NOTE BY THE PRESIDENT

Meeting on 19 December 1980

1. The Working Party on Accession of Greece to the European Communities held its third meeting on 19 December 1980.

2. The spokesman for the European Communities (EC) in an introductory statement provided certain indications as to the remaining documentation which would be supplied to the Working Party. The Greek import statistics for 1979 had been made available, and additional copies would be sent later on to the secretariat for circulation. As to the other outstanding documentation, the spokesman for the EC said that he hoped it could be made available soon, some of it probably very shortly. Moreover, two supplementary documents would be supplied, i.e. a background paper on Greek agricultural policy before and after the accession, and a document on the state of liberalization in Greece containing a list of import restrictions which would remain in force.

3. The spokesman for the EC subsequently presented the Working Party with an assessment carried out by his delegation (on the basis of provisional figures) relating to the accession of Greece to the EC against the background of the provision of Article XXIV:5(a), as well as details of the quantitative effects of the accession in the agricultural sector. (The text of this presentation is annexed to this note.) A preliminary stocktaking of the incidence for the
contracting parties as a whole of Greece's accession to the European Communities led to the conclusion that the provisions of Article XXIV:5(a) were observed. In terms of customs receipts, the Community estimated a credit for it of more than $100 million between the Greek tariff in 1979 and the Community tariff embodying the Tokyo Round concessions. After alignment of the Greek tariff with the common customs tariff, more than 90 per cent of Greece's imports would be subject to bound duties, as against only 25 per cent previously. Whereas approximately 2 per cent of total Greek imports initially bound would become non-bound, 85 per cent of Greek imports initially non-bound would become bound. More than half of Greece's imports would be bound at a zero rate of duty. As to the agricultural sector, it was clear after analysis of the figures that third countries taken together could expect a trade advantage and that, in respect of the contracting parties taken together, there would be a reduction in customs receipts (i.e. improvement of existing bindings in relation to reduction of existing bindings). The Community was well aware that any comparison between two agricultural policies having divergent objectives, by reason in particular of a different stage of economic development and dissimilar instruments, was by nature very difficult to make. Therefore, any quantified and financial assessment of the general incidence of all the duties and other regulations of commerce in force for the purpose of describing the situation before and after the accession encountered insuperable difficulties. Quantified evaluation must be supplemented by certain other considerations, the most important being liberalization of the major part of Greek agricultural imports after the accession (dairy products, cereals, meat, fish, fruit and vegetables, vegetable fats and oils, spirits, sugar, wines). Even if for certain products
the amounts charged on importation might in some cases be higher, the Community considered that the impact of adoption of the common agricultural policy by Greece on overall agricultural trade between Greece and the contracting parties would be much more positive than negative.

4. One member of the Working Party expressed regret that the documentation and data had not been provided to the Working Party at an earlier date. While sympathizing with the problems met, particularly in tabulating the EC-Greek tariff positions and establishing their concordance, he said that the Working Party had to accelerate its work, bearing in mind the date of accession of Greece. Referring to the EC statement on the agricultural aspects of the accession he said that a decline in tariffs and in customs receipts did not necessarily mean liberalization, as was evidenced by the effects of the first enlargement of the EC. He stressed the need to examine further the remaining documentation in order to see whether the accession was in conformity with Article XXIV:5(a). This examination could not be limited to measures taken at the border on the basis of customs receipts but had to include all measures; it was therefore necessary to obtain information on variable levies. Without such information, it was impossible for the Working Party to complete its work and to examine the general incidence of the duties and other regulations of commerce. Referring to the 1972-73 Working Party which had not reached any conclusions due to the differences of opinion on variable levies, he asked the spokesman for the EC what details would be provided to the Working Party in this respect.
5. Another member of the Working Party expressed his concern about the lacking information which was needed by the Working Party to carry out its task. He pointed out that less than two weeks before the entry into force of the Act of Accession, the parties had not provided the necessary documentation in order, for the Working Party, to analyze the effects of the accession on third countries' exports. Taking into account the time element and the contractual obligations of the parties to submit the appropriate documentation, he stressed that the degree of co-operation of the delegations concerned was unsatisfactory. He recalled that at the first and second meetings of the Working Party he had requested information on the Greek import régime before and after accession, particularly with regard to quantitative restrictions as well as the measures that Greece was to introduce on the basis of Articles 22 and 146 of the Act. This member of the Working Party also referred to the opinion expressed by some delegations in the 1972-73 Working Party on Accessions to the European Communities, as reproduced in paragraph 4 of document Spec(73)2, who "agreed that the examination under paragraph 5(a) should be on a global basis, but ... considered it appropriate and relevant that attention be drawn to the impact of the enlargement of the trade of individual countries". As to agriculture, he said that he had to reserve his position on the statement of the spokesman of the EC. Referring to Article XXIV:5(a) and the concept of "general incidence of duties and other regulations of commerce" he pointed out that variable levies applied by the EC should be valued in ad valorem terms, in order to be identified and examined by the Working Party. Compared to variable levies, customs duties played only a secondary rôle.
6. One member of the Working Party reiterated that his delegation had not yet been able to make an analysis of the incidence of the accession. In order to do this, detailed information had to be provided by the EC. He reserved his right to revert to the matter and to enter into negotiations under Article XXIV:6.

7. Another member of the Working Party associated himself with the previous speaker. He expressed his disappointment that the EC and Greece had not provided all information they had promised to submit to the Working Party. He referred to a request concerning documentation he had made at the two previous meetings, namely the applied tariff rates of both the EC and Greece as of 1 January 1980 and the ad valorem equivalents of variable levies.

8. One member of the Working Party said that he interpreted variable levies as being a part of the common agricultural policy. He was looking forward to receiving from the EC full information on the incidence, impact and effect of variable levies.

9. Several other members of the Working Party, who shared the concern expressed with respect to the lack of complete documentation, reserved their rights under the General Agreement as the Working Party would not have sufficient time to reach conclusions before the accession took place. One member, whose country was the main supplier of beef to the Greek market, considered that particular attention should be given to avoiding prejudice to traditional trade. Another member supported this view and stressed the need to examine how access rights could be maintained. Another member deplored the present lack of transparency and asked that the Working Party be informed about the entire list of quantitative restrictions and other non-tariff measures enforced by Greece.
10. The spokesman for the EC said that he did not recall any agreement presented to the GATT where the examination had been completed before entry into force of that agreement. Article XXIV did not lay down a time-table. As to the lack of transparency, he pointed out that the situation would be very clear after 1 January 1981 in that the relevant GATT documentation including that presented to the Balance-of-Payments Committee, would provide a complete picture. He stressed that a number of points that had been raised related to bilateral relations with the enlarged EC, which could be taken up in the Article XXIV:6 negotiations. As to the applied tariff rates, he stated that the present examination should be based on bound and legal rates; applied rates reflected only temporary conditions and did not constitute a solid basis for the examination. On variable levies, the spokesman for the EC said that his delegation would supply exactly what it had supplied in the case of the 1972-73 Working Party. He added that supplying detailed information on variable levies was not likely to lead to sensible results. The EC was quite willing to enter into a discussion on any specific product with any member in order to clarify the situation.

11. In the light of the EC statement on variable levies, one member of the Working Party stressed that there appeared to be a fundamental difference of opinion on the issue. It was basically a technical question as to how one interpreted the expression "duties and other regulations of commerce" in Article XXIV:5, with the EC saying that the variable levy was not a duty or another regulation of commerce and with his delegation, supported by other delegations, saying that it was. He felt that the Working Party had reached the same impasse that had been reached by the previous Working Party
examining the first EC enlargement. He added that it was a technical question that was probably beyond the scope of this Working Party. He, therefore, wondered whether the advice of experts was not needed in this field and expressed his concern that unless this problem was resolved, the Working Party would not be able to come to a judgement as to the conformity of this accession with Article XXIV:5. He felt that the issue of the treatment of variable levies needed to be referred to a panel for definitive determination. His delegation would request that this step be taken at the next meeting of the GATT Council. Another member of the Working Party supported this statement.

12. The Working Party agreed to meet again as soon as additional documentation from the parties to the Act was received and circulated to the members of the Working Party. The date of the meeting would be fixed by the President in consultation with the members of the Working Party.
ANNEX I

COMMUNICATION FROM THE EUROPEAN ECONOMIC COMMUNITY TO THE
MEMBERS OF THE WORKING PARTY ON ACCESSION OF GREECE
TO THE EUROPEAN COMMUNITIES

1. Article XXIV of the General Agreement concerning customs unions stipulates in paragraph 5(a) that "... the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with contracting parties not parties to such union or agreement shall not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce applicable in the constituent territories prior to the formation of such union or the adoption of such interim agreement, as the case may be;".

A preliminary stocktaking of the incidence for the contracting parties as a whole of Greece's accession to the European Communities leads to the conclusion that the provisions of Article XXIV:5(a) are observed.

In terms of collection, the Community estimates a credit for it of more than $100 million between the Greek tariff in 1979 and the Community tariff embodying the Tokyo Round concessions.

It should be underlined that in addition to a reduction in terms of customs receipts, there will be a very substantial increase in bound trade. Indeed, after alignment of the Greek tariff with the common customs tariff, more than 90 per cent of Greece's imports\(^1\) will be subject to bound duties, as against only 25 per cent previously.

2. The method followed by the Community for drawing up the balance sheet in respect of observance of the provisions of Article XXIV:5 is based on two elements:

(a) Account is taken of all the elements of agricultural and industrial policies linked to commercial policies that are relevant to evaluation of such a balance sheet. In this connexion, a report on the provisions and mechanisms of Greece's agricultural policy will be communicated, and likewise elements concerning the easing of import régimes in the industrial sector;

\(^1\) Calculations made on the basis of imports from contracting parties other than EEC member States.
(b) A quantified evaluation of bound trade and a balance sheet in terms of customs receipts for overall Greek imports from contracting parties other than EEC member States. For the quantified evaluation in the agricultural sector, certain supplementary information must be taken into account (see Annex III).

3. The balance sheet can be seen as follows. The value of total agricultural and industrial imports by Greece from contracting parties other than the EEC is approximately $3,500 million.

As one can see, a trade value of about $2,200 million will become bound and a value of approximately Dr 800 million already bound will remain bound with an average reduction of the order of 7 points; in addition, approximately $300 million of trade initially subject to non-bound duties will remain subject to non-bound duties.

Consequently, whereas approximately 2 per cent of total Greek imports initially bound will become non-bound, 85 per cent of Greek imports initially non-bound will become bound. Lastly, more than half of Greece's imports will become bound at a zero rate of duty.

4. It should be underlined that the initial calculation in terms of customs receipts is underestimated from the aspect of the credit for the EEC, since it does not take into account the reduction of duties between 1962 (the date of the accession agreement between the EEC and Greece) and 1979 (the date of the Greek statutory tariff taken into account in the initial calculation). This credit totals more than $50 million.

5. A provisional quantified balance sheet is reproduced in Annex II.
## ANNEX II

**Examination under Article XXIV/Accession of Greece to the European Communities**

**Balance Sheet of Changes to be made in the Status of GATT Bindings**

### PROVISIONAL BALANCE SHEET

**S: Greek imports 1979**

<table>
<thead>
<tr>
<th>Present situation (GCT)</th>
<th>Future situation (CCT)</th>
<th>EFFECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Volume of trade</td>
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<tr>
<td></td>
<td></td>
<td>Volume of trade</td>
</tr>
<tr>
<td>1. Bound</td>
<td>Bound at same level</td>
<td>5.4</td>
</tr>
<tr>
<td>2. &quot;</td>
<td>Bound at a lower level</td>
<td></td>
</tr>
<tr>
<td>3. &quot;</td>
<td>Bound at a higher level</td>
<td></td>
</tr>
<tr>
<td>4. &quot;</td>
<td>Not bound</td>
<td></td>
</tr>
<tr>
<td>5. Not bound</td>
<td>Not bound</td>
<td></td>
</tr>
<tr>
<td>6. Not bound</td>
<td>Bound</td>
<td></td>
</tr>
<tr>
<td>6.1</td>
<td>Bound at same level</td>
<td>1460.7</td>
</tr>
<tr>
<td>6.2</td>
<td>Bound at a lower level</td>
<td></td>
</tr>
<tr>
<td>6.3</td>
<td>Bound at a higher level</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1773.9</td>
</tr>
</tbody>
</table>

1/ Agriculture of Annex III

Rate of exchange: Dr 1,000 = US127

Total Imports: 3413.9

Headings with tariff sub-divisions pending: approximately 200
COMMUNICATION FROM THE EUROPEAN ECONOMIC COMMUNITY
TO THE MEMBERS OF THE WORKING PARTY ON ACCESSION OF
GREECE TO THE EUROPEAN COMMUNITIES/AGRICULTURAL PROBLEMS

At the two earlier meetings of the Working Party, some delegations
expressed their concern regarding the examination to be carried out by the
Working Party under Article XXIV:5 in the area of agriculture.

In this context, the Community wishes to recall the principle of
globality that must be observed in the examination under Article XXIV:5.
The concept of globality concerns all products (industry and agriculture),
all duties and other regulations of commerce, and all contracting parties
not parties to the customs union.

In the area of agriculture, measures of protection at the frontier are
particularly diversified and closely linked to internal support measures.
Accordingly, in order to establish the general incidence an evaluation
must be made of all measures having a direct or indirect effect on Greek
agricultural imports. An evaluation of the general incidence based
exclusively on customs receipts does not, therefore, fulfil the provisions
of Article XXIV:5.

The problem of fitting the agricultural sector into the overall
picture of this exercise already arose in 1973/74 when the Working Party
established to examine the accession of the United Kingdom, Ireland and
Denmark to the European Communities carried out the Article XXIV:5
exercise without any mutually acceptable solution being reached. In order
to allow the Working Party to find a solution to this question the Community
is presenting in a first stage, for the attention of the members of the
Working Party, a document indicating the changes being made in the status
of Greek bindings under GATT in the agricultural sector following that
country's accession to the European Communities.

This document should allow the members of the Working Party to
appreciate in terms of both quantity and quality the effects expected from
Greece's accession to the Community in the agricultural sector.
CHANGES TO BE MADE IN THE STATUS OF GREEK BINDINGS
IN GATT FOLLOWING THAT COUNTRY'S ACCESSION TO THE
EUROPEAN COMMUNITIES - AGRICULTURAL SECTOR

Preliminary note

Because of the complexity of the Greek customs tariff (GCT) and the common customs tariff (CTT) in the agricultural sector and also the lack of detailed statistics, if each GCT tariff line was to be fitted into the corresponding tariff line(s) of the CTT, estimates would have been necessary in respect of more than half of the headings; such a procedure would inevitably have yielded an inaccurate result and would have led to continuing disputes.

In order to remedy these disadvantages and arrive at a result as reliable as possible, certain groupings have been made.

* * *

1. Agricultural products account for only a very small share of Greece's overall imports. Indeed, in 1979 agricultural products (chapters 1 to 24) imported from third countries other than EEC countries reached a value of Dr 23,800 million (+ US$642 million), i.e. barely 10 per cent of total imports by Greece from those same countries. In that trade volume, only 20 per cent, i.e. Dr 4,800 million (+ US$ 130 million) correspond to tariff headings bound in GATT by Greece.

Consequently, 80 per cent of Greek agricultural imports, with a value of Dr 19,000 million (+ US$510.9 million), are not covered by bindings.

In comparison, bindings by the Community in the agricultural sector cover 70 per cent of its import volume for these products (as against 20 per cent in Greece), of which nearly one third are duty free.

2. Products not bound either before or after the accession

Nearly two thirds of Greek imports not at present bound will not be bound after the accession. They represent a trade value of Dr 11,300 million (US$304.2 million).
The products concerned include in particular:

- maize Dr 4,945 million
- veal Dr 3,865 million
- ham Dr 853 million
- live calves Dr 721 million

For all these products, an extremely severe system of quantitative restrictions accompanied by the requirement of an import deposit (sometimes very high), is currently in effect in Greece.

Adoption of the common agricultural policy by Greece and the consequent application of Community mechanisms in trade (customs duties and/or levies, certificates) constitute a definite liberalization of trade in these products with third countries.

3. Products which remain bound at the same level

Greek tariff headings already bound and which will be bound at the same rate after accession cover a trade value of Dr 145 million (US$4 million).

They include the following products in particular:

- prepared bonito and mackerel Dr 51 million
- preserved cuttle-fish and octopus, squid etc. Dr 93 million

In respect of this category of products too, the quantitative restrictions currently in effect in Greece will be eliminated after the accession.

4. Unbindings/new bindings

After the accession, tariff headings representing a trade value of Dr 2,900 million (+ US$78.6 million) will no longer be bound.

The products concerned include the following:

- frozen bovine meat Dr 2,400.2 million
- dairy products (milk, butter, cheese) Dr 417.3 million
It should be noted that in addition to the fact that the quantitative restrictions currently applied on imports of these products into Greece will be eliminated completely after the accession, the Community has granted substantial concessions on some products in these two sectors (cheese, bovine meat).

In addition, Greek tariff headings covering a trade value of Dr 7,600 million (± US$206.8 million) which were previously not bound will be bound after the accession.

The principal products concerned are:

- frozen sheep meat
- certain fish, crustaceans and molluscs
- dried leguminous vegetables
- bananas, coconuts etc.
- coffee
- oil seeds
- coffee extracts or essences
- oilcake

Here again, it should be noted that for most of these products the existing quantitative restrictions in Greece will be abolished and the customs duties bound at zero or at very low rates.

The trade volume of the new bindings is therefore 2.5 times greater than that of the bindings withdrawn.

5. Deterioration/improvement of existing bindings

For certain tariff headings bound by Greece, representing a trade value of Dr 639 million (± US$17.2 million), the customs duties will be re-bound at a higher level. The aggregate increase in total receipts for the headings concerned will be Dr 76.2 million.

The principal products concerned are:

- salted or dried cod
- smoked herring
- cloves
- certain seeds for sowing
- preserved tunny fish
- chocolate
A comparative analysis of trade conditions shows that for certain other products the quantitative restrictions currently in effect in Greece will be eliminated.

On the other hand, after the accession the levels of binding will be improved on a large number of bound tariff headings representing a trade value of Dr 1,100 million (+ US$30.5 million). Aggregate customs receipts for the headings concerned will be reduced by Dr 80.9 million.

The principal products in this category are:

- tea Dr 31.7 million
- linseed Dr 42.5 million
- preserved sardines Dr 84.9 million
- cocoa beans Dr 800.0 million
- alcoholic beverages Dr 16.3 million
- prepared fish fillets Dr 58.5 million
- certain meat preparations Dr 44.4 million
- linseed oil Dr 24.8 million

In addition to elimination of existing quantitative restrictions on certain products, the volume of trade to be covered by improved levels of binding is twice as great as that to be subject to reductions in binding; furthermore, aggregate customs receipts will be reduced by approximately 5 per cent.

* * *

CONCLUSIONS

By way of summarizing the considerations and quantified data set forth above, one can state that in the agricultural sector, third countries taken together can expect a trade "advantage", expressed in terms of trade value (new bindings in relation to unbindings), of Dr 4,749 million (+ US$130 million) and that for the contracting parties taken together there will be a reduction in customs receipts (improvement of existing bindings in relation to reduction of existing bindings) amounting to Dr 15.7 million (+ US$4.2 million).
Furthermore, the Community is well aware that any comparison between two agricultural policies having divergent objectives, by reason in particular of a different stage of economic development and dissimilar instruments, is by nature very difficult to make. Insuperable difficulties are encountered, therefore, in any quantified and financial assessment of the general incidence of all the duties and other regulations of commerce in force in order to describe the situation before and after the accession.

Accordingly, the quantified evaluation given in the present document does not constitute an overall picture of the situation. That picture must be supplemented by certain other considerations, the most important being liberalization of the major part of Greek agricultural imports after the accession (dairy products, cereals, meat, fish, fruit and vegetables, vegetable fats and oils, spirits, sugar, wines).

Even if for certain products the amounts charged on importation might in some cases be higher, the Community considers that the impact of adoption of the common agricultural policy by Greece on overall agricultural trade between Greece and the contracting parties will be much more positive than negative.