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 of data of particular interest to delegations could, on request, 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. With regard to the comments made by the EC spokesman concerning the overall liberalizing effect of Greek accession, he noted that his country's experience following the formation of the Community and its earlier enlargement was that trade—particularly in agricultural commodities—had become more restricted rather than more liberalized. He added that a decline in tariffs per se did not ensure greater trade liberalization and, in view of the extension of the Community's Common Agricultural Policy to Greece, he did not see trade in agriculture being liberalized by Greek accession. He stressed the need to examine further the remaining documentation to be provided by the parties to the accession, but meanwhile noted that he would have difficulty in conceding that the accession of Greece was in conformity with paragraph 5(a) of Article XXIV.

5. Turning to the EC statement on the agricultural aspects of the accession, this member said that the lifting of severe quantitative restrictions on certain Greek agricultural imports— to which the EC spokesman had referred—would not in fact have a favourable impact on trade, as the quantitative restrictions would, on accession, be replaced by the imposition of variable levies, which would effectively preclude imports into Greece by efficient third-country suppliers. However, he concurred with the EC spokesman's comment that the Working Party's examination should take account of all frontier measures: for this reason it was necessary for information to be made available to the Working Party in respect of variable levies and their ad valorem equivalents. 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. He noted that the difference of opinion on this subject was a major reason why the 1972-73 Working Party had not completed its work, and he asked the spokesman for the EEC what details would be provided to the Working Party in this respect.
6. 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. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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 on the Greek import régime, he pointed out that the Act of Accession published some decisions covering the vast majority of products; other decisions were still pending. After 1 January 1981, the full situation would be known and could be compared with the previous régime as set out in GATT documentation presented to the Balance-of-Payments Committee. 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. The EC was quite willing to enter into a discussion on any specific product with any member in order to clarify the situation. 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 agriculture, the spokesman for the EC said he agreed that the examination of this sector should be based on all relevant measures. For this reason, the parties proposed to circulate the document on Greek agricultural policy before accession to facilitate an assessment. It would not be right in this context to over-emphasize the rôle of variable levies as distinct from other relevant factors. On levies some delegations had asked for detailed information, including ad valorem incidencies. The EC delegation believed such an approach was not likely to lead to sensible results since it had been found impossible technically to make such calculations in a way which assisted a balanced analysis. The amounts of levy in force were in any case published. The EC would follow the same line, and supply the same information, as it had done in the 1972-73 Working Party.

12. In the light of the EC statement on variable levies, one member of the Working Party noted that there appeared to be a fundamental difference of opinion on this issue. It was basically a technical question as to how one interpreted the phrase "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 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 reach any meaningful conclusions as to the conformity of this accession with Article XXIV:5. Thus, he felt that the issue of the treatment of variable
levies needed to be referred to a panel of experts for a 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. One member expressed the hope that the need for the Working Party to make an assessment as to the impact of variable levies as it related to Greek accession, could be dealt with in a pragmatic and positive manner. In the absence of such a solution, his delegation would examine any proposal for reference of the matter to a panel with considerable interest.

13. The Working Party agreed to meet again as soon as additional documentation from the parties to the Act of Accession 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.
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 duties collected, 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 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;

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 $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 association 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

<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>
</tr>
<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>178.2</td>
</tr>
<tr>
<td>3. &quot;</td>
<td>Bound at a higher level</td>
<td>1460.7</td>
</tr>
<tr>
<td>4. &quot;</td>
<td>Not bound</td>
<td>307.8(^{1/})</td>
</tr>
<tr>
<td>5. Not bound</td>
<td>Not bound</td>
<td>205.2(^{1/})</td>
</tr>
<tr>
<td>6. Not bound</td>
<td>Bound</td>
<td>1773.9</td>
</tr>
<tr>
<td></td>
<td>6.1 Bound at same level</td>
<td>11.9</td>
</tr>
<tr>
<td></td>
<td>6.2 Bound at a lower level</td>
<td>205.2(^{1/})</td>
</tr>
<tr>
<td></td>
<td>6.3 Bound at a higher level</td>
<td>1773.9</td>
</tr>
</tbody>
</table>

\(^{1/}\) Agriculture of Annex III

Rate of exchange: Dr 1,000 = US127

Total Imports: 3413.9

Healings with tariff sub-divisions pending: approximately 200
ANNEX III

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 GATT countries other than EEC countries reached a value of Dr 23,800 million (± US$642 million), i.e. slightly more than 15 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 Dr 836.3 million
- certain fish, crustaceans and molluscs Dr 583.3 million
- dried leguminous vegetables Dr 400.0 million
- bananas, coconuts etc. Dr 350.9 million
- coffee Dr 2,501.5 million
- oil seeds Dr 1,612.7 million
- coffee extracts or essences Dr 488.3 million
- oilcake Dr 118.5 million

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 Dr 522.7 million
- smoked herring Dr 26.5 million
- cloves Dr 16.0 million
- certain seeds for sowing Dr 22.1 million
- preserved tunny fish Dr 22.1 million
- chocolate Dr 16.8 million
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.