

SOME BASIC FACTS ABOUT CHALLENGES IN RURAL GREECE

AGRO-ECONOMY**Advantages**

Greece has to offer many advantages in agriculture: excellent climatic and soil conditions, low pollution in comparison to other European countries, high quality of produce, high potential of added value through packaging, crafting and manufacturing, low cost of moving to organic agriculture, high recognition of

Greek products world-wide, many of which are unique in the world markets. However, there are also many challenges that need to be dealt with.

Challenges

One of the major challenges agriculture is facing in Greece is the fragmentation of agricultural land, leading to many small holdings that cannot offer the advantages of scale and lead their owners to under-production and inefficiency. Small, fragmented holdings make it impossible to achieve high productivity, forcing the farmers to depend on subsidies, to over-borrow from banks and even to consider selling their plots. During the last 5 years the media have noted the effort of large investment groups from Europe, Russia or Israel to work quietly towards acquiring agricultural land from small

landowners, with a view to create large holdings, especially in fertile areas of Central Greece (Viotia or Thessaly)¹. The only solution to react to the shrinking of the agricultural sector and a potential future sale of land to non-Greek interests is for Greek farmers to join cooperatives or social economy consortia, which would allow modern cultivation practices to be introduced, land productivity to be increased and economies of scale to be practiced to large farmed areas resulting from joining together small holdings.

¹Papadogiannis G., "Russians and Israelis buy agricultural land", Agricola, 13-2-2017, pp. 14-15.

Annual value of agricultural land

Statistics released from the Ministry of Agriculture a few years back show that in our country, the annual value of agricultural produce per hectare is 1.900 euros. At the same time, other EU countries, like The Netherlands, manage to extract annual value of 16.400 euros per hectare; while Israel extracts value

of 13.000 euros per hectare. The main reason for such low productivity, as mentioned above, is the fragmentation of land: in Greece the average holding is 6 hectares, while in the Netherlands and Spain the average is 24 hectares and in France 52 hectares!

Reforming the agricultural sector

Big obstacles for the reform of the agricultural sector are: the poor education of farmers, excessive and often not-needed investments in mechanical equipment, and the absence of guidance and planning from the state, central or local. To these, one should add the mentality of minor effort, the lack of entrepreneurial spirit and entrepreneurial skills, and the absence of a culture of cooperation amongst farmers. The ageing of the farming population is an additional difficulty in achieving modernization of agricultural production and increase of productivity: the average age of the population in rural areas is 46 years, reaching over 55 years in mountainous areas and in remote islands, while the average for urban areas is 40years².

Although there have been incentives for young farmers in the past 15 years, mostly supported by the EU and to a lesser extent by the government, the

return of young people to the land has been slow, although not unnoticeable: especially over the past 5 years, when the economic crisis started to bite hard, a number of young people decided to return to the land of their families in rural areas and take up agriculture – often with a lot of imagination and entrepreneurial spirit. However, given that the unemployment rate among the general population is near the 25% mark³, while it reaches 50% in the 15-25 age group and 30% in the 25-34 age group, the "return to the land" by young people is only a thin stream, followed by a lot of skepticism.

²ELSTAT (Greek Statistical Service), Sensus of population and residences, 2011

³ELSTAT (Greek Statistical Service), Annual/quarterly research of the labour force, 2nd quarter of 2016

Multi occupation of farmers

According to the 2011 census, the primary sector (agriculture, animal farming, fisheries, forests) had a share of 12,6% of the labour force, while the secondary sector (manufacturing industry) had a share of 17,3% and the tertiary sector (services and tourism) had a share of 70%. However, the above figures do not represent accurately the situation in the primary sector, because the majority of farmers have

usually another occupation, to complement their income. Multi-occupation of farmers is typical in rural Greece. Since many decades ago, to secure a decent income, most farmers had to complement their income from farming with income from other sources – usually small crafts industry, tourism, or salaried work in an urban centre. In many areas of Greece, especially in the islands and coastal regions,

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given the dramatic increase of tourism, the complementary income ratio was reversed: tourism became the main income for a rural family while farming provided only complementary income⁵.

This situation has undermined farming, which has taken a secondary role in the economic activity of many farmers, although they are still declared as "farmers" in the census. As a result, large expanses of land are not exploited for agriculture or remain under-exploited, producing usually a limited amount of olive oil for the family. Such areas could be rented to agricultural cooperatives, to bring them to full production, for the mutual benefit – of the cooperative

and the owners. At times of acute economic crisis, a strategy of maximum land exploitation for agriculture, especially if it is motivated from a bottom up movement, could provide a large number of jobs in rural areas, as well as regenerating agriculture and strengthening the competitive advantage of Greek products in the European markets.

⁵ Papakonstandinidis L., "Relationship between agricultural and agricultural income in the primary sector, 1961-2004", Research Report, EPEAEK-Archimede, 2006.

Links

Forum Synergies: ERSG 2017 ([link](#))

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Contact and information

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