

Greek farmers fail to win tax and debt relief

By Kerin Hope in Athens

Militant Greek farmers yesterday demonstrated outside parliament during a debate on the 1997 budget, but their leaders failed to win any concessions on taxes and debt from the Socialist government.

Mr Stefanos Tsoumakos, agriculture minister, said the government was prepared to redistribute up to Dr12bn (\$49m) in European Union subsidies to farmers whose crops were damaged by autumn rainstorms but could not afford to meet other demands.

Farmers from the cotton-growing region of Thessaly led a convoy of buses and trucks to Athens to press demands for tax-free fuel, exemptions from value added tax on farm machinery and a write-off of \$1.3bn debts with the state-controlled Agricultural Bank.

A three-week tractor blockade of highways around Greece has hit manufacturing output and exports, which are carried almost exclusively by truck.

The Federation of Greek Industries claims that shortages of fuel and raw materi-

als caused by the protests will reduce manufacturing output this year by almost one percentage point. The stand-off has become a test of the Socialists' resolve to bring the economy on track with the rest of the EU.

The government refuses to discuss farm policy reforms until the farmers open the roads. Tractor barricades across northern Greece have been lifted, but farmers blocking Thessaly's main north-south highway have threatened to keep the protest going over Christmas.

Mr Costas Simitis, the prime minister, says Greece cannot afford to appease special interest groups if it is to achieve its goal of joining the proposed European single currency by 2001.

Giving in to the farmers would provoke a flood of demands from other groups of workers and derail efforts to reduce the budget deficit in the next two years from almost 8 per cent of gross domestic product this year to the 3 per cent Maastricht target, he argues.

Strikes by seamen, teachers and even diplomats seem to be faltering in face of the firm budget stand.