

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

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SUBSIDIES

Notifications by contracting parties

Addendum

BELGIUM

The following notification has been received from the Government of  
Belgium:

Notification of 31 March 1959

(The present notification replaces earlier notifications reproduced in the following documents: GATT/CP/114, G/4/Add.3, L/91/Add.1, L/225/Add.1, L/351/Add.2, L/480/Add.2, L/660/Add.3 and L/880.)

Note concerning Items I to XI

When drafting the terms of reference of the special Panel on "Subsidies and State Trading", it had been agreed that the documentation made available to the working group should include not only the notifications hitherto received from contracting parties, but also a general description of all subsidies granted and any form of income or price support.

In Document L/951, of 19 December 1958, the contracting parties were requested to provide this information. The particulars given below are the answer of Belgium to this inquiry.

It must be pointed out that several interventions fall within the framework of the general policy adopted for market organization. The instructions in question do not therefore aim either at increasing exports or at reducing imports of the products subsidized.

It must also be stressed that the interventions refer to agricultural products considered as "basic products".

Accordingly, these interventions are not to be regarded as covered by Article XVI of the General Agreement.

I. WHEAT

Home production is valorized by means of compulsory incorporation. The two main principles upon which the valorization is based are the following:

- (1) Determination of a target price based upon the cost price of standing crops and application of the said target price according to a monthly scale;
- (2) Compulsory incorporation of home-grown wheat into bread flour in a proportion varying according to the market situation.

For the crop-year 1957-58, the target scale, the prices obtained for standing crops and the percentage of incorporation were as follows:

Month	Target prices per 100 kg.	Prices for standing crops	Percentage of incorporation
August 1957	450	433.9	from 29.7.57 to 11.8.57 : 20%
September	450	449.3	from 12.8.57 to 18.8.57 : 60%
October	455	451.7	from 19.8.57 to 15.9.57 : 55%
November	460	456	from 16.9.57 to 6.4.58 : 75%
December	465	463.8	from 7.4.58 to 18.5.58 : 60%
January 1958	470	471.5	from 19.5.58 to 6.7.58 : 50%
February	474	477.9	from 7.7.58 to 3.8.58 : 35%
March	478	486.9	
April	482	489.4	
May	486	490	
June	490	490	
July	490	490	
Average	470	470	

## II. COARSE CEREALS

By applying the import license tax, the Department of Agriculture endeavours to obtain for coarse cereals an average price corresponding to 80 per cent of the wheat price. The latter being considered a sufficient compensation for growing the cereals, no provision has been made for subsidizing the putting of land under coarse cereals. However, in order to offset the effect which the increase in the price of coarse cereals is bound to have on the cost of animal products, a bonus is granted to the growers of coarse cereals.

This bonus is calculated per hectare cultivated (flower-growing areas are not entitled to any bonus) and its unit rate varies according to the agricultural regions. It is based on the livestock density, on the one hand, and on the proportion of grassland on each farm, on the other hand. This method of valorization is intended to counterbalance the effects of foreign dumping.

The bonuses granted for the crop-year 1958-59 amount to 801,000,000 Belgian francs.

For the Herve district, the deficiency payment of 2,000 frs. per hectare for farms of 1 to less than 20 hectares and of 1,000 frs. for farms of 20 hectares or more.

For the other subsidized regions, the deficiency payments are as follows:



Farms

	<u>1 to less than 10 ha.</u>	<u>10 to 20 ha.</u>
Haute Ardenne	950 frs/ha.	850 frs/ha.
Fagnes region	1,200	1,100
Dunes and Polders	600	500
Sandy region	600	500
Campine	750	650
Sandy alluvial soil	500	400
Alluvial soil	400	300
Campine Hennuyère	800	700
Condroz	600	500
Famenne	650	550
Ardennes	650	550
Jurassic region	650	550

III. BUTTER

The following list of target and home prices shows a decrease of the order of 15.50 frs for February 1958 as compared with the January price in the same year.

It must be pointed out that the decline in butter prices at that period falls within the framework of the measures taken by the Belgian Government to cope with an increasing glut which still prevailed in May 1958. The target prices had been set at 92.50 frs. for January and February and at 89.50 frs. for March.

In February 1958 already, it proved impossible to maintain prices at this level and it was decided to drop the target price to 78 frs. as from 1 March and maintain it at this level until 31 August 1958.

The September price of 80.50 frs. marks the transition between the summer and the winter prices, the latter having been set at 83.50 frs.

The price of one kilogramme of butter fluctuated as follows in 1958:

	<u>Target prices</u>	<u>Former prices</u>
January	92.50 frs/kg	91.80 frs/kg
February	92.50	75.56
March	78.-	78.02
April	78.-	78.02
May	78.-	77.91
June	78.-	77.68
July	78.-	77.93
August	78.-	77.81
September	80.50	79.68
October	83.50	82.09
November	83.50	83.51
December	83.50	84.08

In view of the glut prevailing on the market, the Belgian Government had to resort to subsidized exportation thus enabling five thousand tons of butter to be exported in 1958. The assistance granted (+ 50 francs per kg) totalled + 250,000,000 frs. provided by the Agricultural Fund.

This intervention was an exceptional one which started in May and ceased in November 1958. It was decided on only after a number of measures had been resorted to in order to dispose of the surplus milk fats on the home market.

Belgium having become an importer of butter, there is no provision for any further form of assistance to the exportation of this product.

#### IV. OTHER DAIRY PRODUCTS

The total of subsidies granted to the production of dairy products amounted approximately to 223,000,000 Belgian frs. distributed as follows:

	<u>Belgian Francs</u>
Hard cheese	15.20
Semi-hard cheese	5.10
Processed cheese	16.60
Brie cheese	2.20
Herve cheese	4.40
"Plateau" type cheese	6.70
Powdered whole milk	14.70
Powdered skimmed milk	6.-
Concentrated whole milk	2.80
Concentrated skimmed milk	0.70
Casein	8.90

The amount of the subsidy varies. It is computed monthly for each product by establishing the difference between the Belgian cost and the possible sales price on the home market, account being taken of the price of like products the importation of which has been liberalized within the OEEC programme.

#### V. MEAT

No particular objectives are aimed at where the production of meat is concerned. Efforts are made to adapt production to the trends of the home market demand within the framework of a general agricultural policy which endeavours to maintain a certain balance between vegetable and animal production. Although there are some surpluses of pork (lards and fat pigs) it is a factual situation to be faced rather than an objective to be achieved.

As regards target prices, the Government endeavours to attain a market price level covering production costs and to stabilize it as far as possible. With this object in view, the Government determines the target prices for pigs and beef cattle. Those target prices are fixed jointly by the Ministries of Agriculture and of Economic Affairs on the basis of the cost price set by the Administration.

The target price for pigs in 1958 was 25 francs; the maximum attained being 27.50 and the minimum 22.50 frs. The average price obtained on the Anderlecht market in the same year was 22.13 frs. per kilogramme.

As for beef cattle, the minimum price obtained in 1958 was 15.50 frs. and the maximum for the four three-month periods, 24.50, 27.75, 27.25 and 26 frs. respectively.

Prices for bovine cattle for slaughter in Anderlecht (frs. per kilogramme) were as follows for the various categories:

<u>1958</u>	Bulls 55%	Cows 55%	Cows 50%	Heifers 55%	Oxen 55%
January	24.75	22.75	16.63	25.63	25.25
February	23.63	21.50	16.75	24.63	24.63
March	23.-	21.50	15.75	25.70	24.50
April	22.-	21.-	14.70	24.50	24.50
May	21.88	21.63	15.38	24.88	24.50
June	19.75	20.75	16.25	25.-	24.50
July	20.50	21.-	15.50	24.50	24.-
August	20.-	19.-	14.88	22.88	21.75
September	20.25	18.50	15.25	21.25	19.75
October	21.10	17.40	14.50	20.20	19.90
November	22.63	18.63	15.50	21.88	21.88
December	23.30	19.20	16.00	23.70	23.70
Average	21.90	20.24	15.57	23.73	23.16

#### VI. SUBSIDIES ON EXPORTED BEEF AND LIVESTOCK

The subsidies granted during the period from 10 October 1958 to 10 January 1959 amounted to 31,282,000 frs. distributed as follows:  
1,315 head of full-grown cattle: 2,872,000 frs. (average price: 2,184 frs. a head);

3,520 tons of beef: 28,410,000 frs. (average price: 8.07 frs. per kilogramme).

The subsidies were procured by the Agricultural Fund.

These exportations, undertaken by the "Office commercial du ravitaillement" (OACRA) were necessitated by the severe drop in prices on the home market.

VII. EGGS

The target and home market prices fluctuated as follows during the year 1958:

	<u>Target prices</u>	<u>Home market prices</u> (unpacked eggs)
January 1958	2.10 frs/piece	1.58
February	2.-	1.28
March	1.75	1.37
April	1.70	1.47
May	1.80	1.34
June	2.-	1.47
July	2.10	1.54
August	2.30	1.73
September	2.30	1.90
October	2.30	1.86
November	2.30	1.85
December	2.20	1.75

The assistance to egg exports in 1958 was extended in the form of a "tax refund" to the exporters of eggs for consumption.

In this connexion, it must be stated that government action did not become necessary before 12 August 1958, as indicated in the table given below:

<u>Periods</u>	<u>Amount of refund</u>	<u>Number of eggs</u>	<u>Total amount refunded</u>
12.8.1958 to 1.9.1958	0.25	14,000,500	3,500,125 frs.
2.9.1958 to 31.12.1958	0.20	112,900,000	22,580,000 frs.
Total:		126,900,500	26,080,125 frs.

VIII. HOTHOUSE GRAPES

A heating allowance of 10 frs. was granted in 1958 for each kilogramme of standard quality grapes exported. The action in question was not extended to the grapes exported to Luxemburg and the Netherlands.

The subsidy was procured by the Agricultural Fund.

## IX. TOBACCO

In 1958 subsidies to the amount of 10,000,000 frs. were granted on certain definite terms to a number of tobacco growers with a view to enabling them to adapt their professional equipment.

From 1959, a similar amount of 10,000,000 frs. likewise procured by the Agricultural Fund, will be earmarked for a bonus on high quality tobacco. As the bonus is intended for high grade goods only, a large proportion of the production will not benefit by this subsidy.

## X. FLAX

A bonus of 2,000 frs. per hectare was granted in 1958 to offset the slump the industry experienced as a result of the import of textile fibres at dumping prices.

This subsidy amounting to 50,000,000 frs. was provided by the Agricultural Fund.

## XI. DRY CHICORY ROOTS

Maximum and minimum prices have been set for this product at 415 and 440 frs. each 100 kg respectively. In 1957 and 1958, the prices obtained on the domestic market were below the minimum. Consequently a subsidy totalling 3,000,000 frs. (0.80 to 1 fr. per kilogramme) was granted for the exportation of dry chicory roots.

No provision has been made for subsidies in 1959.

## XII. SUBSIDIES TO REE RAYON INDUSTRY

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

The Budgetary Act establishing the budget of the Ministry of Economic Affairs for 1958, provides for the payment of a subsidy to the rayon industry.

#### (b) Incidence

The subsidy is granted to the producer whose duty it is to allow his clients on the domestic market to benefit by it by means of a reduction in price. (The subsidy varies, according to the grist of the yarn and its conditioning, between 7 and 10 per cent of the Belgian manufacturer's former price.)

(c) Amount of the Subsidy

The credit of 10,000,000 frs. earmarked in the 1958 budget is exhausted.

The budget estimates for 1959 provide for a credit of 9,000,000 frs.

(d) Estimated Amount per Unit

This amount was of about 5 to 8 frs. for 1958 according to the grist and the conditioning of the yarn.

2. Effect of Subsidy

The subsidy did not affect the quantities imported or exported.

XIII. SUBSIDY TO THE FLAX INDUSTRY

1. Nature and Extent of the Subsidy

(a) Background and Authority

Until the vote on the additional credit of 40,000,000 frs to be accounted for in the budget of the Ministry of Economic Affairs for the financial year 1958, the Government authorized the subsidizing of the flax conditioning industry by means of Treasury advances.

The purpose of the subsidy is to offset the effect of the subsidies granted by certain neighbouring countries to their national flax-strippers.

(b) Incidence

The subsidy, paid to the flax-strippers at the rate of 2,12 frs. per kilogramme of stripped flax or tow, is calculated on the basis of a lump production of 5,000 kg. of flax stripped by each workman operating uninterruptedly throughout 1957.

(c) Amount of the Subsidy

The total cost of the subsidy earmarked in the budget for 1958 amounts to 40,000,000 frs.

(d) Estimated Amount per Unit

About 1.10 frs. per kg. of stripped flax.

2. Effect of the Subsidy

The payment of the subsidy having started at the beginning of the year 1959, it is too early to form an opinion as to its effects on the quantity of stripped flax imported or exported.

#### XIV. SUBSIDY TO THE WOOL CARDING INDUSTRY

This subsidy was suspended as from 1 January 1959.

#### XV. SUBSIDIES TO THE FLOUR-MILLS

For a number of years, the Government has been granting subsidies in order to avoid the rise in the price of bread which might have resulted from the policy of valorization of home-grown wheat at the target price of 470 frs. per 100 kilogrammes at the milling stage.

In December 1958, the Government decided to suspend as from 1 January 1959, the subsidy granted to home-grown wheat delivered for milling.

#### XVI. SUBSIDIES 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 national 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 at the time when each film is shown.

###### (c) Amount of the Subsidy

The total amount of the subsidy earmarked in the budget for 1958 comes to 10,000,000 frs; The budget estimates for 1959 provide for the same amount.

###### (d) Estimated Amount per Unit

The amount granted for each film varies according to several factors such as: length of reel, projection time, box-office success, local tax on entertainments (varying according to commune). These multifarious factors give rise to such divergences between premiums that an average per unit would be pointless.

##### 2. Effect of the Subsidy

In view of the fact that the main purpose of the subsidy is the improvement of the quality of national film production, the granting of premiums has practically no effect on foreign film trade.

## XVII. SUBSIDIES TO THE COAL INDUSTRY

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

The Subsidies are granted to certain Belgian collieries in order that they may be integrated into the European Coal and Steel Community.

For 1959, they will be granted under the provisions of the Budgetary Act and paid in each case in accordance with a convention concluded by virtue of a Royal Decree.

The credit earmarked for 1959 to the amount of 800,000,000 frs. may be transferred to the account of the "Fonds d'aide à l'industrie charbonnière" (Coal Industry Assistance Fund) in accordance with paragraph 26 of the Transitional Convention annexed to the Treaty establishing the European Coal and Steel Community.

The end of the transitional period provided for in the Convention annexed to the said Treaty entailed the suppression of the Equalization Fund the income of which was previously drawn from budgetary credits and from a financial contribution of the ECSC.

Since then, the financing of the measures aiming at the integration of the Belgian coal industry into the Common Market, has been resting exclusively upon the Belgian Treasury.

The afore-mentioned credit substituted for the suppressed equalization bonuses is intended for the granting of subsidies under the provisions of paragraph 26-4 of the Convention containing transitional provisions annexed to the Treaty establishing the ECSC.

A difference is to be made between:

1. Subsidies to marginal collieries;
2. The assumption by the State, under certain conditions, of the interests to be paid by the collieries on the refundable credits placed at their disposal by public credit institutions.

The granting of subsidies is subject to the approval of the ECSC High Authority.

#### (b) Incidence

The subsidy is paid to the producers. The procedure applicable varies greatly but is always based on production and depends on the loss (computed in tons) due to costs being higher than the sales prices mentioned in the scale.

(c) Amount of the Subsidy

It is at present not possible to estimate with accuracy the amount of subsidies for 1959 to be charged to the 800,000,000 frs. credit earmarked in the budget for assistance to collieries.

In 1958, the subsidies proper amounted to + 586,000,000 frs. The refundable credits are not included in this amount.

(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 prices established by the "Comptoir de vente" (Sales office), it would be pointless to mention an estimate amount calculated on production as a whole. The amount per unit will be different for each subsidized colliery.

2. Effect of the Subsidy

The object of the subsidy is to enable the collieries concerned to become integrated in the ECSC market, that is, to make it possible for them, in spite of their higher production cost, to sell at the prices contained in ECSC scales.

In periods of shortage, this provision does not greatly affect the volume of imports and exports, as the price is not of paramount importance at such times. In time of crisis however, the mobility of trade depends to a great extent on the price, provided there are no obstacles to free circulation. As in spite of subsidies, the price of Belgian coal is comparatively still much higher than that of foreign coal, the latter exert practically no influence on Belgian transactions with foreign countries in this particular field.

