

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Working Party 1 on Article XXVIII

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## PROPOSAL TO PROLONG THE ASSURED LIFE OF THE SCHEDULES

Memorandum submitted by the Greek Delegation to supplement the Statements in Plenary Session by the Minister of Finance (Press Release 120) and by the Leader of the Greek Delegation (SR.8/4)

Through their delegation, the Greek Government wish to inform the CONTRACTING PARTIES of the present position in Greece and to explain why they were bound to show some hesitation when the proposal to extend the assured life of schedules had been submitted for their consideration. This desire coincides with the recommendation of the Chairman of Working Party 1, i.e. that all members set forth the difficulties they are encountering and which might raise obstacles to the extension of the life of the schedules beyond the date fixed.

The reluctance of the Greek Government is due firstly to reasons of general policy, and secondly to reasons of a specific character.

General Reasons. The Greek Government were awaiting with legitimate impatience the end of the assured life of bound concessions under the General Agreement, in order to carry out their full programme of reforms, for while progressing rapidly in other economic sectors, they had been brought to a standstill in adopting a series of radical measures connected with the trade and tariff sector.

The Government had hoped that as from 1 January 1954, it could regain a free hand in proceeding with their programme of reform and progress. One of their first objectives was the complete recasting of the customs tariffs and a readjustment on new bases of their treaty policy. The mere fact that the customs tariff at present in force dates from 1922 clearly shows how obsolete and ill-adapted it is to present needs; in addition, with the passage of time, it has been completely distorted by successive treaty obligations which had been contracted on a large scale, haphazard and disjointedly, thus entailing reductions of duties which were contrary to all technical or logical requirements. To give one example: in many cases the duties on raw materials are still much higher than the products which are manufactured from them, the reason being the reduction of customs rates applied to these products as a result of treaty obligations.

It can therefore readily be understood that the proposal by the Chairman for an extension - and especially one of eighteen months, which appears the most likely solution at present - should have caused hesitation and uneasiness.

If this proposal were carried into effect, it would mean for Greece a prejudicial delay and insurmountable obstacles placed in the way of the completion and application of a full programme of reforms which would in the present instance involve what they consider would be a dangerously long delay. These are also the reasons for the first reaction of the Greek Government in despatching the memorandum of last August (document L/117).

Meanwhile, the Greek Government had been able to gain more information as to the general reasons which made the extension of the life of the schedules unavoidably necessary; they realised that despite all the conditions of a purely domestic nature which were at the root of their opposition to that measure, they would do an ill service to the cause of an organization to whose great utility they bear effective testimony by taking part in its work. They therefore wish, as already stated, to contribute to the common effort by waiving their legitimate reservations, and by deciding not to oppose what is hoped will be the unconditional acceptance of the extension of the life of the schedules. They have merely expressed the hope that extension would not exceed twelve months.

But this attitude of the Greek Government does not mean that they will not utilise all the provisions of the General Agreement which might facilitate the solution of certain pressing questions which cannot suffer postponement, since for the time being they are prevented from proceeding with wider reforms.

Since April last, the Greek Government were resolved to make a claim to the CONTRACTING PARTIES under Article XVIII of the General Agreement in connection with certain manufactured goods, the production of which had started after the Ancey negotiations. If they have not done so, it was solely because they had been counting on the end of the assured life of bound concessions. Since it has been decided to prolong the above life, they will hasten to submit the schedule of those products, according to the procedure specified under the Agreement, indicating in a special memorandum the reasons which necessitate the proposed assistance if the products are to benefit by a minimum of protection.

It should be recalled that the past five years have been a period of reconstruction and, insofar as possible, industrialisation for Greece, which has been sorely stricken and industrially very under-developed. At the end of this memorandum, there will be found data taken from official statistics showing the progress achieved through the efforts of the population and American aid. It is obviously not the intention of the General Agreement to contribute to the slackening and deterioration of the progress thus achieved.

Special Reasons. The following are a summary of the reasons why the situation of Greece is difficult: in addition to difficulties resulting from the fact that the binding of concessions has lasted and will last much longer than the period originally contemplated, and that it was adopted empirically, failing more radical and organic measures which might further the great objectives of the General Agreement, two recent measures have been adopted by the Greek Government. These were rendered indispensable by circumstances and have contributed to reforming the country's economy; but because of their gravity, they have had serious and manifold reactions on the economic life of the country. One is the devaluation of the currency, legalizing in practice a previous monetary situation which was unfortunately irregular, and the other is the full re-establishment of liberalization of trade, by abolishing a rigid system of import restrictions, prohibitions and foreign exchange controls. The Greek delegation officially announced the latter measure in a statement by the Minister of Finance of Greece at the same time that the present Session was examining the many restrictions established and applied continually by numerous countries, including some which are economically very powerful. They regret they have heard no word of approval, despite the fact that one of the main purposes of the General Agreement is the liberation of international trade from the scourge of restrictions. We are aware that Greece is a factor of little importance in the movement of world trade; but nevertheless, we venture to say that the decision he has taken is not without moral, if of little material importance.

The consequences of devaluation of the drachma have to a certain extent been neutralized since the provisions of the General Agreement meet and satisfactorily cover that case. But the same cannot be said for the consequences flowing from the liberalization of trade. During the debates in plenary sittings and at the Working Party, it has been stated indirectly that liberalization of trade does not confer the right to increase customs rates; we fully recognise this verity, the more so as abolition of restrictions and reduction of tariffs are two of the main objectives of the General Agreement. But the reason why we invoke liberalization to justify one or two specific cases which require special and immediate attention, is as follows: the sudden change-over from a régime which was considered stable and fixed, i.e. the régime of restrictions, in force for over twenty years, to a régime of complete liberty, has created a dangerous transitional period, which, although temporary, may give rise in certain cases to very serious economic situations. It does not therefore seem just that our request, which should be considered as an exceptional individual case, should take on the proportions of a general request and be presented as an argument against a fair and legitimate claim.

For these individual cases, the Government intend to resort to application of Article XIX, for they feel they can give evidence of the danger resulting from a sudden and disproportionate influx of certain products into the country as a result of liberalization of trade.

In describing the conditions in Greece as above, the Greek delegation are aware that they are entitled under the terms of the General Agreement to resort to the procedure according to Articles XVIII and XIX at any time they may deem appropriate.

In reality, the requests and questions mentioned above are not connected with, but are independent of the extension of the assured life of schedules, which is being examined by Working Party I. A mere coincidence in terms of time brought about the mention of those two cases at the same time as the extension of the concessions. On procedural grounds, there was therefore no reason to submit this memorandum to Working Party I; but the Greek delegation felt it would be appropriate to explain the above to the CONTRACTING PARTIES in connection with the question of extension for the following reason: since the terms of reference of the Working Party are to study and consider the special difficulties of individual contracting parties (difficulties which might hinder the unconditional acceptance of extension). Since, moreover, the efforts of that Working Party are directed towards discovering some means of overcoming these difficulties which are often so exceptionally urgent in character that they cannot be deferred, the Greek delegation submit the view that the contribution of the Working Party to a solution of the question would be most valuable if it adopted the following standpoint: recommend that possible appeals under Articles XVIII and XIX during the transitional period of validity of the General Agreement a) be considered and successfully concluded by the adoption of emergency ad hoc procedure, and b) that they be examined in a spirit of broad understanding. It should be understood that in asking for the least possible loss of time, the intention is not to digress from the spirit or letter of the General Agreement; thus the extension of the assured life of the concessions, as requested, is not being considered as a waiver, although the period of their validity was expressly established - but it is being requested, despite various objections, solely to ensure its continued and smooth application, despite the sacrifices made by many countries, until such time as other countries, which are unaffected, are in a position to define their trade policy. We refer also to the need for broad understanding, for we still have in mind the painful memory of the narrowness of view which characterized the judgment of one delegation at the Seventh Session in the instance of one exceptionally difficult case confronting Greece, and in which her attitude has subsequently been justified. We should like to avoid a repetition of this.

For the information of the members of the Working Party, we are submitting below a schedule of products in relation to which we have considered it necessary to submit a special request for the application of Article XVIII or XIX. This special subject is not closely related to the question of extension, but nevertheless we are submitting the following elements to prove that the request for revision considered as urgent relate for the time being to products the value of which represents scarcely 5 per cent of the value of the bound products, whereas the concessions granted by Greece represent 60 per cent of the aggregate value of the country's imports. A bill relating to these products had been tabled before the Greek Parliament.

Schedule of products in relation to which we are  
asking for the application of Article XVIII and  
Article XIX of the General Agreement

<u>Tariff Numbers</u>	<u>Goods</u>
ex 62 a	Rolled or forged iron bars (for concrete)
63 a I	Iron sheets, natural coloured (pig iron), not more than 4.5 mm. thick
63 a ex 2	Iron sheets, galvanized iron
63 b	Nickel-plated, varnished or painted iron sheets
63 b bis	Specially oxydized iron sheet and coils
71 a	Wire rod: 1) plain 2) barbed 3) galvanized zinc, copper or nickel- plated
71 b	Wire rods in copper, brass or other unalloyed base metals n.d.a.
71 c	Metal wire rope: 1) in iron wire strands 2) in galvanized wire strands 3) in copper, bronze or other base metal strands n.d.a.

APPENDIX

Indices of industrial production in Greece

Basic year: 1939 = 100

1.	<u>Total industrial production:</u>		
	Year	1948	73
	Year	1952	124
	July	1953	140
2.	<u>Production of metallurgical industries:</u>		
	Year	1948	58
	Year	1952	170
	July	1953	177
3.	<u>Production of mechanical industries:</u>		
	Year	1948	54
	Year	1952	99.5
	July	1953	127
4.	<u>Production of steel industries:</u>		
	Year	1948	105
	Year	1952	320
	July	1953	395
5.	<u>Production of building material industries:</u>		
	Year	1948	49
	Year	1952	153.5
	July	1953	216
6.	<u>Production of textile industries:</u>		
	Year	1948	71
	Year	1952	117
	July	1953	120
7.	<u>Production of food-processing industries:</u>		
	Year	1948	69
	Year	1952	112
	July	1953	130
8.	<u>Production of chemical industries:</u>		
	Year	1948	60
	Year	1952	98
	July	1953	106

9. Production of tanning industries:

Year	1948	58
Year	1952	102
July	1953	110

10. Production of paper industries:

Year	1948	67
Year	1952	121
July	1953	140

11. Production of electricity: (production and distribution of electric light and power)

Year	1948	148
Year	1952	256
July	1953	286

12. Production of industries manufacturing articles for applied electricity

Year	1948	44
Year	1952	145
July	1953	150

N.B. The increase in industrial production is due both to the re-equipment and enlargement of pre-war industries and to the opening of many new industries.