

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 368 final

Brussels, 6th October 1980

PROPOSAL FOR A COUNCIL REGULATION (EEC)
AMENDING REGULATION (EEC) NO 724/75 ESTABLISHING
A EUROPEAN REGIONAL DEVELOPMENT FUND

(presented by the Commission to the Council)

COM(80) 368 final

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JUSTIFICATION

1. Regulation (EEC) N° 724/75 of 18 March 1975 establishing a European Regional Development Fund (1) must, according to its Article 22, be re-examined by the Council, on a proposal from the Commission, before 1 January 1981.

2. The Commission is currently deliberating on the changes which it would be appropriate to make in the Fund Regulation particularly with regard to the recommendations made by the European Parliament in its "Report on the Guidelines for Community Regional Policy" of 10th October 1977 and in its "Report on the Commission's 4th Annual Report on the ERDF" of 23 February 1980. The Commission considers, however, that these changes should be incorporated into the framework of a clear longterm strategy for regional policy within the Community which should be based on adequate experience in applying the Council Decisions of February 1979 (2) and on the outcome and conclusions of the Periodic Report on the socio-economic state of the Community's Regions which should be presented before the end of 1980.

Moreover the "General Affairs" Council of 29 and 30 May 1980 decided that the whole problem of the development of Community structural policies should be resolved by the end of June 1981.

The Parliament's resolution of 23 May 1980 requesting that the Commission present its proposals for the amendment of the Fund Regulation in September 1980 at the latest, and the re-examination required under Article 22 of the Fund Regulation, should thereupon be considered in the light of these new guidelines.

3. There is, nevertheless, one item of the Regulation, which must necessarily be amended before the end of 1980, namely the new allocation of the national quotas referred to at Article 2 (3) of the Regulation to take account of the accession of Greece to the Community from 1 January 1981. This adaptation is indeed essential to enable this future Member State to derive normal benefit from Fund assistance.

(1) JO N° L 73 of 21.3.1975, p. 1.

(2) JO N° L 35 of 9.2.1979, p. 1.

4. A comparative analysis of the situation of Greece with that of other less favoured Member States of the Community has led the Commission to propose a quota for Greece of 15% of the quota section of the Fund.

5. The inclusion of Greece in the system of Fund quotas raises the problem of altering the quotas of other Member States correspondingly.

In this context the Commission had to take account in its proposals of several sometimes contradictory requirements. On the one hand it was difficult to imagine that the 15% allocated to Greece could be charged to the quotas of other Member States purely prorata to their relative size, that is to say by way of simple linear distribution. The method would indeed have implied the disadvantage of the least prosperous States assuming the main burden, percentagewise. On the other hand, a method whereby too great a burden would have been borne in the distribution by countries with less serious regional problems would have emphasized unduly the tendency to concentrate the Fund almost exclusively in certain regions, adversely affecting the global character of Community regional policy. The Commission considers the global nature of the Community regional policy to be a key-factor, that is, it should embrace the regional policies of the Member States as well as community policies with a regional impact.

The Commission has finally decided upon a formula for distribution based upon the relative deviation of per capita gross Domestic Product in the various Member States from the Community mean, which seems to give appropriate weight to the differing requirements which have to be taken into account.

On the basis of the Commission's proposals for the 1981 Budget these new quotas will not in practice cause any diminution in the absolute values of the previous quotas.

Given that the whole of the Fund Regulation has to be reviewed by the Council on a proposal from the Commission during the course of 1981 the Commission considers that the new quotas should be applicable only for 1981.

6. The present proposal for a regulation calls for two comments: firstly, the Council's budget guidelines of 23 September 1980 on the Regional Fund do not appear to reflect the need, although fully recognized, to give Community regional policy the indispensable financial means for achieving the aims attributed to this policy by the Council itself. In this connection, despite the adherence of a new Member State experiencing serious regional problems, the estimated credits for 1981 will be at a level, which, with account being taken of the fall in the value of money, will not even maintain, in real terms, the present level of the Fund for nine countries only. Secondly, it would seem necessary to place emphasis in the future on regional aspects in distributing Fund resources.

proposal for a regulation (EEC) N°.../80
of the Council of 1980, amending
regulation (EEC) N° 724/75 establishing a
European Regional Development Fund

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community
and in particular Article 235 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Having regard to the Opinion of the Economic and Social Committee;

Whereas Council Regulation (EEC) N° 724/75 of 18 March 1975 establishing
a European Regional Development Fund (1), as amended by Council Regulation
(EEC) N° 214/79 of 6 February 1979 (2), has established a European Regional
Development Fund intended to correct the main regional imbalances in the
Community;

Whereas Article 2 (2) of the Treaty on the accession of the Hellenic
Republic to the European Economic Community and to the European Atomic
Energy Community lays down that the said Treaty shall enter into force on
1 January 1981, provided that all instruments of ratification have been
received prior to that date and that the instrument of accession of the
Hellenic Republic to the European Community of Coal and Steel has been
received by that date;

Whereas the declaration of the European Economic Community on the European
Regional Development Fund, annexed to the Final Act forming one of the
documents concerning the accession of the Hellenic Republic to the European

(1) O.J. N° L 73 of 21.3.1975, p.1.

(2) O.J. N° L 35 of 9.2.1979, p.1.

Communities, provides that the provisions of Article 2 (3) a) of Regulation (EEC) N° 724/75 should be amended on the accession of the Hellenic Republic to the European Economic Community if the conditions governing the share of the Hellenic Republic in the resources of the Fund have not been fixed within the framework of the re-examination laid down in Article 22 of this Regulation;

Whereas in the circumstances the conditions governing the share of the Hellenic Republic in the resources of the Fund should be fixed as from 1 January 1981;

Whereas Regulation EEC 724/75 has to be reviewed by the Council on a proposal from the Commission during the course of 1981 it is appropriate to apply the revised table of distribution provided at Article 2 paragraph 3 sub-head a) only for 1981;

HAS ADOPTED THIS REGULATION:

Article 1

Article 2 (3) a), second paragraph of Regulation (EEC) N° 724/75 is amended as follows :

"In 1981 the resources of the Fund intended for financing these activities shall be distributed in accordance with the following table:

Belgium	1.06 %
Denmark	0.88 %
Germany	4.46 %
France	13.18 %
Greece	15.00 %
Ireland	5.87 %
Italy	34.93 %
Luxembourg	0.07 %
Netherlands	1.21 %
United Kingdom	23.34 %;"

Article 2

Article 22 reads as follows :

"On a proposal from the Commission, the Council shall re-examine this Regulation before 1 January 1982".

Article 3

This Regulation shall enter into force on 1 January 1981,

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President