

**Opinion of the European Economic and Social Committee on 'Specific problems facing islands'
(own-initiative opinion)**

(2012/C 181/03)

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On 20 January 2011, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on the

Specific problems facing islands.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 March 2012.

At its 479th plenary session, held on 28 and 29 March 2012 (meeting of 28 March), the European Economic and Social Committee adopted the following opinion by 129 votes to 4, with 8 abstentions.

1. Conclusions and recommendations

1.1 Island regions have common and specific permanent characteristics and features that clearly distinguish them from mainland regions. Article 174 of the Treaty on the Functioning of the European Union (TFEU) recognises that island regions as a whole face practical handicaps that require special attention. Nevertheless, the EESC considers that there is a need for further work to secure the adoption of an appropriate strategy for addressing the specific needs of these island regions.

1.2 The EESC considers that the definition of islands used by the EU is inappropriate and should be revised and brought up to date to take into account the new realities of an enlarged European Union which includes island Member States. In earlier opinions⁽¹⁾, the EESC recommended changing this definition, and it would once again put forward this recommendation.

1.3 Migration, an ageing population and depopulation are issues that have a particular impact on islands. This can lead to cultural heritage being lost, ecosystems becoming fragile, and have serious economic implications (employment, young people, etc.).

1.4 Some islands are faced with the emigration of their populations to more prosperous regions; others receive immigrants who contribute to local economic development; yet others, on account of their geographical location, receive immigrants in excess of their reception capacity.

1.5 The EESC considers that accessibility to islands and the connections between them absolutely have to be improved. Since accessibility is a vital element in enhancing the attractiveness of island regions, goods and passenger transport costs should be reduced by applying the principle of territorial continuity and improving Regulation 3577/92.

1.6 Agriculture, livestock breeding and fisheries, that form a major part of the local economy and are a supply source for most of the agrifood industry, are fragile on account of their remoteness, the small size of holdings and low diversity of production, as well as climate conditions.

1.7 This leads to a weak island agrifood industry that struggles to compete with mainland or third country products, which in turn further weakens the primary sector.

1.8 The EESC recommends that the CAP should consider islands as disadvantaged areas in the same way as mountain areas, with specific mention of insularity where financing is concerned.

1.9 Many European islands have found tourism to be an essential factor for the survival of the local population, their identity, cultural traditions and values, and landscapes. It has generated economic growth, created more jobs and brought considerable diversification to their economic foundations through tourism-related services. Island economies have, however, become too dependent on tourism: diversification towards activities that are complementary to tourism is needed, facilitating the economic development of islands in the face of crises such as the present one which have a powerful impact on tourism.

⁽¹⁾ *A better integration in the internal market as key factor for cohesion and growth for islands*, OJ C 27, 30.2.2009, p. 123; and *Innovation in tourism: Defining a strategy towards sustainable development in islands*, OJ C 44, 11.2.2011, p. 75.

1.10 The EESC joins with the European Parliament in calling for the implementation of comparable strategies for islands, mountain areas and other vulnerable areas as part of the Commission's initiative to develop a strategy for sustainable coastal and marine tourism, as set out in its Resolution of 27 September 2011 ⁽²⁾.

1.11 The EESC considers that islands experience difficulties in taking part in EU R+D+I programmes, due to small scale of the internal market and the restricted capacity of available research and development structures. The EESC also believes it is of the greatest importance that the EU continue assisting islands in developing information and communication technologies (ICT), support the creation of research and development structures and facilitate island SME involvement in R+D+I programmes including, if necessary, by means of contributions from the Structural Funds.

1.12 Where island regions are concerned, European energy policy should prioritise security of supply, funding to design and implement energy production projects using new technologies and renewable sources, and promoting efficient energy use, at the same time protecting the environment and nature.

1.13 Water scarcity, together with sea water desalination and other technical options for capturing and supplying water, should be included within the EU's regional policy framework, in keeping with the specific nature of island regions.

1.14 The EESC attaches particular importance to permanent training programmes implemented specifically for islanders working in a range of sectors, chiefly the tourism sector, which is one of the most economically significant sectors in island regions. These programmes should be financed by the European Social Fund and the Cohesion Fund, with the commitment of the Member States, the institutions, and socio-economic actors.

1.15 Education, occupational training and lifelong learning play a vital role in the EU's economic and social strategy within the Lisbon process and the Europe 2020 strategy. The EESC urges that account be taken of the specific nature of island regions in order to ensure that education and lifelong learning opportunities in every region and for all inhabitants are reflected in the national strategies.

1.16 The EESC urges implementation of the measures envisaged in the Bruges Communiqué on the coordination of vocational training in Europe, adopted by the ministers for education of all the Member States and the European social partners.

⁽²⁾ See the EESC opinion on the *Communication from the Commission 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*, OJ C 376/ 22.12.2011 p. 44 and the European Parliament Resolution on *Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe* (2010/2206 (INI)).

1.17 The EESC calls upon the European Commission to set up a dedicated 'interservices group' for islands or, where appropriate, to include islands in other existing interservices groups.

1.18 The Commission is asked to ensure that island regions benefit from specific provisions under the new 2014-2020 multiannual financial framework and that these regions be covered by specific regional development programmes that more accurately reflect their specific characteristics. Consideration should be given to the possibility of increasing EU co-financing levels in areas of priority concern to islands.

1.19 Bearing in mind that the Europe 2020 strategy will mark future EU action, the EESC believes it is necessary to analyse the strategy's impact on island regions, and how it helps to alleviate the inherent disadvantages of insularity.

Given the seasonal nature of the tourist business in islands, the EESC calls on the Commission and the European Parliament to press ahead with the CALYPSO programme on social tourism, as previously argued in its opinion on *Innovation in tourism: Defining a strategy towards sustainable development in islands* ⁽³⁾. The social partners should be involved, in the light of the impact the programme can have on the tourism sector and its multiplier effect on other economic areas.

2. Introduction

2.1 Island regions

2.1.1 According to the Eurostat definition, an island is any territory meeting the following five criteria:

- having an area of at least one square kilometre;
- being located more than one kilometre from the mainland;
- having a permanent resident population of at least 50 people;
- having no fixed link with the continent;
- not containing an EU capital.

2.1.2 When defining islands, reference should be made to Declaration 33 of the TFEU, which states that 'the Conference considers that the reference in Article 174 to island regions can include island States in their entirety, subject to the necessary criteria being met'.

⁽³⁾ OJ C 44, 11.2.2011, p. 75.

2.1.3 As pointed out in an earlier opinion ⁽⁴⁾, this definition fails to take into account the new realities of an enlarged European Union which includes island Member States.

2.1.4 According to this definition, 14 ⁽⁵⁾ of the 27 EU Member States have islands within their territory. The EU's various islands should be considered important due to their large number of inhabitants, who total some 21 million. They account for approximately 4 % of the EU-27's total population.

2.1.5 Island regions have common and specific permanent characteristics and features that clearly distinguish them from mainland regions.

2.1.6 All of the EU's islands have certain features that differentiate them from the others, but the factors common to these regions are greater than each one's individual differences and are especially marked in areas such as transport, the environment, tourism and access to essential public services.

2.1.7 Article 174 of the TFEU includes a new paragraph, stating that 'particular attention shall be paid to regions which suffer from severe and permanent natural or demographic handicaps, such as the northernmost regions with very low population density and island, cross-border and mountain regions'.

2.1.8 This article recognises that island regions as a whole face practical handicaps that require special attention.

3. Demographic situation in island regions

3.1 Migration, an ageing population and depopulation are issues that have a particular impact on islands.

3.2 A number of islands or areas of island territories currently face a serious threat of depopulation due to the departure of the working population, mostly its younger elements, an ageing resident population or difficult climate conditions. This can lead to cultural heritage being lost, or ecosystems becoming fragile.

3.3 Other islands, due to their geographical location on the Union's external borders, must deal with population flows in the other direction and are exposed to irregular immigration from non-EU countries that is often out of all proportion to their reception capacity.

⁽⁴⁾ *A better integration in the internal market as key factor for cohesion and growth for islands*, OJ C 27, 3.2.2009, p. 123, point 2.2.

⁽⁵⁾ Spain, Ireland, France, Denmark, Italy, Finland, Sweden, United Kingdom, Greece, Netherlands, Malta, Cyprus, Estonia and Portugal.

3.3.1 Extreme humanitarian emergencies are occurring on some islands and these must be dealt with on a basis of European Union solidarity, including the need to continue sharing the ensuing operational burden by combining national and European resources.

3.3.2 In other opinions, the EESC has proposed that the Dublin Regulation should be amended within the framework of a common asylum policy, in order to facilitate the mobility of asylum seekers within the EU.

3.4 There are also islands that experience a strong presence of foreign residents with considerable purchasing power who contribute to local economic and social development, but who may push up housing prices when the market is saturated and thus make access more difficult for the local population with less economic resources.

4. Accessibility and insularity

4.1 Some of the handicaps faced by island regions arise from their lack of physical unity and their remoteness. These handicaps are reflected in higher transport, distribution and production costs, greater insecurity of supply and the need to hold more stocks and have greater storage capacity.

4.2 This is reflected in complete dependence on sea and air transport. Island regions are thus less well-placed than other regions to take advantage of the single European market as a homogenous area of competitive economic relations, with regard to resizing businesses to boost innovation and achieving economies of scale and external economies.

4.3 It is therefore important to point out that in the context of the Single European Sky Community initiative it might be useful to study air traffic management mechanisms specifically designed to ensure permanent access to and from the island regions.

4.4 Nor should we forget the situation created by the movement of the ash-cloud from the Icelandic volcano Eyjafjallajökull, which affected huge swathes of European airspace in April and May 2010, causing many airports to close in central and northern Europe and even in southern Europe.

4.5 The most worrying problem was not so much the fact that tourists were unable to reach the islands but that those already on islands were unable to return to their home countries and no one knew for sure how long the situation might last.

4.6 This particular case reflects the extreme vulnerability of island regions in situations of this kind: although virtually the whole of Europe was affected, the closure of European airspace had the greatest (negative) impact on the island regions involved.

4.6.1 A further matter for consideration is the Commission's plan to impose a CO₂ tax on air transport with effect from 2012. If this tax were eventually to come into force, the Commission would have to devise a specific formula for island regions, as they are far more dependent on air transport. This would aggravate their inherent disadvantages.

4.7 Accessibility is a vital element in enhancing the attractiveness of island regions. Trans-European Transport networks (TEN-T) should encompass a genuine multimodal policy that must also apply to the islands. Establishing sea and air corridors between the European mainland and islands by funding fixed and mobile infrastructure can help to achieve this.

5. Agriculture and fisheries

5.1 Agriculture, livestock breeding and fisheries form a major part of the local economy, especially in terms of employment, and also provide strong support for local agrifood industries, which account for the bulk of industrial production in the islands.

5.2 However, agricultural and fisheries production in the island regions is extremely fragile, mainly because of the problems created by remoteness, the small size of holdings and low diversity of production, dependence on local markets, their fragmented nature, and climate conditions. This has an impact on the island agrifood industry, which depends on island products. The consequence of weak agricultural and livestock production is that the island agrifood industry is also weak.

5.2.1 Taken together, all these factors mean that island production is less competitive than production from mainland European and third countries.

5.3 What is more, local agriculture is highly dependent on the outside world both for the supply of raw materials and inputs and to sell its products, yet it is very isolated from the sources of supply and from markets.

5.4 Farm producers on islands consequently compete on an unequal basis with producers from other regions. Local producers should receive the support they need to ensure that

farming in the island regions is put on an equal footing by means, for example, of specific CAP instruments for islands, and that local production is given greater encouragement and recognition.

5.5 With regard to the adoption of measures specifically designed to compensate for handicaps relating to island status in this area, the most appropriate solution would be a dedicated legislative programme. This applies to the primary sector, which is particularly important to the islands. The European Fisheries Fund does not provide for special measures, except for the outermost regions and the smaller Aegean islands.

5.6 The same applies to direct aid schemes under the Common Agricultural Policy (CAP). The most recent reforms of the CAP, rural development and EAFRD direct aid schemes have failed to take account of island status.

6. The internal market and tourism

6.1 The limited size of island regions in comparison with mainland regions has a significant impact on their production and market structure. Consequently, most of the production fabric located in these regions consists of small and micro businesses that are more vulnerable than large businesses.

6.2 Tourism has been and continues to be a basic economic resource for main island territories. In spite of the many differences between them, many European islands have found tourism to be an essential factor for the survival of the local population, their identity, cultural traditions and values, and landscapes.

6.3 The establishment of tourism in European island regions has generated economic growth and jobs for them and has brought considerable diversification to their economic foundations through tourism-related services. It has also made it possible to recover and safeguard local traditions and culture, together with natural areas and historic monuments.

6.4 Although tourism has in general clearly been a factor for good, the negative impact it has had on some island regions must also be recognised: this includes the insecure nature of employment, seasonality, the low skill levels of workers, soaring property speculation and a higher cost of living for the local population. It has also given rise to water supply problems and difficulties in providing basic public services (waste processing, health, etc.), with a powerful impact on the environment. Island economies are now highly dependent on tourism: diversification towards other activities, and not only ones that are complementary to tourism is needed, facilitating the economic development of islands in the face of crises such as the present one which have a powerful impact on tourism.

6.5 Following the adoption of the TFEU, explicit recognition is given to the importance of tourism in the EU. In June 2010, the Commission presented a communication promoting a new framework for coordinated action in the EU to make European tourism more competitive and increase its capacity for sustainable growth⁽⁶⁾. This recognition provides an opportunity to make Europe's tourism industry more competitive, thus contributing to the new Europe 2020 Strategy for smart, sustainable and inclusive growth.

6.6 In point 55 of its resolution of 27 September 2011⁽⁷⁾, the European Parliament 'welcomes the Commission initiative to develop a strategy for sustainable coastal and marine tourism, and calls for the development of similar specific strategies for the islands, mountain regions and other vulnerable areas'.

7. Research, development and innovation (R+D+I)

7.1 Innovation is a key objective of economic policy both at EU level – with the Lisbon and the Europe 2020 strategies – and at regional level, by increasing the percentage of public investment in research, education, training and support for the 'most innovative sectors' (including transport, energy, green industry, etc.). The same also applies to services, particularly those requiring a level of know-how and qualifications that is considered usual in most tourist sectors (including accommodation, catering, real estate services, etc.).

7.2 The information society and the new technologies must be promoted and boosted, as they offer means for islands to diversify economic activity and further knowledge. Using ITC mitigates remoteness by enhancing business management procedures and systems as well as external relations, to the benefit of competitiveness and productivity.

7.3 The main difficulty facing island regions in building their capacity for innovation lies in the weakness of the business fabric, training levels, access to the European market, the small scale of investment in research infrastructure, etc. Innovation in island regions must be looked at from a broad viewpoint encompassing, for example, processing, marketing methods and innovative techniques in business management or organisation. Island companies should seek to enhance their production capacity and the quality of their products, and their access to the European market should be facilitated under competitive conditions similar to those of mainland EU regions.

⁽⁶⁾ *Communication from the Commission 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* (COM(2010) 352 final).

⁽⁷⁾ European Parliament Resolution on *Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe* (2010/2206 (INI)).

7.4 The difficulties experienced by islands in taking part in EU R+D+I programmes should also be highlighted. The small scale of the internal market and the restricted capacity of available research and development structures mean it is much more difficult for island regions to participate in these programmes.

8. Energy and water

8.1 As a result of islands' strong dependence on fuel imports, fluctuations in energy costs have a greater impact on island regions.

8.2 Where island regions are concerned, European energy policy should prioritise security of supply, funding to design and implement energy production projects using new technologies and renewable sources, and promoting efficient energy use, at the same time protecting the environment and nature.

8.3 Electricity generation, storage and distribution are important not only for primary energy needs, but also for seawater desalination: this could resolve drinking water supply problems in many islands.

8.4 As a result of the small surface area of islands and, above all, their rocky formation, most islands experience a scarcity of water. This hinders economic development (especially tourism), quite apart from the impact on health, agriculture and livestock breeding.

9. Training and employment

9.1 According to a recent Euroislands study⁽⁸⁾, human capital is a serious problem on European islands, especially those in the Mediterranean. Education levels are particularly low, even in those islands with greater per capita GDP and where a university is present. On Nordic islands, human capital is better prepared to face new challenges, but even there the conversion from traditional occupations is challenging.

9.2 Education, occupational training, lifelong learning and knowledge of foreign languages play a vital role in the EU's economic and social strategy within the Lisbon process and the Europe 2020 strategy. Securing education and lifelong

⁽⁸⁾ *The Development of the Islands – European Islands and Cohesion Policy* (EUROISLANDS), ESPON 2013 European Programme.

learning opportunities in every region and for all inhabitants has to be the cornerstone of national strategies. The scarcity of human resources and the need for a wide range of services means that island inhabitants must be multi-skilled in occupational terms. This can be achieved through proper vocational training programmes funded by the EU.

10. Regional policy

10.1 Regional policy is the main Community instrument available to island regions to overcome their structural limitations and to make the most of their potential for development and growth. This policy needs to be improved, however, to enable islands, which form an integral part of the single European market, to take maximum advantage of it, both economically and socially.

10.2 By and large, island regions are at a disadvantage vis-à-vis mainland regions. Island status is not a priority theme on the European regional policy and cohesion agenda. Furthermore, enlargement has radically shifted the focus of this policy agenda, with European island policies not receiving special treatment.

10.3 What is needed is an integrated framework that effectively addresses the limitations faced by Europe's islands. Measures and policies that could affect the islands should therefore always be preceded by the relevant impact assessments, as is done for the outermost regions; this will ensure that there are no negative repercussions or contradictions and that territorial cohesion is strengthened. Such impact assessments are particularly necessary for policies in the fields of transport, the environment and energy.

10.4 In the 2007-2013 programming period, per capita GDP has been used as the sole indicator for establishing the eligibility of regions under the objectives set by regional policy. This indicator overlooks the fact that cohesion encompasses a much broader dimension, which includes social, environmental and territorial components and others related to innovation and education. New indicators, based on more relevant statistical data, should provide a sharply-focused picture of islands' level of development and a sound understanding of regions with permanent natural handicaps.

10.4.1 To this end, the benchmarks contained in the Europe 2020 strategy should be incorporated as references, in line with the EU's general policy framework.

10.5 While the 2007-2013 programming has recognised European islands to be eligible for cross-border cooperation, setting a criterion for the maximum distance between regional

borders at 150 km has resulted in three archipelagos (the Cyclades, the Hebrides and the Balearic Islands) currently being excluded.

10.6 The EESC urges that the distance-related criterion (150 km) used for the purpose of classifying islands as border regions eligible for financing under cross-border cooperation programmes covered by cohesion policy's Territorial Cooperation Objective or the European Neighbourhood Policy be dropped.

10.7 Particular attention needs to be paid to islands affected by not just one but several of the handicaps referred to in Article 174, such as mountainous islands or those with very low population density. The same applies to archipelagos affected by double or multiple insularity. These regions suffer additional disadvantages resulting from their fragmentation and limited size. We would also highlight the situation faced by a substantial number of coastal islands, which suffer serious handicaps linked to their micro-island status. All of these factors accentuate the constraints arising from island status and mean that the population often experiences poor services.

10.8 Islands therefore need an approach that integrates the different policies, both horizontally (by means of an inter-sectoral approach to the main policies with a territorial impact, such as the CAP, the CFP, state aid, etc.), and vertically (drawing together the regional, national and Community dimensions). This approach must also reflect the new policy directions taken by the EU Treaty and the importance given to specific areas such as energy and the climate, the external projection of the EU, and justice and home affairs ⁽⁹⁾.

11. Strengths and attractiveness of island regions

11.1 According to the conclusions of the ESPON Euroislands study ⁽¹⁰⁾ concerning the strengths of islands, the main comparative advantages are the quality of life and their natural and cultural assets. Islands have a high density of natural and cultural capital and a strong cultural identity. An important limitation, however, is that the natural and cultural heritage are irreplaceable and non-renewable resources.

11.2 According to the recommendations contained in the study, the new communication and information technologies diminish the negative impact of island status (small scale and isolation). The new technologies can also be beneficial for small- and medium-sized companies and services such as education and research, healthcare services, information, cultural and

⁽⁹⁾ Areas identified in the *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the National Parliaments – The EU Budget Review*, COM(2010) 700 final.

⁽¹⁰⁾ *The Development of the Islands – European Islands and Cohesion Policy (EUROISLANDS)*, ESPON 2013 European Programme.

other creative activities. Other technological changes (development of new forms of renewable energy, technologies for the partial substitution of natural resources, progress in the transport field, etc.) can have a moderating effect on the limitations caused by island status.

11.3 Numerous examples of best practice are to be found in island regions:

— Business sector initiatives: a range of island farm and manufactured products (food products and beverages) have stood

up to competition within the EU and the world market, despite their relatively high prices, because of their quality (local inputs and traditional production methods) and/or their uniqueness, and the creation of brands.

— Initiatives undertaken to tackle general environmental problems, such as climate change or specific problems relating to island status. Noteworthy efforts to produce renewable energies include the island of Kitnos (Cyclades), Samsø, Eigg (Scotland), Gotland, Bornholm, the Canary Islands, etc.

Brussels, 28 March 2012.

The President
of the European Economic and Social Committee
Staffan NILSSON
