GREEK IMPORT RESTRICTIONS

Statement by the Greek delegate on measures taken in April 1959

The report of the GATT secretariat on International Trade 1957-1958, (Geneva, July 1959), makes - on page 259 of its English edition - the following commentary:

"The general tendency in Western Europe in the past year has been one of progressive relaxation of import restriction, embracing major advances towards non-discrimination. There has been, however, one case in which new restrictions were imposed: from 1 April 1959, Greece imposed severe controls on the import of a number of products from the former EPU countries, the United States and Canada, with a view to diverting trade in the interest of bilateral clearing account countries."

As it was stated by the Greek Minister of Commerce when addressing the ministerial delegates on 27 October, the Hellenic Government did take certain regulatory import measures in April 1959 which, however, did not actually have the nature and the extent attributed to them in the passage quoted above. But the circumstances under which the Greek Government felt compelled to adopt these measures as well as their true character need undoubtedly some more detailed explanation.

The exchange reserves of the Bank of Greece dropped from $198.6 million on 31 December 1956 to $153.2 million on 31 December 1958, which means that during the years 1957 and 1958 in the Bank of Greece reserves there was a fall of more than $45 million, notwithstanding the utilization of European Payments Union Credits of approximately $10 million.

On the other hand, by 31 December 1958, Greece's outstanding exchange obligations arising from imports effected against time drafts amounted to $105 million, of which 50 per cent were of short-term nature. If these short-term obligations are deducted from the amount of $153.2 million, the net actual exchange reserves of the country by 31 December 1958 would be approximately $100 million, whereas more than $500 million are required annually for the import payments.

This situation was created as a result of the fact that in April 1953, Greece put into effect a policy of almost complete freedom of imports from all sources abroad. Partly because of this policy, Greece's balance of trade with the
European Monetary Agreement countries has shown a continuously progressive deficit, while the balance with bilateral-clearing countries presented a constant surplus, as it appears from the following figures:

<table>
<thead>
<tr>
<th>Years</th>
<th>EMA Area</th>
<th>Bilateral-Clearing Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955/56</td>
<td>- 23.5 million</td>
<td>+ 0.5 million</td>
</tr>
<tr>
<td>1956/57</td>
<td>- 62.6 &quot;</td>
<td>+ 11.6 &quot;</td>
</tr>
<tr>
<td>1957/58</td>
<td>- 101.5 &quot;</td>
<td>+ 9.2 &quot;</td>
</tr>
<tr>
<td>1958/59</td>
<td>- 91.9 &quot;</td>
<td>+ 7.3 &quot;</td>
</tr>
<tr>
<td>(Jul.57-Mar.59)</td>
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</tbody>
</table>

(Footnote: (+) surplus)  
(-) deficit

Moreover, because of their deficit in the corresponding clearing-account with Greece, which on 31 March 1959 amounted to $18.5 million, the bilateral clearing countries suspended their purchases from Greece which fact burdened the Greek economy with large unsold surplus stocks of basic export products such as tobacco, currants and mineral ores, her traditional markets having failed to absorb them.

It must be stressed that two years ago, Greek authorities, in their conversations with diplomatic representatives of OEEC countries, did not omit to draw their attention to this state of things and to point to the necessity of increasing imports from Greece, especially by those countries in which the importation of certain items is carried out through monopolies; for otherwise the Greek Government should find itself compelled to face the situation by taking appropriate measures.

It was in these circumstances that in April 1959 the Greek Government decided to introduce import quotas on the following commodities from the member countries of the OEEC, the United States and Canada: timber, coal, iron and steel sheets, sewing machines, electrical equipment, woodpulp, newsprint and tyres and tubes.

The amount allocated for the importation of these commodities, calculated on an annual basis, is $43 million which, compared with the $55.5 million payments effected in 1958 for the importation of the same items from the same countries, represents a reduction of 22 per cent. As it was stated by the Greek Minister of Commerce when addressing the ministerial delegates on 27 October, "the Greek Government believes that the significance of those measures should not be exaggerated. Their objective is the modest one of reducing imports from the aforesaid countries by $14.4 million, that is to say by 2½ per cent of the total amount of Greek imports of $564 million (physical arrivals) effected in 1958."

As a matter of fact the measures adopted are of a limited scope, since they aim at slightly reducing imports from the above-mentioned countries and at increasing, correspondingly, imports from bilateral-clearing countries.
In order, on the one hand, to realize the existing bilateral credit balance in favour of Greece—which, as already stated, totalled on 31 March 1959 $18.5 million and, on the other hand, to facilitate the exports of tobacco, currants and mineral ores, the existing large stocks of which constitute a severe economic and social problem for the country.

The above measures were taken pursuant to the following dispositions of the General Agreement:

1. Article XII paragraphs 1 and 2 which provides: notwithstanding the provisions of paragraph 1 of Article XI, any contracting party in order to safeguard its external financial position and balance of payments, may restrict the quantity or value of merchandise permitted to be imported in order to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

2. Article XIV paragraph 2 which provides: that a contracting party may temporarily deviate from the rule of non-discrimination in respect of a small part of its external trade where the benefits to the contracting party concerned substantially outweigh any injury which may result to the trade of the other contracting parties, furthermore when a contracting party holds balances acquired as a result of current transactions which it finds itself unable to use without a measure of discrimination—(Inter. Note ad Article XIV:(2)).