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REPORT

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

on the peripheral maritime regions and islands of the European Community

Rapporteur: Mr David HARRIS

On 14 December 1981, the European Parliament referred the motion for a resolution tabled by Mr DE PASQUALE and others on the peripheral maritime regions and islands of the European Community (Doc. 1-829/81) to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on the Environment, Public Health and Consumer Protection for an opinion pursuant to Rule 47 of the Rules of Procedure.

On 23 February 1982, the Committee on Regional Policy and Regional Planning decided to draw up a report on the above motion for a resolution and appointed Mr David HARRIS rapporteur.

On 22 September 1982, the Committee on the Environment, Public Health and Consumer Protection decided not to give an opinion.

On 14 June 1982, the European Parliament referred the motion for a resolution tabled by Mr DE GUCHT on the setting up of employment zones in frontier, backward and problem areas (Doc. 1-290/82) to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Social Affairs for their opinions pursuant to Rule 47 of the Rules of Procedure. At its meeting of 19 October 1982, the Committee on Regional Policy and Regional Planning decided to make no report but to join it to this report.

On 18 June 1982, the European Parliament referred the motion for a resolution tabled by Mr NYBORG on coastal protection (Doc. 1-367/82) to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Agriculture, the Committee on Budgets and the Committee on the Environment, Public Health and Consumer Protection for their opinions pursuant to Rule 47 of the Rules of Procedure. At its meeting of 19 October 1982 the Committee on Regional Policy and Regional Planning decided to make no report but to join it to this report.

On 5 July 1982, the European Parliament referred the motion for a resolution tabled by Mr ALMIRANTE and others on the creation of a free zone in Sardinia (Doc. 1-434/82) to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion pursuant to Rule 47 of the Rules of Procedure. At its meeting of 19 October 1982 the Committee on Regional Policy and Regional Planning decided to make no report but to join it to this report.

On 13 October 1982, the European Parliament referred the motion for a resolution tabled by Mrs EWING on an action programme for the remote and sparsely populated regions and islands (Doc. 1-681/82) to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Budgets for its opinion pursuant to Rule 47 of the Rules of Procedure. At its meeting of 3 November 1982, the Committee on Regional Policy and Regional Planning decided to make no report but to join it to this report.

The committee considered the draft report at its meetings of 18/19 October 1982, 3 November 1982 and 24/25 February 1983 and at its meeting of 17 March 1983 adopted the motion for a resolution unanimously.

The following took part in the vote: Mrs FUILLET, chairman, Mr HARRIS, rapporteur, Mrs BOOT, Mr BLANEY (deputizing for Mr GENDEBIEN), Mr CARDIA (deputizing for Mrs DE MARCH), Mr GRIFFITHS, Mr HUTTON, Mrs KELLETT-BOWMAN, Mr KLINKENBORG (deputizing for Mr GLINNE), Mr MAHER (deputizing for Mr CECOVINI), Mr MUNTINGH (deputizing for Mr TREACY), Mr K. NIKOLAOU, Mr PÖTTERING, Mr Karl SCHÖN, Mr TRAVAGLINI, Mr von der VRING and Mr ZIAGAS (deputizing for Mr HUME).

The opinions of the committees responsible for an opinion will be printed separately, if there are any.

This report was tabled on 25 March 1983.

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A

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

MOTION FOR A RESOLUTION

on the peripheral maritime regions and islands of the European Community

The European Parliament,

- having regard to the motion for a resolution tabled by Mr DE PASQUALE and others on the peripheral maritime regions and islands of the EC (Doc. 1-829/81);
 - having regard to the motion for a resolution tabled by Mr ALMIRANTE and others on the creation of a free zone in Sardinia (Doc. 1-434/82);
 - having regard to the motion for a resolution tabled by Mr NYBORG on coastal protection (Doc. 1-367/82);
 - having regard to the motion for a resolution tabled by Mrs EWING on an action programme for the remote and sparsely populated regions and islands (Doc. 1-681/82);
 - having regard to the motion for a resolution tabled by Mr DE GUCHT on the setting up of employment zones in frontier, backward and problem areas (Doc. 1-290/82);
 - having regard to the report of the Committee on Regional Policy and Regional Planning (Doc. 1-105/83);)
- A. whereas the economic crisis has widened the gulf between the peripheral maritime regions and islands and the central regions, as is shown in the Commission's First Periodic Report on the social and economic situation of the regions

of the Community (COM(80)816 final) of 7 January 1981;

- B. whereas the often small and dispersed nature of local markets reduces the possibility of achieving economies of scale in production, distribution and retailing;
 - C. whereas, in addition, these regions suffer from deficiencies in their communication networks and in other essential infrastructures and aware of the difficulties which local authorities experience in raising the capital necessary for vital structural improvements;
 - D. fearing that as long as the "syndrome of peripherality" continues, regional imbalances will further increase and will reach such levels that no existing Community instrument could reverse the trend; and therefore this means that comprehensive Community action is essential;
1. Urges the Community, when considering Community policies and financing, to pay particular attention to the deep-seated problems faced by the peripheral maritime regions and islands (PMRIs) of the EEC, and warns of the consequences of allowing the Community to erode still further at the periphery.
 2. Notes that the peripheral maritime regions are consistently at the bottom of the economic league tables and central regions at the top.
 3. Regrets that the resources available to the Community are not sufficient to solve the problems of geographical remoteness and therefore calls on the Commission to come forward with radical long-term proposals to redress the balance between the periphery and the centre.
 4. Recognises the efforts which the PMRIs are themselves making to overcome their disadvantages and believes that they can be helped to exploit their own potential through balanced and integrated development.
 5. Welcomes the Commission's guideline proposals on tourism and believes that the Commission should develop its ideas on how social, cultural and farm tourism can be promoted

at the European level, and should consider further how tourist development and broader economic and social development can be integrated. Believes that the Commission should be able to provide assistance to local community facilities where these would also be of benefit to the tourist industry, particularly small tourist units so as to enable them to contribute to the social and economic integration of these regions.

6. Is convinced that, in view of the limited funds available and the need to adapt to the particular local circumstances, it is essential to adopt an integrated approach to development.
7. Also believes that, in view of the often very limited availability of local finance, particularly in sparsely populated areas, the proportion of discretionary grants may be more important than the overall funds available.
8. Notes the objectives of the European Monetary System but, given the tendency of an integrated financial system to stimulate investment at the centre, believes that the Community must strengthen the financial mechanisms required to ensure that there is sufficient investment in the peripheral areas. Thus, the Commission should investigate measures such as that in Norway which allows companies, wherever located in the country, to set aside funds from their pretax profits for investment in development areas.
9. Believes that Community instruments must be flexible enough to recognise the small scale of many projects in the remoter areas and tailor grant and loan policies accordingly. Also, just as the EIB has provided global loans to financial institutions for onlending, so more local authorities should make joint applications for Community finance.

Believes, too, that local development agencies, alongside local authorities, can play an important part in stimulating local economic development, particularly in the provision of finance and advice to fledgling enterprises, the restoration of local confidence through community cooperatives in adapting policy to local conditions and in assisting in the preparation of plans and strategies.

11. Considers that, in relation to the development of indigenous potential, assistance is needed to make up for the lack of economies of agglomeration which characterise the dynamic regions. Secondly, aid is required for the promotion of new technologies. The PMRIs must not be allowed to fall further behind due to the rapid development of microtechnology and information technology at the centre.
12. Notes that production and retail costs are often significantly higher in peripheral regions and especially islands and that transport costs are a major component of higher costs and of greater isolation; believes that action in the transport and communications field must be a central feature of regional policy using regional criteria.
13. Believes that Community social legislation in the transport sector must take proper account of conditions in the PMRIs.
14. Supports the concept of Road Equivalent Tariff and believes that the Community should consider giving aid to some pilot projects, including additional grant and or loan aid, to be related directly to transport costs and also assistance under specific non quota measures. The Commission should also finance a study on the potential cost to the Community of more general support for RET.

15. Considers, however, that, in view of the currently limited financial resources available, the Community should continue to concentrate on the provision of support to capital projects, and that national, regional and local authorities should provide operating subsidies where these are required. However, with regard to ferry services, a change is required in the ERDF management committee practice to make vessels (including aircraft where appropriate) explicitly eligible for Community grants and loans.
16. Emphasises the importance of the fish catching, processing and other associated industries to many PMRIs; considers therefore that the Community must recognise regional differences in needs, opportunities and circumstances and undertake the further development of the fishing industries and mariculture on the basis of integrated local plans which consider ~~fishery resources and mariculture potential and their management, both biological and~~ economic, training, fishing vessels and port infrastructure, processing, distribution and marketing.
17. Recalls the support given by the European Parliament to the European Coastal Charter, which laid special emphasis on integrated coastal development and now calls on the Commission, with the appropriate local participation, to prepare a coherent programme to promote, coordinate and implement the actions of the many international, national and local authorities involved.
18. Believes that national and Community agricultural policies and standards do not recognise fully the unique conditions prevalent in particular peripheral and especially island areas. Calls on the Commission therefore to review the workings of the least favoured area directive, step up efforts to improve technical and marketing skills and help farmers to improve the quality of their output.
20. Calls on the Community to recognise the importance of forestry to the PMRIs.

20. Calls on the Community to continue to assist the PMRIs to be linked into national grids for the supply of electricity and to step up the development of alternative energy sources which can be particularly appropriate for the remoter regions of the Community.
21. Considers that peripherality does not just affect one sector of the economy. On the basis of increasing evidence of high costs, low income, poor housing, lack of medical, educational and cultural facilities, and inadequate transport and communications - all of which greatly contribute to increasing unemployment and declining population - the danger of neglecting the structurally weak areas can not be over emphasised.
22. Calls on the Commission to draw up an ERDF grants non-quota programme for improving infrastructure on the islands.
23. Calls on the Commission to review its policies affecting peripheral maritime regions and islands and to give special consideration to applications for financial assistance from these disadvantaged areas so as to help ensure their survival.
24. Instructs its President to forward this resolution to the Commission and the Council of the European Communities.

EXPLANATORY STATEMENTI. INTRODUCTION

1. Europe must not be allowed to fray at the edges. But this is in danger of happening as the economic gap widens between the remote corners of the Community - the peripheral maritime regions and islands (PMRIs) - and the centre.
2. Of course, the main focus of attention today is on the problems at the centre. This is because the key to recovery from world depression must be found at national and international level. Also, it is because many of the industries affected by the current crisis - particularly steel, cars, ship-building and engineering - are in the established industrial areas.
3. But preoccupation with the "big issues" should not mean that we ignore the daily difficulties facing the isolated and usually small communities on the fringe of Europe. Whether they are on a Greek island or the west coast of Ireland, in Brittany or Corsica, these communities have a lot in common as well as their long distances from national capitals and European centres. They have a mutual if varied richness in heritage, customs and tradition. They exert a powerful pull on their own people - a Cornishman is proud to be Cornish wherever he is in the world, just as a Sardinian will always feel that his roots are in his island.
4. A centralised system which sucked all life out of these areas would be a disaster. A European Community which paid scant attention to the problems and the potentials of these places which are a long way from Brussels would not be a community at all.
5. In considering the nature and extent of peripherality, it is important to know the scope of the problem. Peripheral maritime regions and islands are found in six countries

(Denmark 2 plus Greenland, Greece 9, France 8, Ireland 1, Italy 13 and the UK 4). Thus we are mainly concerned with the development problems of these 38 regions.¹

The number of islands is almost unknown. A very approximate estimate puts the number at 1,260 for the Ten², of which approximately 487 are inhabited³.

6. A glance at the following table shows that peripheral maritime regions come at the bottom of the economic league, and central regions at the top.⁴

COMPARISON BETWEEN BEST OFF AND POOREST REGIONS

	POPULATION			EMPLOYMENT 1979			UNEMPL- OYMENT	PRODUCT- IVITY	GDP per HEAD	COMPOSITE INDEX
	Vari- ation	Density inhab/km ²	Depend- ency rates	Agricul- ture %	Indus- try %	Serv- ices %				
	1976/ 1979	1978	1977				1979	1977	1980	1975-77-79
A: High- est value	Berlin -1-1	Berlin 3,999	Calabria 2.69	Thrace 63.3	Stutt- gart 54.0	Ham- burg 69.9	FOD 20.0	Gronigen 341	Gronigen 208.7	Luxembourg 281.64
B: Lowest value	Central & West Mac. 1.48	Grønland 0.1	Ile de France 1.03	South East 1.1	FOD 6.0	Epi- rus 22.2	Luxem- bourg 1.5	Molise 45	Calabria 37.3	Calabria 18.32

1. Table 1 at annex 3 shows the Community's regions by GDP.
2. Greece 437, Britain 210, Italy 40, France 35, Ireland 100, Denmark 403, Germany 23 and Holland 12.
3. Greece 134, Britain 90, Italy 38, France 15, Ireland 80, Denmark 97, Germany 22 and Holland 11.
4. Table 2 at annex 3 provides the base statistics for the PMRIs.

7. Although a variety of difficulties are faced by PMRIs, all have common problems. They include:

Reliance on primary industries, particularly agriculture

Agricultural employment is three times as important in the peripheral regions as in the Community as a whole. Agricultural production is often limited by land and weather constraints.

Low level of labour productivity

This is partly due to the high share of employment in agriculture and fishing, partly to the dependence on declining industries. A feature of the countries with depressed peripheral maritime regions is also a low capital/labour ratio. There is, too, a lack of opportunities for skilled workers.

Unemployment and underemployment

The peripheral maritime regions have particularly high and increasing rates of unemployment. Northern Ireland, for instance, which the figures at Annex 3 show to have had a 7 per cent unemployment rate in 1979, has an unemployment rate of over 20 per cent today. Another serious problem is the outward migration of the skilled, leaving a high proportion of old and young dependent on the remaining workers. At the same time, less opportunities, both locally and elsewhere in the Community, are leading to severely rising youth unemployment. The important study by Keeble on centrality and periphery showed that youth unemployment rates in the periphery were three times the Community average¹. Mr Griffiths' report reflects some of the problems which can result in cities in areas of decline with disaffected, unemployed youths on the streets².

8. But there are some bright aspects. Tourism has undoubtedly brought new hope to many areas, and so has the discovery of

1. D. Keeble, P.L. Owens, C. Thompson, Centrality, Peripherality and the EC Regional Development, Final Report, Department of Geography, University of Cambridge, England, 1981.

2. PE 76.795

new resources, such as oil off the Shetlands. After the flight to the big cities over the last 20 years or so, there are some signs of a reverse trend with many people wanting to return "home" or to settle for the first time in these regions.

9. Also, during the limited visits which your Rapporteur has been able to make in the course of this inquiry and from the information which has been given to him, he has been greatly impressed by the efforts which the PMRIs are making on their own behalf to overcome their disadvantages.
10. He extends his sincere thanks to the Shetland Islands Council and the Highland Regional Council for arranging a series of meetings in Scotland in June 1982 and to the Regional Authority in Sicily for organising meetings during his short visit to Sicily. He regrets that he has been unable to take up the many other kind invitations made to him, particularly those from Ireland.
11. Questionnaires were sent to PMRIs in the Community, Spain and Portugal. The Rapporteur extends his grateful thanks to the Conference of the Peripheral Maritime Regions of the European Community (CPMR) for all its assistance in making this possible. He also thanks all those who have sent him written contributions and expert advice.
12. This report is aimed at following up the work carried out in the previous Parliament by Mr John Corrie for the Regional Policy and Transport Committee¹, and it has been written alongside Mr Cardia's report on "transport problems in the peripheral regions of the EC"². Other European Parliament studies which have a bearing on the subject include the Hume Report on "the problem of coastal erosion in the EC"³ and the Harris Report on "the European Coastal Charter"⁴. Mention should also be made of the Pöttering Report on a "Mediterranean plan"⁵ and the de Pasquale report on the revision of the ERDF⁶.

1. OJ no. C 140, 5.6.1979

2. PE 78.661

3. OJ no. C 172, 13.7.1981

4. OJ no. C 182, 19.7.1982

5. OJ no. C 66, 15.3.1982

6. OJ no. C 125, 17.5.1982

13. Your Rapporteur has been encouraged by the interest being shown by the Commission of the European Communities, particularly in the programme under the non-quota section of the European Regional Development Fund (ERDF) which has been drawn up for the Greek islands and also by the acceptance by the Commission of the European Parliament's amendments to the draft directive on the ERDF laying emphasis on the problems of peripheral regions and islands¹.
14. The main objective of this report is to focus attention on those problems and to press the Commission and the Council of Ministers alike, when considering Community policies and finances, to pay special attention to these least favoured of regions.

II. ECONOMIC DEVELOPMENT

15. The peripheral areas have been hit particularly hard in the present recession. Where they have been dependent on heavy industry and the textile sectors - Northern Ireland for example - they have shared in the widespread and sharp decline of these sectors; where they have been dependent on modern energy-based industries they have suffered first from the oil crisis and then from the subsequent collapse in demand; where new small-scale industries and branch factories were being developed their fragile existence has often ceased with the severing of financial support.

High unemployment and high fuel costs have combined to slow the growth in tourism on which many of the peripheral regions have come to depend. Combating the economic crisis must be based on balanced and integrated development and on the exploitation of the regions' own potential.

(a) Balanced development

16. There is a tendency for disadvantaged areas to accept development at any price. In fact, because of the fragile ecosystems and the sensitive nature of many peripheral areas,

1. COM(82)658 final and COM(82)572 final

the need to take environmental considerations into account is particularly important. It achieves nothing if short-term tourist development, for instance, destroys the environment which the tourist originally came to seek. Your Rapporteur draws attention to the recommendations made in the report on the Coastal Charter (Doc 1-390/81)¹ for better planning, for the use of impact assessment studies and for efficient monitoring. The importance of ecological mapping for the protection of open spaces to allow more balanced coastal development is also stressed.

(b) Tourism

17. Tourism is an important aspect in the Community's North/South balance. The Federal Republic of Germany and the Benelux countries spend more on tourism than they earn. Greece, Italy and France make a net gain. In some peripheral areas, however, increased fuel costs are discouraging visitors.

Tourism is important for some of the poorest regions of the Community. It can, too, be labour-intensive. However, employment is often seasonal.

18. The Community has already taken action to encourage tourism with specific projects to stimulate rural tourism in the South of France, the Mezzogiorno and the Border areas of Ireland. Aid is concentrated mainly on improvements to accommodation and leisure facilities, but also covers development of publicity services, entertainment and transport. Farm development plans may also be subject to aid for farm tourism under Regulation 159/72. Your Rapporteur welcomes the Commission's guideline proposals on tourism and notes that an investigation will be carried out into the distorting effects of wide divergence in VAT and fuel taxes.

Your Rapporteur also believes the Commission should develop its ideas on how social, cultural and farm tourism can be promoted at the European level.

19. In a number of cases the development of tourism is hampered by

1. OJ no. C 182, 19.7.1982

the lack of certain basic amenities, such as hospital facilities. Where such facilities are lacking the Community may be providing a double service in assisting their provision within the context of tourist development.

20. 1983 is the Community year of small and medium-sized enterprises and craft industries. There is a close connection between tourism and the development of regional craft industries. In certain cases local industries have been able to patent their regional speciality. Islands such as Fair Isle, long associated with high-quality knitwear, find it hard to compete with mass-produced products. Opportunity exists for re-establishing handicraft products associated with particular peripheral areas.

(c) The integrated development programme

21. As we have seen, many of the peripheral areas suffer from a combination of problems which, when added together, often amount to a high degree of deprivation. These problems can be summarised as follows:

- land constraints (difficult land to cultivate, poor soils and climate)
- distance
- transport costs and market access problems
- lack of basic infrastructure - water, sewerage, electricity, telephones
- high cost of living, property
- difficulty of funding
- agricultural decline and underemployment
- decline in tourism or other tourism-related problems
- low local rate base and other financial problems

Furthermore, it has been shown conclusively that certain Community and national instruments applied in isolation can increase the local deprivation. In view of the limited funds available and in view of the need to adapt to the particular local circumstances it is essential to adopt an integrated approach to development. Where local finance is very limited the size of the discretionary grant may be more important than

the overall funds available.

22. During his visit to Scotland your Rapporteur was able to study the Integrated Development Programme for the Western Isles, involving the spending of £20 million on agriculture and fisheries projects and a further £36 million over the five years of the programme on projects in the field of infrastructure, industry, craft, tourism and community cooperative development. The programme document attaches importance to training and advisory services, and the role which communities and community cooperatives can play.
23. It is to be regretted that, while the UK was obliged to prepare an integrated programme, no specific Community funds were earmarked for the non-agricultural part of the proposed programme. Nevertheless, the commitment on behalf of the national government will require a level of investment which would not have been achieved without the programme. Further, although the total finance has been eroded in the long gestation of the programme, the projected expenditure of £700 per head of the population illustrates the very large sums which would be involved in the implementation of programmes covering much larger peripheral areas, e.g. in the context of enlargement.
24. The preparation of the Western Isles IDP offers a number of lessons. The Scottish Office went to considerable lengths to consult local people before the programme was prepared. The value of the effort and expense involved will only become apparent as the programme develops, but it can be extrapolated for the consultation procedures more generally proposed in a revised ERDF. The exercise also shows that a small team of officials is able to produce an imaginative, integrated five-year programme.
25. The success of the programme depends on the islanders taking initiatives themselves. Interestingly the UK Government has appointed a project team to act as a catalyst, independent of grant aiding bodies, both to foster local initiatives and to make sure that initiators are fully aware of available incentives.

26. In monitoring the programme Parliament will be interested to see the extent to which poor management practices can be reversed and stock and land improvement more than temporarily achieved. In view of the high proportion of the monies earmarked for fish processing, Parliament will want to know whether local fishermen are prepared to take the "quantum leap" necessary to change to a different type of operation. Lastly, on the indications that the current Agricultural Development Programme in Ireland has concentrated on infrastructure projects, it will be interesting to see to what extent sufficient income confidence exists to stimulate the proposed capital investments in land and stock improvement.

(d) Financial mechanisms

27. It has been put to the Rapporteur that the low levels of local incomes and finance may prejudice the spending of national and Community funds in the most peripheral areas. In appropriate cases financial commitment must reflect the very low rates of locally available finance.
28. On the wider plane, the objectives of the European Monetary System (EMS) - to provide a measure of currency stability within the Community and, in turn, greater stability in world currency markets and to promote economic convergence within the Community - are bound to assist investment in central regions with strong currencies. The great majority of our weaker regions are found in weak currency nations. The only counter-balance is the three per cent interest rate subsidy available on EIB loans to Ireland and Italy as members of the EMS. Given the tendency of an integrated financial system, the Community must strengthen the financial mechanisms required to mitigate the effects on the peripheral areas. One line of action which the Commission should investigate is the Norwegian measure which allows all companies, wherever located in Norway, to set aside funds from their pretax profits for investment in development areas. Another is the possibility of limited preference for disadvantaged regions in public purchasing.
29. More specifically Community instruments must be flexible enough to recognise the small scale of many projects in the remoter areas and tailor grant and loan policies accordingly. Also,

just as the EIB has provided global loans to financial institutions for on-lending, so local authorities should be prepared to come together to seek Community grant and loan finance which might not be so readily available for individual projects.

30. The concept of a European Development Agency was discussed by Parliament's Regional Policy and Planning Committee in the course of discussion on the revision of the ERDF regulation, but was rejected by the Parliament. Your Rapporteur does, however, believe that local development agencies can play an important part, alongside the local authorities, in stimulating local economic development.
31. The visit to the North of Scotland provided an opportunity for an exchange with one such development agency, the Highlands and Islands Development Board (HIDB).

The Board can fairly claim that, in its sixteen years, the local unemployment rate has improved vis-à-vis the national average; overall population decline has been halted, and there has been some diversification of the economy. The Board emphasises the need both to integrate with the rest of the country and to differentiate, enhancing local motivation and culture. It should be noted, however, that, owing to the manner in which UK development agencies are funded, financial support from the Community provides no additional funds. Further, it can be argued that the setting up of local development bodies may reduce the role of the private sector in advancing venture capital.

The HIDB can offer a number of lessons for other regions of the Community. The Board understands the need to be responsive to local requirements and conditions. Its response is generally small scale. The average aid given by the Board is £1,600. Another lesson offered is the need to be forward-looking. In certain fields a totally new outlook is required to change from present practices to the full exploitation of potential. This is a high risk policy which has wider implications for the Board's image when risky schemes fail. In areas where

individual entrepreneurs are lacking, the Board, following the Irish example, attaches importance to restoring Community confidence through the establishment of community cooperatives where communities come forward with proposals in the retail, craft, manufacturing and other appropriate sectors. While the Board is an agent for central government, providing a psychological point of local contact, there is a need, too, to remind Government and the public of the special problems of the remoter areas. Rural deprivation requires the same degree of attention as urban deprivation. National and European Community policies require adaptation and flexibility to meet the particular regional circumstances. Lastly, the Board has a role to play with the local authorities in the preparation of plans and strategies to coordinate the work of government.

(e) Developing local potential

32. In the easier investment climate of postwar economic reconstruction there was a pool of footloose investment potential to be attracted to the problem regions. With opportunities for attracting incoming investment much reduced, it is essential for the peripheral regions to mobilise the local potential of each region. With reduced investment opportunities and an increasingly competitive economic environment, the possibility for assisting major industrial investments is greatly reduced. As has been shown above, a number of factors conspire to widen the gap between the peripheral and the central regions. Tangible action can be taken on a sector by sector basis to limit the rate of divergency. Development of skills and abilities and the fostering of entrepreneurial spirit is required to mobilise local potential.
33. The evidence suggests that some peripheral regions do lack qualified personnel, including those with entrepreneurial potential. They are remote from centres of information and communications and lack risk capital. In a climate where the propensity to innovate, according to a UK study, is two and a half times higher in the dynamic regions than the periphery and where German and Canadian evidence shows a distinct time-lag for innovation to be diffused to the periphery, assistance

is required¹. The aim must be twofold. First, assistance is needed to make up for the lack of economics of agglomeration which characterise the dynamic regions. Secondly, aid is required for the promotion of new technologies. Here your Rapporteur welcomes the Commission's proposals in Article 16 of its amended proposal on the revision of the ERDF regulation.

34. Your Rapporteur is conscious of the desire of the peripheral regions to share in the development of microtechnology and information technology. He is equally aware that the most rapid developments in new technology innovation and application are in the dynamic areas of the Community. This process is being heightened by the concentration of industrial headquarters and research and development functions in these areas. There is a very real danger that as the new technologies advance, the peripheral regions, where the level of receptiveness to new ideas may be lower and where trained personnel is limited, may fall rapidly further behind. In such areas some banks' cautious attitudes towards risk takers may starve potential operators of risk capital. The Rapporteur was particularly concerned to learn in Sicily that a penalty on local development is imposed in the form of bank borrowing charges which are about 1.5 per cent above the mainland level.
35. The Commission has been positive in its recommendations in the proposal for the reform of the Regional Fund in highlighting the need for the peripheral regions to develop marketing skills and acquire marketing information. The Commission, in particular, has followed the European Parliament's opinion in laying special emphasis on the problems of peripheral regions and islands. The need for organisation and management consultancy has also been mentioned. In this context the Commission is asked to come forward with ideas on how information technology can best be made available in the peripheral regions. The Commission could also assist in the exchange of information between regions with similar economic problems relating to technology transfer and

1. See The Mobilisation of Indigenous Potential, Commission of the European Communities, Internal Documentation on Regional Policy in the Community no. 10, September 1981.

innovation. In this context your Rapporteur notes with interest the decision of CPMR to produce a number of technical guidebooks for the use of member regions to encourage the transfer of developments, technologies and methods.

(f) Duty free zones

36. A number of Community members have recently established, or are considering the establishment of, small areas in economically depressed regions as "enterprise zones" where industry will be encouraged through tax incentives and simplified planning procedures. As Mr de Gucht's motion makes clear, the "enterprise zone" is of relevance to regional policy as a whole and therefore goes beyond the scope of this report. There are also a number of Community ports and airports, Hamburg and Shannon being the best known, where goods, components and raw materials may be imported and subsequently re-exported in various forms under duty free conditions. There has been a rapid increase in recent years of Free Trade Zones (FTZs) in the USA. The zone at Miami, serving the Caribbean and Latin America, could be a good example for any Mediterranean zones serving the North African and Middle East area.

Duty free zones must comply with certain Community directives¹. It can be argued that the Community system of inward processing relief provides conditions comparable to those of a free port throughout the Community, hence the cautious approach of the fiscal and customs authorities compared with trade and industry promoting authorities. However, evidence suggests that existing benefits are not as widely appreciated as they could be². The so-called "duty free zone" could, at the least, be a useful marketing tool in developing trade. At a time when there is an urgent need to find ways of reducing the burden of unemployment, experimentation, within Community rules, should be encouraged, particularly in the small number of dynamic growth areas in the peripheral regions.

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1. 69/73/EEC (Inward Processing); 69/74/EEC (Warehousing)
 2. Paragraphs 34 to 55 of the November 1982 UK House of Commons report on Prestwick Airport (Committee on Scottish Affairs, first report, Session 1982-1983) provides a useful summary of the free port concept. See also the reply to Written Question 1120/82, OJ no. C 339, 27.12.1982.

III. TRANSPORT

37. All the evidence shows that, although transport is not the only reason for high costs in the peripheral regions of the Community, it is certainly the major reason. At the centre transport can be a low percentage in production costs. By contrast, in the Republic of Ireland, for instance, it is reckoned that transport represents 10-12 per cent of production costs for manufactured goods and 15-16 per cent of the average selling price of Irish goods in their main markets. In the Isles of Scilly it has been calculated that, including housing costs, total costs are some 30 per cent above the UK mainland costs on the main island and 60 per cent on the smaller adjoining Isles.
38. The survey carried out for Mr Cardia's report on the transport problems of the remoter areas showed the desire for links to motorway systems; it emphasised the importance of air and sea links to islands; it stressed the disincentive to investment posed by isolation and showed the importance of Community assistance to the peripheral regions.
39. The geographical situation of the periphery cannot be altered. Action can, however, be taken to ease the burden of peripherality and to improve the opportunities for linking the Community with other trading areas through the periphery. Action, too, can be taken in the fields of telecommunications and data processing to break down the barriers of distance. Your Rapporteur believes the Community will have failed if it cannot show a reduction in the imbalance between the periphery and centre. Your Rapporteur recalls a passage in the Galway declaration. This stated "the development of transport infrastructures and the organisation of a real network of European communications connecting in a balanced and harmonious way all the regions of Europe including the peripheries, linking the centres to the peripheries as well as the peripheries to each other, constitutes the first condition for a regional policy worthy of such a name, based on the redistribution of

possibilities and not the distribution of subsidies"¹.

(a) Links with the centre and improvement of internal communications

40. While, in some cases, road links with the centre have been greatly improved, local authorities are particularly concerned about the improvement of the internal road network. In Sicily, for instance, attention is focused on completion of the internal motorway systems. On the Greek Islands, or the Highland Region of Scotland, the need is to upgrade single track roads which are unsuitable for modern vehicles.

The evidence also suggests that the financial position of both internal transport systems and links with other areas is deteriorating. With rural transport, in particular, the decline in users tends to increase the price of services.

41. The Community has a role on both the operating and capital side. Your Rapporteur has been made aware of experimentation and flexibility as in the use of post busses which can improve services at the margin. The Commission could make such experiments better known and also encourage relevant competition. Your Rapporteur looks forward to the anticipated Commission directive on transparency in the transport field which should help to clarify subsidisation in the rail and air transport networks.
42. Although your Rapporteur recognises the benefit of infrastructure developments at the centre, both in transport and communications networks, he is concerned that the benefits which have flowed to the regions from ERDF grants and EIB lending may be lost if transport infrastructure spending is concentrated in a new fund. Transport spending which could be justified on regional criteria may be less easy to justify in terms of transport cost-benefit economics. An analysis based on a greater

1. Galway Declaration, First convention of the Authorities of European peripheral regions, Galway (Ireland), 14-16 October 1975.

range of variables should be applied to transport projects in the peripheral areas. Your Rapporteur also notes the concern in the peripheral areas about the workings of the social legislation in the transport sector. Blanket legislation on tachographs and drivers' hours, which may be appropriate for motorways at the centre of the Community, can be harmful to remote areas and islands. Lorries which can attain an average speed of 65 kph on the UK or Continental motorway network can only achieve 40 kph in the Republic of Ireland. Here, as elsewhere, Community-wide legislation designed to promote fair competition should take account of the problems of the periphery.

(b) Ferry services

43. Sea and air links are vital to all island regions. Your Rapporteur represents a constituency which includes the Isles of Scilly, which are dependent on the sea link with the mainland. Shipping matters, he found, were uppermost in the minds of local representatives on the visit to Shetland; and in Sicily and Greece, problems relating to ferry services were major points of discussion. Inter-island and island to mainland air links are also very important, particularly in areas of widely scattered and low population.
44. During the visits there was regrettably not enough time for detailed discussion of all points relating to the provision and financing of ferry services. However, in preparing this report, your Rapporteur has studied closely the report of the Committee on Scottish Affairs which recently examined the problems associated with the provision of ferry services in some detail and also examined the situation in Norway, a country considered by some as a model for the provision of ferry services to peripheral and island regions¹. The Rapporteur is also aware of the highly developed policy in Sweden with regard to ferry services which takes into account the differing regional conditions. The Community could make use of the Scandinavian experience in considering Community policy in this field.

1. House of Commons, Rural Road Passenger Transport and Ferries - second report from the Committee on Scottish Affairs, 1981-1982.

Areas dependent on ferry services are burdened with two types of costs, capital and operating. In his report in 1979 Mr Corrie recommended the introduction of a system of road equivalent tariffs. This is the system whereby ferry charges are made equivalent to the cost of travel by road through an operating subsidy. In July 1981 the UK Government announced their commitment to move towards a system of running costs RET.

45. Your Rapporteur strongly supports the concept of RET as a means of reducing the heavy burden of transport to islanders, but he draws attention to the fact that the estimated cost of RET for the Scottish routes alone would be £19.20 million per year at current prices compared with the £10.6 million subsidy estimated for 1982 to 1983¹. The question is whether the Community should finance or part finance RET. The Rapporteur's personal view is that, given the likely size of Community resources for the foreseeable future, the Community should, at this stage, continue to concentrate on capital projects while encouraging national, regional and local authorities to provide the necessary operating subsidies. He does, however, hope that the Commission will consider the part-financing of some pilot studies into RET.
46. The Scottish report noted that "the excellence of the ferry system in Norway is largely attributable to a consistent application of policy"². It was found that UK support for investment was largely based on piecemeal response to individual proposals put forward by operators or by other interested bodies.

In the course of his visits your Rapporteur has noted that in a number of cases the replacement of existing vessels is being considered. He strongly recommends that the ERDF management committee makes a change in its practice. Until now infrastructure grants for transport services have not been provided for moveable assets; i.e. grants have been given for piers and terminals but not for the vessels themselves. Given the cost of replacing ferries and of providing new services, the Rapporteur

1. Rural Road Passenger Transport and Ferries, para. 63

2. Ibid, para. 74

recommends that vessels themselves, and this includes aircraft in certain circumstances, should be explicitly eligible for Community grants and loans, although strict conditions would need to be applied.¹

He also notes that where related infrastructures are required it makes good sense to provide integrated and flexible facilities. Where local authorities are considering investment through EIB loans they should consider approaching the Bank on the basis of a multi-authority programme. This would help both to clear investment thresholds and apply a programme approach.

IV. THE MARINE ENVIRONMENT

47. The sea is the common heritage of the peripheral maritime regions and islands. It links them together in common interests, but also separates them physically. The sea is a force for energy and for destruction. The sea is a great cleanser and a source of plenty, but it is powerless to withstand man's depredations.

We have considered the sea in relation to the transport problems of the peripheral maritime regions and islands. We turn now to marine fisheries, aquaculture and environmental aspects.

(a) Marine fisheries

The importance of fisheries

48. On all his visits the Rapporteur has been made aware of the importance to the PMRIs of fisheries in the Community context. The problems of the Greek Mediterranean and long-distance fleets, the difficulties facing the Italian fisherman in the Mediterranean, the conflicts between Cornish interests and those from elsewhere in the UK and across the Channel, the vociferous protestations of the Shetlanders, all these have been given wide coverage in the media and are the subject of numerous motions and questions in the European Parliament.

Fisheries in their regional context

49. Fisheries seldom play a large part in the national economy of

1. Regulation (EEC) no. 2615/80 provides a useful starting point. Its repetition in COM(82)658 final is welcomed.

the Member States, but are often of vital importance to peripheral regions of the Community. The curtailment of distant water opportunities since the extension of fishing zones to 200 miles has further increased the importance of local waters. In a number of peripheral regions fisheries are a significant employer and, where there is boat building and fish processing, the backward and forward integration ensures considerable multiplier effects for every investment in the fisheries¹. In an area of low population density, a small fish processing plant employing a dozen people can be a major local employer.

The fisheries problem

50. Fisheries are a major problem because open access has allowed overcapitalisation leading to increasing subsidisation to maintain employment and ever-rising expenditure on the policing of more intricate quantitative restrictions. To this has been added the dislocating effects of the moves to 200 mile zones and the uncertainty over the outcome of a Common Fisheries Policy.
51. Given that alternative opportunities for employment are least in the peripheral regions and that fisheries employment is particularly appropriate, policies should aim to develop local fishing industries in an integrated way and, where possible, to reduce controls by enhancing personal rights both by vessel licensing and the development of "property rights". Enforcement costs would be less and conservation greater if compliance with the law was in the self-interest of the fisherman.

The way forward

52. Overall, fish stocks are more than fully exploited and with stocks which were recently under-exploited, such as mackerel and horse mackerel off the West of the UK, we have seen how quickly they can be over-exploited. Further, with low catch-rate stocks, there is little potential for increasing fishing power.
53. There is, however, a need for more resource distribution

1. I.H. McNicoll, The Shetland Economy. Oil developments were shown to have aggregate multiplier effects of 1.3 to 1.4 against 1.6 for fishing and 2.8 for fish processing.

studies - an area for further EEC assistance in the Mediterranean in particular, especially as the countries on the Southern shore continue to receive fisheries development assistance from members of the Community.

54. Potential does exist for better exploitation of stocks. For instance, in Sicily it is reckoned that between 44 and 72 per cent of catches are discarded, representing as much as 70,000 tonnes per year¹. Certain resources such as sandeels, mostly used for meal, have a more valuable but limited outlet in the human consumption market. There is obviously a need for better knowledge of markets and for the development of small-scale ice-making facilities and cold stores.
55. As fish processing is often carried out in traditional distant water ports such as Hull or Boulogne and the major markets are often around the capital cities, potential exists for further reorientation of processing and distribution chains. Nevertheless, local or regional authorities considering the development of local fish processing must be satisfied that adequate fish supplies can be provided through the year and must remember that where prices in Aberdeen are better than Shetland or prices in Piraeus are better than the Kyklades, fishermen may be reluctant to supply local processors.
56. The Commission has already made a number of in-depth studies of regional fishing industries. In Italy discussions are now under way on problems of integrated coastal management in a programme entitled "sea defence". This programme is based on the development of small-scale fisheries². In the UK a number of local authorities have prepared studies on their fishing industries.
57. While he welcomes the Common Fisheries Policy as an overall framework in the Northern waters, the Rapporteur considers that the Commission must now move quickly to the next stage, which is

1. FAO, GFCM/XVI/82/6, July 1982

2. FAO, GFCM/XVI/82/9

the recognition of regional variations in needs, opportunities and circumstances. The Commission should consider the further development of the fishing industry on the basis of integrated local plans which consider fishery resources and their management, both biological and economic, training, fishing vessels and port infrastructure, processing, distribution and marketing. On fish stocks, the Commission should identify those discrete stocks which are susceptible to local control¹. In this, the Commission should pay particular attention to developments in limited entry policy, to the practices developed in Japan for granting fishing rights, and the work being undertaken by the FAO on territorial use rights. On port infrastructure, where current provision seldom reflects current requirements, the consideration of a whole region is particularly important in view of the high cost of infrastructure to local authorities and the greater suitability of a fishing port programme to the EIB than individual port projects.

The Third World

58. The peripheral maritime regions and islands have built up a long experience in fisheries. Too often Third World countries have wanted to build up distant water fisheries of the type which they have seen working off their coasts. Potential should exist for greater contact and exchange of experience between fishermen in the Third World countries and the coastal fishermen in the PMRIs.

(b) The coastal environment

59. The conflicting uses of the coast demand integrated management and sound planning, especially where tourism, partly built on sport fishing, the consumption of marine products and aquaculture production, may threaten the very basis on which it is built. In certain areas in the Mediterranean, sport fishing associated with tourism may threaten professional fisheries. On salmon rivers excessive capture of fish at sea is seen as a threat both to professional netmen and the considerable direct and indirect

1. COM(80)465 provided a Commission starting point.

employment dependent on sport fisheries.

60. There has been a growing interest in marine and brackish water aquaculture in recent years. With products such as salmon, there appears to be a potential for integration with small-scale farming, but the suitable sites for salmonid and other aquaculture are limited and are extremely sensitive to pollution. Both the FAO and the Community have been involved in the encouragement of aquaculture in the Mediterranean. The FAO is working on the practical approaches to lagoon fishery management.
61. Attention is also drawn to the serious threats to the coast posed by erosion and by pollution, which are of particular concern to the so-called "unspoilt regions" of the Community. In this respect the Rapporteur draws attention to the motion on the Coastal Charter agreed by the Parliament in 1982, which laid special emphasis on integrated coastal development and, in the explanatory statement, called on the Commission, with the appropriate local participation, to prepare a coherent programme to promote and coordinate the actions of the many international, national and local authorities involved.

V. THE AGRICULTURAL ENVIRONMENT

62. The problems of rurality were very fully covered in Mr Faure's excellent report. More recently Mr Provan has reported on the state of agriculture in the Highlands and Islands of Scotland and other severely disadvantaged regions of the Community. Rather than cover again matters which refer to agricultural questions which are relevant to the Community as a whole, your Rapporteur will concentrate on those aspects which are especially relevant to the PMRIs. However, underlying the concern for the particular problems of the peripheral regions is the concern that, in the structurally weak areas, the ERDF can only succeed if it is helping to bring these regions closer to the level of the better-off regions. If support is essentially to lessen the deleterious effect of common policies, then the underlying imbalance can only grow worse.
63. In the course of his visits considerable concern was expressed

to the Rapporteur on the workings of the Common Agricultural Policy. There may well be a surplus of milk at the centre of the Community, but fresh milk is sometimes unavailable at the periphery. There can be no doubt that national and Community policies and standards do not always fully recognise the unique conditions prevalent in particular peripheral and especially island areas. Nor can it be doubted that Community policy has damaged certain regionally important agricultural industries. For instance, Northern Ireland had an intensive livestock industry based on imported feedstuffs at the time of accession to the Community. The industry today is halved due to the dependence on more expensive feedstuffs. There has been a corresponding loss of ancillary jobs with no alternative employment to turn to. As the figures at annex 3, table 3 show clearly, the principal products of the PMRIs receive the least support from the CAP. In Campania and Sardinia, for instance, over forty per cent of output was not covered by the common policy. High figures are also recorded for other peripheral regions of Italy and for the UK regions.

64. Added to the problems of often poor soil fertility, short growing season, small local demand and limited infrastructure, farmers in the PMRIs, who are typically small-scale with relatively high overhead costs, face considerable transport costs. Where farmers are dependent on livestock they often have to import fertilisers and winter keep and may face long journeys to market. This leads to low net incomes which prevent farmers from making necessary investments to improve their product vis-à-vis the output of larger-scale farmers in the more central regions¹.
65. The Rapporteur calls on the Commission to review the workings of the least favoured area directive in order to give more help to designated areas - especially those with smallholdings and small numbers of livestock and which therefore receive little

1. Evidence provided by the HIDB shows that in 1981 suckled calf producers on a remote island could expect gross margins of only 46 per cent of a Scottish West Coast mainland average and those on a nearby island 66 per cent.

benefit in headage payments.

66. Small-scale production exacerbates marketing problems. In certain cases Community products are not reaching markets in the centre as successfully as products from other countries because of a lack of marketing skills. Close attention needs to be paid to improving marketing, both in terms of better market information and stronger marketing organisation.
67. The Rapporteur, therefore, favours an integrated approach with the emphasis on improving quality, introducing, where appropriate, new crops which are better suited to market possibilities and an encouragement to farmers to improve technical and marketing skills and to add more value to local output by increasing local processing of agricultural products. Thus, in considering FEOGA grants, special attention should be paid to the particular problems of less favoured areas.
68. In his visits the Rapporteur has also noticed the ravages to woodland areas through centuries of indiscriminate felling and a neglect of replanting. With increasing demands for timber, the importance of forestry to the Community continues to grow.

Forests can not only provide a much-needed use for marginal hill land and shelter for stock; they can also provide useful employment in downstream production. Carefully planned afforestation can also be environmentally beneficial and also has tourist potential. Forestry is also a ~~source of energy~~.

The Rapporteur calls on the Community to recognise the importance of forestry to the peripheral areas.¹

VI. ENERGY

69. Energy has particular importance for the peripheral maritime regions and islands. They face serious problems as regards the provision of energy to remote areas. In a number of cases peripheral and island areas have formed the bases for the recent development of offshore oil and gas reserves. Here the problems are related more to dealing with short term plenty and

1. PE 75.223 fin provides the Regional Committee's detailed opinion on forestry.

the dangers of pollution. The geographical and geological location of the peripheral areas in certain cases make them suitable for the development of so-called "alternative energy sources".

Provision of energy to remote areas

70. Isolation and limited demand for energy on islands increase cost and reduce efficiency of supply. Where islands are dependent on small-scale oil-fired generators they are threatened by any further sudden increases in the real price of oil. Remoter areas also often lack the financial and technical resources to develop alternative energy sources.
71. Your Rapporteur draws attention to the role of the ERDF, both the quota and non-quota sectors, in bringing power to remote areas and the importance which the EIB has also attached to this area, particularly in linking remoter areas into the national grid system. For instance, aid has recently been given to link the small island of Colonsay with the Scottish mainland.

Development of offshore oil and gas resources

72. The development of offshore resources has had significant environmental, economic, social and cultural effects on a number of areas in the Community, particularly the sensitive remote low-population areas. Shetland has described amongst its problems "the traumatic effect of a temporary oil-related boom in the 1970s". While oil-related employment helped to reduce unemployment in Shetland to very low levels in the mid-Seventies it undermined traditional industries by taking away key workers from industries such as fishing and fish processing. A large number of women were also brought temporarily into the labour force. However, with the end of the construction phase the rundown of employment has been as rapid as the build-up. Unemployment has more than doubled since mid-1980 and Shetland has been left with an over-provision of certain facilities, notably the modern airport terminal.
73. Both the ERDF and the EIB have been of great assistance in helping Shetland to cope with the enormous expenditure associated with the oil development. The economic and social

effects on the local economy have been very closely monitored. The Commission is in a good position to make use of the experience gained in Shetland and elsewhere to provide prompt and relevant assistance to other areas facing similar developments. This should apply both to economic and environmental impacts.

The development of alternative energy sources

74. The geographical location of the PMRIs exposes them to the elements. As fossil fuels become more expensive to procure, so the periphery will become more dependent on alternative sources of energy.
75. Your Rapporteur was particularly impressed with the declared potential of geothermal power in the Kyclades; the use of solar power was also noticed. In the windswept areas to the North of Scotland, the Community is assisting with a large-scale wind-power experiment in the Orkney Islands and a wave-power project is to proceed from laboratory trials to sea trials off the West of Scotland¹.
76. The Community must not, as elsewhere in the world, slacken its quest for alternative fuel sources, particularly for smaller scale supplies needed at the periphery, just because there is a temporary over-supply of hydrocarbons. Rather, the Community must build on the success of its initial investment.

VII. QUALITY OF LIFE

77. The peripheral maritime regions and islands of the Community may appear idyllic to the casual visitor; there is, however, increasing evidence of high costs, low income, poor housing, lack of medical, educational and cultural facilities in the areas under discussion.

1. See for instance the Commission publication Solar Energy R&D Programme (EUR 7984EN), which lists more than 420 contracts awarded for the period 1979-1983. Amongst the contracts are one to provide a power supply to dwellings, a dairy, a workshop and for water pumping in Corsica, and another for water disinfection and ice making for an agricultural cold-store on Giglio Island, Italy.

78. As those who made representations on the visits and in written submissions made clear, the inhabitants of the periphery, who pay the same taxes as those at the centre, have the same ambitions and expectations as those at the centre. Your Rapporteur supports the statement in the Tenerife declaration that "Endeavours to promote economic growth must be accompanied by an intensive programme to expand and improve social services: the health, education, housing and environment standards which constitute the yard-stick for measuring the quality of life of the mainland citizens of Europe"¹. At a time when the Community's Social and Regional Funds appear to be becoming increasingly concentrated on the areas of long-term and more recent sectoral decline, the danger of neglecting the structurally weak areas can not be underemphasised.
79. This problem was clearly stated in the written submissions from Ireland. In his paper on the offshore islands of Ireland, Mr Blaney claimed that amenities on the nine islands off the West coast with sizeable populations could only be described as "basic".

The paper states that: "Most of the islands have installed piped water supplies under group water schemes (which are now EEC-aided). Most have electric power derived from local generators. Few have sewage disposal schemes. None have proper recreational facilities such as community centres, sports fields, and so on. Roads are poor or non-existent. Few of the islands have any transport other than a tractor.

"Communications with the mainland are a major problem, particularly for the more remote islands such as Tory, the Aran group, and Clare and Inishboffin. Radio telephone systems are liable to interruption due to weather conditions. Ferry services by sea are in many cases seriously inadequate due to poor landing facilities. In most cases harbours can only accommodate half-decked motorboats, while in the case of some of the islands landings have to be made at times by small rowing boats. This must be seen against the fact that all food and fuel supplies must be brought in from the mainland, and that the

1. Council of Europe, Tenerife Declaration, 9.4.1981.

islands are frequently cut off by severe Atlantic gales.

"Medical services are spartan; it is difficult to attract medical personnel to serve on the islands, and apart from Valentia, none of the islands has any local hospital facilities. Serious medical cases have to be taken by boat, or in urgent circumstances by emergency helicopter services, to the mainland hospitals.

"Only one of the islands - Inishmore in the Aran group - has a post-primary school. Children on the other islands must transfer to the mainland for second-level education, which means that they are deprived from an early age of education based on their home environment. Consideration should be given to the Scottish example under which children from smaller islands are flown to school on a central island and are flown home at week-ends by an air service which is subsidised." On the general problems faced by islands in the Community Mr Blaney's paper concludes: "The off-shore islands represent a way of life which is unique in modern society. They are a tiny minority with little or no political influence and tend to be overlooked by the Governments of the Member States who are under constant pressure from areas of denser population. There is, therefore, an urgent need for EEC interest in the off-shore islanders if they are to be saved from extinction. Action by the EEC would stimulate corresponding action by the Member State authorities concerned with the islanders, and for this reason a charter for the islands, embodying positive financial aids built into coordinated development programmes, will find wide support throughout the Community."

The problems are not confined to islands. The South West Kerry Development Organisation pointed out that the area had one of the worst demographic performances in Ireland in recent years. In its proposal for a development strategy the Organisation lays particular emphasis on the role which the Community could play, notably through a revised ERDF.

80. The peripheral maritime regions and islands are often areas of low and declining population. They are often areas of lower

than national average incomes and higher levels of unemployment and underemployment. Against this background, an important recent study by the Scottish Consumer Council¹ has pointed to retail costs consistently above those in urban centres, coupled with poor quality and service. Higher costs are attributable to higher transport costs, the small size of communities, the lack of competition and inefficiency. While some remote inland areas may suffer higher costs due to subsidies bringing down freight costs to islands, remoter islands suffer particularly high costs due to the need for goods to pass through several wholesalers and on more than one ferry. Even ro-ro ferry costs can be high due to containers having to return empty.

81. Not only were prices found to be higher in the remoter areas (14.2 per cent more for food in November 1981 compared with prices in Aberdeen, but there has been a rapid and increasing decline in the availability of services.

Availability of services in the 354 remote parishes of Scotland²

<u>Service</u>	<u>No. of parishes containing service</u>				
	<u>1960</u>	<u>1970</u>	<u>% change</u>	<u>1980</u>	<u>% change</u>
Shop	334	283	- 15.3	180	- 36.4
Sub-post office	202	172	- 14.8	117	- 32.0
Primary school	166	130	- 11.7	102	- 21.5
Doctor	114	100	- 12.2	80	- 20.0
Bank	99	95	- 4.0	88	- 7.4
Pub/hotel	93	96	+ 3.2	89	- 7.3

1. G.A. Mackay and G. Laing, Consumer Problems in Rural Areas, Scottish Consumer Council, 1982.
2. The Mackay and Laing survey took as its starting point the 354 parishes which were more than ten miles from an urban centre with a population exceeding 2,000.

82. It is noticeable that action has been taken in various parts of the UK and elsewhere to make rural shops more efficient. In Wales, the Development Board for Rural Wales has recently introduced an advisory programme for village shopkeepers. In England the Council for Small Industries in Rural Areas (Cosira) has had its remit extended to providing help for rural retailers. In Norway there has been a successful "support your local shop" campaign and assistance has been given in North Norway to make local shops more efficient. Greater attention needs to be given to preserving retail outlets in the areas under examination.
83. The remoter areas also suffer from poor housing and the high cost of new housing due in part to the lack of speculative building, high site costs and lack of economies of scale, and long construction times due to the need to import labour and raw materials. While the Scottish study noted that building society agents in the remote areas were willing to take in funds, company policy made it difficult to grant mortgages on the type of property typical in some of the remoter areas.
84. Scattered populations and a higher than average proportion of elderly people in the population place a strain on local medical and support services. The decision to circulate information on Highland Region's (Scotland) scheme for the elderly shows the benefits which can come from the peripheral regions pooling their experience. There is, too, a need for the development of multi-purpose paramedical staff drawing on specialists where needed to cut down on medical costs.
85. While fully recognising that the primary responsibility for the provision of local community facilities should fall on national and local government, the European Community should continue to show flexibility in the provision of grants, particularly for tourism, where these can be of considerable benefit to local people. For example, the Rapporteur considers it perfectly reasonable that the Commission should consider the provision of medical facilities where they are essential to the development of tourism or other integrated projects. Sports and leisure

facilities primarily for tourists can also be of great value to the local population, particularly the young.

86. In the coastal agricultural and fisheries regions, farmers and fishermen must complete grant, loan and planning documents, sometimes of Community origin. Fishermen, in particular, complain at the complicated nature of official forms. There is a need for the provision of low level advice on the completion of tax forms and other official documents.
87. If the indigenous qualities of the PMRIs are to be developed, then national education policies must reflect local requirements. The need is for flexibility and coordination. Just as providers of school bus services and the providers of scheduled services can come together to improve facilities, so other national services such as postal services can show flexibility in the provision of services.
88. A useful initiative to break down the isolation felt by people in the peripheral areas is the Young Workers Exchange Scheme. This is a small-scale initiative which the Commission might support,

The study mentioned above showed examples both of problems in one country and measures which can be taken to alleviate problems¹. The Commission has a role to play in bringing together similar studies from other countries and passing on the experience of various countries with similar problems.

89. The above report shows that the peripheral maritime regions and islands share a number of handicaps which put them at a considerable disadvantage compared with the centre. The Community has a responsibility in ensuring their survival.

1. Mackay and Laing, op.cit.

RESPONSE TO QUESTIONNAIRE

Replies have been received from the following:

Schleswig-Holstein	Dyfed County Council
Fife	Nordjyllands Amtskommune
Highland	Welsh Counties Committee
Orkney	Languedoc - Roussillon
Shetland	Pays de la Loire
Tayside	Gwynedd County Council
Gwynedd	Region Autonome des Acores
Galway/Mayo	
Friuli-Venezia Giulia	
Marche	
Puglia	
Alentejo	
Lisboa e vale do tejo	
Madeira	
Crete	

BRIEF ANALYSIS OF THE QUESTIONNAIRE

1. The analysis classifies the economic activities of a region into three sectors: primary, secondary and tertiary. The primary consists of agriculture, forestry, fishing and mining (quarrying); the secondary consists of light-manufacturing (craft) and heavy industry; the tertiary consists of market services (recovering and repairing, services of trade, transport and communications, credit and insurance, tourism, etc.) and non-market services (mainly public sector activities).
2. The evidence reinforces support for what may be called "the syndrome of peripherality". This is equally true of highly populated regions and those which are sparsely populated. The primary sector dominates the economic activity of such regions and tourism is the principal service sector; thus, the secondary sector appears to play a minor role on average but it may be the principal activity in specific regions. In other words, the smaller the unit under consideration the greater the need for a more careful consideration of the "principle of differentiability" meaning that different peripheral regions may be more suitable for a specific policy.
3. The replies also support our view on the main problems of such regions; all have stressed:
 - increasing unemployment and its higher rate than the average of either Community or their country;
 - inaccessibility and its effects on the creation of economic opportunities;
 - social isolation and its effects on the response to economic opportunity;
 - narrow economic base;
 - high transport costs rendering peripheries less competitive and higher cost of living.
4. All regions have replied that some measures to alleviate the problems of peripherality are being taken either at local level or at national level and also with Community assistance. However, doubts are expressed regarding their extent and intensity. In certain areas, as in Portugal, lack of professional staff is said to handicap policy implementation.
5. Of the 22 replies, 13 have no special provisions for peripheral maritime regions and islands but all have argued that some form of a status that recognises their less favoured position should be provided. Some have even said that most legislation is drafted with urban centres in mind and not peripheral maritime regions and islands.

6. With the exception of certain islands there is a lack of information on trading relations between the regions and elsewhere. It appears, however, that the greatest part of trade is carried on within the Community.
7. The questionnaires reveal a general lack of infrastructure, often of the most basic type, and lack of finance to make adequate improvements. The most common recommendation made is aid for transport. The form and nature of the aid may differ from region to region's reply; some are concerned to encourage the tourist industry - via a petrol coupon scheme for instance - ; others are in favour of the road equivalent tariff.

OTHER WRITTEN SUBMISSIONS

Individual submission

Mr N.T. Blaney MEP

Submissions by local
authorities, private and
public bodies

Development Board for Rural Wales

Graham Moss Associates

Highlands and Islands Development
Board

Highland Regional Council

Inishboffin Community Council

Shetland Islands Council

South West Kerry Development
Organisation

University of Liverpool Centre
for Marine and Coastal Studies

FIELD VISITS

(a) Visit to the Highlands and Islands of Scotland

The total population of the Highlands and Islands of Scotland is approximately 330,000 of whom 90,000 live on islands, 100,000 are concentrated in the Inverness area and 140,000 are spread through the rest of the area. As the accompanying map shows, the Highlands and Islands, which account for half the Scottish land mass, include the Shetland and Orkney Islands in the North, the Western Isles, Highland Region and part of Strathclyde Region.

A visit was paid to Shetland at the invitation of the Shetland Islands Council. While in Shetland, the Rapporteur had meetings with leading members of the Islands Council, representatives of the fishing, farming and tourist industries, the Chamber of Commerce and the Lerwick Harbour Trust as well as visiting Sullom Voe and one of the smaller islands, Whalsay, which is the home of a large section of the Shetland fishing fleet.

Following the visit to Shetland a meeting was organised for the Rapporteur in Inverness by the Highland Regional Council when he had an exchange of views with representatives of the local authority, farming, forestry and fishing, the Scottish Council Development and Industry and the Highlands and Islands Development Board*.

The visits afforded the Rapporteur the opportunity to hear a very wide range of views and to gather evidence for his report. The visit to the Highlands, followed by discussions in Edinburgh with the Department of Agriculture and Fisheries for Scotland, also provided an opportunity to assess the proposal for an integrated development programme for the Western Isles and to consider the proposal for an agricultural development programme based on the Highlands and Islands area.

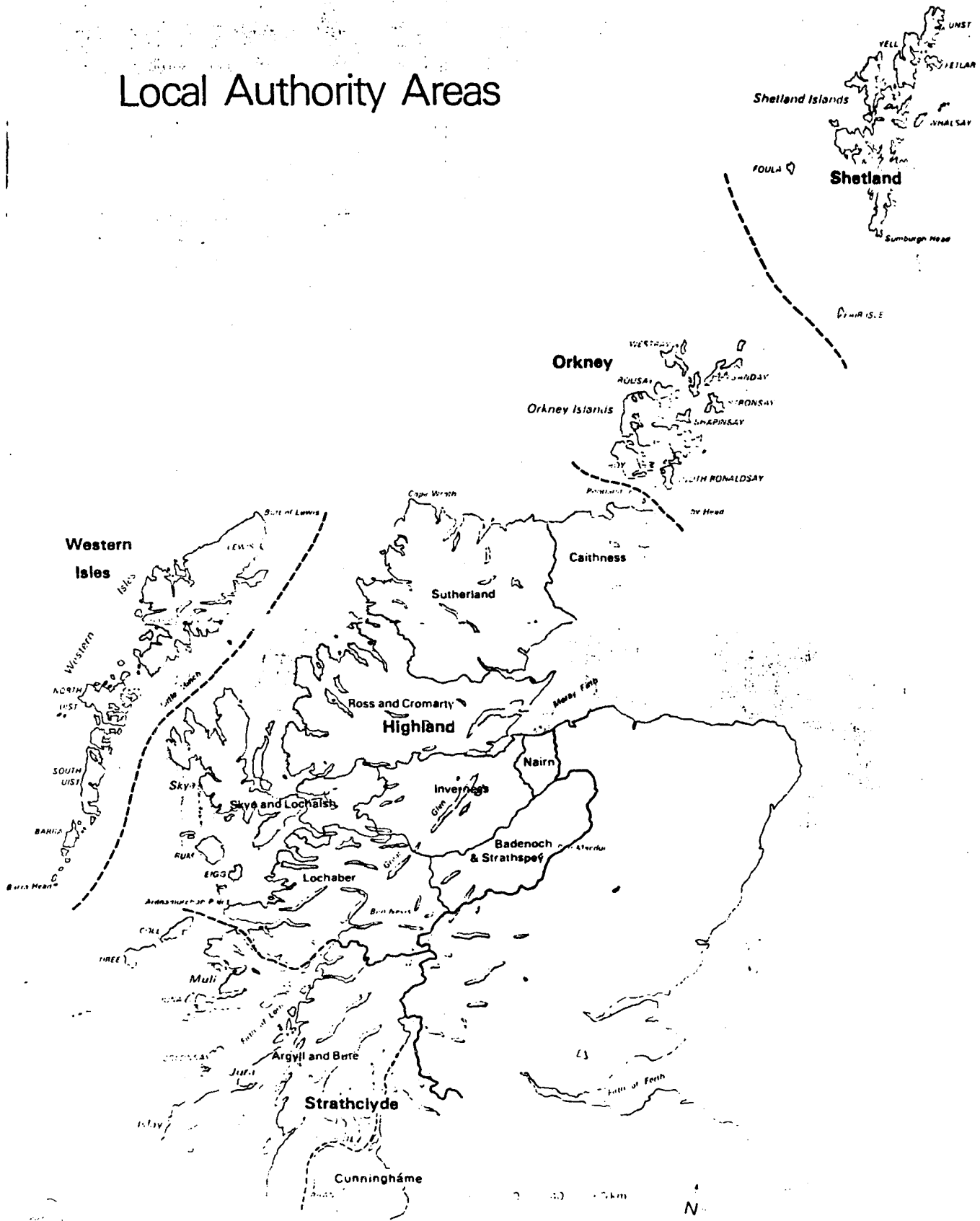
Visit to the Shetland Islands

Your Rapporteur visited Shetland from 4 June to 6 June 1982. This group of 100 islands, 14 of which are inhabited with a total population of about 23,000, are of particular interest for a number of reasons.

First of all, they are the most northerly part of the United Kingdom. Indeed, Lerwick, the "capital", which is located on the same parallel as Alaska, is almost as near to Bergen, in Norway (225 miles, 362 km) as to Aberdeen (211 miles, 340 km), its main communications point on the Scottish mainland. London is 598 miles (962 km) away, and the distance to Brussels is 680 miles (1,094 km). (A return air fare from Lerwick to Brussels costs £320.)

* The HIDB was established "For the purpose of assisting the people of the Highlands and Islands to improve their economic and social conditions and of enabling the Highlands and Islands to play a more effective part in the economic and social development of the nation".

Local Authority Areas



Even though the United Kingdom Government gives a subsidy (estimated at £1.9 million for 1981-1982) towards reducing the charges on the ferry service between Aberdeen and the Northern Isles (Orkney and Shetland), freight and passenger costs are a big burden on the economy of the islands.

For example, it costs almost £56 to import a tonne crate of fruit or vegetables from Aberdeen, while the charge for sending a tonne of fish to the mainland, even with a Government subsidy of £18.42, is £27.86. The Rural Scotland Price Survey for winter 1981 showed that prices in some parts of Shetland were up to 20 per cent higher than in Aberdeen. The Survey also recorded prices of up to £1.90 a gallon for petrol in November 1981 on Shetland, compared with the Aberdeen average of £1.66.

The low volume of sales, particularly in the small village shops and garages, is a big factor in the higher prices. But not only do the islanders have to contend with a high cost of living but the main traditional industries of Shetland (fishing, agriculture, knitwear and tourism) are at a severe competitive disadvantage because of their high expenditure on transport.

The second reason why Shetland is of particular interest is because of the oil discovered off-shore in the early 1970s. Two pipelines bring the North Sea oil from a series of fields in the East Shetland basin to the Sullom Voe terminal which was built in the north of the main island at a cost of £1,200 million and which is designed to handle a crude oil throughput of up to 1.4 million barrels a day. The oil then leaves by tankers from the deep water harbour.

The oil "boom" has undoubtedly had the effect of reversing, at least for the time being, the decline in population. In 1931, Shetland had a population of 21,421 which had gradually fallen to 17,327 by 1971. Since then, it has been building up until at the 1981 census it was 22,768. Unemployment has been held artificially low (until recently) because of the massive construction programme associated with oil development, although there has been an influx of non-islanders to carry out a lot of the work. But hanging over the islands is a real feeling that the "good times" will not last much longer, and there are already major problems over the rundown of such associated services as some facilities at the main airport at Sumburgh on top of the virtual completion of the oil terminal itself on which 1,000 temporary jobs depended. The present rate of unemployment is 6.7 per cent. In June 1980 it was 3.0 per cent*.

* Between January 1981 and January 1982 unemployment in the three island groups - Shetland, Orkney and Western Isles - increased by 34 per cent.

Recognition of a possible return to difficult times has just led the United Kingdom Government to reverse an earlier decision to withdraw assisted regional status from the islands.

During his visit, your Rapporteur was impressed by the efforts which are being made, particularly by the Shetland Islands Council, to attempt to use the relatively short-term benefits of oil - one source of revenue is an Oil Disturbance Fund levied on the oil companies and which has so far raised about £20 million - to help reinforce the economic and social base of the islands. Quite wisely, the Council is looking to its traditional industries, such as fishing and fish processing, for its long term future. Also impressive have been the extensive steps taken, particularly at the giant oil terminal, to protect the environment.

Inevitably, with the benefit of hindsight, the authorities would probably take some different steps if they were starting again on such a big operation of coping with "the oil era". But your Rapporteur's personal opinion is that, in all the circumstances, they have done an excellent job. Their experience will provide valuable lessons for other small areas faced with similar challenges.

A major matter of concern, despite Government operating subsidies on the route to the mainland, is the continuing financial strain on ferry services because of the replacement cost of vessels. The Council runs, without Government subsidy, services on five routes to smaller islands while a shipping company operates the ferry link with Aberdeen. The importance of these "lifelines" cannot be overstated - without them the islands would simply die.

But the capital cost of replacing vessels is a potential threat. For example, the roll-on roll-off ferry between Lerwick and Aberdeen, the St. Clair, will soon need replacing at a possible cost, even for a second-hand boat, of some £12 million. The European Regional Development Fund has made several grants towards the improvement of harbour facilities and the provision of onshore infrastructure for ferry services. But, so far, it has not made grants towards the cost of providing the vessels themselves. Your Rapporteur feels that a change should be made to allow such grants to be made given the vital importance of the ferries to island communities.

The European Regional Development Fund and the European Investment Bank have been of great assistance in helping Shetland to cope with the enormous expenditure associated with the oil development. By the end of 1980, the Bank had invested over £65 million in the islands for such projects as a new power station, the extension of the main airport and the building of jetties at Sullom Voe, while the Fund had made grants of £6.65 million for public service projects (including £1.9 million to develop Lerwick harbour) and £2.4 million for private businesses. But the investment which the Council itself has made comes to around £150 million.

One of the problems which have been incurred is the undoubted difficulty in deciding the level of investment which should be made in associated services. For example, there seems to have been an overprovision of airport terminal facilities although this was not the responsibility of the Council. But, given the scale of the entire undertaking, it is not surprising if some mistakes have been made.

Visit to Inverness

The meeting in Inverness took place on Monday 7 June. To set the Highland Region, of which Inverness is the main town, in its European context, one may note that the population density is just 9 persons per square kilometre, compared with 116 in the rest of Scotland. Significantly, in terms of population density, Scotland ranked 14th lowest of the 108 regions enumerated in the Commission's first periodic report on the economic and social situation of the regions*. The Highland population density is lower than that of any region in the report.

In recent years the area has lost two major employers, an aluminium smelter and a pulp mill and the three North Sea Oil construction yards in the Region are now operating at about 50 per cent capacity. Although major new developments would be welcomed in the principal centres, the effects of such developments are largely local and all those responsible for the development of this essentially rural area stress the need to maintain the indigenous population and preserve communities through the encouragement and support of community effort, self reliance, identity and culture.

Attention has turned to adding value to production within the local area. At present too much of the primary output is processed outside the area. Not only are opportunities considered to exist for more local processing, particularly of meat and fish products, but the higher multiplier effects of agriculture and fisheries compared with the industrial and oil-related sectors is stressed.

The high transport costs found in Shetland are shared by the Highlands and Islands area as a whole, but with the improvement of the road link to the South mainland attention is focused on internal links. Highland Region reckons that it will take thirty-five years to upgrade the 530 km of strategic road which is still single track. There is a problem that where local finance for increased capital expenditure is not available, potential assistance from the European Community can not be made use of. Community social legislation, designed to make competition fairer, is also seen as an added burden. However, it is believed that progress is being made with regard to both the tachograph and divers' hours regulations.

* Commission of the EC, The Regions of Europe First Periodic Report on the social and economic situation of the regions of the Community, Brussels 1980.

In recent years increased subsidisation has reduced the level of ferry costs suffered by Islanders, but it is argued that a more planned approach to investment could increase efficiency and reduce public costs. As in Shetland, the question of capital costs for ferries was discussed at the meeting in Inverness.

High transport costs are but one aspect of high costs throughout the Highlands and Islands. Low population density increases retail costs, as the Shetland figures show. It also increases the cost of providing social services such as primary schools in small villages. In relation to the cost of housing, it was interesting to hear of the very high local building costs, notably on the smaller islands where there can be no economies of scale; where there is a lack of competition, and where site conditions are often difficult.

Yet, it was pointed out to your Rapporteur that expectations are the same as in other areas of the UK and the local authorities believe that those under their authority are entitled to the same range of services as those in more populated areas.

The remoter, more sparsely populated regions suffer social problems associated with the increase in the elderly in the population and loss of community activators. Families are also split up by distance. Long distances and sparse population make it difficult and expensive to provide care in the type of accommodation becoming available in urban areas. However, social services can build on community awareness in the remoter areas, where urban solutions may not be appropriate. There is, therefore, a need for experimenting and the sharing of experience with other rural areas.

Your Rapporteur welcomes the initiative by the CPMR to pool the experience of the member regions in their search for ways of caring for the elderly and disabled in their peripheral regions, particularly by making greater use of modern technology. In this field the decision of the European Community to assist a project Highland Helpcall (a community alarm system using sophisticated technology to alert neighbours to a disabled or elderly person in distress) is welcomed.

There was a clear impression that agricultural policies which may have relevance in many more central parts of the Community may have less value at the periphery. There may, for instance, be a need to encourage milk production. It is argued that further beef production would have little effect on total output. It is also suggested that moves to aid small farmers could penalise the larger-scale extensive units which are typical in the area. There is, too, concern at soil deterioration through reduced application of lime.

In the fisheries sector, concentration on Community waters has increased dependence on certain seasonal pelagic fisheries and raised interest in non-traditional fisheries. Along with changing technology, this has increased conflict between local and nomadic fishermen. Scottish fishermen are concentrated away from the populous central belt and therefore play an

important role in local economies. There is good evidence of a desire to protect smaller scale vessels operating close to home and to take a regional approach to fisheries development.

A final area of considerable interest to the area is tourism. There is a move away from hotel to self-catering accommodation. In this and other fields there is evidence of overlapping of statutory agencies which has a tendency to confuse both the public and the inward investor.

(b) Visit to the Kyclades

The Committee on Regional Policy and Regional Planning visited Greece from 27 September to 1 October 1982. Between 27 and 30 October the Committee was split into three delegations which visited Epirus, Eastern Macedonia and the Kyclades. At the full Committee meeting in Thessaloniki in the evening of 30 September and on 1 October Mrs Fuillet reported on the delegation to Epirus, Mr Faure reported on Eastern Macedonia and Mr de Pasquale on the Kyclades. Your Rapporteur took part in the delegation to the Kyclades.

Prior to the visits the Committee was provided with a regional profile of Greece and information on the regions visited by the delegations*. As Mr de Pasquale is to prepare a full report on the regional aspects of the Greek economy, the Rapporteur would not wish to go over ground which will be covered in detail by the Committee Chairman. He would, however, like to take the opportunity, within the context of his report, of thanking all those who helped to prepare the visits. In the short time available the Rapporteur learnt much which was of value to him in the preparation of his own report.

The need to improve the transport networks, as regards transport on individual islands, between islands and between the islands and the principal towns on the mainland was one of the major concerns of the people of both Samos and Milos. The high cost of getting products to market was often mentioned. In Samos the delegation was shown how ERDF money was being used to improve the local road network. A visit was also paid to a wine producing unit.

As in many other peripheral regions and islands, in particular, lack of water was identified as the first priority problem to be tackled. In exchanges with local representatives the Committee Chairman emphasised the need for improved irrigation for agriculture to be used not to increase output but to improve quality. Opportunity also exists for the better utilisation and marketing of fish catches.

The island of Milos is important for its mineral reserves; it is also the site of potential geothermal energy production. Only a small proportion of the workforce is employed in tourism. The delegation visited the geothermal energy site at Zephiria and also the perlite mine at Trachilas as well as the industrial plant at Varitini.

* PE 78.171; PE 80.053; PE 80.054; PE 80.055; PE 80.056

The experience of Milos shows that greater attention needs to be paid to environmental considerations in the development of minerals and of tourism. However, the existence of the mineral reserves and the potential from geothermal energy highlight the possibilities of the Kyklades.

(c) Visit to Sicily, 4 October 1982

Introduction

The Regional Committee visited Sicily in 1973. Lord Bruce of Donnington visited Sicily in 1979.* In the same year the newly-elected Parliament authorised the Regional Committee to visit Sicily. The Rapporteur considered that it would therefore be appropriate for him to take the opportunity of returning to Sicily on his way back from the Regional Committee's visit to Greece.

Meeting with the President of Sicily

During his brief visit he had the honour of being welcomed to Palermo by the President of Sicily and was able to discuss problems relevant to his report with President d'Acquisto, members of his administration, senior civil servants, leading trade union representatives and members of the business and agricultural communities. Your Rapporteur is very grateful to the Sicilian authorities for arranging for him to meet and talk with so many leading figures connected with the Sicilian economy. He also expresses his thanks to the Committee Secretariat for all the preparatory work.

In his opening address the then President d'Acquisto outlined the problems and potential of Sicily. He highlighted the cost of transporting goods to and from Sicily. The problem of exporting agricultural products was exacerbated by a lack of transport facilities. On the other hand, the President emphasised Sicily's strategic position at the crossroads of an enlarged Community and North Africa. He also emphasised the problem of lack of water for drinking, irrigation and industry. Other problems which he mentioned were the earlier over-concentration on oil refining with its environmental consequences, the need to be competitive in agriculture, and the low level of activity rate in the Sicilian economy. In spite of this position of lack of employment the President noted the anomaly of dependence on North African labour for fishing and harvesting. He also noted the penalty imposed on Sicilian development of bank borrowing charges being about 1.5 per cent above the mainland level.

Your Rapporteur's conversations with the administration were concentrated in the following areas: environment, transport and agriculture.

* PE 58.730. Lord Bruce of Donnington was then Chairman of the Committee on Regional Policy, Regional Planning and Transport.

Environment

The principal environmental problem of Sicily is the imbalance between the hinterland and the coastal fringe. Inland villages and the countryside have been abandoned, while the coastal area is overstretched with resulting urban pollution. A connected issue is the pollution of air and water, the provision of water being seen as a key to urban and rural development.

Further tourist development is seen as dependent on improving the environmental position. Transport developments are also considered essential to improve the rural/urban balance.

Transport

Transport problems can be divided into three sectors:

- (a) Interior transport. A priority is the completion of the basic local motorway network. There is also a desire for improved landing facilities on the smaller islands surrounding Sicily.
- (b) Connections with the Italian mainland. Sicily has recently provided encouragement to charter operators coming to Sicily. There is concern at the time taken to reach Sicily by rail. When Lord Bruce visited Sicily in 1979 he noticed little enthusiasm for a Messina bridge. There now appears to be considerable support for a road/rail bridge.
- (c) Sicily in the Mediterranean context. With the provision of large-scale ship repair facilities and a tanker degasification facility, Sicily has already taken steps to exploit its strategic position. Sicilian leaders would like to see this position strengthened as a matter of Community interest. The question of a free port area is under consideration.

Agriculture

As with other peripheral regions, be they Northern or Mediterranean, there is a belief that the Common Agriculture Policy has benefited the central area and its products at the expense of the periphery. Cattle, for instance, can not be reared to Northern European standards, it is argued.

Although agriculture occupies a declining percentage of the active population the sector is still characterised by under-employment. Some 80 per cent of holdings are still less than 20 hectares. The authorities have encouraged the growing of oranges, the diversification of the vineyards and greater production of vegetables.

Meetings with trades union representatives

The union representatives expressed many of the concerns and hopes of those in the administration, such as the importance of a Messina bridge and its potential to develop the bridge area. They also emphasised Sicily's strategic importance to Mediterranean transport.

Union representatives, however, highlighted a number of other concerns. One was that, while there was a strong commitment to the European Community, there was a feeling of distance from the centre, this despite Sicily's autonomous position. The fears about Sicily's position in the context of enlargement had been heightened by the Community's rejection of certain Sicilian laws to aid the agricultural sector. Similarly, while international attention in the fishery sector has focussed on the development of a policy for the North Atlantic waters, Sicily would like to see the development of new relationships with the neighbouring African states.

Although the Union representatives echoed the need for greater irrigation, it was pointed out that, with greater output, certain of the problems of Mediterranean agriculture would continue. The representatives also paid particular attention to the low activity rates in Sicily and the level of unemployment which is considerably higher than the Italian average. Although the cost of goods and services was not considered to be higher than elsewhere in Italy, they take up a larger part of family budgets. There was also concern that in creating employment opportunities training should be more closely related to investment.

Meeting at the Chamber of Commerce with representatives of industry and agriculture

The members also raised points on agriculture, transport and tourism. The speaker highlighted the irony of Sicily's position in that, on an island where oranges are destroyed for want of a market, it is possible to buy orange juice manufactured in Northern Europe. There was also concern that, while the principle of free trade is embodied in the Treaty of Rome, there are problems in practice in the wine market. There was also some uncertainty about what would be done with the enlarged agricultural area which will benefit from current irrigation plans, although it was pointed out that Sicily was only 50 per cent self-sufficient in meat and milk.

The Rapporteur noted the desire to see the development of industries based on new technologies and therefore low transport costs. He was concerned that it is these very industries which both central and other peripheral areas wish to attract. Again the representatives commented on the failure of the petrochemical industry to become vertically integrated. Its only legacy had been one of industrial pollution. More heartening was the information that Fiat had set up a car assembly plant some

thirteen years ago intending to produce 80 cars per day. The plant now employs 2,500 people and produces some 750 cars per day. This should be an example to other companies.

Conclusions

It would not be appropriate to make sweeping judgements on the Sicilian economy on the basis of one day of talks, however full and frank they may have been. The aim was to listen and to assess developments since earlier visits.

Two related problems, however, appeared to be central to all the discussions: transport and Sicily's strategic position in an enlarged Community. The peripheral areas of the Community to an extent consider that a developed common transport policy would tend to favour the central areas. It is quite clear that the completion of the internal motorway network, improved road, rail and air connections with other parts of Europe and, if current feasibility studies are encouraging, the construction of a fixed link across the straits of Messina would help to re-establish Sicily as an integral crossroads in an enlarged Community. With further enlargement the orientation of the Community will change. Of course this will create difficulties in the agricultural sphere in particular, but it will also create opportunities, especially in the transport field, which the Community must consider if the benefits of enlargement are to be achieved.

GDP per Head Index 1980 for the Community of Ten

EEC Average = 100

Region	1980	Region	1980
<u>Belgium</u>		<u>France</u>	
West-Vlaanderen	110.6	Picardie	111.3
		Haute-Normandie	136.2
<u>Denmark</u>		Basse-Normandie	97.4
Hovedstadsregionen	140.7	Nord-Pas-de-Calais	102.2
Øst for Storebaelt	115.0	Pays de la Loire	100.9
Vest for Storebaelt	117.9	Bretagne	89.6
		Poitou-Charentes	88.6
<u>Germany</u>		Aquitaine	102.7
Schleswig-Holstein	109.5	Languedoc-Roussillon	101.9
Lüneburg	85.8	Provence-Alpes-Côtes d'Azur	113.1
Weser-Ems	105.4		
		<u>Ireland</u>	50.6
<u>Greece</u> ¹		<u>Italy</u>	
Anatoliki Sterea kai Nisoi	50.6	Liguria	83.6
Kentriki kai Ditiki Makedonia	42.4	Veneto	70.0
Peleponnissos	39.2	Friuli-Venezia-Giulia	74.1
Thessalia	38.0	Emilia-Romagna	84.7
Anatoliki Makedonia	36.0	Toscana	75.1
Kriti	37.4	Marche	65.7
Ipiros	33.8	Lazio	65.8
Thraki	25.9	Campania	44.5
Nisoi Anatolikou Aigaiou	32.3	Abruzzi	53.4
		Molise	46.9
		Puglia	47.2
		Basilicata	47.9
		Calabria	37.3
		Sicilia	44.7
		Sardegna	51.7

¹ Figures for Greece refer to 1977

Region	1980
<u>Netherlands</u>	
Groningen	208.7
Friesland	88.5
Overijssel	95.9
Gelderland	97.5
Utrecht	112.3
Noord-Holland	124.4
Zuid-Holland	126.2
Zeeland	108.9

United Kingdom

North of England	84.3
Yorkshire and Humberside	82.5
East Midlands	83.5
East Anglia	81.0
South-East	96.5
South-West	80.2
North-West	84.6
Wales	86.1
Scotland	89.2
Northern Ireland	66.2

REGION	AREA km ²	POPULATION			EMPLOYMENT 1979			UNEMPL- OYMENT %	PRODUCT- IVITY 1977	GDP per HEAD 1980	COMPOSITE INDEX 1975-77-79
		Variation	Density inhab/km ²	Depend- ency rates	Agricul- ture %	Indus- try %	Serv- ices %				
		1976/ 1979	1978	1977	%	%	%				
		1	2	3	4	5	6					7	8	9	10	11
Øst for Storebaelt	6,970	0.6	83	.	.	.	.	.	119	115.0	.
Vest for Storebaelt	33,252	0.6	83	.	15.6	.	.	.	122	117.9	.
Grønland	2,175,600	.	0.1	.	.	.	.	.	.	59.0	.
E. Cont. Greece & isles	22,033	0.10	40	.	37.7	35.1	27.2	.	.	50.6	.
Central & W. Macedonia	24,630	1.48	65	.	32.7	32.0	35.3	.	.	42.4	.
Peloponnesse	28,227	-0.50	44	.	56.2	19.7	24.1	.	.	39.2	.
Thessalia	13,929	-0.10	47	.	51.3	22.1	26.6	.	.	38.0	.
Eastern Macedonia	9,547	-0.90	41	.	58.1	16.2	25.7	.	.	36.0	.
Crete	8,336	-0.01	55	.	56.4	16.8	26.8	.	.	37.4	.
Epirus	10,169	-0.83	40	.	57.0	20.8	22.2	.	.	33.8	.
Thrace	8,578	-0.45	37	.	63.3	14.2	22.5	.	.	25.9	.
Aegean Islands	6,541	0.60	49	.	43.7	23.3	33.0	.	.	32.3	.
Pays de la Loire	32,082	0.7	88	1.27	17.1	36.9	46.0	4.8	100	100.9	107.94
Bretagne	27,208	0.4	97	1.40	21.8	27.5	50.7	4.4	86	89.6	83.04
Poitou-Charentes	25,810	0.1	59	1.36	16.5	32.8	50.7	5.7	100	88.6	94.64
Aquitaine	41,308	0.2	62	1.42	13.0	30.1	56.8	6.1	102	102.7	91.53
Languedoc-Roussillon	27,376	0.5	66	1.70	14.3	28.5	57.1	7.6	102	101.9	76.41
Prov.-Alpes-Côtes d'Azur	31,400	1.1	122	1.50	4.1	28.7	66.8	8.2	113	113.1	87.70
Corse	8,680	0.3	26	.	12.3	28.7	66.8	3.5	113	.	.
French Overseas Departments	96,391	.	.	.	17.6	6.0	76.4	20.0	.	43.0	.
Ireland	70,285	1.4	47	1.80	19.8	32.9	46.7	7.4	59	50.6	38.01
Veneto	18,364	0.4	236	1.75	9.6	45.4	44.9	3.5	71	70.1	83.38
Friuli-Venzia Giulia	7,845	0.0	159	1.76	5.7	38.4	56.0	2.4	73	74.1	101.19
Toscana	22,992	0.2	156	1.63	9.4	41.0	49.6	3.6	71	75.1	70.95
Marche	9,693	0.5	145	1.43	15.8	42.1	42.0	3.3	60	65.7	64.98
Lazio	17,203	0.7	292	1.99	6.8	25.7	67.5	7.4	69	65.8	44.66
Campania	13,595	0.8	397	2.43	18.9	29.0	52.1	11.0	55	44.5	25.58
Abruzzi	10,794	0.6	114	2.04	23.2	31.8	45.1	5.9	58	53.4	38.25
Molise	4,438	0.4	75	2.03	36.7	20.6	42.2	5.0	45	46.9	34.62
Puglia	19,348	0.9	200	2.39	24.3	27.2	48.5	6.8	51	47.2	32.34
Basilicata	9,992	0.2	62	2.36	29.3	23.8	47.0	10.0	52	47.9	35.38
Calabria	15,080	0.5	137	2.69	20.3	24.0	55.8	12.8	48	37.3	18.32
Sicilia	25,708	0.7	193	2.66	19.2	25.5	55.4	6.4	56	44.7	29.46

REGION	AREA km ²	POPULATION			EMPLOYMENT 1979			UNEMPL- OYMENT %	PRODUCT- IVITY 1977	GDP per HEAD 10	COMPOSITE INDEX 1975-77-79 11
		Vari- ation	Density ² inhab/km ²	Depend- ency rates	Agricul- ture %	Indus- try %	Serv- ices %				
		1976/ 1979	1978	1977	%	%	%				
		1	2	3	4	5	6					7	8	9	10	11
Sardegna	24,090	0.8	66	2.46	14.1	27.4	58.5	9.8	66	51.7	32.16
North of England	15,401	-0.4	201	1.18	0.7	49.1	50.3	6.2	59	84.3	62.70
Wales	20,768	0.1	133	1.30	2.4	38.7	58.9	4.7	67	86.1	71.21
Scotland	78,768	-0.2	66	1.17	3.8	39.5	56.7	5.4	65	89.2	69.17
Northern Ireland	14,122	0.2	109	1.47	6.3	38.2	55.5	7.0	66	66.2	43.80
A: Highest Value		Berlin -1-1	Berlin 3,999	Calabria 2.69	Trace 63.3	Stutt- gart 54.0	Ham- burg 69.9	FOD 20.0	Gronigen 341	Gronigen 208.7	Luxem- bourg 281.64
B: Lowest Value		Central & West Mac. 1.48	Grønland 0.1	Ile de France 1.03	South East 1.1	FOD 6.0	Epi- rus 22.2	Luxem- bourg 1.5	Molise 45	Calabria 37.3	Calabria 18.32
C: A ÷ B				2.61:1	57.5:1	9:1	3.11:1	13.3:1	7.57:1	5.6:1	15.4:1
D: Average				1.8	23.9	28.9	47.2	6.9	75.8		59.89

Sources: Columns: (1) to (7), Eurostat, Yearbook of Regional Statistics, 1981

Columns: (8) to (10), Commission, Regional Development Atlas, 1981. (Figures for Grønland, French overseas Departments & Greece refer to 1977)

Column: (11), Answer of the Commission to the Written Question by Mr GENDEBIEN, OJ No. C 126, 17.5.1982

Greek data found in KEPE, Regional Development Programme of Greece: 1981-85, Athens, 1980

Data on French Overseas Departments found in Commission, FPR, Brussels, 1980

TABLE 3

REGIONAL STRUCTURES OF TOTAL AGRICULTURAL PRODUCTION: 1976-77

REGION	PRODUCTS COVERED BY THE C.A.P.							Fruit & Veg covered by the C.A.P.	"a" % of total produc.	Products not cov- ered by C.A.P.	I-VIII a) + IX = 100	
	Cereals	Sugar Beet	Milk	Oils, fats & tobacco	Olives	Beef & Veal	Pig- meat, poultry & eggs					Wine
	I	II	III	IV	V	VI	VII					VIII a)	VIII b)	IX	X
Øst for Storebaelt	33.9	11.9	11.6	-	5.9	25.8	-	1.4	-	9.5	100	
Vest for Storebaelt	21.9	0.9	27.7	-	14.9	25.7	-	0.6	-	8.3	100	
Pays de la Loire	11.1	0.0	25.7	0.5	29.6	15.2	5.4	3.8	11.0	8.7	100	
Bretagne	7.3	-	28.2	0.1	18.4	38.3	-	1.0	6.3	6.7	100	
Poitou-Charente	25.6	-	17.4	2.3	17.7	10.9	15.0	0.9	2.8	10.2	100	
Aquitaine	21.1	-	12.7	2.6	14.8	15.5	17.7	5.0	11.7	10.6	100	
Languedoc-Roussi- lon	2.7	-	2.0	0.2	2.0	3.6	68.9	11.4	20.0	9.2	100	
Provence-Côte d'Azure-Corse	5.4	-	2.1	0.1	1.3	6.5	40.0	26.5	44.6	18.1	100	
Franche-Comté	13.5	0.2	45.6	0.5	24.5	7.3	0.7	0.5	4.2	7.2	100	
Ireland	8.4	2.0	24.4	-	39.2	11.8	-	-	-	13.6	100	
Veneto	20.2	2.3	11.9	0.6	11.8	22.1	10.0	6.8	16.0	14.2	100	
Friuli	31.2	0.3	17.4	0.2	12.1	16.1	7.2	2.5	6.0	13.0	100	
Toscana	18.9	1.2	3.7	5.6	6.5	20.0	10.4	4.5	16.0	29.2	100	
Marche	26.3	7.0	2.0	1.2	13.3	24.2	7.8	4.2	12.3	13.9	100	
Lazio	11.9	0.9	10.1	4.4	8.2	8.5	10.1	6.9	30.6	39.0	100	
Campania	5.8	0.4	5.8	8.3	6.1	7.1	3.8	19.0	40.1	43.7	100	
Abruzzi	12.3	2.8	3.5	7.6	8.7	11.5	10.0	10.7	25.0	32.9	100	
Molise	32.0	1.3	8.4	7.9	9.0	11.3	5.5	2.4	13.3	22.2	100	
Puglia	13.0	2.7	3.3	27.1	2.9	2.7	9.4	12.0	31.8	26.9	100	
Basilicata	30.2	4.0	4.7	6.2	7.4	10.7	2.9	9.8	26.3	24.1	100	
Calabria	8.6	0.8	4.8	23.0	6.0	9.2	3.1	17.8	32.3	26.7	100	
Sicilia	10.4	-	2.7	6.2	5.0	7.0	11.5	30.6	50.1	26.6	100	
Sardegna	7.3	1.4	6.5	3.4	14.1	12.2	8.0	4.8	23.2	42.3	100	
North of England	20.8	3.3	20.7	-	14.5	23.3	-	0.9	-	16.5	100	
Wales	4.8	-	36.1	-	23.5	14.5	-	0.4	-	20.7	100	
Scotland	19.4	-	7.6	-	29.9	10.8	-	0.2	-	27.4	100	
Northern Ireland	4.0	-	24.9	-	29.3	28.4	-	1.4	-	12.0	100	

Source: Commission, "Study of the regional impact of the common agricultural policy", Annex N°. 2, pp. 97-101.

MOTION FOR A RESOLUTION (Doc. 1-829/81)

tabled by Mr de Pasquale, Mr Faure, Mrs Boot, Mr Delmotte, Mrs Ewing, Mrs Fullet, Mr Hume, Mrs Kellett-Bowman, Mrs Martin, Mr O'Donnell, Mr J.D. Taylor and Mr Travaglini

on behalf of the Committee on Regional Policy and Regional Planning

pursuant to Rule 47 of the Rules of Procedure

on the peripheral maritime regions and islands of the European Community

The European Parliament,

- having regard to the report tabled on 2 May 1979 by Mr CORRIE, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on 'the peripheral coastal regions of the European Community' (Doc. 113/79) and the resolution adopted by the European Parliament (OJ N° C 140, 5.6.1979);
 - whereas that report highlighted the need for specific action to deal with the problems of these regions which are disadvantaged because of their remoteness, the lack of modern facilities, inadequate industrial development and a standard of living below the Community average,
 - whereas, since the report was drawn up, the economic crisis has widened the gulf between the peripheral maritime regions and islands and the central regions, as is shown in the Commission's First Periodic Report on the social and economic situation of the regions of the Community (COM(80) 816 final) of 7 January 1981,
 - having regard also to the motion for a resolution on the European Coastal Charter tabled on 8 July 1981 (Doc. 1-390/81) and the study currently being carried out on this subject by the Committee on Regional Policy and Regional Planning,
 - whereas the European Coastal Charter adopted by the Conference of Peripheral Maritime Regions of the European Community concerns all the coastal regions of the Community and recommends an integrated policy for the development and protection of coastal regions, based on sound planning,
 - whereas, as part of this policy, a specific study should be carried out of the problem of the development of peripheral maritime regions and islands for the reasons given above,
 - noting also the final communiqué of the Conference of European Island Regions organized by the Conference of Local and Regional Authorities of Europe in Teneriffe in April 1981 (Resolution (PL(16) 9),
1. Calls on its appropriate committees to carry out, while the study of the European Coastal Charter is being prepared and paying close attention to that study, a study of the specific problems raised by the development of peripheral maritime regions and islands in the context of the 1980s;
 2. Instructs its President to forward this resolution to the Council, the Commission and the governments of the Member States.

tabled by Mr Almirante, Mr Romualdo, Mr Buttafuoco and Mr Petronio
pursuant to Rule 47 of the Rules of Procedure
on the creation of a free zone in Sardinia

THE EUROPEAN PARLIAMENT,

- A. having regard to Draft Constitutional Law No 3889 of 3 July 1975 on the creation of a free zone in Sardinia, submitted to the Chamber of Deputies of the Italian Republic,
 - B. having regard to Draft National Law No 1 of 28 July 1975 on the creation of a free zone in Sardinia, submitted to the Sardinian Regional Council,
 - C. having regard to Draft Law No 4041 of 8 October 1975 on the granting of tax exemptions for certain goods to the autonomous region of Sardinia, submitted to the Chamber of Deputies of the Italian Republic,
 - D. having regard to Draft Law No 1381 on the creation of a free zone in the autonomous region of Sardinia, submitted to the Senate of the Italian Republic on 21 September 1978,
 - E. having regard to Draft Law No 353 on the creation of a free zone in the autonomous region of Sardinia, submitted on 17 July 1979 to the Chamber of Deputies of the Italian Republic,
 - F. Whereas Sardinia still lacks suitable economic infrastructure which would allow it to attain the average level of economic development of the European Community,
 - G. noting that the only growth sector of the Sardinian economy is the tertiary sector, which is hampered by being limited to a four-month season each year and cannot therefore provide the stimulus for balanced economic development,
 - H. stressing the total failure of industrial development in the petro-chemical sector and the crisis facing the coal industry,
1. REQUESTS THAT
- the whole of Sardinia be designated a free zone, as the creation of free areas in a few ports cannot provide any real benefits;
 - a regional development plan be drawn up in coordination with the free zone legislation;

- Council Directive No 75 of 4 March 1969, which provides that goods imported into free zones 'shall not be cleared for home use or used there under conditions other than those applicable in the remainder of the Member States in which the free zone is situated', be repealed;
 - Article 12 of the Sardinian Constitution, which gives the State the right to adopt customs rules for the region, while at the same time requiring it to create duty-free ports in the region, and to grant customs exemptions for goods considered essential for the improvement of public health and sanitary conditions on the island, be amended;
2. Instructs its President to forward this resolution to the Council and Commission of the European Communities.

MOTION FOR A RESOLUTION (Doc. 1-367/82)

tabled by Mr Nyborg

on behalf of the European Progressive Democrats

pursuant to Rule 47 of the Rules of Procedure

on coastal protection

The European Parliament,

- A. whereas extensive sections of Community coastline are exposed to erosion such that the coast is receding by several metres each year,
 - B. having regard to the enormous economic losses caused by this erosion, particularly in the agricultural and tourist sectors,
 - C. whereas the cost of coastal protection is often beyond the financial resources of the regions concerned,
1. Calls on the Commission to consider the best technical means of protecting the Community's coastline and to seek ways of slowing down its erosion immediately;
 2. Calls on the Commission, on the basis of these studies, to draw up projects specifying orders of priority designed to provide permanent protection for the coastline, to be financed by the Community budget, particularly in the context of the EAGGF and ERDF, together with the Member States concerned;
 3. Calls on the Commission to propose immediately the appropriations required to carry out these studies and to implement those projects which are considered to have priority.

tabled by Mrs Ewing

pursuant to Rule 47 of the Rules of Procedure

on an action programme for the remote and sparsely populated regions and islands

The European Parliament,

- A. Whereas the remote and sparsely populated regions of the Community such as the Highlands and Islands of Scotland, Corsica and the West of Ireland are disadvantaged in many ways, none the least by their remoteness from decision-making centres where their problems are not always well understood,
- B. Whereas distances from major markets and high freight charges on raw materials and inputs effectively erode business profitability in these regions,
- C. Whereas the small and dispersed nature of local markets reduces the possibility of achieving economies of scale,
- D. Whereas, in addition, these regions suffer from deficiencies in their communication networks and in other essential infrastructures and aware of the difficulties which local authorities experience in raising the capital necessary for vital structural improvements,
- E. Whereas soaring fuel and transport costs have exacerbated these problems in recent years,
- F. Noting that the situation is generally worse in sparsely populated islands,
- G. Having regard to the Delmotte Report in the First Periodic Report on the Social and Economic Situation in the Regions and to the De Pasquale Report on the proposed revision of the E.R.D.F. Regulation,
 1. Calls upon the Commission to conduct a special study on the Community's remote and sparsely populated regions and islands;
 2. Recommends that this study should concentrate on areas with population densities of less than 40 persons/km² and that it should include;
 - (i) a price survey which investigates the comparative costs (of food, consumer durables, housing and transport) and earnings in these regions in comparison with urban centres
 - (ii) a survey of the effects of Community membership and
 - (iii) an assessment of success of national regional development efforts;

3. Suggests that on the basis of their findings, the Commission should come forward with appropriate proposals for an action programme in favour of the remote and sparsely populated regions and islands with a view to assisting these areas to obtain a fairer share of Europe's wealth;
4. Instructs its President to forward this Resolution to the Council and the Commission.

MOTION FOR A RESOLUTION (Doc. 1-290/82)

tabled by Mr de Gucht

pursuant to Rule 47 of the Rules of Procedure

on the setting up of employment zones in frontier, backward and problem areas

The European Parliament,

Having regard to the fact that:

- A. Regional disparities are generally becoming more marked and are putting the existence of the Community in jeopardy,
- B. The geographical distribution of unemployment is extremely uneven with frontier areas and backward areas being the most severely affected and there has not yet been any improvement in the unemployment trend,
- C. More reliance on the trade cycle will only help to solve part of the unemployment problem to a limited extent and new imaginative measures are urgently needed,
- D. A regional policy at European level should be designed to adapt and if necessary reorganize structures in such problem areas and the method of compensating revenue transfers should be avoided since it amounts to papering over the cracks,
- E. Redressing the balance between regions simply by revenue transfers is unrealistic and even undesirable,
- F. A regional approach to the unemployment problem is required in view of its geographical distribution and a recovery policy based on regional programmes should be maintained,
- G. Unemployment policy in problem areas must go hand in hand with a policy on productivity with emphasis on stepping up production,
- H. In view of this link between the unemployment problem and regional policy at national level, certain countries including one Member State are experimenting with employment zones and other Member States have drawn up proposals for national legislation along these lines; the common characteristic of these zones is that for a restricted geographical area and for a limited or unlimited duration, government intervention via taxation or other regulations is reduced in such a way that there is renewed stimulus for investment aimed at encouraging production for export,

- I. Such 'exemptions' range from anticipated depreciation facilities, simplification of certain official procedures - although without prejudice to the fundamental elements of town planning and environmental provisions - to exemption from corporation tax, land tax and customs duties,
- J. The existence of such employment zones - despite their internal freedom - must be made subject to strict regulations, since the uncontrolled growth of such zones could have a disruptive effect on the external market and, at domestic level, could result in the formation of socio-economic ghettos;
 1. Requests the Commission to arrange for a study to be conducted of the existence of employment zones, both inside and outside the Community, covering their structure and impact, both locally and on the surrounding regions;
 2. Suggests that the existence of such employment zones within the Community should be subject to regulations and in particular strict priority should be given to the problem areas which are most backward in socio-economic terms and where the associated unemployment is most severe;
 3. Proposes that a map of Europe should be drawn up to show the areas which are potential employment zones;
 4. Suggests that there should be a general framework of regulations with which these zones would have to comply, in order to avoid the economic chaos that their uncontrolled growth would cause;
 5. Proposes, more specifically, that when such employment zones are created, account should be taken of their impact on the surrounding regions, and of the existing infrastructure and that the zones should not exist in isolation but should fit in with, for example, the local agricultural infrastructure or the proximity of university institutions;
 6. Suggests in particular that access to such zones should be strictly controlled so that the firms concerned not only fulfil the objectives of the zones themselves but at the same time do not come to be a divisive element - either as regards competition

or at social level or environmental level for the surrounding regions;

Considers that such a framework is required to prevent all forms of regulation being abolished in such zones and to ensure a controlled relaxation and simplification of procedures with guarantees for the whole of the area concerned;

7. Proposes that this framework should leave room for adapting projects to local needs and infrastructures;
8. Instructs its President to forward this resolution to the to the Commission and the Council.