BELGIAN IMPORT RESTRICTIONS

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

I. The progress made in the elimination of quantitative restrictions

(a) Elimination of the restrictions

The Belgian Government, which always prefers to eliminate restrictions one by one rather than to proceed by way of a gradual relaxation, is in a position to indicate that the restrictions applicable to the following products have been eliminated:

1 a Pure-bred animals for breeding
3 a Pure-bred animals
6 a Pure-bred animals for breeding
19 b 2 Fresh sprats
50 g 2 Gherkins
61 b Melons

These products can therefore be eliminated from the list annexed to the Decision of 3 December 1955.

(b) Relaxation of the restrictions

Imports of fruits and vegetables 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.

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1 The Belgian Government has supplied statistics of imports and exports in 1956 and 1957 of the products covered by the Decision. One copy of the statistics will be forwarded to each contracting party.
<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 c 1 Carrots</td>
<td>1 April - 30 July</td>
<td>Imports discontinued as of 30 April</td>
</tr>
<tr>
<td>ox 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>Resumed as of 10 January 1958</td>
</tr>
<tr>
<td>60 a 2 Peaches</td>
<td>1 August - 9 September</td>
<td>Resumed as of 15 November 1957</td>
</tr>
<tr>
<td>ox 60 b Cherries</td>
<td>1 June - 15 July</td>
<td>Telegram of 5 June: The goods must be shipped from the exporting country within 48 hours after the day on which the telegram has been sent</td>
</tr>
<tr>
<td>60 c Prunes</td>
<td>16 July - 15 September</td>
<td>No discontinuation</td>
</tr>
</tbody>
</table>

As derogations from the prohibition period are reviewed every year on the basis of the situation of domestic production it is not possible to give assurances that the same derogations can be maintained until the full elimination of the quantititative restrictions.

**Tariff Item No. 1 - Horses**

The quota for saddle horses available to traders has been increased from 100 in 1956 to 150 head in 1957 and 200 head in 1958. A gradual increase has therefore taken place.

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 serious 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 and is intended inter alia to protect the domestic market.

It should also be noted that the beef market is experiencing some difficulty and that therefore every means available should be used to prevent unfair competition occurring between veal and foal flesh.
Tariff Item No. ox 1 a and o - Foals, other

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

Tariff Item No. ox 3 b - Rovina cattle

A special import quota for cattle is opened 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 considering that animals imported for that purpose have to meet specific requirements.

Belgium is at present experiencing special difficulties. There is a glut of butter in the market which results in a need for running down milk cattle numbers. Prices for cattle and for beef and veal in the domestic market are at present below the normal remunerative level. These last considerations are already sufficient to justify import restrictions. It can also be added that there are other features as well, such as the policy followed in respect of pure breeds and the difference between domestic and foreign costs.

Tariff Item No. 6 b - Swine

Ever since 1953 prices of swine have been declining and reached their lowest level in 1955. A reversal of the trend could be noted starting in mid-1956 as a result of an appreciable diminution in swine numbers during the second half of 1956 and the early months of 1957. The upswing, however, was irregular and relatively unimportant.

In view of the fact that prices for imported feed were rather low in 1957, farmers seem to have been of the opinion that production was again remunerative. The expansion of production and imports which has been encouraged by the Brussels Exhibition has brought about a decline in price of about 20 per cent.

In view of the fact that prices thus remain below the remunerative level, it has been impossible to alter import regulations.

Tariff Item No. 13 a 1 - Beef and veal, fresh or chilled

Domestic production normally supplies the domestic market requirements. Prices are at present below remunerative levels.

Taking account of the difference between domestic and foreign production costs, no alleviation of import regulations could be authorized. This attitude is further justified by the relationship between the policies followed in respect of meat and live cattle respectively.
Tariff Item No. 13 a 1 - Pork, fresh or chilled

This is an item which is closely related to swine.

In view of the particularly difficult situation obtaining with respect to swine breeding and considering that pork prices are generally below remunerative levels it has not been possible to alter import regulations.

Tariff Item No. 13 b 1 - Horseflesh

The following quotas have been 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

It is therefore clear that it has been possible to grant a substantial quota increase.

Tariff Item No. 17 - Bacon

Bacon and pig-fat play an important part in swine breeding and pork production. Domestic production is in considerable excess of domestic consumption and therefore there are at present burdensome surpluses of bacon and pig-fat in the domestic market. For this reason it is not possible at present to alter import regulations.

Tariff Item No. 18 - Meat, salted, dried, smoked, etc.

Such meats have to be made subject to the same regulations as 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 such products.

A number of quotas have become less restrictive than previously while others have reached such levels that they will not be fully taken up.

The removal of outstanding restrictions would not make it possible, however, adequately to face foreign competition and it would deprive of their normal returns a category of producers, which are particularly worthy of interest from the commercial standpoint.

Tariff Item No. 21 a 2 - Shrimps

Imports for industrial (preserving) uses have been freed. This should be considered as an interim measure towards full liberalization of shrimp imports.
The complete elimination of existing restrictions upon shrimp imports is not, however, feasible at present in view of the high number of workers employed in this field; in particular, in areas constantly ridden with 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 in fact results in the Netherlands benefiting from a supplier's preference.

During the last few years Belgium has been importing some 6,000 tons of butter. In 1957, however, milk production increased to such an extent that Belgium in the early months of 1958 had butter stocks amounting to 6,000 tons as against 2,000 tons during the corresponding period a year before.

Taking account of the fact that dairy production support measures imply mainly measures in respect of butter, it is not possible at present to alter 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 industrial crops, which can hardly be said to be remunerative, considerably impair the economic soundness of agricultural undertakings. The domestic outlet 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 have been increased.

For reasons of a social nature it has not been possible to eliminate fully these restrictions.

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 Item No. 47, Tariff Item No. ex 48 and Tariff Item No. ex 50 - Fresh vegetables

These items have to be considered as a whole in view of the fact that horticultural undertakings grow different kinds of vegetables and that the purpose of existing measures is to support those undertakings which are of considerable social interest. The same regulations apply to imports of all vegetables which are under official control: Imports from the Benelux countries are unrestricted, subject possibly to minimum price requirements and products from other sources are under seasonal prohibition. The prohibition periods coincide with the peak of the domestic harvest.

Adjustments made to the prohibition periods have made it possible to safeguard the interests of both exporting countries and domestic importers and producers. (Tariff Item No. ex 57, ex 59, ex 60 and ex 61 - Fresh fruits. The remarks concerning vegetables are equally applicable to fruits.) (Imports of both categories of products are in fact subject to the same regulations.)

Tariff Item No. ex 68, Tariff Item No. ex 71 and Tariff Item No. ex 72 - Wheat, barley and oats for sowing

Imports of highly selected seeds for seed production are unrestricted. As regards seeds for commercial purposes, the volume of imports is related to the amount of domestic production and to cultivation requirements. Existing restrictions are dictated by the seed selection policy pursued with a view to increasing productivity in grain specialization both in quantitative and qualitative terms.

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 such areas exceeds the requirements of the beet sugar industry for the purpose of supplying the domestic market and it has not been possible to alter 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 considerably declined over the last few 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 had to be maintained.

Tariff Item No. 87 - Hops

The cultivation of hops involves high numbers of specialized labourers. Restrictions are maintained for reasons of a sociological nature while avoiding encouraging an economically unsound expansion of this crop.
In 1956 it was possible to liberalize imports from 25 November of this item in view of the high price levels reached in the domestic market. In 1957 imports could be authorized from 20 October. It is not possible, however, to indicate at this stage whether it will be possible to do so again this year.

**Tariff Item No. 100 - Lard**

A special working party instituted between the Benelux governments has been studying for some time already the possibility of eliminating restrictions upon Benelux intra-trade of lard. The working party expects to submit specific proposals in the near future.

II. Measures taken to ensure the eventual elimination of the restrictions

(a) Programme of work

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

This matter has been studied carefully by the relevant bodies.

However, the entry into force of the Treaty establishing the European Economic Community and the negotiations towards the possible setting up of a European Free Trade Area are confronting and will in future confront Belgium with quite a number of problems. Several provisions to which Belgium has adhered within the framework of the EEC already require a certain degree of adaptation to circumstances which involve modifications to the policy followed until now.

It is at present impossible to formulate any future agricultural policy line. This policy will necessarily be influenced by the attitude of other members of the Community within the framework of the Common Market.

In these circumstances it is not only impossible but also inopportune to attempt at present to lay down a programme for the gradual elimination of quantitative restrictions.

(b) Progress achieved within Benelux

With a view to eliminating outstanding restrictions fully within the framework of Benelux, the working party's Ad Hoc Committee on the harmonization of agricultural policies have dealt with the following problems:
1. Cost elements

(i) Salaries

The Ad Hoc Working Party has dealt specifically with:

- the remunerations which should be attributed to the physical labour of the head of enterprise and members of his family;
- the remunerations which should be attributed to management work;
- the wage rates in use for certain kinds of piece-work.

(ii) Farm rents

A study of the levels which farm rents should normally reach in the three countries.

(iii) Fertilizers and machinery

The Ad Hoc Working Party is at present studying the possibility of submitting proposals concerning the elimination of disparities between prices effectively paid between the three countries.

2. Liberalization

(i) Edible potatoes

The Ad Hoc Working Party is of opinion that edible potatoes could be liberalized in the Benelux intra-trade if the common policy was established.

Such a common policy would necessitate the determination of a guaranteed minimum price and the establishment of a purchasing board.

The Commission on Harmonization is at present examining the problems which the application of the proposed common system would raise. It is also endeavouring to find a system which might have another basis than State trading.

(ii) Day-old chicks and eggs for brooding

Trade in day-old chicks is unrestricted in the sense that domestic regulations concerning chicken brooding and epizootics are applied in a non-discriminatory manner to domestic production and to products imported from partner countries.

This is also the case with eggs for brooding, with the exception of crossbrods and of "Noord-hollandse Blauwe" which remain subject to minimum price regulations.
(iii) Cauliflowers and cherries

Exports have expressed the opinion that these products could be liberalized provided, however, that an escape clause was established. The Commission on Harmonization is attempting to finalize an escape clause which might make it possible to eliminate, on an experimental basis, for a period of one year, restrictions on imports of these products.

3. **Budget**

The representatives of the Finance Ministers on the Commission on Harmonization have undertaken a study of State interventions in the economic field. They have been entrusted with the task of comparing the budgets of the various national public and semi-public bodies. A more detailed examination of such budgets in relation with the agricultural policies may make it possible to examine the desirability of establishing a co-ordinated budget and economic policy.

4. **Future work**

(i) **Sales value of land and land rents**

In view of the fact that the salable value of land had a direct impact on the level of land rents, the working party on salaries and farm rents has been entrusted with the task of initiating a comparative study concerning the land sales price levels, and of the relevant legal provisions existing in the three countries. The working party is also to examine the possibility of fixing a flat rate for land rents independent from the price levels of agricultural land.

(ii) **Breadgrains and foodgrains**

The working party on this subject has been requested to study the policies followed by the three countries in respect of bread and foodgrains, with a view to the harmonization of such policies.

(iii) **Red cabbages and white cabbages**

The Ad Hoc Working Party, which is composed of technical experts, has been instructed to collect the necessary data for the preparation of study concerning the possibility of eliminating restrictions on intra-Benelux trade in such items.

III. **The reasons for the maintenance of the restrictions**

The situation of Belgian agriculture has not improved since last year. The agricultural prices have remained relatively stable, while costs have increased due to the general up trend in prices of consumers' products and services.
The figures listed in the following table clearly evidence this situation:

### Agricultural indices 1951-52 = 100

<table>
<thead>
<tr>
<th></th>
<th>1956</th>
<th>1957</th>
<th>June 1957</th>
<th>July 1958</th>
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<tbody>
<tr>
<td><strong>Agricultural sales price index</strong></td>
<td>90.6</td>
<td>90.7</td>
<td>89.5</td>
<td>89.4</td>
</tr>
<tr>
<td>of which: vegetable products</td>
<td>96.1</td>
<td>91.1</td>
<td>92.4</td>
<td>106.5</td>
</tr>
<tr>
<td>animal products</td>
<td>89.1</td>
<td>90.6</td>
<td>88.8</td>
<td>84.5</td>
</tr>
<tr>
<td><strong>Production cost index</strong></td>
<td>110.1</td>
<td>114.7</td>
<td>113.4</td>
<td>115.7</td>
</tr>
<tr>
<td>of which: salaries</td>
<td>118.5</td>
<td>130.7</td>
<td>128.6</td>
<td>132.7</td>
</tr>
<tr>
<td>farm rents</td>
<td>118.1</td>
<td>125.7</td>
<td>124.1</td>
<td>131.5</td>
</tr>
<tr>
<td><strong>Ratio: agricultural products × 100</strong></td>
<td>82.4</td>
<td>79.5</td>
<td>78.9</td>
<td>77.3</td>
</tr>
<tr>
<td><strong>production costs</strong></td>
<td></td>
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The agricultural policy followed by the Belgian Government is mainly intended to meet domestic requirements. In view of the difficulties at present encountered by Belgian agriculture, it is impossible to eliminate outstanding quantitative restrictions upon imports. In most cases such restrictions are, in fact, the only means whereby production in specific sectors can be maintained to some extent.

It should be recalled here, as has been indicated above, that Belgium is at present in a special situation as a result of the entry into force of the Treaty establishing the European Economic Community.

Belgium being a member of the Community, it is difficult to forecast the effects of the escape clause which may be open to it for the purpose of maintaining its domestic agriculture on a sound economic basis.

The negotiations which have been undertaken concerning the establishment of a European free-trade area, make the above-mentioned situation still more delicate.

In the circumstances it is therefore quite understandable that Belgium should have had to maintain quantitative restrictions upon imports of the above-mentioned products which could not otherwise have been afforded adequate protection.
IV. The non-discriminatory application of quantitative restrictions

All quantitative restrictions have been 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 they have granted exporting countries a fair and reasonable share of the Belgian market.