

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 717 final.

Brussels, 25 November 1981

RECONVERSION SCHEME

(Report from the Commission to ECSC Consultative Committee)

COM(81) 717 final.

REPORT TO ECSC CONSULTATIVE COMMITTEE

I. INTRODUCTION

- 1.1 The ECSC reconversion scheme is designed to assist and promote the establishment of new enterprises or the expansion of existing enterprises which will increase employment opportunities in coal and steel areas which have suffered from plant closures or a substantial run down in manning levels. The programme operates through a loan scheme offering development finance at cost price with significant interest rebates according to the job creation potential for ex-ECSC workers. The loan scheme has been operating since the early sixties.
- 1.2 The legal basis of the loan scheme is set out in Article 56.2a) of the ECSC Treaty which states that
"If fundamental changes, not directly connected with the establishment of the common market, in market conditions for the coal or the steel industry should compel some undertakings permanently to discontinue, curtail or change their activities, the High Authority, on application by the Governments concerned:
may facilitate, in the manner laid down in Article 54, either in the industries within its jurisdiction or, with the assent of the Council, in any other industry, the financing of such programmes as it may approve for the creation of new and economically sound activities or for the conversion of existing undertakings capable of reabsorbing the redundant workers into productive employment".
- 1.3 A comprehensive report on the reconversion scheme was submitted to the Consultative Committee in December 1978 (No. SEC 78/4351. At that time certain refinements to the scheme were introduced with the object of improving its effectiveness in the face of a rapidly deteriorating situation in steel industry employment. These innovations were set out in the Official Journal No. C 82/8 of 29 March, 1979 and complement the revisions made in July 1977 (Official Journal No. C 178/2 of 27 July 1977).

1.4 This report up-dates the information presented in December 1978 and in the process makes an assessment of the initiatives taken at that time. In order to broaden the perspective of the review, certain key issues are reviewed in the context of the past six years; notably employment trends and lending operations.

II. RECENT TRENDS IN ECSC EMPLOYMENT

2.1 Goal

Employment levels in national coal industries have declined gradually over the past six years. However the rate of decline has abated in the last three years and the situation is now relatively stable with a modest recovery evident in Germany.

TABLE 1

Average annual employment in the European coal industry (x 1 000)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Change</u>
Belgium	28.2	26.0	23.9	23.2	22.5	21.4	-6.8
Germany	202.3	196.4	192.0	183.8	182.3	186.8	-15.5
France	83.0	78.3	72.6	67.5	64.8	59.0	-24.0
United Kingdom	245.2	241.0	238.7	231.7	232.6	228.0	-27.2
Total	558.7	541.7	527.2	506.2	502.2	495.2	-53.5

Source: Quarterly survey of ECSC industries.

Note: Although some coal mining does continue in Ireland and Italy, the numbers employed are less than 500 in each case. All coal mining in Holland had effectively ceased by 1975.

The overall position in each coal producing country disguises, to some extent, some severe local reductions and closures, notably in South Wales (UK) and Nord-Pas-de-Calais (France). Difficult employment problems have arisen and continue to persist in these and other coal mining areas but these are mercifully few compared with the steel areas and their treatment represents a relatively small proportion of the reconversion scheme.

2.2 Steel

In contrast to the situation in coal mining, the position in steel industry areas shows a rapid and substantial deterioration in recent years.

TABLE 2

Average annual employment in the European steel industry (x 1,000)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Change</u>
F.R. Germany	227	220	214	205	204	200.4	26.6
France	157	155	149	136	125	116.5	40.5
Italy	96	97	97	96	98	102.6	(6.6)
Netherlands	23	23	22	22	21	21	2
Belgium	61	58	54	49	49	47.9	13.1
Luxembourg	23	22	20	17	17	16.4	6.6
United Kingdom	191	183	182	170	162	137.8	53.2
Ireland	0.8	0.7	0.7	0.7	0.7	0.7	0.1
Denmark	2.7	2.7	2.5	2.6	2.7	2.6	0.1
	781.5	761.4	741.2	698.3	679.4	645.9	135.6

(Source: Quarterly survey of ECSC industries)

- 2.3 The employment trends revealed in the foregoing tables amply justify the need for the reconversion scheme. However the regional evolution of the problem has been, in many cases, more acute than annual changes at the national level imply. An impression of the extent of localised problems in steel areas can be gained from the regional statistics set out in Annex I. Unfortunately comprehensive regional statistics on a consistent base are difficult to procure and some years are analysed more fully than others. It should also be noted that the figures in Table 2 do not completely tally with the regional annex since the regional annex gives year end survey figures and Table 2 gives annual averages.
- 2.4 Since the objective of Article 56 2a) is to concentrate assistance on projects providing new employment opportunities suitable for displaced coal and steel workers it is necessary to define the eligibility criteria of the loan scheme in some detail and these criteria are published in the Official Journal of the European Communities. The most recent relevant edition is reproduced at Annex II. The practical effect of assessing projects against official criteria, ECSC employment trends and local general economic circumstances gives rise to various types of reconversion situation which do not always conform to regional development stereotypes. Some examples of reconversion situations are discussed briefly in the succeeding paragraphs.
- 2.5 The most acute situation arises when a relatively small locality has an overdependence on an ECSC industry and is comparatively remote from other centres of industrial activity. In these circumstances the closure or substantial decline of the local ECSC industry results in an excessive concentration of male unemployment with a consequent undermining of the local economy. This kind of situation also has profound long-term implications not least for the children of the displaced

workers. Problem areas of this kind are afforded a high priority in the reconversion scheme. Fortunately only a few areas in the Community are subject to such an aggravated combination of circumstances.

2.6 A much more typical reconversion situation arises in areas where ECSC industries are located alongside other heavy industries which are themselves in decline. Although these areas are apparently reasonably well diversified, the effects of general long-term decline and current recession greatly diminishes the future employment prospects for displaced ECSC workers. In this kind of situation national and local authorities will usually have an established redevelopment programme in place. The ECSC reconversion scheme provides an important reinforcement of the existing effort in proportion to the extent to which ECSC redundancies have aggravated the general problem. This is the most common context for reconversion operations.

2.7 Even in areas where a significant degree of modernisation has taken place or where a well diversified industrial structure exists, the reconversion programme may still have an important role. The available alternative employment opportunities in such areas are very often unsuitable for the aptitude and skills of former ECSC workers. Retraining is an appropriate and often adequate response but sometimes the scale of reduction in ECSC employment requires an injection of additional job-creating activity. This situation is particularly appropriate for the development of small businesses by the displaced ECSC workers themselves. In these circumstances the relative strength and stability of the local economy provides more hopeful market prospects for artisan and craft operations than is likely to arise in the circumstances outlined in the two previous paragraphs.

2.8 The fourth situation to be considered has as much to do with the timing of ECSC labour force reductions as it does with local economics and geography. Some areas are now confronted with a second (or third) major reduction in ECSC employment. In these areas recently redundant workers may find that they have competition for scarce job opportunities from ECSC workers displaced by earlier redundancies and closures. This is due to the fact that the earlier labour force reductions occurred during periods of comparatively low unemployment and workers were absorbed into other industries fairly easily. The structural decline in certain industries and the current general recession has resulted in many more ex-ECSC workers seeking jobs than might be expected from recent closures and redundancies.

2.9 The foregoing observations are not an attempt to define the reconversion problem completely and still less to establish categories of priority. They merely attempt to illustrate the range and complexity of the issues which the scheme attempts to tackle. One further general observation should be made about the reliability of presenting the problem in a statistical context. Great caution has to be exercised in assessing the net growth or decline of ECSC industries in particular countries. Stable or even increased national employment totals can disguise significant employment reductions in particular areas of the country concerned because these job losses have been discounted by new ECSC investment in other areas. Steel industry employment in Italy is a case in point and smaller fluctuations are incorporated in the figures for the coal industry in the U.K. In these cases the transfer of workers from closure areas to the sites of new investment are only possible to a limited extent and it remains necessary to deal with the consequences of closure within the area concerned.

III. COORDINATION WITH OTHER COMMUNITY INSTRUMENTS

- 3.1 As indicated in paragraph 2.6 above, ECSC employment losses often occur in areas of more general industrial decline. In these areas there is frequently a wide range of national investment incentives as well as certain Community aids; notably ECSC Article 56 readaptation aids, ERDF, the European Investment Bank and the Social Fund. It is necessary to ensure coordination of these instruments; to promote the most attractive investment package possible on the one hand and to prevent imbalance and outbidding on the other.
- 3.2 The Community instrument which most closely resembles the ECSC reconversion loan scheme is the lending operation of the European Investment Bank. However the subjects to which this lending is applied are different in nature being principally infrastructure and energy projects. E.I.B. lending (and New Community Instrument lending) has made a significant contribution to the regeneration of ECSC areas and these operations are summarised in Annex III.
- 3.3 ERDF support for ECSC areas operates in relation to projects nominated by national governments. The investment of ERDF funds is an important element in the aggregate of assistance in ECSC areas as may be seen from Annex IV.

3.4 Also under the ERDF, a specific Community regional development measure was taken contributing to overcoming constraints on the development of new economic activities in a number of zones adversely affected by the restructuring of the steel industry. The specific measure will be applicable to the following zones:

Belgium: Provinces of Luxembourg, Liège and Hainaut with the exception of the 'arrondissements' of Ath and Tournai.

Italy : Province of Naples (specifically in view of local endemic unemployment).

United Kingdom: Counties of Strathclyde, Cleveland, Clwyd, South Glamorgan, West Glamorgan, Gwent and the employment office area of Corby.

The provisional total amount of the ERDF participation is estimated at 43 MEUA.

3.5. The Community has also been extremely active in mitigating the adverse social circumstances which have to be faced by individual displaced workers. Direct action in this area is through the readaptation scheme under article 56 of the ECSC Treaty. Under this scheme, 181 089 workers have benefited from credits totalling 267.75 mio ECU between 1975 and 1980. The national distribution of this aid is summarised at annex V.

The Social Fund also makes an important contribution to the problem but the assistance is generally given to schemes which affect several categories of displaced workers. In only a very small number of cases are schemes exclusively applicable to ex-ECSC workers. It is not possible, therefore, to present a meaningful analysis of Social Fund aid in reconversion areas although the total effect is significant and beneficial.

IV. INDUSTRIAL RECONVERSION LOANS

4.1 The reconversion loan scheme has been in operation for some years. However during the past five years or so, principally due to labour reductions in the steel industry the number and volume of loans has greatly increased. Table 3 illustrates the level of activity in the participating Member States for the period 1975-80. National figures for employment losses in the steel industry and employment gains from the reconversion programme are also included. The relevant percentages give a broad indication of how resources and problems were distributed amongst Member States.

TABLE 3

ECSC reconversion loans approved by the Commission 1975-80

	<u>Invest- ments</u> MEUA	<u>%</u>	<u>Total loan</u> MEUA	<u>%</u>	<u>Jobs lost</u> (x 1000)	<u>%</u>	<u>Jobs to be created</u>	<u>%</u>
Germany	556.75	18.2	117.01	13.1	26.6	19.6	9255	18.9
France	1042.85	34.2	246.31	27.5	40.5	30.0	17418	35.5
Belgium	25.00	0.8	12.5	1.4	13.1	9.7	666	1.3
Netherlands	20.06	0.6	8.68	1.0	2.0	1.5	505	1.0
Luxembourg	31.87	1.0	14.97	1.7	6.6	4.9	1100	2.2
U.K.	1200.21	39.2	430.39	48.0	53.2	39.1	16950	34.5
Italy	175.14	5.7	61.06	6.8	(6.6)	(4.9)	2773	5.7
Ireland	9.50	0.3	4.45	0.5	0.1	0.1	420	0.9
	3061.38	100	895.37	100	135.6	100	49087	100

4.2 Since the interpretation of figures in Table 3 is subject to all the qualifications listed in section 2, it has to be assumed that the use of reconversion loans will vary according to the prevailing circumstances in each affected area. After discounting the distortions caused by employment gains in Italy and a disproportionately low level of lending in Belgium, there is a broad pattern of parity between lending, job losses and job creation.

4.3 A direct comparison between the number of jobs lost during the period and the number created with the assistance of reconversion loans indicates a replacement rate of 37%. However this ratio has to be qualified in certain respects. It must be pointed out that the job loss figure only

relates to steel areas whereas the employment created relates to all ECSC areas. A more realistic figure is obtained after adding individual employment losses in the coalfields. Even so the replacement rate is comfortably in excess of 30%. As will be seen in later paragraphs the basis of estimating employment creation from sub-loans is highly conservative. Furthermore, the figures on job creation result from the loan contracts signed. They refer to the total job potential of the investment projects of which the implementation schedule varies from case to case. Taking all the main approximations and qualifications it seems reasonable to claim that approximately one third of jobs lost in the ECSC areas will have been replaced by projects benefiting from reconversion loans although there will be varying delays before the projects are fully manned. This is a creditable result in the face of acute difficulties.

4.4 Table 4 presents some of the same information as Table 3 in such a way as to illustrate the rate of growth of lending business and also to distinguish between direct loans made to individual projects and global loans made to financial intermediaries for on-lending.

TABLE 4

ECSC Reconversion Loans Approved by the Commission 1975-80. Direct and Global Loans

	Direct Loans						Global Loans						Total Loans					
	No.	Amount MEUA	Interest Rebate MEUA	Jobs to be Created	No.	Amount MEUA	Interest Rebate MEUA	Jobs to be Created	No.	Amount MEUA	Interest Rebate MEUA	Jobs to be Created	No.	Amount MEUA	Interest Rebate MEUA	Jobs to be Created		
1975	9	64.02	3.64	3267	-	-	-	-	9	64.02	3.64	3267						
1976	11	50.00	5.28	4601	-	-	-	-	11	50.00	5.28	4601						
1977	8	116.05	16.73	9125	1	3.7	0.56	185	9	119.75	17.29	9310						
1978	9	191.95	16.7	9000	3	8.7	1.30	430	12	200.65	18.0	9430						
1979	19	137.57	16.12	7672	6	62.55	9.38	3358	25	200.12	25.5	11030						
1980	23	137.45	10.02	5018	11	123.38	18.47	6431	34	260.83	28.49	11449						
	79	697.04	68.49	38683	21	198.33	29.71	10404	100	895.37	98.20	49087						

4.5. Over the period the number of loans each year has more than trebled and the amount disbursed each year has increased more than four fold with the really significant increases occurring in the last three years. This situation reflects the substantial measures adopted in 1977 and 1978 to expand the activities and to simplify the procedures of the loan scheme. The rapid increase in the number of global loans is further evidence of a redoubled effort and an appropriate response to the growing importance of small and medium sized enterprises within the reconversion programme.

V. GLOBAL LOANS AND SUB-LOANS

TABLE 5
Reconversion Loans, Sub-Loans from Global Loans

	No. of Sub-Loans	Amounts of Loans Currency	Interest Rebate ECU	Employment Total	Created Ex-ECSC
<u>1979</u>					
France	84	FF 36 815 900	1 044 032	1056	988
U.K.	68	£ 9 048 500		3158	2898
Luxembourg	9	FLux 119 300 000	354 564	310	134
	<u>161</u>			4524	4020
<u>1980</u>					
France	114	FF 54 592 000	1 687 673	1282	841
U.K.	87	£ 11 994 000	2 595 174	2744	1538
Germany	6	DM 7 900 000	438 400	216	216
Luxembourg	4	FLux 31 000 000	104 991	115	40
	<u>211</u>		4 826 238	4357	2635
	<u>372</u>			8981	6655

- 5.1 It should be emphasised that direct comparisons between the global loans approved and sub-loans disbursed is subject to a time lag due to the inevitable delay in finding suitable borrowers and the time required to complete the formalities. The timing difference cannot be averaged out since different areas and different intermediaries will require varying periods according to prevailing circumstances and the intermediaries' own operating methods.
- 5.2 It is generally true that the global loan scheme is both cost effective and operationally efficient. The amount of loan and interest rebate required for each new job is lower than the comparable amounts for direct loans. The operational efficiency of the scheme arises from the fact that the financial assessment is undertaken by the financial intermediary thus relieving pressure on the Commission's staff. However it should be remembered that since direct loans relate in the main to very much larger projects they remain the best means of producing a very large number of new employment opportunities.
- 5.3 It is perhaps equally important to note that the sub-loan system provides significant indirect advantages to the small business which borrows the funds. The relationship between the small business and an efficient commercial banking concern at a formative stage in the growth of the business can have beneficial long-term effects. For many of these businesses an ECSC sub-loan will be a first introduction to this aspect of business finance and an appreciation of the procedures and principles involved will be of continuing importance as the business develops. Since the Community is anxious to see the long-term development of new businesses in coal and steel areas it is important to foster these commercial relationships with reputable and competent financial institutions. In its turn the Commission has an important responsibility to ensure that the capacity competence and probity of its intermediaries is of the highest standard.
- 5.4 A striking feature of global loan operations to date is that the system is relatively undeveloped except in France and the United Kingdom. However arrangements now in place in other countries will become increasingly active in the near future.

VI. APPLICATION AND ASSESSMENT PROCEDURES

- 6.1 For each loan application it is necessary to ensure that three main aspects of the proposition are in order. Firstly the proposal must be consistent with the objectives and conditions described in Article 56 2a) of the ECSC Treaty. It is particularly important that the creation of jobs capable of being filled by redundant coal or steel workers is secured. The Commission has therefore to examine in each case whether the qualifications required for the new jobs can be met by ex coal or steel employees. In cases where training measures are required the Commission must be sure that appropriate training facilities exist or are to be provided.
- 6.2 Secondly, the proposal must be reconciled with certain other Community policies. Questions may arise as to the cumulative value of national and Community assistance the project can receive within Community policy for the coordination of development aid. It is also necessary to assess the nature of the business in the context of the Communities' sectoral policies to control over-capacity in particular product groupings, environment impact, etc.
- 6.3 The third main interdependent consideration is the financial viability of the project and its future development potential. The financial assessment is necessary as a matter of commercial prudence and also to ensure that from a business standpoint the project has the necessary capacity to discharge its obligations in respect of the Treaty.
- 6.4 These three assessments require differing skills and procedures and are therefore carried out by different services within the Commission. This procedure does not extend the time-scale of assessments since all evaluations proceed simultaneously. In any case the full assessment procedure only applies to direct and global loans and in those cases consultation prior to a formal application being made also serves to expedite the process. In practice direct and global loans should not require more than three months to complete the assessment process and this is consistent with the time table for most well planned developments.
- 6.5 The assessment of sub-loans takes place within an abbreviated procedure. The financial aspects are the responsibility of the intermediary financial institution and the policy considerations are assessed by the Commission staff within a few days. Wider consultation is only undertaken if some particular problem is revealed during the examination of the project. No Council assent is required for sub-loans.

VII. MARKETING AND LOCAL LIAISON

- 7.1 The effectiveness of the reconversion loan scheme depends in a large measure on the free flow of information and opinion between the Commission and all the parties making use of the scheme at a local level. The Commission's staff, national authorities, industry and trade union officials and the financial intermediaries all play a part in this process. It is necessary to ensure that all these parties are fully informed and consulted on a regular basis and it is the Commission's responsibility to ensure that these contacts are properly coordinated.
- 7.2 As part of this process the Commission appointed part-time consultants for most of the priority areas and this has resulted in an improved local awareness of the loan scheme and its possibilities. There has been consequent increase in the number of applications for assistance in those areas.

VIII. FUTURE PROSPECTS

- 8.1 It is not possible to forecast the short-term future trend for employment in ECSC industries except in the most general terms. The current manifest crisis in the steel industry is the overriding concern. The market prospects for the steel industry and the continuing necessity for restructuring indicate that labour reductions will continue on a significant scale for a further two years at least. In the coal industry it must be assumed that further jobs will be lost in the continuing quest for improved productivity. The decline in the steel industry is itself a factor in the future viability of certain coal-fields as is the Community's growing capacity for nuclear powered electricity generation and the cumulative effects of energy saving programmes.
- 8.2 Against this background of continued decline in ECSC employment there is little prospect of early recovery in other labour-intensive industry. The automotive industry has been an important source of new work for ex-ECSC workers but the short-term prospects for that industry are almost as bleak as in the steel industry itself. There have been some recent signs of expansion in certain sectors of the electronics industry, notably telecommunications, however this contribution may be limited due to an established tendency in favour of female employment.

8.3. The level of activity in the smaller and medium-sized sector of business is encouraging and the rate of job replacement is high in relation to the funds employed even if the impact is sometimes overshadowed by the scale of the local unemployment problem. This sector must continue to enjoy a high priority within the reconversion scheme because of its long term contribution to the economic renewal of the affected areas. It is the global loan scheme which plays the prominent rôle in the encouragement of smaller and medium-sized business sector and it must be pointed out that the current high level of interest rates throughout the Community is having an adverse effect on the possibilities of the global loan scheme. Apart from the straightforward cost of money in relation to expected return, the high average levels discount the incentive value of the interest rebate; 3% off a 9% rate is very much more attractive than the same reduction on a base rate of 15%. The global loan scheme is also particularly sensitive to national credit restriction policies.

8.4. All things considered, the success of the reconversion programme will continue to depend on an active local programme to promote the attractions of ECSC areas for mobile investment projects and to encourage accelerated investment in established local industries. The Commission must ensure that the reconversion loan scheme operates efficiently and effectively in support of these local efforts.

IX. CONCLUSIONS

9.1. The reconversion programme has been a success by any objective standards. During the past six years loans of about 900 MEUA have been approved in support of investments worth 3,000 MioECU which in their turn will provide 49,000 new posts being approximately one third of ECSC job losses during the relevant period. However in the face of a manifest crisis in the steel industry and the expectation of limited job losses in the coal industry there is no cause for complacency.

9.2. In order to maintain current efforts the reconversion programme must aim to provide loan support to projects generating at least 15,000 jobs for redundant coal and steel workers per year for each of the next three years. This will be extremely difficult since the manifest crisis in the steel industry is not an isolated phenomenon. The general economic crisis throughout the Community will be a powerful restraint and even if there should be an early re-establishment of economic growth it cannot be assumed that labour demand will grow in traditional proportions.

- 9.3. Growth in the labour market will be particularly affected by the tendency in growth sectors to develop increasingly capital intensive processes which will inflate the investment cost per job. The increasing evidence of expensive and technically sophisticated machinery will impose new and higher retraining standards if ECSC workers are to share in these growth areas.
- 9.4. The identification of the most promising projects must increasingly proceed from a micro-economic evaluation of the possibilities and not depend on sectoral considerations alone. When suitable investment prospects are identified the loan decisions will have to be made even more quickly since it must be assumed that competition for mobile investment will increase.
- 9.5. If matters proceed in the manner described above and against the growing reconversion requirement it will be necessary to make further improvements and refinements in the reconversion loan scheme. In particular it will be necessary to reassess eligibility criteria, operating procedures and terms and conditions of loan agreements. The Commission is currently giving these considerations very close attention although the difficulties involved in reconciling any changes with the ECSC Treaty objectives and the broad sweep of Community economic, industrial, competition and social policies should not be underestimated.

LIST OF ANNEXES

- I. Regional distribution of steel industry employment.
- II. Official Journal on eligibility criteria for ECSC reconversion loans.
- III. European Investment Bank lending in ECSC areas.
- IV. ERDF investments in ECSC areas.
- V. Art. 56 readaptation aids.

EFFECTIFS INSCRITS DANS LA SIDERURGIE (CECA)
Ventilation par région (Niveau I ou II) - Fin décembre

Pays	1974	1975	1977	1978	1979	1980
<u>BELGIQUE</u>						
Anvers	263		257	247		243
Brabant	5.470		4.502	4.133		4.274
Hainaut	25.878		19.827	19.480		17.571
Liège	22.893		17.733	17.736		15.960
Limbourg	107		693	676		705
Namur	199		190	190		170
Flandre	6.280		6.039	6.079		6.297
<u>Total</u>	61.090	59.348	49.241	48.541	48.665	45.220
<u>DEUTSCHLAND</u>						
Norden ^{*)}	31.065		28.248	27.851		28.023
Schleswig-Holstein	780		625	560		
Hambourg	1.057		853	1.025		
Niedersachsen	22.323		19.929	19.653		
Bremen	6.905		6.841	6.613		
Berlin Ouest	-		-	-		
Nordrhein-Westfalen	143.483		131.650	137.832		130.473
Düsseldorf	-		-	-		70.702
Münster/Arnsberg/Detmold	-		-	-		57.384
Köln	-		-	-		2.387
Hessen	2.679		2.422	2.257		8.410
Rheinland-Pfalz	4.729		4.649	4.716		
Baden-Württemberg	1.228		918	951		6.932
Bayern	6.781		5.981	5.642		
Saarland	30.846		24.920	23.419		23.568
<u>Total</u>	220.811	221.853	198.788	202.668	204.813	197.406

*) Norden : Schlesw., Holstein/Berlin/Niedersachsen/Hamburg/Bremen

Pays	1974	1975	1977	1978	1979	1980
<u>FRANCE</u>						
Ile de France	343		1.120	1.019		1.003
<u>Bassin Parisien</u>	<u>19.988</u>		<u>18.445</u>	<u>17.239</u>		<u>15.253</u>
Champagne-Ardenne	3.266		2.661	2.551		1.804
Bourgogne	6.966		6.615	6.369		5.574
Basse Normandie	5.416		5.142	4.458		4.235
Haute Normandie	145		131	151		170
Picardie	4.195		3.896	3.710		3.470
<u>Nord-Pas-de-Calais</u>	<u>36.148</u>		<u>32.497</u>	<u>30.605</u>		<u>24.037</u>
<u>Est</u>	<u>77.588</u>		<u>67.191</u>	<u>60.114</u>		<u>44.342</u>
Alsace	1.015		716	698		593
Lorraine	76.338		65.788	59.175		43.061
Franch-Comté	235		687	241		688
Ouest	1.848		2.011	1.991		1.980
Bretagne	69		104	107		107
Pays de la Loire	1.779		1.907	1.884		1.873
Sud-Ouest	1.390		1.269	1.169		1.183
Aquitaine	184		246	186		193
Midi-Pyrénées	1.206		1.023	983		990
<u>Centre-Est</u>	<u>11.539</u>		<u>10.859</u>	<u>10.152</u>		<u>8.666</u>
Auvergne	2.461		2.360	2.376		2.564
Rhône-Alpes	9.078		8.499	7.776		6.102
<u>Méditerranée</u>	<u>8.266</u>		<u>8.757</u>	<u>8.844</u>		<u>8.452</u>
Provence	7.578		8.006	8.111		7.411
Languedoc-Roussillon	688		751	733		1.041
<u>Total</u>	<u>157.110</u>	<u>155.775</u>	<u>142.149</u>	<u>131.133</u>	<u>120.555</u>	<u>104.916</u>

*) Côte d'Azur/H.Alpes/B.Alpes Maritimes

Pays	1974	1975	1977	1978	1979	1980
<u>ITALIA</u>						
Nord Ouest	25,614		27,662	26,237		27,535
Liguria/Piemonte						18,120
Valle d'Aosta						6,891
Lombardia	24,985		23,631	17,982		
Nord-Est	6,236		6,817	6,144		
Emilia/Romagna	483		462	429		
Trentino/Alto Adige						
Veneto						
Friuli-Venezia/Giulia						
Centro	14,955		15,299	15,304		16,327
Toscana/Umbria/Marche						
Lazio	-		-	339		
Abruzzi-Molise	-		-	25		
Campania	8,617		8,737	8,962		
Sud	18,747		20,273	20,149		30,655
Puglia/Basilicata						
Calabria	-		-	-		
Sicilia	-		-	-		
Sardegna	-		-	-		
<u>Total</u>	99,637	96,140	102,881	95,571	98,720	99,528
<u>LUXEMBOURG</u>						
<u>Total</u>	23,503	21,447	17,437	16,187	16,348	14,904

Rays	1974	1975	1977	1978	1979	1980
<u>NEDERLAND</u>						
Utrecht	284		267	258		274
Noord-Holland (Ijmuiden)	22,702		21,197	19,440		19,185
Zuid-Holland (Alblasserdam)	1,975		1,625	1,597		1,588
<u>Total</u>	24,961	25,401	23,089	21,295	20,931	21,047
<u>UNITED KINGDOM</u>						
North	34,784		35,244	27,547		27,377
Yorkshire & Humber	42,423		46,555	42,397		43,230
East Midlands	5,491		5,561	4,999		1,330
East Anglia	-		-	-		-
South East	567		1,005	868		1,915
South West	-		-	-		-
West Midlands	12,899		12,436	12,978		6,886
North West	4,520		5,025	1,898		2,396
Wales	63,701		59,402	48,945		42,066
Scotland	13,474		14,479	13,047		12,012
Northern Ireland	-		-	-		-
<u>Total</u>	177,859	183,140	179,707	152,679	156,579	137,212
<u>DANMARK</u>						
<u>Total</u>	2,181	2,572	2,509	2,692	2,762	2,181

FIN JUIN

Pays	1974	1975	1977	1978	1979	1980
<u>IRELAND</u>						
<u>Total</u>	996	680	704	726	749	531
<u>HELLAS</u>						
<u>Total</u>						
<u>TOTAL CEE</u>	768,148	766,356	716,505	671,492	670,122	622,945

Reconversion loans granted at reduced rates, under Article 56 f the ECSC Treaty, for investments which create alternative employment opportunities in areas affected by a decline in the activities of the coal and steel industries

The detailed rules for granting reconversion loans were published in *Official Journal of the European Communities* No C 178 of 27 July 1977, page 2 and they were supplemented or amended in *Official Journal of the European Communities* No C 82 of 29 March 1979, pages 8/9.

A list of financial institutions to which global loans had been granted was published in the abovementioned Official Journal of 1979; this list has been updated in *Official Journal of the European Communities* No C 16 of 22 January 1980, page 8 and No C 276 of 24 October 1980, page 2. Since then several new global loans have been granted.

A. The current list of financial institutions to which global loans have been granted is as follows:

BELGIUM

Société régionale d'investissement
de Wallonie
33, avenue de la Pairelle
B-5800 Namur
Tel. (0 81) 23 06 58

For information:
Société de Développement belgo-
luxembourgeoise
61, rue des Usines
B-6490 Athus
Tel. (0 63) 37 73 04

FEDERAL REPUBLIC OF GERMANY

Saarländische Investitionskreditbank
Johannesstraße 2
Postfach 8 83
D-6600 Saarbrücken
Tel. (06 81) 3 60 61

Industriekreditbank
Karl-Theodor-Straße 6
Postfach 11 18
D-4000 Düsseldorf 1
Tel. (02 11) 8 22 11

Westfalenbank
Huestraße 21-25
Postfach 10 27 10
D-4630 Bochum 1
Tel. (02 34) 61 61

FRANCE

Sofirem
31-33, rue de la Baume
F-Paris 8e
Tel. 225 95 00

Lordex
109, boulevard d'Haussonville
F-54041 Nancy Cedex
Tel. (28) 27 05 22

Banque populaire de Lorraine
3, rue François-de-Curel
boîte postale 124
F-57021 Metz
Tel. (87) 69 24 12

Banque populaire du Nord
66, boulevard de la Liberté
F-59000 Lille
Tel. (20) 52 82 40

Banque populaire de la Loire
1, place de l'Hôtel-de-ville
F-42007 Saint-Étienne Cedex
Tel. (77) 33 39 61

Société de développement régional
du Nord et du Pas-de Calais
108, rue de Jemmapes
F-59000 Lille
Tel. (20) 55 62 80

Société de Développement régional
du Sud-Est Le Britannia
20, Boulevard Eugène Deruelle
F-69432 Lyon Cedex 3
Tel. (78) 60 41 20

Crédit National
45, rue Saint Dominique
F-75700 Paris
Tel. 555 91 10

IRELAND

Industrial Credit Company
32-34 Harcourt Street
IRL-Dublin 2
Tel. (01) 72 00 55

ITALY

Banco di Napoli
402 Via Roma
I-80134 Napoli
Tel. (0 81) 405977

GRAND DUCHY OF LUXEMBOURG

Société nationale de crédit et d'investissement
3, rue de la Congrégation
L-Luxembourg
Tel. 47 83 15

THE NETHERLANDS

De Nationale Investeringsbank
Carnegieplein 4
NL-Den Haag
Tel. (70) 46 94 64

UNITED KINGDOM

Finance for Industry
91 Waterloo Road
UK-London SE1 8XP
Tel. (01) 928-7822

Industrial and Commercial Finance
Corporation
91 Waterloo Road
UK-London SE1 8XP
Tel. (01) 928-7822

Scottish Development Agency
120 Bothwell Street
UK-Glasgow G2 7JP
Scotland
Tel. (041) 248-2700

- B. The rules for granting global loans and for applying for subsidiary loans under them are briefly summarized from the aforementioned publications in the *Official Journal of the European Communities* as follows:

Global loans may be granted to any financial institution capable of financing, under sound economic conditions, investments which are eligible according to Article 56 (1) (b) and 2 (a) of the ECSC Treaty.

The application for a global loan shall follow the same procedure as that required for a direct loan.

Small and medium-sized firms and craft industries may apply to one of the above-listed financial institutions for a reconversion loan up to a ceiling of 2 million

24

European units of account (EUA). The cost of the investment projects, which is the subject of an application for a subsidiary loan may not exceed 10 million EUA. The subsidiary loan may not exceed 50 % of investment. The maximum subsidiary loan eligible for rebate shall be 20 000 EUA per job created.

- C. Steel and coal workers and employees who have been or are to be made redundant and who wish to be self-employed can apply to the above-listed financial institutions for a reconversion loan within the same limits as existing small and medium-sized firms and craft industries.

D. *Information*

More detailed information on reconversion loans may be obtained from the national departments responsible, from the intermediaries abovementioned, from the following departments of the Commission of the European Communities and from the Commission's local consultants.

D. J. Dekker
DG XVI, Division B 3
Rue de la Loi 200
B-1049 Brussels
Tel. 735 80 40, ext. 3420.

M. Cervino
DG XVIII, Directorate B
Bâtiment Jean Monnet
L-Luxembourg
Tel. 43 01-3226.

Consultants

FRANCE

Lorraine

L. Bouchacourt
Apeilor
1, Place du Pont-à-Seille
F-57000 Metz
Tel. (87) 75 36 18

Nord/Pas-de-Calais

M. Maton
Association pour l'expansion industrielle
de la région Nord/Pas-de-Calais
16, Résidence Breteigne
Parc Saint-Maur
F-59800 Lille
Tel. (20) 55 98 82

UNITED KINGDOM

Wales

A. B. Connolly
Iron and Steel Trades Confederation
34/38 Stow Hill
UK-Newport NPT 1JE
Tel. (633) 21 28 22

Société de Développement régional
du Sud-Est Le Britannia
20, Boulevard Eugène Deruelle
F-69432 Lyon Cedex 3
Tel. (78) 60 41 20

Crédit National
45, rue Saint Dominique
F-75700 Paris
Tel. 555 91 10

IRELAND

Industrial Credit Company
32-34 Harcourt Street
IRL-Dublin 2
Tel. (01) 72 00 55

ITALY

Banco di Napoli
402 Via Roma
I-80134 Napoli
Tel. (0 81) 405977

GRAND DUCHY OF LUXEMBOURG

Société nationale de crédit et d'investissement
3, rue de la Congrégation
L-Luxembourg
Tel. 47 83 15

THE NETHERLANDS

De Nationale Investeringsbank
Carnegieplein 4
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91 Waterloo Road
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Small and medium-sized firms and craft industries may apply to one of the above-listed financial institutions for a reconversion loan up to a ceiling of 2 million

26

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M. Cervino
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Consultants

FRANCE

Lorraine

L. Bouchacourt
Apeilor
1, Place du Pont-à-Seille
F-57000 Metz
Tel. (87) 75 36 18

Nord/Pas-de-Calais

M. Maton
Association pour l'expansion industrielle
de la région Nord/Pas-de-Calais
16, Résidence Breteine
Parc Saint-Maur
F-59800 Lille
Tel. (20) 55 98 82

UNITED KINGDOM

Wales

A. B. Connolly
Iron and Steel Trades Confederation
34/38 Stow Hill
UK-Newport NPT 1JE
Tel. (633) 21 28 22

Investment by the European Investment Bank in infrastructure and non-steel industry in the steelmaking regions of the Community between 1975 and 1980

in Mio ECU

Country/Region	Level II (minimum 5 000 employees in 1974)		Level III (minimum 1 000 employees in 1974)	
	Total infrastructure	Total industry	Total infrastructure	Total industry
Saarland	-	1.4	-	1.4
DEUTSCHLAND	-	1.4	-	1.4
Basse-Normandie	7.3	14.4	117.1	0.9
Nord/Pas-de-Calais	120.2	1.3	3.0	0.3
Lorraine	99.2	3.5		1.5
Rhône-Alpes	405.5	0.4	195.9	1.5
Provence-Côte d'Azur	66.4		10.7	
Bourgogne/Franche Comté*	35.1		56.9	
FRANCE	733.7	19.6	383.6	4.2

*

Country/Region	Level II (minimum 5 000 employees in 1974)		Country/Region		Level III (minimum 1 000 employees in 1974)	
	Total infrastructure	Total industry	Total infrastructure	Total industry	Total infrastructure	Total industry
Piemonte	205.7	4.3	Alessandria Torino	94.2 37.6		
Liguria	3.3		Bergamo Brescia Milano	39.5 118.8 26.0	7.1 1.6	
Lombardia	276.7		Firenze Livorno	3.1	10.4 6.9	
Toscana	5.1	15.3	Terni		26.7	
Umbria		16.5	Napoli	66.3		
Campania	249.3	171.5	Taranto	1 5.3	5.0	
Puglia	602.6	146.1				
Lombardia/Emilia Romagna*	7.9					
Lombardia/Toscana		9.2				
Lombardia/Piemonte		10.0				
Puglia/Sicilia*	35.1					
ITALIA	1385.7	372.9	ITALIA	490.3		57.7

Country/Region	Level II (minimum 5 000 employees in 1974)		Level III (minimum 1 000 employees in 1974)	
	Total infrastructure	Total industry	Total infrastructure	Total industry
North	298.3	52.4	149.9	14.2 8.6 37.8
Yorkshire & Humberside	125.6	45.6	35.6 90.0	34.7
East Midlands	25.4			
Wales	349.1	5.3	11.6 19.0	9.4 3.0 0. 2.9
Scotland	562.2	119.0	77.0	67.8
Scotland/North	186.3			
Yorkshire/North	37.0			
Yorkshire/North West*		1.9		
North West/Scotland*	19.7			
North West/North*	44.6	13.2		
North West/Wales*	45.9	2.6		
UNITED KINGDOM	1694.1	240.0	384.6	178.4

Country/Region	Level II (minimum 5 000 employees in 1974)		Level III (minimum 1 000 employees in 1974)	
	Total infrastructure	Total industry	Total infrastructure	Total industry
Hainaut		3.8		1.4
Province de Liège	111.2	7.4		1.6
Oost-Vlaanderen		5.6		4.6
BELGIQUE	111.2	16.8		2.0
				9.6
COMMUNITY	3874.7	650.7	1258.5	251.7

Interventions of the European Regional Development Fund
in Steel Areas from the Establishment of the Fund in 1975
to the Third Allocation for 1980.

<u>COUNTRY</u>	<u>LEVEL II</u> (Minimum 5,000 employees in 1974)	<u>LEVEL III</u> (Minimum 1,000 employees in 1974)
<u>Germany</u>		
Niedersachsen	{ Hildesheim (58) 10,565,596	
	{ Osnabrück (40) 8,000,005	
	{ Braunschweig (39) 6,166,639	
Bremen	Bremen (3) 391,072	
N.R.W.	{ Düsseldorf (1) 2,012,061	
	{ Arnsberg (43) 4,354,749	
Bayern	Oberpfalz (40) 9,142,933	
Saarland	Saarland (134) 33,899,423	
<u>France</u>		
	Basse-Normandie (48) 9,083,511	Calvados (11) 2,094,881
	Bourgogne (8) 500,121	{ Nièvre (5) 251,828
		{ Saone-et-Loire (3) 248,293
	Nord/Pas-de-Calais (74) 57,581,535	{ Nord (34) 47,770,222
		{ Pas-de-Calais (40) 9,811,313
	Lorraine (96) 28,702,418	{ Meurthe-et-Moselle (9) 8,342,887
		{ Moselle (38) 8,724,641
	Rhone-Alpes (46) 6,346,335	{ Isere (3) 765,155
		{ Loire (22) 2,956,352
		{ Savoie (3) 217,322
	Provence-Alpes C. d'Azur (2) 42,312	Bouche-du-Rhone -

<u>Italy</u>	<u>LEVEL II</u>	<u>LEVEL III</u>
	Piemonte -	{ Alessandria - Novara - Torino -
	Liguria -	Genova -
	Lombardia -	{ Bergamo - Brescia - Milano -
	Toscana (6) 3,015,869	Firenze - Livorno (6) 3,015,869
	Umbria -	Terni -
	Campania (546) 233,150,566	Napoli (130) 72,585,259
	Puglia (296) 141,470,924	Taranto (49) 35,948,903
<u>Luxembourg (G.D.)</u>	(6) 3,336,744	
<u>Netherlands</u>	Noord Holland	Agglom Haarlem -
<u>United Kingdom</u>		
	North (621) 204,430,880	{ Cleveland (94) 41,766,144 Cumbria (90) 34,035,865 Durham (154) 33,112,152
	Yorkshire & Humberside (323) 63,247,317	{ Humberside (95) 15,058,438 South Yorkshire (93) 25,179,665
	East Midlands (53) 5,180,892	Northamptonshire
	West Midlands (8) 627,068	{ Staffordshire West Midlands County
	Wales (615) 136,231,439	{ Clwyd (89) 25,622,151 Dyfed (54) 11,577,040 Gwent (133) 29,169,668 South Glamorgan (46) 15,942,361 West Glamorgan (49) 9,676,221
	Scotland (626) 222,843,203	Strathclyde (237) 110,875,752
<u>Belgium</u>		
	Brabant (Wallon)	
	Hainaut (27) 6,406,767	
	Liege Prov. (21) 9,029,900	
	Oost-Vlaanderen (8) 1,039,245	

N.B. Conversion rate applied 1 December, 1980. Grants to individual projects under global applications have had to be apportioned to level III areas on an estimated basis.

Annex V: Readaptation aids to displaced ECSC workers under Art. 56 of ECSC Treaty, 1975-80.

Member State	Coal industry Credits in MioECU 1)	Workers	Steel industry and iron ore mines Credits in MioECU	Workers	Total Credits in MioECU	Workers
Germany	35.3	36 732	8.5	17 521	43.8	54 253
Belgium	9.4	7 071	8.6	9 184	18.0	16 255
France	19.2	4 282	49.1	26 129	68.3	30 411
Ireland	-	-	0.3	229	0.3	229
Italy	-	-	1.3	2 528	1.3	2 528
Luxembourg	-	-	5.3	1 885	5.3	1 885
Netherlands	-	-	0.2	331	0.2	331
United Kingdom	40.6	18 884	86.9	56 313	127.6	75 197
Community Total	104.5	66 969	160.2	114 120	264.8	181 089

1) It should be noted that the European Unit of Account (EUA) which later became the ECU was introduced in 1976; before that the Unit of Account (UA) was used. Some slight divergencies in the total sums may therefore arise.