REPORT

of the Committee on Regional Policy and Regional Planning

on Community regional development measures to assist Northern Ireland

Rapporteur: Mrs Sylviane AINARDI
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At the sitting of 11 December 1989 the President of the European Parliament announced that he had referred the motion for a resolution by Mr WAECHTER and others on Community regional development measures to assist Northern Ireland (B3-0391/89), pursuant to Rule 63 of the Rules of Procedure, to the Committee on Regional Policy and Regional Planning as the committee responsible.

At its meeting of 24 January 1990 the Committee on Regional Policy and Regional Planning decided to draw up a report.

At its meeting of 22 February 1990 it appointed Mrs Ainard1 rapporteur.

At its meetings of 28 and 29 June and 29 and 30 October 1990 it considered the draft report.

At the latter meeting it adopted the motion for a resolution unanimously.

The following took part in the vote: Waechter, chairman; Maher, De Rossa and Alexandre, vice-chairmen; Ainardi, rapporteur; Anger (for Staes), Calvo Ortega, Catherwood (for Welsh), Cusnahan, Da Cunha Oliveira, David, Escuder Croft, Ferrer (for Ortiz Climent), Fitzgerald, Garcia Arias (for Duarte), Gutierrez Diaz, Köhler, Lucas Pires, Maibaum, Malangré (for Lambrias), Melis, Moretti (for Garaikoetxea), Musso, Newman, Nicholson, Onur, Pack and Stewart (for Rosmini).

The report was tabled on 5 November 1990.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.
The Committee on Regional Policy and Regional Planning hereby submits to the European Parliament the following motion for a resolution:

A

MOTION FOR A RESOLUTION

on Community regional development measures to assist Northern Ireland

The European Parliament,


- having regard to the motion for a resolution by Mr Waechter and others pursuant to Rule 63 of the Rules of Procedure on Community regional development measures to assist Northern Ireland (B3-391/89),

- having regard to the national development plan for Northern Ireland (1989-1993) forwarded to the Commission of the European Communities by the UK Government,

- having regard to the Community support framework (CSF) for the Northern Ireland region (1989-1993) (Objective 1),

- having regard to the report of the Committee on Regional Policy and Regional Planning (A3-0277/90),

A. having regard to the endemic major economic and social problems affecting Northern Ireland, including per capita GDP of less than 8000 ECU (73% of the Community average) and 15% unemployment, reaching 30% in certain 'black spots', resulting in massive emigration of young people in search of work,

B. having regard to the inadequacy of natural energy resources and mineral reserves,

C. having regard to the debility of an industrial base made up of frequently outdated small undertakings operating in crisis sectors,

D. having regard to the abnormal size of the public sector, which represents 68% of all employment,

E. whereas the number of skilled workers has increased (the completely unskilled percentage of the workforce dropped from 47% to 40% between 1981 and 1986) but remains nevertheless inadequate,

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\(^1\) OJ No. L 105, 15.7.88 and OJ No. L 374, 31.12.88

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F. whereas agriculture is still of major importance for the economy, but whereas farms are too small (40% are less than 10 hectares) and the soil is not particularly fertile,

G. whereas the housing stock is dilapidated and transport infrastructures extremely inadequate and in bad repair, which further aggravates the problems of remoteness and isolation,

H. whereas acts of violence compound these problems and complicate the implementation of social and economic development measures,

I. whereas economic and social problems are to some extent a breeding ground for the violence in question,

J. whereas Northern Ireland nonetheless possesses assets which have still to be fully realized,

K. whereas the reform of the structural funds is intended to promote economic and social cohesion within the Community and ensure, on the basis of more dynamic cooperation, greater efficiency in overcoming the backwardness of regions suffering from structural deficiencies.

L. whereas the structural funds, even after their reform, represent only one element, along with other forms of Community aid, of a more comprehensive integrated support programme.

M. whereas the Commission and local authorities drew up a pilot integrated operation for Belfast in 1980,

N. whereas the United Kingdom has submitted its regional development plan for Northern Ireland within the required deadline,

O. whereas on 20 September 1989 the Commission adopted a decision in principle on the Community support frameworks for Objective 1, and thereby, the framework applicable to Northern Ireland,

P. whereas on 20 September 1989, the UK Government submitted an operational programme with provision for Community aid to be granted for transport in Northern Ireland,

Q. whereas by the decision of 21 September 1989, the Commission adopted the transport programme to assist Northern Ireland for the period 1989-1993,

R. whereas for the period 1989-1993, the Community has earmarked financial aid of 793 m ECU (348 m ECU under the ERDF, 315 m ECU under the European Social Fund, and 130 m ECU under the EAGGF Guidance Section), plus a further 971 m ECU which may be allocated as EIB loans (572 m ECU to the public sector and 399 m ECU to the private sector), making a total of 1763 m ECU in Community aid to Northern Ireland for the five-year period 1989-1993,

S. whereas the appropriations available for Northern Ireland remain nevertheless limited, and in particular regional aid appropriations, for Northern Ireland will not have doubled by 1993,
T. whereas the Community support framework has established five main priorities:
1. improvement of the physical and social environment
2. reduction of the effects of geographical remoteness
3. diversification and reinforcement of the industrial and marketing services sectors in the economy
4. development of agriculture and tourism
5. promotion of human resources,

U. whereas regional aid granted by the Community for structural purposes must be used in the medium and long term to reinforce the endogenous potential of a given region and is not to be used to overcome deficits in certain economic sectors nor to alleviate the needs of public authorities,

V. whereas cooperation and reciprocal exchanges, in whatever form, with Community partners outside Ireland must be geared to overcoming the handicap imposed by Ireland’s remoteness,

W. whereas the economic and social backwardness of Northern Ireland is so serious as to justify all possible forms of investment,

X. whereas in recent years many legislative steps have been taken to outlaw discrimination and create equal opportunities,

Y. whereas nothing approaching a critical appraisal of the efforts so far made by the Community to assist regional development in Northern Ireland is available, despite the existence of reports on regional development,

1. Considers that the political, constitutional, social and economic problems in the region can best be resolved by political means involving the participation of both communities and of the governments of both the United Kingdom and the Republic of Ireland, but that until such time as a political solution is found the European Community should continue to invest in the economic infrastructure of the region;

2. Believes that the political climate in Northern Ireland would improve if remedies were found for economic and social problems and if inequities discrimination of all kinds were to be corrected;

3. Endorses the efforts being made by all the democratic forces involved to find a basis for a positive solution which would greatly enhance the area’s chances of attracting outside investment;

4. Notes the five priorities established by the Community support framework but fears that their subdivision into elements which are both overdetailed and fragmentary will result in a dispersal of effort quite contrary to the fundamental impulse behind the reform of the structural funds, which is based on close cohesion and concentration;

5. Notes that Northern Ireland and the Republic of Ireland, constituting the island of Ireland, are the only regions in North-Western Europe listed among the least-developed regions of the Community and given Objective 1 status;
6. Considers that many of the economic and regional development problems of both parts of Ireland are similar, including a high dependency on agriculture, remoteness from markets, inadequate transport infrastructures, high levels of unemployment and emigration;

7. Calls on the Commission and the public authorities on the island of Ireland to coordinate their activities and to cooperate in implementing regional development programmes with a view to tackling jointly their shared economic and regional development problems;

8. Deplores the fact that political, trade union and professional bodies were not sufficiently consulted and associated with the drawing up of the Community support framework for Northern Ireland;

9. Believes that the structures for consultation and conciliation need to be improved and proposes to establish, to that end, a special Northern Ireland Office in Brussels which must represent the economic, social, industrial and agricultural interests of Northern Ireland;

10. Calls on the Commission, in conjunction with political, trade union and professional bodies of every kind, to improve the efficiency of action already underway by strengthening its cohesion and its geographical and sectorial concentration on priority objectives corresponding to the seriousness of the economic and social problems involved;

11. Believes that it is of particular importance to overcome the handicaps resulting from Northern Ireland's peripheral location since the region will be able to profit from the European internal market only if sufficient funding is made available to address all aspects of development;

12. Notes that transport and communications are accorded priority status, but fears that resources will be spread too thinly and calls on the Commission to contribute to the development of rail and road links between Northern Ireland and the Republic of Ireland, with particular regard to the Belfast-Dublin link;

13. Is surprised that no progress has been made with regard to the upgrading of the Dublin/Belfast rail link despite the fact that:

- a joint study by Northern Ireland Railways and CIE (the Irish Transport Company) has recommended such an upgrading,

- the Operational Programme concerning transportation in Northern Ireland, which was approved in December 1989, provides for ERDF aid of 7 m ECU for improvements to the northern section, subject to complementary improvements being made by the Irish authorities to the Dublin-border section of the line,

- the Commission has stated on numerous occasions that it recognizes the social and economic importance of the rail link to the island of Ireland and that it was anxious that the Irish Government should submit a proposal for funding, after which there would be no reluctance on the part of the Commission to provide the money;
14. Asks its Committee on Regional Policy and Regional Planning to monitor progress on this issue and, if necessary, consider it further in future reports on related topics;

15. Notes the efforts already being made to stimulate existing industry and to attract outside investments and believes that encouragement should be given to investment aimed at assisting small and medium-sized undertakings to manufacture products with a viable future, while at the same time developing investment and employment in the aerospace and shipbuilding sectors, which constitute the region's industrial base;

16. Hopes to see:
   - better use made of natural energy resources which are underexploited, but with proper regard for environmental factors, and
   - initiatives designed to overcome the handicaps connected with Northern Ireland's overdependence on particular types of imported fuels through the establishment of direct links to alternative fuel sources such as European natural gas and the European electricity grid;

17. Notes that the successive reforms of the CAP have had adverse effects on agriculture in the region and rendered family farms, which are of very considerable importance for the region's economy, particularly vulnerable;

18. Declares itself in favour of loosening the restrictions imposed by quotas and stabilizers as a priority for family farms and less-favoured regions such as Northern Ireland;

19. Calls, furthermore, for specific assistance to be increased for agricultural modernization, development of alternative forms of production, support for quality products and respect for the environment;

20. Believes that further measures to assist education and training are an urgent priority;

21. Recommends that the Commission should carry out a particularly detailed examination of the funds allocated and the measures taken in the field of educational aid, since there is no other sector which is so intimately the concern of the region and Member State concerned and which requires such delicate handling, in view of its links with the different attitudes and spheres of interest which exist within the Northern Ireland community;

22. Recommends that aid for training should be closely concentrated on small and medium-sized undertakings which display innovative capacities; the implementation of new types of land-use, an integrated approach to the environment and to economic activities linked with the sea, the application of modern technology in the agriculture and fisheries sector and the development of well-integrated tourism should be the avenues to be followed in order properly to exploit Northern Ireland's assets (the country itself and its reservoir of young people);
23. Insists on the need to pay more attention to living conditions and to encourage the building of low-cost housing, and recognizes the beneficial impact which has been made in certain areas, particularly of Belfast, by the implementation of coordinated new housing and rehabilitation schemes;

24. Insists, further, on the need to foster the development of a programme to maintain, upgrade and preserve the housing stock in an environment which is acceptable and inviting to the inhabitants;

25. Calls on the governments of the United Kingdom and the Republic of Ireland to intensify their efforts to combat terrorism, which continues to blight the economic prospects of the area;

26. Believes that it is essential to take into account the experience of recent years with regard to Community funding, in order fully to learn the lessons of operations already carried out;

27. Calls, therefore, on the Commission to present a report on investments already made, highlighting the results obtained, the effectiveness of action undertaken, and the problems encountered with regard to the taking up of appropriations;

28. Believes that an improved consultation procedure is also essential for control of the use of Community funds;

29. Calls on the Commission, therefore, to submit annual reports to the European Parliament and the regional authorities on the implementation of development programmes, so as to improve control over the use of funds and, if need be, correct the way in which they have been allocated;

30. Instructs its President to forward this resolution to the Council and Commission.
1. The reform of the Structural Funds (1989 - 1993), should now be getting into its stride. We can begin to assess its effectiveness in the light of the results it has achieved on the ground and of the comments and suggestions made by the European Parliament.

Our debate on Northern Ireland can also provide a yardstick for other countries and regions on which reports are drawn up.

Importance of Community support frameworks

2. The Single Act, which came into force on 1 July 1987, stressed economic and social cohesion within the Community. To this end, the Community authorities embarked on a substantial reform of the structural funds on the basis of:

- a clearer definition of the development targets the Community is seeking to attain via its structural instruments;
- increased coordination of regional, national and Community efforts;
- better planning and, in the longer term, more easily adaptable and more flexible strategies;
- greater transparency of operations, by abandoning a policy based on export reimbursement;
- establishing, on a partnership basis, of a genuine dialogue between the Community, the Member States, the regions and economic operators;
- greater budgetary discipline ensuring more effective concentration of investment rather than spreading it too thin;
- most effective use of resources by granting loans and subsidies in the optimum amounts;
- establishing constructive contacts with the various project leaders via intermediate bodies (in the case of subsidies and global loans) without generating red tape;
- establishing a more effective monitoring and assessment system.

3. On the basis of the Member States' proposals in the form of national development plans, the Commission, by September 1989, had drawn up the Community support frameworks in consultation with the national regional authorities.

These Community support frameworks are vital to the shaping and execution of regional policy and regional planning in the European Community, and for all Member States and regions concerned;
they constitute the basis for coordination between the Member States and the Community on matters relating to regional development;

they provide a framework for the development strategies adopted and for regional development;

they set out the plans which should allow the regions concerned to meet the economic and social challenge of the completion of the single market by 1993.

The gravity of Northern Ireland’s economic and social problems

4. Northern Ireland is covered by Objective 1. It is therefore regarded as an underdeveloped region, which is unfortunately true as various indicators show:

- the consolidated index for measuring the intensity of regional problems calculated for 1981, 1983 and 1985 was no more than 64.4 (100 for the EEC as a whole) and puts Northern Ireland 33rd out of 160 regions in the Community;

- at less than 8000 ECU, per capita GDP is only 73% of the Community average. With an index of 89.7 in 1985 (100 for the EEC), Northern Ireland lies in 49th place;

- at 15%, unemployment is much higher than the Community average and reaches 30% in certain black spots, with many young people emigrating in search of employment (since 1985 the net emigration is estimated at 8000 per year);

- agriculture is still very important but the holdings are too small (40% of less than 10 hectares) and soil quality not very good;

- apart from two large undertakings, in aerospace and shipbuilding, industry comprises small undertakings, frequently obsolete, operating in crisis-ridden sectors of heavy industry with low rates of investment;

- the poor integration of the Northern Ireland economy into the European economy;

- an inflated public sector (68% of total employment);

- inadequate or underused natural and energy resources, and reliance of the energy industry on imported raw materials;

- the housing stock is often dilapidated and the new accommodation which has been built is unable to cope with the migration to the cities, especially to Belfast which contains one third of the population of Northern Ireland;

- transport infrastructure is most inadequate and in poor condition, which further worsens the effect of the remote location of the region, resulting in high transport costs and marketing problems;
- while the workforce is now better qualified (percentage of the totally unskilled having fallen from 47% to 40% in 1986), it is still inadequate; at the same time many employees have been unable to find jobs matching their capacities.

5. These great handicaps cannot conceal Northern Ireland's assets, which have not however been properly exploited: a young and dynamic population (25% of which is under the age of 15, compared with 19% in Great Britain), better training, and a degree of diversification in employment.

6. The acts of violence do of course compound problems and make it more difficult to implement measures to encourage economic and social development. While the problems of Northern Ireland can be solved only by a political solution, the lack of one cannot justify inaction. The violence does in fact stem partly from economic and social problems. Redressing these problems and correcting inequality and discrimination of all kinds would probably take some of the heat out of the violence afflicting certain areas and regions of Northern Ireland.

The Community support framework for Northern Ireland

7. Having thus established the economic and social problems and inequalities, we can now ascertain the priority action required.

On 28.3.89 and 26.6.89 the UK Government forwarded to the Commission a development plan for Northern Ireland which was used in autumn 1989 as a basis for drawing up the Community support framework in agreement with the UK Government within the framework of the partnership, as laid down in Article 8 of Regulation 4253/88.

8. The Community support framework reveals the complexity of the problems to be solved. It puts forward a whole range of approaches and measures covering all economic and social life aspects. It does however seek to establish specific priorities, five in number:

- improving the material and social environment,
- reducing the impact of a peripheral location,
- diversification and strengthening of industry and commerce,
- developing agriculture and tourism,
- making better use of human resources.

9. Community aid in 1989–93 should total 793 m ECU, of which 348 from the ERDF, 315 m. from the Social Fund and 130 m. from the EAGGF Guidance Section. To this we should add 572 m ECU for the public sector and 399 m ECU for the private sector, which might in part be covered by EIB loans.

So a total of 1764 m ECU is to be earmarked for Northern Ireland over five years; will this be enough to enable it to catch up?
Comments and proposals

10. During the debate on the reform of the structural funds, our committee was an strong advocate of the concept of partnership. However, from what I have heard from various parts of the Community, this partnership is still no more than formal and partial, not to say partisan. Too often, matters are settled by technocratic decision without genuine consultation of all the political, trade union and professional circles. From the contacts I had on the spot, it would seem that this was also the case in Northern Ireland, which is moreover under direct rule by the UK Government since 1972 (with a brief interruption in 1973-4) without any genuine consultation arrangements. I consider this to be a priority if we wish to produce measures genuinely meeting the needs of the regions and their peoples. That is why I went to Northern Ireland, and I had many valuable exchanges of view with local authorities and with political, trade union and professional organizations.

I consider it vital to improve the consultation arrangements and am therefore proposing, for the short term, the setting up of a special Northern Ireland Office in Brussels.

11. I believe that the vagueness of the Commission's priorities is explained by this lack of adequate consultation. Five priorities are indeed stated but they do not seem to match up to the wide variety of support measures in 'priority' areas ranging from urban renewal, industry, agriculture, tourism, etc. to training. There is a definite danger that they will be spread too thin, with a great dissipation of effort and the absence of concentration and consistency which I fear will lead to a lack of efficiency.

Moreover, this approach is incompatible with the aims of the reform of the structural funds which were for greater concentration and integration.

I am therefore calling on the Commission, in consultation with all political, trade union and professional parties involved to improve the efficiency of operations by making them more consistent and concentrating them geographically and sectorally on priorities reflecting the serious economic and social problems of Northern Ireland.

12. It is particularly vital to overcome the handicaps arising from its peripheral location as Northern Ireland will be unable to draw benefit from the European internal market and remedy its regional shortcomings by its own efforts unless it is closely linked at all levels with the Republic of Ireland, the other regions of the United Kingdom and the other Member States. In this context, action should be taken to offset the high price of electricity charged in Northern Ireland, which is a serious obstacle to economic development.

13. Improved infrastructures are in fact regarded as a priority, but the shortcomings noted are not simply a result of attacks on land communications. In this field, how have the large ERDF loans over the last few years been used? I also fear that resources are being frittered away and I consider that the Commission is not laying enough stress on
greater cooperation between Northern Ireland and the Republic, which would involve an improvement in transport infrastructure, and in particular the Belfast-Dublin line.

Cross-border cooperation must be prompted or encouraged, in particular in agriculture, industry and tourism.

14. The diversification and strengthening of industry is the stock-in-trade of all development plans but we should not be encouraging Community policies involving the destruction of already precarious industries such as iron and steel, textiles and shipbuilding. There should be incentives for SMUs, in particular in respect of advanced technology products and exports, but it should be accompanied by increased investment and jobs in the aircraft and shipbuilding industries, which are the country's industrial base.

15. The same can be said of agriculture. The Commission has acknowledged that the CAP reforms have adversely affected agriculture in the region with a degree of vulnerability on account of excessive dependence on products heavily in surplus. On the spot I was told that many farmers and their families are surviving only with public assistance. In view of the improved budgetary situation and stock levels, is it not time to lighten the burden of quotas and other stabilizers, giving priority to small- and medium-sized holdings and less favoured regions like Northern Ireland?

The modernization of agriculture, and alternative and high-quality crops and a respect for the environment, must be encouraged. On the basis of current schemes, the value of which I was able to assess in my meetings with senior officials of the Ministry of Agriculture and the Farmers' Organizations, an integrated approach to rural development, taking greater account of education and training, should be encouraged.

Northern Ireland imports 95% of its timber, although there is extensive woodland which should be better exploited by the processing industries in particular.

16. On the subject of the exploitation of natural resources, I consider that the Commission's assessment that Northern Ireland's natural resources lie principally in the attractions of its countryside and the relative youth of its people, is inadequate. Northern Ireland has other assets which need to be exploited, and even has natural wealth, such as lignite, which is underused. In this context it would be interesting to see the net results achieved by the VALOREN programme.

17. Tourism is one of Northern Ireland's main assets, provided it is genuinely integrated at economic, social and cultural levels. Here I was particularly interested by the scheme being carried out in Armagh which is seeking to develop tourism while encouraging local craft trades, rethinking urban planning to take account of topography, and drawing on the cultural heritage.
18. Training is only the fifth of the priorities. In my opinion this is a serious mistake which could condemn Northern Ireland to a role of sub-contracting and tourism. There should be increased action to encourage education and training. I would also like to see greater aid for agricultural modernization, for training in alternative forms of production, in maintaining quality and in respect for the environment.

I would recommend the Commission to make a thorough examination of the resources put into and the action taken on education; there is no area in which the region and State concerned are more directly involved, and in which the problems are thornier, in view of its links with the differing social attitudes pressures acting on society in Northern Ireland.

19. In view of the serious housing problem which I was able to assess in the course of my stay in Belfast, I feel that it absolutely must be tackled; dilapidated and unhealthy buildings must be improved and social housing schemes encouraged. However, before we do so, the lessons of schemes already carried out in this field, and in particular the Belfast integrated programme, should be learnt, and there should be more cooperation with the associations, which are particularly dynamic in Belfast.

20. In more general terms, I think that more account should be taken of past experience of Community-financed operations. I should therefore like the Commission to submit to the European Parliament and the regional authorities an appraisal of Community finance for Northern Ireland, showing the results obtained, the effectiveness of the schemes carried out and problems encountered in using the appropriations.

21. A better consultation procedure is also required to monitor the use of Community funds, to avoid their being wasted or used to reduce public spending. Professional and trade union leaders I met were particularly insistent on the additionality of Community and national funds. I therefore asked the Commission to submit to the European Parliament and the regional authorities regular reports on the implementation of development programmes in order to ensure that the funds are properly allocated.
MOTION FOR A RESOLUTION (B3-0391/89)
by Mr WAECHTER, Mr MAHER, Mr DE ROSSA and Mr ALEXANDRE
pursuant to Rule 63 of the Rules of Procedure
on Community regional development measures to assist Northern Ireland

The European Parliament,

- having regard to Article 8 of Council Regulation (EEC) No. 2052/88 regarding Objective 1 of the reform of the structural funds,

- having regard, in particular, to Article 12(5) and (6) of that Regulation on the allocation of the resources of the European Regional Development Fund to Objective 1 and the allocation per Member State of 85% of the commitment appropriations of the ERDF,

A. whereas the United Kingdom has submitted, in due time, its regional development plan for Northern Ireland,

B. whereas on 20 September 1989 the Commission adopted a decision of principle on the Community support framework of Objective 1, and therefore also on that concerning Northern Ireland,

1. Calls on its committee responsible to consider:

(a) the regional development plan submitted by the United Kingdom for Northern Ireland in order to check that it is consistent with real socio-economic needs and with the real possibilities of development;

(b) the Community support framework concerning Northern Ireland to check that it is consistent with the above needs and possibilities, and also with the priorities fixed for the various Community policies;

(c) compliance with the principles and the provisions governing reform of the structural funds in the drafting of the regional development plan and the finalization of the Community support framework.