

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## GREECE IN THE COMMUNITY - ASSESSMENT AND PROPOSALS -

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(Commission communication to the Council  
and the European Parliament)

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INTRODUCTION

1. On 19 March 1982, the Greek Government sent the Council of Ministers a Memorandum concerning Greece's position within the European Communities. The President of the Commission also received a copy.

2. The European Council of 29/30 March 1982 took note of a declaration by the Greek Prime Minister on the subject. It agreed that the Commission should study the Memorandum and report to the Council on it.

3. The Commission examined the Memorandum carefully and presented its conclusions to the Council in a communication of 14 June 1982.

4. The Council took note of the Commission's communication at its session of 20/21 June 1982. It was agreed that the Greek Government and the Commission would remain in contact in order to clarify the various aspects of this question as far as possible.

5. The present communication begins by reviewing the response already given by the Commission in its communication of 14 June 1982 and in its subsequent proposals to the Council and goes on to outline the main details of what the Commission feels is necessary to complete an appropriate reply to the memorandum.

RESPONSE TO DATE

6. The Community's response to date comprises:

- (a) the Commission's communication of 14 June 1982, and
- (b) a number of proposals, some of which have already been adopted by the Council.

THE COMMISSION'S COMMUNICATION OF 14 JUNE 1982

7. In its communication of 14 June 1982 the Commission gave its initial - largely open - response to the Greek Government's requests. The main elements of the communication are summed up below.

8. The Commission is in general agreement with the description of the economic situation given in the Memorandum and endorses the view that determined action is called for to deal with it.

9. The specific nature of the Community Mediterranean questions is recognized by the Community, notably in connection with work on the 30 May 1980 mandate and in the framework of ongoing preparations for enlargement.

10. There are underdeveloped aspects of the Greek economy for which the Community cannot be held responsible.

11. All member countries have, to different degrees, to cope with the difficulties of the economic crisis.

12. The Community cannot be solely responsible for the development of a member country: its role is to back up national efforts.

13. For each of the demands presented in the Greek Memorandum, the Commission stated

- whether the demands are already covered by existing Community provisions,
- whether proposals already made, with adjustment where needed, cover Greek demands,
- whether the measures in question are already contained in proposals envisaged by the Commission, and in particular in the Mediterranean programmes.

14. The Community can contribute to the development of Greece's economy and the solution of the country's specific problems, not by derogating from the Treaties but through the implementation of its policies. The Commission noted that most of the Greek demands come within the scope of the Community's normal decision-making processes and that Protocol 7 to the Act of Accession lays down the principle that the Institutions are to do all they can within the framework of the existing instrument to provide for Greece's special situation.

15. In regard to State aids, the Commission recalled that, although the principle of a derogation is excluded by the Treaties, the rules on competition allow the Commission to take Greek particularities into account when considering aid projects, in accordance with Protocol 7 to the Act of Accession.

16. In considering what arrangements could be made, account must be taken of the Community's policy constraints, including budgetary constraints.

17. Some of the Greek demands, even where they have specifically Greek connotations, come within the scope of the Community's general concern regarding its Mediterranean regions. Both for the substance of the matter and the procedure to be followed, solutions should be sought for this part of the Greek demands in the framework of the Mediterranean programmes.

18. The Community's budget interventions should be regarded as backing up policies and not as an end in themselves. The Commission's general approach could therefore be to prepare budgetary action only where such action will assist a Community policy.

19. The extent to which the Community can help a country is dependent on the compatibility of the policies pursued by the recipient country with Community action. The Commission stated that for this reason contacts between the Greek Government and the Commission during the preparation of the Greek Government's five-year plan for economic development and restructuring of the Greek economy were of fundamental importance to ensure that Community action and Greece's economic policy are in harmony.

20. However great the political resolve may be to contribute to solving the real problems of one of the Community's Member States, present constraints cannot be disregarded. Their existence does not exclude either imagination in the search for a solution, or determination in its application, on the contrary.

21. The Commission came to the conclusion that, provided each made the necessary effort, a valid answer could be given to the questions posed by the Greek Government.

ACTIONS DECIDED OR PROPOSED

22. The Community has already responded in several respects to demands formulated in the Greek Memorandum:

- (a) various decisions affecting agriculture, transport infrastructures and the environment;
- (b) the integrated Mediterranean programme for Greece;
- (c) solidarity measures.

Actions already decided

23. The following decisions have already been taken:

- the decisions of 18 May 1982 on common prices and related measures for 1982/83 provided a response in 1982 to the question of support prices for Greek farmers (substantial rise in prices in ECU, devaluation of the representative rate for the drachma, accelerated alignment of the prices of certain agricultural products on the common prices, increases above the Community average for certain Mediterranean products, etc.); subsequent decisions on the timetable for devaluation of the green drachma in 1983 constitute the response on this point for the situation obtaining in 1983;
- more favourable conditions and rates of refund applied in respect of certain Mediterranean regions were extended to similar areas in Greece by the Council in November 1982\*;
- measures in force in favour of other Mediterranean regions in the fields of infrastructure, irrigation and forestry were extended to a part of Greece by a Council regulation adopted in July 1982 concerning the acceleration of agricultural development in certain regions in Greece\*\*;

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\* Regulation 3164/82, OJ L 332 of 27.11.1982;  
Directive 82/786, OJ L 327 of 24.11.1982.

\*\* Regulation 1975/82, OJ L 214 of 22.7.1982.

- the Council regulation concerning the improvement and production of citrus in the Community extends the existing scheme to Greek varieties<sup>\*</sup>;
- a Community contribution to an important road infrastructure project in Greece<sup>\*\*</sup>;
- the Commission's contribution to the financing of feasibility studies and pilot experiments in Athens with a view to protecting the environment.

#### The integrated Mediterranean programme for Greece

24. During the period of the missions, the Commission was devoting a major effort to devising its proposals on integrated Mediterranean programmes. The Commission recently adopted proposals for integrated programmes for Greece, Italy and France<sup>\*\*\*</sup>.

25. In the case of Greece, it is envisaged that the Community's action will be more extensive and more intensive than in the rest of the Mediterranean area of the Community. In devising its programme for Greece, the Commission attempted as far as possible to take account of the specificities of the Greek situation as outlined in the Greek Memorandum. The Commission's proposals for Greece in this policy area are far-reaching and ambitious and, in effect, constitute a response on the part of the Commission to many of the demands outlined in the Memorandum.

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<sup>\*</sup> Regulation 1204/82, OJ L 140 of 20.5.1982.

<sup>\*\*</sup> Regulation 3600/82, OJ L 376 of 31.12.1982.

<sup>\*\*\*</sup> COM(82)24 final.



26. The Commission proposes that in the period 1985 - 1991 2 542 MECU should be invested by the Community in Greece as follows: agriculture 1 235 MECU, forestry 120 MECU, fishing 139 MECU and general economic development 1 048 MECU.

27. The integrated Mediterranean programme (IMP) for Greece responds to demands outlined either in the Greek Memorandum itself or in the discussions between the Commission and the Greek authorities in the context of the Greek Memorandum both at general and sectoral levels. The following paragraphs briefly summarise the outstanding instances at both levels; they do not constitute a summary of the entire IMP for Greece.

General priorities of the Greek Memorandum to which the IMP for Greece responds directly

28. The Greek authorities requested a revision of the criteria of the Community funds so that resources could be used so as to correspond to the particular features of the social, economic and administrative situation in Greece: the IMP for Greece is a deliberate attempt on an ambitious scale to apply precisely these criteria in an integrated effort involving Community and Greek national, regional and local resources.

29. The Greek Memorandum requested that there should be an increase in the resources of the funds: the IMP for Greece as proposed by the Commission would involve a highly significant increase.

30. The Greek authorities requested that the activities of the funds as applied to Greece should be coordinated: the efforts to coordinate all actions involving all relevant Greek and Community policies is the distinctive feature of the IMP approach.

31. The Greek authorities requested a higher Community participation in the financing of projects in Greece (up to 75% in certain regions): the rates of the Community's contribution to the implementation of the proposed IMPs are differentiated so as to take account of the relative socio-economic situation. For measures financed entirely out of public funds (infrastructures), socio-structural measures and labour market and vocational training measures, the proposed rate of intervention is 75% for Greece (65% for Italy, 50% for France).

32. The Greek authorities also requested that there should be Community expenditure on social infrastructure projects: such an initiative is envisaged in several instances in the IMP for Greece.

Sectoral proposals of the IMP for Greece which respond directly to sectoral priorities in the Memorandum

33. The following actions are envisaged:

- Major irrigation and drainage schemes including the requisite public works (dams, reservoirs etc.).
- New programmes for the development of sheep and goat farming.
- Forestry improvement and expansion.
- Restructuring and relocation programmes for wine-growing and where necessary for conversion from vines to other crops.

- Olive oil sector: programmes for the conversion or renovation of olive groves.
- Standardization, rationalization and improvement of quality of fruit and vegetable sectors.
- Programmes to improve cattle farming including the development of fodder and protein crops as well as genetic improvement schemes and aids for improving livestock housing.
- A series of programmes to improve overall productivity and incomes in the fisheries' sector: the development of lagoons, and the establishment and modernizing of fish farms, the construction of public and semi-public hatcheries and the restructuring of the Greek deep sea fishing fleet and the development of ports infrastructure.
- Aids for processing and marketing activities in both agriculture and fisheries: with new Community aid for producer groups.
- A series of actions to develop small business and craft industries: market analysis services, additional investment aid, aid to improve management and organization, access to new technologies and products, improved access to risk capital, measures to boost exports to non-EEC Mediterranean countries, information aids to promote enterprise.
- Programmes to encourage business to relocate outside Athens: aid for dismantling, transferring and modifying equipment; aid for the construction and modernization of housing to accommodate staff accompanying firms leaving Athens.
- Rural tourism: construction and conversion of small hotels and the development of rural guest accommodation and camp and caravan sites; development of common services or bodies responsible for promoting and advertizing, local development of transport facilities, restoration and protection of small architectural features of local interest.
- Development of industrial zones.

- Development of the communications infrastructure between certain towns and Greece's main transport network: road, telecommunications, data transmission, water and energy networks, data processing and telecommunications centres.
- Building and major equipment of higher institutes for technical education in industrial, agricultural or service sectors.
- Measures to improve the viability of rural areas: construction and equipment of small medical centres and vocational training, advisory and technical assistance centres; improvement of road networks between rural areas and towns.
- Community aid for the training and recruitment of additional agricultural advisors and the development of the agricultural advisory services; launching of a technical assistance service in the fisheries sector.
- An increase in Community assistance for training middle management, for development training and for multi-activity training.
- Development of major research programmes for agriculture, fisheries and industry, as well as for environment and human health protection.

#### Solidarity measures

34. It is worth remembering here that solidarity measures are to be taken to assist the less-prosperous countries (Greece, Ireland and Italy) following the agreement of 26 October 1982 on financial compensation to the United Kingdom and Germany.

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35. The Community's response to date has been far from negligible, the IMPs in particular providing a specific response to certain Greek demands. Others, however, have still to be met.

THE PROPOSALS THE COMMISSION WILL BE MAKING

36. This report was preceded by a considerable effort by the Commission to familiarize itself with the problems facing Greece.

THE MISSIONS TO GREECE

37. In July 1982, the Greek Government and the Commission agreed upon a series of missions at service level in view of an in-depth examination of all aspects of the questions raised in the Memorandum in the framework of the approach outlined in the communication of the Commission to the Council of 17 June, 1982 and with a view to identifying a range of practical measures to be taken in Greece. In addition, the Commission wished to improve the dialogue on many issues of common interest between the Commission and the Athens authorities, thus developing Greek participation in the Community system. In particular the Commission wished to provide practical assistance in certain cases to those in the Greek public administration who deal with Community issues.
38. These missions, taken together, constitute an unprecedented effort by the Commission to intensify its contact with a new Member State. The experience proved to be of significant benefit to both sides. The Commission services for their part developed a more profound sense of the realities of Greek problems. On the other hand the Greek authorities derived a number of concrete benefits from the exercise, e.g. as a result of the missions the number of Greek applications to the Social Fund has increased, applications for loans under the New Community Instrument have begun to flow and it proved possible through the process of dialogue to discuss in depth for the first time and in some cases eliminate a number of suspected infringements by Greece.
39. The missions took place between September 1982 and February 1983. They covered the following sectors : taxation, agriculture, fisheries, Social Fund, competition rules, implementation of Community legislation, transport, Community participation in major projects under Greece's five-year plan (including projects in the field of industry and energy), research and technology, environment.

40. In effect these special missions covered aspects of most of the issues involved in the participation of Greece in the Community system except the external dimensions of Community policy (which of course were not mentioned in the Memorandum). As such they provided an important opportunity for the Commission to deepen its assessment of the situation in Greece as it is affected by the relatively recent experience of membership, with a view to preparing this communication and discussing the implementation of Community legislation with the Greek authorities.

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Implementation of Community Legislation

41. The Commission is working with the Greek authorities to find satisfactory solutions to problems associated with the application of Community legislation in Greece.

42. The problems are twofold: they involve (a) the adaptation of national legislation to bring it into line with Community provisions, notably those which are directly applicable, and (b) correct transposition of Community legislation into Greece's legal order.

43. The Commission is aware that compliance with the obligations flowing from Community membership is creating particular problems in certain areas and feels that a search - by both sides - for a solution to these problems is not only a duty but also a key element in the process of integrating Greece into the Community. With particular reference to taxation, the Commission is planning to produce a fixed timetable for bringing the Greek system into line with Community rules as soon as possible. This timetable will provide a solid basis for an orderly alignment of the Greek and Community systems and will take due account of Greece's economic problems and the practical difficulties inherent in a major reform of its tax system.

44. Lastly, in the field of competition, the Commission has followed up its comments in its original communication (see section 15) by discussions with the Greek authorities on the application of the competition rules, particularly those applicable in the field of state aids. It can be confirmed that flexibility exists within the existing framework both of the Treaty and the policy decisions of the Commission based thereon.

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45. The assessment of the missions was that both at the level of Government and Civil Service a serious attempt is being made to face the difficult challenge for a new Member State of analysing Community issues and coordinating the positions and actions of the Government. Not surprisingly, despite this considerable effort, a good deal of work remains to be done to rationalize fully the inter-Ministerial coordination in order to secure for the benefit of Greece and the Community the fullest possible participation by Greece in the Community system.

46. The Commission welcomes the efforts of the Greek Government aimed at modernizing the Greek administration and at promoting the qualification and training of civil servants, and in particular the Government's intention to set up a National Administration School. The Commission will propose a specific Community contribution to this institution relating to the administration of Community policies in Greece..



THE PROPOSALS

47. It is proposed that some specific actions should be taken to help the Greek authorities to launch their five-year development programme and in certain cases to meet specific demands outlined in the Memorandum which in the judgment of the Commission require action but which do not arise in the context of the Mediterranean programmes.

48. The Commission believes that several of the problems encountered by Greece are deep-rooted and that it will be necessary to pay particular attention to them for some time to come.

Five-Year Plan - Major projects

A s s e s s m e n t <sup>1</sup>

49. During the period of the missions the Greek Government was engaged in preparing a Five-Year-Plan for the economic and social development of Greece. The Commission was informed of the overall targets of the Greek Government. Some other aspects of Greek Government thinking in the framework of the Plan were discussed in separate missions.

50. The Five-Year-Plan had not been finalized by the time the missions came to an end. It is understood that the first section of the Plan, a statement of general objectives, will be submitted to the Greek National Assembly in the very near future. Detailed plans for the various sectors will follow later: the Commission has been informed that there will be contact between the Greek authorities and the Commission in relation to these sectoral programmes.

51. The Commission reaffirms the crucial importance of contacts between the Commission and the Greek Government to ensure that Community action is in harmony with the economic policy pursued by Greece. In particular, improved competitiveness should facilitate the gradual integration of Greek industry into the Community economy, of which it is an integral part, and enable it to exploit the Community dimension to the full.

52. As part of the Five-Year Plan, the Greek authorities propose to carry out a number of investment projects for which the Community financial assistance is sought. These are:

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<sup>1</sup>The assessment of the situation is based on the reports of the missions of the Commission to Athens and other discussions with the Greek authorities in the context of the Memorandum.

- (a) a number of major industrial projects;
- (b) a biotechnology programme;
- (c) major infrastructure projects (roads, railways, drainage of the Plain of Attica, sewerage systems and waste treatment plants in Thessaloniki);
- (d) a comprehensive programme for draining and irrigating agricultural land;
- (e) in the energy sector, a series of investment projects in electricity generation, an oil and natural gas exploration programme, a programme for utilizing lignite and peat (gasification) and the modernization of an oil refinery;
- (f) a national programme to promote the development of SMEs;
- (g) social measures and vocational training;
- (h) general plans for certain social infrastructure projects.

53. A very large proportion of these aid requests fall within the normal areas of Community assistance. Others fall within the ambit of the Mediterranean programmes. Many appear to be consistent with the objectives of Community policies. The Commission can of course only define its position on the basis of formal applications submitted to the financial instruments concerned.

54. In addition, Greece has requested that feasibility studies for several integrated development programmes in certain areas be financed by the Community.

55. Together with these desiderata, the Greek authorities have made in the Memorandum a number of general requests relating to certain financial instruments, including a larger ERDF quota for Greece, revision of the eligibility criteria and higher rates of Community assistance. To be borne in mind here are the positions adopted by the Commission in its Mediterranean programme proposals for Greece and as regards the reform of the Funds now in progress.

A c t i o n

56. The Commission will give sympathetic consideration to any applications formally submitted by the Greek authorities, bearing in mind the criteria applicable to aid from the various financial instruments and to the different Community policies.

57. Furthermore, for major projects which are ineligible for aid under the Mediterranean programmes or for other special aids mentioned in this communication, the Commission will consider the possibility of special measures to supplement the aid the Community instruments can grant. If necessary, it will put proposals to the Council for special measures which would apply for a maximum of four years.

Research and Technology

58. The broad lines of the Greek science policy amount basically to:

- (a) Concentration on a relatively small number of priority sectors, ranked as follows:
- information technologies,
  - biotechnology,
  - the electronic properties of matter, in particular their application to photovoltaic cells and microelectronics,
  - food production, in particular aquaculture.
- (b) Development of priority sectors through the following measures:
- enlisting the cooperation of Greek top-level scientists, mainly by encouraging the repatriation of those currently working in the United States: the Greek Government has already started and will continue taking the necessary steps;
  - setting up research centres with equipment of a sufficiently high standard to allow top quality work; the Greek Government hopes to obtain Community aid in support of this activity;
  - submitting existing research projects for inclusion (on a strictly competitive basis) in Community schemes.

59. The Greek authorities have submitted a biotechnology project. This, and other actions planned in the context of Greek policy, seem consistent with the Community's scientific research strategy. Community aid could be made available for specific research contracts (maximum Community contribution 50%) under Community research programmes.

60. A key factor in the Greek strategy, which may largely determine the success or failure of its science policy, is the need for equipment. A particular effort by Greece could receive aid from Community financial instruments.

61. Action by the Community to provide support will be made, in accordance with the Community objectives, on the basis of applications submitted by the Greek authorities.

## Energy

62. The development of the Greek energy sector will be pursued vigorously within the framework of the 1983/87 Five-Year Plan. The major thrust will be the identification and maximum utilization of indigenous energy sources, and reduced dependence on imported oil. The energy sector investment programme, if fully implemented, would require an outlay of the order of 200 billion drachmas over the five-year period.

63. All the projects submitted tally with the guidelines and objectives of the Community's energy strategy. Some are already being part-financed by Community instruments. The Greek authorities should therefore be encouraged to file the necessary applications.

64. Two programmes have also been submitted, one dealing with oil and gas exploration, the other with the non-electric utilization of lignite, notably gasification.

65. These two programmes come - in part at least - under arrangements for Community financial support, either as technological development, research or demonstration projects.

66. The integrated Mediterranean programme for Greece includes a series of projects in the field of renewable sources of energy: hydro-electric, wind, solar energy, and biomass.

## Employment and Social Policy

67. The Greek Government's objectives in this field are decentralization, keeping rural populations in their own regions and reducing the level of unemployment, which is giving cause for concern. The Government stressed that a restructuring of the currently inadequate vocational training system was a prerequisite of any improvement in the employment outlook.

68. The Greek authorities highlighted particular problems relating to the link between vocational training and the labour market, the availability of instructors, the rehabilitation of the disabled and the need for training infrastructure and suitable training facilities. The Commission has assigned a group of experts the task of investigating the scope for modernizing structures for the rehabilitation of the disabled and providing more ESF assistance for the handicapped.

69. With regard to infrastructures, the Greek authorities have indicated that most training centres are housed in rented premises and cannot therefore be easily adapted to training requirements, particularly as regards equipment. Furthermore, training centres tailored to the special needs of the disabled are few and far between in Greece. Similarly, equipment in most of the training centres is out-of-date. With a view to improving training infrastructure, the Greek Government plans to build a number of training centres over the period 1983-85, the cost of which will amount to about 120 million ECU.

70. Since 1981, the European Social Fund has granted assistance towards the bulk of training activities in Greece, with the exception of apprenticeships and advanced technical training, which are not considered eligible. Commitments amounted to 30.57 million ECU in 1981 and 60.42 million ECU in 1982. These amounts correspond to 3% and 4% respectively of the total ESF budget for those years. Although information is not yet available on the actual rate of utilization, refunds made up to the end of 1982 on account of non-implementation of all or part of the training programmes approved by the Fund for 1981-82 amount to 10.1 million ECU, i.e. 11.2% of the amount approved. The Greek authorities forecast that applications for assistance in 1983 will amount to 156 million ECU or 4.2% of the total amount forecast by all Member States<sup>1</sup>.

71. The Greek authorities have requested Fund assistance for a series of priority measures required to improve the existing vocational training system.

72. The Greek authorities have also asked for:

- an increase in the rate of intervention from 55% to 65% for individual vocational training programmes throughout Greece;

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<sup>1</sup> These figures give no indication regarding the percentage of the Fund's resources to be allocated to operations in Greece in 1983.

- an increase in the rate of intervention from 55 to 85% where training schemes form part of integrated development programmes;
- part-funding of courses in centres for advanced technical and vocational training (KATEE) and technical and vocational schools (lower and upper secondary) and of the apprenticeship courses run by the O.A.E.D. (Employment and Manpower Office) with a rate of intervention of 75%;
- financing of social infrastructure such as hospitals, schools, cultural centres and nursery schools and the construction of housing for manual workers.

73. As regards Fund assistance:

- the Commission proposes, as part of the integrated Mediterranean programme for Greece, that a Community contribution of 75% be granted towards certain additional vocational training activities;
- both the KATEEs and the apprenticeship system are shortly to be the subject of a reform which may facilitate the provision of Fund assistance on certain conditions;
- the Commission is prepared, again as part of the integrated Mediterranean programme for Greece, to help improve the viability of rural areas by contributing 75% of the cost of building training centres. But urban areas, notably Athens and Thessaloniki, also suffer from a shortage of vocational training facilities. Assistance must therefore be provided for the construction of centres in these areas too.
- there is a genuine need in Greece to establish an adequate system of medical treatment and occupational and social rehabilitation for certain categories of handicapped persons. This will entail the construction and adaptation of buildings and facilities and the introduction of modern treatment on an adequate scale. In addition to financial aid, the Community might also assist by providing the services of experts.

#### A c t i o n

74. In the context of the campaign against unemployment in general and youth unemployment in particular, the Commission is envisaging action to modernize Greece's vocational training system. To this end it will propose that financial assistance be made available for the construction and fitting-out of vocational training centres in urban areas.



75. It will also propose that financial assistance be made available to improve facilities for the occupational and social rehabilitation of certain categories of handicapped persons.

76. Both of these actions, which would be limited to four years, would help Greece make better use of the Fund's resources.

77. As regards priorities in relation to Fund assistance, the Commission is prepared

- to help with the gradual introduction of a pretraining provision;
- to encourage the training of instructors executives, vocational guidance counsellors and placement officers, and to finance studies aimed at developing vocational training provision;
- to facilitate the transition from school to working life;
- to help with the training of textile workers for new technologies.
- to examine favourably the possibility of providing a programme of assistance to Greek emigrants on their return to Greece.

#### Agriculture

#### A s s e s s m e n t

78. Difficulties have arisen on certain markets since Greece joined the Community. A number of factors have combined to bring this about, some of which cannot be directly attributed to accession as such but rather to Greece's general economic situation.

79. The steep rise in producer prices in Greece in the period before accession certainly helped to increase the incomes of Greek farmers and allowed output of certain (essentially Mediterranean) products to expand, but this policy decision - still taken at national level and, significantly, affecting a farming population accounting for a third of the country's workforce - also involved a number of risks.
80. Accession has done nothing to reverse these trends and the weaknesses of certain markets have become more marked. Today there are genuine difficulties in marketing Greek products on both the internal market, because of increased competition from imports, and on foreign markets, because of the upsetting of trade patterns, the disappearance of certain incentives or guarantees existing under the previous system and also, no doubt, problems of quality of certain products.
81. The result has been a growing disequilibrium in Greece's agricultural balance of trade<sup>1</sup> and, in some cases, a fall in the incomes of producers on the Greek market and abroad. This situation has in many instances led the Greek authorities to adopt measures restricting trade, in contravention of Community rules, amounting indeed to general control of imports, especially imports of livestock products.

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<sup>1</sup>In 1980, surplus of 3 281 million drachmas  
In 1981, deficit of 4 581 million drachmas

82. Better administrative preparation might admittedly have helped, but it would certainly not have been enough to avoid the consequences of an over-rapid dismantling of the previous national system, which was markedly centralized and dirigiste, and its replacement by the Community system based on the principle of free circulation.
83. Against this background, the incomes of most Greek producers have none the less developed favourably over the last few years, despite falls in income or stagnation in some sectors, particularly in marketing.
84. The aim of one of the missions was to finalize, together with the Greek authorities, the figures on the development of farm incomes in Greece. When the farm prices for 1982-83 were decided upon, the Council asked the Commission to make available, as soon as possible, its figures on farm incomes in Greece and, in the light thereof, to put before the Council such specific proposals as were necessary for tackling with dispatch all problems that could be identified.
85. The examination of farm incomes in Greece shows an increase of 4.3% in real terms in 1981 and 5.8% in 1982<sup>1</sup>.
86. In its proposals on the fixing of prices for certain agricultural products and on certain related measures (1983/84)<sup>2</sup>, the Commission included no special proposals for Greece.
87. No specific measure for this purpose seems necessary now either. The adjustment of the representative rate for the "green" drachma following Greece's devaluation, together with the increase in common prices, should protect Greek producers from any fall in incomes in real terms in 1983/84. In the longer term, however, there is some reason for anxiety.

<sup>1</sup> From 1974 to 1981, Greek producers' incomes increased by 25% in real terms.

<sup>2</sup> See COM(82)650 final, Volume I, points 22, 67 and 68.

88. After the accession of Greece the Commission attempted to extend the existing Mediterranean package to Greece. A series of actions were decided by the Council in 1982. This work is to be completed now.

89. It is agreed between the Greek authorities and the Commission that the deficiencies in the Greek agricultural training service, the system for the dissemination of information, the Greek agricultural research infrastructure and the machinery of quality control constitute elementary obstacles to basic development in the Greek agricultural sector.

90. The Greek authorities have in the Memorandum context formulated a large number of demands in the agricultural sector. The Commission is convinced that the integrated Mediterranean programme for Greece provides a positive and dynamic Community response to most of the specific problems of this sector (see section 33).

#### A c t i o n

91. As in the past the Commission will pay particular attention to Greece's problems in the context of the next review of structures policy. As an immediate step however it proposes to extend irrigation measures to all rural areas of Greece - forestry and infrastructure measures already apply to certain parts of the country<sup>1</sup> - until such time as the integrated Mediterranean programme for Greece, which will reinforce these measures, comes into force.

92. Given the insufficiencies in the Greek system of quality control which is a matter of concern both to the Commission and the Greek authorities, the Commission proposes exceptionally a measure aiming at the development of the means necessary for an increase in the number and rhythm of quality controls.

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<sup>1</sup>Regulation 1975/82; section 23.

## Fisheries

### A s s e s s m e n t

93. Greek fisheries are characterized by a long coastline, a narrow continental shelf, the low yield of Mediterranean waters, and under-exploitation of pelagic fish. Consequently, there is a large variety of gear used by a fleet of some 11 000 commercial fishing vessels. Some 74% of the deep-water fleet is more than 20 years old and much must be done to renew and modernize it, for frequently it is without the necessary minimum in the way of navigational aids and fishing gear. Port installations for the fleet are inadequate (7 badly equipped fishing ports) and there are almost no public or private shore installations for processing and marketing fishery products. There are major shortcomings in research structures in such fields as the biology, technology and economy of fisheries and aquaculture and the processing of products, and although Greece's climate and its seas would favour a major and rapid expansion of mariculture, there has as yet been no scientifically monitored activity in this sector.

94. The Greek requests are for Community financial aid in the following fields:

- port installations (building and modernizing fishing ports, establishing shelter areas, and setting up installations on lakes;
- aquaculture (development of lagoons, construction of hatcheries);
- restructuring of the fleet (modernization of the coastal and sponge-fishing fleet, building of new deep-water vessels);
- processing and marketing (building wholesale markets and shellfish cleaning centres, an advertising campaign for pelagic fish, creation of a mixed economy, investments in transport and cold storage);
- technical assistance (training assistance personnel, starting up assistance centres in ports, scholarships for specialist training of scientific staff from the Ministry);

- research (building fishery research centres, with oceanographic research vessels, and financing joint research programmes);
- reducing pollution in 12 gulfs where much fishing is done.

95. The integrated Mediterranean programme meets all of these requests. It also makes provision for increasing the funds available and reinforcing existing measures.

#### A c t i o n

96. In the framework of Council Regulation 31/83 concerning interim restructuring measures in the coastal fishing and aquaculture sectors, Greece has so far benefited to a disproportionately limited degree. The Commission is prepared to give priority to Greek demands in this area.

97. The Greek authorities have informed the Commission that they are seriously concerned that the terms of the Council Resolution of 25 January 1983 on the adaptation of capacities in the fishing sector fail to take account of the fact that the types of vessels which have proved to be the best suited to fishing conditions in Greek waters are for the most part less than 18 metres long and the fact that the average age of Greek fishing vessels is over 20 years. The Commission has already indicated that it would consider the concern of the Greek authorities as constructively as possible.

Transport

Infrastructures

A s s e s s m e n t

98. The inadequacies of Greece's inland transport system is seriously handicapping the development of the national economy. The improvement of the infrastructure calls for measures which will remedy the shortcomings of the present national distribution network and reflect the obvious need to decompartmentalize the Greek economy, so it may gain better outlets in Community markets.
99. The resources to be granted to the construction of adequate links in the context of the improvement programmes in the Community or in transit countries such as Yugoslavia or Austria - will be concentrated on three axes:
- (i) the South-North road link from Kalamata to the Yugoslav border via Athens: completion of the section to the north of Athens and modernization of the southern section, especially between Korinthos and Tripolis;
  - (ii) the Adriatic axis: the Volos - Igoumenitsa link;
  - (iii) improvement of the North-South rail axis, mainly the section from Larisa to Thessaloniki.
100. The Greek authorities regard the development of the South-North road axis as a priority. By adopting, in December 1982<sup>1</sup>, a Regulation on the granting of limited support in the field of transport, the Council recognized the benefit which would accrue to the Community from accelerating the building programme for this link. Under this Regulation, it is planned to make an initial Community contribution to the cost of building part of this axis.
101. The acceptance of the financial hypotheses put forward by the Commission in its communication to the Council on a Transport Infrastructure Experimental Programme<sup>2</sup> might mean only a limited amount of further support for the improvement of this axis.
102. In the circumstances, a specific Community financial measure is required with a view to accelerating work on those projects which are of Community interest.

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<sup>1</sup>Council Regulation (EEC) No 3600/82 of 30 December 1982 on the granting of limited support in the field of transport infrastructure, OJ L 376 of 31 December 1982.

<sup>2</sup>COM(82)828 final of 10 December 1982.

A c t i o n

For 1984 and 1985 the Commission will be proposing substantial aid for infrastructure projects of Community interest in Greece; this will be in addition to the overall amount for implementing the experimental transport infrastructure project<sup>1</sup>.

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<sup>1</sup>COM(82)828 final of 10 December 1982.



Transport costs

A s s e s s m e n t

104. In its communication of 14 June 1982 the Commission, referring to problems of transport in the Greek economy, stated:

"The Commission recognizes that there is a special problem here, which it is willing to examine with the Greek authorities". In subsequent discussions the Greek authorities have outlined a number of concerns, for example:

- that the unfavourable balance of agricultural trade which arose since accession is substantially due to transport cost factors;
- that the size and geographical distribution of Greek farms especially in the 170 inhabited islands of Greece and in Greek mountainous regions add considerably to certain basic costs;
- that the geographical situation of Greece has, following accession, added considerably to the cost of the import of calves for fattening;
- that a Community subsidy ought to be granted in respect of the transport of sheep and goats to and from seasonal pasture with a view to maintaining the level of population in the regions concerned.

105. Clearly the difficult transport situation is due to Greece's large number of scattered islands: this is a problem which the Community has not had to face before on such a scale.

106. The Commission accepts that Greece encounters particular problems in relation to these and several other aspects of transport which were detailed in the course of recent exchanges with the Greek authorities. The Commission moreover accepts that the Greek transport infrastructure is very weak in most sectors. The Commission prefers to intervene in the structural areas and believes moreover that systems of subventions to transport are contrary to the spirit of the Community system and juridically problematic.

A c t i o n

107. Certain concrete demands presented by the Greek authorities arising from the cost of transport in the Greek agricultural sector because of the geographic position and configuration of Greece require Community action pending the development of transport infrastructure. The Commission undertakes to propose a number of actions for a limited period aimed at reducing the effects on productivity of these specific Greek circumstances.

Other action on transport

108. In addition, the Commission is considering the possibility of providing:
- technical assistance to help the Greek Government speed up the proper implementation of Community law in areas such as the application of Community instruments regarding access to the occupation of road transport operator, and
  - assistance to the Greek authorities to improve management and technical cooperation between the Greek railways and the other railway undertakings in the Community.

Environment

A s s e s s m e n t

109. In the Memorandum, the Greek Government drew the attention of the Community institutions to the problems of the environment and the quality of life in Athens and Thessaloniki and in particular to the dramatic situation in the capital due to pollution, traffic congestion, total lack of town planning, the absence of an efficient social infrastructure, and the over-concentration of industry.

110. The Commission agrees with this list, but does not regard it as exhaustive. The problems created by the state of the environment in Greece are wider: there are other aspects, which either impede the pursuit of economic activities such as tourism or fishing, or reduce the quality of life in a broad sense (pollution of the gulfs, for instance).

111. More generally, physical planning and integrated management would seem to be made more difficult by the country's configuration. Greece consists almost entirely of sensitive areas (mountainous, coastal and estuarine) that require a greater degree of environmental protection.

112. To take full account of this situation, all the feasibility studies undertaken with Community backing to promote Greece's economic and social development should, as explicitly stipulated in the Greek Memorandum, include an environment impact assessment of the projects planned.

113. Given the enormity of the pollution and congestion problem of Athens, a solution will only be found through a long-term action involving a coordinated approach to its many dimensions. The Commission is already helping to develop a basis for such an approach through the financing of feasibility studies and pilot experiments in Athens. The Commission will continue to cooperate with the Greek authorities in the search for a comprehensive action programme. When this policy has been established, the Commission will furthermore present proposals for appropriate Community participation in its implementation.

114. The Commission will contribute to the cost of preparatory studies with an eye to :

- cleaning up gulfs which are so polluted that economic activity is suffering;
- introducing a system for monitoring the state of the Greek environment, the special features of which were discussed above;
- formulating multi-disciplinary plans for managing sensitive areas of national or Community interest based on practical Commission experience in this field;
- devising specific programmes for preserving or restoring the quality of the biotypes needed to ensure the survival of species threatened with extinction, some of which now exist virtually nowhere except in Greece (for example, monk seals).

CONCLUSIONS

115. The Commission, in proposing the actions which the Community has already taken, in making an ambitious and comprehensive proposal for Greek development in the IMP for Greece and in making the additional proposals for Community action outlined in this paper has sought to devise a comprehensive and practical response to the concerns outlined in the Greek Memorandum.

116. This set of actions and proposals has two central objectives:

- helping the Government and people of Greece to achieve a far-reaching transformation of Greek economic structures, and
- accelerating the integration of Greece within the Community.

117. The success of this ambitious enterprise will require determined commitment to both objectives on the part of all the Community institutions and also on the part of Greece. The Commission believes that the capacity of the Community to assist the Greek authorities in their efforts to overcome the structural problems of the Greek economy - problems which were highlighted in the Greek Memorandum - is considerable. The Commission is equally convinced that that capacity can be mobilized only to the extent that a corresponding determination on the part of Greece is applied to the major task of securing the full participation of Greece in all aspects of the Community system.

118. The Commission believes that all parties concerned will succeed in achieving this objective which is of prime importance not alone to Greece but to the Community as a whole.