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Proposals for improving the way island territories are dealt with by European regional policy

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Regional policy is the main EU instrument for helping island territories to overcome their structural disadvantages and exploit their development and growth potential. Nevertheless, it needs to be improved in order to enable the islands, which are legally part of the internal European market, to fully benefit from it in both economic and social terms. A number of possible improvements are set out below.

1. Better assessment of the impact of insularity, and introduction of a more adapted framework

Regional policy reform must be accompanied by the creation of an **integrated EU framework for addressing the disadvantages faced by European island territories** in terms of development and competitiveness and allowing them to exploit their potential. **It is therefore essential that all EU measures and policies with an impact on European islands should be preceded by impact assessments that take account of insularity.** Such impact assessments would contribute to the introduction of an integrated framework under which European policies could, where necessary, be adapted to the specific circumstances of island territories. This approach would help to avoid conflicts between policies and would also boost EU cohesion and growth by strengthening the role of islands.

2. Widening eligibility criteria based on per capita GDP

During the 2007–2013 programming period, per capita GDP was the only indicator used for determining regions' eligibility under regional policy objectives. This fails to take full account of the complexity of the notion of cohesion. The per capita GDP indicator insufficiently reflects the diversity of social, environmental and territorial circumstances, and does not take account of aspects such as innovation and education. New indicators must therefore be developed and used for determining regions' eligibility under certain instruments.

In the case of islands, the use of GDP as a criterion does not give a satisfactory insight into their real situation and it sheds no light on the ways in which islands differ from the rest of the EU territory. **New indicators, using more pertinent statistical data, need to be developed to provide a more faithful picture of the islands' development needs and a more satisfactory insight into the situation of regions with permanent geographical disadvantages.**

Highly territorialised statistical information is vital for understanding what is happening in the EU's islands, for identifying disparities and structural inequalities. Extra resources are therefore needed to gather data and develop appropriate indicators. Island territories should be considered as separate statistical units.

Particular care should be taken to avoid the situation, not uncommon, where islands situated geographically close to the mainland are included in a larger statistical unit at Nuts 2 level. As a result, their territorial situation, objectively quite distinct from that of the larger unit, is inadequately reflected.

Failing the classification of an island at Nuts 2 level, it is essential that the territorial situation of the island be assessed using the nearest statistical level for which data are available (for example, Nuts 3 level should be used to take account of an island's per capita GDP, rather than amalgamating the island with the neighbouring mainland).

3. Special consideration for European island regions

Article 174 of the Treaty, which establishes the objective of economic, social, and territorial cohesion, recognises that islands suffer from a severe and permanent natural handicap. It also states that particular attention should be paid to islands in actions to reduce the backwardness of the least favoured regions. In view of their various handicaps, especially their remoteness or small size, islands are least favoured regions from a territorial point of view and also often in economic and social terms. **Cohesion Policy should address the situation of the islands not just through Regional Policy, but also using other EU policies that have a significant territorial impact on the development of these regions.**

In addition, particular attention should be paid to islands that suffer from not one but several of the handicaps mentioned in Article 174. These include mountainous islands or those with a very low population density. The same should apply to archipelagos, which are affected by **double or multiple insularity** because they suffer additional disadvantages owing to their limited geographical size and the fact that they are made up of many small islands. Attention should also be drawn to the situation of numerous offshore islands, which are affected by the acute handicaps of micro-insularity. This exacerbates the disadvantages brought about by insularity and local people find it increasingly difficult to access a number of services.

European regional policy and other EU policies, besides acknowledging insularity should recognise that the resulting handicaps have a cost, and that where there are multiple geographical disadvantages, this cost is even higher. This recognition should lead to resources being made available in proportion to the severity of the disadvantages, the ultimate objective being to offer these territories development opportunities that are comparable to those given to all other European territories.

An additional characteristic of most of the European islands is that, as well as being islands, they are also peripheral regions situated on the EU's external borders. This geostrategic dimension should be given utmost consideration, for these territories are often exposed to the risks inherent in such a situation: proximity to conflict zones, exposure to clandestine immigration or various kinds of trafficking, vulnerability to accidental or deliberate marine pollution, etc. By implementing a policy of territorial cohesion that enhances the prosperity of these island territories and supports local people, the EU will also help to strengthen the security of its borders, and thus its own stability.

It is also important to note the significant contribution made by islands to the diversity of the Union both in environmental terms (habitats, endemic species, etc.) and in cultural terms (languages, architectural heritage, gastronomy, traditions, etc.). Special efforts should be made to protect this ethno-diversity and biodiversity, a heritage which in addition to its great intrinsic value also holds the key to ensuring sustainable development.

4. An integrated and flexible approach to the situation of island territories

An integrated (policy, legal, financial) framework should be introduced for dealing with the European islands. This framework should be sufficiently flexible to take account of the wide diversity of island situations.

The European islands undeniably reflect a wide diversity of situations, in terms of geographical size, demography, remoteness, availability of natural resources, climate, history and political context; but each individual island is also unique. The same measures and the same solutions cannot be uniformly applied to all the islands without taking this diversity into account.

However, it is also true that, in spite of this great diversity, being a remote and small territory is a factor that distinguishes islands from other European regions. Islands are vulnerable economically and ecologically; they are also places where the interactions between economic, social and environmental factors tend to be particularly rapid and severe.

Perhaps more than other territories, what the islands need is an integrated approach that applies both horizontally (through a cross-sector approach involving the main policies that have a territorial impact, such as the common agricultural policy, rural development policy, common fisheries policy, national aid, etc.) and vertically (involving the regional, national, and EU dimensions).

At EU level, a first step towards such an integrated approach would be the setting up of an “inter-services” group within the European Commission with responsibility for the islands or more generally for all territories which suffer from severe and permanent natural or demographic handicaps.

The complexity and diversity of island situations also calls for a certain flexibility with regard to these territories in terms of EU legislation and policies. **The framework could be based on accepting the principle that measures adapting EU legislation can be applied to islands, provided that such measures help boost the territorial cohesion of the EU or comply with the proportionality criterion, and do not call into question the bases of EU policies, or significantly disrupt the functioning of the single market.**

One example would be the case of the guidelines for national regional aid, which authorise the granting of operating aid to offset part of the additional transport costs borne by firms. This measure, currently authorised only in regions with a low population density or in the outermost regions, could be extended to island regions without causing any specific distortions – the amount of aid being by definition in proportion to the costs borne.

5. Applying the proportionality principle in order to enhance territorial cohesion

It cannot be denied that as the process of European integration has progressed, insularity has to a certain extent come to be acknowledged as far as regulations are concerned. Examples of this are however somewhat uneven, and although some of them are worth underlining (in the field of maritime transport for example) we can hardly speak of a coordinated effort. It is on the other hand clear that in financial terms this recognition has been very limited. While many islands have at some time benefited from structural policies, this support has usually been allocated on the basis of EU-wide criteria (in particular per capita GDP) and not on the basis of a recognition of their objective situation.

In many cases, however, the costs of implementing public policies are unquestionably higher in island regions (and even more in mountainous islands or archipelagos) than on the mainland. Importing goods or services, the absence of scale economies, geographical handicaps, etc. generally mean higher costs. **It therefore seems legitimate that, since the implementation of the same policy has a higher cost, these extra costs should be taken into account by EU policies, in line with the proportionality principle.**

Article 170 of the Treaty, on the Trans-European Networks, underlines the need to link island and peripheral regions with the central regions of the Union. **With a view to increasing the resources available for the trans-European transport, communication and energy networks, it seems legitimate that in order to comply with the obligations of the Treaty, proportionately higher resources should be made available for projects concerning islands regions.**

6. A review of cross-border cooperation rules is needed

The 2007–2013 programming period recognised European islands as being eligible for cross-border cooperation for the first time, under the regional policy territorial cooperation objective. This was due to the acceptance of maritime borders. Nevertheless, the introduction of a rule stipulating that there should be a maximum distance of 150 km between maritime border regions has meant that some islands have been excluded and cannot apply for cross-border cooperation projects. Similarly, although some European islands lie on EU's external borders, they have been excluded from cross-border cooperation under European neighbourhood policy.

These restrictions fail to take account of the fact that the sea is a natural barrier that separates territories irrespective of the distance between them. **This fact, along with the characteristics that islands share with many cross-border regions, such as limited accessibility, isolation and remoteness from the main economic centres of activity, justifies dropping distance-related criteria in maritime areas when it comes to classifying a maritime region as a border region. Where it would be necessary to establish some kind of limit, it would be more appropriate for maritime and island regions for the cross-border territory condition to be applied at maritime basin level.**

Conclusions

If the reformed cohesion policy adopts these recommendations, it will only be fully effective in overcoming the disadvantages resulting from insularity if it is part of an integrated framework for EU policies for island territories. Only such a framework would be able to address all relevant issues faced by these territories consistently, and avoid possible conflicts between policies. This integrated framework should include the following fields:

- transport,
- education and work,
- research, technological development and innovation,
- competition and industrial policy,
- the environment, energy and water,
- agriculture and fisheries.

All EU measures and incentives in these fields of action should be preceded by island territory impact assessments to ensure that EU measures and policies are better adapted to their specific, shared circumstances.