



37th CPMR ISLANDS COMMISSION CPMR ANNUAL GENERAL MEETING

9 March 2017, Gozo (Malta)

The island regions that are members of the CPMR Islands Commission gathered for their 37th Annual General Meeting in Gozo (MT) on 9 March 2017, under the auspices of the Maltese Presidency of the EU Council:

**Açores (PT) - Baleares (ES) - Bornholm (DK) - Canarias (ES) - Corse (FR) -
Cyprus (District Offices) - Gotland (SE) - Gozo (MT) - Guadeloupe (FR) -
Ionia Nissia (GR) - Kriti (GR, Obs) - Notio Aigaio (GR) - Orkney (UK) -
Polynésie Française (FR) - Saaremaa (EE) - Shetland (UK).**

The CPMR Islands Commission members wish, first of all, to thank Anton REFALO, Minister for Gozo and Vice-President of the Islands Commission as well as Gozo Island for the hospitality and all the work associated in holding the Islands Commission Annual General Meeting within the framework of the Maltese EU Presidency.

The President of the Islands Commission 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.

On behalf of its members, the CPMR Islands Commission, gathered for its 37th Annual General Meeting in Gozo, adopted the following Final Declaration:

FINAL DECLARATION

The CPMR Islands Commission notes that the European Union is currently at a delicate juncture. Although this is a cause for concern, it is also an opportunity for the EU to reform itself and emerge as a leader on a global level, especially in the current geo-political context where countries are looking for leadership.

To be able to do so, it needs to pursue its efforts to tackle all aspects of the migration crisis; the security situation and the need for a social union. It must also remain united, especially in view of the upcoming Brexit negotiations.

Future of Europe

The CPMR Islands Commission:

1. **Stresses** the potentially serious consequences that the outcome of the UK exit would have on all regions and on the future of the European project.
2. **Recalls** the principles of solidarity and democracy that underpin relations among Europe's regions and islands.
3. **Welcomes** the reflection on the future of the European Union that the CPMR launched at its 44th Annual General Assembly in the Azores.
4. **Declares** its intention to actively contribute to this process and bring island stakeholders' views to the emerging debate on the future of Europe.
5. **Notes** with increasing concern the uncertainties the prospect of Brexit is causing for island communities in the UK, and expresses the hope that the British Government will safeguard the interests of islanders, particularly as regards support for agriculture, fisheries management and subsidies for lifeline air and ferry services.

Cohesion Policy

The CPMR Islands Commission:

6. **Welcomes** the positive steps taken by the current Cohesion Policy regulations in support of island regions and outermost regions and notably:
 - a. the flexibility given to some islands with regard to the concentration of the ERDF in the thematic objectives;
 - b. the special allocation for outermost regions;
 - c. the modulation of co-financing rates;
 - d. the exemption of the outermost regions from the limit of 150km of maritime borders in cross-border cooperation programmes;
 - e. provisions for differentiated aid intensity for some islands within the European Maritime and Fisheries Fund and the European Agricultural Fund for Rural Development.
7. **Welcomes** the Opinion on “Entrepreneurship on Islands: contributing towards territorial cohesion” of the COTER Commission of the Committee of the Regions, and notably the recommendations for enhanced territorial cohesion in the European Union.
8. **Reiterates** that Cohesion Policy is the main EU investment policy, which aims to deliver social, economic and territorial cohesion, and **insists** that a strong reformed Cohesion Policy after 2020 is vital for the EU as a whole.
9. **Regrets** that currently the strong criticism in Cohesion Policy, coupled with the uncertainty on financial arrangements within the EU, threatens the very existence of the Policy post-2020, while it neglects how much worse the economic and social integration of citizens in the European Union would be without this policy. **Considers** that only a Cohesion Policy for all EU regions can ensure a balanced approach in reaching the EU objectives, with sufficient involvement and ownership at regional level.
10. **Reiterates** that islands and outermost regions face a significant range of unique and immutable structural constraints in the European context due to their geography, i.e. land discontinuity and particular characteristics of outermost areas stated by article 349 of TFEU, which are barriers to their development and to the improvement of their competitiveness. It **highlights** that a level playing field at EU level requires all Europe’s citizens to be treated equally irrespective of where they live.
11. **Highlights** that the severe and permanent natural handicaps of island territories are acknowledged by Art. 174 of the Treaty, and that many islands are beset by multiple or

aggravated constraints: archipelagic configuration, mountainous terrain, declining population or conversely extremely high population density. Moreover, many of our Regions are also the internal as well as external borders of the EU. Cohesion Policy is the only policy that can effectively address these handicaps and turn them into assets for islands.

12. **Stresses** also that the specific and structural constraints of the outermost regions are stated by Art. 349 of the Treaty, such as remoteness, insularity, small size, difficult terrain and climate, as well as economic dependence on a small number of products. It is therefore recommended that the EU adopt specific measures and policy adjustments for these regions, in particular within cohesion policy.
13. **Points out** that Regional GDP at NUTS levels 2 and 3 reveals that insularity alone does have a negative impact on island and outermost regions. For instance, 94% of island and outermost regions at NUTS 2 level have a regional GDP lower than the EU average. In addition, the evolution of GDP (2009-2014) of NUTS 3 island regions is from 5-66% lower than the evolution of GDP of the mainland NUTS 2 area to which they belong. Also, island and outermost regions' GDP is on average 20-25 percentage points lower in comparison with urban regions.
14. **Invites** the European Commission to carefully study the regional GDP of island regions and outermost regions at NUTS levels 2 and 3 in comparison to regions on the mainland and revise its traditional perception that islands are too different from each other to justify policy measures at EU level.
15. **Calls** in this regard, for particular attention to be paid to the impact of the previous method of calculating regional GDP on the eligibility of regions in the context of cohesion policy. This methodology, based on the 1995 national and regional accounts system - revised by the new system of national and regional accounts 2010 (ESA 2010) - revealed that several regions have been incorrectly classified as more developed regions, as a result of shortcomings in the ESA 95, and there are cases of major differences among island regions and the outermost regions.
16. **Reiterates**, nonetheless, that GDP might be agreed upon by Member States as the main indicator to be used for the allocation methodology of Cohesion Policy, yet it cannot measure the capacity or difficulty of a region to reach the objectives of the policy.
17. **Points out** that indicators going beyond measuring economic production, such as the Social Progress Index (2016) and the Regional Competitiveness Index (2013), reveal that the impact of insularity is independent from territories' geographical location, size or remoteness, or of their classification within Cohesion Policy as more or less developed regions, or as regions in transition.
18. **Reiterates**, for instance, that the difference in island regions and outermost regions' ranking positions by regional GDP (2013) and RCI (2013) among the 271 NUTS 2 level EU regions is striking. It also **points out** that according to the Opportunity pillar of the Social Progress Index

(2016) island and outermost regions rank significantly lower (16%) compared to mainland regions.

19. **Regrets** that in its proposal amending Regulation (EC) No 1059/2003 as regards the territorial typologies (Tercet) the European Commission has not proposed **an “island/non-island” typology** at Local Administrative Unit level and NUTS 3 level. Such a provision, which would have had a clear legal basis on Art. 174 of the TFEU, would have enabled Eurostat to develop statistics at LAU and NUTS 3 island level, easily comparable with mainland areas. The lack of such a provision undermines Art. 174 of the TFEU, and disregards that statistics at island level would have revealed, in a quantified way, the key challenges that island regions and areas face and would have enabled the development of targeted provisions in EU legislation to address them.
20. **Calls therefore, on** the European Institutions and Member States to properly and fully consider, within the emerging debate on the post-2020 Cohesion Policy, the challenges that island regions and outermost regions face - due to insularity and - specific constraints of outermost areas stated by article 349 of TFEU- in reaching the EU objectives, and to ensure that Articles 174 and 349 of the TFEU are properly reflected in the post-2020 policy.
21. **In particular, the CPMR Islands Commission urges** the European Parliament to propose the inclusion of **an “island/non-island” typology** at Local Administrative Unit level and NUTS 3 level in the Regulation (EC) No 1059/2003, currently under revision.
22. **The CPMR Islands Commission urges** the European Institutions and Member States to consider the following proposals for post-2020 in the provisions in the ERDF and the ESF regulations. These proposals are presented in detail in the Policy Paper, [“Islands Commission’s reflections and proposals for the post-2020 Cohesion Policy”](#):
 - a. Provisions in Partnership and Multi-level Governance (Article 5), as well as the Code of Conduct itself, should make explicit reference to territorial cohesion, as well as to Articles 174 and 349 of the TFEU. Accordingly, the European Commission should have a stringent role with regard to the application of the Code of Conduct in practice;
 - b. An earmarking of ERDF and ESF should be foreseen for NUTS 2 level island and outermost regions:
 - i. at Member State level, as a percentage of ERDF and ESF at least equal to the percentage of the population that lives in its island and outermost regions, without prejudice to taking into account the effective accumulation of constraints affecting many islands, including population density, mountainous terrain, and travelling times that justify ERDF and ESF allocations adapted to the territories concerned or;
 - ii. at European level if, within the post-2020 Cohesion Policy, there is one single category of regions;

- c. A special allocation of 20 EUR per inhabitant per year should be considered for islands at NUTS 3 level with lower regional GDP compared to their NUTS 2 level area. This special allocation should be without prejudice to the current special allocation for outermost regions, which must be increased;
- d. All island and outermost regions (i.e. island Member States, island regions which form part of Member States, and outermost regions) should, in the future, be granted flexibility with regard to the concentration of ERDF and ESF in the thematic objectives of Cohesion Policy;
- e. All island and outermost regions (i.e. island Member States, island regions which form part of Member States, and outermost regions) should maintain the existing flexibility of modulated co-financing rates;
- f. Community-led local development and Integrated Territorial Investment are useful instruments and should be maintained. Simplification of the rules, enhanced technical support to beneficiaries, and communication of good practices could further boost their use.

23. **Calls on** the European Commission to consider the creation of European Territorial Cooperation programmes for islands sharing the same sea basin (e.g. Baltic Sea, North Sea, Mediterranean), following the example of existing programmes for Macaronesia (cross-border), or the Caribbean Sea, and the Indian ocean (transnational). Such programmes can enhance islands' cooperation on their common priority areas per sea basin, strengthen the existing ties among them and facilitate knowledge exchange.

24. **Calls on** the European Commission to exempt islands from the current limit of 150 km of maritime border from other eligible areas, that currently applies in cross-border cooperation programmes. This limit is irrelevant to regions which are separated by the sea and have a long tradition of co-operation within their sea basin area.

25. **Calls on** the European Commission to propose an "Islands Innovative Actions" initiative, inspired by the existing "Urban Innovative Actions", which will allow island and outermost regions to find innovative solutions to tackle their challenges for the achievement of the EU objectives.

26. **Commits** to continue working on ideas and analysis of data that will help the European Commission to come up with an improved proposal for island and outermost regions in the post-2020 Cohesion Policy, and remains at the European Commission's disposal for a constructive dialogue in view of its legislative proposals.

State Aids

The CPMR Islands Commission:

27. **Reiterates** that State Aid is a very useful tool for all island and outermost regions for addressing over-costs related to the challenges that they face due to their isolation and/or remoteness, such as small markets and lack of economies of scale.
28. **Recalls** that, in this regard, it has submitted proposals to the two-step consultation launched by the European Commission in May and December 2016, for the inclusion of ports and airports to the General Block Exemption Regulation. Such proposals are presented in detail in the Technical Paper, "[Perspectives of Islands Commission's Action on State Aids](#)".
29. **Calls on** the European Institutions, in view of the revision of the State Aids policy for the post-2020 period, to properly and fully consider the challenges facing island regions due to insularity and outermost regions due to the particular characteristics stated in article 349 of TFEU-- regarding access to the single market in equal terms

In this context, it **reiterates** its position with regard to:

30. Regional State Aid:
 - a. Step up the special treatment for outermost regions, whose combined constraints continue to justify the automatic eligibility of these regions under Article 107 (3) (a) of the TFEU ;
 - b. On the basis of Article 174 of the TFEU, to consider all islands as automatically eligible under the provisions of Article 107(3)(c) TFEU and to revise the population quota for the concerned Member States accordingly. This is already the case for low population density zones, which, along with islands, are covered by the same Article 174 of the TFEU;
 - c. To maintain at least the same global coverage ceiling for zones "a" and "c";
 - d. To allow aid to large companies for territories covered by Articles 107(3)(a) and (c) of the TFEU, considering the positive effects that these can bring about on the economic network of the most vulnerable territories;
 - e. To allow all island regions to receive operating aid to cover the additional transportation costs in the same way as the outermost regions and low population density zones.

31. State Aid for environmental protection and energy:

- a. To keep provisions for assisted areas¹ includes, within the scope of the guidelines, all areas with severe and permanent geographical or demographic handicaps covered by Article 174 and 170 of the TFEU as assisted areas under Article 107(3)(c) TFEU;
- b. That outermost regions, and small isolated and micro-isolated systems, as defined in Directive 2009/72/EC be subject to a specific evaluation or an exclusion from the application of the guidelines.

32. For *de minimis*:

- a. To foresee differentiated *de minimis* ceilings to take into account the specific nature of island and outermost regions, where the lack of economies of scale and the small size of the local market do not allow for genuine market distortion.

33. **Calls on** Member States to make use of Article 175 of the TFEU in view of the post-2020 period, and use to a full extent the possibilities provided from the State Aids regulations to compensate, wherever possible, for the impacts of insularity on their territories.

Accessibility

The CPMR Islands Commission:

With regard to maritime transport:

34. **Reiterates** that Art. 170 of the TFEU stresses that the Community shall link, amongst others, island regions with the centre of the Community. In addition, the general priorities of the Trans-European Transport Network (TEN-T) guidelines make reference to the enhanced accessibility and connectivity for all regions of the Union, taking into consideration the specific case of islands.

35. **Supports** the Written Declaration 0129/2016 of the European Parliament on the need for the Trans-European Transport Network (TEN-T) to enhance regional accessibility, on the basis of the following points:

- a. Article 4 of Regulation (EU) No 1315/2013 on Union guidelines for the development of the Trans-European Transport Network (TEN-T) states that this network should aim to ensure accessibility for all regions and a balanced coverage of the European territory;
- b. Since 2014, implementation of this regulation has failed to achieve this objective: 90% of the Connecting Europe Facility (CEF) funds allocated to transport have been earmarked for projects located along the nine priority corridors alone;

¹ Assisted areas are defined as areas designated in application of Articles 107(3)(a) and (c) of the TFEU

- c. The outermost, peripheral and island regions have benefited only marginally from the possibilities offered by the TEN-T and CEF regulations. Moreover, they do not have as easy access as the central regions to funds under the Investment Plan for Europe, which gives priority to large-scale projects offering a quick return on investment.
36. **Reiterates** that island and outermost regions have benefitted very little from the Motorways of the Sea, the TEN-T's maritime pillar, and that accessibility should be added as an objective of Motorways of the Sea projects.
 37. **Calls on** the European Commission to foresee a specific component targeting the island and outermost regions in a Call between now and 2020, on the basis of the Call launched in October 2016 with a specific priority for smaller trans-border projects within the comprehensive network.
 38. **Calls on** the European Commission to revise the eligibility criteria of CEF to consider eligible projects connecting two ports of the comprehensive network, which aim to improve the accessibility of the periphery of Europe.
 39. **Calls on** the European Commission to introduce, within the Connecting Europe Facility, a differentiated funding rate for projects in island regions and outermost regions, in order to take account of specific regional situations, such as insularity, dispersal of the archipelagos and combined constraints of the outermost areas as set out in Article 349 of TFEU.
 40. **Calls on** the European Commission to support start-up maritime routes with third country ports ensuring that maritime transport is performed without obstacles and restrictive measures that hinder the application of the principle of fair and free competition. This will enable regions located at the external maritime borders of the EU to improve their connectivity and will foster the external dimension of European maritime transport, as provided by Article 10 of the CEF regulation.
 41. **Calls on** the European Commission to consider the opportunities that strategically located outermost or island regions within international maritime routes offer to become intercontinental hubs for Liquefied Natural Gas.

With regard to air transport:

42. **Welcomes** the following elements in the European Parliament's Resolution of 16 February 2017²:
 - a. The recognition that small and regional airports play a key role in promoting connectivity, territorial cohesion, social inclusion and economic growth, especially for the outermost regions and islands (paragraph 15);

² European Parliament Resolution of 16 February 2017 on an Aviation Strategy for Europe

- b. That connectivity should not only be limited to number, frequency and quality of air transport services, but should also [...] take into account other criteria, such as time, territorial continuity, greater network integration, accessibility, availability of transport alternatives, affordability and environmental costs, in order to reflect the actual added value of a route (paragraph 18);
- c. The Call on the European Commission to explore the possibility of developing an EU Connectivity Indicator (paragraph 18).

43. **Highlights** that the concept of “territorial continuity” among islands or among islands and the mainland through air transport can alleviate their accessibility and connectivity challenges.
44. **Reiterates** that the minimum total duration of a trip, including stopovers that might be required, in relation to the distance covered must be taken into account in a fair assessment of connectivity or definition of a connectivity index.
45. **Calls on** the European Commission to enable aids for new air routes with third countries ensuring that air transport is performed without obstacles and restrictive measures that hinder the application of the principle of fair and free competition

Energy transition and climate change

The CPMR Islands Commission:

46. **Recalls** the accomplishments of island authorities working together in the framework of the successful official EU “Pact of Islands” initiative³.
47. **Encourages** island and outermost regions to join forces via the “Smart Islands” initiative, which broadens the scope of the “Pact of Islands” initiative and constitutes an ambitious new step in a long-lasting cooperation of island and outermost regions across Europe on sustainable energy. Through the “Smart Islands” initiative, island and outermost regions have the opportunity to become drivers and delivery agents of Europe’s transition into a low-carbon, inclusive and sustainable economy.
48. **Welcomes** the intention of the European Commission to launch a process in 2017 to support islands in their clean energy transition, as indicated in its Communication “Clean Energy for All Europeans” and hopes that the latter will not be a stand-alone initiative, isolated from the EU energy legislative and regulatory framework.
49. **Recalls** that the EU, together with island authorities around the world, has played a key role within the “High Ambition Coalition” to raise the level of ambition of the Paris climate agreement.
50. **Welcomes** the budgetary line of 2M EUR for a preparatory action in 2017 aiming at “Strengthening cooperation on climate action among islands within and beyond the EU through

³ Recognised in 2012 by the European Parliament as an official EU initiative (Written Declaration 37/2011)

the creation of an island identity within the Global Covenant of Mayors” approved by the European Parliament.

51. **Reiterates** that insularity and remoteness introduce additional costs for island and outermost regions that hinder a level playing field in terms of competitiveness and return on investments, not allowing these territories equal access to the single energy market, envisaged by the Energy Union. As a result, investments in renewable energy, electricity networks and interconnections become less attractive, and so do investments on energy efficiency, not allowing energy poverty on islands to be tackled.
52. **Points out** that in the European Commission’s recent legislative proposals⁴ for EU energy transition, the island and outermost regions’ constraints are not considered and even provisions in the current Directive 2009/28/EC (e.g. paragraph 63) seem to have been removed.
53. **Calls on** the European Institutions to recognise these constraints and ensure that in the adopted legislation island and outermost regions will not be unfairly disadvantaged in comparison with more central areas.
54. **Recommends** to the European Commission that the targeted actions that it will propose in 2017 in support of energy transition and climate action of EU island and outermost regions have a high level of ambition to address their challenges and exploit their opportunities. Such actions should touch upon 3 main priorities:
 - a. Targeted means of financing energy transition and climate action projects on island and outermost regions from the European Structural and Investment Fund (ESIF), as well as from the European Fund for Strategic Investments (EFSI), also enabling investments that are unattractive for the market, which would help island and outermost regions reach the EU objectives;
 - b. Enhanced technical assistance and capacity building programmes to help mature energy transition and climate action investments, such as ELENA and MLEI, as well as develop suitable financial instruments to attract private capital;
 - c. Enable high cooperation and knowledge transfer potential between EU island and outermost regions with islands beyond the EU on climate action and on reinforcing the external dimension of EU Climate Policy, and the EU leadership in climate action.

Migration

The CPMR Islands Commission:

55. **Reiterates** that the migration crisis that Europe is currently facing is not occasional and great integration challenges lie ahead. Regions have developed a wealth of actions and policies at regional level and can contribute with solutions on the ground with an emphasis on undertaking responsibilities in the field of human rights and international protection of migrants and refugees.

⁴ ‘Winter package’ published on 30 November 2016

56. **In this framework, supports** the initiative of the regions of South Aegean and North Aegean in Greece and Valencia in Spain to propose the relocation of a few thousands of refugees from the Aegean islands to Valencia, within the EU relocation mechanisms that is supposed to deliver 160,000 relocations from Greece and Italy by September 2017.
57. Welcomes the initiative of UNHCR, IOM and 72 organizations for a new “Regional Refugee & Migrant Response Plan for Europe” that provides a more sustainable, coordinated and efficient management of the flows, with a special attention to asylum procedures, humanitarian corridors, and combating people smugglers, and encourages the EU to step up cooperation between regions and these organizations.

Value-added Tax (VAT)

The CPMR Islands Commission:

58. Taking into consideration the Action Plan on the European Commission’s reform of the VAT system, **supports** the continuation of the regime of reduced VAT rates applied on certain European islands, provided by the EU Law, as well as the possibility to extend this regime to European islands who request it. These provisions fall within the broader principle of an appropriate taxation for island territories.

Unanimously Adopted