

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## GREEK INCREASE IN BOUND DUTIES

### Statement submitted by the Delegations of Greece and the Federal Republic of Germany

The delegations of Greece and the Federal Republic of Germany have examined the situation resulting from the classification of gramophone records and cylinders, recorded at under seventy-eight revolutions per minute, in a new sub-item 137(e)3 bis in the Greek customs tariff, and from the application to this sub-item of a duty higher than that which had been bound under GATT for item 137(e)3.

The respective position of the two Governments may be summarized as follows:

In creating a new tariff item for long-playing records, which are a new product that was not imported by Greece at the time when the duty applicable to gramophone records was negotiated in GATT, the Greek Government has acted in accordance with Article 3 of the Greek tariff law which states: "products which cannot be classified by analogy under one of the tariff headings shall be subject to an ad valorem duty of 30 per cent in the case of goods imported from a country with which a trade agreement has been concluded, and of 50 per cent in the case of goods imported from other countries". The Greek Government considers that the conventional duties continue to be governed by the provisions of the Greek tariff law, the text of which was communicated to the other governments at the time of the negotiations. Furthermore, its interpretation of the provisions of the tariff law in the case of long-playing records is in conformity with the jurisprudence of the Greek courts, which have stated that: "the factors which constitute the analogy and which must therefore determine the assimilation are the condition, the degree of processing, the method of manufacture and the value of the product". The Greek Government therefore considers that it was justified in classifying the records in question in a new sub-item and in regaining its freedom to act regarding the tariff rates applicable to those products.

For its part, the Federal German Government considers that the binding of item 137(e)3 applies to all records, whatever the speed of the recording, since the description of products in the item is general and makes no exceptions. Furthermore, the German Government cannot admit that long-playing records are a new product since, as shown by 1949 catalogues, that product was available on certain commercial markets before the tariff negotiations. The German Government therefore considers that this is not a case of assimilation to which Article 3 of the Greek tariff law would be applicable, and that the withdrawal

of binding of the duty on long-playing records and the increase of that duty as compared with the conventional rate of duty constitute a modification of the tariff concession, and that before making that modification the Greek Government should have had recourse to those provisions of the General Agreement which permit the temporary or permanent withdrawal of tariff concessions.

The two delegations nevertheless considered that instead of continuing detailed discussion before the CONTRACTING PARTIES of the legal and technical problems arising from this matter, it was preferable to seek a practical solution which would reconcile the relevant trade interests.

In order to take into account the difficulties which the measure seemed to have caused for the Federal German Government, the Greek Government declared its readiness to hold negotiations with that Government with a view to arriving at a satisfactory agreement.

Following those negotiations, the Greek Government has agreed to bind item 137(e)3 bis at the rate of 36 per cent and to take the necessary action to include this concession in the Greek Schedule annexed to the General Agreement on Tariffs and Trade.

In these circumstances, the Federal German Government no longer asks for a ruling on the question of principle and, in a conciliatory spirit, agrees to withdraw the complaint which it had submitted to the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade.