WRITTEN QUESTION E-0631/04
by Ioannis Marinos (PPE-DE)
to the Commission

Subject: Abolition of the interest rate subsidy for border regions in Greece

The Chamber of Commerce of the Dodecanese has complained that the Greek Government has decided to abolish Joint Ministerial Decisions 2041901/16.5.1989 and 2078809/10.10.1989 authorising ‘the payment of a 3% difference in interest, to be charged to the joint account of Law 128/1975, in respect of updated balances of loans granted for the working capital of commercial and craft undertakings based in the prefectures of Evros, Rodopi, Xanthi, the Dodecanese, Lesbos, Chios and Samos.’

Recent ministerial decisions (9034/B.289/10.2.2003 and 37497/B. 1232/2.6.2003) have amended the above Joint Ministerial Decisions of 1989, and it has been decided that craft and commercial undertakings in border regions shall be subsidised for the entire amount by bank loans up to 20% of the annual turnover for the previous year or the last twelve months for newly founded undertakings and that the subsidy provided for by Joint Ministerial Decision 2041901/16.5.1989 shall be granted until 31.12.2004.’

A letter from the Ministry of Finance (Protocol 80771/B.2334, dated 2.12.2003) states that the reason for the abolition of the interest rate subsidy in border regions of Greece is that ‘given our role in the EU, it is not advisable that interest rate subsidies be granted without an expiry date or limits in respect of the sum granted, even in the case of urgent socio-economic circumstances affecting the less developed regions of the country.’

Does the EU really impose this restriction? Is it contrary to Community law to subsidise interest rates - as the Greek authorities have been doing for 15 years - in regions which are mostly island regions whose per capita income is one of the lowest in the EU?