

DOCUMENT

THE REGIONAL DEVELOPMENT PROGRAMMES OF THE SECOND GENERATION FOR THE PERIOD 1981-1985



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OF THE SECOND GENERATION
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Document

Contents

I	- Introduction	5
II	- Role of the regional development programmes	7
III	- Summaries of the regional development programmes	9
	- Belgium	11
	- Denmark	31
	- Federal Republic of Germany	51
	- Greece	75
	- France	107
	- Ireland	135
	- Italy	149
	- Luxembourg	167
	- Netherlands	179
	- United Kingdom	193
IV	- Comparative analysis	227

Annexes

I	- Common Outline	241
II	- Commission opinion	247

I. INTRODUCTION

By June 1983 all Member States had submitted their second generation regional development programmes to the Commission in accordance with Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (ERDF)¹.

In 1977 the Member States submitted the first regional development programmes based on the common outline produced by the Regional Policy Committee².

In 1978 this Committee delivered its opinion on the programmes, and in 1979 the Commission gave its opinion³ and formulated recommendations⁴ for the Member States on the basis of the provisions of Community regional policy. Moreover, the Economic and Social Committee gave its opinion on the programme in 1980⁵, and the European Parliament forwarded a resolution the same year⁶.

In Council Regulation (EEC) No 214/79 of 6 February 1979⁷ the Commission is required to examine those programmes with regard to Community objectives, and in addition, the Council Resolution of 6 February 1979 concerning the guidelines for Community regional policy⁸, stipulates that regional development programmes constitute the most appropriate framework for the practical implementation of proper coordination of national regional policies and of Community regional policy. Having examined the new regional development programmes in this context the Commission made known its opinion⁹.

1. O.J. L 73 of 21.3.1975

2. O.J. C 69 of 24.3.1976 (see Annex I)

3. O.J. L 143 of 12.6.1979

4. O.J. L 143 of 12.6.1979

5. O.J. C 205 of 11.8.1980

6. O.J. C 265 of 13.10.1980

7. O.J. L 35 of 9.2.1979

8. O.J. C 36 of 9.2.1979

9. O.J. L 211 of 8.8.1984 (see Annex II).

II. ROLE OF THE REGIONAL DEVELOPMENT PROGRAMMES

The new - second generation - regional development programmes concern the regions assisted by the ERDF, covering about 55% of the area of the Community and 35% of its population. They cover, with a few exceptions, the period 1981-85.

Regional development programmes are, from a Community point of view, the reference tool for assessing projects submitted for ERDF assistance and the most appropriate framework for the coordination of the national regional policies and the Community regional policy. In a market economy such programmes are of an indicative nature; they must be updated regularly.

The ERDF Regulation stipulates that, in order to benefit from the Fund's assistance, investments must 'fall within the framework of a regional development programme'. This means that the programme should justify the projects, though these do not necessarily have to be listed explicitly. The programmes must also show the need for ERDF assistance to infrastructure projects contributing to the development of the region concerned.

The role of the programmes in administering the ERDF is easily understood if one bears in mind that between 1975 and 1982 more than 17 000 projects received assistance. The more detailed and precise the content of the programmes, the easier it will be for the Fund to assess whether projects fall within the framework of the programmes. The effectiveness of ERDF assistance is closely linked to the quality of the regional development programmes.

As regards the ERDF regions, the regional development programmes are also the reference framework for using other Community financial instruments, allowing greater consistency to be achieved between the various forms of Community financial assistance in the regions concerned.

As stated in the Council Resolution of 6 February 1979(1), the programmes also constitute the most appropriate framework for coordinating national and Community regional policies. Such coordination must be achieved through more precise information on regional policy and regional planning in the various Member States and through comparison of the objectives set and the resources deployed, identifying the points of convergence and divergence, so that a balanced distribution of economic activities in the Community can be progressively achieved. Such examinations could relate to such matters as the cost and effectiveness of the various types of aid, the concept and assessment of infrastructure requirements, programmes for frontier regions, and study of the regional impact of public expenditure. In this connection, an important role is played by the Regional Policy Committee, attached to the Council and the Commission, which was set up with a view to contributing to the coordination of the regional policies of the Member States.

In addition, the guidelines and priorities established on the basis of the periodic report on social and economic trends in the regions of the Community, which the Commission presented to the Council in July 1981(2) as provided for in the Council Decisions and Resolution of 6 February 1979, helps to define the Community criteria for such coordination.

Finally, the regional development programmes must allow the Community authorities to take account of the regional impact of Community policies and the effects of measures they adopt, particularly as regards the areas in which such Community policies are most strongly established (common agricultural policy, trade policy). If they contain sufficiently precise information on this field, the regional development programmes will make it possible to carry out this task more effectively.

The Commission has examined the second generation programmes sent by the Member States in close collaboration with the national authorities, particularly within the context of the Regional Policy Committee, which delivered its opinion on these programmes in accordance with Regulation No 724/75. In many cases, the programmes were supplemented during the examination procedure. In its opinion (see Annex II), the Commission made reference to the common outline (see Annex I) and its recommendations on the programmes(3).

(1) O.J. C 36 of 9.2.1979

(2) COM(81) 152final

(3) O.J. L 143 of 12.6.1979

III - SUMMARIES OF THE REGIONAL DEVELOPMENT PROGRAMMES

In the following pages, the regional development programmes of the various Member States have been summarized in the following order :

Belgium

Denmark, including Greenland

Federal Republic of Germany

Greece

France

Ireland

Italy

Luxembourg

Netherlands

United Kingdom

Summary of the
regional development programme

Belgium

Flanders 1981-1985

Wallonie 1982-1985

Belgium presented a regional development programme for Flanders in 1981 and one for Wallonia in 1982. Those programmes were prepared by the regional authorities concerned.

Flanders

1. Social and economic analyses

Programmes have been worked out for three development blocks - Limburg-Kempen, West-Hoek and Middengebied (East Flanders). These blocks include the development areas which are eligible for ERDF assistance under the EEC decision of 26 April 1972(1).

In 1980 the total population of Flanders was 5,619,000 and total working population 2,369,000. In the period 1975-80 the working population increased by 100,000 persons in Flanders, while in the period 1974-79 total employment increased by 20,000; employment in the industrial sector fell by about 100,000 while in the tertiary sector the number of jobs increased by about 120,000. Total unemployment increased from 51,000 in 1974 to 186,000 in 1980, or from 4% to 12%. The per capita GDP at current prices in Flanders moved closer to the national average, reaching 99% in 1977 (96% in 1970).

In the Limburg-Kempen development bloc total employment increased by 19,000 in the period 1974-79, to 228,000, but in spite of this unemployment increased to about 17% in 1980. The high level of unemployment is mainly due to the high female unemployment rate (about 30%). The area still has the lowest per capita income in Flanders - about 12% under the level of Flanders as a whole.

The Westhoek development bloc experienced an increase in total employment of about 5,000 in the period 1974-79 to 61,500, but this was inadequate, however, to meet the growing demand for jobs, and unemployment rose to a level well above the average for Flanders in 1980. Average per capita income is still among the lowest in Belgium.

The Central area (East Flanders) experienced a decline of 2,500 in total employment to 41,000, due to the monostructural character of industry. Unemployment more than trebled in the period 1974-80, and the average per capita income is still 10% under the national average (1979).

The most important imbalances besetting Flanders are unemployment, a very low economic growth rate, an unfavourable trend in investments, a sharp rise in the labour supply and a very pronounced dependence on other countries as a result of foreign investments in Flanders and a very high exportation rate.

(1) By the Commission Decision no. C(82) 1233 of 22 July 1982 (J.O. L 312 of 9.11.1982). the assisted regions in Belgium have been modified.

During the period 1978-80, investments worth BFR 40,600 million were aided under the legislation on regional expansion in the development blocs in Flanders, with 7,800 new jobs being created. The cost to the State of this legislation during this period was BFR 6,000 million.

Limburg Kempen :

Aided investments : BFR 30,400 million

Cost to the State : BFR 4,400 million

Jobs created : 5,600

Westhoek :

Aided investments : BFR 4,800 million

Cost to the State : BFR 800 million

Jobs created : 1,400

Middengebied (East Flanders)

Aided investments : BFR 5,400 million

Cost to the State : BFR 800 million

Jobs created : 800.

Investments in Flanders on major infrastructure works in the period 1976-80 were as follows (in BFR million, current prices):

Roads	: 45,700
Ports	: 45,400
Waterways	: 21,000
Buildings	: 10,400
Airports	: 6,200
Urban transport	: 13,100
Railways	: 15,100

The total population of Flanders is expected to increase by 51,000 persons in the period 1980-85 and the working population by 116,500 due essentially to an expected sharp increase in the female participation rate. Total employment in Flanders is expected to remain virtually constant over the period 1980-85: A decrease in primary (9,400) and secondary sectors (54,600) and an increase in the tertiary sector (62,900).

2. Development objectives

The main objective is the creation of new jobs by a positive employment policy, by improvement in the economic structure and by a standing adaptation of the economic and social infrastructure. In the period 1981-85 more than 230,000 supplementary jobs will be needed. The working population is expected to increase by 116,500 persons, the present structural unemployment is 120,000 persons and total employment is expected to increase by 4,600 persons (employment trend). The working population of Flanders in 1980 was 2,368,000.

For agriculture the main aims are to safeguard the food supply and to secure incomes in the sector in line with the average level in other sectors.

It is aimed to promote the development of industrial activities by restructuring of sectors and firms seriously hit by the crises, by diversifying activity towards products with higher added value and high technological content.

In the service sector the main aim is to expand and develop the support services for agriculture and industry.

The general aims of transport policy is to gain control of the pattern of movements, in particular passenger traffic, by a better distribution of traffic against time and a shift toward public transport. As far as investments are concerned priority will be given to sections forming marked bottlenecks.

Other priority sectors are ports, waterways and railways.

The development blocs

In the three development blocs about 115,000 supplementary jobs will be needed in the period 1981-85:

	Increase in working population	Employment trend	Structural unemployment
Limburg-Kempen	45,600	2,000	43,000
Middengebied	4,600	- 600	11,500
Westhoek	5,700	- 200	5,900
Total	55,900	1,200	60,700

Industrial estates remain an important instrument of regional policy. Priority will be given to improvement of the existing estates, to the redevelopment of vacant sites resulting from closures in recent years and to the construction of service roads and better access by public transport.

As to transport infrastructure it is the overall aim to improve the links between the development blocs and the main growth poles of the country.

Together with the major items social housing and recreation/tourism emphasis will be put mainly on housing, urban development and environment with investments concentrated on water supply, sewage disposal and water purification.

3. Development measures

Together with job promotion in the public service sector, three schemes are available for temporary employment in the public sector: employment of jobless persons, short-term work for people under 30 and a special temporary scheme for unemployed. A total of about 40,000 persons will be concerned by the scheme in the period 1981-85.

The following measures are designed to promote employment in the private sector:

- Like government services, firms with 50 or more employees are obliged to hire jobless under 30 years on short-term basis.
- Grants are available for firms which introduce the 38 hour week and engage extra staff.
- Employment grants are available to SMEs which create new jobs without new investment.
- A statutory bridging pension is available to men of 60 and women of 55; the employer of a person applying for a bridging pension must in replacement hire a jobless person under 30.
- Contributions are provided towards wages of unemployed termed "difficult to place" and for employment of handicapped persons.

Measures for industrial development concern the macroeconomic policy, which has as its main purpose the reduction of the costs of firms. They also concern general policy measures with emphasis on adaptation of taxation, social security contributions and direction of government investments towards investment which can contribute to diversifying the activities in the industrial sectors. Specific industrial policy measures concern export promotion and research and development activities.

An Industrial Renovation Fund helps to finance surveys, studies, transfer of technology and prototypes connected with industrial conversion projects in sectors experiencing structural difficulties and in general industrial and technological renovation projects.

Two special agencies have been set up to further the aims in the five-year plan for the textile and clothing industries.

The major infrastructure programmes, which are national, concern the further development of the ports of Antwerp, Zeebrugge and Ghent, selective adjustment of the waterway system to cope with the increasing size of vessels, completion of the present motorway and road programme, removal of bottlenecks on the interprovincial routes and improvements in the quality of the railroad network.

The development blocs

Under the Expansion Law of 30 December 1970, which is applicable only in the development areas, regional aid is available in respect of measures that contribute to the establishment, extension, conversion and modernisation of industrial and artisanal undertakings, public services or any undertakings engaged in commercial or tourist activities or active in management or organisational techniques, engineering and research and development. The most important form of aid is an interest subsidy of not more than 5 - 7% available over five years in respect of three-quarters of the investment; this subsidy may be replaced by a capital grant of equal value where firms finance investment out of own resources.

Tax concessions are also granted, including exemption from property tax and accelerated depreciation, and, moreover, guarantees for loans can be given.

If no significant amendments are made to the regional expansion acts in the programme period, a job-creation of about 4,000 per year can be expected.

Lastly, the law governs provisions of regional infrastructure for firms in industry, the crafts and the services sector, with priority for the development of industrial estates.

The allowance granted for industrial estates varies according to the status of the area : areas of national interest receive up to 80% or more, whilst areas of regional interest receive less than 80%. In addition to industrial estates and smaller estates for tertiary support activity with priority for promotion of existing estates, particular attention will be given to setting up crafts estates.

The expansion of the three main ports of Flanders mentioned above will indirectly be an important factor for expansion in the development blocks, and the same is the case for the investments in the waterway system.

In the area of physical and town planning policies of urban renewal and of protection and - where possible - extension of wooded and natural areas will have priority.

As regards environmental protection, priority will be given to collection and processing of solid waste and to an increase in the biological water purification capacity from 47% at present to 80% in 1985 (and 100% in 1990).

The ERDF contributions in the period 1981-85 will be used for industrial estates, individual industrial projects and for tourism/recreation, vocational training, environment, water supply and energy conservation. Topping-up for industrial projects may be considered in the case of new established firms. Special attention will be devoted to transfrontier schemes.

4. Financial resources

The 1981-85 investment programme has an indicative character; it is assumed that each investment item will remain constant in volume but adapted to price development.

Under the national budget is financed major infrastructure projects linked to traffic and transport (ports, motorways, waterways, railways, air transport, metros, etc.) and categories linked to health (drainage, water production, environmental protection, research hospitals etc.) and schools.

Estimated total investment costs (national budget) in Belgium 1981-85 in million BFR, current prices is :

Public works	:	341.700
Communications	:	127.000
Health	:	26.400
Education	:	<u>89.800</u>
Total	:	584.900

The total yearly investment costs (current prices) are expected to increase from 99,800 million BFR in 1981 to 137,000 million BFR in 1985.

Moreover, the restructuring programmes for industries of national importance (textiles, steel for instance) will be financed by national means.

Under the Flemish Community budget is financed public works (industrial estates, roads, urban renewal, social housing etc.), health (water purification, waste, hospitals etc.), cultural matters (cultural and sports infrastructure and tourism), and agricultural infrastructure.

Estimated total investment costs (Community budget) in Flanders 1981-85 in million BFR, current prices, is:

Public works	:	113.000
Health	:	51.200
Agriculture	:	<u>8.200</u>
Total	:	172.400

Total yearly investment costs (current prices) are expected to increase from 29.400 BFR million in 1981 to 40.400 BFR million in 1985.

5. Implementing the programme

The programme whose main features are set out above forms the basis for a national and regional five-year plan.

The five-year programme sets out :

- (a) the general aims and the policy established to achieve them;
- (b) prospects in the field of budgeting and financing;
- (c) investment plans at the level of the economic regions.

The plan is presented for advisory opinion to the Regional Economic Councils (GER), the Central Council for Industry, the National Labour Council and the National Committee for Economic Expansion.

When the National Plan has been approved by both Chambers, and the Flemish Plan has been approved by the Flemish Council they are binding on the Government. Firms receiving support from the State are contractually obliged to implement the plan in return for the arrangement; for the rest, the plan is indicative.

The special Act of 8 August 1980, on institutional reform, defines the powers and competence of decentralised authority.

Under this special act, a Flemish Council and a Flemish Executive have been set up for the Flemish Community.

The powers of this Flemish level of authority fall into three categories and may be summarised as follows:

- (1) Cultural matters defined in Article 59 bis, section 2 (1), of the Constitution.
- (2) Matters related to persons defined in Article 59 bis, section 2 bis, of the Constitution.
- (3) Regional matters related to place defined in Article 107 quater of the Constitution.

.../...

The overall institutional structure is hence as follows :

- (i) local decision-making bodies (municipalities, provinces) with legal authority but limited financial resources;
- (ii) local bodies with the status of mixed (i.e. public and private) associations with authority to examine, propose and execute projects;
- (iii) the central authority (national or regional) which holds the power of initiative and the main financial resources, with machinery for financial transfers, which invites or takes note of local projects and decides on their financing.

Wallonia

1. Social and economic analyses

The programmes have been worked out for the development areas accepted by the Commission in its Decision of 22 July 1982. Moreover, a distinction is made between two homogenous parts inside these development areas - the industrial basin Haine-Sambre-Meuse and the rural South-East.

In 1981 the total population of Wallonia was 3,218,000. In the period 1977-80 the active population increased by about 15,000 persons, while in the same period the total employment decreased by 13,000 persons. Total unemployment rose from 89,000 in 1977 to 130,000 (17%) in 1981. The income per inhabitant was still about 5% under the national level in 1979.

In the industrial basin Haine-Sambre-Meuse, which had a total population of 1,520,000 in 1982, total employment fell by about 40,000 persons (8%) in the period 1974-80 and unemployment increased to about 90,000 persons or 20% in 1982. Income per inhabitant is considerably below the level for Wallonia in all parts of this region.

In the rural South-East region total employment increased by 10% in the period 1974-80 and unemployment increased reaching about 17% in 1982. The income per inhabitant is 10% or more under the level of Wallonia in all parts of this region.

In the period 1978-81 total investments of about 53.000 million FB were aided in Wallonia (Law of 30.12.1970) with about 10.000 new jobs being created. The costs to the State was about 9.000 million FB.

Haine-Sambre-Meuse regions:

Law of 30.12.1970:

- Aided investment: 36.900 million FB
- Costs to the State: 6.300 " "
- Jobs created : 6.200.

- Law of 04.08.78 concerning the SME (1979-81):

- Aided investment: 12.100 million FB
- Costs to the State: 950 " "
- Jobs created: 3.500.

South-East region :

- Law of 30.12.1970 :

Aided investment: 5,700 million FB

Costs to the State: 1,200 " "

Jobs created: 1,700 " "

- Law of 04.08.78 :

Aided investment: 10,000 million FB

Costs to the State: 830 " "

Jobs created: 2,900

Investments in Wallonia on major infrastructure in the period 1978-80:

Roads: 39,200 million FB

Ports, waterways: 8,400 " "

Railways: 6,100 " "

Urban transport 19,700 " " (1)

Airports: 330 " "

In the period 1978-81 the total budget for vocational training activities was about 5,800 million FB and in the same period about 2,100 million FB was used for tourism purposes.

In the period 1980-85 the active population is expected to increase by about 40,000 persons, while the employment is expected to decrease by 90,000 jobs, thereby increasing the job deficit by about 130,000.

(1) 1978-81.

2. Development objectives

The main objective is to maintain as much employment as possible as a forecast shows the total number of jobs in Wallonia to diminish by about 90,000 in the period 1980-85 and a job deficit of about 330,000 in 1985. The working population of Wallonia in 1980 was 1,280,000.

The objectives are expressed in two main strategies:

- A renovation of the industrial structure with the double purpose of meeting the demand for quality products in the developed countries and of satisfying the demands of the developing countries.
- An optimal utilisation of the existing and potential demand in Wallonia itself in order to consolidate the production structure in the frame of the European integration.

The eligible zones

In the two development zones about 190,000 supplementary jobs will be needed in the period 1981-85.

	Active population 1985	Employment 1985	Deficit 1985
Industrial basin (Haine-Sambre-Meuse)	637,000	498,000	139,000
The South East	178,000	127,000	51,000
Total	815,000	625,000	190,000

In the eligible zones a total investment aid of 12.3 billion BF is foreseen in the programme period with the aim of maintaining and/or creating 26,000 jobs, of which 12,000 in the SME.

3. Development measures

The measures concerning job promotion in the public and private sectors and the regional aid scheme described in the Flemish programme are in existence in Wallonia too.

The specific development measures can be presented under four main headings:

A. Renovation of the industrial structure. Under this heading four different sets of measures are foreseen:

- Restructuration of the steel, textile and glass industries: The main measures will be a competitive adjustment of the production range, an improvement in the level of productivity up to the level of the best European competitors, a rationalisation of production installations, distribution networks and organisations, a selective investment policy, a pursuit of cooperation and international agreements and a gradual decrease in public aid.
- Reconversion of activities: The idea is to develop new activities based on the existing industries. Specific programmes exist for microelectronics, aeronautics, aid to management and information for the SMEs, the development of a policy for the reception of new investors.
- A coordinated research to promote access to new technologies through innovation. Specific projects are foreseen for innovation in the steel basins, development of the activities of research centres, a coordination of research activities and the industrial transposition of new technologies and research results.
- Export promotion: Under this heading are foreseen the establishment of a commercial centre outside Wallonia, the promotion of the exportation of SMEs and a coordination of exportation of turn-key units.

B. Optimal utilisation of the existing and potential demand in the region itself. Under this heading ten different sets of activities are foreseen:

- Agriculture and the agro-food industries: Promotion of high value-added products, ensurance of a further processing of agricultural products in the agricultural regions, creation of the means to give producers better access to the local markets and the promotion of energy saving in the sector.
- Slaughter-houses: Improvement of the public slaughter-houses and development of those situated close to the consumer zones and in general encouragement of activities connected to meat transformation.
- Forestry and timber: Promotion of the economic utilisation of this resource in all relevant sectors.
- Housing policy: The rehabilitation of the exiting housing stock will have priority.
- Physical planning: Apart from traditional subsidised works, priority will be given to the renovation of derelict sites and urban and rural renovation.
- Energy: A policy of research/development and of coordination will be pursued as well as a promotion of big projects such as urban heating and geothermics.
- Water: Based on hydrographic units, programmes concerning production/distribution and purification of water and agricultural hydraulics will be carried out.
- Solid waste: A centralisation of the collection and treatment of solid waste and a policy of recycling of waste will be carried out.
- Tourism: Apart from the establishment of tourist centres, a policy of small-scale tourism will be carried out.
- Natural resources: Three lines of policy will be carried out: assistance to existing extractive industries, research of new exploitable layers and development of new technologies for the utilisation of existing but unutilised layers.

../...

C. Transports.

- Railways: Priority to electrification of lines and to putting certain lines back into service.
- Urban and interurban transport: Here first priority is given to the networks of Charleroi and Liège.
- Transport in the rural areas: A special fund will be created with the purpose of carrying out a coordinated transport policy.
- Roads: Priority will be given to the construction of by-passes, the completion of national and international roads based on cost-benefit analyses, roads connecting the secondary centres with their periphery and bicycle lanes.
- Channels: Of importance are the continuation of works on main channels and development of the ports of Charleroi and Liège.
- Airports: Priority to investments in the airports at Charleroi and Liège.

D. Actions concerning unemployment and vocational training.

Five different lines of action are foreseen under this heading:

- A revision and amplification of the existing job promotion schemes.
- A reduction in the hours of work and job sharing.
- A control of the penetration of new technology in the production processes.
- Aid to new experiments and individual initiatives.
- Creation of an integrated system of continual vocational training.

4. Financial resources

The development measures to be carried out in Wallonia will be financed either by the national budgets or by the budgets of the Wallonia Region (or the budget of the French community).

Under the national budget are financed major infrastructure projects in the sectors of transports and communications, in public health and education.

In the period 1982-85 (the figures for 1983 are budget proposal figures and for 1984-85 budget estimates) the estimated total investment costs for Belgium as a whole are 461 billion BFR.

In the Walloon Plan 1983-85 total investment costs in the three years amounts to about 40 billion BF, the dominant sectors being housing, water and environment and physical planning. A total investment aid of 12.3 billion BF is foreseen in the programme period.

In the budget of the French community a total of about 7 billion BF are foreseen to be used for vocational training and about 2 billion BF for tourist investments (1982-85).

5. Implementing the programme

The programme forms the basis for a national and regional five-year plan.

The five-year programme sets out:

- (a) the general aims and the policy established to achieve them;
- (b) prospects in the field of budgeting and financing;
- (c) investment plans at the level of the economic regions.

The plan is presented for advisory opinion to the Regional Economic Councils, the Central Council for Industry, the National Labour Council and the National Committee for Economic Expansion.

When the National Plan has been approved by both Chambers, and the Walloon Plan has been approved by the Walloon Council, they are binding on the Government. Firms receiving support from the State are contractually obliged to implement the plan in return for the arrangement; for the rest, the plan is indicative.

The Special Act of 8 August 1980, on institutional reform, defines the powers and competence of decentralised authority.

Under the Special Act, a Walloon Council and an Executive have been set up for the Walloon Community.

The powers of this level of authority fall into three categories (see under Flanders).

Lately two new important institutions under the Walloon Executive have been created: the "Société Régionale d'Investissement de Wallonie" (SRIW) and the "Cellule de Gestion des Contrats Technologiques (CGCT).

The first is responsible for the carrying out of regional development in general, while the second is responsible for a policy of research and development and introduction of new technology.

Summary of the
regional development programme

Denmark

Denmark 1981-1985

Greenland 1981-1984

DENMARKA. Denmark1. Social and economic analyses

The programme covers the following special assisted and ordinary assisted areas (in accordance with the Commission Decision on the delimitation of the assisted areas of 22 July 1982):

- the county of Nordjylland
- the Thisted area in Viborg county
- the special and ordinary assisted areas of Sonderjylland county
- the county of Bornholm.

In the period 1977-80 the total population was almost unchanged, while the labour force increased by about 170,000 persons. Total unemployment increased from 164,000 (6.5%) in 1977 to 243,000 (9.2%) in 1981.

Appropriations for regional development assistance (loans and grants) amounted to 1,120 million DKR in the period 1977-80 of which 483 Million DKR to the four regions covered by the ERDF.

County of North Jutland

In the period 1977-80 total population increased by 1.4%, but the labour force increased much more (18,000 people or 8.2% in the period 1975-78). Total employment increased by about 20,000 people in the period 1975-80, the unemployment was almost unchanged in this period, but the county still has the highest level of unemployment in the country (in 1981 about 17%). Income per head increased more in the county than in the country as a whole in the period 1976-78, but it is still considerably below the national average.

In 1977-80 a total of 354 million DKR was given as loans and grants in the county creating about 3,500 new jobs. Important infrastructure investments in the period were ports (about 61 million DKR), railways (34 million DKR), airport (25 million DKR), University (96 million DKR) and roads (175 million DKR).

The labour force is expected to increase by 13,000 persons (6%) in the period 1980-85 and total employment by 9,000 persons.

The Thisted area/Viborg county

The total population remained stable in the period 1977-80, while the labour force increased (2,000 people or 6% in the period 1975-80). Unemployment rose by 600 persons or 30% in the period 1975-80 to a level of 13%. In 1978 the average taxable income was 16% below the national average.

In 1977-80 total regional development assistance amounted to 46 million DKR, creating about 550 new jobs.

Important infrastructure investments carried out in the period 1977-80 were Hansthol harbour (6 million DKR), Sallingsund bridge (total 220 million DKR) and highways (340 million DKR).

In the period 1980-85 total population is expected to increase by about 700 people and the labour force by 1,200 people.

Regional development areas of Sonderjylland county

In 1975-79 total population increased by about 5,000 people (4%) while total employment increased by 3,500 or 7%. In 1979 the total number of unemployed was 4,400 persons. The average taxable income was 10-15% below the national average in the regional development areas.

Regional development assistance amounted to 56 million DKR in the period 1977-80 creating about 500 new jobs.

Regional infrastructures of importance comprised a dyke at the North Sea coast (116 million DKR) and the motorway (329 million DKR, until 1981).

In the period 1978-85 the population is expected to increase by about 5,000 people and the labour force by 4,300 people.

County of Bornholm

Total population increased slightly (about 600 people) in the period 1977-80, while the labour force increased by 1,700 in the period 1975-78 alone. Unemployment rose to about 1,700 persons or 12% in 1981. In 1978 the average taxable income in the county was 13% under the national average.

Regional development assistance in the period 1977-80 amounted to 27 million DKR creating about 330 new jobs.

Important infrastructure investments in the period 1977-80 were Ronne and Nexø harbours, electric cable to Sweden (83 million DKR) and the airport (10.5 million DKR).

It is to be expected that 24,200 people will need employment by 1985, in 1978 23,000 were employed and 1,000 unemployed in Bornholm.

2. Development objectives

The main objective for the national regional policy is a better and more equal regional distribution of population, employment and income. In recent years there has been a marked shift in population and employment from the metropolitan region - and to a lesser degree from the bigger provincial towns - to the rest of the country. It is the aim to maintain this trend by expanding a network of viable regional and area centres all over the country, by regional aid and by infrastructure investments. Another important aim is to safeguard as yet undeveloped coastal regions by locating future tourist development elsewhere.

The regions

In Nordjylland county the workforce is expected to increase by 14,000 persons in the period 1980-85 and the total number of jobs by 9,000; as unemployment in 1980 was at 14,000 there will be a requirement of about 19,000 new jobs net. The total workforce in 1980 was 242,000 persons.

Therefore increased employment is an important target, with a special emphasis on the weaker parts of the county. It is the aim to create the best possible conditions for agriculture, fishery and industry. Moreover, it is the aim to strengthen the regional centre and to develop 15 area centres, with special emphasis on smaller centres in the weaker parts of the county and thereby to ensure that the population in all parts of the county has a reasonable accessibility to work and service facilities. It is the aim to develop tourism, but outside the present developed areas at the coast.

In the Thisted area/Viborg county the workforce is expected to increase by 1,200 persons in the period 1981-85; the unemployment was at 2,600 in 1980, and this means that about 4,000 new jobs will be necessary in the period 1981-85. Total workforce in 1980 was 35,000 persons. In order to create new jobs in this relatively weak area it is the aim to create the best possible conditions for industry and services, and for agriculture, to develop tourism and to improve the transport infrastructure. Moreover, it is the aim to develop the three existing area centres.

.../...

In the regional development areas of Sonderjylland county the labour force is expected to increase by 4,300 persons in the period 1979-85 and moreover 4,400 were unemployed in 1979. This means a need for about 9,000 new jobs in the period 1980-85. The total workforce in 1979 was 58,000 persons.

It is the aim to increase employment and to improve the service facilities, in particular in the western and central parts of the country, i.e. the regional development areas. The two area centres in this part of the county shall be further developed, and in the central part of the county it is the aim to build up area centre functions.

In the county of Bornholm unemployment in 1980 was at about 1,000 persons, and it is expected that the workforce will increase by 1,000 persons from 1981-85; therefore at least 2,000 new jobs will be needed in this period. Total workforce in 1980 was 23,000 persons.

It is the aim to increase the average level of income from about 87% of the national average in 1980 to 95% in 1985. Other targets are an improvement in private and public services and to establish the best possible condition for the different sectors - agriculture, fishery, industry, tourism, etc.

3. Development measures

In the regional development areas, and the ERDF areas are all regional development areas, assistance can be granted by way of loans, subsidies and guarantees for loans:

- Loans at reduced rates of interest (7.5%) can be given to industrial and service undertakings to cover capital expenditure for establishment, expansion, rationalisation etc. The repayment period is 20 years maximum.
- Loans at reduced rate of interest (7%) can be granted to municipalities for the construction of buildings, which are later sold or leased to private industrial or commercial companies. It is a condition that these are found in advance. Repayment period is 25 years.
- Subsidies can be granted to industrial or service activities for establishment, expansion, rationalisation etc. in the special development areas up to a maximum of 25% of the capital expenditure.
- Moreover, operational and moving subsidies, subsidies for surveys, guarantees for operational loans and for rationalisation surveys and loans and subsidies for infrastructure investments can be granted.

The State finances a large part of the expenses met by counties and municipalities by the way of a series of subsidy, reimbursement and equalisation arrangements; in addition there are equalisation arrangements between local authorities.

There are four types of subsidy arrangements:

- Subsidy according to objective expenditure - need criteria (block subsidy).
- Fiscally based subsidy.
- Local authority equalisation.
- Subsidy for particularly disadvantaged municipalities.

The Danish quota in the ERDF - apart from the part being used in Greenland - will be used primarily to support industrial and service investments.

The regions

In the county of Nordjylland the most important infrastructure investments will be :

- Expansion of the state ports of Frederikshavn, Skagen and Hirtshals, new port installations on the island of Laesø and enlargement of the navigation channel at the port of Aalborg.
- Extension and modernisation of the airport at Aalborg.
- Extensions and improvements of the highway network.
- Further extension of the University of Aalborg, extensions of technical schools and completion of the North Sea Centre at Hirtshals.

In the regional physical planning a series of regulations are laid down concerning industrial zones, including sewage plants, power supply and transport systems, land use to protect the interests of agriculture and technical installations in general. Moreover, special regulations are laid down concerning the localisation of industry and services in the different centre categories.

In the Thisted area the important infrastructure investments will be expansion of the port of Hanstholm, extension of the highway system, a new comprehensive and commercial school at Nykøbing as well as new social institutions.

In the regional physical plan provisions are laid down concerning industrial zones (a new zone planned near Hanstholm), land use and localisation of industry and service activities.

In the regional development areas of Sonderjylland county, apart from the national, regional aid scheme, there exists two special funds - South Jutland Loan Fund and South Jutland Investment Fund - which grant assistance to private enterprise.

The important infrastructure investments in the programme period will be expansion of the ports at Aabenraa and Rødmø, construction the last part of the motorway in the county and extensions of the highway system, a natural gas network, new telephone exchanges, extension of technical schools as well as new health and social institutions.

In the regional, physical plan provisions are laid down concerning localisation of housing, industry and service activities.

The most important infrastructure investments in the county of Bornholm in the programme period are extension of the ports of Rønne and Tejn, extension of Rønne airport and extension of comprehensive and vocational training schools. Moreover, specific measures concerning agriculture, fishing industry, tourism etc. will be brought into use.

4. Financial resources

In 1982 a total of 349 million D.Kr. (including an EIB global loan of 50 million D.Kr.) will be available for national regional assistance. For the years 1983-85 it is expected that appropriations will be fixed based on the principle of maintaining the same real value as in 1982.

The regions

County of Nordjylland

Investment costs 1981-84 :

- The state harbours Frederikshavn, Skagen and Hirtshals : 162.2 million D.Kr.
- The harbours at Aalborg and on Laesø : 84 million D.Kr.
- The airport at Aalborg (State) : 37.1 million D.Kr.
- Post offices in Aalborg, Hjørring and Bjerringbro : 198.6 million D.Kr.
- Highways : 105.0 million D.Kr.
- Schools and university : 204.0 million D.Kr.
- The North Sea Centre (1980-84) : 142.8 million D.Kr.

The Thisted area

Investment costs 1981-84 :

- The state harbour Hanstholm : 10.1 million D.Kr.
- School (comprehensive/technical) at Nykøbing : 68 million D.Kr.
- Social institutions : 13.3 million D.Kr.
- Highways : 45.0 million D.Kr.

Regional development areas of the county of Sonderjylland

Investment costs 1981-84 :

- The harbours of Aabenraa and on Rømø : 36.8 million D.Kr.
- Motorway and highways (whole county) : 203.7 million D.Kr.
- Natural gas network (whole county 1981-82) : 325.0 million D.Kr.
- Post and telecommunications (whole county) : about 300 million D.Kr.
- Health and social institutions (whole county) : 212.4 million D.Kr.

County of Bornholm

Investment costs 1981-84 :

- Rønne and Tejn harbours : about 55 million D.Kr.
- Rønne airport (state) : 28.9 million D.Kr.
- Schools : 12.0 million D.Kr.

5. Implementing the programme

The Minister of the Environment is responsible for the execution of comprehensive, physical, national planning. He approves regional planning proposals after consultation with the Ministers whose fields of responsibility are affected by the regional planning. The county council shall each second year provide the Minister of the Environment with an account of the regional development, including the planning carried out, and an assessment of whether this development and planning are in correspondence with or have an effect upon regional planning.

The county council may prepare supplements to a regional plan before a new regional plan is considered necessary. Similarly, the Minister of the Environment may order the county council to prepare such supplements.

The planning activities of county councils and local authorities and the carrying out of capital investment may not be in conflict with the regional planning, and county councils and local authorities must work towards implementation of the regional plan.

B. Greenland

1. Social and economic analyses

The programme covers the whole territory of Greenland, as this is accepted as eligible for ERDF assistance.

In the period 1978-80 the total population increased by about 1,500 persons of which almost half were born outside Greenland.

problems within the cod fishing in recent years and reductions in the level of public investment as well as cut-backs in the public institutions have had negative effects on the employment, but in spite of this total unemployment fell in 1979-80.

Average taxable income reached a level of 53,000 DKR in 1979 - 37,400 for persons born in Greenland and 135,200 for persons born outside.

The net expenditure by the Government on operations and investments in Greenland increased from 1,040 million DKR in 1975 to 1,600 million DKR in 1980, of which about two-thirds is current spending.

House building is traditionally the largest investment item. In 1980 it amounted to DKR 191 million, or 36% of investment handled by the GT0. In the same year DKR 96 million was devoted to communications (including telecommunications) and transport, DKR 85 million was devoted to electricity, water and heating and DKR 47 million to the health service.

The population (born in Greenland) is expected to increase from about 42,000 persons in 1980 to about 45,000 in 1985. Due to the abovementioned difficulties for fishery and in the public sector, the assessment of the employment prospects up to 1985 is rather pessimistic and there exists a clear risk of increased unemployment.

2. Development objectives

The labour market is characterised by the conspicuous role of public sector employment, an important foreign element in the workforce, and the one-sidedness of production, with fisheries providing the bulk of industrial production.

It is, therefore, the main objective to create a more diversified economy and to replace the foreign (Danish) workforce as far as possible by local (Greenlandic) personnel.

With regard to future infrastructure investments, two sectors - energy (local energy resources) and internal traffic - will have priority. Moreover, vocational training and housing are of high priority.

3. Measures for development

Advantageous long-term loans and guarantees for loans in private credit institutions can be granted to private enterprise (industry, commerce, crafts and animal husbandry) for construction, extension, rationalisation etc. and for purchase of fishing vessels. Moreover, instalment- and interest-free loans can be granted in certain cases. Finally, interest relief can be given to state guaranteed loans in private credit institutions.

Development plans for infrastructure :

Some 98% of Greenland's energy requirements are today met by imported oil, and the energy consumption is expected to increase by 50% in the next 20 years. It is regarded as a realistic estimate that 50% of the energy requirements could be met by hydroelectric power and close to 30% by coal in the year 2000, leaving only about 20% of requirements to be met by oil. The main investments under this plan will be hydroelectric power stations in the vicinity of many towns, and, where this is not possible, coal fired steam power stations for the combined production of electricity and heat.

The first airport for fixed-wing aircraft opened in Godthåb⁹ in 1979, the second, in Jacobshavn, is under construction. These are the first airports under the plan of gradual transition to the use of fixed-wing aircraft wherever possible, which was introduced because of increased operating costs associated with the coastal vessels and the helicopter service and of the increased passenger traffic. It is the intention to construct landing strips at a number of other towns in West Greenland.

In recent years the telecommunication system has been almost completely modernised; however, there are still considerable investments to be carried out in the programme period.

A number of settlements have as yet no direct access to the telephone network, but over the next five to ten years channels are to be established in the Greenland UHF network giving people in these settlements telephone connections to the rest of Greenland. The hiring service is also to be extended, providing facsimile services and radio and TV programme transmission equipment for the Greenland Post Office, Greenland Radio, and the public in general. The coverage of radio and TV will be improved.

The rationalisation of radio services for shipping and aircraft, including safety services, is continuing and a number of remote-controlled coastal VHF stations will have to be installed in order to fill gaps in the coverage provided by the existing stations.

Other infrastructure categories for which considerable investments are foreseen are warehouses, harbours and urban infrastructure.

A great emphasis is placed on the need to transfer as many as possible of the basic vocational training courses to Greenland. In recent years there has been a considerable increase in the range of courses offered in Greenland. Any further development will depend on the ability to find qualified teachers and on the availability of school buildings and student boarding facilities.

If all married couples and more than half the single persons over 20 are to have their own dwelling, there is at present a shortage of about 1,600 dwellings in Greenland. Moreover, the number of Greenlanders over 20 will be growing fast up to 1990, requiring 400 new dwellings a year in the 1980s.

Very large subsidies are needed to ensure a proper supply of housing, as the cost of housing per square metre in Greenland is about twice as high as in Denmark, while the level of income is low. State assistance to lower the cost of housing is given partly in the form of low-interest loans and partly through a complicated system of general and individual grants.

For the purpose of encouraging the development of sheep farming in the south of Greenland, Council Regulation No. 1821/80 of 24 June 1980 gave authority for a development programme which may be regarded as a joint undertaking pursuant to Article 6 of Council Regulation No. 729/70 of 21 April 1970 relating to the financing of the Common Agricultural Policy. A development programme of this kind has been formulated, and it is planned to implement this programme over a ten-year period, beginning with detailed planning in the course of 1981.

The development programme includes the reclamation of new grazing areas, the establishment of an infrastructure, the construction of sheep housing and buildings, the acquisition of machinery and equipment and the extension of slaughtering capacity and improvement of the consultancy service.

4. Financial resources

By far the greatest part of the available public financial measures are State allocations, but they include two grants from the EEC Regional Development Fund and Social Fund.

Expected government transfers to Greenland 1981-84 (January 1981 prices):

Dkr million	1981*	1982	1983	1984
Central government current spending	381.1	369.9	377.8	377.8
Central government capital spending	501.3	603.4	570.1	570.1
Block grants to home rule and local authorities	545.2	589.2	592.8	592.8
Total	1 428.3	1 562.5	1 540.7	1 540.7

Of total capital spending ERDF assistance amounts to Dkr 54.5 million in 1981 and Dkr 84.8 Million in 1982. In the estimated figures for the 1983 and 1984 budgets ERDF assistance of about Dkr 50 million has been entered provisionally, but this is only a tentative, notional figure. The present capital programme has been worked out assuming a total of ERDF grants and EIB loans of the order of Dkr 100 million a year in 1983 and 1984.

The table below shows the main categories of planned central government investment in Greenland in 1982-84, broken down by sector.

Dkr million (January 1981 price level)	1982 budget	1983 budget	1984 budget
ROYAL GREENLAND TRADE DEPARTMENT			
Fisheries	22.6	17.6	15.5
Warehouses etc.	15.8	93.1	51.2
Storage tank facilities	22.9	11.6	6.5
PUBLIC INSTITUTIONS			
Police, justice	8.2	4.4	1.2
health service	68.2	37.4	27.1
HOUSING			
Housing for rent	103.8	115.6	130.7
Loans for house purchase etc.	117.8	110.0	109.2
LOCAL AUTHORITY ENGINEERING ETC.			
Roads, water, sewerage	29.0	21.6	22.2
PUBLIC WORKS AND TECHNICAL SERVICES			
Electricity	27.3	29.3	50.3
Water	7.1	4.7	10.2
Docks	17.9	5.6	14.6
COMMUNICATIONS AND TRANSPORT			
Telecommunications	30.0	6.8	5.3
Ports	18.8	9.3	5.4
Airports	41.5	28.6	32.7
AIDS TO INDUSTRY	33.0	33.0	33.0

Central government clearly plays the major role in public investment in Greenland, but the home rule authorities do make investments in those areas which they have taken over. These include schools, social and cultural facilities, and certain types of investment in the settlements. The home rule authorities' total capital budget is estimated at about Dkr 85 Million a year.

5. Implementing the programme

Central government investment in Greenland (including Community-financed projects) and other projects financed by the home rule authorities are governed by a revolving five-year plan which is extended for two years every second year.

The Ministry of Greenland coordinates the various applications for investment, and drafts the revolving plan, in cooperation with the home rule authorities: the district authorities draw up priority lists of the work which should be carried out in the two years following the current planning period.

The Ministry of Greenland, the Ministry of Justice and the Greenlandic Executive then study the district authorities' proposals. After study by the Ministry of Greenland and the Landsting's administrative secretariat, the Landsting receives a draft for discussion.

The Landsting and the Ministry agree on the main guidelines for assigning priorities to the different investments, within the economic constraints expected. The more detailed investment plan proposals are then settled with the individual district authorities.

The conclusions reached in the negotiations in Greenland are incorporated in the new five-year plan covering a further two years.

Summary of the
regional development programme
Federal Republic of Germany
1981-1984 (1985)

1. Social and economic analyses

A total of 18 regional development programmes have been worked out covering the assisted areas as delimited in the 10th Outline Plan. This new delimitation has been notified to the Commission. Moreover, a programme for Berlin has been worked out.

In Annex A are given structural data on the 18 regions covered by a regional development programme. For each of the 18 regional development programmes, a brief outline is given below of the major disequilibria and potential and conditions for the development of the relevant area.

Schleswig

The structural weakness of this RDP area is due to its remoteness from the main transport links, the above-average importance of agriculture, the high unemployment rate and the very high level of winter unemployment in the coastal areas.

The aim is to bring about a lasting increase in the number and quality of industrial jobs by means of specific sectoral assistance measures, so as to counter the draft of people away from the area. Other assistance measures will be aimed at safeguarding existing jobs and extending the tourist season.

Holstein-Unterelbe

The major part of this RDP area lies within the "Zonenrandgebiet", so that there is a lack of markets on which to sell new products. Shipyards account for some 11% of industrial employment, and roughly the same proportion of industrial jobs is dependent on the shipyards. Agriculture, which is still important in the rural areas, will see a continued decline in its workforce.

The assistance measures are primarily intended to bring about diversification and to create jobs in small and medium-sized firms. In addition, greater assistance is to be provided for rationalization schemes, technical innovation and conversion and for the tourist industry. Along the Lower Elbe (Brunnerbittel), the work begun in attracting primary industries is to be continued.

Niedersächsische Nordseeküste

This RDP area is largely characterised by the lack of economic centres, its remoteness from the market, reliance on a single industry (e.g. the fishing industry in Cuxhaven), the shrinking of employment of agriculture, the decline in the demand for labour in the building industries and the heavy costs of water engineering work.

Restructuring is to be continued, so as to create as broadly based a supply of jobs as possible. In the tourist areas, local tourist facilities are to be improved and extended; in addition, the conditions for positive economic development are to be created by improving regional and supra-regional infrastructure.

Bremerhaven

Bremerhaven has been experiencing substantial net migration losses since 1975, and its unemployment rate is 36% above the average for the Federal Republic as a whole. Employment in industry is declining, with the problems of the shipbuilding and fishing industries combining their effect

Dependence on single industries is to be eased by establishing new industries and by switching production in existing ones; the development of industrial sites accessible to seagoing vessels has an important role to play.

Ems-Mittelweser

The situation of this RDP area is characterised by reliance on single industries (e.g. the textile industry in Nordhorn), shrinking employment in agriculture, a decline in the demand for labour in industries such as textiles and clothing, a relatively high birth rate and above-average levels of unemployment.

The assistance is intended to create a broadly based supply of jobs, particularly high-grade jobs, and to maintain existing jobs through rationalisation and modernisation. Regional and supra-regional infrastructure and local tourist facilities are to be improved and extended.

Heide-Elbufer

Niedersächsisches Bergland

The problems of these two RDP areas are due to their extreme peripheral position ("Zonenrandgebiet"), reliance on single industries (e.g. the car industry in Wolfsburg), shrinking employment in agriculture, above-average unemployment rates and, in some cases, very low population density.

Work begun on restructuring is to be continued and industrial diversification improved. Infrastructure and local tourist facilities are to be extended and improved.

Nördliches Ruhrgebiet - Niederrhein-Westmünsterland

This RDP area is marked by a sharp decline in jobs in the textile industry, agriculture and coal mining; it includes areas having an unduly one-sided economic structure, and the female activity rate is below the Federal average and the average for the Land.

Because of the particular structural sensitivity of this RDP area, efforts are to be focused on diversifying single-industry structures by establishing new industries with future growth potential.

Nordeifel-Mönchengladbach-Heinsberg

The North Eifel area is placed at a disadvantage by its rather isolated geographic position in the frontier area, and the Mönchengladbach-Heinsberg area shows signs of weakness in manufacturing industry.

So as to strengthen the economy of the region, additional jobs are to be created and the tourist industry is to be assisted in the areas that are less suitable as a location for new industries.

Soest-Brilon-Höxter

This RDP covers areas in which agriculture and forestry are still very prominent but provide a sharply reduced number of jobs.

In addition to the establishment of industrial firms with a good change of withstanding the crisis, job creation is also to be encouraged in the tourist industry.

Hessisches Fördergebiet

This RDP area is partly agricultural in structure with only a small degree of industrialisation. The more industrialised area around Kassel is marked by an unduly one-sided industrial structure.

In order to reduce the high level of unemployment and the population drift away from the area (particularly in the "Zonenrandgebiet") industrial jobs are to be created, with preference being given to jobs for women and jobs requiring a high level of skills. In the key points, infrastructure of immediate relevance to industry is to be developed (e.g. improved natural gas supplies), while in the tourist areas the modernisation of available accommodation is to be promoted.

Mittelrhein-Lahn-Sieg

The below-average economic strength of this RDP area (situated in the Länder of Hesse and Rhineland-Palatinate) is attributable to its low degree of industrialization, to topographical and climatic disadvantages, to the fact that farms are largely smallholdings and to the high degree of fragmentation of agricultural ownership.

New jobs are to be created by promoting the establishment of new undertakings and the extension of existing ones. Local tourist infrastructure is also to be developed so as to help improve the economic strength of this RDP area.

Eifel-Hunsrück

The economic strength of this RDP area is considerably below the Federal average. This is due to the fact that these are frontier areas, to out-migration, to the unbalanced development of communications, to topographical and climatic problems.

New undertakings are to be attracted and existing undertakings extended so as to create high-grade jobs. Tourism is to be developed.

Saarland-Westpfalz

The economic weakness of this RDP area, which consists of the whole of the Saar and part of the Land of Rhineland-Palatinate, is attributable to the following causes: the fact is that it is a frontier area, the fact that farms are largely smallholdings and the pronounced fragmentation of agricultural ownership, reliance on single industries in the southwestern part of the areas (footwear industry), out-migration, and the effects of the changing structure of the Saar coal and steel industry.

New, diversified manufacturing undertakings are to be encouraged and existing undertakings extended or rationalised so as to cover the considerable need for new jobs and safeguard those threatened. The economic strength of this RDP area is to be further strengthened by developing transport infrastructure. Tourism is to be developed in the Palatinate Forest area.

Neckar-Odenwald

This RDP area, consisting of the labour market region of Buchen i.O., has an unfavourable industrial structure and is largely rural.

New undertakings are to be encouraged to set up and industrial undertakings extended, and local infrastructure (including tourist facilities) are to be developed so as to help reduce the job shortage.

Nordbayerisches Fördergebiet

Peripheral, economically weak areas predominate in the Lower Franconia subregion. Industry is concentrated in a few places and lacks diversification. Upper Franconia has an above-average degree of industrial density; the textile, clothing, leather, ceramics and glass industries are characterized on the one hand by high labour intensity and on the other by a low level of productivity. Conditions are favourable for further development of tourism.

In lower Franconia, the main effort is aimed at creating new jobs, while in Upper Franconia the aim is to create and maintain jobs. In the industrial areas, industrial structures are to be diversified, while in the rural areas industrialization is to be continued. Tourism is to be further developed and the necessary facilities created or extended.

Westbayerisches Fördergebiet

Much of this RDP area is mainly agricultural (smallholdings). The success achieved in industrialization in recent years has not been sufficient to absorb all the labour available.

The low population density, together with the fairly large distances involved, makes it necessary to create jobs near residential areas. Tourism and regional and supra-regional infrastructure are to be developed.

Ostbayerisches Fördergebiet

The economic strength of this RDP area is determined by its extreme peripheral situation, involving separation from neighbouring economic areas and lack of a proper link-up to the transport network. Some parts of the Upper Palatinate district are largely dependent on single industries (fine ceramics and glass). In the Lower Bavaria district, agriculture is in decline, while industrial density is still well below the Federal average and the average for the land as a whole. Tourism is of major importance from a structural policy point

The aim is to create as broad a range of jobs as possible, with importance attaching primarily to the quality of such jobs, so as to counter the tendency towards out-migration in some parts of the area. In addition, the tourist industry and regional and supra-regional infrastructure are to be developed and extended.

Südbayerisches Fördergebiet

Because of its position, the southern part of this RDP is dominated by the tourist industry. The northern part is largely agricultural.

In the south, appropriate assistance measures are to be taken in order to maintain the competitiveness of the tourist industry, while in the north industrial jobs are to be created and maintained.

In total these 18 regions have a population of about 18.2 million inhabitants, or about 30 % of the total population of the Federal Republic. With one exception only, the GDP per head in these regions is 10 % or more below the federal average, and the unemployment is in most regions well above the federal average.

2. Development objectives

For each of the 18 regional development programmes are given objectives for the creation of new jobs and maintenance of existing jobs and for planned investment for the period 1981-85.

Regional Development programme	Creation of new jobs	Maintenance of existing jobs	Planned investment (DM million)		
			Industry	Infra-structure	Total
1. Schleswig	5 500	3 000	1 150	37	1 187
2. Holstein-Unterelbe	22 500	20 750	4 760	173	4 933
3. Niedersächsische Nordseeküste (1)	15 600	4 000	3 011	144	3 155
4. Ems-Mittelweser	10 800	7 000	2 206	133	2 339
5. Heide-Elbufer	10 500	7 700	2 160	81	2 241
6. Niedersächsisches Bergland	30 300	48 800	6 651	210	6 861
7. Nördliches Ruhrgebiet-Niederrhein-Westmünsterland	27 500	14 000	505	10	5 515
8. Nordeifel-Mönchengladbach-Rheinsberg	13 500	6 000	2 935	8	2 943
9. Soest-Brilon-Höxter	4 000	1 500	940	5	945
10. Hessisches Fördergebiet	20 000	24 000	4 500	109	4 609
11. Mittelrhein-Lahn-Sieg	10 000	4 500	2 089	91	2 180
12. Eifel-Hunsbrück	8 000	4 000	1 673	75	1 748
13. Saarland-Westpfalz	29 000	17 000	5 459	217	5 676
14. Neckar-Odenwald	3 000	1 000	590	10	600
15. Nordbayerisches Fördergebiet	20 200	19 500	3 558	148	3 706
16. Westbayerisches Fördergebiet	8 100	1 800	1 191	44	1 235
17. Ostbayerisches Fördergebiet	27 000	21 960	4 540	177	4 717
18. Südbayerisches Fördergebiet	5 400	2 000	899	45	944
Total	270 900	208 510	53 817	1 717	55 534

Total employment in the regions covered by regional development programmes was about 11,800,000 persons (1980).

In each of the regional development programmes a number of key points have been selected for special development, and in which therefore regional aid under the joint task "Improvement of regional economic structures" shall be concentrated. A total of 269 key points have been selected. Moreover, special tourist areas have been selected in the programmes for development - and aid.

SPECIAL LIMITED PROGRAMME FOR THE SAARLAND-WESTPFALZ

Under this special programme, which was adopted in 1978 and was scheduled to run until 31 December 1981, 17 300 jobs were to be created outside the iron and steel industry (Saar : 15 570, Rhineland-Palatinate : 1 730).

STEEL LOCALITIES PROGRAMME

Under this special programme, covering the period 1982-85, the following aims are set up :

37,600 new jobs will be created within the area of the labour market regions Bochum, Dortmund and Duisburg and outside the iron and steel industry.

6,520 new jobs outside the iron and steel industry will be created in the Regional Development Programme Area Saarland-West Palatinate in continuation of the Special Programme carried out to 31.12.1981. This includes 5,625 replacement jobs for the Saarland and 625 for Rhineland-Palatinate.

3. Measures for development

Assistance to industry normally consists of the Investment premium amounting to 8.75% (or 10% in the "Zonenrandgebiet" (ZRG) along the country's eastern border) of the investment costs, and a Joint Task grant may bridge the gap between the investment premium and the relevant maximum rate of assistance.

The main possible types of assistance and maximum rates of assistance may be summarized as follows :

	Maximum rate of assistance in % for				
	Establishment of undertakings	Extension of undertakings	Conversion, rationalisation	Tourist undertakings	
				Establishment	Extension
Key points Priority key points the ZRG) & Key points in the (in the immed- iate vicinity of the border)	25	20 (25(*))	10	15 (25(1))	10 (15(*))
Key points Priority key points side the ZRG	20	15 (20(*))	10	15	10 (15(*))
Key points	15	10 (15(*))	10	15 (25(1))	10 (15(*))
side of points	10 (15(1))	10	10	15 (25(1))	10 (15(*))

In the "Zonenrandgebiet", if there are particularly strong structural effects.
Change of maximum rate, in force since Nov. 1st 1982.

Under certain conditions, a special investment grant may also be made for the creation of new highgrade jobs in research, development and management.

Special investment grant may be made per job in	Amount of special investment grant (DM)	Possible combination with other JT assistance may not exceed the following percentage of the investment costs of the high-grade jobs :
A and E key points	15 000	50 %
B key points	12 000	40 %
C key points and outside of key point areas	9 000	30 %

Joint Task funds may be combined to only a limited extent with the investment premium for research and development investment.

Infrastructure extension may receive Joint Task assistance if this is necessary for the development of industry.

Only the following measures are eligible for such assistance :

- (a) the development of industrial sites;
- (b) the extension of transport links;
- (c) power and water supply lines and distribution systems;
- (d) plants for sewage and waste disposal or purification;
- (e) creation of sites for tourism and of public facilities for tourism;
- (f) the establishment or extension of training, further training and retraining centres.

Preference is given, in the granting of such assistance, to local authorities (Gemeinden) and associations of local authorities carrying out such measures which must be non-profit making in purpose.

4. Financial resources

In the period 1981-85 a total of 6,273 million DM is available for aid to industry and tourism in all regional development programme areas, and total investments planned to be aided amounts to 53,817 million DM.

In the same period aid to infrastructure will amount to 796.6 million DM and total planned investments to be aided to 1,717 million DM.

Details are given in Annex B.

In the following table the aid foreseen in each of the 18 regional development programme areas in the period 1981-85 are given:

Regional Development Programme	Aid - Investment premium and Joint Task Grants	
	Industry/ tourism	Infrastructure
	(DM million)	
1. Schleswig	135.8	20.8
2. Holstein-Unterelbe	597.7	83.0
3. Niedersächsische-Nordseeküste	327.5	61.1
4. Ems-Mittelweser	232.6	49.9
5. Heide-Elbufer	252.9	42.0
6. Niedersächsisches Bergland	776.9	113.3
7. Nördliches Ruhrgebiet-Niederrhein- Westmünsterland	648.0	5.0
8. Nordeifel-Mönchengladbach-Heinsberg	338.0	4.0
9. Soest-Brilon-Höxter	107.4	2.5
10. Hessisches Fördergebiet	531.3	67.4
11. Mittelrhein-Lahn-Sieg	241.0	54.2
12. Eifel-Hunsrück	194.8	45.3
13. Saarland-Westpfalz	610.2	146.7
14. Neckar-Odenwald	66.1	4.0
15. Nordbayerisches Fördergebiet	446.8	97.8
16. Westbayerisches Fördergebiet	127.9	26.5
17. Ostbayerisches Fördergebiet	553.8	120.3
18. Südbayerisches Fördergebiet	95.8	26.3

Under the special programme for the "SAARLAND-WESTPFALZ" a total of 200 million DM was available, of which half was paid by SAARLAND and RHINELAND-PALATINATE and half by the Federal Government. Under the special Steel Localities Programme (1982-85) a total of 74 million DM is available, of which the Federal Government pays half.

As far as the ERDF is concerned, Joint Task projects and projects from Berlin are forwarded to Brussels for determination of the amount of refund. Berlin receives 5% of such refunds, and the remainder is divided equally between the Federal Government and the other Länder concerned, each of which receives its share on the basis of the Joint Task apportionment formula.

5. Implementing the programme

The administration of the regional aid system is the responsibility of the "Länder", the Federal Government participates in the financing and in the preparation of the "Outline Plans". The Outline Plans of the Joint Task "Improvement of Regional Economic Structures" are worked out by the Federal Government and the "Länder" in a special Planning Committee, and decisions are taken by majority vote (2/3 majority, each of the 11 Länder having one vote and the Bund 11 votes).

In the Outline Plan the following subjects are obligatory :

- the regions to be aided,
- the objectives on job creation and other objectives in the aided regions,
- measures and financial means,
- conditions, types and intensity of aid.

The Outline Plan is taken up for consideration each year.

Berlin

1. Social and economic analyses

Total population decreased by 57,000 people in the period 1977-82 to 1,870,000 but in the latest years this decrease has slowed down. The age structure of the population has improved, in 1975 23% were above 65 years, in 1981 21%. About 12.5% of the population and of the workforce are foreigners. The employment in industry has decreased considerably, in the period 1970-82 by 100,000 persons to 165,000 persons. The unemployment rate increased from 4.5% in 1977 to 8.0% in 1982 (national average 7.0%).

In the period 1978-81 total aid to private enterprise amounted to 27,756 million DM.

2. Development objectives

Under the policy guidelines laid down by Berlin's government, the greatest weight will be given to economic and labour market policy and top priority to achieving or maintaining parallel development between Berlin's economy and that of the Federal territory.

The Senate is seeking to strengthen Berlin's economic capacity, in order to stabilise the number of jobs and increase them in the medium term. To that end it will intensify labour market policy and make full use of the available range of business promotion instruments.

More specific aims are to attract new enterprise, to develop research and development activities, to develop exhibition and congress facilities, to intensify vocational training, to secure in the town planning the optimal mixture of enterprise and residential areas and to secure a rational, economic and environmentally acceptable energy supply system.

3. Development measures

The disadvantages of Berlin's location are offset by permanent economic development efforts by the Federal Government and the Land Government. Under this policy Berlin is given a higher priority than assisted areas under the Joint Task or than the Zonenrandgebiet (zonal border area) because of the way it is affected by the partition of Germany and because of its exposed position.

The kingpin of economic development policy for Berlin is the Berlin Promotion Law (Berlin FG). It features a wide variety of aid instruments, turnover tax concessions, relief on income tax and profit tax, investment premiums and concessions for employees.

The main emphasis is on turnover tax concessions. At the end of 1982 the Berlin Promotion Law was amended to restrict them to inputs supplied in Berlin and to give higher-skilled activities a greater weighting. The expected increase in the value added generated by Berlin is to help to improve its economic structure in the long term.

The second most important aid instrument is the Berlin Special ERP Programme, which enables soft loans to be provided for business investment and business start-up.

In mid-1982 the Senate adopted the "Structural programme for new jobs in Berlin". In an effort to act on the supply side, aid will be given to persons starting up in business and for investment and innovation, particularly in small and medium-sized firms in Berlin.

The structural programme has been supplemented by the "Programme to promote vocational training", which was also adopted in 1982. Between 1982 and 1986 extra funds are to enable at least 4 000 new training places to be provided with reliable independent institutions or in private industry.

The particular energy situation of Berlin is bringing the Senate to try to get a supraregional energy consumption, through a long distance gas distribution in the framework of a contract of natural gas with the USSR.

4. Financial resources

Aid measures	1979	1980	1981	1982	1983	1984
Berlin Promotion						
Law (1)	5 534	6 249	6 185	-	-	-
ERP funds	426	508	424	568	510	550
Land guarantees(2)	225	157	45	119	-	-
Berlin budget funds(3)	261	299	275	(5)	(5)	
Other (4)	244	267	269	(5)	(5)	
Total	6 690	7 480	7 198			

- (1) The data for the years after 1982 will be supplied by the Federal Ministry for Finance, in connection with the 9th report on the subsidies.
- (2) There is a guarantee framework amounting to 2,4 mrds DM, which works on the basis of a revolving system.
- (3) E.g. improvement of the economic structure; value compensation for general property designated for the establishment of industrial or commercial firms; wider exemption from land transfer duty; reduction of the payroll tax multiplier to zero; reduction of the trade tax multiplier from 300% to 200% as from 1 January 1980; special costs for the establishment of industries.
- (4) E.g. assistance for development and related research in Berlin industry, encouragement of work in Berlin.
- (5) The figures will be available on the occasion of the 16th report on the situation of the Berlin economy in 1984.

5. Implementing the programme

Decisions on applications for aid under the Berlin Promotion Law are normally taken by the relevant tax office.

Decisions on applications for loans under the Special ERP Programme - with the exception of the ERP Programme for the award of contracts - are taken by the Berliner Industriebank AG and the Industriekreditbank AG - Deutsche Industriebank.

On application by a credit institution, the Landesbürgschaftsausschuss (Land Guarantee Committee) will provide a deficiency guarantee.

The Senator for Industry and Transport or the Senator for Labour and Business enterprises is responsible for implementing the other aid measures.

Structural data of the regional development programmes

Regional development programme	Inhabitants	Area (km ²)	Population density	Industrial density (%)	GDP per head of resident population (DM)	Total wages and salaries per employee in industry (DM)	Unemployment rate in % (averages 1976-80)	Employable population as % of total population
1. Schleswig	429 000	4 134	104	43	18 013	26 046	5.6	62.5
2. Holstein-Unterelbe	1 774 000	9 450	188	78	17 104	28 082	4.8	63.2
3. Niedersächsische Nordseeküste (1)	1 035 600	7 951	130	85	16 079	30 218	6.1	64.8
4. Ems-Mittelweser	916 688	9 101	101	81	15 618	26 900	4.6	63.7
5. Heide-Elbufer	652 595	7 295	89	129	20 333	36 505	4.7	65.8
6. Niedersächsisches Bergland	1 756 136	8 219	213	116	18 633	30 715	5.3	65.6
7. Nördliches Ruhrgebiet-Niederrhein-Westmünsterland	1 926 626	4 668	413	110	15 841	34 523	5.5	66.4
8. Nordeifel-Mönchengladbach-Heinsberg	962 536	3 100	310	104	16 146	31 841	5.0	66.9
9. Soest-Brilon-Höxter	267 050	1 825	146	87	14 739	31 889	4.8	64.1
10. Hessisches Fördergebiet	1 302 853	8 899	146	91	15 185	31 069	3.6	66.0
11. Mittelrhein-Lahn-Sieg	651 868	5 301	123	81	14 133	25 225	3.6	64.0
12. Eifel-Hunsrück	524 748	5 461	96	77	15 493	25 686	5.4	64.0
13. Saarland-Westpfalz	1 870 840	6 978	268	129	16 886	29 740	5.8	67.0
14. Neckar-odenwald	194 295	1 508	129	125	16 455	23 966	2.7	63.5
15. Nordbayerisches Fördergebiet	1 386 627	9 451	147	159	17 766	26 684	4.4	64.2
16. Westbayerisches Fördergebiet	491 766	5 424	91	113	15 091	25 198	3.3	63.2
17. Ostbayerisches Fördergebiet	1 339 865	13 720	98	112	15 197	25 468	7.0	63.8
18. Südbayerisches Fördergebiet	669 279	5 784	116	89	16 827	28 603	3.2	64.0
Total	18 152 372	118 269	-	-	-	-	-	-

(1) Including Bremerhaven and the island of Neuwerk (Hamburg)

SUMMARY OF ALL THE PLANNED MEASURES AND THEIR FINANCING

TOTAL OF FEDERAL TERRITORY

a) Investment to be aided in the framework of the 'joint task' for the period 1981 to 1985, and distribution of funds available (DM million)

	Investments to be aided		Requirement		Funds available			
	Total	in the area along the country's eastern border	Total	in the area along the country's eastern border	"Investitions-zulage" (Investment premium)	in the area along the country's eastern border	joint task funds	in the area along the country's eastern border
1. Creation of new jobs by establishing and extending production industries	47 002,300	18 691,700	5 566,300	2 394,200	4 350,900	1 869,300	1 210,700	525,000
2. Protection of jobs by conversion and rationalization of production industries	3 883,500	2 442,000	375,300	244,200	244,200	244,200	244,200	131,100
3. Measures for the tourist industry	2 929,800	1 465,200	343,000	178,900	250,000	146,500	85,900	32,300
Total 1. to 3.	53 815,600	22 598,900	6 284,600	2 817,300	4 845,100	2 260,000	1 427,700	557,300
Yearly average	10 763,120	4 519,780	1 256,920	563,460	969,020	452,000	285,540	111,460
4. Preparation of industrial areas	719,100	278,200	426,900	176,500	-	-	309,700	176,500
5. Development of local (communal) infrastructures	437,900	234,500	223,700	128,100	-	-	219,000	128,100
6. Public tourist facilities	373,900	149,400	222,200	97,100	-	-	184,800	97,100
7. Building and extending centres for training, further training and retraining	187,600	87,200	97,400	46,200	-	-	83,100	46,200
Total 4. to 7.	1 718,500	749,300	970,200	447,900	-	-	796,600	447,900
GRAND TOTAL 1. to 7.	55 534,100	23 348,200	7 254,800	3 265,200	4 845,100	2 260,000	2 224,300	1 005,200
Yearly average	11 106,820	4 669,640	1 450,960	653,040	969,020	452,000	444,860	201,040

b) Financing Plan

(DM million)

	1981	1982	1983	1984	1985	5 ans
Requirement						
"Investitionszulage" (Investment premium)	908,088	932,338	1 001,488	1 001,488	1 001,518	4 844,920
Joint task funds	386,00	428,200	470,000	470,000	470,000	2 224,200
TOTAL	1 294,088	1 360,538	1 471,488	1 471,488	1 471,518	7 069,120
1. Planned expenditure						
Creation of new jobs by establishing and extending production industries						
a) "Investitionszulage"	817.018	837.698	898.688	898.688	898.718	4 350,810
b) Joint task funds	204.286	231.762	258.214	258.214	258.214	1 210,690
Protection of jobs by conversion and rationalisation of production industries						
a) "Investitionszulage"	45,180	46,680	50,770	50,770	50,770	244,170
b) Joint task funds	24,912	25,567	26,897	26,897	26,897	131,170
Creation and protection of jobs in the tourist industry						
a) "Investitionszulage"	46,020	47,850	52,020	52,020	52,020	249,930
b) Joint task funds	16,082	16,893	17,622	17,622	17,622	85,841
Preparation of industrial areas	53,587	59,553	65,498	65,498	65,598	309,734
Development of local (communal) infrastructures	39,134	43,664	45,409	45,409	45,309	218,925
Public tourist facilities	31,270	34,798	39,578	39,578	39,578	184,802
Building and extending of centres for training, further training and retraining	16,599	16,073	16,792	16,792	16,792	83,048
TOTAL	1 294,088	1 360,538	1 471,488	1 471,488	1 471,518	7 069,120

Summary
regional development programme
Greece
1981-1985

Greece

1. Social and economic analysis

The programmes cover all the regions of Greece with the exception of the Athens Metropolitan Area. This delimitation has been accepted as the basis for granting ERDF assistance.

Regional inequalities in Greece are large, both in the narrower sense of per capita gross product as well as in the wider sense of economic, social and cultural welfare. In 1977 the per capita gross product in Athens exceeded the corresponding figure for the other regions, except Salonica, from 40% up to a 100% approximately. However, the regional differences have been decreasing since 1970. In the period 1970-77 the regions outside Athens and Salonica lost about 125,000 inhabitants or in general between 3% and 5% of their population. These population losses were, however, much smaller than the corresponding losses in the period 1961-71.

Eastern Continental Greece and Islands

Total population increased by 8,000 people or 0.9% to 858.000 in the period 1971-77. The primary sector occupied 38% of the active population in 1977 (Greece as a whole 33%). The per capita gross regional product (GRP) was 10% above the national average in 1977 but increased much less in the period 1970-77 than the national average. Unemployment was low and underemployment was considerable only in the less favoured areas of the region.

The existence of the capital in the centre of the region creates very favourable prospects for the various parts of the region. The population is not expected to change substantially until 1985, per capita product is expected to continue to grow at high rates and economic activity will expand in the dynamic urban centres and in the rich agricultural areas in the plains as well as in the tourist areas.

Central and Western Macedonia

Total population increased by 134,000 people or about 9% to 1.609.000 in the period 1971-77. The primary sector occupied 33% of the active population in 1977. The G.D.P. per capita was at the national level in 1977 after having increased more in the period 1970-77. Practically the whole increase in population was absorbed by Salonica and a dozen smaller urban centres. Unemployment was very limited, but underemployment was considerable in the less favoured areas.

The region as a whole has extensive possibilities for further rapid growth; it is expected that the population will increase by 100,000 people until 1985 and the labour force by about 30,000 people. Moreover the GRP is expected to grow at rates substantially above the national average.

Peloponnese and Western Continental Greece

Total population fell by 38,000 people or 3% in 1971-77 to 1,245,000 but increased in the North and North East Peloponnese. The Primary sector employed no less than 56% of the active population, a level far above the national level, and the tertiary sector only 24%. The per capita GRP was 15% below the national average in 1977 after having grown in step with this average in the period 1970-77. Unemployment was on a low level, but underemployment exists in the rural areas.

The region has one of the largest, if not the largest, tourist potentials in the country and moreover a very considerable potential for increased agricultural production. Therefore in the period until 1985 a high economic growth rate can be expected as well as a low unemployment rate.

Thessaly

Total population remained almost unchanged, 655,000 people, in the period 1971-77. Half the active population was employed in agriculture and only 26% in the tertiary sector in 1977. The GRP per head was almost 20% below the national average after having grown faster in the period 1970-77. There was some unemployment in the two big cities of the region, and underemployment was quite considerable in the less favoured parts of the region.

The growth potential of Thessaly seems very large, both in the primary and secondary sectors as well as in tourism. The population is not expected to change substantially until 1985, while the active population will increase by 5,000 or more persons.

Eastern Macedonia

In the period 1971-77 total population decreased by 22,500 people or 8% to 393.000. Almost 60% of the active population was employed in agriculture and only 16% in the secondary sector (1977). The GRP per head was 22% below the national average in 1977 after having grown by about the same rate in 1970-77. Unemployment was relatively high and underemployment quite considerable.

The region has good prospects for development in all major sectors. However, partly because of recent history and partly on account of current problems, a strong effort will be required if these prospects shall materialise. The labour force is expected to increase by at least 5,000 people before 1985.

Crete

Total population remained unchanged, 457,000, in the period 1971-77. More than half of the active population (56%) was employed in the primary sector and only 17% in the secondary sector in 1977. The per capita GRP was about 20% under the national average in 1977 after having grown in line with this average in the period 1970-77. Unemployment was low but underemployment very considerable in 1977-78.

The potential for further growth in particular in tourism and agriculture is very large. The population is expected to remain more or less constant up to 1985, while the labour force will increase slightly. As the creation of 5,000 - 6,000 new jobs can be foreseen, a possibility to reduce unemployment and underemployment is at hand. Moreover, it is expected that the growth of GRP will exceed the national average thereby reducing the considerable existing gap between the national and regional level.

Epirus

In the period 1971-77 total population decreased by 21,000 persons or 5% to 407.000. Close to 60% of the active population was employed in the primary sector and only 22% in the tertiary sector in 1977. The per capita G.R.P. was close to 30% below the national average in 1977, but increased more in the period 1970-77. The unemployment was comparatively low, mainly due to outmigration, but underemployment seemed quite extensive in the rural areas.

The potentials of development, although considerable, are spread among a number of sectors and a very considerable effort will be required to take full advantage of them. In the period until 1985 it is expected that outmigration will be reduced. The labour force is expected to increase only marginally and there should be an increase in employment sufficient to absorb the increased labour force.

Thrace

In the period 1971-77 total population decreased by 7,000 people or 2% to 320,000. Only 14% of the active population was employed in the secondary sector while 63% was employed in the primary sector in 1977. The per capita GRP was about 45% below the national average (1977) but increased more than this average in the period 1970-77. Unemployment was limited, but underemployment in agriculture was considerable.

The prospects and potential of the region contrast with the poor development record until recently. Resources and potential are particularly large, especially concerning the primary sector and mineral wealth. Excluding repatriation the labour force is expected to increase by about 2,500 people only up to 1985. A high growth rate in the regional product is expected, and thereby a narrowing of the very considerable gap between the regional and national GRP per head should be possible.

Eastern Aegean Islands

Total population fell by 11,500 people or 3.5% to 320,000 in the period 1971-77. The composition of employment on main sectors was not very different from the national composition in 1977. The per capita GRP was 30% below the national average in 1977 and grew less in the period 1970-77. Unemployment was very limited, while underemployment was substantial.

The single most important possibility for development seems to be tourism; the islands do not seem to have any other obvious and important comparative advantage. It is expected that out-migration will decline further, and it is hoped that some repatriation may lead to zero net out-migration. The natural increase in the population will remain low. No substantial increase in the labour force is expected up to 1985. The GRP is expected to grow at a rate lower than the national average.

2. Development objectives

According to the Regional Development Programme 1981-85 the main objectives of Greek regional policy are :

- to reduce internal migration to a necessary minimum : order to retain a viable and adequate population in every region of the country; where an area's resources and its development potential cannot secure a satisfactory standard of living the conditions should be created for migrants to find employment in neighbouring areas with sufficient potential for development.
- to improve rapidly the standard of living in the poorer areas and to reduce regional economic disparities and inequalities in the provision of social services by preserving satisfactory levels of employment and substantial rates of growth in all regions and by accelerating development in the regions where growth has recently been slow.
- to ensure that in the longer run the demographic balance in every region and the provision of the necessary opportunities to its population cease to depend on the transfer of resources but are achieved via a kparallel economic development.

Manufacturing development policy is reflected in Law 1262/82 on Economic and Regional Development Incentives (see Section 3). Incentives, which vary according to the area in which a plant is to be established depend on criteria such as job creation, export perspectives, import substitution, own participation, environmental impact, technological content etc. They are provided mainly to those engineering and consumer durable branches which are comparatively underdeveloped and underrepresented in the Greek manufacturing structure. Incentives are comparatively weak for the traditional

and fairly well developed branches of manufacturing such as food and beverages, textiles in general, clothing and footwear etc., as well as for other branches where a satisfactory degree of competitiveness exists or where a lack of prospects does not seem to justify strong support. All other branches, mainly chemicals, paper, non metallic products, simple metal objects etc., enjoy an intermediate level of incentive assistance.

An important objective is the exploitation of mineral resources located in Greece. This involves a vigorous pursuit of geological and related research for tracing increased deposits of the minerals and other materials accompanied by a parallel research effort in the metallurgical sector, so as to develop the necessary new technology in a way that would allow the fuller exploitation of the country's mineral wealth. The risks involved in ventures in the mining and metallurgical sector are large and quite often beyond the capacities of Greek manufacturing concerns which are of a small or moderate size. For these reasons the direct or indirect participation and the partial provision of venture capital by the state is envisaged. Finally the government seeks to develop industrial parks to facilitate both industrial and regional development.

In the field of tourism the main objectives are a further substantial but unhurried growth and a structural improvement from the point of view of the distribution of tourist facilities by type as well as in space and time. A basic objective is the deceleration of growth in the areas or places where clear indications of congestion and saturation are already emerging (Athens, Rhodes and Kos, North Corfu, Heraklion and its environs) and the increase in the contribution of tourism to the development of the less favoured regions and regional development. Another basic objective is the increase in the share of auxiliary tourist facilities in comparison with main hotel facilities and their appropriate distribution in space. Finally, efforts will also be made to lengthen the tourist season.

In agriculture the emphasis will be on an increase in productivity through improved methods, a gradual restructuring of output in accordance with the composition of demand and an increase in production for competitive products, i.e. either products which are in short supply in the Community (e.g. corn, cotton, etc.) or products which Greece can produce at a competitive cost in view of its climatic and soil conditions (e.g. very early and late season fruit and vegetables).

The regional pattern of the sectoral priorities just outlined will be very largely mixed. Although Greek regions are different in many respects, the small size of the country, the mixed geography and the similarity in the degree of development as among regions, imply that no large differences in the regional breakdown of sectoral priorities are called for. Manufacturing, tourism and agriculture are basic activities, the development of which will be pursued in all regions, the differences being, in the majority of cases, only a matter of degree.

The emphasis on agriculture and manufacturing will be stronger in Thrace. Tourist resources there are probably the most limited of all regions whereas underutilised agricultural resources, suitable for products with no marketing problems and no Community surpluses, are comparatively most extensive. On the other hand industrial development to date in this region has been the weakest, whereas the response to recent industrial development incentives has been spectacular indicating a very considerable potential.

The region of the Eastern Aegean Islands lies at the other extreme, with tourism as the activity with the greater scope for development and a comparatively limited potential for agriculture and manufacturing. The modest resources are a limiting factor for agriculture and the small local market, the increased cost of transport to the mainland and the limited availability of skilled labour, are arresting factors for manufacturing.

In comparison with the regions of Thrace and the Islands of the Eastern Aegean, where the sectoral emphasis is quite clearly differentiated, the regions of Crete and the Peloponnese and Western Continental Greece offer possibilities for a more balanced emphasis. They have a large tourist potential, a very important agricultural potential, mainly for early and late season fruit and vegetables, because of their climate, and considerable manufacturing potential in view of sizeable markets, substantial labour supply and a good recent growth record in some branches of manufacturing. In view of these, a sectorally balanced growth effort is the logical choice.

Epirus has a rather limited potential in all three major sectors discussed here. Tourist resources are considerable, but, with the exception of the island of Corfu, these resources are as yet very little developed. No substantial basis to build upon and achieve rapid growth in the sector is available. Agricultural resources are modest. Manufacturing activity, in spite of encouraging recent developments, is limited and the potential not very great.

Eastern Macedonia though considerably better endowed from the point of view of agricultural resources and manufacturing base, has to contend with the negative influence of the decline in the tobacco industry, which was highly labour intensive both in its agricultural and in its transformation stages.

The choice for these two regions is to provide the maximum thrust to development in all three sectors in order to speed up the process of growth. Whereas in other regions the most important priorities may be the creation of the circumstances (infrastructure, incentives, etc.) required for taking advantage of an important growth potential in one sector or the other, for Epirus and Eastern Macedonia the effort has to be strengthened and effectively coordinated to achieve a substantial acceleration of growth.

As opposed to the six regions which have been mentioned above and which have been described as peripheral, the three "core" regions, Eastern Continental Greece, Thessaly and Central and Western Macedonia, should be viewed in a different light. The zones making up the central development axis of the country, running from Athens to Salonica, through the eastern part of the region of Eastern Continental Greece, the plains of Thessaly and Central Macedonia, have by far the strongest growth potential and the emphasis here is on infrastructure and regulation and to a lesser degree on incentives. Infrastructure is necessary to accommodate the increasing volume of economic activity and development and regulation to prevent the environmental and land use problems associated with an increasing density of activities in an area. More specifically the improvement of the main axes and facilities of transport and communication (rail, road, ports etc.) to serve the area and improve its links with the outside world and the Community, sewage disposal, industrial parks and urban infrastructure are the most important priorities.

The rest of these core regions, mainly mountainous and semi-mountainous, has a limited potential and the emphasis will be on improving basic infrastructure and providing assistance to develop available resources and retaining a minimum of population.

An important exception to this picture is the basin of Western Macedonia, where the energy sector is a top priority for development, in view of the fossil energy deposits there.

3. Measures for development.

Regional aids system

Regional aids in Greece are at present determined by Law 1262/82 of 16.6.1982. This law provides for four main types of incentive: investment grants, interest rate subsidies, tax allowances and accelerated depreciation. Emphasis is placed on the investment grant followed by interest subsidisation. Apart from manufacturing, mining and hotel enterprises eligibility for these aids has been extended especially with regard to initiatives by agricultural cooperatives and local authorities.

Minimum and maximum rates of grant and interest subsidy are fixed for each geographical Area A, B, C and D (in mounting order of intensity). Exception made to modernisation or extension investments in certain zones (eparchy of Thessaloniki, the part of nomos of Korinthia adjacent to Attica) as well as to a number of specific investments(1). Area A, which comprises the most developed and congested parts of Greece (Athens and Thessaloniki with surrounding areas) is not eligible for grants or interest subsidies. At the other extreme in Area D comprising frontier zones and distant islands up to 50% of the investment and interest cost may be covered by state aid. Contrary to these two types of incentive for which the effective rate of aid to each investment is a matter of discretion for the Minister of National Economy(2) within the range indicated by the law, tax allowances and accelerated depreciation are automatic to qualifying concerns.

A certain margin of flexibility is also permitted to ministers in establishing development zones within each incentives Area. These zones as well as the Hellenic Industrial Development Bank (ETVA) industrial parks enjoy incentives higher than those for the Area in which they are situated.

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- (1) Mainly in environment protection, including relocation of polluting industries, energy saving and development, R&D, high technology farms or fisheries, mining, ship-building, renovation of traditional buildings for tourism or handicrafts.
 - (2) The specific weights of a long list of criteria and "high", "medium" and "low" assistance industrial branches have been determined by the Minister of National Economy.

The law introduces state participation in the capital of aided enterprises. This relates to the amount of aid to investment over and above DR 400 million (50% participation) and DR 600 million (100% participation) for the amount of investment in excess of these figures.

Finally, the law provides for a certain decentralisation of decision to the regional services of the Ministry of National Economy and to Regional Advisory Committees as well as to other bodies (1) whenever aids to handicraft or professional training are concerned.

Industrial parks

Throughout the past 15 years or so, the provision of regional development incentives was coupled with an effort to create industrial parks. With Law 4458/1965 the job of the creation, organisation and administration of industrial parks was assigned to the Greek Industrial Development Bank. The effort to create industrial parks and the corresponding legal framework went through a number of phases, in search of better arrangements that would reduce delays and increase the effectiveness of the policy in question. Law 742/77 provides for 28 industrial parks in the country, out of which currently only 8 are in operation. With the exception of Salonika and to a smaller extent Volos and Heraklion, the rest of the industrial parks in operation are still in a very early stage of their development.

(1) Hellenic Organisation of Small and Medium-Sized Enterprises and of Handicrafts (EOMMEX); Labour Force Employment Organisation (OAED).

The Regions

Eastern Continental Greece and the Islands

Primary Sector.

Irrigation, land reclamation and flood protection, storage, marketing and distribution facilities for agricultural produce, forest roads and improvement of pasture.

More effective agricultural use of state or church-owned lands. Promotion of cooperatives especially in forestry and livestock herding and incentives for group cultivations. Encouragement of the effort undertaken by the Evrytania development corporation.

Secondary Sector.

Research and drilling for new deposits (mixed sulphides, chromite, iron ore and bauxite).

Definitive master and land use plans for the two largest industrial concentrations. Thriasion Pedion (Eleusis) and Oinophyta, as precondition for carrying out necessary infrastructure works. Sewage disposal and treatment facilities in these two large industrial concentrations.

Declaration of areas of high industrial concentration and heavy pollution as saturated, until the necessary infrastructure for alleviating the problem is put in place. Incentives for the installation or modernisation of anti-pollution equipment.

Technical and vocational training in the urban centers will be strengthened and expanded.

Establishment of training centers and workshops for handicraft and marketing artifacts in the less favoured areas.

New production units for alumina and iron-nickel will be created and an industrial park will be created in Lamia.

Tourism.

Development of tourism on a small scale in the less favoured areas, preservation and tourist development of traditional settlements, development of winter tourism and Spas. Provision of tourist infrastructure, especially as regards winter tourism and Spas.

Further expansion of recreational settlements in the coastal areas of the gulfs of Saronikos and Evoikos will be actively discouraged. In the gulf of Corinth and the Eastern Coast of Evia emphasis will be given to planning and provision of infrastructure.

Transport and Communications.

Completion of national road projects (Eleusis-Thiva, Lamia-Karpenisi-Agrinion and Nafpaktos-Amphissa-Lamia). Improvement of the local road network mainly in Eurytania, Evia and the islands. Maintenance, expansion and improvement of the rural road network particularly in the less favoured areas and improvement of transport service to the islands.

Improvement and expansion of the main ports (Chalkis, Rafina, Eretria) and fishing ports in the eastern part of the region. Expansion of the telecommunication network.

Other sectors.

Improvement of water supply conditions in some of the islands and expansion of water supply networks in other parts of the region.

Expansion of sewage disposal infrastructure, of the generating capacity for electricity in the islands and the electricity distribution network in the rural areas of the region.

Central and Western Macedonia

Primary Sector.

Expansion of irrigation facilities. Expansion of infrastructure for flood protection and drainage.

Expansion of facilities for storage, marketing and distribution of agricultural produce.

Expansion of the forest and pastureland road network, especially in Western Macedonia and in the highlands and creation of basic infrastructure in pasturelands. Implementation of the programme for forest development (1980-84) in the areas of Western Macedonia and of Aridaia.

Improvement of fishing infrastructure.

Secondary sector.

Intensification of research for tracing more deposits, especially for chromite and mixed sulphides. Commencement of the exploitation of the asbestos and chromite deposits.

Increase in electricity generating capacity by 2,400 megawatts in Ptolemais and Amynteon and by 420 megawatts on the river Aliaknon.

Expansion of industrial park facilities in Salonica, with a section specially adapted to the needs of medium and small firms; new facilities in Kilkis and Florina.

Tourism.

Creation of auxiliary accommodation in the highlands and frontier areas.

Improvement of water supply, sewage disposal and treatment facilities in Chalkidiki and Pieria, ski installations and other winter tourism facilities in selected areas (e.g. Vermion).

Transport.

Completion of existing gaps or weak links on the basic east-west axis of Northern Greece, improvement of the axis connecting Greece with Europe, creation of by-passes at Thessaloniki and improvement of important regional roads and of the rural and provincial road network.

Modernisation and improvement of the railines connecting Greece with neighbouring countries, installation of a second rail line in some busy sections in Central Macedonia and creation of a short-cut line between Polykastro and Kalindria.

Improvement and expansion of the regions main port Thessaloniki and airports.

Other sectors.

Improvement of the water supply for Greater Thessaloniki, sewage disposal and treatment facilities for Thessaloniki, Veroia, Edessa, Kastoria, etc.

Expansion of accommodation for education in all grades especially for Thessaloniki, improvement of health facilities especially in Kozani.

Peloponnese and Western Continental Greece

Primary Sector.

Land reclamation and irrigation, creation of a large scale system of marketing and distribution of agricultural products and expansion of cooperative activity and group cultivations.

Improvement of the forest and rural road networks and related infrastructure.

A hydrobiological station will be established in Aetoloakarnania.

Secondary Sector.

Expansion of the industrial parks in the region and provision of the necessary basic infrastructure (primarily in Patras and Kalamata).

Tourism.

Development of areas with a tourist potential and especially the less favoured areas. Improvement of basic infrastructure in the developed tourist areas (sewage disposal and treatment) and of access roads.

Transport.

Improvement of the basic road connecting Kalamata and Corinth. Completion of the road connecting Patras and Olympia and of a number of other regional roads in the Peloponnese and Etoloakarnania. Expansion of the provincial and rural road network.

Expansion of port facilities and infrastructure in Patras and to a smaller extent in other ports in the Peloponnese, upgrading of one of the two large airports to international standards and improvement of airport facilities on the islands.

Other sectors.

Construction of sewage disposal networks and treatment facilities in Patras and in other important areas. Promotion of electricity, water supply, elementary sewage disposal facilities etc. in the rural settlements, and more particularly in those selected as rural development centers.

Thessaly

Primary Sector.

Completion of on-going irrigation and drainage projects.

Expansion of facilities for storage, marketing, distribution and transformation of agricultural produce. Promotion of group cultivations and for the recruitment of labour in the forestry sector. Expansion of cooperative activities especially concerning marketing, distribution and transformation of agricultural produce.

Expansion of forest roads and forest improvement works.

Fishing port facilities will be improved and fish culture stations will be created.

Secondary Sector.

Completion of industrial park facilities in Volos and Larissa; creation of new facilities on a modest scale in western Thessaly. Eventually creation of an industrial park facility in Almyros designed to receive large units with heavy waste disposal demands.

A programme for development of artistic handicraft and cottage industry in the less favoured areas will be launched.

Tourism.

Development in areas with a tourist potential and especially in the less favoured areas. Development of tourist infrastructure in the mountainous touristic areas. Creation of organised tourist beach facilities in areas of high demand.

Other Sectors.

Expansion of public sector hospitals in the region and more particularly well equipped and adequately staffed units in the large urban centers.

Sewage disposal and treatment facilities in Volos, Larissa, Trikala and Karditsa; water supply networks in Trikala and Karditsa.

Completion of the regional connections to Epirus and Western Continental Greece. Road and rail access to the port of Volos, the main ferry connection of Volos with other ports, by-pass at Larissa and improvement in the city's road network, completion of the Larissa-Karditsa road, construction of roads for intraregional connections and in particular for connecting the region with the mountainous areas and improvement of the Larissa-Trikala connection. Infrastructure works in the ports of Volos and Skiathos and the airports of the touristic islands.

Eastern Macedonia

Primary Sector.

Completion of ongoing irrigation projects. Expansion of irrigation, creation of facilities for storage, distribution and transformation of agricultural produce. Development of cooperative manufacturing activity and improvement of marketing and distribution of agricultural products.

Provision of the necessary infrastructure for the fuller exploitation of the pasture resources. Implementation of reafforestation programmes and maintenance of forest roads. Modernisation of the fishing fleet and improvement in the transformation of the catch.

Secondary Sector.

Continuation of geological and mineral research in areas holding very good prospects for deposits worth exploiting.

Promotion of the industrial parks in the region.

Other Sectors.

Creation of health centres and promotion of cultural activities in the less favoured regions.

Construction of a sewage disposal network in the city of Kavala, completion of the new airport at Chryssoupolis, improvement and expansion of the port of Amphipolis, completion of the section of the Egnatia road through the region, improvement and expansion of the rural road network and opening up of new

forest roads, improvement and expansion of water supply networks and sewage disposal facilities, construction of a road bypassing the city of Kavala, connection of Egnatia road with the roads Drama-Nevrokopi and Promahona-Serres-Amphiopolis and improvement and completion of infrastructure in rural centres selected for development.

Crete

Primary Sector

Completion of on-going irrigation projects as a prerequisite for the further increase in the production of crops under cover and continuation of research concerning methods for the most effective utilisation of the water resources. Creation of large cooperative units for the transformation, marketing and distribution of agricultural produce.

Secondary Sector.

Commissioning of geological research projects with the purpose of the full mapping of the mineral and other under-ground resources.

Promotion of artistic handicraft and provision of facilities for the marketing of the products in question.

Expansion of the industrial park in Heraklion and creation of an industrial park in Chania.

Tourism.

Creation of small tourist units of family character and auxiliary accommodation in the less favoured parts of the island and in traditional settlements

Improvement of the water supply to the existing large tourist concentration of Heraklion-Mallia and of the system for disposal and treatment of sewage.

Other Sectors.

Improvement of the water supply and sewage disposal and treatment facilities in the important cities and in the rural areas.

Improvement and expansion of the secondary road network and the rural road network. Creation of new alignments of important sections of the basic north

road axis, improvement of the main connections between the basic north road axis and the south axis. Filling up of the gaps in the south road axis.

Improvement of the installation and facilities of the airports of Heraklion and Chania, and completion and improvement of the infrastructure of the two large ports of the island (Heraklion and Souda) as well as that of other smaller ports serving tourism, fishing etc.

Improvement of the telecommunications infrastructure.

Epirus

Primary Sector.

Completion of land reclamation and irrigation projects. Expansion of infrastructure to facilitate the storage, marketing, distribution and transformation of agricultural produce.

Improvement of the forest road network, of other related facilities for forest exploitation and of infrastructure in pasturelands.

Promotion of group cultivations and of cooperative activity in the marketing and the distribution of agricultural produce.

Promotion of inland water fishing, fish culture and fur animals breeding.

Secondary Sector.

Intensification of research concerning the appropriate technique for exploiting the phosphate reserves in the region.

Creation of industrial park facilities in Ioannina and Preveza and a handicraft center in Ioannina.

Tourism.

Development of tourism in the less favoured areas and in traditional settlements. Creation of tourist infrastructure in the important tourist areas of the region.

Other sectors.

Expansion at the Ioannina hospital and completion of the university.

Completion of roads under construction and improvement of the Paraegnatia road, of the secondary and the rural road network. Improvement of the three airports and of ports with inadequate infrastructure.

Provision of water supply networks, improvement of electricity supply to rural settlements, improvement of infrastructure in settlements selected as rural development centers. Expansion of water supply networks in the urban areas and construction of sewage disposal and treatment facilities in the larger urban centers.

Thrace

Primary Sector.

Completion of the large irrigation and drainage project in Evros, construction of terminal facilities to take advantage of basic irrigation works.

Expansion of facilities for storage, marketing and transportation of agricultural produce. Promotion of cooperatives to contribute to the improvement of marketing, distribution and transportation of agricultural produce.

Improvement of the forest road network and of other infrastructure related to forest exploitation and protection.

Secondary Sector.

Completion of necessary infrastructure in the industrial park at Kromotini and expansion of industrial park facilities in Xanthi. Industrial park facilities in Alexandroupolis will be provided at a later stage. Promotion of small firms and cottage industries in the region.

Tourism.

Promotion of tourist development in areas with considerable potential, and creation of basic tourist infrastructure in these areas.

Other Sectors.

Creation of college of higher technical and vocational education and of a medical school under the University of Thrace. Upgrading of medical facilities in Alexandroupolis.

Improvement of the basic road axis of the region, to serve both intraregional needs as well as the increasing through traffic from Bulgaria. Improvement of the basic rail network in the region and of the rural and forest road networks.

Improvement of water supply networks in the rural settlements as well as basic facilities for sewage disposal. Expansion of rural electricity network.

Expansion and improvement of the port of Alexandroupolis. Expansion of the telecommunications network and improvement of the airport of Alexandroupolis.

Expansion of the water supply networks in the main urban centres and creation of sewage disposal networks and treatment plants in the centers in question.

Eastern Aegean Islands

A general policy line, in view of the limited resources of the islands, is to combine as far as possible tourist development on a small scale with handicraft and agriculture. Measures for specific sectors mentioned below should be considered in that perspective.

Primary Sector.

Carrying out irrigation projects, mainly concerning the larger islands. Improvement of infrastructure for storage, marketing, distribution and transformation of agricultural produce.

Promotion of the change of the composition of production and the improvement in the race of the animal stock. Promotion of cooperatives to expand their activities concerning marketing, distribution and transformation of agricultural produce.

Modernization of the fishing fleet and creation of infrastructure for the landing, marketing and distribution of the catch.

Improvement of forest roads and of other infrastructure necessary for forest protection and exploitation.

Secondary Sector.

Encouragement of cottage industries and artistic handicraft production. Condition of handicraft and small industry centers in the larger urban centres.

Tourism.

Efforts will be made to prolong the tourist season in the northern islands by expanding tourist activities connected with spas and conference activities.

Development of tourism on a small scale in areas with limited tourist development to date, but endowed with considerable tourist resources. Expansion of tourist infrastructure especially in areas where its lack seems to be an immediate obstacle to the development of the sector.

Other Sectors.

Improvement of the basic road network especially in Rhodes, Samos, Chios and Lesbos. Expansion and improvement of the main airports in the region (Lesbos, Chios, Samos, Rhodes, Kos etc.). Improvement of port facilities in many islands (Lesbos, Lemnos, Chios, Samos, Ikaria, Kos etc.) and of radio and telephone communications.

Expansion of the rural electrification network and of the generating capacity of power stations in a number of islands (Lemnos, Ikaria, Samos, Symi, etc.).

Creation or expansion of water supply networks and elementary sewage disposal installations in rural settlements.

4. Financial resources

Table 1 provides estimates of a sectoral breakdown of central government investment as well as estimates of investment by the major public corporations during the period 1981-85. Figures were prepared considering recent trends, sectoral priorities and regional requirements for the near future and firm commitments concerning specific projects.

The estimates of Central Government investments by region 1981-85 given in Table 2 for every region have been derived taking into account a number of relevant factors. Approximate indices of regional under-development were calculated based upon per capita product and other related information. On the other hand, the needs of every region and its potential were used as the basis for a second qualitative index. Recent trends concerning public investment in every region were then modified by taking into account the indices just mentioned. Areas with a low degree of development, a relatively high potential and larger needs received the greater boost in their future share as compared to the recent past. Results were then smoothed out to be consistent with existing firm commitments and to avoid sudden changes in the regional composition of investments which are neither advisable nor possible especially in view of a considerable number of on-going projects.

The regional breakdown of the regionally relevant items of investment 1981-85 by public corporations (Table 3) was effected basically on the basis of information supplied by the corporations in question. Absolute figures however provided by public corporations were in many cases scaled down in accordance with overall financing capabilities.

A first approximation to the likely regional distribution of private manufacturing investment 1981-85 pertaining to the regions (Table 4) was worked out on the basis of experience during the years 1976-79 when the current system of incentives was in operation. Results were then modified on the basis of the indexing system, taking into account the likely strength of the regional development incentives which will probably prevail and the indigenous attractive power of every region as revealed by investment in the years 1973-76 when the current system of investments was not yet in operation.

Finally, provisional forecasts of private investments in tourism by region has been worked out (Table 5).

Table 1

Estimates of Public Investments 1981-85

In million drs, 1980 prices						
	1980	1981	1982	1983	1984	1981-85
Central Government						
1. Agriculture, Forestry, Fishing	3.900	4.400	4.600	4.800	5.000	24.000
2. Land Reclamation	3.600	4.100	4.200	4.400	4.600	22.000
3. Industry, Energy, Manicraft	4.500	5.200	5.400	5.600	5.800	28.000
4. Roads	4.700	5.400	5.600	5.700	6.000	29.000
5. Ports	600	700	800	800	800	4.000
6. Airports	1.300	1.500	1.500	1.600	1.700	8.000
7. Railway	2.900	3.300	3.500	3.600	3.700	18.000
8. Tourism, Museums, Monuments	1.300	1.500	1.500	1.600	1.700	8.000
9. Education	4.900	5.500	5.800	6.000	6.200	30.000
10. Health, Welfare	2.100	2.400	2.500	2.600	2.700	13.000
11. Water, Sewage	3.900	4.400	4.600	4.800	5.000	24.000
12. Research	2.600	2.900	3.100	3.200	3.300	16.000
13. Nonos Funds and Frontier Area Projects *	5.700	6.500	6.800	7.000	7.200	35.000
14. Miscellaneous	16.000	18.200	19.100	19.300	20.300	98.000
Total investment of central Government	58.000	66.000	69.000	71.000	74.000	357.000
Public Enterprises						
1. Public Power Corporation	28.000	30.200	31.900	34.100	35.800	170.000
2. Telecommunications	10.000	10.700	11.200	12.000	12.700	60.000
3. Greek Railways	1.200	2.100	2.300	2.400	2.500	12.000
4. Greek Industrial Development Bank	600	5.300	5.700	6.000	6.300	30.000
5. Olympic Airways	5.000	1.800	1.900	2.000	2.100	10.000
6. Others	5.200	3.900	4.100	4.400	4.600	22.000
Total investment of Public Enterprises	50.000	54.000	57.000	61.000	64.000	304.000

* Largely constituted from non-project expenditure (debt service etc.)

Table 2

Estimate of Investments of Central
Government by Region 1981-85

Region	In million drs, 1980 prices						
	Years						
	1980	1981	1982	1983	1984	1985	1981-85
1. Eastern Continental Greece and Islands (excluding Athens)	3.700	4.200	4.500	4.600	4.800	5.000	23.100
2. Central and Western Macedonia	6.800	7.500	7.900	8.100	8.600	8.700	40.800
3. Peloponese and Western Continental Greece	5.700	6.700	7.200	7.700	8.300	9.000	38.900
4. Thessaly	2.500	3.300	3.800	4.400	5.000	5.800	22.300
5. Eastern Macedonia	2.400	2.700	3.100	3.300	3.700	3.900	16.700
6. Crete	2.200	2.600	3.000	3.300	3.600	4.200	16.700
7. Epirus	2.100	2.500	2.600	2.700	3.000	3.200	14.000
8. Thrace	2.700	3.000	2.900	2.900	2.700	2.600	14.000
9. Islands of Eastern Aegean Sea	2.400	2.800	3.200	3.400	3.800	4.300	17.500
Total Distributed to the Regions	30.500	35.300	38.200	40.300	43.500	46.700	204.000

Table 3

Estimates of Investment of Public Enterprises
by Region 1981-85

Region	In million drs, 1980 prices					
	Years					
	1980	1981	1982	1983	1984	1985
1. Eastern Continental Greece and Islands (excluding Athens)	5.800	6.200	6.700	7.000	7.300	7.800
2. Central and Western Macedonia	14.200	15.700	17.300	18.200	19.100	20.700
3. Peloponese and Western Continental Greece	5.200	5.500	5.900	6.200	6.500	6.900
4. Thessaly	1.700	1.800	1.900	2.000	2.100	2.200
5. Eastern Macedonia	1.500	1.600	1.700	1.800	1.900	2.000
6. Crete	1.000	1.100	1.100	1.200	1.300	1.300
7. Epirus	2.300	2.500	2.700	2.800	2.900	3.100
8. Thrace	1.300	1.400	1.500	1.600	1.700	1.800
9. Islands of Eastern Aegean Sea	2.000	1.200	1.200	1.200	1.200	1.200
Total Distributed to the Regions	35.000	37.000	40.000	42.000	44.000	47.000
						210.000

Table 4

Provisional Forecast of Private Investments in
Manufacturing by Region 1981-85

Region	Years						In million drs, 1980 prices
	1980	1981	1982	1983	1984	1985	
1. Eastern Continental Greece and Islands (excluding Athens)	9.400	9.700	10.100	10.600	11.000	11.600	53.000
2. Central and Western Macedonia	8.400	8.900	9.800	10.800	11.800	12.700	54.000
3. Peloponense and Western Continental Greece	7.400	7.800	8.200	8.600	9.000	9.400	43.000
4. Thessaly	8.500	8.600	8.600	8.600	8.600	8.600	43.000
5. Eastern Macedonia	1.300	1.600	1.900	2.200	2.500	2.800	11.000
6. Crete	2.600	2.900	3.000	3.200	3.400	3.500	16.000
7. Epirus	1.400	1.600	1.800	2.000	2.200	2.400	10.000
8. Thrace	1.000	1.400	1.700	2.200	2.600	3.100	11.000
9. Islands of Eastern Aegean Sea	900	1.000	1.100	1.400	1.600	1.900	7.000
Total Distributed to the Regions	40.900	43.500	46.200	49.600	52.700	56.000	248.000

Table 5

Provisional Forecast of Private Investments
in tourism by Region 1981-85

Region	In million drs, 1980 prices					
	Years					
	1980	1981	1982	1983	1984	1981-85
1. Eastern Continental Greece and Islands (excluding Athens)	900	1.000	1.200	1.200	1.300	6.000
2. Central and Western Macedonia	400	500	600	600	700	3.100
3. Peloponese and Western Continental Greece	900	1.000	1.100	1.200	1.300	5.900
4. Thessaly	200	200	200	300	300	1.300
5. Eastern Macedonia	200	300	300	300	300	1.500
6. Crete	1.000	1.100	1.200	1.300	1.400	6.300
7. Epirus	500	600	700	700	800	3.500
8. Thrace	200	200	200	200	200	1.000
9. Islands of Eastern Aegean Sea	700	800	800	900	1.000	4.400
Total Distributed to the Regions	5.000	5.700	6.300	6.700	7.000	33.000

5. Implementing the programme

The general responsibility for the formulation and implementation of the regional development programme both as regards projects as well as other important policy measures lies with the Ministry of Coordination.

More particularly, virtually all public investment projects presuppose the sanction of the Ministry of Coordination. All public corporations have to submit their investment programmes to the Ministry of Coordination for examination and approval. All government departments, central and provincial, submit annual proposals for projects to the Ministry of Coordination. These constitute the basis for selection process culminating in the annual government investment programme, which is the direct responsibility of the Ministry of Coordination. The process of selection is a two-way dialogue between the Ministry of Coordination on the one hand and the department initiating a project on the other.

Every Nomarchy prepares a proposed investment programme which is submitted to the corresponding Regional Development Service of the Ministry of Coordination. Consultations take place between every Nomarch and the Regional Development Service before the proposal is finalised and submitted to the Ministry of Coordination which has the final say. In cases when no agreement can be reached between the Nomarch and the respective Regional Development Service, decisions are taken by the Ministry of Coordination on the basis of recommendations by the Central Regional Development Service of the Ministry.

Central government departments, public corporations and the Nomarchies in conjunction with the regional development services of the Ministry of Coordination, include, in their proposals to the Ministry of Coordination, regional development projects in accordance with the guidelines provided by the country's Regional Development Programme. Furthermore, the Central Regional Development Service at the Ministry of Coordination is one of the parties involved in the process of selection and approval of all projects located in the Regions, even when these may not be of direct relevance to regional development. Its role is to draw attention to and try to enhance the regional development role of project proposals, an important factor in the process of selection, modification and approval of projects.

The five-year Regional Development Programme is prepared by the Centre of Planning and Economic Research which is under the jurisdiction of the Ministry of Coordination, and which is the official planning agency for both national and regional development planning. The guidelines for the preparation of the Programme are provided by the Government through the Minister of Coordination. The draft Programme prepared by the Centre is submitted to the Minister of Coordination for discussion, comments and instructions for the preparation of the final document, which is then approved and adopted by the Government.

Once a project is approved and entered into the public investment programme of the Ministry of Coordination, annual appropriations are made for its implementation, within the context of the annual public investment budget, which is also under the direct control of the same Ministry. Project implementation and its follow-up are delegated notably to the Ministry of Public Works, other Ministries and government departments and public corporations, as the case may be.

In the case of all manufacturing or tourist investments by the private sector, which receive regional development incentives, or any other kind of state assistance, the provision of such an assistance comes under the jurisdiction of the Ministry of Coordination. An exception to this rule are small items of assistance by the Greek Tourist Organisation such as grants for restoration of traditional buildings in settlements of tourist importance, which are approved by the Ministry of Coordination en bloc, the item by item distribution left to the Greek Tourist Organisation.

Summary of the
regional development programme
France
1982-1983

FRANCE

The Regional Development Programmes for France covering the years 1982 and 1983 lie within a transitional period which corresponds to that of the Interim Plan approved by the Law no. 82-6 of 7 January 1982 and which represents a time of thought and training with new powers, financial means and responsibilities for the regions. They are therefore an updating of previous programmes. These programmes will be succeeded by those of the "second generation of programmes" corresponding to the five year period covered by the IXth Plan (1984-1988).

The programmes concern 21 of the 22 metropolitan regions and 4 overseas departments (D.O.M.).

The regional planning grant (prime de l'aménagement du territoire - PAT) is, for the location of activities, the main investment aid for the regional development policy of metropolitan France. It amounts to FF 35,000 or 50,000 per job created according to the regions designated with respective maximums of 17 % and 25 % of the fixed investment cost of the project concerned. It covers wholly or in part the 21 metropolitan regions handled in these programmes. The regions for their part are able to make employment grants of FF 10,000, 20,000 or 40,000 per job created; no accumulation with the PAT.

In the DOM, the main aids to the development of productive activities are grants per job and for equipment.

Infrastructure investments are also an important means of development of regions. They are usually the subject of budget programming.

The following chapters summarize the development programmes for 1982-83 of the various French regions concerned.

1. Alsace (1.57 million population)

Economic and social analysis and development aims

The labour market of the region is characterised by the advent of a surplus of young people over the number of those leaving, by a growing level of female activity and by a substantial number (37,000) of transfrontier workers (to Germany and Switzerland).

Development priorities concern automation, robotics, telecommunications, biotechnology and agro-food products in addition to textiles, the installation and development of research poles and technology transfer, the completion of the North-South route to include servicing of the Vosges highlands, Rhine crossings, the introduction of fast urban roads and of a policy for mountain areas (Vosges valleys).

Development measures and financial resources

Priority goes to research poles and technology transfer. In the industrial field, the following guidelines have been adopted: development of automation in engineering, the creation of an engineering outlook, the distribution of technology to concerns, the development of the agro-food industry and experimental measures with regard to labour conditions. Credits already planned for these measures as a whole are 17 MF.

In the field of infrastructure projects :

Planning of the Vosges highlands is taking place, coordinated with Lorraine and Franche-Comte (credits of 12 MF for 1983), road works on the North-South route and on routes across the Vosges and airport works.

State credits for 1982 were MF 1296.2.

The basic regional budget was :

1982	MF 140.45
1983	MF 157.02

of which a total of 80.5 for communications, 65.1 for living conditions and 75.9 for economic development.

2. Aquitaine (2,58 million population)

Economic and social analysis and development aims

Aquitaine is a predominantly rural region with a low level of urbanisation with persistent pockets of abandonment.

Main economic activities concern leather and footwear - sectors in difficulty - and petroleum. In general, the trend of industrial production since 1980 has not been particularly favourable.

The aims concern re-establishment of economic balance based on four areas : the Gironde industrial port area, the Pau Pyrrenian pole (chemicals), the eastern pole of Perigueux-Agen and the southern agro-food pole of Bayonne - Mont de Marsan (wood- biosubstance - lignite - clays).

Development measures and financial resources

For the two years 1982 and 1983, 202.7 MF of regional resources will be allocated to economic infrastructure projects, 106.8 MF to economic development: building, chemicals, technical aid to concerns, handicraft or technological transfers and 91.3 to rural development.

Research and development will benefit from a package of 15.6 MF and various tourism and sport facilities and social housing from 53 MF in 1983.

Corresponding State credits for the same period at nearly 6600 MF are distributed between the three regions of South West France.

3. Auvergne (1.32 million population)

Economic and social analysis and development aims

In this region, the weight of agriculture remains important, the industrial fabric is inconsistent, very dependent on the motor vehicle sector.

One of the main development aims remains de-isolation involving roads and air services. Communications are an indispensable complement to industrial and rural development.

Industrial activity should be diversified, based on small and medium sized concerns, tourism and Spa resorts should be developed, the level of population in rural areas maintained by a series of appropriate measures, the apparatus of initial and vocational training adapted and local living conditions reinforced and reanimated.

Development measures and financial resources

Industrial development and in particular economic encouragement and the agro-food sector will have resources totalling MF

In the rural field measures will bear mainly on re-classification, on reorganisation of holdings, water supply, drainage, the settlement of young farm workers, adaptation of agriculture in difficult areas and the promotion of specific products. The total budget is of the order of 151.5 MF.

The initial and continuing vocational training will receive in all, with European Social Fund participation, a credit of 282.3 MF. Written into the programme are the creation of new training centres, the renovation of colleges and training.

De-isolation is to continue through road works in the Allier (cross country route), in the Puy de Dome (RN 89), in the Haute-Loire (Firminy-Mende), in the Cantal (RN 122 and RN 9 in particular) by airport improvements and by continuation of the programme of telecommunications and telediffusion (buildings, equipment for transmission, laying of lines, absorbing shadow areas). The total represents a cost of nearly 730 MF.

Financing of regional public administration was :

1982	:	114.6 MF
1983	:	166.4 MF

State financing for 1982 was 739.0 MF.

4. Bourgogne (1.6 million)

Economic and social analysis and development aims

Burgundy (Bourgogne) has benefited from the deconcentration movement of activities away from Paris and Lyon and from post war growth in industry. Nevertheless, the level of industrialisation remains below the national average; high productivity sectors or those conditioning future activity (electronics, computers, robotics) are absent. Economic recession since 1974 has not spared Bourgogne. The Nièvre department, which includes an area eligible for regional planning grant is losing population: 1.1 % between 1968 and 1975; 2.3 % between 1975 and 1982. The population is aging, the level of unemployment in relation to the working population is above the national average level.

The situation in the Haut-Norvan (eligible area) is still more alarming. This area is very hilly in places (more than 800 metres) which are comparable to mountain regions climatically. Communication problems are important there. For the whole Chateau-Chinon district population density is 17 Per km square.

5. Brittany (2.67 million)

Economic and social analysis and development aims

The Breton economy continues to be fragile : the migration balance, sociological factors linked to the situation of women, the exodus from agriculture together fix a level of unemployment 1.35 times above the national average.

Industrial growth will be sought by stressing peak industries, sea coast development, the agro-food industry and tourism.

Measures on behalf of infrastructure should bear on de-isolation, correcting imbalances between the coast and inland and on tourism facilities.

Development measures and financial resources

Aid to industrialisation, mineral extraction (Breton mining plan) and vocational training is 1184 MF.

In the agricultural field are measures for installing young people in agriculture, aid to product commercialisation, to export, to technical updating, cost reduction of intermediate product handling, continued planning of the countryside (budget 163 MF) and the development of industries for secondary and tertiary processing.

Port planning concerns Brest, Lorient, Saint Malo and fishing ports and quays, the installation of the Ushant beacon (1985), the continuing plan for reviving the fishing fleet and the development of aquaculture.

Priority given to de-isolation is maintained.

For 1982 and 1983 the main resources were (in MF) :

	<u>State</u>	<u>Region</u>
De-isolation	732.8	227.22
Industrialisation & employment	1104.0	79.55
Agriculture and rural planning	135.4	28.00
Sea	77.9	68.13
Tourism	2.9	14.70

6. Centre (2.24 million population)

The industrial fabric of the region is varied, relatively recent and dependent on Paris. It only offers few highly skilled jobs. The services sector has known important development for several years. However there are many imbalances between regions in particular between the richer North and the less developed South comprising a risk of population exodus in certain areas, which calls for regional planning.

Development measures bear essentially on infrastructure projects, agricultural activities and research. In infrastructure emphasis is put on cross country road links and on improvement of the North-South route of the region, which also helps the de-isolation of the Massif Central and on water planning of the Loire.

Guidelines on research bear on agriculture and new forms of energy.
Moreover, vocational training must be the subject of sustained effort.

In agriculture the task is to check exodus by giving priority to installing young farmers, giving new guidelines and revaluation of certain products and on further change in industrial structures.

Financial resources

The regional administrative budget for 1982-1983 is 560.8 MF of which :

- rural planning	114.1
- major infrastructure	127.1
- economic activity and employment	52.3
- vocational training	53.7

The State credits for 1982 are 1,376,9 MF.

7. Champagne-Ardennes (135 million population)

Economic and social analysis and development aims

The region is experiencing substantial geographical and economic imbalances. In the north the main activities concern steel, foundry, metal work, textiles and clothing; in the south are the glass industry, timber, agro-food, met, milk and in one part steel.

Industry, with the exception of agro-food, has not been modernised in time. The services sector is less well represented than in other parts of France. Moreover the level of unemployment in the region is 4.6% above the national average.

In the agricultural field, development aims concern diversification of the meat sector, growth of production in Champagne and the improvement of certain soils and certain structures of holdings.

The industrial investment, which is the first priority, should be directed to conversion of sectors with a future, to promoting service activities to concerns, to second processing industry of agricultural and forest products. This should be accompanied by supporting measures in vocational training, technological innovation, research, cultural promotion and measures for tourism.

On infrastructure, measures should bear on certain routes within the region and in particular links with motorways and major transit roads.

Development measures and financial resources

Agricultural land to be drained represent some 5000 ha, reshaping of holdings and linked works represent some 30,000 ha., for a budget of 24 MF annually. The transforming of copses into woodland involves 30,000 ha. annually (budget: 4 MF in 1982), the budget on behalf of agricultural water supply is some 55 MF annually.

8. Corsica (0.23 million population)

Economic and social analysis and development aims

Corsica has a relatively small population (26.5 per square km.). The population is old with much emigration among young people; the level of activity (36 %) is low.

The economy is predominantly agricultural (17% of the working population is in agriculture), with a strong tourism sector. The industrial sector is mainly concerned with buildings and public works (B.T.P.).

Development measures are in 7 main directions :

- helping poly-activity in agriculture, developing exports of certain local products very necessary in adapting production to needs, promoting research, experimental activity, opening a vocational training centre, initiating a policy for forests, combating the risk of fires;
- developing fisheries;
- encouraging handicraft concerns or industrial activities adapted to the region, giving new direction to the building and public works sector to provide social housing, public equipment and infrastructure;
- other points involve the educational system, energy production, tourism road investments and public equipment.

Financial resources in 1982 for main investments were :

State budget	:	229.5 MF
Regional budget	:	83.3 MF

9. Franche-Comte (1.09 million population)

Economic and social analysis and development aims

Three important sectors of the regional economy are in serious difficulty : watch making, motor vehicles and textiles. The trend of the level of unemployment of certain sectors is very concerning. The migration balance of the region has become negative during this time.

Moreover, only 44 % of the working population are employed in service activity (compared with 51 % on national average).

The programme of the region emphasizes diversification of industrial activity and the promotion of high range regional products and the wood industry.

In addition, measures will bear on vocational training, the standard of living through a series of measures in the fields of housing, culture, health and on improving communications : de-isolation between regions, improvement of links between regions, irrigation and telecommunications.

Development measures and financial resources

In areas eligible for PAT the measures planned for infrastructure are :

- electrification on the Paris-Basel and Belfort-Delle lines, improvement of roads linked with the A 36 Motorway, restoring canals, installing the Roppe dam (drinking water), water works and water supply for farms;
- in agriculture : modernising product processing and fruit production.

All these policies have received a budget of 317 MF (regional budget and State budget for 1982) of which :

	MF
Transport & communications	60.4
Agriculture, forests & rural environment	27
Education & vocational training	57.8
Research-innovation-suties	12.3

10. Languedoc Roussillon (1,94 Million population)

Economic analysis, social analysis and development aims

Features of Languedoc Roussillon are : population imbalances resulting from aging of the population, imbalances of sectors of activity : under industrialisation and excessive weight of agricultural and service activities.

The development programme, in these conditions, stresses the development of industrial sectors of high added value, of new industries (robotics, biotechnology, new forms of energy) and on recovery of threatened industries (stone, wood, textiles), on public works building and on the regional handicraft industry.

In agriculture, four fields of priority activity have been selected : viticulture, fruit and vegetables, rural planning and water supply. Other aims refer to vocational training, regional infrastructure on roads, ports, canals, irrigation and irrigation planning, telecommunications.

Development measures and financial resources

At industrial level aids apply notably to the sectors of wood, stone, textiles, robotic machine tools, biotechnology and new forms of energy.

Investments in infrastructure are intended to continue measures started improvement in the road network, equipment of the port of Sete, modernising the Rhone canal at Sete, planning the Herault valley, continued irrigation.

The State and the region estimate investments in 1982 of 267.6 MF, more especially in road works, water ways, the sea coast and lakes and 157.5 MF for rural development.

11. Limousin (0.73 million population)

Economic analysis, social analysis and development aims

From the population aspect, Limousin is a region with one of the oldest populations in the European Community. From the activity aspect, a large proportion (nearly 20 %) belongs to the primary sector and a large number are non wage earners. These factors explain a level of unemployment below the national average, whereas redundancies since 1980 are proportionally higher. Limousin agriculture consists of small and medium size stock raising farms, which are little intensive, and industry is represented essentially by SMC (intermediate activities and consumer industry). The level of service activity is below the national average.

Apart from the Massif Central Development Plan from which the region derives full benefit, the programme provides for promoting SMC (small and medium concerns) and handicraft in small country towns assisted by special measures on behalf of vocational training.

Special emphasis will be put on developing vegetable and mineral production. In the field of infrastructure the programme looks to improving living conditions (public services) and strengthening the telephone network.

Development measures and financial means

The promotion of vegetable and mineral potential of the region includes priority measures such as: property improvements, creating agro-food industries and wood processing, mining prospection. Promotion of training, education and research includes the start made in establishing a national ceramics pole for which a technological and administrative centre is being built.

Creuse will benefit from an integrated development programme (1983 to 1985) of which the first instalment is in particular a measure on behalf of training and development and should be prolonged by way of an integrated development plan with EEC support.

The public regional budget for 1982-1983 includes :

de-isolation	30.0 MF
planning and tourism	12.0 MF
agriculture	16.6 MF
economic development	38.0 MF
training and research	12.0 MF.

12. Lorraine (2.31 million population)

Economic analysis, social analysis and development aims

The economic sectors of Lorraine most affected by economic recession are steel (loss of 1 Job in 15 a year), the first processing of metals (loss of 1 Job in 20) and textiles (loss of 1 job in 9). In consequence of this recession the population is declining (1,500 persons annually) the more so because peak industries (electronics, refined chemicals, plastics) only employs a small percentage (5 %) of the industrial population. The level of unemployment is close to the national average.

The task in Lorraine is to restore the competitive capacity of the major industrial sectors by lowering costs of production, by rationalising energy costs, by having recourse to new technology and by succeeding in settling major technically advanced industrial units with a high level of job creation.

The primary and services sectors should benefit from measures reshaping, drainage, adapting production to potential agro-food industry and developing the meat sector.

The infrastructure projects for development concern the de-isolation of major industrial areas (road, canals, air) and the planning of sensitive areas.

Measures of development and financial means

- The industrial field : development of the wood industry, information for concerns, promoting joint measures on behalf of SMC and generally planning the environment of infrastructure and technology for concerns and supporting new projects.
- In the agricultural field the programme seeks to accelerate the reshaping of holdings and drainage and to revive certain production lines.
- On infrastructure : the continuation of the Vosges road plan (deviations from urban centres, loop roads), the road plan for the steel area, programme RN4 and road plan of general interest, for a total 294.2 MF in 1983, zonal planning (north Meuse, coal and steel areas) and North-South motorway.
- Energy : exploiting coal and thermal rejects; economies and use of new forms of energy.

13. Midi-Pyrenees (2.27 million population)

Economic analysis, social analysis and development aims

A feature of the region is great imbalance in population : (30 per km² in Gers, 130 per km² in Haute Garonne).

Industry includes several large groups concentrated between Toulouse and Tarbes. A feature of agriculture is a large number of small holdings; the services sector is traditional and little developed particularly in the field of intermediate services.

Industrial policy is to be guided in two major directions : substantial settlement of SMC development of the public and nationalised sector (textiles, micro-electronics and agro-food industry, promotion of research and innovation potential).

Rural exodus should be halted by de-isolation measures, settlement of young people, strengthening of existing holdings, support for handicraft and a suitable policy for tourism and cultural activity.

Development measures and financial means

Increase and diversification of productivity in agriculture must be obtained by vocational training measures, research and development, water supply control, ground planning, storage and processing. Agricultural water supply planning represented an investment of 101.9 MF in 1982. Application for EAGGF aid for 5 years has been made for the three regions of South West France for 170 M ecus (some 1,158 MF). The FIDAR budget (agricultural development) for the region is 53.9 MF. Measures on behalf of industry and handicraft concern information and advice to concerns and new development, geological studies for exploiting local resources (marble, clay); research on the installation of an inter-regional centre for calculation mathematic of University status at Toulouse, the strengthening of the medical study at Toulouse, extension of the institute for fluids engineering at Bauleve. There are further measures on behalf of bio-technology and microelectronics.

De-isolation of the region should continue in particular with planning of the RN 20, the completion of the Bayonne Tarbes motorway and the Toulouse bypass.

Other measures concern essentially agricultural water supply, the wood industry, energy diversification, telecommunications equipment, irrigation (Garonne valley), protection of the river banks (Adour), tourism (Lot valley) and spa treatment.

For the years 1982 and 1983 state grants amount to nearly 6,600 FF for the main sections of the three regions of South West France, which include Midi-Pyrenees.

The basic budget of the region for 1982-1983 is 611.3 MF.

14. Nord-Pas-de-Calais (3.93 million population)

Economic and social analysis and development aims

The principal feature of the regional economy is the decline of traditional industries (coal, steel, textiles), sharp fall in jobs in farming and a slow level of development in the services sector.

The programme provides for the restructuring of the major industrial groups, diversification of SMC activities, mastery of new techniques and measures of vocational training and education, health policy implementation, cultural policy and improvement of the standard of living.

On infrastructure emphasis is put on communications between regions and on improving waterways and the sea board.

Development measures and financial resources

Measures bear essentially on industrial conversion (steel and textiles), research and creation of industries. On agriculture, market gardening receives a programme of 50 MF. Other measures bear on ground improvement

Work on infrastructure concerns mining highways, de-isolation of the coast (motorway A 2 for example) and urban infrastructure (Lille). For 1982-1983 the partial financial data indicate for communications infrastructure, professional training and energy production some 418.75 MF for regional credits and 3076 MF for State credits (these case files only indicate a part of the credits actually committed in 1982-1983).

15. Basse Normandie (1.32 million population)

Economic analysis, social analysis and development aims

The pilot sectors on which economic activity in the region is based (steel, the heavy textile industry, electro engineering industries) are passing through a difficult phase. Agriculture lacks diversification of production and this puts a brake on development of the agro-food industry. The level of unemployment is 9 % above the national average. The programme aims are to strengthen the industrial fabric especially in critical areas, to increase the present level of technology and to modernise concerns. On agriculture the task is to improve the management of holdings and to continue a policy of commercialising output. Fisheries and marine cultures must be developed and diversified.

Vocational training needs must be covered by raising levels of training and adapting them to requirements.

Finally the region intends to continue its programme of de-isolating and equipping the coast line.

Measures of development

Having regard to roads, investments will concern :

the links between CAEN and CHERBOURG, CAEN AVRANCHE PONTORSON and various regional communications. other investments concern railway and port installation.

On industry the programme provides for modernising and creating new businesses; on agriculture: reshaping holdings, improvement, agro-food industry and in fisheries the improvement of equipment for output and technological innovation.

16. Haute Normandie (1.6 million population)

Economic and social analysis and development aims

In view of its geographical situation close to the Paris region and the wealth of its lands the region has undeniable assets which it has known how to develop in the recent past. The fundamental causes of present weakness of its economic and social situation, e.g. level of unemployment 22 % above the national average, are to be found on its economic dependence on foreign companies.

The region is master neither of its economic base nor of its markets; renewal of its activities is therefore inadequate, the services sector is under-represented and labour markets are rigid due to low qualifications and insufficient education. This situation is particularly noticeable in the western districts of the region where two areas have been proposed as eligible for regional grants : the Havre district (high level of unemployment due to a rapid fall in jobs); Pont-Audemer district (fall of jobs in many sectors).

Measures of modernising and diversifying the industrial sector must therefore be sought.

17. Pays de la Loire (2.88 million population)

Economic and social analysis and development aims

The industrial sector of the region is dominated by the consumer industry relying on relatively simple techniques and therefore only offering unskilled and very vulnerable jobs.

In the relatively important agricultural sector (19 % of working population), the crisis has checked exodus from the land, but this risks renewal if there are no appropriate measures taken.

The relative weakness of the services sector which affects four departments out of five is explained by major economic dependence on external activity and on the low level of vocational training in the population.

Economic development is the first programme priority; this involves the creation and development of economic branches having a specific regional potential, modernising concerns in difficulty, adapting vocational training to needs, reinforcing activities in fisheries and agriculture, reduction of regional pressure on energy.

Development measures

In the industrial sector measures look to engineering equipment (machine tools) and other traditional sectors of the region (textiles and clothing). Overall projects on agriculture and forestry bear on settlement of young people, improvement of structures, general improvement (drainage), revival of pig production and processing, the development of the agro-food industry and forestry.

Vocational training gives priority to vocational and apprentice training. Principal infrastructure works concern port development, continuing de-isolation by way of roads and motorways, electrification of rail links and works protecting slopes and banks.

In the public health field measures are directed to renovating and restructuring hospital and hospice services. Finally, energy output must be diversified.

18. Picardy (1.72 Million population)

Economic and social analysis and development aims

The region between Nord-Pas-de-Calais and the Paris region is only relatively homogenous. The Paris pull does not stop extending in the southern part of the region with the result that a flow of alternating migration unfavourable to the region takes place, the headquarters of concerns and services remain in the Capital.

Despite a good situation for agriculture and for processing industries, the SMC, which are well distributed throughout the region and a fairly good level of equipment, the region suffers from a certain number of handicaps, which do not allow it to face the Paris challenge: these are the preponderant weight of traditional industries, inadequacy of peak industries and those for processing agricultural production, weakness of labour engaged in research, a frightening backwardness in the field of vocational training, inadequacy of public health and social services, a lack of quantity and quality housing, inadequate facilities for tourism, sport and social and cultural activity.

These handicaps combined with the relative youth of the Picardy population have caused the level of unemployment to rise 13 % above the national average. Levels of unemployment causing concern are 40 % above this average in certain employment districts.

Financial means

Programme authorisations with national consent in 1982 were in particular.:

Economic measures	57.7 MF	1
Cultural and social activity	65.0 MF	1
Rural development & planning	22.7 MF	
Education & training	117.4 MF	
Public health and social measures	38.5 MF	
Roads	88.3 MF	
Waterways	12.9 MF.	

19. Poitou-Charentes (1.54 million population)

Economic and social analysis and development aims

Poitou-Charentes has known rapid industrial expansion over the last fifteen years. But this is due essentially to SMC, which depend on decisions taken outside the region and without there being a real pole of regional activity. Agriculture concerning 16 % of the working population is based on structures of average size. Restructuring of holdings should continue by reshaping. The services sector is responsible for 58 % of wage earning jobs with growth unequally distributed between the various departments of the region.

The main aims are conversion and adaptation of concerns in sectors suffering from depression, the development of skilled activities, decentralisation of services for concerns, rationalisation of agricultural production, reinforcement of agro-food business and extension of activities linked to industrial and handicraft fisheries.

On infrastructure the programme plans to continue road improvements on the main highways, ports improvements and promotion of seaside districts.

Development measures and financial resources

In the agricultural field measures are concentrating on agricultural water supply and drainage of western lying swamps.

Industrial priorities go to SMC export activity, aid for innovation and industries supplying raw or quasi raw materials (wood).

Infrastructure measures concern road links and port works in particular.

The regional budget was 211.75 MF in 1982 and 198.10 MF in 1983 so far as main investments were concerned.

20. Provence-Alpes-Côte d'Azur (3.91 million population)Economic and social analysis and development aims

The level of unemployment in this region is above the national average, the level of activity well below. This situation is due to the weakness of the regional productive fabric.

Nevertheless during the years 1954-1982 the region experienced relatively important growth in total employment; estimates here for 1989 forecast an increase (1982-1989) of 104,800 jobs or 76,700 jobs dependent on favourable or unfavourable assumptions.

Development aims in agriculture are to reinforce the competitive character of intensive holdings on the one hand, to maintain an agricultural presence in the hinterland on the other hand. In addition, a substantial effort is needed to control water supply and improve its supply in certain areas. The shipbuilding industry must seek diversification of production and industrial activities in general should be supported by important training and technological measures.

An important part of the programme deals with cleansing: elimination of household waste and cleaning the sea shore.

Development measures and financial means

Priorities go to forming a regional agro-food group, to innovation, to developing the wood industry, to recreating the forest assets, to creating and developing concerns and technological antennae (centres) on behalf of innovation in the SMC. In energy emphasis is on new forms of energy, especially solar. In the environment pollution must be fought: purification-cleansing-protection of the maritime environment.

Social and housing policies are concentrated on checking and removing imbalances (priorities for old people, cripples and young people), the hinterland should benefit from measures of de-isolation and in aid of tourism, cultural and educational activity.

State credits for 1982 were 3,732 MF of which 1,517 for posts and telecommunications, 223 for agriculture, 221.8 for education, 18.6 for industry and 526.8 for transport.

21. Rhône-Alpes (4.97 Million population)

Economic and social analysis and development aims

The region records continuing decline in its job potential, especially in industry and in agriculture. The services sector has been unable for the last two years to compensate for the deficit of the two other sectors. The level of unemployment is nevertheless 16 % below the national average; this is due to the migration of persons without jobs.

In the agricultural sector the fall in the number of farm owners continues at a level approximate to the national level. A feature of the services sector is a multipolarity of centres; services are weak as are very specialised fields such as international business.

In agriculture: maintaining the agricultural population by a policy for settling young people and promoting pig farming, sheep, horticulture and export. In industry: investment in strategic sectors; the improvement of the competitive capacity of concerns and the development of aid services such as vocational training and the promotion of research development.

Other aims are the reduction of regional dependence on energy, the campaign against depopulation of certain rural areas and the improvement of inter regional and cross country transport.

Development measures and financial resources

In the industrial field priority measures deal with textiles, machine tools and electrical production (electrical goods).

In agriculture these measures concern storing and processing fruit, the meat industry and certain infrastructures (water supply, services for farms and holdings).

On infrastructure various authorisations have been granted within the framework of the Massif Central road plan, the Papir and a pluri-annual programme between State and region.

The programme authorisations granted within the framework of the national budget in 1982 were 1,780.4 MF of which 275 for agriculture, 330.9 for transport within the region and 207.7 for posts and telecommunications.

22. Guyane (73,000 population)

Economic and social analysis and development aims

Guyane comprises nearly 90,000 km² (in the North East of South America) and includes a population of 73,000 with a strong growth level (32 % between 1974 and 1982), a very young population and strong concentration on Cayenne Island (66 %) and along the coastal strip. Activities involve forestry, agriculture, beef cattle and pig farming, aquaculture (in process of development) and fisheries (resources still little developed). nevertheless, the level of cover for foreign trade was barely more than 14 % in 1981.

Development aims take seven main directions: Structuring of a productive economy (agriculture, animal husbandry, fisheries, SMC, handicraft and tourism); encouraging economic agencies, reduction of external dependence, intensification of activities of general development support, putting human resources to the best use, strengthening regional cohesion and regional solidarity, defining a regional planning policy.

Development measures and financial resources

On infrastructure the priorities are :	<u>Costs 1982-1983</u>
- the improvement of the road network (RN 1 and 2, departmental networks, slopes ...)	117.45 MF
- dredging port access channels and port improvements	76.70 MF

Costs 1982-1983

- development of fishing ports (studies)	1.50 MF
- campaign against flooding	5.70 MF
- housing (Ariane programme) and social housing	101.20 MF
- energy	15.90 MF

The development of productive activities concern

- access roads within forests	5.00 MF
- constructing fishing boats	46.00 MF
- agriculture deforestation, polderising, pasture promotion, breeding, meadow promotion, aqua- culture, technical assistance	310.30 MF

Training receives a budget of	76.00 MF
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Total costs	755.75 MF
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23. Guadeloupe (323,360 population)Economic and social analysis and development aims

The industrial fabric of Guadeloupe is low having regard to administrative and service activities between 8 and 10 % of GDP in 1980.

The region suffers from substantial lack of job creation, due above all to the large scale arrival of young people on the labour market. Despite emigration the level of unemployment was close to 20 % in 1983.

Guadeloupe looks to ensuring its economic development by way of a systematic assessment of its potential: fisheries, aquaculture, forests, agriculture and tourism. The aims imply continued modernising of infrastructure and vocational training apparatus. Medium term development plans have been adopted: fisheries plan (industrial fisheries and training) development plan for the Windward shore, modernising the structural apparatus for vocational training.

Financial resources

They include the following grants:

	<u>1982</u>	<u>Proposals 1983</u>
Civil aviation	FF 521,521	2,200,000
Ports	4,775,000	6,595,000
Environment	50,000	1,280,000
Transport	21,623,000	25,770,000

24. Reunion Island (481,108 population)Economic and social analysis and development aims

In 1982 the number of unemployed rose to 52,700, corresponding to a level of unemployment of 31.1%. To absorb unemployment will mean the creation of 72,500 jobs between now and 1987.

The economic imbalances of the Island take the form of an unduly large service sector (65 % of the working population), a primary sector little diversified (sugar cane) and a secondary (industrial) sector in embryo. The level of cover for the external trade balance is only 11% (1981).

Agriculture is the main economic activity of Reunion. It must continue to modernise (sugar industry), to diversify (highland planning, animal husbandry, fruit, vegetables) and to industrialise (agro-food industry).

Industry and above all handicraft must be supported: by way of measures on cost of production and investment, credit, marketing (access to contracting) and on vocational training. Other priorities are fisheries (souther fishing), new forms of energy, aquaculture and tourism.

Development measures and financial resources

1. The consolidation plan of the sugar economy should start in 1983 and last over 10 years. The first instalment (1983) is for F 1.4 MF.
2. A three year contractual plan is the feature for highland planning. In 1982, the credits allocated to this programme rose to 175 MF. The 1983 instalment is 208.3 MF.
3. On infrastructure, decisions concern extension of the Port de la Ponte des Galets (240 MF) and agricultural water supply planning for the Bras de Cilaos.

Among financial resources are :

	<u>1982</u>	<u>1983</u>
Road equipment	-	9,030,000
Port equipment	-	115,000,000
Airport equipment	-	3,220,000
Sporting equipment, also public health-social-cultural	6,080,000	5,537,000 (regional budget)
Telecommunications	-	175,900,000
Economic aids	-	4,000,000 (regional budget)
Handicraft industry	-	1,112,000 (regional budget)

25. Martinique (321,324 population)

Economic and social analysis and development aims

Sectoral distribution of activity in Martinique is as follows :

primary sector	:	20 %
secondary sector	:	10 % of which 60 % in the B.T.P.
services sector	:	70 %

The balance of trade is 20 %, the level of unemployment 26 %, essentially young persons and women.

Agriculture has low productivity and too small holdings. Some crops (bananas) predominate; the small size of the local market inhibits potential diversification.

Agro-food is the most important branch of industrial activity followed by energy (EDF).

Regional priorities take four directions :

1. Campaign against unemployment. It takes the form of training applicants for jobs, a better distribution of income (to the profit of activities outside public administration) and reducing hours of work.
2. Independent economic development; realising research on the spot to assess regional potential (energy, diversification of agriculture, market research)
3. Circulation of goods and people: transport, tariffs.
4. Interregional and international cooperation should allow Martinique to find a better place in its geographical context.

Measures of development and financial resources

1. Agriculture and forestry: Irrigation, rural roads, water, electricity receive 35.25 MECU; replanting and campaign against erosion for 2.17 MECUS, product diversification (animal husbandry, tree planting, flowers, aquaculture for 28.95 MECU).
2. On fisheries the task is to maintain off shore fishing at its present level of production and promote deep sea fishing. Present assessments give the total cost of 49.5 MF for the years 1982-1983.

3. Infrastructure projects

- Road infrastructure

Projects concern access to Fort de France (building entry roads, link and service roads and planning to meet capacity and ensure safety).

The works cost (instalment 83-84) is 31 MF. Moreover, the cost of completing the bypass main road away from the town centre is 262 MF.

- Industrial port infrastructure and the handicraft area; improvements of the Fort de France concern increase in capacity and development of linked activities.

An industrial area and a handicraft area must be created close to the port.

Total estimated cost is 136 MF.

- Planning

Projects concern housing within the Fort de France and of mountain valleys and water courses.

4. Social equipment and equipment for vocational training

The completion of the Hospital Centre of la Peynard is planned for 1983 (total cost 470 MF).

The vocational training programme for 1983 is a total cost of 85.6 MF.

Summary of the
regional development programme
Ireland
1981-1985

Ireland

1. Social and economic analyses

The programme is a national one as Ireland is considered as one region in the Community and all twenty six countries are eligible for ERDF assistance. The population growth rate in the decade 1971-81 was 1.45%, almost four times the Community average. Lately emigration has resumed, though the level is low in an historical context. The population today is very young - 55% less than 30 years of age and 30% less than 15 years of age.

In the period 1977-79 employment increased by about 62,000 persons and the unemployment rate fell to 6.1% in April 1979. Since then, however, unemployment has risen from 74,000 persons to almost 130,000 in October 1981 (10.3%).

The primary sector accounts for about 19% of employment, the secondary sector for 32% and the tertiary sector for 49%.

The rate of growth of population, industrialisation and urbanisation experienced in Ireland in the last decade has placed very considerable demands on the infra-structural capacity, and the expansion of this capacity has fallen far short of this growth in demand as far as productive infrastructure (roads, telecommunications, watersupply, transport etc.) is concerned as well as in some areas of social infrastructure.

Public capital expenditure on main infrastructure programmes in the period 1978-81 was:

Energy	:	571	IR£	million
Telecommunications	:	475	"	"
Roads	:	149	"	"
Harbours	:	36	"	"
Internal transport	:	95	"	"
Access transport	:	106	"	"
Sanitary services	:	194	"	"

In the period 1976-80 IDA job approvals amounted to 142,000 increasing from 18,000 in 1976 to 35,000 in 1980. Of this latter number, job approvals in small/ firms accounted for 10,000 and an additional 3,600 job approvals were achieved under two other schemes; the Shannon Free Airport Development Company, and Udaras na Gaeltachtd.

On the basis of recent trends and on a working assumption of zero net migration, the structure of the population implies an average increase in the active population of 30,000 per year up to 1985. Assuming moreover a stable overall participation rate of 52% (the 1979 level), an average increase in the numbers seeking work in the period up to 1985 in the range 15,000 to 20,000 a year can be expected.

2. Development objectives

A fundamental aim is to promote the availability of secure and viable employment for all who actively seek work. It is estimated that the average increase in the numbers seeking work over the programme period could be 15 - 20.000 a year, and this projection would suggest an annual gross job requirement in the region of 40.000, if there is to be no further increase in unemployment. (In 1980 the total labour force was 1.237.000). Prospects for agriculture over the period are not bright and there is little scope for increased employment in the public sector or in the building and constructing sector. The main reliance for growth therefore falls on the manufacturing and private services sectors and the main impetus to growth must come from industrial exports.

Certain provisional working assumptions would suggest an annual net job creation of about 8.000 in the programme period. The Youth Employment Agency will provide a total of 20.000 additional places for young people who would otherwise be unemployed.

There is a considerable potential for expanding the output of the agricultural sector, and it is the aim to realize such an expansion. Apart from specific measures concerning management, productivity, marketing and farm structures, the realization of this aim depends on future prices and costs.

It is the aim to attain significant growth in the manufacturing industry through an expansion of exports. If the potential of this sector is to be realized, however, the relative competitiveness of Irish goods must be at least maintained, and a considerable effort must be devoted to marketing them abroad.

Concerning the private services sector growth will be attained by meeting the growing demand for new and more sophisticated services as new technologies are introduced, by attracting more tourists to Ireland and by developing exports in other service activities.

3. Development measures

The main measures specific to particular economic sectors are :

In agriculture, increases in output will be encouraged by grants for capital investment under the farm modernisation scheme, support of education, advice and training, drainage programmes etc. In forestry, grants for sawmilling plants are available in order to ensure a sufficient capacity as the volume of timber available is expected to rise sharply in the coming years. In fishing, loans and grants are available for fleet modernisation and expansion and improvement of landing facilities.

In industry the maximum involvement of Irish entrepreneurs in the industrial development drive will be encouraged with special emphasis on the small firms. Industrial policy will also put emphasis on :

- the development of the maximum number of new projects under the various industrial promotion schemes and incentives
- the continued attraction of overseas projects through the further enhancement of the attractiveness of Ireland as an industrial base
- the promotion of greater enterprise in the public enterprise sector (facilitated by the establishment of a National Development Corporation, proposals for which are being formulated)
- promoting greater efficiency and competitiveness in existing Irish firms
- the reduction of, or at least slowing down the rate of penetration of the domestic market by imported goods through accomodating product development to changing tastes of the market place, improving production efficiency and competitive pricing
- strengthening the domestic capacity for innovation in order to improve the dynamism and competitive position of native enterprise and to add further to Ireland's attraction as a location for international investment
- promoting greater involvement in export markets by Irish firms, including the significant number of small firms established in recent years
- maximising the contribution of natural resources to the national economy particularly through increasing the value added in Ireland.

One of the primary aims in the investment strategy is to accelerate the annual rate of investment in manufacturing and service industry. The main aids and incentives to encourage such investment are :

- Industrial grants towards the costs of fixed assets for approved new industry up to 40 % of the investment costs in the designated areas and up to 25 % in other areas. Under special conditions an additional grant up to 20 % can be given in all areas;
- in addition to making available capital grants it is also possible to provide interest subsidies, loan guarantees, equity participation, rent subsidies and training grants;
- grants for small industries, grants and guarantees for "first-time" entrepreneurs, research grants, employment grants for service industries, etc.;
- fiscal incentives - tax relief, free depreciation ;
- grants for tourist development - accommodation and a broad range of commercial tourist activities;
- manpower training schemes.

Opportunities for the development of the private services sector will be provided by the potential demand both from existing as well as new and sophisticated industries for a range of competitive financial, technical, communications and software services. Although the sector operates independently of direct State assistance for the most part, a new scheme (i.e. Employment Incentive Scheme for Service Industries) has recently been introduced aimed specifically at the development of the sector. The marked increase in the involvement of Irish service organisations in consultancy work overseas is also being examined to identify if measures are necessary to maximise the return to this country from such activity.

The development of tourism is supported by means of investment grants and funds for tourist amenities. Government policy in relation to expenditure on tourism is currently being reviewed.

In order to deal with the acute problem of youth unemployment a Youth Employment Agency was set up, to be financed by a 1% levy on all incomes, which will have authority to move rapidly to the point where up to 20,000 young people without employment for six months will be catered for in a wide range of training/employment schemes. These numbers will be additional to the number catered for by existing schemes.

In the programme period priority in the category of productive infrastructure will be given to energy, telecommunication, roads, transport, water and sewerage.

As far as energy is concerned it is the objective to enhance security of supply by diversification of sources of energy, by optimising the contribution of native energy sources and by promoting national energy use and fuel switching. Four major initiatives have been taken on the supply side. First, there is an encouragement of the use of coal, including low grade indigenous coal. Second, steps have been taken to further encourage indigenous peat production. Third, coordinated programmes are being launched to explore and exploit the possibilities of energy contribution from wood, biomass, wind, small hydro, solar and geothermal sources. Fourth, a programme is underway to extend natural gas to capture the main premium loads.

Deficiencies in the telecommunication services are a serious obstacle to the efficient operation of the industrial sector and a possible deterrent to potential overseas investors. To alleviate this an accelerated programme was undertaken in 1979 with the objective of providing by 1984 telephone, telex and data services on a level comparable with those in other Member States. Meeting these objectives involves an expansion in the annual rate of telephone connections to meet annual demand estimated to be in the range of 100 - 120,000 by 1984, the elimination of manual exchanges, construction of 500 buildings and the trebling of capacity on trunk circuits. The progress of this programme has been satisfactory to date.

As far as the road system is concerned major improvements will be carried out under the "Road Development Plan for the 1980s" including the construction of new roads, bridges, urban bypasses and ring roads. These investments have a high priority because at present considerable parts of the primary and secondary road systems are below a satisfactory standard for the traffic using them in terms of capacity, quality and safety.

The State plays a major role in the provision of air and sea transport infrastructure. This is reflected in programmes of improvement at the three State airports at Dublin, Cork and Shannon, of improvement in local air services and in programmes of improvement for the major ports, to which the State gives grant assistance for capital developments.

An adequate increase in the supply of serviced land is vital to the overall investment programme. The sanitary services programmes currently being implemented seeks to insure that industrial, agricultural and housing development is not impeded by deficiencies in these services. The programmes comprises public and private water supply and sewerage schemes for new developments, for improvement in conditions in existing installations and for primarily prevention and abatement of pollution.

4. Financial resources

The Public Capital Programme comprises the investment expenditure of the State itself, local authorities, state-sponsored bodies and other State agencies. In 1981, it accounted for an estimated 56 % of projected gross fixed capital formation equivalent to an increase in value of 41 %. However, this increase cannot be repeated and because the Government are committed to the concentration of borrowing on productive investment and to the restoration of balance in the public finances new proposals for capital expenditures as well as investments undertaken for social and economic reasons will be rigorously examined to ensure that they are of the appropriate order of priority and will yield good value for money. Primary emphasis, however, will be given to directly productive and related infrastructural investment.

Profiles of PCP expenditure on the three broad categories of investment are set out in Tables 1 and 2. These estimates are based on the preliminary programmes envisaged for 1982 and in respect of the succeeding years they must be regarded as very tentative. PCP expenditure on the principal categories of directly productive investment is set out in Table 1. The infrastructural investment programmes are intended to overcome the existing deficiencies in infrastructural services and to meet future requirements. PCP investments in the infrastructural programmes is expected to follow the broad pattern set out in Table 2. Receipts from the Regional Fund (see Table 3) act to ease the constraints of the balance of external payments on investment expenditure thus making possible investment projects which would otherwise have to be deferred.

Table 1

Public Capital Expenditure on Directly Productive Investment

Category	IR£ million (mECU) ¹ (1982 Prices)				
	1981 ²	1982 ³	1983 ⁴	1984 ⁴	1985 ⁴
Industrial Credit and Investment	330 (478)	350 (507)	361 (523)	376 (545)	399 (578)
Investment in Industry	33 (48)	24 (35)	32 (46)	31 (45)	32 (46)
Fishing and Forestry	26 (38)	31 (45)	28 (41)	29 (42)	29 (42)
Water Drainage	7 (10)	8 (12)	9 (13)	9 (13)	9 (13)
Tourism including NDC ⁶	5 (7)	5 (7)			

1. Figures have been rounded
2. Expected outturn (1981 prices)
3. Preliminary
4. Estimates (see paragraph 51)
5. No provision has been made for National Development Corporation (NDC) in this table as no specific decisions have been taken about its operations. The NDC may also have implications for the infrastructural investment profile set out in Table 2.
6. Government policy in relation to tourism is being reviewed. The level of financing after 1982 will depend on the outcome of this review.

N.B. : Figures for the remaining years of the Programme are based on data contained in the Irish RDP 1981-1985 and were drawn up in accordance with the policies of the government of the day. The Irish RDP has now undergone an annual updating, (Doc. XVI/140/83) and the present government's policies on this issue have yet to be determined.

Table 2

Infrastructural Programmes 1981-85

Category	1981 ²	IRF million ¹ (MECU) (1982 Prices)			
		1982 ³	1983 ⁴	1984 ⁴	1985 ⁴
Energy	240 (348)	320 (464)	314 (455)	321 (465)	327 (474)
Telecommunications (excl. RTE)	220 (319)	220 (319)	196 (284)	191 (277)	185 (268)
Roads	60 (87)	70 (101)	71 (103)	76 (110)	78 (113)
Harbours	13 (19)	12 (17)	9 (13)	9 (13)	9 (13)
Internal transport	46 (67)	56 (81)	38 (55)	22 (32)	22 (32)
Access transport	37 (54)	29 (42)	30 (43)	30 (43)	30 (43)
Sanitary Services	70 (101)	80 (116)	90 (130)	91 (132)	93 (135)
Government direct construction works	26 (38)	34 (49)	39 (57)	33 (48)	33 (48)
Other productive infrastructure	7 (10)	9 (13)	9 (13)	5 (7)	4 (6)

1. Figures have been rounded
2. Expected Outturn (1981 prices)
3. Preliminary
4. Estimates (see paragraph 51)

Table 3

Estimated Community Receipts 1981-85

IRE million (mECU) (1981 Prices)

	1981	1982	1983	1984	1985
onal Fund Receipts	55 (80)	62 (90)	72 (104)	90 (130)	110 (159)
IC Loans	253 (367)	235 (341)	235 (341)	200 (290)	200 (290)

5. Implementing the programme

The progress of this Programme will be carefully monitored and the impact of the strategy contained therein will be reviewed at the end of each year. Immediate prospects for the following year will be assessed and investment and budgetary measures settled that will maximise progress for that year. At the same time the medium-term perspective will be rolled forward by one year, account will be taken of progress in the realisation of conditions for securing higher employment and any necessary modifications made in the overall strategy.

Successful implementation of the policies set out in this Programme and the application of measures in the area of the Government's direct responsibility alone will not be enough. It needs to be flanked by private sector initiative and trade union readiness to participate in raising efficiency, output per workers and competitiveness.

Summary of the
regional development programme

Italy (Mezzogiorno)

1981-1985

Italy

1. Social and economic analyses

The programmes concern the Mezzogiorno, as defined in Article 1 of DPR No 218/78, i.e. the eight regions of Abruzzi, Molise, Campania, Apulia, Basilicata, Calabria, Sicilia, Sardinia and certain areas of Latium, Marche and Toscana. The whole of the Mezzogiorno so defined is eligible for ERDF assistance.

The population of the eight regions of the Mezzogiorno increased by 406,000 persons in the period 1976-79 to a total of 20,246,000. The net migration in this period was on average 28,000 persons per year or about half the level in the period 1970-75. In the period 1975-79 the labour force increased by 426,000 persons while employment increased by 254,000 persons; the unemployment rose by 172,000 to 764,000 persons in 1979, or 11% of the labour force; the level for the country as a whole was 7.7%. The primary sector occupied about 25% of the labour force in 1979, against 14% for Italy as a whole. Per capita GDP was 33% below the national average in 1979, i.e. more or less the same difference as in 1974. Net imports during the period 1970-79 accounted for an average of 18,9% of the gross domestic product, with a slight declining trend. Nevertheless, given the corresponding drop of investment over that period there is no cause for optimism as to the self-development capacity of the Mezzogiorno.

Concerning infrastructure, the Mezzogiorno is now in a situation in which both positive and negative factors are to be found. It has reached a reasonable level as regards major roads, industrial ports, oil terminals and airports. A big effort has also been made as regards investments in infrastructure in the education and health sectors. On the other hand much remains to be done concerning road connections and secondary roads, the rail system (freight transport), commercial ports, water supply and housing, particularly in the major urban centres and in the internal areas.

The total work force in the Mezzogiorno is expected to increase by about 493,000 persons in the period 1980-85 as a consequence particularly of growth in the active population. In 1980 the level of explicit and hidden unemployment is estimated at 1,181,000 persons, so by 1985, all things being equal, the unbalance between supply and demand would be some 1,674,000 persons.

2. Development objectives

One of the main objectives defined in the Medium-Term Plan for the national economy proposed in 1980 by the central government is "increasing employment and a broadening of the production base in the Mezzogiorno".

A first series of 12 different sectoral plans has been examined in the draft plan and selected as being able to make an adequate contribution towards broadening the production base in the Mezzogiorno. They concern the following sectors:

- a) Energy : For Italy as a whole it is the aim to bring down the oil dependency from 66 % now to 50 % in 1990. This will be done by utilization of domestic sources of energy and by increased use of coal, gas and nuclear energy. The demand for energy will be cut by 10 % by 1990. The primary concern of the Mezzogiorno will be the completion of the gas pipeline from Algeria.
- b) Telecommunications : It is the aim to maintain employment in this sector, which has progressed considerably in the Mezzogiorno in the last decade.
- c) Transport : The main objectives are to improve the east-west rail links and the secondary lines serving industrial growth centres, to modernize freight loading and unloading facilities, to improve the network of ordinary roads and to concentrate means on a few selected ports and airports.
- d) Health : The main aims are to develop preventive medicine and basic health services and to do away with the existing regional disparities of community health.

- e) **Housing:** The main objective is to mitigate factors which at present make it difficult to provide more homes, i.e. to lessen the shortage of areas with urban facilities and to increase the capacity of public bodies to implement programmes. Moreover, an increased mobility in the existing housing stock will be promoted.
- f) **Chemical industry :** The objectives are diversification in the choice of products, innovation into new high value added lines of production and specialization in order to avoid overlapping production and investment.
- g) **Tourism :** The interaction between tourism and other sectors of the economy, especially agriculture, must be promoted, and, moreover, priority will be given to the development of inland areas and to a widening of the tourist season.
- h) **Iron and steel industry :** Objectives are a consolidation of the structure of the industry, specialization, expansion of the industrial structure and introduction of ancillary technologies. Moreover, on the demand side the objectives are a reduction of imports and an expansion of domestic and foreign demand by stimulating new uses.
- i) **Distributive trade :** The primary objective is to create a more efficient distribution structure with a special priority to the food sector.
- j) **Forestry :** Of main importance is the need to secure continuous supplies of timber and its by-products by conservation, improvement and expansion of the woodland.
- k) **Shipbuilding :** For Italy as a whole the objectives are to maintain a capacity of 380.000 grt and to stabilize employment-priority to the Mezzogiorno.
- l) **Electronic components :** The objectives are to create an independant and technologically advanced industry able to supply the home market and to compete sucessfully in foreign markets.

Other sectors, not yet examined in the draft national plan, but which are certainly important for the broadening of the productive base of the Mezzogiorno, are agriculture, agro-industry, fishing and export promotion.

The objectives concerning agriculture and agro-industry are the following :

An improved integration between production, marketing and processing.
 An increased productivity and production in order to maintain employment.
 An improvement of infrastructure and establishment of community facilities and specific services for agriculture. As far as the agro-industry is concerned the main objectives are increased investment and exports, improved sales promotion and distribution and improved relations between agriculture and industry.

In addition to the contribution of the different sectors the most important contribution to the development will come from the special intervention measures. The main objectives in this area are to further industrial reorganisation and to assist in the introduction of new technology and organisation, to improve conditions in the large metropolitan area, to develop the inland areas and to set up major infrastructure systems vital for further development, such as transport systems, sources of energy, water resources, telecommunications, environmental, cultural and social infrastructures.

Some specific objectives are defined also by the programme as regards the reinforcement of certain economic structures in view of the enlargement of the European Community : these objectives are designed to reinforce economic structures in industry and tourism, with special emphasis on small and medium-sized firms, crafts and rural tourism which are likely to create a greater number of jobs or to be better integrated with agriculture (which is placed at special risk by the enlargement), as well as of inland areas where the production potential has to be increased using substantial but scattered resources.

A further objective is the reconstruction of the areas hit by the earthquake of 23 October 1981. The area concerned in the regions of Campania and Basilicata is very big (about 10,000 sq. km.) and already characterised by economic stress.

The job creation objective is limited to the forecasted imbalance of labour supply and demand in 1985 (1.674.000 persons). In order to reduce the unemployment to frictional levels, it would be necessary to create more than 150.000 new jobs a year, which correspond to a very difficult task. Special intervention measures, as well as the different sectoral plans, can contribute to the achievement of this target.

3. DEVELOPMENT MEASURES

A first series of development measures are provided for the sectoral actions-included in the medium term draft plan:

- a) Energy : The major project concerning the Mezzogiorno is the methane gas project. It implies the creation of a system of infrastructure for the transportation, storage and distribution of natural gas imported from Algeria. The system consists of pipelines, tunnels, access roads, booster stations, storage structures and various complementary facilities.

In pursuance of the general objective to diversify the sources of energy by the use of alternative sources and those competing with oil, there is another important operational choice, although the option may be more experimental and promotional and of less significance to regional growth: to supplement the traditional sources of electricity by the exploitation of alternative renewable sources of energy.

Some of these alternative sources have already been identified (water, wind and biogas) as being more competitive than other sources of topping-up energy. In addition, the most suitable energy for needs in individual consumer sectors have been listed - for instance, small-scale industry and craft firms, agriculture and domestic use.

- b) Telecommunications : The main effort will be the reorganisation of the different institutions and organisations responsible for telecommunication services in the Mezzogiorno and in Italy as a whole.
- c) Transport : The main strategy defined in the national transport plan is to bring depressed areas into the national economy by a set of measures, mainly the promotion of rail. These should spark off economic development in depressed areas, most of which are in the Mezzogiorno, Sardinia or Sicily.

- d) Health : Various actions are envisaged in this sector, such as restructuring of services, development of applied research, vocational training etc.
- e) Housing : the main points are the measures for urban development infrastructure in the large cities and towns and the housing programmes to be implemented by local authorities.
- f) Chemical industry: Under the plan issued by the Ministry of State Holdings, certain specific remedial measures are proposed as well as more general measures (paying social security contributions out of tax revenue, EEC anti-dumping measures, especially with regard to fibres). At the same time certain strategies for the major chemical undertaking located in the Mezzogiorno (SIR and Liquichimica, the ICAM ethylene plant at Priolo and the cracking unit in Brindisi) will be carried out.
- g) Tourism : to attain objectives of 60,000 more hotel and non-hotel beds and 22,000 more jobs in tourism (20,000 of those jobs to be in the Mezzogiorno), a five percentage point increase in the occupancy of tourist facilities is necessary (at present, 35% of their capacity is used). Consequently, a series of measures will be taken to stimulate demand. At the same time, efforts will be made to improve the condition of those catering for tourists by reinforcing technical support facilities and by encouraging forms of association and cooperative.
- h) Iron and steel industry : This industry is very important in the Mezzogiorno and a series of steps should be taken promptly, such as a financial rehabilitation of steel companies, the implementation of a policy of monitoring imports to discourage dumping, the reestablishment of healthy industrial relations and the provision of an adequate energy supply.
- i) Distributive trades : A series of measures are envisaged in this sector, which concern mainly the Mezzogiorno : vocational training; creation of wholesale facilities, particularly agrifood product structures, particularly in the earthquake-stricken regions; new legislation on town planning and commerce, essentially covering the duties of the regional authorities in implementing guidelines laid down by CIPE; measures to encourage marginal operators to move out of the market.

- j) Forestry : Different types of actions have to be carried out in this sector, concerning the short, medium and long term.
- k) Shipbuilding : The C.I.P.E. has decided to give this sector priority as regards government financial support taking account of the localisation of enterprise in the Mezzogiorno.
- l) Electronic components : a series of strategies are indicated for this sector concerning rationalisation of public sector demand, ensuring that eventual growth occurs in the Mezzogiorno, standardization and upgrading of individual components, development of research etc.

As regards the other sectors not yet examined by the draft national plan, very detailed measures are nevertheless established as regards agriculture, agro-industry, and fishing, according mainly to the intervention provided for in the national agricultural plan.

The most important development measures concerning the Mezzogiorno will be the special intervention measures. The following instruments will be implemented :

- Special projects :
 - special interregional projects
 - special regional projects
- Incentives to production sectors :
 - financial incentives to industry
 - incentives to production-linked services
- Other incentives :
 - agricultural measures
 - scientific research measures
 - measures associated with EEC regional policies

Special projects will play a very important part, especially in the measures relating to :

- infrastructure, energy conveyance and telecommunications systems designed to promote production growth, the location of industry in disadvantaged areas and the economic exploitation and conservation of water, natural resources and the environment ;
- networks of technical and scientific facilities and services to encourage technological organization and the organization of production activity.

Special regional projects, on the other hand, are based on sets of structures and measures designed to achieve economic organization and development in a specific region in the Mezzogiorno with special reference to :

- equipment of urban and metropolitan areas as well as areas that are intended to be the location for industrial, agricultural, tourism and trade activities;
- reinforcement of existing commercial structures in order to promote Mezzogiorno products;
- economic recovery of inland areas, to be closely linked with special agricultural programmes.

In addition to the special intervention measures, it should be borne in mind that a "special programme" has been drawn up to cope with the effects of the enlargement of the Community, which will in particular identify and coordinate a whole set of measures to stimulate local enterprise.

Of special importance is also the (mainly regional) intervention, concerning reconstruction in the earthquake zones, in the building and public works sector to promote the building or reconstruction of property.

Grants will also be made towards interest on borrowing for the construction of cheap standard housing, the purchase by local authorities of buildings to be used for residential purposes, special subsidized and assisted building projects, the restoration rebuilding and building of structure and installations of special concern to local bodies and the consolidation and protection of residential areas and public works at risk from landslides and earth movement.

Finally, account must be taken of the development measures provided by the Regions of Mezzogiorno. In their administrative and planning work in the economic and social fields, the regional authorities are playing an increasingly important role in a wide range of sectors, acting as autonomous bodies capable of making and implementing their own decisions and economic and regional policy guidance.

The planning information and the lines of intervention, as they are apparent from the documentary material on all these regional activities, are basically consistent with the objectives previously defined with a view to eliminating the obstacles and bottlenecks that occur in the regional economic structures.

The sectors in which the regions are taking the most carefully planned and incisive action are agriculture, tourism, small-scale industry and social services. Even so, regional intervention in specific sectors will have beneficial effects on other sectors as well and will influence the socio-economic structure of the reference areas as a whole.

As regards the intervention of the European Regional Development Fund, given the objectives and actions prescribed in the new laws of the Mezzogiorno, the projects having priority for ERDF support concern the following areas :

Special intervention :

- a) Water provision and distribution
- b) Energy
- c) Metropolitan areas
- d) Infrastructure in support of production growth
- e) Communication and transport
- f) Special projects, which can be grouped into three different categories:

- Water

There are five water engineering schemes :

- special project no. 14 - Puglia and Basilicata,
- special project no. 25 - Sardinia,
- special project no. 26 - Calabria,
- special project no. 29 - Lazio, Abruzzi, Marche, Molise and Campania,
- special project no. 30 - Sicily.

There is also one special project (no. 3) for the elimination of pollution in the Bay of Naples.

- Promotion

In this case there are six special projects covering all the regions in southern Italy. Five are related solely to agriculture. Special project no. 23 is designed to promote the spread of irrigation by the creation of infrastructure. Under the other four, grants and loans are being given for intensive meat production (no. 4), the development of citrus fruit growing (no. 11), afforestation for production purposes (no. 24) and the marketing of agri-food products (no. 34). The purpose of the sixth project (no. 35) is to promote scientific research covering the whole field of production, not just agriculture.

- Territorial

Here again there are six projects, each one designed to promote specific ends within a given local area. There are three industrial development projects :

- SP no. 1 - Cagliari industrial canal-port,
- SP no. 2 - infrastructure in southeastern Sicily,
- SP no.22 - local organization on the Tyrrhenian slope of the mountains in Reggio Calabria.

Two projects are designed to alleviate problems in the two leading cities in the Mezzogiorno, Naples (SP no.31) and Palermo (SP no. 32). The last project is intended to achieve a better balance in inland areas in five regions : Abruzzi, Molise, Campania, Puglia and Basilicata (SP no. 33).

Regional intervention :

a) Public infrastructure and social services,

- education, vocational training, etc.,
- social security and health,
- building,
- environmental conservation and soil protection,
- water treatment,
- transport infrastructure and services.

b) Agriculture

- crop protection,
- expansion of cooperatives,
- modernisation, restructuring and conversion of farms,
- rural infrastructure,
- livestock breeding,
- reinvigoration of mountain areas,
- afforestation,
- hunting and fishing.

c) Energy

d) Manufacturing industry

- promotion and development of production activities,
- industrial infrastructure

4. FINANCIAL RESOURCES

Under the medium-term plan for the Italian economy, funds amounting to 67.125 billion lire (1980 prices) have been earmarked for the Mezzogiorno out of the public development budget for the three years 1981-83. This amount is not complete as not all expenditure of the State has been regionalised.

The distribution between sectors of the regionalised expenditure for the Mezzogiorno and for the period 1981-83 is as follows :

Sector	(billion lire)
<u>Ordinary intervention:</u>	<u>49,300</u>
Energy	5,575
Agriculture	..
Forestry	108
Export promotion	..
Tourism	350
Chemical industry	2,009
Iron and steel industry	1,845
Shipbuilding	10
Housing	4,075
Health	27,720
Health (capital exp.)	1,911
Transport	4,497
Agro-industry	..
Components	304
Telecommunications	136
Innovation	760
<u>Special intervention</u>	<u>17,825</u>
Total	67,125

To this should be added the following expenditure (still for the period 1981-83):

	<u>billion lire</u>
Measures concerning the earthquake zones	7.854
The Regions (prevision)	9.000
ERDF (prevision)	2.517

The means available for extraordinary expenditure in 1981 was:

	<u>billion lire</u>
special projects	2,350
industrial infrastructure	339
industrial incentives	768
workers housing	12
hospitals programme	200
completion of prior programmes	163
completion annual programme 1980	200
transfers (agriculture)	300
ERDF	93
general fund	1,368
	<u>5,793</u>

5. IMPLEMENTING THE PROGRAMME

A specific planning procedure has been formulated in the proposed bill on special intervention in the ten-year 1982-1991. The procedure proposed is that the Minister for Special Intervention in the Mezzogiorno should draw up the plans for intervention in the south of Italy as prescribed by the European Community regulations on EEC regional policy. These plans would then go to CIPE for approval, in other words the supreme national planning body.

The plans would be formulated in consultation with the Minister for the Budget and Economic Planning and the Minister for Internal Coordination of EEC Policies. In particular, they should be consistent with national economic policy guidelines and guidelines for special intervention in the Mezzogiorno.

The procedure for the updating of the plans and for all other work associated with the planning as laid down by the EEC regulations is that the Minister for Special Intervention in the Mezzogiorno will be responsible, but must first have notified the Minister for the Budget and Economic Planning of the updated information.

In performing those duties, the Minister for Special Intervention will avail himself of the services of the Cassa per il Mezzogiorno (and where necessary the specialist institutes and research centres). The Cassa will continue to furnish its technical aid to the Minister, especially as the Minister will be given increased and more specific responsibility for coordinating EEC measures with national measures. The same bill states specifically that he will, in consultation with the other ministers concerned, perform every duty associated with the implementation of EEC regulations on regional policy.

To this end, the Minister will take part in meetings of the Council of Ministers of the European Communities held to discuss regional development matters or to issue regulations. He will draw up and furnish the documents prescribed by EEC regulations or requested by Community bodies for the purpose of coordinating national regional policies.

In connection with the administration of the ERDF, he will also be required to forward yearly reports to the EEC Commission on the coordinated series of projects being prepared by the Cassa per il Mezzogiorno, the regions, the communes, the civil service authorities and authorized bodies which will benefit from the Fund.

It should be pointed out that the bill already provides very specific planning information with a view to the rational and coordinated use of the funds that will be channelled through the EEC financial instrument in the future.

It states that amounts granted by the European Regional Development Fund will be in addition to the provision for normal funding based on internal regulations on the use of EEC funds ; amounts allocated by the ERDF in support of measures by other bodies will be used to finance specific ventures within the sphere of responsibility of those bodies and in the sectors that qualify for aid from the Fund according to internal regulations on the use of EEC funds.

Summary of the
regional development programme
Grand Duchy of Luxembourg
1981-1985

LUXEMBOURG1. Social and economic analyses

The programme is a national one as Luxembourg is considered as one region in the Community and is fully eligible for ERDF assistance.

In later years total population has increased only because of net immigration, in 1981 about 26% of the population was foreigners. Total employment has increased 0.5% in the period 1974-79, employment in industry fell by about 8,000 persons in that period, while the tertiary sector employment increased by about 16,000 persons. Total unemployment has grown from 0.2% in 1975 to 1.5% in 1982.

In the period 1978-81 a total of 2,065 million LFr has been given as equipment credits to private enterprise under the public banking establishment (S.N.C.I.) creating about 2,000 new jobs. Moreover, the S.N.C.I. has given medium and long term loans of a total amount of 2,352 million LFr to private enterprise (1978-81) creating about 1,600 new jobs. Other activities carried out by the S.N.C.I. in this period are estimated to have created about 1,500 new jobs.

Total investment in building, roads and hydraulic works was on average 3,988 millions LFr in the period 1977-79 and 6,338 million LFr in the period 1980-83.

If the net immigration in the period 1980-85 remains at the same level as in the period 1976-80 (1,000 per year), the total population will increase by about 5,000 people to 369,000 in 1985. Under this projection the total active population is expected to increase by about 10,000 people in 1980-85. Still according to this projection of the active population and three alternative projections of the economic growth, total unemployment in 1990 could be about 9,000 persons in case of high economic growth (+ 2.7% per year) and about 27,000 persons in case of low growth (0.3% per year).

2. Development Objectives

The medium-term regional development programme (1981-85) derives largely from objectives designed for the advancement of the territory as a whole, at the same time allowing each area to develop in accordance with its own possibilities.

The programme will be proceeding at a time marked chiefly by the application of measures to reorganise and rationalise industry, in particular the iron and steel industry, and is designed to stabilize, so far as possible, the distribution of the total resident population over the territory. In addition, centres of development will be promoted in a coherent manner, but excessive centralisation will be avoided.

Demographically, the aim is to stabilise the total resident population at between 365 000 and 370 000 (1985), by encouraging a rise in the indigenous birthrate and limiting immigration from other countries. Since the potential working population will increase by several thousand from 1981 to 1985, it is necessary to conduct an active policy of creation of new jobs in industry and in the services sector, especially in view of the fact that reorganisation of the iron and steel industry is likely to cause the elimination of 4 000 - 10 000 jobs in the period 1980-90. In 1980 the total employment was at about 160 000 persons, of which about 20 000 in the iron and steel industry.

More specifically, it is the aim to preserve, by the creation of new jobs, a total employment of about 24 000 in the region hit by the restructuration of the iron and steel industry, which could imply the creation of 7 500 new jobs.

In agriculture, rational management and structural improvement at the level of the individual family holding will be promoted. Wine-growing will also be raised to a higher quality level by a policy of modernization and rationalisation.

In industry, the loss of jobs in iron and steel production needs to be offset by setting up new manufacturing operations downstream from iron and steel making, by the establishment of further undertakings of foreign origin in the centre and north of the country and by the installation of new factories in the south of the country. Industrial development will be led to the existing industrial centres and zones, and a concentration of new development in the region of the capital will be avoided.

In tourism, greater advantage will be taken of existing or additional tourist facilities, efforts will be made to prolong the season and in general emphasis will be laid on individual and recreational tourism.

In the case of the services sector, economic incentives for this sector should be used to achieve the desired balanced distribution over the country of commercial and craft enterprises. A consolidation and diversification of the financial activities in Luxembourg is of high priority.

The towns should be well-balanced and provide favourable conditions for people in all respects; concentric development of settlements about their nucleus will be encouraged and the use of land for urban development will be kept as low as possible.

In the field of transport and communication the main priorities are road improvements to provide rapid links between the city of Luxembourg and the centres of the neighbouring countries and the north of the country. Improvements of the international rail and air communications is also required.

As to water supply, there should be additions to the network serving the central and southern parts of the country, and the various communes which have their own supply should be linked up to the national network.

For energy supplies, the risk of shortages necessitates a policy of economy in the use of all forms of energy, an increase in the national production capacity and an increase in foreign supplies.

As regards hospital facilities, a major effort in the field of long-term treatment is required.

New schools will be set up on the basis of detailed demographic studies, and minimum requirements in respect of size should be met in avoiding excessive transport time. As far as higher education is concerned a certain decentralisation is envisaged.

In carrying out the programme cooperation with the neighbouring regions in Germany, Belgium and France will be intensified.

3. Development Measures

Apart from unemployment benefits the following measures can be financed by the unemployment fund : extraordinary public works of general interest, reeducation and supplementary vocational training, vocational guidance, temporary aid to reemployment and geographical mobility and specific measures concerning the iron and steel industry.

Various measures for economic and social development are designed to stimulate the growth of the economy and safeguard full employment.

These measures cater for four degrees of gravity of the economic situation :

- a) Present situation
- b) Level 1 (1,500 persons seeking work)
- c) Level 2 (2,500 persons seeking work)
- d) Threat of acute unemployment.

The state can grant aid to investments in industry and in certain service categories for creation, conversion, reorientation and rationalisation of enterprises.

The aid types comprise interest subsidies, state guarantees, capital grants, promotional aid, tax reliefs, and the purchase and development of land.

Measures exist for the improvement of structures in commerce and crafts. These measures, which concern new as well as existing enterprises, are capital grants, interest subsidies, state guarantees, technical assistance and apprenticeship and first establishment premiums.

A special agreement on the restructuration of the iron and steel industry consists of an objective to maintain 16,500 employed in this sector by 1984 (create 7,500 new jobs in the south of the country), specific investment plans and envisaged state aid.

A policy of industrial diversification will be carried out under a public banking establishment (S.N.C.I.) which can give equipment credits, medium and long term loans and export credits. Moreover, this establishment can acquire shares in industrial and commercial enterprises. Under these activities special emphasis will be laid on innovation and research activities, development of national industrial zones, development of private service activities and export promotion.

Concerning tourism a programme envisages to improve the competitiveness of this sector by giving investment grants to the creation of new and the modernisation of existing hotels. Moreover, this programme supports the development of collective tourist infrastructure. Two specific developments concern the canton Clervaux in the extreme north and a transfrontier plan Sarre-Lor-Lux (Mosel valley).

An anti-cyclical policy will be followed concerning the construction of housing, roads and hydraulic works.

As far as agriculture is concerned the measures for the modernisation of this sector are reinforced aid to young farmers, special tax policies with the purpose of promoting production specialisation and increased productivity by reallocation of land.

Major infrastructure programmes

The programme of creation of national industrial zones will concentrate its efforts in the south of the country. It is envisaged to develop 542 ha. of industrial land in the south and 217 ha. in the rest of the country. Inside the southern region efforts will be concentrated in two poles (Bettemberg-Dudelange and Esch-sur-Alzette) situated in the iron and steel area.

In the road programme priority will be given to the construction of the motorway Luxembourg-Trier and to works on the northern road and the southern express road. Modernization of the northern railway line and extension of the airport at Luxembourg (including nearby industrial, commercial and technic developments) are important priorities too.

4. Financial Resources

The economic and social policy measures are financed both through the national and the local authority budgets (Table 1).

More than one third of total public expenditure is currently used to promote economic progress. Although this percentage is higher (45%) for the local authorities than for the State (31%), the latter provides, nevertheless, more than two thirds of total costs of this kind. In the State budget grants to private enterprises dominate (46%), while 87% of local authority budgets for promotion of economic progress is public investments, particularly roads and water supply works.

National authority has allocated a substantial and ever growing proportion of available resources to investment in public works and to measures designed to restructure productive equipment. The proportion rose from 25.8% in the period 1970-74 to 33.7% in the period 1980-83.

Table 1. Productive expenditure of the State % local authorities
1981

Expenditure categories	State	Local authorities	Total
Road maintenance, water supply works, other	274.7	859.2	1,133.9
Purchase military hardware	214.1		214.1
Grants to concerns	7,957.7	8.2	7,965.9
Capital transfers to concerns	2,921.1	112.9	3,034.0
Purchase of sites & buildings	761.8	472.8	1,234.6
Construction of buildings	2,073.0	2,261.1	4,334.1
Construction of roads and water supply works	2,356.7	4,125.5	6,482.2
Purchase of durable movable assets	453.6	295.6	749.2
Grant of credits & share participation in concerns	393.1	88.5	481.6
(1) Total costs designed to promote economic progress	17,405.8	8,223.8	25,629.6
(2) Total public costs	55,739.1	18,361.8	74,100.9
(1) in % of (2)	31.2	44.8	34.6

While the national financial situation is basically healthy - the financing requirement is barely 2% of G.D.P. - the years 1979 to 1982 have nevertheless experienced a continuing and accelerated decline in this situation. The draft budget for 1983 indicates a change of direction in the management of public finances, which is found necessary in view of the uncertainty of economic trends, and in particular the restructuring of the steel industry and the exhaustion of reserves.

In the years to come, financing with regard to unemployment and its absorption through promoting job creating investments will be restricted by financial limitations. For this reason budget policy envisaged by the government is faced with stagnation and even a small decline in the volume of real expenditure, and a financing of inevitable deficits by constant recourse to borrowing and depletion of the reserves.

The pluriannual programme of exceptional expenditure for the years 1981-1985 is an instrument of this policy (Table 2). It consists of estimates of budget appropriations and a calculation of real costs to be met by public investment funds. The appropriations for exceptional expenditure concern mainly the department for public works (37%) and the department of the economy (20%). The operations of the investment funds derive from the budget principles abovementioned, which continue to enable realisation of major indispensable infrastructure projects designed to strengthen the competitive capacity of the economy.

Table 2 - Main infrastructure projects to be financed through public investment funds (pluriannual programme 1981-1985).

LF million

	Global cost	previous financial years	payments					later fin. y.
			1981	1982	1983	1984	1985	
<u>funds</u>								
at road Luxembourg/Trier ctions I & II	2,250			70	350	300	250	1,280
at road south (section sch-Belval)	550	80	80	120	120	140	10	
thern road (Ettelbruck pass)	550	50	30	100	150	100	90	30
inels Luxembourg town	2,500	15	50	230	500	500	500	705
<u>l funds (education)</u>								
ool of commerce & anagement	500			50	125	125	125	75
chnical High School entre)	860	5	15	100	170	220	250	150
<u>h & social funds</u>								
i Spa centre Mondorf- s-Bains	1,400	60	200	300	300	300	240	
<u>way purification</u>								
ette basin			225	180	190	260	275	
assin de la Chiers			60	60	50	35	35	20
<u>ommunications fund</u>								
work			490	335	220	285	295	
ipment			170	305	210	210	200	

5. Implementing the programme

The implementation of the various measures and operations envisaged will be administered by the competent Ministries, as follows:

- the application of basic legislation to assist industry and small and medium sized businesses, by the Ministries for Economic Affairs, for Small Firms and Trades and for Finance;
- the five-year plan for tourism, by the Department of Tourism;
- the siting of firms or the creation of industrial or tourist areas, by the abovementioned departments and the Ministry of the Interior in collaboration with local authorities;
- social policy measures, by the Departments of Labour and Social Security;
- operations for the benefit of agriculture, by the Ministry of Agriculture and Viticulture;
- investments in urban infrastructures and in the main water supply network, by the Ministry of the Interior;
- administration of road infrastructures and of means of communication, by the Department of Public Works and by the Department of Transport, respectively;
- investments in schools and education, by the Ministries of National Education, of the Interior and of Public Works;
- investments in waste disposal, by the Minister of Public Health and the Environment.

All investment will be under the control of the finance departments of the Ministry of Finance or, in the case of the communes, of the Ministry of the Interior.

Summary of the
regional development programme
Netherlands
1982-1985

NETHERLANDS1. Social and economic analyses

Programmes have been worked out for two regions - the Northern Netherlands and the South Limburg regions.

Northern Netherlands.

In the period 1979-81 total population increased by 23,000 people to 1,568,000 people, while the dependent labour force increased by 37,000 in the period 1/1/1981 - 1/4/1982, or 6% compared to 0.7% for the country as a whole. The unemployment rate rose from 6.6% in 1978 to 11.7% in 1981 and the regional component in unemployment from 1.6 to 2.7 percentage points, i.e. unemployment rose faster in the North than in the country as a whole.

Under the first Integrated Structure Plan for the North (1979-81) a total of HFL 216 million were available as special credits from the budget of the Ministry of Economic Affairs. In addition, grants of HFL 117.7 million from the ERDF were applied to infrastructure and industrial projects. A total of about 10,000 jobs were created or maintained.

It is expected that total employment will decrease by 0.6% per year in the period 1980-85 (for the country as a whole ÷ 0.4%), while the labour supply will increase by about 0.5% per year. This means a rise in the regional component of unemployment.

South Limburg

Total population increased by 3,000 persons in the period 1975-80 to 711,000. The labour force increased by 13,000 persons in the period 1977-81, while total employment increased by only 4,500 persons in the same period, resulting in an increase in unemployment of 8,500 persons to 29,000 or 12.8% (regional component of unemployment 3.8 percentage points). The regional component of unemployment fell from 4.5 in 1977 to 3.8 in 1981.

During the first period (1977-80) the PNL programme was able to draw on special credits of HFL 35 million a year, in 1981 raised to HFL 45 million. In addition, ERDF funds totalling HFL 28 million were applied to infrastructure and industrial projects in the period 1978-81. A total of about 10 000 jobs were created or maintained

The labour force is expected to increase by about 15,000 persons in the period 1980-85, while total employment is expected to decrease by 3,000 persons. This means an increase in unemployment of about 18,000 persons, but as the national unemployment rate is expected to increase even more the regional unemployment component falls to 3.5%.

2. Development objectives

By the end of the 1970s it became clear that the stagnation in the economy was structural. For regional policy that meant greater attention to ways in which the various regions could increase their individual contributions to the prosperity of the country as a whole. At the same time it became clear that the traditionally more backward areas were liable to suffer most in times of stagnation or recession. So on the one hand more attention was given to efficiency, from force of circumstances; on the other, the principle of equity remained to the fore.

The policy paper for 1981-1985 accordingly sets out the following aims for regional social and economic policy :

- (a) greater equality of prosperity among the regions, particularly as expressed in employment and income opportunities;
- (b) increased contributions by the regions to the prosperity of the whole nation.

The regions

Northern Netherlands

The social and economic policy to be pursued under the ISP programme cannot be viewed in isolation from the prospects for the whole country and nationwide economic policy. The circumstances with which the ISP programme will have to cope up to 1985 are fundamentally different from those obtaining in 1978, when the first ISP plan was drawn up. Estimates based on unchanged national policy point to higher national unemployment by 1985, and the same naturally applies to regional unemployment in the North. That higher regional level is substantially the result of a marked economic deterioration over the whole country.

In other words, the increase in unemployment in the North, as in other parts of the Netherlands, partly reflects the impact of the national trend in those regions. Unemployment in the North has risen as the national trend moved upwards, but proportionately more than for the whole country. This is because the regional component also

increases with each rise in national unemployment. Conversely, a fall in the regional component cannot be engineered simply through measures directed at the particular region; it will partly depend on the effects of national economic measures. That is an essential point to consider when formulating the aims of social and economic policy.

At the moment the Steering Group is unable to state the national policy aims with regard to reducing unemployment. In these circumstances a strictly regional policy for ISP-II cannot be precisely quantified as yet.

The structural issues facing the North are combined under four main headings - the balance of jobs and unemployment, land use and the natural environment, rural and urban areas and individual development in the Northern community.

The four headings pay particular attention to the qualitative aspects of structural change in the North. On jobs and unemployment, for instance, the plan considers the significance for the community of the shift in the proportions of employed and non-employed, which points to work-sharing in addition to the efforts to expand production. Consideration is also given to the need to reorient the whole industrial apparatus in the North to ensure that it is up-to-date, competitive and profitable in the 1980s.

On land use and the environment, changes in the dynamics of land use are crucial for the North. This turns on a proper balance of interests between mining and quarrying, agriculture, the infrastructure, polder development, outdoor recreation and preserving the countryside. Policy will be directed at controlling the pace and type of changes in land use and the community's environment.

As regards the structural development of rural and urban areas, emphasis in the North lies on improving rural facilities, a departure from the general rule in the Netherlands that the towns receive greatest attention. The trends in society that underpin this policy cannot be fully controlled, however. Central and local government can only offer a guiding hand with the decentralisation or concentration of activities.

In the case of individual development in the Northern community, modernisation has by and large come more recently to the North, and has proceeded more slowly and in localised forms. The level of social and cultural provision is relatively favourable, although participation in certain types of education is still relatively low in some places. Policy will be directed at reducing the thresholds for access to facilities.

South Limburg

In this region increased efforts will be devoted to the strengthening of the economic structure and to a continuing regional reindustrialisation in close conjunction with national industrial policy.

Against this background the Government and the Limburg provincial authorities reached agreement in March 1982 on PNL policy for 1982 and the period up to 1985. It was decided that policy would remain aimed at eliminating the regional unemployment component over the period up to 1985 but the Government stressed clearly that the policy framework was indicative and emphasised the importance of developing the economic structure. This means that the regional development plan for South Limburg is still incomplete.

3. Development measures

Incentive policy*

The regional incentive policy contains a number of important measures aimed at industry, the foremost being the investment grant scheme (IPR) and the special regional supplement (BRT) under the Investment Act (WIR).

Geographical selectivity is central to the application of the incentive policy. Efforts are made to restrict the measures to those parts of the country with serious structural deficiencies.

(a) Special Regional Supplement (BRT)

This is a supplement to the basic WIR grant for investment in industrial buildings and in outdoor installations; the supplementary grant rates are 20 and 10% respectively.

The BRT scheme has now been extended to the Maastricht/Valkenburg and Delfzijl areas in view of the deterioration there. It no longer applies to the Hardenberg area.

The Government has decided to make agricultural investment ineligible for the special regional supplement.

(b) Investment Grant Scheme (IPR)

This scheme applies to projects, i.e. to combined investment in land, buildings and machinery, and covers new business and expansion in the industrial and service sectors.

Developments since the regional planning paper 1977-1981 have justified some changes in the areas qualifying for IPR. Wolvega, Steenwijk, Meppel and Doetinchem are now eligible at the lower rate of 15%. In Zwolle the scheme now covers new businesses alone, at 15%. Uden, Bergen op Zoom, Kampen and Deventer have been removed from the list. The scheme may occasionally be applied in Arnhem and Eindhoven.

(c) The regional development companies (ROMs)

In view of the need to increase funding the guarantee ceilings require adjustment in the coming period.

The State guarantees losses in the case of NOM (North) and LIOF (Limburg); for the remaining companies risks are borne 60% by the State and 40% by the provinces, so that the latter carry a substantial share of the responsibility.

(*) Now under review ex art. 93 EC.

Development policy

Funds are available here, under the 'groundwork' or 'facilitation' policy, for regional infrastructure. The funds devolve partly to the provinces, and partly further to the main towns. The facilitation or groundwork policy is generally concerned with the provision of industrial estates in the regions, or with similar infrastructural bottlenecks. The funds devolved to the provinces for this purpose are too modest to cover very large projects, which in any case arise only occasionally in individual provinces. At present there are substantial schemes for industrial estates of more than regional significance in Twente and South-East Brabant. Devolved funds can be supplemented from central allocations for occasional projects of this kind.

Development aims are giving more attention than before to the western and central Netherlands, and to the large towns in particular, on account of their economic potential and their increasing problems and tensions. The latter are due to heavy pressure on space from population and industry, the ensuing congestion, mismatching of labour supply and demand, environmental problems, etc.

Regional investment programmes are intended to allow full use of a region's assets and help national schemes achieve optimum impact on the development of industry and services there. In view of the limited amount available, the funds are at present being applied in Twente, North Brabant and the Nijmegen area. The programmes are intended to stimulate the development of regional potential along the same lines as private sector incentives in the ISP and PNL plans.

The regions

Northern Netherlands

The measures to be carried out in the programme period can be listed under three main headings - sectional schemes, structural schemes and labour market measures.

(a) Sectional schemes

- Incentives for industry and services - increased appropriations.
- Strengthening agricultural structures - incentives for land consolidation, improvement of rural roads, water control works.
- Town and village reconstruction and housing improvement - special emphasis on East Groningen with a renovation plan covering 10,000 houses.
- Conservation and reafforestation.
- Recreation facilities - the tourism and recreation development plans, which each province has to prepare, will provide the framework for projects under the programme.
- Provincial action funds for small centres - the living environment, community projects, access, primary education, shopping facilities and health care.
- Health and the environment.
- Welfare - special groups - experimental job projects, creation of opportunities for meaningful personal development for people excluded from the labour market.

(b) Structural schemes

- Railway lines, main roads, waterways, including joint financing of the electrification of the Zwolle-Emmen rail link.
- Major infrastructural works, including site work for the Delfzijl Eemshaven harbour development and the Lauwersoog fisheries project.
- Additional facilities with emphasis on income-generating projects in the tourism sector and some concentration in the growth poles of Emmen, Leeuwarden and Groningen.

(c) Labour market measures

- Job schemes and training sites, labour market policy is intended to create 4,700 jobs and enrol 8,150 people in schemes.
- Scheme for long-term unemployed.
- An East Groningen experiment in promoting part-time works, a vocational training centre in Delfzijl, school- and work-centres.

South Limburg

The following measures are either carried out in 1982/83 or will be carried out later in the programme period.

- Labour market - creation of extra temporary jobs, conclusion of regional labour market agreements, employment of building apprentices, early retirement scheme for ex-miners.
- Building and insulation - building of homes in the grant-aided sector, other building activities including schools, insulation works, relocation of firms under inner city renovation plans, major housing maintenance projects.
- Infrastructural and drainage works - drainage work around small villages, improvement of the South Limburg airport, building of the northern part of RW 73.
- Key projects - Cable TV experiment, Maastricht Euro Centre (congress centre), a central laboratory animal unit at Onderbanken, university hospital.
- Education - retraining courses, vocational training activities, further development and expansion of the Limburg State University.
- Expansion of the quaternary sector.
- Works on urban traffic systems.
- The tourism and recreation development plan - key projects for development are in water sports, longer stay tourism, day trips and convention tourism.

4. Financial resources

Northern Netherlands

The financial basis for the programme is formed by the ISP credits in the Economic Affairs budget, which are the lever for funds from other ministries.

When the paper on regional social and economic policy for 1981-1985 was prepared the funding estimates allowed for an annual ERDF contribution of HFL 21.2 million for the ISP area up to 1985, as counterpart funds. The ERDF assistance is additional and complementary to other funding for the region. The ERDF funds are in fact assigned to projects which would otherwise be deferred or cancelled for lack of finance.

Money from the Agricultural Guarantee Fund (FEOGA) is also available for the North, but it is not allocated directly as with ERDF finance. The same applies to projects qualifying for ESP funds.

South Limburg

A special PNL appropriation has been earmarked for the execution of a number of measures aimed specifically at the programme area and largely still to be finalised. It involves annual credits of HFL 45 Million for the period up to 1985.

When the paper on regional social and economic policy for 1981-1985 was prepared the funding estimates allowed for an annual ERDF contribution of HFL 10.6 Million for the PNL area up to 1985, for groundwork projects. The ERDF assistance is additional and complementary to other funding for the region and is in fact assigned to projects which could otherwise be deferred or cancelled for lack of finance.

Money from the Agricultural Guarantee Fund (FEOGA) is also available for the Restructuring Region, but it is not allocated directly as with ERDF finance. The same applies to projects qualifying for ESF funds.

Funding of the two programmes

The table below shows the overall funding of the two programmes for the two periods 1977-80 and 1981-84.

Million Guilders

Funding of the regional policy
regional development programmes

<u>Instruments</u>	1977 - 1980		1981 - 1984	
	ISP (North)	PNL (South Limburg)	ISP (North)	PNL (South Limburg)
productive investment premiums	464	332	348	280
infrastructure	224	57	253	101
additional resources	208	108	546	180
regional development companies	85	14	31	27
Total	981	511	1178	588
IF	82	40	82	40
	8,4 %	7,8 %	7 %	6,8 %

5. Implementing the programme

Northern Netherlands

The joint responsibility of the central government and the northern provinces for ISP policy is a central feature of the administrative arrangements for the programme.

This is embodied in the ISP agreements, which cover policy and financial matters. Decisions take the form of ISP agreements between central government and the provincial authorities and hence have special status. The parties have to agree on any changes that either may wish to see in the way policy is implemented. Progress is also monitored jointly at intervals during the programme, through the Steering Group's interim reports and, where necessary, by teams of assessors.

South Limburg

Preparation, implementation and monitoring of policy lies with the PNL review commission, on which the departments most concerned are permanently represented : Economic Affairs, Social Affairs, Housing and Physical Planning, Culture, Recreation and Social Work, Finance, and the Interior. Other provincial authorities are also represented to ensure that the joint effort and responsibility by central and provincial administrations, as defined in the Note on Prospects, is carried through to the implementation stage.

In this connection, the task of the review commission is in the first instance to decide where responsibility for carrying out the policy should lie and which time schedule should be adopted for executing the measures (based on priorities), and then to advise the Ministerial Commission on Regional Policy on the schedule of expenditure. The review commission must monitor the implementation of the Note on Prospects for South Limburg.

Government departments remain responsible, however, for preparing the policy and implementing the measures in their own areas of competence.

Summary of the
regional development programme

United Kingdom

1982-1986

UNITED KINGDOM1. Economic and social analysis

The 31 Regional Development Programmes 1982-86 in the United Kingdom contain profiles for sub-regions of grouped or individual aided areas (Assisted and Inner Urban Areas). Annex A presents summary data for these programme regions. While high and rising unemployment is common to all, there are differences in the underlying causes. The following provides a brief outline of the major development problems in each area.

ASSISTED AREASNorth East

The main problems are a low demand for and a heavy dependence on declining industries, low service sector employment, a high proportion of unskilled workers, an undeveloped small business sector, declining manufacturing investments, industrial and urban dereliction, and infrastructure deficiencies.

In the programme period a continued loss of employment in industry can be expected. The labour force is expected to increase. A considerable number of jobs will have to be created by 1986 in order to avoid increased unemployment.

Merseyside

Persistently high structural unemployment, population decline in the younger age groups, industrial and urban dereliction and outmoded transport, water supply and sewerage systems are the main problems of the area.

In the programme period total employment is expected to decrease, while the workforce is expected to remain almost stable.

Lancashire Coast

A narrow manufacturing base (textiles, fishery), overdependence on service (administration, tourism) activities, an acute shortage of industrial land and out-migration in the younger age groups are the main problems.

West Cumbria

Of main concern are a heavy dependence on a small number of traditional declining industries, a very low employment in the service sector, vacant factories and dereliction and inadequate infrastructure provision - transport, water supply, sewerage, telecommunications.

Humberside

Heavy job losses in traditional industries (transport, fishing, steel) shortage of industrial land, disused land and buildings, inadequate road rail and port infrastructure.

The labour force is expected to increase in the programme period, while in the shorter term further job losses are foreseen.

South Yorkshire

The main problems are heavy recent job losses, in particular in the steel industry, lack of alternative job opportunities, environmental degradation, inadequate infrastructure - local roads, transport, water and sewerage.

The potential labour supply will increase substantially in the programme period, while further job losses in the steel industry are expected.

Bradford

Dependence on textile and engineering industries and substantial job losses, population decline and obsolete industrial infrastructure (industrial land, water and sewerage), are the main problems facing the area.

A further decline in total employment may be experienced, while the number of people of economically active age is expected to increase.

North Yorkshire Coast

The main problems are an exceptionally high reliance on service employment (tourism), recent job losses in manufacturing, lack of industrial land and premises and absence of vital road links.

The number of people of active age is expected to increase in the Scarborough district in the programme period exacerbating the present and future unemployment problem.

Richmond

Recent job losses in manufacturing industry and infrastructure deficiencies (industrial sites, drainage, access roads) are the main problems.

There is an expected increase in active population, but very limited prospects for employment increases, in the programme period.

Corby

The major problem is a very high level of redundancies from the steelworks closure and related manufacturing activities. Moreover, transport (road, rail) and sewage disposal facilities are unsatisfactory.

Lincolnshire Coast

The key problems are a massive over dependence upon tourism, a remote geographical position and relatively poor transport links and sewerage network limitations.

South West

Under-industrialisation, peripheral location, employment decline in existing industries and a disproportionate high share of service employment geared mainly to local need and seasonal demand (tourism) are major problems as well as lack of serviced industrial land, unsatisfactory road links and water, sewerage and sewerage treatment infrastructure. A considerable population - and work force - increase is expected.

Bolton

Major problems are over-dependence on declining industry, lack of firms in expanding sectors, urban dereliction, pollution of water and air, lack of land for industrial development, unsatisfactory highway and sewerage networks and unsatisfactory housing conditions.

Leigh

Population decrease, reliance on declining industries with considerable job losses, dereliction and inadequate road and sewerage networks are key problems. An increase in the workforce is expected, while an increase in employment is considered unlikely to occur.

Northwich

Of major concern are a recent considerable employment decrease in manufacturing industry, dereliction and lack of water supply and access infrastructure for industrial sites.

The work force is expected to increase, and additional jobs may be required simply to satisfy this increase.

Rochdale

A structural and sustained industrial decline in basic industries (textiles, engineering), an overall employment decline, industrial and infrastructure obsolescence, lack of serviced industrial land and inadequate (old) basic infrastructure (roads, sewers) are the major problems.

Rossendale

The main problems are the consequences of the long-drawn out decline in the area's staple industries (textiles, footwear), emigration, urban decay and dereliction, pollution, inadequate road and sewerage systems and scarcity of easily developed industrial land.

North East Wales

Problems stem fundamentally from a narrow and declining industrial base. Severe contraction of staple industries (steel, textiles, coal) has exacerbated already high unemployment levels and an outmoded pattern and level of infrastructural provisions (particularly in power supply, water, sewerage and social infrastructure) has made it difficult to secure new and inward investment at the scale and pace required. The service sector is generally under-represented, despite opportunities for seasonal employment in tourism on the western and coastal strips, and there are also problems of communication and access in areas of more diffuse population in the South and West of the zone.

The population of working age is estimated to increase in the programme period, while further job losses seem likely in the short term.

North West Wales

Peripherality, a diffuse population, a weak employment base, and inadequate infrastructure (particularly in support of industry, communications, water and sewerage, power and fuel) create the main impediments to development.

The underlying manufacturing base is weak and narrow; the service/ administrative sector is generally under-represented and employment on the coastal strip is dominated by the tourist industries which are seasonal. Unemployment levels, exacerbated by declines in traditional industries, are high and the area has also been dependent for the past decade or so on a series of major civil engineering and construction projects the completion of which will have implications for future levels of unemployment.

In the short term further job losses are likely, while the labour force is expected to increase in the programme period.

South West Wales

Distance from markets and main centres of population combine with a diffuse settlement pattern and associated problems of communications and infrastructural provision (water, sewerage, fuel and power).

The area is heavily dependent on the service sector, specifically seasonal tourism which is vulnerable to weather conditions; the manufacturing sector is small, narrowly based and nucleated; traditional employment in agriculture and fishing has declined dramatically. Contraction in traditional employment, together with job losses from the already weak manufacturing base, and fluctuations in the tourist trade have given rise to very high levels of unemployment and these have been further distorted by the successional rundown of a series of large scale construction projects which have taken place around Milford Hav

The population of working age is expected to increase in the programme period, and further job losses will occur when major construction work ceases.

Industrial South Wales

Severe contraction in this the most densely populated and populous part of Wales, of those industries which formed the basis of the area's industrial growth (namely coal and steel) has given rise to an urgent need to restructure and diversify the area's economic base. Infrastructure (communications, water and sewerage, power and industrial services) need to be upgraded and redistributed. Areas of urban decay (characterised by an outmoded housing stock particularly in the older industrial areas) and of industrial dereliction need to be revitalised. Density of population and topography, particularly in the valley areas, also add to the difficulties of infrastructural upgrading.

The population is expected to increase in the programme period implying an increase in the labour supply and job losses, albeit not on the same scale as in the past few years, can be expected.

Mid-Wales Aided Area

Development problems in this region stem from its rurality, peripherality and scattered settlement pattern. Most of the area is classified as a Less Favoured Area under Directive 75/268 and there is a general need for basic infrastructural improvements (to communications, water, sewerage and power networks and to social facilities) in order to promote the growth of employment opportunities and prevent depopulation.

Additional employment needs to be created for the projected increase in the working age population.

Scotland - Highlands and Islands

Of major concern are a predominant service sector, a weak manufacturing sector and communication difficulties, substandard rural infrastructure networks and a general need of infrastructure improvement (roads, water and sewerage, social and recreational facilities).

A number of districts where labour supply has been growing rapidly have recently experienced the loss of their largest employers owing to the run-down of oil related construction and other problems faced by manufacturing. In such areas, unemployment and migration are likely to increase over the next few years.

Scotland - Tayside

There have recently been heavy job losses in the manufacturing industry, particularly in the Dundee area. This has contributed to the high unemployment and continued loss of population from the city. The area also suffers from a shortage of attractive industrial sites, urban dereliction and inadequate water and sewerage services.

Scotland - East Central

Heavy dependence on traditional declining industries (coal, metal, manufacturing textiles), poor social environment, worn-out buildings and unsatisfactory infrastructure (water and sewerage) and inadequate road links are serious problems in many areas. Further job losses in manufacturing industry seem likely over the next few years.

Scotland - West Central

Major problems are over-representation of declining manufacturing industries, a doubling of the unemployment rate in three years, out-migration, urban decay, unattractive housing and dereliction, acute shortage of serviced industrial land. Employment problems are likely to continue with further job losses in manufacturing industry. The rate of population loss from the city of Glasgow is expected to decline with the general shortage of job opportunities elsewhere discouraging out-migration.

Scotland - South West

In this Region the major problems are high unemployment and a relatively remote location with a diffused population. This has created difficulties for communications and increased the per capita cost of providing public transport and social services resulting in a reduced standard of services in many areas.

Northern Ireland

The principal problems are a peripheral location, persistently high unemployment, low income, heavy reliance on public service employment and structural difficulties arising from the overrepresentation of declining manufacturing industries. These problems are exacerbated by the effects of civil unrest and by the growth and continuing imbalance in the labour supply.

INNER URBAN AREAS

Manchester

The area suffers from major infrastructure problems (roads, sewers, gas, electricity and water supplies, telecommunications, railways and the building stock) either due to their age, or inadequate capacities. These deficiencies result in a great deal of inefficiency in the functioning of the urban system. Many industrial buildings are empty or obsolete, industrial sites are poorly serviced and land is derelict.

Job losses of the past, particularly in traditional manufacturing industries, are likely to continue. Although the population is likely to decline, there will be still an increase in the number seeking work.

Blackburn

The decline in the cotton and its associated textile industries has led to a considerable loss of employment, outward migration, urban decline and dereliction. The area has not developed an appropriate commercial and professional sector in order to diversify the industrial base. Diversification is hindered by an inadequate system of roads and sewers. There is an increasing tendency to desert the inner urban areas resulting in a declining population with an even more marked bias towards the disadvantaged and elderly. This will be reinforced by the further expected decline in the traditional manufacturing sector.

Burnley

A high dependence on manufacturing has left Burnley vulnerable to industrial and economic decline, resulting in high levels of unemployment and out-migration. The area has also been left a legacy of old housing, obsolete industrial buildings, inadequate infrastructure and numerous environmental problems.

Leeds

Industrial decline, in particular in clothing and mechanical engineering, has resulted in a legacy of old industrial areas, obsolete infrastructure, large tracts of derelict and under-used land and old housing.

The outlook for employment is uncertain. It seems unlikely that there will be sufficient overall growth in service sector employment in order to offset

Sheffield

Considerable redundancies in manufacturing, in particular in steel and metal processing industries, have insufficiently been offset by the generation of new employment opportunities and office relocations. The inner urban area exhibits a concentration of inadequate local roads, obsolete vacant factory premises, substandard housing and outdated telecommunication, water and sewerage systems.

The workforce is expected to increase whereas job losses are likely to continue resulting in a further substantial rise in unemployment.

Nottingham

The major deficiencies are the inadequate roads, a decaying sewerage and other services network, obsolete or neglected buildings and facilities, the surface water drainage, vacant and derelict land and inadequate Inter-City rail services. The industrial base is in continued decline creating increasing unemployment, a trend which is expected to continue further into the future.

Leicester

The area suffers from a wide range of problems associated with unemployment: industries have been substantially affected by the recent recessions and a structural change in the economy is taking place. The second major concern is the age and state of the building stock both for private and industrial use. Deficiencies in the transport and communication network are further problems.

An increasing number of young people will join the labour force and the "job-gap" is expected to grow.

Black Country

High unemployment and outmigration, vacant and obsolete industrial premises, which are both derelict and decaying, poor internal communication and accessibility and an unattractive environment characterise the problems of the area. Long term and more recent sharp declines in the fairly narrow range of traditional industries have produced important job losses which were not offset by other employment opportunities.

The numbers of children reaching the school leaving age, and consequently unemployment, will remain at the present comparatively high level.

Birmingham

The narrow range of metal related industries as well as other parts of the manufacturing sector have declined sharply and led to important job losses which have not been compensated by other employment opportunities.

Industrial and housing stock, water, sewerage, gas and telecommunication infrastructure are of a poor nature, obsolete and derelict.

Employment levels and population are forecast to fall further and it is expected that unemployment will stay considerably above the UK average at least until the end of this decade.

Coventry

The local economy has recently suffered a rapid decline mainly due to structural changes primarily in motor manufacturing, engineering and tool industries. The lack of diversification offered little to compensate shrinking employment outmigration, and unemployment is high. Premises are mostly obsolete and unsued. Gas and telecommunications infrastructure are inadequate.

Although it is expected that the overall population will continue to fall, there is a high level of school leavers entering the labour market. The low level of employment opportunities will continue at least to 1986.

2. Development objectives

The overall objective of United Kingdom regional policy is to bring into better balance the supply of and demand for labour in the less favoured regions by encouraging, in these areas, investments in industry and commerce, which will create new jobs and safeguard existing employment. Improvement of the standard of infrastructure is an essential element in the achievement of this objective and is vital if the regions in question are to be made more attractive both to future industrialists and to potential visitors.

Adequate provision of sites suitable for development and equipped with basic services such as water, sewerage, gas and electricity must be made, and access to such sites, by road or rail, improved. Improved links between local

communications and the main system are also important, as is the development of longer distance communications by road, rail, air, ports and telecommunications. In many urban areas especially, existing infrastructural provision is not only old and outworn but inadequate for present needs let alone expansion; while in areas of diffuse population the pattern of services is often scant. This is often particularly true of those regions where agriculture and fishing continue to play an important role in the area's economy. In common with other industries, both sectors need high standards of infrastructure, including good communications and water and power supplies, if efficient production and marketing are to be promoted.

Government policy also recognizes the value to these, as well as to other areas of hitherto untapped tourism potential, of the development of tourist based industries. In many of the Assisted Areas tourism already provides a significant source of income and efforts will continue to be made to develop and expand this area of the economy, both by increasing the range and all year round availability of tourist attractions provided, and by the exploitation of an area's intrinsic and industrial heritage. Provision of basic services (especially water and sewerage) and improvements to communications will be especially important in this context, but additionally there will be a need to develop specific infrastructure including facilities for recreational, cultural and entertainment activities, as well as for conferences and exhibitions.

Government policies towards the training of employees play a significant role in regional policy through activities aimed at ensuring that development in the Assisted Areas is not impeded by a lack of manpower with the relevant skills.

Recent changes to regional policy in the United Kingdom reduced Assisted Areas coverage from over 44% to about 30% of the population excluding areas covered by other related policies such as the Inner Urban Area Scheme, the Enterprise Zones. This was designed to make it more effective by concentrating on areas of greatest need. However concentration now means that in some cases infrastructure located outside an Assisted Area boundary may nevertheless be vital to economic development within it.

3. Measures for development

The aid system

In Great Britain, there are three classes of area known collectively as the Assisted Areas:

- a) Special Development Areas
- b) Development Areas
- c) Intermediate Areas.

These areas are designated by reference to "all the circumstances actual and expected, including the state of employment and unemployment, population changes, migration and the objectives of regional policies".

Northern Ireland is the subject of separate legislation. Because of high unemployment, declining industry, migration and other factors, Northern Ireland requires special measures to attract investment.

Regional development grants are automatic capital grants towards manufacturing and related investment in the assisted areas, not dependent on the creation of employment and not subject to tax, which are given at these rates:

Category of assisted areas	Percentage of approved capital expenditure	
	Building and works	Machinery and plant
Special development areas	22	22
Development areas	15	15
Intermediate areas	nil	nil

The equivalent grants in Northern Ireland are at the rate of 30%

Selective financial assistance in the U.K. may be given for projects in the manufacturing, mining and construction industries and for mobile ones in the service sector, which create or maintain jobs in the Assisted Areas. Assistance may be given to meet any capital needs. The normal forms of assistance are these: grants towards capital expenditure and training costs, grants for service industries creating jobs in an Assisted Area based on the employment created.

Advance factories

In both Great Britain and Northern Ireland these are built in advance of demand or according to the customer's specification.

Other assistance

Local authorities in Great Britain have powers to provide, under the Inner-Urban-Act, financial assistance to encourage the development and expansion of industry and commerce within designated districts having serious inner urban area problems. Not all designated districts are located in the Assisted Areas.

Other assistance includes that given by development agencies, grants to infrastructure authorities, free training services, grants for the transferring of key workers and aid for tourist development.

Development Measures

There are a variety of measures designed to stimulate regional economic development. The following provides a brief outline of major schemes planned or proposed to facilitate development in the Assisted Area during the Programme period.

ASSISTED AREAS

North East

- Advance factories; 142,000 sq. m. programmed (1982).
- Private investment; investment plans, in larger firms to create or maintain about 4,500 jobs.
- Land reclamation; particularly the inner urban areas.
- Roads; improvement of main east-west roads, Newcastle Western Bypass, access to airports, seaports and strategic industrial sites.
- Rail; reconstruction and improvements, completion of the Tyne and Wear Metro.
- Airports; terminal facilities (Newcastle).
- Telecommunications; installation of semi-electronic exchanges, longer term digital exchange programme.
- Water and sewerage; the Kielder water scheme and the Howden North Bank and the Portrack sewage treatment works.
- Development of new towns.

Merseyside

Advance factories; 1.2 m.sq. ft. programmed.

Development of industrial sites.

Land reclamation; inner urban, dockland and older industrial land.

Roads; bypasses, access roads to city centres, industrial areas etc.
relief roads.

Ports; improvement of dock facilities etc.

Airport; apron, terminal building, hotels etc. (Liverpool).

Telecommunications; electronic telephone exchanges and network.

Water and sewerage; pollution alleviation scheme for the Mersey estuary
(first stage), water treatment works, trunk main reinforcement etc.
Major coastal defence works.

Lancashire Coast

Advance factories and new industrial estates primarily in the larger
urban areas.

Roads; improvement of the secondary network, access and link roads.

Airport; runway improvements (Blackpool).

Sewage treatment plant and sea defences.

Tourist infrastructure.

West Cumbria

Advance factories and industrial estates.

Reclamation of derelict industrial land.

Roads; bypasses, internal and external links.

Ports; improvements of coal handling facilities at Workington.

Sewerage, electricity and telephone; construction and modernisation.

Humber side

Advance factories and industrial estates; particularly by redevelopment
of disused land.

Roads; access roads to the Humber ports, highway improvements (Hull),
improvements of internal and external links.

- Telecommunication; improvement of exchange equipment and extensions.
- Ports; access and navigational improvements.
- Water and sewerage, particularly in support of new industrial sites.
- Important land drainage works.

South Yorkshire

- Advance factors and industrial estates; further development of 11 major sites.
- Roads; access roads to industrial sites, link and relief roads, bypasses.
- Rail; improvement of services, new stations.
- Water, sewerage and sewage treatment; schemes to meet new needs, to repair outdated infrastructure and to remedy environmental problems.
- Environmental improvement; reclamation, landscape improvement, waste disposal.

Bradford

- Advance factories; 45,000 sq. ft. planned for high technology industries, a starter business scheme.
- Industrial Improvement Area programme.
- Roads; access roads, ring road, roads to serve industrial estates.
- Airport; extension of runway, new terminal facilities (Leeds/Bradford).
- Water supply and sewerage; the Bradford Aqueduct scheme and reconstruction of aged treatment works (Esholt).

North Yorkshire Coast

- Tourist infrastructure etc.; the Scarborough Sea Conference Complex, improvement of harbours, development of leisure complexes, reinforcement of water and sewerage mains etc.
- Advance factories and industrial estates.
- Roads; highway improvements, access roads to industrial estates.

Richmond

- Advance factories and serviced industrial land.
- Water supply development and distribution, sewerage.
- Highway improvements.

Corby

- Industrial areas; seven major areas, a total of 360 ha undertaken or proposed for development.
- Roads; highway improvements, new connecting roads to the M.1 and M.6, bypasses, eventually an M1 - A1 Link.
- Sewerage; extension of sewerage works (Corby).
- Electricity and gas; extensions of networks.

Lincolnshire Coast

- Advance factories; 15,000 sq. ft. (1982-84).
- Tourist infrastructure; Embassy Centre at Skegness etc.
- Water and sewerage schemes.
- Telephone; exchange modernisation, network improvements.

South West

- Industrial estates.
- Roads; improvements in the Plymouth and Falmouth areas, improvements of county and access roads.
- Improvements of access communications (ferry and air).
- Telecommunications; new telephone exchanges and network modernisation.
- Water, sewerage and sewage treatment works, reservoirs.

Bolton

- Industrial estates; 144 ha. available for development, improvement of existing areas.
- Advance factories.
- Land reclamation and improvement of the urban environment.
- Roads; highway improvement works, the M6 - M61 link.
- Rail; electrification of the Manchester-Preston link, construction of the Windsor link.

Leigh

- Advance factories, nursery units, industrial estates.
- Land reclamation.
- Roads; improvement of north-south links and other highway improvements.
- Sewage disposal systems and drainage schemes.

Northwich

- Industrial estates, infrastructure works and advance factories.
- Reclamation of derelict land.
- Roads; improvement of highways, by-passes.
- Water and sewerage works.

Rochdale

- Industrial parks and sites, infrastructure, provision of small factory units.
- Water and sewerage works.

Rossendale

- Industrial estates.
- Reclamation of derelict industrial land.

- Roads; linking of the area into the strategic road network of the North West (the M66/A56 Diversion).
- Water and sewerage; replacement of outmoded systems.
- Reclamation of old coal mining areas, town improvement.

North East Wales

- Advance factories; 300,000 sq. ft. under construction, more planned.
- Industrial sites, further development of principal estates, reclamation of derelict land for industrial use.
- Tourism infrastructure , including harbour infrastructure and town development.
- Roads and improvements of links with the motorway network, highway improvements, (A55), new by-passes, access roads to industrial estates.
- Reinforcement and modernisation of electricity, gas, telephone, water and sewage treatment networks and installations.
- Vocational training for small and medium sized business developments.

North West Wales

- Advance factories; 104,000 sq. ft. under construction or planned.
- Industrial sites, land reclamation,
- Tourism infrastructure.
- Roads; highway improvements (A55, A5), by-passes, connections to the A55/A5.
- Rail; redevelopment of Holyhead Station.
- Ports; improvement of port facilities, Holyhead.
- Water, sewerage and flood protection; reinforcements and modernisations.
- Telephone, electricity and gas, work to satisfy increased demand.
- Vocational training for small and medium sized business developments.

South West Wales

- Advance factories; a total of 77,500 sq. ft. under construction or planned.
- Tourism infrastructures; marinas etc.
- Fishing industry infrastructure.
- Roads; improvements of A48-A40 link to M4, improvement of strategic highway network.
- Sewerage and water; coastal drainage outfalls, water supply schemes.
- Electricity and telephone; modernisation, improvement of network.

- Vocational training for small and medium sized business development.

Industrial South Wales

- Advance factories and industrial estates; continued building and infrastructure provision in the steel closure areas - 200,000 sq.ft. planned at Llanelli, under normal programmes 1,3 million sq. ft. under construction or planned.
- Reclamation of derelict land.
- Vocational training.
- Tourism; marinas, museums, etc.
- Urban Infrastructure: Detail and Commercial redevelopment.
- Roads; improvement of access roads to motorway industrial complexes and docks.
- Rail; rebuilding of stations, line improvements.
- Ports; improvement of docks, roads, jetties etc. in major ports.
- Airport; extension of Cardiff airport.
- Water, sewerage and drainage; water supply and re sewerage for new industrial estates, river flood protection schemes.
- Electricity, gas and telephone improvement, reinforcement and modernisation.

Mid Wales Aided Area

- Attraction and expansion of industry.
- Workshop units and provision of industrial and commercial sites.
- Advice, support services and vocational training for small firms and business development.
- Exploitation of the region's natural resources (forestry, fishing).
- Tourism development and related infrastructure.
- Communication infrastructure.
- Water and Sewerage, disposal scheme.
- Electricity, gas and telecommunication.

Scotland-Highlands and Islands

- Industrial sites and workshop units.
- New vessels and roll-on/roll-off terminals including Uist-Lochmaddy-Tarbert route and other harbour works.
- Roads; improvements of the A9, upgrading of A832 and 86, and of the main routes on the islands
- Rail; signalling investments.
- Water and sewerage; improvement of water quality and of sewage treatment.
- Improvements to electricity and gas supply and telecommunications.
- Tourism; provision of wet weather centres, accommodation and outdoor activity infrastructure.

Scotland - Tayside

- Industrial estates; development of the economic base, improvement of local environment and infrastructure. Creation of workshop units.
- Roads; improvement of roads to serve industrial sites and proposed science park.
- Airport; extension of runway, terminal buildings (Dundee).
- Rail; resignalling and rationalisation of network.
- Water and sewerage; increase in drainage capacity.
- Improvement to electricity and gas supply and telecommunications.
- Tourist infrastructure, essentially provision of weather-independent facilities.

Scotland - East Central

- Industrial estates; provision of small workshop units.
- Roads; connections to the M90 - the East Fife Regional Road and the inter-urban system, a road to link M8 and M9.
- Rail; facilities to handle and distribute freight, new railway stations.
- Water and drainage; improvements in water supply and sewerage schemes.
- Improvement to electricity and gas supply and telecommunications.
- Tourist infrastrucutre, essentially provision of weather-independent facilities.

Scotland - West Central

- Industrial development; 12 priority areas, provision of services, conversion of buildings and derelict sites, provision of workshop units.

- Roads; highway improvements, bypasses, etc.
- Rail; electrification of the Ayr-Glasgow line, track rationalisation and resignalling.
- Ports; harbour works, roll-on/roll-off terminals.
- Water and sewerage; improvement of catchment, storage, purification and distribution of water.
- Land renewal.
- Improvement to electricity and gas supply and telecommunications.
- National exhibition centre in Glasgow.
- Tourist infrastructure to provide better image of Glasgow and surrounding area and to take advantage of increasing interest in industrial heritage.

Scotland - South West

- Industrial sites; further site servicing and provision of small workshop units.
- Roads; bypasses along the A75, improvements in rural network.
- Water; water supply schemes, new sewage treatment plants.
- Improvement to electricity and gas supply and telecommunications.
- Tourism based on rural character of area.

Northern Ireland

- Industrial sites and advance factories; preparation and servicing of sites, provision of factory nursery units.
- Enterprise zones; development of the Belfast and Londonderry zones.
- Inter urban renewal in Belfast.
- Ports; modernisation of facilities, roll-on/roll-off equipment, transit accommodation, etc.
- Roads; distributor roads and links for new industrial and housing areas, by-passes and orbital routes, strategic routes linking district towns with major harbours and the main airport.

- Rail; track relay, new signalling apparatus, new rolling stock.
- Water supply, sewerage and drainage.
- Electricity; completion of first phase (600 MW) of Kilroot Power Station.
- Telecommunications; programme covering exchange equipment, buildings, customer apparatus, cables and radio equipment.
- Tourism infrastructures and recreational facilities.
- Belfast Airport development.
- Manpower Training schemes.

INNER URBAN AREAS

Manchester

- Water and sewerage, environmental improvements.
- Access road, public transport network (rail, bus, air).
- Advance factories building, industrial sites clearing, preparation and servicing and refurbishing of derelict premises.
- Tourism, conference and exhibition infrastructure.

Blackburn

- Roads, public transport infrastructure, road/rail freight interchange.
- Industrial sites and premises, advance factories.
- Water supply and sewerage.
- Derelict land reclamation.

Burnley

- Roads.
- Industrial buildings advance factory buildings, reclamation of derelict sites, enterprise zone.
- Hospital improvement, tourism and recreational infrastructure.
- Water and sewerage.

Leeds

- Industrial sites, advance factory building, refurbishment of premises, science Park.
- Access roads, highway schemes, Leed/Bradford Airport development, public transport facilities.
- Tourism infrastructure.
- Water supply and sewerage, gas.
- Telecommunication.

Sheffield

- Roads, railways, heliport.
- Telecommunications
- Water supply and sewerage, gas.
- Industrial sites, advance factories, environmental improvement works.
- Tourism development and recreational facilities.

Nottingham

- Clearance of derelict land, advance factory building.
- Roads, rail linked infrastructure, telecommunication
- Water, sewers and drainage works.
- Leisure and cultural facilities.

Leicester

- Advance factories and industrial sites and refurbishment of premises, environmental improvement schemes.
- Small business development.
- Road and rail related infrastructure, public transport schemes.
- Water and sewage, electricity, gas.
- Telecommunications

Black Country

- Provision of industrial and economic development related infrastructure (land premises, counselling and advice for small business)
- Roads, rail related infrastructure.
- Drainage and sewerage.
- Environmental improvement

Birmingham

- Science Park, factory clearance and industrial sites servicing.
- Office development, expansion of cultural and entertaining facilities.
- Telecommunications
- Water and Sewerage.

Coventry

- Science Park, business development promotion, land and factory development.
- Environmental improvements.

4. Financial resources

Budgetary Constraints

Government resources available for regional development are constrained by the same considerations as public expenditure for other purposes. Nevertheless a distinction can be made between aid to industry and expenditure on infrastructure.

Except for tourism, where the total amount of assistance is set year by year, and the Advance Factory programme, where expenditure is related to demand for accommodation not met by the private sector. Expenditure on most forms of financial aid to industry is responsive to the applications made for the various forms of assistance available. The level of applications is itself affected by national economic circumstances. The provision made in public expenditure estimates is therefore an assessment of the claims on public funds which are likely to arise taking account of both these factors.

Infrastructure expenditure by individual authorities is governed by central government decisions on the level of expenditure acceptable in a given year. The level of expenditure is regulated within this total by individual authorities who vary the number of new projects, passing from the planning stage to main construction, according to the resources available. Depending on the nature of the investments undertaken, a high proportion of expenditure in the first two or three years of a five year rolling programme is likely to relate to projects already in progress.

Sources of Finance

The United Kingdom Government normally expects any industrialist whose project receives national regional aid to provide a considerable part of the resources needed to finance it, either from the firm's own earnings or by borrowing elsewhere.

Selective Financial Assistance is only provided to the extent that it is clearly demonstrated to be necessary.

The method of financing for infrastructure projects depends on the type of authority responsible for the project. Trunk roads are built and paid for by central Government. Local Authority projects (e.g. non-trunk roads or industrial estates) are financed by varying combinations of rate income, central Government grants and borrowing. Organisations with a trading income (e.g. those responsible for the electricity, gas, telecommunications industries and for water supply and sewerage) finance their total investment programme in the same way as industrial undertakings, i.e. their requirements are met from their own earnings or by borrowing, usually from central government.

Expenditure on Infrastructure

Infrastructure programmes are prepared by different agents and are not generally drawn up on a comprehensive Standard Region or Assisted Area basis. Information about the regional distribution of infrastructure investment varies according to the type of infrastructure concerned. By their nature, not all types of infrastructure are susceptible to a sensible spatial analysis of investment (e.g. railways, where a large proportion of investment takes the form of rolling stock). Furthermore, in many sectors spatial disaggregation of expenditure is only possible by reference to national sub-divisions which are not coincident with Standard Regions or Assisted Area sub-regions (e.g. water authority boundaries necessarily conform to a pattern largely determined by river catchment).

Within these constraints the following table identifies certain proposed expenditures on infrastructure during the period covered by the Regional Development Programmes. The estimates represent summaries of those infrastructural investments in the Assisted Areas for which information is available and as such are neither complete nor comprehensive.

	(£ million)	
	1982/83	1983/84 - 1985/86
<u>England</u>		
North East	217	570
Merseyside	261	-
West Cumbria	-	187
Humberside	85	168
South Yorkshire	62	166
Bradford	24	98
North Yorkshire Coast	9	39
Richmond	1	6
Corby	-	45
Lincolnshire Coast	-	36
South West	82	-
Northwich	6	-
Rochdale	4	-
<u>Wales</u>		
North East Wales	90	-
North West Wales	45	-
South West Wales	25	-
Industrial South Wales	232	-
Mid-Wales	25	-
<u>Northern Ireland</u>	159	419

5. Implementing the programme

For many administrative purposes England is divided into eight regions: North, North West, Yorkshire/Humberside, East Midlands, South West, West Midlands, East Anglia and South East.

There is a Regional Board for each Region consisting of civil servants who are normally the senior representatives in the Regional offices of Government Departments. The chairmen of the Board are Regional Directors of the Departments of the Environment and Transport. The main task of the Boards is to provide for the co-ordination of departmental activities at the Regional level. Advisory contacts are maintained by such means as ad hoc meetings with the regional councils of the Trades Union Congress and Confederation of British Industry. The Boards also provide a forum for interdepartmental consultations on strategic guidance and other issues of common concern.

In Scotland the Scottish Economic Council, chaired by the Secretary of State for Scotland, provides a forum for discussion of all aspects of Scottish economic development. Members are appointed by the Secretary of State in a personal capacity. In addition, in Scotland there are further important agencies promoting regional development, the Scottish Development Agency and the Highland and Island Development Board.

In Wales there is a Welsh Economic Planning Board under the chairmanship of an Under Secretary at the Welsh Office. Further responsibilities for regional development rests with the Welsh Development Agency and the Development Board for Rural Wales.

The Northern Ireland Economic Council provides the Secretary of State for Northern Ireland with advice on matters affecting the economy of the Province. It is composed of representatives of the trade unions and employer's organisations and of independent persons. In Northern Ireland, the main responsibility for the development of the regional economy lies with the Department Economic Development, and the Local Enterprise Development Unit (LEDU).

Furthermore there are some specific authorities which play a role in the development of local economies, such as New Town Authorities, Council for Small Industries in Rural Areas, the Development Commission, and the English Industrial Estate Corporation.

Infrastructure and other public programmes are the responsibility of Government departments concerned, infrastructure agencies and local authorities. Within the context of the national, industrial and regional policies, local authorities play a key role in sustaining and fostering their local economies and employment. As planning authorities, they are responsible for the control of land use through structure planning and associated local plans and decisions on individual planning applications. They also have some powers to promote, encourage and support local industry and commerce, and this positive economic development activity is complementary to the role of central government and the private sector.

They concentrate primarily on encouraging small and medium sized firms to start up and grow. Local initiatives, often taken jointly with the private sector, are directed to making serviced industrial sites available (often through major land reclamation), providing new or converted factory and workshop units and establishing industrial improvement areas. The local authority activities also cover local enterprise trusts and agencies, innovation centres, information technology centres, business award and "start-up" schemes, and the selective provision of financial support, where appropriate, by way of loans and sometimes grants and guarantees. Such activities are however carried out within strict financial limits and have essentially a stimulatory function.

Local authorities, in co-operation with the Tourist Boards, have a major role in promoting tourism and encouraging investment in tourist facilities in their localities as part of their wider economic development objectives.

Central to the problem of reducing unemployment among young people and coping with its social effects, is the role of the educational authorities. Local education authorities provide courses in Schools and Colleges for the 16 to 19 year olds, are responsible for the curriculum, for youth and community services and careers guidance. In partnership with the Manpower Services Commission, local authorities are developing programmes of vocational preparation, job creation and retraining.

Local authorities also have important responsibilities for the transportation and communications network, new and improved housing, environmental improvement, and leisure.

Annex A

Assisted Area	Area	Populat- ion	Employ- ment (1978)	June 1978	Unemployment June 1982	1982
Inner Urban Area	1000 ha	- 1000 -	- 1000 -	%	%	(UK = 100)
<u>England</u>						
North East	524	2.547	1.028	9.5	17.1	133
Merseyside	109	1.995	787	11.1	19.2	150
Lancashire Coast	92	421	149	6.5	12.8	100
West Cumbria	124	146	55	8.1	15.8	123
Humberside	295	811	323	7.5	15.3	119
South Yorkshire	102	722	270	7.6	16.1	126
Bradford	16	371	159	6.5	14.6	114
North Yorkshire Coast	99	133	40	6.1	13.7	107
Richmond	54	30	9	6.5	11.7	91
Corby	36	64	28	8.5	20.8	162
Lincolnshire Coast	57	47	15	6.7	14.3	112
South West	774	1.077	342	8.7	15.1	118
Bolton	(1)	263	102	5.8	15.5	121
Leigh	(1)	119	42	6.0	16.4	128
Northwich	35	104	41	6.0	16.2	127
Rochdale	12	132	46	5.8	18.2	142
Rossendale	(1)	53	22			
Manchester	51	1.105	590	6.2	14.4	112
Blackburn	14	141	671	7.2	14.9	116
Burnley	12	94	45	4.5	12.6	98
Leeds	56	697	323	5.4	11.8	92
Sheffield	37	531	275	4.8	12.8	100
Nottingham	7	272	202	5.6	11.9	93
Leicester	7	280	227	5.1	10.8	84
Black Country	26	1.007	669	5.8	16.3	127
Coventry	26	830	387	5.3	16.3	127
<u>Wales</u>						
North East Wales	242	386	126	9.2	16.8	131
North West Wales	307	203	68	8.9	15.2	118
South West Wales	287	146	40	10.7	18.1	141
Industrial South Wales	449	1.840	717	7.7	15.4	112
Mid Wales Aided Area	693	155	44	5.7	10.4	81
<u>Scotland</u>						
Highlands and Islands	3.189	331	96	7.6	14.2	111
Tayside	133	186	103	8.8	16.5	129
East Central	360	685	271	8.0	12.8	100
West Central	572	2.222	958	10.1	17.8	139
South West	471	165	21	10.2	16.4	128
<u>Northern Ireland</u>	1.095	1.500	542	10.9	21.7	157

(1) Figures not available in the Regional Development Programmes.

IV. COMPARATIVE ANALYSIS OF THE REGIONAL DEVELOPMENT PROGRAMMES

1. ECONOMIC AND SOCIAL ANALYSIS

(a) Characteristics of the regions and areas covered by regional measures

The selection and demarcation of the assisted regions and areas in the Member States are based on a number of criteria defined in national legislation. The criteria most frequently applied by most Member States are per capita income and unemployment, both of which are measured against the national average. Only Denmark and the Federal Republic of Germany make use of a more complex indicator for defining their assisted areas.

The thresholds or levels which determine whether a region qualifies for government assistance vary considerably from one Member State to another primarily due to the different levels of economic development in the Member States. There are clear differences in the way in which the intensity and scale of regional problems are assessed, and this explains some of the differences in the type and nature of regions receiving assistance in the various Community countries.

If one takes the criteria of per capita income, or more exactly of GDP (gross domestic product) per inhabitant, and the unemployment rate, there are wide divergences between regions within each Member State.

In Italy, for example, GDP per inhabitant in the Mezzogiorno is 30% below the national average, and unemployment 45% above the national average. Similar disparities are apparent for Ireland in the designated areas situated mainly in the West of the country. In Greece GDP per inhabitant in the regions (except Athens, Eastern Continental Greece and Macedonia) is between 15 and 45% below the national average.

In the United Kingdom the differences are less: GDP per inhabitant in the assisted areas is only 5% to 10% below the national average, except in Northern Ireland where the figure is 25%; the unemployment rate in the assisted areas is up to 40% above the national average, in Northern Ireland almost 60%.

In the other Community countries, GDP per inhabitant in the assisted areas is generally 5% to 25% below the national average and unemployment up to 50% or even more above the national average.

If the comparison is made with the Community instead of national averages a different dispersion emerges with much more pronounced differences. The general pattern is that the richest regions in the poorest Member States correspond, in terms of income, to the poorest regions in the richest Member States. The South-East region in England, which takes in the London area and which is the most developed in the United Kingdom, is below the Community average. In Italy the most developed regions (Lombardy and Liguria) have per capita incomes which are still 20 % below the Community average, at current prices and exchange rates. By contrast, the region of Oberpfalz, which is the least developed in the Federal Republic of Germany, matches the Community average.

The regions assisted by the ERDF have about 95 million inhabitants (i.e. about 35% of the Community's population) and cover 55 % of the Community's territory. However, the relative size of such regions varies widely from one Member State to another. They account for 15 % of the population in Denmark and the Netherlands, 30 % in the United Kingdom(4), from 32 to 39 % in the Federal Republic of Germany, France, Italy and Belgium, and 66 % in Greece. Both Ireland and Luxembourg as a whole are considered eligible for ERDF assistance. These ERDF areas correspond to those areas covered by national regional policies, except in Denmark, the Netherlands, Italy and the United Kingdom where only part of the territory covered by the regional aid system of these Member States is aided by the ERDF.

Table 1
ERDF assistance areas
- 1983 -

	Population		Surface	
	- 1000 -	%	1000 km2	%
Belgium	3.8	39	18.2	59
Denmark (1)	0.7	14	11.8	27
Fed. Republic of Germany (2)	20.0	32	118.7	48
Greece	6.4	66	128.3	97
France (3)	20.9	39	288.0	53
Ireland	3.4	100	70.3	100
Italy	21.4	38	130.6	43
Luxembourg	0.4	100	2.6	100
Netherlands	2.3	16	9.9	27
United Kingdom (4)	16.9	30	104.9	43
Community	94.7	35	886.9	54

(1) Excluding Greenland; population 51,000, surface area 2.1 mio km²

(2) Including Berlin (West)

(3) Excluding DOM : population 1.3 mio., surface area 95,000 km²

(4) All "Assisted Areas" (including "Mid Wales Aided Area"); excluding

(b) Impact of the measures taken

The aims of regional policy have been described in the first regional development programmes as follows: creation of new employment, maintaining existing employment, reduction in unemployment and/or underemployment, elimination or decrease in emigration, increase in income per head (to each the national average), reorganisation and diversification of the economy, decentralisation of activities from the developed regions, etc. All these aspects of regional policy have not been considered because it has been impossible to obtain the necessary information, nor has it been possible to study the overall economic effects of the injection of regional aids on regional growth. The results shown in the table below are only partial in this respect.

Table 2

IMPACT OF REGIONAL AID TO INDUSTRY

- 1981 -

	INVESTMENT AIDED	COST TO THE STATE	PERSONS TO BE EMPLOYED	AID AS % OF INVESTMENT	INVESTMENT PER PERSON TO BE EMPLOYED
	MECU	MECU	NUMBERS	2/1x100	1/3 1000 ECU
	1	2	3	4	5
BELGIUM	1229.9	189.2	4,858	15.4	253.2
DENMARK	63.2	8.7	2,101	13.8	30.1
FEDERAL REPUBLIC OF GERMANY	4932.4	452.7	74,502	9.2	66.2
FRANCE	679.3	96.0	30,163	14.1	22.5
GREECE	414.7	26.9	12,192	6.5	34.0
IRELAND	929.8	366.1	39,668	39.4	23.4
ITALY (Mezzogiorno)	1291.7	762.6	26,465	59.0	48.8
LUXEMBOURG (1980)	155.3	18.4	1,265	11.8	122.8
NETHERLANDS	466.5	90.3	4,067	19.4	114.7
UNITED KINGDOM (1)	1753.8	468.6	67,837	26.7	25.9
COMMUNITY	11,916.0	2,479.5	263,118	20.8	45.3

(1) U.K. Column 1 - Commitments in respect of Selective Financial Assistance (SFA) and Regional Development Grants (RDG) for 1981.

Column 2 - Cost of projects related to S.F.A.

Column 3 - Employment created or maintained arising from S.F.A.

The table gives the most recent information available on aid compared with the amount of investment aided and the number of jobs created. Column 4 shows that aid as a percentage of investment may vary considerably from one country to another (6.0% to 66.0%); this result could indicate that the attraction of some development regions for industrial settlement e.g. in Belgium, France and the Netherlands is greater than that of regions in Ireland and Italy. Caution is necessary in interpreting this data however, because this comparison is highly dependent on the aid ceilings in the different countries and the type of aid used.

Column 5 would appear to show that - in regional development - there are two distinct groups of countries : one - the Benelux countries, where the investment cost per job created is very high and the other, where the trend of regional policy is more towards labour intensive investment.

(c) Probable development during the programme period

In most programmes the probable development during the programme period provided no new factors intervene is illustrated by the expected labour market imbalance/the estimated job shortfall in the last programme year (1985).

The way in which the expected labour market imbalances in the programme period have been presented differs between Member States.

The figures given in the following table must of course be interpreted with a great deal of caution, since forecasting methods and the nature of the estimates differ from one Member State to another. They show none the less that the need to create jobs seems most marked in Italy and Belgium.

Table 3

	Estimated job shortfall 1985	Job creation aim 1981-85	In percentage of estimated workforce 1985
Belgium (1)			
Flanders	115,000		23%
Wallonia	190,000		23%
Denmark (2)	34,000		9%
Fed. Republic of Germany (3)		271,000 (4)	
France (5)	-		-
Greece (5)	-		-
Ireland (6)	200,000		15%
Italy (7)	1,674,000		22%
Luxembourg (8)	9 - 27,000		5 - 16%
Netherlands (9)	110,000		15%
United Kingdom (10)	1,975,000		13%

(1) Job shortfall 1985 based on projections of demand and supply of labour.

(2) Either job shortfall based on projections of demand and supply of labour 1985 or supply of labour 1985. No projections or aims for Greenland.

(3) Objectives for job creation and job maintenance for each programme region.

(4) Plus 209,000 jobs to be maintained.

(5) In the programmes for Greece and France there are no projections and/or aims concerning job creation.

(6) Estimate of gross job requirement in the period 1981-85 based on estimates of supply and demand of labour (40,000 per year)

(7) Job shortfall by 1985 based on calculation of the supply of labour 1985 and unemployment 1980 (Mezzogiorno only)

(8) Alternative estimates of job shortfall by 1985 based on alternative projections of demand and supply of labour.

(9) Job shortfalls by 1985 based on forecasts of demand and supply for labour.

(10) Projections of unemployment (wholly unemployed claimants) 1986 by regions based on assumptions about national unemployment 1986.

2. DEVELOPMENT OBJECTIVES

The regional problems which Member States seek to resolve through their regional policies vary considerably from one Community country to another, and even from one region to another within the same country. The backwardness of predominantly agricultural regions, the decline of old-established industrialized regions, the depopulation of rural areas and the decline of urban areas are main problems which national regional policies have to deal with. These problems illustrate the serious regional imbalances within the Community. They are reflected in most cases in a shortage of jobs which with the economic crises has grown worse in recent years in all parts of the Community.

Consequently, the creation - and in some cases simply the maintenance - of jobs is now the major regional policy objective in all Member States. This objective is made all the more pressing by the fact that, by 1985, a million young people will enter the labour market each year, while at the same time a growing number of industries will be faced with urgently needed structural changes.

Infrastructure objectives are generally the subject of a fairly detailed analysis. Most of the Member States provide information on the whole range of infrastructure, both economic (roads, ports, airports, telephones and industrial estates) and social (schools, hospitals and housing). A low level of infrastructure provision generally goes hand in hand with a low level of development.

In any proper assessment of regional development needs and possibilities, account must of course be taken of all the infrastructure likely to have an impact on the development of the regions, whatever the public authority responsible. However, the Federal Republic of Germany mentions only communal and tourist infrastructure and vocational training centres coming under the 'Gemeinschaftsaufgabe' (the specific tasks carried out cooperatively between the Federal Government and the Länder).

The fact that the programmes provide fairly detailed information in infrastructure is explained by the power of public authorities to commit themselves firmly in an area which falls within their specific responsibility. The programmes do not allow one to gauge the extent and quality of the present provision of infrastructure in each region of the Community, nor to evaluate the priorities for the future infrastructure investments.

3. MEASURES FOR DEVELOPMENT

Measures for development comprise both direct measures, i.e. aid to firms and infrastructure projects and indirect measures under other policies which have regional effects.

3.1. Direct aid to regional development

The regional development programmes generally give a fairly detailed description of the regional aid systems applied to the various Member States. These may be summarized as follows:

- Belgium: five-year interest rate subsidy of 5% to 7% for loans to finance investment in industry or services; or equivalent capital subsidies or employment premiums. Tax concessions, guarantees for loans and allowances for industrial estates.
- Denmark: loans at reduced interest rates (7.5%) with deferred repayment (5 years) for investment in the industrial and service sectors; capital subsidies (cumulative) amounting to a maximum of 25%.
- Federal Republic of Germany: 8.75% net investment premium ('Investitionszulage') raised to 15%, 20% or 25% ('Investitionszuschuss') for the growth points ('Schwerpunkte') distributed over 18 action programmes. Special investment grant for new highgrade jobs in research, development and management.
- France: regional development premiums of FF 35 000 and FF 50 000 for the creation (extension) of jobs in the various zones with ceilings of 17% and 25% of fixed investment.

- Greece : Investment grant and interest subsidy in all regions except the Athens and Thessaloniki areas up to 50% of investment and interest costs in the least developed areas. Tax allowances and accelerated depreciation.
- Ireland : capital subsidies amounting to a maximum of 60% of fixed investment in the designated areas and 45% of fixed investment in the rest of the country (limited in practice to 40% and 25%); interest subsidies, loan guarantees, etc; for companies set up before 1 January 1981, tax exemptions up to 1990 for profits earned on goods manufactured for export;
- Italy : The principal regional aids for the Mezzogiorno are the following:
 - degressive capital subsidies (of 40%, 30% and 20% by tranche of fixed investment, 20% of the whole investment cost for projects of more than 15 mrd lires) raised by 20% of the initial rate for certain priority sectors and/or for particularly handicapped areas; these two rates can be combined where appropriate;
 - interest rate subsidies (with 30% of the reference interest rate to be borne by the investor in respect to a maximum of 40% of the capital borrowed) for investments amounting to less than LIT 30 000 million;
 - exemption from INPS social security charges up to ten years for new jobs created between 1976 and November 1983 in a number of industrial sectors (about 27% of labour costs);
 - limited reduction or exemption of taxes on profits of enterprises located in the Mezzogiorno.
- Luxembourg:
 - a capital subsidy amounting to a maximum of 15% and an interest rate subsidy of 3 percentage points over 5 years are granted to industry;
 - an interest rate subsidy of 4 percentage points and a capital subsidy amounting to 25% for equipment and to a maximum of 15% for buildings are granted to handicrafts, trade and tourism.

- Netherlands:

either an investment premium amounting to a maximum of 25% of the amount of fixed investment for both the industrial sector and the services sector, for new investment and for extension projects;

or, a 15% investment premium plus an amount of HFL 12 500 per job created.

- United Kingdom:

Regional Development Grants are capital grants of 15% in the Development Areas and of 22% in the Special Development Areas, given on fixed investment in industry;

Selective Financial Assistance granted in various forms, mainly concessionary loans, may be combined with the Regional Development Grants; it also applies to services; it is linked to the creation and maintenance of jobs;

the same system exists in Northern Ireland but on more favourable terms (development grants of 30%); in addition, there is a Regional Employment Premium of UKL 2 per employee per week.

3.2. Investment in infrastructure

As stated with regard to objectives (point 2 above), the regional development programmes generally attach major importance to the various types of infrastructure, both economic and social, which will be developed in the programme periods.

Some types of basic infrastructure investments are emphasised in all programmes as being of paramount importance to the further development of the regions:

- Transport infrastructure (roads, rail, ports and airports). Of highest priority are investments in the primary interregional and regional road network, modernisation (electrification) of the rail network and extensions of regional ports and airports.
- Telecommunications. Modernisation of existing networks and extensions to meet expected increasing demand.
- Energy infrastructure. Investments in new, alternative energy sources (gas, nuclear etc;) with the aim of diversifying the energy supply and decreasing the dependence on oil.
- Tourism infrastructure. Development of new types of tourism to a certain extent in new, as yet, less developed areas.
- Environmental protection. Investments in sewage treatment, water and air purification etc.
- Education. Facilities for higher education and for vocational training.
- Industrial estates. All programmes contain plans for extension of existing and/or establishment of new industrial estates, but they seem at present to be of less importance than in the past due to a certain surplus and a lower demand.

Each national regional development programme contains some specific characteristics as far as envisaged infrastructure investments are concerned:

- Belgium

Investments in urban renewal, modernisation of urban infrastructure, environmental protection, reconversion of old industrial areas, development of research centres.

- Denmark

While the Danish programmes in general emphasise the infrastructure categories mentioned above, the programme for Greenland contains some specific characteristics, such as investments in the internal transport system (airports), hydroelectric power plants, harbour infrastructure and warehouses.

- Federal Republic of Germany

In these programmes only communal and tourist infrastructure and vocational training centres coming under the "Joint Task" are mentioned.

- France

Very high priority to the regional and interregional transport networks (access infrastructure) and special emphasis on infrastructure in agricultural areas, on new energy, development of research centres and on urban renewal (in the North).

- Greece

Investments in basic infrastructure of all kinds, infrastructure in agricultural areas, great emphasis on the development of industrial parks, on water supply, on environmental protection and on the development of tourism in, until now, less developed areas.

- Ireland

High priority to telecommunication infrastructure to industrial estates and to social, health and educational infrastructures.

- Italy

Investments in basic infrastructure of all kinds, in water supply mainly for agricultural development and in general infrastructure in agricultural areas. High priority to energy investments (gas) and to urban infrastructure and town renewal.

- Luxembourg

High priority to the development of national industrial zones and to the improvement of the transport links with the neighbouring countries.

- The Netherlands

Urban renewal and urban infrastructure, rural infrastructure, recreational facilities, social and educational facilities are specific for the Dutch programmes.

- United Kingdom

Of high priority are industrial parks, advance factories, urban renewal and replacement of outdated urban infrastructure (water supply, sewage), reclamation of derelict industrial land and modernisation on telecommunications networks.

4. FINANCIAL RESOURCES

Financial resources to be allocated to infrastructure investments are generally outlined in the programmes, but in some programmes only for a limited number of categories, in other programmes the information given does not cover the ERDF regions and, finally, some programmes do not give information on the full programme period (1981-85).

Information on financial resources to be used for direct aids to private investment in the programme period is only given in a few programmes.

Information on financial resources provided by the Community is generally not precise. This is notably the case for the ERDF, which accounts for a significant part of the financial resources deployed by the Member States in their regional policies. Finally, financial transfers between different levels of government within the Member States are only rarely indicated.

Summing up, the information concerning future financial resources for regional development given in the programmes makes a comparative analysis of the foreseen efforts of the Member States very difficult.

ANNEX I

**Outline for
regional development programmes**

OUTLINE FOR REGIONAL DEVELOPMENT PROGRAMMES

In accordance with its terms of reference under Article 2 (1) (c) of Council Decision 75/185/EEC of 18 March 1975 setting up a Regional Policy Committee⁽¹⁾, the Regional Policy Committee at its meeting on 6 and 7 October 1975 adopted the following outline of what the regional development programmes required by Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund⁽²⁾ should contain.

At the committee's meeting on 1 and 2 December 1975 members stated what periods the regional development programmes were expected to cover and roughly when, assuming they did so, they would be notified to the Commission; these particulars are annexed to the outline as to the programmes' contents.

This outline of what regional development programmes should contain is indicative, and should be interpreted in a flexible manner, bearing in mind the considerable differences between Member States in the nature and scale of the regional problems faced, the geographical size of regional programming units, the regional policy measures in force, and regional administrative systems.

Regional development programmes in the sense of the EEC Regulations are in principle concerned with regions qualifying for ERDF contributions. Member States should prepare these programmes by regions and areas or by groups of regions, taking account in particular of the institutional framework and the statistics available.

Regional development programmes should have five chapters:

1. economic and social analysis;
2. development objectives;
3. measures for development;
4. financial resources;
5. implementation.

⁽¹⁾ OJ No L 73, 21. 3. 1975, p. 47.

⁽²⁾ OJ No L 73, 21. 3. 1975, p. 1.

1. Social and economic analysis (diagnosis)

The purpose is an appropriate economic analysis and not a simple statistical description. The analysis should reveal the main regional problems and their causes. It is mandatory for all Member States. Objectives and means will be defined accordingly.

This analysis performed with the help of the relevant statistics that are available (for instance statistics on income, output, population, activity rate, structure of production and employment, unemployment, migration, productivity, provision of infrastructure) should cover the following subjects:

- (a) main aspects of past economic and social development;
- (b) principal imbalances besetting the region and their causes;
- (c) effects of past corrective action;
- (d) development possibilities and conditions, including bottlenecks;
- (e) probable economic and social development during the programme period provided no new factors intervene, to the extent that it is possible to foresee developments with a minimum degree of assurance.

This analysis should be set in the wider economic and social context of the country as a whole. What matters are the conclusions of the analysis, irrespective of the methods applied and the statistical material used.

2. Development objectives

In this chapter, the outline of regional development programmes should go beyond a simple indication of broad aims such as raising the standard of living, creating jobs, reducing unemployment or migration, etc. The development targets of the region must be more clearly specified and, as far as possible, quantified, at least in so far as certain basic elements are concerned. Where it proves impossible for sufficiently important practical reasons to quantify a development target, or targets, a sufficiently

detailed specification, if relevant in qualitative terms, of the aim or aims could be given instead.

The most basic elements to define are:

- (a) the level of employment and, where possible, the number of jobs to be created or maintained;
- (b) the effects sought on different economic activities and income of the region;
- (c) the provision of infrastructure (if not treated under point 3).

In addition to these objectives considered to be essential, there could be others as important (for instance production structure, demographic objectives) which the Member State in question might wish to emphasize.

Quality objectives should also be indicated to the extent that they are important for regional development. Particular attention should be given to quality objectives which are most clearly allied to the operations of the ERDF (e.g. the quality of the employment to be created, of the economic structure and means of production to be aimed at). Other quality objectives of importance to regional development could also be described, for example the level of vocational training, particularly in management, the protection of the environment and, where relevant, the attitude of the population to industrial activity.

The development objectives of a region should be cast in a wider economic and social framework. This relates in particular to the general and sectoral macro-economic objectives laid down for the whole country in question and for the Community.

The objectives indicated should not therefore take the form of an inventory of regional needs or aspirations; instead they should make up a coherent whole at the national level. In question here are real targets, comprising practically relevant priorities for the medium term, and which regions can reasonably achieve in the given situation with the means available.

These objectives, defined for the whole programme period, would appear on an implementation schedule from year to year, if it was possible to do so, and if this would add to the effectiveness of the programme.

3. Measures for development

In this chapter the programmes should give details — in real terms, the financial counterpart being dealt with in the next chapter — of the development measures envisaged in order to attain the objectives indicated.

Of essential concern are:

- (a) direct regional policy measures in the strict sense such as aids, disincentives, decentralizing public services, financial equalization systems between regions, etc.;
- (b) investment in infrastructure (economic and social) for regional development purposes.

In so far as they have an effect on regional development, and bearing in mind differences in the administrative structures of Member States, programmes could also give details of other measures, such as those related to:

- (a) industrial and agricultural policy;
- (b) social policy;
- (c) vocational training;
- (d) physical planning and social cultural amenities.

4. Financial resources

This chapter should deal with the financial means which it is proposed to allocate to programme implementation bearing in mind that:

- expenditure on regional development measures falls within a wider budgetary framework at Community, national and regional levels which can limit the extent to which it is possible to forecast this expenditure,
- it is difficult to estimate in advance the cost of certain regional development measures and inflation adds to the difficulty.

Disaggregation should be by way of:

— sources

a clear distinction should be drawn between Community, national and other sources (regional, local government, etc.). The sources in the last

category should be indicated if they have real importance for regional development, and if it is administratively feasible to give separate figures. There must of course be no double counting;

Regional development measures adopted by the Member States should be assessed within the wider framework of public investment (and where applicable consumption) programmes envisaged for the country as a whole.

— *type of expenditure*

- (a) outlays to finance infrastructure, drawing a distinction, where possible between normal and extraordinary expenditure on the one hand, and between total outlays for this item and those thereof qualifying for an ERDF contribution on the other hand;
- (b) direct aids to private investment qualifying for an ERDF contribution (capital grants, interest rebates or their equivalent where loans at reduced rate of interest are concerned and, where applicable, aid granted in the form of rent rebates or exemption from payments of rents of factories);
- (c) when available and where relevant for regional development, other forms of aid to undertakings (employment premiums, cuts in social security contributions, tax abatements and exemptions, preferential prices and tariffs etc.), as well as sectoral aids;
- (d) when available and where relevant for regional development, public welfare (social budget, unemployment benefit, exemption from direct taxation, etc.);

In indicating the amount of regional expenditure the Member States should point out on each occasion its precise nature and the time schedule: budgetary estimates, draft budget, budget adopted, pluriannual or annual forecasts.

The programmes should also indicate — where this information is available — the volume of investment by State companies or major private undertakings (within the framework of possible programme procedure by way of contract) by sectors and branches where their impact on regional development is important.

5. Implementing the programme

This chapter should indicate where and for what the responsibility rests for implementing the whole or part of the programme. The tasks allotted to each agency or institution should be clearly stated and details should be given of the administrative methods employed to ensure consistency between the different parts of the programme.

— *region*

— *programming or budget year*

in so far as already existing data or information that can be made available will permit; eventually this information can be extended during the realization of the programme.

Under this heading Member States would also give information, in broad outline, on the implementation schedule for the various measures contemplated, where these are of importance to regional development at Community level. This schedule might refer to measures for which the financial resources were not yet clearly earmarked nor adopted.

II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION OPINION

of 19 June 1984

on the regional development programmes

(84/389/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 155 thereof,

Having regard to Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (ERDF)⁽¹⁾, as last amended by Regulation (EEC) No 3325/80⁽²⁾, and in particular Article 6 thereof,

Whereas the new — second generation — regional development programmes were notified by the Member States pursuant to the aforesaid Article 6;

Whereas these programmes have been established taking account of Commission recommendation 79/535/EEC of 23 May 1979⁽³⁾;

Whereas the Regional Policy Committee on 11 February, 13 May and 1 and 2 July 1982, 24 and 25 March, 26 and 27 May, 7 and 8 July and 10 November 1983 has given a favourable opinion on these programmes;

Whereas, the common outline drawn up by the Regional Policy Committee⁽⁴⁾ specifies what information these programmes must contain under the five chapters 'Economic and social analysis', 'Development

objectives', 'Measures for development', 'Financial resources' and 'Implementation';

Whereas, as a result of the examination of the regional development programmes carried out in close association with the national authorities and within the Regional Policy Committee, a number of Member States have, at the Commission's request, either completed their programmes or provided additional information,

HEREBY DELIVERS THE FOLLOWING OPINION:

In conformity with recommendation 79/535/EEC of 23 May 1979 the second generation regional development programmes were, with one exception, established for the period 1981 to 1985, which coincides with that of the medium-term economic programme of the Community.

In all programmes the geographical units examined correspond with the regions eligible for ERDF assistance, but the information given by Member States also contains information on measures applied in other regions.

1. Economic and social analysis

The main aspects of past economic and social development as well as the principal imbalances besetting the regions and their causes are revealed in all the regional development programmes. In general, the effects of past corrective actions — regional aids and infrastructure investments — on the regional development, are only treated in a general manner.

⁽¹⁾ OJ No L 73, 21. 3. 1975, p. 1.

⁽²⁾ OJ No L 349, 23. 12. 1980, p. 10.

⁽³⁾ OJ No L 143, 12. 6. 1979, p. 9.

⁽⁴⁾ OJ No C 69, 24. 3. 1976, p. 2.

Development potential and conditions are dealt with in all programmes, but in some, in a rather brief manner.

The implications of national or community policies — other than regional policy — have not yet been taken sufficiently into account in the analyses.

2. Development objectives

The programmes generally contain either objectives for future job creation or estimates relative to employment deficits at the end of the programme period.

The other objectives for regional development are set out in qualitative terms. As far as objectives for infrastructure are concerned, it is not shown what links exist between the development of the regions and the foreseen infrastructure investments, which of a general manner are preconditions to regional development.

Most programmes give information on national infrastructure of regional importance.

3. Development measures

The programmes give information on the regional policy measures in force, and in particular on the regional aid schemes.

As far as the programming of current infrastructure investments are concerned most programmes give precise information.

In general, the programmes do not indicate clearly what is the priority rating of the many measures mentioned.

4. Financial resources

The programmes generally contain indications on the total financial resources available for regional develop-

ment in the programme period, and also information year-by-year on financial resources for infrastructure investment. However, this information is not always given in an individual format for the ERDF regions.

A few programmes contain information on financial transfers between different levels of government, notably on finance from regional or subregional sources.

5. Implementation

The programmes give detailed information on agencies or institutions responsible for the carrying out of the programmes.

By way of conclusion, the second generation programmes taken as a whole represent a substantial improvement on those for the preceding period. They improve the conditions in which evaluations of the investment projects presented by the Member States for ERDF assistance are made.

The Commission considers that a more precise definition of priorities would facilitate the coordination of the orientation and priorities of community and national regional policy and the usage of the ERDF in the choice of actions in common financing.

The Commission intends to proceed, with each Member State, with an annual examination of projects and programmes which can be co-financed by the Community within the framework of priorities defined from the regional development programmes.

Done at Brussels, 19 June 1984.

For the Commission

Antonio GIOLITTI

Member of the Commission

European Communities — Commission

The regional development programmes of the second generation for the period 1981-1985

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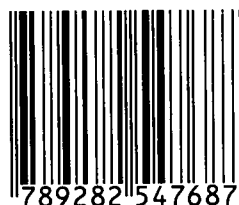
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