COUNCIL REGULATION (EEC) No 2616/80

of 7 October 1980

instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the steel industry

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund (1), as amended by Regulation (EEC) No 214/79 (2), and in particular Article 13 (3) thereof,

Having regard to the proposal from the Commission (3),

Having regard to the opinion of the European Parliament (4),

Having regard to the opinion of the Economic and Social Committee (5),

Whereas Article 13 of Regulation (EEC) No 724/75 (hereinafter referred to as the 'Fund Regulation') provides, independently of the national allocations of resources fixed by Article 2 (3) (a) of that Regulation, for participation by the Fund in financing specific Community regional development measures, which are in particular linked with Community policies and with measures adopted by the Community, in order to take better account of their regional dimension or to reduce their regional consequences;

Whereas the Member States concerned have provided the Commission with information on regional problems likely to be the subject of a specific Community measure;

Whereas the Fund's resources are allocated having due regard to the relative severity of regional imbalances within the Community;

Whereas the Commission has, in the context of Article 46 of the ECSC Treaty, prescribed general policy objectives in respect of the steel industry;

Whereas the Council decided on 18 and 19 December 1978 that mastery of the social, regional, economic and financial consequences of rationalizing the iron and steel industry requires within the Community framework a special appropriate concerted action both by Community and Member States including the creation of alternative employment in the steel-producing areas affected by restructuring measures;

Whereas a number of zones in the Community which are highly dependent on steel and which have already suffered considerable job losses as a result of the decline in the steel industry, are likely to see a worsening of these adverse consequences;

Whereas certain of these zones in Belgium, Italy and the United Kingdom are in regions which already have high levels of unemployment;

Whereas it is necessary for the Community to reinforce by means of a specific Community regional development measure existing local, national and Community measures aimed at stimulating the creation of new employment in such zones in order to replace job losses and thus to contribute to reducing regional imbalances;

Whereas other assistance from Community funds, capable of being usefully combined, should be given in these zones;

Whereas the existence of an unfavourable physical and social environment due to the dereliction of certain industrial and urban sites and inadequate housing conditions for workers acts as an impediment on the attraction of new employment-providing activities to such zones;

Whereas encouragement of the development of small and medium-sized undertakings (hereinafter referred to as 'SMUs') which already occupy an important place in the economies of these zones, requires that

(1) OJ No L 73, 21. 3. 1975, p. 1.
(2) OJ No L 35, 9. 2. 1979, p. 1.
(3) OJ No C 285, 15. 11. 1979, p. 3.
(4) OJ No C 85, 8. 4. 1980, p. 24.
(5) OJ No C 83, 2. 4. 1980, p. 4.

they be helped to have access to necessary services in management, organization and financing;

Whereas the introduction of new technological products and processes can contribute to the creation and development of viable economic activities in these zones; whereas SMUs encounter difficulties in undertaking innovation;

Whereas the Community measure must be implemented in the form of special multiannual programmes; whereas it is for the Commission, in approving these programmes, to ensure that the operations planned thereunder comply with the provisions of this Regulation;

Whereas the special programmes must respond to certain of the objectives encompassed by the regional development programme provided for under Article 6 of the Fund Regulation;

Whereas the Commission must verify that the special programmes are properly carried out by examining the annual reports which the Member States concerned will present to it for this purpose;

Whereas the Council, the European Parliament and the Economic and Social Committee must be informed regularly on the implementation of this Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

A specific Community regional development measure (hereinafter referred to as a 'specific measure'), within the meaning of Article 13 of the Fund Regulation, is hereby established, contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the steel industry.

Article 2

The specific measure shall concern the following zones:

Belgium:

Provinces of Luxembourg, Liège and Hainaut with the exception of the 'arrondissements' of Ath and Tournai.

Italy:

Province of Naples.

United Kingdom:

Strathclyde region, the counties of Cleveland, Clwyd, South Glamorgan, West Glamorgan, Gwent, and the employment office area of Corby.

Article 3

1. The specific measure shall be implemented in the form of a special programme (hereinafter referred to as 'special programme') to be presented to the Commission by each of the Member States concerned.

2. The objective of the special programme shall be to contribute to the development of employment-providing activities in the zones referred to in Article 2. It shall, to this end, be directed towards the improvement of their physical and social environment, this being necessary in order to encourage the setting up of such activities, and at the development of SMUs and the encouragement of innovation.

3. The special programme must fall within the framework of the regional development programmes mentioned in Article 6 of the Fund Regulation.

4. The special programme must contain appropriate information, as specified in the Annex to this Regulation, analysing the situation and needs related to the objectives stated in paragraph 2, the operations proposed, the timetable for carrying them out, and, in general, all factors necessary to enable its consistency with regional development objectives to be assessed.

5. The duration of the special programme shall be five years starting from the 60th day after the date on which this Regulation enters into force.

6. The special programme shall be approved by the Commission after intervention by the Fund Committee in accordance with the procedure laid down in Article 16 of the Fund Regulation.

7. The Commission shall inform the European Parliament of the amounts adopted for the zones when the special programme is approved.

8. Once it has been approved by the Commission, the special programme shall be published for information in the *Official Journal of the European Communities.*

Article 4

The Fund may participate, within the framework of the special programme, in the following operations:

1. Improvement of run-down areas whose character is either industrial, or industrial-and-urban to the extent that these two aspects cannot be dissociated, including: the cleaning-up and preparation of such areas; conversion of disused industrial buildings and their surroundings, including the modernization of premises for SMUs, the creation of green areas and minor works for improving the appearance of localities, and, exceptionally, minor roads giving access to the locations of the new activities.

2. Construction and modernization of housing to accommodate workers in order to attract employment-providing activities, such housing being reasonably near the projected sites of the new activities, provided that the housing situation constricts the execution of the programme in question.

3. Establishment or development of consultancy firms or other bodies for management or organization matters by means of direct or indirect aid. Activities of such firms or bodies may include temporary assistance to undertakings for implementing their recommendations.

4. Establishment or development of common services for a number of undertakings.

5. Promotion of innovation in industry and services:

   (a) collection of information relating to product and technological innovation and its dissemination among undertakings operating in the zones covered by the specific measure, which may include experimental work on such innovation;

   (b) encouragement of the implementation of product and technological innovation in SMUs.

6. Better access for SMUs to risk capital.

Article 5

1. The special programme shall be the subject of joint financing between the Member State and the Community. The contributions from the Fund shall be provided within the framework of the appropriations entered for this purpose in the general budget of the European Communities. The Community contribution is laid down as follows:

(a) operations relating to improvement and conversion under point 1 of Article 4: 50 % of public expenditure;

(b) operations relating to construction and modernization of housing under point 2 of Article 4: 50 % of public expenditure subject to a limit of 10 000 EUA per unit of accommodation;

(c) operations relating to consultancy services under point 3 of Article 4: aid covering part of the expenditure of undertakings relating to services provided by consultancy firms or bodies. The aid shall last for three years and shall be degressive. It shall cover 70 % of expenditure in the first year and shall not exceed 55 % of the total expenditure over the three-year period (indirect aid);

(d) in respect of the operations referred to in (c), the Member State may replace this system by an equivalent system of aid to consultancy firms or bodies (direct aid);

(e) operations relating to common services under point 4 of Article 4: aid covering part of the expenditure of undertakings relating to the operation of these services. The aid shall last for three years and shall be degressive. It shall cover 70 % of expenditure in the first year and shall not exceed 55 % of the total expenditure over the three-year period;

(f) operations concerning the collection and dissemination of information on innovation under point 5 (a) of Article 4: aid covering part of the operating costs of bodies engaged in such activities, provided that these activities are new and concern specifically the zones covered by Article 2. The aid shall last for three years and be degressive. It shall cover 70 % of the operating costs in the first year and shall not exceed 55 % of the total cost over the three-year period;

(g) operations for implementing innovation under point 5 (b) of Article 4: 70 % of the costs of feasibility studies may concern all aspects, including commercial, of the implementation of innovation, and limited to 50 000 EUA per study. These studies must be undertaken by or on behalf of undertakings situated in the zones covered by Article 2;

(h) operations relating to risk capital under point 6 of Article 4: contribution towards the operating costs of financial institutions providing risk capital for SMUs. This contribution shall be 70 % of the costs of risk-evaluation studies carried out by or on behalf of the financial institutions. These studies may also examine commercial aspects.

2. For the aid referred to in paragraph 1 (a), the combination of aid from the Fund quota and non-quota sections is excluded.

3. The categories of beneficiaries of Fund assistance in respect of the operations provided for in paragraph 1 may be: public and local authorities, other bodies, undertakings or individuals. The aids referred to in paragraph 1 (c) and (e) and, where they directly benefit undertakings, those referred to in paragraph 1 (g) may not have the effect of reducing the share paid by undertakings to less than 20 % of total expenditure.

4. The amount of the Fund's assistance in favour of the special programme may not exceed the amount fixed by the Commission at the time when the programme is approved under Article 3 (6).

5. Budgetary commitments relating to the implementation of the special programme shall be decided by annual tranche in accordance with progress made.

Article 6

1. The amount of the Fund contribution in respect of the measures included in the special programme shall be paid to the Member State concerned (or in accordance with the instructions the latter communicates to this end to the Commission) according to the following rules:

(a) expenditure incurred from the date of entry into force of this Regulation shall be eligible;

(b) when there is a financial contribution by the Member State, payments, other than advance payments referred to in (c), shall be made as far as possible in parallel with the payment of the Member State's contribution. In any other case, payments shall be made when the Member State certifies that the payment is due and may be paid by the Community.

Each request for payment shall be accompanied by a statement from the Member State certifying the operation and the existence of detailed supporting documents, and shall contain the following information:

— the nature of the operations covered by the payment claim;

— particulars of the amount and nature of expenditure paid in respect of the different operations during the period covered by the claim;

— confirmation that the operations described in the payment claim have been begun in accordance with the special programme;

(c) on production by the Member State concerned of written evidence that the special programme has already occasioned expenditure under an annual tranche, the Fund may, at the State's request, make an advance of 30 % of the appropriations committed. When the amount of this advance has been exhausted and when the Member State has forwarded to the Commission the certificate referred to in (b), further successive advance payments may be made, each of 30 % of the appropriations committed for each annual tranche.

2. At the end of each year, the Member State concerned shall present to the Commission a report on the progress made in carrying out the special programme by reference to the information required in the Annex to this Regulation. These reports should enable the Commission to satisfy itself that the special programme is being executed, to observe its effects and to establish that the different operations are being carried out in a coherent manner. They shall be forwarded to the Regional Policy Committee.

3. On the basis of these reports and the relevant decisions, the Commission shall report under the conditions laid down in Article 21 of the Fund Regulation.

4. Where major amendments are made to a special programme during implementation, the procedure provided for in Article 3 (6) shall apply.

5. When each special programme has been implemented, a report shall be presented by the Commission to the Regional Policy Committee.

6. Article 9, paragraphs 1 to 5, of the Fund Regulation shall apply, as required, to the specific measure provided for in this Regulation.

Article 7

This Regulation shall not prejudice the re-examination of the Fund Regulation provided for in Article 22 of that Regulation which is to take place before 1 January 1981, on a proposal from the Commission.

Article 8

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities.*

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

Done at Luxembourg, 7 October 1980.

For the Council

The President

G. THORN

ANNEX

The special programme shall include the following information in respect of the zones covered under Article 2:

1. **In respect of industrial and urban sites and industrial buildings:**

   (a) (i) an analysis of the state of dereliction of sites and the priorities for reclamation, and an analysis of the state of disused industrial premises;

   (ii) particulars of existing actions for resolving the problem of dereliction and of the average annual public expenditure involved;

   (b) in relation to the operations envisaged under Article 4: a description and exact location of programmes for reclamation of derelict sites and conversion of industrial premises; and, where relevant, details of essential minor road links.

2. **In respect of housing for workers:**

   (a) (i) an analysis of the existing housing supply, covering age and standards of houses, and of the present and prospective demand for houses for workers in the light of the likely development of new activities. This analysis should show that the housing situation constricts the execution of the programme in question and in particular the achievement of the productive investments which the programme is intended to promote;

   (ii) a statement of existing public measures in this field, with an indication of the resultant average annual public expenditure involved;

   (b) in relation to the operations envisaged under Article 4: a description and location of housing development programmes, with an indication of the types of housing to be provided and of the number of people to be housed each year.

3. **In respect of SMUs:**

   (a) (i) a description of the present situation of SMUs in the different sectors and an evaluation of their possibilities for future development. Analysis of their situation and needs, particularly as concerns management and organization;

   (ii) description of aid systems for the SMUs and of the nature of existing services available, showing, by categories of aids and services, the resultant annual public expenditure involved;

   (b) in relation to the operations envisaged under Article 4: a description of the different types of management and organization services to be provided to SMUs. Particulars of the bodies responsible for the provision of such services and for activating the development of SMUs.

4. **In respect of innovation:**

   (a) analysis of the needs of undertakings and of the means currently at their disposal to gain access to information on innovation and for implementing it, and assessment of related public expenditure;

   (b) in relation to the operations envisaged under Article 4: a description of the measures designed to ensure the collection and dissemination of information on innovation, and also to facilitate its implementation by SMUs.

5. **In respect of risk capital:**

   (a) (i) details of organizations providing risk capital for SMUs and the conditions applicable to the provision of such capital;

   (ii) particulars of existing schemes for the encouragement of financial institutions to provide risk capital for SMUs, and a statement of present public expenditure under each such scheme;

   (b) in relation to the operations envisaged under Article 4: details of measures planned to facilitate the access of SMUs to risk capital.

6. **In respect of the totality of the special programme:**

(a) a description, as far as possible with figures, of the objectives covered by the special programme, particularly regarding employment;

(b) a description of existing and prospective public measures proposed to be carried out side by side with the special programme in order to improve the employment situation in the zones covered by Article 2 and, in particular, measures related to:

— aids for productive investment,

— investment in infrastructure,

— aids related to worker and professional training and retraining and, as appropriate, those which are particulary aimed at the employment of young people, and for the benefit of former workers in the steel industries.

This description must be accompanied by a statement giving particulars of the national authorities' intentions as regards the use of other resources deriving from Community structural funds;

(c) an indication of the amounts of public expenditure in connection with the measures envisaged under (b) above;

(d) the timetable for carrying it out;

(e) estimation of the volume of public expenditure connected with the programme's implementation, including an annual breakdown of such expenditure for each of the operations envisaged;

(f) designation of the bodies responsible for execution of the programme and the various operations;

(g) information measures planned to make potential beneficiaries and professional organizations aware of the possibilities offered by the special programme, and of the role played by the Community in this respect.