A Strategy for Rural Development in Greece: The Case of Island Areas

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http://dx.doi.org/10.12681/rp.16481

To cite this article:

A strategy for rural development in Greece: The case of island areas

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ABSTRACT
The idea that Rural Areas are identified with Agricultural Sector is outdated as it cannot correspond towards the current framework of the european agrarian sector. The present paper attempts to examine the Rural Areas from a new angle in an effort to seek out data that will lead to a different and far more effective strategy of rural development. A special focus will be given on the greek island Rural Areas as an example of how the issue of multifunctionality and the directions of the Common Agricultural Policy (CAP) could be implemented. Additionally, the paper will also attempt to note the importance of the place-based rather than the sectoral approach, giving priority to investments rather than subsidies. Lastly, special mention is made of the need for improvement horizontally cutting across funding policies for the implementation of a rural policy.

KEYWORDS: Rural Areas, multifunctionality, place-based / sectoral approach, horizontal coordination

Μια στρατηγική για την ανάπτυξη της υπαίθρου στην Ελλάδα: Η περίπτωση των νησιωτικών περιοχών

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ΠΕΡΙΛΗΨΗ
Η αντίληψη ότι η 'Υπαίθρος ταιριάζει με τον Αγροτικό Τομέα θεωρείται πλέον ξεπερασμένη καθώς αδυνατεί να ανταποκριθεί στις νέες προκλήσεις που διαμορφώνονται στον ευρωπαϊκό αγροτικό χώρο. Στο παρόν άρθρο θα επιχειρήσουμε να δείξουμε ότι είναι αναγκαία η διαμόρφωση μίας αγροτικής πολιτικής ικανής να διαχειριστεί τα νέα δεδομένα της ευρωπαϊκής Υπαίθρου. Στο πλαίσιο αυτό θα εξετασθεί η περίπτωση της ελληνικής νησιωτικής Υπαίθρου στο βαθμό που θα μπορέσει να εκμεταλλευθεί της πολυλειτουργικότητα και τις κατευθύνσεις της Κοινής Αγροτικής Πολιτικής (ΚΑΠ). Όπως θα δείξουμε είναι σημαντικό να προκριθεί η χωρική/τομεακή διάσταση, χωρική/τομεακή διάσταση, αριζόντια διασύνδεση.
1. Introduction

The Rural Areas of the European Union are no longer geographical areas with an inexhaustible “reservoir” of abundant human and natural resources; nor are the European Union Rural Regions areas inhabited by “yokels” who have no particular needs and raise no particular claims. The perception that a national economy could tap the rural regions at will, depending on the needs stemming from the country’s economic adversities is now obsolete.

Today’s Rural Areas are places of invaluable natural resources in need of stewardship. They are inhabited by citizens with specific needs and claims. The “yokels” of the past have been replaced by farmers and salaried employees working in the private as well as the public sector, by entrepreneurs and artists, and a wide range of other categories of country residents.

For most of the Rural Areas’ inhabitants, life in the countryside is a matter of voluntary choice and not of sheer necessity. Farming aside, there is a variety of activities that exist or co-exist such as tourism-related construction, industries and cottage or crafts industries as well as contemporary services.

In other words, the face of today’s countryside has changed and so have its functions. As a result, the way we think of the countryside and of its growth should change. What should also change is policymaking designed to combat the problems ensuing from the co-existence of activities in Rural Areas and from the conflict arising from the friction between the Rural Areas and the urban centers: In brief, the Rural Areas should be given more leeway that will lead to growth of initiative.

Additionally, since 2007 EU rural development policy has been separated from Cohesion policy, as a part of the CAP. Therefore, many believe that a greater potential for coordination between Rural Development policy and the other Structural Funds should be implemented during the next programming period (2014-2020).

The present paper will attempt to examine the Rural Areas from a new angle in an effort to seek out data that will lead to a different and far more effective strategy of rural development. To this purpose, an account will be initially given of the traditional image of the countryside as well as of the rural development strategy carried out at present. A special focus will be given on the Greek island agriculture as an example of how the issue of multifunctionality and the new directions of the Common Agricultural Policy (CAP) could be implemented. Moreover, the paper will also attempt to formulate certain basic directions towards working out a different strategy targeting rural growth.¹

2. The Rural Areas: Traditional image and development strategy

Regardless of the manner in which it is defined, the countryside fosters within the average citizens who reside and work in the urban centers, mixed feelings and images.² On the one hand, they view the Rural Areas as a sprawling geographical expanse whose farming activities and natural resources are there to be tapped by
the urban areas which thus secure the foodstuffs, water, and minerals necessary for them to function and grow. On the other hand, the Rural Areas are conceived by urban dwellers as an area which preserves their cultural heritage, promotes close community relations among its residents, and offers a life of quality that is tranquil as well as free of stress and pollution.

Both these images evoke a uniform reality and do contain some elements of truth. Yet, when all is said and done, the seemingly uniform Rural Areas are uniform no longer. The images may have held true in the past, but today things have changed irrevocably. As it will become perfectly clear further on, these depictions of the Rural Areas are difficult to uproot even among those who are experts on rural issues: The rural regions are still associated with farming and, all too often, this association becomes oversimplified to the point where ‘Rural Areas’ becomes a mere synonym for ‘Agricultural Sector’ (Maravegias, 2004).

It is precisely from this mistaken identity that the existing growth strategy ensues, a strategy which envisages rural growth as being necessarily that of the Agricultural Sector. The result is a sectoral/branch policy which acts as a substitute for a horizontally comprehensive regional policy that should have been the actual Rural Areas growth policy all along. Even when this substitute is a policy dabbed “Rural Development”, as was the case with the Greek 3rd Community Support Framework “Rural Development” Operational Plan, nothing changes in essence. Over 90% of the Plan comprises agricultural policy measures and not rural growth measures.3

Modernization of exploitations (plans for the improvement of agricultural exploitations), early retirement plans, equal compensation measures and so on are measures going towards the improvement of the agricultural sector’s structures or towards the income support of farmers in mountain regions. Only the reinforcement of agro-tourism and of industrial plants processing agricultural products may be viewed as measures of a broader nature, measures that do not exclusively relate to primary agricultural activities (Maravegias & Kioukias, 1999).

It goes without saying, that this view of equating agricultural activity with the Rural Areas themselves does have a serious premise: With few exceptions, up until the 80’s, agricultural activity was predominant throughout the Greek Rural Region (Anthopoulou, 2000), and the degree of homogeneity within the Greek countryside was quite extensive. With the exception of a handful of intensively tourism-oriented areas and a small number of periurban agricultural zones, the remaining areas of the Greek Rural Region – regardless of whether their terrain was mountainous, semi-mountainous, or composed of flatlands- were dominated by farming (Gousios, 2000).

Moreover, when we examine the issue at the European Union level, no distinction between the Agricultural Sector and Rural Areas development actually existed at the time either. In the late 1980’s, the significance of the Community Agricultural Policy (CAP) was of such a catalytic nature that it left no margin for the development of another policy targeting the growth of the Rural Areas (Louloudis, 1991).

Still, as early as that time, a number of EU countries had already developed vital national policies regarding the development of their individual rural regions. These policies were quite discrete from their Agricultural Sector policies (DATAR, 2002). As it is discussed further in the present paper, no such differentiation has come to pass in Greece to date despite the striking changes in the image and profile of the Greek Rural Areas in the last 15 years (Efstratoglou, 1998).
2.1 The Rural Areas: Their new profile

Since the 1980s and early 1990s, the profile of the Rural Areas throughout the European Union has undergone significant changes despite the diversity of the manner in which these changes have been manifested.

Needless to say, in the northernmost EU countries the changes that we will trace began a great deal earlier. Still, similar changes have been recorded in the southernmost EU countries and areas as well, including Greece, despite the fact that these changes were somewhat delayed due to pressure exerted by factors that were mostly external in nature. To begin with, it is a fact that as of the early 1990s (1992-3 in particular) the Common Agricultural Policy underwent significant changes. The generosity of the Community Agricultural Framework ceased to exist and restrictions appeared as to the quantities and number of products that could be produced under a guaranteed price (Maravegias & Mermingas, 1999).

Moreover, the signing of the 1992 Maastricht Treaty over EU issues placed EU countries with weaker currencies (Greece, Portugal, Italy, Spain, and France) under a new predicament. Before the signing of the Maastricht Treaty, most of these countries -and Greece in particular- were given the ability to devalue their currencies in relation to the stronger currencies of such countries as Germany and Holland. Unfailingly, these devaluations would generate for each country enormous annual increases in the prices of agricultural products, despite the fact that, in ECU, the prices remained almost stable. After the Maastricht Treaty, the countries which had been able before the treaty to devalue their currencies did not have this ability anymore. As a consequence, agricultural prices quoted in the national currency increased little or not at all, since the ECU negligible increases had taken effect in those countries as well (Maraveyas & Mermingas 1999).

From this development alone, farmers lost the edge that the annual increases in agricultural prices had been giving them. As a consequence, they also partially lost the opportunity to see their income to increase. What is more, it is apparent that the developments led a number of farmers who operated on marginal cost (in terms of their farm’s size and the leading farmer’s age) to abandon agricultural activity altogether. And this is precisely how it came about that, in those countries, the next 15 years saw the percentage of those involved in agricultural activities plunge.

Greece is a particularly interesting case in point since the population percentage that had been active in agriculture went from a 20% in 1991 to its present meager 10-12% nationwide. At present, the percentage of the population active in agriculture in the Greek Rural Region amounts to no more than 30%, when one compares it to the 60% engaging in the same activities 20 years ago.⁴

Needless to say, this development cannot be attributed solely to the loss of the ability of weak currency countries to devalue their national currency. Nor can it be solely attributed to the CAP restrictions that went into effect after its 1992 reform. It was also the result of the new restrictions imposed on agricultural prices after 2000, following the Uruguay Round Agreement for the World Trade Organization negotiation (Maravegias et al., 1998). It is evident that the decrease in protection resulted in a decrease in domestic agricultural prices due to the fierce competition of Third
World countries. Another reason behind the decrease in the rural population is the advanced average age of farmers in Greece and a number of other EU countries in the Mediterranean Basin where pensions, disability, or the demise of the agricultural exploitation’s leader means that in two out of three cases the exploitation is abandoned due to lack of successors (Moysidis, 1995).

The decrease in the active rural population in Rural Areas did not come about in the same manner for all regions. The decrease is evidently linked to the potential for employment alternatives or lack thereof. In some other instances, however, the decrease was owed to the region’s customary tendency of the young towards emigration. It also varied according to the intensity of the impact of the CAP restrictions on each area depending on each area’s products. What is also known is that the CAP did not weigh the same in each area since the product support and protection it offered was not the same for all products and each area had a different production orientation (Maravegias, 1992). Consequently, certain areas felt the pressures exerted by the CAP changes more than others.

Whatever the case may be, the decrease in the number of individuals employed in the agricultural sector is real. It is a decrease that has led to the changes in the Rural Regions profile. What is more, each rural area witnessed a different degree of decrease. This has created a new situation that the rural regions, the Greek ones included, can no longer ignore. Granted, there are still rural areas in Greece where agriculture still reigns supreme but that does not necessarily mean that Greece has not fallen prey to the “de-ruralization” issue (Gousios, 1999).

Nevertheless, the de-ruralization issue is not the only development. It exists in tandem with other, equally significant developments such as:

(a) The galloping increase in the number of new residences in the rural regions inhabited permanently or seasonally by urban dwellers. The extent of the restoration of older residences but mostly of the construction of new ones is proportionate to that recorded in other European countries (DATAR, 2003). Admittedly, this development acquired a more intense character in specific areas, especially in those which are in close proximity to urban centers. It is the result of the urban social strata wishing to improve their way of life by residing in the Rural Areas for a few months every year, on weekends alone, or throughout the year whenever possible. The pace of this development has picked up due to the improvement in the status of the urban middle-class strata but also due to the need for an outlet from the urban lifestyle. What is more, the development itself is “facilitated” in Greece due to the total lack of a land-use framework and has resulted in entire rural areas being littered with newly built residences inhabited by urban dwellers who occupy them permanently or seasonally (Maravegias, 2004).

(b) The rapid increase in the number of tourists visiting the Greek Rural Areas which, in turn, has resulted in an increase in the number of tourism-related accommodations (small inns or larger hotels, rooms for rent, etc). The visiting tourists are “consumers” of the rural vistas and culture that the Rural Areas have to offer. They come from around the world but mostly from Great Britain, Germany, France, and Italy. Quite often, the same tourists return the following year while some even proceed to buying country homes that provide them with the opportunity for more permanent residence. It is also apparent that whether
they are situated on the Greek islands, on the coastline, or even on the Greek mountain areas, these rural regions that attract the interest of tourists are all characterized by a wealth of natural or cultural features (Iakovidou et al., 2000).

(c) The increasing and imperative need for stewardship of natural resources: The Greek Rural Areas have been endowed with many areas whose natural resources (forests, wetlands, lakes, rivers, etc) are unrivalled. In recent years, these areas have been placed under protection. As a result, a new situation has arisen in which the co-existence of agricultural land use and of the need for natural resources stewardship often leads to friction. Furthermore, these areas have become poles of local development (Louloudis & Beopoulos, 1999).

Apart from being without precedent, all of the changes described above have been taking place “at the expense” of agricultural activity. There have been even cases where traditional industrial/crafts activities, whose presence ensures that inhabitants of the Rural Areas are given employment opportunities, are viewed as a source of “irritating” disturbances disrupting the countryside “nirvana” of urban dwellers who have sought refuge in the countryside, the area’s tourism-related activities, and the stewardship of natural resources in areas endowed with exceptional natural beauty.

One of the most prevalent and striking features of the Greek Rural Areas is that the countryside or “secondary” residences, the industrial/crafts activities, and agricultural production exist simultaneously in almost all of the lowlands along the coastline zones of mainland Greece and of the Greek islands. Inevitably, such co-existence leads to mutual friction which is often expressed in the form of conflict between and among activities in those areas. The total absence of a broader, national regulatory framework that the public authorities (state, prefectural, or municipal ones) could employ only serves in exacerbating the problems that have arisen. Thus, on the basis of the observations noted above, the Rural Areas operate simultaneously as:
- a country residential area for the urban social strata;
- an area of activities related to recreation, tourism, and culture;
- an area of natural resources; and
- an area of traditional production activities (agriculture and industries/cottage industries);

The significance of the first three roles/functions of the Rural Areas listed above is on the rise in Greece at the “expense” of the fourth role, that of traditional production (agriculture and industry), which had once held sway over the country (Maravegias, 2004). These developments seem to continue unabated in Greece. They are particularly alarming because the role of the Greek Rural Regions as an area of traditional production, i.e., primarily agriculture and secondarily industry/crafts industries, is weathering critical times. This is due to the traditional production areas inherent weakness in producing internationally competitive products (Maravegias & Mermingas, 1999).

Nevertheless, the issue necessitating further investigation is contained within the following question: How and to what extent can the other rapidly developing roles of the Rural Areas provide an outlet towards employment growth and local growth overall? It is obvious that the solution to this issue depends on the intensity of the growth that these activities are experiencing. In turn, growth intensity depends on each rural region’s terrain, its geographical location, its proximity or inaccessibility to urban centers, and the particular features of each individual Greek rural region.
2.2 Elements for a new strategy for the development of the Rural Areas

Until recently, the prevailing belief had been that Rural Areas and the Agricultural Sector are one and the same thing: Both the Organization for Economic Cooperation and Development (OECD) and the European Union (EU) had subscribed to that belief which had led them to the adoption of strategies encouraging growth that was sectoral / field-oriented in character and that targeted the development of Agriculture. Also, the World Development Report (World Bank, 2008) focuses on ways to generate rural jobs by diversifying into labour-intensive, high-value agriculture linked to a dynamic rural, nonfarm sector. That kind of rural policy targeting agricultural performance improvements and the well-being of farmers may not have been the only policy but was certainly the basic one when it came to confronting the growth issues of Rural Areas. Moreover, policies aiming at improving the living conditions of the rural population had been likely to view all rural inhabitants as farmers more often than not.

The last 10-15 years have seen the emergence of a significant volume of literature which has treated agriculture as only one component (prevalent or not) of Rural Regions. The view echoing throughout this specific literature is that a policy regarding agriculture alone does not suffice for the resolution of rural growth issues since the Rural Areas have undergone significant changes (OECD, 2006). The trend in this literature is to showcase the “new rural paradigm” which lays emphasis on the place-based rather than the sectoral approach, giving priority to investments rather than subsidies. Also, according to Barca Report the place based-approach could be suitable “for the Union to allocate a large share of its budget to the provision of European public goods through a place-based development strategy aimed at both core economic and social objectives; cohesion policy provides the appropriate basis for implementing this strategy, but a comprehensive reform is needed if present challenges are to be met” (Barca et al., 2009)

What is more, in OECD’s Working Paper V3 regarding farm subsidies in Greece, special mention is made of the need for horizontal improvement that cuts across funding policies and links the tools for the implementation of a rural policy. Nevertheless, as it is discussed later, this need may be an indispensable though not necessarily an efficient requisite.

Many believe that certain practices common throughout the Greek as well as the European Rural Areas such as construction and ownership of a secondary (countryside) residence, engagement in tourism activities, and stewardship of rural resources in areas endowed with natural resources, have proved so significant as to overturn earlier data that had been considered valid. In traditionally agricultural countries such as Greece the pace of “de-ruralization” has been so rapid that farming can no longer be looked upon as a dominant feature of the rural landscape (Thompson and Psaltopoulos, 2004).

Consequently, as the OECD Working Paper correctly points out, a new policy, or rather a set of new policy measures, are called for: a new strategy for rural growth that will correspond to the emergence of the new data already mentioned. Clearly, such a strategy will have to be adapted to the specificities of each rural area especially in the case of countries such as Greece whose rural diversity is exceptionally high.
In fact, certain elements delineating this type of strategy have already made their appearance in earlier OECD papers (OECD, 2007). At the same time, efforts are also being exerted by the European Union to turn the Common Agricultural Policy (CAP) into a policy of rural development that will be based on agri-environmental protection measures (European Council, 2006).

Be that as it may, the point is to “make a clean break” from the belief that by broadening policy measures beyond the sphere of primary agricultural production or that by bolstering such a policy by measures targeting the management of natural resources, we will be automatically arriving at a new policy for rural development. It would be far more preferable to see to starting anew with the development of a strategy whose character would be place-based and/or will depend on geographic location, disengaged from the sectoral features of a policy purely agricultural in nature: Such a strategy would treat Rural Regions as a realm fostering the growth of a range of activities such as residential development and tourism infrastructures, tourism-related activities, management of natural resources, and/or industrial and crafts industry activities (van der Ploeg et al., 2000).

Diversification of objectives in rural regions would give rise to new employment opportunities; set the stage for the creation of new occupations; and encourage the emergence of middle social strata which would help in sustaining the pace of development in spite of the decline in traditional agricultural activities. Needless to say, these new sources of income would be complemented by revenues generated by Greek and foreign retirees deciding to settle in rural regions and by the seasonal and/or occasional residence of urban dwellers who do not, however, work in rural regions.5

At the same time, the influx of capital originating in urban centers or abroad and intended for construction of residential and tourism infrastructures; the influx of funding in the form of EU farm subsidies (somewhat reduced and uneven in terms of geographical allocation); and, last but not least, infrastructure works implemented within the Community Support Frameworks contribute to the growth of many Greek rural areas (Psaltopoulos et al., 2006). The rate of development in each Greek rural area depends on the pace of development of the new activities in that area as there are three categories of Greek Rural Areas, each with its own distinct features:

In the “agricultural regions” (flatlands and mountain areas without any particular claim to natural wealth or beauty) new types of activities enjoy a relatively slow pace of growth while the decline in farming activities has resulted in grave problems.

In the “peri-urban regions” it is construction and maintenance of secondary (countryside) residences as well as the peripheral activities that are more prevalent while farming benefits from those areas’ proximity to the urban centers.

In the “coastal regions”, smaller islands, and mountainous areas of rare natural beauty or ample natural resources, tourism-related activities and construction of secondary residences and tourism infrastructures are growing at a brisk pace while farming is often seen as less profitable and is subsequently abandoned in favor of the new activities.

It should be obvious that certain areas may fit in all of the categories listed above. Still, having them classified is useful in designing and implementing an appropriate growth strategy.
3. Island Agriculture

From a historical point of view, agriculture has always been not only a significant economic activity but also the foundation of island cultures. It is also an undisputed fact that island populations are in possession of a wealth of knowledge and experience on agricultural matters. Life on the islands was once anchored on agriculture which exerted a decisive influence on those islands’ cultural traits (Salvo, 2006). This realization holds valid for the majority of Greek islands as well despite the differences between and among these islands in terms of terrain, size, population, and economic as well as social features. As Greece is essentially an island nation, it should be noteworthy to describe certain traits of Greek island agriculture and probe into their potential over time.

3.1 Greek island agriculture: Main features

The distinct climate features of the islands (e.g., high humidity rate) together with the features of the islands’ terrain (e.g., extensive mountain areas; few large lowland expanses) are the ones to define the basic categories of agricultural land use on the islands. As it is depicted on Map 1, according to ESYE’S 2002 sectoral-regional data, three (Ionian Islands, North Aegean Islands, and Crete) out of the four island regions show a partial homogeneity in what they cultivate. In all three, tree cultivations are extensive, with the cultivation of olive trees being the main one. Vineyard and raisin vine cultigations come second and annual cultivations are last. This island cultivation distribution varies from the nationwide distribution of cultivations, where the most prevalent cultivations are the annual ones (arable or large-scale crops and cereals). Peloponnese is the exception to this rule as the region follows the cultivation distribution of the three island regions mentioned above.

Despite the fact that participation of the rural or primary sector in the islands’ economic activity has been gradually reduced in accordance with the nationwide trend, the primary sector itself is still a definitive one. On the basis of the Eurostat data for 2005, the regional percentage by which agriculture (GVAag) participates, in terms of market prices, in the Gross Domestic Product (GDP) appears to be higher than the national average (3.92%) in three out of the four island regions. More specifically, the region of Crete records the highest percentage at 9.08%, with the Ionian Islands following at 5.18% and the North Aegean Islands recording a 4.95%. The fourth island region, the South Aegean islands, is below the national average, at 1.75%, due to the limited nature of agricultural activity in the Cyclades prefecture.

Employment is another significant factor which can reliably reflect the participation of individual sectors in the total sum of the economy on a local, regional, and national level.

Map 3 depicts the participation of agriculture in regional employment on the basis of Eurostat processed data for the first semester of 2007. As it appears, the primary sector employs a significant percentage of the island regions’ human resources, thus contributing to the economic growth as well as social cohesion of the island regions. In the regions of Crete, the North Aegean, and the Ionian Islands the primary sector shows a contribution of 18%, 16.2%, and 13.7%, respectively. These are higher percentage levels than the corresponding percentage recorded for the country’s mainland regions.
(11.1%). Only the Southern Aegean Islands region records a lower percentage (6.9%). Nonetheless, this low percentage is still higher than the European Union average of 5.6% in 27 member states (EU 27). This particular piece of data goes towards pointing out the significance that agriculture and the rural regions carry overall as factors and areas of multifunctional growth in the island regions as well as nationwide.

At this point, it is worth mentioning that as Karanikolas and Martinos (1999), indicate: “the increasing potential that tourism (with construction playing a secondary role) shows for complementary employment or for non-agricultural employment opportunities is the basic reason why the prevalence of the part-time employment trend in the regional agricultural markets in the islands records higher levels than the national average does. It is also the reason behind the steady value of the pluriactivity indicator”. After almost one decade, this conclusion is also confirmed by current data. According to ESYE data on the number of individuals employed in the sum total of exploitations in 2005, individuals whose main employment is in agriculture nationwide comprise 74.4% of the total sum of employed individuals. For the four island regions the corresponding percentage is lower and amounts to 66.8%.

After having examined agricultural land use categories; contribution to regional GDP; and employment contribution, the three basic figures which, to a certain extent, give a fair picture of the agricultural sector, we can conclude the following. With regard to agricultural land use, tree cultivations exceed annual cultivations and appear to be in reverse proportion to land use distribution in the country’s remaining regions (with the exception of the Peloponnese). Regional contribution to the GDP follows the national trend although it shows to be greater in three out of the four regions when compared to the national average. Furthermore, regional employment contribution in the same three out of four regions is greater than the national average which is already exceptionally high (when compared to the EU 27 average). At the same time, those three regions also record a higher pluriactivity average.

3.2 Greek island agriculture and the CAP

In January 1981, when Greece joined as the European Economic Community (EEC), Greece’s farming and its agricultural sector in general was incorporated within the monitoring and shaping framework of the Common Agricultural Policy (CAP). Even as early as the time that the negotiations over Greece’s candidacy were still in progress, most of the pressures by the Greek side were exerted on the issue of product subsidies while little attention was paid to the policy’s structural axis and the long-term development plans.

Even today, almost three decades after having joined the EU, Greece shows to be CAP-dependent to a great extent both in terms of agricultural incomes (40% of all agricultural income derives from the CAP) and in terms of the state budgetary input (state budgetary input deriving from the CAP input reaches 2.5-3% of the GDP annually).

According to a study on “Competitive Agriculture and Rural Development” published by the “Committee for the Examination of the Long-Term Economic Policy” (National Bank of Greece, Athens 1998), over the years, the largest support offered by the CAP mechanisms have been given to the country’s more fertile rural areas in

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Thessaly, Central Macedonia, Eastern Macedonia, and Thrace which specialize in annual cultivations (e.g. cereals and cotton). The Peloponnese region and the island regions of the Ionian, North Aegean, and South Aegean Islands have been less favored. In the meantime, the island region of Crete has succeeded in offsetting its comparatively lower subsidy level with a more effective commercial management and promotion of its products. The same study which had already taken into consideration CAP subsidies and non-agricultural incomes, put the island regions in the rural Greece of ‘exclusion’, while a small percentage was included in the rural Greece of ‘opportunities’ mostly due to that smaller percentage’s tourism growth.

Since 2003, the policy changed radically mostly due to two events: The signing of the CAP’s Mid-term Review and the recent “CAP Health Check” agreement of EU’s Agriculture Ministers on 20.11.2008 which discussed further policy reform. As K. Pahaki points out in her paper on Greek agriculture (Pahaki, 2006) this radical change is due to the pressures exerted on the CAP by its commercial partners and the developing countries wishing to see less stringent protection mechanisms applied to the CAP; the push by consumer movements for safer and more wholesome foodstuffs, a push which became even more forceful after the food scandals of the 1990’s; and the narrow budgetary confines following the accession of twelve new members in May 2004 and January 2007.

The change in the policy’s profile does not refer only to the redefinition of its objectives but also to the means for accomplishing these objectives. Subsidies are gradually being decoupled from the product and the volume of production and new, direct income support is being introduced. Additionally, the organic integration of the structural and environmental parameters into the CAP is also being promoted (Karanikolas, 2006).

It could be said that Greek island farming, positioned as it is within the new landscape of multifunctional agriculture, could well take advantage of the new European agricultural sector policies. As illustrated on the following chart, multifunctional agriculture can provide many opportunities for effective and sustainable rural development, especially in areas where the traditional patterns of agricultural production cannot correspond to the rapidly changing globalized environment.

Within the framework of the Rural Development Policy, European Commission Regulation (EC) No 1257/1999 (as amended by 2223/2004), Point 53, Articles 18, 19, and 20, all island regions of Greece are characterized as "Less-Favored Areas". During 2000-2006, EU funding of "Less-Favored Areas" corresponded to 18% (€8 billion) of the total Rural Development budget. During 2007-2013, the current funding period, funding has increased to €13.3 billion, an amount corresponding to 32% of the funds slated for the improvement of the rural environment by means of sustainable land-use management (Rural Development Policy, 2nd thematic axis). Moreover, on 21.04.09, the European Commission adopted Communication IP/09/609 "paving the way for a new classification of agricultural areas with natural handicaps. With the help of scientific experts, the Commission has identified eight soil and climate criteria as a basis for objectively and clearly classifying such areas”.

Another regulation of crucial importance is the Commission’s EC Regulation No 318/2009 of April 17, 2009, amending Regulation (EC) No 1914/2006, which laid down...
detailed rules for applying Council Regulation (EC) No 1405/2006 relating to specific measures for agriculture in favor of the smaller Aegean islands. The 2006 regulation was an amendment of the 1993 Regulation (EEC) 2019/93, which stipulated that “the specific conditions of agriculture on the Aegean islands require special attention; whereas measures are necessary both for stock farming and animal products and for crop products”. The regulation distinguished these measures into two categories: (a) specific supply arrangements for the transportation of raw materials from mainland Greece to the smaller islands, and (b) measures in support of the smaller islands’ local agricultural products and export of traditional ones. The new 2006 and 2009 amendments include stipulations for best-use of funds available, which are allocated subject to the needs submitted by each Member-State. Best-use of funds is based on strengthening a program designed by the Member-States themselves, and taking into account the specifics of the needs of each small island. The regulation also focuses on the preservation of the historical traditions and cultural heritage of the smaller islands, and the preservation and maintenance of the unique, island–specific environment. Finally, it also stresses the need to avert a potential desolation of the islands, to forestall dependence of the local economic activity on tourism alone, and to encourage financially family-owned crafts industries, as well as the production of safe quality products.

Lastly, as of the early 2000’s, the formulation of an olive cultivation register has been a positive development within the framework of the Common Fisheries Policy (CFP) and has led to an increase in the number of ventures specializing in olive cultivation (Karanikolas, 2006). As a result, a fundamental feature of Greek agriculture has been considerably bolstered (Karanikolas, 2006). The impact of this regulation on island culture has been viewed as particularly positive since olive cultivation throughout Crete, the Dodecanese Prefecture, the Lesvos Prefecture, and the Prefectures of Corfu and Lefkada constitutes a strategic branch of agriculture.

3.3 The future of Greek island agriculture

Globalization, even in the sector of agriculture, “as expressed with pressure for the opening of markets and liberalization in the international trade of agricultural products as well as the decrease of public intervention... cause serious problems in all agricultures of the Mediterranean countries” (Maravegias, 2008: 8). The Greek agriculture is part of the Mediterranean one and, consequently, is subjected to corresponding pressures.

The new intensely competitive international environment can be of course a field of forming and delimiting new targets and objectives. As we demonstrated, the new operational framework of the Common Agricultural Policy (CAP) can help in the re-orientation of agriculture to a more comprehensive utilization and management of the countryside resources, away from the traditional agricultural process of producing and trading agricultural products.

The productive use of natural beauty and the historic and cultural characteristics abundant in hitherto insular regions can be factors for the development of the countryside. As Labrianidis (2005) mentions “local products and agro-tourism can
contribute to the development of some regions of the countryside” and the islands can, in general, be included in this category. And he continues: “the product’s geographical association is a quality characteristic (“authentic”, “healthy”, “traditional”). The label “local product” can bring financial benefits, enjoying higher prices. In practice, we have seen such efforts that are considered widely successful, as in the case of Chios mastic and Cretan olive oil.

In conclusion, we can say that the future of the Greek island agriculture should be evaluated according to its ability to exploit the opportunities presented in the new international dynamic environment. This means integrated and viable management of all the opportunities offered by agriculture, with effective use of the new CAP mechanisms and orientation to the international markets with quality agricultural foodstuffs that the consumers are willing to buy at higher prices.

4. Final remarks

Finally, it should be noted that each of the three categories of the Greek Rural Areas mentioned above does not possess homogeneity of features. In other words, quite often, within a specific category, one comes upon zones whose characteristics resemble those of another rural region category: As a case in point, the greater area of the Thessaly plain where one encounters smaller zones, such as the Lake Plastira with its brisk tourism development. This polymorphy of rural regions is not exclusive to Greece. Rather, it is more frequent in Greece due to the geo-morphology of the country’s geographical position and local climate conditions.

In view of the new developments described above, and given the diversity and the constant shifts in the data of the rural development process, traditional development policies of a general, horizontal character that are implemented on a national level can make no substantive contribution. Collaboration among the various competent Ministries striving to coordinate their Rural Areas policies no longer suffices. What is actually needed is a greater degree of decentralization when designing and implementing comprehensive sustainable development plans rather than merely implementing individual development measures (Pezzini, 2006).

A few years ago, an early attempt to coordinate the various Ministries’ Rural Region policies by establishing an “Inter-ministerial Committee for the Development of the Rural Regions” was shelved (Maravegias, 2004).

One such Committee could have evolved into a Rural Areas General Secretariat centrally supervised by the Greek Prime Minister in order to facilitate regional authorities to design and implement rural development plans for each region. The project would rely on a database disseminating data on the Greek Rural Areas. As no such database exists, the plan remained on the drawing board. Evidently, in the case of Greece, rural diversification beyond the backbone activities of farming and agricultural production “complicates matters” and calls for the participation of a great number of Ministries in the attempt at rural development. What is more, it gives rise to new concerns over the justified claims laid by rural inhabitants—who are not solely engaged in farming- and over the conflict of interest between and among developing
rural activities. It thus becomes all too clear that the interests of those engaged in farming are not necessarily the interests of rural inhabitants occupied otherwise (Marsden, 1998).

One of the most significant rural issues crying out for attention is regulating individual rural activities and imposing rules over land-use. As of 1976, efforts to have a national, spatial planning framework established are being exerted, but to no avail as they are being thwarted by those with vested interests in the Rural Areas (mostly land owners). Other issues of crucial importance entail the stewardship of such natural resources as water, grasslands, and rare wetlands, and the pursuit of a way that would lead to the protection of these natural resources without clashing with their sustainable development. Staffing rural schools, healthcare units, and public sector departments with qualified personnel is another chronic problem whose proportions are so alarming as to actually dwarf the problems involved in the actual creation of these social infrastructures. Providing counseling support and encouraging local entrepreneurial initiatives (personal or cooperative ones) is yet another issue that needs to be addressed. Furthermore, the need for construction of rural communications and telecommunications networks so as to ensure that even the remotest of rural areas and smaller islands become accessible has become a pressing one.

This brief preview of crucial issues in need of regulation, design, and implementation indicate that the manner in which rural policy is conceived and exercised must change and escape the confines of today’s traditional agricultural policy governing rural development. Furthermore, agricultural policy itself must acquire a new substantive content that will be adjusted to allow for the new traits of the Rural Regions. Its design and implementation should focus on decentralization so that it may correspond to the specificities and traits of each rural area. Strengthening the power of local authorities is yet another urgent, albeit inadequate, requisite for the success of any rural development plan. Yet, it is necessary that all requisites delineated above be backed at both the central government and local authorities’ levels, by adequate financial and human resources that will turn Rural Areas throughout the country into poles of economic activity, attracting people interested in a better quality of life. To that purpose, the examples set by other European countries may prove a source of inspiration (Hervieu, 2006; Arzeni et al., 2002).
APPENDIX - MAPS

MAP 1:
CULTIVATION DISTRIBUTION IN BASIC CATEGORIES OF AGRICULTURAL LAND USE
- ISLAND REGIONS

MAP 2:
AGRICULTURE'S PARTICIPATION \((GVA_{Av})\) IN TERMS OF MARKET PRICES, IN THE GROSS DOMESTIC PRODUCT \((GDP)\) OF THE REGIONS
Notes

1. The recording of developments in the Greek Rural Region cannot be substantiated empirically since there is a lack of statistical data on regional level in Greece. Admittedly, some data on prefectural level does exist but it is non-applicable since it includes prefectural capitals which are urban centers.

2. According to OECD, the criterion by which a geographical area is classified as a Rural Region is the low density of its population (150 inhabitants / km²).

3. The Leader Community Initiative may be viewed as being beyond the limits of agricultural policy and entails the reinforcement of development measures of the Rural Regions. Still, the initiative’s funds are limited (Ray, 2000).

4. According to this writer’s assessment and on the basis of the 1991 and 2001 census as well as of the annual human resources studies. The percentages of the active rural population nationwide are a great deal lower than the corresponding percentages for the Rural Region. This is due to the fact that the nationwide percentages include all of the Greek cities and towns where the active rural population percentages are lower.

5. Clearly, target-specific, on-site investigations are called for in order to analyze the growth potential of the various Greek Rural Regions.
6. The study was based on ESYE data for the years 1987 and 1993.
7. The term “multifunctional” refers to the type of agricultural activity which yields financial, social, place-specific, and environmental functions simultaneously (Beopoulos, N., 2005, p.176: From the collective volume by Karanikolas P. and N. Martins)
8. The term “smaller islands” refers to those Aegean islands whose population does not exceed 100,000 inhabitants [Regulation (EEC) 2019/93]
9. According to data available by the National Statistical Service of Greece (ESYE) on “olive cultivation per prefecture: 2006”, total olive cultivation ventures per prefecture listed earn the highest classification for the sum total of the Greek region (>=121,000 stremmata [12,100 hectares]).

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