

## **P5\_TA(2003)0360**

### **Structurally disadvantaged regions**

#### **European Parliament resolution on structurally disadvantaged regions (islands, mountain regions, regions with low population density) in the context of cohesion policy, and their institutional prospects (2002/2119(INI))**

*The European Parliament,*

- having regard to its resolution of 24 April 1997 on development problems in the outermost regions of the European Union<sup>1</sup> and its resolution of 28 May 1998 on the problems of island regions in the European Union<sup>2</sup>,
- having regard to its resolution of 25 October 2000 on Article 158 of the EC Treaty with regard to the status of islands<sup>3</sup>,
- having regard to its resolution of 7 February 2002 on the Commission's second report on economic and social cohesion<sup>4</sup>,
- having regard to its resolution of 7 November 2002 on the first progress report from the Commission on economic and social cohesion<sup>5</sup>,
- having regard to Article 154 of the EC Treaty,
- having regard to Article 158 of the EC Treaty, in conjunction with Declaration No 30 annexed to that Treaty,
- having regard to the opinion of its Legal Service of 27 July 1998 (SJ218/98), which clarifies the interpretation of Article 158 of the EC Treaty,
- having regard to Article 162 of the EC Treaty,
- having regard to the Presidency Conclusions of the December 2000 Nice European Council (point 55 and declaration J),
- having regard to the Commission communication of 30 January 2003 entitled 'Second progress report on economic and social cohesion' (COM(2003) 34),
- having regard to the opinion of the European Economic and Social Committee on 'The future of upland areas in the EU'<sup>6</sup>,

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<sup>1</sup> OJ C 150, 19.5.1997, p. 62.

<sup>2</sup> OJ C 195, 22.6.1998, p. 59.

<sup>3</sup> OJ C 197, 12.7.2001, p. 193.

<sup>4</sup> OJ C 284 E, 21.11.2002, p. 329.

<sup>5</sup> P5\_TA(2002)0535.

<sup>6</sup> OJ C 61, 14.3.2003, p. 113.

- having regard to the Structural Fund regulations (EC) Nos 1260/1999, 1264/1999 and 1265/1999 of 21 June 1999 and (EC) No 1783/1999 of 12 July 1999,
  - having regard to Rule 163 of its Rules of Procedure,
  - having regard to the report of the Committee on Regional Policy, Transport and Tourism (A5-0188/2003),
- A. whereas cohesion is one of the Union's strategic objectives, aimed at securing its harmonious and homogenous overall development, in particular by removing factors which slow down development, for socio-economic reasons, or special geographical obstacles which undermine the competitiveness of and the quality of life in the areas concerned,
- B. whereas the principle of regional economic and social cohesion, as regards its economic and social aspects, is designed to form Union territory into a polycentric whole making for equal opportunities for all regions,
- C. whereas, although cohesion policy has so far achieved generally favourable results, as illustrated by the Commission's second report, these should not be allowed to conceal the problems still outstanding and the remedies needed,
- D. whereas, following enlargement, the Union will require a still more effective cohesion policy, given the vastly greater disparities there will be in a Community of 25 Member States,
- E. whereas in the immediate future, financial support should be provided to help backward areas in the new Member States without overlooking the problems and delayed development of currently eligible areas, particularly those with permanent handicaps and existing Objective 1 areas, which will certainly not be overcome by juggling with statistics,
- F. having regard to the Commission's study on islands and outermost regions of 5 May 2003,
- G. whereas cohesion policy must go beyond narrow economic criteria measured as a percentage of GDP and also encompass criteria that factor in the permanent structural features which hamper the economic and social development of the regions,
- H. whereas the actions taken under Objectives 1 and 2 in regions with permanent handicaps have been random in nature, producing variable results, but failing to achieve the objective of development meeting the needs of the original situation,
- I. whereas the outermost regions, which are characterised by permanent, severe and combined geographical, climatic and structural handicaps, owe their specific legal status chiefly to their great distance from the European mainland,
- J. whereas the objective of cohesion should no longer be considered solely from a purely socio-economic point of view but also from a regional one, particularly since – as already noted in the Commission's Second Report on Economic and Social Cohesion –

consideration of the regional dimension is fully compatible with an approach geared to the Union's thematic priorities,

- K. whereas the principle of 'territorial cohesion' may be defined as seeking to establish a principle of fairness among European citizens, wherever they may live, with a view to offering the Union's inhabitants fair conditions of access to services of general interest, and guaranteeing optimum conditions of competitiveness, sustainable development and improvement of quality of life to all its regions, taking account in particular of the diversity of their geographical and demographic situations,
- L. whereas insularity is both a geocultural factor - and thus an aspect that may need to be fully exploited as part of a development strategy - and a permanent handicap representing an additional constraint on competitiveness in the areas concerned,
- M. whereas Article 158, although it does refer to islands, has not proved to be an adequate means of ensuring the implementation of the policies and specific measures required by such areas,
- N. whereas the EU has 286 island regions with a total of around 10 million inhabitants,
- O. whereas mountain regions, which comprise approximately 30% of Union territory, are a specific feature of that territory and a part of its heritage, a heritage whose fragility calls for a clear-sighted policy of physical, economic and also cultural conservation,
- P. whereas the sparsely populated areas of the Union suffer from highly specific handicaps, such as extremely sparse populations, cold climates and long distances within the regions as well as to the main European markets, creating a situation of permanent structural disadvantage that requires special long-term support,
- Q. whereas the increasing population ageing in many European regions is one of the factors that might impede their social and economic development; whereas, therefore, European structural policy should allow for this point in the next reform,
- R. whereas there are numerous cases in which the above-mentioned constraints are combined (such as mountainous islands, or depopulated mountain regions) or aggravated (for example groups of islands, very small islands, or areas with very low population density such as the north of Sweden or Finland),
- S. whereas the farming systems of regions affected by permanent determinants (island regions, mountain regions, or regions with low population density) allow for permanent structural disparities which dictate and define the type of farming carried out in those regions; whereas Article 33(2)(a) of the EC Treaty refers to the particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions,
- T. whereas the current system of state aids either disregards or takes inadequate account of the specific situation of these regions, even though it is clear that the aids seeking to compensate for the permanent constraints should be seen as necessary re-balancing measures rather than as distortions of the internal market,

- U. whereas, in its resolution of 12 February 2003 on the Commission's White Paper on transport policy<sup>1</sup>, Parliament drew attention to the requirement for transport policy to help foster economic and social cohesion and deal with the specific nature of outlying, island and mountain regions, and regions with low population density and also pointed out the importance of meeting the particular needs of those areas,
- V. whereas the EC Treaty lays down an obligation in relation to the outermost and island regions,
1. Stresses its belief that a Community cohesion policy is crucial for the development of the Union and provides essential 'Community added value' capable of boosting development prospects and flatly rejects any attempt to renationalise this policy;
  2. Wishes to see cohesion policy focus on the objective of competitiveness by concentrating on all factors that influence economic development, ranging from human capital to research and from accessibility to infrastructure strengthening;
  3. Firmly stresses that the principle of solidarity, which underpins the Community's cohesion policy, should apply also to regions with special geographical obstacles to development, in other words island regions, mountain areas, and sparsely populated areas;
  4. Regards the Community Initiative Programmes as cohesion measures, as they have succeeded in promoting cooperation between regions while acquiring significant experience in the field of partnerships;
  5. Considers that, although the Treaty makes provision for measures to assist the outermost regions, no specific provision is made for other areas affected by permanent geographical handicaps;
  6. Calls, in preparation for the next programming period, for recognition of the various special characteristics of regions which suffer from special obstacles to development because of their geography (islands, mountain regions and sparsely populated areas); considers that regions in which these various geographical handicaps slow down economic development, productive development and employment development, and which are not eligible under other Structural Funds, must be able to benefit from a revamped Objective 2;
  7. Calls for a specific framework for intervention aimed at providing Community support for any activity seeking to bring about a lasting reduction in permanent structural constraints or to alleviate their consequences;
  8. Further proposes that, independent of their level of eligibility for future structural policies (Objectives 1 or 2, or phasing out), regions suffering from such permanent constraints may, within their respective classifications, benefit from a Community co-funding rate upgraded from 5% to 10% depending on the severity of the constraints suffered, and in particular whether they are subject to combined or aggravated constraints;

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<sup>1</sup> P5\_TA(2003)0054

9. Considers that the various bodies of the Union should consider how to apply Article 158 of the Treaty, which should be read in conjunction with Declaration No 30 annexed thereto, and requires specific coordinated measures to be taken to enable less favoured regions and island regions to compete on an equal footing with more advanced areas;
10. Calls on the Commission to launch an open debate, in preparation for the review of the structural policy regulations for the period 2007-2013, on the best way of making provision in the new rules for areas with permanent physical handicaps, so as to cater for their specific characteristics and optimise their development prospects;
11. Believes it necessary for the specific geophysical, cultural and economic features of mountain areas, which affect their development and influence the way of life of their inhabitants, to be duly taken into account in cohesion policy while recognising their individual features and making the most of their specific potential;
12. Calls for the Structural Fund regulations to include an explicit reference to mountain regions as being disadvantaged for the purpose of agricultural activities, similar to that contained in the common agricultural policy (Article 17 of the EAGGF Regulation);
13. Considers it vital to tackle the problems of mountain areas as part of a transnational and cross-border cooperation strategy capable of overcoming the inevitable fragmentation and accompanying inefficiency that result from a geographically restricted approach;
14. Believes that consideration should be given to including an explicit reference in the Treaty to areas of the Union with low population density according to Protocol 6 to the Act of Accession for Austria, Finland and Sweden; considers that this would allow more appropriate measures to be taken at both national and Community level to combat a development handicap which has its origins in permanent natural and geographical conditions, and would also allow these specific conditions to be reflected in other European Union policies such as competition policy, environmental policy and transport policy;
15. Acknowledges that long distances - to main European markets as well as within the regions - seriously hamper the competitiveness of the regions and their possibilities for development; urges that a wide-ranging assessment be carried out of the favourable effects information technology can have on sparsely populated areas; also calls for recognition of the unique cultural heritage and natural resources of the sparsely populated areas and their contribution to European added value;
16. Stresses the need, with a view to a future cohesion policy, for the EU, its Member States, the regions and local authorities to tackle the urgent problem of emigration and its causes, particularly in sparsely populated regions or those which are a considerable distance from central economic areas;
17. Believes that, as part of a more effective development strategy for islands, account must be taken in future regulations of the factors of isolation and difficulty of access referred to in the Treaty (in particular Article 158 and Declaration No 30 of the Treaty of Amsterdam) as criteria for eligibility under all actions planned under the cohesion policy;

18. Considers that the reform of Community competition policy must make it possible to enhance the impact of regional aid on regions with permanent geographical handicaps and to ensure that quality public services are preserved there;
19. Calls for Article 87(3)(a) of the EC Treaty on state aids to be amended so as to cover the case of regions affected by serious or permanent geographical or demographic determinants;
20. Also considers it necessary for other Community policies, particularly on transport and environmental protection, to take account of the specific characteristics of regions with permanent geographical handicaps in the context of a European regional development policy, thus providing coherent flanking measures for cohesion policy;
21. Points to the role that the major trans-European networks can play in order to overcome the handicap of inaccessibility and encourage competitiveness *and territorial cohesion*, and hopes that in future the TENs will focus more on areas with permanent handicaps;
22. Underlines the strategic importance of the European Spatial Development Perspective which, with a view to establishing a polycentric development model, can assist growth efforts in areas which, in addition to suffering from specific geographical handicaps, are generally remote from the central regions where economic activities are mostly concentrated; hopes that this strategic document will be reviewed, where appropriate, in the light of enlargement;
23. Considers it essential that the guidelines regarding state regional aids, which probably have a greater impact on the situation in these regions than do structural policies, should be redefined so that regions suffering from permanent structural constraints can benefit from reassessed net grant equivalent ceiling rates;
24. Calls on the European Intergovernmental Conference to include in the Union's constitutional treaty recognition of permanent geographical handicaps and the need for a Community strategy to overcome them;
25. Further proposes that a legal framework be set up conferring the necessary flexibility on provisions governing state aid, by amending Article 87(3)(a) of the existing Treaty to read as follows:

“The following shall be compatible with the common market:

(a) aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment, or which suffer from serious or permanent demographic handicaps”;
26. Considers, therefore, that there is a need to seize the opportunity offered by the drafting of the forthcoming constitutional treaty to tackle simultaneously the situation of these various regions, clarifying the provisions of Article 158 concerning islands and taking into account the situation of mountain and sparsely populated areas;
27. Suggests, therefore, that Article 158 of the Treaty be amended (along the lines of Declaration No 30 on Island Regions, annexed to the Treaty of Amsterdam) to include the

following provision: “[The Community] takes account of the permanent structural handicaps linked to island status, mountainous geography and low population density, particularly when these factors are combined or aggravated. In order to improve the integration of these regions into the internal market under fair conditions, it shall implement, where justified, specific measures in proportion to the severity of the constraints suffered.”;

28. Instructs its President to forward this resolution to the Council, the Commission and the Committee of the Regions.