COUNCIL REGULATION (EEC) No 216/84

of 18 January 1984

amending Regulation (EEC) No 2616/80 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 COMMUNITES,

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 last amended by Regulation (EEC) No 3325/80 (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 allocation 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, pursuant to that Article, the Council adopted on 7 October 1980 an initial series of Regulations instituting specific Community regional development measures and, in particlar, Regulation (EEC) No 2616/80 (6) 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, this measure being hereinafter referred to as 'the specific measure';

Whereas, pursuant to that Regulation and in particular Article 3 thereof, the Commission has approved special programmes relating to certain zones in Belgium and the United Kingdom and has at the same time decided to allocate appropriations to those programmes;

Whereas the worsening problems in the steel industry require that the specific measure be extended to new zones in the United Kingdom, in France, in the Federal Republic of Germany and in the Grand Duchy of Luxembourg; whereas the Member States concerned have provided the Commission with information relating to regional problems which would be a suitable subject for a specific Community measure;

Whereas, in addition, the presence of excess capacity in the steel industry is one of the basic causes of difficulties in this sector and the effort to reduce capacity which must be undertaken in accordance with the 'General objectives for steel' defined by the Commission is likely to affect regional employment;

Whereas, by Commission Decision No 2320/81/ECSC of 7 August 1981 establishing Community rules for aids to the steel sector (7), it was laid down that aids to the steel industry can be considered as compatible with the orderly functioning of the common market provided that 'the recipient undertaking or group of undertakings is engaged in the implementation of a systematic and specific restructuring programme' and 'the said restructuring programme results in an overall reduction in the production capacity of the recipient undertaking or group of undertakings';

Whereas the Commission must rule on the requests concerning aid which are submitted in the framework

(1) OJ No L 73, 21. 3. 1975, p. 1.
(2) OJ No L 349, 23. 12. 1980, p. 10.
(3) OJ No C 15, 19. 1. 1983, p. 10.
(4) OJ No C 184, 10. 6. 1983, p. 163.
(5) OJ No C 124, 9. 5. 1983, p. 2.
(6) OJ No L 271, 15. 10. 1980, p. 9.
(7) OJ No L 228, 13. 8. 1981, p. 14.

of restructuring programmes and which were to be notified to it by 30 September 1982 at the latest;

Whereas the specific measure should be applicable forthwith in areas marked by an important and recent decline in the steel industry in such a way as to have contributed already to the aggravation of existing regional disparities;

Whereas the specific measure should also be applicable to those areas marked by a reduction in production capacities, envisaged in connection with the implementation of restructuring programmes likely to involve a worsening of the regional employment situation, such application taking place as and when the Commission's adoption of a position on these programmes enables the areas which meet the criteria adopted to be identified;

Whereas the specific measure must be supplemented by the introduction of certain new types of assistance with the object of strengthening the economic fabric of the said areas in such a way as to contribute to the creation of alternative employment;

Whereas the development of small and medium-sized undertakings (hereinafter referred to as 'SMUs') may be accelerated by allowing them better to adapt their production potential, in particular through investment aids;

Whereas these investments may be encouraged by the provision of capital grants on the basis of existing national schemes; whereas provision should be made for such aid to be reinforced by additional aid chargeable to the Community during a transitional period; whereas these investments may also be encouraged by the grant, by the Commission, of interest rebates on Community global loans;

Whereas economic promotion in the zones concerned should be further stimulated by especially active management of the public aids and services available, particularly those provided for under the special programme; whereas, to this end, there is a need to establish or extend services responsible for informing existing or potential undertakings of the availability of such aids and services and to help those undertakings to take advantage of them;

Whereas, in order to accelerate the implementation of the special programmes, the rules laid down by Regulation (EEC) No 2616/80 concerning budgetary commitments, payment of aid from the Fund and advances made from the Fund should be amended;

Whereas additional financial resources are required to implement the specific measure so strengthened and extended to cover new areas;

Whereas, on the one hand, those Member States in respect of which a special programme has already been approved should amend those programmes and France, the Federal Republic of Germany and the Grand Duchy of Luxembourg should submit to the Commission a special programme in accordance with Regulation (EEC) No 2616/80 and, on the other hand, the other Member States concerned should present a special programme at a later date,

HAS ADOPTED THIS REGULATION:

SECTION I

Article 1

Regulation (EEC) No 2616/80 is hereby amended in accordance with the following Articles.

Article 2

Article 2 is replaced by the following:

'*Article 2*

1. The specific measure shall apply to zones which fulfil, in principle, the following criteria:

(a) a minimum number of jobs in the steel industry;

(b) industrial employment dependent in large measure on the steel industry;

(c) major job losses in the steel industry in recent years;

(d) eligibility of the zone concerned for a national regional aid scheme;

(e) the social and economic situation in the region in which the zone concerned is situated; this situation shall be assessed on the basis of the per capita gross domestic product and structural unemployment;

(f) an expected reduction in production capacity linked to implementation of restructuring programmes likely to bring about a worsening of the regional employment situation.

2. The specific measure shall apply on the entry into force of this Regulation to the following zones to the extent to which they conform, in principle, to the criteria laid down in paragraph 1 (a), (b), (c), (d) and (e):

In Belgium:

The provinces of Hainaut, Liège and Luxembourg (Commission Decision of 22 July 1982).

In the Federal Republic of Germany:

The Saarland, including the adjacent zones of the "Land" of Rheinland-Pfalz which receive aid.

The Grand Duchy of Luxembourg.

In Italy:

The province of Naples.

In the United Kingdom:

The Strathclyde region, the counties of Cleveland, Clwyd, South Glamorgan, West Glamorgan (including those parts of the travel-to-work area of Port Talbot which are situated in the county of Mid Glamorgan) and Gwent, the employment office area of Corby, the travel-to-work area of Llanelli in the county of Dyfed; the county of Durham (including those parts of the travel-to-work area of Consett which are situated in the counties of Northumberland and Tyne and Wear); the county of Humberside (including those parts in the travel-to-work area of Scunthorpe which are situated in the county of Lincolnshire); the county of South Yorkshire, including the travel-to-work area of Sheffield; the travel-to-work area of Workington in the county of Cumbria.

In France

The "departments" of Moselle, Nord, Pas-de-Calais and Meurthe-et-Moselle, including in this last-mentioned, the urban area of Nancy.

3. The specific measure shall also apply to those zones which, in principle, meet the criteria referred to in paragraph 1 (a), (b) and (f) as soon as the Commission has adopted a position on the restructuring programmes for the steel industry, transmitted by the Member States in accordance with Commission Decision No 2320/81/ECSC (1).

In accordance with this provision, the specific measure shall apply, at the request of the Member States concerned, as the Commission adopts its position on the programmes mentioned above, to zones situated in the Member States referred to in paragraph 2 which may also be situated in other Member States.

The Commission shall take its decision within a maximum of two months of the date on which the Member State concerned submits the above-mentioned programmes and its corresponding request relating to the zones likely to benefit from the specific measure.

(1) OJ No L 228, 13. 8. 1981, p. 14.'

Article 3

The following paragraph 2a is added to Article 3:

'2a. The preparation and implementation of the special programme shall be closely coordinated with national and Community policies and financial instruments, in particular with the aid granted in connection with the ECSC, the Social Fund, the European Investment Bank and the new Community instrument.'

Article 4

Article 4 (3) is replaced by the following:

'3. Creation or development of consultancy firms or other bodies for management or organization matters; setting up or development of economic promotion agencies.

The activities of such firms or bodies may include temporary assistance to undertakings for the implementation of their recommendations.

Economic promotion agencies shall be responsible for:

— opening up possibilities, through direct contacts at local level, for economic ventures by giving advice about access to available public aids and services, particularly those provided for under the special programme, and

— contributing to the success of these ventures by helping existing or potential undertakings to take advantage of such aids and services.'

Article 5

The following points 7 to 9 are added to Article 4:

'7. Preparation of sectoral analyses intended to provide SMUs in the regions concerned with information on the potential of national, Community and external markets and on the effects to be anticipated therefrom on the production and organization of SMUs;

8. Aids to investment in SMUs designed to create new undertakings or to assist the adaptation of production to market potential by existing undertakings when justified by the analyses mentioned under point 7 or other satisfactory forms of proof. Such investment may also concern common services provided for a number of undertakings;

9. Investment aids in the form of interest rebates on global loans in favour of small industrial projects, with the aim of encouraging the creation and development of SMUs, such loans being granted under Article 56 of the ECSC Treaty.'

Article 6

Points (c) and (d) of Article 5 (1) are replaced by the following:

'(c) for the operations concerning the consultancy activities referred to in Article 4 (3): aid covering a part of the expenditure of undertakings relating to services supplied by consultancy firms or bodies. Such aid shall be on a decreasing scale and be of three years' duration. It shall cover, in the first year, 70 % of the expenditure and shall not exceed 55 % of the total expenditure for the three-year period (indirect aid); the Member State may replace this system by an equivalent system of aid to consultancy firms or bodies (direct aid);

(d) for the operations concerning economic promotion referred to in Article 4 (3): aid covering a part of the operating costs incurred by the activities of promotion services. Such aid shall be on a decreasing scale and shall be of five years' duration. It shall cover, for the first year, 60 % of the operating costs and shall not exceed 50 % of the total costs per promoter for the five-year period. These activities, which must be new and concern specifically the zones covered by Article 2 may be entrusted by the Member State concerned to special bodies.'

Article 7

In Article 5 (1) (g), 'and limited to 50 000 EUA per study' is replaced by 'and limited to 120 000 ECU per study'.

Article 8

The following points (i) to (k) are added to Article 5 (1):

'(i) operations relating to sectoral analyses under Article 4 (7): 70 % of their cost;

(j) operations relating to investment under Article 4 (8): 50 % of the public expenditure resulting from the granting of aid to the investment. This aid may contain a supplementary element in relation to the most favourable existing regional arrangements. The supplementary aid, for which the Community shall be responsible for a period of four years, may be up to 10 % of the cost of the investment. The public aid may take the form of a capital grant or interest rebate;

(k) operations relating to interest rebates under Article 4 (9): the interest rebate shall be 3 % over five years. It shall be financed by the Community.'

Article 9

Article 5 (2) is replaced by the following:

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

Article 10

Article 5 (5) is replaced by the following:

'5. Budgetary commitments relating to the financing of the special programme, except with regard to the interest rebates on Community global loans, shall be implemented by annual tranche. The first tranche shall be committed at the time of the Commission's acceptance of the programme. The commitment of subsequent annual tranches shall be made according to budgetary availability and the progress made on the programme. Concerning the interest rebates under Article 4 (9), decisions shall be taken by the Commission for each global loan, subject to the grant thereof, at the time of its decision on a global loan under the ECSC budget.'

Article 11

The introductory words to Article 6 (1) are replaced by the following:

'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 directly, and in accordance with the latter's instructions, to the bodies responsible for their implementation, according to the following rules:'.

Article 12

Article 6 (1) (c) is replaced by the following:

'(c) at the request of a Member State, advances of the amount of each annual tranche may be made according to progress made on operations and budgetary availability.

From the beginning of operations, an advance of 60 % of the Fund contribution concerning the first annual tranche may be paid by the Commission. When the Member State has certified that half of the first advance has been spent, a second advance, or 25 %, may be paid by the Commission.

From the beginning of the subsequent annual tranche, advances may be paid under the terms provided for in the foregoing subparagraphs.

The balance of each annual advance shall be paid at the request of the Member State when it has certified that the operations corresponding to the tranche in question may be considered as finished, and on presentation of the amount of public expenditure which had been committed.'

Article 13

The following paragraph 1a is inserted in Article 6:

'1a. Interest rebates allowed on global Community loans shall be so allowed with a view to their utilization for the secondary loans made to firms.

Appropriate procedures will be established between the Commission and the financial institutions to which global loans are granted, in order to permit the management of these aids and the necessary controls.'

Article 14

The following sentence is added to Article 6 (2):

'These reports shall be supplemented by information supplied by the Commission on the implementation of Community aids made in the form of interest rebates on Community global loans.'

Article 15

Article 6 (5) is replaced by the following:

'5. When each special programme has been implemented, a report including information on the number and nature of the jobs created and maintained shall be presented by the Commission to the Regional Policy Committee and the European Parliament.'

Article 16

The following subparagraphs are added to point 3 (b) of the Annex:

'Particulars of the nature of sectoral analyses bearing on production structures, market potential and measures to be implemented in order to adapt and develop production and marketing.

Description of rules governing investment aids provided within the programme framework.

Description of measures planned under the programme for economic promotion.'

SECTION 2

Article 17

1. Belgium, Italy and the United Kingdom shall amend the special programmes referred to in Article 3 of Regulation (EEC) No 2616/80 and approved by the Commission, in accordance with the amendments set out in section 1 hereof.

2. The amended special programmes shall be approved by the Commission in accordance with Article 3 (6) of Regulation (EEC) No 2616/80.

3. Without prejudice to Article 5 (4) of Regulation (EEC) No 2616/80, the amount of the Fund's assistance to the amended special programmes may not exceed the amount fixed by the Commission at the time of approval of the programmes.

Article 18

The duration of the special programmes to be submitted by the Federal Republic of Germany, the Grand Duchy of Luxembourg and France shall be five years starting from the 60th day after the date on which this Regulation enters into force. The duration of the amended special programmes referred to in Article 17 shall be extended for the same period.

Article 19

Expenditure resulting from the special programmes thus amended and from the special programmes to be submitted by the Federal Republic of Germany, the Grand Duchy of Luxembourg and France, and which is incurred from the date of entry into force of this Regulation, shall be eligible.

Article 20

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 Brussels, 18 January 1984.

For the Council

The President

M. ROCARD