

Stronger partnership for the outermost regions

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The European Commission is proposing a stronger partnership with the outermost regions of the Union. The new strategy focuses on three main strands - competitiveness, accessibility and regional integration - and forms part of the reform of the EU's cohesion policy for 2007-13.

The Communication also makes recommendations for implementing other Community policies in these regions.

These proposals are a response to the instruction given to the Commission by the European Council in Seville in June 2002 to deepen the implementation of Article 299(2) of the Treaty concerning the outermost regions, in particular in the fields of transport and cohesion policy reform. The proposals also constitute a reaction to the Memorandum tabled on 2 June 2003 by the Spanish, French and Portuguese authorities and the seven outermost regions.

The Communication identifies three priorities:

- **Competitiveness:** improve the competitiveness of the outermost regions by creating and developing a business environment which will attract new companies.

- **Accessibility:** step up cohesion efforts in the outermost regions in order to reduce the difficulties connected with their remoteness, such as fragmentation among a group of islands or enclosure in areas with poor access. The reduction of these handicaps and of the additional costs of production in the

outermost regions is one of the main priorities of the Union's activities to help these regions.

- **Regional integration:** the outermost regions and neighbouring non-member countries exist in a common regional environment which should facilitate trade among them in goods and services. This is why it is important to encourage their integration into their surrounding geographical area.

The Communication provides an outline of the future development strategy for the outermost regions which will be presented in greater detail in a report soon to be submitted to the Commission.

This report, commissioned by the European Council in Seville in June 2002, will also assess the success of the measures currently applying to these regions.

As regards the cohesion policy, the main proposals in the Communication come within the general framework of the reform of that policy as set out in the Third Report on economic and social cohesion. That report provides for all the outermost regions to be eligible for all the regional policy objectives, depending on their level of relative development: either the "Convergence" Objective, provided their GDP per head (measured in purchasing power parities) does not exceed the threshold of 75% of the Community average; or alternatively the "Competitiveness and employment" Objective. They will also be eligible under the "European Territorial Cooperation" Objective. Within this general framework, the Commission proposes two specific solutions aimed at helping the outermost regions to develop their full potential:

A specific programme to compensate for handicaps: This programme would be financed by the ERDF over the period 2007-13. It would be dedicated to reducing the specific handicaps faced by the economies of the most remote regions which are listed in Article 299(2) of the EC Treaty: remoteness, insularity, small size, difficult topography and climate and economic dependence on a few products.

An action plan for a wider neighbourhood: the aim would be to enlarge the natural sphere of influence of the outermost regions in socio-economic terms (including issues of migration) as well as in terms of culture. This includes reducing barriers which limit the scope for trade within the geographical area of these regions, which are far from the European mainland but very close to the regional markets of the Caribbean, America and Africa. The action plan for a wider neighbourhood will consist of measures concerning both trade and customs matters and also transnational and cross-border cooperation.

Additional schemes will operate under other Community policies.

Among these proposals, the Commission plans in particular to launch studies to evaluate the additional costs faced by the outermost regions and the constraints on their access to telecommunication services. Adjustments to the rules on state aid will allow a ten-point increase in percentage ceilings on the intensity of investment aid. Operating aid will also continue to be neither progressively reduced nor limited in time. In the field of agriculture and fisheries, the Commission intends to maintain the support granted to the outermost regions (support specific to local products and structural measures) on the basis of the handicaps listed in Article 299(2) of the EC Treaty. In the transport sector, the outermost regions will also benefit from procedures for introducing public service obligations and from the *de minimis* rules.