

A S S O C I A T I O N

between

THE EUROPEAN ECONOMIC COMMUNITIES

and

GREECE

REPORT

FROM THE ASSOCIATION COUNCIL

TO THE JOINT PARLIAMENTARY COMMITTEE

(June 1976 to April 1977)

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LETTER FROM
THE PRESIDENT OF THE ASSOCIATION COUNCIL
TO THE PRESIDENT OF THE GREEK PARLIAMENT AND
TO THE PRESIDENT OF THE EUROPEAN PARLIAMENT
FORWARDING THE REPORT

21 June 1977

Sir,

In accordance with the provisions of Article 2 of Association Council Decision No 1/63 relating to the Parliamentary Committee of the Association, I am forwarding to you herewith, for the forthcoming meeting of the EEC-Greece Joint Parliamentary Committee, the attached report from the Association Council.

This report - the third since the Association was reactivated in July 1974 - covers the period from June 1976 to April 1977.

For the Association Council

P. PAPALIGOURAS
President-in-Office

I. INTRODUCTION

1. This report is the third which the Association Council has sent to the EEC-Greece Joint Parliamentary Committee since the Agreement was reactivated. It covers the period from June 1976 to April 1977.

2. It will be recalled that the Community and Greece stated at the Association Council meeting on 27 July 1975 in Athens that they considered that, in accordance with the Athens Agreement, work on Greece's application for membership must not hold up the development of the Association. Pending the outcome of the current accession negotiations the activities of the Association between Greece and the Community are therefore going ahead under the Association's own rules.

During the period covered by this report the Association bodies have continued to concentrate on the two main topics which have been under discussion since the Agreement was reactivated: agricultural questions and negotiations for the conclusion of a second Financial Protocol.

3. As regards trade, it will be observed that trade within the Association has continued to progress at a satisfactory rate during 1976

Like previous reports, this one contains in an Annex a number of statistics on the pattern of trade between Greece and the Community in 1976.

4. In the period under review the Association Council met three times. On 18 June 1976 it held a meeting at ambassadorial level, devoted mainly to agricultural problems (harmonization, arrangements for peaches, tomato concentrates). On 27 July 1976 it met at ministerial level ⁽¹⁾, when it held a wide-ranging discussion on the results of the Association arrangements, the problems arising in connection with the harmonization of agricultural policies between the Community and Greece and on the progress of work on the second Financial Protocol. Lastly, on 27 April 1977 the Association Council held a meeting at ambassadorial level devoted solely to the wine problem (see page 10 below).

The Association Committee - whose task is to pave the way for the Association Council's discussions and provide the continuity of co-operation between the Community and Greece which is necessary for the proper working of the Agreement - met seven times during the period under review. It was in this forum - in accordance with the instructions given by the Association Council - that the final stages of the negotiations for the 2nd Financial Protocol took place, enabling the Protocol to be signed on 28 February 1977.

5. At each of the two meetings of the EEC-Greece Joint Parliamentary Committee during the reporting period the Association Council was represented by its President. Mr P. PAPALIGOURAS, the Minister for Co-ordination in the Greek Government, took part in the Aghios Nikolaos meeting (18-21 May 1976) and Mr P.H. KOOIJMANS, State Secretary, Ministry for Foreign Affairs of the Netherlands, attended the meeting in Berlin from 22 to 24 November 1976. Each of those gentlemen made a general statement at the start of the meeting on behalf of the Association Council on the topics of the day in relations between Greece and the Community and they subsequently played an active part in the debates, demonstrating the great importance which the Association Council attaches to the work of the Joint Parliamentary Committee.

⁽¹⁾ The ministerial meeting opening the accession negotiations took place on that same day.

II. QUESTIONS CONCERNING THE WORKING OF THE CUSTOMS UNION

A. Achievement of customs union as regards tariffs

6. On 1 May 1977 Greece is to make a further reduction in its duties on products appearing in Annex I to the Agreement, those for which a 22-year tariff dismantling period applies. The reduction applicable to Greek imports from the Community will then be 52%.

It should also be noted that, in accordance with Article 20(2)(b), Greece made a second alignment on the CCT of its Tariff in respect of those products on 1 November 1975.

B. Specific matters arising with regard to the customs union

7. In connection with the accession negotiations there were some matters raised concerning the achievement of the customs union provided for in the Athens Agreement. The points concerned were the special arrangements applied in the Dodecanese Islands, certain problems which had arisen following the conversion by Greece in 1974 of a number of specific customs duties into ad valorem duties and the customs arrangements applicable to imports by monopolies in Greece and to regional or privileged imports.

These matters are covered by the provisions of the Athens Agreement and so it was decided that they should be examined in the Association bodies. They were given an initial examination by the Association Committee on 14 March 1977. Then in April the Greek delegation submitted two memoranda giving detailed explanations for the first two of the points. A third memorandum on regional or privileged imports is on its way.

C. Difficulties in the Community cotton yarn industry

8. Because of the difficulties over cotton yarn on the Community market as a result in particular of an increase in cheap exports from non-Community countries, the Community appealed to the Greek delegation for help in its efforts to check the disruption in evidence on its market.

The situation was such that the Community in early 1977 sent a memorandum on the matter to Greece, whose exports of cotton yarn to the Nine had increased from 30,200 t. in 1975 to approximately 43,000 t. in 1976. The problem was subsequently examined by joint groups of Community and Greek experts and at two Association Committee meetings on 14 and 24 March 1977 respectively.

The Community said that it expected the Greek authorities and Greek industrialists to do their utmost to see that Greek cotton yarn exports to the Nine were orderly and priced at a satisfactory level.

The Greek delegation was able to present detailed information on both prices and quantities for Greek cotton yarn exports to the Community. One thing which these data showed, in its view, was that prices for Greek cotton yarn exports did not differ appreciably from those obtaining on the Community market. It also pointed out that, although Greek exports had increased in quantity from 1975 to 1976, Greece's share in total Community cotton yarn imports had actually declined (from 19% in 1975 to 18% in 1976).

The Community reserved the right to revert to the matter - which it emphasized was serious and pressing - at a forthcoming meeting of the Association Committee once it had seen the outcome of the contacts between experts which were to be held in the meantime.

D. Agreement between the EEC and Austria on the simplification of formalities in respect of goods traded between the EEC on the one hand and Greece and Turkey on the other hand when the said goods are forwarded from Austria

9. This Agreement signed between the EEC and Austria on 11 June 1975 came into force on 1 May 1976. In order for it to be applied within the EEC-Greece Association, the Association Council on 20 December 1976 adopted by the written procedure its Decision No 1/76 amending Decision No 2/75 on methods of administrative co-operation for the implementation of Articles 7 and 8 of the Athens Agreement.

III. AGRICULTURAL QUESTIONS

A. Harmonization of agricultural policies and arrangements pending harmonization

10. Detailed discussions have continued within the Association on the harmonization of agricultural policies and arrangements pending such harmonization.

In Spring 1976, the Working Party of Greek and Commission experts set up by the Association Council of 27 July 1975 sent two reports to the Association Committee stating the outcome of the discussions held as instructed by the Association Council. These reports showed that there was still much disparity between the Community and the Greek position on certain matters of principle in connection with the harmonization of agricultural policies. The two Parties reaffirmed these positions of principle at meetings of the bodies of the Association in the summer of 1976.

It has thus not yet been possible to achieve harmonization in the two sectors - fruit and vegetables and wine - to which the Association Council gave priority.

The two parties agreed to resume work on the harmonization of agricultural policies in the near future.

Nevertheless, it should be noted that in its 1977 programme ⁽¹⁾, the Commission stated that, upon completion of the preparatory work by the association organs, it would propose measures designed to achieve the aim of harmonizing agricultural policies.

⁽¹⁾ see paragraph 114 of the memorandum annexed to the address on the programme by the President of the Commission of the European Communities to the European Parliament on 8 February 1977.

11. Opinions also differed on a matter of principle in connection with the provisional arrangements (the so-called advance arrangements) applicable to imports into the Community of Greek agricultural products which had been the subject of harmonization statements in 1962 (in particular fruit and vegetables) pending such harmonization.

It should be pointed out that peaches generally cause the greatest number of problems in this connection, since Greece is the Community's largest external supplier of this fruit. In preparation for a marketing year which gave signs of being particularly difficult, the Association Committee studied specific formulae suggested either by the Community or by Greece to avoid disturbances. Since the suggestions did not gain the unanimous agreement of both parties, it was not possible to prevent the Community placing countervailing charges on Greek peaches during the 1976 exporting season. It should also be noted that on several occasions during the period in question Community imports of Greek citrus fruit and cucumbers were also subject to countervailing charges.

12. On the subject of harmonization in the wine sector, on 28 April 1975 the Community made the declaration provided for in Article 35 of the Agreement and Greece stated that it was prepared to introduce harmonization in this sector.

On 27 April 1977, the Association Council held a meeting at ambassadorial level as requested by the Greek delegation. Greece made proposals on this occasion concerning the harmonization of agricultural policies in the wine sector. It also requested that, in view of the prospect of such harmonization, the arrangements applicable pursuant to Protocol No 14 on imports of Greek wines into the Community should be extended until the harmonization decision had been taken.

The Community took note of the Greek proposals concerning harmonization in the wine sector and said it was prepared to give them constructive consideration.

As to the Greek request concerning the arrangements applicable to imports of wine into the Community prior to harmonization in the wine sector, the Community considered that it was not possible to extend the arrangements provided for in Protocol No 14 beyond 29 April 1977 - the expiry date of the two-year period laid down in Article 36 of the Agreement - since this was not compatible with the Community organization of the wine market.

The Community undertook to inform the Greek delegation as soon as possible of the arrangements it proposed to apply to imports of Greek wines.

B. Tomato concentrates

13. Since Community stocks of tomato concentrates were far higher at the end of the first half of 1976 than those normally recorded at that time of the year, thereby subjecting the Community market in the product to great stress, the Council of the Community, by means of Regulation No 1197/76 of 18 May 1976, raised the minimum price for imports of tomato concentrates from third countries from 60 to 64 UA/100 kg.

The Greek delegation drew the Community's attention at the Association Committee on 16 June and at the meeting of the Association Council held at ambassadorial level on 18 June 1976, to the fact that since the Community had introduced a minimum price of 55 UA/100 kg for imports of Greek tomato concentrates during February 1976, Greek exports to the Community had fallen sharply.

It reiterated the request it had made at the Association Council on 24 March 1976 ⁽¹⁾ that this Community measure should be revoked in respect of Greek products. It repeated the argument it put forward on that occasion to the effect that there was no legal or economic foundation for this measure.

At the two aforementioned meetings in June, the Community stated that it was unfortunately unable to accommodate this request by Greece in view of the market situation in this sector.

⁽¹⁾ see previous annual report, pages 9 to 13

It should be noted that after the minimum price for third countries decided on 18 May 1976 was increased as from 1 July 1976, the Commission, by Regulation 1547/76, raised the minimum price applicable to Greece, with effect from the same date, from 55 to 58.7 UA/100 kg (thus maintaining the 8% margin between the minimum price applicable to products from third countries and those from Greece).

The Greek delegation protested against this measure in a memorandum dated 13 July 1976 in which it contested its legitimacy and went on to point out that, under Article 44 of the Treaty of Rome to which Article 41 of the Athens Agreement refers, minimum prices may neither cause a reduction of existing trade nor form an obstacle to progressive expansion of this trade. In the Greek delegation's view the Community, contrary to its statement to the effect that it would take the above-mentioned criteria into account, increased the minimum price despite the spectacular drop in Greek exports of this product, which has thus been practically eliminated from the Community market.

It will be recalled in this connection that the Community considered ⁽¹⁾ that the protective measures it has introduced fully respect the criteria outlined in Article 44 of the Treaty of Rome to which Article 41 of the Athens Agreement refers. It takes up this position particularly in view of the choice of measures taken (since a system of quantitative restriction, another possibility according to Article 41, would have been more restrictive) and the level of the minimum price applicable to Greece, which preserved a not inconsiderable preferential margin.

(¹) See on this the previous annual report, Chapter II. C.

C. Products covered by Regulation No 1059/69

14. Since the introduction in 1969 of Community arrangements for imports of certain products resulting from the processing of agricultural commodities (sugar, milk products and cereals, inter alia), as laid down in Council Regulation No 1059/69, Greek exports of this category of products have been exempt on entry into Community from the fixed component; on the other hand, such products are subject to the variable component for third countries with the exception of three tariff positions ⁽¹⁾ which enjoy a 40% abatement on the above variable component.

In June 1975 and subsequently towards the end of the first half of 1976, the Greek delegation asked the Community to suspend completely the application of the variable component to its imports of Greek products covered by Regulation No 1059/69.

There was ample justification for such a suspension, in the Greek delegation's opinion, since the price of the raw materials used to manufacture such products had considerably risen on the Greek market since 1969; these prices had caught up with and sometimes exceeded Community prices.

The Greek delegation drew particular attention in this connection to pasta products, exports of which to the Community had been showing a sharp decline for some time. This was felt to indicate that the 40% abatement on the variable component no longer afforded these products sufficient preference, given the rise in the price of cereals in Greece.

(¹) 17.04 Sugar confectionery, not containing cocoa ex D
not elsewhere specified:
- Rahat loukoum; halva
19.03 Macaroni, spaghetti and similar products
ex 21.07 Food preparations not elsewhere specified or
included containing sugar, milk products, cereals
or products based on cereals.

After the Community delegation had given close consideration to the Greek delegation's request, it came to the conclusion that the problems which had, for some time, been besetting Greek pasta exports were mainly due to monetary factors. Consequently, the Community considered that the preferential arrangements applicable since 1969 to imports from Greece of products falling within Regulation No 1059/69 should not be adjusted. These arrangements have been extended for a further year. The Greek delegation reserved the right to return to this matter at subsequent meetings of the Association Committee.

D. Consultations with Greece before adoption by the Community of Regulations concerning the importation of unrefined olive oil from Greece

15. Prior consultations with Greece on the Commission proposal for a Community Regulation extending for the 1976/1977 marketing year the standard amount of 0.50 UA/100 kg - pursuant to Article 3(3) of the basic Regulation No 162/66 - were carried out at the Association Committee meeting on 22 October 1976.

Greece was also consulted - in accordance with Article 10 of Regulation (EEC) 162/66 - on the Commission proposal for a Community Regulation laying down special measures in particular for the determination of the offers of olive oil on the Greek market for the 1976/1977 marketing year.

It should, however, be noted that on that occasion the Greek delegation repeated its objections to the Community rules governing Greek olive oil imports, in particular the Regulation introducing a tendering procedure.

IV. TRADE POLICY

A. Application of Protocol No 10 (Spirits of turpentine)

16. Following the Community's request for the prior consent of the Association Council as required under Protocol No 10 to the Agreement, to an extension from 1 July 1976 to 30 June 1977 of the suspension of CCT duty for spirits of turpentine at 3%, the Greek delegation agreed to this in a letter dated 24 May 1976.

B. Consultation of Greece over certain Agreements concluded by the Community under its overall Mediterranean policy and over the Community generalized preferences scheme for 1977

- (a) Maghreb countries (Algeria, Morocco, Tunisia) and Mashrek countries (Egypt, Syria and Jordan)

17. In accordance with Article 64 of the Agreement, Greece was consulted at the Association Council on 14 May 1976 on the agreements signed between the EEC and the three aforementioned Maghreb countries.

The Agreements which the EEC signed with Egypt, Syria and Jordan respectively on 18 January 1977 were also the subject of an information and consultation procedure.

(b) Generalized preferences

18. In November 1976 the Community consulted Greece on its generalized preferences scheme for 1977. It should be noted that in respect of raw tobacco - the product of greatest interest to Greece in this context - the Community has introduced the concessions contemplated in the offer for tropical products which it made under the multilateral trade negotiations. Greece had already agreed to these concessions in the spring of 1976 ⁽¹⁾.

⁽¹⁾ see the previous annual report, pages 24 and 25.

V. THE ASSOCIATION'S PERFORMANCE IN THE FIELD OF TRADE IN 1976

(a) Preliminary remark

19. The following comments on the main features of the 1976 trade performance are based on the statistics currently available.

(b) Changes in Greece's external trade

(see Table I/1 and I/2)

20. Greece's external trade progressed satisfactorily in 1976. Total Greek exports increased from 2.3 thousand million dollars in 1975 to more than 2.5 thousand million dollars in 1976 (+ 10.9%) and total Greek imports which amounted to 5.3 thousand million dollars in 1975 rose to 6 thousand million dollars in 1976 (+ 13.1%).

If a comparison is made between the trend in trade between Greece and the Community and that observed in trade between Greece and third countries, we see that Greek exports to the Nine show a slightly higher rate of increase (+ 11.6%) than Greek exports to third countries (+ 10.3%). The Community's share in total Greek exports has increased from 49.7 to 50%.

Greek imports from the EEC increased by 5.6% in 1976 (as opposed to +18.4% the previous year) while imports from third countries rose by 18.7% (as opposed to + 22.4% in 1975). Thus the Community's share in Greek imports has fallen from 42.5% in 1975 to 39.7% in 1976.

The rate of imports covered by exports has fallen from 43% in 1975 to 42.3% in 1976 for Greek external trade in general; this cover rate has increased, however, in respect of the Community where it has risen from 50% to 53.3% and fallen in respect of non-member countries of the Association from 38% to 35.1%.

The deficit recorded in trade between Greece and the Community in 1976 remains quite substantial in absolute terms; it stood at 1.116 thousand million dollars in 1976 thus showing a slight drop as compared to the deficit of 1.122 thousand million dollars recorded in 1975. As far as trade with non-member countries of the Association is concerned, Greece's trade deficit has continued to increase, jumping from 1.9 thousand million dollars in 1975 to 2.4 thousand million dollars in 1976 (an increase of 23.7%).

(c) Structure of Greek exports
(see Tables II/1 and II/2)

21. The two above tables give rise to the following observations:

- (a) During the period under review, the overall value of Greek agricultural exports has continued to increase, rising from 821 million dollars in 1975 to 913 million dollars in 1976. This favourable trend is due to the performance registered in exports from Greece of tobacco (from 155 million dollars to 177 million dollars), fruit, vegetables and preparations thereof (from 429 to 462 million dollars), other agricultural products (from 112 to 134 million dollars) and inedible agricultural products (from 81 to 105 million dollars).

Nevertheless for the first time in a long time in trade with the Community a certain drop in Greek agricultural exports was recorded in 1976 from 420 million to 398 million dollars). This is due, in particular, to a drop in tobacco exports (which fell from 49.4 to 39.1 million dollars) but also to a drop in exports of fruit, vegetables and preparations thereof (from 273 to 260 million dollars) and "other agricultural products" (a drop of approximately 5 million dollars). On the other hand, Greek exports of wine and in particular olive oil to the Nine show an increase, whilst a sharp drop is recorded in respect of third countries.

As is shown in table II/2, this trend has resulted in the Nine's share in Greek agricultural exports falling from 51% in 1975 to 44% in 1976.

- (b) Overall Greek exports of industrial products have also continued to rise from 1.47 thousand million dollars in 1975 to 1.63 thousand million dollars in 1976. This increase was made possible, despite the drop in Greek exports of industrial raw materials from 373 million dollars in 1975 to 299 million dollars in 1976, by the increase in exports of manufactured products from 1.1 thousand million dollars in 1975 to 1.3 thousand million dollars in 1976.

In relations with the Community, it is of note that Greek exports of industrial products rose from 719 million dollars in 1975 to 873 million dollars in 1976, whereas in respect of the rest of the world, these exports remained stationary (753 million dollars in 1975; 754 million dollars in 1976).

The Community's share in Greek exports of industrial products has thus risen from 49% in 1975 to 54% in 1976.

(d) Structure of Greek imports
(see table III)

22. From 1975 to 1976, total Greek imports increased from 5.3 to 6 thousand million dollars. This increase is mainly due to the increase under "ships and boats" which rose from 694 million dollars in 1975 to 1.143 thousand million dollars in 1976 and to a lesser extent to the increase recorded in Greek imports of "other manufactured products" which rose from 1.6 thousand million dollars in 1975 to 1.8 thousand million in 1976. Finally it should be noted that Greek imports of agricultural and food products show a slight drop from 498 million dollars in 1975 to 480 million dollars in 1976. Greek imports of capital goods (excluding vessels) rose to 905 million dollars in 1975 and to 912 million dollars in 1976 and have therefore practically remained stationary.

On the subject of Greek imports from the Community, it should first of all be noted that the Nine remain Greece's principle supplier of "other manufactured products"; Greek imports of such products from the Community which amounted to 1.07 thousand million dollars in 1975 rose to more than 1.2 thousand million dollars in 1976, whilst those from third countries rose from 557 million in 1975 to 616 million dollars in 1976. On the other hand, Greek imports of capital goods (excluding ships and boats) from the Nine which totalled 625 million dollars in 1975 fell in 1976 to merely 580 million dollars whilst increasing in respect of third countries. These rose from 281 million in 1975 to 333 million dollars in 1976. A slight drop is also evidenced in imports of ship and boats from the Nine. These fell from 263 million dollars in 1975 to 256 million dollars in 1976 while, for third countries, this item totalled 888 million dollars in 1976 as opposed to 430 million

dollars in 1975. Greek imports of agricultural and food products from the Nine which totalled 148 million dollars in 1975 rose to 156 million dollars in 1976, thus showing a slight increase. Greek imports from third countries have shown a certain drop (from 350 million in 1975 to 324 million dollars in 1976) whilst remaining higher than those from the Community.

VI. FINANCIAL QUESTIONS

A. Implementation of the first Financial Protocol

23. The total amount put at Greece's disposal under the first Financial Protocol (125 million US \$ = approximately 116 million UA) has been successfully committed ⁽¹⁾. It should be noted that the payments made by the European Investment Bank amounted to approximately 100 million UA as at 15 February 1977.

⁽¹⁾ see the table appended to this report showing the list of projects financed by the EIB under the first Financial Protocol since the reactivation of the Agreement.

B. Negotiation and signature of the second Financial Protocol

24. At the two meetings of the Association Council held in June and July 1976 the Greek delegation took the opportunity to draw attention afresh to the importance which it attached to early and successful conclusion of the negotiations on the second Financial Protocol, on which the two Parties had agreed in principle as early as the autumn of 1974. In particular it stressed the need to include in the Protocol provisions to ensure that the Community's financial aid could be put to effective use by Greece as soon as possible, bearing in mind the prospect of Greece's future accession to the Community. The Community delegation was sympathetic to Greece's concern but pointed out that in any case the new Financial Protocol could not enter into force until the necessary procedures in the Contracting Parties had been completed.

At the ministerial meeting of the Association Council on 27 July 1976 the Community was able to inform Greece of the amount of the aid: 280 MUA, consisting of 225 MUA from the own resources of the European Investment Bank and 55 MUA from budgetary resources. It also explained that the delay in presenting its offer was due to the fact that it had felt it necessary to place discussions thereon in the more general context of the Community's external financial commitments over the next few years.

The Greek delegation, while expressing disappointment at the amount, stated that it would accept the Community proposal in order not to hold up the negotiations any further.

25. Negotiations on the second Financial Protocol continued in the Association Committee on 6 December 1976, on the basis of the Community offer approved by the Council of the Nine on 29 November 1976. At the meeting of the Association Committee the Greek delegation asked the Community to make certain improvements to the offer. The main Greek request was that the duration of the Protocol be reduced. Under the Community proposals the Protocol was to expire five years after its entry into force, but in view of the delay in negotiating it and the time needed by the Contracting Parties to complete the internal approval proceedings the Greek delegation wished its duration to be calculated from the date of signature. The other improvements requested by the Greek delegation were mainly concerned with the inclusion of provisions which would enable Greece to use the financial aid provided for under the Protocol as soon as possible.

The Council of the Communities then re-examined the matter and the Community delegation was able to present an improved offer to Greece in the Association Committee on 13 January 1977, thus making it possible to conclude the negotiations on that date.

26. The second EEC - Greece Financial Protocol was signed in Brussels, at Ambassadorial level, on 28 February 1977. It is currently undergoing the internal approval procedures in the Contracting Parties.

27. The content of the second EEC - Greece Financial Protocol may be summarized as follows:

(a) the aggregate amount is 280 million EUA; of this:

(i) 225 million EUA are to be granted in the form of loans from the European Investment Bank's own resources and under normal market conditions. They are intended to finance loans which further the objectives of the Association Agreement, help to increase productivity and to diversify the Greek economy and promote in particular the improvement of the economic infrastructure of the country and the modernization of its agriculture, while taking into account the objective of promoting the complementarity of Greek agriculture with that of the Community.

Of these 225 million EUA, a maximum amount of 150 million EUA intended as a matter of priority for economic infrastructure or agricultural development projects and the financing of industrial projects for small and medium-sized undertakings through the intermediary of Greek development institutions will be eligible for an interest rate subsidy of 3% per annum granted from budgetary resources.

(ii) 45 million EUA are non-returnable grants from budgetary resources. They are intended, in addition to the financing of the interest rate subsidy on loans from the Bank, for technical co-operation measures, study projects and projects for the modernization of agriculture.

(iii) finally, 10 million EUA, also granted from budgetary resources, can be used for special loans for the modernization of Greece's agricultural sector. These loans, which can be combined with the loans granted from the EIB's own resources, will be granted for a period of 30 years with a grace period for redemption of 8 years and be subject to interest at an annual rate of 2.5%.

(b) As a result of requests from the Greek delegation to reduce the duration of the second Financial Protocol, it was agreed that it will enter into force on the first day of the month following the date on which the Parties notified each other of completion of the ratification procedures and that it will expire on 31 October 1981 ⁽¹⁾.

(c) The Community also agreed to go some way towards meeting a point which was causing the Greek delegation some concern, namely their wish to see Greece's economy benefit as soon as possible from maximum Community aid on favourable terms.

Accordingly, it agreed that a certain degree of flexibility should be introduced into the general rule of the Protocol whereby the amounts to be committed each year are to be distributed as evenly as possible throughout the period of application of the Protocol; it was arranged that during the initial period of application a proportionately higher amount may be committed within reasonable limits.

⁽¹⁾ the same expiry date as that for other external financial commitments recently entered into by the Community.

(d) Finally, to avoid all ambiguity, the Community insisted that it should be made clear in an exchange of letters to be effected between the two delegations on the date of signature of the Protocol that the problem of the effects of Greece's possible accession to the Community on the second Financial Protocol would have to be settled in the negotiations for accession. No new financial commitment could be entered into under the Protocol once the Accession Treaty had come into force.

VII. NEGOTIATIONS FOR THE ACCESSION OF GREECE TO THE EUROPEAN COMMUNITIES ⁽¹⁾

28. The accession negotiations between Greece and the European Communities were officially opened at an inaugural meeting at ministerial level held in Brussels on 27 July 1976.

On that occasion Mr VAN DER STOEL, President in Office of the Council of the European Communities, made a statement in which he stressed that although it was true that the prospect of Greece's future accession was already mentioned in the Athens Agreement signed in 1961, the opening of accession negotiations represented much more than just one more step along the path traced out in 1961 by the signature of the Association Agreement, for it marked a genuine leap forward in the quality of relations between the Community and Greece.

Mr PAPALIGOURAS, Minister of Co-ordination in the Greek Government, spoke of the basic guidelines underlying Greece's approach to the negotiations. He stated that Greece accepted the Community patrimony, stressing that this position was in line with that adopted by Greece when it signed the Athens Agreement, since that commitment itself implied acceptance of the fundamental principles of the Treaty of Rome.

⁽¹⁾ Although accession negotiations are taking place in a different framework it seemed desirable to include this Chapter in the report in view of the importance of these negotiations for the development of EEC - Greece relations.

29. Following this opening session two ministerial sessions of the Accession Conference were held in Luxembourg during the period under consideration. The first of these (19 October 1976) was held mainly for the purpose of settling certain questions concerning the procedure to be followed in the negotiations; it was arranged that there would be a meeting at ministerial level every three months and at deputy level every month, on the understanding that more frequent meetings could be held if necessary.

The second ministerial session of the Conference was held on 5 April 1977; it enabled both Parties to take stock of the work done by the Accession Conference up to that date.

30. Between December 1976 and the end of March 1977 four negotiating sessions were held at deputy level, i.e. at Ambassador level ⁽¹⁾. At the first of these sessions the two Parties agreed on the method of organizing proceedings: there would be two successive rounds of negotiations, the first being devoted to drawing up a list of existing problems and delegations' positions on them in order to obtain an overall picture of all the essential aspects of the negotiations. This overall view would make it possible to identify the points of agreement and the problems to which appropriate solutions would have to be sought in the second round of negotiations.

⁽¹⁾ 10 December 1976, 31 January 1977, 28 February 1977 and 30 March 1977.

In order to arrive as quickly as possible at this overall picture the two delegations stated their positions on the following subjects at the four meetings at deputy level: customs union and free movement of industrial goods (an area in which the process of Greek alignment with the Community has already reached a very advanced stage); the Community's external relations; rules of competition (rules applicable to undertakings, dumping, State aid) and regional policy; application of the own resources system to Greece (budgetary questions). At the end of January Greece also stated its position on agriculture. At the meeting in March it made a detailed statement on ECSC problems, a field not covered by the Association Agreement.

31. Finally, it should be pointed out that Greek Government experts and the Commission of the European Communities are currently tackling the weighty task of looking at Community secondary legislation. All the acts of the three Communities in force in the various fields covered by the Rome and Paris Treaties have to be examined one by one to determine which of them can be taken over as they stand by Greece, which may require adjustments of a more or less technical nature and which will raise problems of substance that will have to be negotiated in the Accession Conference.

VIII. OTHER QUESTIONS (INFORMATION)

32. The Commission's Bureau in Athens is actively pursuing its information programme on the activities of the Community, in particular in the context of the accession negotiations currently under way. Several seminars and symposia have been held in Greece to enable the various interested sectors in the country to become better acquainted with the Community.

 33. In the same context several fact-finding visits to the headquarters of the Institutions of the Communities have been organized. In the period under examination the headquarters of the Commission were visited by over a hundred people, including representatives of Greek industry, Presidents of Chambers of Commerce, trade unionists, students from the Polytechnic and Greek press counsellors in the various Member States of the Community.

 34. Among visits to Greece by eminent Community figures during that period was that made by Sir Christopher SOAMES, Vice-President of the Commission of the European Communities, in May 1976, following the meeting of the Joint EEC-Greece Parliamentary Committee in Aghios Nikolaos (Crete). He was received in Athens by the Prime Minister of the Hellenic Republic, Mr CARAMANLIS, and discussed with him certain questions arising in the context of the negotiations for the accession of Greece to the Community.
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List of projects financed by the
European Investment Bank
pursuant to the first Financial Protocol
since the Agreement was reactivated

(in million US \$)

1. Flood regulation system and irrigation network in the Serres plain (eastern Macedonia), Hellenic Republic, Ministry of Public Works and Agriculture	30.0
2. Aluminium rolling mill at Oenophyta (Boeotia) ELVAL - Hellenic Aluminium Industry S.A. through the intermediary of the Hellenic Bank for Industrial Development S.A. (ETBA)	1.9
3. Cement works at Kamari (Boeotia) Titan Cement S.A., through the intermediary of the Hellenic Bank for Industrial Development S.A. (ETBA)	4.0
4. Electrical and telecommunications cable factory at Volos (Thessaly) Chandris Cables S.A. through the intermediary of the Hellenic Bank for Industrial Development S.A. (ETBA)	5.0
5. Integrated cotton spinning and weaving plant at Yarnitsa (eastern Macedonia) Tissages Helléniques S.A. through the intermediary of the Hellenic Bank for Industrial Development S.A. (ETBA)	1.4
6. Nylon yarn production plant in Athens ETMA Rayon Manufacturing S.A. through the intermediary of the National Investment Bank for Industrial Development S.A. (NIBID)	3.5
7. Global loan to the National Investment Bank for Industrial Development S.A. (NIBID) to finance small and medium-scale investments	10.0
<u>Total</u>	<u>55.8</u>

ANNEX 3 - STATISTICAL DATA

Table I/1

I. GREECE'S EXTERNAL TRADE (1973-1975)

1. CHANGES IN VALUE

(million \$)

Period	Exports				Imports				Imports covered by exports (%)		
	EEC	Rest of World	World	EEC share	EEC	Rest of World	World	EEC share	EEC	Rest of World	
1973	799.2	654.9	1,454.1	54.96%	1,740.5	1,732.5	3,473.0	50.12%	46%	38%	42%
1974	1,016.5	1,013.2	2,023.7	50.08%	1,909.8	2,496.2	4,406.0	43.34%	53%	41%	46%
Change	+ 27.2%	+ 54.1%	+ 39.6%		+ 9.7%	+ 44.1%	+ 25.9%				
1975	1,139.2	1,153.7	2,292.9	49.68%	2,251.0	3,056.4	5,317.4	42.52%	60%	38%	43%
Change	+ 12.1%	+ 13.9%	+ 13.0%		+ 15.4%	+ 22.4%	+ 20.7%				
1976	1,271.0	1,272.1	2,543.1	49.98%	2,386.6	3,626.6	6,013.2	39.69%	53.3%	35.1%	42.3%
Change	+ 11.6%	+ 10.3%	+ 10.9%		+ 5.6%	+ 18.7%	+ 13.1%				

Table I/2

I. GREECE'S EXTERNAL TRADE (1973 - 1976)

2. CHANGES IN TRADE DEFICIT

(million \$)

Period	EEC	Rest of world	World
1973	- 941.3	- 1,077.6	- 2,018.9
1974	- 893.3	- 1,483	- 2,376.3
Change	- 5.1 %	+ 37.6 %	+ 17.7 %
1975	- 1,121.8	- 1,902.7	- 3,024.5
Change	+ 25.6 %	+ 28.3 %	+ 27.3 %
1976	- 1,115.6	- 2,354.5	- 3,470.1
Change	- 0.6 %	+ 23.7 %	+ 14.7%

Table II/1

II/1. GREEK EXPORTS BY MAIN PRODUCT GROUPS

(in million \$)

Product groups	1973				1974			1975			1976	
	EEC	Rest of world	World	EEC	Rest of world	World	EEC	Rest of world	World	EEC	Rest of world	World
I. UNMANUFACTURED TOBACCO	16.9	60.8	77.7	55.5	104.8	170.3	49.4	105.8	155.2	39.1 ¹⁾	138.1	177.2
II. FOODSTUFFS												
1. Fruit, vegetables and preparations thereof (1)	481.7	93.8	575.5	214.0	134.8	349.6	272.9	156.0	428.9	299.5	202.6	462.1
2. Olive oil	2.8	1.4	4.2	2.8	8.0	10.8	9.5	11.0	20.5	11.1	3.9	15.0
3. Wine	18.2	9.6	27.8	5.8	10.1	15.9	12.0	11.7	23.7	12.5	6.8	19.3
4. Others	28.1	17.0	45.1	39.4	33.4	72.8	54.6	57.7	112.3	49.4	64.4	133.6
TOTAL II. 1 - 4	247.5	121.8	369.3	262.9	166.3	449.1	349.0	235.4	585.4	332.5	297.7	630.2
III. INCLUDING AGRICULTURAL PRODUCTS	18.1	103.0	121.1	11.5	90.2	101.8	21.9	50.2	60.8	26.3	78.8	105.1
I-III. AGRICULTURAL PRODUCTS	277.5	224.5	502.0	339.9	381.3	721.2	420.3	401.1	621.4	397.9	514.6	912.5
IV. INDUSTRIAL RAW MATERIALS	159.3	109.1	268.4	162.7	113.2	295.9	213.3	100.1	373.4	169.0	130.0	299.0
V. MANUFACTURED PRODUCTS (2)	351.4	259.2	610.6	493.9	519.4	1,013.3	505.5	592.5	1,098.1	704.1	627.4	1,331.5
IV-V. INDUSTRIAL PRODUCTS	519.7	368.3	888.0	656.6	632.6	1,309.2	718.9	752.6	1,477.5	873.1	754.4	1,630.5
I-V. TOTAL EXPORTS	799.2	524.8	1,454.0	1,010.5	1,013.2	2,029.7	1,139.2	1,153.7	2,292.9	1,271.0	1,272.1	2,543.0

(1) incl. olives

(2) incl. EEC products

* corrected figure

Table II/2

II/2. GREEK EXPORTS BY MAIN PRODUCT GROUPS
(EEC share as a percentage)

(World = 100%)

PRODUCT GROUPS	1973	1974	1975	1976
I. UNMANUFACTURED TOBACCO	22	38	32	22
II. FOODSTUFFS				
1. Fruit, vegetables and preparations thereof (1)	67	61	65	56
2. Olive oil	67	26	46	74
3. Wine	54	36	51	65
4. Others	68	54	45	37
TOTAL II. 1 - 4	67	59	60	53
III. INEDIBLE AGRICULTURAL PRODUCTS	15	11	27	25
I-III. AGRICULTURAL PRODUCTS	49	47	51	44
IV. INDUSTRIAL RAW MATERIALS	61	62	57	57
V. MANUFACTURED PRODUCTS (2)	58	49	46	53
IV-V. INDUSTRIAL PRODUCTS	59	52	49	54
I-V. TOTAL EXPORTS	55	50	50	50

(1) incl. olives

(2) incl. ECSC products

Table III

III. GREEK IMPORTS
Breakdown by main product groups
(in value)

(million \$)

PRODUCT GROUPS	EEC				Rest of World				World			
	1973	1974	1975	1976	1973	1974	1975	1976	1973	1974	1975	1976
I. Raw materials and fuels (1)	129.3	148.7	154.5	176.8	625.9	1,240.4	1,438.0	1,466.2	755.2	1,389.1	1,592.5	1,643.0
Share of total %	7	8	7	7	36	50	47	40	22	32	30	27
II. Capital goods / excl. ships and boats (2)	549.4	649.7	624.5	579.6	289.3	261.2	280.6	332.5	838.7	910.9	905.2	912.1
Share of total %	32	34	28	24	17	10	10	9	24	21	17	15
III. Cars and boats (3)	61.5	32.6	263.1	255.6	137.1	74.3	430.4	887.7	198.6	106.9	693.5	1,143.3
Share of total %	3	2	12	11	8	3	14	25	6	2	13	19
IV. Other manufactured products (4)	869.4	939.5	1,070.6	1,218.7	395.4	556.4	557.3	616.1	1,264.8	1,495.9	1,627.9	1,834.8
Share of total %	50	49	47	51	23	22	18	17	36	34	31	31
V. Agricultural products and foodstuffs (5)	130.9	126.7	148.3	156.0	284.8	376.5	350.1	324.0	415.7	503.2	498.3	480.0
Share of total %	8	7	6	7	16	15	11	9	12	11	9	8
TOTAL IMPORTS	1,740.5	1,897.2	2,261.0	2,386.7	1,732.5	2,508.8	3,056.4	3,626.5	3,473.0	4,406.0	5,317.4	6,013.2

{2} GST 2 and 3
{2} Machinery and transport equipment: GST 7, excl. - domestic electrical equipment (GST 725)
- cars (GST 732)
- ships and boats (GST 735)

{3} GST 735
{4} GST 5, 6, 725, 732, 8 and 9
{5} GST 0, 1 and 4

Source: UNO statistics - Commodity trade statistics