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for membership

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Milestones in EEC-Greece relations

The Association Agreement between the European Economic Community and Greece was concluded on 9 July 1961 and took effect on 1 November 1962. It provided that Greece might later accede to full membership.

Following the *coup d'état* in Greece on 21 April 1967, the association was 'frozen', the Community restricting the operation to day-to-day matters, i.e., applying only the provisions of the agreement which constituted specific obligations.

The restoration of a democratic system in Greece on 24 July 1974 enabled the Community to reactivate the Athens Agreement.

On 12 June 1975 the Greek Government officially applied for Greece to join the Communities. The Council called on the Commission on 24 June 1975 to give its Opinion on the Greek application. The Commission adopted this Opinion on 28 January 1976.

On 9 February the Council considered Greece's application for membership. At the end of the meeting the following press release was issued:

'After noting—in accordance with the provisions of the Treaties—the Commission's Opinion with regard to Greece's request for accession, the Council stated that it was in favour of this request.

It agreed that the preparatory talks essential to the establishment of a common basis for negotiation should take place as soon as possible in a positive spirit.

It instructed the Permanent Representatives Committee to prepare its discussions to this end, with the assistance of the Commission.'

Part I

General considerations

1. At its session on 24 June 1975, the Council of the European Communities asked the Commission to submit its opinion on the Greek application for membership of the EEC, the ECSC and the Euratom, according to Articles 237, 98 and 205 of the respective Treaties.¹

2. In order to formulate its opinion on the Greek applications, the Commission has undertaken a first examination of the economic and technical questions which the entry of Greece into the Community might raise. This examination has revealed that in a number of areas it is not possible before more information has become available to arrive at a clear picture of all the technical and economic problems which might arise, either with regard to the factual situation or with regard to the way in which solutions to specific problems might be sought in negotiations. For this reason, the Commission might wish to present supplementary information and evaluations at a later stage.

In addition to the general and specific economic questions relating to the enlargement of the Community, an opinion on the Greek application for membership must take account of certain wider issues of a political and economic nature including the problems related to the situation in the Eastern Mediterranean as well as to the prospect of further enlargements of the Community.

3. The general questions and wider issues raised by the Greek application are examined below in Part I, while the preliminary findings regarding specific economic and technical questions are contained in Part II.

4. It is the first time that the European Community has been presented with an application for full membership from a country with which it already has close contractual links. This relationship is defined in the Association which was created between the EEC and Greece in 1962, covering not just trade policy but a whole series of steps that were to be undertaken to ensure Greece's progressive integration into the entire

fabric of Community life. In particular, the Athens agreement was explicitly aimed at paving the way for eventual full membership.

Fourteen years later, in the aftermath of fundamental changes in its political and economic situation, Greece has decided that it is now in a position to move on to this final stage in its relations with the Community.

Given the avowed aims of the Community in establishing the Association, and Greece's return to a democratic form of government, there can be no doubt, in the view of the Commission that the Community must now give a clear positive answer to the Greek request.

5. The Greek application for membership in the timescale currently envisaged, that is without first waiting for the full implementation of the present Association, necessarily raises a complex of issues which need to be identified for they entail important consequences for both Greece and the Community, and, taking a positive verdict on the principle of membership as the starting point, this paper proposes certain guidelines for approaching these problems.

Eastern Mediterranean

6. The prospect of Greek membership raises the problem of the disagreements between Greece and Turkey, an Associate country whose agreement with the Community also has full membership as its stated final objective.

The European Community is not and should not become a party to the disputes between Greece and Turkey.

The Commission is consequently of the opinion that the European Community should urge upon Greece and Turkey the need for them to reach just and lasting solutions to the differences which separate them. The Community should consider what part it could play, in parallel with the preparatory work for Greek accession, to facilitate this process. It is evident that the success of these initiatives does not depend on the Community alone, and it would therefore be inappro-

¹ Bull. EC 6-1975, point 1209.

priate for the decision on Greek membership to be dependent on it.

7. Until now the balance in the Community's relations with Greece and Turkey has found its expression in their identical status as Associates, both of them with the possibility of full membership as the final objective, albeit with different timetables.

Unavoidably the prospect of Greek membership of the Community introduces a new element in this balance.

In the view of the Commission specific steps will need to be taken to give substance to the Council's declaration of 24 June 1975,¹ to the effect that the examination of the Greek application for membership will not affect relations between the Community and Turkey and that the rights guaranteed by the Association Agreement with Turkey would not be affected thereby. The Commission will in due course submit separately its proposals on how this should be done.

Economic implications of Greek accession

8. Where the Community is concerned, the overall impact in macro-economic terms of Greek membership of the Community will be limited given the relative magnitudes involved; and the main economic implication of Greek membership for the Community is likely to be financial and budgetary.²

9. The Greek economy at its present stage of development contains a number of structural features which limits its ability to combine homogeneously with the economies of the present Member States. In particular, the relative size of the agricultural population, the structure of Greece's agricultural industry, and its relatively weak industrial base call for structural changes for which the Community will have to bear a share of the cost. Transfers of resources will need to take place, and the order of magnitude will be related to the time foreseen for these adjustments.

10. As to the budgetary implications of eventual enlargement, the present opinion cannot be

specific if for no reason other than that too much uncertainty surrounds the timing and breakdown of individual components of revenue and expenditure. Many of the necessary projections can only usefully be made when detailed negotiations have shed more light on the kind of arrangements that may be concluded. And no figures given now can take into account the possible evolution of the Community's own policies and the dynamic effects of Greek membership on these policies.

But to indicate the orders of magnitude which may be involved, the Commission has made some purely illustrative calculations of revenue and expenditure. These are based on the Community budget for 1976, and the full application (at current prices and exchange rates) of the policies underlying the budget to Greece (as expenditure additional to the 1976 budget).

The estimated overall result would be an increase in expenditure of the order of 450 million units of account, or about 6% of the 1976 budget of the Community of Nine. The estimated overall increase in revenue (own resources and contributions) would be of the order of 150 million u.a., leaving a net additional annual cost of some 300 million u.a.

These illustrative figures are based on a simple application of the Community's current policies, and do not therefore fully take into account the actual financing requirements of the Greek economy alluded to above. Nor do they take into account the impact of any transitional measures on either the revenue or the expenditure aspects of the budget.

11. Where Greece is concerned it might at first sight seem that the Association Agreement, which has already brought the contracting parties a long way towards customs union, has drastically reduced the eventual economic impact of full membership. But there are certain additional aspects to which the Commission thinks it necessary to draw attention.

First, in the important area of agricultural harmonization, actual progress within the Associa-

¹ Bull. EC 6-1975, point 1209.

² See Part II.

tion has regrettably been limited, largely because of the freezing of the Agreement from 1967-74. Although in 1975 the work of agricultural harmonization has been taken up again, the fact is that Greece's position is still far from being that of a near Member State. Complex political and social considerations will mean that integration of Greek agriculture with that of the Community, whether within the framework of Association or of membership, will take time: and the faster the process, the greater the cost.

Secondly, in recent times the Community has granted various forms of preferential access to its market to a wide range of countries, be it in Europe, in the Mediterranean, or elsewhere. These are obligations which do not affect Greece as an Associate, but which it would have to assume as a member.

12. So long as Greece is not a member of the Community the kind of difficulties that might arise from the necessary structural changes mentioned in paragraphs 9 and 11 above could be dealt with more easily. Thus Greece is currently to a great extent free to conduct its trade policy towards third countries. Even with regard to trade with Member States, special mechanisms could be allowed if grave difficulties were to arise.

In the case of full membership, however, the same degree of flexibility could not be allowed without disrupting the common market. Everything possible should of course be done to avoid such a risk, especially in view of the likelihood of further applications for membership from countries in a similar economic position to that of Greece, for whom the arrangements concluded within the framework of Greek accession would create a precedent.

Development of the Community

13. A quite different issue raised by the prospect of Greek membership is that implied by any enlargement of the Community, namely its effect on the working methods and the future development of the Community.

The prospect of further enlargement at a time

when the full consequences of the preceding one have not yet been absorbed must give rise to concern. The Commission considers therefore that any further enlargement must be accompanied by a substantial improvement in the efficiency of the Community's decision-making processes and strengthening of its common institutions.

14. Furthermore, in so far as its future development is concerned, the Community is preparing to take some important new steps on the road towards European Union comprising a whole range of political (e.g. direct elections to the European Parliament) and economic (e.g. Economic and Monetary Union) questions. On some of these matters, decisions of principle have already been taken. This on-going integration process must not be delayed by further enlargement. Indeed further enlargement calls for an acceleration of this process. Therefore the Commission believes it essential for the Community to make significant progress in its own internal development in the period leading up to enlargement.

Conclusions

15. In preparing the present opinion the Commission has been deeply conscious of the obligation that lies on the Community to find a fitting and appropriate response to the Greek request for membership. This request, coming a few months only after the restoration of democracy in Greece and enjoying the support of almost every shade of Greek political opinion, represents a remarkable affirmation by the Greek people and their leaders of the overriding importance they attach to their country being committed to the cause of European integration. It is clear that the consolidation of Greece's democracy which is a fundamental concern not only of the Greek people but also of the Community and its Member States, is intimately related to the evolution of Greece's relationship with the Community. It is in the light of these considerations that the Commission recommends that a clear affirmative reply be given to the Greek request and that negotiations for Greek accession be opened.

16. The present opinion has examined a number of difficult political and economic issues

which are raised by such a decision. In the view of the Commission these should not be regarded as obstacles in the path of Greek accession, but should serve rather as a stimulus to the search for solutions and to the Community's own internal development and reinforcement. They do, however, give rise to certain considerations on timing.

The Community's experience has already shown the need for a transitional period of some years even for countries with a highly developed industrial base and an agricultural structure comparable to the other Member States. In the case of Greece, where structural changes of a considerable magnitude are needed, it would seem desirable to envisage a period of time before the obligations of membership, even subject to transitional arrangements, are undertaken. During this period, which will in any case need to be limited, it would be necessary to do much more than simply press ahead with the final stages of the development of the Association. In the Commission's view what is needed is on the one hand a substantial economic programme which would enable Greece to accelerate the necessary structural reforms, and on the other, measures to bring Greece into a closer working relationship with the Community's institutions. For example it would seem appropriate, in addition to the new financial protocol proposed under the Association, to envisage the use of certain of the Community's own existing financial instruments in Greece during this period; thus the Community could allocate in its budget special funds for Greece as an additional part of the Social, Regional and Agricultural Guidance Funds. The work of committing this expenditure could be so organized that Greece would herself participate actively in the process. In these fields, as well as possibly on others, Greece would thus be brought more and more into the working of the Community mechanisms. Moreover, it would seem also appropriate that the Member States of the Community should work out ways of bringing Greece into closer contact with the procedures of political cooperation on matters of foreign policy.

At the same time, and in parallel with the implementation of these measures, negotiations towards accession should begin with Greece, priority being given to those issues which experience

in previous membership negotiations has shown to require a very considerable amount of time and effort.

17. In the event of the Council sharing the Commission's general conclusions about the Community's response to the Greek request for membership, the Commission would intend to put forward detailed proposals for the special measures to be taken with Greece during the period up to its accession.

Part II

Specific aspects of the Greek application for membership

The Greek economy

18. Some of the main characteristics of the Greek economy and its growth since the late 1950's serve as a background to the specific problems that might arise in the context of the country's accession to the Community.¹

The years 1958 to 1973 witnessed a substantial improvement in the country's economic situation, both in absolute terms and as compared to the present Member States of the Community. This improvement was brought about through an extremely high rate of sustained growth in gross domestic product, based mainly on the rapid development of key industrial sectors,² whose capital requirements were to a great extent met by foreign private investment.

The road towards industrialization taken by Greece so far has, however, raised a number of structural problems for its economy, some of which are particularly noteworthy here. Firstly, agriculture has lagged behind the boom in industrial production. Small, often unproductive holdings, difficult soil conditions, problems in applying modern technology and substantial hidden unemployment underlie this sector's relatively low share of the national product notwithstanding the high proportion of the country's active population employed in agriculture.³

Secondly, industrial growth has tended to concentrate geographically, the bulk of investments centring on the Athens-Piraeus conurbation to the detriment of most of the islands and the peripheral mainland areas, thus aggravating the regional problems faced by Greece.⁴ The country's regional disparities, though in individual respects comparable to those of Italy and Ireland, may prove as a whole to be even harder to correct, particularly as a result of geographical handicaps. Moreover, Greece's overall rate of industrial growth conceals very large disparities between

different industries: the metal, petrochemical and textile sectors have registered particularly dynamic performances.

Thirdly, although Greek economic development has been accompanied by a sustained deficit on visible trade, partly explained by dependence on imported capital goods, until recently, this deficit was largely compensated by an equally sustained surplus on invisible trade, made up mostly of earnings from shipping and tourism and emigrant workers' remittances.⁵

But now, owing partly to certain short-term changes in invisible receipts, but most particularly to the unfavourable shift in terms of trade brought about since the 1973/74 surge in oil prices, a substantial current account deficit has emerged.⁶ This deficit has not so far seriously affected the country's exchange reserves, which fell in 1974 for the first time since 1968: moreover, the burden of debt servicing is still within normal limits.⁷

The Greek economy, particularly since 1973, has also undergone a period of high rate of inflation, which, although falling now, has not yet been brought back to a level nearer to the OECD average: should this not be achieved, the country's external disequilibrium would be further aggravated, with all the problems this entails.⁸

An alleviation of the country's balance-of-payments difficulties may be on its way in the shape of new sources of energy. Large lignite and peat reserves, and hydroelectric power, together with recent oil discoveries, could provide the basis for new processing industries as well as earning or saving valuable foreign exchange. As yet, however, it is not possible to evaluate this energy potential with any degree of accuracy.⁹

Developments in the balance of payments are, however, expected to constitute a major con-

¹ The details of the national income compared with certain other countries in Europe are contained in Table 1.

² Tables 1 and 2.

³ Tables 4, 5 and note 1.

⁴ Tables 6 and 7.

⁵ Tables 8 and 15.

⁶ Table 9.

⁷ About 11 % of export revenue in 1974.

⁸ Table 18.

⁹ Table 10.

straint on economic growth in the coming 5-year period, and a significant inflow of long-term private capital seems required if a critical increase of other forms of foreign indebtedness shall be avoided. The continued development of the Greek economy moreover depends on the continuation of industrialization through the creation of competitive industries; a successful policy with regard to the modernization of agriculture; the elimination of hidden unemployment in that sector as well as improvement of living standards for those who remain employed in agriculture; the attracting of foreign capital and the mobilization of domestic savings for investment, in particular through the development of a capital market which seems too narrow at present; and the carrying out of fiscal reforms.

The present state of the Association

19. The economic implications of Greece's application for membership must also be measured against the current state of economic relations between it and the European Community. These relations are defined by the provisions of the 1963 Association Agreement, which was the first and most wide-ranging contractual arrangement of its kind undertaken by the Community.

The Association Agreement's main principles and provisions were modelled closely on those of the Treaty of Rome. They therefore cover not only a full customs union, which in agriculture is to be accompanied by harmonization of agricultural policies, but also several other elements of the common market such as rules of competition including those applying to State aids, free movement of persons and services, and coordination of economic policies.

However, many of the provisions of the agreement, which was intended to be fully implemented by 1984, have hardly begun to be applied at all, particularly as a result of the 1967-74 freezing of all progress on many provisions of the agreement. In several of these areas it was in any case not mandatory that the agreement be applied in exactly the same way as similar provisions of the Treaty of Rome. It follows from this that in a number of areas membership will create a completely new situation for Greece. This is for in-

stance the case as regards the ECSC and external relations.

The development of the Association has been considerably hampered by the imbalance created between the automatic provisions relating to the customs union and the other provisions as a result of the 1967-74 freeze: more remains to be done in a much shorter time than was originally foreseen and the full implementation of the provisions of the Association Agreement could present substantial difficulties.

The customs union

20. Since 1 November 1974, practically all Greek exports to the Community and about two-thirds of Community exports to Greece enter free of duty under the provisions of the Association Agreement.¹

The remaining third of Community exports to Greece is governed by a timetable leading to customs union by 1984 in progressive stages:² as of 1 November 1975 Greece may apply to Community exports of these products only 56 % of its 1962 duties. Greece is obliged to phase out progressively, by 1984, its remaining quantitative restrictions on imports from the Community, and neither party may invoke the general safeguard clause, void since 1970.

Under the Agreement and subsequent decisions of the contracting parties, Greece is empowered, until 1980, to reintroduce tariff duties within well-defined limits, in defence of its infant industries. Such duties must in any case be removed by 1984. Very limited use has so far been made of this facility which seems incompatible with full membership, maybe because disarmament with respect to most of the really sensitive sectors has only recently reached a significant depth.

In this context should also be mentioned the Greek import deposit scheme which applies fully to imports from third countries and partially to

¹ This does not include levies and compensatory taxes for certain agricultural sectors.

² See note in annex.

imports from the EEC. This scheme is intended to be phased out by 1984.¹

Moreover, Greece appears to apply to its industries an extensive system of aids. In so far as some of these should prove incompatible with the common market,² detailed studies would be required to estimate the impact on the sectors concerned of the removal of this element of protection.

With regard to third countries, Greece has adopted the basic duties of the Common Customs Tariff for those products which now enter from the Community free of duty. For the remaining products, alignment to the CCT as a general rule has reached 50 % of the difference between CCT and Greek rates. For certain products alignment to the CCT is suspended until 1984. Adoption by Greece of the CCT has not so far, however, implied any adoption of the preferential agreements concluded between the Community and third countries, nor of the autonomous reductions within the Community's Generalized System of Preferences. In the event of membership Greece would have to adopt these preferential reductions.

The internal market

21. This general heading covers the whole spectrum of complex technical issues, other than tariff matters, which affect freedom of movement for goods, services, and companies under the provisions of the Treaty of Rome and secondary legislation. These range, amongst others, from quantitative restrictions to technical and safety standards, health regulations, procedures relating to public tenders, the protection of industrial property rights, harmonization of company laws, and banking and insurance legislation.

In certain cases, for instance the elimination of quantitative restrictions and measures of equivalent effect, the difference between association and membership is not significant.

Many other elements of the common market, however, are either not covered by the Association Agreement or are covered by provisions of the Association which have not yet been implemented, and in these areas the implications of

membership require further study. Even where significant economic consequences are unlikely to follow from the necessary changes in legislation, experience has shown that a number of intricate problems may need to be solved. A considerable amount of joint technical preparatory work will therefore have to be carried out in order to identify points of difficulty and determine appropriate solutions.

The common agricultural policy

22. The extension of the customs union to agricultural products is foreseen under the provisions of the Association Agreement, which provides that the functioning and development of the Association in the agricultural sector shall be accompanied by the harmonization of the agricultural policies of Greece and the Community. This harmonization on which progress was stopped in 1967 is to be accomplished by 1 November 1984, entailing the adoption by Greece of the full provisions of the CAP, and in particular the EEC system of price guarantees, intervention levels, and export restitutions.

Meanwhile, Greek agricultural exports to the EEC are governed by a special series of arrangements based either on the protocols annexed to the Athens Agreement, or on decisions taken thereafter within the framework of the Association.

Currently, most of Greece's agricultural exports to the Community benefit from complete exemption from customs duties where these still exist under the CAP. However, some mechanisms such as import levies are applied with respect to Greece, albeit using special criteria in the case of certain products.

As far as Membership is concerned the Commission considers that Greece must adopt, in the agricultural sector, the CAP as it stands. It is likely that this adoption will raise certain problems.

¹ Under Protocol 11 of the Athens Agreement, although Greece has introduced additional measures on a temporary basis in the past, which have now been removed.

² Point 24.

A rough comparison between the structure of Greek agriculture and that of the Community appears on Table 19.

While the area under cultivation in a Community enlarged to include Greece will increase by close to 10 %, and the farming population by a little over 12 %, the number of farm units will increase by 19 %. The output per person engaged in agriculture in Greece is about 40 % only of the Community average. Agriculture contributes about 16 % to the gross domestic product at market prices in Greece, and employs 36 % of the population, whilst in the Community it contributes about 5 % to GNP and employs about 9 % of the working population.

The product coverage of Greek agriculture is not substantially different from that of the Community although there are differences as to the relative importance of a number of products. Milk, for instance, in 1972 accounted for 18 % of agricultural production in the Community, compared to only 3 % in Greece, whereas, for instance, the production of vegetable oils accounts for slightly more than 1 % in the Community as compared to more than 10 % in Greece. It should be noted that some of the Greek products that have hitherto given rise to difficulties on the Community market are a relatively small part of current Greek domestic output:¹ conversely, Greece is an importer of a number of products such as meat, dairy products and sugar.²

This said, there is clearly a likelihood that the inclusion of Greece in the Community will lead to certain regional problems, seasonally aggravated, in the Community itself, arising from the nature of Greek agricultural production, its response to the application of a CAP and the lack of intervention mechanisms for the products concerned.

Greek entry should not give rise either to major changes in the level of the Community's self-sufficiency for agricultural products³ nor confront the different kinds of market organization within the Community with a substantially different situation.

With the exception of certain products, such as oriental tobacco, some fresh and processed fruit and vegetables, and olive oil, such changes as will result are smaller than the normal annual

variations in Community production. The Community is, however, not at present self-sufficient in any of the three product groups mentioned, and even after Greek entry it would seem that important quantities would still have to be imported, except in the case of a limited number of specific products.⁴ It is probable, however, that the application of the CAP to Greece will lead to increased production in which case the level of self-sufficiency might undergo bigger changes than set out in table 12. In particular this could be the case for fruit and vegetables and wine.

Greek agricultural prices to the producer are in many cases (in particular for fruit and vegetables and wine) considerably lower than in the Community. For other products (like some cereals) there is no, or only a negligible, difference between producer prices in Greece and in the Community.

In certain sectors where some individual product prices are similar in Greece and in the Community the price ratios between other products within the same category can be substantially different from those in the Community (e.g. cereals). Higher price levels and the guarantee system for certain products in the Community will also, working in a substantially different structural context, stimulate production in Greece on a selective basis. Given the considerable difference between the structure of agriculture in Greece and the EEC, abrupt modifications of the prices paid to Greek producers which are not accompanied by changes in the structure of Greek agriculture could create imbalance as regards incomes of different categories of agricultural producers.

23. For the Community, the main incidence of Greek membership in the agricultural sector is likely to be financial. The overall volume of Community interventions on both guarantee and guidance sections of the EAGGF, on the national

¹ The proportion of agricultural output in Greece represented by wine is 2.3 % and fruit and vegetables 12.3 %. Corresponding figures for the Community are 6.9 % and 11.9 %.

² Tables 13 and 14.

³ Table 12.

⁴ These limited changes in the Community's self-sufficiency ratio could in the case of a few specific products, bring about modifications to established trade patterns, notably with regard to third country Mediterranean suppliers.

assumptions of immediate implementation of 1975 prices and market regulations to current production, can be estimated at an annual 280 million u.a. or about 5 % of 1976 budgeted expenditure for the EAGGF.

As regards the guidance section, it is clear that the current state of Greek agriculture presents a more serious structural problem than those prevailing in any Member State.¹ Farm holdings, which are generally small, are typically fragmented into unconnected plots, which in turn impedes the adoption of modern technology. These difficulties are aggravated by the absence of appropriate marketing facilities and in particular an insufficiently developed network of cooperatives. For these reasons, Community guidance expenditure is likely to have to increase by much more than the proportionate increase in the agricultural area (10 %), and the increase in the total population engaged in agriculture (12 %). It seems reasonable to assume that this proportion would increase by half to about 18 %, which gives an illustrative figure, based on the 1976 budget, of some 60 million u.a. This figure implies corresponding expenditure of up to three times this amount by the Greek authorities, since guidance expenditure is subject to certain rules of matching.

As for the guarantee section, application of the 1975 market rules to Greek agricultural production would have the expenditure consequences illustrated in Table 20, based on 1972-74 production and trade flows.

The increase of 220 u.a. for 1976 in guarantee expenditure is composed principally of production aids. Additional export restitutions of some 20 million u.a. per annum will be incurred for exports from Greece to third countries, counterbalanced by a reduction of around 20 million u.a. per annum in export restitutions currently payable upon Community exports to Greece.

These figures do not take account of the dynamic effects resulting from the application of the CAP to Greek agricultural production structures nor of the above average requirements of Greek agriculture for structural expenditure which make any extrapolation from the Community's present level of guidance expenditure quite insufficient. The cost effect of these factors cannot be estimated in

the absence of more detailed information both as to present patterns of production and as to future potential. Such matters need to be carefully examined in conjunction with the Greek authorities.

The rules on competition

24. The Treaty of Rome and the Athens Agreement in principle impose similar obligations with respect to the rules which apply to undertakings, the use made of State aids, and State trading monopolies and public enterprises. The provisions of the Athens Agreement have, however, not yet been implemented in the absence of the necessary decisions by the Council of Association.

Information on the Greek situation so far as the rules of competition and the system of aids are concerned is not yet sufficient to determine whether application of the Community rules in this field is likely to give rise to major adjustment problems. However, a study in depth is needed in view of the need for a common framework for industrial policy.

As regards regional aids, Greece has been entitled under the Association agreement to maintain State aids for regional economic development by application to the country as a whole of the same derogation as is contained in Article 93(3)(a) of the Treaty of Rome. In the event of accession, a solution ought rather to be sought along the lines of a protocol such as those relating to Southern Italy or Ireland where it is recognized that the particular economic situation of the region or country would be taken into account when applying the provisions of the Treaty.

Taxation

25. A preliminary examination of this complicated field, which is not covered by the Associa-

¹ Within the context of the Association the Commission has recommended to the Council that negotiations for a second financial protocol begin on the basis of 120 million u.a. in grants and 250 million u.a. in loans over 5 years, for agricultural infrastructure and to help convert agricultural production towards an increased harmonization with the Community.

tion Agreement, has revealed a series of questions which will have to be studied further before it can be established whether and to what extent the application to Greece of Community rules will create problems. The structure of the system of indirect taxation in Greece will require a certain number of modifications to allow this country to conform to the relevant provisions of Community legislation. For instance, Greece currently applies a turnover tax of the value-added type which in several respects differs from the system adopted by the Community.

So far very little information is available on Greek excise taxes.

Regional policy

26. Greece's regional disparities are related to the problems of modernization of agriculture and the requirements of industrialization, and compounded by geographical and demographic handicaps.¹

Membership of the Community will necessarily imply extension by the latter to Greece of its recently formulated regional policy, and in particular, of development assistance within the framework of the Regional Fund.

Information about the precise economic situation of the Greek regions and the present extent and mechanisms of government assistance in Greece is not as yet sufficient to arrive at an accurate assessment as to what the country's real financing requirements are. On the other hand, for the purposes of illustration, an analogy could be made on the basis of the volume of resources currently put at the disposal of the Regional Fund for the period 1975-1977. Within the overall amount, shares of 84 million u.a., and 520 million u.a. have been set aside for Ireland and Southern Italy respectively. Given regional disparities which may be held to be more serious than those of either Member State, and adjusting these countries' share *pro rata* for population size,² this analogy yields a purely illustrative figure of 100 million u.a., for the single year 1976. This effort would need to be additional to the amount that would otherwise be required on behalf of the handicapped regions of the present Member States.

Social policy

27. In the field of free movement of labour the Athens Agreement already entails the extension to Greece of the relevant articles of the Treaty of Rome. Implementation of these provisions does not seem to raise major problems, at any rate not any new problems compared to those of implementing the Association.

Emigration towards the Community, an important factor in Greek economic development during the 1960's, seems likely to continue to fall as a result of increasing industrialization in Greece and changes in the pattern of demand for labour in the countries of immigration. The level of development of the Greek social security system seems to indicate that the Community rules can be directly applied by Greece without any technical difficulties.

Some of the structural adjustments that the future growth of the Greek economy may entail would seem to qualify for the intervention of the Social Fund and the ECSC Fund: a shift of a substantial section of the agricultural population into other sectors as part of the process of industrialization may account for a high proportion of this expenditure. The appropriate level of expenditure would be determined by the Commission in the light of need, of the quality of projects undertaken and of the ability of the Greek Government to bear a proportion of the costs. It would also naturally be influenced by the overall size of the fund decided by the Council. For illustration, however, under the existing Social Fund, in 1975 Ireland obtained about 20 million u.a. and Italy about 100 million u.a. Making some, albeit inexact allowance for Greece's structural problems, a purely illustrative figure of expenditure for Greece from a Social Fund of this size might be of the order of 40 million u.a.

Coordination of economic and monetary policies

28. It should be recalled that Community provisions in the field of coordination of monetary

¹ Point 18, and Tables 6 and 7.

² In the case of Italy, the population of the Mezzogiorno only.

and economic policy already exist. In this context, certain of the structural features of the Greek economy should be given particular attention in so far as they may limit the Greek government's ability to conform to these provisions upon accession. Thus the country's fiscal structure (very low proportion of direct taxes), its banking system, and its current instruments of internal and external monetary policy do not appear to be sufficiently developed to meet Community requirements as they are set out in the Council's Directive dated 18 February 1974 on stability, growth, and full employment in the Community,¹ as well as the Council's decision of the same date concerning the achievement of a high degree of convergence between economic policies.¹

Free movement of capital

29. Greece still applies severe exchange control and other restrictions on most categories of capital transfers, inward and outward. Greek membership would entail acceptance of Community legislation governing the removal of restrictions on capital flows between the Member States.

Further study is needed to evaluate the extent and effect of such changes.

European Coal and Steel Community and Euratom

30. Greece is not associated with the Coal and Steel Community: furthermore, its association with the EEC does not involve a special tariff arrangement to cover trade in ECSC products.

Establishment of the customs union for ECSC products therefore begins from third-country status. It would involve dismantlement of Greek duties and other trade barriers on Community exports, starting from a relatively high rate of protection as far as duties are concerned, and adoption towards third countries of CCT rates which are significantly lower than Greece's present tariff on these products. Although the Greek steel industry is showing signs of rapid development, particularly on export markets, accession to the ECSC may therefore require special transitional arrangements.

Similar considerations may apply to the Greek system of State aid to this sector, whose compatibility with the ECSC will have to be examined in the light of the provisions of the Treaty of Paris. Application by the Nine of the ECSC Treaty provisions to Greece should equally be implemented through suitable transitional arrangements.

Accession to the European Atomic Energy Community (Euratom), on the other hand, raises no foreseeable difficulty. Greece will have to participate in Euratom supply and research policy.

Energy

31. As pointed out above,² Greece may soon dispose of substantial marketable sources of energy—oil and lignite—which may considerably alleviate pressure on the country's balance of trade, as well as providing a platform for new energy-intensive industries.

Greece does not currently possess major nuclear energy facilities: furthermore, its natural endowment with other sources of energy makes rapid expansion in this field unlikely.

From the point of view of the Community as a whole, however, Greek membership is not likely to affect the overall energy balance to any great extent: on the basis of the information currently available, it is unlikely that Greek production capacity will outstrip domestic demand in the foreseeable future.

External relations

32. Greece will have to apply the Community's preferential arrangements, that is the EFTA agreements, the agreements with the other Mediterranean countries, the Lomé Convention and the Generalized System of Preferences.

The current share in overall Greek imports of the countries involved is at present relatively limited (6.6 % EFTA, less than 10 % from the 11 Mediterranean countries with whom EEC preferential

¹ OJ L 63 of 5.3.1974.

² Point 18.

or Association agreements exist or are envisaged, 2.5% ACP).¹ With the removal of tariff barriers, however, these countries could considerably improve their share of the Greek market.

In the case of specific economic sectors, particularly amongst those which so far benefited from a relatively high level of protection and which do not have a natural competitive advantage, this aspect of membership could give rise to serious problems; further investigation will be required on this point.

Greece will also have to adopt other elements of the common trade policy, like the common liberalization lists, the Multifibre Arrangements, non-preferential bilateral agreements, and here too problems may arise.

Finally, Greece will have to participate in the Community's common policy of development co-operation including in particular making a contribution to the European Development Fund.

As in the case of the present new Member States, suitable transitional arrangements may have to be established in the case of some of the Community's agreements with third countries.

Budgetary consequences of Greek membership

33. The preceding sections give certain indications as to the possible magnitude of the budgetary consequences of Greek accession in the case of the more important Community policies without taking into account their possible evolution. These figures, which are of a clearly hypothetical nature, are based on the arbitrary assumption that current Community policies are being fully applied to Greece in a normal year after the necessary starting-up phase in the operation of the funds has taken place. On this basis, there is no need to differentiate between commitments and disbursements.

Table 21 summarizes the indications given above under the respective headings, together with other relatively less important expenditure items.

These figures refer to the 'Commission' section of the overall budget, and therefore do not incorporate the financial impact of Greek accession on the other sections.

Also for illustrative purposes, a preliminary estimate of the likely increase in the Community's own resources as a result of Greek accession is given in Table 22. These figures are based on the 1976 budget, modified in the light of the expenditure estimates given above. The figure for customs revenue is based on the assumption that Greece fully applies the CCT and collects no duties on imports from the Community or from the EFTA countries.²

Greece will also incur other financial obligations as a result of membership, and particularly in the form of a contribution to the capital of the European Investment Bank and to the funds of the European Coal and Steel Community. Greece will also need to make an appropriate contribution to the European Development Fund.

Institutions

34. The accession of Greece will require adaptations of the composition of all the Community institutions. In addition to the European Parliament, the Council, the Commission, and the Court of Justice, adaptations will have to be made as regards the Economic and Social Committee, the ECSC Consultative Committee, the Monetary Committee and the European Investment Bank.

These adaptations, together with appropriate adaptations to Committees set up under secondary legislation, which will have to be agreed upon in the course of the enlargement negotiations, should not give rise to major difficulties.

Other issues

35. The prospect of Greek membership also raises a number of issues which are not dealt with in detail here.

¹ Table 11. The 100-plus beneficiaries of the Community's GSP, including some Mediterranean countries, should also be taken into account although statistics are not available.

² The figure is not however abated to take account of the assumption by Greece of the Community's other preferential arrangements.

Some of these are alluded to in the context of the general economic situation in Greece: transport and tourism for instance. Other issues include education, science and technology, and protection of the environment.

In the light of its preliminary examinations the Commission considers that Greek accession is not likely to create major problems in these fields.

Annex

Note

Tariff reduction by Greece with respect to Community exports of Annex I Products of the Athens Agreement (Article 15)

<i>Dates</i>	<i>Cumulative % reduction of basic duty</i>
1 November 1975	44
1 May 1977	52
1 November 1979	60
1 May 1980	68
1 November 1981	76
1 November 1982	84
1 November 1983	92
1 November 1984	100

Alignment by Greece to the Common Customs Tariff for imports from third countries of products listed in Annex I of the Athens Agreement (Article 20)

<i>Dates</i>	<i>Cumulative reduction of difference between Greek and CCT rate</i>
1 May 1970	20 %
1 November 1975	50 % (100 % for products with less than 15 % difference after first reduction)
1 November 1979	80 %
1 November 1984	100 %

Table 1 — *Gross domestic product (GDP) at market prices — 1973*

<i>Countries (classified by per capita GDP)</i>	<i>US \$ '000 million at current exchange rates and prices</i>	<i>US \$ '000 million at 1970 exchange rates and prices</i>	<i>Per capita in US \$ at current exchange rates and prices</i>
Federal Republic of Germany	347.90	210.19	5 610
Denmark	27.44	17.64	5 460
Luxembourg	1.82	1.20	5 200
France	255.88	171.53	4 900
Belgium	45.27	29.57	4 650
Netherlands	59.23	35.85	4 410
United Kingdom	173.42	134.72	3 100
Italy	137.86	103.35	2 510
Ireland	6.50	4.53	2 130
Greece	16.04	12.39	1 790
Spain	60.71	39.71	1 750
Portugal	10.68	7.69	1 250
Turkey	20.55	15.55	540

Source : OECD Secretariat.

Table 2 — Index of industrial production

(1959 = 100)

Period	General Index	Manufacturing							
		Foodstuffs	Beverages	Tobacco	Textiles	Footwear, other wearing apparel, made-up textiles goods	Wood and cork	Furniture	Paper
		16.2	3.6	11.8	18.2	3.0	1.7	1.6	2.5
1964	151.0	121.6	129.2	143.6	150.9	131.5	151.0	109.9	140.8
1965	163.2	123.4	162.1	141.6	162.4	122.9	155.4	98.3	163.1
1966	187.1	133.6	196.4	165.0	177.3	114.6	159.2	92.4	196.5
1967	192.0	136.6	214.3	142.3	173.1	115.3	156.6	81.2	205.3
1968	205.9	150.4	212.8	141.1	180.0	117.6	162.0	73.6	217.9
1969	229.2	154.1	201.3	134.7	200.5	141.6	172.1	72.9	252.4
1970	254.2	160.7	229.0	142.4	228.7	141.1	201.9	74.9	279.3
1971	279.0	169.7	256.7	157.1	260.7	140.6	219.0	73.5	275.4
1972	315.3	175.2	301.8	138.0	300.0	136.6	237.4	75.9	296.7
1973	367.6	187.2	356.7	147.1	339.7	—	—	—	326.0
1974	360.2	170.2	381.2	157.8	348.7	—	—	—	303.6
1975 — Jan.	134.2	94.9	113.6	82.0	154.4	171.4	—	91.0	96.9
— Feb.	143.9	96.9	92.7	72.2	175.2	183.1	—	103.0	116.3
— March	153.2	91.9	106.3	74.3	174.8	187.7	—	100.5	111.5

Period	Manufacturing											
	Printing Publishing	Leather	Rubber articles and plastics	Chemicals	Products of petroleum and coal	Non metallic minerals	Basic forms of metals	Metal-lurgical products	Machinery and apparatus excluding electrical machinery	Machinery and apparatus and other electrical items	Vehicles	Miscellaneous
	4.0	1.4	1.9	6.2	4.5	7.6	2.7	4.8	1.8	2.2	3.7	0.6
1964	113.1	113.0	253.3	196.5	119.8	148.1	278.6	180.6	85.8	184.7	192.0	317.6
1965	104.7	112.1	307.9	220.4	121.1	170.9	362.7	211.5	86.2	208.1	198.6	325.2
1966	127.8	125.1	401.2	267.9	175.0	188.4	518.2	227.3	84.6	202.3	204.0	387.5
1967	114.6	112.1	437.0	311.9	222.5	201.4	576.2	219.0	80.6	238.5	197.8	346.5
1968	113.0	106.2	489.8	355.6	261.1	205.6	719.4	245.3	75.3	221.1	201.6	336.2
1969	117.7	109.7	632.2	406.6	275.2	244.8	942.9	270.3	75.0	258.3	217.8	296.7
1970	113.2	114.6	765.0	449.2	305.2	269.6	1 075.0	297.6	74.0	305.6	267.7	283.3
1971	116.6	123.5	869.8	502.8	325.0	286.9	1 194.1	340.2	73.3	353.8	285.3	282.8
1972	119.5	110.6	1 109.5	594.9	392.0	335.5	1 440.5	374.8	71.4	444.3	305.0	308.5
1973	—	—	1 338.4	707.6	679.1	373.5	1 673.2	424.5	—	556.3	320.6	350.2
1974	—	—	1 222.6	722.1	—	375.7	1 606.2	395.7	—	492.8	322.7	435.4
1975 — Jan.	105.2	89.7	138.3	149.8	—	118.4	156.3	115.9	143.6	135.1	152.4	128.6
— Feb.	111.6	116.3	164.9	171.7	—	124.6	157.5	121.9	155.7	163.2	170.0	125.7
— March	118.6	117.3	159.0	174.4	—	138.6	164.0	121.6	205.8	183.8	213.6	140.4

Source: National Statistical Service of Greece. Note: As from 1975, the monthly index of industrial production compiled by the NSSG has 1970 as its base year and does not include figures for the categories of wood and cork and products of petroleum and coal. However, changes in the figures for the categories are included in the above general index of industrial production.

Table 3 — *Volume indices of gross domestic product at market prices*

(1970 = 100)

	Country	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
	EEC-9	77	80	83	86	90	95	100	103	108	113
	EEC-6	74	78	81	83	88	95	100	104	108	114
1	Federal Republic of Germany	76	80	82	82	88	94	100	103	107	112
2	France	73	77	80	84	88	94	100	105	111	118
3	Italy	73	75	79	85	90	95	100	102	105	112
4	Netherlands	72	76	78	82	88	94	100	104	109	113
5	Belgium	76	79	82	85	88	94	100	104	109	115
6	Luxembourg	82	84	85	85	89	96	100	101	105	113
7	United Kingdom	88	90	92	94	97	98	100	102	105	111
8	Ireland	:	:	:	:	:	:	100	104	108	115
9	Denmark	77	81	83	86	90	97	100	104	109	113
10	Greece	64	69	74	78	84	92	100	107	118	129
11	Turkey	71	73	81	86	91	96	100	109	117	122
12	Norway	76	80	84	89	92	97	100	106	110	114
13	Sweden	80	83	85	87	91	96	100	101	103	107
14	Switzerland	:	:	:	:	:	:	100	:	:	:
15	Austria	76	78	82	84	88	93	100	106	113	120
16	Portugal	69	74	77	83	91	93	100	106	115	124
17	Finland	74	78	80	82	84	92	100	102	110	116
18	Spain	68	73	79	83	88	94	100	104	114	123
19	USSR	:	:	:	:	:	:	100	:	:	:
20	United States	79	84	90	92	97	99	100	103	109	116
21	Canada	74	79	85	88	93	97	100	106	112	119
22	Japan	54	57	62	71	81	91	100	107	116	129

Source: Statistical Office of the European Communities.

Table 4 — Resident working population

(millions)

	1961			1971		
	Total	Men	Women	Total	Men	Women
Total resident working population	3.64	2.44	1.19	3.28	2.37	0.91
Agriculture	1.96	1.18	0.78	1.33	0.85	0.48
Industry	0.53	0.37	0.16	0.59	0.44	0.15
Building and construction	0.17	0.16	—	0.25	0.25	—
Services	0.86	0.66	0.20	1.05	0.79	0.26
Commerce, hotels and banking	0.27	0.23	0.04	0.43	0.33	0.10
Transports and communications	0.15	0.15	—	0.21	0.20	0.01
Other	0.44	0.29	0.15	0.41	0.26	0.15
Activities not declared	0.12	0.07	0.06	0.06	0.04	0.02
Resident population aged 15-64	5.50	2.66	2.84	5.61	2.74	2.88
Difference between resident population aged 15-64 and resident working population	1.86	0.22	1.65	2.33	0.37	1.97

Source: National Statistical Service, Statistical Yearbook of Greece.

Table 5 — Origin of GDP (% , factor cost, 1958 constant prices)

Sector	1969	1970	1971	1972	1973 ³	1974 ³
Agriculture ¹	18.3	18.3	17.4	16.2	14.7	16.9
Industry ²	33.4	34.0	35.0	36.5	37.8	35.6
Services and others	48.3	47.7	47.6	47.3	47.5	47.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

¹ Includes: Agriculture and Animal Breeding; Forestry; Fishing.² Includes: Manufacturing; Mining and Quarrying; Electricity, Gas and Water Works; Construction.³ Provisional

Source: Bank of Greece, Monthly Statistical Bulletin.

Table 6a — Concentration of population — Lorenz curve — 1972

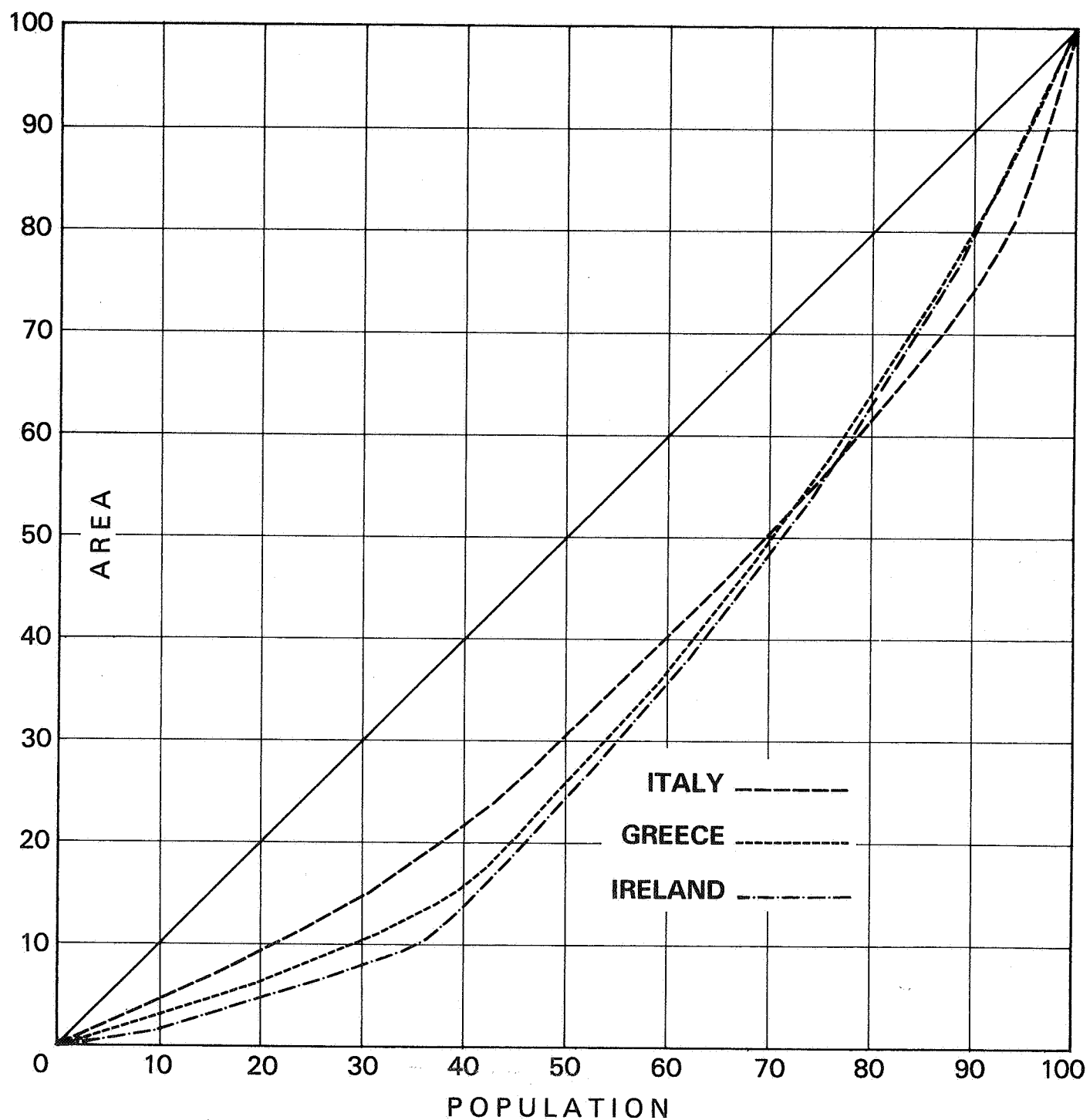


Table 6b — Concentration of income (GDP) — Lorenz curve — 1972

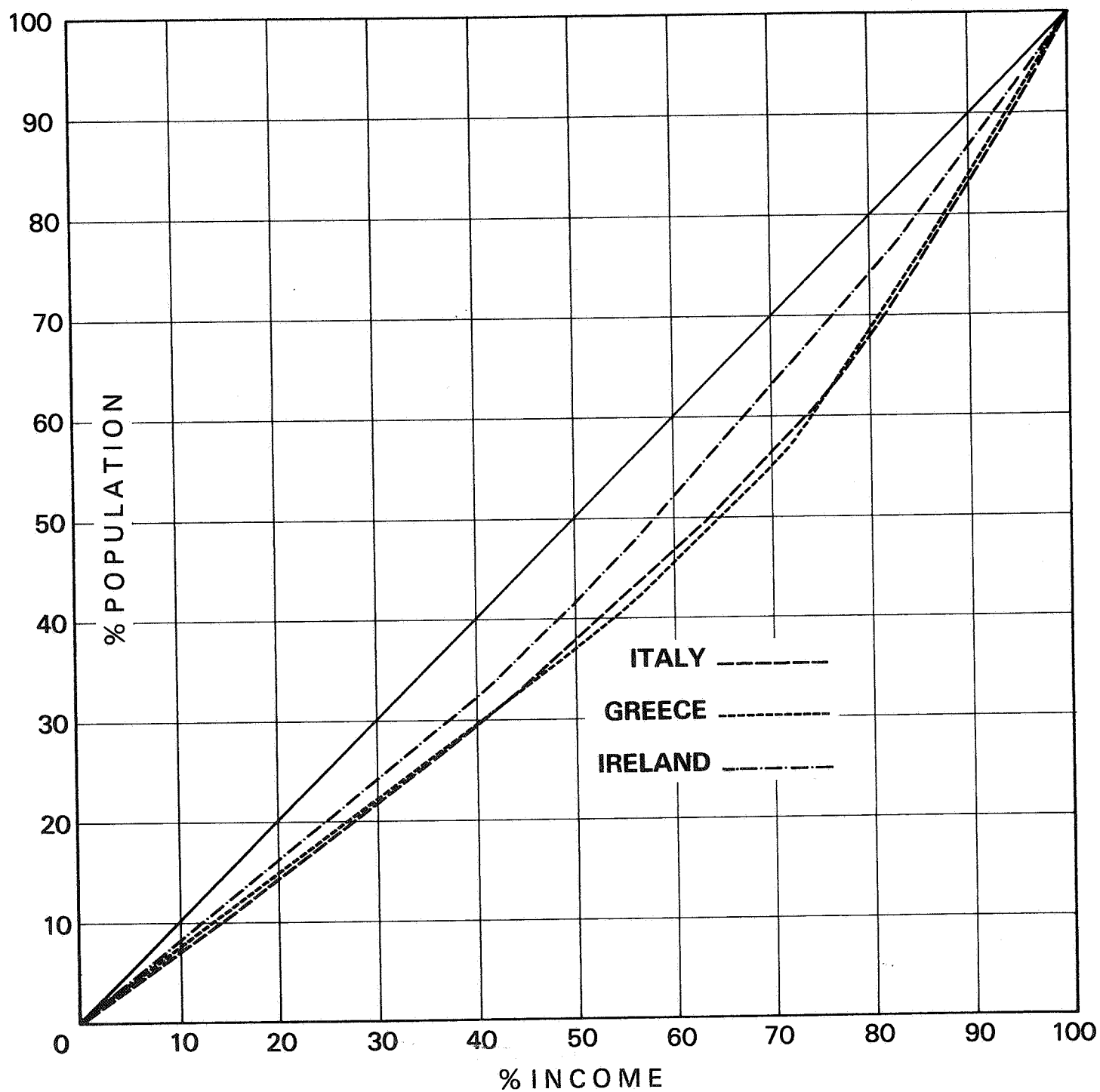


Table 7 — *Area, population and density broken down by region : 1961 and 1971 censuses*

	Area km ²	Population (thousands)		Density per sq. km ²		Per capita GDP (') 1972 Eur
		1961	1971	1961	1971	
Attica and islands in the Aegean (of which: Athens)	20 040	2 816	3 497 (2 504)	140.5	174.5	1 372
Central and western Macedonia	24 630	1 343	1 440	54.5	58.5	1 041
Peloponnese and western mainland	36 761	1 464	1 324	39.8	36.0	672
Crete	8 336	484	457	58.1	54.8	654
Thessaly (of which: Salonika)	13 929	933	879 (577)	67.0	63.1	718
Epirus	10 169	484	428	47.6	42.1	580
Eastern Macedonia and Thrace	18 125	867	745	47.8	41.1	649
Total	131 990	8 391	8 770	63.5	66.4	1 011

(') Method : The 1972 per capita GDP (in 1970 dollars) was converted into 1972 Eur by means of the coefficient 1.08571 (Statistical Office of the European Communities, National Accounts, 1/1974, p. 2).

Sources : Statistical Yearbook of the Bank of Greece.
Centre for Programming and Economic Studies.

Table 8 — *Invisible Earnings*

(million US dollars)

	1961	1974	Rate of change 1961-1974	Composition	
				1961	1974
Transportation	102.0	874.4	18.0	31.8	37.0
Emigrant Remittances	98.3	645.3	15.6	30.7	27.3
Tourist Spending	62.4	436.0	16.1	19.5	18.5
Other	56.9	407.2	16.3	17.8	17.2
Total	319.6	2 362.9	16.6	100.0	100.0

Source : Bank of Greece, Monthly Statistical Bulletin, March 1963, April 1975.

Table 9 — *Balance of payments*

(million US \$)

Items	1969	1970	1971	1972	1973	1974
<i>Imports (plus suppliers' credit)</i>	1 414.0	1 696.4	1 927.1	2 407.0	4 030.8	4 635.2
Private	1 245.2	1 499.9	1 690.8	2 019.4	3 189.0	3 464.5
Government	168.8	196.5	236.3	387.6	841.8	1 170.7
(Payments)	(1 363.0)	(1 613.5)	(1 840.3)	(2 208.8)	(3 869.4)	(4 509.8)
<i>Exports</i>	530.3	612.2	624.8	835.4	1 230.5	1 774.1
<i>Balance of trade</i>	-883.7	-1 084.2	-1 302.3	-1 571.6	-2 800.3	-2 861.1
<i>Invisible Receipts</i>	788.3	949.2	1 292.3	1 605.9	2 195.4	2 363.0
Foreign travel (tourism)	(149.5)	(193.6)	(305.3)	(392.7)	(514.9)	(436.0)
Transportation (shipping) ¹	(244.0)	(276.9)	(369.2)	(435.6)	(600.1)	(874.4)
Emigrants'-Workers' remittances ¹	(277.3)	(344.6)	(469.6)	(575.3)	(735.4)	(645.3)
Interest-Dividends-Profits	(9.8)	(11.5)	(9.1)	(26.4)	(52.4)	(85.7)
Nato infrastructure	(13.0)	(15.0)	(8.7)	(4.9)	(30.2)	(51.6)
Other	(94.7)	(107.6)	(130.4)	(171.0)	(262.4)	(270.0)
<i>Invisible Payments</i>	240.7	266.9	317.3	402.1	570.3	720.4
Foreign travel (tourism, etc.)	(47.9)	(55.3)	(73.7)	(95.8)	(113.3)	(130.1)
Government	(67.0)	(45.3)	(34.7)	(47.2)	(60.8)	(88.1)
Interest-Dividends-Profits	(39.1)	(55.9)	(72.4)	(82.7)	(104.3)	(180.8)
Transportation	(30.2)	(42.0)	(62.8)	(77.7)	(142.0)	(154.1)
Other	(56.5)	(68.4)	(73.7)	(98.7)	(149.9)	(167.3)
<i>Balance on Invisibles</i>	547.6	682.3	975.0	1 203.8	1 625.1	1 642.6
<i>Balance on Current Account</i>	-336.1	-401.9	-327.3	-367.8	-1 175.2	-1 218.5
<i>Capital movement (net)</i>	316.2	375.1	479.3	841.2	1 035.0	1 046.6
Private venture capital	82.5	156.4	99.1	90.2	145.1	187.2
Other private capital ¹	80.1	95.6	138.2	190.2	270.6	245.3
Capital belonging to banks and other credit institutions ¹	40.4	64.5	135.8	204.0	211.6	177.3
Central Bank	53.7	12.8	81.1	174.9	79.7	305.4
Government loans	50.6	30.4	17.9	17.8	94.0	114.0
Public entity and public enterprise loans	33.1	13.7	28.3	122.5	244.3	67.2
Amortisation	-78.2	-83.0	-109.1	-157.3	-172.2	-176.2
Foreign suppliers' credit	51.0	82.9	86.8	198.2	161.4	125.4
Aid-Reparations-Restitutions	3.0	1.8	1.2	0.7	0.5	1.0
<i>Errors and omissions</i>	20.9	9.6	-4.1	-13.2	143.5	87.3
<i>Nonmonetary gold</i> ²	—	—	—	23.6	—	—
<i>Special Drawing Rights (Use)</i>	—	16.8	10.3	-7.1	-1.5	—
<i>Change in Clearing a/c and Private Barter</i>	5.9	6.5	-34.5	-24.4	-10.6	28.0
<i>Change in Official Reserves</i>	-4.9	-6.9	192.7	501.1	12.4	-112.6
In Foreign Exchange	5.0	-3.1	211.0	463.5	-6.8	-77.8
In Gold	-9.9	-13.3	-18.3	34.6	15.1	6.8
In IMF gold quota	—	9.5	—	3.0	4.1	-41.6
Official Reserves (end of period) ³	(317.0)	(310.1)	(502.8)	(1 003.9)	(1 016.3)	(903.7)
Foreign Suppliers' Credit Change	51.0	82.9	86.8	198.2	161.4	125.4
Short-term	25.5	31.4	51.2	66.7	77.9	87.3
Long-term	25.5	51.5	35.6	131.5	83.5	38.1
<i>End-of-period balance</i>	(402.1)	(485.0)	(571.8)	770.0)	(931.4)	(1 056.8)

¹ Amounts of drachmas withdrawn out of foreign exchange deposits by Greek workers and seamen, as well as out of deposits under the Housing Loan Deposit Scheme, are entered as a foreign exchange inflow in 'Invisible receipts' and 'Other private capital' and as outflow in 'Capital belonging to banks and other credit institutions'.

² Transfer from Bank of Greece reserve of gold sovereigns.

³ Including Greece's gold tranche with the IMF.

Source: Bank of Greece, Report for the year 1975.

Table 10 — Overall energy balance sheet by product

(thousand tce)

	1961	1970	1973	
1. Primary Energy Production				
<i>Energy Sources</i>				
Lignite	819	2 045	3 043	
Hydroelectric	285	1 070	898	
TOTAL	1 104	3 115	3 941	
2. Energy Imports				
<i>Energy products</i>				
Hard Coal	215	132	614	
Crude Oil	2 613	7 171	19 615	
Non-Gaseous Petroleum Products	1 554	2 548	4 622	
Coke	22	309	45	
Electrical Energy	4	17	32	
TOTAL	4 468	10 177	24 928	
3. Disposal primary energy and equivalents (1+2)	5 512	13 292	28 869	
4. Changes in stocks	25	-297	-2 605	
5. Exports	11	230	7 047	
6. Gross consumption	5 527	12 765	19 216	Bunkers included
7. Gross domestic consumption	4 485	11 967	17 706	Bunkers excluded
8. Transportation	3 787	10 258	23 817	
9. Secondary energy production	3 573	9 929	22 846	
10. Consumption of the 'energy' sector and 'losses'	425	840	1 663	
11. Final energy consumption	3 850	10 798	15 073	

Source : Public Power Corporation.

Table 11 — Principal suppliers to Greece in 1974 (as percentage)

EEC	43.3		Cyprus	0.1	0.1
United States	9.2		Turkey	0.6	
EFTA	6.6		Morocco	0.2	
Japan	5.5		Algeria	0.2	
Eastern Europe	4.6		Tunisia	1.3	
Saudi Arabia	3.9		Egypt	0.2	
Australia and Pacific Ocean			Syria	4.4	
Countries	2.5		Libanon	1.7	
ACP	2.3	77.9	Jordan	—	8.6
Spain	0.9				
Yugoslavia	0.9		Other		11.0
Israel	0.6	2.4			100

Sources: National Statistical Service of Greece, 1974.

Table 12 — *Production, availability and degree of self-sufficiency
in EEC of 10 in respect of the principal agricultural products*

A — Crops

Products		Absolute quantities (in thousand tonnes)			Degree of self-sufficiency as %			
		Greece		EEC 9	Greece		EEC 9	EEC 10
		Average '1966'	Average '1972/73'	Average '1972/73'	Average '1966'	Average '1972/73'	Average '1972/73'	Average '1972/73' or average '1966' + average '1972/73'
Total cereals	Production Availability	3 076 2 084	— —	102 177 113 050	} 109.7	—	90.4	90.9
Total Wheat	Production Availability	— —	1 883 1 817	40 582 40 737				
Total feed-grain	Production Availability	1 144 1 276	— —	61 595 72 313	} 89.7	—	85.2	85.3
<i>of which :</i> rye	Production Availability	16 17	— —	3 671 3 693				
barley	Production Availability	— —	832 836	32 767 31 594	} —	99.5	103.7	103.6
maize	Production Availability	— —	578 859	14 646 25 636				
oats and other cereals	Production Availability	178 177	— —	10 511 11 390	} 100.6	92.3	—	92.4
Rice	Production Availability	— —	49 54	771 940				
Sugar	Production Availability	— —	135 190	9 395 9 952	} —	71.1	94.4	94.0
Potatoes	Production Availability	— —	694 710	40 145 39 871				
Fresh vegetables	Production Availability	1 418 1 375	— —	26 289 28 079	} 103.1	—	93.6	94.1
<i>of which :</i> tomatoes ¹	Production Availability	— —	1 078 726	5 686 6 868				
Fresh fruit (excluding citrus fruit)	Production Availability	1 247 1 155	— —	14 004 17 866	} 108.0	—	78.4	80.2
Citrus fruit	Production Availability	413 217	— —	2 429 5 878				
Olive oil	Production Availability	— —	208 198	547 691	} —	105.1	79.2	84.9
Wine	Production Availability	— —	457 341	143 521 145 006				

Table 12 (continued)

B — Livestock products

Products		Absolute quantities (in thousand tonnes)			Degree of self-sufficiency as %			
		Greece		EEC 9	Greece		EEC 9	EEC 10
		Average '1966'	Average '1972'	Average '1972'	Average '1966'	Average '1972'	Average '1972'	Average '1972' or average '1966' + average '1972'
Total beef & veal	Production	—	90	5 486	} —	67.2	87.1	86.7
	Availability	—	134	6 299				
Pigmeat	Production	—	76	8 143	} —	101.3	101.0	101.0
	Availability	—	75	8 061				
Mutton, lamb & goat meat	Production	—	100	465	} —	67.1	56.3	58.0
	Availability	—	149	826				
Poultrymeat	Production	—	92	3 017	} —	96.8	102.7	102.5
	Availability	—	95	2 938				
Other meat (game, rabbit, etc.)	Production	3	—	475	} 100.0	—	87.3	87.4
	Availability	3	—	544				
Eggs	Production	—	105	3 743	} —	100.0	99.4	99.4
	Availability	—	105	3 767				
Whole milk ¹	Production	—	1 403	97 404	} —	95.5	100.1	100.1
	Availability	—	1 469	97 272				
Skimmed milk ¹	Production	151	—	37 406	} 100.0	—	100.4	100.4
	Availability	151	—	37 242				
Condensed milk	Production	—	—	1 356	} —	—	139.1	130.1
	Availability	—	67	975				
Powdered milk	Production	—	—	364	} —	—	153.3	153.6
	Availability	—	7	230				
Cheese	Production	—	122	2 631	} —	98.4	100.2	100.2
	Availability	—	124	2 625				
Butter	Production	—	7	1 370	} —	87.5	99.6	99.6
	Availability	—	8	1 375				
Fresh fish ²	Production	127	—	4 127	} 96.2	—	94.9	94.9
	Availability	132	—	4 350				

¹ Average of the marketing years 1971/72 and 1972/73 for EEC 9.² Marketing year 1973/74 only for EEC 9.

Notes:

'1966' = average of 1965, 1966 and 1967.

'1972/73' = average 1971/72, 1972/73 and 1973/74.

'1972' = average of 1971, 1972 and 1973.

Sources: — Statistical Office of the European Communities: Agricultural Statistics and figures not yet published.

— OECD: Food consumption statistics 1973.

— For Greece '1972/73' and '1972', documentation of the Ministry for Agriculture, Planning and Regional Development Division.

Table 13 — Imports into EEC of 9 from Greece in 1972
30 products in order of value

No	Tariff Heading No	Products	Basic Regulation	Value '000 u.a.	% Annex II	Present arrangements
1	24.01 B	Tobacco	727/68	43 088	22.6	—
2	08.04 B I	Dried grapes, 15 kg or less	1 035/72	22 217	11.7	—
3	08.07 B	Peaches	1 035/72	14 648	7.7	—
4	20.02 C	Preserved tomatoes	865/68	14 040	7.4	—
5	15.07 A II	Olive oil	136/66	9 631	5.1	—
6	20.06 B II B 6) aa)	Preserved pears	865/68	6 290	3.3	—
7	08.04 B 2	Dried grapes, more than >15 kg	1 035/72	6 270	3.3	Standstill
8	22.05 C I b	Wines not exceeding 13°, more than 2 litres	816/70	5 956	3.1	Standstill
9	08.04 A I b	Fresh table grapes 15.7 – 31.10	1 035/72	5 514	2.9	—
10	20.06 B II b 6) bb)	Preserved pears	865/68	4 555	2.4	—
11	08.07 A	Apricots	1 035/72	4 383	2.3	—
12	20.02 F	Capers and olives	865/68	4 363	2.3	Standstill ²
13	08.02 C	Lemons	1 035/72	2 835	1.5	—
14	23.04 B	Oil-cake, other	136/66	2 657	1.4	—
15	07.01 P I	Cucumbers, 16.5 – 31.10	1 035/72	2 511	1.3	—
16	01.01 A II	Horses for slaughter	—	1 995	1.1	Standstill
17	20.07 B II a 2	Grapefruit juice	865/68	1 981	1.0	Standstill
18	20.07 B I a I) bb)	Grape juice, etc.	865/68	1 906	1.0	Standstill
19	22.05 C V b	Wines over 22°, more than 2 litres	816/70	1 814	1.0	Standstill
20	08.02 A I b	Oranges	1 035/72	1 618	0.9	—
21	17.03	Molasses, whether or not decolorized	3 330/74	1 487	0.8	—
22	20.07 B II a I	Orange juice	865/68	1 473	0.8	—
23	20.06 B II b 7	Preserved peaches and apricots	865/68	1 211	0.6	Standstill
24	10.01 A	Common wheat	120/67	1 169	0.6	—
25	03.01 B I q	Other fresh fish, etc.	2 142/70	1 185	0.6	—
26	08.09	Other fruit	1 035/72	1 156	0.6	Standstill ¹
27	12.08 A	Locust beans	827/68	1 157	0.6	—
28	20.07 B II b) 2) bb)	Grapefruit juice	865/68	1 074	0.6	—
29	03.03 B III	Snails	2 142/70	973	0.5	—
30	22.05 C III b) 2)	Wines 15/18°, more than 2 litres	816/70	879	0.5	Standstill
Total				170 036	89.3	
of which :				25 550		
standstill				144 486		
other						

¹ Excluding melons, strawberries and raspberries.

² Capers only.

Table 14 — *Exports from EEC of 9 to Greece in 1973*
20 Products in order of value

No	Tariff Heading No	Products	Basic Regulation	Value '000 u.a.	% Annex II ¹
1	04.02	Milk and cream	804/68	27 337	22.9
2	17.01	Beet sugar and cane sugar	1 009/67	20 499	17.2
3	23.07	Sweetened forage	various	12 780	10.7
4	01.02	Live animals of the bovine species	827/68 and 805/68	11 042	9.3
5	02.02 A	Whole poultry	123/67	4 967	4.2
6	15.07 D	Crude soya oil for industry	136/66	4 349	3.6
7	07.01 A	Potatoes	—	4 073	3.4
8	22.09	Spirits (other than those of heading No 22.08)	—	3 993	3.4
9	04.04	Cheese and curd	804/68	3 945	3.3
10	16.02	Other prepared or preserved meat	various	3 209	2.7
11	02.01	Meat of bovine animals	827/68 and 805/68	2 117	1.8
12	23.04	Oil-cake and other residues	136/66 and 134/66	1 819	1.5
13	03.02	Fish dried, salted, etc.	2 142/70	1 665	1.4
14	23.01	Flours and meals of meat, fish, etc.	827/68 and 2 142/70	1 247	1.0
15	04.03	Butter	804/68	1 135	1.0
16	10.06	Rice	359/67	848	0.7
17	08.05	Nuts	1 035/72	847	0.7
18	11.07	Malt	120/67	754	0.6
19	12.03	Seeds, fruit and spores, of a kind used for sowing	2 358/71	754	0.6
20	15.12 A	Animals or vegetable oils	136/66	717	0.6
Total				108 097	90.7 %

¹ Annex II — 119 176 000 u.a.

Table 15 — *EEC trade in 1974*

	World	Non-EEC	Mediterranean	Greece	Greece/World %	Greece/Non EEC %	Greece/Mediterranean countries ¹ %
<i>Total imports into the nine</i>	235 355	125 079	15 678	952	0.4	0.8	6.1
<i>of which :</i>							
Industrial products	201 948	105 978	12 976	701	0.3	0.7	5.4
Annex II products	33 407	19 101	2 702	251	0.7	1.3	9.3
<i>Total exports from the nine</i>	220 621	109 033	20 731	1 827	0.8	1.7	8.8
<i>of which :</i>							
Industrial products	199 490	102 472	19 168	1 707	0.9	1.7	8.9
Annex II products	21 131	6 561	1 563	120	0.6	1.8	7.7

¹ Albania, Algeria, Cyprus, Egypt, Greece, Israel, Jordan, Lebanon, Libya, Malta, Morocco, Portugal, Spain (including the Canary Islands and Spanish northern Africa), Syria, Tunisia, Turkey, Yugoslavia.

Table 16 — *Trend of Greece's trade* (million US \$)

Year	Trend of trade balance	Imports					Exports				
		World	Index 1958=100	EEC 9	Index 1958=100	EEC 9/World %	World	Index 1958=100	EEC 9	Index 1968=100	EEC 9/World %
1958	- 333	565	100	301	100	53	232	100	116	100	50
1959	- 360	564	100	288	96	51	204	88	100	86	42
1960	- 497	700	124	313	104	43	203	88	87	75	43
1961	- 491	714	126	354	118	49	223	96	87	75	39
1962	- 453	701	124	396	132	56	248	107	114	98	46
1963	- 514	804	142	414	138	51	290	125	120	103	41
1964	- 576	885	157	479	159	54	309	133	140	121	45
1965	- 806	1 134	201	585	194	52	328	141	149	128	45
1966	- 817	1 223	216	638	212	52	406	175	170	147	42
1967	- 692	1 187	210	652	217	55	495	213	226	195	46
1968	- 922	1 390	246	753	250	54	468	202	243	209	52
1969	- 1 040	1 594	282	826	274	52	554	239	277	239	50
1970	- 1 314	1 958	347	976	324	50	644	278	335	289	52
1971	- 1 435	2 098	371	1 067	354	51	663	286	350	302	53
1972	- 1 479	2 350	416	1 287	428	55	871	375	457	394	52
1973	- 2 019	3 473	632	1 739	578	50	1 454	627	799	689	55
1974	- 2 348	4 386	776	1 897	630	43	2 038	878	1 025	884	50

Source: Statistical Office of the European Communities (Foreign Trade, Special Issue).

Table 17 — EEC trade by category of product — Greece

(million Eur)

Statistical and tariff Classification (CST)		Imports				Index 74/73	Exports				Index 74/73
		1973	%	1974	%		1973	%	1974	%	
	World	172 029	100	234 411	100	136	168 009	100	220 009	100	131
	— Intra EC	88 874	52	110 167	47	124	88 625	53	111 536	51	126
	— Extra EC	83 155	48	124 243	53	149	79 384	47	108 473	49	137
	Greece	754	100	952	100	126	1 608	100	1 827	100	114
0,1	— Food, beverages and tobacco	223	29.7	243	25.5	109	122	7.6	125	6.8	102
3	— Fuel products	76	10.1	105	11.0	138	50	3.1	54	3.0	108
2,4	— Raw materials	82	10.9	102	10.7	124	71	4.4	74	4.0	103
5	— Chemicals	32	4.2	34	3.6	107	202	12.6	260	14.2	129
7	— Machinery and transport equipment	19	2.5	25	2.6	132	688	42.8	785	43.0	114
6,8	— Other manufactures	317	42.0	436	45.8	138	449	27.9	507	27.7	113
	— Other	5	0.7	7	0.7		26	1.6	22	1.2	

Source : Statistical Office of the European Communities, Foreign Trade, Monthly Statistics September 1975.

Table 18 — *Percentage changes in price indices OECD countries, 1970-1975*

PERCENTAGE CHANGES

over 12 months

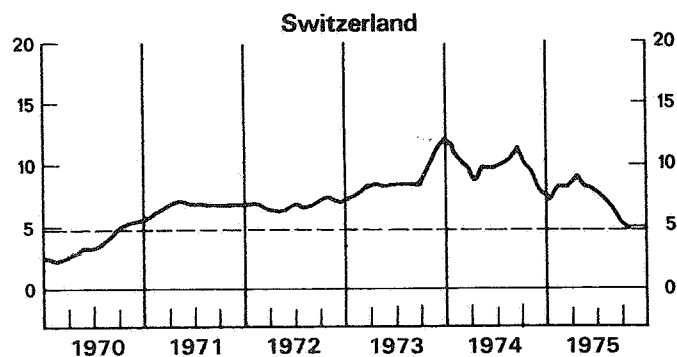
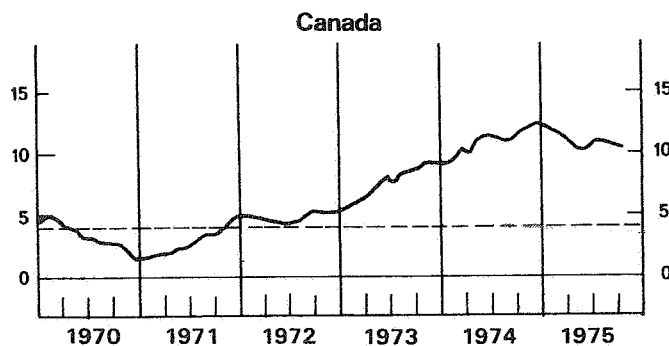
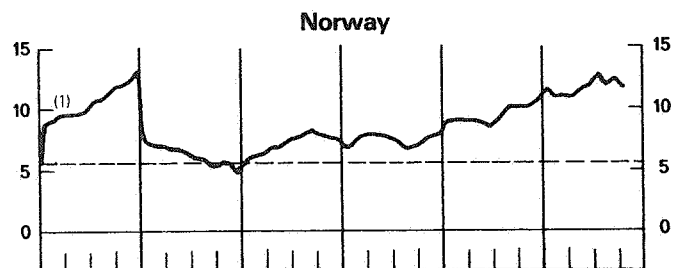
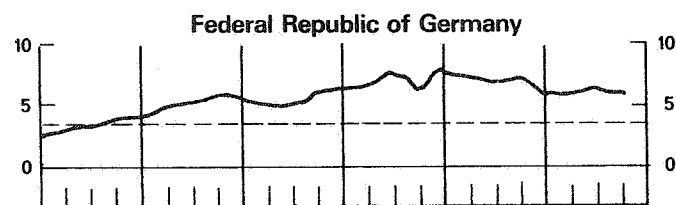
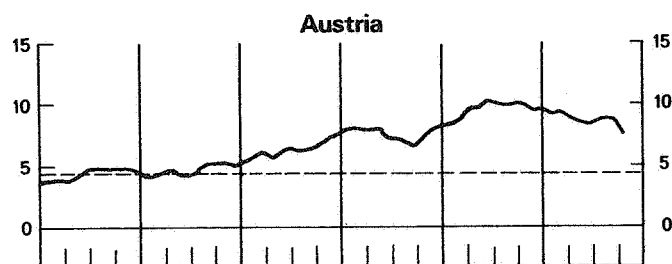
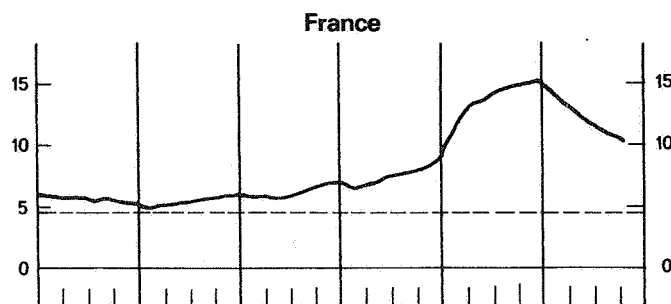
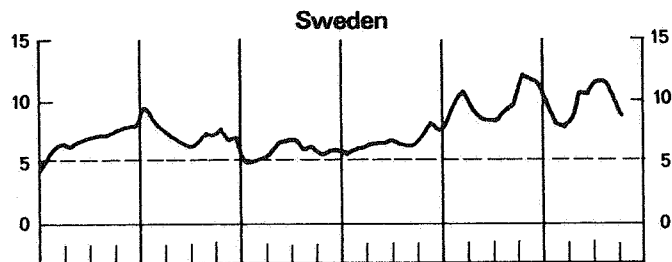
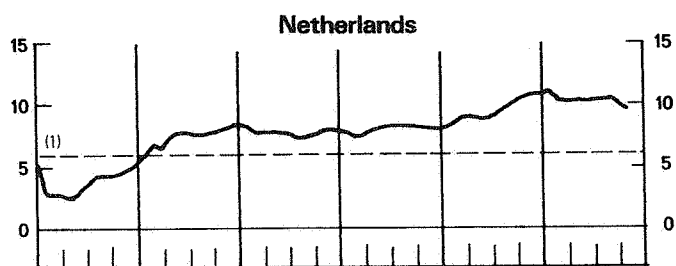
All goods and services

Consumer price indices:

Average annual per cent change 1963-1973 — — —

Actual per cent change over 12 months —

Difference between the actual change for each month and the average annual change; shows in fact the improvement or deterioration of the situation as compared with the period 1963-1973.



1. Increase in indirect taxes.

Source : OECD, Main Economic Indicators, December 1975.

Table 18 (continued)

Consumer price indices:

----- Average annual per cent change 1963-1973

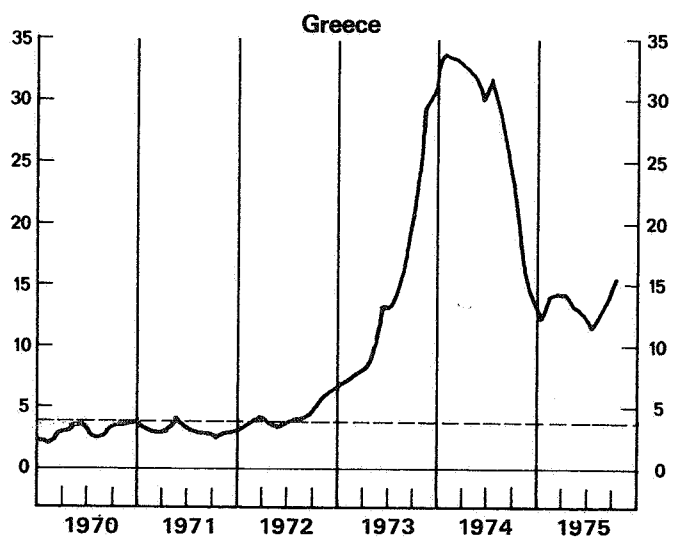
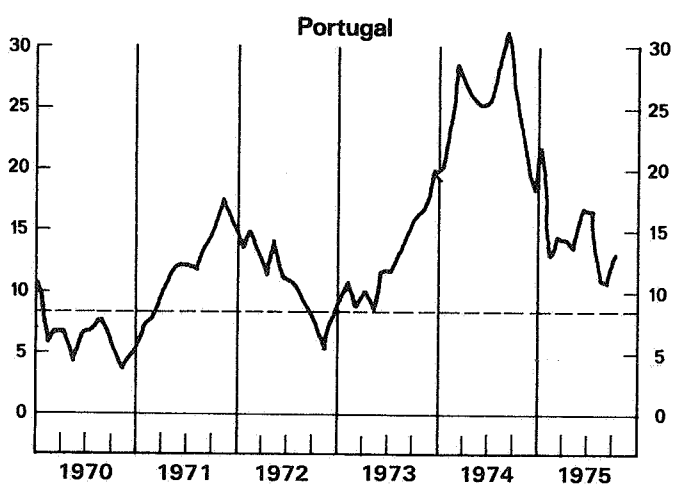
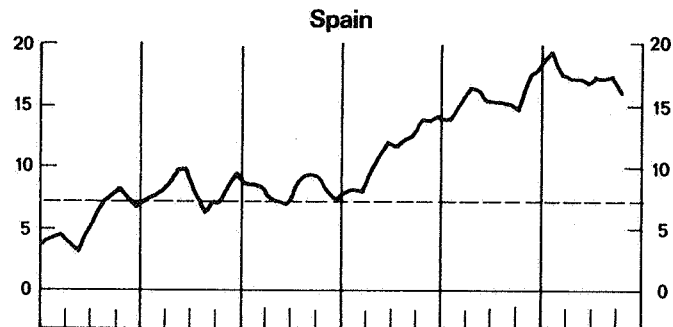
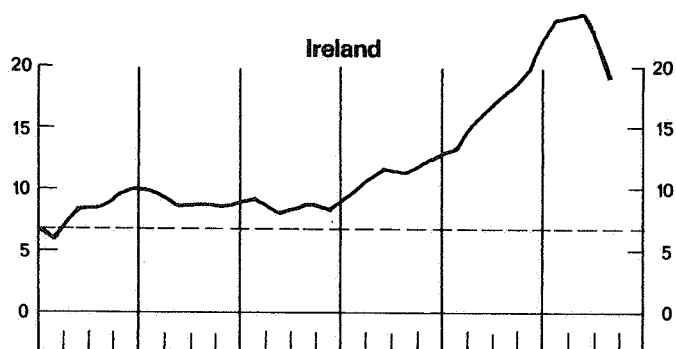
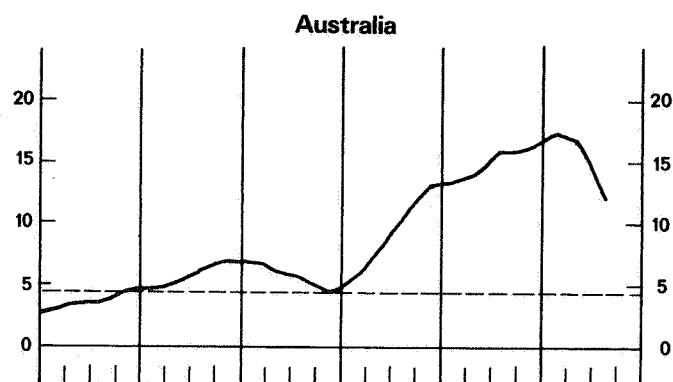
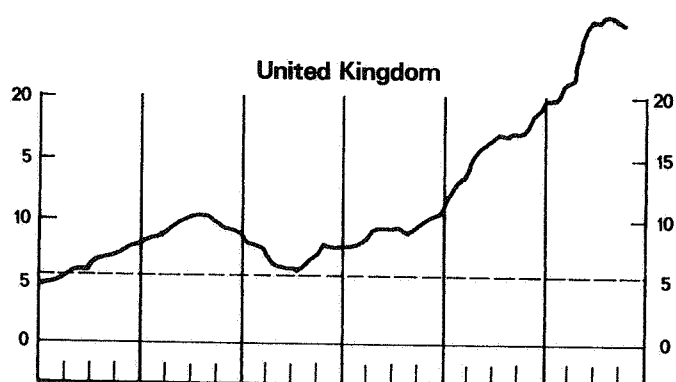
— Actual per cent change over 12 months

Difference between the actual change for each month and the average annual change; shows in fact the improvement or deterioration of the situation as compared with the period 1963-1973.

PERCENTAGE CHANGES

over 12 months

All goods and services



1. Increase in indirect taxes.

Source: OECD, Main Economic Indicators, December 1975.

Table 18 (continued)

Consumer price indices:

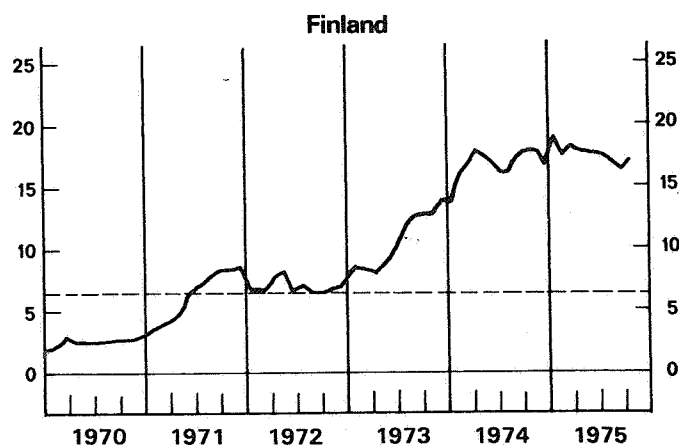
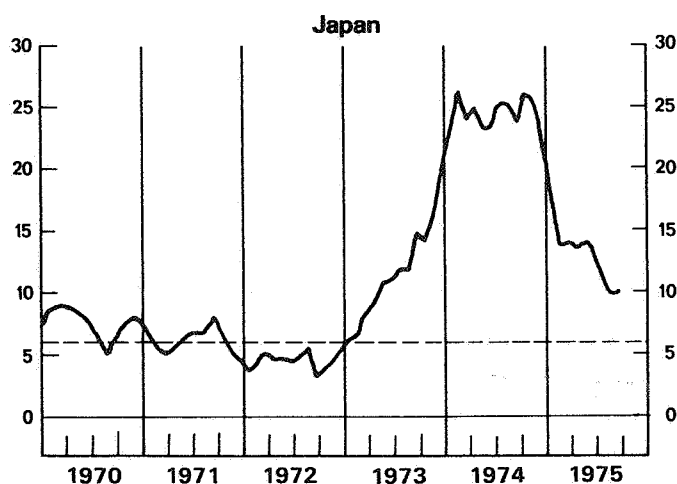
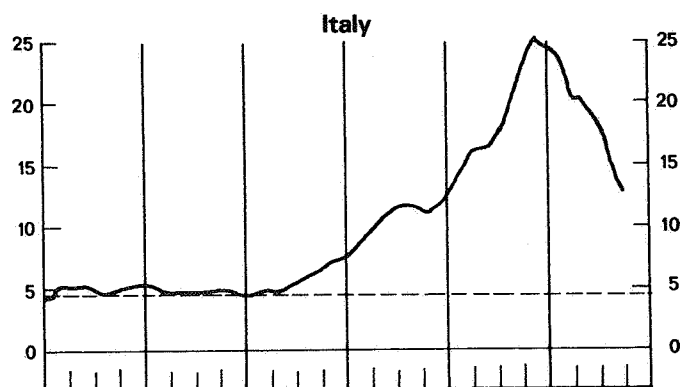
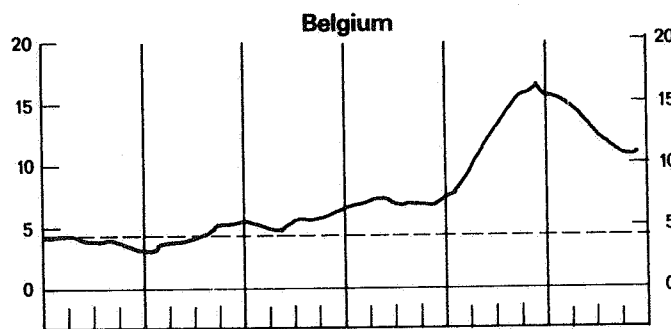
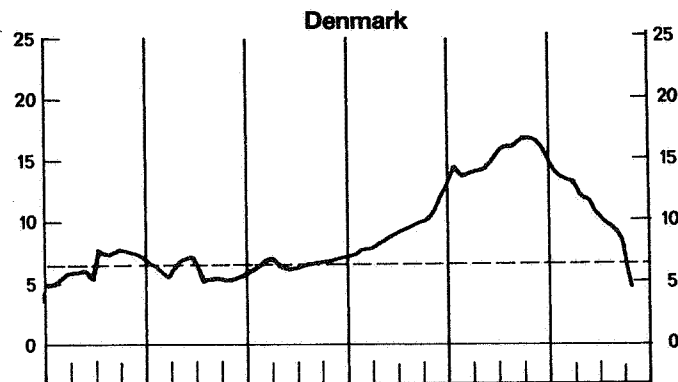
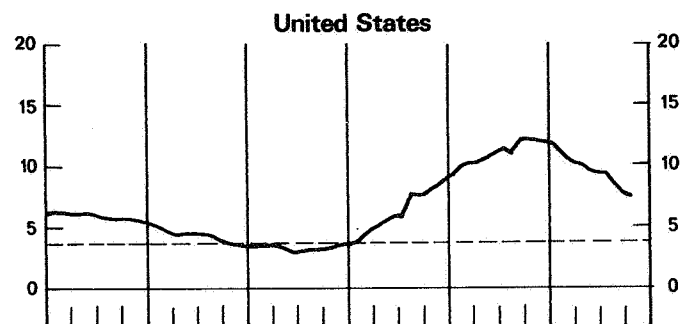
PERCENTAGE CHANGES

over 12 months
All goods and services

Average annual per cent change 1963-1973 - - - -

Actual per cent change over 12 months - - - -

Difference between the actual change for each month and the average annual change; shows in fact the improvement or deterioration of the situation as compared with the period 1963-1973.



1. Increase in indirect taxes.

Source : OECD, Main Economic Indicators, December 1975.

Table 19 — *Agricultural structure of Greece and the Community*

	EEC 9	Greece	%
Agricultural area (km ²)	936 900	91 000	9.7
Working population in agriculture	9 722 000	1 176 000	12.1
Population engaged in agriculture as % of total working population	9.6	35.7	—
Contribution of agriculture to GDP (%) (1972)	5.0 (est.)	16.1	—
Average area of holdings	17.4 ha	8.5 ha	

1973 figures (except where stated).

Source: Basic Statistics of the European Community and Statistical Yearbook of Greece

Table 20 — *Illustration of EAGGF (Guarantee Section)
Expenditure resulting from Greek Membership*

(Million u.a. — Current prices and exchange rates)

	EEC 9 (1976)	Greece	Total
Total EAGGF (Guarantee)	5 160	220	5 380
of which:			
Olive oil	340	74	414
Tobacco	203	90	293
Fruit and vegetables	113	20	133
Hard wheat	179	12	191
Other	4 325	24	4 349

Table 21 — *Hypothetical budgetary consequences:
Expenditure*

	million u.a.
Agricultural policy:	
— guarantee	220
— guidance	60
Social policy	40
Regional policy	100
Research policy	5
Administration and personnel costs	20
	445
Reimbursement of 10% of own resources (col- lection costs)	8
	453

Table 22 — *Hypothetical budgetary consequences:
Own Resources*

	million u.a.
1. Expenditure within the 1976 budget, to be met in accordance with the 21 April 1970 decision	7 506
Expenditure incurred as a result of accession	453
	7 959
2. Percentage of the VAT base (Community of 9)	0.47 %
Percentage of the VAT base (Community of 10)	0.52 %
3. Own resources to be paid in:	
— Customs duties	70
— Agricultural levies. ¹	8
— 0.52 % of the VAT base	73
	151

¹ Greek membership would imply a reduced percentage of 15 million u.a. per annum upon imports by the Nine from Greece: the incidence upon imports by Greece from third countries is estimated at 5-10 million u.a. per annum.