

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2601/Add.15  
26 January 1967

Limited Distribution

Original: French

## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### Addendum

#### BELGIUM<sup>1</sup>

#### Preliminary remarks

The products coming under the common agricultural policy are now subject to a system of measures applied within the framework of Community obligations.

The Commission of the European Economic Community will transmit a communication with regard to them.

#### I. FLAX

A subsidy is granted on flax cultivation.

##### (a) Background and authority

The principal reason for the subsidy is to maintain a certain area of flax cultivation both for agricultural reasons and in order to ensure adequate supplies for the linen industry.

The amount of the subsidy is fixed annually by royal order; implementing rules are laid down by ministerial order.

The subsidy is financed out of the ordinary budget up to an amount of 50 million francs, the balance being charged to the Agricultural Fund.

##### (b) Incidence

The subsidy amounts to 2,000 francs per hectare of flax declared in the annual census of 15 May and in the special census made later. In addition, the flax must have actually been harvested for the subsidy to be paid.

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<sup>1</sup>For previous notification, see L/1948/Add.8 and L/2326/Add.9.

(c) Amount of subsidy

Total amount of the subsidy for 1964; 78,380,000 francs.

(d) Estimated amount per unit

The total amount indicated above corresponds to about 0.34 francs per kg. of raw flax.

(e) Effect of subsidy

To reach a target of an order of magnitude of 36,500 hectares (see targets set by the Naples Agreement drawn up by the International Confederation for Flax and Hemp for 1963).

Statistics (flax)

	Production	Stripped flax	Raw flax
		Exports	Imports
1936-1938	165,000 t	+ 38,000 t	+ 150,000 t
1955	249,378 t	50,733 t	180,766 t
1956	214,030 t	55,650 t	187,777 t
1957	165,539 t	51,135 t	189,695 t
1958	156,373 t	40,588 t	109,320 t
1959	112,807 t	43,111 t	112,670 t
1960	195,260 t	46,175 t	116,741 t
1961	178,300 t	50,405 t	191,409 t
1962	210,235 t	52,332 t	167,938 t
1963	219,802 t	51,717 t	188,405 t
1964	257,870 t	54,800 t	217,500 t

I TOBACCO(a) Background and authority

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

The quality premium on Belgian tobacco has also been maintained in recent years. Its main purpose is to improve the cultivation, handling and marketing of Belgian tobacco.

Appreciable progress has already been made in this field, As soon as the objective has been reached, the premium can be eliminated.

(b) Incidence

The premium varies according to quality appraisal and is paid directly to the producers.

Its rate may be not more than 5 francs per kg. for certain special tobaccos, and 4 francs per kg. for mixing tobacco.

(c) Amount of subsidy

Whilst the final figures are not definitely known as yet, it is estimated that the total amount of the subsidy might be in the neighbourhood of 10 million francs.

(d) Estimated amount per unit

The total amount estimated above is equivalent to an average of about 3 francs per kg.

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

Effect of subsidy: improvement in the marketing of Belgian tobacco at the producing stage.

Statistics (unmanufactured tobacco)

	Production (in tons)	Imports <sup>1</sup> (in tons)	Exports <sup>1</sup> (in tons)
1956-1958	5,522	17,912	128
1955	2,995	21,936	241
1956	2,481	22,691	351
1957	2,975	25,354	469
1958	3,771	26,230	570
1959	3,158	26,859	676
1960	2,405	28,867	286
1961	2,675	29,713	360
1962	3,160	26,979	399
1963	2,946	27,923	492
1964	2,476	30,571	375

<sup>1</sup>Imports-Exports

Unmanufactured tobacco and tobacco refuse.

Leaf tobacco, unstripped.

Leaf tobacco, stripped.

### III. SEED POTATOES

#### (a) Background and authority

A quality premium is granted to producers of good quality seed potatoes produced in the areas specified in the Royal Decree of 25 March 1952 (Polders and Ardennes). The premium is paid out of the Agricultural Fund, the amount being fixed every year by ministerial decision.

#### (b) Incidence

The amount of the premium varies according to the grading of seed potatoes and may range between 0 and 1.10 francs per kg. The premium is paid directly to the producers.

#### (c) Amount of subsidy

The total cost of the subsidy is approximately 2 million francs annually.

#### (d) Effect of the subsidy

To encourage production of good quality seed potatoes. Belgium's production of seed potatoes covers only 3 to 5 per cent of domestic requirements (+ 325 hectares).

### IV. HOPS

#### (a) Background and authority

For the 1964 crop a quality premium was granted to Belgian producers of hops for the varieties included in the hop register, meeting the quality standards specified in the Royal Decree of 19 July 1963 on the origin and presentation of hops.

Producers apply on a voluntary basis for their hops to be graded; an official agency carries out field inspections and sampling.

The amount of the premium is fixed each year by ministerial decision.

#### (b) Incidence

Hops meeting the quality standards are eligible for a subsidy, the amount of which varies according to the variety cultivated. In 1964, the maximum premium was 7.50 francs per kg. for the Saaz and Tettnang varieties, 3 francs

per kg. for the Hallertau and North Brewer varieties, but not more than 2.25 francs per kg. for any other varieties presented.

The premium is paid directly to the producers.

(c) Amount of the subsidy

In 1964 the total amount paid out of the Agricultural Fund in hop premiums was 2,402,448 francs.

(d) Effect of the premium

The premium is designed to encourage hop growers to produce the better varieties and to use the most favourable marketing conditions. The premium corresponds to approximately 5 per cent of the value of the product.

(e) Statistics

Year	Production (in tons)	Imports (in tons)	Exports (in tons)
1963	1,289	1,407	1,007
1964	1,345	1,872	950

V. COAL INDUSTRY

1. Nature and extent of the subsidy

(a) Background and authority

Coal industry subsidies are designed to permit structural adjustments in the light of the overall energy policy and the national policy for the area.

In 1964 certain measures were taken, solely under the provisions of the Budgetary Act.

These measures were as follows:

- assumption by the State, under certain conditions, of a small part of the interest payable by collieries on re-equipment loans granted by public credit institutions;
- assumption by the State of the interest on recoverable advances also granted in the past by these same institutions with the consent of the European Coal and Steel Community;

Additional measures have been introduced since 1 January 1965, pursuant to a decision by the European Coal and Steel Community establishing a Community régime for aid to the coal industry for each member State, as from that date. Account has been taken of the decision in the Belgian Budgetary Act.

Subsidies are granted for the following purposes:

1. to ensure better returns by means of positive rationalization (for example, selective concentration of sites worked, greater mechanization, etc. etc.);
2. to permit the implementation of a plan for total or partial closing down of pits, with a view to negative rationalization;
3. in certain cases to delay the closing down of pits in order to lessen social or regional repercussions.

(b) Incidence

The subsidies are granted to producers in order to offset working losses, and vary from one undertaking to another.

As they are not granted on the basis of output, they have no direct incidence on the latter.

Nor do they have any incidence on prices, these being determined according to European Coal and Steel Community price scales.

(c) Amount of the subsidy

In 1964 the overall amount of aids was 210 million francs.

For 1965 the figure is in the region of 984 million francs.

(d) Estimated amount per unit

The amount of these subsidies is independent of output.



2. Effect of the subsidy(a) Quantitative effects of the subsidy on trade

Since these aids have no incidence on prices, they do not affect either Belgium's foreign trade or conditions of competition in the energy market.

(b) Statistics

	1962	1963	1964
Production	21,226	21,416	21,304
Consumption	26,329	27,759	25,279
Imports	4,755	7,547	6,841
Exports	2,699	1,868	2,161

As may be seen there is a substantial net surplus on the import side.

VI. FILM INDUSTRY1. Nature and extent of the subsidy(a) Background and authority

Under the provisions of the Royal Decrees dated 25 July 1957 and 25 October 1963 concerning assistance to Belgium's film industry and with a view to promoting that industry, a premium is granted to any producer of a film considered to be Belgian.

(b) Incidence

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

(c) Amount of the subsidy

The total amount of the subsidy earmarked in the budgets for 1964 and 1965 was 15 million francs.

(d) Estimated amount per unit

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

2. Effect of the subsidy

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

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

