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CONTENTS

		Points	Page
Chapter I	— <i>Introduction</i>	1-5	7
Chapter II	— <i>The economic situation in 1978 and the outlook for the future</i>	6-15	10
	— The general situation in 1978	6-9	10
	— The regional consequences	10-11	11
	— The outlook for 1979	12-15	12
Chapter III	— <i>Fund activity in 1978</i>	16-34	14
	— Budget aspects	18	15
	— Applications	19-22	15
	— Grant decisions	23-28	18
	— Impact of Fund assistance on employment	29-30	20
	— Financing of studies	31	20
	— Complementary character of Fund activity and national measures	32	21
	— Summary of Fund activity, 1975-1978	33	21
	— Promoting new investments	34	22
Chapter IV	— <i>Regional Analysis of Fund activity</i>	35-89	22
	— Geographical concentration	35-36	22
	— Fund activity in certain priority regions	37-89	23
Chapter V	— <i>Payments and controls</i>	90-97	50
	— Payments	90-93	50
	— Controls	94-97	53
Chapter VI	— <i>Coordination and programmes</i>	98-123	55
	— Assessment of the regional impact of Community policies	98-107	55
	— The regional impact of other financial instruments	108-112	58
	— Regional development programmes	113-121	59
	— Annual statistical summaries	122-123	62

	Points	Page
Chapter VII — <i>Information on Fund activity</i>	124-128	63
Chapter VIII — <i>Conclusions</i>	129-140	65

Annexes

List of maps

1. Unemployment by region in 1978	13
2. Regional Fund aid in 1978	26

Annexes

A. Socio-economic indicators

Table 1	- Trends in principal macro-economic aggregates in the Community in 1978	72
Table 2	- Forecasts for 1979	72
Table 3	- Trends in investments - Gross fixed-asset formation 1977-1978	73
Graph I	- Indices of GDP in EUA per capita at current prices	74
Graph II	- Appreciation or depreciation of the currencies of Member States 1974-1978	75
Graph III	- Registered unemployed as % of active population 1970-1978	76

B. Regional Fund activity

Table 4	- Summary of aid decisions in 1978	
Table 5	- Types of investment financed by the Regional Fund in 1978: industry and services	79

		Page
Table 6	- Types of investment financed by the Regional Fund in 1978: infrastructure	81
Table 7	- Fund assistance per capita, 1975-1978	83
Table 8	- Regional breakdown of Fund grants 1975-1978	84
Table 9	- Budget situation	88
Table 10	- Payments	89
Table 11	- Inspection visits carried out over the period 1975-1978	90

Chapter I - Introduction

1. The European Regional Development Fund was established in March 1975⁽¹⁾. This fourth annual report deals with Fund activities during 1978.

2. The Fund Regulation provided for its reexamination by the Council, on the basis of a Commission proposal, before 1 January 1978⁽²⁾. The Commission presented the Council with a proposal to amend the 1975 regulation on 3 June 1977, within the framework of its 'Guidelines for Community Regional Policy'⁽³⁾. These proposals were largely based on the lessons learnt from the earlier years of Fund activity as set out in the conclusions of the previous annual reports.

At its meeting of 26 and 27 June 1978, the Council reached an agreement in principle on an amended regulation. The amendments were then the subject of a conciliation procedure between the Council and the European Parliament, at the latter's request, as provided for in the joint declaration of 4 March 1975⁽⁴⁾. Two conciliation meetings were held, on 24 July and 17 October. The conclusions of the concertation procedure were not, however, adopted by the Council until 6 February 1979; the Council adopted the amending regulation at the same meeting⁽⁵⁾.

3. The main amendments to the Regulation which the Council adopted in principle in June 1978 are:

- the creation of a 'non-quota' section of the Fund, which is not subject to the system of national quotas and can, if appropriate, be used outside the assisted areas designated at national level. It will finance specific Community regional development schemes, which are either linked to Community policy in other fields so as to help the implementation of these policies by taking account of their

⁽¹⁾ Regulation EEC 724/75 of the Council of 18 March 1975 establishing a European Regional Development Fund (OJ L 73 of 21.3.1975), hereinafter called the Fund Regulation.

⁽²⁾ Article 18.

⁽³⁾ OJ C 161 of 9.7.1977; Supplement 2/77 - Bull. EC.

⁽⁴⁾ Joint declaration of the Parliament, the Council and the Commission (OJ C 89 of 22.4.1975).

⁽⁵⁾ Regulation (EEC) 214/79 of the Council of 6 February 1979, amending Regulation (EEC) 724/75 of 18.3.1975 (OJ L 35 of 9 February 1979). The updated version of the regulation was published in OJ C 36 of 9 February 1979.

regional aspects, or intended to deal with the structural consequences of events of particular seriousness or the special problems of frontier regions. Its greater flexibility will also make for closer and more fruitful coordination with the other Community instruments of financing. The size of the non-quota part of the Fund was fixed at 5 % of total resources;

- changed national quotas to give an increase of 2 % in the French quota, to benefit the Overseas Departments. The new breakdown is as follows:

TABLE 1
National quotas

Member State	Old theoretical breakdown ⁽¹⁾ %	Old actual breakdown ⁽²⁾ %	New breakdown %	Change as as % of B
	A	B	C	D
Belgium	1.5	1.49	1.39	— 6.71
Denmark	1.3	1.29	1.20	— 6.98
Germany	6.4	6.34	6.0	-- 5.36
France	15.0	14.87	16.86	+ 13.38
Ireland	6.0 ⁽²⁾	6.46	6.46	-
Italy	40.0	40.00	29.39	— 1.52
Luxembourg	0.1	0.10	0.09	— 10.00
Netherlands	1.7	1.69	1.58	— 6.51
United Kingdom	28.0	27.76	27.03	— 2.63
	100	100	100	-

⁽¹⁾ According to the 1975 Fund regulation.

⁽²⁾ Plus 6 million EUA to be deducted from the quotas of the other Member States (except Italy), as provided for in the 1975 regulation.

⁽³⁾ Account taken of the deductions needed to add the 6 million EUA to the Irish quota.

- a more flexible definition of the infrastructure qualifying for Fund assistance. This will enable the Fund to take better account of the needs of the regions and of the priorities of regional policy. However, the Fund may not use more than 70 % of its total resources to infrastructure investments, over a three-year period, although this limit does not have to be applied to each Member State individually;
- an increase from 30 % to 40 % in the maximum rate of grant the Fund can give to infrastructure which is of particular importance for the development of the region in which it is situated;
- the possibility of making accelerated payments of up to 75 % of the amount of Fund aid;

— a certain number of amendments primarily concerned with simplifying procedures.

A further re-examination of the regulation is to take place before 1 January 1981.

The amended regulation only took effect at the beginning of 1979, so assistance granted in 1978 was based on the 1975 regulation.

4. The Fund endowment in 1978 was 581 million EUA, an increase of 56 % over 1977. In 1978, the Commission adopted 330 commitment decisions involving 1 600 investment projects and representing a total outlay of 556 million EUA. Since 1975, 6 348 projects have been approved, bringing the total amount committed up to 1 486 million EUA⁽¹⁾. The amount of aid per capita in the regions assisted in each country varied between 27.3 EUA in Ireland and 5.9 EUA in Luxembourg⁽²⁾. Of the 556 million EUA assistance granted in 1978, 33 % (1975-78: 34 %) went on industrial and service-sector projects, creating or maintaining 70 000 jobs (1975-78: 260 000), and 67 % (1975-78: 66 %) on infrastructure projects.

Payments of 255 million EUA were made in 1978, bringing the total payments made since the Fund began to 52.3 % of the total commitments. The Commission considers that this percentage is acceptable, given that payments from the Fund are only made after payment of the national aids on the basis of which Fund contributions are calculated and that these national aids are paid out as work on the project progresses.

5. The Commission again stresses the fact that the impact of the Fund cannot be judged in isolation. It is only one instrument of regional policy and must contribute to the achievement of a whole range of objectives defined at Community level and which seek both to remedy the traditional imbalances between regions by improving the situation of the less favoured, and to prevent new imbalances from appearing.

The Commission therefore attaches considerable importance to the resolution on regional policy that the Council adopted at the same time as the amendments to the Fund regulation⁽³⁾. This resolution, which is based on certain of the main elements of the Commission's Guidelines on Regional Policy⁽⁴⁾, contains three points:

⁽¹⁾ It should be noted that aid from the Fund is decided, and the payments made, in national currency. In this report, the amounts are expressed in European units of account (EUA). In view of the variable rate of exchange of the EUA, in use since 1 January 1978, these amounts must be treated as only approximate. Amounts relating to the period 1975-1977 have been converted into EUA at the exchange rate applicable on 1.1.1978.

⁽²⁾ Table 7 of the Annex.

⁽³⁾ Resolution of the Council of 6 February 1979 on the Guidelines of Community Regional Policy (OJ C 36 of 9.2.1979).

⁽⁴⁾ OJ C 161 of 9.7.1977; Supplement 2/77 - Bull. EC.

- The Council agrees that the Commission should draw up a periodic report on the economic and social situation of the regions, on which the guidelines and priorities of the regional policy could be based in the coming years. The first such report will be published in 1980.
- It notes the Commission's intention of taking more systematic account of the implications of other Community policies for the regions, in both the formulation and implementation of these policies. It expresses its intention of taking account of these effects when making its own decisions.
- Finally, the Council considers that, in order progressively to achieve a balanced distribution of economic activity throughout the Community, it is essential to coordinate the regional policies of the individual countries and that of the Community. The regional development programmes which the Member States submit under the Fund Regulation constitute the most appropriate framework for achieving such coordination.

Chapter II - The economic situation in 1978 and the outlook for the future

The general situation in 1978

6. Although 1978 was a difficult period and results were little better than in 1977, there were signs that there would be a slight improvement in 1979. There were various indications of this positive trend: the volume of GDP in the Community increased by 2.6 % (as against 2.3 % in 1977) and industrial production by 2.3 % (as against 1.0 %). The consumer price index went from a maximum of 13.4 % in 1975 to 9.9 % in 1977 and 6.9 % in 1978.

7. In the early months of 1978, unemployment reached record levels since the post-war crisis, with some 6.3 million people jobless. The situation seemed to have stabilized later and the year ended with an average of 5.6 % of the working civilian population unemployed, as against an average 5.3 % in 1977. In January 1979 unemployment exceeded even the record figure of the previous year, to reach a level of 6.5 million persons unemployed.

Unemployment among women continued to worsen, with an increase of 180 000 compared with 1977, raising it from 6.0 % to 6.5 %. Female unemployment also continued to increase as a proportion of total unemployment; it went up from 33.1 % in

1973 to 42.7 % in 1978, reaching particularly high proportions in Belgium (60.3 %), France (52.7 %) and Germany (50.8 %). Unemployment among young people also stayed very high although there were fairly wide seasonable variations at the end of each academic year when school leavers came on to the job market.

8. Investments (gross fixed asset formation) increased very little in real terms, showing only 2.7 % rise over 1977, which had been a year of quasi-stagnation, with an increase of only 1.1 %. There was considerable growth in Ireland (12.0 %) and Germany (6.2 %), a slight improvement in Benelux and the United Kingdom (between 1.5 % and 3.0 %) and almost none at all in Denmark (0.6 %) and France (0.2 %). In Italy, investments declined by something like 1.7 %.

9. So, like the previous year, 1978 was characterized by slow economic growth, due to poor demand, in all the countries of the Community but Ireland. The countries with the lowest levels of demand were Denmark, Belgium and the Netherlands. The improvement of this situation would require an increase in investments and public expenditure, so as to bring about a rapid renewal of the system of production — necessary if it is to fit in with the new structure of both internal and external demand. But in fact rates of investment have continued to decline. Investments represented 23.0 % of GDP in 1971 and 20.7 % in 1978. Government spending appears to have played only a marginal (and sometimes even negative) rôle in the trend in overall demand, most Member States having tried to reduce their budget deficits.

Regional consequences

10. It is generally speaking too early to have a detailed idea of the consequences of economic trends in the regions in 1978, but it can be seen that the difficulties of regions heavily dependent on problem sectors of industry got worse. Unemployment figures are the only statistics already available on which to make an assessment of economic trends at regional level.

11. Regional unemployment in 1978 reflected the general socio-economic situation described in the preceding paragraphs. Trends were as follows:

- *Belgium*: The average rate of unemployment was 8.4 %, with an increase of 8.4 % over 1977. Rates increased in all regions and, as in previous years, the hardest hit provinces were Limburg, Liège and Hainaut.
- *Denmark*: Unemployment increased slightly, from 5.8 % to 6.7 % of the working population.

- *Germany*: There was a slight drop in unemployment in 1978 as compared to 1977, from 4.0 % to 3.9 %. Upward or downward change was minimal in all regions, although the rates in Aurich (Lower Saxony) and the Sarre remained high.
- *France*: The average rate went up from 4.9 % in 1977 to 5.3 % in 1978. All the regions suffered to some extent, although the hardest hit were Haute-Normandie, Nord Pas-de-Calais, Basse-Normandie, Pays-de-la-Loire, Ile-de-France and Franche-Comté.
- *Ireland*: Unemployment continued the downward trend begun the previous year (9.7 % in 1977 and 8.9 % in 1978).
- *Italy*: There was an increase in unemployment of 0.7 %, rising from 6.4 % in 1977 to 7.1 % in 1978. This was entirely due to increases in the Mezzogiorno regions; in the central and northern regions, unemployment rates remained stable or dropped slightly.
- *Luxembourg*: In spite of a slow, gradual increase, unemployment remained, at 0.8 %, very low.
- *Netherlands*: Unemployment remained stable (4.4 %), although there was a slight increase in Limburg, Zeeland and Groningen.
- *United Kingdom*: Unemployment declined slightly in 1978 (5.7 % at the end of the year); this trend was less marked in the assisted regions (Northern Ireland, the North of England, Wales, etc.) where unemployment was already very high.

The outlook for 1979

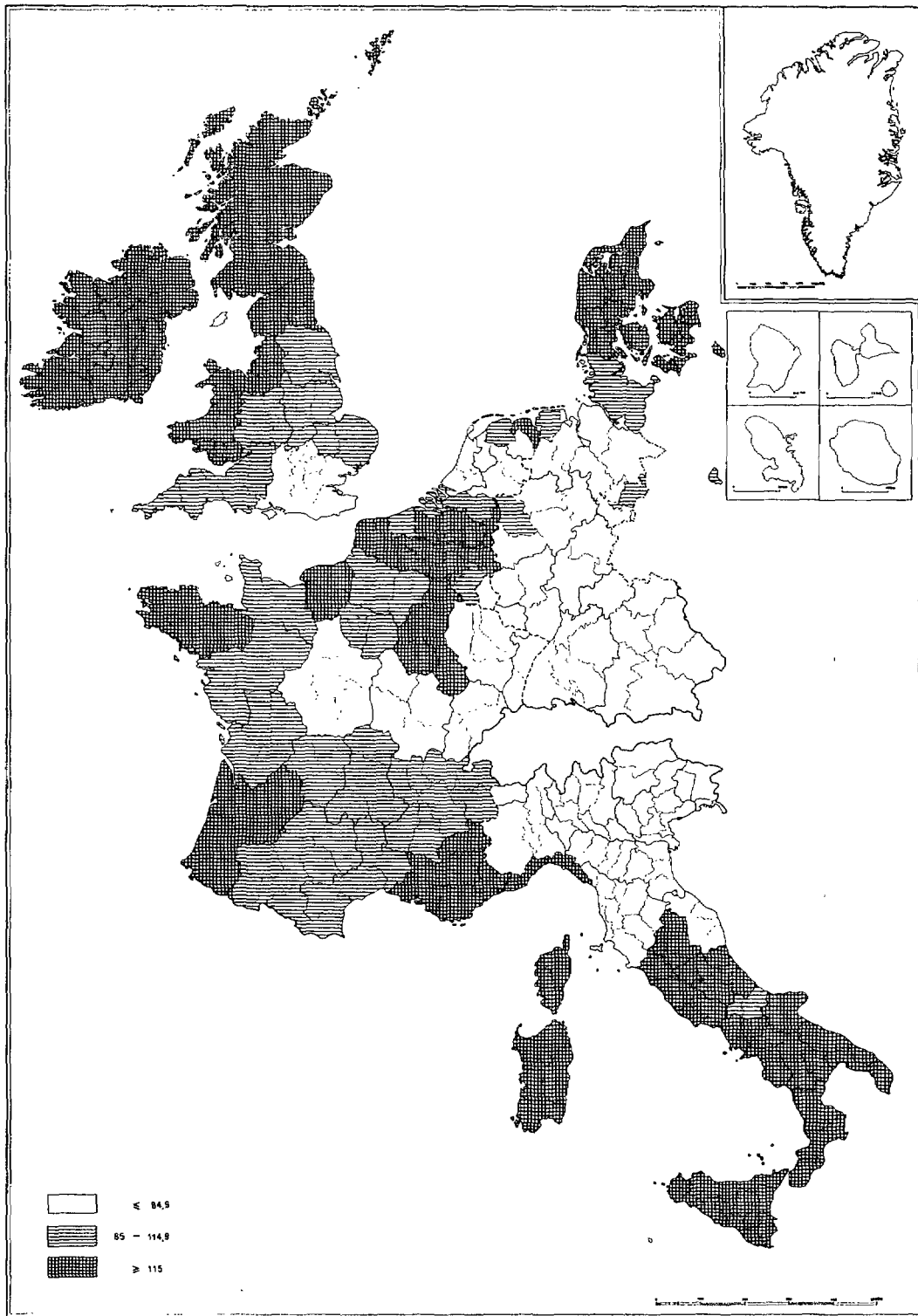
12. The European Council of April 1978 considered it essential that the Community should reach an annual rate of growth of 4.5 % by the middle of 1979⁽¹⁾. By a Council Decision of July 1978, the Member States therefore committed themselves to accelerating growth, each according to the possibilities of its own economy and budget⁽²⁾. Italy and Ireland opted for various restrictive measures to contain certain items of current expenditure and to step up tax, tariff and certain other charges. Denmark decided to reduce direct taxation and France to bring in restrictive measures to cut its deficit. The United Kingdom decided on a slight acceleration of its current expansionist trend and Germany and the Benelux countries agreed to bring in strong measures to stimulate their economies.

13. As regards employment, job gains and losses should more or less balance out so that, for Community as a whole, there will be no substantial changes. Nevertheless, certain particularly sensitive regions, such as Lorraine, will have difficulties.

⁽¹⁾ President's conclusions (Bull. EC.4-1978).

⁽²⁾ OJ L 220 of 11.8.1978.

Unemployment in 1978
Variation around the Community average⁽¹⁾



⁽¹⁾ Estimations based on the uniform definitions of the Community work-force survey.

Forecasts for 1979 suggest that there will be a slight drop in unemployment rate over the Community as a whole, especially in Germany, Ireland and Italy, the countries which should see the sharpest upsurge in GDP. However, there will be a substantial increase in unemployment in Denmark and, if the Netherlands and Luxembourg are able to avoid the same fate, it will only be thanks to a very small increase in the working population.

14. The volume of investments should increase by some 4.5 % over the Community as a whole. This rate, higher than in previous years, should be achieved largely as a result of the various efforts all the governments are making to stimulate the economy. Ireland, Germany and Italy in particular should see their investments increase at more than average rate (by 9.5 %, 6.2 % and 5.6 % respectively).

15. The rise in the consumer price index has been estimated at 6.9 % for 1979, the same as it was in 1978. This stability, however, masks an improvement in the prospects of certain countries, particularly Denmark and Italy, and a deterioration in certain others, particularly Ireland and the United Kingdom.

Chapter III - Fund activity in 1978

16. The general economic situation in the Community, as indicated in the previous chapter, did not change fundamentally in 1978. Although there was a slight positive trend in the Community's GDP and industrial production and a small decrease in consumer prices, there was another downward turn in the employment situation.

This situation makes the Fund all the more necessary, while at the same time making its task more difficult, for in a period when few investments are being made, it is particularly difficult to channel them into the poorer regions. This is the economic context in which the Fund's activities in 1978 should be judged.

17. 1978 should have been the first year of Fund activity under the modified Regulation which the Council adopted on the basis of the proposals the Commission put forward in June 1977. However, delay in the adoption of the amendments meant that the rules fixed in March 1975 for the period 1975-1977 remained in force in 1978.

Budget aspects

18. The 1978 commitment appropriations for the Fund, included in Chapter 55 of the general budget of the European Communities, were decided according to normal budgetary procedures and amounted to 581 million EUA. Payment appropriations in the budget for 1978 were 525 million EUA, plus 83 million EUA brought forward from 1977⁽¹⁾.

Table 9 in the Annex provides a summary of how the budget appropriations were used in 1978. It should be noted that, in anticipation of the possible adoption in 1978 of the modifications to the Fund Regulation and thereby of the creation of the non-quota section and the application of the new national quotas in the quota section, the total appropriations for 1978 were not committed. A margin of 43.48 million EUA⁽²⁾ was still available on 31 December 1978. Even if this had been used, available resources would not have been adequate to finance all the projects approved by the Fund Committee in 1978. So, decisions relating to 213 investment projects (representing grants of 76 million EUA) had to be carried over to 1979.

Applications

19. The first grant applications for 1978 were received in January and they continued to reach the Commission until the end of September. A total of 371 applications, concerning 1 851 investment projects, were made over the year; to these must be added a further 89 projects covered by 37 applications made before 1978. So the Commission last year examined 408 applications concerning 1 940 investment projects.

20. Of these 408 applications, 330 concerning 1 600 projects were approved; no decision was taken on 340 projects. Detailed figures of the applications are set out in the following tables:

⁽¹⁾ Chapter V of this report.

⁽²⁾ Including 29 million EUA (MEUA) set aside for the non-quota section.

TABLE 2
Breakdown of 1978 applications by the type of investment

Type of investment	Amount of investment	
	million EUA (MEUA)	in %
<i>Industry and services</i>		
— projects of more than 10 MEUA	1 804.03	35.05
— projects of less than 10 MEUA	1 082.18	21.02
Sub-total	2 886.21	56.07
<i>Infrastructure</i>		
— more than 10 MEUA	1 471.08	28.58
— less than 10 MEUA	721.05	14.01
— in mountain and hill-farming areas ⁽¹⁾	69.25	1.34
Sub-total	2 261.38	43.93
Total	5 147.50	100.00

(¹) As defined in Directive 75/268/EEC of 28.4.1975 on mountain and hill-farming and certain less favoured areas.

TABLE 3
Projects approved and projects on which no decision was taken

Member State	Number of projects submitted in 1978 or brought forward from previous year	Number of projects financed in 1978	Number of projects submitted in 1978 on which no decision was taken ⁽¹⁾					Total
			01	02	03	04	06	
Belgium	29	28	-	1	-	-	-	1
Denmark	29	29	-	-	-	-	-	-
Germany	300	203	7	81	-	9	-	97
France	539	432	2	41	1	30	33	107
Ireland	143	121	-	-	1	19	2	22
Italy	381	326	-	29	2	11	13	55
Luxembourg	1	1	-	-	-	-	-	-
Netherlands	6	5	-	-	1	-	-	1
United Kingdom	512	455	2	7	3	45	-	57
Total	1 940	1 600	11	159	8	114	48	340

(¹) 01 : industrial projects of more than 10 MEUA.
02 : industrial projects of less than 10 MEUA.
03 : infrastructure projects of more than 10 MEUA.
04 : infrastructure projects of less than 10 MEUA.
05 : infrastructure projects in mountain and hill-farming areas.

21. The reasons for the failure to take decisions in respect of 340 projects were as follows:

- 88 projects did not comply with the formal conditions laid down in the Fund Regulation (creating at least 10 jobs, investments of more than 50 000 EUA, etc.);
- 4 projects were not accepted for sectoral reasons (structural overcapacity);
- lastly, insufficient commitment appropriations limited the Commission's possibilities in the case of 213 projects representing grant applications totalling 76 million EUA.

Some of the projects not approved, however, may be the subject of grants in 1979, particularly those that were not accepted for lack of resources and could now be financed out of 1979 appropriations⁽¹⁾.

22. In accordance with a request the Commission made in previous years, most Member States applied for grants in 1978 which exceeded their quota as the following table shows:

TABLE 4
**Application for aid as percentage of quotas
laid down in the Fund Regulation⁽¹⁾**

	in %
Germany	194
Netherlands	130
United Kingdom	117
Ireland	116
France	107
Italy	106
Denmark	101
Luxembourg	100
Belgium	84

⁽¹⁾ These figures do not take account of cases where shares were under-utilised or exceeded in the previous year.

The surplus of applications made the Commission's choice of projects easier. In Germany's case in particular, the high rate of applications was in part necessary to make up for a certain delay in taking up its quota over the period 1975-1977.

⁽¹⁾ Of 50 applications (190 investment projects) on which the Fund Committee had given its Opinion in 1978, 39 (139 projects) were approved in January 1979 for grants totalling 60 MEUA. At the request of the French authorities, the 11 French applications carried over have been set aside so that all French applications for 1979 can be dealt with in a single allocation at the end of the year.

Grant decisions⁽¹⁾

23. In 1978, the Commission adopted three series of grant decisions, in May, September and December, after receiving the necessary opinions from the Fund Committee and the Regional Policy Committee. Table 4 of the Annex gives, by Member State and by major category of investment as defined in the Fund Regulation, the number of decisions, the number of projects financed, the amount of the investments concerned and total value of grants approved from the Fund. The distribution of grants was as follows:

TABLE 5

Breakdown of assistance granted by category of projects
(In brackets: breakdown of the amount of the investment in question)

<i>Industry and services</i>	projects of more than 10 MEUA	17.1 %	(32.6 %)
	projects of less than 10 MEUA	15.9 %	(19.9 %)
	sub-total	33.0 %	(52.5 %)
<i>Infrastructure</i>	projects of more than 10 MEUA	35.2 %	(31.4 %)
	projects of less than 10 MEUA	28.3 %	(14.7 %)
	infrastructure in mountain and hill areas	3.5 %	(1.4 %)
	sub-total	67.0 %	(47.5 %)
Total		100.0 %	(100.0 %)

24. This table calls for three comments:

- the reason why industrial and service projects accounted for 52.5 % of the investments financed but only 33.0 % of assistance granted is that grants for such investments may not exceed 20 % of investment cost (compared to 30 % for infrastructure) not 50 % of national aid granted to the investment. They are also subject to a ceiling linked to the number of jobs created;
- infrastructure projects accounted for $\frac{2}{3}$ of total aid granted, a substantially larger percentage than in 1977 (58.7 %). The improvement registered in 1977 in this respect was not therefore sustained;
- the proportion of grants to projects of more than 10 million EUA was 52.3 % this year. The Commission feels this is satisfactory, bearing in mind the priority referred to in the Fund Regulation.

⁽¹⁾ Point 4, footnote⁽¹⁾ of this report.

Principal types of project assisted

Table 5 and 6 in the Annex indicate the types of investment for which Fund assistance was granted. These tables reveal the following facts:

25. *Industry and services*

- The average amount invested per project was 40.7 million EUA for projects of more than 10 million EUA and 1.7 million EUA for smaller projects. Fund grants were equal to 39.6 % of national aid and 6.2 % of total investments in the case of large projects and to 47.5 % and 9.5 % respectively in the case of smaller ones.

As to economic sectors, the chemicals industry was in the lead for projects of more than 10 million EUA, followed by the motor vehicle industry, rubber and plastics and non-metallic minerals. As far as small projects were concerned, metal construction was in the lead, followed by the timber industry, the food industry, electrical and electronic engineering and rubber and plastics.

26. *Infrastructure*

- Generally speaking, industrial-estate development was well in the lead here, representing 60 % of the number of large projects and 52.4 % of small ones.
- Types of infrastructure, however, varied from one Member State to another in the light of regional priorities and national policies. Although most Member States, except France, put the emphasis on industrial estates, it should be noted that, in Denmark (Greenland), financing was also given to port development and energy supply infrastructure. In France, particular emphasis was put on road infrastructure and telephone installations in the less-favoured mountain areas⁽¹⁾. In Ireland, priority went to road-works, telecommunications and the building of advance factories; in Italy, a considerable effort was made to finance various types of public works in less favoured mountain areas⁽¹⁾.
- The level of Fund assistance averaged 27.7 % of eligible public expenditure for projects of less than 10 million EUA and 20.5 % for large projects. This is because certain Member States do not include in their grant applications those parts of investments which serve the general public. Furthermore, in the case of certain large projects, the Commission altered the rate of grant, between the limits of 10 % and 30 %, to take account of the link with the development of industrial or services-sector activity. These changes were made after consulting the Regional Policy Committee and the Fund Committee.

⁽¹⁾ Within the meaning of Directive 72/268/EEC.

Projects on which work had already commenced

27. As the modified Regulation was not in effect in 1978, the provisions laid down in 1975-1977 were still in force. Consequently, in granting Fund assistance, the Commission had to take into account any projects in respect of which the Member States' own payments were made after 1 January 1975, even if the project had been started or even completed by then. However, as in 1977, the Commission insisted that the Member States put priority on projects for which the bulk of the work was not due to start before 1978.

28. It should be noted here that, although there were practically no applications for completed projects, many related to projects already under way. Certain Member States nevertheless made a particular effort to present new projects.

Impact of Fund assistance on employment

29. One of the main aims of the Fund is the creation and maintenance of jobs in regions that are heavily dependent on or suffer from industrial change or structural underemployment.

The general increase in unemployment in the Community means that the Fund has a particularly important rôle to play here.

30. In this connection, the fact that more than 50 % of Fund-assisted investments were in industry or services enabled the Fund, as in 1977, to have a considerable effect on job creation. More than 70 000 jobs were created or maintained in this way by Fund-assisted projects in 1978.

As in previous years, it was the projects of less than 10 million EUA that created most jobs (as compared to the amount of the investment and/or to the Fund contribution). This is because the amount of capital invested per unit of work tends to be higher in big projects than in small projects, which are often more labour-intensive.

Financing studies

31. No study was financed from the Fund in 1978 under the Fund Regulation, no applications having been introduced by the Member States⁽¹⁾.

⁽¹⁾ Regional studies have nevertheless continued to receive financing under other chapters of the General Budget of the European Communities.

Complementary character of Fund activity and national measures

32. The Commission still does not have the information needed to assess how far Fund assistance has really added to national regional development efforts, nor to complete the data given in previous annual reports⁽¹⁾. It can therefore only emphasize, once again, the political and economic importance of the principle that Fund assistance should be treated as additional, regardless of the type of investments in question. It is vital that, in future, and within the framework of the amended Fund Regulation, Member States provide the necessary details on how Community resources are used so as to demonstrate its complementary character.

Summary of Fund activity 1975-1978

33. The table below gives a summary of activity, since the Fund's creation:

TABLE 6
Grants approved up to 31.12.1978⁽¹⁾

Member State	Grants approved at 31.12.78 on 1975-77 appropriations (million EUA) ⁽²⁾	Grants approved in 1978 (million EUA)	Total grants approved (million EUA)	Total appropriations available 75-78 (million EUA) ⁽³⁾	Grants approved % of appropriations available on 31.12.78
			A	B	A/B
Belgium	24.23	6.15	30.38	32.52	93
Denmark	17.90	5.58	23.48	25.13	93
Germany	102.42	49.26	151.68	155.25	98
France	185.59	82.63	268.22	268.39	99
Ireland	52.00	35.15	87.15	85.23	102
Italy	291.92	220.33	512.25	513.73	99
Luxembourg	1.62	0.50	2.12	2.17	98
Netherlands	29.01	8.18	37.19	38.39	97
United Kingdom	223.77	148.59	372.36	378.45	99
Reserve 5% ⁽³⁾	-	-	-	29.05	-
Total	928.46	556.37	1 484.83	1 528.31	98

⁽¹⁾ Figures up-dated at exchange rates of 31.12.1978.

⁽²⁾ Including commitments cancelled.

⁽³⁾ 5% of available 1978 appropriations were reserved for non-quota operations. See also point 18, footnote⁽²⁾ of this report.

⁽¹⁾ In particular, Second Annual Report, point 36-40.

Fund assistance

The principle features of the Fund's activity over its four years of existence are:

- 6 347 projects were financed, representing a total investment of 13 800 million EUA;
- 65.7 % of assistance went to infrastructure projects and 34.3 % to projects in industry and the services sector;
- projects of more than 10 million EUA received 46.7 % of Fund assistance and small projects 53.3 %;
- projects financed in industry and services should create or maintain 254 000 jobs.

Promoting new investments

34. During the course of 1978 the Commission services responsible for the Fund intensified their cooperation with the administrations of the Member States at national, regional and local levels, in particular in Italy and the United Kingdom. Indeed, the Commission does not see the role of the Fund as simply waiting for Member States to submit grant applications. It considers that the Fund must be a stimulant to new initiatives and the speeding up of investments already under way.

The contacts developed have led to better information to local and regional authorities concerning the possibilities of Fund help and uncovered numerous investments which could be planned and then undertaken with Fund assistance. The Commission feels that this sort of action, which will be taken further in 1979, creates a greater awareness of the availability of Fund resources among those interested.

Moreover, this active approach will help ensure that Fund assistance is clearly additional in respect of the investments involved. At the same time, the promotional aspect of the approach, involving action before the Member State submits a grant application, helps compensate in part for the disadvantages of the 'reimbursement' system currently in use.

Chapter IV - Regional analysis of Fund activity

Geographical concentration

35. Table 8 in the Annex shows the regional distribution of Fund assistance in 1975-1978.

36. The Fund Regulation states that regions and areas eligible for Fund assistance shall be limited to those areas aided by Member States under their own systems of regional aid. To give maximum impact to Fund assistance, however, priority must be given to investments located in national priority areas, taking account of the principles of Community level coordination of regional aids. In 1978, the situation was as follows in the various Member States:

- *Belgium*, Fund assistance went to the areas covered by the Commission Decision of 26 April 1972⁽¹⁾ on aids granted under the Belgian law on economic expansion of 30 December 1970.
- *Denmark*, 100 % of Fund assistance went to Greenland.
- *Germany*, 59 % of Fund assistance went to Berlin, to the Zonenrandgebiet and to first priority development poles qualifying for 20 % aid.
- *France*, 82.7 % of assistance went to the west and south-west, Corsica and the Overseas Departments.
- *Ireland*, 60 % of the projects were situated in the designated areas, mainly in the west of the country.
- *Italy*, 100 % of Fund assistance went to the Mezzogiorno.
- *Netherlands*, Fund assistance was restricted to two priority areas in the north and south of the country.
- *United Kingdom*, some 92 % of assistance went to projects in priority areas, namely Northern Ireland, the Special Development Areas and the Development Areas.

The Commission considers that the attempts to concentrate Fund assistance on priority regions as defined by national systems of aid has in general had satisfactory results.

Fund activity in certain priority regions

37. As in the last two annual reports, this section deals with Fund assistance in a certain number of regions. As in the third report, these regions have been chosen on the basis of the following criteria:

(1) OJ L 105 of 4.5.1972.

— in the first place, the regions included in the five areas recognized as having priority in the Commission's 'Guidelines on Regional Policy' of June 1977⁽¹⁾, that is:

- Mezzogiorno ⁽²⁾ {
 - Abruzzi
 - Basilicata
 - Calabria
 - Campania
 - Molise
 - Apulia
 - Sardinia
 - Sicily

- Ireland
- Northern Ireland
- Greenland
- French overseas departments

— In the second place, the region of each Member State (Luxembourg excepted) which was the principal recipient of Fund assistance in relation to population over the years 1975-1978, unless this region was already included in the above list. This gives the following regions:

- Corsica
- Sarre-West Palatinate
- South Limburg
- Wallonia

The analysis of the Mezzogiorno comprises a section on the whole of this huge area, followed by sections on each of the administrative regions within it. For other countries, there is a single section on each region.

⁽¹⁾ Supplement 2/77, Bull. EC.

⁽²⁾ The Mezzogiorno comprises the southern and island parts of Italy. Excluded for our purposes are the regions (Latium, Marche and Tuscany) which are only partly in the Mezzogiorno.

The following table summarizes Fund assistance in the various regions:

TABLE 7
Fund assistance in 1975-78

Region	Total (million EUA)	Per capita (EUA)
Mezzogiorno, of which:	517.74	24.82
Abruzzi	25.42	21.06
Basilicata	14.18	23.13
Calabria	35.87	17.68
Campania	129.31	24.60
Molise	5.29	16.08
Apulia	90.75	24.22
Sardinia	67.49	43.68
Sicily	81.54	16.85
Ireland	87.15	27.3
Northern Ireland	59.43	38.66
Greenland	19.46	393.13
French overseas departments	21.36	18.01
Corsica	9.07	41.04
Saarland- West Palatinate	7.11	3.90
South Limburg	14.15	19.99
Wallonia (¹)	13.82	4.31

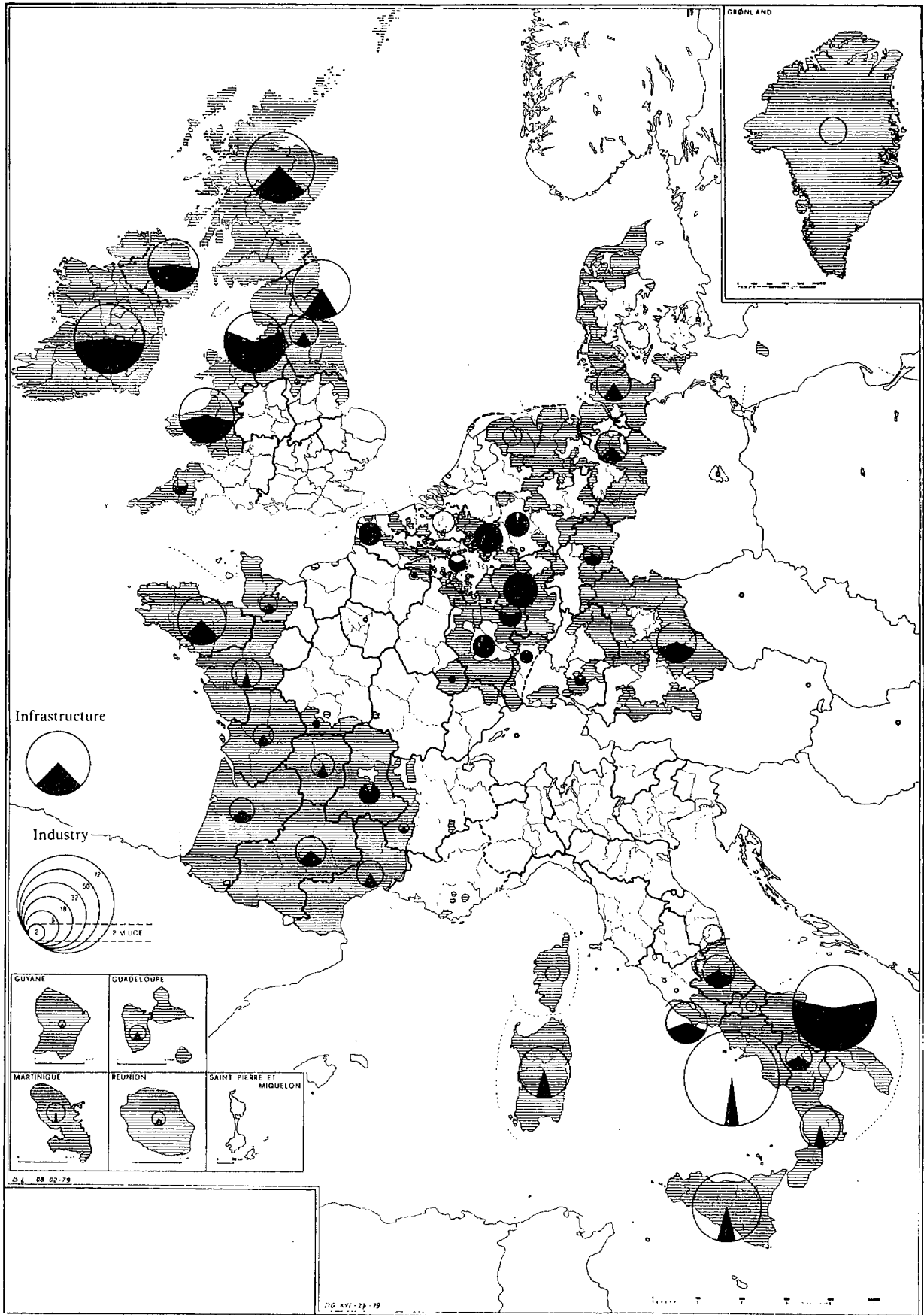
(¹) Assistance per head of the population is based on the total population of Wallonia and not just of the assisted areas.

As indicated in point 35, the total amounts of Fund assistance in all eligible regions are set out in Table 8 in the Annex.

38. Each region is analyzed in the following way, as it was last year:

- a very short outline of the economic situation of the region. As there have been no fundamental changes since 1977, this section contains no more than a brief reminder of the statistical data that are of particular interest for the region in question. This is to avoid repeating the description (which still holds good except where the statistics have been updated) set out in the third report;
- an overall indication of national and Community assistance in recent years. The Commission does not have full, precise and comparable data on national aid in all

Regional Fund aid in 1978



the regions⁽¹⁾. The figures are therefore often only a rough guide. Assistance from the Regional Fund and other Community financial instruments⁽²⁾ can, nevertheless, be assessed in the light of them⁽³⁾;

— a brief analysis of assistance from the Regional Fund in 1978.

Mezzogiorno⁽⁴⁾

Basic indicators

39. Population 1977 (1 000)	19 914
Density 1977 (inhabs. per km ²)	162 (country: 187)
Net migration 1970-74 (%)	- 0.4 (country: 0.1)
Unemployment, first half 1978 (%)	14.2 (country: 7.9)
Percentage of population working 1977	38.9 (country: 44.2; EEC 1975: 51.8)
Employment in agriculture 1977 (% of total employment)	21.7 (country: 12.9; EEC: 7.3)
GDP per capita 1975 (country = 100)	68.8
GDP per capita 1975 (EEC = 100)	41.4
Productivity: GDP per employed person (country = 100)	81.2
Productivity: GDP per employed person (EEC = 100)	54.9

National and Community assistance

40. It is not possible to give a precise indication of public expenditure on the development of the Mezzogiorno. However, the amount of capital expenditure by certain public authorities⁽⁵⁾ can be assessed, very roughly, for the period 1974-1977, when it amounted to some 10 404 million EUA, of which some 4 576 million EUA, by the Cassa per il Mezzogiorno.

⁽¹⁾ Points 122 and 123.

⁽²⁾ EAGGF: grants from the Guidance Section under regulations 17/64/EEC and 355/77/EEC.
EIB : individual loans (plus take-up of global loans) granted under article 130 (a) of the EEC treaty.
ECSC : loans under articles 54 and 56 of the ECSC treaty.

⁽³⁾ The amount of expenditure by national authorities has been converted into EUA at the exchange rate obtaining on 1.1.1978 (1 EUA = BFR/LFR 40.3265; DKR 7.09772; DM 2.58106; FF 5.76880; UKL 0.640434; LIT 1 069.90; HFL 2.78405). It should be emphasized that the resulting figures should be taken as a rough guide only. They do, however, give an overall idea of the relative importance of Fund assistance in each region.

⁽⁴⁾ Point 37, footnote⁽²⁾ of this report.

⁽⁵⁾ Cassa per il Mezzogiorno: all expenditure other than items which cannot be broken down by region (e.g. interest rate subsidies); other central government: expenditure by the Ministries for Agriculture and Public Works; regions: commitments resulting from provisional budgets.

It is in relation to these rough figures that Community assistance in the Mezzogiorno over the period of Fund activity (1975-1978) must be assessed:

<i>Grants</i> — Regional Fund	517 MEUA
— Agricultural Fund (Guidance Section)	64 MEUA ⁽¹⁾
<i>Loans</i> — European Investment Bank	1 439 MEUA ⁽¹⁾
— ECSC	268 MEUA ⁽¹⁾

Regional Fund assistance in 1978

41. The assistance provided by the Regional Fund for each of the regions of the Mezzogiorno is discussed in the following pages. However, it should be emphasized that the comparison, for each region, between Fund commitments and aid from the national authorities (in particular the Cassa) should take account of the following factors. The choice of projects to be submitted to the Fund was made by the Italian Government on the basis of aid for the whole of the Mezzogiorno and in the light of the time to be taken to implement the various projects. The action taken by the national authorities in the Mezzogiorno involves running projects which do not qualify or which only partially qualify, for Fund assistance. It is therefore quite possible for Fund assistance to a given region not to correspond to the real size of the effort the national authorities are making there.

Abruzzi

Basic indicators

42. Population 1977 (1 000)	1 224
Density 1977 (inhabs. per km ²)	113 (country: 187)
Net migration 1970-74 (%)	- 0.1 (country: 0.1)
Unemployment, first half 1978 (%)	10.0 (country: 7.9)
Percentage of population working 1977	41.4 (country: 44.2; EEC 1975: 51.8)
Employment in agriculture 1977 (% total employment)	21.2 (country: 12.9; EEC: 7.3)
GDP per capita 1975 (country = 100)	75.0
GDP per capita 1975 (EEC = 100)	45.1

⁽¹⁾ Points 122 and 123.

Productivity: GDP per employed person 1975 (country = 100)	76.6
Productivity: GDP per employed person 1975 (EEC = 100)	51.8

National and Community assistance

43. Over the period 1974-1977, capital expenditure by the Italian authorities can be estimated, very roughly, at 723 million EUA, corresponding to an average 7% of GDP and 34% of investment in the region. Of this amount, 420 million EUA was expenditure by the Cassa per il Mezzogiorno⁽¹⁾.

It is in relation to these rough figures that Community assistance over the four years (1975-1978) of Fund activity must be seen:

Grants — Regional Fund	25 MEUA
— Agricultural Fund (Guidance Section)	10 MEUA ⁽²⁾
Loans — European Investment Bank	82 MEUA ⁽³⁾
— ECSC	18 MEUA ⁽²⁾

Regional Fund assistance in 1978

44. In 1978, assistance from the Regional Fund for the Abruzzi region represented 3.5% of all assistance to Italy. It totalled 7.77 million EUA, including 2.72 million EUA (35.0%) for industrial activities and 5.05 million EUA (65.0%) for infrastructure.

Industrial activity

Only small projects, costing less than 10 million EUA, were financed. There were 16 of these, representing a total investment of 14.85 million EUA and aiming to create almost 650 jobs. As far as the volume of investments was concerned, first-stage processing of metals was in the lead, followed by non-metallic minerals and rubber and plastics.

Infrastructure

Financing was provided for seven projects of less than 10 million EUA, representing a total amount of 5.05 million EUA. All these projects involved the development of industrial zones.

⁽¹⁾ Points 122 and 123.

⁽²⁾ Point 38, footnote⁽²⁾ of this report.

⁽³⁾ Individual loans: 62 MEUA, including half (9.2 million EUA) of a loan which also involved Molise, and a third (17.3 MEUA) of a loan involving also Molise and Lower Latium; take-up of global loans: 20 MEUA.

Basilicata

Basic indicators

45. Population 1977 (1 000)	618
Density 1977 (inhabs. per km ²)	61 (country: 187)
Net migration 1970-74 (%)	- 1.1 (country: 0.1)
Unemployment, first half 1978 (%)	18.1 (country: 7.9)
Percentage of population working 1977	39.3 (country: 44.2; EEC1975:51.8)
Employment in agriculture 1977 (% of total employment)	31.6 (country: 12.9; EEC: 7.3)
GDP per capita 1975 (country = 100)	65.3
GDP per capita 1975 (EEC = 100)	39.2
Productivity: GDP per employed person 1975 (country = 100)	65.1
Productivity: GDP per employed person 1975 (EEC = 100)	44.0

National and Community assistance

46. Over the period 1974-1977, capital expenditure by the Italian authorities can be estimated very roughly at 685 million EUA, corresponding to 19 % of GDP and 40 % of investment in the region. Of this amount, 376 million EUA was expenditure by the Cassa per il Mezzogiorno⁽¹⁾.

It is in relation to these rough figures that Community assistance over the four years of activity of the Regional Fund (1975-1978) must be seen:

Grants — Regional Fund	22 MEUA ⁽²⁾
— EAGGF (Guidance Section)	14 MEUA ⁽³⁾
Loans — European Investment Bank	98 MEUA ⁽³⁾⁽⁴⁾

Regional Fund assistance in 1978

47. In 1978, Regional Fund assistance for the Basilicata region represented 2.9 % of all Fund assistance to Italy. It totalled 6.58 million EUA, of which 2.27 million EUA (34.5 %) went to industrial investments and 4.31 million EUA (65.5 %) to infrastructure.

⁽¹⁾ Points 122 and 123.

⁽²⁾ Including half (8 MEUA) of grants for multi-regional investments also involving Apulia.

⁽³⁾ Point 38, footnote⁽²⁾ of this report.

⁽⁴⁾ Individual loans: 96 MEUA, including half (60 MEUA) of loans involving Apulia and Calabria too; take-up global loans: 2 MEUA.

Industrial activity

Only one project of less than 10 million EUA was financed, involving setting up a factory to produce conveyor belts and sheet rubber in the Matera province. The whole investment, which cost 12.39 million EUA (the Fund provided aid of 2.27 million EUA) should enable almost 600 jobs to be created.

Infrastructure

The Fund gave assistance for one project of more than 10 million EUA, also covering Apulia, to carry out the first phase of work on channelling water from the River Sinni in Potenza and Matera provinces. The total investment cost 109.2 million EUA and the Fund provided 6.24 million EUA of this. Financing was given for 14 projects of less than 10 million EUA, representing 13.15 million EUA in all, to which assistance of 3.88 million EUA was given. As far as volume of investments was concerned, industrial zone development was at the top of the list, followed by installations in tourist areas. The Fund also provided assistance for 19 infrastructure projects in less-favoured agricultural and mountain areas⁽¹⁾ totalling 430 000 EUA.

Calabria

Basic indicators

48. Population 1977 (1 000)	2 053
Density 1977 (inhabs. per km ²)	136 (country: 187)
Net migration 1970-74 (%)	- 0.9 (country: 0.1)
Unemployment, first half 1978 (%)	13.9 (country: 7.9)
Percentage of population working 1977	34.7 (country: 44.2; EEC 1975: 51.8)
Employment in agriculture 1977 (% total employment)	25.6 (country: 12.9; EEC: 7.3)
GDP per capita 1975 (country = 100)	58.3
GDP per capita 1975 (EEC = 100)	35.1
Productivity: GDP per employed person 1975 (country = 100)	73.5
Productivity: GDP per employed person 1975 (EEC = 100)	49.7

⁽¹⁾ Within the meaning of Directive 75/268/EEC.

National and Community assistance

49. Over the period 1974-1977, capital expenditure by the Italian authorities⁽¹⁾ can be estimated, very roughly, at 987 million EUA, corresponding to 10% of GDP and 32% of investment in the region. The Cassa per il Mezzogiorno provided 545 million EUA of this.

It is in relation to these rough figures that Community assistance over the four years of Regional Fund activity 1975-1978 must be seen:

Grants — Regional Fund	36 MEUA
— Agricultural Fund (Guidance Section)	4 MEUA ⁽²⁾
Loans — European Investment Bank	123 MEUA ⁽²⁾ ⁽³⁾

Regional Fund assistance in 1978

50. In 1978, Regional Fund assistance for Calabria represented 5.6% of all Fund assistance to Italy. It totalled 12.63 million EUA, of which 1.02 million EUA (8.1%) went on industrial investment and 11.61 million EUA (91.9%) on infrastructure.

Industrial activity

Only projects of less than 10 million EUA were financed. There were 10 of these, representing a total investment of 5.08 million EUA and expected to create more than 450 jobs. As far as volume of investment was concerned, projects in the timber industry were in the lead, followed by non-metallic minerals and food products.

Infrastructure

Two projects of more than 10 million EUA were financed, whose total cost was 66.76 million EUA of which the Fund contributed 11.06 million EUA. One project involved building a fast road in the province of Reggio Calabria and the other developing the industrial zone in Schiavonea in the Cosenza province. The Fund also provided 550 000 EUA for 17 projects, mainly electricity networks and rural road systems, in less favoured agricultural and mountain areas⁽⁴⁾.

⁽¹⁾ Points 122 and 123.

⁽²⁾ Point 38, footnote⁽²⁾ of this report.

⁽³⁾ Individual loans: 116.4 MEUA, including half (57.6 MEUA) of loans also including Basilicata, Apulia and Sicily; take-up of global loans: 6.7 MEUA.

⁽⁴⁾ Within the meaning of Directive 75/268/EEC.

Campania

Basic indicators

51. Population 1977 (1 000)	5 357
Density 1977 (inhabs. per km ²)	394 (country: 187)
Net migration 1970-1974 (%)	- 0.5 (country: 0.1)
Unemployment, first half 1978 (%)	22.8 (country: 7.9)
Percentage of population working 1977	39.6 (country: 44.2; EEC 1975: 51.8)
Employment in agriculture 1977 (% total employment)	19.8 (country: 12.9) EEC: 7.3)
GDP per capita 1975 (country = 100)	66.7
GDP per capita 1975 (EEC = 100)	40.1
Productivity: GDP per employed person 1975 (country = 100)	81.3
Productivity: GDP per employed person 1975 (EEC = 100)	55.0

National and Community assistance

52. Over the period 1974-1977, capital expenditure by the Italian authorities ⁽¹⁾ can be estimated, very roughly, at 1 680 million EUA, corresponding to 5% of GDP and 37% of investment in the region. The Cassa per il Mezzogiorno provided 868 million EUA of this.

It is in relation to these rough figures that Community assistance over the four years of Fund activity (1975-1978) must be seen:

Grants — Regional Fund	129 MEUA
— Agricultural Fund (Guidance Section)	8 MEUA ⁽²⁾
Loans — European Investment Bank	242 MEUA ⁽²⁾ ⁽³⁾

Regional Fund assistance in 1978

53. In 1978, Regional Fund assistance for Campania represented 30.8% of all Fund assistance to Italy. It totalled 69.07 million EUA, of which 4.43 million EUA (6.4%) went to industrial activity and 64.64 million EUA (93.6%) to infrastructure.

⁽¹⁾ Points 122 and 123.

⁽²⁾ Point 38, footnote ⁽²⁾ of this report.

⁽³⁾ Individual loans: 216 MEUA; take-up of global loans: 26 MEUA.

Industrial activity

Only projects of less than 10 million EUA were financed. There were 20 of these, representing a total investment of 26.9 million EUA and expected to create more than 1 000 jobs. As far as volume of investments was concerned, projects in the rubber and plastics sector were in the lead with brewing and electrical engineering and electronics in second and third places.

Infrastructure

Financing was provided for four projects of more than 10 million EUA. Two of them involved building water purifying systems to counter pollution in the Bay of Naples, the third, water supply to greater Naples and the industrial zones of Naples and Caserta, and the fourth providing road links to industrial and tourist areas in the province of Salerno. The Fund provided assistance of 63.99 million EUA towards the total cost of 385.9 million EUA.

A further 650 000 EUA was provided for 22 projects, mainly rural roads, in less favoured hill farming areas⁽¹⁾.

Molise

Basic indicators

54. Population 1977 (1 000)	331
Density 1977 (inhabs. per km ²)	74 (country: 187)
Net migration 1970-1974 (%)	- 0.2 (country: 0.1)
Unemployment, first half 1978 (%)	12.8 (country: 7.9)
Percentage of population working 1977	40.9 (country: 44.2; EEC 1975: 51.8)
Employment in agriculture 1977 (% total employment)	40.0 (country: 12.9; EEC: 7.3)
GDP per capita 1975 (country = 100)	63.4
GDP per capita 1975 (EEC = 100)	38.1
Productivity: GDP per employed person 1975 (country = 100)	64.1
Productivity: GDP per employed person 1975 (EEC = 100)	93.3

(1) Within the meaning of Directive 75/268/EEC.

National and Community assistance

55. Capital expenditure by the Italian authorities⁽¹⁾ over the period 1974-1977 can be estimated, very roughly, at 196 million EUA, corresponding to 10% of GDP and 29% of investment in the region. Of this the Cassa per il Mezzogiorno provided 73 million EUA.

It is in relation to these rough figures that Community assistance over the four years since the Fund was established (1975-78) must be seen:

<i>Grants</i> — Regional Fund	7.5 MEUA
— Agricultural Fund (Guidance Section)	0.5 MEUA ⁽²⁾
<i>Loans</i> — European Investment Bank	32.9 MEUA ⁽²⁾⁽³⁾

Regional Fund assistance in 1978

56. In 1977, Regional Fund assistance for Molise represented 0.6% of all Fund assistance to Italy. The full amount, 1 370 000 EUA, went to **infrastructure investments**.

No projects of more than 10 million EUA were financed in 1978. Two projects of less than 10 million EUA, both to do with the development of industrial zones, were financed and the Fund assisted 15 projects (470 000 EUA) in less favoured hill farming areas⁽⁴⁾.

Apulia

Basic indicators

57. Population 1977 (1 000)	3 837
Density 1977 (inhabs. per km ²)	198 (country: 187)
Net migration 1970-1974 (%)	- 0.4 (country: 0.1)
Unemployment, first half 1978 (%)	10.7 (country: 7.9)
Percentage of population working 1977	40.3 (country: 44.2; EEC 1975: 51.8)
Employment in agriculture 1977 (% total employment)	23.1 (country: 12.9; EEC: 7.3)
GDP per capita 1975 (country = 100)	71.7
GDP per capita 1975 (EEC = 100)	43.1

⁽¹⁾ Points 122 and 123.

⁽²⁾ Point 38, footnote⁽²⁾ of this report.

⁽³⁾ Individual loans: 30.4 MEUA, including half (9.2 MEUA) of a loan involving also Abruzzi and a third of one involving Abruzzi and Lower Latium; take-up of global loans: 2.5 MEUA.

⁽⁴⁾ Within the meaning of Directive 75/268/EEC.

Productivity: GDP per employed person 1975 (country = 100)	77.5
Productivity: GDP per employed person 1975 (EEC = 100)	52.4

National and Community assistance

58. Capital expenditure by the Italian authorities⁽¹⁾ over the period 1974-1977 can be estimated, very roughly, at 1 674 million EUA, corresponding to 10 % of GDP and 29 % of investment in the region. The Cassa per il Mezzogiorno provided 905 EUA of this.

It is in relation to these rough figures that Community assistance over the period since the Fund was established (1974-1978) must be seen:

Grants — Regional Fund	99 MEUA ⁽²⁾
— Agricultural Fund (Guidance Section)	7 MEUA ⁽³⁾
Loans — European Investment Bank	343 MEUA ⁽³⁾⁽⁴⁾
— ECSC	261 MEUA ⁽³⁾

Regional Fund assistance in 1978

59. In 1978, Fund assistance to Apulia represented 23.3 % of all Fund assistance to Italy. It totalled 52.15 million EUA, of which 29.69 million EUA (56.9 %) went on industrial investments and 22.46 million EUA (43.1 %) on infrastructure.

Industrial activity

One project of more than 10 million EUA was financed, involving the setting up of a plant to produce diesel motors for vehicles in the province of Foggia, at a cost of 165.0 million EUA (to which the Fund contributed 28.39 million EUA). The investment was expected to create nearly 1 650 jobs. Seven projects of less than 10 million EUA also received assistance. They cost a total of 7.6 million EUA, were expected to create more than 600 jobs and the Fund gave 1.3 million EUA towards them. As far as volume of investments was concerned, the metalwork industry was in the lead, followed by the food industry and the timber industry.

⁽¹⁾ Points 122 and 123.

⁽²⁾ Including half (8 MEUA) of a grant for a multi-regional project also involving Basilicata.

⁽³⁾ Point 38, footnote⁽²⁾ of this report.

⁽⁴⁾ Individual loans: 322.6 MEUA, including half (50.4 MEUA) of loans also including Basilicata and Sicily; take-up of global loans: 20.4 MEUA.

Infrastructure

Assistance was given to four projects of more than 10 million EUA. One was for phase two of the River Sinni water supply scheme in the province Taranto, two involved developing industrial zones in Taranto and Foggia and the fourth building a fast road linking the motorway network to both the industrial zones in Foggia and the Gargano tourist area. The total investments cost 142.9 million EUA and the Fund contributed 17.76 million EUA towards this. The Fund also contributed to phase one of the River Sinni water supply scheme, again a project of more than 10 million EUA. The first phase involved work in Basilicata too, at a total investment cost of 109.2 million EUA, to which the Fund contributed 6.24 million EUA.

Three projects of less than 10 million EUA, all of them involving the development of industrial estates, were financed (total grant 3.17 million EUA). Finally, 8 projects in less favoured hill farming areas⁽¹⁾ were financed for a total 1.53 million EUA.

Sardinia

Basic indicators

60. Population 1977 (1 000)	1 575
Density 1977 (inhabs. per km ²)	65 (country: 187)
Net migration 1970-1974 (%)	- 0.2 (country: 0.1)
Unemployment, first half 1978 (%)	12.7 (country: 7.9)
Percentage of population working 1977	38.7 (country: 44.2; EEC 1975: 51.8)
Employment in agriculture 1977 (% of total employment)	16.2 (country: 12.9) (EEC: 7.3)
GDP per capita 1975 (country = 100)	75.1
GDP per capita 1975 (EEC = 100)	45.2
Productivity: GDP per employed person 1975 (country = 100)	94.0
Productivity: GDP per employed person 1975 (EEC = 100)	63.5

National and Community assistance

61. Capital expenditure by the Italian authorities⁽²⁾ over the period 1974-1977 can be estimated, very roughly, at 1 352 million EUA, corresponding to 13 % of GDP and 33 % of investment in the region. The Cassa per il Mezzogiorno provided 579 million EUA of this.

⁽¹⁾ Within the meaning of Directive 75/268/EEC.

⁽²⁾ Points 122 and 123.

It is in relation to these rough figures that Community assistance over the four years of Fund activity (1975-1978) must be seen:

Grants — Regional Fund	67 MEUA
— Agricultural Fund (Guidance Section)	4 MEUA ⁽¹⁾
Loans — European Investment Bank	177 MEUA ⁽¹⁾ ⁽²⁾

Regional Fund assistance in 1978

62. In 1978, Fund assistance to Sardinia represented 8.4 % of all Fund assistance to Italy. It totalled 18.75 million EUA, of which 1.76 million EUA (9.4 %) went to industrial activity and 16.99 million EUA (90.6 %) to infrastructure.

Industrial activity

Only projects of less than 10 million EUA were financed; there were nine of these, representing a total investment of 9.4 million EUA and expected to create more than 300 jobs. As far as volume of investments was concerned, the alcoholic drinks sector was in the lead, followed by the processing of non-metallic minerals and the timber industry.

Infrastructure

Two projects of more than 10 million EUA were financed: the development of the Oristano industrial zone, and the building of a dam to form a reservoir in the province of Cagliari. A total of 10.55 million EUA was provided towards the 36.1 million EUA which the projects were to cost. Financing was provided for 28 projects of less than 10 million EUA, mainly concerned with developing industrial zones and tourist areas. The total assistance granted here was 5.34 million EUA. The Fund also provided 1.1 million EUA for 45 infrastructure projects, mainly rural roads, in less favoured hill farming areas⁽³⁾.

Sicily

Basic indicators

63. Population 1977 (1 000)	4 919
Density 1977 (inhabs. per km ²)	191 (country: 187)

⁽¹⁾ Point 38, footnote⁽²⁾ of this report.

⁽²⁾ Individual loans: 164 MEUA; take-up of global loans: 13 MEUA.

⁽³⁾ Within the meaning of Directive 75/268/EEC.

Net migration 1970-1974 (%)	- 0.5 (country: 0.1)
Unemployment, first half 1978 (%)	14.0 (country: 7.9)
Percentage of population working 1977	35.9 (country: 44.2; EEC 1975: 51.8)
Employment in agriculture 1977 (% total employment)	21.9 (country: 12.9; EEC: 7.3)
GDP per capita 1975 (country = 100)	70.6
GDP per capita 1975 (EEC = 100)	42.5
Productivity: GPD per employed person 1975 (country = 100)	89.0
Productivity: GPD per employed person 1975 (EEC = 100)	60.1

National and Community assistance

64. Capital expenditure by the Italian authorities⁽¹⁾ over the period 1974-1977 can be estimated, very roughly, at 3 107 million EUA, corresponding to 11 % of GDP and 42 % of investments in the region. The Cassa per il Mezzogiorno provided 827 million EUA of this amount.

It is in relation to these rough figures that Community assistance over four years of Fund activity (1975-1978) should be seen:

Grants — Regional Fund	82 MEUA
— Agricultural Fund (Guidance Section)	16 MEUA ⁽²⁾
Loans — European Investment Bank	340 MEUA ⁽²⁾ ⁽³⁾
— ECSC	6.5 MEUA ⁽²⁾

Regional Fund assistance in 1978

65. In 1978, Fund assistance to Sicily represented 15.1 % of all Fund assistance to Italy. It totalled 33.89 million EUA, of which 3.67 million EUA (10.8 %) went for industrial activity and 30.22 million EUA (89.2 %) to infrastructure investments.

⁽¹⁾ Points 122 and 123.

⁽²⁾ Point 38, footnote⁽²⁾ of this report.

⁽³⁾ Individual loans: 320 MEUA, including half (45.2 MEUA) of loans including as well Apulia and Calabria; take-up of global loans: 20 MEUA.

Industrial activity

Only projects of less than 10 million EUA were financed. There were 21 of these, representing a total investment of 18.6 million EUA and expected to create almost 1 000 jobs. As far as volume of investments was concerned, non-metallic minerals were in the lead, followed by rubber and plastics and the food industry.

Infrastructure

Financing was given to four projects of more than 10 million EUA, all involving the development of industrial zones (at Catana, Syracuse and Ragusa, and at Gela in the Caltanissetta province). The Fund provided 27.78 million EUA towards the total investment costs of 133.6 million EUA.

Three projects of less than 10 million EUA were financed. They involved road, rail and waterworks and received a total of 2.44 million EUA.

Ireland

Basic indicators

66. Population 1977 (1 000)	3 192
Density 1977 (inhabs. per km ²)	45
Net migration 1970-1974 (%)	0.1 (EEC: 0.2)
Unemployment, first half 1978 (%)	9.5
Percentage of population working 1977	50.2 EEC 1975: 51.8)
Employment in agriculture 1977 (% total employment)	21.7 EEC: 7.3)
GDP per capita 1975 (EEC = 100)	49.2
Productivity: GDP per employed person 1975 (EEC = 100)	58.7

National and Community assistance

67. Over the period 1975-1977, the Irish authorities spent 470 million EUA on grants and some 430 million EUA on loans to help industry. In addition, public infrastructure investments represented some 790 million EUA.

Community assistance, which must be seen in relation to this national expenditure, was as follows over the period 1975-1978:

Grants — Regional Fund	90 MEUA
— Agricultural Fund (Guidance Section)	40 MEUA ⁽¹⁾
Loans — European Investment Bank	274 MEUA ⁽¹⁾ ⁽²⁾
— ECSC	2.5 MEUA ⁽¹⁾

Regional Fund assistance in 1978

68. In 1978, the Fund provided 34.95 million EUA for Ireland, 14.91 million EUA (42.7%) of it for industrial investment and 20.04 million EUA (57.3%) for infrastructure.

Industrial activity

Two projects of more than 10 million EUA were financed, the Fund contributing 4.34 million EUA to a total investment of 454.4 million EUA. The projects, which were expected to create more than 1 000 jobs, involved the building of a plant to produce perfume and aromatic products in Louth and an aluminium smelter in Limerick.

Financing was also provided for 25 smaller projects, representing a total investment of 62.1 million EUA and expected to create more than 4 100 jobs. As far as volume of investment was concerned, electrical and electronic engineering was in the lead, followed by metal construction.

Infrastructure

One project for more than 10 million EUA was financed. It involved the development of the water distribution network in the town and the port of Cork, at a total cost of 44.7 million EUA; the Fund contributed 2.99 million EUA towards this.

Fund grants of 13.62 million EUA were also provided for 74 projects of less than 10 million EUA, representing a total investment of 49.7 million EUA. In volume of investments, road works headed the list, followed by the development of industrial

⁽¹⁾ Point 38, footnote⁽²⁾ of this report.

⁽²⁾ Individual loans: 270 MEUA; take-up of global loans: 4 MEUA.

zones, the construction of advance factories and telephone installations. Lastly, 19 projects (mainly water supply networks, drainage and telephone installations) in less favoured agricultural areas⁽¹⁾ were financed for an amount of 3.43 million EUA.

Northern Ireland

Basic indicators

69. Population 1977 (1 000)	1 538
Density 1977 (inhabs. per km ²)	108 (country: 229)
Net migration 1970-1974 (%)	- 0.6 (country: 0.1)
Unemployment, first half 1978 (%)	10.5 (country: 5.8)
Percentage of population working 1977	54.6 (country: 58.1) (EEC 1975: 51.8)
Employment in agriculture (% total employment)	10.0 (country: 2.9; EEC: 7.3)
Wage/salary earners in textile sector 1976 (% total employment)	10.6 (country: 4.3)
Wage salary earners in shipbuilding 1976 (% total employment)	2.1 (country: 0.5)
GDP per capita 1975 (country = 100)	82.4
GDP per capita 1975 (EEC = 100)	64.4
Productivity: GDP per employed person 1975 (country = 100)	99.0
Productivity: GDP per employed person 1975 (EEC = 100)	69.5

National and Community assistance

70. Industry received a total of 348 million EUA in national aid during the financial years 1975/76 and 1976/77. Public investments in infrastructure favouring economic development (and the civilian population in general) received a total of some 670 million EUA.

It is in relation to these rough figures that Community assistance in the region over the period 1975-1978 should be seen:

Grants — Regional Fund	59 MEUA
— Agricultural Fund (Guidance Section)	13 MEUA ⁽²⁾
Loans — European Investment Bank	28 MEUA ⁽²⁾⁽³⁾

(1) Within the meaning of Directive 75/268/EEC.

(2) Point 38, footnote⁽²⁾ of this report.

(3) 1 individual loan of 27.9 MEUA, plus 300 000 EUA taken up from a global loan.

Regional Fund assistance in 1978

71. In 1978, Fund assistance to Northern Ireland represented 14.2 % of all Fund assistance to the United Kingdom. It totalled 21.46 million EUA, of which 9.53 million EUA (44.4 %) went to industrial activity and 11.93 million EUA (55.6 %) to infrastructure.

Industrial activity

Two projects costing more than 10 million EUA were financed, representing a total investment of 51.3 million EUA and Fund aid of 6.7 million EUA; they were expected to create some 1 300 jobs and maintain 500. They involved converting a neoprene manufacturing plant to produce synthetic rubber, and setting up a factory for research and production in the field of multi-layer ceramic condensers. Both projects are situated in Londonderry.

Aid was also provided for 15 projects of less than 10 million EUA. These represented a total investment of 14 million EUA and were expected to create 400 jobs and maintain more than 1 200. In volume of investments, precision instrument manufacture was in the lead, followed by the paper industry and the timber industry.

Infrastructure

One project of over 10 million EUA received assistance; this involved developments at Belfast-Aldergrove airport and cost 28.7 million EUA, to which the Fund contributed 5.73 million EUA.

Eight smaller projects were assisted, representing a total investment of 21.1 million EUA, to which the Fund contributed 6.2 million EUA. As far as volume of investments was concerned, port development was in the lead, followed by telephone installations.

Greenland

Basic indicators

72. Population 1977 (1 000)	50
Density 1977 (inhabs. per km ²)	0.1 (Denmark ⁽¹⁾ : 118)
Unemployment 1974 (%)	8.0 approx.
Employment in agriculture/fisheries/hunting 1970 (%)	19.6
Income per capita: Greenlanders (EUA)	1 460
Income per capita: Immigrants (EUA)	6 570

⁽¹⁾ Excluding Greenland.

National and Community assistance

73. In 1975 and 1976, the Ministry for Greenland invested 72 million EUA in housing, electricity and transport and communications. The figure was expected to be some 60 million EUA in 1977.

It is in relation to these rough figures that Community assistance to Greenland over the 1975-1978 period should be seen:

Grants — Regional Fund	19 MEUA
— Agricultural Fund (Guidance Section)	0.4 MEUA ⁽¹⁾
Loans — European Investment Bank	18.5 MEUA ⁽¹⁾

Regional Fund assistance in 1978

74. In 1978, the whole of the Fund's assistance to Denmark went to Greenland. It totalled 5.58 million EUA and, as in previous years, the full amount went to finance infrastructure projects. There was one project of more than 10 million EUA, involving building an airport at Gødhab; this cost 11.53 million EUA, to which the Fund contributed 3.46 million EUA. Finance was also provided for 28 projects of less than 10 million EUA, representing a total investment of 7.1 million EUA. As far as volume of investments was concerned, port improvements were in the lead, followed by water supplies, energy distribution and telephone installations.

French overseas departments

75. The Regional Fund has provided financial help for the following French overseas departments:

	Population (1978)	Density: inhab./km ² (1978)	Net emigration (1964-1974) %	Jobs in agri- culture(1967) %
Guadeloupe	317 437	178	1,3	28
Martinique	315 885	286	1,5	34
Réunion	488 155	194	0,5	29
Guyane	60 748	0,66	-	-

⁽¹⁾ Point 38, footnote⁽²⁾ of this report.

National and Community assistance

76. Although the figures set out below are incomplete, they give some idea of how much aid the French authorities have channelled into the economic development of these four departments:

— special tax benefits for productive investments (1976-77)	17.3 MEUA
— equipment grants (1975-1977)	15.6 MEUA
— investment in infrastructure (1974-1976)	30.7 MEUA

Community assistance over the four years of Fund activity (1975-1978) has been as follows (million EUA):

	Guadeloupe	Martinique	Réunion	Guyane	Total
Grants					
— Regional Fund	6.76	7.35	4.46	2.79	21.36
— Agricultural Fund (Guidance Section) ⁽¹⁾	0.65	4.31	1.12	0.75	6.83
— European Development Fund	-	-	-	1.55	1.55
Loans					
— European Investment Bank ⁽¹⁾⁽²⁾	0.70	-	-	0.50	1.20

⁽¹⁾ Point 38, footnote⁽²⁾ of this report.

⁽²⁾ Loan made from resources of the European Development Fund.

Regional Fund assistance in 1978

77. In 1978, Fund grants to the overseas departments represented 11 % of all Fund assistance to France. It totalled 9.12 million EUA, of which 1.15 million EUA (12.6 %) went to industrial activity and 7.97 million EUA (87.4 %) to infrastructure. The breakdown was as follows: Guadeloupe 2.74 million EUA, Guyane 680 000 EUA, Martinique 3.93 million EUA and Réunion 1.77 million EUA.

Industrial activity

Only projects under 10 million EUA were financed; these numbered 22, representing a total investment of 11.6 million EUA, and should create 500 jobs. As to volume of investments, the timber industry was in the lead, followed by the food industry and first-stage processing of metals.

Infrastructure

One project over 10 million EUA was financed, involving building a wharf in the port of Fort de France on Martinique; the Fund contributed 1.41 million EUA towards the total investment cost of 11.7 million EUA.

Five smaller projects were also financed, representing a total investment of 6.5 million EUA to which the Fund contributed 1.94 million EUA. Two of these projects concerned airport facilities, two others road works and the last, port improvements.

Finally, 4.62 million EUA was provided for 31 telephone equipment projects in less favoured hill farming areas⁽¹⁾.

Corsica

Basic indicators

78. Population 1977 (1 000)	228
Density 1977 (inhabs. per km ²)	26 (country: 97)
Net migration 1970-1974 (%)	0.6 (country: 0.2)
Unemployment, first half 1978 (%)	0.0 (country: 4.9)
Percentage of population working 1977	45.5 (country: 54.9; EEC: 51.8)
Employment in agriculture 1977 (% of total employment)	12.2 (country: 9.7; EEC: 7.3)

National and Community assistance

79. In 1976, France spent 770 000 EUA on grants for directly reproductive investments and decentralization allowances in this region, plus 288 000 EUA in tax benefits. Some 19 million EUA of public funds were invested in 1975 in infrastructure development involving general and transport facilities, including an aerodrome and works in less favoured and mountain areas.

The Commission has no other details, but compared to these rough figures, the Community contribution seems relatively high. Over the period 1975-1978 it amounted to:

<i>Grants</i> — Regional Fund	9.07 MEUA
— Agricultural Fund (Guidance Section)	0.96 MEUA ⁽²⁾

⁽¹⁾ Within the meaning of Directive 75/268/EEC.

⁽²⁾ Point 38 footnote⁽²⁾ of this report.

Regional Fund assistance in 1978

80. In 1978, Fund assistance to Corsica represented 2.2 % of all Fund assistance to France. It totalled 1.82 million EUA, all of which went to *infrastructure*. Grants were approved for 15 projects, all under 10 million EUA, representing a total investment of 6.25 million EUA. Twelve of these projects involved road works, two others airport improvements and the last one, port development.

Sarre-West Palatinate

81. This programme region (Regionale Aktionsprogramme) covers the whole of the Sarre and an adjacent area of southern Rhineland-Palatinate.

Basic indicators

Population 1975 (1 000)	1 831
Density 1975 (inhabs. per km ²)	271
Unemployment 1975 (%)	6.5
Employment in coal mining 1960 (%)	32
Employment in coal mining 1975 (%)	14
Employment in iron and steel 1975 (%)	24
GDP per capita 1972 (country = 100)	82

National and Community assistance

82. The amount provided by the German authorities for the development of this region over the period 1976-1979 totals 335 million EUA.

These figures must be borne in mind when judging Community assistance over the period 1975-1978:

Grants — Regional Fund	7.1 MEUA
— Agricultural Fund (Guidance Section)	2.7 MEUA ⁽¹⁾
Loans — European Investment Bank	10.6 MEUA ⁽¹⁾ ⁽²⁾
— ECSC	82 MEUA ⁽¹⁾

⁽¹⁾ Point 38, footnote⁽²⁾ of this report.

⁽²⁾ All individual loans.

Regional Fund assistance in 1978

83. In 1978, the Fund gave 8.7% of its assistance to Germany to this region. Total aid was 4.24 million EUA, of which 2.62 million EUA (61.8%) went to industry and 1.62 million EUA (38.2%) to infrastructure.

Industrial activity

Two projects of more than 10 million EUA were financed, costing a total of 21.7 million EUA, of which the Fund contributed 990 000 EUA. One project concerns extending a tyre factory and the other a rubber goods factory. Together they should create 170 jobs. Grants were also provided for 24 projects of less than 10 million EUA. These represented a total investment of 36.3 million EUA and should create more than 600 jobs and maintain 700 more. In volume of investments, electrical and electronic engineering headed the list, followed by non-metallic minerals and metal goods.

Infrastructure

One project of more than 10 million EUA was financed, with an investment cost of 12.5 million EUA; the Fund grant amounted to 840 000 EUA. This project involved extending mechanical and biological waste purifying installations. In addition, three smaller projects involving the development of an industrial estate, road works and the provision of tourist facilities, with a total investment cost of 2.6 million EUA, also received Fund grants.

South Limburg

84. The South Limburg restructuring region (Herstructureringsgebied Zuid-Limburg) covers the southern part of the Dutch province of Limburg.

Basic indicators

Population 1975 (1 000)	708
Density 1975 (inhab. per km ²)	775 (country: 402)
Unemployment 1976 (%)	8.9 (country: 5.7)
Employment in coal mining 1965 (%)	17.6
Employment in coal mining 1973 (%)	3.1

National and Community assistance

85. Expenditure by the national authorities to help the South Limburg restructuring region amounted over the period 1975-1978 to around 61 million EUA for

regional investment aids and 29 million EUA for infrastructure improvements. The Community's contribution over the same period must be seen beside these figures. It amounted to:

Grants — Regional Fund	14 MEUA
Loans — ECSC	4.8 MEUA ⁽¹⁾

Regional Fund assistance in 1978

86. In 1978, Fund assistance to this region represented 67.5% of all Fund assistance to the Netherlands. It totalled 5.25 million EUA, all of which went for industrial investments. Two projects of more than 10 million EUA were financed, representing a total investment of 77.53 million EUA and expected to create more than 400 jobs. Both projects concerned extensions to polyethylene production plants.

Wallonia

Basic indicators

87. Population 1977 (1 000)	3 224 ⁽²⁾
Density 1977 (inhabs. per km ²)	191 (country: 322)
Unemployment 1977 (%)	9.7 (country: 7.8)
Percentage of population working 1977	47.1 (country: 48.5)
GDP per capita 1974 (country = 100)	87.2 EEC: 51.8)

National and Community assistance

88. Not all parts of Wallonia are eligible for regional aid⁽³⁾. Over the period 1975-1977, the eligible areas received 239 million EUA of assistance for industrial investments under the Belgian Law on economic expansion, and public investment in the development of industrial sites amounted to 66 million EUA in 1974-1976. It is not possible to assess how far other official investments in infrastructure contributed to economic development, but we do know that in 1976 investment in transport infrastructure alone amounted to 317 million EUA in Wallonia as a whole.

It is in relation to these rough figures that Community assistance to Wallonia over the period 1975-1978 should be seen:

Grants — Regional Fund	14 MEUA
— Agricultural Fund (Guidance Section)	17 MEUA ⁽¹⁾
Loans — European Investment Bank	9.5 MEUA ⁽¹⁾ ⁽⁴⁾
— ECSC	43 MEUA ⁽¹⁾

⁽¹⁾ Point 38, footnote⁽²⁾ of this report.

⁽²⁾ Total population. The population in the areas which received assistance is some 1.6 million.

⁽³⁾ Point 36 of this report.

⁽⁴⁾ Take-up of a global loan 18 MEUA.

Regional Fund assistance in 1978

89. In 1978, Fund assistance for Wallonia represented 37.9 % of all Fund grants in Belgium. It totalled 2.33 million EUA, of which (59.7 %) went to industry and 940 000 EUA (40.3 %) to infrastructure.

Industrial activity

One project of more than 10 million EUA was financed. It involved extensions to a car assembly plant in the Hainaut province at a cost of 11.1 million EUA, to which the Fund contributed 1.19 million EUA. This investment is expected to provide almost 700 jobs. One project of less than 10 million EUA was also assisted. Representing an investment of 2.63 million EUA, it involves extending a wholesale firm in the province of Namur and should create more than 100 jobs.

Infrastructure

The Fund provided assistance for seven projects of less than 10 million EUA, representing a total investment of 3.57 million EUA. All these projects involved developing industrial zones.

Chapter V - Payments and controls

Payments

90. Total payments in 1978 amounted to 255 million EUA, which compares with the 275 million EUA in 1977⁽¹⁾. On the basis of payments expressed in national currencies, 52.3 % of total commitments in 1975-1978 were paid out.

Table 8 below shows the situation as regards payments in each of the Member States. Table 10 in the Annex gives details of payments to each Member State in 1978 broken down by year of commitment.

⁽¹⁾ Converted from the old unit of account (u.a.) to the new European unit of account (EUA) at the average rate for 1977. See also point 4, footnote⁽¹⁾.

TABLE 8
Payments in 1978

Member State	1975-1977 commitments not paid out at 31.12.1977	1978 commitments	1978 payments	Commitments made but not paid at 31.12.1978	Payments as % of commitments end 1978
	MEUA	MEUA	MEUA	MEUA	
Belgium	12.98	6.15	5.97	13.16	56.6
Denmark	5.80	5.58	1.38	9.99	57.3
Germany	45.83	49.26	42.18	52.91	64.0
France	98.60	82.63	40.65	140.57	47.6
Ireland	22.77	35.15	20.46	37.46	57.0
Italy	119.48	220.33	78.53	261.28	48.9
Luxembourg	0.68	0.50	0.21	0.96	54.4
Netherlands	14.22	8.18	6.48	15.93	57.0
United Kingdom	83.94	148.59	59.03	173.49	53.4
Total	404.29	556.36	254.89	705.76	52.3

91. The proportion of commitments paid out by the end of 1978, i.e. 52.3%, compares with 56.5% achieved at the end of 1977. The rate of payments for Italy, the United Kingdom and Denmark fell off considerably, although this was partly offset by a substantial increase in Belgium, Germany and the Netherlands.

92. Payment applications in 1978 amounted to 264.76 million EUA in all, a slightly larger figure than for payments actually made (254.89 million EUA). The payments made were partly covered by payment appropriations not used in 1977 and carried over into 1978 (83.08 million EUA) and partly by payment appropriations under the 1978 budget (171.81 million EUA).

Payments from the Fund remain below the level of the payment appropriations in the budget. The situation is as follows:

TABLE 9
Payments appropriations

Year	Payment appropriations	Payments made
1975	150 MUA	90.67 MUA
1976	300 MUA	277.33 MUA
1977	400 MUA	372.51 MUA
1978	525 MEUA	254.89 MEUA

The 353 million EUA remaining at the end of 1978 has been carried over into 1979 and added to the 483 million EUA⁽¹⁾ payment appropriations for this year, giving 836 million EUA in all. This will certainly be more than the payments requested in 1979.

93. As far as the rate of payment from the Fund is concerned, it should be remembered that, as pointed out in previous reports, the Commission depends entirely on the timing of work on the projects and the rate at which the Member States make their own payments.

The amount carried over from 1978 to 1979 (353 million EUA) was largely the result of an over-estimation of payment appropriations needed for 1978 and a falling off in requests for payment due to the delay in adopting the amendments to the Fund Regulation. The budgetary authority in fact reduced the amount of commitment appropriations in the preliminary draft budget for 1978 from 750 million EUA to 581 million EUA without making any corresponding reduction in payment appropriations, which stayed at 525 million EUA. Furthermore, the delay in adopting the amendments to the Fund Regulation (which should have been done by the end of 1977) certainly caused the Member States to delay submitting both grant applications and payment requests. Consequently, over half of the 1978 budget (304 million EUA out of 599 million EUA) had to wait until December to be committed, with the result that very few requests for payment could be made from that instalment during 1978. The delay in adopting the amendments to the Regulation also prevented the introduction in 1978 of the system of accelerated payments (which can go up to 75 % of the sum committed provided at least 30 % of the corresponding national expenditure has been paid out).

It should also be added that the tendency of Member States to submit more new projects has had its effect on rates of payment, the first payments on entirely new projects being far smaller than those on old projects for which the Member States themselves have already paid out substantial amounts.

Over the four years of activity of the Fund, the average rate of payments has been 25 % in the year of commitment, 35 % in year two and 15 % and 10 % in years three and four. The rate as from 1979 is expected to be 25 %, 45 %, 10 % and 10 %. This estimate takes account of the introduction of the system of accelerated payments, but also of an increasing number of new projects being submitted, for which the Member States are rarely in a position to request payment before the second year after the grant is approved.

(1) Preliminary draft supplementary and rectifying budget N° 1/1979.

Controls

94. As far as control activities are concerned, in accordance with the Fund Regulation, the Commission continued to pursue the same aims as in previous years⁽¹⁾.

Regarding on-the-spot checks, 1978 saw a considerable effort to keep to the target of inspecting 10% of assisted projects. To do so would have involved inspecting in 1978 alone as many investments as in the three previous years together. The Commission submitted a programme of inspection along these lines, requesting at least one check in each of the Member States. The breakdown of inspections carried out (by Member State, by type of investment and by year) is given in Table 10 below:

TABLE 10
Number of investment projects inspected since the Fund was set up

Member State	Industry				Infrastructure				Total
	1975	1976	1977	1978	1975	1976	1977	1978	
Belgium	-	2	-	-	-	8	-	3	13
Denmark	-	6	-	2	-	17	2	-	27
France	-	6	13	26	-	7	7	7	66
Germany	-	1	6	29	-	5	6	21	68
Ireland	5	4	3	-	4	10	6	3	35
Italy	4	3	12	19	5	7	19	26	95
Luxembourg	-	-	-	-	-	1	-	1	2
Netherlands	-	-	-	-	-	3	-	1	4
United Kingdom	-	1	14	32	26	6	31	38	148
	9	23	48	108	35	64	71	100	
Total	188				270				458

95. In 1978, 208 on-the-spot checks were made, more or less double the figure for the previous year (119 in 1977, 87 in 1976 and 44 in 1975). This was partly due to an increase in assistance from the Fund and partly to certain inspections being carried over from 1977 to 1978⁽²⁾. The proportion of projects on which checks have been run since the establishment of the Fund in all the Member States rose in 1978 to 9.6% of projects financed over the 1975-1977 period (as against 9.3% in 1977).

⁽¹⁾ Points 67-69 of the third annual report.

⁽²⁾ Point 71 of the third annual report.

Of the 108 industrial projects on which checks were run, 12 were investments of more than 10 million EUA. Infrastructure project inspections dealt with 16 investments of more than 10 million EUA and 84 of less, 17 of them situated in mountain areas. Table 11 in the Annex gives the breakdown of checks undertaken in the various regions of the Community.

The Court of Auditors was involved in four of the inspection visits in Italy, Germany, the United Kingdom and France.

96. Although the on-the-spot checks revealed no irregularities in the strict sense of the term, one or two points do call for comment.

In France, Commission officials have not so far been allowed to visit industrial projects⁽¹⁾. This question is still the subject of discussion with the French authorities, but the undertaking they accepted at the end of 1978 should mean that the provisions of the Fund Regulation in this field can be progressively applied in 1979.

At a check carried out in Denmark, it was discovered that certain equipment included in an industrial investment aided by the Fund had been installed on the premises of a sub-contractor of the investor concerned, outside the regions eligible for Fund assistance. This problem was solved by the aid being repaid.

Checks at Fund-assisted industrial investment in Italy revealed that machines that were an integral part of the aided investment were not on the premises. It appeared that most of them had been transferred to other factories belonging to the same firm. In Ireland, Fund aid for one project was found to include paying compensation to a local authority which suffered a loss of revenue as a result of the new investment. In both these cases, discussions are being held with the Member State concerned to clarify the situation and if necessary to request partial reimbursement of the assistance provided.

97. These problems apart, the checks were mainly an opportunity to point out material errors which the Member States had made in preparing their applications, particularly for projects presented during the early stages of the Fund:

- In Germany, the official expenditure set out in the completion reports often differed from the actual figures. In some cases the actual figures were lower or included expenditure made prior to 1975 and sums wrongly paid out had to be recovered. The Commission has contacted the German authorities with a view to detecting any other cases of this kind. It was clear that the Member State in question had made an effort to remedy this situation in 1978.

⁽¹⁾ Point 72 of the third annual report.

- The checks have revealed that, in several Member States, the data transmitted to the Commission with the grant application was not always complete or totally accurate. The same was true of the completion reports. In many cases projects submitted for Fund grant as separate investments constituted in fact only artificial stages in the financing of much bigger investments, the whole of which could have been submitted as a single large project for assistance from the Fund.
- A further problem is that of ensuring that the Commission is informed of cases where the national aid on which the Fund grant was calculated is repaid by the recipient after the completion report is sent off. The Commission will ensure that the relevant provisions of the amended Regulation are strictly respected by the Member States.

Chapter VI - Coordination and programmes

Assessment of the regional impact of Community policies

98. Although the Regional Fund is a necessary instrument for promoting a better balance of economic activity in the Community, it cannot be effective in isolation. The economic effectiveness of its transfers of resources depends to a large extent on the possibility of maintaining, restructuring and developing activities in the problem regions — possibilities which may vary according to the way certain Community policies are implemented. The Commission, aware of the limitations of financial transfers alone, intends therefore extending its regional policy by assessing and taking account of the effect on the regions of its main policies when these are being worked out and implemented. The importance of analysing the regional impact of these policies becomes even more important with the creation of the 'non-quota' section of the Fund, linked to Community policies and the measures introduced under them, so as to take account of their regional dimension and, where necessary, reduce their adverse effects on the regions.

In November 1978, the Commission again agreed that it was necessary for all Community policies to make an active, effective contribution if the regional problems were to be solved. And by its Resolution of 6 February 1979, the Council also agreed to take account of the regional consequences of Community policies in its own decisions.

99. It was with this in mind that, in 1978, the Commission extended the procedure for assessing the regional impact of certain of its policies. Methods vary according to the policy field involved. For example, in some cases, agricultural and fisheries policies and external trade policy, studies are under way, or planned, with a view to enabling the

Commission to take greater account of regional consequences when drawing up its proposals. In others, such as the structural aspect of the agricultural and social policies, it has already proved possible to take special account of their regional dimension. Lastly, concerning industrial policy and competition, analyses of the regional impact are more difficult because of the complexity of the problems, involving the effects of the international division of labour and the need for economic redevelopment in certain areas. It is particularly difficult to devise policies that take account of industrial imperatives, and of the problems of competition, local employment and regional development.

100. For some years now, the structural aspects of agricultural policy have gradually put greater emphasis on the need to help the regions with the biggest structural problems. In 1978, various specifically regional measures were adopted by the Council, particularly a package of measures in the Mediterranean parts of Italy and France and a series of drainage works in Ireland, including cross-frontier projects.

Because of this ever greater regional emphasis, the share of the Guidance Section of the Agricultural Fund allocated to the less favoured regions increased substantially between 1975 and 1978, a trend which is expected to continue in the coming years. Furthermore, the overall resources available to the Guidance Section will have increased from 325 million EUA in 1977 to 507 million in the draft budget for 1980.

101. In its various communications to the Council on the applications from Greece, Portugal and Spain⁽¹⁾ to join the Community, the Commission has also taken account of the regional consequences of enlargement for both the present Community and the three candidates. The points in question can be summarised as follow:

- The accession of Greece, Portugal and Spain will increase the diversity and gravity of the Community's problems. For example, the 1 to 6 gap in levels of GDP per head in the present Community will be 1 to 12 after enlargement.
- Although enlargement will bring economic benefits to the already rich regions of the Nine, certain less prosperous regions, particularly those on the Mediterranean and especially the Mezzogiorno and the three French regions along the Spanish frontier, will find it difficult to counter the effect of competition from the new Members. Mediterranean agriculture will be particularly badly hit.
- Consequently, the Community's regional policy and its long-term structural instruments must be reinforced, so as to help these economically weaker regions.

⁽¹⁾ General considerations concerning the problems of enlargement, and allied documents (Supplements 1/78, 2/78, 3/78 - Bull. EC); Opinions on the Greek, Portuguese and Spanish membership applications (Supplements 2/76, 5/78, 9/78 - Bull. EC respectively).

To do this, adequate financial resources will be needed at Community level, as will adaptations to a whole range of Community policies, so as to mobilize all possibilities of growth in the regions adversely affected.

102. In order to get a better idea of the effects of enlargement on the Mediterranean regions of the Community, the Commission is financing jointly with the Italian and French governments respectively, two studies on the effects of enlargement on the Italian regions in question, with particular reference to the Mezzogiorno, and in the southern part of France, especially the three regions along the Spanish border. These studies should make it possible to take the problems of the affected regions into account in the negotiations with Spain, so that the transition can be eased and the regions involved better prepared.

103. As far as employment policy is concerned, in its statement to the Tripartite Conference of 9 November 1978⁽¹⁾, the Commission stressed the need to consider regional policy not as a series of resource-transfer measures but as an active policy of growth aimed at mobilizing and developing the reserves of productive capacity and demand in the regions, thereby contributing to reducing unemployment in areas where it is high.

104. In its proposals for the common fisheries policy, and in the context of the new 200 mile economic zones, the Commission provided for particular attention to be paid to the less favoured regions and zones dependent first and foremost on fishing. It also made provision for specific structural measures to help coastal fishing, which tends to be concentrated in less favoured maritime areas.

105. In recent years, the recession and the changes in world economic structures have had their effect on an increasing number of sectors of industry which are now faced with problems of competitiveness and/or over-capacity. These sectors include certain branches of the textile and clothing industry, footwear, shipbuilding, oil refining and the iron and steel industry. Special attention is given to regional problems in the proposals the Commission has made to remedy the problems of certain of these sectors.

106. Competition policy, implying a permanent dialogue on the national systems of regional and other aid, also has significant implications for the regions. Of particular importance was the Commission's communication to Member States in 1978 on the principles it would be applying to present and future national systems of

(1) Bull. EC 11/78.

aid to the regions ⁽¹⁾. One of the criteria involved here was that regional aid granted in areas which receive assistance from the Regional Fund should fit into the regional development programmes provided for in the Fund Regulation.

107. Finally, the other Community policies which have a substantial effect on the regions are:

- transport policy, including the coordination of infrastructure projects of Community interest, particularly in frontier regions, the role of support tariffs, and the public service obligation to maintain transport networks in underpopulated areas;
- energy policy, particularly the problems of coal-mining areas and the exploitation of Community oil and gas resources;
- environment policy, which could have a major effect on the siting of certain projects in the future and on long-term land use. Of special importance here is the preparation of ecological maps to provide information on the suitability of the different parts of the Community for particular activities, and of a directive on bringing in common principles for the assessment of effects on the environment.

The regional impact of other financial instruments

108. A certain number of operations developed in 1978 put greater emphasis on the use of Community financial instruments to provide help for those regions that, in view of their problems of development or conversion, need it most.

109. As mentioned earlier⁽²⁾, the new measures which the Council adopted in 1978 on the structural aspects of agricultural policy will considerably heighten the effect of the Guidance Section of the Agricultural Fund on the less prosperous regions of the Community in coming years.

110. In its communication to the Council in 1977 on the reform of the Social Fund, the Commission emphasized the importance of the Fund's role, particularly as regards extending vocational training in the less developed regions, and indicated its intention to assess each year the regional impact of the Fund. The amended Social Fund Regulation adopted in December 1977 provides that at least 50 % of aid granted had to be channelled into the less favoured regions eligible for assistance from the Regional Fund, and that the rate of Social Fund grant in priority regions (Mezzogiorno, Ireland, Northern Ireland, Greenland and the French overseas departments) could go up to

⁽¹⁾ OJ C 31 of 3.2.1979.

⁽²⁾ Point 100 of this report.

55 % instead of 50 %. The latest figures show that grants for the less favoured regions, as a proportion of overall Social Fund assistance, went up from 73 % in 1976, to 76 % in 1977 and to 79.5 % in 1978.

111. On 18 December 1978, the Commission transmitted a report on conversion policy to the ECSC Consultative Committee; this summarized both what had happened over previous years and current problems which have become particularly serious in certain steel regions. In order to handle the large number of redundancies in the iron and steel industry over the coming two years, the Commission has decided to accelerate and reinforce its policy of industrial conversion, which will obviously have to accompany the changes to the iron and steel industry. In particular, the Commission amended the arrangements for using ECSC conversion loans so as to make them more attractive, particularly to small and medium-sized businesses. With the same aim in view, it decided to rationalize and speed up the way all its financial instruments are used, and to concentrate them, in a coordinated manner, on the regions worst hit by steel redundancies. The value of conversion loans granted again went up in 1978, reaching 200 million EUA (of which 113 million EUA was paid before the end of the year). These figures compare with the 120 million EUA granted in 1977 and 62 million EUA in 1976.

112. Loans from the European Investment Bank within the Community totalled 1 966 million EUA in 1978, of which 74 % (1 458 million EUA) went to regional development projects. This was a substantial increase over 1977 when loans amounted to 1 401 million EUA, of which 69 % or 964 million EUA went to regional development.

Regional development programmes

113. Regional development programmes provide the framework for the Fund's activity and their rôle has been strengthened by the amended Regulation. Like the original version, the amended Regulation stipulates that projects financed by the Fund have to fit into a regional development programme, so as to ensure coherence between national and Community measures. The new rules give a broader definition of infrastructure investments that are eligible for Fund assistance and therefore increase the importance of programmes in the examining of grant applications in this area. They also stipulate that the programmes must enable the Commission to determine the priority areas for assistance from the Fund.

The amended Regulation further provides, in addition to regular updating of programmes, for the Member States to provide an annual information statement to up-date the programmes and an annual statistical summary indicating how resources from the Fund were used the previous year.

114. The Council resolution on the guidelines for regional policy also acknowledges the role of programmes as the most appropriate framework for proper coordination of the Member States regional policies and that of the Community. They provide in fact both an analysis of the needs and problems of the regions eligible for Fund assistance and an indication of the targets set and the measures and resources used by the Member States for the development of their least favoured regions.

115. The original Fund Regulation laid down 31 December 1977 as the final date for presentation of regional development programmes. All the programmes for regions eligible for Fund assistance were received by this date, so from early 1978 onwards, all applications were examined in the light of these programmes. Previously the annual information statements had been used for this purpose. The programmes underline the serious problems of employment that the economic crisis had made more acute and which will become still more difficult to solve because of the large numbers of young people coming on to the employment market over the next ten years.

116. The 1975 Regulation provided for the Commission to examine the programmes and consult the Regional Policy Committee on them. This consultation took place in 1978 and, in June and October, the Committee issued opinions which were transmitted to the Commission and the Council. The Commission has just presented a communication⁽¹⁾ to the Council containing, in addition to its own opinion, a comparative analysis of the programmes and recommendations for improving them, in line with the common outline for regional development programmes worked out by the Regional Policy Committee in 1976⁽²⁾. Furthermore, when it drew up its recommendations, the Commission bore in mind that the programmes should be both a frame of reference for applications for Fund grants and an instrument for the coordination of national and Community regional policies.

The Commission also took into account the fact that the examination of the programmes, in close liaison with the national authorities, on several occasions led the Member States to amplify them, and that they constitute a first attempt at formulating Community-based regional development programmes, implying innovations and major alterations to national practices. It considers that the programmes make it easier to judge the investments submitted for Fund assistance, but that their further development is required if they are to constitute a precise enough frame of reference for such assessments.

117. The recommendations covered the following points. The socio-economic analysis should take greater account of the regional implications of national and Community policies in such sectors as external trade, industrial restructuring

⁽¹⁾ OJ L 143 of 12.6.79.

⁽²⁾ OJ C 69 of 24.3.1976.

energy, agriculture, regional planning, the environment and vocational training. This is particularly important as, in its resolution on Community regional policy, the Council expressed the intention of taking greater account of the regional effect of its policies. Furthermore, the specific Community measures to be financed by the non-quota part of the Fund under the amended Fund Regulation, intended to make it easier to take regional considerations into account in Community policy, or to attenuate any negative effects, require a more accurate assessment of what these effects are.

118. Major problems were encountered in defining and quantifying the development aims for each region, and various approaches were tried in the different programmes. As far as employment targets are concerned, the Commission recommends that employment deficit figures for 1980 be drawn up for each region. Regarding infrastructure provision, it suggests that account be taken not only of strictly regional infrastructure but also of national infrastructure that is important for the regions. It also proposes to bring out the link between infrastructure objectives and the development prospects of the region.

119. On the subject of development measures, the Commission recommends that the Member States include in their programmes, alongside the measures directly concerned with developing the regions, any other national or Community measures that have a significant regional impact. They should also give a clearer description of the measures and the areas considered as having priority so as to make it easier to define the priorities which the Commission must adopt under the amended Fund Regulation.

120. As far as financial resources are concerned, the Commission recommends that the programmes contain more detailed information on the transfers between the various levels of government and on financing of regional and local origin. It further recommends that, in cases where it does not exist already, multiannual programming be introduced in the field of infrastructure investment and, to ensure greater coherence between the activity of the various financial instruments of the Community, that more precise information be provided on the use of contributions from them.

121. Finally, the Commission makes an important general recommendation: since the programmes have to be used to coordinate national regional policies, the Member States should present, in addition to their programmes for regions eligible for Fund assistance, programmes for other regions or, failing this, information on any measures taken to promote a better spatial balance of economic activities.

Annual statistical summaries

122. According to the regulation still in effect in 1978, the Commission should have received the annual statistical summaries by 1 April; in fact this information has always come in long after the prescribed date. The statistical summaries covering 1977 were even later in arriving, doubtless because of anticipation of the amended Regulation which extended the deadline to 1 October. Only two countries, Belgium and Denmark, sent in their summaries before 1 October 1978.

123. The statistical summaries for 1977 remain inadequate in many ways, in particular those for France, Italy and the United Kingdom. The Commission consequently did not have available the required data 'indicating by region the results achieved during the previous year as a result of action taken in each region (nor) those results to which the Fund has contributed' ⁽¹⁾. The regional data requested concern in the main three topics — investments aided, expenditure committed and jobs created or maintained, distinguishing between national aid and assistance from the Regional Fund. The results of steps taken to monitor the effectiveness of the schemes financed should also be supplied. The data received is far from complete; it is ill-assorted and difficult to compare. The national authorities must make an effort to rectify this so that a proper assessment of the real impact of regional policy can be carried out.

With obvious reservations, the data that can be derived from the statistical summaries (summarised in table I1) gives a rough idea of the contribution to regional development made by the Member States' regional policies.

⁽¹⁾ Article 6 of the original Fund Regulation.

TABLE 11

Effect of regional assistance in 1975-1977⁽¹⁾
(on the basis of the annual statistical summaries)

Member State	Aided investments ⁽²⁾		Cost to the State		Job-creation forecasts (E)
	MEUA (A)	% of all investments ⁽³⁾ (B)	MEUA (C)	% of (A) (D)	
Belgium	3 331.8	8.0	452.7	13.6	28 817
Denmark ⁽⁴⁾	174.0	0.9	24.9	14.3	7 006
Germany	10 605.4	3.9	388.1	3.7	561 382 ⁽⁵⁾
France ⁽⁶⁾	2 125.5	1.0	243.5	11.7	102 958
Ireland	1 516.0	27.5	394.3	26.0	63 282
Italy (1977) ⁽⁷⁾	1 358.9	14.2	313.0	23.0	60 786
Luxembourg (1976-1977)	148.5	25.4	4.8	3.3	1 535
Netherlands	525.7	0.9	99.0	19.0	5 889
United Kingdom	13 296.0	23.8	1 816.6	21.0	-

⁽¹⁾ Converted into EUA at the rate of exchange in effect on 1.1.1978.

⁽²⁾ Investments in receipt of regional development aid.

⁽³⁾ Gross fixed asset formation (as defined in national accounting system).

⁽⁴⁾ Investments completed or being implemented.

⁽⁵⁾ Jobs created (191 010) and maintained (370 372).

⁽⁶⁾ Overseas departments excluded.

⁽⁷⁾ The 1975 and 1976 statistical summaries for Italy do not provide data giving a comparable picture for the whole of the period 1975-1977. Capital grants only taken into account.

Chapter VII - Information on Fund activity

124. As already indicated in the second annual report, the Commission takes the view that information on Fund activity must be as widely distributed as possible, and this is for three reasons. First, public opinion has a right to be informed about the use of Community funds — which come from the European tax payer. Second, Regional Fund grants, which are given for concrete projects in a precise location, are particularly suitable for drawing the public's attention to Community activity; this is of increasing importance in the context of the European elections. Third, the Fund Regulation⁽¹⁾ in any case requires that investors must be informed that part of the aid

⁽¹⁾ Article 14 (Article 10 of the amended Regulation).

they receive comes from the Community, that appropriate publicity is assured for infrastructure, and that full lists of aided projects must be published in the Official Journal.

In 1978, the Commission continued to develop the four information operations used in previous years of Fund activity, the nature of the information given out remaining the subject of agreements with the individual Member States.

The Commission again concludes that, of the four operations, it is press information and on-site publicity hoardings that have the greatest impact on public opinion, particularly in the Member States which permit projects to be identified individually (i.e. Ireland, Italy and the United Kingdom, the three principal beneficiaries of the Fund).

Information in the press

125. After each of the three grant allocations, the Commission issued a press communiqué, regional statistics of grants awarded and lists of projects financed; the content of these lists varies according to the agreements with the different Member States. This material is distributed very widely by the Commission offices in the Member States. Certain Member States continue to run their own press publicity measures for each allocation as well.

Information hoardings

126. Already in 1975 all the Member States agreed to put up hoardings on the sites of major infrastructure projects indicating that the work was partly financed by the Regional Fund. An increasing number of such hoardings are now in place, particularly in Italy and the United Kingdom, but for most Member States detailed information is not available.

Publication in the Official Journal

127. The lists of projects financed under the grant allocations of January, April and July 1977 were published in April 1978⁽¹⁾. Those covered by the decisions of December 1977 appeared on the list published in February 1979⁽²⁾. The projects approved in the series of three decisions in 1978 will be published in a single number of the Official Journal which is being prepared at the moment.

While lists distributed to the press vary from one Member State to the next, those published in the Official Journal are, as in the past, presented to a standard pattern.

Information to investors

128. Informing the investors concerned by Fund grants continues to be carried out by letters from the Commission. These are sent direct to the investors except in the case of France, where they go via the national authorities responsible.

Chapter VIII - Conclusions

129. In view of the delay in adopting the amendments to the Regulation, the Fund continued to be administered in 1978 according to the 1975 Regulation, as it was during the first three years of activity. The lessons that can be learnt from last year differ little therefore from those of previous years. They are summarised as below.

130. At the *administrative level*, the average period of time between receipt of grant applications and commitment decisions was maintained generally speaking at three months. However, in view of the ever increasing number of applications and the gaps in the data supplied by certain Member States, the Commission often had considerable difficulties with which to cope. The simplified procedures provided for in the amended Regulation should help overcome these problems to some extent.

131. The *resources available* to the Fund in 1978 amounted to 581 million EUA. Although this was a considerable increase over the previous year, it was still not enough to allow the Commission to assist all eligible projects for which applications

⁽¹⁾ OJ C 99 of 24.4.1978.

⁽²⁾ OJ C 38 of 12.2.1979.

were made. Approval of 190 investment projects, on which the Fund Committee gave its Opinion in 1978, had to be carried over to 1979. (139 of these were approved in January 1979 for grants totaling 60 million EUA; one Member State preferred that its projects should be held over to a later allocation). It is in fact clear that the Member States, particularly those with the worst regional problems, would have submitted more applications if the Fund had been bigger.

132. Under the 1975 Fund Regulation, Member States' *payment applications* are directly tied to their own aid payments for the particular project, and indirectly to progress of work on the project itself. The Commission also notes that the Member States are presenting an increasing number of new projects for Fund assistance, which implies a slowing up of the rate of payments. It must therefore accept the fact that the volume of payments made by the end of 1978 (52.5 % of grants approved over the period 1975-1978) could not be exceeded. It regrets, however, that the real transfer of resources to the regions concerned has been so slow. The possibility of accelerated payments, provided for in the amended Regulation, should help ease this problem in 1979.

133. As in the past, the Commission has to insist on the *importance of complementarity* between Fund assistance and national expenditure on regional development. Respect of this principle is the only guarantee of a genuine increase in total aid available to the regions in question.

134. The Commission notes that, as in 1975, 1976 and 1977, none of the Member States took advantage of the possibility provided by the Fund Regulation of obtaining aid in the form of *interest-rate subsidies* on loans from the European Investment Bank. This would in fact have boosted the impact of both these financial instruments, on the one hand by providing easier credit for a certain number of investors, and on the other by mobilizing, via the Fund, greater resources for regional development.

135. The amended Fund Regulation and the Council Resolution on the Guidelines for Community Regional Policy provide for the *regional development programmes* to play a greater rôle. They must therefore, as the Commission stressed in its communication to the Council, be regularly updated and completed by additional material. This is vital if the programmes are to become not just the frame of reference for the assessment of Fund grant applications, but the instrument, as provided for by the Council Resolution, of the coordination of the Member States' regional policies.

136. As to the *annual statistical summaries*, which are intended to enable the Commission to assess the economic impact of Fund assistance, it should be noted that these documents are still not detailed enough for this purpose and that they were sent in even later in 1978 than in 1977.

137. The Commission again found that there were only a very few applications concerning the *services sector*. It regrets this, as it feels that the services sector, and tourism in particular, can and must play an extremely important part in developing many regions. This matter is still the subject of discussions in the Regional Policy Committee.

138. The Commission stresses yet again the great importance of *information* on the Regional Fund. The concrete and localised nature of Fund activity makes it of special interest to public opinion. This is of particular importance in the context of direct elections. The Commission feels it is essential that certain Member States agree to extend the information they provide on assistance from the Regional Fund. This information obviously has far greater effect if it is possible to show the complementary nature of the Fund and if the projects financed can be identified individually.

139. The *amended Fund Regulation* was adopted in February 1979. The most important aspects of the new Fund are the non-quota section and the more generous rates of grant for infrastructure investments. In administering the Fund in 1979, the Commission will make the greatest possible use of this new flexibility so that, while increasing the Fund's support for the Member States' regional development efforts, the Community can at the same time face up to the new regional problems stemming from the economic crisis and also ensure the implementation of its policies in other fields without creating difficulties for the less fortunate regions. This last is a task for which it has to accept a particular responsibility.

140. Indeed, the Fund is only one facet of regional policy, which is by its nature concerned with everything which affects the regions. It must not be judged out of context. Its impact has to be assessed together with the regional impact of the other financial instruments and policies of the Community. The experience of 1978, as that of earlier years, only goes to underline the importance of this overall approach. The Commission will therefore continue its efforts to achieve a closer coordination of all the financial instruments and to ensure that all the main Community policies make an appropriate contribution to closing the gaps between the Community's regions.

Annexes

Annexes

Page

A. Socio-economic indicators

Table 1	- Trends in principal macro-economic aggregates in the Community in 1978	72
Table 2	- Forecasts for 1979	72
Table 3	- Trends in investments - Gross fixed-asset formation 1977-1978	73
Graph I	- Indices of GDP in EUA per capita at current prices	74
Graph II	- Appreciation or depreciation of the currencies of Member States 1974-1978	75
Graph III	- Registered unemployed as % of active population 1970-1978	76

B. Regional Fund activity⁽¹⁾

Table 4	- Summary of aid decisions in 1978 by Member State and by main category of investment	78
Table 5	- Types of investment financed by the Regional Fund: industry and services	79
Table 6	- Types of investment financed by the Regional Fund: infrastructure	81
Table 7	- Fund assistance per capita, 1975-1978 ⁽¹⁾	83
Table 8	- Regional breakdown of Fund grants 1975-1978 ⁽¹⁾	84
Table 9	- Budget situation	88
Table 10	- Payments	89
Table 11	- Inspection visits carried out over the period 1975-1978	90

⁽¹⁾ Point 4, footnote⁽¹⁾ of this report.

TABLE 1

Trends in principal macro-economic aggregates in the Community in 1978⁽¹⁾

Member State	GDP (volume) % ⁽²⁾	Unemployment rate ⁽³⁾ (1978 average) %	Consumer prices ⁽²⁾ %	Current balance of payments (1000 MEUA)
Belgium	2.3	8.3	4.0	- 0.1 ⁽⁴⁾
Denmark	0.8	6.7	9.3	- 1.2
Germany	3.1	3.9	2.6	6.4
France	3.3	5.0	8.8	3.3
Ireland	6.0	8.9	8.0	- 0.2
Italy	2.6	7.0	12.7	4.9
Luxembourg	3.2	0.8	3.1	- ⁽⁴⁾
Netherlands	2.9	4.2	4.6	- 0.9
United Kingdom	3.3	5.7	8.6	0.4
Community	3.0	5.5	6.9	12.7

⁽¹⁾ Points 6-9 of this report.

⁽²⁾ Change over previous year.

⁽³⁾ Registered unemployed as % of the working population. As definitions are not uniform, unemployment rates should not be compared as between countries.

⁽⁴⁾ Belgium and Luxembourg together.

TABLE 2

Forecasts for 1979⁽¹⁾

Member State	GDP (volume) in % ⁽²⁾	Unemployment 1979 ⁽³⁾ %	Consumer prices % (²)
Belgium	2.5	8.5	4.1
Denmark	2.8	6.9	8.0
Germany	4.0	3.5	3.5
France	3.4	5.4	8.5
Ireland	4.0	7.8	10.5
Italy	4.9	6.7	13.8
Luxembourg	2.3	0.9	4.5
Netherlands	1.9	4.3	5.0
United Kingdom	2.2	5.7	10.0
Community	3.5	5.4	7.6

⁽¹⁾ Points 12-15 of this report.

⁽²⁾ Change over previous year.

⁽³⁾ Registered unemployed as % of the working population. As definitions are not uniform, unemployment rates should not be compared as between countries.

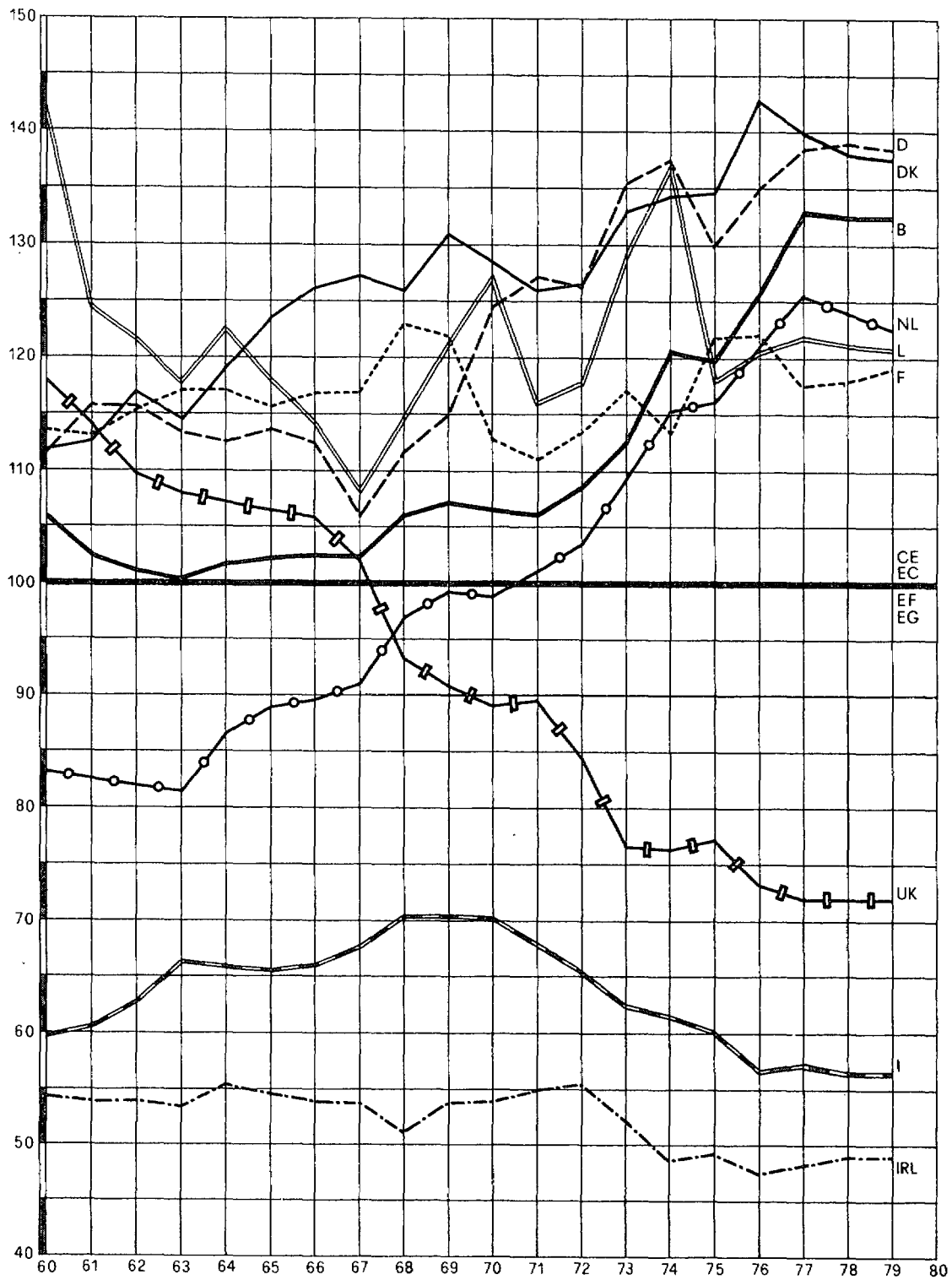
TABLE 3

Trend in investments - Gross fixed-asset formation⁽¹⁾
 (% change over previous year)

Member State	1977		1978		1979
	volume	value	volume	value	volume
Belgium	0.8	8.4	0.9	9.4	1.8
Denmark	- 3.5	4.5	0.3	6.1	1.4
Germany	3.5	7.5	6.3	11.3	6.3
France	0.5	10.7	0.7	12.8	2.3
Ireland	8.0	26.5	12.0	18.8	9.5
Italy	4.0	23.6	- 0.4	17.2	5.6
Luxembourg	3.1	11.8	5.4	6.7	1.9
Netherlands	7.5	15.0	3.4	9.6	- 1.0
United Kingdom	- 4.1	8.2	2.8	11.8	2.7
Community	1.1	10.3	3.0	12.0	3.9

⁽¹⁾ Points 8 and 14 of this report.

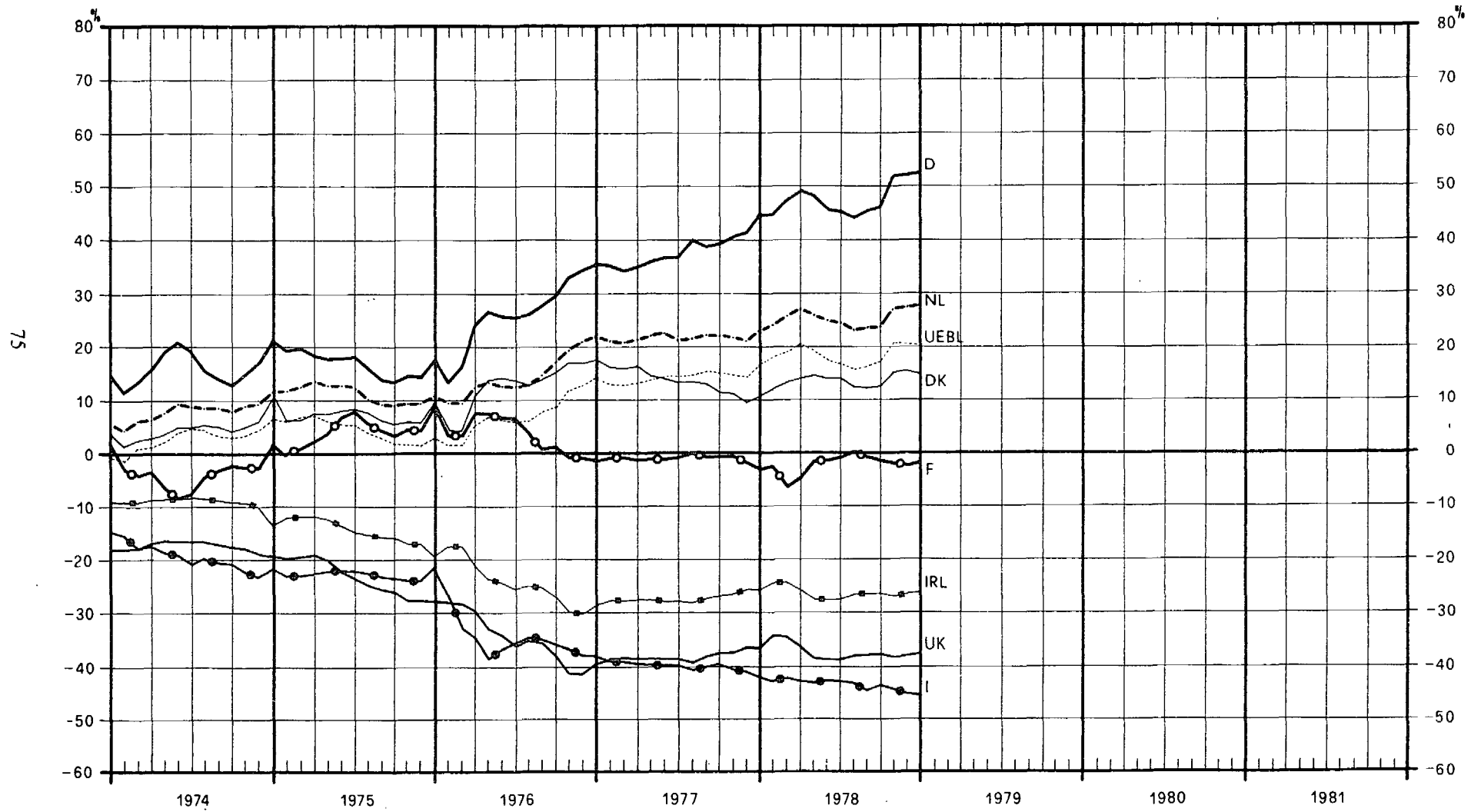
GRAPH I — Indices of GDP in EUA per capita at current prices⁽¹⁾(²) (base: EEC = 100)



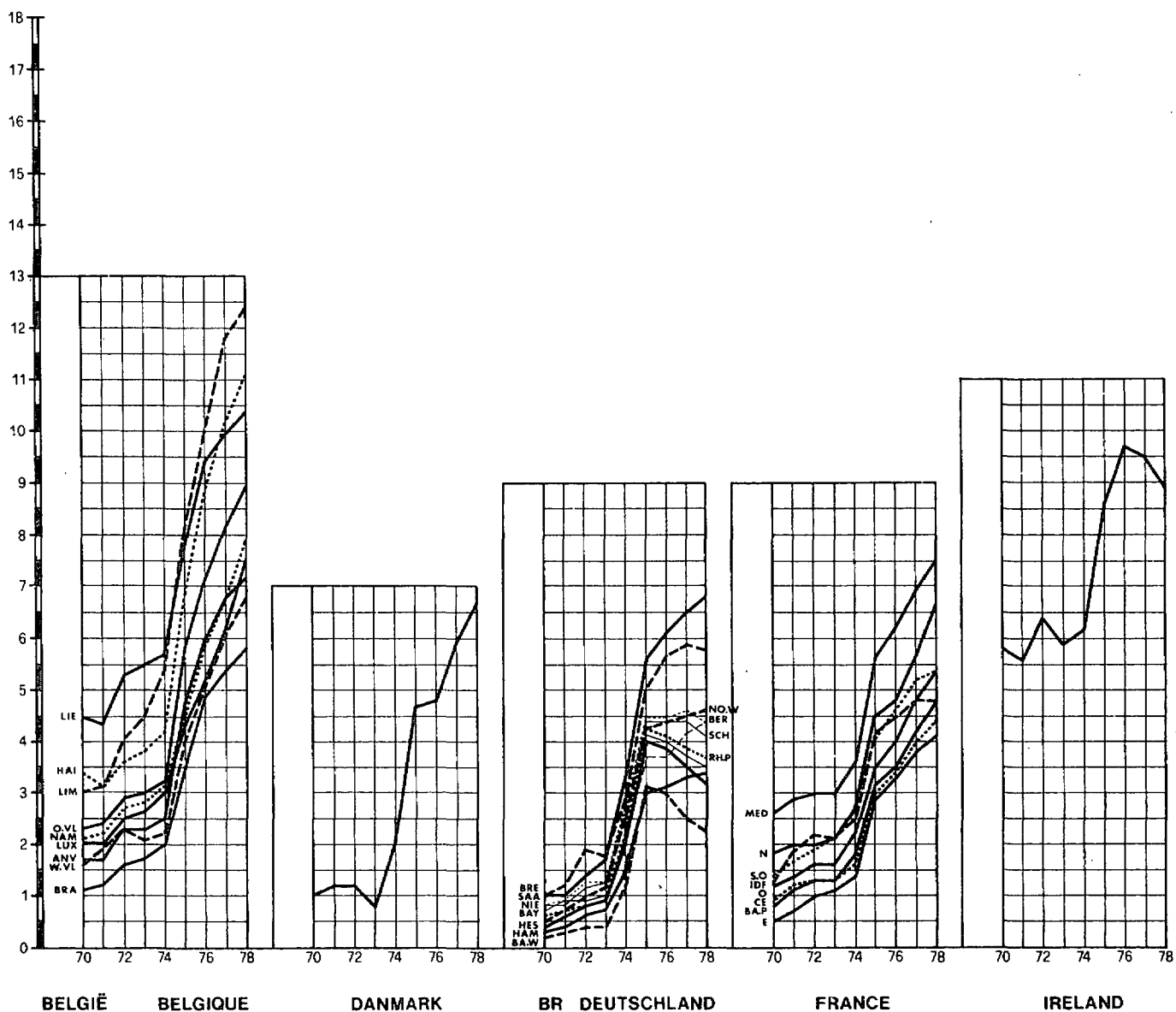
(¹) Point 6 of this report.

(²) 1979: forecasts.

GRAPH II — Appreciation or depreciation of the currencies of Member States 1974-1978
 (weighted variation, according to the structure of exports, as a percentage of the first quarter of 1972)



GRAPH III — Registered unemployed as % of active population⁽¹⁾ 1970-1978 (monthly averages)



⁽¹⁾ Points 7, 10, 11 and 13 of this report.

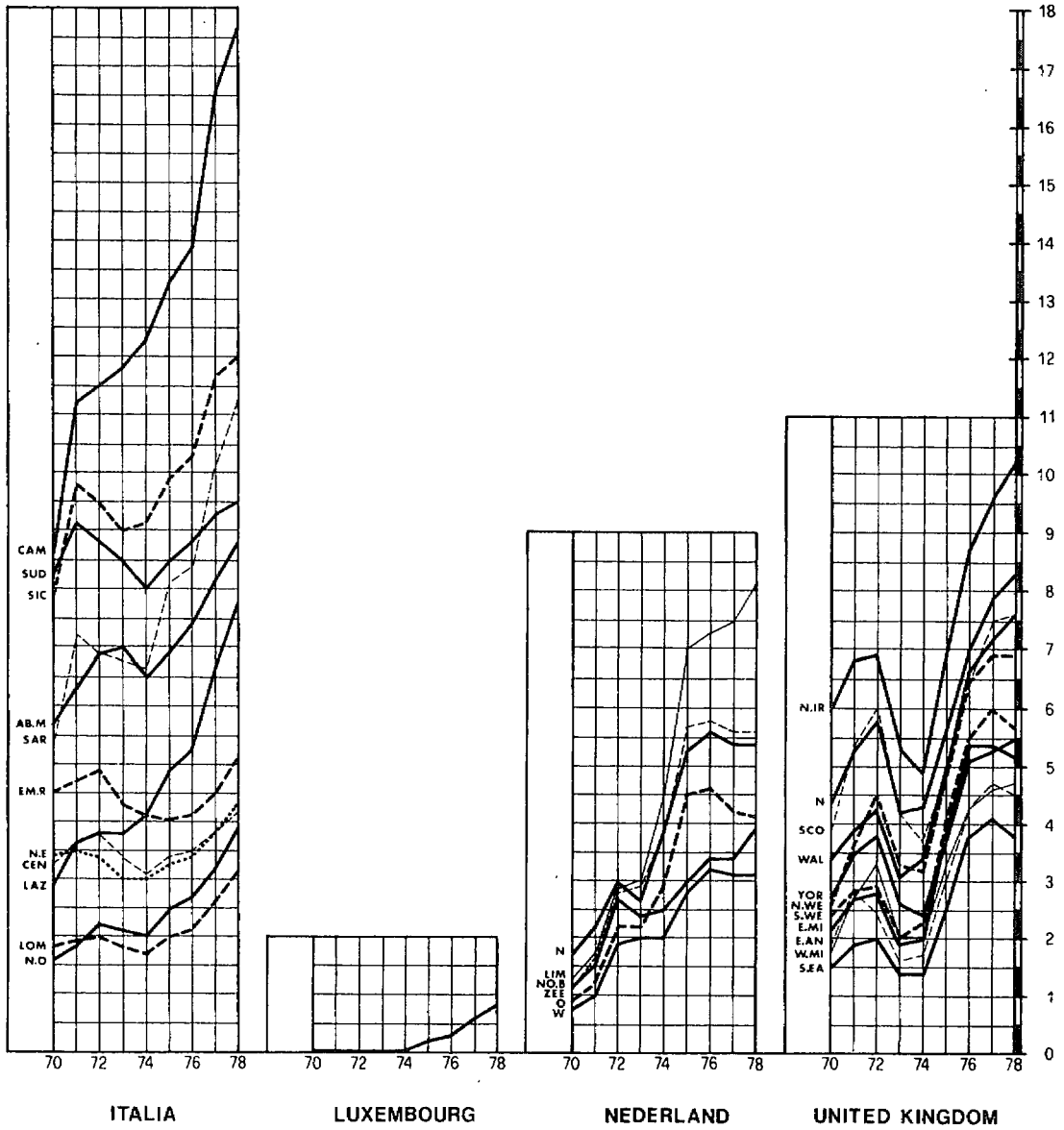


TABLE 4

**Summary of aid decisions in 1978, by Member State
and by main category of investment⁽¹⁾**

Key: A: Industrial and service investments of 10 MEUA or more
 B: Industrial and service investments of under 10 MEUA
 C: Infrastructure investments of 10 MEUA or more
 D: Infrastructure investments of under 10 MEUA
 E: Infrastructure investments in hill-farming areas⁽²⁾

Member State	Number of aid decisions (in brackets number of investment projects) ⁽³⁾						Investment involved (MEUA)						Aid granted (MEUA)					
	A	B	C	D	E	Total	A	B	C	D	E	Total	A	B	C	D	E	Totals
Belgium	1 (1)	1 (1)	-	2 (26)	-	4 (28)	11.07	2.63	-	17.83	-	31.53	1.19	0.20	-	4.76	-	6.15
Denmark	-	-	1 (1)	5 (28)	-	6 (29)	-	-	11.53	7.06	-	18.59	-	-	3.46	2.12	-	5.58
Germany	7 (7)	28 (136)	2 (2)	24 (58)	-	61 (203)	188.05	309.47	25.24	79.30	-	602.06	10.40	15.27	4.71	18.88	-	49.26
France	10 (10)	61 (192)	4 (4)	19 (125)	12 (101)	106 (432)	220.84	299.02	71.95	89.71	27.57	709.09	7.84	21.84	18.25	26.43	8.27	82.63
Ireland	2 (2)	2 (25)	1 (1)	4 (74)	2 (19)	11 (121)	454.18	61.89	44.27	49.22	12.05	621.61	4.35	10.60	3.01	13.74	3.45	35.15
Italy	2 (2)	10 (113)	19 (19)	19 (66)	7 (126)	57 (326)	182.34	111.26	943.81	100.73	17.09	1355.23	29.84	19.34	140.20	26.28	4.67	220.33
Luxembourg	-	-	-	1 (1)	-	1 (1)	-	-	-	9.53	-	9.53	-	-	-	0.50	-	0.50
Netherlands	2 (2)	-	-	1 (3)	-	3 (5)	77.54	-	-	8.88	-	86.42	5.52	-	-	2.66	-	8.18
United Kingdom	14 (14)	15 (68)	11 (11)	40 (360)	1 (2)	81 (455)	414.30	150.48	419.48	344.26	9.76	1338.28	36.22	21.02	26.20	62.36	2.79	148.59
Totals	38 (38)	117 (535)	38 (38)	115 (741)	22 (248)	330 (1600)	1548.32	934.75	1516.28	706.52	66.47	4772.34	95.36	88.27	195.83	157.73	19.18	556.36
	330 (1600)						4 772.34						556.36					

⁽¹⁾ Point 23 of this report.

⁽²⁾ Within the meaning of Directive 75/268/EEC.

⁽³⁾ For projects of 10 million EUA or more in columns A and C, each decision relates to a single project.

TABLE 5.1

Types of investment financed by the Regional Fund in 1978: industry and services⁽¹⁾

Type as defined in the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main sectors of activity concerned
Industry and services	projects of 10 MEUA or more	1 548.32	243.07
	projects of less than 10 MEUA	934.75	185.86
Totals	2 483.07	428.93	573 projects

⁽¹⁾ Point 25 of this report.

- 38 of which
 - 1 mining & processing of metallic ores
 - 5 non-metallic minerals
 - 13 chemicals
 - 1 artificial & synthetic fibres
 - 1 metal goods
 - 2 mechanical engineering
 - 1 electrical & electronic engineering
 - 6 motor manufacture and spares
 - 3 food, drinks & tobacco
 - 5 rubber & plastics
- 535 of which
 - 16 metal production & first-stage processing
 - 41 non-metallic minerals
 - 38 chemicals
 - 84 metal goods
 - 37 mechanical engineering
 - 49 electrical & electronic engineering
 - 29 motor manufacture and spares
 - 3 other transport equipment
 - 11 precision, optical & similar instruments
 - 55 food, drinks & tobacco
 - 11 textiles
 - 13 footwear & clothing
 - 56 timber & furniture
 - 24 paper, printing, publishing
 - 47 rubber & plastics
 - 21 miscellaneous industries & services

TABLE 5.2

Types of investments financed by the Regional Fund in 1975-1978: industry and services⁽¹⁾

Type as defined in the Fund Regulation	Total investment (MEUA)	National aid involved (MEUA)	Number of projects and main sectors of activity concerned		
Industry and services	projects of 10 MEUA and more	4 115.99	663.82	123 of which	<ul style="list-style-type: none"> 1 mining & processing of metals 8 production & 1st-stage processing of metals 9 non-metallic minerals 31 chemicals 2 artificial & synthetic fibres 4 metal goods 11 mechanical engineering 10 electrical & electronic engineering 18 motor manufacture and spares 1 other transport equipment 12 food, drink & tobacco 1 textiles 2 footwear & clothing 1 timber & furniture 4 paper, printing, and publishing 7 rubber & plastics 1 financial institutions
	projects of less than 10 MEUA	3 471.86	640.57	2 053 of which	<ul style="list-style-type: none"> 60 production & first-stage processing of metals 161 non-metallic minerals 109 chemicals 282 metal goods 184 mechanical engineering 206 electrical & electronic engineering 84 motor manufacture and spares 38 other transport equipment 41 precision, optical and similar instruments 174 food, drink & tobacco 61 textiles 63 footwear & clothing 158 timber & furniture 107 paper, printing and publishing 150 rubber and plastics 61 catering and hotels 114 miscellaneous industries & services
Totals	7 587.85	1 304.39	2 176 projects		

⁽¹⁾ Point 25 of this report.

TABLE 6.1

Types of investment financed by the Regional Fund in 1978: Infrastructure⁽¹⁾

Type as defined in the Fund Regulation	Total investment (MEUA)	Amount of investment taken into consideration (MEUA)	Number of projects and main types of infrastructure concerned
<i>Infra-structure</i> <ul style="list-style-type: none"> projects of more than 10 MEUA projects of less than 10 MEUA projecs in hill-farming areas 	1 516.28	971.54	38 of which <ul style="list-style-type: none"> 23 general services to industrial estates (roads, railways, water purification & supply, drainage, etc.) 1 port development 9 road works 3 airport development 2 miscellaneous infrastructure (energy production, telecommunications)
	706.52	575.84	741 of which <ul style="list-style-type: none"> 7 site preparation for industrial estates 388 general services to industrial estates (roads, water supplies, drainage, etc.) 23 advance factories 42 tourist infrastructure 154 road works 41 port development 5 airport development 81 miscellaneous infrastructure (energy production, telecommunications etc.)
	66.47	64.49	248 of which <ul style="list-style-type: none"> 248 general services (roads, water supplies etc.)
Totals	2 289.27	1 611.87	1 027 projects

⁽¹⁾ Point 26 of this report.

TABLE 6.2

Types of investment financed by the Regional Fund in 1975-1978: Infrastructure⁽¹⁾

Type as defined in the Fund Regulation	Total investment (MEUA)	Amount of investment taken into consideration (MEUA)	Number of projects and main types of infrastructure concerned
<i>Infra-structure</i> <ul style="list-style-type: none"> projects of 10 MEUA or more projects of less than 10 MEUA projects in hill-farming areas 	3 899.61	2 487.93	123 of which <ul style="list-style-type: none"> 82 general services to industrial estates (roads, railways, water supply, drainage, etc.) 9 port development 3 energy supply 14 road works 5 airport development 10 miscellaneous infrastructure (energy production) 31 purchase of land for industrial use 144 site preparation for industrial estates
	2 068.89	1 655.48	2 991 of which <ul style="list-style-type: none"> 1 571 general services to industrial estates (roads, water supply, drainage etc.) 407 advance factories 124 tourist infrastructure (energy production) 276 road works 148 port development 28 airport development 262 miscellaneous infrastructure (energy production, telecommunications etc.)
	220.94	205	1 057 of which <ul style="list-style-type: none"> 1 057 general services (roads, water supplies etc.)
Totals	6 189.44	4 348.41	4 171 projects

⁽¹⁾ Point 26 of this report.

TABLE 7

Fund assistance per capita, 1975-1978⁽¹⁾

Member State	Total population 1977 (1000)	Population of Regional Fund areas 1977 (1000)	Aid granted		
			million EUA	EUA per capita	EUA per capita in assisted areas
Belgium	9 830	3 234	30.38	3.1	9.4
Denmark	5 088	637	23.48	4.6	36.9
Germany	61 396	23 259	151.68	2.5	6.5
France	53 078	17 000	268.22	5.1	15.8
Ireland	3 192	3 192	87.15	27.3	27.3
Italy	56 462	20 700	512.25	9.1	24.7
Luxembourg	357	357	2.12	5.9	5.9
Netherlands	13 857	2 291	37.19	2.7	16.2
United Kingdom	56 001	25 760	372.36	6.6	14.5
Community	256 261	96 430	1 484.83	5.8	15.4

(¹) Point 4 of this report.

TABLE 8

Regional breakdown of Fund grants 1975-1978: MEUA (rounded figures)⁽¹⁾
 (in brackets: number of investment projects involved)

	I. Industry, craft and services		II. Infrastructure		III. Infrastructure in hill-farming areas		IV. Totals	
	Total 1978	Total 75-78	Total 1978	Total 75-78	Total 1978	Total 75-78	Total 1978	Total 75-78
<i>Belgium</i>								
Vlaanderen	-	-	3.82 (19)	16.30 (83)	-	-	3.82 (19)	16.30 (83)
Wallonie	1.39 (2)	5.94 (18)	0.94 (7)	5.96 (37)	-	1.92 (1)	2.33 (9)	13.82 (56)
	1.39 (2)	5.94 (18)	4.76 (26)	22.26 (120)	-	1.92 (1)	6.15 (28)	30.12 (139)
Correction (decommitments & exchange rate variations)							-	0.26
Total							6.15	30.38
<i>Denmark</i>								
Grønland	-	-	5.58 (29)	19.46 (136)	-	-	5.58 (29)	19.46 (136)
Other regions	-	2.53 (27)	-	1.41 (1)	-	-	-	3.94 (28)
	-	2.53 (27)	5.58 (29)	20.87 (137)	-	-	5.58 (29)	23.40 (164)
Correction (decommitments & exchange rate variations)							-	0.08
Total							5.58	23.48
<i>Germany</i>								
Schleswig-Holstein	1.50 (18)	8.06 (61)	7.15 (20)	15.45 (56)	-	-	8.65 (38)	23.51 (117)
Bremen	-	0.15 (1)	-	0.23 (2)	-	-	-	0.38 (3)
Niedersachsen	1.94 (19)	11.30 (82)	5.89 (16)	16.55 (68)	-	-	7.83 (35)	27.85 (150)
Nordrhein-Westfalen	4.29 (40)	7.43 (74)	0.28 (1)	0.28 (1)	-	-	4.57 (41)	7.71 (75)
Hessen	1.33 (9)	4.80 (52)	1.65 (4)	7.19 (27)	-	-	2.78 (13)	11.99 (79)
Rheinland-Pfalz	8.21 (8)	14.56 (106)	-	2.24 (22)	-	-	8.21 (8)	16.80 (128)
Saarland	2.62 (26)	10.85 (79)	1.62 (4)	4.78 (18)	-	-	4.24 (30)	15.63 (97)
Bayern	4.41 (18)	13.71 (87)	6.70 (12)	22.22 (91)	-	-	11.11 (30)	35.93 (178)
Baden-Württemberg	1.03 (5)	3.21 (27)	0.31 (3)	2.23 (16)	-	-	1.34 (8)	5.44 (43)
Berlin	-	-	-	5.85 (3)	-	-	-	5.85 (3)
	25.33 (143)	74.07 (569)	23.40 (60)	77.02 (304)	-	-	48.73 (203)	151.09 (873)
Correction (decommitments & exchange rate variations)							0.53	0.59
Total							49.26	151.68

⁽¹⁾ Point 35 and point 4. footnote⁽¹⁾ of this report.

TABLE 8 (continuation 1)

	I. Industry, craft and services		II. Infrastructure		III. Infrastructure in hill-farming areas		IV. Totals	
	Total 1978	Total 75-78	Total 1978	Total 75-78	Total 1978	Total 75-78	Total 1978	Total 75-78
<i>France</i>								
Alsace	1.40 (15)	2.72 (25)	-	-	0.05 (1)	0.05 (1)	1.45 (16)	2.77 (26)
Aquitaine	1.54 (15)	9.60 (33)	3.44 (30)	9.62 (47)	0.29 (11)	0.29 (11)	5.27 (56)	19.51 (91)
Auvergne	3.14 (9)	4.49 (20)	0.25 (3)	20.85 (12)	-	0.71 (1)	3.39 (12)	26.05 (33)
Basse-Normandie	0.84 (5)	3.68 (19)	2.04 (6)	3.13 (10)	-	-	2.88 (11)	6.81 (29)
Bourgogne	-	0.51 (8)	-	-	-	-	-	0.51 (8)
Bretagne	4.44 (31)	7.86 (57)	13.02 (2)	52.78 (16)	-	-	17.64 (33)	60.64 (73)
Centre	0.93 (6)	0.93 (6)	-	-	-	-	0.93 (6)	0.93 (6)
Champagne	0.68 (3)	1.33 (8)	-	-	-	-	0.68 (3)	1.33 (8)
Corse	-	-	1.82 (15)	9.07 (46)	-	-	1.82 (15)	9.07 (46)
Franche-Comté	-	0.01 (1)	-	-	-	-	-	0.01 (1)
Haute-Normandie	-	0.27 (2)	-	-	-	-	-	0.27 (2)
Languedoc-Roussillon	0.99 (5)	3.33 (19)	3.64 (1)	8.19 (29)	0.75 (21)	1.06 (22)	5.38 (27)	12.58 (70)
Limousin	0.80 (8)	2.13 (18)	2.60 (9)	13.78 (29)	1.78 (31)	3.06 (32)	5.18 (48)	18.97 (79)
Lorraine	5.03 (32)	20.87 (71)	-	-	-	-	5.03 (32)	20.87 (71)
Midi-Pyrénées	1.77 (9)	5.17 (30)	4.68 (15)	10.29 (45)	0.08 (3)	1.52 (6)	6.53 (27)	16.98 (81)
Nord-Pas-de-Calais	4.87 (17)	13.30 (46)	-	-	-	-	4.87 (17)	13.30 (46)
Pays-de-la-Loire	0.52 (6)	6.15 (43)	6.05 (26)	11.70 (57)	-	-	6.57 (32)	17.85 (100)
Picardie	0.18 (3)	0.59 (7)	-	-	-	-	0.18 (3)	0.59 (7)
Poitou-Charente	0.99 (11)	3.76 (31)	3.61 (16)	10.08 (33)	-	-	4.60 (27)	13.84 (64)
Provence-Côte d'Azur	-	0.04 (2)	-	-	-	-	-	0.04 (2)
Rhône-Alpes	0.41 (5)	3.82 (24)	-	-	0.70 (3)	0.70 (3)	1.11 (8)	4.51 (27)
Guadeloupe	0.53 (11)	3.28 (50)	1.19 (1)	2.46 (14)	1.02 (9)	1.02 (9)	2.74 (21)	6.76 (73)
Guyane	0.14 (3)	1.83 (11)	0.22 (1)	0.64 (4)	0.32 (4)	0.32 (4)	0.68 (8)	2.79 (19)
Martinique	0.11 (3)	2.35 (22)	1.49 (2)	2.67 (14)	2.33 (11)	2.33 (11)	3.93 (16)	7.35 (47)
Réunion	0.37 (5)	1.74 (34)	0.45 (2)	1.77 (7)	0.95 (7)	0.95 (7)	1.77 (14)	4.46 (48)
	29.68 (202)	99.75 (587)	44.68 (129)	157.03 (363)	8.27 (101)	12.01 (107)	82.63 (432)	268.79 (1057)
Correction (decommitments & exchange rate variations)							-	0.57
Total							82.63	268.22

TABLE 8 (continuation 2)

	I. Industry, craft and services		II. Infrastructure		III. Infrastructure in hill-farming areas		IV. Totals	
	Total 1978	Total 75-78	Total 1978	Total 75-78	Total 1978	Total 75-78	Total 1978	Total 75-78
<i>Ireland</i>								
Donegal	(1)	(5)	(2)	(21)	(5)	(11)	(8)	(37)
North West	(1)	(3)	(2)	(10)	(2)	(6)	(5)	(19)
West	(1)	(20)	(11)	(30)	(6)	(17)	(18)	(67)
Mid West	(4)	(12)	(2)	(17)	(1)	(2)	(7)	(31)
South West	-	(13)	(9)	(23)	(3)	(10)	(12)	(46)
South East	(5)	(13)	(10)	(30)	-	-	(15)	(43)
Midlands	(4)	(14)	(6)	(27)	(1)	(4)	(11)	(45)
East	(4)	(13)	(5)	(25)	-	-	(9)	(38)
North East	(7)	(17)	(6)	(15)	(1)	(3)	(14)	(35)
Multi-regional projects	-	(1)	(22)	(26)	-	-	(22)	(27)
	14.91 (27)	40.56 (111)	16.61 (75)	38.86 (224)	3.43 (19)	10.65 (53)	34.95 (121)	90.07 (388)
Correction (decommitments & exchange rate variations)							0.20	- 2.92
Total							35.15	87.15
<i>Italy</i>								
Abruzzi	2.72 (16)	9.77 (59)	5.05 (7)	15.23 (23)	-	0.42 (14)	7.77 (23)	25.42 (96)
Basilicata	2.27 (1)	5.30 (14)	3.88 (14)	5.52 (21)	0.43 (19)	3.36 (117)	6.58 (34)	14.18 (152)
Calabria	1.02 (10)	2.09 (14)	11.06 (2)	27.96 (8)	0.55 (17)	5.82 (199)	12.63 (29)	35.87 (221)
Campania	4.43 (20)	26.81 (112)	63.99 (4)	97.88 (38)	0.65 (22)	4.62 (191)	69.07 (46)	129.31 (341)
Friuli-Venezia Giulia	-	-	-	7.61 (22)	-	2.82 (63)	-	10.43 (84)
Lazio	4.70 (30)	23.53 (75)	8.28 (9)	19.28 (15)	-	1.52 (27)	12.98 (39)	44.33 (117)
Marche	-	2.92 (10)	2.77 (2)	4.45 (9)	-	0.08 (3)	2.77 (2)	7.45 (22)
Molise	-	1.80 (6)	0.90 (2)	1.36 (5)	0.47 (15)	2.13 (67)	1.37 (17)	5.29 (78)
Puglia	29.69 (8)	47.32 (70)	20.93 (7)	39.94 (20)	1.53 (8)	3.49 (71)	52.15 (23)	90.75 (161)
Sardegna	1.76 (9)	5.15 (24)	15.89 (30)	59.42 (30)	1.10 (45)	2.92 (64)	18.75 (84)	67.49 (150)
Sicilia	3.67 (21)	10.59 (52)	30.22 (7)	69.80 (25)	-	1.15 (14)	33.89 (28)	81.54 (91)
Toscana	-	0.48 (2)	-	-	-	-	-	0.48 (2)
Multi-regional projects (Basilicata-Puglia)	-	-	6.24 (1)	15.69 (2)	-	-	6.24 (1)	15.69 (2)
	50.26 (115)	135.76 (438)	169.21 (85)	364.14 (250)	4.73 (126)	28.33 (830)	224.20 (326)	528.23 (1 518)
Correction (decommitments & exchange rate variations)							3.87	15.98
Total							220.33	512.25

TABLE 8 (continuation 3)

	I. Industry, craft and services		II. Infrastructure		III. Infrastructure in hill-farming areas		IV. Totals	
	Total 1978	Total 75-78	Total 1978	Total 75-78	Total 1978	Total 75-78	Total 1978	Total 75-78
<i>Luxembourg</i>	-	-	0.50 (1)	2.13 (3)	-	-	0.50 (1)	2.12 (3)
<i>Netherlands</i>								
Noord-Nederland	-	-	2.66 (3)	22.51 (13)	-	-	2.66 (3)	22.51 (13)
Limburg	5.52 (2)	5.52 (2)	-	8.63 (6)	-	-	5.52 (2)	14.15 (8)
	5.52 (2)	5.52 (2)	2.66 (3)	31.14 (19)	-	-	8.18 (5)	36.66 (21)
Correction decommitments & exchange rate variations)							-	0.53
Total							8.18	37.19
<i>United Kingdom</i>								
N. England	5.06 (8)	36.86 (100)	22.97 (123)	61.79 (388)	-	-	28.03 (131)	98.65 (488)
N.W. England	20.10 (8)	29.66 (48)	9.82 (69)	24.29 (266)	-	-	29.92 (77)	53.95 (314)
Yorkshire & Humberside	1.15 (2)	3.91 (29)	5.21 (46)	11.28 (197)	-	-	6.36 (48)	15.19 (226)
E. Midlands	0.19 (1)	0.47 (9)	0.27 (6)	1.29 (33)	-	-	0.46 (7)	1.76 (42)
S.W. England	1.05 (4)	1.85 (22)	0.76 (9)	3.05 (73)	-	-	1.81 (13)	4.90 (95)
Scotland	9.64 (28)	35.98 (89)	24.76 (37)	57.02 (273)	2.93 (2)	7.89 (48)	37.33 (67)	100.89 (410)
Wales	10.78 (14)	20.06 (73)	15.31 (72)	39.91 (373)	-	-	26.09 (86)	59.97 (446)
N. Ireland	9.53 (17)	28.72 (55)	11.93 (9)	30.00 (89)	-	0.71 (18)	21.46 (26)	59.43 (162)
W. Midlands	-	-	-	0.02 (2)	-	-	-	0.02 (2)
	57.50 (82)	157.51 (425)	91.03 (371)	228.65 (1694)	2.93 (2)	8.60 (66)	151.46 (455)	394.76 (2185)
Correction (decommitments & exchange rate variations)							2.87	-22.48
Total							148.59	372.36

TABLE 9
Budget situation⁽¹⁾

9.1. Use of commitment appropriations (MEUA)

Appropriations available for 1978			Appropriations used in 1978		Appropriations unused at at 31.12.1978
1978 budget	Brought forward from 1977	Total	Commitments 1978	% used	
581.00	18.83	599.83	556.36	92.75	43.48

9.2 Use made of payment appropriations (MEUA)

Appropriations available in 1978			Payments made in 1978			Appropriations unused at 31.12.1978	
Brought forward from 1977	1978 budgets	Total	From sums brought forward from 1977	From 1978 appropriations	Total	From sums brought forward from 1977	From 1978 appropriations
83.08	525.00	608.08	83.08	171.81	254.89	-	353.19

9.3 Trend in commitments (MEUA)

1975-1977 commitments unpaid at 1.1.78	1978 commitments			1975-77 commitments unpaid at 31.12.1978 plus 1978 commitments	Payments in 1978	Commitments unpaid at 31.12.78
	From sums brought forward from 1977	From 1978 appropriations	Total			
404.29	18.83	537.53	556.36	960.65	254.89	705.76

⁽¹⁾ Point 18 of this report.

TABLE 10
Payments⁽¹⁾

Member State	Commitments 1975-1977 unpaid on 31.12.1977		1978 Commitments		1978 Payments					Commitments made but un- paid at 31.12.78		Payments as % of commitments	
					From sums committed in				Total 75-78				
	75	76	77	78									
	MEUA	%	MEUA	%	MEUA	MEUA	MEUA	MEUA	MEUA	%	MEUA	end 1978	end 1977
Belgium	12.985	3	6.147	1	-	1.401	4.569	-	5.970	2	13.162	56.6	46.3
Denmark	5.797	1	5.576	1	0.126	0.790	0.467	-	1.383	1	9.991	57.3	67.5
Germany	45.832	11	49.259	9	0.621	1.621	25.342	14.599	42.183	17	52.909	64.0	53.1
France	98.594	24	82.626	15	1.095	16.910	13.918	8.722	40.646	16	140.573	47.6	46.1
Ireland	22.770	6	35.149	6	0.635	3.403	5.128	11.294	20.460	8	37.458	57.0	46.9
Italy	119.481	30	220.328	40	2.653	11.393	21.699	42.785	78.530	31	261.278	48.9	56.2
Luxembourg	0.676	-	0.501	-	-	-	0.212	-	0.212	-	0.965	54.4	58.9
Netherlands	14.219	4	8.184	1	-	2.792	3.683	-	6.475	2	15.928	57.0	58.2
United Kingdom	83.938	21	148.589	27	0.566	10.749	21.616	26.102	59.033	23	173.495	53.4	62.5
Community	404.292	100	556.359	100	5.696	49.059	96.635	103.502	254.892	100	705.759	52.3	56.5

(¹) Point 91 of this report.

TABLE 11

Inspection visits carried out over the period 1975-1978⁽¹⁾

Country and regions	Number of projects inspected			
	1978		1975-1978	
	Industry	Infrastructure	Industry	Infrastructure
Vlaanderen	-	3	-	11
Wallonie	-	-	2	-
<i>Belgique</i>	-	3	2	11
Groenland	-	-	-	19
Nordjylland	2	-	7	-
Viborg	-	-	1	-
<i>Danemark</i>	2	-	8	19
Schleswig-Holstein	8	9	8	10
Niedersachsen	-	-	1	4
Hessen	5	2	8	5
Rheinland-Pfalz	9	3	9	3
Saarland	4	3	4	3
Bayern	3	4	6	7
<i>Deutschland</i>	29	21	36	32
Aquitaine	11	1	11	1
Auvergne	-	-	5	4
Basse-Normandie	-	-	-	2
Bretagne	-	-	-	2
Languedoc-Roussillon	10	2	10	2
Limousin	5	4	5	4
Lorraine	-	-	6	-
Midi-Pyrénées	-	-	8	3
Pays-de-la-Loire	-	-	-	3
<i>France</i>	26	7	45	21
Donegal	-	-	-	4
North West	-	-	1	1
West	-	-	1	1
Mid West	-	-	1	5
South West	-	-	3	6
South East	-	-	1	-
Midlands	-	-	2	2
East	-	3	1	3
North East	-	-	2	1
<i>Ireland</i>	-	3	12	23

⁽¹⁾ Point 95 of this report.

TABLE 11 (continuation)

Country and regions	Number of projects inspected			
	1978		1975-1978	
	Industry	Infrastructure	Industry	Infrastructure
Abruzzi	-	-	3	3
Basilicata	-	-	3	4
Calabria	-	-	3	5
Campania	5	10	5	14
Lazio	6	3	6	4
Marche	-	-	1	2
Molise	-	-	-	4
Puglia	-	-	6	1
Sardegna	4	9	6	12
Sicilia	4	4	5	8
<i>Italia</i>	<i>19</i>	<i>26</i>	<i>38</i>	<i>57</i>
<i>Luxembourg</i>	-	<i>1</i>	-	<i>2</i>
Groningen	-	-	-	2
Limburg	-	-	-	1
Friesland	-	1	-	1
<i>Nederland</i>	-	<i>1</i>	-	<i>4</i>
Northern England	6	7	9	24
North West England	5	12	7	25
Yorkshire & Humberside	-	-	2	5
South West England	6	8	6	8
Scotland	-	6	3	29
Wales	6	4	11	9
Northern Ireland	9	1	9	1
<i>United Kingdom</i>	<i>32</i>	<i>38</i>	<i>47</i>	<i>101</i>
<i>Community</i>	<i>108</i>	<i>100</i>	<i>188</i>	<i>270</i>

European Community — Commission

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The modified Council Regulation establishing a European Regional
Development Fund requires that:

1. Before 1 October each year the Commission shall present a report to the Council, to the European Parliament and to the Economic and Social Committee on the implementation of this Regulation during the preceding year.
2. This report shall also cover the financial management of the Fund and the conclusions drawn by the Commission for supervision of the Fund's operations.'