

May 7, 1982

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before 15.00 HOURS, MONDAY, MAY 10 1982.

£18.4M FOR UK STEEL CLOSURE AREAS UNDER NON-QUOTA SECTION

The European Commission has just approved a special programme under the non-quota section of the European Regional Development Fund for measures to encourage new development in areas hit by closures in the British steel industry. The programme involves payment of £18.4m from the Regional Fund, which will be used in conjunction with £29.4m from national resources.

The programme, to run for a five-year period 1981-85, will concentrate on Strathclyde, Cleveland, Clwyd, South Glamorgan, West Glamorgan, Gwent and the employment office area of Corby. A total of 58 600 jobs has been lost in these zones since 1975 following the closure of steelworks. The scheme has been agreed following consultation with the Fund Committee. It was prepared by the UK Government in consultation with regional bodies under Council Regulation 2626/80.

This regulation foresaw six operations in which the Regional Fund could participate with financial help outside the fixed national allocation provided by the Fund:

1. Improvement of run-down areas whose character is either industrial, or industrial and urban, with the cleaning-up and preparation of such areas, conversion of disused industrial buildings and their surroundings, including the modernisation of premises for small and medium sized businesses, the creation of green areas and minor works for improving the appearance of localities, and, exceptionally, minor roads giving access to the locations of the new activities.
2. Construction and modernisation of housing to accommodate workers in order to attract employment, such housing being reasonably near the projected sites of the new activities, provided that the housing situation is hindering the execution of the programme in question.
3. Establishment or development of consultancy firms or other bodies for management or organisation matters by means of direct or indirect aid. Activities of such firms or bodies may include temporary assistance to undertakings for implementing their recommendations.
4. Establishment or development of common services for a number of undertakings.
5. Promotion of innovation in industry and services.
6. Better access for small and medium businesses to risk capital.

The special programme covers five of these six operations, leaving aside the provision of modern housing (operation 2). In fact, the United Kingdom Government has decided to concentrate the limited resources where they would have maximum effect. Most of the aid will thus be allocated to operation 1 in order to prepare the ground for small and medium sized undertakings to settle whilst ensuring that at the same time they have the opportunity to benefit from the operations 3 to 6, which provide the software necessary for these undertakings to adapt.

Similar specific Community measures in Belgium and Italy are also envisaged in Regulation No 2616/80. The special programme for Belgium was adopted by the Commission in January 1982; that for Italy has yet to be submitted to the Commission. The Regional Fund's contribution was 6 million ECU to the Belgian programme and will be 4 million to the Italian programme.

ALLOCATION OF NON-QUOTA FINANCE IN
STEEL CLOSURE AREAS

| | | <u>M ECU</u> | <u>£m</u> |
|-----------------|----------|--------------|-----------|
| Strathclyde | ERDF | 7.00 | 3.90 |
| | National | 11.20 | 6.24 |
| Cleveland | ERDF | 4.30 | 2.39 |
| | National | 6.88 | 3.83 |
| Clwyd | ERDF | 4.15 | 2.31 |
| | National | 7.60 | 4.23 |
| South Glamorgan | ERDF | 4.75 | 2.64 |
| | National | 7.60 | 4.23 |
| West Glamorgan | ERDF | 4.75 | 2.64 |
| | National | 7.60 | 4.23 |
| Gwent | ERDF | 4.75 | 2.64 |
| | National | 7.60 | 4.23 |
| Corby | ERDF | 2.70 | 1.50 |
| | National | 4.32 | 2.41 |
| Total | ERDF | 33.00 | 18.40 |
| | National | 52.80 | 29.40 |

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