

COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 23 March 1983

THE COMMISSION'S PROPOSALS FOR
THE INTEGRATED MEDITERRANEAN PROGRAMMES

PART I AND II

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**FOR THE SOUTHERN
REGIONS OF THE COMMUNITY**

**THE INTEGRATED
MEDITERRANEAN PROGRAMMES**

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THE COMMISSION'S PROPOSALS ON THE INTEGRATED MEDITERRANEAN PROGRAMMES

Part I and II

COM(83) 24 final/2

Corrigendum to Doc. COM(83)24 final, 17.3.83

P. 37, Chapter I, GENERAL, para 1

Para 1 to read:

"1. This programme covers the whole of Greece except the Athens and Thessaloniki agglomerations.

However, in the Athens nomos only the measures relating to fisheries, and in the rural portion of that nomos those relating to forestry, agriculture and valorization of agricultural products, shall apply."

CONTENTS

	<u>Page</u>
<u>PART I: EXPLANATORY MEMORANDUM</u>	
I. Introduction	1
II. The situation in the Mediterranean regions	3
III. Action by the Community	5
IV. The integrated Mediterranean programmes	7
V. Geographical scope	10
VI. Content of the programmes	11
VII. Implementation	17
<u>PART II: ESTIMATE OF FINANCIAL IMPLICATIONS</u>	
I. Overall implications	21
II. Breakdown of expenditure	24
III. Expenditure by type of scheme	27
IV. Breakdown of agricultural expenditure	28
V. Breakdown of non-agricultural expenditure	31
<u>ANNEXES</u>	
I. Geographical scope	34
- Programme areas	35
II. Integrated programme for Greece	36
- General	37
- Breakdown	56

	<u>Page</u>
III. Integrated programme for Italy	62
- General	63
- Breakdown	86
IV. Integrated programme for France	91
- General	92
- Breakdown	109
V. Rates of Community refund	115
VI. Community grants and loans to the Mediterranean regions: 1982	122
- Community aid per inhabitant	123
- Community grants and loans to the Mediterranean regions	
- Italian regions	124
- Greek regions	125
- French regions	126
- Cumulative grants and loans to end 1982	127
- Cumulative grants and loans by Member States 1973-82	128

PART I

EXPLANATORY MEMORANDUM

i. INTRODUCTION

1. In its Report pursuant to the Mandate of 30 May 1980, the Commission highlighted the specific problems of the Mediterranean regions and stated that a number of Community programmes would be implemented to improve agriculture in those regions. It also stated that, in making its contribution, "the Community must keep two principles in mind: equivalence and equity. Equivalence means that, in line with the basic principles of the Treaties, the common agricultural policy must apply without discrimination to Mediterranean products. Equity means that change cannot be allowed to lead to a drop in living standards for those involved".

2. The proposal now submitted to the Council should be seen as one element in the package of measures announced by the Commission in the outline programme for 1983. By aiming to improve the employment situation, reform structures and increase productivity in the regions concerned, this proposal is consistent with the priority objectives underlying that programme. The measures envisaged, while designed to meet the specific circumstances - both handicaps and potentialities - peculiar to the regions concerned, take account of the constraints imposed at Community level and are compatible with the guidelines adopted for the common policies and for the Community's many initiatives concerning agriculture, fisheries, energy and so on.

3. This new initiative to assist the Mediterranean regions is necessary for the smoother intermeshing of Community policies and thus the cohesion of the Community: which is essential if the Community is to successfully overcome the problems posed by the continuing economic crisis and the growing instability of the international environment, and which becomes all the more transparently important as the Community approaches its third enlargement and is required to play an increased role in the Mediterranean area.

4. The proposal, both in conception and aim, is a response to problems which stem from deficiencies, largely of a structural nature. The results hoped for can therefore only be assessed in the medium and long term. The measures which the Commission proposes, and the resources needed, are based on current economic data which in some cases may change over the course of time. It is important in this regard that the period between planning and implementation should be as short as possible. The success of the venture will therefore depend also on how quickly it can be adopted by the Community institutions and implemented at national level.

5. Throughout the preparatory work, the Commission has been helped by the political impetus provided by Parliament. Through its many initiatives, Parliament has contributed greatly to a better understanding and awareness of the problems of the Mediterranean regions and has unremittingly supported the Commission in its efforts to establish the ways and means of solving them; it has played a fundamental part in creating and shaping the instrument proposed by the Commission, and still has a crucial part to play in ensuring that this initiative leads first to decisions and then to practical achievements.

II. THE SITUATION IN THE MEDITERRANEAN REGIONS

6. The Mediterranean regions are amongst the least developed and most of them are among the poorest regions of the Community. Geographically remote from the heartlands of industrial development, these regions still depend heavily or predominantly on agriculture for jobs, and in particular on Mediterranean agricultural produce. Industrial structures are weak, unemployment is high, the level of activity is very low.

7. Agriculture in these regions suffers from major handicaps which result not only from natural conditions but also from the structural backwardness of the production, marketing and processing apparatus, the nature of the products and their conditions of access to the market, all of which are thoroughly awkward problems.

The fisheries sector is in a somewhat similar situation; its difficulties stem mainly from a largely obsolete fleet, inefficient processing and marketing channels and the lack of a balanced management of resources.

The weak industrial fabric of these regions essentially comprises small and medium-sized businesses and craft firms, mainly in traditional sectors, which lack the services essential for their further development.

The tertiary sector is in many cases largely dependent on seasonal activities, particularly tourism. It is quite substantial, but is generally unable to make up for the shortcomings in the fields of administration and information.

This situation is generally aggravated by an economic environment which is inherently sluggish and at present seriously affected by the crisis.

8. In all these regions, it is the rural areas which show the lowest level of development: in the inland areas, owing to a falling and ageing population the social and economic fabric is in progressive and possibly irreversible decline; the lowland areas, where agriculture was once an important source of income and the basis for other economic activities, are

now encountering increasingly serious problems in marketing their traditional produce and have not got the necessary resources to consolidate efforts to switch to new crops and products.

9. Owing to their handicaps, the Mediterranean regions have in the past benefited less than others from the advantages conferred by the Community integration process, a favourable economic climate and the application of common policies. For the same reasons, they are now suffering more acutely from the effects of the crisis.

The prospect of enlargement to include Portugal and Spain and the development of preferential relations in the Mediterranean area are accentuating the problems by requiring adjustment efforts of these regions and imposing constraints on their development decisions.

10. These are all common features, but the intensity of the problems varies from one region to another. Greece and the Italian Mezzogiorno are the most seriously affected: Greece, because almost its entire territory suffers the handicaps peculiar to Mediterranean regions and because it must, at one and the same time, successfully integrate into the Community, prepare for a further enlargement and face up to the economic crisis; the Mezzogiorno, because, despite the efforts made at both national and Community level, its level of development is still among the lowest in the Community, particularly in the inland areas.

11. Although less unfavourably placed than Greece and the Mezzogiorno, some of the southern regions of France, owing to their geographical position and the importance of Mediterranean agricultural produce for their economy, will be seriously affected by the adjustments involved in enlargement.

III. ACTION BY THE COMMUNITY

12. The Mediterranean regions have benefited and continue to benefit from the measures taken to assist the Community's less developed regions, measures which have increased in scale in recent years. Since 1978, the Community has stepped up its action and all the budgetary and financial instruments now make a significant contribution in these regions. Thus, in 1982, for the Italian regions, combined budgetary aid (EAGGF Guidance Section, ERDF, ESF, ECSC grants, energy grants, EMS interest rate subsidies) totalled 1 198 million ECU and loans totalled 1 327 million ECU; for Greece the figures are 302 million ECU and 462 million ECU respectively; and for the five French regions with Mediterranean features 138 million ECU and 111 million ECU respectively. The tables in Annex VI give a detailed picture of the scale of Community action benefiting these regions.

13. But despite the resources already deployed and although an exhaustive review is not possible at this stage, it must be admitted that the development gap between these regions and the others has not closed and in certain cases has actually widened.

14. There are probably many reasons for the relatively unsatisfactory result. First, despite some increase in Community efforts, the funds deployed are modest by comparison with the scale of the task, but also by comparison with the size of the Community budget. Taking the period 1973 to 1982, the total aid allocated to the Mediterranean regions from the structural Funds already mentioned represents only 31% of the overall budget for these Funds and some 6% of total Community expenditure. Community action is often piecemeal, with no clearly defined overall approach. In many cases, insufficient allowance has been made for the socio-economic realities in the recipient regions and for the budget difficulties of the Member States which have to contribute.

15. Experience has shown the limitations of an approach based on sectoral measures which are not dovetailed with development strategy.

It has also shown the need for implementing arrangements that will offset the lack of dynamism and initiative and the inadequacy of administrative structures which are often overwhelmed by the scale of the task confronting them.

IV. THE INTEGRATED MEDITERRANEAN PROGRAMMES

16. The Commission now proposes a series of programmes directed towards the development of the rural areas of the Mediterranean regions and applying both to the agricultural sector, which is of fundamental importance for these areas, and to the other sectors of economic activity best suited to creating the jobs which will absorb the labour shed by agriculture. Because they are primarily concerned with the rural areas, the programmes, while not ignoring them, do not set out to solve the problems stemming from the general shortcomings of industry, transport, energy, the environment, etc; these problems must be solved through the sectoral and regional policies which will continue to be applied, alongside the integrated programmes, in the regions in question. The programmes have two basic objectives, namely to raise income levels and to improve the employment situation. They are intended to fit Community action into a framework that is responsive to the particular features and the potential of the regions concerned, but also takes account of the constraints at Community level.

17. The measures selected and the rates of financial contribution by the recipients, the Community and the Member States have been differentiated to take account of the type of measure, the nature and intensity of the problems specific to each region and the capacity of the Member States to contribute to the financing of the programmes. Accordingly, the financial contribution of the recipient is greater in the case of investment which will provide more immediate returns (as is the case with investment relating to the agricultural processing industry or the marketing of products), and smaller in the case of measures covering farm structures. Similarly, the national contribution is limited in the case of Greece, but greater for Italy and greater still for France. With regard to the compensatory allowance, the particularly high rate of the Community's contribution is justified by the fact that this measure is in many respects more akin to a market measure than to a structural measure. For the development measures outside the agricultural sector, the rates of Community assistance to the financing of infrastructures are differentiated according to country. This method is also used for productive investments because the national levels of aid differ.

18. Since the programmes extend over six years and cover a variety of measures, the breakdown of the estimated budget resources among the different sectors of activity must be seen as no more than indicative. These estimates, given in Part II of this document, have been calculated primarily because an overall expenditure limit must be set for the exercise as a whole, and for each programme individually. The precise allocation of resources between the different sectors of activity will be determined as the operation gets underway. This is the reason for proposing a new budget chapter, which will make it easier to transfer the funds allocated from one budget heading to another.

At the end of the six-year period, the Commission will decide, in the light of the experience gained, whether it would be useful to present further proposals to the Council.

19. The programmes subsume, supplement and expand a number of measures which the Commission is already carrying out or has proposed but without any overall coordination so far:

- They supplement the measures carried out at Community level by the Social Fund and the Regional Fund (quota and non-quota sections). The planned stepping-up of Regional Fund measures in some of the regions covered by the programmes cannot but enhance the chances of success of the new initiative to the extent that it injects greater dynamism into the socio-economic environment of the regions and thus facilitates the mobility of the agricultural labour force.
- They supplement, adapt and expand the measures planned under the common policy for the structure of the fishing industry; these are measures primarily designed to facilitate a policy for conserving and managing Atlantic and the North Sea fish stocks and they have consequently not taken sufficient account of the problems specific to Mediterranean fisheries.
- Lastly, the agricultural measures form a counterpart to the market proposals presented by the Commission, notably in the autumn of 1981. The success of structural measures will depend,

at least to some extent, on market conditions for the regions' products being clearly defined. Enterprising and resourceful farmers cannot be expected to remain on the land and to embark on restructuring and conversion operations which, despite national and Community assistance, are costly for individuals and offer no guarantee of success, unless they can rely on sufficiently stable markets for their produce.

Market conditions therefore play an important role in any structural measure aimed at bringing about a selective reduction in manpower while avoiding a disorderly exodus in which the most capable and the most enterprising might be the first to leave. Accordingly, the Commission's proposals on the established legislative framework in the wine sector, already adopted by the Council, and in the fruit and vegetables and olive oil sectors, which provide for adjustments to the Community's management mechanisms so that they can remain fully effective even in a Community of Twelve, are a corollary essential to the success of any genuine structural action. As the programmes are implemented, the Commission may put forward adjustment proposals for other products, so as to facilitate the implementation of crop-change and conversion programmes.

20. In conclusion, the Mediterranean programmes are integrated programmes. Besides the coordinated procedures for their implementation, this concept stems from the complementary nature of the different measures directed towards the development of rural areas and from the way in which they unfold over time. The measures proposed, added to the national and Community measures already in force, will have a multiplier effect and will also modify national priorities in relation to the rural Mediterranean areas. This means that where necessary the regional development programmes (RDP) forwarded to the Commission by the Member States, into which the integrated programmes fit, will have to be adapted and broken down into greater detail.

V. GEOGRAPHICAL SCOPE

21. The regions in which the integrated programmes are to apply have been chosen on the basis of the factors which suggested such programmes were needed and of the objectives the programmes pursue. They are all regions with a high degree of dependence on what are known as Mediterranean products, and which - not least because of the prospect of enlargement - need to restructure their agriculture and create alternative employment outside farming. The economic situation in these regions is a great deal less favourable than the Community average, so that the necessary adaptation is rendered even more difficult.

22. The Commission has thus selected the following areas: in France, Languedoc-Roussillon, Corsica, Provence-Côte d'Azur, Aquitaine and Midi-Pyrénées; the whole of Greece; in Italy, the Mezzogiorno, Lazio, Tuscany, Umbria, Marche and Liguria. The programmes will not apply to the major conurbations in all of these regions or, in the case of France and central and northern Italy, to the built-up coastal stretches in which tourism is a year-round activity. Exceptions may be made in both cases.

The agricultural measures are differentiated for lowland areas and "inland" areas, which are mountain areas within the meaning of Article 3(3) of Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas.

A map of the regions is given in Annex I.

VI. CONTENT OF THE PROGRAMMES

23. The detailed content of the programmes is given in Annex II, for regions in Greece; Annex III, for regions in Italy; and Annex IV for regions in France. Generally speaking the programmes are in two sections: first, measures to improve production, marketing and processing structures, and to bring agricultural production more into line with market requirements; secondly, measures to create alternative employment by developing other economic activities in rural areas, and to provide the facilities needed to repair certain weaknesses in the regional socio-economic fabric.

24. Agricultural measures are at the heart of the programmes because agriculture is so important in the economies of the Mediterranean regions and must become more competitive in the context of the enlarged Community.

These measures fall into three categories:

1. measures to improve the general conditions of farming in rural areas:

- (a) physical (roads, electrification, etc.), and
- (b) economic (preserving, marketing and processing, producer groups);

2. operations at farm level, involving measures of:

- (a) a technical, and
- (b) a socio-structural nature;

3. back-up measures, such as:

- (a) forestry and land-use improvement,
- (b) applied research, and
- (c) vocational training.

These operations would not necessarily apply to all the regions covered by the programme, nor would the scale of the proposed investment be the same for all the areas in which they are undertaken.

25. As a general rule, the agricultural measures are differentiated for inland areas (uplands) and lowland areas. This distinction divides the regions into two relatively homogeneous areas. The measures to improve the general conditions of farming and the back-up measures would apply throughout the whole territory, but their intensity would be higher in those inland areas whose handicaps are greater.

The measures to be taken at farm level are more selective, however. They take account of the potential of each area and of the particular characteristics of its predominant forms of production.

26. In the irrigated lowland areas the emphasis is exclusively on operations to rationalize production and improve the quality of the products, wherever possible by changing to different varieties.

27. In the dry lowland areas the measures are aimed at conversion to types of product which will improve incomes without aggravating the market situation. This is particularly the case in recently irrigated borderlands, where production must not be allowed to swell existing surpluses. A change-over to fodder and protein crops must be encouraged in order to promote stock-farming in these areas and build up additional fodder reserves for livestock farms in the inland areas.

28. In the inland areas the scope for switching to new products is generally limited. Cattle farming can be encouraged, however, and traditional sheep and goat farming can be improved. Agricultural incomes can also be improved

by introducing or expanding crops suited to the climatic and soil conditions, such as nuts (almond, hazel and chestnut trees), medicinal and aromatic plants, and seedlings and seeds. Forestry can be developed significantly. The programmes also provide for an increase in the deficiency payments made to farms in particularly badly off mountain and hill regions.

29. As regards the fishing industry the measures envisaged are aimed primarily at promoting the development of the whole industry in order to make the most of the great potential of the regions in question, to obtain the best return for the products, to increase the productivity of the manpower and inputs employed, and lastly to improve the incomes of those working in the industry. Secondly, all the schemes provided for will have a positive impact on direct and indirect employment in the regions concerned, thus contributing to the success of the agricultural measures, and if not increasing at least maintaining the level of employment.

30. According to the place they occupy in the production process the proposed measures may be classified under three categories:

(a) measures to enhance the industry's environment and improve its general operating conditions:

improvement of berthing facilities and assistance for the fishing fleet (infrastructure, land-based port facilities, simple shelters, lakeside facilities); the development of lagoons suitable for aquaculture; and the establishment of protected marine areas;

(b) measures to improve the whole production process: relating to both fishing and aquaculture and to the processing and marketing of the products;

(c) back-up measures: taking the form of biological, technical and economic research, and technical assistance to those working in the sector.

Naturally the intensity and exact details of the proposed measures will vary between regions and countries in accordance with local priorities and needs.

31. In the Greek regions, for instance, the main effort will be directed towards aquaculture, which has great potential, and towards replacing the largely obsolete fishing fleet. Aquaculture will also absorb the greater part of the financial resources set aside for the Italian regions. Finally, in the French regions, the accent will be mainly on directly productive investment - the development of lagoons, renewal of the fleet and product processing and marketing.

32. The measures for job creation in non-agricultural sectors are of vital importance in the general conception of the programmes. A substantial improvement in agricultural incomes will depend on an improvement in structures and thus, to some extent at least, on a reduction of manpower in that sector. Measures in this area must therefore help to create the necessary conditions for encouraging greater mobility, but without traumatic change: in other words without a repetition of what has often happened in the past, especially in the Mediterranean regions, the permanent departure of the most dynamic and the most enterprising elements of the rural population. With this in mind, the measures aimed at non-agricultural sectors must either create alternative job opportunities for those leaving the farm or provide additional sources of income for those remaining. More generally, they must improve the socio-economic fabric of the regions by making it more dynamic.

33. With this end in view, the non-agricultural measures in the integrated programmes are geared as a matter of priority to promoting small and medium-sized business and craft industry. These types of firms, which at present show the greatest potential for creating jobs, form the backbone of the economy of the Mediterranean regions; and their wide geographical dispersion would make them

the vectors for increasing the vitality of business enterprise in rural areas and improving the general environment for farming. Nevertheless, given the specific handicaps of small and medium-sized firms and craft firms in these regions, the development measures envisaged go beyond mere aid for material investment. It is through measures to improve their "environment" in its widest sense, and to revitalize the economic structure that it will be possible to effectively mobilize the development potential of the Mediterranean regions and in particular their human resources.

The measures proposed are to enable small and medium-sized businesses:

- to be better informed about potential markets;
- to adapt their productive plant accordingly;
- to update their know-how and obtain assistance for innovation;
- to improve their management and organization capacity;
- to create or develop common services amongst themselves;
- to improve their access to risk capital;
- to increase their penetration of the markets of non-member countries around the Mediterranean;
- to be better informed about aid schemes and obtain assistance in utilizing them.

These measures to strengthen small and medium-sized firms and craft firms will be supplemented by other specific measures also aimed at exploiting the development potential of these regions.

These concern a range of activities linked directly to agriculture, namely the agri-foodstuffs and farm equipment industries, and other potential fields of development, namely rural tourism and renewable energy sources.

The measures planned to foster rural tourism are as follows:

- aid for investment in increased accommodation capacity;
- start-up aid for bodies responsible for promoting tourism;

- aid for establishing facilities and infrastructure needed for the development of tourism.

34. The measures concerning renewable energy sources aim to harness local resources and at the same time to increase employment in Mediterranean firms active in this field. Projects to be financed:

- small hydroelectric projects; wind, biomass, solar and geothermal energy projects;
- the dissemination of information on the potential of such energy sources;
- water-heating by solar panels.

35. In conjunction with the above measures it is proposed to help build infrastructures which will facilitate the installation or development of job-creating activities and improve facilities and amenities in rural areas.

As regards Greece, it is also planned to finance programmes to relocate activities away from Athens.

36. The programmes also take account of environmental aspects, in so far as conservation of the environment constitutes a vital factor in the development of those regions. It is important to ensure that the proposed measures not only safeguard but also enhance the environment, particularly in view of the priority accorded to those regions in the Community's environment policy.

VII. IMPLEMENTATION

37. These programmes must be implemented in a consistent and coordinated manner. To that end the Commission has therefore devised a strategy to facilitate the task both of the national and regional authorities and of the bodies made responsible for administration at Community level.

38. The draft programmes are transmitted to the Council in the form of a proposal for a Council Regulation. This Regulation will contain a description of the content of the programmes: objectives, description of measures, procedures, areas of application, integratedness, volume, means of financing, and a suggested schedule for implementation.

39. Adoption of the Regulation by the Council means that the Member States concerned must establish an operational plan of campaign. This plan, consisting of all the measures which the Member State must take to enable all the operations provided for in the Mediterranean programmes to be implemented, will include:

- the financial resources needed and the manner in which they are to be made available,
- designation of the authorities or bodies responsible for each measure,
- the necessary laws, regulations and administrative measures, particularly for aids,
- the ordering of geographical and chronological priorities for the implementation of the measures,
- a description of the investments to be made by public authorities and the location of such investments,
- implementation and expenditure schedules;
- information concerning the mutual consistency of the measures and their meshing with the regional development programmes.

In view of the decisions to be taken nationally, the time needed to establish this plan of campaign may vary, but, for the whole programme to be successful, must not exceed one year.

At Community level, the Commission will be responsible for implementation, in accordance with the procedures set out in the Regulation. This will define in particular the way in which all Member States are to be associated in the implementation, together with machinery for cooperation and coordination with the Member States directly concerned.

40. All the Member States will be associated in the implementation of the programmes through the existing Fund Committees, without any change to their rules of operation. The Council Regulation will therefore stipulate, for each operation and measure laid down in the programmes, which Committee is to be consulted on the decisions relating to funds provided by the Community.

41. The Regulation will also provide for machinery for cooperation and coordination with each Member State concerned, to facilitate implementation of the programmes. This will be a two-tier system:

- a Steering Committee at the political level, which will meet twice a year, or more frequently if difficulties needing settlement at this level arise in the operational planning stage, in the preparation of the projects and sub-programmes or at any other stage of implementing the programmes;
- a technical Working Party, comprising representatives of the national and regional authorities responsible for implementing the programmes and representatives of the Commission's departments, to deal with all the technical aspects of implementation. This Working Party will meet more frequently. It will also prepare the ground for meetings of the Steering Committee.

With this structure for cooperation and coordination it should be possible to spot problems, gaps and bottlenecks in good time and, by finding solutions, to provide a constant stimulus to the execution and adaptation of the programmes.

42. The programmes will actually be launched once the Commission has approved the operational plan of campaign, after verifying that it meets the requirements of the Council Regulation.

43. In the case of certain more complex operations (for example, the organization of a production chain comprising downstream infrastructure, production investment, transport, storage, the necessary plant and facilities, investments in processing and marketing, etc), it is possible that not all operational details can be provided at the start-up stage. It has therefore been provided that for such projects, although listed in the operational plan of campaign, more specific details will be given later in the form of sub-programmes.

44. Accordingly, it will be only gradually that the rate of implementation of all the measures provided for in the Mediterranean programmes will reach top gear. Expenditure in the first year following entry into force of the Council Regulation will be only slight. Not until the second and especially the third year will expenditure be substantial.

45. The Commission proposes that the amounts allocated annually to the programmes should be entered in the Community budget in a single chapter entitled "Mediterranean programmes".

Within that chapter, each component of the Mediterranean programmes (the agricultural and fisheries component, the social component and the regional component) will be allocated one or more separate budget headings. Authority to draw on these headings will be vested respectively in the departments managing the existing Funds, which will make it possible to utilize the procedures of those Funds as regards consultation of their respective Committees. This method will make it possible to safeguard the unity and the integrated nature of the programmes. From a budgetary viewpoint, the fact that transfers will be possible within the chapter, in the light of the rate of utilization of the appropriations allocated to the various components of the programmes, will allow for flexible management.

PART II

ESTIMATE OF FINANCIAL IMPLICATIONS

1. The figures given in this chapter were arrived at by aggregating the estimates of the costs of each of the proposed measures. In the case of both the total costs per country and the costs by sector, therefore, the amounts indicated are arithmetical totals; they were not fixed in advance as target figures. As stated in point 18 of Part I, the breakdown of the budgetary estimates between the various sectors of activity is solely indicative; the precise allocation will be determined as the measures are implemented.

I. OVERALL IMPLICATIONS

2. According to the estimates made, the Community contribution would be 6 628 million ECU, an annual average theoretical expenditure of about 1 100 million ECU.

Summary table of the overall costs of the various measures (1982 prices)
by Member State

	Greece	Italy	France	Total	%
Agriculture	1 235	941	471	2 647	40
Forestry	120	190	50	360	5.5
Fisheries	139	153	60	352	5.5
Increasing the market value of products	172	235	63	470	7
Non-agricultural measures	330	740	336	1 406	21
Infrastructure	283	376	50	709	11
Back-up measures	263	316	105	684	10
TOTAL	2 542	2 951	1 135	6 628	100
Annual average	424	492	189	1 105	

3. The territorial basis of the programmes used for the estimates is that described in Chapter V of Part I. So as to take account of the relative socio-economic situation in the three groups of regions considered and the capacity of the Member States concerned to contribute to the financing of the measures, the rates of the Community's contribution have been differentiated for measures financed entirely out of public funds (infrastructure), socio-structural measures and labour market and vocational training measures. The proposed rates of assistance are 50% for France, 65% for Italy and 75% for Greece.

The Community's financial contribution has also been differentiated in respect of productive investment in the area of marketing and processing. The proposed rates are 60% for Greece and Italy and 45% for France. This differentiation is in line with the ratio applying under the current arrangements (50% and 35% respectively).

4. The estimate of the costs of the various measures is based on the following considerations:

- (a) With regard to agriculture and fisheries, account has been taken of the need to speed up the development of structures, both technical and social, through higher investment. For certain schemes already in operation, the aim will be, through an increase in the aid, to speed up implementation to rates up to double the present rates. For schemes which have run into difficulties, the aim will be to get them off the ground either by adding in new measures or by altering the grant conditions and the volume of aid.
- (b) For the agricultural sector, one must not forget the financial implications which structural measures may entail through their "mechanical" impact on gross production levels.

However, the balance struck between the types of production to be increased and those to be reduced suggests that this aspect of the cost of the programmes need be noted only "pro memoria".

- (c) With regard to the non-agricultural component, the job-creation objective arises because the modernization of farming means fewer agricultural jobs in the region. The objective is therefore additional job creation in activities outside agriculture. The rate of job creation will differ as between inland areas where the rate of population decline requires that numbers leaving farming should be offset completely, and other agricultural areas where the objective can be more limited, because there is no danger of population falling below viable thresholds.

Given these differences, the overall job-creation objective has been defined on the basis of the current rate of decline of employment in agriculture.

- (d) The additional creation of jobs will also necessitate the building of infrastructures which are to qualify for an additional Community contribution as against present rates of financing in order to ensure that they enjoy priority treatment. Infrastructures for improving the facilities and amenities of service centres in rural areas will also be needed.
- (e) For work and vocational training schemes, account has been taken of expenditure stemming from increased Community assistance for training, in order to facilitate the agricultural and non-agricultural specific schemes provided for in the integrated programmes.

II. BREAKDOWN OF EXPENDITURE

5. The breakdown of the overall costs chargeable to the Community by Mediterranean region is estimated in absolute figures as follows.

Breakdown of Community expenditure

Region	Community expenditure	
	m ECU	%
Greece	2 542	38.4
Italy	2 951	44.5
France	1 135	17.1
TOTAL	6 628	100

This breakdown reflects the reasons underlying the Mediterranean programmes, their objectives, the levels of development of the various regions, the problems in their rural areas and the nature and intensity of the measures planned for each region.

6. It is difficult to state what would be the actual breakdown of expenditure for each year.

It is however clear, on the basis of experience and bearing in mind the time needed for implementation, that the foreseeable annual rate of commitment would lead only to a relatively low level of expenditure in the first two years.

The heaviest expenditure may be expected from the third year onwards.

The following estimate can be made.

Annual spread of Community expenditure

m ECU

	1st year 1985	2nd year 1986	3rd year 1987	4th year 1988	5th year 1989	6th year 1990
TOTAL	663	796	994	1 392	1 392	1 392
%	10	12	15	21	21	21

Assuming that the programmes are approved in 1983, the first really significant expenditure would be the advances to the Member States in 1985¹. The financing would be on a larger scale from 1987 onwards and would concern the subsequent budgets until 1990.

7. Alongside the commitment of funds at Community level, the implementation of the programmes will also entail a financial effort by the three Member States concerned, which must pay their shares towards the costs of the operations planned (except, under some measures, for a part which is chargeable to the recipient).

On the basis of the rates proposed in the programming for assistance from the Community's Funds, the contribution of the Member States concerned to the implementation of the programmes would be about 4 000 million ECU.

¹If the countries concerned set up their operational plans promptly, the first expenditure could arise in 1984. However, the amounts involved would most probably be very small.

Sums chargeable to the Member States over six years

m ECU

	Greece	Italy	France	Total	%
Total (6 years) chargeable to the Member State	1.300	2.050	995	4 345	40
%	29,9	47,2	22,9	100,0	
Community expenditure	2.545	2.951	1.132	6.628	60
%	38,4	44,5	17,1	100,0	
Total public expenditure	3.845	5.001	2.127	10.973	100
%	35,0	45,6	19,4	100,0	

Total public expenditure under the programmes would therefore be about 11 000 million ECU, 40% of which would be chargeable to the Member States and 60% to the Community budget.

III. EXPENDITURE BY TYPE OF SCHEME

3. Out of an estimated six-year total of 6 600 million ECU, the expenditure on measures for agriculture would be of the order of 2 650 million ECU (40% of total expenditure); for forestry and increasing the market value of products 830 million ECU (12.5% of the total); for fisheries 350 million ECU (5.3%); for non-agricultural and infrastructure measures 2 115 million ECU (32%); and for the back-up measures 684 million ECU (10%).

The agricultural expenditure planned for Greece would represent almost 49% of the estimated total expenditure for the Greek regions concerned, whilst for France and Italy, agricultural expenditure would represent about 42% and 32% respectively of the total expenditure planned for these regions.

IV. BREAKDOWN OF AGRICULTURAL EXPENDITURE

9. Each of the regions may be broadly divided into irrigated or irrigable lowland areas and upland or mountainous inland areas which, as regards agriculture, have a very different physiognomy and present very different problems; and it has been decided to concentrate agricultural structural improvement measures in inland areas which suffer the greatest handicaps and yet whose economic activity must be strengthened in the interests of the balanced development of these regions. Accordingly, the expenditure planned for agricultural measures in the lowland areas would account for no more than about 37% of total expenditure on agriculture over six years, i.e. 1 150 million ECU.

Of this amount only about 33% (382 million ECU) will be devoted to general measures (reparcelling, irrigation and producer groups), the remainder being used for investments for the following purposes:

- (i) conversion from crops at present producing surpluses (vegetables, wine growing, olive growing, etc.) to other species or varieties for which there are no market problems;
- (ii) encouraging crops and types of farming other than traditional crops in lowland areas which may be irrigated in the near future;
- (iii) socio-structural measures, in particular to help young farmers to set up on the land.

For the agricultural measures in inland areas, the integrated programmes provide for a total expenditure over six years of the order of 2 000 million ECU, about 63% of expenditure for the sector.

For the inland areas the breakdown of expenditure over six years by type of measure is as follows:

- 35% (691 million ECU) for the general measures;
- 37% (728 million ECU) for investments and improvements in livestock farming (in particular sheep and goats), and promotion of other crops (nuts, etc.);

- 28% (559 million ECU) for socio-structural expenditure linked to the grant of a supplementary allowance for the cessation of farming for certain categories of farmers and a supplementary compensatory allowance for hill farmers and farmers in less-favoured areas.

Mention should also be made here of the forestry measures, which for the most part will be applied in inland areas at a cost of million ECU.

Estimated breakdown of expenditure affecting farmers in lowland areas and inland areas*

		<u>Lowland areas</u>	<u>Inland areas</u>	<u>Total</u>
<u>General measures</u>				
	Reparcelling	41	42	83
	Agricultural advisory service	75	110	185
	Producer groups	8	9	17
	Irrigation	258	258	516
	Infrastructure		272	272
	Sub-total	382	691	1 073
		36 %	64 %	100 %
<u>Specific measures</u>				
Inland areas	Land improvement		218	218
	Livestock farming		230	230
	Other products		280	280
Lowland areas	Livestock farming + fodder cultivation	342		342
	Wine growing	112		112
	Olive growing and permanent crops	147		147
	Annual crops	16		16
	Sub-total	617	728	1 345
		46 %	54 %	100 %
<u>Socio-structural measures</u>				
	Compensatory allowance		359	359
	Cessation of farming	158	200	358
GRAND TOTAL		1 157	1 978	3 135
		37 %	63 %	100 %

*Agricultural measures together with measures concerning farmers only: agricultural advisory services, producer groups, agricultural infrastructures.

V. BREAKDOWN OF NON-AGRICULTURAL EXPENDITURE

10. In an effort to strengthen the economy in the rural parts of the Mediterranean region, resources are being targeted on activities outside agriculture which present the best development prospects in those areas and are the most likely to create jobs.

Accordingly, the bulk of non-agricultural expenditure is devoted to the promotion of productive activities: 1 050 million ECU will go to the development of SMEs and craft industry, 453 million ECU to the agri-foodstuffs industry, 353 million ECU to fisheries, 213 million ECU to rural tourism and 143 million ECU to the development of renewable energy sources.

Such an expansion of activities in rural areas means that more must be done to improve infrastructures - both those necessary for the development of job-creating activities and those to improve amenities in rural areas; 437 million ECU have been earmarked for this purpose, largely by increasing the resources of the ERDF.

Integrated Mediterranean programme

Cost of measures to the Community

million ECU

Costs based on 1982 prices:

<u>AGRICULTURE</u>	<u>Greece</u>	<u>Italy</u>	<u>France</u>	<u>Total</u>
<u>General measures</u>				
Reparcelling	20	35	28	83
Land improvements	14	172	32	218
Irrigation	340	-	176	516
Total	374	207	236	817
<u>Socio-structural measures</u>				
Cessation of farming	173	160	25	358
Compensatory allowance	166	144	49	359
Total	339	304	74	717
<u>Specific measures in inland areas</u>				
Livestock farming	131	72	27	230
Other products	97	163	20	280
Total	228	235	47	510
<u>Specific measures in lowland areas</u>				
Livestock farming + fodder cultivation	212	105	25	342
Irrigated crops	38	10	} 99	} 271
Crops partly or not irrigated	44	80		
Total	294	195	124	613
Agriculture: Total	1 235	941	481	2 657
<u>FORESTRY</u>				
Forestry	120	190	75	385
Agriculture + forestry: Total	1 355	1 131	556	3 042

	<u>Greece</u>	<u>Italy</u>	<u>France</u>	<u>Total</u>
<u>FISHERIES</u>				
Port infrastructure	13	21	6	40
Aquaculture	78	100	36	214
Restructuring of fleet	48	32	18	98
Total	139	153	60	352
<u>ENHANCING THE VALUE OF PRODUCTS</u>				
Processing and marketing	165	228	60	453
Support to producer groups	7	7	3	17
Total	172	235	63	470
<u>NON-AGRICULTURAL DEVELOPMENT MEASURES</u>				
SME and craft industry	174	566	261	1 001
Relocation of activities	49	-	-	49
Rural tourism	68	107	38.5	213.5
Renewable energy sources	39	67	36.5	142.5
Total	330	740	336	1 406
<u>INFRASTRUCTURE</u>				
Infrastructure needed for the development of job-creating activities	99	133	25	257
Facilities and amenities in rural areas	100	80	-	180
Agricultural infrastructures	84	163	25	272
Total	283	376	50	709
<u>BACK-UP MEASURES</u>				
Agricultural advisory services	110	75	-	185
Technical assistance to fisheries	1	5	3	9
Training and labour market	140	221	58	419
Research	12	15	9	36
Total	263	316	70	649
IMP total cost	2 542	2 951	1 135	6 628

ANNEX I

GEOGRAPHICAL SCOPE

ANNEX II

INTEGRATED PROGRAMME FOR GREECE

INTEGRATED MEDITERRANEAN PROGRAMME FOR GREECE

I. GENERAL

1. This programme covers the whole of Greece, with the exception of the prefecture Attiki and the urban area of Thessaloniki, although the agricultural measures may apply to the rural part of Attiki.

2. The aim of the programme is to promote the development of the rural areas of Greece. There are two main objectives:

- (a) to modernize agriculture and fisheries in order to maintain a large enough volume of viable activity in these fields for the requisite improvement in productivity and an improvement in incomes, while taking market prospects into account;
- (b) to create a large number of jobs in rural zones in sectors other than agriculture to offset job losses in agriculture where this fits in with regional planning.

3. As far as agriculture is concerned the programme provides for a set of specific measures tailored to the needs of the various areas. The full effectiveness of the measures for conversion to other lines of production may require market policy measures for most of which the Commission has already taken initiatives aimed at guaranteeing the farmers concerned a satisfactory income.

4. In order to expand employment the programme relies on the development of small and medium-sized firms and craft industries, especially in the sectors upstream and downstream of agriculture, the development of rural tourism and the exploitation of renewable energy sources. Over 40% of the funds allocated for measures outside agriculture (see points V and VI below) are to be devoted to investment in production, the remainder being divided among related measures to assist undertakings in fields such as seeking out markets, management advisory services and innovation and the infrastructure required for creating jobs and making rural areas more viable.

5. Since these measures entail considerable additional public spending, Community aid must be increased without a proportional rise in national expenditure being expected.

6. The measures provided for in the programme will have a marked impact on the economy only if they produce an integrating - and thus synergetic - effect on all the national and Community inputs, whether under this programme or already in existence.

So that the Commission is able to contribute towards achieving such integration, it will have appropriate means at its disposal (see point VII.c. below: Commission initiatives) and will thus play an active part in the implementation of the programme, in liaison with the national authorities.

7. The integrated programme is part of regional development programmes. To the extent necessary, these programmes must be altered and filled out so as to reflect the overall priorities and development measures in the regions concerned.

II. AGRICULTURE

II.A. Improvement of general conditions in farming and income support

To ensure the maximum effectiveness of measures to assist agricultural production, improvements need to be made to the prevailing physical and socio-structural conditions. Major changes are needed in the socio-structural Directives.

Some of the measures listed in point VII, particularly as regards the promotion of information services and vocational training, are also prerequisites for the implementation of the measures in the agricultural sector, as are the measures listed in point IV to assist the processing and marketing of products and to aid producers' organizations.

II.A.1. Physical improvements

Much needs to be done in this area, particularly as regards irrigation.

- Voluntary reparaCELLING is to be encouraged by the financing of related works (levelling, improvement of embankments and ditches).
- New irrigation and drainage schemes are proposed. They include the requisite works (**reservoirs, boreholes, irrigation and drainage systems** right up to the farm) and are restricted to the production options provided for in the programme.
- Land improvement schemes will be carried out only in the **inland areas of the country**. Their aims are to protect farmland against erosion and to improve unproductive and marginal land and prepare it for the development of the enterprises covered by the programme.

II.A.2. Socio-structural Directives

In order to speed up the departure of elderly farmers and encourage them to give up their farms to younger people, the provisions of Directive 72/160/EEC are to be amended, in particular as regards the terms offered to outgoers.

In order to ensure a certain level of population in the inland areas¹ of the country and an adequate economic environment, income support for farmers in these areas is called for as one of the essential features of the integrated programme. To that end the compensatory allowances provided for in Directive 75/268/EEC need to be as large as possible, scaled according to age to encourage young people to remain in agriculture and granted for all the lines of production covered by the integrated programme in the less-favoured areas within the meaning of the Directive.

II.B. Specific measures for agricultural production in inland areas¹ and the islands

The main emphasis in the inland areas of the country is on the development of the various branches of livestock farming, with restructuring and conversion aids for the traditional crops.

Alongside these provisions are measures to assist forestry.

II.B.1. Livestock farming

Regulation (EEC) No 1975/82 covers measures in the livestock sector, and in particular the improvement of pastures, farm investment and genetic improvement. New schemes will back up these measures and they are to be extended to all the inland and island areas of Greece.

To encourage the development of sheep and goat farming, measures for improving grazing, increasing fodder production and developing mechanization and the infrastructure of sheep and goat farms are to be encouraged.

Sheep and goat farming will also receive aids for milk testing, genetic improvement of herds and animal health protection.

As regards cattle farming the measures described below for the lowlands, where most cattle farming is concentrated (point II.C.), are also applicable in the inland areas and the islands. Parallel to this there is a nationwide health protection scheme for pigs.

¹The areas referred to in Article 3 of Directive 75/268.

II.B.2. Crops

As far as wine-growing is concerned, there is to be a special scheme for varietal conversion and the restructuring of vineyards in areas producing quality wines p.s.r (produced in specified regions), aimed at improving wine quality. As for dried grapes, the measures envisaged are designed to renew and relocate some vineyards currently sited in unsuitable low-lying humid zones. Lastly, there are plans for conversion from vines to other crops (primarily nuts).

In the olive oil sector encouragement is to be given to conversion of some olive groves to other crops (subtropical crops, nuts). Measures to assist olive growing are to include restructuring and renewing oil-producing olive groves on some of the islands (Euboea, Lesbos, Corfu, etc.).

The schemes envisaged for fruit and vegetables relate to the standardization, rationalization and improvement of quality of vegetables presenting no marketing problems and some aromatic and medicinal plants. There are also plans for restructuring apple orchards in the mountains and extending specialized crop growing in the islands (subtropical crops, medicinal and aromatic plants). A similar extension is planned for nuts (pistachios, walnuts, hazelnuts, almonds) to replace the traditional vines and olive trees.

Pilot projects and schemes to promote and increase the returns from subtropical crops are to be carried out in connection with the Commission initiatives (see point VII.C.). The schemes are associated with the development of the use of collectively owned machinery for permanent crops.

II.C. Specific measures for agricultural production in the lowlands and coastal areas of the Greek mainland

In the coastal and lowland areas the emphasis is on the development of protein and fodder crops, principally on sites to be irrigated in the near future, and restructuring and varietal conversion schemes for the traditional permanent crops in line with market requirements.

II.C.1. Fodder crops and livestock

In order to improve cattle farming in the newly irrigated areas, measures under the programme are to encourage the development of fodder and protein crops by assistance with the supply of selected seed, water supplies and mechanization of production on a group basis.

The improvement hoped for in quality and productivity of livestock is to be achieved by means of a genetic improvement scheme, by the development of animal health protection (this also applies to pig farming) and incentives to keep beef calves on the farm for at least 12 months.

Aids are also to be granted to farms for building and improving livestock housing.

II.C.2. Irrigated crops

There is provision for aid in the fruit sector (peaches, apples and pears) for conversion to varieties meeting market requirements, for both fresh produce and fruit for processing. As regards table grapes, the measures will encourage varietal conversion locally.

Special measures will be taken to develop some nut crops.

II.C.3. Non-irrigated and partially irrigated crops

These are represented in the areas in question by table grapes, olives and tobacco. The measures proposed are aimed at encouraging varietal conversion of table grape vines locally and relocating some vineyards producing poor-quality currants, sited at present in certain lowland areas.

As far as olive-growing is concerned, there are plans for limited conversion to table olives. Where olive plantations and vineyards are to be replaced by other crops, the aim is to develop traditional tree crops.

II.D. Forestry

Regulation (EEC) No 1975/82, which covers only certain inland areas of Greece, provides for forestry improvement and expansion measures, better fire prevention and fire-fighting, and improvement of conditions of exploitation. In view of the importance of forestry in the conservation of the countryside in the inland areas, these measures are being extended to all the inland and island areas covered by the IMP and are accompanied by new schemes relating in particular to the forest environment, the creation of forest nurseries, the creation of productive forests, the restructuring and renovation of chestnut plantations, the exploitation of the Aleppo pine and the development of forest-exploiting bodies. In marginal areas, the establishment of parks or wooded reserves will be encouraged not only from the point of view of land improvement, but also in order to provide the local communities and farmers with extra income from tourism or rearing game.

The value of forestry products and by-products (wood, cork, etc.) will be enhanced by the schemes to promote SMEs and craft industries provided for in point V.

III. FISHERIES AND AQUACULTURE

Based on the potential of the sector, and in particular the scope for aquaculture, the programme aims to increase overall productivity and incomes.

III.A. Infrastructure¹ and port facilities

Four measures are called for in this field.

Firstly, provision has to be made for the building of new fishing ports where the most fishing is done and for the modernization of existing ports (most of them came into service in 1968). Work includes infrastructure and shore facilities (unloading quays, auctions, cold stores, revictualling facilities, water, ice and fuel supplies, etc.).

In addition, shelter areas need to be built, as do small-scale facilities on lakes where a lot of fishing is done, with the aim of improving product quality.

III.B. Aquaculture

Mariculture has not yet been systematically developed, despite the many advantages offered by the Greek climate and water conditions. This is mainly for administrative reasons (duration of concessions), financial reasons and technical reasons (modern techniques not very widespread). Consequently, the development of lagoons (extensive and semi-extensive fishing) first calls for major changes to infrastructure (dredging, new channels, installations and collection facilities) and then incentives for setting up and modernizing of fish-farms. Without prejudice to certain advanced-technology pilot projects to be carried out under the Commission initiatives (see point VII.C), priority will be given to facilities consuming smaller quantities of intermediate products.

In addition, the construction of public or semi-public hatcheries is required for the restocking of lagoons and lakes and for supplying fish-farms.

¹See point VI(a), last indent.

III.C. Restructuring of the fleet

About 75% of the Greek deep-sea fishing fleet consists at present of vessels of over 20 years of age. A major renovation scheme is therefore required. In addition, most of the inshore fishing fleet (about 10 000 vessels operating on a commercial basis) does not have what is considered to be the minimum navigation and fishing equipment. The main objectives of restructuring the fleet are energy saving, versatility of fishing activity, improved fish storage facilities and better working conditions and safety on board. A specific measure for the modernization of the sponge fishing fleet is to be established. These schemes are in no way to provide for any overall increase in fishing activity, given the state of fish stocks in the Mediterranean. Lastly, in connection with the policy for the management and conservation of resources, specific measures will be required for the adaptation of fishing capacity by means of the temporary or permanent halting of the activity of certain fleets.

IV. INCREASING THE MARKET VALUE OF PRODUCTS

IV.1 Processing and marketing

In the Mediterranean regions processing and marketing are traditionally among the main sticking points with regard to developing agriculture and fisheries. The financing possibilities offered in this field under Regulations (EEC) Nos 355/77 and 1361/78 at present enable only a very small proportion of applications to be met.

- (a) Given the limited financial capacity of investors in this sector in the regions concerned, the Community must increase its maximum aid rate for all agricultural products, and it must be possible for the beneficiary's financial contribution to be reduced from its present level.
- (b) In addition to financing under Regulation (EEC) No 355/77, which will still be available, it is important that development of processing and marketing should aim not only to increase returns from products directly covered by the programme, but also to help create jobs in related sectors at the same time as increasing producers' incomes¹.

It is necessary here that:

- finance be ensured for projects for the processing of agricultural produce into new products and by-products, even ones not covered by Annex II to the Treaty. The processing must be of direct advantage to the producers and must help in achieving the programme's objectives;
- promotional measures be financed to facilitate and encourage the marketing of the products referred to above, provided that these measures are undertaken by groups or bodies representing the producers.

IV.2 Support for producer groups

Community aid for establishing producer groups and seeing them through the initial stages must not only be increased but also extended to all agricultural and fishery products covered by the Mediterranean programme.

¹See also V.1.

V. NON-AGRICULTURAL DEVELOPMENT MEASURES

Modernization of the agricultural sector and the promotion of non-agricultural job-creating activities in the rural areas of Greece presupposes the development of a number of urban centres, selected on the basis of the anticipated expansion of agricultural activities, the scope for developing other activities and the part these centres can play in improving the viability of rural areas.

The fact that the urban and industrial fabric and the services sector are not very highly developed outside of Athens and Thessaloniki means that additional measures are necessary in order both to create jobs and to improve infrastructure in the centres best suited for industrial and tertiary development such as Patras, Volos, Larissa, Heraklion, Kavalla, Ioannina, Kozani, Ptolemais and Alexandropolis but also in the smaller towns that are capable of enlivening the rural areas which the Community will be assisting most, under the agricultural part of the Mediterranean programme.

V.1 Promotion of SMEs and craft industries

The industrial and services sector of the rural regions of Greece consists almost entirely of SMEs and craft industries, which must be developed in order to improve the situation in these areas. This is particularly the case with enterprises upstream and downstream of the agricultural sector. It is also true of other enterprises which, by creating jobs, may indirectly facilitate modernization of the agricultural sector and, particularly in certain districts, enable the population to be maintained at such a level that a fairly full range of services is available to the inhabitants.

To develop SMEs in the peripheral regions of the Community - which are a long way from the most buoyant markets - it is necessary to go beyond aid for physical investment alone. Firstly, the firms concerned must be linked up with the growth markets so that they are able to seize the opportunities arising and are alerted in time to the changes to be made. Only when they have access to wider markets will they be brought into the innovation process and be able to manage and organize their growth and benefit fully from aid for physical investment. For this to happen, business consultants must inform small businessmen of aid facilities and services for which their firms are eligible and help them to make use of them.

On 18 November 1982, as part of the second series of specific Community regional development measures, the Commission proposed to the Council that a specific Community operation be launched to help the Greek islands; it would be similar to the existing one for certain French and Italian Mediterranean regions but would be adapted to the specific characteristics of the Greek islands.

It is now proposed to establish under the Mediterranean programmes an operation to assist the regions covered by the programme which would be similar to the existing scheme referred to above and would involve:

- (a) aid for the preparation of sectoral analyses intended to provide SMEs with information on the potential of national, Community and external markets and on the effects to be anticipated therefrom on the production and organization of SMEs (e.g. study on the market for wood and wood products);
- (b) additional aids to investments in SMEs designed to create new enterprises or to assist in the adaptation of production to market potential by existing enterprises when justified by the analyses mentioned under (a) or other market studies. Such investments may also concern common services provided for a number of enterprises;
- (c) degressive aid over a three-year period to improve the management and organization of SMEs and to encourage the establishment or development of consultancy firms or bodies in these fields. Activities of such firms or bodies may include temporary assistance to enterprises for implementing their recommendations;
- (d) degressive aid over a three-year period to encourage the SMEs to get together in order to establish or develop common services for handling goods, accountancy, etc.;
- (e) aid for the organization of information seminars designed to enable SME management to adapt better to changes in production methods;
- (f) degressive start-up aid over a three-year period for bodies responsible for collecting information relating to product and technological innovation and its dissemination among enterprises in the regions covered by the programme, which may include experimental work on such innovation;

- (g) encouragement of the implementation of product and technological innovation in SMEs by means of aid for the drawing-up of feasibility studies;
- (h) better access for SMEs to risk capital;
- (i) for craftworkers, in addition to the above, aid to improve the technical and economic information available to them, their mastery of the technologies specific to their trade and the marketing of their products;
- (j) measures to boost exports from the Mediterranean regions to non-EEC Mediterranean countries (industrial products, and also services, building and public works). These measures will involve seeking out partners, arranging exhibitions and demonstrations and providing assistance on techniques and know-how. They will cover the mission expenses of technicians in non-EEC countries and the cost of training courses for technicians from those countries in SMEs in the regions covered by the programme;
- (k) establishment or extension of business advisory services:
 - for opening up possibilities, through direct contacts at local level, for economic ventures by giving advice about access to available public aids and services, particularly those provided for under the special programme, and
 - for contributing to the success of these ventures by helping existing or potential enterprises to take advantage of such aids and services.

V.2 Relocation of businesses

This measure, which is complementary to those set out above, is aimed at encouraging certain businesses located in Athens to move to rural areas. To that end, the cost of relocation to firms and their staff who agree to leave Athens, must be reduced by:

- (a) aid for dismantling, transferring and modifying equipment;
- (b) aid for the construction and modernization of housing to accommodate the staff accompanying firms leaving Athens.

V.3 Rural tourism

After agriculture, rural tourism is the sector most likely to help maintain a minimum population in sparsely populated areas. It can provide inhabitants of rural areas, particularly farmers, with additional sources of income, contribute towards restoration of buildings, and make it easier to maintain an adequate level of services, local crafts and infrastructure.

On 18 November 1982, as part of the second series of specific Community measures, the Commission proposed to the Council that a specific Community operation - similar to that existing for certain French and Italian Mediterranean regions - be launched to help the Greek islands.

It is now proposed that measures similar to the existing ones referred to above be established to assist the regions covered by the programme. These measures will involve:

- (a) construction or conversion of small hotels; preparation of farm holiday accommodation, camping and caravanning sites;
- (b) establishment and development of joint services or bodies responsible for promotion, publicity, stimulating tourist interest and coordinated management of tourist accommodation and facilities, including the organization of information seminars for the staff concerned.

In the case of regions on whose territory the level of tourist activity is unbalanced in favour of coastal zones, these bodies may also be responsible for measures to redress the balance, including studies of appropriate tourist itineraries. They may also have the task of organizing children's holiday centres and open-air school classes;

- (c) in the regions covered by point (b), second subparagraph, development of transport undertakings enabling tourists staying on the coast to have easier access to inland tourist zones and also to provide transport to children's holiday centres and open-air school classes;
- (d) restoration of small architectural features of local interest which could enhance the areas concerned and make them more attractive to tourists.

V.4 Renewable sources of energy

Renewable sources of energy may be developed on the basis of decentralized ventures. Such development has the twin advantages of exploiting local resources having a captive market and of promoting local employment in craft industries and SMEs.

On 18 November 1982, as part of the second series of specific Community measures, the Commission proposed to the Council that a specific Community operation similar to that existing for the inland areas of the Italian Mezzogiorno should be launched to help the Greek islands.

It is now proposed that an operation similar to the existing one referred to above be established under the Mediterranean programmes in order to assist the regions covered by the programme. This operation would involve:

- (a) installing mini-turbines using low-head falls; wind-powered generators; equipment utilizing solar energy; installations to recover energy from biomass (e.g. use of olive oil and wine residues, other food-processing waste, the by-products of wood processing, vines, nut and fruit trees, etc.); and the equipment for and work involved in exploiting geothermal energy;
- (b) dissemination of information, including demonstrations, on the prospects offered by mini-turbines and alternative sources of energy. Feasibility studies for potential private users wishing to proceed themselves with installations related to such energy sources;
- (c) organization of basic technical instruction to ensure additional local jobs linked to the maintenance of mini-turbines;
- (d) the use of solar panels to heat water.

VI. INFRASTRUCTURE

- (a) Infrastructure needed for the development of job-creating activities.

This kind of infrastructure is given priority under the ERDF and is eligible for additional Community assistance under the programme.

The following types of infrastructure are covered:

- the development of industrial zones, possibly involving advance factories in the towns (development centres) having priority ranking;
- communications infrastructure between these towns and Greece's main network; road links, telecommunications and data-transmission networks, water¹ and energy networks, data-processing and telecommunications centres;
- infrastructure and equipment directly related to the development of rural tourism;
- buildings and major equipment of higher institutes for technical education in industrial or agricultural subjects or services;
- buildings and major equipment for research institutes in industry, agriculture and fisheries;
- port infrastructure, referred to in the chapter on fisheries.

(b) Infrastructure to improve the viability of rural areas.

Since this infrastructure is to contribute to the development of the services needed to keep people living in rural areas, it will be eligible for special financing under the integrated Mediterranean programme. This will cover:

- the construction and equipment of small medical centres, multi-purpose cultural centres, local markets, vocational training, advisory and technical assistance centres;
- improvement of the road network between these areas and the towns which are "centres of services".

(c) Infrastructure directly related to agriculture:

These measures, which are currently provided for under Regulation (EEC) No 1975/82, will be extended to all inland areas of Greece and to the Greek islands and will qualify for additional Community assistance under the programme.

- farm roads, mains water supplies¹ and electricity networks.

¹Such measures will have to be devised bearing in mind the need for overall administration of water resources.

VII. BACK-UP MEASURES

VII.a Advisory services, technical assistance and vocational training

The effective dissemination of information and optimum utilization of manpower is a factor in the development process, which can be achieved through the provision of technical assistance and vocational training, are essential adjuncts to the measures referred to above.

Thus farmers in these regions cannot successfully implement measures provided for in the programme, in particular the conversion measures and those involving a switch to a different line of production, without effective technical and economic back-up. The Community will participate in the exceptional effort which the regions in question will have to make in order to provide such advisory services. Community aid will cover the training and recruitment of additional advisers; a common measure similar to that provided for in Regulation No 270/79 for the development of agricultural advisory services will be introduced for those regions of Greece covered by the programme.

In some cases, particularly in the fisheries sector, it is necessary to facilitate the recruitment of technical assistants. In order to achieve this, temporary Community aid is needed for launching the operation and helping to pay salaries.

Lastly, with regard to non-agricultural vocational training, it is necessary to:

- step up Community assistance for supplementary vocational training measures to facilitate and provide the back-up for the activities included in the integrated programme (in particular for training middle management, and for development and multi-activity training);
- encourage the progressive development of activities designed to increase awareness, provide information and promote local initiative in the various fields covered by the integrated programme;

- develop the services which guarantee integrated operation of vocational training at its various stages (from surveys of the local labour market to promoting the placement of trainees). If necessary, the development of these services must be supplemented by the establishment of structures to watch the labour market and of tripartite structures - or other local bodies - to ensure that it is managed effectively.

VII.b. Research

Research is of cardinal importance under this programme. The proposed measures reflect the policy which the Commission intends to pursue. They are concerned in particular with agriculture, fisheries, renewable sources of energy, the environment and industry. The practical scope for implementing the many measures envisaged and making them a success depends primarily on the contribution made by research. This contribution must not be restricted to the publication of research results; an appraisal must also be made of their feasibility and evidence must be furnished of the economic advantages they will produce when applied in practice. In addition, this contribution must enable them to be applied directly on a large scale, but in a manner that takes account of the distinctive features of each region.

Agriculture

The Community's programme for coordinating agricultural research already gives special attention to the problems of improving productivity in a wide range of enterprises. Efforts in this direction must be supplemented, extended and strengthened under this programme, if necessary by ad hoc measures enabling the urgent practical problems which will undoubtedly arise during implementation to be dealt with rapidly. In addition, the Commission will take all the necessary measures, in particular as regards the budget, to ensure that research - both basic and applied - makes an increasing contribution towards attaining the programme's objectives.

Other sectors

The Community's research policy, set out for the period 1984-87 in the outline programme submitted by the Commission to the Council, provides for a number of measures and initiatives which can play an important role in the development of the Mediterranean regions, to which priority is given. These include research designed to refine and develop biotechnology and information technologies to promote industrial competitiveness, the use of new technologies (such as remote sensing), and research measures covering land use planning, pollution, conservation of resources and renewable sources of energy.

Of the research projects to be carried out under the programme in conjunction with the above measures, special mention should be made of that concerning the environment. This will concentrate on the management and use of limited water resources.

Fisheries

It is necessary in Greece to build and equip public centres, national and regional, for biological, technological and economic research on fisheries and aquaculture and on the processing of the products of this sector. As part of the equipment of those centres oceanographical research vessels will have to be acquired. Provision must also be made under the Commission's initiatives for the coordination of national research programmes, aid for joint research programmes and participation in research programmes drawn up by international bodies.

VII.c Commission initiatives

These measures will cover the various research studies specified in this integrated programme and will embrace:

- preparatory studies and schemes for development projects (in particular feasibility studies and technical projects; sectoral analyses and market research; reports by experts; environmental impact assessment of economic activities; a study defining the biotopes of Community importance to be preserved);
- pilot experiments in the various fields covered by the integrated programme;
- investigations and studies evaluating development projects;
- special temporary aid for trial improvements in the operation of certain Greek government departments, upon which the success of the development schemes will depend.

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u> ²
AGRICULTURE				
<u>Physical improvements</u>				
Reparcelling	—	75%	20	New measure
Irrigation	50%	75%	340	Broadening the geographical coverage, increasing the level of assistance
Land improvement	50%	50%	14	Broadening the geographical coverage, extension of the measure
<u>Socio-structural Directives</u>				
Cessation of farming	25%	75%	173	Cessation in favour of younger people, increase of the premium and the level of assistance
Compensatory allowance	50%	75%	166	Extension to other products, supplement for young farmers increasing the level of assistance
<u>Specific measures in inland areas and the islands</u>				
Livestock farming	50%	50%	131	Broadening the geographical coverage and reinforcement of measures
Permanent and annual crops	35% (wine-growing)	50%	97	New measures for all products except collective restructuring of vineyards for which the level of assistance is increased

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
<u>Specific measures in the lowlands</u>				
Livestock farming and fodder crops	50% (livestock farming)	50%	212	Broadening the geographical coverage and reinforcement of measures for livestock farming. New measure for crop products
Irrigated crops	-	50%	38	New measures
Non-irrigated and partially irrigated crops	-	50%	44	New measures
Forestry	50%	50%	120	Broadening the geographical coverage and reinforcement of measures
FISHERIES AND AQUACULTURE				
Infrastructure and port facilities	40% (port infrastructure)	75%	13	Supplementary measure and increase in the level of assistance for port infrastructure. New measures for port facilities, simple shelters and facilities on lakes
Aquaculture	40% (fish farming)	50% (pilot projects 60%)	78	Supplementary measure and increasing the level of assistance
Restructuring of the fleet	35%	50%	48	Supplementary measure and increasing the level of assistance

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
<p>INCREASING THE MARKET VALUE OF PRODUCTS</p> <p>Processing and marketing of agricultural and fisheries products</p>	50%	60%	165 (11 for fisheries products)	Increasing the level of assistance. Measure according priority to the production chains specified in the programme, although it may extend to the whole range of products, including products not listed in Annex II. The IMP provides finance at the proposed rate, as far as possible on top of the financing under Regulation (EEC) No 355/77
<p>Support for producer groups</p> <p>NON-AGRICULTURAL SECTOR</p> <p><u>SMEs and craft industries</u></p> <p>Sectoral analyses, information seminars</p> <p>Productive investment</p> <p>Advisory activities, common services, gathering and dissemination of information on innovation</p>	<p>25%</p> <p>(Rates applied to South-West France and the Mezzogiorno and proposed for the Greek islands)</p> <p>70%</p> <p>50% (public expenditure) max. 30% (investment) Degressive rate (average = 55%)</p>	<p>50%</p> <p>70%</p> <p>50% (public expenditure where public aid is higher than the existing aid scheme) max. 30% (investment) Degressive rate (average = 55%)</p>	<p>7</p> <p>174</p>	<p>Extension to all products covered by the programme</p> <p>Increasing the level of assistance</p> <p>Broadening the geographical coverage</p> <p>Supplementary aid and broadening the geographical coverage</p> <p>Broadening the geographical coverage</p>

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
Implementation of innovation	70% (cost of studies)	70% (cost of studies)		Broadening the geographical coverage
Risk capital	70%	70%		Broadening the geographical coverage
Business advisory services	-	50%		New measure
Mediterranean third country markets	-	50% (public expenditure)		New measure
Relocation of businesses	-	50%	49	New measure

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>	
<u>Rural tourism</u>					
Investment in accommodation	50% (public expenditure)	50% (public expenditure)	68	Broadening the geographical coverage	
Tourist promotion	degressive rate (average = 55%)	degressive rate (average = 55%)		Broadening the geographical coverage	
Transport undertakings	50% (public expenditure)	50% (public expenditure)		Broadening the geographical coverage	
Architectural heritage	-	50% (public expenditure)		New measure	
<u>Renewable sources of energy</u>					
Installations and work	30% (investment) 50% (public expenditure)	30% (investment) 50% (public expenditure)	39	Broadening the geographical coverage	
Dissemination of information and studies	70%	70%		Broadening the geographical coverage	
Basic technical instruction	70%	70%		Broadening the geographical coverage	
Heating by solar panels	-	50% (public expenditure) 30% (investment)		New measure	
INFRASTRUCTURE					
(a) Infrastructure to develop job-creating activities	40% of public expenditure under ERDF	75% (40% under ERDF quota section	99 (7 for investment projects and 5 for research institutes in fisheries and agriculture) 100	Increasing the level of assistance and financing certain types of infrastructure not currently financed under the ERDF	
(b) Infrastructure to improve the viability of rural areas	and 50% under non-quota section	+ 35% under the IMP)			Increasing the level of assistance and broadening the geographical coverage
(c) Agricultural infrastructure in inland areas and the islands	40% of investment	75% under the IMP 75%			84

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">BACK-UP MEASURES</div> <u>Advisory services, training and technical assistance</u> Agricultural advisory services Technical assistance, particularly for fisheries Training and labour market <u>Research</u> Agricultural research and other sectors Fisheries research ⁴	- - 50% (public bodies) 50% (Agrimed) -	75% 75% 75% 50% 75%	110 1 140 8 4	New measure New measure Supplementary measure Reinforcement of measure New measure
TOTAL			2 542	

¹The amount of these costs in 1982 and their breakdown are approximate figures.

²Measures described as "broadening the geographical coverage", "extension" measures, "increasing the level of assistance" and "extending the duration of planned measures" relate to existing measures.

³The data relating to port infrastructure involving a cost to the IMP of 7 million ECU are given in the chapter on infrastructure.

⁴The data relating to the construction of research institutes involving a cost to the IMP of 5 million ECU are given in the chapter on infrastructure.

A N N E X I I I

INTEGRATED PROGRAMME FOR ITALY

INTEGRATED MEDITERRANEAN PROGRAMME FOR ITALY

I. GENERAL

1. This programme covers (a) the whole of the Mezzogiorno¹, except for the Rome, Naples and Palermo conurbations and (b) the regions of Liguria, Tuscany, Umbria and Marches, except for the conurbations of Florence and Genoa and the built-up tourist area along the coast².

Most of the operations under the programme are concentrated on the Mezzogiorno. Fewer operations are planned for the central and northern regions referred to above and they are aimed at dealing with those regions' specific handicaps.

2. The aim of the programme is to promote the development of the rural areas. There are two main objectives:

- (a) to modernize agriculture and fisheries in order to maintain a large enough volume of viable activity in these fields for the requisite improvement in productivity and an improvement in incomes, while taking market prospects into account;
- (b) to create a large number of jobs in sectors other than agriculture to offset job losses in agriculture where this fits in with regional planning.

¹For the purposes of this programme the Mezzogiorno covers the whole of Latium. With regard to infrastructure, account will, however, be taken of areas covered by the Cassa del Mezzogiorno (DPR No 1523 of 30 June 1967), hereafter referred to as "ERDF zones".

²Fisheries and aquaculture schemes are, however, possible.

3. In so far as agriculture in the Mezzogiorno is concerned, two major lines of action have been defined, based on the distinction between inland and mountainous areas, and coastal and lowland areas. In inland and mountainous areas it is planned to apply the measures more intensively in order to take account of the low incomes there and to ensure the maintenance of agricultural activity. The latter will be achieved in particular by granting an adequate compensatory allowance, infrastructure measures to improve living and working conditions and structural measures for intensifying specific non-surplus lines of production (sheep- and goat-farming, traditional tree-crops, etc.).

In so far as farming in the irrigated lowland areas is concerned, the emphasis is on the rationalization and conversion of enterprises in order to have better control over lines of production subject to marketing problems, to make qualitative improvements and encourage specialization. In the lowland areas which are soon to be irrigated, a special effort is to be made to use the newly irrigated land to grow a number of products, such as fodder, protein and other crops, enabling farmers' incomes to be improved without aggravating the market situation.

The full effectiveness of the measures for conversion to other lines of production may require market policy measures for most of which the Commission has already taken initiatives aimed at guaranteeing the farmers concerned a satisfactory income.

4. In order to expand employment the programme relies on the development of small and medium-sized firms and craft industries, especially in the sectors upstream and downstream of agriculture, the development of rural tourism and the exploitation of renewable energy sources. Over 50% of the funds allocated for the measures outside agriculture (see points V and VI below) are to be devoted to investment in production. The remaining funds are to be divided among back-up measures for the development of undertakings in fields such as seeking out markets, management advisory services and innovation and measures for improving the infrastructure required for creating jobs and making rural areas more viable. In view of the difference in the degree of development between the central and northern regions and the Mezzogiorno (ERDF zones) infrastructure-related measures in the former regions will be confined to the development of small industrial zones.

5. Since these measures entail considerable additional public spending, Community aid must be increased without a proportional rise in national expenditure being expected.

6. The measures referred to above will have a marked impact on the economy only if they produce an integrating - and thus synergetic - effect on all the national and Community inputs, whether under this programme or already in existence.

So that the Commission is able to contribute towards achieving such integration, it will have appropriate means at its disposal (see point VII.c. below: Commission initiatives) and will thus play an active part in the implementation of the programme, in liaison with the national authorities.

7. The integrated programme comes under the regional development programmes.

For the southern regions, these programmes must, to the extent necessary, be altered and filled out so as to reflect the overall priorities and development measures in the regions concerned.

II. AGRICULTURE

The measures set out in points II.A, II.B and II.C are applicable in the Mezzogiorno. The measures applicable in the inland¹ and mountainous areas of Marches, Umbria, Tuscany and Liguria are set out in point II.D.

II.A. Improvement of general conditions in farming and income support

To ensure the maximum effectiveness of measures to assist agricultural production, improvements need to be made to the prevailing physical and socio-structural conditions. Major changes are needed in the socio-structural Directives which, generally speaking, have not so far been implemented satisfactorily in the Mediterranean regions.

Some of the measures listed in chapter VII, particularly as regards the promotion of advisory services and vocational training, are prerequisites for the implementation of the measures in the agricultural sector, as are the measures listed in point IV to assist processing and marketing and for producers' organizations.

II.A.1. Physical improvements

In view of the action already taken or planned with regard to irrigation in Italy, the new measures are confined to encouraging reparaclling and to schemes for developing unproductive land, with special support for operations undertaken by producer groups or associations.

- Voluntary reparaclling is to be encouraged by the financing of related works (levelling, improvement of embankments and ditches).
- Land improvement schemes are to be confined to the inland areas of the country. Their aims are to improve unproductive and marginal land and prepare it for the development of the enterprises covered by the integrated programmes. These schemes are to cover small-scale farm irrigation, including related drainage.

¹The areas classified under Article 3 of Directive 268/75/EEC.

II.A.2. Socio-structural Directives

In order to speed up the departure of elderly farmers and encourage them to give up their farms to younger people, the provisions of Directive 72/160/EEC on the cessation of farming are to be amended, in particular as regards the terms offered to older outgoers to encourage them to leave farming and to young farmers to help them settle in.

In order to ensure a certain level of population in the inland areas of the country and an adequate economic environment, income support for farmers in these areas is called for as one of the essential features of the integrated programme. To that end the compensatory allowances provided for in Directive 75/268/EEC need to be as large as possible, scaled according to age to encourage young people to remain in agriculture and granted for all the lines of production covered by the integrated programme in the less-favoured areas within the meaning of the Directive.

II.B. Specific measures for agricultural production in inland and mountainous areas

The main emphasis in the inland areas of the country is on the development of the various branches of livestock farming, with restructuring and conversion aids for the traditional crops.

Alongside these provisions are measures to assist forestry.

II.B.1. Livestock farming

Regulation 1944/81 on the development of sheep, goat and cattle farming in Italy provides for the implementation of a number of measures to promote these types of enterprise. In order to accelerate development of this sector under the programme certain provisions of the Regulation are to be adapted to simplify the procedures for financing schemes and to make those schemes more effective. New measures are to back up these schemes and widen their scope to include horses. Livestock productivity will be increased by means of improvements in breeding, reproduction, disease control and present husbandry systems. A big effort is needed to improve the feed base for such livestock by reneting pasture and meadows and using them more intensively, and introducing fodder crops. Initiatives integrating stock rearing in inland areas with finishing enterprises in lowland areas are to be encouraged.

II.B.3 Crops

In viticulture, existing vineyards are to be restructured in those cases where quality wines can be produced; in vineyards producing poorer quality wines measures are to be taken to encourage grubbing up and switching to fodder or protein crops and alternative tree crops.

Olive-growing, which is very widespread in these areas, must be aided with a view to rationalizing production or conversion to produce table olives, or other permanent crops not in surplus.

Measures encouraging the development of the production of seeds and seedlings and medicinal and aromatic plants are planned in the hill areas.

In so far as fruit- and vegetable-growing are concerned the measures provided for in the programme are aimed at varietal improvement and rationalization of production.

Changing to different varieties will permit a greater degree of specialization, in particular for processing.

These measures are to be backed up by the development of small-scale irrigation and mechanization for associations of producers.

Protein and alternative tree crops are to be particularly encouraged.

II.C. Specific measures for agricultural production in the lowlands and coastal areas

In the coastal and lowland areas the emphasis is on the development of protein and fodder crops, principally on sites to be irrigated in the near future, and restructuring and varietal conversion schemes for existing crops in line with market requirements.

II.C.1. Fodder crops and livestock

In addition to the measures provided for in the aforementioned Regulation 1944/81 there is to be further aid for livestock farming in these areas. The new aid is aimed at encouraging the introduction of intensive fodder crops (maize, sorghum, etc.) and protein crops in newly-irrigated areas and will be for mechanization on a group basis, the supply of selected seed and the cost of water. The schemes will be carried out jointly in order to avoid increasing production of surplus crops (such as vegetables, tomatoes, table grapes, etc.) in these areas.

Aid is also to be granted for fattening units, which will provide lucrative outlets for cattle from the inland areas.

II.C.2. Existing irrigated crops

Specific action is planned in order to encourage switching to different varieties of fruit and vegetables, which are grown intensively in these regions. Varietal improvement is to enable standardized products to be obtained and to promote specialization either for the fresh market or for processing. This action will be aimed at improving product quality and must not allow output to be increased.

II.C.3. Non-irrigated and partially irrigated crops

These crops are represented in the areas in question by wine and olives in particular.

The proposed measures are concerned notably with further restructuring of wine-growing by cutting back on the areas given over to producing table wine and using them to produce quality wine instead and by getting the growers concerned to change over to other crops, particularly nuts.

Aid is to be provided for the olive-growing sector in order to encourage locally the conversion of olive plantations in order to achieve (a) rationalization of existing olive plantations in order to enable quality to be improved and cultural operations to be mechanized and (b) switching of production either to table olives or to fodder and/or protein crops (e.g. sunflower) and traditional tree crops.

II.D. Measures applicable in the inland and mountainous areas of Marches, Umbria, Tuscany and Liguria.

In these regions Community assistance is to be more selective and on a smaller scale to take account of the level of handicaps compared with the Mezzogiorno.

Only the land improvement measures referred to above (point II.A.1 second indent)¹ are to apply. Such measures and those relating to infrastructure and forestry (II.E) will, where necessary, be integrated and coordinated with existing joint schemes - which may be adapted to take account of the specific features of these areas.

II.E. Forestry

These measures are to apply in all the inland areas covered by this programme.

The various forestry schemes currently provided for in Regulation 269/79 are to be adapted and incorporated in full in the programme. In view of the extreme importance of forestry for the area's economy, its regional development and the improvement of livestock and crop farming, measures are proposed for controlling mountain streams, fire-fighting, productive woodland, renovating chestnut and cork plantations and promoting fast-growing varieties.

In very marginal areas the establishment of parks or wooded reserves will be encouraged not only from the point of view of land improvement but also in order to provide the local communities and farmers with extra income from tourism or rearing game.

The value of forestry products and by-products (wood, cork, etc.) will be enhanced by the schemes to promote SMEs and craft industries provided for in point V.

¹ See also Section VI.C.

III. FISHERIES AND AQUACULTURE

The fisheries sector offers great potential, particularly in the Mezzogiorno. There are, however, structural constraints which present problems restricting the efficient development of this sector. These problems include insufficient berthing facilities and inadequate management and research infrastructure, an obsolescent fleet which is often technically ill-suited to current fishing practice, underdevelopment of lagoon or marine sites suitable for aquaculture and inadequate marketing channels, all of which necessitate a large-scale operation to exploit the potential and increase employment. All the measures provided for for this purpose apply to the Mezzogiorno; some will be extended to neighbouring regions to take account of handicaps specific to those regions (point III.D).

III.A. Port infrastructure¹ and facilities

Various measures are needed in this field. Firstly, it is necessary to protect the coastal marine areas by improving the spawning grounds of the main marine species that are today being overfished. Such a measure, involving in particular the installation of submerged artificial structures, will accelerate reconstitution of the fauna, facilitate control of dangerous fishing methods, enable activities to be developed which will create many jobs and will have a direct effect on the productivity and incomes of inshore fishermen.

It is also essential to develop or establish many coastal shelters, which are needed for rational geographical distribution of the fishing fleets, and to modernize the infrastructure in existing fishing ports (basins, quays, jetties, breakwaters).

Lastly, improvements in the shore facilities in these ports, the present limitations of which hinder efficient management of the productive plant, are necessary to ensure adequate assistance for the fishing vessels (unloading facilities, revictualling, ice production, supply of fuel, equipment stores, etc.).

¹ See below, point VI(a), last indent.

III.B. Aquaculture

This sector is traditionally important in Italy and is one of the priority aspects of the programme. There are many lagoon areas along the Italian coastline which are suitable for aquaculture. Some of these areas have been exploited for a long time, others more recently, but their productivity has decreased sharply for infrastructure reasons, and this has had repercussions on employment. It is therefore necessary to recreate, by means of water and civil engineering works, the basic conditions for increasing production (improvement of the exchange of water with the sea, channels, dredging, protection of access to sea, creation or modernization of harvesting systems, etc.) and to promote subsequent development of the lagoons by encouraging the establishment or restructuring of small- and medium-capacity fish and shellfish farming units.

Some pilot projects will also be carried out to introduce new fish-farming technologies. Freshwater fish farming is also to be encouraged, thus enabling employment levels to be maintained in certain rural areas that are threatened with depopulation. Lastly, aid is necessary for establishing multi-purpose hatcheries for supplying rearing units (sea bass, sea bream, eels) or restocking the lagoons.

III.C. Restructuring the fleet

On the whole, the Italian fishing fleet requires radical restructuring in order to enable its capacity and technology to be adapted to meet the conditions currently obtaining for exploiting marine resources.

Some 40% of the fleet is obsolete and is more than 20 years old. To start with, it is necessary to encourage modernization of the fleet. The investment must be aimed at bringing into operation multi-purpose vessels which have low fuel consumption and offer better facilities for preserving catches and improved working conditions and safety on board. However, in view of the state of fish stocks, this investment ought not to lead to an increase in overall fishing activity.

Also, specific action must be taken with regard to coral fishing, involving the adoption of selective fishing methods (diving suits) under adequate conditions of safety (decompression chambers).

Lastly, in conjunction with resource management and conservation policy, specific measures will be required to adapt fishing capacity, in particular by means of measures for the temporary or definitive cessation of fishing by certain fleets.

III.D. Specific "non-Mezzogiorno" measures

Of the measures referred to above, the only ones which will to some extent be implemented outside the Mezzogiorno region are the establishment of protected marine areas (artificial underwater structures) and measures to develop lagoons and set up fish farms, priority being given to extensive, low-technology aquaculture. With regard to aquaculture, in order to ensure the technical validity of the whole set of measures envisaged for these lagoons, some investment must be encouraged in the lagoons of the Northern Adriatic, between the Comacchio and Marano Lagunare complexes.

IV. INCREASING THE MARKET VALUE OF PRODUCTS

IV.A. Preserving, processing and marketing industries

The measures under (a) apply to the Mezzogiorno, those under (b) to the Mezzogiorno and in inland areas of the centre and north.

In the Mediterranean regions processing and marketing are traditionally among the main sticking points in developing agriculture and fisheries. The financing possibilities offered in this field under Regulation (EEC) Nos 355/77 and 1361/78 at present enable only a very small proportion of applications to be met.

- (a) Given the limited financial capacity of investors in this sector in these regions, the Community must increase its maximum aid rate for all agricultural products in the Mezzogiorno, and it must be possible for the beneficiary's financial contribution to be reduced from its present level.
- (b) In addition to financing under Regulation (EEC) No 355/77, which will still be available, it is important that development of processing and marketing should aim not only to increase returns from products directly covered by the programme but also to help create jobs in related sectors at the same time as increasing producers' incomes¹.

In this connection:

finance must be ensured for the processing of agricultural produce into new products and/or by-products, even where these are not listed in Annex II to the Treaty. The processing must be of direct advantage to the producers and must help in achieving the programme's objectives;

in order to facilitate and encourage the marketing of the products referred to above, promotional measures must be financed provided that they are undertaken by groups or associations representing the producers.

¹ See also Section V.A.

IV.B. Support for producer groups

Community aid for establishing producer groups in the Mezzogiorno and seeing them through the initial stages must not only be increased but also extended to all agricultural and fishery products covered by the Mediterranean programme.

V. NON-AGRICULTURAL DEVELOPMENT MEASURES

These measures apply in all the regions covered by the programme.

V.A. Promotion of SMEs and craft industries

In the areas covered by the programme, particularly in the hill and mountain areas, SMEs and craft industries account for the major proportion of industry and services, and this proportion increases as one moves from large towns to medium-sized and small towns. The development of SMEs and craft industries is thus essential in order to improve the situation in the rural areas. This is particularly the case with enterprises upstream and downstream of the agricultural sector. It is also true of other enterprises which, by creating jobs, may indirectly facilitate modernization of the agricultural sector and, particularly in certain inland areas, enable the population to be maintained at such a level that a fairly full range of services is available to the inhabitants.

To develop SMEs in the peripheral regions of the Community - which are a long way from the most buoyant markets - it is necessary to go beyond aid for physical investment alone. Firstly, the firms concerned must be linked up with the growth markets so that they are able to seize the opportunities arising and are alerted in time to the changes to be made. Only when they have access to wider markets will they be brought into the innovation process and be able to manage and organize their growth and benefit fully from aid for physical investment.

This was the thrust of the development measures implemented as part of the specific Community regional development measure contributing to the development of the Mezzogiorno in the context of Community enlargement¹.

In order to achieve the job-creating objectives set under the Italian Mediterranean programme, the Community proposes to establish an operation to assist the areas covered by the programme which would be similar to the scheme referred to above, with more substantial financial resources, and would involve:

¹ Regulation (EEC) No 2615/80, OJ No L 271, 15 October 1980.

- (a) aid for the preparation of sectoral analyses intended to provide SMEs with information on the potential of national, Community and external markets and on the effects to be anticipated therefrom on the production and organization of SMEs;
- (b) additional aids to investment in SMEs designed to create new enterprises or to assist in the adaptation of production to market potential by existing enterprises when justified by the analyses mentioned under (a) or other market studies. Such investments may also concern common services provided for a number of enterprises;
- (c) degressive aid over a three-year period to improve the management and organization of SMEs and to encourage the establishment or development of consultancy firms or bodies in these fields. Activities of such firms or bodies may include temporary assistance to enterprises for implementing their recommendations;
- (d) degressive aid over a three-year period to encourage the SMEs to get together in order to establish or develop common services (handling goods, accountancy, etc.);
- (e) aid for the organization of information seminars designed to enable SME management to adapt better to changes in production methods;
- (f) degressive start-up aid over a three-year period for bodies responsible for collecting information relating to product and technological innovation and its dissemination among enterprises in the regions covered by the programme, which may include experimental work on such innovation;
- (g) encouragement of the implementation of product and technological innovation in SMEs by means of aid for the drawing-up of feasibility studies;
- (h) better access for SMEs to risk capital;

- (i) for craftworkers, in addition to the above, aid to improve the technical and economic information available to them, their mastery of the technologies specific to their trade and the marketing of their products;
- (j) measures to boost exports from the Mediterranean regions to non-EEC Mediterranean countries (industrial products, and also services, building and public works). These measures will involve seeking out partners, arranging exhibitions and demonstrations and providing assistance on techniques and know-how. They will cover the mission expenses of technicians in non-EEC countries and the cost of training courses for technicians from those countries in SMEs in the regions covered by the programme;
- (k) establishment or extension of business advisory services:
 - for opening up possibilities, through direct contacts at local level, for economic ventures by giving advice about access to available public aids and services, particularly those provided for under the special programme, and
 - for contributing to the success of these ventures by helping existing or potential enterprises to take advantage of such aids and services.

V.B. Promotion of rural tourism

After agriculture, rural tourism is the sector most likely to help maintain a minimum population in sparsely populated areas. It can provide inhabitants of rural areas, particularly farmers, with additional sources of income, contribute towards restoration of buildings, and make it easier to maintain an adequate level of services, local crafts and infrastructure.

In view of the objectives of the integrated Mediterranean programme, measures similar to those provided for under the abovementioned specific measure will be established, employing increased resources.

These measures will involve:

- (a) construction or conversion of small hotels, preparation of farm holiday accommodation, camping and caravanning sites;
- (b) establishment and development of joint services or bodies responsible for promotion, publicity, stimulating tourist interest and co-ordinated management of tourist accommodation and facilities, including the organization of information seminars for the staff concerned.

In the case of regions on whose territory the level of tourist activity is unbalanced in favour of coastal zones, these bodies may also be responsible for measures to redress the balance, including studies of appropriate tourist itineraries. They may also have the task of organizing children's holiday centres and open-air school classes;

- (c) in the regions covered by point (b), second subparagraph, development of transport undertakings enabling tourists staying on the coast to have easier access to inland tourist zones and also to provide transport to children's holiday centres and open-air school classes;
- (d) the restoration of small architectural features of local interest which could enhance the areas concerned and make them more attractive to tourists.

V.C. Promotion of renewable sources of energy

Renewable sources of energy may be developed on the basis of decentralized ventures. Such development has the twin advantages of exploiting local resources having a captive market and of promoting local employment in craft industries and SMEs.

Consequently, bearing in mind the objectives of the Mediterranean programme, the Community, which already provides assistance in the inland areas of the Mezzogiorno for the promotion of renewable sources of energy, will make more substantial financial resources available, in all the areas covered by the Mediterranean programme, for the following operations:

- (a) Installing mini-turbines using low-head falls; wind-powered generators; equipment utilizing solar energy; installations to recover energy from biomass

(e.g. use of olive oil and wine residues, other food-processing waste, the by-products of wood processing, vines, nut and fruit trees, etc); and the equipment for and work involved in exploiting geothermal energy.

- (b) Dissemination of information, including demonstrations, on the prospects offered by minturbines and alternative sources of energy. Feasibility studies for potential private users wishing to proceed themselves with installations related to such energy sources.
- (c) Organization of basic technical instruction to ensure additional local jobs linked to the maintenance of mini-turbines.
- (d) The use of solar panels to heat water.

VI. INFRASTRUCTURE

With the exception of the development of small industrial zones, which extends to all the regions covered by the programme, and the infrastructure measures directly related to agriculture, which are applicable to all the inland areas in those regions, these measures apply only to the areas in the Mezzogiorno eligible for ERDF assistance.

(a) Infrastructure to develop job-creating activities.

This kind of infrastructure is given priority under the ERDF and is eligible for additional Community assistance under the programme.

The following types of infrastructure are covered:

- the development of small industrial zones, possibly involving advanced factories in areas having priority ranking;
- communications infrastructure between these priority areas and the main network in the Mezzogiorno: road links, telecommunications and data processing networks, and energy networks;
- infrastructure and equipment directly related to the development of rural tourism;
- buildings and major equipment for training and research institutes in industry, the services sector, agriculture and fisheries;
- port infrastructure, referred to in the chapter on fisheries.

(b) Infrastructure to improve the viability of rural areas.

Since this type of infrastructure is to contribute to the development of services needed to keep people in rural areas, it will be eligible for special financing under the programme. It covers:

- in the areas stricken by the earthquake of 1981, basic village infrastructure, workshops for craft activities, and social and cultural infrastructure (e.g. multi-purpose halls, "poliambulatori" medical services);

- road access infrastructure, social and cultural infrastructure in towns, and service centres in intensive-farming areas;

(c) Infrastructure directly related to agriculture

- farm roads, mains water supplies¹ and electricity networks; compared with the provisions in Regulation (EEC) No 1760/78, these measures qualify for additional Community assistance under the programme.

¹These measures will have to be worked out taking account of the need for management of water resources in general.

VII. BACK-UP MEASURES

These measures apply throughout the regions covered by the programme, although they are concentrated particularly in the Mezzogiorno.

VII.A. Advisory services, technical assistance and vocational training

The effective dissemination of information and the optimum utilization of manpower as a factor in the development process, which can be achieved through the provision of technical assistance and vocational training, are essential adjuncts to the measures referred to above.

Thus, farmers in these regions cannot successfully implement measures provided for in the programme, in particular the conversion measures and those involving a switch to a different line of production, without effective technical and economic back-up. The Community will participate in the exceptional effort which the regions in question will have to make in order to provide such advisory services. Community aid will cover the training and recruitment of additional advisers; the aids provided for in Regulation No 270/79 will be reinforced and extended accordingly.

In the fisheries sector, provision needs to be made for aid towards the establishment of technical assistance centres.

In order to facilitate the recruitment of technical assistants, notably in the fisheries sector, temporary Community aid is needed for launching the operation and helping to pay salaries.

Lastly, with regard to non-agricultural vocational training, it is necessary to:

- step up Community assistance for supplementary vocational training measures to facilitate and provide the back-up for the activities included in the integrated programme (in particular, for training middle management and development and multi-activity training);
- encourage the progressive development of activities designed to increase awareness, provide information and promote local initiative in the various fields covered by the integrated programme;

- develop the services making for integrated operation of vocational training at its various stages (from local labour market surveys to promotion of trainee placement). If necessary, the development of these services must be supplemented by the establishment of agencies to monitor the labour market and of tripartite bodies - or other local bodies - responsible for efficient management of the labour market.

VII.B. Research

Research is of cardinal importance under this programme. The proposed measures reflect the policy which the Commission intends to pursue. They are concerned in particular with agriculture, fisheries, renewable sources of energy, the environment, and industry. The practical scope for implementing the many measures envisaged and making them a success depends primarily on the contribution made by research. This contribution must not be restricted to the publication of research results: an appraisal must also be made of their feasibility and evidence must be furnished of the economic advantages they will produce when applied in practice. In addition, this contribution must enable them to be applied directly on a large scale but in a manner that takes account of the various distinctive features in each region.

Agriculture

The Community's programme for coordinating agricultural research already gives special attention to the problem of improving productivity in a wide range of enterprises. Efforts in this direction must be supplemented, extended and strengthened under this programme, if necessary by ad hoc measures enabling the urgent practical problems which will undoubtedly arise during implementation to be dealt with rapidly. In addition, the Commission will take all the necessary measures, in particular as regards the budget, to ensure that research - both basic and applied - makes an increasing contribution towards attaining the programme's objectives.

Other sectors

Community research policy, outlined in the Framework Programme 1984-87 which the Commission has laid before the Council, provides for a number of measures whose emphasis is on the development of the Mediterranean regions, and which could play an important role here. Among these are research into the refining and development of biotechnologies and other technologies, the use of new technologies such as remote sensing, and programmes of research into land use planning, pollution, conservation of resources and renewable energy sources.

Among the lines of research to be pursued under the programme in coordination with those already mentioned, environmental research is particularly relevant. It will concentrate on the management and use of limited water resources.

Fisheries

Measures in this sector will need to be geared to establishing regional centres for biological, technological and economic research into fisheries and aquaculture, to constructing and fitting out oceanographical research vessels, to coordinating national research programmes as part of the Commission's initiatives and to ensuring Community participation in joint research programmes.

VII.C. Commission initiatives

These measures will cover the various research studies specified in this integrated programme and will embrace:

- preparatory studies and measures for development projects (in particular, feasibility studies and technical projects; sectoral analyses and market surveys; reports by experts; environmental impact assessment of economic activities; a study identifying biotopes which should be conserved in the Community interest);
- pilot experiments in the different fields covered by the integrated programme;
- investigations and studies for appraising development projects;
- special temporary initiatives for experimenting with improvements in the operation of certain government departments on which the success of the development schemes will depend;
- special temporary initiatives for experimenting with financial mechanisms which will make it easier for cooperatives and SMEs that have undertaken new investment to borrow operating capital and which are designed to speed up the rate of public spending earmarked for them.

Estimated costs of the integrated programme for the Italian regions¹

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure²</u>
AGRICULTURE				
<u>Physical improvements</u>				
Reparcelling	-	65%	35	New measure
Land improvement	-	50%	172	New measure
<u>Socio-structural Directives</u>				
Cessation of farming	65%	65%	160	Cessation in favour of young farmers; increase in premium
Compensatory allowance	50%	65%	144	Extension of the measure to other products; supplement for young farmers; increase in level of assistance
<u>Specific measures in inland and mountainous areas</u>				
Livestock farming	40%	50%	72	Broadening of geographical coverage, intensification of measures, increase in level of assistance
Permanent and annual crops	30% (vine-growing)	50%	163	New measures for all enterprises, except for collective restructuring of vineyards, where there is to be increase in level of assistance

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
<u>Specific measures in lowland areas</u>				
Livestock farming and fodder crops	40% (livestock farming)	50%	105	Intensification of measures for livestock farming
Existing irrigated crops	-	50%	10	New measure for fodder crops
Unirrigated or partially irrigated crops	30% (vine growing)	50%	80	New measures
Forestry	50%	50%	190	New measure, except for vine growing
FISHERIES AND AQUACULTURE				Intensification of measures
Infrastructure ³ and port facilities	40% (port infrastructure)	65%	21	Supplementary measures and increase in the level of assistance for infrastructure. New measures for port facilities, shelters and protected marine zones
Aquaculture	25% North 40% South	65% (construction of hatcheries)	100	New measures, reinforcing existing measures and increasing the level of assistance
		50% (fish farming)		
Restructuring of the fleet	35%	60% (pilot projects)	32	New measures, reinforcing existing measures and increasing the level of assistance
		50%		

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
<div data-bbox="72 246 395 333" style="border: 1px solid black; padding: 2px;"> <p>INCREASING THE MARKET VALUE OF PRODUCTS</p> </div> <p>Processing and marketing of agricultural products</p> <p>Support for producer groups</p>	<p>50%</p> <p>25%</p>	<p>60%</p> <p>50%</p>	<p>228 (incl. 31 for fisheries)</p> <p>7</p>	<p>Increasing the level of assistance. Measure accordir priority to the produce lines specified in the programme, although it may extend to the whole range of products, including products not listed in Annex I. The IMF provides finance at the proposed rate as far as possible on top of the financing under Regulation (EEC) No 355/77</p> <p>Extension to all products covered by the programme Increase in the level of assistance</p>
<div data-bbox="72 876 419 932" style="border: 1px solid black; padding: 2px;"> <p>NON-AGRICULTURAL SECTOR</p> </div> <p><u>SMEs and craft industries</u></p> <p>Sectoral analyses Information seminars Productive investment</p> <p>Advisory activities, joint services, gathering and dissemination of information on innovation</p>	<p>70%</p> <p>70%</p> <p>50% (public expenditure) max. 30% (investment)</p> <p>degressive rate (average = 55%)</p>	<p>70%</p> <p>70%</p> <p>50% (public expenditure where public aid is higher than under the existing aid scheme)</p> <p>degressive rate (average = 55%)</p>	<p>566</p>	<p>Broadening the geographical coverage</p> <p>Supplementary aid and broadening the geographical coverage</p> <p>Broadening the geographical coverage</p>

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>	
Implementation of innovation	70% (cost of studies)	70% (cost of studies)	}	Broadening the geographical coverage	
Risk capital	70%	70%		Broadening the geographical coverage	
Business advisory services	-	50%		New measure	
Mediterranean third-country markets	-	50% (public expenditure)		New measure	
<u>Rural tourism</u>					
Investment in accommodation	50% (public expenditure)	50% (public expenditure)	}	Broadening the geographical coverage	
Tourist promotion	degressive rate (average = 55%)	degressive rate (average = 55%)		Broadening the geographical coverage	
Transport undertakings	50% (public expenditure)	50% (public expenditure)		107	Broadening the geographical coverage
Architectural heritage	-	50% (public expenditure)		New measure	
<u>Renewable sources of energy</u>					
Installations and work	30% (investment) 50% (public expenditure)	30% (investment) 50% (public expenditure)	}	Broadening the geographical coverage	
Dissemination of information and studies	70%	70%		Broadening the geographical coverage	
Basic technical instruction	70%	70%		67	Broadening the geographical coverage
Heating by solar panels	-	50% (public expenditure) max. 30% (investment)		New measure	

Measure	Present level of assistance	Level of assistance proposed in the programme	Cost to the programme (million ECU)	Type of measure
INFRASTRUCTURE				
(a) Needed for development of job-creating activities	40% of public expenditure under ERDF quota section and 50% under non-quota section	(a) 65% under ERDF quota section and 25% IMP	(a) 133 (16 for infrastructures and 8 for fisheries and aquaculture research centres)	Increasing the level of assistance and financing certain types of infrastructure not currently financed under the ERDF
(b) To improve viability of rural areas		(b) 65% IMP	(b) 80	
(c) Agricultural infrastructure in inland areas	40%	(c) 65%	(c) 163	Increasing the level of assistance
BACK-UP MEASURES				
<u>Advisory services, training and technical assistance</u>				
Agricultural advisory services	50%	65% (advisory services)		Reinforcing the measure and increasing the level of assistance - New measure
Technical assistance for fisheries	-	65%	5	New measure
Training and labour market	55% (Mezzogiorno) 50% (Centre-North) (public bodies)	65%	221	Supplementary measure
<u>Research</u>				
Agriculture and other sectors	50% (Agrimed)	50%	10	Reinforcing the measure
Fisheries research ⁴	-	65%	5	New measure
TOTAL			2951	

¹ The total amount of these costs in 1982 and their breakdown are approximate figures. Measures described as "broadening the geographical coverage", "extension" measures, "increasing the level of assistance" and "extending the duration of planned measures" relate to existing measures.

³ Figures for port installations, at a cost to the programme of 16 million ECU, are included under the heading "Infrastructures".
⁴ Figures for the construction of research centres, at a cost to the programme of 8 million ECU, are included under the heading "Infrastructures".

ANNEX IV

INTEGRATED PROGRAMME FOR FRANCE

INTEGRATED MEDITERRANEAN PROGRAMME FOR FRANCE

I. GENERAL

1. This programme concerns the regions Languedoc-Roussillon, Corsica, Provence-Alpes-Côte d'Azur, Aquitaine and Midi-Pyrénées, with the exception of the urban areas of Marseille, Bordeaux and Toulouse and the built-up tourist area along the coast.

2. The aim of the programme is to promote the development of the rural areas. There are two main objectives:

(a) to modernize agriculture and fisheries in order to maintain a large enough volume of viable activity in these fields for the requisite improvement in productivity and an improvement in incomes, while taking market prospects into account;

(b) to create a large number of jobs in sectors other than agriculture to offset job losses in agriculture where this fits in with regional planning.

3. As far as agriculture is concerned the programme breaks down into two parts.

Firstly it provides for an integrated set of measures for the three regions that are most strongly Mediterranean in character: Corsica, Provence-Côte d'Azur and Languedoc-Roussillon. In these three regions two main areas of assistance are defined on the basis of the difference between inland and mountain areas, and coastal and lowland areas. The agricultural measures are concentrated in the inland and mountain areas, where farming needs to be maintained. This will be achieved in particular by granting a sufficient compensatory allowance and by structural measures enabling specific enterprises to be intensified (livestock, traditional tree crops, medicinal and perfume plants). In the lowlands, on the other hand, the objective of maintaining income will be pursued primarily by schemes for conversion to crops for which there are proper market outlets. The full effectiveness of the measures for conversion to other lines of production may require market policy measures for most of which the Commission has already taken initiatives aimed at guaranteeing the farmers concerned a satisfactory income.

Secondly the programme proposes more selective assistance in agriculture for the two regions which are less strongly Mediterranean as regards their agricultural production: Midi-Pyrénées and Aquitaine. The measures provided for aim to create - in the context of future enlargement of the Community - the conditions for broad diversification of agricultural production.

4. In order to expand employment the programme relies on the development of SMEs and craft industries, especially in the sectors upstream and downstream of agriculture, the development of rural tourism and the exploitation of renewable energy sources. Over 60% of the funds allocated for measures outside agriculture (see points V and VI below) are to be devoted to investment in production, the remainder being divided among measures related to the development of undertakings, such as seeking out markets, management advisory

services, innovation, etc., and schemes for improving the infrastructure required for creating jobs. In view of the difference in the levels of development between the regions covered by the programme, the infrastructure schemes will relate, in the case of the areas of Provence-Alpes-Côte d'Azur not at present covered by the ERDF, only to the development of small industrial zones.

5. The abovementioned measures will have a marked impact on the economy only if they produce an integrating - and thus synergetic - effect on all the national and Community inputs, whether under this programme or already in existence.

So that the Commission is able to contribute towards achieving such integration, it will have appropriate means at its disposal (see point VII(c) below: Commission initiatives) and will thus play an active part in the implementation of the programme, in liaison with the national authorities.

6. The integrated programme is part of the scheme of regional development programmes.

As far as Languedoc-Roussillon, Corsica, Aquitaine and Midi-Pyrénées are concerned the regional development programmes must, to the extent necessary, be altered and filled out so as to reflect the overall priorities and development measures in the regions concerned.

II. AGRICULTURE

The measures set out in points II.A, II.B and II.C are applicable in the regions Corsica, Provence-Alpes-Côte d'Azur and Languedoc-Roussillon. The measures applicable in Aquitaine and Midi-Pyrénées are contained in point II.D.

II.A Improvement of general conditions in farming and income support

To ensure the maximum effectiveness of measures to assist agricultural production, improvements need to be made to the prevailing physical and socio-structural conditions. Major changes are needed in the socio-structural directives which, generally speaking, have not so far been satisfactorily implemented in these regions. Some of the measures listed in point VII, particularly as regards the promotion of advisory services and vocational training, represent part of the essential back-up for the implementation of the measures in the agricultural sector, along with the measures listed in point IV to assist the processing and marketing of products and for producer groups.

II.A.1 Physical improvements

The measures listed below are aimed at upgrading unproductive land and specific irrigation schemes, with particular support for operations carried out by producer groups and associations of such groups.

- The development of voluntary reparaçelling is to be encouraged by the financing of related works (levelling, improvement of embankments and ditches).
- Some new local irrigation and drainage schemes are provided for. These comprise improvement of collective systems and are limited to the production options provided for in the programme.
- Land improvement schemes will be carried out only in the inland areas. Their aims are to improve unproductive and marginal land and prepare it for the development of the enterprises covered by the integrated programmes. They include small irrigation projects on farms, including the related drainage work.

The main aim of this measure is to develop fodder crops and improve grazing land.

II.A.2 Socio-structural directives

- In order to speed up the departure of elderly farmers and encourage them to give up their farms to young people, the provisions of Directive 72/160/EEC on the cessation of farming are to be amended, in particular as regards the terms offered to outgoers and to young farmers to help them establish themselves.
- In order to ensure a certain level of population in the inland areas of the country and an adequate economic environment, income support for farmers in these regions is called for as one of the essential features of the integrated programme. To that end the compensatory allowances provided for in Directive 75/268/EEC need to be as large as possible, scaled according to age to encourage young people to remain in agriculture and granted for all the lines of agricultural production covered by the integrated programme in the less-favoured areas within the meaning of the Directive.

II.B Specific measures for agricultural production in inland and mountain areas¹

The main emphasis in the inland areas is on the development of the various branches of livestock farming, with restructuring and conversion aids for the traditional crops.

Alongside these provisions are measures to assist forestry.

II.B.1 Fodder crops and livestock

To encourage the development of sheep, goat and cattle farming, any means of improving farming conditions is to be encouraged: land improvement measures, expansion and improvement of fodder growing (zoning, expansion of areas under fodder crops, improvement of crop quality) and the development of mechanization and farm infrastructure.

The various branches of livestock farming are to benefit from similar measures aimed at increasing the productivity of herds. The measures proposed are to encourage the development of health protection and genetic improvement (measures extended to Corsica for pigs), milk testing and the improvement of feeding and rearing systems.

Sheep farming is also to receive aid for farm equipment, and extensive pig farming aid for the construction of shelters.

¹ Areas referred to in Article 3 of Directive 75/268/EEC

II.B.3 Crops

The improvement of olive-growing may provide extra income in the inland areas and thus contribute towards maintaining rural economic activity. Schemes to assist the renovation of olive groves and encourage a switch to growing table olives are proposed.

Priority is to be given to the modernization of oil mills under the measures to assist processing and marketing (point IV.I).

The same type of measure (restructuring and conversion) is proposed for the traditional permanent crops (nuts, etc.). There will be the same type of assistance for wine-growing in some localities as for vineyards in the lowland areas (point II.C.2).

As regards the traditional growing of lavender, there are measures aimed at varietal conversion to ensure that it is easier to dispose of produce.

II.C. Specific measures for agricultural production in the coastal areas and lowlands

In the coastal and lowland areas the emphasis is on the development of protein and fodder crops and on restructuring and varietal conversion schemes for the traditional permanent crops to meet market requirements.

II.C.1 Irrigated crops

The development of fodder and protein crops is to be encouraged as an economically attractive alternative to traditional crops (particularly vines), by means of assistance with water supplies and the provision of selected seed and with mechanization of production within farming syndicates.

Aid is to be provided in the fruit sector (apples, pears, peaches, cherries, apricots and plums) for varietal conversion to encourage the planting of varieties meeting market requirements.

Community assistance is proposed for annual crops (particularly rice) in the form of finance for the supply of suitable seeds. Some lines of production may also qualify for aid for irrigation and drainage.

II.C.2 Non-irrigated and partially irrigated crops

Wine-growing merits particular attention by reason of its economic and sociological importance. The schemes proposed aim to develop the restructuring of wine-growing by extending and expanding the scope of Directive 78/627/EEC in order to reduce the area under vines producing table wine and encourage conversion to the production of quality wine or a switch to other crops, primarily exotic fruits and nuts and, to a limited extent, vegetables, so as to diversify the sector to some degree. Conversion will be facilitated by the combined application of the measures proposed for irrigation (point II.A.1) and producer groups (point IV.2).

In addition, the development of new wine-based products and the improvement of wine-making techniques by the exclusive use of concentrated musts will be given priority under the measures to assist processing and marketing.

Aid is to be given to olive-growing to encourage conversion of olive groves on a local basis to achieve economically viable production of table olives by concentrating on quality and individuality.

II.D. Agricultural measures applicable to Midi-Pyrénées and Aquitaine

The aim of these measures is to ensure broad diversification and improvement of quality in agricultural production, the emphasis being on products of which there is a Community deficit (e.g. protein plants). Of the measures referred to above, only those for irrigation and reparation will apply, as will those for back-up and advisory services referred to in point VII(a) below.

The general aim of these measures is to put farms in a position in which they have no trouble in switching to other enterprises.

II.E. Forestry

In view of the importance of forestry in the conservation of the countryside in the inland areas and in the improvement of livestock and crop farming, the forestry schemes provided for in Regulation (EEC) No 269/79 are included and reinforced in this programme.

The aim is to encourage conservation and development of forestry and at the same time improve exploitation of forest resources. New measures are provided to that end to speed up forest improvements, also including the establishment of nature reserves, road building, improved fire prevention, better exploitation systems, the creation of nurseries and the establishment of productive plantations. In addition, the renovation of chestnut plantations and cork production are to be encouraged, primarily by restructuring schemes.

The value of forestry products and by-products (wood, cork, etc.), will be enhanced by the schemes to promote SMEs and craft industries provided for in point V.

III. FISHERIES AND AQUACULTURE

The Mediterranean programme aims to increase overall productivity in the sector, taking due account of its potential, particularly as regards aquaculture, and the difficulties faced, especially as regards marketing of products. It applies mainly to Provence-Côte d'Azur, Languedoc-Roussillon and Corsica, but some measures will also be implemented in the coastal area of Aquitaine (point III.B).

III.A Infrastructure and port facilities

The measures are called for in this field. Firstly, facilities in the ports most used by the fishing fleet need to be modernized and new facilities need to be created in some other ports suitable for development. The facilities in question are both upstream of fishing (revictualling, water, ice and fuel supplies, etc.) and downstream of fishing (unloading quays, auctions, etc.). Encouragement is also to be given to the establishment of protected marine zones equipped with underwater structures the use of which is to be strictly controlled with the aim of replenishing fish stocks and thus improving productivity.

III.B Aquaculture

This is an as yet under-exploited sector with great potential. Its development first and foremost requires major alterations to sites suitable for such production, involving infrastructure work (dredging, new channels, installations and collection facilities) to be carried out mainly by the State or local authorities. It is also necessary to encourage the creation or modernization of private facilities for aquaculture so that benefit can be derived from these improvements and from the protected marine zones. Without prejudice to certain advanced-technology pilot projects, priority will be given to facilities consuming smaller quantities of intermediate products.

III.C Restructuring of the fleet

The French fishing fleet operating in the Mediterranean consists of about 2 200 vessels, some 30% of which are over 25 years old. It is thus a rather old fleet in need of modernization and renovation. In view of the level of fish stocks, however, any increase in overall fishing activity must be prevented. The main objectives of restructuring the fleet are energy saving, versatility of fishing activity, improved fish storage facilities and better working conditions and safety on board. In addition, specific measures will be required for certain types of fishing, particularly night fishing (aids for permanent cessation bringing about the gradual decline of this type of fishing) and tuna fishing (aerial detection equipment).

III.D Specific measures for Aquitaine

As far as the coastal area of Aquitaine is concerned, only those measures relating to the modernization of fishing port facilities, the development of lagoons and the modernization of aquaculture and, lastly, the processing and marketing of products will be implemented.

IV. INCREASING THE MARKET VALUE OF PRODUCTS

The measures listed below are applicable in Corsica, Languedoc-Roussillon and Provence-Côte d'Azur. The measures for increasing the market value of aquacultural products also apply to Aquitaine.

IV.1 Preserves industry, processing and marketing

In the Mediterranean regions processing and marketing are traditionally among the main sticking points with regard to developing agriculture and fisheries. The financing possibilities offered in this field under Regulations (EEC) Nos 355/77 and 1361/78 at present enable only a very small proportion of applications to be met.

It is therefore important to ensure the financing of the processing and marketing projects needed to guarantee that the sectoral measures provided for above under II and III are fully effective.

The effectiveness of aid for the agri-feedstuffs industry in connection with the lines of agricultural production which are covered by measures under the programme will be ensured by widening the range of products and by-products included, whether or not they are listed in Annex II to the Treaty, provided that such schemes help to improve farmers' incomes and to create jobs.

In order to facilitate and encourage the marketing of the products referred to above, promotional measures are to be financed on the same preferential terms, provided that they are undertaken by groups or bodies representing the producers.

In view of the limited finance available from investors in this sector and in these regions, the Community must increase its maximum aid rate and it must be possible for the beneficiary's financial participation to be reduced from its present level.

IV.2 Support for producer groups

Community aid for establishing producer groups and seeing them through the initial stages must not only be increased but also extended to all agricultural and fishery products covered by the Mediterranean programme.

V. NON-AGRICULTURAL DEVELOPMENT MEASURES

These measures apply to all the regions covered by the programme.

V.1 Promotion of SMEs and craft industries

The economic fabric of the rural areas of the French Mediterranean regions consists to a very large extent of SMEs and craft industries, which must be developed in order to improve the situation in these regions. This is particularly the case with enterprises upstream and downstream of the agricultural sector. It is also true of other enterprises which, by creating jobs, may indirectly facilitate modernization of the agricultural sector and, particularly in the most difficult areas (mountain areas), enable the population to be maintained at such a level that a fairly full range of services is available to the inhabitants.

To develop SMEs in these regions - which are for the most part a long way from the Community's most buoyant markets - it is necessary to go beyond aid for physical investment alone. Firstly, the firms concerned must be linked up with the growth markets so that they are able to seize the opportunities arising and are alerted in time to the changes to be made. Only when they have access to wider markets will they be brought into the innovation process and be able to manage and organize their growth and benefit fully from aid for physical investment. For this to happen, business consultants must inform small businessmen of aid facilities and services for which their firms are eligible and help them to make use of them.

This was the thrust of the development measures implemented as part of the specific Community regional development measure contributing to the development of the Aquitaine, Midi-Pyrénées and Languedoc-Roussillon regions in the context of Community enlargement. In order to achieve the job-creating objectives set under the integrated Mediterranean programme for France, the Community proposes to establish an operation to assist the regions covered by the programme which would be similar to the scheme referred to above, with more substantial financial resources, and would involve:

- (a) aid for the preparation of sectoral analyses intended to provide SMEs with information on the potential of national, Community and external markets and on the effects to be anticipated therefrom on the production and organization of SMEs;
- (b) additional aids to investments in SMEs designed to create new enterprises or to assist in the adaptation of production to market potential by existing enterprises when justified by the analyses mentioned under (a) or other market studies. Such investments may also concern common services provided for a number of enterprises;

¹ Regulation (EEC) No 2615/80, OJ No L 271, 15 October 1980.

- (c) degressive aid over a three-year period to improve the management and organization of SMEs and to encourage the establishment or development of consultancy firms or bodies in these fields. Activities of such firms or bodies may include temporary assistance to enterprises for implementing their recommendations;
- (d) degressive aid over a three-year period to encourage the SMEs to get together in order to establish or develop common services;
- (e) aid for the organization of information seminars designed to enable SME management to adapt better to changes in production methods;
- (f) degressive start-up aid over a three-year period for bodies responsible for collecting information relating to product and technological innovation and its dissemination among enterprises in the regions covered by the programme, which may include experimental work on such innovation;
- (g) encouragement of the implementation of product and technological innovation in SMEs by means of aid for the drawing-up of feasibility studies;
- (h) better access for SMEs to risk capital;
- (i) for craftworkers, in addition to the above, aid to improve the technical and economic information available to them, their mastery of the technologies specific to their trade and the marketing of their products;
- (j) measures to boost exports from the Mediterranean regions to non-EEC Mediterranean countries (industrial products, and also services, building and public works). These measures will involve seeking out partners, arranging exhibitions and demonstrations and providing assistance on techniques and know-how. They will cover the mission expenses of technicians in non-EEC countries and the cost of training courses for technicians from those countries in SMEs in the regions covered by the programme;
- (k) establishment or extension of business advisory services:
 - for opening up possibilities, through direct contacts at local level, for economic ventures by giving advice about access to available public aids and services, particularly those provided for under the special programme, and
 - for contributing to the success of these ventures by helping existing or potential enterprises to take advantage of such aids and services.

V.2 Promotion of rural tourism

After agriculture, rural tourism is the sector most likely to help maintain a minimum population in sparsely populated areas. It can provide inhabitants of rural areas, particularly farmers, with additional sources of income, contribute towards restoration of buildings, and make it easier to maintain an adequate level of services, local crafts and infrastructure.

In view of the objectives of the integrated Mediterranean programme, measures similar to those provided for under the abovementioned specific measure will be established, employing increased resources. These measures will involve:

- (a) construction or conversion of small hotels, preparation of farm holiday accommodation, camping and caravanning sites;
- (b) establishment and development of joint services or bodies responsible for promotion, publicity, stimulating tourist interest and coordinated management of tourist accommodation and facilities, including the organization of information seminars for the staff concerned.

In the case of regions on whose territory the level of tourist activity is unbalanced in favour of coastal zones, these bodies may also be responsible for measures to redress the balance, including studies of appropriate tourist itineraries. They may also have the task of organizing children's holiday centres and open-air school classes;

- (c) in the regions covered by point (b), second subparagraph, development of transport undertakings enabling tourists staying on the coast to have easier access to inland tourist zones and also to provide transport to children's holiday centres and open-air school classes.

V.3 Promotion of renewable sources of energy

Renewable sources of energy may be developed on the basis of decentralized ventures. Such development has the twin advantages of exploiting local resources having a captive market and of promoting local employment in craft industries and SMEs.

Consequently, bearing in mind the objectives of the Mediterranean programme, the Community, which already provides assistance in the inland areas of the Mezzogiorno for the promotion of renewable sources of energy, will participate, under this programme, in the following operations:

- (a) installing mini-turbines using low-head falls; wind-powered generators; equipment utilizing solar energy; installations to recover energy from biomass (e.g. use of olive oil and wine residues, other food-processing waste, the by-products of wood processing, vines, nut and fruit trees, etc.); and the equipment for and work involved in exploiting geothermal energy;
- (b) dissemination of information, including demonstrations, on the prospects offered by mini-turbines and alternative sources of energy. Feasibility studies for potential private users wishing to proceed themselves with installations related to such energy sources;
- (c) organization of basic technical instruction to ensure additional local jobs linked to the maintenance of mini-turbines;
- (d) the use of solar panels to heat water.

VI. INFRASTRUCTURE

(a) Infrastructure to develop job-creating activities.

This kind of infrastructure is given priority under the ERDF and is eligible for additional Community assistance under the programme.

The following types of infrastructure are covered:

- the development of small industrial zones, possibly involving advance factories in areas having priority ranking;
- communications infrastructure between these priority areas and the main network: road links, telecommunications and data-processing networks;
- infrastructure and equipment directly related to the development of rural tourism;
- buildings and major equipment for training and research institutes in industry, the services sector, agriculture and fisheries;
- port infrastructure, referred to in the chapter on fisheries.

Given the different degrees of development of the regions covered by the programme, the measures relating to infrastructure concern, for the areas of the Provence-Alpes-Côtes d'Azur region not currently covered by the ERDF, only the development of small industrial areas.

(b) Infrastructure directly related to agriculture.

This involves farm roads, mains water supplies¹ and electricity networks; these measures are limited to the inland areas of Corsica, Provence-Alpes-Côtes d'Azur and Languedoc-Roussillon and, compared with the provisions in Regulation (EEC) 1760/78, qualify for additional Community assistance under the programme.

¹ Such measures should be devised bearing in mind water management requirements.

VII. BACK-UP MEASURES

These measures apply throughout the regions covered by the programme.

VII.a. Advisory services, technical assistance and vocational training

The effective dissemination of information and optimum utilization of manpower as a factor in the development process, which can be achieved through the provision of technical assistance and vocational training, are essential adjuncts to the measures referred to above.

While the priority requirements as regards agricultural advisory services have generally been met, the same is not true of technical assistance. In order to facilitate the recruitment of technical assistants, notably in the fisheries sector, temporary Community aid is needed for launching the operation and helping to pay salaries.

Lastly, with regard to non-agricultural vocational training, it is necessary to:

- step up Community assistance for supplementary vocational training measures to facilitate and provide the back-up for the activities included in the integrated programme (in particular for training middle management, and for development and multi-activity training);
- encourage the progressive development of activities designed to increase awareness, provide information and promote local initiative in the various fields covered by the integrated programme.

VII.b. Research

Research is of cardinal importance under this programme. The proposed measures reflect the policy which the Commission intends to pursue. They are concerned in particular with agriculture, fisheries, renewable sources of energy, the environment and industry. The practical scope for implementing the many measures envisaged and making them a success depends primarily on the contribution made by research. This contribution must not be restricted to the publication of research results; an appraisal must also be made of their feasibility and evidence must be furnished of the economic advantages they will produce when applied in practice. In addition, this contribution must enable them to be applied directly on a large scale, but in a manner that takes account of the various distinctive features in each region.

Agriculture

The Community's programme for coordinating agricultural research already gives special attention to the problems of improving productivity in a wide range of enterprises. Efforts in this direction must be supplemented, extended and strengthened under this programme, if necessary by ad hoc measures enabling the urgent practical problems which will undoubtedly arise during implementation to be dealt with rapidly. In addition, the Commission will take all the necessary measures, in particular as regards the budget, to ensure that research - both basic and applied - makes an increasing contribution towards attaining the programme's objectives.

Fisheries

Provision must be made, under the Commission's initiatives, for the coordination of national research programmes; aid for joint biological, technological and economic research programmes on fisheries and aquaculture and on the processing of the products of this sector; and Community participation in research programmes drawn up by international bodies.

Other sectors

The Community's research policy, set out for the period 1984-87 in the outline programme submitted by the Commission to the Council, provides for a number of measures and initiatives which can play an important role in the development of the Mediterranean regions to which priority is given. These include research designed to refine and develop biotechnology and information technologies to promote industrial competitiveness, the use of new technologies (such as remote sensing) and research measures covering land use planning, pollution, conservation of resources and renewable sources of energy.

Of the research projects to be carried out under the programme in conjunction with the above measures, special mention should be made of that concerning the environment. This will be concentrated on the management and use of limited water resources.

VIII.c. Commission initiatives

These measures will cover the various research studies specified in this integrated programme and will embrace:

- preparatory studies and measures for development projects (in particular, feasibility studies and technical projects; sectoral analyses and market surveys; reports by experts; environmental impact assessment of economic activities); a study defining the biotopes of Community importance to be preserved;
- pilot experiments in the different fields covered by the integrated programme;
- investigations and studies for appraising development projects.

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u> ²
AGRICULTURE			481	
<u>Physical improvements</u>				
Reparcelling	-	50%	28	New measure
Irrigation	50%	50%	176	Broadening the geographical coverage
Land improvement	-	50%	32	New measure
<u>Socio-structural directives</u>				
Cessation of farming	25%	50%	25	Increase in premium and rate of Community contribution; measure to assist young farmers
Compensatory allowance	25%	50%	49	Increase in the levels of Community contribution
<u>Specific measures in inland areas</u>				Measure to assist young farmers
Livestock farming	-	50%	27	Extension of the measure to other products
Crops	-	50%	20	New measure

¹ The total amount of these costs in 1982 and their breakdown are approximate figures.

² Measures described as "broadening the geographical coverage", "extension" measures, "increasing the level of assistance" and "extending the duration of planned measures" relate to existing measures.

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
<u>Specific measures in lowland areas</u>				
Fodder and protein crops	-	50%	25	New measure
Irrigated crops	-	50%	16	New measure
Unirrigated or partially irrigated crops	35-50% ¹ (wine-growing)	50%	83	New measure + Broadening the geographical coverage
FORESTRY	50%	50%	75	Supplementary measures
FISHERIES AND AQUACULTURE			60	
Port infrastructure ³ and facilities	40% (port infrastructure)	50%	6	Supplementary measures and increase in the level of assistance for infrastructure New measures for port facilities and protected marine zones
Aquaculture	25%	50%	36	New measures, reinforcing existing measures and increasing the level of assistance
Restructuring of the fleet	25%	50%	18	Idem

¹ 35% for works.

² 50% for premiums.

³ The data relating to port infrastructure involving a cost to the programme of 2 million ECU are given in the chapter on infrastructure.

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
<div data-bbox="100 287 425 375" style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>INCREASING THE MARKET VALUE OF PRODUCTS</p> </div> <p>Processing and marketing of agricultural and fishery products</p>	<p>35% 25% (fishery products)</p>	<p>45%</p>	<div data-bbox="1245 287 1306 347" style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 10px;">63</div> <p>60 (17 for fishery products)</p>	<p>Increasing the level of assistance. Measure limited to products covered by specific measures (including non-Annex II products).</p> <p>The IMP provides for finance at the proposed rate, as far as possible on top of the financing under Regulation (EEC) No 355/77</p>
<p>Support for producer groups</p>	<p>25%</p>	<p>50%</p>	<p>3</p>	<p>Increase in levels Extension to products covered by the programmes</p>

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>	
NON-AGRICULTURAL SECTOR			336		
<u>SMEs and craft industries</u>					
Sectoral analyses, information seminars	70% 70%	70% 70%		Broadening the geographical coverage	
Productive investment	50% (public expenditure) max. 30% (investment)	50% (public expenditure where public aid is higher than under the existing aid scheme)	261	Supplementary aid and broadening the geographical coverage	
Advisory activities, joint services, gathering and dissemination of information on innovation	degressive rate (average = 55%)	degressive rate (average = 55%)			Broadening the geographical coverage
Implementation of innovation	70% (cost of studies)	70% (cost of studies)			Broadening the geographical coverage
Risk capital	70%	70%			Broadening the geographical coverage
Business advisory services	-	50%		New measure	
Mediterranean third-country markets	-	50% (public expenditure)		New measure	

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
<u>Rural tourism</u>				
Investment in accommodation	50% (public expenditure)	50% (public expenditure)	} 38.5	Broadening the geographical coverage
Tourist promotion	degressive rate (average=55%)	degressive rate (average=55%)		Broadening the geographical coverage
Transport undertakings	50% (public expenditure)	50% (public expenditure)		Broadening the geographical coverage
<u>Renewable sources of energy</u>	(measures applied in the inland areas of the Mezzogiorno)			
Installations and work	30% (investment)	30% (investment)	} 36.5	Broadening the geographical coverage
Dissemination of information and studies	50% (public expenditure)	50% (public expenditure)		Broadening the geographical coverage
Basic technical instruction	70%	70%		Broadening the geographical coverage
Heating by solar panels	-	50% (public expenditure) max. 30% (investment)		New measure
INFRASTRUCTURE			50	
General infrastructure	40% of public expenditure under ERDF quota section and 50% under non-quota section	50%	25 (including 2 for fisheries and aquaculture)	Increasing the level of assistance
Agricultural infrastructure in inland areas	40%	50%	25	Supplementary measures

<u>Measure</u>	<u>Present level of assistance</u>	<u>Level of assistance proposed in the programme</u>	<u>Cost to the programme (million ECU)</u>	<u>Type of measure</u>
BACK-UP MEASURES			70	
<u>Advisory services, training and technical assistance</u>				
Agricultural advisory services - research - back-up	-	50%	40	New measure
Technical assistance, particularly for fisheries	-	50%	3	New measure
Training and labour market	50%	50%	58	Supplementary measure
RESEARCH				
Fisheries	-	50%	1	New measure
Agriculture and other sectors	50%	50%	8	Supplementary measure
Total IMP. cost			1 135	

A N N E X V

RATES OF COMMUNITY REFUND

Interdepartmental Working Party

Integrated Mediterranean Programmes

Comparison of the rates of Community refund used in
present policies and those to be used for the
corresponding integrated programme measures

AGRICULTURE

Area of aid in IMPs	Corresponding structural policy measure	Rates of Community refund					
		Greece		Italy (Mezzogiorno)		France (3 regions)*	
		IMP	Struct. pol.	IMP	Struct. pol.	IMP	Struct. pol.
PUBLIC (INVESTMENT AID)							
Reparcelling	—	75	—	65	—	50	—
Infrastructure	Reg. 1760/78 (I, FR) Reg. 1975/82 (GR)	75	40	65	40	50	40
Irrigation	Reg. 1362/78 (I) Dir. 79/173 (FR) Reg. 1975/82 (GR)	75	50	—	50	50	50
Agricultural advisory services	Reg. 270/79 (I)	75	—	65	50	50	—
SOCIO-ECONOMIC AREA - INCOME SUPPORT							
Cessation of farming	Dir. 72/160 (GR, I, FR)	75	25	65	65	50	25
Compensatory allowance	Dir. 75/268 (GR, I, FR)	75	50	65	50	50	25

Rates differentiated according to Member State.

* For France: Provence-Côte d'Azur, Languedoc-Roussillon, Corsica.

Area of aid in DMPs	Corresponding structural policy measure	Rates of Community refund					
		Greece		Italy (Mezzogiorno)		France (3 regions)	
		IMP	Struct. pol	IMP	Struct. pol	IMP	Struct. pol

SECTORAL RESTRUCTURING MEASURES AND PRODUCT REORIENTATION MEASURES

<u>Inland areas</u>							
Livestock farming + land improvement	Reg. 1944/81 (I) Reg. 1975/82 (GR)	50	50	50	40	50	-
Other products		50	-	50	-	50	-
<u>Lowland areas</u>							
Livestock farming	Reg. 1944/81 (I)	50	-	50	40	50	-
Wine growing	Reg. 458/80 (GR, I, FR) Dir. 78/627 (FR)	50	30	50	30	50	30 35% works 50% conversion premium
Other crop products		50	-	50	-	50	-

Assistance for the formation of producer groups	Reg. 1360/78 (I, GR, FR)	50	25	50	25	50	25
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Area of aid in IMPs	Corresponding structural policy measure	Rates of Community refund					
		Greece		Italy (Mezzogiorno)		France (3 regions)	
		IMP	Struct. pol	IMP	Struct. pol	IMP	Struct. pol
Forestry	Reg. 269/79 (FR,I) Reg. 1975/82(GR)	50	50	50	50	50	50

INCREASING THE MARKET VALUE OF PRODUCTS							
Processing and marketing	Reg. 1361/78	60	50	60	50	45	35

Area of aid in IMPS	Corresponding structural policy measure	Rates of Community refund					
		IMP	Greece Struct. pol.	Italy (Mezzogiorno) IMP	Struct. pol.	France (3 regions) IMP	Struct. pol.
FISHERIES							
Processing and marketing	Regulations 355/77- 1361/78	60	50	60	50	50	25-35
Restructuring of fishing and aquaculture	Regulation 31/83	50	35-40	50	35-40	50	25
Aquaculture pilot projects		60		60		60	
Non-productive investments		75		65		50	

**TRAINING AND
LABOUR MARKET**

Rate of Community refund - % of total public expenditure

Public sector	55	55	50
Private sector	75	65	50

Aid levels for the principal measures relating to SME and craft industries, rural tourism, renewable sources of energy and infrastructure

INFRASTRUCTURE

- France
- Italy
- Greece

Present ERDF levels	Level proposed in IMP
a maximum of 40% of public expenditure in the ERDF quota section 50% of public expenditure in the non-quota section	50% 65% 75%
ERDF non-quota measures	
<u>SME and craft industries</u>	
<ul style="list-style-type: none"> - sectoral analyses - productive investment 	70% of their cost 50% of public expenditure but not exceeding 30% of cost of investment } same level
<ul style="list-style-type: none"> - advisory activities (management, organization) - services common to several enterprises - gathering and dissemination of innovation information - implementation of innovation - new services - relocation of activities (Greece) 	} degressive aid 70% of first year's expenditure but not exceeding 55% of expenditure over a three year period } 70% of cost of feasibility studies } same level as advisory activities 50% of public expenditure
<u>Rural tourism</u>	
<ul style="list-style-type: none"> - studies - investment in accommodation 	70% of their costs same level
<ul style="list-style-type: none"> - tourist services - architectural heritage 	same rate as advisory activities same level 50% of public expenditure
<u>Renewable sources of energy</u>	
<ul style="list-style-type: none"> - investments 	50% of public expenditure for public investment other cases, 30% of cost of investment same level
<ul style="list-style-type: none"> - dissemination of information and demonstration 	70% of organizations' operating costs same level

A N N E X E VI

COMMUNITY GRANTS AND LOANS TO THE MEDITERRANEAN REGIONS

Community grants and loans to the Mediterranean regions: 1982

TABLE 1

Community aid per inhabitant

ECU per inhabitant, 1982

Region	EAGGF Guidance Section	ERDF	ESF ²	ECSC Grants	Energy	EMS and earth-quake interest subsidies	Total grants	EIB	NCI	ECSC	Euratom	Total Loans
<u>ITALY</u>												
Mezzogiorno (21 m inhab.)	7,7	29,5	13,4	-	0,1	4,1	54,7	48,3	7,7	0,9	-	57,0
Central Italy (10 m inhab.)	1,4	-	1,8	0,3	0,1	-	3,5	7,7	-	2,6	2,8	13,1
Liguria (1.8 m inhab.)	0,3	-	7,2	-	0,4	-	7,9	-	-	-	-	-
<u>GREECE</u>												
Whole country (9.5m inhab.)	1,7	23,6	6,4	-	0,2	-	31,8	35,1	13,1	1,2	-	49,4
<u>FRANCE</u>												
Mediterranean (5.9 m inhab.)	6,0	6,7	(0,1)	-	0,1	-	12,9	17,9	-	-	-	17,9
Midi-Pyrénées + Aquitaine (4.8 m inhab.)	3,5	9,5	:	-	0,1	-	13,1	1,2	-	-	-	1,2

¹ EAGGF Guidance Section: direct measures, plus Directives 627/78 and 173/79.

² Only part of the ESF can be calculated on a regional basis; data are available, however, for the whole Mezzogiorno and for Greece.

TABLE 2

Community grants and loans to the Mediterranean regions: Italian regions 1982

million ECU

	EAGGF Guidance Section	ERDF	ESF ²	ECSC	Energy	EMS Interest subsidies	Total Grants	EIB ³	NCI ³	ECSC Loans ⁴	Euratom	Total Loans
Abruzzi	22,1	28,2	10,6	-	-	5,2	66,1	31,0	-	-	-	31,0
Basilicata	25,9	10,2	4,5	-	0,9	-	41,5	25,7	-	-	-	25,7
Calabria	15,6	65,9	15,3	-	-	12,2	109,0	75,5	-	-	-	75,5
Campania	8,7	298,3	38,0	-	0,1	-	345,1	51,4	-	19,2	-	70,6
Molise	3,2	7,7	3,9	-	-	-	14,8	-	-	-	-	-
Puglia	12,8	53,4	31,6	-	-	30,0	127,8	109,4	37,8	-	-	147,2
Sardinia	37,0	32,2	17,1	-	0,1	5,1	91,5	45,3	-	-	-	45,3
Sicily	7,9	67,4	15,7	-	0,6	29,7	121,3	172,7	37,8	-	-	210,5
Lazio (Mezzogiorno)	9,4	14,2	6,7	-	-	-	30,3	-	-	-	-	-
Marche (Mezzogiorno)	5,8	5,7	1,7	-	-	-	13,2	-	-	-	-	-
Mezzogiorno (not elsewhere included)	12,6	37,2	135,8	-	-	3,0(4)	188,6	504,3	86,8	-	-	591,1
TOTAL: MEZZOGIORNO	161,0	620,5	280,9	-	1,7	85,2	1 149,2	1 015,3	162,4	19,2	-	1 196,9
Lazio (non- Mezzogiorno)	0,6	-	4,1	3,0	0,5	-	8,2	4,4	-	-	28,0	32,4
Marche (non- Mezzogiorno)	1,2	-	6,2	-	-	-	7,4	49,1	-	22,3	-	71,4
Tuscany	7,8	-	4,6	-	0,1	-	12,5	23,4	-	3,7	-	27,1
Umbria	4,4	-	2,6	-	-	-	7,0	-	-	-	-	-
TOTAL: LAZIO + CENTRE	14,0	-	17,5	3,0	0,6	-	35,1	76,9	-	26,0	28,0	130,9
Liguria	0,5	-	13,0	-	0,8	-	14,3	-	-	-	-	-

¹ EAGGF, Guidance Section: direct measures only.

² Only part of the ESF can be calculated on a regional basis; data are available, however, for the whole Mezzogiorno

³ Including 115.8 million ECU in "special loans - earthquake" (86.8 million ECU under the NCI; 29.0 million ECU from the EIB).

⁴ Earthquake interest subsidies.

TABLE 3

Community grants and loans to the Mediterranean regions: GREEK REGIONS 1982

million ECU

	EAGGF Guidance Section	ERDF	ESF	ECSC grants	Energy	Total grants	EIB	NCI	ECSC	Euratom	Total Loans
Eastern Greece and Islands	0,3	20,8	:	-	1,5	22,6	35,5	-	-	-	35,5
Central and Western Macedonia	0,7	26,2	:	-	-	26,9	10,5	-	-	-	10,5
Peloponnese and Western Greece	3,1	44,4	:	-	-	47,5	62,1	-	-	-	62,1
Thessaly	0,0	25,2	:	-	-	25,3	4,8	-	-	-	4,8
Eastern Macedonia	0,3	19,1	0,1	-	-	19,5	-	-	-	-	-
Crete	0,5	26,1	:	-	-	26,6	-	-	-	-	-
Epirus	0,6	12,9	:	-	-	13,5	18,7	-	-	-	18,7
Thrace	0,1	18,3	:	-	-	18,4	-	-	-	-	-
Eastern Aegean Islands	0,2	18,3	:	-	-	18,5	-	-	-	-	-
Multiregional	10,1	13,2	60,3	-	-	83,6	202	124,9	11,0	-	337,9
TOTAL GREECE	15,9	224,6	60,4	-	1,5	302,4	333,6	124,9	11,0	-	469,5

¹ Excluding 14.5 million ECU for indirect measures.

Community grants and loans to the Mediterranean regions: FRENCH REGIONS 1982

TABLE 4

million ECU

	EAGGF Guidance Section ¹	ERDF	ESF ²	ECSC grants	Energy	Total grants	EIB	NCI	ECSC loans	Euratom	Total loans
Corsica	8,6	29,9	0,3	-	-	38,8	-	-	-	-	-
Provence-Alpes- Côte d'Azur	2,2	-	-	-	0,7	3,0	102,9	-	-	-	102,9
Languedoc-Roussillon	24,5	9,3	0,2	-	-	34,0	2,6	-	-	-	2,6
Sub-total Mediterranean	35,3	39,2	0,5	-	0,7	75,8	105,5	-	-	-	105,5
Aquitaine	8,0	11,6	-	-	0,6	20,3	-	-	-	-	-
Midi-Pyrénées	8,8	33,7	0,2	-	-	42,7	5,6	-	-	-	5,6
Sub-total	16,8	45,3	0,2	-	0,6	63,0	5,6	-	-	-	5,6
TOTAL	52,1	84,5	0,7	-	1,3	138,8	111,1	-	-	-	111,1

¹EAGGF Guidance Section: direct measures only, and Directives 627/78 and 173/79.

²ESF data cannot be calculated on a regional basis in France.

TABLE 5

Community grants and loans to the Mediterranean regions: from the launching of the instruments to end 1982
(cumulative figures)

	EAGGF Guidance Section	ERDF	ESF ²	ECSC ³ grants	Energy	EMS and earth- quake Interest Subsidies	Textiles Art. 375	Total grants	EIB ⁴	NCI ⁴	ECSC Loans	Euratom	Total Loans
Abruzzi	76	136	30	-	1	12	-	255	452	-	2	-	454
Basilicata	58	55	16	-	1	3	4	137	113	-	-	-	113
Calabria	59	262	37	-	-	23	-	381	344	8	-	-	352
Campania	41	783	87	-	1	11	3	926	763	16	74	-	853
Molise	21	36	7	-	-	5	-	70	130	-	-	-	130
Puglia	122	228	72	-	2	111	-	535	1 194	90	376	-	1 660
Sardinia	87	199	64	-	2	25	2	380	547	40	15	-	602
Sicily	80	484	73	-	8	77	-	721	927	51	11	-	989
Lazio	89	124	36	8	4	29	1	290	449	-	-	62	511
Marche	48	49	25	-	-	-	-	122	115	-	33	-	148
Tuscany	73	3	31	-	1	2	-	110	102	11	152	-	265
Mezzogiorno (not elsewhere included)	47	356	584	-	2	72	-	1 061	1 359	450	-	-	1 809
Umbria	37	-	8	-	-	-	-	45	20	-	62	-	82
Liguria	13	-	49	5	1	-	-	67	61	-	211	-	272
Total - Italian regions	851	2 716	1 119	13	23	370	10	5 100	6 576	666	936	62	8 240
Corsica	14	45	3	-	-	-	-	62	1	-	-	-	1
Languedoc-Roussillon	125	60	:	-	-	-	-	185	23	-	5	-	28
Provence-Alpes-Cote d'Azur	50	2	:	-	3	-	-	55	323	-	172	-	495
Midi-Pyrénées	47	98	9	-	-	-	-	154	86	-	2	-	88
Aquitaine	34	71	2	-	1	-	-	107	111	-	2	-	113
Total - French regions	270	276	14	-	3	-	-	563	544	-	181	-	725
Total - Greek regions	33	475	90	-	2	-	-	600	493	125	11	-	629

¹Direct measures only.

²ESF data can be calculated only partially on a regional basis; data are available, however, for the whole Mezzogiorno from 1978 onwards and for Greece from 1981.

³ECSC grants for redeployment and research

⁴Including 443.8 million ECU in "special loans - earthquake" (383 million ECU under the NCI; 60.8 million ECU from the EIB).

TABLE 6

Community grants and loans by Member States: cumulative commitments 1973-82

	million ECU												
	EAGGF Guidance Section	ESF	ERDF	ECSC grants ¹	Energy ²	EMS interest subsidies ³	Textiles Art. 375	Total grants	EIB	NCI	ECSC	Euratom	Total loans
I	1 020,2	1 987,5	2 807,1	19,7	53,7	527,5	11,6	6 427,3	7 380,2	1 120,5	1 222,2	131,5	9 854,4
UK ³	543,3	1 658,2	1 733,3	404,9	54,5	-	-	4 394,2	4 030,0	139,2	2 430,5	-	6 599,7
IRL	322,7	523,0	455,4	0,3	9,9	272,5	-	1 583,8	1 600,7	228,8	28,9	-	1 858,4
GR	48,0	91,0	474,8	-	3,2	-	-	617,0	492,8	124,9	11,0	-	628,7
D	856,8	627,1	386,5	180,8	38,2	-	-	2 089,4	579,7	-	1 676,8	77,1	2 333,6
F	929,5	1 186,4	1 168,2	152,6	55,2	-	1,9	3 493,8	2 388,4	77,9	1 413,9	544,0	4 424,2
NL	200,2	135,2	98,7	4,0	8,0	-	-	446,1	61,6	-	161,0	-	222,6
B	150,6	147,4	72,1	47,8	4,1	-	0,5	422,5	561,3	-	170,9	424,0	1 156,2
L	10,4	3,3	7,1	7,6	0,1	-	-	28,5	-	-	203,2	34,4	237,6
DK	141,6	153,7	84,2	-	3,8	-	-	383,3	640,7	114,1	55,0	-	809,8
EUR 10	4 223,3	6 512,8	7 287,4	817,7	263,9	800,0	14,0	19 919,1	17 735,4	1 805,4	7 373,4	1 211,0	28 125,2

¹ Grants for redeployment, social measures in the steel industry and coking coal only

² This relates to specific measures in the energy sector (1979-82); an amount of 33.2 million ECU could not be broken down by country

³ Excluding supplementary measures for the United Kingdom (amounting to 3 241.5 million ECU).