

**HELLENIC ASSOCIATION
OF TOBACCO PROCESSING INDUSTRIES**

PRESS RELEASE

The European Commission announced on September 23, 2003 their proposals for the reform of the Common Market Organisation (C.M.O.) of raw tobacco. These proposals lead to the abolition of the C.M.O., through an immediate and total decoupling of subsidies from production and the abolition of the production quotas.

The European Commission, submitting this proposal, does not even try to conceal that their real aim is the abandonment of the cultivation of tobacco in the Union, driven by the same hypocritical and illogical position expressed since 2001, that in this way the health of the European citizens will be better protected. How however this objective will be achieved, when the consumption, importation and manufacturing of tobacco products, such as cigarettes, remain absolutely legal all over Europe, by the termination of tobacco cultivation in the Mediterranean countries, the Commission has once again failed to explain.

The fact that the total decoupling of subsidies to production will lead immediately to a drastic reduction and in short term to the discontinuation of the cultivation, cannot be denied by anybody who knows the relationship between the high labour intensive cost of production and the marginal competitiveness of European tobacco in the world market, through which extreme pressure is put on farm prices by the lower-priced tobaccos of the third countries. It is for this reason that supporting the production of tobacco, as of all other agricultural products, has been deemed essential. For this same reason the Council of Ministers, in June 2003, have opted for a partial decoupling regime for almost all products, and the same is now being proposed for cotton and olive oil.

Tobacco is the exception, because obviously the Northern countries of the E.U. have no interest for it, being interested only in the investments of the cigarette manufacturing industry in their countries, industry which will in no way will be influenced by such decisions, as they will be able to continue their activities importing 100% of their requirements in raw tobacco, instead of the 70% they import now.

How will however the Greek countryside be affected by the abandonment of tobacco cultivation? What will be the economic, social and environmental impact in Thrace, Macedonia, Aitolokarnania? Tobacco production, apart of the significant incomes it secures for tobacco growers, creates tens of thousands of jobs and important incomes to the people who work in the fields, to agronomists, to sellers of agricultural supplies, to transporters, to a large number of tobacco workers and employees in the transformation sector, to all that supply equipment and services in the processing, transport and exportation of the tobacco. Exports themselves, which account for the 90% of the Greek production, secure foreign exchange to the tune of 300 million Euros annually.

The Commission proposals are particularly unfavourable for Greece, because, although the Commission tries to show some sensitivity for the tragic economic impact of their proposals to the tobacco-producing regions of Europe, of which they name Northern Greece as the most important, they finally simply propose the abolition of subsidies in three one-year steps for the large exploitations holding over 10-ton quotas, and immediate total decoupling for the smaller ones. However, the percentage of Greek growers holding quotas over 10 tons is minute (1,2%) and in fact it is nil for the growers of classical oriental tobacco, of the worldwide famous varieties of Basma, Katerini and Kabakoulak. Consequently, the proposal does not even condescend to offer a “period to adjust to the new conditions” for the working people that “will temporarily lose their jobs”, as the Commissioners politely describe the side effects of their proposals.

We ask the Minister for Agriculture Mr. Drys, but also the Commissioner for Agriculture Mr. Fischler:

- Is our country in position to absorb the significant increase in unemployment that will result from the collapse of tobacco growing?
- Can our country accept the certain economic depression in villages, towns, but even cities like Komotini, Xanthi, Serres, Kilkis, Katerini, Grevena, Ellassona, Agrinion, the economic life of which has always been vitally linked with tobacco production and processing?
- Can our country accept, in an period when its trade deficit is increasing alarmingly, the loss of the foreign exchange receipts form tobacco exports with the parallel increase – at least doubling – of the imports of raw tobacco for the requirements of the Greek manufacturing industry?

- **Could our country accept the substitution of subsidies with provisional and reduced “money hand-outs” – as the President of the National Farmers Union PASEGES successfully called the single farm payments – which can at any time be further reduced either on budgetary grounds or for not adhering to the complicated “cross-compliance” requirements?**
- **Is anybody in doubt that the single farm payments to the holders of production quotas are in no position to create but minimal multiplier incomes and jobs, which cannot substitute the socioeconomic activities related to the traditional tobacco production and the skilled professions, thanks to which our country has acquired important comparative advantages in the world market?**
- **Do they not agree that these proposals go far beyond any commitments that the EU has taken or intends to take in the framework of the W.T.O. negotiations, for a partial transfer of agricultural subsidies from the “amber” to the “green box”?**
- **Are, finally, such proposals in line with a policy of “Sustainable Development of Agriculture”, or do they lead to the desertification of the countryside and to an imbalanced economic depression?**

The Commission proposals, based on an “Extended Impact Analysis”, performed by its services, which is full of erroneous hypotheses, misleading data and equally wrong conclusions, totally lacking in objectivity, MUST BE REJECTED.

Alternative solutions exist, and our Association, which represents one of the most dynamic, wholly export-oriented, industrial sectors of the Greek economy, is ready to submit proposals and to discuss them in a serious and responsible dialogue with the political leadership and all parties involved in the industry.

Athens, 26 September 2003

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