

# European Integration and Peripheral Disparities in Greece

## The way ahead

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As the main initiatives in economic and regional policy in Greece focuses on creating favourable conditions for general economic growth and innovation rather than regional redistribution and cohesion, the future of the peripheral areas is largely a local concern and to an increasingly degree depending upon European co-operation and initiatives.

### **Territorial Cohesion and EU Regional Policy**

Recent studies point to the fact that there has been a convergence in terms of economic development *between* the countries in the EU during the last two decades. However, simultaneously with the reduced economic disparities at a national level, there has been increasing disparities *between* regions *within* countries. Not surprisingly, it is the European capital and metropolitan regions that display the strongest economic growth, while the peripheral and largely rural regions are lagging behind.

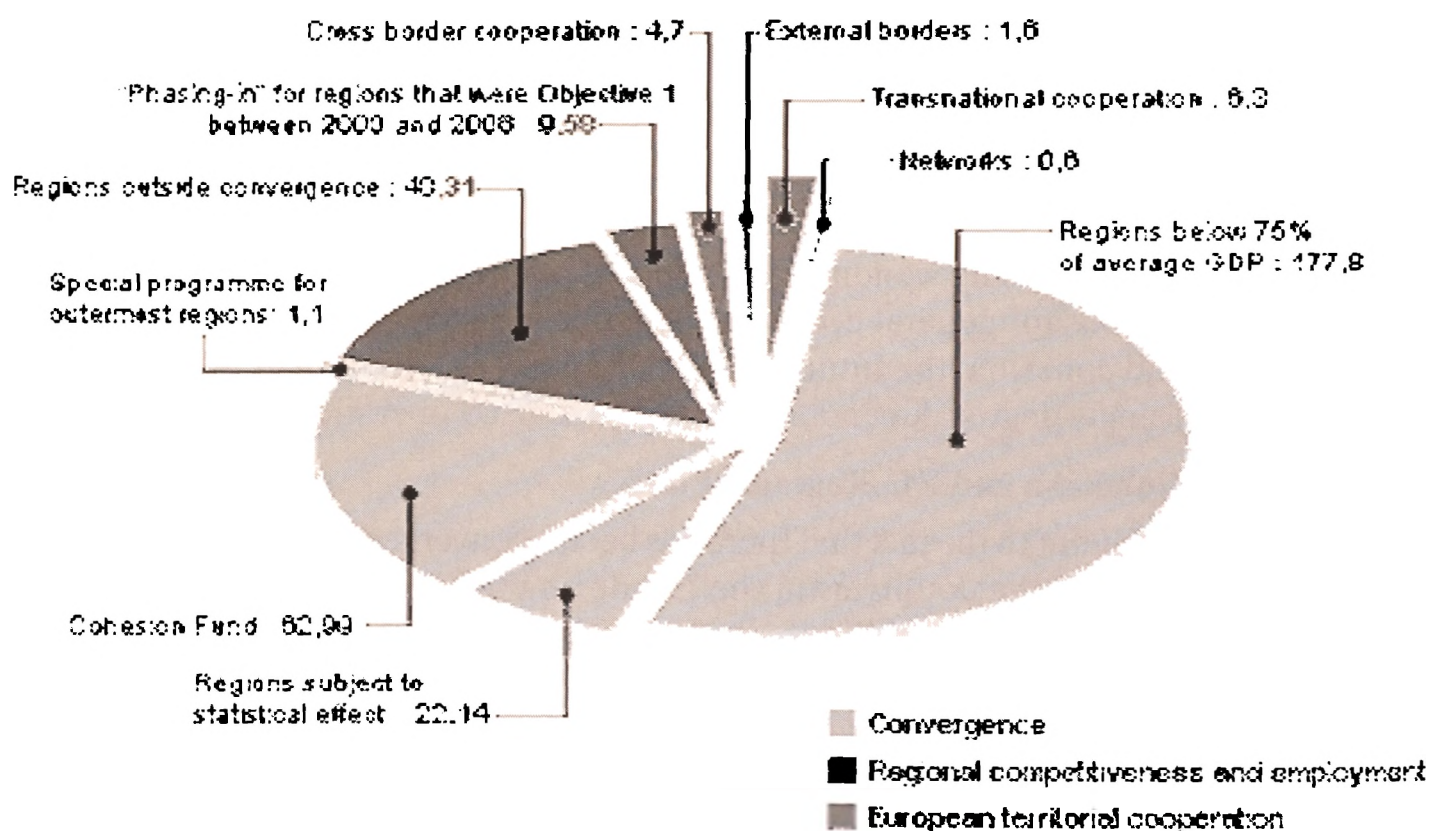
As a consequence, there has been an increasing spatial polarization in the EU-27 countries. According to the European Commission, the socio-economic disparities has actually doubled since the accession of the ten new member states in 2004. At the one end of the spectrum, we find the regions in the European Pentagon (London, Paris, Milan, Munich and Hamburg) , which covers only 14% of EU territory, but accounts for 32% of the population and produces 46% of EU GDP. At the other end we find 64 peripheral regions, representing a quarter of Europe's population, having a GDP of less than 75% of the EU average.

At a policy level, the EU has had its primarily focus on the objectives of economic growth and competitiveness (the Lisbon Strategy) and sustainable development (the Gothenburg Strategy). However, in 2004 the European Commission's Third Cohesion Report, identified *territorial cohesion* as a additional strategic policy objective, aiming at the "provision of equal chances for all Europeans wherever they happen to live or work in the Union". In the proposed Constitutional Treaty of the EU, territorial cohesion has been included as an objective (Article I.3-3) and a shared competence of the Union (Article I.14-3).

The instruments for achieving the objective of territorial cohesion is the co-ordination of Regional Policy with various sectoral policies and initiatives. This is expressed in the new EU programs for the Structural and Cohesion Funds 2007-2013 (figure 1), which has been described as a significant change in policy thinking on regional development: “Regional policy is increasingly seen as a policy for *all* regions, while *all* policies are now considered as having a regional and/or territorial impact, even though they may not be ‘regional’ in their initial or primary stated objectives” (European Parliament, 2007, p. 2).

**Figure 1**

**The European Commission. Cohesion policy 2007-2013 - Breakdown by objective, in billions of Euros**



**Greece in EU Regional Co-operation**

The principle of territorial cohesion has been pushed strongly by the Conference for Peripheral and Maritime Regions (CPMR), founded in 1973 and which today is the voice for 160 regions in the EU concerning policy development with territorial impacts (Regional Policy, agriculture, fisheries, transport etc.). The member regions are from 26 countries and represent more than 170 million people (1/3 of the population in EU 27), making CPMR the largest lobbying organization in the EU.

The common feature of these regions are that they to a varying degree are areas with so called permanent structural handicap(s); mountainous areas, islands and/or low-density populated areas, which make them eligible for EU funding. However, in order to qualify as an area with permanent structural handicap(s) you have to meet a set of technically defined

characteristics. In the case of being defined as an island eligible for EU funding (according to Eurostat) it has to be a piece of land;

- with a surface area of at least 1 km<sup>2</sup>
- permanently inhabited by a statistically significant population (over 50 inhabitants),
- not linked to the mainland by permanent structures,
- separated from the European continent by a stretch of water at least 1 km wide,
- not containing a capital city of one of the Member-States.

CPMR is divided into six geographical commissions: the *Atlantic Arc*, the *Balkan and Black Sea, Islands*, the *Inter-Mediterranean*, the *Baltic Sea* and the *North Sea* Commissions.

The main objective of the CPMR is to secure:

- *A regional policy focused on cohesion*
- *Territorial cooperation to promote the competitiveness of sea basins*
- *Competition rules guided by the cohesion principle*

The latter objective involves the controversial issue of regional state aid, which provides the state and regional authorities with leverage for attracting businesses to their territory and keeping them there. In principle, state aid is in violation of the Treaty because it distorts intra-community competition. Nevertheless, dispensations have been allowed in the past to encourage regional development, in accordance with the territorial cohesion objective. Thus, the least developed regions and regions in structural difficulty have received regional state aid. CPMR acts to ensure that territorial differentiation criteria are used, particularly regarding services of general interest. For instance concerning the impacts arising from the liberalization of the transport, telecommunications and energy markets, which might lead to some regions being denied access to vital services.

One area where CPMR has been particularly active during the last years is on the initiative taken by the European Commission concerning a future EU Maritime Policy, which has been out for public consultation as a Green Paper between June 2006 and June 2007. Besides the struggle for the recognition of the principle of territorial cohesion, this is undoubtedly the most strategic policy issue CPMR has been involved in, and it has generated an intense discussion among the member regions and the geographical commissions of CPMR. While the integrated approach for the suggested maritime policy, there are several concerns raised regarding the importance of the regional level, financial incentives, integrated coastal zone management, and research and development.

### **Challenges for Regional Policy and Greece**

Undoubtedly, Greece is attempting to achieve the EU policy objectives of economic growth and competitiveness (the Lisbon Strategy) and comply with the principles of sustainable development (the Gothenburg Strategy). In doing this, Greek regional policy, as in most of Europe, has undergone a significant shift from being based on direct economic subsidies to the creation of favorable conditions for development and growth. In terms of organization it is also evident that new structures are put in place, which on the one hand strengthens activities at the regional level, and on the other hand secure channels for carrying out governmental national policies.

However, while the emphasis on growth and competitiveness is clearly the guiding principle in the Greek economic and regional policy, the issue of territorial cohesion is not addressed explicitly. An underlying assumption seems to be that the dynamic development

of the growth regions will spill over to the peripheral areas and get them on the path to economic development. At a time when numerous studies show that, in spite of strong economic growth in the major metropolitan areas, the regional disparities in fact are increasing throughout Europe, it appears a somewhat daring strategy not to address the issue of territorial cohesion and what it could mean in a Greek context. means.

In several of Greek areas the polarization process is speeding up due to the combined negative impacts of low income levels, declining and ageing population, lack of skilled labor, limited access to higher education and research, limited commuting options. At the present, it seems that a brighter future for the Greek peripheral areas will depend more on actions at the EU level than at the national level. Not the least, the initiatives and co-operation taking place within the regional co-operation in organizations such as the CPMR, appears to provide a strategic alternative platform for pursuing the interest of the peripheral areas in Greece.

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