



Commission des Iles ▶ Islands Commission ▶ Ö-kommissionen ▶ Επιτροπή των Νησιών

Comisión de las Islas ▶ Comissão das Ilhas ▶ Commissione delle Isole

Saarte Komisjon ▶ Kummissjoni ta'Gúejjer ▶ Ø Kommission

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ISLANDS & TERRITORIAL COHESION A NOTE FROM THE CPMR ISLANDS COMMISSION

I - DEFINITIONS

I.1 TERRITORIAL COHESION

The Lisbon Treaty, which establishes the principle of “territorial cohesion” (Title XVII), and makes it an area of shared competence between the Union and the Member States (Article 2c), does not define it any more than it does economic and social cohesion.

However, territorial cohesion can be defined fairly simply as a Community objective whose purpose is to allow the inhabitants of the different territories of the Union to benefit in an equitable way from the basic freedoms set out in the Treaty and implemented through the Community’s policies; bearing in mind the fact that, in practice, people’s capacity to travel, their access to goods, to services, to capital or to knowledge are influenced to a large extent by the geographic or demographic characteristics of these territories.

I.2 ISLANDS

Though there is an official definition of what is an island for the purpose of the UN Law of the Sea¹, there is no such definition in EU law. However, a number of references exist in various EU policy papers, legislation, studies or rulings by the European Court of Justice. The simplest and most obvious definition is that an island is a landmass surrounded by the sea with no fixed links of any sort (bridge, causeway, tunnel...) with the mainland. The mainland is by implication the European mainland, though in the Outermost regions’ case, it can also be Africa or America.

On the basis of this definition, EU27 has:

- 3 Member States with an island configuration (Malta, Cyprus, as well as the island of Ireland including the Irish Republic and Northern Ireland) ;
- 24 islands or archipelagos which have regional authority status;
- Thousands of inshore islands, generally of small or very small size, which have an administrative status below that of regional and sometimes municipal government.

The total population of EU citizens living on an island is around 21 million (of which 14 million live in the various island regions, including about 0.4 million in the small inshore islands; and roughly 7 million in Malta, Cyprus and Ireland).

¹See Article 121 - Regime of islands “1. An island is a naturally formed area of land, surrounded by water, which is above water at high tide.”



Islands and Outermost Regions

Six of the seven regions presently listed as “outermost regions” are also islands (Madeira, Azores, Canary Islands, Martinique, Guadeloupe, and Reunion). However, it must be stressed that insularity is only one aspect of the situation of these regions, which is also defined by various other characteristics – much in the same way the situation of French Guyana cannot be defined only by its very low population density.

The distinct case of the outermost regions has been recognised explicitly in Article 355 (ex 299§2) of the Treaty and the situation of these territories should be addressed accordingly in the future territorial cohesion policy.

II - THE RECOGNITION OF INSULARITY IN THE TREATY

- The special circumstances met by individual islands have been mentioned on various occasions in EU Treaties, though in a piecemeal way. For a variety of reasons, usually linked to historical heritage, references to island territories have thus been included in the accession Treaties of the UK, Denmark, Finland and Malta; not to forget in those of France, Portugal and Spain, for what was to later become the outermost regions. In a number of Member States (such as Greece, Spain, Portugal, Finland, Ireland, Denmark, Malta...) there are also specific provisions dealing with islands or insularity, be it within the national constitution, or within the structure of national government or parliament.
- As for the EU as a whole, the inclusion of explicit references to islands as a whole can be witnessed in two Articles of the Lisbon Treaty:
 - Article 170 (ex 154) on Trans-European networks, which stresses that “[the Community] *shall take account in particular of the need to link island, landlocked and peripheral regions with the central regions of the Community*”;
 - Article 174 (ex 158), which states that “*In order to promote its overall harmonious development, the Community shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions*”. In that framework, Article 174 stresses that “*particular attention*” shall be paid to certain types of regions, amongst which those that “*suffer from severe and permanent natural or demographic handicaps*” such as island regions, mountain regions, or northernmost regions with a low population density.

III - HOW CAN INSULARITY BE ADDRESSED THROUGH THE CONCEPT OF “TERRITORIAL COHESION”?

- It is often pointed out that island territories are extremely diverse in size, remoteness, resources, wealth or climate conditions... but so are the 27 EU Member States themselves! This diversity is a fact, and no-one denies that all islands are not affected in the same way by the hurdles associated with insularity. However, this diversity of situations should not be used as an excuse to belittle or even deny the existence of such constraints, which can substantially hamper island’s efforts to exploit their assets. **To achieve a realistic and fair assessment of islands, one needs to compare their situation with that of other territories which have the same assets, but no such constraints.**
- What differentiates islands is not so much that they are systematically or markedly worse off, economically or socially, than the rest of the Community (though this has been an ongoing characteristic for many of them), but that they operate in a different context. The way people or goods move is simply not the same in territories which can be reached only by air or sea. The way one provides services, or gains access to them, is different when a population is limited in size and isolated. The way capital circulates, or competition works, can hardly avoid being tributary to market-size limitations. Such differences can easily turn into serious handicaps in the context of a competitive liberal economy such as the EU’s, and need to be addressed by specific rules or policies.

- However, island areas are not just a source of problems for the Community. Because of their natural assets, or their geographic position, many of them are key players in sectors such as tourism, or in various activities related to the maritime economy. Islands also have a great deal of potential which should be nurtured carefully as a long-term investment. For example, these territories present an alternative model to that of urban concentration which has prevailed for so long. Their natural, cultural and energy assets are a chance for Europe which, if correctly fostered, could lead to a more innovative and sustainable form of development. **How to alleviate existing handicaps and exploit such potential should be at the very heart of a territorial cohesion policy.**
- Most island regions are positioned on the borders of Europe, and thus, in some cases, exposed directly to the risks associated with such a location: possibility of diplomatic or even military tensions in conflict zones, trafficking, illegal immigration, terrorist activities, pollution from external sources, etc. If EU territories thus exposed are themselves economically weak, politically dissatisfied, or losing their population, this will eventually affect the EU as a whole, and increase its fragility. **In that respect, one should consider territorial cohesion as an important tool to strengthen EU stability and security.**
- Admittedly, the concept of territorial cohesion is an issue of interest for the EU as a whole, and not the sole concern of territories with permanent and severe handicaps such as islands. However, those territories epitomise Europe's territorial diversity, and dealing with their complex, and often acute difficulties should be considered as a priority for an EU territorial cohesion policy, and be given more prominence than it has so far. **Should cohesion policy fail to meet the challenges which territories such as islands represent, this would raise serious questions about its political credibility.**

IV - WHAT CAN BE DONE?

Implementing the concept of territorial cohesion in islands requires a three-pronged approach:

IV.1 A better assessment of island realities, with more adapted instruments

- Territorial cohesion must be based upon a fair assessment of territorial realities, and cannot rely simply upon basic social and economic indicators such as GDP/capita or unemployment rates, all the more so when those are calculated on a large geographical scale. It is regrettable that the studies undertaken by DG REGIO in 2003 on islands and mountain areas have not been furthered, and that the data collection work already undertaken has not been updated. A proper assessment of the realities of these territories calls for a number of changes:
 - Whenever necessary, statistical levels below NUTS II areas should be used to distinguish islands clearly, and avoid encompassing them with much larger mainland units which have very different situations;
 - The calculation of GDP/capita should be based on local purchasing power rather than PPS, so as to take into account the local levels of prices, wages and taxation;
 - Not only should data collection be updated on a regular basis, but also specific indicators should be defined by the EU to assess the situation of territories with permanent and severe geographic or demographic handicaps and monitor its evolution (in particular the impact of remoteness, reduced market size, lack of natural resources, bearing in mind their economic and environmental diversity). The efforts presently undertaken to that effect by ESPON through various Priority II studies must be welcomed;
 - In particular, due care should be taken of situations where there is an accumulation of handicaps in the same territory (for example, islands with a mountainous configuration), or where individual handicaps are aggravated (e.g.: case of archipelagos, of very small islands);
 - It is not advocated hereby that such indicators should systematically override the conclusions which may be drawn from the reading of classical economic and social indicators, but simply that they should be used in conjunction with them, and that this should have practical consequences in the framing of EU policies.

IV.2 - A better governance

- One of the main consequences expected to arise from a territorial cohesion policy is an end to the “one size fits all” approach which is still far too often practised in EU legislation and instruments, and as a consequence of which the specificities of territories with permanent handicaps have been ignored for the sake of expediency. This has resulted in situations which may be regarded as discriminatory, if one bears in mind the definition of the European Court of Justice which considers that a discrimination “... consists in treating similar situations differently, and different situations similarly” (*Finding of the Court of First Instance –fourth chamber-, 26 October 1993. Wagner Ruling Cases T-6/92 et T-52/92*). This has in particular, but not solely, been the case with the State Aids policy, which has often treated the consequences of permanent handicaps in a very limited or uneven way. The existence of permanent and severe handicaps requires the implementation of a policy of “positive discrimination”. Provided that it is being implemented in proportion with the intensity of such handicaps, such concept is, paradoxically, the proper way to prevent effective discrimination.
- Remediating this “one size fits all approach” is largely a matter of governance, in other words of setting-up structures or mechanisms which would enable the European Union to pay due consideration to the specificities of territories beset by permanent handicaps and imbed, in good time, appropriate measures in policies and legislation. To that effect, a simple procedure would consist, at the inception of any legislative process, to raise with the Member States the question of the applicability of the proposed legislation to those of their territories which are beset by such handicaps, and to ensure a proper consultation mechanism a national level.
- Territorial cohesion is not just Regional policy. It is a goal which should encompass all EU policies, especially those with a strong territorial impact (e.g.: regional policy, competition, transport, agriculture, energy, environment...). The necessity to develop a cross-sectoral approach in EU policies is an often discussed issue which is no way specific to islands or other territories with permanent handicaps. However, this is of particular importance for areas which are isolated, have limited size, are relatively fragile in economic, social and environmental terms, and where there are strong and very rapid interactions between one policy and another. This makes the case for the setting-up by the European Commission of an Inter-Service group whose duty would be to coordinate the framing and the implementation of EU policies in territories beset by permanent handicaps, as well as to suggest possible modifications or adaptations.
- Territorial cohesion cannot be limited only, as one sometimes hears, to territorial cooperation, though fostering cooperation between Europe’s territories and with the neighbouring countries has undoubted benefits. In that respect too, EU rules should be adapted to island realities. For example, the current limit of 150 km imposed by article 7.1 of the Council Regulation (EC) 1083/2006, dated 11 July 2006, for the purposes of cross-border cooperation should be reviewed in the case of the Island Regions. This possibility, foreseen in the last part of the article 7.1, wouldn’t represent a significant change on the distribution of EU structural funds but, on the other hand, would benefit, considerably, certain Island Regions that, at the moment, are excluded from the cross-border cooperation, even within the field of the Euroregions where they participate.

IV.3 - A solidarity which would respect the principle of proportionality

1. Island regions do not expect the EU, on the strength of its sole budgetary resources, to remedy or to compensate their handicaps. However, the fact remains that in the vast majority of cases, implementing a given policy in these territories will be likely to cost more than implementing the very same policy in an area which is unconcerned by such constraints: transport costs are dearer, economies of scale cannot be made, the nature of the terrain require extra-expenditure, etc. ² If the EU has to abide to its principles of solidarity and of proportionality, it seems fair that budgetary allocations corresponding to the nature and the intensity of the handicaps be considered.

2. The situation of Small Island States must also be mentioned. Countries such as Malta and Cyprus enjoy the prerogatives of statehood, but their population remains below or well below one million of inhabitants, so they have to face the difficulties and over-costs associated with insularity out of their own resources, whereas other islands at least have the backing of a mainland-based national authority with more substantial means. The issue of Small Island States has long been acknowledged by the UN, and it would be legitimate if the EU did so in the framework of its territorial cohesion policy.

² It is therefore unsurprising that the ERDEF and CF aid intensity level mentioned in the Commission Staff Working Document accompanying the Green Paper on Territorial Cohesion mention higher levels of head per capita than in the rest of the EU.