

Greece

Extract of a meeting record between the Prime Minister and the Prime Minister of Greece, Mr. Karamanlis, at 10 Downing Street on Wednesday 24 October 1950.

Top Copy
Greece, Sept 79,
Visits to London
by Mr Karamanlis
at the Greek PM.

Present

The Prime Minister

Mr. Karamanlis

Mr. J.L. Bullard

HE M. Stavros Roussos

Mr. M. O'D. B. Alexander

HE Ambassador Molyviatis

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Bilateral Relations

Mr. Karamanlis began the discussion by thanking the Prime Minister for Britain's contribution to the success of the negotiations for Greek accession to the European Community. He was also pleased to learn that the Greek Treaty of Accession was to be ratified soon. It would be excellent news if Britain were to be the first member of the Community to ratify. Mr. Bullard said that ratification was expected in January. The Prime Minister said that she regretted not being able to go to Athens for the signing of the Treaty but that she hoped our promptness in ratifying would make amends. Mr. Karamanlis said that he hoped to receive the Prime Minister in Greece before long. He was owed three visits. The Prime Minister said that despite her great interest in Greek history she had never visited the country.

The Prime Minister said that she was anxious that there should be good commercial relations between the United Kingdom and Greece. Britain was interested in the project for building coal-fired power stations and in selling tanks. Britain's tanks were excellent and their Chobham armour was the best available. The Prime Minister understood that the discussions were going well.

Mr. Karamanlis, having noted that there were no bilateral problems between the two countries, said that he was looking for the best fields in which to develop broader cooperation. The Minister of Coordination would be visiting the United Kingdom

(in mid-November)

in mid-November and he would be raising a number of issues:

(a) The Greek Government were planning to build two 350 megawatt coal-fired power stations. This would be a major British investment and the power stations would use British coal.

(b) The Greek Government were negotiating with the Soviet Union about the construction of an alumina plant. They would like to reach agreement with other members of the EEC which had aluminum plants to take the alumina from the proposed Greek plant.

(c) Greece wanted to buy 1 million tonnes of oil in the first few months of next year. The delivery dates in the existing Greek contracts for the supply of oil had slipped and Greece was going to be short of oil in the first three months of 1980. It would be a great help if Britain could supply the missing quantity.

(d) Greece was electrifying and modernising her railway system and there might be openings for British firms.

Mr. Karamanlis said that Greece could make no commitments at present in regard to defence expenditure. The Greek economy was entering a difficult phase and he was not yet quite sure how the situation would develop. But if at a later stage Greece decided to purchase tanks, he would bear in mind the excellent British product. His military experts considered that Britain's tanks were superior to those of anyone else. They were the ones Greece should have.

The Greek Economy

The Prime Minister took note of the points made by Mr. Karamanlis and agreed that they could be discussed further during the visit of the Minister of Coordination. She asked

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about the difficulties being encountered by the Greek economy. Mr. Karamanlis said that until recently it had been doing well. During the last five years growth had been at the rate of 5½ per cent per annum. There had been a considerable expansion in investment. There was no unemployment. The difficulty was inflation. Before this year, it had been averaging 11 per cent per annum. This year it would be 20 or 21 per cent. Of that 21 per cent, 5 per cent was due to increases in the price of oil and another 3 per cent to the abolition of subsidies on foodstuffs prior to entry into the EEC. Were it not for these two factors, inflation would have been running at the regular rate of around 11 or 12 per cent. Next year he hoped to get the inflation rate down to 14 or 15 per cent. The other major weakness in the Greek economy was the balance of payments. This was running at a considerable deficit at present and the oil price increases had not helped the situation. Although there were favourable counter-balancing factors, e.g. political stability of the country and the fact that it enjoyed social peace, it was necessary for the Government to go very carefully at present. Mr. Karamanlis concluded his account of the internal situation in Greece by saying that in comparison with many periods in the past Greece was now doing very well.