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EEC COMMISSION OUTLINES POLICY FOR REGIONAL DEVELOPMENT

WASHINGTON, D. C., June 1 -- The Commission of the European Economic Community yesterday in Brussels submitted to the Council of Ministers guidelines for a comprehensive regional policy to ensure the Community's balanced economic growth.

The Commission urged member states to agree on aims and methods for regional development in the Community and coordinate their actions with the Community institutions to accomplish these objectives.

The presentation of the Commission's program was announced by Vice President Robert Marjolin yesterday in a press conference in Brussels.

Proposals for a regional policy will be included in the Commission's program for a medium-term economic program to be submitted to the Council at the end of 1965. * Meanwhile, the Commission urged member states to agree on aims and methods for regional development in the Community.

The policy would be designed to ensure better geographical distribution of economic activity and to reduce the differences in living standards between various regions of the Community. The Commission advocated the following methods to carry out the aims of the policy: regional programs, industrial development poles in outlying areas and secondary industrial centers. The European Community, through the European Investment Bank and other financial institutions, would help to apply these policies.

Despite results of member states regional policies, the differences in product per head which existed between various regions of the Community at the time of its creation have not been significantly reduced. The Commission expects more intense competition and certain consequences of the common agricultural policy to expose the structural weaknesses of various regions which cannot be remedied by the free play of market forces alone.

The Commission proposes that the regional policy take advantage of changes in sources of supply, particularly regarding energy and raw materials,

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A large part of medium-term economic program will be devoted to regional policy

as a result of which the less industrialized regions on the outskirts of the Community are no longer at a disadvantage. In this respect, the policy should lead to the creation in less favored regions of competitive ^{able to compete} activities compatible with their natural characteristics, so as to check growth in areas of excessive urban concentrations, the Commission said.

Regional programs, based on detailed studies of economic and demographic ^{prospects} trends, would enable the authorities of the member states to develop the main lines of policy to exploit the potentialities of each region. They would also enable better coordination of government and private efforts to be concentrated on developing a few carefully selected areas. The Commission also recommended extending government investment programs over several years to permit a more rational use of resources available for development. It also suggested that private industry cooperate with the member state governments in preparing the programs.

The Common Market's executive branch also urged that these programs be adaptable to the largest number of regions possible. In particular, the programs should concentrate on the following regions: ^{of special Community interest} predominantly agricultural areas, ^{certain} agricultural areas affected by structural weaknesses, certain declining areas, ^{"zones de vieille industrialisation"} areas lying along the frontiers between member states and areas adjacent to the Soviet zone.

In the large peripheral areas, the Commission suggested as the first step promoting the growth of "industrial development poles". These poles would group industrial activities and complementary services to form a self-sustaining development area. Secondary industrial centers could be developed in the smaller less-favored regions which can benefit from proximity to large industrial concentrations. The regions would be equipped with sufficient communal services to prevent a large exodus of the rural population from the area.

The programs would also serve as a guide to the European institutions both in assessing the regional effects of Community policies for agriculture, transport, and energy, and/or their financial operations.

~~Member states would in~~ ^{In} most cases ~~choose~~ the most suitable ^{means} ~~tools~~ for applying regional policy ^{are dependent on the State authorities, i.e.,} ~~such as~~ financial assistance and investments in

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economic infrastructure. However, member states in applying these instruments must respect the provisions of the Rome Treaty.

The European Communities would assist the member states in executing regional programs through financial aid from the European Investment Bank, European Agricultural Guidance and Guarantee Fund and the European Social Fund. They would also ensure that the needs of regional policy were considered in formulating common policies for agriculture, transport, energy and vocational training.

The Commission proposes to present to the member states implementing recommendations concerning the role of the regional programs, the methods of "development poles" and "focal points", infrastructures, and access of the European Investment Bank to the capital markets of the member states. An action program to aid the member states in planning and executing regional programs by means of financial resources available to the European institutions will also be submitted at a later date. In addition, the Commission will promote cooperation between the national authorities of the member states responsible for regional policy.

Regional policy measures will be considered in preparing the medium-term economic policy to be submitted by the Commission to the Council at the end of 1965.

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