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on the European Regional  
Development Fund 1975**

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to the European Parliament  
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Commission of the  
European Communities

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## CORRIGENDUM

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## FIRST ANNUAL REPORT ON

THE EUROPEAN REGIONAL DEVELOPMENT FUND 1975

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lity for regional policy also holds consultative meetings with the Economic and Social Committee, the European Trade Union Confederation, the Union of the Industries of the European Communities, representatives of European local and regional authority organisations and the European Centre of Public Enterprise.

The administrative procedures, and their implications

26. The procedures for the granting of Fund assistance are in large part fixed by the Fund regulation. They are based on close cooperation with the national authorities. Indeed, Community regional policy is by its nature a partnership between the Community and its Member States, with the former at the present stage the junior partner.

27. The Fund regulation itself quite explicitly stipulates that the grant of Fund assistance must be coordinated with national regional aids. To be eligible for Fund assistance, investments must fall within the framework of regional development programmes (or annual information statements) prepared by the Member States (see chapter 5 of this report), and, for industrial and service-sector investments, must also be in receipt of national regional aid and respect the principles of coordination at Community level of regional aids. So, under these rules set by the regulation, while the principles and guidelines for the Fund's operation are worked out at Community level, the minimum of centralisation in Brussels is appropriate for the detailed decision-taking.

28. According to the regulation, applications may be submitted only by the Member States. This system has a sound practical justification. The Fund administration in the Commission consists of about 40 people, and it would clearly not be possible for them to examine ab initio many thousands of projects, as would be necessary if applications were submitted direct to the Commission by investors. The national administrations, for their part, are obliged to analyse projects thoroughly before deciding to grant their own aid. The Community then makes its choice from a selection of the projects in receipt of public money. The system that has been adopted makes it possible, moreover, to grant Fund assistance with the maximum speed compatible with the proper management of Community funds.

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# 1. Introduction

1. It must be stressed from the outset that the European Regional Development Fund is not to be confused with Community regional policy. It is but one instrument of that policy, though, for the present at least, one of the most important. The Fund alone, especially at its present size, cannot bring about the structural changes necessary to bring the regional imbalances in the Community within acceptable limits. Nor can this report, written only a few months after the first payments from the Fund, show more than a beginning to a Community contribution to regional development.

2. Nonetheless, the Community, recognizing that continuing regional disparities constitute a major brake on the process of economic integration, has embarked on the task of reducing these imbalances. It is committed to this task not only by the Regional Fund regulation, but by the Treaty of Rome itself. The achievement of this task requires a comprehensive approach to regional policy, implying effective coordination of all Community general and sectoral policies and financial instruments, and also close and constant coordination of those national and Community policies and measures which affect the regions.

3. The Community's establishment and development have until the recent recession stimulated a continued and sustained, but unbalanced, growth. A matching Community regional policy was lacking; and setting one up in present economic circumstances is no easy task. For in times of economic crisis governments tend inevitably to give priority to the solution of short-term cyclical problems, in particular in the fields of employment, inflation and the balance of payments; the consequence is that the degree of priority accorded to regional policy may be diluted. The gravity of this particular crisis, moreover, has made the structural problem more general, affecting also some regions outside the traditionally weaker ones.

4. The rapid growth generated by the market economy has been accompanied by significant re-

gional disequilibria which are further increased by monetary imbalances. The internal disparities within Member States vary greatly, but regional disparities are far greater at Community level; and it is no coincidence that the countries with the greatest regional imbalances are least well placed to overcome them, since their general economic problems are also the most severe. The short-term measures taken by governments to deal with the recession, while necessary for political and social reasons, should not obscure the fact that the underlying gap between the richer and the poorer regions remains as intractable as ever.

5. The market economy will not automatically resolve the problem even when growth revives. The expected economic up-turn will leave the regional unemployment problem unsolved and will probably produce new problems of structural unemployment in new areas. Without a strong regional and structural policy there can be no real progress towards greater economic integration or cohesion, the lack of which is of course a major limiting factor on the Community's international role and influence. Community regional policy is thus the essential geographically-oriented element in an overall structural policy without which the Community cannot hope to progress. Within it, the Regional Fund has the task of helping the Member States to correct the principal regional imbalances at Community level. It should be seen as only one aspect of a complex whole.

## 2. The economic circumstances in which the Fund was established

### General economic situation in 1975

6. 1975 was, in economic terms, undoubtedly the most difficult year the Community has yet experienced. Gross domestic product fell by 2.5 % in volume, investment by 6.5 %, industrial production by 7 % and exports by 6 %. At the end of the year Community industry was working at only 75 % of capacity, and over 5 million people were unemployed, almost 5 % of the labour force. The rate of inflation for the Community as a whole was 12.5 % in both 1974 and 1975. The only major indicator showing an improvement was the current account balance of payments, which after a deficit of \$13 000 million in 1974 was roughly in balance in 1975.

7. The situation, of course, varied considerably from country to country;<sup>1</sup> but it is striking that gross domestic product, industrial production and investment declined in all member countries without exception.

8. In per capita incomes, there has over the past five years been a striking widening of the gap between the Member States. Whereas in 1970 gross domestic product per head in the three countries facing the greatest economic and regional difficulties (Ireland, Italy, and the United Kingdom) was respectively 53.6 %, 70.3 % and 88.8 % of the Community average, in 1975 the equivalent figures were 48.0 %, 60.1 % and 77.7 %. At the other end of the scale, the same figures for Denmark and Germany rose from 128.7 % and 124.5 % to 136.2 % and 130.7 % respectively.<sup>2</sup>

### Effects on the regions

9. The comparisons between regions are still more striking. Gross domestic product per head in 1970 in Hamburg was five times higher, and

that in the Paris region four times higher, than in the Community's poorest regions in the west of Ireland and the south of continental Italy. By 1975 the Hamburg figure was six times, and the Paris region was five times, higher than the lowest.

10. The economic crisis has affected both the more developed regions and those with weaker economic structures. The following paragraphs analyse its effects on unemployment, the only indicator for which regional data for 1975 are already available. In percentage points, the rise in unemployment seems to have been comparable for the two categories of region in most countries.<sup>3</sup> But in all countries unemployment in the developed regions is still below that of the less favoured regions.

11. In Belgium the areas eligible for Fund assistance, both in Flanders and Wallonia, have been affected to a similar extent, though the greater structural weakness of the latter has led to a slightly higher unemployment rate. In Denmark the development regions, and in particular those which benefit from Fund assistance, showed a sharper increase in unemployment than the developed regions. In Greenland unemployment increased during 1975 mainly due to severe difficulties in the fisheries sector. In Germany many of the peripheral areas eligible for Fund assistance had at the end of 1975 unemployment at least double that in the neighbourhood of some of the main centres, such as Frankfurt, Stuttgart and Munich.

12. In France, where unemployment doubled between 1974 and 1975, the highest absolute increases were recorded in the Mediterranean regions, in Aquitaine, and in Poitou-Charentes. These regions have already suffered from higher unemployment rates than the national average. In Ireland, although the east and south-east regions have suffered the greatest increase in unemployment, it is still the West, Donegal and the North-West which record the highest levels. In

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<sup>1</sup> Annex, section 1.

<sup>2</sup> Annex, graph I.

<sup>3</sup> Annex, graph II.

Italy the increase in unemployment and under-employment in the South coincided with an activity rate which is already the lowest in the Community. This situation has been aggravated by the return of a certain number of workers, affected by the crisis, from other parts of Italy and beyond. The unemployment figures would be still higher if they included people in industry not working, or on short-time, but paid by the Cassa Integrazione Guadagni.

13. Luxembourg experienced unemployment in 1975 for the first time for many years. It was due largely to falling employment in the predominating steel industry. In the Netherlands the two weakest regions, the North (Friesland, Groningen, Drenthe and part of Overijssel) and South Limburg, suffered most from the economic crisis. The North has an unemployment rate more than half as high again as the national average; and unemployment is still higher in Limburg, which, still suffering the after-effects of the run-down of the coal industry, has experienced the most rapid increase in unemployment. In the United Kingdom the crisis intensified the loss of employment and drop in investment in the Assisted Areas, which still have the highest unemployment rates. For example, Northern Ireland, Wales, the Northern Region of England, and Scotland, all still had, at the end of 1975, unemployment higher than the national average.

### Future prospects

14. The expected economic up-turn has been slower to materialize than most experts forecast. Nevertheless, the forecasts seem by now encouraging, though serious problems persist. Gross domestic product should in all countries be higher on average in 1976 than in 1975, but only in France, Germany and Denmark by a substantial amount. In all Member States except Italy and Luxembourg 1976 average gross domestic product is after the fall in 1975, expected to exceed the 1974 level. The forecast increase for the Community as a whole is 4.5%, compared with a fall of 2.5% in 1975.<sup>1</sup>

15. Investment levels generally will remain comparable with those of 1975; and Luxembourg, Italy, the Netherlands and the United Kingdom are expected to record even lower levels. Of the five countries in which investment should rise this year, only in Germany will it reach the pre-1975 level, and there only just. As already indicated, much slack capacity remains to be taken up.

16. Inflation levels should be slightly down for the Community as a whole, but will still be high. Despite sharp reductions in the United Kingdom and in Ireland where it was highest in 1976, inflation in those two countries and in Italy is still likely to be higher in 1976 than in the other Member States.

17. Unemployment in the Community as a whole, with the exception of Denmark and Germany, will not on average be lower in 1976 than in 1975. This is partly for cyclical reasons: when the economy begins to recover, productivity tends to increase faster than growth (with labour hoarded during the recession being more fully utilized); and partly for structural reasons, since the extent of the economic crisis has uncovered structural problems even in the traditionally stronger regions.

### Conclusions

18. In a recession, it is much more difficult to guide investment to the development regions. This is partly because the general level of investment is low and, moreover, because such investment as is undertaken often simply rationalizes existing plant. Another reason may be budgetary restrictions reducing the availability of regional aids, in part because new priorities, largely resulting from the economic crisis, require more investment to be channelled into new sectors, such as energy, and into the general restructuring of industry.

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<sup>1</sup> Annex, table 2.



19. Moreover, as far as the Fund is concerned, rapid inflation is continuously eroding the real value of its resources, which as nominal million u.a. amounts were determined in advance, in December 1974, for the three-year period 1975-1977. Thus, for example, the 500 million of u.a. fixed in 1974 for the Fund's 1977 commitment appropriations would need to be 750 million u.a. to have the same real value in 1977.

20. The establishment of the Fund thus came about at a particularly difficult period. The difficulties encountered have however demonstrated clearly, by their very magnitude, that only an increased and coordinated effort by the Member States and the Community in the implementation of their structural and regional policies can make an affective contribution to solving the problems, by attacking their real causes.

21. Tackling the difficulties on an *ad hoc* basis, with the emphasis on short-term measures, may provide temporary solutions; but only determined measures of structural policy, undertaken coherently throughout the Community, can bring about lasting solutions to the crisis.

### 3. The Fund's activity in 1975

#### Establishment of the consultative machinery

22. The Commission is responsible for administering the Fund. It is assisted by two committees on which national officials sit: the Regional Policy Committee (of senior national and Commission officials, chaired by one of the former) and the Fund Committee (chaired by a Commission official).

23. The Regional Policy Committee has the specific task, in relation to the Fund, of considering applications in respect of infrastructures costing 10 million u.a. or more. In addition, it examines the regional development programmes and annual information statements submitted by the Member States.<sup>1</sup> It also has wider responsibilities for examining more general questions of Community regional policy, and in particular ways of coordinating national and Community regional policies. The Committee reports to the Council and the Commission jointly; its detailed terms of reference are set out in Article 2 of the Council Decisions of 18 March 1975<sup>2</sup> setting it up. During 1975 the Regional Policy Committee held three meetings.

24. The Fund Committee's principal task is to formulate Opinions on the Commission's draft decisions to grant aid from the Fund. It thus examines all the applications from Member States for Fund assistance that the Commission's draft decisions have been favourable, in the very large majority of cases by unanimous vote. The Committee is also empowered to discuss any other matters connected with the management of the Fund; it has played an important part in establishing coordinated administrative procedures. The Fund Committee held three meetings during 1975.

25. In addition, the Member of the Commission with special responsibility for regional policy, and his senior officials, hold regular meetings with

<sup>1</sup> Chapter 5.

<sup>2</sup> OJ L 73 of 21.3.1975.

the European Parliament's Committee on Regional Policy, Regional Planning and Transport to discuss the operation of the Fund and other matters. The Member of the Commission with special responsibility for regional policy also holds consultative meetings with the Economic and Social Committee, the European Trade Union Confederation, the Union of the Industries of the European Communities, representatives of European local and regional authority organizations and the European Centre of Public Enterprise.

### **Administrative procedures, and their implications**

26. The procedures for the granting of Fund assistance are in large part fixed by the Fund regulation. They are based on close cooperation with the national authorities. Indeed, Community regional policy is by its nature a partnership between the Community and its Member States, with the former at the present stage the junior partner.

27. The Fund regulation itself quite explicitly stipulates that the grant of Fund assistance must be coordinated with national regional aids. To be eligible for Fund assistance, investments must fall within the framework of regional development programmes (or annual information statements) prepared by the Member States<sup>1</sup> and, for industrial and service-sector investments, must also be in receipt of national regional aid and respect the principles of coordination at Community level of regional aids. So, under these rules set by the regulation, while the principles and guidelines for the Fund's operation are worked out at Community level, the minimum of centralization in Brussels is appropriate for the detailed decision-taking.

28. According to the regulation, applications may be submitted only by the Member States. This system has a sound practical justification. The Fund administration in the Commission consists of about 40 people, and it would clearly not be possible for them to examine *ab initio* many thousands of projects, as would be necessary if applications were submitted direct to the Commission by investors. The national adminis-

trations, for their part, are obliged to analyse projects thoroughly before deciding to grant their own aid. The Community then makes its choice from a selection of the projects in receipt of public money. The system that has been adopted makes it possible, moreover, to grant Fund assistance with the maximum speed compatible with the proper management of Community funds.

29. This does not mean however that the final choice of projects for which assistance is granted by the Fund is made by the Member States. The number of projects submitted for grant (1521) was much higher than the number financed (1183).

30. It must be added, on the other hand, that this system has given rise to certain problems, deriving above all from the differences between national regional policies, which have led to varying judgments of the eligibility of particular projects for Fund assistance. Thus, for example, the Fund regulation provides for assistance to infrastructure investments 'directly linked' with the development of industrial and service activities. This is however a very general definition, and different national attitudes as to what was eligible became apparent when the practical job of looking at projects began. This subject is under active discussion in the Regional Policy Committee. A similar question concerns tourism investments, because of the wide variety of types of project applied for by different Member States, which has led to questions of definition being raised. Such difficulties may be considered inevitable in the initial stages of a new Community Fund. Out of the consensus that comes to be reached on such issues, and the cross-fertilization of ideas so engendered, derives the gradual formulation of a more distinctively Community regional policy.<sup>2</sup>

31. To match the efforts required of the Member States in respect of the selection of projects and the preparation of applications, the Commission for its part has undertaken a rationalization

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<sup>1</sup> Chapter 5.

<sup>2</sup> Chapter 7.

of its internal procedures for the examination of projects and the adoption of decisions. Thus, after a systematic procedure for the consultation of all the Commission departments concerned, the Member of the Commission with special responsibility for regional policy is authorized, by Commission decision, to approve the draft decisions submitted to the Fund Committee.

32. This procedure, with the double advantage of flexibility and speed, has certainly contributed to making it possible for the Fund to become operational quickly. As a result, the average time between the receipt of applications and the date of the Commission decision on them has been no more than about two months; and although the supplementary budget for the Fund was not adopted until the end of April, and the Fund became fully operational only in mid-year, 99.94 % of the appropriations available during 1975 were committed by December. These results have been possible only because of the close cooperation established with the national administrations, and of the internal measures adopted by the Commission with regard to inter-departmental consultation and the delegation procedure. A corollary of this simplified decision system is the special importance to be attached to subsequent checks on the implementation of projects and the expenditure of Community money.<sup>1</sup>

## Applications

33. The commitment appropriations of the Fund for 1975, included in chapter 55 of the general budget of the European Communities, amounted, in conformity with the Fund regulation, to 300 million u.a. The estimated 1975 payments provided for were 150 million. Payments from the Fund are linked to national public expenditure on the projects approved by the Fund, which leads to a considerable difference between commitments and payments during a given year. The appropriations were included in the budget by means of supplementary budget No 1 of the European Communities for 1975, adopted on 29 April 1975,<sup>2</sup> since the regulation establishing the Fund was adopted only in March 1975.

34. From the end of July onwards the Member States submitted 242 applications for grant, relating to 1521 investment projects. The overwhelming majority of projects involved investments of less than 10 m u.a. and therefore, as the Fund regulation provides, were included in grouped applications. Only larger projects are the subject of individual applications.

35. During 1975, 179 of the 242 applications received from the Member States led to Commission decisions to commit Fund grant. These decisions were in favour of 1183 investment projects out of a total of 1521 submitted, leaving 338 projects applied for but not approved for Fund grant in 1975. Details are shown in Tables 2 and 3. (As was pointed out in paragraph 34 above, smaller projects in a region are grouped together in a single application; this explains why the

Table 1 — *Breakdown of applications by categories*<sup>1</sup>

Category of investment	Amount of investment		
	million u.a.	%	
Industry and services (10 million u.a. or more)	885.61	28	} 58
Industry and services (under 10 million u.a.)	965.19	30	
<i>Sub-total</i>	1 850.80		
Infrastructure (10 million u.a. or more)	712.11	22	} 42
Infrastructure (under 10 million u.a.)	559.71	18	
Infrastructure in hill-farming regions <sup>2</sup>	74.12	2	
<i>Sub-total</i>	1 345.94		
<b>Total</b>	<b>3 196.74</b>	<b>100</b>	

<sup>1</sup> As defined in the Fund regulation.

<sup>2</sup> As defined in Directive 75/268/EEC of 28 April 1975 on mountain and hill-farming and farming in certain less favoured areas.

<sup>1</sup> Points 71 to 75.

<sup>2</sup> Bull. EC 4-1975, point 2448.

number of 'applications' is much smaller than the number of 'projects'.)

36. The 338 projects were not approved for Fund grant either because they did not meet the formal conditions set out in the Fund regulation (investment of less than 50 000 u.a., location in a non-aided region, etc.) or for other reasons (sector concerned, region involved, project too old, additional information requested but not supplied by the Member State, insufficient budgetary appropriations, need to await the results of the discus-

sions on infrastructure in the Regional Policy Committee, etc.). Some projects in this second category have not been formally rejected, and may be the subject of Commission decisions in 1976.

37. Some Member States did not take up the whole of their notional share for 1975. This was partly because certain projects raised difficulties which prevented a Commission decision in 1975,<sup>1</sup> and partly because some Member States applied

<sup>1</sup> Point 30.

Table 2 — *Projects approved for Fund grant in 1975*

Member State	1st 1975 allocation	2nd 1975 allocation	Total
Belgium	—	36	36
Denmark	34	—	34
Germany	20	44	64
France	147	85	232
Ireland	88	17	105
Italy	126	48	174
Luxembourg	1	—	1
Netherlands	3	—	3
United Kingdom	236	298	534
Total	655	528	1183

Table 3 — *Projects not approved for Fund grant in 1975*

Member State	Industry (10 million u.a. or more)	Industry (under 10 million u.a.)	Infrastructure (10 million u.a. or more)	Infrastructure (under 10 million u.a.)	Infrastructure hill-farming area	Total
Denmark	—	2	—	—	—	2
Germany	—	—	—	28	—	28
France	8	8	—	20	14	50
Ireland	—	8	—	10	—	18
Italy	1	27	2	26	11	67
United Kingdom	1	54	1	114	3	173
Total	10	99	3	198	28	338

for less than the Fund regulation entitled them to (while, as Table 4 shows, several Member States submitted more, thus giving the Commission a greater choice between eligible projects).

Table 4 — 1975 applications as % of shares according to the Fund regulation

Ireland	133
Italy	131
United Kingdom	129
France	129
Netherlands	110
Denmark	102½
Belgium	90
Germany	70

Because of the small size of the Luxembourg share, that Member State presented a single project which alone took up the whole of the resources available to it for 1975 and 1976.

38. It should be remembered that the percentage shares listed in Article 2 of the Fund regulation are not meant to apply necessarily to each of the three years 1975-77 individually but to the period as a whole. Consequently the Commission was not obliged in 1975 to follow the percentages strictly, though they will of course have to be observed over the three years together.

### Grant decisions

39. Table 1 in the Annex summarizes, for each Member State and for each main category of investment as defined by the Fund regulation, the number of aid decisions taken, the number of projects for which grants were made, the amount of investment concerned and the amount of aid granted from the Fund. The aid granted by the Fund was made up as pointed out in Table 5.

Projects of 10 million u.a. or over accounted for 43.4 % of aid granted.

Table 5 — Breakdown of aid granted by category of project

Industry and services	40 %, including	projects of 10 million u.a. or more:	18 %
		projects under 10 million u.a.:	22 %
Infra-structure	60 % including	projects of 10 million u.a. or more:	25.4 %
		projects under 10 million u.a.:	29.7 %
		projects in hillfarming areas:	4.9 %
Total	100 %		100 %

40. Tables 5 and 6 in the Annex show the types of investment in respect of which Fund aid was granted. They call for the following comments:

#### *industrial and service investments*

— the average amount of investment per project was 29.3 million u.a. for projects of 10 million u.a. or more, and 1.9 million u.a. for projects below 10 million u.a.;

— in terms of sectors, the chemical industry heads the list of large projects, followed by the food industry and motor vehicle manufacture. Among small projects, the manufacture of metal goods comes first, followed by electrical and electronic engineering and mechanical engineering;

— few projects in the service sector were submitted.

#### *infrastructure investments*

— the types of infrastructure for which assistance was granted varied according to regional priorities and national policies. In Belgium, Germany and Italy the emphasis was on the development of industrial estates; in France on roads and transport infrastructure; all the Danish infras-

structure projects were in Greenland, and concerned mainly port facilities and electricity supply; a significant part of the assistance granted to Ireland and the United Kingdom related to advance factory building and the development of industrial estates. Since the Netherlands submitted only 3 projects and Luxembourg only 1, it is not possible to draw any general conclusions concerning these two countries;

— Fund grants amounted to 29.7 % on average of public expenditure on small projects, and 23.5 % for projects of 10 million u.a. or more. This is due to the facts that only national expenditure incurred after 1 January 1975 could be taken into consideration for Fund grant, and that some Member States applied for less than the maximum grant of 30 %;

— in no Member State was tourist infrastructure the subject of many applications, partly because of the difficulty of reaching agreement on definitions of eligible projects;<sup>1</sup>

— no service infrastructure projects for the use of the general public (education, health, administrative services, etc.) were approved by the Fund.

41. In view of the importance of the service sector in the creation of employment, and the slowing down of manufacturing investment for cyclical reasons, the Commission takes the view that a particular effort should be made in this field. It is however aware of the difficulty of finding groups of projects sufficiently important to make Fund assistance economically justified.

### **Impact of Fund assistance on employment**

42. One of the principal aims of the Regional Fund is the creation and safeguarding of employment in the predominantly agricultural regions and the regions suffering from industrial decline and structural underemployment. The importance of the number of jobs created or maintained cannot however be the only criterion for the selection of projects: balanced regional development requires an appropriate mixture of both capital-intensive and labour-intensive activities. The development of capital-intensive industry can in cer-

tain conditions have a high indirect job-creation effect, both via the subcontractors and other services such industries require, and from the fact that the generally high wages and salaries they pay bring about a general increase in purchasing power which generates new activities; the technological and managerial skills which such industries generate also contribute to the general development of the regions concerned.

43. Estimates of job-creation are extremely difficult to make, especially in present circumstances, since the effects of the recession are likely to postpone the planned creation of jobs. Moreover 60 % of the Fund's grants in 1975 were made for infrastructure projects, for which no detailed job creation figures are supplied by the Member States. Yet infrastructure works not only create immediate jobs in construction and permanent ones in maintenance, but above all contribute to the subsequent establishment of new industries and services.

44. According to the information supplied by the Member States in their applications, however, the Fund committed in 1975 grants to projects in the industrial and service sectors that were planned to yield rather more than 60 000 new jobs. This figure has to be treated with reserve, as it is compiled from national estimates whose mutual comparability may not be perfect. The Commission is concerned to obtain improved figures in future, in view of the importance of employment considerations to the Fund's operations. It is a small figure compared with the number of new jobs needed, and inevitably so in view of the limited resources available to the Fund. The figure of 60 000 should however also be compared with the total number of jobs, estimated by the Commission at probably under 200 000, which are to be created by all the industrial and service sector investments assisted by national regional aid in 1975. The Commission feels therefore that, within the limits of its current resources, the Fund has already made a significant contribution to creating new industrial employment.

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<sup>1</sup> Point 30.

## Regional analysis

45. The regulation limits the Fund to those regions and areas which benefit from national systems of regional aid. In order to give maximum effectiveness to Fund assistance, the regulation further provides that priority must be given to investments located in national priority areas, taking account of the principles for the coordination of regional aids at Community level.

46. The figures given in point 47, and in Table 7 in the Annex, show that a real effort was made during 1975 to concentrate Fund assistance on the regions with the most severe difficulties. The Commission is aware of the political difficulties involved for Member States in giving priority to one region rather than another, but regards this effort as all the more necessary in view of the Fund's limited resources.

47. In Italy, for example, the Fund was used exclusively for projects in the Mezzogiorno. In the United Kingdom 89 % of Fund aid was for projects in Northern Ireland, the Special Development Areas and the Development Areas. In Ireland 63 % of Fund aid was for projects in the Designated Areas. In Belgium, the Fund's operation has been limited to projects situated in the aid areas covered by the Commission decision of 26 April 1972<sup>1</sup> on aids granted under the Belgian economic expansion law of 30 December 1970. In Denmark 85 % of Fund aid was for projects in Greenland and the remainder in areas chosen as having special priority; in Germany 73 % of Fund aid was for projects in Berlin, the Zonenrandgebiet and 'Schwerpunkte' qualifying for 20 % aid; in France 85 % of Fund aid was for projects situated in the West, the South-West, and the Overseas Departments; and in the Netherlands Fund aid was limited to projects in the two priority areas of Groningen and South Limburg.

48. The Commission has also stressed to the Member States the importance it attaches to linking to the principle of the geographical concentration of aid that of economic concentration on projects which will make the greatest contribution to the development of their regions. For this

purpose, the annual information statements should show clearly for each region the priority fields into which Fund aid should be directed.

## Projects on which work has already been carried out

49. Article 19 of the regulation allows Fund grants to be awarded in respect of all qualifying national expenditure incurred after 1 January 1975, even that on projects already under way, or indeed completed, at that date. The fact that Member States had to prepare their 1975 applications at relatively short notice, and the general low level of investment in the Community in 1975, led some Member States to submit a relatively high proportion of such projects.

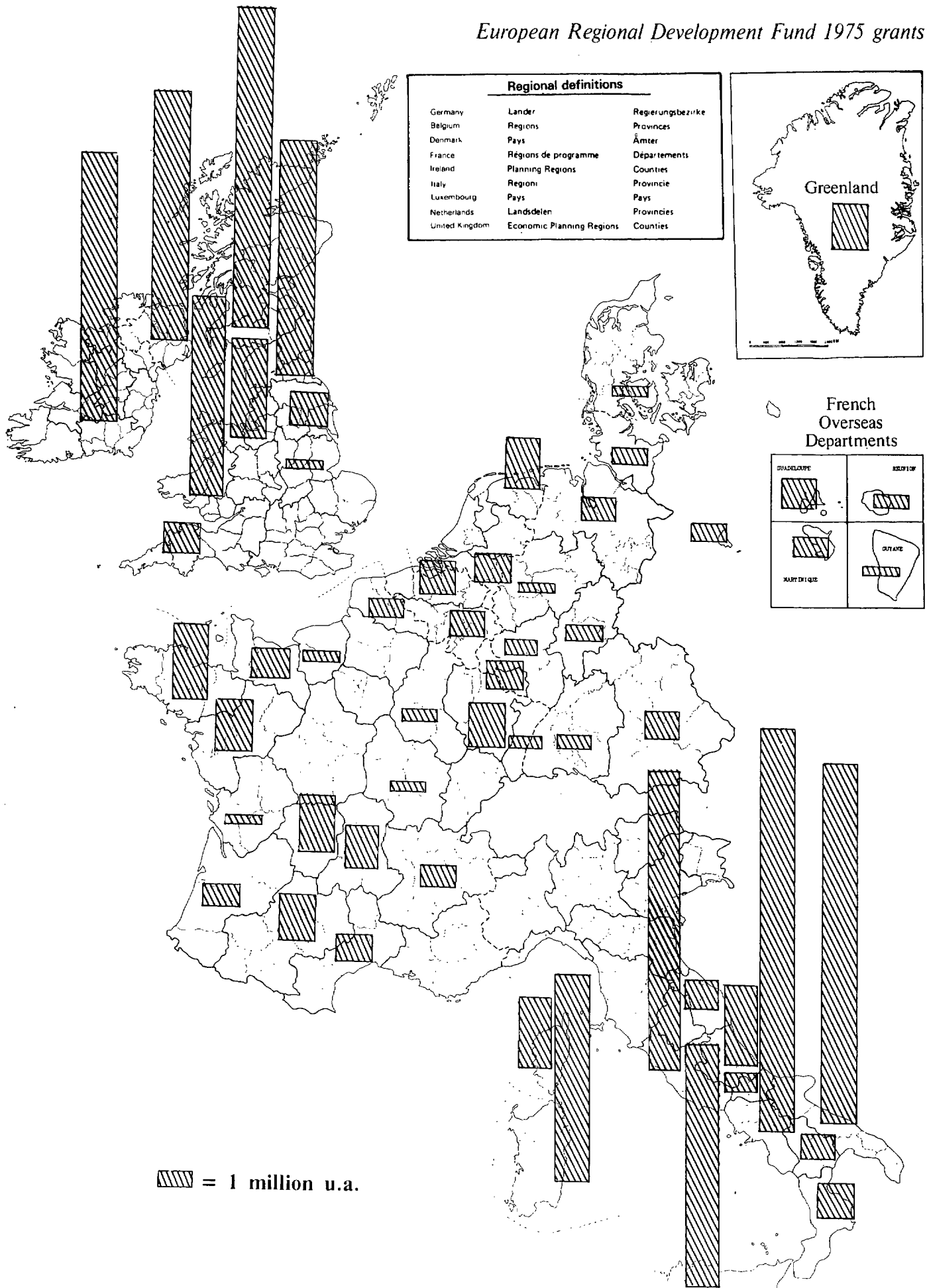
50. The granting of Fund aid in respect of post-1974 national expenditure on such projects is thus in full legal accord with the Fund regulation. Moreover the Commission took the view that assistance for such projects was justified in 1975 in view of the late start of the Fund's operations: if a more restrictive view of the late start of the Fund's operations: if a more restrictive view had been taken, it would have been impossible to make full use of the budgetary appropriations for 1975, and the transfer of resources to the more needy regions would have been delayed. Indeed, since payment is made not at the moment of the Commission decision but when the national public expenditure is actually incurred, insistence on projects still at the drawing-board stage could have led in some cases to several years' delay before payment was actually made.

51. Nevertheless, the Commission has asked Member States to ensure that in future priority is given to the presentation of projects about to begin or on which work is at an early stage. This will in particular help demonstrate to public opinion that a new partnership in regional development is being established between the Community and its Member States. If, on the other hand, the Fund were to continue spending a substantial pro-

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<sup>1</sup> OJ L 105 of 4.5.1972.

# European Regional Development Fund 1975 grants





portion of its resources on projects already well advanced, there would be a risk of public disillusion with one of the most important of the financial instruments of Community policy. This issue is however linked with that of additionality, discussed in the following section.

## **Complementary character of Fund activity and national measures**

### *The principle of 'additionality' and the possibility of 'topping-up'*

52. As regional disparities are very much greater at Community level than within any one Member State, the Community needs to provide a net addition to regional development expenditures in order to promote the internal economic convergence essential for its further integration and development. For this purpose, in order to speed up structural improvement and job creation, the Community resources made available through the Fund must be additional to what the Member States would have been able to make available from their own resources if the Fund had not existed. The regulation expresses this by saying that 'the Fund's assistance should not lead Member States to reduce their own regional development efforts but should complement these efforts'. The Commission regards this statement, appearing in the preamble to the regulation, as a political commitment on the Member States' part.

53. Article 4 of the Fund regulation specifies that, as far as investments in industry and the service sector are concerned, Fund assistance can either be added on top of the aid granted to an individual investment by the national authorities, or be used as a Community contribution to the existing level of grant to the project. The regulation leaves the choice open to each government. The Commission considers the general 'additionality' principle in the preamble far more important than the individual 'topping-up' option in Article 4, since the Fund's task is not necessarily to make more aid available to each investment, leaving static the total number of new investment projects assisted, but to increase the total

amount of new investment undertaken. The difference between these two concepts should be borne in mind throughout this chapter.

### *'Additionality'*

54. Appropriate ways of giving effect to the principle of the additionality of the Fund's effort in each Member State, in accordance with its own internal institutional and other circumstances, are not easy to devise and set up quickly. This is perhaps particularly true at a time of budgetary stringency, which may impose constraints on Member States' regional development expenditure. Observance of the principle of additionality cannot be tested as a purely arithmetical matter, because of the hypothesis inherent in the comparison with what Member States would have spent in the absence of the Fund. To enable all concerned to form political, rather than arithmetical, judgments of the matter, it seems to the Commission, on the basis of experience so far, that the most satisfactory steps taken by governments are those which identify, both in budgetary terms and on a project-by-project basis, the additional investment expenditure which the existence of the Fund has made possible.

55. One could not expect the Member States all to be able to devise satisfactory solutions to this problem of demonstrating what use they have made of their Fund receipts within a few months of the first payments from the Fund. All Member States have, however, declared themselves in favour of the principle involved, and have already taken certain steps to implement it, which are described briefly below; and the Commission looks forward to further developments during the course of 1976, which it will follow closely.

56. In respect of Denmark (other than Greenland), the Danish government has pointed out that it has been able to maintain its appropriations for industrial development assistance in 1976/77 at the 1975/76 level (which was higher than that in 1974/75) thanks in part to its receipts from the Fund. The German government has pointed out that the funds devoted to the 'Gemeinschaftsaufgabe' are higher in 1975 and 1976 than they were in 1974 before the Fund was

created; and that the increment, together with the cost of the special Volkswagen programme adapted during 1975, is forecast to exceed Germany's receipts from the Fund during the relevant period.

57. The United Kingdom government has stated that its receipts from the Fund will enable it to go ahead with a greater total of regional investment than would otherwise have been the case; and that these receipts are taken into account when, in particular, resources are allocated to government factory building programmes (as, for example, in the case of the new £ 20 million programme of advance factories announced on 20 September 1975).

58. The Irish government, having in its revised 1975 public capital programme, in July of that year, introduced a new item corresponding to its expected receipts from the Fund, stated in the introduction to its 1976 public capital programme that the programme is £ 12 million larger than it otherwise would have been, that sum being the government's estimate of its 1976 Fund receipts. The Irish government has also published, in summary, its allocation of the £ 12 million between the Industrial Development Authority, Gaeltarra Éireann, Shannon Free Airport Development Company, and the telephone development programme.

59. Certain governments have made legislative or administrative provision for the allocation, in general terms, of their receipts from the Fund. Thus the Belgian budget of 31 December 1975 provides that all that country's receipts from the Fund are passed on to the ministries responsible for economic expansion and regional reconversion as additional resources. An agreement of 18 September 1975 between the Netherlands ministries of finance and economic affairs provides for receipts and from the Fund to be credited to the latter as additional resources and that the precise manner of their use will be specified in the annual budget. An Italian law of 26 November 1975 provides for receipts from the Fund to be passed on to the Cassa per il Mezzogiorno or, via the Cassa, to other appropriate bodies such as regional administrations as additional resources.<sup>1</sup>

60. Some governments have already taken steps to identify more precisely the use being made of the assistance they receive from the Fund and to demonstrate that it is being spent on improving their incentives to industrial development or on accelerating infrastructure projects that in the absence of the Fund could not have been begun, or completed, so quickly.

61. Thus the French government raised (though for 1975 only) its standard rates of regional development premium available to companies investing in West and South West France by five (in certain circumstances ten) percentage points; and a law of 29 May 1975 passed a supplementary budget, for a sum corresponding approximately to the French share from the Fund for 1975, to cover the extra cost of these higher premiums and also to finance additional infrastructure programmes.

62. The Italian government has allocated its 1975 receipts from the Fund to a list, published in January 1976, of investments which are now being begun in 1976 but which otherwise, it has stated, could not have been started until a later year. It is the government's intention to include these investments, in their turn, in Italy's Fund applications; and then to plough back the new receipts in the same way.

63. The Danish government has stated that the increase in the total volume of resources resulting from the Fund has made it possible to accelerate a number of named projects in Greenland, and that the ministry for Greenland's budget is being enlarged correspondingly.

64. In the Commission's view this kind of identification of the Fund with the implementation or acceleration of particular specified investment projects is particularly welcome. It enables public opinion at all levels to identify the Community's contribution to regional development in concrete terms and to reach as informed a judgment as is possible on the question whether the Community's new financial contribution is indeed being used as a net addition to the finance the national

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<sup>1</sup> Point 62.

governments would have been able to provide or authorize in any event.

### *'Topping-up'*

65. Additionality in the above sense has sometimes been confused with the issue of whether Fund grants made by the Commission in respect of particular projects should be passed on by the national governments to the individual investors concerned as an additional source of finance for them. The connection between the two is that, in the absence of 'topping-up', the question of additionality becomes the more crucial to the significance of the Fund in the eyes of individual investors and other regional and local opinion. The Commission fully accepts, however, that it would by no means always be appropriate to follow a policy of 'topping-up'; and this fact both complicates, and makes the more important, the demonstration of the Fund's additionality.

66. In fact, no Member State has so far used its receipts in respect of industrial, handicraft and service investments for 'topping-up', though some have reserved the possibility of doing so later. Among the arguments against 'topping-up', in such cases are the discrimination it implies in favour of the relatively small number of investors whose projects can be awarded a Fund grant, and the need to take account of the principles for Community coordination of regional aid systems. For these reasons, and for those given in point 53, the Commission would not wish to see 'topping-up' become general practice, though in certain circumstances it might be used to provide an extra marginal incentive to attract selected investments to the regions facing the greatest disadvantages.

67. In respect of infrastructure investments the considerations are different, and moreover are bound to vary according to the internal arrangements in each Member State for financing such investments. On the basis of information so far available it is not possible to give details of the precise mechanisms used in all Member States, but the Commission is aware that two governments in fact pass Fund infrastructure grants on to the investors concerned: those of Luxembourg

and the United Kingdom. The Luxembourg government is passing on to the local authority investor concerned the Fund grant to the only project so far concerned in that country. The United Kingdom government, in Great Britain, passes on to local and other public authorities (distinct from central government) grants for infrastructure projects which those authorities are financing. This reduces the amount that those authorities have to borrow to finance the investments in question, but because of the need for strict control of public expenditure the government states that it is not generally able to authorize correspondingly increased capital investment by the particular authorities benefiting from Fund grants. In Northern Ireland, where the infrastructure projects supported by the Fund are normally financed by central government or other central agencies, arrangements have been made for paying 1975 Fund infrastructure receipts over to the province's harbour authorities to assist them with future developments.

### **Payments made in 1975**

68. The delay after 1 January, the nominal date of the Fund's establishment, in starting up its operations—the Council approved the regulation in March 1975 and the budget was not adopted until the end of April 1975—meant that payments from the Fund were correspondingly delayed. In fact the first payment claims were not received until the beginning of November 1975. But between that time and the end of 1975 eighty-five claims were cleared, for payments totalling 90.67 million u.a.; 65.39 million u.a. related to projects approved for Fund aid in October 1975 and 25.68 million u.a. to projects approved in December 1975.

69. The sums paid out were inevitably below the payments figure authorized when the budgetary estimates were made on the assumption of a fuller period of operation of the Fund. In view of the fact that the Fund was not enabled to receive its first applications until mid-year, the Commission regards the payment outcome as satisfactory.

70. Details of the payments to each Member State, compared with commitments; are pointed out in Table 6.

Table 6 — *Payments and commitments in 1975*

Member State	Fund grants (million u.a.)	
	committed	paid
Belgium	4.04	—
Denmark	3.88	1.55
Germany	9.47	—
France	46.01	16.13
Ireland	19.93	7.00
Italy	123.99	44.30
Luxembourg	0.75	0.22
Netherlands	5.59	2.85
United Kingdom	86.18	18.62
Total	299.84	90.67

## Controls

71. The Member States are required to make available to the Commission all necessary information for the proper management of the Fund, and the Commission is empowered to undertake any checks it considers useful, including on-the-spot checks. If the Commission discovers irregularities, Fund assistance can be reduced or withheld after the Fund Committee has been consulted.

72. A number of on-the-spot visits, to projects, in Ireland, Italy and the United Kingdom, were carried out by the Commission in December 1975. The Irish visits were to five industrial projects and four infrastructure projects associated with the development of industrial ventures. The visits to Italy related to infrastructure projects in the industrial estates at Frosinone in Lazio and Caserta and Naples in Campania (the works visited covered road development, water supply and railway links) and to four industrial projects in Apulia. In the United Kingdom 14

advance factories in Scotland and eight in the Northern region of England were visited.

73. The purpose of the control visits was three-fold:

— to confirm that works assisted from the Fund had been executed or were in the process of being carried out;

— to check that the relevant information on the projects, as verified on the site, was consistent with that contained in the Fund applications and payment claims;

— to assess as far as possible to projects' contribution to the development of the regions in which they are situated.

74. Officers from the national authorities of the relevant Member States participated in the control visits and cooperated fully in arranging the visits and in providing all relevant information requested by the Commission officials involved in the controls. The authorities involved were: for Ireland, the Industrial Development Authority and the Department of Local Government; for Italy, the Cassa per il Mezzogiorno; and for the United Kingdom, the Department of Industry and the English and Scottish Industrial Estates Corporations.

75. It is necessary to emphasise that the control visits carried out in 1975 were preliminary in character, in view of the lateness in taking decision on Fund applications in 1975 (October for the first allocation and December for the second). They revealed no irregularities. During 1976 controls will continue in all Member States, on a sample basis. They will involve checks on the investments' economic impact on the regions and audits of financial documents.

## 4. Information on Fund activities

76. The Commission considers that the public has a general right to be informed about the expenditure of Community resources. Indeed, the Fund regulation places an obligation on the Commission and the Member States to ensure that information is available. But it is not only for this reason the Commission attaches great importance to information. Publicity for the Fund means publicity for the Community in general. The very nature of Fund activity is concrete and localized, and the Fund therefore furnishes an excellent vehicle for demonstrating to the general public that the Community is concerned with local problems and making its contribution to their solution.

### Information to investors

77. The Fund regulation stipulates that 'the investors concerned shall be informed by agreement with the Member States in question that part of the aid granted to them has been provided by the Community'. For this purpose Commission officials have discussed with the national administrations the texts of letters to investors and the arrangements for sending them. These letters take account of the various decisions taken by the Member States on the subject of the complementary nature of the Fund and national aids, pointing out where appropriate that the investor will not receive the Community aid on top of national aid, but that it will be used to finance other regional development projects.<sup>1</sup> Contacts with the national administrations are continuing in order to resolve the remaining problems.

### Publication in the Official Journal

78. The Fund regulation also lays down that the list of projects which have benefited from Fund aid shall be published every six months in the Official Journal of the European Communities.

### Press information

79. In line with its general policy of announcing its decisions to the press, the Commission has published after each allocation of Fund assistance a press statement setting out the content of the grant decisions. This has been done in two stages:

- immediately after each set of decisions, a press release is issued showing, by Member State, by region and by category of investment, the amount of aid granted and the number of investment projects involved. Both the figures for the particular allocation of grants in question and cumulative totals of all grants to date are given, so that the latest allocation can be seen in context;
- press releases giving the lists of projects concerned by the allocation in question are, for administrative reasons, published later.

These information measures undertaken in Brussels are relayed by the Commission's press and information offices in the Member States.

### Hoardings

80. The Fund regulation requires that, as far as infrastructure projects are concerned, the Member States 'shall take all necessary steps to ensure that assistance from the Fund is given suitable publicity'. All Member States have now agreed in principle to have large hoardings, indicating that the project is partially financed by the Fund, erected at the site of at least the more important projects. The first such hoardings are already in place, and it is hoped that they will be appearing in all the Member States by summer 1976. At a later date they may carry the Community symbol which is at present being considered by the Council.

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<sup>1</sup> Point 66.

## 5. Regional development programmes

81. The Commission considers the regional development programmes required under Article 6 of the Fund regulation to be of fundamental importance. They will form a reference framework for the selection of projects, to help achieve maximum consistency between Community and national assistance and the most rational use of resources. The priorities they establish will reflect apolitical choice and commitment by the public authorities concerned, which can also contribute to attracting private investors into the regions in question.

82. The Fund regulation laid down that a standard outline for such programmes was to be drawn up by 31 December 1975. In fact the standard outline, summarized in point 83, was adopted unanimously by the Regional Policy Committee on 1 December 1975. At the same time the Committee was informed of the probable dates by which each country would be able to communicate its programmes to the Commission. Programmes for all regions to receive Fund aid have to be notified to the Commission by the end of 1977, with the annual information statements<sup>1</sup> taking the place of programmes in the meantime. In fact five Member States plan to furnish programmes already in 1976. The outline and implementation schedule were published in the Official Journal.<sup>2</sup>

83. It is envisaged that the programmes will cover periods of from three to five years, depending on the circumstances of the country concerned, and beginning in 1976, 1977 or 1978. They are to comprise five chapters:

— *Economic and social analysis (diagnosis)*: This analysis, made against the background of economic and social trends in the Member State as a whole, is intended to identify the causes of the main imbalances affecting the region and its development potential. From this analysis will be determined the targets and the resources required for developing the region;

— *Development objectives*: These objectives are to be precise and, as far as possible, quantified, at

least for their most essential elements such as level of employment, measures envisaged regarding production and income, and provision of infrastructure. They must fall within the framework of the general and sectoral macro-economic objectives fixed at national and Community level. Thus they are not just to be an inventory of regional requirements or desiderata, but must be consistent with national policies;

— *Development measures*: On the basis of the objectives defined in this way, the programmes are to specify the regional development measures envisaged: regional aids, disincentives, decentralization of public services and regional infrastructure works. At the same time the regional impact of other policies must be taken into account;

— *Financial resources*: The programmes are to estimate the financial resources required to implement the objectives, giving for each year, and in as much detail as possible, the sources of finance (Community, national, regional and local) and the types of expenditure, indicating clearly their connection with the Fund;

— *Implementation*: The programmes must say who is responsible for carrying out the measures envisaged, and give the implementation schedule.

### Annual information statements

84. As stated above, the annual information statements also required under the Fund regulation are until the end of 1977 acceptable in place of regional development programmes in support of applications for Fund assistance. They are however important in their own right, and will still be required even when programmes are available for all regions.

85. Development programmes are to provide a detailed analysis of a particular region. Information statements provide an overall coordinated view of each Member State's regional problems and policy as a whole, and, being annual, they contain the most up-to-date data. They are re-

<sup>1</sup> Points 84 to 85.

<sup>2</sup> OJ C 69 of 24.3.1976.

quired to include all useful information concerning the economic and social development of all the regions eligible for Fund aid, the allocation of resources to the various regions, the regional development measures planned and the aid levels involved. Annual information statements have been received from all Member States for 1975 and for 1976.

### **Annual statistical summaries**

86. The Fund regulation also requires that, by 1 April each year, Member States should provide the Commission with an overall statistical summary indicating by region the results achieved during the previous year, and showing those to which the Fund has contributed. In this connection Member States have been asked to indicate the volume of investment envisaged and carried out, by sector, the number of jobs created or maintained as a result, and public expenditure committed and paid to this end. Comparable statistics have also been requested for investment in infrastructure. The first annual statistical summaries, those for 1976, were not all received in time for conclusions to be drawn from them in this report.

## **6. Coordination with other Community policies and with other financial instruments**

### **General considerations**

87. The Community possesses five financial instruments which affect the regions directly: the Regional Fund, the Agricultural Fund, the Social Fund, the ECSC funds and the European Investment Bank. Other spending programmes and policies affect the regions too. The proper coordination of all these policies and sources of finance is essential, both to ensure that assistance from the various funds takes account of Community policy in other fields, and to maximize the impact on reducing the structural and regional imbalances within the Community. Since the establishment of the Fund, the Commission has taken steps, described below, towards systematic coordination at various levels: at the level of each investment project submitted to the Fund, at the more general level of the management and the impact of the respective financial instruments, and at the level of the various policies.

88. Over and above the necessary coordination between regional policy and competition policy—referred to indeed in Articles 3 and 15 of the Fund regulation—and the Commission's concern that investments do not cause unjustified damage to the environment but conform to Community policy in this field, the aims of coordination at the level of individual projects vary according to each case. In general the initial aim is to ensure that Fund contributions are consistent with other Community policies. This is achieved by a procedure for systematic consultation with all interested departments of the Commission.<sup>1</sup>

### **Coordination with sectoral policies**

89. The Commission is concerned to prevent aids to investment from increasing difficulties in sensitive sectors which are undergoing structural

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<sup>1</sup> Point 31.

change or where there is over-capacity, or from creating over-capacity themselves. It is not just a question of possible effects on the economy as a whole or on other regions. It is also important not to encourage the creation of undertakings whose long term competitiveness and viability cannot be assured, and which therefore may not make a lasting contribution to the development of their region.

90. The Fund Committee has also given special attention to these sectoral problems, especially in the textiles, clothing, leather goods and footwear sectors, where problems of coordination with Community industrial and trade policies arise.<sup>1</sup>

### Coordination with other financial instruments

91. Some investment projects are eligible for financing by two or even more Community financial instruments. In such cases the purpose of coordination is normally to avoid using more than one instrument to aid the same project, so as not to waste limited Community resources; but, on the other hand, it may in specific cases be desirable to increase the impact of Community aid by using several instruments, in a coordinated way, to help a project which is particularly interesting and necessary for the development of a region. Member States are required to say, in applying for Regional Fund grant to a project, whether other Community assistance to it has been either given or sought. The interdepartmental consultation procedure referred to above<sup>2</sup> is designed to permit case-by-case decisions on the best use of the resources available.

92. Coordination at project level does not take place only on the basis of applications made to the Regional Fund. For each financial instrument there are coordination procedures between the Commission's departments and they will be improved further with experience. For some instruments, however, internal directives already aim to ensure a more systematic coordination, assisting and accelerating the examination of projects. This is so of the Regional Fund, the Social Fund and the Guidance Section of the EAGGF. In

each case due regard has to be had to the specific characteristics, objectives and priorities of the instrument and the policy it serves.

93. Much of the expenditure of the *Social Fund* has by definition a regional aim and impact. The question of coordination with the Social Fund concerns how to concentrate assistance geographically to achieve maximum impact, since assistance from the Social Fund does not normally relate to individual investment projects aided by the Regional Fund. Measures of coordination have therefore been designed, since the creation of the Regional Fund, to ensure that grants from both Funds are directed to the same priority regions and areas.

94. One of the types of regional imbalance referred to in the Fund regulation is heavy dependence on farming. Special attention is therefore given to coordination with the *EAGGF Guidance Section*, which has the task of correcting imbalances in agricultural structures. The link between the Regional Fund and the EAGGF Guidance Sector was moreover underlined by the Council itself when the Regional Fund was established. The Regional Fund can contribute to infrastructure investments called for under Article 3(2) of the Council Directive on mountain and hill farming and farming in certain less-favoured areas<sup>3</sup>, provided of course these areas fall within regions eligible for Regional Fund assistance. These infrastructure investments are eligible under certain conditions for contributions from both Funds, but the principle followed is that both Funds shall not make grants to the same project, a rule also adopted for investment projects in the food-processing sector. In addition, the standing consultation procedures aim to ensure that Regional Fund grants do not run counter to the sectoral aims of the Common Agricultural Policy and vice versa.

95. The loans made under *Article 54 and 56 of the ECSC Treaty* have always had a certain regional importance, since the coal and steel industries of

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<sup>1</sup> Point 100.

<sup>2</sup> Point 88.

<sup>3</sup> OJ L 128 of 19.5.1975.



the Community are in many cases located in regions with special problems: often, indeed, problems deriving from the regions' very dependence on those industries. Article 56 loans are of particular importance in this context, since they can be used to attract other industries into coal and steel areas to provide employment for former coal-miners and steel-workers. Coordination with the regional Fund is effected here through a procedure whereby the member of the Commission with special responsibility for regional policy is jointly responsible, with the two other Members of the Commission most concerned, for the preparation of the Commission's decisions on loan applications.

96. One Community financial instrument which has been given a specific regional development task by the EEC Treaty is the *European Investment Bank*. In 1975, out of a total turnover of 1000 million u.a., the Bank devoted some 70% of its loans to investment projects contributing to the development of regions with structural imbalances. Here, as for the Social Fund, one of the first aims of coordination is to ensure geographical concentration on the same priority regions and areas as the Regional Fund. The interdepartmental working party which elaborates the Commission's statutory opinion on all Bank projects seeks to achieve this purpose while respecting the independence of the Bank, whose loans clearly cannot exclusively follow Regional Fund criteria.

97. The Regional Fund regulation also stresses the Bank's special position as a source of regional development finance by allowing Fund aid to be granted as interest rebates on EIB loans for infrastructure investment projects. The Commission regrets that Member States did not make use of this facility in 1975.

98. The Fund regulation assigns a further task to coordination, beyond the case-by-case coordination of assistance to individual projects. It requires the Commission to take particular account, in considering Fund applications, of contributions by Community institutions or the European Investment Bank to other activities within the same region, so as to coordinate coordinations 'in such a way as to favour a range of converging and coordinated actions within a given region

and to guarantee in particular consistency between regional policy and structural policy for agriculture'. It was not possible to make much progress with this complex task during the brief period of Fund activity in 1975, but the establishment of regional development programmes<sup>1</sup> should help make it easier to do so in future.

### **The wider coordination of policies and financial instruments**

99. To make the coordination of financial instruments fully effective, and lead in due course to coordination of policies, one must go further. Many general problems, common to several or to all financial instruments, are not limited to their regional impact. In addition to work on assembling documentation and statistics to monitor the impact of the various instruments, the Commission has therefore appointed a horizontal coordinating group covering all financial instruments.

100. This group, which was created at the end of 1975, has a continuing and complex task, and to speak of results would be premature. An example to illustrate its scope, however, is the problem that the textile and clothing sector<sup>2</sup> at present pose for several financial instruments. The Commission has appointed a subcommittee of the group to analyse this matter in depth, with a view to establishing directives for all financial instruments involved. This work is continuing.

101. These systematic longer-term measures taken by the Commission should lead to improved coordination of all Community policies. The regional policy purpose of coordination is clear: that, as any activity has necessarily a geographical location, one should seek to increase the regional impact of policies with a view to correcting the structural imbalances of the regions. This requires that all sectoral policies take account of the regional dimension. From the fact that the budgetary resources of the various Community financial instruments in 1975 amounted to 6 600 million u.a., it is clear that, even taking account

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<sup>1</sup> Chapter 5.

<sup>2</sup> Point 90.

of each instrument's specific character and the consequent constraints, fully effective coordination could do much to sharpen the impact of Community and national measures to promote the development of the less favoured regions.

*102.* In its efforts in this direction, the Commission will be supported by the work of the Regional Policy Committee, whose tasks include consideration of both the impact of Community financial instruments in regional terms and the coordinated implementation of Community measures, together with measures by Member States, with a view to facilitating the implementation of regional development programmes.

*103.* The Council at the meeting of ministers for foreign affairs and for finance on 5 April 1976, agreed, in the words of the conclusions drawn by the president, that structural aid mechanisms under the Community budget—particularly the Social Fund, the Regional Fund, the EAGGF Guidance Section—should be used in coordination with one another, in order to reduce the disparities between the various regions of the Community and to encourage a closer alignment of the economies of the Member States.

This expression of the political will of the Member States provides a political basis for action of great value for the Commission. It strengthens the Commission's resolve to persevere in this complex task of coordination, provides a guarantee that the Commission will be able to count on the support of the Council in the field, and also encourages the hope that, whenever necessary, Community measures of coordination will be matched by corresponding measures by the Member States.

## 7. Conclusions

*104.* The creation of the Regional Fund in 1975 was without doubt an important milestone on the road towards economic integration in Europe; for the first time since 1958, the Community decided on specific measures designed to help reduce its regional disparities. Nonetheless the Commission has been obliged in the report to emphasize the difficult circumstances which have attended the inception of the Fund.

*105.* The Fund was established in March 1975 and the supplementary budget for it was adopted at the end of April. The Fund became fully operational in July, announced its first grants in October and began payments in December. This first report on the Fund's activities therefore covers a very short period. By the time the second annual report is due to be presented, in June 1977, the Commission will already have decided on the proposals it is to make to the Council for the reexamination of the Fund regulation which the latter is to carry out during that year; and the Council's examination will, it is hoped, be already under way. This illustrates how short is the period effectively available for the Community institutions and others to reach their conclusions from the experience of the Fund's initial phase, and to take decisions for the future.

*106.* It is obviously not yet possible to form any considered judgment of the Fund's impact on the development of the regions in which it has intervened. The administrative procedures, on the other hand, have certainly worked satisfactorily, though the Commission will keep them under constant review so that they can be improved as necessary. And even the short experience so far has underlined a number of considerations which the Commission deems as fundamental, and of which it has asked the Member States to take particular account.

*107.* The Fund is but one instrument of regional policy, and alone its contribution to solving the Community's regional economic problems can only be modest. The correction of regional disparities requires that regional policy should be seen as the geographically-oriented element in an overall structural policy requiring the coordination of

all Community general and sector policies and financial instruments, which should in their turn be closely coordinated with national policies and measures affecting the regions.

108. Following on from this, the Commission attaches fundamental importance to the principle of the additionality of the Fund to national resources. This principle, accepted by all the Member States, means that the resources of the Fund must permit the Member States to spend more on regional development than they would have done had the Fund not existed. The achievement of the aims for which the Fund was created requires that this principle is fulfilled, and that public opinion sees it to be fulfilled.

109. The Fund's present resources are too limited to have an equally significant economic impact on all the areas benefiting from regional aids within the Member States. It is therefore important to concentrate Fund assistance on priority regions. For the same reason, Fund resources must be concentrated on the sectors and investments which have the highest priority in regional development.

110. The Fund needs, in the Community's interest, to come to be associated, in a number of significant cases, with the implementation of sound new projects of regional, national and Community importance. This will help show that Community regional policy is indeed a reality, establishing new links between the Community and its Member States. In this context there would be advantage in beginning to use the various financial instruments of the Community in a coordinated way to set on foot a certain number of projects of really substantial Community interest.

111. In the task of developing Community regional policy into a more equal partnership between Community and Member States than is unavoidably the case in the initial stage, the Commission attaches the greatest importance to the regional development programmes and the annual information statements which the Member States must submit to it under the Fund

regulation. Taken together, these are essential for the Community to be able to:

— identify the priorities on which the Fund should concentrate in order to promote the economic convergence of the Community's various regions?

— ensure the fullest coordination of Community and national measures in the field of regional development, and

— ensure that Fund assistance is being used efficiently for Community purposes as defined in the Fund regulation.

112. Some of these elements in the Commission's strategy for the regional policy of the Community inevitably take more time to put into effect than the Commission would ideally wish. But, for the reasons explained above<sup>1</sup> the time is now short for all concerned to demonstrate, as the Commission for its part is determined to do, that the European Community is ready to assume, and discharge effectively, steadily greater responsibilities for promoting economic development in those regions of Europe without whose full participation in an integrated economy the purpose of the foundation of the Community can never be fully achieved.

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<sup>1</sup> Point 105.

Annex

Table 1 — Trends in principal macro-economic aggregates in the Community (1975 compared with 1974)

Member State	Gross domestic product (volume) %	Industrial production index (excluding construction) %	Investment Gross fixed asset formation (volume) %	Average unemployment rate 1975 <sup>1</sup> %	Consumer prices <sup>2</sup> %	Current balance of payments \$ million
Belgium	-1.3	-10.7	- 3.2	4.4	+12.8	+ 700
Denmark	-1.1	- 6.0	-12.8	4.2	+ 9.6	- 300
Germany	-3.5	- 6.2	- 4.8	4.1	+ 6.1	+3 200
France	-2.0	- 8.8	- 5.8	3.8	+11.8	-1 200
Ireland	-1.5	- 8.7	- 5.0	8.0	+21.0	- 100
Italy	-3.7	- 8.8	-12.7	3.3	+17.4	0
Luxembourg	-7.7	-22.0	- 7.2	0.8	+10.7	—
Netherlands	-0.7	- 5.0	- 3.7	4.3	+10.7	+1 400
United Kingdom	-1.6	- 4.8	- 0.5	4.0	+22.0	-3 700
Community	-2.5	- 6.9	- 5.6	4.0	+12.4	±0

<sup>1</sup> Unemployed as % of civil working population (figures not comparable between countries, as definitions are not completely uniform)

<sup>2</sup> Based on national accounting systems.

Table 2 — Forecasts for 1976

Member State	Gross domestic product (volume) %	Investment Gross fixed asset formation %	Unemployment rate (average 1976) <sup>1</sup> %	Consumer prices <sup>2</sup> %
Belgium	+3.5	± 0.0	5.3	+10.5
Denmark	+5.0	+11.0	3.9	+ 9.0
Germany	+6.0	+ 5.5	4.0	+ 5.0
France	+6.0	+ 1.0	4.1	+10.5
Ireland	+3.0	+ 1.0	9.7	+17.0
Italy	+1.5	- 8.0	3.8	+20.5
Luxembourg	+4.0	- 2.0	0.9	+ 9.5
Netherlands	+4.0	- 3.5	4.7	+ 9.5
United Kingdom	+2.5	- 2.0	5.3	+15.5
Community	+4.5	+ 0.5	4.5	+11.0

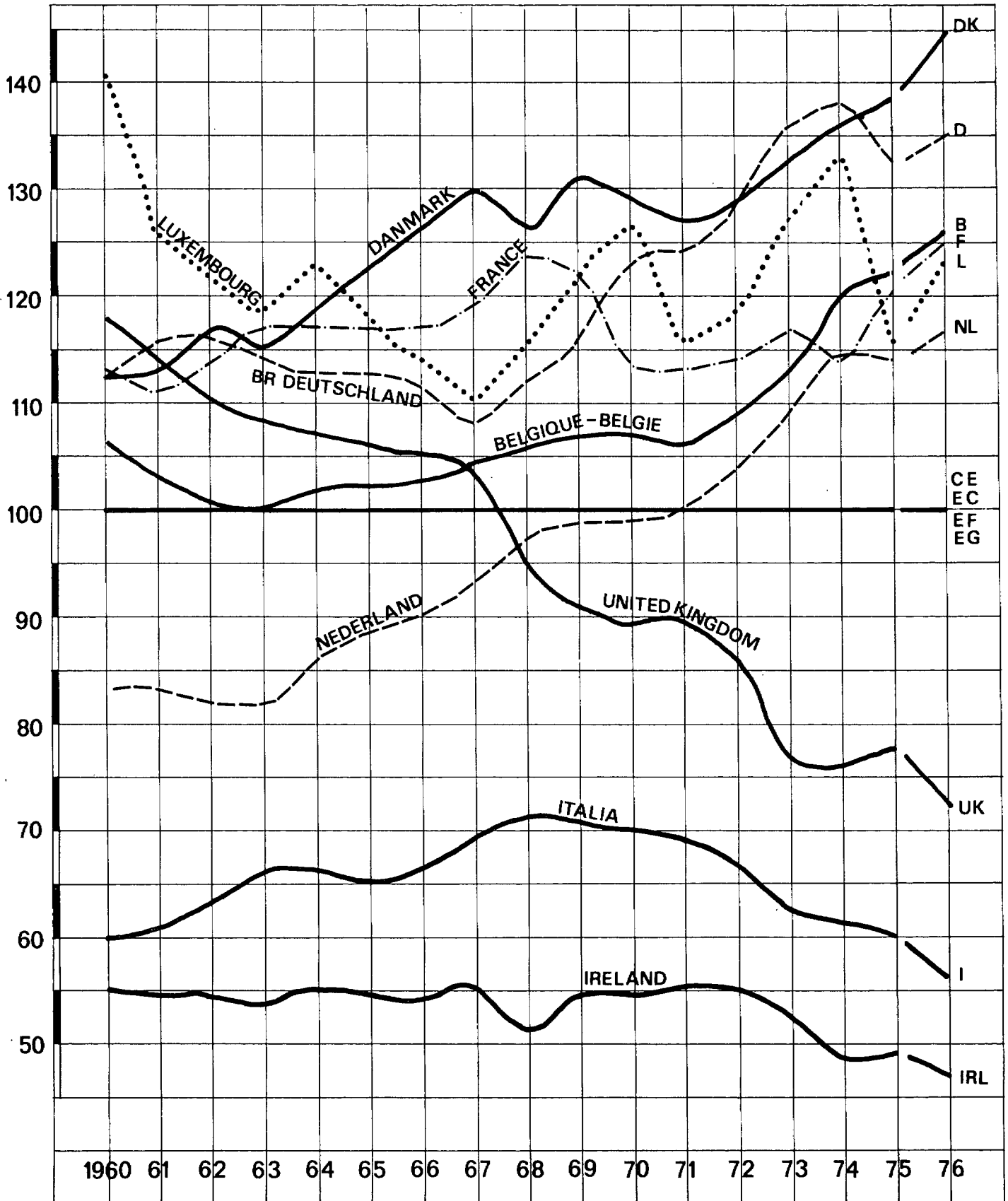
<sup>1</sup> Unemployed as % of total civil population (figures not comparable between countries).

<sup>2</sup> Based on national accounting systems.

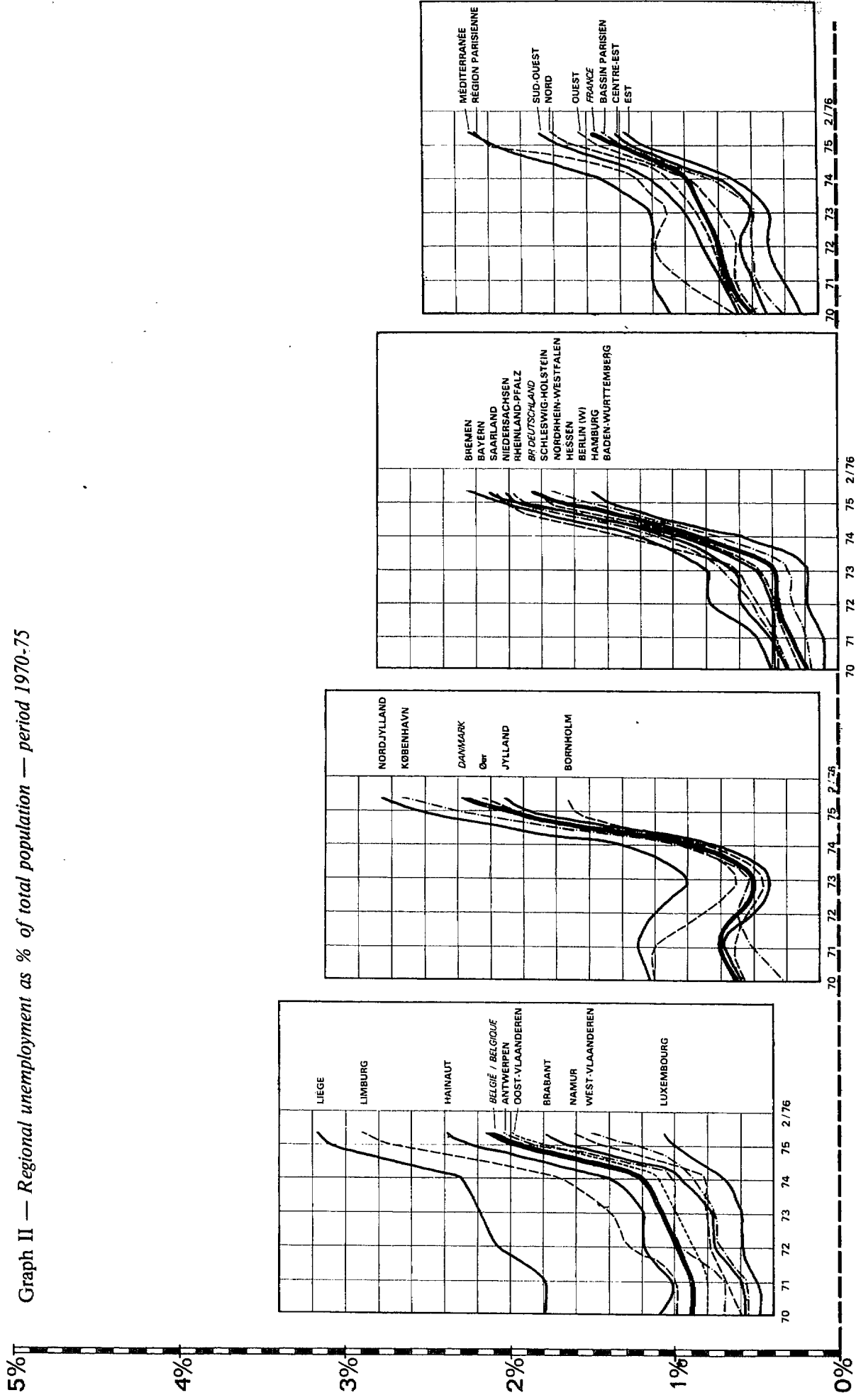
Table 3 — Trends in gross domestic product per head (current prices and exchange rates)

Member State	1970		1975		Average annual increase (1970-75) %
	u.a.	index EEC = 100	u.a.	index EEC = 100	
Belgium	2 619	106.6	4 757	121.8	12.7
Denmark	3 160	128.7	5 397	138.2	11.3
Germany	3 058	124.5	5 149	131.9	11.0
France	2 776	113.0	4 728	121.1	11.2
Ireland	1 317	53.6	1 902	48.7	7.6
Italy	1 727	70.3	2 330	59.7	6.2
Luxembourg	3 129	127.4	4 538	116.2	7.7
Netherlands	2 429	98.9	4 444	113.8	12.8
United Kingdom	2 182	88.8	3 020	77.4	6.7
Community	2 456	100	3 904	100	9.7

Graph I — *Indices of gross domestic product in u.a. per head at current prices*  
 Base: EEC = 100 (1975: estimate; 1976: projection at u.a. exchange rates as at 18.5.76)



Graph II — Regional unemployment as % of total population — period 1970-75



FRANCE

BR DEUTSCHLAND

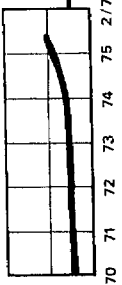
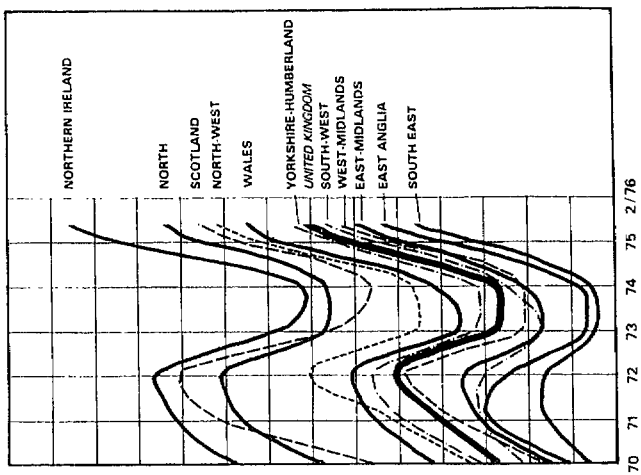
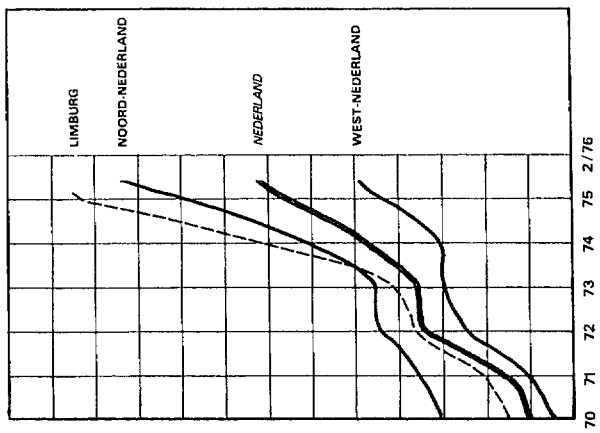
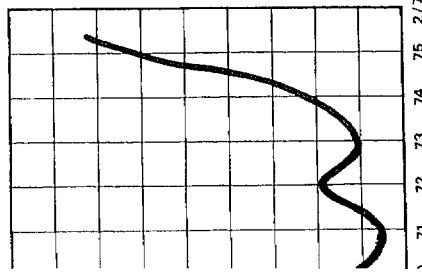
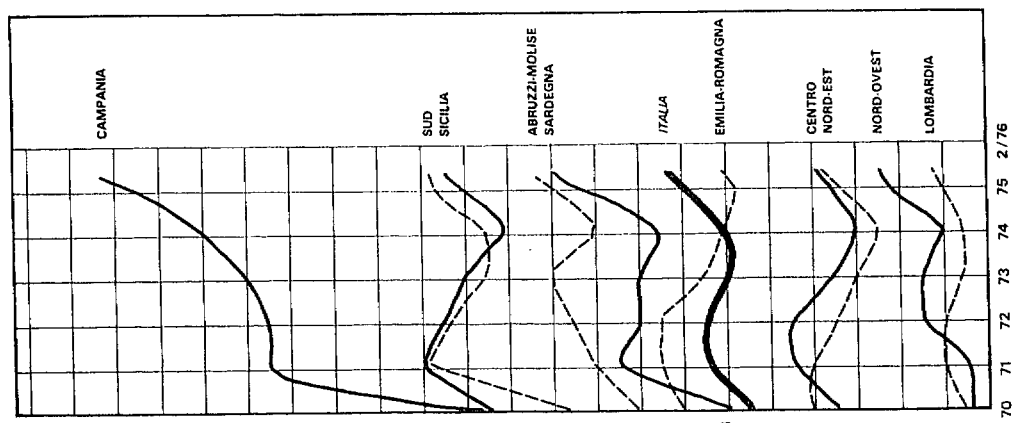
DANMARK

BELGIË - BELGIQUE



5% 4% 3% 2% 1% 0%

1970-75: monthly averages  
1976: February



IRELAND      ITALIA      LUXEMBOURG      NEDERLAND      UNITED KINGDOM

Table 4 — Summary of aid decisions in 1975, analysed by Member State and by main category of investment

Key:

- A: industrial and service investments of 10 million u.a. or more
- B: industrial and service investments under 10 million u.a.
- C: infrastructure investments of 10 million u.a. or more
- D: infrastructure investments under 10 million u.a.
- E: infrastructure investments in hill-farming areas

Member State	Number of aid decisions (in brackets: number of investments projects) <sup>1</sup>					Investment involved (million u.a.)					Aid granted (million u.a.)							
	A	B	C	D	E	Total	A	B	C	D	E	Total	A	B	C	D	E	Total
Belgium	2	1		2		5	32.0	13.0		16.9		61.9	0.6	0.3		3.1		4.0
		(3)		(31)		(36)												
Denmark		3		1		4		12.1		14.2		26.3		0.6		3.3		3.9
		(9)		(25)		(34)												
Germany	4	12	1	16		33	74.6	26.8	38.5	16.1		156.0	2.4	1.0	1.0	5.1		9.5
		(25)		(34)		(64)												
France	4	23		14	4	45	57.9	350.5		86.1	13.0	507.5	1.1	17.7	23.4	3.9		46.1
		(175)		(47)	(6)	(232)												
Ireland		3		2		5		108.3		29.3		137.6		13.2		6.7		19.9
		(52)		(53)		(105)												
Italy	7	10	13	4	8	42	270.8	153.2	266.5	21.0	31.6	743.1	31.8	21.7	58.8	5.0	6.6	123.9
		(53)		(12)	(89)	(174)												
Luxembourg				1		1				3.5		3.5				0.7		0.7
				(1)		(1)												
Netherlands			2	1		3			78.9	1.0		79.9			5.3	0.3		5.6
				(1)		(1)												
United Kingdom	3	6	5	25	2	41	150.7	151.0	207.9	183.0	18.0	710.6	18.0	11.4	11.1	41.5	4.2	86.2
		(108)		(407)	(11)	(534)												
Totals	20	58	21	66	14	179	586.0	814.9	591.8	371.1	62.6	2426.4	53.9	65.9	76.2	89.1	14.7	299.8
		(425)		(611)	(106)	(1183)												
				179		(1183)			2426.4						299.8			

<sup>1</sup> For the projects of 10 million u.a. or more in columns A and C each decision relates to a single project.

Table 5 — *Types of investment financed by the Regional Fund in 1975 (industry and services)*

Category as defined in the Fund regulation	Total amount of investment (million u.a.)	Amount of national aids taken into account (million u.a.)	Number of projects and main sectors concerned		
Industry and services	projects of 10 million u.a. or more	586.0	152.4	20 of which	<ul style="list-style-type: none"> <li>5 chemical products</li> <li>4 food, drink, tobacco</li> <li>3 motor manufacture</li> <li>2 wood</li> <li>2 non-metallic mineral products</li> <li>2 paper</li> <li>1 textiles</li> <li>1 mechanical engineering</li> </ul>
	projects under 10 million u.a.	814.9	168.2	425 of which	<ul style="list-style-type: none"> <li>59 metal goods</li> <li>49 electric and electronic engineering</li> <li>40 mechanical engineering</li> <li>32 food, drink, tobacco</li> <li>23 paper</li> <li>23 rubber</li> <li>199 miscellaneous industries and services</li> </ul>
	Totals	1 400.9	320.6	445	

Table 6 — *Types of investment financed by the Regional Fund in 1975 (infrastructure)*

Category as defined in the Fund regulation	Total amount of investment (million u.a.)	Number of projects and main types of infrastructure concerned		
Infrastructure	projects of 10 million u.a. or more	591.8	21 of which	<ul style="list-style-type: none"> <li>16 general services to industrial estates (road and rail links, water supply and purification, sewers, etc.)</li> <li>1 tourist road</li> <li>2 port developments</li> <li>1 island airport</li> <li>1 industrial waste treatment</li> </ul>
	projects under 10 million u.a.	371.1	611 of which	<ul style="list-style-type: none"> <li>28 purchase of industrial land</li> <li>265 general services to industrial estates (roads, water supply, sewers, etc.)</li> <li>231 advance factories</li> <li>10 tourist infrastructure</li> <li>29 roads</li> <li>29 port developments</li> <li>7 airports</li> <li>12 miscellaneous (energy supply, telecommunications, etc.)</li> </ul>
	projects in hill-farming areas	62.6	106 provision of general services (roads, water supply, etc.)	
Total	1 025.5	738		

Table 7 — European Development Fund, 1976

Regional statistics : Aid granted (rounded figures; in brackets : number of investment projects)

	I. Industrial, handicraft and service activities						II. Infrastructure				III. Rural infrastructure				IV. Totals				
	1975		1st allocation		2nd allocation		1975		1st allocation		2nd allocation		1975		1st allocation		2nd allocation		
<i>Belgium</i>	—	—	—	—	—	—	2.28 (19)	—	—	2.28 (19)	—	—	—	—	—	—	2.28 (19)	—	
Flanders	0.89 (5)	—	—	0.89 (5)	—	—	0.87 (12)	—	—	0.87 (12)	—	—	—	—	—	—	1.76 (17)	—	
Wallonia	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total	0.89 (5)	—	—	0.89 (5)	—	—	3.15 (31)	—	—	3.15 (31)	—	—	—	—	—	—	4.04 (36)	—	
<i>Denmark</i>	—	—	—	—	—	—	3.25 (25)	—	—	—	—	—	—	—	—	—	3.25 (25)	—	
Greenland	0.62 (9)	—	—	0.62 (9)	—	—	—	—	—	—	—	—	—	—	—	—	0.62 (9)	—	
Other regions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total	0.62 (9)	—	—	0.62 (9)	—	—	3.25 (25)	—	—	—	—	—	—	—	—	—	3.87 (34)	—	
<i>Germany</i>	0.01 (1)	—	—	0.01 (1)	—	—	1.02 (4)	—	—	0.80 (1)	—	—	—	—	—	—	1.03 (5)	—	
Schleswig-Holstein	—	—	—	—	—	—	0.05 (1)	—	—	—	—	—	—	—	—	—	0.05 (1)	—	
Bremen	0.53 (6)	—	—	0.22 (5)	—	—	0.97 (8)	—	—	0.67 (5)	—	—	—	—	—	—	1.50 (14)	—	
Lower Saxony	0.24 (3)	—	—	0.24 (3)	—	—	—	—	—	—	—	—	—	—	—	—	0.24 (3)	—	
North-Rhine Westphalia	0.35 (8)	—	—	0.35 (8)	—	—	0.38 (4)	—	—	—	—	—	—	—	—	—	0.73 (12)	—	
Hesse	0.46 (9)	—	—	0.46 (9)	—	—	0.37 (3)	—	—	0.37 (3)	—	—	—	—	—	—	0.83 (12)	—	
Rhineland-Pal.	1.83 (2)	—	—	0.13 (1)	—	—	—	—	—	—	—	—	—	—	—	—	1.83 (2)	—	
Saarland	—	—	—	—	—	—	1.66 (11)	—	—	1.37 (8)	—	—	—	—	—	—	1.66 (11)	—	
Bavaria	—	—	—	—	—	—	0.64 (3)	—	—	—	—	—	—	—	—	—	0.64 (3)	—	
Baden-Württemb.	—	—	—	—	—	—	1.00 (1)	—	—	1.00 (1)	—	—	—	—	—	—	1.00 (1)	—	
Berlin	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total	3.42 (29)	—	—	2.01 (2)	—	—	6.09 (35)	—	—	4.21 (18)	—	—	—	—	—	—	9.51 (64)	—	
																		6.22 (20)	3.29 (44)

(million u.a.)

Table 7 (conid)

	I. Industrial, handicraft and service activities			II. Infrastructure			III. Rural infrastructure			IV. Totals		
	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation
	<i>France</i>	0.51 (6)	0.51 (6)	—	—	—	—	—	—	—	0.51 (6)	0.51 (6)
Alsace	1.51 (8)	1.51 (8)	—	—	—	—	—	—	—	1.51 (8)	1.51 (8)	—
Aquitaine	0.17 (4)	0.17 (4)	—	—	2.18 (4)	—	—	—	—	3.09 (9)	0.91 (5)	2.18 (4)
Auvergne	1.38 (7)	1.38 (7)	—	0.54 (2)	0.54 (2)	—	0.74 (1)	0.74 (1)	—	1.92 (9)	1.38 (7)	0.54 (2)
Basse Normandie	0.31 (5)	0.31 (5)	—	—	—	—	—	—	—	0.31 (5)	0.31 (5)	—
Burgundy	1.13 (11)	1.13 (11)	—	—	9.60 (8)	—	—	—	—	10.73 (19)	1.13 (11)	9.60 (8)
Brittany	0.59 (4)	0.59 (4)	—	—	—	—	—	—	—	0.59 (4)	0.59 (4)	—
Champagne	—	—	—	4.69 (12)	2.43 (3)	2.26 (9)	—	—	—	4.69 (12)	2.43 (3)	2.26 (9)
Corsica	0.01 (1)	0.01 (1)	—	—	—	—	—	—	—	0.01 (1)	0.01 (1)	—
Franche-Comté	0.23 (1)	0.23 (1)	—	—	—	—	—	—	—	0.23 (1)	0.23 (1)	—
Haute-Normandie	0.76 (9)	0.76 (9)	—	0.56 (1)	0.56 (1)	—	0.32 (1)	0.32 (1)	—	1.64 (11)	1.08 (10)	0.56 (1)
Languedoc-Roussillon	0.66 (6)	0.49 (5)	0.17 (1)	1.94 (3)	—	1.94 (3)	1.33 (1)	1.33 (1)	—	3.93 (10)	1.82 (6)	2.11 (4)
Limousin	3.09 (19)	2.75 (18)	0.34 (1)	—	—	—	—	—	—	3.09 (19)	2.75 (18)	0.34 (1)
Lorraine	1.17 (9)	0.70 (8)	0.47 (1)	0.72 (2)	—	0.72 (2)	1.49 (3)	1.49 (3)	—	3.38 (14)	2.19 (11)	1.19 (3)
Midi-Pyrénées	0.97 (12)	0.83 (11)	0.14 (1)	—	—	—	—	—	—	0.97 (12)	0.83 (11)	0.14 (1)
Nord-Pas-de Calais	1.74 (16)	1.74 (16)	—	1.70 (3)	—	1.70 (3)	—	—	—	3.44 (19)	1.74 (16)	1.70 (3)
Pays de la Loire	0.01 (1)	0.01 (1)	—	—	—	—	—	—	—	0.01 (1)	0.01 (1)	—
Picardy	0.25 (4)	0.25 (4)	—	—	—	—	—	—	—	0.25 (4)	0.25 (4)	—
Poitou-Charente	0.05 (2)	0.05 (2)	—	—	—	—	—	—	—	0.05 (2)	0.05 (2)	—
Provence-Côte d'Azur	1.54 (10)	1.54 (10)	—	—	—	—	—	—	—	1.54 (10)	1.54 (10)	—
Rhône-Alpes	0.85 (19)	—	0.85 (19)	1.22 (11)	0.44 (6)	0.78 (5)	—	—	—	2.07 (30)	0.44 (6)	1.63 (24)
Guadeloupe	0.12 (1)	—	0.12 (1)	0.22 (1)	0.22 (1)	—	—	—	—	0.34 (2)	0.22 (1)	0.12 (1)
Guyane	0.97 (8)	—	0.97 (8)	—	—	—	—	—	—	0.97 (8)	—	0.97 (8)
Martinique	0.75 (16)	—	0.75 (16)	—	—	—	—	—	—	0.75 (16)	—	0.75 (16)
Réunion	—	—	—	—	—	—	—	—	—	—	—	—
Total	18.77 (179)	14.96 (131)	3.81 (48)	23.37 (47)	3.09 (10)	20.28 (37)	3.88 (6)	3.88 (6)	—	46.02 (232)	21.93 (147)	24.09 (85)

Table 7 (contd.)

	I. Industrial, handicraft and service activities		II. Infrastructure		III. Rural infrastructure		IV. Totals		
	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation
<i>Ireland</i> <sup>1</sup>									
Donegal	(4)	—(4)	—	(11)	—(11)	—	(15)	—(15)	—
North West	(1)	—(1)	—	(5)	—(5)	—	(6)	—(6)	—
West	(9)	—(6)	—(3)	(9)	—(9)	—	(18)	—(15)	—(3)
Mid West	(5)	—(3)	—(2)	(7)	—(4)	—(3)	(12)	—(7)	—(5)
South West	(8)	—(8)	—	(4)	—(4)	—	(12)	—(12)	—
South East	(5)	—(4)	—(1)	(3)	—(3)	—	(8)	—(7)	—(1)
Midlands	(7)	—(6)	—(1)	(8)	—(7)	—(1)	(15)	—(13)	—(2)
East	(4)	—(2)	—(2)	(3)	—(3)	—	(7)	—(5)	—(2)
North East	(9)	—(6)	—(3)	(3)	—(2)	—(1)	(12)	—(8)	—(4)
<b>Total</b>	13.23 (52)	8.10 (40)	5.13 (12)	6.68 (53)	6.10 (48)	0.58 (5)	19.91 (105)	14.20 (88)	5.71 (17)
<i>Italy</i>									
Abruzzi	1.33 (6)	0.55 (3)	0.78 (3)	4.18 (6)	—	4.18 (6)	0.18 (5)	0.73 (8)	4.96 (9)
Basilicata	—	—	—	—	—	—	1.66 (26)	1.66 (26)	—
Calabria	—	—	—	—	—	—	2.15 (27)	2.15 (27)	—
Campania	16.82 (25)	1.05 (1)	15.77 (24)	12.64 (4)	—	12.64 (4)	0.44 (13)	1.49 (14)	28.41 (28)
Lazio	19.12 (7)	19.12 (7)	—	2.80 (1)	2.80 (1)	—	0.20 (2)	22.12 (10)	—
Marche	1.16 (1)	1.16 (1)	—	0.51 (1)	—	0.51 (1)	—	1.67 (2)	—
Molise	—	—	—	0.61 (2)	—	0.61 (2)	0.34 (3)	1.16 (1)	0.51 (1)
Puglia	12.13 (18)	9.42 (10)	2.71 (8)	14.40 (3)	14.40 (3)	—	0.95 (5)	0.34 (3)	0.61 (2)
Sardinia	3.08 (3)	3.08 (3)	—	10.87 (6)	10.87 (6)	—	26.53 (21)	23.82 (13)	2.71 (8)
Sicilia	—	—	—	7.80 (2)	17.80 (2)	—	15.25 (17)	15.25 (17)	—
<b>Total</b>	53.64 (60)	34.38 (25)	19.26 (35)	53.81 (25)	45.87 (12)	17.94 (13)	124.03 (174)	86.83 (126)	37.20 (48)

<sup>1</sup> As Ireland is considered as a single region, the grouped applications submitted make it impossible to give a regional breakdown of the aid accorded.

Table 7 (contd)

	I. Industrial, handicraft and service activities			II. Infrastructure			III. Rural infrastructure			IV. Totals		
	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation	1975	1st allocation	2nd allocation
<i>Luxembourg</i>	—	—	—	0.75 (1)	0.75 (1)	—	—	—	—	0.75 (1)	—	—
<i>Netherlands</i>	—	—	—	3.48 (2)	3.48 (2)	—	—	—	—	3.48 (2)	—	—
<i>Groningen</i>	—	—	—	2.10 (1)	2.10 (1)	—	—	—	—	2.10 (1)	—	—
<i>South-Limburg</i>	—	—	—	5.58 (3)	5.58 (3)	—	—	—	—	5.58 (3)	—	—
Total	—	—	—	5.58 (3)	5.58 (3)	—	—	—	—	5.58 (3)	—	—
<i>United Kingdom</i>	3.95 (34)	—	3.95 (34)	13.26 (70)	3.47 (49)	9.79 (21)	—	—	—	17.21 (104)	3.47 (49)	13.74 (55)
<i>N. England</i>	1.04 (15)	—	1.04 (15)	6.24 (49)	2.54 (26)	3.70 (23)	—	—	—	7.28 (64)	2.54 (26)	4.74 (38)
<i>N.W. England</i>	—	—	—	2.38 (43)	1.42 (20)	0.96 (23)	—	—	—	2.38 (43)	1.42 (20)	0.96 (23)
<i>Yorks+Humberside</i>	—	—	—	0.27 (8)	0.15 (3)	0.12 (5)	—	—	—	0.27 (8)	0.15 (3)	0.12 (5)
<i>E. Midlands</i>	—	—	—	1.02 (34)	0.72 (23)	0.30 (11)	—	—	—	1.87 (43)	0.72 (23)	1.15 (20)
<i>S.W. England</i>	9.16 (45)	—	9.16 (45)	10.24 (77)	4.09 (61)	6.15 (16)	—	—	—	23.64 (133)	4.09 (61)	19.55 (72)
<i>Scotland</i>	0.96 (7)	—	0.96 (7)	13.91 (115)	5.98 (46)	7.93 (69)	—	—	—	14.87 (122)	5.98 (46)	8.89 (76)
<i>Wales</i>	13.36 (1)	—	13.36 (1)	5.24 (15)	2.86 (8)	2.38 (7)	—	—	—	18.60 (16)	2.86 (8)	15.74 (8)
<i>N. Ireland</i>	—	—	—	0.03 (1)	—	0.03 (1)	—	—	—	0.03 (1)	—	0.03 (1)
<i>W. Midlands</i>	—	—	—	52.59 (412)	21.23 (236)	31.36 (176)	4.24 (11)	—	—	86.15 (534)	21.23 (236)	64.92 (298)
Total	29.32 (111)	—	29.32 (111)	52.59 (412)	21.23 (236)	31.36 (176)	4.24 (11)	—	—	86.15 (534)	21.23 (236)	64.92 (298)