Community regions: social and economic situation and development. 5th ERDF Report

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The fifth Commission report on social and economic developments in the regions confirms that the policy of social and economic cohesion needs to be pursued because there are huge disparities between the regions, despite the reduction in differences between them in terms of per capita income. In addition, the economic recession has exacerbated differences in unemployment rates between the various regions since 1991. The Commission notes that a good many Objective 1 regions have converged with the more prosperous regions in the Community. This applies to Ireland, Spain and Portugal. By contrast, the situation in Greece, southern Italy and Northern Ireland is far less encouraging, in that the economic performance of these regions appears to be deteriorating. One reason for regional disparities identified by the Commission is that, compared with other parts of the Community, Greece, Spain, Ireland and Portugal have relatively few roads and motorways, but spend more money on improving road and rail networks than other European countries. However, investments in the telecommunications sector tripled between 1989 and 1993 (especially in Spain and Portugal) and good progress is being made digitalizing connections. One of the main difficulties in the weakest regions is still a lack of access to RDT activities and the lack of financial institutions willing to underwrite innovative projects, hence the need to create an appropriate system of technological transfer (transfers of qualified personnel, small-scale projects, measures for the benefit of SMEs). Finally, the Commission stresses that the creation of the single market has attracted investment to the weakest regions of the Community (mainly in Spain, Ireland and Portugal, less so in Greece). All the less prosperous Member States are net recipients of direct foreign investment flows, as are, for example, Belgium, Luxembourg and the United Kingdom. In the weakest Member States, most investment comes from Community partners, while the United Kingdom is the main recipient of direct foreign investment from third countries.