GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES

Fourth Session

DISCRIMINATORY ADMINISTRATION OF RESTRICTIONS TO SAFEGUARD THE BALANCE OF PAYMENTS

(Effects on Export Trade of Restrictions Imposed)

(Reply to Question No. 5, of Document GATT/CP/39)

ADDENDUM

Belgium

REPLY

A. Discriminatory restrictions imposed by Belgium

Since Belgium now places no restrictions on the importation of goods to safeguard her balance of payments in accordance with the provisions of Article XII of the General Agreement on Tariffs and Trade no discrimination is practised by Belgium within the framework of her import trade policy.

In the years following the 1940-45 war Belgium set out to adopt a distinctly liberal economic policy. To that end she has opened her frontiers wide to foreign products.

B. Discriminatory restrictions imposed by other countries

Belgium's free import policy was inevitably bound to lead to a rapid saturation of the domestic market, with the result that the latter would cease to afford Belgian industry an adequate demand enabling it to market its production.

It was precisely at that juncture that Belgium, in view of the many assurances she had received not only during bilateral negotiations, but also within the international organizations, had hoped to find in the export market the outlets no longer available in the domestic market.
Unfortunately this hope proved vain. Despite the demand for Belgian products in most markets our exporters were confronted not only with severe import restrictions but also with widespread discrimination.

Belgium is not at present in a position to supply the Contracting Parties with a detailed account of the effects on the volume and pattern of her export trade of the discriminatory import restrictions imposed by other countries, but she can mention a few of them:

(1) Effects on the pattern of our export trade

Generally speaking, foreign countries, alleging financial difficulties as grounds for discrimination, have developed the idea of essential and non-essential commodities.

This distinction has affected the level of activity in certain Belgian industries. We find, for example, in Belgium at the present time that certain branches of industry (glass, leather, non-ferrous metals etc.) are working to only 60 or 80% of their pre-war production capacity while in other branches (metallurgical and steel industries) the coefficient is 120 and even 169.

The direct corollary of this situation was an increase in unemployment, which at the present time affects more than 300,000 out of a working population of approximately 2 million.

(2) Effects on the Volume of our Export Trade

It is impossible at the moment to estimate the overall prejudice caused to the total volume of Belgian exports. Nevertheless, merely by way of example, the Belgian delegation can cite two particular cases for which it has adequate data:

(a) In her export trade with the United Kingdom Belgium does not enjoy the advantages of the Open General Licence which the United Kingdom has accorded to other countries.

With regard to the first "batch" of releases, and taking only the articles for which Belgium had received quotas into account, it may be estimated, very roughly, that the Open General Licence would have enabled the sale of Belgian products to be
increased from £7,100,000 to £10,000,000 over a period of twelve months.

If we take the second "batch" of releases and opportunities in the Outer Sterling Area into account, we may reasonably put the damage sustained at £5 million.

(b) Discrimination by the Union of South Africa against Belgian exports affects several products.

The Belgian delegation would like, by way of example, to cite here the particular case of sheet glass and plate glass.

The two main suppliers of the Union of South Africa for these products were the United Kingdom and Belgium, a fact which is illustrated by the following pre-war statistics:

**Imports of Sheet Glass and Plate Glass into the Union of South Africa.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total from the United Kingdom</th>
<th>from Belgium</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>213,513</td>
<td>64,143</td>
</tr>
<tr>
<td>1938</td>
<td>166,495</td>
<td>43,973</td>
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</tbody>
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A comparison of the above statistics with the post-war figures at once shows the effect on Belgium of the discriminatory measures applied by the Union of South Africa.
Exports of Sheet Glass and Plate Glass to the Union of South Africa

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports in tons</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>From Belgium</td>
<td>From the United Kingdom</td>
<td></td>
</tr>
<tr>
<td>1948</td>
<td>6,548</td>
<td>13,206</td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>871 (1)</td>
<td>14,398</td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>0</td>
<td>?</td>
<td></td>
</tr>
<tr>
<td>(estimates)</td>
<td></td>
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</table>

(1) First 10 months of 1949.

A comparison of these figures shows that in a case of this kind discrimination not only results in a reduction in the volume of exports but also causes a diversion of the traditional trade channels and even the total loss of a market which was traditionally open to a given industry.

The case of the Union of South Africa, which is only one among many, clearly brings out the dangers of discrimination for a specifically Belgian Industry, such as the glass industry.

Two basic facts emerge from a comparison of the statistics concerning export trends for Belgian glass products during the years 1937, 1947, 1948 and 1949:

(a) Taking 1937 as the reference period (= 100) Belgian exports in tons were:

- 1947 - 80.4%
- 1948 - 75.6%
- 1949 - 56.6%

(b) The proportion by value, of the total of Belgium's special trade represented by glass was:

- 1937 - 2.51%
- 1947 - 3.48%
- 1948 - 2.33%
- 1949 - 1.62%
For an industry which, before the war, normally exported three-quarters of its production - and which, we may add, must do so in order to survive - the situation is catastrophic and is seriously affecting the number of workers employed, which averaged 23,000 in 1937, reached a peak of 21,510 (94% of 1937) in October 1947 and fell to 13,155 (58% of 1937), its lowest level, in July, 1949.

Actually, from the point of view of production unemployment is even higher, since a certain proportion of specialized workers still kept on is redundant.