# The accession of Greece

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From the signing of the Athens Agreement on 9 July 1961, Greece had enjoyed the status of Associate Member of the Community. Indeed, on 8 June 1959, Greece had become the first state to invoke Article 238 of the Treaty of Rome which provided for individual states, a union of states or an international organisation to become associated with the Community. The Association Agreement that came into force in November 1962 provided in particular for a customs union between Greece and the Community at the end of a 22-year transitional period as well as for the conclusion of a financial protocol and the harmonisation of certain policies, with particular regard to agriculture and taxation. The free movement of persons, services and capital was to take effect at the end of a 12-year period. Article 72 of the Association Agreement also acknowledged that Greece would eventually accede to the European Community. An Association Council and a Joint Parliamentary Committee were also established.

The military coup of 21 April 1967 that heralded a period of military dictatorship and diplomatic isolation led to the suspension of the Association arrangement, with just its day-to-day management continuing, until it was restored after the Colonels' regime was overthrown on 24 July 1974. The monarchy had been abolished in June 1973. The return to republican democracy in the country that, since ancient times, had been the cradle of the political concept of democracy unleashed a wave of enthusiasm and support in Western Europe. On 28 November 1974, Greece was readmitted to the Council of Europe which it had opted to leave in December 1969 knowing that it faced the threat of expulsion for infringement of human rights by the Colonels' regime.

Greece, inspired by this friendly support and by its own hopes for economic development, officially submitted its application to the European Economic Community (EEC) on 12 June 1975. In so doing, the country also hoped to bolster its renascent democracy and its bonds with the West, while at the same time freeing itself from the American political and economic influence favoured by the military. On 17 August 1974, Greece also announced its withdrawal from NATO's integrated military structure, as France had done under General de Gaulle. The Common Market also seemed to hold the promise of economic progress. The conservative ND-New Democracy Party (*Nea Demokratia*), led since its creation in October 1974 by Konstantinos Karamanlis, actively supported the accession process, but the Socialist Party (*Panhellinio Socialistiko Kinima* or PASOK), formed in September 1974 by Andreas Papandreou, and the pro-Soviet Communists of the KKE Party (*Kommounistiko Komma Ellados*) were resolutely opposed, fearing that it would exacerbate the country's economic and political dependence. The Communists actually supported closer trade links with the Council for Mutual Economic Assistance (CMEA or COMECON), which, since 1949, had been the umbrella organisation for those Central and Eastern European countries owing allegiance to Moscow. On the other hand, Karamanlis, who had lived in France since leaving office in 1963, relied on France to support his country's application submitted to the Community institutions and the Member States of the EEC.

Until the early 1970s, Europe's Atlantic, Protestant and Catholic components had predominated in the EEC. The accession of Greece, however, changed the face of the Community by strengthening its Mediterranean character whilst adding a Balkan and Orthodox element. Community Europe's centre of gravity, which until then had tended towards the North, now shifted southwards with the addition of the Iberian Peninsula. But Greece's backward economy and its geographical isolation — it had not a single common border with a Member State of the European Community — exacerbated regional disparities within the Community of Ten.

**Greece's economic problems**

The Commission's reply to the Council's request for an opinion on Greece's application for accession showed a measure of reticence. On 29 January 1976, the Commission set out its detailed opinion in a report to the Council. Aware of the political significance of this enlargement, the Commission stressed Greece's backward economy and agriculture compared with the nine more industrialised nations that then made up the European Economic Community (EEC).

Convinced that a long transitional period would be necessary if the Greek economy were successfully to adapt and be integrated into the Community, the Commission proposed that the Nine should establish a pre-accession period. It also warned the Member States of the danger of involving the Community indirectly in the dispute between Greece and Turkey revived by the Cyprus crisis in July 1974 after the northern part of the island was occupied by Turkish troops. Turkey had also signed an Association Agreement, one that had been in effect since 1963. A number of the caveats set out in the Commission opinion provoked strong reaction in Greece. For its part, the Greek Government, led by Konstantinos Karamanlis, was eager to consolidate its new-found legitimacy on the domestic and international stages and played the political card, quoting support for democracy, to insist on as full and as rapid an accession as possible. It also expressed its readiness to accept the entire body of Community legislation, the Community *acquis*.

Economic links between the Community and Greece in fact dated back to well before Greece had applied for accession. Since the 1960s, the EEC had been Greece’s main trading partner. In 1976, almost 50 % of Greek exports went to Member States of the Community, and these countries accounted for nearly 40 % of its imports. More than 240 000 Greeks, the descendants of a long line of expatriates, were already working in the European Community, mainly in Germany, the United Kingdom and France.

There were substantial economic hurdles to overcome. Greece did have a much lower gross domestic product (GDP) and a higher unemployment rate than its future European partners. Its GDP was 50 % below the Community average. Through accession, Greece hoped to benefit in particular from guaranteed agricultural prices and from some Community structural funds. A growth in tourism and an inflow of hard currency were also anticipated. But the disparities between the economic structures in Greece and in the Community made it difficult to apply immediately and uniformly all the operating rules of an internal market that were designed for developed economies. More than 26 % of the working population in Greece was employed in agriculture, whereas this primary industry accounted for just 8 % of the working population in the Community. Furthermore, some Greek agricultural products (olive oil, wine, and fruit and vegetables) threatened to compete with products in Italy or France which were already in surplus under the common agricultural policy (CAP). Accordingly, the Commission proposed a transitional period of seven to eight years. The Nine also feared an influx from Greece of cheap labour seeking a way to escape the chronic unemployment levels at home. There were also shipping lobbies in Europe that feared competition from the Greek merchant fleet that would, however, make the European fleet the largest in the world.

Nor was the European gamble without risk for Greece. Competition from the Community might well entail the disappearance of the less competitive small and medium-sized businesses as the underdeveloped industrial sector restructured. Increased trade with the rest of the Community might also increase the trade deficit with the EEC.

**Support from Germany and France**

While France, and especially the President of the French Republic, Valéry Giscard d’Estaing, supported the Greek application primarily on political grounds, support from the Federal Republic of Germany (FRG) was based more on economic grounds. It meant that Greek Government could count on the support of two of the most influential countries in the Community. France viewed the strengthening of the democratic regime as an absolute priority. Greece, situated as it was on the edge of the Balkans, had to be made stable. On a symbolic level, its accession would also make a reality of the Hellenic culture’s full and complete attachment to European and Western civilisation. Germany was more concerned about its economic interests. It already had strong trade links with Greece — it was the country’s leading supplier — and counted on Greek accession to further strengthen those links. Faced with a hesitant Commission, the German Foreign Minister, Hans-Dietrich Genscher, and the Netherlands Foreign Minister, Max van der Stoel, decided to speed up the political decision and persuaded their European counterparts to approve the Greek application. On 9 February 1976, the Council of Ministers of the Nine approved Greece’s application without taking any action on the Commission’s proposal for a pre-accession probationary period.

**The accession of Greece and transitional provisions**

Accession negotiations began officially on 27 July 1976. They were completed on 23 May 1979, and this led to the signing of the Treaty of Accession on 28 May 1979 in Athens. The Greek Parliament ratified the Act of Accession on 28 June 1979, and Greece became the tenth Member State of the European Community on 1 January 1981. Greece enjoyed very favourable conditions for accession. The desire to bolster the democratic regime was a weighty enough argument to overcome the rather negative economic assessment of Greece's accession that came from the Commission.

In general terms, Greece was granted a transitional period of five years in which to adapt its economy to Community rules. At the end of that period, the country had to be able to integrate into the Customs Union and bring its agricultural prices into line with those of the Community. It was even planned to integrate the drachma into the European Monetary System (EMS), in which it represented 1.3 % of the European Currency Unit (ECU).

Nevertheless, a number of elements of accession, deemed more sensitive by the Nine, were made subject to a seven-year transitional period. The free movement of Greek workers and of agricultural products such as peaches and tomatoes did not come into force until 1 January 1988. Exemption from part of the payments relating to value added tax (VAT) also meant that Greece was a beneficiary rather than a net contributor to the Community budget. This was seen as a means of avoiding the financial renegotiation scenario that had repeatedly poisoned relations between the United Kingdom and the EEC. No sooner had Greece acceded to the EEC than doubts were raised over the country’s membership by the left-wing government of Andreas Papandreou, who became Prime Minister after the elections of 18 October 1981 and who demanded derogations and an increase in aid in order for Greece to remain in the Community (in a similar vein to the British Labour Party in 1974). He did not secure the requested amendment to the fundamental provisions of the treaties but did obtain an increase in Community aid, which, nevertheless, would barely be used to modernise the structures of the Greek economy.

Given the considerable backwardness of the Greek economy in comparison with the remainder of the Community, several aid programmes were drawn up by the Commission, particularly under the regional policy and the common agricultural policy (CAP).