

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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LUXEMBURG-IMPORT RESTRICTIONS ON
AGRICULTURAL PRODUCTS

Report by the Luxemburg Government

In accordance with the Decision taken by the CONTRACTING PARTIES on 3 December 1955¹, the Government of Luxemburg has the honour to submit its annual report on the application of quantitative restrictions on imports of certain agricultural products and foodstuffs in 1966, and to give an account of the efforts made by the Grand Duchy to overcome the serious difficulties still facing agriculture in Luxemburg.

In accordance with the Decision of 3 December 1955, the waiver granted to Luxemburg was reviewed in November 1960² and in December 1965.³ In connexion with these two reviews, Luxemburg agreed to withdraw eggs (not in the shell), alimentary pastes and apples from the list of products covered by the waiver.

With regard to the other products affected by the Decision of 3 December 1955, the Government of Luxemburg regrets that it has not found it possible to renounce the authority given to it to apply quantitative import restrictions.

However, as the annexed table shows, the restrictions have been applied in a very liberal manner, and on the whole the import figures increased in 1966 as compared with the previous years. The liberalization which Luxemburg is anxious to achieve as a result of the rationalization of its agriculture affects not only GATT but also other economic treaties, such as Benelux and the European Economic Community, to which Luxemburg is a party and through which it enjoys a special régime authorizing it to maintain quantitative import restrictions in respect of certain products. In all these treaties Luxemburg has undertaken to take steps to improve the competitive position of its agriculture. The efforts made under the treaties will also help it to comply with its obligations arising out of the provisions of the 1955 Decision of the CONTRACTING PARTIES.

¹ BISD, Fourth Supplement, page 27

² BISD, Ninth Supplement, page 255

³ BISD, Fourteenth Supplement, page 191

In the past, considerable efforts have been made to achieve adaptation to an expanded market. In this connexion mention may be made of the progress towards the organization and equipment of the milk and cereals markets.

At the present time, the law on agricultural orientation of 23 April 1965 shows signs of bearing its first fruits, in the direction both of productive investments by the agricultural community to equip agriculture with modern machinery for processing and marketing its products, and of the equipping of individual farms.

With regard to the projects carried out by the agricultural communities, these are first and foremost the equipping of agriculture with installations for producing animal feeding stuffs, and the construction of a processing abattoir and a meat factory. Other projects are being studied. Those already carried out fit neatly into the policy of steering agriculture in the direction of animal production found necessary as a result of the decisions of the EEC Council on prices for bread grains and other products, which involved a considerable loss of income for the Luxemburg farmers.

As far as efforts by individual farmers are concerned, the Government has observed a firm resolve on the part of farmers to adapt their ideas to the new conditions of the Common Market, to rationalize their equipment, and to specialize in those items of animal production which are likely to show better returns.

The law of 25 May 1964 on the consolidation of rural holdings is due to produce its initial results shortly, when the first consolidation operations are concluded. The reorganization of the agricultural land throughout the country is nevertheless a fairly long-term proposition, which does not in any way lessen the salutary effect on rationalization of crop-growing over the next few years in the areas where consolidation takes place.

In the light of the urgent need for reorganization, adaptation and maintenance of agriculture, the Government finds itself faced with additional responsibilities.

Investment needs are very great. The amount of capital at present invested in community projects is approximately Lux F 1,000 million. Financing takes the form of loans and State aid as provided for in the law on agricultural orientation. Individual investment needs are estimated at approximately Lux F 850 million.

The Government's budget estimates for the next few years makes allowance, so far as the present financial situation permits, for the seriousness of the rather precarious ~~situation of agriculture in Luxemburg today~~. Thus the budgets for 1966 and 1967 include supplementary credit items of approximately Lux F 98 million for collective investments, and Lux F 37 million for individual investments.

Joint efforts by the authorities and the farmers over the next few years are calculated to bring about conditions which will make for increasing liberalization of trade in agricultural products. The special Protocol concerning the Grand Duchy of Luxemburg annexed to the EEC Treaty provides, incidentally, that at the end of the transitional period the Protocol will be subject to review. It is Luxemburg's aim to succeed in its efforts, so that gradually it can dispense with existing restrictions.

ANNEX

Imports of Agricultural Products Subject to Quantitative Restrictions into
the Grand Duchy of Luxemburg in 1960 - 1962 - 1964 - 1965 - 1966

(in tons)

Product	1960	1962	1964	1965	1966
A. <u>Animals and meats</u>					
Bovine cattle for breeding (head)	42	46	63	68	32
Bovine meat	1,500	1,850	1,150 ²	1,337	2 079
Swine for breeding (head)	60	31	48	7	40
Pig meat (including bacon)	11	50	155	233	209
Preserved meat, prepared meat, sausages	500	500	550	667	617
B. <u>Milk and dairy products</u>					
Milk	--	--	--	--	--
Cream	--	--	--	--	--
Milk and cream, tinned	530	560	660	689	675
Butter	--	--	--	--	--
C. <u>Miscellaneous</u>					
Eggs, in the shell	850	500	310	416	383
Eggs, not in the shell	liberalized	liberalized	liberalized	liberalized	liberalized
Seed potatoes	1,400	3,000	800	2,321	2,719
Ware potatoes	4,800	7,300	10,300	10,330	8,589
Apples	4,600	liberalized	liberalized	liberalized	liberalized

¹ Figures taken from GATT document L/1533 of 22 August 1961.

² Reduction due to substantial rise in the price of veal.

Product	1960	1962	1964	1965	1966
<u>D. Cereal and Cereal Products</u>					
Wheat (amber durum)	3,500	3,100	4,400	5,272	7,855
Soft wheat	--	--	7,600	6,517	14,490
Rye	--	--	--	--	--
Wheat flour	--	--	--	--	--
Groats and semolina, of wheat	90	140	300	241	22
Bran and sharps, of wheat	--	580	3,320	4,809	4,092
Special bread	--	60	30	36	106
Macaroni products	liberalized	liberalized	liberalized	liberalized	liberalized