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R E P O R T

of the Committee on Regional Policy and Regional Planning

on the regional development plan, the regional and social conversion plan and the Community support frameworks for Spain (Objectives 1 and 2)

Rapporteur: Mr Heinz Fritz KÖHLER

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* = Consultation procedure requiring a single reading

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At the sitting of 20 November 1989 the President of the European Parliament announced that he had forwarded the motion for a resolution by Mr Waechter and others on Community regional development measures to assist the Spanish regions covered by Objective 1 (B3-0372/89), 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 31 October 1989 the committee decided to draw up a report.

At its meeting of 1 December 1989 it appointed Mr Heinz Fritz KÖHLER rapporteur.

At its meeting of 21 March 1990 the committee decided to include in its report the following motion for resolution which had been referred to it:

- B3-0481/89; authors: Mr Waechter and others; subject: the regional and social redevelopment plans and the Community support frameworks for the areas of Spain and Italy included in Objective 2; announced in plenary sitting: 11 December 1989; responsible: Committee on Regional Policy and Regional Planning; opinion: Committee on Social Affairs, Employment and the Working Environment.

At its meetings of 31 January and 27 February 1991 the committee considered the draft report.

At the last meeting it adopted the resolution unanimously with 1 abstention.

The following were present for the vote: Waechter, chairman; Köhler, rapporteur; Anger (for Staes), Da Cunha Oliveira, Duarte, Fitzgerald, García Arias (for Hume), Harrison, Izquierdo, Maibaum, Musso, Onur, Pereira, V. (for Calvo Ortega), Piermont (for Melis), Raffarin, Raggio and Vandemeulebroucke.

The Committee on Social Affairs, Employment and the Working Environment decided on 23 and 24 January 1990 not to deliver an opinion.

The report was tabled on 28 February 1991.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

A
MOTION FOR A RESOLUTION

on Regional Development Plan, plan for regional and social conversion
and Community Support Framework for Spain (Objectives 1 and 2)

The European Parliament,

- having regard to the motions for resolutions by:

- (a) Mr WAECHTER and others on Community regional development measures to assist the Spanish regions covered by Objective 1 (B3-0372/89),
- (b) Mr WAECHTER and others on the regional and social redevelopment plans and the Community support frameworks for the areas of Spain and Italy included in Objective 2 (B3-0481/89),

- having regard to the report of the Committee on Regional Policy and Regional Planning, (A3-0042/91),

1. Notes that Spain, as a Member State of the Community has rightly benefited from assistance from the Structural Funds, and that the criteria, both for selecting regions or geographical areas for assistance and for fund allocation have been based on those adopted for the reformed Structural Funds;
2. Welcomes the fact that transfers to regions are not solely financial, but have been linked to conceptual criteria which must be applied, in an effort to direct structural policies, although purely economic and financial aspects still play a dominant role;
3. Considers that disagreement in the negotiations between the Commission and the Spanish authorities, as well as between the latter and local and regional authorities, over the implementation of the Structural Fund regulations should be avoided and considers that Parliament should be informed of the course of the negotiations between the Commission and the Spanish authorities and of any disagreements arising therefrom in respect of the implementation of the Structural Funds;
4. Regrets that for Objective 1 regions, investments in infrastructural sectors, totalling 51%, have been dominant at the expense of investments in economically more productive activities (27% of the total), and that the percentage allocated for industry, crafts and services is only 11.25%;
5. Is aware that the desire of the national and regional authorities to give priority to infrastructural investment is motivated by the long-term problems of infrastructural backwardness and disadvantage characterizing the Spanish economy, which would block its development unless they are resolved, but considers that the high proportion of investment devoted to infrastructures will have to be modified in the future, as and when the basic shortcomings are corrected;
6. Stresses the enormous importance of complementarity between Community funds and national efforts for regional development and expects it to be fully observed;

7. Notes that, because of time pressure on the Commission, local and regional authorities could not be sufficiently involved in negotiations on the implementation of the structural policies in particular for Objective 1 and 2 regions;
8. Points out therefore that the present multiannual funds only expire in 1993 for Objective 1 and at the end of 1992 for Objective 2 regions and that sufficient time thus remains for corrective measures with a view to involving local and regional bodies;
9. Welcomes the praiseworthy efforts which have been made by the Spanish authorities to reconcile development with ecological criteria, as well as the adoption of national legislation forming a solid basis for adequate standards of environmental protection, but nevertheless suggests that local and regional bodies be involved, to ensure that environmental aspects of structural policies are assessed and considered in the formulation of a coherent policy for environmental provisions as these are codified not only in national, but also Community legislation.
10. Considers that in Spain as in other Member States the monitoring committees should be constituted on the basis of broad participation, so as to increase the involvement of trade unions, and employers' organizations;
11. Proposes that more structural policy measures should be managed at regional level than at present, particularly in regard to Objective 1 instruments in order to ensure optimum use of funds, though it is recognized that national economic policy must also play a role at regional level;
12. Regrets that in some cases it has proved impossible to implement projects because they include some parts which have not been designated by the national authorities, and, accordingly, matching funds have not been available;
13. Suggests for future actions that alternative thinking on transport structures be considered, giving improvements in regional transport development pride of place;
14. Instructs its President to forward this resolution to the Commission and Council, and to the Spanish Government and Ministries concerned.

EXPLANATORY STATEMENTINTRODUCTION

1. This report aims to analyse the implementation of the reform of the Structural Funds in Spain, and in particular to examine the Spanish regional development plan for 1989 to 1993 (PDR) together with the relevant Community support framework for Objective 1 (CSF 1), and the Spanish regional and social conversion plan for 1989 to 1993 (PRR) together with the relevant Community support framework for Objective 2 (CSF 2).

In accordance with the rules currently in force, the European Parliament is not consulted on the approval of such plans and frameworks, and this report will therefore consider the texts already adopted and, as far as possible, the initial implementing measures.

2. In preparation for this report the rapporteur made a working visit to Spain in June 1990, where he met those responsible in the Ministry of the Economy and Finance and the Spanish Federation of Municipalities and Provinces, representatives of the autonomous community of the Basque Country and representatives of the General Workers' Union (UGT), the Workers Commissions (CCOO), the Spanish Confederation of Employers' Organizations (CEOE) and the main environmental organizations¹.

SPAIN'S SHARE OF THE STRUCTURAL FUNDS

3. Spain receives 9779 m ECU from the Structural Funds for regions eligible under Objective 1. This represents 27% of the total, making Spain the main recipient of such aid in absolute terms. Measured in terms of its share per inhabitant in ECU, however, Spain is in sixth place among the seven countries receiving aid for Objective 1 regions, with 437.2 ECU per inhabitant. It should be pointed out that the nine Spanish regions involved have a total population of 22 million people.

With respect to Objective 2, Spain is in second place in absolute terms with 576 m ECU (19.8% of the total), a long way behind the United Kingdom (1158 m ECU). In relative terms, Spain is in third place among the countries receiving aid².

4. It should be stressed that practically the whole of Spain would have been eligible under Objective 1, given that its per capita income stands at around 75% of the Community average.

¹ Greenpeace, Confederation of Conservation Groups (CODA) and Association for Nature Conservation (ADENA)

² 85.69 ECU per inhabitant against the Community average of 73.17 ECU per inhabitant

Although the total sums allocated to Spain under the Community support frameworks appear to be very high, it should be recognized that the criteria selected by the Commission for the distribution of funds to the Member States in respect of Objective 1 have not put Spain at an advantage since - had it received the Community average per inhabitant (517.5 ECU) - the total would have been 11 573 m ECU rather than 9779 m ECU. In contrast, Spain would have received only 627 m ECU instead of 735 m ECU if funds had been allocated according to the number of inhabitants in the regions covered by CSF 2.

IMPLEMENTATION OF AND PARTICIPATION IN THE CSFs

5. The main problem in drawing up and implementing the PDR and PRR was the short time-limit laid down in the relevant Community provisions. Member States had less than six months in which to submit their plans to the Commission.

In Spain, the Ministry of the Economy and Finance was responsible for drawing up the PDR and the PRR and also carried out the negotiations on the CSFs for both objectives.

The autonomous communities concerned and a number of ministries were consulted via the Public Investment Committee (CIP) - a body which is completely lacking in legal basis and adequate powers.

6. The most serious criticism made of this procedure concerned the lack of participation by the trade unions, employers' associations and local authorities. Attention should also be drawn to the inadequate involvement of the ministry responsible for regional planning and environmental protection (Ministry of Public Works and Town Planning).

The participation of the autonomous communities was purely consultative in nature, and the regional assemblies did not take part due to the lack of time. The autonomous communities nevertheless felt that they had been involved in the process of drawing up the plans and negotiating with the Commission, although they demand a greater say in the matter in future.

7. The PDR and PRR were also criticized on the grounds that there is no procedure for participation in economic development plans, as provided for by the Constitution (Article 133), though not yet implemented.

The PDR and PRR do not hinder the autonomous communities and the State from drawing up regional development plans which might then serve as the basis for drawing up plans or programmes subsidized by the European Community. This was the case for previous regional development programmes required by virtue of the Spanish law on the interregional compensation fund. This would allow less hectic procedures with a larger number of participants - regional assemblies, social forces and the administration as a whole.

A number of regions are continuing to draw up medium-term economic and regional development plans in this context.

8. The approval of CSF 2 was regrettably delayed by three months, since the Spanish Government and the Commission had been unable to agree on a number of conditions which the Government considered should be funded in the context of transitional measures rather than the CSF.

9. The negotiations with the Commission on the CSFs raised the problem of establishing the extent to which the Commission was entitled to request the Spanish Government to provide information for the CSF in addition to that already supplied in connection with the PDR and PRR. The Commission has drawn up guidelines for the Member States on preparing such plans, but a number of governments consider that these guidelines lack legal basis. It should be pointed out that the European Parliament was not consulted on this issue.

10. It is of interest that the Spanish authorities decided to publish the plans and Community support frameworks and to put them on the market, thus making them available to a wide audience.

REACTIONS TO THE GENERAL CONTENT OF THE PLANS AND COMMUNITY SUPPORT FRAMEWORKS

11. The PDR and PRR generally received a positive reaction both from the various administrations (local, autonomous, etc.) and the experts. The main impression is that Community obligations have provided an impulse for a comprehensive regional policy which Spain lacked before its accession.

12. The lack of a preliminary overall study is justifiably criticized; trade union and professional associations further complain that the bulk of the plans are nothing more than a compilation of the many sectoral plans already approved by the various authorities. They are accused of adapting to the situation rather than helping to mould it.

13. Some people take the view that the plans are heavily geared to economic criteria. A possible - and indeed understandable - reason is the fact that many plans were drawn up by the Ministry of the Economy.

14. A positive feature is the fact that the criteria for the allocation of aid from the ERDF have been made independent of the aid granted under the Spanish interregional compensation fund (FCI) as part of current action to reform that fund. The European Parliament criticized the previous lack of clarity in a resolution adopted in 1989.

INFRASTRUCTURE AND PRODUCTIVE INVESTMENT

15. A high percentage of funds in CSF 1 and 2 is earmarked for infrastructure investment, only a small proportion being intended for productive activities and investment. The percentages for CSF 1 are 51.93% for communications infrastructure and 26.76% for infrastructure in support of economic activities.

In contrast, the funds earmarked for industry, trade and business services amount to no more than 11.24%, only part of which is intended for productive investment.

Although it is difficult to establish precisely the percentage for productive investment in the case of CSF 2 all the indications are that it does not exceed 8%.

16. The policy of the Spanish national authorities in this respect, supported by the regional authorities, was the focal point in the differences of opinion with the Commission, trade unions and employers' organizations, who sought to ensure that more resources were earmarked for productive investment.

Although there are valid arguments in favour of earmarking a large share of assistance for infrastructure in Objective 1 regions, they do not apply to CSF 2 (declining industrial areas). Moreover, such large amounts call into question the complementarity of Community aid.

These figures show that the Spanish Government is adhering to the trend observed during the period 1986 to 1989 of providing very small, almost symbolic amounts for this type of investment.

ENVIRONMENT AND REGIONAL PLANNING

17. The positive and negative impact of the Spanish plans and frameworks on the environment were the subject of many interesting debates in Spain and elsewhere.

The funds earmarked for environmental protection and improving environmental conditions amount to 9.24% of CSF 1 and 10% of CSF 2. In both cases, such actions were stepped up following negotiations with the Commission. In the case of CSF 1, the Spanish Government has already submitted to the Commission an operational programme for the environment and water resources (1990-1993), to which the Community is contributing an estimated 232.1 m ECU. The entire programme is geared towards infrastructure. It will be managed by the central administration (Ministry of Public Works and Town Planning, Ministry of Industry and Energy and Institute for Nature Conservation), public companies and the autonomous communities. The bulk of this assistance is intended for the following: purification, waste treatment, monitoring pollution, regenerating beaches, regulating watercourses and valleys, a programme to support businesses with a view to their adjustment to environmental protection laws and measures to combat erosion and protect national parks.

Although the resources allocated for these actions are as yet very small measured against the problems which must be dealt with, they demonstrate the resolve to reconcile environmental protection and development.

18. The impact of the PDR and PRR on the environment attracted strong criticism from environmental groups. We share their criticism of the fact that the main Spanish administrative body responsible for the environment (General Secretariat for Environmental Issues) had little influence in comparison with other Community countries, where the relevant ministries were involved. Controversy has also arisen over the Secretariat's attachment to the ministry responsible for public works and claims that the funds earmarked for the high-speed train will have a positive impact on regional development.

The planned funding and continuation of the 1983 dam-building programme also gives cause for concern in view of the ecological damage which would be caused by building the remaining 37 dams envisaged under the programme.

Development of tourism on the Atlantic coast of Andalusia as envisaged in the PDR also poses serious threats, since this is one of the region's few remaining stretches of coastline to have remained largely undamaged by mass tourism.

These plans and frameworks are so general in nature that their implications for the environment cannot be assessed with any precision. An analysis of their environmental impact will not be possible until the operational programmes and specific plans are available.

19. During and in the wake of negotiations on the CSFs, a lively discussion developed over whether programmes financed under the Structural Funds should be required to observe more stringent provisions on environmental conservation and protection than those generally laid down by Community law on the environment. We take the view that such a requirement would pose difficulties for the less developed countries and would in some cases be discriminatory. Nevertheless, all programmes or plans funded with resources from the Structural Funds must be required to observe existing provisions and monitored to this effect. The Commission should introduce an internal mechanism involving the Directorate-General for the Environment and based, in particular, on Directive 85/337 on environmental impact assessment and Directive 79/409 on the conservation of wild birds. It is vital that the various services of the Commission should coordinate their work effectively.

Such a mechanism would be of particular importance with a view to improving compliance with Community law on environmental impact assessment in Spain.

20. It should be pointed out that most of the autonomous communities have set up environmental offices and that national provisions in this connection have been extended and intensified, for example by adding to the list of projects for which an environmental impact assessment is required prior to implementation.

21. In recent years, moreover, Spain has adopted a number of laws which provide a firm basis for adequate environmental protection: the law on coastlines (1988), the law on the protection of nature conservation areas (1989), the inclusion of crimes against the environment in the penal code, the law on environmental protection with respect to the air (1972), the framework law on toxic and dangerous waste substances (1986) and the Royal Decree on environmental impact assessment (1986).

REGIONAL PLANNING

22. The links between these plans and regional planning in general are not sufficiently strong to enable the measures envisaged to be included in the integrated land utilisation plans. The plans to which the regional development plan and regional and social conversion plan continually refer are restricted to a particular sector. Regrettably, the reason lies with the weakness of Spanish regional planning. Following the 'Planes Directores Territoriales de Coordinacion', which were drawn up under the old quota law and met with little success, cautious attempts are now being made to resurrect this type of planning at the level of the autonomous communities. The 'integrated' measures envisaged in current rules on the funds are intended to stimulate regional planning.

DISTRIBUTION OF POWERS AMONG THE VARIOUS LEVELS OF THE ADMINISTRATION

23. The most far-reaching innovation arising from the distribution of funds to the various levels of the administration was the Commission's insistence that a share (7% in CSF 1 and 10% in CSF 2) be reserved for local authorities. In the case of municipalities with less than 50 000 inhabitants, this share is administered by the Ministry of Public Administration and the provincial authorities ('Diputaciones Provinciales'). Larger municipalities apply directly to the Ministry of the Economy.

24. The following table illustrates the distribution of ERDF resources within the two support frameworks:

<u>INSTITUTIONS</u>	<u>CSF 1</u>		<u>CSF 2</u>	
	Million ECU	%	Million ECU	%
- Central Government	3174	51.2	166	32
- Autonomous communities	2095	33.8	260	50.1
- Public companies	496	8	41	7.9
- Local authorities	434	7	52	10
Total	6199	100	519	100

The combined share of the autonomous communities and local authorities in CSF 1 (40.8%) is almost identical to their share before the reform (40% for the autonomous communities). In CSF 2, however, there has been a significant increase in favour of the regions and municipalities, which now have a combined share of over 60%.

A number of Objective 2 areas have reached an arrangement with the central Government whereby the Community support framework is administered wholly on a regional basis. In view of the limited resources available for the support framework, this arrangement should be extended to all the areas which receive assistance.

25. The ERDF operations administered by the central Government have not been decentralized under the Community support frameworks, despite the Commission's requests. This would have made it easier to assess the practical implications of the reform of the funds for the individual areas. The drawing-up of a CSF for each region and objective as requested by the European Parliament and recommended by the Regulations would have facilitated this task.

The Spanish Government and the Commission intend to draw up operational programmes and reports on implementation for the individual regions.

TRANSPORT

26. In the context of the discussion regarding the two aims of efficiency and fairness, the Spanish Government should examine whether the high-speed train will have a negative impact on Spain's interregional equilibrium. The funding of this project under the ERDF should therefore be given particularly careful consideration.

27. The increasing significance of Community policy in the area of transport infrastructure requires close coordination with the extensive transport investment under both CSFs.

The transport infrastructure investment to be funded by the ERDF must not be geared exclusively to the national plans drawn up by sector (roads, rail, etc.), since the objectives do not always tally; in connection with the Spanish CSFs, it can often be found that sectoral investment already planned has simply been transferred.

CHECKS AND MONITORING

28. The Commission (DG XVI and XX) carried out sample financial checks on ERDF aid in Spain during the first three years of the period of operation. Checks were made on seven projects in 1986, 31 projects in 1987 and 53 projects in 1988. Since the total number of projects amounted to 270905, this means that the Commission monitored only 0.03%.

29. The composition of the monitoring committees for support frameworks and operational programmes is restricted to the various authorities involved, with the additional participation of the Commission and the EIB in the case of the CSFs. No provision is made for involving trade unions, employers' organizations or any other form of non-governmental organization in these committees. The rules currently in force do not rule out the participation of such bodies in the monitoring committees for operational programmes. Their involvement could help to offset the lack of public participation in the process of drawing up the plans and CSFs. The participation of the two sides of industry is expressly provided for only in respect of the monitoring committees for Objectives 3 and 4.

30. Experience with the integrated Mediterranean programmes (IMPs) shows that it is important to avoid consultation of the monitoring committees becoming a mere formality.

OTHER ISSUES

31. Despite the grave social and economic problems in both border areas, neither CSF 1 nor CSF 2 contains programmes providing for transfrontier cooperation with Portugal or France. Although the Spanish authorities hope to remedy this situation with the Community initiative programme Interreg, the programme's limited resources will not make it possible to offset this serious deficiency, which is repeated in the various Spanish regional development programmes.

32. The contributions the EIB is prepared to make to the CSFs will be based on assessments of the plans put forward. The EIB will consider any requests from the competent authorities and organizations for loans for investment projects or programmes mentioned in the CSF, with the priority it gives to support for the policy of cohesion, and according to the criteria laid down in its Statute.

33. During the negotiations on the CSFs, the Commission adhered to the principle of financing a large number of development priorities within the CSFs, contrary to the views expressed by the autonomous communities and the central Government. The position of the Spanish authorities is understandable in the case of CSF 2, given the paucity of its appropriations.

34. The support frameworks can also be criticized on the grounds that no sums have been fixed for transitional measures in CSF 1 and no provision has been made for operational programmes to take the form of integrated programmes as permitted under the rules currently in force.

35. By and large, the regional development plan, regional and social conversion plan and Community support frameworks represent a useful and valid effort to implement the principles of the reform of the Structural Funds in Spain. The high quality of the documents stems primarily from comprehensive diagnosis and planning carried out during the past decade by the individual Spanish regions, and from effective work and coordination on the part of the national administration.

Motion for a resolution (B3-0372/89) 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 the Spanish regions covered by Objective 1

The European Parliament,

- having regard to Article 8 of Council Regulation No. 2052/88 concerning Objective 1 of the reform of the Structural Funds,
 - having regard, in particular, to Article 12(5) and (6) of this Regulation concerning the allocation of the resources of the European Regional Development Fund to Objective 1 and the apportionment among the Member States of 85% of its commitment appropriations,
- A. whereas Spain submitted its regional development plan for its Objective 1 regions within the time-limit laid down,
- B. whereas the Commission adopted, on 20 September 1989, a decision of principle on the Community support frameworks for Objective 1 and hence also on the framework applicable to the Spanish regions,
1. Calls on its competent committee:
- (a) to examine the regional development plan submitted by Spain with a view to verifying its compatibility with the actual socio-economic needs and real possibilities for development of the regions concerned;
 - (b) to examine the Community support framework for the Spanish regions covered by Objective 1 with a view to verifying its compatibility with the aforesaid needs and possibilities and with the priorities established for the different Community policies; and
 - (c) to consider whether due account was taken of the principles and provisions governing the reform of the Structural Funds when the regional development plan was drawn up and the Community support framework finalized.

Motion for a resolution (B3-0481/89) by Mr WAECHTER, Mr MAHER and Mr DE ROSSA pursuant to Rule 63 of the Rules of Procedure on the regional and social redevelopment plans and the Community support frameworks for the areas of Spain and Italy included in Objective 2

The European Parliament,

- having regard to Article 9 of Council Regulation No. 2052/88 concerning Objective 2 of the reform of the Structural Funds,
 - having particular regard to Article 12(6) of the same regulation concerning the allocation per Member State of 85% of the ERDF commitment appropriations,
- A. whereas Spain and Italy have submitted their regional and social redevelopment plans for the areas defined in Objective 2 within the required time-limit,
1. Calls on the competent committee to examine:
- (a) the plans for regional and social redevelopment in Spain and Italy, to assess their compatibility with real social and economic needs and with practical prospects for development;
 - (b) the Community support framework for the areas of Spain and Italy covered by Objective 2, to assess its compatibility with real social and economic needs and the priorities that have been set for the various Community policies;
 - (c) the extent to which the principles and provisions governing reform of the Structural Funds have been complied with in drawing up the regional and social redevelopment plan and in devising the Community support framework.

