

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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GREECE -- INTENSIFICATION OF IMPORT RESTRICTIONS

The following communication, dated 30 November 1979, has been received from the Permanent Delegation of Greece.

I have the honour to inform you that the Greek Government has decided to take, with effect from today and until 30 June 1980, the measures mentioned below in order to avoid a decline in official foreign exchange reserves and pressure on the par value of the national currency.

1. Suspension of the validity of all decisions by the Currency Committee of the Bank of Greece concerning financing of imports or of imported products, which after payment are used as collateral security lodged with banks. Basic foodstuffs, raw materials and capital goods intended for agriculture, fishery, mining, handicrafts and industry, are exempt.

The financing of foodstuffs used as collateral security and exempt from this measure is valid for two months only.

Any contract for financing, collateral security, mortgage pre-registration, etc., inconsistent with this measure is considered void.

2. All imports (except the prescribed exceptions) are subject to an additional, non-interest bearing, prior deposit equivalent to 75 per cent of the value of imported products, which is frozen for six months in the Bank of Greece. The prior deposits already in force for certain products are maintained, and their duration too, is limited to six months.

The prior deposits are reimbursed directly by the Bank of Greece to the rightful owners in order to avoid any diversion of this measure by commercial banks.

3. The minimum period for payment of the first instalment on imported products subject to the time-settlement scheme is six months.

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4. A special consumption tax at the rate of 25 per cent is charged on the value of imports of luxury products or other articles not considered essential for the production process of agriculture, fishery, mining, handicrafts and industry. This concerns mainly luxury foodstuffs and beverages, perfumery products, soap, construction materials, television sets and other non-essential consumer products.

5. In order to avoid speculation on imported or even domestic products, prices of which would tend to rise because of import restrictions, Order A 33 on price control establishing maximum profit margins of 33 per cent on wholesale transactions and 100 per cent on all other sales up to the retail stage will be applied strictly. Similarly, prices of domestic products likely to be the subject of speculation will be fixed by the authorities.

It should be noted that the Government has already adopted a series of restrictive budgetary and monetary measures in order to limit the growth rate of money and credit supply. In parallel, it is applying a restrictive incomes policy.

All the above-mentioned measures have been adopted because a continuing high growth rate of foreign exchange expenditure for imports of goods as recorded over the period January to October 1979 (an increase by 37.3 per cent in comparison to the corresponding period of 1978) could cause a critical situation for the country's foreign transactions.

During the period in question, the deficit on current transactions reached the level of \$1,900 million as against \$1,065 million in the corresponding period of 1978. The enlargement of this deficit, in combination with a slower growth rate for foreign exchange bank deposits by Greek nationals resident abroad, jeopardizes the maintenance of the country's official foreign exchange reserves within safe limits.