

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE
For Immediate Attention

Mr. A. S. Gerstein

Room 537-A

(1)

#12

EB/CGATT/53/5

May 15, 1953

To: Members of the Committee on Liaison with the
CONTRACTING PARTIES to the GATT

From: A. Z. Saad, Chairman

Subject: GATT Inquiry concerning Greek Taxes

The staff has submitted for the Committee's consideration the attached memorandum and draft letter to the CONTRACTING PARTIES in regard to the questions raised in the letter of December 10, 1952, from the Executive Secretary of the CONTRACTING PARTIES (EBD/53/7). I would propose that if no revisions or suggestions are made by the members of the Committee by 5:30 p.m., Wednesday, May 20, 1953, the draft letter be deemed approved by the Committee for submission to the Executive Board.

Att: (2)

Other Distribution:

Members of the Executive Board
Department Heads
Division Chiefs

EX-11/1
Legal Department
Central File

Legal Department
Central File

May 12, 1953

To: Chairman of the Committee on Liaison with the
CONTRACTING PARTIES to the GATT

From: Director, Exchange Restrictions Department

Subject: GATT Enquiry Concerning Greek Taxes

By letter of December 10, 1952 (EBD/53/7), the Executive Secretary of the CONTRACTING PARTIES stated that the CONTRACTING PARTIES wished to know whether, in the opinion of the Fund, the tax imposed by Greece under the Decree of October 7, 1952, constituted a multiple currency practice and, if so, whether it was in conformity with the Fund's Articles of Agreement. The Fund replied on February 6, 1953 (Att. III, EBD/53/21) that it was pleased to be of assistance to the CONTRACTING PARTIES in this matter and was giving consideration to these questions. Subsequently a memorandum was circulated to Executive Directors (SM/53/18) in which the staff analyzed the exchange taxes on import and export subsidies of Greece and made certain recommendations. Executive Directors were advised that the matter of the GATT enquiry would be dealt with following the Board's decision in connection with SM/53/18.

On April 9, 1953, the Fund agreed to the proposal by the Greek Government to unify its exchange system by the elimination of its multiple currency practices and adjustment of the official exchange rate. This action involved the elimination of the taxes levied in connection with imports (called "contributions") which were the subject of the enquiry by the CONTRACTING PARTIES. In these circumstances the staff recommends that the attached letter be sent to the Executive Secretary of the CONTRACTING PARTIES.

Att: (1)

DRAFT LETTER

Dear Sir:

I refer to your letter of December 10, 1952, and to my reply of February 6, 1953. In your letter, you asked on behalf of the CONTRACTING PARTIES whether, in the opinion of the Fund, the tax imposed by Greece under the Decree of October 7, 1952, constituted a multiple currency practice and, if so, whether it was in conformity with the Fund's Articles of Agreement.

As you will be aware, the Government of Greece took certain action effective April 9, 1953, to unify its exchange system by the elimination of its multiple currency practices and adjustment of the official exchange rate. The Fund has been advised that in this action the "tax", or "contribution", levied in connection with certain imports under the Decree of October 7, 1952, has been eliminated. We presume that, as a result, the questions of whether this tax constitutes a multiple currency practice and, if so, whether it is in conformity with the Fund's Articles of Agreement no longer arise.

Yours sincerely,

H. M. Cochran
Acting Chairman of the Executive Board
and
Acting Managing Director

Mr. Eric Wyndham White
Executive Secretary
CONTRACTING PARTIES to the General
Agreement on Tariffs and Trade
Villa le Chene
Geneva 10, Nations Unies
Switzerland