

# **THE CONGRESS**

## **OF LOCAL AND REGIONAL AUTHORITIES**

Council of Europe  
F – 67075 Strasbourg Cedex  
Tel : +33 (0)3 88 41 20 00  
Fax : +33 (0)3 88 41 27 51/ 37  
<http://www.coe.int/cplre>



### **12th PLENARY SESSION** *of the Chamber of Regions*

Strasbourg, 29 April 2005

CPR (12) 4  
Partie II

### **TWELFTH SESSION**

(Strasbourg, 31 May – 2 June 2005)

### **Outermost regions: a challenge to the balanced and sustainable development of European Territory**

**Rapporteur: Inger LINGE, Sweden,  
Chamber of Regions  
Political Group: EPP/CD**

-----

### **EXPLANATORY MEMORANDUM**

## **Summary**

---

**The Autonomous Portuguese regions of the Azores and Madeira, the Autonomous Community of the Canary Islands and the overseas regions of Guadeloupe, French Guiana, Martinique and Réunion, located thousands of kilometres from one another and a long way away from continental Europe, are in an unusual and, indeed, unique situation in the European Union, as its outermost or "ultra peripheral" regions.**

**The characteristics of these regions distinguishes them from other European territories facing structural disadvantages. It is this that justified their being legally recognised, first in their own national constitutions and then in European Union primary law. The French regions achieved such recognition as far back as the founding Treaty of Rome, just as the Canaries, the Azores and Madeira did in the treaties for the accession of Spain and Portugal. Embodied politically in Declaration No. 26 of the Maastricht Treaty, the concept of "the outermost regions" was legally recognised in Article 299.2 of the Amsterdam Treaty.**

**Nevertheless, it is important to stress that a certain number of regions within Europe (that are not classified by the European Union as "outermost") suffer from major geographical and economic handicaps. The Commission has, in the third Coordination Report, particularly emphasised islands, mountain areas and sparsely populated areas. In the Treaty of Accession by Sweden and Finland, sparsely populated areas have been recognized as areas with territorial handicaps. There has been further focus on territorial differences in the EU policy area Northern Dimension, which also includes Northwestern Russia.**

**For these reasons, the Congress' draft recommendation proposes to address the problems of under-privileged territories in Europe.**

**The Committee on Sustainable Development of the Chamber of Regions adopted the preliminary draft Recommendation during its meeting in Strasbourg on 16 March 2005.**

## **The outermost regions of the European Union: a world apart**

---

The seven outermost regions constitute a distinct part of the European Union and one whose spatial identity results from their geographical location, their size and their special natural features.

Two characteristics, their great isolation and their small size, substantially restrict access to European Union centres, split their markets, make them dependent on outside sources for resources, markets and services and increase their costs.

These features have other economic disadvantages: the efficiency thresholds for infrastructure and services are not met, it is difficult to raise capital, there are no economies of scale and there are extra logistic costs. Being both cumulative and permanent, these factors lead to structural delays, a lack of competitiveness and high unemployment. These constraints mean that the population, businesses, universities and research centres do not have the same opportunities as in other European Union regions.

The situation of the outermost regions cannot, however, be described solely in terms of handicaps, even if these are cumulative and permanent. These regions also have potential assets that can aid their own development as well as the development of their surrounding areas and as that of Europe as a whole. Examples are the contribution these territories have made to such areas of research as biodiversity, volcanism and astronomy, and the contribution of the Kourou base to European aerospace development.

Then there is tourism: 15 million tourists, mainly from Europe, visit these regions, which are the only medium- and long-haul destinations in the Euro zone.

Most of all, however, the seven outermost regions, because of their geographical location and European diasporas, give Europe a world dimension that is not found in any other continental grouping, thereby providing it with one of the largest maritime exclusive economic zones.

The outermost regions are thus an original external frontier to the continental and regional blocs forming in response to the globalisation and regionalisation of trade.

These regions have the potential to become more active European Union frontiers in the multi-polar world that Europe is seeking to bring about, because they have a foot in two camps.

### **Development strategy: the demands of the outermost regions**

Europe is at a new stage in its history and must provide its citizens with answers to internal and external challenges such as globalisation. The increasing globalisation reveals territorial inequalities. The difficulty to regulate the globalisation process regarding sustainable development will be more and more evident. Globalisation also opens up for international tensions, which will be met locally and regionally.

Europe has embarked on a reform process designed to make it "*a power seeking to set globalisation within a moral framework, in other words to anchor it in ... sustainable development*" (Laeken Declaration).

In this context, sub-state entities are proving to be ever more appropriate for development purposes as they are closer to the grass roots, provide scope for cohesion and transfrontier co-operation, and are cultural melting pots.

The balanced and sustainable development of European territory requires Europe to be resolutely committed to a polycentric spatial development model and to give top priority to a policy of economic, social and territorial cohesion.

The outermost regions, in so far as they embody the greatest diversity in the European Union, are testing grounds for Europe's ability to rise to these challenges.

The current European and world outlook make the sustainable development problems of the outermost regions even more complex. The impact of the changes afoot may, because of the specific features of the outermost regions, prove to be disproportionate and may even be the opposite of that anticipated in continental Europe.

Being remote and isolated, the outermost regions do not have the same opportunities to benefit from the extension of the big internal market as a result of enlargement.

From a wider European perspective, it is important to identify the need to integrate cohesion policy and neighbourhood and partnership policies.

The cohesion policy is the driving force for convergence here. The objective criteria establishing the status of outermost region (quite apart from GDP) should be sufficient to allow them to benefit from the status of least-favoured regions.

Moreover, because of their small size and remoteness from continental Europe, the liberalisation of services and infrastructure will not benefit the outermost regions unless it is matched by the possibility of introducing public-service obligations.

The new challenge, however, is to take more resolute action in such strategic sectors as transport, the information society, research and energy.

Lastly, by setting the economies of the outermost regions in their geographical environment, the European Union's co-operation policy would contribute to the joint development of all these territories and help achieve Europe's goal.

These considerations make it even more important to consolidate legal recognition of the outermost and peripheral regions in the Treaty so that the various European Union policy instruments can be coherently used for their benefit.

## **The European Union's responses**

Having been aware from a very early stage of the potential consequences of changes in the European Union for their own development, in 1999 the outermost regions called on the European Union to adopt a comprehensive, coherent strategy towards them. Having observed that European Union solidarity has now made for a degree of convergence but that structural conditions continue to pose a major obstacle to the sustainable development process, these regions are asking the European Union to replace the set of policies concerning them with an overall policy.

This message has been passed on by the countries concerned and supported by the European Parliament and the Committee of the Regions.

The new Treaty of Rome consolidated legal recognition of the very special situation of the outermost regions of the European Union. When the Treaty is ratified, the legal basis for a coherent overall policy for the outermost regions of the European Union will have been strengthened.

The Commission acknowledges that, despite the fairly favourable results of the action taken, these regions still have to contend with natural and structural constraints that do not affect the development of the other regions of Europe. It even asserts that some European Union policies designed for continental Europe, such as those concerning transport, the environment and the internal market, are unsuited to the outermost regions.

The European Union accordingly intends to adopt a cross-sectoral approach to the main problems affecting the development and integration of the outermost regions – accessibility, competitiveness and integration in their respective geographical areas – by making use of cohesion policy instruments and other European Union policies.

As far as cohesion is concerned, the outermost regions should benefit from the general framework of the new policy in terms of the objectives of convergence and competitiveness, and from two specific instruments: a programme compensating for additional costs and a wider neighbourhood action plan.

The programme compensating for additional costs is designed:

- to attenuate the effects of the regions' remoteness and compensate for territorial fragmentation (in the case of archipelagos), particularly in respect of freight, energy supplies and access to ICT networks and services;
- to take account of the narrowness of the local market by seeking, in particular, to promote economic diversification through increased support for innovative sectors;
- to offset the impact of environmental and climatic conditions.

The wider neighbourhood action plan is designed to facilitate co-operation with neighbouring countries by means of new transnational and transfrontier co-operation programmes, enhanced trade and new customs measures. The focus will be on trade in goods and services, the movement of persons and making allowances for the "interests" of the outermost regions in trade negotiations in the areas concerned.

As for the other European Union policies, the Commission believes they should encourage measures to promote competitiveness and growth (in terms of human capital, public services, innovation and research) and offset the constraints experienced by the outermost regions, particularly where traditional farming and fishing are concerned.

Lastly, the Commission wants to set up a system for evaluating the disadvantages faced by the outermost regions and assessing the impact of European Union measures.

---

### **Has the European Union risen to the challenge? Yes and no.**

---

The outermost regions' assessment of the initial responses to their problems is a mixed one. On the one hand, the outermost regions appreciate the finding that certain European Union policies are unsuitable and that there are still constraints justifying different treatment from that reserved for other permanently disadvantaged territories. The steps taken to implement two specific proposals – the programme compensating for additional costs and the wider neighbourhood action plan – meets the outermost regions' main concerns here.

They consider, however, that the measures being taken do not go far enough, in that it is necessary to specify the resources to be used and, among other things, preserve the agriculture and fisheries sectors.

These shortcomings undermine the proposed strategy and there is therefore a risk that what is achieved in practice will fall far short of theoretical principles. This risk is already clear in the reform plans affecting the markets for sugar and bananas, and plans concerning fisheries, and in the choice of inappropriate criteria for the compensation programme and the wider neighbourhood action plan.

This is the only way to meet the challenge of balanced and sustainable development in the outermost regions and in Europe as a whole.

This challenge will be addressed all the more successfully if Europe stops considering its outermost regions mainly in terms of the handicaps that hinder their integration and decides to consider these seven regions as its active frontiers in a world in which Europe is seeking to become a political, economic and ethical model.

## **Remote regions within Europe**

---

What is being said above is mainly concerning the seven outermost regions in the European Union which are legally recognized in European Union primary law.

In a European Council context however, we have to consider that there are regions within Europe that in some aspects have the same character of their conditions as the outermost regions. The Council of Europe in general, and the Congress in particular, could play an important part here, particularly through close co-operation with the European Union Committee of the Regions.

The development of the territory of Europe will face some difficult challenges coming years, which need to be met by a coherent approach. Strengthening territorial capabilities is particularly important in ultra peripheral areas, mountain areas, islands and sparsely populated areas. The most striking territorial challenges are:

**Growth areas and urban system.** Growth remains stronger in the core of the EU and in capital cities where company headquarters, research activity, education are concentrated. A key challenge is to activate neighbouring cities to explore their potentials and strengthening their position in the urban system in Europe.

**Innovation capacity and territorial competitiveness.** The promotion of innovation is characterised by very strong territorial imbalances throughout Europe.

**Accessibility and territorial competitiveness.** Transport infrastructure contributes significantly to territorial competitiveness. However, one of the serious weaknesses of the European territorial structure is the strong centre- periphery accessibility pattern, in particular concerning road and railway transport.

**Information society and competitiveness.** The development of “infostructures” and of the related information society is very rapid in Europe. There appears to be a strong association between high levels of internet penetration and prosperity.

**Migration and demographic changes.** Although migration patterns offer various challenges for Europe, falling population is a feature of many regions in Europe.

To meet the need of comparative analyses of trends in territorial development it is important to develop regionalized comparable spatial information. The purpose of such an approach as described is to offer member states, regions and other stakeholders better insight into territorial state and perspectives, and strengthening spatial development strategies on all policy levels to promote horizontal and vertical coherence.

The unbalanced distribution of factors of competitiveness needs a coherent approach as all regions of Europe are influenced by the globalisation. Every region should be enabled to establish their own regional development policy in order to exploit their specific territorial capital and to maximize their competitive advantages.

This is the approach of the “Guiding principles for Sustainable Development of the European continent (2002:1) adopted by CEMAT – European Conference of ministers responsible for Regional Planning.

Co-operation in the spatial development field between international organisations like the Council of Europe and the European Union must be intensified. It is important to emphasize the role of the Council of Europe and CEMAT for achieving competitive and sustainable regional development in Europe.