

Opinion of the Committee of the Regions on 'The future of peripheral areas in the European Union'

(98/C 315/04)

THE COMMITTEE OF THE REGIONS,

having regard to its bureau's decision on 11 June 1997, in accordance with the fourth paragraph of Article 198c of the Treaty establishing the European Community, to issue an opinion on 'The future of peripheral areas in a new Europe' and to entrust its preparation to Commission 2 for Spatial Planning, Agriculture, Hunting, Fisheries, Forestry, Marine Environment and Upland Areas;

having regard to its opinions on rural development policy (CdR 389/96 fin)<sup>(1)</sup>, on a policy for upland agriculture (CdR 178/97 fin)<sup>(2)</sup> and on new activities and new services in rural areas (CdR 3/97 fin)<sup>(3)</sup>;

having regard to the opinion (CdR 23/98 rev.) adopted by Commission 2 on 11 June 1998 (rapporteurs: Mr Murray and Mrs Haijanen);

whereas most rural communities are currently struggling to identify their changing place within a new Europe, the problems of peripherality, which affect all rural communities, are magnified in the more remote areas of the European Union,

adopted the following opinion at its 24th plenary session on 15 and 16 July 1998 (meeting of 16 July).

## 1. Introduction

1.1. This opinion refers to areas of the European Union which we define here as peripheral, and which include uplands areas, the offshore islands and archipelagos and the more remote mainland areas (which could be further defined on the basis of their distance from centralized markets and transportation networks, as defined in the 'European spatial development perspective') of the Member States. Peripheral areas are disadvantaged in terms of their geographical location and are generally characterized by declining and ageing populations as well as other problems associated with rurality but which are more acutely manifest in these areas. These characteristics can be largely attributed to the lack of economic and social opportunity and if this is allowed to continue it will have serious consequences for the future economic and social life of these communities.

1.2. Despite a number of obvious similarities, the distinctive features of the most remote regions has led to their specific situation being dealt with under Article 299(2) of the Amsterdam Treaty, which is not the subject of this opinion. The COR reserves the right to deliver an opinion at a later date on this matter.

1.3. Most peripheral areas have been particularly affected by the trend in declining employment in the agricultural and forestry sectors, a situation that has not been balanced by alternative employment opportunities

in other sectors. This has resulted in a drift from these areas of the economically active generation, and particularly women. The steady decline in population reduces the demand for goods and services of local enterprise, which further undermines economic activity in both the public and private sector. This cycle of decline weakens the economic and social base of peripheral communities and could, ultimately, lead to their desertion. Current EU developments in Agenda 2000, CAP Reform and Enlargement will further curtail the development of these areas unless the situation is addressed.

1.4. Peripheral areas do however possess an intrinsic value that not only supplements the values that have been lost in the more urbanized, industrial areas but also compensates for these lost values. As a consequence of their remote location many peripheral areas have preserved a way of life and an environment which has been largely lost to the more cosmopolitan areas. The diversity of language, culture and heritage which exists in peripheral areas portrays an alternative lifestyle and living experience. Combined with a clean, rural environment these factors offer development opportunities that are unique to these areas.

1.5. If genuine economic and social cohesion is to be achieved in the EU then an integrated policy for peripheral areas should be implemented and compensatory measures drawn up to enable them to offset the natural handicap from which they suffer. To enable peripheral areas to harness their development opportunities that the EU affords to other areas and strengthen

<sup>(1)</sup> OJ C 116, 14.5.1997, p. 46.

<sup>(2)</sup> OJ C 379, 15.12.1997, p. 53.

<sup>(3)</sup> OJ C 215, 16.7.1997, p. 16.

their independence in relation to the latter, forms of development generated essentially at local level need to be created, not least by means of the compensation and the integrated policy the EU affords to other areas.

## 2. Development Issues in Peripheral Areas

### 2.1. Transport

2.1.1. The additional cost resulting from peripherality makes itself felt very obviously as regards transport, which in terms of time and money, undermines the competitiveness of peripheral areas and deprives them of economic development opportunities. In relation to the offshore islands this involves the additional expense of VAT charged on the transport of goods to and from the islands and undermines competitiveness on mainland markets. Climatic factors cause additional costs in northern peripheral areas and upland areas. These include costs related to maintenance of roads (snow clearance, gritting, salting, etc.) in winter and, particularly in archipelago regions, keeping waterways open.

2.1.2. Regarding future development of peripheral areas, it is important to maintain or boost transport systems. Priority must be given to promoting low-energy, environmentally-friendly transport systems. Terminals and communication arteries should not be ends in themselves designed for tourism, but should link peripheral areas to the single European market and offer the most efficient technologies, storage facilities, and combinations so as to compare favourably with mainland terminals. Within peripheral areas the electrification of rail routes and the development of internal and external air communication should be encouraged.

### 2.2. Tourism

2.2.1. Tourism in peripheral areas is largely seasonal in nature, resulting in a concentration of visitors at peak times of year and effective shutdown thereafter. Future development should be based on clear-cut planning aimed at diversification (traditional tourism, cultural tourism, green tourism, farm tourism, archaeological tourism, youth tourism, sports tourism, fishing, educational tourism, etc.) and securing the involvement of many local people throughout the year. With diversification tourism would continue for longer, increasing the benefits and reducing the demands on peripheral areas.

2.2.2. Whenever addressing itself to tourism the EU must make sure that expansion closely matches the capacity of existing facilities and services in peripheral areas. These areas have to preserve and develop their distinctive characteristics, their cultural and linguistic

diversity, and their high environmental standard. It is these specific features, which are the biggest tourist attractions that are in danger of being severely damaged by mass tourism.

### 2.3. Culture

2.3.1. As a result of their remote locations many peripheral areas have managed to preserve a strong cultural identity. This gives these areas a certain uniqueness and as one of the indigenous strengths of these areas it is crucial that this is preserved and utilized in a sustainable manner. A sustainable cultural identity enhances a region's confidence and can be a means to contribute to economic development.

### 2.4. Fisheries

2.4.1. Fisheries have traditionally played a vital role in many peripheral economies and are still a major source of domestic development and employment for many of the EU's peripheral areas. However, in comparison with coastal ports, island ports suffer from serious natural disadvantages as a result of their distance from the principle mainland markets and the greater difficulty in obtaining access to new technologies and sources of funding.

2.4.2. The fisheries are in difficulty, not least because the overcapacity of the Community fleet is severely reducing available stocks. Moreover the equipment used by fishermen in peripheral areas is out-dated and consequently fishing vessels cannot be easily used to diversify into other activities. Perhaps the greatest problem facing the fishing industry in peripheral areas is management of fishing grounds and fish stocks. Aqua-culture and the shell fish industry have considerable development potential in peripheral areas, however, care must be taken that this development does not damage the environment.

### 2.5. Agriculture

2.5.1. In addition to poor fertility of the land, the shortness of crop seasons, limited local demand, and the paucity of basic facilities, farmers, especially in the smaller island regions, who work on a small scale, incur relatively expensive overheads. This includes the high transport costs of importing the necessary goods as well as the expenditure incurred in selling their products on the principal markets. Since this expenditure reduces income, farmers cannot finance the investment required to improve production and young people are discouraged from setting up in farming, leading to the obvious results in terms of depopulation.

Climatic and altitude-related conditions can also adversely affect the agricultural sector. For example, the thermal growing season in northern areas is more than

two months shorter than in central Europe, which makes farming in the north especially difficult. This should be taken into account when deciding on the future of the common agricultural policy.

## 2.6. *Telecommunications*

2.6.1. The costs arising from the handicap of being a peripheral area could be greatly reduced by means of a substantial Community programme to develop telecommunications infrastructure. Telematics in particular is one of the few existing means that could be directly employed to involve peripheral areas at first hand, via networks, in the Community economy and global market. In addition to information and tourism, fields in which they are already being used, telematics applications could lend themselves to various other sectors, for example education and health.

2.6.2. A programme run by the Community or a series of coordinated pilot projects would help to develop the concept of telematic education, which has already proved successful in Highlands and Islands University (UHI). 'Telemedicine' could be another spin-off since persons living in peripheral areas that do not have specialized outpatient clinics could contact doctors in other areas and obtain 'telediagnoses'. In short, incorporating peripheral areas into the information society will be one of the biggest challenges of the next few years and could have enormous benefits.

As the Committee of the Regions has pointed out in an earlier opinion, it is important from the point of view of implementing the European Information Society that all regions are afforded real opportunities to use basic telematic services. This is particularly relevant to peripheral areas as regional disparities are developing quickly due to the rapid progress in this field. This situation needs to be addressed at the earliest possible opportunity.

2.6.3. In addition to infrastructure, there is also a need in peripheral areas for various actions to boost demand for information society services, e.g. measures raising public awareness of the opportunities offered by electronic commerce and teleworking. It is equally important to ensure that, in future, an increasingly large proportion of this demand can be met locally.

## 2.7. *Infrastructure and the environment*

2.7.1. A seasonal difference in the through-flow of people to and from peripheral areas puts considerable strain on local infrastructure and environment. Water resources, waste management facilities, harbour facilities, roadways and paths can all suffer considerable

strain. As seasonal infrastructural and environmental pressures increase, destructive pressure on the social fabric and social structure of the permanent residents also increases. Any planning decision concerning peripheral areas, any environmental management policies, any estimates of viability and sustainability must have regard to special demographic characteristics that pertain in these areas.

2.7.2. The development of good infrastructure and sustainable environmental management is a critical factor in sustaining peripheral communities and catering for the maintenance and growth of tourism and other forms of local enterprise. However, due to geographical limitations and low population levels, projects in many peripheral areas find it difficult to qualify for cohesion and regional funding as they are often below the EU threshold levels.

## 2.8. *Healthcare*

2.8.1. While, for financial reasons it would not be practical to have a permanent health service in areas of low population, it is important that there is reasonable access to external facilities. An important aim of Community policy must be to achieve a level of healthcare that enables all inhabitants of peripheral areas to lead full and productive lives. Primary care, such as adequate sanitation facilities and clean drinking water are fundamental to the implementation of such a policy.

2.8.2. In this context, it should also be recognized that the age profile of peripheral areas, which generally contain a high proportion of elderly people and school children, has implications for health service providers.

## 2.9. *Unit Costs of Services*

2.9.1. A feature of peripheral areas is the high unit costs of virtually all forms of public service, for example, in education; healthcare; transport; the arts and leisure services. This feature of peripheral areas must be fully recognized in the distribution of state and EU resources if all citizens are to enjoy access to broadly comparable levels of public services.

## 2.10. *Environment and nature conservation*

2.10.1. There is a strong correlation between the features of peripheral areas and sites designated as of special environmental importance under Natura 2000 and other forms of national or EU nature conservation designations. Such designations indicate the high level of landscape and environmental importance of peripheral areas for biodiversity and can be important assets as a means of promoting tourism. However, such desig-

nations can also make some forms of economic development more difficult to achieve in order not to compromise environmental quality.

2.10.2. The possible impediment to local economic development from nature conservation designations or the need for higher expenditure to achieve such development in ways which do not harm the environment should be recognized as should the need for additional agri-environment measures to assist the creation of local jobs in the proper maintenance and management of high-quality nature conservation sites.

### 3. Impact of common policies

3.1. While there are many EU policies that aim to develop the socio-economic well-being of peripheral areas, many of these are implemented on a purely sectoral basis and can have undesirable knock-on effects. In addition, there are also common policies, which can also have a negative impact on the future development of these areas.

3.2. Some of the EU's peripheral regions, for example Corsica, the smaller Greek islands or the Aland islands, have a tax status constituting an exception to community law. This situation, which constitutes a crucial factor for their economic development, would change if widespread tax harmonization failed to allow for the need for exceptions to enable these and other peripheral areas to deal with the economic and social handicaps with which such areas have to contend.

3.3. If the specific arrangements for peripheral areas were abandoned, including the exemption from VAT for transport to and from certain Mediterranean islands, or VAT rates below the corresponding maximum rates levied on other regions, very harmful effects would ensue. Exemption from VAT on transport should be extended to other peripheral areas, e.g. Objective 1 areas, on the margins of the EU. Value added or the profits of business would fall, the cost of living would rise, tourism would suffer as a result of these higher costs and local production would be destabilized.

3.4. Specifically, if Corsica, the Balearic Islands, Shetland, the Orkneys, the Western Isles, or the Danish islands were to be deprived of the present exemption from VAT on outward and incoming transport, costs would increase by between 4 % and 9 %.

The operation of the CAP has been challenged several times in the mainland regions of the EU. As far as peripheral areas are concerned, the repercussions of a Community policy not geared to the precarious stability of their specific situation have done greater damage still.

3.5. The principle of some variations to national tax regimes to protect the interests of peripheral areas and help offset the high costs of fuel and transport should not be seen as running against the principle of a strong and fair EU.

### 4. Compensatory measures

4.1. In formulating future policy for peripheral areas it is important that there is provision for various compensatory measures to offset the adverse repercussions of the present common policies and a range of tax and financial incentives to enable domestic economies to thrive. European common policies from the CAP to the concept of tax harmonization go hand in hand with the internal market, which although beneficial, is not geared in practice to peripheral areas. As far as these areas are concerned the concept of an internal market and freedom of movement are founded on an evident geographical impossibility. To restore equal competition a way must be found to eliminate the drawbacks of common policies.

4.2. If peripheral areas were permitted to enjoy apparently favourable tax treatment such as that applied to Corsica, the only consequence is that they would have the opportunity to make up their obvious competitive backwardness thus ensuring that all peripheral areas would eventually be in a sound position to operate on the internal market which the Union is seeking to establish.

4.3. Member States, moreover, have to follow a dual approach. On the one hand they must defend the derogations previously granted to their peripheral areas and, on the other, they must refrain from using tax harmonization as a convenient pretext for abolishing such privileges. Derogation's should be proposed by each Member State individually, since it is impossible, except when dealing with isolated matters such as VAT on transport, to ascertain common problems and common solutions applicable to national taxation systems.

### 5. Role of local and regional authorities

5.1. Although there are great similarities between the causes and consequences of problems affecting peripheral areas throughout Europe, it would be wrong to assume that the same package of measures can provide a 'blanket' solution to all their problems. To ensure the optimum effectiveness of proposed measures there must be scope for far-reaching regional diversification within the framework of national and EU policy. A strong regional input in the formulation of regional policy is therefore indispensable and the engagement of local

communities, as successfully demonstrated by the Leader Programme, must also be closely involved as part of the bottom-up approach.

5.2. Locally generated development is a vital factor not alone in finding the right solutions to current problems but also to ensuring their longterm sustainability. It is therefore recommended that this is one of the principle avenues that the Commission should explore in developing future policy for peripheral areas.

A policy along these lines could be supported, both by individual national governments and the Commission, which could assign a quota of Structural Funds assistance to be used to boost small and medium sized enterprises and cottage industries that could bring economic development and employment to peripheral regions. 'Business Development Centres' should be set up to provide necessary information and administrative backup to revitalize activity.

The Commission, in agreement with the individual Ministries for Tourism of the Member States concerned, could do much to assist in this connection by organizing an advertising campaign to promote peripheral areas and their produce (which might include tourism, agriculture and fishery products, arts and crafts, etc.) which, although varying from place to place, are to be found in all EU peripheral areas. The advertising campaign would aim to promote a seal of quality testifying to the original local identity and increase European awareness of typical products, including those from the smallest island regions.

In accordance with the final declaration of the Cork Conference a policy for all rural areas must take account of differing regional circumstances and respect the subsidiarity principle. Such a policy must, as far as possible, be decentralized and be based on the principle of partnership and cooperation between all the different levels concerned. In this context the EU should confine itself to setting out framework provisions and should give the regions sufficient scope to frame their own measures.

## 6. Inter-regional cooperation

6.1. Inter-regional cooperation should be encouraged by the European institutions to further enable the Unions peripheral regions to overcome their isolation. By pooling experience and information European regional authorities could give pride of place to their successes and obtain suggestions and alternative solutions to what are often similar problems.

It would also be desirable to set-up a European inter regional service network to deal with and highlight

common problems such as shortages of resources and waste disposal and, via the Internet, to publicize tourism, culture and crafts, acting as a telematic chamber of commerce foreign trade institute for every peripheral area connected to the network. Expansion of this sector could generate considerable knock-on effects on employment.

In addition to seeking to create conditions in peripheral areas which are comparable to those in other parts of the EU, special attention needs to be paid to the development of border areas with non-member countries so that disparities in standards of living do not widen any further, leading to increased tension in border areas. Among other things, this implies that the development of border areas in non-member countries should be incorporated as an integral part of border programmes and the development of border areas. In practice, this means establishing close links with between the Interreg, Tacis and Phare programmes so that development initiatives can be extended to border regions in non-member countries. At the same time however, it must be ensured that internal cross-border cooperation within the EU under the Interreg programme can continue without interruption.

## 7. Structural Fund reform and Community initiatives

7.1. According to the new financial outlook charted in Agenda 2000 the Structural Funds are to be reviewed again and strong emphasis will be laid on simplification, revision of certain fundamental principles such as concentration, and the Community initiatives. The recipients of assistance under the ERDF are to be reduced sharply.

7.2. The current Agenda 2000 proposals may result in a number of current peripheral Objective 1 regions losing that status. The Agenda 2000 proposals are currently under discussion and the special needs of peripheral areas as outlined in this opinion need to be carefully considered before the conclusion of debate on Agenda 2000 to ensure that criteria for Objective 1 areas fully reflect the special circumstances of peripheral areas in terms of population sparsity and all the other features highlighted in this opinion.

7.3. Unfortunately, the areas eligible for Structural Funding are mapped out in such a way as to discriminate in some instances against peripheral areas which have been encompassed for statistical purposes within territorial divisions where the situation is entirely different. For example, in the case of the archipelagos, where there is a unique land/sea relationship, only land area is considered in calculating population density.

7.4. The reform being proposed in Agenda 2000 would seem to run counter to the draft Amsterdam Treaty which, by rewording Article 130a of the EC Treaty, officially recognized the specific nature of peripheral island regions, their natural handicap, and hence the need to find ways of enabling these disadvantaged regions to close the development gap separating them from the rest of Union.

7.5. The same approach should be followed when reworking the Community Initiatives. The continuation of support for communities and community development through the capacity building, training and support services provided by Leader II and other initiatives are critical to encouraging locally generated development.

## 8. Key recommendation

With regard to the future of peripheral areas in the European Union the Committee of the Regions wish to put forward the following key recommendations:

8.1. The Committee of the Regions recommends the drawing-up of an integrated policy for the future development of peripheral areas within the purview of Structural Funds objectives. This policy should take account of the unique circumstances common to all of these areas, whilst also recognizing their diversity, and should aim to ensure that they share in the development opportunities of European integration.

Especially in the run-up to enlargement of the European Union, it is important to avoid the adoption of an unduly restrictive definition of peripheral areas and to take account now of those regions which will in future be even more remote from the nerve centre of the European Union, which will inevitably shift.

8.2. The Committee is of the opinion that, in line with Article 129b(2) of the Treaty, the current shortcomings in the links between the peripheral and central regions of the Community should be significantly reduced by giving the matter appropriate consideration when implementing the Community concept of the framework for action by the new Structural Fund. Aid systems should therefore be established to enable peripheral areas to be served by combined transport. Such a policy should also cover local transport and hence encourage small-scale private enterprise.

8.3. The Committee of the Regions also believes that industries located in peripheral areas should be allowed to benefit from special transport tariffs for raw material imports and the export of finished products and that special pricing arrangements should be laid down for the transport of diesel oil and other forms of energy.

8.4. The Committee of the Regions believes in the need to chart alternative courses for tourism in peripheral

areas, which, unless it alters or diversifies its structure, might be in danger of imploding, destroying economic spin-offs in the process.

Codes of conduct and good practice guides should be drawn up for the tourism industry and quality seals awarded to industries meeting the particular environmental and cultural requirements of individual areas.

Tourists should be encouraged to refrain from upsetting fragile ecosystems and made to pay forms of locally appropriate taxation which can help protect the local community and its environment. This revenue from tourism should be invested in environmental or cultural projects.

The Committee of the Regions also recommends that steps are taken to encourage the emergence of local tour operators and to ensure that the main source of income for peripheral areas is not subject to outside control.

8.5. An integrated Community policy must promote a series of measures and projects that will not only preserve the cultural features of peripheral areas, but will also aim to strengthen their economic potential. The Committee of the Regions believes that promotion of historical and archaeological sites, restoration of traditional settlements, qualitative enhancement of areas of outstanding natural beauty, educational programmes and programmes to promote international cultural cooperation should be facilitated and that this must be done in a manner that cultivates the unique character of each area.

8.6. With regard to fisheries policy a more sympathetic attitude to stock conservation should be fostered. The Committee of the Regions believes that the integrated development of local fishing industries should also be pursued. It is important to follow developments in the fishing sector closely, and, where necessary, impose catch restrictions, in order to maintain stocks at healthy levels.

In addition, representatives of these areas should be consulted whenever the EU adopts new legislation on fisheries. The Committee of the Regions considers that fisheries policy should make constant fundamental distinctions to meet the needs of fisherman in a more appropriate and realistic way. Given the location of the principal markets the EU should provide support and encouragement to enable outlying fish processing and distribution chains to be set up.

8.7. With regard to agriculture the Committee of the Regions recommends that a range of measures be drawn up to reduce the harmful impact of the CAP.

Transposition of these measures may be effected by means of appropriate regional programmes and support frameworks as part of the future EAGGF regulation on support for the development of rural areas.

Farming techniques should be disseminated more widely and effectively to improve products and the competitiveness thereof. Financial resources should accordingly be allocated to training institutes, research, and the services through which such information is channelled to farmers.

Special assistance should be given to training and education programmes to promote and develop organic methods of farming. The Committee of the Regions also accepts the need to reduce or contain the numbers of livestock in areas which are environmentally sensitive. However, environmental measures must be balanced with direct assistance to ensure farmers continue to have a viable income.

The Committee of the Regions also believes that the criteria for granting agricultural aid (CAP) should be amended to focus less on output, and more on the need to provide farmers with a fair standard of living, and on the impact farming has on the environment, the countryside and conservation of resources.

The Community should implement an awareness raising policy to protect woodlands from fire and to fund preventive measures (open areas, fire breaks, appropriate forestry techniques, etc.) and local intervention bodies. Sectoral planning is also needed, including the provision of ways and means of repairing the damage inflicted by indiscriminate felling and by fires over the last decade.

8.8. An integrated Community policy should provide funds for, firstly, desalination of seawater and construction of underground storage facilities and, secondly, research into rainwater storage plans. The Community should accordingly encourage water resource management, which should be linked to European 'use optimization' criteria, providing automatic disincentives to waste, and inter island exchanges of know-how in the field of water recycling.

Local populations, and especially visitors, must be made aware of the need to prevent, reduce, recover, and recycle waste. Even some of the less populous areas could constitute a worthwhile market for the recycling industry. Peripheral areas could become testing grounds in which to study and implement new recycling systems and introduce new waste reclamation, recovery, storage, disposal, and transport technologies.

Special environmental programmes need to be developed for all peripheral areas in order to ensure proper management of environmental resources and facilitate sustainable economic and social development.

8.9. The Committee of the Regions proposes that peripheral areas should be connected to the national energy network with the support of the EU. Where appropriate, for example on some of the remote islands, Community energy policy should seek to enhance domestic energy potential, and the EU should consequently draw up comprehensive programmes to exploit sources that have hitherto been untapped. Solar energy, wind power, geothermal energy and biomass all provide opportunities for European islands to provide their own energy supply.

8.10. An integrated policy for peripheral areas should aim to improve marketing, primarily by emphasizing the quality and origin of products and also by improving and developing the standing of local production, thereby bringing the market closer to island products.

An integrated approach should be adopted to deal with storage, preservation, transport and distribution of foodstuffs, and the facilities, from irrigation to communication, designed to compensate for the remoteness of peripheral areas.

8.11. The Committee of the Regions believes that in relation to healthcare, an integrated Community policy must aim to establish a network of regional health centres that provide primary healthcare in conjunction with a network of high standard hospitals providing secondary care and a full range of medical speciality services.

8.12. Tax harmonization measures, which are a desirable goal for the rest of the Union, should not, in the opinion of the Committee of the Regions, be extended to peripheral areas and should not be enforced except to prevent proven cases of genuine distortion of the market and unfair competition, as under Article 99 of the Treaty.

8.13. The Committee calls on the Commission to ensure that the forthcoming reform of the Structural Funds secures adequate support prospects for peripheral areas.

## 9. Conclusions

9.1. A European policy recognizing the vulnerability of peripheral areas and seeking to promote their locally generated development presupposes a considerable widening of the 'de minimis' rule for granting regional state aid and state aid in general to small and medium-sized enterprises. An extended framework such as this for aid which does not require notification and which

has to be compatible with the common market under Article 92(3)c of the Treaty, should be incorporated into the proposal put forward by the Commission on 18 February 1998 for a Council Regulation (EC) laying down rules for the application of Article 93 of the EC Treaty. The Committee of the Regions feels that such a move recognizes the special status of peripheral areas and the specific problems of small and medium-sized enterprises, and is an appropriate way to offset the disadvantages caused to them by their natural surroundings and economic structure.

9.2. In light of the declaration concerning Article 130a on cohesion policy, annexed to the Treaty of Amsterdam, implementation of a globally coordinated action which could be managed by an administratively independent, interdisciplinary team, is recommended. This team would draw on expertise from various policy areas and would coordinate EU policies and programmes impacting on peripheral areas. Possible functions of the team would be to oversee and help to devise European financial resources having direct implications or uses for peripheral areas, assess the effects of the Structural Funds, make certain that Community legislation made provision for the specific features of peripheral areas and where necessary, employ emergency measures when peripheral areas were faced with wholly exceptional economic or natural crises.

Brussels, 16 July 1998.

This team should also pursue a common policy, applying to all peripheral regions, in the areas of energy and water supply, transport, the environment, tourism, social services, agriculture and fisheries, and telecommunications, laying emphasis in every instance on the value of local development potential. In addition a study should be conducted on the impact of common policies on peripheral areas in order to allow specific compensatory measures to be identified. It is highly recommended that a green paper is prepared on this subject.

9.3. Another role of an interdisciplinary team should be to undertake a study of what tax and financial incentives might be granted to help peripheral areas. Financial incentives exist practically everywhere in the Member States and in most cases are administered by the Commission. An integrated policy for peripheral areas should stress not only the type of incentives, but also the geographical locations at which they are aimed. However, as regards tax incentives and exemptions the approach should aim to promote peripheral areas by means of a more flexible policy on State aid and measures to stimulate locally generated development.

9.4. A special forum in Brussels, perhaps the CPMR (Council of Peripheral and Maritime Regions in Europe) could allow those representing European peripheral areas in the Community institutions to periodically take stock of progress in bringing European legislation in line with the particular circumstances of these areas.

*The Chairman*  
*of the Committee of the Regions*  
Manfred DAMMEYER

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