

programmes

The regional development programmes

COMMISSION OF THE EUROPEAN COMMUNITIES

The regional development programmes

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Contents

I	- Introduction	5
II	- Role of the regional development programmes.	7
III	- Summaries of the regional development programmes	11
	- Belgium.	13
	- Denmark.	31
	- Federal Republic of Germany.	57
	- France	85
	- Ireland.	113
	- Italy.	127
	- Luxembourg	189
	- Netherlands.	205
	- United Kingdom	225
IV	- Comparative analysis	239
	Country tables and map	253

Annexes

I	- Common Outline	265
II	- Commission opinion	271
III	- Recommendations to Member States	275

I - INTRODUCTION

Member States sent their regional development programmes to the Commission by the end of 1977 in accordance with Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (ERDF).¹

These programmes constitute the reference framework for assessing ERDF projects; they concern the 75 regions assisted by the ERDF, covering 55% of the area of the Community and accounting 38% of its population. This role has now been strengthened further by Council Regulation (EEC) No 214/79 of 6 February 1979,² under which the Commission is required to determine the priorities for assistance from the ERDF. In addition, the Council Resolution of 6 February 1979 concerning the guidelines for Community regional policy³ stipulates that regional development programmes will henceforth constitute the most appropriate framework for the practical implementation of proper coordination of national regional policies and of Community regional policy.

In the case of some countries, the requirement introduced by Regulation (EEC) No 724/75 that they drew up regional development programmes was the starting point for their regional planning activities; all countries have had to make the effort of presenting these programmes on the basis of the common outline produced by the Regional Policy Committee⁴ and to submit them within the time limits set. The Committee delivered its opinion on 16 June and 26 October 1978 under the conditions given in Article 6 of its own regulation⁵ and forwarded it to the Council and the Commission. Having examined these programmes in the light of the provisions of the Treaty and the decisions of the Community institutions, the Commission made known its opinion.⁶ It also formulated recommendations for the Member States⁷ on the basis of the new provisions of Community regional policy.

¹ OJ L 73 of 21.3.1975.

² OJ L 35 of 9.2.1979.

³ OJ C 36 of 9.2.1979.

⁴ OJ C 69 of 24.3.1976 (see Annex I).

⁵ OJ L 320 of 11.12.1975.

⁶ See Annex II.

⁷ See Annex III.

II - ROLE OF THE REGIONAL DEVELOPMENT PROGRAMMES

1. The role of any programme is first and foremost to set out the intentions and commitments of the public authorities towards the development or reconversion of a region, so as to provide economic agents with the information needed for proper allocation of the factors of production. It thus helps to reduce uncertainty, since the infrastructure programmes and aid schemes from which potential investors can benefit are announced publicly.

2. From the Community's point of view, the regional development programmes are both a reference tool for assessing projects submitted for ERDF assistance, which must fall within the framework of these programmes, and the most appropriate framework for coordinating national regional policies and Community regional policy. They need to be updated regularly.

3. While the regional development programmes are thus essential both for Community regional policy and for the harmonious development of the regions, they must in a market economy remain indicative, i.e., outline the main lines of development (types of infrastructure investment and their priorities, main locational advantages for various types of activity), and state the cost of such projects and the financial commitments of the various public authorities, particularly central government.

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

5. The new provisions state that the Commission must examine the regional development programmes in the light of the Community's programmes or objectives. As the latter become more definite, the Commission will be able to determine the priorities for assistance from the Fund, as called for in Article 6 (4) of Regulation (EEC) No 214/79. The programmes must also, through their content, show the need for ERDF assistance to infrastructure projects contributing to the development of the region.¹

6. The expanded role of the programmes in administering the ERDF is easily explained if one bears in mind that between 1975 and 1978 more than 6 000 projects received assistance. The more detailed and precise the content of the

¹ The text of Regulation (EEC) No 724/75 applied a narrow definition of infrastructure, requiring them to be 'directly linked' to the development of industrial, handicraft or service activities (Article 4(1)(b)).

programmes, the easier it will be for the Fund to grant assistance to projects. The effectiveness of ERDF assistance is closely linked to the quality of the regional development programmes.

7. As regards the ERDF regions, the regional development programmes also form the reference framework for using other Community financial instruments. This will allow greater consistency to be achieved between the various forms of Community financial assistance in the regions concerned.¹ The Commission will ensure that account is taken of this need in administering the other Community funds.

8. However, as stated in the Council Resolution of 6 February 1979,² the programmes also constitute the most appropriate framework for coordinating national and Community regional policies. Such coordination must be achieved through more precise information on regional policy and regional planning in the various Member States and through comparison of the objectives set and the resources deployed, identifying the points of convergence and divergence, so that a balanced distribution of economic activities in the Community can be progressively achieved.³ Such examination could relate to such matters as the cost and effectiveness of the various types of aid, the concept and assessment of infrastructure requirements, programmes for frontier regions, and study of the regional impact of public expenditure. In this connection, an important role can be played by the Regional Policy Committee, attached to the Council and the Commission, which was set up with a view to contributing to the coordination of the regional policies of the Member States.

9. In addition, the guidelines and priorities established on the basis of the periodic report on social and economic trends in the regions of the Community, the first of which the Commission will present to the Council in 1980, as provided for in the Council Decisions and Resolution of 6 February 1979,⁴ will help to define the Community criteria for such coordination.

¹ Where policy on agricultural structures is concerned, it is intended that in future common actions with a regional orientation will have to form part of the regional development programmes. This is already the case with the agricultural decisions to promote drainage in Ireland and Northern Ireland (OJ L 43 of 20.2.1979) and reafforestation in the Mediterranean regions (OJ L 38 of 14.2.1979). It is also the case with all the other Commission proposals in this field. In addition, the proposal for a Regulation concerning interests rebates for certain loans with a structural objective (Doc. COM 31 final of 9 February 1979) in connection with the European Monetary System states that eligible investments in regions for which the Member States are required to present regional development programmes must come within the framework of these programmes.

² OJ C 36 of 9.2.1979.

³ It should also be pointed out here that the recent Commission Communication on regional aid systems provides that the regional aids awarded in the regions benefiting from the ERDF should in principle form part of a regional development programme within the meaning of Article 6 of Regulation (EEC) No 724/75 establishing the Fund (OJ C 31 of 3.2.1979).

vided for in the Council Decisions and Resolution of 6 February 1979,¹ will help to define the Community criteria for such coordination.

10. Finally, the regional development programmes must also allow the Community authorities to take account of the regional impact of Community policies and the effects of measures they adopt, particularly as regards the areas in which such Community policies are most strongly established (common agricultural policy, trade policy). If they contain sufficiently precise information on this field, the regional development programmes will make it possible to carry out this task more effectively.¹

11. The Commission has examined the programmes sent by the Member States at the end of 1977 in close collaboration with the national authorities, particularly within the context of the Regional Policy Committee, which delivered its opinion on the programmes in accordance with Regulation No 724/75. In many cases, the programmes were supplemented during the examination procedure. In its opinion (see Annex II), the Commission made reference to the common outline (see Annex I). It also made recommendations to the Member States (see Annex III) with a view to improving the content of the programmes, bearing in mind the increased role which they are to play both in the administration of the ERDF and in the coordination of national regional policies.

¹ See in this connection:

- (a) The Council Resolution of 6 February 1979 in which the Council noted the Commission's intention of taking more systematic account of the regional implications of the principal Community policies; the Council also stated its intention of taking account of these implications when adopting its decisions relating to these policies;
- (b) Article 13 of Council Regulation (EEC) No 214/79 of 6 February 1979, which deals with specific Community regional development measures which are linked with Community policies and with measures adopted by the Community in order to take better account of their regional dimension or to reduce their regional consequences.

III - SUMMARIES OF THE REGIONAL DEVELOPMENT PROGRAMMES

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

Belgium

Denmark, including Greenland

Federal Republic of Germany

France

Ireland

Italy

Luxembourg

Netherlands

United Kingdom

Summary of the
regional development programme

Belgium
1978-1980

INTRODUCTION

1. The above documentation, which was forwarded to the Commission pursuant to Article 6 of the ERDF Regulation, consists of an introduction and the revised programme for Flanders (5.6 million inhabitants) and Wallonia (3.2 million inhabitants).

It is 334 pages long, contains three maps and covers the period 1978-1980.

By way of annex to the introduction there are details of : the different methodologies used in the two programmes to calculate employment deficits, as well as on the use of ERDF resources and finally certain information on the textiles and clothing industry. Moreover there is a note attached to the Wallonian programme concerning physical and area planning.

2. Socio-economic developments in Belgium during the period 1960-1977 fall into four phases of cyclical activity culminating in a recession which has since made way for a very slight recovery.

3. In its statement to both houses of Parliament on 7 June 1977, the Government outlined various options aimed at pursuing a far-sighted energy and raw materials policy, reorganizing the structure of public finance and granting the regions wider powers with regard to economic policy.

4. The regional development programmes forwarded previously were based on the 1978-1980 Plan. In the meantime, important decisions taken or announced by the Government have made it necessary to revise the programmes. As a result, the Government decided, on 10 March 1978, to update the Plan in the form of a memo on the general policy to be followed in 1979-1980. The new guidelines have prompted the Belgian Government to request that examination of the regional development programmes already submitted be suspended and that it be allowed to submit new programmes.

5. The legislation on economic expansion is at present based on the Law of 30 December 1970 laying down the development areas. Moreover, with a view to facilitating socio-economic analysis, it has been decided to set up 'priority blocs' made up of most of the development areas eligible for assistance from the European Regional Development Fund in view of the Commission Decision of 26 April 1972. For Flanders, the 'blocs' are Westhoek, East Flanders and Limburg-Kempen and for Wallonia the West, East and South of the region.

6. Institutionally speaking, an economic and political decentralization into three regions (Wallonia, Flanders and Brussels) has taken place and the

country divided into three cultural communities (Dutch-speaking, French-speaking and German-speaking). In addition, pursuant to a 'pact' on Community and regional matters, the division of powers will probably have to be adjusted substantially both at national and Community levels and at regional and sub-regional levels.

FLANDERS

Chapter I - ECONOMIC AND SOCIAL ANALYSIS

A. Structural analysis

On 31 December 1976, the population stood at 5 565 991, having grown by 10% in the period 1961-1976. However, following a decline in the birth rate, this rate of increase is slower than that recorded previously. The number of individuals in the 0-14 age category has fallen while the labour force has expanded. The total population is expected to grow by 142 000 by 1980.

During the period 1961-1976, employment fell in the primary sector and rose in the secondary and particularly the tertiary sector. On 31 December 1976, the primary sector accounted for 0.5%, the secondary sector 50.2% and the tertiary sector 49.3% of the occupied population (social security statistics).

In 1974, gross domestic product at factor cost in Flanders amounted to BFR 1 037 800 million at current prices, or 55.6% of total GDP for Belgium. On the other hand, value added per capita (BFR 188 200) was still below the national average (BFR 191 000). The breakdown by sector was as follows: primary sector: 5.6%, secondary sector: 45.3% and tertiary sector: 49.1%.

During the period 1966-1974, the value of exports climbed from BFR 120 100 million to BFR 451 200 million, an increase of 275.8%. The Province of Antwerp exported most in 1974, accounting for one-quarter of the country's industrial sectors in Flanders were: metal products and shipbuilding (34.5% as against the national figure of 31.9%), chemicals and copper.

The share of total investment in Belgium accounted for by Flanders rose from 50% to 58% in the period 1964-1974, the key investment sectors being: prepared foods, textiles and clothing, metal products and the wood and furniture industry.

Forced commuting - involving actual hardship - accounts for 6% of the labour force in Flanders, the individuals affected working mainly in Brussels.

Average per capita taxable income stood at BFR 73 000 in 1974 (97.2% of the national average). In Westhoek, average per capita taxable income fell sharply between 1974 and 1976.

Between now and 1980, the level of employment is expected to decline throughout the primary sector and in certain branches of the secondary sector such as leather, textiles, means of transport, footwear and clothing. However, the

level of employment is expected to steady in the solid fuels, oil-refining, metal products, building and construction, furniture industries, etc., whereas employment in chemicals, electrical engineering, rubber, plastics, the distributive trades, banks, insurance, hotels, etc. will probably expand.

B. Economic analysis

The industrial production index showed the same fall as that recorded for Belgium as a whole (-2.3%) between the end of 1976 and the end of 1977.

Between 1970 and September 1977, the unemployment rate rose from 2.6% to 9.9%, young people and women being particularly hard-hit.

In the period 1974-1977, closures affected 1 591 undertakings and 45 102 individuals (51% of all closures in Belgium).

C. Development areas

The Limburg-Kempen development area takes in the province of Limburg, the administrative district of Turnhout and the townships of Diest and Aarschot. It accounts for 20.6% of the population of Flanders and 11.7% of the total population of Belgium.

The province of Limburg, whose population expanded by 22.0% between 1961 and 1977, has a labour force of 256 300 and a job pool of 208 300 units, representing a shortage of 48 000 jobs broken down into 25 000 unemployed and 23 000 commuters. Per capita taxable income in 1974 was relatively low (17% lower than the average for Flanders and almost 20% lower than the national average).

The administrative district of Turnhout, whose population has risen by 16%, has a job shortage of 22 000 units (7 000 unemployed and 15 000 commuters) out of a labour force of 136 000 and a job pool of 140 000 units. Taxable income is 14% lower than the average for Flanders and 16% lower than the national average.

Income levels in the townships of Aarschot and Diest, with a combined population of 106 579 on 31 December 1976, are 13% and 12% lower respectively than the national average.

The 'Westhoek' development area includes the administrative districts of Veurne, Diksmuide, Ieper and Tielt. Its population accounts for 5.1% of the population of Flanders and 2.9% of the population of Belgium as a whole. All the districts concerned show a net migration loss. Employment is concentrated in the textiles and clothing industries particularly. In addition, the job shortage is reflected in unemployment and commuting and the unfavourable economic situation in income levels.

The area of East Flanders includes the administrative districts of Eeklo, Oudenaarde and a number of communes in the Aalst district. Its population accounts for 3.6% of the population of Flanders and 2.0% of the total population of Belgium.

The characteristics of the administrative district of Oudenaarde and the communes in Alost are those of a development region: namely, inadequate infrastructures, contraction in employment in agriculture, single-industry structure, undeveloped tertiary sector, commuting, unemployment and low incomes.

The administrative district of Eeklo is an area that has to content with a job shortage, an undiversified industrial structure, static population and low incomes.

D. The major disequilibria and their causes

Unemployment was very high between 1950 and 1960, after which the economic and social situation underwent a significant transformation. Under the regional expansion laws, investments have been channelled to sectors with a substantial shortfall of jobs. In recent years, the economic crisis has resurrected the problem of unemployment and accentuated regional disparities.

The need for an improved living, working and housing environment and for regional planning has become evident. In addition, the birth rate has dropped, resulting in a natural rate of population growth approaching zero.

E. Results of the action taken

In the period 1959-1977, the State carried out, under the economic expansion laws, a spending programme costing BFR 23 100 million in Flanders and this prompted investments totalling BFR 227 500 million, the creation of 176 564 jobs in all and, more particularly, the setting up of 819 new firms providing 73 079 jobs. Once completed, the programme for constructing industrial estates will provide some 140 000 jobs. The bulk of these estates is located in Limburg. Substantial efforts have been made to improve transport infrastructures (roads, motorways, inland waterways, etc.).

In the period 1975-1977, the European Regional Development Fund granted assistance to Flanders for the construction, extension and fitting out of industrial estates, including access roads.

F. Development possibilities and conditions

The advantages Flanders possesses as regards economic development stem from a favoured geographical situation, high productivity and a new industrial policy. The disadvantages it faces are high unemployment, the decline of the textiles and ready-made-clothing industry, a new pattern of distribution of labour, dependence on outside economies, the contraction in foreign investment, and environmental and regional development problems.

G. Socio-economic developments during the planning period

The most crucial problem, which will be a continuing source of concern, is that of high unemployment due to the economic crisis and the steady expansion in the labour force (2 316 000 in 1977 and 2 431 800 in 1980). Assuming that structural unemployment levels off, 94 140 jobs will be needed to mop it up,

not to mention the jobs that will be needed to keep pace with the expansion in the labour force (115 800).

There are, in addition, the problems of welfare and regional development. 25 sector plans will have to be implemented to resolve the latter.

In the Aalst, Dendermonde and St-Niklaas areas, forecasts for the secondary sector suggest that employment will decline in half of the firms concerned, increase in around 10% of them and level off in the remainder.

As for the administrative district of Roeselare, employment in the secondary sector is expected to fall in around 40% of the firms concerned, mark time in half of them and increase in only around 10% of them.

Chapter II - DEVELOPMENT OBJECTIVES

When the regional plan for Flanders was being drawn up, two political choices were made to promote employment and welfare.

A. Objectives in Flanders

Allowing for the expansion in the labour force (115 800) and for structural unemployment (94 140), 209 940 new jobs will be needed in the period 1978-1980.

Stepping up job-creating capacities and absorbing unemployment will depend primarily on the success achieved in restructuring industry and strengthening the tertiary sector.

In the primary sector, agriculture will continue to play its important role, and infrastructures will be improved through land-reparcelling schemes. It has been decided to raise coal production in the Kempen coalfield to 7 000 000 tonnes by 1980.

In the secondary sector, it will be important above all to maintain a variety of industrial activities, to embark on the necessary restructuring programmes, to assist growth sectors such as chemicals and metal products and to protect the textile and clothing industry.

The tertiary sector will assume even greater importance as administrative services and services of general interest are expanded.

The growth of small and medium-sized enterprises (SMEs) will be encouraged by aids to investment, vocational training, business guidance and exports.

It will also be important to set in place a network of primary and secondary 'growth poles' and, where transport infrastructures are concerned, to develop maritime activities, to safeguard the important role played by inland waterway transport and to extend the road network while promoting rail and air transport and transmission by pipeline and according priority to public transport in urban areas and between communes.

B. Specific objectives for the development areas

On the employment front, 84 427 jobs are estimated to be needed if the expansion in the labour force (44 933) and structural unemployment (39 494) are to be absorbed.

Moreover, investment aids will continue to be made available by the Economic Expansion Fund and the establishment and fitting out of industrial estates will need to remain a key instrument for influencing the location of firms.

Development will also need to be encouraged in areas outside the sphere of influence of a major centre of population.

In addition, it will be necessary to guarantee an efficient communication link with the ports, with the large centres of population such as Antwerp and Brussels and with the other regions in the country and the other member countries of the European Community.

C. Social investment policy

As regards living conditions, the objectives are to improve housing (12 000 dwellings per year) and the urban and rural environment, to preserve and create open spaces, to carry out water-purification and waste-disposal schemes, to combat noise and pollution, to protect the waters of the Scheldt and the coastline and, lastly, to guarantee water supplies.

As for social security, medical attention will have to be made more efficient by medical care planning, by greater specialization among medical institutions, by preventive medicine and by home visits. Measures will also be needed to improve facilities for the elderly and for children and to create small cultural and sports centres.

Chapter III - MEASURES

A. Measures at regional level

A Government programme aimed at reducing unemployment and improving working conditions the cost of which is put at BFR 23 708 million and which should bring down the number of unemployed in Belgium to 220 000 in 1978, features measures to provide 25 000 unemployed persons with jobs in the public sector, to promote traineeships for young people, to introduce early retirement schemes, to provide temporary employment for 24 000 workers and to develop vocational training facilities.

At sectoral level, restructuring programmes have been drawn up for the steel industry and for the textiles and clothing industry. The Tripartite Conference on the Steel Industry held on 5 March 1977 agreed, among other things, to freeze production capacities at their present level and to put a halt to redundancies until the restructuring plan had been adopted and an overall strategy decided on. For the textiles and clothing industry, a plan has been prepared by the Government that guarantees workers employment premiums during a

transitional period. The aim of the plan is to reorganize firms by boosting their competitiveness and by restoring a healthy financial structure.

The new industrial policy is geared primarily to safeguarding and increasing employment and to reorganizing the traditional sectors of the economy while assisting small and medium-sized enterprises, promoting exports, attracting foreign capital and making practical use of research done at universities.

The plan for small and medium-sized enterprises, which was adopted by the Government on 9 December 1977, provides for a more straightforward procedure than that applied hitherto, the granting of employment premiums, assistance in setting up firms, management guidance, favourable tax measures and better information.

Where major public infrastructures are concerned, the plan is to improve access to the ports of Gent and Antwerp and to improve and extend the infrastructures and superstructures in the ports of Antwerp and Zeebrugge (terminal for liquid natural gas).

Where inland waterways are concerned, the programme is concerned in particular with widening the draught to cater for vessels of up to 1 350 tonnes and to improve links between Antwerp and the Albert Canal and with the Netherlands and France. The road development programme includes new motorways, other fast roads and urban ring roads. In addition, work on improving and electrifying the rail network will continue, urban transport will be extended in Antwerp and Gent, and two pipelines may be built (Netherlands-Antwerp-Brussels-Wallonia and Zeebrugge-Gent-Antwerp-Limburg-Liège-Germany).

B. Specific measures in the development areas

In the period 1978-1980, investment aid in Flanders will amount to some BFR 7 000 million, with priority going to job-creating schemes with a high value added component.

Several infrastructure programmes for the construction of industrial estates will be launched in conjunction with the public authorities in Limburg, Westhoek and East Flanders. Assistance from the ERDF will be solicited for major projects.

As regards infrastructures, improvement schemes in the ports of Antwerp, Zeebrugge and Gent will create conditions conducive to growth in the development areas. Where the inland waterway network is concerned, improvement schemes are planned for the Gent-Brugge-Oostende Canal, The IJzer, the Dender and Leie rivers, the Dessel-Kwaadmachelen Canal, the upper Scheldt and the link between Antwerp and the Albert Canal.

In addition, action will be taken by the five regional development companies, each of which has been allocated a budget for BFR 85 million.

C. Social investment policy

Under the social investment policy, the public authorities will each year provide assistance for the construction of 12 000 subsidized dwellings, 9 000 of

which will be social housing in the strict sense of the term. Since this target was not met in 1976-1978, emphasis will have to be shifted gradually towards the renovation of existing dwellings.

In agreement with the communal administrations, urbanization projects will be carried out. In addition, measures will be taken to create open spaces, with the State acquiring wooded areas and nature reserves and opening them to the public.

Measures are also planned with a view to improving the environment, water distribution and dyke buttressing.

With regard to medical care, two problems need to be resolved: the modernization of hospitals and the number of beds available, on the one hand, and the setting up of geriatric departments and psychiatric centres, on the other.

In addition, measures will have to be taken to improve child-care facilities, to encourage adoption and, depending on the finance available, to promote cultural events, sport and tourism.

Chapter IV - FINANCIAL MEANS

The sources of finance available include the central government budget, the regional budget, the local authority and local authority association budgets, and the ERDF. Since the development areas have no decision-making powers in budgetary matters, it is very difficult to ascertain the breakdown of public assistance made available to these areas.

With regard to national infrastructure expenditure in the period 1978-1980, investments by the central government will total BFR 309 200 million (at current prices), of which BFR 236 300 million will be for economic infrastructures and BFR 58 100 million for social infrastructures.

In the same period, spending on regional infrastructures in Flanders will amount to BFR 142 400 million, of which BFR 13 400 million will be for economic infrastructures and BFR 127 300 million for social infrastructures.

Certain other items of regional expenditure should be mentioned:

- (i) BFR 5 200 million for vocational training in 1978-1980;
- (ii) some BFR 7 000 million for investment aid in 1978-1980;
- (iii) 51.48% of a total amount of BFR 1 000 million for the regional development companies for 1978.

Chapter V - IMPLEMENTATION

1. Planning and regional bodies

The Plan has to be submitted, for their opinions, to the Regional Economic Councils, the Central Economic Council, the National Labour Council and the

National Committee on Economic Expansion before being presented to both houses of Parliament for adoption. There is a contractual commitment to the Plan on the part of firms, which have to satisfy its provisions before being granted Government assistance.

The Ministers are involved in its implementation via the budget. Actual implementation is the responsibility of the local authorities, local authority associations, etc. The Planning Bureau monitors its implementation and produces progress reports.

The regional bodies involved are the Regional Economic Councils, which deliver opinions and recommendations, and the regional development companies, which may determine regional needs, formulate suggestions and undertake practical measures, and lastly the Industrial Promotion Office, which is a study and research body.

2. Regionalization

The policy areas in which a differentiated regional policy is wholly or partly warranted are:

- (i) town and country planning;
- (ii) regional economic expansion and employment;
- (iii) housing;
- (iv) family and population;
- (v) hygiene and public health;
- (vi) reception (for firms, etc.);
- (vii) water-management;
- (viii) hunting, fishing and forestry;
- (ix) industry and energy.

The relevant policy-making powers are exercised partly by the Secretary of State for the Regional Economy, subject to the authority of his Minister, and partly by the Secretary of State for Social Affairs in the Regional Affairs Ministry.

A Ministerial Committee for Regional Affairs, chaired by the Minister for Regional Affairs and consisting of the ministers and Secretaries of State whose responsibilities overlap with regional matters, frames, coordinates and implements regional policy.

The local authorities and in particular the local authority associations take part in this policy-making process. The local authority associations are made up of representatives of public and private interest groupings.

WALLONIA

Chapter I - ECONOMIC AND SOCIAL ANALYSIS

A. Structural analysis

The population of Wallonia stood at 3 214 810 on 31 December 1976, representing an increase of 3.5% in the period 1961-1976 (the increase for Belgium as a whole was 6.9%). The average age of the population is rising steadily. On 31 December 1970, the labour force totalled 1 138 000 persons, or 31.3% of the population of Belgium as a whole, and 8% of this figure held down jobs elsewhere in Belgium.

The region's gross domestic product fell steadily in terms of the gross domestic product of Belgium as a whole, slipping from 32.2% in 1960 to 28.6% in 1974. The sectoral breakdown of gross value added in the period 1971-1974 was as follows: primary 7.0%; secondary 44.6% and tertiary 48.4%.

On 31 December 1976, the number of workers registered with social security funds stood at 841 240, with just over 50% being employed in the distributive trades and in the services sector. Employment in industry shrank by 4.6% in the period 1965-1970 and by 13.6% in the period 1970-1976.

Exports totalled BFR 234 700 million in 1974 of which 43% was accounted for by steel products. The region's share of industrial investment in Belgium as a whole rose from 30.1% in 1965 to 36.3% in 1975. The leading industries are pottery, cement, metal products, chemicals and rubber.

Average income per capita was BFR 70 700 in 1974, or 94.1% of the national average.

B. Economic analysis

The index of industrial production is dropping increasingly further behind the national index.

The number of closures of firms and of workers affected has been consistently higher in Wallonia than in Belgium as a whole in the period 1974-1977.

Between 1973 and 1977, unemployment, expressed as a percentage of the number of persons covered by social security, rose from 4.9% to 17.2%, with a relatively high proportion of people being under 25 (expressed as a percentage of persons insured against unemployment).

C. Development areas

These areas fall into three blocks. The first group takes in the administrative districts of Charleroi-Mons-Soignies and Namur. The density of population is relatively high (403 inhabitants per km²). However, the recent change in the birthrate can only lead to an increased ageing of the population. From 1974 to 1977 industrial employment did not cease to decline. By contrast, the service sector gained 11 703 jobs.

The second block is made up of the administrative districts of Huy-Liège and Verviers. Other than in the administrative district of Liège, the density of population is quite low. A decrease in the birth rate is generally becoming noticeable. Job losses in industry between 1974 and 1977 (-14.4%) were not compensated for by the creation of jobs in the service sector.

The third block includes the administrative districts of Arlon, Virton and Neufchâteau. As well as a low density of population, characteristic of a predominantly rural region, the highest level of young people - in relation to the other blocks - in the structure of the population should be noted. The secondary sector is very poorly represented in this block whereas tourism accounts for the predominance of the service sector (62.3%).

D. Agriculture in Wallonia

The northern parts of Wallonia constitute a region of large-scale farming that accounts for the major part of the area of loamey soil in Belgium and a large part of the area of silty sand.

The southern parts of Wallonia include the region of pasture land around Liège, the Famenne, the Haute-Ardenne, the Ardenne, the Jurassic region and the pasture land of the Fagnes. This is primarily a stock farming area in which 80% of the UAA is made up of permanent pasture land and a large part of which falls within the scope of the Directive concerning lee-favoured farming areas.

E. The major disequilibria

The main factors making for imbalance include the excessively predominant position of the steel industry, which has not made the necessary adjustments, the concentration on the production of semi-manufactures, the heavy dependence on export markets and the inadequate level of new investment.

F. Results of action taken

The ratio between the volume of investment and the number of jobs created fell steadily in all three blocks, where the investments made during the period 1960-1977 tend to be more and more capital intensive, a tendency observed particularly in the Western and Eastern blocks.

As regards industrial estates, it should be pointed out that half their total surface area is still unoccupied. On the other hand, one can state that in each of the blocks considered, and particularly in the one that concerns the south, the industrial sites are concentrated in the development zones.

Between 1969 and 1976, the State spent BFR 4 184 million on constructing and fitting out these industrial estates.

In the period 1975-1977, the ERDF contributed over BFR 460 million to development schemes in Wallonia, including industrial, infrastructure and rural infrastructure schemes.

G. Development possibilities and conditions

The privileged position of industry in Wallonia has undergone a rapid decline owing to the need to import raw materials. However, the region does have the advantages of a long-standing industrial tradition, high labour productivity, ease of communication with surrounding areas and a new industrial policy to attract foreign investment by promoting new forms of business association such as joint ventures.

H. Expected socio-economic developments if no new measures are taken

The labour force is expected to expand significantly by 1980. Allowing for redundancies in the textiles, printing and steel industries (between 6 900 and 8 500), the level of total employment will level off somewhat. As a result, there will be a quite substantial shortfall of over 260 000 jobs in 1980.

Development of the region is largely a function of the need to reorganize the steel industry. In addition, the building and construction industry and the metal products industry are still having to contend with serious difficulties.

Chapter II - DEVELOPMENT OBJECTIVES

The general objective is to safeguard and raise employment.

The specific objectives can be summarized as follows:

- (1) immediate regeneration of employment by expanding public investment pending the impact of the re-industrialization programme;
- (2) encouraging the growth of profitable firms regardless of size;
- (3) promoting technological innovation and the establishment of new firms;
- (4) encouraging firms with unduly low productivity to embark on restructuring, rationalization and diversification programmes.

Clearly, the restructuring programmes for the steel industry and for the textiles industry are part and parcel of these objectives, which are, in any case, complementary.

Chapter III - DEVELOPMENT MEASURES

Generally speaking, increased cooperation between public and private holding companies will help to boost investment. The necessary funds will be made available by the National Investment Company and the regional development companies. An Industrial Renovation Fund will also be set up.

In traditional industries such as steel and textiles, the most comprehensive restructuring programme possible will be put in hand.

In the steel industry, one package of measures based on a study conducted at the Government's request is concerned with rationalization. Social measures to compensate for the jobs (put at between 7 500 and 8 000) that will be lost in the course of this rationalization process will be examined later. The steel industry will be reorganized around three centres and financial participation by the State in the restructuring process is planned.

Reorganization of the textiles industry will take place in two phases, the first featuring transitional arrangements based on financial aid. After a period of thirty months, the reorganization proper will begin and will be designed to improve the competitiveness of firms, in particular by injecting fresh capital.

Under the industrial redeployment and economic recovery programme, new industries are to be developed: bio-medical engineering, petrochemicals in the Liège area, pipeline network, forestry production, and development research in the prepared foods industry. In addition, four applied research centres are planned: one, in actual fact, has already been set up in Charleroi, and two will be located in Athus and Liège. There are also schemes for using alternative sources of energy (underground gasification of coal, underground storage of natural gas). Lastly, special attention will be focused on profitable small and medium-sized enterprises.

In conjunction with a general programme of urban renovation, a key housing programme will be carried out by the Government, which has earmarked BFR 600 million for this purpose. In addition, there are plans to construct a heat-transfer line linking Liège, Tihange, Namur and Charleroi, and a study is being made of a new east-west rail link.

A number of transitional measures provided for by the Law of 22 December 1977 are concerned with extending training facilities for young people, making it easier for workers to retire early and providing special opportunities for temporary work.

Under the relevant Community provisions, the Government has set up a special scheme of aids for less-favoured farming areas. Its action also extends to the pricing and marketing policy for farm products and to adequate public works programmes. In addition, a commission has been set up to coordinate and promote agricultural policy measures taken in the south east of the region. The Agricultural Investment Fund is concerned particularly with modernizing farm holdings.

ERDF resources are to be made available for industrial projects, infrastructure projects and public infrastructure schemes in less-favoured farming

areas. Depending on the case in question, these resources might be allocated on the basis of the principle of vertical complementary, subject to the establishment of a special set of criteria.

Chapter IV - FINANCIAL MEANS

Initial estimates put public investment in Wallonia in the period 1979-1980 at BFR 74 086 million. This figure includes not only economic expenditure (BFR 5 445 million) for industrial estates and subsidized roads but also social expenditure¹ (BFR 68 641 million) in respect of schemes to combat water pollution, waste-disposal schemes, urban development, water distribution, hospitals, medical teaching institutions, the elderly, home care and social housing. Budgetary appropriations for 1978 amount to BFR 27 313 million of which BFR 2 555 million is for economic expenditure and BFR 24 758 million for social expenditure.¹

Other sources of expenditure include funds totalling BFR 4 882 million earmarked by the National Employment Office for vocational training in the period 1978-1980. Investment aids in the same period will amount to some BFR 5 000 million, in the framework of the funds for economic expansion and regional re-conversion.

At national level, amounts of BFR 14 000 million and BFR 9 000 million have been set aside for the priority infrastructure programme and for industrial redeployment respectively in the years 1979-1980.

The 1978-1980 rail development programme in Wallonia will cost BFR 6 494 million.

Chapter V - IMPLEMENTATION

Regardless of whether we are concerned with planning and regional bodies or with regionalization, the procedures described in connection with Flanders remain valid for Wallonia.

¹ Including the amounts given indicatively at the beginning of the Plan 1978-1980.

Summary of the
regional development programme

Denmark

A. 'SOUTH'¹

1. INTRODUCTION

1.1. General

The Danish government has decided to limit the regions eligible for aid from the European regional fund to:

- (1) North Jutland County;
- (2) Thisted, Hanstholm, Sydthy and Morsø municipalities in Viborg County;
- (3) South Jutland County (except certain municipalities);
- (4) Bornholm County.

For each of these four regions a development programme has been established in cooperation between local ~~and~~ governmental authorities.

The programmes represent a preliminary phase of the comprehensive Danish regional planning which will be finished by 1979 for the approval of the Minister for the Environment. Definitive programmes cannot, therefore, be presented before 1980.

1.2. Regional aid to private enterprises

For the financial year 1977/1978 the budget for regional aid to private enterprises has been increased by DKR 25 million over 1976/1977 taking into account the payments from the Regional Fund.

The regional break-down is not contained in the budget, but depends on the number of qualified applications in each region. Until now, however, there have not been large variations in the relative share of each region.

The programme contains an exhaustive list with comments of all types of regional aid in Denmark.

¹ Separate summary exists for Greenland.

1.3. Sector planning

The public sector planning will be coordinated through the comprehensive regional planning now being carried out.

1.4. Expected economic development in Denmark

It is expected that growth in gross domestic product for Denmark will be low in 1977 and somewhat higher in 1978. Any improvement in unemployment is however not expected, but will be about an average 7%¹ in both 1977 and 1978.

1.5. Implementation of the regional plans

The minister for environment has the responsibility for coordination of the regional plans and therefore also for the programmes. The direct implementation is the responsibility of the countries and municipalities, who in their construction programmes must respect the regional plans and also in general work towards their implementation. The administration of regional aid is assured by the Regional Development Council and the Directorate for Regional Aid.

2. NORTH JUTLAND COUNTY

The county covers an area of 6 172 km² and has a population of 475 000. There are three large cities i.e. Aalborg with 155 000 inhabitants, Hjørring and Frederikshavn with each in excess of 30 000.

2.1. Social and economic analysis

Until 1970 the region has experienced on average annual increase in population below the national average. This is no doubt because of differences in employment possibilities. After 1970 however the region has had an annual increase in population well over the national average caused by a net immigration. This pattern seems to continue even after and during the economic crisis. A population forecast taking these factors into account as well as the normal development in mortality envisages a population growth from 1975 to 1995 of 30 000 i.e. from 469 000 to 499 000.

The same development has been observed for employment.

In particular the manufacturing and service industries have advanced rapidly and nearly closed the gap to the national average.

The region is very apprehensive with respect to employment prospects in the primary sector, both directly and in its associated industries. The develop-

¹ Percentage of total labour force.

Employment in	Employed in North Jutland			Relative Distribution 1975	
	1965	1970	1975	North Jutland	Denmark
Agriculture and Fishing	49 020	36 050	34 700	15.6%	9.2%
Manufacturing	49 510	51 800	55 100	24.8%	25.5%
Construction	18 170	20 620	20 800	9.4%	8.1%
Commerce	26 710	27 840	31 700	14.3%	15.5%
Transportation	11 420	11 530	12 600	5.7%	6.5%
Service	33 250	43 420	63 300	28.5%	33.4%
Other	6 000	5 860	3 700	1.7%	1.8%
TOTAL	194 080	197 120	221 900	100.0%	100.0%

ment in the fishing sector, which constituted 25 to 40% of total employment in Hirtshals, Skagen, Laesø and Frederikshavn, gives cause to great anxieties.

Shipbuilding is another branch in the county with possible difficulties. 5 700 workers in all of which 2 200 in Frederikshavn alone, i.e. 15% of total employment in this city.

Tourism is very important in the region both with respect to employment and revenue. A total revenue of DKR 700 million has been estimated for 1976.

Unemployment is very high in the county, i.e. from 40 to 50% higher than the national average. This amounts to at least 15 000 unemployed at present.

The average taxable income in 1975 was 15% less than the national average. This difference tends to increase.

About DKR 21.5 million has been given annually to the region in regional aid to private enterprises between 1974-1976. An average of 850 workplaces were created.

The most important infrastructure developments concern higher education in the technical and commercial fields and the University centre in Aalborg, which was opened in 1977. The level of public service expenditure has been increased.

Detailed demand/supply employment forecasts have been carried out showing a slight increase in unemployment. However, the forecasts do not reflect any serious decrease of employment in the fishing sector (including industry) and shipbuilding. Any serious development in these sectors will create substantial unemployment in the districts concerned. Tourism may fare better than forecasted.

2.2. Development objectives

The main goal is to reach parity with the rest of the county. To this aim certain policies are important: further processing stages in the fishing industry must be developed in the region; tourist infrastructure must be developed; transportation connections must be improved in particular by sea and air to Norway and Sweden and ferry connections to England are under study.

2.3. Measures for development

Apart from regional aid to private enterprises, which is treated in paragraph 1.2., the county intends to improve the infrastructure. The investments mentioned by type and locality cover ports, airports, rail and a new freight terminal for road hauliers. Specific technical schools and the university are mentioned. The large infrastructure projects mentioned are financed by the State and their realization depends on a budget decision by the State.

If it is agreed that Denmark should establish a nationwide supply system by pipeline for gas from the North Sea, North Jutland might be connected to this system.

Development of land for industry and tourism is mentioned without specific location.

Certain sewage treatment plants necessary for industrial and general development are mentioned.

The county has commissioned a study on the possibilities of business development in the area and on how best to promote the region in other industrialized countries in order to attract firms to the region.

In order to reduce unemployment, certain county investment projects have been accelerated and measures have been taken in the agricultural sector.

Without any of these measures, unemployment will stay at about 15 000 which might be reduced by 2 000 in the next 2 to 3 years if all the projects are carried out. This forecast may be changed completely if the fishing situation is aggravated.

2.4. Resources

Regional aid is estimated as follows:

(in DKR 1 000)

	Investment loans	Adv. factory loans	Grants	Total
1977	45 000	8 000	25 000	78 000
1978	48 000	7 000	26 000	81 000
1979	57 000	7 000	29 000	93 000

For the major State infrastructure investments the total expenditure is shown (DKR 341 million) with the investment after 1 April 1977 specified (DKR 178 million). Development of land will cost DKR 80.2 million. The county has in 1978 budgeted DKR 19.5 million for measures against unemployment and DKR 0.9 million for the study. The county is looking for additional means of about DKR 27 million.

3. THISTED AREA/VIBORG COUNTY

The Thisted area covers 1 470 km² with 72 000 inhabitants. Thisted municipality which is the largest has about 30 000 inhabitants.

3.1. Economic and social analysis

Up to 1970 the area has suffered from a long period of declining population. Since then the population has remained more or less stable.

24% of the labour force is employed in the primary sector. This covers mainly agriculture, but fishing is also important. In Hanstholm employment in fishing amounts to about 1 000 i.e. about 50% of total employment. Only 44% of the labour force is employed in the services sector and public administration.

Unemployment is very high, i.e. about 30% higher than the national average in 1976.

Average income in 1975 was 17% under the national average.

Regional aid to private enterprises amounted in 1973-1976 annually to about DKR 2.9 million i.e. the creation of about 150 workplaces per year.

The State harbour at Hanstholm has been important for the development of the region.

The population will only increase slightly. Employment in agriculture is diminishing, however it is clear that unemployment will continue to be a very serious problem in the region. The prospects for fishing are not very positive and it is necessary to look at industry, services and tourism for further development.

3.2. Development objectives

To generally improve conditions in the area and in particular to reduce the large seasonal variation in employment.

3.3. Measures for development

Apart from regional aid to private enterprises which is treated in paragraph 1.2., the region wants to improve its infrastructure. The harbour at Hanstholm should be expanded and improvement of the road system is also needed. Other

types of infrastructure are also mentioned in general. It is mentioned that there is a lack of certain infrastructure but that the decisions concerning implementation of these projects will only be taken at a later date in connection with regional planning. These types of infrastructure are found in particular in transportation but some are also of a more general nature in order to preserve the agricultural employment in the area.

3.4. Resources

Regional aid for 1977 to 1979 is estimated as follows:

(in DKR 1 000)

	Investment loans	Adv. factory loans	Grants	Total
1977	6 000	2 000	2 000	10 000
1978	7 000	2 000	2 000	11 000
1979	8 000	2 000	2 500	12 500

This aid should give rise to the creation of 140, 145 and 170 work places in these three years.

Investment in major infrastructure projects by the State is shown as totalling DKR 286 million of which DKR 69.5 million after 1 April 1977.

The county will invest DKR 31.9 million in roads in these three years and about DKR 43 million in educational and social institutions.

For the municipalities a total of DKR 27.3 million has been shown for the development of industrial plants in that period. For other types of infrastructure classified by types, a total of DKR 86.5 million is shown.

4. SOUTH JUTLAND COUNTY

The county covers an area of about 4 000 km² with a population of about 250 000. Part of this area is not eligible for Danish regional aid i.e. the six most eastern municipalities and the municipalities of Christiansfelt, Haderslev and Vojens. The area eligible for aid from the regional fund is therefore reduced to about 2 700 km² with a population of about 125 000.

4.1. Social and economic analysis

Population in the county has over many years been increasing steadily. This has, however, been accompanied by net emigration except from 1972 to 1975.

The primary sector constitutes a very large percentage of total employment, i.e. about 15% for the whole county but 28% in the western part. To this should be added associated industries which further account for about 10% of the employment. 38% are employed in manufacturing industries although only 33% in the regions eligible for benefit from the European Regional Development Fund. Three branches account for about 85% of total employment in manufacturing, i.e. food and delicatessen, machinery and textiles. Transportation is of particular importance to this area, through which most transfrontier traffic passes. The services and public administration sectors account for about 50% of total employment, which is slightly lower than the national average.

Unemployment has traditionally been about 40% higher than the national average but has improved in recent years. Unemployment in the Summer of 1977 was registered at about 2 000 unemployed.

In 1970, the income per head was about 20% lower than the national average, which in 1975 had improved so much that it only was about 15% lower than the national average.

About DKR 3.7 million has been given in regional aid per year, which has resulted in the creation of about 200 workplaces.

The area has concentrated its infrastructure investments on the development of industrial land with connected infrastructures.

Public bus service has been improved. The expansion of the power stations in the county has established adequate power supply for present and future demands.

An effort has been made to improve educational institutions.

In contrast to the rest of the county the agricultural employment sector has been stabilized in this region. It is, however, envisaged that a certain diminution will take place. An increase in employment must therefore be based on the services sector and public administration. Employment in the industrial sector is rather vulnerable, particularly because of the relatively large share of the textile industry. Although tourism has not meant very much for this region, there is scope for further development but the seasonality of employment in this sector makes it less attractive.

If no action is undertaken in this area, it is expected that unemployment will continue to rise so that in 1980 it reaches about 30 to 40% more than it is today.

4.2. Development objectives

A realistic aim for the creation of workplaces in the county is about 3 000 to 4 000 workplaces up to and including 1979. This covers the whole county including those areas not eligible for aid from the regional fund. The increase of salaries in order to approach the national average should be sustained. In particular the increases of salaries in the middle and western parts should be promoted.

4.3. Measures for development

Apart from regional aid which is treated in paragraph 1.2., the region has created its own investment fund and loan organization. This activity dates back to about 1920. An exhaustive description of the means available through these institutions is contained in the programme.

Definite plans for infrastructure investments must await the conclusion of the regional planning activities. It is, however, contemplated to establish an industrial estate close to Highways A 11 and A 25. For tourism, a large holiday centre is being constructed, which will be finished in 1978.

A new dyke at the North Sea which will be constructed in cooperation with the Federal Republic of Germany will significantly improve conditions for agriculture in these areas.

Several road projects are mentioned and in particular the completion of the North-South motorway. The telecommunication network is not satisfactory and must be improved.

It is also possible that this region will be supplied with North Sea gas if it is decided to develop this possibility.

It is necessary to improve the educational institutions and several projects are mentioned.

4.4. Resources

Regional aid is estimated as follows:

(in DKR 1 000)

	Investment loans	Adv. factory loans	Grants	Total
1977	14 000	2 000	1 500	17 500
1978	15 000	2 000	2 000	19 000
1979	17 000	2 000	2 500	21 500

This activity should result in the creation of 180, 190, 220 workplaces in the years 1977 to 1979. An additional DKR 5 million will be provided by the South Jutland development fund and loan association.

The investment in road projects in the county will for the three years amount to about DKR 500 million. This is in particular due to the completion of the motorways.

Investments in educational institutions under construction amount in total to about DKR 15 million.

5. BORNHOLM COUNTY

Bornholm is placed in the Baltic and is the most eastern area of Denmark. The island covers an area of 588 km² and has 47 000 inhabitants.

5.1. Social and economic analysis

Emigration has always been a problem for the island. Because of this, population growth has been sharply reduced and since 1960 there has even been a population decrease. The number of inhabitants seems at present to be stable.

Employment has through the last 25 years been practically stable, that is at about 20 000 persons. 6 700 of these are employed in basic activities while the rest are employed in supporting activities. About 25% of the work force is employed in agriculture and fishery with associated industries, that is branches which have a relatively uncertain future. Tourism is of direct importance and has indirectly given rise to increased employment in the construction sector because of several new hotel projects.

Although traditionally the island had an unemployment problem, this situation has improved in recent years, because of the favourable development in agriculture and fishery. This development has been positively influenced by membership of the EEC. However, the present negotiations concerning fishing limits in the Baltic are precarious for this island and the prospects are not good. A worsening of the unemployment situation is, therefore, expected.

The average income was about 20% below the national average in 1970 and 15% below in 1975.

Regional aid amounted to about DKR 2 million annually in the period 1973 to 1976, which resulted in the creation of about 40 workplaces per year.

This island has also created its own development fund, which has been very important for the maintenance of workplaces. It is estimated that about 200-300 workplaces have been saved in the last 2 to 3 years.

Certain EEC-payments have safeguarded employment in the fishing industries.

The Danish State has taken over ship transportation to and from the island. This has improved both service and tariff levels. A further improvement is under way.

An electricity cable to Sweden is under construction with aid from the European regional fund. This will result in a diminution of the high electricity prices of the island. A very detailed employment forecast is contained in the programme. This includes the planned activities in the regional programme and results in less employment in the basic activities and increased employment in supporting activities. A slight increase in total employment is expected. This forecast is commented in detail and it is stressed particularly that development in agriculture and fishery can only be foreseen with great difficulty.

5.2. Development objectives

Apart from more general objectives concerning the living standard the programme contains very detailed development objectives for each of the main employment sectors in the county. These measures cover both qualitative and quantitative positions. This is in particular true for the primary and tourism sectors.

The importance of transportation to and from the island is underlined.

It is stressed that an improvement in technical and commercial education potentials on Bornholm is necessary to obtain a better qualified labour force on the island.

5.3. Measures for development

Regional aid is treated in paragraph 1.2. Several infrastructure investments in harbours and other transportation infrastructures are mentioned and their importance for employment development is shown.

Development of 24 hectares will be carried out for industry, handicraft and tourism.

Apart from this the programme contains a very detailed and exhaustive list of actions within each branch of employment in order to obtain specific development objectives. These subprogrammes and activities are in particular stated for agriculture, fishery and tourism.

If these additional projects are carried out, the programme states that an additional 330 workplaces can be created in the period up to 1980.

5.4. Resources

Regional aid is estimated as follows:

	(in DKR 1 000)			
	Investment loans	Adv. factory loans	Grants	Total
1977	6 000	500	1 500	8 000
1978	7 000	500	1 500	9 000
1979	8 000	500	2 000	10 500

This should amount to the creation of about 40 to 50 workplaces a year.

Total investments for each major infrastructure investment project have been specified. Major semi-public and private investments for the different employment sectors have been shown. It is not mentioned which of these projects will

form the basis for applications for aid from the European Regional Development Fund. Four projects are mentioned for aid from FEOGA. An application for a loan from the European Investment Bank has been made concerning a harbour project and it is probable that a similar application will be put forward for another harbour. An application will be presented to the social fund for assistance in connection with the education of unemployed under 25 years.

Local participation in these projects is very substantial.

B. GREENLAND

1. SOCIAL AND ECONOMIC ANALYSIS (DIAGNOSIS)

1.1. General

In 1953 Greenland became an integral part of Denmark with the same rights as other Danish citizens. At that time the greenlandic people were asked if they wanted a development corresponding to a modern society to which they answered in the affirmative. A Committee was formed (G.60) which in 1964 presented a White Paper containing a development plan for the period 1966-1975 with two main aims for the development in Greenland i.e. (a) to improve the living standard, and (b) to increase for the Greenlandic population the co-decision right and co-responsibility for the development. These aims, which were specified in great detail in the White Paper were to a large degree dependent upon the expectation that the fisheries for cod around Greenland and especially in the Davis Strait could be developed considerably. Accordingly large investment were planned and carried out in trawlers, quays, fish processing factories etc. For this reason also the development plan aimed at a concentration of the population in the cities in the fishing districts. However, the cod fishing in Greenland declined in importance and it turned out during the period that the investments in this type of fishing was uneconomical. The stated aim in the White Paper that income in Greenland should be dependent upon the productivity in the export sector could therefore not be maintained and the development of the living standards in Greenland has therefore been dependent upon financial transfers from the rest of Denmark.¹

Other aims with respect to education, housing, social facilities and personal income have been reached. Personal income however has not resulted from export activities, but rather from working on investments which were only made possible because of financing from the rest of Denmark.

The second main aim was to increase the co-decision and co-responsibility. This aim has only been reached to a certain degree and the reason for this is, to a certain extent, that the rapid development in Greenland demanded certain skills and qualifications which were not present in Greenland. The aim is however still extremely important in Greenland and it has at present already been decided that Greenland should obtain a certain amount of devolution in 1979.²

¹ 150 million u.a. in 1975 i.e. about 3 000 u.a. per inhabitant.

² At that time there will probably be a referendum on membership of the EEC.

1.2. Population

There has been a very pronounced fall in the birth rate in Greenland in recent years due to the introduction of the spiral. This means that the population growth will be fairly slow as seen in the following table.

Table 1
Population forecast 1975-2000 with a comparison
with former forecasts (persons born in Greenland)

	1970	1975	1980	1985	1990	1995	2000
1975 ¹ forecast	a -	39 979	42 600	46 000	49 600	53 200	56 200
	b -	39 979	41 800	44 300	46 900	49 400	51 200
1970 forecast	39 600	42 700	45 900	49 300			
1966 forecast	41 200	47 100	53 000	59 000			

¹ General assumptions: Decrease in mortality in particular for the age group 0-4 years and 5-34 years. Same fertility level as for the rest of Denmark.
Specific assumptions:
 (a) zero net migration
 (b) ½% emigration annually of all age groups between 0-29 years.

This development has however resulted in an age distribution which at present and in the immediate future will put great stress on the educational system and the labour market i.e. of the Greenlandic population at 1 January 1976 the age group 0-18 years amounted to about 50% of the population and the age group 0-35 years of age amounted to about 75% of the Greenlandic population.

1.3. Employment

The effects on the labour market have been analysed in great detail. At present there are about 1 320 enterprises in Greenland, accounting for a labour force of 12 145 of which 8 500 were born in Greenland. Of these enterprises two-thirds are private enterprises and one-third public enterprises (State owned factories and undertakings).

The private firms however only accounted for about half of the labour force and of this only 3 500 were people born in Greenland. It is also shown that there is a very heavy preponderance of small firms owned by Greenlanders, while the larger firms are owned by people born outside Greenland and by stock- or cooperative companies.

The total labour force in 1974 accounted for about 21 500 people, of which 16 200 were born in Greenland. As seen from the following table there is a very heavy preponderance of public or semi-public employment, since public institutions etc., public utilities and communication and transport are direct

public activities, while building and construction is dominated and dependent upon public investments and all these sectors account for about 15 000 people or more than two-thirds of the labour force.

Table 2

Population in Greenland subdivided by category medio 1974

	Public employees		Independent and private employees		Total	
	Total ³	Born in ³ Greenland	Total	Born in Greenland	Total	Born in Greenland
Fishery, hunting etc. ¹	220	200	3 290	3 200	3 510	3 400
Mining and manufacturing activities	2 584	2 452	1 199	649	3 783	3 101
Building and construction	340	250	2 245	1 096	2 585	1 346
Public institutions	5 319	3 796	-	-	5 319	3 796
Public utilities (heat, electricity, water)	206	100	-	-	206	100
Communication and transport	1 085	749	781	438	1 866	1 187
Commerce etc.	1 005	953	935	623	1 940	1 576
Service firms etc. ²	808	510	1 457	1 161	2 265	1 671
TOTAL	11 567	9 010	9 907	7 167	21 474	16 177
of which women	5 556	4 621	2 042	1 755	7 598	6 376

¹ Estimated figures.

² Number of house help, estimated.

³ The people not born in Greenland is labour from the rest of Denmark for special jobs.

Unemployment is not registered in a complete way in Greenland because not all unemployed will register for employment, since there is no unemployment payments in Greenland which means that there is no motivation to register. However, in 1974 an attempt was made to estimate the unemployed in February and

Table 3
Comparison between supply and demand of Greenlandic labour

	1972			1976			1980			1985		
	Demand	Supply	Diff.	Demand	Supply	Diff.	Demand	Supply	Diff.	Demand	Supply	Diff.
	University education etc.	250	20	230	300	20	280	320	30	290	340	80	260
Teachers etc.	800	270	530	960	340	620	960	430	530	960	640	320
Higher technical education	200	10	190	190	20	170	210	80	130	220	200	20
Other technical education	200	50	150	220	70	150	240	150	90	280	270	10
Skilled artisans	2 300	910	1 390	2 290	1 230	1 060	2 470	1 700	770	2 640	2 450	190
Sea & air transport	350	270	80	370	280	90	400	300	100	420	330	90
Administrative education	2 380	1 550	830	2 520	1 720	800	2 600	2 060	540	2 650	2 620	30
Hospital education	450	320	130	480	370	110	550	440	110	650	580	70
Social pedagogical education	370	250	120	540	310	230	570	410	160	580	560	20
Service education	220	90	130	240	150	90	270	220	50	280	280	-
Skilled education in all	7 520	3 740	3 780	8 110	4 510	3 600	8 590	5 820	2 770	9 020	8 010	1 010
Others	10 860	10 290	570	11 000	12 050	-1 050	11 180	14 180	-3 000	11 370	15 840	-4 470
TOTAL	18 380	14 030	4 350	19 110	16 560	2 550	19 770	20 000	- 230	20 390	23 850	-3 460

April giving a result of 1 800 in February and 1 100 in April when the new shrimp factories had been started up.

A fairly detailed employment balance forecast has been carried out for 1980 and 1985. The balance shows the demand and supply of Greenlandic labour and the difference would mean either demand for external labour i.e. from the rest of Denmark or unemployment.

These results can only be reached through an intensive education of the Greenlandic population.

1.4. Income

The monetary income from work in Greenland has for 1974 been registered at about DKR 720 million. The primary sector, hunting, fishing and sheep breeding contributes 17% of the total income and commerce and service activities 16%. Both of these percentages have been increasing slightly in the latter years. At the same time there has been a considerable decrease in the share of the building and construction sector i.e. in 1974 22% of the income was accounted for by this sector against 34% in 1970. This decrease should be seen in connection with the reduced activity in investments and an increased usage of Greenlandic labour for which incomes are lower than for external labour. 52% of the income refers to persons born in Greenland. 37% of the income results from private activities and this percentage has been increasing in recent years. In 1974 persons born outside of Greenland earned 3½ times as much per head as persons born in Greenland. In 1960 they earned about 15 times as much.

1.5. Import/Export

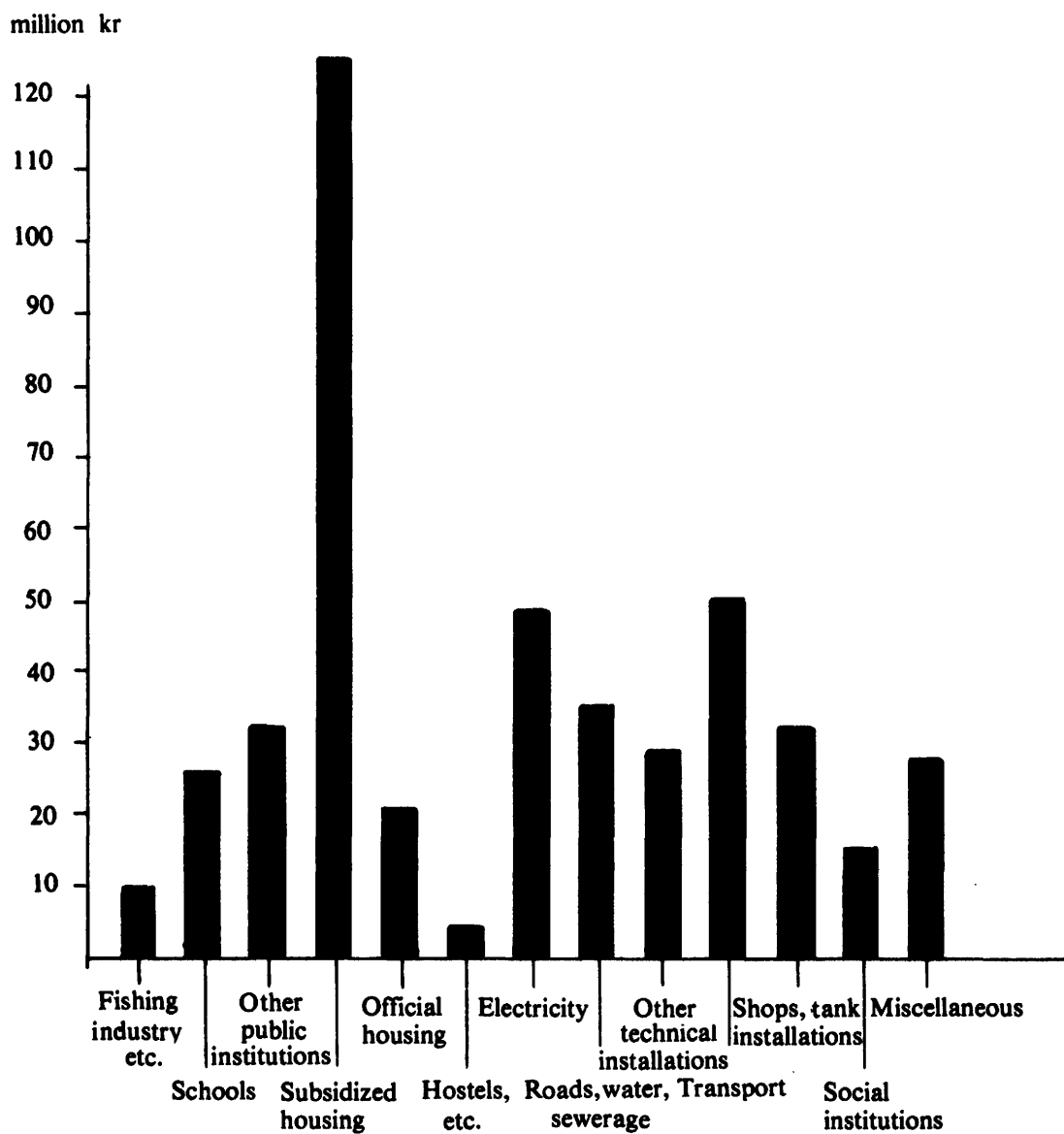
The imports per inhabitant from Denmark and other countries amounted in 1974 to DKR 12 800 while the exports amounted to DKR 11 100 per inhabitant. The imports cover practically all types of products which are necessary to cover consumption, investments and the needs of productive activities. The exports cover in reality only products from hunting, fishing and sheep breeding and lead and zinc ore. Lead and zinc ore mining was commenced in 1974 and while there for former years had been a very large import/export deficit this deficit was in 1974 reduced substantially since the export of the lead and zinc ore has been counted fully as export.

1.6. Public expenditure

The State has in Greenland the same responsibilities as for the rest of Denmark plus activities which in Denmark belong to the counties and communes as for example education and health and public utilities. Furthermore the State has also the responsibility for transportation and for purchase and treatment of Greenlandic fishing, hunting and sheep-breeding products and for the shipping to Greenland. To this should also be added that the Greenlandic Technical Organization also manages a number of productive enterprises, such as shipyards, automobile repair shops etc.

The net expenditure of the State for operation and investment in Greenland amounted in 1975 to about DKR 1 020 million distributed with about two-thirds

TABLE 4



to operation and one-third to investments. The net expenditure of the State has been tripled from 1965 to 1975. In 1965 expenditure to operation and investment was of about the same size and up to 1970 the increase in expenditure for operations was only slightly larger than for the investment costs. In the last five years, however, operation costs have doubled while investment costs have nearly stagnated. This is caused by the fact that the cost limits which are decided by the government have been tightened recently. Furthermore, there have been cuts in the limits which had already been given. Since it is not possible to reduce operation costs very much it has been necessary to reduce investment costs and year by year postpone planned investments.

The investments have been carried out mainly in the western part of Greenland in the so-called open water area i.e. nearly 40% of all investments have been carried out in four communes. Of this again 50% was invested in Godthåb the largest city in Greenland.

The heavy preponderance of investment in housing can be seen from the preceding graphical illustration which also shows that investment in electricity and transportation is important.

The development programme contains a very detailed description of the activities within each public sector.

1.7. Industrial training

All Greenlandic children receive a basic school education from their 7th to 14th year. They can then choose between further academic schooling, industrial training or commencing work.

To the degree that capacity exists in Greenland industrial training is carried out of young Greenlanders in Greenland. This means that in 1976 three-fourths of all persons under industrial training were in Greenland and the remaining in the rest of Denmark. It is however a fact that higher technical education can only up to now be obtained in the rest of Denmark since it has not been possible to establish schools for these purposes in Greenland due to the fairly small demand. There has however been an increase in the share of people who have carried out their industrial training in Greenland as can be seen from the following table.

Table 5

Accomplished industrial training

	1970	1971	1972	1973	1974	1975
Total	232	295	255	298	336	389
of which in Greenland	190	233	204	205	235	268

2. DEVELOPMENT OBJECTIVES

With reference to the labour employment balance forecast the conclusion has been drawn that it is necessary through educational measures to intensify the industrial training in order to create a higher degree of balance between demand and supply of Greenlandic labour force with specific qualifications in order to reduce the external labour force from 4 400 in 1972 to 1 000 in 1985. At the same time the economic development in recent years has shown the need for an intensive programme in order to counter the still increasing unemployment in Greenland. If not there will be 3 000 unemployed unskilled Greenlanders in 1980 and 4 500 in 1985.

It is still the aim to establish Greenland as a semi-independent part of Denmark more or less in the same way as for the Faroe Islands.

It is a fundamental Greenlandic political wish that as much of the industrial training as possible of young Greenlanders should take place in Greenland and that the education primarily should reflect Greenlandic conditions although they, as far as possible through supplementary courses etc., should be applicable in the rest of Denmark.

3. MEASURES FOR DEVELOPMENT

To further the development of the efficiency and competitiveness of the Greenlandic business activities the State can aid these activities. The measures include soft long term loans, a State guarantee for loans taken in private banking companies and in certain cases it is possible to give grants or loans without interest or repayment. In the financial year 1975/1976 DKR 18.1 million were issued as loans and DKR 1.2 million as grants.

The physical planning for Greenland is underway and there is at present a proposal for a new law concerning land use and town development. This law envisages a committee for planning in Greenland which shall take care of the overall planning of Greenland and give permission with respect to usage of land outside the developed areas.

In the development programme it is underlined that the coming five years will be dominated by the transition from the traditional apprentice training to industrial basic educations which should meet the Greenlandic demands better than the traditional apprentice training. In order to meet the increased demand for teachers an increased education of teachers will be carried out so that these teachers will be available when the new education is started on 1 August 1977. The new system will be introduced within the building and construction sector for the iron and metal sector and for the commerce and administrative sector. The education concerning the building and construction sector will take place at a school in Holsteinsborg which will be constructed in stages and the iron and metal sector will then be able to gradually take over the present technical school in Godthåb. Education within the commerce and administrative sector will have to be continued in Denmark.

It is envisaged to commence other education also, for example for the maritime sector etc.

It is mentioned especially that it will be necessary to carry on investments for power stations, harbours and quays, tank storage, warehouses and airports. The harbour construction will especially take place in the cities in South Greenland and the Disco Bay area, while the airports will be built at Godthåb and the Disco Bay.

It is also pointed out that in order to ensure a satisfactory housing standard it is necessary to subsidize the financing of house acquisition in Greenland, both because the income normally is low and because the construction costs are about twice as high as in the rest of Denmark. Aids can be given in the form of low-interest loans and through a complicated system of general and selective grants.

4. FINANCIAL RESOURCES

4.1. Total public expenses

By far the greater part of the public resources available come from outside Greenland. In practice, these are mainly the State's allocations for Greenland; but they also include subsidies from the EEC Regional Development Fund and Social Fund.

In years to come, public expenses (excluding those of the local authorities) are expected to be distributed between the following main sectors (at 1976 price levels):

	(in DKR million)			
	1977	1978	1979	1980
Running costs	591.4	590.1	554.8	541.8
Construction	449.1	424.0	413.3	417.8
TOTAL	1 040.5	1 014.1	968.1	959.6

Dues from the lead and zinc mine at Marmorilik in the district of Umanak, are expected to be about DKR 50 million per year in 1979-1980. These dues are paid to the local authorities (the provincial council) who accept to take over the State's running costs up to the same amount. It is expected that the government will try to reduce public spending in Denmark in relation to earlier estimates of expenses for these years. So far, final decisions have only been taken for the years 1977 and 1978.

The size of subsidies from the ERDF can, like the State allocations, be seen from the annual Danish budgets; but they are entered under a separate budget heading. The amount allocated under this heading is assessed as being equal to the allocation offered the previous year by the ERDF. The reason for this one year lag is partly that the subsidies are not normally paid until a year after being allocated, and partly that time is needed to plan how best to

use these extra funds. There are not yet any budgetary estimates for the ERDF's contribution in 1979 or later, since the present fund expires at the end of 1977. (As mentioned above, the 1977 allocation is expected to be used in 1978).

Construction costs distributed according to source:

(in DKR million)				
	1977	1978	1979	1980
The Danish State	416.1	394.0	413.3	417.8
ERDF	33.0	30.0	-	-

The investments made by the provincial council and local districts are relatively modest. No estimates are yet ready for the future budgets, but it may be worth mentioning, by way of illustration, that the provincial council's investments amounted in 1974 to DKR 4.6 million, and the districts' investments in the same year to DKR 6.2 million.

4.2. Distribution of public investments

The table on p. 52 shows the majority of planned public investments in Greenland for the 1977-1979 period - distributed by sectors. This does not include those few investments which are financed entirely by the local Greenland authorities. Certain individual State investment projects are not included either. But local investments - primarily in social institutions, assembly halls and sports facilities - which receive State subsidies, are included.

The sums under the heading 'subsidies for economic activities' refer to State financial support for economic activities in Greenland (see page 50). Of these sums, about 20% is given as direct subsidies, and the rest as loans at low interest rates. The needs for such subsidies are expected soon to exceed the funds so far reserved for this purpose.

4.3. Private investments

(in DKR million)		
	Buildings	Equipment
Private Greenland firms	19.3	14.8
Private firms, Danish headquarters ¹	73.1	99.1
TOTAL	92.4	113.9

Note: Investments in fishing, hunting and sheep farming are excluded.

¹ These are largely contracting firms.

Planned public and State subsidized investments in Greenland

April 1976 price levels

(in DKR 1 000)

	1977 budget	1978 budget	1979 budget
<u>EXPORT SECTOR</u>	9 151	19 652	20 652
of this, to the fishing industry (RGTD) ¹	5 034	3 500	3 500
to buy fishing vessels (RGTD) ¹	3 456	16 000	17 000
<u>PUBLIC INSTITUTIONS</u>	60 630	60 185	45 696
of this, to administration and legal system	5 919	852	
to police	155	2 850	
to health service	5 305	23 607	30 726
to church	1 056	3 135	4 258
to education, etc.	36 400	22 883	5 257
<u>HOUSING</u>	122 476	124 298	134 444
<u>INSTALLATIONS IN LOCAL DISTRICTS</u> i.e. roads, water supply, sewerage, etc.	31 802	23 454	25 221
<u>PUBLIC WORKS, TECHN. ACTIVITY</u>	67 364	37 799	54 816
of this, to electricity	26 296	11 883	35 719
to shipyards	24 307	9 153	7 111
<u>COMMUNICATION AND TRANSPORT</u>	72 370	69 325	49 244
of this, to telecommunications	19 287	19 666	11 976
to internal air services	21 241	27 300	26 900
to ports	11 451	7 199	4 796
to airports	20 239	14 645	5 239
<u>SUPPLIES</u>	38 539	26 308	21 417
of this, to warehouses, depots, coal stores	25 236	5 961	5 777
to tank installations	4 627	11 539	10 290
<u>SOCIAL/WELFARE INSTITUTIONS</u>	12 664	9 295	3 399
of this, to sports facilities	11 265	7 000	1 500
<u>SUBSIDIES FOR ECONOMIC ACTIVITIES</u>	17 457	18 548	19 639
TOTAL	432 453	388 864	374 528

Note: Excluding non-State subsidized local public investments.

¹ RGTD=Royal Greenlandic Trade Department, a State owned trade organization.

There are no current statistics or forecasts for private investments in Greenland. The national economic survey of 1 July 1974 registered the investments made in 1973. These are shown in the table on p. 51.

The development programme was accompanied by the investment plan 1977-1981 which gives planned capital expenditure for every single project in Greenland by year, by type, by financial source and by commune. All types of investment are included for all public sector activities.

5. IMPLEMENTATION

The State's construction programmes in Greenland - including those financed by the EEC - will be implemented according to a continuous five-year plan which is prolonged by two years every other year (see below).

The coordination and assessment of priorities between the various investment requests, as well as the revision of the continuous plan, is the responsibility of the Greenland council and its secretariat. The Greenland council is a political group consisting of five Greenland and five Danish politicians. The chairman is appointed by the Danish Queen. This council normally holds a series of meetings lasting a week, twice a year. The day to day administration is the responsibility of the council secretariat.

Greenland's Technical Organization is responsible for controlling the implementation of the projects as well as their financing.

The normal procedure for investment planning is as follows:

1. The district authorities, together with local institution leaders (i.e. the schools inspector, doctor, dentist, housing administration, representatives of the GTO and the RGTD, etc.) list in order of priority the projects which they think should be completed during the two years following the existing five year period.
2. The Ministry for Greenland, the Ministry of Justice, the Ministry of Religious Affairs, as well as the Greenland Directorate for Labour and Social Affairs, discuss the proposals made by the district authorities. Thereafter, the following are submitted to the Greenland council:
 - (a) The district councils' proposals for investments.
 - (b) The Greenland council secretariat's comments on these proposals.
 - (c) Supplementary proposals for investments, especially proposals for projects which are not specifically sited in advance so that the district councils have not been able to include them in their lists (e.g. fishing boats, telecommunications installations, machinery, equipment, etc.)
 - (d) A definite proposal for an investment plan for the two year period within the estimated financial limits.
3. After discussion in the Greenland council, the district councils, the provincial council and the institutional leaders in Greenland are sent a paper which includes the material mentioned at 2., the Greenland council's com-

ments on this and tables where the proposed programme for the two new years of the plan is linked to the programme for the three preceding years.

4. Meetings are then held between the district councils and delegations from the Ministry, and the results of these are discussed at a series of meetings in Godthåb. The latter are attended by the working committee of the provincial council, institutional leaders and those civil servants from the Ministry who have been negotiating with the district councils. Finally, the proposals are discussed in the provincial council itself during its next session.
5. The decisions which have been agreed during the negotiations in Greenland, are included in the first draft for a new five year plan, including the further two years; and the revised proposals for a new five year plan are duly submitted to the Greenland council.

Summary of the
regional development programme

Federal Republic of Germany
1976-1979

I. PRELIMINARY REMARKS

The document communicated to the Commission according to Article 6 of the Fund Regulation consists of 22 parts concerning

- the 21 regional development programmes of the Federal Republic of Germany and
- Berlin (West).

The regional development programmes for the 21 regions are 436 pages long in the original German version, 625 pages in the English version and 688 in the French version.

This very varied number of pages in the different languages arises from the fact that the same heading 3 (a) for all programmes ('Rules concerning conditions, kind and degree of measures for encouragement') comes to 8 pages in German small type, to 17 pages in English and 20 pages in French type. The Berlin regional development programme comes in its German version to 26 pages.

II. DOCUMENT CONTENT

A. General remarks

Each programme has the same form of general presentation which complies with the Common Outline (see OJ No C 69 of 24.3.1976) and comprises the following five chapters:

1. Economic and social analysis;
2. Development targets;
3. Development measures;
4. Financial resources;
5. Programme implementation.

The individual chapters correspond also to the Common Outline.

The programmes are based on the 5th Regional Outline Plan of the Common Task 'Improvement of Regional Economic Structure' for the period 1976-1979. Each programme has a map indicating the programme region within the Federal Repub-

lic; however, the maps give no information on physical planning and regional policy targets of the programme area in question.

B. Comments on individual chapters

1. Economic and social analysis (Diagnosis)¹

This chapter gives general statistics for each development programme. These figures, aided by a description of the main causes of confirmed imbalances provide the justification for the inclusion of the areas in question in the Common Task.

The descriptive part includes overall judgments referring to indicators e.g. industrial level, industrial diversification, tourism capacity, geopolitical facts etc.

2. Development targets¹

This chapter refers to the analysis contained in the previous chapter and furnishes:

- under (a): the targets relating to aspect of quantity expressed in the form of jobs newly created and jobs maintained;
- under (b): general targets considered from the angle of quality.

In some cases additional targets are mentioned e.g. the level of vocational training, the quality (skills) of jobs to be created, protection of the environment.

3. Development measures

The subparagraph 3 (a) deals with rules for aid in the form of direct measures.

As indicated by the number of pages it furnishes the principal part of the programme. Specific aspects of aid for each area are not included.

Subparagraph 3 (b) gives the planned investment in infrastructure for the following four fields: preparation of industrial estates, development of communal infrastructure, public tourist facilities, vocational training.

Subparagraph 3 (c) 'Other activities' refers to the possibility of loans from ERP² funds for small and medium-sized concerns and in some cases to the fields

¹ Structural data and targets of the 5th and 6th regional outline plan are given in Annexes A and B.

² 'European Recovery Programme', the former 'Marshal-Plan'.

of agrarian policy, social policy, vocational training and regional planning. It is, however, not stated if these details are comprehensive or - wherever these fields are not mentioned - whether they do not apply in the programme area in question.

4. Financial resources

- Sources of financing

This paragraph refers entirely to national financial means. ERDF means are not mentioned.

- Forms of outgoing

Reference is made in this paragraph under (a) ('infrastructure field') to potential ERDF participation for this type of investment. However, it is not clear in what fields Fund aid can be granted.

Total estimated budgetary means for the planning period - divided according to investment grants ('Investitionszulagen'), Common Task means and expenditure for improvement of infrastructure - are presented in the form of a Table showing estimated annual expenditure. It is stressed that only details for 1976 are binding and that details for the following years fall within medium-term financial planning.

5. Programme implementation

This gives details of the offices to which application may be made for payment of aid; time taken between application and payment is not stated.

Reference to Chapter 2. and 3. is made for the application schedule of the programme.

C. Summary of the individual regional development programmes

Each of the 21 regional development programmes relating to the 'Common Task' is summarized under the following three headings:

- Economic and social analysis;
- Development targets;
- Development measures and financial resources.

The programme for Berlin is summarized under C.22.; the summary follows the 5 chapters of the Common Outline.

1. SCHLESWIG-UNTERELBE (6 591 km²; 695 291 inhabitants)

1.1. Economic and social analysis (Diagnosis)

This programme region has the lowest industrial occupation¹ (45 in 1975) of all 21 programme regions; the existing marked structural weakness is largely due to its unfavourable geographical situation from the optic of transport (border situation) e.g. the North Sea-Baltic-Canal furnishes a notable barrier to long distance traffic between the northern part of the planning area and the remainder of Land Schleswig-Holstein and Federal territory. Within the years 1972 to 1975 private investment aided was DM 1 317.2 million creating 6 399 new jobs - or to be created - while 3 679 jobs were or will be maintained. Moreover, communal investment of DM 110.9 million for improving economically linked infrastructure was aided.

1.2. Development targets

Economic development should benefit among other things by the start made in building development poles at Brunsbüttel (sea traffic planning) and Flensburg. Moreover the number and quality of jobs shall be clearly raised. Measures for prolonging the season could improve the attraction of tourism. 14 000 new jobs shall be created and 8 400 threatened jobs maintained.

1.3. Development measures and financial resources

For aid to economically linked infrastructure 1976-1979 expenditure is planned of DM 91.88 million of which DM 57.30 million with means from the Common Task 'Improvement of regional economic structure'. Other measures concern cheap interest loans of DM 20 million a year for investment in small and medium-sized concerns and a special programme of DM 5 million a year for industrial investment.

The following means are planned for aiding economic investment:

Budget means: DM 71.70 million; Investment grants: DM 78.35 million.

¹ Industrial occupation = persons employed in industry per 1 000 inhabitants.

2. HOLSTEIN (8 427 km²; 1 634 675 inhabitants)

2.1. Economic and social analysis (diagnosis)

Industrial occupation is 40% below the Federal average. The Kreise Plön and Ostholstein are markedly weak structured areas. In some areas there are industrial branches where a change of structure and rationalization is linked with substantial falls in employment. Peripheral features are apparent on the Baltic Sea and the Zone frontier; from 1972 to 1975 private investment of DM 3 103.6 million was aided, creating 27 376 new jobs, or which will be created, while 33 713 threatened jobs were or will be maintained. Communal investment of DM 236.7 million was aided for improving economically linked infrastructure.

2.2. Development targets

Appropriate measures must be found for the respective labour market regions: expansion of prevalent branches; rationalization and aid for technical innovation, further development of small business and industrial concerns, establishing and extending tourist facilities, stronger industrial development in the Hamburg surroundings. 20 400 new jobs shall be created and 12 600 threatened jobs shall be maintained.

2.3. Development measures and financial resources

Expenditure on economically linked infrastructure of DM 214.3 million will be aided by DM 126.3 million drawn from funds of the Common Task 'Improvement of regional economic structure'.

In the field of industrial economy the following means will be allocated:

Budget means: DM 94.3 million; Investment grants: DM 130 million.

3. LOWER SAXONY NORTH SEA COAST (10 742 km²; 1 404 414 inhabitants)

3.1. Economic and social analysis (diagnosis)

The Lower Saxony part region is marked by: monostructure in many parts of the region, redundancies from agriculture, the peat industry and the building industry; the Bremen part region has a onesided economic structure.

From 1972 to 1975 total private investment of DM 3 784.0 million was aided, creating 28 268 new jobs, or to be created, while 3 950 jobs have been or will be maintained. Additionally, communal investment of DM 391.7 million to improve economically linked infrastructure was aided.

3.2. Development targets

Industrial and business development shall be improved in the Lower Saxony part region and the quality of job supply shall also be improved. On the coast there shall be measures for harbour development and for tourist facilities. A total of 30 600 new jobs shall be created and 2 200 threatened jobs shall be maintained.

3.3. Development measures and financial resources

From 1976 to 1979 investment in economically linked infrastructure will be aided by expenditure of DM 151.5 million of which DM 73.1 million from means of the Common Task 'Improvement of regional economic structure'. Other measures concern agrarian policy, environmental and social policy, vocational training, Land planning and social and cultural infrastructure.

For industrial activity the following means are allocated:

Budget means: 44.5 million; Investment grants: DM 158.5 million.

4. EMS-MITTELWESER (7 216 km²; 946 955 inhabitants)

4.1. Economic and social analysis (diagnosis)

The labour surplus is due to redundancies from agriculture, high birth rate and the fall in demand in some economic branches. In some areas a healthy economic development is hempered by monostructure.

From 1972 private investment of DM 1 307.6 million was aided, creating 14 372 new jobs, or which will be created, while 4 467 threatened jobs have been or will be maintained. Additionally, communal investment of DM 91.9 million to improve economically linked infrastructure was aided.

4.2. Development targets

They include improvement of job supply from the optic of quantity and skills by developing economic activity, industrial settlement, promoting tourism. 18 000 new jobs shall be created and 2 000 threatened jobs maintained.

4.3. Development measures and financial resources

From 1976 to 1979 investment in economically linked infrastructure will be aided by expenditure of DM 95 million of which DM 48.4 million from means of the Common Task 'Improvement of regional economic structure'. Additional expenditure will be incurred on investment to improve household linked infrastructure.

The agrarian policy of the Land Government of Lower Saxony is also involved in general policy for the development of rural areas.

For industrial activity the following means have been allocated:

Budget means: DM 25.6 million; Investment grants: DM 94.8 million.

5. HEIDE-ELBUFER (8 877 km²; 908 212 inhabitants)

5.1. Economic and social analysis (diagnosis)

In parts of the region the industrial sector is much influenced by a single industrial branch e.g. motor vehicles and lignite. There are redundancies in agriculture and building. There is partial migration from the region. From 1972 to 1975 private investment of DM 1 007.8 million was aided creating 11 632 new jobs, or which will be created, while 6 065 threatened jobs have been or will be maintained. Communal investment of DM 199.4 million has been aided.

5.2. Development targets

The industrial and business bases of the region shall be extended and skilled branch industry distribution must be improved. Tourism business shall be developed in some areas. 21 000 new jobs, of which 20 000 in the Zonenrandgebiet shall be created and 7 000 threatened jobs, of which 6 500 in the Zonenrandgebiet, shall be maintained.

5.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 250 million of which DM 125.2 million from means of the Common Task 'Improvement of regional economic structure'. Additionally expenditure will be incurred on investment to improve household linked infrastructure. The agrarian policy of the Land Government of Lower Saxony is also involved in general policy for the development of rural areas.

For industrial activity the following means have been allocated:

Budget means: DM 28.8 million; Investment grants: DM 118 million.

6. NIEDERSÄCHSISCHES BERGLAND (7 465 km²; 1 686 926 inhabitants)

6.1. Economic and social analysis (diagnosis)

Redundancies in agriculture and building occur in this region. In parts there is industrial monostructure e.g. coal mining in Salzgitter. The building industry plays too great a part in cases. From 1972 to 1975 private investment of DM 4 919.7 million was aided, creating 44 799 new jobs, or which will be created, while 145 247 threatened jobs have been or will be maintained. Communal investment of DM 254.8 million has been aided.

6.2. Development targets

Diversification is needed through new settlement of production structure, aid for conversion and rationalization measures. The tourism trade shall also be promoted. 18 000 new jobs shall be created (17 000 in the Zonenrandgebiet) and 7 000 threatened jobs (6 500 in the Zonenrandgebiet) shall be maintained.

6.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 229 million of which DM 114.8 million from means of the Common Task 'Improvement of regional economic structure'. Additionally, expenditure will be incurred on investment to improve household linked infrastructure. The agrarian policy of the Land Government of Lower Saxony is also involved in general policy for the development of rural areas.

For industrial activity the following means have been allocated:

Budget means: DM 26.8 million; Investment grants: DM 104.8 million.

7. NORTH RUHR-WEST MÜNSTERLAND (4 291 km²; 1 822 305 inhabitants)

7.1. Economic and social analysis (diagnosis)

This region is marked by the decline in jobs in textiles, agriculture and coal mining. There is onesided economic structure throughout the whole region. From 1972 to 1975 private investment of DM 1 433.3 million was aided creating 12 152 new jobs, or which will be created, while 1 530 threatened jobs have been or will be maintained.

7.2. Development targets

Monostructure shall be loosened by new settlement; industry with development potential shall be strengthened. Measures for conversion and rationalization of production will also be adopted in the northern area. 76 000 new jobs shall be created and 38 000 threatened jobs maintained.

7.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 8 million of which DM 4 million from means of the Common Task 'Improvement of regional economic structure'. Additionally expenditure will be incurred on investment to improve household linked infrastructure; for industrial activity the following means have been allocated:

Budget means: DM 107.6 million; Investment grants: DM 399 million.

8. NORDEIFEL (1 424 km²; 170 568 inhabitants)

8.1. Economic and social analysis (diagnosis)

This region suffers from topographical drawbacks and from its frontier position. Decline in agricultural employment has not been compensated by industry. From 1972 to 1975 private investment of DM 161 million was aided, creating 2 548 new jobs, or which will be created, while 143 threatened jobs have been or will be maintained.

8.2. Development targets

These are to raise the number of employed in industry and in tourism business. 9 600 new jobs shall be created and 2 400 threatened jobs shall be maintained.

8.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 8 million of which DM 4 million from means of the Common Task 'Improvement of regional economic structure'. Additionally there will be expenditure on investment to improve household linked infrastructure. For industrial activity the following means have been allocated:

Budget means: DM 20.40 million; Investment grants: DM 59.4 million.

9. EAST WESTPHALIA (3 832 km²; 553 037 inhabitants)

9.1. Economic and social analysis (diagnosis)

Employment in farming is declining in this predominantly agricultural region. Only a few jobs in industry are available to compensate this decline. From 1972 to 1975 private investment of DM 353 million was aided, creating 5 006 new jobs, or which will be created, while 120 threatened jobs have been or will be maintained.

9.2. Development targets

These are to settle concerns from growth intensive branches of industry and to expand tourism business. 16 000 new jobs shall be created and 4 000 threatened jobs maintained.

9.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 8 million of which DM 4 million from means of the Common Task 'Improvement of regional economic structure'. Additionally there will be expenditure on investment to improve household linked infrastructure. For industrial activity the following means have been allocated:

Budget means: DM 36 million; Investment grants: DM 105 million.

10. HESSE DEVELOPMENT AREA (11 318 km²; 1 515 506 inhabitants)

10.1. Economic and social analysis (diagnosis)

The region is of farming structure and has industrial development below average. The more markedly industrial area around Kassel has onesided industry. There are many local disadvantages. From 1972 to 1975 private investment of DM 3 646.4 million was aided, creating 37 025 new jobs, or which will be created, while 34 859 jobs at risk have been or will be maintained. Communal investment to improve economically linked infrastructure of DM 141.5 million was aided.

10.2. Development targets

Creating jobs and jobs of skills above average; rationalizing existing industry; promoting tourism and recreation; creating 22 000 new jobs; maintaining 16 000 jobs at risk (14 600 and 12 000 respectively in the Zonenrandgebiet).

10.3. Development measures and financial resources

For the improvement of economically linked infrastructures, investment of DM 140 million are planned, of which DM 91.28 million from means of the Common Task 'Improvement of regional economic structure'.

For the promotion of industrial activity the following means have been allocated:

Budget means: DM 83.25 million; Investment grants: DM 132 million.

11. CENTRAL RHINE-LAHN-SIEG (5 834 km²; 777 629 inhabitants)

11.1. Economic and social analysis (diagnosis)

Economic potential below average is due to 4 reasons: low industrialization; topographical and climatic drawbacks; small holding structure; much subdivision of farms and holding in agriculture.

From 1972 to 1975 private investment of DM 735.5 million was aided, creating 11 456 new jobs or to be created, while 1 357 threatened jobs have been or will be maintained. Communal investment of DM 35.1 million to improve economically linked infrastructure has been aided.

11.2. Development targets

Economic potential shall be raised by creating and aiding industrial jobs through in particular new creations and extensions. Tourism shall be expanded.

13 600 new jobs shall be created and 2 400 threatened jobs maintained.

11.3. Development measures and financial resources

Investment in economically linked infrastructure 1976 to 1979 will be aided by expenditure of DM 80.06 million of which DM 10.61 million from means of the Common Task 'Improvement of regional economic structure'. Other measures concern agricultural development within a Common Task framework, general extension of infrastructure in economic, transport, social and cultural fields.

The following means have been allocated for industrial activity:

Budget means: DM 53.64 million; Investment grants: DM 78.26 million.

12. EIFEL-HUNSRÜCK (5 458 km²; 533 100 inhabitants)

12.1. Economic and social analysis (diagnosis)

Economic potential is well below the Federal average. The reasons are: frontier situation; poor transport infrastructure; topographical and climatic drawbacks; impediment due to military installation; job uncertainty with stationed armed forces. From 1972 to 1975 private investment of DM 874.2 million was aided, creating 6 964 new jobs or to be created, while 1 406 jobs have been or will be maintained. Communal investment of DM 78.1 million to improve economically linked infrastructure was aided.

12.2. Development targets

These are settlement of new industrial productive concerns and extension of existing concerns; also raising capacity of concerns to compete; expansion of tourism. 10 800 new jobs shall be created and 1 600 jobs at risk maintained.

12.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by DM 64.49 million of which DM 3.84 million from means of the Common Task 'Improvement of regional economic structure'. The region will also receive aid from the Common Task 'Improvement of agrarian structure and coastal protection' and promotion of infrastructure generally in the economic, transport, social and cultural fields.

Following means have been allocated for industrial activity:

Budget means: 44.28 million; Investment grants: DM 62.32 million.

13. SAARLAND-WEST PALATINATE (6 766 km²; 1 831 045 inhabitants)

13.1. Economic and social analysis (diagnosis)

The low economic potential is due to the following reasons: frontier situation; small holding structure; subdivision of farms and holdings in agriculture; monostructural character of industry in the south west of the region; large number of employed with Allied Forces; impediment due to military installation; effect of structural change in Saar coal mining industry. From 1972 to 1975 private investment of DM 4 890.5 million was aided, creating 43 833 new jobs or to be created, while 7 127 jobs at risk have been or will be maintained. Communal investment of DM 390.3 million to improve economically linked infrastructure was aided.

13.2. Development targets

New industrial productive settlements shall be aided and existing concerns extended. Rationalization and conversion investment shall ensure attractive jobs. Tourism business shall be improved in the Palatinate Forest. 43 800 new jobs shall be created and 27 800 jobs at risk maintained.

13.3 Development measures and financial resources

Investment in economically linked infrastructure will be aided by DM 415.96 million of which DM 248.80 million from means of the Common Task 'Improvement of regional economic structure'. Other measures will be furthered within the framework of the Common Task 'Improvement of agrarian structure and coastal protection' in accordance with the 'Agricultural Development Programme West and South Palatinate'.

Following means have been allocated for industrial activity:

Budget means: DM 171.32 million; Investment grants: DM 444.64 million.

14. ODENWALD-HOHENLOHE-OSTALB (6 788 km²; 849 475 inhabitants)

14.1. Economic and social analysis (diagnosis)

The greater part of the programme area is mainly agricultural. There is over-occupation of medium to poor quality land. In the southern part of the programme area there is a high level of industry faced partly with conversion problems.

From 1972 to 1975 private investment of DM 643.8 million was aided, creating 10 788 new jobs or to be created, while 995 jobs at risk have been or will be maintained. Communal investment for improving infrastructure linked to the economy of DM 79.4 million was aided.

14.2. Development targets

A sufficient number of skilled jobs shall be created in farming areas. Measures of industrial conversion and development shall be adopted in the other part region. 7 200 new jobs shall be created and 1 600 jobs at risk maintained.

14.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 111.17 million of which DM 43.25 million from means of the Common Task 'Improvement of regional economic structure'. Additional measures will concern the fields of agrarian policy (grants from the EC), social policy, vocational training, and country planning.

Following means have been allocated to industrial activity:

Budget means: DM 12.08 million; Investment grants: 37.80 million.

15. BLACK FOREST HIGHLAND (HOCHSCHWARZWALD)-BAAR-UPPER RHINE (2 066 km²;
213 335 inhabitants)

15.1. Economic and social analysis (diagnosis)

In some cases the area is under-industrialized and has an unfavourable industrial structure. Development is affected by difficult physical communication features and by a border and frontier situation. It is designated an 'area of natural disadvantage'. From 1972 to 1975 private investment of DM 80.7 million was aided, creating 662 new jobs or to be created. Communal investment for improving economically linked infrastructure of DM 21.5 million was aided.

15.2. Development targets

These are new settlement, conversion and rationalizing industry; promoting tourism. 2 800 new jobs shall be created and 1 000 jobs at risk maintained.

15.3. Development measures and financial resources

Investment in economically linked infrastructure 1976 to 1979 will be aided by expenditure of DM 26.93 million of which DM 10.47 million from means of the Common Task 'Improvement in regional economic structure'. Further measures will concern: agrarian policy, tourist facilities, social policy, vocational training, country planning and social and cultural infrastructure.

Following means have been allocated to industrial activity:

Budget means: DM 5.68 million; Investment grants: DM 14.70 million.

16. ALB-UPPER SWABIA (3 128 km²; 285 905 inhabitants)

16.1. Economic and social analysis (diagnosis)

Economic activity is inadequate: unfavourable conditions for agricultural production and low industrialization. 40% of the area is designated an 'area of natural disadvantage'. A large part of existing industry is affected by structural change. From 1972 to 1975 private investment of DM 254.7 million was aided, creating 3 829 new jobs or to be created. Communal investment of DM 16 million for improving economically linked infrastructure was aided.

16.2. Development targets

These are industrial settlements at key point development poles, conversion and rationalizing of existing industry; promotion of tourism in many areas. 6 000 new jobs shall be created and 1 400 jobs at risk maintained.

16.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 36.7 million of which DM 14.28 million from means of the Common Task 'Improvement of regional economic structure'. Other measures concern agrarian policy within the framework of the 'Alb and hill farming programme' - partly with Community funds -, social policy, vocational training and country planning.

Following means have been allocated to industrial activity:

Budget means: DM 10.24 million; Investment grants: DM 31.50 million.

17. NORTH BAVARIA DEVELOPMENT AREA (13 047 km²; 1 885 000 inhabitants)

17.1. Economic and social analysis (diagnosis)

Economically weak regions, in part mainly agricultural, are preponderant in the Lower Franconia part region. Industry is concentrated in a few places and is monostructural in character. Industrial density is above average in the Upper Franconia part region. Industry is very labour intensive but with low rates productivity growth. Both part regions have unfavourable local conditions. Possibilities exist for increased tourism. From 1972 to 1975 private investment of DM 4 297.9 million was aided, creating 51 982 new jobs or to be created, while 112 064 jobs at risk have been or will be maintained.

Communal investment of DM 234.5 million for improving economically linked infrastructure was aided.

17.2. Development targets

Jobs in industry shall be created or maintained. The branch structure in industrial areas shall be loosened by new settlements. Infrastructure measures

are needed for the Lower Franconia region, measures to assist tourism in Upper Franconia region. 30 400 new jobs shall be created and 21 700 jobs at risk maintained.

17.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided 1976 to 1979 by expenditure of DM 178.8 million of which DM 122.8 million from means of the Common Task 'Improvement of regional economic structure'. There are further financial aids for promoting the industrial economy and improving infrastructure within the Land's own programmes.

Following means have been allocated for industrial activity:

Budget means: DM 68.4 million; Investment grants: DM 214.8 million.

18. WEST BAVARIA DEVELOPMENT AREA (7 299 km²; 692 000 inhabitants)

18.1. Economic and social analysis (diagnosis)

Many areas are markedly agricultural with mostly small holdings. Good results for industrialization were reached in recent years in some locations, but labour demand is not fully covered. Possibilities for the tourist trade are good. From 1972 to 1975 private investment of DM 897 million was aided, creating 15 285 new jobs, or to be created, while 1 640 jobs at risk have been or will be maintained. Communal investment of DM 69.3 million for improving economically linked infrastructure was aided.

18.2. Development targets

Development of industrial activity shall be continued. Tourism shall be further developed in appropriate countryside areas. Regional and interregional infrastructure shall be created and/or improved. 23 000 new jobs shall be created and 4 200 jobs at risk maintained.

18.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 55.6 million of which DM 32 million from means of the Common Task 'Improvement of regional economic structure'.

Supplementary aids are also available from the Land's own programmes to promote industrial activity and infrastructure equipment.

The following means have been allocated to industrial activity:

Budget means: DM 36.4 million; Investment grants: DM 120.8 million.

19. EAST BAVARIA DEVELOPMENT AREA (18 960 km²; 1 914 000 inhabitants)

19.1. Economic and social analysis (diagnosis)

The economic potential of the region is governed by its situation on the extreme edge of the zone frontier. It is separated from neighbouring economic regions and has inadequate connections with the transport network. In the Upper Palatinate part region economic branches predominate, which are subject to sectoral change. In the Lower Bavaria part region agriculture is declining; industrial density is still well below the Federal and Land averages. Tourism is important in both part regions. From 1972 to 1975 private investment of DM 3 198.5 million was aided, creating 41 203 new jobs or to be created while 41 455 jobs at risk have been or will be maintained.

Communal investment of DM 301.1 million for improving economically linked infrastructure was aided.

19.2. Development targets

Extension and improved quality of jobs in industry. Maintenance of existing jobs in the industrial problem areas. Promoting and maintaining tourism. Improvement of infrastructure. 40 000 new jobs shall be created and 13 500 jobs at risk maintained.

19.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 228 million of which DM 151.6 million from means of the Common Task 'Improvement of regional economic structure'.

Supplementary aids are also available from the Land's own programmes to promote industrial activity and infrastructure equipment.

The following means have been allocated to industrial activity:

Budget means: DM 80.8 million; Investment grants: DM 238.8 million.

20. UPPER BAVARIA-SWABIA DEVELOPMENT AREA (4 157 km²; 413 000 inhabitants)

20.1. Economic and social analysis (diagnosis)

In the northern region the main activity of a large part of the population is agriculture. The importance of industry has increased. Concerns are settling in former coal mining localities. The southern region is one of the most important tourist regions of the Federal Republic of Germany. From 1972 to 1975 private investment of DM 282.4 million was aided, creating 4 634 new jobs, or to be created, while 207 jobs at risk have been or will be maintained.

Communal investment of DM 30.1 million for improving economically linked infrastructure was aided.

20.2. Development targets

In the northern region the supply of jobs in industry must be expanded and improved. In the southern region the task is mainly to raise the level of tourism. 6 000 new jobs shall be created and 1 400 jobs at risk maintained.

20.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 30.4 million of which DM 18 million from the means of the Common Task 'Improvement of regional economic structure'. Supplementary aids are also available from the Land's own programmes to promote industrial activity and infrastructure equipment.

The following means have been allocated to industrial activity:

Budget means: DM 10.4 million; Investment grants: DM 31.6 million.

21. SOUTH-EAST BAVARIA DEVELOPMENT AREA (2 521 km²; 260 000 inhabitants)

21.1. Economic and social analysis (diagnosis)

In the northern part region industrialization has promoted a mixed farming and industrial economy; the southern part region is clearly indicated as a tourist area. From 1972 to 1975 private investment of DM 219.9 million was aided, creating 2 818 new jobs, or to be created, while 2 194 jobs at risk have been or will be maintained.

Communal investment of DM 21.7 million for improving economically linked infrastructure was aided.

21.2. Development targets

Incomes of this region shall be raised by industrial development and further promotion of tourism. 1 600 new jobs shall be created and 700 jobs at risk maintained.

21.3. Development measures and financial resources

Investment in economically linked infrastructure will be aided by expenditure of DM 19.6 million of which DM 11.6 million from means of the Common Task 'Improvement of regional economic structure'. Additional aids will also be given from the Land's own resources for promoting industrial activity and improving infrastructure equipment.

The following means have been allocated to industrial activity:

Budget means: DM 10.4 million; Investment grants: DM 31.6 million.

22. BERLIN

22.1. Economic and social analysis (diagnosis)

In Berlin₂(West) 1975 a population of 2 087 837 were living on a surface area of 480 km² corresponding to a density of 4 350 inhabitants per km². The special situation of Berlin is conditioned by its exceptional political status, by insularity (no connected surrounding), by regional distance from the most important markets of supply and outlet as well as by the problem of an ageing population (22.4% of the population are 65 and over). The chief economic problem of the city is the massive decline of employment in industry (29.3% in the last ten years compared with only 7.8% in the Federal Republic); it is feared that this development is not of a passing nature but that, in many branches (particularly affected: clothing, textiles, electrical industry, engineering and building), the number of jobs will decline permanently as will the number of concerns.¹

From the end of September 1969 to 1975 new industrial concerns could be settled in Berlin with an initial investment of DM 1 000 million and employing 16 000 workers by the beginning of 1976.

Additionally small and medium-sized undertakings were developed and aided and a series of projects were carried out to improve both economically and household linked infrastructure.

22.2. Development targets

To correct potential migration from Berlin, the task is in coming years - with increasing efforts to 1980-1981 (high birth rate age groups) - to provide attractive training facilities and jobs for the growing up young people. Furthermore, the aim of economic policy in Berlin is not only a productive economic structure ('aggregate efficiency') but also a function relating to planning, organization, research and development as a prerequisite of own individual productivity.

Extension of and aid for the services sector is also deemed important; in particular interregional services in the form of fairs, exhibitions and congresses are given a special importance.

22.3. Development measures

Berlin has relied especially on effective aid mechanism to realize the targets of structural policy abovementioned. The most important instrument of Berlin economic policy for regional aid is the Berlin Aid Law (BerlinFG); this is printed in full in the regional development programme.

¹ A table 'Aspects of economic and social development hitherto' is to be found in Annex C.

This law¹ has four sections. The first section (paragraphs 1 to 20) deals with tax benefits on the turnover tax, on income tax and with tax on profits as well as with investment grants ('Investitionszulage'). The second section (paragraphs 21 to 30) deals with tax rebates and workers' benefits.

The third section (paragraphs 31 and 32) deals with the field of application of the BerlinFG; the fourth section (paragraph 33) contains the clause relating to Berlin ('Berlinklausel').

The first section contains three Articles. Article I (paragraphs 1 to 13) contains benefits on turnover tax. Article II (paragraphs 13 to 18) gives rules for benefits on income and profit tax. Article III (paragraph 19) contains the legal grounds for the issue of an investment grant.

The kernel of benefit on turnover tax in Berlin is the so-called 'dual preference'. On the one hand a Berlin business man, trading with a West German business man, may reduce his turnover tax under given circumstances by a given percentage of the payment agreed with his West German partner (BerlinFG, paragraph 1). This reduction amounts in principle to 4.5% for goods and 10% for services. On the other hand the West German partner may make a comparable reduction (rebate) claim (4.2% for goods) as the recipient of turnovers (Berlin FG, paragraph 2). BerlinFG 1a contains in this connection rules on the grant of a rebate claim by way of internal procedure of an undertaking; this concerns especially a business with Berlin(West) premises.

For income and profit tax rebates the main emphasis is on increased depreciations for given expendables of fixed assets (BerlinFG, paragraph 14) and for residential buildings and real estate (BerlinFG, paragraph 14a). Persons of unlimited tax liability, who make loans to the Berliner Industriebank AG, the Deutsche Industriebank, Berlin or directly to concerns for given purposes under given conditions, may benefit from income or corporation tax rebate, 12% of the loans issued (BerlinFG, paragraph 16). Finally, according to Berlin FG, paragraph 17, persons of unlimited tax liability, who give non-interest bearing loans with minimum currency of ten years or interest bearing loans with minimum currency of 25 years for building² development in Berlin(West), may benefit from income or corporation tax rebate by 20% of the issued loans. According to BerlinFG, paragraph 19, an investment grant will be allowed of 10% total of procurement and production costs of goods, buildings or extensions procured or produced within the calendar year.

The grant is increased to 25% for investment, which directly or indirectly aids production, and for investment, which directly or indirectly provides for power supply or heating; for research or development investment the grant is 30%.

¹ The summary of BerlinFG is mainly taken from:
Dr. G. Söffing: 'Benefits afforded by the Berlin Aid Law' in 'Handbook of regional economic aid' (edited by Dr. H.H. Eberstein).

² For housing.

The second section of BerlinFG is subdivided in Articles IV to VI. Article IV (paragraphs 21 to 27) contains the rules governing tax remissions on income tax (wages tax) and corporation tax (rebate of 30% resp. 20%) and Article V (paragraphs 28 to 29a) the rules governing benefits for workers in Berlin (West). Paragraph 30, forming Article VI of the BerlinFG, concerns rules for authorization.

Tax remission on income and corporation tax according to Article IV BerlinFG consists of a remission of income or corporation tax on revenues of given tax payers derived from Berlin (West). Workers' benefit in Berlin (West) according to BerlinFG, paragraphs 28 and 29, takes the form of a grant (8% of the basis of wages assessment).

Within the field of economically linked infrastructure the principal task is to provide the necessary sites for industrial settlement (estimated annual requirement: some 30 ha.); furthermore, in view of the lack of surrounding space, there must be space saving investment for sewage disposal and other supply and disposal plants.

Referring to other measures, the programme mentions, as the second most important aid mechanism, the Berlin ERP special programme whereby industrial investment, investment for the 'foundation of an independent trade' ("Existenzgründungen"), the film industry, building offices, shops and cultural buildings (e.g. churches) and contracting can be supported by favourable loans. The Berliner Industriebank AG takes shares in Berlin to improve the private capital structure of concerns.

At the beginning of 1977 the Berlin Senate adopted a 14 point programme of which the key points are industrial settlement, town development and modernizing and rendering Berlin attractive for top industrial managers.

22.4. Financial resources

Reference is made again to the means of aid presented in the Berlin Aid Law; no estimates are given of budget or other calculated figures.

22.5. Implementating the measures adopted

It is stated that decision on applications according to the Berlin Aid Law lies with the responsible Finance Office and decision on applications for loans according to the ERP special programme with the Berliner Industriebank AG.

ANNEXES

STRUCTURAL DATA AND TARGETS OF THE 5th REGIONAL OUTLINE PLAN

Regional Development Programme	In-habitants	Area (km ²)	Population density	Industrial occ. per '000 inh.
1	2	3	4	5
1. Schleswig-Unterelbe	695 291	6 591	106	49
2. Holstein	1 634 675	8 427	194	82
3. Niedersächs. Nordseeküste ^a	1 547 074	10 822	143	75
4. Ems-Mittelweser	948 305	7 216	131	108
5. Heide-Elbufer	910 771	8 877	103	127
6. Niedersächs. Bergland	1 694 687	7 465	227	129
7. Nördliches Ruhrgebiet-Westmünsterland	1 822 305	4 291	426	130
8. Nordeifel	170 568	1 424	120	72
9. Ostwestfalen	553 037	3 832	144	121
10. Hessisches Fördergebiet	1 515 506	11 318	134	110
11. Mittelrhein-Lahn-Sieg	774 885	5 829	133	79
12. Eifel-Hunsrück	533 100	5 458	98	61
13. Saarland-Westpfalz	1 837 154	6 767	271	129
14. Odenwald-Hohenlohe-Ostalb	849 475	6 788	125	152
15. Hochschwarzwald-Baar-Hochrhein	213 336	2 066	103	132
16. Alb-Oberschwaben	285 905	3 128	91	126
17. Nordbayerisches Fördergebiet	1 885 000	13 047	144	147
18. Westbayerisches Fördergebiet	692 000	7 299	95	110
19. Ostbayerisches Fördergebiet	1 914 000	18 960	100	103
20. Oberbayerisch-schwäbisches Fördergebiet	413 000	4 157	99	88
21. Südöstlich-oberbayerisches Fördergebiet	260 000	2 521	103	83
TOTAL	21 150 074	146 283	145	105 ^d
Federal territory (includes West Berlin)	61 832 200 ^c	248 601 ^f	249	132 ^g

^a Includes Bremerhaven and islands Neuwerk and Scharhörn (Hamburg).

^b GDP 1970.

^c Double locality Hermeskeil/Nonweiler mentioned twice (2 RDP).

^d Average value.

^e 30 June 1975.

^f End 1973.

^g Yearly average 1974.

GDP/head 1972 (DM)	Number of key points	Targets 1976-1979				
		New jobs	Jobs to maintain	Investment forecast (mio DM)		
				Industry	Infra- structure	Total
6	7	8	9	10	11	12
11 314	12	14 000	8 400	1 175	92	1 267
11 933	19	20 400	12 600	1 733	214	1 947
10 100	21	30 600	3 200	2 155	152	2 307
11 200	14	18 000	2 000	1 290	97	1 387
11 800	14	21 000	7 000	1 585	250	1 835
11 200	16	18 000	7 000	1 409	229	1 638
9 174 ^b	20	76 000	38 000	5 560	8	5 568
8 313 ^b	3	9 600	2 400	832	8	840
9 466 ^b	10	16 090	4 000	1 440	8	1 448
11 089	24	22 000	16 000	1 970	140	2 110
10 445	13	13 600	2 400	1 152	80	1 232
10 750	9 ^c	10 800	1 600	917	64	981
11 100	20 ^c	43 800	27 800	6 280	416	6 696
11 800	13	7 200	1 600	546	111	657
11 700	5	2 800	1 000	222	27	249
11 400	10	6 000	1 400	456	37	493
11 500	33	30 400	21 700	2 888	179	3 067
10 000	21	23 000	4 200	1 754	56	1 810
9 600	43	40 000	13 300	3 264	228	3 492
10 300	4	6 000	1 400	468	30	498
10 500	4	1 600	700	136	20	156
	327	430 800	177 700	37 232	2 446	39 678
13 560						

STRUCTURAL DATA AND TARGETS OF THE 6th REGIONAL OUTLINE PLAN

Regional Development Programme	In-habitants	Area (km ²)	Population density	Industrial occ. per '000 inh.
1	2	3	4	5
1. Schleswig-Unterelbe	692 328	6 591	105	47
2. Holstein	1 638 214	8 427	194	77
3. Niedersächs. Nordseeküste ^a	1 546 658	10 825	143	70
4. Ems-Mittelweser	945 116	7 217	131	103
5. Heide-Elbufer	905 553	8 909	102	115
6. Niedersächs. Bergland	1 680 140	7 451	225	119
7. Nördliches Ruhrgebiet-Westmünsterland	1 816 032	4 291	423	118
8. Nordeifel	171 499	1 424	120	79
9. Ostwestfalen	548 571	3 832	143	110
10. Hessisches Fördergebiet	1 508 019	11 318	133	101
11. Mittelrhein-Lahn-Sieg	770 247	5 829	132	73
12. Eifel-Hunsrück	531 148	5 460	97	59
13. Saarland-Westpfalz	1 823 994	6 767	270	122
14. Odenwald-Hohenlohe-Ostalb	841 575	6 788	124	146
15. Hochschwarzwald-Baar-Hochrhein	211 550	2 066	102	132
16. Alb-Oberschwaben	283 407	3 113	91	130
17. Nordbayerisches Fördergebiet	1 858 941	13 047	142	134
18. Westbayerisches Fördergebiet	683 608	7 299	94	104
19. Ostbayerisches Fördergebiet	1 913 278	18 960	99	97
20. Oberbayerisch-schwäbisches Fördergebiet	432 082	4 319	100	75
21. Südöstlich-oberbayerisches Fördergebiet	260 000	2 521	103	81
TOTAL	21 062 376	146 454	144	100 ^d
Federal territory (includes West Berlin)	61 644 600 ^e	248 601 ^f	248	123 ^g

^a Includes Bremerhaven and islands Neuwerk and Scharhörn (Hamburg).

^b GDP/head 1970.

^c Double locality Hermeskeil/Nonnweiler mentioned twice (2 RDP).

^d Average value.

^e 31 December 1975.

^f End 1973.

^g 30 June 1975.

GDP/head 1974 (DM)	Number of key points	Targets 1977-1980				
		New jobs	Jobs to maintain	Investment forecast (mio DM)		
				Industry	Infra- structure	Total
6	7	8	9	10	11	12
13 359	12	14 000	8 400	1 175	94	1 269
13 937	19	20 400	12 600	1 733	191	1 924
12 100	21	30 600	3 200	2 155	152	2 307
14 100	14	18 000	2 000	1 290	97	1 387
13 000	14	21 000	7 000	1 585	250	1 835
13 400	16	18 000	7 000	1 409	229	1 638
9 174 ^b	19	76 000	38 000	5 560	8	5 568
8 313 ^b	3	9 600	2 400	832	8	840
9 466 ^b	10	16 000	4 000	1 440	8	1 448
12 800	24	22 000	16 000	1 970	140	2 110
12 494	13	13 600	2 400	1 152	81	1 233
12 817	9 ^c	10 800	1 600	917	64	981
13 330	20 ^c	43 800	27 800	6 280	416	6 696
14 700	13	7 200	1 600	546	111	657
12 700	5	2 800	1 000	222	27	249
13 100	10	6 000	1 400	456	37	493
13 500	33	30 400	21 700	2 888	191	3 079
11 800	21	23 000	4 200	1 754	56	1 810
12 200	43	40 000	13 300	3 264	231	3 495
12 400	4	6 000	1 400	468	30	498
12 800	4	1 600	700	136	20	156
.	326	430 800	177 700	37 232	2 441	39 673
16 140						

Annex C

BERLIN - DETAILS OF ECONOMIC AND SOCIAL DEVELOPMENT HITHERTO

	1970	1972	1975
Population (at the end of year)	2 122 815	2 062 615	2 087 837
Population density	4 422	4 297	4 350
Unemployment level (at end of year)	0.8	1.3	4.2
Industrial occupation per 1 000 inhabitants	125	117	103
Wages, salaries per employed person in industry (DM)	13 800	17 100	23 900
GDP per head of resident population, corrected by commuter balance (DM)	12 070	14 490	(1974) 18 280
<u>GDP in % of :</u>			
Farming, forestry	0.2	0.2	0.2
Production industry	54.0	52.1	49.6
Trade, transport	15.9	15.6	15.1
Other service activity	29.8	32.1	35.1
	100.0 ^a	100.0	100.0

^a Difference due to rounding.

Summary of the
regional development programme

France
1976-1980

I. INTRODUCTION

The document in question (199 pages), which was submitted to the Commission according to Article 6 of the ERDF regulation, refers both to the regions of metropolitan France and the overseas territories (DOM). In the first place, it comprises a general section of 18 pages, including 3 tables, devoted to the VIIth Plan and the priority action programmes (PAP). Thereafter, it comprises a second section of 158 pages, including 21 tables, containing the development plans for each of the 21 regions and finally a section of 28 pages, including 7 tables and maps, referring to the DOM (overseas territories).

II. DOCUMENTATION CONTENT

A. The VIIth Plan and the Priority Action Programmes

(i) The VIIth Economic and Social Development Plan

This Plan covers the period 1976-1980 and defines essentially the terms of reference of the various regional development programmes.

The development strategy laid down in this Plan aims at the Country as a whole. However, the means employed in this strategy require that account be taken of local and regional development methods.

Provision has been made for specific measures favouring the creation and development of small and medium companies and the establishment or maintenance of commercial activities and service trades in the urban districts, whether new or renovated, and in the rural and mountainous areas.

With reference to employment, cooperation between management and labour, both at departmental and regional levels just as in the centres of employment,

¹ All the regions covered by the French programme with the exception of the Paris region.

should be aimed at achieving the given objective of creating 225 000 industrial jobs over the duration of the plan.

The measures to be implemented during the course of the VIIth Plan will be incorporated in a better overall regional policy. Thus, two main types of aims should be carried out, firstly the traditional aims, whose objects are to check the population decline in certain rural areas and to harness the growth of the large built-up areas for the benefit of medium and small towns, secondly those aims counteracting slow growth and which contribute to the maintenance of employment in the regions most affected by reconversion or by Community policies.

These measures will take the following form in the main regions:

In the Paris Basin, it is intended to reduce progressively dependence on the capital by organizing regional transport, improving the transversal links and developing the regional universities in particular.

In the Northern and Eastern Regions, a conversion policy will be pursued in the coal mining and steel basins. The restructuring and restoration of the architectural heritage will be intensified and the completion of major urban and road infrastructure will be undertaken.

In the large Mediterranean Delta, the expansion of the built-up areas of Lyon and Marseille will be slowed down in favour of small and medium-sized towns. The potential of the port of Marseille will be confirmed, industrialization in Languedoc will be favoured and measures will be taken for the benefit of agriculture and viticulture.

In Corsica, the 1975 economic development programme will be implemented.

On the Atlantic Seaboard and in the 'Great' West, priority should be given to resolving structural employment problems. The modernization of road and rail communications will be carried out and Brittany's deficiency in natural gas improved.

In the Massif Central, action will be taken against the population exodus and economic decline of certain departments, which is on the increase.

(ii) The national priority action programmes (PAP)

While expounding an economic and social strategy for the next five years, the VIIth Plan also contains 25 priority action programmes, which entail an overall State financial contribution of FF 200 million 1975. (See Annex 1 for details).

Three concern certain areas of the territory in particular:

- Programme No 5 (to de-isolate the West, South-West and Massif Central).
- Programme No 6 (to complete the river link between the North Sea and the Mediterranean).
- Programme No 23 (to develop the rural areas).

Other PAP's concerning the territory as a whole will nevertheless have consequences for regional planning and development in certain areas:

- Programme No 1 (to adapt agricultural and foodstuffs production to new market conditions).
- Programme No 3 (to stimulate the development of small and medium-sized companies and handicrafts).
- Programme No 4 (to improve the telephonic equipment in the country).
- Programme No 10 (to increase public measures on employment).
- Programme No 21 (to improve urban living conditions).
- Programme No 24 (to conserve the natural heritage).

B. Regional development programmes (metropolitan France)

The details of the 1976-1980 programme listed hereafter (in alphabetical order) comprise a map, a comprehensive statistical table and four main headings per regional programme:

- General characteristics;
- Evolution and principal problems;
- Development aims;
- Key programmes.

1. ALSACE (1,5 million inhabitants)

1.1. General characteristics

This region has adapted to the urban development represented by the Strasbourg-Colmar-Mulhouse link-up and the conservation of the rural areas of the Vosges Valleys and the Northern Forests beyond. Due to industrial expansion, this is the primary exporting region of France.

1.2. Evolution and principal problems

Due to a favourable migratory balance, the population growth is rapid.

Only a small proportion of the working population are concerned with agriculture.

Between 1968 and 1975, the increase of wage earners in other sectors was accompanied by a moderate growth in service activities and a significant increase in industry, particularly in the South.

In certain of the Vosges valleys, the textiles industry is experiencing serious difficulties.

1.3. The development aims

The aim is to guarantee full employment by developing the regional economy, by modernizing the economic structures and re-inforcing the infrastructure, while at the same time ensuring the welfare of the population.

1.4. The key programmes

The principal measures taken by the public authorities, which will play a determining role in the substance of regional development are the following:

- specific assistance in the form of granting development subsidies at the maximum rate for certain areas;
- national priority action programmes of the VIIth Plan relating specifically to the region (No6 - Rhine-Rhône river link and No 13 - ensuring equal opportunity through education and culture);

- regional priority action programmes of the VIIth Plan.

Among the latter, those which are already the subject of a continuous and firm State commitment should be mentioned first: the North-South road axis totalling FF 480 million 1975 and water control measures totalling FF 79 million.

2. AQUITAINE (2.6 million inhabitants)

2.1. General characteristics

The region, which is flanked by the Pyrenees to the South and the beginnings of the Massif Central to the North-East, has experienced a development deeply influenced by its remoteness from the major European economic centres.

2.2. Evolution and principal problems

The disparities in regional population have been accentuated by a growing population movement towards the coast and the built-up areas.

The region features a slight population increase and unemployment is relatively high. Nearly 16% of the work force is still engaged in agriculture and industrial activities and there has been a marked rise in the number of wage-earners over the past 10 years.

Now that the natural gas deposit at Lacq has been exhausted, the industrial complex which resulted therefrom is facing re-adaptation problems.

2.3. The development aims

The development aims are concerned with the development of the Atlantic Seaboard, natural resources, geographic situation and the regional capital in addition to urban development.

2.4. The key programmes

The principal actions taken by the public authorities are:

- specific assistance in the form of regional development subsidies at the maximum rate for the mountainous areas of the Atlantic Pyrenees, and at the medium rate for the rest of the region;
- national priority action programmes of the VIIth Plan and No 5 in particular, which refers to the de-isolation of the West and South-West (Bordeaux-Narbonne motorway and electrification of the Bordeaux-Montauban railway);
- regional priority action programmes of the VIIth Plan.

Those which benefit from a continuing and firm State commitment are medium and small industry, totalling FF 2 million, hydraulic and land improvements total-

ling FF 65 million, the mountainous forests of the Landes totalling FF 108 million, anti-pollution measures in the Arcachon Basin totalling FF 22 million, and finally the industrial and port zone of Verdon.

3. AUVERGNE (1.3 million inhabitants)

3.1. General characteristics

The relief, climate and comparatively weak economy all explain one of the lowest population density's in the country, and a long tradition of emigration, especially to the Paris basin.

3.2. Evolution and principal problems

Agriculture retains an important place employing more than 16% of the work force while industry prospered between 1962 and 1974. Two major problems must be tackled: Rural depopulation in the mountainous areas and the inadequacy of technical and social infrastructures in industry.

3.3. The development aims

These are primarily concerned with the de-isolation of the Massif Central, stimulating economic development and improving living conditions.

3.4. The key programmes

The majority of the measures to be taken come under the heading of the development of the Massif Central:

- specific assistance in the form of aid to services activities, subsidies for industrial employment, subsidies for handicrafts;
- national priority action programmes of the VIIth Plan; referring to the improvement of road links, the improvement of rail traffic, the automation of the telephone system, financial and technical assistance to the PME, the development of products derived from the ground and beneath the ground, and services for the population.

Moreover, five regional priority action programmes adopted by the State refer to de-isolation in winter, water supply for agriculture, vocational training, traffic and urban anti-pollution measures.

4. BURGUNDY (1.6 million inhabitants)

4.1. General characteristics

This very varied region is characterized by its agricultural diversity and the disparities of its industrial development.

4.2. Evolution and principal problems

The economic development appears satisfactory on both the levels of employment and output capacity. The main problems is to create better agricultural and job structures in the centre of the region.

4.3. The development aims

The principal aims are to improve agricultural production and marketing techniques, develop the expansion capabilities of medium and small towns, and decentralize the Service activities stemming from the Paris region.

4.4. The key programmes

- Specific assistance in the form of aid for the localizing of service activities over the majority of the region in particular;
- national priority action programmes of the VIIth Plan and especially No 6 relating to the Rhine-Rhône river link for large draught vessels and No 23 relating to the development of rural areas;
- regional priority action programme of the VIIth Plan, benefiting from a firm State commitment aimed at the revitalising of the Morvan totalling FF 21.9 million, and improvements to the river Armançon totalling FF 5.9 million.

5. BRITTANY (2.6 million inhabitants)

5.1. General characteristics

Due to its situation at the extreme western tip of France and Western Europe, Brittany is one of the most typical regions of the national territory and has for a long time based its economy on agricultural and maritime activities.

5.2. Evolution and principal problems

Between 1968 and 1975, service activities expanded very rapidly. However, under-employment persisted and there was an appreciable reduction in industrial investment. The main problems are linked to the future of the fishing industry, the modernization of agricultural techniques, certain industrial conversions and controlling the tourist flow.

5.3. The development aims

These aims are first to create 80 000 to 90 000 jobs during the course of the VIIth Plan and thereafter improve the standard of living.

5.4. The key programmes

- Specific assistance in the form of subsidies for industrial employment cover the whole region;
- national priority action programmes: No 5 provides for the completion of the road network for Brittany; No 23 aims to develop the rural areas and No 24 aims to conserve and safeguard the natural heritage;
- regional priority action programmes which have already been the subject of a firm State commitment refer to 'clean rivers' totalling FF 104 million, plans for traffic control totalling FF 14 million, the fishing industry, totalling FF 37 million, and Natural Gas totalling FF 40 million.

6. CENTRE (2.2 million inhabitants)

6.1. General characteristics

Over the past 20 years, this excellently situated region has enjoyed a privileged position with regard to the redeployment of French industrial growth.

6.2. Evolution and principal problems

The Centre has experienced a very rapid population growth. It still has a significant agricultural workforce and wage-earners in the other sectors have increased at the highest rate. The only problem lies in the much slower rate of development in the South of the Region.

6.3. The development aims

The major regional concern is re-establishing balanced development between the North and South, and between urban and rural areas.

6.4. The key programmes

- Specific assistance, particularly in the form of employment subsidies in the South of the departments of the Cher and the Indre;
- national priority action programmes and especially No 5 aimed at the de-isolation of the West, South West and the Massif Central by improving the motorways;
- regional priority action programmes which have already been the subject of a firm State commitment concern the middle-Loire totalling FF 67 million and small 'cottage hospitals' totalling FF 3.2 million.

7. CHAMPAGNE-ARDENNE (1.3 million inhabitants)

7.1. General characteristics

This is primarily an important agricultural region whose growth can be partially attributed to the industrial decentralisation of the Paris region.

7.2. Evolution and principal problems

The population has increased over a period of ten years with a very high proportion of births to deaths. The growth of non-agricultural employment has been less pronounced than in the rest of the country. The major problem of the region is the future of traditional activities in difficulty.

7.3. The development aims

In addition to assistance to the three productive sectors, the policies linked to economic development place emphasis on regional integration, measures strengthening technical and vocational training and improving the level of the Public Health service and equipment.

7.4. The key programmes

- Specific assistance in the form of employment subsidies in the northern Ardennes and southern Haute-Marne;
- regional priority action programme which have already been the subject of a firm State commitment concerning motorway equipment, vocational training and promotion of social welfare; schemes totalling FF 25 million.

8. CORSICA (0.2 million inhabitants)

8.1. General characteristics

Due to its situation, Corsica is set aside from industrialization and relies on agriculture and tourism for its income.

8.2. Evolution and principal problems

The percentage of the working population is distinctly lower than the rest of the country and the level of unemployment is caused by the lack of permanent jobs. Difficulties are engendered by the rapid modernization of agriculture and the upsurge of tourism.

8.3. The development aims

Economic development should be based on spreading tourism evenly throughout the region, an agricultural policy based on quality, creating the PME and

implementing the principle of 'territorial continuity'.

8.4. The key programmes

- Specific assistance in the form of rural aid, employment subsidies, localizing service activities throughout Corsica, within the framework of the economic development programme for Corsica;
- national priority action programmes and particularly Nos 1 and 23 relating to the development of agricultural production and the rural areas and No 24 relating to the environment;
- regional priority action programmes which are the subject of a firm State commitment concerning the maintenance of the levels of activity in the mountainous areas totalling FF 11 million and vocational training totalling FF 6.2 millions.

9. FRANCHE-COMTE (1.1 million inhabitants)

9.1. General characteristics

The economy of the region is characterized by the importance of forestry, the dominance of agriculture and a specific industrial development; wood (timber) associated industries, clock making, mechanical, electrical and car-engineering works.

9.2. Evolution and principal problems

While agricultural employment declined steadily, non-agricultural employment has increased over the last few years more than in the whole country. The automobile and clock-making industries are the key manufacturing industries and have helped maintain employment levels, which could weaken to a certain extent in the years to come.

9.3. The development aims

The general guidelines outlined in the VIIth Plan refer to maintaining full employment, developing agriculture and forestry, developing tourism and regional planning.

9.4. The key programmes

- Specific assistance in the form of rural aid for some regions, subsidizing for the localization of service activities in the whole region, employment subsidies covering the area north of Belfort and north and east of Vesoul;
- national priority action programme and particularly No 3 referring to the development of the PME, Nos 9 and 10 benefiting employment and vocational training, No 23 referring to aid for the rural areas and No 6 relating to the Rhine-Rhône link;

- regional priority action programmes benefiting from a firm State commitment concern the safeguarding of the Doubs, totalling FF 29 million and exploration for drinking water totalling FF 15 million.

10. LANGUEDOC-ROUSSILLON (1.8 million inhabitants)

10.1. The region has suffered from a continuous industrial decay compensated by an agricultural development orientated more and more exclusively towards the vine and wine growing with all the disadvantages resulting from this.

10.2. Evolution and principal problems

The population employment rate is the weakest in the country. This is due to geographical and sectorial factors which should be corrected: There are fewer industrial wage-earners than anywhere else in the country. The overriding problems are the inevitable reconversion of appropriation of the vineyards and industrialization.

10.3. The development aims

The main aims are to conclude economic change both in the spheres of agriculture and industry, and to sustain and set up activities in the remoter areas in order to achieve a better distribution of employment and contain depopulation.

10.4. The key programmes

- Specific assistance in the form of employment subsidies for a large part of the region, subsidies for localizing service activities for the whole region, specific rural aid to certain cantons, within the framework of the development of the Massif Central and the programme for planning the coastal areas;
- national priority action programmes and particularly No 1 concerned with adapting agricultural and foodstuffs production, No 5 for the de-isolation of the Massif Central, No 23 referring to the development of rural areas, and No 24 concerned with the conservation of the natural heritage;
- regional priority action programmes to which the State is committed concern equipment for the Sète-Frontignan area totalling FF 41 million, agriculture totalling FF 130 million and the rationalization of the PME totalling FF 10 million.

11. LIMOUSIN (0.7 million inhabitants)

11.1. General characteristics

The demographic situation is very unfavourable due to isolation, an ageing po-

pulation and the lack of industrialization and urban development. Moreover, the majority of the region is undergoing a process of economic decline.

11.2. Evolution and principal problems

Although agricultural employment still accounts for one in five of the workforce, the pace of recession in agricultural employment is faster than in the rest of the country.

On the other hand, non-agricultural employment has increased due to service and building activities.

Moreover, account should be taken of the poor quality of the road and rail networks and of delays in vocational training.

11.3. The development aims

The aims derive from the Massif Central programme and refer to de-isolation, stimulating economic development and improving living standards.

11.4. The key programmes

- Development programme for the Massif Central concerning improvements to the road system, automation of the telephone network, development of industrial and service activities, increasing agricultural and mineral production, and improving living standards;
- regional priority action programmes to which the State is committed refer to the development of maximum production in the rural area totalling FF 8.8 million and improvements to the Lake Vassivière totalling FF 4.3 million.

12. LORRAINE (2.3 million inhabitants)

12.1. General characteristics

A particular feature of Lorraine has been an industrial development based on both the old textiles tradition of the Vosges valleys and natural resources (coal, iron ore) which have favoured heavy industry.

12.2. Evolution and principal problems

Between 1968 and 1975, the region had a negative migratory balance. Non-agricultural employment is only growing slowly due to a general recession. In fact, manufacturing activities rely essentially on the industries which are either 'in crisis' (steel), weak (textiles) or archaic and in the throes of recession (coal).

12.3. Development aims

The most important features are the following:

- to develop employment, adapt vocational training methods, develop the priority infrastructures of communications, develop service activities, provide assistance for the rural and frontier areas with declining industries (textiles, steel), and improve social services and cultural activities.

12.4. The key programmes

- Specific assistance within the framework of a 'steel plan' aimed at rationalization and in the form of employment subsidies and assistance for re-research activities; to set up a complex for timber processing and furniture manufacturing in the department Vosges;
- regional priority action programmes which have already been the subject of firm State commitment relating to full employment totalling FF 3.2 million, hospital equipment totalling FF 20 million, and the North-South motorway axis.

13. MIDI-PYRENEES (2.3 million inhabitants)

13.1. General characteristics

This region features an ageing population and an abundance of mountainous areas which surround it.

13.2. Evolution and principal problems

The employment rate is fairly low and the population declining in four out of eight departments. Agricultural employment accounts for twice the national average. The fundamental problem lies in attempting to stem de-population. Certain key sectors of the local manufacturing industry, along with the aviation industry and the success of the Airbus programme, are capable of maintaining employment levels and so of arresting these adverse trends.

13.3. The development aims

The primary aim is to ensure the de-isolation of the region with regard to both its internal connections and external links.

On the question of the sectors, measures should be taken for the benefit of agriculture, PME and service activities.

13.4. The key programmes

- Specific assistance in the form of special rural aid, subsidies for industrial employment and the localizing of service activities;

- a continuous programme for the development of the Massif Central (Lot and Aveyron);
- national priority action programmes and particularly No 3, regarding the PME, No 1 benefiting agriculture, No 5 referring to de-isolation and No 23 referring to development of the rural areas;
- regional priority action programmes which are the subject of a firm State commitment concerning water supply improvements totalling FF 18 million, agricultural vocational training totalling FF 10 million, Spas totalling FF 3 million, the Lot valley totalling FF 10 million and handicrafts totalling FF 0.5 million.

14. NORD-PAS-DE-CALAIS (3.9 million inhabitants)

14.1. General characteristics

Having established itself as the foremost industrial and urban area in the country and one of the leading agricultural regions, this region is now faced with serious problems of change (coal, steel, textiles).

14.2. Evolution and principal problems

The migratory deficit is very significant and in the Pas-de-Calais in particular. However, the coastal areas and the Avesnois are suffering from chronic under employment. The region is marked by a positive deterioration of its urban heritage and living conditions.

14.3. The development aims

The main aim is to carry out change in the key industries. Thereafter, it will be necessary to establish the basis for economic and social redevelopment and create 30 to 40 000 new jobs.

14.4. The key programmes

- Specific assistance for the port of Dunkirk, the coal mines and in the form of subsidies for industrial employment;
- national priority action programmes and particularly No 9 favouring exports, No 21 aimed at urban living conditions, No 24 for the conservation of the national heritage;
- regional priority action programmes which are the subject of a firm State commitment are concerned with hospitals totalling FF 90 million, waterways totalling FF 260 million, rural development totalling FF 25 million, cultural activities totalling FF 10.9 million.

15. LOWER-NORMANDY (1.3 million inhabitants)

15.1. General characteristics

Although fortunate agriculturally, the region is less so industrially due to its situation, which is comparatively removed from the principal communications networks.

15.2. Evolution and principal problems

The population is increasing at a slower rate than in the rest of the country. Agricultural employment remains significant but growth in the industrial and service activities is slowing down. The main problem is to improve the employment situation.

15.3. The development aims

These provide for expanding agricultural and industrial output capacity, harmonizing regional development and improving the quality of life.

15.4. The key programmes

- Specific assistance in the form of industrial employment subsidies and action by the rural rehabilitation Fund;
- national priority action programmes and particularly No 5 aimed at de-isolation, No 23 favouring the rural areas and No 4 relating to the conservation of the natural heritage;
- regional priority action programmes which are the subject of firm State commitment relate to the dairy economy totalling FF 120.3 million, the PME and handicrafts totalling FF 1.14 million, the Auge district totalling FF 10.92 million and the seaboard totalling FF 2.57 million.

16. UPPER-NORMANDY (1.6 million inhabitants)

16.1. General characteristics

Due to its situation and rich soil, the region can be classified as one of the most important areas in the country.

16.2. Evolution and principal problems

In spite of demographic and economic strength, there are structural difficulties. These are an excessive dependence upon Paris and the unskilled nature of decentralized jobs.

16.3. The development aims

These are three major themes:

- urban and regional planning;
- strengthening port activities and job diversification;
- social and cultural development.

16.4. The key programmes

- Specific assistance in the form of employment subsidies for the Fecamp area only;
- national priority action programmes and particularly No 9 favouring exports, No 21 aimed at living conditions and No 24 concerned with the conservation of the national heritage;
- regional priority action programmes which are the subject of firm State commitment relate to the development of the Plateaux totalling FF 53 million, coastal activities totalling FF 2.6 million, and vocational training totalling FF 6.4 million.

17. PAYS DE LA LOIRE (2.8 million inhabitants)

17.1. General characteristics

The region has reaped the benefits of strong economic growth and the industrial centres of Nantes and Saint-Nazaire and the towns inland in particular.

17.2. Evolution and principal problems

The population has increased significantly over the past 15 years. The region has to face outside competition in certain sectors and cope with the problems of under-employment and the difficulties arising from intense urbanization.

17.3. The development aims

The main aim is to sustain the level of economic growth and particularly by improving the communications network, expanding sea-going activities and improving the quality of the workforce.

17.4. The key programmes

- Specific assistance in the form of subsidies for industrial employment and localizing service activities;
- national priority action programmes and particularly No 5 aimed at de-isolation and No 25 referring to conservation of the natural heritage;

- regional priority action programmes which are the subject of a firm State commitment concerning industrial-port equipment for the Lower Loire totalling FF 290 million, the coastal areas totalling FF 50 million and the rural areas totalling FF 110 million.

18. PICARDIE (1.7 million inhabitants)

18.1. General characteristics

With considerable access to the exterior, the region has found outlets for a powerful agriculture and an old industrial tradition.

18.2. Evolution and principal problems

Structural unemployment is not a feature of the region as a whole. The population employment rate is fairly weak due to a high percentage of young people.

18.3. The development aims

The main aims are to develop communications, and to diversify and create balanced development in Picardie.

18.4. The key programmes

- Specific assistance in the form of industrial employment subsidies;
- national priority action programmes;
- regional priority action programmes which are the subject of a firm State commitment regarding transversal links and improvements for the South totalling FF 100 million.

19. POITOU-CHARENTES (1.5 million inhabitants)

19.1. General characteristics

During the last decade and following considerable emigration of the workforce, there has been rapid industrial expansion especially in the modern sectors of activity due to general decentralization.

19.2. Evolution and principal problems

Agriculture still accounts for 19% of the region's workforce and coastal activities are posing serious problems. However, non-agricultural employment has developed and industrialization has assisted the development of the major towns.

19.3. The development aims

The main aim is to carry out the economic development of the region. The other aims are to achieve a balance between the towns and the countryside and carry out the development of the coastal areas.

19.4. The key programmes

- Specific assistance in the form of industrial employment subsidies;
- national priority action programmes and No 5 in particular, relating to de-isolation;
- regional priority action programmes which are the subject of a firm State commitment concerning improvements to the coastal areas totalling FF 9.9 million and improving living standards totalling FF 3.3 million.

20. PROVENCE-COTE D'AZUR (3.7 million inhabitants)

20.1. General characteristics

The region comprises a very narrow, very urbanized and densely populated coastal strip, rich agricultural areas in the lower valleys and a mountainous inland region.

20.2. Evolution and principal problems

The population is ageing and industry, which is not yet sufficiently diversified, only accounts for approximately 34% of the workforce. The difficulties facing the Toulon Naval dockyards should be stressed. There are also problems stemming from the movement away from the inland region, protecting the natural attributes and developing traditional economic activities.

20.3. The development aims

Therefore, the main aims are industrial and economic development and exploiting the inland region.

20.4. The key programmes

- Specific assistance in the form of industrial employment subsidies and also actions in the framework of the policies for the mountainous areas and medium towns;
- national priority action programmes and particularly No 9 assisting exports, No 21 'better urban living standards', No 1 concerning agriculture, No 23 concerning the rural areas and No 24 concerning the natural heritage;
- regional priority action programmes which are the subject of firm State commitment concerning the re-vitalization of the inland region totalling FF 122 million, management of water resources totalling FF 194 million; the 'Valbonne' programme totalling FF 103 million and technical education totalling FF 44 million.

21. RHONE-ALPS (4.8 million inhabitants)

21.1. General characteristics

The great overall economic strength of the region is such that it remains the major influence in balancing French development.

21.2. Evolution and principal problems

The Loire, and particularly the Ardeche, have experienced little population growth. The relatively small increase of industrial wage-earners and the speed of urban growth should be noted.

21.3. The development aims

The priorities are the three sectors of activity, urban improvements and collective infrastructure.

21.4. The key programmes

- Specific assistance in the form of industrial employment subsidies, aid for localizing service activities and research, and special rural aid;
- national priority action programmes and particularly No 6 referring to the Rhône-Alpes link, No 3 concerning the PME, No 21 concerned with better urban living standards, No 23 referring to the rural areas and No 24 concerned with the natural heritage;
- regional priority action programmes which are the subject of a firm State commitment concerning the Alpine lakes totalling FF 43.7 million, and the PME totalling FF 10 million, technical education equipment totalling FF 218 million and road links totalling FF 140 million.

FRENCH OVERSEAS TERRITORIES (1.2 million inhabitants)

1. General characteristics

Four out of the five regions have distinctive features due to their island nature. These are Guadeloupe, Martinique, Réunion and also Saint-Pierre and Miquelon which, in 1976, decided to become an overseas department.

The fifth region is French Guyana which forms part of the east coast of South America.

The new factor over the last few years has been the slowing down in the natural growth of the population. This will only have a long term effect on the labour market where the shortage of jobs still remains high.

In spite of rapid economic development, levels of production and revenue in addition to employment are low in comparison with metropolitan France.

2. Evolution and principal problems

Agricultural production still accounts for two thirds of the productive sector. However, sugar production in the island departments and bananas in Guadeloupe and Martinique, in addition to the position of fresh pineapple in Martinique are experiencing difficulties due to higher production costs. Moreover, cultural diversification and a land reform policy have been undertaken.

With regard to industrialization, legal measures have been taken to encourage investment. The effects of this have been felt especially in the tourism sector. Also, each year, the joint operations section of the Investment Fund for the overseas territories apportions substantial amounts of money for industrial investments. These developed significantly during the year 1976.

The opportunities for tourism offered by the DOM and the Antilles (Leeward Islands) in particular, are an important factor in their economic development. Starting with the luxury hotel trade, it is planned to develop a complete tourism spectrum by a parallel development of mass tourism and creating an atmosphere and environment in which tourism will flourish. In addition, special emphasis has been placed on establishing small hotels and holiday villages.

3. The development aims

The first aim can be divided into two parts. On the one hand, to consolidate the agricultural economy by modernizing agricultural exports. On the other hand, to enlarge it by increasing the livestock and vegetable production destined for the population and by developing products which can achieve significant sales locally, but especially in Europe. In order to achieve this, it is vital to build a large irrigation system.

The second aim is to develop activities which will provide employment. This can be attained through companies of all sizes - large export orientated companies or small or medium companies.

Finally, the third aim is to achieve complete integration with the EEC in order to ensure sales outlets for agricultural and industrial products in an organized market.

4. The key programmes

The various action programmes relating to the DOM are geared to achieving real 'economic departmentalization':

- (i) national programmes which do not form part of the priority action programmes are as follows:
 - a ten year modernization plan for the sugar industry at Réunion (1974-1984),
 - a five year modernization plan for the sugar industry at Guadeloupe (1976-1980),
 - a ten year plan for stock rearing in each DOM (1973-1983),
 - assistance for banana and tobacco exports,
- (ii) national priority action programmes and especially No 7 concerned with speeding up economic departmentalization in the DOM to which the State has committed a total of FF 1 399 million.

This programme is primarily concerned with agricultural development - i.e. irrigation works covering 9 000 ha to be carried out particularly in South-East Martinique, on the 'bras de la Plaine and Cilaos' at Réunion and at La Grande-Terre de la Guadeloupe. Specific measures concerning stock rearing in Guyana will also contribute to this agricultural development.

Within the framework of the same programme, action will be taken on housing and hygiene by developing the public health system and adapting the housing policy.

Among the other national priority action programmes, No 8 should be mentioned relating to reducing expenditure on energy and raw materials. This includes specific action in Guyana concerned with the exploitation of its natural resources.

Annex I

STATE CONTRIBUTION FOR REALIZATION OF PRIORITY ACTION PROGRAMMES
IN 1976 AND 1977

(FF million)

	Contribution 1976 in FF. 1976	Contribution 1977 in FF. 1977	Contribution 1976&1977 in FF. 1975	Total budget for VIIth Plan in FF. 1975
	(1)	(2)	(3)	(4)
Agricultural production	646	685	1 169	3 378
PME - Handi- crafts	71	119	166	816
Telephone	(18 700)	(24 800)	(38 049)	(104 400) (PTT)
De-isolation	898	1 515	2 101	5 790
North Sea- Mediterranean	157	179	294	1 550
Overseas Territories	157	207	318	1 339
Employment, NPE	468	607	940	3 042
Towns	1 632	2 151	3 309	12 849
Rural Areas	499	593	957	2 925
Natural Heritage	289	324	538	2 208
Posts and Telegraphs ¹	19 327	26 650	39 341	107 730 (PTT)

¹ With respect to the Telephone programme, the contributions from merchant banks and regional public institutions have been added.

FRANCE - REGIONAL STATISTICS RELATING TO YEAR 1975

	Total population			Agricultural employment		Non-agricultural employment	
	(1 000)	% of country	Density	(1 000)	% of country	(1 000)	% of country
Champagne-Ardenne	1 337.6	2.5	52	65.3	3.3	466.0	2.5
Picardie	1 679.3	3.2	86	62.7	3.1	587.0	3.1
Haute Normandie	1 596.3	3.0	130	48.9	2.4	601.0	3.2
Centre	2 153.2	4.0	55	110.3	5.5	760.0	4.0
Basse Normandie	1 306.9	2.5	74	114.7	5.7	420.0	2.2
Bourgogne	1 571.8	3.0	50	77.1	3.9	530.0	2.8
Nord Pas-de-Calais	3 916.4	7.4	316	70.4	3.5	1 302.0	6.9
Lorraine	2 332.4	4.4	99	43.0	2.1	836.0	4.4
Alsace	1 517.9	2.9	183	28.1	1.4	568.2	3.0
Franche-Comté	1 060.7	2.0	65	37.1	1.9	390.0	2.0
Pays de la Loire	2 768.2	5.2	86	196.2	9.8	891.0	4.7
Bretagne	2 596.7	4.9	96	208.4	10.4	778.0	4.1
Poitou-Charentes	1 529.1	2.9	59	101.9	5.1	462.0	2.4
Aquitaine	2 551.9	4.8	62	157.0	7.8	813.0	4.3
Midi-Pyrénées	2 269.6	4.3	50	150.0	7.5	683.0	3.6
Limousin	739.3	1.4	44	63.9	3.2	228.0	1.2
Rhône-Alpes	4 782.2	9.0	109	143.9	7.1	1 825.7	9.6
Auvergne	1 331.5	2.5	51	88.9	4.4	431.0	2.3
Languedoc-Roussillon	1 790.4	3.4	65	91.1	4.5	503.0	2.6
Provence-Côte d'Azur	3 676.1	7.0	117	101.1	5.1	1 307.0	6.9
Corse	220.1	4.2	25	..	..	..	..
WHOLE OF FRANCE		100.0	97		100.0		100.0

Wage-earner employment in industry (except building trade and public transport)		Rate of employment	Rate of unemployment	Evolution in % 1968-1975				State contribution of for realization of regional programme (period 1976-1980)
				Total population	Agricultural employment	Non-agricultural employment	Wage-earner employment in industry	
(1 000)	% of country							
176.8	3.0	41.0	3.8	4.5	-23.0	10.0	9.9	25.0
246.8	4.2	40.2	4.2	6.3	-30.0	14.5	19.3	100.0
229.1	3.9	42.2	4.0	6.6	-33.0	11.8	20.5	84.0
256.6	4.3	41.7	3.5	8.1	-34.0	18.0	27.9	70.2
126.0	2.1	42.4	4.4	3.7	-32.0	16.4	29.9	134.9
182.1	3.1	39.8	3.4	4.5	-35.0	12.8	19.7	27.8
539.6	9.1	36.5	4.3	2.6	-33.0	5.6	- 3.7	385.9
332.5	5.6	38.7	2.9	2.5	-38.0	8.9	0.6	23.2
219.3	3.7	40.2	2.3	7.4	..	13.2	14.7	559.0
175.1	2.9	41.3	2.7	6.9	-36.5	15.9	12.2	44.0
289.9	4.9	40.5	3.8	7.2	-33.0	17.7	26.6	450.0
166.4	2.8	39.4	4.7	5.1	-37.0	17.3	27.7	215.2
127.1	2.1	38.3	4.7	3.2	-37.0	13.8	25.7	84.6
206.5	3.5	39.7	5.2	3.7	-33.5	9.9	11.4	205.1
170.0	2.9	38.4	5.7	3.8	-34.0	13.5	9.7	41.5
58.4	1.0	40.8	4.1	0.4	-37.5	10.3	0.5	13.1
664.1	11.3	42.4	3.3	8.1	-36.0	13.9	5.9	411.7
143.0	2.4	40.5	2.1	1.4	-35.0	10.4	12.6	60.7
87.6	1.5	35.2	7.0	4.8	-30.0	12.0	1.1	241.0
234.3	4.0	38.8	7.0	11.4	-18.0	15.6	8.8	463.0
..	..	36.4	4.7	3.3	..	..	..	17.2
	100.0	41.4	4.4	5.8	-33.5	11.8	7.4	

PRINCIPAL STATISTICS FOR THE OVERSEAS TERRITORIES

	Guadeloupe	Martinique	Réunion	St Pierre and Miquelon	Guyana	Total Overseas Territories
Area (in km ²)	1 705	1 105	2 512	242	90 000	95 564
Population (census 1974)	324 530	324 832	476 675	5 840	55 126	1 187 003
Population density	190.3	294.0	189.8	24.1	0.6	
Urban development rate of the population	42.9%	55.6%	43.0%		76.2%	
Rate of employment ¹	27.7%	26.0%	23.7%	-	-	-
Distribution by sectors of the working population ¹						
1. Agriculture - fishing	30 %	18 %	20 %	-	-	-
2. Industry (except BTPW)	9 %	9 %	8 %	-	-	-
3. BTPW	12 %	10 %	11 %	-	-	-
4. Services	49 %	63 %	61 %	-	-	-
Rate of unemployment ¹	15.6%	13.2%	11.4%	-	-	-

State contribution to priority action programme No 7 (1976-1980) (FF million) 1 399.

¹ Year referred to: 1970; 1974; 1971.

Summary of the
regional development programme

Ireland
1977-1980

INTRODUCTION

1. The central document of the Programme is the White Paper 'National Development 1977-1980' published by the Irish Governemnt in January 1978. It is followed by annexes giving other material sought by the Outline for Regional Development Programmes.

2. The White Paper represents the second phase in the government's elaboration of an economic strategy. The first was the use of public expenditure to create additional jobs, and pursue a range of other policies. The second is intended to build on this recovery and begin the introduction of innovatory policies. The third phase will involve new structural policies, to be presented in a National Plan in the latter half of 1978.

'NATIONAL DEVELOPMENT 1977-1980'

Part I - AIMS AND CONSTRAINTS

Economic and social aims

3. The government is adopting a number of aims as priority. A major objective is to increase employment. Unemployment has risen heavily, mainly due to redundancies in the recession, the growth of the labour force and the ending of net emigration in the first half of the seventies. Although it is difficult to estimate future job requirements with accuracy, it is calculated that 20 000 new jobs a year (net) would be necessary to prevent the employment situation deteriorating over the period 1977-1980. Inflation rates in Ireland have been consistently above the EEC average since 1970 and domestic cost pressures have accounted for a considerable part of Irish inflation. These must be reduced to maintain the competitiveness of Irish goods.

4. Real incomes rose little between 1974 and 1976 and are well below those in other Member States. Improving living standards depends essentially on raising the productivity of the employed population while maintaining competitiveness through income restraint. Complementary to this must be an extension of the productive base of the economy and an increase in efficiency of both the private sector and of public services used by industry. Finally specific areas of social policy must be given priority at a time when public resources are tightly constrained but demand for services rising due to a growing population.

Implications

5. Although the Government's economic policies must be flexible, it is possible broadly to define the macro-economic targets required for progress towards the broad objectives above. These are the Government's main economic targets:

	1977	1978	1979	1980
Reduction in numbers out of work	5 000	20 000	25 000	30 000
Rate of inflation (end year)	10.8%	7%	5 %	5%
Increase in national output	5 %	7%	7 %	7%
Borrowing as % of GNP ¹	11 %	13%	10.5%	8%

¹ Exchequer borrowing requirement.

6. In order to reduce the numbers out of work instead of merely providing for the expected increase in the labour force, it is aiming at an annual net increase of 29 000 in non-agricultural employment; adjusted for the estimated outflow from agriculture of 4 000 a year this is in line with the targets for reduction in unemployment.¹ An annual increase in productivity of 4.6% is called for to ensure competitiveness. To achieve this rise in employment and productivity, GNP would have to grow by about 7% a year.

7. The pattern of expenditure consistent with this growth rate of 7% would involve the fast growth of exports and investment, as the table shows.

Expenditure of gross national product

	(in %)	
	Annual average growth rates (volume)	
	1977 (est.)	1978-1980
Private consumption	5	6
Public consumption	2	3
Total investment	12	12
Exports of goods and services	11.5	12
Imports of goods and services	12	11
Expenditure on GNP at market prices	5	7

¹ A sectoral breakdown of these increases is given:

	Annual average change 1978/80		
	Employment		Sectoral productivity
	%	('000)	
<u>Agriculture</u>	-1.7	- 4	+5.8
<u>Industry</u>	+5.2	+17.2	+5.7
<u>of which:</u> manufacturing	+5.9	+13.5	+6.5
building and construction	+4.2	+ 3.3	+4.4
<u>Services</u>	+2.4	+11.8	+2.7
TOTAL	+2.3	+25	+4.6

8. Such an increase in investment would raise the ratio of total investment to GNP to around 31% compared with over 27% in 1977. The growth rate of industrial exports needed would be 15% p.a., raising the ratio of exports to GNP from over 52% in 1977 to almost 60% in 1980.

Constraints

9. This growth rate might encounter important constraints, if certain predictions are not fulfilled. To support economic growth, the government proposes to expand public expenditure and grant substantial tax concessions in 1978, the effect of which will be to interrupt temporarily the diminishing ratio of public borrowing to GNP. At this level the borrowing could not be sustained in subsequent years, the share of manufacturing investment (usually by the private sector) in total capital formation must be expanded. It is expected that better business conditions and improvements in profitability, together with the support given by public investment will induce the required increase in private investment. A considerable part of the increase would come from foreign investment. The constraint of a falling public sector borrowing requirement will require clear priorities for all public expenditure - and an adequate incomes policy.

10. The current deficit on balance of payments is projected to rise from 4% of GNP in 1977 to 6.25% in 1980. Financing it should not pose insuperable problems, with the expected growth of private inflows. Finally it is expected that the growth rate of the European Community will be sufficiently strong in the next few years to support the planned expansion of exports.

Part II - SECTORAL POLICIES

11. Detailed policies will be developed further and incorporated into the National Plan. The measures presented here are already taken or envisaged.

Manufacturing industry

12. National growth depends to a high degree on the manufacturing sector. On present policies this sector is capable of expansion at a rate of around 10% a year, which entails a growth rate of manufactured exports of over 15% a year, and of course increased market shares for Irish goods. The Government also intends a substantial increase in domestic demand, through the proposed tax concessions and job creation measures. Industrial promotion will be intensified to increase job creation in existing as well as new industries. The Industrial Development Authority is now empowered to assist mergers and acquisitions. New incentives are being introduced for new enterprise and efforts to attract foreign investment, expected to contribute around half of new manufacturing employment, are being intensified.

Agriculture

13. Agriculture is more important to the Irish economy than to that of any other Member State, accounting for 23% of total employment. Although over the

next few years agricultural price increases in Ireland are likely to be modest compared with those of recent years, the price environment prevailing is still very favourable to growth. The main problem in Irish agriculture is that total output is too low, principally due to the size and structure of farms, the small number of farms run by young farmers, the ratio of tillage to grassland and inadequate drainage. The Government will reform policy on land ownership and leasing and is considering other appropriate measures. The effect of favourable prices and Government policy should be an increase in output of around 25% between 1977 and 1980, faster than in any other recent period of four years. The government also intends to encourage afforestation and develop fishing and related industries.

Tourism

14. After a period of difficulty, tourism is moving towards steady growth. Numbers of visitors are expected to rise from 1.9 million in 1977 to 2.4 in 1980. Studies are being made of the potential and implications of tourism, and the tourist development plan is being updated.

Infrastructure

15. The building and construction industry is recovering from the recession and output is returning to its peak (1973) level. Output is expected to increase significantly between 1977-1980. Because of increased productivity there will not be corresponding increases in employment, but nevertheless around 10 000 new jobs will be created (existing employment is almost 100 000).

16. In Ireland a higher proportion of passenger and freight traffic is carried by roads than in any other country in Europe, but Irish roads have serious deficiencies. A major road development plan is being prepared. Despite the high costs involved, the Government believes it is necessary to remedy the inadequacies of the road network. The Government is actively seeking to expand the network of the national airline and it is proposed to increase shipping capacity on routes to the Continent and the United Kingdom, despite the present uncertainty of the market. Additional port facilities are being provided at Dublin and a new deep-water port at Cork. The telephone service is being upgraded and better facilities provided for telex and data transmission. The Government now intends to formulate a comprehensive energy policy for Ireland.

Conditions for achieving the Government aims

17. While the specific actions described should contribute largely to the achievement of the aims, general conditions favourable to growth must be established.

18. Since employees' income is a major element in production costs, moderate pay increases are essential to maintain competitiveness. The Government will seek the acceptance of an incomes policy by employers and trade unions. In order to help secure moderate increases in 1978 the Government is reducing

various forms of taxation. A coherent manpower policy¹ is another prerequisite. The Government intends to improve placement and training services to ensure a labour force with the relevant skills. It is setting up an independent investigation of the state of industrial relations. A national organization will be established to promote and coordinate scientific and technical research and ensure that the national research and development effort is harnessed to economic and social development. Reforms of the public service are to be carried out to improve its efficiency.

Development of the social services

19. Public resources are likely to be under severe strain in Ireland for the next few years. In contrast a growing population implies increased public expenditure on education, health and welfare if standards of provision are to be maintained, let alone improved.

20. Chief among the Government's priorities for educational improvement is a reduction of the pupil/teacher ratio. Additional funds are being allocated to the health service in 1978. In their allocation high priority is being given to preventive medicine and health education.

Part III - FUTURE ACTION

Public finance

21. An increase in the public sector borrowing requirement is envisaged in 1978 to finance higher expenditure and possible tax concessions, to be followed by a reduction in the public sector borrowing requirement as a proportion of GNP in the years following 1978. To achieve this and contain taxation, the Government intends to moderate the growth of public expenditure from 1979 onwards. First priority will be given to expenditure directed at expanding employment and maintaining existing employment in the directly productive sectors, and second priority to the infrastructure necessary to support productive investment. The total tax burden remained stable at around 40 to 41% of GNP from 1970-1975. In 1976 it rose to over 46%. The Government aims to keep the tax burden to the lowest level possible.

22. This policy for public expenditure and taxation is conditional on a high growth rate, on an enlargement of the private sector's role in providing new employment and on the conditions of development described above.

ANNEXES

23. These annexes are not part of the White Paper but contain further material required by the Common Outline for Regional Development Programmes.

¹ The Government will press for the extension of the range of financial aids given by the Social Fund of the European Communities.

Annex 1: Economic and social analysis

Employment

Owing to emigration, the Irish labour force increased only marginally during the 1960s, but between 1971 and 1975 grew by 0.4% a year (from 1 120 000 to 1 140 000) due to a major change in migration patterns (net immigration) and population increases. The labour force is now growing at around 0.7% a year.

Agricultural employment fell heavily in the 1960s, but this was largely offset so total employment declined marginally. However between 1970 and 1976 total employment fell by 20 000. The sectoral composition of employment has altered greatly, with agricultural employment falling from 37% of the total in 1960 to 23% in 1976. Industrial employment rose from 24% of the total in 1960 to 30% in 1970 and was maintained at this level between 1970 and 1976 when extensive adaptations in the traditional labour-intensive industries took place. Nevertheless, a large proportion of total industrial employment is accounted for by the traditional labour-intensive industries. Service employment grew steadily from 39% of the total in 1960 to 47% in 1976.

Unemployment in Ireland rose from 5% of the labour force in 1961 to 5.8% in 1971, but increased dramatically in the wake of the recession - to 9.4% in 1976.

Growth of GDP and productivity

GDP grew at nearly 4% a year over the entire period 1961-1976, including the years 1970 to 1976. In this latter period there was an acceleration of productivity growth and productivity gains outstripped growth in output, resulting in the fall in total employment. Productivity levels are still low compared with other member countries, being less than half of those in the other small countries of the European Community. Irish industry is generally small in scale which increases its difficulties in competing.

Investment

As a proportion of GNP, investment rose from 14% in 1960 to 24% in 1976; the 1976 ratio, though high, is still short of the 30% regarded as necessary for Ireland's development. Due to Ireland's low density of population, infrastructure investment is a heavier burden than in other Community countries. Public capital expenditure represents around 50% of total investment; and induces about a further 25% of that total through incentive and grant schemes. Investment needs have and will continue to lead to heavy demands on public expenditure. The manufacturing sector depends heavily on foreign investment, which currently accounts for over one third of the total financing requirement of fixed capital formation in manufacturing.

External trade

Exports contributed greatly to economic development in Ireland; visible exports rose from 23% of GNP in 1960 to 41% in 1976 with industrial as opposed

to agricultural goods representing an increasing share of the total. The changing structure of the Irish economy is also reflected in the increased penetration of imports. In 1960 the value of visible imports was equivalent to around 35% of GNP as against 52% in 1976. The Irish economy is exceptionally dependent on foreign trade and vulnerable to external economic fluctuations.

Sectoral incomes

Agricultural incomes increased at a significantly slower rate than those in other sectors in the 1960s and early 1970s. Since the accession of Ireland to the European Communities the relative position of Irish agriculture has improved. Due to higher farm prices, agricultural incomes have increased at a much faster rate than in the past, though still less rapidly than those in other sectors.

Role of policy

Analysis of the problems facing the Irish economy in the 1950s showed that remedial measures would have to be necessarily structural and long-term. In 1958 a formal economic development programme was drawn up and this was followed in later years by a second and third programme. The major elements in the strategy underlying these programmes is outlined as well as developments in the social services since 1960.

Recent trends in manufacturing

Over the years 1973 to 1977 manufacturing output rose at an annual rate of 3% and productivity at 4.0%, while employment declined at a rate of 0.9%. In 1976 and 1977, however, the growth of output was rapid: 10.6% and 7.8% respectively.

The structure of manufacturing industry changed profoundly as it adapted to free trade. The main growth industries are chemicals, metals and engineering, textiles and 'other manufacturing'. The weaker sectors include clothing, footwear, wood and furniture. The number of redundancies continues to be very high in the weaker industrial sectors.

A study of new manufacturing firms aided by the Irish Development Authority shows that in 1973 they accounted for 29% of manufacturing employment, 62% of manufacturing exports and 31% of gross manufacturing output. These plants export a high proportion of their output and this has been the main source of the exceptionally high growth of manufacturing exports in recent years.

Annex 2: Disparities within Ireland

Although considerable disparities exist within Ireland, they are insignificant in comparison with those between Ireland and the rest of the Community. The Government's policy, therefore, aims at the balanced development of all regions and is not confined to selected backward areas.

In general, economic conditions are more severe in the designated areas, largely made up of the western part of the country, than in other areas. These conditions are reflected in indicators such as the rate of population change and emigration, the sectoral structure of employment and incomes.

While the problems of small farms and low incomes exist to a greater or lesser degree throughout rural Ireland, they are most acute in the west where physical conditions are particularly difficult; furthermore this part of the country depends very heavily on agriculture. The relative pressure of population on land resources in the area is exemplified by the fact that although almost half of the farm work-force is concentrated there, the area produces only one-third of the country's agricultural output.

The Gaeltacht (Irish-speaking Areas) comprises widely scattered districts all within the designated areas and generally at their extreme periphery. It suffers to a more serious degree from the economic problems faced in most other designated areas. Adequate infrastructure is lacking in many areas and needs to be provided in order to improve living conditions and encourage industrial development.

Annex 3: Industrial development authority's 'Industrial plan 1977-1980'

The plan sets a target of 47 000 new grant-aided jobs in manufacturing and of 2 500 in services over the period 1977 to 1980. Regional and sub-regional targets are set for the creation of manufacturing employment, though not for service jobs due to the relatively small scale of this programme. The highest proportional increase in manufacturing employment is planned for the less developed (designated) regions.

Because of time-lags and of some approved projects not going ahead, the target for job creation implies the approval of 25 000 jobs a year on average. This is well above the rates achieved by the IDA in the past. Of the 100 000 approvals, it is expected that 80 000 will come from expansion of existing industries and new industries (domestic and overseas), 18 000 from small industries, joint ventures etc., and 3 000 from re-equipment and rescue operations. The IDA has development policies for certain industries and is preparing them for some others.

Achievement of the targets will call for an investment in fixed assets of IRL 1 210 million; to help achieve this IRL 310 million will be required by way of IDA capital grants.

The plan will be monitored by the IDA and will be integrated with the Government's planning cycle. Any extra measures arising from this annual cycle and involving the IDA will be incorporated in a revised plan to be published at the end of 1978.

Annex 4: Infrastructure needs

The unprecedented increase in the country's population, accompanied by increased urbanization, has imposed considerable strains on the country's infrastructure. In Ireland the urban base is exceptionally weak, so infrastructure has to be provided for a widely dispersed population. The improvement of

infrastructure is linked with the attainment of the targets set out in the Government's White Paper.

The state of the road network is that about one-third of the national primary roads (total mileage of 1 610 miles) and roughly one-fifth of the national secondary roads (total mileage of 1 600 miles) are deficient. Because of the dominant role played by roads in Irish transport, the provision of an adequate network is of prime importance for development. A road development plan for the 1980s is under preparation.

A major bottleneck for development is the inadequate capacity of water and sewerage facilities which can give rise to shortages of services sites and create difficulties for agricultural, tourist and other development. A recent assessment established that local authorities' priority programmes of major water and sewerage schemes would cost IRL 250 million to implement. It is the Government's intention to ensure that all areas will be adequately supplied with these facilities as early as practicable.

The telephone service, which compares unfavourably with the position in the other Member States is a cause of concern to industrialists. A five-year development programme, costing IRL 350 million, is under way to improve the quality of the service and the number of telephones available.

Improvements to harbours and railways are being made and cross-border cooperation is being developed.

Annex 5: Incentives for development

This annex provides additional information to that in Part II of the White Paper on industrial and tourism incentives and industrial training as well as outlines of employment incentives, decentralisation of public services, physical planning, environmental policy and the County Development Teams.

Industrial aids and incentives

One of the primary aims of the Government's investment strategy is to accelerate the rate of investment in manufacturing industry. The main aids and incentives provided to encourage industrial investment are capital grants for new industries (the legal maxima are 60% of the investment cost in the designated areas and 45% elsewhere), equity participation, training grants and advance factories. In addition, there is a scheme of tax relief on exports of manufactured goods (for a maximum period of 20 years ending in 1990) while free depreciation is available for investment in new plant and machinery and in the designated areas there is an additional investment allowance of 20%.

Annex 6: Financial resources

The Public Capital Programme mainly consists of the capital expenditure programmes of Government Departments, local authorities and State bodies; it includes expenditure on fixed assets and industrial incentives. The amounts to be spent on individual programmes are determined annually by the Government. Receipts from the ERDF are deployed almost entirely through the Public Capital

Programme and, on the basis of the size of the Fund agreed by the European Council for the period 1978/1980, will enable it to be set at a marginally higher level than would otherwise be possible.

Annex 7: Implementation

A number of departments and State agencies are responsible for different parts of the programme. The Department of Economic Planning and Development, established recently, has among its statutory functions the promotion and coordination of economic and social planning, the identification of appropriate development policies and overall responsibility for reviewing the implementation of plans. Planning units are to be set up in all departments with major economic or social responsibilities.

Summary of the
regional development programme

Italy (Mezzogiorno)
1977-1980

INTRODUCTION

The above programme concerns Mezzogiorno, as defined in Article 1 of DPR No 1523/67.¹ The programme runs to 540 pages. The first part (170 pages) concerns Mezzogiorno as a whole; the second part (330 pages) contains reviews of individual regions. The Annexes (40 pages) are concerned with a series of quantitative factors relating principally to the resources corresponding to the various measures of assistance.

The programme has been established on the basis of planning documents available at both national² and regional³ level.

¹ The definition of Mezzogiorno as a region suitable for assistance from the ERDF has been adopted by the Italian government, after hearing the opinion of the Inter-Regional Commission for Economic Planning.

² (a) Budget and planning report for the year 1978 (Article 1 of Law No 407 of 20 July 1977, submitted to the Chairman of the Council of Ministers on 30 September 1977); (b) the 'Five-Year Programme for Mezzogiorno' approved by the CIPE (Inter-Ministerial Economic Committee) in accordance with Article 1 of Law No 193 of 1976 on 31 May 1977; (c) 'completion programmes' prepared by 'Cassa per il Mezzogiorno' (in accordance with Article 6 of Law No 183) and approved by the CIPE; (d) 'Annual programme for 1977' (for special projects and industrial infrastructures) formulated by the Cassa on the basis of the five-year programme and the directives of the Minister relating to special assistance in Mezzogiorno and approved by the Minister himself after hearing the opinion of the committee of representatives of the southern regions; (e) 'programmes of ordinary assistance to central public bodies (National Road Board, State Railways; SIP; ASST; harbours and airports; public residential building; school building; hospital works; hydro-electric works)'; (f) 'Investment programmes of undertakings with State participation'.

³ (a) Latium: 'Multi-annual budget for the five-year period 1977-1981'; (b) the Abruzzi: 'Proposed development programme', approved by the Regional Committee in its Resolution No 5483/C of 27 December 1974, and 'Terms of reference for measures of assistance from EEC funds'; (c) Molise: 'Development planning guidelines 1977-1980'; (d) Campania: 'Observations prepared by the EEC (November 1976) on the regional programme for the five-year period 1976-1980' and 'Matters for discussion with regard to the preparation of the

(cont. on next page)

The programme is concerned with the period 1977-1980. It is intended to update it each year, taking account both of the planning guidelines contained in government documents (see, in particular, the 'Budget and planning report') and of the multi-annual programmes and budgets of the regions, which are also rolling programmes.

(cont. of note 3 on preceding page)

multi-annual planning budget' approved by the Regional Council on 28 April 1977; (e) 'Apulia Project', guidelines for economic policy for the five-year period 1977-1980, approved by Regional Law No 18 of 12 May 1975; (f) Calabria: 'Draft regional development projects (1977-1980' and 'Organizational structure of the planning budget'; (g) Basilicata: 'Report on the planning budget 1977-1981' and 'Multi-annual budget 1977-1981', approved on 2 September 1977; (h) Sicily, Recapitulatory observations on the 'Plan of assistance for the activation of the financial resources of the Region (1975-1980)', approved by the Regional Assembly on 13 March 1975, and 'Planning observations for the preparation of the EEC regional development programmes'; (i) Sardinia: 'Economic and social development programme 1976-1978'; 'Project with forecast of financial resources for the five-year period 1976-1980'; (j) The Marches: 'Multi-annual budget for the period 1977-1981', approved by Regional Law No 40 of 1977, and 'Regional development project' prepared by the Committee in accordance with Article 25 of the Statute (1974).

I. MEZZOGIORNO

1. The social and economic situation

1.1. The problem of Mezzogiorno in the context of the economic development of the country as a whole is characterized by the following main aspects: under-utilization of the labour force, excessive urbanization of certain areas, dependence of existing productive structures on external factors and scarcity of productive labour-intensive investment.

1.2. The imbalance between southern Italy and the rest of the country can be measured by many indicators, of which the following are a sample (the figures refer to 1975-1976):

- land area	40.8% of the country as a whole
- population	35.2% of the country as a whole
- employment	30.0% of the country as a whole
- agricultural employment	54.4% of the country as a whole
- gross domestic product	24.1% of the country as a whole
- consumption	27.0% of the country as a whole
- unemployed	625 000 persons
- rate of unemployment	9.2%
- net migration 1951-1971	- 3 990 000 persons
- external balance/ supply of goods and services	20% (as compared with 10% in 1951)

The investment effort was considerable during the whole period 1951-1974 (between 25% and 29% of GDP, compared to 21 to 22% for the rest of the country). Nevertheless production growth was limited because of the relatively low return on capital invested, depending on the type of investment made (basic infrastructure, social infrastructure, etc.) and because of the weaker multiplier effect stemming from productive structures and from faltering external economies.

It is expected that, by the end of 1980, in addition to those at present unemployed (625 000 persons), there will be a manpower surplus of 293 000 persons, that is to say, an imbalance between the supply of and demand for labour of 918 000 persons.

1.3. The imbalance within southern Italy itself are also numerous. They are connected with changes in the structure of production (which have especially favoured the flat coastal zones, which are limited in extent), the siting of infrastructures, the build-up of the urban framework and with demographic factors.

Consequently, one can observe a process of depopulation in certain areas which do not possess an adequate urban framework, contrasting with congestion in other areas.

1.4. Development possibilities of Mezzogiorno are dependent on:

- (a) population, from the point of view both of the supply of labour and of the size of the market;
- (b) agriculture, especially in the zones with irrigation schemes;
- (c) the level of infrastructure achieved, especially as regards/ motorways;
- (d) the geographical situation of the territory, which favours in particular the development of relations with the countries of the Mediterranean Basin.

1.5. The impact of specific measures to encourage regional development carried out in the past was limited, compared to the size of problems. With regard to the special assistance to the Mezzogiorno (carried out by 'Cassa per il Mezzogiorno'), new guidelines have been outlined in the most recent period. They mean in particular:

- (a) to give a more generous support to agriculture (in the past, the investments made or supported by the 'Cassa' in this sector amounted to about 30% only of the investments supported in the industrial sector);
- (b) to drop the support scheme for the highly capital-intensive sectors (in the past, a very large amount of funds was taken up by the metallurgical and chemical industries).

With regard to financial assistance given by the EEC, the limited role played by Community funds is noted, as follows:

- (a) commitment and payment appropriations under the EAGGF Guidance Section for southern Italy amounted, during the period 1964-1974, to 32% and 4.7% respectively of the appropriations for Italy as a whole;
- (b) the EAGGF Guarantee Section has provided very little assistance for the products most important to southern Italy (between 1962 and 1972, it amounted to 2.2% of total expenditure in connection with fruit and vegetables, and 0.7% of that for wine);
- (c) up to 1973, the Social Fund had devoted only 28% of its resources to Italy and had neglected the training needs of southern Italy;
- (d) as for the ERDF itself, its resources are too limited, if one takes into account the structural imbalances which have developed in the countries assisted and the difficulties for Italy which will be caused by enlargement of the Community. Nevertheless, the ERDF plays an important part, quite apart from the financial aspects involved, as a motive force in the planning of regional development.

1.6. The development of the socio-economic situation during the period covered by the programme is analysed in quantitative terms as regards the supply of labour.

On the basis of population projections, analysed by sex and age-group, and by introducing certain hypotheses regarding the trend of specific activity rates,¹ it is possible to forecast the additional supply of labour between 1977 and 1980.

The table below gives a summary of the labour market situation in the various regions of southern Italy, based on the survey carried out in April 1977, in addition to the abovementioned forecasts of additional supply of labour.

Labour force (April 1977)

(in 1 000)

	Total	Employed	Seeking employment	Additional labour force during the period 1977-1980
The Abruzzi	452	412	40	-2
Molise	126	119	7	9
Campania	1 824	1 672	152	100
Apulia	1 385	1 275	110	55
Basilicata	231	215	16	20
Calabria	675	595	80	66
Sicily	1 569	1 406	163	34
Sardinia	518	461	57	11
Southern Italy	6 780	6 155	625	293

2. Development objectives

2.1. The economic policy objectives for the country as a whole are defined as follows: reduction of the rate of inflation to levels corresponding to the

¹ These population projections are based on the hypothesis of a zero migratory balance during the period of the programme. The hypotheses held in relation to activity rates, take into account the specific current activity rates of other Italian regions as well as the planning guidelines with regard to school-leaving and retirement.

international average, protection of employment (especially that of young people), reversal of the economic decline of southern Italy, stable and balanced growth, containment of external deficits, and the reduction of deficits incurred by public authorities.

In order to attain these objectives, it is necessary to promote, in the medium term, policies aimed at:

- (a) restructuring internal demand;
- (b) redeploying the apparatus of production, with the aim of reducing dependence on external sources;
- (c) increasing the momentum of investment, in particular industrial and public-sector investment (energy, transport and communications, construction, agriculture and public works).

2.2. The development of Mezzogiorno in relation to the nation as a whole is based on the achievement of certain growth and employment targets.

The first objective for Mezzogiorno is that of ensuring an expansion of employment in this great region of the Community. To attain this objective, three strategies must be followed, namely:

- (a) containing the process of emigration from agricultural areas (the new programmes for agriculture in southern Italy must ensure both expansion of the irrigated zones and reclamation of the hinterland areas);
- (b) orientating the redeployment of the apparatus of industry in such a way as to benefit Mezzogiorno;
- (c) encouraging a growth of employment in the building industry, with the aim, in particular, of satisfying social needs.

In order to attain the objective of full employment by 1980, that which would correspond to a level of unemployment of the order of 300 000 to 400 000 persons (i.e. around half the current level), 500 000 new jobs must be created in the Mezzogiorno during the period (1976 to 1980) in the non-agricultural sectors. On the other hand, taking into account the limited availability of financial resources, the anticipated results of the programme will make it possible, adopting the most optimistic assumption, to create between 250 000 and 300 000 jobs.¹

¹ 170 000 jobs could be created by implementing the investment programmes of undertakings with State participation and as a result of the financial incentives agreed upon by Law No 183 of 1976; in addition, the completion of infrastructural projects could, in itself, involve the creation of around 80 000 new jobs. The indirect creation of jobs as a result of the promotion of new activities (150 000 to 200 000 jobs from previous experience) could offset the job losses in existing activities, giving rise to a maximum net balance of around 50 000 jobs. The net result will be the growth of between 250 000 to 300 000 jobs.

A second objective for Mezzogiorno is that of ensuring integration into the economic systems of the country as a whole and of Europe, by encouraging the re-establishment of the equilibrium of Italy's balance of trade.

A third objective is that of remedying the dualistic situation prevailing in Mezzogiorno itself, by encouraging the development of the less favoured areas.

2.3. As a very definite programme is lacking both at the national and the regional level (by the way, regional programming is running in), territorial priorities may be defined in the following terms:

- (a) giving special help to the regions where the imbalances between the demand for and supply of labour are most serious;
- (b) achieving the maximum utilization of existing resources (land, installations, infrastructures, etc.);
- (c) effecting the maximum possible economies in the use of resources derived from other countries (energy, and agricultural products and foodstuffs);
- (d) avoiding the overcrowding of certain areas (and the high cost of urbanisation) and the concomitant decline of other areas; in other words, securing the greatest possible degree of diffusion of assistance compared to the present concentration of fixed capital and population.

The development strategies to be followed in order to take account of the priorities defined above may be summarized as follows:

- (a) expansion of trade, especially with the countries of the Mediterranean Basin, concentrating intervention on a limited number of harbours and airports;
- (b) broadening of the productive base of Mezzogiorno, avoiding exclusive specialization in agriculture and tourism;
- (c) siting of new projects, both agricultural and industrial, in the hinterland areas (a strategic role must, however, be reserved, in particular cases, for certain conurbations in metropolitan areas);
- (d) discouragement of further migration into the major urban areas, by encouraging the development of transport, especially rail transport, leading into and out of such areas;
- (e) improvement of the infrastructure of the hinterland areas, in order to provide them with essential services.

2.4. The specific objectives with regard to the development of southern regions are concerned with:

- (a) as regards agriculture:
 - (i) integration with processing and marketing operations;
 - (ii) orientation of production towards import-substitution;
- (b) as regards industry:
 - (i) strengthening of the existing industrial structure;
 - (ii) encouragement of new activities.

(c) as regards infrastructure:

- (i) the protection of the environment and the strengthening of the urban framework;
- (ii) increasing integration between the various areas of Mezzogiorno and increasing trade with the rest of the country.

3. Overall policy and priority assistance to Mezzogiorno

3.1. Measures under the heading of general economic policy: With regard to such measures, new instruments have been created, which may have a considerable impact on the development of Mezzogiorno. There are, in particular:

- (a) regulations regarding special assistance to Mezzogiorno during the five-year period 1976-1980 (Law No 183 of 1976);
- (b) regulations regarding the low-interest-rate credit to the industrial sector (DPR No 902 of 1976), based on the principles established by the abovementioned law;
- (c) administrative reforms, which will ultimately entail a transfer of power from the State to the regions, particularly in matters to do with agriculture, craft trades, land-use planning, training and social policy (DPR No 616 of 1977, concerning delegated powers under Law No 382 of 1976);
- (d) unemployment and youth employment (Law No 285 of 1977);
- (e) the restructuring and conversion of industry (Law No 675 of 1977);
- (f) financing of exports of goods and services (Law No 227 of 1977);
- (g) guidelines laid down in the national transport plan, approved by the government in 1976.

The Government's development measures also include:

- (a) new regulations governing the financing of undertakings, with the aim of achieving their financial equilibrium (there has been an announcement of a proposed law which envisages an increase in risk capital for such undertakings);
- (b) the establishment of a national energy plan;
- (c) the establishment of a plan for agriculture and foodstuffs;
- (d) the establishment of re-activation programmes for the building industry.

3.2. Specific measures and priority actions

In the absence of a sufficiently detailed and precise planning framework at national level and in view of the state of progress of regional planning, the development programme for Mezzogiorno depends mainly on special assistance from the 'Cassa per il Mezzogiorno'. However, this situation does not prevent the establishment of guidelines for priority measures of assistance to be effected both by the national authorities (whether it be ordinary or special assistance) and the regional authorities.

3.2.1. With regard to agriculture, the measures towards attaining the objectives defined for this sector consist of:

- (a) the expansion of agricultural activity, by means of the development of forms of cooperation and association;
- (b) the rational utilization of water resources and the expansion of irrigated areas, especially in the hinterland and hilly areas;
- (c) the quantitative and qualitative development of the agricultural and stock-farming sector.

For the implementation of these operations, the following priority actions are expected:

- (a) at national level (ordinary intervention):
 - (i) a plan for agriculture and foodstuffs which is at present being examined by Parliament, which provides for the coordination of activities in the sectors of stock-farming, fruit and vegetables, forestry and irrigation;
- (b) at national level (special intervention):
 - (i) special projects relating to inter-sectoral water schemes (special projects Nos 14, 25, 26, 30, 29, 15), covering Mezzogiorno as a whole;
 - (ii) the special 'irrigation development' project (No 23);
 - (iii) special promotion projects in the sectors of meat (No 4/10), citrus fruits (No 11) and forestry (No 24);
 - (iv) the new special project for the marketing and development of agricultural products;
 - (v) the special project for the hinterland areas, which includes three earlier projects relating to Campania (No 21), the Marches, the Abruzzi and Molise (No 12), and Rieti-Benevento (No 28);
- (c) at regional level:
 - (i) the regional development project (or regional measure) for upgrading and promoting stock-farming and agricultural and foodstuffs production;
 - (ii) the regional development project (or regional action) for the processing and marketing of agricultural and foodstuffs products through the development of cooperation and association.

3.2.2. With regard to industry, the measures towards attaining the objectives defined for this sector consist of:

- (i) conversion of the national structure of production, making provision for siting 'new production' in southern Italy;
- (ii) support for and encouragement of industrial activities which are technologically advanced and capable of competing in the international market;

- (iii) construction of industrial infrastructures exclusively linked to industrial projects which have actually been started or are certain to be sited at a given location.

For the implementation of these operations, the following priority measures of assistance are planned:

(a) at national level (ordinary intervention):

- (i) plans for the conversion of industry which are to be drawn up by the CIPI (Inter-ministerial Industrial Planning Committee) under the provisions of Law No 675 of 1977;
- (ii) the coordination of measures of assistance to encourage the development of exports to foreign countries, which will be carried out by the CIPES (Inter-Ministerial Foreign Economic Policy Committee) under Law No 227 of 1977;
- (iii) the programme for undertakings with State participation, as regards investment in Mezzogiorno;

(b) at national level (special intervention):

- (i) the granting of financial incentives (subsidies and credits at low rates of interest) to industrial undertakings, on the basis of the priorities established by the CIPE;
- (ii) the introduction of a coherent system of promotion (leasing, tax reductions, charging of social security contributions to general taxation, assistance and industrial promotion);
- (iii) the implementation of special projects (No 1: port of Cagliari, No 2: south-eastern Sicily, No 3: Gulf of Naples, No 22: the Tyrrhenian side of the province of Reggio Calabria, hinterland areas, new special project for the metropolitan zones of Naples and Palermo);
- (iv) the construction of industrial infrastructures, particularly those which can utilise the greatest area at the least cost, and also those connected with the inland conurbations, on the basis of a criterion of selectivity in each region;

(c) at regional level:

- (i) measures to encourage small and medium-sized firms and craft-trades;
- (ii) service infrastructures, especially those connected with craft trades and small industries.

3.2.3. With regard to infrastructures, the measures towards attaining the objectives established for this sector consist of:

- (i) the conservation and development of the environment;
- (ii) the improvement of housing and public buildings (hospitals, schools, etc.);
- (iii) the improvement of transport systems, including railways, roads, harbours and airports;
- (iv) the strengthening of systems of communication.

For the implementation of these operations, the following priority actions are planned:

- (a) at national level (ordinary intervention):
 - (i) the public building programme (a bill has been submitted to Parliament; certain measures were approved by Law No 513 of 1977);
 - (ii) the programme drawn up by the State Railways and in particular the programme for the period 1977-1980;
 - (iii) the operations of the ANAS (National Road Board) in connection with ordinary roads of national importance;
 - (iv) the harbour investment programme established in 1976, which is to be integrated into the National Transport Plan now being drafted;
 - (v) the five-year programme for 1977-1981 for post and telecommunications, prepared by the Ministry responsible for this sector;
- (b) at national level (special intervention):
 - (i) special projects (No 3: decontamination of the Gulf of Naples; No 22: inter-sectoral water projects; Nos 21-22-28: hinterland areas, NPS metropolitan areas, etc.);
 - (ii) completion of infrastructures in various sectors (agriculture, waterworks, etc.);
- (c) at regional level:
 - (i) measures of assistance with regard to soil-protection, parks, etc.;
 - (ii) regional drainage and sewerage plans;
 - (iii) programmes concerned with education and health ('school districts' and 'local health units');
 - (iv) public transport programmes;
 - (v) programmes concerned with housing conditions and urban renewal.

4. Financial resources

The financing of the measures of assistance mentioned in the preceding chapter is described in precise enough terms as far as special intervention is concerned.¹

On the other hand, the information given about both ordinary national operations and regional operations is less precise, because several programmes

¹ The financial aspects of special assistance measures during the period 1976-1980 were established, in broad outline, by Law No 183 of 1976, and in more detailed form by the Five-Year Plan for Mezzogiorno and by the annual programme, approved by the CIPE on 31 May 1977 and 3 August 1977 respectively.

either have not yet passed into legislation or have not yet become operational. This is particularly true in the case of regional operations, since the planning documents of the various regions are not at the same stage of preparation and/or definition.

Moreover, it must be pointed out that:

- (i) the amounts quoted do not always cover the whole range of actions which have been planned;
- (ii) the type of financial resources which has been quoted (investments, commitments, budget forecasting and appropriation, etc.) and the reference period are not always the same.

4.1. Ordinary intervention

4.1.1. Ordinary intervention into productive sectors is effected, basically, by means of four instruments:

- (a) the agriculture and foodstuffs plan;
- (b) the coordination of economic policy measures towards other countries;
- (c) plans for the restructuring and conversion of industry;
- (d) the investment programme of undertakings with State participation.

In the case of the first two instruments, it is not possible, at the present stage, to provide the corresponding financial outline.

As regards the plan for the restructuring and conversion of industry, the following expenditure was authorized by Law No 675 of 1977:

- (a) funds for the restructuring and conversion of industry:
LIT 2 630 000 million (up to 1980);
- (b) special fund for applied research:
LIT 600 000 million (up to 1979).

Of the total of these resources, it can be estimated, on the basis of the reserve provided for in the abovementioned law, that the allocation for southern Italy will be at least LIT 1 500 000 million.

With regard to operations by undertakings with State participation, the five-year plan for 1977-1981 which is still awaiting approval provides for total investment in Mezzogiorno amounting to LIT 7 202 000 million, of which the greater part will be invested in the sectors of telecommunications and sources of energy (45% of the total), the chemical industry (18%) and the steel industry (17%).

4.1.2. In the case of infrastructure, the situation as regards financial resources is as follows:

- (a) the programme of expenditure in southern Italy for public residential building, on the basis of the laws at present in force, indicate a total

of about LIT 3 000 000 million, of which about LIT 2 000 000 million have still to be committed;

- (b) the existing programmes in the sphere of public non-residential building (schools, universities, hospitals, etc.) provide for the spending of about LIT 1 770 000 million in southern Italy;
- (c) in the case of water schemes, the implementation of which is the responsibility of the State, the commitment of the latter for the period 1977-1980 is about LIT 1 000 000 million;
- (d) in the case of ordinary roads in Mezzogiorno, the estimates of expenditure by the National Road Board for the period 1976-1980 amount to LIT 406 000 million (a multi-annual programme, now in the course of preparation, provides for an additional investment of LIT 865 000 million);
- (e) in the case of railways, the estimates of expenditure by the State Railways for the period 1976-1980 amount to LIT 945 000 million;
- (f) in the case of harbours and airports, the estimates of expenditure amount to LIT 188 000 million for the period 1976-1980 (a multi-annual harbour programme would allocate about LIT 400 000 million to southern Italy);
- (g) in the case of telecommunications, the five-year plan for the development of the postal and telecommunications service during the period 1977-1981 contains an expenditure estimate of LIT 3 150 000 million (SIP: about LIT 1 900 000 million; PT: LIT 750 000 million; ASST: LIT 500 000 million).

4.2. Special intervention

The total financial resources allocated to Mezzogiorno as special assistance for the period 1976-1980 are as follows:

(a) allocation under Law No 183 of 1976	LIT 16 000 000 million
(b) allocation under Law DPR No 902 of 1976	LIT 2 080 000 million
(c) allocation under Law No 623 of 1959	LIT 448 000 million
	<hr/>
Total	LIT 18 528 000 million

A number of operations are already laid down by Law No 183; the details are as follows:

(a) sums to be transferred to the INPS (of which LIT 1 000 000 million will be transferred under 1980) for the charging of social security contributions to general taxation	LIT 1 500 000 million
(b) sums already committed (Law No 493 of 1975)	LIT 1 000 000 million
(c) sums to be transferred to the regions	LIT 2 000 000 million
(d) contributions to SVIMEZ	LIT 3 000 million
(e) initial working capital for ENAPI	LIT 5 000 million
(f) universities programme	LIT 200 000 million

(g) subsidies to 'enti di bonifica'	LIT	35 000	million
(h) completion of works (of regional interest)	LIT	1 600 000	million
- completion of public works and financial incentives	LIT	(1 465 000)	million
- completion of special operations (Naples 80, Palermo 40, Irpinia LIT 15 thousand million)	LIT	(135 000)	million
		<hr/>	
Total	LIT	6 343 000	million

The remaining financial resources (LIT 18 080 000 million minus LIT 6 343 000 million) have been allocated as follows by the five-year programme:

(a) special projects	LIT	3 000 000	million
(b) industrial infrastructure	LIT	700 000	million
(c) industrial incentives	LIT	6 428 000	million
(d) overall and reserve fund (financial sharing, VAT, allowances for price increases, etc.)	LIT	2 057 000	million
		<hr/>	
Total	LIT	12 185 000	million

It is possible to make certain observations with regard to this financial framework which, at the present stage, constitutes only a preliminary indication of the resources that are really needed for implementation of the intended measures:

- (a) in the case of the special projects, the financial needs (which are also linked to a 'technical' capability of commitment till 1980) amount to LIT 6 000 000 million (as compared with the LIT 3 000 000 million committed). The financial needs may be allocated as follows:
- | | | | |
|--|-----|-----------|---------|
| (i) inter-sectoral water systems | LIT | 1 600 000 | million |
| (ii) agricultural development | LIT | 1 600 000 | million |
| (iii) physical improvement of the territory | LIT | 1 000 000 | million |
| (iv) development of hinterland areas | LIT | 1 400 000 | million |
| (v) structures for marketing and increasing the return on products, particularly agricultural products | LIT | 200 000 | million |
| (vi) applied scientific research | LIT | 200 000 | million |
- (b) in the case of industrial infrastructures, LIT 685 000 million of 700 000 already committed concerns industrial infrastructures decided on the basis of planning agreements. It is estimated that the financing requirements in this sphere will be at least LIT 1 500 000 million between now and 1980;
- (c) in the case of resources devoted to industrial incentives (LIT 6 428 000 million), some further explanations are necessary. Law No 183 has fixed at LIT 2 500 000 million the resources that can be committed, both as capital grants and interest rebates, in the period following that of 1976-1980. This amount will be registered in the State budget from 1981. To

that amount one has to add LIT 2 528 000 million which will be committed as interest rebates reserved for new initiatives, according to DPR No 902 of 1976 (65% of the interest rebate fund which amounts to LIT 3 200 000 million). A further provision of LIT 1 400 000 million has been provisionally accorded by the Five-Year programme as supplementary finance for assistance to industrial projects that have already received 'the consensus of agreement' and will be carried out during the programme period.

4.3. EEC assistance

The above analysis shows that a basic factor limiting the implementation of the programme is the limited availability of financial resources. It is evident from this analysis that there is a considerable financial need in the case of special intervention alone.

This financial need is provisionally estimated at LIT 6 000 000 million. Of this amount LIT 3 000 000 and 800 000 million refer to special projects and industrial infrastructures (see point 4.2. above) and at least LIT 2 000 000 million refer to regional development projects (financial resources which are presently provided being underestimated).

One must, however, also take into account the programmes of both ordinary and regional assistance which cannot become operational as planned, owing to the lack of financial resources.

Thus the financial assistance provided by the EEC constitutes an essential factor for the implementation of the programme. In this connection, it must be observed that the resources of the ERDF (which have been somewhat limited in the past) can play an important part. If the Commission's proposals are approved by the Council, the resources available for southern Italy during the period 1978-1980 could be as much as LIT 1 000 000 million.

In addition to the ERDF, the other EEC financial instruments of a structural character (e.g. the EIB, the EAGGF, the Social Fund and the ECSC) can play a very important part. It is necessary to apply these funds in a coordinated manner, with the aim of solving the most serious regional problems. However, other forms of financial assistance appear to be equally necessary, in order to cope with the additional problems which will arise in southern Italy as a result, in particular, of the EEC's policy towards the Mediterranean countries and the probable expansion of the Community.

5. Institutional aspects of the implementation of the programme for southern Italy

The new law concerning southern Italy (Law No 183 of 1976) introduces a series of innovations as regards the institutions responsible for the economic and social development of southern Italy and the procedures necessary to attain this objective. Mention has already been made of the Five-Year Plan for Southern Italy, the object of which is to orientate and direct public assistance, both ordinary and special, effected by the State and the regions, for the purpose of the development of southern Italy. One should also mention:

- (a) the establishment of a parliamentary standing committee responsible for overall supervision of the planning and implementation of ordinary and special assistance in southern Italy (in general terms, this body will ensure a greater degree of legislative consistency between the general policies formulated at national level and the objective of the development of southern Italy);
- (b) the establishment of a 'committee of representatives of the southern regions', which will be responsible for providing information and putting proposals to the CIPE.

With regard to special assistance, at present there are two organizations responsible for its administration:

- (a) the 'Cassa per il Mezzogiorno', which concerns itself with the implementation of special projects, the administration of subsidies to industry, the management of the fund for credits at low rates of interest to industry in southern Italy, the implementation of industrial infrastructure, the promotion of development and the provision of assistance through the medium of institutions and financing companies;
- (b) the Governments of the southern regions, which are responsible for all intervention provided for by Article 117 of the Constitution (particularly as regards agriculture, craft trades, public works, etc.), and also regional development projects to be carried out on the basis of ad hoc financing as part of special assistance.

In general terms, the CIPE (Inter-Ministerial Economic Planning Committee) remains the body responsible for the government's economic policy. However, the establishment of new bodies within the CIPE has been proposed, to be responsible for the more specific aspects of official economic planning, namely:

- (a) the CIPI (Inter-Ministerial Industrial Policy Committee), which constitutes the reference point for the system of sectoral planning of industrial policy, and which also approves the multi-annual programmes of the undertakings with State participation;
- (b) the CIPES (Inter-Ministerial Foreign Economic Policy Committee), which establishes the broad outlines to be followed in matters of foreign trade policy, export credits, supply, and all economic activities connected with foreign countries;
- (c) the CIPAA (Inter-Ministerial Agricultural and Foodstuffs Policy Committee), which is responsible for the coordination of State and regional activities in the sectors of stock-farming, fruit and vegetables, forestry and irrigation.

II. THE SOUTHERN REGIONS

A monograph has been prepared on each region of the south of Italy,¹ following a common plan, analysing:

- (a) problems and imbalances in the present-day social and economic structure;
- (b) development objectives (both for productive sectors and for infrastructures);
- (c) measures and assistance (both for productive sectors and for infrastructures), showing the financial resources committed.

The attached tables summarize, for each region or area, the objectives, measures and assistance provided for in the various planning documents, together with details of the financial allocation.²

The imbalances may be very briefly summarized as follows:

- (a) concentration of population and economic activity in urban districts (where space is often limited) and in plain and coastal areas (e.g. the Abruzzi, Molise, Campania, Apulia, Basilicata, Calabria, Sicily, Sardinia);
- (b) progressive abandonment of mountain and hill regions (e.g. the Abruzzi, Molise, Campania, Basilicata, Calabria, Sicily);
- (c) regional demand for goods and services greatly in excess of regional output, with structural dependence on other regions (e.g. Molise, Basilicata);
- (d) lack of specialized services and difficulty of access (e.g. Molise, Basilicata, Calabria);
- (e) inadequate or weak urban framework (e.g. Molise, Basilicata, Calabria);
- (f) inadequacy or imbalance of the existing industrial structure (e.g. Calabria, Sardinia);
- (g) overburdened transport systems (Campania).

1 That is to say the southern or island parts of Italy, namely: the Abruzzi, Molise, Campania, Apulia, Basilicata, Calabria, Sicily and Sardinia, plus areas receiving special assistance in the regions of Latium, the Marches and Tuscany.

2 It must be stressed, once again, that the amounts shown as financial resources, which differ from each other in both nature and content, are not on the whole mutually comparable. There has therefore been no aggregation of the amounts in order to ascertain regional totals.

SYNOPSIS

Region: THE ABRUZZI

Overall strategy

- A - Progressive reduction of the territorial imbalance of the region by distributing development projects in a way that does not increase the centripetal attraction of areas with greater development potential.
- B - Maximum utilization of human, productive and infrastructural resources.
- C - Expansion of civic, social and environmental infrastructures throughout the region, bringing each area up to the same qualitative and quantitative standard.
-

Specific objectives

Measures

Agriculture

Elimination of disparities in productivity and profitability by supportive measures directed primarily to modernizing the structures of production.

Improving agriculture by giving it better infrastructures and by land reclamation.

Raising the standard of living of those engaged in agriculture to the level prevailing in urban areas.

Giving support and encouragement to cooperatives and associations concerned with production and services and with preserving and marketing agricultural products.

Improving basic structures, environmental as well as scientific and technical, with a view to increasing the output from stockfarming activities.

Industry and craft trades

Strengthening and restructuring of the existing network of production.

Developing advanced and highly labour-intensive sectors (such as specialized mechanical engineering and the sector food/processing of agricultural products).

Enlargement of the productive base, with special reference to territorial balance.

Encouraging better coordination in industrial zoning.

Encouraging all forms of association in order to raise the level of technology and to increase the dissemination of sound methods of organization and management.

Tourism

Increasing tourism by giving preferential treatment to 'social tourism' and 'agro-tourism'.

Increasing tourist accommodation facilities.

Carrying out promotional projects.

Infrastructures

Optimal use of the existing urban structure.

Campaign of restructuring and 'socialization' of the building sector in order to satisfy the demand for housing and for public and social amenities.

Balanced distribution of specialized regional services.

Rehabilitation of minor historic centres.

Better utilization of resources connected with the environment.

Primary urban infrastructure works (water mains and sewerage) to serve residential areas.

Achieving satisfactory mobility levels within the region and facilitating trade with the rest of the country.

Coordination policy on the right to education.

Rationalization and improvement of the public health system.

Anti-pollution programme.

Reconstitution of the natural heritage.

Establishment of an integrated transport system.

Expenditure commitments, by type of assistance - Region: The Abruzzi

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS No 23: Irrigation		93.9	
PS No 29: Intersectoral water schemes (see Infrastructures)/			
Completion of works (agriculture, electrification) (a)		3.2	
PS No 24: Reafforestation for productive purposes		16.0	
PS No 8: Intensive meat production		67.4	
Extension of irrigated areas			140
Rural infrastructures			80
Reafforestation			53
Development of output from stockfarming			15.5
Cooperatives for preserving and marketing agricultural products			18
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programme for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		152.2	
CASMEZ industrial infrastructures (1977)		18.5	
Establishment of a regional financing company			..
Development of the movement to create associations (subsidies and infrastructures)			17.6
Processing of agricultural products			16.0
Assistance to craft trades			17.6
<u>Tourism</u>			
Completion of works (credits, infrastructures, financial incentives) (a)		9.1	
Credits for the hotel trade			10
Minor historic centres (see Infrastructures)			
Spa development project			..
Sport and recreation facilities			14

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Infrastructures</u>			
Public building: residential (n)	84.2		
Public building: civic (prisons) (e)	30.1		
2nd and 3rd category water projects (o)	16.0		
Completion of works (water) (a)		59.2	
PS No 29 (sectoral water schemes)		58.2	
Residential building ('piano casa')			..
New building techniques			..
Working capital for subsidized housing			..
Minor historic centres			..
Water mains and sewerage			..
Public building: nursery schools (g)	0.2		
Public building: primary and secondary schools (h)	38.8		
Public building: hospitals (k)	23.5		
Completion of works (hospitals, school buildings, training establishments, miscellaneous) (a)		49.9	
District educational organizations			..
Regional universities			..
Reorganization of health services			..
Pollution survey			..
Waste disposal project			135
Creation of natural parks			..
Road improvement programme (National Road Board) (m)	..		
Railway plans (Italian State Railways) (l)	..		
PS No 12: Aprutina mountain road		42.0	
Completion of works (road improvement) (a)		32.8	
Transport integration and coordination committees			..
Post and telecommunications plan (the Abruzzi and Molise) (p)	73.5		
Airports (q)		22.0	

* Period 1976-1980.

For explanatory notes see page 187.

SYNOPSIS

Region: MOLISE

Overall strategy

- A - Enlargement and upgrading of the region's productive base and expansion of employment, giving priority to agriculture
 - B - Restoring the balance between the different social groups and areas, giving priority to measures relating to the hinterland areas
 - C - Extension of basic public services
-

Specific objectives

Measures

Agriculture

Qualitative and quantitative increase in production.

Support to sectors where there is a sustained national level of demand but insufficient domestic output (stockfarming, wood pulp, quality wines).

Achievement of the highest possible level of employment, with income levels comparable to those found in other sectors.

Reclamation of uncultivated land.

Better utilization of the territory; increase in productivity.

Extension of irrigated areas; land improvement.

Integration of productive activity with marketing and processing of products, especially in conjunction with the spread of cooperatives and associations.

Industry and craft trades

Specification of best sites for establishment of a balanced model of territorial organization.

Search for and encouragement of new and more dynamic productive sectors.

Choice of manufacturing sectors with the greatest labour-intensiveness.

Strengthening and expansion of the existing productive framework.

Support and encouragement for craft trades.

Organic programme to encourage the formation of cooperatives and associations by craftsmen.

Tourism

Better utilization of natural resources in order to increase tourism.

Giving the sector a stimulus by favouring the development of 'social tourism' and 'agro-tourism'.

Infrastructures

Elimination of the imbalance between hinterland areas and the coastal strip.

Reorganizing the public building sector in order to satisfy the need for housing and renovate the existing housing stock.

Establishment of certain strategic axes in connection with reorganization of the urban framework and the siting of industry and public amenities.

Improvement of water supply and sewerage in order to make the best possible use of water resources.

Improvement and strengthening of the transport sector, to secure more efficient and more extensive mobility within the region.

Reorganization and strengthening of the education and health sectors.

Expenditure commitments, by type of assistance - Region: Molise

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS No 8: Intensive meat production		46.7	
PS No 24: Reforestation for productive purposes		9.6	
PS No 23: Irrigation		57.7	
PS No 29: Intersectoral water schemes (see Infrastructures)			
Completion of works (agriculture, electrification) (a)		1.6	
PS No 15: Utilization of water from the Biferno		9.7	
Regional stockfarming project			10
Regional irrigation project			20
Regional reforestation project			7
Preserving and marketing of products			5
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programme for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		18.3	
CASMEZ industrial infrastructures (1977)		8.0	
Craft trades: establishment of a regional financing company			4
Vocational training			5
Infrastructure for small groupings of craftsmen; incentives			5.5
<u>Tourism</u>			
Completion of works (credits, infrastructures, financial incentives) (a)		1.8	
'Social tourism' and 'agro-tourism'			5

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Infrastructures</u>			
Railway plan (Italian State Railways) (l)	..		
Road improvement programme (National Road Board) (m)	..		
Public building: residential (n)	23.1		
Public building: civic (prisons) (e)	5.5		
Public building: nursery schools (g)	0.1		
Public building: primary and secondary schools (h)	2.3		
Public building: hospitals (k)	15.1		
2nd and 3rd category water projects (o)	13.0		
PS for development of inland areas		..	
PS No 29: intersectoral water schemes		36.6	
Completion of works (water) (a)		18.7	
Hinterland areas - development axes			20
Urban renewal			7
Water mains and other infrastructures			15
University			5
Public health sector			..
Completion of works (road improvement) (a)		6.5	
Completion of works (hospitals, school buildings, training establishments, miscellaneous) (a)		17.6	
Post and telecommunications plan (the Abruzzi and Molise)	73.5		

* Period 1977-1980.

SYNOPSIS

Region: CAMPANIA

Overall strategy

- A - Urgent reactivation of development in order to overcome the employment crisis and restore a balanced distribution of productive units in the territory
- B - Improvement of the territory and better distribution of infrastructural, civil, social and environmental amenities
-

Specific objectives

Measures

Agriculture

Qualitative and quantitative increase in production.

Modernization and strengthening of agricultural structures; reorganization.

Better land use by adaptation of production to local land characteristics.

Promotion of agricultural ventures with high profitability levels.

Integration of agriculture and industry.

Support to agriculture in mountainous and less favoured areas.

Improvement in living standards and incomes of the agricultural population.

Industry and craft trades

Enlargement of the productive base and rehabilitation of the existing productive base.

Conversion and restructuring of all industrial activities.

Promotion of technological renewal.

Support to small and medium-sized firms.

Development of scientific research and vocational training.

Policy of helping craftsmen improve their skills.

Tourism

Qualitative and quantitative improvement in tourist accommodation facilities.

Helping personnel employed in the tourist sector to improve their skills and to specialize in certain aspects of the trade.

Development of 'social tourism'.

Coordination of campaigns to promote tourism.

Infrastructures

Rehabilitation of the coastal strip, especially areas potentially attractive to tourists, and increasing public health facilities in the hinterland areas.

Extensive action in the water resources and water supply sector.

Improvement of the infrastructure of hinterland areas involved in new productive projects.

Action to coordinate all the instruments of assistance.

Reorganization and expansion of public building with a social purpose.

Strengthening the transport system and extending the use of public transport.

Expenditure commitments, by type of assistance - Region: Campania

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS No 23: Irrigation		118	
PS No 24: Reforestation for productive purposes		18	
PS Nos 4 to 10: Intensive meat production		79.6	
Completion of works (agriculture, electrification) (a)		4.8	
Mechanization and technical assistance			228
Conversion and reconstitution of forests			..
Stockfarming			..
Agro-industrial plan			..
Land reclamation, irrigation, improvement of roads			231
Development of cooperative ventures			..
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programme for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		401.1	
CASMEZ industrial infrastructures (1977)		31.7	
Research			..
Vocational training			..
Craft training			..
Financial incentives for the craft sector			..
Financial and promotional assistance for the craft sector			..
<u>Tourism</u>			
Completion of works (credits, infrastructures, financial incentives) (a)		22.3	
Training			..
Regional parks			..
Preparation of special tourism project			..

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Infrastructures</u>			
Road improvement programme (National Road Board) (m)	..		
Railway plan (Italian State Railways) (l)	..		
Transport in towns	..		
Completion of works (road improvement) 2nd and 3rd category water projects (a)		102.6	
Completion of works (water) (o)	104		
Public building: residential (a)		81.3	
Public building: civic (prisons) (n)	540.1		
Public building: nursery schools (e)	53.6		
Public building: primary and secondary schools (g)	0.9		
Public building: universities (h)	246.8		
Public building: hospitals (i)	45.0		
Completion of works (hospitals, school buildings, training establishments, miscellaneous) (k)	25.4		
Completion of works (re Irpinia earthquake) (a)		94.4	
(Law No 1431 of 1962)		15	
Completion of works (metropolitan district of Naples) (Special Law No 7 of 1962)		80	
Plan for the social and health services			256
Acquisition of and planning in connection with sites for residential building			..
PS No 29: Intersectoral water schemes (1977)		173	
Post and telecommunications plan (p)	187.8		
Maritime projects (b)	125.3		
Airports (q)	9.0		

* Period 1976-1980.

SYNOPSIS

Region: APULIA

Overall strategy

- A - Full utilization of relatively inadequate resources, particularly finance
- B - Provision of conditions favouring the creation of new jobs
- C - Better distribution of infrastructures and social services so that good and homogeneous living conditions can be established throughout the region
-

Specific objectives

Measures

Agriculture

Qualitative and quantitative improvement of production.

Promotion of projects to introduce new crops and more advanced techniques.

Equalization of living conditions and incomes between agriculture and other sectors.

Construction and completion of basic infrastructures and modernization of structures of production.

Full utilization of resources (particularly in connection with the extension of irrigated areas).

Development of associations and cooperatives.

Reclamation of uncultivated land.

Industry and craft trades

Balance in the siting of industrial plants.

Choice of new centres for development in the region.

Speeding up rationalization and modernization of production processes.

Guiding investment into highly labour-intensive forms of activity, in order to make better use of the availability of skilled labour and to improve work mobility.

Strengthening and expansion of existing craft activities, in order to maintain employment and adequate income levels.

Policy of effective technical, commercial and financial assistance with the aim of creating a substantial degree of autonomous development.

Creation of new activities, giving preferential treatment to organic integration with existing industrial structures.

Commerce and tourism

Organization and strengthening of the commercial sector.

Implementation of plans for the commercial sector; modernization and development of wholesale markets.

Exploitation of natural resources in order to increase tourism.

Stimulating the tourism sector, giving preferential treatment to 'social tourism' and 'agro-tourism'.

Infrastructures

Improvement of water supply, for both productive and civic needs.

Organic programme of works for collection and supply of water.

Improvement of living conditions in conurbations.

Creation of appropriate structures for piped water supply in less favoured conurbations.

Improvement of the transport system, for better tourist mobility.

Better provision of basic amenities and services.

Relief of congestion in residential and industrial agglomerations and better distribution of social services.

Reorganization of public transport.

Introduction of a regional physical planning system.

Expenditure commitments, by type of assistance - Region: Apulia

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS Nos 4 to 10: Intensive meat production		73	
PS No 24: Reafforestation for productive purposes		8.7	
PS No 23: Irrigation		240	
Completion of works (agriculture, electrification) (a)		1.1	
Technical assistance centres			..
Improvement of country roads			35
Measures to support cooperatives			..
Electrification of rural dwellings			25
Reclamation of uncultivated land			..
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programme for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		274.8	
CASMEZ industrial infrastructures (1977)		122.2	
Reactivation of operations in the marble sector			
Organic policy for cooperation by small and medium-sized firms			..
Regional fund for grants to craft firms			..
<u>Tourism and commerce</u>			
Completion of works (credits, infrastructures, financial incentives) (a)		15.3	
Project for the promotion and development of tourism			..
Rationalization of the wholesale distribution network			..
Fish market at Manfredonia			1.5

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Infrastructures</u>			
2nd and 3rd category water projects (o)	64		
PS No 14: Intersectoral water schemes		340	
Completion of works (water) (a)		37.8	
Water supply and sewerage			130
Railway plans (Italian State Railways) (l)	..		
Road improvement plan (National Road Board) (m)	..		
Completion of works (road improvement) (a)		33.9	
Regional transport plan			144
Public building: residential (n)	305.3		
Public building: civic (prisons) (e)	17.9		
Public building: nursery schools (g)	1.2		
Public building: primary and secondary schools (h)	185.1		
Public building: universities (i)	33.2		
Public building: hospitals (k)	42.4		
Completion of works (hospitals, school buildings, training establishments, miscellaneous) (a)		58.0	
Crèches			..
Social security and public health (current expenditure)			2 398
Social security completion of work in progress			53
Post and telecommunications plan (Apulia and Basilicata) (p)	111.9		
Maritime projects (b)	90.0		
Airports (q)	4.3	35.0	

* Period 1977-1980.

SYNOPSIS

Region: BASILICATA

Overall strategy

- A - Keeping the population exodus down to a certain limit
 - B - Aligning the socio-economic system of the region with that of southern Italy as a whole in a general trend towards the reduction of the historic north-south imbalance
 - C - Full utilization of the region's existing natural and human resources in the context of widely distributed and well balanced development
-

Specific objectives

Measures

Agriculture

Achievement of a significant improvement, both qualitative and quantitative, in production.

Ensuring that the agricultural labour force acquires greater skills and obtains an income and standard of living closer to those of other sectors.

Rationalization of structures of production in the hinterland areas, with preferential treatment to the more profitable sectors and encouragement of new productive activities.

Extensive reclamation, improvement and development of land.

Promotion of forms of association and cooperation.

Industry and craft trades

Conversion of the existing industrial apparatus and enlargement of the productive base.

Choice of industrial sectors capable of reaching higher levels of production and employment.

Development and qualitative improvement of craft activities.

Definition of most appropriate areas for siting industry.

Promotion of new projects in the fine and secondary chemical sector.

Supporting the development of small and medium-scale industry.

Promotion of technical and management training for craftsmen.

Provision of sites for new plants.

Tourism

Exploitation of potential tourist attractions in order to promote 'social tourism'.

Selection of areas for tourism.

Rehabilitation of historic centres.

Promotion of sport and leisure activities.

Rationalization of amenities and hotel facilities.

Infrastructures

Conservation of the region's natural resources in the context of a rational policy of improving and exploiting such resources whilst keeping the development in balance.

Assistance with cultivation and re-forestation.

Creation of natural parks.

Reconstruction of the regional urban framework with a view to integrating the various components making up such a framework and ending the region's geographic and economic isolation from the rest of the country.

Conservation of residential areas and maintenance of communications infrastructures.

Increasing accommodation facilities by constructing new dwellings, rehabilitating the existing housing stock and improving residential health and hygiene conditions.

Adaptation of all public amenities (health, educational, civic) to meet social needs (e.g. provision of crèches and dispensaries) and to bring them into line with new models of organization and management ('local health units' and 'education districts').

Increasing and rationalizing public transport.

Expenditure commitments, by type of assistance - Region: Basilicata

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS Nos 4 to 10: Intensive meat production		..	
PS No 24: Reafforestation for productive purposes		14	
PS No 11: Citrus fruits		42	
PS No 23: Irrigation		98	
PS No 14: Intersectoral water schemes (see Infra-structures)			
Completion of works (agriculture, electrification) (a)		10.1	
Irrigation in hinterland areas			95.2
Hinterland areas: stockfarming, cereals, arboriculture			154.6
Rural infrastructures			..
Programme for associations, cooperatives, financial and technical assistance			76
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programme for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		52.5	
CASMEZ industrial infrastructures (1977)		13.6	
Project 'Capisaldi industriali' (industrial key-centres)			10
Technical assistance and promotion of scientific research			..
Project of equipping areas for craft activities			10
<u>Tourism</u>			
Completion of works (credit, infrastructures, financial incentives) (a)		6.3	
Hotel facilities			30
'Pollino' project			20
Promotion			..

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Infrastructures</u>			
Public building: residential (n)	53.3		
Public building: civic (prisons) (e)	5.8		
Public building: nursery schools (g)	0.4		
Public building: primary and secondary schools (h)	23.8		
Public building: hospitals (k)	13.9		
Completion of works (school building, miscellaneous) (a)		13.0	
Residential building project			35
2nd and 3rd category water projects (o)	48.0		
PS No 14: Intersectoral water schemes		204	
Completion of works (road improvement) (a)		5.7	
Water supply and sewerage			..
Transport project			22.5
Protection of soil and of the environment: improvement of living conditions			52
Post and telecommunications plan (Apulia and Basilicata) (p)	111.9		

* Period 1977-1981.

SYNOPSIS

Region: CALABRIA

Overall strategy

- A - Reactivation of a type of development that is better balanced from the spatial point of view and more appropriate to the need to make full and rational use of the region's available resources
- B - Reduction of the incidence of the worst phenomena of deterioration in the structure of agricultural production and impoverishment of rural life
- C - Improvement of the territory to reduce the imbalances between hinterland and coastal areas and between rural and urban living conditions
-

Specific objectives

Measures

Agriculture

Promotion of more appropriate activities for given areas; promotion of highly profitable productive sectors.

Improvement of land and farms in the rural hinterland areas.

Development of direct organization of farms of every size.

Reorganization of productive capacities of farms.

Exploitation and expansion of the potentially more fruitful types of production (stockfarming, wine, fruit and vegetables) and encouragement of typical crops.

Improvement of direct infrastructures and those linked with the development of production.

Encouraging the spread of forms of association and cooperation.

Industry and craft trades

Expansion of manufacturing industry, especially highly labour-intensive sectors (metal goods, textiles, food-stuffs and agricultural products).

Strengthening and development of craft trades as a typical factor of production and as part of the general development of small and medium-scale industry.

Extension and integration of the existing productive set-up in the context of improving the territory.

Support for and development of small and medium-scale industry.

Better utilization of local entrepreneurial capacities.

Conversion and restructuring of the existing productive apparatus.

Providing credit facilities for craft firms.

Better utilization of the typical or traditional artistic crafts.

Development of forms of association.

Tourism

Better utilization of areas that are potential tourist attractions in order to prevent damage to the coastal strip and to promote the development of the hinterland.

Increasing and improving tourist accommodation facilities.

Increasing the promotion of tourism and finding new forms for such promotion.

Infrastructures

Protection of the natural heritage and development of forests.

Control of management and development of publicly-owned forests and areas of natural interest.

Protection of habitats and the soil from natural disasters.

Modernization of housing for resident farmers.

Improvement of rural housing.

Coordination of regional action and action by local bodies.

Public management of urban expansion.

Harbour development.

Improvement of the inter-regional transport network, particularly in the matter of ensuring good access to priority development areas.

Increasing regional mobility.

Bringing about conditions in which every citizen has access to education.

Establishment of integrated regional social security and health services.

Promotion and improvement of vocational and cultural training.

Encouragement of participation by local bodies in implementing policies to give better access to education.

Development of local organizations which will plan and implement initiatives connected with cultural and leisure activities.

Expenditure commitments, by type of assistance - Region: Calabria

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS No 11: Citrus fruits		112	
PS No 4: Intensive meat production		67	
PS No 24: Reafforestation for productive purposes		15	
PS No 23: Irrigation		145.6	
PS No 26: Intersectoral water schemes (see Infrastructures)			
Completion of works (agriculture, electrification) (a)		3.3	
Financial and technical assistance			15.7
Citrus fruits			5.7
Stockfarming			13.5
Reafforestation			46
Rural infrastructures			51
Agricultural cooperation			32
Fishing and shooting			1.3
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programme for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		473	
CASMEZ industrial infrastructures (1977)		34	
Establishment of a regional financing company			..
Establishment of a centre for assistance to exporters			..
Creation of a regional cooperation council			..
Promotion of craft trades			..
<u>Tourism</u>			
Completion of works (credits, infrastructures, financial incentives) (a)		28.1	
Establishment of tourist agencies			..
Aids to the hotel trade			..

(LIT thousand million)			
	National		Regional *
	Ordinary	Special	
<u>Infrastructures</u>			
PS No 26: Intersectoral water schemes		..	
PS No 23: Irrigation (see Agriculture)			
PS No 24: Reafforestation (see Agriculture)			
PS No 22: Improvement of land on the Tyrrhenian side of Reggio Calabria		..	
Regional soil protection project			..
Road improvement plan (National Road Board)	15		
Railway plan (Italian State Railways)	70		
Maritime projects (b)	33		
Completion of works (road improvement) (a)		13.3	
Ports of regional importance			..
Regional public transport project			..
Public building: residential (n)	261.4		
Working capital for primary urbanization			..
Rural housing loans			..
Public building: civic (prisons) (e)	35.2		
Public building: nursery schools (g)	0.4		
Public building: primary and secondary schools (h)	83.7		
Public building: universities (i)	19.6		
Public building: hospitals (k)	18.8		
Completion of works (hospitals, school buildings, training establishments, miscellaneous) (a)		47.7	
2nd and 3rd category water projects (o)	112		
Completion of works (water) (a)		64.7	
Hygiene, health, hospitals			..
Education, cultural pursuits, leisure activities			..
Post and telecommunications plan (p)	83.2		
Airports (q)	2.5	13.0	

* Period 1977-1980.

SYNOPSIS

Region: SICILY

Overall strategy

- A - Direct and indirect strengthening of productive and social structures in order to maintain and increase the level of permanent employment
 - B - Balanced development taking account of the need for reclamation and re-integration of the region's hinterland areas
 - C - Improvement and wider distribution of services and structures with a social purpose
-

Specific objectives

Measures

Agriculture

Increasing agricultural productivity and reducing internal imbalances.

Modernization of structures, making better use, both quantitatively and qualitatively, of agricultural resources.

Improving the living conditions and raising the incomes of those engaged in agriculture.

Expanding irrigation.

Expansion and wider distribution of infrastructures.

Industry and craft trades

Reorganization and strengthening of the regional structure of production, with the prime aim of combating the crisis affecting small and medium-sized firms and obviating an unbalanced distribution of firms.

Rationalization of regional industrial production bodies.

Support for small and medium-sized firms.

Strengthening and expansion of the craft sector.

Incentives for entrepreneurs.

Provision of technical assistance and service structures.

Fisheries

Reactivation of and support for operations and projects in this sector.

Promotion and verticalization of the fisheries sector and integration into the regional structure of production.

Tourism

Support for tourism projects.

Making the best use of the region's natural and artistic resources.

Organization of areas with a marked tourist potential.

Incentives for projects in the hotel field and special support for co-operative ventures.

Implementation of organic projects connected with infrastructures and public amenities.

Infrastructures

Tourism and protection of the environment.

Improving the provision of infrastructures and better preparation of the environment to make it suitable for changes and innovations in the productive apparatus.

Improvement of services and structures with a social purpose.

Balanced development, geared to the need for reclamation and reintegration of the region's hinterland areas.

Organization of parks and nature reserves.

Anti-pollution programme.

Coordinated management of water resources.

Establishment of satisfactory public amenities in the conurbations.

Conservation and rehabilitation of the historical, monumental and environmental heritage.

Creation of an efficient network of land communications.

Strengthening the provision of infrastructures in the large conurbations and highly developed areas.

Expenditure commitments, by type of assistance - Region: Sicily

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS No 10-4: Intensive meat production		73	
PS No 11: Citrus fruits		126	
PS No 23: Irrigation		161	
PS No 30: Intersectoral water schemes (see Infra-structures)			
PS No 24: Reafforestation for production purposes		17	
Completion of works (agriculture, electrification) (a)		15.2	
Development of stockfarming			0.6
Regional citrus project			82
Soil protection and reconstitution of forests			100.5
Rural infrastructures			159
Development and modernization of fisheries sector			..
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programmes for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		326	
CASMEZ industrial infrastructures (1977)		30.8	
PS No 2: Infrastructures of south-eastern area		294	
Restructuring and refinancing of regional economic bodies			90.2
Financing small and medium-scale industry			29
Regional project for aids to the craft sector			48
<u>Tourism</u>			
Completion of works (credits, infrastructures, financial incentives) (a)		35.5	
Financial incentives for initiatives in tourism			50
Infrastructures relevant to tourism			90

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Infrastructures</u>			
Public building: residential (n)	507.6		
Public building: civic (prisons) (e)	52.2		
Public building: nursery schools (g)	0.6		
Public building: primary and secondary schools (h)	187.1		
Public building: universities (i)	56.6		
Public building: hospitals (k)	55.9		
Metropolitan district of Palermo (Special Law No 21 of 1970)		40	
Completion of works (hospitals, school buildings, training establishments, miscellaneous) (a)		35.3	
Public works in the large communes			125.6
Regional project for subsidized housing			40
Historic centres and small islands			28
2nd and 3rd category water projects (o)	400		
Completion of works (water) (a)		110.8	
PS No 30: Intersectoral water schemes		534	
Regional project for better utilization of water resources			..
Railway plan (Italian State Railways) (l)	..		
Completion of works (road improvement) (a)		19.0	
Conversion of mining areas			206
Completion of motorways			..
Ports of Palermo and Messina			..
Historic centre of Ortigia			6.9
Reorganization of transport			34.8
Post and telecommunications plan (p)	179.7		
Airports (q)	27.0		
Maritime projects (b)	123.7		

* Period 1975-1980.

SYNOPSIS

Region: SARDINIA

Overall strategy

- A - Enlargement of the region's productive base by measures to promote highly labour-intensive industrial projects, with particular consideration for the role that should be played by the region's agriculture in the development process
- B - Fundamental restructuring of the region's industrial production process with the aim of changing the conditions of integration with the national production system in the region's favour and establishing a much more integrated and better balanced regional productive structure by taking action both at the level of the various productive sectors and at the level of the links between the sectors
- C - Transfer of financial resources to goods and services for public use
-

Specific objectives

Measures

Agriculture

Attainment of a higher level of productivity and stabilization of employment at the present levels.

Strengthening of productive structures and better exploitation of the territory.

Extension of surface area that can be irrigated, in order to increase productivity.

Rationalization of productive structures (mechanization, land improvement, rural infrastructures).

Improvement and reorganization of the agricultural and foodstuffs production system, especially in connection with the processing and marketing of products.

Reform of the pastoral sector.

Rehabilitation of stockfarming; technical assistance for modernization and for increasing the production and marketing of livestock products.

Industry and craft trades

Improvement of regional industrial structures with special consideration for the internal components of the regional system (labour, enterprise).

Enlargement of the industrial apparatus in directions more likely to ensure a high level of employment.

Enlargement of the structure of the craft sector and restructuring of the existing craft sector.

Restructuring and conversion of production units undergoing structural or cyclical difficulties.

Promotion and technical assistance.

Establishment of an organic system of technical, commercial, organizational and financial assistance.

Tourism

Promotion of new tourism projects, especially those which will develop 'social tourism'.

Restructuring and modernization of tourist accommodation facilities.

Support for the provision of camping facilities and the creation of parks and nature reserves.

Infrastructures

Improvement of the territory in such a way as to re-establish a balance between urban and hinterland areas with regard to industry, housing and natural resources.

Achievement of a standard of housing sufficient to satisfy the needs of the population.

Wider distribution of social and health services.

Adapting education and training to prevailing social and cultural realities.

Extension and expansion of the major infrastructural arteries.

Improvement of the territory at district ('comprensorio') and commune level; protection of the physical environment and the soil.

Construction of new housing and rehabilitation of old.

Extension and improvement of aid to the least well-off.

Raising of the level of hygiene and health.

Adapting educational structures to needs.

Teaching young people about work.

Improving workers' skills.

Expenditure commitments, by type of assistance - Region: Sardinia

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS No 23: Irrigation		159.9	
PS No 25: Intersectoral water schemes (see Infra-structures)			
Completion of works (agriculture, electrification) (a)		3.9	
PS No 4 to 10: Intensive meat production		81.9	
PS No 24: Reafforestation for productive purposes		20	
Rationalization of structures of production			82
Projects connected with wine-growing, fruit and vegetables, milk and cheese			50
Stockfarming			..
Pastoral areas			117
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programme for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		1 390	
CASMEZ industrial infrastructures (1977)		45	
PS No 1: Industrial port of Cagliari		213	
Mining and metallurgical project			240
Textile and clothing project			20
Promotion of regional economic bodies			..
Regional subsidies to industry			18
Credit and financial incentives for craft firms			80
Industrial restructuring			80
<u>Tourism</u>			
Completion of works (credits, infrastructures, financial incentives) (a)		12.7	
Hotel modernization			18
Credits to the hotel trade			4
'Social tourism'			6

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Infrastructures</u>			
Road improvement programme (National Road Board) (m)	..		
Railway programme (Italian State Railways)			15
Maritime projects (b)	80.1		
PS No 25: Intersectoral water schemes		147.3	
Completion of works (water) (a)		76.5	
Airports			22
Road improvement			40
Ports			7
Transport in towns			33
Reafforestation			46
Public building: residential (n)	134.6		
Public building: civic (prisons) (e)	10.5		
Town planning			21
Training and the right to education			56
School and pre-school building			344.5
2nd and 3rd category water projects (o)	112		
Subsidized housing			127
Improvement of living conditions			7
Hospitals (k)	26.5		
Completion of works (hospitals, school buildings, training establishments, miscellaneous) (a)		9.8	
Plan for social and health services			442
Public building: nursery schools (g)	0.4		
Public building: primary and secondary schools (h)	79.3		
Public building: universities (i)	17.1		
Completion of works (road improvement) (a)		26.9	
Energy infrastructures			5
Post and telecommunications plan (p)	62.8		
Airports (q)	16.6		

* Period 1976-1978.

SYNOPSIS

Region: LATIUM

Overall strategy

- A - Expansion and wider distribution of the productive base (agriculture, building, industry)
 - B - Improving the tertiary sector
 - C - Re-establishing a balance in the territory and securing rational coordination between the social and productive elements
-

Specific objectives

Measures

Agriculture

Restructuring farming operations and guaranteeing a minimum agricultural income.

Maximum possible promotion of co-operatives and associations.

Gearing production to needs and to maintaining a balance between food needs and agricultural output.

Restructuring the agricultural and stockfarming sector.

Reclamation of uncultivated or insufficiently cultivated land.

Industry

Expanding employment and diversifying production.

Giving priority to sectors with high and medium technological content, with high added value, low capital-labour ratio and an integrated productive cycle.

Promoting new plants which are integrated with first-stage processing and with agricultural products.

Territorial priorities: Civitavecchia, Civitacastellana, Orte, Viterbo, Rieti-Cittaducale, Monterondo-Guidonia, Tivoli, Acilia, Frosinone (Ceprano and Sora), Marzocchio, Cassinate and Formia.

Infrastructures

Reactivating public residential building on a more economical and rational basis.

Promotion of cooperative ventures (in housing, production and employment).

Rehabilitation of historic centres.	Reactivation of public residential building.
Implementation of a policy of preventive medicine.	
Adaptation of transport to district ('comprensorio') needs.	Giving priority to rail transport.
Integration of transport systems.	Establishment of strategic guidelines.
Maintaining a human presence in marginal, hill and mountain areas.	Water reorganization plan.
Public management of environmental amenities.	Waste disposal plan.
Rehabilitation of the existing social physical heritage.	Identifying destructive factors and taking action to remove them.
Protection of the environment.	Coordinating town planning with programmes for the siting of industry.
	Projects for the major infrastructural arteries.
	Projects for qualitative improvement of conurbations.
	Integrated system of parks and nature reserves.
Improving the school attendance rate.	Improving access to education for all citizens.
Strengthening cultural services and other social services.	Provision of communal reading centres.
Adapting vocational training to probable future developments.	Anti-illiteracy campaign.
	Encouragement of reading.
	Refresher training for teachers.

Expenditure commitments, by type of assistance - Region: Latium

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS No 29: Intersectoral water schemes		2	
PS No 23: Irrigation		19	
PS for hinterland areas		10	
PS for meat and reafforestation		..	
NPS for applied scientific research (see Industry)			
Promotion of stockfarming, fruit and vegetables, flowers, wine, olives			..
Marketing policy			..
Completion of works (agriculture, electrification) (a)		5.2	
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programme for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		208.9	
CASMEZ industrial infrastructures (1977)		26.0	
PS for hinterland areas (see Agriculture)			
NPS for applied scientific research		..	
Support for small and medium-sized firms (including craft firms)			..
Establishment of a regional financing company			..
Provision of equipped areas			..
Assistance to firms			..
<u>Tourism</u>			
Completion of works (credits, infrastructures, financial incentives) (a)		9.8	
<u>Infrastructures</u>			
Public building: residential (h)	104.3		
Public building: civic (prisons) (e)	0.8		

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Infrastructures</u>			
Public building: primary and secondary schools (h)	153.4		
Public building: hospitals (k)	86.5		
Working capital for communes for the acquisition of land			12
Completion of works (hospitals, school buildings, miscellaneous) (a)		33.0	
Plan for social and health services			..
Road improvement programme (National Road Board) (m)	..		
Railway plan (Italian State Railways) (l)	..		
Completion of works (road improvement) (a)		10.6	
Regional coordination bureau			..
Ports of regional importance			..
Transport and communications			..
2nd and 3rd category water projects (o)	24		
PS for hinterland areas (see Agriculture)			
PS for reafforestation (see Agriculture)			
PS for intersectoral water schemes (see Agriculture)			
Completion of works (water) (a)		41.0	
School and university building			..
Post and telecommunications plan (p)	58.9		

* Period 1977-1981.

SYNOPSIS

Region: THE MARCHES

Overall strategy

- A - Re-establishing territorial balance by planning a new structure of installations in such a way as to transform the social and productive services into integrated entities
- B - Converting and restructuring productive activity, giving particular encouragement to small and medium-scale business, thus providing new job and earning opportunities throughout the region
-

Specific objectives

Measures

Agriculture

Making better use of resources by expanding and upgrading agricultural production.

Supporting and making better use of integrated and associated family businesses.

Improving the living conditions of the rural population.

Modernization of farms and strengthening of rural infrastructures.

Technical assistance and vocational training.

Promotion of experimentation, research and technical assistance.

Promotion of agricultural cooperative ventures in the fields of production, acquisition of the means of production, and marketing.

Industry and craft trades

Securing territorial balance in the siting of industry.

Enlargement and conversion of the industrial apparatus, especially in connection with small and medium-sized firms and craft undertakings.

Provision of well-equipped industrial areas, based on existing structures and communications.

Promotion of forms of association.

Ensuring that the craft sector is more efficient in matters of technology, management and marketing.

Tourism

Identifying and exploiting areas of potential tourist interest.

Securing an integrated system of developing tourism in relation to existing cultural and natural resources.

Infrastructures

Protection of the natural environment and elimination of causes of damage to it.

Survey of the state of the environment, identifying areas in need of protection and specifying measures to safeguard the natural heritage.

More effective organization of communications infrastructures.

Creation of an integrated public transport system (rail, road and port).

Reactivation of public residential building.

Reorganizing and developing urban and rural housing.

Qualitative and quantitative improvement of the social services in order to meet the needs of citizens.

Planning of vocational training and the cultural aspects of leisure activities.

Public health: planning, control and education.

Organization of social and health services at district ('comprensorio') level.

Expenditure commitments, by type of assistance - Region: The Marches

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Agriculture</u>			
Plan for foodstuffs and agriculture (d)	..		
PS No 4: Intensive meat production		..	
PS No 24: Reafforestation for productive purposes		..	
PS No 23: Irrigation		..	
PS No 29: Intersectoral water schemes		..	
Completion of works (a)		0.6	
Studies and surveys			..
Assistance and promotion			..
Preparation of agricultural plans			..
Modernization of structures			..
<u>Industry and craft trades</u>			
Plan for industrial conversion and restructuring (d)	..		
Programme for firms with State participation (c)	..		
Incentives for the export of goods and services (d)	..		
CASMEZ financial incentives (f)		22.3	
CASMEZ industrial infrastructures (1977)		1.6	
Establishment of a regional financing company			..
Cooperatives and the craft sector			..
Studies and surveys			..
<u>Tourism</u>			
Completion of works (credits, financial incentives) (a)		2.0	
Programme for the structural development of the tourist trade			..
Promotion of tourism			..
<u>Infrastructures</u>			
PS No 24: Reafforestation for productive purposes (see Agriculture)			
Protection of forests			..
Road improvement programme (National Road Board) (m)	..		

(LIT thousand million)

	National		Regional
	Ordinary	Special	*
<u>Infrastructures</u>			
Railway plan (Italian State Railways) (1)	..		
Completion of works (road improvement) (a)		20.7	
PS for hinterland areas (Aprutina mountain road)		7.8	
Regional road improvement			..
Ports of regional importance			..
Public building: residential (n)	5.4		
Public building: prisons (e)	1.4		
Completion of works (school building) (a)		0.1	
Completion of works (hospitals) (a)		7.2	
Completion of works (water projects) (a)		5.4	
Urban expansion			..
Town planning			..
Education, culture, sport			..
Plan for the social and health services			..

* Period 1977-1981.

Expenditure commitments, by type of assistance - Region: Islands of Tuscany

Period 1977-1980

(LIT thousand million)

	National		Regional *
	Ordinary	Special	
<u>Industry</u>			
New installations in the clothing sector		1.5	
New installations in the means of transport sector		0.6	
<u>Tourism</u>			
Completion of works: loans and grants to the hotel trade (a)		5.7	

EXPLANATORY NOTES

Expenditure commitments, by type of assistance

- (a) Works of completion ('opere di completamento') of various projects undertaken by the Fund for Southern Italy (Cassa per il Mezzogiorno - CASMEZ) on behalf of the regions - Article 6 of Law No 183 of 1976.
- (b) Allocations under Laws No 366 of 1974 and 492 of 1975 for the period 1976-1980 and assistance provided under the multi-annual programme.
- (c) Investment programmes of firms with State participation relating to projects in southern Italy for the period 1977-1981. The value of the investment programmes is LIT 7 202.4 thousand million; a regional breakdown is not available.
- (d) Not yet specified.
- (e) Completion of the multi-annual programme introduced by Laws No 1133 of 1971 and 404 of 1977.
- (f) The figures refer to private investment projects in progress or planned.
- (g) Funds allocated for the period 1975-1978.
- (h) Funds allocated for the period 1976-1980 under Law No 412 of 1975.
- (i) Funds allocated for the period 1976-1981 under Law No 50 of 1976.
- (k) Funds allocated under Law No 492 of 1975.
- (l) The investment programme of Italian State Railways for the period 1976-1980, amounting to LIT 942 thousand million; a regional breakdown is not available.
- (m) The investment programme of the National Road Board for the period 1977-1980, amounting to LIT 1 271 thousand million; a regional breakdown is not available.
- (n) Investment projects to be implemented (funds allocated under Laws No 865 of 1971, 166 of 1975 and 492 of 1975).
- (o) 2nd and 3rd category water projects to be carried out by the State. Programme for the period 1976-1980.
- (p) Investment by the post and telecommunications authority as per its five-year plan for 1977-1981.
- (q) Funds allocated for works to be carried out jointly by central government and the Fund for Southern Italy for the period 1976-1980.

.. = figure not available.

Summary of the
regional development programme

Grand Duchy of Luxembourg

INTRODUCTION

The abovementioned document, supplied to the Commission pursuant to Article 6 of the ERDF Regulation, relates to the whole of the territory of the Grand Duchy of Luxembourg, as a regional unit of the Community.

The document consists of 83 pages, which include a map, two pages of diagrams, five pages of budgetary tables in Annexes 1 and 2, and ten tables in the text.

Chapter I - ECONOMIC AND SOCIAL ANALYSIS

1. General description of the regional planning unit

This is the smallest State in the Community in area. It covers 2 586 km² and has 357 000 inhabitants, hence a population density of 138 persons per square kilometre. It comprises two natural subregions, the 'Oesling' in the north and the 'Bon Pays' in the south. The major part of the land area, over 80%, is used for agriculture and forestry. It has natural mineral resources in the south-west in the form of iron ore deposits.

The administrative divisions are three districts, 12 cantons and 126 communes.

2. Recent economic and social developments

2.1. The essential features of the Luxembourg economy

In an economy almost totally dependent on foreign trade, the iron and steel industry predominates (in 1974, 30% of the GDP and 35% of employment).

Over the period 1960-1974 there was considerable economic growth: 3% in volume a year.

Because this rate of growth could not be sustained indefinitely from the iron and steel industry alone, the Government introduced measures for the diversification of industry, under legislation to assist business enterprises, so that the function of creating employment and wealth could be partially redeployed from iron and steel to other spheres of economic activity.

In the services sector there was particularly rapid growth in the finance segment.

As for agriculture (3.5% of the GDP, 6.5% of employment), modernization caused a decrease in the number of holdings and in the number of persons of working age engaged in the industry, and at the same time an increase in the average size of holding.

2.2. The present crisis (1975-1977)

The worst effects of this crisis are felt in manufacturing industry and, above all, the iron and steel industry.

However, as a result of measures to safeguard full employment, unemployment has been kept to a very low level: 0.5% of the country's working population (including frontier workers).

2.3. The economic and social outlook

Long-term forecasts (to 1990) for the country's indigenous working population are as follows:

- (a) in the primary sector, a gradual slowing down of the decline in the numbers in employment;
- (b) the secondary sector is likely to be affected by the situation in the iron and steel industry, hence a decrease, to a greater or lesser extent, in the number of jobs;
- (c) in the tertiary sector, considerable expansion.

Overall, for the three sectors together, in a recessionary economic situation there would be a risk of 6 500 unemployed (4% of the working population). In conditions of economic boom the number at risk of being unemployed would be reduced to 1 200.

For the medium term (1980), a purely quantitative assessment suggests that a conservative estimate of surplus manpower would be about 2 700 persons. However, that imbalance might be increased by certain trends in immigration, in the frontier work force, in employment of women and in numbers employed in the iron and steel industry.

2.4. Present and potential factors of general imbalance

From the socio-economic point of view, it is noted that the number of jobs in the iron and steel industry is being reduced. The situation might be worsened by a decrease in jobs in other branches of industry and by a possible increase in the working population, It might be aggravated by a lack of correspondance between the qualifications of the future work force and the nature of the jobs being created or to be created.

At regional level there are two problems: firstly that of maintaining the existing economic potential of the northern part of the country, which has suffered a decline in population, and secondly that of priority programmes to assist the iron and steel area in the south-west.

Chapter II - DEVELOPMENT OBJECTIVES

1. General principles

The medium-term regional development programme (1978-1980) derives largely from objectives designed for the advancement of the territory as a whole, at the same time allowing each area to develop in accordance with its own possibilities and special features and continuing to look for close cooperation with the neighbouring States.

The programme will be proceeding at a time marked chiefly by the application of measures to reorganize and rationalize industry and should be designed to stabilize, so far as possible, the distribution of the total resident population over the territory.

In addition, in public services and facilities it must promote centres of development in a coherent manner, especially from the point of view of the amalgamation of communes; but excessive centralization must be avoided.

2. Demographic and economic development

Demographically, the aim must be to stabilize the total resident population at between 350 000 and 360 000, by encouraging a rise in the indigenous birth-rate and limiting immigration from other countries. Since the potential working population will increase by 4 000 to 4 500 from 1976 to 1985, it will be necessary to conduct an active policy of creation of new jobs in industry and in the services sector, especially in view of the fact that reorganization of the iron and steel industry is likely to cause the elimination of some 7 000 jobs.

In the circumstances, it is desirable to set the target at an average annual economic growth rate of about 3% in volume, with the basic sectoral patterns specified below.

In agriculture, rational management and structural improvement at the level of the individual family holding must be promoted. Wine-growing should also be raised to a better level by a policy of modernization and rationalization.

In industry, the loss of jobs in iron and steel production needs to be offset by setting up new manufacturing operations downstream from iron and steel making, by the establishment of further undertakings of foreign origin in the centre and north of the country and by the installation of new factories in the south of the country.

In tourism, greater advantage must be taken of existing or additional tourist facilities.

In the case of the services sector, economic incentives for this sector should be used to achieve the desired balanced distribution over the country of commercial and craft enterprises.

3. Town planning and housing

The towns should be well-balanced and provide favourable conditions for people in all respects. Concentric development of settlements about their nucleus should be encouraged.

New housing areas should be designed to promote a desirable environment.

4. Public amenities

In the field of transport and communications, road improvements should provide rapid links between the city of Luxembourg and the centres of the neighbouring countries, and also with the north of the country. Improvement of international rail and air communications is also required.

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

For energy supplies, the risk of shortages necessitates a policy of economy in the use of all forms of energy.

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

New schools should be set up on the basis of detailed demographic studies and minimum requirements in respect of the size of each establishment should be met.

Finally, detailed and up-to-date legislation in respect of waste disposal should be drawn up.

Chapter III - MEASURES FOR DEVELOPMENT

1. Measures for economic and social development

The various measures envisaged are designed to stimulate the growth of the economy and safeguard full employment.

In addition to current statutes and bills, outline legislation up to 31 December 1979 is now in force; the measures of various kinds extending administrative provisions are linked up under that legislation and form a coherent system.

The measures contemplated cater for four degrees of gravity economic situation, both short-term and structural:

- (a) present situation;
- (b) level of unemployment 1 (1 500 persons seeking work);
- (c) level of unemployment 2 (2 500 persons seeking work);
- (d) threat of acute unemployment.

2. Measures necessary immediately in the light of the present situation

- Setting up of a national credit and investment institution (la Société de Crédit et d'Investissement);
- prolongation and expansion of temporary tax concessions for investment;
- increase in the amount of State intervention under the basic law on economic expansion;
- amendment of the outline law relating to small firms and trades;
- flexible application of the outline laws;
- action in organizing sites for industry and possibly preparing for use of such sites;
- doubling of the ceiling for guarantees provided by the Credits Guarantee Agency (l'Office du Ducroire);
- improvement of programmes of public works;
- increased building of subsidized housing;
- means of stimulating the building industry;
- intensification of action to combat clandestine labour;
- adjustment of apprenticeship pay;

- adjustments of the role of banks in the financial system.

3. Investment in iron and steel production

Investment in this sector of industry will continue for the medium-term and especially in the financial years 1977 and 1978: investments totalling about LFR 8.5 thousand million are envisaged.

4. Intervention in the labour market

Control over the labour market will be strengthened by a series of measures. These will be designed, in particular, to curb immigration, to prohibit unauthorized overtime working, to supplement vocational training, and to prevent engagement in paid employment in addition to receipt of a pension.

5. Measures for assistance under social security arrangements

In the event of the bankruptcy of an undertaking, the pay and compensation due to the employees will if necessary be paid out of the unemployment fund.

6. Contractual measures to reduce production costs

For the purpose of safeguarding employment, there will be provision for undertakings in difficulty to be permitted to make collective agreements reducing production costs.

7. Measures for general application in the national interest

In the event of manifest crisis in the labour market (unemployment going beyond level 2), it will be possible to apply temporary measures affecting the moving scale and indices, profit margins, prices and dismissal. Plans for level 1 of unemployment provide for an interim allowance in cases of early retirement; at level 2 of unemployment it will be possible to extend this allowance on a sectoral basis to persons in paid employment who have reached the age of 60.

8. Specific measures in the industrial sphere

A plan for industry entailing the creation of four industrial zones in the south of the country has been adopted in principle. In the same region the setting up of a variety of kinds of industrial activity is to be encouraged, in coordination with reorganization of the iron and steel industry.

As concerns undertakings located in other parts of the country, investment for consolidation or expansion will be promoted but efforts will be made to avoid a proliferation of small units.

9. Measures for the promotion of agriculture

Under existing laws there will be further measures to assist the development of agricultural businesses and also to retrain persons engaged in agriculture.

Moreover, there is a draft law designed to implement the provisions of the various Community directives, in particular those relating to less favoured agricultural areas.

10. Expansion of tourism

In order to give fresh impetus to tourism attracted by the spas, there is a plan to redevelop the Mondorf area. In addition, under the second five-year plan, commencing in 1978, infrastructure works will be carried out at Echternach and along the Moselle. The authorities also envisage putting into effect a number of other projects spread throughout the country.

11. Measures for development of the territory and of urban facilities

In the context of improvement schemes for the territory, studies and works at present in progress involve the canton of Vianden, the community of Ehnen, on the Moselle, and the basin of the Haute-Sûre dam. In that basin the Sebes¹ water treatment plant has been set up and is to be the base for a water supply system extending towards the centre of the country.

12. Measures to improve public amenities

For the road network the following medium-term projects have been decided upon:

- (a) Luxembourg - Thionville motorway (section between Dudelange and the frontier with France);
- (b) Northern motorway (construction of a by-pass round the town of Ettelbrück);
- (c) Luxembourg - Arlon motorway (construction, embankments and roadworks in the section between Windhof and the frontier with Belgium).

There are projects for the establishment, enlargement and equipping of educational centres, especially technical colleges in Luxembourg.

¹ Syndicat des Eaux du Barrage d'Esch-sur-Sûre.

Chapter IV - FINANCIAL RESOURCES

1. Guidelines for spreading the budget over the years

The intention of the budgetary policy is to fit the annual pattern of expenditure to changes over the years in public revenue, as anticipated from economic potential and the growth of the gross domestic product. The forecast annual growth rates in the value of normal revenue are 8.80% in 1978, 10.15% in 1979 and 9% in 1980.

With a view to achievement of the economic and social objectives, a multi-annual programme for public finance for the period 1977-1980 has recently been drawn up in the form of a draft law. In the next few years it will be possible to finance a large proportion of the budget for exceptional expenditure from surpluses in the ordinary budget. These surpluses amount to more than 10% of ordinary revenue and are sufficient to cover more than 80% of exceptional expenditure, leaving little to be covered by borrowing.

2. The multi-annual programme for public expenditure

(a) The multi-annual programme for expenditure under the budget

A table for the years 1976 to 1980 shows the change in the general economic categories of expenditure under the budget. The following deserve special mention:

- Transfers of revenue from the public sector to other sectors, constituting 19% of total expenditure under the budget and expected to rise by nearly 32% (LFR 6 344 million in 1976 and LFR 8 855 million in 1980); these transfers include subsidies to reduce interest rates, with an anticipated rise of 75%, and other subsidies to business undertakings amounting to 11% of total expenditure under the budget (LFR 4 905 million in 1980) and occurring preponderantly in the transport sector (approx. 10% of the total).
- Transfers of capital to other sectors, above all transfers to business undertakings made in the form of loans to encourage investment, which are treated as 'outside the limit', i.e. beyond the set figure for increase in expenditure from year to year (by LFR 70 million in 1978 and LFR 125 million in 1980).
- Transfers of capital to the authorities of communes and to other bodies with similar functions (LFR 592 million in 1977 and LFR 700 million in 1980), mainly for building up the infrastructure for tourism and for improvement of industrial infrastructures.
- Gross fixed capital formation (direct investment), including funds for road-building (LFR 659 million in 1977, + 50% and LFR 755 million in 1980).
- Grants of loans and of takings of share capital including, in particular, funds for business undertakings financed by the Société Nationale de Crédit

et d'Investissement entered 'outside the limit' (LFR 510 million in 1977, LFR 200 million in 1978 and 1979, LFR 100 million in 1980); other expenditure which should be mentioned is the share in increase of the capital of Luxair (LFR 10 million in 1978), payments to the Société du Port Fluvial de Merttert (LFR 46 million in each year), the share in increase of the capital of the electricity company (LFR 41 million in 1978 and LFR 62 million in 1980) and the share in the capital of the national railway company (LFR 1 million in 1977).

(b) The multi-annual programme for the special funds

Budgetary allocations to the special funds will increase by LFR 3.46 thousand million in 1977 and LFR 4.33 thousand million in 1980 (+ 25.3%). These special funds are to a large extent used as a means of effecting major State investments. Budgetary allocations of funds for public investment needed to carry out the programmes of works will rise from LFR 2 362 million in 1976 to LFR 3 300 million in 1980. The loans made available will secure normal progress in the performance of the programmes of works until 1980, although a sharp increase in the road fund will be needed from 1979 onwards.

Chapter V - IMPLEMENTING THE PROGRAMME

It should be pointed out first of all that the largest operations to assist businesses will be conducted by the Société Nationale de Crédit et d'Investissement, in liaison with Government departments, through the senior officials representing those departments on the board of management.

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

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

- investments in waste disposal, by the Minister of Public Health and the Environment.

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

Finally, it should be mentioned that because of the crisis affecting the iron and steel industry, which has both regional and sectoral repercussions, it does not seem possible to supply precise information concerning the time schedule for implementation of the programme.

Working population of the country¹

(in thousands of persons)

Sector	1974	1975	1976	Absolute change 1976-1980	1980
<u>Agriculture</u>	9.7	9.3	8.9	- 1.2	7.7
<u>Manufacturing²</u>	72.0	70.7	68.0	- 3.3	64.7
- Iron and steel (manu- - facture) and ore mining	25.0	24.6	23.3	- 3.5	19.8
- Traditional industries	15.9	16.1	15.9	- 0.3	15.6
- New industries	11.3	11.1	11.3	+ 1.0	12.3
- Building and civil - engineering	19.8	18.9	17.5	- 0.5	17.0
<u>Services</u>	67.9	69.9	70.8	+ 2.2	73.0
- Transport and communica- - tions (including post and - telecom.)	9.7	10.0	10.0	+ 0.3	10.3
- Public administration	13.8	14.2	14.3	+ 0.6	14.9
- Banking and insurance	6.0	6.2	6.4	+ 0.3	6.7
- Other services (Trade, - Horesca, ³ professions, - health services, house- - hold services, etc.)	38.4	39.5	40.1	+ 1.0	41.1
TOTAL	149.6	149.9	147.7	- 2.3	145.4

¹ Including frontier workers.

² Including craft firms.

³ Hotels, restaurants, cafes.

Structure of GDP (at factor cost) from 1960 to 1974

(LFR million)

Sector or branch	1960		1970		1974	
	abs.fig. ¹	%	abs.fig. ¹	%	abs.fig. ¹	%
<u>Agriculture</u>	1.8	7.6	2.1	4.3	2.7	3.5
<u>Manufacturing</u>	12.9	54.7	27.3	55.4	43.0	56.5
of which: iron and steel	7.7	32.6	14.1	28.6	22.8	30.0
chemicals	0.3	1.3	3.1	6.3	5.8	7.6
<u>Services</u>	8.9	37.7	19.9	40.3	30.4	40.0
of which: trade	-	-	6.2	12.6	9.1	11.9
transport	-	-	3.0	6.1	4.6	6.0
public administr.	2.2	9.4	4.8	9.8	9.0	11.8
TOTAL	23.6	100	49.3	100	76.1	100

¹ In thousand million francs at current value.

Budget appropriations to public investment funds

(LFR million)

	1976	1977	1978	1979	1980
Investment funds for telecommunications	600	620	650	700	750
Special fund for waterways clearance	400	330	330	365	400
Public investment fund for administrative, educational, health and social purposes	632	822	850	900	950
Road fund	730	850	850	1 150	1 200
TOTAL	2 362	2 622	2 680	3 115	3 300

Multi-annual programme for public finance 1977-1980

	(LFR million)				
	1976	1977	1978	1979	1980
<u>Ordinary budget</u>					
Revenue	32 094	34 616	37 741	41 575	45 300
Expenditure	27 262	30 975	33 701	37 125	40 450
BALANCE	+4 832	+3 641	+4 040	+4 450	+4 850
<u>Budget for exceptional expenditure</u>					
Revenue	168	9	10	f.mem.	f.mem.
Expenditure	4 842	4 627	5 032	5 450	5 850
BALANCE	-4 674	-4 618	-5 022	-5 450	-5 850
<u>Total budget</u>					
Revenue	32 262	34 625	37 751	41 575	45 300
Expenditure	32 104	35 602	38 733	42 575	46 300
BALANCE	+ 158	- 977	- 982	-1 000	-1 000

Summary of the
regional development programme

Netherlands
1977-1980

INTRODUCTION

The document referred to above and transmitted to the Commission in accordance with Article 6 of the ERDF Regulation is concerned with two regions, which, for regional development purposes, are given priority in the Netherlands, namely:

- the Northern region: 'Noordelijk stimuleringsgebied';
- the South-Limburg region: 'Herstructureringsgebied Zuid-Limburg'.

It is in three parts, the first dealing with general aspects and the second and third with the two regions in question.

It totals 179 pages (with 5 maps) and covers the period 1977-1980.

GENERAL ASPECTS

1. Relationship between national and regional policies

From a social and economic angle, regional developments - whether in the fields of production, income or employment - are closely linked with national structural policy. The measures taken or planned with regard to unemployment, taxation, investment and the geographical distribution of administrative services are therefore especially important for regional development.

2. Features of regional policy in the Netherlands

In its memorandum on social, economic and regional policy for the period 1977-1980, the Dutch Government describes four features: scope, modulation, intensification and integration.

The scope of regional policy includes not only the reduction of intraregional and inter-regional disparities of development, but also social, cultural and physical planning aspects. This scope is reflected in the introduction in 1975, alongside traditional instruments for promoting development, of disincentives designed to curb investment in the west of the country and further direct economic activity towards certain regions.

It is increasingly necessary to introduce a certain modulation in the numerous regional aids in order to meet the individual requirements of the regions.

The intensification of regional policy is reflected in the introduction of a number of additional instruments and in an increase of some 25% in the budgetary resources available. Furthermore, two regional development corporations have been set up: the 'Noordelijke Ontwikkelingsmaatschappij (NOM)' and the 'Limburgs Instituut voor Ontwikkeling en Financiering (LIOF)'.

Moreover, if regional policy is to play a significant and effective role, it must be based on the integration of three components: the economic, the social and cultural and the spatial. Such integration has been put in practice by the Government in its physical planning, particularly in its efforts to develop growth points.

3. The nature and preparation of the two regional development programmes in the Netherlands

The South-Limburg programme is very detailed since it is strongly orientated towards the diversification of an economy based primarily on the mining industry into a wider and more balanced structure.

The programme for the north of the country, on the other hand, is more general, being concerned with a more regular development process within a less uniform economy.

These programmes are based on two wide-ranging studies which are still in progress, the overall structural plan for the North (ISP) and the review of prospects in South-Limburg (PNL), and on memorandum on social and economic policy at regional level for the period 1977-1980, in which the Dutch Government formulated its regional policy. The two studies mentioned are due to be examined in 1978 by the Government before being transmitted to Parliament.

The regional development programmes will of course have to be adapted from time to time to meet future new developments.

However, difficulties are being experienced in meeting the requirements of Chapters 3 to 5 of the Outline for the programme fully, since these studies are not yet at the final stage. Furthermore, regional data are generally not available ex ante on the application of all the regional aid measures as these measures normally cover an area greater than that of the priority regions.

Finally, it is not yet possible to report on the use of ERDF resources in connection with the set of aid measures taken for the two regions. It is stated, however, that the ERDF's contribution will be used entirely for improving infrastructure in the two priority regions.

4. Relationship between regional policy and structural and sectoral policy

On several occasions, the Netherlands has stressed the need to identify as clearly as possible the regional dimension of the Community's economic structure. Difficulties have hitherto been encountered owing to the lack of adequate regional criteria and sectoral policy criteria at Community level.

In the Netherlands, steps have been taken to prevent these two policies from obstructing each other by organizing cooperation between the bodies responsible for stimulating economic activity in the less-favoured regions and those responsible for formulating and implementing sectoral policy.

The regional development programmes of the Member States might prove a useful means of showing more clearly the relationship between regional and structural objectives.

5. Cross-border regional programmes

The population of the regions situated at the Community's internal frontiers are greatly affected by the lack of integration; hence the necessity to coordinate regional policy in these regions. The possibility is now being studied of drawing up a cross-frontier action programme for the north of the Eems-Dollard frontier region, within the framework of a bilateral agreement between the Netherlands and Germany. This programme will broadly follow the common Outline.

NORTHERN REGION: 'NOORDELIJKE STIMULERINGSGBIED'

Chapter I - ANALYSIS OF ECONOMIC, SOCIAL, CULTURAL AND SPATIAL DEVELOPMENT

1. Economic development

This region has a population of 1.5 million (the total population of the Netherlands is 13.6 million) and a population density of 175 per km² (as against 402 per km² for the Netherlands as a whole); its unemployment rate of 8.2% is high compared with the national average of 5.7% (1976 figures).

At 53.2%, the service sector has come to account for the largest share of employment. Income per taxpayer is very close to the national average and the contribution of manufacturing (including mining and quarrying) to gross regional product rose significantly during the 1960-1975 period.

The region is characterized by its peripheral position, reorganization of the various sectors, rural nature and low density of population.

Major measures to correct and stimulate development

Under the investment premium scheme, measures have been taken to help the region. During the period 1969-1976, this type of regional aid helped to create some 21 000 new jobs.

Under the counter-cyclical employment programmes of 1972-1976, some HFL 2 000 million were made available to the region; this generated extra employment estimated at 24 000 man-years. Furthermore, during the period 1965-1976 work on regional infrastructure costing more than HFL 719 million was carried out and HFL 793 million was spent on improving national highways under the national road plan.

The development corporation, 'Noordelijke Ontwikkelingsmaatschappij (NOM)', which was set up in 1974, also contributed HFL 80 million to the creation of new jobs.

In addition, the consolidation of holdings schemes affected about 21% of the total land area of the north, while in the social and cultural field aid amounting to HFL 73.5 million had been given in 1976.

Measures designed to relocate administrative services will provide for the movement of 4 500 jobs to this region by 1980.

Impact on labour market and economic structure

Demand for labour has declined since 1965 whereas, on the supply side, there has been an increase in the number of employable persons. In addition, there is a mismatch of skills. Despite the measures taken to maintain the level of employment, the number of unemployed exceeded 30 000 in 1976 (an unemployment rate of about 8%).

With regard to the main sectors, employment in agriculture has declined from 27% in 1950 to 12% in 1975; the related food processing industry accounts for about 20% of manufacturing employment. In view of the rationalization and reorganization of farms, employment in this sector must be expected to shrink further.

In manufacturing the situation has improved since 1955, partly owing to improved communications. However, a number of weak points remain and a process of rationalization is expected, particularly in the potato flour, paperboard, clothing and dairy products industries; employment in manufacturing generally is expected to fall in the years to come. The industrial complex at Eemshaven and the university centre at Groningen could play an important part in attracting new activity. Finally, development may be helped by the exploitation of oil and natural gas reserves.

The services sector will need to be developed further in the future, the under-represented basic tertiary sector ('stuwende dienstverlening') in particular will be encouraged together with the manufacturing, in order to reduce the jobs deficit. At a very rough estimate, this deficit is expected to reach some 45 000 jobs in the north in 1980.

2. Social and cultural development

The main aim of a social and cultural policy is to provide the special facilities necessary for an adequate social environment. In the field of services, these facilities consist of health centres, social services and cultural and sporting centres; in the activity field they consist mainly of urban renewal, youth movements, libraries, amateur art groups, welfare work and help for elderly and handicapped persons.

Social amenities in the north are adequate today, and there are the added advantages of quietness and space, the qualities of a little developed rural area. Although some leeway needs to be made up in education, there seems to be a lack of unskilled labour. Health facilities and social services have developed rapidly, although they are not yet up to the national average.

3. Physical development

The loss of jobs in agriculture is encouraging people to move to the towns. At the same time, however, the rise in the standard of living has tended to lead to a separation of the place of work from homes to the benefit of small towns and the surrounding villages. As a result, commercial and other facilities are concentrated in the larger centres.

The environment has been helped by the improvement and extension of the road network. Some parts of the north have consequently become national and international tourist centres.

Finally, the changes in agriculture have affected the environment, nature and the countryside.

As regards health, the north benefits from the dispersal of its population and economic activities. However, there is a danger of too great a tolerance when critical pollution thresholds are reached.

Chapter II - DEVELOPMENT PROGRAMME OBJECTIVES

1. General context

The scope of this programme must be considered in its national and international setting and it must first cover socio-economic and physical planning policy, since the working party responsible for formulating the detailed socio-cultural objectives within the ISP has not yet completed its work. The varying interests must be balanced within this framework.

In the economic field, the problems of the north are still accentuated by its distance from the rest of the country and by its dispersed population. A concentration of activities may make economic sense, as can be seen from the examples of Centraal Groningen and Delfzijl/Eemshaven.

But the smaller centres must also be made visible, notably by increasing the flexibility of public services or ensuring mobility of services. Special attention should in addition be paid to open-air recreational activities.

2. Economic policy

This policy should aim primarily at reinforcing the economic structure and raising the level of employment, both quantitatively and qualitatively.

Two important points should be borne in mind with regard to the north; the lower income levels and the regional component of structural unemployment. The overall quantitative aim is to create 36 000 new jobs by 1980, which would eliminate the regional component of unemployment. This quantified aim is not binding, but is used as a guideline for additional policy measures.

This region requires more manufacturing firms and further measures to help small and medium-sized enterprises.

3. Social and cultural policy

In future, greater emphasis will have to be placed on the development of social and cultural activities. An action group has therefore been set up to solve the main problems. It has several aims which include maintaining and creating jobs in the health sector, dealing with the disadvantages in education and income, reducing unemployment, maintaining social structures etc.

4. Physical planning

The main aims of this policy are to prevent urban congestion, to protect the ecology and the countryside, to close the gap in economic development and in services and, finally, to reduce movements between the various areas. Given the employment situation, regional economic policy continues to concentrate on the 26 existing development points.

At present immigration into the north slightly exceeds emigration. Concentration within this region will have to be based primarily on the centre of Groningen, at the mouth of the Eems, at Leeuwarden and at Emmen.

The aim of increasing production is bound to have an impact on the environment. The maintenance of a relatively intact environment and the great ecological value of the north (Waddenzee) are the main constraints on economic policy.

5. The main lines of an area-by-area approach

The economic structures of the different areas making up the north vary widely. The Delfzijl-Uithuizen area is suited to port-related industries, Groningen, with its university, to the research and services sector and the Friesland lake area, the Drenthe plateau and the north-west Overijssel to tourism.

On the other hand, other areas, such as to the west of Groningen, south-west Drenthe and north-west Overijssel are lagging well behind in economic development.

In implementing policy, the best use will be made of the existing advantages of the various areas and special attention will be paid to the weaker areas.

Chapter III - MEASURES AND INSTRUMENTS

1. Economic measures

1.1. The investment premium scheme (IPR) has so far been the most important source of direct aid for creating and extending manufacturing and service enterprises in the north.

A new system came into force on 8 June 1977. This maintains the 25% rate up to a maximum of HFL 4 million and offers the additional possibility of a combined premium: a 15% rate with a ceiling of HFL 2.4 million plus an additional HFL 12 500 for each job created, with an overall ceiling of HFL 5 million. The new investment law (WIR) now being drafted provides for a temporary increase in the 25% premium to 40% for building investment in certain specific subregions.

1.2. The Noordelijke Ontwikkelingsmaatschaapij (NOM) deals with the acquisitions of new premises; it can finance advance factories and can acquire shareholdings in firms. It was allocated HFL 200 million from the budget for these purposes.

1.3. As part of its structural policy, the government has set aside additional funds for measures to improve the labour market. Furthermore, in the less-favoured areas the efforts to create temporary employment especially for young people and women will be continued and as many of the unemployed as possible will be given work in the educational, social and cultural services.

There is also a scheme for paying the removal costs of the unemployed and of groups of workers whose firms move to a different area.

1.4. Between now and 1980, the Government has decided to carry out a number of large-scale infrastructure projects at a total cost of HFL 68.1 million, including the construction of new motorways and the improvement of the Zwolle-Emmen railway line. In addition, the Ministry of Economic Affairs has prepared a programme of provincial and communal infrastructure projects designed to link up industrial sites, for which the ERDF may provide aid.

1.5. In the agricultural sector, there are three schemes: the 1954 law on the consolidation of holdings, the memoranda issued in 1977 and those granting subsidies to communal projects and to those of the water services relating to protection of the landscape, afforestation and re-afforestation. In addition there is the law on the redevelopment of Groningen-West and of the peat bogs of Groningen-Drenthe, a programme costing a total of HFL 1 500 million. Furthermore, in order to stop pollution by the paperboard and potato starch industries, an investment programme of HFL 645 million is being implemented, with the EAGGF contributing 10%.

1.6. Firms in difficulty may qualify for substantial aid from the Ministry of Economic Affairs. The Government is also contributing to the removal costs of firms and to the modernization of commercial centres, and has set aside additional funds for special cases. Its programme for dispersing administrative departments provides for the movement of 4 500 jobs to the north before 1980.

2. Social and cultural measures

The Government hopes to be able to carry out a programme in this field during 1978.

As part of the special regional welfare policy, a subsidy of HFL 7.5 million has also been set aside for the period 1977-1980 for social and cultural activities.

3. Physical planning measures

The centre of Groningen is regarded as a growth town, around which between 10 000 and 15 000 dwellings are to be constructed by 1990.

Given the existence of suburban centres, it will be necessary to provide an attractive alternative environment by concentrating the growth of population in and around urban centres (the area at the mouth of the Eems, the urban centres in the provinces of Groningen, Friesland and Drenthe) and by allowing limited growth in the areas of great ecological and land value (the north of Drenthe, the lake areas in Friesland and the west of Drenthe).

Chapter IV - FINANCIAL RESOURCES

Regional aid measures are normally applicable to all the less-favoured regions in the Netherlands, and so it is not generally possible to provide an ex-ante regional breakdown of the corresponding budgetary amounts. For the period 1977-1980, the total amount set aside for the main financing instruments is HFL 1 348.6 million. During 1978, the first phase of the new infrastructure programme will be established on the basis of priority provincial and communal infrastructure projects.

As regards ERDF resources, an amount of HFL 55.2 million should be available in the period 1977-1980 from allocations to the north made during the ERDF period now coming to an end. For the coming ERDF period - after 1977 - account is taken of the fact that a set proportion of ERDF funds will finance development in the north.

Furthermore, for the period 1977-1980, some HFL 187 million has been set aside in the budget of the structure group (ISP) for structural measures and projects.

Chapter V - IMPLEMENTATION

In the case of all the regional instruments used directly to stimulate the economy, it is the Ministry of Economic Affairs which exercises the power of coordination and decision, usually after having consulted provincial bodies.

A special procedure has been laid down for the investment premium scheme (IPR): where a new firm is set up, the application must be submitted to the 'Noordelijke Ontwikkelingsmaatschappij (NOM)', which then sends it to the provincial authority, which in turn passes it on to the Ministry together with its opinion. In the case of extension, the application is submitted to the provincial authority, which then sends it, through the NOM, to the Ministry with its opinion.

NOM plans for acquiring shareholdings in new or existing enterprises must be approved by its Board. As the only shareholder in the NOM, it is the Minister of Economic Affairs who gives the final formal agreement.

The Minister is also responsible for infrastructure subsidies and aid for developing industrial estates; he also draws up a priority programme in agreement with the provincial authorities based on the opinion of an interdepartmental committee.

Responsibility for applying measures relating to welfare, the labour market and the consolidation of holdings lies with the Ministry of Cultural Affairs, the Ministry of Social Affairs and the Ministry of Agriculture respectively.

Finally, a steering group (ISP) is responsible for drawing up the overall structural plan. This group is composed of representatives of several ministerial departments, the four northern provinces and official bodies, and it must report to a ministerial committee chaired by the Minister of Economic Affairs. It is expected that the final general report of the ISP will be available in 1978. Following examination by the ISP ministerial committee, this report will be submitted for the approval of Parliament and the provincial councils.

THE SOUTH-LIMBURG REGION: 'HERSTRUCTURERINGSGEBIED ZUID-LIMBURG'

Chapter I - ANALYSIS OF ECONOMIC, SOCIAL, CULTURAL AND SPATIAL DEVELOPMENT

1. Social and economic development

This region, which had a population of 708 300 in 1975, has a relatively high density of population (775 per km²) compared with the national average (402). Unemployment is high at 8.9%; the services sector accounts for 53.2% of all jobs. The average income per taxpayer in 1972 was fairly close to the national average.

The economy of this region was formerly dominated by coal mining. Since 1965, however, the rundown of production and the gradual closing of mines have led to the loss of 45 180 jobs. Between 1965 and 1973, the industrial and services sectors expanded, but in spite of great efforts to create new employment, almost 5 000 jobs were lost.

Major measures to correct and stimulate development

As a result of the mine closures, the Government took steps to help the coal-mining industry by granting it direct aid of HFL 1 379.6 million during the period 1965-1975. Between 1966 and 1975, it also granted investment premiums totalling almost HFL 200 million for extending or setting up firms, thereby contributing to the creation of some 14 000 jobs. It has also spent HFL 217.5 million and HFL 258 million respectively in improving regional and national roads and it has granted subsidies for the development of industrial sites. In order to boost employment, counter cyclical programmes costing HFL 372 million were carried out in the period 1972-1976 and financial help amounting to HFL 187 million was given to firms in difficulty during the period 1974-1977; some 12 500 jobs were affected.

Under the specific regional welfare policy, aid totalling HFL 29.8 million was granted and, on 1 July 1975, some 3 000 administrative jobs were transferred to the region. The establishment of university faculties at Maastricht will also help to boost employment.

To this must be added the part played by 'NV Industriebank Limburgs Instituut voor Ontwikkeling en Financiering (LIOF)', the regional development corporation.

Impact on labour market and economic structure

As regards the labour market, the labour force grew more slowly than in the country generally during the period 1960-1975. There was also a sharp increase in the number of persons crossing the border to work in Germany (more than 15 000 in 1974) and a substantial number of workers coming from Belgium (almost 5 000). In 1967, unemployment had already reached 5.6%, the young being hardest hit. By mid-1977, there were an estimated 7 000 jobs in the primary sector, approximately 100 000 in the secondary sector and some 110 000 in the tertiary sector. In the secondary sector, the extractive industries are limited to sand, gravel and marl. There are also special problems facing firms in the clothing industry, and a slowdown in building and construction is expected. It is estimated that there will be a 4.7% growth in employment between now and 1980 (2.7% for the Netherlands generally). Out of a labour force of 277 000 in 1975, 246 000 persons were working in the region, 10 000 were employed outside the region and 21 000 were unemployed. According to the latest, very rough, estimates, there is likely to be a deficit of some 26 000 jobs in 1980.

2. Social and cultural development

The widespread mine closures profoundly altered the lives of many people. The ensuing changes posed a great many serious problems for miners, some of whom found it difficult to obtain other employment or were forced to go to work in Germany.

In addition, the social services operated previously by the mines and the miners' unions gradually disappeared and the Church was faced with an increasing scarcity of priests. The loss of senior personnel suffered by various social and cultural institutions increased the burden on local authorities, which had to overcome serious financial difficulties.

3. Physical development

The industrial monostructure and the concentration of the population around the mines influenced the structure of the communications network. It will therefore be necessary to improve the roads between the former mining areas in this region and to maintain adequate rail links with places outside the region, particularly Liège and Aachen. With regards to waterways, it is planned to increase the capacity of the Meuse-Albert Canal link by constructing a fourth lock at Ternaaien and to widen the existing waterways.

Although there is clearly a surplus of industrial land, the lack of sites which can be linked to waterways needs to be remedied.

A cautious physical planning policy will have to be adopted in the years ahead. Between 1975 and 1980, some 60 000 new dwellings will have to be built in order to disperse the population.

Another important feature is the tourist development which has got under way in the south and in the area around Valkenburg - an area with a land-scape unique to the Netherlands.

Chapter II - DEVELOPMENT PROGRAMME OBJECTIVES

1. National and international context

This region is characterised by a very short frontier with the rest of the Netherlands compared with its frontiers with surrounding foreign countries. This position makes the region particularly susceptible to the international and national decisions which affect relations between the Netherlands and other countries. In particular, continued harmonization within the EEC of measures which influence competition between enterprises in the different countries will have a beneficial effect.

A policy of selective regional growth must be geared to creating an economic structure which, as far as possible, takes account of important regional aspects, notably physical planning and the management of the environment.

2. Economic policy

The most serious problem facing this region is the shortage of jobs and the high level of unemployment. The regional component of structural unemployment must therefore be eliminated. Between 1975 and 1980, 21 000 additional jobs will have to be created. This overall quantified aim is not binding, but it is used as a guideline for further regional policy action.

Steps must also be taken to diversify employment, both quantitatively and in terms of skills, and to reduce the labour supply by, for example, allowing early retirement, by extending the school-leaving age or by encouraging people to move to or commute to other areas. It will also be necessary to decentralize administrative services.

3. Social and cultural policy

The main objectives of this policy are to encourage independent welfare organizations, to help social and cultural associations and to support leisure activities.

4. Physical planning policy

The broad aims of this policy are to prevent congestion, to protect the countryside and the environment, to bring the region up to date in terms of social and economic development and of amenities and, finally, to reduce movement.

A further urgent problem is urban renewal, particularly in the mining areas in the east, in the west and at Maastricht.

5. The main lines of an area-by-area approach

The mining area in the east of the region is faced with the most acute economic, social, cultural and physical planning problems. Steps must be taken to maintain existing jobs, to create new jobs (particularly for the young), to develop the services sector and to improve the urban structure.

In the mining area in the west of the region, priority must be given to increasing the number of jobs and to developing industry.

Maastricht's position could be strengthened by developing the services sector, while the rural and tourist area in the south should be allowed to retain its existing character.

Chapter III - MEASURES AND INSTRUMENTS

1. Economic measures

The investment premium scheme (IPR) is the most important financing instrument. Except for Roermond, where a 15% rate is applied, the remainder of the region qualifies for a 25% rate for setting up and extending businesses. Improvements have been made, with a ceiling of HFL 4 million and the alternative of a combined premium. Furthermore, in the case of small enterprises, the threshold is reduced from HFL 400 000 to HFL 200 000 and the new investment law (WIR) now being drafted provides for the premium available in certain specific subregions to be increased from 25% to 40% for investment in buildings and construction work.

In addition, the development corporation (LIOF) can draw on a budget appropriation of HFL 25 million to acquire enterprises and shareholdings, particularly in the mining area in the east of the region.

As regards the labour market, steps must be taken to create part-time jobs for young people and women. In order to bring demand for labour and its supply closer into line, the rules on migration were replaced by the 1977 scheme granting assistance towards transfer costs. Measures have also been taken to strengthen the existing collaboration between employment offices on both sides of the frontier.

2. Infrastructure

The present road infrastructure programme is already well advanced, except for the Maastricht-Roermond-Venlo-Nijmegen link, the link with North Brabant and certain provincial roads designed to connect the different mining areas.

There are plans to adapt the urban infrastructure to the existing road network with the help of additional subsidies.

As regards inland waterways, a study is in progress on the improvement of the Wessem-Nederweert and the Zuid-Willemsvaart canals (at a total cost of HFL 150 million).

It is also planned to improve the road network serving industrial sites and, possibly, to assist the development of new industrial estates by means of a single aid payment.

Finally, the measures taken include support to existing enterprises under sectoral policy, help with the cost of transferring activities and subsidies for modernizing commercial centres. Additional funds are set aside for special cases.

The mining area in the east of the region must be given priority by the development corporation (LIOF) and in the allocation of premiums for large-scale industrial projects.

The possibility of constructing a conference centre in Maastricht is being studied. The extension of the university at Maastricht might also help in its development.

3. Supplementary policy measures designed to cushion the impact of unemployment

This region should be used to try out the policy of work-sharing, either by means of part-time work or of early retirement. Activities must be developed which benefit school leavers, the young unemployed and the adult unemployed (including ex-commuters). Educational, social and cultural programmes to help the unemployed are also being encouraged. At Community level, measures have also been taken to ease the transition from school to work.

4. Social and cultural measures

For the period 1977-1980, and as part of the specific regional welfare policy, HFL 4.5 million has been made available to assist social and cultural activities involving a large number of organisations.

In a health context, the further development of regional medical centres is necessary.

In education, there is the problem of technical teaching, which must be better adapted to the needs of the labour market. A college of applied chemistry is also needed.

Generally speaking, sporting facilities are adequate.

5. Physical planning measures

With regard to urban redevelopment and renewal the relevant Ministry provides a subsidy of 80% of the cost of acquisition and demolition and a subsidy of 50% of the cost of public works. A rent subsidy is also generally granted.

The problems of redeveloping former mining land, of providing industrial sites close to waterways and of preserving open countryside between Maastricht and Sittard/Geleen and between Sittard/Geleen and Heerlen are all being closely studied.

The rural structure must also be protected, particularly the Mergelland area, and steps must be taken to minimize the effect of tourism on areas which are primarily rural.

Chapter IV - FINANCIAL RESOURCES

As in the case of the northern region, it is not possible to provide a regional financing breakdown.

ERDF resources amounting to HFL 10.2 million will be used to finance two road infrastructure projects: the link between Kerkrade and the German frontier and that between Stein and Geleen. A total of HFL 13.9 million remains available from the last ERDF period for infrastructural improvements.

To finance the structural measures and projects laid down in the Perspectieven Nota (PNL), budget resources of HFL 92 million have been made available for the period 1977-1980, HFL 15 million of which was spent in 1977.

Chapter V - IMPLEMENTATION

Generally speaking, the regional development aid measures are implemented in the same way as in the northern region.

However, mention should be made of the procedure for implementing the 'Perspectieven Nota Zuid-Limburg (PNL)'. As in the case of the structural plan for the north, a special committee has been set up consisting of representatives of the various ministerial departments concerned and of provincial delegates. The responsibilities of this committee include fixing the schedule of implementation, advising on spending plans and taking follow-up action.

Budgetary resources allocated to the main regional policy
instruments in the Netherlands

Period 1977-1980

(in HFL million)

Instruments	1977	1978	1979	1980	Total 1977-1980
Investment premiums (IPR)	159.6	170.0	176.7	183.8	690.1
Infrastructure subsidies	102.5	75.0	75.0	75.0	327.5
Aid for the development of industrial sites	19.5	30.0	30.0	30.0	109.5
Aid for the transfer of enterprises	19.5	30.0	30.0	30.0	109.5
Modernization of commercial centres	5.0	5.0	5.0	5.0	20.0
Supplementary aid	17.0	25.0	25.0	25.0	92.0
TOTAL	323.1	335.0	341.7	348.8	1 348.6

Summary of the
regional development programme

**United Kingdom
1978-1980**

INTRODUCTION

The programme covers all the assisted areas in the United Kingdom. In total there are 104 pages, 25 of which are statistical tables. The first six sections concern regional development in the United Kingdom as a whole, the next the situation in individual assisted regions, while the annexes provide general information on industrial incentives, the role and organisation of infrastructure and employment forecasting, as well as the statistical tables.

SUMMARY

1. The United Kingdom

The United Kingdom's regional problem stems primarily from the decline of employment in traditional industries, such as coal mining, textiles, ship-building, metal manufacturing and agriculture, which tend to be concentrated in the assisted areas. Various factors have discouraged new investment in these areas so that there is an excess of labour relative to demand, reflected in unemployment rates typically $1\frac{1}{2}$ to 2 times the national average, levels of GDP per capita below the national average and net emigration. Although it is estimated that during the 1960s regional policy measures raised employment in the Development Areas by 300 000, this did not fully offset the rundown of their basic industries which were large users of labour.

In addition to this general problem the inner areas of many important cities, both within the assisted areas and elsewhere, suffer markedly from economic decline, physical decay and social problems. Similar problems are found in many older towns. The older urban areas have more than the national proportion of unskilled and semi-skilled workers, among whom unemployment is highest, and have suffered from insufficient investment in manufacturing industry.

In the immediate future unemployment is likely to fall slowly and, even when the recession has passed, remain significantly higher than in the recent past. Manufacturing industry is unlikely to provide a significant number of additional jobs and service employment is expected to increase less rapidly than in recent years. A significantly faster rate of economic growth (faster than appears likely at present) will be needed to replace the jobs lost in traditional manufacturing industries.

The essence of regional policy in the United Kingdom is the attraction of industry, particularly to the Development Areas and Northern Ireland. In the Intermediate Areas the modernization of existing industry is encouraged. Specific objectives in terms of job creation and unemployment rates are not now set in advance, as experience has showed their unreliability. Industrial incentives are awarded without discrimination between locations within a category of assisted area, so the choice of location within the assisted areas is ultimately left to the investor's judgment. Generally speaking the Government does not try to identify particular industries suitable for particular areas and seek to attract them there.

The measures for development in the United Kingdom are of four main types: incentives for manufacturing and service industries to locate and expand in assisted areas, the provision of infrastructure to support industrial development, measures to develop tourism and certain restrictions on investment in non-assisted areas. Control of land use is primarily the responsibility of local authorities.

The financing of aid to industry differs greatly from that of the infrastructure investment. Expenditure on most financial aid to industry responds to applications from companies while infrastructure expenditure forms part of the rolling programmes of the different authorities responsible. Infrastructure programmes are not generally drawn up on a regional basis but are determined by national or local authorities. In the case of integrated national systems like railways, gas, electricity and telecommunications regional breakdowns of investment are not meaningful. The financial information available therefore on both industrial aids and infrastructure investment, is limited.

The Government is introducing measures to deal with urban decay, to allow a concerted effort by local authorities and Government departments. Its Industrial Strategy, whose main aim is to improve the competitiveness of manufacturing industry through detailed studies of around forty sectors, is intended to complement regional policy, not conflict with it.

In each region of Great Britain there is an Economic Planning Council and Board. The Council is a non-executive body that collaborates in the preparation of advisory regional strategies. The Board consists of officials from the regional offices of Government departments, responsible for the coordination of their work when necessary. Infrastructure and other public programmes remain, however, the responsibility of the departments concerned. In Northern Ireland central Government is responsible for the region's planning strategy.

2. North (England)

The whole region is a national priority area with Special Development Area status in the Tyne-Tees area, and in West Cumbria, and Development Area status elsewhere. Much of the region is a less favoured agricultural area. Its population is around 3 million.

The region's economic problems stem from a persistent decline in basic industries over the last 40 years. Coal mining, shipbuilding and heavy electrical

and marine engineering still provide 25% of male jobs compared with 9% in the United Kingdom, despite the heavy loss of employment in these industries; there has also been a considerable rundown of employment in iron and steel manufacturing, and its rationalization is continuing. The result is heavy emigration, levels of GDP per head below the national average and high unemployment, especially in the Special Development Area. There is a need to diversify the industrial structure by attracting oil-related and other new industry and encourage the expansion and development of indigenous industry.

Several major industrial developments are taking place: the iron and steel complex at Redcar and ICI's chemical investments on Teeside. Despite the improvements made in the region's infrastructure in recent years, large problems of derelict land and poor housing exist and there is a need to provide better access to certain industrial zones, integrated transport systems for the main urban areas and better dock facilities. As well as the development of industrial sites, infrastructure investments will include an important water supply scheme (the Kielder Reservoir scheme), drainage schemes for the lower Tyne and Tees areas, road improvements in Cumbria and Cleveland and the Tyneside Metro. Newcastle and Gateshead are priority areas for action under the national programme to regenerate the inner cities.

3. Yorkshire and Humberside (England)

All the Yorkshire and Humberside region of 4.9 million inhabitants is eligible for assistance from the ERDF. The northern part, Hull and Grimsby are Development Areas but the greater part of the region, containing most urban industrial areas, is an Intermediate Area.

Parts of the region suffer from an overdependence, now somewhat reduced, on basic industries: textiles in West Yorkshire and coal mining and steel in South Yorkshire; Humberside is faced by a succession of industrial closures and the problems of the fishing industry and is isolated from other industrial areas.

The region has various advantages that should help offset these problems and the main objective is to render the region capable of self-sustained growth, by encouraging new industrial investment in the main urban areas and completing the basic road network. A number of major productive investments are being made: the development of a large coalfield and of steel-making, the transfer of Government offices from London, the construction of two chemical plants on the Humber and the rationalization of the wool industry. Several important improvements to the road network, particularly on Humberside, are being made and the clearing of derelict land and the development of industrial sites is in progress.

4. East Midlands (England)

The region contains three Intermediate Areas, different in character, where 0.7 million of the region's 3.7 million people live.

The North Midlands is still heavily dependent on coal mining (23% of male jobs) although since 1965 nearly half of mining employment has been lost. The other major industry is engineering (providing a further 20% of male employment) much of which is linked to coal mining; service employment is very low. As this loss has been offset to a considerable extent by new industries the unemployment rate does not reflect the vulnerability of the area's economy.

North Lincolnshire is a rural area with its scattered population dependent on agriculture and tourism. Defence establishments which used to provide employment are being run down. Employment is frequently insecure and seasonal. Of the High Peak district much is a less favoured agricultural area.

All three areas share the need for additional job opportunities and for infrastructure improvements: advance factories are being built in each area.

5. South West (England)

The most western parts of the region, containing 0.8 of the region's 4.2 million inhabitants are assisted areas. Most of Cornwall and North Devon has Development Area status: Plymouth and the area to its north and west is an Intermediate Area. The sole large town is Plymouth (0.3 million inhabitants) which is overdependent on the naval dockyard. Elsewhere there is a problem of under-industrialization caused by remoteness, poor communications and small scattered settlements. The manufacturing sector is small and its scope for growth limited. Employment in agriculture and tourism - the South West is Britain's most popular area - has fallen in recent years. Unemployment is high, even relative to other development areas, and the objective is to expand the manufacturing sector as well as the various non-manufacturing industries (tourism, farming, fishing, mining).

There is a need to train the labour force which lacks industrial skills, to provide industrial sites (difficult in an area of adverse topography and natural beauty) and to improve road links with the rest of Britain. Water supply and sewerage are to be improved, to safeguard industrial requirements during the season of high demand by tourists.

6. West Midlands (England)

The only assisted area of the West Midlands is the Oswestry Intermediate Area with a population of 40 000. It is rural and somewhat isolated from the main industrial centres of the West Midlands. Severe job losses have resulted from the closure of railway workshops, a colliery and military establishments. Unemployment is above the national average. The aim is to build up employment by encouraging small and medium-sized developments in the two centres of population. Industrial sites and advance factories are important in attracting small projects. The area has lost new development due to lacking them, but they are now being provided.

7. North West (England)

The region has a population of 6.5 million and is divided into two assisted areas:

- the Merseyside Special Development Area (around 25% of the population)
- the North West Intermediate Area

The North West is one of the oldest industrial complexes in Europe. Over the last 25 years employment has been lost on a vast scale in basic industries - textiles, coal mining, metal manufacture, shipbuilding, ports and port based industries - not made good by new employment. Newer industries have also reduced employment due to changes in markets and techniques. The inner parts of the two major cities have suffered particularly severe losses of jobs.

Much of the North West suffers from dereliction, bad housing, obsolete inadequate infrastructure and outdated industrial buildings, especially in the centres of the older towns. The problems are worst in Merseyside, whose port is at a geographical disadvantage for European trade. The rationalisation of the port and related industries and services has caused a major contraction of employment.

An exceptionally high birth rate in the past means the workforce is now expanding rapidly. The shift of population within Merseyside aggravated the problem to some extent, as clearance programmes led to the loss of inner area jobs at a high rate. Unemployment rates are quite especially high there.

In the rest of the region the employment decline arises from the rationalization of various heavy industries and the decline of textiles, clothing and coal mining. These problems are felt acutely in inner Manchester and Salford. Unemployment remains close to the national average, due to emigration and reduced activity rates, but there is high local unemployment in a number of Lancashire towns.

Employment prospects over the next three years are poor, with continuing rationalization of existing industry and growth of the labour force. Priority for projects that create or maintain employment and for the provision of industrial sites and factories, is being given to Merseyside especially the inner area, though industrial sites and advance factories continue to be prepared elsewhere in the region. Both inner Liverpool and Manchester/Salford are included in the national programme for inner cities. Communications need to be adapted through the improvement of port facilities, particularly on the Mersey, better access to the east coast and improved roads within the region.

8. Scotland

The country is diverse and has a variety of regional problems. However, while much of its area consists of remote agricultural regions, most of the population lives in the highly industrialized regions of the Central Belt. These regions, Clydeside in particular, are suffering from the decline of their traditional industries, and over the decade 1965-1975 total employment in the

primary and secondary sectors fell. This was not compensated by employment in services or new manufacturing, such as motor vehicles, electrical engineering and engineering related to oil development, which has developed in Scotland.

The Strathclyde region has half Scotland's population and presents its major problem of regional development: industries with declining employment such as shipbuilding, steel, textiles, coalmining and heavy engineering are strongly represented and between 1965-1975 employment fell by 65 000 (6%). Unemployment is well above the national average and the emigration rate the highest in the UK. As well as industrial decline the region faces exceptionally severe housing, environmental and social deprivation problems.

The other regions of the Central Belt, Lothian, Tayside, Fife and Central have suffered losses of employment in the coalmining, jute, paper making and metal manufacturing industries, though in Lothian prospects are improving with the growth of service employment in Edinburgh.

The Grampian region, which includes Aberdeen, used to suffer from job losses but has been transformed by the development of North Sea oil into an area of expanding population and employment. This growth has put pressure on local infrastructure and its benefits are concentrated in the Aberdeen area.

The remaining regions, the Borders, Dumfries and Galloway in Southern Scotland and the Highlands, Western Isles, Orkney and Shetland in Northern Scotland are all predominantly rural and share to varying degrees the problems of isolation, undiversified economies and small scattered populations. Small scale industries have been established in some areas but the most significant impact on employment in recent years has come from oil-related industry - in Orkney, Shetland and the Highlands (near Inverness). Much of the employment is in platform building and so unstable, and this growth has strained local infrastructure.

Structural change will continue due to world overcapacity in shipbuilding and marine engineering, the rationalization of steel making and the decline of textiles and coal mining. The period of rapid employment growth caused by North Sea oil is now at an end. Although the employment situation has improved in Scotland relative to the UK since 1965, it will be difficult to maintain this improvement. The most pressing problem is that of the Strathclyde region, particularly Glasgow.

Infrastructure improvements are to be made: ports, especially an iron jetty and tanker terminals, railways in the Glasgow area, roads and railways linked to North Sea oil and airports. Derelict land is being cleared and water supply and sewerage schemes undertaken. A special effort is being made to create office employment in Strathclyde and civil service jobs are to be transferred there. Scotland has two special development agencies, one for the whole country, the other for the Highlands and Islands alone.

9. Wales

The whole of Wales is an assisted area with Special Development Areas in North-West Wales and the industrial valleys of South Wales, two small Intermediate Areas and Development Areas elsewhere. Its population is 2.8 million. The country has a variety of regional problems, with rural areas suffering from declining agricultural employment, the industrialized South from the decline of traditional industries, the industrialized North-East from dependence on a few large plants. Between 1965 and 1975 employment fell by around 30 000 and unemployment has persisted at a level around $1\frac{1}{2}$ times the UK average. While regional policy has helped stimulate large volumes of investment, much of this has been in capital-intensive industries.

Two thirds of the population live in industrial South Wales. The inland valleys have depended heavily on coal and steel. In the last fifteen years coal mining employment has fallen by 50% and the area is bearing the brunt of the steel rationalization programme which will cause vast losses of jobs. The major economic developments have taken place in the lowlands to the south. The valley communities also have to renew their housing, communications and environment on a large scale.

North-East Wales is an important industrial area where unemployment has risen substantially with the loss of coal mining jobs. Now steel making in the area is likely to be reduced drastically and two large textile plants have been closed. Part of the area depends on tourism and has serious problems of seasonal unemployment. South-West, North-West and mid-Wales are predominantly rural. Agricultural employment is falling causing severe emigration. North-West Wales has some substantial towns, which offer industrial employment but in mid-Wales it has been necessary to build up an urban base and overcome the area's isolation from the main communication networks.

In providing new jobs, manufacturing is of prime importance in the most heavily populated areas but tourism, agriculture and services can contribute greatly elsewhere. In the valleys of South Wales, there is a serious shortage of industrial sites and there is a major programme in progress to create these, which entails the clearing of derelict land and the provision of all the necessary services. This must be accompanied by new development elsewhere, within commuting distance, to enlarge the range of job opportunities. North Wales urgently needs new infrastructure to support industry and tourism.

High priority is being given to improving communication with London, the Midlands and North-West England. Other infrastructure developments are water supply schemes in South-East Wales, the construction of a large artificial lake to provide water and electricity, an improved gas distribution system, a hydroelectric power station and tourist facilities. Wales has two special development agencies, one for the country as a whole and the other for rural areas only.

10. Northern Ireland

All of Northern Ireland is a national priority area with its own set of industrial incentives. Its population is 1.5 million. The region suffers from a heavy dependence on both agriculture and declining manufacturing sectors. Agricultural employment has fallen by 50% since 1950, but agriculture and ancillary industries still account for 13.5% of total employment. In three important manufacturing industries, textiles, clothing and shipbuilding, employment has declined dramatically and prospects are poor. Northern Ireland has for long experienced the highest level of unemployment and the lowest level of GDP per head in the United Kingdom, as well as large scale emigration. Despite this emigration, the economically active population is expected to increase as a result of high birth rates in the past.

The problems of regional development are compounded by a number of factors. The distribution of the population is unbalanced. Forty percent of the population live in the Belfast area and most of the remainder in small towns and villages. Within the region there is wide variation in employment opportunities, with the isolated and rural South and West especially disadvantaged. Northern Ireland's ability to attract new industry has deteriorated badly with the recession and the local unrest. Rising energy costs were affecting the competitiveness of manufacturing industry but industrial tariffs have now been brought into line with those in the rest of the United Kingdom. Finally, Northern Ireland is highly dependent on public sector employment and will suffer from the restraint on public expenditure in the United Kingdom. A significant improvement in the unemployment situation is therefore unlikely in the next few years.

There is a need to diversify the region's industrial base by encouraging new employment-creating investment. It is also important to minimise the drawbacks of being peripheral. Improvements of ports, the airport and roads are being undertaken. The water and electricity supply and the telecommunications network will be expanded. A land use strategy is concentrating infrastructure investment in 'growth zones' to improve the distribution of population and develop towns of an adequate size. Northern Ireland has a special set of industrial incentives and its own development agencies.

THE ASSISTED AREAS

In Great Britain there are three classes of assisted area:

- the Special Development Areas with about 13% of employees
- the Development Areas with about 11% of employees
- the Intermediate Areas with about 20% of employees

In total around 43% of British employees are in assisted areas. Northern Ireland has special industrial incentives different from those in Great Britain. Parts of the United Kingdom are also designated 'less favoured agriculture areas' under the Council Directive 268/75/EEC. Most but not all of these less favoured agricultural areas are within the assisted areas.

Annex 2

THE MAIN INDUSTRIAL INCENTIVES IN THE UNITED KINGDOM

Regional development grants are automatic capital grants towards manufacturing and related investment¹ in the assisted areas, not dependent on the creation of employment and not subject to tax, which are given at these rates:

Category of assisted areas	Percentage of approved capital expenditure	
	Building and works	Machinery and plant
Special development areas	22	22
Development areas	20	20
Intermediate areas	20	not eligible

The equivalent grants in Northern Ireland are at the rate of 30%.

Selective financial assistance in Great Britain

Selective financial assistance may be given for projects in the manufacturing, mining and construction industries and for mobile ones in the service sector, which create or maintain jobs in the assisted areas. The greater part is provided for projects that create employment. Assistance may be given to meet any capital needs. The normal forms of assistance are these: medium-term concessionary loans or equivalent interest relief grants, removal grants for firms moving into an assisted area, grants for service industries creating jobs in an assisted area based on the employment created and the rent paid for premises. In certain circumstances assistance on concessionary terms can be

¹ Physical investment only, working capital excluded.

awarded for projects which maintain employment; otherwise loans on commercial terms are available. In general the assistance may be additional to Regional Development Grants.

Selective financial assistance in Northern Ireland

In Northern Ireland selective assistance may replace or supplement automatic capital grants. The assistance is tailored to the needs of firms but may include capital grants (at the rate of 40 to 50%, concessionary loans or interest relief grants, removal grants and grants for each job created.

Employment premiums

In Great Britain the Regional Employment Premium, a labour subsidy for manufacturing industry in assisted areas, has been abolished, but continues in Northern Ireland.

Advance factories

In both Great Britain and Northern Ireland these are built in advance of demand or according to the customer's specification.

Other assistance

Other assistance includes that given by development agencies, grants to infrastructure authorities, free training services, grants for the transferring of key workers and aid for tourist development but these account for a small part of total expenditure on industrial incentives.

Annex 3

GOVERNMENT ASSISTANCE TO INDUSTRY FORECAST EXPENDITURE 1977/1978 - 1979/1980

	(UKL million at 1977 survey prices)		
	1977-1978	1978-1979	1979-1980
Regional development grants	380	438	434
Northern Ireland capital grants	22	26	27
Land and buildings	35	42	37
Selective financial assistance (GB)	51	56	62
Selective financial assistance (NI)	29	27	42
Other regional support (a)	111	132	126
Selective employment payments (NI)	18 ^(b)	16	16
TOTAL	646	737	744

- (a)
- (i) Includes certain grants for basic services (access roads, water supplies, sewage and electricity);
 - (ii) Includes expenditure by the Development Fund and by the Highlands & Islands Development Board and the regionally preferential element of schemes, such as Investment Grants;
 - (iii) Includes expenditure by Northern Ireland Development Agency and Local enterprise Development Unit.
- (b) Includes an element for Regional Employment Premium payments in Great Britain.

Note: All figures are net and allow for repayments, but do not include payments to nationalized industries.

Government assistance to tourism

Forecast expenditure, at 1977 prices, for selective assistance under the Development of Tourism Act 1969 (including similar expenditure in Northern Ireland, and by the Highlands and Islands Development Agency) is:

1977-1978: UKL 8.6 million
 1978-1979: UKL 10.1 million
 1979-1980: UKL 10.3 million

IV. COMPARATIVE ANALYSIS OF THE REGIONAL DEVELOPMENT PROGRAMMES

1. ECONOMIC AND SOCIAL ANALYSIS

(a) Characteristics of the regions and areas covered by regional measures

The selection and demarcation of the assisted regions and areas in the Member States are based on a number of criteria which are not always clearly defined in national legislation. The criteria most frequently applied by the Member States are per capita income and unemployment, both of which are measured against the national average.¹

The thresholds or levels which determine whether a region qualifies for government assistance vary considerably from one Member State to another. There are clear differences in the way in which the seriousness and scale of regional problems are assessed, and this explains some of the differences in the type and nature of regions receiving assistance in the various Community countries.

If one takes the criteria of per capita income, or more exactly of GDP (gross domestic product) per inhabitant, and the unemployment rate, there are wide divergences between regions within each Member State.

In Italy, for example, GDP per inhabitant in the Mezzogiorno is 30% below the national average, and unemployment 50% above the national average. Similar disparities are apparent for Ireland in the designated areas situated mainly in the West of the country.

In the United Kingdom the differences are less: GDP per inhabitant in the assisted areas is only 5% to 10% below the national average, except in Northern Ireland where the figure is 18%; the unemployment rate in the assisted areas is 30% above the national average.

In the other Community countries, GDP per inhabitant in the assisted areas is generally 5% to 20% below the national average (5% in the Netherlands and 20% in Belgium) and unemployment 50% or even 100% above the national average.

¹ Other criteria include population density, migration, population employed in agriculture or in declining industries, low economic growth, past or predictable employment trends, and infrastructure levels.

The statistics given in the Annex allow an assessment of the scale of these regional differentials in each Community country.

If the comparison is made with the Community instead of national averages a very different dispersion emerges with much more pronounced differences. The general pattern is that the richest regions in the poorest Member States correspond, in terms of income, to the poorest regions in the richest Member States. The South-East region in England, which takes in the London area and which is the most developed in the United Kingdom, is slightly below the Community average. In Italy the most developed regions (Lombardy and Liguria) have per capita incomes which are still 20% below the Community average, at current prices and exchange rates. By contrast, the region of West Bavaria, which is the least developed in the Federal Republic of Germany, matches the Community average.

Using purchasing power parities,¹ the differences in income per head are less great. However the richest and poorest regions remain the same.²

The regions assisted by the ERDF have almost 100 million inhabitants (i.e. 38% of the Community's population) and cover 55% of the Community's territory. However, the relative size of such regions varies widely from one Member State to another. They account for 15% of the population in Denmark and the Netherlands, 33% in Belgium, from 35 to 40% in the Federal Republic of Germany, France and Italy, and 43% in the United Kingdom. Both Ireland and Luxembourg as a whole are considered eligible for ERDF assistance. These ERDF areas correspond to those areas covered by national regional policies, except in Belgium, Denmark and above all the Netherlands and Italy, where only part of the territory covered by the regional aid of these Member States is aided by the ERDF.

¹ The purchasing power parities method takes account of price differences expressed in national currencies in the various Community countries. See Eurostat: 'National Accounts', and 'Comparison in real values of the aggregates of ESA 1975', Eurostat, Luxembourg, 1977.

² The extremes on the city-lander of Hambourg (1.7 million inhabitants) and the region of Calabria (2 million inhabitants). In 1975 (latest figures) value added per head was estimated at 203 and 35% of the Community average. When account is taken of purchasing power parities these figures become 182% and 43%. In relation to the population in employment (productivity) the indices are 157-50 and 140-60 (see Eurostat, Regional Statistics, Principle regional indicators 1970-1977, Luxembourg 1978).

Table I

ERDF assistance areas

	Population		Superficie	
	Millions	%	100 km ²	%
Belgium	3.2	33.0	9.5	31.2
Denmark ^a	0.8	15.7	11.8	27.3
Federal Republic of Germany	22.5	36.6	151.9	61.1
France ^b	20.3	38.2	287.6	52.9
Ireland	3.2	100.0% (33.6%) ^c	70.3	100.0% (57.7%) ^c
Italy	21.1	37.5	141.6	47.0
Luxembourg	0.4	100.0	2.6	100.0
Netherlands	2.2	16.0	11.1	27.0
United Kingdom	25.6	45.8	158.7	65.0
Community ^d	99.3	38.2	845.1	55.4

^a The figures do not include Greenland, which has a population of 50 000 and a surface area of 2.1 million km². Greenland is, however, an ERDF region.

^b The figures do not include the French Overseas Departments (population 1.2 million, surface area 95 500 km²). The Overseas Departments are ERDF assisted areas.

^c The figures in brackets are for the 'designated areas' situated mainly in the West of the country.

^d The population of the Community (excluding Greenland and the DOM) is around 260 million and the area around 1.5 million km².

(b) Impact of the measures taken

The regional development programmes received from the Member States provide only partial information on the effects of regional policies. They do not contain any critical examination of the effectiveness of the various measures.

The problem of developing and converting regions, during a period of slow growth and low propensity to invest, does not yet seem to have found an answer in regional policies. Regional investment aids remain largely concentrated in the industrial sector, though the tertiary sector accounts for more than half of total employment in the Community.

Table II

Some facts on results achieved by Member States' regional policies
for the period 1975-1977^a

(Directly productive investment)

Member State	Amount of investment aided ^b		Cost borne by the Member State		Jobs estimated
	in million u.a.	as % of GFCFC	in million u.a.	as % of col.1	
	1	2	3	4		5
Belgium	2 687.2	8.0	365.1	13.6	28 817
Denmark ^d	164.7	0.9	23.6	14.3	7 006
Federal Republic of Germany	7 479.0	3.9	273.7 ^e	3.7 ^e	561 382 ^f
France ^g	2 176.0	1.1	272.0	12.5	103 414
Ireland	2 330.2	27.5	606.0	26.0	63 282
Italy (1977) ^h	2 326.3	14.2	535.8	23.0	60 786
Luxembourg (1976-1977)	119.8	25.4	3.9	3.3	1 535
Netherlands	404.3	0.9	76.1	19.0	5 889
United Kingdom	13 296	23.8	2 792.2 ⁱ	21.0	..

^a Sources: statistical summaries provided by the Member States.

^b The subject of a decision to grant regional aid.

^c Gross fixed capital formation (national accounts concept).

^d Investment completed or being carried out (excluding Greenland).

^e Excluding loss of tax receipts (Investitionszulage).

^f This figure comprises 191 010 jobs created and 370 372 jobs maintained.

^g Sources: FDES reports 1975, 1976 and 1977 (excluding the DOM).

^h The 1975 and 1976 statistical summaries for Italy do not allow homogeneous statistical information to be established for the whole of the period 1975-1977. The aids granted relate to capital subsidies only.

ⁱ Regional development grants only.

Note: Conversion into units of account (u.a.) was carried out at the following rates/ 1 u.a. = BFR/LFR 50

= DKR 7.5

= DM 3.66

= FF 5.55419

= LIT 625

= HFL 3.62

= UKL/IRL 0.416667.

If it is not possible to carry out an exhaustive analysis of the results achieved by regional policies, certain figures on productive investment receiving regional investment aids from the Member States can be cited. The information, which does not include infrastructure, is drawn from the statistical summaries provided by the Member States.¹ Though the statistics are not homogeneous, they give an idea - rough it is true - of the contribution to development, of the cost and of the jobs created by national regional policies.

Even though the opposite table includes figures based on concepts which are sometimes very different, the following trends can be identified:

- (i) the number of jobs estimated to be created seems relatively large, despite the crisis, in the Federal Republic of Germany and in Ireland; by contrast, the relevant number is much smaller in France and Italy; the differences between Belgium and the Netherlands in this area is fairly appreciable, all allowances made;
- (ii) with regard to investment aided, that which is highly capital-intensive seems to be concentrated in Belgium and the Netherlands, while highly labour-intensive investment is more evident in France; Italy and Ireland occupy an intermediate position;
- (iii) the cost borne by the Member States, expressed as a percentage of the amount of investment, is the highest in Ireland, Italy and the United Kingdom (of the order of 20 to 25%) and ranges between 10 and 20% in the Netherlands, Belgium, Denmark and France. The very low rate of assistance in the Federal Republic of Germany (3.7%) does not take account of all the various forms of regional aid, and would amount to nearly 10% if Investitionszulagen were included.

2. DEVELOPMENT OBJECTIVES

The regional problems which Member State seek to resolve through their regional policies vary considerably from one Community country to another, and even from one region to another within the same country. The backwardness of predominantly agricultural regions, the decline of old-established industrialized regions, the depopulation of rural areas and the overpopulation of urban areas are the main problems which national regional policies have to deal with. These problems illustrate the serious regional imbalances within the Community. They are reflected in most cases in a shortage of jobs which with the economic crises has grown worse in recent years.

¹ Article 6 (6) of the new ERDF Regulation lays down the content of these summaries.

Consequently, the creation - and in some cases simply the maintenance - of jobs is a major regional policy objective in the Member States. This objective is made all the more pressing by the fact that, by 1985, a million young people will enter the labour market each year, while at the same time a growing number of industries will be faced with urgently needed structural changes.

The way in which existing labour market imbalances have been presented in the regional development programmes differs between Member States.

Some Member States give proper job-creation objectives for each region. This is true of the Federal Republic of Germany, Ireland, the Netherlands and, where Denmark is concerned, Greenland.

Most of the other countries provide information in the form of job shortfalls by region for a given year, deficits which are due to an increase in the supply of labour rather than a decrease in the supply of jobs. France provides figures for the whole of the country and for a few regions only. The United Kingdom has not yet been able to provide information on this subject.

The development programmes do not in general contain information on the loss of jobs in each region resulting from the restructuring of industries which are in difficulty, such as coal, steel, shipbuilding and textiles.

The figures given in the opposite table must of course be interpreted with a great deal of caution, since forecasting methods and the nature of the estimates differ from one Member State to another and sometimes, as in the case of Belgium, from one region to another. The figures must also be set alongside the results achieved during the period 1975-1977 (see Table II). They show none the less that the need to create jobs seems most marked in Italy and Ireland. The projection for Belgium is very high compared with the objective for the Netherlands; both of these are indeed well in excess of the results achieved in the last few years. The figures for the Federal Republic of Germany and France are of the same order of magnitude, but not directly comparable. As in the case of Table II, no figures are available for the United Kingdom.

Infrastructure objectives are generally the subject of a fairly detailed analysis. Most of the Member States provide information on the whole range of infrastructure, both economic (roads, ports, airports, telephones and industrial estates) and social (schools, hospitals and housing). A low level of infrastructure provision generally goes hand in hand with a low level of development.

For many regions, such as Ireland, the South West of France and certain areas within the Mezzogiorno, improving communications with the centre of the Community is a major need.

In other regions, certain infrastructure investments are of particular importance, for example water supply in southern Italy, the renewal of city centres in the United Kingdom and the redevelopment of former industrial sites in coal mining and steel industry regions.

Table III

Objectives or forecasts of job creation in national regional
development programmes

Member State	Period	Number of jobs to be created	Nature of the forecast
Belgium	Job shortfall in 1980	227 102 ^a	Projection
Denmark	Period 1977-1979	14 825 ^b	Projection
Federal Republic of Germany	Period 1978-1981	301 040 ^c	Objective
France	Period 1976-1980	225 000 ^d	Projection
Ireland	Period 1977-1980	80 000 ^e	Objective
Italy	Job shortfall in 1980	918 000 ^f	Forecast
Luxembourg	Job shortfall in 1980	2 700	Projection
Netherlands	Period 1977-1980	57 000	Objective
United Kingdom	..	.. g	..

^a Development areas within the 6 'development blocs'.

^b Overall figures going beyond what is projected on the basis of regional aids (for Greenland, a shortfall of 4 500 jobs is forecast for 1985).

^c Plus 167 000 jobs to be maintained (detailed information is provided for each of the 21 planning regions, except West Berlin).

^d These are jobs in manufacturing to be created in the country as a whole (85 000 in Brittany and 35 000 in the Nord-Pas-de-Calais).

^e Net non-agricultural employment.

^f The figures are for the Mezzogiorno, Sicily and Sardinia, being the total of unemployment recorded in 1977 and additions to the supply of labour. With the resources available, the Italian Government hopes to create 250 000 to 300 000 new jobs during the period 1977-1980.

^g The United Kingdom states that it cannot at present provide information on this subject, labour supply projections have been presented for each of the standard regions.

In any proper assessment of regional development needs and possibilities, account must of course be taken of all the infrastructure likely to have an impact on the development of the regions, whatever the public authority responsible. However, an example of this not being done is that of the Federal Republic of Germany mentioning only communal and tourist infrastructure and vocational training centres coming under the 'Gemeinschaftsaufgabe', (the specific tasks carried out cooperatively between the Federal Government and the Länder).

The fact that the programmes provide fairly detailed information on infrastructure is explained by the government's power to commit themselves firmly in an area which falls within their specific responsibility. The programmes do not allow one to gauge the extent and quality of the present provision of infrastructure in each region of the Community.

3. MEASURES FOR DEVELOPMENT

Measures for development comprise both direct measures, i.e. aid to firms and infrastructure projects and indirect measures under other policies which have regional effects.

3.1. Direct aid to regional development

The regional development programmes generally give a fairly detailed description of the regional aid systems applied in the various Member States. These may be summarized as follows:

- Belgium: five-year interest rate subsidy of 5% (or up to 8% in some cases) for loans to finance investment in industry or services; or equivalent capital subsidies or employment premiums. (The last measure has not yet been used.)
- Denmark: loans at reduced interest rates (7.5%) with deferred repayment (5 years) for investment in the industrial and service sectors; capital subsidies (cumulative) amounting to a maximum of 25%.
- Federal Republic of Germany: 8.75% net investment premium ('Investitionszulage') raised to 15%, 20% or 25% ('Investitionszuschuss') for the 31 growth points ('Schwerpunkte') distributed over 20 action programmes.
- France: regional development premiums of FF 15 000 (FF 12 000), FF 20 000 (FF 17 000) or FF 25 000 (FF 22 000) for the creation (extension) of jobs in the various zones with ceilings of 12%, 17% or 25% of fixed investment; there is a similar system for the services sector (PLAT), a location premium for certain activities, ranging from FF 10 000 to 30 000 per job.
- Ireland:
 - (i) capital subsidies amounting to a maximum of 60% of fixed investment in the designated areas and 45% of fixed investment in the rest of the country (limited in practice to 40% and 25%);

- (ii) for companies set up before 1 January 1981, tax exemption up to 1990 for profits earned on goods manufactured for export;
 - (iii) until 1 January 1981 accelerated depreciation of 120% in the designated areas (100% in non-designated areas).
- Italy: The principal regional aids for the Mezzogiorno are the following:
- (i) degressive capital subsidies (of 40%, 30% and 20% by tranche of fixed investment) raised by 20% of the initial rate for certain priority sectors (determined by the CIPE) or by 20% for particularly handicapped areas which have yet to be defined; these two rates can be combined where appropriate;
 - (ii) interest rate subsidies (with 30% of the reference interest rate to be borne by the investor in respect to a maximum of 40% of the capital borrowed) for investments amounting to less than LIT 30 000 million;
 - (iii) exemption from INPS social security charges up to 1986 for new jobs created between 1976 and 1980 in a number of industrial sectors (about 27% of labour costs).
- Luxembourg:
- (i) a capital subsidy amounting to a maximum of 15% and an interest rate subsidy of 3 percentage points over 5 years are granted to industry;
 - (ii) an interest rate subsidy of 4 percentage points and a capital subsidy amounting to 25% for equipment and to a maximum of 15% for buildings are granted to handicrafts, trade and tourism.
- Netherlands:
- (i) either, an investment premium amounting to a maximum of 25% of the amount of fixed investment for both the industrial sector and the services sector, for new investment and for extension projects;
 - (ii) or, a 15% investment premium plus an amount of HFL 12 500 per job created.
- United Kingdom:
- (i) Regional Development Grants are capital grants of 20% in the Intermediate Areas and Development Areas and of 22% in the Special Development Areas, given on fixed investment in industry (buildings only in the Intermediate Areas);
 - (ii) Selective Financial Assistance granted in various forms, mainly concessionary loans, may be combined with the Regional Development Grants; it also applies to services; it is linked to the creation and maintenance of jobs;
 - (iii) renting of industrial buildings at reduced rates (no rent payable for an initial period of 2 to 5 years);
 - (iv) the same system exists in Northern Ireland but on more favourable terms (development grants of 40% to 50%); in addition, there is a Regional Employment Premium of UKL 2 per employee per week.

3.2. Infrastructure linked to regional development

As stated with regard to objectives (point 2 above), the regional development programmes generally attach major importance to the various types of infrastructure, both economic and social. Special emphasis is, however, placed on industrial estates as instruments of regional development directly linked to industrial investment. Though they have played an important role in the past, there seems at present to be a surplus of industrial estates in the Community, a situation which is largely due to the economic crisis.

Most of the programmes also attach importance to the development of other types of infrastructure designed to improve the economic efficiency of the regions, such as transport infrastructure (roads, waterways, ports and airports), telecommunications, water supply and purification and the development of tourist areas. Thus, Italy attaches some priority to water supply projects mainly for agricultural development, France focuses attention on the revitalization of rural areas and Ireland singles out the improvement of road and telephone systems and sanitary services. Some countries, particularly Ireland and the Netherlands, include other infrastructure investment (schools, hospitals, subsidized housing and vocational training centres). Some programmes rely in this respect on regionalized national planning of infrastructure (Belgium and France).

3.3. Measures under other policies

With a few exceptions, little or no analysis is provided of the regional effects of other policies, both national and Community, such as agricultural, industrial, transport, physical planning and environmental policies, although in certain cases the regional impact of these policies is clearly identifiable. However, it would be wrong to regard regional policy as a residual policy intended to offset the negative effects of other policies whether sectoral or general. The aim must rather be to ensure consistency and indeed convergence between regional policy and sectoral policies.

3.4. Physical planning

Except for the Netherlands, which applies integrated planning,¹ and to some extent Denmark, France, Italy and Luxembourg, the regional development programmes make relatively little reference to physical planning, the environment and socio-cultural measures. The environment and the quality of life must, however, be considered as increasingly important influences on the location of new economic activities. Some countries, such as the Netherlands, apply measures to protect the structure of rural areas and to limit the damage caused by tourism, reflecting a concern for ecology in the pursuit of regional development.

¹ Comprising the socio-economic aspects of regional development, physical planning and social aspects.

4. FINANCIAL RESOURCES

Financial resources, or at any rate those provided by central governments, are clearly outlined in the programmes to the extent that they relate to specifically regional measures covered by a multiannual financial programme.¹ By contrast, information on financial resources provided by the Community is less precise. This is notably the case for the ERDF, which accounts for about 10% of the financial resources deployed by governments in their regional policies. Financial transfers within Member States between different levels of government are generally not indicated. Moreover infrastructure spending is generally not broken down by region.

The following table shows, for a recent year and for the years ahead, government commitments (or payments) of direct regional aid,² excluding infrastructure investment for regional development purposes.

Although the figures given in the following table are not strictly comparable, the following trends emerge.

Italy appears to have the largest budget for regional aid. This reflects the seriousness of the problems in the Mezzogiorno, particularly as regards employment; the volume of spending here will actually enable only one quarter of the jobs needed in this region to be created by 1980. The United Kingdom and Ireland come second. Regional aid spending in the Federal Republic of Germany is much greater than in France. The figures for Belgium and the Netherlands are of the same order of magnitude, all things considered, though the job-creation objectives of these two countries are very different.

It should be emphasized that these figures do not include spending on regional infrastructure which, in some cases, is broadly comparable in scale to direct regional aid.

¹ Ireland does not yet have a multiannual financial programme.

² Not including tax exemptions and social security subsidies with a regional character.

Table IV

Government expenditure on regional aid

	Recent year		Coming years		
	in national currency	in million u.a.	in national currency	in million u.a.	
				for the period	annual average
Belgium (BFR million)	7 684 (1977)	153.7	12 000 (1978-1980)	240.0	60.0
Denmark ^{b c} (DKR million)	225 (1977)	30	285.5 (1977)	34.5	34.5
Federal Republic of Germany (DM million)	739 (1975)	201.9	5 344 (1978-1981)	1 460.1	365.0
France (FF million of 1975)	394 ^d (1975)	70.9	5 544 (1976-1980)	998.2	199.6
Ireland (IRL million)	93.3 (1976)	223.9	110.3 (1978)	264.7	264.7
Italy (LIT '000 million)	1 070 (1976)	1 712.0	6 500 ^a (1977-1980)	10 400.0	2 600.0
Luxembourg (LFR million)	100 (1976)	2.0	..	..
Netherlands ^b (HFL million)	118.7 (1976)	32.8	530.5 (1978-1980)	146.5	48.8
United Kingdom (UKL million)	566 ^e (1977)	1 358	1 457 (1978-1979)	3 497	1 799

^a About half to be spent after 1980.

^b All regions receiving aid.

^c Excluding Greenland.

^d Regional aids granted to companies (source: FDES report, 1975-1976).

^e From 1 April to 31 March.

5. IMPLEMENTATION

Precise descriptions are given of the bodies responsible for implementing the programmes. Generally speaking, some tendency towards decentralization is evident in practically all the Community countries, a fact which may require greater coordination at national level so as to ensure consistency between regional measures and national economic policy.

Programming periods vary from country to country, though the year 1980 is a fairly general point of reference; programming techniques also differ, with some programmes having a fixed period and others using a system of moving horizons.

Timetables for implementing the programmes are generally not indicated, nor are the methods for monitoring them.

While this comparative analysis shows many points in common between Member States, it also highlights differences which are sometimes very marked.

These differences are associated, firstly, with the very different economic structures from one Member State to another and from one region to another, and, secondly, with economic policy considerations. The Member States have in some cases rather different approaches to economic planning in general and regional programmes in particular.

The diversity of political and administrative structures in the Member States is a major factor behind this diversity of approach. A centralized country will treat regional programmes as a geographical breakdown of a national plan. Planning in a federal country will be built up from the regional base, with coordination between the various regions undertaken at national level. These contrasting approaches inevitably show up in many parts of the programmes, notably in the institutional and financial aspects.

Consequently, comparison of the programmes is a difficult exercise, and the Commission is aware that its analysis, despite the existence of the Common Outline, provide only a tentative picture of their common feature.

Country tables

STATISTICS ON INCOME AND UNEMPLOYMENT IN THE REGIONS ASSISTED BY THE ERDF

(statistics not comparable between Member States)

Except where otherwise indicated, the statistics in the following tables are taken from the regional development programmes examined in this memorandum.

1. Belgium
2. Denmark
3. Federal Republic of Germany
4. France
5. Ireland
6. Italy
7. Netherlands
8. United Kingdom
9. EEC

Belgium

Region	Per capita taxable income (1974; Belgium = 100)	Unemployment rate ¹ (1977 average)
<u>Flanders</u>	97.2	9.2%
of which:		
Limburg	80	14.6%
Turnhout	84	14.3%
Westhoek	(80)	(8.0%)
West Flanders (Middengebied)	88	(9.7%)
<u>Wallonia</u>	94.1	12.6%
of which:	.	
Charleroi-Mons- Soignies-Namur	91	12.7%
Huy-Liège-Verviers	97	12.7%
Arlon-Virton- Neufchâteau	78	6.4%
BELGIUM	100.0	10.7%

¹ Calculated as a percentage of the number of persons required to pay social security contributions.

Denmark

Region	Per capita taxable income (1975)	Unemployment rate ¹ (1977)
North Jutland	85	10.0%
Thisted	83	9.5%
South Jutland	85	6.0%
Bornholm	85	6.0%
DENMARK	100	7.7%
Greenland ²	50 (estimate)	5.0% (estimate)

¹ Based on the number of officially registered unemployed.

² For total population, including Danes temporarily resident in Greenland (an estimation).

Federal Republic of Germany

Region	Per capita GDP (1974) WIB base ¹	Unemployment rate (1975)
1. Schleswig-Unterelbe	82.8	5.6
2. Holstein	87.3	5.2
3. Niedersächsische Nordseeküste	75.0	6.7
4. Ems-Mittelweser	87.4	4.7
5. Heide-Elbufer	80.5	6.2
6. Niedersächsisches Bergland	83.0	5.9
7. Nördliches Ruhrgebiet-Westmünsterland-Kleve	83.8	5.7
8. Nordeifel-Grenzraum Aachen	88.1	5.4
9. Ostwestfalen-Oberbergisches Land	80.0	5.3
10. Hesse development area	79.3	5.5
11. Mittelrhein-Lahn-Sieg	77.4	5.1
12. Eifel-Hunsrück	79.4	6.7
13. Saarland-Westpfalz	82.6	6.5
14. Odenwald-Hohenlohe-Ostalb	91.1	4.4
15. Hochschwarzwald-Baar-Hochrhein	78.7	3.8
16. Alb-Oberschwaben	81.2	3.7
17. North Bavaria development area	88.0	5.4
18. West Bavaria development area	73.1	5.0
19. East Bavaria development area	75.6	8.3
20. South Bavaria development area ²	78.1	4.8
TOTAL	(82.0) (estimate)	(5.6) (estimate)
<u>Federal Republic of Germany</u> (including West Berlin)	100.0	4.2

¹ WIB = Wirtschaftsbevölkerung: resident population adjusted for two-way commuting (this permits calculation of the economically active population of the 'labour market area').

² Covers approximately the territory of former development areas No 20 and 21. This two areas have been united since the 7th Regional Outline Plan. Source: 8th Regional Outline Plan.

France

Region	Per capita GDP ^a at market prices (1973)	Unemployment rate (February 1979) ^b
Alsace	99	3.6%
Aquitaine	84	7.2%
Auvergne	79	5.9%
Burgundy	89	4.8%
Brittany	74	6.8%
Centre	92	4.2%
Champagne-Ardenne	103	6.5%
Corsica	..	8.2%
Franche-Comté	93	4.2%
Languedoc-Roussillon	73	8.8%
Limousin	70	4.6%
Lorraine	97	5.7%
Midi-Pyrénées	71	6.2%
Nord-Pas-de-Calais	93	7.8%
Basse-Normandie	80	6.5%
Haute-Normandie	107	7.2%
Pays de la Loire	85	6.1%
Picardie	91	6.5%
Poitou-Charentes	76	6.6%
Provence-Côte d'Azur	84 ^c	8.2%
Rhône-Alpes	106	4.6%
FRANCE	100	5.9%
Martinique	37	..
Guadeloupe	32	..
Guyane	-	..
Réunion	36.5	..
Overseas Departments		

^a Eurostat, Basic Statistics of the Community, Luxembourg, 1978, p.195.

^b Persons seeking work end-February 1979 as a proportion of the active population (estimate of employment survey March 1978).

^c Including Corsica.

Ireland¹

Region	Personal income (1973)	Unemployment rate (average 1975)
Donegal	76	} 16.6%
North West	79	
West	82	11.5%
Mid-West	95	10.0%
Midlands	83	7.1%
South West	98	7.8%
North East	91	10.1%
East	117	8.9%
South East	95	7.3%
IRELAND	100	9.3%

¹ For the purposes of Community regional policy, the whole of Ireland is considered a development region.

Italy

Region	Per capita GDP (1975)	Unemployment rate ¹ (average 1977)
Abruzzi	75.0	8.9
Molise	63.4	7.8
Campania	66.7	10.1
Puglia	71.7	8.1
Basilicata	65.3	10.3
Calabria	58.3	13.2
Sicily	70.6	10.6
Sardinia	75.1	11.8
Southern Italy and the islands	68.8	10.1
Lazio	102.5	10.0
- Frosinone	(80.8) (estimate)	..
- Latina	(99.0) (estimate)	..
- other assisted areas	..	..
Marche	90.5	5.1
- assisted areas in the province of Ascoli Piceno	..	..
Tuscany		
- islands	..	..
Mezzogiorno	..	..
ITALY	100.0	7.2

¹ Persons seeking employment as a percentage of the labour force.
Source: ISTAT, Me Regioni in cifre, 1978 (Tables 57 and 58).

Netherlands

Region	Per capita taxable (1972)	Unemployment rate (1976)
North	92.6	8.2%
South Limburg	95.4	8.9%
NETHERLANDS	100.0	5.7%

United Kingdom

Region	Per capita GDP (1975) ³	Unemployment rate June 1977 (1976)
North ¹	95.3 (92.5)	8.5
Yorkshire and Humberside ²	96.3 (93.2)	5.6
East Midlands ²	97.3 (97.0)	5.1 (5.4)
East Anglia	91.0 (85.3)	5.3
South East	112.6 (113.3)	4.4
South West ²	91.3 (91.5)	6.6 (9.2)
West Midlands ²	98.1 (96.1)	5.4 (7.6)
North West ¹	96.6 (98.8)	7.4
Wales ¹	88.0 (87.8)	7.4
Scotland ¹	96.8 (98.8)	8.4
Northern Ireland	75.5 (82.2)	11.2
UNITED KINGDOM	100.0 (100.0)	6.1

¹ Entire region regarded as an assisted area.

² Region regarded in part as an assisted area.

³ The figures in brackets were compiled by the SOEC (Eurostat, Regional Accounts, UK and Ireland, 1978, p.47).

EEC

Country	Per capita GDP		Unemployment rate ²
	at current prices and exchange rates (1977)	in terms of purchasing power parities ¹ (1975)	(provisional average 1978)
Belgium	129.4	108.9	8.4%
Denmark	148.2	118.8	6.7%
Federal Republic of Germany	138.0	118.5	3.9%
France	117.7	113.5	5.3%
Ireland	48.3	62.3	8.9%
Italy	57.0	72.2	7.1%
Luxembourg	127.8	110.1	0.8%
Netherlands	126.0	107.1	4.3%
United Kingdom	71.7	91.8	5.7%
EEC	100.0	100.0	5.6%

¹ Source: Eurostat, National Accounts ESA, 1960-1977.

² Source: Eurostat, Telegram unemployment 3-1979, 18.4.1979.

ANNEX I

**Outline for
regional development programmes**

OUTLINE FOR REGIONAL DEVELOPMENT PROGRAMMES

In accordance with its terms of reference under Article 2 (1) (c) of Council Decision 75/185/EEC of 18 March 1975 setting up a Regional Policy Committee⁽¹⁾, the Regional Policy Committee at its meeting on 6 and 7 October 1975 adopted the following outline of what the regional development programmes required by Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund⁽²⁾ should contain.

At the committee's meeting on 1 and 2 December 1975 members stated what periods the regional development programmes were expected to cover and roughly when, assuming they did so, they would be notified to the Commission; these particulars are annexed to the outline as to the programmes' contents.

This outline of what regional development programmes should contain is indicative, and should be interpreted in a flexible manner, bearing in mind the considerable differences between Member States in the nature and scale of the regional problems faced, the geographical size of regional programming units, the regional policy measures in force, and regional administrative systems.

Regional development programmes in the sense of the EEC Regulations are in principle concerned with regions qualifying for ERDF contributions. Member States should prepare these programmes by regions and areas or by groups of regions, taking account in particular of the institutional framework and the statistics available.

Regional development programmes should have five chapters:

1. economic and social analysis;
2. development objectives;
3. measures for development;
4. financial resources;
5. implementation.

⁽¹⁾ OJ No L 73, 21. 3. 1975, p. 47.

⁽²⁾ OJ No L 73, 21. 3. 1975, p. 1.

1. Social and economic analysis (diagnosis)

The purpose is an appropriate economic analysis and not a simple statistical description. The analysis should reveal the main regional problems and their causes. It is mandatory for all Member States. Objectives and means will be defined accordingly.

This analysis performed with the help of the relevant statistics that are available (for instance statistics on income, output, population, activity rate, structure of production and employment, unemployment, migration, productivity, provision of infrastructure) should cover the following subjects:

- (a) main aspects of past economic and social development;
- (b) principal imbalances besetting the region and their causes;
- (c) effects of past corrective action;
- (d) development possibilities and conditions, including bottlenecks;
- (e) probable economic and social development during the programme period provided no new factors intervene, to the extent that it is possible to foresee developments with a minimum degree of assurance.

This analysis should be set in the wider economic and social context of the country as a whole. What matters are the conclusions of the analysis, irrespective of the methods applied and the statistical material used.

2. Development objectives

In this chapter, the outline of regional development programmes should go beyond a simple indication of broad aims such as raising the standard of living, creating jobs, reducing unemployment or migration, etc. The development targets of the region must be more clearly specified and, as far as possible, quantified, at least in so far as certain basic elements are concerned. Where it proves impossible for sufficiently important practical reasons to quantify a development target, or targets, a sufficiently

detailed specification, if relevant in qualitative terms, of the aim or aims could be given instead.

The most basic elements to define are:

- (a) the level of employment and, where possible, the number of jobs to be created or maintained;
- (b) the effects sought on different economic activities and income of the region;
- (c) the provision of infrastructure (if not treated under point 3).

In addition to those objectives considered to be essential, there could be others as important (for instance production structure, demographic objectives) which the Member State in question might wish to emphasize.

Quality objectives should also be indicated to the extent that they are important for regional development. Particular attention should be given to quality objectives which are most clearly allied to the operations of the ERDF (e.g. the quality of the employment to be created, of the economic structure and means of production to be aimed at). Other quality objectives of importance to regional development could also be described, for example the level of vocational training, particularly in management, the protection of the environment and, where relevant, the attitude of the population to industrial activity.

The development objectives of a region should be cast in a wider economic and social framework. This relates in particular to the general and sectoral macro-economic objectives laid down for the whole country in question and for the Community.

The objectives indicated should not therefore take the form of an inventory of regional needs or aspirations; instead they should make up a coherent whole at the national level. In question here are real targets, comprising practically relevant priorities for the medium term, and which regions can reasonably achieve in the given situation with the means available.

These objectives, defined for the whole programme period, would appear on an implementation schedule from year to year, if it was possible to do so, and if this would add to the effectiveness of the programme.

3. Measures for development

In this chapter the programmes should give details — in real terms, the financial counterpart being dealt with in the next chapter — of the development measures envisaged in order to attain the objectives indicated.

Of essential concern are:

- (a) direct regional policy measures in the strict sense such as aids, disincentives, decentralizing public services, financial equalization systems between regions, etc.;
- (b) investment in infrastructure (economic and social) for regional development purposes.

In so far as they have an effect on regional development, and bearing in mind differences in the administrative structures of Member States, programmes could also give details of other measures, such as those related to:

- (a) industrial and agricultural policy;
- (b) social policy;
- (c) vocational training;
- (d) physical planning and social cultural amenities.

4. Financial resources

This chapter should deal with the financial means which it is proposed to allocate to programme implementation bearing in mind that:

- expenditure on regional development measures falls within a wider budgetary framework at Community, national and regional levels which can limit the extent to which it is possible to forecast this expenditure,
- it is difficult to estimate in advance the cost of certain regional development measures and inflation adds to the difficulty.

Disaggregation should be by way of:

— *sources*

a clear distinction should be drawn between Community, national and other sources (regional, local government, etc.). The sources in the last

category should be indicated if they have real importance for regional development, and if it is administratively feasible to give separate figures. There must of course be no double counting;

— *type of expenditure*

- (a) outlays to finance infrastructure, drawing a distinction, where possible between normal and extraordinary expenditure on the one hand, and between total outlays for this item and those thereof qualifying for an ERDF contribution on the other hand;
- (b) direct aids to private investment qualifying for an ERDF contribution (capital grants, interest rebates or their equivalent where loans at reduced rate of interest are concerned and, where applicable, aid granted in the term of rent rebates or exemption from payments of rents of factories);
- (c) when available and where relevant for regional development, other forms of aid to undertakings (employment premiums, cuts in social security contributions, tax abatements and exemptions, preferential prices and tariffs etc.), as well as sectoral aids;
- (d) when available and where relevant for regional development, public welfare (social budget, unemployment benefit, exemption from direct taxation, etc.);

— *region*

— *programming or budget year*

in so far as already existing data or information that can be made available will permit; eventually this information can be extended during the realization of the programme.

Regional development measures adopted by the Member States should be assessed within the wider framework of public investment (and where applicable consumption) programmes envisaged for the country as a whole.

In indicating the amount of regional expenditure the Member States should point out on each occasion its precise nature and the time schedule: budgetary estimates, draft budget, budget adopted, pluriannual or annual forecasts.

The programmes should also indicate — where this information is available — the volume of investment by State companies or major private undertakings (within the framework of possible programme procedure by way of contract) by sectors and branches where their impact on regional development is important.

5. Implementing the programme

This chapter should indicate where and for what the responsibility rests for implementing the whole or part of the programmes. The tasks allotted to each agency or institution should be clearly stated and details should be given of the administrative methods employed to ensure consistency between the different parts of the programme.

Under this heading Member States would also give information, in broad outline, on the implementation schedule for the various measures contemplated, where these are of importance to regional development at Community level. This schedule might refer to measures for which the financial resources were not yet clearly earmarked nor adopted.

ANNEX

Timetable and time scales of regional development programmes

Pursuant to Article 6 of Council Regulation (EEC) No 724/75 establishing a European Regional Development Fund (OJ No L 73 of 21 March 1975), a timetable has been set for the preparation of the programmes such that these will be available by the end of 1977.

The committee members have severally stated such indications as they can as to what periods the regional development programmes may be expected to cover and roughly when, assuming they do so, they would be notified to the Commission.

- The *German* programmes are expected to cover the period 1976 to 1979, and to be notified to the Commission in January 1976.
 - The *Belgian* programmes are expected to cover the period 1976 to 1980, and to be notified during 1976.
 - The *Danish* programmes are expected to cover the period 1977 to 1979, the portion concerning Greenland to be notified at the end of 1976 and the remainder at the end of 1977.
 - The *French* programmes are expected to cover the period 1976 to 1980, and to be notified during 1976.
 - The *Irish* programmes are expected to cover the period 1976 to 1980 or 1977 to 1980, and to be notified during 1976.
 - The *Italian* programmes are expected to cover the period 1976 to 1980, and to be notified during 1977.
 - The *Luxembourg* programmes are expected to cover the period 1978 to 1981 or 1978 to 1982, and to be notified at the end of 1977.
 - In the case of the *Netherlands*, a conspectus of regional policy covering the period 1977 to 1980 is expected to be prepared at the end of 1976, and development programmes for the north of the country and for South Limburg, likewise in principle covering the period 1977 to 1980, to be notified at the beginning of 1977.
 - The *British* programmes are expected to cover as a trial run the period 1977 to 1979 and in the final version the period 1978 to 1980, the former set to be notified during 1976 and the latter at the end of 1977. However the trial version is not intended for publication at a later date.
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ANNEX II

**Opinion of the Commission
of 23 May 1979 on the
regional development programmes**

COMMISSION

COMMISSION OPINION of 23 May 1979 on the regional development programmes (79/534/EEC)

THE COMMISSION OF THE EUROPEAN
COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 155 thereof,

Having regard to Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (ERDF)⁽¹⁾, as amended by Regulation (EEC) No 214/79⁽²⁾, and in particular Article 6 thereof,

Having regard to the regional development programmes notified to it by the Member States pursuant to the aforesaid Article 6,

Having regard to the opinion of the Regional Policy Committee of 16 June and 26 October 1978 on these programmes,

Whereas, although indicative in nature, the common outline drawn up by the Regional Policy Committee⁽²⁾ specifies what information these programmes must contain under the five chapters 'economic and social analysis', 'development objectives', 'measures for development', 'financial resources' and 'implementation';

Whereas, as a result of the examination of regional development programmes carried out in close association with the national authorities and within the Regional Policy Committee, a number of Member States have, at the Commission's request, either completed their programmes or provided important additional information,

(1) OJ No L 73, 21. 3. 1975, p. 1.

(2) OJ No L 35, 9. 2. 1979, p. 1.

(2) OJ No C 69, 24. 3. 1976, p. 2.

HEREBY DELIVERS THE FOLLOWING OPINION:

1. *Economic and social analysis*

This chapter is in general the most comprehensive. All the programmes reveal the main aspects of economic and social development in the regions, the principal imbalances besetting the regions and the effects of past measures. However, the Member States do not set out their analyses in the same way. In quite a number of cases, development possibilities and conditions, including bottlenecks, are dealt with only briefly.

Although the analyses in general make reference to the national economic context, the economic environment at Community level is inadequately taken into account. In most cases, the regional impact of the Community's common agricultural policy and of its policy of external relations, including enlargement, is discussed only briefly.

Where the frontier regions are concerned, the analysis should pay closer attention to their special situations, notably in relation to the region or regions on the other side of the frontier.

In some cases, the economic and social analysis contains data for an entire region, although only a geographically limited area of that region receives national regional aid, without any explanation of why that area should be eligible for assistance.

2. *Development objectives*

The various programmes contain a range of objectives, broader in some Member States than in others depending on how they view regional policy. Setting quantified objectives for each region presents various difficulties.

One example is job creation: some Member States quantify this objective over a given period, others forecast the individual region's job deficits for a given year (e.g. 1980) and still others merely provide overall forecasts for a group of regions or forecasts confined to the supply of labour. To cope with the technical difficulties encountered in this field, the Commission will accord priority to the study on the preparation of regional labour balance sheets as well as to the progressive establishment of a Community basis for them.

The information supplied on regional infrastructure planning is relatively detailed in virtually all cases. However, national infrastructure of real importance for regional development is not always covered. Not all Member States have as yet established multiannual programming of infrastructure investments.

Most of the programmes discuss, either explicitly or implicitly, the effects sought on the different economic activities of a region but not, as indicated in the common outline, those on income.

3. *Measures for development*

In this chapter, the programmes examine, often in detail, direct regional policy measures such as regional aid schemes and, in more general terms, the major infrastructure investments undertaken for regional development purposes.

By contrast, they do not in general say much about the measures taken under other national or Community policies which have indirect but important repercussions on the development of the regions, such as industrial, agricultural and social policy (including vocational training), environmental measures, physical planning and the provision of social amenities in the regions. The infrastructure budgets are not, as a rule, broken down by region.

Drawing on the results of the studies on regional impact assessment (RIA), the Commission itself will look more closely into the regional effects of Commu-

nity policies, including its agricultural and commercial policies.

4. *Financial resources*

The programmes provide more or less detailed figures for the sums governments will devote to regional development in the years ahead but fail to give a sufficiently clear indication of priorities.

In general they make no mention of financial transfers between different levels of government, of finance from regional or subregional sources, of assistance provided under sectoral policies having a regional impact, or of investment to be made during the programme period in the context of planning agreements by public enterprises or by major private undertakings. What is more, they do not normally provide sufficiently detailed information on the way Member States intend in future to use resources made available by the ERDF or by the Community's other financial instruments.

5. *Implementation*

Overall, the programmes notified contain detailed information on the agencies or institutions responsible for implementing regional policy in Member States. However, only a few countries provide an implementation schedule.

By way of conclusion, the Commission believes that the regional development programmes enable it to make a better assessment of investment projects which are to receive ERDF assistance, although these programmes need to be developed further if they are to be regarded as a sufficiently detailed reference framework for assessing such projects. The present opinion of the Commission on the regional development programmes does not prejudice the application of Articles 92 to 94 of the EEC Treaty.

Done at Brussels, 23 May 1979.

For the Commission

Antonio GIOLITTI

Member of the Commission

ANNEX III

**Recommendation of the Commission
to the Member States
of 23 May 1979 on the
regional development programmes**

COMMISSION RECOMMENDATION

of 23 May 1979

to the Member States on the regional development programmes

(79/535/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 155 thereof,

Having regard to Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (ERDF)⁽¹⁾, as amended by Regulation (EEC) No 214/79⁽²⁾,

Having regard to the Council resolution of 6 February 1979 concerning the guidelines for Community regional policy⁽³⁾,

Having regard to the Commission's opinion of 23 May 1979 on the regional development programmes notified to it by the Member States pursuant to Article 6 of Regulation (EEC) No 724/75,

Whereas regional development programmes are to serve both as a point of reference for projects submitted for ERDF assistance and — in accordance with the aforesaid Council resolution — as the most appropriate framework for the practical implementation of coordination of national regional policies, and of the Community's regional policy;

Whereas, for the purposes of such coordination, the Member States and the Commission must be adequately informed of national policies aimed at achieving a better balance in the territorial distribution of economic activities, including such special measures as are taken with this aim in regions not eligible for ERDF assistance;

Whereas adoption by Member States of a uniform regional programme period would permit a greater measure of comparability between programmes and would make it easier to coordinate them at Community level with the medium-term economic policy programme being drawn up;

Whereas the general economic context and regional implications of the various national or Community

sectoral policies are not sufficiently taken into account in the analysis of the regional economic and social situation given in the programmes examined;

Whereas, as regards Community policies in particular, the Commission and the Council made known in the resolution of 6 February 1979 their intention of taking fuller account of the regional impact of such policies; whereas, furthermore, implementation of the specific Community measures referred to in Article 13 of Regulation (EEC) No 724/75 also depends on an accurate assessment of the regional impact of these policies and of the measures taken by the Community;

Whereas a number of special problems arise in certain frontier regions; whereas effective coordination of the regional development measures taken by the Member States concerned may make a significant contribution towards resolving those problems;

Whereas setting quantified development objectives for each of the regions concerned presents various difficulties, notably as regards job creation; whereas, for this reason, the Commission will, as requested by the Regional Policy Committee, accord priority to the study of regionalized labour balance sheets;

Whereas Regulation (EEC) No 724/75 in its amended version has adopted a broader concept of infrastructure than that previously applied (direct link with industrial and service investment) but stipulates, in Article 4 (2) (b), that infrastructure investments may be financed by the ERDF only when the regional development programmes show that they contribute to the development of the region in question;

Whereas, in parallel with regional policy measures proper such as regional aid schemes or infrastructure investments carried out for regional development purposes, Member States take measures, whether of a regional nature or not, under other national or Community policies which have indirect but important effects on regional development: on these the programmes examined in general provide little detail;

(1) OJ No L 73, 21. 3. 1975, p. 1.

(2) OJ No L 35, 9. 2. 1979, p. 1.

(3) OJ No C 36, 9. 2. 1979, p. 10.

Whereas regional policy measures regarded as being of prime importance for regional development are not in all cases described in sufficient detail in the regional development programmes examined; whereas, where ERDF assistance is concerned, Regulation (EEC) No 724/75 provides that the Commission determine the priorities for assistance after having examined these programmes;

Whereas, although the regional development programmes examined generally indicate the State's commitments of finance to regional development, they only rarely mention transfers between different levels of government or finance from regional or subregional sources; whereas sufficient information on these matters is essential if national regional policies are to be more effectively compared;

Whereas a number of regional development programmes neither provide for multiannual financial programming of infrastructure investment nor give the volume of investments to be made by public enterprises or by major private undertakings under planning agreements;

Whereas effective coordination of national regional policies and of Community regional policy is possible only if information is available on the Member States' intentions as to the future use, at regional level, of Community financial resources from the different financial instruments established for structural purposes;

Whereas the programmes notified generally contain sufficient information on their implementation, although some of them are not specific enough about the timing of the projected investments and the systematic assessment of the impact of the measures taken,

HEREBY RECOMMENDS THAT THE MEMBER STATES:

1. Take the measures necessary to ensure that development programmes communicated to it as reference instruments for projects submitted for assistance from the ERDF reflect all aspects of national regional policies and can thus be used as a framework for policy coordination at Community level.
2. Communicate to the Commission, in addition to the regional development programmes for regions in which the ERDF is to provide assistance, and

in so far as regional policy measures are applied in other regions, the principal measures whose aim is a better regional balance over the whole of the country, including the so-called disincentives, either in the form of programmes or in another form.

3. Adopt, for the next regional development programmes to be drawn up, a uniform programme period coinciding with that chosen for the fifth medium-term economic programme (1981 to 1985); for the financial part of this five-year programme two periods could be adopted.
4. Take fuller account, in the analysis of the economic and social situation in each region, on the one hand of the implications of national policies or measures in areas such as the restructuring of certain sectors, transport, energy, agriculture, fishing, the environment, physical planning, certain social measures and vocational training and, on the other of the most significant effects of Community policies and measures, particularly in the fields of agriculture, external trade relations and the restructuring of certain sectors.
5. Include in the above analysis, where it concerns frontier regions, the specific aspects that stem from their special geographical situation.
6. Provide, where the setting of development objectives for jobs is concerned, at least quantified forecasts of job deficits in each region for the years 1981 to 1985 and take further account in this connection of the tertiary sector, including tourism, and of the agricultural sector.

7. Bring out more clearly, when setting infrastructure objectives, the link that should exist between investments in infrastructure and the conditions that affect the development of a region, thereby making it possible to assess better the need for such investment and the priorities in this field and, more particularly, consider not only regional infrastructure proper but also national infrastructure of real regional importance.
8. Incorporate gradually, among the measures permitting attainment of the development objectives and alongside direct regional policy measures, measures arising from other national or Community policies which vary with the region or which have a clear regional impact. Such measures may concern the policy areas referred to in point 4.

9. Indicate more clearly in regional development programmes the aspects of national regional policy that are regarded as having priority, whether geographical or in terms of the type of measure to be taken.
10. Make the financial programming of regional development more transparent by supplementing the relevant information with details of financial transfers between different levels of government and of finance from regional or subregional sources.
11. Draw up a multiannual financial programme for infrastructure investment, where a programme of this type does not yet exist, and indicate, where such information is available, the volume of investment to be made during the programme period by public enterprises or by major private undertakings as part of planning agreements.
12. Include in future regional development programmes, alongside more detailed information on their intentions for the future use of ERDF

resources, information concerning the other Community financial instruments, thereby permitting, at regional level, greater cohesion between the various financial measures of a structural nature taken by the Community.

13. Give a timetable for implementing the measures planned under regional development programmes and provide a more systematic analysis of the impact of the different regional policy measures, particularly on employment.

This recommendation is addressed to the Member States.

Done at Brussels, 23 May 1979.

For the Commission

Antonio GIOLITTI

Member of the Commission

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The regional development programmes of the Member States were submitted to the Commission before the end of 1977 in accordance with Article 6 of Regulation EEC/724/75 of the Council of 18 March 1975 establishing a European Regional Development Fund (ERDF) (OJ L 73 of 21.3.1975).

These programmes cover the 75 regions and zones assisted by the ERDF which contain 55% of the Community's territory and 38% of its population. They were drawn up following a common outline prepared by the Regional Policy Committee (OJ 69 of 24.3.1975). This outline has five chapters: social and economic analysis (diagnosis), development objectives, measures for development, financial resources, implementation.

The programmes have three fundamental objectives:

- to serve as a framework for the assessment of applications to the ERDF;
- to allow the Commission to determine the priorities for assistance from the Fund;
- to serve as a framework for a coordination of the regional policies of Member States and of the Community.

The present publication includes a recall of the role of the regional development programmes at Community level, summaries of the programmes submitted by the Member States and a first comparative analysis of the programmes, which gives in particular the amounts of investment aided, the costs to the State, the employment created and forecasts of expenditure on regional aids.

When preparing its opinion on these programmes the Commission took account of the terms of the Common Outline. The aim of the recommendations addressed to the Member States (OJ L 143 of 12.6.1979) is the taking into account in future programmes of their expanded role, as frameworks both for projects submitted for assistance from the ERDF and for the coordination of policies at Community level.

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