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MUTUAL SECURITY AGENCY
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U.S. AID PROGRAM ACHIEVES NEW HORIZONS IN GREECE

ATHENS — Following is the growth in a series of weekly articles mapping out American Aid achievements in Greece from the end of World War II to the beginning of 1952. The series covers past events in which the U.S. has tried to assist Greece. This article concerns mining and transportation.

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Beneath the bare and rocky hills of Greece lie treasures which, if properly developed, can contribute presently toward national economy and eventual prosperity. For although Greece is not rich in natural resources comparable to many other countries, she possesses considerable national wealth in most any of her domestic requirements, to improve her balance of trade, and to assist in the defense needs of her sister nations of the West.

One such resource, virtually unexploited until recent years, is lignite. There exist in Greece extremely large deposits of this potentially valuable form of coal to make Greece independent of most solid fuel imports and thus ease large sums of foreign exchange. American aid has created the nation with major sources of electric power. It can now be exported to neighboring countries at competitive prices if the power generating, distribution methods and实施细则 processes are employed to extract the utmost efficiencies from the "brown coal" which underlies the earth in many parts of Greece.

Another field of potential profit to the nation is that of metal ores and minerals, many of which are important to the actual defense of the NATO powers. Here is a partial list of some of the minerals which are known to exist commercially valuable quantities throughout the nation: bauxite, lead-zinc, barite, iron pyrites, manganese, sulphur, copper, gold, nickel, iron, sulphur, silver and cobalt. Many of these rank high on the second list of strategic materials which are in short supply throughout the free world and which the Western nations are seeking to obtain in economically viable quantities.

During the first days of the Greek Constitution, the American Mission recognized that development of Greek mineral resources was indispensable to any broad economic program whereby Greece might eventually become self-sufficient. Thus the AEC Mission began to establish mining programs which subsequently were carried forward and expanded under the Marshall Plan. By the end of 1951, over $48,000,000 in foreign exchange was spent on a total of $125,000,000 (equivalent to $125,000,000) of aid had been allocated to Greek mining enterprises from American aid funds.

Most mining operations in Greece had come to a standstill during World War II, since deteriorated skills the miners were unable to obtain machinery, banks closed, and security from the activities of war. This situation continued during the Communist war, when guerrilla forces occupied the mountainous areas where most mines are located. Some mines, particularly in Pindus and Evvia, were deliberately washed as a last gesture of spite by the retreating communists.

Progress under the American aid program was not completely slow, not only because the guerrillas continued actively through 1950, but also because the purchase, construction, shipping and installation of heavy mining machinery usually required many months. But the results, when they came, were spectacular. When production finally began to increase, it met up fast.
OCROLOGICAL RESEARCH AND REORGANIZATION. One of the tasks set before the development of Greek mineral resources was the organization, within the Greek Government, of a geological and subsurface research program to study the most important mining districts and to produce a basic geological map of Greece. American advisors helped the Greeks to coordinate these research activities and by early 1938, the Greek Government had ready to publish the first really accurate and comprehensive geological map ever produced in Greece. Many detailed prospecting maps, containing systematic studies of individual areas or of particular minerals, had been printed.

The job was partly that of pulling together and correlating various fragmentary studies made before the war by Greek and foreign specialists. But in addition, new drilling and other subsurface exploration using geophysical equipment and similar newly developed methods were made to verify and expand these earlier findings. In some areas these explorations failed to confirm the earlier reports, so that the mineral deposits were found to be too small in quantity, too poor in quality or too locally broken up to make mining profitable. But those conclusions, while disappointing, had two important effects. They prevented unwise investment and consequent loss of money by Greek private investors. And they also provided accurate data on such deposits which, while not immediately worth developing, might be revaluated later if world shortages became worse and prices rose considerably.

But in many of the areas explored, the geologists found that the deposits were the earliest estimates of quantity and quality. This was particularly true of lignite and of bauxite, the ore from which aluminum is made.

LENS AND GRANTS. The American Mission proposed to aid Greek mining start up and to develop key mining areas to develop known existing deposits. One was the regular Marshall Plan type of loan similar to the financial help granted to private industrial and agricultural enterprises. Once the deposits had been investigated and found worth developing, the funds could be used to repay the Marshall Plan loan. These loans were on a long-term basis at low interest rates.

Most of these loans, which were made in four tranches to enable the purchases of mining machinery from abroad and to start up Marshall Plan counterrpart development for local development and local construction, also provided that the borrower must furnish at least 10% of the total amount from his own resources.

The other category of the mission did not consist of the Greek recovery program at all, but exclusively from United States funds spent on regular Greek aid. Greek and the "strategic material" loans established by the U.S. Congress to help develop and accumulate supplies of critically scarce materials for the U.S. stockpile and essential to the defense needs of the West. These loans provided that all of the investment would be repaid in the form of handsome and constant dividends on the proceeds of processed or unprocessed ore at regular prevailing prices. The dollar funds came from appropriations separate from the Marshall Plan. The necessary dividends were provided out of "five per cent counterpart funds." Under the basic Marshall Plan agreement with Greece, 5% of each of the "counterpart funds" -- a breach not made by the Greek Government to match dollar aid to Greece -- were reserved for internal recovery purposes. The remaining five per cent was transferred to the credit of the local government, to any local administrative unit or the American Mission within Greece, to purchase strategic materials. Seven loans of this type, totaling more than $9,000,000 in foreign exchange and domestic, had been approved through 1935, or about 10% of each of the total American aid to all types of Greek mining ventures. These loans were made to bauxite, bauxite and manganese producers and to gemstone producers and additional loans were in process to develop chromite, manganese and lead-zinc deposits.

MINERAL DEVELOPMENT. The American aid program failed to show significant results in mineral production up to 1936, when Greek mines were not beginning to be exploited. Meanwhile much machinery had been ordered and installed in all parts of Greece. With this machinery begin to operate, the results were startling. Production during 1937 more than doubled that of 1936. In fact, output of the 15 main basic minerals during 1937 was two and a third times that of the previous year.
Here are comparative figures during 1956, total Greek production was 163,000 metric tons, and exports amounted to nearly 105,000 tons valued at $2,325,000.

In 1961, production was more than 205,000 tons, with export of 145,000 tons valued at $2,468,000.

One dramatic instance of this upsurge in production, with particular appeal to the Greek people who are over conscious of their ancient heritage, was the revival of the Fournos Lurian mines at Lavrion. In the fifth century B.C., they were described by the tragedian, Aeschylus, as a fountain running silver, a treasure of the land. They were the foundation of Athens’ power in the greatest days. Their apparently inexhaustible resources of virgin silver furnished construction of the Parthenon, built the Athenian navy, that boasted the ships of Xerxes, and firmly established Athens’ dominance over her power elater states. When the Lavrion mines declined, as did Athens, the last silver ladder gave out about 800 B.C.

The Lurian mines were revived in the 19th century when Greek and French companies worked over the old dumps and began new shafts to exploit the workings not for silver but for the lead and zinc ores which the ancient Greeks had discarded. But development was halted until the Marshall Plan advanced more than $1,100,000 to foreign exchange and development to develop the area systematically. By the end of 1961, the mines were producing 200 tons of ore a day, extracting lead and zinc concentrates with valuable by-products of silver and iron pyrites. The concentrates are used in the manufacture of sulphuric acid.

Another example of the mining program is the development of the rich bauxite deposits at Eleasos, near Athens. The Mutual Security Agency agreed to advance $1,400,000 in foreign exchange and development costs that will enable the Greek people to secure 100,000 tons of bauxite for essential defense within next three years, a permanent asset to the national economy, and a future foreign exchange earner.

DEVELOPMENT OF FUEL RESOURCES. Along with the mineral expansion program, the American program has pushed development of Greek lignite resources at a rate designed to increase production 4,000-5,000 tons per day by substituting a "brown coal" fuel for a part of the fuel now being imported. Greece now uses more than 65,000,000 tons of coal annually.

The American aid program has approved six major lignite development projects, with loans and grants totaling nearly $264,000,000 in foreign exchange and development.

Seven involve expansion and modernization of mines in Thessaly and Attica, but the two largest are the Eleasos and Poliacas deposits. The Eleasos mine on the island of Euboea north of Athens are being developed along with a thermal-electric power plant nearby, and 5,500 serve as "importer" mines to supply the power station with fuel.

The Poliacas project in north central Greece has vast reserves of low-grade lignite which have been termed the "brown bit" of the nation. The lignite lies below the surface and can thus be mined by open pit methods, with the earth being removed and mixed with the lignite. After the lignite has been dug out, the top earth is disposed of, and planted with trees.

At this stage, the Poliacas lignite will be processed to reduce the water content, and pressed into briquettes. Geologists estimate that Poliacas can produce 2,000,000 tons of lignite annually for at least 100 years; the lignite will provide about 600,000 tons of commercially usable briquettes.

OCEAN TRANSPORTATION. The situation of the Greek transportation systems at the end of World War II was that nearly all forms were non-existent. Coastal shipping had been wiped out and most of the larger ocean-going vessels had been
fourth war stories. Railroads and highways were badly damaged, and motor traffic was reduced to a few dilapidated buses and a few bicycles. Both the German and the Marshall Plan gave top priority to restoring transportation facilities.

Before the war, Greek shipping totaled nearly 1,200,000 tons, including 800 oceangoing vessels and a coastal and Mediterranean fleet of 10 large ships and 750 smaller ones. In 1946 there existed 120 miscellaneous ships totaling 900,000 tons.

Even before direct American aid to Greece began, the United States made available to the Greek Government 100 Liberty ships which were sold to Greek operators at an average of 200,000 dollars, less than a fourth their cost. The Greek ships were sold 25 per cent of the price as a down payment, and the Greek Government guaranteed payment at the remainder within 17 years. This deal not only stimulated Greek shipping but also aided general recovery greatly by providing new sources of hire and supplies to Greece. All these U.S.-owned ships are now under Greek flag and are paying taxes to the Greek state. However, many ships privately acquired by Greek nationals are registered under registration or other flags and the total of all Greek flag ships is still nearly a third under the German figure.

Soviet to a portend with many salved groups and their small coastal shipping in vital to her economy, with about 500 harbors serving at least half their local needs. By the end of 1953, Greek motor transportation facilities had increased substantially over the pre-war levels. The number of buses was 85 per month higher than in 1943, and trucks increased 145 per cent in the same period. The number of private passenger cars reached about the same as pre-war. About 90 per cent of vehicles registration statistics are lacking, but it is estimated that about 25,000 vehicles were operating in Greece as compared to about 17,000 before the war. Plans are underway for a complete new registration.

Some brought to Greece about 7,000 vehicles of various types immediately after the German occupation and the Marshall Plan gave top priority to restoring transportation facilities.

The German government and the American missions, in collaboration with the American Mission, now work with the German government and the American missions, in collaboration with the American Mission, now work with the American missions which are responsible for the reconstruction of the Greek economy. A large number of cars and trucks, as well as military trucks, are already operating in Greece. The number of trucks has increased at the rate of one a day during the post-war period. During 1949 and early in 1950, American and British specialists were brought to Greece to assist in this work, and helped Greek engineers learn to build or repair additional vehicles, and to restore those previously damaged and lost after the war.

New buses and trucks or ships have been imported by private dealers who have received approval by the Greek Government, based on allocations of Marshall Plan funds, and approved by the American Mission. In general, half of these imports were from the U.S. and the balance from Marshall Plan countries. One of the major sources of new buses and trucks has been the Greek automotive industry. Many imported engines on new models, or surplus from military service to the countries. Greek manufacturers have started to rebuild some of these models. The number of new buses in Greece as compared to about 17,000 before the war. Plans are underway for a complete new registration.

The automotive parts situation immediately after the war was tragic, and large numbers of vehicles were out of commission for lack of a few vital parts -- not yet manufactured or imported at the time of the things that were needed. This allowed many small manufacturers to start up and fabricate parts that were in demand. The government, in turn, has encouraged the establishment of new industries to produce automotive parts and other essential articles. Many other automotive firms, including manufacturers, importers, and other parts, are also now made in Greece.
of United States war surplus material also was gathered up in various parts of Europe and brought to Greece.

But many of the items landed and stored hurriedly in warehouses were unsalable, unsellable, unsalable. No one knew what equipment was on hand or where it was. It was a major task for OSCEV, the Greek war surplus agency set up by the Greek Ministry of Finance, to handle this equipment. In all, more than 50,000 cases of equipment, tools and spare parts had to be opened, sorted, consolidated and priced for sale in regular commercial channels throughout Greece. About $6,000,000 worth of automotive equipment was used available in this way, and the spare part situation eased appreciably.

The story of the situation becomes apparent when the GEIZ was banded to sort out the equipment, for not all of it was automotive or mechanical. The ships had carried mixed cargoes destined for various ports of the world. Thus the GEIZ men smiled when they came across items of arctic clothing in sunny Greece, and other items unsuitable to the scene. In fact three years later, when the last UNRRA warehouse were being cleared out, there were discovered enough overcoats to supply all Greece for years, cases of tennis rackets and other sports equipment originally destined for troop recreation, and many other items which caused Greek newspapers to demand an investigation of how these things came to be.

After the UNRRA and war surplus automotive supplies had been absorbed in the Greek market, the Greek Government and American Mission undertook an import program of spare parts, tools and other equipment with the foreign exchange supplied through the Marshall Plan. This program is aimed at maintaining the automotive fleet at a realistic level consistent with conditions in Greece.

Commercial motor transportation in Greece is operated by private enterprises. The immediate postwar policy of the Government was to give priority in granting circulation permits to "war-stricken motorists." The effect of this policy was to develop a commercial motor transportation system based on operators using only one or two vehicles, so that now there are almost as many individual owners as there are vehicles. At the present time efforts are being made to regulate operation of the vehicle fleet through the aid of cooperative pools.

During the war years little had been done to train Greek youths in the mechanisms and mechanics practices necessary to maintain the national automotive fleet in first-class condition. Therefore the Greek Government and the Mission jointly sponsored an extensive vocational school near Athens. About $20,000 worth of machinery and tools for the school was shipped from the United States and an American machine tool instructor worked with the Greek teachers in training 100 students annually. Subjects included automotive mechanics, ignition and electrical systems, diesel engines, and regular overhaul and maintenance work. Early in 1952 the curriculum was to be expanded to a four-year course for 1,000 students.

OPERATION OF RAILWAYS. With most major reconstruction work completed on the Greek railway lines, and with reduction of American aid funds available for further physical rehabilitation, the American Mission and the Greek Government turned increasing attention toward better organization and operation of the railways, to ensure a network which not only would serve the economic interests of Greece, but also the military requirements as well.

All the Greek rail lines, most of which are state owned, have been operating at a deficit during post-war years. The reasons were numerous -- shortages of men and other facilities, poor coordination among the various carriers, and increasing use of motor transport to haul freight and passengers formerly carried on the rail lines. Although national Greek industrial output is greater than in 1949, the Greek railroads now haul 24 per cent less tonnage than they did then. Most of this tonnage has been diverted to trucks.

Mission advisors therefore were urging the coordination of all public carriers, both rail and motor, by creation of a high transportation board which would regulate operating franchises, rates, schedules, etc., generally along the lines following in
the U.S. and many European countries. This coordination of transport is an
unfamiliar field in Greece and will require an energetic program by the Greek
Government to adjust differences among competing carriers and to convince
individual owners that their interests will be served by regulation based on
the principle of "public convenience and necessity."