Item II: Arrangements for the Reduction or Elimination of Tariffs and Other Barriers to Trade, and Related Matters

Item III: Measures for Access to Markets for Agricultural and Other Primary Products

It gives me special pleasure to announce my Government's firm decision to contribute by all means in its power to the success of the new series of bilateral negotiations to be held under the auspices of GATT. The Greek Government is fully aware of the importance of the issue, and of the wide prospects of liberalization and growth of trade opened to us all by the bold move made by the Congress of the United States of America and embodied in the Trade Expansion Act, 1962. It would be dangerous if this move, marked by liberality and political good sense, bore no fruit; and in my opinion we are bound to study the problems it raises in full awareness of the responsibilities it imports and with a real desire to produce concrete results.
That means, first of all, that we must not yield to the feeling of discouragement, even of helplessness, which the very complexity of the problems might seem all too completely to justify.

That is the spirit of realism and faith in which my delegation means to take part in this discussion. The concern that linear reductions shall go hand in hand with reduction of the present tariff inequalities, to which several delegations rightly attach capital importance is very likely to make our task still more difficult but cannot justly be ignored. That would mean departure from the principle of reciprocity as it ought to be applied.

I therefore think that, in spite of these considerable difficulties, the Working Group has already recorded in the part of its report dealing with the subject of this discussion a number of important points on which agreement seems to exist. We concur fully in this, and the more willingly since the Working Group, by the Cartesian method which it seems to have adopted of proceeding from the certain to the unknown, may not have succeeded in clearing much ground but has at any rate well defined the points which remain to be cleared up. These are obviously fundamental, and in view of their importance even the most optimistic mind is almost bound to remain perplexed. Nevertheless, I refuse to believe that between the conflicting ideas there is no common ground, however limited, on which they might come closer together.

If, for example, we look at one of the thorniest issues, that of the method of reducing tariffs (Items II and III, 1(c)), we see that agreement had been recorded precisely on the need to establish some formula for tariff reduction. From all appearances the search for that form is to be the aim of the study, mentioned in sub-paragraph (i) of this part of the Agenda, to be made by a suitable body appointed by the conference of Ministers for that purpose. It is significant that Mr. Schaus, when on 17 May he spoke for the European Economic Community about the formation of a working group to study the advantages and drawbacks of the different systems of application of tariff reduction, stated for his part that the Community was willing to examine "any other formula" besides its own for the simultaneous reduction of tariffs and their disparities.

In regard also to another very important aspect of the problem, agricultural products, it seems that a large number of those who have expressed views would admit the need, for some of those products to proceed with trade arrangements more likely to help the producers than a pure and simple tariff reduction. This approach to the agricultural products problem seems to us both more realistic and more effective. It is more realistic, because of the obvious danger that for some basic products the tariff reduction may remain a dead letter. For this class of products even large tariff reductions cannot, alone and in all circumstances, sufficiently affect consumption in industrialized countries with a high living level. On the contrary, a trade agreement regularizing basic prices would act directly on producers' incomes and thereby remedy the deficit in the balance of payments of the exporting countries, which can only export a very limited range of goods. The economically less-developed countries would of course be the first to reap the benefit.
The Greek delegation therefore fully supports the suggestion made in paragraph 2(v) of the Agenda (page 14) that there should be set up within the Trade Negotiations Committee a special body to examine first which agricultural exports ought to be given special treatment through trade arrangements, and then which others ought to benefit by the proposed tariff reductions.

On the third point - which seems to me the keystone of the problem - exceptions to the rule of general reduction, the agreement in principle that has been reached may be insufficient but can nevertheless lead to a fuller arrangement. I have called this point the keystone of the problem because in fact, whatever method is used for the general reduction of duties, some exceptions to the rule will be imposed by circumstances, and have indeed been accepted by the sponsors of both the two systems so far suggested. Application of a linear reduction for groups of products, no matter what method was used to apply the formula, would certainly raise very serious problems for many sectors of the economy even of the most advanced countries, and indeed for isolated cases which were nevertheless important to their general economy. This problem would be even more serious for countries which, as a whole or for some sectors of their economic activity, in themselves constituted special cases, not to speak of what are generally called economically under-developed countries.

Naturally, for all those countries exceptions to the rule of linear reductions based on a percentage of their exports, as proposed in the Working Group, cannot alone constitute a satisfactory method. In addition to any limitation of this kind, closer attention will have to be paid to the cases of certain countries, or of some of their economic sectors, for which the pure and simple application of the linear formula, even if limited in extent, would lead directly to ruin; these cases would have to be treated ad hoc.

That leads me to speak in a little more detail of my own country, which, when regarded from any angle, seems to me to be a special case.

Greece is now in the critical stage of its recovery, changing from an essentially agricultural to a more diversified economy. By the combined efforts of the Government and private initiative, its industry is laying firm foundations for later competitive development. That stage, however, is by no means over, and our growing industry will for several years to come need careful nursing by the Government.

Therefore, while our industrial development is still in its infancy, our foreign trade still depends very largely on the exportation of a narrow range of agricultural products, which are thus vital to our economic soundness.

On the other side, the progress we have made in equipping our industries is marked by a large increase in the volume of our imports of raw materials, fuel and machinery of all kinds. Thus our foreign trade deficit has increased
from $288.5 million in 1960 to $326.8 in 1961 and $365.5 in 1962. Moreover, Greece now owes considerable sums abroad for its credit purchases of industrial equipment, and for its industrial installations set up with foreign capital.

This is a typical crisis of growth which might have been disastrous if, through the painstaking efforts of the Government and the banks, the increase in our imports had not been limited almost entirely to equipment, if our currency had not remained admirably stable, and if, owing to the growth in our tourist traffic and remittances from Greeks living abroad, our final balance of payments had not been held within reasonable limits.

The Agreement of Association between Greece and the EEC, concluded after a careful study of all the aspects of the problem, proves the accuracy of this picture of the undeniable difficulties inseparable from a real possibility of success by granting Greece a special status enabling it to cross safely the gap still separating it from the stage of a balanced and prosperous economy. By this action the Community has shown particular confidence in my country, which we are determined to deserve by success in an experiment of reconstruction and international solidarity the scope of which no one can fail to realize.

That is the context in which the Greek Government, while participating and co-operating to the utmost of its power in every effort to increase trade, is at the same time convinced that the peculiarities of our country's present economic situation will be properly appreciated, and that the incidence of the general reductions will in no way hinder our present efforts at recovery.

The Greek Government, of course, reserves the right to designate in good time the particularly vulnerable sectors of its import trade. In any event it believes that the principle should be established at once that exceptions to the system of general reductions should be based by no means entirely on pure arithmetical criteria, but also on a clear appreciation of their effect on the economy of countries finding their way back to balance and working out their recovery. That would in fact benefit the exporting countries as well. The very small and temporary sacrifice which they would accept would be entirely different from a liberality dictated purely by general considerations, and actually be a sound investment in the future, for it would be amply repaid in a short time by the certain establishment of a new and larger market.