

**MEMORANDUM  
OF SPAIN, FRANCE, PORTUGAL  
AND THE OUTERMOST REGIONS**

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**A RENEWED VISION OF THE EUROPEAN  
STRATEGY FOR OUTERMOST REGIONS**

**Las Palmas de Gran Canaria  
7<sup>th</sup> of May, 2010**

**I. PREAMBLE**

Bearing in mind the important times of changes and transformations Europe is going through, the Outermost Regions and their States have joined efforts to present before the Commission and other European Union Institutions a renewed vision of the European strategy for Outermost Regions.

With this Memorandum we meet the commitment to contribute to the idea of establishing objectives and priorities within the framework of the Europe 2020 Strategy and for the post-2013 period, jointly agreed by the State Secretaries of Spain, France and Portugal, and the Presidents of the Outermost Regions at the Communiqué of the XV<sup>th</sup> Conference of OR Presidents, held in Las Palmas de Gran Canaria on the 15<sup>th</sup> of October, 2009.

The Memorandum poves Spain, France, Portugal and the Outermost Regions' will to deepen and potentiate the otuermost dimension of the European Union within the framework of a partnership reinforced with the Commission.

Its elaboration is part of the continuity of a project initiated in 2007 with the Portuguese Rotating Presidency of the European Union, and followed in 2008 with the French Presidency, through which the three States and the Outermost Regions have encouraged and actively contributed to debate the European strategy for Outermost Regions, bearing in mind new challenges.

The Commission Communiqué of 17<sup>th</sup> of October, 2008 –“The Outermost Regions: and advantage for Europe”–, as well as the implementation of the Treaty of Lisbon, the launch of the Europe 2020 strategy, and the coming debate on financial perspectives and on the revision of Community policies represent the new scenario in which the singularity of the Outermost Regions must be taken into consideration and protected.

The legal basis of the concept of Outermost Region, introduced in 1997 by the Treaty of Amsterdam in response to a geographical and economic singular reality, has been confirmed and strengthened by the Treaty of Lisbon, which maintains the need of a specific treatment for the Outermost Regions.

Article 349 of the Treaty on the Functioning of the European Union renews the Unión's commitment with far-away regions. Furthermore, the Treaty reinforces the consideration of the Outermost Regions with respect to State aids, by specifically expressing in article 107 the compatibility of aids aimed at the improvement of the economic and social development of the OR according to their structural, social and economic situation, with the internal market.

In addition, the introduction of the territorial cohesion as an essential objective of the Union –placing it at the same level as the economic and social cohesion– represents an opportunity to deffinitely incorporate all regions –including OR– to the path of stable and everlast growth.

The Treaty offers a bridge among the statuses of the overseas territories, which will allow them to choose the most appropriate. Some territories –for example

Mayotte or Saint Barthélemy– have already initiated an evolution process in this sense.

In response to a moderate balance of the Community measures in favour of the Outermost Regions, it is required to think of new ways to allow a better application of article 349 of the Treaty on the Functioning of the European Union, guaranteeing at the same time the balance between potentialities and limitations.

In this context, Spain, France, Portugal and the Outermost Regions, on the grounds of the Joint Memorandum of the Outermost Regions “OR in the horizon of 2020” of 14<sup>th</sup> of October, 2009, share the need of a renewed global European Strategy guaranteeing coherence of the different policies, and placing the OR in the 2020 horizon, through a territorial point of view giving response to new challenges.

## **II. OUTERMOST REGIONS’ CHALLENGES IN THE HORIZON OF 2020**

The definition and application of the specific instruments the European Commission had been suggesting turned about in 2004 with the adoption of an integrated strategy based on three basic axes: accessibility and other specific limitations deficit reduction, competitiveness improvements and regional insertion.

Nowadays, the global crisis hitting most of the regions of the world enhances the fragility of the Outermost Regions.

Considering that the new global challenges for the horizon of 2020 will have repercussions at the EU, their effects will be more intense and complex at the Outermost Regions.

### **The Challenge of Globalization**

In a globalization context, the biggest advantage of the European Union is the single market. The OR, due to their remote and insular nature, have difficulties to fully benefit from such single market. However, their geographical location is at the same time one of their main positive factors for the future, as the Commission stated in 2004.

The Outermost Regions do not want to be mere spectators of the globalization. They look forward to having the necessary means to get into anticipation dynamics and not simply suffering its negative effects. The OR are also places where European values are promoted –democracy, peace, respect of fundamental rights and Human Rights.

The fact the OR belong to both the EU and their own geographical space requires a greater insertion ability at their geographical environment, to be achieved through dynamic regional strategies and, in parallel, a better integration in the internal market through the adaptation –whenever it is required– of the Community policies, especially those regarding physical, economic and technological accessibility.

The geostrategic location of the OR could be better exploited by the European Union foreign policy. Therefore, it will be necessary to find the balance allowing OR to benefit from globalization, as any other European Union region does.

### The Energetic Challenge and Climate Change

Due to their geomorphological characteristics and their geographic location, the OR are particularly exposed to natural and health risks. Therefore, the adaptation to climate change, the energetic supply and the development of renewable energies will require specific actions.

However, the OR have interesting strong aspects –unique in the EU– that may present these regions as privileged laboratories for research and experimentation –the development of renewable energies or the monitoring of phenomena related to the effects of climate change must guarantee the OR play a real role of platforms for regional, technological and scientific cooperation in their regions.

In order to face these challenges, it is necessary to reinforce the resistance capacity of the outermost economies against the risks of climate change, insisting on the reduction of their effects and on the adaptation and response capacity of these regions in case of catastrophes. This includes the adaptation of the Community policies in order to try to overcome OR's isolation and reduce the effects of their dependence on fossil energies.

### The Challenge of the Integrated Maritime Policy

The OR are destined to play a core role in their geographical areas and to protect biodiversity in the world. They must be placed in the centre of the European Maritime Policy.

It is necessary to encourage an integrated focus for each maritime basin, which will bring coherence to the Community interventions in the field of fisheries, transport and accessibility, environment, research, and innovation.

### The Challenge of Demographic Pressure

The OR are particularly sensitive to demographic challenges –in some cases the population is too young and in other cases it is too old. The increase of migration flows –in particular irregular ones– are also a notable characteristic of most OR. Furthermore, the limited space of the Outermost Regions multiplies the effects of demographic pressures in different fields (budget, infrastructures, transportation, etc.).

These particular situations require a specific response by the European Union.

Developing the objective of the territorial cohesion alone is not enough before these new challenges. It is necessary that all Community policies applied in the Outermost Regions are integrated within a logical territorial coherence.

### A Dynamic Development of the EU 2020 Strategy Adapted to Outermost Regions

The Europe 2020 Strategy must be translated into the economy development based on knowledge and innovation in order to make a more efficient use of resources and to achieve high employment levels in favour of economic, social and territorial cohesion.

The Europe 2020 Strategy must be developed bearing in mind regional diversity – especially in the OR– and it must guarantee territorial coherence of all Community policies according to article 349 of the TFEU. In this sense, the OR may be adequate spaces for the testing of the integrated and coherent application –in a regional level– of the Community Policies, through the well-balanced

association of the European, national, regional and local levels (“multilevel governance”).

All in all, the Europe 2020 Strategy must have, on the one hand, an “outermost dimension” and, on the other hand, the ability to inspire the OR actions for their economic renewed strategy.

### **III. OVERVIEW ON THE DEVELOPMENT OF OUTERMOST REGIONS**

#### Wealth and potentialities as growth factors

A renewed strategy, capable of facing the current challenges, shall be based on strategic factors taking advantage of the potentialities and comparative advantages of the OMRs, without underestimating their permanent structural difficulties..

The special vulnerability of Outermost Regions, regarding the economic and financial crisis in the world, requires likewise the adoption of measures guaranteeing the continuity of a sustainable economic development.

#### A unique role within the European Union and regional surroundings

The OMRs have their own and original characteristics which may be divided into two groups:

1. Some specific characteristics on geomorphology and climate, which offer an exceptional biodiversity and a great diversity of natural resources (marine, fishing, farming and forest resources, among others). These characteristics are crucial advantages for scientific research and turn ORMs into a factory of ideas, in which important global challenges may be defined, analysed and modified in the interests of geographical zones, the European Union and the rest of the world.
2. A specific geographical and geopolitical position within the European Union, which gives these regions the nature of European active frontiers in different parts of the world. Their location in less developed surroundings might confer them a crucial role as regards the growth of their respective geographical zones. As frontiers outside the EU, the OMRs also transmit EU values: democracy, peace and respect to human and fundamental rights.

#### A new model of economic development

The OMRs opts for a intelligent, sustainable and integrating growth in accordance with the EU 2002 Strategy. This must be also translated, within the said regions, into a greener, more opening economy, based on knowledge and innovation.

A strategy adapted to the specific reality of the OMRs should be implemented. The boost OMRs need requires a model which, by keeping the current activities, also offers new opportunities to the economic activity and future generations.

This commitment to diversification shall use the growth potential of OMRs and be based on employment generating activities.

To improve the quality of education, to reinforce research capacities and potential, to favour innovation and to promote and study in depth regional integration, is the more safest way to dynamise competitiveness, create permanent jobs and provide the necessary conditions for a real development.

A development strategy for the OMRs shall guarantee a balance between the OMRs internal market and their integration to the geographic surroundings. This firstly requires the reduction of accessibility deficit affecting these regions. In this way, OMRs citizens and companies will be able to gain access to the internal market, under the same conditions of those citizens and economic agents of the European continent. Only by doing so, synergies between the OMRs and neighbouring countries might obtain potential in order to become commercial centres and services, logistics platforms and a reference of knowledge applied in their respective geographical zones, by studying the complex question on regional economic insertion.

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This model of economic development needs a strategy which emerges from reality and applies properly the principle of equal opportunities, by warranting a balance between potentialities and handicaps. Besides choosing future strategic sectors, compensation measures should be taken in order to maintain primary and traditional sectors, and local industry and services. Finally, it must be a strategy based on a dynamic and constant partnership.

#### **IV. PRINCIPLES OF A RENEWED STRATEGY TOWARDS THE OMRs**

The Cayena Principles are still the cornerstone of community action in favour of the OMRs.

These four Principles were defined in 199 and represent the pillars of community action in favour of the OMRs: the appreciation of their potentialities, the equality of opportunities, the consistency of community policies and partnership.

##### Principle on the appreciation of potentialities

This Principle is the reason of change regarding the paradigm introduced in the Commission's communiqué in 2008.

The EU action shall provide those conditions so that the OMRs' potentialities become the real factor for the economic development.

##### Principle on the equality of opportunities

The EU shall guarantee an equal access for all regions and citizens to the European policies.

The OMRs should be the object of specific measures which guarantee this equality, by especially focusing the action on: the reduction of that deficit regarding physical accessibility (mobility and transportation), accessibility to knowledge (participation in the European area of research, innovation and information society) and accessibility to the economy (competence policy, taxes and customs measures).

##### Principle on the consistency of community policies

This Principle ensures the consistency between the future renewed strategy towards the OMRs and sectoral policies.

A greater consistency between internal and external matters of the community policies must also be guaranteed.

### Principle on partnership

To reinforce partnership implies the existence of a consistent and dynamic dialogue with EU institutions.

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Two new orientations, which ensure a better development of community policies in the OMRs, must be taken into account besides the aforementioned principles:

### The proportionality and analysis of the impact on community policies

The mechanical transpositions of certain measures in the OMRs applied by community policies can lead to disproportionate results and differences as regards the pursued objectives.

Besides the verification of the impact of legislative documents on social, environment and budget matters, a criterion of the impact on the “European outermost zone” has been proposed in order to evaluate systematically the possible effects of community policies on OMRs.

### Consideration of the reality in OMRs

The recognition of a statute and a special treatment to the OMRs have allowed developing an ultraperipheral approach in the community policies.

In spite of this, the balance of community action in favour of these territories is still incomplete.

In the future and, in particular, in those fields where there has not been so much progress (e.g.: transports, regional insertion, environment and climate change, research and innovation...), a specific frame of intervention shall be designed in the same way as the POSEI approach.

The community action of the Cayena Principle and these two orientations shall constitute, in the future, the bases of a specific, equal and common treatment for the OMRs.

## V. A RENEWED VIEW OF A EUROPEAN STRATEGY FOR OUTERMOST REGIONS

A renewed view of the European strategy for the Outermost Regions must include plans of action in the midterm with aims, instruments, and decisions that promote coherence between policies and orientations for greater efficacy and a structured assessment. It must have the necessary means to generate the results that are the aim of the relevant policies and instruments, in accordance with article 349 of TFUE.

The sustainable development of OMRs, also based on a logic of valorisation of their specific characteristics, requires paying special attention to the sectors at the base of a modern economy, less dependent on structural limitations, and thus more capable of meeting current challenges.

A renewed European strategy towards OMRs must necessarily be based on a triple balance:

1. The balance between potentialities and limitations. Preservation of compensation mechanisms for the effects of permanent limitations.

The European strategy towards OMRs must manifest itself in the form a balance between limitations (which requires the preservation and strengthening of compensation mechanisms) and potentialities (identification and strengthening of advantages or strong points), thus contributing to the achievement of the cohesion aim in its economic, social, and territorial aspects. Cohesion policy should remain one of the main vectors of community action in order to reduce disparities between European regions in general and OMRs in particular.

The future strategy must continue to develop on the basis of the three axes defined in 2004: decrease of the accessibility deficit and other limitations, strengthening of competitiveness, and improvement of regional insertion.

As made manifest in the Memorandum on Outermost Regions of 14<sup>th</sup> October 2009, the endogenous development of outermost regions requires specific measures, adapted in order to:

- Preserve and strengthen support to traditional sectors (agriculture, fishing, fish farming), introducing compensation mechanisms, should they not exist, or supplementing aids to local markets, when necessary, taking POSEI programmes as a model. This would be the case, for instance, of the milk sector from the point of view of the dismantlement of the milk quota regime.
- Strengthen support to other production sectors and to entrepreneurial development, including industrial activity, service industry activities, and tourism.
- Concentrate in the OMRs actions in strategic sectors for the future, such as research and innovation, the information society, and the environment, including renewable energy, natural risk management, investment in human capital, and the development of new technologies.

In addition, the experiences acquired through the adaptation of certain European Union policies or the instruments specifically adapted to OMRs must be consolidated: in particular in the domains of cohesion, European funds, finance, or State aids, as is the case of the *octroi de mer* in French OMRs or the AIEM in the Canary Islands.

## 2. The balance between the internal and external aspects of community policies. Territorial coherence

A development strategy for OMRs must guarantee the balance between belonging to the great internal market and integration within the local geographical context.

It must also guarantee coherence between the external and internal dimensions of the application of European policies in the OMRs, particularly as regards common agricultural and fishing policies, as well as environmental, transport, and trade policies.

Within the agricultural domain, the banana sector is a clear example of the gradual lack of tax protection of an emblematic OMR product, the result of the international trade liberalisation processes, which justifies appropriate measures, particularly adequate compensation through the relevant internal mechanisms, such as an increase in the POSEI programme funds.

For similar reasons, appropriate measures of a similar nature are equally necessary in the sugar and rum sectors.

On the other hand, the automatic incorporation of international commitments into European regulations, in domains such as the fight against climate change, must be sensitive to the various territorial realities, taking into account their potential effects on the European OMRs.

In the case of transport, air and sea communications between OMRs and their neighbouring countries remain faulty. The insertion of these regions within their geographic contexts requires public intervention in support of the promotion of new lines and improve the quality and regularity of already existing ones.

As for trade policy, the negotiation of bilateral or multilateral free exchange agreements (economic partnership agreements, multi-side trade agreements) can have economic and social impacts upon OMRs which must be previously analysed and must be the object of appropriate measures that preserve their interests, such as compensation measures, or adapted protection clauses.

To sum up, specific programmes and compensation systems, conceived to take into account the distance of OMRs with respect to the European continent, must be complemented by an approach that identifies OMRs also by their proximity to third-party countries, generally ACP countries, or with countries with which they hold privileged historical and cultural relations.

In its proposals on the future articulation of the regional integration of OMRs, the European Commission must approach with a broad mind and determination the difficulties for the integration of OMRs in their respective geographic areas, particularly the anomalies and disfunctions in the launching of territorial cooperation, the incidence of international trade agreements, and the impact of the external aspects of some community policies which may give rise to incoherence.

Even though the concept of “neighbourhood” as defined by the European Commission in 2004 seemed to be an adequate theoretical framework to dynamise the regional insertion of OMRs, its scope has been very limited until now. The effective application of the neighbourhood concept requires a new momentum including a comprehensive plan of action with means and instruments adapted to the OMR reality of each geographic area, including, if necessary, innovative formulas for financial instruments.

3. The balance between the adaptation of general community policies and the adoption of specific instruments for the OMRs

It is possible to adapt common policies to the reality of OMRs. But can the mere adaptation of policies conceived for the whole of the EU really translate into a coherent and efficient set of measures applicable to OMRs?

The answer to these question, which had already been sketched out in the conclusions to the Memorandum on OMRs of 14<sup>th</sup> October 2009, requires a balanced strategy that combines both approaches, making possible, in an exceptional way and when circumstances so require, the creation of a (legal, political, financial) framework that allows for the flexible application of common policies in the OMRs, which takes into account their permanent structural handicaps and enables the better exploitation of their opportunities and wealth.

In a similar way to the already existing specific programmes, such as POSEI or the compensation programme for additional OMR costs, other specific horizontal frameworks might be appropriate, specifically within the domain of the common transport policy, regional insertion, or competition regulations, particularly State aids.

## **VI. CONCLUSIONS**

In its 2008 Communiqué, the European Commission put forward a new approach to OMRs, which stressed the valorisation of their potentialities.

Like the Commission, the three States and the OMRs are betting on an approach that highlights the endogenous potential of OMRs. Moreover, they believe that, in order to favour the competitiveness of OMRs, any future strategy must adapt to their specific reality and its real possibilities, and thus must preserve an adequate balance between potentialities and handicaps. Experiences acquired through specific programmes for overcost compensation or exceptions to certain common policies must be consolidated.

States and Regions understand that OMR development priorities lie both in future-oriented sectors which can provide real growth and in traditional economic sectors, services, and industry. Taking into account the geostrategic position of OMRs, as well

as the specific impact of economic, environment, technological, and demographic challenges, must be fundamental elements in future OMR strategy.

In consequence:

Spain, France, Portugal, and OMRs, taking as their reference the Memorandum on Outermost Regions “OMRs in the 2020 Horizon”, which was signed in Las Palmas on 14<sup>th</sup> October 2009, reassert by means of this common contribution the necessity for a renewed community strategy towards the outermost regions.

Said strategy must fall within the framework of the 2020 EU Strategy priorities, in a distinct manner, on the basis of the principles of the valorisation of potentialities, equal opportunities, coherence, and partnership, and must be applied in a proportionate manner, adapted to the specific reality of these territories.

This must translate, within an economy which leans more heavily on knowledge and innovation and is more open to the world, which takes as its aim sustainable development and job generation, and which takes into account the specific impact on these regions of the new challenges.

The future strategy must have the necessary means to yield the results which, in accordance with article 349 of TFUE, aim to attain the relevant community policies and actions.

The new strategy must be based moreover on a triple balance:

- The balance between potentialities and limitations.
- The balance between the internal and external aspects of European policies.
- The balance between the adaptation of general community policies and the establishment of specific sector instruments.

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