

EUROPEAN BACKGROUND INFORMATION COMMUNITY

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BACKGROUND NOTE

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GREECE APPLIES FOR MEMBERSHIP IN THE EUROPEAN COMMUNITY

After 13 years of association, Greece has decided to opt for full membership in the European Community. On June 12 Stephane Stathatos, Greek Ambassador to the European Community, presented his country's request for membership to the EC Council. In submitting the application, Stathatos reiterated "the firm attachment of the Greek people and its Government to the European Community with which we share the same ideals and nourish the same aspirations."

Greece's application will now have to be acted upon by the Council of Ministers, after receiving the Commission's opinion.

First Community Associate in Europe

Greece was the first European country to request an association agreement with the Community under the provision's of the EC's founding treaty. The association accord, signed July 9, 1961 in Athens and brought into force November 1, 1962, was designed to prepare Greece for eventual Community membership by a process of gradual integration.

The accord called for the progressive establishment of a customs union over a period of 22 years and for the harmonization of agricultural policies, free circulation of labor, common actions in such areas as promotion of investments and professional training, coordination of commercial and economic policies, and financial aid of 125 million units of account (UA) in the form of European Investment Bank (EIB) loans, for the first five years of association. (At that time, one UA equaled \$1.20635.)

The association is administered by the EC-Greece Association Council. This was one of the Community's more far-reaching agreements with third countries and the first of its Mediterranean accords.

An additional protocol, extending the scope of the agreement to new member states Britain, Denmark, and Ireland, was signed April 28 this year.

Accord Frozen

The EC-Greek agreement was "frozen" in 1967 when the "colonels" took power in Greece. Relations between the two were kept to a strict minimum during this period, limited basically to the administration of the customs union. The freeze prevented the implementation of some of the accords more important aspects, notably the conclusion of a new financial agreement for the period 1967-77. EIB loans of about UA 56 million (approximately \$67.5 million) -- out of the UA 125 million allocated for that period -- that had not yet been distributed to Greece were also blocked by the freeze. The association council did continue to meet, but not at ministerial level.

The return of democracy to Greece in July 1974 created a climate favorable for the normalization of Greek relations. In December last year, relations resumed when the EC-Greek association council met for the first time since 1969 at ministerial level to continue the work of association that had been suspended for seven years.

Since last December negotiations for a new financial protocol and for harmonization of agricultural policies have been under way.

Scope of Present Agreement

The EC-Greece association agreement gives Greece tariff reductions for most of its exports to the Community. Since July 1, 1968, Greece has been exempt from customs duties for all industrial products as well as for most agricultural exports, including olives, citrus fruit, fresh or chilled vegetables, and carob beans.

On its side, Greece has pledged to eliminate customs duties on Community imports over a period of 12 to 22 years, depending on the products in question. Customs union -- the abolishing of customs duties and the implementation of a common external tariff -- was achieved, according to the provisions of the agreement, on two-thirds of Greek imports of EC industrial goods on November 1, 1974. The remaining third will be dropped by 1984.

The April 28 additional protocol gives Greece the same tariff advantages vis-a-vis the three new EC member states that it enjoys with the original EC-Six. Greece also reduced, in respect to the Three, the existing gaps between third country external tariff levels it previously applied to the three new member states and the lower external tariff applied to the original Six. These provisions took effect July 1.

In spite of the freeze, EC-Greek trade has quintupled in the last 10 years, but remains heavily in the Community's favor. In 1974, Greece imported \$2,115 million from the Community, against \$679 million worth of Greek exports, leaving Greece with a trade deficit of \$1,436 million.

Greece has a population of 8,890,000. In 1973 there were 334,000 Greek migrant workers in the Community. Per capita gross nation product (GNP) in Greece in 1972 was \$1,460, as opposed to an average of \$2,385 for the nine EC member states the same year. Forty-five per cent of the Greek population works in the agricultural sector, as opposed to 10 per cent in the Community.