COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 17th November 1980

PROPOSAL OF THE COMMISSION TO THE COUNCIL
MODIFYING REGULATION (EEC) Nº 2895/77 CONCERNING OPERATIONS
QUALIFYING FOR A HIGHER RATE OF INTERVENTION BY THE EUROPEAN SOCIAL FUND

(presented by the Commission to the Council)

Proposal of the Commission to the Council modifying Regulation (EEC) N° 2895/77 concerning operations qualifying for a higher rate of intervention by the European Social Fund.

Explanatory memorandum

1. This proposal for a Regulation intends to extend to Greece, as from 1 January 1981, the higher rate system applicable to interventions by the European Social Fund in regions noted for a particularly serious and prolonged imbalance of employment. Introduced with the aim of focussing ESF interventions on employment problems, the solution of which is generally coloured by a regional context of weak economic structure, the higher rate makes it possible to grant financial aid to the aforementioned regions to an amount 10 % above that granted to other regions (1). Since 1 January 1978, the higher rate has been applicable to operations in Greenland, France's overseas departments, Ireland, Northern Ireland and Mezzogiorno (2).

2. The extension of the higher rate system to Greece - which means the creation of an additional financial stimulus for the promotion of employment and vocational training in that country when it enters the Community - appears fully justified in view of the fundamental imbalances which characterize Greece's economic and social situation.

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(1) Article 8(3) of Council Decision 71/66/EEC of 1 February 1971 as amended by Decision 77/801/EEC of 20 December 1977, OJ nO L 337, 27.12.1977, p. 9.

(2) Council Regulation (EEC) No 2895/77 of 20 December 1977, OJ No L 337, 27.12.1977, p. 7.

3. As regards economic development, the gap between Greece and the Commun as a whole is shown up by the per capita GDP which, in 1978, was 43.3 of the Community average (as compared with 48.5 % for Ireland and 58. for Italy). Despite an annual GDP growth rate above that recorded for Community during the 1967-1977 period (5.9 % was compared with 3.6 % the Community) and a relatively high industrial production index (183 1978), Greece's economic development has been dogged by stagnation du mainly to a deterioriation in price levels caused by inflation of the order of 15 % between 1974 and 1978 and 25 % in 1979. This means that overall, the development disparities between Greece and the Community have not diminished.

4. In the employment sector, this economic backwardness goes hand in han with a high level of unemployment and, above all, of underemployment. The unemployment rate, as recorded by the Greek Employment Office (nor self-employed population only) was under 3 % in 1978, but this figure does not reflect unemployment of longer duration or unemployment amon young people (unemployment rate estimated at 5 % or 6 %) or unemploym in rural districts. At the same time, despite the absence of relevant figures, it is generally admitted that there is a large degree of und employment or disguised unemployment, more particularly among self-employed persons, who make up 50 % of the working population. Accordi to studies published in 1975 and 1976, total unemployment in Greece m be estimated at a rate between 15 and 17.8 % at a time when recorded unemployment was at a level comparable with that for the last few years (3).

   It must, at the same time, be pointed out that the pressure exerted o the labour market by the potential surplus labour force has likewise a tendency to increase as a result of major return movement of migra workers to Greece in the last few years and the elimination of jobs

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(3) See : the labour market in Greece. Study carried out by School of Political Science of Athens.

in the agricultural sector, where productivity is on the increase, and small commercial undertakings, which are being put out of business by the growing number of supermarkets.

Finally, efforts to speed up the provision of jobs for the available labour force are coming up against certain shortcomings in the training system, particularly as regards the equipping of training centres, opportunities for specialized and highly qualified training for adults and the training of teachers.

5 . As regards the area to which the higher rate should be applied, the question arises as to whether it should be applied to the whole of Greece or whether some parts of the country, particularly those with a more industrialized economic structure, should be excluded.

In the past, the European Social Fund has kept to the rule that the regions benefiting from the higher rate should be the least favoured ones among the priority regions eligible for the Fund's regional interventions (4). The latter are the geographical areas in which the European Regional Development Fund is active.

Pending a Community-level definition of those parts of Greece which may be considered as priority regions, it is proposed to accept the entire territory of Greece with the exception of the areas (nomos) of Athens (5) and Thessalonika for the application of the higher rate of intervention from the European Social Fund.

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(4) Interventions referred to in Article 5(1)(a) of Council Decision 71/66/EEC amended by Decision 77/801/EEC, OJ N° L 28, 4.2.1971, p. 15 and OJ N° L 337, 27.12.1977, p. 8.

(5) The Greater Athens area ("Periphéria").

These two areas can only be considered with great difficulty, as being the object of Community intervention on a regional basis. Consequently, it is feared that the higher rate of intervention from the Social Fund in favour of Athens and Thessalonika, characterized as they are, by a heavy concentration of both economic activity and of population would add to the regional dis-equilibrium in Greece.

However, the Commission acknowledges the fact that an important part of the training facilities in which the activities benefitting from Social Fund aid will take place, are in fact located in the two areas for which it is proposed to exclude the benefit of the increased rate of intervention. The Commission will ensure the use of all the means at its disposal, in the context of the other Community financial instruments, with a view to accelerating the development of the vocational training facilities in the other areas of Greece, particularly by financing the necassary "infrastructure".

PROPOSAL FOR A REGULATION AMENDING COUNCIL REGULATION (EEC) NO 2895/77 concerning operations qualifying for a higher rate of intervention by the European Social Fund

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Act of accession of Greece and particularly Article 146 (1),

Having regard to the proposal from the Commission,

Whereas following the Act of accession of Greece to the Community, the regions listed in Council Regulation (EEC) N° 2895/77 of 20 December 1977 concerning operations qualifying for a higher rate of intervention by the European Social Fund (2) need to be amended;

Whereas pending definition of priority regions in Greece that would qualify for assistance from the Fund under Article 5(1)(a) of Council Decision 71/66/EEC of 1 February 1971 concerning the reform of the European Social Fund (3), as amended by Decision 77/801/EEC (4), the higher rate of intervention should be applied provisionally to the whole of Greece; with the exception of the areas of Athens and Thessalonika;

(1) OJ N° L 291 of 19.11.1979, p. 17
(2) Article 1 of Regulation (EEC) 2895/77, OJ N° L 337 of 27.12.1977, p. 7
(3) OJ N° L 28 of 4.2.1971, p. 15
(4) OJ N° L 337 of 27.12.1977, p. 8

HAS ADOPTED THIS REGULATION :

Article 1

Article 1 of Regulation (EEC) 2895/77 is replaced by the following :

"Operations carried out in Greenland, the French overseas departments, Greece with the exception of the areas of Athens and Thessalonika, Ireland, Northern Ireland and the Mezzogiorno shall qualify for the higher rate of intervention provided for in Article 8(3) of Council Decision 71/66/EEC".

Article 2

This Regulation shall enter into force on 1 January 1981.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council