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OPINION

of the Committee on Budgets
for the Committee on Agriculture, Fisheries and Rural Development
on Community initiatives
Draftsman: Mr Terence WYNN

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PE 208.236/fin./Ann.
PE 208.865/fin./Ann.
en - Or. pt/fr

- * Consultation procedure
simple majority
- **I Cooperation procedure (first reading)
simple majority
- **II Cooperation procedure (second reading)
simple majority to approve the common position
absolute majority of Parliament's component Members to reject or amend the common position
- *** Assent procedure
absolute majority of Parliament's component Members to give assent
except for simple majority under Articles 8a, 105, 106, 130d and 228 EC

- ***I Codecision procedure (first reading)
simple majority
- ***II Codecision procedure (second reading)
simple majority to approve the common position
absolute majority of Parliament's component Members either to adopt a declaration of intent to reject the common position, or to amend or confirm the rejection of the common position
- ***III Codecision procedure (third reading)
simple majority to approve the joint text
absolute majority of Parliament's component Members to reject the Council text

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OPINION

(Rule 147 of the Rules of Procedure)

of the Committee on Budgets
for the Committee on Agriculture, Fisheries and Rural Development

Draftsman: Mr Terence WYNN

At its meeting of 25 January 1994 the Committee on Budgets appointed Mr Marques Mendes draftsman.

At its meetings of 8 and 18 April 1994 it considered the draft opinion.

At the latter meeting it adopted the conclusions as a whole with 5 votes against.

Following the vote Mr Marques Mendes stated that he could no longer defend the opinion of the Committee on Budgets and stepped down as draftsman.

The committee appointed Mr Wynn draftsman.

The following were present for the vote: von der Vring, chairman; Pasty, second vice-chairman; Wynn, draftsman; Cassidy, Colom i Naval, Cravinho (for Samland pursuant to Rule 138(2)), Desama (for Papoutsis), Duarte, Elles, Frimat, Vasco Garcia (for Pucci pursuant to Rule 138(2)), Garcia Arias (for Blak pursuant to Rule 138(2)), Goedmakers, Marques Mendes, Porto (for Raffarin pursuant to Rule 138(2)) and Alex Smith.

General comments

1. Introduction

1.1. Following the Commission Green Paper on the future of Community initiatives under the Structural Funds¹ and the European Parliament resolution on the Green Paper (Romeos report) of 28 October 1993², the Commission has now announced what Community initiatives it proposes to adopt under the current regulations governing the Structural Funds: Regulations 2052/88 and 4253/88 as amended by Regulations 2081/93 and 2082/93 of 20 July 1993³. In accordance with the provisions of the code of conduct of 12 July 1993 resulting from the agreement between the three Community institutions on the Structural Funds of the same date, the Commission undertook to consult Parliament and take its remarks into account before launching the corresponding initiatives.

1.2. In its communication the Commission states that the programmes which it proposes to adopt in this field are designed to increase the value of the CSFs by encouraging innovation, cooperation, the exchange of experience, the restructuring of regions which are severely affected by particular problems and the retraining of workers already affected by economic changes or threatened by such changes. It stresses that its main concern was to underpin employment by means of integrated actions under the three Structural Funds as part of its mission to strengthen economic and social cohesion.

We would express our full support for these objectives and stress that Community initiatives stem from the political will for joint action by the Community and the Member States aimed at resolving key problems which, by reason of their nature or implications, concern the Community as a whole. This is clearly supported by Article 11 of Regulation 4253/88, which refers explicitly to 'measures of significant interest to the Community'. They can be classed according to two broad categories:

- (a) measures whose Community character stems from the fact that they involve joint action between regions (e.g. Interreg, Leader, etc.);
- (b) measures aimed at tackling problems which are of clear Community interest because they threaten economic and social cohesion (e.g. Regis, Rechar, Resider, Retex, Konver, etc.).

2. Programmes

2.1. Various themes have been selected by the Commission, and a number of corresponding programmes have been proposed.

- (a) The first theme is cross-border, transnational and inter-regional cooperation, with the Interreg II programme.
- (b) The second theme is rural development, with the Leader II programme.
- (c) The third theme is outermost regions, with the Regis II programme.

¹ COM(93)282 final

² Minutes of the plenary sitting of 28.10.1993, pp. 62 to 67 - PE 176.537

³ OJ No. L 193, 31.7.1993, p. 5 and p. 20

- (d) The fourth theme is employment and development of human resources, with the initiative on 'Employment and the development of human resources', containing three strands: the Now (women), Horizon (disabled and disadvantaged people) and Youthstart (young people) programmes.
- (e) The fifth theme is employment and industrial change, with the Adapt programme.
- (f) The sixth theme is regional restructuring linked to industrial change, with the Rechar, Resider, Retex, Konver and Portuguese Textiles programmes.
- (g) The seventh theme is aimed at supporting small and medium-sized enterprises, with the SME programme.
- (h) The eighth theme is urban policy, with the Urban initiative.
- (i) Finally, the ninth theme concerns areas which are highly dependent on fisheries with the Pesca initiative.

2.2. It will be recalled that Chapter B2-140 (Community initiative programmes) of the 1994 budget¹ comprised six themes: interregional cooperation, employment and human resources, industrial development, ultraperipheral regions, urban policy and rural development. Bearing in mind both the above themes and the initiatives listed in the previous section, we take the view that the budgetary treatment of these initiatives should be as follows:

- (a) under interregional cooperation, item B2-1401, the Interreg II initiative;
- (b) under employment and human resources, item B2-1402, the Now, Horizon, Youthstart and Adapt² initiatives;
- (c) under industrial development, item B2-1403, the Rechar, Resider, Retex, Konver, SME, Portuguese Textiles and Pesca initiatives;
- (d) under ultraperipheral regions, item B2-1404, the Regis II initiative;
- (e) under urban policy, item B2-1405, the Urban initiative; and
- (f) under rural development, item B2-1406, the Leader II initiative.

It would also be advisable to subdivide the 'Industrial development' theme into at least two categories, one on promoting business capacity (SMEs) and one on the restructuring and modernization of sectors in crisis (Rechar, Resider, Retex, Konver, Textiles and Pesca)³. Even though item B2-1407, 'Reserve for past and future actions', proved highly useful in enabling payments to be made for previous programmes, the proposal to create a reserve outlined below will render it superfluous in future budgets.

¹ OJ No. L 34, 7.2.1994 .

² Even though the Adapt initiative concerns industrial change, it is geared to employment and preventing unemployment arising from such change and we therefore consider that, for budgetary purposes, it should be classed under employment and human resources.

³ We consider that the second group should in fact be split again, with an independent sub-theme for fishing areas.

3. Financial framework

3.1. On the basis of the financial perspective established in the interinstitutional agreement of 26 October 1993¹ and the figure of 9% stipulated for Community initiatives, the Commission estimates that a total sum of ECU 13 450 million will need to be allocated to Community initiatives and, on an indicative basis, gives the following breakdown:

Interreg II	ECU 2 900 m ²	Leader II	ECU 1 400 m
Regis II	ECU 600 m	Rechar	ECU 400 m
Resider	ECU 500 m	Konver	ECU 500 m
Retex	ECU 500 m	Textiles	ECU 400 m
SMEs	ECU 1 000 m	Urban	ECU 600 m
Pesca	ECU 250 m	Now	ECU 370 m
Horizon	ECU 730 m	Youthstart	ECU 300 m

3.2. It should be pointed out that the Commission proposes to set aside an overall sum of ECU 11 850 m for all the initiatives which are to be adopted, with an additional ECU 1600 m being kept in reserve; ECU 8300 m of these amounts would be earmarked for objective 1, including ECU 800 m in the reserve. The attached table gives a comparison between these sums and the previous sums and an indication of the resources which might be allocated to the various initiatives each year. The increase in resources is largely due to the longer period of application, as a comparison between the corresponding calculations of the amounts available per year shows.

3.3. It should be pointed out that, while it is envisaged that most of the initiatives should run for six years (1994 to 1999), the Commission proposes that the Rechar, Resider, Konver and Retex II programmes should run for only four years (1994 to 1997). The possibility cannot be ruled out that at least some of these programmes might need to be extended until 1999, and part of the reserve mentioned below might clearly be used for this purpose.

3.4. To reiterate the stance which we have consistently upheld and which has been endorsed by the Committee on Budgets and the European Parliament as a whole, the sums given by the Commission for each initiative are to be considered as for guidance only, since it is for the budgetary authority to establish the sums to be allocated as part of the annual budgetary procedure.

3.5. For 1994 a commitment appropriation of ECU 1 706 m has been entered in Chapter B0-40 (reserve) for Article B2-140 (Community initiative programmes). This sum will be transferred and distributed to the various initiatives through the corresponding items, in accordance with the Financial Regulation, following a request for the transfer of appropriations to be submitted by the Commission when the initiatives have finally been adopted (see Article 29a of Regulation 4253/88).

3.6. We agree with the principle adopted by the Commission regarding the creation of a reserve but would point out that the appropriation entered in the

¹ OJ No. C 331, 7.12.1993

² The Commission proposes that ECU 500 m of this sum will be set aside for the conclusion of the Regen initiative.

reserve might prove insufficient. The reserve will not only need to be used in the event that new initiatives are required during the period in question, which is relatively long, but also in the event that the sums currently earmarked for the proposed initiatives need to be adjusted and increased.

3.7. We consider that the implementation of the various initiatives now being launched should be evaluated midway through the implementation period with a view to verifying that resources have been used efficiently, i.e. where they have been genuinely needed, and that they have been used to the greatest advantage, i.e. that priority has been given to the most pressing needs in terms of economic and social development. The results of such an evaluation might lead to the conclusion that resources need to be adjusted or increased in order to attain the objectives set.

3.8. Moreover, bearing in mind the possibility that the reserve might also be used for new initiatives, particular attention should be drawn to the following point. As a result of Parliament's intervention, it is explicitly laid down in Article B2-140 of the 1994 budget that that article is also intended to 'cover the financing of a Community initiative for regional planning to promote, in conjunction with the Member States and the regions, the creation of large natural planning areas as provided in the conclusions of the seven transregional studies carried out by the Commission'. Given that this initiative does not form part of the package submitted by the Commission, it will need to be dealt with in the very near future in a Commission decision, with a sum for guidance being taken from the reserve.

3.9. It should also be pointed out that the resources allocated to Regis II will need to be revised and sufficiently increased, also from the reserve, in the event that new Community initiatives affecting the outermost regions are adopted. Even though Regis II is geared to the most remote regions¹, it is currently scheduled to include measures under other Community initiatives.

4. Specific aspects

In addition to the general aspects outlined above, a number of brief remarks might be made on specific features of some of the Community initiatives which the Commission is proposing to adopt.

4.1. Interreg II

4.1.1. This programme is intended to continue the previous Interreg initiative with some extension in coverage and is also to complete the energy transit projects already authorized or selected under the existing Regen programme. The programme is designed to foster cross-border cooperation within the Community and establish links with cross-border programmes in land border areas and some maritime border regions.

4.1.2. In view of the programme's concrete objectives, the inclusion of the section of the Regen initiative dealing with energy transit in Interreg II and the adequacy of the sum envisaged for the latter programme might be questioned.

¹ These regions are those listed as such in the declaration annexed to the Treaty on European Union (the French Overseas Departments, Canary Islands, Azores and Madeira).

When it makes the corresponding request for a transfer of appropriations the Commission should therefore give more detailed and specific information on this appropriation as a basis for the decision.

4.1.3. The extension of the scope of Community cooperation under the revised regulations to cover measures in regions outside the Community which are linked to those being undertaken in Community regions with external borders within the framework of Community initiatives represented a step forward. Nevertheless, the agreement between the three institutions of 12 July 1993 stated clearly that such measures in extra-Community regions will not be financed under the Structural Funds but through a specific budget line devoted to external measures to be created in category 4, 'which will create the resources needed to fund measures in frontier regions of neighbouring third countries of Central and Eastern Europe, with the aim of supplementing assistance from the Structural Funds in respect of Community initiatives in corresponding internal neighbouring regions of the Community'.

4.1.4. In accordance with this agreement the budgetary authority created item B7-612, 'transfrontier cooperation in the field of structural operations', with an allocation of ECU 150 m in commitment appropriations and ECU 100 m in payment appropriations. The only legitimate way in which the Community can finance such actions in non-Community border regions is thus under the above budget heading, and it is therefore to be hoped that the Commission will submit a proposal on the corresponding legal base as soon as possible.

4.2. Regis II

4.2.1. This initiative aims to contribute to the development of the most remote regions in order to support and facilitate their integration into the European Economic Area. It includes not only Regis I (1991-1993), but also part of Envireg, Poseidom, Poseican and Poseima.

4.2.2. In addition to the remarks made in section 3.9. above, it should be pointed out that this initiative does not cover all the measures previously financed under the above-mentioned programmes for the outermost regions (Poseidom, Poseican and Poseima), some of which are nevertheless vital in order to offset the effects of remoteness (transport, supplies, etc.). The initiative should therefore make provision for such measures as well.

4.3. Other initiatives

4.3.1. The remaining Community initiatives do not raise any specific points as regards those aspects thereof which are directly or indirectly connected with financial and budgetary matters.

4.3.2. The Commission is to be congratulated on the adoption of the Urban and Pesca initiatives, not only because it has taken account of the European Parliament's views but also because, in the case of the Urban initiative, this is the first time that an attempt has been made to respond at Community level to the serious economic and social problems affecting major urban centres in the Community and, in the case of the Pesca initiative, it has tackled the serious problems facing fishing regions by promoting economic diversification and indigenous development, mainly along the lines of the Retex and Leader initiatives.

4.3.3. The Commission is also to be applauded for the Adapt initiative, which recognizes that human resources represent a decisive factor in development, particularly in the context of problems arising from industrial and technological change and restructuring. It has not escaped the attention of your draftsman that the underlining philosophy of this initiative corresponds in many ways to the views which he set out in an opinion drawn up on behalf of the Committee of Social Affairs on the - at that time - future revision of the Structural Funds as part of the report by Mr Wayne David¹, particularly with regard to saving jobs and improving qualifications.

4.3.4. The Commission has decided not to maintain Envireg as an independent programme. Particular account is taken of the environment in the general provisions governing the Structural Funds and it will play a part in the CSFs. Some of the measures under the programme have been incorporated into other programmes such as Urban and Regis.

4.3.5. With regard to the SME initiative we would point out that it covers the earlier Sprite, Prisma and Telematique programmes with the addition of some new measures aimed at competitiveness, growth and employment. The sum allocated to the three earlier programmes during the corresponding period was ECU 855 m while the sum indicated for the SME programme amounts to ECU 1000 m, which represents an increase of ECU 145 m for a period of six years (see attached table). We consider that the procedure mentioned in the second sentence of section 4.1.4. with regard to Interreg should also be applied in this case.

4.4. Portuguese textiles

This initiative, which aims to support the speeding-up of modernization in the Portuguese textile industry, gave rise to some controversy even before its content had been published and it might therefore be useful to make some general remarks on the subject.

4.4.1. This initiative arises from a decision taken by the General Affairs Council of 15 December 1993 in relation to the conclusion of the GATT negotiations, when the Council noted that the final GATT Agreement as envisaged would seriously call into question the very survival of the Portuguese textile industry. There are a number of areas in Portugal, some of them highly populated, in which the population relies heavily if not exclusively on the textile industry (as is the case in the Vale do Ave and neighbouring regions) and where the collapse of the textile industry would bring with it severe economic and social problems for the regions concerned and, consequently, the country and the Community. Problems which damage a Member State also damage the Community as a whole.

4.4.2. The textile industry was lagging behind so severely when Portugal joined the Community that, despite the great efforts made and Community aid received, it has not yet been possible to complete the process of modernizing and restructuring the industry, and its products are therefore not yet able to compete with products from other regions of the world which have access to the Community within the framework of GATT. If the proposed initiative aimed at speeding up the necessary modernization of this traditional Portuguese industry were not implemented, some regions in Portugal - and therefore in the Community

¹ PE 200.525/fin., pp. 35 to 50

- would soon be facing economic and social chaos, and Community initiatives would then be required in order to endeavour to remedy the effects of such chaos. The present initiative is designed to prevent such a situation occurring and, bearing in mind that prevention is better than cure, this is the right approach.

4.4.3. There was thus a clear danger that the conclusion of the GATT agreement and its future implementation would constitute a flagrant attack on economic and social cohesion by exacerbating existing imbalances and backwardness to a disastrous extent. This initiative is therefore fully in line with the philosophy of political intervention which formed the basis for Community initiatives such as Rechar, Resider and Konver, and it has the advantage of being clear-sighted in anticipating social and economic developments with significant regional repercussions and implications for economic and social cohesion. It is thus fully in accordance with the basic philosophy of Community initiatives as summed up in section 1.2. above, as it is clearly a measure 'of significant interest to the Community' (Article 11 of Regulation 4253/88).

5. Conclusions

The Committee on Budgets recommends to the committees responsible that they incorporate the following observations and recommendations addressed to the Commission in their reports:

5.1. Of a general nature

- (a) Takes the view that the preamble to the motions for resolutions should start with the following indents:
- having regard to the Interinstitutional Agreement on budgetary discipline of 29 October 1993¹ and the financial perspective annexed thereto,
 - having regard to the European Parliament resolution of 28 October 1993 on the general budget of the Communities for the financial year 1994 (A3-0280/93), and in particular paragraph 8 thereof,
 - having regard to the general budget of the Communities², and in particular Article B2-140 and Chapter B0-40,
- (b) Stresses that the sums mentioned for each of the Community initiatives which the Commission proposes to adopt are given for guidance;
- (c) Recognizes the judiciousness of the procedure followed by the Commission with regard to its indication of the possible distribution of the total, which represents 9% of overall appropriations, in that it makes provision for a reserve to be used for new initiatives which might become necessary (including that mentioned below), for the extension of those lasting less

¹ OJ No. C 331, 7.2.1993

² OJ No. L 34, 7.2.1994

than six years and for possible adjustments in response to mid-term evaluation;

- (d) Recommends that an evaluation be made midway through the implementation of each initiative with a view to improving the efficiency with which resources are applied and absorbed and making optimum use thereof so as to enable a decision to be made when the assessment has been completed on possible adjustments to the overall indicative amounts;
- (e) Notes that the Commission has not yet included the initiative on regional planning mentioned in the remarks concerning Article B2-140 (Community initiative programmes), following a proposal from the European Parliament, among the initiatives which it now proposes to adopt;
- (f) Considers that the Adapt initiative, given its nature and objectives, should come under the employment and human resources topic (heading B2-1402) and that the Pesca initiative should come under a new budget heading within the fisheries development topic;
- (g) Considers, further, that budget heading B2-1403 on industrial development should be replaced by two new topics, one entitled 'promotion of business capacity', which would include the SME initiative, and another entitled 'conversion and modernization of sectors in crisis' for the Rechar, Resider, Retex and Konver (with a sub-heading for each initiative);
- (h) Highlights the need for the Commission, after the Management Committee has delivered its opinion (Article 29a of the Coordinating Regulation) and the initiatives concerned have finally been adopted, including all these initiatives in the corresponding proposal, to initiate the process of transferring sums from heading B0-40 (reserve) to the various headings of Chapter B2-140 (Community initiative programmes);
- (i) Considers that, when proposing a transfer, the Commission must accompany its proposal with a duly reasoned justification of the sums given for guidance, their allocation and annual distribution so that due consideration can then be given to these sums;
- (j) Draws the Commission's attention to the urgent need for effective coordination between the actions to be implemented under the Community initiatives and other programmes and financial instruments, with particular emphasis being placed on those relating to employment and human resources;
- (k) Recalls that the initiatives now under consideration and the 9% stipulated for these initiatives are based on a Community of 12 Member States; considers, therefore, that, when the financial perspective is adjusted in the event of enlargement under the terms of the Interinstitutional Agreement of 29 October 1993, account will have to be taken of the new factors arising from enlargement, including the fact that a number of initiatives apply to all Community regions;

5.2. Of a specific nature

- (1) Notes that measures in border areas of neighbouring third countries designed to complement actions under Interreg II in border areas within the Community can be funded only through budget heading B7-612, which was

created specifically for this purpose (in accordance with the agreement between the Community institutions of 12 July 1993 within the framework of conciliation on the revision of the Structural Funds regulations), and after the corresponding legal instrument has been adopted;

- (m) Accepts the desirability of the Portuguese textiles programme but considers that its objectives do not match the purpose of category 2 of the financial perspective annexed to the current Interinstitutional Agreement; considers that the Portuguese textiles initiative should be financed through the Community industry policy budget under heading 3 of the financial perspective;
- (n) Notes that the budget for the Konver initiative is totally inadequate given that the funds under the Community initiative are less than the amount earmarked under the general budget; considers that this decision in no way meets the need established by the Commission itself; calls, therefore, for a significant increase in the budget for the Konver programme;
- (o) Considers the proposals for updating the Retex, Rechar and Konver initiatives for 1994-1997 to be inadequate; the amounts allocated should be increased as follows: Retex + ECU 150 m, Rechar + ECU 100 m, Konver + ECU 150 m;
- (p) Recommends that the Regis II initiative, which is intended to include structural measures covered by the programme for ultraperipheral regions and the Poseidom, Poseican and Poseima initiatives, should make specific provision for the measures contained in these programmes, which are essential in order to offset the effects of remoteness (transport, supplies, etc.);
- (q) Stresses, further, that, given that the Regis II initiative groups together measures under the other initiatives, a corresponding increase will have to be made in the financial resources allocated to Regis II whenever new Community initiatives are adopted which relate to the outermost regions.

(Annex)

COMMUNITY INITIATIVES

PROGRAMME	Community initiatives 91-93			Community initiatives 94-97			
	91-93 Total*	Duration	Annual budget	94-97 Total	Objective 1	Duration	Annual budget
INTERREG	1 093	3	364	2 400	2 300	6	400
REGEN	367	3	122	500		6	83
REGIS II	248	3	83	600	600	6	100
RECHAR III	391	4	98	400	100	4	100
RESIDER II	281	5	56	500	100	4	125
RETEX II	91	1	91	500	400	4	125
KONVER II	133	1	133	500	200	4	125
ADAPT	-			1 400	400	6	233
SMEs	-			1 000	800	6	167
STRIDE	487	3	162	-			
TELEMATIQUE	248	3	83	-			
PRISMA	120	3	40	-			
PORTUGUESE TEXTILES	-			400	400	6	67
URBAN	-			600	400	6	100
LEADER II	476	3	159	1 400	900	6	233
PESCA	-			250	100	6	42
Employment - NOW	165	3	55	370		6	62
Employment - HORIZON	333	3	111	730	800	6	122
Employment - YOUTHSTART	-			300		6	50
ENVIREG	614	3	205	-			
RESERVE	-			1600	800		
Total	5047			13450	8300		

* 1994 prices