

WORLD TRADE ORGANIZATION

G/SCM/N/71/EEC/Add.2
18 December 2001

(01-6183)

**Committee on Subsidies
and Countervailing Measures**

Original: English/
French

SUBSIDIES

Updating Notifications Pursuant to Article XVI:1 of the GATT 1994
and Article 25 of the Agreement on Subsidies and
Countervailing Measures

EUROPEAN COMMUNITIES

Addendum

The following addendum to the notification of the European Community relates to subsidy programmes of **Belgium**.

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INTRODUCTION

Following recent reforms in Belgium, the major part of investment policy is now constitutionally the responsibility of the Flemish, Walloon and Brussels regions. Consequently, the regions are also responsible for applying legislation on economic growth and aiding SMEs in their respective areas. In the Belgian notification of subsidies, the evaluation of whether the subsidy is "general" or "specific" therefore relates to the regulations in force in each region.

I. FEDERAL STATE

A. SPECIAL TAXATION SCHEMES

1. Innovative firms, Law of 31 July 1984, Articles 68 to 76

(a) Form of the subsidy

Innovative firms originally benefited from the following tax concessions *inter alia*:

- Exemption for profits up to a maximum of 13 per cent of the capital for innovation actually paid-up and remaining to be repaid at the beginning of the financial year;
- increased rate of deduction for investment (see hereunder);
- exemption from tax on income from immovable assets for ten years;
- exemption from graduated registration duty on capital inflow.

(b) Total amount in 2000

Exemption from corporate tax: (NCG*) BF 378 million.

Deduction for investment (see hereunder).

(c) Policy objective

To promote the creation of firms working in high technology sectors, set up from 1984 onwards and specially authorized.

(d) Duration of the subsidy

The Law of 28 December 1990 terminated this scheme, nevertheless:

- Firms whose applications were submitted before 22 July 1990 may still take advantage of the tax benefits;
- capital paid up before 31 December 1990 may still be exempt from corporate tax;
- exemption from duty on capital inflow is only granted for capital paid up by 31 December 1990 at the latest;

* NCG = Net cost for government in BF.

- deduction from taxable income for capital inflow is permitted for shares subscribed and paid up in 1990.

2. Restructuring companies, Law of 31 July 1984, Royal Decree of 3 October 1988, Law of 22 December 1989 (Article 303), Law of 28 December 1990 (Article 18)

(a) Form of the subsidy

Restructuring companies originally benefited from the following *inter alia*:

- Exemption from duty on capital inflow;
- exemption from corporate tax for ten consecutive financial years, restricted to the part of the dividends that did not exceed 13 per cent of the paid-up capital.

(b) Total amount in 2000

Exemption from corporate tax: (NCG*) BF 3,865 million.

(c) Policy objective

The tax scheme applies to firms set up specially to carry out a conversion project under a "conversion contract" and established in one of the zones defined for this purpose in the Royal Decree.

(d) Duration of the subsidy

This scheme has not been available since 22 July 1990, nevertheless:

- For firms set up before 1 January 1990, exemption from corporate tax ends during the fiscal year 2007;
- for firms set up between 1 January and 22 July 1990, exemption from corporate tax ends during the fiscal year 2002;
- no exemption from corporate tax is granted to firms set up after 22 July 1990.

3. Employment zones, Royal Decree No. 118 of 23 December 1982

(a) Form of the subsidy

Firms in employment zones originally benefited from the following *inter alia*:

- Total exemption from corporate tax on profits reserved and distributed for ten years;
- total exemption from tax on income from movable assets for dividends distributed to shareholders;
- exemption from tax on income from movable assets;
- exemption from graduated registration duty on capital inflow.

(b) Total amount in 2000

Immunity from corporate tax: (NCG*) BF 261 million.

(c) Policy objective

The tax scheme applies to enterprises set up in employment zones, whose limits have been defined for Belgium's three regions in order to promote the creation of high-tech enterprises.

(d) Duration of the subsidy

This scheme is no longer available, although enterprises currently benefiting from it continue to do so until their ten-year period ends.

For firms set up before 24 July 1991, the last fiscal year in which they can take advantage of the tax concessions is 2001.

B. TAX MEASURES TO PROMOTE INVESTMENT

1. Deduction for investment, Articles 68 to 77 CIR92

(a) Form of the subsidy

Deduction for investment allows a share of the amount of investment made during the taxable period to be deducted from the basic taxable amount. Firms or natural persons who declare gains or profits are eligible.

(b) Total amount in 2000

Deduction (NCG*) BF 7,805 million.

(c) Policy objective

The objective is currently to facilitate investment in the research and development and energy-saving sectors, as well as in SMEs.

(d) Duration of the subsidy

The deduction for investment has been "deactivated" for investment made after 27 March 1992. This means that the rate is now zero, except for the sectors mentioned under "Policy objective".

(e) Rules and conditions

The deduction may apply to investment in tangible or intangible fixed assets used in Belgium to exercise a professional activity.

* NCG = Net cost for government in BF.

* NCG = Net cost for government in BF.

The redeemable amount determines the basis for calculation and the basic rate is linked to the inflation rate. The basic rate may not exceed 10 per cent nor be less than 3 per cent. It is however increased for investment in research and development, investment in innovative firms, and investment in energy saving.

C. RESEARCH AND DEVELOPMENT AID

- Special law of 8 August 1980, amended on 16 July 1993;
- cooperation Agreement of 5 April 1995 between the Federal State and the regions on the public financing of joint centres.

(a) Form of the subsidy

Non-repayable subsidy.

(b) Total amount of the subsidies granted in 2000

(1) Projects for which the Federal State is responsible:

Total commitments: BF 113,300,000.

(2) Projects for which the regions are responsible, jointly financed by the Federal State and the regions:

Total commitments paid by the Federal State: BF 143,375,000.

(c) Purpose of the subsidy

Precompetitive research for industrial purposes.

(d) Duration of the subsidy

Subsidies are usually for a period of two years (maximum).

II. BRUSSELS – CAPITAL REGION

A. AID FOR ECONOMIC GROWTH

1. Order of 1 July 1993 on the promotion of economic growth in the Brussels-Capital Region

(a) Form of the subsidy

Financial aid is granted in the form of a non-recoverable investment premium.

(b) Total amount of the subsidies granted in 2000

Type of investment	Number of cases	Subsidized amount (in BF)	Amount of premium (in BF)	Average rate of aid
General investment	7	273,970,000	15,014,000	5.48%
Specific investment				
- rational energy use	2	3,880,000	776,000	20%
- rational water use	1	44,500,000	8,900,000	20%
- rational use of raw materials	2	121,444,212	10,282,000	8.47%
- environmental protection	12	148,840,000	28,563,000	19.19%
- adaptation to European standards	7	127,663,000	15,157,000	11.87%
- change to the Euro	287	420,085,541	81,597,224	19.42%
Total	311	866,412,018	145,275,224	16.77%
Utilization of consultancy services	126	83,509,018	41,278,389	49.43%
Overall total	444	1,223,891,771	201,567,613	16.47%

(c) Policy objective and/or purpose of the subsidy

The policy objective of the Order of 1 July 1993 is to promote economic growth by granting financial aid to industrial enterprises in Brussels if they invest.

The amount of this aid depends on the enterprise's sector of activity, its size and the type of investment:

- For all enterprises, "specific" investment for the purpose of:
 - Saving energy, water or raw materials;
 - protecting the environment;
 - adapting to European standards;

- for medium enterprises (maximum 250 employees and turnover of € 40 million), "general" investment;
- for small and medium enterprises, "utilization of consultancy services".

(d) Duration of the subsidy and/or any other time-limits attached to it

Depending on the amount of the premium and the duration of the investment programme, the premium is paid in one, two or three annual tranches.

(e) Statistical data permitting an assessment of the trade effects of the subsidy

With regard to the role played by the financial incentives provided in the legislation on economic growth, it should be noted that the amount of BF 1,220 million of subsidized investment under the Order of 1 July 1993 and the amount of BF 4,590 million of subsidized investment under the Law of 4 August 1978 only represent 9.08 per cent of investment made by enterprises situated in the Brussels-Capital region and working in the manufacturing, building and trade sectors.*

*Source: VAT declarations of investment for 1999 = BF 61,000 million.

2. Economic Adjustment Law of 4 August 1978

(a) Form of the subsidy

The financial aid is granted in the form of an interest subsidy or a capital premium depending on the method of financing of the investment programme.

(b) Total amount of aid granted in 2000

Interest subsidy (in BF)

Number of decisions taken	Subsidized amount of investment	Amount decided	Average rate of aid
692	3,235,689,453	340,539,357	10.52%

Capital premium (in BF)

Number of decisions taken	Subsidized amount of investment	Amount decided	Average rate of aid
291	1,352,540,000	167,895,989	12.41%

(c) Policy objective and/or purpose of the subsidy

The aim of the Law of 4 August 1978 is to promote investment by small enterprises. The amount of the aid depends on the field of activity and how long the enterprise has existed.

Fields of activity are divided into two groups:

Group A: Industrial and non-industrial enterprises or high tech;

Group B: trade and services enterprises.

Three types of investment are envisaged:

Type 1: "Start-up" investment by an enterprise that has existed for less than 12 months;

Type 2: "Normal" investment by an enterprise that has existed for over 12 months;

Type 3: "Youth" investments by an enterprise managed by one or more young people (<age 35) setting up in business for the first time.

According to the Law of 4 August 1978, a small enterprise is one which comprises less than 50 people and whose turnover does not exceed €7 million.

Aid is given in the form of:

- An interest subsidy where the investment is financed by a fixed-term credit;
- a capital premium where investment is self-financed.

Two types of tax concession may also be granted:

- The possibility of doubling straight line depreciation during three successive financial years;
- exemption from tax on income from immovable assets.

(d) Duration of the interest subsidy and the capital premium

In accordance with the criteria set out in subheading c, the interest subsidy may be given for a period ranging from three to five years and the capital premium is paid in a lump sum.

The duration of the accelerated depreciation is fixed at three years.

The duration of exemption from tax on income from immovable assets is exactly the same as that for the interest subsidy.

(e) Statistical data permitting an assessment of the trade effects of the subsidy

See subheading (e) of the section on the Order of 1 July 1993 on the promotion of economic growth in the Brussels-Capital region.

B. AID FOR RESEARCH AND DEVELOPMENT

1. Subsidies for basic industrial research

(a) Form of the subsidy

Optional non-repayable subsidy.

(b) Total amount of aid granted in 2000

Commitments:

BF 242.3 million divided among 15 dossiers ranging from BF 4.4 to 33.2 million.

Disbursements:

BF 194.1 million.

(c) Policy objective and/or purpose of the subsidy

To strengthen precompetitive research by regional enterprises.

(d) Duration of the subsidy

Two years per subsidy.

(e) Statistical data permitting an assessment of the trade effects of the subsidy

Precompetitive research so not quantifiable in the medium or short terms.

2. Prototype advances

(a) Form of the subsidy

Interest-free loans repayable upon marketing.

(b) Total amount of aid granted in 2000

Commitments:

BF 60.7 million divided among four dossiers ranging from BF 10.2 to 19.4 million.

Disbursements:

BF 33.4 million.

- Chemicals and pharmaceuticals;
- metal and mechanical manufacturing;
- electronics and electronic data processing;
- building.

(c) Policy objective and/or purpose of the subsidy

To promote regional development through the creation of new products, processes or services.

(d) Duration of the subsidy

One to five years.

(e) Statistical data permitting an assessment of the trade effects of the subsidy

Maintaining and developing competitive activities by regional enterprises, not quantifiable in the short term.

3. European programmes

(a) Form of the subsidy

Optional non-repayable subsidy.

(b) Total amount of aid granted in 2000

Commitments:

BF 10 million for one dossier.

Disbursements:

BF 8.1 million

(c) Policy objective and/or purpose of the subsidy

To compensate for the inadequacy of EC subsidies for European research programmes in universities or research centres with no commercial activities.

(d) Duration of the subsidy

Two to three years per dossier.

(e) Statistical data permitting an assessment of the trade effects of the subsidy

Precompetitive or socio-economic research so not quantifiable in the medium or short terms.

C. AID FOR PROMOTION OF FOREIGN TRADE

1. Order of 13 January 1994 on the promotion of foreign trade

(a) Form of the subsidy

(A) *Subsidies for:*

- Participation in trade fairs abroad and in Belgium;

- the elaboration of information documents to promote exports;
- participation in training programmes;
- collaboration of foreign trade experts.

(B) *Subsidies and interest-free loans for:*

- Market surveys and market presence outside the European Union;
- participation in tenders for markets outside the European Union.

(b) Total amount of commitments in 2000 (in BF)

Trade fair subsidies	19,500,000
Documentation subsidies	11,500,000
Training subsidies	0
Subsidies/foreign trade experts	300,000
Market survey subsidies/loans	4,403,000
Subsidies/loans for tenders	0
TOTAL	35,703,000

(c) Policy objective and/or purpose of the subsidy

Support for trade survey efforts by small and medium enterprises in the region.

(d) Duration of the subsidy

Ad hoc aid.

(e) Statistical data permitting an assessment of the trade effects of the subsidy

Not available.

III. WALLOON REGION

A. AID TO SMES

1. Law of 4 August 1978 on economic adjustment, as amended by the Decree of 25 June 1992 -application orders of 9 July 1992

(a) Form of the subsidy

Investment premium (non-repayable premium) irrespective of the investment financing method. Investments eligible to receive a premium are investments in tangible and intangible fixed assets.

Exemption from tax on income from immovable assets (maximum five years) for investments in immovable assets, including investment in real property and fixtures.

Accelerated depreciation over a maximum of three successive taxable periods for investment in tangible fixed assets. Exemption from the graduated registration duty on capital inflow.

(b) 2000 budget

The budget amounted to BF 3,224.7 million.

The premiums are awarded for a wide variety of projects and sectors of activity.

(c) Policy objective

The incentives created to assist the socio-economic development of the Walloon region are awarded under contracts between the Walloon region on the one hand and on the other any natural or legal person who undertakes to carry out one or more operations aimed at achieving sustainable development and promoting job creation. The incentives are only awarded if they make a decisive contribution to achieving these aims.

In practical terms, the premiums are awarded in order to encourage investment by small and medium enterprises (SMEs). A SME is an enterprise whose payroll does not exceed 250 persons and whose turnover does not exceed BF 845,834,000 (€ 20 million at the rate of exchange on 1 July 1991).

The premiums are awarded to SMEs in the industrial, non-industrial, tourism, trade and services sectors.

The scheme applies in the whole of the Walloon region for all enterprises meeting the SME criteria.

The scheme is therefore not specific, but only applies to SMEs.

(d) Duration

No time-limit has been fixed for the scheme's application and the budget is adopted annually.

B. AID TO DISADVANTAGED REGIONS

1. **Law of 30 December 1970 on economic growth, as amended by the Decree of 25 June 1992 -application orders of 9 July 1992**

(a) Form of the subsidy

Investment premium (non-repayable premium) irrespective of the investment financing method. Investments eligible to receive a premium are investments in tangible and intangible fixed assets.

Exemption from tax on income from immovable assets (maximum five years) for investment in immovable assets, including investment in real property and fixtures.

Accelerated depreciation over a maximum of three successive taxable periods for investment in tangible fixed assets.

Exemption from the graduated registration duty on capital inflow.

(b) 2000 budget

The budget amounted to BF 1,860.62 million.

The premiums are awarded for a wide variety of projects and sectors of activity.

(c) Policy objective

The incentives created to assist the socio-economic development of the Walloon region are awarded under contracts between the Walloon region on the one hand and on the other any natural or legal person who undertakes to carry out one or more operations aimed at achieving sustainable development and promoting job creation. The incentives are only awarded if they make a decisive contribution to achieving these aims.

In practical terms, the premiums are awarded in order to encourage investment by large enterprises situated in disadvantaged zones, called development zones.

Development zones are determined by the European Commission upon a proposal by a member State. In defining the scope of such zones, the Commission of the European Union uses a method defined in 1988 in the "Coordination principles for regional aid". This method is essentially based on an analysis of objective criteria, including the per capita GDP and the unemployment rate.

The scheme is therefore not specific, except that it applies only to enterprises located in disadvantaged areas which, as explained above, are defined on the basis of easily identifiable and quantifiable objective criteria.

(d) Duration

No time-limit has been fixed for the scheme's application and the budget is adopted annually.

C. RESEARCH AND TECHNOLOGY AID

1. **Decree of 5 July 1990 on aid and action by the Walloon region to promote research and technology, and its execution orders**

- *On 29 September 1994 the Walloon Government Decree defined "small or medium enterprise" with a view to granting aid and taking action to promote research and technology;*
- *the Walloon Government Decree of 29 September 1994 on aid and action to promote research and technology.*

(a) Form of the aid

- A. Subsidies granted to enterprises for basic industrial research work.
- B. Repayable advances to enterprises for work related to applied research and development.
- C. Subsidies granted to small and medium enterprises for preparatory or associated studies for research or development projects.

(b) 2000 budget

The amount of aid per unit consists of a percentage of the admissible expenditure for the project accepted.

The annual global budgets for the types of aid set out in point (a) are BF 651.5 million, BF 1,153.2 million and BF 115.2 million respectively.

(c) Policy objective

These are horizontal types of aid to promote research and development activities and encourage technological innovation. They are available to all sectors of economic activity.

The types of aid defined under A and B of point 3 are available to enterprises of any size. The aid mentioned under C is restricted to small and medium enterprises.

The aid is not awarded automatically, it depends on an assessment of the quality of the project by the administrative services.

Where aid consists of a repayable advance, the beneficiary enterprise pays it back in the form of regular payments if it has decided to exploit the results of the research industrially or commercially.

(d) Duration

The aid scheme may be applied indefinitely. The budget is adopted annually by the Walloon Parliament.

The duration of aid granted corresponds to the duration of the research work or the study financed.

(e) Statistical data

The aid has an impact on trade because it may lead to the marketing of innovative products, processes or services. The criteria for estimating this impact are so numerous and complex that it is extremely difficult to apply statistical tools to them.

IV. FLEMISH REGION

A. AID TO ECONOMIC GROWTH

1. Law of 30 December 1970 on economic growth

(a) Form of the aid

- Interest subsidy (for investment financed through credit or leasing);
- capital premium (for investment financed by the enterprise's own funds);
- tax concessions;
- loan guarantee by the Flemish region;
- interest-free repayable credit.

(b) Total amount of aid in 2000

- Interest subsidy and capital premium: BF 2,363,369,000 of commitments;
- tax concessions:
 - Exemption from tax on income from immovable assets: BF 24,461,794,000 (amount of investment);
 - accelerated amortization: BF 4,118,886,000 (amount of investments);
 - exemption from proportional levy on capital invested: BF 7,500,000 (amount of investment exempted);
- loan guarantee: BF 75,000,000 (amount of investment);
BF 3,898,852 (amount of net losses).
- interest-free repayable credit: BF 0.

(c) Purpose of the aid

The aid is granted to promote the economic growth of medium and large enterprises in development and buffer zones in the Flemish region and applies to investment that leads to the creation of additional jobs.

The programme provides a definition of the sectors, investment and financing admissible.

(d) Duration of the programme

Indefinite.

(e) Statistical data

No statistical data permitting an assessment of the aid's effects on trade within the WTO context are available.

(f) Rules and conditions

The programme applies to large and medium industrial, commercial and non-industrial enterprises, as well as to large and medium enterprises in the tourism or services sectors.

It concerns investment in development or buffer zones in the Flemish region that leads to the creation of additional jobs.

A medium or large enterprise is defined in accordance with the Community framework for aid to SMEs, adopted by the European Commission on 20 May 1992.

An enterprise may obtain the following aid:

Interest subsidies and capital premiums are granted for investment projects that create additional jobs, are of strategic interest to the region or have a favourable impact on the environment.

Tax concessions:

- Exemption from tax on income from immovable assets for a maximum of five years for investments in real property or fixtures that are included in the "*allivrement cadastral*" (assessment of rateable value).
- Accelerated depreciation is admissible for enterprises situated in the Limbourg development zones.

All investment eligible for subsidies that is depreciated in a straight line is admissible. The concession gives the possibility of applying annual depreciation equal to double the normal annual straight line depreciation payment over a period of three consecutive years.

- Exemption from graduated levies on capital inflow is granted for capital invested in medium or large enterprises with legal status in respect of investment in development zones or buffer zones.

The purpose of the loan guarantee by the Flemish region is to facilitate the granting of professional credits to enterprises that invest in economic growth. The guarantee is additional to the security provided by the enterprise but may not be used to cover the total risk. Part of the risk must be borne by the credit organization and by the security given by the enterprise. The credit organization and the enterprise each pay a contribution that depends on the amount and term of the guarantee.

"Soft" aid consists of an interest-free repayable credit for training projects, advising enterprises, and investment studies.

2. Economic Adjustment Law of 4 August 1978

(a) Form of the aid

- Interest subsidy (for investment financed through credit or leasing);
- capital premium (for investment financed by the enterprise's own funds);
- exemption from tax on income from immovable assets;
- loan guarantee by the Flemish region.

(b) Total amount of aid in 2000

- Interest subsidy and capital premium: BF 7,650,261,286 of commitments;
- exemption from tax on income from immovable assets: BF 40,954,508,120 (amount of investments);
- loan guarantee: BF 138,729,404 (amount of investment)
BF 1,800,000 (amount of net losses).

(c) Purpose of the aid

The aid is granted to promote the economic growth of small and independent enterprises in the Flemish region.

The programme provides a definition of the sectors, investment and financing admissible.

(d) Duration of the programme

Indefinite.

(e) Statistical data

No statistical data permitting an assessment of the aid's effects in the context of WTO trade are available.

(f) Rules and conditions

The programme applies to small industrial, commercial and non-industrial enterprises, small enterprises in the tourism or services sectors and independent or professional occupations closely linked to the economic activities of small enterprises.

A small enterprise is defined in accordance with the Community framework for aid to SMEs, adopted by the European Commission on 20 May 1992.

The amount of the interest subsidy and the capital premium are calculated according to the enterprise's activity, whether it is the enterprise's first establishment in the Flemish region, the creation of additional jobs, the strategic interest of the investment for the region, relocation for ecological reasons or the favourable impact on the environment.

Enterprises granted an interest subsidy or capital premium may be exempted from tax on income from immovable assets for investment in real property included in the "*allivrement cadastral*" (assessment of rateable value) for a maximum period of five years. The exemption applies to real property and fixtures.

The purpose of the loan guarantee by the Flemish region is to facilitate the granting of professional credits to enterprises that invest in economic growth. The guarantee is additional to the security provided by the enterprise but may not be used to cover the total risk. Part of the risk must be borne by the credit organization and by the security given by the enterprise. The credit organization and the enterprise each pay a contribution that depends on the amount and term of the guarantee.

3. Decree of 15 December 1993 to promote economic growth in the Flemish region

(a) Form of the aid

- Investment premium;
- exemption from tax on income from immovable assets;
- loan guarantee by the Flemish region;
- interest-free repayable credit.

(b) Total amount of aid 2000

- Investment premium: BF 2,226,162,790 of commitments;
- exemption from tax on income from immovable assets: BF 27,334,867,651 (amount of investment);
- loan guarantee: BF 0 (amount of investment);
BF 0 (amount of net losses).
- interest-free repayable credit: BF 0.

(c) Purpose of the aid

The aid is granted to promote the economic growth of medium and large enterprises in the Flemish region.

The programme provides a definition of the sectors, investment and financing admissible.

(d) Duration of the programme

Indefinite.

(e) Statistical data

No statistical data permitting an assessment of the aid's effects on WTO trade are available.

(f) Rules and conditions

The programme applies to medium and large industrial, commercial, and non-industrial enterprises, as well as to medium and large enterprises in the tourism or services sectors.

It concerns investment in zones outside development zones and buffer zones in the Flemish region or in development zones or buffer zones where it does not lead to the creation of additional jobs.

A medium or large enterprise is defined in accordance with the Community framework for aid to SMEs, adopted by the European Commission on 20 May 1992.

The investment premium for medium enterprises is granted for investment projects that create additional jobs or are of economic interest for the region or have a favourable impact on the environment.

Exemption from tax on income from immovable assets for a maximum of five years applies to real property or fixtures that are included in the "*allivrement cadastral*" (assessment of rateable value).

The purpose of the loan guarantee by the Flemish region is to facilitate the granting of professional credits to enterprises that invest in economic growth. The guarantee is additional to the security provided by the enterprise but may not be used to cover the total risk. Part of the risk must be borne by the credit organization and by the security given by the enterprise.

The credit organization and the enterprise each pay a contribution that depends on the amount and term of the guarantee.

"Soft" aid consists of an interest-free repayable credit for training projects, advising enterprises, and investment studies.

Aid to large enterprises is limited to ecological investment and is in the form of an investment premium, "soft" aid, exemption from tax on income from immovable assets, or the Flemish region's guarantee.

B. AID TO SOCIAL INTEGRATION ENTERPRISES (=SOCIAL ECONOMY)

Resolution adopted at the Flemish Government of 8 September 2000 covering an impulse and assistance programme of the *meerwaardeneconomie* (extra-value economy).

This impulse programme adopts the existing regulations concerning *invoegbedrijven* (= insert businesses) with a number of adjustments.

(a) Type of aid

- Degressive wage subsidy coupled to labour and productivity
- degressive over a period of three years when applying to new business divisions or four years when applying to new businesses.

(b) Amount of aid in 2000

Total of the apportioned subsidies in 2000 (Vlaanderen) : 28,530,000 BEF (two businesses).

(c) Goals of the assistance programme

Invoegbedrijven are new businesses, accredited by the minister responsible for employment policy, whose incorporation acquires financial support in order for these businesses to "insert" their employees in medium terms in the regular labour circuit. Goal of the decree is the creation of opportunities for business to generate jobs for long term semi- and unskilled unemployed workers, job-seekers and people who have not had a job in a long time. The subsidy compensates their decreased productivity.

(d) Length of the programme

Indefinite.

(e) Data

Statistical data that allow to evaluate the effect of the decree on trade (business traffic; commercial intercourse) are unavailable.

C. AID TO ENTERPRISES FOR CONSULTANCY

Decree of 31 March 1993 on aid by the Flemish region to small enterprises which utilize approved outside consultants.

Decision of the Flemish Government of 9 December 1997 on the granting of financial aid to small enterprises which utilize approved outside consultants and the approval of consultants.

The relevant directives.

(a) Form of the aid

Consultancy bonus for independent firms and new SMEs.

(b) Total amount of aid in 1999

Amount: BF 23,189,184 (108 dossiers).

(c) Purpose of the aid

The largest number of bankruptcies occur during the first five years of an enterprise. Based on this, it appeared useful to allow these enterprises to call on management consultants during their start-up period.

(d) Duration of the programme

Indefinite.

D. RESEARCH AND DEVELOPMENT AID

Decision of the Flemish Research and Technological Development Fund of 23 October 1991.

(a) Form of the aid

- Grants for basic research;
- loans with conditional repayment for prototyping and development.

(b) Total amount of aid in 1999

BF 3,352.5 million for 196 projects

(c) Purpose of the aid

The primary objective is aid for R&D.

(d) Duration of the programme

The data are related to continuous programmes and specific action programmes.

(e) Statistical data

Division by type of research:

- | | | |
|---|-----------------------------|-------------|
| - | strategic basic research | 28 per cent |
| - | industrial basic research | 35 per cent |
| - | prototyping and development | 37 per cent |

Division by applicant:

- | | | |
|---|-----------------------------------|-------------|
| - | large companies | 42 per cent |
| - | SMEs | 13 per cent |
| - | universities, research institutes | 29 per cent |

(f) Rules and conditions

Any industrial enterprise can apply for financial aid for R&D projects. At any time, the firms can submit a file to the IWT (Flemish Institute for the Promotion of Scientific-Technological Research in the Industry) which processes the files.

Universities and research institutes can also participate in the industrial projects and can get financial aid.

Basic research can obtain support for 50 per cent of the project costs. The development of prototypes, new products or new manufacturing processes can get a loan of 50 per cent of the project cost, with a gross grant equivalent of 15 per cent or 25 per cent.

Repayment, including market interest rate, is required in cases where the project meets with technical success.

For SMEs, these percentages can be raised by 10 per cent.

Projects for strategic basic research with industrial relevance can obtain a subsidy of 100 per cent.

Costs for personnel, material and supplies related to R & D, instruments and equipment are eligible for aid.

E. AID TO THE FISHERIES AND AQUACULTURE SECTOR

Following the abolition of the scheme to aid shipyards on 1 January 1996 and a transitional scheme in 1996 (decree of the Flemish Government of 2 April 1996), a completely new set of regulations on aid for investment and new enterprise in the maritime fisheries and aquaculture sector was approved in 1998. The aid is given in the context of the "Financieringsinstrument voor Vlaamse visserij – en aquacultuursector – FIVA" (Financing instrument for the Flemish fisheries and Aquaculture sectors).

- Decree of 13 May 1997 establishing a financing instrument for the Flemish fisheries and aquaculture sector;
- Flemish Government Decree of 7 July 1998 on aid to investment and setting up in the fisheries and aquaculture sector;
- Ministerial Decree of 14 July 1998 on aid to investment and setting up in the fisheries and aquaculture sector.

(a) Form of the aid

- Interest rate subsidy: subsidized interest rates on loans granted to shipowners and fish farmers and their cooperatives;
- capital subsidy when investment is financed by equity;
- loan guarantees for shipowners and fish farmers.

(b) Total amount of aid in 1999 (in terms of commitments)

- | | |
|---------------------------|---------------|
| - interest rate subsidies | BF 51,514,263 |
| - capital premiums | BF 5,360,775 |
| - loan guarantees | BF 62,971,066 |

(c) Purpose of the aid

The aid is granted to shipowners and fish farmers and to their organizations and cooperatives in order to promote operations to increase the productivity of shipping and fish farming companies, to ensure their profitability and reduce costs.

(d) Duration of the programme

Indefinite.

(e) Statistical data

The purpose of the aid is structural and intended to promote fishing and aquaculture by improving the efficiency of the structures, therefore, there are no statistical data available permitting an assessment of the effects on global trade.

As the capacity of the fishing fleet and the aquaculture sector is very limited, the effect on global trade is negligible.

(f) Rules and conditions

The beneficiaries of this aid are family sea-fishing enterprises and fish farms. The aid is granted to beneficiaries after examination of the dossiers individually. The subsidization limits set out in Regulation (EC) 2468/98 (formerly 3699/93) apply.

F. AID FOR AGRICULTURAL INVESTMENT AND NEW ENTERPRISE FLEMISH AGRICULTURAL INVESTMENT FUND

In order to ensure continuity of aid to agricultural investment and new enterprise following the regionalization of the Agricultural Investment Fund from 1 January 1993, a Flemish Agricultural Investment Fund (Vlaams Landbouwinvesteringsfonds) was created.

- Council Regulation (EC) No. 950/97 of 20 May 1997 on improving the efficiency of agricultural structures (coordination of Directive (EC) No. 2328/91 as amended).
- Article 12 of the decree of 22 December 1993 containing various measures in application of the 1994 budget (creation of a Flemish Agricultural Investment Fund).
- Decree of the Flemish Government and Ministerial Decree of 4 July 1997 on aids to agricultural investment and new enterprise.
- Flemish Government Decree of 16 July 1997 on the operation and management of the "Vlaams Landbouwinvesteringsfonds" (Flemish Agricultural Investment Fund).

(a) Form of the aid

- Interest subsidies: interest rate subsidies on loans granted for agriculture and horticulture;
- premiums on investments for young farmers/horticulturalists;
- guarantees for loans granted for agriculture and horticulture.

(b) Amount of aid in 1999 (granted: in terms of commitments)

- interest subsidies; BF 1,249,000,000

*new dossiers:

improvement: BF 623,500,000 with 25 per cent co-financed with the EAGGF (EC Regulation No. 950/97)

startup: BF 241,000,000 with 50 per cent co-financed with the EAGGF (EC Regulation No. 950/97)

- regional aid without EAGGF co-financing; BF 362,500,000

*reviews and facilities relating to existing dossiers: BF 22,000,000

- investment premiums: BF 41,701,387

*on first start-up: BF 35,181,814 with 50 per cent co-financed by the EAGGF (EC Directive No. 950/57)

*pig farming sector: BF 6,519,573 with 25 per cent co-financed by the EAGGF (EC Directive No. 950/97)

- Loan guarantees: BF 2,046,333,679 of guarantees.

(c) Purpose of the aid

This aid is awarded to farmers and market gardeners and their organizations and cooperatives to encourage all operations which increase the productivity of agricultural and horticultural enterprises, maintain and improve their profitability and reduce costs, such as:

- (a) Investment operations, i.e. operations whereby natural or legal persons acquire, extend, or improve capital assets such as land, buildings and constructions, including housing for the operator and his family, industrial plant, facilities, machines, tools and materials. The present decree is only applicable for the acquisition of land and buildings when this is economically necessary to maintain the profitability of the existing enterprise;
- (b) restructuring of enterprises following changes in economic conditions;
- (c) agricultural and horticultural start-ups;
- (d) processing and marketing of agricultural and horticultural products, mainly through cooperatives.

(d) Duration of programme

Indefinite

(e) Statistical data

The aid has a structural objective of improving agriculture through enhanced efficiency of agricultural enterprises such that there are no statistical data available to assess the effects of the aid on world trade.

(f) Rules and conditions

The beneficiaries of this aid are natural or legal persons engaged in agriculture and horticulture as their main activity, as well as their organizations and cooperatives. They must be adequately qualified and the business must represent at least one man work unit and a maximum of twelve man work units per family work unit.

The aid is granted for three major categories of operation:

- * Improvement of an existing business: investment in long-term improvement in the structure of the business. There are several sectoral restrictions. Up to a certain

ceiling there is co-financing with the EAGGF, beyond which the aid is wholly charged to the Flemish region with an absolute ceiling;

- * a young farmer setting up in business for the first time including movable assets (machines and material, livestock). Up to a certain ceiling there is co-financing with the EAGGF, beyond which the aid is wholly charged to the Flemish region with an absolute ceiling;
- * various operations without EAGGF co-financing, such as purchase of occupied farm buildings, investment in the environment and welfare of animals, (in compliance with the provisions of EC Directive 950/97).

G. AID FOR SHIPBUILDING

Flemish Government Decision 29.12.92

(a) Form of subsidy

Direct subsidy, interest subsidy, guarantees

(b) Amounts of subsidy

-	Investment in fishing boats	BF 0
-	Other shipbuilding projects	BF 0
-	Income supplement for former shipbuilders	BF 16,747,380
-	Severance payments and decommissioning subsidy	BF 0
-	Consultancy and study costs	BF 0

(c) Policy objective

Continuity of shipbuilding through subsidy grants compatible with and limited by EU rules (Second Directive).

(d) Duration of the programme

Originated 1 January 1993 – terminated 31 December 1995. The amounts paid in 2000 were outstanding amounts on dossiers introduced before that final date.

(e) Rules and conditions

Shipyards in the Flemish region could apply and were in principle eligible for a subsidy equal to that allowed by EU rules. The form (direct subsidy, interest subsidy, guarantees) varied from case to case.