

ASPECTS REGARDING THE POLICY OF REGIONAL DEVELOPMENT IN EUROPEAN UNION

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Abstract: Regional development problems constitutes in present days, one of the major issues of European Union activity. As consequence, a country which strives to the European Union member statue must integrate in the spirit of European realities, showing an outstanding interest to prepare its ground in the spirit of Union's requirements for her member's countries, developing a coherent and active regional policy. Therefore the work follows to identify the main action directions of European Union regarding the regional development policy.

The regional policy is from beginning an financial mechanism which achieve the principle of interregional solidarity and the social - economic cohesion; it has a redistributive finality, conceiving a reorientation of incomes flows from one theory to another.

So, in essence, the regional policy is the one that can make meet in the same time and space, the all three factors of development (the territory resources, human resources and capital), which are not always together in the same territory.

The issues of regional development are one of the most important preoccupation of European Union, in present. Therefore, a country which wants to became members of the European Union, it must to integrated in European spirit and reality, to give a special attention preparing its territory with aim according to the requirements of European Union.

One of the most important question which must give an answer is: why an supernatural organism like European Union to have a regional policy? Four important proofs are often offered for justified the existence of a distinct regional policy in European Union.

In the first place, European Union considers that the efficiency of states member's regional policy it must be improved by concentration all the available funds there where they are necessary, that is to say on the most unfavourable region of Europe. In the second place, European Union plays a coordination part. It can coordinate the regional policy of the states members to prevent “external” competition regarding foreign investments destined for development projects between European countries. In the third place it is used the proof “common interest” for social unit inside of European Union; the existence of unemployment and low incomes is unacceptable.

In the last place the most important proof for a separate regional policy is “dynamic proof”, which state that regional unbalance it can became a major barrier in the way of integration.

Two reforms, in 1988 and 1992, revolutioned the structure and functions of European Union regional policy. The reform since 1988 has three objectives:

- The transformation of structural policy in an instrument whit real economic impact;
- To use multi-annual criteria in the case of planning expenses, to guarantee for states member the existence and help of Community;
- Implementation an partnership between all the active factors implicated in the application of the structural policy;

European Comission's program about implementation of Unique Accord, regards five specific objectives for Funds:

1. the development of poor regions from point of economic view;
2. the conversion of the region which is in decline;

3. to fight against long term unemployment;
4. the reduce young people unemployment;
5. to modify structures from agriculture and to develop of rural zone.

Reorganizing of the structural funds has dominated the regional policy on the communitary level all the 1988 year, the new decisions has been able since January 1, 1989. The new system has offered two major type of financing. The first type is about a three elements system, constituted by regional plans, System of Communitary Help (SCH) and operational plans. SCH is the most important part of expenses of the Structural Funds for regional problems. The second form of financing is the Communitary Initiatives System (CI), financed from sold of structurale Funds, after settled the SCH.

CI has as major aim to solving priority objectives like scientific research and technological development in the region, mining and syderurgic zone, diminishing the effects of Unique Market, rural zone, energetic resources and environment protection etc.

In the present, the structural adjust affect a variety of European region. The new decisions of functioning the Structural Funds has a legal base: the treaty and existing reglementations. The aim of the new reglementations was to “consolidate and improve the new structure since 1988, more often than initiated another reform with large influences”. In the present the regional policy of European Union actioned through three Structural Funds:

- European Fund for Regional Development (EFRD);
- European Fund for Social actions (EFS);
- European Fund for Guarantee the agriculture credits and Development of agricultural sector (EFGAD).

Moreover is offering supplementary assistance for the most unadvantaged state members through so/called Fund destined cohesion and Communitary Initiatives (financed from Structural Funds for specific sectors). Financing activity from Structural Funds has based on allocations from it to each state members for different objectives. Is obvious that economic justification for European Union regional policy is just a partial perspectives.

Since the beginning we can notice an important political dimension in opposite with those concerning concrete measures and action in the regional development strategies.

In European Union regional development of state member’s strategy are included some instruments which are very important and which are changing in time from one country to another. From historical point of view we can identify a few type of regional political development instruments:

- “negative incentives” to localization in crowded area or control over the localization;
- relocated of the economic activity in national territory;
- making suitable infrastructure;
- financial incentive give to the firms.

The first instrument was aplicated in France, Paris area, and in United Kingdom, in London area. It was abandoned in ’70 s. More recently it was adopted a policy of encouraging development economic activities far away from capital. This suppose help for the cover of firm replace costs and their staff. France and Greece are in the present the only states which encourage economic development outside of capital much to crowded. The importance of “economic activity reallocation in national teritory”, as an instrument of regional policy, has been diminishing in the last decade, in the same time to reduce the procent of state property over many other activities

From the others politic’s instruments, the assistance for development of business

environment has got a lot of importance in the last year. For the state members of European Union is very important to obtain financing for the improvement of the business environmental condition for all the companies from a region. Such measures can be: building of infrastructure at local level, financing for informatical, educational, professional instruction, scientific research, technological development system.

The essential part of regional policy in the majority of state members is financial incentives from state to encourage firms to invest in the regions. The “package” of regional incentives gives for investments are:

- grants;
- subsidies for investments;
- reduction and exemption from taxation;
- facilities for amortization of fixed capital;
- subsidies for using and hiring of labour and facilities for transportation.

The most important incentives are the grants and especially financial grants.

The proofs for financial grants are numerous: from perspective of the one who request the help, this are so obvious and are very easy to understand them; from perspectives of Competition Directory of European Union they are the most simple way to control them. Chosing type of regional incentives is usually determinated by a series of criteria: the sector where the project will be implemented; his localization; the type of project, his dimension, viability and financial situation of the solicitant; the necessity for assistance; the impact of the project over the economic structure and over the beneficiary region; the implications of project over the place of employment. From all of this the most important criteria is the project localization. An essential preoccupation in case of incentives policy is to identify the problem – region where it must give help. For chosing this zone, the state member don't have absolutely liberty. The region they chose must obtain the positive answer from Competition Directory of European Commission.

The FDR must to be capable to cope with task regarding local economic development through specific methods and based on real criteria.

In case the Government gives financial help through FDR the regions can create projects and programs to obtain funds. In this case it is necessary to elaborated criteria for allocated the funds.

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