1. The Working Party on Accession of Greece to the European Communities (EC) held its sixth meeting on 16 November 1981.

2. The Working Party had before it the following new documentation:

   (i) An inventory of measures affecting agricultural and industrial products operated by Greece before and after accession to the EC (Spec(81)43);

   (ii) A submission by the delegation of Romania relating to the trade régime of Greece before and after accession to the EC (Spec(81)43/Add.1);

   (iii) A technical note prepared by the secretariat on the inventory of measures applied by Greece (Spec(81)44);

   (iv) A submission by the delegation of the United States relating to the calculation of ad valorem incidence of variable levies applied to major agricultural commodities (Spec(81)61).

3. The spokesman for the European Communities (EC) in an introductory statement said that the inventory of measures affecting agricultural and industrial products operated by Greece before and after accession demonstrated clearly that there had been a substantial liberalization of trade measures by Greece upon its accession to the EC. This ought to enable all delegations to arrive at preliminary, if not definitive, conclusions to be drawn by the Working Party.

4. One member of the Working Party referred to Attachment 2 to the proposal for the conduct of further work in the Working Party relating to agricultural products which his delegation had submitted in document Spec(81)30. The data presented there concerning the level and trend of protectionism for agricultural products in selected countries showing that the average level of agricultural protection in the early 1970's was 82 per cent for Greece and 69 per cent for the EC of Six, with lower

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1 Referred to in this document as the "inventory"
rates for Denmark, Ireland and the United Kingdom, were merely illustrating a trend in the level of protection. These data did not address themselves to the task of the Working Party, which was to make a judgment of the general incidence of duties and other regulations of commerce. In addition, they related to a period prior to the entry of Denmark, Ireland and the United Kingdom into the EEC and were thus not relevant for the task of the Working Party. With respect to the inventory, the member expressed regret that a similar document had not been available to the Working Party on the previous enlargement of the EEC. While welcoming the inventory, the member noted that it did not contain information on a number of measures such as health and sanitary regulations, certain quota arrangements, some import licensing requirements, voluntary export restraints, subsidies and special preferences for countries associated with the EC; for cereals no tariff rates were indicated. The member therefore expressed some reservations whether the document was sufficiently comprehensive and useful for the Working Party to be able to make the judgment which was required. He also noted that the inventory provided evidence of the extensive use of non-tariff measures by the EC. The same member emphasized the need to examine the GATT justification of non-tariff measures which were now applied by Greece. The inventory appeared to raise serious questions under Article XXIV:4 which required a member of a customs union "not to raise barriers to the trade of other contracting parties". Referring to the technical note prepared by the secretariat (Spec(81)44), the member said that it did not give an indication whether a study could be undertaken along the lines of the suggestion contained in paragraph 9 of document Spec(81)30.

5. Another member of the Working Party, while welcoming the establishment of the inventory, sought clarification about the nature of the licensing scheme listed in the inventory in respect of several tariff lines and maintained after the accession. Another question concerned certain prior import requirements which would be phased out only over a certain period of time and which did not figure in the inventory although documents of the Committee on Balance-of-Payments Restrictions had referred to them. This member also wondered whether under the Act of Accession Greece had retained the right to have recourse to import-restrictive measures for balance-of-payments reasons after 1984.

6. One member of the Working Party said that he could not share the view expressed by the spokesman for the EC that the information supplied in the inventory provided an adequate basis for the examination by the Working Party. The Greek import régime prior to accession had been presented as an extremely restrictive one. However, basing itself on earlier documents of the Committee on Balance-of-Payments Restrictions, his delegation had come to the conclusion that this description was too negative because on average not more than 20 per cent of Greek imports had been subject to restriction which were not quantitative restrictions but import licensing procedures and deposit systems. This distinction had to be made because the existence of a licensing system did not necessarily amount to the application of quantitative restrictions as such. On the other hand, the situation of Greece after accession had been described in too positive a manner. With respect to agriculture,
the inventory did not indicate the levies currently applied; an analysis of a one-year experience of Greek membership in the EEC might provide a useful basis for quantifying the levies applied by Greece to its agricultural imports. His delegation was not, on the basis of the information presently available, in a position to determine the trade effects of the enlargement and its beneficial or detrimental effects to third countries.

7. The spokesman for the EC said that he took note of the questions raised and the desire of other members to obtain more detailed information. However, before improving the already available documentation, it was absolutely imperative that the Working Party agree on an appropriate methodology for the assessments that might be made in terms of Article XXIV:5. The EC had always maintained that it was not possible to calculate the incidence of certain of the measures the previous speakers had referred to. In a reply to a specific question, the EC spokesman stated that for non-tariff measures, the inventory reflected the situation after the transitional period following the accession of Greece; for this reason, prior import requirements for balance-of-payments reasons still in operation in Greece had not been listed because they were being phased out during the transitional period.

8. Some members of the Working Party responded to the statement of the EC by saying that a complete factual picture had to be provided to the Working Party before an agreement on the methodology could be reached or a global assessment under Article XXIV could be made. Therefore, additional information and an improvement of the existing documentation were needed.

9. Some members of the Working Party were of the opinion that the measures maintained by Greece under the balance-of-payments provisions of the GATT prior to its accession should be eliminated from the inventory. These were in their view completely irrelevant for the task of the Working Party and should not be included in the comparison of the situation of Greece before and after accession.

10. The spokesman for the EC replied that Greece would not have liberalized its trade régime as much as it had done had it not been for its accession to the EC. The elimination of balance-of-payments restrictions by Greece were part of the accession process, enshrined in the Act of Accession.

11. One member of the Working Party said that the EEC and Greece were not dispensed from their obligations under Articles XII and XIII in the process of implementing the Act of Accession. In this respect, he proposed that the EC, with the co-operation of the secretariat, identify (i) the quantitative restrictions which were applied, erga omnes, until 1985, on the one hand, and those which will be maintained after the transitional period, on the other, and (ii) the quantitative restrictions applied inconsistently with Article XIII, i.e. applied on the basis of Council Regulation (EEC) No. 3286/80 which do not fall under Council Regulation (EEC) No. 926/79. For these groups of restrictions a comparison should be made between actual imports from
third countries in 1978-80 and the size of the quotas under the Act of Accession. Another member of the Working Party expressed the support of his delegation for these proposals.

12. At the request of the Working Party, a member of the secretariat gave an exposé on the technical feasibility of establishing an indication of the incidence of the protective measures relating to agricultural imports, applied by Greece before and after its accession. The text of this exposé is annexed to this note.

13. One member of the Working Party agreed that the analytical approach for the calculation of precise incidences of variable levies presented certain difficulties. Similar difficulties existed for the calculation of specific duties but this had in the past been done rather satisfactorily. In his view, therefore, it should be possible to use a method by which the total amount of variable levies collected under a tariff line were to be compared with total imports which would provide the weighted average incidence of the levy. In a submission from his delegation circulated in document Spec(81)61, the monthly averages of the ad valorem equivalents (AVE) of variable levies applied to major agricultural commodities over a three-year period indicated that the lowest levels were still extremely high in most cases. The data in the note were computed using statistical information contained in "Agricultural Markets : Prices", a publication of the Commission of the EC. These AVE's were representative of the magnitude of the incidence of protection provided by variable levies.

14. The spokesman for the EC stated that the data circulated in document Spec(81)61 demonstrated that the degree of agricultural protection in the EEC was decreasing even though the text of the submission and the statements by other delegations had indicated the contrary. He pointed out that the task of the Working Party was not to examine the conformity of the Greek non-tariff measures with the provisions of the General Agreement.

15. One member of the Working Party said that the examination of the calculation of ad valorem equivalents of variable levies applied by the EEC showed that even if some figures were lower in 1979-80, compared to 1977-78 and 1978-79, a considerable level of protection continued to exist for some products, such as corn with 90.1 per cent and sorghum with 79.2 per cent in 1979-80. It was only natural that the level of variable levies varied considerably from year to year, depending on world market prices. The EC could not derive credit from the fact that for 1979-80, most of the figures were lower than in 1978-79. A study covering a longer period of time would be more revealing. In his view, the terms of reference of the Working Party were not limited to Article XXIV:5, but Articles XXIV:4, XII, XIII, XIV, etc., were equally relevant for the examination.

16. Another member of the Working Party recalled that in the industrial sector which represented about 80 per cent of Greek imports, the duties in Greece had decreased in a considerable manner, according to the figures given by the EEC, from 18 to 4 per cent. In the agricultural sector which represented about 20 per cent of Greek imports, the amount
of levies averaged 70-80 per cent. In his view, Greece prior to accession did not protect its agriculture very much because it produced several products while relying on imports for others. Since the accession the import burden for agricultural imports had risen 6-8 times. In addition, variable levies had, because of their frequently changing size, a dissuasive effect on exports from third countries. His delegation could not accept the view that third countries were not affected by the accession and that the Act of Accession was in conformity with the provisions of Article XXIV:5 of the General Agreement.

17. The spokesman for the EC replied that even if any negative effects of variable levies were taken fully into account, the balance deriving from the accession of Greece would still be positive for the EEC, due to the very substantial tariff reductions in the industrial sector covering more than 80 per cent of total imports. Referring to paragraph 22 of document Spec(81)36/Rev.1, he pointed out that the Working Party had concluded at its last meeting that the assessment under Article XXIV had to be a global one, i.e. that it had to cover all products. The conditions contained in Article XXIV:5 were thus met.

18. Several members of the Working Party requested some more time to study the submission circulated in document Spec(81)61 and the secretariat statement annexed to this note.

19. The date of the next meeting of the Working Party will be fixed by the President in consultation with the members of the Working Party.
ANNEX

Considerations regarding the technical feasibility of establishing an indication of the incidence of the protective measures applied by Greece before and after its accession to the EEC.

1. The following considerations are based on possible utilization of the inventory furnished by the EEC (Spec(81)43 of 9 October 1981) without prejudice to the question whether that inventory is complete or accurate. In fact, the reasoning based on that inventory - or more particularly on the portion of it which concerns the agricultural headings of the common customs tariff in which trade has taken place - would probably not be altered substantially if it were based on any other inventory of any degree of credibility.

2. Incidence of measures applied by Greece after accession. It appears from the inventory furnished by Brussels that five measures will be applicable to effective agricultural imports into Greece after accession: the levy, DAF and DAS, the variable component, licensing and GQE.

A. Incidence of levies and assimilated measures (DAF, DAS, EM). The levy is applicable to 101 tariff lines spread over eleven chapters. The DAS affect sixty lines in three chapters; the variable component applies to 105 lines in three chapters. A total of 226 items. There are two conceivable methods for evaluating the incidence of these three measures (VL, DAS, EM) on imports corresponding to the 266 tariff lines concerned.

(a) Analytical method

- This requires the following information:

  - c.i.f. value of imports over a full calendar year for the 266 tariff lines;
  
  - value of levies, DAS and EM collected on each of the 266 lines over the same year;

The annual average incidence can be obtained through a simple rule of three.

- Naturally this method is somewhat rough because it does not take account of the fact that the levy can vary each week, as can the DAS or DAF each quarter or more often if necessary. This is particularly relevant in regard to trade in seasonal products. In addition, in the case of a levy set at a dissuasive level, the method will inevitably give only a distorted idea of the degree of protection. And lastly, no account will be taken of production aids and subsidies which can be quite substantial.
Lastly, to take account of developments in the application of measures of this kind, at best, one could request the two series of figures for as many calendar years as one deemed necessary. From this aspect, one ought to consider a number of years in order to take account of considerable variation in the cost of freight, insurance and the products offered, and also annual variations in the level of domestic prices which ultimately determines the amount of the levies.

(b) Global method

- This involves making a comparison between EEC entry prices and offer prices. For this we have price series in the annual EEC reports drawn up by the Luxembourg Statistical Office. Nevertheless, there are several serious disadvantages inherent in this method:
  - it gives no prices for whole production sectors such as fruit, tobacco, vegetables nor for virtually all the food manufacturing sector;
  - like the preceding method, in calculating incidence it does not take account of national or Community direct aids to production;
  - the price series published reflect the lowest offers, which only rarely correspond to actual offer prices;
  - lastly, these price series are not furnished for many products falling within Chapters 16, 17, 18, 19, 20, 21 and 23 whereas it is precisely in these that virtually all the DAF, DAS and EM and a large part of the levies are concentrated.

(c) ECE alternative approach

While this is undoubtedly more precise it is extremely complex because it reconstructs farm prices plus costs of transport and marketing, minus direct and indirect aids to production, in order to be able to compare products at the same stage. But it does not avoid the main objections regarding determination of offer prices, the other term of the comparison. Nor does it differentiate freight costs. Like the preceding method, it does not take account of the fact that the cost of one product may sometimes be as much as double that of another because of quality differences. It estimates the amount of direct and indirect aids at a maximum of 5 per cent of the price, which is highly disputable, etc.

B. Indication of the incidence of licensing (Chapters 7 and 8: eighteen lines) and of global quotas vis-à-vis East European countries (Chapters 7, 8 and 9: ten lines). These measures mainly affect the fruit and vegetable sector (licensing, GQE) and one tropical product (vanilla, GQE). It seems clear to me that in this case the price comparison method cannot be used for
calculating the incidence even roughly since there is nothing resembling an international price for these products and not even a fixed price in the EEC. Nor can the analytical method be used because in principle there are no charges of non-tariff origin.

3. Incidence of measures applied by Greece prior to accession.

(a) The great majority of the 740 Greek tariff headings in the inventory are protected cumulatively by four or five types of measures: prior import permit, deposit and cash payment, stamp duty, licensing and additional guarantee. The analytical method is absolutely unsuitable here because some of these measures imply collection (stamp duty) others not (licensing), while others involve refundable payments (guarantee deposits).

(b) The price method is likewise inappropriate in most cases, for example with respect to all tariff lines covering products having undergone some degree of processing for which there is not really any identifiable international offer price nor in most cases a domestic price at a comparable stage. This remark applies to eleven complete chapters out of twenty four - Chapters 3, 5, 6, 7, 13, 14, 16, 19, 20, 21, 22 - and to virtually the whole of eight additional chapters; for certain headings in Chapters 8 (citrus fruit, almonds), 9 (coffee, tea, pepper), 12 (oilseeds), 15 (tallow, lard and oils), 17 (sugar), 18 (cocoa at different stages of preparation), 23 (fish meal and oilcake), and 24 (unmanufactured tobacco) one can speak of international prices, though with certain reservations. In fact, beyond the exceptions I have just mentioned, only Chapters 1, 2, 4, 10 and 11 can at least in part be subjected to some sort of comparison (because of the fact that international prices exist).

- Even then, for these products one would need to have information on the Greek domestic price at a stage comparable to the c.i.f. import stage (most world prices are expressed in f.o.b. terms).

4. In brief, an indication of the incidence of the measures applied by Greece prior to accession cannot be given through the price method:

(a) except for the following products: bovine meat, poultry (part of heading 02.02), milk powders, butter and certain cheeses in Chapter 4, cereals in Chapter 10, wheat flour (Chapter 11), unmanufactured tobacco, oils, coffee, cocoa and oilcake - a total of some twenty tariff headings comprising about forty tariff lines;

(b) except on condition that the EEC furnishes the Greek domestic prices of these products (where applicable) and that a method can be devised for taking account of forwarding costs and quality differences and accepting selected international price levels.

5. Lastly, we can calculate the incidence of "other regulations of commerce" through the price comparison method for some forty tariff lines (out of 740) provided agreement can be reached on this methodology and additional information can be obtained on Greek domestic prices for the products corresponding to these forty lines.