

Orig.: F

Brussels, March 1963  
P-9322/62 rev. (63)

INFORMATION MEMO

ASSOCIATION WITH GREECE

It was on June 8, 1959 that the Greek Government requested that Greece be associated with the European Economic Community. After exploratory talks with the E.E.C. Commission in September 1959, formal negotiations began in March 1960; and on March 30, 1961 a draft agreement was signed in Brussels. The definitive Agreement of Association was concluded in Athens on July 9, 1961. It came into force on November 1, 1962.

Since the Greek Agreement was the first such Association to be negotiated by the Community, it raised a series of complex problems. Despite current efforts to modernize and industrialize the Greek economy, it remains largely agricultural; and while its gradual integration with the Community's economy was desired by both sides rather than a mere commercial agreement, it was clearly necessary for Greece's commitments under the Association to match her resources. The Community, for its part, had to find solutions compatible with the E.E.C. Treaty and with its own future development, while at the same time respecting the rules of GATT and the interests of its other trading partners.

The Agreement therefore provides for the gradual establishment of a full customs union between Greece and the Community, with special measures, including financial aid, to protect and develop the Greek economy.

THE ASSOCIATION AGREEMENT

The Agreement covers all trade between Greece and the Community, with the exception of coal, coke, steel, iron ore, and scrap, which come under the jurisdiction of the European Coal and Steel Community (E.C.S.C.), and on which a special agreement is to be negotiated between the E.C.S.C. and Greece.

.../...

### MUTUAL TARIFF CUTS

Customs duties between Greece and the Community will be gradually abolished over a 12-year period beginning with the entry into force of the Association Agreement, but:

- on the entry into force of the Agreement, the Community countries will as an exception out their tariffs on imports from Greece to the level already reached in the cutting of the Community's internal tariffs on the way to the full common market;
- in order to protect her young industries, Greece may during the first 12 years, and within prescribed limits, apply new duties or increase existing ones, on condition that they are abolished or reduced to their previous level within 9 years and then gradually removed;
- while Greece will abolish her tariffs on imports from the Community according to a 22-year timetable, for a number of items produced in Greece and representing about one-third of her imports from the Community, she may space out her tariff reductions over a 22-year period (see timetable).

### THE COMMON EXTERNAL TARIFF

Greece will adopt the Community's common external tariff, in step with the mutual tariff cuts detailed above.

For products subject to a twelve-year transition period, this will be achieved as follows: First move: common tariff to be applied in cases where previous Greek duty no more than 15% higher or lower than common tariff, and in other cases the difference to be reduced by 30%. Second move: difference between remaining tariffs and common tariff reduced by a further 30%. Third move: common tariff to be fully applied.

For products subject to a 22-year transition period, the process will be as follows: First move: difference between Greek duties and common tariff reduced by 20%. Second move: common tariff to be applied in cases where Greek tariff now no more than 15% higher or lower than the common tariff, and in other cases this difference to be reduced by 30%. Third move: difference again to be reduced by 30%. Fourth move: common tariff to be fully applied.

In a limited number of cases, however, Greece will be able to take special measures to avoid undue disturbance to her economy. For a number of products amounting to no more than 5% of her 1958 imports, she may postpone the lowering of her tariff vis-à-vis non-member countries until the end of the 22-year transition period; while for a number of products representing not more than 3% of her 1958 imports, she may thereafter apply duties higher than the common external tariff. She may also open duty-free or reduced duty tariff quotas up to a limit of 10% of her imports from non-member countries during the last year for which figures

.../...

are available, and may also use tariff quotas to acquire US goods if this is necessary for the use of American aid. Finally, for tobacco, raisins, olives, rosin, and oil of turpentine, the Community agrees not to alter the common tariff beyond certain limits during the 12-year transition period without the consent of Greece.

#### ELIMINATING QUOTA RESTRICTIONS

Quantitative restrictions on trade between Greece and the Community will first be subject to a standstill, then eliminated by the end of the transition period (see timetable). The Community will extend to Greece, moreover, the arrangements obtaining among the Member States, with some exceptions for agriculture.

The Community countries will bind vis-à-vis Greece the lists of products they have bound among themselves, while Greece will bind 60% of its trade with the Community when the Association Agreement comes into force, this percentage rising to 75% during the next five years.

Should Greece reintroduce quantitative restrictions for products which have been liberalised but not bound, she must open global quotas for the Community equal to 75% of her imports from it during the previous year.

#### AGRICULTURE

Greek agricultural policy is to be harmonized with that of the Community at the latest by the end of the 22-year transition period; a consultation procedure is to be established to take into account, in the formation of the Community's policy, legitimate Greek interests for such products as tobacco.

For many Greek agricultural products, the Community will extend to Greece the benefits already granted each other by the Member States, even before Greek agricultural policy is harmonized with that of the Community. The latter will, however, be able to apply safeguard clauses restricting imports of Greek citrus fruits, dessert grapes, peaches, wine, etc., should these rise beyond an agreed level in the period before harmonization has been carried out. At the same time, the Community will lower its duties on Greek tobacco and raisins in advance of the normal timetable, and will open tariff quotas for Greek wine. The French and Italian state tobacco monopolies also undertake to increase their purchases from Greece.

In other cases, the removal of barriers to trade in agricultural products will be conditioned on the harmonization of agricultural policies. However, since the exceptions to this rule cover mainly Greek products, Greece will take more rapid unilateral disarmament measures for such Community agricultural products as meat, some dairy products, rice, oils, etc.

.../...

## FREE MOVEMENT OF PERSONS, SERVICES, AND CAPITAL

Workers: Free movement of workers is to be put into effect at the end of the 12-year transition period. The Agreement also provides for technical assistance programmes for labour, for vocational training, and for the exchange of young workpeople.

Right of Establishment and Services: Greece and the Community are to fix timetables for the progressive freeing of the right of establishment and the right to supply services, the former as a necessary concomitant of the increased influx of private capital into Greece.

Capital: Restrictions on capital movements are to be eased by joint agreement, particularly with a view to stimulating investments in Greece.

## TRANSPORT, COMPETITION, AND ECONOMIC & FOREIGN TRADE POLICY.

Transport: The Rome Treaty's provisions are to be extended to Greece.

Competition: Greece accepts the Community's competition rules, but will be granted special latitude as regards state aids intended to assist her economy, provided that these do not affect the conditions of trade to a degree detrimental to both parties. On anti-trust rules, dumping, fiscal policy, and the approximation of legislation, Greece and the Community are to fix within two years the terms and conditions for implementing the Rome Treaty's provisions.

Economic Policy: The general provisions of the Rome Treaty are to be applied through joint consultation procedures.

Foreign Trade Policy: Policy is to be co-ordinated during the 12-year transition period; thereafter, Greece and the Community are to work towards a policy based on uniform principles. The two parties are to consult each other in the case of the association with the Community of non-member countries, in order to settle jointly the new relations between Greece and the future associate. In the case of new members joining the Community, any new rights or obligations for Greece are to be settled by an additional protocol to the Association Agreement.

## FINANCIAL AID

During the first five years of the Agreement, Greece may obtain loans from the Community up to a total of \$ 125 million, in accordance with the rules of the European Investment Bank.

## INSTITUTIONS

The Agreement provides for a joint Council of Association composed of members of the Greek Government, member Governments and members of the Community's Commission and Council of Ministers, each side to have one vote. Any disputes will be referred to the Council of Association, which may in turn submit them to an existing body such as the Community

.../...

Court of Justice. In other cases, they will be submitted to arbitration: each side will appoint one arbiter, who will jointly name a third. During the first five years of the Agreement, the third arbiter will be the President of the Community Court of Justice.

A TRADING PARTNER

Greece, already the Community's partner in GATT, OECD, and NATO, is also a trading partner of the European Community, which accounts for over 1/3 of both her imports and her exports.

Imports from the Community 1962

<u>Products</u>	<u>Value (\$ million)</u>	<u>% of total</u>
Food, drink, tobacco	13,3	16,7
Raw materials	9,1	13,0
Mineral fuels	5,6	11,0
Chemical products	45,0	64,4
Vehicles and transport equipment	138,6	52,4
Various manufactures	<u>92,2</u>	<u>55,6</u>
TOTAL	303,8	43,3

Exports to the Community 1962

<u>Products</u>	<u>Value (\$ million)</u>	<u>% of total</u>
Fresh fruit and nuts	5,7	33,7
Dried fruit	10,4	31,7
Alcoholic drinks	1,8	50,3
Other food products	3,6	23,8
Tobacco (raw)	34,6	48,4
Cotton	11,1	27,1
Other products	<u>21,5</u>	<u>31,8</u>
TOTAL	88,7	35,7

.../...

TARIFFS

QUOTAS (c)

Y E A R	12-YEAR TRANSITION PERIOD		22-YEAR TRANSITION PERIOD		
	Mutual tariff cuts	Common external tariff	Mutual tariff cuts	Common external tariff	
1	-- 10%		5%		(Bilateral quotas become global: small
2	-- 10%				quotas enlarged to 7% of production by Greece)
3			5%		
4	10%	first move (a)			enlarged by 10%
5	-- 10%				enlarged by 10%
6			5%		enlarged by 10%
7	10%				enlarged by 10%
8	-- 10%	second move (a)	5%	first move (a)	enlarged by 10%
9	10%				enlarged by 10%
10	10%				enlarged by 10%
11	10%		10% (b)		enlarged by 10%
12	10% TO ZERO	COMMON TARIFF	10%		enlarged by 20%
13					
14			10%	second move (a)	
15			10%		enlarged by 20%
16					
17			10%		enlarged by 20%
18				third move (a)	
19			10%		enlarged by 20%
20			10%		enlarged by 20%
21			10%		enlarged by 20%
22			10% TO ZERO	COMMON TARIFF	enlarged by 20%

NOTES: see following page.

ABOLITION OF QUOTA RESTRICTIONS

Notes to Timetable

- (a) See "The Common External Tariff".
  - (b) This and subsequent 10% cuts in the 22-year transition period each represent 10% of duty remaining at the end of the tenth year. All other percentage cuts are expressed in percentages of the duties in force on January 1, 1957.
  - (c) See "Eliminating Quota Restrictions".
-