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The European Community is making a steadily growing financial contribution to the development of the North of England. My own European Regional Fund is only the newest of the Community funds that bring assistance from Europe into areas like this. Adding in the others, like the Agricultural Fund and the European Social Fund for job retraining and helping with problems of urban poverty, the total of non-repayable European grants in the North of England is now £ 22 million. In addition, the loan funds of the Community, the European Investment Bank and the Coal and Steel funds, have so far made almost £ 210 million available at favourable rates of interest for projects directly benefiting the North.

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As for the European Regional Fund itself, though it has been running for only little over a year, we stand on the eve of important decisions about the future. For next year the European Community is to undertake a full review of the Fund and of our regional policy generally. In the Commission, we are making a major reappraisal of our progress so far. We are seeking constructive ideas on ways in which the Regional Fund can be developed - and welcome the contribution local authorities can make to this dialogue.

There is much that is positive in what has already been achieved, a useful start on which to build. The Fund has already brought about a real transfer of resources from the richer countries of Europe towards those with the most difficult regional problems. In doing so, I hope that we have already been able to make some real practical contribution in each of the hardest hit parts of Britain.

So far the Fund has allocated £66 million out of its initial endowment of £150 million for Britain. In recognition of the very serious economic problems of the North of England, over one-fifth of this total for the whole of the United Kingdom has been set aside for the North: £ 14½ million. This is £4.60 a head, which, by the way, is half as much again as Scotland has had. So the North of England deservedly enjoys a very high degree of priority for the disbursement of this newest of European funds. Part of the £ 14½ million is being devoted to assisting with the cost of the Government's regional development incentives in the North. This partnership between the Government and the Community means that the companies concerned get half their money from London and half from Brussels. This varies from a £25,000 grant for Lakeland tourism, towards re-equipping the Ullswater Hotel, to £ ¼ million for I.C.I.'s/<sup>new</sup> vitric acid plant at Billingham. But the bulk of the total, over £ 10¾ million so far, is going directly to public authorities in the North for the provision of infrastructure linked with industrial development.

The biggest item here in the North is the Northumbrian Water Authority's Kielder Reservoir and connecting Tyne-Wear-Tees aqueduct, being built at a total cost of £73 million. The European Regional Fund has so far allocated £5½ million to this project in outright non-repayable grants. In addition, the European Investment Bank has covered £11½ million of the cost with large scale loans on attractive terms. The Northumbrian Water Authority provides a good example of initiative in making the most of the various Community funds, since it has also recently gained a grant of £11,000 from the European Agricultural Fund FEOGA for some pumping stations near Mordon in Co. Durham.

All this help from the European Community is saving £1 million a year in water rates and £2.3 million in interest charges for this project of first importance to the industrial redevelopment of North East England,

£4 million from the Fund has already been allocated to port and local authorities in the North, as the European contribution to the cost of various capital works connected with the industrial regeneration of their areas. This money means immediate reductions in the loans local authorities must raise and service, and will mean direct reductions in rates for local citizens. I think this is not an inappropriate form of help from Europe in present times.

Though I have spoken of this £66 million being allocated to Britain in the past twelve months - and there will be as much to come in the next twelve - we are only allowed to pay in step with expenditure on the project. This means that normally a delay of some months at least between money being promised and paid, but it is in everyone's interest not to add a single unnecessary week to what is unavoidable. Local authorities awarded grants will, I am sure, want to cut all the administrative corners to make sure that the European

money is received into local exchequers as soon after the grant decision is taken as the rules will allow.

As I said, we have the opportunity next year to modify the rules as from 1978; and also we hope to get more money. The money will depend not only on the governments of the other countries, but also now on the European Parliament, with its increased powers over the Community Budget and its full democratic legitimacy deriving from the direct elections expected in 1978.

We look to ideas for changes in the future of the policy from representative meetings, like this one, of people who know most about the needs and possibilities for developing their own regions. For example, I gave figures for loans from Europe through the Coal and Steel funds and the Investment Bank of the Community. These loans carry a significant advantage in Britain in lower interest rates. But they are loans in a mixture of

currencies and with exchange rates fluctuating there is a risk of ultimately having to pay back more in pounds to redeem the debt.

Nationalised industries and certain public authorities can insure against this uncertainty, so they have been the main beneficiaries of these funds. If we could make the terms of this loan money more attractive to other investors, I am sure even greater advantage could be taken by a region like the North of these sources of funds to which EEC membership is an entitlement.

Another possibility for the future would be Community help in the work of bodies like your own, the North of England Development Council. Publicity, advertising and information work takes far less money- though I am sure you could use more - than investment subsidies and capital investment in public infrastructure. I hope that sooner or later it may become possible for the European Commission to support activities of this sort too and help to promote the implementation of them on the basis of our European-wide contacts.