ADOPTED BY
THE CPMR ISLANDS COMMISSION
15 April 2021

The island regions, listed below, that are members of the CPMR Islands Commission gathered for their 40th Annual General Meeting:

 Açores (PT) - Baleares (ES) - Canarias (ES) - Corse (FR) - Cyprus (CY) -
 Gotland (SE) – Guadeloupe (FR) – Gozo (MT) - Ionia Nissia (GR) - Kriti (GR, Obs) – La Réunion (FR) – Madeira (PT) - Mayotte (FR) - Saaremaa & Hiiumaa (EE) - Saint-Martin (FR) - Sardegna (IT) - Sicilia (IT)

The CPMR Islands Commission members wish, first of all, to thank Mr José Manuel BOLIEIRO, President of the Azores Government for having co-hosted the online AGM.

The President of the Islands Commission, Ms Francina ARMENGOL I SOCIAS, President of the Balearic Islands Government, extends his thanks to the regional authorities and honoured guests from the EU institutions and Member States who took part in the proceedings of the Islands Commission Annual General Meeting.
FINAL DECLARATION

On behalf of its members, the CPMR Islands Commission, gathering for its 40th Annual General Assembly meeting on 15 April 2021, unanimously adopted the following Final Declaration:

PREAMBLE

Over the last year, the European Union, the Member States and the Regions have mobilised substantial financial and human resources to respond to the pandemic. While all governments are focused on the implementation of the vaccination campaign and the approval of their recovery and resilience plans, the CPMR Islands Commission would like to draw the attention of the Member States and the European institutions to the specific situations of islands and outermost regions.

As no detailed territorial analysis has been undertaken, it is not yet possible to assess whether islands and outermost regions have been more affected than continental regions. However, it is clear that the impact of COVID-19 in these territories has exacerbated their structural socio-economic vulnerability.

Insularity, whether in its simple form in the case of islands, or more complex form in the case archipelagos, is a permanent and unchangeable geographical characteristic which gives rise to additional costs that hamper the development and competitiveness of these territories. This is even more extreme in the case of outermost regions, whose constraints are well defined and recognized in Article 349 of the TFEU.

In this context, and despite the strong resilience displayed by island populations, the Islands Commission is very worried about whether island territories really can absorb the socio-economic impact of COVID-19 quickly and move on to recovery and low-carbon development.

In line with the political positions approved in March 2019, the CPMR Islands Commission therefore reiterates its request that the European Commission, the Council and the European Parliament should **draw up and approve a specific European strategy for island territories.**

This strategy should lead to the reinforcement of existing initiatives (or the launch of new ones) in areas such as cohesion policy, accessibility and transport, energy transition, adaptation to climate change, the circular economy, blue growth, etc.

It should also lead to a revision of the current rules on state aid, with a view to establishing a specific regime that enables national and regional governments to support companies and private economic operators throughout the transition phase and well beyond the post-COVID-19 crisis period.

With this declaration, the Islands Commission is submitting to the European institutions a non-exhaustive list of political requirements consistent with the principles set out in Article 174 Paragraph 2 TFEU. They may be considered as key elements of the future European strategy for island territories.

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The CPMR Islands Commission:

1. **Believes** that it is more essential than ever for European policies to be based on up-to-date statistical data and impact studies that take full account of the socio-economic, geographical and environmental characteristics of each type of territory.

2. **Is concerned** about the socio-economic impact of the CODIV-19 crisis, which, in the case of the European islands, is already compounded by the extreme vulnerability of their economies.

3. **Calls upon** the European Commission to include in its impact assessment models specific variables and/or scenarios that take into account the socio-economic, geographical and environmental characteristics of island regions and outermost regions.

4. **Also calls for** the development of a specific programme for the collection and analysis of socio-economic, climate and environmental data relating to island territories and outermost regions which extends at least to level 3 of the Nomenclature of Territorial Units for Statistics (NUTS-3).

5. **Calls for** the modification of the TERCET Regulation² with a view to introducing a new specific territorial typology for islands and outermost regions.

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### THE TEMPORARY RECOVERY INSTRUMENT

The CPMR Islands Commission:

6. **Notes** the fact that in its Communication “Europe’s moment: Repair and Prepare for the Next Generation”,³ the European Commission emphasises that “This is why solidarity, cohesion and convergence must drive Europe’s economic recovery. **No person, no region, no Member State should be left behind.**”

7. **Calls on** the European Parliament to ensure that the objectives and measures recommended in the Member States’ recovery and resilience plans are consistent with the European Commission's statements of intent. Furthermore, where a Member State has islands within its territory, it **requests** that the support criteria applying to these plans be subject to the principles set out in Article 174 Paragraph 2 TFEU.

8. **Points out** that the Regulation establishing the **Recovery and Resilience Facility (RRF)**⁴ refers to Article 174, which recommends that “Efforts to reduce disparities [between regions’ level of development] should in particular benefit islands and outermost regions. The different starting positions and specificities of regions should be taken into consideration in the implementation of Union policies.”

9. **Stresses** that, in the context of EU economic governance, budgetary rules and investment recommendations affect the competences of island governments and their capacity to respond to the crisis.

10. **Calls**, therefore, for island regional and local governments to be fully involved in the dialogue at national level on the European Semester. **It also asks for** regional and local island governments to be allowed to play a key role in the design and implementation of national plans, as moreover the Recovery and Resilience Facility Regulation indirectly advocates.

11. **Calls on** the European Commission to include among its evaluation and monitoring tools indicators that can be used to transparently assess the extent to which the national plans effectively address the socio-economic impact that COVID-19 has had on island territories and outermost regions.
12. **Considers it imperative** that the national plans, and the support they provide for structural change, should ensure maximum complementarity with the objectives and measures recommended by the regional operational programmes for the 2021-2027 period under Cohesion Policy.

13. **Welcomes** the introduction of “Recovery assistance for cohesion and the territories of Europe (REACT-EU)” and the earmarking of its budget to support Cohesion Policy programmes from the 2014-2020 programming period.

14. **However, it is regrettable** that no additional allocation has been granted for NUTS 2 level island regions.

15. **Regrets** the absence of territorial earmarking from REACT-EU, which leaves national governments free to decide on the internal distribution of resources. **It therefore calls** on national governments of Member States with islands to use criteria for the allocation method for REACT-EU funds that correspond to the specific socio-economic needs/characteristics of island territories.

16. **Asks** the European Commission to submit to the European Parliament a specific report on the breakdown of European financial resources allocated to island territories and outermost regions via the RRF and REACT-EU.

**COHESION POLICY**

The CPMR Islands Commission:

17. **Notes** that, according to regional statistics on GDP published by the European Commission in March 2021, island regions in 2019 have fallen further behind the European average GDP per capita level of continental regions.

18. **Also notes** the existence of studies identifying the additional costs of insularity factors as being one of the main causes determining the vulnerability and very low competitiveness of enterprises operating on islands.

19. **Calls** on the European Commission to develop cross-disciplinary analyses covering the demographic, geographical and economic characteristics of island territories, the additional costs linked to insularity and the socio-economic impact of COVID-19. The results of these analyses should be incorporated into a new specific section of the Eighth Report on Economic, Social and Territorial Cohesion.

20. **Welcomes** the strategic role played by Cohesion Policy which, thanks to its multi-level governance and jointly-managed funds, which contributes to the development of a territorialised European investment policy.

21. **Is concerned** about the strong dependence of the economies of island territories on sectors that have been most affected by the economic impact of COVID-19 (hotels, restaurants, air and maritime transport, event organisation etc.).

22. **Stresses** the strategic importance of the leverage effect of the Structural Funds and European investments on the economies of island territories. The national governments of Member States that include these territories should provide comprehensive details of all socio-economic and climate challenges affecting the islands regions in the Partnership Agreements.
23. **Calls** on the European Commission to ensure, when approving Partnership Agreements, that the Member States have taken due account of the socio-economic, infrastructural and climatic challenges affecting their island territories and that the European resources and instruments put in place are commensurate with the challenges identified.

24. **Calls** for the creation of a sub-category for islands in “c” areas predefined by the Member States, regarding the application of regional state aid rules for the 2021-2027 period. **It notes** that this new category would have a very marginal effect on national quotas given that the population of islands (including Malta and Cyprus) is less than 3.5% of the EU’s population and that many island areas are already classified as “a” areas.

25. **Stresses** the importance of European cooperation programmes for island territories.

26. **Requests** that in all territorial cooperation areas/programmes covering islands, the challenges of insularity be taken into account when drawing up their terms of reference and when launching calls for proposals. **It requests** that calls for projects should be able to focus on strategic areas for island territories (tourism, blue growth, adapting to and combating climate change), and that the participation of island stakeholders in partnerships should be retained.

27. **Follows** with great interest the progress of work on sea basin strategies and macro-regions which represent key tools to achieve better consideration of island specificities at the intergovernmental level.

28. **Calls** on the European Commission and the Member States concerned to identify specific action measures addressing the challenges of insularity within the action plans of each macro-region/sea basin strategy. **It also calls** for the introduction of a quality label system for macro-regional projects with a view to providing innovative solutions to the socio-economic challenges affecting island territories.

## STATE AID

The CPMR Islands Commission:

29. **Considers** that the European legislative framework on state aid plays a crucial role in supporting the economic fabric of island regions in the face of the impact of COVID-19.

30. **Calls** on the European Commission to:

a. Produce a map of the volume of state aid that has actually been granted to companies based in island regions. Despite the extraordinary means and efforts deployed by the European Union and the Member States, it is imperative to determine whether and to what extent businesses based in island territories have been able to benefit from such measures.

b. Make all future revisions of the legislative framework on state aid subject to impact studies based on specific indicators that can assess the competitiveness gaps of island regions’ economies.

c. Introduce a specific regressive regime for island territories when the extraordinary measures provided for in the temporary framework for state aid are abandoned after 31 December 2021.

d. Increase the ceiling of the “de minimis” rule above which the Commission's authorisation is required.
CLIMATE NEUTRALITY

The CPMR Islands Commission:

31. **Applauds** the fact that the European Union is playing a leading role in coordinating the Member States’ efforts to build a political and financial framework that is capable of addressing climate and environmental challenges.

32. **Welcomes** the European Commission’s proposed plan for achieving a zero collective net greenhouse gas emissions by 2050, which sets the course for the EU’s climate and energy policy, while recognizing the different starting points, specific national circumstances and emission reduction potential including those of island Member States, and Islands.

33. **Stresses, however,** the urgent need to meet the EU’s target to reduce greenhouse gas emissions, in order to meet the challenges of climate change. **It considers** that this objective can be achieved if the EU adopts a territorial approach based on regions’ assets, expertise, needs and specific geographical circumstances.

34. **Calls** for specificities and challenges of island territories in energy transition process to be taken into account by the EU targets in terms of renewable energy and energy efficiency by 2030. **Calls** that these targets are amended to reflect the EU increased GHG emissions reduction. This will provide Europe with safe, clean and efficient energy and send a clear signal to investors and innovators regarding the Union’s policy aims, while contributing to the creation of an environment that is conducive to investment, innovation and job creation to ensure a rapid recovery from the COVID-19 crisis in island and outermost territories.

35. **Stresses that** islands regions are among those territories that are most vulnerable to the effects of global warming. **It points out that**, for many years now, governments in these territories have been implementing innovative strategies that mobilise public and private investment in order to adapt to the effects of climate change. **It highlights** the CPMR’s “The Regions Act!” initiative, which aims to showcase what regions are doing to deliver the objectives of the European Green Deal, as one of many examples demonstrating the commitment of island regions to the ecological transition.

36. **Welcomes** the European Green Deal⁶ and the key elements of the new growth strategy to transform the European economy and achieve climate neutrality by 2050, as well as the Sustainable Europe Investment Plan.⁷

37. **Nevertheless harbours doubts** – given the economic context largely impacted by the effects of COVID-19 – about the Deal’s ability to mobilise at least €1 trillion in private and public investment over the next decade.

38. **Regrets** the lack of specific legislative measures and financial arrangements for island territories. Experience gained over the previous programming period has amply demonstrated that, in the field of energy transition for example, islands can achieve technological and economic results equal or even superior to those of other continental territories if they are supported by specific initiatives (for example, Clean Energy for all EU Islands and Decarbonising Energy Systems of Geographical Islands under Horizon 2020).
39. **Is concerned** that, in the absence of specific support measures under the European Green Deal and the Investment Plan for a Sustainable Europe, and in the face of the challenge to achieve climate neutrality within their communities, islands will constantly find it difficult to meet the EU’s growth and climate neutrality objectives.

40. **Emphasises that** energy production and consumption in all economic sectors account for more than 75% of the EU’s greenhouse gas emissions. **It therefore considers that it is essential** to pursue initiatives aimed at decarbonising national energy systems.

41. **Points out** that, due to their permanent geographical handicaps, islands are faced with additional costs which have an impact upon the transition of their energy systems and slow down the conversion and restructuring of their industries.

42. **Welcomes** the European Commission’s proposal to create a new Innovation Fund aimed among other things at supporting the demonstration of pioneering low-carbon technologies and processes in energy-intensive industries and at promoting innovative renewable energy and energy storage technologies.

43. **Calls however** on the European Commission and the Member States to launch specific calls for funding of projects developed on islands. **It also requests** that the Innovation Fund should be able to finance up to 80% (and not just 60%) of the additional investment and operating costs related to innovation for projects developed in island territories.

44. **Welcomes** the creation of the Just Transition Mechanism with its three pillars: the Just Transition Fund, the InvestEU scheme and a new public sector loan facility with the European Investment Bank (EIB).

45. **Calls on** the Member States to pay particular attention to the challenges affecting their island territories when implementing territorial plans for just transition.

46. **Stresses** that the collection, transport and/or recycling of waste remains one of the biggest challenges for island territories. **It points out** that circular economy plays a strategic role in identifying innovative solutions. **It also points out** that the application of a circular model to waste management in island territories can contribute to economic diversification and help create local jobs.

47. **Welcomes** the European circular economy strategy. **It therefore asks** the European Commission to introduce measures under the European Circular Economy Action Plan to address the specific problems of island territories.

48. **Welcomes** the EU Hydrogen Strategy and the funding opportunities provided by the European Green Deal, the Recovery Plan and NextGenerationEU. **It stresses** that clean hydrogen is essential for decarbonisation and the energy autonomy of European islands regions, as well as for growth, innovation and employment in these territories.

49. **Stresses**, however, that to bring about the transition to climate neutral island territories, it is necessary for hydrogen to be clean and of transparent and traceable origin.

50. **Welcomes** the regional Hydrogen Valley Platform launched by the European Commission’s Fuel Cells and Hydrogen Joint Undertaking and more specifically H2 in Islands, which supports flagship projects for decarbonisation solutions via hydrogen in islands.
BLUE GROWTH

The CPMR Islands Commission:

51. Points out the strategic importance of the sustainable exploitation of marine resources for food self-sufficiency and job creation for island territories.

52. Welcomes the results achieved by the European Union through its Common Fisheries Policy (CFP) over the last decade.

53. Considers it imperative, however, that within the framework of CFP review planned in 2022, the European Union should launch a thorough and bold reflection on the real needs and opportunities of the fisheries and aquaculture sector in island. It calls for the European Commission to introduce a territorial dimension aimed at creating the necessary legislative and funding conditions to enable the fisheries and aquaculture sector in islands to restructure and catch up with continental companies.

54. Stresses the enormous potential of emerging sectors such as biotechnology and marine renewable energy. The European Commission’s efforts to encourage the development of these sectors, both through flagship initiatives and Territorial Cooperation Programmes, are to be saluted.

55. Welcomes the cooperation with the outermost regional governments aimed at forging regional strategies for blue growth covering, among other things, the development challenges of these sectors.

56. Considers, however, that the European Commission (DG MARE) should provide more focused and flexible support to territorial stakeholders for the design of these strategies and that the same strategic approach should be extended to all island governments (NUTS 2/3 level).

57. Requests that the European Commission (DG MARE) and the Member States use this new strategic approach to assess what needs to be accomplished in terms of structural reforms and the adaptation of the European/national legislative framework, and in terms of amounts of public investment required.

58. Welcomes flagship initiatives such as the "Pacts of Skills", nevertheless asks the European Commission to develop an initiative focusing specifically on the needs in terms of updating and funding training programmes for young people and / or re-skilling for job seekers in island.

59. Stresses the highly important role European programmes such as HORIZON Europe and the European Structural and Investment Funds (ESIF) play regarding the future development of these sectors. It urges the European Commission to carry out a study to identify and map the blue growth projects that have been developed in island territories using European funding during the 2014-2020 programming period. It points out that INTERACT could make an important contribution to the completion of this study.

60. Highlights the need to promote the creation and/or expansion of the remit of island maritime clusters, which have suffered a sharp downturn in their activities due to the economic impact of COVID-19. It considers that significant support for innovative solutions and networking should be provided in order to revive these clusters.

61. Calls on the European Commission to launch an initiative to support structured dialogue between DG MARE, representatives of regional/local governments and representatives of island maritime clusters. This structured dialogue should aim to identify what is required in terms of funding and changes to the European and national regulatory framework, as well as good practices that could be specially acknowledged and/or receive financial support so they are replicated at European level.
62. **Emphasises** the richness and uniqueness of islands’ biodiversity and marine ecosystems and the need for both the rational use of these resources and the protection of these environments as a natural heritage and as a factor of resilience to climate change.

63. **Calls for** the creation of a joint DG MARE, DG ENVI and DG CLIMATE office to coordinate the collection of data and statistical monitoring of the impact of human activities and climate change on the marine ecosystems of island regions.

64. **Stresses** the importance of maritime spatial planning (MSP) in order to reduce conflicts of use and to support the development of emerging sectors that enable the diversification of the economic fabric of the islands.

65. **Considers** that the design and implementation of maritime spatial plans should be carried out within the framework of multi-level and multi-stakeholder governance. **It therefore calls** on the Member States that the plans submitted this year take into account the specific needs of island governments and give them a big role in decision-making during their implementation.

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**TRANSPORT**

The CPMR Islands Commission:

66. **Points out** that maritime and air transport are key factors in opening up and ensuring territorial continuity and economic development for island territories.

67. **Stresses** that maritime and air connections play a strategic role in the viability and sustainability of the economies of island regions and guarantee them access to the continental single market.

68. **Salutes** the ambition expressed by the Motorways of the Sea coordinator in his Detailed Implementation Plan regarding the need for a strong maritime pillar within the trans-European transport (TEN-T) network. Island territories should receive particular attention in this maritime pillar in the framework of the forthcoming review by the European Commission in the third quarter of 2021.

69. **Recalls** that businesses in islands have to face additional costs linked to insularity. **It therefore calls** on the European Commission and the Member States to open a debate on the possibility of introducing special tax regimes for these businesses. **It also calls** for this debate to be associated with the ongoing reflection on the revision of the legislative framework on state aids.

70. **Calls** on the European Commission to extend beyond December 2021 flexibility regarding the rules governing state aid for all transport companies operating in islands, in order to guarantee the economic viability of a sufficient number of transport operators, in the interest of broad maritime and air accessibility. Specifically:

   a. With regard to maritime transport, **it calls** for considering an increasing aid intensity for environmental protection and energy transition, particularly for the acquisition of clean ships to provide regular services.

   b. With regard to air transport, and given that in the short term a return to 2019 levels will not be possible, **it asks** for greater flexibility to be introduced into the 2014 guidelines on state aid in the aviation sector, in order to take into account the long-term structural effects of the crisis as well as key decarbonisation challenges facing the sector. **It also requests** that the threshold of the General Block Exemption Regulation (GBER) is raised so that it fully covers operating and investment aid for airports located on islands.
71. **Welcomes** the funding opportunities that have existed during the 2014-2020 programming period, for example under the Connecting Europe Facility (CEF) and the Horizon Europe Programme’s Green Deal call.

72. **Raises questions, however**, about the amount of European funding that has ultimately been allocated to projects for the development and/or modernisation of island ports. **It notes** that ports are the only entry and exit routes (along with airports) for passenger and product flows to and from island territories. **It therefore calls on** European Commission to take stock of the European funding that has been allocated to projects for the development and/or modernisation of island ports during the 2014-2020 period.

73. **Calls on** the European Commission to ensure that the 2021-2023 Work Programme of the CEF contributes to territorial accessibility, including for islands, as a criterion for project selection. **It requests** furthermore that this work programme should provide opportunities to address islands’ infrastructure needs, especially for territories that have recently been integrated into the Core Network Corridors.

74. **Calls also on** the European Commission and the Member States to introduce a labelling system and/or territorial earmarking of funds for projects covering island ports in the framework of calls for projects under the Horizon Europe programme.

### SUSTAINABLE TOURISM

**The CPMR Islands Commission:**

75. **Emphasises** that the tourism sector is one of biggest contributors to the economic growth of island regions in terms of income and jobs.

76. **Stresses** that, despite the exceptional measures put in place by the European Union and the Member States, the tourism industry has been heavily affected in 2020. **It is worried** that 2021 could be another washout year, which would have an irreversible socio-economic impact in terms of job losses and increased social inequality.

77. **Is concerned too** about the knock-on effect this problem will have regarding the reduction of tax revenues, irreparably threatening the viability of island governments’ public policies aimed, among other things, at supporting economic operators as they seek to improve the sustainability of their strategies and business packages.

78. **Emphasizes the strategic role that** the NextGenerationEU temporary recovery instrument plays in supporting the tourism industry. **It asks** the Member States to include the tourism and travel sectors in their recovery plans and within measures eligible for REACT-EU funding.

79. **Calls on** the European Commission to identify additional specific financial support measures for islands and outermost regions, for which tourism represents a very important proportion of GDP. **It also calls** on the European Commission to relaunch initiatives such as the "Pan-European dialogue with the cruise tourism sector" and to introduce a specific reflection on the needs and opportunities of island cruise tourism.
80. **Welcomes** the European Commission’s proposal for a regulation to create a digital green certificate⁹. **It points out** that, given the very high importance of the tourism sector for their economies, island governments have expressed their willingness to be pilot territories for the implementation of the certificate. **It calls on** the European Parliament and the Council to proceed with the rapid approval of the European Commission’s proposal in order to achieve full interoperability of the system before the start of the 2021 season.

81. **Welcomes** the European Parliament’s report entitled “Establishing an EU strategy for sustainable tourism”¹⁰ and **fully supports** its recommendations to:

a. Ensure that a debate is held at the Conference on the Future of Europe on the need for tourism to be a shared EU competence.

b. Proceed with the implementation of the preparatory action “European crisis management mechanism for tourism” approved in 2020. On this point, **the Islands Commission calls** for the obligation to ensure that priority attention is given to island regions among the specific objectives of the preparatory action.

c. Earmark a specific budget in the post-2027 Multiannual Financial Framework (MFF) for the creation of a European Tourism Agency, and in the short-term set up a tourism department within the Executive Agency for SMEs (EASME). On this point, **the Islands Commission asks** that this department be able to launch calls for projects targeted at companies operating in island regions.

d. Draw up a new roadmap for the development of sustainable tourism. Among other things, this should include the financing, in island, of:
   i. Innovative measures to reduce the climate and environmental footprint of the sector;
   ii. New initiatives for cooperation and development of new digital services;
   iii. Measures to promote the diversification of services offered by economic operators in island destinations.

e. Relaunch the work of the Tourism Sustainability Group (TSG) to assess the economic, social and ecological impact of tourism-related activities and revise the European Charter for Sustainable Development approved in 2012. **The Islands Commission highlights** the important role the TSG plays in promoting multi-stakeholder dialogue in favour of sustainable tourism. **It calls** for the Group’s governance to reserve specific roles for representatives of island governments.

82. **Stresses** the added value of certain territorial cooperation projects in the implementation of actions that can significantly improve the sustainability of the tourism sector in island territories and whose concrete results should benefit the sector’s recovery strategies in the coming years:

a. **WINTERMED** (Interreg MED 2014-2020) aiming to reduce the overexploitation of island tourist destinations during the summer and to promote a common integrated transnational strategy for the sustainable use of these territories throughout the year.

b. **DESTIMED+** (Interreg MED 2014-2020) promoting the integrated planning of Mediterranean coastal tourism through the creation of ecotourism routes in protected areas as well as the creation of a Mediterranean Ecotourism Consortium to influence ecotourism policies at EU and Mediterranean levels, in addition to regional administrative levels and protected areas.
c. **SMARTMED** (Interreg MED 2014-2020) to promote the Mediterranean as a smart and inclusive destination, supported by structured cooperation between all stakeholders at various levels and efforts to build their capacity.

d. **BEST MED** (Interreg MED 2014-2020) on ecological tourism planning, aimed at creating a network of national and regional sustainable tourism observatories to ensure better management and the sharing of tourism data between multi-level governance stakeholders.

Unanimously approved