

**4th GENERAL MEETING OF THE NETWORK
OF CHAMBERS OF COMMERCE OF THE ISLANDS
OF THE EUROPEAN UNION**

Chios, Greece – May 2nd, 2003

**Welcoming Remarks by the Deputy Minister
of the Economy and Treasury
Mr. Christos Pachtas**

It was a great pleasure for me to receive your invitation to take part, here in beautiful Chios, in the 4th General Meeting of the Chambers of Commerce of the Islands of the European Union.

We are all well aware of the fact that Greece is a member of the European Union with a large island component. The islands are a distinctive component of the character, makeup, civilisation and long history of our country. They are also key areas for social and economic integration and a strategic extension of the mainland.

Consequently, initiatives such as this one sponsored by the EU Chambers of Commerce, targeting the economic and social development of islands, are especially important for our country.

Our Government addresses the problems of our country's islands and promotes appropriate policies and actions on two separate levels: Community and National.

Community Level

At Community level, we have for quite some time been carrying out systematic actions. We lobby all institutional and political bodies of the EU in order to achieve recognition of the specific problems affecting the islands and archipelagos not only of our country but of the whole Union. We all experience these problems at first hand, but island inhabitants experience them more deeply.

Our islands are in an extremely isolated position on the extreme south east border of the EU. They experience difficulties in access to the economic and power centres of both continental Greece and the European Union. The problems they face go beyond mere structural obstacles. So we feel that it is necessary to deal with them as a whole but also individually, through special medium and long term policies, which go beyond the development measures provided by structural programmes.

And the actions we have undertaken at EU level are already beginning to bear fruit with the creation of a favourable political climate, but the time has now come for decision-making. Within the EU and its Member States, we have discussed long enough the problems and distinctive issues of the islands – the time has come for concrete action. We believe that the results we obtain in Europe will help peripheral island regions become integrated, so that they can function more effectively with better market competition, benefiting from a level playing field with the mainland areas of the EU.

National Level

Over and above our Government's lobbying at EU level (important work but perhaps not sufficiently visible) we are implementing a strategy for the development of our islands in the framework of our national development plans. Our strategy is based on the awareness that the so-called Economic and Social Cohesion policies (Regional Policy, Structural Funds, Cohesion Fund, Trans-European Networks, Rural Development Policy and others) cannot by themselves answer the many problems and permanent handicaps of islands, but must be integrated with targeted measures, such as for example those in force today for the lesser islands of the Aegean Sea.

- I. Long-term subsidies for the procurement of food stuffs and other commodities.
- II. Subsidies for the local production staple foodstuffs (milk, meat products, fishery).
- III. Subsidies for the production of local niche products (Chios mastic, typical cheeses, sweets and pastries, handicrafts and ceramics, wines etc.), ensuring more widespread distribution.
- IV. Subsidies for lowering the cost of goods shipping.

These measures can produce direct benefits for the islands, in addition to the benefits accruing from structural funds.

These two types of policy – that is the purely structural and development policy and the cross-cutting policy specifically addressed to islands – are complementary, and taken together will produce maximum total benefits for the island regions of our country.

The Third Community Support Framework for Greece has introduced important elements of enterprise promotion. An integrated strategy has been designed for the development of the Greek islands, in particular the North and South Aegean islands. This integrated strategy is in line with the new EU Treaty and aims at:

- I. Promoting new types of businesses to ensure sustained improvement and development of the Greek islands' economy, eliminating the disparities in development between islands and the European mainland.
- II. Introducing and spreading the use of new technologies, IT training, the upgrading of health services and the public sector in order to improve the quality of life on the islands.
- III. Improving infrastructure, facilities and equipment in order to guarantee regular island-to-island and island-to-mainland links, not depending on external factors (e.g. weather conditions). This will improve the competitiveness of island enterprises, will create a more level playing field, remove isolation and upgrade living standards.
- IV. Protecting and enhancing of the natural and man-made environment and the rich cultural heritage of the islands, by means of measures establishing land use and the protection and development of natural resources etc.

The allocation of resources to the Peripheral Area Chapter of the Third Community Support Framework highlights the priorities of our Government: the island peripheral regions were assigned substantial funding, well above the resources made available in the previous period. The peripheral areas will also receive additional funding from:

- Large scale projects assistance in the framework of the National Chapter of the Third Community Support Framework.

- Other special policies for the Greek islands, designed for implementation in the period 2000-2006, funded under Community Initiative INTERREG III and Community “Innovative Measures”.
- Actions under two new Community programmes, LEADER III and EQUAL, which receive additional funding.
- Initiatives selected under the Cohesion Fund, covering infrastructure, transport and the environment.
- Projects not eligible for co-financing from Community resources, but which are deemed important enough to be funded with solely national resources, under the State Investment Programme. These include projects under the Olympic Programme “Hellas 2004”.
- All development actions targeting the Northern Aegean area, developed by Government policy and to be financed from resources other than the Third Community Support Framework (e.g. the national budget).

Thus, the economic and social cohesion measures foreseen by the Government for the island areas are based on the conviction that these areas have a potential for development and growth which can be realised by means of special policies and additional funding at both Community and National level. This same approach has been adopted by the Government as regards regional or balanced development policy.

The way forward

The Greek Presidency of the EU focuses on preparing for the negotiations which will begin in 2004, in order to better define the cohesion policy and reach decisions on funding, for the handicapped areas both of Accession countries and of the present 15 Member States.

Today, the Greek Presidency of the EU can influence the policy lines of the forthcoming negotiations and can define the parameters which will lead to the final decisions as regards aid to disadvantaged areas of the EU after 2006.

Basically, we are working for a new package of measures, a Fourth Community Support Framework. This new framework will build on the results of previous programmes and will introduce new policies in spheres such as:

- Innovation
- Competition
- Upgrading of economic and social structures
- Enterprise support
- Promotion of employment

focusing on the spread of an IT and knowledge-based society.

We call for continued Structural Fund support for the Greek peripheral areas, today ranked under Objective 1, and should it be shown that they exceed the threshold of 75% of the EU's per capita GDP, we request special transitional support for these areas.

However, we also promote ongoing debate on special issues affecting islands in all EU bodies and institutions. In particular:

- **Firstly**, we have asked the EU to maintain and strengthen the special measures for the benefit of the Greek islands, including agricultural subsidies and lower VAT rates. These special measures complete the structural measures .
- **Secondly**, we have obtained specific recognition of “insularity” as a substantial geographical handicap. The same had been recognised by the

European Council for the progress of Economic and Social Cohesion in the EU. As a result, the islands should be beneficiaries of the Structural Funds even if, after many years, they no longer fulfil the criteria for inclusion in Objective 1. We await concrete proposals in this regard from the European Council when the Third Cohesion Programme is published at the end of 2003.

- **Thirdly**, during the works in progress for creating a new institutional framework for the EU – I am referring to the European Convention and the subsequent Inter-governmental Conference – we are making every effort together with other Member States concerned to ensure that the new EU Treaty that will be the main reference for the European institutions (Council, Commission, European Parliament) includes specific recognition of the needs of EU islands, besides the provisions of Community legislation, the support framework and the Structural Funds.
- **Fourthly**, during the Greek Presidency of the EU Council we are drafting a **memorandum** on the Greek islands which will soon be disseminated in the EU. In this document, we shall highlight the specific issues which make up the “island problem” of our country and we shall suggest adequate remedies, that is institutional and development measures in the framework of the EU.
- **Fifth**, at the European Council to be held on 20 June 2003 in Thessaloniki, the Greek Presidency of the EU intends including in the conclusions of the European Council a paragraph addressing the problems of the EU islands. Thus, the Council will effectively acknowledge the need to identify and implement a series of structural measures for the islands.

As I have explained briefly, my Government is promoting with all the means at its disposal arguments in favour of the islands of our country, but always within a comprehensive policy for all the islands of Europe so that with the help of the other Member States we have a better chance of achieving our target.

In this effort we need the help of all island dwellers who together with their institutions and organisations can participate in this crucial debate and exert their influence and – why not – put pressure on the relevant institutions they deal with.

In closing my remarks, I wish to offer my best wishes for a fruitful 4th General Meeting of the Network and especially for those initiatives which must become our common target: the social and economic development of islands.

Thank you.