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DOCUMENT 1-269/83

REPORT

drawn up on behalf of the Committee on Regional Policy
and Regional Planning

on the proposals from the Commission of the European
Communities to the Council (COM(82) 658 final - Doc.
1-1013/82) for regulations on a second series of
specific Community regional development measures
under Article 13 of the Regulation establishing a
European Regional Development Fund (non-quota section)

Rapporteur: Mr H.G. PÖTTERING

PE 82.986/fin.

By letter of 8 December 1982 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposals from the Commission of the European Communities to the Council for two regulations and four amending regulations modifying Regulations (EEC) Nos. 2615/80, 2616/80, 2617/80 and 2618/80 concerning the second series of specific Community regional development measures under Article 13 of the ERDF Regulation.

On 15 December 1982 the President of the European Parliament referred the proposals to the Committee on Regional Policy and Regional Planning as the Committee responsible and to the Committee on Economic and Monetary Affairs, the Committee on Energy and Research and the Committee on Budgets for opinions.

On 26 November 1982 the Committee on Regional Policy and Regional Planning had appointed Mr Pöttering rapporteur.

On 27 January 1983 the Committee on Regional Policy and Regional Planning decided to include in its report the motion for a resolution tabled by Mr Gendebien pursuant to Rule 47 of the Rules of Procedure on transferring the proceeds from fines on steel companies to the non-quota section of the ERDF for restructuring the regions hardest hit by the crisis in the steel sector (Doc. 1-1051/82).

The committee considered the Commission's proposals at its meetings of 25/26 November 1982, 27/28 January 1983 and 24 February 1983.

At its meeting of 26 April 1983, it unanimously adopted the amended proposals for regulations. It likewise unanimously adopted the motion for a resolution.

The following took part in the vote: Mrs Fullet, vice-chairman and acting chairman, Mr Pöttering, rapporteur; Mrs Boot, Mr Cecovini, Mr Gendebien, Mr Griffiths, Mr Harris, Mr Hutton, Mr Kazazis, Mr E. Kellett-Bowman, Mr Kyrkos, Mr Von der Vring and Mr Ziagas.

The opinions of the Committee on Economic and Monetary Affairs, the Committee on Energy and Research, and the Committee on Budgets are attached.

The report was submitted on 3 May 1983.

C O N T E N T S

	<u>Page</u>
AMENDMENTS	5
A. MOTION FOR A RESOLUTION	22
B. EXPLANATORY STATEMENT	25
I. THE FIRST SERIES: EXPERIENCE	25
II. THE INNOVATIONS OF THE SECOND SERIES	29
III. GEOGRAPHICAL SCOPE	30
IV. FUNDS ALLOCATED UNDER THE REGULATIONS	32
V. CHOICE OF SECTORS	33
VI. QUALITATIVE ASPECTS OF THE AID	34
VII. COMMUNITY MEASURES IN THE BORDER AREAS OF IRELAND AND NORTHERN IRELAND	35
Annex 1: Motion for a resolution Doc. 1-1051/82	36
Annex 2: Opinion of the Committee on Economic and Monetary Affairs	37
Annex 3: Opinion of the Committee on Energy and Research	46
Annex 4: Opinion of the Committee on Budgets	49

The Committee on Regional Policy and Regional Planning hereby submits to the European Parliament the following amendments and motion for a resolution, together with explanatory statement, on:

the proposals from the Commission of the European Communities to the Council for regulations and amending regulations modifying Regulations (EEC) Nos. 2615/80, 2616/80, 2617/80 and 2618/80 concerning the second series of specific Community regional development measures under Article 13 of the ERDF Regulation (non-quota section) (Doc. 1- 1013/82)¹

Amendments proposed by the Committee
on Regional Policy and Regional
Planning

Text proposed by the Commission
of the European Communities

I. Regulation amending Council Regulation (EEC) No. 2615/80 instituting a specific Community regional development measure contributing to overcoming restraints on the development of certain French and Italian regions in the context of Community ENLARGEMENT

PREAMBLE, FIRST FIVE RECITALS UNCHANGED

Amendment No. 1

After the fifth recital add the following new recital:

Whereas activities and investments in favour of rural tourism should be stepped up especially in disadvantaged agricultural areas providing the Member States draw up appropriate action programmes.

SIXTH TO NINTH RECITALS UNCHANGED

¹ See OJ No. C 15 of 19.1.1983, page 10 ff

Amendment No. 2

ARTICLE 1

Add the following new paragraph 2:

2. When determining the regions to be assisted and the amount of the aid, account shall be taken of
- (a) the number of persons working in the agricultural sector as a proportion of the total working population in the region
 - (b) the relative share of Mediterranean produce in total agricultural production
 - (c) the income of the agricultural sector in the region by comparison with the average level of agricultural incomes in the Community
 - (d) the proportion of the working population employed in industry
 - (e) the unemployment in the region
 - (f) the per capita GDP in the region

Amendment No. 3

ARTICLE 2

This Article to be amended
as follows:

In accordance with Article 1(2),
specific measures shall be
implemented in the following
regions:

ARTICLE 2

The specific measures shall concern the regions of the Aquitaine, Languedoc-Roussillon and Midi-Pyrénées in France and the regions of the Mezzogiorno in Italy.

Amendment No. 4

ARTICLE 3

Add the following new paragraph 2(a):

2(a) The preparation and implementation of the special programme shall be closely coordinated with national and Community financial instruments, in particular the EAGGF, Guidance Section, the Social Fund, the EIB and the NCI.

ARTICLES 4 and 5 UNCHANGED

Amendment No. 5

ARTICLE 6

Paragraph 1 to be amended as follows:

1. The amount of the fund contribution in respect of the measures included in the special programme shall be paid direct to the local institutions and to the persons or organizations who carry out the individual activities and initiatives under the special programme presented by the Member State to the Commission according to the following rules:

1. The amount of the fund contribution in respect of the measures included in the special programme shall be paid to the Member State concerned (or in accordance with the instructions the latter communicates to this end to the Commission) according to the following rules:

Amendment No. 6

ARTICLE 6

The last sentence of paragraph 1(c)
to be amended as follows:

(c) At the request of a Member State an advance of 80% of the amount of each annual tranche may be made according to progress made on operations or budgetary availability. From the beginning of operations an advance on the Fund contribution concerning the first annual tranche may be paid by the Commission. Requests for advances concerning other annual tranches may be made when operations under the preceding tranche have reached at least 30% of forecasts. The balance of each advance shall be paid direct to the local institution or to the person responsible for carrying out the initiative under the special programme on the basis of a request made by the Member State when it has been certified that the operations corresponding to the tranche in question may be considered as finished, and on presentation of the amount of public expenditure which has been committed.

(c) At the request of a Member State an advance of 80% of the amount of each annual tranche may be made according to progress made on operations or budgetary availability. From the beginning of operations an advance on the Fund contribution concerning the first annual tranche may be paid by the Commission. Requests for advances concerning other annual tranches may be made when operations under the preceding tranche have reached at least 30% of forecasts. The balance of each advance shall be paid at the request of the Member State when it has been certified that the operations corresponding to the tranche in question may be considered as finished, and on presentation of the amount of public expenditure which has been committed.

Amendment No. 7

ARTICLE 6

Paragraph 5 to be amended as
follows:

5. When the special programme has
been implemented, a report including
information on the number and nature
of the jobs created and maintained
shall be presented by the Commission
to the Regional Policy Committee and
the European Parliament.

ARTICLE 6

5. When each special
programme has been implemented,
a report shall be presented
by the Commission to the
Regional Policy Committee.

ARTICLES 7 AND 8 UNCHANGED

II. Regulation amending Regulation (EEC) No. 2616/80 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

PREAMBLE AND ARTICLE 1 UNCHANGED

Amendment No. 8

ARTICLE 2

ARTICLE 2

Paragraph 1 to be amended as follows:

1. When determining the zones to be assisted and the amount of the aid, account shall be taken of

- (a) the proviso that the zone must benefit from a national regional aid scheme;
- (b) the number of persons working in the steel industry as a proportion of the total working population in the zone;

1. The specific measure shall concern the zones which benefit from national regional aid schemes and whose economies depend in large part upon the steel industry and which experience one or other or both of the following:

- (a) a recent and important decline in the steel industry which has already contributed to a worsening of existing regional disparities;
- (b) an expected significant reduction in employment linked to the necessity to reduce steel production capacity.

Amendments proposed by the Committee on
Regional Policy and Regional Planning

- (c) the general rate of unemployment in the zone as well as the decline in employment in the steel industry in the last 6 years, which have already contributed to a worsening of existing regional disparities;
- (d) per capita GDP in the zone;
- (e) the expected reduction in employment over the next 5 years, linked to the necessity to reduce steel-production capacity;

Amendment No. 9

ARTICLE 2

Paragraph 2(a) to be amended as follows:

2(a) In accordance with Article 2(1)(a) - (d), specific measures shall be implemented in the following zones:

....

Text proposed by the Commission
of the European Communities

2(a) The specific measure is applicable on the entry into force of the present Regulation to the following zones to the extent to which they conform to the criterion laid down in paragraph 1(a):

Belgium

The provinces of Hainaut, Liège and Luxembourg (Commission Decision of 22 July 1982).

Italy

The province of Naples.

United Kingdom
The Strathclyde region, the
counties of Cleveland, Clwyd,
South Glamorgan, West
Glamorgan (including those
parts of the travel-to-work
area of Port Talbot which
are situated in the county
of Mid-Glamorgan) and
Gwent, the employment office
area of Corby, the travel-to-
work area of Llanelli in the
county of Dyfed and the counties
of Durham, Humberside and
South Yorkshire.

France

The Departments of Moselle,
Nord, Pas-de-Calais and
Meurthe-et-Moselle, including
in this latter the urban
area of Nancy.

Amendment No. 10

ARTICLE 2

Paragraph 2(b) to be amended as
follows:

(b) The specific measure shall apply
to zones which fulfil the criteria
set out in paragraphs 1(a), 1(b),
1(d) and 1(e) as soon as the
Commission has adopted a position
on the restructuring programmes for
the steel industry,

(b) The specific measure
shall apply to those
zones referred to in
paragraph 1(b) as soon
as the Commission has
adopted a position on

Amendments proposed by the Committee on
Regional Policy and Regional Planning

transmitted by the Member States
in accordance with Commission
Decision No. 2320/81/ECSC of
7 August 1981 establishing
Community rules for aids to the
steel sector and after the
European Parliament has delivered
its opinion through its
appropriate committee.

Amendment No. 11

ARTICLE 3

Add the following new paragraph 2(a):

2(a) The preparation and implementa-
tion of the special programme shall be
closely coordinated with national and
Community financial instruments and
policies, in particular aid from the
ECSC, the Social Fund, the EIB, etc.

ARTICLES 4 AND 5 UNCHANGED

Amendment No. 12

ARTICLE 6

Paragraph 5 to be amended as follows:

5. When the special programme has
been implemented, a report including
information on the number and nature
of the jobs created and maintained
shall be presented by the Commission
to the Regional Policy Committee and
the European Parliament.

ARTICLES 7 AND 8 UNCHANGED

Text proposed by the Commission
of the European Communities

the restructuring programmes for
the steel industry, transmitted
by the Member States in
accordance with Commission
Decision No. 2320/81/ECSC of
7 August 1981 establishing
Community rules for aids to
the steel sector.

ARTICLE 6

5. When each special
programme has been implemented,
a report shall be presented
by the Commission to the
Regional Policy Committee.

III. Regulation amending Regulation (EEC) No. 2617/80 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

PREAMBLE UNCHANGED

Amendment No. 13

ARTICLE 1

Add the following new paragraph 2:

2. When determining the zones to be
assisted and the geographical distribution
of the aid account shall be taken of

- (a) the number of persons working in the
shipbuilding industry as a proportion
of the total working population in
the zone
- (b) the overall rate of unemployment in the zone and the
decline in employment in shipbuilding
in the last 6 years, which have already
contributed to a worsening of existing
regional disparities;
- (c) the expected decline in employment over
the next 5 years;
- (d) the present and expected per capita
GDP in the zone.

Amendments proposed by the Committee on
Regional Policy and Regional Planning

Amendment No. 14

ARTICLE 2

This Article to be amended as follows:

In accordance with Article 1(2), specific measures shall be implemented in the following zones:

.....

Amendment No. 15

ARTICLE 3

Add the following new paragraph 2 (a):

2(a) The preparation and implementation of the special programme shall be closely coordinated with national and Community financial instruments, in particular the European Social Fund, the EIB, etc.

Text proposed by the Commission
of the European Communities

ARTICLE 2

Specific measures shall be applicable to the following zones in the United Kingdom: Strathclyde region, the counties of Cleveland, Tyne and Wear, Merseyside, and the Belfast urban area.

ARTICLES 4 AND 5 UNCHANGED

Amendments proposed by the Committee on
Regional Policy and Regional Planning

Text proposed by the Commission
of the European communities

Amendment No. 16

ARTICLE 6

ARTICLE 6

Paragraph 5 to be amended as follows:

5. When the special programme has been implemented, a report including information on the number and nature of the jobs created and maintained shall be presented by the Commission to the Regional Policy Committee and the European Parliament.

5. When the special programme has been implemented, a report shall be presented by the Commission to the Regional Policy Committee.

ARTICLES 7 AND 8 UNCHANGED

IV. 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 TEXTILE AND CLOTHING INDUSTRY

Amendment No. 17

PREAMBLE UNCHANGED

ARTICLE 1

Add the following new paragraph 2:

2. When determining the zones to be assisted and the amount of the aid, account shall be taken of:

- (a) the contribution of the textile and clothing industry to the GDP of the zone;
- (b) the overall rate of unemployment in the zone and the decline in employment in the textile and clothing industry in the last 6 years;
- (c) the expected decline in employment over the next 5 years;
- (d) the present and future per capita GDP in the zone.

Amendment No. 18

ARTICLE 2

This Article to be amended as
follows:

In accordance with Article 1(2), spe-
cific measures shall be implemented in
the following zones:

.....

ARTICLE 2

The specific measure shall concern
the following zones:

1. Belgium

The zones will be defined when the
Belgian Government and the Commission
have evaluated the implementation
of the 'textile and clothing restruc-
turing programme'.

2. France

The departments of Ariège, Loire,
Pas-de-Calais, Tarn and the Vosges,
including the bordering aided zones
of the departments of Bas-Rhin and
Haut-Rhin; the zones benefiting
from national regional aid schemes
in the departments of Ardèche, Gard
and Nord, including for the latter
the textile zones of the Lille
'arrondissement'.

3. Ireland

The planning regions of Donegal,
North-West and West.

4. Italy

The assisted zones in the Provinces of Arezzo, Como, Perugia, Pesaro-Urbino, Pistoia, Treviso and Vercelli; the Provinces of Enna, Lecce, Bari and Palermo.

5. United Kingdom

Northern Ireland; the areas benefiting from national regional aid schemes in the county of Tayside; the travel-to-work areas of Bradford, Dewsbury, Huddersfield, Keighley and Todmorden in the county of West Yorkshire, the travel-to-work areas of Accrington, Blackburn, Burnley, Lancaster, Nelson and Rossendale in the county of Lancashire, and the travel-to-work areas of Ashton-under-Lyme, Bolton, Bury, Leigh, Oldham, Rochdale and Wigan in the county of Greater Manchester.

6. Netherlands

The 'COROP-Gebied' of Twente.

Amendment No. 19

ARTICLE 3

Add the following new paragraph 2(a):

2(a) The preparation and implementation of the special programme shall be closely coordinated with national and Community policies and financial instruments, in particular the Social Fund, the EIB and the NCI.

Amendment No. 20

ARTICLE 4

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

1. Improvement of run-down areas whose character is industrial or industrial-and-urban to the extent to which the two aspects cannot be dissociated, including: the cleaning-up and preparation of such areas, demolition and redevelopment of disused industrial buildings and conversion of their sites including the modernization and redevelopment of premises for SMUs, the creation of green areas and minor works for improving the appearance of localities and - where justified - minor roads giving access to the locations of new activities.

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

1. Improvement of run-down areas whose character is industrial or industrial-and-urban to the extent to which the two aspects cannot be dissociated, including: the cleaning-up and preparation of such areas, the conversion of disused industrial buildings and their surroundings, including the modernization of premises for SMUs, the creation of green areas and minor works for improving the appearance of localities and, exceptionally, minor roads giving access to the locations of new activities.

ARTICLE 5 UNCHANGED

Amendment No. 21

ARTICLE 6

Paragraph 5 to be amended as follows:

5. When the special programme has been implemented, a report including information on the number and nature of the jobs created and maintained shall be presented by the Commission to the Regional Policy Committee and the European Parliament.

ARTICLE 6

5. When each special programme has been implemented, a report shall be presented by the Commission to the Regional Policy Committee.

ARTICLES 7 AND 8 UNCHANGED

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposals from the Commission of the European Communities to the Council for regulations on a second series of specific Community regional development measures under Article 13 of the Regulation establishing a European Regional Development Fund (non-quota section).

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council (COM(82) 658 final)¹,
- having been consulted by the Council pursuant to Article 13(3) of the ERDF Regulation (Doc. 1-1013/82),
- having regard to the motion for a resolution by Mr GENDEBIEN on transferring the proceeds from fines on steel companies to the non-quota section of the ERDF for restructuring the regions hardest hit by the crisis in the steel sector (Doc. 1-1051/82),
- having regard to Article 4(3)(b) and Article 27 of the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 724/75 establishing the ERDF (Doc. 1-735/81),
- having regard to the report of the Committee on Regional Policy and Regional Planning and the opinions of the Committee on Budgets, the Committee on Energy and Research and the Committee on Economic and Monetary Affairs (Doc. 1-269/83),
- having regard to the votes on the Commission's proposals,

¹ OJ No. C 15 of 19.1.83, p.10

1. Welcomes the Commission's proposals for a second series of specific Community regional development measures under Article 13 of the ERDF Regulation;
2. Observes that the Commission's new proposals supplement and improve the five regulations concerning the first series of measures, adopted by the Council in November 1980;
3. Observes that the experience gained from the implementation of the first series of specific Community measures, which is based on a period of only two years, is still relatively limited and not entirely satisfactory;
4. Welcomes the Commission's choice of subjects and its concentration on declining industrial sectors and points out that the proposed measures are not designed to support the crisis sectors but to create alternative jobs outside these branches of industry;
5. Draws attention to the close connection between the specific measures and Community policies in the steel and textile industries;
6. Refers to its resolution of 15.2.1982 (1) on a 'Mediterranean plan' for the benefit of Mediterranean countries belonging to the European Community and the applicant countries Portugal and Spain on the basis of a Council Regulation, and calls on the Commission to ensure that the specific Community measures for certain French, Greek and Italian regions in the context of enlargement are adapted to this Mediterranean plan to be submitted by the Commission;
7. Observes that all appropriations under the non-quota section of the ERDF will have been committed until the end of 1987 if the proposed regulations are adopted, unless the Fund Regulation is revised and the non-quota section is increased;
8. Draws attention to the limited nature of the funds available up to 1987 for the specific Community measures and calls on the Council to undertake an immediate revision of the ERDF Regulation, providing, inter alia, for an increase in the non-quota section of the Fund;

(1) OJ No. C 66, 15.3.82, p. 26

9. Regrets that no objective and clear criteria have been specified in the regulations to facilitate the decision as to which of the regions proposed by the Commission should be granted aid;
10. Regrets that the Commission bases its selection of the areas to be assisted inter alia on unemployment figures from 1979; and before so that no account whatsoever taken of the dramatic recent developments in the steel, textile and in particular the shipbuilding industry, and calls on the Commission always to use the most recent figures available;
11. Calls on the Commission to adopt the European Parliament's proposals concerning selection criteria and include them in the regulations and ensure that regions are not chosen to receive aid as a result of political pressures or obligations; this principle should apply equally when determining the regions to receive aid from the non-quota section within one Member State;
12. Requests the Commission to approach the Council to ensure that there is also a limit in each Member State on the number of specific measures in this second series so that the aid is not distributed too thinly;
13. Calls on the Commission to ensure that the special programmes are prepared and implemented in coordination with national and Community financial instruments;
14. Supports the Commission's new proposals to provide encouragement and support for business initiatives by means of advisory services for undertakings;
15. Calls on the Commission to consider in advance what other branches of industry and what other regions are likely to be affected in the foreseeable future by drastic structural upheavals of this kind so that specific measures for the areas concerned can be adopted more promptly than has hitherto been the case;
16. Calls on the Commission to adopt the proposed amendments and to incorporate them in its proposal pursuant to Article 149(2) of the EEC Treaty;
17. Welcomes the Commission's announcement as regards the second phase of the second series for the steel industry and draws attention in this connection to the fact that the crisis has likewise had particularly serious effects on the shipbuilding and textile industries, for which the Community must assume special responsibility and in respect of which it must also make provision for a second phase;
18. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposals as voted by Parliament and the corresponding resolution.

EXPLANATORY STATEMENTI. THE FIRST SERIES: EXPERIENCE

1. In October 1979 the Council submitted to the European Parliament a first series of proposals for regulations concerning specific Community measures under Article 13 of the ERDF Regulation. The European Parliament delivered its opinion on 11 March 1980 (1) (CRONIN report), without making any substantial changes in the proposals.
2. On 7 October 1980 the Council adopted five Regulations instituting specific Community measures contributing to:
 - the development of certain French and Italian regions in the context of Community enlargement;
 - overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the steel industry;
 - overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry;
 - 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 improvement of the economic and social situation of the border areas of Ireland and Northern Ireland.
3. Since some Member States had considerable difficulties in submitting the necessary multiannual special programmes (normally five-year programmes) under the non-quota section, the Commission could not begin the financing until 1981.

(1) OJ No. C 85 of 8.4.80

4. In the autumn of 1982, a year after the adoption of the Council Regulations, the Commission was still awaiting the following programmes: (1)
- restructuring of the steel industry, programmes for the affected regions of the United Kingdom and Italy;
 - restructuring of the shipbuilding industry, programmes for the affected regions of the United Kingdom.
5. Since then (January 1983) the United Kingdom has submitted the necessary programmes, but there is still no special programme for the steel region of Italy (Province of Naples). The sum of 4 million ECU earmarked for the region of Naples is evidently not sufficient incentive for the preparation of a development programme.
6. The rate of commitment of the funds since October 1980, the time of the Councils adoption of the Regulations, has been correspondingly slow. By 31 January 1983, 73 million ECU had been committed (as compared with the Commission's original estimate of 126 million ECU (2)).

(1) Seventh Annual Report (1981) on the ERDF, point 67

(2) COM(79) 540 final of 18.10.79, page 15

Commitments for non-quota programmes

(first series 1980 - 84)

Programme	Total grant for 5-year programme (1980-84)	Commitments at 31.12.81 (1)	Commitments at 31.1.83 (2)
- France (enlargement)	55	15.6	28.2
- Italy (enlargement)	65	16.1	16.1
- Ireland (border areas)	16	3.2	3.2
- United Kingdom (border areas)	8	0.5	0.5
- United Kingdom (restructuring of steel industry)	33	-	12.8
- Belgium (restructuring of steel industry)	6	0.2	1.0
- Italy (restructuring of steel industry)	4	-	-
- United Kingdom (shipbuilding)	17	-	6.5
- Italy (alternative energy sources)	16	5.0	5.0
Total	220	40.6	73.3

(1) ERDF 7th Annual Report (1981), COM(82) 586 final, point 67

(2) Figures provided by the Commission

7. It is a surprising fact that for some programmes there was no further commitment of appropriations in 1982, which suggests that a number of Member States are unable to absorb the funds.

In 1982, no further appropriations were committed by:

- Italy (enlargement)
 - Italy (alternative energy sources)
 - Italy (restructuring of steel industry, Province of Naples)
 - United Kingdom (border areas)
 - Ireland (border areas).
8. While the reasons for the failure to use the appropriations for the border areas of Ireland and Northern Ireland are generally recognized - there are not sufficient undertakings prepared to invest in this troubled region - there is no obvious explanation for the low absorption capacity in Italy. This fact is important in that the Commission proposes, for example, to increase the appropriations for Italy under the heading 'alternative energy sources' from 16 to 23 m ECU.
9. Since the development programme on the Irish border has not progressed as the Commission hoped, the latter has not proposed any increase in appropriations for the second series of measures.

The question therefore arises as to whether this principle should not also be applied to other Community measures.

10. The Regulations on the first series of measures cover the period 1980 - 1984 and involve around 220 m ECU. What experience has been gained so far from the implementation of the first series?

- There were some considerable delays in submitting programmes to the Commission; there is still no Italian programme for the Province of Naples.
- The European Parliament has no information regarding the quality of the programmes submitted; contrary to the provisions of the Regulation, they have still not been published by the Commission.

- The European Parliament has not been informed of the number of jobs created or maintained as a result of the first series of measures. The latest Annual Report (1981) on the ERDF contains no details of the results of the measures under the non-quota section.
- Since the activities under the non-quota section of the ERDF did not begin until 1981, it would in any case be too early, even if all the necessary information were available, to make a useful assessment of the practical results of the measures taken so far.
- It may be asked whether this relatively short period of about 20 months offers sufficient experience on which to base a meaningful revision of the first series of regulations. There are grounds for doubting this.

II. THE INNOVATIONS OF THE SECOND SERIES

11. The new proposals made by the Commission in relation to the second series of measures may be grouped as follows:
 - A. The geographical scope of Regulations 2615/80 (enlargement) and 2618/80 (alternative energy sources) is extended to include Greece, with a corresponding increase in appropriations.
France (Lorraine) is added to the list of steel-producing regions to be assisted.
 - B. There is an increase in the financial allocation for Regulations 2618/80 (alternative energy sources) and 2616/80 (steel regions).
 - C. With regard to the choice of sectors, the inclusion of regions with a declining textile industry is a new feature. This addition accords with the wishes expressed by the European Parliament (1).

(1) CRONIN report on the Commission proposals for the first series of specific Community measures, Doc. 1-715/79, and the EP's resolution of 11.3.80.

D. A further important change concerns the qualitative aspects of the existing Regulations. The proposals make qualitative improvements in the implementing arrangements for all the Regulations, even those which are unchanged in geographical and financial scope (shipbuilding). These changes are unanimously welcomed by the Committee on Regional Policy and Regional Planning since advisory services can assist small and medium sized undertakings to gain access to markets. In addition, the payment of investment aids is to be accelerated by means of advances.

E. The measures to benefit the steel regions are divided by the Commission into two phases. Phase I concerns the steel regions in four Member States (92 m ECU) and Phase II, which has yet to be proposed, is to cover all the Member States (138 m ECU) which will be affected by restructuring in the steel industry. It is not yet known how this aid will be allocated among the Member States.

F. Council Regulation (EEC) No. 2619/80 on the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland does not, in the Commission's view, require any alteration. For the moment it will therefore remain effective in its present form until the end of 1984.

III. GEOGRAPHICAL SCOPE

12. The Commission bases its proposals on the amended Fund Regulation which has not yet been adopted by the Council. According to Articles 4 and 27 of this revised regulation, specific Community measures may be undertaken in regions particularly affected by

- recent and serious problems of industrial decline

or

- the effects of certain Community policies.

13. There do not yet exist any specific Community criteria for the choice of the regions.

14. In selecting the regions and zones the Commission has used the following criteria, but has made a serious error in not defining them more clearly in its proposal:

- The Commission's present view is that only regions with an index of less than 125 may be taken into account.

Note: The index of the regions is based on both per capita GDP and long-term unemployment. Its shortcoming is that it relates to the years 1975, 1977 and 1979 and is therefore completely outdated, particularly with regard to long-term unemployment. It is essential that more recent information should be used. The Commission has this information.

- For the regions with a declining steel industry, the deciding criterion is the number of jobs lost so far (the Commission bases its calculations on the period 1978-1982 although there is no basis for this in the Regulation) and the expected number of future job losses resulting from the need to reduce production capacity (see Article 2(1) (a) and (b) of the proposal for a regulation).

15. The Committee on Regional Policy and Regional Planning is forced to observe that these criteria are in every respect extremely vague and imprecise. There is no reference period for the evaluation of structural trends, nor is any link made between the decline in employment in the steel industry and the share of this industry in the GDP of a region.

In the proposal for a regulation concerning the regions affected by the decline of the textile and clothing industry, the Commission makes no mention whatsoever of the criteria to be used in selecting these regions. The recitals and Articles 1 and 2 of the proposal for a regulation do not list the objective criteria for selection but state the results of this selection - the names of the regions to be assisted. How was this list drawn up?

The same also applies to the choice of regions affected by the decline in the shipbuilding industry (Regulation (EEC) No. 2617/80).

In conclusion, the definition and use of objective selection criteria represents an attempt to rationalize and increase the transparency of difficult decisions. The Commission does not make this attempt. Greater clarity and transparency in the choice of regions is politically essential. It would avoid undoubtedly unjustified claims that the Commission's choice has been determined inter alia by political pressures or considerations.

16. The Committee on Regional Policy and Regional Planning approves unreservedly the extension to Greece of the Community measures concerning enlargement to the South. It also approves the inclusion of Greece in Regulation (EEC) No. 2618/80 (alternative energy sources).

IV. FUNDS ALLOCATED UNDER THE REGULATIONS

17. The first and second series of measures covering the period up to 1987 involve the allocation of around 836 m ECU, which corresponds to about 7% of the ERDF. This means that if the Commission's proposals are adopted, the entire non-quota section of the ERDF will have been committed until the end of 1987. Only if the non-quota section of the Fund Regulation is revised will there be any room for manoeuvre. However, given the amounts allocated for each of the 16 programmes (which have still to be submitted to the Commission), there are grounds for asking whether a smaller number might not have achieved more.
18. Limited amounts such as 3 m ECU for the textile regions of Ireland or 4 m ECU for the steel region of Naples, which are, furthermore, to be distributed over a 5-year period, can achieve very little, if anything at all, in terms of regional policy. This partly explains why Italy has not submitted a programme for the province of Naples.

The Committee on Regional Policy and Regional Planning considers it essential that the Commission should in future concentrate on a smaller number of programmes, not least of all to ensure that they are better financed.

19. It is important to make this point now since the Commission intends to propose at a later stage a second phase of measures to benefit steel regions in all the Member States. The amount proposed for this second phase is 138 m ECU.
20. The European Parliament will insist that it is consulted by the Commission on the proposals for the second phase. However, the European Parliament does not demand that this second phase should be implemented by means of a resolution. The Committee on Regional Policy and Regional Planning would have preferred a single Commission proposal covering the first and second phases of the measures for the steel regions. It is prepared to approve this division into two phases only in order not to delay the beginning of the first phase. The Commission is called upon to take into account the allocation of financial resources during the first phase when deciding on the geographical distribution of aid in the second phase.

V. CHOICE OF SECTORS

21. With regard to the choice of sectors, the proposal for the new Fund Regulation states that the measures should assist industries or regions which are 'particularly affected by the effects of certain Community policies'.
22. The Committee approves unreservedly the inclusion of the steel and textile industries under this provision and the highlighting of certain Mediterranean regions of Italy, Greece and France in the context of enlargement to the South. It has more difficulty in approving the inclusion of measures concerning alternative energy sources in Italy and Greece and measures to benefit regions with a declining shipbuilding industry since there is at most only the outline of a common energy policy in the Community and no common shipbuilding policy whatsoever.
23. The committee welcomes, however, the inclusion of the textile industry. The Multifibre Arrangement imposes certain obligations on the European Community in this area also.

Consideration should be given inter alia to the possibility of including coastal regions with declining fish catches as well as regions with a declining shipbuilding industry since large numbers of workers in these industries have recently been made redundant in some areas.

Consideration should also be given in the medium term to including the automobile industry since major structural cut-backs in production are to be expected in this sector in the future.

24. With regard to the allocation of funds, the regions with a declining textile and clothing industry (260 m ECU) receive somewhat better treatment than the steel regions (first phase: 92 m ECU, second phase: 138 m ECU, total: 230 m ECU). The numbers of jobs lost in each of the two sectors do not justify this relative weighting. The steel regions should be given definite priority in future.
25. On the other hand, the financial allocation for the measures (approved by the European Parliament in 1980) to benefit certain regions of South-West France in the context of enlargement (55 m ECU) is relatively generous on two accounts. The basic situation of South-West France is appreciably better than that of the Mediterranean regions of Italy and Greece; it has a higher per capita income, better infrastructure and is less dependent on agriculture.
26. The European Parliament assumes that the financial measures relating to enlargement and other appropriate transitional measures to be adopted at a later stage, e.g. in connection with the Mediterranean Plan, will guarantee the success of a Community of 12. The European Parliament expects these measures to lead to a positive attitude to enlargement on the part of all Member States.
27. In conclusion, the choice of sectors is to be approved on the whole. There should, however, be an increase in the amount of aid for the steel regions since the Community has a particular responsibility with regard to the restructuring of the steel industry.

VI. QUALITATIVE ASPECTS OF THE AID

28. The Commission has included a number of new priorities in this area which are to be welcomed as a whole. Particular emphasis is placed upon:
- the redevelopment of industrial and urban areas in the steel and textile regions
 - specific investment aids for small and medium-sized undertakings (SMUs) together with advisory services, market research, aids for the creation of new undertakings, etc.

- interest rebates on global loans for SMUs in the form of EIB loans, NCI loans or under the ECSC Treaty

- support for economic animation agencies.

29. The Committee on Regional Policy and Regional Planning welcomes these proposals and points out that in general the disadvantaged regions require not only the provision of investment capital but also an accompanying transfer of 'know-how'.

It will have to be seen at a later stage what effect the support for these services actually has on the creation of jobs.

VII. COMMUNITY MEASURES IN THE BORDER AREAS OF IRELAND AND NORTHERN IRELAND

30. In view of the present political obstacles to this specific Community measure, for which the Commission is not responsible, the Commission should submit proposals immediately to ensure that the funds available can be put to their intended use.

MOTION FOR A RESOLUTION

tabled by Mr GENDEBIEN (Document 1-1051/82)

pursuant to Rule 47 of the Rules of Procedure

on transferring the proceeds from fines on steel companies to the non-quota section of the ERDF for restructuring the regions hardest hit by the crisis in the steel sector

The European Parliament,

- A - whereas the Commission has just imposed fines totalling over Bfrs. 1,000 m. on nine steelmaking companies found to have exceeded their production quotas,
 - B - whereas this policy of production quotas and support for steel prices pursued by the Commission inevitably has a direct effect on the level of employment and, as a result, on the economic and social future of hundreds of thousands of workers,
 - C - whereas the Commission itself recognizes the consequences of its policy which is why, with Parliament's backing, it has introduced the non-quota section of the European Regional Development Fund especially to encourage restructuring in the steelmaking areas most severely affected by the crisis,
 - D - whereas the financial resources currently available under the non-quota section of the ERDF are insufficient to ensure a revival in the steel-making areas,
 - E - whereas Parliament's concern and more particularly that of its Committee on Regional Policy and Regional Planning has already been sufficiently demonstrated,
1. Asks that appropriations equivalent to the proceeds of the fines paid to the Commission from 1 January 1983 by steel firms be assigned in full to the restructuring programmes for the steelmaking areas drawn up by the Commission under the non-quota section of the ERDF;
 2. Asks that this sum be added to the appropriations already earmarked for this purpose in the Community budget;
 3. Asks for this sum to be allocated by means of a supplementary and amending budget for 1983;
 4. Instructs its President to forward this resolution to the Commission and the Council.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Draftsman of the opinion: Mr PAPANTONIOU

On 24 January 1983, the Committee on Economic and Monetary Affairs appointed Mr. PAPANTONIOU as draftsman of the opinion.

The Committee considered the draft opinion at its meeting of 15 March 1983 and adopted it unanimously with 4 abstentions.

The following took part in the vote:

Mr. Jacques MOREAU, Chairman; Mr. MACARIO, Vice-Chairman; Mr. PAPANTONIOU, Draftsman; Mr. ALBERS (deputizing for Mr. Ruffolo); Mr. von BISMARCK; Mr. BONACCINI; Mr. CARROSSINO (deputizing for Mr. Leonardi); Mr. DELOROZOY; Mrs. DESOUCHES; Lord HARMAR-NICHOLLS (deputizing for Mrs. Forster); Mr. de GOEDE; Mr. de GUCHT; Mr. HERMAN; Mr. MIHR; Mr. T. NIELSEN (deputizing for Mr. Nordmann); Mr. NYBORG; Sir Brandon RHYS-WILLIAMS; Mr. ROGALLA (deputizing for Mr. Walter); Mr. SCHINZEL; Mr. WAGNER; Mr. WELSH

1. The non-quota section of the ERDF was introduced in 1979 with the primary aim of mitigating, through the implementation of specific measures, certain adverse consequences which the Community's policies and provisions may have for the regions.
2. On a proposal from the Commission, a first series of non-quota measures was adopted by the Council on 7 October 1980 ⁽¹⁾. These measures - aimed at developing certain Mediterranean regions in the context of the future enlargement of the Community, promoting new activities in certain regions affected by the crisis in the steel and shipbuilding industries, improving the security of energy supply in certain areas within the Mezzogiorno regions and assisting the border areas of Ireland and Northern Ireland - were endorsed by the European Parliament in its opinion of 11 March 1980 ⁽²⁾.
3. The current proposals ⁽³⁾ constitute a second series of non-quota measures. They provide on the one hand for the continuation and financial reinforcement of measures already in hand in the southern regions of the Community and the introduction of specific measures to assist Greece, and on the other hand for the development of new economic activities in regions particularly affected by restructuring in declining industrial sectors.

Choice of projects and regions

4. The Commission is to be commended for its decision to follow up and consolidate the existing measures concerning enlargement (structural measures to enable certain regions to adjust to enlargement before the applicant countries actually become members) and the energy, steel and shipbuilding sectors. A logical consequence of this policy would be to

(1) OJ No. L 271 of 15.10.1980

(2) OJ No. C 85 of 8.4.1980

(3) Doc. 1-1013/82

extend the enlargement and energy measures to Greece. In particular they should be extended not just to the islands, as the Commission already proposes, but to the frontier regions as well whose agricultural production is also characterised by the predominance of Mediterranean products and whose energy dependence is an obstacle to development.

Furthermore, it should be taken into account that the financial allocation for the measures to benefit certain regions of South-west France in the context of enlargement is relatively generous, given the better basic position of this part of France comparatively to the Mediterranean regions of Italy and Greece (higher per capita income, better infrastructure and less dependence on agriculture).

5. The Commission is also to be commended for introducing a new non-quota regional development measure for restructuring the textiles and clothing industry. It is worth pointing out, however, that in its opinion of 11 March 1980, Parliament expressed its conviction that, apart from textiles, the coal industry and the fishing and agricultural sectors should also be taken into consideration. There can be no doubt that Community action in these sectors would have a really beneficial effect on the regions.
6. As far as the measures in the steel and shipbuilding sectors are concerned, Parliament pointed out in March 1980 that the Commission had been extremely restrictive in its choice of areas meriting assistance. The same applies to the actual proposals for the ERDF non-quota section. In fact, apart from extending the specific measures in the steel sector to new areas in the U.K. and France, these new proposals do not increase the number of areas in which specific measures in the shipbuilding sector may be carried out. More generally, the criteria used by the Commission in selecting projects and regions is rather narrow and tends to exclude regions lacking adequate statistical data base, especially as concerns unemployment. A broadening of the scope of such criteria is, therefore, essential if a just allocation of non-quota funds is to be achieved.

7. It should be pointed out in this connection that the restrictive approach taken by the Commission in selecting eligible regions also owes to the relative paucity of the financial resources available. That being so, the Council, in reviewing basic ERDF Regulation No. 724/75, should arrive at a decision providing for an increase in the appropriations for the non-quota section, which at present account for 5% of the ERDF allocation. Actually, the non-quota' commitments earmarked for the period 1983-1987 amount to 836.6m ECU (710m ECU for the second series of measures plus 126.6m ECU for the first series of programmes currently being implemented) and will represent 7% of the ERDF's total endowment for the same period, assuming, that the average annual endowment will be equivalent to the amount proposed by the Commission for 1983, i.e. 2,400m ECU. In addition, the 710m ECU earmarked as the Community's contribution to the second series of non-quota measures do not include the resources needed for the financing of new specific measures for Ireland and Northern Ireland, which the Commission will be presenting shortly.
8. As regards the apportionment of the funds, attention should be drawn to the considerable expansion of the measures designed to foster new economic activities in the regions particularly affected by the restructuring of declining industrial sectors, which account for approximately two-thirds of the total allocation.

Nature of the specific measures envisaged and their implementation

9. In common with the first series, the second series of specific ERDF measures envisages both capital aids and a system of 'pump priming' aids aimed at reviving economic activity.

Since Parliament has already expressed its approval of initiatives of this kind, it is logical that we should confine our attention here to the changes and innovations.

10. One innovation is the notion introduced by the Commission of stimulating

economic initiatives. This entails broadening the scope of the Fund to include measures which could establish an active liaison between existing or potential economic firms and their environment in the broad sense of the term, while helping such firms to become aware of and to call on aid systems for which they are eligible.

11. Unlike the first series, the measures in favour of the SMUs intended to provide aid to market surveys and aid to investment for the creation of new undertakings or for the adaptation of production to market potential by existing undertakings now cover the steel and shipbuilding sectors and the textile industry. These measures, should be fully supported and also implemented in all sectors.

Furthermore, investment aid - payment of which would be conditional on the completion of market surveys whose results would ensure greater economic viability for the investment - would be available to the beneficiary in the form of a supplementary financial incentive relative to the most favourable aid available under the existing scheme. The new scheme undoubtedly signifies a measure of progress towards that complementarity between Community aid and national aid which has consistently been advocated by Parliament.

12. This extension of the Fund's field of application is justified by the deteriorating situation in the abovementioned sectors and by the consequent need to step up non-quota intervention in the regions affected by industrial decline. Such an extension is suggested, moreover, in the text of the proposal amending Regulation (EEC) No. 724/75 ⁽¹⁾.
13. It is proposed that the new steel measure should be implemented in two stages.

(1) (COM (81) 589 final) Doc. 1-735/81

The first stage would entail the immediate application of a specific measure to areas where there has been a recent and serious collapse of the steel industry, which has already helped to accentuate existing regional imbalances.

The second stage would entail the application of a specific measure to areas which have suffered considerable job losses linked to an adjustment of production capacities as soon as the Commission has adopted a position on the national steel industry restructuring programmes. All the member States would stand to benefit from this measure.

Hence, the new measure would tie in very closely with the Commission's policy on such matters.

14. Finally, we should comment on the problem of the need to improve the budgetary procedures.

A perusal of the Commission's Seventh Annual Report (financial year 1981) (COM (82) 586 final) shows that the percentage utilization of the commitment appropriations and payment appropriations in Chapter 56 (non-quota measures) is, at 39% and 26.7% respectively, somewhat low.

The accelerated payments procedure proposed by the Commission was also examined by the Court of Auditors in the Annual Report for 1981 ⁽¹⁾. The Court concluded that this procedure does not appear to have any effect on the time needed to implement projects and to carry out the necessary work.

(1) See points 7.33 - 7.39

CONCLUSIONS

15. The Economic Committee emphasizes once again the importance that it attaches to the non-quota section of the ERDF. The general justification for specific measures under this section lies in the fact that they should be linked to Community policies and measures adopted so as to better take account of their regional dimension or to alleviate adverse impacts on the regions.

As far as the specific measures are concerned the Committee would like to make a few comments as regards :

- choice of projects and regions;
- nature of the specific measures envisaged and their implementation.

16. Choice of projects and regions

The Commission is to be commended for its decision :

- (a) to follow up and consolidate the existing measures concerning enlargement, and the energy, steel and shipbuilding sectors;
- (b) to extend the enlargement and energy measures to Greece and, in particular, to the Greek islands;
- (c) to introduce a new action concerning the textiles and clothing industry;
- (d) to extend specific measures in the steel sectors to new areas in the U.K. and France;
- (e) to link action planned in the steel sector to the granting of Community loans.

17. It is worth pointing out however, that :

- (a) The allocation of funds for the financing of projects concerning enlargement does not adequately reflect existing differences in overall economic and social conditions among the regions involved;
- (b) the new proposals for the ERDF non-quota section do not take into consideration the coal industry and the fishing and agricultural sectors;
- (c) The Commission has been extremely restrictive in its choice of areas meriting assistance; the scope of selection criteria should, therefore, be broadened so as to prevent the practical exclusion of regions lacking adequate statistical data base, especially as concerns unemployment while the Council, in reviewing basic ERDF Regulation No. 724/75, should provide for an increase in the appropriations for the non-quota section.

Nature of the specific measures envisaged and their implementation

18. The Commission is to be commended for its decision :

- (a) to introduce measures helping existing or potential economic enterprises to become aware of and to call on aid systems for which they are eligible;
- (b) to extend measures in favour of the Small and Medium-sized undertakings so as to cover the steel and shipbuilding sections and the textile industry;
- (c) to progress towards complementarity between Community aid and national aid, namely by :
 - offering investment aid in the form of a supplementary financial

incentive relative to the most favourable aid available under the existing scheme;

- Linking the application of new steel measures to areas which have suffered considerable job losses to the Commission's policy on such matters.

19. As regards the apportionment of the funds the Economic Committee takes note of the fact that approximately two-thirds of the total allocation are devoted to actions in the regions particularly affected by the restructuring of declining industrial sectors.

O P I N I O N

(Rule 101 of the Rules of Procedure)

of the Committee on Energy and Research

Draftsman: Mrs THEOBALD-PAOLI

On 19 January 1983, the Committee on Energy and Research appointed Mrs THEOBALD-PAOLI draftsman of the opinion.

The Committee considered the draft opinion at its meeting of 16 February 1983. It adopted the draft opinion on 16 February 1983 unanimously.

The following took part in the vote: Mr GALLAGHER, acting-chairman; Mr SELIGMAN, vice-chairman; Mr ROGALLA, acting-draftsman; Mr ADAM; Mr CALVEZ, (deputizing for Mr PINTAT); Mr MARKOPOULOS; Mr MORELAND; Mr PEDINI; Mr PROTOPAPADAKIS; Mr ROGERS, (deputizing for Mr LINKOHR); Mr SASSANO; Mr TRAVAGLINI, (deputizing for Mr FUCHS); Sir Peter VANNECK.

1. The document submitted for consultation comprises six proposals for regulations. Of these, only the fifth, i.e. :

the Proposal for a Council Regulation amending Regulation (EEC) 2618/80 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

falls within the terms of reference of the Committee on Energy and Research. This opinion therefore only deals with this proposal.

2. In all its motions for resolution the Committee on Energy and Research has called for the improvement of the security of the Community energy supply and the encouragement of the use of the Community's own traditional and alternative energy sources. It has also constantly advocated better use of new technology.

3. The aim of the proposal for a regulation is the extension to most of the Greek archipelago of the measures already taken, from which Greece derived no benefit as it was not yet a Member State when the basic regulation came into force. What is involved therefore is the extension of the geographical application of the regulation in question.

4. The recitals point to the situation in the region to be developed, characterized by a large energy shortage, great dependence on oil imports and particularly high energy costs. When questioned on this point, the Commission explained that the cost of transporting imported oil, in small transport units, pushes up its cost price.

5. This represents a considerable obstacle to the development of the region which entails increased energy consumption.

Rocky or mountainous islands might well be able to exploit hydro-electric power even if only in small quantities, which entails the use of mini turbines.

6. The Commission considers that in these areas, geothermal energy resources represent an important source of alternative energy, the use of which should be encouraged.

In 1981 the Commission published a geothermal atlas of the regions of the Community. It contains no data (temperature of the sub-soil) for Greece, which is only to be expected as Greece was not yet a part of the Community when it was published. However, neither are there any data for Ireland, most of the Scottish islands, Corsica and Sardinia.

7. The Committee on Energy and Research is curious to know why these data are not known. For instance: it is conceivable that Corsica has the same potential as Tuscany, lying just opposite which is rich in geothermal resources.

8. Whilst it wholly approves the measures proposed for the Greek islands, as regards hydraulic energy, geothermal and wind energy, utilization of the biomass (Art. 1, para. 4 of the proposal), demonstration projects and feasibility and technical innovation studies, the Committee on Energy and Research cannot consider them adequate from a geographical point of view if dependence on imported energy is to be really reduced.

8. The Committee on Energy and Research therefore considers that this system should be extended to all the islands in a similar situation; it requests that the gaps in the geothermal atlas be filled.

It also requests that, in so far as natural conditions allow and socio-economic needs demand, these measures be extended in the near future to Sardinia, Corsica, the Scottish islands and to all the islands of the Community presenting a similar situation and similar needs, demand, in accordance with the provisions of Article 2 of the Treaty establishing the EEC, which sets among the Community's tasks that promoting 'throughout the Community a harmonious development of economic activities... and an accelerated raising of the standard of living'.

9. The Committee on Energy and Research therefore requests that in its draft resolution the Committee on Regional Policy and Regional Planning:

- approve this proposal for a regulation amending Regulation (EEC) 2618/80;
- call on the Commission to complete its geothermal atlas;
- call on the Commission to take immediate steps to extend this regulation, with liaison with the Member States concerned and wherever feasible, to Sardinia, Corsica, the Scottish islands and all islands in a similar situation in the Community.

OPINION

of the Committee on Budgets for the Committee on Regional Policy
and Regional Planning

Draftsman: Mr H.J. LOUWES

On 20 January the Committee on Budgets appointed Mr H.J. LOUWES
draftsman of the opinion.

The committee considered the draft opinion at its meeting of
17 March 1983 and adopted its conclusions unanimously. The draft
opinion was submitted on 18 March 1983.

The following took part in the vote: Mr LANGE, chairman;
Mr NOTENBOOM, vice-chairman; Mr LOUWES, draftsman; Mr ADONNINO,
Mrs HOFF, Mr JACKSON, Mr KELLETT-BOWMAN, Mr PRICE, Sir James SCOTT-HOPKINS
(deputizing for Lord DOURO) and Mr SIMONNET

1. The European Regional Development Fund was set up in 1975. Article 1 of the regulation establishing the Fund¹ defines its objective as follows: the ERDF is intended 'to correct the principal regional imbalances within the Community resulting in particular from agricultural preponderance, industrial change and structural under-employment'. In 1978-79 when this basic regulation establishing the Fund was reviewed for the first time, Parliament managed to introduce the following changes:

- that the endowment for the Fund should be laid down in the budget;
- that a non-quota section should be introduced, albeit under very restrictive conditions which were unacceptable to Parliament².

2. The non-quota section of the Fund did not become operational until 7 October 1980 when the Council approved an initial series of specific Community measures for regional development.

The Commission has now submitted a proposal for a second series of specific Community measures (COM(82) 658 final of 18 November 1982).

Formally, we are concerned here with six proposals for Council regulations. Of these, only two are really new:

- the proposal for a Council Regulation instituting a specific Community measure contributing to the regional development of certain Greek regions in the context of Community enlargement;
- the proposal for a 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 the restructuring of the textile and clothing industry.

The remaining four proposals concern amendments to existing regulations contained in the first series of specific Community measures:

- proposal for a Council Regulation amending Regulation (EEC) No 2615/180 instituting a specific Community regional development measure contributing to overcoming constraints on the development of certain French and Italian regions in the context of Community enlargement.

¹Council Regulation (EEC) No. 724/75 of 18.3.75 (OJ L 73, 21.3.75)

²Council Regulation (EEC) No. 214/79 of 6.2.79 (OJ L 35, 9.2.79); an updated version of the amended text of the regulation appears in OJ C 36, 9.2.79)

- proposal for a Council Regulation amending Regulation (EEC) No 2616/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by the restructuring of the steel industry.
 - proposal for a Council Regulation amending Regulation (EEC) No 2617/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by the restructuring of the shipbuilding industry.
 - proposal for a Council Regulation amending Regulation (EEC) No 2618/80 instituting a specific Community regional development measure contributing to improving the security of the supply of energy in certain regions of the Community by better use of new technologies for hydro-electric power and alternative energy sources.
3. This flood of regulations is necessitated by the provision contained in Article 13(3) of the Regulation establishing the Fund whereby the Council, acting unanimously, is required to determine a special programme for each of the specific Community measures.

This provision creates serious obstacles to a Community approach to regional imbalances.

Furthermore, measures under the non-quota section of the Fund must:

- differ in whole or in part from the measures under the quota section;
- be linked with Community policies and with their regional dimension or regional consequences;
- or, in exceptional cases, be intended 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 infrastructures for this purpose.

Consequently, the measures may not relate to the internal reorganization of declining sectors but may promote the creation of alternative employment in regions or areas in a difficult situation, by establishing new economic activities. The second of these provisions has in fact become extremely

topical owing to the continuing economic crisis.

Finally, the regulation provides that measures shall be financed jointly by the Community and the Member State or States concerned.

5. The major difference between the quota and non-quota sections of the Regional Fund is that resources under the quota section must be distributed between the Member States in accordance with the percentages or quotas laid down in the Regulation, whereas the use of non-quota resources is subject only to the condition that due regard should be paid to the 'relative severity of regional imbalances in the Community'. This generosity on the part of the Council is, however, restricted in that non-quota resources cannot exceed 5% of the Regional Fund. The Community's freedom of action is further curtailed by the fact that the Commission interprets the rule that measures must be financed jointly with the Member States to mean that it may act solely in response to applications for aid from the Member States. The Community's contribution is thus reduced to making informal suggestions when the programmes are drawn up or to finalizing details of programmes already submitted.
6. The Committee on Budgets has never been happy with these procedural arrangements and the resulting distortion in the use of resources. This is duly emphasized in the opinion of the Committee on Budgets on the Commission's proposal to amend the regulation establishing the Fund (Doc. 1-61/82) and in the report (and preparatory working documents) on behalf of the Committee on Budgetary Control on the discharge for 1981 (Doc. 1-760/82). Your rapporteur can therefore restrict himself to an assessment of the proposed second series of specific Community measures in the light of the existing Regulation on the Regional Fund and of the proposed amendments to it that are currently under discussion.
7. SUMMARY OF THE MEASURES PROPOSED
 - a. Continuation, with increased financial resources, of the measures already begun in the southern regions of the Community in the context of enlargement. This programme is aimed at the Mezzogiorno and the three regions of France adjacent to Spain which could be very adversely affected by the accession of Spain and Portugal to the Community, particularly in the area of agriculture.

b. The same applies to the measure on 'alternative energy sources', which is also aimed at the Mezzogiorno and in particular the mountainous areas there. The measure has now been extended to include Greece, which is also characterized by a substantial energy shortfall and heavy dependence on oil imports.

The cost of energy is particularly high on the Greek islands.

c. Introduction of a new specific Community measure for Greece. This measure is comparable to that referred to under (a) and is designed to help the Greek islands to adapt to the future enlargement of the Community, by means of effective structural measures.

8. The other measures are intended to contribute to the development of new economic activities in areas particularly severely affected by the consequences of the restructuring of declining industrial sectors:

a. Steel industry: the zones already covered in the United Kingdom, Belgium and Italy have been extended to other areas in the United Kingdom and France; extension of the measure to still more areas has not been ruled out. This measure is to be closely coordinated with the other measures taken by the Commission in this sector. It is also proposed that the measures planned should be linked to EEC loans.

b. In the case of the existing measure in the shipbuilding sector, the financial resources have been doubled and, as in the case of the measures mentioned above and below, a new series of measures has been introduced.

c. The last measure, which is however completely new, is aimed at the restructuring of the textile and clothing industry. The measure covers the main textile areas in Belgium, France, Ireland, Italy, the Netherlands and the United Kingdom. Its possible extension to textile areas in Greece is under investigation. Owing to the economic crisis and stagnating consumption, jobs in the textile and clothing industry will continue to be at risk for several years to come. This measure should also be seen against the background of the existing system for supplementing national aid to this sector and the Multifibre Arrangement to which the Community is a party.

9. The main aim of the last three measures is the creation of productive jobs: this is to be done by stepping up the development of derelict industrial sites through clearance and practical and aesthetic improvements. The ~~existing~~ measures have been supplemented by an aid to investment in favour of small and medium sized undertakings (SMU) in the form of an extra financial incentive in addition to the existing favourable aid scheme. In the case of the steel industry, this capital aid can be supplemented by interest rebates on global Community loans through the EIB, the New Community Instrument or the ECSC. To mobilize the indigenous development potential of the regions to the full and to encourage business enterprise the Commission considers it necessary to supplement the 'aids to capital' referred to above with a system of 'pump priming' aids.

BUDGETARY ASPECTS

10. The budgetary implications of the present proposals for the period 1983 to 1987 are estimated as follows:

	million ECU ¹
Enlargement	120
Enlargement (Greece)	40
Energy (including Greece)	43
Iron and steel industry (first and second tranches)	230
Textiles	260
Shipbuilding	17

TOTAL	710

The total resources of the non-quota section, including programmes still under way from the first series approved in 1980, therefore amount to:

	million ECU ¹					
	1983	1984	1985	1986	1987	TOTAL
Programmes under way (first series)	58.2	41.5	26.9	-	-	126.6
Second series	67.3	123.6	167.0	203.2	148.9	710.-
TOTAL	125.5	165.1	193.9	203.2	148.9	836.6

¹ The figures given are for commitment appropriations; the Commission considers that 80% of contracted commitments can be disbursed every year and the remainder subsequently.

These figures must be compared with the present endowment of the Regional Fund: 2,010 million ECU including 100.5 million ECU for the non-quota section.

If one assumes that the Fund's total resources will not increase any further in the period 1983-1987, the non-quota section will account for roughly 8% of the Fund's resources. This figure falls far short of the maximum (20%) which the Commission wants to introduce in its overhaul of the basic Fund Regulation. It can be seen that the Regional Fund would have to grow by roughly 25% a year to be able to finance the above-mentioned figures within the present non-quota section, limited as it is to 5% of the Fund. The Commission has moreover already announced that it will shortly propose new specific measures for Ireland and Northern Ireland. This means that all five specific Community measures under the first series dating from 1980 will then have been extended and expanded.

11. The annex to this document contains tables showing the distribution of resources among the regions eligible for aid as well as a breakdown of resources into the different types of aid allocated to each measure.
12. The non-quota section has to date been characterized by the fact that the regions eligible for aid were determined in accordance with Community criteria rather than on the basis of quotas for each Member State and by the possibility of allocating a higher percentage of aid. In the case of the proposed non-quota measures, aid ranges from 50 to 70% of expenditure by the authorities or of the cost of the measure concerned. This is more than the 20 to 50% currently allowed for measures under the quota section. However, under the proposed overhaul of the Basic Regulation and more specifically in the case of measures 'to exploit regions own development potential' the latter figure rises to 70%. These measures also have major implications for the non-quota section.
13. The system of advances is extremely flexible: up to 80% of the amount of the annual tranche. The condition for disbursement of the tranche for the second and subsequent years is that the work under the previous tranche should have been completed to the extent of at least 30% of the cost estimate. In the first series of non-quota measures advances only amounted to 30% and were always covered by measures actually completed.

Under the Commission's proposed amendments, the figure for advances will be raised to 80% likewise in the quota section. However, in this case, the condition is that 60% of the work under the previous tranche should have been completed.

Since non-quota measures are carried out in the framework of programmes and not as individual projects, the practical operation of this system of advances will have to be closely monitored.

14. The percentage of investment which may be covered by aid from the Fund, where appropriate, the minimum contribution to be made by firms and guarantees to prevent aid from being received under both the non-quota and quota sections are the subjects of detailed provisions. The figure for the percentage of investment which may be covered by aid from the Fund in particular is only acceptable to the budgetary authority if the maximum percentage is regarded as a maximum which does not necessarily have to be reached. The Commission has to tailor the figure to the actual situation in the target areas within the framework of a Community structural policy.
15. The contents of the measures does not call forth any particular comments from the budgetary point of view. They appear to answer conspicuous regional requirements. Their financial dimension is great enough to warrant a number of results. This does not alter the fact that they must not be managed as piecemeal measures. They must be inserted into the context of Community and national aid measures as a whole and be constantly kept under review.

IMPLEMENTATION OF THE BUDGET

16. The non-quota section has existed since 1979 and is financed annually by means of appropriations amounting to 5% of the Fund's total resources. The use made of it has been very disappointing.

Budget	Appropriations	Total available	Implementation
Commitment appropriations			
1980	58.25	58.15	0
1981	77	101	40.5
1982	90.5	151.2	5.3 (30.8.82)
1983	100.5		
Payment appropriations			
1980	10.6	10.6	0
1981	20	27.3	7.3
1982	60		0 (30.8.82)
1983	79		

17. Year after year unused appropriations have been transferred to the quota section so as to prevent the loss of these resources. Initially such transfers were accompanied by a statement that they would be transferred back to the non-quota section in subsequent years.

Moreover, in 1979-1980 the Committee on Budgets pointed out that the series of non-quota measures proposed at that time was insufficient to take up the appropriations available in the budget.

The second series of non-quota measures announced then have taken a long time to emerge.

CONCLUSIONS

18. The Committee on Budgets,
- a. Welcomes the Commission's proposals for a second series of specific Community measures and approves of the emphasis which the proposal lays on the creation of alternative employment through the establishment of new economic activities in regions which are or may be severely affected by the restructuring of industrial sectors in difficulty or by the forthcoming enlargement of the Community;

- b. Considers that, after four years during which the budgetary appropriations have been utilized to a very inconsiderable extent if at all, a significant step is thus being taken towards the development of a Community policy on regional structures from the point of view of both European integration and the effective use of the Community's resources;
- c. Considers that the appropriations entered in the 1983 budget together with the appropriations brought forward from the previous year provide sufficient resources for carrying out the proposed measures; the possibility that the present 5% limit for the non-quota section will be exceeded will be amply offset by the fact that in previous years appropriations have been transferred to the quota section subject to the condition that they could be returned to the non-quota section;
- d. Points out, however, that no satisfactory arrangement exists for extending the Commission's powers to make direct contact with the regional and local authorities responsible for drawing up and implementing regional measures. The present centralized approach constitutes an obstacle to transfrontier Community measures.
- e. Hopes that the measures will specify the need for strict coordination between the aid policy they represent and the other Community policies, and that a review clause will be included in each programme as a safeguard against any radical changes in Community policy;
- f. Agrees with the more generous system of advances but calls for a detailed account of its operation to be provided in the annual reports of the Fund; assumes that the proposed high percentages for Community aid will be regarded as maximum figures and that the percentages actually granted will vary in relation to Community priorities and the actual situation in each region;

g. Considers:

- that the present regulation, which, amongst other things, provides for a separate, very detailed regulation to be adopted by the Council for each non-quota measure, is incompatible with the powers that the Treaty vests in Parliament as part of the budgetary authority and in the Commission as the body responsible for implementing the budget;
- that the agreement of 30 June 1982¹ implies that the Council must urgently take in hand the revision of the Basic Regulation of the ERDF, at least as regards the question of powers.

¹ Joint declaration by the European Parliament, the Council and the Commission on various measures to improve the budgetary procedure (OJ No. C 194, 28.7.82)

DISTRIBUTION OF APPROPRIATIONS AMONG MEASURES

'Enlargement' measures

million ECU

	F	It.	Gr	TOTAL
SME	24.8	32.5))
Artisan	4.4	9.1	)	) 80.8
Innovation	11.0	6.5	1.6	19.1
Rural tourism	13.7	15.6	7.4	36.7
Economic animation	1.1	1.3	2.0	4.4
Communications		-	7.0	7.0
Environment			4.0	4.0
Desalination			8.0	8.0
TOTAL	55	65	40	160

Alternative energy measures

million ECU

	It.	Gr.	TOTAL
Installation of mini-turbines, pumps and equipment. Development works for the prospecting of geothermal fields	18.4	16.0	34.4
Demonstrations, feasibility studies	4.1	3.5	7.6
Basic technical instruction	0.5	0.5	1.0
TOTAL	23	20	43

MEASURES FOR 'INDUSTRIES IN DECLINE'

Million ECU

	IRON AND STEEL INDUSTRY					SHIP-BUILDING	TEXTILE AND CLOTHING INDUSTRY					
	1st part				2nd part							
	UK	F	B	It			UK	UK	IRL	F	It	NL	B
Reclamation of sites	6.6	16.8	)	)	)	4.2	52.5	-	28.0	11.4	1.4)
Housing	-	-)))	-)
Management organization			)	2.5))
Common services))))
Innovation	13.2	16.0	)	)	)	6.4	26.3	0.6	26.4	18.8	2.4)
Risk capital			)	4))
Sectoral analysis investments	10.6	8.4	10.0	)	)	5.1	21.0	2.1	24.0	25.6	2.8)
Economic animation	2.6	0.8	0.5	)	)	1.3	5.2	0.3	1.6	1.2	0.4)
TOTAL	33	42	13	4	138	17	105	3	80	57	7	8
				230						260		