

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 540 final

Brussels, 15 October 1979

PROPOSALS FOR COUNCIL REGULATIONS

instituting specific Community regional development
projects under Article 13 of the ERDF regulation

(submitted to the Council by the Commission)

COM(79) 540 final

PROPOSED COUNCIL REGULATIONS
ON SPECIFIC COMMUNITY MEASURES

- contributing to the development of certain regions of France and Italy in the context of the enlargement of the Community;
- contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by the restructuring of the steel industry;
- contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by the restructuring of the shipbuilding industry;
- contributing to the improvement of the security of energy supply in certain regions of the Community by way of improved use of new techniques for hydro-electrical power and of alternative energy sources;
- contributing to the improvement of the economic and social situation of the frontier zones of Ireland and of Northern Ireland.

EXPLANATORY MEMORANDUM

INTRODUCTION

1. The political grounds which justify the financing of specific measures by the "quota-free" section of the ERDF are identical with those which have led to the introduction of the method of assessing the regional impact (R.I.A.) of every Community policy or measure. It has been recognised that regional policy cannot be limited to correcting imbalances, of which the less-favoured regions are victims, by way of ex post subsidies, but that it is necessary to prevent, by ex ante measures, the perverse effects which may occur in regions as a consequence of Community policies, which cannot always take full account of their regional impact.

For this reason, all Community policies have been reviewed in order to fix priorities governing the use of the "quota-free" section in consideration of the regional impact of those policies. This has led to a proposal of a first group of five specific measures presented hereunder.

The first characteristic of the measures proposed is the intention to counter the effects of imbalance which may occur and be harmful to those regions which already suffer from clearly inadequate levels of development. The second characteristic consists in adopting a particular method of implementation : to fix clear cut aims, no longer by Community aid to individual projects financed by Member States, but by overall programmes, which correspond to the social and economic requirements of the regions and are of a nature to create conditions for their self-development. The third characteristic of these measures concerns the nature of the interventions planned. Pursuant to the ERDF Regulation, the proportion of the Fund which is subject to quota is used exclusively to aid the capital needed for financing projects. By contrast, the quota-free section provides aid above all for initiative; this is to develop and sustain any capacity for enterprise, which otherwise is unable to be transformed into productive projects, because of an unfavourable environment. From this viewpoint, measures which concern small and medium-size enterprises are the most innovatory and of special importance.

By way of these measures, which can be described as providing "pilot experience", a new outlook will develop for Community regional policy; this will enjoy greater choice in the use of instruments, more concentration of resources, which are limited, and better coordination of Community interventions, also of the latter with national and regional interventions. This represents a first positive response to the urgent requirements which have been frequently and unanimously felt by all Community institutions.

I. Reminder of Regulation requirements

2. Article 13 of the Regulation stipulates that measures taken under the quota-free section must be "linked with Community policies and with measures adopted by the Community in order to take better account of their regional dimension or to reduce their regional consequences". Thus the Community intends to assume its own responsibilities relative to the general objective of reducing regional disparities. The Community can become responsible as a result of a decision in one of its areas of competence, for example external relations, agriculture or on industrial matters, that has regional consequences.

The same article also states that specific Community measures can be taken, in exceptional cases, "to meet the structural consequences of particularly serious occurrences in certain regions or areas with a view to replacing jobs lost and creating the necessary infrastructure for this purpose".

Finally, following agreements reached in the Council, they can also be applied to deal with the most difficult cross-border situations.

3. In preparing its first proposals for specific measures, the Commission has had to respect simultaneously four fairly strict constraints.

The first, which determines the choice of measures, is the necessity to make as clear as possible the link between certain aspects of Community policies and their regional consequences, while taking account of the relative intensity of regional disparities within the Community, as stipulated by Article 2 of the regulation.

The second concerns the type of operations to be financed under the quota-free section : they must be measures "which differ in whole or in part from the types of measure referred to in Title II" of the regulation. It has therefore been necessary to show a certain originality in the proposals made.

The third constraint is financial. Article 2 states that the sum available for these measures amounts to 5 % of the resources of the Fund. The means available at present are relatively modest : 75 million EUA for the years 1978 and 1979.

As it is proposed that each measure last five years, one can estimate at present the amounts available for specific measures between 1980 and 1984 at about 350 million EUA, broken down as follows :

a) Credits already authorized in budgets 1978, 1979 :	75 MEUA
b) Minimal forecasts, credits available 1980-84 :	275 MEUA
	<hr/>
	350 MEUA

The forecast for 1980-84 of 275 MEUA, which would be an average of 55 MEUA per year, is very modest because, in fact, it is probable that the credits really necessary will, in the end, be rather higher. Furthermore, this forecast does not take into account any possible revision of the percentage (now fixed at 5 %) of the Fund total which the "quota-free" section represents.

Furthermore, the provisions of Article 13 oblige the Commission to conceive an entirely new method of implementation : the co-financing of special programmes that to some extent fill specific gaps in the development measures adopted for a region, and examination of these programmes, instead of the study and financing of individual projects.

II. The themes of the measures proposed and the choice of regions

4. The five themes chosen, which correspond to the five proposed regulations, reflect present events in the Community.

In the Commission's view they are only a first set of proposals and will be followed by others.

In fact political opportunity determines which aspect of Community policy is selected at a given moment. Consequently the Commission considers that changing events and the emergence of new needs could necessitate new proposals in the future, irrespective of present estimates of the resources that the quota-free section should possess. It does not wish to exclude in advance the Council's unanimous agreement to any new specific measure.

5. Measures linked to the policy of enlarging the Community

The 'enlargement' measure which covers the whole of the Mezzogiorno of Italy and the three regions of France that border Spain, is intended to be the most significant and the most substantial in financial terms.

The link between the situation of these regions and the Community's decision on enlargement is evident. The Commission has prepared a large volume of information on this subject, especially on agricultural aspects. On several occasions, in particular in its opinion on Spain's request for membership, it has clearly demonstrated the risk that membership will have adverse effects on the economies of these regions.

The choice of these regions took account of the proportion of employment in agriculture, the dependence of this employment on the production of Mediterranean products and of certain indicators of the general economic situation of these regions, such as the activity rate.

In assessing the link that should be established, in the sense of Article 13, between Community policies and the economic and social situation of the regions, the Commission also takes account of the extent of the Community's competence in the implementation of these policies. In each case it is necessary to see whether the Community has authority and hence a particular responsibility. In that of enlargement, such authority clearly exists.

6. Measure linked to Community policies for the steel industry and for shipbuilding

The situation is a little different from that described above in the case of the measures for areas particularly affected by two industries in difficulty, steel and shipbuilding. The nature of the problems makes it more difficult to state that the Community has an exclusive responsibility.

This is particularly true of shipbuilding, even if the objectives of reducing output and the necessity of restructuring the industry may have consequences for certain regions already affected by the crisis in the sector.

In the case of the steel industry the Community's competence is better defined. The existence of the E.C.S.C. fund could justify hesitating to introduce a specific measure for this sector; however the operations eligible for assistance from this fund are different in nature than those contained in the specific measures.

To turn to the spatial aspect of these measures, it is proposed to make certain steel producing regions or zones of Belgium, the United Kingdom and Italy eligible for assistance from the Fund. The measure for shipbuilding is to be concentrated on certain zones of the United Kingdom.

The choice of regions or zones is based on an analysis of a certain number of indicators. Firstly account has been taken of sectoral criteria : the importance of employment in the sector concerned relative to total employment in the region, the number of jobs already lost in the sector and the number likely to be lost shortly. Secondly the application of more general criteria that define the relative intensity of regional disparities, such as the rate of unemployment, has helped restrict the spatial coverage of each measure.

7. Measure linked to decisions on limiting oil imports and developing alternative sources of energy.

The 'energy' specific measure derives its justification from the decisions of the last European summit, at Strasbourg on 21st and 22nd July 1979. There it clearly expressed its determination to render the Community less dependent on outside sources of energy, by developing its own resources, by using more substitutes and by limiting over the period 1980-85 imports of oil to a level equal or inferior to that of 1978.

The measure proposed is for the Mezzogiorno, more exactly its mountain areas ("zone interne"). This choice is based firstly on the fact that Italy is among the countries of the Community the most dependent on imports, not only for their energy supply as a whole but also for oil. Secondly, of these countries Italy is the one where the risk of breakdowns of electricity supply at peak periods is greatest, because of excessively high rates of utilisation of capacity. Thirdly the choice of the Mezzogiorno reflects the necessity of lessening its dependence on generating plant in the north of the country, in order to reduce losses of electricity from transmission over long distances.

8. Measure for the border areas of Ireland and Northern Ireland

The fifth measure is for the border areas of Ireland and Northern Ireland. The efforts made by the authorities on both sides of the border, with the support of the Community (for example, the study on cross-border communications) show the will that exists, despite political tensions, to contribute to the improvement of the situation in these areas which are among the most disadvantaged in the two countries and in the Community. The Commission considered it necessary to propose a specific measure for these areas. It found support in an intention of the Council clearly expressed in a declaration of 6th February 1979 : "The Council declares itself ready to examine, in the framework of Article 13, on the proposition of the Commission, all requests for assistance to deal with frontier problems in the most needy regions of the Community, when submitted by two or more member states interested".

III. Types of operation for which financial assistance is proposed

The various operations contained in the special programmes for implementing the specific measures can be divided into six main groups that correspond to particular regional needs.

9. "Improvement of the environment, a necessary preliminary to the development of new economic activities".

Environment is interpreted in the widest sense. This reflects the Commission's conviction that such measures are increasingly required in old industrial areas, as a prerequisite to economic development and productive investment. They involve reclaiming certain industrial or urban sites that have become derelict or abandoned, and bear the marks of successive periods of industrialisation, also contributing to the construction and modernisation of housing whose lack or decay hinders the development of employment.

The reclamation of these sites can include, in exceptional cases, the development of access roads serving sites for new activities.

10. "Promotion of industrial innovation"

In different regions of the Community, in particular those whose situation is worst, the inadequate circulation of information on industrial innovation has often been observed. It is therefore necessary to develop the collection and diffusion of such information, on both products and technology. Moreover to allow effective innovation by small and medium-sized enterprises (SME), it is necessary to contribute financially to the efforts made by firms themselves. The cost of feasibility studies, often considerable, appears a major constraint on firms' decision-making. The aids proposed are for most regions covered by the five specific measures.

11. "Improvement of the security of energy supply".

This theme is particularly important. It involves encouraging, in the mountainous areas of the Mezzogiorno, the use of a new technique (mini-turbines) which does not require a substantial amount of infrastructure. This is because it allows the re-use of abandoned hydro-electric sites and the exploitation of small falls of water.

Furthermore the plants where the mini-turbines are installed should also serve as centres for demonstration of the potential of this type of equipment and for information on the prospects for alternative sources of energy (wind, solar, biomass etc.). The diffusion of this information and a system of financial incentives are intended to allow interested parties to produce themselves the electricity or energy they need. The maintenance of the mini-turbines and of other installations could be carried out through contracts with local people, which would offer the possibility of additional employment.

12. "Making available to SME means and services allowing them to enlarge their potential activities"

SME are the mainstay of the industrial sector in most of the regions covered by this theme. For each of these regions, the development of SME is essential to increase employment.

The purpose of the operations envisaged here is to encourage not so much investment in production capacity but measures that allow products to meet better the needs of markets and firms to improve their positions.

A better position on a market implies knowledge of it. Often this is inadequate in the peripheral regions of the Community like the South-West of France and the Mezzogiorno. Therefore in this type of region it is proposed to assist sectoral market studies, of which many are required at considerable cost. These could be carried out b

competent bodies for the benefit of an industry as a whole in a region. The SME could, having all the information available, follow the conclusions of these studies and adapt themselves to the market by making the investments required, for which they would receive assistance from the Community.

It should be noted that the measures proposed to encourage innovation could also help small and medium-sized firms to adapt to the market.

It is also important to improve the efficiency of SME in the field of management and organisation, not only in the peripheral regions but in almost all regions covered by the five measures proposed. Help in starting companies of consultants specialised in this field, often lacking in disadvantaged regions, is a completely new form of Community assistance. Furthermore, certain aids for creating common services for several SME should help them solve more efficiently problems of accounts, of materials handling and of stock control for example, which often affect SME.

As for risk capital, it is proposed to facilitate access for SME by financing the cost, which is generally high, of risk evaluation studies. These would precede the provision of capital and be carried out by the appropriate bodies.

Finally it is planned that the Community assist a few more ordinary investments in infrastructure, in particular those destined to reduce isolation. Again the purpose is to improve firms' links with their economic environment.

13. "Promotion of artisan enterprises"

This theme would only cover rural areas; its main purpose would be to improve the information available to craftsmen, to improve traditional techniques, to encourage more active and better organised marketing and to help, in certain cases, investments in craft firms.

14. "Promotion of tourism in rural areas"

Certain regions of the Community are both rural and tourist. In them it is proposed to develop small-scale tourism, the opposite of the large centres constructed on certain coasts or in mountain areas. The aim is to strengthen the economies of these regions by assisting investment in hotels or in accommodation on farms, on condition that common bodies or services are established with the task of promoting this form of tourism and the coordinated management of accommodation.

Certain infrastructure operations are also planned in order to improve access to tourist areas.

The measures for developing tourism in rural areas are intended for the regions covered by the "enlargement" measure and by that for the border areas of Ireland and Northern Ireland. The exclusively rural character of the latter makes this type of operation necessary as rural tourism and craft industries provide the only potential for non-agricultural development.

IV. The financial contribution of the Community to the different measures and procedures for implementing Article 13.

15. Generally speaking, the level of the Community's contribution to the quota-free measures is higher than to the measures under quota. It is justified by their more specifically Community character. While this higher rate applies to assistance for certain productive investments or investment in infrastructure, the Community's contribution is always particularly high in the case of all operations that involve the improvement of expertise (management, organisation, market studies, collection and dissemination of information on innovation and implementation of innovation). For these operations Community assistance can reach 70 % of expenditure. There is thus a sort of 'premium for difference' as compared with the more classical type of investment operations, as provided for under the quota section.

This premium is not an end in itself but is intended to encourage the starting of new activities; the assistance envisaged is to be for a limited time and to be degressive in most cases.

16. To turn to the procedure proposed for applying Article 13, it is to be recalled that the text of the Article gives the Council the duty of determining for each specific Community measure the nature of the operations, the areas to be assisted, the contribution of the ERDF etc. and that it is laid down that these measures should be implemented in the form of a special programme.

The Commission consequently distinguishes two stages; the first being the legislative process and the second the actual execution. These two stages correspond to the functions the Treaty attributes in a general manner to the two institutions, the Council and the Commission.

It is envisaged, therefore, that the Council after consulting the Parliament would adopt the regulations which are the object of the present proposals, so determining the elements listed in paragraphs a) to f) of Article 13.3. Once these regulations are adopted, the Commission would have responsibility for their execution which must take the form of special programmes in accordance with Article 13. These programmes would be established by common consent by the Member States on whose territory are located the zones and regions specified by the Council. It is only when these special programmes have been adopted, after consulting the Regional Policy Committee, that the Commission would be able to proceed to committing financial resources.

These implementation procedures, which follow the institutional logic of the Community, are required for other reasons. The regulation to be adopted by the Council is only an act for applying the 'basic regulation', the political decision in favour of the quota-free measures having already been made.

17. The financial procedure would be analogous. The Council would fix provisionally the total amount of the Fund's contribution to each of the five specific Community measures and would be informed of the estimated allocation to each region or zone. The latter amounts would be confirmed and made precise when the special programmes are approved.

The budgetary commitments for the execution of these programmes would be decided annually, in step with their realisation.

The payments of the Community's contribution would be made as and when eligible expenditure is incurred in the regions concerned.

As has been indicated in paragraph 3, it is possible to estimate at around 350 million EUA (low assumptions) the sums that could be used for quota-free measures implemented between 1980 and 1984. The total cost of the Community's contribution to the first measures currently proposed is estimated at around 220 million EUA. This amount is allocated to the different measures thus :

steel	43 million EUA
shipbuilding	17
frontier area	24
energy	16
enlargement	120

18. The special programmes for implementing the quota-free measures should include for each region the information prescribed in the annex of each regulation. This information should cover the present situation, the methods of each operation envisaged, and the timing of the programme. It should also contain more general material that allows the Commission to appreciate the consistency of the programme with regional development objectives and, to some extent, with the prospects for combined use of resources from other Community funds with structural aims. The nature of the steps taken by the member state to alert beneficiaries to the possibilities offered by the special programme and to the role played by the Community in it should also be specified.

Finally the Commission must be able to ascertain that the various operations are carried out in a mutually consistent way, by means of an annual report submitted by the Member State that describes how the execution of the programme is proceeding.

RECAPITULATION OF THE ESTIMATED FINANCIAL IMPLICATION OF THE
COMMUNITY'S PARTICIPATION IN THE PROPOSED MEASURES

MEUA

Measures	1980	1981	1982	1983	1984	Total
Steel	8.8	9.8	8.8	7.8	7.8	43
Shipbuilding	3.4	3.4	3.4	3.4	3.4	17
Border areas	4.2	5.6	5.6	5.0	3.6	24
Energy	1.5	4.5	4.5	4.0	1.5	16
Enlargement	1.6	21	26	31	26	120
Total	33.9	44.3	48.3	51.2	42.3	220*

*The total amount of public expenditure is approximately double the total amount of the Community's participation.

PROPOSED COUNCIL REGULATION

instituting a specific Community Regional Development
Measure contributing to the development of certain French
and Italian regions in the context of Community enlargement

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 724/75 of 18 March 1975 (1)
establishing a European Regional Development Fund as amended by Council
Regulation (EEC) No 214/79 of 6 February 1979 (2) and particularly
Article 13 (3),

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (3),

Whereas Article 13 of Regulation No 724/75 (hereinafter referred to as
"the Fund Regulation") provided, independently of the national allocations
of resources fixed by Article 2 (3) a) of the Fund Regulation, for parti-
cipation of the Fund in financing specific Community regional development
measures, which are particularly linked with Community policies and with
measures adopted by the Community in order to take better account of their
regional dimension or to reduce their regional consequences;

Whereas the Member States concerned have provided the Commission with
information on regional problems likely to be the subject of a specific
Community measure;

(1) OJ No L 73/1 of 21.3.75

(2) OJ No L 35/1 of 9.2.79

(3)

Whereas the Fund's resources are allocated having due regard to the relative severity of regional imbalances within the Community;

Whereas the treaty of accession with Greece was signed on 28 May 1979 and whereas it is planned that this country will become a Member of the Community as from 1 January 1981; whereas negotiations on accession started with Portugal and Spain respectively on 17 October 1978 and 5 February 1979;

Whereas the southern regions of the Community could be affected by its enlargement, particularly because of increased competition in markets for certain agricultural products and because of problems involved in adapting their economic fabric;

Whereas among these regions, the Mezzogiorno and the three French regions adjacent to Spain have an exceptionally high rate of employment in agriculture, with substantial dependence on Mediterranean agricultural production, and are otherwise characterised by weakness of their industrial fabric, by a high level of unemployment and a low level of activity;

Whereas it is in the Community's interest that the enlargement process should take place harmoniously; and it is therefore necessary, even before the accessions become effective, to undertake vigorous structural measures in order that these regions may be able to adapt to enlargement; and it is appropriate that the Community should make a special contribution to measures to be undertaken to this end by the Member States concerned by instituting a specific Community regional development measure on behalf of these regions;

Whereas measures have already been taken in the field of common agricultural policy, and other assistance from Community Funds, capable of being usefully combined, must be carried out in these regions;

Whereas small and medium-sized enterprises (hereinafter referred to as "SME") and artisan firms occupy an important place in the industrial fabric of these regions, and thus it is desirable to increase employment by developing such enterprises, particularly in allowing them to adapt better their production to market needs and to improve their management;

Whereas the weakness of communication infrastructure in certain of these zones is an impediment to adaptation of such enterprises;

Whereas these regions have a potential for rural tourism and the promotion and coordinated management of this type of tourism can have an impact on jobs and income for the populations concerned;

Whereas the Community measure must be implemented in the form of special programmes, and that it is for the Commission to ensure by examination of these programmes that the action plans covered by these are in conformity with the requirements of this Regulation;

Whereas the special programmes must respond to certain of the objectives encompassed by the regional development programmes provided for under Article 6 (3) of the Fund Regulation,

HAS ADOPTED THIS REGULATION :

Article 1

A specific Community regional development measure (hereinafter referred to as "the specific measure") in the sense of Article 13 of the Fund Regulation, is hereby established contributing to the development of certain French and Italian regions within the context of Community enlargement.

Article 2

The specific measure shall be applicable to the regions of the Midi-Pyrénées, Aquitaine and Languedoc-Roussillon in France and to the regions of the Mezzogiorno in Italy.

Article 3

1. The specific measure shall be implemented in the form of a special programme (hereinafter referred to as "the special programme") to be presented to the Commission by each of the Member States concerned. The special programme shall have as its objective the development of SME, particularly by facilitating their marketing, based on market analyses, by adapting and developing both their production facilities and their surrounding infrastructures, and by improving their management. It will also have the aim of promoting innovation. In addition, it will cover development of artisan activities and the potential for tourism.
2. The special programme must fall within the framework of the regional development programmes which France and Italy forward to the Commission for examination in accordance with Article 6 (3) and (4) of the Fund Regulation.
3. The special programme must contain, for each region, appropriate information, as specified in the Annex to this Regulation, analysing the situation and needs related to the aims stated in paragraph 1, the operations proposed, the implementation plan, and, in general, all factors which allow appreciation of its coherence with regional development objectives.
4. The duration of the special programme shall be 5 years starting from the thirtieth day after the date on which the present Regulation enters into force.
5. The provisional total amount of the Fund's participation in the specific measure shall be 120 MEUA.
6. The special programme shall be approved by the Commission after consulting the Regional Policy Committee.

Article 4

The Fund may participate, within the framework of the special programme, in the following operations :

1. Making available to SME means and services allowing them to enlarge their potential activities.
 - a) Preparation of sectoral analyses intended to provide SME with information on potential national, Community and external markets and on the effects to be anticipated therefrom on the production and organization of SME.
 - b) Supplementary aids to investments by SME designed to assist the adaptation of their production to market potential when justified by the above-mentioned analyses or other market studies. These investments may also concern services provided in common for several such enterprises.
 - c) Establishment or development of consulting firms for management and organization matters. Activities of such firms may include temporary assistance to enterprises for implementing their recommendations. Establishment or development of joint services in common for several enterprises.
 - d) Provision or improvement of communications infrastructure between SME and their economic environment, in particular road access and the improvement of telecommunication and computer networks.
 - e) Organization of information meetings designed to allow SME management to adapt better to changes in production methods.

2. Promotion of industrial innovation :

- a) Collection of information relating to technological or product innovation and its dissemination among enterprises operating in the regions covered by the specific measure, including experimental work.
- b) Encouragement of the implementation of product and process innovation in SME.

3. Promotion of artisan enterprises :

- a) Improvement of technical and economic information for artisan workers, in particular by introducing technically-trained helpers.
- b) Exploiting traditional handicrafts : researching old techniques, disseminating and adapting them and improving sales conditions.

4. Promotion of rural tourism :

- a) Construction or conversion of small hotels, preparation of farm holiday accommodation, camping and caravanning sites;
- b) Establishment and development of joint services or bodies with the task of ensuring the promotion, publicity and management of tourism accommodation and facilities, including the organization of information meetings for relevant staff.

In cases of regions on whose territory the level of tourist activity is unbalanced in favour of coastal zones, these bodies can also have the task of redressing this balance, and can include study of appropriate tourist circuits. They can also have the task of organizing children's holiday centres and open-air school classes.

- c) Provision of facilities and infrastructure directly linked to the development of tourism and recreational activities, including cultural activities.

- d) In the regions covered by para. b) second indent, development of transport enterprises which allow tourists resident on the coast to have easier access to inland tourist zones and able also to ensure travel to children's holiday centres and open-air school classes.

Article 5

1. The special programme shall be the subject of joint financing between the Member State and the Community. The contribution of the Fund shall be provided within the framework of credits inscribed in the general budget of the European Communities. **The Community participation shall be :**

a) For SME :

- Operations covering sectoral analyses under Article 4.(1) a) : 70 % of the total expenditure;
- Operations related to investments under Article 4 (1) b) : up to 20 % of the investment cost. This aid shall be supplementary to the existing aid system. It may take the form of a capital grant or an interest rebate;
- Operations for consultancy services under Article 4 (1) c) : the first year, 70 % of expenditure of enterprises related to the costs of services provided by consultancy firms. The aid shall last for three years and be degressive. This aid system may be replaced by a system of equivalent aid to consultancy firms;
- Operations for common services under Article 4 (1) c) : the first year, 70 % of the expenditure of enterprises related to the operating costs of these services. The aid shall last for three years and be degressive;
- Operations for infrastructure under Article 4(1)d) : 50 % of public expenditure;
- Operations for information meetings under Article 4 (1) e) : 70 % of the costs of organization.

b) For innovation :

- Operations concerning collection and dissemination of information on innovation under Article 4 (2) a): the first year, 70 % of the operating costs of bodies engaged in such activities, provided that these activities are new and concern specifically the regions covered by Article 2. The aid shall last for three years and be degressive;
- Operations for implementing innovation under Article 4 (2) b) : 70 % of the cost of feasibility studies concerning all aspects, including commercial, of the implementation of innovation, and limited to 50.000 EUA per study. These studies must be undertaken by or on behalf of enterprises situated in the regions covered by Article 2.

c) For artisan activities :

- Operations under Article 4 (3) a) and 4 (3) b) : 70 % of public expenditure.

d) For rural tourism :

- Operations for increasing tourism capacity under Article 4 (4) a) : 50 % of public expenditure on investment aids;
- Operations for promotion of tourism under Article 4 (4) b) : the first year, 70 % of the operating costs of common services or bodies. These operating costs may include the cost of publicity campaigns and studies of tourist circuits. This aid shall last for three years and be degressive;
- Operations for facilities, infrastructure and recreational activities under Article 4 (4) c) : 50 % of public expenditure;
- Operations for development of transport enterprises under Article 4 (4) d) : the first year, 50 % of public expenditure resulting from a contribution to net operating costs of transport services. The public aid shall last for three years and be degressive.

2. The categories of beneficiaries of Fund assistance in respect of operations provided for in the previous paragraph may be : public and local authorities, various bodies, enterprises or individuals. In cases where the aids covered by the previous subparagraphs a), third indent and b), second indent, directly benefit enterprises, they may not have the effect of reducing the share of these enterprises below 20 % of total expenditure.
3. The amount of the Fund's intervention from which the special programme benefits shall not exceed the amount fixed by the Commission at the time that this programme is approved under Article 3 (6).
4. Budgetary commitments related to the implementation of the special programme shall be decided by annual tranche in accordance with progress made. However, the credits available for 1978, 1979 and 1980 may be committed simultaneously after approval of the special programme.

Article 6

1. The amount of the Fund contribution in respect of the measures included in the special programmes shall be paid at the request of the Member State concerned, according to the following rules, to the bodies designated by the State for this purpose :
 - a) Payments, other than advance payments provided for in the next following paragraph, shall be made, as far as possible, in parallel with the payment of the part of the eligible expenditure which is the responsibility of the Member State.

Each request for payment shall be accompanied by a statement from the Member State certifying expenditure and the existence of detailed supporting documents containing the following information :

- the nature of the operations covered by the payment claim;

- particulars of the amount and nature of public expenditure paid in respect of the different operations during the period covered by the claim;
- confirmation that the expenditure to which the payment request relates was properly incurred in relation to the terms of the special programme.

b) On production by the Member State concerned of evidence of the commencement of the special programme, advance payments of Fund aid may on request be made of 30 % of the credit committed from the Fund. When the amount of this advance has been exhausted and following receipt of the certificates in relation to such expenditure provided for in sub-paragraph a) above, further successive advances may be made, each of 30 % of credits committed by annual tranche.

2. At the end of each year, the Member State concerned shall present to the Commission a report on the progress made in carrying out the special programme by reference to the information required under the Annex to this Regulation. These reports should enable the Commission to satisfy itself as to the execution of the programme and to establish that the different operations covered are carried out in a coherent manner.

3. The provisions of Article 9 paragraphs 1 to 5 of the Fund Regulation shall apply, as far as required, to the Community measures provided for in Article 1 of this Regulation.

Article 7

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

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

Done at Brussels,

For the Council

ANNEX

The special programme shall include the following information on each of the regions covered under Article 2 of this Regulation :

1. In respect of SME :

- a) - Analysis of the situation of the SME in the economic fabric of the region for each sector of activity. Analysis of their situation and their needs, in particular details on the market situation, possibilities of market adaptation, advice on management and organization, communications infrastructure and management information;
 - Description of aid systems for the SME and the nature of existing services available showing, by categories of aids and services, the resultant public expenditure involved.

- b) In relation to the operations envisaged under Article 4 of this Regulation:
 - Particulars of the nature of sectoral analyses bearing on structures of production, market potential and measures to be implemented in order to adapt this production and make it commercial;
 - Description of rules governing additional investment aids set up within the programme framework;
 - Particulars of incentives for access to consultancy in management and organization, and aids for provision of common services to which the SME may have recourse;
 - Details and exact location of investments in communications infrastructure;
 - Particulars of measures planned for management information.

2. In respect of innovation :

- a) Analysis of the needs of enterprises and of the means currently available to enterprises providing access to information on innovation and to its implementation, and assessment of relevant public expenditure;
- b) In relation to the operations envisaged under Article 4 of this Regulation :
description of measures designed to ensure collection and dissemination of information on innovation and, on the other hand, to facilitate its implementation by SME.

3. In respect of artisan development :

- a) Description of the situation and needs of handicraft workers, as regards their possible access to information and exploitation of traditional techniques;
- b) In relation to the operations envisaged under Article 4 of this Regulation :
description of measures or aid systems planned.

4. In respect of rural tourism :

- a) - Analysis of the situation and needs of rural tourism in its different forms, and an estimate of potential tourist demand for the period covered by the programme;

- Description of existing aid systems for the benefit of rural tourism, and an assessment of relevant public expenditure.
- b) In relation to the operations envisaged under Article 4 of this Regulation:

- Detailed rules governing aid to construction or conversion of accommodation;

- Details of aids to bodies responsible for providing tourism facilities and promotion.

- Description of facilities, infrastructures and recreational facilities planned;

- Name, address and details of transport enterprises which could participate in the implementation of the programme, with indications of public service obligations.

5. In respect of the totality of the special programme :

- a) The timetable for carrying it out;
- b) Estimation of the volume of public expenditure connected with the programme's implementation, including an annual breakdown of such expenditure for each of the operations envisaged;
- c) Designation of the bodies responsible for execution of the programme and of different operations;
- d) Information campaigns planned to make the beneficiaries and the professional organizations aware of the possibilities offered by the special programme, and of the role played by the Community in this respect;
- e) Planned intentions of the national authorities for using resources deriving from Community structural funds.

FINANCIAL RECORD

1. Relevant Budget Heading

Title V

Chapter 56

Article 560

2. Title of project

Specific Community Regional Development Measure contributing to the development of certain French and Italian regions in the context of Community enlargement.

3. Legal Basis

Article 13 of Regulation EEC N° 214/79.

4. Description of project

This specific measure shall be implemented in the form of special programmes with a duration of five years.

These programmes shall have as their objective the making available to SME of means and services allowing them to enlarge their potential activities (sectoral analyses, supplementary aids to investments, aids for management and organisation, communications infrastructures, information for management), the promotion of industrial innovation (collection and dissemination of information on innovation and its implementation in SME), the promotion of artisan enterprises (information for artisan workers and exploitation of traditional handicrafts), and the promotion of rural tourism (accommodation, promotion bodies, tourist facilities and infrastructure, development of transport activities).

5. The provisional total amount of the Fund's participation in this specific measure is estimated at 120 MEUA.

a) Provisional amount for the special programme covering the regions of the Midi-Pyrenees, Aquitaine and Languedoc-Rousillon.

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total
4.1	SME	}	}	}	}	}	25
4.2	Innovation						12.5
4.3	Artisan						7
4.4	Rural Tourism						10.5
/ /	Total	11	11	11	11	11	55

In view of the approximative nature of the current estimate, the financial implication of the Community participation may vary within a range from 50 to 60 MEUA

b) Provisional amount for the special programme covering the regions of the Mezzogiorno

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total
4.1	SME	}	}	}	}	}	38
4.2	Innovation						3
4.3	Artisan						7
4.4	Rural Tourism						17
/ /	Total	5	10	15	20	15	65

In view of the approximative nature of the current estimate, the financial implication of the Community participation may vary within a range from 60 to 70 MEUA

c) Provisional total amount of the Community's participation :

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total
4.1	SME	}	}	}	}	}	63
4.2	Innovation						15.5
4.3	Artisan						14
4.4	Rural Tourism						27.5
/ /	Total	16	21	26	31	26	120

PROPOSED COUNCIL REGULATION

instituting a specific Community Regional Development Measure, contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the steel industry

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) N° 724/75 of 18 March 1975 (1) establishing a European Regional Development Fund as amended by Council Regulation (EEC) N° 214/79 of 6 February 1979 (2) and particularly its Article 13(3),

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (3),

Whereas Article 13 of Regulation N° 724/75 (hereinafter referred to as 'the Fund Regulation') provides, independently of the national allocations of resources fixed by Article 2(3) a) of the Fund Regulation, for participation of the Fund in financing specific Community regional development measures which are particularly linked with Community policies and with measures adopted by the Community in order to take better account of their regional dimension or to reduce their regional consequences;

Whereas the Member States concerned have provided the Commission with information on regional problems likely to be the subject of a specific Community measure;

(1) OJ N° L 73/1 of 21.3.75

(2) OJ N° L 35/1 of 9.2.79

(3)

Whereas the Fund's resources are allocated having due regard to the relative severity of regional imbalances within the Community;

Whereas the Commission has in the context of ECSC Treaty Article 46 prescribed general policy objectives in respect of the steel industry;

Whereas the Council decided on 18 and 19 December 1978 that mastery of the social, regional, economic and financial consequences of rationalising the iron and steel industry requires within the Community framework a special appropriate concerted action both by Community and Member States including the creation of alternative employment in the steel-producing areas affected by restructuring measures;

Whereas a certain number of zones in the Community, which are highly dependent on steel and which have already suffered considerable job losses as a result of the decline in the steel industry, risk an aggravation of these adverse consequences;

Whereas certain of these zones in Belgium, Italy and the United Kingdom are in regions which already have high levels of unemployment;

Whereas it is necessary for the Community to reinforce by means of a specific Community regional development measure existing local, national and Community financial measures aimed at stimulating the creation of new employment in such zones in order to replace job losses and also to contribute to reducing regional imbalances;

Whereas other interventions by Community funds, capable of being usefully combined, should be made in these zones;

Whereas the existence of an unfavourable physical and social environment due to the dereliction of certain industrial and urban sites and inadequate housing conditions for workers act as impediments on the attraction of employment-providing activities to such zones;

Whereas encouragement of the development of small and medium-sized enterprises, which already occupy an important place in the economies of these zones, requires that they be helped to have access to necessary services in management, organisation and financing;

Whereas the introduction of new technological products and processes can contribute to the creation and development of viable economic activities in these zones, and that small and medium enterprises (hereinafter referred to as 'SME') encounter difficulties in undertaking innovation;

Whereas the Community measure must be implemented in the form of special programmes, and that it is for the Commission to ensure by examination of these programmes that the action plans covered by these are in conformity with the requirements of this Regulation;

Whereas the special programmes must respond to certain of the objectives encompassed by the Regional Development Programme provided for under Article 6(3) of the Fund regulation,

HAS ADOPTED THIS REGULATION :

Article 1

A specific Community regional development measure (hereinafter referred to as "the specific measure"), in the sense of Article 13 of the Fund Regulation, is hereby established, contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the steel industry.

Article 2

The specific measure shall be applicable to the following zones :

Belgium : Provinces of Luxembourg, Liège and Hainaut with the exception of the 'arrondissements' of Ath and Tournai.

Italy : Province of Napoli.

United Kingdom : Counties of Strathclyde, Cleveland, Clwyd, South Glamorgan, West Glamorgan, Gwent, and the employment office area of Corby.

Article 3

1. The specific measure shall be implemented in the form of a special programme (hereinafter referred to as 'the special programme') to be presented to the Commission by the Member States concerned.

The special programme shall have as its objective the improvement of the physical and social environment necessary to attract employment-providing activities, the development of SME and the encouragement of innovation.

2. The special programme must fall within the framework of the regional development programmes which Belgium, Italy and the United Kingdom forward to the Commission for examination in accordance with Article 6(3) and (4) of the Fund Regulation.
3. The special programme must contain appropriate information, as specified in the Annex to this Regulation, analysing the situation and needs related to the aims stated in paragraph 1, the operations proposed, the implementation plan, and, in general, all factors which allow appreciation of its coherence with regional development objectives.
4. The duration of the special programme shall be 5 years starting from the thirtieth day after the date on which the present Regulation enters into force.
5. The provisional total amount of the Fund's participation in the specific measure shall be 43 MEUA.
6. The special programme shall be approved by the Commission, after consulting the Regional Policy Committee.

Article 4

The Fund may participate, within the framework of the special programme, in the following operations :

1. Reclamation and development of derelict industrial and urban sites, possibly including conversion of disused industrial premises, and, exceptionally, minor road links to sites of new activities.
2. Construction and modernisation of housing to accommodate workers, essential for the attraction of employment-providing activities.
3. Establishment or development of consulting firms for management or organisation matters. Activities of such firms may include temporary assistance to SME for implementing their recommendations.
Establishment or development of joint services in common for several enterprises.
4. a) Collection of information relating to technological or product innovation and its dissemination among enterprises operating in the zones covered by the specific measure, including experimental work.

b) Encouragement of the implementation of product and process innovation in SME.
5. Improvement of access to risk capital for SME.

Article 5

The special programme shall be the subject of joint financing between the Member State and the Community. The contribution of the Fund shall be provided within the framework of credits inscribed in the general budget of the European Communities. The Community's participation shall be :

- Operations for reclamation and conversion under Article 4(1):
50 % of public expenditure.
- Operations for construction and modernisation of housing under Article 4(2):
50 % of public expenditure subject to a limit of 10,000 EUA per unit of accommodation.
- Operations for consultancy services provided for under Article 4(3): the first year, 70 % of expenditure of enterprises related to the costs of services provided by consultancy firms. The aid shall last for three years and be degressive. This aid system may be replaced by a system of equivalent aid to consultancy firms.
- Operations for common services provided for under Article 4(3): the first year, 70 % of the expenditure of enterprises related to the operating costs of these services. The aid shall last for three years and be degressive.
- Operations for collection and dissemination of information on innovation provided for under Article 4(4)a): the first year, 70 % of the operating costs of bodies engaged in such activities, provided that these activities are new and concern specifically the zones covered by Article 2. The aid shall last for three years and be degressive.
- Operations for implementing innovation provided for under Article 4(4) b) : 70 % of the costs of feasibility studies concerning all aspects, including commercial, of the implementation of innovation, and limited to 50,000 EUA per study. These studies must be undertaken by or on behalf of enterprises situated in the zones covered by Article 2.
- Operations related to risk capital provided for under Article 4(5): contribution towards the operating costs of financial institutions providing risk capital for SME. This contribution would consist of 70 % of the costs of risk evaluation studies carried out by or on behalf of the financial institutions.

2. The categories of beneficiaries of Fund assistance in respect of operations provided for in the previous paragraph may be : public and local authorities, various bodies, enterprises or individuals. In cases where the aids covered by the previous paragraph, third and fifth indents, directly benefit enterprises, they may not have the effect of reducing the share of these enterprises below 20 % of total expenditure.
3. The amount of the Fund's intervention from which the special programme benefits shall not exceed the amount fixed by the Commission at the time that this programme is approved under Article 3(6).
4. Budgetary commitments related to the implementation of the special programme shall be decided by annual tranche in accordance with progress made. However, the credits available for 1978, 1979 and 1980 may be committed simultaneously after approval of the special programme.

Article 6

1. The amount of the Fund contribution in respect of the measures included in the special programme shall be paid at the request of the Member States concerned according to the following rules, to the bodies designated by the State for this purpose :
 - a) Payments, other than advance payments provided for in the next following paragraph, shall be made, as far as possible, in parallel with the payment on the part of the eligible expenditure which is the responsibility of the Member State. Each request for payment shall be accompanied by a statement from the Member State certifying expenditure and the existence of detailed supporting documents and containing the following information
 - the nature of the operations covered by the payment claim;
 - particulars of the amount and nature of public expenditure paid in respect of the different operations during the period covered by the claim;
 - confirmation that the expenditure to which the payment request relates was properly incurred in relation to the terms of the special programme.
 - b) On production by the Member State concerned of evidence of the commencement of the special programme, advance payments of Fund aid may on request be made of 30 % of the credit committed from the Fund. When the amount of this advance has been exhausted, and following receipt of the certificates in relation to such expenditure provided for in sub-paragraph a) above, further successive advances may be made, each of 30 % of credits committed by annual tranche.

2. At the end of each year, the Member State concerned shall present to the Commission a report on the progress made in carrying out the special programme by reference to the information required under the Annex to this Regulation. These reports should enable the Commission to satisfy itself as to the execution of the special programme and to establish that the different operations covered are carried out in a coherent manner.
3. The provisions of Article 9 paragraphs 1 to 5 of the Fund Regulation shall apply, as far as required, to the Community measures provided for in Article 1 of this Regulation.

Article 7

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

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

Done at Brussels,

For the Council

ANNEX

The special programme shall include the following information in respect of each of the zones covered under Article 2 of this Regulation :

1. In respect of industrial and urban sites and industrial buildings :

- a) - An analysis of the state of dereliction of sites and the priorities for reclamation, and an analysis of the state of disused industrial premises.
 - Particulars of existing actions for resolving the problem of dereliction and of public expenditure involved.
- b) In relation to the operations envisaged under Article 4 of this Regulation : a description and exact location of programmes for reclamation of derelict sites and conversion of industrial premises; and, where relevant, details of essential minor road links.

2. In respect of housing for workers :

- a) - An analysis of the existing housing supply, covering age and standards of houses, and of the present and prospective demand for houses for workers in the light of the likely development of new activities.
 - A statement of existing public measures in this field, with an indication of the resultant public expenditure involved.
- b) In relation to the operations envisaged under Article 4 of this Regulation : a description and location of housing development programmes, with an indication of the types of housing to be provided and of the number of people to be housed each year.

3. In respect of SME :

- a) - A description of the present situation of SMEs in the different sectors and an evaluation of their possibilities for future development. Analysis of their situation and needs, particularly as concerns management and organisation.
 - Details of existing aid systems for SME, and the type of services existing, with a statement of present public expenditure involved by category of aids and services.
- b) In relation to the operations envisaged under Article 4 of this Regulation : a description of the different types of management and organisation services to be provided to SME. Particulars of the bodies responsible for the provision of such services and for activating the development of SMEs.

4. In respect of innovation :

- a) An analysis of the needs of enterprises and the existing means at their disposal to gain access to information on innovation and its implementation, together with a statement of relevant public expenditure.
- b) In relation to the operations envisaged under Article 4 of this Regulation : a description of the measures planned for the collection and dissemination of innovation information, and also for the development of innovation in SME.

5. In respect of risk capital :

- a) - Details of organisations providing risk capital for SME and the conditions applicable to the provision of such capital.
 - Particulars of existing schemes for the encouragement of financial institutions to provide risk capital for SMEs, and a statement of present public expenditure under each such scheme.
- b) In relation to the operations envisaged under Article 4 of this Regulation : details of measures planned to facilitate the access of SME to risk capital.

6. In respect of the totality of the special programme :

- a) The timetable for carrying it out.
- b) Estimation of the volume of public expenditure connected with the programme's implementation, including an annual breakdown of such expenditure for each of the operations envisaged.
- c) Designation of the bodies responsible for execution of the programme, and of different operations.
- d) Information campaigns planned to make beneficiaries aware of the possibilities offered by the programme, and of the role played by the Community.
- e) A description of existing and prospective public measures proposed to be carried out side by side with the special programme in order to improve the employment situation in the zones covered by Article 2 of this Regulation and, in particular, measures related to :
 - aids for productive investment
 - investment in infrastructures
 - measures related to worker and professional training and retraining and, as appropriate, those which are particularly aimed at the employment of young people, and for the benefit of former workers in the steel industries.

This description must be accompanied by a statement giving particulars of the national authorities' intentions as regards the use of resources emanating from Community structural funds.

- f) An indication of the amounts of public expenditure in connection with the measures envisaged in subparagraph e) above.

FINANCIAL RECORD

1. Relevant Budget Heading

Title V

Chapter 56

Article 560

2. Title of project

Specific Community Regional Development Measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the steel industry.

3. Legal Basis

Article 13 of Regulation EEC N° 214/79.

4. Description of project

This specific measure shall be implemented in the form of special programmes with a duration of five years. These programmes shall have as their objective the improvement of the physical and social environment (reclamation of derelict industrial and urban sites), construction and modernisation of housing, development of SME (aids for management and organisation and for access to risk capital), encouragement of industrial innovation (collection and dissemination of information on innovation and its implementation in SME).

5. Financial Implications

The provisional total amount of the Fund's participation in this specific measure is estimated at 43 MEUA.

a) Provisional amount for the special programme covering the provinces of Luxembourg, Liège and Hainaut with the exception of the arrondissements of Ath and Tournai.

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total	
4.1	Reclamation of sites	}	}	}	}	}	3	
4.2	Housing						-	
4.3	Management, organisation, common services						}	3
4.4	Innovation							
4.5	Risk Capital							
/ /	Total	1.2	1.2	1.2	1.2	1.2	6	

In view of the approximative nature of the current estimate, the financial implication of the Community participation may vary within a range from 5 to 7 MEUA

b) Provisional amount for the special programme covering the province of Napoli.

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total	
4.1	Reclamation of sites	}	}	}	}	}	-	
4.2	Housing						4	
4.3	Management, organisation, common services						}	-
4.4	Innovation							
4.5	Risk Capital							
/ /	Total	1	2	1	-	-	4	

In view of the approximative nature of the current estimate, the financial implication of the Community participation may vary within a range from 3 to 5 MEUA

c) Provisional amount for the special programme covering the counties of Strathclyde, Cleveland, Clwyd, South Glamorgan, West Glamorgan, Gwent and the employment office area of Corby.

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total
4.1	Reclamation of sites	}	}	}	}	}	26.8
4.2	Housing						2.3
4.3	Management, organisation, common services						2.4
4.4	Innovation						0.3
4.5	Risk Capital						1.2
/ /	Total	6.6	6.6	6.6	6.6	6.6	33.0

In view of the approximative nature of the current estimate, the financial implication of the Community participation may vary within a range from 30 to 35 MEUA

d) Provisional total amount of the Community participation.

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total				
4.1	Reclamation of sites	}	}	}	}	}	29.8				
4.2	Housing						6.3				
4.3	Management, organisation, common services						}	}	}	}	}
4.4	Innovation										
4.5	Risk Capital										
/ /	Total	8.8	9.8	8.8	7.8	7.8	43.0				

PROPOSED COUNCIL REGULATION

instituting a specific Community Regional Development Measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) N° 724/75 of 18 March 1975 (1) establishing a European Regional Development Fund as amended by Council Regulation (EEC) N° 214/79 of 6 February 1979 (2) and particularly its Article 13(3),

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas Article 13 of Regulation N° 724/75 (hereinafter referred to as 'the Fund Regulation') provides, independently of the national allocations of resources fixed by Article 2(3) a) of the amended Fund Regulation, for participation of the Fund in financing specific Community regional development measures which are particularly linked with Community policies and with measures adopted by the Community in order to take better account of their regional dimension or to reduce their regional consequences;

Whereas the Member States concerned have provided the Commission with information on regional problems likely to be the subject of a specific Community measure;

(1) OJ N° L 73/1 of 21.3.75

(2) OJ N° L 35/1 of 9.2.79

(3)

Whereas the Fund's resources are allocated having due regard to the relative severity of regional imbalances within the Community;

Whereas on 4 April 1978 the Council adopted a Directive (4) on aid to shipbuilding, in which it stated that shipbuilding production structures should be adjusted to the new market conditions such that undertakings may in due course be able to follow general economic developments and to meet competition on the world market without the support of intervention by public authorities;

Whereas on 19 September 1978 the Council adopted a Resolution (5) on the reorganisation of the shipbuilding industry, in which it requested the public authorities at local, national and Community level to lay particular stress on the creation of new jobs in conjunction with those progressively lost in the shipbuilding industry, to take account of these objectives in their regional policies and to make available adequate funds for this purpose;

Whereas a certain number of zones in the Community which are highly dependent on shipbuilding and associated activities and which have already suffered considerable job losses as a result of the decline in the shipbuilding industry risk an aggravation of these adverse consequences;

Whereas certain of these zones in the United Kingdom are in regions which already have high levels of unemployment;

Whereas it is necessary for the Community to reinforce by means of a specific Community regional development measure existing local, national and Community financial measures aimed at stimulating the creation of new employment in such zones in order to replace job losses and also to contribute to reducing regional imbalances;

Whereas other interventions by Community funds, capable of being usefully combined, should be made in these zones,

Whereas the existence of an unfavourable physical and social environment due to the dereliction of certain industrial and urban sites and inadequate housing conditions for workers act as impediments on the attraction of employment-providing activities to such zones;

(4) OJ L 98/19 of 11.4.78

(5) OJ C 229/1 of 27.9.78, ref. paras. 4(1),4(2),4(3)and 6(2)

Whereas encouragement of the development of small and medium-sized enterprises (hereinafter referred to as 'SME'), which already occupy an important place in the economies of these zones, requires that they be helped to have access to necessary services in management, organisation and financing;

Whereas the introduction of new technological products and processes can contribute to the creation and development of viable economic activities in these zones, and that small and medium enterprises encounter difficulties in undertaking innovation;

Whereas the Community measure must be implemented in the form of a special programme, and that it is for the Commission to ensure by examination of this programme that the action plans covered by this is in conformity with the requirements of this Regulation;

Whereas the special programme must respond to certain of the objectives encompassed by the Regional Development Programme provided for under Article 6(3) of the Fund regulation,

HAS ADOPTED THIS REGULATION :

Article 1

A specific Community regional development measure (hereinafter referred to as "the specific measure"), in the sense of Article 13 of the Fund Regulation, is hereby established, contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry.

Article 2

The specific measure shall be applicable to the following zones :

In the United Kingdom : the Counties of Strathclyde, Tyne and Wear, Cleveland, Merseyside, and the City Council Area of Belfast.

Article 3

1. The specific measure shall be implemented in the form of a special programme (hereinafter referred to as 'the special programme') to be presented to the Commission by the United Kingdom.

The special programme shall have as its objective the improvement of the physical and social environment necessary to attract employment-providing activities, the development of SME, and the encouragement of innovation.

2. This special programme must fall within the framework of the regional development programme which the United Kingdom forwards to the Commission for examination in accordance with Article 6(3) and (4) of the Fund Regulation.
3. The special programme must contain appropriate information, as specified in the Annex to this Regulation, analysing the situation and needs related to the aims stated in paragraph 1, the operations proposed, the implementation plan, and, in general, all factors which allow appreciation of its coherence with regional development objectives.
4. The duration of the special programme shall be 5 years starting from the thirtieth day after the date on which the present Regulation enters into force.
5. The provisional total amount of the Fund's participation in the specific measure shall be 17 MEUA.
6. The special programme shall be approved by the Commission, after consulting the Regional Policy Committee.

Article 4

The Fund may participate, within the framework of the special programme, in the following operations :

1. Reclamation and development of derelict industrial and urban sites, possibly including conversion of disused industrial premises, and, exceptionally, minor road links to sites of new activities.
2. Construction and modernisation of housing to accommodate workers, essential for the attraction of employment-providing activities.
3. Establishment or development of consulting firms for management or organisation matters. Activities of such firms may include temporary assistance to SME for implementing their recommendations.
Establishment or development of joint services in common for several enterprises.
4. a) Collection of information relating to technological or product innovation and its dissemination among enterprises operating in the zones covered by the specific measure, including experimental work.

b) Encouragement of the implementation of product and process innovation in SME.
5. Improvement of access to risk capital for SME.

Article 5

The special programme shall be the subject of joint financing between the Member State and the Community. The contribution of the Fund shall be provided within the framework of credits inscribed in the general budget of the European Communities. The Community's contribution shall be :

- Operations for reclamation and conversion under Article 4(1):
50 % of public expenditure.
- Operations for construction and modernisation of housing under Article 4(2):
50 % of public expenditure subject to a limit of 10,000 EUA per unit of accommodation.
- Operations for consultancy services provided for under Article 4(3): the first year, 70 % of expenditure of enterprises related to the costs of services provided by consultancy firms. The aid shall last for three years and be degressive. This aid system may be replaced by a system of equivalent aid to consultancy firms.
- Operations for common services provided for under Article 4(3): the first year, 70% of the expenditure of enterprises related to the operating costs of these services. The aid shall last for three years and be degressive.
- Operations for collection and dissemination of information on innovation provided for under Article 4(4)a): the first year, 70 % of the operating costs of bodies engaged in such activities, provided that these activities are new and concern specifically the zones covered by Article 2. The aid shall last for three years and be degressive.
- Operations for implementing innovation provided for under Article 4(4) b) :
70 % of the costs of feasibility studies concerning all aspects, including commercial, of the implementation of innovation, and limited to 50,000 EUA per study. These studies must be undertaken by or on behalf of enterprises situated in the zones covered by Article 2.
- Operations related to risk capital provided for under Article 4(5):
contribution towards the operating costs of financial institutions providing risk capital for SME. This contribution would consist of 70 % of the costs of risk evaluation studies carried out by or on behalf of the financial institutions.

2. The categories of beneficiaries of Fund assistance in respect of operations provided for in the previous paragraph may be : public and local authorities, various bodies, enterprises or individuals. In cases where the aids covered by the previous paragraph, third and fifth indents, directly benefit enterprises, they may not have the effect of reducing the share of these enterprises below 20% of total expenditure.
3. The amount of the Fund's intervention from which the special programme benefits shall not exceed the amount fixed by the Commission at the time that this programme is approved under Article 3 (6).
4. Budgetary commitments related to the implementation of the special programme shall be decided by annual tranche in accordance with progress made. However, the credits available for 1978, 1979 and 1980 may be committed simultaneously after approval of the special programme.

Article 6

1. The amount of the Fund contribution in respect of the measures included in the special programme shall be paid at the request of the Member State concerned according to the following rules, to the bodies designated by the State for this purpose :

a) Payments, other than advance payments provided for in the next following paragraph, shall be made, as far as possible, in parallel with the payment of the part of the eligible expenditure which is the responsibility of the Member State. Each request for payment shall be accompanied by a statement from the Member State certifying expenditure and the existence of detailed supporting documents and containing the following information

- the nature of the operations covered by the payment claim;
- particulars of the amount and nature of public expenditure paid in respect of the different operations during the period covered by the claim;
- confirmation that the expenditure to which the payment request relates was properly incurred in relation to the terms of the special programme.

b) On production by the Member State concerned of evidence of the commencement of the special programme, advance payments of Fund aid may on request be made of 30 % of the credit committed from the Fund. When the amount of this advance has been exhausted, and following receipt of the certificates in relation to such expenditure provided for in sub-paragraph a) above, further successive advances may be made, each of 30 % of credits committed by annual tranche.

2. At the end of each year, the Member State concerned shall present to the Commission a report on the progress made in carrying out the special programme by reference to the information required under the Annex to this Regulation. These reports should enable the Commission to satisfy itself as to the execution of the special programme and to establish that the different operations are carried out in a coherent manner.
3. The provisions of Article 9 paragraphs 1 to 5 of the Fund Regulation shall apply, as far as required, to the Community measures provided for in Article 1 of this Regulation.

Article 7

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

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

Done at Brussels,

For the Council

ANNEX

The special programme shall include the following information in respect of each of the zones covered under Article 2 of this Regulation :

1. In respect of industrial and urban sites and industrial buildings :

- a) - An analysis of the state of dereliction of sites and the priorities for reclamation, and an analysis of the state of disused industrial premises.
 - Particulars of existing actions for resolving the problem of dereliction and of public expenditure involved.
- b) In relation to the operations envisaged under Article 4 of this Regulation: a description and exact location of programmes for reclamation of derelict sites and conversion of industrial premises; and, where relevant, details of essential minor road links.

2. In respect of housing for workers :

- a) - An analysis of the existing housing supply, covering age and standards of houses, and of the present and prospective demand for houses for workers in the light of the likely development of new activities.
 - A statement of existing public measures in this field, with an indication of the resultant public expenditure involved.
- b) In relation to the operations envisaged under Article 4 of this Regulation: a description and location of housing development programmes, with an indication of the types of housing to be provided and of the number of people to be housed each year.

3. In respect of SME :

- a) - A description of the present situation of SMEs in the different sectors and an evaluation of their possibilities for future development. Analysis of their situation and needs, particularly as concerns management and organisation.
 - Details of existing aid systems for SME, and the type of services existing, with a statement of present public expenditure involved by category of aids and services.
- b) In relation to the operations envisaged under Article 4 of this Regulation : a description of the different types of management and organisation services to be provided to SME. Particulars of the bodies responsible for the provision of such services and for activating the development of SMEs.

4. In respect of innovation :

- a) An analysis of the needs of enterprises and the existing means at their disposal to gain access to information on innovation and its implementation, together with a statement of relevant public expenditure.
- b) In relation to the operations envisaged under Article 4 of this Regulation : a description of the measures planned for the collection and dissemination of innovation information, and also for the development of innovation in SME.

5. In respect of risk capital :

- a) - Details of organisations providing risk capital for SME and the conditions applicable to the provision of such capital.
 - Particulars of existing schemes for the encouragement of financial institutions to provide risk capital for SMEs, and a statement of present public expenditure under each such scheme.
- b) In relation to the operations envisaged under Article 4 of this Regulation : details of measures planned to facilitate the access of SME to risk capital.

6. In respect of the totality of the special programme :

- a) The timetable for carrying it out.
- b) Estimation of the volume of public expenditure connected with the programme's implementation, including an annual breakdown of such expenditure for each of the operations envisaged.
- c) Designation of the bodies responsible for execution of the programme, and of different operations.
- d) Information campaigns planned to make beneficiaries aware of the possibilities offered by the programme, and of the role played by the Community.
- e) A description of existing and prospective public measures proposed to be carried out side by side with the special programme in order to improve the employment situation in the zones covered by Article 2 of this Regulation and, in particular, measures related to :
 - aids for productive investment
 - investment in infrastructures
 - measures related to worker and professional training and retraining and, as appropriate, those which are particularly aimed at the employment of young people, and for the benefit of former workers in the shipbuilding industries.

This description must be accompanied by a statement giving particulars of the national authorities' intentions as regards the use of resources emanating from Community structural funds.

- f) An indication of the amounts of public expenditure in connection with the measures envisaged in subparagraph e) above.

FINANCIAL RECORD

1. Relevant Budget Heading

Title V
Chapter 56
Article 560

2. Title of project

Specific Community Regional Development Measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry.

3. Legal Basis

Article 13 of Regulation EEC N° 214/79.

4. Description of project

This specific measure shall be implemented in the form of special programmes with a duration of five years.

These programmes shall have as their objective the improvement of the physical and social environment (reclamation of derelict industrial and urban sites), construction and modernisation of housing, development of SME (aids for management and organisation and for access to risk capital), encouragement of industrial innovation (collection and dissemination of information on innovation and its implementation in SME).

5. Financial Implications

The provisional total amount of the Fund's participation in this specific measure is estimated at 17 MEUA.

Amount for the special programme covering the counties of Strathclyde, Cleveland, Tyne and Wear, Merseyside and the City Council area of Belfast.

Article	Operations	1980	1981	1982	1983	1984	Total
4.1	Reclamation of sites	}	}	}	}	}	12.3
4.2	Housing						0.8
4.3	Management, organisation, common services						2.7
4.4	Innovation						0.2
4.5	Risk Capital						1.0
/ /	Total	3.4	3.4	3.4	3.4	3.4	17.0

In view of the approximative nature of the current estimate, the financial implication of the Community participation may vary within a range from 15 to 20 MEUA

PROPOSED COUNCIL REGULATION

instituting a specific Community Regional Development Measure contributing to improving security of energy supply in certain Community regions by way of improved use of new techniques for hydro-electrical power and alternative energy sources

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 724/75 of 18 March 1975 (1) establishing a European Regional Development Fund as amended by Council Regulation (EEC) No 214/79 of 6 February 1979 (2) and particularly its Article 13 (3),

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (3),

Whereas Article 13 of Regulation No 724/75 (hereinafter referred to as "the Fund Regulation") provided, independently of the national allocations of resources fixed by Article 2 (3) a) of the Fund Regulation, for participation of the Fund in financing specific Community regional development measures which are particularly linked with Community policies and with measures adopted by the Community in order to take better account of their regional dimension or to reduce their regional consequences;

Whereas the Member State concerned has provided the Commission with information on regional problems likely to be the subject of a specific measure;

(1) OJ No L 73/1 of 21.3.75

(2) OJ No L 35/1 of 9.2.79

(3)

Whereas the Fund's resources are allocated having due regard to the relative severity of regional imbalances within the Community;

Whereas the Council in its Resolution of 17 September 1974 on a new Community energy policy (4) expressed its resolve to improve security of energy supply;

Whereas the European Council, meeting at Strasbourg 21 and 22 July 1979 expressed its resolve to continue and intensify efforts to limit the consumption of petroleum, and, via economies in energy, via development of indigenous resources and progressive use of alternative energy sources, to limit, during the period 1980-1985, Community imports to an annual level equal to or below that of 1978;

Whereas limitation of petroleum imports is likely to affect particularly those Community Member States who have a substantial energy deficit and a heavy dependence on petroleum imports;

Whereas Italy is one of these Member States and that furthermore the installed electrical power reserves are particularly weak there, and that therefore the risks of power cuts during peak consumption periods are very great;

Whereas the development of the Mezzogiorno, and particularly of its mountain areas ("zone interne"), requires the installation of new activities with consequent increased electricity consumption, and that power losses due to long-distance transmission of electricity produced in the North are high, and that therefore there is need to encourage the installation of new local production capacity;

Whereas it is necessary for the Community to supplement national measures to improve natural supplies of energy in these areas by way of a specific Community regional development measure;

Whereas measures have already been taken in the field of common agricultural policy, and other assistance from Community Funds, capable of being usefully combined, must be carried out in these regions;

(4) OJ No C 153 of 9.7.1975

Whereas adoption by public authorities of improved technology (mini-turbines) allowing exploitation of the hitherto under-utilised natural hydraulic resources of these zones, and the utilisation of alternative energy sources is likely to contribute to realising these aims, whilst improving the relatively weak electricity distribution network;

Whereas private users with moderate requirements could have an interest in themselves exploiting local sources of hydro-electric and alternative energy, in view of their own consumption needs, and that for this purpose an active information campaign must be undertaken, and that such users ought to be encouraged to set up the necessary installations,

Whereas the maintenance of these mini-turbines may provide a number of additional jobs for the local population;

Whereas the Community measure must be implemented in the form of a special programme, and that it is for the Commission to ensure by examination of this programme that the action plans covered by this are in conformity with the requirements of this Regulation;

Whereas the special programmes must respond to certain of the objectives encompassed by the Regional Development Programme provided for under Article 6(3) of the Fund regulation,

HAS ADOPTED THIS REGULATION :

Article 1

A special Community regional development measure (hereinafter referred to as "the specific measure") in the sense of Article 13 of the Fund Regulation is hereby established contributing to improving security of energy supply in certain Community regions by way of improved use of new technologies for hydro-electrical power and of alternative energy sources.

Article 2

The specific measure shall be applicable to the mountain areas ("zone interne") of the regions of the Mezzogiorno.

Article 3

1. The specific measure shall be implemented in the form of a special programme (hereinafter referred to as "the special programme") to be presented to the Commission by Italy.

The special programme shall have as its objective a better use of hydro-electrical resources making possible, by adopting new techniques, the re-utilisation of abandoned or obsolete works located on water courses of low return, and a better use also of alternative energy sources. It is also aimed to encourage private users themselves to exploit hydro-electric and alternative energy sources, by launching an information campaign and by aiding feasibility studies. It is also intended to provide additional jobs linked to the upkeep of these installations.

2. This special programme must fall within the framework of the regional development programmes which Italy forwards to the Commission for examination in accordance with Article 6 (3) and (4) of the Fund Regulation.
3. The special programme shall contain appropriate information, as specified in the Annex to this Regulation, analysing the present situation and needs related to the aims stated in paragraph 1, the operations proposed, their implementation plan and, in general, all factors which allow appreciation of its coherence with regional development objectives.
4. The duration of the special programme shall be 5 years starting from the thirtieth day after the date on which the present Regulation enters into force.
5. The provisional total amount of the Fund's participation in the specific measure shall be 16 MEUA.
6. The special programme shall be approved by the Commission, after consulting the Regional Policy Committee.

Article 4

The Fund may participate, within the framework of the special programme, in the following operations :

1. Installing mini-turbines (standardised electrical generators using small water falls) including preparation of existing sites and linked hydro-electrical installations, and also wind-powered generators and equipment utilising solar energy or enabling recovery of energy contained in the biomass, particularly refuse.
2. Dissemination of information, including demonstrations, on the prospects offered by mini-turbines and alternative sources of energy. Feasibility studies for potential private users wishing themselves to proceed with installations related to such energy sources.
3. Organisation of basic technical instruction to ensure additional local jobs linked to the maintenance of mini-turbines.

Article 5

1. The special programme shall be the subject of joint financing between the Member State and the Community. The contribution of the Fund shall be provided within the framework of credits inscribed in the general budget of the European Communities. The Community participation shall be :
 - Operations for installations of mini-turbines, or other equipment, including studies for adapting materials to local conditions, under Article 4(1): 50 % of expenditure, in cases where investments are made by public authorities. In other cases, 30 % of the investment cost, this aid being supplementary to the existing aid system.
 - Operations for dissemination of information and demonstrations under Article 4(2): 70 % of the operating costs of bodies charged with this task.
 - Operations for feasibility studies under Article 4(2): 70 % of the costs of these studies.
 - Operations for technical instruction under Article 4(3): 70 % of public expenditure.

2. The categories of beneficiaries of Fund assistance in respect of operations provided for in the previous paragraph may be : public and local authorities, various bodies, enterprises or individuals.
3. The amount of the Fund's intervention from which the special programme benefits shall not exceed the amount fixed by the Commission at the time that this programme is approved under Article 3 (6).
4. Budgetary commitments related to the implementation of the special programme shall be decided by annual tranche in accordance with progress made. However, the credits available for 1978, 1979 and 1980 may be committed simultaneously after approval of the special programme.

Article 6

1. The amount of the Fund contribution in respect of the measures included in the special programme shall be paid at the request of the Member States concerned according to the following rules, to the bodies designated by the State for this purpose :
 - a) Payments, other than advance payments provided for in the next following paragraph, shall be made, as far as possible, in parallel with the payment of the part of the eligible expenditure which is the responsibility of the Member State. Each request for payment shall be accompanied by a statement from the Member State certifying expenditure and the existence of detailed supporting documents and containing the following information :
 - the nature of the operations covered by the payment claim;
 - particulars of the amount and nature of public expenditure paid in respect of the different operations during the period covered by the claim;
 - confirmation that the expenditure to which the payment request relates was properly incurred in relation to the terms of the **special programme**.
 - b) On production by the Member State concerned of evidence of the commencement of the **special programme**, **advance payments of Fund aid may** on request be made of 30 % of the credit committed from the Fund. When the amount of this advance has been exhausted, and following receipt of the certificates in relation to such expenditure provided for in sub-paragraph a) above, further successive advances may be made, each of 30 % of credits committed by annual tranche.

2. At the end of each year, the Member State concerned shall present to the Commission a report on the progress made in carrying out the **special** programme by reference to the information required under the Annex to this Regulation. These reports should enable the Commission to satisfy itself as to the execution of the programme and to establish that the different operations covered are carried out in a coherent manner.

3. The provisions of Article 9 paragraphs 1 to 5 of the Fund Regulation shall apply, as far as required, to the Community measures provided for in Article 1 of this Regulation.

Article 7

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities. **This Regulation shall be binding in its entirety and directly applicable in all Member States.**

Done at Brussels,

For the Council

ANNEX

The special programme shall include the following information in respect of each of the areas covered under Article 2 of this Regulation :

1. a) Analysis of the situation and needs with regard to electricity supply and utilisation of alternative energy sources, indicating priorities for extending and improving the existing system;
- b) Description of public measures adopted to meet these needs, with an estimate of public expenditure involved.
2. In relation to the operations envisaged under Article 4 of this Regulation :
 - a) Programme of installing mini-turbines on existing sites, their location, description of types of site preparation works, including linked hydraulic work, and estimate of resulting improvements in electricity supply.
 - b) Programme of installation of wind-powered generators or other equipment.
 - c) Detailed rules governing the information campaign, the number of demonstration centres planned, the number and type of publications and feasibility studies envisaged;
 - d) Type of technical instruction planned, and the prospects for additional jobs.
3. In respect of the totality of the special programme :
 - a) The timetable for carrying it out.
 - b) Estimation of the volume of public expenditure connected with the programme's implementation, including an annual breakdown of such expenditure for each of the operations envisaged.
 - c) The designation of bodies responsible for execution of the programme and of different operations.

- d) Information campaigns planned to make the beneficiaries and the professional organisations aware of the possibilities offered by the programme, and of the role played by the Community in this respect.
- e) Planned intentions of the national authorities for using resources deriving from Community structural funds.
- f) Description of other existing or intended public measures concerning encouragement of users themselves to exploit local energy sources, including relevant legislation.

FINANCIAL RECORD .

1. Relevant Budget Heading

Title V
Chapter 56
Article 560

2. Title of project

Specific Community Regional Development Measure contributing to improving security of energy supply in certain Community regions by way of improved use of new techniques for hydro-electrical power and of alternative energy sources.

3. Legal Basis

Article 13 of Regulation EEC N° 214/79.

4. Description of project

This specific measure shall be implemented in the form of a special programme with a duration of five years.

This programme shall have as its objective an improved utilisation of hydro-electric and alternative energy sources (installing mini-turbines, wind-powered generators and equipment using solar energy or enabling recovery of energy contained in the biomass, particularly refuse), the encouragement of private users themselves to exploit these energy sources (information, demonstration, feasibility studies) and the provision of jobs (basic technical instruction allowing local people to maintain these installations).

5. Financial Implications

The provisional total amount of the Fund's participation in this specific measure is estimated at 16 MEUA.

Amount for the special programme covering the mountain areas ('zone interne') of the Mezzogiorno.

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total
4,1	Installation of mini-turbines, generators and equipment	}	}	}	}	}	13
4,2	Demonstrations, Feasibility Studies						
4,3	Basic technical instruction						
	Total	1.5	4.5	4.5	4.0	1.5	16

In view of the approximative nature of the current estimate, the financial implication of the Community participation may vary within a range from

15 to 18 MEUA

PROPOSED COUNCIL REGULATION

instituting a Special Community Regional Development Measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 724/75 of 18 March 1975 (1) establishing a European Regional Development Fund as amended by Council Regulation (EEC) No 214/79 of 6 February 1979 (2) and particularly Article 13 (3),

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (3),

Whereas Article 13 of Regulation No 724/75 (hereinafter referred to as "the Fund Regulation") provides, independently of the national allocations of resources fixed by Article 2 (3) a) of the Fund Regulation, for participation of the Fund in financing specific Community regional development measures;

Whereas the Member States concerned have provided the Commission with information on problems in border areas likely to be the subject of a specific Community measure;

(1) OJ No L 73/1 of 21.3.75
(2) OJ No L 35/1 of 9.2.79
(3)

Whereas the Fund's resources are allocated having due regard to the relative severity of regional imbalances in the Community;

Whereas the Council has stated its willingness to examine, under Article 13, on a proposal from the Commission, any requests for aid relating to border problems in the most deserving regions of the Community submitted jointly by two or more Member States concerned;

Whereas the border areas in Ireland and Northern Ireland are situated in regions which are among the most underdeveloped in the Community, involving as they do a high dependence on less productive agriculture, high levels of unemployment and low incomes per head and as such a widening of the base for economic development of these areas is necessary in order to reduce the handicaps suffered by the regions;

Whereas communications difficulties and other problems related to border areas have hindered the fuller development of economic and social policies in border areas of Ireland and Northern Ireland;

Whereas the difficult situation of these border areas justifies a specific Community regional development measure;

Whereas the Economic and Social Committee, in its opinion of 12 July 1978 (4) on the cross-border communications study for the Londonderry/Donegal area carried out at the request of the governments of the United Kingdom and of Ireland, also of the Commission, recommended that the cross-border area be made the subject of a specific Community regional development measure;

Whereas measures have already been taken in the field of common agricultural policy, and other assistance from Community funds, capable of being usefully combined, must be carried out in these areas;

(4) O.J. N° C/114 of 7.5.1979

Whereas the considerable tourist potential existing in the border areas of Ireland and Northern Ireland offers significant prospects of generation of non-agricultural economic development;

Whereas development of artisan enterprises can make a significant contribution towards strengthening the economic fabric in these areas;

Whereas development of tourism in the border areas of Ireland and Northern Ireland is seriously handicapped by shortage of accommodation, and of recreational and cultural facilities for tourists, including means of communication with tourist centres;

Whereas the development of artisan enterprises is handicapped by lack of finance, information and advice;

Whereas the Community measure must be implemented in the form of special programmes, and that it is for the Commission to ensure by examination of these programmes that the action plans covered by these are in conformity with the requirements of this Regulation;

Whereas the special programmes must respond to certain of the objectives encompassed by the regional development programmes provided for under Article 6 (3) of the Fund Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

A specific Community regional development measure in the sense of Article 13 of the Fund Regulation (hereinafter referred to as "the specific measure") is hereby established contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland.

Article 2

The specific measure shall be applicable to the following border areas :

Ireland : The counties directly adjoining the border : that is Donegal, Leitrim, Cavan, Monaghan and Louth.

Northern Ireland : The council districts directly adjoining the border : that is Londonderry, Strabane, Omagh, Fermanagh, Dungannon, Armagh, Newry and Mourne.

Article 3

1. The specific measure shall be implemented in the form of a special programme (hereinafter referred to as "the special programme") to be presented to the Commission by each of the Member States concerned. The special programme shall have as its objective the development of economic activities in the fields of tourism, communications and of artisan enterprises.
2. The special programme must fall within the framework of the regional development programmes which Ireland and the United Kingdom forward to the Commission for examination in accordance with Article 6 (3) and (4) of the Fund Regulation.

3. The special programme must contain the appropriate information specified in the Annex to this Regulation, analysing the present situation and needs related to the aims set out in paragraph 1, the operations proposed, the implementation plan, and, in general, all factors which allow appreciation of its coherence with regional development objectives.
4. The duration of the special programme shall be 5 years starting from the thirtieth day after the date on which the present Regulation enters into force.
5. The provisional total amount of the Fund's participation in the specific measure shall be 24 MEUA.
6. The special programme shall be approved by the Commission after consulting the Regional Policy Committee.

Article 4

The Fund may participate, within the framework of the special programme, in the following operations :

1. Construction and conversion of tourist accommodation including self-catering and farm holiday accommodation and provision of caravan and camping sites;
2. Establishment or development of bodies with the task of promotion of tourism, publicity and good management of tourist accommodation, including the organization of information meetings for operators of rural accommodation;
3. Provision of amenities and tourist-related infrastructure, also of cultural and recreational facilities including angling and riding; works aimed at improving water sports, particularly by development of inland waterways, for example in the River Erne catchment area;

4. Improvement of communications giving access to tourist areas, including construction or modernization of minor roads and telephone exchanges;
5. Development of transport activities aimed at providing easier access for tourists to the areas covered by the specific measure;
6. Establishment and development of artisan enterprises by means of special financial aids and provision of information and advice.

Article 5

1. The special programme shall be the subject of joint financing between the Member State and the Community. The contribution of the Fund shall be provided within the framework of credits inscribed in the general budget of the European Communities. The Community participation shall be :
 - operations for tourist accommodation under Article 4 (1) : 50 % of public expenditure on aids to investments;
 - operations for the promotion of tourism, publicity and accommodation management under Article 4 (2) : the first year, 70 % of operating costs of the bodies. The aid shall last for three years and be degressive;
 - operations for amenities, infrastructure, cultural and recreational facilities under Article 4 (3) : 50 % of public expenditure;
 - operations for improving communications under Article 4 (4) : 50 % of public expenditure;
 - operations for developing transport activities under Article 4 (5) : 50 % of public expenditure on subventions towards the net costs of providing transport services;
 - operations for artisan enterprises under Article 4 (6) : 50 % of public expenditure on aids to investments and 70 % of public expenditure on aids for the provision of information and advice.

2. The categories of beneficiaries of Fund assistance in respect of operations provided for in the previous paragraph may be : public and local authorities, various bodies, enterprises or individuals.
3. The amount of the Fund's intervention from which the special programme benefits shall not exceed the amount fixed by the Commission at the time that this programme is approved under Article 3 (6).
4. Budgetary commitments related to the implementation of the special programme shall be decided by annual tranche in accordance with progress made. However, the credits available for 1978, 1979 and 1980 may be committed simultaneously after approval of the special programme.

Article 6

1. The amount of the Fund contribution in respect of the measures included in the special programmes shall be paid at the request of the Member State concerned, according to the following rules, to the bodies designated by the State for this purpose :
 - a) Payments, other than advance payments provided for in the next following paragraph, shall be made, as far as possible, in parallel with the payment of the part of the eligible expenditure which is the responsibility of the Member State.

Each request for payment shall be accompanied by a statement from the Member State certifying expenditure and the existence of detailed supporting documents containing the following information :

- the nature of the operations covered by the payment claim;

- particulars of the amount and nature of public expenditure paid in respect of the different operations during the period covered by the claim;
 - confirmation that the expenditure to which the payment request relates was properly incurred in relation to the terms of the special programme.
- b) On production by the Member State concerned of evidence of the commencement of the special programme, advance payments of Fund aid may on request be made of 30 % of the credit committed from the Fund. When the amount of this advance has been exhausted and following receipt of the certificates in relation to such expenditure provided for in sub-paragraph a) above, further successive advances may be made, each of 30 % of credits committed by annual tranche.
2. At the end of each year, the Member State concerned shall present to the Commission a report on the progress made in carrying out the special programme by reference to the information required under the Annex to this Regulation. These reports should enable the Commission to satisfy itself as to the execution of the programme and to establish that the different operations covered are carried out in a coherent manner.
3. The provisions of Article 9 paragraphs 1 to 5 of the Fund Regulation shall apply, as far as required, to the Community measures provided for in Article 1 of this Regulation.

Article 7

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.
This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

ANNEX

The special programme shall include the following information on each of the areas covered under Article 2 of this Regulation :

1. a) An analysis of the present situation of tourism and artisan activities and an estimate in respect of the period covered by the programmes of potential tourist demand;
 - b) particulars of aid systems and other measures designed to promote tourism and artisan activity with an estimate of public expenditure incurred under such systems.
2. In relation to the operations envisaged in Article 4 of this Regulation :
 - a) - a global estimate of the capacity and type of additional accommodation proposed to be installed or converted;
 - the nature and activities of the bodies responsible for the activation and promotion of tourism and artisan enterprises;
 - a statement setting out the types of tourist and communication infrastructures to be provided, and their location;
 - name, address and details of transport enterprises which could participate in the implementation of the special programme, with indications of public service obligations.
 - b) Description of public aids related to the different measures planned.

3. In respect of the totality of the special programme :
- a) The timetable for carrying it out;
 - b) Estimation of the volume of public expenditure connected with the programme's implementation, including an annual breakdown of such expenditure for each of the operations envisaged;
 - c) Designation of the bodies responsible for execution of the programme and of different operations;
 - d) Information campaigns planned to make the beneficiaries and the professional organizations aware of the possibilities offered by the special programme, and of the role played by the Community in this respect;
 - e) Planned intentions of the national authorities for using resources deriving from Community structural funds.

FINANCIAL RECORD

1. Relevant Budget Heading

Title V
Chapter 56
Article 560

2. Title of project

Specific Community Regional Development Measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland.

3. Legal Basis

Article 13 of Regulation EEC N° 214/79.

4. Description of Project

This specific measure shall be implemented in the form of special programmes with a duration of five years.

These programmes shall have as their objective the development of tourism (accommodation, promotion bodies, tourist facilities and infrastructure, communications with tourist areas, transport activities) and the development of artisan enterprises.

5. Financial Implications

The provisional total amount of the Fund's participation in this specific measure is estimated at 24 MEUA.

- a) Provisional amount for the special programme covering the counties of Donegal, Leitrim, Cavan, Monaghan and Louth.

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total
4.1	Accommodation	}	}	}	}	}	2.7
4.2	Tourism promotion bodies						1.8
4.3	Tourist facilities						5.8
4.4	Communications						4.4
4.5	Transport						1.1
4.6	Artisan						0.2
/ /	Total	2.6	4.0	4.0	3.4	2.0	16.0

In view of the approximative nature of the current estimate, the financial implication of the Community participation may vary within a range from 15 to 18 MEUA

- b) Provisional amount for the special programme covering the council districts of Londonderry, Strabane, Omagh, Fermanagh, Dungannon, Armagh, Newry and Mourne.

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total
4.1	Accommodation	}	}	}	}	}	1.1
4.2	Tourism promotion bodies						0.3
4.3	Tourist facilities						4.0
4.4	Communications						0.8
4.5	Transport						-
4.6	Artisan						1.8
/ /	Total	1.6	1.6	1.6	1.6	1.6	8.0

In view of the approximative nature of the current estimate, the financial implication of the Community participation may vary within a range from 7 to 9 MEUA

c) Provisional total amount of the Community's participation

MEUA

Article	Operations	1980	1981	1982	1983	1984	Total
4.1	Accommodation	}	}	}	}	}	3.8
4.2	Tourism promotion bodies						2.1
4.3	Tourist facilities						9.8
4.4	Communications						5.2
4.5	Transport						1.1
4.6	Artisan						2.0
/ /	Total	4.2	5.6	5.6	5.0	3.6	24.0