



European Economic and Social Committee

ECO/418
Inclusive islands

OPINION

European Economic and Social Committee

Islands in the EU: from structural handicap to inclusive territory
(Exploratory opinion)

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Consultation	Exploratory opinion (Maltese Presidency), 16/09/2016
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Section responsible	Section for Economic and Monetary Union and Economic and Social Cohesion
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Outcome of vote (for/against/abstentions)	163/1/3

1. **Conclusions and recommendations**

- 1.1 A greater effort must be undertaken by the EU to recognise the uniqueness of the challenges facing islands. Such challenges cannot be addressed only through Cohesion Policy.
- 1.2 Islands suffer from a number of structural handicaps which often result in difficult conditions for carrying out business. The EESC strongly believes that key policy areas such as the Single Market, Competition Policy, Transport Policy, Rural Development Policy and Fisheries Policy, as well as EU initiatives and programmes supporting Education, Training, Youth and Sport Policies must be applied with a greater degree of flexibility when it comes to island economies.
- 1.3 The EESC feels that the criteria used by Eurostat to define an island region should be reassessed and more appropriate criteria used (see points 2.4-2.6).
- 1.4 People with disabilities, and more generally all people with disadvantages, must be given specific attention as they tend to suffer more than others the effects of the problems being faced by islands.
- 1.5 The EESC considers it essential that all efforts to assist islands should give priority to providing access to public services, promoting sustainable growth, and fostering full employment, competitiveness and cohesion in European islands.
- 1.6 Islands and island regions often provide unique opportunities for clean energy solutions. The EESC supports all the efforts of the European Commission in this direction and more specifically supports the transition of islands to 100% clean energy solutions.
- 1.7 The EESC supports the call of the European Parliament to the Commission to launch an in-depth study on the extra costs incurred by European islands.
- 1.8 The EESC calls on the Commission and the Council to consider all island regions or Member State islands as eligible for financing related to infrastructure in Cohesion Policy for post-2020. In view of this, all 2014-2020 funds aimed at mitigating the specific constraints faced by islands have to be subject to an ex post assessment of their effectiveness.
- 1.9 The EESC calls on the Commission to define a more appropriate legislative framework with respect to the application of state aid in island regions and islands consisting solely of island Member States.
- 1.10 The EESC calls on the Commission to intensify coordination via the Inter-service Group on Territorial and Urban Development and use the Territorial Impact Assessments tool to review key legislation and identify where insularity clauses could be included.

2. **Insularity and Europe: general overview**

Scope

- 2.1 Europe's islands are home to over 21 million people. They account for approximately 4% of the EU-28's total population. The population of all the EU islands put together (excluding islands that are nations - Great Britain, Ireland, Cyprus and Malta), would give us the 11th most populated country of Europe¹. There is an urgent need for the adoption of an integrated policy framework to address the economic, social and territorial cohesion issues faced by European islands.
- 2.2 The EU must recognise the uniqueness of the challenges facing islands. In this respect an effort is needed at both EU and national level so as to maximise the full potential of EU islands.
- 2.3 This opinion aims at reigniting the debate at EU level on the insularity value in European policies, specifically targeting Cohesion Policy for post-2020, fostering a "bottom-up" approach based on more concrete participation by civil society and social partners in the decision-making process to establish policies and programmes founded on people's real needs. Partnership and multi-level governance provided for in CPR² must be further strengthened in the post 2020 period.
- 2.3.1 This opinion also aims at delivering an appropriate set of policy recommendations to feature the concept of "inclusive islands", putting into practice the principles of "Efficiency" and "Equity" as pillars to foster the competitiveness and social cohesion of all islands in Europe:
- "Efficiency" - ensuring that all islands can achieve their full development;
 - "Equity" - ensuring all citizens have access to opportunities and services regardless of the territorial context in which they live.

Definition of islands and insularity

- 2.4 According to the Eurostat definition³, an island is any territory meeting the following five criteria: 1) having an area of at least one square kilometre; 2) being located more than one kilometre from the mainland; 3) having a permanent resident population of at least 50 people; 4) having no fixed link with the continent; 5) not containing an EU capital.
- 2.5 Europe's islands can also be grouped according to the geographical aspects, NUTS classification (Nomenclature of territorial units for statistics) and with regard to their size.

¹ <https://europeansmallislands.com/2017/02/11/the-11th-nation/>.

² Art 5 of Regulation 1303/2013.

³ Portrait of Islands, European Commission, Eurostat, 1994.

- 2.6 There are three dimensions that define insularity: 1) smallness, 2) remoteness and 3) vulnerability⁴.
- 2.7 The EU approach towards islands took a higher profile with the introduction of two small island states, Cyprus and Malta, as members of the EU.
- 2.7.1 During 2008 the "Green paper on Territorial Cohesion"⁵ proposed a definition of territorial cohesion as "a means of transforming diversity into an asset that contributes to sustainable development of the entire EU". From this perspective, insularity can be considered as an asset and a source of potential development.
- 2.8 The "EU Cohesion Policy 2014-2020" provides the basis to align EU programmes, to the needs of disadvantaged territories, such as islands, with particular regard to key territorial challenges identified in the "Common Strategic Framework". New tools to support integrated territorial development strategies that were introduced for 2014-2020 such as Integrated Territorial Investment and Community-led local development have to be further analysed from an island perspective in preparation for post 2020 Cohesion Policy.
- 2.9 Taking into account the EESC's opinion on "Specific problems facing islands" and "Smart islands"⁶, and following the mid-term review of the "Europe 2020 strategy"⁷, it is clear that when it comes to islands, Cohesion Policy Funds did not work as expected. It is evident that a rethink is required.
- 2.10 In January 2016, through the resolution "The special situation of islands"⁸, the European Parliament provided a basis for the revision of existing EU policies.

3. Main problems affecting European Islands

- 3.1 According to the conclusions of the ESPON Euroislands study⁹, before analysing the problems that affect European islands, a brief description of the "strengths and weakness" and "opportunities and threats" is useful to better contextualise the challenges which islands will face during the coming years.
- 3.1.1 Concerning the "Strengths", the quality of life, the presence of a high density of natural and cultural capital and a strong cultural identity, represent tangible levers which should be exploited to create new wealth and employment in the islands.

4 "Insularity and economic development: a survey", Manuela Deidda, CRENOS 2014.

5 European Commission, COM(2008) 616 final - Brussels, 6 October 2008.

6 [OJ C 181 of 21.06.2012, p.7](#), [OJ C 268 of 14.08.2015, p. 8](#),
<http://www.eesc.europa.eu/?i=portal.en.ten-opinions&itemCode=40697>.

7 See EESC opinion *Taking stock of the Europe 2020 strategy*, [OJ C 12 of 15.1.2015, p. 105](#).

8 European Parliament – Strasbourg 4 February 2016.

9 The Development of the Islands – European Islands and Cohesion Policy (EUROISLANDS), ESPON 2013 European Programme.

- 3.1.2 Concerning "Weaknesses", insularity affects directly and permanently some of the most important attractiveness parameters of islands such as accessibility, public interest services, private services and networks, economies of scale and market organisation.
- 3.1.3 "Opportunities" can be listed as the demand for quality of life, quality and safe food products, specific interest tourism and residential services. These factors should be exploited and transformed in strengths to face the main adverse conditions of insularity related to smallness, remoteness and vulnerability.
- 3.1.4 "Threats" can be identified regarding climate change, globalisation, economic crises, rising energy prices, water scarcity, soil degradation and extinction of fishing stocks.
- 3.2 Even if the problems affecting European islands have effects which vary widely according to specific factors¹⁰, it is possible to group them into three main groups: 1) islands' economy; 2) social equity; and 3) environmental conservation.
- 3.3 **Islands' economy** - Islands have an average GDP/capita which is lower than the average of the EU-28¹¹. In general the process of economic convergence is slower than for the rest of the EU regions. For many islands, GDP levels and employment are sustained by tourism and a large public sector signalling low competitiveness of the economy.
- 3.3.1 The high cost of transport and lack of connections with other territories constitute a major problem for island territories. Such a problem needs to be recognised and approached in a flexible manner aimed at allowing island economies to survive and flourish. Although the legal framework EU Regulation 3577/92 allows Member States to organise public services to ensure regular connections with island territories, there is a need to review what the actual impact of this measure has been.
- 3.3.2 Another aspect that adversely affects the competitiveness of some islands' economy is that related to the "monoculture economies" where certain insular economies specialise in one or just a few economic fields (e.g. tourism), or have a limited economic activity due to their small size.
- 3.3.3 The EESC supports the call by the European Parliament for the Commission to launch an in-depth study/analysis on the extra costs incurred by European islands, in terms of the transport system for people and goods, energy supply and access to markets, in particular for SMEs.
- 3.4 **Social equity** - During the last decade social equity in the European islands was profoundly modified because of a number of internal and external factors: transportation, economic changes, changes in life styles, cultures and aspirations. The economic crisis adversely affected social equity factors.

¹⁰ Geographical location, proximity or remoteness from the mainland or from economic centres, climate, attractiveness from the point of view of tourism, size of population, prospects for agriculture and fisheries or the overall level of development.

¹¹ Eurostat statistics - Data extracted in March 2016.

3.4.1 Demographic decline affects the least developed islands which tend to suffer more from ageing populations.

3.4.2 In certain insular systems (e.g. Mediterranean islands) refugee migration has impacted social equity standards. Large numbers of migrants have recently arrived on island territories, sometimes even outnumbering the local population, who in turn are not in a position to provide the necessary support and assistance. The EESC calls on the Commission to continue to strengthen the synergies between the Asylum, Migration and Integration Fund (AMIF) and the European Structural and Investment Funds (ESI Funds) and encourages Member States and regions to use ESI Funds to support effective integration policies covering education, employment, housing and non-discrimination.

3.4.3 EU initiatives and programmes supporting Education, Training, Youth and Sport Policies, such as Erasmus+, should take into consideration the isolation of islands, as well as the lack of expertise and knowledge that sometimes exists in order to ensure proper funding and functioning of international exchanges and interactions.

3.4.4 People with disabilities, and more generally all people with disadvantages, suffer the effects of the above-mentioned problems more than others. The positive example of Cohesion Policy that requires final beneficiaries to make projects financed with ESI Funds to be accessible for people with disadvantages should be a guiding example for all EU policies.

3.5 **Environmental conservation** - European islands are often situated in regions considered as unique places for their biodiversity.

3.5.1 One of the reasons for this is the high fragmentation of habitats. Many islands are considered as particularly rich in terrestrial and marine biodiversity. In general, this is reflected by the fact that protected areas are found in most of the islands.

3.5.2 European islands have unique natural features, but their ecosystems are also fragile and very vulnerable to human and other external pressures. They may also be characterised by limited arable land, drought, rising sea levels and land erosion.

3.5.3 All islands face more or less serious problems concerning sea pollution, in particular the dangers of plastic based pollution, which is endemic in our oceans (caused mainly by non-island activities), desertification and landscape degradation, fresh water scarcity, fossil fuel dependency, waste and wastewater management.

4. **Towards "inclusive islands": the way forward**

4.1 The way forward to transform these challenges is to harmonise and improve the balance between economic, environmental and social sustainability, by applying a "holistic approach" aimed at implementing the concepts of "Quality islands", "Green islands" and "Equal opportunity islands".

"Quality Islands" - Improving the competitiveness, prosperity and cohesion of European Islands

- 4.2 The EESC considers it essential to promote sustainable growth (economic, environmental and social) and to foster full employment, innovation, competitiveness and cohesion in European islands, consolidating and diversifying particular economic activities to foster mutual solidarity between islands themselves, and between islands and the mainland.
- 4.2.1 In spite of the consequences of size and insularity, islands' products based on local resources and know-how can be competitive. New knowledge, innovation and skilled human resources are the prerequisite for the success of such a strategy that has to be "niche oriented".
- 4.3 The EESC strongly believes that key policy areas such as the Single Market, Competition Policy, Transport Policy, Rural Development Policy and Fisheries Policy must be applied with a greater degree of flexibility when it comes to island economies. One cannot just depend on Cohesion Policy to achieve the required goals.
- 4.3.1 A priority to be taken into account to foster "Quality Islands", considering the above mentioned policy areas, is related to the exploitation of the "open and social innovation" towards the creation of new job opportunities and enterprises thus creating islands which are more attractive for inhabitants.

"Green Islands" – Guaranteeing sustainability in the European Islands

- 4.4 It is essential that Member States, through the use of ESI Funds, strengthen the commitment towards the sustainable management and protection of the environment and to enhance the islands' territorial assets. It is also vital that strategies aimed at reducing the use of resources such as water, land, energy and the recycling of waste produced both by businesses and the local population are implemented.
- 4.5 The EESC considers the "circular economy" a priority for European islands. Developing a circular economy model for European islands will help to protect insular economies against exposure to resource supply risks and volatile commodity prices.
- 4.6 Islands and island regions often provide unique opportunities for clean energy solutions. The European Commission has recognised this and has pledged to support the development and adoption of best available technologies on EU islands and island regions, including exchange of best practice in financing and legal and regulatory regimes¹². The EESC encourages the Commission to embark on such an effort with the Member States and Island authorities and offers it full support for the implementation of a comprehensive legal framework to support the transition of European islands to 100% clean energy solutions.

¹² [Communication on Clean Energy For All Europeans](#).

"Equal opportunities islands" – Guaranteeing accessibility and connectivity for all inhabitants

- 4.7 The EESC endorses the promotion of territorial development based on the equal access of all insular citizens to Services of General Interest (SGI), cooperation between insular and mainland systems, better accessibility of services, sustainable mobility, and upgrading transport modes and communication infrastructure.
- 4.8 It is essential to promote re-skilling and lifelong learning processes that make the most of locally available human resources, secure equal conditions and opportunities for people with disabilities and support active ageing as a strategic local resource. It is also fundamental to encourage young people living on the islands to be more involved in the EU's programmes aimed at promoting mobility for training and qualification courses, such as "Erasmus plus".
- 4.9 In addition to firm political support, the challenges that EU Islands will have to face during the coming years will also require a greater participation of civil society and social partners in the process towards a "new strategy for islands", as well as an entrepreneurial system bolstered by measures designed to improve SME competitiveness.
- 4.9.1 This is why public and private economic stakeholders, the social partners and the various components of organised civil society must have know-how concerning EU policies, programmes and funding opportunities, through ad hoc training programmes, organisational support and technical assistance.
- 4.10 The EESC stresses that digital capacity is a vital means of counterbalancing the connectivity handicaps of European islands. More investment is required for information and communication infrastructure and technologies to ensure sufficient availability of public services to meet the needs of all those living in insular territories.

5. Specific comments and proposals

- 5.1 The EESC feels that the criteria used by Eurostat to define islands should be reassessed in terms of appropriateness.
- 5.2 The EESC welcomes the fact that the 2014-2020 Common Strategic Framework¹³ required Member States to take into account geographic or demographic features and to take steps to address the specific territorial challenges of each region to unlock their specific development potential, thereby also helping them to achieve smart, sustainable and inclusive growth in the most efficient way. A greater effort is needed in this direction for the achievement of more tangible results.

¹³ Regulation No. 1303/2013 ("CPR") Article 10 and Annex I.

- 5.3 The main challenge to support the competitiveness and cohesion of European islands is to enhance their level of attractiveness. According to the conclusions of the "Euroislands study"¹⁴, two main factors have to be taken into account when planning the development processes toward smart, sustainable and inclusive growth of European islands: attractiveness for living and attractiveness for business.
- 5.4 Considering the resolution of the European Parliament on the "Specific situation of Islands" and CRPM's resolutions, the EESC identifies the way forward to enhance the attractiveness as follows:
- Consider all island regions and islands consisting solely of island Member States as less developed regions in Cohesion Policy for post-2020;
 - Define new and more appropriate criteria for "state aid";
 - Activate an "Islands unit" at DG Regio together with a specific programme for Islands;
 - Include insularity clauses in all key EU legislative acts (where appropriate).
- 5.5 The EESC supports the CoR in its call for more intensive and targeted support from Cohesion Policy and other EU policies to revitalise port cities and areas, including islands, whilst making use of the opportunities created by the Territorial Agenda, the Urban Agenda, the Leipzig Charter and the Pact of Amsterdam¹⁵.
- 5.6 Most of the funding from Cohesion Policy is concentrated in less developed regions. The classification of regions in Cohesion Policy is largely based on regional GDP, which is a less than perfect indicator for a number of reasons.
- 5.6.1 Considering the EESC conclusions on the "Mid-term review of Europe 2020 strategy", additional indicators to complement GDP in the allocation methodology for structural funds should be explored. This scenario should result in an increase of funding for island territories. The EESC calls on the Commission to develop other indicators beyond GDP that take into account the economic, social and environmental vulnerability of islands.
- 5.6.2 Taking into account the "beyond gdp approach", European Islands could be classified as being "less developed territories". In this case all European Islands could use Cohesion Funds to realise and implement strategic infrastructures and the amount of aid to enterprises for competitiveness and cohesion of these areas could also be increased and modulated according to their level of attractiveness.
- 5.6.3 The added value of a programme of innovative actions for islands should be explored by the Commission and aim to identify and test innovative solutions for sustainable island development for the post-2020 period.

¹⁴ The Development of the Islands – European Islands and Cohesion Policy* (EUROISLANDS) - The ESPON 2013 Programme.

¹⁵ <http://cor.europa.eu/en/activities/opinions/Pages/opinions-and-resolutions.aspx>.

5.6.4 Considering the geomorphological and economic characteristics of some European islands (coastal areas, inland and mountain areas), it is possible to implement an innovative approach aimed at fostering the complementarity between ESI Funds and synergies between strategies to support "Blue growth" and "Rural development".

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