

Europe's outermost regions and the single market: The EU's influence in the world (12 October 2011)

Caption: This report, dated 12 October 2011, addresses the relationship between Europe's outermost regions and the single market, particularly emphasising the impact of these regions on the EU's role and influence in a global context.

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EUROPE'S OUTERMOST REGIONS AND THE SINGLE MARKET: MARKET: The EU's influence in the world

Report to the Member of the European Commission

Michel Barnier

presented by

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Former Minister of Agriculture and of Economy and Finance of Spain, former
European Commissioner

12 October 2011

QUOTATIONS

'The Single Market is still the nucleus and the core economic driving force of the European Union. It also remains our most effective means of responding to the current economic crisis.'

Jose Manuel BARROSO, President of the European Commission, Brussels, 27 October 2010.

'There is no need to come up with new ideas. When the ideas are good, just apply them at the right time'.

Jacques DELORS, 'L'heure de vérité', Antenne 2, 17 May 1992.

'It is difficult to fall in love with the single market.'

Jacques DELORS

'The single market is less popular than ever, yet it is more needed than ever.'

Mario MONTI, Report: A new strategy for the single market: At the service of Europe's economy and society, 9 May 2010, p. 20.

'Because, first and foremost, they are nothing less than an outpost of Europe, of Spain, in America, and an outpost of America in Europe, Spain and Africa. They are an inn at a great crossroads on the paths of the great peoples.'

Miguel DE UNAMUNO, *Por tierras de Portugal y de España*, 1911.

'Let us declare that the archipelago of the Canaries, Spain's advance guard in the middle of the ocean, is well aware of the responsibilities of its post, and stands and will continue to stand firm in its post, without any boasting or fear, confident in itself and in its right, feeling in its soul all the fire of the Spanish soul, which was always the soul of the great virtues, of those that overcome heroism or are its most spiritual form: patience and strict observance of duty.'

Benito PÉREZ GALDOS, *Entre canarios*, 9 December 1900.

'All islands, even known ones, are unknown until we set foot on them.'

José SARAMAGO, *The Tale of the Unknown Island*, 1997.

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Preface

I was delighted to accept the task, entrusted to me by my former colleague, Michel Barnier, with the support of President José Manuel Barroso, of examining how the outermost regions participate in the single market and of identifying ideas to improve their integration in the single market, which forms the very foundation of the European Union of Member States. This subject is actually very dear to me, and I have devoted many hours to its study over my career.

Starting from the basis that the constraints recognised by the Treaty authors (such as remoteness, isolation, small size, difficult natural conditions and economic dependence on a few products) tend to be similar, my meetings with over 500 contacts in these regions – most of whom stressed the timeliness of this work – and also in Brussels and in those Member States most affected, enabled me to note the differing situations of these regions. These regions cannot be viewed as a unique, whole entity. This is demonstrated, for example, by the small size of Saint Martin – which is located on an island shared with a European territory that, legally speaking, is not part of the single market (Sint-Marteen) – compared to the situation of French Guiana, which covers an area as large as Benelux or Portugal and shares a border of over 500 kilometres with the emerging power of Brazil. It is also demonstrated by the relative proximity of Madeira compared to the extreme remoteness of Réunion, which forms a tiny portion of the single market over 9 000 kilometres from Brussels. These physical constraints are accompanied by certain regulatory constraints, perhaps due to a lack of thought about territorial discontinuity when drawing up the single market regulations, which are perceived by these regions as a real brake on integration. These constraints are making it difficult for these regions to participate in the single market, just when this huge market is in the process of being relaunched so that it can be used by European citizens to take full advantage of the condition of being 'European'. Individuals and businesses in these outermost regions should also be able to take advantage of this condition, particularly at a time when the single market, which is a key instrument for achieving the objectives of the Europe 2020 strategy, must be fully exploited to ensure Europe's recovery from the crisis and to create wealth and high-quality jobs, especially in those regions hardest hit by the effects of the global financial crisis.

My report offers recommendations linked to nine levers of the process to relaunch the single market. These recommendations should contribute to the fundamental need to create a dynamic for improving the integration of these regions in the single market and for ensuring that not just the inhabitants of these regions, but also Europe as a whole, can benefit from this greater integration. Although most of these recommendations concern the internal dimension of the single market, by prioritising the development of an action plan with tangible and measurable objectives, the role that these territories can play in expanding the EU's influence in the world should be capitalised on in the common interest of all the Member States. I have also made a number of recommendations aimed at overcoming the obstacles that prevent the use of these outposts of the EU. I hope that these recommendations may help to make the participation of the outermost regions in the single market a tangible reality for all European citizens.

I must thank the national and regional authorities of Spain, France and Portugal for their support during the preparation of this report. I must also thank Commissioners Michel Barnier and Johannes Hahn, their offices and the Commission departments as, without their help and support, I could not have presented this report today. Finally, I must particularly mention Javier Palmero, whose unremitting work, assistance during various trips and efforts in the last few weeks to finish drafting this report have enabled me to fulfil the Commission mandate.

Pedro SOLBES MIRA

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INTRODUCTION

The concept of European ‘outermost region’¹ applies to the following regions:

- one Spanish Autonomous Community: the **Canary Islands**;
- the two Portuguese autonomous regions: the **Azores** and **Madeira**;
- the four French overseas departments and regions (**Martinique**, **Guadeloupe**, **French Guiana** and **Réunion**) and two overseas collectivities (**Saint Martin** and **Saint Barthélemy**, the latter retaining OR status until 1 January 2012).

Despite the geographical remoteness of these ‘outermost regions’ (hereinafter ‘ORs’) and their island status (except for French Guiana, which is a continental region within the Amazon forest)², the single market legislation applies to them in full. Their legal, economic, political and social context has changed since the Communication from the Commission on the outermost regions was adopted in 2008, which highlighted their assets in respect of the EU³.

In legal terms, the Treaty of Lisbon, which entered into force on 1 December 2009, contains specific provisions on the ORs. Article 349 of the Treaty on the Functioning of the European Union (TFEU) should allow the specific situation of the ORs to be taken into account when drawing up EU policies, particularly in certain clearly identified areas. Other amendments have been made to the Treaty provisions on State aid⁴. Finally, the European Council decision to amend the status of Saint Barthélemy from 1 January 2012 was based on the ‘passerelle’ clause laid down by the Treaty itself in paragraph 6 of Article 355 TFEU⁵.

The harmful effects of the global **economic and financial crisis** have also been felt in the ORs, resulting in damage to their economic situation and severely testing their social cohesion. As a result, their labour market figures reveal a slightly higher increase in the unemployment rate in the ORs between 2006 and 2010 than in the other European regions⁶. This crisis has also further highlighted the structural weaknesses of their economies: relatively low level of income per inhabitant; significant weight of the public sector; trade gaps; agricultural production not yet diverse enough, which means that links with traditional crops such as sugar cane and bananas need to be strengthened, so that food production can take advantage of the organisation of these traditional products and their flow towards the European continental territory of the Member States concerned; insufficient R&D expenditure; excessive dependence on certain sectors such as tourism; lack of adaptation to the global liberalisation of markets, etc. The effects of the crisis have been amplified in the

¹ This concept appeared for the first time in the Treaties in the Declaration on the outermost regions of the Community annexed to the 1992 Treaty of Maastricht: ‘The Conference acknowledges that the outermost regions of the Community (the French overseas departments, Azores and Madeira and Canary Islands) suffer from major structural backwardness compounded by several phenomena (remoteness, island status, small size, difficult topography and climate, economic dependence on a few products), the permanence and combination of which severely restrain their economic and social development. It considers that, while the provisions of the Treaty establishing the European Community and secondary legislation apply automatically to the outermost regions, it is nonetheless possible to adopt specific measures to assist them inasmuch and as long as there is an objective need to take such measures with a view to the economic and social development of those regions. The aim of such measures should be both the completion of the internal market and recognition of the regional reality, to enable the outermost regions to achieve the average economic and social level of the Community’ (OJ C 191, 29.7.1992, p. 104).

² See Annex 2 for a more detailed description.

³ Communication from the Commission – The outermost regions: an asset for Europe (COM(2008) 0642 final, 17.10.2008).

⁴ See Article 107(3)(a) TFEU.

⁵ See Article 1 of the European Council Decision of 29 October 2010 amending the status with regard to the European Union of the island of Saint-Barthélemy (OJ L 325, 9.12.2010, p. 4).

⁶ See Annex 2, Table 4.

French ORs, whose economies were paralysed by the 2009 strike, particularly in the West Indies. The policy of social parity with the European continental territory (rightly) adopted in these ORs has resulted in a higher cost of labour and a higher level of social protection than in the geographically neighbouring countries. As a result, the objective of improving the competitiveness of these ORs in relation to their geographical neighbours is particularly ambitious.

In order to create the conditions for a successful exit from the crisis, **policy** initiatives are based around the Europe 2020 strategy, which looks beyond the short term and aims to ensure 'more jobs and better lives'⁷. In addition to support that is needed now more than ever due to the specific characteristics of these regions and the more marked effects of the crisis, the assets of the ORs must be clearly identified and used to achieve the Europe 2020 objectives, for the benefit of the societies in these regions and for European society as a whole.

As recognised by the European Council on 26 March 2010, the relaunch of the single market is the vital tool in this strategy. In his report of May 2010, Professor Monti, responding to President Barroso's request to identify the 'missing links', proposed a new strategy based on initiatives designed to build both a stronger single market and to achieve a consensus on a stronger single market⁸. In response to this report and to the European Parliament resolution adopted on the basis of Mr Grech's report⁹, which drew attention to the fact that 'integration into the single market is not an irreversible process and the continued existence of the single market should not be taken for granted', the Commission initiated a European public debate¹⁰ involving 'the members of each country's parliament, the regional authorities – **including those of the outermost regions**, the economic and social players, and actors in civil society'¹¹.

The Memorandum adopted by the ORs in 2009, proposing a review of the actions undertaken since 1999 in favour of the outermost regions, taking into account their development within a changing European and global context¹², called even at that time for the greater involvement of citizens in the single market. This report found that:

'the internal market is a tool (and not an end in itself) whose real objective is to improve the standard of living of European citizens, including those in the ORs, and that adapting Community policies to the realities of these regions should constitute the means of achieving this'.

The contribution of the ORs to the debate on the relaunch of the single market at the beginning of 2011 calls for 'a change of approach in the design of European policies, which takes proper account of their situation and which is based on Article 349 TFEU'. Likewise, it regrets that 'the ORs are sometimes penalised by the internal market, and even excluded

⁷ COM(2010) 2020 final, 3.3.2010, p. 2.

⁸ Report to the President of the European Commission by Mario Monti: A new strategy for the single market: At the service of Europe's economy and society, 9 May 2010, p. 32.

⁹ European Parliament resolution of 20 May 2010 on delivering a single market to consumers and citizens (P7_TA(2010)0186).

¹⁰ Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: Towards a Single Market Act – For a highly competitive social market economy – 50 proposals for improving our work, business and exchanges with one another (COM(2010) 608 final, 27.10.2010).

¹¹ COM(2010) 608 final, op. cit. (footnote 10), p. 39.

¹² Joint memorandum of the outermost regions: 'The Outermost Regions up to 2020' (Las Palmas de Gran Canaria, 14 October 2009) (<http://www.gobiernodecanarias.org/accionexterior/rup/index.jsp>).

from its benefits'. Accordingly, in the view of the ORs, due to their automatic transposition, 'some European policies are difficult to implement in the ORs and may even have a negative impact'¹³. Based on the numerous contributions received during the public debate, and on the opinions and conclusions of the European institutions, the Commission has identified 12 levers to boost growth and strengthen confidence¹⁴. In its conclusions of 30 May 2011, the Council pointed out 'the need for ambitious steps to be taken to achieve a genuine and fully-fledged Single Market and a clear and coherent competitiveness strategy throughout the different EU policies and regions, **including the outermost regions**'¹⁵.

In **social** terms, the phenomenon of globalisation has caused migratory pressure, which has once again been felt more in certain ORs than in other European regions, due to their proximity to countries that are sources of illegal immigration. For the ORs, which account for less than 1% of the EU's population but which have a high population density (except for French Guiana and the Azores¹⁶), incoming migratory flows are difficult to absorb, particularly in educational and social terms. These migratory flows are exerting increased pressure on these territories, which have to continually adapt to demand, as is happening in French Guiana.

However, where technological and competition conditions allow, the development of information technologies is opening up extraordinary possibilities, not only for the integration of the ORs in the digital single market, but also for cooperation in training and research, and for the sale of goods and services to markets in neighbouring third countries.

This legal, economic, political and social context has a major impact on the situation of these regions. It justifies introducing an **integrated action plan** as part of the **renewal of the European strategy for the ORs**.

This plan should be included in the Commission communication scheduled for 2012 that will set out the European Union measures aimed at the ORs in the coming years. Called for by the Council and being prepared under the coordination of the Commission's Regional Policy DG, this communication is crucial for mobilising concerted efforts to achieve the ORs' potential. This action plan should be based on a comprehensive examination of the needs of the ORs in the new context. The objective should be to ensure genuine integration of the ORs in the single market by identifying, in order to achieve the 2020 targets, the opportunities available in and for these regions, both for themselves and for the EU as a whole. Automatically carrying on as before is no longer an option¹⁷.

¹³ Conclusion of the joint contribution of the ORs, available at http://ec.europa.eu/internal_market/smact/consultations/2011/debate/index_en.htm

¹⁴ 1) Access to finance for SMEs; 2) Mobility for workers within the single market; 3) Intellectual property rights; 4) Consumer empowerment in the single market; 5) Services: reinforcing standardisation; 6) Stronger European networks; 7) The digital single market; 8) Social entrepreneurship; 9) Taxation; 10) Greater social cohesion in the single market; 11) Regulatory environment for business; and 12) Public procurement (Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: Single Market Act – Twelve levers to boost growth and strengthen confidence – 'Working together to create new growth' (COM(2011) 206 final, 13.4.2011)).

¹⁵ Paragraph 3 of the 'Conclusions on the priorities for relaunching the Single Market', Competitiveness Council, 30 May 2011 (document 10993/11).

¹⁶ 115 inhabitants/km² for the EU in 2006, compared to 265 in the Canary Islands, 352 in Martinique and 296 in Madeira.

¹⁷ The point raised by Spain, France, Portugal and the ORs in their joint memorandum: 'A renewed vision of the European strategy for outermost regions', signed in Las Palmas de Gran Canaria on 7 May 2010 (http://ec.europa.eu/regional_policy/conferences/rup2010/doc/memo_resume_en.pdf) was as follows: 'In response to a moderate balance of the Community measures in favour of the Outermost Regions, it is required to think of new ways to allow a better application of article 349 of the Treaty on the Functioning of the European Union, guaranteeing at the same time the balance between potentialities and limitations' (page 3 of the memorandum).

To ensure inclusive growth in the ORs, these regions need to be better integrated, not only in a relaunched and reinforced single market, but also in regional terms, by developing the external dimension of this market. This new strategy requires a change of approach not only in the ORs themselves, but also initiatives designed to modernise and diversify their economies. This will require an active, dynamic commitment from the Member States (and from the three Member States most affected, in particular), from the European institutions and political appropriation by the ORs themselves. The position that the EU wants to or could occupy by 2020 will also depend on its ability to support these territories and invest its efforts, together with the Member States, in capitalising on their assets in order to seize the real opportunities for growth.

CHAPTER 1

THE OUTERMOST REGIONS (ORs) IN THE NEW EUROPEAN CONTEXT

1.1. The specific legal situation of the ORs in the Treaty of Lisbon

Article 355 TFEU clarifies the territorial scope of the Treaties. In particular, it confirms the principle that EU law applies in full to the ORs, including the legislation on the single market and the exercise of the associated rights and obligations¹⁸.

Article 349 TFEU provides as follows: 'Taking account of the structural social and economic situation of Guadeloupe, French Guiana, Martinique, Réunion, Saint-Barthélemy, Saint-Martin, the Azores, Madeira and the Canary Islands, which is compounded by their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development, the Council, on a proposal from the Commission and after consulting the European Parliament, shall adopt specific measures aimed, in particular, at laying down the conditions of application of the Treaties to those regions, including common policies'. These measures 'concern in particular areas such as customs and trade policies, fiscal policy, free zones, agriculture and fisheries policies, conditions for supply of raw materials and essential consumer goods, State aids and conditions of access to structural funds and to horizontal Union programmes'. They shall be adopted 'without undermining the integrity and the coherence of the Union legal order, including the internal market and common policies'.

The Treaty therefore requires greater account to be taken of the structural social and economic situation of the ORs. Under Article 107(3)(a) TFEU, aid granted by Member States to promote the economic development of the ORs may be considered to be compatible with the internal market. This explicit reference to the ORs was introduced by the Treaty of Lisbon. It applies, to the benefit of the ORs, the principle of differentiated treatment under competition law, allowing them to receive the maximum amount of support by ignoring the conditions with regard to the income level per inhabitant¹⁹.

The Treaty allows the status of the Danish, French and Dutch overseas countries and territories (ORs within the meaning of paragraph 1 or overseas countries and territories – OCTs – within the meaning of paragraph 3 of Article 355 and Annex II) to be amended, but this does not apply to the regions forming part of Spain (Canary Islands) and Portugal (Azores and Madeira). The European Council has accordingly amended the status of **Saint Barthélemy**, which, from 1 January 2012, will cease to be an outermost region and will have the status of OCT²⁰.

¹⁸ 'By abolishing the previous pillar structure, the Treaty of Lisbon has confirmed that the ORs ... are now covered by the rules laid down by all EU law, which involves another formal change. In short, the architecture of the new primary law, as changed from the previous pillar structure, results in an apparent extension of the rules applicable a priori to these regions, which may lead to a legal change that is potentially very important ...' (PERROT, Danielle, *Les Régions ultrapériphériques françaises selon le Traité de Lisbonne*, RTD eur. 45(4), Oct.-Dec. 2009, p. 723).

¹⁹ Clearly this specific regime applicable to the ORs is 'a priori more favourable than that laid down for the regions included under subparagraph (c), but the precise determination of the content of this regime continues to depend on the exercise of the Commission's discretionary power – subject to limited judicial review – in assessing the congruence of aid with the regional development objective' (PERROT, Danielle, *op. cit.*, p. 730).

²⁰ Article 1 of the European Council Decision of 29 October 2010 (see footnote 5).

Unlike Saint Barthélemy, on 31 March 2011 the departmental collectivity of **Mayotte** officially became the 101st French department and the 5th overseas department²¹ and indicated the desire to become an OR by 2014. The process of becoming an OR has begun and will require appropriate measures to be adopted at regional, national and European level, as well as harmonisation of the law applicable in this department to ensure coherence with the Community *acquis*.

1.2. Recognition of the specific nature of the ORs

Numerous European initiatives take account of the specific nature of these regions, particularly in the areas of competition (for example, aid authorised in the areas of transport, energy, etc.), taxation (for example, dock dues in the French ORs²², the AIEM tax in the Canary Islands²³, and the reduced rate of excise duty on rum produced in these regions²⁴, on local beer in Madeira²⁵ and on certain liqueurs produced and consumed in Madeira and the Azores²⁶), customs policy²⁷, agriculture, research, trade or transport, in order to try and offset the handicaps specific to the remote nature of these regions.

Under the impetus of the Single European Act, in 1989 the Council introduced the ***Programme of Options Specifically Relating to Remoteness and Insularity (POSEI)***²⁸ aimed at improving infrastructures, promoting job-creating productive sectors and developing human resources. In 2006, POSEI general programmes were introduced in the agricultural sector, with national envelopes for each of the three Member States.

The 2004 Commission guidelines, adopted further to the conclusions of the Seville European Council in June 2002²⁹, allowed an integrated strategy to be defined, based on an active

²¹ The Declaration on Article 355(6) of the Treaty on the Functioning of the European Union provided for the use of this legal passerelle 'when the French authorities notify the European Council and the Commission that the evolution currently under way in the internal status of the island so allows' (OJ C 115, 9.5.2008, p. 351). On 29 March 2009, 95.2% of the population of Mayotte voted in favour of becoming an overseas department or region (DOM-ROM).

²² The French overseas departments are not regarded as Union territories for the purposes of applying VAT, in accordance with Article 6 of Directive 2006/112/EC. VAT rates are lower in Guadeloupe, Martinique and Réunion and zero in French Guiana. Under Council Decision 2004/162/EC of 10 February 2004 (OJ L 52, 21.2.2004, p. 64), the French authorities are authorised, until 1 July 2014, to apply exemptions or reductions to the local additional tax (dock dues tax) for a limited list of products which are produced locally, as indicated in the Annex to this Decision. Depending on the products, the difference in taxation between products manufactured locally and other products may not exceed 10, 20 or 30 percentage points. Given the evidence provided by the French authorities in their July 2008 report on the application of this tax regime, in December 2008 the Commission proposed (COM(2010) 749 final) updating the list of products to which differentiated taxation may be applied, in particular suggesting the addition of around 50 products for French Guiana. On 5 July 2011 the European Parliament adopted, by a large majority, the Hoarau report supporting the proposed amendment and 'the necessary step of making permanent, as of 2014, the exemptions from or reductions in dock dues granted in the case of the French ODs' (report A7-0199/2011).

²³ Under Council Decision 2002/546/EC of 20 June 2002, the Spanish authorities are authorised until 31 December 2011 to lay down, for a list of products that are produced locally in the Canary Islands, total exemptions from or partial reductions of the tax known as 'Arbitrio sobre las Importaciones y Entregas de Mercancías en las islas Canarias (AIEM)'. On 19 July 2011 the Commission proposed extending this regime until 31 December 2013 (COM(2011) 443 final). In its decision NN 544/2010 of 28 June 2011, the Commission extended the period of application of the decision of 16 August 2008 on State aid NN 22/2008 – Spain – AIEM, which regarded the AIEM as compatible with the single market.

²⁴ Council Decision 2007/659/EC of 9 October 2007 (OJ L 270, 13.10.2007, p. 12).

²⁵ Council Decision 2008/417/EC of 3 June 2008 (OJ L 147, 6.6.2008, p. 61).

²⁶ Council Decision 2009/831/EC of 10 November 2009 (OJ L 297, 13.11.2009, p. 9).

²⁷ See, in point 14 of Annex 5, the regulations applicable in this case to the Canary Islands, Madeira and the Azores.

²⁸ POSEIDOM for the French overseas departments (1989), POSEICAN for the Canary Islands (1991), and POSEIMA for the Azores and Madeira (1991). The Community initiative programmes REGIS and REGIS II aimed to address the disadvantages arising from the island nature of these regions and their distance from the main centres of development (IP/95/321 of 31 March 1995).

²⁹ Paragraph 58 of the conclusions of the Seville European Council of 21-22 June 2002: 'The European Council invites the Council and the Commission to press ahead with the implementation of Article 299(2) of the Treaty, which recognises the specific nature of the outermost regions, and to submit suitable proposals for their special needs to be taken into account through the various common policies, in particular transport policy, and in the reform of certain policies, in particular regional policy. In this connection, the European Council notes that the Commission intends to submit a new report on those regions, built on a global, coherent approach to the special characteristics of their situation and to ways of addressing them.'

partnership between the European institutions, Member States and ORs, and involving three priorities: reduce access difficulties, increase competitiveness and ensure regional integration³⁰. Three years later, in 2007, the Commission reviewed this strategy³¹, proposed complementary measures and launched a consultation on the future of the European strategy for the ORs³². Given the results of this consultation and the European Council's invitation of December 2007³³, in its communication of October 2008³⁴, the Commission committed to a renewed strategy in favour of the ORs based on a change of paradigm aimed at:

- on the one hand, integrating the new challenges facing the ORs: globalisation, climate change, demographic trends, migratory flows and the sustainable management of natural resources such as marine resources and agricultural products;
- on the other hand, capitalising on the assets of the ORs as a springboard for economic development in sectors with high added value, identified as: agri-food, biodiversity, renewable energies, astrophysics, aerospace science, oceanography, volcanology or seismology, and also their role as outposts of the EU in the world.

More recently, and in line with the call made in the Joint memorandum of Spain, France, Portugal and the ORs of May 2010³⁵, the Council stressed the importance of correctly assessing the consequences of implementing European policies in the ORs, particularly through impact studies accompanying its proposals³⁶. The Council has also invited the Commission to adopt a communication presenting a renewed strategy for the ORs³⁷. This communication, which is currently being prepared under the coordination of DG Regional Policy, should be adopted by the first quarter of 2012.

Cohesion policy has made a considerable contribution to the social and economic development of the ORs in recent decades. Like other EU policies, it was an important part of the strategy defined in the 2004 Communication. The ERDF and ESF operational programmes for the 2007-2013 period³⁸ are allowing action to be taken within the three priorities of the European strategy for the ORs, in the spirit of the '*Lisbon Strategy* for growth and jobs'. Specific measures have been adopted for the ORs, in particular increasing the intervention rates of the Structural Funds to 85% for all regions (regardless of their classification under convergence or competitiveness objectives) or allocating extra compensation to cover the additional costs of the ORs due to their remoteness. However, cohesion policy cannot on its own solve all the problems facing the ORs.

³⁰ Communication from the Commission: A stronger partnership for the outermost regions (COM(2004) 343 final, 26.5.2004).

³¹ Commission working document – Annex to the Commission Communication: Strategy for the Outermost Regions: Achievements and Future Prospects (SEC(2007) 1112, 12.9.2007) (see footnote 32).

³² Commission Communication: Strategy for the Outermost Regions: Achievements and Future Prospects (COM(2007) 507 final, 12.9.2007).

³³ Paragraph 60: 'The European Council welcomes the Commission report on the 2004 Strategy for the Outermost Regions stating its positive results and presenting the future prospects for Community actions in those regions. The European Council looks forward to the conclusions of the public consultation launched and invites the Commission to present the relevant proposals at the latest in October 2008' (Presidency conclusions of the Brussels European Council of 14 December 2007, document 16616/1/07 REV 1 of 14 February 2008).

³⁴ Communication from the Commission: The outermost regions: an asset for Europe (COM(2008) 642 final, 17.10.2008).

³⁵ 'Besides the verification of the impact of legislative documents on social, environment and budget matters, a criterion of the impact on the "European outermost zone" has been proposed in order to evaluate systematically the possible effects of community policies on OMRs' (page 10 of the Memorandum of 7 May 2010, cited in footnote 17).

³⁶ See the conclusions of the 3023rd Foreign Affairs Council of 14 June 2010 and paragraph 14 of the Council conclusions on the EU's trade policy of 17 December 2010 (document 17914/10).

³⁷ Conclusions of the 3023rd Foreign Affairs Council of 14 June 2010.

³⁸ During the current period, the ERDF and ESF programmes are making available to these regions a budget of EUR 4.5 billion and EUR 1.3 billion respectively.

In the **agricultural** area, under the aforementioned POSEI scheme, the ORs benefit from specific assistance with local production and supply of essential goods. The POSEI programmes are the current equivalent to the first pillar of the common agricultural policy (CAP) for the ORs. These specific measures for agriculture in the ORs were introduced in 1991 for the French overseas departments (POSEIDOM)³⁹ and in 1992 for the Canary Islands (POSEICAN)⁴⁰, the Azores and Madeira (POSEIMA)⁴¹. The main instruments of the POSEI scheme are therefore as follows:

- specific supply arrangements (SSA), which are aimed at mitigating the additional costs of remoteness for the supply of products used as agricultural inputs, in human consumption or for processing certain basic foodstuffs, by providing either exemption from import duties for products coming directly from third countries, or aid for products from the rest of the EU, within the limit of local needs;
- measures to support local production, which are aimed at maintaining or developing the agricultural production of the ORs by providing aid to production, processing and/or marketing of assisted products or structuring the sectors concerned;
- accompanying measures, which include special provisions for adapting the CAP to the specific nature of the ORs, structural and State aid derogations, introduction of a POSEI graphic symbol, and veterinary and phytosanitary measures.

The POSEI scheme has since been reformed (2001 and 2006) so that it better matches the realities and needs of the ORs. The 2006 reform was the most substantial and involved replacing numerous regulations with a single text⁴². The amendments made⁴³ have gradually increased the POSEI funds, as indicated in the following table⁴⁴:

Member State	Financial year 2007	Financial year 2008	Financial year 2009	Financial year 2010	Financial year 2011 et seq.
France	126.6	262.6	269.4	273.0	278.41
Portugal	77.9	86.98	87.08	87.18	106.21
Spain	127.3	268.4	268.4	268.4	268.42
ANNUAL TOTAL (in million EUR)	331.8	617.98	624.88	628.58	653.04

³⁹ Council Regulation (EEC) No 3763/91 (OJ L 356, 24.12.1991, p. 1).

⁴⁰ Council Regulation (EEC) No 1601/92 (OJ L 173, 27.6.1992, p. 13).

⁴¹ Council Regulation (EEC) No 1600/92 (OJ L 173, 27.6.1992, p. 1).

⁴² Council Regulation (EC) No 247/2006 of 30 January 2006 laying down specific measures for agriculture in the outermost regions of the Union (OJ L 42, 14.2.2006, p. 1). This reform was necessitated by a combination of several factors: publication of Communication COM(2004) 343 adopting a strategy for the ORs aimed at better coordinating Community funds and creating ad hoc instruments; the 2003 CAP reform which, in particular, allowed the reform of the common market organisations (CMOs) covered by the POSEI scheme; and recognition of the rigidity of programmes. However, it did not alter the main objectives and instruments on which the scheme is based. The main innovation was to adopt a programme-based approach and to transfer responsibility to the Member States for designing programmes suited to local needs, and also for amending, managing and monitoring these programmes. This innovation aimed to introduce more flexibility into the management of the SSAs and measures to support local production and to simplify the procedures allowing these to be amended. This Regulation is currently being amended (see point 3.2.5 below).

⁴³ Since its adoption, Council Regulation (EC) No 247/2006 has been amended several times to take account of the 2006 reforms in the banana and sugar sectors (in these sectors, the production aid arrangements were reformed in 2006 and then integrated within the POSEI scheme in 2007), the 'health check' and other direct aid transfers.

⁴⁴ Article 23 of Council Regulation (EC) No 247/2006 of 30 January 2006 laying down specific measures for agriculture in the outermost regions of the Union (OJ L 42, 14.2.2006, p. 1). The figures for the financial implementation of the POSEI programmes from 2006 to 2009 (2007-2010 financial years) show increasing use of the POSEI funds over this period, with the average implementation rate of the programmes reaching over 95% by the end of the period.

The geographical and socioeconomic situation of the ORs has justified intervention on behalf of producers and operators in these regions with regard to the marketing of certain **fishery** products. The limited local market, lack of nearby lucrative markets and additional costs of remoteness mean that access to consumers in the rest of the EU is essential. This situation is common to five ORs which export marine and aquaculture products (Azores, Canary Islands, French Guiana, Madeira and Réunion). That is why a European compensation arrangement was introduced in 1992 and has been extended several times. The current regulation⁴⁵ pursues three objectives:

- ensure viable conditions for economic operators in the sector in order to maintain stable local activity during the period of application, and thus ensure positive repercussions for the economic fabric of the region;
- harmonise the conditions under which local operators work with those of other operators in the rest of the European territory;
- only offset additional costs for fishery products which account for a significant flow abroad and which therefore result in the most development of local production, processing and marketing activities.

In terms of **competition and State aid**, the eligibility of the ORs under Article 107(3)(a) TFEU is now recognised as being long term, because it is no longer linked to their GDP per inhabitant being less than 75% of the EU average. In fact, their eligibility is now based exclusively on the specific handicaps faced by these regions.

In order to support the economic development of the most disadvantaged European regions during the current 2007-2013 period, national regional aid has sought to encourage investment, job creation and new business development⁴⁶. The ORs are characterised by high aid levels, as determined in the regional aid map⁴⁷.

In general, regional aid aimed at reducing a firm's current expenses (operating aid) is normally prohibited. Exceptionally, however, such aid can be granted in '107(3)(a)' regions, provided that it is justified in terms of its contribution to regional development and its nature, and that its level is proportional to the handicaps it seeks to alleviate. In this case, it is for the Member State to demonstrate the existence and importance of any handicaps⁴⁸.

⁴⁵ Regulation (EC) No 791/2007 (OJ L 176, 6.7.2007, p. 1) covers the 2007-2013 period. The budget allocated totals EUR 14 996 768 and corresponds to the maximum amount of compensation for the Azores and Madeira (EUR 4 283 992), the Canary Islands (EUR 5 844 076) and French Guiana and Réunion (EUR 4 868 700).

⁴⁶ Due to the recognition of their regional status under Article 107(3)(a) TFEU, the rules on regional investment aid also apply in all the ORs. As a result, for both ORs and other regions eligible for regional investment aid, this can be used for investments in tangible and intangible assets required to set up a new establishment, extend an existing establishment, diversify the output of an establishment into new products or make a fundamental change to the overall production process of an existing establishment. This investment aid can be granted to both large enterprises and small and medium-sized enterprises (SMEs). As a general rule, aid can be granted under a multisectoral scheme forming an integral part of a regional development strategy. However, aid ceilings may vary, and can reach up to 80% of the investment for SMEs in certain ORs.

⁴⁷ The basic maximum aid intensity (by gross grant equivalent) in the context of the Guidelines on National Regional Aid for large enterprises is as follows: Spain: Canary Islands: 40%; France: Guadeloupe, Martinique, Réunion: 50%; French Guiana: 60%; Portugal: Madeira: 52% (40% after 1 January 2011); Azores: 52% (50% after 1 January 2011). In addition to these basic aid intensities, SME bonuses of 10 percentage points for aid to medium-sized enterprises and of 20 percentage points for small enterprises also apply.

⁴⁸ Operating aid should in principle only be granted in respect of a predefined set of eligible expenditures or costs and should be limited to a certain proportion of those costs. Given that it does not contribute directly to regional development and poses a very high risk of distorting competition, operating aid for financial services or intra-group activities is not authorised unless it is granted under general schemes which are open to all sectors and which are designed to offset additional transport costs or employment costs. Operating aid intended to promote exports is likewise excluded.

The Commission **Guidelines on National Regional Aid** take account of the handicaps faced by the ORs and define a series of specific criteria for granting operating aid in these regions. As a result, unlike other '107(3)(a)' regions in which operating aid should always be temporary and reduced over time, and should be phased out when the regions concerned achieve real convergence with the wealthier areas of the EU, regional operating aid which is not both progressively reduced and limited in time may be authorised in the ORs⁴⁹. In practice, in addition to the rules set out in the paragraphs of the Guidelines on operating aid, regional operating aid schemes are examined by the Commission in relation to the following three elements:

- identification and quantification of the additional cost(s) resulting from the handicaps indicated in Article 349 that the measure aims to offset⁵⁰;
- proportionality of the aid with regard to the level of additional costs⁵¹;
- absence of overcompensation of the additional costs at the level of the individual beneficiaries⁵².

For example, operating aid intended to partly offset **additional transport costs** may be authorised under certain conditions⁵³. In view of the constraints faced by the ORs, operating aid of up to 10% of the beneficiary's turnover may be awarded without the need for specific justification. It is the task of the Member State to demonstrate that any proposed aid above this amount is justified in terms of its contribution to regional development, and that its level is proportional to the additional costs linked to the factors identified in Article 349 TFEU which it is intended to offset.

In both cases (regional operating aid or transport aid), the need for and level of operating aid should be regularly re-examined to ensure its long-term relevance to the region concerned. As a result, operating aid schemes will therefore only be approved for the duration of the Guidelines (until 31 December 2013).

⁴⁹ In this respect, it is clarified in paragraph 80 of the Guidelines that such aid is authorised insofar as it is intended to offset the additional costs arising in the pursuit of economic activity from the factors identified in the Treaty, the permanence and combination of which severely restrain the development of such regions (remoteness, insularity, small size, difficult topography and climate, and economic dependence on a few products).

⁵⁰ The measure must aim to alleviate a specific additional cost or a set of additional costs resulting from factors linked to remoteness, bearing in mind that certain additional costs in the Guidelines do not necessarily result from these factors. It is also necessary to put a figure on this additional cost so that it can be connected with an expense or loss of income suffered by the aid beneficiaries.

⁵¹ Ideally, the additional cost and the aid should be calculated on the same basis. Failing that, it must be possible to validly compare the level of aid with the level of additional cost, either in monetised terms or, more often than not, in terms of ratios (for example, as a percentage of production costs). The level of aid clearly must not exceed the level of the additional cost(s). This condition can be proven at the level of the group of potential beneficiaries of the measure in the region concerned.

⁵² It must be ensured both that the aid cannot exceed the additional cost actually incurred by a given beneficiary, and that a beneficiary cannot add together aid for the same additional cost if this would have the effect of the level of aid exceeding the level of the additional cost(s). The principle behind this condition must be applied at the level of each of the potential beneficiaries of the measure.

⁵³ Aid may serve only to compensate for the additional cost of transport, taking into account other schemes of assistance to transport. While the amount of aid may be calculated on a representative basis, systematic overcompensation must be avoided. Aid may be given only in respect of the extra cost of transport of goods produced in the outermost regions and low population density regions inside the national borders of the country concerned. No aid may be given towards the transport or transmission of the products of businesses without an alternative location (products of the extractive industries, hydroelectric power stations, etc.). For the outermost regions only, aid may also cover the cost of transporting primary commodities, raw materials or intermediate products from the place of their production to the place of final processing in the region concerned. The aid must be objectively quantifiable in advance, on the basis of an aid-per-passenger or aid-per-ton/kilometre ratio, and there must be an annual report drawn up which, among other things, shows the operation of the ratio or ratios. The estimate of additional cost must be based on the most economical form of transport and the shortest route between the place of production or processing and commercial outlets using that form of transport. External costs to the environment should also be taken into account.

Numerous European policies have integrated the OR dimension into their actions. Although they may still seem limited with regard to the social and economic reality on the ground, they should be maintained, encouraged and consolidated as they provide a fundamental basis for integrating the ORs into the single market. However, an overview of all these policies reveals a certain amount of segregation between the various actions, which prevents the European action in the ORs from being generally and politically understood.

CHAPTER 2

THE ORs AND THE SINGLE MARKET IN 2011: A CONTRASTING SITUATION

According to a study carried out by the authorities in the Canary Islands, in 2010 nearly EUR 8 out of every EUR 100 invoiced by businesses in this OR was used to cover the additional costs associated with the constraints of remoteness⁵⁴. In its 2007 Communication on the ORs, the Commission was already indicating that ‘internal-market policy has had little effect on reducing the impact of these barriers to the integration process’⁵⁵.

Despite the adoption of specific measures to compensate for the structural constraints faced by the ORs and to take account of their characteristics when developing European policies, these handicaps still remain as internal barriers preventing or hindering the free movement of persons, goods, services and capital within the single market, to which the ORs fully belong. This message, which has appeared repeatedly in the successive contributions of the ORs and their Member States, must therefore be analysed and taken into account in order to prevent any reduction in the enthusiasm raised by the single market in these regions, or even the medium- or long-term disappearance of the feeling of belonging to the single market.

2.1. Characteristics and constraints

The structural social and economic situation of the ORs, as recognised in Article 349 TFEU, is determined by a combination of factors linked to:

1) Their **geographical position**:

- The ORs are very **remote from the European continent**, as they are between 1 000 (Madeira) and 9 400 (Réunion) kilometres from their national capitals⁵⁶. This territorial discontinuity is compounded by their economic remoteness, due to the disproportionate ratio between the average wage and the cost of access to capital⁵⁷, and by the inadequate air and sea links between the ORs (due to the lack of a critical mass) and the European continental territory and neighbouring third countries. The upwards trend in oil prices has further handicapped the ORs as the production costs of the air and maritime sectors have seen a proportionally higher increase.
- The ORs are **isolated**, either due to their island nature or due to the characteristics of the territory (Amazon forest in French Guiana). Being an archipelago results in

⁵⁴ *Cuantificación de los costes de la ultraperiferia en Canarias – resumen ejecutivo*, Centro de Estudios Económicos Tomillo, www.ceet.es, September 2010, p. 8.

⁵⁵ Commission working document (SEC(2007) 1112, 12.9.2007, p. 6) (see footnote 31).

⁵⁶ See Annex 2, Table 1.

⁵⁷ *Las regiones ultraperiféricas de la Unión Europea: Indicadores para caracterizar la ultraperifericidad*, MCRIT S.L., proyecto UCEST INTERREG IIIB Açores – Madeira – Canarias / FEDER (Ed. Consejería de Economía y Hacienda del Gobierno de Canarias), p. 57.

dual insularity⁵⁸, which is perceived as an obstacle to building a single market within these regions, as it causes additional costs for citizens and businesses established away from the main islands⁵⁹.

2) The **small size** of the ORs results, in most cases, in a high population density, concentrated along the coastline. Despite population increases in the last 10 years, the 4 467 000 inhabitants of the ORs surveyed in 2009 accounted for only 0.89% of the EU's total population⁶⁰. However, compared to an average density of 116 inhabitants/km² throughout the EU in 2008, the density in the ORs is clearly higher, with the exception of the Azores and French Guiana⁶¹.

3) Their particularly **testing natural conditions**:

- a **varied** and often **very undulating topography**⁶²;
- climatic conditions which expose some of these regions to **cyclonic** phenomena;
- greater exposure to **seismic risks**, notably in the Azores, Madeira, Martinique, Saint Martin and Guadeloupe⁶³, and **volcanic** risks, as is the case with Réunion, Guadeloupe or Martinique.

4) **Economic activity still overly dependent on a small number of production sectors** (agriculture, fisheries, tourism, etc.) and **products** (bananas, sugar sector: sugar and rum, tropical fruit, tomatoes, vines, flowers). The ORs are micro-economies with a narrow domestic output, characterised by their small domestic markets and very high coverage ratio (exports-imports of goods and services). Their balance of trade is largely and structurally in deficit. Diversification opportunities are limited due to the few resources at their disposal and the geographical and natural characteristics specific to their remoteness.

According to a study of remoteness indicators, in 50% of cases remoteness and isolation explain the behaviour of economic operators in these territories. Geomorphological conditions (39%) and small size (8%) are the other two most representative factors⁶⁴. However, **despite these numerous similarities, the ORs are not all the same**.

⁵⁸ As an example, there are 674 kilometres between the two furthest islands of the Azores (Corvo and Santa María) and there are 504 kilometres between the two furthest geographical points of the Canary Islands (Punta de Orchilla on the island of El Hierro and Roque del Este on Lanzarote).

⁵⁹ In the case of the Canary Islands, a recent study calculated the additional cost of being on a non-main island as, in relation to sales, 5.86% for goods transport (compared to 3.37% for businesses established on the main islands) and 0.56% for passenger transport (compared to 0.28% for businesses established on the main islands) (*Cuantificación de los costes de la ultraperiferia en Canarias – resumen ejecutivo*, Centro de Estudios Económicos Tomillo, www.ceet.es, September 2010, p. 9).

⁶⁰ Nine years earlier in 2000, the 3 842 000 inhabitants of the ORs accounted for 0.79% of the EU's total population.

⁶¹ See Annex 2, Table 2. The 'real' density, purely taking into account land available for development, is higher (817 inhabitants/km² on Réunion, for example). By contrast, in the Azores, five of the nine islands in the archipelago (Santa María, Graciosa, San Jorge, Flores and Corvo) have fewer than 10 000 inhabitants and one of these islands (Corvo) has only 435 (*Açores, Região Autónoma dos Açores*, ed. Governo Regional dos Açores, 2008).

⁶² Among the regions with the highest ratio between maximum altitude and surface area, the ORs are in second place. Also, the average altitude in these ORs is in the region of 500 metres and the maximum altitude exceeds 3 700 metres (*Las regiones ultraperiféricas de la Unión Europea: Indicadores para caracterizar la ultraperifericidad*, pp. 53 and 54).

⁶³ Between 20 and 30 on an average scale of 100 for all the regions subject to seismic risks (between 0 and 10 for the EU). *Las regiones ultraperiféricas de la Unión Europea: Indicadores para caracterizar la ultraperifericidad*, p. 55. The 'West Indies earthquake plan' was introduced in 2008.

⁶⁴ *Las regiones ultraperiféricas de la Unión Europea: Indicadores para caracterizar la ultraperifericidad*, p. 30.

2.2. Territorial discontinuity: a major obstacle to the single market and its four freedoms

Remoteness from the rest of the EU territory and its associated additional costs and, in the case of the archipelagos, the costs caused by dual insularity represent the most important **barrier** to the free movement of goods and persons from the ORs. As a result, the 'fiction' of the single market and the 'reality' of territorial discontinuity seem difficult to reconcile. Public authorities often have to devote a considerable proportion of their budgets to improving accessibility. In addition, as underlined by the Committee of the Regions, where air and maritime transport modes are concerned, 'a balance must be sought between rigorous environmental protection and the enormous additional cost that this entails for islands and the outermost regions, which are entirely dependent on these modes of transport while, at the same time, being highly committed to cutting emissions'⁶⁵.

2.2.1. Limited access to goods

Extreme remoteness, which limits **geographical access to the single market**, remains the main obstacle to the free movement of goods. This lack of access, due to the geographical distance and lack of infrastructures and connections with the various European transport networks, leads to additional transport costs, which discourage trade within the single market. In addition, certain logistical constraints, such as overstocking of goods to account for supply delays and additional costs linked to handling charges, opportunity costs of storage areas of production firms or the establishment of warehouses-distribution centres on several islands in the case of archipelagos, tend to increase the cost of goods produced or transported in the ORs.

As a result, according to the authorities in the Azores, 5% of the cost of goods produced in the archipelago (on average) is apparently due to transport costs (compared to 1% for the EU as a whole). A study by the authorities in the Canary Islands shows that the additional cost of sending goods by boat compared to transport within the continent can be 71%. Given these circumstances, it is difficult to market, within the European territory, goods produced in these regions, under price conditions which are competitive with those for goods produced on the continent. In addition to the marketing of outputs, the lack of raw materials and the need to import these for the purpose of local processing result in transport costs that impact on the prices of products originating in the ORs.

2.2.2. Limited network of services

Services in the ORs cannot be provided under the same terms as in the rest of the EU.

As far as **general interest services** are concerned, universal access to those services regarded by citizens and businesses as essential (transport services, postal services, power supplies, electronic communications) comes up against obstacles linked to the remoteness and also to the small size and development of the OR markets.

As a result, despite their efforts to offer a complete network and ensure that the services provided operate correctly at an affordable price, the ORs cannot always take advantage of all the benefits of **electronic commerce**. This stems from a number of obstacles to trade,

⁶⁵ Paragraph 7 of Opinion 101/2011 of 12 July 2011 of the Committee of the Regions on the White Paper – Roadmap to a Single European Transport Area.

associated with the poor quality or lack of high-speed Internet access, very high prices due to insufficient competition or a postal transport service which in certain cases is still limited.

However, if all the access and fair competition conditions were met, **information and communication technologies (ICTs)** could offer new ways of minimising the distance constraint, thereby ensuring digital continuity and free movement of virtual services (such as certain financial services, computer applications or online assistance services). The development of electronic commerce should allow action to be taken with regard to the length and therefore the cost of the distribution chain between producers situated in the ORs and European consumers. This first of all requires the necessary infrastructures to be put in place, by consolidating local high-speed and very-high-speed networks and secure links with sufficient capacity (duplicate connections via undersea cables), together with determined action by the competent competition authorities to prevent market abuses.

Compensation for **public service obligations** is often granted to enterprises responsible for managing general economic interest services in the ORs, particularly in the areas of maritime and air transport. This compensation paid by States for the provision of public services, which is closely linked with the procedures for selecting the enterprises that can offer these services, is subject to monitoring by the Commission. The latter must ensure, pursuant to the Treaty provisions, particularly Article 106 TFEU, that the public financing of these services does not affect competition in the single market. The Commission must also ensure that the services provided are as efficient as possible and do not impose an excessive burden on public finances.

The transposition and implementation of the **Services Directive**⁶⁶ in the ORs have not resulted in any specific difficulties. This finding was confirmed during the mutual evaluation process in 2010.

In fact, the introduction of **points of single contact** and the **administrative cooperation mechanism** (through the IMI) provided for by the Services Directive seem to be particularly beneficial for the ORs. By requiring the creation of points of single contact allowing service-providers to carry out all formalities (access to and pursuit of a service activity) remotely, online and through a single contact, this Directive is facilitating the development of cross-border service activities in the ORs, where the impossibility of carrying out simplified formalities remotely previously posed a major obstacle. Likewise, the fact that competent authorities can contact their counterparts in other Member States via an electronic, multilingual and secure system represents a particularly important asset for overcoming their geographical constraints and thus helping to reinforce economic activity in these territories.

The *acquis* in the area of **public procurement** already takes into account, to a certain extent, the specific situation of awarding authorities: this is the case with the regulations applicable to contract awards not or not fully subject to the directives applicable in this area. In order to assess the relevance of these contracts to the single market and therefore the applicability to their award of the Treaty principles on transparency and equal treatment, the size and structure of the contract and the geographical area where it will be performed must be taken into account. This is particularly relevant in the case of ORs⁶⁷. Following the

⁶⁶ Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market (OJ L 376, 27.12.2006, p. 36).

⁶⁷ Commission Interpretative Communication on the Community law applicable to contract awards not or not fully subject to the provisions of the Public Procurement Directives (2006/C 179/02) (OJ L 179, 1.8.2006, p. 2).

consultation launched by the Green Paper on the modernisation of EU public procurement policy⁶⁸, future legislative proposals aimed at simplifying and updating the regulations could answer some of the concerns of the ORs. However, exceptions to encourage the recruitment of local labour during public procurement seem inappropriate as the remoteness of the ORs and the island nature of most of them already favour the recruitment of local labour.

2.2.3. Higher cost of credit and more difficult financing conditions

Support for very small enterprises (VSEs) and for small and medium-sized enterprises (SMEs) is a fundamental priority in the development of economic activity in the ORs, so that they can deal with increasingly intense competition from enterprises in neighbouring third countries.

As a general rule, the **difficulties faced by VSEs and SMEs in accessing finance** pose a real problem for the economic development of the ORs, which is worse than in the rest of the EU. On the one hand, these enterprises are the main employers of local labour. On the other hand, local financial markets are highly concentrated. This can lead, in certain cases and particularly in the French ORs, to a higher rate of interest than that applied by the same financial service-providers in the rest of the European territory.

As a result, the failure of financial service-providers to use their own funds to finance the start-up and/or development phases of enterprises, particularly to ensure the flow of production to the rest of the EU⁶⁹, represents a bottleneck for enterprises in these regions, which are faced with limited local markets. The over-cautiousness of financial partners, which stems from the additional risks due to a lack of projects likely to be profitable and sustainable in the long term and to the size of enterprises, as also their lack of independence from their national headquarters (which seemingly prefer to concentrate their resources on more profitable projects promoted by enterprises situated on the mainland) represent brakes on the development of productive sectors in the ORs. Due to the limited availability of credit, delays in obtaining loans are often longer and interest rates applied are higher than in the European continental territory of the three countries concerned, particularly in the French ORs.

The regulations in the area of **financial services** apply to the ORs without any special exceptions or derogations. Financial service-providers operating in the ORs are therefore subject to the same rules and controls as service-providers operating in the rest of the EU.

2.2.4. Free movement of persons still limited

As with goods, the **additional costs of remoteness** and, in the case of the archipelagos, the costs of dual insularity are preventing the free movement of persons, particularly as the small number of users prevents economies of scale that could reduce the cost of transport per passenger. Likewise, the lack of sea or air links with neighbouring third countries and territories represents a brake on regional mobility. The French ORs are excluded from the scope of the Schengen Agreement, under which the signatory States have removed controls on the movement of persons across their internal borders. Due to this lack of geographical continuity with the Schengen Area, visa formalities for nationals of third countries represent an additional obstacle to regional cooperation and to trade between neighbouring countries

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COM(2011) 15 final, 27.1.2011.

⁶⁹

This operation requires greater working capital due to the remoteness of the ORs.

and territories. Simplified 'short-stay visa' formalities have been introduced by the competent French authorities for countries not posing a migration risk, in order to encourage tourism, promote business travel and better integrate these territories into their regional environment⁷⁰. However, this 'piecemeal' approach has not allowed a comprehensive policy on migratory flows to be developed, and imposes restrictions on cultural exchanges between adjacent territories.

With regard to **student mobility**, although authorities and universities⁷¹ in the ORs encourage exchanges, it is worth noting that the percentage of OR inhabitants with higher education qualifications⁷² who have benefited from mobility programmes such as Erasmus is lower than in the rest of the EU. Greater recognition of the remoteness constraint when awarding grants could encourage students from the ORs to take advantage of European exchange and training programmes⁷³.

The regulations on the **recognition of professions** are perceived as a brake on the mobility of students and professionals. A European professional card, integrating lifelong training, should help to encourage mobility and also prompt the return of beneficiaries so that they can help develop their region⁷⁴.

The continued absence of controls at intra-Community borders, enjoyed by Spanish and Portuguese ORs and which are so important for the development of tourism, depends on effective supervision of the external borders. While it is true that, except for the Canary Islands and French Guiana, the ORs are not faced with mass immigration, these outposts of the EU do have external borders with third countries in continents other than the European continent. Mobility between the ORs and neighbouring third countries and territories clearly must be controlled, but also facilitated to ensure better regional integration of the ORs and guarantee their contribution to the development of their respective areas of influence.

As a result, visa issue procedures for students, researchers and workers should be simplified, where beneficiaries of these procedures can offer guarantees that they will return after a specified period. This will encourage the development of forums for the exchange of knowledge, to the benefit of the ORs and the third countries and territories of origin. In

⁷⁰ Through several orders of 14 December 2009, the French Republic changed the overseas visa regime by removing the short-stay visa obligation for nationals of around 40 countries exempt from the visa obligation within the Schengen Area (e.g. Mauritius, the Seychelles) and also for all foreign nationals holding a residence permit issued by a prefecture or Schengen State, for all diplomatic, consular and international organisation staff holding a special permit issued by the French Ministry of Foreign Affairs, for stop-over cruise ship passengers with stay permits issued by a number of countries other than Member States (Switzerland, United States, Canada, Japan, etc.), and for holders of a long-stay visa issued by a Schengen State for the duration of their transit, so that they can return to the State which issued this visa. In addition, the status of 'approved tourist destination' requested from the Republic of China for Réunion, Martinique, Guadeloupe and the list of countries benefiting from this relaxation will be extended to nationals of Russia, Ukraine, Belarus, India, China, South Africa, Bahrain, United Arab Emirates, Kuwait, Oman and Qatar. Finally, under an action for the joint promotion of tourism, launched in September 2010 under the 'Iles Vanille' label (Réunion, Seychelles, Comoros, Madagascar and Mauritius), which involves offering multi-centre holidays to customers from Europe and emerging countries, a system for the issue of visas on entering Réunion is being trialled until the end of 2011 for nationals from four countries (South Africa, China, India and Russia).

⁷¹ As an example, the University of the Azores has signed agreements with 106 universities in 21 Member States, and the University of Réunion has done the same with 78 European universities.

⁷² Except in the Canary Islands (where 36% of inhabitants have completed higher education), there is certainly room for improvement: only 5% of the inhabitants of the Azores and Madeira have completed higher education, and qualification levels are lower in the French ORs than those on the mainland (*Las regiones ultraperiféricas de la Unión Europea: Indicadores para caracterizar la ultraperiféricidad*, p. 62).

⁷³ Contribution of the ORs to the Consultation on the Commission Working Document on the Future 'EU 2020' Strategy (COM(2009) 647 final), p. 7. See also footnote 17, Memorandum of May 2010.

⁷⁴ On 22 June 2011 the Commission launched a consultation aimed at gathering stakeholders' views on a modernisation of Directive 2005/36/EC on the recognition of professional qualifications (OJ L 255, 30.9.2005, p. 22). The creation of a professional card, used in close association with the Internal Market Information system (IMI), is one of the proposed ways of facilitating the recognition of professional qualifications in other Member States.

addition, a simplified visa issue procedure for nationals of certain third countries wanting to holiday in the ORs should promote the growth of the tourism sector.

2.3. Effects of the crisis on the ORs

The effects of the global economic, financial and social crisis can only be partly determined at the moment as regional statistical data is still sketchy. However, economic indicators show that the crisis has not spared the ORs. Given their inherent fragility due to the structural nature of their remoteness, the effects of the crisis have been more acute in certain areas, such as the labour market. However, certain differences should be examined.

As a result, with regard to the **labour market**⁷⁵, whereas in the years prior to the crisis the ORs saw positive growth, since the crisis there has been a very significant deterioration. This has been particularly marked in the Canary Islands where the employment rate fell from 62.4% in 2007 to 52.7% in 2009, which in proportional terms was a much more rapid and marked fall than in Spain as a whole (65.6% to 59.8% over the same period). The same observation can be made for the unemployment rate, which nearly tripled between 2007 (10.4%) and 2009 (26.2%: as a reminder, it was 23.8% in 1998!), i.e. an increase that was significantly higher than that for Spain as a whole. Although the long-term and female unemployment rates increased slightly more than for Spain as a whole, the youth unemployment rate increased by 25 points between 2007 and 2009, reaching 47.9% compared to 37.8% for Spain as a whole.

In the French ORs, the effects of the crisis on employment have been felt after the fact. The labour market did not start to shrink until the fourth quarter of 2008/first quarter of 2009, following the social events that occurred in some of these territories at the beginning of 2009 and due to the subsequent slowdown in economic activity. As a result, the number of unemployed in Martinique increased by 4.1% in one year, between June 2008 and June 2009⁷⁶. There were 61 000 job-seekers in Guadeloupe in 2009, i.e. an increase of 11.8% from 2008⁷⁷. The symbolic threshold of 100 000 unemployed was crossed for the first time since 2003 in Réunion, where the unemployment rate increased between 2009 and 2010 by 24%⁷⁸. Long-term exclusion from the labour market remained high throughout this period, but it was the number of young unemployed that exploded between 2007 and 2009. As a result, in Saint Martin and Réunion, and particularly in Martinique and Guadeloupe, **nearly 60% of young people are currently unemployed**. These figures contrast sharply with the youth unemployment rate on the mainland (around 20%). Finally, the same observation can be made for long-term and female unemployment. The latter has thus increased more rapidly in the French overseas departments and regions than on the mainland, further extending the gap observed in 2007. Finally, although unemployment increased by nearly 30% and 20% in the Azores and Madeira respectively between 2007 and 2009, it is still relatively modest and lower than the figure for Portugal as a whole. In the Azores, unemployment fell in 2010, from 7.7% to 6.2% in the second quarter, whereas it continued to increase in Portugal. It is the lowest among the Portuguese regions. Having said that, long-term exclusion from the labour market is also a characteristic of these two regions.

⁷⁵ See Annex 2, Tables 3, 4 and 5.

⁷⁶ *Rapport annuel 2009 Martinique*, Institut d'émission des départements d'outre-mer (IEDOM), Paris, 2010, p. 36.

⁷⁷ *Rapport annuel 2009 Guadeloupe*, IEDOM, Paris, 2010, p. 8.

⁷⁸ *Rapport annuel 2009 La Réunion*, IEDOM, Paris, 2010, p. 5. The unemployment rate in Réunion was 28.9% of the working population in May 2011.

In general, the ORs saw a **marked slowdown in economic activity** during 2008 and 2009. In the Caribbean ORs, the crisis was amplified by the social movements in February-March 2009. For example, in Guadeloupe, which suffered a total of 44 days of strikes, investment fell by 12.2% in 2009.

The economies of the ORs, which are dependent on a small number of products or economic activities, are therefore more fragile and vulnerable than the economies of other European regions. The significant weight of the public sector – which employs a large part of the working population in certain ORs – combined with limited activity in the private sector (characterised by the predominance of VSEs and SMEs) is hindering the emergence of new endogenous development models.

Traditional products (sugar cane-rum sector and bananas in the French ORs, bananas in the Canary Islands and Madeira, milk in the Azores, etc.) continue to play an important role within their agricultural economies and in terms of jobs. However, the crisis has accelerated the tertiarisation of their economies, resulting in the shrinkage of the agriculture and fisheries sectors. As a result, in the Canary Islands in 2009, agriculture contributed only 1% to regional GDP⁷⁹. However, there has been a modest economic diversification in recent years, particularly in the agri-food sector and in the cutting-edge science and technology sectors. This is evidenced by the space-related activity in the Azores and French Guiana, the geothermal energy centre in the Azores, and the astrophysics centres in the Canary Islands, among others. However, the impact on employment has been fairly modest. Tourism is the most important sector in certain ORs such as Madeira and the Canary Islands. This poses the risk of falling into a ‘single-crop’ situation. To a lesser extent, this observation could also be made for the ORs of Réunion and the West Indies, with the latter having been affected by the slowdown in US demand.

In the ORs, **GDP per inhabitant** in 2009 was no higher than the 2006 figure. In five ORs, it even fell compared to the EU average⁸⁰. With the exception of Madeira, in all the other ORs it is structurally below the figure for the whole territory of the respective Member State. The gap observed during the 2000-2005 period therefore increased during the 2006-2009 period. In certain cases, such as French Guiana, the slowdown has led to worse results than in 2003. In Guadeloupe, gross domestic product fell by 6.3% in 2009. However, despite this deterioration, the ORs continue to rank among the richest economies in comparison with their immediate geographic environment⁸¹.

As for **foreign trade**, the French ORs are characterised by the weakness of their trade⁸² and their embryonic participation in regional trade. This stems from the difficulty of competing with producers in neighbouring countries, where not only are production costs and social security and employment costs often lower, but production standards in terms of health and quality are often more lax. The crisis caused a fairly significant fall in imports and exports between 2008 and 2009. The situation is slightly different in the Canary Islands, where the

⁷⁹ *Guía de negocios de Canarias*, Sociedad Canaria de Fomento Económico S.A., PROEXCA, 2009, p. 25.

⁸⁰ See Annex 2, Table 6.

⁸¹ For example, ‘in the Caribbean region, Guadeloupe and Martinique rank among the richest economies, with a GDP per inhabitant in purchasing power parity 1.3 times higher than that of Trinidad and Tobago, and 3.2 times higher than that of the Dominican Republic’ (*Rapport annuel 2009 Guadeloupe*, IEDOM, Paris, 2010, p. 25); ‘in the Indian Ocean area, Réunion indisputably has the highest GDP per inhabitant ... 2.5 times higher than that in the Seychelles’ and 62 times higher than in Madagascar (*Rapport annuel 2009 La Réunion*, IEDOM, Paris, 2010, p. 25).

⁸² The coverage ratio (ratio between total imports and exports over GDP) of Guadeloupe is around 40%, which is ‘fairly similar to that of the neighbouring countries which are the least integrated in international trade, such as Haiti and Cuba’ (*Rapport annuel 2009 Guadeloupe*, IEDOM, Paris, 2010, p. 42).

economy is more open to foreign trade, and also in the Azores and Madeira. However, foreign trade between these three regions is virtually non-existent.

Given that the productivity levels of the ORs remain modest, the effects of the crisis will be difficult to overcome in regions with high unemployment, such as the French ORs and the Canary Islands. Catching up could also prove more difficult in the medium and long term in regions where the public sector accounts for a significant proportion of GDP, which is the case in general with the least developed European regions and the ORs. Austerity and budgetary consolidation plans, which will lead to a reduction in public spending, will therefore undoubtedly have a more negative impact on the economic activity of the ORs than in those regions where the public sector is less predominant.

CHAPTER 3

RECOGNISING AND CAPITALISING ON THE ASSETS OF THE ORs TO IMPROVE THEIR INTEGRATION IN THE SINGLE MARKET AND ACHIEVE THE OBJECTIVES OF THE EUROPE 2020 STRATEGY

As the European Council underlined in March 2011, the single market has a key role to play to deliver growth and employment and promote competitiveness⁸³.

In the consultation on the Europe 2020 strategy, the ORs indicated their 'intention to accelerate the knowledge triangle (research, innovation and higher education) in order to improve enterprise and promote climate and energy policy through an ambitious sustainable development policy'⁸⁴.

This intention must be consolidated by adapting the objectives of the Europe 2020 strategy to the reality of the ORs, taking account not only of their structural situations, but also their assets.

In response to one of the key messages from the public debate on the future of the European strategy for the ORs⁸⁵, the Commission included, in its 2008 Communication, the principle of capitalising on the assets of these regions⁸⁶, based on 'sectors with high added value, such as agri-food, biodiversity, renewable energies, astrophysics, aerospace science, oceanography, volcanology or seismology, and the important role of the OR as outposts of the European Union in the world'⁸⁷. More recently, the Council identified the sectors in which the OR contribution could have a higher added value: research and innovation, renewable energies, biodiversity, agriculture, fishing, health, ICTs, cultural industries and territorial cooperation, and neighbourhood policy⁸⁸.

3.1. The added value of the ORs is based on unique assets

In a globalised world, the ORs are outposts of Europe, which must participate fully in the role that the EU aspires to play at world level. Their geographical and geostrategic positions mean that they are truly 'active borders' of the EU from which the latter can launch its external action.

Whether situated in the south-west of the Indian Ocean, in the Caribbean or in the Atlantic, the ORs are directly affected by new challenges such as the globalisation of trade – accompanied by an explosion in transport – new environmental challenges and, in particular, the risks threatening biodiversity and associated with climate change, and also aspects linked to demography and migratory flows.

⁸³ Paragraph 7 of the conclusions of the European Council of 24 and 25 March 2011.

⁸⁴ Contribution of the ORs to the Consultation on the Commission Working Document on the Future 'EU 2020' Strategy (COM(2009) 647 final), p. 5.

⁸⁵ This took place between September 2007 and May 2008. See all the contributions and also the summary of the conclusions on the public consultation process at: http://ec.europa.eu/regional_policy/consultation/rup/contri_fr.htm

⁸⁶ This is one of the four principles set out in the first Memorandum of the Presidents of the ORs, adopted in Cayenne in March 1999, together with equal opportunities, coherence between Community policies and partnership.

⁸⁷ COM(2008) 642 final, cited in footnote 34, pp. 6-9.

⁸⁸ Council conclusions on the Outermost Regions of 14 June 2010, p. 2.

Given their natural assets and the opportunities that they offer in the fight against climate change, biodiversity protection, renewable energies or risk prevention, the ORs could become major players in the European strategies in these areas.

3.1.1. Assets benefiting the whole of the EU

Due to their assets and unique characteristics, actions carried out in the ORs have genuine added value at EU level. This is particularly true in the fight against climate change and in maritime policy. Finally, innovation applied in a number of sectors already present in the ORs could give the EU a substantial advantage in this era of globalisation.

a) An essential contribution to the exploitation of space

A large part of the technological progress benefiting European consumers comes from **space**. The planetary coverage and high quality of television broadcast images, high-speed Internet, mobile telephony, and satellite positioning for road, sea and air transport (Galileo, GPS) form everyday examples of this progress. The particular geomorphological and climatic characteristics of the ORs mean that they are perfectly positioned to develop the benefits of this progress, firstly for the ORs but also for the EU as a whole.

The ORs currently guarantee vital independence for the EU in terms of access to space exploration and exploitation, as evidenced by the following four examples. This also has an economic value, with repercussions on local high-technology sectors. As a result, it is helping to create high-quality and well-paid jobs, particularly in French Guiana, the Azores and the Canary Islands, which form part of the Atlantic Network of Geodynamic and Space Stations (RAEGE)⁸⁹.

1/ The Kourou launch site in French Guiana, managed jointly by the French Space Agency (CNES), Arianespace and the European Space Agency, is close to the Equator (5.3° latitude north). It allows maximum benefit to be taken of the slingshot effect due to the earth's rotation. This is a major advantage when launching satellites into geostationary orbit, as virtually no trajectory correction is required. It also allows a significant reduction in power (in the order of 20%), with the fuel saved allowing the total launcher weight to be considerably reduced and its payload to be increased. The European Ariane rockets, mainly used to launch telecommunications satellites, are launched from this site. New launch facilities specifically for new types of rocket – Vega and Soyuz – have recently been commissioned.

2/ The satellite tracking station of the European Space Agency (ESA/SMA Tracking Station) in Santa María (Azores) has been operating continuously since 2008. Its original mission, which was to track launchers following the launch phase in French Guiana, has been expanded and supplemented by earth observation capabilities. The Santa María station currently operates every day, tracking marine pollution by hydrocarbons over a vast European and even global area. The station has also been involved in qualification operations for the new generation of launchers, such as Vega and Soyuz, and in preparations for several Ariane 5 missions. The installation of a GGSS (Galileo Ground Sensor Station) will be a further step towards the consolidation of this project in the Azores, which is a founder region of the NEREUS association (Network of European regions using space technologies) and the only Portuguese region forming part of this network.

3/ The Maspalomas space station (Gran Canaria) acts as a transmission relay for information sent by satellites put into orbit by the ESA. There are currently three specific programmes: a) the TTC operations, which are intended to support a large number of international space missions through tracking, telemetry and telecommand operations; b) COSPAS-SARSAT, which is intended to locate air, sea and land accidents in order to reduce the risks and losses of human life resulting from these; c) the CREPAD programme, which is responsible

⁸⁹ RAEGE consists of four geodynamic stations in Yebes (Spain), the Canary Islands, Santa María (Saramago) and Flores (Lages das Flores).

for receiving, processing, archiving and distributing earth observation images. The station also carries out operations involving remote sensing, acquisition, connection, processing and distribution of earth observation data from other missions such as NOAA, SEASTAR, LANDSAT, ERS, SPOT and IRS-P3.

4/ The Astrophysics Institute of the Canary Islands (IAC): The IAC has two observatories: the Teide observatory (Tenerife) situated at an altitude of 2 390 m, specialising in the study of the disk of the sun; and the Roque de los Muchachos observatory (La Palma) at an altitude of 2 396 m, regarded as one of the best sites on the planet for astronomy. These two observatories form the European Northern Observatory (ENO). Eleven European countries have invested over EUR 200 million in this astrophysics centre, which is now the best equipped in the world, thanks to the Agreement on Cooperation in Astrophysics. La Palma has recognised potential for scientific research in this area. Its observatory is equipped with a large telescope (the 4-metre William Hetschel) and also smaller telescopes. In 2007 the ERDF contributed to the financing of a new telescope (the 'gran telescopio Canarias', equipped with a segmented primary mirror with a diameter of 10.4 metres).

b) Exceptional biodiversity and remarkable natural laboratories

Loss of biodiversity around the world is one of the main concerns of the European scientific community. The ORs can play a role in fighting this loss of biodiversity (and as a result in combating global warming) and thus increase the EU's ability to make its voice heard in international forums.

The ORs are characterised by huge biodiversity. Given their extensive natural area compared to the average for the European regions⁹⁰, they form precious reserves in many respects: **animal** reserves (food and wealth of species) and **plant** reserves (supply of wood for construction, food, plants used in the pharmaceutical industry and medical research, reserves of raw materials, reserves of land still protected from the impact of development, etc.). Due to pollution caused by the density of their populations, the ORs are also vulnerable places. Protecting their natural areas represents a considerable challenge.

*French Guiana is the most heavily forested European region (over 7.5 million hectares of primary forest, 2.5 million hectares of mangrove and herbaceous and wooded swamp, and 2.5 million hectares of savannah). This forested area forms an integral part of the **Amazon virgin forest**, which is the oldest and one of the most complex ecosystems on the planet. French Guiana wants to set up a university centre (Pôle Universitaire Guyanais – PUG) adjacent to the Amazon Park (3.5 million hectares) as a European university centre for understanding the biodiversity of the Amazon and also equatorial biodiversity. The EU's presence in the Amazon forest puts it in prime position with regard to the actions to be implemented, notably with Brazil, to safeguard this heritage and thus fight the loss of biodiversity.*

*The '**Laurisilva**', a type of subtropical forest that is found only in the Canary Islands, the Azores and Madeira, is a genuinely unique laboratory on earth, with an incalculable value for scientists. These forests mainly consist of endemic species. The 'Laurisilva' is also a potential source of natural products of phytosanitary interest. The most remarkable sites are: the forests of Madeira, listed as World Heritage Sites by UNESCO in 1999; the forest of 'Garajonay' (La Gomera), designated as a national park in 1981 and listed as a World Heritage Site in 1986; the 'Canal' and 'Los Tilos' forests (La Palma), listed as biosphere reserves by UNESCO in 1983; and, finally, the natural parks of 'Anaga' and 'Teno' (Tenerife).*

Preserving the natural wealth of the Azores could make this archipelago into 'the Galapagos of Europe'.

In addition, the ORs could become **idea laboratories** for future solutions in the areas of pharmaceutical research⁹¹ or for predicting the effects of biodiversity loss. Environmental

⁹⁰ 60% for the European regions, 46% for the Azores and Madeira, 80% for Martinique, Réunion, Guadeloupe and French Guiana, and 96% for the Canary Islands (*Las regiones ultraperiféricas de la Unión Europea: Indicadores para caracterizar la ultraperifericidad*, p. 61).

⁹¹ Tropical forests make a major contribution to health protection. They are the natural suppliers of the planet's main laboratories. A small and apparently insignificant plant – the Madagascar periwinkle – has, for example, allowed medicines to be developed that have revolutionised the treatment of childhood leukaemia. According to the National Cancer Institute in the USA, 70% of the plants used to fight

changes have more impact on islands than on continents. Where there is less land habitat, there are smaller populations. Islands are therefore vital laboratories for conducting experiments whose results allow the effects of biodiversity loss on the continents to be studied.

Since the Réunion conference in July 2008⁹², numerous ideas have been exchanged to try and develop a voluntary programme for the conservation and sustainable management of biodiversity and ecosystem services in the ORs and OCTs⁹³. In 2006 the Biodiversity Action Plan included an action for the ORs and OCTs. A new European strategy for biodiversity to 2020 was adopted on 3 May 2011 under the BEST programme, which is of particular interest for the ORs and OCTs⁹⁴.

The BEST programme has two main priorities. The first involves the conservation of protected areas, i.e. managing those already in existence and creating new ones, and also reducing threats to biodiversity (invasive species, overexploitation, pollution, change, damage and loss of habitats). The second concerns the sustainable use of ecosystem services, which involves measures for adapting to climate change or even setting up 'green' infrastructures. In December 2010 a budget of EUR 2 million was approved in order to develop a BEST programme in 2011. On 1 March 2011 the Commission adopted a financial decision⁹⁵ in order to set up projects. In this context, a call for proposals is open from 5 May to 9 September 2011⁹⁶ with a view to projects being initiated as from December 2011. All the ORs, OCTs and Member States of the EU can take part in this, and third countries can also potentially be involved. All stakeholders are included, whether they are site managers, research bodies, NGOs, international organisations, etc. The objectives of the call are to demonstrate the potential and benefits of a BEST programme and to prepare for long-term management. Proposals will be assessed in two stages:

- 1) *General assessment of quality (technical and financial coherence and methodology); and*
- 2) *Assessment of the contribution of proposals to five key areas (biodiversity conservation; sustainable management of biodiversity; adaptation to climate change; creation of partnerships for education, communication and awareness-raising; and construction of sites for the long-term continuation of the BEST programme).*

c) A reference for the challenges of climate change

The EU can and must use its ORs to consolidate its international position in the fight against climate change and in its efforts to adapt to its effects. The geographical position of the ORs means that they are ideally placed to observe and monitor natural phenomena. Creating and consolidating meteorological systems and networks in collaboration with neighbouring third countries would allow the EU to acquire extensive knowledge of these phenomena.

The vulnerabilities of the ORs to climate change have been specifically assessed in various studies organised by the Commission. As a result, the study on 'The economics of climate change adaptation in EU coastal areas'⁹⁷ gives an overview of the progress made and financial dimension of actions undertaken to prepare these regions for the effects of climate

cancer have been discovered in tropical forests. One-quarter of the medicines prescribed in the USA are based on Amazonian plants, and yet European laboratories have so far only studied the medicinal properties of barely 1% of the plant species in these forests.

⁹² Conference on 'The European Union and its Overseas Entities: Strategies to counter Climate Change and Biodiversity Loss', <http://www.reunion2008.eu/pages/en/en-home.html>

⁹³ See the conclusions of the Environment Council of 25 June 2009.

⁹⁴ Communication from the Commission: Our life insurance, our natural capital: an EU biodiversity strategy to 2020 (COM(2011) 244 final, 3.5.2011).

⁹⁵ http://ec.europa.eu/environment/funding/pdf/wp_best.pdf

⁹⁶ http://ec.europa.eu/environment/funding/grants_en.htm

⁹⁷ http://ec.europa.eu/maritimeaffairs/climate_change_en.html#2. The study gives a specific report for each OR.

change. In this context, it seems essential to adopt appropriate policies to tackle the environmental challenges specific to the ORs. These policies must include the management and controlled consumption of water resources, which are becoming fundamental problems in the ORs, particularly on certain Canary Islands where rainfall is rare and rivers non-existent. Energy management is also a challenge. Finally, programmes aimed at preventing natural disasters in each of the ORs must include the pooling of resources in each geographical area so that joint actions can be taken with the authorities of neighbouring third countries and territories.

d) *Integrated management of the sea*

In the maritime area, the ORs have a vital role to play. The future European strategy must involve the ORs, whether in terms of the sustainable management of the seas, oceans and coastal areas or in terms of implementing international maritime governance. The creation of networks dedicated to research, maritime surveillance or observation and data-gathering in the marine environment would improve knowledge of this environment, with huge benefits for the whole of Europe.

Humans draw a large amount of their food from the oceans. Maritime resources not only consist of animal species, which currently provide fishery products, but also a multitude of organisms (such as algae or microorganisms) whose food potential is well-known but nowhere near having been fully exploited.

The wealth of the sea can be developed only by preserving its resources and ensuring the sustainability of its exploitation. In this context, **the ORs account for over half of the exclusive economic zone (EEZ) of the EU**: a potential reserve of resources measuring close to 15 million square kilometres out of a total of 25 million square kilometres. This maritime area can also be used by the EU to experiment in the fields of food security and the fight against global warming, for example. New technological resources should allow the deep sea in this EEZ to be explored. As a result, off French Guiana, a European oil consortium will carry out very deep exploratory drilling (6 000 metres below the surface of the sea, and 4 000 metres below the earth's crust)⁹⁸.

With dry land becoming more heavily populated and with increasingly evident signs of the situation of abundance turning into a situation of scarcity (water, oxygen, energy, foodstuffs, etc.), the EEZ forms a resource of incalculable value. Part of the biodiversity of the ORs lies in their **coral reefs**, which cover only 0.2% of the ocean floor but contain almost 25% of marine species⁹⁹. Like the forests, coral reefs are of undeniable interest for the commercial exploitation of bioresources as they host numerous organisms and species that are particularly important for bioprospecting industries (pharmaceuticals, cosmetics, biological control, etc.).

⁹⁸ In addition to oil and gas, the deep sea of the EEZ should also offer opportunities to exploit metal deposits (base metals: copper, lead and zinc; precious metals: gold), non-metallic deposits (clay, zeolites, etc.) and minerals. The ocean also contains an exceptional stock of marine resources used for producing vital materials for housing and road infrastructure (marine aggregate and sand, volcanic pumice).

⁹⁹ Nearly 5 000 species of fish and over 2 500 species of coral have been identified. These include over 1 000 species involved in the construction of the reefs. Coral reefs form 'hatcheries' for the vast majority of the world's fish species. Moreover, coral reefs supply an element essential to the planet's ecological balance: calcium carbonate, which is the component in sand, shellfish and coral reefs and which maintains the pH balance of the oceans, which in turn sustains life on earth. Damage to these reefs would result in the disappearance of all the useful species and the proliferation of invasive species, such as black algae.

e) *Experimental laboratories for renewable energies*

The geographical position and characteristics of the ORs prevent their connection to European energy markets. As a result, they are heavily dependent on fossil fuels (nearly 98% in the Canary Islands!). In certain cases, due to the indirect involvement of the public authorities in these activities, there is a marked 'public service' component in production and/or distribution.

Due to geographical constraints, there is no single energy market at 'regional' level as the islands are often not connected by electrical cable (this is the case with the Canary Islands, except for Gran Canaria, Fuerteventura and Lanzarote, and also for the French ORs in the West Indies and for the Azores) because of the depth of the water (as an example, depth of 2 400 metres between the two most populated islands of the Canaries: Gran Canaria and Tenerife). As electricity cannot currently be stored, supply needs to be continually matched to demand, which is harder in small isolated markets. As a result, the cost of electricity production in the ORs is often higher than the production cost on the European continent. In territories where nearly all the electricity comes from fossil fuels, the additional cost is even higher.

Having said that, in all the ORs there is a firm commitment to change this situation, in line with sustainable growth and the objectives of the Europe 2020 strategy in the areas of climate and energy. Projects are in hand to reduce the energy dependence of the ORs and use more sources of renewable energy, with the medium- and long-term goal of achieving energy independence.

*The Sociedade Geotérmica dos Açores, SA (SOGEO) commercially exploits the **geothermal resources** of the Azores archipelago to produce electricity at a much lower economic and environmental cost than fossil fuels. SOGEO currently produces 38.8% of the electricity consumed on the island of São Miguel, which represents 20.4% of the total electricity consumed in the Azores (28.1% produced by wind and water power), with the goal being to achieve 38% in 2018. This is stable 'green' energy that contributes to the local economy. This model could be replicated in other ORs, such as the Canary Islands or Réunion.*

The reversible power station ('Aproveitamento de fins múltiplos dos Socorridos' <http://www.eem.pt/images/stories/documents/ctsocorridos.pdf>) already makes a significant contribution to electricity production on Madeira, by reducing dependence on the hydroelectric system, bearing in mind seasonal constraints. A similar but larger scale project is currently being implemented in Calheta. Furthermore, a project to produce energy from marine algae should allow 97% of the energy consumed on the island of Porto Santo to be renewable by 2015.

In order to develop sources of renewable energy, the first step should be to install facilities allowing energy to be reused, particularly in the smallest territories not connected to energy networks. 'Idea laboratory' projects allowing the development of exportable knowledge on energy production and services are being implemented in several ORs.

In the Canary Islands, the islands of Gomera and El Hierro have set themselves the goal of energy independence. One project on the latter involves renewable energy production and storage micro-networks (water and wind power station: http://web.itccanarias.org/es/difusion/como_funciona/central/index.jsp). It is also planned to test the use of electric cars, given the optimum temperature conditions and relatively short distances.

The GERRI project aims to achieve energy independence for the island of Réunion by 2030. It includes a demonstration area for sustainable development technologies of interest to future society and an area for experimenting with energy storage, in a context of insularity and production of mainly intermittent renewable energies.

On 12 April 2011 entities in the Azores, Madeira and the Canary Islands joined the project entitled 'Pact of Islands' (<http://www.islepact.eu>), aimed at developing local action plans for renewable energy and establishing a directory of projects that can be financed in order to achieve or exceed the European target of reducing CO₂ emissions by at least 20% by 2020.

Finally, the possibilities of developing energy markets with neighbouring third countries and territories could be explored insofar as regulatory or physical constraints allow.

Martinique and Guadeloupe are working with Dominica on a cooperation project involving renewable energies (geothermal energy). Financed by Interreg IIIB funds, feasibility studies on the Dominica reservoir at Wotten Waven in the Rivière de Roseau valley, at the edge of the Morne Trois Pitons national park classified as world natural heritage, have revealed the presence of a reservoir with an estimated potential of 100 MW. Dominica's needs are 20 MW. The remaining 80 MW will be shared equally between Martinique and Guadeloupe. The exploratory phase cost EUR 1.1 million and was financed by the ERDF (43%), ADEME (21%), BRGM (15%), Regional Cooperation Fund (8%), Guadeloupe Region (4%) and Martinique Region (3%).

3.1.2. Assets benefiting their regional environment

The geostrategic position of the ORs gives the EU a wider presence that could be further utilised. The ORs form borders and outposts of the EU in the Caribbean Sea, in the Atlantic Ocean (the Azores, Madeira and Canary Islands¹⁰⁰) and in the southern hemisphere (Réunion). They also provide the EU with a common border with an emerging country (Brazil). These territorial bases could allow the EU to reaffirm its position in the world, provided that their importance is better understood and their geostrategic attractiveness is better utilised. To that end, the establishment of air or sea transport links with third countries should be promoted. This would help to diversify and internationalise their economies through the development of neighbourhood relations, but also through development cooperation and the fight against poverty in their respective areas of influence.

a) Participation in integrated regional markets

The single market of the ORs does not solely consist of an internal market with the rest of the EU, but just as much a market with their immediate neighbours. The regional integration of the ORs within their surrounding geographical areas is one of the best ways of developing these regions. It must also allow the EU to penetrate these expanding regional markets.

The Commission believes that achieving this objective requires both increased cooperation between the ORs, ACP countries and OCTs, and also stronger trade relations between them¹⁰¹.

Since 2004, within the wider neighbourhood policy, the Commission has been promoting the consolidation of economic, social and cultural ties between the ORs and neighbouring territories in order to improve their integration within their surrounding geographical area and to reduce the barriers limiting trade opportunities with the adjacent markets of the Caribbean, America and Africa. However, the difficulties and obstacles encountered in implementing this wider neighbourhood action plan must be clearly identified so that they can be overcome.

¹⁰⁰ In its resolution of 9 March 2011 on the European Strategy for the Atlantic Region, the European Parliament calls for this strategy to be opened 'to all EU regions along the Atlantic coast, including Macaronesia outermost regions' (P7_TA(2011)0089).

¹⁰¹ See the answer given by Mrs Ferrero-Waldner, on behalf of the Commission, to written question P-6595/09.

b) Regional exchanges in the area of training

Due to their small size, most of the OR universities must try to develop synergies, not only with other European universities, but also with those in their surrounding environment. With regard to the latter, OR universities could try to take more advantage of the **Erasmus Mundus** programme, which aims to improve the quality of higher education through grants and academic cooperation between the Member States and the rest of the world. Erasmus Mundus involves three actions:

- Joint programmes of exceptional quality involving **masters and doctorates (Action 1)**, including scholarships to take part in these programmes (both for students from ‘third countries’ and for European students). The application proposing a programme of academic excellence must be submitted by a consortium consisting of a coordinating establishment and partner institutions (namely universities from third countries and at least three establishments from three Member States)¹⁰².
- **Structured cooperation partnerships (Action 2)**, including mobility grants at all academic levels, with higher education establishments in third countries within the same geographical area. The partnerships that submitted projects during the last call for proposals should consist of at least five European higher education establishments and universities from target third countries in the corresponding geographical area¹⁰³.
- Promotion of European higher education by implementing projects designed to improve its attractiveness throughout the world (**Action 3**).

Furthermore, the new technologies ‘impact positively on citizens’ education, including by creating good opportunities for distance learning’¹⁰⁴. As a result, OR universities are using videoconferencing to promote remote learning, for example between islands with multi-centre campuses (in the archipelagos) and interregionally (University of the French West Indies and Guiana). ICTs can help to overcome the problems of territorial discontinuity and small numbers of users, to ensure that a higher critical mass is achieved, by facilitating remote learning, opening up access to further training for students from other universities in their neighbourhood and other third countries, and facilitating the exchange of ideas in order to develop innovation partnerships with other universities facing similar problems.

¹⁰² The selection process for Action 1 is highly competitive and based on academic excellence (see the description on the ‘Erasmus Mundus excellence’ site: <http://www.emga.eu>). If the consortium is selected, the Erasmus Mundus financing is granted for five consecutive years, which allows for interinstitutional cooperation and internationalisation of the higher education establishments involved in the consortium.

¹⁰³ The deadline for the last call for proposals (EACEA 41/2010) was 29 April 2011. To ensure sound management of the partnerships, the number of applicant partners in that call was limited to 20. The list of partnerships selected to date can be consulted at: http://eacea.ec.europa.eu/erasmus_mundus/results_compendia/selected_projects_action_2_en.php

¹⁰⁴ Paragraph 13 of the European Parliament resolution of 6 July 2011 on European Broadband: investing in digitally driven growth (P7_TA(2011)0322).

The Unamuno network – a joint cooperation initiative between all the higher education institutions of the ORs – is trying to develop a joint strategy based on trust and the transfer of information, knowledge and experience as key elements in the development of these regions¹⁰⁵.

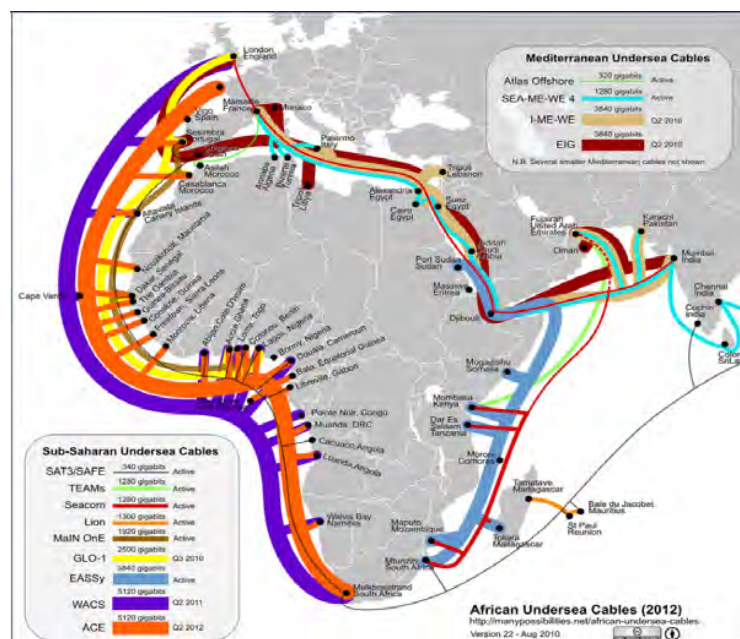
The Azores and Madeira are currently the only ORs involved in the exchange programme of the Assembly of European Regions (ARE) Eurodyssey (<http://www.eurodyssee.eu/regions/the-regions.html>), which offers young job-seekers aged 18 to 30 traineeships lasting three to seven months, not only in another Member State, but also in third countries. Its objective is to offer young people professional experience and, at the same time, to give them the chance to learn or perfect a foreign language.

c) Further development of regional competitive sectors through ICTs

Ensuring that the ORs can access reliable and competitive electronic communications networks is a vital element in the development of regional competitive sectors.

The reliability of infrastructures must firstly be ensured. A digital network relying on a single low-capacity undersea cable connection cannot guarantee service permanence or continuity, not to mention being unable to cope with constantly increasing speed requirements. As illustrated by the following map, the connection between Madeira or Réunion and the rest of the EU relies on a low-capacity undersea cable crossing the African continent.

Undersea high-speed telecommunications infrastructures in Africa



Source: Many Possibilities (CC licence)

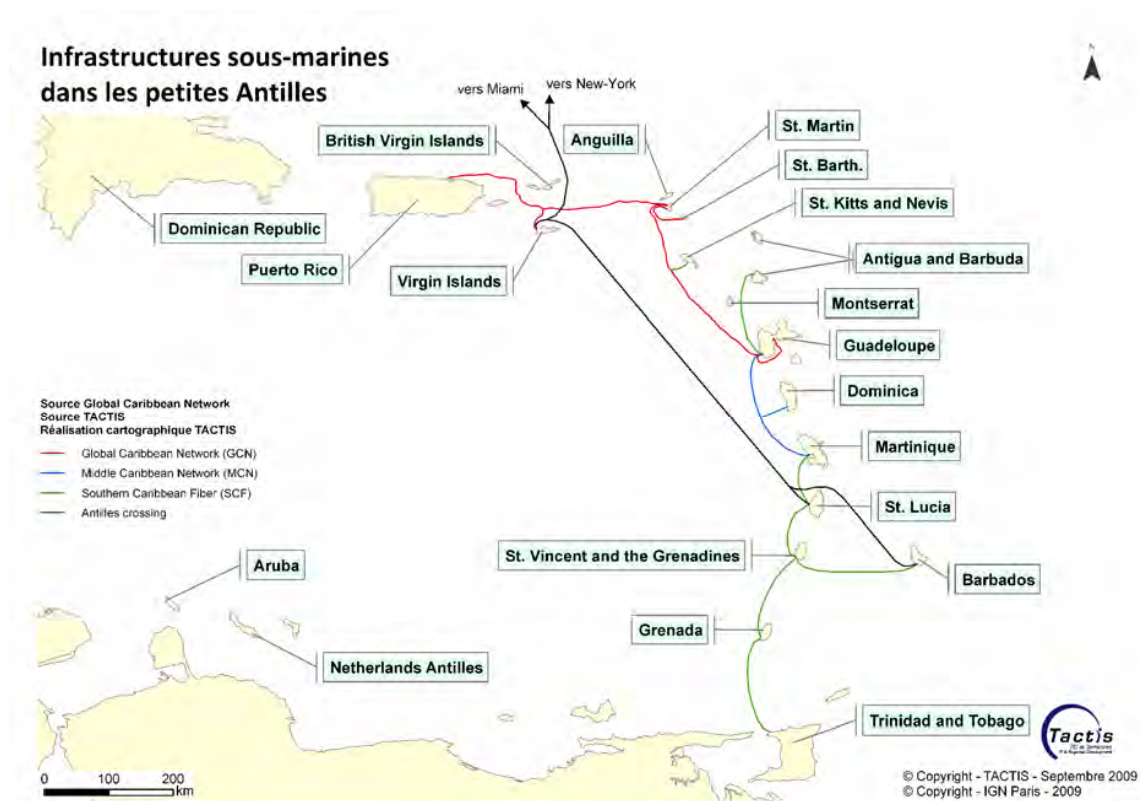
The development of regional competitive sectors through ICTs depends on the problems in terms of access, tariffs, quality and security of ICT services being solved, particularly with regard to the offer of ‘high-speed’ internet¹⁰⁶. This can be achieved through determined

¹⁰⁵ The Spanish universities of Las Palmas de Gran Canaria and La Laguna, the Portuguese universities of Madeira and the Azores, the French university of Réunion, and the University of the French West Indies and Guiana (<http://unamuno.uma.pt/index.php?lang=en>).

¹⁰⁶ See the conclusions of the study: ‘Regulatory, infrastructure and tariff aspects of electronic communications and broadband connectivity in the Outermost Regions (OR). A comparison of the current situation with that in the rest of the Community and neighbouring countries’ (IDATE and LL&A, in partnership with INESC PORTO (Portugal) and MM (Spain)), Montpellier, December 2005, p. 49 et seq.

action by the national competition authorities¹⁰⁷ with regard to the conditions for acquiring capacity over undersea cables and the conditions of access to the terrestrial parts of these cables (landing points and other terrestrial facilities), particularly in monopolistic situations. Public support for the rollout of the necessary infrastructures, particularly in Guadeloupe, has allowed market shortcomings to be corrected. This has also allowed the territory to be digitally opened up, by connecting it to the global network 'while challenging the de facto monopoly that has been held to date by France Télécom over the only cable serving the territory'¹⁰⁸, and, at the same time, encouraged the development of other Caribbean ORs and also neighbouring countries and territories, which have had access to this new digital network. Due to this initiative, a network of undersea telecommunications infrastructures has been created in the West Indies (see the map below).

Undersea high-speed telecommunications infrastructures in the West Indies



¹⁰⁷ As an example: decision of the French competition authority of 9 December 2009 imposing a fine of EUR 63 million on Orange Caraïbe and France Télécom for having unlawfully prevented the development of competition in the departments of Martinique, Guadeloupe and French Guiana (<http://www.autoritedelaconcurrence.fr/user/avisdec.php?numero=09-D-36>).

¹⁰⁸ 'Reducing prices on the wholesale market for undersea capacity serving the island was intended to allow the development of broadband in Guadeloupe' (paragraph 16 of Opinion No 11-A-08 of 10 June 2011 of the French competition authority <http://www.autoritedelaconcurrence.fr/pdf/avis/11a08.pdf>, p. 5). In Guadeloupe, a public service delegation agreement covering the rollout and operation of an undersea high-speed telecommunications cable (890 km in length, connecting Puerto Rico with Guadeloupe, and passing through Saint Martin and Saint Barthélemy) was signed between the Regional Council and a private supplier (the company Global Caribbean Network), which commissioned this cable at the end of 2006. As noted by the French competition authority in this opinion: 'the Guadeloupe Region has an effective tool for acting on these markets, namely by renegotiating its assignee's service catalogue' (paragraph 41, p. 9). The rollout of this undersea telecommunications cable has profoundly altered the economic conditions of the wholesale market for internet capacity in this area: as a result, for example, the IP transit tariff fell from EUR 2 000/MB/month to EUR 375/MB/month in September 2006; subsequently, the development of the service catalogue has allowed the services offered to be diversified and their cost to be reduced. In this context, it should be noted that a feasibility study on the construction of a direct link between French Guiana and Brazil (SPANY) is also in hand. In the Canary Islands too, the ALIX project aims to lay three new undersea cables connecting these islands with Africa and the European continent, and to create a neutral point for the transfer of data between Africa and Europe (NAPWACI).

Source: Global Caribbean Network (<http://www.globalcaribbean.net>) and TACTIS.

d) **Bridgeheads for humanitarian and risk prevention policies**

Due to their geostrategic position, the ORs are key European actors in terms of emergency humanitarian intervention outside the EU, as well as in risk prevention¹⁰⁹.

Some ORs and neighbouring third countries and territories face certain maritime threats (piracy, drugs trafficking, illegal immigration, etc.). The extensive resources deployed for the purpose of maritime surveillance could be used for civil protection work, both within the ORs and in neighbouring countries and territories¹¹⁰.

Regular sea links with 19 ports in West Africa make the ports of the Canary Islands an exceptional logistical centre for serving Africa and establishing bridges with Latin America. Furthermore, the opening of the third lock on the Panama Canal in 2014 should allow the Caribbean ORs, not only to become involved in global logistical flows, but also to play a broader role in humanitarian and prevention activities, as was the case with the earthquake in Haiti.

The Indian Ocean Regional Intervention Platform (PIROI) was created in April 2000. This regional cooperation structure brings together seven national societies in the Indian Ocean area (French Red Cross – Réunion; Madagascan Red Cross; Red Cross of Mauritius; Red Cross of Mozambique; Red Cross of Tanzania; Red Cross of the Seychelles; and the Red Crescent of the Comoros), as well as the International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Committee of the Red Cross (ICRC). The PIROI programme, which is integrated within its regional environment, allows expertise and resources to be concentrated as close as possible to the vulnerable area and thus improves the response and flexibility in the event of natural disasters. This programme carries out training activities for emergency response teams and also ensures the advance positioning of equipment, support for capacity-building and risk awareness-raising. During a crisis and as required, the PIROI allows international/regional human and physical resources to be deployed for the benefit of the country in question. On several occasions, the PIROI has proven its effectiveness and expertise in terms of urgently dealing with natural disasters (<http://piroi.croix-rouge.fr/index.php>).

Advance positioning of PIROI stores in the Indian Ocean



Source: http://piroi.croix-rouge.fr/pdf/presentation_piroi_2011.pdf.

¹⁰⁹ Paragraph 26 of Opinion 15/2011 of 23 May 2011 of the Committee of the Regions: 'Towards a stronger European disaster response'.

¹¹⁰ The 2006 Barnier report: 'For a European civil protection force: Europe aid' (http://ec.europa.eu/archives/commission_2004-2009/president/pdf/rapport_barnier_en.pdf) proposed supporting this force in the ORs.

*The **Regional Intervention Platform for the Americas and the Caribbean (PIRAC)**, managed by the Red Cross, was created in 2006 in order to establish, in Guadeloupe, French Guiana and Martinique, an emergency intervention store (tents, survival kits, medicines, water treatment units, field hospitals, generators, tanks, etc.) that can be used throughout the Caribbean in the event of disaster, as happened straight after the earthquake in Haiti.*

The International Red Cross and the World Food Programme (WFP) of the United Nations have also established logistical operation bases in the Canary Islands in order to transport emergency aid and goods to Africa.

*The **Caribbean Cluster on Natural Risks and Risks from the Sea** is intended to raise awareness among public and private stakeholders in the Caribbean (businesses, research bodies and training bodies in particular), mobilise them and pool their efforts to develop economic activities in the area of natural risk prevention and management (<http://caribriskcluster.com>). This project is led by the Regional Council of Martinique and forms part of the Interreg IV Caribbean programme.*

3.2. Changes needed to European policies to increase the competitiveness of added-value sectors in the ORs

3.2.1. Improve the coordination of funds within a development strategy

In its 2008 Communication¹¹¹, the Commission emphasised the principle of **capitalising on the assets of the ORs** in the context of an endogenous development strategy and in order to confront the challenges of globalisation. Capitalising on these assets should involve supporting those sectors with high added value, such as agri-food, biodiversity, renewable energies, astrophysics, aerospace science, oceanography, volcanology or seismology. Advantage should also be taken of the important role played by the ORs as outposts of the EU in the world.

This approach, which is now more relevant than ever, nevertheless requires changes to be made in order to respond to the EU's new challenges and objectives, particularly those of the **Europe 2020 strategy**, in which the main support will be **cohesion policy** and the main resource will be access to the **single market**. The rules and constraints of the single market, which are not always compatible with the specific characteristics of the ORs, sometimes create barriers and obstacles that indirectly prevent the ORs from taking full advantage of the single market's benefits.

As a result, the future cohesion policy should not only continue to compensate for the permanent constraints faced by the ORs, but also provide more help with the modernisation and diversification of their economies. Cohesion policy must consequently be extended to **sectors with high added value (including traditional sectors)**¹¹² and must support **innovation** in the broad sense¹¹³. This should allow the ORs to adapt and take full advantage of the single market under the best possible conditions. Likewise, efforts should be made to continue and guarantee investment, particularly in the areas of academic and vocational training, education and health.

¹¹¹ COM(2008) 642 final, see footnote 34.

¹¹² See Annex 4 for the conclusions of the study on 'Growth factors in the Outermost Regions', carried out for the Commission by Ismeri Europa in cooperation with ITD.eu Europe in March 2011 (http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/rup_growth/rup_growth_sum_en.pdf). This study supports this approach and details the sectors with high added value, including traditional sectors.

¹¹³ Innovation covers not only technological research and development, but also traditional sectors.

These strategic approaches will be particularly important for improving the integration of the ORs in the single market, in both its internal and external dimensions. They will also allow the ORs to commit to sustainable economic development.

The Commission has announced that the future cohesion policy will focus more on the results to be achieved. Two aspects are vitally important in this respect:

- **thematic concentration:** Member States and regions shall choose and concentrate their financial resources on certain priorities;
- **conditionalities:** the prior conditions needed to ensure that investments have the maximum impact must be put in place.

With regard to the future architecture, in its Communication 'A Budget for Europe 2020' the Commission proposed **three categories of regions** (more developed, transition and less developed)¹¹⁴. **GDP** is the most reliable and objective parameter for categorising regions, as it allows for some harmonisation between countries and regions. It will therefore remain the main criterion, although other criteria, such as the unemployment rate (which for some ORs is the highest in the EU) are already taken into account when calculating total envelopes. To ensure a more strategic approach and better coordination of European financial instruments, a **strategic reference framework** covering all the funds under shared management will also be proposed. This framework will explicitly ensure that the ORs are treated in a specific, coherent and integrated manner. Partnership contracts between the Commission and each Member State will also be concluded in order to properly define the objectives and manner of working together. **Specific measures for the ORs should be maintained**, but integrated within the new cohesion policy approaches. As a result, **the specific allocation offsetting the additional costs of the handicaps** referred to in Article 349 TFEU should contribute to the diversification, modernisation and sustainable economic development of the ORs, particularly by supporting the spirit of enterprise¹¹⁵ and the potential for growth and jobs.

3.2.2. Facilitate the integration of the ORs in regional markets

In the context of globalisation, the EU needs the ORs. In addition, regional integration is a development factor for the ORs. In order to take full advantage of their geostrategic position, **their regional integration** within their respective geographical areas should be **consolidated**.

Certain measures have been adopted since 2004, such as reinforcing territorial cooperation programmes for the ORs and establishing links between the EDF and the ERDF by allocating specific resources under the 10th EDF¹¹⁶. However, European funds are not currently made available as part of a comprehensive strategic overview of a given geographical area, but according to the legal status of their beneficiary. As a result, in the case of ACP countries,

¹¹⁴ COM(2011) 500 final, 29 June 2011, pp 12-15

¹¹⁵ In certain cases, the weight of the public sector is so high that it could prevent the ORs from taking full advantage of their growth factors.

¹¹⁶ For the 2007-2013 period, Réunion's territorial cooperation operational programme has a budget seven times higher than the previous programme (EUR 35.6 million under the ERDF); creation of a new cross-border cooperation programme between Brazil, Surinam and the Amazon region (EUR 12.83 million under the ERDF); with regard to the link between the EDF and the ERDF and to ensure parallel co-financing of projects, Cape Verde, Mauritania and Senegal have allocated part of their budget under the 10th EDF to cooperation with the Canary Islands, the Azores and Madeira, or are at least allowing this to happen; the same applies for the Caribbean RIP (see the answer, cited above in footnote 101, to written question P-6595/09). In the Indian Ocean, a single joint EDF/ERDF project has been carried out (plant protection – 9th EDF), with parallel financing from the ERDF for Réunion.

intervention occurs through the EDF, subject to its regulations and procedures. As regards the ORs, European intervention occurs through the ERDF, under its specific regulations and procedures. Finally, with regard to the OCTs, development support is provided through the EDF/OCT. In each case, European intervention requires the coordination, not only of different financial procedures, but also timetables, rules and documents. This situation means that all stakeholders, both those on the ground and those in Brussels, have to master both the EDF and the ERDF procedures and regulations. In order to further assist the regional integration of the ORs, it is vital that opportunities for improving the coordination of the EU's financial instruments and bringing them within a single instrument are identified. To that end, the obstacles to cooperation between the ORs, OCTs and third countries, such as the lack of crossovers and coordination between the ERDF and the EDF and also administrative barriers, should be clearly identified in order to determine the changes required. This open approach should be supported by greater political involvement of the parties concerned. If the EDF were not included in the budget, these changes would be essential.

The 10% share of ERDF funds allocated to territorial cooperation, which can be spent outside the EU, could also be increased. Finally, it would be useful to identify **projects that are of genuine common interest** for the ORs and neighbouring third countries.

3.2.3. Relax competition and State aid rules

The TFEU allows measures to be adopted to compensate for the structural handicaps of the regions¹¹⁷. Discussions are ongoing within the Commission about the effectiveness of the rules and their implementation¹¹⁸. In March 2011 the Member States called on the Commission to maintain the specific rules on operating aid in the ORs and to make their application easier, due to their lack of effect on trade and competition in the single market as a whole. As a result, the controls on State aid should be relaxed somewhat in order to facilitate the rapid implementation of national policies, encouraging the endogenous development of the ORs and reducing the degree of dependence of the economies in these regions.

A question has been raised about the geographical scope of investment aid for SMEs. The applicable regulations¹¹⁹ stipulate that aid for investment in tangible and intangible assets outside the Community is compatible with the single market and exempt from the notification requirement if it fulfils certain conditions. However, the General block exemption Regulation¹²⁰ does not mention the eligibility of investment outside the EU with regard to investment and employment aid for SMEs¹²¹. As aid for investments made outside the EU is not currently exempt from the notification requirement, it would be useful to consider establishing a specific framework for aid in respect of transport between the ORs and neighbouring third countries and territories. This would facilitate trade, promote the

¹¹⁷ See section 1.2.

¹¹⁸ See the current exercise to revise the Commission Guidelines on National Regional Aid with a view to the next programming period. The new Guidelines should be approved at the beginning of 2013 so that Member States can bring their legislation into line before the current Guidelines expire (31 December 2013). This revision process will also include a public consultation at the end of 2011 in order to collect contributions from interested parties. Within this process, the specific rules applicable to the ORs should also be re-examined.

¹¹⁹ Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises (OJ L 10, 13.1.2001, p. 33), last amended by Regulation (EC) No 1976/2006 (OJ L 368, 3.12.2006, p. 85).

¹²⁰ Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) (OJ L 214, 9.8.2008, p. 3).

¹²¹ See Article 15.

internationalisation of businesses in the ORs and encourage the development of the external dimension of the single market.

3.2.4. Always include impact studies in trade negotiations

The agreements negotiated by the EU amend¹²² or remove¹²³ tariff duties on imports to the EU market for certain basic products from third countries, which the ORs themselves export in large quantities (bananas, sugar, rice, meat, fruit and vegetables). These trade agreements therefore impact on the ability to compete on the EU market of those OR producers belonging to the same geographical areas as these third countries. This export competition mainly concerns sugar and bananas, but also numerous other local products that could be encouraged through diversification¹²⁴.

With regard to bananas, the reform of the banana CMO in 2006 aimed to take account of the effects of the new trade environment (consequences of economic partnership agreements, WTO agreements and bilateral trade agreements) by transferring part of the CMO budget for bananas to the POSEI scheme.

In addition to these transfers, which aimed to protect the banana sector from the consequences of trade agreements granting tariff concessions (reduction in tariff duties) to countries exporting bananas to the EU, the Commission, in its recent report on the impact of the POSEI reform¹²⁵, undertook to closely monitor the market and propose appropriate measures if this proved necessary.

Despite the European Council's reminders about the importance of the external dimension of the single market and the promotion of free, fair and open trade¹²⁶, certain observers have indicated that 'the EU/Caribbean and EU/Africa global development strategies and trade agreements do not take specific account of the exceptional cooperation potential that exists with the ORs in each of the areas concerned'¹²⁷.

The practice of accompanying proposals for free trade agreements with analyses of the impact on European industry and agriculture is now firmly established¹²⁸. As a result, impact studies on future EU trade agreements should take account of the impact of these agreements on the ORs due to their geographical proximity to the third countries concerned. Specific safeguard clauses may be invoked where necessary. However, it has not yet been specifically decided how these safeguard clauses will be implemented. Only Réunion has developed a surveillance and alert mechanism for certain agricultural products from third countries.

It is by ensuring that the trade reciprocity created by the EPAs does not structurally penalise the economies of the ORs that the integration of the latter in their regional geographical

¹²² WTO multilateral agreements and bilateral agreements with the Andean countries and the countries of Central America.

¹²³ EPAs or economic partnership agreements with the ACP countries, which create six regional free trade zones.

¹²⁴ '[T]he EU's share of global agricultural exports is declining as a result of the faster growth of other key agricultural trading partners ...' (European Parliament resolution of 8 March 2011 on EU agriculture and international trade (P7_TA(2011)0083)).

¹²⁵ Report from the Commission to the European Parliament and the Council of 24 September 2010: First report on the impact of the POSEI reform of 2006 (COM(2010) 501 final and {SEC (2010) 1093}).

¹²⁶ Described as the dismantling of barriers to trade in third countries. See paragraph 8 of the conclusions of the European Council of 24 and 25 March 2011.

¹²⁷ Speech by Mr P. Leysène: 'L'enjeu d'une meilleure articulation entre les instruments financiers dédiés à la coopération régionale' during the seminar 'How to better articulate the EDF and the ERDF instruments for strengthening OR's regional integration', organised by the Commission on 14 February 2011 in Brussels.

¹²⁸ Free trade agreement between the EU and Mercosur (Argentina, Brazil, Paraguay and Uruguay, with Venezuela being in the process of joining).

environment can be positively assisted. This will also allow a genuine integrated regional market to be created, as an external dimension of the single market.

3.2.5. Consolidate the POSEI scheme in agriculture

The report on the impact of the POSEI reform of 2006 concludes that this scheme is well suited to the needs of the ORs in agriculture and that the financial envelope allocated to POSEI has enabled the broad objectives of the scheme to be met¹²⁹. **This scheme therefore needs to be consolidated, as it has proven its capacity to support agriculture in the ORs.**

The proposal to recast the regulation on the POSEI agricultural scheme¹³⁰, which is currently still being negotiated, aims to improve its legal structure, make it reflect the reality on the ground, and clarify and simplify certain points. The POSEI regulation, which is not linked to any programming period, will not expire at the end of the financial perspective (2013).

At the same time, the POSEI scheme offers an important opportunity for diversifying the agricultural sector in the ORs. This particularly stems from the flexibility offered by the annual amendments to the programmes that may be submitted to the Commission by the Member States in support of actions developed at local level. However, the flexibility offered by the POSEI scheme is still strictly limited to interventions aimed at 'agricultural' products within the common market organisation¹³¹, thereby excluding products not included within this definition, such as aquaculture or timber¹³². These sectors of activity could offer significant potential for growth and sustainable development at local level. They should be encouraged through appropriate instruments.

3.2.6. Develop an integrated maritime policy taking account of the isolation of the ORs

An integrated maritime policy is one of the pillars of the strategy for the ORs. Although certain specific projects have been particularly positive (Maratlas, Emodnet, Surveillance), significant effort still needs to be made in order to more fully implement this policy in the ORs.

Due to being positioned on maritime routes, the ORs could become proper logistical platforms for international trade. This is the case with the Caribbean ORs, which should be able to take advantage of the commissioning in 2014 of the third lock on the Panama Canal, in order to become involved in global logistical flows and develop transshipment activity. The ambition of the authorities in the Canary Islands is also to make their regional ports into international logistical centres for trade between the American, African and European continents. This requires investment in port facilities and additional efforts to develop

¹²⁹ See report cited in footnote 125. Both the primary objective of the reform (making this scheme more flexible and closer to local needs through a programming and participative approach) and its general objectives (including guaranteeing the supply of essential products by mitigating the additional costs of their remoteness, and maintaining and developing local agricultural production) have apparently been achieved. In particular, it has been found that the POSEI scheme is helping to maintain most production sectors in the ORs and even to develop some of them. The profitability and competitiveness of a number of sectors supported by POSEI have increased, also thanks to the complementary Rural Development measures. The POSEI scheme has also proved to be a very effective tool for supporting high-quality agricultural production and encouraging the endogenous development of these regions.

¹³⁰ Following the entry into force of the TFEU, the recasting of Regulation (EC) No 247/2006 (cited in footnote 42) was proposed in September 2010 (COM(2010) 498 final) in order to align it with the rules laid down by the Treaty on the Commission's delegated and implementing powers and to make certain fundamental amendments so that it reflected more effectively the reality of the POSEI agricultural scheme and in the interests of clarity.

¹³¹ Council Regulation (EC) No 1234/2007 known as the 'Single CMO Regulation', Annex I (OJ L 299, 16.11.2007, p. 1).

¹³² For example, support for the fisheries/aquaculture sector in Réunion or the timber sector in French Guiana cannot be financed using funds allocated by Council Regulation (EC) No 247/2006 to the POSEI agricultural scheme.

training specific to **logistics** and promote the recognition of professional qualifications in this area.

Current or future projects in the area of energy from the sea should benefit from EU support. These projects are aimed at **reducing the dependence** of the ORs on fossil fuels and developing sources of renewable energy, in accordance with the objectives of the Europe 2020 strategy. The exploitation of micro-algae could also help to achieve these objectives.

The ORs contributed to the debate launched by the Green Paper on the **Reform of the Common Fisheries Policy**¹³³ by indicating their agreement with the general principles and by underlining their specific needs and requests. Some of these requests have been included in the Commission's proposals. As a result, the conditions for accessing waters will continue to favour the ORs. The specific needs of small-scale fishing fleets, which mainly exist in the ORs, will be covered by specific schemes. Finally, the regionalisation recommended by the new common policy should give the ORs more independence in implementing the detailed provisions of the new rules on the organisation of the fisheries sector. The reform of the common market organisation for fishery products should, however, give producers' and cross-industry organisations a more active role. It should also ensure that **ad hoc consultation mechanisms are put in place to take account of the specific maritime and fisheries issues in the ORs, by adapting the Community regulations where necessary**, particularly in the Indian Ocean and West Indies areas. Training should also be adapted to the needs of the fisheries market. Introducing professional training cards would improve crew mobility and encourage access to trades that are viewed negatively in most ORs.

In financial terms, within the new financial instrument for fisheries, the Commission should follow up a number of requests made by the ORs, particularly with regard to continuing the intervention scheme for the marketing of certain fishery products, capitalising on the role of women in the fisheries sector, improving co-financing rates, simplifying management, and so on. As regards aid for investment in vessels, this should depend on the objectives pursued by the investments complying with those of the Europe 2020 strategy, particularly in the areas of environmental protection and innovation.

3.2.7. Capitalise on European sanitary and phytosanitary legislation

Checks on imports from third countries ensure that these comply with EU legislation in the same way as European products, including OR products. The underlying principle is that all foodstuffs on the single market should be safe, regardless of their origin¹³⁴.

The risks associated with imported goods are assessed on the basis of the health threats that they pose to humans, animals and plants. Where these risks are higher, the conditions for entering the EU are stricter, and therefore the checks are more extensive. Import conditions are based on the classification of products according to risk, which takes account of several specific factors. Inspections are also carried out in Member States and third countries to

¹³³ COM(2009) 163 final of 22 April 2009.

¹³⁴ The WTO (World Trade Organization) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) lays down basic rules on the safety of foodstuffs, together with sanitary requirements for animals and plants. It allows Members to maintain appropriate sanitary and phytosanitary protection, while avoiding the adoption of arbitrary decisions and encouraging coherent decision-making. All the signatories may take measures aimed at ensuring the safety of foodstuffs for consumers and preventing the dissemination of pests or disease in animals and plants. The sanitary measures (human and animal health) and phytosanitary measures (plant protection) under this agreement apply to national foodstuffs or local diseases of animals and plants, as well as to products from other countries. However, the agreement prohibits any unjustified discrimination in the use of sanitary and phytosanitary measures, whether in favour of national producers or between foreign suppliers. This principle applies both to imports and to foodstuffs, animals and plants produced on the spot.

assess the resources available for carrying out the appropriate checks. As a result, Member States carry out checks prior to import to ensure that the vast body of regulations governing the food chain, plant health and animal health is respected. Whereas the vast majority of EU imports do not pose any significant health risk, some products are subject to specific checks that are harmonised at EU level¹³⁵.

Live plant or plant product imports, regarded as posing significant risks due to the potential introduction of new plant pests and diseases into the EU territory, could have disastrous consequences for crops and the environment. In order to be introduced into the EU, all live plants and certain plant products must be accompanied by a phytosanitary certificate issued by the competent authority in the third country concerned, using the model established by the International Plant Protection Convention¹³⁶.

Any relaxation of the sanitary and phytosanitary rules applicable to products from third countries destined for the ORs should be avoided. Instead, increased cooperation in this area is recommended to guarantee the protection of the public health of consumers and the sanitary protection of livestock and holdings in the ORs. In fact, the regulations of third countries neighbouring the ORs should be harmonised to a degree in order to avoid situations in which these regulations are invoked to refuse access to products from the ORs¹³⁷. **Third countries should therefore be assisted so that they can harmonise their regulations with the European sanitary and phytosanitary rules.**

3.2.8. Integrate the ORs in the European digital market

To ensure continuity in the European digital market, the ORs need to be better integrated in **electronic communications networks**, particularly to ensure digital territorial continuity and prevent bottlenecks in the flow of data traffic to and from these territories, under competition conditions that guarantee access at a reasonable cost.

Improving undersea cable connections to ensure a reliable high-speed connection between, for example, the islands in the Azores archipelago, between Madeira and the Canary Islands, between the Caribbean ORs and the neighbouring third countries and territories or between Réunion and the African continent is a *sine qua non* condition for ensuring digital continuity between these territories, with the European territory and with neighbouring countries and territories, and for ensuring that nationals in the ORs and service-providers in these regions can benefit from the advantages of the digital single market and stand out in their respective regional environment.

¹³⁵ The checks established by the EU comply with the rules defined by the competent international standardisation bodies in the area of food safety and animal and plant health, namely the Codex Alimentarius Commission, the International Office of Epizootics (OIE) and the International Plant Protection Convention (IPPC), as established by the SPS Agreement. Although national public authorities can take additional SPS measures, these are admissible only where it can be proven that they are scientifically justified, proportional and non-discriminatory. The requirements laid down by the EU often serve as a reference for international trade and have a considerable impact on developing countries, many of which heavily depend on access to European markets.

¹³⁶ Phytosanitary checks, which include documentary, identity and physical checks, are carried out at an approved point of entry for all shipments of regulated plants and plant products. A less stringent system of checks can be applied by Member States for a limited list of plant products (certain fruits, vegetables, cut flowers or timber) from well-defined origins, based on a phytosanitary risk analysis. A derogation allowing physical checks to be carried out at the destination can be granted by the national authorities under specific conditions, as also the movement of goods under the supervision of customs authorities. The latter cannot authorise the import of plants or plant products without having evidence that the requisite phytosanitary checks have been carried out with satisfactory results.

¹³⁷ Specific cases have occurred where, for example, the authorities of a third country neighbouring an OR have refused access for a product on the grounds that the level of a certain substance, albeit in compliance with European regulations, was higher than that laid down by the regulations of the third country with which the EU actually has favoured trade relations.

Network of undersea telecommunications infrastructures serving the ORs



Source: Telegeography/Primetrica Inc.

Ensuring digital territorial continuity so that remoteness becomes ‘virtual’ should therefore facilitate the development of **electronic commerce** in the ORs. This should also enable the ORs to benefit more from belonging to the single market by overcoming the effects of their remoteness. Finally, it should allow the development and marketing of computer applications and the supply of online services by local developers. The supply of financial or assistance services that do not require the transport of goods or persons or that only require small items to be posted following an order placed over the Internet should also be encouraged.

With regard to **mobile communications**, the current regulations recognise the specific situation of the ORs¹³⁸. Their implementation should not result in less favourable tariff treatment for subscribers using domestic roaming services compared to subscribers using European roaming services. When these regulations are reviewed, these provisions should not only be maintained, but surveillance mechanisms should also be introduced to ensure their effective application on the ground.

3.2.9. Promote training, university mobility and exchanges of experience

One of the essential factors in increasing medium- and long-term productivity is **training**. Comprehensive efforts still need to be made in virtually all the ORs, in terms of both reducing the very high drop-out rate and increasing the number of higher education graduates, which is still modest compared to other regions in the respective Member States and in the EU. The instruments proposed by the EU do not yet take sufficient account of the training needs of young people in the ORs and, as a result, restrict their mobility as they do not take account of the geographical remoteness criterion and the additional costs that this generates.

In this context, expenditure on research, development and innovation is still too modest in these regions and therefore represents an additional barrier to productivity and economic growth. The public and private sectors need to make an effort to promote innovation (whether at product or organisation level) in the key economic sectors of the ORs and to

¹³⁸ The rules laid down by Regulation (EC) No 717/2007 of the European Parliament and of the Council of 27 June 2007 on roaming on public mobile telephone networks within the Community and amending Directive 2002/21/EC on a common regulatory framework for electronic communications networks and services (OJ L 171, 29.6.2007, p. 32), as amended by Regulation (EC) No 544/2009 of 18 June 2009 (OJ L 167, 29.6.2009, p. 12), apply until 30 June 2012. On 6 July 2011 the Commission proposed extending the validity of these rules until 2022 (COM(2011) 402 final).

protect their competitiveness with regard to other European regions and third countries. As regards OR participation in the 7th Framework Programme, after five years of its implementation the success rate for proposals from the ORs is clearly lower than the averages for the respective Member States, but also than the average for the EU as a whole.

OR participation in the 7th Framework Programme (15/04/2011)

	Spanish ORs	French ORs	Portuguese ORs
Number of proposals	332	42	104
Number of subsidies	40	6(*)	12
Success rate	11%	14%	11%
Total budget received	6 698 576	3 742 620	3 664 775
Success rate for the respective Member State	20.30%	25.90%	19.70%
Success rate for the EU-27	21.60%		

(*) Including 3 potential research projects: 2 in Réunion and 1 in French Guiana

The ORs should concentrate on developing training sectors in those areas of the greatest interest to these regions as a whole, such as **logistics**, the **green economy** (renewable energies, biodiversity, sustainable tourism, including nautical tourism, management and operation of forests, etc.), **health, personal services** (dependence, health tourism) or **telecommunications**¹³⁹. Vocational training should be adapted to the specific needs of local labour markets, while promoting entrepreneurial culture and using lifelong e-learning to adapt to the new requirements of the information society.

The **recognition of qualifications at European level** and improved integration of the ORs, both in the European research area and in the regional research area, should facilitate the exchange and feedback of experience, including through the promotion of cooperation mechanisms. This is the case, for example, with the *Conseil de coopération éducative de l'océan Indien* (Educational cooperation council for the Indian Ocean) and the hosting of partners from universities in neighbouring third countries and territories within their respective regional frameworks. However, the complexity of organising **Erasmus Mundus** programme actions and, in particular, the requirement to involve a number of partners established in several Member States creates additional difficulties for OR universities when setting up projects with universities in neighbouring third countries. It is not easy to find partners in other Member States interested in developing cooperation programmes with universities in countries that are far away from their geographical area. In order to facilitate student mobility to and from neighbouring third countries, it would be useful to establish more flexible conditions for the participation of OR universities in Erasmus Mundus activities. In particular, it would be advisable to consider the possibility of making the necessary regulatory amendments to allow the participation, within this programme, of

¹³⁹ In 2005, the study 'Regulatory, infrastructure and tariff aspects of electronic communications and broadband connectivity in the Outermost Regions (OR)' (cited in footnote 106) noted that '[e]xpertise at the regional level is insufficient to conduct telecommunications studies' and gave the recommendation to '[p]ursue efforts to develop organisations that provide training in ICT-specific skills (engineering schools, professional training centres)' (respectively pages 37 and 64 of the study).

higher education establishments in the French ORs and in the Dutch and British OCTs in the Caribbean area¹⁴⁰.

In a purely European context, the **Erasmus** programme should cover the travel costs of OR students between their region and the capital of their Member State, so that mobility constraints and the additional cost facing OR students in order to access this programme do not have a dissuasive effect. The ORs currently have to limit the number of beneficiaries in order to offset the additional costs of their remoteness, given that the European contribution is the same for each project, regardless of the geographical location of the project initiator. Likewise, students from other Member States wanting to carry out their Erasmus studies in higher education establishments in the ORs should receive a supplementary allowance to offset the additional costs.

¹⁴⁰ The list of programmes open to the OCTs (Annex IIF to Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community (OJ L 314, 30.11.2011, p. 1), as amended by Council Decision 2007/249/EC of 19 March 2007 (OJ L 109, 26.4.2007, p. 33)) does not explicitly include the Erasmus and Erasmus Mundus programmes. This prevents establishments in the Caribbean ORs from concluding partnerships with Dutch and British establishments in this area in order to apply for actions under this programme requiring the participation of higher education establishments from several Member States.

CHAPTER 4

CONCLUSIONS: FINDINGS AND RECOMMENDATIONS

4.1. *Findings*

Article 349 TFEU should allow the specific characteristics of the ORs to be taken into account when implementing European policies. Having said that, this provision has not been fully applied to date. The specific characteristics common to all the ORs, and also their different situations, are not always fully taken into account in areas such as transport, energy or foreign trade. This leads to certain problems in terms of integrating the ORs in the single market.

A) With regard to the **physical barriers** to the integration of the ORs in the single market, the main constraint for all ORs continues to be **remoteness** and **access** problems. The ORs are so far from the European continent that this hinders their integration in the single market. Their remoteness has a negative impact on the exercise of the four freedoms and, as an indirect result, forms the main barrier to integration, resulting in significant additional transport and communication costs. Moreover, other natural constraints (difficult topography and climate) and economic constraints (for example, dependence on a few products) harm the competitiveness of these regions. The latter constraints can be partly corrected by diversification and modernisation of the OR economies. However, with regard to the natural constraints, these can only be offset. As a result, most of the specific measures taken at European level aim to partially offset these natural structural handicaps. In this context, new technologies offer a unique opportunity to achieve **digital territorial continuity**. Consolidating **electronic communications networks** between the ORs and the rest of the EU, and also between the ORs and neighbouring territories, should allow citizens and businesses in the ORs to overcome the effects of their remoteness and benefit from the advantages of the **digital single market**. For example, this could facilitate synergies between universities (e.g. in terms of remote learning and development of research centres), the search for solutions to territorial dispersion (the University of the French West Indies and Guiana has three centres in Martinique, Guadeloupe and French Guiana, and the University of the Azores also has several centres of activity on several islands), and the development of electronic commerce.

On the other hand, remoteness and isolation make the ORs unique spaces for biodiversity and genuine idea laboratories that could be utilised by the EU. Due to the vulnerability of the ORs to the consequences of climate change, their resources should be carefully exploited, with limits being imposed on diversification.

The **small size** of the OR territories (except in the case of French Guiana) and the impossibility of creating synergies in very narrow domestic markets make them unattractive to large enterprises. As a result, there is often a lack of competition in production (agricultural or industrial) and distribution sectors, which are frequently dominated by local enterprises that are not large enough to make economies of scale. This impacts on local consumer prices and prevents active participation in international trade. As a result, the ORs are frequently passive subjects in globalisation, unable to get involved in international trade,

or even regional trade. In the area of energy, limited markets and the lack of connections and storage capacity mean that the ORs are, in most cases, still heavily dependent on fossil fuels, at a time when fossil fuel prices are constantly increasing. The ORs are clearly very committed to achieving the objective of lasting and sustainable growth, and the resources of these regions definitely support this commitment: there are a large number of projects in hand and both their variety (energy from the sea, geothermal energy, micro-algae, etc.) and their quality should allow them to achieve and, in some cases, exceed the EU2020 objectives in this area. In this context, the sea (tidal stream generators, wind turbines, thermal energy from the sea, etc.) could become a major asset for these regions, which is as yet largely unexploited apart from fishing.

Neither the EU nor the ORs are currently taking enough advantage of their **proximity to neighbouring third countries and territories** in terms of seizing the opportunities offered by regional trade and cooperation to develop the external dimension of the single market. As a result, despite their relative proximity, and in the absence of a firm European commitment to exploit this position, there is little trade between the three regions of Macaronesia or between the regions of the West Indies. This finding is valid both for trade in goods and services and for mobility of students and professionals. The integration of the ORs in their respective geographical areas must therefore be improved. In this context, there is a significant imbalance of trade in these regions (with imports representing between 80% and 90% of exports). Their geostrategic position is also an asset in terms of the development of the space industry, as is already happening in French Guiana, and for space exploration, as is also occurring in the Canary Islands. This offers possibilities for modernising and diversifying the economies of the ORs by not only helping to create stable jobs, but also achieving social cohesion objectives, such as keeping the population on sparsely populated islands. This is particularly the case with the island of Santa María in the Azores (5 547 inhabitants), thanks to the construction of the ESA's satellite tracking station.

B) **Regulatory obstacles** represent the second category of barriers to improved integration in the single market. As the internal market rules are not always well suited to the reality of the ORs, they can be difficult to implement in these regions. This fundamental issue is highlighted by all the ORs as it conditions their access to the single market and their integration in their regional economic environment. That is why it is so important to study the impact on OR economies of draft European regulations and agreements to be concluded by the EU. In the area of construction, for example, rules are drawn up taking into account the standards applicable on the European continent, which are not always suited to tropical geographical and climatic circumstances. The same logic applies to bilateral or multilateral trade agreements, which leave the traditional crops of the ORs automatically facing increased local competition. This is often regarded as unfair due to the differences in wages and social protection between the ORs and neighbouring third countries. The result is a form of competition distortion on the single market, to the detriment of certain economic activities in the ORs, and a difficulty in trading with third countries, contrary to the objectives pursued by the EU. The international commitments entered into by the EU can also have unexpected consequences, particularly in the area of the **environment**. Accordingly, the fact that the Bali Convention prohibits the export of certain waste to developing countries prevents the introduction, together with third countries and territories neighbouring the ORs, of regional waste treatment, recovery and disposal strategies.

Just like all European regions, the ORs have access, based on scientific excellence, to all the instruments and calls for proposals of the **7th Framework Programme for Research and Technological Development** (FP7). However, the difficulties in taking part in projects and the failure to take account of general interest issues in relation to the research potential of the ORs are often cited as obstacles to greater integration in the European research area. ‘Tropical’ research, for example, could be of interest to the EU as a whole. In the area of **training**, the Erasmus programme does not cover the travel costs of OR students between their region and the capital of their Member State. This represents a significant obstacle to the mobility of OR students in respect of the rest of the EU. Due to the lack of any additional financing from universities and/or regional authorities and private entities, many students in these regions cannot travel. As a result, the number of beneficiaries of mobility programmes remains extremely modest in certain ORs (for example, Martinique, Guadeloupe, French Guiana, etc.). Finally, the conditions for participating in Erasmus Mundus actions do not allow OR universities to take advantage of these actions in order to improve their integration in their respective regional research areas.

Demographic change in the ORs and the deterioration of labour markets risk encouraging future ‘**mobility for jobs**’, not only towards the rest of the EU, but also towards third countries. Migratory pressures, particularly in French Guiana, are leading not only to a lower level of training than the national and European averages, but also to a major imbalance between infrastructures (water, sanitation, energy, ICTs, etc.) and the needs of a rapidly increasing population.

4.2. Recommendations to improve the integration of the ORs in the single market without sacrificing their openness towards their regional environment

The measures taken in favour of the ORs over the last two decades have had very positive results as they have acted to offset their structural handicaps (recognised by the Treaty) and encourage their development, while helping to maintain an active European presence in their respective geographical areas. These achievements must be consolidated.

However, the oft-mentioned paradigm shift must also be taken into account in Brussels, in the European institutions. In defining a new strategy for the single market, Article 349 TFEU should be appropriately and systematically applied. This will prevent, for example, competition distortions caused by differences between the rules laid down by the single market regulations and those laid down by the regulations applied in neighbouring third countries and territories¹⁴¹. It will also prevent regulations that could potentially affect the ORs from being proposed without rigorous impact studies being carried out.

This means taking into account all the internal and external policies of the EU and, at the same time, the internal and external dimensions of the single market. Efforts must therefore be made to achieve greater coherence between the internal and external dimensions of the EU’s policies.

In addition, the EU’s financial support should be directed more at those measures already proposed or to be proposed in order to achieve the objectives of the Europe 2020 strategy in the ORs, and also at the efforts to diversify the economies in these regions. As stated by the

¹⁴¹ This can be demonstrated by several emphatic examples taken from daily life on the small island shared between the OR of Saint Martin and the OCT of Sint-Marteen.

IEDOM's director with regard to Guadeloupe, but with these words applying to all the ORs, more than ever before the ORs must strive for 'innovative and sustainable growth, which is more effective in its use of resources, more green and more competitive, encouraging a high rate of employment and greater social cohesion'¹⁴².

Renewed integration of the ORs in the single market is essential for each one to move forward. These territories must seize the new opportunities for growth – namely, services, electronic commerce, transport, energy, research, intellectual property, etc. – in order to expand their development and move towards more endogenous and diversified growth. For its part, the EU must renew its integration pact and give substance to Article 349 TFEU, not only by reinventing its sectoral policies but also by reinforcing its governance and the legibility of its action with regard to the ORs.

Emphasis must also be placed on the external dimension of the single market, by integrating the constraints of the ORs in European trade policies, and the advantages of developing a neighbourhood policy focused on the emergence of proper integrated regional markets should be fully exploited.

These two approaches (**belonging to a European single market and to an integrated regional market**) must be compatible. They must therefore safeguard the common interests of both the ORs and the EU as a whole in order to promote integrated growth.

Based on these findings, the future Commission communication presenting a renewed strategy for the ORs should set out an **action plan for the ORs** with measurable objectives and, as far as possible, deadlines for achieving these objectives at a fast enough rate in each OR. Through the partnership contracts planned for 2014/2020¹⁴³, this plan would form a version of the Europe 2020 strategy adapted to each OR and implemented in continuous, dynamic cooperation between the European Institutions, the ORs and the Member State.

¹⁴² *Rapport annuel 2009 Guadeloupe*, Institut d'émission des départements d'outre-mer (IEDOM), Paris, 2010, p. 7.

¹⁴³ The partnership contracts will be concluded between the Commission and each Member State to determine the commitments of the partners at national and regional level and also those of the Commission: 'They will be linked to the objectives of the Europe 2020 strategy and the National Reform Programmes. They will set out an integrated strategy for territorial development supported by all of the relevant EU structural funds and include objectives based on agreed indicators, strategic investments and a number of conditionalities. They will contain commitments to give yearly account of progress in the annual reports on cohesion policy and in other public reporting' (COM(2011) 500 final, point 3.2, p. 26).

RECOMMENDATIONS

Making better use of the assets of the ORs will enable these regions to better adapt to new challenges and enable the European Union to attain its strategy objectives by 2020. Better integration of the ORs into the single market should be the method by which to achieve this objective, in line with the recommendations set out below:

<u>R</u> <u>ec</u>	<u>Objective</u>	<u>Measures proposed</u>
1	<i>Improve access to financing for PMEs in the ORs</i>	1. Establish a dialogue with the "EIB Group " (European Investment Bank - EIB ¹⁴⁴) and the European Investment Fund (EIF) ¹⁴⁵ to explore the possibility of contributing to the improvement of access to financing by micro-enterprises/SMEs in the ORs , by supporting the creation of local investment funds in each OR and the development of regional capital/investment markets . This action plan should also provide for support of joint actions organised by training centres and businesses to develop entrepreneurship and thus contribute to emerging from the crisis and job creation.
2	<i>Improve the mobility of citizens of the ORs</i>	2. Reinforce policies for the mobility of young people and university students by supplementing the funding of the Erasmus programme so as to cover the additional travel costs incurred by students between the OR they come from and the capital of their Member State and, for students from other Member States wishing to go on an Erasmus scholarship in one of the higher education establishments of the ORs, between the capital of the Member State concerned and the OR. To create favourable conditions for mobility projects for students from the ORs at more advanced stages of training, encourage

¹⁴⁴ One of the EIB's top operational priorities is to support the investments of SMEs; thus, in October 2008 it developed EIB loans for SMEs, a simpler and more flexible category of loans, which are granted through commercial banks. Between 2008 and 2010, signatures of EIB loans for SMEs with intermediary banks reached some EUR 30 billion: more than 160 000 European SMEs have received assistance from the EIB through this initiative (<http://www.bei.org/projects/topics/sme/index.htm>).

¹⁴⁵ The EIF provides venture capital for SMEs, particularly new firms and technology-oriented businesses. It also provides guarantees to financial institutions to cover their loans to SMEs. The EIF is not a lending institution: it does not grant loans or subsidies to businesses, nor does it invest directly in any firms. Instead, it works through banks and other financial intermediaries. It uses either its own funds or those entrusted to it by the EIB or the European Union (http://europa.eu/about-eu/institutions-bodies/eif/index_en.htm).

		<p>and support, at national level, the teaching of languages and exchanges at younger ages, particularly through participation in programmes such as Eurodysey.</p> <p>3. Develop, at national level, specific training courses in the spheres corresponding to the needs of the domestic markets in the ORs, such as the development of issues connected with logistics, telecommunications, the green economy, health and personal services, and promote the recognition of professional qualifications in these spheres.</p> <p>4. Facilitate the mobility of students to and from nearby third countries, by relaxing the participation conditions for universities in the ORs in Erasmus Mundus actions.</p> <p>5. Promote and support tourism in the ORs through a voluntary programme between Member States encouraging out-of-season stays by certain categories of people in the ORs¹⁴⁶.</p>
3	<i>Reinforce the confidence of consumers in the ORs in the implementation of their rights</i>	<p>6. Encourage the establishment of alternative dispute settlement systems between OCTs, the ORs and neighbouring third countries through the approximation of the legal systems involved.</p>
4	<i>Ensure that networks can help with the economic integration of the ORs</i>	<p>7. Establish, at European level, a specific sectoral framework on transport networks infrastructure aiming to reduce the geographical accessibility deficit of the ORs.</p> <p>8. Relax the checks on State aid in order to facilitate swift implementation of national policies encouraging the endogenous development of the ORs. The Commission's guidelines on national regional aid (NRA) should take into account the specific sectoral framework on network infrastructure and digital accessibility.</p> <p>9. Support, as far as possible, projects designed to create energy markets with neighbouring third countries and territories.</p>

¹⁴⁶ This is in line with one of the actions laid down in the Commission communication "Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe" (COM(2010) 352 final, 30 June 2010) "Provide a voluntary tourism exchange mechanism between Member States, enabling in particular certain key groups such as young or elderly people, people with reduced mobility and low-income families to travel, particularly during the low season." (action 6). As stated therein, "Existing good practice, particularly from the Iberian peninsula, shows that the public sector can finance such mechanisms with a positive return on investment (over EUR 1.5 per euro spent) if account is taken of the benefits brought about by the creation of jobs, additional opportunities offered to the private sector and tax revenues generated by increased activities. These benefits also have a positive impact in the country of origin" (page 10).

5	<i>Integrate the ORs into the single digital market</i>	10. Provide digital territorial continuity so that citizens and businesses in the ORs can benefit more from the single digital market.
6	<i>Steer the ORs towards better use of energy resources, prioritising clean energy sources</i>	11. Support actions designed to reduce energy dependence on fossil fuels in the ORs and to use renewable energy sources, within the framework of the " <i>Pact of Islands</i> " project, for instance. Support the creation of centres of excellence in the renewable energy sphere (such as solar, sea-based energy or geothermal energy where the use of this resource can contribute to the aim of green growth, while abiding by environmental constraints).
7	<i>Ensure there is social cohesion in the single market through the maintenance and improvement of the measures taken in favour of the ORs to mitigate physical obstacles</i>	<p>12. Maintain specific measures in favour of the ORs as part of cohesion policy, which should be allocated sufficient and proportionate budget resources to continue to mitigate the permanent constraints these regions have to tackle, while contributing to the modernisation and diversification of their economies and creating a better structured relationship with other European interventions as well as more flexible application.</p> <p>13. Maintain the POSEI scheme, which has proved that it can support agriculture in the ORs.</p> <p>14. Introduce <i>ad hoc</i> consultation mechanisms to obtain a better grasp of the details of maritime issues, particularly in the fisheries sphere, in the ORs, particularly in the Indian Ocean and the Antilles, and retain the specific provisions for compensating the additional costs for marketing fisheries products after 2013, taking into account the permanent structural limitations affecting the sector.</p> <p>15. Promote synergies between biodiversity and climate change in the ORs. That would make it possible, in particular, to create partnerships and new jobs at a low cost within the context of win-win operations (low contribution, high return on investment). In addition to the renewal of the call for proposals within the framework of the BEST programme in 2012, a specific study could be considered to identify the consequences of climate change for the ORs and to promote the establishment of European research centres in the spheres of biodiversity, applied research in marine sciences, adaptation to tropical life and in the sphere of agronomic research regarding the phytosanitary measures required to</p>

		<p>address the changes in the climate that are already taking place.</p> <p>16. Take into account more thoroughly the special features of the ORs in the future common strategic framework for research and innovation (CSF): the strategic objectives of the actions to finance research and innovation and the planned open calls for tenders should take greater account of the research potential of the ORs and the specific features of the tropical island economies of the South. When consortiums are set up, financial incentives could be put in place to encourage the selection of partners from the ORs, thus counterbalancing the disadvantages linked to their remoteness. The ORs ought also to support the creation, in their universities and research institutes, of technical units for responding to calls for projects (ad hoc structures responsible for identifying possible partners in other European territories and preparing responses to calls for projects).</p>
8	<i>Support the integration of the ORs in their respective regional markets</i>	<p>17. Involve the ORs more in developing and establishing regional neighbourhood plans tailored to the actual geographical areas involved. The ORs should in particular take part in the process of identifying alterations to the regulations that should be made in their geographical context to enable them to develop trade with third countries. To achieve this, a coordination body should be set up in each geographical area, bringing together the political operators involved in cooperation, including European institutions, on the model of Réunion's cooperation committee for the territorial cooperation operational programme, to ensure that projects emerge in each of the areas.</p> <p>18. Issue an <i>ad hoc</i> instrument for financing joint actions between the ORs, the OCTs and neighbouring third countries in their marine areas, or, at least, a better structured relationship with the EDF and the ERDF.</p>
9	<i>Promote the ORs as "gateways to Europe" in their respective geographical areas.</i>	<p>19. Take into account the privileged relations between the ORs and certain third countries in strategic projects of European interest.</p> <p>20. Profit from the opening up of the regions and the development of trade to ensure the spread of European rules in neighbouring third countries, in agreement with the authorities of those countries,</p>

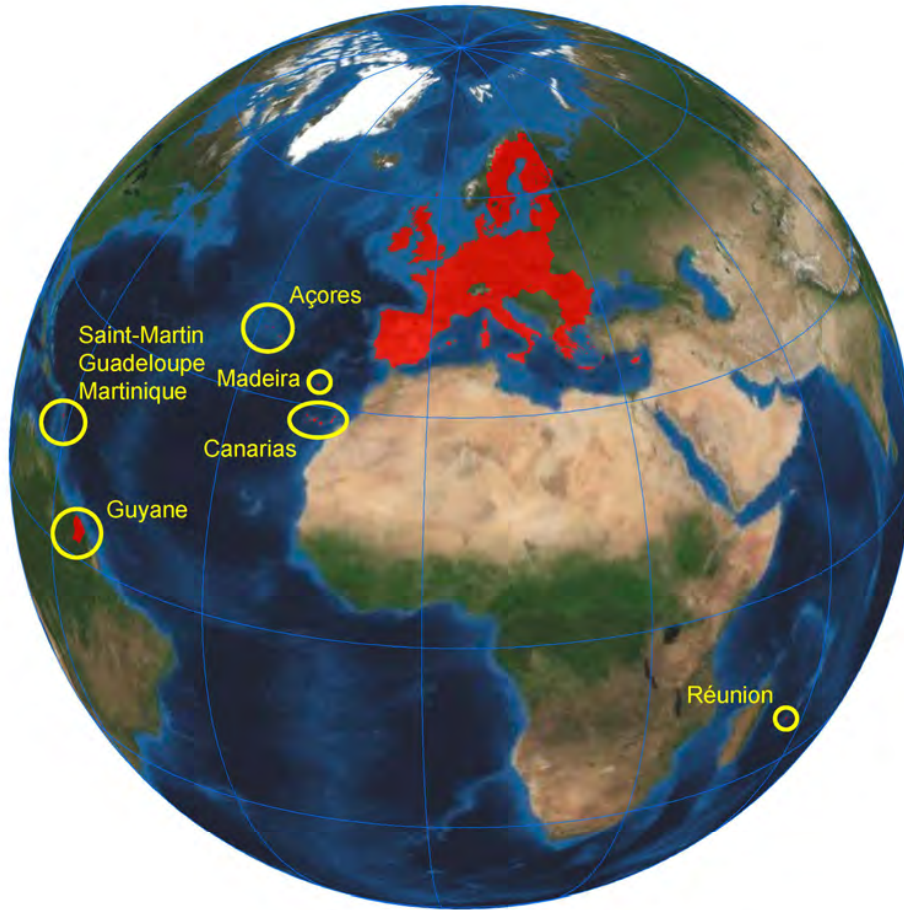
		<p>and support them in the development of their own legal systems. Thus, with the aim of facilitating trade, opening up companies in the ORs to international opportunities and developing logistical platforms, public service obligations between the ORs and the neighbouring third countries and territories could be established, with the agreement of the authorities of those countries and territories, as well as a specific framework for aid for transport between the ORs and the neighbouring third countries and territories.</p>
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In addition, some cross-cutting measures are recommended:

21. Include an **OR analysis** in each impact study accompanying a European legislative proposal that may have effects on those regions. The upstream evaluation of the impact of these measures ought to include an OR section so as to measure the potential effects on the ORs and to evaluate *ex ante* whether the project submitted may have a positive, negative or neutral impact on the ORs.
22. Strengthen the **visibility of the ORs within the European institutions, to lay down a long-term policy framework and to draw up and push forward a vision for the future for the ORs for 2020**. This visibility could be made part of the Europa site and each Commission DG Internet site, by setting up **'Single Market' contact points** in each OR, by developing specific training measures for enterprises and civil services in the ORs in order to provide them with more information about the possibilities offered by the single market, by making more use of the ISI and SOLVIT platforms, and by continuing with the exchange and temporary secondment measures for officials from the regional administrations in the European institutions.

Finally, it would be desirable for these recommendations to be implemented actively by all the responsible public administrations in the Member States and the regions and by the European Institutions within the framework of the renewed European strategy on the ORs which the Commission will define next year, strengthening, if necessary, the existing mechanisms and structures.

ANNEXES



Azores



Canary Islands



Guadeloupe



French Guiana

Guyane



Réunion

La Réunion



Madeira



•



Saint
Martin



Annex 1. Letter from Commissioner Michel Barnier setting out remit

Brussels, 17 December 2010
GS/vg/sq D (2010/939338)968322

Dear Minister, *Mr. Pedro*

Further to our conversations, I would like to ask you to undertake a study for the European Union in order to determine the place of its outermost regions within the internal market. Following the Monti report and within the context of the drafting and implementation of the EU's future policies, President Barroso, as I hoped, has deemed it important to mark out the role of the EU's outermost regions in the EU 2020 strategy by targeting inclusive growth based on an economy with a strong employment rate, promoting economic, social and territorial cohesion. It is vital for the fruits of this economic growth to benefit all regions of the EU, including its outermost regions, in order to strengthen the EU's economic cohesion.

Such a contribution could clearly highlight the added value that these outermost regions have for the European Union. Some of them are over 9 000 km away from the European continent. While, as the Treaties already provide, these regions are entitled to differentiated treatment, it is nonetheless the case that they form an integral part of our internal market.

Mr Pedro Solbes Mira
President of the Supervisory Board of EFRAG
C/ Goya 5-7 pasaje, 2nd floor.
E-28001 Madrid

Specifically, the remit that I would like to give you is to develop options and recommendations for improved integration of the outermost regions within the internal market, taking into account all the assets these regions currently possess. In carrying out this task, I would ask you to work in close collaboration with the ad hoc services of the Commission, in cooperation with DG REGIO, placed under the authority of my colleague, Johannes Hahn, the Member States, the European Parliament and all stakeholders with a direct or indirect interest.

The anticipated date for the delivery of your study is 30 June 2010.

In administrative and staff regulation terms, you will carry out your task while reporting to the Commissioner responsible for the Internal Market and Services, with the status of special adviser. The financial resources attached to this task will be the responsibility of DG Internal Market, under my authority.

Thank you very much for your willingness to undertake this task.

Yours sincerely,



Michel Barnier

Annex 2. SOCIO-ECONOMIC DATA FOR THE ORs¹⁴⁷

Table 1
Geographical data

	Capital	Location	Area (in km ²)	Number of islands:	Distance to the Member State's capital (in km)	Distance from the OR's capital to the closest continent (in km)
EU 27			4 324 782			
Spain			504 782			
Canary Islands	Las Palmas de Gran Canaria/ Santa Cruz de Tenerife	Atlantic Ocean	7 447	7	2 000	250 (North Africa, Morocco)
France			545 965			
Guadeloupe	Basse Terre	Caribbean Sea	1 628	8	6 800	620 (South America)
Martinique	Fort-de-France	Caribbean Sea	1 080	1	6 850	450 (South America)
French Guiana	Cayenne	South America	83 846	n a	7 000	n a
Réunion	Saint-Denis	Indian Ocean	2 510	1	9 400	1 700 (East Africa, Mozambique)
Saint Barthélemy	Gustavia	Caribbean Sea	25	1 + 11	6500	
Saint Martin	Marigot	Caribbean Sea	53	1	6700	
Portugal			92 072			
Azores	Ponta Delgada	Atlantic Ocean	2 322	9	1 500	1 450 (North Africa, Morocco)
Madeira	Funchal	Atlantic Ocean	795	2	1 000	650 (North Africa, Morocco)

¹⁴⁷ Statistical sources: Eurostat, 2006 – 2009; IEDOM, pub. 2010; INSEE, Instituto Canario de Estadística, "Canarias en cifras 2009"; Instituto Nacional de Estadística, 2009; Serviço Regional de Estatística dos Açores, "Os Açores em números 2009".

Table 2
Demographic data

	Total population (average, in thousands)			Density (residents / km ²)			% of population aged: (2007)		
	2000	2006	2009	2001	2006	2008	<15	15-64	65+
EU27	482 768	493 924	499 724	112.5	114.8	116.0	15.8	67.3	16.9
Spain	40 049	44 068	45 828	80.5	87.2	90.8	14.5	68.8	16.7
Canary Islands	1 679	1 973	2 103	241.9(*)	265.2	279	15.7	72.0	12.3
France	60 545	63 195	64 351	96.7	100.2	101.4	18.5	65.2	16.3
Guadeloupe	424 ¹⁴⁸	436	450	252.7	261.1	263.3	22.8	64.9	12.3
Martinique	384	397	402	343.9	352.6	353.0	20.7	65.5	13.8
French Guiana	162 ¹⁴⁹	209	230	2.1	2.5	2.7	35.6	60.6	3.8
Réunion	716	783	817	293.4	314.7	325.4	26.1	66.0	7.9
Saint Barthélemy	8	8	8	393	393	393	21.5	65.7	12.8
Saint Martin	35	35	36	655	655	655	35.9	58.3	5.8
Portugal	10 195	10 584	10 637	112.0	114.9	115.3	15.5	67.3	17.3
Azores	237	243	245	101.8	104.5	105.3	19.3	68.3	12.4
Madeira	240	246	247	301.0	296.5	308.3	18.0	68.9	13.1

(*) 2002

Table 3
Socio-economic data: employment rate (% of population aged 15 – 64)

	2007	2007	2007	2008	2008	2008	2009	2009	2009
	Men	Women	Total	Men	Women	Total	Men	Women	Total
EU 27	72.4	58.2	65.3	72.7	59.0	65.8	70.7	58.5	64.6
Spain	76.2	54.7	65.6	73.5	54.9	64.3	66.6	52.8	59.8
Canary Islands	72.1	52.3	62.4	66.4	48.5	57.6	59.4	45.9	52.7
France	68.7	59.2	63.9	69.1	59.9	64.4	68.0	59.6	63.7
Guadeloupe	55.2	45.3	50.0	55.0	45.0	49.6	51.6	44.7	47.9
Martinique	51.6	47.1	49.2	51.5	45.5	48.3	52.1	46.8	49.3
French Guiana	54.5	36.0	44.9	53.6	34.6	43.8	55.0	38.7	46.6
Réunion	52.8	38.1	45.2	52.8	39.3	45.8	51.4	38.7	44.8
Saint Barthélemy	N/A		61.4	N/A	N/A	N/A	N/A	N/A	N/A
Saint Martin	N/A		46.9	N/A	N/A	N/A	N/A	N/A	N/A
Portugal	73.8	61.9	67.8	74.0	62.5	68.2	71.1	61.6	66.3
Azores	75.8	49.8	63.0	77.2	51.8	64.7	75.6	53.6	64.8
Madeira	72.0	60.4	66.1	73.1	61.3	67.0	69.4	62.8	66.0

¹⁴⁸ 388 045, according to the IEDOM

¹⁴⁹ 166 590, according to the IEDOM

Table 4**Socio-economic data: unemployment rate (% of population aged > 15 years)**

	2005	2006	2007	2008	2009
EU 27	8.9	8.4	7.2	7.0	8.9
Spain	9.2	8.5	8.3	11.3	18.0
Canary Islands	11.7	11.7	10.4	17.4	26.2
France	9.3	9.3	8.4	7.8	9.5
Guadeloupe	25.9	26.9	22.6	21.9	23.4
Martinique	18.7	24.1	21.1	22.3	21.8
French Guiana	24.8	28.5	20.1	21.4	20.2
Réunion	30.1	28.3	24.1	24.4	27.1
Saint Barthélemy	N/A	N/A	3,2	N/A	N/A
Saint Martin	N/A	N/A	24.4	N/A	N/A
Portugal	7.6	7.7	8.0	7.6	9.5
Azores	4.1	3.8	4.3	5.5	6.7
Madeira	4.5	5.4	6.8	6.0	7.6

Table 5**Socio-economic data: long-term unemployment rate, women and young people**

	Long-term unemployment (% of total unemployment)			Female unemployment (% of total population aged > 15)			Youth unemployment (between 15 and 24)		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
EU 27	43.05	37.36	33.47	7.9	7.5	8.9	15.5	15.6	19.9
Spain	20.43	17.7	23.72	10.9	13.0	18.4	18.2	24.6	37.8
Canary Islands	21.82	19.71	27.78	13.0	19.0	27.0	22.4	32.1	47.9
France	42.57	40.31	37.39	9.0	8.4	9.8	19.6	19.1	23.3
Guadeloupe	82.17	80.82	78.48	26.0	25.5	26.3	53.3	51.7	59.3
Martinique	79.56	76.81	73.71	21.6	24.2	23.0	45.0	50.0	57.6
French Guiana	75.63	79.68	76.61	25.1	28.8	25.9	39.9	39.6	37.6
Réunion	67.56	68.51	61.67	25.8	26.4	29.0	46.8	47.6	49.6
Portugal	47.14	47.41	44.17	9.6	8.8	10.2	16.6	16.4	20.0
Azores	38.41	43.68	39.81	6.5	8.3	8.0	12.1	12.8	15.9
Madeira	46.36	48.58	48.60	7.1	6.3	6.1	16.9	15.1	19.7

Table 6

Socio-economic data: economic indicators

	Annual average GDP growth rate (2000 – 2005)	GDP/resident index (pps) (EU = 100)			Real GDP growth (annual average change in % 2005 - 2007)
		2003	2006	2009	
EU27	1.5	100%	100%	100%	3.10
Spain	3.3	101%	104%	103%	3.79
Canary Islands	3.4	94%	93%	90%	3.43
France	1.6	112%	108%	106%	2.30
Guadeloupe	2.3	67%	70%	69%	n/a
Martinique	2.2	74%	76%	76%	n/a
French Guiana	5.6	56%	53%	49%	n/a
Réunion	3.0	61%	65%	63%	n/a
Portugal	0.9	79%	78%	78%	1.83
Azores	2.6	72%	73%	73%	2.63
Madeira	2.6	95%	104%	103%	2.33

Table 7

Socio-economic data: household income (euros/unit of consumption)

	1999	2004	2007
Spain	9 899.0	13 339 .2	15 977.0
Canary Islands	9 625.1	12 109.4	14 031.9
France	15 802.0	19 046.8	21 132.9
DROM	9 257.1	10 521.4	11 355.8
Guadeloupe	9 377.5	N/A	N/A
Martinique	10 452.5	N/A	N/A
French Guiana	8 822.3	N/A	N/A
Réunion	8 638.9	N/A	N/A
Saint-Barthélemy	N/A	N/A	N/A
Saint-Martin	N/A	N/A	N/A
Portugal	7 495.7	9 075.6	9 943.0
Azores	6 640.8	8 657.2	9 411.0
Madeira	6 920.6	9 595.1	10 161.9

Annex 3. **CONCEPTUAL MATRIX FOR OUTERMOST REGIONS**¹⁵⁰

CHARACTERISTICS		ISOLATION		
		LOCATION	VERY REMOTE	
POTENTIAL	SOCIALLY-CULTURAL	GENERAL	<ul style="list-style-type: none"> • Local markets made up of developing countries and least developed countries¹⁵¹ • Isolation • External EU border in non-European areas • Reloading required in logistics transport • Additional costs 	<ul style="list-style-type: none"> • Very remote from decision-making centres (national, European and worldwide) • Significant world and European markets are very far away
		SPECIFIC	<ul style="list-style-type: none"> • Reduced access to almost non-existent local¹⁵² markets • Difficulties in accessing research and technologies • Reloading required in logistics transport • Very remote from centres of excellence and excellent services • Lack of equal opportunities • Different living conditions (much lower levels) 	<ul style="list-style-type: none"> • Total dependence on maritime and air transport • Lack of access to trans-European transport networks • Total segmentation of energy markets
CONSTRAINTS (HANDICAPS)	SOCIALLY-CULTURAL	GENERAL	<ul style="list-style-type: none"> • Geostategic position • Presence of Europe in the world • Increased possibilities for managing, controlling and monitoring maritime and air navigation 	<ul style="list-style-type: none"> • Very remote from decision-making centres (national, European and worldwide) • Significant world and European markets are very far away
		ECONOMIC	<ul style="list-style-type: none"> • Specific migration flows • Restricted mobility • Difficulties in accessing research and technologies • Reloading required in logistics transport • Additional costs 	<ul style="list-style-type: none"> • Total dependence on maritime and air transport • Lack of access to trans-European transport networks • Total segmentation of energy markets
POTENTIAL	SOCIALLY-CULTURAL	GENERAL	<ul style="list-style-type: none"> • Interregional cooperation in the various different geographical areas • Attractive areas for the development of some spheres of research • Areas for the provision of services for the regional environment • Tourism 	<ul style="list-style-type: none"> • Distinct maritime zones (EZs)
		ECONOMIC	<ul style="list-style-type: none"> • Specific cultural values and practices • Europe's position in non-European areas 	<ul style="list-style-type: none"> • Distinct maritime zones (EZs)

¹⁵⁰ Source: Joint memorandum of the outermost regions: the ORs with a view to 2020 (Las Palmas de Gran Canaria, 14 October 2009) (<http://www.gobiernodecanarias.org/accionexterior/rup/index.jsp>)

pages 64-66.

¹⁵¹ The nature of 'local' is relative.

¹⁵²

In a 500 km radius.

CHARACTERISTICS		SIZE		ISOLATION		
POTENTIAL	GENERAL	<ul style="list-style-type: none"> • Limited amount (lack) of resources • Segmentation of resources • Small market • Small population • Small productive area¹⁵³ 	<ul style="list-style-type: none"> • Economic dependence on others • Consumer markets • Regional market almost completely fragmented • Efficiency thresholds for facilities and services not met • Low level of economic diversification (single product) • Lack of economies of scale • Predominance of micro-enterprises • Difficulties in mobilising venture capital • Low level of attractiveness for investment • Low levels of labour productivity • Traditionally low level of technological advancement and weak capacity to innovate and develop technologies 	<ul style="list-style-type: none"> • Low educational levels among the population • Lack of specialised work • Low socio-professional mobility • Lack of critical mass • Difficulties in matching demand and supply in employment • Strong pressure on useable space (very high density) 	<ul style="list-style-type: none"> • Availability of natural resources that do not exist in Europe 	SOCIALLY-CULTURAL
	SPECIFIC	GENERAL	ECONOMIC	SOCIALLY-CULTURAL	ECONOMIC	
CONRAINTS (HANDICAPS)	GENERAL	<ul style="list-style-type: none"> • Attractive areas for experimenting with new technologies • Making use of market segments • Making use of existing natural resources • Possibility of introducing new information and communication technologies in management and control 	<ul style="list-style-type: none"> • Young population 	<ul style="list-style-type: none"> • Young population 	<ul style="list-style-type: none"> • Young population 	SOCIALLY-CULTURAL
	SPECIFIC	ECONOMIC	SOCIALLY-CULTURAL	ECONOMIC		

(continued)

Although French Guiana is not an island region, it is isolated in a similar way to those regions

1

CHARACTERISTICS		GENERAL		ECONOMIC		SOCIO-CULTURAL		SPECIALIZED	
NATURAL CONDITIONS	<ul style="list-style-type: none"> • Divergence from European models • Adverse physical structure of the land • Diversity of natural conditions • Vulnerability to natural disasters • Island status, double island status or status as an enclave¹⁵⁴ 	<ul style="list-style-type: none"> • Very low agricultural productivity • Poor internal access • Conditions imposed on links • Multiplication of infrastructure and facilities • Additional costs for construction and facilities 	<ul style="list-style-type: none"> • Island mentality • Need to move to gain access to certain services and facilities • Loss of workforce 	<ul style="list-style-type: none"> • Environmental diversity • Nature reserve zones for fauna and flora • Range of natural conditions that does not exist in Europe 	<ul style="list-style-type: none"> • Attraction as tourist destination • Sub-tropical agricultural products – bananas, sugar cane, fruit and flowers 	<ul style="list-style-type: none"> • Cultural diversity 			
POTENTIAL		GENERAL		ECONOMIC		SOCIO-CULTURAL		SPECIALIZED	

(continued)

Annex 4. STUDY ON GROWTH FACTORS IN THE ORs (March 2011)¹⁵⁵

TRADITIONAL AND NEW EMERGING SECTORS

In recent years, official development strategies have begun to change, going beyond the old models of the past.

Analysis on the ground (interviews with stakeholders and examination of official documents) demonstrates that new fields of development are being pursued, focusing on the potential of each region. At their current stage, which is an initial stage, these new fields cannot offset structural imbalances, particularly in terms of employment. However, the new approach, focusing on the strengths of the ORs, can be seen as the most effective way of producing a model of growth that is less dependent and more competitive, provided that the ORs succeed in developing these new fields in a competitive way.

A strategy such as this leads to a development model that is similar in all the ORs with comparable potential, which could lead to synergies and complementarities which are currently not apparent in any specific way.

The current transition phase is based on a mix of old and new sectors, in which modern agriculture, tourism and private services are gradually increasing their competitiveness and gaining access to wider regional markets. In addition, the ORs aim to develop new sectors in industry and advanced services (e.g. financial services, technology transfer, etc.). With this end in view, significant public investment has been made in research and knowledge.

In economic terms, the concept of growth potential is connected to untapped resources, both human and/or natural, upon which a region's production process can rely, developing new technologies and skills or a new form of organising production factors. This definition fits well with the strategy needed in order to put the potential of the ORs to good use. The mix of endogenous resources, new technologies and the way that factors are organised may give rise to a competitive advantage in the production of certain goods and services.

Potential growth in the ORs may derive both from restructuring the traditional sectors of tourism, agriculture and fisheries and from new specialisations resulting from the application of RTDI¹⁵⁶ to old and new sectors. New skills, requiring high abilities, and well-focused, market-oriented applied research are necessary to sustain the process.

Traditional sectors

In the majority of the ORs, a high proportion of the workforce is employed in agriculture, thus maintaining their unique environmental and cultural landscape and ensuring that the local food market is supplied as well as, to varying degrees, providing exports. Given the access and isolation problems, agriculture cannot be neglected if the ORs wish to lessen their dependence on imports and preserve the landscape. Production and employment in agriculture are, however, on the decline and can only be strengthened through product differentiation and specialisation. This can be achieved with the support of the current investment in RTDI, by using new techniques and discoveries to expand the variety and quality of products and to strengthen integration and competitiveness within the agri-food manufacturing chain.

¹⁵⁵ Summary of the section of the study on added value sectors (traditional and emerging) and flagship projects. Study prepared by *Ismeri Europa*, in cooperation with *ITD.eu Europe*, commissioned by the European Commission in 2009 (Contract No 2009.CE.16.O.AT.101) and delivered in March 2011. See DG Regional Policy's website: http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/rup_growth/rup_growth_sum_en.pdf

¹⁵⁶ Research, technological development and innovation.

This strategy to develop the regional potential linked to climate, environment and local know-how is pursued by most ORs, with differing results and impact on regional revenue. Specific opportunities have emerged from alternative uses for sugar cane, the production of new varieties of fruit and vegetables, livestock, fish farming, etc. These developments can be enhanced by more focused and more market-oriented research and by forms of clustering and networking designed to mobilise private-sector operators, who, in general, remain weak. The current balance between the support of existing production and the speeding up of changes in product types should be carefully considered by the authorities responsible for agricultural and fisheries policy.

Tourism has significant potential in most ORs and in some of them is a key sector for employment and external trade. It is based on an exceptional natural and cultural environment. The conflict between tourism and the preservation of the environment in coastal areas and greenbelt areas needs to be handled properly by the regions as a precondition for making tourism development sustainable in the long term and allowing a real growth in alternative tourism products. Although tourism is well-developed in most cases, its products are still traditional and suffer from increasing external competition; its potential is based on product differentiation to adapt better to demand segmentation, in contrast to standard mass tourism products. This should increase quality and profitability and should allow the range of tourism products offered by the ORs to occupy new niches. At present, areas of specialisation such as eco-tourism, social, cultural or health tourism are still in the process of being developed. The restructuring of the range of tourism services on offer gives an opportunity to invest in new, smaller and more flexible establishments for hosting tourists, which are also more environmentally sustainable. In this respect, ad hoc vocational training is vital in most ORs to ensure that products are differentiated and that their quality is upgraded.

Emerging sectors

A host of new sectors and products may emerge from the application of RTDI to the development of the biodiversity which is a feature of the natural environment in the ORs, from forest to marine ecosystems. A list of applications is envisaged by local authorities in the sphere of health, natural medicine and cosmetics, and many other sectors, such as food, energy or materials for eco-construction and wood.

Many dimensions of the green economy can be developed to make the most of the exceptional natural environment and marine biodiversity of the ORs. The development of competitive advantages in the area of the green economy is the most promising prospect in terms of growth and employment opportunities; it is also the most demanding in terms of the conditions that need to be met, ranging from the availability of scientific and technological skills to the presence of RTDI targeted at the market, and the local exploitation of innovation through spin-offs from research. On the whole, these conditions have not yet been met and current regional RTDI policies fall short of extending the research value chain to reach business applications, or to create a critical mass for developing new products and services. This difficulty is, however, common to most of the EU's convergence regions, particularly those which do not have a knowledge-based industry able to lead the process. Policies of this kind are still too young and it will only be possible to perceive their results in the medium term, if the above conditions are met, and if the obstacles are overcome by fine-tuned initiatives. Regional policies need to focus human and material resources, make them more market-oriented, and not spread them over too many potential fields, preventing the emergence of the necessary critical mass.

The ORs have had serious problems in ensuring a regular supply of fossil fuels, and are penalised by high provision costs, due to difficulties in access and distribution. During recent years, the development of renewable energies has been pursued and favourable natural and environmental conditions exist for developing various sources of bioenergy, through wind power, solar and photovoltaic energy. In addition, in some ORs there is a growing expertise in RTDI that can be drawn upon. Island status and small size encourage a wide-scale development of small plants, which could

aim to satisfy a much greater share of demand, given the higher cost of traditional sources and their unreliability. Currently, a number of experimental plants and good practices may lay the foundations for a more organised and better planned development of the renewable energies that would be worth pursuing at regional level.

Currently, environmental services dealing with water and waste are a problem, because these issues have not yet been resolved in a satisfactory way in most ORs, despite efforts to do so. Significant investments are needed to meet needs and provide the opportunity to create local skills and equipment that can be exported at regional level, provided that this is cost-effective.

In the majority of the ORs, maritime services and port activities can be developed in relation to cruise tourism and sailing tourism, ship maintenance and transit services. To make these developments financially sustainable they need to have a significant positive impact on the provision of local products and services. Most of these developments draw upon the geostrategic position of the islands in the Caribbean sea, in the Atlantic and in the southern Indian Ocean; however, they need to be supported, in most cases, by large investments which, if not properly accompanied or preceded by the appropriate feasibility and market studies, are in danger of ending up as under-utilised infrastructure and imposing a high opportunity cost, thus preventing the regions involved from investing in other infrastructure that may perhaps be more useful.

At the same time, personal care services (health, medical and social care) are well developed and supported by skills and research. Their potential for growth in the ORs is basically linked to the opportunity to export these services and the skills developed on the local market. The geographical regions where the ORs are located have a much lower standard of such services, and this creates opportunities.

The geopolitical location of the ORs and especially of the French ORs and the Canary Islands allows for the development of geostrategic investments to exploit their proximity to key markets in the Caribbean, Latin America, West Africa and the Indian Ocean. This potential needs to be developed through an initial phase of regional cooperation involving local stakeholders, firms and all private-sector operators; once this cooperation provides concrete opportunities to exploit the “gateway” function of the ORs (production and external trade), external policies will need to take these opportunities into account.

In conclusion, the potential of these sectors and products, and the conditions for their development briefly described above, allow a positive view of the future, provided that the policy choices resulting from them are followed by consistent, systematic implementation in the medium and long term, with a good balance between a radical improvement of the traditional sectors and the creation of a sufficient space for new products and sectors to grow.

Finding this balance is probably the most delicate part of the strategy, because resistance and obstacles to change are likely to arise and the policy carried out needs to ensure that change does actually take place, and does so with sufficient speed. To that end, aspirations for change must be shared by the local stakeholders and by the social groups most closely involved, through the creation of appropriate partnerships. Currently, the new sectors are starting to emerge in different ways in the economies of the ORs, but they have not yet reached any significant economic size and are not represented in a comprehensive set of “flagship projects” in which the local public and private stakeholders could invest their energies.

In brief, the analysis demonstrates that the ORs cannot be considered as a uniform whole. Disadvantages can be dealt with satisfactorily with appropriate policy approaches. Minimising disadvantages is therefore not only desirable but also possible.

FLAGSHIP PROJECTS

The study has identified some flagship projects whose implementation would contribute to sustainable growth. Many of these flagship projects relate to the need for urgent interventions,

mainly public, to realign the basic infrastructure of the ORs to the level of that in the EU: transport, waste management and processing, tourism, education, etc.

However, the list of projects reveals common features and needs:

- Supporting *economic diversification*, through activities linked to innovation, and the structuring of key sectors (both traditional and emerging).
- The wish to base future economic growth on *local natural resources and assets* (including agriculture, the sea and biodiversity).
- The inclusion of *environmental and energy concerns*, in particular the need to ensure a greater self-sufficiency in energy through the development of renewable energies and the promotion of energy efficiency.
- The *rebuilding of the tourism strategy* in regions that are already tourist-oriented (the Canary Islands, Madeira, Guadeloupe, Martinique) and a greater emphasis on the tourism sector in the other outermost regions (Azores, French Guiana, Réunion), against the backdrop of the economic crisis, which has a negative effect on the attractiveness of the ORs.

Annex 5. SPECIFIC MEASURES APPLICABLE TO THE ORs

5.1. Cohesion policy 2007-2013

Title	Reform of the cohesion policy
Purpose	<p>The 2007-2013 cohesion policy combines several specific measures to assist the ORs:</p> <ul style="list-style-type: none"> – rates of assistance from the Structural Funds (ERDF and ESF) increased to 85% for all regions (irrespective of their classification in the convergence or competitiveness objectives), except for the additional allocation to offset additional costs, where the assistance rate will have a ceiling of 50%; – an additional allocation to offset additional costs arising from the handicaps of the ORs at €35 per capita per year (total €979 million for all regions), enabling the ERDF to give assistance in the following domains: <ul style="list-style-type: none"> – investment expenditure for limiting the handicaps of the ORs, ceiling 50% of the total package. The eligible expenditure basis is the total cost of the eligible investment; – the operating expenses of public or private enterprises intended to reduce additional costs. The basis for eligible expenditure is the additional cost and the aid must be proportionate to the handicap to be offset; – expenditure in connection with the implementation of public contracts and public-service obligations. The basis for eligible expenditure is the additional cost and the aid must be proportionate to the handicap to be offset.
Reference documents	<ul style="list-style-type: none"> – Financial perspectives adopted by the December 2005 European Council – Council Decision of 6 October 2006 on Community strategic guidelines on cohesion (Official Journal L 291, 12.10.2006) – Regulations (EC) Nos 1080 to 1084/2006 on the Structural Funds (OJ L 210, 31.7.2006) – 2006/609/EC: Commission Decision of 4 August 2006 fixing an indicative allocation by Member State of the commitment appropriations for the European territorial cooperation objective for the period 2007-2013 (notified under document number C(2006) 3473) – 2006/593/EC: Commission Decision of 4 August 2006 fixing an indicative allocation by Member State of the commitment appropriations for the regional competitiveness and employment objective for the period 2007-2013 (notified under document number C(2006) 3472) – 2006/594/EC: Commission Decision of 4 August 2006 fixing an indicative allocation by Member State of the commitment appropriations for the European territorial cooperation objective for the period 2007-2013 (notified under document number C(2006) 3474) – 2006/595/EC: Commission Decision of 4 August 2006 drawing up the list of regions eligible for funding from the Structural Funds under the convergence objective for the period 2007-2013 (notified under document number C(2006) 3475) – 2006/596/EC: Commission Decision of 4 August 2006 drawing up the list of Member States eligible for funding from the Cohesion Fund for the period 2007-2013 (notified

	<p>under document number C(2006) 3479)</p> <ul style="list-style-type: none"> – 2006/597/EC: Commission Decision of 4 August 2006 drawing up the list of regions eligible for funding from the Structural Funds on a transitional and specific basis under the regional competitiveness and employment objective for the period 2007-2013 (notified under document number C(2006) 3480)
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5.2. Common agricultural policy

Title	Programmes of special options to address isolation and insularity (POSEI)
Purpose	<p>Specific measures for agriculture to support local production and supply the ORs with essential products for human and animal consumption (both fresh and for processing).</p> <p>The POSEI system, set up in 1991, was reformed for the second time in 2006. This most recent reform made it possible to ensure that the resources allocated to maintaining the support of the ORs remained stable, to decentralise decision-making as much as possible and to make management methods more flexible.</p> <p>In 2006, aid for the sugar and banana sectors was also included in the POSEI system following the reform of the respective common market organisations (see below).</p> <p>With the inclusion of all aid for production, processing and marketing of the agricultural products of the outermost regions, POSEI is now the first pillar of the common agricultural policy (in particular support for the income of producers and stabilisation of the agricultural market) for these regions.</p> <p>The Commission's first report on the impact of the POSEI reform of 2006 was adopted by the Commission in September 2010. The report's conclusions are, on the whole, positive: 1) <u>the reform's primary aim</u>, which was to make the scheme more flexible and closer to local needs, has been achieved; 2) this scheme has made it possible <u>to also attain its broad objectives</u>, which include guaranteeing the supply of essential products by mitigating the additional costs linked to outermost region status, and the maintenance and development of local agricultural production.</p> <p>At the same time as it submitted the report, the Commission also submitted to the European Parliament and the Council a draft proposal recasting the regulation, which would repeal and replace Council Regulation (EC) No 247/2006, in order to align it with the new requirements of the TFEU regarding delegated acts and implementing acts and to reflect in it the legislative proposals of the report on the impact of the 2006 reform (particularly the simplifications in the management of the scheme by the Member States).</p>
Reference documents	<ul style="list-style-type: none"> – Council Regulation (EC) No 247/2006 of 30 January 2006 (OJ L42, 14.2.2006) – Commission Regulation (EC) No 793/2006 of 12 April 2006 (OJ L145, 31.5.2006) – Report from the Commission to the European Parliament and the Council – First report on the impact of the POSEI reform of 2006 – COM(2010) 501, 24.9.2010

Title	Reform of the market organisation for sugar
Purpose	<p>The reform of the Community framework for the sugar sector addressed the special nature of the ORs. The reform consisted primarily of two Council Regulations adopted on 20 February 2006 which entered into force on 1 July 2006. One of the regulations (Regulation (EC) No 318/2006 on the common organisation of the market in the sugar sector) was repealed and replaced by Regulation (EC) No 1234/2007 (Single CMO Regulation).</p> <p>The reform provided for:</p>

	<ul style="list-style-type: none"> – the granting of compensation for the loss of income due to the fall in the reference price of sugar (60% of the price drop). The level of compensation is higher in the DOM because it is calculated on the basis of the quota which is under-used; – maintenance of the financial support for the sale of raw sugar to the mainland (€15 million); – the total of these amounts is transferred to the POSEI package. These programmes have the advantage of distinct administrative rules, including the possibility of excluding aid modulation and decoupling, compulsory for the rest of the Community; – the change to the POSEI allows France to grant national aid of up to €60 million for the marketing year 2005/2006 and up to €90 million for the marketing years 2006/2007 onwards; – the exclusion of the ORs from the Restructuring Fund: the ORs are exempted from paying the subscription. <p>The reform also allowed ORs (the Canaries, the Azores and Madeira) to source non-quota sugar).</p>
Reference documents	<ul style="list-style-type: none"> – Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (OJ L 299, 16.11.2007) – Council Regulation (EC) No 319/2006 of 20 February 2006 amending Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (OJ L 58, 28.2.2006) – Council Regulation (EC) No 247/2006 of 30 January 2006 laying down specific measures for agriculture in the outermost regions of the Union (OJ L 42, 14.2.2006) – Commission Regulation (EC) No 793/2006 of 12 April 2006 laying down detailed rules for applying Council Regulation (EC) No 247/2006 (OJ L 145, 31.5.2006).

Title	Reform of the market organisation for bananas
Purpose	<ul style="list-style-type: none"> – Internal aspects: The Commission presented its reform proposal on 20 September 2006, accompanied by a full analysis of the impact on the Community production chain. The main elements of this reform, adopted by the Council on 19 December 2006, concerning the ORs were: <ul style="list-style-type: none"> – transfer of an annual amount of €278.8 million to Regulation (EC) No 247/2006 ("agricultural POSEI") in order to support the chain under the support programmes for local production in the ORs (increase of 8.4%, i.e. EUR 22 million, on the amount of aid paid to banana producers for the 2000-2002 period. This increase represents, nonetheless, 47% of average aid paid during the period 2002-2006); – this instrument seemed best suited to supporting banana production in each of the regions concerned by providing for flexibility and decentralisation of support mechanisms. The possibility of including aid to the banana sector in those support programmes should make the strategies for supporting agricultural production in these regions more consistent. As a reminder, these programmes have the advantage of distinct administrative rules, including the possibility of excluding aid modulation and decoupling, compulsory for the rest of the Community;

	<ul style="list-style-type: none"> – the Commission was obliged to submit in 2009 a report to the European Parliament and the Council on the implementation of the POSEI programmes, including the banana sector. In order to take into account the initial impact of the implementation of the multilateral agreements for the reduction of the import tariff on bananas, signed on 15 December 2009 in Geneva, this report, with the agreement of the Member States involved, was submitted to the legislators on 24 September 2010 (see above under "POSEI"). With regard to the banana sector, the report concluded that the increase of the budget for aid for bananas decided upon following the 2006 reform was still adequate to protect producers in the new trading environment. Nevertheless, given the recent changes on the markets, the Commission is closely monitoring the effects of the multilateral trade agreements and will, if necessary, take the necessary measures to mitigate them. – Where external aspects are concerned, the EU has proposed a “tariff only” applicable as from 1.1.2006 at 176 €/t. – On 15 December 2009 the EU concluded a multilateral agreement in Geneva granting banana producers outside the ACP, chiefly from Latin America, a gradual reduction in the customs duty from 176 €/t to 114 €/t. The Free Trade Agreement Andean countries grant to Peru and Colombia an additional reduction on customs duty on bananas to 75 €/t in 2020, with the possibility that this tariff could be extended, in the long term, to all banana-producing Latin American countries.
Reference documents	Council Regulation (EC) No 1031/2006 of 19 December 2006 (OJ L 384, 29.12.2006)

Title	European Agricultural Fund for Rural Development (EAFRD)
Purpose	<p>On 20 September 2005 the Council adopted a regulation introducing a stronger rural development policy for the European Union and far simpler management. The special treatment of the ORs consists of:</p> <ul style="list-style-type: none"> – rates of assistance from the ERDF raised to 85% for all ORs, including those not eligible for the convergence objective; – increased rates of public assistance to ORs for certain measures under the Regulation: <ul style="list-style-type: none"> – modernisation of agricultural holdings (75% for the ORs); – installation costs of agroforestry systems and first afforestation of agricultural and non-agricultural land and improvement of the economic value of forests (85% for ORs except for State-owned tropical and subtropical forests); – higher added value for agricultural and forestry production (75% for the ORs). – aid for adding value to agricultural and forestry products can be paid at the maximum rate for all businesses in the ORs. – eligibility of State-owned forests in the ORs. – for the French ORs, the minimum financial contribution for priority 2 (land management) is 10% (instead of the 25% for other regions of the Community).
Reference documents	<ul style="list-style-type: none"> – Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 277, 21.10.2005)

	<ul style="list-style-type: none"> – Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (OJ L 368, 23.12.2006) – Council Decision 2006/20/EC of 20 February 2006 on Community strategic guidelines for rural development (programming period 2007 to 2013) (OJ L 55, 25.2.2006)
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Title	Community guidelines for State aid in the agriculture and forestry sector 2007 to 2013
Purpose	The guidelines apply to all State aid granted in connection with activities related to the production, processing and marketing of agricultural products falling within the scope of Annex I of the Treaty. They apply to any aid measure, in whatever form. The Commission will examine proposals to grant State aid designed to meet the needs of these regions on a case-by-case basis, in the light of the specific legal provisions applying to these regions, and having regard to the compatibility of the measures concerned with the Rural Development Programmes for the regions concerned, and their effects on competition both in the regions concerned and in other parts of the Community
Reference documents	OJ C 319, 27.12.2006

Title	State aid notification sheet under Article 107 of the TFEU
Purpose	The Community guidelines for State aid in the agriculture and forestry sector changed the rules applied by the Commission in assessing the compatibility of State aid measures with the common market. The additional information needed for an assessment of a State aid measure in an OR must be supplied on a supplementary information sheet (the specimen for which is shown in part III.12 M, p. 90).
Reference documents	Commission Regulation (EC) No 1935/2006 of 20 December 2006 amending Regulation (EC) No 794/2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty (OJ L 407, 30.12.2006)

5.3. Common fisheries policy

Title	Reform of the common fisheries policy
Purpose	In 2009, the Commission launched a wide public debate on the management of fisheries in the EU, based on the Green Paper on the reform of the common fisheries policy. This document examines the state of the fisheries sector in the EU, diagnoses the main problems and suggests approaches to correct them. Although the Green Paper did not deal with the specific features of the ORs, since it was a general analysis, the authorities and stakeholders of the ORs made significant contributions to the debate, stressing the need for differentiated treatment for these regions during the design and implementation of the new policy. The Commission will present its proposals on the reform of the CFP during the second half of 2011. A first package of proposals was presented on 13 July 2011.
Reference documents	Green Paper on Reform of the Common Fisheries Policy, COM(2009) 163 final. Contribution by the Outermost Regions to the Green Paper on Reform of the Common Fisheries Policy. COM(2011) 416 of 13 July 2011 — Proposal for a regulation of the European Parliament and of the Council on the common organisation of the markets in fishery and aquaculture products. COM(2011) 417 of 13 July 2011 — Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; Reform of the Common Fisheries Policy. COM(2011) 418 of 13 July 2011 — Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee

	<p>of the Regions on reporting obligations under Council Regulation (EC) No 2371/2002 of 20 December 2002 on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy.</p> <p>COM(2011) 424 of 13 July 2011 — Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the external dimension of the Common Fisheries Policy.</p> <p>COM(2011) 425 of 13 July 2011 — Proposal for a regulation of the European Parliament and of the Council on the Common Fisheries Policy.</p>
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Title	European Fisheries Fund (EFF)
Purpose	<p>The European Fisheries Fund (EFF) gives Community support for the period 2007-2013 to the sustainable development of the fisheries sector, fisheries areas and inland fishing. The EFF will succeed the current Financial Instrument for Fisheries Guidance (FIFG). The ORs receive a special differentiation of the rates of EFF assistance. The EFF thus provides for increased assistance rates which vary according to the measure in question. Moreover, the specific provisions on small-scale coastal fishing (defined as the activity practised by boats no longer than 12 metres using passive gear) are particularly relevant to the ORs.</p>
Reference documents	Council Regulation (EC) No 1198/2006 (OJ L 223, 15.08.2006, p. 1).

Title	Fishing fleet management in the outermost regions
Purpose	<p>The ORs were granted derogations from the structural measures applied to the Community fleet, enabling new capacity to enter a fleet registered in an OR, with or without public aid, within the limits of the specific reference levels. The measures adopted authorised aid for fleet renewal and modernisation until the end of 2006.</p>
Reference documents	<p>Council Regulation No 639/2004 of 30 March 2004 (OJ L 102, 7.4.2004)</p> <p>Council Regulation No 1646/2006 of 7 November 2006 amending Regulation No 639/2004 (OJ L 309, 9.11.2006).</p>

Title	Additional costs compensation scheme (Fisheries POSEI)
Purpose	<p>The purpose is to meet the additional costs incurred in the marketing of certain fishery products via a compensation scheme under the EAGGF Guarantee Section. This applies to products from the Azores, Madeira, the Canary Islands, French Guiana and Reunion.</p> <p>The scheme was renewed by the Council on 21 May 2007, and now grants the ORs greater implementation flexibility. The new measure will expire on 31 December 2013.</p>
Reference documents	<p>Council Regulation No 2328/2003 of 22 December 2003 (OJ L 345, 31.12.2003)</p> <p>Council Regulation No 791/2007 of 21 May 2007 (OJ L 176/1, 6.7.2007)</p>

Title	Supplying the local market
Purpose	<p>The exceptional geographical situation of the Canary Islands in relation to the sources of supply of certain fishery products which are essential for domestic consumption entails additional costs for this sector. This natural handicap can be remedied, inter alia, by temporarily suspending customs duties on imports of the products in question from non-member countries within Community tariff quotas of an appropriate volume.</p> <p>To avoid directly affecting the working of the internal market, measures have been taken to ensure that fishery products for which suspension is requested are intended solely for the Canary Islands' domestic market.</p> <p>The measure expired on 31 December 2006.</p> <p>The competent Spanish authorities have submitted a report on the operation of the scheme. The Commission will review the impact of the measures adopted and, on the basis of its findings, will submit to the Council any relevant proposals for the period after 2006.</p>
Reference	Council Regulation (EC) No 704/2002 of 25 March 2002 (OJ L 111,

dddocuments	26.4.2002).
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Title	Regional advisory councils
Purpose	The Council Decision of 19 July 2004 establishing regional advisory councils under the common fisheries policy, amended by Council Decision 2007/409/EC of 15 June 2007, grants financial packages enabling ORs in the Atlantic Ocean to set up and take part in sounding-board forums for expression and consultation on fishing problems under the Regional Advisory Council for the south-western waters.
Reference documents	Council Decision 2004/585/EC of 19 July 2004 (OJ L 256, 3.8.2004). Commission Decision 2007/222/EC

5.4. Common commercial policy

Title	Economic partnership agreements (EPAs)
Purpose	<p>The position of the ORs in the economic partnership agreements (EPAs) is explicitly addressed in the Commission negotiating directives, which stress the need to acknowledge the "particular interests" of these regions:</p> <ul style="list-style-type: none"> - the EPA with the Caribbean countries (the only one with full regional and subject coverage) takes into account the ORs in Articles 25.4 (safeguard measures), 132 (cooperation on innovation) and 239 (cooperation in all the spheres covered by the agreement and to facilitate the trade of goods and services, to promote investment and to encourage transport and communication links between the regions). <p>Similarly, the "interim" EPAs in Africa in the regions where there are ORs include the same safeguard clauses and possibilities for cooperation in all the spheres covered by the agreements.</p> <p>The Commission Communications on the ORs of 2004, 2007 and 2008 propose using the EPAs to integrate the ORs more firmly with their geographical zones. To address the special interests of the ORs in the negotiations currently under way, the following are still necessary:</p> <ul style="list-style-type: none"> – the interests of each of the outermost regions in regional trade flows must be precisely identified, bearing in mind the economic complementarity between these regions and the African, Caribbean and Pacific (ACP) countries; – the regions and the Member States must inform the Commission of the sectors and types of trade they regard as important to the ORs; – the Commission must assess these notifications within the limits of its powers.
Reference documents	<ul style="list-style-type: none"> – Cotonou Agreement of 23 June 2000 (OJ L 317, 15.12.2000), revised in 2005 and 2010. – General Affairs Council, 17 February 2002, No 9930/02 – Texts of EPA agreements [http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/africa-caribbean-pacific/]

Title	Generalised tariff preferences
Purpose	<p>Under the common commercial policy, the scheme consists of general arrangements granted to all beneficiary countries and territories, and two special arrangements taking into account the various developmental requirements of developing countries in similar situations.</p> <p>Article 22 of the text reads "Where imports of products included in Annex I to the Treaty cause, or threaten to cause, serious disturbance to Community markets, in particular to one or more of the outermost regions, or these markets' regulatory mechanisms, the</p>

	Commission, on request of a Member State or on its own initiative, may suspend the preferential arrangements in respect of the products concerned after consulting the management committee for the relevant common market organisation".
Reference documents	Council Regulation (EC) No 732/2008 of 22 July 2008 applying a scheme of generalised tariff preferences (OJ L 211, 6.08.2008), to be extended until 1 January 2014 at the latest.

5.5. Development

Title	Tenth EDF
Purpose	<p>As proposed in the 2007-2013 financial perspectives, Article 1(2) of the internal agreement establishing the Tenth EDF makes available from the fund a sum of €22 682 million, of which €21 966 million go to the ACP countries, €286 million to the OCTs and €430 million on support expenditure.</p> <p>Given the importance attributed by Article 28 of the ACP-EC Partnership Agreement to regional cooperation between the ACP countries, the OCTs and ORs, facilitating this cooperation is one of the innovative elements enshrined in the Council Regulation on the implementation of the 10th EDF (COM(2006) 650 final, 27 October 2006). This facilitation is based on the possibility of identifying common priorities and specific resources. Special attention is also given to the possibility of stronger coordination of the selection of projects of common interest.</p> <p>More specifically, it is explicitly mentioned that multiannual indicative programmes – drawn up at the same time as the strategic documents concerning partner countries and regions – may include priorities and specific resources for the purpose of strengthening cooperation with the outermost regions (cf. Article 4(3)(d) of the Regulation). Moreover, if specific resources are made available in a multiannual indicative programme and if the project or programme concerned is regional or cross-border, the Commission may decide, in order to ensure the coherence and effectiveness of Community assistance, that the ORs may take part in these initiatives financed under the 10th EDF. These provisions will be incorporated in the annual action programmes to be run as part of the implementation of the multiannual indicative programmes (see Article 10 of the Regulation).</p> <p>The multiannual indicative programmes may also include arrangements for the identification and coordinated selection of common interest projects. This could be done by mobilising technical assistance or through programme monitoring committees involving the various stakeholders.</p> <p>For the sake of completeness it should be noted that Council Decision 2007/249/EC amending Decision 2001/822/EC on the association of the overseas countries and territories with the European Community also stresses the importance of stronger cooperation between the OCTs, the ACP countries and the ORs. It should be noted that the amount granted to the OCTs to finance regional cooperation and integration also covers cooperation with the ORs and that coordination with the other Community financial instruments is essential here (cf. Article 3(2) of Annex II Aa of the amended Decision).</p> <p>The elements described above should improve the coordination between the EDF and the ERDF through "concerted" programming and resources earmarked to support any projects of common interest, so as to achieve "parallel cofinancing" of EDF and ERDF cooperation schemes. This is accompanied in practice by a growing dialogue between the ACP/OCT and OR authorities (e.g. between the Canaries and Cape Verde or, in the Caribbean, the EC/ACP/OCT/OR task forces under the auspices de Cariforum). This approach does not alter the fact that the national and regional strategies for the ACP countries or OCTs are primarily the responsibility of the partner countries or territories.</p>
Reference documents	<ul style="list-style-type: none"> – Internal Agreement of 17 July 2006 between the Representatives of the Governments of the Member States, meeting within the Council, on the financing of Community aid under the multi-annual financial framework for the period 2008-2013 in accordance with the revised ACP-EC Partnership Agreement and the allocation of the financial assistance for the Overseas Countries and Territories to which part Four of the EC Treaty applies: OJ L 247, 9.9.2006, p. 32 – Decision No 1/2006 of the ACP-EC Council of Ministers of 2 June 2006 specifying the

	<p>multi-annual financial framework for the period 2008 to 2013 and modifying the revised ACP-EC Partnership Agreement</p> <ul style="list-style-type: none"> – Council Regulation (EC) No 617/2007 of 14 May 2007 on the implementation of the 10th EDF under the ACP-EC Partnership Agreement (OJ L 152, 13.06.2001, p.1. – Council Decision 2007/249/EC amending Council Decision 2001/822/EC on the association of the overseas countries and territories with the European Community, COM(2007) 11 final, OJ L 109, 26.4.2007, p. 33.
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Title	Commission Communication on an EU-Caribbean partnership for growth, stability and development
– Purpose	<ul style="list-style-type: none"> – On 2 March 2006 the Commission adopted a Communication on an EU-Caribbean partnership for growth, stability and development. The strategy proposed in this communication aims to promote a strong partnership between the EU and the Caribbean on development, combating poverty, democracy, fundamental rights, and peace, security and stability. The objective is a political partnership, based on shared values, to address economic and environmental opportunities in the region and to promote social cohesion. – Given the presence of ORs, especially French overseas departments (DOM), in the Caribbean and the converging interests of the various stakeholders in the region, the proposed strategy gives special attention to promoting cooperation between the ACP countries in the Caribbean, the French DOM and the OCTs as part of a wider integration process. The scope of this cooperation extends beyond the creation of synergies between the ACP and OCT development programmes financed by the EDF and the DOM programmes financed by the ERDF (see above), also aiming at closer cooperation and policy dialogue in other areas of common interest, such as trade, research, immigration, transport, ICT, education, environmental issues, risk prevention, health, justice and security.
– Reference documents	<ul style="list-style-type: none"> – COM(2006) 86 final, 2.3.2006 – SEC(2006) 268

5.6. *EU external relations*

Title	Financing instrument for development cooperation
– Purpose	<p>With a view to eradicating poverty and promoting democracy, good governance, human rights and the rule of law, Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation ("the Regulation") provides for Community financing of the following:</p> <ul style="list-style-type: none"> – geographic programmes to support cooperation with developing countries which are recipients of aid from the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC) and are not financed by the European Development Fund (EDF); – thematic programmes in the countries, territories and regions mentioned above, but also in countries and regions covered by the EDF, i.e. the group of ACP countries which are signatories of the ACP-EC partnership agreement (with the exception of South Africa, financed via the Regulation) and the overseas countries and territories (OCTs); – accompanying measures for "Sugar Protocol" ACP countries. <p>One of the specific objectives of the financing instrument for development cooperation is</p>

	<p>to strengthen the relationship between the Community and partner countries and regions. Article 18(3) of the Regulation allows the Commission to include a specific financial allocation for the purpose of strengthening cooperation between the EU's outermost regions and neighbouring partner countries and regions when it determines the multiannual indicative allocations within each geographic programme.</p> <p>Since this cooperation is classed as Official Development Assistance (ODA) under DAC standards, it is possible to cofinance thematic or geographic measures with, inter alia, the Member States and their regional and local authorities, including the ORs, particularly their public and semi-public bodies. This cofinancing may be parallel or joint. In the case of parallel cofinancing, the project or programme is split into a number of clearly identifiable modules, each financed by the different partners providing cofinancing in such a way that the end-use of the financing can always be identified. In the case of joint cofinancing, on the other hand, the total cost of the project or programme is shared between the partners providing the cofinancing and resources are pooled in such a way that it is not possible to identify the source of funding for any given activity undertaken as part of the project or programme.</p>
– Reference documents	– Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 (OJ L 378, 27.12.2006)

Title	Commission Communication on a stronger partnership between the European Union and Latin America
Purpose	<p>To consolidate partnership relations between the EU and Latin America, the Commission proposes:</p> <ul style="list-style-type: none"> – stepping up and focusing political dialogue; – creating a climate conducive to trade and investment; – supporting the efforts of countries in the region to contribute to stability and prosperity; – cooperating more effectively and increasing mutual understanding. <p>The EU is present in this geographical area by virtue of its ORs. French Guiana borders Brazil, while Martinique and Guadeloupe are part of the Caribbean arch. The cooperation exchanges to be developed between all of these territories need to be exploited.</p>
Reference documents	COM(2005) 636 final

5.7. Research and technological development

Title	The Seventh Framework Programme for Research and Technological Development
Purpose	<p>This programme has been in application since 1 January 2007 and is subdivided into four specific programmes:</p> <ol style="list-style-type: none"> 1) the Cooperation Programme, which supports research projects according to a thematic approach (health, food/agriculture/biotechnology, ICT, nanotechnologies/materials, energy, environment, transport, socio-economic research, security and space); 2) the Ideas Programme for leading-edge research; 3) the People Programme for researcher mobility initiatives; 4) the Capacities Programme, giving horizontal support to infrastructures or SMEs, to international action, and to the creation of regional research-driven clusters. <p>The funds are spent in the form of subsidies, for which there is strong competition, and are awarded following calls for proposals and a process of consideration by peers based on excellence.</p> <p>General eligibility of the ORs for subsidised activities: Even through there is no specific component for territory in the Seventh FP, there is one activity specially limited to ORs and convergence regions: research potential, to bring</p>

	<p>regional centres of excellence to European level and enhance the participation of the ORs in the European Research Area.</p> <p>Information:</p> <p>The national contact points (NCPs) whose remit is to provide information to potential applicants regarding the financing of European research. The NCPs, which provide information on the various areas covered by the Seventh FP, are set up in each Member State.</p> <p>With the aim of bringing information about the financing of research projects closer to the ORs and improving their participation in the Seventh FP, the DG R&I took part in the seminars organised by the DG Regional Policy; in Martinique in 2009 for the Caribbean regions and in the Azores for the Macronesian regions in 2010. A further seminar is planned for September 2011 in Réunion.</p>
Reference documents	<p>OJ L 391, 400 and 412, 30.12.2006</p> <p>http://cordis.europa.eu/fp7/get-support_en.html</p> <p>http://ec.europa.eu/research/enquiries</p> <p>http://cordis.europa.eu/fp7/</p>

5.8. Competition

Title	National regional aid 2007-2013
Purpose	<p>Revision of the Guidelines on National Regional Aid for 2007-2013.</p> <p>The ORs continue to be eligible for operating aid which is not progressively reduced or limited in time.</p> <p>For the first time, operating aid of up to 10% of the turnover of the beneficiary may be granted without the need for specific justification (cf. footnote 74).</p> <p>Regarding authorised investment aid intensity, the outermost regions will be eligible for a further bonus of 20 points GGE (gross grant equivalent) if their GDP per capita falls below 75% of the EU-25 average and 10 points GGE in other cases.</p>
Reference documents	OJ C 54, 4.3.2006, p. 13

Title	Objectives of State aid for Research and Development and Innovation
Purpose	<p>Promoting Research and Development and Innovation (R&D&I) is an important objective of common interest (cf. Article 163 of the EC Treaty) confirmed by the Barcelona European Council of March 2002.</p> <p>State aid to R&D&I will be compatible if the aid is likely to strengthen R&D&I activities and if the distortion of competition it causes is not judged to be contrary to the common interest. The aim is to ensure that this objective is met and, above all, to help Member States to target aid at the relevant market failures.</p> <p>Where aid for innovation clusters is concerned, in recognition of their specific handicaps the outermost regions will be eligible for a further bonus of 20% if their GDP per capita falls below 75% of the EU-25 average and 10% in other cases (cf. paragraph 5.8).</p>
Reference documents	OJ C 323, 30.12.2006

Title	Public service obligations in the transport domain
Purpose	<p>The Commission has proposed that the maximum duration of public service obligations be raised to five years in the air transport domain for the ORs. Concerning maritime transport, it has suggested raising the threshold applicable to the number of passengers carried by sea to and from "small islands" from 100 000 to 300 000 for the application of simplified rules on the conclusion of public service contracts.</p>
Reference documents	COM(2006) 396 final; Commission Communication on the interpretation by the Commission of Council Regulation (EC) No 3577/92 (COM(2003) 595; COM(2006) 196)

Title	Standard State aid notification forms
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Purpose	The text provides a full specimen form for the compulsory notification of State aid (including specific questions applicable to the ORs from point 3.9 of the annex to the Regulation).
Reference documents	Commission Regulation (EC) No 1627/2006 of 24 October 2006 amending Regulation (EC) No 794/2004 as regards the standard forms for notification of aid (OJ L 302, 1.11.2006)

5.9. Transport

Title	Single European Transport Area
Purpose	<p>The "Transport 2050" strategy aims to increase mobility and contribute to growth and job creation, by eliminating the main obstacles and bottlenecks existing in several areas which are vital for transport, namely infrastructure, investment, innovation and the single market. It is the roadmap for setting up a competitive transport sector that will provide greater mobility while producing fewer emissions.</p> <p>The aim is to create a more competitive single European area, equipped with a fully integrated transport network, based on the interconnection of the different modes of transport and enabling a major change to take place in passenger and freight transport models. To that end, the roadmap proposes 40 specific initiatives for the next decade.</p> <p>In this roadmap, the Commission proposes to extend our transport and infrastructure policy to our immediate neighbours and to open up the markets of third countries with regard to transport services.</p>
Reference documents	COM(2011) 144 final, 28.3.2011: White Paper <i>"Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system"</i>

Title	Trans-European transport networks
Purpose	<p>The European Parliament and Council Decision laying down guidelines for trans-European transport networks aims to facilitate the establishment and development of infrastructure encouraging the interconnection of national networks in order to facilitate the linkage of islands, areas similar to islands, and landlocked, peripheral or outermost regions with the central regions of the Community, particularly in order to reduce the high costs of transport in such regions.</p> <p>The Commission is currently in the process of revising the trans-European transport network policy (TEN-T). This policy also aims to provide better links between the TEN-T and the infrastructure networks of neighbouring countries.</p>
Reference documents	Decision 661/2010/EU of 7 July 2010 (OJ L 204, 5.05.2010)

Title	Motorways of the sea and Marco Polo II
Purpose	<p>The existing policy documents on the motorways of the sea (Marco Polo, which supports transport services, and TEN-T, which provides funds for transport infrastructure) include express references to their application in the outermost regions. The aim of the Marco Polo II programme is to boost intermodality, alleviate road congestion and improve the environmental performance of the freight transport system in the Community. To achieve this objective, the programme should support action in the freight transport, logistics and other relevant markets, taking into account the needs of small and medium-sized enterprises.</p> <p>However, despite several Commission initiatives to improve awareness in the outermost regions of these instruments, not one specific support activity has been financed in these regions to date. The Commission is in the process of revising the concept of the motorways of the sea and the Marco Polo programme in the wider context of the current revision of the trans-European networks policy. As indicated in the White Paper <i>"Roadmap to a Single European Transport Area"</i>, the motorways of the sea will represent the maritime dimension of the TEN-T network. This will involve a significant revision to the motorways of the sea, concentrating on the EU's fundamental interests. The revision of the TEN-T policy also involves completely rethinking and rationalising the financial instruments to</p>

	support transport and sustainable services infrastructure, and also including Marco Polo. In this context, it cannot be ruled out that these instruments may once again be of potential interest for the ORs.
Reference documents	Regulation (EC) No 1692/2006 of the European Parliament and of the Council of 24 October 2006 establishing the second Marco Polo programme for the granting of Community financial assistance to improve the environmental performance of the freight transport system (OJ L 328, 24.11.2006).

Title	Maritime cabotage
Purpose	The regulation on maritime cabotage has liberalised domestic maritime transport while respecting Member States' needs to ensure the territorial, economic and social cohesion of their islands. In particular, with regard to transport to and from islands, including those located in the outermost regions, the regulation leaves it up to the Member States to decide whether, and to what extent, a public service ought to be provided.
Reference documents	Council Regulation (EEC) No 3577/92 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage), OJ L 364, 12.12.1992, p. 7–10

Title	Extension of the major trans-European transport axes to neighbouring countries
Purpose	The Commission adopted a communication intended to ensure that the legislation, standards and technical specifications of our main trade partners are compatible with those of the EU and thus contribute to the achievement of the Lisbon agenda by encouraging trade, sustainable growth and social cohesion. The motorways of the seas linking the sea areas of countries with Atlantic Ocean coastlines incorporate the Spanish and Portuguese ORs.
Reference documents	COM(2007) 32 final

Title	Public service obligations – air services
Purpose	The European regulations on air services allow the establishment of public service obligations (PSOs), in particular for reasons relating to economic development or territorial continuity. A Member State may impose a public service obligation in respect of scheduled air services between an airport in the Community and an airport serving a peripheral or development region in its territory. This possibility is also available to the Member States of the EEA (Norway, Iceland and Lichtenstein) which apply the regulation on air services (Regulation No 1008/2008). The air agreements with other neighbouring countries, without necessarily extending the possibility of imposing PSOs, are nonetheless based on the principle of regulatory convergence. The approximation of air legislation and standards, not only in respect of security and safety, but also with regard to social and environmental aspects, is the foundation stone enabling the development of air services without territorial restrictions and in a sustainable way. For those countries looking to become members of the EU, this legislative approximation implies, in the long term, that the regulation on air services will apply, and, therefore, the PSOs.
Reference documents	Regulation (EC) No 1008/2008 of the European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services in the Community (OJ L 293, 31.10.2008, p. 3-20).

5.10. Energy

Title	Single electricity market
Purpose	The purpose of the texts is to grant derogations for micro-isolated systems in the Azores

	and Madeira for the renovation, modernisation and expansion of existing capacity. These adaptations are necessary in view of the difficulties encountered in operating such networks.
Reference documents	Commission Decision 2004/920/EC of 20 December 2004 on a derogation from certain provisions of Directive 2003/54/EC of the European Parliament and of the Council concerning the archipelago of the Azores (OJ L 389, 30.12.2004); Commission Decision of 23 May 2006 on a derogation from certain provisions of Directive 2003/54/EC concerning the archipelago of Madeira (OJ L 142, 30.5.2006)

Title	Trans-European energy networks programme (TEN-E)
Purpose	The European Parliament and Council Decision laying down guidelines for trans-European energy networks aims to facilitate the development and reduce the isolation of the less-favoured and island regions of the Community, thereby helping to strengthen economic and social cohesion. The priority action is to strengthen energy networks in island, isolated, peripheral and outermost regions while promoting the diversification of energy sources and the use of renewable energy sources, together with the connection of those networks, where necessary. During the 1995-2009 period, only one project was financed by TEN-E in the ORs: this was a technical and environmental study for the construction of an LNG plant in Tenerife (Canary Islands), which received a subsidy of EUR 800 000 (project G109/04, Commission Decision C(2005)1077 of 31/03/05) (http://ec.europa.eu/energy/infrastructure/tent_e/doc/2009_ten_e_financed_projects_1995_2009.pdf)
Reference documents	Commission Decision C(2008)1360 of 16 April 2008 establishing the 2008 annual work programme for grants in the field of trans-European networks (TEN) - area of energy infrastructures (TEN-E). Regulation (EC) No 680/2007 of the European Parliament and of the Council of 20 June 2007 laying down general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks (OJ L 162, 22.6.2007, p. 1-10). Decision No 1364/2006/EC of the European Parliament and of the Council of 6 September 2006 laying down guidelines for trans-European energy networks and repealing Decision 96/391/EC and Decision No 1229/2003/EC (OJ L 262, 22.09.2006). Council Regulation (EC) No 2236/95 of 18 September 1995 laying down general rules for the granting of Community financial aid in the field of trans-European networks (OJ L 228, 23.9.1995, p. 1-7).

5.11. Environment

Title	Commission Communication on halting the loss of biodiversity by 2010 and beyond
Purpose	The Commission presented a communication on the commitments made to halting the loss of biodiversity in the EU and substantially slowing the rate of loss worldwide by 2010. The text specifies that comparable measures for habitats and species are required in those EU outermost regions not covered by the nature directives.
Reference documents	COM(2006) 216 final
Title	Commission Communication on "Our life insurance, our natural capital: an EU biodiversity strategy to 2020"
Purpose	The Commission presented a new European strategy for biodiversity to 2020, aiming to reverse biodiversity loss and speed up the EU's transition towards a resource efficient and green economy.
Reference documents	COM(2011) 244 final

5.12. Maritime policy

Title	Maritime Policy Green Paper
Purpose	The Commission adopted a Green Paper to prepare the debate on the contents of an EU

	<p>maritime policy aimed at coordinating the efforts of the national authorities in this area. Where the ORs are concerned, the document launching the debate (SEC(2005)290 "Towards a future maritime policy for the Union: A European vision for the oceans and the seas") includes the following:</p> <p>Point 4.1: <i>"On account of its outermost regions the European Union has the world's largest maritime territory."</i></p> <p>Point 6.3: "Attention will also be paid to the added maritime dimension given to the Union by its outermost regions."</p> <p>The Green Paper on a maritime policy for the EU (COM(2006)275 final) refers to the ORs as follows:</p> <p>Point 1 "Introduction": "Through its outermost regions, in addition to the Atlantic Ocean, Europe is also present in the Indian Ocean and the Caribbean Sea. Their maritime stakes are many and concern the EU as a whole."</p> <p>Point 2.2: "The isolated outermost regions face specific challenges, in terms of natural conditions (cyclones or earthquakes) or illegal immigration, requiring specific responses."</p> <p>Point 4.3: Coastal regions receive financial support from several EU policies (...) (The aid granted) should also reflect the special role played by outermost regions in maritime affairs. These regions need to develop sustainable fisheries, the exploration of biodiversity and the development of new products based on it, sustainable tourism, improvement of links, including telecommunications and energy, and the development of planning systems through which all these can be brought into harmony."</p> <p>The maritime stakes of the ORs are many and concern the EU as a whole. These regions differ from the other regions of Europe not only through their specific geographical position in the Atlantic and Indian Oceans and the Caribbean Sea, but also in terms of the added value gained from their experiences in the sea areas surrounding them. They thus give the EU a unique maritime dimension and open up the possibility of exploring the potential on offer in several domains.</p>
Reference documents	SEC(2005) 290 COM(2006) 275 final

5.13. Information society

Title	Broadband
Purpose	The Commission Communication on bridging the broadband gap encourages the Member States to revise their broadband penetration strategies. The instruments of the cohesion, rural-development and information-society policies should thereby help to bridge the gap in poorly-served regions such as the ORs. Here, public or private initiatives, the introduction of new transmission technologies and a more active demand-aggregation policy may help to raise the critical mass which is often missing in these regions.
Reference documents	COM(2006) 129 COM(2010) 472

Title	Roaming on public mobile networks
Purpose	Regulation (EC) No 717/2007 on roaming calls on national regulatory authorities to monitor developments in wholesale and retail charges for the provision to roaming customers of voice and data communications services, including SMS and MMS, including in the outermost regions referred to in Article 349 of the Treaty on the Functioning of the European Union. The regulation stipulates that in-country roaming in the outermost regions of the Community where mobile telephony licences are distinct from those issued in respect of the rest of the national territory could benefit from rate reductions equivalent to those practised on the Community roaming market. The roaming regulation prohibits less favourable pricing treatment for customers using in-country roaming services as opposed to customers using Community-wide roaming services.
Reference documents	COM(2006) 382

5.14. Taxation and customs

Title	“Arbitrio sobre las Importaciones y Entregas de Mercancías en las Islas Canarias” - AIEM
Purpose	<p>The object is a tax on imports and deliveries of goods in the Canary Islands by the manufacturers of those goods, and on “imports” of similar goods (including those from continental Spain or other Member States) in the same category, defined with reference to the common customs tariff nomenclature.</p> <p>The AIEM may allow exemptions for locally produced goods. The purpose of the measure is to compensate for the handicaps which force up the cost price of products made in the Canary Islands compared with "imported" products which do not suffer these handicaps. On 19 July 2011 the Commission proposed extending this derogation, which was to expire on 31 December 2011, until 31 December 2013.</p>
Reference documents	<p>Council Decision of 20 June 2002 on the AIEM tax applicable in the Canary Isles (OJ L 179, 9.7.2002, p. 22).</p> <p>COM(2011) 443 of 19 July 2011 – proposal for a Council decision amending Decision 2002/546/EC as regards its period of application</p>

Title	Dock dues in the French overseas departments (DOM)
Purpose	<p>Dock dues are an indirect tax applicable in the French overseas departments (DOM). They apply to products from abroad (including those from mainland France or other Member States). They sometimes also apply to locally made products, but usually at lower rates than apply to products from abroad.</p> <p>Council decisions permit the application of exemptions or reductions in dock dues to goods produced locally which are mentioned in these Council decisions.</p> <p>The purpose of the measure is to compensate for the handicaps which force up the cost price of products made in the Canary Islands compared with "imported" products which do not suffer these handicaps. The derogation expires on 31 December 2011.</p> <p>A proposal for a Council decision amending the lists of products that may benefit from differentiated taxation treatment with respect to dock dues is currently being examined by the Council and the European Parliament.</p>
Reference documents	<p>Council Decision of 10 February 2004 concerning the dock dues in the French overseas departments and extending the period of validity of Decision 89/688/EEC (OJ L 52, 21.2.2004, p. 64)</p> <p>Council Decision 2008/439/EC of 9 June 2008 amending Decision 2004/162/EC concerning dock dues in the French overseas departments (OJ L 155, 13.6.2008, p. 17).</p> <p>Proposal for a Council decision amending Decision 2004/162/EC as regards the products that may benefit from exemption from or a reduction in dock dues (COM(2010) 749 final, 14 December 2010).</p>

Title	Excise duty on “traditional” rum (DOM)
Purpose	<p>France is authorised to apply, on the territory of mainland France, for traditional rum made in the French overseas departments, a reduced excise duty which may be less than the minimum rate of excise duty laid down in Directive 92/84/EC, but not less than 50% of the normal national rate of excise duty on alcohol. The reduction in excise duty is limited to an annual quota of 90 000 hl of pure alcohol. The derogation will expire on 31 December 2012. It is planned to propose extending this period by one year in order to make it the same as the period of application of the guidelines on regional State aid.</p>
Reference documents	<p>Council Decision 2007/659/EC of 9 October 2007 authorising France to apply a reduced rate of excise duty on traditional rum produced in its overseas departments and repealing Decision 2002/166/EC. (OJ L 270, 13.10.2007, p. 12)</p>
Title	Excise – rum, liqueurs and eaux-de-vie (Azores and Madeira)
Purpose	<p>Portugal is authorised to apply a reduced rate of excise duty in the autonomous region of Madeira on locally produced and consumed rum and liqueurs, and in the autonomous region of the Azores on locally produced and consumed liqueurs and eaux-de-vie. The reduced excise duty authorised may be less than the minimum rate of excise duty laid down in Directive 92/84/EC but not less than 75% of the normal national rate of excise duty on alcohol. The derogation will expire on 31 December 2013.</p>

Reference documents	Council Decision of 10 November 2009 authorising Portugal to apply a reduced rate of excise duty in the autonomous region of Madeira on locally produced and consumed rum and liqueurs and in the autonomous region of the Azores on locally produced and consumed liqueurs and eaux-de-vie (OJ L 297, 13.11.2009, p. 9)
Title	Excise – beer (Madeira)
Purpose	Portugal is authorised to apply a reduced rate of excise duty lower than the national rate fixed in accordance with Directive 92/84/EEC in the case of beer produced in the autonomous region of Madeira by independent breweries situated in that region, whose total annual production does not exceed 300 000 hectolitres. Production in excess of 200 000 hectolitres annually may benefit from the reduced rate only to the extent it is consumed locally in Madeira. The reduced excise duty rate, which may fall below the minimum rate, shall not be set more than 50 % lower than the standard national excise duty rate for Portugal. The derogation applies until 31 December 2013.
Reference documents	Council Decision (2008/417/EC) of 3 June 2008 authorising Portugal to apply a reduced rate of excise duty on locally produced beer in the autonomous region of Madeira (OJ L 147, 6 June 2008, p. 61)

Title	Temporary suspension of autonomous Common Customs Tariff duties on imports of certain industrial products and administration of autonomous Community tariff quotas on imports of certain fishery products into the Canary Islands
Purpose	These measures aim above all to foster the maintenance and development of local industrial and commercial activities, abolishing gradually and in parallel the suspensions of customs duty on goods for final consumption. For imports of certain goods and raw materials, parts and components for industrial transformation and maintenance used by companies in the Canary Islands, the suspension expires on 31 December 2011. On 18 May 2011 the Commission proposed to extend the suspension system until 31 December 2021. These customs measures to support industrial products are accompanied by tariff exemptions, based on tariff quotas, for fishery products intended for local consumption, and add to those granted in the agricultural sector. The derogation for these fishery products, which was originally to expire on 31 December 2006, was extended by Regulation (EC) No 645/2008 until 31 December 2013.
Reference documents	Council Regulation (EC) No 704/2002 of 25 March 2002 temporarily suspending autonomous Common Customs Tariff duties on imports of certain industrial products and administration of autonomous Community tariff quotas on imports of certain fishery products into the Canary Islands (OJ L 111, 26.4.2002, p. 1). Council Regulation (EC) No 645/2008 of 8 July 2008 opening and providing for the administration of autonomous Community tariff quotas on imports of certain fishery products into the Canary Islands (OJ L 180, 9.7.2008, p. 1). COM(2011) 259 of 18 May 2011 – proposal for a Council regulation temporarily suspending autonomous Common Customs Tariff duties on imports of certain industrial products into the Canary Islands.

Title	Temporary suspension of the Common Customs Tariff duties on the import of certain industrial products into the autonomous regions of the Azores and Madeira
Purpose	A full suspension has been granted of the customs duties on several products for agricultural, commercial or industrial use, as well as on certain raw materials imported into the Azores and Madeira. The derogation will expire on 2 November 2020.
Reference documents	Council Regulation (EU) No 973/2010 of 25 October 2010 temporarily suspending the autonomous Common Customs Tariff duties on imports of certain industrial products into the autonomous regions of the Azores and Madeira (OJ L 285, 30.10. 2010, p. 4)

5.15. List of decisions approving State aid to the ORs

5.15.1. State aid - regional and horizontal

Spain			
Reference	Date of adoption of the decision	Region	Title of the aid
N 544/2010	28/06/2011	Canary Islands	Decision extending the period of application of Decision on State Aid N 22/2008.
N 389/2008	10/03/2009	Canary Islands	System of compensation for maritime and air transport of goods not included in Annex I to the EC Treaty from or to the Canary Islands
N 391/2008	02/02/2009	Canary Islands	System of compensation for maritime and air transport of goods included in Annex I to the EC Treaty from or to the Canary Islands
N 741/2007	07/05/2008	Canary Islands	Amendment of the Zona Especial Canaria (ZEC) system
N 376/2006	20/12/2006	Canary Islands	Extension of the Zona Especial Canaria (ZEC) State aid scheme; N 708/98, as amended by N94/2003 and N 563/2006
N 22/2008	16/04/2008	Canary Islands	AIEM
N 377/2006	20/12/2006	Canary Islands	Economic and tax arrangements (REF) for the Canary Islands
France			
Reference	Date of adoption of the decision	Region	Title of the aid
N 159/2010	05/10/2010	DOM	Social aid system for the benefit of certain residents of French overseas local authorities
N325/2008	29/09/2010	Saint Martin	Tax aid for initial investment in Saint Martin
N 438/2008	07/04/2009	DOM	Deductibility of VAT on certain exempted products
N 439/2008	19/11/2009	DOM	Exemption from employer's social security contributions
N 440/2008	17/04/2009	DOM	Aid for the modernisation of the hotel industry
N 441/2008	19/11/2009	DOM	Free enterprise zones: partial exemptions for profits, the <i>taxe professionnelle</i> and the <i>taxe foncière sur les propriétés bâties</i>
N 463a/2008	04/12/2009	DOM	Tax aid for overseas investment - social housing
N 463b/2008	01/03/2010	DOM	Tax aid for overseas investment
N 526/2009	24/02/2010	DOM	Aid for the transport of hazardous waste
N 654/2009	06/07/2010	Réunion	Development of enterprise zones in Réunion
N 199/2007	20/05/2008	DOM	Overseas departments - offsetting additional transport costs
N 421/2008	30/10/2008	Guadeloupe	Social aid scheme established to assist certain categories of passenger on air services linking Guadeloupe to mainland France
N 426/2010	05/01/2011	Réunion	Aid scheme for the territorial continuity of Réunion
N 522/2006	23/10/2007	DOM	Overseas programme law– tax aid for investment
N 524/2006	23/10/2007	DOM	Deductibility of VAT on certain exempted products
N 529/2006	23/10/2007	DOM	Dock dues
N 530/2006	27/06/2007	DOM	Reduced rate of excise on 'traditional' rum produced in the overseas departments
N 540/2006	23/10/2007	DOM	Employment access contract (CAE-DOM)
N 542/2006	23/10/2006	DOM	Exemption from employers' social security contributions in the trading sector
N 560/2006	23/10/2007	DOM	Non-application of increased payroll tax in the

			DOMs and reduced taxation on wages paid in the DOMs
N 627/2006	23/10/2007	DOM	“DOMs Fund” guarantee fund
N 627/2006	06/07/2010	DOM	Development of enterprise zones in Réunion
N 667/2006	23/10/2007	DOM	Young graduates employment support (SEJD)
N 668/2008	23/10/2007	DOM	Job-creation premium
N 758/2006	13/06/2007	DOM	Venture capital scheme in the DOM: venture capital companies and investment funds
SA 32069	18/02/2011	Martinique	Participation of local authorities from Martinique in the territorial continuity aid scheme
N 526/2010	24/02/2010	DOM	Aid for the transport of hazardous waste
N 199/2007	10/04/2007	DOM	Offsetting additional transport costs
N 656/2006	04/12/2006	Réunion	Air connections between Réunion and continental France
N 421/2008	30/10/2008	Guadeloupe	Social aid scheme established to assist certain categories of passenger on air services linking Guadeloupe to mainland France
N 912/2006	19/03/2007	French Guiana	Air transport within French Guiana
Portugal			
Reference	Date of adoption of the decision	Region	Title of the aid
N 320/2008	03/06/2009	Azores	Reduced rate of excise for liqueurs and eaux-de-vie produced in the Azores
N 503/2007	30/08/2007	Azores	Aid scheme for the development of the Azores (SIDER)
N 293/2007	10/10/2007	Madeira	Reduced rate of excise for beer produced and consumed in Madeira
N 320/2008	03/06/2009	Madeira	Reduced rate of excise for rum and liqueurs produced in Madeira
N 584/2009	15/12/2009	Madeira	Operating aid scheme for small and micro enterprises in Madeira
N 397/2010	05/10/2010	Madeira	Amendment of aid scheme N 584/2009
N 421/2006	27/06/2007	Madeira	Free zone of Madeira
N 408/2010	16/04/2011	Azores	SIRIART aid scheme

5.15.2. State aid in the agriculture sector

Spain		
Reference	Date of decision	Title of the aid
N 195/2009	05/08/2009	Aid scheme to help repair the damage caused to agricultural output and infrastructure by the fire on 26 April 2008 on the island of La Gomera
N 391/2008	02/02/2009	Aid scheme for sea and air transport of goods included in Annex I to the EC Treaty to or from the Canary Islands
N 241/2008	02/10/2008	Aid scheme for the restoration of agricultural land affected by the fire in September 2006 on El Hierro
N 684/2007 and N 610/2007	19/11/2008	Aid scheme to help repair the damage caused to agricultural output and infrastructure by the 2007 fires (Canary Islands)

N 316/2007	01/10/2007	Aid to compensate for damage caused by the floods of 26 to 28 January 2007 on El Hierro (Canary Islands)
N 213/2006	16/11/2006	Aid scheme to help repair the damage caused to agricultural output and infrastructure by the tropical storm "Delta" (Canary Islands)
N 167/2006	16/11/2006	Aid scheme to help repair the damage caused to agricultural output and infrastructure by the tropical storm "Delta" (Canary Islands)
N 161/2005	17/10/2005	Aid to compensate for losses caused by adverse weather conditions (in the Province of Ciudad Real and the Autonomous Communities of Extremadura and the Canary Islands)
France		
Reference	Date of decision	Title of the aid
N 154/2008	10/02/2009	ODEADOM - Aid to groups of producers for the purchase of animals and the purchase of perennial plants
N 172/2008	19/05/2008	Aid to compensate for losses caused to banana producers from Martinique and Guadeloupe by Cyclone Dean
N 550/a/2006	08/02/2007	Reduction of the contribution burden on non-salaried farmers in the overseas departments (DOM)
N 165/2005	27/04/2006	Temporary aid granted to animal production in the overseas departments
NN 40/2004	06/09/2005	Aid to groups of banana producers (Guadeloupe and Martinique)

5.15.3. State aid in the fisheries sector

Portugal		
Reference	Date of decision	Title of the aid
N 98/2007 (previously, N 718/96)	19/12/2008	Incentives scheme to support artisanal and coastal fishing in the Autonomous Region of the Azores
France		
Reference	Date of decision	Title of the aid
N 239/2010	06/04/2011	Regional aid for the marketing of fisheries and aquaculture products of Réunion

5.15.4. State aid in the transport sector (1 January 2007 to 31 May 2011)

Sector	C.H.	Mem ber State	Case reference	Title/description	Decision	Minutes No	Letter sent to Member State	Publication - OJ and web
SOCIAL AID								
	CF	FR	SA/32069/N/2011	Participation of the local authorities of Martinique in the territorial continuity aid scheme	18/02/2010		18/02/2011 2011/017601	W.L. 04/05/2011 C/149/2011
Air	OC	FR	N 426/2010	Aid scheme for the territorial continuity of Réunion	21/01/2011		05/01/2011	W.L 28/02/2011 C/71/2011
Air	AC	FR	N 421/2008	Social aid scheme established to assist certain categories of passenger on air services linking Guadeloupe to mainland France	30/10/2008		2008/28148/	W.L 06/01/2009 C/7/2009
Maritime		FR	NN 40/2008	Amendment of the scheme to reimburse ship-fitting enterprises for the employers' social security contributions relating to unemployment and family benefits – Amendment of aid scheme N 88/2001	05/12/2008		C (2008)/7594	C/23/2009
Air		P	N 471/2007	Social aid scheme for air transport in the autonomous region of Madeira	11/12/2007 (2007) 1812		C/2007/5979/2	W.L 14/02/2008 C/46/2008
Maritime		P	N 503/2007	Aid scheme for the regional development of the Azores (SIDER)	16/07/2008		1900/110029/O	W.L 27/08/2008 C/229/2008

Member State	Airport	Airport	Imposition	Amendment	Invitations to tender	Market access	From	To	Niche operator / exclusive concession
France	French Guiana [Cayenne]	Grand-Santi	C83 - 5/4/05 (via Saint-Laurent-du-Maroni) C154 - 07/07/09 (without compulsory stopover)			O			
France	French Guiana [Cayenne]	Maripasoula	C221 - 30/7/96	C213 - 26/07/00 C254, 13/9/01 C83 - 5/4/05 C154 - 07/07/09	21/07/96 29/07/00 14/09/01 C11 - 17/1/06 02/03/06 (cancelled) 05/05/06 (unsuccessful)	O			
France	French Guiana [Cayenne]	Saint Georges de l'Oyapock	C221 - 30/07/96, p. 8	26/07/00 21/12/00 (suspension) 13/9/01 05/04/05	31/07/96 29/07/00 14/09/01 C84 - 06/04/05	O			Finished

5.15.5. nature
Public service obligations in the air transport domain (list of all PSOs in force and aid initiatives of a social

France	Mainland France	Reunion Island	9/08/1997	C245 - 19/10/2007 C149, 21/6/2005 C69, 22/3/2003					
France	Mainland France	Martinique	9/08/1997	C245 - 19/10/2007 C149, 21/6/2005 C69, 22/3/2003					
France	Mainland France	French Guiana	9/08/1997	C245 - 19/10/2007 C149, 21/6/2005 C69, 22/3/2003					
France	Mainland France	Guadeloupe	9/08/1997	C245 - 19/10/2007 C149, 21/6/2005 C69, 22/3/2003					
France	Guadeloupe [La Désirade] [Saint Martin] [Les Espéranse] [Guadeloupe Sainte] [Marie Galante] [Saint Barthélemy]	Guadeloupe [Pointe-à-Pitre] (le Raizet)]	C172 - 22/07/03	C302 - 12/12/09 (cancellation)				Cancelled	
France	French Guiana [Saint-Laurent-du-Maroni]	Grand-Santi	C154 - 07/07/09						
France	French Guiana [Cayenne]	Saïli	C221 - 30/7/96	C213 - 26/07/00 21/12/00 (suspension) C254, 13/9/01 C83 - 5/4/05 C154 - 07/07/09	21/7/96 29/7/00 14/9/01 C11 - 17/1/06 02/03/06 (cancelled) 05/05/06 (unsuccessful)				

Portugal	Horta	Flores	16/5/02 C111 - 15/05/09	30/4/05 28/2/06 08/05/07	30/11/02 1/3/06 (corrected on 11/3/06) C111 - 15/05/09	R	1-Oct-2009	1-Oct-2014	SATA Air Açores
Portugal	Horta	Corvo	16/05/2002 C111 - 15/05/09	30/4/05 28/2/06 08/05/07	30/11/2002 1/3/2006 (corrected on 11/3/2006) C111 - 15/05/09	R	1-Oct-2009	1-Oct-2014	SATA Air Açores
Portugal	Funchal	Porto / Santo	C200 - 4/08/95 p. 7	C249 - 16/09/10	C249 - 16/09/10	R	01-Jan-2011	31-Dec-2013	SATA Air Açores
			C200 - 4/08/95 p. 7	C 267, 26/08/98, C280 - 18/11/06 p.9 C24 - 02/02/07	C25 - 03/02/07 29/8/95	R	14-Aug-2010	31-Dec-2010	SATA Air Açores
Portugal	Funchal	Ponta Delgada	C200 - 4/08/95 p. 7	26/8/98 26/9/01 23/3/02 27/4/02 27/3/03 12/3/04 7/10/04 30/4/05 1/12/05 22/4/06 12/05/07 C104 - 25/04/08 C283 - 20/10/10	29/8/1995 27/08/1998 C273 - 28/09/2001, p. 14	O			

Portugal	Lisbon	Ponto Delgada	C200 - 4/08/95, p. 3	26/8/98 26/9/01 23/3/02 27/4/02 27/3/03 12/2/04 7/10/04 30/4/05 1/12/05 22/4/06 12/05/07 C104 - 25/04/08 C283 - 20/10/10	29/8/95 27/8/98 C273 - 28/09/01, p. 13	O		
Portugal	Lisbon	Pico	07/10/2004	1/12/05 22/4/06 12/05/07 C104 - 25/04/08 C283 - 20/10/10		O		
Portugal	Lisbon	Horta	C200 - 4/08/95, p. 3	26/8/98 26/9/01 23/3/02 27/4/02 27/3/03 12/2/04 7/10/04 30/4/05 1/12/05 22/4/06 12/05/07 C104 - 25/04/08 C283 - 20/10/10	29/8/95 27/8/98 C273 - 28/09/01, p. 11	O		

Portugal	Lisbon	Vila Real - Bragança	C68 - 05/03/97	11/06/99 24/04/02 07/02/06 corrected: 10/02/06 C143 - 10/06/08	06/03/97 12/06/99 25/04/02 C32 - 08/02/06 corrected: 25/02/06 25/02/06 New call: C219 - 28/08/08 corrected C241 - 20/09/08	R	12-Jan-2009	11-Jan-2012	AEROVIP
Portugal	Lisbon	Terceira	C200 - 4/08/95, p. 3	26/08/98 26/9/01 23/3/02 27/4/02 27/3/03 12/3/04 7/10/04 30/4/05 1/12/05 22/4/06 12/05/07 C104 - 25/04/08 C283 - 20/10/10	29/8/95 27/8/98 C273 - 28/09/01, p. 10	O			
Portugal	Lisbon	Santa Maria	C248 - 07/10/04	1/12/05 22/4/06 12/05/07 C104 - 25/04/08 C283 - 20/10/10		O			

Portugal	Oporto	Ponta Delgada	C200 - 04/08/95	26/08/98 26/09/01 23/3/02 27/4/02 27/3/03 7/10/04 12/3/04 30/4/05 1/12/05 22/4/06 12/05/07 C104 - 25/04/08 C283 - 20/10/10	O	29/8/95 27/08/98 C273 - 28/09/2001, p. 13														
Portugal	Oporto	Ponta Delgada	Terceira	C104 - 25/04/08	C283 - 29/10/10															
Portugal	Porta Delgada	Flores	16/5/02 C111 - 15/05/09	30/4/05 28/2/06 11/3/06 08/05/07	R	30/11/02 1/3/06 (corr 11/03/06) C111 - 15/05/09	1-Oct-2009	1-Oct-2014	SATA Air Açores											
Portugal	Porta Delgada	Horta	16/5/02 C111 - 15/05/09	30/4/05 28/2/06 11/3/06 08/05/07	R	30/11/02 1/3/06 (corr 11/03/06) C111 - 15/05/09	1-Oct-2009	1-Oct-2014	SATA Air Açores											
Portugal	Porta Delgada	Pico	16/5/02 C111 - 15/05/09	30/4/05 28/2/06 08/05/07	R	30/11/02 1/3/06 (corrected 11/3/06) C111 - 15/05/09	1-Oct-2009	1-Oct-2014	SATA Air Açores											
Portugal	Porta Delgada	Santa Maria	16/5/02 C111 - 15/05/09	30/4/05 28/2/06 11/3/06 08/05/07	R	30/11/02 1/3/06 (corr 11/03/06) C111 - 15/05/09	1-Oct-2009	1-Oct-2014	SATA Air Açores											

Portugal	Porta Delgada	Sao Jorge	16/5/02 C111 - 15/05/09	30/4/05 28/02/06 11/3/06 08/05/07	30/11/02 1/3/06 (corr 11/03/06) C111 - 15/05/09	R	1-Oct-2009	1-Oct-2014	SATA Air Açores
Portugal	Ponta Delgada	Terceira	16/5/02 C111 - 15/05/09	30/4/05 28/02/06 11/3/06 08/05/2007	30/11/02 1/3/06 (corr 11/03/06) C111 - 15/05/09	R	1-Oct-2009	1-Oct-2014	SATA Air Açores
Portugal	Terceira	Corvo	16/5/02 C111 - 15/05/09	30/4/05 28/02/06 08/05/07	30/11/02 1/3/06 (corrected 11/3/06) C111 - 15/05/09	R	1-Oct-2009	1-Oct-2014	SATA Air Açores
Portugal	Terceira	Flores	16/5/02 C111 - 15/05/09	30/4/05 28/02/06 11/3/06 08/05/07	30/11/02 1/3/06 (corr 11/03/06) C111 - 15/05/09	R	1-Oct-2009	1-Oct-2014	SATA Air Açores
Portugal	Terceira	Graciosa	16/5/02 C111 - 15/05/09	30/4/05 28/02/06 08/05/07	30/11/02 1/3/06 (corrected 11/3/06) C111 - 15/05/09	R	1-Oct-2009	1-Oct-2014	SATA Air Açores
Portugal	Terceira	Horta	16/5/02 C111 - 15/05/09	30/4/05 28/02/06 11/3/06 08/05/07	30/11/02 1/3/06 (corr 11/03/06) C111 - 15/05/2009	R	1-Oct-2009	1-Oct-2014	SATA Air Açores
Portugal	Terceira	Pico	16/5/02 C111 - 15/05/09	30/4/05 28/02/06 11/3/06 08/05/07	30/11/02 1/3/06 (corr 11/03/06) C111 - 15/05/2009	R	1-Oct-2009	1-Oct-2014	SATA Air Açores
Portugal	Terceira	Sao Jorge	16/5/02 C111 - 15/05/09	30/4/05 28/02/06 11/3/06 08/05/07	30/11/02 1/3/06 (corrected 11/3/06) C111 - 15/05/09	R	1-Oct-2009	1-Oct-2014	SATA Air Açores

Spain	Gran Canaria	El Hierro	C267 - 26/08/98, p. 13; C31 - 7/02/09, p. 14	18/10/02 C255 - 21/10/06 C321 - 29/12/06 C47 - 01/03/07 C52 - 26/02/08 C31 - 07/02/09	O			
Spain	Gran Canaria	Fuerteventura	C267 - 26/08/98, p. 13; C31 - 7/02/09, p. 14	18/10/02 C255 - 21/10/06 C321 - 29/12/06 C47 - 01/03/07 C52 - 26/02/08 C31 - 07/02/09	O			
Spain	Gran Canaria	La Gomera	C267, 26/08/98, p. 13; C31, 7.02.09, p. 14	18/10/02 C255 - 21/10/06 C321 - 29/12/06 C47 - 01/03/07 C52 - 26/02/08 C31 - 07/02/09	O			
Spain	Gran Canaria	Lanzarote	C267 - 26/08/98, p. 13; C31 - 7/02/09, p. 14	18/10/02 C255 - 21/10/06 C321 - 29/12/06 C47 - 01/03/07 C52 - 26/02/08 C31 - 07/02/09	O			
Spain	Gran Canaria	Santa Cruz de la Palma	C267 - 26/08/98, p. 13; C31 - 7/02/09, p. 14	18/10/02 C255 - 21/10/06 C321 - 29/12/06 C47 - 01/03/07 C52 - 26/02/08 C31 - 07/02/09	O			

			O		18/10/02 C255 - 21/10/06 C321 - 29/12/06 C47 - 01/03/07 C52 - 26/02/08	C267 - 26/08/98, p. 13; C31 - 7/02/09, p. 14	Santa Cruz de la Palma	Tenerife North	Spain
			O		18/10/02 C255 - 21/10/06 C321 - 29/12/06 C47 - 01/03/07 C52 - 26/02/08	C267 - 26/08/98, p. 13; C31 - 7/02/09, p. 14	Lanzarote	Tenerife North	Spain

Year of signature	Name of contract	Sector	Country	Region	Date of signature	Project description	Status	Amount of loan signed allocated to the Canaries. (M€)
Spain								
2008	ENDESA ELECTRICITY DISTRIBUTION IV - A	ELECTRICITY AND GAS	SPAIN	CANARY ISLANDS	04/11/2008	Reinforcement and extension of electricity distribution networks in Spain, partially in convergence regions, during the 2008-2009 period.	REFUNDED	24.00
2008	AENA VI - ATC - D	AIR TRANSPORT	SPAIN	CANARY ISLANDS	25/09/2008	Renovation, technical upgrading and extension of the air traffic control system.	PAID	6.5
2009	PUERTO DE LAS PALMAS EXTENSION	AIR TRANSPORT	SPAIN	CANARY ISLANDS	06/10/2009	Enlargement, in width, of the port of Las Palmas, in the Canary Islands, through the construction, in particular, of a new breakwater and additional terminals	SIGNED	50.0
2009	CANARY AIRPORTS INFRASTRUCTURE	AIR TRANSPORT	SPAIN	CANARY ISLANDS	04/12/2009	Enlargement of the airports of Tenerife and Fuerteventura, in the Canary Islands.	PAID	80.0

Loans (other than global loans) signed by the EIB between 1 January 2007 and 31 December 2010 in the ORs (including multiregional loans partially classified in these regions)

5.16. EIB loans and interventions in the outermost regions

Year of signature	Name of contract	Sector	Country	Region	Date of signature	Project description	Status	Amount of loan signed allocated to the Canaries. (M€)
2010	RED ELECTRICA DE ESPANA VI (TEN) TR A	ELECTRICITY AND GAS	SPAIN	CANARY ISLANDS	28/10/2010	Reinforcement and expansion of electricity distribution networks in Spain, and international connections.	PAID	18.20
2010	RED ELECTRICA DE ESPANA VI (TEN) B	ELECTRICITY AND GAS	SPAIN	CANARY ISLANDS	17/12/2010	Reinforcement and expansion of electricity distribution networks in Spain, and international connections.	SIGNED	13.65
France								
2007	MARTINIQUE CENTRE HOSPITALIER C	EDUCATION, HEALTH	France	Martinique	06/11/2007	Modernisation of the University hospital centre in Fort-de-France (Martinique)	PAID	15
2009	REGION REUNION-ROUTE DES TAMARINS-CASA	TRANSPORT	France	Réunion	18/05/2009	Construction of a new expressway (Route des Tamarins) in the west of Réunion	PAID	75
2009	EDF ELECTRICITE DOM	ENERGY	France	Guadeloupe	23/12/2009	Modernisation and expansion of electricity production plant in three overseas departments (Réunion, Guadeloupe and Martinique)	SIGNED	175
2009	EDF ELECTRICITE DOM	ENERGY	France	Martinique	23/12/2009	Modernisation and expansion of electricity production plant in three overseas departments (Réunion, Guadeloupe and Martinique)	SIGNED	150
Total								192.35

Year of signature	Name of contract	Sector	Country	Region	Date of signature	Project description	Status	Amount of loan signed allocated to the Canaries. (M€)
2009	EDF ELECTRICITE DOM	ENERGY	France Réunion	Réunion	23/12/2009	production plant in three overseas departments (Réunion, Guadeloupe and Martinique)	SIGNED	175
2010	SECHILLENNE-SIDEC ENERGIE REN - BPCE	ENERGY	France	French Guiana	08/11/2010	Financing of the development of a photovoltaic power production centre in the DOM and in the south of France	SIGNED	8.50
2010	SECHILLENNE-SIDEC ENERGIE REN - BPCE	ENERGY	France	Martinique	08/11/2010	Financing of the development of a photovoltaic power production centre in the DOM and in the south of France	SIGNED	14.50
2010	SECHILLENNE-SIDEC ENERGIE REN - BPCE	ENERGY	France	Réunion	08/11/2010	Financing of the development of a photovoltaic power production centre in the DOM and in the south of France	SIGNED	4.50
								617.50

Portugal								
2007	SCUT ACORES (PPP) TRANÇHE CGD	Roads & motorways	PORTUGAL	AZORES	17/12/2007	Construction and modernisation of a road network of 93km	PAID	60.0
2009	SCUT ACORES (PPP) TRANÇHE BST	Roads & motorways	PORTUGAL	AZORES	20/05/2009	Construction and modernisation of a road network of 93km	PAID	60.0
2009	SCUT ACORES (PPP) TRANÇHE BBVA	Roads & motorways	PORTUGAL	AZORES	23/11/2009	Construction and modernisation of a road network of 93km	PAID	60.0
2007	PORTOS DA MADEIRA B	Sea transport	PORTUGAL	MADEIRA	19/01/2007	Modernisation of port infrastructure in Funchal, Canical and Porto Novo on the island of Madeira	PAID	10.0
2007	EDA POWER VII A	Electricity production, transmission and distribution	PORTUGAL	AZORES	22/11/2007	Investment programme in energy production, distribution and transmission assets.	PAID	46.0
2009	EDA POWER VII B	Electricity production, transmission and distribution	PORTUGAL	AZORES	17/12/2009	Investment programme in energy production, distribution and transmission assets.	PAID	15.0
2009	ANA AIRPORT EXTENSION	Transport and storage	PORTUGAL	AZORES	23/07/2009	Purchase of four new aircraft.	PAID	14.4 (20%)
2010	SATA FLEET DEVELOPMENT	Transport and storage	PORTUGAL	AZORES	05/01/2010	Purchase of four new aircraft.	PAID	37.0
2010	RECONSTRUCAO MADEIRA FRAMEWORK LOAN A	Electricity production, transmission and distribution	PORTUGAL	MADEIRA	19/11/2010	Rebuilding of essential infrastructure on the island of Madeira.	PAID	2.5
2010	RECONSTRUCAO MADEIRA FRAMEWORK LOAN A	Water and waste treatment, management and sanitation activities	PORTUGAL	MADEIRA	19/11/2010	Rebuilding of essential infrastructure on the island of Madeira.	PAID	27.5

2010	RECONSTRUCAO MADEIRA FRAMEWORK LOAN A	Construction	PORTUGAL	MADERA		19/11/2010	Rebuilding of essential infrastructure on the island of Madeira.	PAID	10.6
2010	RECONSTRUCAO MADEIRA FRAMEWORK LOAN A	Transport and storage	PORTUGAL	MADERA		19/11/2010	Rebuilding of essential infrastructure on the island of Madeira.	PAID	21.9
2008	ELECTRICIDADE DA MADEIRA B	Electricity production	PORTUGAL	MADERA		24/10/2008	Multi-scheme project to modernise the infrastructure for the production, transmission and distribution of electricity.	PAID	8.0
2008	ELECTRICIDADE DA MADEIRA B	Electricity production, , transmission and distribution	PORTUGAL	MADERA		24/10/2008	Multi-scheme project to modernise the infrastructure for the production, transmission and distribution of electricity.	PAID	17.0
2010	ELECTRICIDADE DA MADEIRA II	Electricity production, transmission and distribution	PORTUGAL	MADERA		28/05/2010	Multi-scheme project to modernise the infrastructure for the production, transmission and distribution of electricity.	PAID	75.0
TOTAL									476.90

Annex 6. LIST OF INTERVIEWS CARRIED OUT

I. European institutions

European Parliament

Mr Luis Paulo Alves (S&D), Azores.

Mr Elie Hoarau (Confederal group of the European United Left), Réunion.

Mr Juan Fernando Lopez Aguilar (S&D), Canary Islands.

Mr Gabriel Mato Adrover (PPE-DC), Canary Islands.

Ms Maria do Céu Patrao Neves (EPP-CD), Azores.

Mr Maurice Ponga (EPP-CD), New Caledonia.

Mr Nuno Alexandre Teixeira (EPP-CD), Madeira.

Mr Patrice Tirolien (S&D), Guadeloupe.

European Commission

Mr Michel Barnier, Commissioner for Internal Market and Services.

Mr Johannes Hahn, Commissioner for Regional Policy.

Mr Dirk Ahner, Director-General, DG *Regional Policy*.

Ms Catherine Day, Secretary-General.

Mr Jean-Luc Demarty, Director-General, DG *Trade*.

Mr Walter Defaa, Director-General, DG *Taxation and Customs Union*.

Ms Lowri Evans, Director-General, DG *Maritime Affairs and Fisheries*.

Mr Jonathan Faull, Director-General, DG *Internal Market and Services*.

Mr Fokion Fotiadis, Director-General, DG *EuropeAid Development and Cooperation*.

Mr Alexander Italianer, Director-General, DG *Competition*.

Mr José Manuel Silva Rodríguez, Director-General, DG *Agriculture and Rural Development*.

II. European Union Member States¹⁵⁷

Spain

Ms Elsa Casas Cabello, Regional Minister for External Action in the Regional Government of the Canary Islands.

Mr Antonio Castro Cordobez, President of the Regional Parliament of the Canary Islands.

Mr Eduardo Doménech Martínez, Rector of the University of La Laguna.

¹⁵⁷ N.B.: Only the names of representatives of national civil services and universities are given.

Mr Diego López Garrido, Secretary of State for the European Union.

Mr Fernando Redondo Rodríguez, President of the Economic and Social Council of the Canary Islands.

Mr José Regidor García, Rector of the University of Las Palmas de Gran Canaria.

Mr Paulino Rivero Baute, President of the Government of the Canary Islands.

France

Mr Rodolphe Alexandre, President of the General Council of French Guiana.

Mr Patrice Clet, Vice-President of the General Council of French Guiana.

Mr Michel Crispin, President of the Economic and Social Council of Martinique.

Mr Mostafa Fourar, Rector of the Academy of Réunion.

Mr Frantz Gumbs, President of the Overseas Collectivity of Saint Martin.

Mr Jean-Marie Hubert, Second Vice-President of the General Council of Guadeloupe.

Mr Serge Letchimy, President of the Regional Council of Martinique.

Mr Victorin Lurel, President of the Regional Council of Guadeloupe and member of the French National Assembly.

Mr Daniel Mangal, Vice-President of the General Council of French Guiana.

Ms Josette Manin, President of the General Council of Martinique.

Mr Jean-Raymond Mondon, President of the Regional Economic, Social and Environmental Council of Réunion.

Ms Marie-Luce Penchard, Minister attached to the Minister of the Interior, responsible for overseas affairs.

Mr Didier Robert, President of the Regional Council of Réunion.

Mr Roland Robert, First Vice-President of the General Council of Réunion.

Mr Mohamed Rochdi, President of the University of Réunion.

Mr Pascal Saffache, President of the University of Antilles/Guyane (UAG).

Mr André Siganos, Rector of the Academy of Martinique.

Portugal

Mr Sérgio Ávila, Vice-President of the Regional Government of the Azores.

Mr André Bradford, Regional Secretary of the Presidency of the Regional Government of the Azores.

Mr Manuel Castanheira Da Costa, Rector of the University of Madeira.

Mr João Cunha e Silva, Vice-President of the Regional Government of Madeira.

Mr José Miguel Jardim d'Olival de Mendonça, President of the Regional Legislative Assembly of Madeira.

Mr Alberto João Jardim, President of the Regional Government of Madeira.

Mr Rodrigo Oliveira, Regional Under-Secretary for European Affairs and External Cooperation of the Regional Government of the Azores.

Mr José-Luís Vasconcelos Brandão da Luz, Vice-Rector of the University of the Azores.

Annex 7. LIST OF DOCUMENTS CONSULTED

A) COMMISSION DOCUMENTS

- Communication from the Commission COM(2004) 343, 26 May 2004: A stronger partnership for the outermost regions.
- Communication from the Commission COM(2007) 507, 12 September 2007: Strategy for the Outermost Regions: Achievements and Future Prospects.
- Commission Working Document SEC(2007) 1112, 12 September 2007, annex to the Commission Communication "Strategy for the Outermost Regions: Achievements and Future Prospects" (SEC(2007) 112, of 12 September 2007). Achievements and Future Prospects of the Strategy for the Outermost Regions.
- Communication from the Commission COM(2008) 642, 17 October 2008: The outermost regions: an asset for Europe.
- Communication from the Commission COM(2009) 163, 22 April 2009: Green Paper on the Reform of the Common Fisheries Policy.
- Communication from the Commission COM(2009) 623, dated 6 November 2009, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Elements for a new partnership between the EU and the overseas countries and territories (OCTs)
- Communication from the Commission COM(2010) 2020, 3 March 2010: Europe 2020 - A strategy for smart, sustainable and inclusive growth.
- Communication from the Commission COM(2010) 352 final, dated 30 June 2010, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Europe, the world's No 1 tourist destination - a new political framework for tourism in Europe.
- Report from the Commission to the European Parliament and the Council: First report on the impact of the POSEI reform of 2006 (COM(2010) 501, 24 September 2010 and SEC(2010)1093).
- Proposal for a regulation of the European Parliament and of the council laying down specific measures for agriculture in the outermost regions of the Union (COM(2010) 498 final, 24 September 2010).
- Communication from the Commission to the European Council COM(2010) 559, 18 October 2010: Commission opinion pursuant to Article 355(6) of the Treaty on the Functioning of the European Union on the initiative of the French Government to amend the status of Saint-Barthélemy with regard to the Union.
- Communication from the Commission COM(2010) 600, dated 26 October 2010, to the European Parliament and the Council "*Towards a stronger European disaster response: the role of civil protection and humanitarian assistance*".
- Communication from the Commission COM(2010) 608, dated 27 October 2010, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Towards a Single Market Act – For a highly competitive social market economy – 50 proposals for improving our work, business and exchanges with one another.

- Communication from the Commission COM(2010) 629 final, 10 November 2010 – Green Paper *"EU development policy in support of inclusive growth and sustainable development – Increasing the impact of EU development policy"*.
- Proposal for a Council decision amending Decision 2004/162/EC as regards the products that may benefit from exemption from or a reduction in dock dues (COM(2010) 749 final, 14 December 2010).
- Communication from the Commission COM(2011) 15 final, 27 January 2011 – Green Paper on the modernisation of EU public procurement policy - Towards a more efficient European Procurement Market.
- Communication from the Commission COM(2011) 206 final, dated 13 April 2011, to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: *"Single Market Act - Twelve levers to boost growth and strengthen confidence - "Working together to create new growth"*.
- Communication from the Commission COM(2011) 244 final, dated 3 May 2011, to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions: *Our life insurance, our natural capital: an EU biodiversity strategy to 2020*.
- Communication from the Commission COM(2011) 248 final, dated 4 May 2011, to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, on migration.
- Proposal for a Council regulation temporarily suspending autonomous Common Customs Tariff duties on imports of certain industrial products into the Canary Islands (COM(2011) 259 final, 18 May 2011).
- Communication from Commission COM(2011) 367 final, 22 June 2011 – Green Paper: *"Modernising the Professional Qualifications Directive"*.
- Communication from the Commission COM(2011) 415 final, dated 7 July 2011, to the Council and the European Parliament: *"The EU and its neighbouring regions: A renewed approach to transport cooperation"*.
- Proposal for a Council decision amending Decision 2002/546/EC as regards its period of application, (COM(2011) 443, 19 July 2011).
- Communication from the Commission COM(2011) 500 final, dated 29 June 2011, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: **A budget for Europe 2020 – Parts I and II (subject sections)** (SEC(2011) 867 final and SEC(2011) 868 final).

B) DOCUMENTS FROM THE COUNCIL, THE EUROPEAN PARLIAMENT AND THE COMMITTEE OF THE REGIONS

- Decision No 1720/2006/EC of the European Parliament and of the Council of 15 November 2006 establishing an action programme in the field of lifelong learning (OJ L 327, 24.11.2006, p. 45-68).
- 2007/249/EC: Council Decision of 19 March 2007 amending Decision 2001/822/EC on the association of the overseas countries and territories with the European Community (OJ L 109, 26.4.2007, p. 33).
- European Parliament resolution of 20 May 2010 on *delivering a single market to consumers and citizens* (P7_TA(2010)0186) (<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0186+0+DOC+XML+V0//EN>).

- Council conclusions on the outermost regions (31 May 2010).
- European Council Decision of 29 October 2010 amending the status with regard to the European Union of the island of Saint-Barthélemy.
- Conclusions of the 3023rd Foreign Affairs Council meeting, 14 June 2010.
- Council Conclusions on the EU's trade policy, 17 December 2010 (ref. 17914/10).
- European Parliament resolution of 8 March 2011 on EU agriculture and international trade (P7_TA(2011)83).
- European Parliament resolution of 9 March 2011 on the European Strategy for the Atlantic Region (P7_TA(2011)89).
- Opinion of the Committee of the Regions 15/2011 of 23 May 2011 on *"Towards a stronger European disaster response"*
- Conclusions of the 3 049th Competitiveness Council of 30 May 2011 on the priorities for relaunching the Single Market.
- Report A7-0199/2011 of 5 July 2011 on the proposal for a Council decision amending Decision 2004/162/EC as regards the products that may benefit from exemption from or a reduction in dock dues (COM(2010) 749 final, 14 December 2010).
- European Parliament resolution of 6 July 2011 on European Broadband: investing in digitally driven growth (P7_TA-PROV(2011)0322).
- Opinion of the Committee of the Regions 101/2011 of 12 July 2011 on the White Paper: Roadmap to a Single European Transport Area.

C) MEMORANDUMS, DECLARATIONS AND CONTRIBUTIONS BY THE MEMBER STATES AND THE ORs

- Joint contribution from Spain, France and Portugal to the future interim communication by the European Commission on the future of the European strategy on ORs (July 2008)
- Contribution of 20 April 2009 by the Outermost Regions to the Green Paper on Trans-European Transport Networks (TEN-T) (COM(2009) 44 final, 4 February 2009).
- Joint contribution by the Outermost Regions to the public consultation launched by the Communication from the Commission "A sustainable future for transport: Towards an integrated, technology-led and user friendly system" (COM(2009) 279, 17 June 2009).
- Joint contribution from Spain, France and Portugal to the future interim communication by the European Commission on the future of the European strategy on ORs.
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