

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/234

5 October 1954

Limited Distribution

Original: Italian

## GREEK LUXURY TAX AND TARIFF CHANGES

### Memorandum by the Italian Government

The following memorandum, dated 12 September 1954, has been received from the Italian Government by the Executive Secretary with the request that the question be placed on the Agenda for the Ninth Session of the CONTRACTING PARTIES:

"With reference to the decisions taken by the Greek Government on the customs and fiscal treatment of artificial textile products and with reference to the other customs measures covering different sections of the Greek customs tariff, the Italian Government wishes to state the following:

#### 'I) Artificial textile fibres and manufactures

Independently of the fact that it was not possible to reach an agreement between Italy and Greece on a new customs treatment of artificial textile fibres and manufactures thereof, the Italian Government finds itself compelled to submit to the CONTRACTING PARTIES the question of the luxury tax which is applied in a manner which discriminates between domestic and imported products.

The Greek luxury tax in so far as it is levied at the same rate (22 per cent) only for imported and domestically produced rayon is in fact, as admitted by the Greek authorities, applied in a discriminatory manner to other imported products. All other imported products of continuous artificial textile fibres (fabrics and other manufactures) are subject to a luxury tax (22 per cent) whereas Greek domestic products are exempt therefrom. A similar form of discrimination is practised for products of mixed discontinuous and continuous fibres. The rates are in this case however, lower (10-15 per cent).

Such discriminations besides constituting an excessive burden on imports into Greece of the products in question, is contrary to the precise provisions of Article III:2 of the General Agreement.

'II) Ad valorem minimum duties for certain textile products of cotton, wool, linen, hemp, jute and similar fibres; metallic yarns and textiles

No agreement has been reached between the Greek and Italian Governments with regard to the ad valorem minima introduced unilaterally by the Greek Government. The CONTRACTING PARTIES had decided at the Eighth Session, that consultations would take place between the interested parties and the Greek Government (see G/62, para.8).

'III) Cutlery

As indicated in L/181, the Greek Government has decided to apply an ad valorem minimum of 15 per cent to the specific duty, bound under the General Agreement, on item 80: "knives, spoons and forks". It should be further pointed out that this 15 per cent minimum has to be increased by the additional 75 per cent surtax calculated on the total basic duty and is therefore equal to 26.25 per cent.

Further, by a law which entered into force on 3 March 1954 and which made numerous other modifications to the Greek import tariff, a new sub-item "c" has been added to item 80 in the following form: "table knives, spoons, forks of special steel of any kind such as chrome, nickel, chrome-nickel steel, etc.". These products, if originating in countries which benefit from most-favoured-nation treatment, are subject to a duty of 52.5 per cent ad valorem (30 + 75 per cent). It is pointed out that the duties on this item were bound under the General Agreement at rates varying from a minimum of 20 to a maximum of 350 drachmas per 100 kg.

In accordance with the decision taken by the CONTRACTING PARTIES for similar cases, (see para.2 above) the application of an ad valorem minimum duty to item 80 of the Greek tariff as well as the modification of the scope of this item should have been the subject of consultations and negotiations between the Greek Government and the contracting parties having a substantial interest. These measures are in fact modifications of an earlier tariff concession.

It appears from Greek statistics for 1953 that the principal interested parties in exports of cutlery to Greece are Germany, Italy and France. The application of the new

customs treatment on this item should therefore be discussed with these countries. These consultations should, in the opinion of the Italian Government, take place without delay under the aegis of the CONTRACTING PARTIES.

'IV. Eye-glasses

A Greek measure which entered into force on 17 April 1954 modified unilaterally the customs duty on "eye-glasses of celluloid, ivory, tortoise-shell or other similar substances" raising it from 450 metallic drachmae to 1000 metallic drachmae per 100 kg. (tariff item 136-f). It should be pointed out in this connexion that such eye-glasses came under tariff item 136-d "eye-glasses, lenses for eye-glasses, or frames for eye-glasses in common metal or other substances, thread-counters". This item was bound under the Agreement at a rate of duty of 300 drachmae per 100 kg. and was susceptible of increase up to a maximum of 450 drachmae.

The above mentioned item 136-d has been replaced by the following:

136 -	Optical instruments, usual (weight of cases included):	
d.	eye-glasses, lenses of eye-glasses or frames for same of common metals, thread, counters . . . . .	450 drachmae per 100 kg.
f.	eye-glasses of celluloid, ivory, tortoise-shell or other similar material . . . . .	1000 drachmae per 100 kg.
g.	eye-glasses, and frames for same, of synthetic plastic material . . . .	450 drachmae per 100 kg.

Bearing in mind that item 136-d was bound in its entirety in Schedule XXV, the Greek Government could not modify its scope. It had of course the faculty to readjust the duty as decided at the Eighth Session of the CONTRACTING PARTIES but the increase which has been made in this duty obviously exceeds the limit allowed by that decision. In the opinion of the Italian Government, therefore, the duty on "eye-glasses of celluloid, ivory, tortoise-shell and other similar materials" should be brought back to the level at which it was bound'."