

COTER-002

Brussels, 26 March 2002

OPINION

of

the Committee of the Regions

of 13 March 2002

on

**The problems of island regions in the European Union
in the context of enlargement**

The Committee of the Regions

HAVING REGARD TO the decision taken by its Bureau on 12 June 2001, in accordance with the fifth paragraph of Article 265 of the EC Treaty, to issue an opinion on *The problems of island regions in the European Union in the context of enlargement* and to instruct Commission 1 for Regional Policy, Structural Funds, Economic and Social Cohesion and Cross-border and Inter-regional Cooperation to undertake the preparatory work;

HAVING REGARD TO the draft opinion (CdR 301/2001 rev. 2) adopted by Commission "Regional Policy, Structural Funds, Economic and Social Cohesion and Cross-border and Inter-regional Cooperation" on 18 January 2002 (rapporteur: **Mr Christos Paleológos**, Mayor of Livadiá (EL/PES))

HAVING REGARD TO Article 158 of the Treaty of Amsterdam, together with Article 154 and Declaration No. 30 attached to the Treaty;

HAVING REGARD TO the conclusions of the European Council meeting in Nice in December 2000 (paragraph 55 and declaration);

HAVING REGARD TO the European Spatial Development Perspective;

HAVING REGARD TO the 2nd Report of the European Commission on Economic and Social Cohesion (January 2001);

HAVING REGARD TO the report of the European Parliament Committee on Regional Policy on the problems of island regions in the European Union (March 1998);

HAVING REGARD TO the own-initiative opinion of the Economic and Social Committee (July 2000) "Guidelines for integrated actions on the island regions of the European Union following the Amsterdam Treaty" (Article 158);

HAVING REGARD TO the Cagliari declaration of February 2001 of the conference "The EU islands after Nice", which was attended by the Islands Intergroups of the European Parliament and the Committee of the Regions;

HAVING REGARD TO the conclusions of the conference of the Islands Commission of the CPMR of June 2001 in Corsica;

HAVING REGARD TO Council Regulation (EU) No. 1447/2001, Article 1(2) (L 198, 21 July 2001);

HAVING REGARD TO the declaration of the European Union in connection with the process of adopting Council Regulation (EU) No. 1447/2001, Article 1(2) (L 198, 21 July 2001)

adopted the following opinion unanimously at its 43rd plenary session held on 13 and 14 March 2002 (meeting of 13 March):

1. The CoR considers that the EU Treaty should include the concept of territorial balance and harmonious development in Europe, with a reference to the regions that face long-term structural disadvantages. Specifically, the CoR recommends that Article 158 of the Amsterdam Treaty be reformulated so as to include:
 - a. the idea of "territorial cohesion" to complement the formulation and implementation of economic and social cohesion policies;
 - b. explicit reference to the problems created by long-term structural factors such as insular nature, geographical isolation and very low population density;
 - c. confirmation that special measures must be taken in accordance with the severity and accumulation of these disadvantages in each region.
2. To make it easier for the particular situation of the island regions to be taken into account in Community policies, there must be explicit recognition of the island dimension in Community statistical nomenclatures.¹ The CoR therefore suggests that consideration be given to the proposals of the Committee of the Regions for a special definition of the islands not based on population criteria.
3. The CoR believes that, despite the valuable references in the Second Cohesion Report to the particular problems of the island regions and the need to take special measures that address their particular situation, the fact that the issue is absent from the report's proposals and is mentioned only fleetingly creates a need for further action and for steps to be taken to explicitly include the matter in the Third Cohesion Report.

4. The CoR calls for the island dimension to be taken into account when Community guidelines or rules are formulated and when Community policies are implemented, for example in relation to liberating the energy market, special taxes on fuel for air transport, reform of the trans-European transport, energy and telecommunications networks (TENs), implementation of the new common fisheries policy, CAP, etc. It would propose that:
 - a. the "insular nature" criterion should be considered and redress provided for the islands' natural disadvantages when selecting projects for support under any Community measure, programme or policy, so as to compensate for the high per capita cost of setting up and running basic infrastructure and services;
 - b. special measures should be adopted in relation to state aids, and economic and tax incentives should be provided to protect the islands and promote endogenous development and employment. It is important to ensure that local consumers enjoy the same prices and quality of products for basic goods as people in the mainland regions of their countries. Lower VAT rates for sensitive sectors, lower taxes on income from sales of local products and other local businesses, tax exemption for the initial phase of investment in vulnerable sectors (e.g. renewable energy sources, development of communications), subsidies to promote island businesses outside of their local market, incentives to promote employment and a range of similar measures could be considered, implemented and combined according to the needs and situation prevailing in Europe's various islands. Steps must be taken to ensure adequate regular, reasonably priced transport with sufficient capacity to and from islands. It is important in each case to ensure that the various measures to be taken will benefit the whole population and not just businesses outside the islands;
 - c. a procedure should be developed to: 1) evaluate legislative provisions taken in areas that are of crucial importance for the island regions (e.g. internal market, energy, environment, transport, fishing, agriculture) in order to establish to what extent they have a negative effect on the situation of the island regions, and 2) allow exceptions or special provisions;
 - d. new ways should be explored of organising and providing high-level services of public interest in island regions (e.g. communications, transport, energy, health, education, culture) so that opening up markets for these services does not harm the island regions owing to low demand, and the European Commission should take adequate measures to offset the additional cost of these services;
- e) the PSO (Public Service Obligation) should be broadened to include transport to and from island regions via another country.
- f) the Commission should set up an Interservice Group with a view to optimising coordination between the Directorates and other European bodies when implementing integrated policies relating to the legal system, funding, incentives, etc. This group would work in each case with both the Member State involved and with the corresponding local and regional authorities of the islands. The activities of the Commission's Directorates should be coordinated in such a way that disadvantages caused by geographical factors (islands, mountainous regions, low population density, peripheral

location, etc.) would receive special attention in implementing various Community policies.

5. The CoR believes that in order to address and redress the disadvantages created by the fact of being an island, special provisions must be considered with a view to implementing structural policies that take into account not just GDP criteria but also territorial, geographical and social factors. These criteria include a peripheral location, low population density, remoteness, poor access, sparse population and severe winter conditions. In the context of future reform of the Structural Funds, the CoR proposes the following:
 - a. island regions should automatically be included under Objective 1, in the light of Article 158 of the Treaty and Declaration (No. 30) annexed to the final act of Amsterdam, which recognises that the handicaps experienced on account of island status must be taken into account, and specific measures taken in response to them. Assistance must be adjusted in line with GDP, the additional cost imposed by structural handicaps and factors that exacerbate and amplify the effects of isolation (e.g. an island with mountainous regions, a sparsely populated or isolated island belonging to a territorially fragmented archipelago);
 - b. when designing Community initiatives it would be useful for a special programme for island regions to be provided under the INTERREG. Priority must be given to islands for interregional and intergovernmental cooperation measures, and inter-island cooperation must also be promoted by providing support for all existing networks and systems that encourage links between island regions.
6. The CoR supports the idea of establishing integrated action plans for the development of island regions in cooperation with local authorities and the social partners. It therefore calls on the Commission:
 - a. to compile and publish a report every three years on the situation of the island regions, including comparative data on the competitiveness of island regions, and the impact and outcome of implementing various Community policies, and to identify the areas of action to eliminate or offset the disadvantages experienced by the islands;
 - b. to promote cooperation between an Interservice Group of the Islands Committee and equivalent groups working in the European Parliament, the CoR and the ESC, and with the networks and other organisations representing the islands' interests such as the Islands Commission of the Conference of Peripheral Maritime Regions of Europe, IMEDOC, Islenet, etc., with a view to setting up an integrated action programme for the islands;
 - c. to incorporate into the European Spatial Development Perspective a development strategy for island regions and then set up an action programme with a specific timetable for taking integrated measures in favour of island regions that will take their specific needs into account.
7. The CoR notes that the need for visible initiatives creating a special system of support for island regions is not just essential but also urgently needed in view of EU enlargement, so that island regions do not risk further isolation and marginalisation. The CoR calls on the

Commission and the European Council to address the problems of the islands as a matter of priority. It undertakes to cooperate as fully as possible and proposes to contribute to future measures supporting demands and pursuing the objective of balanced and sustainable development of the EU's island regions.

Brussels, 13 March 2001

The President

The Secretary-General

of the

of the

Committee of the Regions

Committee of the Regions

Albert Bore

Vincenzo Falcone

¹ Rapporteur's note: In the Commission Communication "First progress report on economic and social cohesion" (COM(2002) 46 final), island regions are defined as an area of at least 1 km², permanently inhabited by a statistically significant population (at least 50 people), not linked to the mainland by permanent structures, at least 1 km distant from it and not including the capital of a Member State.

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