BELGIAN IMPORT RESTRICTIONS

Fourth Annual Report submitted by the Government of Belgium under the Decision of 3 December 1955

1 The Belgian Government has supplied statistics of imports and exports in 1957 and 1958 of the products covered by the Decision. One copy of the statistics will be forwarded to each contracting party.
I. The Progress made in the Elimination of Quantitative Restrictions

(a) Elimination of the Restrictions

Since the third annual report was submitted to the thirteenth session of the CONTRACTING PARTIES in November 1958, it has not been possible to make any progress towards the abolition of import restrictions affecting agricultural products.

As the present report will show, the maintenance of the restrictions is due to the fact that the position of Belgian agriculture scarcely improved during 1958 and that, moreover, little progress was made in the harmonization of agricultural policies within Benelux.

Owing to these facts, the Belgian Government has drafted this fourth report on import restrictions affecting certain agricultural products in terms similar to those used in the preceding report.

(b) Relaxation of the Restrictions

In the "fruit and vegetables" sector, imports are subject to seasonal controls. However, in order to take the fullest possible account of the interests of exporting countries and of domestic consumers Belgium, as in previous years, granted several derogations from the periods of seasonal import prohibition.

<table>
<thead>
<tr>
<th>Description of Items</th>
<th>Periods of Import Prohibition</th>
<th>Derogations from the Prohibition Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 b 1 Cauliflower</td>
<td>16 April - 30 November</td>
<td>Imports discontinued as of 22 April</td>
</tr>
<tr>
<td>50 d 2 Endive</td>
<td>1 April - 31 December</td>
<td>Imports discontinued as of 15 April</td>
</tr>
<tr>
<td>50 c 1 Carrots</td>
<td>1 April - 30 July</td>
<td>Imports discontinued as of 30 April</td>
</tr>
<tr>
<td>ex 50 f 1 Peas</td>
<td>1 June - 31 August</td>
<td>Imports discontinued as of 13 June</td>
</tr>
<tr>
<td>59 a Apples</td>
<td>16 July - 15 March</td>
<td>Imports discontinued as of 31 July</td>
</tr>
<tr>
<td>59 b Pears</td>
<td>16 July - 15 February</td>
<td>Imports discontinued as of 25 July</td>
</tr>
<tr>
<td>Description of Items</td>
<td>Periods of Import Prohibition</td>
<td>Derogations from the Prohibition Period</td>
</tr>
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<tr>
<td>60 a 2 Peaches</td>
<td>1 August - 9 September</td>
<td>Imports discontinued as of 5 August</td>
</tr>
<tr>
<td>ex 60 b Cherries</td>
<td>1 June - 15 July</td>
<td>Subject to the telegram system - Telegram of 5 June: The goods must leave the exporting country within 48 hours after the despatch of the telegram.</td>
</tr>
<tr>
<td>60 c Plums</td>
<td>16 July - 15 September</td>
<td>Imports discontinued as of 31 July Resumed as of 1 September</td>
</tr>
<tr>
<td>61 a Strawberries</td>
<td>1 June - 30 June</td>
<td>Imports discontinued as of 2 June</td>
</tr>
</tbody>
</table>

As derogations from the prohibition period are reviewed annually in the light of the situation of domestic production it is not possible to give assurances that the same derogations can be maintained until the total abolition of quantitative restrictions. The fact, however, that these derogations were applied as soon as it was found possible to do so shows the spirit in which the Belgian authorities administer the restrictions.

**Tariff Item No. ex l c - Horses**

The quota for saddle horses available to the trade rose from 100 in 1956 to 150 head in 1957 and 200 head in 1958 and 1959.

A gradual and sustained increase has therefore taken place.

In addition, it should be noted that private persons may, on application (supported by riding clubs), obtain licences to import saddle horses, up to three horses per applicant.

As regards ponies 1.45 metres in height at the withers, quota restrictions are not imposed where the rate of unrestricted imports is normal.

Restrictions have to be maintained upon imports of horses in order to avoid a crisis in Belgian horse-breeding, which is already suffering a serious prejudice as the result of the inevitable advance of mechanization in Belgian and foreign agriculture.
Tariff Item No. 1 b 1 - Foals for Slaughter

The maintenance of the restriction has an economic purpose only, viz., to protect the domestic market. Moreover, since the beef and veal market is experiencing some difficulty, every effort has to be made to prevent unfair competition between veal and foal flesh.

Tariff Item No. ex c - Foals, Other

Belgium is still anxious to safeguard the Belgian draught horse breed. Selection for safeguarding the breed has to be effected over a very high number of foals. Therefore, adequate cutlets have to be found for Belgian foals.

Tariff Item No. ex 3 b - Bovine Cattle

A special import quota for cattle is fixed every year for the purpose of manufacturing foot and mouth disease serum. These cattle are imported from Ireland only. This feature is dictated by the purely technical nature of the problem, for animals imported for this purpose have to fulfil specific conditions.

In 1958, Belgium experienced special difficulties. There was a glut of butter in the market, and as a consequence the numbers of milk cattle had to be reduced. Prices for cattle and for beef and veal in the domestic market fell to very low levels.

These last considerations are in themselves sufficient to justify import restrictions. In addition, there are other factors, such as Belgium's breeding policy and the difference between domestic and foreign costs.

Tariff Item No. 6 b - Swine

Ever since 1954 prices of swine have been declining, reaching their lowest level in 1956. A reversal of the trend was noticeable in the summer of 1956 as a result of an appreciable diminution in swine numbers during the second half of 1956. The upswing, however, was irregular and relatively unimportant.

Because prices of imported feed were rather low in 1957, farmers apparently thought that production was again remunerative. The expansion of production and imports, which was to some extent encouraged by the prospect of the Brussels Exhibition depressed prices in 1958 to a level below that of 1956, which, (as mentioned above) had until then been the lowest.

Inasmuch as prices consistently remain below the remunerative level, it was impossible to modify the import regulations.
Tariff Item No. 13 a 1 - Beef and Veal, Fresh or Chilled

Domestic production normally satisfies domestic demand. Prices, which were below remunerative levels in 1957, declined still further in 1958.

By reason of the difference between the costs of domestic and those of foreign production, no relaxation of import regulations could be authorized. This attitude is further justified by the relationship between the policy with respect to cattle on the hoof and the meat policy.

Tariff Item No. 13 c 1 - Pork, Fresh or Chilled

This is an item which is closely related to swine.

In view of the particularly difficult position in the pork market, and because pork prices are generally below remunerative levels, it was not possible to modify the import regulations.

Tariff Item No. 13 b 1 - Horseflesh

The following quotas were made available to importers:

From 15 February 1957 to 15 May 1957 : 1,500 tons
From 15 May 1957 to 15 August 1957 : 1,500 tons
From 16 August 1957 to 31 December 1957 : 3,000 tons
From 1 January 1958 to 30 June 1958 : 4,000 tons
From 1 July 1958 to 31 December 1958 : 4,000 tons
From 1 January 1959 to 30 June 1959 : 4,000 tons

It is therefore clear that it was possible to grant a substantial and sustained quota increase.

Tariff Item No. 17 - Bacon

Bacon and pig-fat play an important part in swine breeding and pork production. Domestic production is greatly in excess of domestic consumption, and therefore the market is still suffering from a surplus of bacon and pig-fat.

For this reason it is not possible at present to modify the import regulations.

Tariff Item No. 18 - Meat, Salted, Dried, Smoked, Etc.

Such meats are governed by the same regulations as those applicable to fresh or chilled meat in order to maintain cattle and swine breeding on a remunerative basis.
Tariff Item No. 19 b 3 and 4 - Sea-fish, Fresh

The trade agreements entered into with all countries interested in the Belgian market include quotas for these products.

Since 1957 a number of quotas have become less restrictive than previously and these levels could be maintained in 1958, while other quotas have reached such levels that they are never fully taken up.

The removal of existing restrictions would not make it possible, however, adequately to face foreign competition and it would deprive a socially important class of producers of a normal income.

Tariff Item No. 21 a 2 - Shrimps

Imports for industrial (preserving) uses have been liberalized. This should be considered as an interim measure towards full liberalization of shrimp imports.

The complete elimination of existing restrictions affecting shrimp imports is not, however, feasible at present in view of the high number of family workers absorbed by this sector, particularly in areas regularly suffering from structural unemployment.

Tariff Item No. 22 - Milk; Tariff Item No. 23 - Milk Cream; Tariff Item No. 24 a 1 - Condensed Milk and Cream; Tariff Item No. 25 - Butter

Dairy products should be considered as a whole in view of the fact that any special situation obtaining in a given sector requires general action in this field.

Within the framework of Benelux, imports of dairy products are subject to the minimum price system, which gives preference to supplies from the Netherlands.

In recent years, Belgium regularly had to import about 6,000 tons of butter. In view of the glut of butter in 1958, the Belgian Government took a number of measures to remedy the situation. Belgium has now again become an importer of butter.

Inasmuch as butter is a very important item in Belgium's dairy industry support policy, it is not possible at present to modify the existing import regulations in respect of dairy products.

Tariff Item No. 27 - Eggs

There is at present an excess of domestic production. Poultry farms are concentrated mainly in areas where the economic position of the farmers is in any case precarious because the cash crops are hardly remunerative. The domestic market should, therefore, be reserved for domestic production.
Tariff Item No. 43 a - Cut Flowers

Imports from the Netherlands are practically unrestricted. The quotas provided for in the trade agreements with France, Italy and Spain were increased in 1957 and maintained at that higher level in 1958.

Owing to considerations of a social nature, however, it is not possible to liberalize imports of cut flowers entirely.

Tariff Item No. 49 a and c - Potatoes

The restrictions on potato imports are intended to maintain potato-growing on a sound economic basis and to ensure the possibility of normal crop rotation in certain agricultural areas.

Tariff Items Nos. 47, ex 48 and ex 50 - Fresh Vegetables

These items have to be considered as a whole because horticultural undertakings grow different kinds of vegetables and because these socially important undertakings ought to be supported. The same regulations apply to imports of all vegetables which are subject to control: Imports from the Benelux countries are unrestricted, subject possibly to minimum price requirements, and imports from other countries are subject to seasonal controls. The prohibition periods coincide with the peak of the domestic harvest.

Adjustments in the prohibition periods make it possible to safeguard the interests of both exporting countries and domestic importers and producers.

Tariff Items Nos. ex 57, ex 59, ex 60 and ex 61 - Fresh Fruits

The remarks concerning vegetables are equally applicable to fruits (imports in both these sectors are in fact subject to the same regulations).

Tariff Items Nos. ex 68, ex 71 and ex 72 - Wheat, Barley and Oats for Sowing

Imports of selected seeds for seed production are unrestricted. As regards seeds for commercial purposes, the volume of imports is related to domestic output and to cultivation requirements.

Existing restrictions are dictated by the seed selection policy, the object of which is to raise the quantitative and qualitative productivity of grain farming.

Tariff Item No. 85 - Sugar-beet

The maintenance of an optimum area planted to sugar-beet is of vital importance in normal crop rotation for certain agricultural areas in the country.
The normal output of these areas exceeds the requirements of the beet-sugar industry for the purpose of supplying the domestic market, and accordingly it was not possible to modify the import regulations in respect of this item.

**Tariff Item No. 86 - Chicory roots**

Belgium has always been one of the main exporters of this item. The area planted to chicory has declined heavily in recent years. In view, however, of the sociological importance of this crop a minimum area which is necessary to cover domestic requirements and normal export needs has to be maintained.

**Tariff Item No. 87 - Hops**

The cultivation of hops employs a large number of skilled workers. Restrictions are maintained for social reasons, but they do not encourage an economically unsound expansion of this crop.

A quota of 1,200 tons was liberalized with effect from 1 September 1958, and it was possible to liberalize imports altogether with effect from 6 January 1959.

**Tariff Item No. 100 - Lard**

A special working party instituted by the Benelux Governments has been studying for some time the possibility of liberalizing intra-Benelux trade in lard. The working party expects shortly to submit specific proposals.

### II. Measures to Ensure the Eventual Abolition of Quantitative Restrictions

**(A) Programme of Work**

The CONTRACTING PARTIES have requested the Belgium Government to examine the possibility of establishing a schedule for the elimination of the remaining quantitative restrictions.

This question has been studied carefully by the appropriate authorities. It has, however, been found impossible to draw up a programme for the gradual relaxation of restrictions. One reason is that, as regards trade between the partners of Benelux, little progress was made during the last year in the harmonization of agricultural policies. Working parties have been set up to study the possibility of rapidly liberating trade in certain agricultural products, but so far no definite information can be given regarding any positive outcome of this work. In the circumstances, the Belgian Government cannot give the assurance that it will be able to discharge its obligations and abolish all import restrictions by December 1962, since the complete harmonization of the agricultural policies of the Benelux countries is indispensable before Belgium can proceed with the removal of its quantitative restrictions.
restrictions. In addition, the Belgian Government thinks it ought to notify the CONTRACTING PARTIES already now that it will probably be compelled to request extension of the waiver accorded to it in the matter of import restrictions affecting agricultural products.

In this connexion, it should be noted that the documentation already submitted to Committee II by the secretariat of GATT shows that the position of agriculture in Belgium is not exceptional and that all countries, without distinction, protect their agriculture by the means at their disposal, which are all proving effective.

(B) Progress Achieved within Benelux

With a view to the total abolition of the quantitative restrictions still in force among the Benelux countries, the different working parties of the Ad Hoc Commission on the harmonization of agricultural policies have dealt with the following problems:

1. Cost Elements
   (a) Farm Rents

   The Ad Hoc Working Party considered in particular
   - the regulations governing the sale of land in force in the three countries;
   - the level and trend of selling prices, expenses connected with the purchase and sale of agricultural land in the three countries.

2. Liberalization
   (a) Removal of Certain Agricultural Products from List A

   The Commission has proposed to the Committee of Ministers that the following products should be removed from List A: shelled eggs, witloof chicory, young bullocks, bovine cattle and swine for breeding purposes (thoroughbred).

   Those proposals have been accepted by the Committee of Ministers.

   (b) Cut Flowers

   Intra-Benelux trade in cut flowers has been liberalized subject to the application of an escape clause.

   The escape clause did not have to be used in 1958.
(c) Eggs for Brooding

Intra-Bonelux trade in eggs for brooding was not subject to any quota restrictions in 1958. The possible removal of this product from List A is now under study.

(d) Red Cabbages and White Cabbages

The Working Party has collected statistical material relating to the cultivation, production, international trade, industrial processing and consumption of these products in the Netherlands and in Belgium.

(e) Harmonization of Policies with regard to Breadgrains and Other Grains

The Working Party set up to study the harmonization of cereal policies continued its work during 1958 and is now preparing a report.

III. The Reasons for the Maintenance of Quantitative Import Restrictions

Conditions in Belgian agriculture did not improve over those of the preceding year. Selling prices for animal products declined, while production costs rose. The table reproduced below illustrates this situation:

<table>
<thead>
<tr>
<th></th>
<th>1956</th>
<th>1957</th>
<th>1958</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index of selling prices of agricultural products</td>
<td>90.6</td>
<td>90.7</td>
<td>88.2</td>
</tr>
<tr>
<td>of which: vegetable products</td>
<td>96</td>
<td>91</td>
<td>98.6</td>
</tr>
<tr>
<td>of which: animal products</td>
<td>89.1</td>
<td>90.6</td>
<td>85.2</td>
</tr>
<tr>
<td>Index of production costs</td>
<td>110</td>
<td>114.1</td>
<td>116</td>
</tr>
<tr>
<td>of which: wages</td>
<td>118</td>
<td>130</td>
<td>133.7</td>
</tr>
<tr>
<td>of which: farm rents</td>
<td>118.1</td>
<td>125.7</td>
<td>131.1</td>
</tr>
<tr>
<td>Ratio: Selling prices x 100 production costs</td>
<td>82.4</td>
<td>79.5</td>
<td>76</td>
</tr>
</tbody>
</table>

As was stated in earlier reports, the principal object of the Belgian Government's agricultural policy is to satisfy domestic demand. In view of the present difficulties of Belgian agriculture, as described in this
report, it is not now possible to waive the quantitative import restrictions at present in force. In most cases these restrictions are the only means whereby production in certain sectors can to some extent be maintained at a remunerative level.

IV. The Non-discriminatory Application of Quantitative Restrictions

All the quantitative restrictions were applied, as in the past, in a non-discriminatory manner to imports from GATT countries.

V. The Granting of a Fair and Reasonable Share of the Belgian Market

The Belgian Government is convinced that it has granted exporting countries a fair and reasonable share of the Belgian market.