

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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EUROPEAN ECONOMIC COMMUNITY

Association of Greece

(Replies to Questions)

Revision

Under the procedures agreed upon by the CONTRACTING PARTIES at their nineteenth session (SR.19/11), contracting parties were invited to send to the Executive Secretary the questions they wished to put to the signatories to the Agreement associating Greece with the European Economic Community concerning the provisions of the Agreement (L/1601 and Add.1) and its implementation. From the communications received, a consolidated list of questions was prepared and transmitted to the Parties to the Agreement (L/1715 and Add.1). The questions asked and the replies received are contained in this document.

* English only/anglais seulement.

GENERAL QUESTIONS

Question 1

Why is the Association Agreement based on Article 238 rather than on Article 237 of the Rome Treaty? Is it the objective of the Association Agreement to pave the way for future membership of Greece in the EEC? How will the association of Greece with EEC, after the lapse of the transitional period envisaged in the Association Agreement differ from membership in EEC?

Answer

The Agreement creating an Association between the European Economic Community and Greece is based on Article 238 of the Treaty of Rome which authorizes the Community to conclude agreements creating an association embodying reciprocal rights and obligations, joint actions and special procedures. The differences in the degree of economic development reached by the six countries of the Community, on the one hand, and Greece, on the other hand, made it impossible to envisage the application of Article 237 of the Treaty establishing the EEC, which provides only for accession, that is, acceptance of all the rights and obligations arising under the Rome Treaty.

Nevertheless, in the Preamble to the Agreement of Association the Contracting Parties recognize that "the support given by the EEC to the Greek nation's efforts to improve its standard of living will eventually facilitate the accession of Greece to the Community". Furthermore, the Contracting Parties agreed to consider the possibility of such accession "when the operation of the Association Agreement makes it possible to envisage the integral acceptance by Greece of the obligations under the Treaty establishing the European Economic Community". (Article 72.)

If, at the end of the transitional period envisaged in the Association Agreement, no agreement has been reached for the accession of Greece, the situation of Greece will differ from that of an EEC member country essentially on two points. On the one hand, Greece will not participate in the activity of the EEC institutions; on the other hand, the common policies adopted by the six countries, members of the Community, will not necessarily be extended to Greece.

Question 2

The Association Agreement, as provided for in Articles 6, 14 and 20, aims at establishing a customs union, but it contains many important exceptions (as specified in Articles 15, 18, 20, 25, 26 and 69) as to the length of the transitional period, the system of tariff reduction, Greek tariff alignment with the EEC common tariff, the treatment of ECSC products, etc. In view of these exceptions, is the Agreement consistent with the provisions of Article XXIV of GATT? Does not such a loose association lead to the creation of a new preferential area rather than a customs union in accordance with GATT definitions?

Answer

Notwithstanding the exceptions referred to in Question 2 regarding the system of tariff reduction, the alignment of the Greek tariff with the EEC common tariff, and the treatment of ECSC products, the Association Agreement, in accordance with paragraph 8 of Article XXIV provides for the elimination of duties with respect to substantially all the trade in products originating in the constituent territories of the Association and the application to third countries of substantially the same customs duties and other regulations of commerce.

Indeed, on the expiry of the transitional period referred to in Article 15 of the Association Agreement a full customs union will have been formed as a consequence of Articles 15, 18, 20 and 26. All the exceptions to the general rules for eliminating tariff or other barriers to trade within the area covered by the Agreement refer to target dates which in no case extend beyond the end of the transitional period referred to in Article 15.

FREE MOVEMENT OF GOODSARTICLE 8Question 3

Would it be possible to give some examples of goods which may be subject to an export levy and examples of the levies which may be fixed?

Answer

One example that can be given of the application of a levy would be that of exports by Greece to a member State of a product made or manufactured in Greece from raw materials imported into Greece under temporary duty-free admission treatment.

The percentage of the duties in the common customs tariff to be taken into consideration in fixing the rate of the levy referred to in Article 8 will be determined by the Association Council, which will be set up only after the Association Agreement comes into force.

Question 4

Are the provisions of this Article to apply beyond the transitional period?

Answer

Article 8 applies to products from third countries which are not given free pratique either in the EEC member States or in Greece. Legally Article 8 could be applied beyond the transitional period but, it would appear that, from that time onwards, its application would hardly have any practical value.

ARTICLE 10

Question 5

What is meant by "disparities"? How can they result from the application of restrictions permitted under the Agreement?

Answer

The word "disparities" means differences arising from the application of different systems as a result of the implementation of the Association Agreement. Such disparities may result from the imposition of restrictions authorized under the Agreement, because the Agreement does not provide for the immediate harmonization of restrictions.

Question 6

What is to be understood by threatened diversions of trade and "economic difficulties"? Would it be possible to give some examples? Will a reduction in the existing volume of trade, or of the existing share in trade of any third country be considered as a diversion of trade?

Answer

The expression "threatened diversions of trade" should be understood to refer to the possibility that changes in trade flows might occur as a result of disparities in the application of customs duties, quantitative restrictions or any other import measure having equivalent effect, or any other trade policy measures. The concept of "economic difficulties", referred to in the Association Agreement, has not been given any precise definition. It will be the function of the Association Council to decide in each case the scope of this concept.

At the present time, it is impossible to give concrete examples or to express an opinion in the abstract as to whether a reduction in the volume of trade or the existing share in trade of a third country would be considered as a diversion of trade.

Question 6 bis

What is meant by "any losses which may ensue"? Would it be possible to indicate, in general, what losses might render it necessary for the Association Council to "recommend suitable measures for avoiding any losses"?

Answer

The terms "losses", "diversion of trade" and "economic difficulties" should be taken together. It is impossible at the present stage to define this idea in more detail. In any case the interpretation of this concept falls within the competence of the Association Council.

Question 7

Is there any limit to the number and value of goods which may be listed under paragraph 4?

Answer

There has been no limit set for drawing up the list of goods in respect of which a Contracting Party to the Association Agreement could consider that, because of disparities in customs duties, diversions of trade were likely to occur. Provision, however, is made for a time-limit, as the list has to be drawn up before the end of the first year.

Question 7 bis

What criteria would be followed for removing goods from this list and submitting them to the régime envisaged in Chapters I and II of Part II of the Agreement?

Answer

When it makes its periodical reviews with a view to the gradual abolition of the lists referred to in paragraph 4 of Article 10, the Association Council will determine whether diversions of trade in respect of the products included in the said lists are still likely to occur.

ELIMINATION OF CUSTOMS DUTIES AS BETWEEN
THE CONTRACTING PARTIES

ARTICLE 15

Question 8

This Article provides for a transitional period of twenty-two years for the establishment of a customs union between Greece and the EEC for a specified range of commodities. What were the criteria used in setting twenty-two years as the transition period?

Answer

In the case of some tariff items listed in Annex I of the Association Agreement, a protracted transitional period was felt to be necessary in order that certain industrial concerns in Greece, whose products will be exposed to increased competition, can be adapted. It was agreed that Greece, which is less economically developed than the other countries Parties to the Agreement, should be granted a longer period of adaptation. In the case of the six countries members of the Community, a twelve-year period was considered essential to enable national economies to adapt themselves to the enlarged domestic market; a twenty-two-year period can therefore be regarded as taking account of the degree of economic development of Greece.

Question 9

What criteria have been used in selecting goods for inclusion in Annex I to the Agreement?

Answer

The products listed in Annex I of the Association Agreement are manufactured in Greece and might be more particularly sensitive to increased competition.

Question 10

What is the value of Annex I items with respect to imports into Greece from the EEC and other countries?

Answer

Imports into Greece from countries members of the Community, of the products listed in Annex I of the Association Agreement, as it reads at present, amounted to \$75.2 million in 1958, while the corresponding figure for imports from third countries was \$80.1 million.

ARTICLE 17:3

Question 11

If a fiscal duty is replaced by a domestic tax, will it be removed from imports from third countries?

Answer

Under Article 17, paragraph 3, of the Association Agreement, which deals with trade between the Contracting Parties to the Agreement, a Contracting Party may substitute domestic tax for a fiscal duty. The application of fiscal or other duties to third countries is governed by the provisions of the Agreement concerning the introduction of the common customs tariff.

Question 12

Can the domestic tax be larger than the duty it replaces?

Answer

The Association Agreement does not lay down any specific level for the domestic taxes to be substituted for fiscal duties.

ARTICLE 18

Question 13

What is meant by the phrases "new activities", "new processing industry" and "special form of production" in paragraph 1?

Answer

The "new activities" and "new processing industries" mentioned in the Association Agreement refer to particular industries that did not exist in Greece when the Agreement came into force. "Special form of production" means a clearly defined form of production.

Question 14

If action pursuant to this Article results in the increase of a rate which was previously bound to a third country in the GATT, will Greece or the EEC meet the requirements of Article XXVIII of the GATT to negotiate compensatory concessions in the common tariff? If not, how will compensation be effected?

Question 15

If duties are raised above the current Greek tariff levels, will the same rates apply to contracting parties of the GATT as apply to the EEC?

Question 16

Provision is made in paragraph 3 for Greece to advise the Association Council of tariff increases introduced under this Article. Can it be assumed that similar notification of modification or withdrawal of concessions by Greece will be advised to contracting parties?

Answer to questions 14, 15 and 16

Article 18 refers only to relations between the Contracting Parties to the Association Agreement and cannot therefore affect in any way the rights or obligations of Greece as regards its relations with third countries not members of the Association.

Question 17

Is there any limit on the time to which the Association Council may, pursuant to the authority of paragraph 5, extend the option given Greece under paragraph 1?

Answer

Article 18, paragraph 5, does not lay down any limit on the time within which the Association Council may extend the option given Greece under paragraph 1.

Nevertheless, the measures taken under this provision can only be of a provisional nature since, under the last sub-paragraph of paragraph 5, "The Association Council shall decide on the procedures for operating these measures and the conditions governing their elimination". Furthermore, paragraph 4 provides for the abolition of the duties established by Greece under Article 18 not later than the end of the transitional period laid down in Article 15.

Question 18

Is there any limit on the percentage of Greek imports which may be affected by duty increases authorized by the Association Council pursuant to the authority of paragraph 5(b)?

Answer

Under paragraph 5(b) of Article 18 the Association Council may impose tariff measures in deviation from the provisions of Article 18, paragraph 2. It is, however, stipulated that the Council will determine the procedures and the conditions governing their elimination.

Question 19

Assuming that the quotas permitted under paragraph 5(c) are applied against other contracting parties to the GATT, would they be applied in a manner which is non-discriminatory as between them and the EEC? How would they be reconciled with Article XI of the GATT?

Answer

Article 18 refers only to relations between the Contracting Parties to the Association Agreement; it cannot, therefore, affect the rights or obligations of Greece from the point of view of its relations with third countries.

ADOPTION BY GREECE OF THE COMMON CUSTOMS TARIFF

ARTICLE 20

Question 20

When will Greece adopt the nomenclature of the EEC's common tariff?

Answer

Since 1960 Greece has been applying the Brussels customs nomenclature on which the EEC's common customs tariff is based; with regard to certain sub-items, Greece will adopt the nomenclature of the EEC's common customs tariff as and when they are aligned on this tariff.

Question 21

Will the association of Greece with the EEC affect the common tariff of the EEC referred to in Article 19 of the Rome Treaty?

Answer

The Association Agreement does not provide for any changes to be made to the EEC's common customs tariff.

Question 22

Information is desired as to the "duties actually applied by Greece as from the entry into force of the Agreement". Will these duties form the basis for the examination of the Agreement according to GATT Article XXIV:5(a)?

Answer

The duties actually applied are those listed in the Greek customs tariff, except for the products mentioned in Protocol No. 7, on which the duties have been suspended.

The duties to be taken into consideration are those figuring in the Greek customs tariff at the time of the entry into force of the Agreement.

Question 23

When will renegotiations under Article XXIV:6 take place in respect of such Greek tariff concessions as can no longer be applied to GATT countries outside the Common Market because of the customs union? Who will act as negotiator at such renegotiations? How is compensation envisaged?

Answer

As regards possible tariff renegotiations under Article XXIV:6 of the General Agreement, it should be noted that the first alignment by Greece to the level of the customs tariff applied by the Association will only be made three years after the Agreement comes into force. The procedure for renegotiation will be laid down in due course. Compensation for the withdrawal of, or changes in, tariff concessions granted prior to the Association Agreement would be provided in accordance with Article XXIV:6 of the General Agreement.

Question 24

For a certain number of products Greece will be entitled "to defer until the end of the transitional period the reductions of its customs duties vis-à-vis third countries". What is meant by "a certain number of products" and on what basis are these to be selected?

Answer

Article 20, paragraph 3, stipulates that in the case of a certain number of products, Greece shall be entitled to defer until the end of the transitional period the reductions of its customs duties vis-à-vis third countries. Article 20 limits the number of products affected by this arrangement to 5 per cent of the value of total imports during 1958 and, in addition, lays down special procedures in the form of consultation in the Association Council. Nothing definite, however, is said about the basis selected for determining these products.

Question 25

Greece will be permitted to maintain for a certain number of products on expiry of the transitional period rates of duty to third countries at a level higher than the common tariff. How are "a certain number of products" to be selected? What kind of products will be thus treated? Will they include any product in which there was no trade in 1958?

Answer

As in the case of the first sub-paragraph of Article 20, paragraph 3, only a quantitative limit is specified, namely, 3 per cent of the value of total imports in 1958; a specific procedure is also laid down in the form of consultation in the Association Council. Nothing specific, however, is said about the criteria for selecting the products to be so treated. As the statistical basis chosen is the "total" imports in 1958, it is not necessary that the product enjoying this exceptional treatment should appear in the trade statistics for the base year.

Question 26

On what grounds can higher rates applicable to third countries be justified? Is this provision not inconsistent with Article XXIV:8(a)(ii) of GATT? Is Greece limited as to the height of the duties above the common tariff which it is allowed to maintain toward third countries? Is there any limitation on the length of time that such duties may be maintained?

Answer

Application to third countries of higher rates of duty can be justified by the need for special protection resulting, for instance, from geographical factors. The duties applied by Greece may not exceed the corresponding duties in the common customs tariff to such an extent that they adversely affect the free movement of goods within the Association. There is no limitation on the length of time that these duties may be maintained.

The provisions of paragraph 8(a)(ii) of Article XXIV regarding customs unions stipulate that the customs duties applied by each of the members of the union to the trade of territories not included in the union must be substantially the same. If Greece applied higher customs duties to third countries, it would not be an infringement of this rule.

Question 27

What is the intent of prohibiting, except with the consent of the Association Council, the acceleration of the internal reduction of duties on Annex I items?

Answer

Article 20, paragraph 3, sub-paragraphs 4 and 5, does not prohibit the acceleration of the internal reduction of the duties applicable to the products in Annex I.

Question 28

In view of the provisions of Article 20 (and having in mind the provisions of paragraphs 4 and 5(a) of GATT Article XXIV), may not the duties for third countries, imposed at the institution of the Agreement or in the course of alignment, be on the whole higher than the general incidence of the duties applicable in the constituent territories prior to the formation of the Association?

Answer

The Parties to the Association will implement the Agreement in such a way that the customs duties applied to third countries, imposed at the time of the establishment of the Association, are not, on the whole, higher than the general incidence of the duties applicable in the constituent territories prior to the formation of the Association.

ARTICLE 21

Question 29

This Article provides for the maintenance of bilateral trading arrangements between Greece and third countries and permits Greece to grant tariff quotas at a reduced rate of duty or duty free to such bilateral trading partners. How can this Article be reconciled with Greece's obligations under provisions of the General Agreement? Will Greece assure the CONTRACTING PARTIES that its action will be consistent with the General Agreement, Article I thereof in particular?

Question 30

Would the tariff quotas mentioned in this Article be open to all GATT contracting parties, or would they discriminate in favour of the country with which Greece has the bilateral trade agreement?

Answer to questions 29 and 30

Under Article 21 Greece may grant tariff quotas on two conditions:

- (a) that such quotas are granted in respect of certain products imported from countries with which Greece has bilateral trade agreements, and
- (b) that the operation of these agreements with such countries is substantially affected by operation of the provisions of the Association Agreement.

In such case, any problems which may arise vis-à-vis the contracting parties to the General Agreement will be settled in accordance with the provisions of the General Agreement.

Question 31

In which cases will it be considered that the operation of bilateral trade agreements is "substantially affected" by operation of the provisions of the Association Agreement? Is Greece entitled to decide on its own that such a situation has arisen? Does the requirement of the prior consent of the Association Council apply to ascertaining whether such a situation exists or only to the separate tariff quotas, their scope and the rate of duty reduction? If the operation of an agreement is affected as a whole, will Greece be entitled to accord, by way of tariff quotas, the same duty reductions as are accorded to countries members of EEC with respect to the entire scope of the agreement? Is Greece entitled to accord tariff quotas only after its trade (based on the trade agreements) has been substantially affected or when there is a threat of trade diversion such as envisaged in Article 10?

Answer

The cases in which Article 21 will be applied are not defined in the Association Agreement. It is however, recognized that the tariff quotas referred to in Article 21 may only be granted if the operation of the bilateral trade agreements is substantially affected by the operation of the Association Agreement. The Association Council will have to give its prior consent to the granting of tariff quotas at reduced rates of duty or duty free, after determining whether the conditions laid down in Article 21 are met; Protocol No. 8 stipulates, however, that, subject to the conditions defined in the said Protocol, the Community shall not object to Greece granting tariff quotas (see also Question 72).

The tariff quotas which Greece may grant, under Article 21 and Protocol No. 8 and in accordance with the conditions defined therein may apply to all or some of the products covered by bilateral trade agreements concluded by Greece.

In the above circumstance, Greece is entitled to grant tariff quotas if its trade under bilateral agreements is substantially affected by the Association Agreement but not when it is found that diversion of trade is threatened; such a finding should be based on the existence of factual circumstances detrimental to trade with a third State not belonging to the Association.

Question 32

Are the bilateral trade agreements those in force at the time the Agreement of Association was signed or do they include those made subsequently?

Answer

Article 21 may be applied to all agreements concluded by Greece which are in force when detrimental factual circumstances are found to exist.

Question 32 bis

Which are the bilateral agreements referred to in this Article? Which are the commodities affected by these bilateral agreements, and what special provisions have been made for them?

Answer

The reference is essentially to the bilateral agreements under which payments are not made in convertible currencies. In principle, the commodities concerned are listed in the schedules annexed to such agreements.

ELIMINATION OF QUANTITATIVE RESTRICTIONS AS BETWEEN THE
CONTRACTING PARTIES

ARTICLE 23Question 33

What is the meaning of "consolidated" within the context of this Article?

Answer

If a list of liberalized products is bound by a Contracting Party, this implies an undertaking on its part not to introduce further quantitative restrictions or measures having equivalent effect in respect of the products concerned unless the Contracting Party resorts to a safeguarding clause in the Association Agreement

Question 34

Does Greece intend to liberalize quantitative restrictions toward other GATT contracting parties as it liberalized toward the EEC?

Answer

One cannot anticipate the kind of policy which will be followed in this respect. The possibility of liberalization measures being adopted will depend on the conditions prevailing in future.

Question 35

What assurance is there that quantitative restrictions retained or reintroduced consistently with the provisions of Article 23 will not prevent the formation of a customs union as defined in paragraph 8(a)(i) of Article XXIV of the GATT?

Answer

Under the Association Agreement, all quantitative restrictions on trade between the constituent territories must be abolished on the expiry of the transitional period (Article 25, paragraph 5; Article 26, paragraph 8; Articles 33 and 35). These provisions go beyond the

obligations resulting from paragraph 8 of Article XXIV under which the restrictive regulations of commerce must be substantially eliminated except where necessary those permitted under Articles XI, XII, XIII, XIV, XV and XX of the General Agreement.

Question 36

Are the "global quotas" mentioned in paragraph 4 to be open to all GATT contracting parties?

Answer

Article 23, paragraph 4, refers solely to the régime applicable to trade relations between countries members of the Association irrespective of any other measures which Greece may take vis-à-vis the contracting parties to GATT.

ARTICLE 26

Question 37

Since the quotas mentioned in paragraph 2 presumably will not be open to all GATT contracting parties, what steps will be taken to ensure Greek compliance with the provisions of Article XIII:2(d) of the GATT?

Answer

The quotas referred to in paragraph 2 of Article 26 are those open to member States of the EEC. Their gradual increase should make it possible to eliminate the restrictive regulations of commerce mentioned in paragraph 8(a)(i) of Article XXIV.

Question 37 bis

Under what Article of GATT will the Greek Government justify the discrimination in favour of member States of the EEC which would arise if the global quotas referred to in paragraph 2 were not open to all contracting parties?

Answer

Under Article XXIV of the General Agreement.

Question 37 ter

Will the quotas mentioned in paragraph 2 be open to all contracting parties when there is an improvement in the Greek balance-of-payments position resulting from the implementation of Protocol No. 19?

Answer

As Protocol No. 19 constitutes a contribution to the expansion of the Greek economy, there is no need to link up the implementation of this Protocol directly with any trade policy measures which Greece may, in future, adopt towards the contracting parties to the General Agreement.

The elimination of quantitative restrictions on imports into Greece from the Community, under Article 26 of the Association Agreement, will result from the gradual introduction of the customs union and will not depend on the Greek balance-of-payments position.

Article 26 refers only to the relations between the Contracting Parties to the Association Agreement, irrespective of any other action which Greece may take vis-à-vis the other contracting parties to the General Agreement.

Question 37 quater

Under what Article of GATT will the Greek Government justify the non-liberalization of products referred to in paragraph 2?

Answer

The non-liberalization in Greece of a certain number of products is not related to the Association Agreement.

Question 38

Will the abolition of quotas pursuant to paragraph 7 be extended to all GATT contracting parties?

Answer

Article 26, paragraph 7, refers to the member States of the Community, irrespective of any other measure which Greece may take vis-à-vis the contracting parties to GATT.

Question 39

Does paragraph 8 refer to imports from EEC sources only or all sources?

Answer

The provisions of Article 26, paragraph 8, apply to imports from EEC member States.

ARTICLE 27

Question 40

What particular obstacles to trade does this Article refer to?

Answer

The obstacles to trade referred to in Article 27 are measures equivalent to quotas, an expression the meaning of which has not been more closely defined in the Association Agreement.

ARTICLE 31

Question 41

How will the operation of monopolies in their trade with third countries be adjusted to take into account the actions required under this Article?

Answer

The obligations arising under Article 31 refer only to relations between the EEC, on the one hand, and Greece, on the other hand.

Question 42

Is it the effect of the last sentence of paragraph 4 that treatment of products of member States will be different from the treatment accorded to third countries after a decision of the Association Council? How?

Answer

The last sentence of paragraph 4 of Article 31 means that, pending the decision of the Association Council regarding the procedures and timing for adapting Greek monopolies, EEC member States are not obliged to grant Greece the advantages of the customs union for the products in question.

Once the decision has been reached, the conditions attaching to membership in the customs union will be gradually achieved.

Question 43

What are the "existing international agreements" referred to in paragraph 5?

Answer

Article 31, paragraph 5, is intended to suspend the obligations of a Party to the Association Agreement which is obliged, under an international agreement, to maintain a national monopoly.

Question 44

Does paragraph 6 leave State monopolies free to discriminate in operations affecting the international trade of Parties to the Association Agreement in agricultural products listed in Annex II? What would be the effect of the exemption accorded in this paragraph?

Answer

Since a national monopoly for an agricultural product normally constitutes one of the elements of market organization, the adjustment of any such monopoly to the requirements of the customs union must be continued during the gradual harmonization of the agricultural policies of EEC and Greece.

ARTICLES 23-31

Question 45

Although no reference is made, in these Articles, to Greek commercial-policy measures applied to third countries, will such measures vis-à-vis third countries be adjusted to EEC common commercial policy within the twenty-two years' transitional period? If so, in the light of the provisions of paragraphs 4 and 5(a) of GATT Article XXIV, will common commercial regulations of the Association in relations with third countries, or at the institution of the Association or in the course of the adjustment, not on the whole be more restrictive than the general incidence of the commercial regulations applicable in the constituent territories prior to the formation of the Association?

Answer

Article 64 of the Association Agreement lays down the procedures according to which the commercial policies of the Parties to that Agreement will be co-ordinated. On the expiry of the twelve-year period laid down in Article 6, the Community and Greece will strengthen, in the Association Council, the co-ordination of their commercial policies with a view to achieving a commercial policy based on uniform principles.

The Parties to the Association Agreement will take steps to ensure that, when the Association is set up, commercial regulations, both as a whole and as regards trade with countries not members of the Association, are not more restrictive than were the commercial restrictions in force in the constituent territories prior to the formation of the Association.

AGRICULTURE

ARTICLES 35-38

Question 46

Does the first paragraph of Article 35, together with Articles 36, 37 and 38 mean that Greece must declare its readiness to harmonize its policies before the rules for elimination of customs duties and restrictions on trade between the Community and Greece and for the introduction by Greece of the common customs tariff can be applied to items listed in Annex II but not in Annex III?

Answer

In the case of the agricultural products not listed in Annex III, Greece must declare its readiness to harmonize its policies before the Association Council can decide on the conditions for the abolition of restrictions on trade between the Community and Greece. On the other hand, no declaration is needed for the introduction in Greece of the common customs tariff. Under paragraph 2 of Article 38 Greece may postpone for the products in question, the introduction of the common customs tariff pending the decision of the Council referred to in Article 35.

Question 46 bis

What would be the situation by the end of the transitional period specified in Article 15 with respect to the application of the common tariff and the elimination of duties and other restrictive regulations of commerce between the Community and Greece for:

- (a) Items listed in Annex III on which agricultural policies of Greece and the Community had been harmonized?
- (b) Items listed in Annex III on which agricultural policies of Greece and the Community had not been harmonized?
- (c) Items listed in Annex II but not in Annex III on which agricultural policies of the Community and Greece had been harmonized?
- (d) Items listed in Annex II but not in Annex III on which agricultural policies of the Community and Greece had not been harmonized?

Answer

According to the last paragraph of Article 33, taken jointly with Article 35, the abolition of restrictions on trade between the Community and Greece and the introduction by Greece of the common customs tariff must be achieved not later than the end of the transitional period referred to in Article 15.

Question 47

What percentage of agricultural trade between Greece and the member States of the Community is exempted from the obligation not to introduce new quantitative restrictions and equivalent measures by the qualification contained in the concluding portion of paragraph 2(b) of Article 37?

Answer

This question would require a complicated statistical study which cannot at present be undertaken because all the necessary data are not available.

ARTICLE 40

Question 48

What situations are envisaged by the clause "that trade is not developing harmoniously"?

Answer

It may happen that trade will expand much more considerably for one of the Parties to the Association Agreement. This would mean disrupting the very harmony that it is proposed to secure in the expansion of trade on both sides.

Question 49

Is there any limit on the Association Council's power to "decide on the action to be taken"?

Answer

The provisions of Article 40 do not limit the power of the Association Council.

Question 50

Would it be possible to give an example of such a development and of the corresponding action envisaged?

Answer

The determination as to whether trade is developing harmoniously or not and as to what action may be necessary falls within the province of the Association Council.

Question 51

Is there any limit to the Association Council's power to revise the list in Annex III?

Answer

The provisions of Article 40 do not limit the power of the Association Council.

ARTICLE 41

Question 52

Would suspension of imports permitted by paragraph 1 be applied to imports from other contracting parties to the GATT?

Answer

The commercial policy measures to be taken by the Parties to the Association Agreement are not governed by Article 41 of this Agreement.

Question 52 bis

How would the provisions of paragraph 1 be reconciled with Article XI of the GATT?

Answer

The system of minimum prices referred to in this Article does not affect the obligations under the General Agreement of the Parties to the Association Agreement vis-à-vis countries non-members of the Association.

Question 53

Does "their price" in paragraph 1 include customs duties?

Question 54

Could the system of minimum prices and the suspension of imports below such prices be explained in greater detail?

Answer to Questions 53 and 54

Article 41, paragraph 1, envisages the possibility of adopting two different procedures in applying the minimum price system.

In the first case, the Parties to the Association Agreement may fix, for a certain product, a price and may rule that, in case the price on the home market for the same product falls below the price mentioned - minimum price - imports will be temporarily suspended or reduced. Consequently, customs duties do not come into consideration in the fixing of this minimum price.

In the second case, the Parties to the Association Agreement may fix, for a certain product, a minimum price and may rule that imports may only be made at a price above the minimum price fixed. In this case, since it is a price franco-frontier of the importing country, the Association Agreement stipulates that this price should be fixed exclusive of customs duties.

Question 55

Are there any limits to the extent to which application of this Article would permit Greece and the Community respectively to continue protecting their domestic agriculture against imports from the other. What assurances are there that this provision will not frustrate the intent of Article XXIV of the GATT?

Answer

The provisions of this Article are meant to settle difficulties which may arise during the transitional period referred to in Article 15 of the Association Agreement and pending harmonization of the agricultural policies of Greece and the Community, which in fact is to be achieved not later than the end of the transitional period. Consequently, the provisions of this Article cannot frustrate the intent of Article XXIV of the General Agreement.

ARTICLE 43Question 56

What products now form the object of marketing arrangements or are subject to domestic regulations of equivalent effect in the member States of the Community and in Greece?

Answer

In general, products for which there is a body of marketing regulations guaranteeing the employment and living standards of the producers concerned are regarded as forming the object of national marketing arrangements. This is particularly so in the case of cereals and sugar in the EEC countries.

It should, furthermore, be noted that the provisions of Article 43 are intended to regulate transitional situations pending the harmonization of the agricultural policies of the EEC and Greece referred to in Article 33 of the Association Agreement.

Question 57

Is there any limit to the number of products and the volume of trade which could be subjected to import or export charges pursuant to the provisions of this Article?

Answer

The only limitations to the application of this Article are the criteria laid down in Article 43.

PROVISIONS CONCERNING COMPETITION, FISCAL REGULATIONS AND THE
APPROXIMATION OF LAWS

ARTICLE 53

Question 58

Is the effect of this Article any different from that resulting from the obligations already existing between Greece and the EEC under paragraph 2 of Article III of the GATT?

Answer

Article 53 is based on the provisions of Articles 95, 96 and 97 of the Treaty establishing the EEC. Article 53, therefore, differs from paragraph 2 of Article III of the General Agreement in that it lays down the principle of non-discrimination both for imports and for exports. Furthermore, Article 53, as well as Article 97 of the Rome Treaty, allows the Parties to the Association Agreement which levy a turnover tax calculated by a cumulative multi-stage system to fix average rates for the compensatory taxes levied on imports and the rebates granted on exports.

ARTICLE 56

Question 59

How are "dumping practices" in the sense of paragraph 1 defined?

Answer

The concept of "dumping practices", referred to in paragraph 1 of Article 56 of the Association Agreement, does not deviate from the general definition of the expression given by GATT.

ECONOMIC POLICY

ARTICLE 59

Question 60

Will measures adopted to implement this Article affect the compliance of the Parties to the Association Agreement with their other international obligations in regard to exchange rate policy?

Answer

The Parties to the Association Agreement have undertaken to treat their exchange rate policy as a matter of common interest. In so doing, they will be complying with the obligations incumbent on them under other international agreements.

ARTICLE 60

Question 61

Does the provision that "safeguarding action" should cause "the least possible disturbance in the functioning of the Association" mean that the measures taken might involve preferential treatment for trade between the Parties to this Agreement?

Answer

The provision that "safeguarding action" should cause "the least possible disturbance in the functioning of the Association" means that the action taken may involve preferential treatment for trade between the Parties to the Agreement.

ARTICLE 61

Question 62

Is it envisaged that the liberalization measures described in this Article would apply equally to all IMF members?

Answer

The measures to be taken under Article 61 concerning liberalization of payments have not yet been decided upon and, at the moment, it is impossible to say whether they will, or will not, be extended to countries non-members of the Association. They will not, however, affect the rights acquired by the latter under existing international agreements.

ARTICLE 62

Question 63

In what ways is it contemplated that member States of the Community would facilitate the investment in Greece of capital from the countries of the Community?

Answer

The consultations referred to in paragraph 1 of Article 62 with a view to facilitating, as between the member States of the Community and Greece, the capital movements which promote attainment of the aims of the Agreement, have not yet been held.

ARTICLE 63

Question 64

Are the provisions of this Article intended to require the specified treatment of exchange restrictions on transactions between member States of the Community and Greece even in circumstances in which this treatment may not be extended to other members of the IMF?

Answer

Article 63 governs the relations between the Parties to the Association Agreement regarding capital movements in a way which does not necessarily involve preferential treatment. Indeed, the Parties to the Association Agreement will endeavour to simplify existing arrangements, or at least not make them more restrictive.

ARTICLE 64

Question 65

If there is disagreement concerning the actions to be taken under paragraph 1, how will it be resolved:

- (a) During the transitional period?
- (b) After the transitional period?

Answer

The solutions to be adopted under paragraph 1 of Article 64 must be concerted, by joint agreement between the Parties to the Association Agreement, in the Association Council, both during the transitional period and after the latter expires.

On the expiry of the transitional period referred to in Article 6 of the Association Agreement, the Community and Greece will strengthen in the Association Council the co-ordination of their commercial policies in order to achieve a trade policy based on uniform principles.

Question 66

To what degree will the co-ordination of trade policies pursuant to Chapter 3, Title II of the Rome Treaty, or under any other provisions of the Treaty, bear upon Greece? Will Greece be entitled, under the Association Agreement, to enter independently and on its own behalf into trade agreements and arrangements without prior co-ordination with members of EEC? What will be the difference in this respect between the situation during and after the transitional period?

Answer

Article 64 makes no provision for a common trade policy between the Parties to the Association Agreement but only for co-ordination of their respective trade policies. To this end a procedure is laid down providing for exchanges of information on the agreements embodying tariff or trade provisions and on the changes that a Contracting Party may make in its foreign trade system. Should these agreements have a special bearing on the functioning of the Association Agreement, prior consultation would take place in the Association Council. On the expiry of the transitional period, co-ordination of trade policies will be strengthened in order to establish them on uniform principles.

GENERAL AND FINANCIAL PROVISIONS

ARTICLE 69

Question 67

Is a special agreement with the Coal and Steel Community envisaged?

Answer

The provisions of the Agreement between Greece and the EEC do not apply to the products covered by the Coal and Steel Community; this, however, does not preclude the possibility of a later arrangement with Greece about these products.

Question 68

What percentage of trade between Greece and the member States of the Community is excluded from the operation of the provisions of the Association Agreement by virtue of this Article?

Answer

In 1958 imports of ECSC products into Greece represented 9.8 per cent of the total imports from the Community.

PROTOCOL NO. 1 - PUBLIC CONTRACTS

Question 69

Does this Protocol envisage that with respect to public contracts suppliers in member countries and in third countries will be accorded different treatment?

Answer

It is clear from the text of Protocol No. 1 that the abolition of discrimination on grounds of nationality, as referred to in Article 5, will be carried out gradually in the field of public contracts. Such abolition refers only to discrimination practised against the nationals of countries Parties to the Association Agreement but does not in any way prejudice the treatment to be applied to the nationals of countries not members of the Association.

PROTOCOL No. 4 - GERMAN DOMESTIC TRADE

Question 70

With reference to paragraph 3, what kind of "difficulties" are envisaged? What kind of "measures" do the Parties to the Agreement contemplate taking for the settlement of such difficulties?

Answer

The "difficulties" mentioned in Protocol No. 4, paragraph 3, refer to the difficulties which led up to the drafting of paragraph 3 of the "Protocol relating to German domestic trade and connected problems", annexed to the Treaty establishing the EEC. In order to cope with these difficulties consideration should be given to the measures which may be taken under the above-mentioned Protocol.

PROTOCOL NO. 5 - GOODS ORIGINATING IN OR COMING FROM NON-MEMBER COUNTRIES

Question 71

Can any precision be given as to the "certain goods" and "certain countries" to which this Protocol refers?

Answer

Protocol No. 5 refers to countries and territories not members of the Association which enjoy special customs treatment in one of the Parties to the Association Agreement. They include:

- countries and territories associated with the Community to which the provisions of Part Four of the Rome Treaty apply;
- countries referred to in the Protocol annexed to the Rome Treaty relating to goods originating in and coming from certain countries and enjoying special treatment on importation into one of the member States of the Community.

The expression "certain goods" means goods originating in or coming from the above-mentioned countries and territories which enjoy special customs treatment.

PROTOCOL NO. 6 - SPECIAL TREATMENT TO BE APPLIED IN TRADE WITH GREECE

Question 71 bis

Paragraph 3 of Article 14 provides for a reduction of 10 per cent of the duties in force between the Contracting Parties to the Agreement with effect from the date of entry into force of the Agreement. On that date, according to this Protocol, member States of the EEC will reduce by 30 per cent their duties on imports from Greece. Is it intended that the 10 per cent reduction will be included in the 30 per cent reduction provided for in the Protocol, or additional to it?

Answer

The 10 per cent reduction referred to in Article 14, paragraph 3, will be replaced by the reductions referred to in Protocol No. 6.

PROTOCOL NO. 8 - TARIFF QUOTASQuestion 72

This Protocol provides that the tariff quotas shall be restricted to 10 per cent of the value of Greek imports from third countries in the last year for which statistics are available. Is it intended to ensure that the size of such quotas will correspond to the value of Greek imports from third countries in the last year before the association of Greece with EEC? Or is it intended to reduce gradually the scope of tariff quotas? Does this system not represent a setting aside of commercial considerations? Does it not deprive trade of possibilities and does it not introduce an element of uncertainty which could deter Greek importers from developing trade? Will this system not lead to the restriction of mutually advantageous trade and to the reduction of import opportunities from Greece?

Answer

The tariff quotas granted under Article 21 will not give rise to any objections on the part of the Community to the extent that they will not exceed 10 per cent of the value of Greek imports from countries non-members of the Association during the last year for which statistics are available and to the extent that, in the case of each product, the conditions laid down in the Protocol are complied with. Over and above those amounts, the prior agreement of the Association Council is needed for the granting of such quotas by the Greek Government.

PROTOCOL NO. 10 - MODIFICATIONS IN THE COMMON CUSTOMS TARIFFQuestion 73

Does paragraph 4 mean that imports from Greece will be included in the total amount which may benefit from tariff quotas?

Answer

The Community will give Greece the benefit of the tariff quotas which it may open for the five products listed in paragraph 1 of Protocol No. 10 to the extent that Greece is not treated more favourably under the Association Agreement.

PROTOCOL NO. 11 - PRELIMINARY DEPOSITSQuestion 74

Is it intended that Greece shall reduce and abolish the system of prior import deposits on a non-discriminatory basis? Is it envisaged that Greece shall eliminate the requirements more rapidly than required by Articles 14 and 15 of the Association Agreement, should Greece's economic situation warrant it, as suggested in Article 16?

Answer

Protocol No. 11 deals only with the deposits which must be made by Greek importers before importing certain goods from member States of the EEC.

Protocol No. 11 refers to Articles 14 and 15 of the Association Agreement but makes no reference to Article 16. Nevertheless, a possible acceleration of the measures referred to in this Protocol is neither specifically provided for nor precluded by the text of the Association Agreement.

PROTOCOL NO. 13 - EXPORTS OF AGRICULTURAL PRODUCTS TO GREECE

Question 75

What percentage of trade between Greece and the member States of the Community consists of the commodities included in the schedule annexed to this Protocol?

Answer

In 1960 exports by member States of the Community to Greece of the products included on the list annexed to Protocol No. 13 (7.334 million dollars) represented 3.25 per cent of the total EEC exports to Greece (225.749 million dollars).

PROTOCOL NO. 14 - GREEK EXPORTS OF WINE

Question 76

How do the provisions for maintenance of import duties within the Community and the Association on wine and must conform with the provisions of Article XXIV of the GATT?

Answer

Protocol No. 14 contains no provisions anywhere for the maintenance of import duties; within the Community and the Association, on wine and must.

The customs duties on imports of wine made from grapes and of grape must in addition to the tariff quota are subject to the general provisions of the Association Agreement concerning the abolition of customs duties on trade in agricultural products. The customs duties applied to the tariff quotas for the same products are reduced according to the procedure adopted for reducing duties between member States of the EEC.

PROTOCOL NO. 15 - IMPORTS OF TOBACCO

Question 77

Under this Protocol EEC countries which have tobacco monopolies undertake to maintain their imports of Greek raw tobacco at a minimum level based on an average of their 1957-59 imports. Is it considered that these guaranteed marketing arrangements are compatible with the GATT and, if so, under which provisions?

Answer

The guaranteed marketing arrangements laid down in Protocol No. 15 were fixed on the basis of the trade in tobacco during a reference period, due allowance being made for the trade considerations mentioned in Article XXIV of the General Agreement. These guaranteed marketing arrangements for the quantities specified by the Protocol are not, in the opinion of the Parties to the Association Agreement, incompatible with the provisions of Article XVII, as they are based on trade considerations.

The figures of the purchasing commitments specified in the Protocol reflect more or less what the monopoly countries bought during the reference years in Greece.

Question 78

What is the difference, if any, between the "date of implementation" mentioned in paragraph 1 and the "date of entry into force" mentioned in paragraph 2?

Answer

There is no difference between the two "dates" referred to in paragraphs 1 and 2 respectively of Protocol No. 15.

Question 79

What target date is contemplated for the replacement of the national tobacco agencies by a common tobacco agency?

Answer

The EEC Council will have to take a decision on this point on the basis of a proposal by the Commission. In this connexion it may be observed that, under paragraph 2 of Protocol No. 16, the Community shall endeavour to establish the common agricultural policy for tobacco during the first two stages mentioned in paragraph 1.

Question 80

What commitments have the Six made to Greece regarding the structure or policy of any common tobacco agency which may be set up?

Answer

Apart from the general provisions of the Association Agreement and those of Protocol No. 16, there are no other commitments to Greece as regards the structure or policy of the EEC common tobacco agency.

Question 81

For the purpose of calculating imports of tobacco from Greece into the Six, is it proposed that this calculation be done each year on the basis of imports of the previous calendar year?

Answer

The calculation in question will be made whenever it is found to be necessary for the purpose of implementing the provisions of the Protocol.

Question 82

Will the "equivalent increase" be related to purchases by the four non-monopoly countries in the aggregate and apply to the whole purchase of a monopoly, including purchases which may be destined for use in the production of tobacco manufactures for sale in non-monopoly member countries?

Answer

(a) "The equivalent increase" will be computed on the basis of the total purchases made by the four non-monopoly countries.

(b) The increase should be applied to the average figure of the imports made for manufacturing purposes during 1957, 1958 and 1959 from countries operating a monopoly for unmanufactured tobacco and tobacco refuse of Greek origin.

With regard to the Italian monopoly's purchasing commitments, they are specified, in derogation of paragraphs 4 and 5, in paragraph 6 of the said Protocol. These commitments must be computed on the basis of official statistics of the amount of oriental type tobacco imported annually by the Italian monopoly, excluding the processing trade.

Question 83

What will happen to the "equivalent increase" obligations if, after a period, the imports of unmanufactured local tobacco to non-monopoly member countries falls below the 1957-59 level or below any increased level already established under paragraph 5?

Answer

Paragraph 5 of Protocol No. 15 does not provide for such a case as is referred to in this question.

Question 84

How are the provisions of paragraphs 4-6 to be reconciled with those of paragraph 1, Article XVII of the GATT?

Answer

See the reply to Question 77.

Question 85

Is it open to GATT members to seek by negotiation either -

- (i) reductions in the purchase commitments undertaken to Greece, or
- (ii) undertakings by the monopolies, of comparable commitments to purchase from other suppliers?

If so, would the consent of the Association Council be necessary for the conclusion of such negotiations?

Answer

The commitments to Greece given by monopolies under the provisions of the Association Agreement, and more especially of Protocol No. 15, are in any case operative only until the national agencies are replaced by a common market organization or until the adjustment of the monopolies under Article 37 of the Rome Treaty is completed.

Protocol No. 15 deals only with the relations between the Contracting Parties to the Association Agreement within the framework of the formation of the customs union.

The Association Agreement makes no provision for reviewing the purchasing commitments to Greece undertaken by the monopolies, and contains no provision regarding the purchasing commitments to other suppliers.

PROTOCOL NO. 16 - COMMON AGRICULTURAL POLICY FOR TOBACCO

Question 86

Does paragraph 4, including the reference to "increase", mean that if Greece is unable to participate in a common agricultural policy for tobacco, the Community is nevertheless to accord a preference to Greek tobacco?

Answer

Paragraph 4 of Protocol No. 16 states that, if Greece is unable to harmonize its policy with the common agricultural policy for tobacco, it shall maintain, in an appropriate form, a volume of imports into the Community.

The import possibilities referred to in paragraph 4 of this Protocol will be realized in a form which will depend on the treatment extended to the product in question inside the Community.

The amount of the increase envisaged will depend on the special situation which may arise from a substantial variation between the respective policies for tobacco, on the one hand, and the possibilities of disposal on the Community market, on the other hand.

PROTOCOL NO. 17 - IMPORTS OF RAISINS

Question 86 bis

Internal customs duties on raisins are to be abolished, and the common customs tariff is to be in effect within six years from the date of entry into force of the Agreement. Is the transitional period for raisins therefore six years, or twelve years as implied in Protocol No. 10?

Answer

The regulations laid down in Protocol No. 17 for tariff dismantlement as between member States and for the full application by those States of the common customs tariff on raisins will not affect the provisions of paragraph 1 of Protocol No. 10 which will remain in force, even if the common customs tariff is fully applied during the transitional period referred to in Article 6.

PROTOCOL NO. 18 - EXPORTS OF CERTAIN AGRICULTURAL PRODUCTS FROM GREECE

Question 87

What type of "necessary action" does the Community contemplate if exports from Greece to the Community exceed the quantities laid down in paragraph 2? Will such action be taken against Greece alone or against all third country suppliers?

Answer

(a) Protocol No. 18 does not say exactly what forms the "necessary action" may take. It is for the Community, on the proposal of the Commission and after consulting Greece, to define the action in question.

(b) This Protocol refers only to the relations between the Parties to the Association Agreement.

FINAL ACT

ANNEX II - DECLARATIONS OF INTERPRETATION

DECLARATION NO. 5

Question 88

Will countries which join EEC in the future be covered automatically by this definition of "Contracting Parties"?

Answer

Article 64 states that, in the event of accession, no rights or obligations for Greece may be entailed until an Additional Protocol has been concluded with the latter and that the adjustments needed in the Association Agreement will have to be agreed by the "Contracting Parties" referred to in this Article.

