

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/40

4 October 1952

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Original: French

INCREASE IN THE UNITED STATES DUTY ON DRIED FIGS

Note by the Greek Government

In a letter dated 31 July 1952, addressed to His Excellency the Prime Minister, A.I. and Minister for Foreign Affairs of the Greek Government, the United States Chargé d'Affaires notified the Royal Greek Government of the intention of his Government to modify the tariff concession on imports of dried figs into the United States.

The text of this letter was forthwith communicated to the competent Ministries, i.e. the Ministries for Trade, Finance and Agriculture.

The Royal Greek Government, in conformity with paragraph 2 of Article XIX of the GATT forthwith accepted the United States' suggestion that the matter be examined with the appropriate representatives of the United States Embassy. To that end, this Department convened a meeting which took place on 12 September 1952.

After taking cognisance of the views of the Government of the United States, the authorised representatives of the above-mentioned Ministries stated their opinion. This opinion, which constitutes the views of the Royal Greek Government, can be summarized as follows:

I. Tariff considerations

Under existing United States tariff legislation, figs are included in item 740 :

Paragraph	Description	1930 rate	Modified rate	Reference
740	Figs: Fresh, dried, or in brine Valued at 7 cents or more per pound	5 ¢ per lb.	3 ¢ per lb.	T.D.49838
	Valued at less than 7 cents per pound	5 ¢ per lb.		
	Prepared or preserved not specially preserved uspt.	40% ad val.		

In the course of the Annecy negotiations between the United States and Greek delegations, directed towards the conclusion of a bilateral agreement involving reciprocal concessions under the General Agreement, the United States delegation accepted that the two existing sub-divisions be substituted by one single item including all qualities of dried figs irrespective of value. As a result of such negotiations, the then existing rate was reduced to 3 cents per lb. The purpose of this concession was to protect Greek interests as regards both ordinary figs and figs of higher grade, while imports of such products were, at the same time, considerably facilitated by the unification of the relevant tariff item. This reduction constituted a concession granted by the United States of America exclusively in favour of Greece.

As a result of the Torquay negotiations between the United States and Turkey the above-mentioned rate of duty was brought down to $2\frac{1}{2}$ cents per lb. This additional concession and the reductions in duty rates granted by the United States with respect to Greek tobacco leaves, olives and currants, were the counterpart of substantial concessions which Greece had accepted to grant to the United States. Thus the United States have granted concession in respect of fourteen Greek products including the four mentioned above which are of particular interest to Greek economy; on the other hand, Greece has granted concessions in respect of 45 American articles, most of which are luxury or semi-luxury products which Greece imports in large quantities.

A comparison of the two schedules of reciprocal concessions from the standpoint of the value of the items imported from one country into the other clearly indicates that the concessions granted to Greece are not equivalent to those which Greece has granted to the United States. This is due to the fact that the Greek economy is poor and that Greece can therefore export only a very limited number of items to the United States. As a consequence, an increase in the duty on dried figs would result in throwing completely out of balance the reciprocal concessions exchanged which are already not adequately balanced. In such a case, the question would arise of re-examining the two schedules of reciprocal concessions with a view to reducing the Greek concessions on some United States items imported into Greece such as, for instance, the duty on trucks which, at present, is only 3 per cent ad valorem, the duties on phytopathological preparations, radios and aniline dyes, etc.

Such action would become necessary to make it possible to restore, between the reciprocal concessions exchanged, a balance which could not otherwise be restored as Greece can offer no other products which could be substituted for Greek figs on the American market.

Furthermore, as United States statistics show, the value of Greek figs amounts to approximately 11 or 12 cents per lb. As the duty applicable to this item is $2\frac{1}{2}$ cents per lb. the resulting levy is approximately 20 per cent. Such a levy on a non-luxury item consumed by the people is regarded as

excessive particularly as compared with the levy on certain American goods imported into Greece such as automobiles, valued at not more than \$1400, f.a.q. (26 per cent) on radios (28 per cent), etc.

II. Commercial considerations

1. The total figures for United States imports of dried figs from all countries in 1949, 1950 and 1951 were 2,180, 4,190 and 3,215 tons respectively. On the basis of those figures, total imports of dried figs into the United States show an increase of 1035 tons in 1951, as compared with imports before the Torquay concession was granted. This increase represents roughly 4.20 per cent of total United States production of this item which amounts to 25,000 tons. In view of the importance of the American market, this percentage cannot be regarded as causing prejudice to United States domestic producers of this product.
2. The principal consumers of figs imported in cellophane paper into the United States (these represent the greater part of fig imports) are American citizens of mediterranean origin, most of whom like this kind of presentation for figs. American production of dried figs would therefore not gain anything by the reduction in imports of this item which would possibly result from an increase in the import duty or from any other restrictive measure such as the establishment of a quota, etc.
3. In view of the fact that the duty on dried figs was 3 cents per lb. before the GATT concession was granted and as this duty was reduced to $2\frac{1}{2}$ cents per lb. under the GATT, an increase to $4\frac{1}{2}$ cents, representing 80 per cent as compared with the existing rate and 50 per cent as compared with the rate existing before the GATT concession was granted, would amount to a prohibition on fig imports. Furthermore, such a reduction would be contrary to the principles laid down in the GATT which are directed towards the elimination, to the greatest extent possible, of any measure hampering the foreign trade of GATT members.
4. An increase in the duty on dried figs, would also conflict with United States efforts, within the framework of OEEC, towards the expansion of exports of assisted European countries to the dollar area, more particularly to the United States, in order that such countries may have the necessary dollar resources to maintain their imports from the dollar area even when American aid has been reduced or discontinued.
5. Thus, while the United States would secure no substantial advantages, Greece, on the other hand, would suffer a substantial prejudice, in particular for the following reasons:

First, because the United States market affords an outlet to the greater part of Greek production, more specifically in the higher grades.

Furthermore, if one considers that, out of a total United States import figure of 10,305 tons of dried figs in 1949 - 1951, 6,351 tons, that is, roughly 63 per cent, were figs imported from Greece, it is clear that the

increase in the corresponding rate of duty would affect Greece in the first instance. It is obvious that Greek producers of figs who regard the United States market as the best outlet for their products and are particularly careful to meet the requirements of American consumers will only be profoundly disappointed when they see that a market which was secured at the cost of so much pain and so many sacrifices will be closed to them in the future. It would not be superfluous to stress the critical situation which would result as regards exports of this product; such a situation would immediately bring about an increase in the already enormous deficit of the Greek trade balance with the United States.

The situation of Greek foreign trade with the United States is as follows:

	<u>1950</u>	<u>1951</u>
Imports	138,983,375	117,817,048
Exports	14,943,263	13,957,796
Trade Deficit	124,040,112	104,859,252

6. An increase in the relevant rate of duty is very likely to make it difficult to carry out contracts already concluded between American importers and Greek exporters and would prevent the signing of contracts already negotiated, to the great detriment of Greek exporters who, pending the final conclusion of such contracts, have assumed certain obligations vis-à-vis domestic producers.

7. The balance of reciprocal benefits resulting from Greek and United States concessions under the GATT would be seriously impaired in view of the fact that dried figs rank second after tobacco in the short list of Greek products for which the United States have granted tariff concessions. Consequently, Greek concessions would be automatically reconsidered and that would be detrimental to American imports.

III. Agricultural considerations

In order to facilitate and increase exports of Greek figs to the United States, a series of measures have been taken in common agreement between the technicians of the Ministry for Agriculture and the members of the American mission who have shown obvious interest in the matter.

The measures in question are as follows:

(a) The Department of Agriculture of the United States has sent to Greece an expert, Mr. Wood, who has indicated what steps should be taken immediately so as to bring the quality of Greek figs exported to the United States in line with the requirements of United States consumers and to

reduce the number of hitherto frequent cases when part of imported fig consignments were not accepted;

(b) After the organization which dealt with the fig trade had been abolished as agreed with the American mission, the Greek Ministry for Agriculture altered the pasteurisation system for this product. Pasteurisation is now effected with methyl bromide and not with carbon bisulphide as was previously the case;

(c) The Greek Ministry for Agriculture has furthermore prescribed a special type of fig to be exported to the United States and has spent \$ 20,000 and 1 billion Drachmae for the purpose of administering new measures (pasteurisation system, etc.);

(d) To ensure that all such matters should be better kept under review, the Ministry for Agriculture has successfully requested that an American expert, Mr. Tilson, be sent to Greece to control the application of the new fig pasteurisation system.

After the establishment of all these measures taken in agreement with the American mission, it is obvious that the competent services of the Ministry for Agriculture have been profoundly surprised at the news that an increase in the duty on figs was intended, such an increase being contrary to efforts made towards the development of imports of Greek figs into the United States.