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(Acts whose publication is obligatory)

COUNCIL REGULATION (EC) No 1447/2001**of 28 June 2001****amending Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 161 and 299(2) thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the assent of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Having regard to the opinion of the Committee of the Regions,

Whereas:

(1) Article 29(3)(a) of Regulation (EC) No 1260/1999 ⁽⁴⁾ provides for the possibility of awarding a contribution from the Funds of a maximum of 85 % of the total eligible cost only for the outermost regions of a Member State covered by the Cohesion Fund and for the outlying Greek islands which are under a handicap due to their distant location.

(2) Article 299(2) of the Treaty states that all the outermost regions face the same handicaps, particularly remoteness and insularity, which may severely restrain their development.

(3) Accordingly, Article 29(3)(a) of Regulation (EC) No 1260/1999 should be amended so as to fix the maximum contribution of the Funds at 85 % of the total eligible cost for all the outermost regions, whether of a Member State covered by the Cohesion Fund or not,

where this does not involve investments in infrastructure projects generating substantial net revenue or investments in firms.

(4) Article 29(4)(b) of Regulation (EC) No 1260/1999 lays down that, in the case of investments in firms, the contribution of the Funds may not exceed 35 % of the total eligible cost in the regions covered by Objective 1.

(5) All the outermost regions are eligible for Objective 1 of the Structural Funds for the period 1 January 2000 to 31 December 2006 in accordance with Commission Decision 1999/502/EC of 1 July 1999 drawing up the list of regions covered by Objective 1 of the Structural Funds for the period 2000 to 2006.

(6) An increase in the maximum rate of assistance from the Structural Funds in the case of investment in small and medium-sized firms situated in the outermost regions would appear necessary in view of the difficulties encountered by these firms, in order to make a significant contribution to the development of those regions.

(7) Article 29(4)(b) of Regulation (EC) No 1260/1999 should therefore be amended so that, in the case of investments in small and medium-sized firms situated in the outermost regions, assistance from the Funds may amount to up to 50 % of the total eligible cost.

(8) Pursuant to Article 14 of Regulation (EC) No 1260/1999, each plan, Community support framework, operational programme and single programming document shall cover a period of seven years, and the programming period shall begin on 1 January 2000. In the interests of cohesiveness and to avoid discrimination between beneficiaries of the same programme, the derogations provided for in this Regulation must, exceptionally, be applicable to the whole programming period.

⁽¹⁾ OJ C 96 E, 27.2.2001, p. 272.

⁽²⁾ Opinion delivered on 14 June 2001 (not yet published in the Official Journal).

⁽³⁾ OJ C 139, 11.5.2001, p. 29.

⁽⁴⁾ OJ L 161, 26.6.1999, p. 1.

- (9) Article 13 of Council Regulation (EEC) No 2019/93 of 19 July 1993 introducing specific measures for the smaller Aegean islands concerning agricultural products ⁽¹⁾ provides for structural derogations for these islands. This Article is repealed by Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations ⁽²⁾. The exceptional situation and geographical nature of the smaller Aegean islands constitutes an impediment to the adaptation and development of their rural areas, which can be offset by an increase in the Structural Funds' contribution,

Community contribution may rise, in exceptional and duly justified cases, to a maximum of 80 % of the total eligible cost and to a maximum of 85 % of the total eligible cost for the outlying Greek islands which are under a handicap due to their distant location. The Community contribution for all the outermost regions may rise, in exceptional and duly justified cases, to a maximum of 85 % of the total eligible cost;

2. The following point shall be added to the second subparagraph of Article 29(4)(b):

'(ii) 50 % of the total eligible cost in the outermost regions and, exceptionally, also in the smaller Aegean islands in the case of investments in accordance with Regulation (EC) No 1257/1999, in the case of investments in small and medium-sized firms;'

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1260/1999 is hereby amended as follows:

1. Article 29(3)(a) shall be amended as follows:

'(a) a maximum of 75 % of the total eligible cost and, as a general rule, at least 50 % of eligible public expenditure in the case of measures carried out in the regions covered by Objective 1. Where the regions are located in a Member State covered by the Cohesion Fund, the

Points (ii) and (iii) shall become (iii) and (iv) respectively.

Article 2

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Communities*.

This Regulation shall apply as from 1 January 2000.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 28 June 2001.

For the Council
The President
B. ROSENGREN

⁽¹⁾ OJ L 184, 27.7.1993, p. 1. Regulation as last amended by Regulation (EC) No 2417/95 (OJ L 248, 14.10.1995, p. 39).

⁽²⁾ OJ L 160, 26.6.1999, p. 80.