STATE-TRADING ENTERPRISES

Notifications Pursuant to Article XVII:4(a)

GREECE

I. Enumeration of State-trading enterprises

There are State monopolies in Greece for

- salt
- illuminating petroleum
- matches
- cigarette paper
- playing cards
- petroleum products of the kind produced by the Eleusis Oil Refinery.

II. Reason for establishing and maintaining State-trading enterprises

The Greek monopolies, with the exception of the monopolies for narcotic drugs, saccharine and cigarette paper, were set up mainly for fiscal reasons but they also serve the following purposes:

(a) The salt monopoly performs an important social function, in that it ensures the supply of salt to consumers at prices which they can afford.

(b) The State monopoly of narcotic drugs and of saccharine serves no fiscal purpose, but was set up in order to safeguard public health.

(c) The cigarette paper monopoly, too, has no direct fiscal object; it was set up to prevent the fraudulent manufacture of cigarettes. Cigarette manufacturers are permitted to import cigarette paper for their own account but these imports are subject to very strict special supervision by the competent fiscal authorities.

The monopoly on petroleum products aims at securing the operation of a basic industry, established for the first time in Greece, permitting, at the same time, to the State to handle part of the imports needed to cover the needs for crude oil of the country, in accordance with the general objectives of the commercial policy and the interests of the country.

1 Particulars of the activities of the Greek marketing offices for the importation of wheat and chemical fertilizers are supplied separately in the Annex.

2 The petroleum products affected are described in Part III of this notification. State trading has been extended to these products early in 1960 following the establishment of an oil refinery near Athens (Eleusis).
III. Functioning of the State-trading enterprises

The salt monopoly is a monopoly of production, the quantities required for consumption being produced by the monopoly enterprise itself.

The production of salt by the monopoly enterprise is essential to ensure effective control and to prevent clandestine production, for, in view of the country's long coastline, it is very easy to make salt.

The monopolies of matches, playing cards, saccharine and narcotic drugs are import monopolies. These products may not be imported by private traders but only by the competent State authorities direct.

These products are bought in the international market by public tender. Such purchases are therefore in no way discriminatory.

The price of the products imported by the State-trading enterprises is fixed by a decision of the competent ministers, having regard to the purchase price, to which administrative expenses and in some cases an amount for the benefit of the exchequer are added. No additional charge, however, is imposed in the case of narcotic drugs.

The petroleum products affected by State-trading are specified in the contract between Greek services and the company, which assumed the exploitation of the refinery. This contract stipulates in particular the following:

(a) All local needs in petroleum products, of the kind produced by the refinery should be covered by the output of such refinery. In the case that output of refinery is not sufficient to cover domestic needs the Greek State is entitled to import from abroad the supplementary quantities required.

(b) Seventy per cent of the quantity of crude oil required for the operation of the refinery, are imported by the exploiting company and 30 per cent by the Greek State.

(c) The oil products not produced by the refinery, can be freely imported from abroad following the issuance of an import licence.

The company exploiting the refinery deals only with the importation and exportation of its eventual surpluses. Importation by private concerns does not take place except for products not produced by the refinery; such importation is governed by commercial criteria.

The criterium for the imported quantities is the requirements of domestic consumption.
The prices at which oil products are sold are fixed on the basis of the cost of raw materials, costs of processing and related expenses, and on the basis of the world prices for such products.

In principle, no long-term contracts are concluded for the purchasing abroad by the State.

The company (running the oil refinery) is free to decide on the quantities to be imported by it.

IV. Statistical information

Imports by State-trading Enterprises

<table>
<thead>
<tr>
<th>(a) category</th>
<th>1959</th>
<th>1960</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illuminating petroleum</td>
<td>14,094</td>
<td>3,122</td>
<td>95</td>
</tr>
<tr>
<td>Cigarette paper</td>
<td>80</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Matches</td>
<td>263</td>
<td>1,999</td>
<td>244</td>
</tr>
<tr>
<td>Saccharine</td>
<td>-</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Playing cards</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Narcotic drugs</td>
<td>kg.200</td>
<td>kg.11b</td>
<td>3</td>
</tr>
</tbody>
</table>

(b) category

Wheat 43,690 3,100 19,714 1,800 27,114 2,194

(c) category

Sulphur 11,818 540 14,408 640 11,436 506
Sulphate of copper 6,114 1,140 7,723 1,620 5,959 1,223
Chemical fertilizers 318,636 15,692 210,220 9,769 229,676 10,345

Imports by Private Concerns

| Chemical fertilizers | 66,000 | 60,000 | 55,000 |
| Cigarette paper      | 323    | 516    | 475    |

National Output

| Wheat               | 1,770,000 | 1,692,000 | 1,594,000 |
| Fertilizers         | 356,000   | 285,000   | 300,000   |

V. Reasons why no foreign trade has taken place (if this is the case) in the products affected

The absence of imports of saccharine in 1959 is due to the fact of the existence of surpluses from the previous year. Also in 1961 no saccharine was imported as the quantity imported in 1950 was sufficient to cover the needs for two years.
As to the playing cards, bids in recent years were won by domestic companies, which having renewed their equipment have obtained quality and prices comparable to those of the best foreign firms.

VI. Additional information

Nil.
ANNEX

Particulars Concerning the Marketing of Wheat and Chemical Fertilizers

The object of making the State responsible for wheat imports is to co-ordinate the production and importation of wheat, on the one hand, and the utilization of United States aid (under P.L. 480 concerning surplus commodities), on the other.

Wheat of United States origin is imported by the Ministry of Trade under the Mutual Aid Agreement concluded between the United States and Greek Governments.

Chemical fertilizers, sulphur and sulphates are also imported by the Agricultural Bank under the Government's authority (Act.No. 2022/1939). These products are purchased on the world market by tender without discrimination. Fertilizers may, furthermore, be imported freely by private enterprise.

The importation of fertilizers, sulphur and sulphates is intended to maintain the prices of these products at a uniform minimum level in all parts of the country.

The volume of imports of chemical fertilizers, sulphur and sulphates is fixed in the light of consumer demand. Care is taken, however, to build up reserves, in order to provide for any unexpected rise in the demand.

So far as wheat imports are concerned, both the needs of the flour market, which cannot always be satisfied out of home-grown varieties of wheat, and the possibilities of absorbing United States aid are taken into account, as are the possibilities of marketing the domestic production.

The price at which imported wheat is sold is fixed by the Ministry of Trade at a level higher than the cost. The resulting balance is intended to cover part of the budget deficit arising out of the purchase of home-produced wheat at a price above international levels and the sale of bread at low prices. By thus fixing the price of bread below cost, the object of the Greek Government is:

(a) to maintain the price of bread at a low level (since bread constitutes the basic food of the majority of the population),

(b) to influence the general cost-of-living index.

The gap between the price of imported wheat and that of home-produced wheat is shrinking steadily. This is due to the Government's effort to apply the programme of adjustment and diversification of agricultural production.

The price at which chemical fertilizers imported by the Agricultural Bank are sold is fixed at cost level.