

# COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT

CONCERNING THE IMPACT OF COMMUNITY POLICIES AND ACTIONS IN  
NORTHERN IRELAND

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Communication from Mr GIOLITTI, by agreement with  
President THORN, Mr TUGENDHAT, Mr BURKE,  
Mr ANDRIESSEN, Mr RICHARD and Mr DALSAGER)

## INTRODUCTION

Following the European Parliament Resolution of 29 March 1984 on the situation in Northern Ireland (1) and the statement made in June 1984 by the Special Group of Commissioners concerned with matters relating to the region, the Commission has carried out a comprehensive, in-depth examination of all Community actions either planned or currently under way in Northern Ireland. It has also tried - where possible - to outline the particular problems of the region in the areas of new technologies, telecommunications and energy, together with the approaches most likely to be beneficial to the region in these fields.

The present report on the impact of Community policies and actions in Northern Ireland is the result of this examination. The report is set out on the basis of the principal sectors of Community interventions contributing to the economic development in Northern Ireland.

In presenting this report, the Commission recognises that Northern Ireland is a peripheral region of the Community, where social and economic conditions are relatively less prosperous than in many other regions, and where unemployment is very high. Northern Ireland is already a high priority region, and is likely to remain so for the foreseeable future. The difficult political situation in Northern Ireland, already recognised within the Community as a whole, must of necessity have a direct effect on social and economic conditions in the region.

Northern Ireland receives aid from all the relevant Community Funds or instruments designated to promote economic development. In addition, in view of its special social and economic situation, Northern Ireland is both accorded priority and higher rates of aid within these Funds and able to benefit from a large number of specific actions (2).

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(1) Haagerup Resolution (OJ n. C 117 of 30.4.1984)

(2) Annex I

Grants from the European Community to Northern Ireland since 1973 totalled £ 525 mio (+ 882 MECU) including 112 million pounds (+ 201 MECU) in 1983.

These funds can be broadly categorised as follows :

	£ Mio	+ MECU
- Agricultural (EAGGF-Guidance)	58	99
- European Regional Development Fund	167	274
- European Social Fund	282	477
- Other (mainly Belfast urban renewal)	19	32
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TOTAL	525	882

EIB loans made available for investments in Northern Ireland since 1973 have totalled £ 143 Mio (+ 231 MECU).

In addition the importance of the financial aid allocated to Northern Ireland by the EAGGF-Guarantee section should be stressed (1). In fact, from 1978 to 1983, the United Kingdom received 7.035 MECU for EAGGF-Guarantee, of which approximately 6 % went to Northern Ireland.

Moreover, for the period until July 1984, a total aid of £ 292 mio (+ 516 MECU) concerning the supplementary measures in favour of United Kingdom was granted to the British Government for projects located in Northern Ireland.

Meanwhile the Commission - in line with the requests of the European Parliament - is pursuing contacts with the interested public authorities in view to examining the feasibility of a plan which would coordinate all structural measures in Northern Ireland. This could take the form of an extension of the Belfast integrated operation. In addition a new specific measure intended to promote the economic development of regions on both sides of the border and involving Ireland and Northern Ireland is at an advanced stage of preparation. All these actions will require co-operation and full scale involvement at local national and Community levels.

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(1) The regional break down of this financial aid is not available as EAGGF-Guarantee aid is granted on a national basis

Report on the impact of Community policies  
and actions in Northern Ireland

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The analysis in the following report is grouped under the headings :

I	Regional policy	page 1
II	Agriculture	" 7
III	Fisheries	" 13
IV	Shipbuilding Industry	" 14
V	Energy	" 15
VI	Social policy	" 18
VII	Transport policy	" 19
VIII	R & D policy	" 19
I. <u>Impact of the Regional policy, including reconversion in closure areas.</u>		

a) General measures of the European Regional Development Fund (ERDF)(1)

As far as the ERDF is concerned, its impact on investment and jobs has been significant in Northern Ireland terms. Northern Ireland departments select projects for ERDF aid which are linked mainly to job creation and, since 1975, the Fund has assisted the creation or maintenance of 2000 to 3000 jobs each year.

Grants from the Regional Fund for investment in Northern Ireland have totalled 272 MECU (1975 to June 1984). One third of this total has been invested in 148 projects in the industrial and services sector, 65 % in 382 infrastructure projects and 1 % in 27 rural infrastructure projects for hill farming areas.

Of the many grants made by the Regional Fund to various industrial projects in Northern Ireland, noteworthy are grants totalling 5.3 MECUS made to create more than 1 500 jobs in the aircraft manufacturing industry. Also, recently, in 1984 the Fund contributed some 3.7 MECUS to the maintenance of 750 jobs in a tyre manufacturing plant and 1.8 MECUS to the creation of some 350 jobs in printed circuit board manufacture.

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(1) Reg.724/75, O.J. L73 of 21.3.1975.

On the infrastructure side, the recently opened Foyle Bridge attracted significant ERDF aid through 2 grants made in 1980 and 1982 (the total aid was more than 16 MECUS). Belfast Airport (Aldergrove) and Belfast Harbour have also benefited from considerable ERDF assistance made to contribute to their extension and development. For the major projects co-financed by ERDF assistance, see Annex II.

The administration in Northern Ireland has tended to submit large-scale projects for consideration, although recently there have not been enough large projects eligible for aid with the result that an increasing number of smaller projects (for example small firms assisted by the local Enterprise Development Unit) have been included for aid.

The revision of the Fund Regulation<sup>(1)</sup> with the replacement of fixed quotas by indicative ranges, and the gradual substitution of programmes for projects, should, it is considered, benefit the more severely handicapped regions of the Community such as Northern Ireland. The operation of this revised policy instrument will allow the Commission to give priority to such regions mainly through Community programmes and also through national programmes of Community interest.

The revised provisions in the ERDF regulation for the development of local potential could have an important impact in Northern Ireland. There is an increasing emphasis on the encouragement of indigenous activities which can provide stable and long-lasting jobs both in the local economy and in wider markets.

b) Specific measures of the ERDF

The ERDF also operates through specific measures which aim to counteract the negative effects of other Community policies on the regions and to encourage the development of new fields of activity. These activities of the fund are more flexible in their approach and cater particularly for the needs of developing small and medium sized enterprises.

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(1) Regulation EEC/1787/84 - OJ L 169 of 28.6.84

Northern Ireland is a designated beneficiary for three of the specific actions of the Regional Fund:

- First, in June 1981 approval was given to the programme concerning the improvement of economic and social conditions in the border areas of Northern Ireland and Ireland (1). Under this regulation the Regional Fund participates in the following operations :
  - construction and conversion of tourist accomodation,
  - establishment and development of services for promotion of tourism,
  - provision of amenities and infrastructures directly linked to tourism and to cultural and recreational facilities,
  - improvement of communications giving access to tourist areas,
  - development of transport services for tourists,
  - establishment and development of craft industries (sectoral analyses, consultancy services, common services).

The Fund will contribute some 7,7 MECU towards the cost of the Northern Ireland part of the border areas programme over the five year period 1981-1985. Aid granted so far to Northern Ireland under this measure amounts to some 1.9 MECU.

Despite this slow take-up of funds in the initial stages, it is anticipated that there will be a quickening of activity under this measure, enabling all the available funds to be taken up within the programme's lifetime.

- In July 1982, the Commission approved the UK programme for developing new economic activities in areas affected by the restructuring of the shipbuilding industry (2). One of these areas is Belfast. Northern Ireland's share of the funds available under this measure amounts to 3.0 MECU over 5 years. This measure has been extended at the beginning of 1984 (3). Belfast is expected to receive an additional benefit of some 1,7 MECU.

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(1) Regulation EEC/2619/80 - O.J. L 271 of 15.10.80, p. 28

(2) Regulation EEC/2617/80 - O.J. L 271 of 15.10.80, p. 16

(3) Regulation EEC/217/84 - O.J. L 27 of 31.1.84, p. 15

- Northern Ireland is covered by a specific measure aimed at developing new activities in zones affected by the restructuring of the textile industry, included in a second series of measures adopted by the Council on 18 January 1984 <sup>(1)</sup>. Northern Ireland is expected to be allocated some 23 MECU of the 105 MECU available to the UK for a 5 years programme under this measure.

c) Future measures of the ERDF

In the explanatory memorandum on the second series of Community regional development measures, the Commission indicated that it would also be presenting specific measures for Ireland and Northern Ireland directed towards expansion of the economic base of these regions. This undertaking was confirmed in the Council minutes on the adoption of the second series of measures. In this context, discussions are taking place between the Commission and the Ireland and UK/Northern Ireland authorities. On the basis of funds allocated to the second series of specific measures adopted in January 1984 the money envisaged for such a measure (to be incorporated in the third series) would be of the order of 50 MECU for a 5 years programme, of which Northern Ireland would receive approximately one third.

d) Belfast Integrated Operation

In agreement with the UK authorities, Belfast, along with Naples, was chosen as one of the areas in which the concept of an Integrated Operation was to be tested. Such an Operation is designed help stimulate the economic development of an area experiencing particularly acute economic and social difficulties through concerted action by Community, national and local bodies and the co-ordinated elimination of the various bottlenecks inhibiting this development.

The Belfast Operation was launched in 1981 with the submission of an Integrated Operations Document by the UK Government to Commission. This document highlighted a number of investments which would contribute to the development of Belfast, a large part of which related to urban renewal. Subsequently, the Commission, with the support of the European Parliament, proposed an exceptional measure to stimulate urban renewal in Belfast, which was subsequently adopted by the Council (see following point e)).

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(1) Regulation EEC/219/84 - O.J. L 27 of 31.1.84, p. 22



Overall the projects in the 1981 document are expected to be some 60% completed in 1985. Meanwhile a new political impetus has been given to the Integrated Operation in Belfast and a new document is being drawn up by the authorities concerned in consultation with the Commission. It is intended that the formal submission of this document to the Commission in the near future will be actively followed through with full scale involvement at local, national and Community levels.

e) The Urban Renewal Measure

(1)

On 21 June 1983, the Council adopted Regulation 1739/83 concerning an exceptional Community measure to promote urban renewal in Northern Ireland (Belfast). Under this regulation, the Community may contribute up to 70% of the cost of investments in a wide range of infrastructure developments contributing to the urban renewal of the Belfast area. This measure covers the three years from 1983 to 1985: Community aid over the period is to be 100 MECU. The first instalment of this aid, 32 MECU, was made available through a Commission decision of 22 December 1983 grant aiding some 71 projects in Belfast. Further instalments of aid will be made available to Northern Ireland in 1984 (33 MECU) and 1985 (35 MECU).

This aid to Northern Ireland is over and above that available through the ERDF and the measure is, as mentions the title, "exceptional" recognising the very serious difficulties being faced by the region.

This exceptional measure contains an express requirement that the Community aid be additional to the total volume of national expenditure allocated to urban renewal and the Commission, in collaboration with the Northern Ireland authorities, verifies the fulfillment of this requirement.

f) The development of new industries connected with new technologies

- Regional specialisation

One possibility for future development in Northern Ireland may lie in the identification of new technologies on which the region could develop its industrial base.

An increasing number of regions in the Community have already pursued policies designed to encourage an influx of information technology firms as a counterbalance to geographical handicaps. Regions following this approach include Scotland, Ireland as a whole, South Wales, Toulouse (Midi-Pyrénées), Grenoble, Lille (Pas-de-Calais), Limbourg and Westphalia. However further benefits may be obtained through specialisation by each region on certain new technology sectors rather than by trying to encourage growth on too wide a range of industries.

Any strategy to develop industries based on new technologies in Northern Ireland depends in the Commission's view on further examination on the specialisation which would be most appropriate to the region. This could be in the field of new services as well as in that of new manufacturing industries.

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(1) O.J. L 171/1 of 29.6.1983

A preliminary requirement for transformation of a region's industrial base is an adequate infrastructure of education and training facilities. Companies who set up in a specialised area (e.g., the design and manufacture of office peripherals) normally need to call on a service of highly trained experts, or alternatively train up suitable personnel. Local schools, universities and technical colleges therefore need to prepare programmes designed to ensure the availability of the appropriate skills.

### Communications

One of the big advantages of Information Technology is that it reduces geographical handicaps by making it possible for people to talk to and work with each other at distances. The ESPRIT Information Exchange System is a good example.

However this depends on an up-to-date telecommunications network, and this seems the most important requirement of all. The Community should make a particular effort to ensure that peripheral regions are from the outset connected to the new telecom networks, whether optical fibre or satellite, so they reap the full benefits. This could be done with the help of Community loans (the EIB/NIC) and Community aids through the ERDF possibly in the form of a Community programme.

However, until now little preparation has been done. Greater attention could be given to telecommunications in the future.

## II. Impact of Community policy on agriculture

### a) Price and market policy

Although agriculture only accounts for 5% of the gross domestic product of Northern Ireland, this figure does not reflect the full importance of this sector in the local economy, since about 9% of the active population is employed in agriculture.

Agriculture in Northern Ireland is mainly based on grassland production: dairying, beef and to a lesser extent sheep production; In addition the region developed, before accession to the Community, a substantial poultry and pig industry based on imported feeding stuffs. The implementation of the guidelines laid down by the Commission proposals for the Common Agricultural Policy (1) as began with the decisions taken by the Council of Ministers in this year's price fixing negotiations and as it will continue in the future, will have a number of repercussions for agriculture in Northern Ireland as for other regions in the Community. First the appearance of surpluses for a number of the major farm products has necessitated a very prudent price policy so that supply can be better matched to Community demand. In addition, for some products, notably milk, the present heavy oversupply has required action to reduce surpluses by the introduction of quotas and co-responsibility levies. As for other Community regions, the effect of these measures for Northern Ireland will be a general dampening down of the increase in farm produce prices with greater efficiency being required to maintain farm incomes. For milk Northern Ireland will be subjected to the quota system; a special provision of 65,000 tonnes was made in the 1984/85 price agreement for Northern Ireland. In recent years, both the pig and poultry industries have faced difficulties in adapting to Community membership. National aids on feeding stuffs have been phased out in recent years and in compensation Regulation (EEC) N° 1943/81<sup>(2)</sup> provided investment aid to improve efficiency in the animal feed sector. Northern Ireland poultry producers have had difficulties in selling produce on the traditional British mainland market and some produce has been diverted to the Republic of Ireland, causing difficulties for producers there. Similarly, in the beef and lamb sectors, there is competition between slaughterhouses in Northern Ireland and in the Republic of Ireland for supplies, and there can be, at times, distortions resulting from the different price regimes in the two parts of the island.

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(1) COM(83) 500 final

(2) O.J. L 197/23 of 20/7/81.

b) Structures policy

- Socio-structural directives (1)

9 % of the working population of Northern Ireland are employed in agriculture. Farm incomes per person are amongst the lowest in the United Kingdom (about 2/3 of national average). However the average farm size of 20.8 hectares (68 hectares U.K. average) is greater than the Community average of 15.7 hectares. Most of the farmed area is devoted to grassland but there is a wide variety of soil types with a distinct contrast between the better and poorer farming areas. 79 % of the area has now been classified as disadvantaged area under Directive 75/268/EEC.

Between 1973 and 1983 Community reimbursements totalling 37 MECU were made under the socio-structural directives in respect of expenditure incurred in Northern Ireland.

As in all Member States, Directives 72/160 and 72/161 had only limited effects in Northern Ireland and the above total includes only about 93 000 ECU paid under these two Directives.

The application of Directive 72/159, on the other hand, has given satisfactory results. 4 535 farm development programmes had been approved in Northern Ireland by the end of 1982. This figure represents 10,6 % of the total number of farms in the region. Reimbursements totalling

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(1) Directive 72/159 concerning the modernisation of farms (O.J. L 96/1 of 23.4.1972 ; Directive 72/160 on the cessation of farming and the reallocation of agricultural land (O.J. L 96/9 of 23/4/72) ; Directive 72/161 concerning socio-economic guidance and professional training for persons engaged in agriculture (O.J. L 96/15 du 23/4/72) and Directive 75/268 on hill-farming and farming in less-favoured areas (O.J. L 128/1 of 19.5.1975).

17 MECU had been made by the end of 1983 in respect of expenditure under this Directive in Northern Ireland.

The largest part (20 MECU) of the Community aid under the socio-structural directives has, however, been paid under Directive 75/268. The importance of Directive 75/268 is indicated by the fact that in 1982 the average compensatory allowance paid under the Directive to eligible farmers in the less-favoured areas of Northern Ireland was about £ 690 per holding, or about 12.5 % of the region's comparable income.

At the present time, the Council is still discussing the Commission's proposals on improving the efficiency of agricultural structures (COM(83) 559<sup>(1)</sup>) but once agreed it is expected that the system of improvement plans provided for the proposal will suit areas such as Northern Ireland rather better than the present system of development plans under Directive 72/159/EEC, since the conditions of access to improvement plans will be easier.

Investment aid will be available to full-time farmers provided that this aid does not add to market problems in the surplus sectors, and if the farmer's income will exceed 120 % of the comparable income as a result of the improvements. This aid system will be easier to apply than the old system. About 10.6 % of the farmers in Northern Ireland have benefited from the Community Scheme since its inception although 80 % are full-time farmers. Consequently, it can be estimated that the number of beneficiaries of the new system proposed by the Commission could be 4 or 5 times greater in this region.

In addition, COM(83) 559 proposed the continuation of the system of compensatory allowances under Directive 75/268/EEC. The less-favoured areas of Northern Ireland have benefited greatly from the payments under this system and this benefit will continue. One should note, in addition, the significant extension of the less-favoured areas in Northern Ireland, which will also bring further benefits from the Community in the future.

The proposal COM (83) 559 also makes provision for aid for forestry and tourism on farms, both aspects which could play a significant role in Northern Ireland. Finally, COM (83) 559 provides a framework for the introduction of future specific measures.

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(1) O.J. C 347/1 of 22.12.1983

- Processing and marketing of agricultural and fisheries products

85 projects were financed under Regulation 17/64<sup>(1)</sup> (last applied in 1979) through which grants were made available to finance improvements in the conditions for agricultural production and the marketing of agricultural products. Northern Ireland's total grant under this regulation (1973-1979), 19.8 MECU, represents nearly 21% of the total UK grant under Regulation 17/64 over the same period.

Examples of projects financed under Regulation 17/64 include the modernization and expansion of an animal feed mill at Omagh, the expansion of a meat processing factory at Londonderry and the expansion of a vegetable processing factory at Ballymoney, Co. Antrim.

<sup>(2)</sup>  
Under Regulation 355/77, established with the aim of financing improvements in the processing and marketing of agricultural and fisheries products, a total of 76 projects in Northern Ireland have been financed over the period 1978 to July 1984 with a total grant of around 16.7 MECU.

Examples of projects in Northern Ireland financed under the Regulation 355/77 include the construction of an egg packing and distribution centre at Lisburn, the modernization of an abattoir at Ballymena and the construction of a fish processing plant at Limavady, County Londonderry.

In addition, grants totalling 4.5 MECU have been made under Regulation 1943/81<sup>(3)</sup>. This regulation concerns support for improving the conditions for processing and marketing animal feedstuffs and relates exclusively to Northern Ireland. Fifteen projects were supported. The projects aided under Regulation 1943/81 included the construction of storage facilities at Carrickfergus, Co-Antrim and the construction of an animal feed mill at Randalstown, Co-Antrim.

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(1) O.J. L 586/64 of 27.2.1964

(2) O.J. L 51/1 of 23.2.1977

(3) O.J. L 197/23 of 20.7.1981

- Specific agricultural measures

Council Regulation (EEC) n° 1942/81 (1)

on the stimulation of agricultural development in the less-favoured areas of Northern Ireland was approved by the Council on 20 July 1981. The measure provides aid at an estimated cost to EAGGF of 48 MECU, for :

- a) the improvement of farm roads;
- b) land improvement including field drainage, land reclamation and pasture improvement and removal of superfluous fences, ditches and walls;
- c) farm improvement plans on beef/sheep farms which are not capable of attaining the level of comparable income laid down in Article 4 of Directive 72/159/EEC;
- d) special premium for cows mated with superior quality beef bulls under a farm improvement plan.

The 10 year development programme was approved by the Commission on 10 November 1981 and became operational on 1st January 1982. To date, progress with this measure has been good and for some items (farm roads and land improvement) exceptionally good. If spending continues at the present rates, the 48 million ECU allocated will be exhausted before the 10 year period is completed. EAGGF (Guidance Section) has already paid 11,2 MECU on the measures. The programme is being implemented by the Department of Agriculture.

In order to ensure the efficient operation of this wide-ranging measure in this region highly dependent on agricultural activities, the Regulation makes special provision for coordination with any other programme or measures which may influence the development of agriculture in the less-favoured areas. For this reason Article 2 prescribes that all measures provided for in Regulation (EEC) n° 1942/81 must fit into the framework of the regional development programme which the United Kingdom is obliged to forward to the Commission under Article 6 of the Council Regulation (EEC) n° 724/75<sup>(2)</sup> establishing a European Regional Development Fund.

Council Directive 79/197/EEC(3)

on a programme to promote drainage in catchment areas including land on both sides of the border between Ireland and Northern Ireland was agreed by the Council on 6 February 1979. The Directive provided for a programme of arterial drainage in cross-border areas with a maximum cost of 15.1 million units of account eligible for EAGGF reimbursement at 50 %. In the preparation phase a number of political, financial and technical difficulties were encountered and it was not until February 1983 that the joint programme was approved by the Commission.

(1) OJ L 197/7 of 20.7.1981 (2) OJ L 73 of 21.3.1975 (3) OJ L 43/23 of 20.9.79

The programme provides for the arterial drainage of the river Blackwater at a total cost of 49.3 MECU.

Because of the inadequacy of the original commitment of resources by EAGGF, due to greater than expected technical difficulties and inflation, an arrangement was made that certain ancillary works might be aided by ERDF, so that the total Community funding of the programme could be increased. To date EAGGF (Guidance Section) has paid 0.5 MECU in respect of this measure.

Regulation (EEC) N° 1054/81<sup>(1)</sup> establishing a common measure for the development of beef cattle production in Ireland and Northern Ireland was agreed by the Council on 29 April 1981. Initially a two year measure, the Regulation .. prolonged for a further period up to 30 April 1984. In all some 37.5 MECU were provided for aid in Ireland and Northern Ireland for performance and progeny testing of beef cattle, artificial insemination, lime for grassland improvement and silage-making. During the 3 year period good use was made of the measure in Northern Ireland. There is no proposal to extend the measure since the original circumstances of low incomes in the cattle sector have improved in the interim.

#### Regulation 1353/73 and Directive 77/391<sup>(2)</sup>

Finally, a total of 1.9 MECU was paid between 1973 and 1983 in respect of expenditure incurred in Northern Ireland in application of various structural measures related to market organisation and veterinary measures. 65% of this amount was paid under Regulation 1353/73 concerning incentives for the development of beef production and 32% under Directive 77/391 concerning the eradication of cattle diseases.

#### Future prospects

With a prudent Community price regime in the future, and particularly with lower cereal prices, there will be a tendency for poultry and pig production to concentrate in the arable areas of the Community. Consequently prospects for poultry and pig production in Northern Ireland are rather poor.

With the application of Regulation (EEC) n° 1942/81, Directive 75/268/EEC, Regulation (EEC) n° 355/77, and taking account of the new structural proposals it is felt that a wide and well integrated range of instruments will be available for the structural improvement of agriculture in Northern Ireland. The facility exists to apply some of these instruments more intensively, especially Directive 75/268/EEC where a greater level of aid could be given to the most handicapped areas.

(1) OJ L 111/1 of 23/4/81

(2) OJ L 141/18 of 28/5/73 and OJ L 145/44 of 13/6/77.



### III. Impact of Community policy on fisheries

The Northern Ireland fishing fleet is very much an inshore one; it comprises 340 vessels, but only 165 of these are longer than 12 metres (40 feet).

Traditionally this Northern Ireland fleet has fished mainly in the Irish Sea between Ireland and Great Britain (zone VIIa) and it has normally landed 65% of its catch in Northern Ireland, mainly at 3 ports on the East coast, including Kilkeel in Co. Down. The balance of the landings have been made at various ports in Great Britain and the Isle of Man. Thus a certain increase in landings in Northern Ireland could be envisaged and is to be encouraged.

One factor (attributed to the impact of quotas) which could affect trends is that some of the larger vessels from Northern Ireland now fish occasionally off the West coast of Scotland and the South West of England. If these vessels land their catches in Great Britain at ports which are nearer to the fishing grounds then the fish is not likely to be processed in Northern Ireland. There are 25 fish processing factories in Northern Ireland.

In 1984 the Member States are required to submit to the Commission their multi-annual guidance programmes for the development of the activities in the fishing sector (1). These programmes are to specify the methods, measures and facilities or resources that will be used. In addition, the programmes provided for under Regulation (EEC) n° 355/77 deal with fish processing and marketing.

During the five years (1979-1983) of operation of Regulations (EEC) 1852/78 and 31/83<sup>(2)</sup> which were established with the aim of financing restructuring of the inshore fishing industry, a total of 36 fishing boats were constructed or modernised at various ports on the County Down coast and 2 shellfish projects developed with Community grants.

In 1984 a further 10 fishing boats based at ports in County Down received Community assistance.

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(1) EEC/2908/83

(2) OJ L 211/30 of 1/8/78 and OJ L 5/1 of 7/1/83.

There are very complex interactions between the various factors involved in the fish industry - the fluctuating stocks of different species of fish, the changing techniques of fishing, the sizes, types and numbers of vessels in the fleets, the fluctuating volumes of fish caught and which may be landed at different ports according, inter alia, to the seasons, species and prices. In addition, the fish farming of certain species is increasing in importance, and the consumer market for fish products is influencing significantly the types of processing and the systems of distribution of raw materials and of both processed and finished products.

While it is very difficult to foresee future trends in expenditure on fisheries in Northern Ireland, there could be several possibilities for further development of the fishing and fish related activities, both within Northern Ireland and as a result of measures undertaken covering several regions of Community.

#### IV. Impact on the shipbuilding industry

The Commission is preparing a Communication to the Council on the shipbuilding industry with the dual objective of raising the competitiveness of Community shipyards, and encouraging more economically justified price and capacity levels in the world market for ships.

Specific measures proposed which might be expected to have an impact in Northern Ireland (notably at Harland and Wolff's in Belfast) include (i) selective adjustments of capacity within overall restructuring plans to achieve a greater concentration of orders on a restricted number of shipyards (ii) use of national aids to encourage investment in new shipyard technologies (iii) breaking down the compartmentalization of the common market for ships, through the use of improved credit facilities for shipowners; (iv) encouragement of R&D and standardization in ship components and equipment interfaces; (v) attention to the special needs associated with shipbuilding under the Regional and Social Funds; (vi) maritime policy to eliminate substandard ships and improve freight rates; (vii) international cooperation aimed at greater understanding in the fields of capacity, pricing of ships, and R&D.

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(1) See specific measures of the ERDF (point V.b)

Because the Harland and Wolff's yard is one of the most efficient in the United Kingdom, and taking into account Northern Ireland particular social and economic difficulties, it is unlikely that it will have to bear the negative aspects of this sectoral policy. There is indeed every prospect that the yard could gain from all the other aspects of the proposed policy, the general objective of which will be to raise the Community's share of new world orders from 11% in 1983 to the level of 17% to 18% , which was maintained in the previous 6 years.

As to the timing, the view of the industry is that the present scarcity of new orders will last for at least two more years. Looking further into the future, a general economic recovery should be accompanied by a rise in seaborne trade. This increased demand for transport, together with an acceleration in the present rate of scrapping of surplus ships, should lead to greater profitability for shipowners, and an increase in the ordering of new ships within the five-year horizon of the Haagerup Parliamentary Resolution.

## V. Impact on energy

Community grants for energy have totalled 51.8 million pounds (+ 79.8 MECU), taking the form of EIB loans, mainly allocated for the construction of a power station.

Due to its major coal reserves and the discovery of oil and gas on its Continental Shelf, the United Kingdom has one of the most diversified structures of energy supply and demand in the Community. The share of oil in gross energy consumption is one of the lowest in Europe (40 % in 1982 against the EC average of 50 %). While the energy scenario for the UK as a whole is favourable these figures hide the somewhat contrasting picture of energy usage at the regional level. Despite the two major oil price increases in the 1970's, oil still accounted for 78 % of Northern Ireland's energy requirements in 1981. This represents only a marginal decrease on the 1973 level.

Lack of indigenous resources coupled with the comparative geographical isolation of Northern Ireland has led to this high dependence on oil. In turn reliance on a high priced fuel has brought about a situation in which the UK Government has provided large amounts of financial aid to maintain the costs of energy to industrial, commercial and household consumers at acceptable levels. Although it will clearly take some years to rectify this situation, it is important from the Community, national and regional point of view that the Northern Ireland energy economy should be rationalised to bring about a greater diversification of energy supply and demand. Major investments will be required and Community financial instruments could be of assistance.

To reduce its oil dependency Northern Ireland needs to improve its energy efficiency as well as developing the use of alternate fuels. To this end the Community's Energy Demonstration Project Programme should be of considerable relevance.<sup>(1)</sup> The projects eligible for assistance cover energy saving technologies to increase the outlets for solid fuels; as well as geothermal energy, solar, wind, hydropower and biomass. Some progress is already being made towards diversification.

Agreement on the proposed natural gas link between Ireland and Northern Ireland has broken down because of a disagreement on gas price.

It is not clear whether this is a temporary setback. Without access to natural gas the present oil-based town gas industry will probably have to be wound down (because of the escalating price of feedstock, with a consequent rise in oil fired electricity generation. This dependence

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(1) Regulations 1971/83 and 1972/83 as amended by regulations 2125/84 and 2126/84 ; OJ L 195 of 19.7.83 and L 196 of 26.7.84. As these Community grants are given directly to the investors, they are by definition additional.

on oil for electricity generation has been one of the main factors leading to extensive subsidies, so as to ensure that electricity tariffs in Northern Ireland remain comparable with those on the UK mainland. Another factor mitigating against lower electricity costs has been the absence of any interconnections with other electricity supply networks. The possibilities of re-establishing the link with Ireland and/or constructing a link with Scotland are being kept under review. The Commission's proposed Five Year Energy Programme envisaged Community measures towards the encouragement of greater electricity and gas interconnections between Community States (Community assistance can be made available through the ERDF, EIB and NCI).

Conversion to solid fuel of the major oil-fired electricity station at Kilroot could be another major step in diversifying energy usage. Possibilities exist also for the development of extensive lignite reserves. If the quality and quantity of the lignite deposits at Crumlin (Co. Antrim) are found to be satisfactory, then there is the possibility of establishing a lignite fueled minehead power plant as well as other lignite markets. Such developments might also be eligible for assistance from Community financial instruments. Lignite development could also benefit from the Commission proposals for solid fuels investment aid which are currently before the Council, but the outlook for these proposals is uncertain.

As referred to earlier, Northern Ireland's geographical location has mitigated against access to alternative sources of supply, as well as creating diseconomies of scale. As part of its contribution to Regional Energy Planning the Commission has been studying energy supply and demand at regional level in several Member States. Within this programme there might be scope for examining the longer term Northern Ireland energy picture including trans-frontier coordination with Ireland. However this possibility has not yet been discussed with the governments concerned.

VI. Impact of Social policy

As an area of absolute priority Northern Ireland has benefited considerably from assistance from the European Social Fund. All eligible training programmes and some employment schemes receive assistance at the higher rate of intervention.

Grants from the Social Fund for programmes carried out in Northern Ireland amounted to 477 MECU over the period 1973 - 1984. This represents about 18% of the total UK allocation over the same period and about 5.5% of the total for the whole of the Community for 0.6% of the Community's population.

Since 1973 aid from the Social Fund has supported the development in Northern Ireland of some extensive occupational training schemes and an increase in the range of training programmes, especially those for young people: Youth Training Schemes, Enterprise Ulster, Younghelp and the Industrial Training Board. Northern Ireland has moreover been the cradle of several innovatory initiatives both public and private in the field of employment and training, which have been developed both in quantity and quality, thanks not only to the Social Fund, but also to other Community interventions in the area of social policy.

For the future, it is hoped that training and employment policy in Northern Ireland will build on the experience of the last ten years. As regards the Social Fund, the Review of the Fund in 1983 together with the Commission's Management Guidelines for the Fund will enable increasing emphasis to be placed not only on the training of young people and the development of local employment initiatives but also on the training of trainers, guidance officers and development agents, all of whom have an important role to play in the economic and social development of Northern Ireland. The Commission will be particularly attentive to the participation of Northern Ireland in the various Community-wide programmes of exchanges and cooperation and the networks of demonstration projects to be set up as part of the implementation of Community action programmes in the area of training, employment, poverty, etc, as is already the case, for instance, for the network of pilot projects on the transition of young people from education to working life.

### VII. Impact of transport policy

In its proposals for measures to harmoniously develop the transport infrastructure network, the Commission pays special attention to projects which improve the infrastructure links to outlying regions. In Northern Ireland this concern is reflected both in its desire to improve the Belfast-Dublin-Rosslare road connection and also the efficiency of land/sea transport links. In addition, the Council Directive<sup>(1)</sup> concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States helps to reduce the isolation of the peripheral regions.

### VIII. Impact of R. and D. Policy

Community R & D programmes which are implemented on the basis of cost sharing contracts offer possibilities of participation to university institutes, research centres or industrial companies in Northern Ireland. Two bodies in N. Ireland (the new University of Ulster and Lambeg Industrial Research) have so far participated in Community research programmes with four research projects. The Community contribution to these four research projects amounts to approximately 370,000 ECU (212,000 £) out of a total cost of 740,000 ECU (424,300 £).

As part of the new Commission initiative to stimulate European cooperation and scientific and technical interchange, the Commission is furthermore presently negotiating a contract for a research project to be carried out jointly by the University College of Dublin (Ireland) and the University of Belfast (Northern Ireland).

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(1) N° 83/416/EEC of 25 July 1983. (O.J. L 237/19 of 26/8/83)

## COMMUNITY GRANTS (COMMITMENTS) AND LOANS IN FAVOUR OF NORTHERN IRELAND

£ 000

ANNEX I

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984*
<b>A. GRANTS</b>												
EAGGF - TOTAL	1743	2199	3183	2821	3617	2691	4965	5954	7448	4700	17116	1605
Reg. n° 17/64 (1)	1743	2198	2986	1693	2199		887		-	-	-	
Reg. n° 355/77 (2)						1086	1327	1469	1423	1560	2102	895
Reg. n° 1852/78 (3)							180	1029	364	90	72	225
Reg. n° 1943/81 (4)									902	778	902	485
Socio-structural dir.(5)		1	5	879	1319	1495	2386	3333	4664	1835	6243	
Directive n° 79/197 (6)											278	
Reg. n° 1054/81 (7)										353	1078	
Reg. n° 1942/81 (8)											6436	
Other indirect meas.(9)			192	249	99	110	185	123	95	84	5	
ERDF - TOTAL			7750	7205	9370	14230	27840	19230	28220	23420	22883	6713
Quota section :												
- Industry, services,			5567	2030	4700	6410	10740	7420	12070	3340	2264	1117
- Infrastructure			2183	4730	4660	7820	17100	11810	14510	20080	19734	5596
- Rural infrastructure				445	10				1350	0	0	0
Non-quota (border areas)									280	0	885	0
ESF - TOTAL (10)	4080	4950	4740	7882	9570	16400	24229	26932	30022	50117	53593	49242
Regions						8166	9243	10713	8887	15800	21319	-
Young people						6640	13434	14980	17696	29782	10704	-
Women							11	0	-	-	115	-
Textiles						465	65	36	79	84	16720	-
Handicapped						996	1476	1203	3354	4451	4735	-
Technical progress						133			6	-	-	-
General employment meas.												41083
Young persons under 25												4976
Disabled persons												2505
Career development staff												392
Specific actions												286
Energy measures :					36	6	63			-	-	0
Uranium prospection												
Belfast urban renewal											18719	0
<b>TOTAL GRANTS</b>	<b>5823</b>	<b>7149</b>	<b>15673</b>	<b>17908</b>	<b>22593</b>	<b>33327</b>	<b>57097</b>	<b>52116</b>	<b>65690</b>	<b>78237</b>	<b>112311</b>	<b>57560</b>
SMUK									91180	117250	83101	0
<b>B. LOANS</b>												
EIB TOTAL		2500	167		18500		52300	49240	5770	223	13855	0
Industry, agriculture, services		2500					4000	8000			12600	
Energy					18500		33300					
Infrastructure							15000	41000	5000			
Global loan allocations			167					240	770	223	1255	
<b>TOTAL LOANS</b>		<b>2500</b>	<b>167</b>		<b>18500</b>		<b>52300</b>	<b>49240</b>	<b>5770</b>	<b>223</b>	<b>13855</b>	<b>-</b>



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\* : to July 1984

ERDF PROJECTS IN NORTHERN IRELAND - INVOLVING INVESTMENT OF 10  
MILLION ECU OR MORE.

Year	Sector	
1975	Industry	New factory manufacturing textile products - work clothes and bed clothes. Campsie - County Londonderry. 1510 jobs created.
1977	Industry	Further grant - New factory manufacturing textile products - sheets, pillow cases, duvet covers and workwear. Campsie-Londonderry
		Extension of carburettor factory at Belfast creating about 560 jobs and maintaining 630
		Extension of factory making drill bits for oil rigs and coal and other mining at Castlereagh. (2 grants) creating about 450 jobs.
	Infrastructure	Electricity supply transmission works from new power station to the main grid - various areas of the province
1978	Industry	Conversion of a neoprene manufacturing plant to produce synthetic rubber - Londonderry. Maintaining 400 jobs
		Setting up of factory for research and production in the field of multilayer ceramic condensers. Londonderry - creating about 1300 jobs.
	Infrastructure	Extension of Belfast Aldergrove airport
1979	Industry	Creation of seat belt factory at Belfast. 440 jobs created.

- 1979 Industry Creation : sports car factory at Dunmurry. 2.000 jobs envisaged at that time.
- Infrastructure Extension to Belfast Aldergrove airport.
- Installation of telephone exchange equipment. Belfast.
- Installation of two groups of electricity generators and part of a lined system in a new power station at Kilroot (grant took the form of a 3% interest subsidy on an EIB loan)
- 1980 Industry Extension of car components factory in Belfast. 807 jobs created.
- Infrastructure Construction of bridge over the Fdyle. Londonderry.
- 1981 Industry New plant to manufacture industrial and construction equipment, Craivagon. 800 jobs created.
- New plant to produce small passenger aircraft, Newtownabbey. 1 250 jobs created
- Conversion of a plant to produce "Hypalon", Londonderry. 500 jobs maintained.
- 1982 Industry Creation of a factory to manufacture drill bits for oil and gas wells, Newtownabbey. 230 jobs created.
- Infrastructure Construction of a bridge, Londonderry.
- Extension of Belfast Aldergrove airport.

- (1) Regulation 17/64 - Improvement of conditions for agricultural production and marketing of agricultural products. (O.J. L 586/64 of 27.2.1964)
- (2) Regulation 355/77 - Improvement of processing and marketing of agricultural products (O.J. L 51/1 of 23.2.1977)
- (3) Regulations 1852/78, 31/83 and 2908/83 - Restructuring of the inshore fishing industry (O.J. L 290 of 22.10.1983)
- (4) Regulation 1943/81 - Improvement of processing and marketing conditions for feedstuffs in Northern Ireland (O.J. L 197/23 of 20.7.1981)
- (5) Socio-structural directives :
  - Directive 72/159 - Modernisation of farms, (O.J. L 96/1 of 23.4.1972)
  - Directive 72/160 - Cessation of farming and (O.J. L 96/9 of 23.4.1972) reallocation of the utilised agricultural area for the purposes of structural improvement.
  - Directive 72/161 - Socio-economic guidance and (O.J. L 96/15 of 23.4.1972) occupational training for persons engaged in agriculture.
  - Directive 75/268 - Mountain and hill-farming in less-favoured areas. (O.J. L 128/1 of 19.5.1975)
- (6) Directive 79/197 - Drainage in common catchment areas of Ireland and Northern Ireland (O.J. L 43/23 of 20.9.1979)
- (7) Regulation 1054/81 - Common measure to promote the development of beef cattle production in Ireland and Northern Ireland. (O.J. L 111/1 of 23.4.1981)
- (8) Regulation 1942/81 - Stimulation of agricultural development in Northern Ireland (O.J. L 197/7 of 20.7.1981)
- (9) Other indirect measures :
  - Regulation 1035/72 - Common organisation of markets for (O.J. L 118/1 of 20.5.1972) fruit and vegetables
  - Regulation 1353/73 - Premia for conversion from milk to (O.J. L 141/18 of 28.5.1973) meat production and for the development of specialised stock rearing for meat production.
  - Regulation 1772/82 - Common organisation of markets for (O.J. L 197 of 6.7.1982) fisheries products.
  - Directive 77/391 - Common measure for the eradication (O.J. L 145 of 13.6.1977) of bovine brucellosis, tuberculosis and leucosis.
- (10) 1973-1977 no breakdown by category of intervention possible. Figures for 1973-1977 from Dept. of Manpower Services, Belfast, 1978-1981 figures taken from the ESF annual report. From 1984, Decision 83/516/EEC provides a revised framework for the objectives and operations of the ESF.