GREECE - BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

Basic Document for the 1980 Consultation

1. Legal and administrative basis of the restrictions

Provision regulating imports in Greece are based on Law 936/30.6.79 "re: Amendment and supplementing of the Provisions concerning Foreign Trade, as well as abolition of related Provisions".

This Law abolishes the previous Laws, Decrees etc., concerning Foreign Trade, as follows:

(a) Law 5426/1932 "re: Import Restrictions etc."

(b) Emergency Law 1960/1939 "re: Provisions Regulating Imports and Exports"

(c) Legislative Decree 480/1947 "re: Constitution of Foreign Trade Administration"

(d) Article IV of Legislative Decree 2415/1953 "re: Re-adjustment of the rate of drachmae into foreign currency"

(e) Legislative Decree 2609/1953 "re: Control on prices of imports and exports"

(f) Articles I and II of Legislative Decree 3982/1959 "re: Ratification of Council of Ministers Act No. 163/23.1.58 re: Minister of Commerce's Approval prior to any procurement from abroad"

(g) Paragraphs 1-4 of Article I of Legislative Decree 4551/1966 "re: Abolition of Foreign Trade Administration"

(h) Any provision not specifically mentioned in the previous paragraphs but contradicting the Provisions of the present Law.

The Minister of Commerce may, by authorization of this Law, within the framework of the Government's economic policy and in accordance with the country's obligation from the International Treaties, Agreements or adjustments, with his Decisions, regulate any matter concerning the foreign trade policy.

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1Material supplied by the Greek authorities.
In execution of the above Law the Joint Ministerial Decision No. 7900/3.10.79 re: "Codification and supplementing of the provisions regulating the imports of goods from abroad" was issued by the Ministers of Finance and Commerce.

(The co-operation of the Minister of Finance in the above-mentioned Decision refers to matters of authorization towards the Customs Authorities of the country of which the Minister of Finance is the natural head.)

In general, a free import system is applied in Greece according to the permanent governmental policy.

With a few exceptions, imports into Greece are not subject to quantitative or foreign exchange restrictions. However, each transaction is subject to administrative procedures of registration, and to control regulations designed to furnish data on receipts and expenditures of foreign exchange and on external financial commitments. Imports are limited to a level compatible to some extent with the country's external resources by means of monetary policy, credit policy and, in particular, by regulations governing methods of payment for imports.

By the said Decision the Minister of Commerce practises the control on imports and the measures are applied by the Bank of Greece and the authorized Banks (Commercial Banks).

2. Methods used in restricting imports

Imports can be divided into four categories:

(a) products which can be imported freely;

(b) products specified in List "A", attached to the Decision No. 61910 of 1975 of the Ministry of Co-ordination and Planning, for which an import licence is required;

(c) certain machinery and spare parts specified in List "B", attached to the Decision No. 70853 of 1971 of the former Minister of National Economy (Sector of Industry), for which an import licence is also required;

(d) products imported under the State-trading régime. This category is referred to in the Section 5 of this document.

According to the procedures in force all imports are generally permitted under Procedure "E" and Procedure "D".
Import permits are granted upon presentation of a certified pro-forma invoice. The importer must obtain the import permit before the goods are shipped. Any importer who fails to observe this provision is liable to a fine equal to the 10 per cent of the amount of the cash margin which the importer has to deposit in obtaining the import approval of the commodity in question. The said fine is imposed on prior shipments for commodities which are listed under such Lists requiring a prior deposit (Lists F50-1, F50-2, F100-1, F100-2).

Such obligation for importers as above, i.e. shipment without the prior issuance of an import permit, exists even for shipments of commodities listed under Lists P and F, for which no prior deposit is required, given that a possible shipment without the prior issuance of an import permit is effected on importer's own responsibility (Joint Decision No. 7900/3.10.79 of the Ministers of Finance and Trade).

Procedures "E" and "D"

(a) The approvals for the import of goods are granted in accordance with one of the procedures E or D, and they are valid for the status existing at the time they are granted irrespective of any change occurring to this status.

(b) Under Procedure "E" import approvals are granted by the authorized commercial Banks on their own responsibility, for goods produced in all countries except those mentioned in the following paragraph.

(c) In accordance with procedure "D" approvals are granted by the Committee for Regulating Matters concerning Imports at the Bank of Greece for goods produced in Japan, Cuba, Viet-nam, Korea, Formosa with settlement payment in state foreign exchange and People's Republic of China and Albania with payment of their value through clearing account.

(d) Also, payment of the value of goods produced in countries with clearing Account to convertible currency or the reverse, will be realized only with the approval of the above Committee to which the said competence is given.

List "A"

List "A" which is applicable to the above procedures ("E" and "D") consists of gold, some other products such as fish (fresh, chilled, frozen, smoked or in brine), fresh milk, milk cream (excluding milk serum), fresh and prepared cheese (Feta, touloumyri, etc.), eggs, fresh and dried vegetables, fresh and dried fruits, coarse grains (barley, oats, maize, corn), rice, canary and sesame seeds, acorns, incense, sugar, tomato pulp, extracted olive kernels, olive oil, seed oils, fertilizers, yarns, fabrics and articles of cotton, wool, silk or man-made fibres, firewood, ceramic
ware, books, booklets, etc. printed in Greek and all advertising material,
refrigerator cabinets (without refrigeration unit), motor vehicles (buses
only), lard and swine fat, chicks, live turkeys and guinea fowls, ballpoint
pens, marking pencils and parts of same (totally 100 items) (Decision
Ε6/7000/30.8.79).

Import licences are issued by a special committee.

For certain of the products in List "A" import licences are issued
automatically and without restriction.

List "B"

List "B" is also applicable to both procedures ("E" and "D") and
comprises certain machinery, spare parts and accessories. For those items
an import licence issued by the Ministry of Industry is necessary.

Import procedures and methods of payment

Imported goods can be paid for in cash either through the opening of
documentary credit or against shipping documents, and for certain products by
acceptance of time drafts.

For 8.7 per cent of products, however, importers who adopt payment in
cash, it is required to deposit with their bank a certain percentage of the
c.i.f. value invoice (28-140 per cent according to the list in which the
imported good is included) once they have obtained the import permit. In
accordance with the Association Agreement between Greece and the European
Economic Community (EEC), prior import deposits for the goods of the
12-year tariff disarmament no longer exist, effective from 1 November 1974;
such deposits for the items of the 22-year disarmament have been reduced by
60 per cent. It should be noted that the above-mentioned reduction is an obli­
gation only vis-à-vis EEC member countries; Greece has, however, extended this
reduction spontaneously towards all GATT member countries. This is a
measure of economic significance placed mainly within the framework of the
anti-inflationary policy.

The above prior deposits are not refunded before the end of the time
limit of their retention (of two months or of four months), even if the
final settlement of the value of the commodity is effected within that time
limit.

No prior deposit is required for imports of the remaining 91.3 per cent
of products (Lists P and F) as below:

List "P": This list principally comprises industrial raw materials,
machinery and capital equipment in general.

These commodities are paid for against time settlement payment by
accepting relevant drafts of unlimited term and cover a percentage of
74.9 per cent of the total imports (see attached Table No. 1).
Treatment of imports from different sources

Imports may be classified in one of the following categories according to their source:

(1) Member countries of the European Monetary Agreement (EMA), their overseas territories and currency areas associated with them, Canada, the United States and dependent territories, and countries with which bilateral payment agreements are in force (East Germany, Bulgaria, Egypt*, Hungary, Poland, Romania and Czechoslovakia) enjoy the liberal import régime which covers the major part of total imports by Greece.

(2) Imports of products from Japan, Cuba, Viet-nam, Korea, Taiwan, Albania and People's Republic of China receive the same treatment, in practice, under Procedure "p" mentioned above.

The same procedure is applicable to imports from countries with which Greece is maintaining bilateral agreements, when the method of payment is different from that one of clearing arrangement.

(3) The regulations concerning imports of products on List "A" and imports of machinery, spare parts and accessories (List "B") also apply to all these countries.

4. Commodities or groups of commodities affected by the various forms of restrictions

For the products covered by the various systems of restrictions, see section 2 above.

Breakdown of imports in 1978
by control system applied
(Million U.S. dollars)

<table>
<thead>
<tr>
<th>(A) Private imports</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods not subject to licensing</td>
<td>5,367</td>
</tr>
<tr>
<td>(2) Goods subject to licensing:</td>
<td></td>
</tr>
<tr>
<td>(a) List &quot;A&quot;</td>
<td>1,456</td>
</tr>
<tr>
<td>(b) List &quot;B&quot;</td>
<td>(554)</td>
</tr>
</tbody>
</table>

| (B) State imports                   | 733    |

Total Imports                       | 7,556  |

1Of which the amount of US$1,264 million represents the value of imported ships.

2Including imports for which import licences are issued without limitation.

3Data not available.

4Including US$728 million of crude oil.


*Since 1 January 1979 all transactions have been effected through convertible currency.
5. **Imports under State-trading conditions**

Certain products are under State-trading terms for reasons of public health and for the protection of the consumer, motives of public interest or fiscal considerations.

In principle, State trading is not intended to restrict imports or to protect domestic industry or agriculture.

The products affected are the following:

- Commodities under monopoly, imported under control of the Ministry of Finance: matches, kerosene, rice-paper for cigarettes when imported by tobacco producers (but not when imported by cigarette manufacturers), playing-cards, saccharin, narcotics and sea salt.

- Sulphur, copper sulphates and fertilizers are imported by the Agricultural Bank of Greece under Government permit. The essential objective of this Bank is to maintain prices at a minimum level through bulk imports and to achieve uniform prices for these products throughout the country so as to ensure that the mountain areas farthest away from the ports of entry are not penalized to the advantage of other more accessible parts of the country. A quantity of fertilizers is also imported by private importers on the basis of previous State permit.

- As regards wheat and flour they are now imported freely, i.e. without a prior approval of the Ministry of Trade.

6. **Measures adopted since the last consultations**

Since 1978 (year of the last consultations with Greece) prior deposits for commodities of the twenty-two years tariff disarmament (Lists F50-2 and F100-2), they have been reduced one more time by 8 per cent, while since the date that the Association Agreement between Greece and EEC was put into effect (November 1962) the above prior deposits have been reduced nine times, i.e. four times by 5 per cent and five by 8 per cent.

These reductions are required only in respect of the EEC countries, but nevertheless Greece has extended them towards all GATT member countries despite the fact that the gap between exports and imports is still wide, so that in 1979 (January-November) the trade deficit amounted to $3,987 millions, according to official Greek statistics.

It should be noted that the above-mentioned (prior deposits, customs duties etc.) concern the present situation which will be invalid until the end of 1980.
As from 1 January 1981 the import régime of Greece will become more liberal, in accordance with the provisions referred to in the Accession Act of Greece to the European Communities.

In recent years the trends in the trade balance have been as follows:

(In million $)

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports</td>
<td>4,624</td>
<td>4,870</td>
<td>5,378</td>
<td>6,291</td>
<td>7,318</td>
</tr>
<tr>
<td>Exports</td>
<td>2,292</td>
<td>2,543</td>
<td>2,724</td>
<td>3,335</td>
<td>3,331</td>
</tr>
<tr>
<td>Ratio of exports to imports</td>
<td>49.6%</td>
<td>52.2%</td>
<td>50.6%</td>
<td>53.0%</td>
<td>45.5%</td>
</tr>
</tbody>
</table>

Source: National Statistical Service of Greece

Also, according to data provided by the Bank of Greece, the balance of current transactions of Greece shows the following picture:

(In million $)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Import payments</td>
<td>4,875.7</td>
<td>5,556.0</td>
<td>6,425.1</td>
<td>7,341.3</td>
<td>9,287.0</td>
</tr>
<tr>
<td>Export earnings</td>
<td>1,959.6</td>
<td>2,227.5</td>
<td>2,522.4</td>
<td>2,998.5</td>
<td>3,540.0</td>
</tr>
<tr>
<td>Trade balance</td>
<td>-2,916.1</td>
<td>-3,328.5</td>
<td>-3,902.7</td>
<td>-4,342.8</td>
<td>-5,747.0</td>
</tr>
<tr>
<td>Invisible receipts</td>
<td>2,651.9</td>
<td>3,023.8</td>
<td>3,497.3</td>
<td>4,126.6</td>
<td>4,776.0</td>
</tr>
<tr>
<td>Invisible payments</td>
<td>745.0</td>
<td>786.8</td>
<td>876.9</td>
<td>1,037.7</td>
<td>1,227.0</td>
</tr>
<tr>
<td>Balance on invisibles</td>
<td>1,906.9</td>
<td>2,237.0</td>
<td>2,620.4</td>
<td>3,088.9</td>
<td>3,549.0</td>
</tr>
<tr>
<td>Balance of current transactions</td>
<td>-1,009.2</td>
<td>-1,091.5</td>
<td>-1,282.3</td>
<td>-1,253.9</td>
<td>-2,198.0</td>
</tr>
</tbody>
</table>

1 The value of imported ships is not included.
As indicated by the above listed figures the worsening of the balance of current transactions is mainly due to the deficit of trade balance which from $3,903 million in 1977 went up to $4,342 million in 1978, i.e. it noted a rise of 11 per cent. The situation deteriorated during the space January-November 1979 in which the trade balance deficit amounted to $5,747 million vis-à-vis $4,343 million of the year 1978 and it presented an increase of 32.3 per cent against 1978 and a trebling against 1977.

In consequence of the above situation of the trade balance and the foreseen further deterioration of it, because of the outlined rise of imports, the Greek Government decided to take certain restrictive measures at the end of November 1979, which were communicated to GATT in document L/4908 of 10.12.79.

The above measures are of limited time validity, that is until 30.6.80, and are non-discriminatory, that is they are applied vis-à-vis all GATT member countries. The additional prior deposits that initially affected a percentage of 35 per cent of the total imports have been limited to 10 per cent by the decision of 12.1.80.

By the initial decision, 65 per cent of the imported items had been excluded from the prior deposits. Included were (a) basic foodstuff products, (b) machinery and equipment, (c) pharmaceutical products, (d) raw materials, (e) goods imported duty free, (f) goods imported for further processing and re-export, and (g) goods imported under the Consolidated Procurements Programme.

By the decision of January 1980 the below-mentioned groups of items were excluded from the additional prior deposits.

I. Raw materials, machinery and equipment falling within Chapters 84, 85 and 87 of the Import Customs Tariff but only those listed under the Import List "P".

II. Raw materials, machinery and equipment falling within the Chapters 84 and 85 of the Import Customs Tariff, which are listed in all other Import Lists except the List "P" provided that there has been granted a relative pre-approval of other competent Authorities, such as the Ministry of Industry and Energy or the Ministry of Agriculture.

III. Items whose exclusion from the measure of additional charges has been deemed advisable, such as books, magazines, newspapers, etc.
<table>
<thead>
<tr>
<th>Goods not subject to advance deposits</th>
<th>1976</th>
<th></th>
<th>1977</th>
<th></th>
<th>1978</th>
<th></th>
<th>1979 (Jan-June)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Per cent</td>
<td>Value</td>
<td>Per cent</td>
<td>Value</td>
<td>Per cent</td>
<td>Value</td>
<td>Per cent</td>
</tr>
<tr>
<td>F</td>
<td>860,9</td>
<td>14,4</td>
<td>1.173,8</td>
<td>17,3</td>
<td>1.241,5</td>
<td>16,4</td>
<td>737,8</td>
<td>18,9</td>
</tr>
<tr>
<td>P</td>
<td>4.584,7</td>
<td>76,3</td>
<td>4.958,4</td>
<td>73,2</td>
<td>5.655,9</td>
<td>74,9</td>
<td>2.799,9</td>
<td>71,6</td>
</tr>
<tr>
<td></td>
<td>5.445,6</td>
<td>90,7</td>
<td>6.132,2</td>
<td>90,5</td>
<td>6.897,4</td>
<td>91,3</td>
<td>3.537,7</td>
<td>90,5</td>
</tr>
<tr>
<td>Goods subject to advance deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F 50-1</td>
<td>15,0</td>
<td>0,2</td>
<td>14,8</td>
<td>0,2</td>
<td>10,6</td>
<td>0,1</td>
<td>8,8</td>
<td>0,2</td>
</tr>
<tr>
<td>F 50-2</td>
<td>283,8</td>
<td>4,8</td>
<td>354,5</td>
<td>5,2</td>
<td>333,9</td>
<td>4,4</td>
<td>181,8</td>
<td>4,7</td>
</tr>
<tr>
<td>F 50-3/</td>
<td>28,6</td>
<td>0,5</td>
<td>23,2</td>
<td>0,4</td>
<td>37,6</td>
<td>0,5</td>
<td>22,0</td>
<td>0,6</td>
</tr>
<tr>
<td>F 100-1</td>
<td>230,2</td>
<td>3,8</td>
<td>253,0</td>
<td>3,7</td>
<td>276,5</td>
<td>3,7</td>
<td>157,8</td>
<td>4,0</td>
</tr>
<tr>
<td>F 100-2</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F 100-3/</td>
<td>28,6</td>
<td>0,5</td>
<td>23,2</td>
<td>0,4</td>
<td>37,6</td>
<td>0,5</td>
<td>22,0</td>
<td>0,6</td>
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<tr>
<td></td>
<td>557,6</td>
<td>9,3</td>
<td>645,5</td>
<td>9,5</td>
<td>658,6</td>
<td>8,7</td>
<td>370,4</td>
<td>9,5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total of imports</td>
<td>6.013,2</td>
<td>100,0</td>
<td>6.777,7</td>
<td>100,0</td>
<td>7.556,0</td>
<td>100,0</td>
<td>3.908,1</td>
<td>100,0</td>
</tr>
<tr>
<td>Ships' value</td>
<td>1.143,3</td>
<td>-</td>
<td>1.399,4</td>
<td>-</td>
<td>1.264,5</td>
<td>-</td>
<td>604,0</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: National Statistical Service of Greece (data based on customs clearance)

1/ Per cent of total imports
2/ Ship's value is included in List J
3/ Since 1976 the items of these lists have been belonging to the list F