

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/357/Add.1

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Limited Distribution

MAINTENANCE OF QUANTITATIVE IMPORT RESTRICTIONS

Request by the Government of Belgium

Addendum

The secretariat has received from the Government of Belgium the following communication relating to its request (L/357) for a waiver from the provisions of Article XI:

"Supporting Considerations for Import Restrictions in the Field of Agriculture

"The Belgo-Luxembourg Economic Union and The Netherlands jointly concluded a Customs Union, and it was in the name of Benelux that the three member countries of that Union negotiated on the basis of their joint customs tariff with the other contracting parties to the GATT.

"The creation of this Customs Union, which is the first step towards the subsequent establishment of an Economic Union, was not easy to accomplish. The merging of two economies which are not complementary in all fields raises a great many problems: amongst them, the free exchange of agricultural products proved the most difficult.

"Whereas The Netherlands have always been exporters of products of this category, Belgian production has always been directed towards covering the requirements of the home market.

"In addition to the natural advantages enjoyed by The Netherlands in the field of agricultural production, they have a highly developed State organization, a slight technical advantage, and, above all, appreciably lower cost prices, due to wages, social charges, rents, raw materials, etc... which, in the aggregate, are much lower than the costs weighing on Belgian agriculture.

"Although, then, The Netherlands were able to meet international competition at once, the same could not be said for Belgium and the Grand Duchy of Luxembourg.

"The joint customs tariff applicable to agricultural products is a compromise between the requirements of the BLEU and the needs of The Netherlands; it speedily became apparent that this compromise did not safeguard the vital interests of Belgian production and, more serious still, an increase in the tariff would not result in a solution of the difficulties. The competition which Belgian production has to fear most in the case of most agricultural products is that of her partner in Benelux, in relation to whom she enjoys no customs protection.

"Belgian agriculture cannot, however, be left to its fate; over 400,000 individuals, or about 12 per cent of the active population, earn their livelihood from it, in undertakings mostly of a family character. The sudden suppression of agricultural protection would result in practically wiping out the income of a whole class of the population, with the corresponding economic and social consequences.

"Because of the impossibility of finding an immediate outlet in other branches of activity, it is practically certain that farmers would not immediately give up their undertakings and it therefore seems plausible that the suppression of protective measures would not have an immediate effect on the level of production.

"It follows that exporting countries would not benefit by an increased outlet, through the abolition of agricultural protection in Belgium, the net result being merely to cause a serious drop in the prices of agricultural products.

"It would be a mistake to suppose that the need for protection experienced by Belgian agriculture is the result of inefficiency; its technical lag, in the sectors where such a lag exists, is very insignificant in comparison with the most efficient producers in the world. It is for it to catch up with this lag, and it intends to do so in the near future.

"Amongst these causes of inferiority, mention should be made of the very reduced size of its undertakings. 82 per cent of the undertakings are less than 10 hectares in area, and these cover 46 per cent of the cultivated land.

"The development which has taken place within recent years, shows, however, a steady reduction in the number of small undertakings.

"The main reason for the need of protection lies in the high cost of Belgian agricultural production, due to the factors of wages, social charges, raw materials, rents, etc.

"Belgian agriculture itself has no control over these factors; recent developments in the scale of wages in The Netherlands and the other neighbouring countries of the Benelux hold out the hope that in the not too distant future, Belgium will no longer be unbearably handicapped in this field, as compared with her competitors.

"The above situation has been recognized by the partners of Benelux; customs protection having proved inefficacious and ineffective, other measures of protection have had to be envisaged.

"The measures required to meet the difficulties have been embodied in a series of protocols regulating agricultural exchanges within the Benelux.

"The first of these was signed on 9 May 1947. They are all provisional in character and will cease to be applied as soon as the circumstances which justified their adoption have disappeared.

"The latest agreement was signed on 3 May 1955. According to its provisions, the signatories intend to harmonize their agricultural policies within a time-limit of seven years, with a view to enabling agricultural products to circulate freely on the common market.

"As soon as this liberalization of trade has been carried out within the countries of the Benelux, methods of protection other than quantitative restrictions may be envisaged as regards imports from third countries, if protection still proves necessary.

"Under the circumstances, therefore, Belgium considers she can confine her request for a waiver to Article XI for agricultural products, to a period of seven years, to end on 31 December 1962. She agrees to a periodical control of the use to which this authorization for a waiver is put.

"In requesting this waiver, Belgian agriculture would point out that, in its view, the protection which it currently enjoys does not result in actual restriction of the volume of imports; these imports are very large. The Belgian market is undoubtedly saturated with products of this kind. Abolition of these restrictions would scarcely result in an increase in imports, but would merely cause a serious drop in the prices obtained by home producers.

"The experience of Belgium proves that with the exception of a few cases, an excessive drop in prices does not result in any appreciable increase in the consumption of agricultural products; this would therefore not be in the interest of exporting countries, since they would not thereby be enabled to increase their sales in these areas."

"Products requiring regulations on imports

<u>Tariff Item No.</u>	<u>Products</u>
1 a c	Horses, excluding animals for slaughter
ex 1 b	Foals for slaughter
3	Bovine cattle
6	Swine
13 a 1	Beef and veal fresh or preserved by cold storage (chilled)
13 b ¹	Mutton and lamb fresh or preserved by cold storage (chilled)
13 c ¹	Pork fresh or preserved by cold storage (chilled)
13 d	Horseflesh fresh or preserved by cold storage (chilled)
17	Bacon
18	Meat, salted, dried, smoked or otherwise simply prepared
19 b1, b2	Fresh herrings and sprats
19 b3	Fresh sea fish, other than herrings and sprats
20 a	Herrings, salted dried or smoked
20 b1	Sprats, salted, dried or smoked
21 a2	Shrimps, other crustaceans, excluding lobsters, spiny lobsters, and crayfish
22	Fresh milk, whole or skimmed
23	Buttermilk, curdled milk, fermented milk
24 a	Milk cream
25	Preserved milk and cream, in blocks, in powder or condensed without addition of sugar
27 a1	Butter
27 b	Eggs of poultry in the shell
43	Eggs shelled
47	Cut flowers
48	Tomatoes
49 ac	Onions, shallots and garlic
49 b (x)	Potatoes, excluding seed-potatoes
50 a	Seed-potatoes
50 b	Asparagus
50 c	Cauliflowers and Brussels sprouts
50 d	Other brassica of all kinds
ex 50 e 1-3-4-5	Spinach, endive, witloof and various salads
50 f	Carrots, salad beet, salsifis
ex 50 g 2	French beans, broad beans, peas, and other leguminous vegetables
ex 50 h 3	Cucumbers
57 a	Celery, leeks, rhubarb
59 a b	Fresh grapes
60 a 2	Apples, pears
60 b	Peaches, fresh
60 c	Cherries, fresh
60 d	Plums, fresh
	Other stone fruits, fresh, excluding apricots.

61 a	Strawberries and other berries, fresh
61 b c	Melons and other edible fruit, n.s.m.
ex 68	Wheat, for sowing
ex 71	Barley, for sowing
ex 72	Oats, for sowing
85	Sugar beet
86	Chicory roots
87	Hops
100	Lard
116	Sausages and the like
122	Beet sugar, cane sugar"