List B.

A study of the table under Chapter B will show a very substantial drop in the imports of products on List B. At first sight, some doubt might be felt as to the liberal character of the policy followed by the Belgian authorities in this field. The purpose of this chapter is to dispel that impression.

It is easy to notice that reduction on imports affects not only the products of List B but also products of List A. Reduction in the global imports of the B.L.E.U. from the United States and Canada is only the reflection on the plane of relations between the B.L.E.U. and countries of the dollar area, of the general trend which is apparent in the drop in the value of B.L.E.U. imports in the first half year of 1953. The latter dropped by 39 per cent decreasing from 65,400 millions to 40,400 millions, whereas imports from the United States and Canada dropped by only 34 per cent. Moreover, the greater reduction of imports of products on List B may be explained, inter alia, by the fact that this corresponds to finished products, for which demand is much more elastic than for products on List A. The latter contains amongst other items important raw materials, the value of which have a determinative influence on the global value of the products of List A.

Other data supplied by the Belgian administration support the theory that the reduction noticed is almost exclusively the result of the present economic situation.

a) Firstly, if the various sections of the Belgian Customs tariff are considered, it will be noted that except Sections I (live animals) and XV (base metals), all the sections show a reduction in imports. The sections the most strongly affected are:

Section III:	Fatty substances, fats, oils
"	V: Mineral products
"	VI: Chemical products
"	VII: Furs, Hides
"	VIII: Rubber
"	IX: Textiles
"	XIV: Machinery, Equipment.

It is proved that imports of the main products under the sections concerned (those for which imports exceeded 20 million Belgian francs in the first half year of 1951) were carried out freely. The aggregate value of these products

represented more or less 2,165 millions during the first half year of 1951 and reached only 770 millions in the first half year of 1953.

However, in certain specific cases, there were increases in the value of imports:

Section VI: antibiotics

" XVI: handling-machinery and equipment; cocks; taps; ball-bearings; shafts; cog-wheels; cam-shafts, etc.

b) It was also noted that none of the ceilings fixed for quotas on products formerly under the régime of diminishing quotas, had been reached, although all applications for imports had been authorized. The value of the imports of the products concerned represented about 551 millions, during the first half year of 1951; it dropped to 279 millions in the first half year of 1953.

CONCLUSION

The Belgian delegation consider that the elements supplied in this Note prove beyond doubt the liberal nature of the policy followed by the administration in dollar imports.

Although it is true that in very few cases and for specific periods, a few applications for imports of certain products were refused, there is no question that, in general, dollar imports were scarcely affected by the régime at present in force.