

Original: English

BELGIUM - CERTAIN INCOME TAX MEASURES  
CONSTITUTING SUBSIDIES

Request for Consultations by the United States

The following communication, dated 5 May 1998, from the Permanent Mission of the United States to the Permanent Mission of Belgium and to the Dispute Settlement Body is circulated in accordance with Article 4.4 of the DSU.

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My authorities have instructed me to request consultations with the Government of Belgium pursuant to Articles 1 and 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes, Article 4.1 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement), and Article 30 of the SCM Agreement (to the extent that it incorporates by reference Article XXIII:1 of the General Agreement on Tariffs and Trade 1994), regarding prohibited subsidies provided by Belgium. Based on unofficial English translations of the relevant legislation and descriptions in secondary sources, it is the understanding of the United States that, under Belgian income tax law, Belgian corporate taxpayers receive a special BEF 400,000 (index linked) tax exemption for recruiting a departmental head for exports (known as an "export manager"). The United States believes that the relevant citations with respect to this measure include, but are not limited to, the Law of 27 October 1997, (loi portant des mesures fiscales visant à stimuler les exportations et la recherche).

The United States considers that this measure appears to constitute an export subsidy, and, as such, is inconsistent with the obligations of the Government of Belgium under Article 3 of the SCM Agreement.

We look forward to receiving your reply to this request and to fixing a mutually convenient date for consultations.

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