COUNCIL REGULATION (EEC) No 2506/88

of 26 July 1988

instituting a Community programme to assist the conversion of shipbuilding areas (RENAVAL programme)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 1787/84 of 19 June 1984 on the European Regional Development Fund [1], and in particular Article 7 (4) thereof,

Having regard to the proposal from the Commission [2],

Having regard to the opinion of the European Parliament [3],

Having regard to the opinion of the Economic and Social Committee [4],

Whereas Title V of the Treaty provides in particular for the strengthening of economic and social cohesion;

Whereas Article 7 of Regulation (EEC) No 1787/84, hereinafter referred to as the Fund Regulation, provides for participation by the Fund in Community programmes the purpose of which is to help in solving serious problems affecting the socio-economic situation in one or more regions and which are designed to provide a better link between the Community's objectives for the structural development or conversion of regions and the objectives of other Community policies;

Whereas on 26 January 1987 the Council adopted Directive 87/167/EEC on aid to shipbuilding [5] and whereas that Directive has to be seen in the context of a further reduction in shipbuilding capacity in the Community and an even greater reduction in employment; whereas the foregoing considerations also apply to ship conversion and repair;

Whereas a number of areas in the Community which are highly dependent on shipbuilding and which have already suffered major job losses as a result of the decline in shipbuilding are likely to see a worsening of these adverse consequences;

Whereas the Community should support the effort which must be made to replace jobs lost as a result of restructuring through the development of new sources of appropriate employment in other sectors in the regions affected;

Whereas, in adopting the said Directive, the Council also took the view that additional measures should be taken to alleviate the social and regional consequences of the restructuring of the shipbuilding industry; whereas, to that end, the Commission sent to the Council and to the European Parliament a communication on the industrial, social and regional aspects of shipbuilding; whereas, in that communication, the Commission proposed in particular that a Community programme within the meaning of Article 7 of the Fund Regulation should be instituted for the conversation of the worst-hit areas in the Community;

Whereas, on 7 October 1980, the Council adopted Regulation (EEC) No 2617/80 [6], as last amended by Regulation (EEC) No 3635/85 [7], which instituted 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 shipbuilding industry; whereas the areas in the new Member States adversely affected by the restructuring of shipbuilding should be allowed to benefit, in the form of a Community programme, from measures analogous to those introduced by the said Regulation;

Whereas, on account of the worsening difficulties faced by shipyards, it will also be necessary to introduce in other areas of the Community, in the form of a Community programme, measures analogous to those already taken in certain areas of the Community under Regulation (EEC) No 2617/80 as amended, and, where appropriate, to reinforce as part of the same programme the existing measures in those areas;

Whereas the Member States concerned have provided the Commission with the necessary information and whereas, pursuant to Article 11 of Directive 87/167/EEC, they are moreover required to supply the Commission with yearly reports on the attainment of the restructuring objectives;

Whereas, by assisting with the conversion of the declining industrial regions affected by restructuring of the shipbuilding industry, the Community programme contributes to the furtherance of both regional development objectives and the Community's objectives with regard to shipbuilding; whereas the level of Community participation must therefore be the maximum permissible under the Fund Regulation and whereas, at the same time, the programme is given priority in the management of Fund resources;

(1) OJ No L 169, 28. 6. 1984, p. 1.
(2) OJ No C 291, 31. 10. 1987, p. 8, and amendments forwarded on 19 May 1988 and 28 June 1988 (not yet published in the Official Journal).
(3) OJ No C 187, 18. 7. 1988.
(4) OJ No C 356, 31. 12. 1987, p. 49.
(5) OJ No L 69, 12. 3. 1987, p. 55.
(6) OJ No L 271, 15. 10. 1980, p. 16.
(7) OJ No L 350, 27. 12. 1985, p. 8.

Whereas it is necessary to avoid combining aid granted under the specific Community measures instituted pursuant to former Regulation (EEC) No 724/75 [1], or Regulation (EEC) No 3634/85 [2] with aid granted under this Community programme;

Whereas Community assistance must be provided in the form of multiannual programmes drawn up by the competent authorities in the Member States concerned; whereas, to ensure sound financial management of the Fund, the Member States must transmit those aid programmes to the Commission within a certain period after the areas to be covered by the Community programme have been determined; whereas it is for the Commission, in adopting those programmes, to ensure that the operations proposed therein are in keeping with this Regulation;

Whereas, in view of the Community nature of these programmes, it is particularly desirable for the European Parliament to be properly informed of the content and implementation of the programmes of assistance specified in Article 7 of this Regulation;

Whereas, this Community programme fits in the prospect of the reform of the Structural Funds provided for in Article 130 d of the Treaty, the choice of regions provided for in that programme and the criteria on which this choice is based should be consistent with the approach to be followed in the abovementioned reform,

HAS ADOPTED THIS REGULATION:

Article 1

A Community programme within the meaning of Article 7 of the Fund Regulation that makes a major contribution to the conversion of certain declining industrial regions in the Community adversely affected by the restructuring of the shipbuilding industry is hereby established.

Article 2

The purpose of the Community programme shall be to contribute, in the areas concerned, to the removal of obstacles to the development of new, job-creating economic activities. To this end, the programme shall provide for the implementation of a series of consistent, multiannual measures aimed at improving the infrastructure and the physical and social environment in the areas concerned, as well as the establishment of new activities, the growth of small and medium-sized undertakings and the development of innovation. The Community programme shall thereby seek to provide a better link between the Community's objectives for the conversion of regions and the objectives of the Community's policy on shipbuilding.

Article 3

1. (a) The Community programme shall concern areas which have experienced substantial job losses in shipbuilding in the past three years and not earlier than 1 January 1984, or which are currently experiencing or threatened with such losses, whenever this sector determines their economic development, such losses resulting in a serious aggravation of unemployment in these areas.

(b) The Community programme shall also concern areas which correspond or belong to a NUTS level III territorial unit satisfying all the following criteria:

— the average rate of unemployment must have been above the recorded Community average in the last three years;

— the percentage share of industrial employment in total employment must have equalled or exceeded the Community average in any reference year since 1975 (included);

— there must have been an observable fall in industrial employment compared with the reference year chosen in accordance with the preceding indent;

provided that they also satify the sectoral criteria stated in (a).

The Community programme may be extended to adjoining areas satisfying the criteria stated above.

2. The Community programme shall apply, subject to a decision by the Commission, to the areas referred to in paragraph 1. The Commission shall take its decision within three months of the date on which the Member State concerned submits an application in respect of the areas which may qualify under the Community programme. Applications shall be sent to the Commission by 30 April 1990 and shall be supported by the requisite information, notably concerning job losses in shipbuilding; such information shall be consistent with that provided in the annual reports on the attainment of the restructuring objectives which Member States are required to transmit to the Commission pursuant to Article 11 of Directive 87/167/EEC.

3. As soon as this Regulation has entered into force, the Community programme shall also apply to the areas in Spain and Portugal in which major job losses in shipbuilding have occurred in the years preceding the period used in paragraph 1, namely:

— the Murcia region in Spain;

— the Setubal area in Portugal.

Article 4

The Fund may participate, under the Community programme, in operations such as those defined in Article 4 of Regulation (EEC) No 2617/80, with the exception of point 2.

[1] OJ No L 73, 21. 3. 1975, p. 1.
[2] OJ No L 350, 27. 12. 1985, p. 6.

In the context of this Regulation, the Fund may also take part in the financing of infrastructure contributing to the creation, the development and the adaptation of job-creating productive activities.

In addition, the aids referred to in Article 4 (8) of Regulation (EEC) No 2617/80 may, for the purposes of this Regulation, concern investment in tourism activities.

Article 5

1. The Community programme shall be financed jointly by the Member State concerned and the Community. Assistance from the Fund, which may not exceed 55 % of the total public expenditure taken into account in the programme, shall be provided from the appropriations entered for this purpose in the general budget of the European Communities. The Community contribution for each type of operation may not exceed the rate fixed in Article 5 (1) of Regulation (EEC) No 2617/80, with the exception of point (b).

With regard to the infrastructure referred to in the second paragraph of Article 4 of this Regulation, Community participation may be up to 50 % of public expenditure.

2. Where the Community programme concerns areas in Portugal, the level of the Fund participation provided for in paragraph 1 shall be increased until 31 December 1990 by 20 percentage points, subject to a ceiling of 70 %.

Article 6

1. All or part of the aid may be in the form of a capital grant or an interest subsidy.

2. The following shall be eligible for Fund assistance in respect of the operations referred to in Article 4: public authorities, local and regional authorities, local and regional development corporations, other businesses, cooperatives or self-employed persons carrying on a productive activity.

3. Aid granted under the Community programme shall not be combined with aid granted for the same project under specific Community measures introduced pursuant to former Fund Regulation (EEC) No 724/75 or to Regulation (EEC) No 3634/85.

In addition, the aid referred to in Article 5 (1) (c) and (e) of Regulation (EEC) No 2617/80 and, where it benefits businesses directly, the aid referred to in Article 5 (1) (g) of the said Regulation, may not have the effect of reducing the share of expenditure met by recipient businesses to less than 20 % of total expenditure.

Article 7

1. The programme of assistance drawn up by the competent authorities in the Member State concerned shall be sent to the Commission:

(a) in respect of the areas referred to in Article 3 (3), within six months of the date of entry into force of this Regulation;

(b) in respect of the areas referred to in Article 3 (2), from the date on which the Member State submits an application relating to the areas which may qualify under the Community programme and at the latest within six months of the date of the Commission decision to be adopted pursuant to the said paragraph 2.

Where the Commission's decision relates to an area already referred to in Article 3 (3) or covered by a Commission decision within the meaning of Article 3 (2), the programme of assistance shall be adapted accordingly.

2. The duration of the programme of assistance may not extend beyond 31 December 1993.

Article 8

The amount of Fund assistance may not exceed the amount laid down by the Commission when adopting the programme agreement referred to in Article 13 (1) of the Fund Regulation.

Article 9

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, 26 July 1988

For the Council

The President

Y. PAPANTONIOU