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(Acts whose publication is obligatory)

COUNCIL REGULATION (EEC) No 328/88

of 2 February 1988

instituting a Community programme to assist the conversion of steel areas (RESIDER 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], as last amended by Regulation (EEC) No 3461/85 [2], and in particular Article 7 (4) 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 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 the Commission has determined, pursuant to Article 46 of the Treaty establishing the ECSC, the general objectives for steel in the Community for 1990; whereas, despite the considerable effort that has been made in recent years and that has led to sizeable reductions in production capacity, the steel industry in the Community is still faced with problems of overcapacity;

Whereas a number of areas in the Community which are highly dependent on steelmaking and which have already suffered major job losses as a result of the decline in the steel industry 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, on 7 October 1980, the Council adopted Regulation (EEC) No 2616/80 [6], as amended by Regulation (EEC) No 216/84 [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 steel industry; whereas the areas in the new Member States adversely affected by steel restructuring 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 in the steel industry, 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 2616/80 and, where appropriate, to reinforce as part of the same programme the existing measures in those areas, in view of the considerable job losses which have occurred in the steel industry since 31 December 1985, the date of expiry of Decision No 2320/81/ECSC [8], as amended by Decision No 1018/85/ECSC [9];

[1] OJ No L 169, 28. 6. 1984, p. 1.
[2] OJ No L 350, 27. 12. 1985, p. 40.
[3] OJ No C 9, 14. 1. 1988, p. 14.
[4] OJ No C 272, 10. 12. 1987, p. 16. and OJ No C 9, 14. 1. 1988, p. 14.
[5] OJ No C 356, 31. 12. 1987, p. 56.
[6] OJ No L 271, 15. 10. 1980, p. 9.
[7] OJ No L 27, 31. 1. 1984, p. 9.
[8] OJ No L 228, 13. 8. 1981, p. 14.
[9] OJ No L 110, 23. 4. 1985, p. 5.

Whereas the Member States concerned have provided the Commission with the necessary information and whereas, pursuant to Decision No 1566/86/ECSC [1], steel undertakings must supply the Commission with iron and steel statistics at regular intervals;

Whereas, by assisting with the conversion of the declining industrial regions affected by restructuring of the steel industry, the Community programme contributes to the furtherance of both regional development objectives and the Community's objectives with regard to steel; whereas the level of Community particpation 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;

Whereas it is necessary to avoid combining aid granted under the specific Community measures instituted pursuant to Regulations (EEC) No 724/75 [2] or (EEC) No 3634/85 [3] 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, 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 coming reform of the Structural Funds under Article 130D of the Treaty, the choice of regions in the present Community 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 restructuring of the steel 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 enterprises 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 for the steel industry.

Article 3

1. The Community programme shall apply to areas satisfying the following criteria:

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

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

(c) major job lesses in the steel industry;

(d) socio-economic situation in the region in which the area concerned is located characterized by particularly employment difficulties.

2. The Community programmes shall apply, subject to a decision by the Commission, to areas in all Mamber States which satisfy the criteria specified in paragraph 1 and in which restructuring of the steel industry carried out within the framework of the Community's general objectives for steel entail major job losses in the industry between 1 January 1986 and 31 December 1989.

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 eligible for 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 the steel industry such information shall be consistent with that provided under Decision No 1566/86/ECSC.

3. As soon as this Regulation has entered into force, the Community programme shall also apply to the areas in Spain and Portugal having satisfied the criteria specified in paragraph 1, namely the 'Principado de Asturias' and the areas covered by a national regional aid scheme in the province of Alava and Vizcaya.

[1] OJ No L 141, 28. 5. 1986, p. 1.
[2] OJ No L 73, 21. 3. 1975, p. 1.
[3] OJ No L 350, 27. 12. 1985, p. 6.

Article 4

1. For the decisions referred to in Article 3 (2), the criteria given in Article 3 (1) shall be applied on the basis of the following thresholds :

(a) the minimum number of jobs referred to in Article 3 (1) (a) shall be of the order of 3 500 on 1 January 1986 ;

(b) the rate of dependence referred to in Article 3 (1) (b) shall in principle be 10 % or more ;

(c) the job losses referred to in Article 3 (1) (c) shall be of the order of 1 500 or more as from 1 January 1986 ;

(d) to assess the situation referred to in Article 3 (1) (d) ; the 'joint indicator' shall be applied with the threshold of 120. Indicators reflecting an unfavourable employment situation (in particular a high level of unemployment) shall also be applied.

The geographical level for applying the Community criteria as provided for in Article 3 will usually be administrative level 3 of the Nomenclature of Territorial Statistical Units. However, where steel problems are located in employment areas or basins which differ form, or overlap with, this administrative level and where these areas or basins fulfil the criteria in Article 3, the Community programme may apply to these geographical levels too.

Furthermore, the Community programme will apply principally to areas covered by a national regional aid scheme. However, in accordance with Article 9 (3) of the Fund Regulation, the programme may also, where appropriate, apply to areas to qhich the public authorities of Member States are willing to provide assistance for the solution of problems forming the subject of Community action, provided that this assistance is in conformity with the application of Articles 92, 93 and 94 of the Treaty.

2. The Community programme may, exceptionally, also supply to :

— the steel area of the Grand Duchy of Luxembourg, provided it meets the criteria and thresholds given in paragraph 1 (a), (b) and (c) ;

— the steel areas in Greece and Ireland, should the partial or total closure of steelworks lead to major job losses.

3. The use of the criteria laid down in this Regulation shall not set a precedent for further regulations.

Article 5

The Fund may participate, under the Community programme, in operations such as those defined in Article 4 of Regulation (EEC) No 2616/80, with the exception of points 2 and 9.

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 point 8 of Regulation (EEC) No 2616/80 may, for the purposes of this Regulation, concern investment in tourism activities,

Article 6

1. The Community programme shall be financed jointly by the Member State concerned and the Community. Assitance 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, by type of operation, may not exceed the rates fixed in Article 5 (1) of Regulation (EEC) No 2616/80, with the exception of points (b) and (k).

With regard to the infrastructure referred to in the second subparagraph of Article 5 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, with the exception of the last subparagraph, shall be increased until 31 December 1990 by 20 percentage points, subject to a ceiling of 70 %.

Article 7

1. All or part of the investment 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 operations referred to in Article 5 : public authorities, local and regional authorities, regional development corporations, other businesses, co-operatives 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 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 2616/80 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 8

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 the application to the areas which may qualify under the Community programme until the end of a period of six months from the date of the Commission Decision to be adopted pursuant to the said paragraph 2.

Where the Comission's decision relates to an area 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.

Article 9

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 10

This Regulation shall enter into force on the day following that of 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, 2 February 1988.

For the Council

The President

M. BANGEMANN