

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications Pursuant to Article XVI:1

BELGIUM

The following notifications concerning subsidies in the coal and film industries have been received from the Permanent Delegation of Belgium. These notifications replace earlier notifications circulated in document L/4622/Add.10, dated 27 October 1978.

A. COAL INDUSTRY

I. Nature and extent of the subsidy

(a) Background and authority

The legal basis for intervention on behalf of the coal industry is to be found in the following Decisions of the Commission of the European Communities:

1. Decision No. 523/73/ECSC of 25 February 1973 regarding the Community system of measures taken by the member States to assist the coal mining industry.

The objectives of the Decision are the following:

- maintenance, extension or rationalization of the production capacity of pits or coalfields which, having regard to their location in relation to markets, to their reserves of qualities in demand or their potential for improved production, appear best able to supply the Community's long-term energy coal and coking coal requirement under satisfactory economic conditions;
- further adaptation of the production of pits or coalfields having a low economic return to market conditions in such a way as to avoid causing serious economic and social disturbances in those regions where re-employment possibilities are still inadequate.

The validity of this Decision runs until 31 December 1985.

2. Decision No. 73/267/ECSC of 25 July 1973 concerning coking coal and coke intended for the Community's iron and steel industry.

Certain changes have been made in this Decision, most recently by Decision No. 77/1613/ECSC of 15 July 1977.

They are designed to ensure sufficient Community production of these types of coal on a temporary basis, during a transitional period in which there will be uncertainties as to the supply conditions for coking coal from third countries.

The validity of these Decisions runs until 31 December 1981, but the levels of aid they provide for are applicable only until 31 December 1979 and must be regulated by a new Decision.

(b) Incidence

The subsidies permitted under the above-mentioned Decisions are granted directly to producers. They are variable sums and are intended to offset working losses and investment expenditure necessary to improve yield, costs and earnings or to allow operations to continue in satisfactory conditions of security or health.

The amount of the subsidies for investment expenditure is relatively small, representing only 3 per cent of the total amount of subsidies granted.

(c) Amount of subsidies

For the years 1978 and 1979, the budget appropriation for financing the subsidies amounted respectively to BF 9,945.3 million and BF 11,900.9 million.

(d) Estimated amount per unit

The amount of the subsidies varies from one undertaking to another, depending on the amount of working losses.

II. Effects of the subsidy

(a) Quantitative effects of the subsidy on trade

The subsidies do not hinder international trade.

There is still a substantial net import surplus.

(b) Statistics of production, consumption, imports and exports

(in thousand tons)

	1975	1976	1977	1978	1979
Production	7,479	7,238	7,063	6,590	6,124
Consumption	12,713	13,860	13,724	13,841	15,614
Imports	6,229	7,274	6,475	7,007	9,622
Exports	398	351	324	226	319

B. FILM INDUSTRY**I. Nature and extent of the subsidy****(a) Background and authority**

In order to improve the quality of Belgium's film production, subsidies are granted to film production provided that certain conditions are observed and in accordance with the modalities determined by Royal Decrees dated 23 October 1963, 12 May 1973 and 24 December 1975. The Decree of 23 October 1963 prescribes the conditions and procedure for obtaining recognition as Belgian in respect of short and full-length films and newsreels.

(b) Incidence

The subsidies are granted within the limits of budgetary credits. On the basis of a recommendation by a selection committee regarding the quality of the work, the responsible authorities grant subsidies either for the making of films or in the form of a bonus to films already made.

(c) Amount of subsidy

A subsidy of BF 96,273,449 was granted for 1977, and of BF 128,853,864 for 1978.

(d) Estimated amount per unit

The amount granted for each film varies depending on several factors such as: length of film, its costs, 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 per unit.

II. Effects of the subsidy

- (a) In view of the fact that the main purpose of the subsidy is to improve the quality of domestic film production, the granting of premiums under the present aid scheme has practically no effect on international trade.
- (b) No official statistics are available on production. The statistics of imports and exports do not make it possible to distinguish between films intended for screening in public cinemas and other films made by professionals and amateurs.

