NOTE BY THE PRESIDENT

Meeting on 1 April 1981

1. The Working Party on Accession of Greece to the European Communities (EC) held its fourth meeting on 1 April 1981 in order to take stock of the situation and to consider further work to be done by the Working Party. The meeting provided also an opportunity to follow up on the discussion held in the GATT Council on 10 March 1981 (C/M/146) on the question of information on variable levies.

2. The spokesman for the European Communities (EC) in an introductory statement provided members of the Working Party with an explanation of the documentation and data which his delegation had submitted since the last meeting. He said that a further analysis by his delegation had shown that the changes to be made in the status of GATT bindings did not differ significantly from the picture presented at the last meeting (page 8 of document Spec(81)1/Rev.1). The volume of trade not affected by changes in duty rates consequent upon the enlargement of the EC was about $1.8 billion; for a trade volume of approximately $1.4 billion duties would be reduced, whereas for $346 million there would be an increase in duties. In terms of customs receipts, the EC had a credit of about $100 million as a result of the enlargement. In conclusion, the spokesman for the EC reminded the Working Party of its terms of reference which called for an assessment of the general incidence of duties and other regulations of commerce and an appreciation whether this general incidence was on the whole higher or lower than before the accession. On the basis of the available documentation and data now available, it should be possible to make such an appreciation.

3. One member of the Working Party reverted to the presentation relating to tariffs, agriculture and quantitative restrictions made by the EC at the second meeting. On tariffs, the issue of the level to be taken as a basis for calculating the effects of the enlargement was important not only for the present examination but equally for the negotiations under Article XXIV:6. His delegation wondered whether the EC data were based on Common Customs Tariff (CCT) duties resulting from reductions over eight or over five years. The question arose from the fact that the EC had in its schedule resulting from the MTN reserved its right to examine, after the lapse of the first five-year phase, whether to continue reductions for the remaining three years. However, his delegation could not agree to either approach because this would present too positive a picture. It would be more proper to take as a basis the presently existing tariff level of the EC, i.e., the level resulting from the second-year reduction which entered into force on 1 January 1981. As to the Greek annual import statistics for 1977-1979, it was

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practically impossible to calculate the supplier positions because of the numeric quantity of code numbers and the lack of any summing-up. On agriculture, the information contained in the document circulated with Spec(81)14 was general to such an extent that it could not serve as a basis for the present examination. He maintained his reservation on the agricultural aspect of the enlargement presented by the EC at the previous meeting of the Working Party. Imports of some agricultural products into Greece after the accession either remained subject to quantitative restrictions or were subject to variable levies; in some instances quantitative restrictions would simply be replaced by variable levies. Any eventual decrease in customs receipts due to the accession could not, by itself, provide the basis for an assessment. The access situation of third countries to the Greek market for agricultural products after accession could only be judged if all the measures applied on the importation were fully taken into account. In the light of the EC statement at the Council on 10 March 1981 (L/5124), the Working Party had to come to an agreement on the quantification, in ad valorem terms, of the levies to be applied by the EC. His delegation was interested in about fourteen agricultural products as principal supplier to the Greek market.

4. As regards quantitative restrictions, the same member reiterated that, in the case of those products falling under CCCN chapters 1-24 in relation to which measures, especially levies were applied due to the introduction of the common organization of market, his delegation could not accept the view of the EC that the elimination of quantitative restrictions amounted to the liberalization of imports of the products in question. One form of restriction had simply been replaced by another which was at least as restrictive as the previous one, but much more unpredictable for third country suppliers. In addition, imports of products falling under seventeen tariff headings remained subject to quantitative restrictions and it was not clear what the GATT justification for this was. A further twelve tariff headings continued to be subject to quantitative restrictions if the products were imported from Hungary or from certain other countries. This latter action of the EC was based on Article 22 and 115 of the Act of Accession which had already been implemented by the issuance of Council Regulation (EEC) No. 3286/80 of 4 December 1980 on Import Arrangements in Respect of State-Trading Countries (Official Journal L 353, 29 December 1980). In relation to these twelve product categories, no GATT justification had been furnished and the administration of these restrictions were not in conformity with the provisions of Article XIII of the GATT. This member reserved fully his rights under the GATT in respect of the conformity of this EC legislation with the relevant GATT obligations of the EC without prejudging action in an appropriate forum in this regard.

5. One member of the Working Party, while expressing his appreciation for the data received, said that his delegation reserved the possibility of having another meeting to determine whether enough information had been submitted and
whether the numerous tables and listings provided a reasonable means for carrying out the task of the Working Party under Article XXIV:5. He asked the spokesman for the EC about the date of the EC-Greek concordances already delivered as well as any Greek or EC applied rates in effect, as of the date of the concordances. He said that his authorities would need statistics for 1980 which was the appropriate base year for computing ad valorem equivalents. In this respect, he wondered whether 1980 figures would be available in a reasonably short time.

6. In response to the specific questions raised, the spokesman for the EC said that the ad valorem equivalents of Greek specific and compound rates for 1979 had been presented to the Working Party, and similar calculations were being made for 1977-78. These three years had been accepted by the Working Party and were the most recent ones for which statistics were available when the document was being prepared. The EC did not intend to undertake new calculations on the basis of 1980 data (which in any event was not yet available) for all products since this would be unduly time-consuming. The list of concordances between the tariff lines in the CCT and the Greek tariff had been drawn up as of 1 January 1979, as stated in the explanatory note. The final MTN duty had been calculated on the basis of the eight year reductions, since this was a negotiated commitment of the EC in respect of its external tariff. As regards applied rates, he recalled previous statements on this point (paragraph 11 of the report of the previous meeting): in any event very few applied rates were in force in Greece so that the question was rather theoretical and applied rates in the EC were at lower rates of duty, which would lead to an increase in the Community's credit on this part of the exercise. On the views expressed on agriculture, Article XXIV:5 did not require any individual sector to be examined in isolation, and the EC considered the general incidence of duties and other regulations of commerce in the enlarged Community was less restrictive than the previous régimes applicable. As regards quantitative restrictions, the EC recalled the very substantial liberalization which was taking place in Greece. The restrictions temporarily maintained during the transitional period would be terminated at the end of 1985 consistently with Article XXIV:8. On the question of restrictions considered inconsistent with Article XIII, the EC did not consider this point relevant to the Article XXIV:5 exercise. The matter could be further discussed in the context of the relevant Accession Protocols for the countries concerned.

7. One member referred to document Spec(81)1/Rev.1, paragraph 11, and asked for comments about the meaning of "other decisions were still pending". As to the note by the EC, "Greece Import Liberalization", distributed with Spec(81)14, he enquired whether the quantitative restrictions were applied against imports from all GATT countries and what the developments in this respect would be. He referred to the introductory remarks of this note which stated that in some cases liberalization took effect immediately, while in others it would take place at the end of a transitional period as indicated
in Annexes V and VI of the Act of Accession. He requested the EC spokesman to confirm that the quantitative restrictions would be liberalized erga omnes at the end of the transitional period. With respect to Article XXIV:7(a), he asked the EC to make information regarding other non-tariff measures applied to imports into Greece available, for example relating to internal taxes.

8. On the last remark, the EC spokesman said that internal taxation was outside the scope of the present examination. He added that all decisions had now been taken and that the results could be seen in the documentation submitted to the Working Party. The EC endeavoured to give a clear picture of its import régime in published regulations which were available to all delegations. The restrictions in Annexes V and VI of the Act of Accession applied only during the transitional period and to the countries indicated.

9. Another member welcomed the position of the EC relating to variable levies, as contained in document L/5124. He also appreciated the acknowledgement of the EC of the need to examine particular products and product sectors in order to reach global conclusions on the general incidence of duties and other regulations of commerce under Article XXIV:5(a).

Recalling the terms of reference of the Working Party, he said that it was apparent that the Treaty of Rome and the documents relating to the 1973 enlargement were relevant to the work of the Working Party. However, the compatibility of the Treaty of Rome itself with the provisions of the General Agreement had remained an open question since the Working Party which had examined the Treaty had not reached any final conclusions in this regard. Similarly, the compatibility of the 1973 enlargement with the General Agreement had also remained unresolved as that Working Party had not issued a final report. The task of this Working Party was thus to examine the situation which had existed in the EC prior to the Greek accession and to compare it with the situation following the accession of Greece. For this reason the question of the compatibility with GATT of the EC prior to the Greek accession was as fundamental to the examination by this Working Party as was the question of the accession of Greece itself which could not be considered in isolation.

1/With reference to this sentence, the EC have subsequently stated that this was not a correct statement of their views.
10. This member suggested that in carrying out its mandate the Working Party would need to establish the incidence of variable levies and other import restrictions in the area of agricultural trade. He proposed that the GATT secretariat be instructed to produce a set of calculations which would give a picture of the incidence and impact of variable levies. After completion of the study, the results could then be combined with the situation in the Greek agricultural sector prior to the accession. A judgement would then have to be made comparing this situation with that obtained after the formation of the union. He also suggested that the Working Party follow the suggestion made by the EC of examining trade flows in order that the Working Party could draw conclusions as to the effects of the Common Agricultural Policy (CAP) on agricultural trade. This second study would examine (a) EC consumption, imports and exports by quantity and value (at constant prices) of goods subject to variable levies from 1960 to 1980; (b) total EC imports by value (at constant prices), over the same period, of (i) other agricultural products (i.e. those not subject to variable levies), and (ii) non-agricultural products. Such a study should enable this Working Party to obtain an indication of the effects of the policy which, following Greek accession, determined the course to be followed by the Greek agricultural sector. He added that given the comments made by the spokesman for the EC at the last Council meeting concerning their willingness to provide information, he would see this study being undertaken by the GATT secretariat on the basis of information provided by the EC.

11. The spokesman for the EC pointed out that the Treaty of Rome and the 1973 enlargement had no relevance to the work of the Working Party, whose terms of reference referred to "the documents concerning the Accession of the Hellenic Republic to the European Communities". This phrase was the description used in the document submitted to the Working Party containing the texts of the Act of Greek Accession (EC Official Journal L 291), and previous treaties on the establishment or enlargement of the Community were therefore excluded from the mandate of the Working Party. The EC did not in all respects share the view that these earlier treaties constituted an open question or were unresolved in GATT since the CONTRACTING PARTIES had formulated no recommendations under Article XXIV:7(b) for any modifications to those arrangements. It was, however, always possible for any country to seek to resume discussions of these questions in an appropriate context. He confirmed that the EC was ready to discuss the way in which all relevant aspects of the CAP could be analyzed for the purposes of the Working Party and to provide any relevant data. Since his delegation was ready to participate in a detailed technical examination under Article XXIV:5(a), it was important to agree - possibly in a technical group - on a method of comparison of the duties and other regulations of commerce before and after the accession of Greece to the EC.

With reference to this sentence, the EC have subsequently stated that this was not a correct statement of their views.
12. One member of the Working Party wondered whether it was necessary to engage in a detailed and time-consuming analysis of the effects of the accession. Since 1 January 1981, 80 per cent of his country's exports to Greece, which concerned one single product, were affected by the accession. A quick solution to this problem was necessary. He also referred to non-tariff measures, such as health and sanitary regulations, applied by Greece after its accession, and he requested a specific examination of these measures. He was encouraged by the flexible attitude of the EC which was ready to participate in a global as well as a bilateral examination of the situation.

13. Another member of the Working Party supported the proposal to study the incidence and the impact of variable levies and the trade flows resulting from the CAP (see paragraph 10 above). These two studies would help the Working Party with respect to the Article XXIV:5 and 6 exercises. Statistics showed that over two decades the share of imports of agricultural products from third countries into EC member States had decreased by almost 50 per cent: in 1957, 81 per cent of these imports came from third countries, while in 1975 the share had decreased to 53 per cent. He estimated that as a result of the further enlargement of the EC the scale of self-sufficiency of the EC would increase with respect to such products as fresh vegetables, fresh fruits (excluding citrus), wine, mutton and goat meat.

14. One member of the Working Party, supported by another one, associated himself with the proposal to set up a technical group for examining the effects of variable levies. He suggested that the products be divided into a certain number of groups of commodities in order to simplify the work.

15. The spokesman for the EC reiterated that the Article XXIV:5 exercise consisted in comparing two sets of elements, i.e. the situation before and after the accession of Greece. The Working Party had also to agree on the documentation to be used, on the period of reference, and on the interpretation of "incidence". He recalled that before accession, Greece had maintained import restrictions on 87.9 per cent of imports of agricultural products and that these, together with customs tariffs existing at that time, had to be compared with the present Greek import régime.

16. At the end of the meeting the Chairman proposed, and the Working Party agreed, to hold the next meeting at the end of April or in early May in order to continue the discussion. The delegation mentioned in paragraph 10 above promised to submit the precise scope of its proposal to the Working Party in the near future and the Working Party would revert to it at its next meeting. The Chairman also expressed the hope that in view of various statements made by several delegations including that of the EC, as well as past GATT practice, the EC would favourably entertain any request by individual contracting parties to commence negotiations under Article XXIV:6 whilst the work of the Working Party was not yet finished.