



► **Commission des Iles CRPM** ►
► **CPMR Islands Commission** ►

C/O CPMR
6 Rue St Martin - F - 35700 Rennes
Tel : +33 2 99 35 40 50 - Email : jd@crpm.org
SITE WEB : <http://www.islandscommission.org>



32th CPMR Islands Commission Conference

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FINAL DECLARATION

The island regional authorities, members of the CPMR Islands Commission, gathered in Cyprus on 5 November 2012, in the framework of the Cyprus Presidency of the EU Council:

Bornholm (DK), Cyprus (CY), Corse (FR), Gozo (Malta), Gotland (SE), Ionia Nissia (GR), Kriti (GR), La Réunion (FR), Madeira (PT), Notio Aigaio (GR), Sardegna (IT), Outer Hebrides (UK), Saaremaa (EE).

- First of all wish to thank the Island of Cyprus and the authorities in charge for hosting their annual conference;
- Adopt the following Declaration:

Within the context of the long running debate on the future of EU Cohesion Policy and the forthcoming negotiations on the 2014-2020 EU budget, we, the island Regions of the European Union, have agreed to join forces and to deliver the following common messages concerning the post 2013 Cohesion Policy. We consider such budgetary proposals to be a strict minimum, and strongly object to any attempt to reduce the means allocated to Cohesion Policy since, as MEP Danuta Hübner pointed out, it is the main EU investment policy, so badly needed in times of crisis.

1. We welcome the Commission's proposal that the resources available for the new programming period should be in line with the objectives of the Europe 2020 Strategy to deliver smart, sustainable and inclusive growth.
2. We recall, however, that our territories suffer from severe and permanent natural handicaps, which are acknowledged by Art. 174 of the Treaty, and that many islands are beset by multiple or aggravated constraints: archipelagic configuration, mountainous terrain, desertification or conversely extremely high population density. Moreover, many of our Regions are also internal as well as external borders of the EU.
3. These features have many consequences. The most obvious one is our permanent isolation and our remoteness from the EU's main centres of activity, with a total dependence on sea or air transport for the movement of goods or people. Another is the limited size of our territories and of our populations, as well as in many cases the scarcity of our natural resources. The implications are well known: narrow economic base, restricted market size, high dependency on imports, insufficient competitiveness of many of our industries, high cost of public services, limited access to amenities – all of which reduce our attractiveness for people as well as for business, and hinder the pace of our development.
4. It must be pointed out that these difficulties are not reflected adequately by indicators such as GDP/capita, which are used primarily by the EU to measure national or regional disparities, and allocate the means of its Cohesion policy. GDP is an indicator of economic productivity, which can be easily distorted by factors such as small scale, and which is inadequate to convey fully the economic and social vulnerability of "marginal" territories. Moreover, GDP indicates primarily a Member State's ability to

fund Community objectives, such as Europe 2020, out of its own resources, but it ignores totally that the cost of reaching such objectives may vary considerably from one country to another, and from one region to another, according to geographic or demographic conditions. This is especially true with the provision of transport, energy, or communication facilities which tend to be inordinately expensive to provide in our islands, especially in those which are archipelagos or which have a limited or scattered population. This point is even more relevant for Small Island States whose territory is wholly affected, and which have to meet such expenditure entirely out of their own resources.

5. One would therefore expect the post 2013 Cohesion policy proposals to make adequate provisions to take into account Europe's territorial disparities, the more so since the Treaty, both in its Article 170 (on trans-European Networks) and Article 174 (on economic, social and territorial cohesion), makes explicit reference to the need of paying special attention to the situation of islands and other peripheries.

Regrettably, this has not been the case and the Commission's proposals have only paid lip service the islands' situation and ignored the extra effort required to implement EU 2020 objectives in our territories. Moreover, they have even drastically reduced the "additional allocation" granted to outermost and sparsely-populated regions.

6. However, in marked contrast, the European Parliament has, thankfully, been fairly sensitive to the arguments presented by the islands. Its Regional Development Committee, when examining the proposed legislation, has recalled that the Common Strategic Framework should fully address the principle of territorial cohesion, and that the *"integrated approach to promoting smart, sustainable and inclusive growth needs to reflect the role of [...] areas facing specific geographical or demographic problems, and take account of the specific challenges of the outermost regions, the northernmost regions with a very low population density and of island, cross-border or mountain regions."* In a similar vein, a reference was added to the draft ERDF Regulation (Article 2), to recall the Fund's role in financing support for regions facing demographic challenges and handicaps.

7. Moreover, the EP Regional Development Committee has matched these declarations of principle by approving a number of practical amendments on key issues such as the methodology for the allocation of resources between Member States, the content of partnership contracts, the implementation of thematic concentration, or the rules of cross-border cooperation.

8. We, island regions, consequently wish to thank the European Parliament for its support and, though some of its amendments are perfectible, consider that they constitute steps in the right direction towards an acknowledgment of the situation of island regions.

9. Strengthened by the Parliament's support, and as the negotiations on the future EU Cohesion policy now reach their conclusion, we reiterate our call for a fair treatment with an effective implementation of the principle of territorial cohesion laid down in the Treaty.

10. Practically, we ask the Council, and in particular the Friends of the Presidency, the Parliament and the Commission to consider favourably a number of proposals which would provide us with the targeted support that is necessary to meet the EU2020 objectives, to overcome our structural deficiencies, and to develop our endogenous potential; i.e.:

- That, to ensure that the criteria for the allocation of CSF Funds to Member States, set out in Article 84.2 of the Draft Regulation on Common provisions, include - when relevant - a meaningful reference to the size of territories and population concerned by permanent and severe geographic and demographic handicaps in each Member State¹;
- That, in this framework, an "additional allocation" be granted to islands, underlining that this cannot be detrimental to the specific allocation to the outermost and sparsely populated regions, which should be maintained at the same level as the one of the 2007-2013 programming period;
- That the Outermost Regions covered by the categories referred to at points 1(b) and 1 (c) of Article 84.1 of the Draft Regulation on Common provisions should receive an allocation under the Funds equal to at least four-fifths of their 2007-2013 allocations;

¹ Under the present proposals, only a reference to population density is made in the case of more developed regions, but its impact is marginal (2.5%).

- That, in any case, a “floor” level of support be given to island regions, by including them at least in the category of “transition regions”, and allowing them to benefit from the corresponding co-financing rates;
- That islands be allowed to benefit from more flexible rules in the field of thematic concentration, by enabling them to fall under the scope of Article 4.b) of ERDF Draft Regulation, which gives greater leeway to less-developed regions in the choice of thematic objectives;
- That islands be allowed to benefit from specific rules for the implementation of the EAFRD, in particular integrating the reference of sub-programmes dedicated to specific island-related characteristics in accordance with Article 8 of the draft EAFRD Regulation on thematic sub-programmes;
- That, in the framework of the Territorial Cooperation Regulation (Article 3§1), the 150Km limitation which is applied to maritime borders for cross-border cooperation (and which carries nearly $\frac{3}{4}$ of the funding) should not apply to islands, so as to enable them to foster actively cooperation within their sea basin area;
- Last but not least, we, island regions ask the Commission, which has exclusive competence in the field of State Aid, to take into account the restricted size and isolated nature of our markets in the future State Aid regime. By allowing us to apply higher *de minimis* ceilings, or to benefit from a status akin to that of the sparsely-populated areas in the Regional aids guidelines, the European Union would give us the necessary margin room for manoeuvre to develop our economic potential without resulting in distortion of competition.

Adopted by a majority vote

(One abstention, Cyprus, due to constraints of EU Presidency)