

COMPLAINTS

SPECIAL IMPORT TAXES INSTITUTED BY GREECE

Report adopted by the CONTRACTING PARTIES

on 3 November 1952

G/25 - 1S/48

1. The Panel on Complaints examined with the representatives of Greece and France the complaint of the French Government regarding the alleged inconsistency of a special "contribution" levied by the Greek Government on certain imported goods. Representatives of the International Monetary Fund participated in the discussions on this matter. The French delegation, supported by the United Kingdom delegation, contended that the tax was applied only on imported products and was contrary to the provisions of paragraph 2 of Article III of the General Agreement as no corresponding charge was levied on like domestic products. The United Kingdom delegation maintained also that, if it were found that the Greek "contribution" was not to be considered as an internal tax or charge within the meaning of Article III, it would nevertheless have to be treated as an import charge within the meaning of Article II, and, as that charge was in excess of those authorized by the provisions of that Article, it was contrary to those provisions insofar as it applied to products in Schedule XXV.

2. On the other hand, the Greek delegation stated that the contribution levied by its Government was, to all intents and purposes, a charge imposed on foreign exchange allocated for the importation of goods from abroad equivalent to a multiple currency practice, which measure was considered by the Greek Government as indispensable to cover the constantly widening gap between the official exchange rates of the drachma in relation to foreign currency and the effective purchasing power of the drachma. Accordingly, this contribution did not fall under Article III, the

product, that practice would be precluded by Article 18. It may be pointed out that the possible existence of charges on the transfer of payments insofar as these are permitted by the International Monetary Fund is clearly recognized by Article 16."¹

7. On the other hand, if the contention of the Greek Government were accepted that the tax was not in the nature of a tax or charge on imported goods but was a tax on foreign exchange allocated for the payment of imports, the question would arise whether this was a multiple currency practice, and, if so, whether it was in conformity with the Articles of Agreement of the International Monetary Fund. These matters would be for the determination of the International Monetary Fund. If the Fund should find that the tax system was a multiple currency practice and in conformity with the Articles of Agreement of the International Monetary Fund, it would fall outside the scope of Article III.

8. Even if it were found that the tax did not fall within the ambit of Article III the further question might arise under Article XV:4 whether the action of the Greek Government constituted