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## Press release

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TODAY'S PRESS CONFERENCE BY THE MINISTER  
OF AGRICULTURE, MR. KOSTAS SIMITIS

On the occasion of the informal meeting of the Community's Ministers of Agriculture at the Zappeion Hall on 5 September, the Greek Minister of Agriculture, Mr. Kostas Simitis, who will preside there, gave a press conference today on the subject of this meeting.

"The subject of the meeting is the Community's structural policy in the agricultural sector. The relevant Community directives expire at the end of this year and so the Commission must present new directives in accordance with the new views concerning the structural policy which had been decided at a previous informal conference of the Ministers of Agriculture which took place in Germany. Our intention is to approach the problem of the structural policy from one particular angle. That is why the general title of the conference is 'Regional Peculiarities and New Orientations of the Structural Agricultural Policy of the EEC'."

At this point, Mr. Simitis presented the reasoning behind this new structural policy.

"The Common Agricultural Policy (CAP) involves two major subjects: one is the policy of guarantees, i.e. the prices to be fixed for the commodities and any other arrangements to strengthen the production and sale of the commodity, the other is the policy for the improvement or development of structures in agricultural production.

"We believe - Mr. Simitis pointed out - that the policy of guarantees favoured mainly northern commodities and the larger farming units since the decisive factor of the price system and the interventions continues to be based on the volume of the output.

"The structural policy which later supplemented the CAP proved to be inadequate to change this trend. On the contrary, in our opinion, it reinforced a process of exacerbating the regional inequalities. I have mentioned before the reasons for this and I should like to repeat them: the structural measures of the Community are not balanced and are not suitable to deal with the peculiarities of the member states. Because they are very general, they cannot be applied in cases like our country or the Italian South which have their own particular problems and are not comparable with developed regions of the Community which served as models when the structural directives were issued.

"What we have got to do, then, is to examine the structural policy not as one overall policy which is based upon certain basic principles but as an overall policy which also takes into consideration regional peculiarities. That is why we put forward the regional peculiarities and the new orientations of the structural policy as the central subject of this conference here in Athens. We are guided by the thought that there should be a general outline, a 'model', of agriculture for the regions of the Community which would deal with the desirable types of agricultural holdings, the marketing and processing structures of the commodities, the rates of employment and the level of incomes, the role agriculture is to play in a given society and economy and the role of agriculture in international trade."

Mr. Simitis then referred to the appropriation of credits of the FEOGA (Guidance Section), pointing out that the country that has most benefited from this Fund in relation to the population employed in agriculture is Ireland and then there follow Belgium, Luxembourg, the Netherlands, Great Britain, Denmark, Germany and France. At the end of the line are Italy and, very much behind, Greece. Mr. Simitis added that most of the Community credits are absorbed by the Community's northern members and that the Mediterranean countries absorb much smaller funds. As a typical example, he mentioned that in 1982 the

Netherlands absorbed 140 ECU's for each person employed in agriculture whereas Greece absorbed in the same year 12 ECU's per person employed in agriculture.

Ireland absorbed 399 ECU's per person in agriculture and Italy about 45 ECU's, i.e. three times less than the Netherlands. Great Britain, which is a country where agriculture is highly developed, absorbed 109 ECU's per person in agriculture, i.e. approximately ten times more than Greece and two times more than Italy.

Mr. Simitis then replied to reporters' questions.

Question:

Following a decision by you, a sub-committee was established to draw up a programme for the development and modernization of the infrastructure in the sector of wine processing and marketing. In your view, is the Greek wine industry not sufficiently modernized?

Answer:

I think not. Greek wines are very much lagging behind other wines in Europe in terms of competitiveness. What is involved here is standardization and marketing. When I say "standardization" I mean that which we all know, that the same firm produces in the same form a wine which may vary considerably depending on its date of production whereas it ought to be always the same. As for marketing, I'll mention a typical example: the cooperative societies, which also happen to be the main producers of wine, are actually putting on the market more than 200 different brands, if my memory is correct. The result of offering so many wines of more or less the same quality under so many different brands is to disorient the consumer.

Question:

This year's wine output is expected to amount to 580,000 tons



as against 480,000 tons last year. Is this correct or does this figure refer to grapes and not to wine?

Answer:

As far as I know, it concerns wine. Grapes amount to more than 1,000,000 tons.

Question:

Since a meeting of the Ministers of Agriculture took place on 30 August, I suppose that their present meeting is going to be, in some way, a sequel. Do you expect that there will be a greater rapprochement on the subjects involved by the Ministers of Agriculture so that they will be able to deal more effectively with the Ministers of Finance who are trying to cut down your appropriations?

Answer:

At the meeting of 30 August and during the discussions which are taking place on the reform of the CAP, the structural policy is playing an important role and there are countries such as ours which support the view that in order to obtain agreement on the new CAP, what must be examined before all else is the reform of the structural policy. This means, as you rightly say, that the Athens meeting is in some way a sequel to the general debate which is taking place on the CAP and of the meeting which took place earlier. However, if I may present the matter in a plain manner, I must say that the Council of the Ministers of Agriculture has no mandate or competence to discuss the decisions taken at Stuttgart. It may discuss in parallel the subjects which play a role in the implementation of the Stuttgart decisions but it is not directly involved. Only the special Councils or the Council of Foreign Ministers is authorized to deal with these subjects. Now to the other part of the question: I believe that there does not exist a common front of the Ministers of Agriculture nor is it possible for such a front to exist because there are not only the countries which argue through all their

Ministers (the Ministers of Agriculture being perhaps less emphatic than the others) that expenditures must be cut, but also countries like Greece which argue that the Stuttgart directive is not for a cut of expenditures but the setting up of a more reasonable CAP so that it will become more effective and so that it will reduce the regional inequalities. There is perhaps one common denominator among the Ministers of Agriculture and that is their strong desire that they rather than the Foreign Ministers should decide agricultural matters.

Question:

Do you consider that the issue of balancing the amounts which are absorbed by the member states, which is going to preoccupy this Council of Ministers of Agriculture, is a technical or a political one, in other words can it be solved only by technical means or is it a matter of political philosophy which presupposes a change of policy?

Answer:

The issue is certainly not only technical and the debate which is taking place at this moment in the Community and between Greece and the Community is not only a debate on a technical level. Greece is posing certain more general problems. It is not just the regulations which must change. There must also be a change in some other things, as we have stressed before, for instance the ways in which trade within the Community is conducted, the organization of trade in general. In the view of the Greek Government, there must be an overall approach to the problems and responsibility for this belongs to the Ministry of Foreign Affairs and the Ministry of National Economy. We at the Ministry of Agriculture are dealing with the specific subjects of agriculture.

Question:

The final communiqué of the Stuttgart meeting, the proposals of the European Commission and many member states are talking of

cuts in expenditure or of a reasonable cut in expenditure. What one generally hears is the cutting of expenditures. You have talked of rationalizing expenditure. What is Greece's position vis-à-vis the requisite readjustments in the CAP which, in turn, involve a cut of expenditure or something else?

Answer:

In no way do we accept that the Stuttgart directive relates to the cut of CAP expenditures. At this moment there is a problem with regard to certain commodities in connection with which expenditures have increased very much. There are surpluses of butter, milk powder and other products which create difficulties. There are also other problems such as the unequal treatment accorded to different commodities, the lack of Community preference for all commodities, the unsatisfactory structural policy. The Greek Government agrees that the whole CAP should be re-examined because it believes that apart from the problem of expenditure, which has been pointed out, there are also other important problems which have to be dealt with. An overall review of the CAP will certainly also involve arrangements that are going to lead among other things to the cut in expenditure. But the directive is that we should rationalize the CAP and not just discover ways of how to effect savings. Because if the only issue were just to effect savings, then the answer would be simple: we are not going to spend money on commodities, we restrict prices, we prohibit the increase of production. Then it would be self-evident that savings would be effected. But we do not agree with this. For instance, we are saying: there must be a threshold of guarantees for commodities of which there is a surplus, which encounter difficulties when they are to be sold on international markets. Another thing we have to look at is the relation between international and domestic prices, but this too has to be seen in close relation to the income of the producer, to the situation prevailing in the region where this commodity occurs, and to various other data. We must look at Community preference but



perhaps we are going to revise it in such a way that those regions which need greater protection will truly be protected.

Question:

It is a common secret that there is as much interest in the CAP on the part of countries which export many commodities to the Community as there is on the part of the member states. Could you cite an example of reactions from the large countries which are non-members of the Community, which are interested in the readjustments and / <sup>whether</sup> they have made certain recommendations/ observations or / <sup>whether</sup> they have formulated concrete views on this subject?

Answer:

As a member of the Greek Government, I have at this moment two memoranda, one from the Australian Government and the other from the Government of New Zealand. Because these countries export their products to the Community, they point out, as they have done in the past, that no additional difficulties should be created for the imports from their countries into the Community and that the Community's policies with regard to products that are of concern to them should be formulated after consultation with them.

Question:

A few months ago Greek producers destroyed 50,000 tons of fruit - peaches, I think. I believe this is the first time that such a great quantity was destroyed. Does the Government encourage the producers to withdraw agricultural stocks?

Answer:

The first thing I want to say is that the Government in no way encourages producers to withdraw their products. It has made efforts and it continues to make them to obtain the sale of their output and, in those cases where this is not possible, to find ways to utilize such products. This Government is the first



to promote the production in large quantities of juice of withdrawn peaches and apples and, as you have probably heard, last year we distributed to schools and other establishments tinned fruit juice which had been produced from withdrawn fruit. I am saying this because I want to stress that the withdrawal of fruit and garden produce is not our policy. Our policy is to utilize them to the greatest possible degree. Of course, there are difficulties in marketing them, difficulties which are perhaps due to various reasons, such as that this year Greek peaches were not always of the quality required to be sold on foreign markets; there had been some rain before the harvest and those rains led to a reduction in the quality and then to a drop of prices on the German market. The consequence of the fall in prices was that not sufficiently large quantities of fruit were exported and this, of course, led to the withdrawal. But this is not the only cause. I mention the example of apricots, which were, of course, withdrawn for the first time. I am saying "for the first time" because the relevant Community regulations had come into force for the first time, which provide for supports of the withdrawn quantity. We had proposed in good time to the Commission that the money which was going to be given for the withdrawal should not be given for this purpose but, instead, to the processing industries for the tinning of apricots so that there would be no withdrawal. However, the view of the Commission was that the processing of apricots would be a new step in the CAP and this is something which has not been decided yet and that until now many countries have expressed their opposition to a support for the processing of apricots. That is why the Community preferred to allocate the money to withdrawal. Our problem is the market organization which is still showing many disadvantages. We have already taken steps to correct the situation. I hope that in the year before us, during the new trading period, we shall be able to improve the situation and to promote exports effectively.

THE ECOFIN MEETING IN CEPHALONIA

The economic situation in the European Community and currency issues such as the relation between the dollar and European currencies will be the main subjects which will be discussed at the forthcoming meeting of the Council of Ministers of Economics and Finance on Saturday 10 September, on Cephalonia, under the chairmanship of the Minister of National Economy, Mr. Gerasimos Arsenis. The meeting will also be attended by the Governors of the central banks of the member states of the European Community.

With regard to the Community's economic situation, the talks will be concerned with the course of the economies of the member states following the recent observation that the hopes for a relatively fast recovery have not been borne out and that, on the contrary, only negligible progress had been made in a number of sectors (e.g. interest rates). But the largest part of the meeting is expected to be devoted to the recent currency developments, mainly after the spectacular rise of the dollar and the consequences of this development on the economies of the other countries and in particular the EEC countries.

It is expected that at the same meeting there will also be a reference to the reform of the international currency system which had been proposed at the Williamsburg meeting of the Seven by French President François Mitterand and which is brought forward again at Community level by the Greek Presidency. It is the intention of the Greek Presidency to seek a framework of action and concrete procedures which could end in the convening of an extraordinary summit meeting which would deal exclusively with the subject of reforming the international currency system.

Lastly, among the subjects to be examined at the meeting of the ECOFIN Ministers will be the joint attitude of the Ten at the impending annual meeting of the International Monetary Fund which is going to take place in Washington from 26-30 September. The Minister of National Economy, Mr. Gerasimos Arsenis, will represent the Community there and will address the meeting.