Outlying and remote regions: specific measures for agriculture in favour of the smaller Aegean islands

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In accordance with Regulation (EC) No 1405/2006, the Commission presents its first report on the impact of the 2006 reform of the scheme of specific measures for agriculture in favour of the smaller Aegean islands.

To recall, the smaller Aegean islands benefit from a specific aid scheme to promote local production and to help with the supply of essential products, namely the PIME scheme (Petites Iles de la Mer Egée - small Aegean islands). Specific measures in favour of the PIME were introduced with Council Regulation (EEC) No 2019/93, which was repealed and replaced by Council Regulation (EC) No 1405/2006 when the PIME scheme was reformed.

Programming and partnership approach since the reform: the report states that the increased flexibility towards the gradual adaptation of the programme to actual local needs by means of annual amendments is judged very positively. In a context of market and climatic risks specific to these regions, it means that the support measures can be adapted rapidly to the actual requirements of the islands. Since its initial approval in 2006, the PIME programme has been amended twice, in 2008 and in 2010.

Whilst there has been a decrease in the administrative burden since 2007, national and local authorities still consider the administration of this scheme to be too complex, given the number of islands and the lack of administrative staff on some islands (rendering checks difficult in particular). Overall, the cost of administering the PIME scheme remains high in comparison with the financial scale of the aid provided under the scheme (especially for the SSA and regarding the issue of small consignments).

Specific supply arrangements (SSA): overall, the SSA have had a positive impact with regard to improving the frequency and the regularity of supply to the islands throughout the year (regular supply of cattle feed) despite occasional shortages due to limited transport and stock capacities. However, the arrangements are less effective for the most remote islands, compared to the islands that are close to mainland Greece.

In general, since the 2006 reform, the PIME have been making less use of the SSA, due to Greece's decision to restrict the SSA budget so as to divert the funds to SLP measures.

Supporting Local Production (SLP): the three sectors of olive, honey and Chios mastic account for two thirds of the envelope for SLP measures. Since the 2006 reform, SLP measures have maintained farmers' income by covering part of their production costs. In a context where economic opportunities are few and far between and farms very small-scale, this aid helps maintain activities which might otherwise no longer be attractive for farmers. **Greece considers it vital to maintain aid coupled to production**, given the importance of the traditional production activities and of the quality products with high value-added in economic, social and environmental terms but also culturally (quality products that encapsulate the islands' identity).

Without the possibility of partial coupling, there would be a **serious risk that farmers would stop producing some crops,** particularly as regards the olive oil sector which is the predominant crop on the islands.

Financial implementation: apart from the additional national financing of EUR 547 000, the aid provided by this scheme consists of 100% EU funding. Following the 2006 reform, Greece decided to restrict the SSA budget (by reducing the volumes of products eligible under the scheme) in order to divert the funds to SLP measures. Despite this choice, the annual SSA budget appears to have been well used in the PIME over the period in question (average implementation rate: 94%). Some SLP measures have exhausted the allocated financial resources in the last few years, but with an average implementation rate of 88%, there is room for manoeuvre financially.

Proposed amendments to EU legislation:

- amending Article 12(3) has been proposed, so as to increase the annual SSA upper limit – in the context of the existing financial allocation – so that the funds earmarked for the SSA can be used more broadly and so as to allow a more flexible redistribution of funds between the SLP measures and the SSA without increasing the overall budget. This would enable the funds to be reallocated to ensure the availability of funds to cover the additional expenditure required for the requirements of the most remote islands;

- the Commission has also proposed amending Article 17(2) of the Regulation to postpone the deadline for submitting the annual implementation report to the Commission from 30 June to 31 July so as to enable the Greek authorities to include the final expenditure on SLP measures.

Recommendations to Greece: the report makes several suggestions regarding:

- addressing the patchy administrative cover throughout this very fragmented collection of islands so as to meet the needs of all the beneficiaries eligible to receive aid under this scheme and to enable a more extensive control of its implementation;

- setting up a system capable of reliable data collection for all the sectors concerned by the SLP measures so as to allow regular monitoring both by the national administration and by the Commission;

- extending the existing classification series (group A for the closest islands, group B for the most remote islands) by adding one or possibly two island groups for the very remote islands (the most remote of the group B islands). This new classification would enable the transport costs to be better taken into account. A better coverage of needs as well as a more tangible impact on consumer prices would be ancillary benefits.

Given the trend observed since 2006 of allocating SSA according to product area (Greece's choice of giving priority to supplying feed products), it is the latter's responsibility to refine the scheme's priorities by taking into account the importance of stockbreeding on the islands, as well as by improving the monitoring of the products entering and exiting the PIME geographic area.

Conclusion: the Commission considers that the financial envelope allocated to PIME has enabled the broad objectives of the scheme to be met. Both the Commission and the Member State must continue their efforts to improve the implementation of the scheme and succeed in compensating for the additional costs of maintaining traditional farming activities in the islands.