Committee on Balance-of-Payments Restrictions

1960 CONSULTATION UNDER ARTICLE XII:4(b) WITH GREECE

Basic Document for the Consultation

1. Legal and Administrative Basis of the Restrictions

Regulations on Greek imports are mainly based on Law No. 5426 of 1932 and Decree Law No. 480 of 1947. Law No. 5426 stipulates that the importation of machinery and certain other products is prohibited and that imports of these goods are subject to import licences. Decree Law No. 480 is more general in scope. Its purpose is to co-ordinate the efforts of the State and private persons in the field of foreign trade and it institutes import and export controls in order to ensure that the national economy is supplied with those goods which are most needed, to promote exports and to derive the maximum advantage from national resources.

With a few exceptions, imports into Greece are not subject to quantitative restrictions or exchange controls. Each transaction is, however, subject to an administrative registration procedure and to control rules which are intended to provide information concerning foreign exchange movements and financial commitments abroad. Imports are limited, to a certain extent, to a level consistent with Greece's foreign exchange reserves by means of monetary and credit policy and in particular through the application of certain rules governing the means of payment for imports.

The import control policy is determined by the Foreign Trade Council established under Decree Law No. 480; the Council comprises the Minister for Co-ordination, the Minister for Trade, the Minister for Industry, the Minister for Finance, the Minister for Agriculture and Supply, the Governor of the Bank of Greece and the Director of the Foreign Trade Administration in the Trade Ministry. Control measures are administered by the Bank of Greece and authorized commercial banks.

2. Methods of Restriction

Imports may be divided into five categories: (1) goods which may be freely imported; (2) products included in List A, for which a licence is required; (3) certain machinery and machinery spare parts for which a licence is also required; (4) goods imported under global quotas; and (5) goods imported under the State-trading system. This last category is dealt with in a separate section of the present document.
(1) Products which may be freely imported are admitted under Procedure E and Procedure D. Import approvals are granted automatically on the strength of a validated pro-forma invoice. Under Procedure E, import approvals are issued by authorized commercial banks. This procedure applies: (i) to imports from EMA countries, provided that settlement is effected in conformity with the provisions of the European Monetary Agreement; (ii) to imports from non-EMA countries with which Greece has signed bilateral agreements, provided that settlement is effected through the appropriate clearing account; (iii) to imports from Canada and the United States and dependencies, other than imports financed by funds provided by the United States Government (ICA). Under Procedure D, import approvals are issued by the Bank of Greece. This procedure applies to imports from sources other than Procedure E countries. It further applies where the method of settlement is not covered by Procedure E. Imports financed out of ICA funds and certain items imported by government services, public utility companies or the Agricultural Bank of Greece, also come under Procedure D. Importers must have obtained the relevant import approvals before the goods are put on board in the port of embarkation abroad. Any importer infringing this requirement is liable to a fine of 2 to 15 per cent of the c.i.f. value of the consignment.

(2) List A includes certain luxury items (reptile skins, furs and pelts; precious stones; gold-plated or silver-plated knives, spoons and forks; silver and silverware; gold, goldware and jewellery; pocket watches and wrist watches of gold and silver; perfumes and perfumery products) and the following products: fabrics of all kinds; motor cars; coffee; sugar; rice and wheaten flour. A committee which includes officials of the Trade Ministry, of the National Bank of Greece and of the Chambers of Commerce of Athens and the Piraeus is responsible for issuing these special licences. Applications for licences in respect of luxury goods, textiles and automobiles are granted in every case. As far as coffee is concerned, List A procedure is applied provisionally to the extent that currency availabilities arising out of wheat sales to Brazil are not exhausted. In the case of other products, licences are issued in conformity with governmental instructions.

(3) Import licences are also required for imports of certain machinery and machinery spare parts. In particular, the list of products affected includes agricultural machinery and certain types of pumps, diesel engines and electric engines. Licences are issued by the Ministry of Industry, acting upon the recommendation of the Council for Industries. This Council, which comprises mainly government officials, includes a representative of the Association of Greek industrialists.

1 It should be noted that free imports of certain coarse grains, fresh vegetables, pulses and oilseeds have recently been suspended on a temporary basis.
(4) The following articles can be imported within the limits provided for under global quotas fixed by the Minister for Trade for six-monthly periods and on the basis of the import permits issued by the National Bank of Greece: timber; coal; sewing machines; iron and sheet iron; pulp; newsprint; automobile tyres; and certain electro-technical articles.

Certain barter deals or private compensation transactions are authorized when they will facilitate sales abroad of certain products. Such transactions must be approved by a Special Committee attached to the Bank of Greece.

Payment of imported goods may be effected either by opening a documentary credit, or in cash against shipping documents or, in the case of certain products, by acceptance of time drafts.

With the exception of luxury products contained in List A, imports of which are to be settled through a credit account, settlement of all imports may be made in cash against the shipping documents. In the case of most products, however, importers who avail themselves of this method of settlement are required to deposit with their bank, after obtaining the relevant import approval and before the date of shipment of the goods from the port of embarkation, a certain percentage of the c.i.f. invoice value (70 per cent and 140 per cent depending on the product imported, and 280 per cent in the case of textiles). This deposit is intended to serve as a safeguard against monetary inflation and to discourage the hoarding of import approvals for speculative reasons. Deposits are refunded at the time of final settlement proportionately to the executed part of the respective import approval. No advance deposit is required in the case of certain products, in particular foodstuffs.

On the other hand, payment by acceptance of time drafts is authorized only for the importation of the 111 products listed in List P3 and P6 (three months and six months respectively). Payment on such drafts must be made within the specified period. The competent authorities may authorize exceptions to these rules (settlement may be effected within a longer period or may be differed in the case of items not included in Lists P3 and P6).

3. Treatment of Imports from Different Sources

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

1. The EMA countries and their overseas territories and associated monetary areas, Canada, the United States and dependencies, Indonesia and the countries with which Greece has entered into bilateral agreements (East Germany, Bulgaria, Chile, Egypt,
Finland, Hungary, Israel, Japan, Poland, Rumania, Czechoslovakia, the USSR, Uruguay and Yugoslavia benefit in Greece from a system of free imports which covers the greatest part of total Greek imports.

2. The regulations on the importation of goods in List A or in the list of machinery and spare parts for machinery apply to these countries also.

3. The global quota system applies to imports originating in EMA countries, the United States and Canada. Imports of the same products from countries with which Greece has bilateral agreements are also unrestricted.

4. As regards Japan, the import system mentioned in the previous paragraphs of this section applies to all Japanese products except spectacles and lenses for spectacles, earthenware, textile products and writing pencils. The licences necessary for the importation of these last products are issued by the special committee which is responsible for issuing licences in respect of List A items.

4. Commodities or Groups of Commodities affected by the Various Forms of Restrictions

For products which come under the various methods of restriction, see Section 2 above.

Breakdown of 1958 Imports according to Method of Importation

(in thousand US dollars)

Private trading:
1. Private imports other than those covered by 2, 3 and 4 below 433,500
2. Imports of goods included in List A 41,000
3. Imports of machinery subject to special licence2 12,000
4. Imports of goods under global quotas3 55,500
State trading 23,000
Total: 565,000

1 Japan has recently withdrawn from the bilateral agreement.
2 The relevant figures have been computed on the basis of import licences granted and not effective imports. The figures representing effective imports cannot easily be ascertained from official statistics in view of the lack of conformity between the statistical headings and the headings relating to machinery included in the special list.
3 This figure has been arrived at on the basis of payments effected.
5. Imports under State Trading

Certain items are under State trading, either for reasons of public health, or in the public interest, or for revenue purposes. In principle, State trading is not intended to restrict imports or to protect domestic industry or agriculture. Goods under State trading may be classified into three categories:

1. Commodities under monopoly, which are imported under the control of the Ministry of Finance: matches; kerosene; rice paper for cigarettes (when imported for use by tobacco manufacturers\(^1\)); saccharine and narcotic drugs.

2. Wheat, which is imported by the State (i.e. by the Ministry of Commerce) for its own account under the Assistance Agreement with the United States.

3. Sulphur, sulphate of copper and fertilizers which are imported by the Agricultural Bank of Greece subject to Government approval. The main aim of this Bank is to keep prices at a minimum level through bulk imports and to standardize the prices of these products throughout the country so that the mountainous districts furthest from the ports of importation are not penalized as compared with other more accessible parts of the country. (However, private importers are authorized to import fertilizers.)

6. Measures taken during the Past Year

In the course of the past year certain measures have been taken in order to safeguard the external financial situation of the country by stopping a serious decline in its monetary reserves, and in order to achieve a reasonable level in its reserves to carry out its programme of economic development, and to free frozen assets arising out of current commercial transactions with countries having bilateral agreements with Greece.

The measures concerned consisted in including certain articles in List A and in establishing certain global quotas for other products (see paragraphs 2 and 4 under Methods of Restriction).

A detailed statement concerning these measures was submitted to the GATT session in Tokyo last year (see document L/1114 of 20 November 1959).

\(^1\)The State-trading régime does not apply to cigarette paper when imported for use by cigarette manufacturers.