

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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ASSOCIATION BETWEEN THE
EUROPEAN ECONOMIC COMMUNITY AND GREECE

Report of the Working Party

1. At the meeting of the Council on 2 June 1975 (C/M/106) the CONTRACTING PARTIES were informed that on 28 April 1975 the European Communities and Greece had concluded the following instruments, copies of which were subsequently transmitted to the secretariat and circulated to contracting parties with document L/4206:

- Additional Protocol to the Agreement establishing an Association between the European Economic Community and Greece consequent on the Accession of new Member States to the Community, and
- Interim Agreement between the European Economic Community and Greece consequent on the Accession of new Member States to the Community.

2. At the meeting of the Council on 25 September 1975 (C/M/108) a working party was set up with the following terms of reference:

"To examine, in the light of the relevant provisions of the General Agreement, the provisions of the Additional Protocol to the Agreement establishing an association between the European Economic Community and Greece consequent on the accession of new member States to the Community, as well as the provisions of the Interim Agreement between the European Economic Community and Greece consequent on the accession of new member States to the Community, and to report to the Council." (L/4225/Rev.1.)

3. The Working Party met on 26 and 28 April 1976 under the chairmanship of Mr. K.J. Tan (Singapore). It had available the text of the instruments cited above, as well as the replies by the parties to questions which had been asked by contracting parties (L/4309).

4. In the introductory statement by the representative of the Commission of the European Communities, indicating the context within which the two legal instruments considered by the Working Party are situated, it was observed that the purpose of

the Additional Protocol to the Athens Agreement of 1962 establishing an Association between the European Economic Community and Greece was gradually to extend the Association to the three new members of the Community and that the provisions contained in that Protocol specified in particular the adjustments necessary to achieve the extension, to the enlarged Community, of the Customs Union established under the Association Agreement of 1962. It was stressed that that Protocol, which was in conformity with Article XXIV of the General Agreement, did not in any way alter the substance of the Association and that the CONTRACTING PARTIES to GATT had been kept regularly informed of the achievement of the Association by the Parties to the Agreement, in accordance with the examination procedures under Article XXIV. It was noted that the Parties to the Agreement had decided to make effective the trade provisions of the Additional Protocol by means of an Interim Agreement which had been signed on 28 April 1975 and had entered into force on 1 July 1975, pending the entry into force of the Protocol after all the countries concerned had ratified. In addition, it was made clear that these interim trade provisions specified, in particular, for the transitional period under the Accession Treaty, the modalities under which the gradual approximation towards the Association régime was to be effected as regards trade between the three new members and Greece. Lastly, it was recalled that the 1962 Athens Agreement explicitly purported (cf. Article 72) to make it possible for Greece to accede to the Community and that in June 1975, that is thirteen years later, Greece had determined that it was in a position to move to this final stage of its relations with the Community. In this respect, it was stressed that the Community authorities had decided in favour of the Greek request for accession to the European Communities on 9 February 1976, expressing the hope that negotiations would be initiated as soon as the Community position had been defined.

5. In his opening statement, the Greek representative referred to the statement made by the representative of the Commission of the European Communities and stressed that the purpose of the Additional Protocol of 28 April 1975 was to adjust the 1962 Association between the EEC and Greece to take account of the consequences of the enlargement of the European Economic Community. He observed that the relevant legal texts had been sent to the secretariat and that, in accordance with the usual procedures, a number of questions had been submitted in order to obtain answers from the Parties to the Agreement. Furthermore, he added that in June 1975 Greece had submitted a request for admission to the European Economic Community in accordance with Article 237 of the Treaty of Rome, and that the request had been accepted on 9 February 1976 by the Council of Ministers of the Communities, which had also defined the modalities for negotiations with a view towards the implementation of the accession.

6. Some members of the Working Party expressed the view that the instruments under examination were in full conformity with Article XXIV of the General Agreement, and were a logical consequence of the enlargement of the EEC.

7. One member of the Working Party said that his government favoured closer ties between the European Economic Community and Greece, and recognized the importance of the objective of forming a full customs union. He recalled that in the earlier Working Party which had examined the Association Agreement his authorities had expressed some doubts as to its GATT compatibility, and therefore did not wish to belabour those aspects in this Working Party but only wished to draw attention to them here.
8. Another member of the Working Party also favoured closer ties between the parties to the Association Agreement and recognized the importance of their objectives. His authorities were, however, generally concerned about such agreements, and were particularly concerned about the effects on the trade of third countries and the possible erosive effects on the m.f.n. multilateral trading system under the GATT. There was also the question of GATT compatibility, particularly whether the trade coverage and the transitional period could be considered adequate. His Government had noted that the parties had entered into preparatory talks with a view towards Greek accession to the EEC, and welcomed this development.
9. A member of the Working Party expressed his authorities' doubts as to the compatibility of the Association Agreement with the requirements of the General Agreement, and said that his government's position had not changed since the examination of the Association Agreement.
10. Another member of the Working Party expressed concern at the possible effects of the Association Agreement on his country's trade, particularly with respect to certain agricultural products that his country traditionally exported to Greece and to the EEC. He sought the parties' assurances that these exports would not suffer as a result of their Association Agreement.
11. In reply, the parties noted that the Working Party had not, in any case, been called upon to discuss the compatibility of the Association Agreement with the General Agreement, an issue which had already undergone a thorough examination by the earlier Working Party charged with that task. The parties to the Association Agreement had already expressed their views on the compatibility of the Athens Agreement with the relevant article of the General Agreement, and said that they reported regularly to the CONTRACTING PARTIES with regard to their Association Agreement. As for specific products exported to either party by third countries, the parties noted that it was in the very nature of a free-trade area that certain trading advantages would accrue to members of the area, but that its trade-creative effect would stimulate rather than hamper exports from third countries to members of the area.

12. With regard to document L/4309, the member of the Working Party having raised the questions therein expressed satisfaction at the parties' replies.

13. One member of the Working Party recalled that in another GATT body the question had arisen as to whether prior import deposits under the import régime of Greece would be applied in a non-discriminatory manner in compliance with Article XXIV of the General Agreement. He stressed that in the view of his authorities Article XXIV did not justify the discriminatory application of trade measures such as prior import deposits or quantitative restrictions. The representative of Greece assured the Working Party that the import deposit mechanism had been applied in a non-discriminatory manner.

Conclusions

14. The parties to the Additional Protocol, supported by some members of the Working Party, held the view that the Additional Protocol, which consisted of adaptation measures, conformed fully with Article XXIV of the General Agreement. Some other members were of the view that the Additional Protocol, as it now stood, did not conform fully to the requirements of the GATT.