



SEMINAR ON ISLAND TRANSPORT BALEARIC ISLANDS, 17 October 2016

CONCLUSIONS

BACKGROUND

The seminar took place at a key moment of the European project and at a turning-point for the theme of transport and accessibility. The European transport policy for the next generation is being prepared now within the European Commission, which will put proposals on the table by next summer in 2017. But the current programming period lasts until 2020, and we must be vigilant between now and then that the implementation of existing instruments incorporates the imperative of territorial cohesion assigned to them - among other legal bases - by the Treaty and the guidelines of the Trans-European Transport Network.

The seminar was dedicated to Maritime transport and Air transport and explored in particular compensation mechanisms put for extra-costs for islands related to transport.

It was co-organised together with the Balearic Islands Government and was an opportunity for CPMR Island member regions to have an exchange on their concerns with the European Commission (DG Move), as well as with stakeholders and professionals.

Islands face on the one hand problems and constraints related to transport and to territorial cohesion, which are complex challenges to address, and on the other hand there are also strengths and opportunities. There are several types of constraints that relate, to geography, economy and demographics too, since in general islands are usually rural areas with young people fleeing to the mainland, and their industrial strength is modest. Freight flows are unbalanced with inflows being well above outflows. Regarding passenger traffic, there is the addition of seasonal fluctuations, related to tourism.

Island territories do have knowledge of those needs and opportunities and have the ability to translate them in specific messages that can be proposed to apply to the whole Union.

The regional level being closer to citizens and knowing the needs on the ground has the key role to take such initiatives. Island regional authorities have acknowledged this responsibility and have established effective compensation mechanisms for the extra-costs involved to reach the islands from the mainland.

Islands regions currently apply a range of such compensation schemes; either Public Service Contracts and Obligations (PSCs and PSOs) are in place or discounted rates or flat tariff, so as the cost to reach the island

by the sea is equivalent to the cost that would be involved if there was a road connection (“road equivalent tariff”).

On the basis of data, island governments can argue for and justify the need for the compensation mechanisms that fit their needs with regards to both island-to-mainland and island-to-island transport. The mechanisms should ensure on the one hand good accessibility conditions for their islands’ archipelagos’, residents and commerce, and on the other hand a rational use of public funds.

The involvement of the island communities and the operators is crucial in defining the conditions of such public services. The assessment of the indirect and long-term impact for the communities should be introduced in the arguments.

There is no doubt that some experiences presented are reproducible, and that from this point of view the seminar has contributed to a transfer of knowledge between the regions. The inspiration among islands and the possibilities for experience exchange through such seminars and through the CPMR Islands Commission are beneficial.

REGARDING ISLAND REGIONS AND MARITIME TRANSPORT:

Brian Simpson, European Coordinator for the Motorways of the Sea (MoS) shared his willingness to "open wider" the door to the islands in the final version of his **Detailed Implementation Plan** for the MoS, which he will present in June 2017.

The islands are only marginally integrated into European considerations and programming on the 9 corridors of the CEF, which receive more than 90% of credits which is all the more reason for them to benefit from special treatment with regards to the Motorways of the Sea. For metropolitan areas, this relates first and foremost to an issue of "greening" and decongesting of maritime transport, but the island regions cannot be excluded.

The seminar reiterated the stand that the Islands Commission took at its last General Assembly in May 2016 in Rhodes, that the terms and conditions of the MoS be adapted in order to better integrate small and medium ports in the global TEN-T network. In addition, it reminded the islands’ position for differentiated co-financing rates and aids for new maritime routes with non-EU countries, as well as the role of intercontinental hubs for Liquefied Natural Gas, the marine fuel of the future, that strategically located islands can play in the process of greening maritime transport.

It is clear that the first two calls **for Connecting Europe Facility** (CEF) projects have failed to reach a turning point in the islands, in the benefits that should result from such a policy. We hope that the selection criteria that the Commission will use to examine the **projects submitted to the call for projects on October 13 will have a territorial dimension and will be more “island-compatible”**.

We also hope that the next calls for projects launched between now and 2020 clearly include a specific component **targeting the Islands and Outermost Regions**.

In this regard, the European Commission has launched a call for projects worth €110 million to support small **trans-border transport projects**, having been strongly encouraged to do so by the Transport Committee of the European Parliament. Such an earmarking of funds could also be applied for island territories.

REGARDING ISLAND REGIONS AND AIR TRANSPORT:

Accessibility is of outermost importance for the growth of a local economy and islands often depend on air connectivity to be accessible. For islands not to be unfairly disadvantaged, the notion of connectivity in EU legislation and the respective indexes need to take into account all three aspects of **frequency, duration and cost of travel**.

In addition, the extra costs incurred for the transport of both passengers and goods have an impact on islands' competitiveness and island regions have put in place a range of compensation schemes, such as discount rates for residents or all passengers, and Public Service Contracts and Obligations (PSCs and PSOs). An element to be considered is that support for bigger planes for routes between islands and the mainland can be cheaper than a PSO.

Special attention is paid in intra-island transport to address the multiple insularity. On the latter, the Government of the **Balearic Islands** considers that a flat rate for all passengers can ensure a stable and fair price, coherent with the continental tariffs, which can also enhance territorial cohesion and boost inter-insular tourism.

Other island regions, such as Corsica and Sardinia, apply similar systems to ensure a substantial improvement of territorial cohesion, avoiding thus differential treatments between the cost of transport between the continent and island regions and especially the economic development of the regions.

The territorial continuity among islands through air transport is also a concept of high importance that can address accessibility and connectivity issues. Currently, Corsica and Sardinia are working together with regions in mainland Italy to explore this ground and to put the concept forward.

"An island economy lives or dies by its air connectivity", was a quote mentioned during the debate that is currently taking place in the UK on the expansion or not of Heathrow airport with a 6th Terminal. Yet remote islands whose economies suffer from the low connectivity and poor accessibility in terms of time and cost, need now, even more, their voice to be heard.

THE CPMR ISLAND COMMISSION AND ITS MEMBERS CONSIDER ESSENTIAL:

- The inclusion of accessibility as a pillar of the Motorways of the Sea
- The inclusion of a territorial dimension in the evaluation criteria for projects under the Connecting Europe Facility, so that future calls are more island-compatible
- That in a future revision of the State Aids Regulation the necessity for compensation or correction mechanism in order to overcome the lack of economies of scale in transport is taken into account.
- To remind that through their taxes, citizens living on islands finance infrastructures on the mainland. In the same way, territorial cohesion would require that rational mechanisms of EU and National financial support should sustain the viability of maritime and air transport for island regions, wherever needed to increase the connectivity of island regions to fill the gap between accessibility of islands and mainland.
- That argumentation on compensation mechanisms is done bottom-up, and is based on an assessment of the indirect and long-term impact for the communities.
- To assess the introduction of International Public Service Obligations or other mechanisms to ensure connectivity between islands, not only among the same region or state, but between different countries

Islands. This is a line of work in which we must deepen. The use of EU funding (e.g. structural funds) on ferry routes to third countries could be considered.

- To re-enable aids for new maritime and air routes with third countries.
- to speed up the European Commission's reflection on innovative ways to support maritime transport towards islands, including schemes based on the Ecobonus concept (support to the shipper rather than to the shipowner) .

FUTURE WORK

The Islands Commission will pursue this type of regular seminars to discuss progress with regards to transport issues at EU level and will continue to seek information from its island-members that can feed into the discussions with European institutions.

A representative of the Balearic Islands Government will present the conclusions of the seminar during the forthcoming CPMR annual General Assembly, which will gather its 160 member Regions in the Azores on 3-4 November 2016.

The Islands Commission will still monitor closely the progress at EU level, and in close cooperation with stakeholders and experts, in view of its next Annual General Meeting in Gozo (Malta) on 9 March 2017.