

AIR POUCH

PRIORITY

OFFICIAL USE ONLY

(Security Classification)

DO NOT TYPE IN THIS SPACE

FOREIGN SERVICE DESPATCH

FROM : Amembassy, ATHENS

309
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 29, 1960

SEP. 29 1960

REF : CERP - Section D, Items I-A-6; III-A-1, 2 & 3

35 For Dept. Use Only	ACTION Com-12 REC'D 10-3	DEPT. IN F O OTHER	Rep-1 1NR-7 E-7 1CA-11 1EA-3 EUR-3 CIA-15 TAR-2 TR-3 FRB-3 XMB-4 AGR-8
-----------------------------	-----------------------------------	--------------------------------	---

SUBJECT: Imports of USSR Roadbuilding Machinery OSD-4 Army-4 NAVY-3 INT-7 EXCON AIR-6 NSA-2

1. Recently reports have been reaching the Embassy from various sources to the effect that the Greek Government was contemplating the importation of \$2.5 million worth of agricultural machinery from Soviet Russia in exchange for Greek tobacco of equal value.

2. One source indicated that for some time past the Greek Ministry of Agriculture had been considering the purchase of a number of crawler type tractors and certain other types of farm machinery and that, in accordance with established procedures, the Ministry of Commerce had been asked to authorize the announcement of an international tender. Reportedly, the Ministry of Agriculture was very keen on buying American-made equipment which it had been using for many years with signally satisfactory results. However, the Ministry of Commerce replied that the only basis upon which it was prepared to authorize the purchase would be in exchange for an equivalent export of state-owned Greek leaf tobacco.

3. This morning an official of the Ministry of Commerce confirmed to the Embassy the above reports adding that the matter was being considered in the Foreign Trade Board at ministerial level and that a decision should be made in the next few days. The Embassy's informant further stated that the proposed transaction involved roadbuilding machinery which, however, could also be used for agricultural purposes, and, without being able to provide specific details, indicated that the procurement would probably be for the account of the Ministries of Agriculture and Public Works.

4. A Foreign Trade Board resolution along the above lines would constitute another attempt on the part of the Greek Government to divert trade from Western countries to the Soviet bloc through the application of essentially discriminatory licensing controls. The Embassy has already expressed its concern about this matter to officials of the Greek Ministry of Commerce and will make the necessary representations as soon as the details of the proposed transaction and its full implications become known.

5. The Department will be kept currently informed of further developments.

For the Ambassador:

1960 OCT 2 AM *Donald K. Palmer* **T**
Donald K. Palmer
Second Secretary of Embassy

DEPARTMENT OF STATE
RECEIVEDcc. USOM/G
Amembassy/MoscowJNepetides/DKP/mv
REPORTER

OFFICIAL USE ONLY

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

This Document must be returned to the RM/R Central Files

461.8141/9-2960

461.8141/9-2960
HBST
L
E
D

INCOMING AIRGRAM

Department of State

ACTION COPY

53

Action

NEA

OFFICIAL USE ONLY

Classification

B 0 0 9 1

PAGE 1 OF 1

This document must be returned to the RM/R Central files

Info FROM: Amembassy ATHENS
SS TO: SecState WASHINGTON
G RPTD INFO: Amembassy MOSCOW
S P NO: G-185
C
L
H
S B
EUR
E
UCEA
P
US IA
MOP
OCB
INR
CIA
NSA
OSD
ARMY
AIR
NAVY
NIC
RMR

Date Sent: October 8, 1970
Rec'd:

OCT 9 4 27 PM '70

1. Government has announced that Soviet Trade delegation arriving October 20 to begin negotiations for renewal of trade agreement which expires December 31, 1960. Greek Commercial Counselor in Moscow will participate in Athens talks.

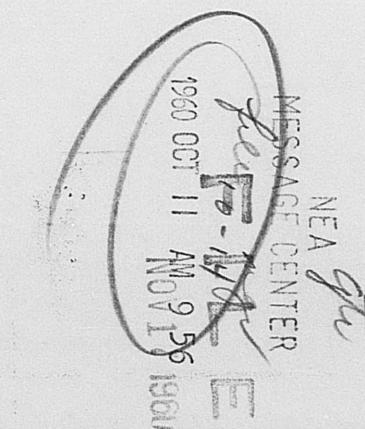
2. Comment: Announcement makes no mention of Soviet Trade Minister whose visit to Athens has been postponed several times. Emb will discuss Soviet trade talks with senior MinComm officials who have just returned from Yugoslavia where new trade agreement concluded. Details Yugoslav agreement not yet publicized and will be reported as soon as possible.

BRIGGS

DKP
DKP

cc: POL
ECON

ECON:DKPalmer:sam/10/7/60



OFFICIAL USE ONLY

Classification

REPRODUCTION FROM THIS COPY IS
PROHIBITED UNLESS "UNCLASSIFIED"

PERMANENT

RECORD COPY • This copy must be returned to RM/R central files with notation of action taken.

461.8141/10-860

CIA

ACTION COPY

INCOMING AIRGRAM

Department of State

34
Action

NEA

Info
SS FROM: AmEmbassy ATHENS

EUR TO: Department of State, WASHINGTON

E UCEA NO: C-242

UMSC RPTD INFO: AmEmb MOSCOW
UIGC AmEmb BRUSSELS FOR BUSEC

ICA P REF: C-135, October 8, 1960

CONFIDENTIAL
Classification

R M/R B 0 0 4
PAGE 1 OF 1
Date Sent: November 4, 1960
Rec'd:

Nov 6 10 57 AM '60

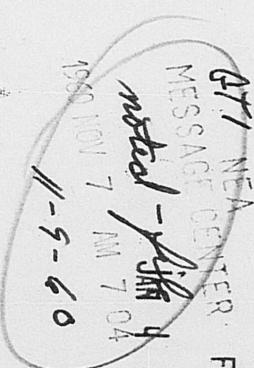
This Document must be returned to RM/R Central Files

Greek press recently reported Soviet trade talks postponed until end November in order avoid overlap with similar talks scheduled mid-November with West Germans. Reasons for deferral Soviet visit (including that of Trade Minister) discussed today with Fontff official. He said German talks not important factor in delay of Soviet negotiations. Said Greeks did not want Soviets to come now or in near future; until Greece's association with Common Market was settled such a visit would be ill-timed. Official said first problem was arranging Greece's trade relationships with CI countries. Results with this area - especially as regards certain (unspecified) commodities - would influence type of future trade relationships with Soviets. He said December 31 closing date for present trade agreement would not cause any problems; this could be taken care of by simple extension.

US IA
INR
CIA
NSA
OSD
ARMY
NAVY
AIR
COM
CEA
XMB
FRB
TRS Y
RMR

BRIGGS

DKP
DKP



cc: DCM
POL
Mr. Campbell
ECON:DKPalmer/bg 11/4/60

S

CONFIDENTIAL

Classification

PERMANENT

RECORD COPY • This copy must be returned to RM/R central files with notation of action taken.

REPRODUCTION FROM THIS COPY IS
PROHIBITED UNLESS "UNCLASSIFIED"

CIA CLASSIFIED FILE

461-8141-11-460

AIR POUCH

PRIORITY

UNCLASSIFIED

(Security Classification)

DO NOT TYPE IN THIS SPACE

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, ATHENS

427

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

AB Nov 15, 1960

DATE

REF : CERP - Section D, Item I-A-6

RS AMG
NOV. 16 1960

For <i>2</i> Dept. Use Only	ACTION <i>NET 4</i>	DEPT. <i>I N P m / R R R E P . 1 / N R . 7 / e a c h E . 7 M C . 1 E U R . F O T H E R</i>
	REC'D <i>11-19</i>	<i>Clu. 15 Com. 12 TR. 3 USD-5 Army & Navy 4</i>

SUBJECT: EXCON - APPROVAL GRANTED FOR GREEK-USSR BARTER TRANSACTION *Agd. 8
INT. 7*

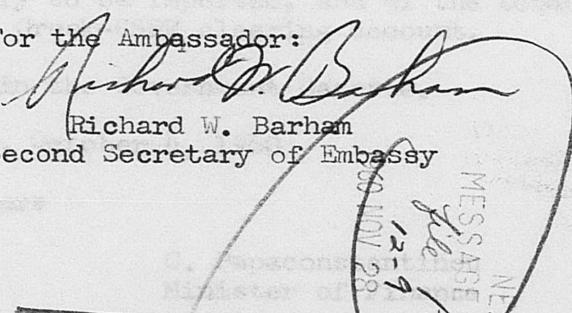
1. This despatch reports a decision of the Greek Foreign Trade Board (No. 48410/October 4, 1960) approving the procurement from the Soviet Union of land development and improvement equipment (i.e. excavators, bulldozers, and graders) for the requirements of the Ministry of Agriculture.

2. Foreign Trade Board Decision No. 48410 (published in Government Gazette Folio #434, Vol. II, October 15, 1960) has been translated into English and is transmitted as Enclosure No. 1 to this despatch. The main points of the decision are:

(a) Total value of transaction: \$2,574,700 worth of equipment to be delivered at the warehouses of the Ministry of Agriculture.

(b) Terms of payment: Total payment in Greek Government tobacco stocks to be exported by December 31, 1961. Payment to be effected through the Greek-USSR clearing account.

For the Ambassador:

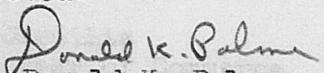


Richard W. Barham
Second Secretary of Embassy

Enclosure:

Translation of FTB
Decision 48410.

Approved:



Donald K. Palmer

Second Secretary of Embassy

cc: USOM/G
Amcongen Thessaloniki
Amembassy Paris (for USRO)
Amembassy Moscow

N.S.
NSavvas/RWB/dk

REPORTER

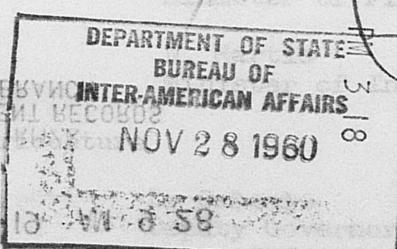
UNCLASSIFIED

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

461.3141/11-1560 HBS

This document must be returned to the RMF Central Files



TRANSLATION

No. 48410

Re: Procurement of Soviet machinery in exchange for Government-owned tobacco.

The Foreign Trade Board, in consideration of the provisions of (1) Legislative Decree 480/1947 re: Establishment of FTA; (2) Legislative Decree 3982/1959 re: Ratification of Council of Ministers' Resolution No. 163/1.23.1958; (3) Ministry of Agriculture documents No. 23940/12153/5.20.1960 and 35427/17702/YA/7.20.1960; and (4) Ministry of Coordination Document No. 20211/GA 1042/6.1.1960, decides that:

We approve the procurement of the following equipment through direct purchase by the Ministry of Agriculture from the Organizations AUTOEXPORT and MACHINOEXPORT in USSR, represented in Greece by SPECKLE S.A.:

- (1) Fifteen excavators with draglines, Type E-651
- (2) One hundred bulldozers, Type D-259-O-100
- (3) Fifteen graders, Type D-144

of a total value of \$2,238,880 plus \$335,820 for fast-moving spare parts, i.e. a grand total of \$2,574,700 for merchandise to be delivered at the warehouses of the Ministry of Agriculture.

The above approval is granted on condition that the USSR shall undertake the obligation to purchase through the appropriate organization Greek Government-owned leaf tobacco of equal value. The tobacco must be exported by December 31, 1961. Settlement of the value of the machinery to be imported, and of the tobacco to be exported, will be effected through the Greek-USSR clearing account.

The present decision must be published in the Government Gazette.

Athens, October 4, 1960

The Ministers

A. Protopapadakis
Minister of Coordination

C. Papaconstantinou
Minister of Finance

L. Dertilis
Minister of Commerce

N. Martis
Minister of Industry

C. Adamopoulos
Minister of Agriculture

R. M. Westebbe
Executive Director, FTA

D. Galanis
Deputy Governor,
Bank of Greece

VIA AIR POUCH

PRIORITY

OFFICIAL USE ONLY

(Security Classification)

DO NOT TYPE IN THIS SPACE

FOREIGN SERVICE DESPATCH

FROM : AmEmbassy

624

DESP. NO.

January 19, 1961

R

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : CERP - Section D, Item III-A-2 and Item VII-A-1
Embdes 427, November 15, 1960

DATE

JAN. 23 1961

UKEA-1 UMSC-3

35 For Dept. Use Only	ACTION	DEPT.						
	REC'D	I N F O	Rep-1	INR-7	E-9	NEA-4	EUR-5	ICA-11
	1-26	O	CIA-15	TR-3	FRB-2	XMB-4	AGR-8	INT-7 OSD-5

SUBJECT: EXPORT: Proposed Purchase of Soviet Road-Building and Agricultural Equipment.

ARMY-4
NSA-2
NAVY-4
AIR-6

1. For sometime past the Embassy has been hearing reports to the effect that the procurement by the Ministry of Agriculture of about \$2.5 million worth of Soviet-made draglines, bulldozers and graders in exchange for Greek tobacco of equal value was encountering serious difficulties and might not go through. In an effort to obtain reliable information about the present status of this transaction and, in the process, evaluate the possibilities that might exist for U. S. manufacturers to obtain at least a portion of the above business, the Embassy discussed this matter with Mr. George Contogeorgis, Director of Exports and Trade Agreements, Ministry of Commerce, and with Mr. John Paleologue, Director General of the Ministry of Agriculture in charge of the Ministry's Land Development Service. The meeting with Mr. Contogeorgis took place on January 8, 1961, in the course of which he furnished the following information:

2. In August 1960, the Russians agreed to purchase in Greece \$2.5 million worth of 1959 crop tobacco, on condition that, in exchange, the Greek Government would purchase Soviet-made earthmoving machinery of equal value. The transaction was approved by the Foreign Trade Board and a resolution was passed in August 1960 setting forth the details of the deal and the types of equipment to be purchased by the Greek Ministry of Agriculture. However, the resolution was not made public until late in September 1960 (see Embdes 427, November 15, 1960). The transaction was contingent on a clear understanding that the amount of tobacco to be purchased would be within the limits, and not in excess, of the amount of tobacco that the Russians might eventually agree to buy from Greece during the calendar year 1961. The quota for CY 1960 was 8,000 tons and Mr. Contogeorgis thought that a similar quota for 1961 would probably be established when a new agreement would be negotiated. It was also agreed that tobacco purchases under the proposed arrangement would be confined to merchandise which the Greek Government had bought and had been holding in stock in connection with the implementation of its 1959 tobacco price support program.

3. The Russians were given samples and prices of the various Government-held lots of 1959 crop tobacco and after a while reported to the Ministry of Commerce that the quotations were too high and the grades offered did not strictly meet their requirements.

J Enepekides/RD/ce

REPORTER

OFFICIAL USE ONLY

ACTION COPY — DEPARTMENT OF STATE

The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

FEB - 9 1961

T
I
L
E
D

LWS

4. In a desire to clinch the deal, the Ministry of Commerce agreed, in mid-December, to shave quotations down to the lowest prices currently being paid for the same or similar grades of tobacco by West German and U.S. buyers, but the Russians were still unwilling to do business. The possibility that a further paring of prices on Government held stocks might react adversely on open-market U.S. and West German tobacco purchases, stopped Commerce Minister Dertilis from yielding further to the Soviet bargaining tactics and it was in that connection that rumors were spread that the entire deal had fallen through.

5. Early in January 1961, the Russians came back indicating that they would be prepared to buy one 450-ton lot of Western Macedonia tobacco valued at about \$500,000, if the Greek Government would make a slight (on the average 1½%) reduction in price. The Minister of Commerce again refused to move on the assumption that, if the Russians were genuinely interested in the transaction they would in the end pay the small difference in the price of the tobacco.

6. On January 11, 1960, Mr. Contogeorgis informed the Embassy by telephone that, as anticipated, the Russians had finally decided to accept the Greek Government's quotation on the 450-ton lot and that the transaction could now be considered as closed. Mr. Contogeorgis added that he had reasons to believe that the Russians might purchase additional quantities -- possibly as much as another 500-600 tons -- thus providing the basis for the procurement by the Ministry of Agriculture of at least \$1.5 million worth of Soviet-made equipment against the original FTB approval for \$2.5 million.

7. In this connection Mr. Contogeorgis expressed the personal view that the above-mentioned transaction and any additional sales of tobacco to the USSR which might materialize in the near future, should not preclude the sale of some U.S. equipment to the Ministry of Agriculture under the recently revised utilization requirements for Defense Support dollar funds. He suggested that this possibility be brought to the attention of the appropriate officials of the Ministry of Agriculture and urged strongly that agricultural and road-building equipment be included in the list of potential imports from the U.S. to be financed with Defense Support funds.

8. On January 11, 1961, the question of the requirements of the Ministry of Agriculture for mechanical equipment was reviewed with the Ministry's Director General, Mr. John Paleologue, in the course of a meeting with Embassy representatives. Mr. Paleologue indicated that his long experience and intimate familiarity with mechanical equipment owned and operated by the Ministry of Agriculture had convinced him of the unquestionable superiority of U.S. well-drilling, agricultural and earthmoving equipment, which he described as the best in the world. He described the Russian "crawler ~~tractors~~" tractors as being equipped with tolerably good power plants but he considered their track system not sturdy enough for Greek operating conditions. He said the blades of Russian-made bulldozers have been found to be weak and unable to withstand the extra strain placed on them by Greece's hard and rocky soil. However, the Russians promised to equip the bulldozers to be purchased by Greece with reinforced blades and tracks. Mr. Paleologue indicated that the technical specifications had not yet been finalized and were still subject to approval by the Ministry of Agriculture.

9. Mr. Paleologue added that for several years past he had been trying to obtain approval for the purchase of U.S. tractors, bulldozers and other types of earthmoving equipment for the requirements of the Land Development Service of the Ministry of Agriculture, but his plans had been frustrated by lack of funds. Early in 1960 his attention was called to the possibility of procuring some such equipment from the USSR in exchange for Greek tobacco. It was pointed out to him that, inasmuch as the Greek farmers had already been paid by the Greek Government for the tobacco that would be sold to the Russians, the Government could afford to spread amortization of the drachma value of the equipment to be imported from Russia over a period of years during which part of the amount advanced would be earned from renting out the equipment to farm cooperatives and part of it would be set off against budgetary appropriations for the implementation of the Government's land development program.

10. On the principle that Russian equipment was better than no equipment at all, the Ministry of Agriculture, according to Mr. Paleologue, reluctantly agreed to the purchase of Soviet equipment and in May 1960 gave its consent to the procurement of 15 track-laying draglines, 100 bulldozers and 15 graders of a total estimated delivered value of \$2,574,700, on the basis of which the Foreign Trade Board issued its August 1960 approval. There had been some delay in concluding the transaction and, at the time of the meeting, Mr. Paleologue was not in a position to say whether and to what extent the proposed purchase would actually be made.

11. Mr. Paleologue heard with genuine interest the possibility of shifting at least a portion of the Ministry's requirements for earthmoving equipment from the USSR to the United States and eagerly sought information as to how this could be done. He was told about the recent Presidential directive limiting the use of Defense Support grant aid funds to the procurement of American products only and the efforts being made by USOM/G and the Embassy to have farm and roadbuilding machinery included in a tentative list of commodities procurable from the United States against the amount of \$11 million in 1960/61 Defense Support funds still available (see Embdes 576, January 9, 1960, item 2).

12. In the course of the conversation with Mr. Paleologue it became evident that, inasmuch as the use of Defense Support dollar funds to finance imports on a deferred basis extending over a period of 4 - 5 years did not appear to be possible, the main problem confronting the Ministry of Agriculture in obtaining some of its machinery requirements from the U. S. under the new Defense Support aid utilization procedures was the availability of drachmas to purchase the necessary dollar exchange from the Bank of Greece. Mr. Paleologue explained that in the 1961 Public Investment Program, just announced, his Service had been allotted 25.7 million drachmas (\$860,000) for land development, of which 7.7 million drachmas (\$257,000) is earmarked for the procurement of Soviet earthmoving equipment and the balance of 18 million (\$600,000) for other uses including the purchase of equipment from sources other than the Soviet Union. Therefore, if, say \$1,000,000 worth U.S. equipment were to be procured under the recent utilization procedures for Defense Support funds, the Ministry of Agriculture must find 30 million drachmas to purchase the necessary foreign exchange and then repay the loan out of its 1961 and subsequent budgetary allocations over a period of several years.

13. Mr. Paleologue said that a financing arrangement of this character extended beyond his own jurisdiction and competence, but he indicated that he would discuss the matter with his Minister and urge that the possibilities of buying some U. S. equipment be fully explored. He thought that as long as the purchase of Soviet equipment of doubtful reliability seemed inevitable, it would be highly desirable for his Service to be given an opportunity to acquire some U. S. equipment of proven durability in order (a) to bring out more emphatically the comparative worth of the two types of equipment, and (b) to insure uninterrupted work on construction projects in progress in the event some of the Soviet equipment should break down.

14. The problem of utilization of the balance of the 1960/61 Defense Support grant aid is now being discussed between the Greek Government and USOM, and developments in this respect, affecting the transaction discussed in this despatch, will be reported promptly.

For the Ambassador

Roger Dow

Roger Dow

First Secretary of Embassy

Approved:

Donald K. Palmer Jr
John J. Haggerty
Counselor of Embassy
for Economic Affairs

cc: USOM/G

NOTE: Since this despatch has been typed, the Embassy has received information to the effect that the Russian bought another 300 tons of Government-owned 1959 crop tobacco worth about \$200,000. Accordingly, as of January 19, total purchases by the USSR of 1959 crop tobacco amounted to 760 tons valued at approximately \$700,000 against which the Greek Government is obligated to purchase Soviet roadbuilding and agricultural machinery. In the past few days there has been such an active demand from other sources for Government-held 1959 tobacco that Ministry of Commerce officials doubt whether the Russians will be able to buy much more tobacco of this category in implementation of their machinery barter agreement with the Greek Government.

AIR POUCH
HANDLING INDICATOR

OFFICIAL USE ONLY

For Department Use Only

FOREIGN SERVICE DESPATCH

FROM : AmEmbassy ATHENS

235
NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

October 2, 1961
DATE

REF : CERP - Section D-11

For Dept. Use Only	A C T I O N	D E P T I N F O	RM/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	18 2	ICA 11
		O T H E R	AGR	COM	FRB	INT	LAB	TAR	TR	XMB					
RECD	10/6		8	12	3			2	3						

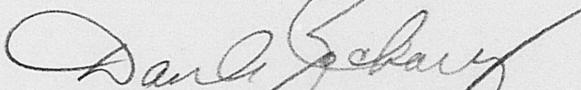
SUBJECT: Greek-Soviet Trade Talks Postponed

1. The Greek-Soviet trade talks originally scheduled for early October have now been postponed until after the national elections set for October 29. The reason is that the official who was to head the Greek delegation to Moscow, Triantaphyllis, formerly Director General of the Ministry of Commerce, has been named Minister of Commerce in the caretaker government. The Soviets were given the choice of postponing the talks until November when Triantaphyllis can head the delegation or starting in the near future with another delegation head. On September 29 the Soviet Commercial Attaché informed the Commerce Ministry that the USSR prefers to postpone the talks.

2. According to a Commerce Ministry export specialist, Kontogeorgis, who will probably be on the Greek delegation, the talks will probably get started in late November. No significant changes are expected in the commodity units, especially since the agreement to purchase 450,000 tons of Soviet crude oil in 1962 has already been initialled. Kontogeorgis also said that tobacco exports, the principal Greek export to the USSR, will probably remain at the same level or even drop slightly in the new quota lists.

cc: USOM/G (2)
AmConGen Thessaloniki
AmEmbassy Moscow
AmEmbassy Paris/USRO

For the Charge d'Affaires a.i.:


Dan A. Zachary

Second Secretary of Embassy

Approved:


Roger Dow

John J. Haggerty
Counselor of Embassy
for Economic Affairs

DAZachary:kjj

OFFICIAL USE ONLY

FORM 6-61 FS-439 GPO 912596

For Department Use Only - To be Filled In on Yellow Original ONLY

ACTION ASSIGNED TO: NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN DATE OF ACTION	DIRECTIONS TO RM/R
NEA / GTI / C.R. Schott	no action file	

SEARCHED
INDEXED
FILED
12/04 PM '61
NEA
CENTRE

461.8141/10-261

HAD

ACTION COPY

PERMANENT RECORD COPY

INCOMING AIRGRAM

Department of State

(18)

Action

EUR-22

Info
RM/R-2 FROM: BONNNEA-9 TO: Secstate WASHINGTON
INR-8
E-71 NO: A-521ICA-20 INFO: Amembassy ATHENS A-16
CIA-16 Amembassy LONDON A-149
COM-10 Amembassy PARIS A-153
TR-5 Amembassy ROME A-36
INT-5
TAR-2
CSD-20
ARMY-M-1
NAVY-4
NSA-4

Classification

OFFICIAL USE ONLY

PAGE ____ OF ____ PAGES

Date Sent: Oct 28, '61

Rec'd:

461.8141/10-2861

File OCT 30 1 44 PM '61

JAC
Amembassy BRUSSELS A-30
Amconsul HAMBURG A-67
Nov. 1, 1961

PARIS ALSO FOR USRO, BRUSSELS ALSO FOR BUSEC.

Reliable informant reported Greek Government concerned over failure USSR deliver 40,000 tons gasoil to Greece under 1961 delivery agreement. Greeks reportedly worried USSR now will refuse accept Greek commodities especially tobacco intended as payment for oil. GOG also evidently in receipt notification USSR 1962 deliveries gasoil will be reduced 50% and delivery therefore will amount to 90,000 tons instead 180,000 tons.

GOG awarding contract French Group for 40,000 tons gasoil at \$26.50 per ton replace USSR short delivery. Same contract GOG purchasing 20,000 tons gasoline at \$29 per ton and 3,000 tons fuel oil at \$12 per ton. Prices FOB Piraeus.

BOWLING

EHB

DEPARTMENT OF STATE

1961 OCT 31 PM 2

DEFERRED
MESSAGE NUMBER
461.8141/10-2861

FILED

ECON:ECT:VLMerrill:af 10/27/61

ECON:EEGetzin

EHBurgerie

- This copy must be returned to RM/R central files with notation of action taken.

ACTION	OFFICIAL USE ONLY		REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"
ASSIGNED TO:	TAKEN	Classification	
NAME OF OFFICER & OFFICE SYMBOL	DATE	ACTION	DIRECTIONS TO RM/R

ACTION COPY

PERMANENT RECORD COPY

INCOMING AIRGRAM

Department of State

5
ActionUNCLASSIFIED COPY
Classification

PAGE 1 OF 1 PAGES

EUR-22

Info
 R/M/R-2 FROM: Ambassador Mission
 NEA-9 TO: Secretary of State
 E-11
 INR-8 NO: A-379
 AID-20
 L-3 RPD: Ambassadorial Affairs

Date Sent: November 24, 1961
 Rec'd: 461.8141/11-2461
 XR 661.8141

QIA-16
 COM-6
 TR-5
 OSD-20
 Army-M-1
 NAVY-4
 NSA-4
 INT-5
 AGR-20

AMB
 MIN/POL
 ECON
 CHRON

PARTS FOR TRADE.

The Greek Commercial Counselor informed an Embassy officer November 22 that a Greek trade delegation was scheduled to arrive in Moscow within a week to renew the three-year trade agreement and to determine 1962 quotas. The last three-year agreement expired in 1960 after the Soviet delegation failed to appear in Athens. No reason was given by the Counselor. Trade continued in 1961 along previous lines, i.e., Soviet crude oil, refined products, and wood for Greek tobacco, fruit, and hemite.

The Greek delegation will be headed by Minister of Trade KARITANIS. Price treatment and oil are expected to be the major issues. Ratification of pending Greek application for Common Market association is expected shortly and involves a 20-year reduction of tariffs to Common Market levels.

THOMAS

(Rindfuss)

DEC 7 1961

FILED - OFFICE OF ANALYSTS
EUROPEAN AFFAIRS
MESSAGE CENTER

1961 DEC 1 1961 23

RCW
 Rindfuss/air
 11/24/61

- This copy must be returned to RM/R central files with notation of action taken.

ACTION	ACTION TAKEN	Classification	REPRODUCTION OR DISSEMINATION OF THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"
ASSIGNED TO:	DATE OF ACTION	DIRECTIONS TO RM/R	
NAME OF OFFICER & OFFICE SYMBOL			

AIR POUCH

OFFICIAL USE ONLY

HANDLING INDICATOR

FOREIGN SERVICE DESPATCH

FROM : AmEmbassy Athens

385

For Department Use Only

TO : THE DEPARTMENT OF STATE, WASHINGTON.

NO.

461.814791-2961

DEC

1961

November 29, 1961

DATE

1961

REF : CERP - Section D-11

DEC 1 1961

AID

For Dept. Use Only	A C T I O N	I N F O	D E P T	R/M/R	REP	AF	ARA	EUR	FE	NEA	CU	INR	E	P	IO	TEA
	REC'D	RECEIVED	RECEIVED	AGR	COM	FRB	INT	LAB	TAR	TR	XMB	7	7	10	11	
			OTHER	12	10	3	7		2	3						
			AIR	ARMY	CIA	NAVY	OSD	OCB	USIA	NSA						
			6	4	15	4	5		10	4						

SUBJECT: EXCON: Greek Trade Relations with USSR - Export Quota for Greek Olive Oil.

1. This despatch summarizes a conversation between officers of the Economic Section of the Embassy and Mr. John Komitsas, Deputy Director General of the Greek Ministry of Commerce and head of the Greek team which is scheduled to leave shortly for Moscow in order to negotiate a renewal of the three-year Greek-Soviet trade agreement which had been concluded in the latter part of 1957 and expired on December 31, 1960. The meeting was held in the Embassy at Mr. Komitsas' request in order to hear the Embassy's views on the proposed increase, in connection with the forthcoming Greek-Soviet trade negotiations, of the export quota for Greek olive oil. In the course of the meeting, Mr. Komitsas made some interesting comments on recent developments in Greek-Soviet trade relations.

2. Mr. Komitsas stated that no definite date had yet been set for the visit to Moscow. About a week ago the Greek Government had asked the Soviet Government to suggest a suitable date, but so far no reply had been received. Originally, the Greek team was to be led by Mr. A. Triantafyllis, Director General of the Ministry of Commerce, but Mr. Triantafyllis asked to be relieved for poor health. The agreement negotiated in 1957 was for a three-year period with the understanding that the commodity lists on both sides would be revised on a year-to-year basis. The 1958/60 agreement expired on December 31, 1960 but was not renewed because the Greek trade delegation was prevented from going to Moscow. As a result, during the 1961 interim period trade was conducted more or less on the basis of the 1960 commodity lists.

3. On the basis of the 1960 commodity lists, the volume of Greek exports to the Soviet Union was estimated at between \$22 and \$23 million, while Soviet exports to Greece were projected at between \$24 and \$25 million. Mr. Komitsas explained that the reason the import list in 1960

J Enepekides/RD/JH/ce

OFFICIAL USE ONLY

REPORTER

FORM 6-61 FS-439 GPO 912596

For Department Use Only - To be Filled In on Yellow Original ONLY

ACTION ASSIGNED TO: NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN DATE OF ACTION	DIRECTIONS TO RM/R
PLB/Hall	Done 12/16/61	Sale

was higher in value than the export list by about \$2 million was that on December 31, 1959 the Greek-Soviet clearing account reflected a credit balance in favor of Greece (i.e. excess of Greek exports and services to the USSR over Greek imports and services from the USSR) of \$2.1 million, which the Greek Government was anxious to liquidate. As it turned out, actual trade between the two countries during the calendar year 1960 (in round figures on transactions basis, i.e. actual clearances through customs), developed along appreciably different lines as follows:

Greek commodity imports from the USSR (c.i.f. basis)	\$28.3 million
Greek commodity exports to the USSR (f.o.b. basis)	<u>\$18.8 million</u>
Greek trade deficit	<u>\$ 9.5 million</u>

4. The principal Soviet products imported by Greece (with c.i.f. values in parentheses) were: crude oil for the Aspropyrgos refinery (\$7.5 million); processed petroleum products (mainly diesel and fuel oil, \$6.7 million); lumber (\$6.8 million). The difference of approximately \$7 million was made up of iron and steel products (\$970,000), machinery (\$739,000) and a variety of other items, such as canned fish, chemical products, paper and allied products, motion pictures, etc. Petroleum products, it will be noted, accounted for fully 50% of Greek imports from the USSR with lumber ranking second with approximately 25% of the total.

5. The principal Greek exports to the USSR in 1960 (with f.o.b. values in parentheses) were: leaf tobacco (\$8.7 million); seedless raisins (sultanas, \$2.9 million); bauxite (\$2.2 million); raw cotton (\$1.3 million), and citrus fruit (oranges and lemons, \$1.8 million). The balance of about \$2 million was made up mainly of raw skins, sponges and black olives in brine.

6. In the January-October ten-month period of 1961, as compared with the like period a year earlier, the value of Greek-Soviet trade on payments basis (i.e. on the basis of letters of credit opened) was as follows:

	<u>January-October</u>	
	<u>1961</u>	<u>1960</u>
	(million dollars)	
Greek commodity imports from the USSR (c.i.f. basis)	16.6	20.8
Greek commodity exports to the USSR (f.o.b. basis)	<u>12.8</u>	<u>12.4</u>
Greek trade deficit	<u>3.8</u>	<u>8.4</u>

Mr. Komitsas pointed out that the rate of imports during the January-October ten-month period clearly suggests that the total volume of Greek imports from the USSR in 1961 will fall appreciably short of the 1960 level of \$28 million, and possibly even below \$20 million.

7. Mr. Komitsas reported that the cumulative payments deficit under the bilateral Greek-Soviet clearing account as of October 31, 1961, was about \$7.8 million. Obviously this figure makes allowances for earlier (pre-1960) credit balances in the clearing account and for current invisible receipts and payments.

8. Turning to the immediate purpose of his call, Mr. Komitsas explained that in the 1958/60 three-year trade agreement, the export quota for Greek olive oil was 2,000 tons annually or 6,000 tons for the entire three-year period. However, largely because of short 1959 and 1960 olive oil crops, actual exports amounted to 1,000 tons in 1958 and 110 tons in 1960 making a total of 1,110 tons. In view of this year's bumper olive oil production (estimated at about 200,000 tons) and the prospective large export surplus (domestic consumer requirements are estimated at between 125,000 and 130,000 tons annually), the Greek Government is anxious to negotiate the inclusion of a 4,000-ton olive oil quota in the 1962 export commodity list and 2,000 tons for each of the following two years, or a total of 8,000 tons for the proposed three-year (1962/64) trade agreement with the USSR. Mr. Komitsas was not sure whether the Russians would agree to the proposed increase; nevertheless the Greek Government wished to aim at a 4,000-ton quota for 1962 in order to alleviate the mounting pressure on the Government from Greek olive oil producers for assistance in averting a further decline in olive oil prices. He pointed out that the Greek Government was planning to engage in large-scale olive oil price-support buying and storage (present plans are for the purchase of at least 30,000 tons), but even such buying would take off the market no more than about 50% of the estimated surplus. He also stressed the fact that for the past several years the Greek Ministry of Agriculture has pursued a policy of expanding olive oil production by encouraging Greek farmers to plant and graft more olive trees and, therefore, in the years ahead, the impact of the cyclical short-crop years on the olive oil supply situation should tend to be less disturbing.

9. Looking at the world olive oil supply-demand picture, Mr. Komitsas observed that total olive oil consumption in non-producing countries was currently at the rate of about 120,000 tons annually, compared to a prewar consumption of approximately 180,000 tons. He noted that this sharp decline in consumption was due to the heavy inroads that seed oils had made into the market for vegetable fats since World War II. He added that as long as most non-producing countries use olive oil almost exclusively for salad dressing rather than for cooking, as is the case with producing countries, the likelihood of an appreciable increase in world consumption of olive oil in the immediate future seemed rather remote.

10. For all of these stated reasons, Mr. Komitsas said that the Greek Government was anxious to explore the possibilities of increasing Greek exports of olive oil to the Soviet Union but before doing so it wished to have the U.S. Government's views on the matter. He stressed the fact that under bilateral trade agreements, quotas are permissive, rather than mandatory, in the sense that they are designed to establish maximum limits within which export licenses may be issued by the Bank of Greece. Therefore, even if the Russians agreed to raise the quota for 1962 to 4,000 tons, this would provide no assurance that they would buy that much oil from Greece.

11. The Economic Counselor made, in substance, the following statement: Determination of the size of the quotas for olive oil and other Greek export products to be included in the Greek-Soviet trade agreement is essentially a Greek Government responsibility in which the United States Government would normally have no direct concern, beyond the role it might play in such circumstances as "friendly counselor". The United States from time to time has been required to concern itself with the export quotas for certain Greek products in trade agreements with unfriendly countries, in those cases wherein Greece was contemplated to receive the same or similar agricultural products under a PL-480 Title I sales agreement. In the case of olive oil, this question has arisen in connection with the procurement under PL-480 of edible seed oil and/or oilseeds for local processing. It was on this basis that USOM/G had taken exception to Greece's olive oil export program for 1959/60. Inasmuch as the current PL-480 agreement (signed in October 1961) does not include any seed oil or oilseeds, and since operations under the earlier agreement involving seed oil have, to all intents and purposes, been terminated, the United States Government has no current interest in the matter which would require it to take official note or to be concerned with the anticipated "increased availabilities" to the Soviet Union.

12. The Economic Counselor went on to say that he shares the concern recently expressed by the Minister of Commerce regarding the growing tendency to bilateralism in the marketing of certain Greek export products for which it appears difficult, under present conditions, to find outlets in the countries of Western Europe. He appreciated that the Greek Government was also fully aware of the hazards of becoming too deeply involved in bilateral trade with the USSR and its satellites, and that it recognized the dangerous potential leverage which these countries might thereby gain in upsetting Greek economic equilibrium, were they ever permitted to become primary consumer markets for such sensitive Greek products as tobacco, olive oil and citrus fruit. The Economic Counselor stressed the need of adapting the quality and packing of Greek export products to the requirements of the Western European markets as a means of lessening dependence on the markets of the Soviet bloc.

13. With specific reference to olive oil exports, the Economic Counselor called attention to the fact that, if Greece wished to preserve its position as one of the world's principal sources of high quality edible olive oil and was interested in maintaining a steady flow of exports, it should try to level out the peaks and troughs of the biennial olive oil production cycle by stockpiling enough oil in high crop years to offset the inevitable shortages of the low crop years in which, normally, Greece would not have an export surplus. He pointed out that Greece could not afford to be in and out of the world olive oil market without severe damage to her reputation as a reliable source of supply of olive oil. He referred to 1960/61 as a year in which Greece not only had no olive oil to export but was forced to import substantial quantities of Spanish and North African oil in order to meet domestic requirements. With this in mind, Greece should give serious consideration to the possibility of storing some of its periodic olive oil surpluses in order to be able to maintain a steady flow of exports and, at the same time, to obviate the need for imports to cover domestic requirements. The Economic Counselor indicated that he would not wish to enter into a discussion of the adequacy of the available storage and handling facilities and of the problem of financing the operation. These were clearly matters of Greek Government responsibility which the appropriate Greek authorities were in a much better position to appraise.

14. Mr. Komitsas declared that the question of keeping up olive oil exports in low and high-crop years alike has long been a preoccupation of the Greek Government. His own proposal at a recent meeting on the subject was that the Greek Government ought to find some way of asserting its policy of free exports, regardless of the domestic supply situation. The simplest way to accomplish this would be by eliminating altogether or reducing the import duty on olive oil to a nominal level in order to place domestic olive oil prices on a world competitive basis, and at the same time permitting unrestricted imports and exports as might be determined by the free interplay of supply-demand conditions at home and abroad. Another less satisfactory and possibly more expensive way of achieving the same purpose would be for the Government to stockpile olive oil in high-crop years making it available for distribution domestically and for exports in low-crop periods. This arrangement would also have a stabilizing effect on prices. The matter, he said, was still undecided.

15. On the general subject of exports to the Soviet bloc, Mr. Komitsas observed that, in his opinion, it would be wrong to hold bilateralism per se as solely responsible for the growth of Greek trade with the Soviet bloc in recent years. It was his view that bilateral trade agreements, with their controlled quotas, provided a more effective safeguard against an inordinate or undesirable expansion of trade in a given direction than might be the case in politically motivated free exchange trading. In this connection, the Greek Government recently took a notable step in trade liberalization by eliminating all licensing controls designed to boost Greek imports from bilateral trading

countries. Mr. Komitsas cited as a case in point the setting aside of Cabinet Resolution 163 of 1958 which provided discretionary authority for the Minister of Commerce to accord preferential treatment to the products of Greece's bilateral trading partners in state or quasi-state procurement tenders. This action, Mr. Komitsas observed, removed the main policy objection to bilateral trading arrangements. He added that elimination of the preferential treatment of imports from the Soviet bloc in the matter of deferred payment terms had removed another complaint of discrimination against the West. Mr. Komitsas also thought that, if subversion through economic penetration were an objective of Soviet policy in trading with Greece, nothing would prevent the Russians from accomplishing the same result by paying for their purchases in free foreign exchange, in which case they would not have to contend with export quotas. Mr. Komitsas was appreciative of the Embassy's understanding of the economic problems confronting Greece.

Embassy Comment:

16. The foregoing conversation with Mr. Komitsas brought into sharper focus some of the problems facing the Greek Government in the development of Greek exports in general, and more particularly in the matter of its trade relations with the Soviet bloc. In the first place there would seem to be no question that the Greek Government, as a whole, is conscious of the pitfalls and booby traps of trading with the Soviet bloc and is prepared to watch its step. At the same time, however, there is undoubtedly a widespread feeling, within and without the Government, that Greece cannot afford to ignore the export possibilities offered by the Eastern bloc for certain Greek products (particularly tobacco, sultanas, citrus fruit and bauxite) and should take no action that might tend to reduce appreciably the present volume of trade. As the new Minister of Commerce, Mr. Pipinelis, expressed it in a recent conversation with the Economic Counselor, the Greek Government looks upon trade with the Eastern bloc as a "safety valve" to let off steam when pressures on the domestic market begin to mount as a result of mounting stocks of unsold export commodities.

17. In analyzing the export trade pattern with the Soviet bloc, in conjunction with the supply situation for Greek export products, one cannot help recognizing the fact that, under present conditions of production and distribution, Greece is dependent to a very considerable extent on Eastern outlets for moving surplus supplies of certain products.

18. Until a year or so ago, leaf tobacco was perhaps the principal export commodity posing serious marketing problems, mainly because of the large quantities of old-crop tobacco accumulated in the hands of the Government as a result of extensive price-support buying in the preceding five years. Since 1960 the tobacco situation has eased materially, however, and over the next two years Greece not only does not envisage any stockpiling of surpluses but may even be short of merchantable tobacco to meet normal export requirements. Accordingly, to all intents and purposes, tobacco has ceased to be one of the sensitive products for which Greece has had to look to the East for marginal outlets.

19. The marketing of citrus fruit does present a problem in that the run-of-the-mill quality of Greek oranges and lemons is not marketable in most Western European markets. Therefore, Greek exporters would have to use modern sorting, grading and packing methods before they could hope to penetrate these markets in competition with other better organized exporting countries, such as Israel, Italy and Spain. It is only in the past two years that the importance of improved productivity in combination with modern fruit handling facilities, and the development of a fruit juice industry using non-exportable fruit surpluses, have gained recognition among government officials and progressive exporters as essential steps in placing the Greek fresh fruit economy on a sound and viable basis. USOM/G's marketing specialist, Dr. George P. Summers, has had a great deal to do with this awakening and GOG officials have missed no opportunity to praise his contribution. There are now reported to be in Greece five fairly large plants and some 16 smaller establishments engaged in the production of orange juice. Their aggregate processing capacity is estimated at some 40,000 tons of fruit annually, or about 20% of the crop, but actual utilization is at present limited to less than 30,000 tons of oranges and lemons. However, the methods and equipment used in these plants are largely out-dated and Greece would have to overhaul and modernize this industry completely if its products are to have a place on the shelves of retail stores in Western Europe.

20. It is the Embassy's considered view that it is in this area that Greece's partners in the Common Market can provide real and effective assistance in reorganizing the Greek fruit industry and lessening the dependence of this promising branch of the economy of Greece on the Soviet bloc. Such assistance might take the form either of technical and financial assistance in establishing the types of processing plants that are needed for making the industry internationally competitive or, even better, of encouraging the creation of joint venture processing and marketing enterprises which would combine valuable business experience on both sides. The quality of the raw material that Greece has to offer is excellent; what is lacking is proper handling and processing facilities and an adequate marketing set-up geared to the consumer requirements of the growing markets of Western Europe.

21. The USSR has been a primary market for Greek bauxite, taking roughly 450,000 tons of ore every year. There is a good possibility that, when the Pechiney-Reynolds-Niarchos aluminum plant begins to function, it will be able to use a substantial portion of the bauxite now being mined for export to the USSR, thereby reducing Greece's dependence on the Soviet market for this product. Until that happens (and it may take several years), Greek mine operators may be expected to continue looking to Russia as a major outlet for their product.

22. The Soviet bloc has been an important outlet for Greek seedless raisins, commonly referred to as "sultanas". In a normal crop year, such as 1959, the Soviet bloc countries took about 40% of total Greek exports of sultanas, with the USSR as the principal buyer. During the 1959/60 export season, the USSR purchased about 17,000 tons out of total Sovbloc purchases of

20,000 tons, and of aggregate exports to all destinations of approximately 51,000 tons. Obviously, Greece can ill afford to lose such an important outlet for one of its main export commodities and, unless the Western European countries can provide an enlarged market for Greek sultanas, the Greeks may well be expected to try to maintain and expand their sales to the Eastern countries.

23. Cotton presents no serious problem. The quality of Greek cotton is so good that Greece will never have any trouble selling its limited export surplus of this commodity (now about 50,000 tons) in the markets of the West, as long as the temptation of accepting from the Soviet bloc countries higher than world prices can be resisted. Recent developments have highlighted the threat to Greece's hard-earned economic stability by the practice of some Eastern bloc countries (and Yugoslavia) to pay higher prices for Greek cotton and then re-export it to Western Europe at lower than world prices, thereby depriving Greece of vitally needed foreign exchange, and undermining the position of Greek cotton in these markets (see Embdes 258, October 11, 1961). There is therefore every reason to expect that the Greek Government will maintain the Sovbloc and Yugoslav quotas for cotton at a reasonable level and will refuse to issue extra-quota licenses. In a recent conversation with the Economic Counselor, Commerce Minister Pipinelis reiterated the Greek Government's determination not to exceed negotiated quotas.

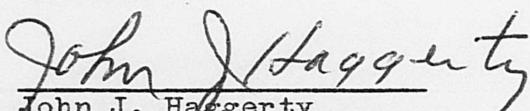
24. The Embassy will continue to watch Greek-Soviet trade relations with vigilance and will report promptly all developments of interest.

For the Ambassador:



Roger Dow
First Secretary of Embassy

Approved:



John J. Haggerty
Counselor of Embassy
for Economic Affairs

cc: USOM/G ; Agric. Attaché, Athens
AmConGen Thessaloniki
AmEmbassy Paris - USRO
AmEmbassy Belgrade
AmEmbassy Moscow
AmConGen Geneva - TAGG

ACTION COPY

PERMANENT RECORD COPY

INCOMING AIRGRAM

Department of State

461.8141/12-2861

20

Action

NEA-3

OFFICIAL USE ONLY
Classification

XK 8810 2331

PAGE ____ OF ____ PAGES

Info
RM/R-2 FROM: AmEmbassy, ATHENSDate Sent: December 28, 1961
Rec'd:REP-1 TO: SecState, Washington
INR-3 NO: A-3146EUR-3 Rptd. Info: AmEmbassy Moscow 28
E-3 nea

AID-7 MC-1 Ref: Embassy's A-27, November 15, 1960

CIA-16 NSA-3 ARMY-3
COM-4 OSD-20 NAVY-3AGR-4 Greek Ministry of Commerce today extended to June 30, 1962, authorization to export tobacco to Soviet Union under barter deal approved
TR-2 October 4, 1960, which provided for straight barter of \$2,574,700 worth
FRB-2 of Greek tobacco for same value in Soviet earthmoving equipment.

Embassy understands that only about \$700,000 worth of tobacco has been shipped so far but that contracts have been signed for most of balance. Contracts signed only recently for Soviet earthmovers due to doubts of Greek Ministry of Agriculture as to quality. Soviets claim that earlier shortcomings have now been corrected, however, and Ministry has ordered equipment specified in enclosure to referenced despatch, i.e. 130 units in all. Equipment will be used in Ministry's land reclamation program side-by-side with American equipment financed under KSP.

Barter deal is over and above trade conducted under three-year Greco-Soviet bilateral agreement which expires December 31, 1961, renegotiation of which has been postponed indefinitely under Soviet initiative (see Embassy's A-316, December 19).

A-329

nea

BRW:MS

JG/H

JAN 15 1962

FILED

JQB/ledgett:dc

• This copy must be returned to RM/R central files with notation of action taken.

ACTION ASSIGNED TO: NEA	ACTION TAKEN NAME OF OFFICER & OFFICE SYMBOL GTI - RR Schott	Classification DATE OF ACTION	no action DIRECTIONS TO RM/R file	REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"
----------------------------	---	----------------------------------	---	--

ORIGIN/ACTION

E-8

(50) DEPARTMENT OF STATE
AIRGRAM
(Departmental and Foreign Service)

461.8141/3-1562

RM/R	REP	AF
2	1	
ARA	EUR	FE
	8	
NEA	CU	INR
7	3	3
E	P	IO
L	FBO	ICA
3		
AGR	COM	FRB
	10	
INT	LAB	TAR
	21	
TR	XMB	AIR
2		
ARMY	CIA	NAVY
	16	
OSD	USIA	

A
G
T
I
O
N
C
o
p
v

A-2146

OFFICIAL USE ONLY

Weyman

TO : DEPARTMENT OF STATE

1962 MAR 19 PM 2 52

E MESSAGE CENTER

CONTROL
MAR 21 1962 IN **MAR 22 1962** OUTANALYSIS & DISSEMINATION
BRANCHFile me CCRP
2nd Weyman 3/22/62
PA Weyman 3/22/62

FROM : Amembassy TEHRAN

DATE: MARCH 15, 1962

SUBJECT: Extension of Most-Favored-Nation Treatment
by Iran to the Soviet Union.

REF : CA-2088, March 7, 1962

The Undersecretary of the Ministry of Commerce (this Ministry has under it Customs administration), Dr. H. GHAFFARI, stated categorically to an Embassy officer that the Government of Iran does not grant most-favored-nation tariff treatment to the Soviet Union. While the Treaty of Commerce and Navigation between Iran and the USSR of 1940 does include an MFN clause, the element of reciprocity—an underlying basic Iranian principle governing political and economic relations between Iran and foreign powers—has been and is lacking. More specifically, Dr. Ghaffari referred to the Note of Article 6 of the Iranian Customs Tariff Law of 1958, which, he said, prohibits the GOI from granting MFN tariff treatment to the Soviet Union because reciprocal treatment is not afforded by that country.

The Embassy translation of the relevant Note is as follows: "In the agreements concluded with foreign countries the stipulation of most favored nation clause, when special arrangements are not provided, will not consist of privileges granted to other countries on a reciprocal, provisional, or restricted basis, unless the government requesting enforcement of the said stipulation is prepared to allow, with the approval of the Iranian Government, similar privileges or privileges representing considerable economic value according to the Council of Ministers, or else to accept similar terms and conditions".

Iran is not a member of GATT, nor are there at the present time (since the abrogation of the U.S.-Iran

FORM DS-323
11-61 *[Signature]*

OFFICIAL USE ONLY

FOR DEPT. USE ONLY

 In Out

Drafted by:

ECON: LAKlieforth:sk 3/14/62

Clearances:

Contents and Classification Approved by:
ECON: JWSWihart *[Signature]*

OFFICIAL USE ONLY

- 2 -

Reciprocal Trade Agreement) any agreements in force between Iran and another country which provide for tariff rates different from those given in the Iranian Customs Tariff Law of 1958.

HOLMES

OFFICIAL USE ONLY

INCOMING AIRGRAM

Department of State

ACTION COPY

PERMANENT RECORD COPY

CPT-Wagman

461.8141/3-1662

UNCLASSIFIED

Classification

PAGE 1 OF 1 PAGES

50
Action

E-8

FROM: AmEmbassy ATHENS

Info

Rm/R-2 TO: Secretary of State

REP-1 NO: A-512

INR-3

EUR-8 REF: Department's CA-2088, March 7, 1962

NEA-7

CIA-16

TAR-2

TR-21

COM-10

Greek Ministry of Finance confirms Embassy's understanding that all Sovbloc countries, including USSR, enjoy most-favored-nation tariff treatment in Greece.

LABOUISSIE

RD.

JJH

E MESSAGE CENTER
CONTROL

MAR 21 1962 IN OUT MAR 22 1962

NSavvas/JE/DAZ/ea

Mar 22 1962
FILED

- This copy must be returned to RM/R central files with notation of action taken.

ACTION ASSIGNED TO NAME OF OFFICER & OFFICE SYMBOL	ACTION TAKEN Classification Date of Action	DIRECTIONS TO RM/R File
REPRODUCTION OR QUOTATION OF THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"		

Central File: Decimal File 461.8141, International Trade And Commerce. Trade Relations, Treaties, Agreements. Customs Administration., Import Tariff. Import Duty., Union Of Soviet Socialist Republics And Greece, Trade Relations. Trade Agreements, Treaties, Conventions. Commercial Relations., September 29, 1960 - March 16, 1962. September 29, 1960 - March 16, 1962. MS

Commercial and Trade Relations Between Tsarist Russia, the Soviet Union and the U.S., 1910-1963: RG 59, State Department, Central Files, Commercial Relations (411.61 and 461.11), United States-Soviet Union, 1950-1963. National Archives (United States). Archives Unbound, link.gale.com/apps/doc/SC5106469382/GDSC?u=camb55135&sid=bookmark-GDSC&pg=1. Accessed 1 May 2024.