

Memorandum by the Commission on the impact of the Structural Funds on Portugal (11 March 1992)

Caption: On 11 March 1992, the European Commission carries out a mid-term review of the impact of the Community Support Framework (CSF) for Portugal, which covers the period 1989–1993, on the development of the Portuguese economy.

Source: RAPID. The Press and Communication Service of the European Commission. [ON-LINE]. [Brussels]: European Commission, [15.10.2007]. MEMO/92/19. Disponible sur <http://europa.eu/rapid/setLanguage.do?language=en>.

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Publication date: 07/09/2012

Impact of the Structural Funds on Portugal (11 March 1992)

The Community Support Framework for Portugal is more than half-way through and it is therefore useful to look at its impact on the Portuguese economy to date. The CSF is a framework plan for the implementation of a series of programmes financed by the three structural funds (Regional, Social and Agricultural Guidance) and the special budget appropriation for PEDIP (Programme for the development of Portuguese industry).

It was decided 31st October 1989 and covers the five-year period 1989- 1993. It envisages total public expenditure of some 12.5 billion ECU of which 7.5 billion ECU or 60 % is being provided by Community funds. The rate of execution of the CSF has picked up pace rapidly. Starting slowly in 1989, it had reached 40 % of the total at the end of 1991, of which one half had been achieved in 1991 alone. This acceleration allows us to predict that all Community funds earmarked will be absorbed by the end of 1993. Indeed, the pressure on certain operational programmes is such that they are tending to overrun their budgets. Money will be transferred from other actions which are performing somewhat less strongly in order to guarantee full overall absorption.

The Community's programmes are having a growing impact on Portuguese GDP. Whereas in 1988 investments cofinanced by the Structural Funds amounted to 2.5 % of Portuguese GDP, they are expected to reach 7.1 % in 1993. The share of co-financed fixed capital formation in total fixed capital formation in 1988 was 9.3 % and is expected to reach 27.1 % in 1993. These figures translate a massive and unparalleled involvement of the European Community in the development of the Portuguese economy. Community money is not replacing Portuguese money - it is in addition. Moreover the Portuguese authorities have actually increased their public investments in the priority areas of the CSF's development strategy - in Community language, this is genuine "additionality".

The impact of this increase in investment is particularly strong in areas crucial for the long-term growth prospects of Portugal. Thus, with Community support, public investments grew in the period 1988- 1991 by 134 % in transport, 406 % in Education, 163 % in R and D and 84 % in areas where the local authorities are responsible.

The visitor to Portugal can see plenty of signs of the wave of public investments. They are as many as the private investments which have been encouraged by the knowledge that the European Community and the Portuguese authorities are rapidly and effectively modernising national infrastructures.

One very important part of the CSF is the roadworks programme which saw the completion of the Lisboa-Porto motorway last year. Both main route and local access roads are cofinanced by the Community. A massive school building programme has been launched to bring class sizes to Community average levels. This will bring student participation rates in secondary schools up to Community level by 1993 and greatly increase the number of vocational training and University places. The PEDIP programme combines with other programmes under the CSF to produce a significant jump in the quality of Portuguese industrial production. Perhaps the most striking recent development was the laying of the foundation stone for the FORD/VW plant in Palmela in July 1991. This investment which benefits from Community aid will be the biggest in Portuguese history.

The Regional programme is co-financing the modernisation of domestic sewage flowing into the sea at the Costa do Estoril, which is the main seaside resort for the population of Lisbon and many foreign tourists. The CSF, based on a nationally proposed plan, is backed up by a number of programmes launched at the Community's initiative. These cover environmental improvements, especially on the coast and in cities and larger towns (ENVIREG); the creation of a gas network to serve both domestic and commercial customers (REGEN); communications and other improvements for Portuguese islands (REGIS); and measures to help integrate the economies of the previously divided areas along the border with Spain (INTERREG). This programme is by far the largest INTERREG programme in the Community and the total Community contribution for Spain and Portugal together will be 365 MECU.

These examples show that with Community support Portugal is undergoing a transformation which will allow it to compete successfully in the European market and to take its place in the Economic and Monetary Union.

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