

EUROPEAN PARLIAMENT

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Report

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

on the First Periodic Report on the
social and economic situation of the
regions of the Community

Rapporteur: Mr F. DELMOTTE

By letter of 29 January 1981, the Committee on Regional Policy and Regional Planning requested authorization to draw up a report on the First Periodic Report on the social and economic situation of the regions of the Community, forwarded to the European Parliament by the Commission of the European Communities.

Authorization was given by the President of the European Parliament in her letter of 10 March 1981.

On 24 February 1981 the committee appointed Mr F. DELMOTTE rapporteur.

On 16 January 1981 the motion for a resolution tabled by Mr Geronimi pursuant to Rule 47 of the Rules of Procedure on the economic situation in Corsica (Doc. 1-811/80) was referred to the Committee on Regional Policy and Regional Planning. On 24 February 1981 the committee decided to attach this motion for a resolution to the report by Mr Delmotte.

The Committee on Regional Policy and Regional Planning considered the draft report at its meetings of 21/22 January 1981, 23/24 February 1981, 23/24 June 1981 and 25/26 November 1981.

At its meeting of 26 November 1981 it unanimously adopted the motion for a resolution and explanatory statement.

Present: Mr De Pasquale, chairman; Mr Delmotte, rapporteur; Mr Blaney, Mrs Boot, Mrs Ewing, Mrs Fullet, Mr Gouthier (deputizing for Mr Fanti), Mr Gendebien (deputizing for Mr Kyrkos), Mr Harris, Mr Kazazis, Mrs Kellett-Bowman, Mr Maher (deputizing for Mr Cecovini), Mr O'Donnell, Mr Pöttering, Mr Travaglini and Mr von der Vring.

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

MOTION FOR A RESOLUTION

on the First Periodic Report on the social and economic situation of the regions of the Community.

The European Parliament,

- having regard to the First Periodic Report on the social and economic situation of the regions of the Community (COM(80) 816 final) submitted by the Commission to the Council pursuant to the Council Resolution of 6 February 1979 'concerning the guidelines for Community regional policy'¹,
 - having regard to the report of the Committee on Regional Policy and Regional Planning (Doc. 1-825/81),
 - having regard to the motion for a resolution tabled by Mr Geronimi pursuant to Rule 47 of the Rules of Procedure on the economic situation in Corsica (Doc. 1-811/80),
 - having regard to Article 2 of the proposal for a regulation amending the European Regional Development Fund Regulation submitted by the Commission to the Council,
 - believing that any regional policy must be based on sound and up-to-date information,
 - considering that the presentation of the First Periodic Report on the situation of the regions meets a need for information,
1. Believes that the First Periodic Report on the social and economic situation of the regions of the Community must be seen as a first attempt at the analysis and dissemination of information concerning the regions;
 2. Stresses that the considerable differences in size and population between the present Level II regions make the necessary comparisons between regions in countries such as Ireland and the United Kingdom less valid and mask the serious social and economic problems which exist in more restricted geographical zones;

¹OJ No. C 36, 9.2.1979, p. 10

3. Calls therefore for a revision of the regional breakdown of the Community, especially of Level II in the European classification, in order to make the latter more consistent; calls also for the information available at Level III to be disseminated and for an effort to be made to improve the basic data at this level;
4. Urges that a genuine Level II, and as far as possible a Level III, be established for the United Kingdom;
5. Believes that a regional subdivision of Ireland is also essential;
6. Requests the retention of two different units of calculation (European units of accounts and purchasing power parities) for economic analyses;
7. Requests that better data on purchasing power parities should also be obtained on a regional basis for the four largest countries at least;
8. Urges that better short-term economic information be obtained with the particular aim of improving coordination between economic and regional policies;
9. Regrets that the data currently available is inadequate for any finer analysis of the major sectors of the economy, which is a prerequisite for drawing up a genuine inventory of the resources and needs of the various regions;
10. Hopes that the Commission will submit regional commercial reports on the movement of commercial, industrial and agricultural goods, of services and of capital, and reports on regional employment;
11. In view of the rapid changes which have taken place since 1977 (year of reference), recommends that the Member States and the Statistical Office of the European Communities give real priority to regional statistics and arrange for more frequent updating of these statistics to ensure that these data are made available within a reasonable period of time;
12. Recalls that the European Parliament has always called for a classification of the regions according to the relative intensity of the regional imbalances at Community level;
13. Welcomes therefore the inclusion in the report's conclusions of an index of the intensity of regional disparities based on Community data and criteria, and, irrespective of the level to be designated for ERDF intervention, calls on the Commission to continue along these lines and to perfect the methods employed;
14. Requests the Commission to take this report into consideration during the current negotiations on the revision of the European Regional Development Fund Regulation;
15. Instructs its President to forward this resolution and the report of its committee to the Council and the Commission.

EXPLANATORY STATEMENT

1. The First Periodic Report on the social and economic situation of the regions of the Community, drawn up by the Commission in collaboration with the Regional Policy Committee, is an attempt at an impartial and detailed study making the maximum use of the information available. The authors of the report have admitted where they have been held up for lack of information, and regretted the fact. They have listed their sources, and the statistical documentation they append is clear but substantial.

The last report on regional problems in the enlarged Community, the Thomson Report, dates back to 1973. It had become a matter of urgency to gain a picture of the situation in the regions following the first energy crisis.

One important point is that the report has not been restricted to regions receiving aid from the European Regional Development Fund but deals with the situation in all the regions of the Community. This approach is essential to any coherent regional policy, which must cover the richer regions as well as those receiving aid. This has to be seen in the context of the statement in the Council Resolution of 6 February 1979 that 'Regional policy is an integral part of the economic policies of the Community and the Member States'. A report of this nature should therefore provide an instrument to analyse the development of Community regional policy.

However, the report is far from perfect and the Regional Policy Committee, in its statement appended to the report, pointed out its many gaps and imperfections.

2. One of the main weaknesses is the choice of Level II regions as the basis for the analysis, because most Community regional figures and national data are available for this level alone. However, from a statistical point of view a degree of homogeneity is essential to valid comparisons. In the absence of this homogeneity an analysis of disparities may be influenced by extreme values dependent on the nature of the breakdown rather than on genuine economic or social phenomena. On the other hand, while the choice of Level II may in general be considered an adequate means of examining regional disparities in the Community, this should in no way exclude analysis at other levels. Indeed, a more discriminating territorial breakdown is required for aid via Community instruments. However, before reaching a new definition of the regions to provide bases for analysis, greater harmonization of the Level II regions should be sought.

Thus it appears that while the Belgian and Dutch regions are small in terms of population and economic strength, those in the three countries which joined in 1973 are far too large for the purposes of the analysis of this report. There is no division at all of Ireland, although there are indisputable

disparities in development within that country. As Ireland is one of the least-developed areas in the Community, this absence of any territorial breakdown is liable to distort the overall findings on regional disparities within the Community.

Within the United Kingdom the regions are frequently as large as a medium-sized Member country. Thus the population of the South East region is not far off 17 million, that of the North-West is over 6½ million and those of Scotland and the West Midlands exceed 5 million. By way of comparison, the population of the Netherlands is 14 million, that of Belgium less than 10 million, and of Denmark and Ireland around 5 million. There are therefore little grounds for confidence that a breakdown of this nature will reflect the regional disparities in that country.

A simple and cheap compromise already proposed by the Statistical Office of the Communities would be to detach the Metropolitan Counties, which include much of the urban population of Britain, from their surrounding regions. In the case of Wales, the industrial South, for which much statistical data are already available, might be taken as one unit for economic planning purposes and, in Scotland, the Strathclyde region, which exercises economic dominance over the country, might be separated; this would bring the United Kingdom more or less into line with the rest of the Community in terms of the population of its regions, the average of which would fall from 5.5 million to 2.8 million, as against 2.5 million for the rest of the Europe of the Nine.

3. The absence of any discussion of infrastructure and its vital role is not necessarily disastrous for the regions of northern Europe where the situation is relatively satisfactory by comparison with the southern and peripheral regions. While it is clear that adequate infrastructure is important, it is also obvious, especially in northern Europe, albeit obstinately ignored by some, that its role is simply auxiliary rather than essential; what vital role is played by designated zones which remain empty, by deserted canals and unused air routes? Do not some infrastructures have a negative rather than a positive effect? Is the Zeebrugge development going to be of overall benefit?

On the other hand, there are serious inadequacies in infrastructure in the peripheral regions of the Community.

4. Another weakness of the report lies in its almost exclusively descriptive nature; it ascertains the facts, comments on them, but never analyses them in depth. The result is of course, as pointed out with regret by the Regional Policy Committee, that no judgment is made on likely future developments. Although map 3.7 shows the regional growth in population of working age relative to the Community average for 1975-1985, it fails to provide the necessary regional estimates of manpower.

But this is not the most damning criticism. The main accusation is that, in the absence of any genuine analysis, the report simply shows that, during the seventies, existing regional disparities widened, further weakening the weakest regions, and charts the intensity of the problems facing the regions. It states the problem without any of the searching diagnosis which alone would enable a genuine strategy to be found.

The Council Resolution of 6 February 1979¹ states that the periodic report by the Commission should enable the Community regional policy priorities and guidelines to be defined and the Commission did in fact submit a communication to the Council on 'New regional policy guidelines and priorities' in July 1981². This communication, which serves as a basis for the amendment of the ERDF Regulation, should be examined to see whether it offers a viable strategy for combating regional imbalances effectively.

5. If we consider the simple measurement of disparities in economic terms, we see that the authors have preferred to make comparisons in terms of current exchange rates, representing in some measure the external value of a currency between one country and another, rather than using the method of purchasing power parities, which compares actual price levels in the various countries. Perhaps more thought should be given to this problem. While the use of current exchange rates has the considerable political advantage of highlighting regional disparities, these are still very substantial if measured using purchasing power parities; moreover, this arrangement makes it possible to measure development in the regions within the 'strong' economies and to show up any sudden deterioration in any one of them. This is particularly important to the regions in Germany, Belgium and Holland, the position of 14 of which is seen to have deteriorated by comparison with the Community average if the purchasing power parity method is used, while it appears to have improved if measured using current exchange rates.

It would thus appear that the purchasing power parity system is more attuned to the needs of the Community than is the system of current exchange rates.

6. Another important point is the lack of short-term economic information. Up till now the structural nature of regional disparities has been emphasized, for which purpose it was better to have complete if somewhat out-of-date information. Today the economic crisis affecting our countries is also hitting our regions hard, but with varying impact. Governments are increasingly trying to reduce public expenditure, and, to that end, are cutting regional aid instead of increasing it as the situation demands. We must therefore exercise the greatest vigilance to ascertain where a policy, especially a Community policy such as its steel policy, has substantial regional implications, so that action may be taken in time to anticipate the crises which may afflict individual parts in the Community from one day to the next.

¹ OJ No. C 36, 9.2.1979

² COM(81) 152 final

7. In the analysis by sector, the biggest gaps are the new-technology industries which ought to be giving impetus to the European and regional economies.

The old distinction between primary, secondary and tertiary sectors is of limited value in this respect. Indeed, a sector such as manufacturing industry has become so heterogenous that it can hardly be relied upon to indicate the road ahead.

On the one hand, there has been an upswing in certain near-primary sectors such as energy, while on the other there has been substantial reorganization of manufacturing industry. If reorganization is nothing new in itself, the shifts are taking a very different form from those of the past. Some of the new industries which sprang up between the wars and in the post-war period, and which traditionally led economic growth, are now encountering hard times; good examples here are the car and consumer durables industries (television sets, domestic appliances, etc.). A more sophisticated breakdown by industry is essential, and the factors encouraging the establishment of new industries, especially in electronics, must be pinpointed and listed so that the less-favoured regions may adapt the facilities they offer accordingly.

This approach might lead to a genuine inventory of the resources and needs in the various regions, attempting to define the facilities required to attract economic activity from other regions or countries, and incentives for self-generated regional growth.

8. The increasing complexity in the major sectors is even more obvious in the tertiary than in the secondary sectors. Moreover, the fact that services have become the main source of growth in employment prevents us from regarding them as a simple residual item.

In addition to activities fundamentally linked to consumption, such as transport and distribution, we find an increasing trend for undertakings to shed some of their original functions in favour of a new type of tertiary sector closely linked to production industry. In particular the compilation of market information and analysis of economic data are tending to become the province of specialized bodies or companies with the resources to process the large amounts of data currently available. This is a new kind of commercial service, but the first signs are that it is tending to concentrate in the big cities, while the headquarters of the secondary sector undertakings which are its greatest users are thus also located in the vicinity. On the other hand, production in the strict sense is frequently located either in the old, decaying, industrial regions or more often in rural areas, where a combination of low wages and easily exploited sites makes this kind of move attractive. We might therefore end up with the white-collar activities, with high value added, being located in the most developed, and the blue-collar activities in the least developed areas.

In conclusion, this report is a first attempt at describing the situation in the regions and their development. It is therefore more in the nature of an X-ray than a diagnosis. Nevertheless it contains a great deal of very useful, clearly and economically presented information.

MOTION FOR A RESOLUTION (Doc. 1-811/80)
tabled by Mr GERONIMI
pursuant to Rule 25 of the old Rules of Procedure
on the economic situation in Corsica

The European Parliament

- having regard to the traditional disadvantages of Corsica arising from the fact that it is an island,
 - having regard to the problems it faces as the result of high transport costs and the lack of infrastructure,
 - having regard to the rural depopulation of this region due to the concentration of urban development in Bastia and Ajaccio and the social problems to which this gives rise,
 - having regard to the economic strangulation from which Bastia suffers as a result of its inadequate port facilities:
 - having particular regard to the environmental problems and the question of areas on which building is to be prohibited,
1. Calls upon France, acting via the Commission and in accordance with the procedures provided for in the Treaties, to take advantage of the financial aid placed at its disposal with a view to its taking the measures necessary to improve the position of Corsica;
 2. Urges to this end that Corsica, as a less-favoured region, should benefit from increased aid from both the ERDF and the Social Fund;
 3. Demands in this context that the funds needed to revitalize the rural areas in central Corsica and to finance the project for a new commercial port should be released;
 4. Insists that Corsican agriculture, particularly wine-growing, should benefit from the same aid arrangements as Southern Italy and the North-West and West of Ireland;
 5. Wishes the transport conditions to be improved and the Member States to be able, under the procedures provided for in the Treaties, to finance shipping services to link with the mainland those regions of the EEC that are completely isolated, such as Corsica and the Highlands;
 6. Calls on the Commission to draw up, with due consideration for the other policies involved, the necessary proposals to the Council for developing tourism as a source of employment, a necessary condition for regional development, an element enhancing the quality of life, and an integral part of the environment;

7. Calls for the construction in Bastia of a proper stadium meeting European standards so that national and international sporting events may take place there under optimum conditions;
8. Instructs its President to forward this resolution to the Council and Commission.