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GENERAL AGREEMENT ON TARIFFS AND TRADE

PANEL ON COMPLAINTS

Belgian Allocations familiales

Memorandum by the German Delegation

The Government of the Federal Republic of Germany has not formally joined in the complaints made by Denmark, Norway and other countries about the "family allowances tax" levied by Belgium on imported goods intended for public utilities.

Nevertheless, Germany's economic position is similar to that of the complaining countries. Its economy is burdened with social welfare charges to at least the same extent as Belgian economy, although the legal basis is different. Germany's social welfare charges also include family allowances on a scale in no way lower than that fixed by Belgian law although the charges on German industry on this score are based on collective agreements or common law. The Belgian economy is therefore in no sense penalized through Germany having adopted a lower basis for its calculations owing to the family allowances tax. Thus the purpose of the Belgian law is achieved.

For this reason the Government of the Federal Republic of Germany has, through bilateral negotiations with Belgium, sought to obtain exemption for its imports from the family allowances tax levied under Article 132 of the Belgian Law of 4 August 1930. This exemption has, moreover, been granted for imports from France, Italy, the United Kingdom and other countries. The Federal Government's efforts in this respect have remained unsuccessful despite the fact that the system of social welfare charges in Germany is as wide in scope as that of Belgium, France, the United Kingdom, etc.

The Government of the Federal Republic of Germany considers that Belgium has infringed Article 1 of the General Agreement on Tariffs and Trade (GATT) in view of the fact that the family allowances tax is levied on imports and that German imports are discriminated against as compared with those of the above mentioned countries. The most-favoured-nation clause which appears in Article 1 of GATT is absolute.

At the moment, it is impossible to assess accurately the extent of the damage sustained by the German economy as a result of the Belgian family allowances tax. At all events, promising contracts for the supply of large-scale equipment have failed to materialize owing to the charge represented by the tax. These were the orders to be placed with the Kabelwerke at Duisberg, Siemens-Schuckertwerke at Erlangen, Alexander-Werk at Ramscheid and orders for cranes for the port of Antwerp to be placed with Demag at Duisberg.

For these reasons, the Government of the Federal Republic of Germany is extremely anxious that this family allowances tax should be lifted, as soon as possible, from imports of German origin.