

Athens, 12 november 1982

SPEECH TO BE GIVEN BY MR SIMITIS, MINISTER OF AGRICULTURE,
TO COMMUNITY JOURNALISTS AT THE ATHENS CHAMBER OF
COMMERCE AND INDUSTRY (EBEA) ON 22 NOVEMBER 1982

Gentlemen,

I should like at today's meeting to present you with a concise picture of what you will be seeing during your visit to Greece.

My aim is twofold : firstly, I shall seek to give you a guide on the basis of which you will be able to assess the level of development and structures of Greek agriculture, and secondly, I wish to draw your attention to the need for efforts aimed at the convergence of the unequally developed economies of the Member States.

The Mediterranean programmes currently being prepared by the Community have a very important role to play in bringing about a change in the present situation. Our hope is that they will be instrumental in boosting the level of development of Mediterranean agriculture, and thus of Greek agriculture, too. It is also particularly important that the special nature of Greek agriculture be recognized and that rules be applied that take this special nature into account. The Greek Government has in its memorandum indicated the modifications that need to be made to the general arrangements.

GREEK AGRICULTURE : KEY INDICATORS

The agricultural sector in Greece accounts for 17,2 %, at current prices, of the country's GDP (1981). A feature of agricultural production is the substantial contribution of crop production, namely 64 %. Livestock production accounts for 32 % of the total. Despite the basic importance of the fisheries and forestry sectors, their contribution remains limited, -2,5 % and 1,5 % respectively.

The volume and composition of agricultural production have made for self sufficiency in virtually all products, notable exceptions being beef and veal (degree of self-sufficiency : 48 %), dairy products (83%) and maize, production of which has risen sharply in recent years.

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Exports of agricultural products account for about one fifth of the overall value of production, comprising traditional exports such as tobacco, wine and raisins, on the one hand, and fresh and processed fruits on the other. The share of the latter has been increasing steadily, standing at 56 % in 1981.

Imports of farm products represent around 14 % of total imports. Meat, dairy products and animal feedingstuffs account for 48 % of the value of agricultural imports (i.e. 32,5 thousand million drachmas in 1981)

Over the last decade (1971-1981), productivity of persons employed in agriculture rose by an average of 3,5 % per annum, compared with 7,7 % in the previous ten-year period (1961-1971). The fall in the rate of increase was the result, on the one hand, of a lower percentage rise in the agricultural product (2,1 % as against 3,5 %), and, on the other, of the sharp reduction in the rate at which workers were leaving agriculture (- 1,4 % per annum on average compared with - 4,2%). In the last five years, production in the various sectors rose more slowly than in the previous five-year period, notably in the livestock sector where the average rate of increase was only 1,07 %. This was due to the substantial and steady fall in production of bovine animals (-4,2 %).

Notwithstanding the structural changes that have taken place and that have boosted its productive capacity, Greek agriculture continues to face fundamental structural, organizational and institutional problems.

Low income per employee compared with other sectors of the economy (47 %), coupled with significant disparities between farming areas, continues to represent a major problem in the agricultural sector. Low incomes are attributable on the one hand to prevailing production conditions and to market conditions on the other.

2. PRODUCTION CONDITIONS

The basic weaknesses that contribute to low productivity of the various resources employed are as follows :

- a) the small size and fragmentation of farms. Despite the sharp fall in the agricultural population, developments with regard to the size of farms have been particularly slow. At the same time, collective activity at the production stage as a form of farming presenting the possibility of economies of scale is non-existent, save for a small number of collective farms.

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- b) Poor, neglected land in mountainous and semi-mountainous areas, which constitutes 44 % of agricultural land and where about half the country's farms are located. Scope for changes in the structure of production of farms in these regions is quite limited.
- c) The low proportion of land under irrigation (about 1 million hectares, as against the 1,6 million hectares which could be irrigated in the long term out of a total of 3,9 million hectares of farm land) limit the extent of intensive farming. Over the last five years there was a significant drop in the increase in irrigated land due to the fall (at constant prices) in public and private investment in the sector.
- d) The under-employment of a large number of persons, coupled with an unfavourable age structure and the small number of active persons per farm, which contributes to the low productivity and lack of mobility of the workforce and hampers recruitment of seasonal workers.
- e) The low level of technology compared with levels obtaining elsewhere in the Community. This problem stems from the deficient structure of farms in Greece, which are small and fragmented, and the lack of technical assistance to producers, chiefly in matters of organization, planning and production techniques (rational use of improved inputs, irrigation techniques, improved varieties, breeds, veterinary care, etc.). The shortage of technical assistance is due to a lack of organization and inadequate staffing of the applications - training - research services and inadequate linking of research with the application of research findings.

3. MARKET CONDITIONS

Fragmentation is also a feature of the market for agricultural products. Both production and movement of farm produce are in the hands of small or medium-sized units, a factor that has direct repercussions on the profitability of the various activities.

The limited role played by agricultural cooperatives at the marketing and processing stages (despite considerable scope for improving producers' incomes at these stages) has meant limited bargaining power for producers and direct dependence on firms which process and handle their products.

Inadequate marketing infrastructure and the need to modernize a substantial part of existing infrastructure (suitable storage

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premises, packaging plants, refrigeration facilities, slaughterhouses, means of transport, etc.), together with the lack of standardization in the internal market for agricultural products, have an adverse effect on producers' incomes and bargaining strength.

As for external markets, our exports account for a small share of Community markets and an even smaller share elsewhere. Moreover, they tend for the most part to fetch low prices. However, these low prices do not give us a competitive edge as part of the loss is borne by the producers on account of their lack of bargaining power.

The problem confronting agricultural exports is largely one of inadequate infrastructure and poor organization of marketing.

4. BASIC AIMS AND AMBITIONS OF THE GREEK GOVERNMENT

In the context of our more general policy of balanced and self-reliant development, of social justice and support for the economically and socially weakest sections of the population, the key objectives of our five-year plan in the agricultural sector are the following :

- to raise living standards in agriculture by boosting incomes and providing better social and cultural services.
- to create conditions in agriculture that will make for better utilization of the sector's resources and improved competitiveness, thus enhancing its self-reliance and enabling it to contribute as far as possible to the development of our country.
- to create conditions that will enable the agricultural population, with the help of agricultural cooperatives and associations and local government, to play an important part in the taking and implementing of decisions affecting it.

The aforementioned basic objectives will be achieved within the context of the development policy to be pursued in the lifetime of the 5-year plan by seeking to :

- increase productivity in agriculture and enhance the competitiveness of farm products,
- support collective activities by producers, especially in the form of agricultural cooperatives,
- adapt the quantity and, above all, the quality of production to the needs of the internal market and export possibilities,

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- widen the scope for exports
- reduce income disparities in the sector with a view to keeping the agricultural population on the land and avoiding a deterioration in the regional distribution of the population and economic activity.

Gentlemen,

Our government is convinced that the problem facing Greek agriculture is a structural one that is closely related to the more general problem of integrated development.

We have adopted a policy aimed at resolving structural weaknesses. The process of developing the Greek economy, and agriculture in particular, will be underpinned by an overall national plan geared to tackling the problems confronting the sector and ironing out regional disparities. The five-year programme of economic development and restructuring of the economy is due to become operative at the beginning of 1983. Our aim is to modernize agriculture with a view to strengthening our competitive position internationally. The Greek Government is unwavering in its determination to keep the population on the land in the framework of a broad process of administrative and economic decentralization. The essential prerequisites for this are support for agricultural incomes and the cooperative movement and an improvement in the social and cultural infrastructure in the countryside.

We have inherited a sadly neglected agricultural sector that shows all the signs of declining economic and social prosperity. Leaving aside differences in political approach to the problem, the revival of the sector will require both time and resources.

We are setting about the task of changing the institutional framework within which the process of production, processing and marketing in the agricultural sector takes place - this will represent the main lever for realizing an improvement in living conditions and enhancing the quality of life in the Greek countryside.

The substantial weaknesses in Greek agriculture that I have just described present serious problems of adjustment in the context of the Community. For instance, our trade balance with the other Community countries showed a deficit in the first year of membership, whereas this was never the case before accession. In the Greek market, it is possible to buy agricultural produce produced elsewhere in the Community or imported from outside. In contrast, Greek products do not find outlets or are marketed only with considerable difficulty in the Community.

In order to effect a smooth adaptation of the Greek economy to conditions stemming from our accession to the Community and to

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ensure that the system of relations between Greece and the Community does not work to our country's disadvantage, the Greek government has, in its memorandum to the Council, requested certain special arrangements as regards these relations

5. THE THIRD ENLARGEMENT AND THE MEDITERRANEAN PROGRAMMES

The Greek government is fully aware of the deep political nature of the third enlargement of the Community and, although it will doubtless have financial implications and repercussions for the competitiveness of Greek industrial and, above all, agricultural products, the Greek Government has nonetheless repeatedly expressed its positive response to Spanish and Portuguese accession.

But leaving aside the political reasons and calculations underlying the shaping and enlargement of the Community, the main economic repercussions are those that impinge on the day-to-day, but also long-term, process of European integration.

Let me therefore present, in a nutshell, a few of my thoughts on these repercussions, with special reference to the agricultural sector. I realize, of course, that we should not isolate certain events, or even certain of the most significant facets of these events, from their historical context.

A common feature of the second enlargement (Greece) and the third (Spain and Portugal) is that the European Community is acquiring a Mediterranean region with acute problems. Let me stress that the extent to which these three countries constitute a sensitive region that deserves and requires special attention, or simply a "Mediterranean extension" of the Community, depends not only on the posture adopted by these countries but also on the attitude of the developed countries which formed the Community of 9 Member States.

Future developments in a twelve-member European Community will will most probably depend on certain fundamental political decisions which the present Community of ten countries will have to take. The various scenarios of this future "togetherness in the Community lie somewhere between the following two "extremes" :

- (i) Southern Europe, and in particular the two least developed countries (Greece and Portugal), becomes the economic, social and political "Puerto Rico" of Europe. This is, of course, an extreme case, but let me emphasize that there are processes of economic integration that have led -and are leading- to overt or even more refined forms of economic dominance and dependence.

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- (ii) At the other extreme we have a genuine united Europe, the functioning and development of which are based on direct and bold measures aimed at reducing current disparities and discrepancies in levels of productivity, competition, economic development and incomes. In this case, which I term "extreme" because experience shows that the Member States have yet to realize the need for such choices now, in the Community of Ten, the term "integration" will be freed from the "fetishism" imparted to it mainly by economists. I am referring specifically to the observed trend to lay exclusive stress on certain measures which are, in my view, the least important (liberalization of economies, lifting barriers to international trade, the much discussed and ever vague idea of "harmonization" of economic policies and so on).

Liberation from fetishes of this kind with reference to "integration" will give the term its true, basic and only effective meaning : the approximation of structures and the behaviour of economic variables and people, the realization that the "dualism" in the process of economic unification affords temporary gains to the stronger of the "two" sides, but causes long-term damage to both sides in the dual system.

In conclusion, I believe that avoidance of such an undesirable dualism is the prime and central duty of the Community. I believe that the fate and dimensions of the Mediterranean programmes and the speed with which they are implemented will constitute clear evidence that the Community, the Commission, Parliament and Council, shares this view.

Thank you.