

# The Community of Ten: welcome to Greece

## European File

1 January, 1981: Greece the tenth member of the European Community. People can no longer talk of 'the Nine' but of 'the Ten'. As of the beginning of 1981, Greece participates directly on the same basis as the other nine member countries in the European decision-making process. A representative from Athens attends all meetings of the European Council of Ministers, there is a Greek member of the European Commission, the European Parliament has Greek members, and a Greek judge sits in the European Court of Justice. Subject to certain transitional arrangements similar to those agreed for the accession of Denmark, Ireland and the United Kingdom in 1973, Common Market regulations apply to Greece as of January 1: the Common Agricultural Policy, European Regional Policy, European competition rules, free movement of workers and of goods, etc.

We have come a long way since 12 June, 1975, when the Greek Government officially applied for membership of the Community. We have also travelled a long road since 9 July, 1961, when the first association agreement was signed between Greece and the European Community. The accession of Greece was already considered in this association agreement and when in 1975 Greece confirmed its original intention, it was immediately evident that the reply from the Community partners could only be positive. It is clear that Greece has a place in the construction of Europe. Why is it clear? The answer lies in another question: could we conceive of Europe without the country which gave it its name and which still today is one of the roots of its civilization?

### Greece in a few words

In the myths of ancient Greece, Europe — the sister of the Phoenician Cadmos, the founder of the town of Thebes — was raised by Zeus, the most powerful of the Gods. She

gave birth to Minos, who was to become king of Crete. It is on this island, around Knossos, and later on the mainland around Athens, and in other Greek cities which soon stretched from the Black Sea to Spain, that are to be found some of the origins of Western civilization.

In the period between the second millennium and the second century before Christ, Greece gave Europe its first poets, its first dramatists, its first architects, first historians, first philosophers and first scientists. It developed our ideas on reasoning, democracy and even the first notion of a universe composed of atoms in perpetual motion.

Through all the ups and downs of history, Greek thought has continued to flow throughout Europe, directly or indirectly, by way of the Romans, the Byzantines, the Arabs and the Renaissance Italians. And the re-emergence in the 19th century of an independent Greece, uniting its religion and its language, formed part of the general movement of national awakening in Europe.

At the extreme south-east of the continent, Greece is the gateway to Asia and one of the openings to Africa. Its position is unique. And in addition to its traditional relations with the Near East, which is the centre of current international economic and political tensions, it borders on Turkey – which is associated with the Community – Albania, Yugoslavia and Bulgaria.

Greece is one of the jewels of the Mediterranean world and, despite its economic problems, remains one of the liveliest regions in Europe and one of the most beautiful expressions of its originality.

The land area of the country covers 132 000 square kilometres, fourth-fifths of which are mountainous, with some twenty mountain peaks 2 000 and 3 000 metres above sea-level. The sea is always a major means of communication: no part of Greece is further than 100 km from the sea and the country has over 2 000 islands.

The Mediterranean climate combined with considerable regional variation, a countryside dominated by oak and olive trees, ancient monuments and charming towns and villages, attract millions of foreign visitors each year. But it is not just a country for tourists. The political and cultural renaissance of Greece is supported by an economic renaissance founded on the modernization, industrialization and urbanization of the country. One-third of the nine million Greeks today live in Attica, around Athens.

The dynamism of the Greek economy is still relatively uncertain, however. The economy already has four delicate problems:

- Agriculture has lagged behind the growth of industrial production. Despite the rapid growth of the working population employed in the farm sector (31%), the latter only make a small contribution to the Greek national product. This lag is mostly explained by the presence of numerous small farmers who are often unproductive due to the location and quality of the soil, due to their resistance to the use of modern techniques, and due to underemployment.

- Industrial growth has tended to be concentrated geographically in the areas of Athens-Piraeus and Thessalonika to the detriment of most of the peripheral islands and mainland areas, which aggravates the regional problems with which Greece is faced. The overall level of industrial growth is very satisfactory but conceals considerable disparities. Not all industrial sectors have recorded results as favourable as metallurgy, petrochemicals and textiles which are the most dynamic sectors of Greek industry.
- The economic development of Greece has been accompanied by a constant and growing trade deficit. This deficit is explained by the country's dependence on imported capital goods, though it is partially compensated for by foreign currency earned through tourism and the shipping fleet — one of the largest in the world — as well as by the transfer of funds from *émigré* Greek workers. But since 1973, Greece, lacking in indigenous energy sources, has been hit by the rising cost of oil products.
- Inflation is higher in Greece than in any other Western country: prices rose by more than 15% per year between 1973 and 1978. Inflation stood at 18% in 1979.

Despite these 'slow' sectors, the growth rate of the Greek economy — 3.6% per year on average between 1973 and 1978, 3.75% in 1979 — exceeds growth levels in other Community countries. Of course, Greece has a long way to go to reach the average level of prosperity in the Community but already it compares well with countries such as Ireland and Italy:

- the domestic product per head in 1978 stood at 2 628 EUA <sup>1</sup> in Greece compared to 2 899 in Ireland and 3 602 in Italy;
- private consumption per head in Greece reached 1 827 EUA in 1978 compared to 1 842 in Ireland and 2 278 in Italy;
- Greece had 2.2 doctors per 1 000 population in the same year compared to 1.2 in Ireland and 2.2 in Italy. The country has 266 telephones per 1 000 population as against 172 in Ireland and 301 in Italy.

### **1961-1980: twenty years of association**

Being the first European country to become associated with the Community, Greece has always had a preferential relationship with the 'Six' and subsequently with the 'Nine'. Since 9 July, 1961, less than four years after the signing of the Treaty of Rome setting up the European Economic Community, an Association Agreement was signed in Athens between Greece and the Community. From the political point of view, this Agreement marked Greece's attachment to the construction of the emerging Europe. It was specified that the accession of Greece to the Community could be examined once this country,

<sup>1</sup> 1 EUA (European unit of account) = about UKL 0.58 or IRL 0.67 (at exchange rates current on 13 October 1980)

	Greece	Belgium	Denmark	Germany	France	Ireland	Italy	Luxembourg	Netherlands	United Kingdom
<b>Population</b>										
(millions, 1978)	9.4	9.8	5.1	61.3	53.3	3.3	56.7	0.4	13.9	55.9
<b>Employment (in %, 1979)</b>										
Agriculture	30.8	3.2	8.3	6.2	8.8	21.0	14.8	6.1	4.8	2.6
Industry	30.0	36.7	30.2	44.9	36.3	31.9	37.7	44.7	32.7	39.9
Services	39.2	60.7	61.5	48.9	54.9	47.1	47.5	49.2	62.4	58.4
<b>Gross domestic product</b>										
Annual average growth										
1973-1978 (%) (a)	3.6	2.3	1.9	1.9	3.0	3.5	4.0	0.6	2.6	1.1
Per inhabitant, in 1978 (EUA)	2 628	7 530	8 601	8 186	6 960	2 899	3 602	7 821	7 366	4 345
<b>Standard of living</b>										
Private consumption per head in 1978 (EUA)	1 827	4 604	4 781	4 882	4 276	1 842	2 278	4 469	4 261	2 608
Cars per 1000 inhabitants in 1978	80	302	276	346	333	195	291	428	295	258
Telephones per 1000 inhabitants in 1978	266	322	569	404	372	172	301	539	453	447
Doctors per 1000 inhabitants in 1977	2.2	2.2	2.0	2.0	1.6	1.2	2.2	1.3	1.7	1.5
<b>Consumer price index (a)</b>										
Average annual increase 1974-1979 (%)	14.1	7.5	9.8	4.2	10.1	14.5	15.8	6.9	6.7	15.5

Source: Eurostat, except (a): OECD 1980.

strengthened by the association, would be in a state to accept all the obligations resulting from the European Treaties. A vague position perhaps, but one that at least recognized that the entry of Greece to the 'European club' was seen even twenty years ago, as one of the factors of European construction.

The Association Agreement specified in particular:

- the setting up of a customs union, i.e. the progressive removal of all customs duties and equivalent taxes affecting goods moving between Greece and the Community;
- the development of common actions and the harmonization of policies of both the Community and Greece in a series of areas such as agricultural policy, free movement of workers, transport, taxation, competition rules and economic policy;
- making resources available to Greece to accelerate the growth of its economy;
- the creation of common institutions. An Association Council composed of representatives from Greece and the Community is charged with supervising the correct operation of the agreement. A mixed parliamentary committee composed of members from both the Greek and the European Parliament, was also formed.

The Association Agreement between the Community and Greece has not produced all that was expected of it. Over seven years, from 1967 - the date of the seizure of power in Athens by a military junta - to 1974, when democracy returned, the application of the Agreement was, in effect, frozen. The provisions of the Agreement were certainly respected, but the development of actions called for in certain sectors were shelved for better days.

The results of the association can be summarized as follows:

- The progressive reduction of customs tariffs following the agreed time-schedule of the Association Agreement. The result was that since 1 July, 1968, Greek exports of industrial products have been able to enter the Common Market without paying any customs duties. With one exception, however, coal and steel products were kept outside the scope of the agreement. As for the Community, approximately two-thirds of its industrial exports have been able to enter the Greek market tax-free since 1974. Given Greece's economic situation and the fragile nature of its industrial development, the Association Agreement has in fact granted this country the benefit of dismantling its customs barriers at a slower rate.
- Progress has been less noticeable in the agricultural sector. Farming is an economic sector on its own and more rigidly organized than the others. It was not possible to permit certain farm products to move freely between the Community and Greece without first harmonizing the agricultural policies conducted by each party. This harmonization, which began in 1962, was interrupted in 1967 and was then resumed in 1974, has not, strictly speaking, moved beyond the preparatory stage. The Community has, however, removed customs duties on 90% of its agricultural imports coming from Greece. It has also permitted preferential import quotas for certain products essential

for Greek agriculture, such as wine and olive oil. Greek agricultural exports have remained subject to Community protective mechanisms such as import levies, which raise the price of farm products entering the Community to the same level as European prices, which are generally higher.

- The consequence of these tariff arrangements in the Association Agreement has been for trade between Greece and the Community to expand considerably since the Agreement came into force at the end of 1962.

### Growth in trade between Greece and the Nine (in million EUA)

	Greek imports	Greek exports	Balance
1960	284	113	171
1963	430	142	288
1968	689	299	390
1973	1634	766	868
1978	3139	1724	1415
1979	4077	2205	1872

*Source:* Eurostat

This trade poses an economic problem for Greece. The European Community is Greece's principal trading partner but sells to it much more than it buys. Greece's negative trade balance has tended to increase, particularly through increased purchases of capital goods and manufactured products combined with a certain decline in Greek sales of agricultural products.

By encouraging both agricultural exports from Greece and the industrialization of this country, accession should eventually help correct this trade imbalance.

- Other provisions of the Association Agreement have suffered more from the temporary freeze in relations between the Community and Greece. Thus the development of common actions and the harmonization of economic policies have only been undertaken in reality since 1974 and have remained at the preliminary discussion stage. Funds to the value of 125 million European units of account, were made available to Greece in the first financial protocol, but this Community aid was also suspended between 1967 and 1974. Since then, a second financial protocol signed in February 1977, has made available to Greece until 1981 a total of 280 million EUA, of which 235 million are loans. The objective is to encourage the expansion of the Greek economy, of the infrastructure, of industry and agriculture.

## 1975-1980: accession negotiations

The accession of Greece to the European Community has numerous economic implications and it has raised a number of problems which had to be dealt with as a priority. However, in the Community's capital cities, as in Athens since the restoration of democracy, it has been principally political considerations which have been advanced to justify the accession.

'Europe', stated the rulers of the new Greek democracy, 'is engaged in a process of integration. Athens wishes to be present to make its contribution towards what will surely be the greatest event of the century'. During the signing of the Accession Treaty, President Karamanlis, then Prime Minister, repeated that 'Greece cannot remain outside of this collective historical effort for the future of Europe. Its destiny is intimately related to that of other democracies on the continent.'

This declaration was echoed in statements by many of the Nine's leaders, who saw in this opening to Greece a way to confirm the stability of the renascent democracy. And for Mr Natali, European Commission Vice-President responsible for enlargement questions, the latter constitutes the 'proof that the Community is not a club for the rich closed to outsiders and is by contrast resolutely open to all Europe's democratic countries' and is 'an essential step, also, towards a harmonious and equitable construction of Europe, itself a condition *sine qua non* for safeguarding stability, democracy and peace'.

Officially announced in the weeks which followed the re-establishment of democracy in 1974, the Greek request for accession to the Community was formally introduced on 12 June, 1975. The subsequent calendar of events was as follows:

- A favourable reaction from the European institutions was the first requirement. On 28 January, 1976, the European Commission published its opinion which, without minimizing the existing problems, recommended a 'clearly affirmative' response from the Nine. Less than two weeks later, on 9 February, 1976, the Council of the Community's Foreign Affairs ministers also came out in favour of the Greek application.
- Negotiations could then begin. They opened formally on 27 July, 1976, in Brussels, but in concrete terms they did not begin until 19 October. A double negotiating structure was then introduced. Every three months, approximately, then at closer intervals towards the end of negotiations, Greek and Community ministers had to meet to give the needed political impetus to push forward – and sometimes unblock – the more technical discussions being carried out on a more regular basis at ambassador level.
- For more than one year the main object was to identify the problems and exchange information on the position of all the partners. On this basis, the European Commission was able to present in January 1978, the first concrete proposals on the integration of Greece in the different sectors of Community activity. The European Council of

Ministers reacted within two weeks and decided to push full steam ahead to rapidly conclude the substantial phase of the negotiations.

- From April 1978 to April 1979, six ministerial sessions were organized. These helped progressively resolve all delicate questions: capital movements, customs union, external relations, institutional questions, transitional arrangements, social and agricultural matters, etc. All through these negotiations, the European Commission fulfilled its essential function which consisted of drawing up proposals and compromises to help reach agreement. To this end, the Commission was involved in much consultation with Greece to clarify each other's positions, to avoid misunderstandings and to smooth the way towards new progress.
- Simultaneously, the European Commission has developed together with the Greek authorities the technical changes needed for some 40 000 pages of European legislation contained in the 'Official Journal of the European Communities', not to mention the work needed to translate the various European Treaties into Greek.
- The Treaty and the other acts relating to the Greek accession, were finally signed in Athens on 28 May, 1979, before being approved by the European Parliament and being ratified by ten national parliaments.

### **1981: Greece, a full member of the European Community**

As of 1 January, 1981, Greece is a full member of the European Community. In the Accession Treaty, the Greek authorities committed themselves to accepting the Community '*acquis*', i.e. the body of Community rules which have been defined by the European Treaties and by years of operation.

To ensure, however, that accession does not constitute too harsh a shock for Greece and for other Community sectors, in particular agriculture, transitional arrangements and purely temporary derogations have been allowed for in accepting the Community rules which remain unchanged. In general, the transitional period is five years. In terms of these five years, the main part of the harmonization will have been completed except for a certain limited number of areas where more time has been given. This seven-year period must pass before certain agricultural produce can move free of customs duty between Greece and the Nine. Seven years will elapse before we shall see completely free movement of workers in the Community of ten.

A sector by sector analysis of the main provisions of the Accession Treaties follows below.



## Institutions

As from 1 January, 1981, Greece participates fully in all activities of Community institutions and bodies. The institutions are as follows:<sup>1</sup>

- *The European Commission* comprises 14 members — two Germans, two French, two Italians, two British, one Greek and one member for each of the other countries — appointed for a period of four years by mutual agreement of the ten governments. The Commission forms a collegiate body, whose members act only in the interest of the Community without receiving instruction from any government. It is charged with ensuring respect for Community rules and for the principles of the Common Market, to propose measures liable to promote Community policies, and to implement them once agreed upon.
- *The Council of Ministers*, comprising ministers from each Member State, now includes a Greek representative. The Council is responsible for deciding upon — following proposals from the European Commission — the Community's principal policies and decisions. When these decisions are taken by a qualified majority (raised to 45 out of a total of 63 because of Greek accession), the Greek minister has five votes like his Belgian or Dutch colleague, whilst the more populous countries each have ten votes and Denmark and Ireland each have three and Luxembourg two.
- *The European Parliament* comprises 434 members. 24 representatives appointed by the Athens parliament, add to the 410 directly elected in June 1979. By the end of 1981, the Greek representatives will also be directly elected. Since the 1979 elections, the moral authority of the Parliament has increased considerably. Though it does not have legislative powers analogous to those of national assemblies, the European Parliament can, however, amend, adopt or reject the Community budget and is called upon to give its opinion on Commission proposals. It also watches over the European Commission and the Council and can even dismiss the Commission.
- *The Economic and Social Committee* consisting of representatives of employers, workers and other interest groups such as farmers and consumers and which also presents opinions on Community policies, is composed of 156 members, 12 of whom are Greek. The *Consultative Committee* of the European Coal and Steel Community has three representatives of Greek producers, of workers, of consumers and dealers.
- *The Community's Court of Justice* is composed of ten judges — one for each member country, therefore one Greek — and a number of Advocates-General. The role of the Court is, in particular, to pass judgement on Community law and to keep watch over the application of the law both by European institutions and by Member States.

<sup>1</sup> See *European File No 2/1979: 'The institutions of the European Community'*.

- *The Court of Auditors*, which is charged with supervising the execution of the European budget, is composed of ten members, including one Greek.

Space is being made for Greek members in the management of a number of European organizations. The Board of Governors of the European Investment Bank will have ten members, one of them Greek. And all corresponding administrations — amounting to some 16 000 European civil servant jobs — are open to Greek citizens; special effort has been made to ensure their presence at the highest levels of administration.

### Common industrial market

Five years have been allowed for the achievement of the industrial customs union between Greece and its other Community partners. As of 1 January, 1986, all restrictions to internal trade will have disappeared. Also, from this date, the Common Customs Tariff will entirely replace the Greek tariff: all products originating in non-Community countries will receive the same treatment at Greek frontiers as in other Community countries. To accomplish gradually these objectives, the Community partners have drawn up a very precise schedule:

- Customs duties applicable to Community products when they enter Greece should be lowered in six stages: firstly a 10% reduction from 1 January, 1981, a further 10% from 1 January, 1982, and 20% at the beginning of each year until 1986. As for the Nine, we have seen that, in accordance with the Association Agreement, they will no longer impose customs duties on imports of Greek industrial products.
- The liberalization of trade also deals with coal and steel products, which are covered by the ECSC Treaty and which have been left out of the Association Agreement. For these products as well, the customs union will also be completed by the beginning of 1986 following a similar schedule to the one mentioned above.
- Quantitative restrictions, through which one country only accepts the importation of a specific quantity of a particular product, are eliminated for the most part since 1 January, 1981. Greece has, however, been authorized to maintain, for a transitory period, certain restrictions governing 14 particularly sensitive products: mineral fertilizer, certain motors, buses, etc. These exceptions will be abolished as of 1 January, 1986. As for the Greek system of cash payment and import deposits, they will be progressively eliminated over three years.

A safeguard clause has been included: in the case of severe difficulties liable to persist in the economic sector or to affect the situation adversely in a particular region, Greece and other Community countries may, up until the end of 1985 or 1987 according to the case, request the European Commission to authorize them to take temporary measures aimed at ensuring the protection of sectors or regions in difficulty. An analogous clause was used for the previous enlargement of the Community in 1973.

## Common agricultural market

The Common Agricultural Policy is the oldest and most developed of all Community policies. It has three fundamentals: a unified market, i.e. the removal within the Community of all barriers to trade in agricultural products, for which the common guaranteed prices have generally been fixed; the Community preference, i.e. the protection of the European market against low-priced imports; finally, common financial responsibility, i.e. financial solidarity in covering the costs of this policy.<sup>1</sup>

The integration of Greece into 'Green Europe' will also be progressive:

- A transitional five-year period (seven years for tomatoes and fish) has been specified. These five years should help gradually to harmonize Greek prices with Community prices and eliminate residual customs duties.
- Over this period, the gap between the prices of Greek and other Community products will be compensated for by a 'compensatory amounts' system operating like a 'sluice-gate', i.e. agricultural products are brought up to the same price level whichever way they cross the Greek frontier. The objective of this is to ensure both the free movement of products and a certain balancing out of competitive conditions. Special transitional arrangements have been drawn up to avoid disruption of the European fresh fruit and vegetable market.
- Greek producers will gradually benefit from production assistance in those sectors where the Common Agricultural Policy permits such aid. Producers of olive oil, of processed fruits and vegetables, and of hard wheat are particularly affected by these provisions. Producers of cotton, dried figs and raisins will benefit from complementary premiums. By contrast, certain Greek aids will be progressively eliminated, particularly in the sectors of stock breeding and of fertilizers.

## External relations

The European Community is the leader in world trade and has also concluded a series of agreements with third countries. The latter range from simple trade agreements made with one single country, to much more elaborate cooperation agreements such as the Lomé Convention which links the Community to some sixty African, Caribbean and Pacific countries.<sup>2</sup> The Community is also a member of GATT – the General Agreement on Tariffs and Trade – and it has given customs preferences to all Third World countries. By joining the Community, Greece is assuming its share of the costs and the advantages which result from all of these provisions. Certain transitional or adaptational measures have, however, been catered for:

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<sup>1</sup> See *European file* N° 9/79: 'Europe's Common Agricultural Policy'.

<sup>2</sup> See *European file* No 7/80: 'The European Community in the World' and No 17/79: 'Community aid to the Third World: the Lomé Convention'.

- Trade policy: during the five-year transitional period Greece may maintain certain of the quantitative restrictions affecting GATT countries and certain State-trading countries. These restrictions may only apply to a small number of products, however. In other cases, Community provisions have immediate application.
- Generalized preferences: since 1971, the Community has eliminated customs duties for the majority of industrial and semi-industrial exports from developing countries. It has also introduced numerous tariff reductions in the sector of processed agricultural produce. The Community provisions are immediately applicable in Greece, under the reserve of a five-year transitional period for certain products.
- Textile arrangements: the Multifibres Agreement which aims to regularize world trade in certain textile products and which has been signed by the Community will also immediately enter into force in Greece. This also applies to numerous bilateral agreements concluded within the framework of this arrangement, but the adaptation protocols could be negotiated with external partners.
- Preferential agreements made with the countries of Western Europe, of the Mediterranean basin, of Africa, the Caribbean and of the Pacific: these different agreements apply to Greece since joining. Certain changes have, however, been necessary and are subject to negotiations between the Community and its external partners.

### Social affairs

Community rules which permit Community citizens to set up business and work in the country of their choice<sup>1</sup> will be extended to Greece following a seven-year transitional period. Thus, as of 1 January, 1988, a Greek worker is able to work in any country of his choice in the European Community. Certain new advantages, however, have been accorded to Greek workers before this date:

- When it is necessary to recruit labour outside the Nine countries of the Community in 1980, Greek workers as citizens of the European Community, benefit from accession through having priority over any other country.
- Free access for members of the family of a Greek worker legally employed in other Community countries will progressively be accomplished during a five-year transitional period.

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<sup>1</sup> See *European file*: No 9/80: 'The European Community and migrant workers'.

- The members of the family of a Greek worker who remain in Greece while he works elsewhere in the Community, can also benefit after a three-year transitional period from the same family allowances as those accorded in the country where he is employed.

### Monetary affairs

Two main problems must be dealt with in this context: that of the status of the Greek currency (drachma) and those of capital movements. The decisions taken are as follows:

- Over five years, the drachma will be integrated into the European monetary 'basket'. This basket represents the weighted average of the different Community currencies. It serves in particular to calculate the fluctuations of the national currencies within the European Monetary System created in 1979 to stabilize exchange rate relationships between the currencies and thereby promote stability and economic recovery.<sup>1</sup> The accession Treaty does not, however, imply automatic accession of Greece to the European Monetary System and its mechanisms for intervention and reciprocal support against excessive variations in exchange rates. The Greek government is faced with a choice similar to the one facing the United Kingdom, which though a member of the Community, still reserves the right not to participate in the common monetary intervention system.
- In the area of capital movements, the accession date coincides in general with that of the freedom of transactions, but several exceptions of a transitional nature have been allowed, particularly concerning direct investment. Thus, until the end of 1983, Greece may prohibit the transfer of profits realized in the country by Community investors up until the end of 1985. The Greek government can thus temporarily prevent financial transfers which are too large and would complicate the adaptation process of the Greek economy to new Community realities.

### Regional policy

To create a Community which is integrated, economically effective and socially human, the member countries are trying to reduce, through Community action, the disparities, often very great, which exist between their different regions.<sup>2</sup> Greece, where the average revenue per inhabitant is considerably lower than the Community average and which experiences large regional problems, clearly should benefit after accession from a united effort by its partners:

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<sup>1</sup> See *European file* No 7/79: 'The European Monetary System'

<sup>2</sup> See *European file* No 10/79: 'Regional development and the European Community'.

- The European Regional Fund – which in 1979 had resources close to one billion European units of account – will support development projects in those Greek regions which meet the criteria set by the Community institutions. The Fund can thereby finance up to 20% of the investments which create new jobs in industry or in services, and up to 40% of investment infrastructure which contributes to regional development (roads, ports, industrial zones, touristic facilities, etc.).
  
- A protocol to the Accession Agreement, analogous to the one previously concluded with Ireland, recommends that the European institutions make all possible efforts to encourage the economic, social and regional development of Greece. To this end, the Community will make judicious use of its different funds and financial instruments. Moreover, the European Commission, which is required to ensure that national industrial aids conform with the European Treaties, will take account of Greece's economic and social objectives.

### Community finance

Since 1972, the European Community has possessed its 'own resources' and the financing of its policies is therefore no longer a function of the direct contributions from Member States; it is assured by the product of its customs duties and agricultural levies collected at the Community's external frontiers as well as a share of the VAT levied on consumption in Member States. This system applies to Greece as of 1 January, 1981. Certain particular precautions have, however, been taken to ensure that Greece does not contribute more money during the transition period into Europe's coffers than it gets back.

Since it will be necessary to wait several years until the progressive application of certain provisions of the Common Agricultural Policy returns financial advantages to the new Member State, the Community will, until 1986, reimburse to Greece a share of the revenue it generates for the Community's own resources. The reimbursement will be degressive: 70% of the Community share of VAT in 1981 to 10% in 1985. In total, it is thought that in 1981 Greece should have a positive financial balance from joining, estimated at around 80 million EUA.



The entry of Greece into the European Community has been prepared in great detail. Of course, a tree can only be judged by its fruits and we will need to wait several years to measure all the consequences of the new enlargement of the Community. It is nevertheless satisfactory to note that the European Community, despite the innumerable difficulties that will arise, despite the international economic crisis, despite the renewal of tension in

the world, has made the opening move. At the same time as it is receiving a new member, it is conducting accession negotiations with other southern European countries – Spain and Portugal.<sup>1</sup>

For the Community, the accession of Greece is an important step which is both natural and indispensable. It is in Greece, in this country which is both the oldest and the newest of the 'Ten', that the characteristic traits of our civilization have their origins. And at both the political and economic levels, the future of Greece is linked to that of other European democracies. As noted by the European Commission, adaptation problems inevitably follow such enlargement, but a combined effort by all partners should overcome them.

At the same time it should also strengthen the Community's internal cohesion. Enlargement to ten, and then to twelve partners need not lead to a dilution of the whole Community or to a heavier decision-making structure. New progress in European construction is necessary to permit the Community to respond with renewed imagination to the economic, social and political challenges with which it is confronted ■

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<sup>1</sup> See *European file* No 5/79: 'The enlargement of the European Community'.



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The contents of this publication do not necessarily reflect the official views of the Institutions of the Community.

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