COUNCIL REGULATION (EEC) No 219/84

of 18 January 1984

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 textile and clothing 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 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 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 which would be suitable for a specific Community measure;

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

Whereas, pursuant to Article 92 *et seq.* of the EEC Treaty, the Commission established on 22 July 1971 an approach to aids to the textile industry, supplemented on 4 February 1977, which was notified to the Member States; whereas, under the approach to aids, aid granted to textile undertakings can only be allowed if they satisfy certain conditions, and in particular they must facilitate improvements in the industrial and commercial structure, in particular the industry's adaptation to new market and technical conditions;

Whereas, with respect to its external policy in the textile and clothing fields, the Community is a party to the Arrangement regarding International Trade in Textiles (hereinafter referred to as 'the Multifibre Agreement') which is designed to overcome the difficulties on the international textile and clothing market; whereas the measures taken under the Multifibre Agreement 'should not interrupt or discourage autonomous industrial adjustment processes' and should 'encourage businesses which are less competitive internationally to move progressively into more viable types of production or into other sectors of the economy';

Whereas between 1974 and 1977, the period of application of the first Multifibre Agreement, imports of textile products into the Community increased at an exceptionally fast rate; whereas since 1978, the year in which the second Multifibre Agreement came into force, such imports have continued to grow, a fact which has contributed to the substantial reduction in employment in this industry;

Whereas the third Multifibre Agreement was concluded on 22 December 1981 and bilateral negotiations between the Community and third countries are in progress; whereas, given the economic crisis and the stagnation of consumption, it is inevitable, even assuming constant import levels, that jobs will continue to be lost in the textile and clothing industry for several years to come;

Whereas a number of zones in the Community which are highly dependent on the textile and clothing industries and which have already suffered considerable job losses as a result of the decline in

(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.

those industries are likely to see a worsening of these adverse consequences;

Whereas some of these zones in Belgium, France, Ireland, Italy, the United Kingdom and the Netherlands are situated in regions which already have a high level of unemployment;

Whereas it is necessary for the Community, by means of a specific Community regional development measure, to reinforce existing local, national and Community measures aimed at stimulating the creation of new employment in such zones in order to replace lost jobs and thus help to reduce 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 environment due to the state of dereliction of certain industrial and urban sites makes it difficult to attract new employment-providing activities to these zones;

Whereas the encouragement 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 they be enabled better to adapt their productive potential in particular by way of investment aids and by facilitating access to necessary services in management, organization and finance;

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 economic activity in the zones concerned should be given greater stimulus through an especially active administration of public aids and services available, in particular those provided for under the special programme; whereas, to this end, it is necessary to establish or extend advisory agencies responsible for informing existing or potential undertakings about access to such aids and services and for helping them to take advantage of them;

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 satisfy itself 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 programmes 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 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 'the 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 textile and clothing industry.

Article 2

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

(a) a minimum number of jobs in the textile and clothing industry;

(b) industrial employment dependent in large measure on the textile and clothing industry;

(c) major job losses in the textile and clothing industry in recent years;

(d) 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;

(e) eligibility of the zone concerned for a national regional-aid scheme.

2. The zones complying with the criteria referred to in paragraph 1 shall be the following:

(a) *In Belgium:* The Aalst, Monsoon and Oudenaarde 'arrondissements'.

(b) *In France:* the départements of Ariège, Loire, Pas-de-Calais, Tarn and the Vosges, including the bordering aided zones of the départements of Bas-Rhin and Haut-Rhin; the zones covered by national regional aid schemes in the départements of Ardèche, Gard, Somme and Nord, including in the case of the last-mentioned the textile zones of the Lille 'arrondissement'; the textile 'cantons' of the département of Aisne adjacent to the département of Nord, i.e. the 'cantons' of Catelet and Bohain-en-Vermandois;

(c) *In Ireland:* the planning regions of Donegal, north-west and west.

(d) *In Italy:* the assisted zones in the Provinces of Arezzo, Como, Perugia, Pesaro-Urbino, Pistoia, Treviso and Vercelli; the Provinces of Enna, Lecce, Bari and Palermo;

(e) *In the United Kingdom:* Northern Ireland; the region of Tayside; the travel-to-work areas of Bradford, Dewsbury, Halifax, Huddersfield, Keighley and Todmorden in the county of West Yorkshire; the travel-to-work areas of Accrington, Blackburn, Burnley, Lancaster, Nelson and Rossendale in the county of Lancashire; the travel-to-work areas of Ashton-under-Lyme, Bolton, Bury, Leigh, Oldham, Rochdale and Wigan in the county of Greater Manchester;

(f) *In the Netherlands:* the 'COROP-Gebied' of Twente and the textile zone of Helmond.

Article 3

1. The specific measure shall be implemented in the form of a special programme (hereinafter referred to as the '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 environment, this being necessary in order to encourage the setting up of such activities, towards the development of SMUs and the encouragement of innovation.

3. The preparation and implementation of the special programme shall be closely coordinated with national and Community policies and financial instruments, in particular the Social Fund, the European Investment Bank and the new Community instrument.

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

5. The special programme shall contain appropriate information, as specified in the Annex hereto, analyzing 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.

6. 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.

7. 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.

8. When approving the special programme, the Commission shall satisfy itself that the programme is compatible with Article 20 of the Fund Regulation.

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

10. Once it has been approved, the special programme shall be published for information by the Commission.

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 industrial, or industrial and urban to the extent to which the two aspects cannot be dissociated, including: the cleaning-up and preparation of such areas, demolition and redevelopment of disused industrial buildings and conversion of their sites, including the modernization and conversion of premises for SMUs, the creation of green areas and minor works for improving the appearance of localities and, where justified, minor roads giving access to the locations of new activities;

2. preparation of sectoral analyses intended to provide SMUs 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 these undertakings;

3. 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 2 or other satisfactory evidence. Such investment may also concern common services for a number of undertakings;

4. 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;

5. establishment or development of common services for a number of undertakings;

6. 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 introduction of product and technological innovation in SMUs;

7. 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 contribution 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's contribution is laid down as follows:

(a) reclamation and conversion operations under Article 4 (1): 50 % of public expenditure;

(b) operations relating to sectoral analyses under Article 4 (2): 70 % of their cost;

(c) operations relating to investment under Article 4 (3): 50 % of the public expenditure resulting from the granting of aid to the investment. Such aid may contain a supplementary element compared to the most favourable existing regional arrangements. The supplementary aid which is to be borne by the Community for 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 an interest rebate;

(d) operations relating to consultancy services under Article 4 (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); the Member State may replace this system by an equivalent system of aid to consultancy firms or bodies (direct aid);

(e) operations relating to economic promotion under Article 4 (4): aid covering a part of the operating costs arising from the activities of promoters. The aid shall last for five years and shall be degressive. It shall cover 60 % of expenditure in the first year and shall not exceed 50 % of the total expenditure per promoter over the five-year period. These activities, which must be new and concern specifically the zones referred to in Article 2, may be entrusted by the Member State concerned to special bodies;

(f) operations relating to common services under Article 4 (5): 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;

(g) operations concerning the collection and dissemination of information on innovation under Article 4 (6) (a): 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;

(h) operations for implementing innovation under Article 4 (6) (b): 70 % of the cost of feasibility studies that may concern all aspects, including commercial, of the implementation of innovation, limited to 120 000 ECU per study. These studies must be undertaken by or on behalf of undertakings situated in the zones covered by Article 2;

(i) operations relating to risk capital under Article 4 (7): contribution towards the operating costs of financial institutions providing risk capital for SMUs. The 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) and (c), aggregation of aid from the quota and non-quota sections of the Fund shall be excluded.

3. The categories of beneficiaries of Fund assistance in respect of operations provided for in paragraph 1 may be: public and local authorities, other bodies, undertakings of individuals. The aids referred to in paragraph 1 (d) and (f) and, where they directly benefit undertakings, those referred to in paragraph 1 (h) 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 (7).

5. Budgetary commitments relating to the financing of the special programme 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 progress on the programme.

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

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

(b) where there is a financial contribution by the Member State, payments, other than advance payments referred to in point (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 amount 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 the expenditure paid in respect of the operations during the period covered by the claim,

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

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

From the beginning of operations, a 60 % advance on the Fund contribution concerning the first annual tranche may be paid by the Commission. Where the Member State certifies that half this first tranche has been spent, a second advance, of 25 %, may be paid by the Commission.

When payment of the following annual tranche has begun, advances may be paid under the terms of the preceding 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 has been committed.

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 hereto. 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 (7) shall apply.

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 to the European Parliament.

6. Article 9 (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 current re-examination of the Fund Regulation provided for in Article 22 of that Regulation.

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 Brussels, 18 January 1984.

For the Council

The President

M. ROCARD

ANNEX

The special programme shall include the following information on 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 disuse of 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 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) a description of aid systems for the SMU's and of the nature of existing services available showing, by categories of aids and services, the resultant annual average 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.

   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 make it commercial.

   Description of rules governing aids set up under the programme.

3. **In respect of innovation:**

   (a) an analysis of the needs of undertaking 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.

4. **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.

5. **In respect of economic promotion:**

   a description of the activities planned under the programme.

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 or 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 particularly aimed at the employment of young people and for the benefit of former workers in the textile industry.

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 point (b) above;

(d) the timetable for carrying it out;

(e) estimation of the volumes 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.