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DOCUMENT 1-789/83

## Report

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 1-259/83 - COM(83) 158 final) for a decision relating to a contribution to the European Coal and Steel Community out of the general budget of the Communities

Rapporteur: Mr Konrad SCHÖN



By letter of 24 April 1983 the President of the Council of the European Communities consulted the European Parliament on the proposal from the Commission of the European Communities to the Council for a decision relating to a contribution to the European Coal and Steel Community out of the general budget of the Communities.

On 16 May 1983 this proposal was referred to the Committee on Budgets as the committee responsible and to the Committee on Economic and Monetary Affairs, the Committee on Social Affairs and Employment and the Committee on Regional Policy and Regional Planning for an opinion.

At its meeting of 25 May 1983 the Committee on Budgets appointed Mr Konrad SCHÖN rapporteur.

At its meeting of 29 September 1983 the Committee on Budgets unanimously adopted the draft report.

Present: Mr Lange, chairman; Mr Notenboom, vice-chairman; Mr Konrad Schön, rapporteur; Mr Arndt, Mr Barbi (deputizing for Mr Barbagli), Mr R. Jackson, Mrs Kellett-Bowman (deputizing for Lord Douro), Mr Kellett-Bowman, Mr Orlandi and Mr Simonnet.

The opinions of the Committee on Economic and Monetary Affairs, the Committee on Social Affairs and Employment and the Committee on Regional Policy and Regional Planning are attached.

The report was tabled in its final version on 30 September 1983.

## C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	8
Opinion of the Committee on Economic and Monetary Affairs	11
Opinion of the Committee on Social Affairs and Employment	15
Opinion of the Committee on Regional Policy and Regional Planning	19

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a decision relating to a contribution to the European Coal and Steel Communities out of the general budget of the Communities

The European Parliament,

- having regard to its various reports and resolutions on the crisis in the steel industry and measures to combat it<sup>1</sup>,
- having regard to the proposal from the Commission to the Council (COM(83) 158 final),
- having been consulted by the Council (Doc. 1-259/83),
- having regard to the report of the Committee on Budgets and to the opinions of the Committee on Economic and Monetary Affairs, the Committee on Social Affairs and Employment and the Committee on Regional Policy and Regional Planning (Doc. 1-789/83)

with regard to the budgetary aspects:

1. Supports the Commission's submission of a second social programme for the steel industry, the budgetary consequences of which are estimated at some 330 million ECU by the Commission;

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<sup>1</sup> for example: OJ C 197 of 4.8.1980, p. 57  
 OJ C 334 of 20.12.1982, p. 81  
 OJ C 161 of 20.6.1983, p. 142  
 Resolution of 7 July 1983 (minutes of the sitting of 7.7.1983, PE 85.544)

2. Will, in its capacity as one of the two arms of the budgetary authority, give further consideration to determining the final level of this contribution in the course of the budgetary procedure for the 1984 budget;
3. Reiterates its view, with reference to the foregoing, that the decision of the two arms of the budgetary authority, taken in the course of the budgetary procedure to place at the disposal of the European Coal and Steel Community the means to finance special aid, constitutes a sufficient legal basis for the transfer of these budget funds to the ECSC, and that therefore the Commission's proposal for a separate decision by the Council is superfluous;

with regard to the substance of the proposals:

4. Thanks the Commission for endorsing the action already advocated on several occasions by the Committee on Social Affairs and Employment for a social support policy to complement the restructuring measures being prepared at present, namely:
  - (a) income subsidies for steel workers who cannot be reemployed to take early retirement from the age of 55 years (or 50 years in special cases), and financial support for temporary short-time working necessitated by the planned structural measures;
  - (b) new measures such as
    - transitional financial aid to achieve a definitive reduction in working time;
    - aid to promote the reintegration of former steelworkers;
    - temporary job creation;
    - financial support to set up forward-looking labour market management bodies;
5. Considers that it is imperative, as the European Parliament has been urging for years, to make much greater and more coordinated use of the financial resources of the Regional and Social Funds and other financial instruments of the EEC, and asks the Commission to report on the results achieved by the Commission 'task force' set up for this purpose many years ago;

6. Calls also for more low-interest loans to be made available for restructuring and for special priority to be given to regions with particularly high levels of unemployment as a result of the steel crisis when granting such loans;
7. Calls on the Member States to do everything in their power to ensure the success of these measures, particularly by preparing national and regional plans to restructure the steel industry, introducing social measures and setting up investment plans, retraining schemes and special programmes with aid from the non-quota section of the Regional Fund, which together provide the necessary conditions for the implementation of the Community measures and are the only means of ensuring the efficient use of resources;
8. Draws attention to the possibility of implementing integrated regional development measures with a view to helping regions in particular difficulty by the effectively coordinated utilization of the various financial instruments at Community, national and local level; refers to its Resolution of 20 May 1983<sup>1</sup>, which calls for these measures to be applied more widely in regions whose industries are in structural crisis, as is the case for the steel industry;
9. Instructs its President to forward this resolution, as Parliament's opinion, to the Council and the Commission.

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<sup>1</sup> OJ C 161 of 20.6.1983, p. 160

EXPLANATORY STATEMENTI. Content and aim of the Commission proposals

1. The European Parliament has expressed its views on several occasions, in reports and resolutions, on the steel crisis and the necessary social and restructuring measures. The Commission's new proposals have been sufficiently commented on by the relevant committees. There is therefore no need to repeat such comments here. The consequences for the budget of the European Communities are set out in full on pages 7-9 of the Commission's proposal and at Annex V, and are estimated at a total of 330 million ECU for the period from 1984-1986.

II. Budgetary aspects of the proposals

2. The substance and need for the measures proposed by the Commission have never been disputed by the European Parliament. The Commission, Council and Parliament differed only in their views on the necessary legal form in which such aid should be granted.

- As early as November 1977 the Commission suggested that additional funds might be raised to cover urgently required expenditure under the ECSC operating budget by transferring to the ECSC levies raised on ECSC products. This proposal met with the approval of Parliament<sup>1</sup>, but was not approved by the Council. Instead, financial shortfalls in the ECSC budget have been covered since 1978, as a result of a Council decision, by national contributions in accordance with an agreed scale.
- On 4 May 1979 the Commission submitted for the first time a proposal for the creation of a temporary emergency aid to support workers in the steel industry in the framework of the Community's restructuring programme. These measures were to be financed by the provision of an exceptional financial aid amounting to 100 million ERE from the 1980 general budget of the European Communities

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<sup>1</sup> OJ C 6 of 9.1.1978, p. 30



On this point the Committee on Budgets took the view that under Article 95 of the ECSC Treaty, a decision of the Council was necessary on the utilization of such funds, but that there was no need for an additional decision pursuant to Article 235 of the EEC Treaty on transferring these funds from the general budget of the European Communities, since no further decision was required once the budget covering these funds had been finally adopted in accordance with Community Law.

After the draft 1980 budget had been rejected, however, the appropriations were not entered on the subsequently adopted 1980 budget, as only a token entry was made. Discussion in the Council on a decision of principle on the granting of such aids continued throughout 1981.

- In view of the new situation, the Commission submitted new proposals in June 1981 providing for a financial framework of a total of 112 million ECU, of which 50 million ECU were to be provided by national contributions, and 62 million ECU were to come from the draft supplementary and amending budget No. 2/81.
- It was not until February 1982 that the Council succeeded in reaching a decision - which the Committee on Budgets regarded as superfluous - on transferring 62 million ECU on the basis of Article 235 of the EEC Treaty. It had already been decided in December 1981 that 50 million ECU would be provided from national contributions.
- Further aids for the ECSC and transfers from the general budget of the EEC were proposed by the Commission in the context of the first programme of temporary special aids in May 1982 and were approved by the Council in September 1982 (100 million ECU).

On this occasion Parliament referred again to its view that the 'decision of the two arms of the budgetary authority, taken in the course of the budgetary procedure, to place at the disposal of the European Coal and Steel Community the means to finance special aid, constitutes a sufficient legal basis for the transfer of these budget funds to the ECSC'<sup>1</sup>

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<sup>1</sup> OJ C 182 of 19.7.1982, p. 127

3. The Commission's latest proposal, the practical effect of which is to extend the duration and scope of the restructuring programme already introduced, cannot be assessed in any other way by the European Parliament on this occasion either.

### III. Conclusions

4. The rapporteur:

- proposes yet again that the Committee on Budgets should welcome the Commission's measures, but draw attention to the superfluity of an additional Council decision after the relevant budgetary decisions have been taken, since under Article 49 of the ECSC Treaty the European Coal and Steel Community is entitled to receive such payments as gifts;
- notes with surprise that in its conclusion<sup>1</sup> the Commission invites the Council to agree to a contribution of 330 million ECU from the Community budget, although in its proposal for a decision the Commission itself had referred to determining the amount of the contribution in the course of the budgetary procedure, in which Council and Parliament are both equally entitled to participate, as is well known;
- recommends that the Committee on Budgets consider this matter again during the budgetary procedure for the 1984 budget (the Commission suggests in its draft proposal undifferentiated funds of 110 million ECU), and if necessary enter, as a gesture, a higher figure than the estimated total contribution of 330 million ECU as commitment appropriations.

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<sup>1</sup> Page 9 of the proposal

O P I N I O N

(Rule 101 of the Rules of Procedure)  
of the Committee on Economic and Monetary Affairs  
Draftsman: Mr D. ROGALLA

On 25/26 May 1983, the Committee on Economic and Monetary Affairs appointed Mr D Rogalla draftsman of the opinion.

It considered the draft opinion at its meeting of 28 September 1983 and unanimously adopted the conclusions contained therein on 28 September 1983.

The following took part in the vote: Mr Moreau, chairman; Mr Rogalla, draftsman (and deputizing for Mr Wagner); Mr Beazley, Mr Beumer (deputizing for Mr Vergeer), Mr Bonaccini, Mr Damseaux (deputizing for Mr Delorozoy), Mrs Desouches, Mr Van Rompuy, Mr Wedekind (deputizing for Mr Schnitker) and Mr von Wogau.

1. The crisis in the steel sector, which was recently considered at length in a report by the Committee on Economic and Monetary Affairs<sup>1</sup>, can only be solved by a radical restructuring of this sector. This restructuring will inevitably be accompanied by considerable job losses over and above the substantial number that have already been lost in the steel sector. The Commission anticipates the loss of a further 150,000 jobs by the end of 1986. It is assumed that 20,000 persons will leave as a result of natural wastage, while about half of the remaining 130,000 workers will opt for early retirement or benefit from measures taken to reorganize or reduce working time. The other half will have to be found jobs in other industries. In 1981 a social plan was approved for which a total of 212 million ECU was entered in the Community budgets from 1981 to 1983 and transferred to the ECSC. The Commission now proposes that these social measures should be continued, more specifically those involving income support for early retirement and the subsidizing of short-time working. In addition, new temporary measures are also proposed. The latter involve transitional financial support for a permanent reduction in working hours, an integration subsidy for ex-steel workers, temporary employment creation, and financial support for the creation of bodies for forward-looking labour market management.

2. The measures proposed by the Commission would cost a total of 330 million ECU, spread over the budgets for 1984 to 1986.

The resolution adopted by Parliament on the basis of the above-mentioned report on combating the steel crisis already welcomes in principle the social support measures to assist restructuring in steel producing areas and calls for an early decision to provide the financial resources required. This paragraph reads as follows:

'9. Welcomes the suggestions put forward by the Commission concerning social support provisions to assist restructuring in steel producing areas and calls on the Commission and Council to take an early decision to make available the necessary financial resources and to set in motion a medium-term social programme to:

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<sup>1</sup> Report drawn up on behalf of the Committee on Economic and Monetary Affairs on combating the crisis in the European steel industry, rapporteur : Mr M. Wagner, Doc. 1-238/83, taken at the plenary sitting of 19 May 1983

- (a) continue with aid to national measures relating to workforce reduction, allowing agreements on early retirement particularly by means of legislation or other measures with equivalent effect,
- (b) continue to provide support for those on short-time work,
- (c) reduce working time, provided that the cost of such measures can be borne by the undertakings and that they have been agreed by the social partners, for example the introduction of a fifth shift,
- (d) promote, by means of recruitment incentives, the reabsorption of redundant workers into new employment, including experimental temporary employment projects,
- (e) accelerate further training, retraining and initial training with a view to the conversion of undertakings,
- (f) support the work of coordinating bodies, which have a particular responsibility in the field of employment planning, in the regions affected by conversion measures.'

3. The social measures now proposed are in line with this resolution. The Committee on Economic and Monetary Affairs can, therefore, approve these measures, for restructuring is not feasible without them. On the other hand, however, restructuring should also be made a prerequisite for the granting of financial aid under these social support measures. This is clearly stated by the Commission which restricts the measures to steel regions and workers covered by Commission-approved restructuring programmes. The duration of the temporary measures is also limited to the duration of the restructuring period.

4. It should be pointed out, however, that these social support measures must form part of a global policy aimed at bringing about an economic revival in the areas affected by the steel crisis. In this connection, the granting of financial support for the creation of bodies to ensure a forward-looking labour market strategy by providing the necessary coordination of the various measures is a positive, albeit inadequate, step in this direction. In addition, the policies pursued in the various steel regions and Member States should form an integral part of a common European structural policy, within the framework of which an appropriate regional and social policy must also be pursued. It must unfortunately be said, however, that no such global strategy exists and that no progress at all has been achieved in this area.

5. Finally, it should be noted that Parliament has already stated that the entry of appropriations in the budget constituted a sufficient legal basis for the transfer of these budget funds to the ECSC; hence, no Council decision pursuant to Article 235 of the EEC Treaty is required<sup>1</sup>. However, the Committee on Economic and Monetary Affairs does not wish to go into further detail on this issue which falls within the terms of reference of the committee responsible.

6. The transfer itself may be approved, since the ECSC does not possess the resources to finance these necessary measures. This once again focuses attention on the need to increase ECSC resources with customs revenue from the import of iron and steel products from third countries.

### Conclusions

The Committee on Economic and Monetary Affairs:

1. Stresses that restructuring in the iron and steel sector is not feasible unless the appropriate social support measures are taken simultaneously; agrees with the Commission that the granting of social aid is the only way to encourage restructuring - possibly also in other sectors of the economy;
2. Approves the proposed measures, which are in line with the resolution adopted by Parliament on 19 May 1983;
3. Takes the view that the policy pursued in the steel regions for creating alternative employment has to be integrated into a global European structural policy, within the framework of which an appropriate social and regional policy must be pursued; regrets, however, that no such global strategy exists;
4. Approves the transfer of appropriations from the Community budget to the ECSC, since the latter does not possess the required resources and the measures proposed are necessary; draws attention, however, to Parliament's view that no Council decision pursuant to Article 235 of the EEC Treaty is required for this purpose.

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<sup>1</sup> Report by Mr NORD concerning a contribution to the European Coal and Steel Community from the general budget of the Communities, Doc. 1-313/82, adopted at the plenary sitting of 18 June 1982

O P I N I O N

(Rule 101 of the Rules of Procedure)

of the Committee on Social Affairs and Employment

Draftsman: Mr PETERS

On 25 May 1983, the Committee on Social Affairs and Employment appointed Mr PETERS draftsman of the opinion.

At its meeting of 13 June 1983, the committee considered the draft opinion. It endorsed the conclusions and adopted the opinion with one vote against.

The following took part in the vote: Mr Papaefstratiou, chairman; Mr Peters, first vice-chairman and draftsman; Mr Frischmann, vice-chairman; Mr Alexiadis, substitute member; Mr Brok, Mr Ceravolo, Mr Chanterie, Mr Damette, Mr Duport, Mr Ghergo, Mr Kellett-Bowman (deputizing for Mr Nicolson), Mr Lezzi (deputizing for Mr Dido), Mr McCartin, Mr Patterson, Mr Vandewiele (deputizing for Mr Estgen) and Mr Vgenopoulos (deputizing for Mrs Charzat).

The Committee on Social Affairs and Employment

- having regard to the reports by Mr PETERS<sup>1</sup> and Mr WAGNER<sup>2</sup> on combating the crisis in the steel industry, and in particular the committee's opinion on the WAGNER report,
- having regard to the committee's opinion on the proposal from the Commission of the European Communities to the Council (Doc. 1-157/80) for a decision with regard to contributions to be granted to the European Coal and Steel Community out of the general budget of the European Communities<sup>3</sup>, contained in the HOFF report,

calls on the Committee on Budgets to include the following points in its motion for a resolution:

1. Welcomes the presentation by the Commission of a second social programme and supports the proposal that an additional 330 million ECU be made available from the Community budget for the period 1983-1986 to finance the projects concerned, together with the further proposal that these measures should be confined to those steel regions and workers which are the object of Commission approved restructuring programmes;
2. Considers that attention should once again be drawn to the fact that, following the loss of 247 000 jobs in the steel industry between 1974 and 1981, a further 150 000 job losses are to be expected between 1982 and 1986;
3. Points out that the institutions of the European Community, national governments and steel undertakings should therefore make every effort
  - to safeguard jobs,
  - to provide social support measures for the workers affected,
  - to arrange for further training and retraining of employees both within the steel undertakings and in appropriate training centres,
  - to ensure that full use is made of training possibilities in steel undertakings so that young people can benefit from proper training;

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<sup>1</sup>1-215/80

<sup>2</sup>1-238/83

<sup>3</sup>1-266/80



4. Stresses also the urgent need for considerable financial aid and effective promotion measures to create alternative jobs as part of the restructuring measures for regions affected by the steel crisis;
5. Emphasizes that in order to assist these regions affected by high unemployment and heavily dependent on coal and steel industries, special regional promotion and aid programmes must be prepared in cooperation with governments and regional authorities to provide for
  - the early creation of alternative jobs,
  - improvements in infrastructure,
  - further training and
  - retraining for the employees affected;
6. Considers, however, that far more use must also be made, with proper coordination, of the financial resources of the Regional and Social Funds and other Community financing instruments;
7. Calls also for a considerable increase in loans at preferential interest rates granted under the ECSC Treaty and for the provision of loans at favourable rates under the New Community Instrument established in 1978 by decision of the Council, on the model of the Community's loans at preferential rates to certain Member States;
8. Welcomes the fact that the Commission has answered the repeated requests of the Committee on Social Affairs and Employment for a social support policy to supplement the restructuring measures currently in preparation, i.e.
  - (a) income subsidies for early retirement at the age of 55, or 50 in certain cases, of workers who cannot be reemployed, and financial support for temporary part-time working prior to the introduction of the planned restructuring measures;

(b) new measures such as

- transitional financial support for a permanent reduction in working hours;
- an integration subsidy for ex-steel workers;
- temporary employment creation;
- financial support for the creation of bodies for forward-looking labour market management;

9. Reiterates the appeal made in its opinion on the 1980 social programme and urges all the Community institutions to adopt the present proposal as soon as possible and, in particular, to ensure that no more valuable time is wasted on technical and legal arguments which, in view of the aims of the measures to be financed, are of secondary importance and are viewed by the employees concerned as a pretext for not demonstrating the much-vaunted Community solidarity at the very time when it is urgently needed.

COMMITTEE ON REGIONAL POLICY  
AND REGIONAL PLANNING

OPINION

for the

Committee on Budgets

on the proposal  
for a Council decision

relating to a contribution to the European Coal  
and Steel Community out of the general budget  
of the Communities

(COM(83) 158 final - Doc. 1-259/83)

(OJ No. C 119 of 4 May 1983)

Draftsman: Mrs Elaine KELLETT-BOWMAN

On 27 May 1983, the Committee on Regional Policy and Regional Planning appointed Mrs Kellett-Bowman draftsman of the opinion.

The committee considered the draft opinion at its meeting of 20 September 1983 during which it adopted its conclusions unanimously.

The following took part in the vote:

Mrs FUILLET, acting chairman,  
Mr FAURE, vice-chairman,  
Mrs Elaine KELLETT-BOWMAN, draftsman,  
Messrs. CHANTERIE (deputizing for Mr GIUMMARRA),  
I. FRIEDRICH, GENDEBIEN, HUTTON, KLINKENBOURG (deputizing  
for Mr von der VRING), KYRKOS, Konst. NIKOLAOU, VERROKEN.

The Committee on Regional Policy and Regional Planning,

- having regard to the report drawn up by Mr WAGNER on behalf of the Committee on Economic and Monetary Affairs 'on combatting the crisis in the European steel industry'<sup>1</sup> and the corresponding resolution adopted at the plenary sitting of 19 May 1983<sup>2</sup>,
  - having regard to the outcome of the debate on the steel industry held during the plenary sitting of 7 July 1983 and the resolution adopted to wind up this debate<sup>3</sup>,
  - having regard to the social support scheme for restructuring in the steelmaking areas of the Community and the social measures proposed in this programme<sup>4</sup>,
- A. whereas the persistent and extremely serious crisis in the steel industry makes it imperative to continue restructuring in this highly important industrial sector to ensure that profitability and competitiveness are restored as soon as possible,
- B. deeply concerned at the fact that this restructuring, which takes the form of large-scale reductions in production capacity, has not only already caused the disappearance of 247,000 jobs between 1974 and 1981, but will, according to Commission estimates, result in a further 150,000 jobs being shed between now and 1986,
- C. deeply concerned also at the human, social and economic consequences which the above-mentioned job losses have had and will have, not only on the workers who have been and will be affected, but also on the steelmaking regions whose prospects for balanced development may be irreparably damaged,
- D. whereas in addition the decline of such zones is accelerated and exacerbated by the knock-on effect inherent in the phenomena affecting their dominant industries, so that reductions in output and labour in the steel sector

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<sup>1</sup> Doc. 1-238/83

<sup>2</sup> OJ No. C 161, 20 June 1983

<sup>3</sup> See verbatim report of proceedings of the sitting of 7 July 1983 and minutes of the same sitting: PE 85.544

<sup>4</sup> COM(83) 158 final - Doc. 1-259/83

lead to further shrinkage of production and job losses in all the activities related to steel-making and also in the services sector, thereby affecting and severely weakening the entire socio-economic fabric of the regions in question,

1. States at the outset the general principle that, whenever the need arises to restructure an economic sector at Community level, provision must, not least by virtue of the principle of Community solidarity, be made for a concurrent package of measures both of a social nature, aimed that is at alleviating the situation of redundant workers, and, more importantly, of an economic and financial nature, aimed at encouraging the establishment of new activities and the creation of new jobs in the regions affected by the restructuring provisions;

(A) Social measures

2. Applauds therefore the social support scheme presented by the Commission for the period 1983-1986 which, in providing for a series of temporary supplementary measures, proposes not only to continue with the financing of early retirement schemes and programmes to offset short-time working, provisions already included in the 1981 social volet, but also to provide financial support for new measures, among which particular support should be given to those aimed at preserving or creating alternative employment, such as the employment subsidy for ex-steelworkers, in the form of a contribution towards wage costs;
3. Approves consequently the Commission's proposal to finance the above-mentioned social measures with a special contribution, totalling 330 million ECU, out of the general budgets of the Communities for the financial years 1983-1986;
4. Takes the view however that it is essential at the same time to develop to the full the 'traditional' social measures comprising aids for the re-adaptation of steelworkers, provided for in Article 56, paragraph 2, point (b) of the ECSC Treaty and financed by the administrative budget of that community;
5. Requests also that assistance be granted under the European Social Fund to non-ECSC workers in the areas affected by the restructuring of the

steel industry, including in particular vocational training activities and recruitment subsidies slanted chiefly towards young workers and small and medium-sized undertakings;

6. Considers it necessary for the actions coming under the headings of temporary supplementary measures, 'traditional' re-adaptation measures and ESF assistance to be closely coordinated both at Community level and at local level especially as regards vocational training and occupational re-adaptation options, which must reflect closely the situation on the labour market in the regions concerned and the economic potential of these regions: at local level an important role will fall to the bodies responsible for 'forward-looking labour market management' to which financial support is to be provided under the new temporary supplementary measures;

(B) Economic and financial measures

7. Voices its conviction, even if the above-mentioned social measures are to be viewed as essential for softening the adverse impact of restructuring on employment, that the economic and social problems caused in the steelmaking regions by restructuring and aggravated further by the continuing economic crisis can be tackled and solved satisfactorily only by means of Community action which, supplementing and stimulating the corresponding national and local actions, will mobilize and concentrate in coherent fashion all the available resources and financial instruments in order to complete the reconversion of the regional economies affected and restore the socio-economic fabric of the regions themselves by encouraging new activities and new jobs, especially for young people;
8. Recommends, having in mind the above, the restoration, in whole or in part, of the 3 mECU proposed by the EEC Commission in the Preliminary Draft Budget 1984, Article 774 "industrial redevelopment", but reduced by the Council to only 100,000 ECU.
9. Takes the view with regard to ECSC sectoral initiatives firstly that the loans granted pursuant to Article 54 of the ECSC Treaty must be reserved strictly for investment in works and installations which contribute to higher productivity, and secondly requests improvements not only to reconversion loans but also to the interest rebates on such loans, granted, pursuant to Article 56, paragraph 2, point (a) of the ECSC Treaty 'for the creation of new and economically sound activities or for the conversion of existing undertakings capable of reabsorbing the redundant workers into productive employment';

10. Welcomes in the main, with regard to these low interest rate loans, the new operating principles which are to govern the granting of such loans, recently adopted by the Commission<sup>1</sup> in order to tailor the financial activity in question to the magnitude and gravity of the current steel crisis and attract reconversion investment to all the areas affected by the crisis;
11. Calls nevertheless on the Commission, in connection with the above-mentioned principles, to take account of the following points:
- (a) in order to open out the access to the loans and encourage the creation of new activities, the rebate on the rate of interest must be fixed at not less than 5% for all the loans and not just for sub-loans granted within the framework of a global loan;
  - (b) so as not to limit the range of potential beneficiaries, the increase in the interest rebate must logically be reflected in a corresponding increase in the appropriations earmarked for this purpose under the ECSC administrative budget,
  - (c) it would be desirable for the low-interest loans in question to be granted also for the creation of support and service infrastructures, such as modern telecommunications networks, for the new undertakings, thereby creating a suitable and attractive 'environment' for the establishment of the undertakings themselves,
  - (d) unreserved support should be given to the proposal made by the Committee on Budgetary Control in its report on the financial activities of the ECSC<sup>2</sup>, namely to amend the 'social clause', which provides that, where interest rebates are granted for conversion loans, the beneficiaries should give priority in their recruitment to former ECSC workers.

When determining the volume of a loan eligible for a rebate, it must in practice be ensured that 'reference is made primarily to regional criteria, that is, to the seriousness of the employment situation in the various areas, and in particular to the current decline in

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<sup>1</sup> See OJ No. C 191 of 16.7.1983, p.3

<sup>2</sup> Report by Mr GABERT: Doc. 1-464/83; pars. 12 and 13 of the motion for a resolution and point 6 of the explanatory statement



employment in the coal and steel sector. Former ECSC workers will in any event benefit from a reduction in unemployment at regional level.'

12. Calls, with respect to non-sectoral actions, for the industrial reconversion of steelmaking areas to be given priority as regards eligibility for European Investment Bank contributions and loans granted under the New Community Instrument No. 3<sup>1</sup>, which expressly provides for actions not only in support of infrastructures and the energy sector, but also for the benefit of small and medium-sized undertakings, industry and the other productive sectors;
13. Is convinced that a fundamental role can and must be played by the European Regional Development Fund, especially in the new structure approved by Parliament<sup>2</sup>, which renders it particularly suitable for, among other things, providing effective assistance to regions lagging behind in their development and those affected by the phenomena associated with industrial decline
- both within the quota section, in particular by virtue of programme financing, with the emphasis on indigenous potential, and the interest rebates on EIB and NCI loans to small and medium-sized undertakings and the craft sector,
  - and within the non-quota section, in particular by virtue of the increase in its resources as a proportion of total Fund endowment, the closer coordination of the specific measures, based on multi-annual programmes, with Community policies and the widening of the range of operations eligible for financial support to cover, in addition to industrial and infrastructure investment, non-tangible investment designed to create a favourable environment for small and medium-sized undertakings, such as market studies, innovatory research, easy terms for the access to risk capital, organization and management consultancy, etc.;
14. Demands therefore that the Council adopt immediately the reform of the ERDF approved by Parliament more than a year ago, thereby finally putting an end to the inadmissible delay and uncertainty which is proving increasingly damaging to the recovery prospects of the crisis-hit regions;

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<sup>1</sup> OJ No. L 112 of 28.4.1983, p. 26 and OJ No. L 164 of 23.6.1983, p. 31

<sup>2</sup> Report by Mr DE PASQUALE: Doc. 1-61/82 A & B. Resolution adopted at the plenary sitting of 22.4.1982: OJ No. C 125, 17.5.1982

15. Takes the view that it is equally urgent for the Council to adopt the second series of specific Community regional development measures (non-quota section) as approved by Parliament<sup>1</sup>, in which the 'steel' measure assumes particular relevance and, having been instituted in 1980<sup>2</sup>, is now to be continued with increased resources, wider geographical scope and an extended range of possible assistance;
16. Emphasizes that this specific Community measure is particularly suited to remedying the situation in the regions affected by the steel crisis, precisely by virtue of its declared aim, namely to activate and revitalize the entire fabric of industry and services in the regions in question;
17. Points out that there is an additional intervention instrument available to the Community, namely the integrated development operations (IDOs), which aim to coordinate and promote all the practicable Community, national and local measures in particularly disadvantaged regions, and repeats the request to the Commission, already made in the European Parliament resolution of 20 May 1983<sup>3</sup>, to initiate further IDOs in areas particularly hard-hit by industrial structural crises, as is the case with the steel regions;
18. Emphasizes the following basic demands:
  - (a) that the social, economic and financial measures be adopted by the Council in accordance with a decision-making procedure which will keep sight of an overall strategy and ensure consistency in their 'modus operandi' and their effects;
  - (b) that such measures be implemented, and if appropriate extended, but in any case adequately financed, for as long as the steel crisis continues to have an adverse impact on the regions concerned,
  - (c) that similar and systematic packages of measures be prepared forthwith to meet and solve the regional problems posed by further industrial restructuring which has or will become necessary, as for instance in the textiles and clothing sector,

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<sup>1</sup> Report by Mr PÖTTERING: Doc. 1-269/83. Resolution adopted at the plenary sitting of 10.6.1983: OJ No. C 184, 11.7.1983

<sup>2</sup> Council Regulation (EEC) No. 2616/80 of 7.10.1980: OJ No. L 271, 15.10.1980

<sup>3</sup> See OJ No. C 161 of 20.6.1983 - Report by Mr von der VRING: Doc. 1-104/83.

- (d) that, given the complementary relationship between national and Community measures, the Member States should do everything in their power to ensure the success of these measures, in particular through the elaboration, in good time, of national and regional programmes for the restructuring of the steel industry, of social measures, investment plans, reconversion programmes and the special programmes provided for in the non-quota section of the ERDF, which all form the necessary pre-requisites for the implementation of Community measures,
- (e) that finally assistance from EEC structural funds, ECSC financial instruments, the EIB and the NCI be closely coordinated at Community level and with the corresponding national assistance.

