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SPECIAL ISSUE:

GREECE, Europe's New Member

As of January 1981, the European Community will become a Community of Ten. Greece, the newest member will bring with it a new Community language (making a total of seven official languages) with a different alphabet, an agricultural sector which differs considerably from that of most of the rest of Europe, a less developed industrial sector and, of course, some of the most beautiful natural and archeological spots in the world. In addition to the general impact of the enlargementon both Greece and the Community (the dimensions of which cannot always be predicted), there will be certain institutional changes. The European Commission will have 14 members instead of 13, the Council of Ministers will be enlarged from 9 to 10, the European Parliament will be joined by 24 Greek MEP's, bringing its size to 434 and the Court of Justice will have a new judge, making it a 10-member body. Other EEC institutions to be enlarged are the Economic and Social Committee, the Court of Auditors and the Scientific and Technical Committee. Although Greece will be a full member on January 1, transition periods of seven years will apply for certain regulations, namely free movement of workers and free trade in certain agricultural products. Eurofocus, thus, devotes this issue to the new member, taking the opportunity to extend a warm welcome.

We also wish our readers a Merry Christmas and a very Happy New Year. Our next issue will be published on the 12th January 1981.

S U M M A R Y

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Commission of the European Communities,
Rue de la Loi 200 - 1049 Brussels Belgium
Tel 736 60 00 - Telex 21877 COMEU B.

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Editor Will. J. Reckman

GREECE: brief information

1. Basic statistics

With a population of 9.3 million, Greece will bring into Europe a country covering 132,000 square kilometres, which embraces some twenty mountain peaks and over 2,000 islands. The newest member of the Community is strategically situated, bordering on three communist countries -Albania, Bulgaria and Yugoslavia, and facing Turkey. Its seas include the Mediterranean, the Agean and the Ionian, and its landscape is varied, ranging from the dry, rocky Aegean islands to the lush mountainous areas found in the North. The country's agriculture is mostly of the "Mediterranean" type -fruits (especially citrus), vegetables, olive oil and wine and Greece is thus quite dependent on imports for northern products, such as meat and dairy goods. The society, which is still traditional in some of the rural areas, is undergoing a modernization and Westernization process. This can be seen in the growth of the consumer society in the past few decades and by the fact that Greece fares well in comparison to Ireland and Italy when it comes to certain social statistics, such as the number of doctors or telephones per citizen.

2. Political Scene

Since the fall of the seven-year military dictatorship in 1974, Greece has been governed by the conservative New Democracy Party, first under the leadership of Constantine Karamanlis and now George Rallis. The ruling party holds 172 of the 300 parliamentary seats, with the Panhellenic Socialist Movement (PASOK) led by Andreas Papandreou forming the official opposition, with 93 seats. The Communist Party of the Exterior (which is pro-Moscow) holds 11 seats, with the remaining seats divided among small parties, which include the Party of Democratic Socialism (KODISO), the Communist Party of the Interior (Eurocommunist), the Union of the Democratic Centre (EDIK) as well as some independent MP's. The next parliamentary elections are slated for November 1981 (at the latest) and the strength of the Socialists is thought to have grown since the last elections, leading some observers to predict that the party could draw enough support to take power. The Socialists have been both anti-EEC and anti-NATO and have in the past promised to hold a referendum on EEC membership if they come into power. Such a referendum would, of course, have an important impact on the relationship between Greece and the Community.

3. The Economy

Greece's economy is considerably different from that of the other members of the Community, with agriculture continuing to play a more important role in

Greece than in the rest of Europe. Although rapid industrial growth has taken place in recent years, it is concentrated in certain sectors -metallurgy, petrochemicals and textiles- while manufacturing, particularly of consumer products, still lags behind. Industry also tends to be centred geographically in the areas of Athens-Pireus and Thessalonika, which has led to regional problems. The growth rate of the Greek economy -which averaged 3.6 per cent a year between 1973 and 1978 and stood at 3.75 per cent in 1979- exceeds growth levels in other Community countries, while unemployment in the country remains lower than in the rest of Europe. However, inflation is higher in Greece than in any other Western country -prices rose by more than 15 per cent per year between 1973 and 1978 and the 1979 inflation rate was 18 per cent. Two of the most successful economic sectors in Greece are tourism and the shipping fleet (one of the largest in the world) and after Greek entry, Europe will be an international shipping power.

AGRICULTURE: A New Emphasis

Greece's entry into the European Community on January 1 will bring a change in the agricultural picture of Europe.

The new Member State will join Southern Italy and France as a producer of "Mediterranean" agricultural goods such as fruits, vegetables, wine and olive oil, in contrast to the northern products that have up to now characterized European agriculture.

With agriculture consuming nearly 70 per cent of the Community budget and playing an important role in the Greek economy, the effect of Greek membership on the Common Agricultural Policy (CAP) is of substantial interest to both Brussels and Athens authorities, in addition to the farmers themselves. Since the agriculture of Greece and the Community tend to be complementary, the entry of the new member is not expected to add substantially to the surpluses that the Community amasses each year. In fact, Greece is a net importer of several of the products that the EEC has in surplus, most notably meat and dairy goods. The Mediterranean fruit and vegetables grown in Greece, on the other hand, are not items that the Community has in surplus. Thus, for the moment there should not be an overburdening of the CAP, which would come about if the Community was forced to buy up or subsidize the sale of surplus products. However, problems of surpluses in Mediterranean goods could well emerge once Portugal and, more importantly, Spain join the EEC. For the moment, the only products for which surpluses are expected are common wheat and durum wheat.

As far as consumers in the Community are concerned, Greek entry should not cause a change in prices for agricultural items, since the common prices will be applied to Greek produce sold in Europe. It is in Greece that agricultural prices are expected to undergo changes. If the recent recommendations of the Commission of the EEC are accepted, the common prices for agricultural goods will apply in Greece as of accession for those products which already cost the same in Greece and in Europe or show a minimal price difference. Examples of the former are pigmeat, eggs, poultrymeat and milk products and of the latter feedgrains, rice, beef and veal. However, if there are substantial differences in Greek and European prices, these will be eliminated during a transitional period, with the use of special aids such as accession compensatory amounts and supplementary aids. In such cases (common wheat, durum wheat, rye, certain fruit and vegetables and olive oil) the Council of Ministers will fix special price levels applicable to Greece.
Prices for many agricultural products are expected to increase in Greece, since prices there are currently lower than those in the Community. There are some exceptions, such as pears, cauliflowers, grapes and apples.
Farmers within certain parts of the Community, namely the southern regions of Italy and France will face added competition after Greek entry, while farmers in Greece should benefit from the higher prices and support mechanisms that EEC membership will bring. This is especially important since more than one fourth of Greece's working population is employed in agriculture, a proportion which is much higher than the 7.6 per cent average for the Nine.
It is also hoped that EEC membership will help rationalize Greek agriculture, leading to increased efficiency.
Finally, some observers speculate that Greece's membership will bring increased bargaining power to the Mediterranean farming interests (in the South of Italy and the South of France), helping them to gain a larger share of the funds spent by the Community on agriculture.

Greek tourism

Mykonos, Corfu, Athens are all names that conjure up bright postcard scenes of holidays where the blue of the skies and the seas blend. Greece's tourism vocation is already well-known and allows it to serve the wishes of both lovers of the sea or just plain idlers, as well as those yearning for archaeology and history. Statistics published by the Greek Tourist Office show a spectacular increase in this field and indicate that the pace will be maintained in the coming years. The number of foreign tourists arriving in Greece increased a hundredfold in the span of 25 years from 1951 to 1976. In addition, a real boom occurred in the years from 1975-1978, a period during which the number of foreign tourists doubled. The most recent statistics show that 5 million foreign tourists visit Greece in contrast to about 50,000 20 years earlier.

If Greece attracts visitors from all over the world, it is a particular magnet for Europeans. Approximately 3.4 million European tourists spent time there in 1978, while there were also some 500,000 tourists from the United States, Canada and other parts of the Western hemisphere, a figure that is also substantial in view of the distance.

The ranking of European countries which finds holidays in Greece to their taste reveals Germany, Great Britain and Yugoslavia in the lead, each with at least 500,000 tourists in 1978. France is in fourth position, with nearly 350,000 tourists, followed by Sweden and Italy each with a little bit more than 200,000 travellers.

July and August are the peak months, during which the 250,000 beds spread out in more than 3,500 hotels are 80 percent filled. However, in Italy, for instance, there are some one million beds available for tourists, or about four times more. The tourist infrastructure has been considerably expanded in recent years, partly with the aid of the European Investment Bank, which helped finance numerous projects in the tourism field. Three-fifths of these visitors arrive in Greece by air and four new airports were put into service in the spring of 1978. But shipboard arrivals are also increasing while those arriving by car or by other means on the roads leading to Greece increased only marginally. The main loser as a means of transportation to Greece was the railway system.

Tourism has become an important source of revenue for Greece and one that remains important for the development of the country.

TRADE: Impact of Greek membership on EEC trade with Southern Mediterranean countries

The entry of Greece into the European Community as of January 1, 1981, and later the membership of Spain and Portugal, is expected to have intense repercussions on the Community's trading relations with its neighbours in the Southern Mediterranean.

This is essentially because enlargement will make the Community self-sufficient in a number of those products -fruit, vegetables, wine and olive oil in the agricultural sector, and textiles and footwear in the manufactured sector- which are traditionally imported from the Southern Mediterranean countries. Greece's entry will contribute to this eventual self-sufficiency, but it is especially Spanish membership, slated for 1984, which will have the most impact on the Southern Mediterranean.

The most direct impact of EEC enlargement will therefore be a reduction in the Community's import requirements for certain Mediterranean products, and the risk of growing protection against third countries whose production structures resemble most closely those of the new members.

The most serious problems will be posed for the Southern Mediterranean countries who are not major oil producers and whose exports to the Community include a large share of agricultural and manufactured goods.

The worst affected will be Morocco, whose trade with the EEC totals about 991.7 million dollars and represents 59% of the country's total trade, and Tunisia, whose trade with the EEC is valued at 762.8 million dollars, followed to a lesser extent by Egypt and Israel.

The products most seriously affected in the agricultural sector will probably be olive oil, tomatoes, wine, potatoes, citrus fruit as well as tinned tomatoes. In fact, the 12-nation, and to some extent the 10-nation, EEC will be almost self-sufficient in olive oil, wine and many types of fruit and vegetables. In the industrial area, the problem areas will be essentially clothing and textiles, and to a smaller degree, footwear.

Whereas the Southern Mediterranean countries are concerned that enlargement will bring a drastic decline in their trade with Europe, the Community is aware that unless the enlargement is handled rationally, Europe could lose a strategic sphere of influence in the Southern Mediterranean.

The Community will have to take ad hoc measures to prevent a serious fall in imports from the Southern Mediterranean, and it will have to use other instruments in the commercial, economic and financial field to prevent the region's export earnings from falling. One possibility would be to treat certain products like Tunisian olive oil and Moroccan tomatoes as if they were part of EEC domestic production. Another would be to set up a system of export earning stabilisation.

TRADE: Strong links already exist between EEC and Greece

Trade contacts between Greece and the European Community have grown increasingly stronger during most of the 20 years which the two have been associated.

With Greece's entry into the Community, however, these ties are expected to grow even more. As a result of the 1961 Association Agreement, Greek industrial products have since 1968 entered the Community without having customs duties levied on them. In addition, about two-thirds of Community exports to Greece have also been duty-free since 1974. The major exceptions have been coal and steel products which were left outside the original agreement but will now benefit from the same treatment.

However, in 1980, because of rising balance of payments problems, Greece temporarily applied import controls that in effect required companies to import 5 per cent less than they had in 1978.

In the agricultural trade sector, the Community has removed customs duties on about 90 per cent of agricultural imports from Greece and given preferential treatment to such products as Greek wine and olive oil.

As a result of these links, the European Community has become Greece's principal trading partner over the years. But it has generally suffered from a trade deficit with the EEC since it purchases more than it sells, especially in the industrial and capital goods sector. During the 20-year association period trade between the two has increased ten-fold. Greek membership will mean that virtually all remaining impediments to trade between the two will also gradually be phased out. Remaining customs duties and quotas will be eliminated either on January 1 when Greece enters or in stages during a five-year transition period (seven years in some cases). The few exceptions foreseen for this period will be products which are particularly sensitive for Greece and which will continue to come under import limitations such as mineral fertilizers, certain motors, buses and others. Other obstacles such as differences in regulations and standards will also be reduced, as they have between current members, and Greece will gradually become more and more integrated into the Community.

INDUSTRY: An uncertain future

The impact of Greek accession to the European Communities on that country's industry is of concern to both Greece and the nine other EEC members.
In its relatively early stage of development, Greek industry will be faced with competition from some of the world's most industrialized countries. Because it is so young, Greek industry should not prove a threat to industry in the rest of Europe, except perhaps in textiles. However, with much of Europe already undergoing an economic crisis, the authorities in Brussels will want to avoid the type of major expenditure which would arise from having to aid a substantial number of failing Greek industries.
Greece has seen substantial industrial growth in the past 20 years and there have been important changes within the spread of sectors. Textiles, construction materials, the basic metal and chemical industries have increased in importance, while certain traditional industries, such as food and clothing, have become less important.
However, although it has grown, manufacturing industry remains modest, accounting for approximately 21 percent of the Gross Domestic Product (as compared to 36 percent in Germany, for example). The consumer goods sector is especially weak. Greek industry also has many small firms, some of which have up to now survived because of protective barriers. When there is complete free trade between Greece and the other EEC countries (certain "sensitive" sectors will continue to be protected until 1984) firms in Greece which are not as specialized as their European counterparts or do not possess adequate technology or financial resources will have to make a major effort to adjust to the competition.
Both the Greek authorities and those in Brussels hope that Greek industry will benefit from foreign investment. There is also hope that the dynamism that has been seen in Greece's rapid development will continue. If, however, there are major shutdowns in industry, Greece will begin to suffer from one Western ill that it has up to now been relatively free from: high levels of unemployment.