A system providing for family allowances to workers is in force in Belgium by virtue of an Act of August 4, 1930. The system is financed by contributions imposed upon the Belgian employers, and in order to counterbalance these contributions a special tax of 7.5 percent ad valorem is levied on products imported by the Belgian governmental, provincial and municipal authorities.

Exemption from this import tax can be granted in the case of importation from countries where similar contributions are imposed upon the employers either by law or by collective agreements.

The Danish Government and the Norwegian Government have pointed out that, as certain contracting parties have obtained an exemption from the tax (for the reason stated above), they have requested the Government of Belgium to grant them similar treatment, claiming that their social legislation must not be considered less costly or less developed than the legislation in this field in Belgium. Nevertheless the Belgian Government has not yet found it possible to act in favour of the Danish or Norwegian requests for exemption from the special duty.

At yesterday's meeting of the Contracting Parties Mr. E. Børresen, Norway, said that repeated representations had been made by the Norwegian Government during the past two years on the subject of discriminatory treatment, but they had not met with sympathetic consideration by the Belgian Government. He also referred to a statement made by the delegate of Belgium at the Fourth Session of the Contracting Parties to the effect that Belgium was not a country applying discriminatory restrictions.

Mr. E. Sveinbjörnsson, Denmark, said that his government had hoped that this could have been settled bilaterally. But now it was necessary to put the case before the Contracting Parties. The existence of an added charge on Danish products was in some cases an obstacle to Danish exports, he said. He was of the firm opinion that the charge contravened Article I, paragraph 1, of the Agreement. He hoped that it would be possible for the Belgian Government to settle the matter soon.

In reply, M. Max Suetens, Belgium, after reviewing the way in which the Family Allowance system was administered indicated the unusually complex features of the problem. Exemptions had been granted to France, United Kingdom, Netherlands, Italy and recently Sweden. M. Suetens said that the Ministerial Committee on Economic Coordination would meet in Brussels later this week and he would be present when this matter was discussed by the Ministerial Committee. He asked for the debate to be closed pending the result of this meeting. This request was accepted by the delegates of Norway and Denmark.

Summarizing the discussion the Chairman said it was agreed that the taxes concerned, in so far as they affected Norway and Denmark were not in accordance with Article I of the Agreement. In the light of the Belgian statement he agreed to close the debate, and retain the item on the agenda pending a report from the Belgian delegation.