

EUROPEAN PARLIAMENT

Working Documents

1973-1974

10 October 1973

DOCUMENT 178/73

Report

drawn up on behalf of the Committee on Regional Policy and Transport

on the proposals from the Commission of the European Communities to the Council (doc. 152/73) for

- I. a decision on the creation of a Committee for Regional Policy
- II. a financial regulation to special provisions to be applied to the European Regional Development Fund
- III. a regulation establishing a Regional Development Fund

Rapporteur: Mr Fernand L. DELMOTTE

PE 34.060/final

By letter of 9 August 1973, the President of the Council of the European Communities, exercising his facultative powers in the case of the first two texts and pursuant to Article 235 of the EEC Treaty in the case of the third, consulted the European Parliament on the proposals from the Commission of the European Communities to the Council for:

- I. a decision on the creation of a Committee for Regional Policy,
- II. a financial regulation relating to special provisions to be applied to the European Regional Development Fund,
- III. a regulation establishing a Regional Development Fund.

On 18 September 1973 the European Parliament referred these proposals to the Committee on Regional Policy and Transport, as the committee responsible, and to the Committees on Agriculture, Social Affairs and Employment, Budgets, and Economic and Monetary Affairs.

The committee had already appointed Mr Delmotte rapporteur on 11 April 1973. It considered these proposals at its meetings of 11 and 26 September 1973.

At its meeting of 26 September 1973 the committee adopted the motion for a resolution and the accompanying explanatory statement unanimously with two abstentions.

The following were present: Mr Hill, chairman; Mr Seefeld, vice-chairman; Mr Delmotte, rapporteur; Mr Gerlach, Mr Harmegnies (deputizing for Mr Eisma), Mr Herbert, Mr Johnston, Mr Mitterdorfer, Mr Noé, Mr Petre, Mr Pounder, Mr Radoux, Lord Reay, Mr Schwabe and Mr Starke.

The opinions of the Committee on Agriculture, prepared by Mr Baas, the Committee on Social Affairs and Employment, prepared by Lady Elles, the Committee on Budgets, prepared by Mr Nolan, and the Committee on Economic and Monetary Affairs, prepared by Mr Mitterdorfer, will be published separately or delivered orally in plenary session.

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	13
INTRODUCTION	13
I. <u>Importance of infrastructures</u>	14
II. <u>Concentration of aid</u>	19
III. <u>Planning, financing and control</u>	21
CONCLUSION	23

The Committee on Regional Policy and Transport hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for:

- I. a decision on the creation of a Committee for Regional Policy
- II. a financial regulation relating to special provisions to be applied to the European Regional Development Fund
- III. a regulation establishing a Regional Development Fund

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council (COM (73) 1171 final, 1170 final, 1218 final),
 - having been consulted by the Council, in an instance where such consultation was not compulsory, on the first two proposals, and obligatorily on the third, pursuant to Article 235 of the EEC Treaty (Doc. 152/73),
 - referring to its previous resolution of 5 July 1973,¹
 - having regard to the interim report (Doc. 120/73) and the report (Doc. 178/73) of the Committee on Regional Policy and Transport,
1. Congratulates the Commission on having presented formal proposals in time for the Council to take a decision before the end of the year;
 2. Now urges the Council to adopt these proposals as soon as possible so that the Fund can be established by the date fixed by the Paris Summit Conference, i.e. before 31 December 1973;

¹ OJ No. C 62, 31 July 1973, p.33

3. Recalls that it has already criticized the essentially economic concept of the Commission¹, and believes that the latter should take greater account of social and human factors in its practical proposals as the deficiencies are not only economic but involve above all education and occupational training;
4. Regrets that the Commission has not changed its restrictive approach since it maintains that aid should only be granted for infrastructures connected with economic development;
5. Considers that specific regional policy instruments should be given the widest possible application having regard to the overall nature of regional development;
6. Stresses once again the need for aid to be granted from the Fund, in close cooperation with the other Community instruments, for infrastructures in particular education, occupational and social training, whose high cost and lack of immediate return represent a heavy burden;
7. Considers on the other hand that action must be taken to counter the habitual tendency to apply aid too narrowly, thus causing geographical dispersion of resources, by channelling it into comprehensive measures in regions where imbalances cannot be remedied by the national intervention capacity.
8. Believes that European solidarity should be reflected in the strengthening of such regions and that the regional concentration of aid will be the test of this universally advocated solidarity;
9. Draws attention to the fact that this need to concentrate limited resources on a specific region and to call upon the Community's sense of common purpose requires the implementation of regional development programmes;
10. Considers that these regional programmes should be worked out and implemented with the active participation of local and regional authorities and the social partners concerned;
11. Invites the Commission to adopt the following modifications pursuant to Article 149 of the Treaty establishing the EEC;
12. Invites the committee responsible to keep these problems under review and to report on them to the European Parliament if necessary;
13. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

¹Resolution of 5 July 1973, point 7.

I.

Draft decision by the Council on the
creation of a committee for regional policy¹

preamble, recitals
and Articles 1 to 4 unchanged

Article 5

The Committee may, in accordance with
the provisions of its rules of
procedure, take evidence from
interested parties from the regions
and from trade union and business
organisations.

Article 5

The Committee shall in accordance
with the provisions of its rules
of procedure, take evidence from
interested parties from the
regions and from trade union and
business organisations when a
regional problem concerns them.

II.

Proposed financial regulation relating
to special provisions to be applied to
the European Regional Development Fund²

unchanged

For complete text see :

¹ COM (73) 1171 final

² COM (73) 1218 final

III.

Proposal for a Council Regulation
establishing a European Regional
Development Fund¹

Preamble and first four recitals unchanged

5. Whereas regional development requires	5. Whereas regional development
on the one hand investment in	requires on the one hand investment
industrial and service activities,	in industrial and service activities,
so as to ensure the creation or	so as to ensure the creation or
maintenance of employment, and on	maintenance of employment, and on
the other hand infrastructures	the other hand infrastructures
required for the development of	<u>connected or otherwise with</u> the
these activities;	development of these activities;

Recitals 6 to 10 and Articles
1 and 2 unchanged

¹ For complete text see:
COM (73) 1170 final

Article 3

1. On a proposal from the Commission and after consulting the European Parliament, and without prejudice to the application of Articles 92 to 94 of the Treaty, the Council shall, acting unanimously, adopt the list of the regions and areas which may benefit from the Fund, and shall, acting by a qualified majority, amend this list as need arises.

2. These regions and areas must be chosen from among those which benefit from a system of regional aids and whose gross domestic product per head is below the Community average. They shall include particularly those with regional imbalances resulting from the preponderance of agriculture and from industrial change and structural underemployment, taking in particular the following criteria into consideration:

- (a) heavy dependence on agricultural employment;
- (b) heavy dependence on employment in declining industrial activities;
- (c) a persistently high rate of unemployment or a high rate of net outward migration.

Article 3

1. Unchanged

2. Unchanged

3. The Fund may intervene only when the national intervention capacity is not sufficient to correct the imbalance.

Article 4

1. The Fund may contribute to financing:
- (a) investments, in industrial or service activities, which benefit from a national system of regional aids, provided that the amount of the investment exceeds fifty thousand units of account and that it involves creating or maintaining jobs;
 - (b) infrastructure investments, required for the development of industrial or service activities, and totally or partially financed by public authorities.

2. The amount of the Fund's contribution shall be:

- (a) in respect of an investment of the kind referred to in paragraph 1 (a), at most fifteen per cent of the cost of the investment. The amount shall, however, not exceed fifty per cent of the aid accorded to the investment by public authorities under a national system of regional aids. The national aids to be taken into consideration in this connection shall be interest rebates, and grants determined either as a percentage of the investment or according to the number of jobs created;

Article 4

1. The Fund may contribute to financing:
- (a) Unchanged
 - (b) Infrastructure investments in the broad sense.

2. The amount of the Fund's contribution shall be:

- (a) Unchanged

(b) in respect of an investment of the kind referred to in paragraph 1 (b), at most thirty per cent of the expenditure incurred by public authorities.

(b) in respect of an investment of the kind referred to in paragraph 1 (b), at most fifty per cent of the total expenditure incurred by public authorities for a given development programme;

3. The Fund's assistance may, in respect of infrastructure, take in whole or in part the form of a rebate of three percentage points on loans made by the European Investment Bank pursuant to Article 130(a) and (b) of the Treaty.

3. Unchanged

4. The above provisions shall not prejudice the application of Articles 92 to 94 of the Treaty.

4. Unchanged

Article 5

Article 5

1. The Fund's assistance shall be decided by the Commission in accordance with the procedure laid down in Article 13, with reference to the relative severity of the economic imbalance of the region where the investment is made and its direct and indirect effect on employment, and taking account of the following considerations:

1. Unchanged

(a) the consistency of the investment with the development programmes and to objectives referred to in Article 6;

(a) Unchanged

(b) the investment's contribution to the economic development of the region;

(b) the investment's direct or indirect contribution to the economic development of the region;

-
- (c) the consistency of the investment with the Community's programmes or objectives, particularly those adopted as part of sectoral policies; (c) Unchanged
- (d) the investment's effect on the environment, particularly as regards living and working conditions; (d) Unchanged
- (e) the trans-national character of the investment, that is, the fact that it comes from another Member State; (e) Unchanged
- (f) the trans-border character of the investment, that is, concerning adjacent regions in different Member States. (f) Unchanged
2. In the examination of each request, account shall also be taken of other assistance provided by the Community institutions or by the European Investment Bank pursuant to Article 130(a) and (b) of the Treaty. 2. Unchanged
3. In respect of infrastructure costing more than twenty million units of account, the Commission shall, before obtaining the opinion of the Fund Committee referred to in Article 13, consult the Committee for Regional Policy. 3. Unchanged

Articles 6 to 19 unchanged

EXPLANATORY STATEMENTINTRODUCTION

1. The implementation of a Community regional policy is one of the priority objectives which the Heads of State or Government, meeting in Paris in October 1972, set for the Community.

With a view to achieving this objective, they assigned to the Commission three tasks:

- drawing up a report analysing the regional problems faced and submitting appropriate proposals for dealing with them;
- coordinating national regional policies with Member States;
- creating a Regional Development Fund to be set up before 31 December 1973.

2. In pursuance of the declaration by the Heads of State or Government at the Paris Summit Conference, the Commission submitted to the Council on 4 May 1973 a 'report on regional problems in the enlarged Community'¹.

The Council forwarded this report to the European Parliament for information on 16 May 1973 (Doc. 70/73).

The European Parliament considered this report at its July 1973 part-session when it adopted an interim report submitted on behalf of the Committee on Regional Policy and Transport by Mr F. L. DELMOTTE on 'the Community's Regional Policy' (Doc. 120/73).

3. The Commission's report on 'regional problems in the enlarged Community' did not contain the formal proposals asked for in the communiqué issued at the end of the Summit Conference; it merely indicated guidelines to serve as a framework for these proposals.

The Commission accordingly submitted to the Council, on 27 July 1973, formal proposals² on the two measures laid down at the Paris Summit Conference for a Community regional policy (one of which had a precise timetable):

- the establishment of a Regional Development Fund before 31 December 1973;
- coordination of national regional policies.

¹ COM(73) 550 final of 3 May 1973.

² - Proposal for a Council regulation establishing a European Regional Development Fund (COM(73) 1170 final);
 - draft Council decision on the creation of a Committee for Regional Policy (COM(73) 1171 final);
 - proposal for a financial regulation relating to special provisions to be applied to the European Development Fund (COM(73) 1218 final).

The Council submitted these proposals to the European Parliament on 9 August 1973 (Doc. 152/73).

4. In view of the urgency of the matter - the Council must observe the timetable laid down by the Paris Summit Conference for the adoption of these provisions - the Committee on Regional Policy and Transport has confined itself to an interim report on the most important of these proposals.

As regards the analysis of the principles and the concept of regional development serving as a basis for the implementation of a Community policy, the Committee on Regional Policy and Transport would refer to its abovementioned interim report on 'the Community's regional policy' (Doc. 130/73), which was unanimously adopted on 26 June 1973.

5. The Committee on Regional Policy and Transport approved the creation of these two instruments of Community regional policy. The committee's discussions of the proposed regulations concerning the establishment of a European Regional Development Fund and of the draft decision on the creation of a Committee for Regional Policy¹ also revealed how much importance Members of Parliament attached to the financing of infrastructures, the concentration of aid and development planning in consultation with interested parties.

I. IMPORTANCE OF INFRASTRUCTURES

6. In its resolution of 5 July 1973, on 'the Community's regional policy', the European Parliament, considering the Commission's report on 'regional problems in the enlarged Community'², indicated its belief:

'... that the Commission's concept, which is essentially economic, must be widened to reflect a broader view of development taking account of the human factor since education and vocational training are necessary as well as economic action'³.

7. In the attached explanatory statement the rapporteur recalled that the failure of many regional policies stemmed from the fact that it was not enough to direct economic activity towards human 'potentialities'; individuals must also be prepared (cultural and educational infrastructures) to agree to take part in the economic development and to be capable (vocational training infrastructures) of such participation and allowed to cooperate in this way.

The rapporteur considered that some areas suffered from a lack of these infrastructures and that this situation was a serious restraint on development.

¹ Doc. 152/73

² COM(73) 550 final

³ Point 7 of the Resolution

Unless this was taken into account, unlimited sums could be put at the disposal of the Fund without the desired development taking place or having lasting effects.

8. The rapporteur considered that the Commission's conception of regional development, which was too economic, should be contrasted with a comprehensive view of regional development (social and cultural).

If self-sustaining growth is really to be achieved, this point must be emphasized and wider scope given to the new specific instruments of regional policy, bearing in mind the comprehensive nature of the development, even though there are other Community means of intervention with specific roles (Social Fund, aid from the ECSC, EAGGF, EIB...).

9. Commenting in a memorandum¹ on the Commission's report on 'regional problems in the enlarged Community', the International Union of Local Authorities also emphasized² the need to move away from the Commission's narrow interpretation of infrastructures (only infrastructures directly connected with production).

The Union recalled that, as experience showed, social and cultural infrastructures were just as necessary to development in modern society as roads, water and energy.

In its conclusion, the memorandum stressed the need for the Commission to avoid this narrow approach in its future practical proposals.

10. However, the Commission persisted in its narrow interpretation in the proposals under consideration.

The Explanatory Statement to the proposal for a regulation establishing a European Regional Development Fund states that aid must go to infrastructures directly connected with economic development³.

The fifth recital emphasizes the same point:

'.....Whereas regional development requires on the one hand investment in industrial and service activities, so as to ensure the creation or maintenance of employment, and on the other hand infrastructure required for the development of these activities'.

¹ Memorandum on regional development in the European Community IULA Document No. 1789 of 14.6.1973.

² Point 19.

³ Page 2, point (i), line 7

This attitude has some bearing on the wording of Article 4, paragraph 1 (b), Article 4, paragraph 2 (b), and Article 5, paragraph 1 (b).

11. The rapporteur and a majority of the members of the Committee on Regional Policy and Transport consider that Community aid should be applicable to all infrastructures without restriction and above all to social and cultural infrastructures.

12. The creation of infrastructures directly connected with economic development is generally within the capabilities of the States (the construction of motorways, link roads, sections of railway, or even the deepening and widening of canals or the creation of industrial ports, etc.).

There is no question of providing substitutes for national action to create these infrastructures and States should not be allowed to economize on their own budgets through the amounts received from the Fund¹.

On the other hand, the creation of social and cultural infrastructures does fall within the sphere of Community intervention in view of the high cost, the initial lack of productivity and the intensity and duration of the operations involved in changing the attitudes of the population concerned.

13. Moreover, there is a certain danger in placing such emphasis on industrialization and the provision of infrastructures directly connected with economic development. In certain particularly depressed regions a policy of industrialization devoid of any attempt at improving attitudes or education could lead to the creation of an industrial strongpoint, sometimes at the expense of even greater depression in the zone concerned.

¹ Cf. the abovementioned report on the Community's regional policy; point 4 of the resolution and point 27, paragraph 2 of the Explanatory Statement.

In such cases, the entire existence of the region becomes dependent on a single strongpoint. If this strongpoint fails, the region is left in a state of poverty even more serious than before.

14. The industrialist sees financial and infrastructural aid as component parts of a whole, whose adequacy or otherwise he judges in relation to the project which he is studying. In this assessment, part of the financial aid has to compensate for the extra costs resulting from the inadequacy of infrastructures (inappropriate attitudes on the part of the working population, accommodation subsidies for staff, job rotation in the case of young employees etc.). If infrastructures are inadequate, financial aid requirements are very high.

The danger in placing emphasis on direct aid for industrialization at the expense of infrastructures is that local authorities, as a result of their weakness or their lack of resources, may not be able to use the period of financial support to the enterprise concerned in order to carry through an adequate programme in respect of general infrastructures. This would result in a stabilization of industrial activity at a level falling a long way short of the expectations initially raised by the setting-up of the industry since the human resources necessary for the expansion or renewal of this industry would not be available on the spot.

15. The conclusion must be that the quality of infrastructures is at least as important as financial aid in promoting industry. All infrastructures are essential, not just those directly connected with economic development.

16. In view of this the Committee on Regional Policy and Transport proposes modifications to three points in the proposal for a Regulation establishing a European Regional Development Fund.

(a) Article 4 (1) lays down that the Fund may contribute to financing: '....(b) infrastructure investments required for the development of industrial or service activities and totally or partially financed by public authorities'.

To give it wider scope, this paragraph should be reworded as follows:

'.....(b) infrastructure investments in the broad sense'.

(b) Article 4 (2) stipulates that the amount of the Fund's contribution shall be:

'....(b) in respect of an investment of the kind referred to in paragraph 1 (b), at most 30% of the expenditure incurred by public authorities'.

Community aid for infrastructure investments should not be limited to a maximum of 30% of the expenditure incurred by public authorities when Community aid for investments in industrial or service activities may amount to as much as 50% of national expenditure. Such Community aid for infrastructures should be raised to at least the same level, i.e., 50% of national expenditure.

Moreover, since investments in infrastructures directly connected with economic development are limited and can therefore be financed by the State more easily than investments in infrastructures indirectly connected with such development, this Community contribution should relate, in respect of a given development programme in a given region, to infrastructure expenditure as a whole and not to each infrastructure investment provided for in this programme.

Article 4 (2,b) should therefore be worded as follows:

'.....(b) in respect of an investment of the kind referred to in paragraph 1 (b), at most 50 per cent of the total expenditure incurred by public authorities for a given development programme'.

(c) Article 5 (1) lists a number of factors to be taken into account in deciding on assistance from the Fund. One of these is:

'... (b) the investment's contribution to the economic development of the region'.

Once again, this contribution should be given a wider meaning. The following wording is therefore proposed:

'... (b) the investment's direct or indirect contribution to the economic development of the region.'

II. CONCENTRATION OF AID

17. This broad application of the European Development Fund may seem incompatible with the resources which the Commission proposes to put at its disposal, viz. 2,250,000 million u.a. over three years, representing the equivalent of four to five thousand miles of motorways.

But considering the fact that intervention by the Fund should apply to all activities in a particular region, resources should not be dispersed over too great an area.

Indeed a large fund with widely distributed resources would be less effective than a more modest Fund with resources concentrated on a few regions whose recovery is a serious and urgent matter.

The determination and demarcation of the regions which could benefit from the Fund are therefore factors which are closely related to the volume of the Fund.

18. The regional imbalances, some of them very serious, which exist in all the Member States of the Community, and any new imbalances which may appear as a result of industrial changes must be dispelled if progress is to be made towards Economic and Monetary Union. This explains why it is so important and so urgent for intervention by the Community to be successful.

The proposals from the Commission define criteria which take into account the seriousness of the imbalance, but they ignore one factor justifying Community aid - the inability of a country to finance, on its own, a programme which would effectively and rapidly remedy an imbalance which may obstruct the achievement of Economic and Monetary Union to the detriment of all the States.

In the report on Community regional policy mentioned above the rapporteur also stressed that Community aid should only be granted where national aid is insufficient to be effective. If Community aid is given where national aid is adequate this represents on the one hand a waste of Community resources and on the other an opportunity for the State concerned to save money.

19. The most representative example is that of Ireland which has practically no single region able to make up for the disadvantageous position of the others. Except for the coastal region which is the most highly industrialized, per capita revenue is the lowest in the Community. Moreover the growth rate of the GNP is particularly low, at about 4 per cent. Without Community aid the country will not be able to take on the Community tasks arising from Economic and Monetary Union.

In the case of Italy the North has for many years carried the excessive burden of aid for the South and this situation will also call for Community aid.

Finally other smaller regions suffer from underdevelopment or reconversion difficulties because national aid, whilst sufficient for certain sectors, is unable to embrace all the factors of socio-economic stagnation and organize and finance an overall recovery programme.

20. The aim of European solidarity should be to strengthen these regions¹.

But in view of the relative modesty of the resources available and the necessarily all-embracing character of regional policy, aid must be concentrated on the regions with the greatest problems and it will be for the Commission to propose priorities.

The concentration of aid on two or three priority regions will be the test of the universally advocated European solidarity. In view of the limited resources available, European intervention can only be carried out progressively and cannot aim to settle immediately all the fundamental economic disequilibria of all the Member States.

21. Moreover, in many needy regions the proper remedy at the present time is intervention under national policies with the aid of other Community facilities whose specific objectives have regional implications (the EIB, the European Social Fund, the EAGGF, aid under the ECSC Treaty, aid for hill regions). But these facilities do not on their own suffice to implement a coherent regional policy in a large region faced with particularly great difficulties.

22. Finally if Community regional policy is not to be incapable of dispelling the concentration of economic potential in certain favoured regions efforts must be made to counter the diminishing tendency to distribute aid over a wide area.

Europe must set an example in this field. The problem at the moment is not whether there are two or ten thousand million u.a. to spend. Two thousand million would perhaps achieve something substantial in one single country whereas ten thousand million divided between all the Member States would be ineffective.

This is the attitude which should guide our efforts to ensure the success of the first European regional economic experiment. The initial limitation to two or three large regions would be the start of a major European regional development project.

23. Article 3 of the Commission's proposals for a regulation establishing a European Regional Development Fund sets out the criteria for the list of regions qualifying for aid from the Fund.

¹ Cf. Report on Community Regional Policy, para. 27.

The second recital also states that Community intervention can only be progressive, as we mentioned in para. 20 above; 'The Fund should permit, progressively with the realization of Economic and Monetary Union, the correction of the main regional imbalances in the Community'

Elsewhere the explanatory statement repeats in part the idea we stressed in para. 18 above. Point 2(a) on Page 1 states that 'The purpose (of the Community's assistance) is to implement regional development policies faster than Member States could alone, taking account of the discipline which Economic and Monetary Union will impose on the use of their own resources'.

This concept of Community intervention when the imbalance is beyond the limits of national intervention does not appear among the criteria for the list of regions qualifying for aid from the Fund (Article 3). It is, however, an essential factor in order to avoid dispersion of aid.

Paragraph 1 lays down the procedure for establishing the list of regions which may benefit from the Fund.

Paragraph 2 establishes the quantitative criteria which regions must satisfy for inclusion in the list.

In order to lay down geographical limits for intervention by the Fund we must add a more qualitative paragraph 3:

- '3. The Fund may intervene only when the national intervention capacity is not sufficient to correct the imbalance'.

III. PLANNING, FINANCING AND CONTROL

24. The comprehensive view of regional development to which we subscribe necessarily involves geographical planning in human terms. It is within the framework of such planning that the economic vocation of each region must be sought, and regional development anticipated in order to bring it about¹.

Moreover, the need to concentrate the limited resources on a particular region and to call upon Community solidarity also requires the implementation of planning to ensure effective use of the available resources and to exercise control over the progress of the projects.

The overall organizational plan could be broken down into a number of plans for specific objectives within which industrial and infrastructural projects proposed for Community aid would be integrated with each other.

¹ Cf. Report on Community Regional Policy, Explanatory Statement, para. 20.

25. The Commission subscribes to the principle of regional planning.

Article 6 (1) states that:

'Investments may benefit from the Fund's assistance only if they form part of a regional development programme ...'

26. To be effective this regional planning must be backed by the active participation of local and regional authorities.

27. Moreover, it must be remembered that the aim of the Community is not to create a European super state, but to move towards a coherent, varied and interdependent assembly of states in which the region should play an active basic role.

The regions must therefore be associated with the construction of Europe and particularly with the decisions taken on this subject in conformity with our democratic tradition.

28. This desire to involve the regions in the implementation of regional policy could be demonstrated by the organization, by the Commission, of a second conference on regional problems like the one held in 1961.

29. This regional awareness must be encouraged and suitable discussion partners chosen. It would be desirable to ask the Member States to designate such partners.

30. The Commission provides for the possibility of the Committee on Regional Policy consulting the interested parties, without specifying how these interested parties should be selected and consulted.

Article 5 of the draft decision on the creation of a Committee for Regional Policy states that:

'The Committee may, in accordance with the provisions of its rules of procedure, take evidence from interested parties from the regions and from trade union and business organizations'

The Committee on Regional Policy and Transport proposes that such consultations should be compulsory in the case of regional problems concerning certain parties, regions and/or social partners.

Article 5 would then read:

'The Committee must, in accordance with the provisions of its rules of procedure, take evidence from interested parties from the regions and from trade union and business organizations when a regional problem concerns them'.

31. International cooperation between frontier regions with similar socio-economic structures should also be encouraged and institutionalised¹.

32. The development of European solidarity and the large amounts of money involved also necessitate control by the European Parliament.

The Commission has made provision for the European Parliament and the Council to be kept informed through a special annual report.

The Committee on Regional Policy and Transport approves this method, as laid down in Article 16 of the proposed regulation on the Fund.

Paragraph 1 provides that:

'Before 1 July each year the Commission shall present a report to the European Parliament and to the Council on the implementation of this Regulation during the preceding year ...'

Paragraph 2 provides that:

'This report shall also cover on the one hand the financial administration of the Fund and on the other hand the conclusions drawn by the Commission from the financial inspections carried out on the Fund's operations'.

CONCLUSION

33. The regional problem is not only economic; it is also a political problem with various institutional aspects. The question arises as to how the regions can be associated with the construction of Europe.

34. Regional policy is not a sectoral or marginal policy, it is a comprehensive policy.

The aid offered by the Community should therefore meet the requirements of this comprehensive policy. It should not be limited to production-linked infrastructures but should cover the infrastructure as a whole.

It should be concentrated on large regions where the imbalance is too great to be corrected by national intervention alone.

The aid should be linked with regional development programmes which must be worked out and implemented with the active participation of the interested parties from the regions and the social partners concerned.

35. Finally, the rapporteur has already stressed the need to extend financial measures by Community technical aid which would make it possible to derive the utmost benefit from financial resources².

¹ Cf Report on Community Regional Policy, Resolution, para 10.

² Cf Report on Community Regional Policy, Resolution, para 8, explanatory statement, para 30 a.

This technical aid could be provided by research institutes to carry out the necessary studies, and by experts to help in the elaboration and implementation of development programmes.