

COMMISSION OF THE EUROPEAN COMMUNITIES

programmes

**Regional development programmes
Denmark**

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COLLECTION PROGRAMMES
Regional Policy Series No 12
Brussels, September 1978

This publication is also available in

DA ISBN 92-825-0615-0

DE ISBN 92-825-0616-9

FR ISBN 92-825-0618-5

A bibliographical slip can be found at the end of this volume

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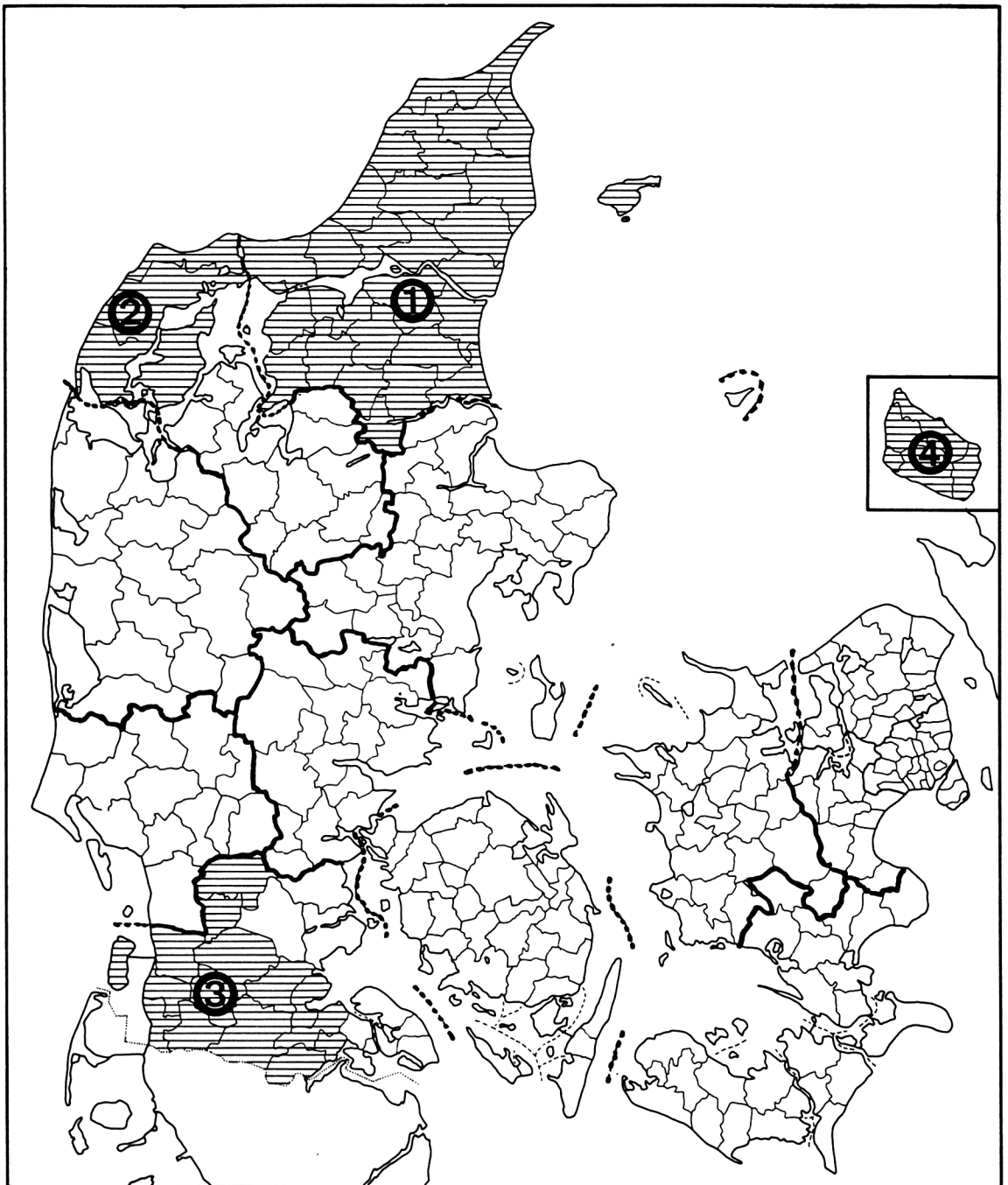
Printed in Luxembourg 1979

ISBN 92-825-0617-7

Catalogue number: CB-NS-78-018-EN-C

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**Areas qualifying for support in relation to the
European Regional Development Fund**

- ①** County of North Jutland
- ②** Thisted area / part of County of Viborg
- ③** Part of the County of South Jutland
- ④** County of Bornholm

I - GENERAL INTRODUCTION

1. AREAS INCLUDED

The Government has decided that the following areas in the South of Denmark qualify for support in the years immediately after 1977 in relation to the European Regional Development Fund;

- (1) The County of North Jutland
- (2) The Municipalities of Thisted, Hanstholm, South Thy and Morsø in the County of Viborg
- (3) The County of South Jutland except the municipalities of Nordborg, Augustenborg, South Als, Sønderborg, Sundeved, Broager, Christiansfeld, Haderslev and Vojens.
- (4) The County of Bornholm.

A regional development programme has therefore been prepared for each of these four areas. The programmes have been prepared in cooperation with the municipalities concerned, the Directorate of Regional Development and the Ministry of the Environment's Planning Board.

2. THE PRESENT POSITION OF REGIONAL PLANNING

Regional development programmes have been prepared on the basis of the work on regional plans now being undertaken by the counties. The counties are to prepare proposals for regional plans by the end of 1979. These proposals must then be approved by the Minister of the Environment.

The County of Bornholm has prepared a proposal dated 1 January 1978 for a regional plan, and the other three counties, having completed an earlier phase in which alternative draft regional plans underwent public debate, have begun preparing proposals for regional plans.

Since no approved regional plans are available for some of the counties, the regional development plans presented here are of a provisional nature.

Objectives and measures for the counties' future development will not be finalised until the Minister of the Environment has approved the counties' proposed regional plans, probably during 1980 or 1981.

3. REGIONAL DEVELOPMENT ASSISTANCE

Under the rules set out in Law No 219 of 7 June 1972 on Regional Development, assistance can be given for industrial and other commercial development in areas of the country where this is seen to be essential to the population's right to share in the Community's general economic, social and cultural progress.

The annual Finance Bill establishes the amounts within which guarantees, loans and grants may be allowed pursuant to Sec. 6-13 of the Law. As concerns loans and grants pursuant to Sec. 14 of the Law, a limit of 5 million DKR a year has been set in the Law.

Capital loans for undertakings (Sec. 6)

For industrial and service enterprises, loans can be granted to cover capital expenditure in connection with establishment, relocation, expansion, rationalization, conversion of production, etc.

Loans may not exceed 90% of the capital expenditure, less the maximum mortgage credit loan and investment grants pursuant to Sec. 10 (see below).

Loans are repaid over a maximum of 20 years. However, for financing the purchase of machinery and equipment the maximum is 10 years. Borrowers may be exempted from repayments for up to five years from payment of the loan.

Interest is payable on the loans at a rate established by the Minister of Trade, at present 7½% p.a. This is unchanged throughout the term of the loan.

Since mortgage credit loans of up to 40 - 60% of the investment can normally be obtained for new building work, the State loans will normally not exceed 30 - 50% of the project amount, less any investment grant.

Capital loans for municipalities (Sec. 9)

Loans can be granted to municipalities to cover expenditure, including site expenditure for the construction of industrial buildings for sale or for renting. These loans, which are normally granted at up to 75% of the capital expenditure and for a repayment period of 25 years, bear interest at a rate established by the Minister of Trade - at present 7% p.a. The remaining 25% of the capital expenditure is provided by the municipality.

Investment grants (Sec. 10)

For industrial and service enterprises in areas of the country that are in a particularly difficult situation, grants may be made to cover capital expenditure in connection with establishment, relocation, expansion, rationalization, conversion of production, etc.

Investment grants may not exceed 25% of the capital expenditure concerned, excluding exchange losses.

No grant is allowed for projects commenced before the promise of a grant has been received.

If an enterprise that has received an investment grant is discontinued, sold or leased within a period of five years from payment of the grant, full or partial repayment of the grant may be requested.

The maximum percentage grants are employed predominantly where an area will be provided with new initiative, for example by the relocation or new establishment of an undertaking or by an existing undertaking entering into new production.

Operating grants (Sec. 11)

Operating grants may be paid to industrial undertakings that have suffered, in connection with their establishment, significant expansion or conversion of production, substantially reduced operational results that can be attributed to special difficulties associated with the undertaking's location in an industrially under-developed area.

Under the legislation on regional development, it is however a prerequisite that the undertakings have been granted guarantees or loans for capital financing or that they have moved into industrial premises for whose construction loans have been granted to municipalities. (Such grants have not been made in recent years).

Relocation grants (Sec. 12)

Industrial and service undertakings moving to a regional development area from a non-regional development area may be allowed grants to cover removal costs if these are substantial.

Employees specially important to the satisfactory operation of the enterprises at the new location may be allowed grants of 4 000 DKR per employee to cover removal costs.

Grants for investigations, etc. (Sec. 13)

Grants may be made for investigations and for the preparation of plans and projects of general importance to the industrial development of an area and for the operation of regional development committees. (No grants have been made in recent years for investigations).

Loans and grants for basic investment (Sec. 14)

In each financial year, grants and loans may be made up to a commitment limit of 5 million DKR to cover the cost of implementing measures of substantial importance to the industrial development of an area with a view to maintaining or adding to specific industrial activities.

Guarantees for operating loans (Sec. 7)

Loans to provide working capital may be made to industrial undertakings that have received, under the legislation on regional development, loans or guarantees for loans for capital financing or that have moved into industrial premises for whose construction loans have been made to municipalities.

A guarantee may be made only in so far as it is considered otherwise impossible to obtain working capital to an adequate extent to exploit the production apparatus and growth potential and to carry on the undertaking during a transitional period on a sound commercial basis. (In recent years, no such guarantees have been given).

Guarantees for loans for rationalization investigations (Sec. 8)

Guarantees may be granted to industrial undertakings for loans to cover the expense of rationalization investigations in so far as it is considered otherwise impossible to obtain adequate finance. (No applications for such guarantees have so far been received.)

The extent of the regional development assistance that is estimated will be granted to the individual regions during the period 1977-1979 is not fixed in advance. Budgets for the individual regions are not employed, but appropriations are provided for all Danish regional development areas as a whole.

In the individual years, the amount of regional development assistance for the individual regions will depend upon the extent of qualifying applications for assistance to establish or expand undertakings. There has as yet been no great fluctuation from year to year in the individual region's share in the total appropriation.

The total appropriation for regional development in the financial year 1977/78 has been increased in comparison with 1976/77 by 25 million DKR. This increase has been effected by means of 'notes' to the Law on Additional Appropriations for the Financial Year 1 April 1977 to 31 March 1978, No I (Promotion of Employment, etc). The amount of the regional development appropriations was fixed in the light of the amount the European Regional Development Fund is expected to refund.

4. SECTORAL PLANNING

Regional planning is physical planning, i.e. planning the future use of land. The sectoral planning that is carried out by the State, counties, municipalities and concessionary companies into the future extension of the social infrastructure has consequences for the future use of land, and coordination is therefore necessary. In future therefore an endeavour will be made to ensure that there is teamwork, as concerns content, chronology and finance, between physical planning and sectoral planning, with their associated investment activities.

5. EXPECTED ECONOMIC TREND IN DENMARK

In recent years the Danish economy has been experiencing serious problems, marked by low economic growth, large deficits in the balance of payments on current account, and high unemployment.

In 1975 gross national product at fixed prices fell by 1.4%. In 1976 it rose by 4.9%, and in 1977 the increase was 1.9%.

In 1975 the deficit in the balance of payments on current account, at current prices, was 2 900 million DKR. This rose to 11 500 million DKR in 1976. In 1977 the deficit was 9 900 million DKR.

In 1975 there was an average of 123 600 registered unemployed, equal to about 7% of all wage-earners. The figure was about the same in 1976, but in 1977 it rose to 164 000, or 7.7% of all wage-earners.

A contributory cause of the increase in unemployment was the substantial growth in the labour force in recent years.

In 1976 the numbers in the 15-74 age-group grew by about 16 000 people, and the work force (the supply of labour) grew by about 45 000. The corresponding figures for 1977 were about 20 000 and about 48 000 respectively. The activity rate among women has continued to rise, while the activity rate among men has remained almost unchanged.

In 1976 and 1977 the Government prepared an economic policy for the next few years aimed at gradually improving the balance of payments and clearing the way for an increase in employment.

This policy consists partly of an employment plan, partly of payments intended to lower costs and partly of a series of tax increases to improve the balance of payments. It is expected that this policy will bring about a very substantial decrease in the balance of payments deficit, and that the number employed in 1980 will be about 30 000 higher than that predicted in employment projections which do not take this policy into account.

An increase of 1 to 2% is expected in 1987 for gross domestic product at factor cost, at fixed prices; unemployment is expected to grow. This estimate is based on the assumption that the work force will continue to grow rapidly.

Unemployment is expected to continue next year at about the same level as in 1978.

6. IMPLEMENTATION OF THE PROGRAMMES

Under the Law on National and Regional Planning, the Minister of the Environment is responsible for consolidating the physical national plan. The Minister of the Environment must approve regional plans following examination of the proposals in cooperation with the Ministers whose departments are affected by this plan. This cooperation is to ensure the necessary coordination between the consolidated physical plan and the State's sectoral plans.

Individual county councils are responsible for regional planning, and it is they who prepare the regional plan proposals.

The planning activities of the county and municipal councils and the implementation of investment arrangements must not conflict with regional planning, and county and municipal councils must work towards implementation of the regional plan. This involves an obligation to ensure cooperation between physical planning and the county and municipal councils' sectoral planning.

Under the Law on Regional Development, administration of this Law is the responsibility of the Regional Development Council. The day-to-day work of the Council and execution of its resolutions is the responsibility of a Directorate under the Ministry of Trade - the Directorate of Regional Development.

7. USE MADE OF DANISH QUOTA OF EUROPEAN REGIONAL DEVELOPMENT FUND

In 1975 the Danish Government decided that the Danish quota of the Regional Fund was to be used as follows:

- (a) The main part of the quota was to be used for projects in Greenland.
- (b) That part of the quota which was allocated to the rest of Denmark was first and foremost to be used to aid industrial investment, and only in exceptional circumstances to aid investment in infrastructures.

Between 1975 and 1977 about 80% of the Danish quota was used to assist Greenland projects; only one application for assistance for an infrastructure project in another part of Denmark was received.

Over the next three-year period (1978-80) the Government intends to continue to allocate the Danish quota of the Regional Fund in accordance with these principles.

II. REGIONAL DEVELOPMENT PROGRAMME
COUNTY OF NORTH JUTLAND

This county, which is the most northerly in Denmark, covers an area of 6 172 km² and has a population of 475 000. It is thus the country's largest county by area, and the fourth largest by population.

Administratively, the county is divided into 27 municipalities, of which the largest - Aalborg - has some 155 000 inhabitants, which makes it the country's fourth largest urban area. In addition, there are two boroughs in the country - Hjørring and Frederikshavn - with more than 30 000 inhabitants.

The entire county is a regional development area (and a special regional development area), and the Government has decided that the county as a whole should be included under the European Regional Development Fund.

1. SOCIAL AND ECONOMIC ANALYSIS

1.1. The most important development trends and problems of equilibrium in the region

1.1.1. Population development

The population of the region has been steadily increasing over a very long period. Compared with the country as a whole, however, North Jutland has in almost all periods had a below-average population growth.

The fact that the population has increased less in North Jutland than in most other parts of the country is attributable primarily to the differing employment opportunities.

In about 1970, however, there was a crucial change in the development picture. Following a period towards the end of the 1960s when population growth was almost stagnant, the period after 1970 has been characterized in North Jutland by an increase in population that is clearly above the national average.

The alteration in the population trend that can be traced from the beginning of the 1970s expresses an alteration in the pattern of movement. In the case of North Jutland, this alteration means that the emigration until then current changed to a situation in which people were moving in. Whether this will be a lasting trend is, however difficult to assess. There is at present no indication that we shall return to the situation prevailing before 1970. After a falling trend in net emigration in 1974 and 1975, which might have been caused

by the economic recession, a clear trend towards immigration was again apparent in 1976, unaccompanied by any decisive change in economic prospects. The change in the pattern of movement appears to be more than merely a temporary phenomenon.

A projection of the 1976 population is used as a foundation for assessing the future trend in population. This is based on the established pattern of movement during the years 1972-75, a birth rate conforming to the average for 1973 and 1974 for the county, and a death rate conforming to the average for 1973 and 1974 for the whole country.

According to this projection, the population of North Jutland will grow from about 469 000 in 1975 to about 499 000 in 1995, or by about 30 000 over a period of 20 years. Compared with recent years, a lesser and gradually decreasing growth is therefore expected, mainly as a result of the falling surplus of births.

1.1.2. Employment trend

Although the North Jutland labour force increased relatively less than the country as a whole during the period 1965 to 1970, the increase has been relatively greater since 1970. This is not only because the population growth has changed from a position below to above the country average, but also because since 1970 the trend has been towards a levelling out of the difference in the activity rate among women in the metropolitan area and the provinces. Of the total labour force increase of almost 25 000 between 1970 and 1975, about 30% was caused by the growth in population and shifts in age distribution, the other 70% being caused by women's increasing participation in work.

Table 1

Development in the number of those actively employed in the main industrial groups in North Jutland, 1965-1975

Main industrial group	No of active employees in North Jutland			Relative distribution 1975	
	1965	1970	1975	North Jutland	Whole country
Agriculture and fishing, etc.	49 020	36 050	34 700	15.6%	9.2%
Manufacturing industry	49 510	51 800	55 100	24.8%	25.5%
Building and construction	18 170	20 620	20 800	9.4%	8.1%
Commerce and trade	26 710	27 840	31 700	14.3%	15.5%
Transport	11 420	11 530	12 600	5.7%	6.5%
Public and private services	32 250	43 420	63 300	28.5%	33.4%
No information	6 000	5 860	3 700	1.7%	1.8%
TOTAL	194 080	197 120	221 900	100.0%	100.0%

For most industrial groups, the trend in employment over the last decade in North Jutland and in the country as a whole has in general followed a parallel course. Important exceptions however are the manufacturing industries and public and private services. The development of these in North Jutland has been greater than the national average. Both the two main industrial groups have traditionally had a lower share of those employed in North Jutland than in the country as a whole, a difference that has tended to level out during the last decade. Industrial employment has clearly 'moved westwards' during the period, and municipal reform and the consequent decentralization of many functions from State to counties and municipalities has led to the level of services supplied by the public sector - and thus employment - becoming more uniform all over the country.

Individual occupational groups

The primary industries are of great importance to employment in the county, since about 16% of employees are in this sector compared with 9% in the country as a whole. In addition, there is substantial employment in ancillary industries associated with this sector, particularly food and drink. These industries are faced with an uncertain future, particularly the fishing industry, which is concentrated in the North of the county in the municipalities of Hirtshals, Skagen, Laesø and Frederikshavn. In the first three municipalities, employment in the fishing industry and ancillary trades amounts to between 25 and 40% of total employment.

In addition to the food and drink industry, the most important industries for employment are the stone, clay and glass industries (cement manufacture, etc), and the iron and metal industries. The latter group includes an industry in which serious employment problems may arise, i.e. the shipyards. Some 5 700 people are employed in ship-building in the county, of whom about 3 300 are in Aalborg and about 2 200 in Frederikshavn - in the latter borough this employment forms 15% of total employment.

The building and construction industry is - relatively - of greater importance to employment in the county than in the country as a whole. The opposite applies to the private service trades and the public sector, although in recent years employment here has growth - relatively - more in the county than in the country as a whole.

Tourism should be emphasized among these trades. With its 20 000 holiday cottages, 100 camping sites and 150 hotels (about 8 000 beds), the county is a very important tourist area. There are no figures for employment in the tourist trade, but it is obviously quite significant. It is estimated that in 1976 tourists provided a turnover of about 700 million DKR.

1.1.3. Unemployment

For many years the County of North Jutland has had the highest unemployment in Denmark. It has been at least twice as high as in the country as a whole. In addition, unemployment has been - and still is - inclined to fluctuate greatly throughout the year, with very high unemployment during the winter months.

In 1975 there was an average of about 14 000 unemployed in the county, equal to about 8.5% of all wage-earners. In 1976 the level of employment was approximately the same, but in 1977 it rose to about 18 000, on approximately 10.5% of all wage-earners. In 1977 the level of unemployment in the country as a whole was about 7.7%, so that unemployment in the county was a good 40% above the national average.

In the first few months of 1978 the unemployment rate in the county was higher than in the corresponding period the previous year.

Unemployment in the Hjørring area is by far the highest in the county; in recent years it has been 15 to 20% higher than elsewhere.

1.1.4. Income trends

In 1975 the average taxable income in the county was DKR 31 100, which is about 15% below the national average. This difference has increased in recent years. Whereas the level of incomes in the large boroughs is less than 10% below the national average, it is about 25% below it in many of the smaller municipalities.

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1.2. The effects of earlier endeavours

1.2.1. Regional development support

The total value of support - calculated as the sum of regional development loan grants and investment grants - to undertakings in the County of North Jutland over the period 1973 to 1976 was an average of about 21.5 million DKR a year, which on average created about 850 jobs.

1.2.2. Expansion of infrastructure

The commercial schools at Aalborg and Hjørring and the technical schools at Frederikshavn and Aalborg have been expanded in recent years, as have the schools for semi-skilled workers at Aalborg, Frederikshavn, Hjørring and Brovst.

In 1976 the construction of a university centre was commenced in Aalborg, and the first section was brought into use in 1977.

Regional public investment

Regional investment in North Jutland has in general followed the same pattern as in the rest of the country. A characteristic however is that the low level of public services in the form of institutions for children and old people has been raised in recent years.

There has been intensive building of day institutions for children and of nursing homes. For example, at the beginning of the year the County of North Jutland had 40% of the country's total places at psychiatric nursing homes. These activities have helped to keep unemployment in the building trades at a level not very much higher than the national average.

1.3. Opportunities and conditions for development

In association with the regional planning now in progress, a projection has been made of the future supply of labour and the expected demand.

A. Future development of the labour force

It must be expected that activity rates for age groups below 25 years will fall as a result of an increasing number of people seeking training. This will apply to both men and women. It must also be expected that there will be a continued increase in the activity rate among of women, although at a slower pace than in recent years. Men's activity rates however must be expected to stay largely unchanged, apart from the younger age group referred to above.

Table 2

Calculation of the Labour force (supply of labour)
in North Jutland, 1995

Age	Population, 1995		Estimated occupational frequency, 1995		Labour force, (1995)	
	Men	Women	Men	Women	Men	Women
15 to 24 years	35 000	34 000	50	45	18 000	15 000
25 to 49 years	89 000	85 000	95	80	85 000	68 000
50 to 64 years	43 000	43 000	85	50	37 000	22 000
65 to 74 years	22 000	25 000	30	6	7 000	2 000
TOTAL 15 to 74 years	189 000	187 000	78	57	147 000	107 000

If the labour force is projected on this basis, and assuming that the levelling-out of regional differences in activity rates will continue and that the population trend will be as set out in Section 1.1.1, the result shows that the labour force in North Jutland will have increased in 1995 to 254 000.

B. Future development of employment opportunities

An evaluation of the trend in employment within the various main industrial groups must also be based upon evaluation of the country-wide trend.

As we have shown, most main industrial groups in North Jutland have the same trend as in the country as a whole, and there appears to be no reason to assume that this will differ in the next two decades. In agriculture, the building industry, commerce and transport, changes in employment are expected to conform to the national average. For the first two groups, this will mean a small decrease, and for the last two groups a small increase.

Table 3

Calculation of employment (demand for labour) in North Jutland, 1995

Main industrial groups	Number of employees			Increase per year, average	
	1970	1975	1995	1970-75	1975-95
Agriculture & fishing, etc.	36 050	34 400	27 000	- 0.9%	- 1.0%
Manufacturing industry	51 800	51 500	52 000	- 0.1%	0%
Building and construction industry	20 620	19 800	18 000	- 0.8%	- 0.5%
Commerce and trade	27 840	31 000	37 000	2.3%	1.0%
Transport	11 530	12 300	14 000	1.3%	0.5%
Public and private services	43 420	62 100	87 000	4.0%	2.0%
No information	5 860	2 400	2 000	- 12.0%	0%
TOTAL	197 120	213 500	237 000	1.5%	0.6%

The calculations show that there will be 237 000 jobs in North Jutland in 1995. On the assumptions chosen, then there will be a shortage of about 20 000 jobs in 1995, i.e. the labour force will be about 20 000 too large. In other words, unemployment shows no downward trend; rather the contrary.

This long-term evaluation shows that in spite of the recent trend towards a levelling-out of employment conditions in North Jutland compared with the rest of the country, there is no indication that the process will continue by itself in the long term.

In addition, some of the most important industries in North Jutland face a very precarious future, and estimates of future employment in these industries may turn out to have been too optimistic.

Fishing

In spite of quota arrangements in the traditional North Sea fishing areas, this industry avoided significant structural change up to autumn 1977 as a result of rising prices. However, the recent extensions of fishing limits and prohibition of traditional Danish forms of fishing could have catastrophic consequences - initially for the fishing industry and later for undertakings processing the catch. Skagen and Hirtshals especially will be severely affected, because fishing and the ancillary trades completely dominate the two towns. In addition, there is no other employment at an acceptable distance from these two towns.

Industry

The prospects are also uncertain for the two dominant branches of industry in North Jutland.

The most affected is the food industry, and within this particularly the fish industry which is concentrated in the north of the county. This industry depends entirely upon the supply of raw material from Danish and foreign fishermen, and it therefore faces the same uncertain future as the fishing industry itself.

The other area in which serious employment problems may arise in the coming years is the shipbuilding industry, which is concentrated at Frederikshavn and Aalborg. The substantial world shipbuilding over-capacity must in the long run have a negative effect upon employment in North-Jutland shipyards, and a falling-off of orders to shipyards will affect an undeterminable number of sub-suppliers. Finally, it is probable that the building of fishing vessels will fall off.

Tourism

Another trade at present of importance to the region and which presents great opportunities is tourism. No future policy for the development of this activity has as yet been established, but there are great opportunities for increased earnings and employment simply by improving the exploitation of existing capacity - particularly by extending the season.

2. DEVELOPMENT OBJECTIVES

2.1. Main objective

The predominant objective of future development is the establishment in North Jutland of living conditions on a level with the rest of the country. The County Council believes that this uniform development must be ensured first and foremost by a State regional policy, since this could bring about a redistribution between the country's various regions.

- (i) It is sought to create an equilibrium between the supply of and demand for employment in North Jutland in 1980 to conform with a population of 480 000.
- (ii) There must be a levelling-out of the difference in incomes between North Jutland and the national average.
- (iii) An equilibrium must be ensured in the 'mobility balance' of the 15 to 24-year-olds.

One main objective upon whose attainment the County Council has greater influence is the desire to create labour markets within an acceptable distance in which there are differentiated employment opportunities, and services to match the size of the labour market. This objective cannot be more precisely formulated for two years or so, when regional planning will have become clearer.

2.2. Sectoral development objectives

2.2.1. Agriculture

The good agricultural soil must be preserved in areas that are to be employed for other purposes, and in general the consumption of land must be restricted.

2.2.2. Fishing industry

It must be ensured that the local fishing fleet has a profitable structure, and opportunities must be created for a far greater degree of processing of hauls than at present, 90% of hauls being exported from the region in an unprocessed form.

2.2.3. Tourism

The objective is to create better conditions for a proper tourist trade by establishing tourist facilities that are financed locally - public or privately - or that provide opportunities for regular employment.

2.2.4. Industry

Attractive opportunities for location must be created for all types of industry, so that even polluting industries can be located in North Jutland without disregard of other considerations.

As concerns the cement industry, opportunities must be provided for the continued extraction of raw material when the deposits now exploited are exhausted.

2.2.5. Transport

It must be ensured that, in spite of its peripheral location in relation to the rest of the country, North Jutland is not allowed to fall behind in the sector of passenger and freight transportation.

North Jutland's ferry air connections to Norway and Sweden must be preserved and expanded - also with a view to tourism. There must be an investigation into whether there is a basis for a ferry service to England.

2.2.6. Services, general

The level of services in North Jutland must be the same as in the rest of the country. This means that industrial services in particular must be expanded.

2.2.7. Training

There must be training institutions in North Jutland to correspond to the number of 15 to 24-year-olds.

2.2.8. Unemployment

Youth unemployment in particular must be reduced.

3. MEASURES

3.1. Regional development assistance - Please refer to Section I,3.

3.2. Investment in infrastructure

3.2.1. Transport

Frederikshavn harbour. Establishment for ferry berth, expansion of harbour, construction and repair of port installations, etc.

The expansion of Skagen harbour, construction and repair of port installations, etc.

Expansion of Hirtshals harbour, construction and repair of quays, construction of roads and the like, construction and repair of outer jetties, etc.

Aalborg-Frederikshavn railway. New installation at Aalborg station, line modernization between Hjørring and Frederikshavn and a move for Frederikshavn Station.

Aalborg airport. Major repair of runway system, etc., replacement of telecommunications equipment and radar, and extension of office facilities.

Expansion of Tåghold Airfield at Sindal. The airfield acts partly as the airport for industry in North Vendsyssel (taxi planes) and partly as a basis for commencing charter traffic for tourists.

Expansion of the port of Aalborg

Freight terminal at Aalborg. A freight terminal is planned at Aalborg to replace the two existing freight terminals and the Danish State Railways' existing terminal. The new terminal, which will be located beside the railway area south of Aalborg, is expected to be finally approved in 1978 and commenced as soon as the necessary capital has been obtained.

3.2.2. Training institutions

The higher secondary schools in Frederikshavn and Nordre Sundby and the Aalborg Katedralskole are to be expanded.

The technical schools in Frederikshavn, Aalborg, Hjørring and Ars and the commercial school in Frederikshavn are also to be expanded.

Continued expansion of the Aalborg University Centre by a second and third building phase.

3.2.3. Supply of natural gas

If it is decided that Denmark is to be supplied with natural gas, it is wished to establish a natural gas network in North Jutland so that North Jutland also can be supplied with natural gas for heating and industrial purposes. If this is realized, supplies will probably commence during the 1980s.

3.2.4. Other Infrastructures

- (i) Industrial purposes - 350 ha to be prepared for development.
- (ii) Tourist purposes - 150 ha to be prepared for development.
- (iii) Sewage plant.

Almost all municipalities in North Jutland have central purification plants which from a purely technical aspect can receive industrial waste water, but where questions of location arise reception conditions will be taken into consideration.

Skagen and Hobro will establish central purification plants by 1980.

3.3. Other measures

Analysis of North Jutland's potential for the location of new undertakings.

The County Council has granted about 1 million DKR to the North Jutland Trade Council to investigate North Jutland's commercial potential and to study the possibilities of a promotion campaign in leading Western industrial countries with a view to the location of new undertakings.

There are various forms of public services for industry in North Jutland. The County Council is of the opinion that the resources expended in this field could be even better utilized if independent sections of these services were amalgamated into one coordinated system. In cooperation with the municipalities, therefore, the County Council will prepare the ground for the coordination of existing services - employment offices, counselling facilities, etc. - so that there is a distribution of the tasks incorporated in the regional industrial policy:

- (i) external propaganda;
- (ii) interior training and information;
- (iii) counselling and assistance within existing undertakings;
- (iv) local contacts.

The County Council is of the opinion that such an organization can become an important means of ensuring contact between the political authorities and a link in a regional industrial policy.

The County Council is looking into the possibility of establishing a regional industrial support fund to supplement regional development support.

3.4. Special efforts to combat unemployment

The County Council has decided to expedite the erection of a psychiatric nursing home for construction in 1978, and another in 1979.

The County Council is at present considering the establishment of special collective farms to counteract youth unemployment and to ensure greater recruitment into agricultural training, so that there will be trained farmers to ensure the transition from one generation to another in agriculture.

The County Council has decided to establish a consultant's post with a view to coordinating the County Council's efforts to combat youth unemployment and to provide contacts with municipal enterprises.

3.5. Assessment of consequences

The basic position is that unless there is some effort unemployment in North Jutland will probably continue to be in the region of 18 000.

Implementation of the activities planned for 1978 alone, under the leadership of the county authorities, is expected to create employment for about 500 people. If this is related to the exceptional effort on the part of the municipalities, it is expected that employment will be created for a further 1 000 or more people, of whom half will be the young unemployed.

If all the projects referred to in this programme are carried out, employment for about 2 000 people should be created in each of the next two or three years. There will also be the employment effect of the regional development aid expected in 1978 and 1979, which should create about 2 500 jobs in all (see point 4.1. below). The net effect - all things being equal - upon unemployment should be drop to about 14 000-15 000 in the course of the next few years. This includes the net intake to the labour market.

This fall in unemployment can easily be replaced by a rise, in spite of the regional effort, if supplies to the 'fish industry' are reduced, which is already about to occur.

3.6. Implementation of the programme

As we have said, no final arrangements have as yet been made for the organization that is to contribute to the regional programme's implementation in the target areas.

The County Council has appointed an Initiative Committee to include representatives of labour market organizations, municipalities, etc. The task of this committee is to propose and follow up initiatives for the promotion of employment opportunities. Finally, reorganization of the public industrial services could be an important link in the programme's implementation.

The result of the regional planning now in progress will decide the priority to be given to these endeavours - especially in the long term.

4. FINANCIAL RESSOURCES

4.1. Regional development assistance

On the basis of budget estimates and the regional distribution of regional development assistance to date, it is estimated that the following assistance will be granted to the County of North Jutland during the years 1977 to 1979:

(1 000 DKR)

	Capital loans	Industrial construction loans	Investment grants	TOTAL
1977	45 000	8 000	25 000	78 000
1978	48 000	7 000	26 000	81 000
1979	57 000	7 000	29 000	93 000

On the basis of the regional distribution to date of the total of newly established jobs and the expected increase in the years to come in appropriations for regional development, the total of new jobs may be expected to be as follows:

<u>1977</u>	<u>1978</u>	<u>1979</u>
1 100	1 150	1 275

The regional development assistance referred to above does not include the Danish Government's 'global' loans that have been taken up or are expected to be taken up in the coming years with the European Investment Bank.

4.2. Investment in infrastructure

4.2.1. Transport

(in million DKR)

Frederikshavn harbour (State)

Estimated total cost.	48.6
Outstanding 1 April 1978.	12.1
Expenditure April-Dec. 1978.	0.6
Expenditure 1979.	3.0

Skagen harbour (State)

Estimated total cost.	74.0
Outstanding 1 April 1978.	20.8
Expenditure April-Dec. 1978.	3.9
Expenditure 1979.	5.6

Hirtshals harbour (State)

Estimated total cost.	124.9
Outstanding 1 April 1978.	91.3
Expenditure April-Dec. 1978.	18.7
Expenditure 1979.	19.3

Aalborg-Frederikshavn (State)

Estimated total cost.	66.5
Outstanding 1 April 1978.	28.9
Expenditure April-Dec. 1978.	13.5
Expenditure 1979.	12.2

Aalborg airport (State)

Estimated total cost.	71.5
Outstanding 1 April 1978.	55.5
Expenditure April-Dec. 1978.	8.4
Expenditure 1979.	18.4

Aalborg university centre (State)

Outstanding 1 April 1978 (estimate).	203
Expenditure April-Dec. 1978.	23
Expenditure 1979.	60

4.2.2. Land development for industrial and tourist areas

Industrial areas - Raising of municipal loans and use of own funds:
62.2 million DKR.

Holiday cottage areas, etc. - Raising of municipal loans and use of own funds:
18.0 million DKR.

4.3. County resources

4.3.1. Appropriated in 1978

- (a) Combating unemployment, 19.5 million DKR.
- (b) Investigation of industrial structure and industrial development opportunities, 0.9 million DKR.

4.3.2. At the investigation stage

Transfer of 27 million DKR from the fund for the payment of expropriation and release charges to an industrial fund.

III. REGIONAL DEVELOPMENT PROGRAMME
THISTED AREA/COUNTY OF VIBORG

The County of Viborg covers an area of 4 120 km² and has a population of more than 230 000 - the population density is less than half the national average; only in the neighbouring County of Ringkøbing is the population density less.

Administratively, the county is divided into 17 municipalities, of which four - Viborg, Skive, Thisted and Morsø - have more than 20 000 inhabitants.

The entire County of Viborg is a general regional development area, and the area consisting of the municipalities of Hanstholm, Thisted, South Thy and Morsø and the area consisting of the municipalities Møldrup and Ålestrup are also special development areas.

The Government has decided that the area consisting of the municipalities of Hanstholm, Thisted, South Thy and Morsø (Thisted area) shall be included under the European Regional Development Fund.

The Thisted area, which covers the county's north-western part, has an area of 1 470 km² and a population of more than 72 000. The population density is very low - about 50 people per km².

The municipality of Thisted is the largest of the four, having about 30 000 inhabitants, followed by Morsø with about 24 000, South Thy with about 13 000 and Hanstholm with about 5 000.

1. SOCIAL AND ECONOMIC ANALYSIS

1.1. The most important development trends and problems of equilibrium in the region

1.1.1. Population development

Over a long period the population has decreased in the Thisted area because of substantial net emigration - between 1950 and 1970 the population fell by nearly 5 000 people, or 6%. In 1972/73, the trend began to turn, net emigration ceasing and the population stabilizing, but in contrast to the rest of the county there has been no significant growth of population in the area.

The most recent population projection predicts small increase in the population of the area over the next few years. The number of inhabitants is expected to increase by about 1 500 between 1976 and 1990, giving a total population of about 74 000 in 1990.

1.1.2. Employment trend

The great importance of the primary sector characterizes the Thisted area's industrial structure. Some 24% of the labour force is employed in the primary sector, which has nearly three times as high a share as in the country as a whole. As concerns employment, agriculture is the most important group within the sector, but the fishing industry is also very significant. This applies particularly to the municipality of Hanstholm, where about 1 000 people are directly or indirectly employed in the 'fish industry', corresponding to about half of total employment in the municipality.

In contrast to the primary sector, employment in the private sector trades and in the public sector is relatively low - 44% of the labour force, compared with 57% in the country as a whole. Manufacturing industry employs about the same percentage in the area as in the country as a whole.

1.1.3. Unemployment

For many years, the Thisted area has been designated as an unemployment area; as late as 1971 unemployment here was three times as high as in the country as a whole and twice as high as the rest of the county. Seasonal variation in unemployment has also been very high in the area. In 1975 there was an average of about 2 000 unemployed, equal to about 7.5% of all wage-earners. In 1976 the level of unemployment was approximately the same, but in 1977 it rose about 2 500, equal to about 9.5% of all wage-earners. In that year unemployment was about 25% above the national average. In the first few months of 1978 the unemployment rate was higher than in the corresponding period in the previous year.

1.1.4. Income trends

In 1970, the average level of incomes in the area was nearly 25% below the national average and 10% below the average for the county as a whole. This very large difference has since narrowed a little, and in 1975 the level was 17% below the national average.

1.2. The effects of earlier endeavours

1.2.1. Regional development support

The total value of support - calculated as the sum of the value of regional development loan grants and capital grants - to undertakings in the Thisted area was an average of about 2.9 million DKR a year during the period 1973 to 1976, which provided an average of about 150 jobs.

1.2.2. Expansion of infrastructure

The building of the State harbour at Hanstholm has been of considerable importance to development in the area. The harbour, whose expansion was completed in 1970, has developed into an important fishing port with associated service undertakings.

The Thisted-Hurup Commercial School and the Thisted Technical School have been expanded.

1.3. Opportunities and conditions for development

According to the latest population projection for the Thisted area (see point 1.1.1. above) the number of inhabitants will be about 74 000 in 1990. Assuming a continued rise in the activity rate among women and a small drop in the activity rate among men, it is calculated that the supply of labour in 1990 will amount to about 37 000 people, or about 4 000 more than in 1975. In 1977, moreover, there were about 2 500 unemployed in the area (see point 1.1.3. above). These figures show that strenuous efforts will be needed if the present high unemployment rate is to fall.

As we have said, the industrial structure of the Thisted area is characterized by the relatively high importance to employment of the primary industries. It must be seen as unavoidable that employment in these trades will continue to decline both absolutely and relatively.

The great dominance of the primary industries in employment, and the area's consequent weak position, will mean that the Thisted area will be very vulnerable to unfavourable weather conditions (for example, drought) and to restrictions in the development of the fishing industry.

This is particularly so in the case of the 'fish industry', whose future appears to be very uncertain. The extension of fishing limits, quota arrangements in the traditional fishing areas and the temporary halt in the catching of herrings will call for adaption to ensure a profitable structure for the local fishing fleet.

This entire development and the demands it will make could give rise to very great problems for the fishermen themselves, the existing fishing harbours - especially Hanstholm - and the 'fish industry', whose supply of raw material may become uncertain.

A trade that is becoming of more importance to the area is tourism. No future policy for the development of this trade has as yet been established, since the County of Viborg is engaged in recreational planning covering the entire county. Whatever the result of this recreational planning, there are clearly opportunities for an increase in employment and earnings simply by improving the exploitation of existing capacity, for example by extending the tourist season.

If, therefore, total employment is to be increased - or merely stabilized - it will be necessary to stabilize and preferably to increase employment in industry, in addition to greatly increasing employment within the private service trades and the public sector.

2. DEVELOPMENT OBJECTIVES

The objectives for development during the programme period are:

- (i) to promote population growth as much as possible;
- (ii) to create industrial employment for all who wish for it (unemployed, new arrivals on the labour markets, etc);
- (iii) to establish an industrial structure less sensitive to trade conditions and less seasonally affected than the present structure;
- (iv) to increase the average level of incomes in the area so that it conforms the national average, and
- (v) to improve the population's living conditions.

3. MEASURES

3.1. Regional development assistance - Please refer to Section I,3.

3.2. Investment in infrastructure

3.2.1. The State

Expansion of Hanstholm harbour by extending the traffic harbour by a new dock, construction of harbour installations, road construction, land development, etc.

Construction of a bridge across the Sallingsund, with associated road construction - expected to be completed in 1978.

3.2.2. The county

Construction of new roads, including extension and re-alignment.

Moving of the higher secondary school on Mors.

New commercial school in Nykøbing, Mors.
County contribution to apprentice training.
New rehabilitation institution at Thisted.
New residential center for the disabled at Hanstholm.

3.2.3. The municipalities

Development of industrial sites.
Road construction (municipal).
Combustion plant.
Purification plant.
Sewage plant.
Construction and extension of yachting harbours.
Expansion of water supply plant.

3.2.4. Private, municipal, county and State investment

Establishment of a ferry service from Hanstholm to South Norway.

3.3. Other measures

Under the provisions of the Law on National and Regional Planning, the county is preparing a proposal for a regional plan. According to the time-table set by the Minister of the Environment for work on regional planning, this proposal must be completed by 1 January 1980.

Work on regional planning is so well advanced that the County Council has prepared alternative regional draft plans under the provisions of Sec. 12 of the law concerned.

The County Council has as yet reached no decision on the main objectives of the regional plan. Following completion on 1 June 1978 of the public discussion phase now in progress, the County Council will decide, after further discussion with the municipal councils in the County of Viborg, the main objectives that are to form the basis of the regional plan, but whatever these main objectives may be, the region has some needs the fulfillment of which the County and Municipal Councils would welcome unreservedly. These can also of course be discussed, and perhaps amended and supplemented, as a consequence of the public debate.

Regional needs:

- (i) Certain stretches of road are at present so overloaded that it is necessary to construct new roads (for example, by-passes at Viborg and Thisted), and several stretches of road should be improved.
- (ii) It is wished to retain the existing railways for passenger transport and to intensify operations (hourly services and improved rolling stock). It is also wished to retain the railways carrying freight.
- (iii) It is wished to extend a freight terminal at Skive.
- (iv) It is wished to reserve areas with good agricultural soil as far as possible for agricultural use.
- (v) The general aim should be a high degree of processing of fish and agricultural products, including research in this field.

The move of the State Animal Husbandry Experimental Station to Tjele should therefore be commenced as soon as possible. A similar relocation of other sections of agricultural research may also perhaps be advisable.

- (vi) The social problems now existing or that may arise in densely populated urban areas and in small urban communities must be met as far as possible.
- (vii) The aim should be a general improvement - urban renewal - in the old areas of both large and small towns. Poor housing should be demolished or improved, and traffic nuisance removed. Light and air should be provided, the noise level lowered and traffic safety increased. Further, an effort must be made to preserve whatever is of cultural and historic value.
- (viii) General action should be taken against pollution, which may under no circumstances increase.
- (ix) It is wished to employ suitable and traditional countryside to provide a varied outdoor life.
- (x) Valuable countryside of natural, scientific, cultural or historic value must be protected.
- (xi) The county's inhabitants must have the same opportunities as the rest of the country for receiving Danish and foreign radio and television broadcasts.
- (xii) Directives and norms for State institutions should be adapted to regional conditions. Discussion of nationalization must be founded upon regional objectives. The level of State services must be maintained all over the region.
- (xiii) The State regional development policy and the criteria for the various arrangements for making grants must be determined largely by reference to the concepts upon which the regional plan is based. For example, this could be achieved by establishing regional funds for implementation of the regional plan's intentions also outside the metropolitan area.

Whatever the main objective may be on which preparation of the proposed regional plan will be based, regional planning will be of increasing importance to development in the County of Viborg, including the Thisted area, since the County and Municipal Council's planning and capital dispositions are subject to the provisions of Sec. 15 of the Law on Regional Planning, under which:

'County and Municipal Councils' planning activities and the implementation of capital dispositions should not conflict with regional planning.

'County and Municipal Councils must work towards implementation of the regional plan by, inter alia, exercising the powers given under the legislation'.

4. FINANCIAL RESOURCES

4.1. Regional development assistance

On the basis of budget estimates and the regional distribution to date of regional development grants, it is estimated that the following grants will be made to the Thisted area during the period 1977 to 1979:

(1 000 DKR)

	Capital loans	Industrial construction loans	Investment grants	TOTAL
1977	6 000	2 000	2 000	10 000
1978	7 000	2 000	2 000	11 000
1979	8 000	2 000	2 500	12 500

On the basis of the regional distribution to date of the total of newly established jobs and the expected rise in the coming years in appropriations for regional development, it can be assumed that the number of new jobs will be as follows:

<u>1977</u>	<u>1978</u>	<u>1979</u>
140	145	170

The above regional development assistance does not include the 'global' loans which the Danish Government has taken up or is expected to take up in the coming years from the European Investment Bank.

4.2. Investment in infrastructure

4.2.1. The State

(in million DKR)

Hanstholm harbour

Estimated total cost.	13.5
Outstanding 1 April 1978.	5.6
Expenditure April-Dec. 1978.	1.8
Expenditure 1979.	1.0

Bridge over Sallingsund

Estimated total cost.	261.3
Outstanding 1 April 1978.	20.3
Expenditure April-Dec. 1978.	20.3

4.2.2. The county

Construction of new roads, including extensions and re-alignment. According to the annual budget for 1978 and budget estimates for 1979 to 1980, it is expected that the following investment will be made:

<u>Investments</u>	<u>million DKR</u>
1977	12.6
1978	11.0
1979	8.3

Moving the higher secondary school on Mors

It is expected that the construction of a new higher secondary school will be commenced at Nykøbing Mors in 1979 to replace the existing school.

The building costs are expected to amount to 30 million DKR.

The county's contribution to apprentice training courses.

Negotiations will soon be commenced with the municipality of Thisted, Thisted Technical School and the Industrial Directorate on the county's share of building costs for vocational training schools. It is estimated that the total cost will be 10 million DKR, of which, according to provisional estimates, 2 million DKR is expected to be disbursed in both 1978 and 1979.

New rehabilitation institution at Thisted

A new rehabilitation institution at Thisted costing 6 million DKR is expected to be commenced in 1979, and to be completed in 1980. County guarantee of about 5.5 million DKR in 1979/80 for the residential center for the disabled ('Bistandslov', Art. 105-110).

4.2.3. The municipalities

The municipalities of Thisted, Hanstholm, South Thy and Morsø have prepared a survey, on the basis of their budgets, of the infrastructure investment that can be carried out in the municipalities by 1980s.

(million DKR (1976 prices))

	Thisted	Hanstholm	South Thy	Morsø
1 Preparing industrial sites for development	15.6	0.5	1.2	
2 Road construction, harbours, etc.	7.8	3.0	0.7	
3 Combustion plant	11.8			32.0
4 Purification plant	21.3	1.0	5.5	
5 Sewage plant			7.0	
6 Construction and extension of yacht harbours, etc.	3.1	1.0	0.3	
7 Extension of water supply plant			1.0	
TOTAL	59.6	5.5	15.7	32.0

4.3. Private, municipal, county and State investment

A committee has been set up consisting of representatives of the municipalities in the Thisted area, the County Council and the Industrial Council to investigate the possibility of establishing a ferry service between Hanstholm and Norway.

IV. REGIONAL DEVELOPMENT PROGRAMME
COUNTY OF SOUTH JUTLAND

The County of South Jutland is the most southern in the country and the county bordering on the Federal Republic of Germany. The county covers an area of about 4 000 km² and has a population of about 250 000, which represents a population density of 63 per km² - half the national average.

Administratively, the county is divided into 23 municipalities, three of which - Sønderborg, Åbenrå and Haderslev - have more than 20 000 inhabitants. With the exception of the area around Allsund (municipalities of Nordborg, Augustenborg, South Als, Sønderborg, Sundved and Broager) and the area consisting of the municipalities of Christiansfeld, Haderslev and Vojens*, the county is a general regional development area. In addition, the area towards the west (municipalities of Bredebro, Højer, Skaerbaek, Tønder, Løgumkloster and Tinglev) and the municipality of Bov are special regional development areas.

The Government has decided that the regional development areas in the County of South Jutland shall be included from 1978 in operations connected with the European Regional Development Fund.

1. SOCIAL AND ECONOMIC ANALYSIS

1.1. The most important development trends and problems of equilibrium in the region

1.1.1. Population development

Over a long period the county's population has been steadily growing, and since 1972 the typical trend towards net emigration has been replaced by net immigration. In recent years the population growth has been above the national average. The latest population projection, based on migration patterns in recent years, gives the county a population of about 257 000 in 1990. This corresponds to growth of about 11 000 people in the period 1976 to 1990.

* These three municipalities actually have their status as regional development areas on 1 January 1979.

1.1.2. Employment trend

The primary industrial sector - with agriculture in the lead - is of very great importance to employment in the county, since about 15% of all employees are associated with this sector compared with 9% for the country as a whole. In the western part of the county this share is even as high as 28%. In addition, ancillary trades (food and drink industry) employ about 10% of all industrial employees in the county.

Some 38% of active employees are employed in manufacturing. In the regional development areas the proportion is about 22%.

The industry of most importance to employment is the iron and steel industry, to which more than half of all industrial employees are linked. It is characteristic here that three-quarters of the employment within the iron and metal industry is to be found in only three undertakings, of which by far the largest - and one of the other two - is located in the Alssund area.

The second largest industry is the textile and clothing industry, which consists of many small and medium-sized undertakings.

The food and drink industry, the iron and metal industry and the textiles and clothing industry employ about 85% of the county's 20 000 or so industrial employees, which is about 20% of those employed in the county.

The building and construction industry employs almost 10% of the labour force, which is a somewhat larger share than in the country as a whole.

The transport trade is also an important sector in South Jutland, especially in the southern part. In the southern-eastern part of the county about 10% of those employed are connected with the transport trade - compared with a national average of about 6.5%. This employment has been strongly increasing. The explanation of this lies in the large border crossings located here.

The tertiary sector - the private service trades and the public sector - employ relatively a substantially smaller share of the labour force than in the country as a whole, and this difference has even increased in recent years. In the Alssund area, the share in employment of these trades is about 51% compared with about 55% in the country as a whole, whereas the share in the other areas of the county lies between 37 and 49%.

1.1.3. Unemployment

In 1970, unemployment in the County of South Jutland (with the exception of the Alssund area) was about 40% above the national average. Unemployment has increased greatly since 1975, although not as much as in the country as a whole. In 1975 there was an average of about 2 800 unemployed in the area (with about 4 000 unemployed in the county as a whole), equal to about 5% of all wage-earners. In 1976 the unemployment rate remained about the same, but in 1977 it rose to some 3 500 people, or about 6% of all wage-earners. This rate was slightly lower than the average.

In the first few months of 1978 unemployment was higher than in the corresponding period the previous year.

1.1.4. Income trends

In 1970, the average taxable income in the county was about 15% below the national average, and if the Alssund area is excluded the difference approached 20%. These differences have since narrowed somewhat. In 1975, the level in the county was about 10% below the national average, and the difference for the county minus the Alssund area was about 15%.

1.2. The effects of earlier endeavours

1.2.1. Regional development support

The total value of grants - calculated as the sum of regional development loan grants and investment grants - to undertakings in the County of South Jutland was an average of about DKR 3.7 million a year during the period 1973 to 1976, which resulted on average in the creation of about 200 jobs.

1.2.2. Expansion of infrastructure

Preparation of industrial sites for development and provision of directly associated infrastructure.

The greatest regional effect of the preparation of sites for the development of new undertakings was the establishment of the slaughterhouse at Blans (Sundeved municipality). On 1 January 1974, the county had 250 ha of vacant land ready for development for industry and crafts, and it was expected that a further 200 ha or more would be ready by 31 December 1977.

Preparation of areas for tourist purposes and provision of directly associated infrastructure.

On 1 January 1974, there were about 5 000 holiday cottages in the county and land had been set aside for a further 2 500.

The most important new holiday cottage area is the Arrild holiday town, which is planned to accommodate 500 holiday cottages. The location in the municipality of Nr. Rangstrup makes this holiday town an important factor in the development of central South Jutland.

Transport

During 1977, the county coordinated and improved the region's public bus services, which should improve conditions for trade and industry in the county.

Energy

In the energy sector, the expansion of Enstedvaerket (Åbenrå municipality) by EV3 (600 MW) has meant that even in the future energy supplies will be sufficient in South Jutland.

Further education and re-training

The state has moved the Clerical Seminary to Løgumkloster. A South Jutland Teaching Centre for Adult Education has also been established. This offers courses and further education to inhabitants of the region.

Educational institutions in general

The Teacher Training College at Tønder has been rebuilt (State investment). Technical schools, commercial schools and the State Merchant Shipping College have also been expanded.

1.3. Opportunities and conditions for development

As was said under point 2.1, one main objective of regional planning is to attain a population of 265 000 in the county by 1990; this figure is about 8 000 higher than that given in the most recent population projection.

With this desired population figure as a basis, it is calculated that the total supply of labour will amount to about 135 000 people in 1990. On this assumption, therefore, the labour force will increase by about 20 000 people in the period 1975 to 1990. In 1977, however, there were about 4 500 unemployed in the county.

The result therefore is that the number of jobs will have to increase by almost 25 000 by 1990 if everyone who is seeking work is to find it at that time.

The most important pre-condition for an increase in employment in South Jutland is that there will continue to be strong expansion within the private service trades and the public sector. The fall in employment in agriculture must be reduced and industrial employment stabilized or increased.

In recent years employment in agriculture has become stabilized in the county, whereas it has continued to fall in the rest of the country.

The average size of farms is about 30 ha, compared with 23 ha in the rest of the country. In spite of the relatively large farms, the same number of people are employed per ha as in the rest of the country. Future employment in agriculture is closely associated with the part that will be played by animal

husbandry - which is rather labour-intensive. This means that the earning potential in animal husbandry will decide the extent to which employment in agriculture will fall. Employment in the food and drink industry (for example, slaughterhouses and dairies) also depends upon the future role of animal husbandry. The trend in employment in agriculture is of particular importance to the western regions of the county. A fall in employment is unlikely to be completely avoided.

As we have said, industrial employment is concentrated predominantly in three sectors only, and as concerns the largest of these (iron and metal industry) in just three undertakings. The future is particularly uncertain for the textile and clothing industry. This employs nearly 12% of industrial employees and is located in the regional development areas. It must be concluded that the county's industry is somewhat vulnerable, and it will call for considerable effort to preserve even the present employment.

Tourism is not very highly developed in the area, except for the island of Rømø in the North Sea. In 1970, about 2 500 people were directly employed in tourism in South Jutland. In addition, indirect employment is created by tourists' purchases in the region.

The region has about 5 000 holiday cottages.

Apart from Rømø, the county has only a few bathing beaches comparable with the beaches on the west coast of Jutland further to the north. It has, however, some countryside of considerable recreational value in the western and eastern regions and this can be used for tourism. There is already a holiday town under construction inland (Arrild holiday town) and if this venture is successful, extension of the tourist trade to areas away from the coast will continue.

With a view to future tourist planning, areas near the coast are now being registered; during summer 1977 a detailed study of tourism in South Jutland was undertaken.

It can be confirmed that tourism in South Jutland can directly and indirectly create future employment. The seasonal nature of the trade is a great problem.

1.4. Probable economic/social development, 1977/79, assuming that no new factors arise

If employment in the public sector is not increased and no steps are taken to develop the private sector, about 1 000 fewer jobs than at present must be expected in South Jutland in 1980.

This projected fall in employment results from the expected movement away from agriculture and industry's difficulty even in maintaining present employment levels.

The consequence is going to be that assuming that no new factors arise there will be about 5 000 unemployed in the county plus the total by which the labour force increases in the period 1978-80; the labour force is expected to grow by about 2 000 people.

2. DEVELOPMENT OBJECTIVES

In connection with regional planning, the objective is a rise in population to 265 000 by 1990, which is about 9 000 more than is given by the most recent population projection. Taking this population as a basis, it can be calculated that about 135 000 people will need employment in 1990 (see point 1.3. above).

If full employment is to be achieved by 1980, about 7 000 new jobs will have to be created in the period 1978-79 (see point 1.4.). It is thought likely, however, that some measure of unemployment will continue, and that a target of 3 000 or 4 000 new jobs by 1980 is therefore seen as a realistic one. Of this about 500 jobs are expected to be created using regional development assistance (see point 4.1.).

One objective is to increase earnings during the period in order that in 1979 taxable income per inhabitant will reach at least the average outside the metropolitan area.

(In 1975, the taxable income per inhabitant in South Jutland was 25 100 DKR; the provincial average was 25 000 DKR and the national average 28 400 DKR.)

Finally, another objective is to support areas where development is weakest, i.e. central South Jutland and the western region, so as to arrest population stagnation (in some municipalities even a decrease). If there is not a certain amount of growth in both private and public services in these thinly populated areas a decline must be expected, with a consequent reduction in living standards.

3. MEASURES

3.1. Regional development assistance - Please refer to Section 1.3.

3.2. The South Jutland Investment Fund and the South Jutland Loan Fund

A 'Loan Fund for South Jutland' was established at the time of the reunion of North Slesvig with Denmark in 1920 to give aid to North Slesvig after the First World War. The Loan Fund was actually envisaged as a short-term measure. It was however retained with reduced activities until its re-establishment as the South Jutland Loan Fund in 1967 by cooperation between the State and the South Jutland Savings Banks. The Fund has 5 million DKR for loans to finance investment.

The South Jutland Investment Fund was established in 1959, local banks and the State together subscribing a capital of 5 million DKR. The objectives of the Fund are:

'to support new or existing industrial undertakings in South Jutland that are considered to be in a position to strengthen the development of industry and population, especially in the thinly populated areas of the region.'

The Fund's assets are lent at an interest rate of 6% p.a. Because of the low rate of interest, there is an implied understanding that the Fund lends to an undertaking only if other forms of financing have been exhausted. Since the Fund has no special rules as concerns security, consideration of loan applications is on the basis of an assessment of the undertaking's operating results to date and its future potential.

It has been shown that the money the Fund provides has a substantially greater effect that might be imagined in view of the extent of individual loans. Because the Investment Fund takes the utmost risk, it can assist in increasing working capital in general, since the Fund's loans do not replace but supplement loans from other sources.

Through its activities, the Fund has become acquainted with the financial problems of many undertakings, and this has in many instances enabled it to participate in the reconstruction of weak undertakings. Since its establishment, the South Jutland Investment Fund has increased in size, partly by new subscriptions amounting to 5 million DKR and partly by the accumulation of profits. On 31 March 1977 it had outstanding claims of about 15 million DKR.

3.3. Investment in infrastructure

3.3.1. Preparing sites for industrial development and provision of directly associated infrastructure

In their draft regional plan, the municipalities of the western region have proposed that a common industrial area be established between the A 11 and A 25 main roads. However, such an area will probably have to await the regional plan and will not therefore be established during the development programme's planning period.

3.3.2. Preparation of areas for tourist purposes and provision of directly associated infrastructure

The largest single investment project is the continued expansion of the Arrild holiday town. An indoor swimming pool is being constructed as part of the holiday town and will be completed in 1978.

3.3.3. Transport and communications

In June 1977, the Folketing (Danish Parliament) decided to build a projecting dyke to protect the southern part of the West coast. The dyke is to be constructed in cooperation with the Federal Republic of Germany and the project will be carried out between 1979 and 1982.

The dyke will greatly improve industrial conditions in the western region.

For farmers, protecting the coast will improve conditions for production on the existing land.

In addition, the danger of flooding in the town of Tønder will be eliminated, improving the opportunities for establishing industrial undertakings.

The motorway from the national border to a point north of Åbenrå will be opened in June 1978 and the region will then be connected to the European motorway network. It is expected that the motorway from Åbenrå to Christiansfeld will be completed in 1982, and with this the planned motorway construction will be complete and road connections to Århus, Odense and Copenhagen considerably improved.

In association with motorway construction, the county and the municipalities will implement a series of projects to improve and re-align the existing road network.

The road network will also be improved by strengthening and extending roads, so easing traffic conditions in the region.

Construction of a new Alssund Bridge will be commenced in 1978 to relieve the old bridge, which is severely overloaded. The new bridge will be completed in 1981.

The bridge is outside the regional development area, but it is nevertheless of importance to these areas since traffic connections to Sønderborg with its high-level services will be improved thereby. At the same time, the connection to Funen and Zealand via Fynshav-Bøjden will be improved.

The above improvement of the region's road network is expected to have a positive effect upon the region's development.

As concerns telecommunications, the Post and Telecommunications Authority has plans to extend the telephone network to bring it up to an acceptable standard.

Rømø harbour will be expanded by establishing a berthing and service quay and by constructing a wave screen to protect the harbour basins.

3.3.4. If it is decided to provide Denmark with natural gas, supplies will probably commence in the early 1980s, that is to say beyond the period of the regional development programme.

If this comes about, it is planned to run a main natural gas pipe through South Jutland. This will make it possible to provide part of South Jutland with natural gas, and the region's energy supply will be secured.

3.3.5. Further education and re-training

To improve the opportunities for agricultural training in western South Jutland, where agriculture is the main industry, it has been decided to establish an agricultural college at Tønder. Building work will commence this year.

The independent Semi-skilled Workers' School in Åbenrå will be extended to improve opportunities for further training and re-training in the region. The expansion is expected to be completed in 1978.

The expansion and improvement of technical and commercial schools is also to continue. In particular a large extension of the Craft School at Sønderborg, and the extension of the Tønder Technical School, the Haderslev Commercial School and the Åbenrå Technical School.

Åbenrå State School (higher secondary school) will be extended, as will the Tønder State Training College (teacher training). The County Council is currently building a new higher secondary school in Sønderborg, so that by the end of the period covered by the programme there should be two higher secondary schools in Sønderborg.

3.3.6. Sewage discharge

Sewage disposal planning is at present in progress all over the country. In South Jutland this planning will include the construction of a transverse pipeline from Vojens via Haderslev to the Little Belt and from Rødekro to Åbenrå.

4. FINANCIAL RESOURCES

4.1. Regional development assistance

On the basis of budget estimates and the regional distribution of development assistance to date, it is estimated that the following assistance will be granted during 1977 to 1979 to the Country of South Jutland:

(in 1 000 DKR)

	Capital loans	Industrial loans	Investment grants	TOTAL
1977	14 000	2 000	1 500	17 500
1978	15 000	2 000	2 000	19 000
1979	17 000	2 000	2 500	21 500

On the basis of the regional distribution to date of the total of newly established jobs and the expected increase in the coming years in appropriations for regional development, it is anticipated that the total number of new jobs will be as follows:

<u>1977</u>	<u>1978</u>	<u>1979</u>
180	190	220

The regional development assistance referred to above does not include the Danish Government's 'global' loans that have been taken up or are expected to be taken up in the coming years with the European Investment Bank.

4.2. The South Jutland Investment Fund and the South Jutland Loan Fund

On the basis of experience from earlier years, it is estimated that the South Jutland Investment Fund will grant loans to South Jutland undertakings amounting to 3.5 million DKR in each of the years 1977, 1978 and 1979. If the present practice in allocating the loans is followed, 90% of the amount will go to undertakings located in regional development areas.

It is estimated that South Jutland Loan Fund will lend nearly 2 million DKR a year.

4.3. Investment in infrastructure

4.3.1. Preparing sites for industrial development and provision of associated infrastructure

The cost of preparing sites for development is met by the municipalities, who collect the cost from the site owners.

4.3.2. Preparing sites for tourist purposes and provision of directly associated infrastructure

The Arrild holiday town still requires a further 250 plots for development. The indoor swimming pool will cost about 7 million DKR and will be financed by the municipality.

4.3.3. Transport and communications

(in million DKR)

Construction of motorway in County of South Jutland (State)

Estimated total expenditure.	433.8
Outstanding 1 April 1978.	239.6
Expenditure April-Dec. 1978.	35.1
Expenditure 1979.	53.0

The ancillary work to be carried out by the county and municipalities will amount to 30 DKR and 10 million respectively.

The county's outlay for improving the road network will amount to about 60 million DKR a year, and the State's equivalent outlay on the main road network to about 30 million DKR.

(in million DKR)

Allsund Bridge (State)

Estimated total expenditure.	154.0
Outstanding 1 April 1978.	148.2
Expenditure April-Dec. 1978.	21.9
Expenditure 1979.	47.3

Rømpø Harbour (State)

Estimated total expenditure.	3.3
Outstanding 1 April 1978.	3.3
Expenditure April-Dec. 1978.	0.9
Expenditure 1979.	2.4

4.3.4. Energy

The amount to be invested in a regional natural gas distribution network has not yet been determined.

4.3.5. Further training and re-training

The Tønder Agricultural School will cost about 13 million DKR. This will be financed partly by private grants and loans and partly by grants and loans from the western region's municipalities and the county.

The extension of the independent Semi-skilled Workers' School at Åbenrå is expected to cost about 13 million DKR, of which the county will find 800 000 DKR and the Åbenrå municipality 1.6 million DKR.

The remainder will be financed by State loans (6 million DKR) and by mortgage credit loans.

The reconstruction of the state Semi-skilled Workers' School at Snepgård will, if implemented, be financed by the State.

The county will provide a grant of more than 1 million DKR to expand commercial and technical schools. The municipalities will contribute about 2 million DKR.

Total expenditure on the building of the county higher secondary school in Sønderborg is thought to have amounted to just under 50 million DKR (at 1979 prices); the State is expected to pay about 12 million DKR of this, with the County Council meeting the remainder. State and county investment in the conversion of Åbenrå State School is estimated at about 12 million DKR.

4.3.6. Sewage discharge

Sewage discharge is financed by the municipalities, whose costs will be repaid by site-owner contributions.

It is expected that 300-350 million DKR will be spent over the next few years on investment in sewerage and purification plants in the county.

V. REGIONAL DEVELOPMENT PROGRAMME
COUNTY OF BORNHOLM

The island of Bornholm lies in the Baltic, 150 km east of Zealand. With its 588 km² and about 47 000 inhabitants, it is the country's smallest county.

Administratively, the island is divided into 5 municipalities, the largest of which - Rønne - has about 16 000 inhabitants. The others have between 6 500 and 9 000 inhabitants.

The County of Bornholm is a regional development area and also a special regional development area. The Government has decided that the county is to be included under the European Regional Development Fund and will continue to be so included after 1977.

1. SOCIAL AND ECONOMIC ANALYSIS

1.1. The most important development trends and problems of equilibrium in the region

1.1.1. Population development

The island's population was stationary or in decline over a very long period because of a - sometimes very considerable - net emigration. Since the turn of the century, Bornholm has experienced a population growth of 18% compared with a growth in the country as a whole over the same period of 87%. The population reached its maximum at 50 000 inhabitants in about 1960, and then decreased over the following 15 years. Since 1974 however the population has stabilized; net emigration ceased and was replaced by a state of equilibrium between emigration and immigration.

The latest population projection, which assumes a continuation of the migration pattern of recent years, shows the county in 1990 with a population of about 48 000, which represents an increase of about 500 people in the period 1977 to 1990.

1.1.2. Employment trend

Over the last 25 years employment in Bornholm has remained generally unchanged, i.e. about 20 000 people. These may be divided into 7 700 employed in basic industries and 12 300 in supporting industries.

Of the 7 700 people in basic industries, 60% are employed in agriculture and fishing - 2 100 in primary agricultural production, 500 in agricultural production cooperatives, 900 in fishing and 1 100 in the 'fish industry'. A total of about 25% of the labour force - a share more than twice that of the country as a whole - is thus associated with industries whose future is very uncertain.

The remainder of industry is dominated by the stone and clay industry, which at present employs about 1 000 people. This sector has declined considerably in recent years, and the decline is expected to continue in the years to come.

The building and construction industry at present employs about 10% of the labour force, compared with about 8% in the country as a whole. It has grown strongly as a result, among other reasons, of extensive hotel-building projects. However, a decrease in employment must also be expected in this sector not least because it must be assumed that future hotel-building will be far less extensive than in recent years. Tourism is of great importance to Bornholm, the island being visited by about 250 000 tourists a year. This figure has been fairly steady in recent years. It is estimated that a number of people equivalent to about 800 all-the-year-round employees are directly employed in the tourist trade, in addition to which there is some indirect employment.

1.1.3. Unemployment

Over many years, Bornholm was decidedly an unemployment region, with a percentage unemployed of about twice the national average. However, this situation has gradually been changing.

In recent years the unemployment rate has risen sharply, but not as sharply as the rate for the country as a whole. In 1975 there was an average of about 900 unemployed in the county, representing about 5.5% of all wage-earners. In 1976 the unemployment rate was approximately the same, but in 1977 it rose to about 1 000 people, representing about 6% of all wage-earners. In 1977, therefore, the unemployment rate in the county was slightly below the national average. This improvement in the unemployment position and stabilization in the population - as compared with the regular drop of up to 300 people a year at the end of the 1960s - is linked to the relatively satisfactory conditions agriculture and fisheries have been enjoying in recent years.

Agriculture is very dependent upon the policy of the EEC. In recent years there has been a fall in agricultural employment of only about 50 people a year, compared with a fall of about 200 people in the preceding years. As concerns Bornholm, the fishing industry's potential depends substantially upon the negotiations on fishing now in progress between the Baltic States. As concerns fishing, the EEC's export restitution for fish products made it possible in 1975 and 1976 to maintain employment in the industry in spite of very low world market prices. It must be assumed that, without this restitution, about half the employees in the 'fish industry' would have been unemployed.

In the first few months of 1978 the unemployment rate in the county was substantially higher than in the corresponding period the previous year, and in contrast to the 1977 case the rate in the county was above the national average.

1.1.4. Income trends

In 1970, the average taxable income on Bornholm was over 20% below the national average. Since then there has been a minor adjustment of this substantial difference, reducing it to just over 15% in 1975. The average income in 1975 was 30 600 DKR, which places Bornholm as the lowest but one among the counties.

1.2. The effects of earlier endeavours

1.2.1. Regional development support

The total value of grants - calculated as the total value of regional development loan grants and investment grants - to undertakings on Bornholm for the period 1973 to 1974 was an average of about 2 million DKR a year, which on average resulted in the establishment of about 40 jobs.

1.2.2. Expansion of infrastructure

The commercial and technical department of the Bornholm Vocational Training School have been greatly extended since 1974. About 25 million DKR has been invested, of which the State contributed about 10 million DKR.

The Danish State has taken over Dampskibsselskabet at 1866 (a steam ship company) with the object of creating a base from which it will be possible to reduce transport costs between Bornholm and the rest of the country.

The take-over has already resulted in a lowering of rates compared with those a privately-owned company would have charged to maintain the present level of services. The State is building two new ferries, which are expected to be completed in 1978 and 1979. A private company would be forced to increase rates substantially to service an investment of this nature.

An electrical cable to Sweden is being installed with the support of, inter alia, the Regional Fund. This will make it possible to coordinate with power stations in the rest of the country, so that electricity prices on Bornholm will approach those in the rest of the country within a few years.

The Trade Council and the County Council have cooperated with the Government's Trade Committees to establish the Bornholm Trade Fund.

The Fund's purpose is to grant loans to undertakings that are unable to obtain finance in other ways, so that existing jobs can be preserved or new jobs created.

This Fund has assisted in stabilizing the number of jobs, particularly over the last two or three years, 200-300 jobs have been safeguarded in this way. In addition, the Trade Fund has established in cooperation with the agricultural production cooperatives a special fund to assist, for example by low-interest loans, in the generation shift in agriculture, at the same time ensuring an increase in pig and milk production.

The export restitution granted by the EEC for the export of cod fillets to third countries has provided Bornholm undertakings with about 16 million DKR over a two-year period, and has made a crucial contribution to safeguarding employment in the fishing industry.

1.3. Opportunities and conditions for development

Provided that nothing more is done to increase employment than is envisaged under the regional plan for the county, it is expected that the number of jobs (demand for labour) during the period 1975 to 1980 will be as indicated in Table 1.

Table 1

	1975	1980 R plan
Basic industries and trades		
Agriculture	2 100	1 900
Horticulture	100	90
Fishing (full-time fishing)	920	810
Forestry	130	120
Poultry farming, machine pools, etc.	180	180
Mining, quarries	220	200
Manufacturing	2 500	2 500
Defence and other State operations	750	790
Tourism	800	800
Basic industries and trades, TOTAL	7 700	7 390
Auxiliary trades		
Building and construction	2 212	2 140
Commerce and distribution	2 674	2 580
Transport	1 555	1 500
Public administration, education, social and health services, the professions	4 392	5 020
Other auxiliary trades	707	800
No information	260	270
Auxiliary trades, TOTAL	11 800	12 310
TOTAL EMPLOYMENT	19 500	19 700

This table shows that the total demand for labour should reach about 19 700.

These assessments of the supply and demand for labour in 1980 show that without strenuous efforts there will be no reduction in the present rate of unemployment.

As emphasized above, the industrial structure on Bornholm is characterized by the great importance of agriculture and fishing. Since it must be considered unavoidable that employment in these industries will continue to decline, one of the necessary conditions for ensuring that there is a sufficient number of jobs is the stabilization of employment in industry. Since it must also be considered unlikely that undertakings will to any great extent be attracted from outside, it would be reasonable to concentrate efforts on expanding the existing undertakings and starting up small undertakings on local initiative. A special effort must therefore be made to increase local processing of raw materials from agriculture and fishing.

The promotion of such development gives rise of course to many problems, but an absolutely crucial pre-condition is that the island's processing industry should receive a sufficient supply of raw materials. In this respect, the future development of the fishing industry in particular is very uncertain. It must be assumed that quota arrangements will in future be applied to preserve fish stocks in the Baltic, and the size of these quotas - and whether Bornholm fishermen can land these Danish quotas on Bornholm - will then be crucial. Another problem that is unresolved is the Bornholm fishermen's future opportunities for hauls within the new Swedish fishing zones.

2. DEVELOPMENT OBJECTIVES

2.1. Main objectives

An over-riding objective is to create optimum living conditions for all citizens, including:

- (i) Ensuring an equilibrium between the supply of and the demand for labour with a population of 47 300 in 1980.
- (ii) Falling that, unemployment on Bornholm must not be higher than the national average. With expected unemployment on a national basis of about 8% of wage-earners in 1980 and a part-time employment requirement of 20%, about 300 jobs will have to be created by 1980.
- (iii) An increase in the level of incomes in Bornholm to the national average over the regional plan period, corresponding to a target adjustment of 5% during the next five years to bring average incomes on Bornholm in 1980 to 90% of the national average.

Other objectives: to improve opportunities for choosing between several jobs, opportunities for choosing between several places in which to live and between several types of dwelling, sufficient supply of public and private services and a pleasing natural environment.

2.2. Sectoral development objectives

As concerns development within the individual sectors, the objectives are:

2.2.1. Agriculture

- (i) To increase the income level so that the average wage compares with the wage for a skilled worker.

To meet this objective, the average income measured at fixed prices must increase by about 20 000 DKR, equivalent to an annual rise (fixed prices) of about 40% distributed over ten years.

- (ii) To reduce physical stress by improving working methods and aids.
- (iii) To seek to improve opportunities for employment in agriculture to give employment to 2 000 people, which is 100 more than envisaged for 1980 under the regional plan.
- (iv) To promote increased processing in agricultural production undertakings with a view to preserving existing employment and to establishing 50 new jobs.

2.2.2. Fishing industry

To preserve the present number of jobs for fishermen and for the 'fish industry' by, among other things, promoting further processing in the Bornholm fishing industry so that employment is created for 150 more people than is envisaged in the regional plan.

2.2.3. Forestry

To increase the annual felling of 30 to 35 000 m³ to about 50 000 m³ by clearing less productive forest areas, so making it possible to maintain and expand employment and to provide an improved economic foundation for the forestry industry on Bornholm.

2.2.4. Horticulture

To increase the degree of self-sufficiency, so preserving employment.

2.2.5. Tourism

The main objectives are to maintain present employment by extending the season, to increase earnings in the industry and to ensure that the highest possible amount of the income from tourism remains on Bornholm.

In addition, the regional plan's objectives are:

- (i) to make Bornholm known as an even better holiday resort;
- (ii) to create good and attractive jobs in the tourist sector;
- (iii) at the same time to restrict the number of tourists to avoid overloading the natural surroundings.

2.2.6. Building undertakings

To maintain the present employment opportunities, to improve earning opportunities and to ensure steady employment.

2.2.7. Other industrial, craft and service undertakings

To preserve the present overall number of jobs. It must be expected that employment in the substantial stone and clay industries will fall, so that employment in other industries will have to rise correspondingly.

2.2.8. Transport to and from Bornholm

To maintain rates and services at a level which allow the competitiveness of Bornholm industry to be kept in line with that of industry in the rest of the country; cf. the remarks on Section 4 of the Bornholm Transport Act.

2.2.9. Public services

To provide the population and industry on the island with services which are equivalent to those provided in other parts of the country.

2.2.10. Vocational training

To provide education in a broad range of subjects for 16 to 19-year-olds, with special emphasis on the qualifications for which there is the greatest

need in Bornholm, such as technical training, and to provide kinds of training which Bornholm students must at present seek elsewhere in the country.

To provide training for 16 to 19-year-olds from the rest of the country who for geographical reasons must in any case leave their own region in order to secure an education.

2.2.11. Employment of young people under 25

To lower unemployment among young people under 25.

3. MEASURES

3.1. Regional development assistance - Please refer to Section 1.3.

3.2. Investment in infrastructure

3.2.1. Expansion of Rønne harbour so that it can receive the new ferries, the first of which is expected to be delivered in November 1978. The new ferries are considerably wider and longer than those at present employed, and call for reconstruction of the present north harbour at Rønne. This reconstruction will involve, for traffic reasons and to meet the requirements of the police and customs authorities, new investment in the road network, approach areas, etc.

3.2.2. This expansion includes the establishment of about 230 m of moorage to provide a harbour basin of 6 500 m². The expansion is essential if the Tejn Fiskefiletfabrik (fish fillet factory) is to implement its planned expansion, which will provide about 20 new jobs.

3.2.3. The expansion of Nexø harbour includes a dock of 120 x 190 m. The Nexø municipality considers this expansion to be very urgent, since quantities landed and local tonnage in Nexø harbour have increased 3 to 4-fold since the harbour was last extended in 1962/63.

3.2.4. Improvement of Rønne Airport facilities. The object of the improvement is to avoid delays and cancellations by extending the technical installations. In addition, a new passenger terminal of 2 400 m² will be built with a view to adapting capacity to the expected demand.

3.2.5. Electrical cables between Bornholm and Sweden to provide an opportunity for coordination with the rest of Denmark and with Sweden.

3.2.6. Purchase of two new ferries for delivery in 1978 and 1979. The ferries give greater capacity on individual sailings, and make it possible to change to more modern methods of transportation, including trailer transport, for the benefit of industry on Bornholm. Rationalization of operations will however result in the loss of 50 jobs on Bornholm.

3.2.7. Preparation of sites for the development of industry, crafts and tourism

Site preparation for the development of 24 ha, of which 0.6 ha will be for hotel purposes.

3.3. Measures/sectoral development objectives

3.3.1. Agriculture

Of the measures to improve conditions in agriculture, three main groups may be mentioned:

- To reduce variable costs with a view to increasing gross profits within the individual branches of production.
- To reduce fixed costs.
- To improve the terms of trade in agriculture by lowering the price of raw and auxiliary materials and increasing the farmer's accounting price on finished products.

Reduction of variable costs:

- Establishment of field irrigation plants, combined with intensified drainage.
- Expansion of production counselling and efficiency control.
(Investigation has shown that increased consultative assistance can lead to productivity improvements of up to 50%.)

Reduction of fixed costs:

- Improved information and guidance to increase the use made of modernization support and other financing opportunities for agricultural undertakings.

Improvement of the terms of trade in agriculture:

- Expansion of Bovaerk A.m.b.a., Åkirkeby, to process surplus straw into straw cobs that can be included in mixed cattle fodder.
- Construction of a new cooperative fodder factory at Rønne with a view to cheaper mixed fodders for livestock on Bornholm.
- Modernization of Danske Landboforeningernes Frøforsyningsanlaeg (Danish Farmers' Associations' Seed-supplying Plants) with a view to reducing the level of costs.
- Modernization of the cattle sector over a five-year period by building new cattle units, expanding herds and purchasing new technology in the cheese department.
- Modernization and expansion of the pig sector over a 5-year period by building new piggeries.
- Stabilization of the consumer egg production on Bornholm with a view to maintaining employment within the egg sector.
- Construction of new sheds with a view to stabilizing the poultry meat sector to preserve the poultry dressing station at Hasle.
- Expansion of the Mink Production Association's feed unit with a view to employing poultry offal as mink feed.

3.3.2. Fishing industry

The following points should be emphasized as essential to the future of the fishing industry on Bornholm:

- (i) that Bornholm fishermen should continue to be able to fish within the area Sweden has reserved for Swedish fishermen following Sweden's decision to extend to the centre lines in the Baltic;
- (ii) that steps are taken to ensure that EEC countries have the same competitive conditions as countries outside the EEC when selling to markets within the EEC.

Special measures to achieve these objectives for the fishing industry in the Baltic include the following:

- (a) increased stocking with salmon fry;
- (b) development of new products so that there can be further processing of the catch of cod, herring, etc., and expansion of the freezing capacity in fillet factories.

3.3.3. Forestry industry

- Measuring and operational planning of Bornholm's forests.
- Felling of less productive areas and re-forestation with more productive timber.
- Use of suitable areas to increase the production of decorative greenery (Christmas trees and greenery for cutting).
- Extension of common marketing of timber products.

3.3.4. Horticulture

- Construction of new economic greenhouses and expansion of the marketing cooperative's facilities.

3.3.5. Tourism

- Establishment of export cooperation groups.
- Preparation of holiday cottage and hotel catalogues. Appointment of an export consultant to take charge of and to coordinate sales promotion, particularly in Germany and Sweden.
- Modernization and expansion of accommodation capacity within the framework laid down in the County Council's draft regional plan - including construction of a holiday centre built by an independent institution with the special object of providing funds for the preservation of Bornholm's landscape.
- Carrying out of beach cleaning.
- Establishment of an island-wide network of cycling tracks.
- Making it tempting to spend a holiday on Bornholm even outside the present peak season.

3.3.6. Building activities

- To plan all public building activities with a view to achieving a steady rate of building.
- To secure the maximum share of Bornholm building activities for Bornholm craftsmen by the common marketing and development of new standard houses, holiday houses, standard animal sheds (in cooperation with agricultural organizations and the SBI (National Building Research Institute)).

3.3.7. Transport

- Improving services by introducing two new ferries in November 1978 and February 1979, and expansion of ferry berths.
- Establishing lower charges for Bornholm traffic. A tariff committee appointed by the Minister of Transport for Bornholmstrafikken, the national undertaking, is investigating the implications of various models, from which it will be possible to make the necessary comparisons.
- Reducing haulage contractors' charges. This can be achieved if haulage contractors are given an opportunity to offer trailer transport to the necessary extent.

3.3.8. Vocational training

- Construction of a semi-skilled workers' school and expansion of the technical department of the Vocational Training School.
- Analysis of the need for vocational training.

The following plans are under consideration.

3.3.9. Combating youth unemployment

- Establishment of new apprenticeships for young people under the age of 25 in private and public undertakings.

3.4. Assessment of consequences

The action programmes set out in the previous section are expected to have the following consequences for employment:

Table 2

	1980 regional plan	1980 with completion of expansion programmes
Agriculture	1 900	2 000
Horticulture	90	90
Fishing (full-time fishing)	810	920
Forestry	120	130
Poultry farming, machine pools, etc.	180	180
Mining, quarries	200	200
Manufacturing	2 500	2 600
Defence and other State operations	790	790
Tourism	800	800
Basic industries and trades, TOTAL	7 390	7 710
Auxiliary trades:		
Building and construction	2 140	2 150
Commerce and distribution	2 580	2 580
Transport	1 500	1 500
Public administration, education, social and health services, the professions	5 020	5 020
Other auxiliary trades	800	800
No information	270	270
Auxiliary trades, TOTAL	12 310	12 320
TOTAL EMPLOYMENT	19 700	20 030

The most important effect of implementation of the programmes would be that employment in fishing would be maintained and employment in the 'fish industry' expanded, that 'under-employment' in agriculture would be reduced, and finally that a general improvement of industrial productivity on Bornholm would be encouraged. This would make a general contribution to limiting under-employment and reducing the difference between levels of income on Bornholm and the national average.

5. FINANCIAL RESOURCES

4.1. Regional development assistance

On the basis of budget estimates and the distribution of regional development assistance to date, it is estimated that the following assistance will be granted to the County of Bornholm over the years 1977 to 79:

(in 1 000 DKR)

	Capital loans	Industrial construction loans	Investment grants	TOTAL
1977	6 000	500	1 500	8 000
1978	7 000	500	1 500	9 000
1979	8 000	500	2 000	10 500

On the basis of the regional distribution to date of the number of newly established jobs and the increase expected in the coming years in appropriations for regional development, the number of new jobs may be expected to be as follows:

<u>1977</u>	<u>1978</u>	<u>1979</u>
40	40	50

The above regional development assistance does not include the Danish Government's 'global' loans taken up or expected to be taken up in the coming years with the European Investment Bank.

4.2. Investment in infrastructure

4.2.1. Transport and the like

Rønne Harbour

Estimated total cost about 20 000 000 DKR, of which the State will pay 8 000 000 DKR.

Nexø Harbour

Estimated total cost about 23.5 million DKR, of which the State will pay 6.7 million DKR.

Tejn Harbour

Estimated total cost about 10 million DKR.

(in million DKR)

Rønne Airport (State)

Estimated total cost.	29.3
Outstanding 1 April 1978.	29.1
Expenditure 1978.	3.1
Expenditure 1979.	8.9

Electric cable between Bornholm and Sweden

Estimated total cost about 70 million DKR. The European Regional Development Fund is to pay assistance of 10 million DKR.

(in million DKR)

Ferries for transport to and from Bornholm

Estimated total cost.	338.3
Outstanding 1 April 1978.	165.0
Expenditure April-Dec. 1978.	86.5
Expenditure 1979.	78.5

4.2.2. Preparing development sites for industry, crafts and tourism. - It is estimated that the municipalities' costs in preparing the sites for development will amount to 4.2 million DKR in the years 1978-80.

4.3. Investments in sector development

4.3.1. Agriculture

- Establishment of a common field irrigation plant combined with intensified drainage. - It is estimated that the cost of intensified drainage will amount to about 80 million DKR, whereas the cost of irrigation has not yet been calculated.
- Expansion of Bovaerk A.m.b.a. - Investment requirement 4.7 million DKR.
- Construction of a cooperative fodder factory. - Investment requirement, 16 million DKR at 1976 prices.
- Modernization of the Danish Farmers' Associations' Seed-supplying Plants - Investment requirement 4.6 million DKR at 1976 prices.
- Construction of new cattle units, expansion of herds and new technology in the cheese department - a total of 54 million DKR.
- Construction of new piggeries - 24 million DKR - The investment referred to above in cattle units and herds is expected to be distributed over a five-year period.
- Construction of new sheds for poultry - 2.1 million DKR (1976 prices).

4.3.2. Fishing industry

- Stocking with salmon fry.
- Expansion of freezing capacity in fillet factories - 15 million DKR.
- Expansion of the 'fish industry' plants and control of environmental conditions - 25 million DKR.

4.3.3. Forestry

- Re-establishment and preservation of forests on Bornholm - 5 million DKR.
- Measuring and operational planning - 0.3 million DKR.

4.3.4. Horticulture

- Expansion of the market gardeners' marketing cooperative - 1.0 million DKR.

4.3.5. Tourism

- Marketing of holiday facilities on Bornholm - 2.0 million DKR.
- Construction of a holiday centre - 16.0 million DKR.
- Beach cleaning.

4.3.6. Building activities

4.3.7. Transport

- Lower charges for Bornholm traffic.

4.3.8. Vocational training

- Construction of a new semi-skilled workers' school - 6.0 million DKR.
- Extension of technical school.

4.3.9. Combating youth unemployment

- Initiation of work for young people under the age of 25, distributed over three years, about 10 million DKR.

4.4. As concerns the investment projects, etc., referred to under Point 4.3., no decision has as yet been taken as to whether, and to what extent, these qualify for State support. Similarly, the Danish State has taken no decision on whether support may be sought from the EEC for some of these projects. The following however are exceptions to this:

Grants will be applied for from the EAGGF for the extension of Bovaerk, the construction of a cooperative fodder factory, modernization of the Danish Farmers' Associations' Seed-Supplying Plant and rationalization of cheese production by the cooperative dairy.

Loans have been applied for from the European Investment Bank for Rønne harbour, and the Government is in favour of an application for a loan for Nexø harbour.

It is intended to apply for a grant from the Social Fund for training arrangements for young unemployed below the age of 25.

4.5. The following funds will be obtained locally for implementation of regional development programmes:

(in million DKR)

The Bornholm Industrial Loan Fund

Various industrial projects.	4.0
Expansion of livestock production.	3.0

County of Bornholm:

Initiation of work for young people under the age of 25.	3.0
Establishment of a holiday centre.	0.5
Marketing of Bornholm's tourism.	0.5
Expenses in connection with reduction of charges for Bornholm traffic.	

5. IMPLEMENTATION OF THE PROGRAMME

The same organizations that have assembled and prepared the above objectives and measures in relation to the development programmes will also be responsible for implementation of the action programmes.

A Project Committee responsible for coordination of a series of sectoral committees has been appointed to implement the development programmes.

The Project Committee consists of the Chairman of Bornholm County Council, Mayor Jens K. Brandt, and the Chairman of the Bornholm Industrial Council, Prefect N. Elkaer-Hansen.

Responsibility for implementation of the individual sectoral programmes lies with the sectoral committees set up in association with preparation of the drafts.

The Secretary for the Industrial Council acts as contact between the Project Committee and the individual sectoral committees.

European Communities – Commission

Regional development programmes Denmark

Luxembourg: Office for Official Publications of the European Communities

1979 – 68 p. – 17.6 x 25 cm

Collection Programmes, Regional Policy Series – 1978 – 12

DA, DE, EN, FR

ISBN 92-825-0617-7

Catalogue number: CB-NS-78-012-EN-C

BFR 90	DKR 15,75	DM 5,70	FF 12,70
LIT 2 400	HFL 6,20	UKL 1.50	USD 2.90

According to Article 6(1) of Regulation (EEC) No 724/75 of the Council of 18 March 1975 establishing a European Regional Development Fund (OJ L 20 of 21.3.1975), 'investments may benefit from the Fund's assistance only if they fall within the framework of a regional development programme...'. The programmes shall indicate the objectives and the means for developing the region according to the Common Outline provided by the Committee for Regional Policy (OJ C 69 of 24.3.1976).

This outline of what regional development programmes should contain is indicative and should be interpreted in a flexible manner. The programmes should have five chapters: social and economic analysis (diagnosis), development objectives, measures for development, financial resources, and implementing the programme.

The present regional development programme was prepared by the Danish Government and submitted to the Commission in view of the procedure provided for under Article 6(5) of the Regulation referred to above. The Commission is publishing it for the purposes of information and does not take any responsibility for it.

The Government has decided that four regions are eligible for assistance from the ERDF: the County of North Jutland, the Thisted area (part of the County of Viborg), the County of South Jutland with the exception of certain municipalities and the County of Bornholm. A separate programme has been published for Greenland (Collection Programmes, Regional Policy Series No 2, Brussels, November 1977).

The programmes for all four regions are only provisional as regional plans are in preparation. A proposal for regional plans must be submitted to the Minister of the Environment for approval at the end of 1979.

The four regions have a total population of 720 000, that is 14.1% of the country's total population. Incomes are significantly lower than the national average (15 to 17%), industries in decline are heavily represented (agriculture, fishing, textiles, clothing and shipbuilding in North Jutland, agriculture, textiles, clothing and iron and metal industries in South Jutland, and agriculture, fishing, stone, clay and glass industries in Bornholm). The main objectives of the programme are to improve and extend infrastructure for transport and communications and to develop tourism and the service sector, both private and public.

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¹ The abbreviations after each title indicate the languages in which the documents have been or will be published: DA – Danish, DE – German, EN – English, FR – French, IT – Italian, NL – Dutch.

² In preparation.

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OF THE EUROPEAN COMMUNITIES

ISBN 92-825-0617-7

Boîte postale 1003 – Luxembourg

Catalogue number: CB-NS-78-012-EN-C