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Agriculture: the backbone of the Greek economy

Greece covers a total area of 131 000 square kilometres and has a population of 8 450 000, which means that there are 63 inhabitants to the square kilometre.

The following table shows the corresponding figures for the EEC countries:

	Area ('000 sq. kilometres)	Population ('000)	Number of persons per sq. kilometre
Netherlands	32.4	11 805	351
Belgium	30.5	9 221	303
Luxembourg	2.6	322	124
Germany	248	54 776	221
France	551.6	47 120	85
Italy	301.2	50 064	166
EEC total	1 165.9	173 298	149

While average annual per capita income in Greece is below the \$400 mark, gross national product is increasing steadily, reaching approximately 100 million drachmas in 1962 (1).

By way of comparison, 1961 net per capita incomes were \$2 279 in the USA, \$1 013 in France, and \$564 in Italy.

The year-to-year growth rate of GNP is approximately 6.3%, with industry showing a slightly higher figure of between 7.6% and 8%.

While generally still far short of the figure for the industrialized countries of Western Europe, the Greek national income is drawing close to the Italian level and is already higher than that of countries like Spain, Portugal, Yugoslavia and Turkey.

Agriculture makes the largest contribution to GNP, accounting for over 30% of the total. A further 20% is contributed by two other major industries in the process of development - mining and metal working, and textiles.

Despite the important contribution which agriculture makes to GNP, farming methods still follow the old pattern. Most available farmland is divided into small holdings, good arable land is scarce,

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(1) 1 drachma = 16.34 French centimes
1 FF = 6 drachmas
1 drachma = \$0.033
\$1 = 30 drachmas.

and in large areas of the country erosion remains a serious problem. The chief crops are tobacco, wheat, olives, fruit and wine. Lately considerable efforts have been made to promote cotton growing.

Many industries, too, such as oil and flour milling and the various branches of the food industry are dependent on supplies of farm produce.

Rural depopulation is a particularly severe problem in Greece. The areas around the large towns in Central Greece are gaining steadily in population at the expense of the outlying districts. Greece is becoming a nation of town-dwellers, with Athens, Central Greece, Salonica and the department of Macedonia forming the chief poles of attraction.

Between 1940 and 1961, the population increased by 1 043 700. Out of a total population of 8 450 000, 1 852 000 live in Athens and 37.4% in towns of more than 20 000 inhabitants; as against this, 34.6% of the population live in villages with fewer than 1 000 inhabitants.

Of a total labour force of 3 663 000, 1 955 000 (53.5%) are employed in agriculture.

Some of the features of Greek agriculture

Most of Greece's farmland is situated in hilly country where the soil is poor and dry. Only 28% of the country's total area of 130 918 square kilometres consists of arable land. Of this 28%, 450 000 hectares (12%) are threatened with soil erosion. Extensive work has been undertaken to counter this threat and to create new farmland. A soil improvement scheme has been introduced to put about another million hectares under cultivation by 1970. This new land is to be used chiefly for growing cotton, fodder grains, sugar beet, maize and fruit.

As a result of the fragmentation of farmland, the size of the average farm is no more than 3.7 hectares - as against 10.1 hectares in the Community. At the lower end of the scale, farm sizes range from 1.25 hectares on the Ionian Islands to 2.41 hectares in Thessaly.

The gross production of Greek agriculture in 1961 has been put at 27 277 000 drachmas. Of this figure, crop production accounted for 20 089 000 drachmas and livestock production of 7 198 000 drachmas. Between 1955 and 1961, crop production rose 20% and livestock production 22.9% in value.

Leading in crop production came cereals with 5 843 000 drachmas, followed by tobacco with 3 554 000 drachmas, vegetables with 2 407 000 drachmas, olives with 2 268 000 drachmas, fodder grains with 2 036 000 drachmas and finally fruit with 1 877 000 drachmas.

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No accurate figures are available for wine production, but vineyards cover 250 000 hectares of cultivable land. Wheat is grown on 1 170 000 hectares, olives on 420 000 hectares and vegetables on 370 000 hectares.

The Agreement of Association between Greece and the EEC

Greece has been closely linked with the EEC since 9 July 1961, when an Agreement establishing an association between the European Economic Community and Greece was signed. This Agreement establishes the closest relations which any country has with the Community, its purpose being to smooth the path to full membership for Greece.

The figures quoted above show how important agriculture is to the Greek economy. The Agreement therefore covers agriculture and trade in agricultural products. Chapter III (Articles 32-43) of the Agreement provides for the gradual harmonization of Greek and Community agricultural policy. The most important of these articles is Article 35, which reads as follows: "As soon as the Community has announced that, for a particular product, the essential provisions concerning the introduction of the common agricultural policy have been defined either for the whole or for part of the Community's transition period, and as soon as Greece has declared its readiness to undertake harmonization, the Association Council shall decide:

- (i) on the conditions governing such harmonization;
- (ii) on the conditions for the abolition of restrictions on trade between the Community and Greece;
- (iii) on the conditions governing the introduction by Greece of the common customs tariff.

In defining these conditions, the Association Council shall bear in mind the principles governing the market organization selected by the Community for the product under consideration".

Details for implementing the provisions of Article 35 are contained in Article 36 of the Association Agreement. The agricultural clauses of the Agreement have been largely aligned on the chief provisions for the implementation of the common agricultural policy. Normally, the items listed as agricultural products in Annex II to the Treaty establishing the European Economic Community will also be regarded as such for the purposes of the Association Agreement.

In addition to these, the Agreement of Association covers other products of specific interest to Greece, which are listed in Annex III to the Agreement. Article 37(1) of the Agreement stipulates that "in anticipation of the harmonization of the agricultural policies of the Community and Greece, the Contracting Parties shall apply between themselves, to the products listed in Annex III to the Agreement, the

general rules for the elimination of the customs duties and import quotas and the charges and measures of equivalent effect ..."

This means that the removal of mutual trade barriers will proceed at a faster pace than would have been possible had the products in question been subject to the agricultural provisions of the Association Agreement.

Of the Protocols to the Association Agreement, some are of special importance; these are Protocol No. 14 concerning Greek exports of wine and grape must, No. 15 concerning imports of unmanufactured tobacco and tobacco refuse (heading 24.01 of the Brussels Nomenclature), No. 16 concerning the common agricultural policy for tobacco and No. 17 concerning imports of raisins. These Protocols reflect the Community's recognition of the paramount importance of these products for the Greek economy in general and external trade in particular.

The Protocols provide for the speedier lowering of customs duties, the granting of tariff quotas on an increasing scale and for other measures to develop trade in the products concerned.

Of particular significance at this stage is Protocol No. 16 concerning the common agricultural policy for tobacco, regarding which the EEC has given certain assurances to the Greek Government. As is known, the Commission will shortly lay before the Council a proposal for the introduction of a common tobacco policy. Protocol No. 16 stipulates that this policy shall be so devised as not to impair the development of tobacco imports from Greece.

Future relations between the EEC and Greece

We have seen that the most important matters dealt with by the Council of Association in 1964 and the opening months of 1965 concerned tobacco imports and the harmonization of Greek and Community agricultural policies.

The procedure for harmonization is already under way in respect of cereals, pigmeat, poultrymeat, eggs, and fruit and vegetables, and detailed discussions have been held, as to how such harmonization is to be achieved, but owing to the manifold problems involved, full agreement has not yet been reached.

Greece has already stated its readiness to accept the principles of the Community's regulated markets and wishes to play its part immediately, and to the fullest possible extent, in the institutional and financial set-up of the common agricultural policy.

The Community, on the other hand, takes the view that direct participation in the institutional machinery of the common agricultural policy must be considered in terms of subsequent Greek membership of the Community, which does not prevent the immediate alignment, from an economic point of view, of Greek agricultural policy on that of the Community.

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The Commission's proposals concerning the harmonization procedure were communicated to the Greek Government at the end of June 1964. The corresponding Greek proposals were submitted early in December 1964. The Council of Association, to which both sets of proposals have been referred, trusts that they will provide a clear-cut frame of reference for the action it must take.

Speedier elimination of customs duties and quotas

In respect of the five categories of products for which the harmonization process is under way, the arrangements for the speedier elimination of customs duties and quotas - which apply to the products listed in Annex III to the Association Agreement - were to expire in principle two years from the inception of the harmonization process, i.e. on 12 November 1964.

Since no decisions on harmonization in respect of those products had been reached by that date, the Council of Association, acting under Article 36 of the Agreement, decided that trade in those products would continue on the basis of the same arrangements as provided for in the Agreement of Association and the Protocols thereto during the period between the entry into force of the Agreement and the expiry of the two-year deadline. However, these arrangements will remain in force only until such time as the Council of Association takes the decision called for in Article 35 of the Agreement and will under no circumstances remain applicable after 12 November 1965. Among the products concerned are fruit and vegetables, which are of major importance to the Greek economy.

Trade advantages in anticipation of harmonization measures in respect of products listed in Annex III

As we have seen, Annex III lists a number of farm products, chiefly fruit and vegetables, which are of paramount importance to the Greek economy.

Community imports of those products from Greece will be subject to the same customs duties as the Member States apply to each other. Including the 10% cut effected on 31 December 1964, duties on these products have been reduced by 50 or 55% since 1957.

On 1 May 1964, Greek duties on imports of the same products from the Community were cut by a further 10%, bringing the total reduction since the Agreement came into effect to 20%.

As soon as the Agreement came into force, the Community initiated the procedure for increasing intra-Community quotas laid down in the Rome Treaty and subsequent acceleration decisions in respect of all products listed in Annex III, with the exception of fruit and vegetables, which come under EEC Regulation No. 23, and fruit juices.

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On 1 November 1963, when the Agreement had been in effect for one year, quotas were opened for fruit juices, and for fruit and vegetables covered by Regulation No. 23, and these will gradually be raised in accordance with the same method.

While Greece has not obtained, in respect of these products, exactly the same formal arrangements as the Six apply between themselves (to which Greece felt entitled), it is nevertheless true that Greek exporters of fruit and vegetables will, in practice, be guaranteed much the same conditions of access to the Community market as they would have enjoyed under Regulation No. 23.

On 1 November 1963, acting under Article 26(2 and 3) of the Agreement, Greece granted the six Member States quotas in respect of those products listed in Annex III which had not yet been liberalized in Greece (e.g. fresh fish, potatoes, tomatoes, onions, beans, lentils, fresh fruit).

Wine, raisins, tobacco

The following measures have been taken in respect of the three most important Greek agricultural products.

Wine (Protocol No. 14)

The quotas granted to Greece by Germany, France and Italy for 1963 were raised in December of that year in order to bring them into line with the increase in intra-Community wine quotas.

The German quotas were raised from 65 000 to 75 000 hectolitres for wine for direct consumption and from 100 000 to 115 000 hectolitres for wines used to prepare vermouth and vinegar and for distilling and blending purposes.

The French quota was increased from 5 000 to 7 000 hectolitres and the Italian quota from 2 000 to 4 000 hectolitres.

Those new quotas remained in force for 1964. Since on 1 December of that year, the Council decided on a further increase in the intra-Community quotas granted for 1964, the Council of Association, meeting on 9 February 1965, raised the Greek quotas by the following proportionate amounts:

France	700 hl
Italy	700 hl
Germany	
(a) Wines for direct consumption	750 hl
(b) Wines used in the preparation of vermouth and vinegar and for distilling and blending	3 500 hl

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Raisins (Protocol No. 17)

In accordance with the time-table laid down by the Association Council in July 1963, duties on Community imports of raisins from Greece were cut by a further 10% on 1 January 1965, which means that the total reduction made since the Agreement came into force is 80% of the base level.

Tobacco (Protocols Nos. 15 and 16)

In April 1963, Greece requested immediate establishment of a time-table for the completion of the customs union for tobacco, providing for accelerated arrangements on the same grounds as for raisins.

This problem was settled at the ministerial session of the Association Council on 10 March 1964. It was established that the completion of a customs union for tobacco could not be divorced from the introduction of a common agricultural policy for that product, and this is reflected in the decisions taken.

It was agreed to expedite the elaboration of a common agricultural policy in respect of tobacco. To this end, the EEC Council called on the Commission to submit its proposals within the shortest possible time. The Member States undertook to give immediate consideration to these proposals so that firm action could be taken before the end of 1964. A similar commitment was accepted in the Council of Association by Greece, whose approval is required under Protocol No. 16 for the establishment of the common agricultural policy for tobacco during the first two stages of the transition period provided for in the EEC Treaty.

As regards the customs union, arrangements were made only for the initial stages of implementation, the subsequent stages requiring decisions in the context of the common agricultural policy.

Under these arrangements, the duties on tobacco were cut by a further 10% on 1 July 1964, bringing them down to 40% of the 1957 level. A further 10% cut to take effect on 1 May 1965 was agreed upon at the twelfth session of the Council of Association on 9 February 1965.

With regard to the second alignment on the Common Customs tariff, which Greece hoped to see effected along with the first of the 10% cuts mentioned in the foregoing paragraph, it was agreed by way of compromise to proceed in two stages. On 31 December 1964, the Member States narrowed the gap between the duties applied on 1 January 1957 and those of the Common Customs Tariff by 15% and will effect the remaining 15% alignment on 31 December 1965.

A Commission delegation headed by Vice-President S.L. Mansholt and composed of experts on external trade and the various farm products of importance to Greece will visit Athens early in July to discuss with the Greek Government all outstanding agricultural policy and trade matters which come within the scope of the Association Agreement.