

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## ARTICLE XXVIII - APPLICATION OF THE SCHEDULES

### Views of the Government of Greece

The following comments on the proposals put forward by the Chairman of the CONTRACTING PARTIES in L/93 have been received from the Greek Government:

"The Greek Government having taken cognisance of the Chairman's Note (L/93 of 8 June 1953) and of the suggestions included therein, considers it useful briefly to state their views and apprehensions regarding the proposed extension of the period of time validity in order that the contracting parties may be duly informed thereof without any delay and before the Eighth Session of the CONTRACTING PARTIES:

a) "When made public, the concessions granted by Greece during the Ancey and Torquay negotiations, were regarded as excessive and far exceeding the capacity of a country which is not fully developed and which was then going through a period of reconstruction. The advantages accruing to Greece on account of her participation in the GATT have given little, if any, promotion to the volume of exports of some Greek products. Furthermore, during the years following the accession of Greece, the conditions of the domestic industry have somewhat improved and Greece has started producing products which she did not produce before. After a substantial decline which was due to the deplorable consequences of war and enemy occupation, the volume of domestic industrial production has now increased again and in many cases exceeds the prewar level. For those reasons and for reasons of a fiscal character which could not but influence any Finance Minister, the Government and all business circles in the country were awaiting with impatience, and a feeling of relief, 31 December 1953 which is the expiration date fixed by the CONTRACTING PARTIES on which it would at last be possible, by means of renegotiations, to reconsider and readjust the conditions of Greece's participation in the GATT.

b) "Two events of very serious importance which took place recently and of which the contracting parties are not unaware, have added critical seriousness to all the previously existing factors on account of which Greece was already so unfavourably disposed towards the GATT. These events are the readjustment of the par value of the drachma, i.e. the 100 per cent devaluation of the drachma, and the complete liberalisation of trade through the elimination of very severe restrictions which had hampered international trade over a period of 15 years.

c) "By adopting such drastic measures the Greek Government have shown great courage because they were fully aware of the possible risks involved, in particular when most of the countries of the world, including very prosperous nations, continue to maintain restrictions. The system of restrictions existing in Greece mitigated and neutralised the benefits accruing from tariff concessions while enabling domestic industries to maintain their activities. The elimination of restrictions has suddenly restored the primary importance which import duties assumed during the period when trade was free.

d) "It is therefore at that critical moment that the Greek Government received the suggestion of the Chairman with a view to the extension of the period of firm validity of the GATT schedules. Such a decision would confront us with a very difficult problem to which Greece would see no solution. Three ways are open to us: (i) the withdrawal of Greece; (ii) a return to a system of restrictions and the elimination of a step which the Greek Government have initiated on an experimental basis but which they would like to continue on a permanent basis in view of the fact that they regard it as a step forward, this matter being much more serious than the insignificant reduction of a few tariff items; (iii) the acceptance of the extension proposed subject to certain conditions failing which it could not be accepted. These three possible solutions will now be examined successively:

e) "Withdrawal: The advantages resulting from such a decision do not seem to be such as to solve the problems confronting the Greek economy. While Greece would find herself outside the trading community as a result of her withdrawal and would have to initiate bilateral negotiations with every country that might be of interest to her, on the other hand, for a long time to come, Greek exports would be facing serious difficulties and might lose part of their foreign outlets. Furthermore, the withdrawal of Greece would not in any way promote the trade of her trading partners.

f) "Return to restrictions: The Greek Government are convinced that the contracting parties fully appreciate all the significance of the bold measure instituted by Greece and that they would not wish in any way to contribute to its elimination as this would be tantamount to a typical failure of the GATT in such an important domain.

g) "Sine quibus conditions for an extension: The Greek Government, being fully aware of the fact that the liberalisation of Greek trade already involves for the contracting parties concessions far exceeding in value all the tariff concessions granted in Amecy and Torquay, having, furthermore, to safeguard the interests of the economy of the country which are at present greatly threatened, could not envisage any probable acceptance of an extension by Greece unless the two following conditions were met:

(i) Facilities for bilateral consultations with those of the contracting parties which have total interests in the matter, with a view to the revision of a number of concessions aimed at securing a reasonable degree of protection for Greek industrial products.

A poor country with an incipient economy and industry cannot possibly afford to maintain incidences not exceeding 3, 4, 5 or even 10 per cent, whereas major industrialised countries persist in maintaining restrictions while imposing duties which represent 30, 40 or 70 per cent protection. In order to remedy the situations which result from such injustice the Greek Government would reserve the right to request the readjustment of the concessions previously granted.

(ii) In a number of cases, in fact, immediate measures are called for because the liberalisation of trade has resulted in an uncontrollable volume of imports and it does not seem that a recourse to the provisions of Article XLX of the Agreement can be avoided. The items involved are the following: ex 62 a (iron for concrete and iron wire), ex 63 a (i) and ex 63 a, ex 2;63 b; 80 a and b.

"If a limited revision were allowed, Greece might be in a position to accept the extension proposed. Consequently, the attitude of the Greek Government will depend upon the degree of understanding shown by the contracting parties towards the very special situation of the Greek economy and the contribution which Greece has made to one of the most desirable objectives of the General Agreement, through the elimination of her restrictions."