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Report

drawn up on behalf of the Committee on Transport

on relations between the Community and Greece in the field of transport

Rapporteur: Mr R. COTTRELL



On 13 November 1979 the Bureau authorized the Committee on Transport to draw up an own-initiative report on relations between the Community and Greece in the field of transport.

On 1 February 1980 the committee appointed Mr COTTRELL rapporteur.

It considered the draft report at its meetings of 3 October and 4 December 1980 and adopted it unanimously with one abstention at its meeting of 4 December 1980.

Present: Mr Seefeld, Chairman; Miss Roberts, Mr De Keersmaeker, Mr Carossino, Vice-Chairmen; Mr Cottrell, rapporteur; Mr Albers, Mrs Boot (deputizing for Mr Helms), Mr Buttafuoco, Mr Cardia, Lord Harmar-Nicholls, Mr Hoffmann, Mr Janssen van Raay, Mr Key, Mr Klinkenborg, Mr Loo, Mr Moreland, Mr Nyborg, Mr Schieler (deputizing for Mr Gabert) and Mr Veronesi (deputizing for Mr Martin).

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A

The Committee on Transport hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on relations between the Community and Greece in the field of transport

The European Parliament,

- having regard to the report of the Committee on Transport (Doc. 1-684/80),

1. Emphasizes that, given the particular geographical location of Greece, the successful integration of the new Member State will largely depend on the improvement of transport links between the Community and Greece;
2. Believes that the accession of Greece will further increase the need for rapid adoption by the Council of the proposed Regulation on support for projects of Community interest in transport infrastructure¹;
3. Stresses, within the context of Greek accession and the transport implications for transit countries, the importance of the amended proposal for the above regulation submitted by the Commission in February 1980, extending eligibility for Community support to transport infrastructure projects to be carried out on the territory of non-member states²;
4. Reiterates, in the light of Greek membership, the view expressed in its Resolution of 10 July 1980 that the transport infrastructure regulation should also apply to ports and airports;
5. Considers that the adoption of the abovementioned regulation is rendered all the more important by the inadequacy of the Regional Development Fund for the funding of transport infrastructure projects, particularly in the case of Greece given the economic significance of the Athens/Piraeus conurbation;
6. Expects that the incorporation of Greece into the Community quota system, as of 1 January 1981, will facilitate road haulage movements between Greece and the rest of the Community and welcomes, in this context, the fact that the Commission has proposed an appropriate number of authorizations to be accorded to Greece;

¹ OJ No. C 207, 2.9.1976, p.7

² See BUTTAFUOCO report (Doc. 1-218/80)

7. Requests that negotiations be opened rapidly between the Community, on the one hand, and Austria and Yugoslavia, on the other hand, in order to assure the full application of existing Community transport regulations to traffic with Greece passing through these two countries;
8. Points out that the failure to provide for an effective transport infrastructure policy following the accession of Greece will lead to further difficulties following the accession of other Member States;
9. Considers that the increase in long-haul commercial traffic makes it all the more necessary to support the further development of combined transport by road, rail and water, not least because of the difficult working conditions of lorry drivers;
10. Welcomes the strengthening of the Community merchant fleet by the accession of Greece, and calls upon the Commission and the Council to make use of this opportunity to formulate and implement a Community shipping policy benefiting all Member States;
11. Expects that, in the context of the aforementioned Community shipping policy, Greek accession must also constitute an obligation to improve maritime safety standards, port and flag-state inspections of vessels, and the social conditions of seamen;
12. Welcomes the challenge which the accession of Greece presents to Community transport policy and is convinced, subject to the rapid adoption by the Council of a comprehensive transport infrastructure policy, of the overall benefits which Greek membership will bring to the Community transport sector;
13. Calls for a comprehensive inquiry into the effects of the application of Community law on existing small transport undertakings;
14. Instructs its President to forward this resolution to the Council and the Commission, and the Transport Committees of the National Parliaments.

B
EXPLANATORY STATEMENT

I INTRODUCTION

1. This is the first time that the Parliament has chosen to consider the problems posed by the accession of a new Member State with regard to the transport sector. Transport is always under-estimated as a key regulator of the economy, but the accession of Greece poses such new and interesting problems that they are worthy of a special report for the consideration of Parliament. History should teach us that nations and alliances are built upon the efficiency of their transport systems - this is true for example of the United States, Canada and India, to quote several obvious examples. And equally it would not be possible to even consider the concept of a European Community if transport links did not exist to bind that Community together. It is a point that all the institutions of Europe choose largely to ignore. Greece, therefore, poses a particular challenge because she is the first Member State of the Community, divorced by sea and land from her partners, upon whom the success of membership will be tested to a large extent by the transport infrastructure. We might also learn useful lessons for the future development of the Community in general.

2. Greek accession poses problems in the following significant areas:

- a) land links by rail and road to the rest of the Community, across non-Member States;
- b) sea and air links to the rest of the Community;
- c) condition of the internal domestic transport infrastructure;
- d) the addition to Community resources of the powerful strength of the Greek merchant marine fleet;
- e) environmental considerations of Athens, with regard to traffic.

3. Each of these areas are considered in isolation, since they are not necessarily inter-related. Despite certain decisions already approved by the Community - decisions by the Council in the matter of marine safety, for example, the European Regional Development Fund - it was obvious to the rapporteur that existing facilities to develop transport infrastructures in a meaningful way have probably been exhausted. Therefore, with the accession of future Member States in mind - both Spain and Portugal have their own special problems in this area - Parliament should seek the opportunity of Greek accession to develop new initiatives, and this would essentially require new financial mechanisms, to cope with this challenge. Your rapporteur believes that Parliament has the courage to do this and should not lose the opportunity to encourage the other partner institutions of the Community to take up that challenge.

II TRANSPORT VIA NON-MEMBER STATES

4. Approximately 85 per cent of all international transport between Greece and the rest of the Community crosses the territory of Yugoslavia, under an agreement of 18.6.1959. Thus free and liberal conditions of passage for Community traffic to and from Greece via Yugoslavia is of the greatest economic - and political - significance. This is equally true of passage via Austria. Munich tends to be the natural junction for road and rail traffic. After the signature of the co-operation agreement between the EEC and Yugoslavia this year, the problem of Greek transport was placed on a new footing. Following accession to the Community, Greece may not have further bilateral negotiations with Yugoslavia concerning permits to cross Yugoslav territory, although this transport activity is of the greatest significance to the Greek economy (see below). Until 1977, a situation existed whereby Greek trans-Yugoslav traffic was levied at only 50% of a levy specified by the Greek Government. This was unilaterally raised to 100% by Belgrade at the end of that year. There is a similar situation with regard to levies on Greek transport crossing Austria. The Greek Government believes that this is a proper area for a Community initiative with regard to levies made by Yugoslavia and Austria concerning what is essentially intra-Community trade. Such a problem has not arisen before Greek accession and poses special considerations for the Community in its relationships with non-Member States.

5. Greece has few opportunities to dictate terms. An analysis of comparative transport costs to Europe is as follows:

- a) transport of agricultural produce from Macedonia to Munich by road, twenty tonnes of cargo: 65,632 drachmas, including passage tax in Yugoslavia, 6,624 drachmas and in Austria, 5,950 drachmas;
- b) combined transport, including ferry, Patras - Trieste: 77,800 drachmas;
- c) rail transport, 20 tons of cargo, Germany to Greece: 123,000 drachmas.

6. The alternative of using the 'eastern Balkan' route through other Communist states to the east adds, according to the Ministry of Co-ordination in Athens, a further 70/75% to costs incurred crossing Yugoslavia.

7. During his talks in the various Greek Ministries in July of this year, your rapporteur gained the impression that Athens considered it unfortunate that the issue of permits/costs with regard to Yugoslavia was excluded from the EEC/Yugoslavia co-operation agreement, since Greek accession was so close.

8. Since fuel costs are likely to continue to escalate Greece sees no immediate likelihood in a reduction of transport costs and this will clearly have a major bearing on the ability of Greek industry to cope with the challenges of the common market. Greece may seek a new market for agricultural produce in other partner states of Europe, but has a clear and increasing burden in exporting that produce which other Member States do not bear to the same extent, in terms of trans-Yugoslav, trans-Austrian transport costs and tariffs. Equally, traffic from other Member States to Greece will share the same burden. This of course is not the essence of the common market and it is clear to the rapporteur that this unique situation calls for special consideration. If trade is to increase between Greece and the other Member States of the Community, it ought not to be subjected to a handicap of this kind.

III INFRASTRUCTURES IN NON-MEMBER STATES

9. This question has important political implications. An increase in traffic between Greece and the rest of the Community will clearly pose problems for the transport infrastructure in those countries which carry that traffic but which are not Member States, principally Yugoslavia and Austria. To what extent should the Community consider investment in non-member countries? This has been faced to a certain extent already with regard to the trans-Alpine links. The accession of Greece gives a major new significance to the problem - but there is an essential difficulty. The Community has not yet developed an effective policy for improving transport infrastructures within Member States, let alone those which lie outside the political if not the economic orbit of the Community. The rapporteur draws the committee's attention to the report by Mr BUTTAFUOCO (Doc. 1-218/80) concerning investment in non-Member States.

10. Yet there are demonstrable reasons, outlined above, why the Community should consider investment of this kind, principally because the road and rail networks crossing Yugoslavia and Austria are now, as a direct result of Greek accession, to form axial routes of the Community itself.

11. Road routes through Yugoslavia have been considerably improved, principally with the aid of funds provided by the World Bank. The same kind of development has not taken place to the same extent with regard to railways.

12. Whatever improvements have taken place already are likely to be subjected to increased pressure through the objective of closer contact between the Community and its new Member State and are certain to require, at least, continuous review. The rapporteur is convinced that the Community must devote an urgent review to this problem, in order to identify the necessities and determine what degree of infrastructural assistance might be necessary.

13. A further review might consider the economic possibilities of road-rail 'piggy-back' transfer of lorries via Greece and Yugoslavia.

14. At the same time Parliament should observe that the lack of a common transport policy or an infrastructural investment policy - outside the parameters of the European Investment Bank or the Regional Fund - is beginning to impose impossible restrictions on the development of Community trade in general. There is need for impetus in this area, prompted by Greek accession. Future uncertainties with regard to energy supplies should encourage early recognition of this problem.

15. There is a particular problem with regard to lorry permits. The Commission finally proposed a total of 95 authorizations, which would appear not to be objective. The criteria adopted do not seem to take into account the distance travelled. For countries on the periphery of the Community, such as Greece, one authorization per year means on average fewer revenue-earning journeys than for central Member States of the Community. To give an example, the maximum number of round trips possible for a Greek lorry to and from the rest of Europe works out at around 24 - thus $24 \times 47 = 1,128$. This is not generous. The fact that Community authorizations depend upon the reciprocal goodwill of Yugoslavia and Austria constitutes a new factor.

16. Your rapporteur entertains doubts on the wisdom of the quota system in general, which seems to him to place an element of restriction on the free movement of intra-community trade. Greece does not fit easily into a quota system designed for states which either share land frontiers or 'water bridges': it is clear that the quotas, as applied to Greece, require instant review as a step towards the process of total abolition.

¹At its meeting of 4 December 1980. The Council decided to give Greece 76 authorizations, the same number of authorizations as Ireland in 1980.

IV CONNECTIONS TO THE BORDERS OF NON-MEMBER STATES

17. The Greek Government has fully appreciated the strategic importance of improving road and rail infrastructure connections to the borders of non-Member States, but this of course has been within the present context of trade with the Member States of the EEC. It is therefore clear that if trade is to increase and thus fulfil the aims of Greek membership, then an element of review will be required. The majority of trade with the Community travels by road, though there is a significant proportion of rail traffic. On the whole, road transport enjoys a better developed infrastructure. Rail links with other Member States suffer from the historical lack of development of the Greek rail network in general. Thus improvement of rail links to Yugoslavia for instance (in particular, the Thesalonika-Idomeni line) has to be considered within the context of the overall improvement of the Athens-Thesalonika trunk line.

18. The rapporteur recommends that notwithstanding work currently under way to improve both road and rail links to the Yugoslav borders, consideration should be given to a special study commencing from a period, say, six months from the date of accession over at least 18 months to review the consequences of a presumed increase in traffic flow between Greece and the other Member States. Such a study could, in addition, provide valuable data conclusions which might form a useful basis when the accession of future Member States is considered.

V INTERNAL GREEK TRANSPORT SYSTEMS

Road

19. For the purposes of a discussion on this subject, the rapporteur has assumed that the whole of Greece, excluding the Athens-Piraeus conurbation, will be eligible for assistance from the Community Regional Fund.

20. However, a discussion on the value of Community interest in the general improvement of the road network must allow for the fact that, of the three main traffic generating zones in Greece (Athens, Salonika and Patras) Athens is by far the most significant. There is therefore an element of artificiality in excluding Athens itself from such discussions, since the capital is a prime motivating force in the economy and therefore in the related interest of the Community. The rapporteur affirms that the Regional Fund once again, in this area, demonstrates inflexibility with regard to the pursuit of wider Community policy.

21. As with the railway system, the backbone of the highway network is the mainland coastal route from Patras to Thessaly via Athens. From this spine radiate the roads which are often the only form of land communication to provincial centres and peripheral regions such as the Ionian Coast, the continental mountain regions and the south-eastern Peloponese. A recent survey has shown that road supply in non-urban Greece is higher in the first and last of these regions, whereas most of Macedonia and all of Thessaly fall below the national average. Generally this reflects the distribution of population, but some regions still suffer from a poor level of communications, especially in the border areas by some parts of the Yugoslav and Bulgarian frontiers. Most importantly, remote villages, in mountain areas particularly, are not always connected to the network at all, even though 61% of the national and provincial network runs through areas designated as either hilly or mountainous. Morphology dictates that most of the mainland roads should run along the coast in what are essentially north-south flows. Natural obstacles do much to impede traffic, producing in classical fashion missing links of which the most prominent are the Arta-Trikala route across the Pindus and the detour around the Gulf of Corinth.

22. Construction and maintenance standards differ greatly in quality. Almost all (93%) of the national system is classified by the Ministry of Public Buildings and Works as having a 'good' asphalt surface. The same is true of only 40% of the provincial system. Road width surveys provisionally show that 87% of the national system is wider than 6m, while half the provincial system is less than 6m. Pavement of motorway standard accounts for just 790km of the national system (8.9%) almost all of which

is on the Patras - Thessaly route. 21% of the provincial network is officially regarded as being in poor or very poor condition. As might be expected, it is the remote regions which need easy communications the most, and which experience the highest incidence of bad road.

23. Most of the routes suffer from problems of alignment and geometry, even such major links as those between Volos and Trikala, and Thessalonika and Alexandroupolis. Not enough is known about the characteristics of some important roads and bridges to assess their suitability for future traffic. In-built safety is absent: for example, there are no central reservations on dual carriageways and few barriers on mountain roads. Road numbering and sign posting likewise need improvement.

Membership of EEC

24. In common with other regulations not coming into effect at the time of Greek accession, implementation of regulations covering the age of drivers and the hours they work (Regulation 543/69, as amended) has been deferred. Article 128 of the Act of Accession suggests that this applies in the case of national transport operations till 1 January 1984, whereas Article 144 suggests a general deferral until 1 January 1982. The inference is that international transport operators and drivers will have to comply with regulations by this date. The harmonization of training levels may also be deferred in the case of internal traffic, again until 1 January 1984, and laws governing the recognition of qualifications (Council Decision of 12.12.77; see also EP opinion, OJ C 125/78) take effect on the same date.

25. No roadworthiness test exists on a regular basis in Greece at present, though the Transport Ministry has taken note of Community rules on this point and is preparing to introduce the necessary national legislation. A long deferment has been obtained however, with 1 January 1985 as the limit for internal vehicles, and 1 January 1983 for international ones, when Greek drivers will be required to produce documentation (probably at border crossing posts) that their vehicles have been inspected and passed.

26. Admission to profession: under Article 128 (Annex VII) deferments have been granted to hauliers in order to take account of rights acquired under similar circumstances. These expire in 1984, and pertain to certain operators mentioned in Regulations 74/561 and 74/562. At present there are no real qualifications for entry other than fact of ownership. Law 383/76, however, restricts national truck operating licences to those disposing of 200 tonnes or more. There is concern as to whether this is compatible with Community competition rules. In any case, some

observers feel that such rules are in fact putting long-established small firms off the road, despite the fact that the size of their operation might be more efficient under prevailing conditions in Greece.

27. The rapporteur suggests that the use of Community instruments to improve the general status of the Greek network must therefore cover Athens.

28. Athens itself presents another kind of problem. As the major economic magnet in Greece, 57% of all the private cars circulating in the country are in Athens and most of those trapped in a permanent around-the-clock traffic jam. This has significant consequences viz:

- i) it slows down the movement of goods and people,
- ii) wastes fuel resources (which continues to cause the Greek Government concern),
- iii) environmental pollution.

29. With regard to the last, one of the most immediate consequences from pollution by the internal combustion engine in Athens is damage to the fabric of the Parthenon.

30. Public transport in Athens is poor and unreliable, largely because of traffic conditions. There is one electric railway (due for expansion into a Metro system) and a network of bus and trolley-bus services. It is clear that the Athens authorities are doing what they can, but in general, principles of modern traffic management regrettably do not apply in the city. It is equally clear that only substantial investment will present a cure and, at a time of economic restriction, this is as difficult to locate in Greece as in other Member States.

31. The rapporteur is certain however that Athens is the key to any general discussion or programme of improvements to Greek transport infrastructure.

32. Therefore he recommends that the Community should assist with studies on future traffic management in the Athens - Piraeus corridor and consider the question of investment to improve matters. Since this is unlikely to be feasible under the Regional Development Fund, this instrument once again demonstrates its inflexibility.

Railways

33. Greek railways have developed - or rather, not developed - in isolation from the Community network in general. Historic reasons for this include instability following the war, and scarcity of resources in general to make improvements.

34. This lack of development has left a legacy of neglect, slow speeds (nearly 8 hours by passenger train from Athens to Salonika), inadequate infrastructure, out-dated equipment and poor traffic receipts.

Nevertheless, Greeks say they would use their trains if only the system were better. The Government equally recognizes that the railway system has a contribution to make in the field of energy saving.

35. Further handicaps include a substantial mileage of track in the Peloponnese which is of metric, non-standard gauge, presenting in itself a barrier to the free movement of trade.

36. Discussions have been initiated with the Community concerning certain improvements to the status of the rail network under the Regional Fund. These are of enormous value, principally those involving the upgrading of the Athens - Piraeus trunk, which would allow for instance a reduction of more than half in the travelling time by rail between the two cities. An improvement on this route would remove substantially the pressure on domestic air links which currently form the only practical high speed link between these two centres.

37. Rail was still the second most important mode of transport for international goods in 1973. This position has now been lost to road traffic. Similarly, the level of internal activity has decreased in significance, with the railways responsible for just 6½% of passenger traffic and 14% of goods traffic. The volume of passengers and merchandise carried in 1978 is estimated at 10.7 million persons (1,568 million Pkms) and 3.6 million tonnes of goods (854 M.Tkm).

38. The failure of the HRO¹ to maintain its position in the transport market is due to the limited service it is able to offer, in terms of meeting specific needs, regularity and speed. For example, the track between Athens and Thessaloniki has limits which keep trains from travelling faster than 100 kph generally, and which forces them below 55 kph at several points. On the line to Patras, the maximum is 80 kph, with conditions often slowing trains below 50 kph. The prevalent single line track causes congestion, and even in ideal (uncongested) conditions

¹ Greek National Railways

it is not of sufficient standard to take high speed traffic. It is old and lacks modern signalling equipment. Tight curves and steep gradients protract an already lengthy journey time. From Athens to the Yugoslav border, it takes over 9 hours for a distance of 586 kilometers (e.g. Paris - Amsterdam = 554 kms: TEE time: 5 hrs, Express 6 hrs; Cologne - Munich = 635 kms: TEE time 6 hrs 10 mins, Express 7 hrs 5 mins).

39. Since the creation of the HRO, several plans have been put forward, after reviews by the HRO itself and by consultants. Among the recommendations are:

- i) realignment and electrification of the main standard gauge track,
- ii) reduction in number of level crossings,
- iii) doubling of track where justified by use,
- iv) modernization of signalling equipment,
- v) review of policy for expensive branch lines (e.g. Peloponese).

40. In considering the particular problems of freight traffic, the reports underline:

- i) lack of international goods handling facilities especially at borders (e.g. Idomeni),
- ii) lack of door-to-door service (i.e. in competition with road),
- iii) international facilities undeveloped (e.g. road/rail, sea/rail),
- iv) lack of policy towards commercial customers.

This last point is an important one. There are only 250 industrial sidings in Greece, many of which are operated by long-established private customers, who provide the only regular source of funding after government subsidies.

41. 23 projects are listed in the HRO's long-term plan. They are grouped into 3 by priority, the first (A) group itself subdivided into 6. The main and most immediate aim is the modernization of the Patras - Idomeni corridor, which includes the main Athens - Thessaloniki link (cost 16.6 bn Dpx) and purchase of new rolling stock (3.4 bn Dpx). Much of the preliminary work has involved feasibility studies and the development of alternative packages to suit the HRO's resources. By means of these improvements, the railway hopes to offer a service which will include as its main feature a journey time from Athens to Thessaloniki of 3 hrs 50 mins. In order to achieve this target, the

projects include rerouting (to eliminate curves with radii of less than 2,000m and gradients of greater than 16%) and tunnelling, notably on a section of track between Tithorea and Domokos. In addition, sections of track will be upgraded to allow speeds of 150-220 kph. With extension of this work to Idomeni, the time to the Yugoslav border will be halved, from 9 hours to 4 hrs 30 mins over a new track distance of 541 kms.

42. Work has already started on the Inoi-Larissa part of this plan, with reconstruction taking place along 278 kms of track. Electric signalling equipment is being installed, and plans drawn up for eventual electrification. The consultants for this project are Transmark, a subsidiary of British Rail. So far they have completed studies for the Athens - Chalkis and Athens - Idomeni link, giving advice on a wide range of topics from choice of line to lay-out of station facilities.

43. As the plans stand (and projects might well be tackled out of turn) there are no plans for expansion of the railways into areas hitherto unserved, except as part of a general attempt to improve a particular route (e.g. Thessaloniki - Xanthui link). Even then such plans are extremely low in priority. The high cost of new construction is instrumental in preventing such growth. Similarly, improvements to routes in the Peloponese, and between Kozani and Kalambaka are also towards the end of the list. When the effect of the improvements are felt (which should be on a widespread scale in about 10 years' time) the areas benefiting most will be those already near the existing main routes, or near new deviations. The fact that Athens and Thessaloniki will be within a day's return trip of each other should be the most important benefit. It will relieve pressure on the airways particularly, which now carry much of the day-trip passengers (often businessmen). The Southern Peloponese and the west coast however, will still have to rely on sea, road and air transport.

44. The project also rests on the ability of the HRO to finance the projects, taking into account the fact that, given such a period to complete the task, costs are bound to escalate, even with maximum productivity by those executing the work.

Investment Account

45. By Article (2) of DL 1300/72 the State gave the HRO 5 bn drx towards the improvement of track and the modernization of installations. Article 5 of the same decree made the state responsible for all major expenditure on development (e.g. deviations, signalling equipment, electrification). It is also responsible under Article 8 for repayments and interest on the HRO's starting capital for an initial period of five

years which may be extended to provide money for new rolling stock. A further 100 m drx has been agreed with a German consortium, and negotiations are at present under way with the European Investment Bank for a loan towards work on the Athens - Thessaloniki line.

All these sums, however, do not come near the total required to finance the long-term plan, which amounts to 47,700 m drx.

HRO and membership of the EEC

46. Given the completion of the mainline development programme to the Yugoslav border, trade and travel between Greece and Europe will be greatly facilitated by the HRO's development plan. The connecting link to Volos, with a ferry service from there to the Middle East, will also play a great role in the passage of goods to and from the Community via Greece, and indeed this latter route with the line to Athens form two areas of great importance to the Community. Given the Greek Government's determination to put the HRO back into the forefront of transport (both internally and internationally) much productive cooperation can occur within the field of the railways. There is much to be done, so that all investment will be spent on worthwhile projects. It is likely that missing links of track in Yugoslavia would be eligible for improvement funded by the Community.

47. Where problems might occur is in the field of negotiations concerning compensation for passenger service obligations (1191/69), the normalization of accounts (1192/69) and compensation for infrastructure costs and research (1107/70). Of these, 1191/69 has already been amended so that compensation rights under sub-paragraph 2, Article 6(3) and subparagraph 1, Article 9(2) take effect on 1 July 1982.

48. The question of producing normalized accounts has proved of difficulty already in the case of the EIB negotiations. Given the state of the Greek railways overall, it is difficult to see the basis for direct comparison with other European networks at this stage, seeing how much is to change in the next few years. Indeed, the compensation aids for research under 1107/70 would seem the most pertinent regulation in Greece's case. Paragraph 59 of the second Biennial report on railway undertakings (COM(79) 447 final) notes that 'the Commission is setting up a market observation system which it is hoped will be of use to, and utilized by railway undertakings for their own future planning'. Any planning advice to Greece should take place very soon, before the HRO's final plans are ratified since changes at a later stage would be very expensive. More discussion is likely to take place over the subsidization of routes that are not profitable, and their improvement without pre-established guarantee of use or return, which might be seen by the Community as uneconomic use of scarce state resources.

49. Given the qualifications above, a table showing the index of self-finance for Community and Greek Railway organizations is given below.

INDEX OF SELF FINANCE FOR COMMUNITY AND GREEK RAILWAY ORGANIZATIONS

(In millions of national currency, 1977)

	<u>BRB</u>	<u>CFL</u>	<u>CIE</u>	<u>DB</u>	<u>DSB</u>	<u>FS</u> ⁽¹⁾	<u>NS</u>	<u>SNCB</u>	<u>SNCF</u>	<u>HRO (i)</u>	<u>HRO (ii)</u>
SGR	<u>1,332</u>	<u>1,579</u>	<u>89.1</u>	<u>13,940</u>	<u>2,190</u>	<u>1,109</u>	<u>1,031</u>	<u>20,798</u>	<u>20,786</u>	<u>3,395</u>	<u>3,044</u>
TR	1,825	5,198	122.2	25,251	3,116	3,320	2,322	62,173	36,064	5,330	4,544
	= <u>.73</u>	= <u>.30</u>	= <u>.73</u>	= <u>.55</u>	= <u>.70</u>	= <u>.33</u>	= <u>.44</u>	= <u>.33</u>	= <u>.57</u>	= <u>.63</u> (1978)	= <u>.67</u> (1977)

SGR: Self generated revenue

TR: Total receipts

N.B. Includes BVS revenue

(1) in thousand million lire

Internal shipping

50. On account of the large number of Greek islands and difficulties involved in transporting bulk goods by land, cabotage (coastal sea trade) plays an important role in the carriage of both trade and passengers. It should be noted that by law all cabotage is restricted to Greek flag vessels.

51. The last census (1971) shows that 15% of the Greek population reside on 169 islands. The communication requirements of island inhabitants and the island economy differ according to their location and resources. The Ionian Islands are near the mainland but still removed from the main areas of Greek economic activity. The largest islands, Rhodes and Crete, are ten or more steaming hours away from Piraeus. The traffic patterns here differ very much from those other islands such as Aegina and Spetses which are reached in under an hour. Small islands, such as Mykonos or Idra depending mainly on tourism for income, do not require car ferries with 4.5 metre car decks in the same way as the fruit exporting islands do. Some have esoteric requirements such as facilities for berthing water tankers. We can compare the situation with the differences that exist in the shipping services from Scotland to the Western Isles and from England to the Channel Islands or the Isle of Wight.

52. Because of the significance in the development of the Greek economy of the internal ferry links, the improvement of these links - principally in ferry infrastructures - must form an ingredient of Community thinking.

53. The Greek Government would be most unlikely to surrender the principle of cabotage reserved to Greek carriers - they would for example, cite strategic reasons for this - but the rapporteur feels that the lack of an effective element of competition does lead to a reduction in the quality and efficiency of the service offered.

54. However, an improvement in efficiency would contribute to Community policy - in energy saving, for example. The rapporteur feels that a discussion should be initiated concerning ways in which the ferry services might be made more competitive while satisfying the desire of the Greek Government to preserve the principle of cabotage in full.

Ports

55. The Ministry of Merchant Marine has overall responsibility for all ports and access channels. All but two ports are administered under the old system of Port Funds and Port Committees. Port Authorities however were set up for Piraeus (1930) and Thessaloniki (1970). Reorganization and redistribution of roles was carried further in Law 649/77, by which the MMM's¹ control of staffing, planning and priority ranking was established, while the MPW² was vested with responsibility for technical studies and construction. Day-to-day control is exercised by the Port Committee of the Nomos (except in Athens and Thessaloniki) which is nominated by the head of Nomos, who in turn comes under the control of the Ministry of the Interior. In all no less than five ministries exercise some form of financial or administrative control over the Port Funds. The efficiency of such organization is yet to be established.

56. Revenue

These come from various sources:

- i) port charges,
- ii) allocations from (a) Import tax (75%)
(b) Export tax (14%)
(c) Oil/petrol tax
(d) Tobacco handling tax.

Piraeus and Thessaloniki have revenues which generally exceed their operating expenses. This is not so for the other ports, who must rely on other sources. These include:

- i) loans from banks,
- ii) soft loans from Public Investment Bank (574 m drx in 1979)
- iii) grants from Nomos Authority.

The repayment terms of many of the loans mean that the debts are effectively never repaid.

Year	PIB contributions to Ports
1970	257)
1971	327)
1972	368)
1973	301)
1974	273)
1975	187) Million Drachmae
1976	356)
1977	345)
1978	384)
1979	574)

¹ Ministry of Merchant Marine

² Ministry of Public Works

Cargo traffic in Greek ports 1976 20 top ports

Port	Foreign goods (million tonnes)	Domestic	Total	Comments
Elefsina	8.87	3.16	12.04	cement, bauxite, iron ore, coal
Piraeus	5.4	3.26	8.62	grain, general cargo
Isthmia	7.6	1.01	8.62	Corinth canal
Thessaloniki	6.64	1.94	8.58	grain, cement, magnesite
Megara	3.26	.18	3.44	oil terminal
Volos	1.01	1.93	2.93	cement
Larymia	2.02	2.13	2.33	coal
Halkida	1.11	.52	1.63	cement
Itea	.88	.65	1.53	bauxite
Antikyra	.79	.69	1.48	
Rio	.72	.68	1.41	
Iraklio	.17	1.22	1.39	
Thira	.03	.97	.99	pozzolona, pumice, betonite
Laurio	.01	.69	.77	
Kavala	.55	.30	.70	manganese
Milos	.51	.13	.64	bentonite
Souda	.05	.34	.39	
Rhodos	.01	.32	.33	
Kymasio	.21	.09	.30	
Patras	.15	.08	.23	cement

(corrected figures)

Capital projects in hand

57. Four projects take up the majority of funds available for the improvement of port facilities:

- i) Piraeus - new wharf at St. George Keratsini
- ii) Thessaloniki - new pier
- iii) Patras)
- iv) Volos) new ferry berths and facilities

58. Concern has been expressed in some quarters as to whether the current building programme should not be slowed down till a full study of Greek Ports and their future has been completed (such a study was proposed after the 1977 reorganizations). While some projects obviously merit attention (for example, the projects at Volos and Patras mentioned above) some of the figures used to support programmes are disputed. The plans for container facilities at Piraeus are said greatly to exceed the demand created by domestic and transshipment traffic. Similarly the capacity of certain medium size ports is said to be less than a third of their annual throughput. It is argued that maximisation of present facilities, including improvement of warehousing and upgrading of present machinery, should precede large-scale construction of further facilities.

59. Here one returns again to the significance of Piraeus. There is a view that the port represents an opportunity to develop a south Mediterranean Europort and the Greek Government is certainly of the opinion, with some justification, that Community interests would be valuably served by the development of Piraeus as a southern bridgehead for traffic destined for the rest of the Community to be land-bridged by road or rail via the domestic Greek transport infrastructure and that in Yugoslavia.

60. Thus we return again to the rapporteur's belief that the Greek transport infrastructure (together with that of certain neighbouring countries) has to be viewed as an entity for the purposes of possible Community investment.

61. Again - if Piraeus is outside the regional area - the RDF will not prove a satisfactory instrument for investment in the port, which could well serve wider Community interests.

62. The rapporteur recalls that ports are not, as yet, included in the Community's proposed transport infrastructures policy and that, in the light of this one case alone, it can again be seen as an unfortunate exclusion.

63. In any case, the upgrading of transport links to and from Piraeus, in the immediate neighbourhood, affect the economic functioning of the port. The rapporteur feels therefore that the status of Piraeus with regard to Community investment warrants special consideration.

VI MARITIME SECTOR

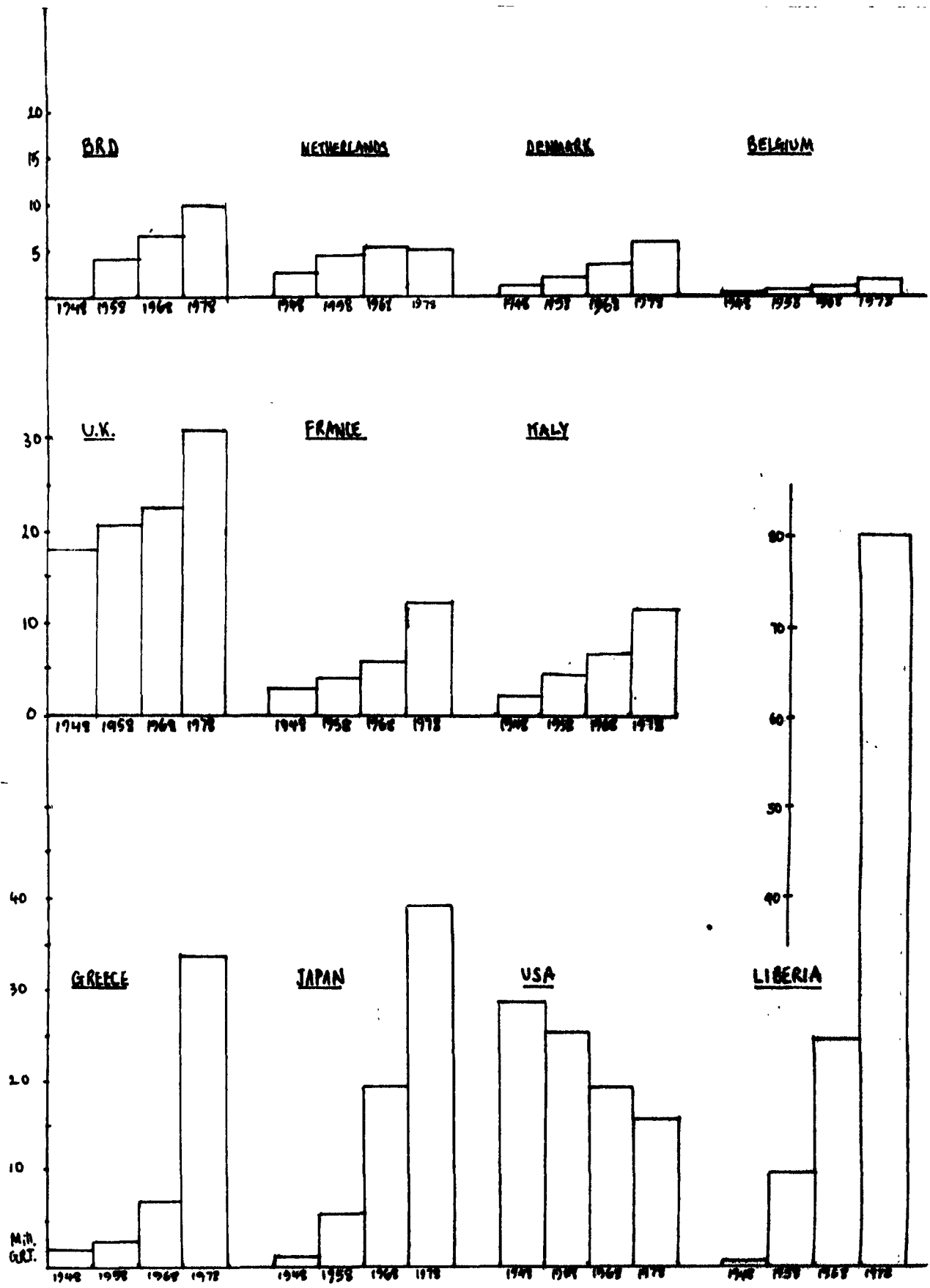
Introduction

64. In contrast with other areas of Greek transport, shipping is well documented and there are plenty of statistics available from both Greek and independent sources. Statistical analysis, however, while helping to give a profile of the Greek Flag fleet does not provide a comprehensive understanding of Greek shipping, since some Greek shipowners neither operate from Greece nor fly the Greek flag, for example, the influential Greek shipping communities in London, New York and Monte Carlo. This discussion confines itself to Greek flag vessels since it is extremely difficult accurately to establish the beneficial ownership of a vessel. Moreover it is at governmental level that international shipping conventions are concluded, just as lists of fleet sizes and casualties are traditionally returned on a national basis.

Difficulties also arise from the fact that shipping can be quantified by various standards, such as the actual number of vessels, their displacement or the type and amount of cargo they carry. An illustration of this latter problem is given by the fact that Japan has 1,525 tankers on the flag registry, with a combined GRT of 749,000 GRT. This is less than the combined GRT of France's three new ultra-large crew carriers (823,644 GRT), which are also nominally tanker vessels.

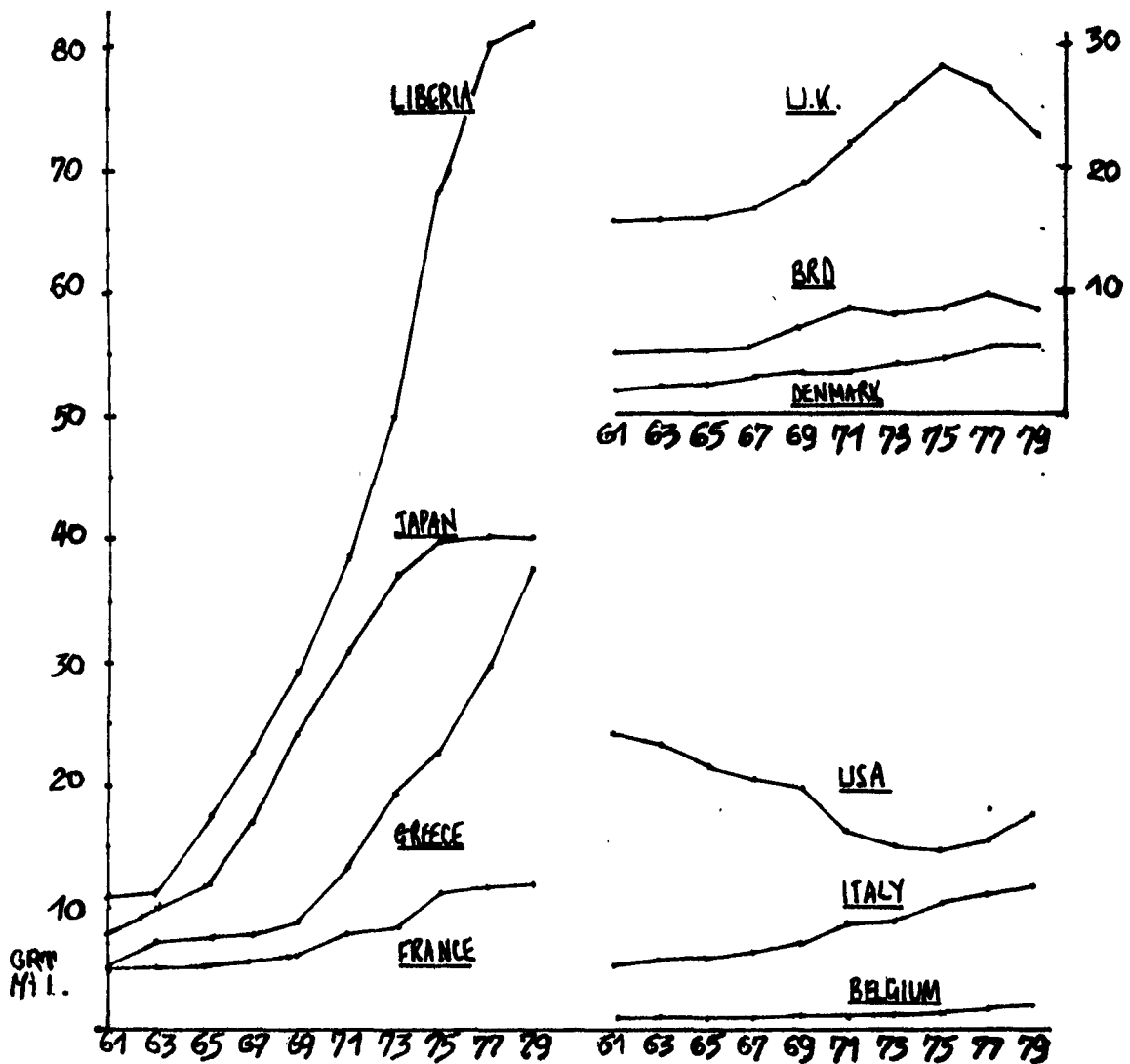
65. Shipping statistics age relatively quickly. Ships, being a commodity as well as a means of conveyance, are bought and sold as the market fluctuates. They also have an inherent scrap value. The sale of a vessel can often entail the change or loss of flag. The figures given below are those from Lloyds shipping statistical tables, except where stated, and may be said to represent the position in mid-1979. Further qualifications are given as dictated by the subject in the text itself.

66. In 1958 the Greek flag accounted for just 1.36% of world tonnage. By 1968 the figure was 3.81%, and by 1979 it had risen to 9.04%. From fourteenth place in 1958, Greece now occupies third position in the league of shipping nations, behind Liberia and Japan. Without the same direct backing from international petroleum companies that the former enjoy and certainly without the vast economic structure of the latter, Greece still managed to increase its fleet five-fold in the last decade, catching and overtaking all other European countries. When Greek owned tonnage is taken into account, i.e. tonnage controlled by owners of Greek descent or origin not flying the Greek flag, Greece is the second largest shipping nation after Liberia, with over 52 million GRT.



MERCHANT FLEETS 1948-1978

SOURCE: LLOYD'S REGISTER OF SHIPPING STATISTICAL TABLES 1977.



MERCHANT FLEETS 1963-79

Source: Lloyd's Register of Shipping Statistical Tables (1979)

67. The major reasons for the growth are:

- i) low risk investment of tanker and bulk carrier owners in the early 1960's;
- ii) the closure of the Suez Canal following the Israeli-Egyptian war and the establishment of the round-Cape route to Europe by which chartering rates were pushed up and ships were often being fixed (chartered) before they were on the stocks;
- iii) repatriation of Greek-owned vessels to the Greek fleet and the registration under Greek flag of vessels that would otherwise have been operated under a flag of convenience.

The composition of the Greek fleet

68. A characteristic of the Greek fleet when viewed in terms of GRT (see below) is that it has proportionately less tankers in its fleet than other leading shipping nations and considerably more dry-cargo vessels. Bulk carriers, single, and twin-deckers, when reckoned with passenger/cargo ships, form 50.5% of registered tonnage, whereas the figures for France, Denmark and Liberia are 19%, 29% and 24% respectively. Where tanker tonnage forms over half these three countries' fleets (Liberia - 61%, France - 64%), it is but 30% of the Greek. No other type of vessel represents a significant proportion of the Greek fleet. In this respect, Greece is similar to Liberia, Norway and the USSR. It is unlike the countries of Northern Europe, United States and Japan, all of whose fleets contain a much larger element of unitized vessels, Germany and Denmark being very strong in this respect.

If we divide the Greek tanker and bulk fleet by size (see below), it is possible to see the type of vessel favoured by owners. There are only two ULCC's greater than 140,000 GRT under Greek flag, out of a world total of 138. Every EEC maritime nation has more of these vessels than Greece, bar Belgium with none, and the Netherlands which also has two. France and the United Kingdom both have twice as many vessels over 100,000 GRT, and Italy again has just as many. Where Greece stands out is in the number of vessels between 10,000 and 40,000 GRT (63% of all tanker vessels) and those of less than 2,000 GRT (24% of all tanker vessels). It has relatively and absolutely fewer ULCC's and a large number of the Panmax¹ and Aframax vessels, as well as a sizeable number of small tankers - probably parcel carriers and inter-island supply vessels.

¹ Panmax vessel: vessel constructed to set specifications which allow it to carry an optimum amount of cargo through the Panama Canal.

TYPE OF VESSEL	BEL		F		DK		D		GR		I		NL		GB	
	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b
TANKER	16.38	.17	64.5	4.42	53.42	.17	33.0	1.62	30	6.45	42.9	2.88	42.2	1.31	47.6	7.64
PRODUCT CARRIERS	8.62	1.71	3.53	4.68	1.03	.64	.59	.56	.17	.69	2.3	2.98	.16	.96	4.7	14.5
OBO			5.1	2.3			.50	.16	6.64	9.37	16.6	7.33			7.8	8.27
BULK CARRIER	44.55	.97	8.43	1.23	12.3	.83	20.1	2.1	33.4	15.25	19.7	2.81	12	.79	15.9	5.42
GENERAL CARGO	16.1	.35	11.1	1.62	17.0	1.14	28.1	2.95	27.1	12.4	9.35	1.34	28.9	1.9	11.6	3.97
UNITISED TONNAGE	6.2	.91	3.31	3.22	8.9	3.99	12.1	8.41	.11	.32	1.78	1.69	6.5	2.85	6.5	14.7
FERRIES & PASSENGER VESSELS	2.6	.06	1.21	.20	4.32	.33	1.72	.20	1.66	.85	5.52	.89	2.4	.18	2.3	.89
TUGS & DREDGERS	3.7		.55		.6		1.23		0.08		.62		3.2		1.21	
FISHERY VESSELS	0.7		1.42		1.31		1.49		.11		.73		1.7		.61	
RESEARCH & ICEBREAKER	.02		1.17		.17		.12				.01		.1		.08	
OTHERS	1.03		.74		1.01		1.02		.09		.56		1.47		1.1	

VESSEL AS % OF: a) National fleet
b) World fleet

COMPOSITION OF FLEETS

VESSEL	Liberia		Panama		Norway		USA		Japan		USSR	
	a	b	a	b	a	b	a	b	a	b	a	b
TANKER	61.57	28.81	28.38	3.64	54.96	7.05	43.30	4.36	43.05	9.88	21.09	2.77
PRODUCT	2.21	19.99	1.77	4.06	6.04	14.99	4.75	9.25	2.06	9.14	.60	11.52
OBO	10.48	3.22	2.38	2.01	10.53	8.88	.46	.3	8.29	12.57	2.05	1.77
BC	20.04	19.97	23.06	6.29	16.68	4.56	10.7	2.29	23.73	11.60	5.78	1.61
GC + PC	4.61	4.60	36.63	10.01	6.36	1.74	20.76	4.31	11.1	5.44	33.05	9.27
UT	.86	5.73	2.25	4.09	.99	1.80	13.35	19.08	9.13	16.7	1.20	2.24
FERRIES	.09	1.02	1.87	5.77	2.24	6.92	1.15	2.78	2.4	13.27	2.84	8.98

a = % of national fleet

b = % of world fleet

69. As far as bulk carriers are concerned, ownership once more concentrates at the middle to lower end of the scale. In common with all other shipping nations Greek owners prefer handy-sized Panmax bulkers, while also controlling a high proportion of smaller vessels (8,000 - 9,999 GRT) of this type.

Share of world tonnage (See below)

70. The profile of vessels operated by Greek owners is to a large extent reflected in the share of world tonnage they control. Greece's 50.5% of dry-cargo vessels make up 27% of the world fleet. Its 12.7% of general cargo vessels is unmatched, and only Liberia with 19.97% of world bulk carrier tonnage surpasses Greece's 15.25%. In comparative terms Greece owns as many dry-cargo vessels as the EEC combined. The third of the fleet made up of tankers forms just 6.4% of the world tanker tonnage. However within this division Greece controls over 13% of all tankers between 10,000 and 60,000 GRT, once more with a high proportion of Panmax vessels. The greatest share of tanker tonnage is controlled by Liberia with 28.81%. The UK, Norway and Japan all own more than Greece. They also benefit from large internal demand for crude oil and have major oil companies registering their vessels under their flags.

71. If Greece's participation in the two main markets stands out, then its absence in the field of specialized tonnage is also noticeable. It controls but 0.7% of all product carriers, and 0.32% of unitized vessels. In both cases it is at the bottom of the league of major shipping nations. In comparison to their small tonnage contribution to the Greek fleet, ferries and OBO¹ vessels still form a significant part of world supply at around 9% each.

Trading

72. The major portion of Greek merchant marine is engaged in tramp-trading and it is unusual for Greek owners to fix their vessels on long-term time charters unless they are taking advantage of a particularly high market or have been required to do so by the terms of their financing arrangements. At the time of writing, Greek interest in the tanker market is low with chartering managers in Piraeus not predicting a change in this pattern for some time to come. However, in the dry-cargo market there is evidence of interest in the 17-60,000 DWT size of ship with Greek vessels being fixed for 12-month period (time charter) business in the US and Persian Gulf.

73. Despite its large fleet, Greece does not carry as much of its own two-way trade as might be expected. In 1976, 26 million tonnes of goods was unloaded from vessels of all flags. Of this amount only 10.3 million tonnes was unloaded from Greek vessels. Greece takes a moderate part in its own two-way trade and a much lesser part in the liner trade between other countries.

1 'Ore-Bulk-Oil': Vessels capable of carrying a variety of ores and crude oil.

TANKER VESSELS : LARGER THAN

	140,000	100,000+	60,000+	40,000+	20,000+	10,000+	6,000+	4,000+	2,000+	TOTAL
GREECE	2	18	21	52	99	123	6	9	102	432
BELGIUM										17
DENMARK	11	2	0	3	23	8	0	5	25	77
FRANCE	6	39	13	10	2	5	6	7	17	105
GERMANY	5	10	5	2	4	3	1	4	70	104
ITALY	3	18	4	12	16	37	10	29	154	283
NETHERLANDS	2	9	2	1	17	7	2	1	35	76
UNITED KINGDOM	17	50	13	10	31	102	7	13	176	419
LIBERIA	34	195	120	104	159	128	29	10	14	793
NORWAY	24	44	32	5	7	20	2	10	29	173
JAPAN	5	88	33	20	25	9	13	111	1,221	1,525
WORLD TOTAL	138	542	342	374	715	1,000	235	642	2,962	6,590

Ore & Bulk Carriers	140,000 +	100,000 - 140,000	60,000 - 90,999	40,000 - 59,999	20,000 - 39,999	10,000 - 19,999	8,000 - 9,999	6,000 - 7,999	Total
Greece	-	3	8	24	151	540	52	15	793
Belgium	-	-	-	5	17	2	-	-	24
Denmark	-	-	-	-	11	20	-	1	32
France	-	2	8	4	10	19	2	3	48
Germany	-	-	5	7	37	6	-	-	55
Italy	-	2	16	18	33	66	5	3	143
Netherlands	-	-	1	-	15	10	-	-	26
United Kingdom	1	3	24	22	54	99	4	10	217
Liberia	1	12	51	64	306	446	56	9	945
Japan	1	4	64	30	112	159	27	15	412
World Totals:	4	31	260	160	1,158	2,378	364	183	4,638

Its vast capacity, while used to carrying an above average share of national trade, is mostly used in cross-trading. Many vessels are chartered on the 'spot' market, competing for cargoes on a voyage basis. It is important to distinguish this type of cross-trading from the liner 'conference' trades with their fixed tariffs and variety of cargoes carried to several ports of discharge, which are not so attractive to Greek owners.

Casualty record

74. Classified returns published by the Liverpool Underwriters Association show that 93 Greek flag vessels of an aggregate 626,447 GRT were recorded as total losses in the year 1979. This means that Greek flag losses represented 26.2% of all ships over 500 GRT, and 27.6% of all tonnage, lost through marine causes during the preceding 12 month period. 2.26 million GRT from 279 casualties were recorded for the whole world in this period. There is, therefore, no improvement over the figures for 1978 when Greek losses were listed by the Liverpool Underwriters Association at 74 vessels of 565,681 GRT. In 1979 EEC vessels accounted for just 24 ships with an aggregate of 160,793 GRT.

International conventions

75. Nearly all the major IMCO regulations have been ratified by the Greek Government. By the terms of the IMCO agreement Greece is, in any case, obliged to ratify conventions once the conditions for their entry into force have been met. The record for ratification was a relatively slow one but several gaps have recently been closed, notably with the ratification of SOLAS 1974, by Greek law 1045/70, and the impending ratification of a fund for compensation of oil pollution damage (entered into force in October 1978). Greek law 314/76 ratified the International Convention on Civil Liability for accidents, and Greece is at present preparing to adopt the 1979 amendment of the 1966 Loadline Convention. Two major conventions under the auspices of IMCO, namely MARPOL and Standards of Training Certification and Watch Keeping for Seafarers, will do much to improve both pollution control measures and the competence of seafarers, once entered into force. Regulations concerning the segregation of ballast tanks, the provision for inert gas and crude oil washing systems, have already influenced owners in their choice of vessel, even though they seem unlikely, for procedural reasons, to come into force in the near future.

76. In addition to these technical conventions, many Greek owners of tankers are party to the TOVALOP and CRISTAL agreements, which cover financial liability after oil spills (for example TOVALOP funding was used during the fight against pollution from the Cristos Bitas).

AGE STRUCTURE OF FLEETS (% of Tonnage)

NATION	0-4%	5-9%	10-14%	15-19%	20-24%	Fleet % aged 0-14
Denmark	47.78	30.22	15.74	- (1)	-	93.74
Belgium	46.44	29.84	17.5	-	-	93.78
France	34.94	47.54	12.97	-	-	95.45
BRD - West Germany	32.31	44.31	17.41	-	-	94.03
Liberia	32.68	41.65	17.2	-	-	91.53
United Kingdom	31.6	44.01	14.46	-	-	90.07
Japan	28.04	48.13	18.94	-	-	95.11
Italy	26.34	30.90	15.78	12.5	8.45	73.13
Netherlands	24.34	31.56	25.53	13.35		81.43
Greece	13.63	22.34	27.27	17.5	13.39	63.24

(1) Insignificant percentages

Inspection procedures

77. The technical inspection of a ship is carried out by two agencies, the classification society to which the vessel belongs, and the government inspectorate of the nation of registry. Historically, the former, or 'class' surveys were intended to provide some form of guarantee to insurers and underwriters, that the vessels they insured were being well constructed and maintained. The latter or 'flag' inspections stem from legislation enacted to ensure the well being and comfort of crew and passengers. The totally safe ship has not yet been constructed. Shipbuilding is an empirical science often becoming wiser after some tragic combination of circumstances (vide the development of watertight doors on ferry vessels). Class and flag surveys attempt to pre-empt reasonably foreseeable accidents. They concern the vessel alone. Crew standards come under different laws. An inexperienced master, or a chief engineer with forged papers can endanger the most modern as well as the most ancient vessel.

78. The overwhelming majority of Greek vessels are 'in class', i.e. they have maintained standards of repair and overhaul during a continuous cycle of inspection or at an annual examination. Only a small and easily identifiable number of vessels are out of class, and they are subject to the 'flag' inspection procedure. The MMM has inspectorates in Greek ports, and in 18 overseas locations. Over the past two years the number of spot checks have risen by 50%.

79. Since 'class' and 'flag' requirements often overlap, or may be conveniently and economically carried out at the same time, the Greek Government, in common with many other governments, has entrusted the execution of some 'flag' inspections to various classification societies. This enables vessels which never trade near Greece or the overseas inspectorates to be examined. A point at issue in this matter is whether in fact the MMM would be able to enforce Greek flag regulations without the use of class surveyors worldwide.

The age question

80. From the table below it may be seen that the Greek fleet is a relatively old one. This is partly explained by the number of passenger vessels (which have a longer working life) and the number of ships taken out of service, but not scrapped. Greek owners are also able to trade ships which are at the end of their economic life at a greater profit than other ship-owning nations. While only a small percentage of the most successful Greek owners commission new buildings, few reputable owners are interested in 'overage' tonnage.

81. Notwithstanding the above, 37% of the Greek fleet is 15 years old or older. The risk of total loss or damage beyond economic repair is known to increase with age. In order to discourage the ownership of such vessels, the Greek Government has brought in a law preventing the new registration of vessels over 17 years of age under Greek flag. It does not continue to trade after this time, subject to compliance with 'flag' requirements.

Government policy

82. The Greek Government gives priority to encouraging registration under the Greek flag as well as increasing the competitiveness and reputation of the Greek fleet. To these ends legislation has been introduced allowing owners of Greek vessels a privileged position with regard to tax and foreign capital. The latest of these measures is Law 959/79 'concerning shipping companies', continuing a policy of tax exemption, which extends to cover the costs involved in running shipping agencies on shore. As a further incentive to re-patriate, owners employing Greek crew on non-Greek flag vessels are required to contribute to the Greek seamen's pension fund.

In the past five years 700 vessels of 9 million GRT have come to the Greek flag that were previously under other flags. This figure does not include those registering new buildings in Greece who might formerly have chosen to do otherwise.

It is not possible to judge whether this policy will succeed in the long-term as owners are still weighing the pros and cons of operating under the Greek flag.

Steps have also been taken to provide new building of finance for Greek vessels. At a time when interest rates are high, cheap Government finance including moratoriums on repayment are a very persuasive reason to build a ship for registration in Greece.

83. In addition to help for shipping agencies mentioned above, the Government is trying to improve the shipping infrastructure in various other ways, to maintain the level of young people becoming sailors. With the growth of attractive well-paid shore employment there is a problem in manning ships.

Conclusion with regard to shipping

84. Insofar as the success of the Greek Merchant Marine is based upon a free trading policy on the high seas, the rapporteur believes that nothing should be done with regard to the future development of Community policy which might restrict the trading policies of individual Member States.

85. Clearly Greek accession presents an opportunity for the practical development of Community shipping policy, but this should not lead to any measures which might be interpreted as a stratification of trading policy.

86. Viewed in the light of Greek accession and the subsequent major addition to the Community merchant fleet, the rapporteur sees as the priorities in this area:

- i) the general improvement of safety standards and both port and flag-state inspection of vessels;
- ii) improving social conditions for seamen;
- iii) development of Community policy with regard to liner conferences (even though Greece is not a significant operator in this area);
- iv) the preservation, for the benefit of the Community and wider general interests, of a vigorous, economically successful merchant marine in all the Member States;
- v) the development of Community policy in general with regard to the preservation of the economic base of the merchant marine within the Community.

In the course of his visit to Greece from 22 - 25 July 1980, the rapporteur held meetings with the following:

Minister STEFANOPOULOS,
Minister to the Prime Minister

Minister FIKIORIS,
Minister of Merchant Marine

Minister KONTOGEORGIS,
Minister for EEC Affairs

Mr STRATIGIS,
Secretary-General, Ministry of Coordination

Mr ANDREOPOULOS,
Director-General, Ministry of Coordination

Officials of the Ministries of:

Transport
Coordination
Public Buildings and Works
Merchant Marine

Centres for:

Economic Planning and Research
Political Research

Union of Greek Shipowners

Pan-Hellenic Seamen's Union

Hellenic Railways Organization

