

**INFORMATION****EXTERNAL RELATIONS**GREECE AND THE EUROPEAN COMMUNITY124/76

Commission Vice-President, Carlo SCARASCIA MUGNOZZA, will be its representative at the opening of the EEC Press and Information Office in Athens on May 14 1976.

The occasion seems a good one for sending you an information note on the relations between Greece and the European Community.

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1. THE ASSOCIATION AGREEMENT

Greece was the first European country to become associated with the European Community (1).

The association agreement is of unlimited duration. It was signed in Athens on July 9 1961 and came into force on November 1 1962.

The association provides for :

- 1) the setting up of a customs union ;
- 2) the development of joint action programmes in fields specified in the agreement, and the harmonisation of Community and Greek policies therein ;
- 3) the making available to the Greek economy of resources calculated to facilitate the speedier development of the country.

The securing of these objectives is in the hands of a Council of Association. Political control is exercised by a mixed parliamentary Committee.

The association agreement specifies that the possibility of Greek membership of the Community may be examined as soon as the operation of the agreement has made it possible to look forward to the full acceptance by Greece of the obligations laid down in the EEC Treaty.

Since July 1 1968, Greece has had the advantage of intra-Community treatment -- i.e. customs franchise -- for all her industrial exports to the Community, and almost all her agricultural exports.

The Greek obligations under the agreement include the elimination of customs duties on goods exported from the EEC over a period of 12 years for some headings and 22 years for others. The complete withdrawal of duties for the former list of goods took place on November 1 1974. For goods scheduled for the removal of duties over a 22-year period, the rate of tariff reduction has been 44 % since November 1 1975.

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(1) Art. 238 of the EEC Treaty provides that the Community may enter into agreements with non-member countries or groups of countries, or international organisations, setting up an association characterised by reciprocal rights and obligations, joint action and special procedures.

Following the coup d'Etat in Greece on April 21 1967, the Community had decided to "limit" the operation of the association agreement to its "current transactions". This limitation was to last "so long as the democratic and parliamentary structures have not been reestablished in Greece". The current transactions under the Athens agreement were mainly concerned with the system of customs duties and trade relations between the EEC and Greece. The negotiations held in suspense, included those on the harmonisation of agricultural policies and the conclusion of a further finance protocol to take effect after 1967; and those for the harmonisation of economic policies had not even started. The granting of loans by the European Investment Bank had also been suspended. Those already granted amounted to \$ 69 million, and the authorisation for a further \$ 56 million was blocked.

Negotiation of an additional protocol to transpose the association relationship to the enlarged European Community was carried on as a matter of current business, but was not finalised till after the dictatorship had been brought to an end.

## 2. THE GREEK ECONOMY

Greece covers an area of 132,000 sq.km., and has a population of 9 million. The GNP in 1972 was EUR 10.7 billion (1). After rising by 11 % in 1972, and a further 9.7 % in 1973 it fell back in 1974 by 1.9 %, but rose afresh in 1975 with a gain of 3.3 %.

The income per head is about EUR 1,439, so that the country is on much the same economic level as Ireland.

In the EEC the 1973 GNP per head reached a total of EUR 3,360.

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(1) EUR = \$ 1.20

About 36 % of the gainfully occupied population is engaged in agriculture, against 9.6 % in the EEC; they account for 16.1 % of the gross internal product (compared with 5.3 % in the Community). Agricultural production in 1972 was 40 % above the 1961-65 average.

The proportion of the active population engaged in industry is 25.2 % (against 43.4 % in the EEC). Its contribution to the formation of the gross internal product is 30.5 % (against 44% in the Community).

Industry consists for the most part of small and medium-sized firms. In the decade 1963-73 production almost trebled.

The Greek merchant fleet, amounting to 7.4 million gross register tonnes in 1968 had risen by 1973 to 19.3 million g.r.t.

In the first half of 1974 the rate of inflation in Greece was as high as 30 %. The 1975 price rise was 15.2 %.

The deficit in the balance of current payments amounted to \$ 370 million in 1972, rose to \$ 1,175 million in the following year and a peak of \$ 1,218 million in 1974, contracting slightly in 1975 to \$ 1,009 million.

Greece's current external trading account shows a chronic deficit, with export receipts covering only 37 % of the cost of imports. The main "invisible" balancing factors are the tourist trade and homeward transfers from Greek citizens abroad.

In 1964 Greece made a beginning with her five-year economic development plans.

The plan for 1968-72 was concerned with harmonising the Greek economy with the new conditions prevailing in the EEC. One of the main targets was increased productivity, both in industry and in agriculture.

The Greek economy is now operating the third five-year plan, and there are to be three others continuing to the year 1987.

### 3. GREEK TRADE WITH THE EUROPEAN COMMUNITY

Between 1961 and 1973 there was a six-fold rise in the total trade between the Community and Greece.

Greek exports to the Community rose 10-fold in this period, with an increase in the Community's share of Greece's total exports from 30 % progressively to 47 %.

The Greek imports from the Community rose more than five-fold, and the EEC share of the total imports into Greece was up from 38 % to 43 %.

#### Greek Trade with the Nine EEC countries 1973-74 (million EUR).

	1973	1974
Greek exports	754	813
Greek imports	1,607	1,528
Deficit	853	715

Between 1961 and 1973 the Greek trade deficit rose from EUR 204.1 to EUR 853.0 million; but proportionately the Greek exports rose much faster than the imports. Greek exports to the Community were up 915 % over the 12-year period, while imports from the Nine rose only 456 %.

### 4. RENEWED OPERATION OF THE ATHENS AGREEMENT

On August 22 1974 the Greek Government sent in an aide-mémoire to the French Foreign Affairs Minister, in his capacity as President in Office of the EEC Council, and to the President of the Commission. This proposed the "unfreezing" of the association.

On August 27 1974 Athens addressed a further communication to the Community authorities, asking for exceptional financial aid of \$ 800 million.

On August 30 1974 the Commission proposed to Council the reversion to normal operation of the association agreement, proposing that a meeting of

the Council of Association at ministerial level be called at an early date.

The Council of Ministers met in Brussels on September 17 1974, when it stated its determination to lose no time in reviving the process of developing the association. This statement by the Community brought to an end the "freeze" of the association decided upon after the coup d 'Etat in April 1967. On the same occasion the Council decided to put at the disposal of Greece the \$ 55.7 million in loans from the European Investment Bank which had been blocked in 1967.

The EEC-Greece Council of Association met on Monday December 2 1974. This was its first session since the restoration in Greece of a fully democratic system, resulting from the elections of November 17 1974, and it opened the door to the renewed operation of the association.

In 1975 the Council of Association held two meetings at ministerial or at ambassadorial level.

A number of decisions needed to be taken to bring the association back into operation. The chief of these were :

- The coordination of Greek and Community commercial policies;
- Harmonisation of agricultural policies throughout the sector;
- Negotiation of a new finance protocol. Greece attaches special importance to this, especially for the reconstruction and modernisation of her agriculture.

Another aspect of the "reactivation" of the association was the meeting of the EEC-Greece joint parliamentary Committee, held in Athens June 25-28 1975 under the chairmanship of M. PEZMAZOGLOU. The joint Committee adopted recommendations reflecting its interest in future economic relations between Greece and the European Community.

The additional protocol extending the association between the EEC and Greece to the three new Community members was signed in Brussels on April 28 1975, at the same time as an interim agreement enabling the trade clauses of the protocol to be brought into operation in advance. The latter agreement became operative as from July 1 1975.

5. THE GREEK REQUEST FOR COMMUNITY MEMBERSHIP

Since the return of Greece to democratic government, one of the dominant factors in its diplomacy has been rapprochement with the European Community.

After the reestablishment in Greece of civilian government, the first members of the new Cabinet to visit the EEC Commission were M. MAVROS (Deputy Premier and Foreign Affairs Minister) and M. PEZMAZOGLOU (Finance Minister) who came to Brussels on September 10 1974. They informed the Commission that the Greek Government intended submitting to the Community at an early date a request for the accelerated integration of Greece into the Community.

On November 26 1974, the Greek Government sent an aide-mémoire to the Community stating its intention that Greece should become a member of the Community in the earliest possible future.

In addition, when Commission President ORTOLI went to Greece on May 6-8 1975 the Greek authorities stated their intention of asking for the early admission of Greece to Community membership.

This request was officially put forward on June 12 1975. There are two reasons for Greece's desire for closer links with the Community. The first is economic, for "Greek trade is primarily angled into the European market". The second is political; for "Europe is now engaged in a process of integration; and Athens desires to be present in this, and to make its contribution to the efforts which will assuredly lead to the outstanding event of the present century". Athens sees no objection to Greece's own adhesion to the Community hastening that of Turkey. "The presence of the two countries in the Community would ease their relations with one another and give them the opportunity of overcoming their problems."

The Council of Ministers, at its meeting on June 24 1975, took note of this request and asked the Commission for a statement of its opinion as required by article 237 of the EEC Treaty (1)

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- (1) art. 237 reads : Any European State may apply for membership of the Community. The application shall be made to the Council, which shall call for an opinion from the Commission before reaching a decision by unanimous vote. The terms of admission and the adaptations of the present Treaty involved thereby shall be set out in an agreement between the member States and the applicant State. This agreement shall be submitted for ratification in each of the contracting States, in conformity with their own constitutional rules.

On January 28 1976, the Commission approved the text of the opinion requested by the Council on Greece's request for adhesion to the Communities. It recommends that the reply to Greece should be "clearly affirmative", but emphasises the problems involved in the adhesion, which might well necessitate a certain transitional period. The Council, at its meeting on February 9 1976, declared it was definitely in favour of the Greek request and of the opening of negotiations as soon as possible.

Only a fortnight after the Council's declaration on February 26 1976, the Greek Minister for Economic Coordination and Planning, M. Panayotis PAPALIGOURAS, paid an official visit to the Commission. On this occasion he took part in a working session with Commission President ORTOLI, the Commission Vice-President in charge of external relations, Sir Christopher SOAMES, Vice-Presidents SCARASCIA MUGNOZZA and HILLERY, and Commissioners SPINELLI, BORCHETTE and BRUNNER.

M. PAPALIGOURAS renewed his statement of Greece's support for European integration, and his pleasure at the prospect of his country playing an active part in it. Commission President ORTOLI spoke of his own satisfaction and that of his colleagues at seeing Greece approaching the early occupation of the place which is hers by right in the building up of the European entity.

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