

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Balance-of-Payments Restrictions

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1964 CONSULTATION UNDER ARTICLE XVIII:12(b) WITH GREECE

Basic Document for the Consultation¹

1. Legal and administrative basis of the restrictions

The regulations governing imports into Greece are mainly based on Law No. 5426 of 1932 and Decree Law No. 480 of 1947. Law No. 5426 stipulates that the importation of certain machinery and spare parts is subject to import licences. Decree Law No. 480 is more general in scope, its purpose being to co-ordinate the efforts of the State and private persons in the sector of foreign trade, and to institute import and export controls so as to ensure the supplies most necessary for the national economy, to promote exports and to utilize national resources in the most effective way.

With a few exceptions, imports into Greece are not subject to quantitative or exchange restrictions. However, each transaction is subject to an administrative procedure of registration and to control regulations designed to furnish data on receipts and outgoings of foreign exchange and on external financial commitments. Imports are limited to a level compatible to some extent with the country's external resources by means of monetary policy, credit policy and in particular, by regulations governing methods of payment for imports.

Import control policy is drawn up by the Foreign Trade Council established by Decree Law No. 480, which comprises the Minister of Co-ordination, the Minister of Trade, the Minister of Industry, the Minister of Finance, the Minister of Agriculture, the Governor of the Bank of Greece and the Director of the Foreign Trade Administration at the Ministry of Commerce. The control measures are implemented by the Bank of Greece and authorized commercial banks.

2. Methods used in restricting imports

Imports can be divided into four categories: (1) products which can be imported freely; (2) products specified in List "A", for which an import licence is required (see Annex A); (3) certain machinery and spare parts, for which an import licence is also required (see Annex B, List A); (4) products imported under the State-trading régime. The latter category is referred to in a separate section of this document.

¹Prepared by the Government of Greece.

(1) Products liberalized for import are admitted under Procedure "E" and Procedure "D". Import permits are granted automatically upon presentation of the certified pro forma invoice. In the case of Procedure "E", import permits are issued by authorized commercial banks.

This procedure applies: (a) to imports from countries participating (i) in the European Monetary Agreement, settlement being effected in accordance with the provisions of that Agreement; (ii) to countries not participating in the EMA, but with which bilateral agreements are in force, provided settlement is effected through clearing arrangements; (iii) imports from Canada, the United States and their dependent territories, with the exception of imports paid for out of United States assistance funds.

In the case of Procedure "D", import permits are issued by the Bank of Greece. This procedure relates to imports of products from countries other than those covered by Procedure "E". It is also applicable where the method of payment is not that provided for under that procedure. Procedure "D" also applies to imports paid for out of United States assistance funds and certain imports for the account of the State, or by public services, or by the Agricultural Bank of Greece. The importer must obtain the import permit before the goods are embarked in the foreign port. Any importer who fails to observe this provision is liable to a fine of from 2 per cent to 15 per cent of the c.i.f. value of the imports concerned.

(2) List A consists of certain luxury products (reptile skins, furs and fur goods, precious stones, gilt or silvered knives, spoons and forks, gold or silver discs, silver and silver articles, gold and gold articles, platinum and platinum articles and jewellery, gold or silver pocket-watches and wrist-watches, perfumes and perfumery products) and the following products: fish, fresh, chilled, frozen, smoked or in brine, fresh and dried vegetables, fresh and dried fruit, coarse grains (barley, oats, maize) wheat flour, rice, canary and sesame seed, acorns, incense, sugar, tomato pulp, extracted olive kernels, tanning extracts, fabrics and articles of cotton, wool, silk or man-made fibres, refrigerator cabinets (without refrigeration unit) television receiving sets, motor vehicles, Malta stones.

Import licences are issued by a special committee.

For most of the products in List A, import licences are issued automatically and without restriction.

(3) Licences are also required for imports of certain machinery and spare parts thereof. This list of products includes, inter alia, certain agricultural machinery and certain types of pumps with diesel or electric motors.

Licences are issued by the Ministry of Industry, acting on a recommendation by the Council of Industry.

Barter deals or private compensation are authorized with certain countries (East Germany, USSR, Czechoslovakia and Israel) when such arrangements facilitate the export of specific products. Such transactions must be approved by a special committee which operates through the Bank of Greece.

Imported goods can be paid for either through the opening of documentary credit or by cash settlement in exchange for the consignment documents or, for certain products, banker's draft.

In the case of all imports, payment may be made by opening of documentary credit or by cash settlement in exchange for the consignment documents. For the majority of products, however, importers who adopt the latter method of payment are required to deposit with their bank a certain percentage of the c.i.f. value invoiced (70 and 140 per cent, according to the products imported), once they have obtained the import permit and prior to the date of shipment of the goods from abroad. In accordance with the Association Agreement between Greece and the European Economic Community, these percentages have been reduced by 10 to 20 per cent according to the product concerned. It should be noted that the above-mentioned reduction is an obligation only vis-à-vis EEC member countries; Greece has, however, extended this reduction spontaneously towards all GATT member countries. The deposit of funds is designed to combat inflation and discourage advance accumulation of import permits for speculative purposes. At the time of final settlement the deposit is refunded in proportion to the part of the import permit which has been utilized. No prior deposit is required for imports of certain products (in particular, foodstuffs and raw materials).

On the other hand, payment of imports by accepted banker's draft is authorized in the case of the 284 products included in Lists P3 and P6 (with terms of three months and six months respectively). Payment of drafts must be made within the terms specified. The authorities may grant exceptions from these rules (settlement after a longer period, or deferred payment for articles not included in Lists P3 and P6).

No prior deposit is required for products in Lists P3 and P6.

3. Treatment of imports from different sources

Imports may be classified in one of the following categories, according to their source:

(1) Member countries of the European Monetary Agreement, their overseas territories and currency areas associated with them, Canada, the United States and dependent territories, and countries with which bilateral payments agreements are in force (East Germany, Bulgaria, Chile, Egypt, Finland, Hungary, Israel, Poland, Rumania, Czechoslovakia, USSR, Brazil and Yugoslavia) enjoy the liberal import régime which covers the major part of total imports by Greece.

(2) Imports of products from most other countries receive the same treatment in practice, under Procedure "D" mentioned above.

(3) The regulations concerning imports of products on List A and imports of machinery and spare parts also apply to all these countries.

4. Commodities or groups of commodities affected by the various forms of restrictions

For the products covered by the various systems of restriction, see section 2 above.

Breakdown of Imports in 1963
According to the Import Régime Applied

| <u>A. Private trade</u> | <u>Value in US\$1,000</u> |
|--|---------------------------|
| 1. Private imports other than those coming under 2 and 3 | 632,700 ¹ |
| 2. Imports of goods included in List A | 92,500 ² |
| 3. Imports of machines under special licensing system | 17,600 ³ |
| <u>B. State trading</u> | <u>61,500⁴</u> |
| Total | <u>804,300</u> |

¹Of which the amount of US\$68.9 million represents the value of imported shipping.

²Of this figure, only the amount of US\$17.2 million represents the value of articles subject to import limitations; the rest relates to products for which any licensing application is granted.

³Figure determined on the basis of import licences issued and not imports actually carried out. Because of the lack of concordance between the statistical headings and the headings relating to machinery as shown in the special list, it is difficult to distinguish data relating to actual imports in the official statistics.

⁴Including US\$59.8 million of petroleum products.

5. Imports under State trading

Certain products are under State trading for reasons of hygiene, motives of public interest or fiscal considerations. In principle, State trading is not intended to restrict imports or to protect domestic industry or agriculture.

The products affected may be divided into four categories:

- (1) Commodities under monopoly, imported under control of the Ministry of Finance: matches, kerosene, rice-paper for cigarettes when imported by tobacco manufacturers (but not when imported by cigarette manufacturers), playing-cards, saccharin, narcotics and sea salt.
- (2) Wheat is imported by the State (Ministry of Commerce) for its own account under the provisions of the United States aid agreement.
- (3) Since the petroleum refinery in Greece was brought into operation at the end of 1959, all local requirements of petroleum products must be met from the refinery's output.

In the event that this output is not sufficient to meet all domestic requirements, the Greek State may import from abroad the necessary additional quantities. As regards crude oil for processing at the refinery, 70 per cent is imported by the refinery and 30 per cent by the Greek State.

Petroleum products other than those produced by the refinery can be imported freely under import licence.

- (4) Sulphur and copper sulphates are imported by the Agricultural Bank of Greece under Government permit. The essential objective of this Bank is to maintain prices at a minimum level through bulk imports and to achieve uniform prices for these products throughout the country so as to ensure that the mountain areas farthest away from the ports of entry are not penalized to the advantage of other more accessible parts of the country.

6. Measures taken since the last consultation

Since the last consultation (May 1962), the following measures have been taken:

- (1) In accordance with the Association Agreement between Greece and the EEC, there has been a reduction in the percentage of the deposits required of importers of certain products coming from EEC member countries upon issue of the import permit. Although this reduction was required only in respect of the above-mentioned countries, Greece has spontaneously extended it towards all GATT member countries.

(2) By ministerial decree, some seventy products have been removed from the list of products requiring a prior import licence from the Council of Industry, and since 19 January 1963, they have been imported freely.

These measures have been taken despite the fact that the trend in the trade balance cannot be considered satisfactory, as may be seen from the following table:

Trade Balance (X)
(in million dollars)

| | 1959 | 1960 | 1961 | 1962 | 1963 |
|--------------------------------|----------|----------|----------|----------|----------|
| Imports | 473 (XX) | 514 (XX) | 577 (XX) | 625 (XX) | 735 (XX) |
| Exports | 204 | 203 | 223 | 250 | 290 |
| | - 269 | - 311 | - 354 | - 375 | - 445 |
| Ratio of exports to imports | 43.1% | 39.5% | 38.7% | 40% | 39.5% |

(X) Source: National Statistical Office

(XX) Not including the value of imported shipping

7. Effects of import restrictions on trade

Although the trend in the trade balance is unfavourable, due mainly to increased imports without a corresponding increase in exports, the Greek Government has applied the import control measures in a liberal manner, so that instead of a reduction, there has in fact been a considerable increase. The trade deficit has consequently risen from \$269 million in 1959 to \$445 million in 1963.

As may be seen from the comparative balance-of-payments table below, the growth rate of imports is faster than that of exports, thus causing a progressive widening of the gap between receipts and expenditure.

Balance of Payments (X)
(in million dollars)

| | <u>1962</u> | <u>1963</u> |
|---------------------|-------------|-------------|
| Import payments | 608.5 (XX) | 708.4 (XX) |
| Invisible payments | 88.6 | 97.9 |
| | <hr/> | <hr/> |
| Total payments | 697.1 | 806.3 |
| Export earnings | 242.6 | 295.9 |
| Invisible receipts | 379.5 | 454.3 |
| | <hr/> | <hr/> |
| Total receipts | 622.1 | 750.2 |
| Balance of payments | - 75.0 | - 56.1 |

(X) Source: Bank of Greece

(XX) Not including the value of imported shipping

The gap is largely covered by larger invisible receipts. This increasing dependence on the balance of payments on invisible receipts constitutes an important structural weakness which has to be kept under constant review with a view to remedying it.

List of Annexes

- A. List "A", imports under special licence.
- B. List of machines under special licence and list of machines liberalized under decision of 19 January 1963.

ANNEX AList "A"

denoting goods the import of which
requires a prior licence by the
Committee established by Foreign
Trade Board Decision No. 71877/52

| Serial No. | Tariff Classification | Commodities |
|---------------|-----------------------------------|---|
| 1 | 03.01b, 03.020/1, 3b, 03.01A | Fish fresh, chilled, in brine and smoked, frozen fish |
| 2 | 07.01A, C, D, E | Potatoes, vegetables, tomatoes, onions etc. |
| 3 | 07.05A, B, C, E | Beans, faba beans; vetches, chick peas, lentils |
| 4 | 08.02-08.13 | Fruits, nuts etc. |
| 5 | 10.03, 10.04, 10.05 | Barley, oats, corn |
| 6 | 10.06B/2, C | Rice ground, whether or not polished |
| 7 | 10.07A | Millet |
| 8 | 12.01D | Sesamum |
| 9 | of 12.01F | Canary seed |
| 10 | of 13.01C | Vallonia and gall nuts |
| 11 | 13.02D/1 | Incense and incense mixtures |
| 12 | 17.01 | Sugar |
| 13 | 20.02C | Tomato pulp |
| 14 | of 23.04A | Extracted oil-cakes |
| 15 | 25.16A | Stones of Malta |
| 16 | 32.01A | Tanning extracts |
| 17 | 33.04B, 33.05, 33.06A, B | Cosmetics, perfumery products or toilet preparations etc. |
| 18 | 34.01B, C | Washing or medicated soap |
| 19 | 41.05B | Leather obtained from the skins of reptiles, sea animals etc. |
| 20 | 43.01, 43.02A, B, 43.03, 43.04 | Furskins and items thereof |
| 21 | 50.09A, B | Silk textiles |
| 22 | 51.04 | Textiles of artificial or synthetic fibres continuous, excluding woven fabrics used for hat felts |
| 23 | 53.11 | Textiles of wool or hairs |
| 24 | 55.07-55.09 | Cotton fabrics |

| Serial No. | Tariff Classification | Commodities |
|------------|---|---|
| 25 | 56.07 | Textiles of synthetic or artificial fibres, discontinuous |
| 26 | 58.01-58.06, 58.07 C, 58.08-58.10 | Carpets, tapestries woven labels, badges, tulle, velvets, embroideries etc. |
| 27 | 60.01-60.05 | Knitwear, knitted fabrics |
| 28 | 61.01-61.11 | Garments and clothing accessories of textiles |
| 29 | 62.01, 62.02 | Bed blankets, sheets |
| 30 | 62.05D, E | Shoe laces and laces, strings for corsets etc. |
| 31 | 63.01 | Used clothing |
| 32 | 71.01-71.03, 71.15 B | Precious or semi-precious stones |
| 33 | 71.05 A, B | Silver, silver alloys etc. |
| 34 | 71.06 | Base metals, silver-plated |
| 35 | 71.07 A, B | Gold, gold alloys etc. |
| 36 | 71.08 | Base metals or silver gold-plated |
| 37 | 71.09 A, B | Platinum, platinum alloys etc. |
| 38 | 71.10 | Base metals or precious metals platinum-plated |
| 39 | 71.11-71.14 | Jewellery of precious metals and jeweller's sweepings, residues and other waste and scrap of precious metals; and articles of precious metals |
| 40 | 82.09A/1c, 2b, 3c, 5b, 6 | Knives silver-plated or gold-plated knives with ivory handle etc. |
| 41 | 82.14A/3, B/2, C/3, E/2, F | Spoons, forks etc. silver-plated or gold-plated or same with ivory handles etc. |
| 42 | of 84.15A/3a | Refrigerating cabinets without refrigerating unit |
| 43 | of 85.150 | Television reception apparatus |
| 44 | 87.02, 87.03, 87.04B, 87.05B-E, 87.06 B/1, 87.14 B/1, B/2 | Passenger cars, trucks, buses, chassis, bodies and trailers thereof. |
| 45 | 91.01 A-C, 91.09A | Pocket watches, wrist watches etc., and cases thereof, made of precious metals |

ANNEX BList A (Imports of Machinery)

The following list contains the machinery, spare parts and accessories, for the import of which the approval of the Ministry of Industry is required in connexion with the issuance of an import licence:

Transmission belting of rubber mixed with other materials (except V-belts and link belts)

Textile packers of leather

Wooden bobbins and spools

Machinery for processing marble, stone products in general, metals, and concrete (i.e. sawing, cutting, grinding and polishing)

Stones for rubber and polishing marble and mosaic floors

Special piping for farm sprinkling equipment

Central heating boilers

Brooding coops

Grinding equipment for ball, boring and hammer mills (balls, cylinders, hammers)

Boilers of any type of a heated surface up to 500 sq. metres and pressure up to 20 atmospheres

Gasoline engine (two-stroke) over 100cc and engine (four-stroke) over 150cc and up to 16 h.p., spare parts and accessories thereof

Diesel and semi-diesel engines, land or marine, up to 50 h.p., including tractor engines dutiable under tariff paragraph 84.06.C3. These shall be understood to be engines whose 50 h.p. rating is reckoned in terms of normal power output generated at 1,750 r.p.m. without misfiring.

Pumps, all types and for all uses (except liquid fuel dispensing pumps, electrically operated), accessories and spare parts thereof

Pumping units

Bakery and confectionery steam ovens

Alcohol making machinery in general

Strainers and hydro-extractors (whizzers), all types, for industrial uses

Scales in general and balances of all kinds (except infant and bathroom scales, household scales graduated in grams, analytical scales for laboratories and automatic weighing mechanisms for platform scales)

Farm sprinkling units, accessories and spare parts thereof in general (except sprinkler heads and syringe type flower sprayers)

Sprayers and dusters (sulphur), all types, and accessories thereof

Cranes, derricks and winches, all types

Ploughs, tractor and animal-drawn, all types, accessories and parts thereof

Harrows and disk harrows, and accessories thereof

Cotton, wheat and corn sowers, all types

Plough shares and plough moldboards

Threshing machines in general

Hay and grass pressing machines, all types

Electrical incubators (capacity over 5,000 eggs)

Chicken brooders, automatic, operated with fuel oil

Chicken brooders, electrical, which regulate temperature automatically

Flour mills, parts and accessories thereof

Kneading machines, all types

Pulverizer hammers for pulverizing grains and other products (sugar, spices, fibrous substances, etc.)

Dryers for industrial uses

Band saws

Brick and tile manufacturing machines (softeners, soakers, presses, etc.)

Cast steel accessories, processed or otherwise, all types (crushing machinery parts, pullays, tractor metal belts, rolling sheaves, press cylinders, etc.)

Pressing machines all types and for any use except presses used in the plastics industry, printing presses, sole leather cutting presses and sole cementing presses

Oil and sulphur oil processing machinery in general (i.e. extractors of all types, presses, crushers, washers, etc.) except olive oil separators and oilseed pressing machinery

Hydrogenating machinery in general

Condensers (vacuum) autoclave, all types

Soap vats used by the soap manufacturing industry

Canned food processing and can-making machinery in general

Power-operated wheels and brushes and parts thereof

Marble processing machinery (i.e. sawing, cutting, grinding and polishing) except man-handled, power-operated machines

Pulverizer machines (not for household use) for pulverizing different kinds of seeds

Electric generators up to 20KW, parts and accessories thereof

Electric motors up to 100 h.p., parts and accessories thereof

Parts and accessories for cement kilns (made of fireproof steel)

Water gauges for measuring volume and rate of flow having a diameter of up to 2 inches.

List B (Imports of Machinery)

Following the ministerial decision of 19 January 1963, the machinery, spare parts and accessories specified below are no longer subject to the pre-import approval from the Ministry of Industry and may be imported without prior licence:

Transmission V-belts endless and open, and link belts

Transmission belting of pure rubber, cotton, flax, and leather

Bobbins of papier mache and cones for the creek of beaming machines, millstones

Diamond-edge circular saws for processing marble

Sickles, scythes, rakes, hoes, forks, pick-axes, mattocks

Hayforks and gravel forks

Saw blades

Pruning scissors and grafting knives

Four-stroke gasoline engines up to 150cc and two-stroke gasoline engines up to 100 cc

Gasoline motors for motorbikes, motor scooters and motorcycles

Gasoline outboard motors

Liquid fuel dispensing pumps, electrically operated

Ammonia compressors and condensers

Scales for infants and bathroom scales

Scales, household, graduated in grams

Analytical scales for laboratories

Automatic weighing mechanisms for platform scales

Flower sprayers, syringe type

Water meters

Sprinkler heads

Corn shellers

Cotton ginning machinery

Electrical egg graders for automatic egg testing and weighing, and sorting eggs according to weight

Wine making machinery in general

Electrical poultry plucking machines

Disc separators for flour-milling (trieur)

Flour mill machinery rollers

Confectionery making machinery except kilns

Loom reeds

Accessories for spinning, knitting and weaving machinery, i.e. picking sticks (knockers and swords), belts, pickers of plastic material etc., except wooden bobbins and spools

Sole leather splitting machines

Skidding machines and tanning machinery in general

Shoe manufacturing presses (sole cementing presses)

Sole leather cutting presses

Marble cutting and processing machinery, hand and power operated

Woodworking machinery in general except band saws

Oilseed pressing machinery

Soap manufacturing machinery in general except soap vats

Machinery for sorting, packing and cleaning leaf tobacco

Poultry feed mixers; mixers of industrial powders used in sub-soil and surface applications which are also suitable for the preparation of agricultural medicines, synthetic feedstuffs etc., of a capacity of 100 kilogrammes and over

Valves, sluices, taps, etc.

Water, steam and gas stop valves

Gas and liquid pressure reducers for building installations and household appliances

Household electric fans and exhaust fans

Cement manufacturing kilns

Disinfecting, sterilizing and medical autoclaves, of all types

Electric arc welding apparatus

Hair-drying fixtures

Electromedical apparatus (all kinds)

Water gauges for measuring volume and rate of flow having a diameter of over 2 inches.