

GENERAL AGREEMENT ON TARIFFS AND TRADE

L/580

9 November 1956

Limited Distribution

CONTRACTING PARTIES

Eleventh Session

GREEK INCREASE IN BOUND DUTY

Report by the Group of Experts

Pursuant to instructions given by the CONTRACTING PARTIES at their meeting on 5 November 1956, the Group examined technical points raised in regard to the German complaint (L/575) that the Greek Government had increased the duty on item 137, e, 3, Gramophone Records, etc., which had been bound both at Annecy and Torquay.

The Greek representative said that his Government had left unaltered the specific duty as bound in Schedule XXV on item 137, e, 3. What they had done was to impose a duty which, with surtax, amounted to 70 per cent ad valorem on "long-playing" records (33 1/3 and 45 revolutions per minute). His Government explained this action on the grounds that such records did not exist at the time the Greek Government granted the above concession, that they contained a volume of recordings up to five times that of the old records, that they were lighter than conventional records, that they were made of different material, and that, therefore, as a new product, they were not covered by the item bound at Annecy and Torquay. The Greek representative further pointed out that countries which impose ad valorem duties on gramophone records were, because of the higher value of long-playing records, collecting substantially higher duties in monetary terms.

The Group did not feel that it was relevant to the problem to investigate the incidences of the different rates. They noted, however, that if the Greek Government had bound an ad valorem duty for this item, the problem would not have arisen; but they pointed to the essential difference between specific and ad valorem duties and the different consequences which followed the binding of one or the other type of duty.

The Group agreed that the practice generally followed in classifying new products was to apply the tariff item, if one existed, that specified the products by name, or, if no such item existed, to assimilate the new products to existing items in accordance with the principles established by the national tariff legislation. It was noted that when this item was negotiated the parties concerned did not place any qualification upon the words "gramophone record".

The Group consequently reports to the CONTRACTING PARTIES its finding that "long-playing" records (under 78 revolutions per minute) are covered by the description of item 137, e, 3 bound in Schedule XXV (Annecy and Torquay) and, therefore, the rate of duty to be applied to long-playing records is that bound in the schedules under that item. As the action taken by the Greek Government involves a modification in a bound rate, it is the opinion of the Group that the Greek Government should have resorted to the procedures provided in the Agreement for such modification.

In view of the attitude taken by the governments mainly affected, the Group feels the CONTRACTING PARTIES might give sympathetic consideration to any request addressed to them by the Greek Government for authority to renegotiate the item in question.