PRESS RELEASE

MUTUAL SECURITY AGENCY
Special Mission to Greece for Economic Cooperation

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WASHINGTON -- Following is the seventh in a series of weekly articles stemming from American Aid Embassies in Greece from the end of World War II to the beginning of 1962. The series covers past efforts in which the U.S. has tried to assist Greece. This article concerns mining and transportation.

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Greece, the land of raw materials, is a country that, if properly developed, can contribute immensely toward national economy and eventual prosperity. For although Greece is rich in natural resources comparable to many other countries, she has not exerted sufficient effort to meet 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.

The Greek mining industry has been seriously handicapped by the lack of transportation facilities. The Greek coal industry has been virtually non-existent until recent years, but, with the recent establishment of the Greek National Mining Corporation, it is hoped that the Greek coal industry will be developed into a major source of energy for the country. The Greek mining industry has been handicapped by the lack of transportation facilities, and it is hoped that the recently-established Greek National Mining Corporation will be able to overcome this problem.

Another field of potential profit to the nation is that of metals, ores and minerals, many of which are of value to the international trade of the U.S. and Europe. The U.S. government is currently working with the Greek government to develop the mining industry and to increase the production of minerals.

During the first days of the Greek Revolution, the American Mission recognized that development of Greek mineral resources was essential to our broad economic program whereby Greece might eventually become self-sufficient. Thus the AEC Mission began an extensive mining program which subsequently was carried forward and expanded under the Marshall Plan. By the end of 1957, over $200 million had been allotted to Greek mining enterprises from American aid funds.

Most mining operations in Greece had come to a standstill during World War II, since it was not possible to obtain machinery, transportation, and supplies. This situation continued during the Communist period, when guerrilla forces occupied the mountains and forests. The mines, particularly in Macedonia and Thrace, were virtually destroyed. The manufacturing and mining operations were deliberately neglected as a last resort of defense by the retreating communists.

Progress under the American aid program was never entirely slow, but not even the American aid program was able to overcome the obstacles encountered. The United States government, through the Marshall Plan, has been able to provide much-needed assistance to the Greek mining industry, and it is hoped that this assistance will continue and that the Greek mining industry will be able to develop into a major source of income for the country.

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GEOTHERMAL ENERGY AND MINERALIZATION. One of the tasks put before the
Development of Greek mineral resources was the organization, within the Greek
Government, of a geothermal and surface research program to study the most
important orogenic belts and to produce a basic geological map of Greece.
American advisors helped the Greeks to coordinate their research activities and
by early 1965, the Greek Government had ready to publish the first reports
and comprehensive geothermal reports produced in Greece. Many detailed
boreholes culminating systematic studies of individual areas or of particular minerals had
been printed.

The job was partly that of pulling together and correlating various
Geophysical studies made before the war by Greek and foreign specialists. But
in addition, new drilling and other sub-surface exploration using geophysical
equipment and similar newly developed methods were used to verify and expand these
earlier findings. In some cases these explorations failed to confirm the findings of
earlier reports, in that the mineral deposits were found to be too small in quantity, too poor in quality or too highly broken up to make mining profitable.

But those conclusions, while disappointing, had two important effects. They
prevented untold investment and consequent loss of jobs by Greek private investors.

And they also showed how much was to be gained by developing the mineral resources
which, with relatively little development, might be reconstituted later if world shortages become more widespread and prices rise rapidly.

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

LOANS AND GRANTS. The American Mission encouraged new Greek mining
ventures. In the broad categories of loans and grants 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 loans could apply for a
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, were able to purchase
the equipment of mining machinery from abroad, and mostly in Marshall Plan counterpart
frameworks for local development and construction work, also provided that the
borrower must furnish at least a third of the total amount from his own resources.

The other category of loans did not come out of the Greek recovery program
at all, but exclusively from United States funds spent from regular Greek aid.
These were the "strategic materials" loans established by the U.S. Congress to help
develop and accumulate supplies of critically scarce materials for the U.S. stockpiles,
and essential to the defense needs of the West. These loans provided that all of the
investment would be repaid in money but in annual deliveries of processed
or unprocessed ores at regular prevailing prices. The dollar funds came from
appropriations separate from the Marshall Plan. The necessary deposits were provided
of five per cent counterpart funds," Under the basic Marshall Plan agreement
with Greece, six per cent of the "counterpart funds" -- loans not made by the
Greek Government to match dollar aid to Greece -- were reserved for internal
recovery purposes. The remaining five per cent was established to the credit of
the "counterpart funds," So any local administrative costs of the American Mission
within Greece, not to purchase strategic materials, Seven loans of this type totaling
less than $15,000,000 in foreign earnings and dollars, had been approved through
1963, or about 10 per cent of the total American aid to all types of Greek mining
ventures. These loans were used to buy uranium, bauxite and manganese, scandium
and additional loans were in progress to develop chromite, magnesite and lead-zinc
deposits.

MINERAL DEVELOPMENT. The American aid program failed to show significant
results in mineral production. But Greek aid was beginning to
be repaid. Meanwhile much machinery had been ordered and installed in all parts of
Greece, and when this machinery began operation, the results were startling.
Production during 1964 more than doubled that of 1960. In fact, output of the 14
mineral products during 1964 was two and a third times that of the previous year.
Here are comparative figures during 1955: total U.S. production was 263,000 metric tons, and exports amounted to nearly 204,000 tons valued at $8,280,000.

In 1961, production was more than 552,000 tons, with export of 473,000 tons valued at $8,265,000. And mining executives firmly proposed that this production could be doubled again within another three years, if the present rate continued.

One dramatic instance of this upsurge of production, with particular appeal to the Greek people who are so conscious of their ancient heritage, was the reviving of the famed Laurium mines at Laurion. In the fifth century B.C., they were described by the tragedian Aeschylus, as "a fountain pouring 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 beated the ships of Persia, and firmly established Athens' dominance over her power states. When the Laurium mines declined, so did Athens. The last silver bullion grade out about 700 B.C.

The Laurium 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 $1,000,000 in foreign exchange and know-how to develop the area systematically. By the end of 1961, the mines were processing 200 tons of ore a day, extracting lead and zinc concentrates with valuable by-products of silver and iron pyrites, which are used in the manufacture of sulphuric acid.

Another example of this mining program is the development of the rich bauxite deposits at Eleusina, near Athens. The Mutual Security Agency agreed to advance $1,200,000 in American, Greek, and German contributions, under the strategic metals program and apart from the regular recovery plan. The agreement provides for assembling and equipping the Eleusina mine and sending the ores to Greece for processing into aluminum. The result will be 105,000 tons of aluminum for western defense within the 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 Americans have pushed development of Greek lignite resources, at a rate designed to increase production 10-fold. By substitution of this "brown coal" for a part of the fuel now being imported, Greece may save more than $5,000,000 a year in foreign exchange, can ensure the continuity of her industrial production, and can lessen the drain on the fuel resources of other EEC powers. She can also provide important resources of electric power and can increase domestic use for many Greek homes which now are sold because of the high prices of imported coal.

The Americans aid program has approved six major lignite development projects, with loans and grants totaling nearly $24,000,000 in foreign exchange and know-how. Several involve expansion and modernization of mines in Thrace and Attica, but the two largest are the Eleusini and Peloponi deposits. The Eleusini mine on the island of Eleusis north of Athens is being developed along with a thermo-electric power plant nearby, and will serve as "major" mines to supply the power station with fuel.

The Peloponi project in north central Greece has vast reserves of low-grade lignite which have been termed the "fuel base" of the nation. The lignite lies close to the surface and can thus be mined by open pit methods with the earth being removed easily by large digging machines to expose the lignite. After the lignite has been dug out, the top earth can be replaced, and planted with trees. To be fully useful, the Peloponi lignite must be processed to reduce the water content, and pressed into briquettes. Geologists estimate that Peloponi can produce 2,000,000 tons of lignite annually for at least 100 years, which 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 overseas-going vessels had been...
early; even at times, railroads and highways were badly damaged, and motor transport was reduced to a few dilapidated trucks sent out of need of repair. Both the Provisional Government and the Marshall Plan gave top priorities to recovering transportation facilities.

Before the war, freight shipping totaled nearly 1,600,000 tons, including 500 steamships, vessels, and a coastal and Mediterranean fleet of 80 larger ships and 750 smaller. In 1965 there were 128 miscellaneous ships totaling 523,000 tons.

Even before direct American aid to Greece began, the United States made available to the Greek Government 200 Liberty ships which were used by Greek operations at an average of 60,000 tons, less than a fourth that month. The Greek shipowners paid 24 per cent of the price as a deposit, 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 more revenue to bring aid supplies to Greece. All these U.S.-made ships are now under Greek flag and are paying taxes to the Greek state. However, many ship privately acquired by Greek nationals are registered under Dominica or other flags, and the total of all Greek flag ships is still nearly a third under the present figure.

Greece is a peninsula with many landing places and thus small coastal shipping is vital to her economy, with about 220 harbors serving at least 15 landing facilities and many ports where goods go in and out of large areas. Under Marshall Plan new vessels were built or refurbished with U.S.-furnished loans, particularly under the fisheries program. The Mission also worked with the Greek Government in restoring to private owners all coastal vessels which had been taken over by the Greek State, as a temporary expedient at the end of the war.

MOTOR TRANSPORTATION. At the time of liberation, only about 1,000 motor vehicles in various stages of collapse were left in Greece. By the end of 1953, Greek motor-transportation facilities had increased substantially over the pre-war level. The number of land was 61 per cent higher than in 1953, and vehicles increased 29 per cent in the same period. Number of private passenger cars reached about the same as pre-war. Most pre-war vehicles registration statistics are lacking, but it is estimated that about 2,900 oldest vehicles are operating now in Greece, as compared to about 12,000 before the war. Plans are underway for a complete new registration.

About 900 of the 2,900 oldest vehicles are covered by the Marine Plan. The remaining 1,100 were purchased under the Marshall Plan. Of these, about 700 have been used for transportation, and the balance are used for other purposes.

One of the major sources of new buses and trucks has been the Greek industry itself. Number imported engines and chassis, or stripping from military trucks to the civilian Greek manufacturers built but half of the total 1,000 during the peak period between 1960 and 1961. American body specialists were brought in to Greece to assist in this work, and larger Greek factories turn out modern metal bodies. Bodies for most of the new buses on the streets of Greece are made locally. Many other automotive firms, including factories, are also now used in Greece.

The automotive parts situation has improved after the war was largely ended, and large numbers of vehicles were full of many parts that were needed. This allowed some of the imported engines and chassis carrying some engines were ordered to turn around and opened in Greece, so that many of the parts needed could be fabricated to fit the Greek engines. Several less so.
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, secondhand, unsalable. So one knew what equipment was on hand or where it was. It was a major task for the ESSY, the Greek war surplus agency set up by the Greek Ministry of Finance, to handle this equipment. In all, more than 80,000 cases of equipment, tools and spare parts had to be opened, sorted, unpacked and placed for sale in regular commercial channels throughout Greece. About $3,000,000 worth of automotive equipment was made available in this way, and the spare part situation eased appreciably.

The scarcity in the situation became apparent when the ESSY began to sort out the equipment, for not all of it was automotive or mechanical. The ships had carried Allied surplus destined for various parts of the world. Thus the ESSY 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 U.S. warehouse was being cleaned out, there were discovered enough huskthieves to supply all Greece for years, crates of tennis rackets and other sports equipment originally destined for troops overseas, and many other items which caused Greek newspapers to demand an investigation of how these things came to be.

After the ESSY 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, tires 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 "marxistidom 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 media of cooperative pools.

During the war years little had been done to train Greek youth in the mechanics and maintenance practices necessary to maintain the national automotive fleet in first-class condition. Therefore the Greek Government and the Mission jointly sponsored an automotive 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 150 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 RAILROADS. With most major reconstruction work completed on the Greek rail 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 railroads, 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 coal 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 1950, the Greek railroads now handle 24 per cent less tonnage than they did then. Most of this tonnage has been diverted to trucks.

Mission advisers 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 followed in
the U.S. and many European countries. This coordination of transport is an
unfamiliar field to 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."

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