

## GREECE VI

## The key to successful EEC integration...

## Agriculture

A LITTLE butcher's shop in a side street off Kolonaki Square, loosely described as the Mayfair of Athens, used to specialise in pullets. Corn-fed, weighing about a third of a kilo, and sold most recently at a flat rate of Drs 120, they were a way of giving a dinner guest his personal bird, preferably stuffed with rice and roasted with chopped mushrooms.

The butcher doesn't stock them any more. To make a profit now, he says, he'd have to sell them at Drs 150 each—and what's the good of that when you can go to any supermarket and buy frozen French pullets, slightly larger, at Drs 100 each?"

The invasion of Greece by little French chickens is an example on a miniature scale of what Mr Constantine Simitis, the Minister of Agriculture, describes as "the one-way street effect" of Greece's accession to the European Economic Community two years ago.

It is also a pointer to the structural weaknesses of Greek farming when a bird from Megara, barely an hour from Athens, can be undersold by smartly-packaged, oven-ready blocks of frozen flesh that have had to travel across Europe from the heart of France.

Back in the days when Greece was negotiating what is now described as a very bad Treaty of Accession, agriculture was heralded as the sector standing to benefit most from membership, through assured European

markets free of quota limitations and through massive injections of community funds both as price supports and for development projects.

This is not the way accession has worked in practice. Greece has a well-stocked basket of problems from its first exposure to quality with the more developed countries of northern Europe, and has laid them on the counter in its March memorandum to the community. To an extent that is surprising only in view of the earlier optimism, agriculture lies at the heart of them.

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By the end of this year, some 180 community experts will have travelled to Athens for discussions on the memorandum. About 80 of them in 15 groups, will have been talking about agriculture in the widest definition of the word. Subjects range from production to protection and from domestic and foreign marketing to processing and the development of the co-operative movement.

The insistence of Greek negotiators that they never sought either a renegotiation of the accession treaty, let alone of the Treaty of Rome, or even a right to deviate from them, has something of a hollow ring when every commissioner arriving in Athens issues a routine statement that whatever settlement

may finally emerge must be "within the treaties."

If the present time schedule is adhered to, this will occur about next May—the exploratory discussions in Athens and Brussels are due to be completed by the end of the year, allowing plenty of time between then and the early summer for hard negotiating in the Commission and the Council of Ministers. The Greek Government is going ahead with reconstruction of the Zappeion Palace in Athens for one purpose only: to be ready to take over the presidency of the Council for six months from next July under the rotation system.

Though this has not yet been tacitly acknowledged, there is a growing appreciation that EEC membership, under improved conditions, could provide the impetus for exactly the kind of social and administrative reform, as well as economic development, that Dr Papandreou's Panhellenic Socialist Movement (Pasok) party promised in election campaigning a year ago.

Presenting the 1983 budget, Mr Dimitrios Koulourianos, the Finance Minister and one of the international technocrats who returned to Greece after the Socialist election victory said the net benefit from financial exchanges with the EEC next year should run out at about Drs 50bn (\$694m), as against just under Drs 40bn this year.

If the benefit is not even greater, this is to a large extent is Greece's own fault. One of the principal concerns of the Brussels groups over the past few months has been to

help Greek officials learn the secrets, so much better understood by the Irish, of how to get more money from available EEC funds. Suitably, the operation has been placed under the direction of an Irishman, Commissioner Richard Burke.

Drawing on the funds is one aspect of a problem that Mr Michael Lillis, Deputy Director of Commissioner Burke's office, describes as "an exercise in the Community joining Greece." More and more, agriculture is emerging as the key and touchstone of successful integration.

Mr Simitis describes Greece as "like a Mezzogiorno without a north of Italy," afflicted by "acute problems of regional underdevelopment equivalent in scale and gravity to those of the Italian south."

"Coexistence with countries whose economies and agricultural sectors in particular are highly developed creates problems that could lead our agriculture and farmers to deadlock unless measures are taken," he says.

Greece's high inflation and transportation distances to the rest of the Community add to the difficulties in preserving access to European markets for its farm produce, while its Community trading partners are increasing their sales in Greece.

The share of farm products in total Greek imports from the EEC rose from 9.5 per cent in 1980 to 16.6 per cent last year, converting a farm trade surplus of \$63m in 1980 into a 1981 deficit of \$88m. Overall, Greece's trade deficit with the EEC rose by 93.7 per cent in its first year of full membership,

with the EEC share of Greece's total foreign trade deficit jumping in one year from 32 per cent to 56 per cent.

Observing that the trading figures will certainly be no better this year, Mr Simitis declares: "It is beyond doubt that the so-called 'opening of the markets' has functioned as a one-way process."

At the same time, he says, inflows from Community funds have been counterbalanced by the need to pay higher prices for cereals, beef and dairy produce, of which Greece is a heavy net importer.

"In the case of Greece and the agricultural sector in particular, the Community has yet to show competence and will in achieving effective integration. We should not let national economic difficulties provide an alibi for refusing integration under the cover of marginal and

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symbolic resource transfers."

Structural problems still to be tackled—"no funds have yet been drawn under this heading"—include a low average size of holdings and high fragmentation, the lack of employment opportunities elsewhere for the large agricultural workforce, a processing and marketing infrastructure that is insufficient and irrationally distributed, and shortcomings in the co-operative system.

Agricultural holdings of above 10 hectares represent over 40 per cent of total holdings in the nine other EEC countries but only 8.5 per cent in Greece. The extent to which this operates against efficient farming is shown by a wheat production per hectare barely half the EEC average, and a milk production per cow only 40 per cent of the EEC figure.

In the rest of the community, crop production accounts for 40 per cent of total farm output by value and livestock for 60 per cent: the figures are almost reversed in Greece, at 65 per cent for crops and 35 per cent for livestock.

At the same time, efforts towards land consolidation have failed because of the absence of parallel legal measures to prevent new fragmentation. Mr Simitis describes this as a difficult problem, involving inheritance law and Greek traditions. It will require careful handling.

Greece will be confronting these and other problems, to the extent that it can, in the five-year plan, but will need EEC help in various forms, ranging from direct aid to revised arrangements in the Common Agricultural Policy framework.

In the meantime, says Mr Simitis, "it is only natural that the negative aspects of accession should have shown up first, since this is where we must ask for the help, while the positive results take longer to emerge and are sometimes not so impressive."

Victor Walker

## ...and the man who holds the key

FOR Mr Constantine Simitis, the lawyer who is Greece's energetic young Minister of Agriculture, arguing a brief at an EEC conference in Brussels is not all that much different from leading for the defence in the Greek Supreme Court of Appeal. It demands, the same kind of attention to minute detail, he says. One of his more immediate headaches on taking the agriculture portfolio in Greece's first Socialist Government, just over a year ago, was to inculcate the same close-to-the-grindstone approach among senior officials of his ministry.

Born in Athens in 1936, Mr Simitis studied law and economics at the University of Marburg and the London School of Economics, then embarked on a career that combined legal practice in Athens with teaching commercial and civil law and writing legal textbooks.

As with so many of the pre-

sent Cabinet, his approach to politics grew out of resistance against the 1967-74 military dictatorship. Biographical notes prepared by his ministry put it with a neat succinctness: "He avoids arrest by escaping abroad. He is committed for trial before a court martial accused of attempted arson and infringement of the law regarding explosives. His wife (Daphne, mother of his two children) is arrested by the dictatorship and held in isolation."

Lecturing, broadcasting and writing against the "colonels" in Germany led to membership of the national council of Dr Papandreou's Panhellenic Liberation Movement (PAK). When Dr Papandreou set up the Panhellenic Socialist Movement (PASOK) two months after the collapse of the dictatorship, it was natural that Mr Simitis should become a founder member, as well as a member of the

party's central committee.

As the party's specialist on the EEC during its years in opposition, it was equally natural that after its election he should have been asked to take on agriculture.

For the farm sector is the real key to whether Greece will eventually make a success of its EEC membership, and also to whether the EEC will make a success of integrating Greece into the club of wealthier countries.

After his appointment, Mr Simitis changed senior personnel, including the representation in Brussels, because "people are important," then set up about 20 working groups whose proposals are now being studied in the context of the five-year plan. At the same time he moved "not to change the administrative structure but the way the civil servants were working within the structure." For

example, he says, Greek civil servants have an excessive liking for general positions. "They had to be taught to prepare detailed briefs arguing the precise points to be discussed"—a polite lawyer's way of describing an assault on natural indolence.

EEC officials in Greece and in Brussels tend to regard Mr Simitis as the best-briefed of the various Greek heads of delegation at community meetings, as knowledgeable as Mr Grigoris Varfis, the foreign undersecretary with overall responsibility for EEC affairs, and more spontaneous.

Mr Simitis gives credit to the achievements of previous governments in raising agricultural production. A "sadly neglected agricultural sector" is about as far as he will go in attacking his predecessors.

V. W.



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