

European Structural Funds in Spain (2000-2006)

Islas Baleares (The Balearics)

In spite of its high level of development, the archipelago has to diversify its economy in order to overcome the negative effects of an excessive dependence on tourism.

The population of the Balearic archipelago has increased dramatically - currently standing at around 900,000 residents - and has one of the highest incomes per inhabitant of all the Spanish regions and an employment rate well below the average. Its development is a result of the boom in the tourism sector, which takes advantage of the natural surroundings and optimal weather conditions. Around three quarters of jobs are concentrated in services and around half are accounted for by tourism. Excluding construction, industry (shoes, jewellery, furniture, etc.) is highly fragmented and represents a little over 12% of total employment. The primary sector is marginal. This excessive dependence on tourism has certain pernicious effects: significant seasonal fluctuations, precarious jobs, under-qualification in industry, imbalance between the city of Palma and coastal areas on the one hand, and the interior of the islands on the other, along with significant environmental pressure. In this context, a series of areas accounting for 370 000 inhabitants receive support from Objective 2 Structural Funds (on a provisional basis until 2005 in certain areas). The city of Palma is not covered by Objective 2, except for the university, and neither are several coastal municipalities of the island of Majorca. Also The Balearics notably benefit from Objective 3, the INTERREG III, EQUAL, LEADER+ Initiatives, FIFG outside Objective 1 and Cohesion Fund projects.



Objective 2

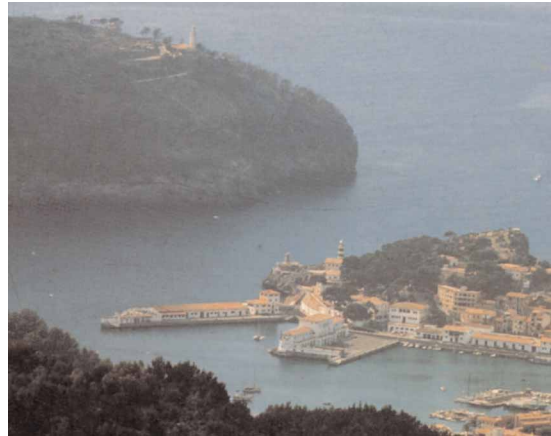
European aid for all of the Objective 2 areas in the Balearics amounts to EUR 94.337 million (total cost: 193.288 million). The programme includes five priority areas: competitiveness, employment and productive fabric (investment grants for SMEs, for promotion, management and internalisation, etc.); environment and water resources (water supply and treatment infrastructures, treatment of waste, rehabilitation of the natural environment); knowledge society (innovation, research-development and the information society); transport and energy networks (rehabilitation of railway stations, energy management, etc.); local and urban development (shopping areas, urban facilities, training centres and cultural heritage).

INTERREG III

The Balearics take part in two INTERREG III B cross-border cooperation programmes, "South West Europe" (Spain, Portugal, France and the United Kingdom)" and "Western Mediterranean" (these four countries plus Italy), and the "South" zone of the INTERREG III C interregional cooperation programme.

Project Example: Majorca drinks seawater

By bringing a new desalination plant into operation, the inhabitants of Palma, Calvià and Andraix now have a new source of drinking water, thereby relieving the islands' groundwater resources, which have diminished during years of drought. The process used involves subjecting the seawater to pressure greater than osmotic pressure. The water is drawn from a depth of one hundred meters and passes through sand filters to remove the suspended particles. After further filtering, it is treated with chemical reagents and injected through semi-permeable membranes which only allow the water to pass and reject most of the dissolved saline particles, organic elements and other particles. This process results in two outputs: the first is a low salinity drinking water and the other is saline concentrate water, which is returned to the sea. The drinking water is mixed with water from groundwater aquifers, with a far lower salinity, and is used to supply the distribution network in the Bay of Palma, including some 345 000 inhabitants and the tourists who visit during the summer season.



European cohesion policy in brief

European cohesion policy aims to reduce regional disparities and strengthen the Union's economic, social and territorial cohesion. It is based on financial solidarity. The programmes are financed principally by the four **Structural Funds**: the **European Regional Development Fund (ERDF)** for infrastructures and small and medium-sized enterprises (SMEs), the **European Social Fund (ESF)** for social integration, training and employment, the **European Agricultural Guidance and Guarantee Fund (EAGGF, Guidance section)** for rural development and the **Financial Instrument for Fisheries Guidance (FIFG)** for the modernisation of infrastructure in this sector. Between 2000 and 2006 these Funds were granted a budget of EUR 195 billion, with an additional 15 billion for the new Member States (2004-2006). The allocation for Spain is EUR 46.768 billion.

Approximately EUR 150 billion, which includes EUR 39.548 billion for Spain is granted as aid to the **Objective 1** regions which are lagging behind in development, that is, whose per capita GDP is less than 75% of the Union average. Support under **Objective 2** (EUR 22.50 billion, which includes EUR 2.748 billion for Spain) is to assist certain regions, whether industrial, urban, rural or dependent on fisheries, which are experiencing reconversion difficulties. **Objective 3** aid (EUR 24.05 billion, which includes EUR 2.222 billion for Spain) is not territorial but thematic: it is designed to improve training and increase job opportunities throughout the Union, with the exception of the Objective 1 regions whose programmes already include measures of this kind. Financial support is also granted through four **Community Initiatives** (EUR 2.043 billion for Spain): **INTERREG III** (cross-border, transnational and inter-regional cooperation), **URBAN II** (economic and social regeneration of cities and urban districts in crisis), **LEADER+** (sustainable development of rural areas) and **EQUAL** (combating inequalities and discrimination in the labour market). The **Innovative actions** support experimental regional programmes.

Another fund, the **Cohesion Fund** (EUR 25.6 billion for EU-25), supports transport and environmental projects in the least prosperous Member States of the Union.

Contact

Govern de les Illes Balears
Conselleria d'Economia, Hisenda i Innovació
Direcció General d'Economia
C/ Palau Reial 17
E-07001 Palma
Tel.: +34 971 17 67 00
Fax: +34 971 17 67 45
E-mail: info@caib.es
Web: <http://www.caib.es>



For further information, please consult the European Commission's Internet site:
http://europa.eu.int/comm/regional_policy/index_en.htm

Or write to us at the following address:
European Commission
Directorate-General for Regional Policy,
Inforegio Service
Avenue de Tervuren / Tervurenlaan 41
B-1049 Brussels
E-mail: regio-info@cec.eu.int

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