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REPORT

drawn up on behalf of the Committee on Regional Policy and Regional Planning
on the proposals from the Commission of the European Communities to the
Council for

- I. a Regulation amending Regulation (EEC) No 2617/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry
- II. a Regulation amending Regulation (EEC) No 219/84 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the textile and clothing industry
- III. a Regulation amending Regulation (EEC) No 2619/80 instituting a specific Community regional development measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland
- IV. a Regulation instituting a specific Community regional development measure contributing to the development of new economic activities in certain zones affected by the implementation of the Community fisheries policy
(COM(84) 715 final - Doc. 2-1556/84) and for
- V. a Regulation relating to the establishment of specific Community regional development measures in 1985 and amending Regulation (EEC) No 1787/84

(COM(85) 243 final - Doc. C2-52/85)

Rapporteur : Mr Alasdair H. HUTTON

PE 97.570/fin.
Or.En.

By letter of 25 January 1985 the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Article 13, paragraph 3 of Regulation (EEC) No. 724/75, on the proposals from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 2617/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry; for a regulation amending Regulation (EEC) No. 219/84 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the textile and clothing industry; for a regulation amending Regulation (EEC) No. 2619/80 instituting a specific Community regional development measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland, for a regulation instituting a specific Community regional development measure contributing to the development of new economic activities in certain zones affected by the implementation of the Community fisheries policy, and for a regulation relating to the establishment of specific Community regional development measures in 1985 and amending Regulation (EEC) No. 1787/84.

On 11 February 1985 the President of the European Parliament referred the proposals to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Budgets, the Committee on Economic and Monetary Affairs and Industrial Policy, the Committee on Social Affairs and Employment and the Committee on Agriculture, Fisheries and Food for an opinion.

At its meeting of 22 March 1985 the Committee on Regional Policy and Regional Planning appointed Mr A. HUTTON rapporteur.

The committee considered the Commission's proposals and draft report at its meetings of 26 April 1985, 24 May 1985 and 20 June 1985.

At the last meeting the committee decided unanimously to recommend to Parliament that it approve the Commission's proposals with the following amendments.

The following were present at the vote: Mr DE PASQUALE, chairman; Mr DUCARME and Mr NEWMAN, vice-chairmen; Mr HUTTON, rapporteur; Mr AVGERINOS, Mr C. BEAZLEY, Mrs BOOT, Mr CHANTERIE (deputizing for Mr GIUMMARRA), Mr FATOUS (deputizing for Mrs GADIOUX), Mr FLANAGAN (deputizing for Mr BARRETT), Mr HAPPART (deputizing for Mr GRIFFITHS), Mr HUME, Mr POETSCHKI, Mr TAYLOR, Mr VERGES and Mr VERNIER (deputizing for Mrs LEMASS).

The committee then adopted unanimously the motion for a resolution as a whole with 2 abstentions.

The following were present at the vote: Mr DE PASQUALE, chairman; Mr DUCARME and Mr NEWMAN, vice-chairmen; Mr HUTTON, rapporteur; Mr AVGERINOS, Mr C. BEAZLEY, Mrs BOOT, Mr CHANTERIE (deputizing for Mr GIUMMARRA), Mr FATOUS (deputizing for Mrs GADIOUX), Mr FLANAGAN (deputizing for Mr BARRETT), Mr HAPPART (deputizing for Mr GRIFFITHS), Mr HUME, Mr POETSCHKI, Mr TAYLOR, Mr VERGES and Mr VERNIER (deputizing for Mrs LEMASS).

The opinions of the Committee on Agriculture, Fisheries and Food, the Committee on Budgets, the Committee on Social Affairs and Employment and the Committee on Economic and Monetary Affairs and Industrial Policy are attached.

The report was tabled on 27 June 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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OPINION OF THE COMMITTEE on Agriculture, Fisheries and Food

OPINION OF THE COMMITTEE on Budgets

OPINION OF THE COMMITTEE on Economic and Monetary Affairs and Industrial Policy

OPINION OF THE COMMITTEE on Social Affairs and Employment

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

to the Proposal for a Council Regulation amending Regulation (EEC) No 2617/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry (COM(84) 715 final)

Text proposed by the Commission of the European Communities

Amendments tabled by the Committee on Regional Policy and Regional Planning

Preamble and Recitals unchanged

AMENDMENT No. 1

ARTICLE 1

Article 2 of Regulation (EEC) No 2617/80 is hereby replaced by the following:

Article 2

1. The specific measure shall apply to zones which in principle meet the following criteria:
 - (a) a minimum number of jobs in the shipbuilding industry;
 - (b) industrial employment dependent in large measure on the shipbuilding industry;
 - (c) major job losses in the shipbuilding industry in recent years;
 - (d) the social and economic situation in the region in which the zone concerned is situated. This situation shall be assessed on the basis of the per capita gross domestic products and structural unemployment;
 - (e) eligibility of the zone concerned for a national regional-aid scheme.

ARTICLE 1

Modify as follows:

Article 2 of Regulation (EEC) No 2617/80 is hereby replaced by the following:

"Article 2

1. When determining the zones to be assisted and the geographical distribution of the aid account shall be taken of:
 - (a) the number of persons working in the shipbuilding industry as a proportion of the total working population in the zones;
 - (b) the rate of unemployment in the zone especially structural unemployment and the decline in employment in shipbuilding in the last six years;
 - (c) the expected decline in employment over the next five years;
 - (d) the present and expected per capita GDP in the zone;"
 - (e) to be deleted

Paragraph 2 unchanged

Articles 2, 3 and 4 unchanged

AMENDMENT No. 2

Insert new Article 4a

Article 6 of Regulation (EEC) No 2617/80 shall be amended as follows:

Add a new sub-paragraph No 7:-

"Member States shall take steps to ensure that adequate publicity is given to the receipt of Community aid by, for example, requiring that a notice is displayed prominently in the premises of the beneficiaries or that a signboard is erected on the sites of larger projects."

Article 5 unchanged

to the Proposal for a Council Regulation amending Regulation (EEC) No 219/84 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the textile and clothing industry (COM(84) 715 final)

Preamble and Recitals unchanged

AMENDMENT No. 1

Insert new Article 1, Old Article 1 becomes Article 2 etc.
Article 2 of Regulation (EEC) No 219/84 is replaced by the following:

1. The specific measure shall apply to zones which in principle meet the following criteria:

- (a) a minimum number of jobs in the textile and clothing industry;
- (b) industrial employment dependent in large measure on the textile and clothing industry;

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

- (a) the contribution of the textile and clothing industry to the GDP of the zone;
- (b) the rate of unemployment especially structural unemployment in the zone and the decline in employment in the textile and clothing industry in the last six years;

Text proposed by the Commission
of the European Communities

- (c) major job losses in the textile and clothing industry in recent years;
- (d) the social and economic situation in the region in which the zone concerned is situated. This situation shall be assessed on the basis of the per capita gross domestic product and structural unemployment;
- (e) eligibility of the zone concerned for a national regional-aid scheme.

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- (c) the expected decline in
employment over the next
five years;
- (d) the present and future per
capita GDP in the zone.
- (e) to be deleted

the rest unchanged apart from modification
in Article 1 of the Proposal of the EEC Commission

Articles 1, 2 and 3 unchanged

AMENDMENT No. 2

Insert new Article 3a

Article 6 of the Regulation (EEC)
No 219/84 shall be amended as follows:

Add a new sub-paragraph No 7:-

"Member States shall take steps to
ensure that adequate publicity is
given to the receipt of Community
aid by, for example, requiring
that a notice is displayed
prominently in the premises of the
beneficiaries or that a signboard
is erected on the sites of larger
projects."

Article 4 unchanged

to the Proposal for a Council Regulation amending Regulation (EEC) No 2619/80 instituting a specific Community regional development measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland (COM(84) 715 final)

Preamble, Recitals and Article 1 unchanged

AMENDMENT No. 1

ARTICLE 2

ARTICLE 2

Modify as follows:

Text proposed by the Commission
of the European Communities

Amendments tabled by the Committee
on Regional Policy and Regional
Planning

Article 2 is replaced by the following:

Article 2 is replaced by the following:

"Article 2

"Article 2

The specific measure shall apply to the following border areas :

The specific measure shall apply to the following border areas :

Ireland : the Counties of Donegal, Leitrim, Cavan, Monaghan, Louth and Sligo.

Ireland : the Counties of Donegal, Leitrim, Cavan, Monaghan, Louth and Sligo.

Northern Ireland : the District Council Areas of Ballymoney, Coleraine, Moyle, Cookstown, Armagh, Banbridge, Craigavon, Dungannon, Fermanagh, Derry, Limavady, Magherafelt, Newry and Mourne, Omagh, Strabane."

Northern Ireland : the District Council Areas of Ards, Down, Ballymoney, Coleraine, Moyle, Cookstown, Armagh, Banbridge, Craigavon, Dungannon, Fermanagh, Derry, Limavady, Magherafelt, Newry and Mourne, Omagh, Stravene."

Articles 3-7 unchanged

AMENDMENT No. 2

ARTICLE 8

ARTICLE 8

Modify as follows:

Instructions and points 8-10 unchanged

11. Setting up or development of economic promotion agencies responsible for :

11. Setting up or development of economic promotion agencies responsible for :

- opening up possibilities, through direct contacts at local level, for economic ventures by giving advice about access to available public aids and services, particularly those provided for under the special programme, and
- contributing to the success of these ventures by helping existing or potential undertakings to take advantage of such aids and services.

- opening up possibilities, through direct contact at local level, for economic venture by giving advice about access to available public aids and services, particularly those provided for under the special programme, and
- contributing to the success of these ventures by helping existing or potential undertakings to take advantage of such aids and services.

Moreover, for the Counties of Leitrim, Cavan, Monaghan, Louth and Sligo, the Fund may contribute, within the framework of the special programme, to the following operations :

Moreover, for the Counties of Donegal, Leitrim, Cavan, Monaghan, Louth and Sligo, the Fund may contribute, within the framework of the special programme, to the following operations :

Points 12-15 unchanged

Articles 9-14 unchanged

AMENDMENT No. 3

Insert new Article 14a

Article 6 of the Regulation (EEC)
No 2619/80 shall be amended as follows:

Add a new sub-paragraph No 7:-

"Member States shall take steps to ensure that adequate publicity is given to the receipt of Community aid by, for example, requiring that a notice is displayed prominently in the premises of the beneficiaries or that a signboard is erected on the sites of larger projects."

Articles 15-18 unchanged

to the Proposal for a Council Regulation instituting a specific Community regional development measure contributing to the development of new economic activities in certain zones affected by the implementation of the Community fisheries policy (COM(84) 715 final)

Preamble, Recitals and Article 1 unchanged

AMENDMENT No. 1

ARTICLE 2

Article 2

1. The specific measure shall apply to zones which in principle meet the following criteria:
 - (a) a minimum number of jobs in the fisheries sector;
 - (b) employment dependent in large measure on the fisheries sector;

ARTICLE 2

Modify as follows:-

Article 2

1. When determining the zones to be assisted and the geographical distribution of the aid account shall be taken of:
 - (a) the number of persons working in the fisheries sector as a proportion of the total working population in the zone;
 - (b) the rate of unemployment in the zone especially structural unemployment and the decline in employment in the fisheries sector in the last six years;

Text proposed by the Commission
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- (c) job losses in the fisheries sector;
- (d) the social and economic situation in the region in which the zone concerned is situated. This situation shall be assessed on the basis of the per capita gross domestic products and structural unemployment;
- (e) eligibility of the zone concerned for a national regional-aid scheme.

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- (c) the expected decline in employment over the next five years;
- (d) the present and expected per capita GDP in the zone.
- (e) to be deleted.

Paragraph 2 unchanged
Article 3 unchanged

AMENDMENT No. 2

ARTICLE 4

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

Points 1-5 unchanged

Article 5 unchanged

ARTICLE 4

Modify as follows:

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

AMENDMENT No. 3

ARTICLE 6

Paragraphs 1-6 unchanged

Add a new paragraph No 7

"Member States shall take steps to ensure that adequate publicity is given to the receipt of Community aid by, for example, requiring that a notice is displayed prominently in the premises of the beneficiaries or that a signboard is erected on the sites of larger projects."

Article 7 and Annex unchanged

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposals from the Commission of the European Communities to the Council for:

- I. a Regulation amending Regulation (EEC) No 2617/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry
- II. a Regulation amending Regulation (EEC) No 219/84 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the textile and clothing industry
- III. a Regulation amending Regulation (EEC) No 2619/80 instituting a specific Community regional development measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland
- IV. a Regulation instituting a specific Community regional development measure contributing to the development of new economic activities in certain zones affected by the implementation of the Community fisheries policy
- V. a Regulation relating to the establishment of specific Community regional development measures in 1985 and amending Regulation (EEC) No 1787/84

The European Parliament,

- having regard to the proposals from the Commission to the Council^{1,2},
- having been consulted by the Council (Doc. 2-1556/84 and Doc. C 2-52/85),
- having regard to its resolutions³ of 11 March 1980 and 10 June 1983 on the proposals for the First and Second series of measures,
- having regard to the annual reports on the implementation of the European Regional Development Fund,
- having regard to the report of the Committee on Regional Policy and Regional Planning and the opinions of the Committee on Budgets, the Committee on Economic and Monetary Affairs and Industrial Policy, the Committee on Social Affairs and Employment and the Committee on Agriculture, Fisheries and Food (Doc. A 2-72/85),
- having regard to the result of the vote on the Commission's proposals,

¹ OJ No. C 70, 18.3.1985

² OJ No. C 143, 12.6.1985

³ OJ No. C 85, 8.4.1980, p.24 and OJ No. C 184, 11.7.1983, p.155

1. Notes that the major adjustments which have been necessary in basic industries such as steel, shipbuilding, textiles and fishing have led to high levels of unemployment and related social problems in certain regions of the Community; considers that it is vital that the Community should be seen to be acting to alleviate the difficulties caused even where the sums available are limited;
2. Reaffirms the support it has given to the development of the non-quota sector of the ERDF as a means by which a regional policy based on genuine Community-wide criteria can be established; recalls that it requested the extension of the initial series of measures;
3. Welcomes in principle, therefore, the proposal to extend three of the non-quota regulations covering the shipbuilding, textile and transfrontier sectors and to create a new measure related to the fisheries sector;

PROCEDURAL QUESTION

4. Notes that while these measures could have been established under the new ERDF Regulation as programmes of Community interest, they are politically and financially linked to the Second Series of non-quota measures and that, on balance, they are best implemented under the 1979 Regulation; observes that the finance for these measures will not diminish the Funds for the operations under the new ERDF Regulation;
5. Approves, therefore, the proposal of the Commission to amend Article 45 of the new ERDF Regulation to permit the adoption of the draft regulations;

FINANCIAL ASPECTS

6. Notes that after the approval of the present measures the sums ear-marked for the non-quota sector will exceed 1,000 mECU; expects that this level of expenditure will show the value of regional policy based on Community criteria;
7. Underlines that any estimates entered in the regulation can only be indicative and that the final amounts will be determined in the course of the annual budgetary procedure in the light of the actual financial requirements;

8. Notes that after early difficulties, the non-quota measures have met with considerable success demonstrated by the heavy demand for the imaginative range of schemes offered; expects these successful projects to be continued under the new Fund Regulation;
9. Greatly regrets that because the implementation of the non-quota measures has been subject to considerable delay substantial appropriations allocated to this sector, including amounts provided by the European Parliament through amendments to the Community budget, were cancelled;
10. Approves in this context the extension of the provisions which will enable funds to be distributed more rapidly and trusts that this will lead to better implementation of these measures;

GENERAL CONSIDERATIONS

11. Restates its persistent concerns that the funds provided for regional policy from the Community budget should be additional to national efforts and that the regions themselves should be closely involved in the drawing up of programmes both at the planning stage and during implementation; welcomes the evidence that these concerns are being partly met in the operation of the non-quota measures;
12. Welcomes the attempt to establish clearer criteria for eligible schemes, as called for in previous resolutions of Parliament but believes that these should be presented in more detail in the regulations;
13. Notes that in certain of the activities in the non-quota sector, the Commission pays aid directly to the agencies responsible for implementing the measures and aid can be granted to activities where no national arrangements exist; welcomes these developments and expects them to become more widespread;
14. Considers that the success of the non-quota measures in stimulating new and imaginative schemes in the Member States demonstrates how Community aid, although limited, can encourage Member States to devise programmes which they would not otherwise create and strongly approves of the catalytic role played by the Community;
15. Is aware that many small businesses do not expand because they lack business advice with regard to matters such as market research, investment

decisions and information on the most modern production techniques and therefore strongly supports the programmes which meet these needs;

16. Notes that the annual reports on the ERDF show that the projects assisted have directly led to the creation of jobs and will, through improving the business environment, indirectly create other jobs;
17. Considers that in view of the success of the non-quota measures it is especially important that adequate publicity be given to the Community's role in financing the schemes and will amend the draft regulations accordingly;
18. Notes that while the areas which are to benefit from aid are supposedly based on objective criteria, Council added a region to those in the Commission's proposal of November 1982 for a Second Series without informing Parliament of the reasons; requires Council to inform it fully if it departs from the Commission's list of eligible regions as amended by Parliament in the present proposal;
19. Congratulates the authorities in Northern Ireland and the Republic of Ireland on the success of the measures they have taken to stimulate tourism under the cross-border regulation; expects that a due proportion of the new funds will be made available for the continuation of these programmes and their extension to County Sligo;

20. Stresses, however, that the underlying economic difficulties affecting the regions covered by these proposals will only be resolved by policies which encourage entrepreneurship by, for example:
- (i) reducing the administrative barriers to the establishment of small businesses,
 - (ii) introducing greater flexibility into the labour market without neglecting the requirements of social justice,
 - (iii) reducing the administrative and fiscal burdens on small businesses,
 - (iv) improving access to capital at reasonable rates of interest;
 - (v) controlling inflation;
21. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.

EXPLANATORY MEMORANDUMI. SUMMARY OF THE PROPOSALS

1. There are four draft regulations contained in the Commission document. Two, concerning shipbuilding and textiles, amend regulations adopted in 1980 and last amended in 1984; the third, concerning the border areas of Ireland and Northern Ireland, amends a regulation adopted in 1980 and the fourth establishes a completely new measure in favour of areas affected by the contraction of the fishing industry.

2. The structure of the regulations which are to be extended is similar. They consist of a section which describes the geographical scope of the measures, a section setting out the various kinds of operations which may be financed and a section relating to the determination of the Community contribution. Each regulation contains an annex setting out the information to be included in the special programmes which the Member States must submit to the Commission.

3. The new proposals modify the existing regulations in the following ways:-

- by extending their geographical scope;
- by extending the range of measures which may be funded;
- by altering the rules concerning advances and the proportion of the cost of projects which the Community may pay (cross-border measures only).

4. Summary of the geographical spread of the aid

	million ECU						
	UK	IRL	F	I	D	DK	TOTAL
Shipbuilding			14	12	8		34
Textiles					16		16
Frontier zones	16	32					48
Fishing	13		9			13	35
TOTAL	29	32	23	12	24	13	133

5. Summary of the financial dimensions of the proposal

	mECU					
Reg.n/Year	1985	1986	1987	1988	1989	TOTAL
Shipbuilding	2.4	4.4	8.5	11.9	6.8	34
Textiles	1.1	2.1	4.0	5.6	3.2	16
Frontier zones	9.6	9.6	9.6	9.6	9.6	48
Fishing	2.4	4.6	8.6	12.4	7.0	35
TOTAL	15.5	20.7	30.7	39.5	26.6	133

II. DEVELOPMENT OF THE NON-QUOTA SECTOR

6. The non-quota sector was created in the context of the revision of the ERDF Regulation which took place in 1979. The first measures were adopted on 7 October 1980. By a Council Decision of 18 January 1984 a second series of measures was created. The Commission indicated at that time its intention to propose a further expansion of the non-quota sector.

7. This latest proposal brings the total amount ear-marked for the non-quota sector to 1063 mECU broken down as follows:

	<u>mECUs</u>
First series	220
Second series	710
Third series	<u>133</u>
	<u>1063</u>

Implementation of the appropriations entered in the budget for the non-quota sector

8. Parliament has sought each year through its budgetary powers to increase the finance available for non-quota measures. But as the following table demonstrates in each year substantial sums have been transferred from the non-quota sector to the quota sector of the Regional Fund. These sums, once lost to the quota section, cannot be reclaimed from the "national" programmes established under the new ERDF Regulation.

Commitment appropriations

<u>Year</u>	<u>EP amendment</u>	<u>mECU</u>	<u>Transfer</u>
1984	+ 10.5		- 88.65
1983	+ 5.0		- 73.25
1982	+ 10.5		- 39.37
1981	+ 7.5		- 33.97
<u>TOTAL</u>	<u>+ 33.5</u>		<u>-235.24</u>

9. These figures show how Member States have evaded their responsibilities to devise appropriate non-quota schemes. In fact they had little incentive to do so as they could be confident that the funds would eventually reach them under the Quota fund where projects tend to be more easily administered.

10. The Commission's proposal of 14 December 1984 was presented to Council and Parliament when the 1979 ERDF Regulation was the accepted legal basis of the Regional Fund. But the Commission must have been aware that it would not be possible for Parliament to deliver its opinion and for Council then to adopt the measure before the entry in to force of the new ERDF Regulation⁽¹⁾ on 1 January 1985. The Commission made the proposal because of undertakings it had given to certain Member States at the time of the adoption of the Second Series to widen the geographical scope of the existing regulations. It informed the rapporteur that the new proposals were not brought forward earlier in 1984 because of delays in the Anglo-Irish plan to build a cross-border gas pipeline which was finally abandoned.

11. Measures similar to those proposed in the present proposal could have been made under the new Regulation as programmes of Community interest and this would have been a more orthodox way in which to proceed. But the rapporteur recommends to the Committee that it accept the procedure which the Commission, after a considerable period of indecision, has proposed in document COM(85) 243 final. The Commission proposal contains two articles. The first empowers Council to adopt further non-quota measures if these were submitted by the Commission before 31 December 1984. The second article modifies Article 45 of the new Regulation. This will read, after modification, as follows:-

"Article 4(3) shall apply neither to resources intended to cover budget commitment still to be entered into for the execution of the specific Community measures referred to in Article 13 of Regulation (EEC) No. 724/75 instituted by the Council before the entry into force of this Regulation, nor to specific Community measures instituted by the Council up to 31 December 1985 on the basis of proposals submitted by the Commission before 31 December 1984".

Article 4(3) is the article in which the "ranges" for Member states' shares of the ERDF are set out.

12. The effect of this amendment will be that the estimated 133 mECU allocated to this proposal will not be taken into account in applying the "ranges" under the new Regulation.

(1) OJ L 169 of 28/6/84

13. The rapporteur has supported this approach for the following reasons:

- (i) after a slow start the non-quota measures are now proving to be highly popular especially with small enterprises; we should therefore seek to build on this success.
- (ii) there is some confusion concerning the entry in to force of the programmes of Community interest under the new Regulation.
- (iii) there have been in previous years substantial transfers of resources from the amounts entered in the budget for non-quota measures to the quota sector (see table above). The present addition to these measures only partly restores money which should have gone to the non-quota sector.
- (iv) the estimated 133MECU will be new money and will not reduce the amount available for other activities.
- (v) although Parliament was not concerned in the "political commitments" into which the Commission entered in January 1984, it should welcome the extension of these measures to other areas as it specifically called for this to be done when sufficient appropriations were available in its resolution on the first series.

IV. VISITS MADE BY THE RAPPORTEUR

14. In the course of drawing up this report the rapporteur examined a number of projects which had been set up under the First (1980) and Second (1984) series of non-quota measures near Glasgow, Toulouse and in Northern Ireland.

15. In Glasgow he held discussions with the staff of the Industry Department for Scotland (IDS) and inspected a number of projects which clearly showed the value of the mix of small infrastructure projects, such as the clearance of derelict industrial sites and their conversion to other uses, and the "soft-ware" measures which provided advice to the small businessman on matters such as management and marketing. He was shown centres which offer an entire range of secretarial and business services to small businesses.

16. In Belfast he examined a number of projects which had been partly financed by the ERDF under the cross-border measure to stimulate tourism in Ireland and Northern Ireland. The funds were being used to enhance the general attractiveness of particular towns and therefore of Northern Ireland as a whole, to tourists. In both Newry and Amagh the ERDF funds had contributed to the construction of general sports and recreation centres which would both benefit the local community and make the area more attractive to tourists. He also visited a number of small craft-undertakings which were being assisted through the ERDF.

17. During his visit to Toulouse the rapporteur was informed of the activities which had been partly financed in the Midi-Pyrenees with non-quota money. Those responsible for the administration of the programmes explained that many of the problems they had faced were the consequence of basic incompatibilities between the requirements of the French Government's financial system and that of the Community. They stressed that it was of the greatest importance, in dealing with large numbers of small projects and small businessmen that programme managers should be assured of a regular supply of funding from the Commission. They considered that a greater level of trust should exist between the Commission and the national authorities particularly in the case of these non-quota measures where the amounts at stake were not large and, in the case of misuse, could easily be recovered (from quota money due to the Member State). The rapporteur is concerned that the Commission has taken on a over-cautious approach to the implementation of the funds leading to the cancellation mentioned in Paragraph 8 above. These difficulties were especially disappointing as the measures he discusses involving aid to small businesses especially for innovation and new ventures through IRDI (Institut Régional de Développement Industriel de Midi-Pyrénées) and ANVAR (Agence Nationale de Valorisation de la Recherche), as well as the measures designed to stimulate tourism, seemed well-conceived and efficiently implemented. Despite the initial difficulties the programmes were now working well and were heavily over-subscribed. In several cases they had been extended to other regions in France.

18. The general conclusions which the rapporteur drew from these visits were the following:

- (i) it is difficult to determine the additionality of the non-quota funding;
- (ii) the ultimate beneficiaries of aid, and particularly small or single people businesses, are often unaware that the ERDF has partly provided the aid which they receive. This is generally because the aid comes to them through a national agency or a national scheme;
- (iii) most of the schemes would not have been established, or would have been considerably delayed, if EEC finance had not been available to encourage the Member State to initiate projects;
- (iv) Member States pointed out that the non-quota section involved a great deal of administrative effort on their part for relatively small amounts of aid and admitted that this had caused the initial delays in implementing the non-quota sector.

19. Despite these initial difficulties the Member States were, however, very pleased with the way in which the schemes were operating. It was generally agreed that the lessons learned from the application of the non-quota sector especially in relation to the business and technical advice schemes could be applied in the implementation of the programmes of Community interest under the new Fund Regulation.

20. The general conclusions which the rapporteur would draw is that the money devoted to non-quota measures has been usefully and cost-effectively spent, that there is a strong demand for the types of services being offered with Community aid and that the evidence on the ground suggests strongly that the existing measures merit extension.

V. WITH REGARD TO THE CROSS-BORDER MEASURE

21. The Irish Government appears to have ear-marked all of the proposed Irish allocation for the construction of a natural gas pipeline and to promote the use of natural gas. As a result none of the new appropriations are to be allocated to the tourism development programme under the 1980

Regulation which has been such a success. Many regional authorities and organisations in the border areas of Ireland have called for a five year extension of this programme.

22. Moreover, while Sligo is added to the list of Irish Counties eligible for support under the cross-border regulation, Donegal is not included in the gas pipeline proposal and would not therefore receive any of the additional money. The Regional Committee believes that it is important to increase the present level of expenditure on the promotion of tourism in the border areas of Ireland and recommends that the national authorities continue to finance this programme under the revised regulation.

VI. PARLIAMENT'S PREVIOUS POSITION ON THE NON-QUOTA SECTOR

23. Parliament expressed its views on the non-quota sector in its resolutions on the First Series (OJ C 85 of 8/4/80) and on the Second Series (OJ C 184 of 11/7/83). The most important points made were the following:-

Resolution on the First (1980) series

- "notes that the Commission has made a very restricted choice of zones for Community projects in the iron and steel and shipbuilding sectorsthe problems in some of the zones not selected are serious and will have to be considered when .. resources are increased;
- regrets the inadequacy of measures to assist craft trading;
- disapproves of those provisions of Article 13 of the basic regulation according to which the Council must take a unanimous decision with respect to each of the projects to be implemented;
- Community aid should supplement national aid;
- Fund contribution should be paid directly to beneficiaries;
- welcomes the fact that certain aid, in particular aid for "initiative" and "initial aid" can be granted without any need for existing national arrangements;

- Considering that appropriations are still available in the non-quota section, requests the Commission to submit, as a matter of urgency, further proposals to provide help for those regions at present facing the most serious economic and social difficulties;"

Resolution on the second (1984) series of measures

- "welcomes the Commission's choice of subjects and its concentration on declining industrial sectors and points out that the proposed measures are not designed to support the crisis sectors but to create alternative jobs outside these branches of industry;
- regrets that no objective and clear criteria have been specified in the Regulations to facilitate the decision as to which of the regions proposed by the Commission should be granted aid;
- aid should not be distributed too thinly;
- special programmes to be prepared and coordinated with national and Community financial instruments;
- supports proposals to provide encouragement for business initiatives by means of advisory services for undertakings;"

VII. RAPPORTEUR'S AMENDMENTS

24. The rapporteur has tabled only a few amendments to each draft regulation. These modify the broad selection criteria which are used to determine the eligibility of areas and enter a requirement that ERDF participation should be adequately publicised. Council incorporated several of Parliament's amendments to the Second Series in to the regulations adopted in 1984, and these have been taken into account by the Commission in the new draft Regulation on Fisheries, so that many of Parliament's requirements have been satisfied. In relation to the cross-border measure for Northern Ireland and the Republic of Ireland, he proposes that a further two district Councils be added to the list of eligible zones.

25. The rapporteur has re-tabled the amendments relating to selection criteria which Parliament adopted when giving its opinion on the Second Series⁽¹⁾. These amendments were not adopted by Council nor has the

(1) OJ C 184 of 11/7/83, p. 155

Commission incorporated them in the new Fisheries regulation. An important feature of these amendments is that they remove the requirement that an area must form part of a nationally assisted region before it may benefit from the Non-Quota funds. The rapporteur has also pointed out in the resolution that the criteria used should be spelt out in greater detail in the body of the Regulation.

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on Agriculture, Fisheries and Food

Draftsman: Mr BATTERSBY

On 20 February 1985, the Committee on Agriculture, Fisheries and Food appointed Mr BATTERSBY draftsman of the opinion.

The Sub-Committee on Fisheries considered the Commission's proposal and the draft opinion at its meeting of 20 May 1985. It approved the Commission's proposal without amendment and unanimously adopted the conclusions of the draft opinion.

The following took part in the vote: Mr Guermeur, chairman; Mr Battersby (vice-chairman and draftsman); Mr Christensen, Mrs Ewing, Mrs Jepsen, Mr Klinkenborg (deputizing for Mr Gautier), Mr Marck (deputizing for Mr Ebel), Mr Morris, Mr Papapietro, Mr Raftery (deputizing for Mr Clinton) and Mr Tolman (deputizing for Mr Giummarra).

The Committee on Agriculture, Fisheries and Food confirmed this decision at its meeting of 22 May 1985.

Present: Mr Tolman, chairman; Mr Eyraud, vice-chairman; Mr Battersby, draftsman; Miss Brookes (deputizing for Sir Henry Plumb), Mr Clinton, Mr Dalsass, Mrs Ewing (deputizing for Mr Fanton), Mr Gatti, Mr MacSharry, Mr Morris, Mr Provan and Mr Taylor (deputizing for Mr Simmonds).

Introduction

1. This opinion concerns only one part of the Commission's document, which contains four proposals concerning regional development.

The opinion is restricted to the regulation proposing a specific Community regional development measure contributing to the development of new economic activities in certain zones which have been affected by the implementation of the Community Fisheries Policy, i.e. the fourth proposal in the document.

Background

2. The proposed measure is designed to fulfil the Commission's intention to institute a new measure related to the Community's fishing policies, which the Council noted when it adopted a second series of non-quota measures on 18 January 1984. The measure springs from recent developments concerning the Atlantic, North Sea and Baltic fishing zones, in particular the extension of exclusive fishing zones to two hundred miles, and the panoply of other measures which constitute the CFP (TAC's, quotas, technical conservation measures etc). The effect has been that specific areas have suffered considerable damage to their local economy as fishing opportunities have declined. Certain of these areas have been highly dependent on fishing, and they are also situated in areas which have a difficult socio-economic situation.

Purpose of the Regulation

3. The purpose of the proposed Regulation is to set up a specific Community regional development measure, applicable to certain defined areas in Denmark, France and the United Kingdom, which meet a set of criteria, in order to implement a special programme to be presented to the Commission by each of the Member States concerned. It is not here the place to describe in detail the criteria, methodology, means of harmonizing this measure with other Community measures, or the proportion of finance to be allocated from the ERDF for specific purposes, or the report back procedure on implementation. These are contained in the proposed Regulation. There is however a difficulty with Article 4 of the proposed Regulation, which sets out the specific areas in which the programme will operate. These are, in essence :

- redevelopment of fishing ports.
- studies aimed at identifying development potential.
- aids to investment in small and medium sized undertakings or craft activities (under certain conditions).
- creation or development of consultancy firms or other bodies and development of economic promotion agencies.
- promotion of tourism.

The areas are carefully and thoughtfully defined, but a question has to be asked to what extent the Fund will be constrained to operate in them, since the wording used is that "the Fund may participate" in these areas (draftsman's underlining). It would seem more logical if the Regulation were to state that "the Fund shall participate" in these areas, in order to be coherent with the terminology of the rest of the proposal, and to ensure that funds are used in the right way. It is pointless setting out a Regulation in such detail and with such thoughtfulness (which distinguishes this proposal) if at the end there is no obligation to ensure that the funds are used in the way specified. The draftsman proposes that an amendment to this effect should be tabled by the Committee responsible.

Conclusions

4. The Committee on Agriculture, Fisheries and Food would ask the Committee on Regional Policy and Regional Planning to take the following conclusions into account :

The Committee on Agriculture, Fisheries and Food

1. Approves the proposed Regulation concerned with the development of new economic activities in certain zones affected by the implementation of the Community Fisheries Policy;
2. Suggests, however, that the following amendment be tabled by the Committee responsible:

Article 4 of the Proposal for a Regulation states that "The Fund may participate, within the framework of the special programme, in the following operations."

This should read: "The Fund shall participate, within the framework of the special programme, in the following operations."

3. Commends the Commission for its detailed proposal, setting out how the proposed measure will function, and providing a simple but effective annual review procedure which enables action to be taken on a short term basis to remedy any imbalances or other problems;
4. Believes that the proposed allocation of funds between the Member States concerned reflects the objective needs which exist in the areas concerned;
5. Feels that the proposed measure is an essential and positive part of a programme of action that must be carried out if the sacrifices which certain fishing communities have made as a result of recent developments are to be compensated and thus made acceptable to the people most concerned;
6. Considers that it would be appropriate for the Commission, on the basis of experience gained in preparing and operating this measure, to draw up a study on which other zones in the Community meet the stated criteria, and would benefit from aid of a similar type, and at a similar level, as is proposed in the present specific measure.

OPINION

(Rule 101 of the Rules of Procedure)
of the Committee on Budgets

Draftsman: Mr RYAN

On 13 May 1985, the Committee on Budgets appointed Mr RYAN draftsman of the opinion.

At its meeting on 19 June, the committee considered and adopted the draft opinion unanimously by 17 votes in favour and no abstentions.

The following took part in the vote: Mr COT, chairman and acting draftsman; Mr CHRISTODOULOU, Mr CICCIOMESSERE, Mr CORNELISSEN, Mr CURRY, Mr J. ELLES, Mr FICH, Mr GATTI (deputizing for Mr CHAMBEIRON), Mr PASTY, Mr PFENNIG, Mr PITT, Mr POETSCHKI (deputizing for Mr BARDONG), Mr RIGO, Mr T. ROSSI (deputizing for Mrs BARBARELLA), Mr SCHÖN, Mr TOMLINSON and Mr VON DER VRING.

Introduction

1. In 1979 the regulation governing the European Regional Development Fund (ERDF) was amended so as to permit the introduction of a non-quota section. The sum allocated to this section was not subject to specific national quotas but was limited to 5% of the Fund's total resources. 4
2. A first series of non-quota measures referred to as 'specific Community measures' and amounting to a total of 220 m ECU over five years was approved on 7 October 1980. In November 1982, the Commission proposed a second series of such measures but the six proposals, amounting to 710 m ECU over five years, were not approved until 18 January 1984. The present proposals constitute a supplement to that second series and foresees expenditure of a further 133 m ECU between 1985 and 1989.
3. These measures were proposed before the end of 1984 and therefore before the revised ERDF Regulation (No. 1787/84) came into force. It should be noted that under the new regulation the distinction between quota and non-quota sections has been abolished. Instead the resources of the fund are calculated to fall within certain indicative ranges, consisting of upper and lower limits for each Member State. However, the idea of non-quota measures is maintained through the definition of Community programmes in contrast to national programmes of Community interest. In order to provide a legal base for the measures proposed, the Commission has made a proposal amending Regulation No. 1787/84 and which is included for consideration here with the main proposals as COM(85) 243 final.

The nature of the proposals

4. The main proposals are four in number: the first two are concerned to overcome constraints on the development of new economic activities in zones affected by restructuring of the shipbuilding and textile and clothing industries (34 m ECU and 16 m ECU respectively); the third is concerned to improve the economic and social situation of the border areas of Ireland and Northern Ireland (48 m ECU); and the fourth concerns a Community measure in those zones affected by the implementation of the Community fisheries policy (35 m ECU). Only the final measure is a completely new one; the other three amend earlier regulations by extending their geographical scope.
5. In the case of shipbuilding, to the areas in Britain and Germany covered by the earlier regulations⁽¹⁾ are added another German region as well as new areas in France and Italy. The textile and clothing draft regulation

⁽¹⁾ Council Regulation (EEC) Nos. 2617/80 (OJ No. L 349, 23.12.1980) and 217/84 (OJ No. L 27, 31.1.1984)

also seeks to extend geographical coverage but exclusively within the Federal Republic of Germany. In both cases the proposed allocation of funds is directed towards three main goals: firstly, the reclamation of sites (17 mECU for shipbuilding and 6.4 mECU for textiles and clothing); secondly, management, common services, innovation and risk capital (8.5 mECU for shipbuilding and 4.8 mECU for textiles and clothing); and thirdly, sectoral analyses and investment (8.5 mECU for shipbuilding and 4.8 mECU for textiles and clothing).

6. The third proposal similarly extends the geographical coverage of the initial regulation. One County is added to the original five in Ireland and nine District Council Areas are added to the original six in Northern Ireland. In Northern Ireland half the total of 16 mECU is earmarked for aids to investments in SMUs and the other half is directed to innovation, risk capital and economic promotion. In Ireland the bulk of the money (25.6 out of 32 mECU) is linked to natural gas transport and distribution infrastructures and related studies. As the proposal makes clear, this last measure is specifically linked to the wider Community energy policy objective of reducing dependence on oil and increasing security of supply through diversification.
7. The fourth and final proposal linked to the Common Fisheries Policy identifies a number of specific areas in the United Kingdom, France and Denmark as eligible for the Fund's participation. The sum is to be devoted to three kinds of operation, in each case designed to create alternative employment in the areas concerned: 14 mECU for infrastructure works including tourism, 10.5 mECU for investment in economic activities including accommodation and a further 10.5 mECU for studies, management and organisation.

Budgetary aspects

8. The Committee on Budgets has regularly favoured the development of non-quota measures. In its opinion on the revision of the ERDF, it reiterated 'the need, in the long term, to abolish all quota systems and to replace them with qualitative criteria'.⁽¹⁾ It sought the inclusion in the revised regulation of a clause stipulating that 'in each five-year period at least the same proportion of the appropriations allocated shall be used for

(1) Doc. 1-86/84/B

Community programmes or for national programmes of Community interest'.

9. However, the non-quota arrangements have been far from an unqualified success and their difficulties need to be borne in mind both in assessing these proposals and in looking ahead to the implementation of Community programmes. In particular, it is necessary to comment on the way the proposals are devised and processed, the rate at which money for them is used up and the impact of the measures in the regions.
10. First, these proposals reveal the slowness of the procedure in the non-quota section. The need to obtain a separate Council decision for each measure makes it difficult to direct expenditure to the areas that require it within a reasonable time. The fact that it has taken two years from the agreement on a Common Fisheries Policy to present proposals designed to encourage new economic activity in areas affected by that policy only serves to underline the point. At the same time the basis of the choice of regions remains unclear. The Parliament has always favoured objective criteria but the proposals give only a very general idea as to the principles determining that expenditure be in one region rather than another.
11. Second, it is important to remember that the non-quota section (Article 510 of the budget) has been consistently under-utilised. Unused appropriations have regularly to be transferred to the quota section to prevent them being lost. In 1984, 88.65 MECU in commitments and 18 MECU in payments were transferred to Chapter 50. Despite the Commission making the system of advances more flexible under the second series of measures (60% of the annual tranche can be made available in contrast to only 30% under the first series), the take-up has remained very disappointing. The following table illustrates the point:

Commitment Appropriations (in mECU)

	<u>Appropriations</u>	<u>Total available</u>	<u>Implementation</u>
1983	100.5	106.3	5.83 (5.48%)
1984	115	126.35	60.99 (48.08%)
1985	105 (Council's new draft)		

Payment appropriations (in mECU)

1983	79	118.8	9.27 (7.8%)
1984	100	157.95	24.59 (15.57%)
1985	70 (Council's new draft)		

It was the difficulty of spending the money voted that encouraged the Parliament not to restore the cuts in payment appropriations made for 1985 by the Council at first reading and only to restore the cuts in commitment appropriations. This situation can only be of concern in the context of the future development of Community programmes.

12. Third, there has been concern as to the impact of regional measures once implemented. Most recently in the court of Auditors' report for the 1983 financial year, doubts were expressed as to the success of the regional policy in creating or maintaining jobs: in some cases ERDF assistance coincided with a reduction of labour. In this connection, it is pleasing to note that in the revised regulation on the second two measures, the Commission has added the provision, already contained in the 1984 versions of the first two regulations, that the Commission will send a report on the effects in terms of jobs of each special programme once it has been implemented. However, worries about implementation necessarily should encourage the committee to repeat its position that the Commission be able to enjoy direct contacts with those responsible for the projects in member states so as to obtain a clearer idea of how money is being spent.
13. In general terms the contents of the measures appear to offer a useful addition to the measures already agreed under the first and second series of measures. They extend the coverage of those measures in a coherent way and seek to integrate regional with other aspects of policy. This is most obvious in the case of the fishing proposal but also emerges from the natural gas element in the proposal for the border areas between Ireland and Northern Ireland.

Conclusions

14. The Committee on Budgets,
 - a) welcomes the Commission proposals for a supplement to the second series of specific Community regional development measures under Article 13 of the ERDF Regulation (non-quota section);
 - b) considers that the measures offer an opportunity for the effective use of resources by linking different areas of Community policy. The extension of the non-quota section to fishing policy is a useful, if belated, illustration of this;

c) urges the Commission and the Council to ensure that the difficulties encountered in devising and implementing the non-quota measures are effectively combatted in developing Community programmes under the ERDF regulation that came into force on 1 January 1985.

O P I N I O N

(Rule 101 of the Rules of Procedure)

of the Committee on Economic and Monetary Affairs
and Industrial Policy

Draftsman: Mr V. MATTINA

At its meeting of 30 January 1985, the Committee on Economic and Monetary Affairs and Industrial Policy appointed Mr Vincenzo MATTINA draftsman of an opinion.

At its meeting of 25, 26 and 27 June 1985, the committee considered the draft opinion and unanimously adopted its conclusions.

The following took part in the vote: Mr SEAL, chairman; Mr P. BEAZLEY, vice-chairman; Mrs VAN HEMELDONCK, draftsman (deputizing for Mr MATTINA); Mr BESSE, Mr BONACCINI, Mr CASSIDY, Mr CHIUSANO, Mr COSTANZO (deputizing for Mr STARITA), Mr FILINIS, Mrs NIELSEN, Mr NOVELLI, Mr PETERS (deputizing for Mr MIHR), Ms QUIN, Mr RAFTERY, Mrs van ROOY (deputizing for Mr BEUMER) and Mr von WOGAU.

INTRODUCTION

1. The purpose of the Commission's proposals (1) is to broaden, on the basis of the latest available information, the geographical scope of certain specific Community regional development measures adopted by the Council on 18 January 1984(2), to reinforce the existing measure covering the frontier zones of Ireland and Northern Ireland (3) and to introduce a new measure relating to the common fisheries policy. Before turning our attention to the substance of these proposals, we must consider various procedural matters.

PROCEDURAL MATTERS

2. The Commission submits its proposals pursuant to Article 13 of Regulation No. 724/75(4) establishing a European Regional Development Fund (ERDF) which, however, was repealed and replaced by Regulation No. 1787/84(5) with effect from 1 January 1985.

Consequently, there is no legal basis for the specific measures envisaged, and they are not covered by any particular provision in the new ERDF Regulation. It is impossible to see how the Council can adopt a set of proposals which are based on a regulation that has been rescinded.

3. Furthermore, the resources needed to finance the specific measures proposed ceased to exist with the entry into force of the new ERDF Regulation, Article 45 of which stipulates that budget commitments still to be entered into shall be covered only in respect of the implementation of those specific Community measures (covered by Article 13 of the former ERDF Regulation) instituted by the Council before the entry into force of the new Regulation.

(1) Doc. 2-1556/84 - COM(84) 715 final

(2) Council Regulation (EEC) No. 217/84 amending Regulation (EEC) No. 2617/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry (OJ No. L 27 of 31.1.1984, p. 15); Regulation (EEC) No. 219/84 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the textile and clothing industry (OJ No. L 27 of 31.1.1984, p. 22)

(3) Council Regulation (EEC) No. 2619/80 instituting a Community measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland (OJ No. L 271 of 15.10.1980, p. 28)

(4) For this Regulation, see OJ No. L 73 of 21.3.1975, p. 1, and for the amendments thereto see Council Regulation (EEC) No. 214/79 (OJ No. L 35 of 9.2.1979, p. 1) and Council Regulation (EEC) No. 3325/80 (OJ No. L 349 of 23.12.1980, p. 10)

(5) OJ No. L 169 of 28.6.1984, p. 1

4. Logically, therefore, the Commission should withdraw the proposals as they stand and, where appropriate, re-submit them as Community programmes pursuant to Chapter I of the new ERDF Regulation.

5. Alternatively, the Council could adopt the proposals, not on the basis of Article 13 of Regulation 724/75, which it has repealed, but by means of an ad hoc decision based on Article 235 of the EEC Treaty.

6. The financing problem could then be solved through an amendment to Article 45 of the new ERDF Regulation which replaced the expression 'before the entry into force of this Regulation' with a phrase that allowed sufficient time for adoption of the proposals under consideration, e.g. 'before 1 July 1985'.

7. On 29 May 1985, the Commission submitted, on the basis of Article 235 of the EEC Treaty, a proposal for a Council regulation (1) aimed at providing the specific measures in question with the necessary legal basis and ensuring that they are covered financially. The arrangement proposed is in line with that suggested in paragraphs 5 and 6 of this opinion.

EXAMINATION OF THE PROPOSALS

Shipbuilding

8. The purpose of the first proposal for a regulation, which concerns the application of a specific Community regional development measure in areas adversely affected by the restructuring of the shipbuilding industry, is to broaden the geographical scope of the measure (by amending Regulation (EEC) No. 2617/80, previously amended by Regulation (EEC) No. 217/84) by extending it to new areas in the Federal Republic of Germany, France and Italy.

9. It has to be pointed out straightaway that, as far as the European Parliament is concerned, the specific measure under consideration does not relate to 'new' areas in Germany.

Council Regulation (EEC) No. 217/84 refers to Parliament's opinion of Friday, 10 June 1983 (OJ No. C 184 of 11.7.1983, p. 154) which, on the basis of a report drawn up by Mr Pöttering (2), indicates that Parliament is in principle in agreement with the Commission's proposal (3) for consolidating measures to assist the shipbuilding industry in the regions already earmarked for assistance by Regulation (EEC) No. 2617/80, in other words, various regions in the United Kingdom. Without entering into the merits of adding areas in Germany to those already chosen in the United Kingdom, it is clear that the

(1) COM(85) 243 final

(2) Doc. 1-269/83

(3) Doc. 1-1013/82 - COM(82) 658 final

Council has disregarded Article 13(3)(b) of Regulation (EEC) No. 724/75 (1), which provides that the areas and regions which may be assisted by a specific ERDF measure must be chosen by the Council, acting on a proposal from the Commission and after consulting the European Parliament. This fault on the part of the Council is compounded by the fact that, notwithstanding the request made by Parliament (2), its decision of 18 January 1984 fails to establish appropriate criteria for selecting the new recipient regions.

10. Criteria to assist the Commission in selecting eligible regions are, however, specified in Article 1 of the proposal under consideration, which amends Article 2 of Regulation (EEC) No. 2617/80. This is in line with Parliament's wishes, and the Commission is to be commended for having taken them into account. However, point (d) of this article (the social and economic situation) calls for special comment. Since the aim of the ERDF measures with which we are here concerned must be to reduce the regional disequilibria adversely affecting productivity and employment, it is legitimate to ask whether it would not be more accurate and realistic to calculate GDP on the basis of a country's real economic potential, i.e. on the basis of the rate of exchange. The experts are after all agreed that this form of GDP measurement makes it easier to pinpoint regional disparities. Point (d) should therefore be amended so as to make it clear that per capita GDP is here expressed in ECU.

Textile and clothing industry

11. In this sector, as in the shipbuilding sector, changes have been made to the eligible areas listed in Council Regulation (EEC) No. 219/84 of 18 January 1984, as compared with those specified in the Commission's proposal on which Parliament delivered an opinion on 10 June 1983 (2).

However, the criteria to be applied to the second package of specific measures in the sector are already spelt out in the Regulation of 18 January 1984, and it can therefore be assumed that the changes are a logical consequences of the application of those criteria and were made in the light of the latest available information.

It is nevertheless reasonable to ask whether, for the reasons given in paragraph 9 of this opinion, per capita GDP expressed in ECU should not also be adopted as a yardstick for assessing the socio-economic situation in connection with the measure on the textile and clothing industry.

Border areas of Ireland and Northern Ireland

12. The specific measure intended for the border areas of Ireland and Northern Ireland consolidates an earlier non-quota measure introduced in October 1980. The Committee on Economic and Monetary Affairs and Industrial Policy commends the Commission for having broadened the geographical scope of

(1) As amended by Article 13 of Regulation (EEC) No. 214/79

(2) Resolution of 10.6.1983 (OJ No. C 184 of 11.7.1983)

the measure and for having introduced schemes to assist the SMUs and to promote economic development, in line with what is planned for the other specific measures.

There can be no doubt that the measures designed to promote the supply and use of natural gas in Ireland will help to strengthen the economy of the areas concerned. However, it is to be hoped that, in applying this measure, the Community will not overlook the possibility (especially from the point of view of infrastructure investment) of reconsidering a scheme for supplying natural gas to Northern Ireland from a deposit located in the Republic of Ireland (1).

Areas adversely affected by the implementation of the common fisheries policy

13. The Committee on Economic and Monetary Affairs and Industrial Policy approves the new measure associated with the implementation of the common fisheries policy and the introduction by the EEC of a system for the management of fishery resources, both of which have had and will continue to have adverse consequences for the fishing activities of the coastal Member States and for the areas in which those activities are concentrated.

(1) See paragraph 7 of Parliament's resolution of 29 March 1984 on the situation in Northern Ireland (OJ No. C 117 of 30.4.1984, p. 53).

CONCLUSIONS

14. The Committee on Economic and Monetary Affairs and Industrial Policy :

Procedural matters

- (a) Points out that the proposals for regulations under consideration have no legal basis since they were submitted pursuant to Article 13 of ERDF Regulation No. 724/75(1), which was repealed and replaced by Regulation No. 1787/84(2) with effect from 1 January 1985;
- (b) Points out that there are no resources for financing the specific measures in question: Article 45 of the new Regulation stipulates that budget commitments still to be entered into shall be covered only in respect of specific measures instituted by the Council before entry into force of the new Regulation (1 January 1985);
- (c) Considers, therefore, that the Commission should withdraw the proposals as they stand at present and, where appropriate, re-submit them as Community programmes pursuant to Chapter I of ERDF Regulation No. 1787/84; this would make for a greater concentration of resources and improved coordination of the ERDF's aid schedules;
- (d) Considers, as an alternative to the arrangement suggested in the previous paragraph, that the specific measures under consideration could be covered by an ad hoc Council decision and that the financing problem could be solved by means of a statutory provision amending Article 45 of the new ERDF Regulation; points out that, in its proposal for a Council regulation of 29 May 1985 (3), the Commission suggests an arrangement along these lines;

Examination of the proposals

- (e) Regrets that the eligible areas and regions listed in Council Regulation (EEC) No. 217/84(4) on the shipbuilding industry are different from those on which Parliament had already delivered an opinion(5) on the basis of the Commission's proposal; regrets also in this regard that the Council fails to take account of Article 13(3)(b) of Regulation (EEC) No. 724/75(6) and fails to specify the criteria on which the choice of the new eligible regions should be based;

(1) OJ No. L 73 of 21.3.1975, p. 1

(2) OJ No. L 169 of 28.6.1984, p. 1

(3) COM(85) 243 final

(4) OJ No. L 27 of 31.1.1984, p. 15

(5) Resolution of 10.6.1983 (OJ No. C 184 of 11.7.1983)

(6) As amended by Article 13 of Regulation (EEC) No. 214/79

- (f) Approves the introduction, in this latest proposal for a regulation on the shipbuilding industry, of criteria which will assist the Commission in selecting eligible regions; wonders whether, as far as the socio-economic situation of a country is concerned (Article 1(d)), it would not be more accurate and realistic to calculate GDP on the basis of actual economic potential, i.e. on the basis of the country's rate of exchange;
- (g) Stresses that the finance so far made available to shipbuilding areas under Regulation (EEC) No. 2617/80 has been totally inadequate to cope with the severe problems faced by the regions concerned, many of which have been heavily dependent on shipbuilding for their livelihood;

Requests that in any new programmes to help create jobs in shipbuilding regions a substantial increase in funds should be envisaged;

- (h) Also wonders, for the reasons given in the previous paragraph, whether per capita GDP expressed in ECU should not also be adopted as a yardstick for assessing the socio-economic situation in connection with the measure on the textile and clothing industry;
- (i) Broadly approves of the measures envisaged for the border areas of Ireland and Northern Ireland and for the areas adversely affected by the implementation of the common fisheries policy.

OPINION

(Rule 101 of the Rules of Procedure)

of the Committee on Social Affairs and Employment

BRUXELLES

Brussels,

21.05.85 * 008151

[
Mr DE PASQUALE
Chairman of the Committee on Regional Policy
and Regional Planning
]

Subject: Supplement to the second series of specific Community regional development measures under Article 13 of the ERDF Regulation (non-quota section) - Doc. COM(84) 715 final

Dear Mr Chairman,

At its meeting of 20 May 1985, the Committee on Social Affairs and Employment considered Doc. COM(84) 715 final, setting out the Commission's proposals for Council Regulations in respect of four specific Community regional development measures. Three of these proposals call for the amendment of Regulations governing existing programmes, namely the specific measures designed (a) to promote new economic activities in certain zones adversely affected by restructuring of the shipbuilding industry and of the textile and clothing industry, (b) to improve the economic and social situation of the border areas of Ireland and Northern Ireland. The fourth proposal calls for a new Council Regulation relating to the development of new economic activities in certain zones affected by the implementation of the Community fisheries policy.

All these measures fall within the scope of Article 13 of the Regulation governing the operation of the European Regional Development Fund (E.R.D.F.) and relate to Community policies and initiatives aimed at ironing out regional imbalances.

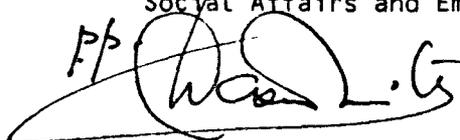
The Committee on Social Affairs and Employment welcomes the Commission's proposals, particularly in view of the positive impact the measures in question are expected to have on the Community's efforts to reduce unemployment in sectors and areas especially hard-hit by the recession and/or restructuring.

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The Committee on Social Affairs and Employment can also endorse, in principle, the Commission's proposal that a provisional total of 133 mECU be earmarked for the Community's financial participation, - provided that this amount is used in its entirety and cost-effectively - and it calls on the Member States to finalise their special programmes and submit them for the Commission's approval at the earliest possible juncture, so that the specific measures involved may be implemented as a matter of urgency.

Yours sincerely,

Michael WELSH
Chairman of the Committee on
Social Affairs and Employment

A handwritten signature in black ink, appearing to read 'M. Welsh', is written over a circular stamp. To the left of the signature, the letters 'P.P.' are written vertically.

The following took part in the vote: Mr Welsh, chairman; Mrs Salisch, vice-chairman; Mr McCartin, vice-chairman; Mrs Dury, draftsman; Mr Bachy, Mr Chanterie, Mr Ciancaglini, Mr Fitzgerald, Mrs Giannakou-Koutsikou, Mr Härlin, Mr Hughes (deputizing for Mr Dido'), Mr Iodice, Mrs Maij-Weggen, Mrs Marinaro (deputizing for Mr Raggio); Mr Megahy, Mr Pordea (deputizing for Mr Le Chevallier); Mr Stewart, Mr Tuckman, Mr Vernimmen (deputizing for Mr Peters).