

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/63

3 November 1966

Limited Distribution

Committee on Balance-of-Payments Restrictions

Original: French/English

1966 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 1952 and Decree Law No. 480 (recently amended) 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, and the Governor of the Bank of Greece. 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; (3) certain machinery and spare parts, for which an import licence is also required; (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: (i) to imports from countries participating (1) 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.¹

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 A² 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, eggs, fresh and dried vegetables, fresh and dried fruit, Brazil nuts, 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, natural sponges, ceramic ware, arms, books, booklets etc. printed in Greek and all advertising material, 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.³

¹ Note by the secretariat: It is believed that certain imports from Cyprus are also subject to this procedure.

² See Annex A.

³ See Annex B.

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.

(4) 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 30 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).¹ 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, Hungary, Israel, Poland, Rumania, Czechoslovakia, USSR, Brazil and Yugoslavia) enjoy the liberal import régime which covers the major part of total imports by Greece.

¹These lists are available in the secretariat for reference.

(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 1965
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	917,015 ¹
(2) Imports of goods included in List A	115,650 ²
(3) Imports of machines under special licensing system	15,899 ³
<u>B. State trading:</u>	<u>85,175⁴</u>
Total	<u>1,133,739</u>

¹Of which the amount of US\$83,835 million represents the value of imported shipping.

²Of this figure, only the amount of US\$22,002 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\$74,973 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.
- (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.

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 (November 1964), in accordance with the Association Agreement between Greece and the EEC, the deposits required for the issue of import permits on certain products have been reduced for the third time. This reduction is required only in respect of the EEC countries, but nevertheless Greece has extended it towards all GATT Member countries despite the fact that in recent years the country's trade balance has been undeveloping in an increasingly unfavourable manner and that the gap between exports and imports is still widening, so that in 1965 the trade deficit amounted to \$721,000 million, according to official Greek statistics.

In recent years the trend in the trade balance has been as follows (in million dollars):

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Imports	577,000	625,000	735,000	837,000	1,049,000
Exports	<u>223,000</u>	<u>250,000</u>	<u>290,000</u>	<u>308,000</u>	<u>328,000</u>
	-354,000	-375,000	-445,000	-529,000	-721,000
Ratio of exports to imports:	38.7%	40%	39.5%	36.7%	32%

The value of imported shipping is not included.

7. Effects of trade restrictions

The Greek Government applies these restrictive measures in a liberal manner and refrains from introducing new restrictions, although the latter would be justified by the trade balance situation. As a result, imports have risen disproportionately to exports; they are free of restrictions and are continuing to rise dangerously: the trade deficit has grown from \$269 million in 1959 to \$721 million in 1965.

The following table shows the evolution of the balance of payments in 1964 and 1965. Payments and receipts are expressed in million dollars (figures provided by the Bank of Greece):

	<u>1964</u>	<u>1965</u>
Import payments (except shipping)	831.4	976.3
Invisible payments	<u>129.3</u>	<u>136.8</u>
Total payments	960.7	1,113.1
Export earnings	308.4	330.9
Invisible receipts	<u>479.5</u>	<u>549.4</u>
Total receipts	789.9	880.3
Balance of current transactions	-172.8	-232.8

As may be seen from the above figures, the value of imports is rising steadily and the deficit in current transactions is growing, although the latter is largely covered by an increase in invisible receipts which are an uncertain and variable source of earnings.

This dangerous composition of the Greek balance of payments is evidence of chronic structural weakness in the national economy which obliges the Greek authorities to give close attention to developments, particularly as regards exports which are likely to rise, and to the replacement of a large number of imports by domestic products in order to protect domestic production.

List of Annexes

- A. List A
- B. Imports of Machinery

ANNEX AList A

Products for the Import of Which a Prior Licence
Must be Obtained from the Committee Established by
Foreign Trade Board Decision No. 71877/55

Serial No.	Tariff item number	Description of products
1	03.01, 03.02 C1, 3b	Fish, fresh, chilled, in brine or smoked, frozen fish
2	04.05	Eggs
3	05.13	Natural sponges
4	07.01 A, C, D, E	Potatoes, vegetables, tomatoes, onions, etc.
5	07.05 A, B, C, E	Beans, broad beans, vetches, chick peas, lentils
6	08.01 F	Brazil nuts and cashew nuts
7	08.02 - 08.13	Fruit, etc.
8	10.03, 10.04, 10.05	Barley, oats, maize
9	10.06 B/2 C	Rice, husked, whether or not polished
10	10.07 A	Millet and long millet
11	12.01 D	Sesamum seeds
12	12.01 P	Oilseeds and oleaginous fruit: other
13	13.01 C	Acorns
14	13.02 D/1	Incense and incense mixtures
15	17.01	Sugar
16	20.02 C	Tomato purée
17	23.04 A	Extracted olive kernels
18	25.16 A	Malta stones
19	32.01 A	Tanning extracts
20	33.04B, 33.05, 33.06 A, B	Cosmetics, perfumery products or toilet preparations, etc.
21	34.01 B, C	Toilet or medicated soaps
22	41.05 B	Leather obtained from the skins of reptiles, marine animals, etc.
23	43.01, 43.02 A, B, 43.03, 43.04	Furskins and manufactures thereof
24	49.01 B/1	Books, wholly or partly printed in Greek

Serial No.	Tariff item number	Description of products
25	50.09 A, B	Woven fabrics of silk
26	51.04	Woven fabrics of man-made fibres (continuous), other than fabrics used for manufacturing headgear
27	53.11	Woven fabrics of wool or fine animal hair
28	55.07 - 55.09	Woven fabrics of cotton
29	56.07	Woven fabrics of man-made fibres (discontinuous or waste)
30	58.01 - 58.06, 58.07 C 58.08 - 58.10	Carpets and rugs, tapestries, woven pile fabrics, narrow woven fabrics, ornamental trimmings, tulle, embroidery, etc.
31	60.01 - 60.05	Knitted and crocheted goods
32	61.01 - 61.11	Articles of apparel and clothing accessories, of textile fabric
33	62.01, 62.02	Travelling rugs and blankets, household linen, etc.
34	62.05 D, B	Boot, shoe, corset etc. laces
35	63.01	Used clothing
36	69.04, 69.05, 69.06, 69.08 A, B	Ceramic products
37	71.01 - 71.03, 71.15 B	Precious and semi-precious stones
38	71.05 A, B	Silver and silver alloys
39	71.06	Rolled silver
40	71.07 A, B	Gold and gold alloys
41	71.08	Rolled gold on base metal or precious metal
42	71.09 A, B	Platinum and platinum alloys
43	71.10	Rolled platinum on precious metal or base metal
44	71.11 - 71.14	Jewellery of precious metal, waste and scrap of precious metal
45	82.09 A/1c, 2b, 3c, 5b, 6	Knives, silvered or gilt, or with ivory handle
46	82.14 A/3, B/2, C/3 E/2	Spoons, forks, etc., of silver or gold, or with ivory handle
47	84.15 A/32	Refrigerating cabinets, electrical, without refrigerating unit

Serial No.	Tariff item number	Description of products
48	85.15 C	Television apparatus
49	87.02, 87.03, 87.04 B, 87.05 B-E, 87.06 B/1, 87.14 B/1, B/2	Motor vehicles, lorries, buses, motor vehicle bodies, chassis, trailers
50	91.01 A-C 91.09 A-U	Pocket watches, wrist watches, and watch cases embodying precious stones
51	93.02, 93.04, 93.06	Arms and accessories therefor
Miscellaneous		Advertising material (e.g. ash trays, calendars, pencils, etc.) other than advertising material for cinematographic films

ANNEX B¹

Imports of Machinery

A

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 square metres and pressure up to 20 atmospheres
Gasoline engine (two-stroke) over 100 cc and engine (four-stroke) over 150 cc 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 grammes, 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

¹Part A of Annex B must not be confused with List A of Annex A.

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, pulleys, 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 20 kw, 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

B

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-maché 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 150 cc 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 grammes
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 kgs. and over
Valves, sluices, taps, etc.
Water, steam and gas stop valves
Gas and liquid pressure reducers for building installations and house-
hold 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