



Council of the
European Union

Brussels, 31 March 2020
(OR. en)

7091/20

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COVER NOTE

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 23 March 2020

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

No. Cion doc.: COM(2020) 104 final

Subject: REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT,
THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE
EUROPEAN INVESTMENT BANK on the implementation of the
Commission Communication on a stronger and renewed strategic
partnership with the EU's outermost regions

Delegations will find attached document COM(2020) 104 final.

Encl.: COM(2020) 104 final



Brussels, 23.3.2020
COM(2020) 104 final

REPORT FROM THE COMMISSION

**TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN
ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS
AND THE EUROPEAN INVESTMENT BANK**

**on the implementation of the Commission Communication on a stronger and renewed
strategic partnership with the EU's outermost regions**

1. INTRODUCTION

This report reviews progress made in implementing the Communication “A stronger and renewed **strategic partnership** with the European Union outermost regions” (the Communication)¹.

The EU outermost regions - Guadeloupe, French Guiana, Martinique, Mayotte, Reunion Island and Saint-Martin (France), the Azores and Madeira (Portugal) and the Canary Islands (Spain) - face permanent **constraints** linked to their remoteness, small size, vulnerability to climate change and insularity², which put a brake on their growth and development. It is in this context that the Treaty on the Functioning of the European Union (Article 349 TFEU), provides for **specific measures** to support the outermost regions, including tailor-made conditions for the application of EU law in these regions and for access to EU programmes.

Scattered across the Atlantic Ocean, the Caribbean basin, Latin America and the Indian Ocean, the outermost regions provide the EU with **unique assets**: rich biodiversity, strategic location for space and astrophysics activities, extensive maritime economic zones, proximity to other continents.

In October 2017, the Commission adopted a Communication strengthening the partnership with the outermost regions and the respective Member States and reinforcing its commitment to supporting these regions on their path to growth. In April 2018, the Council welcomed the Communication and invited the Commission to continue working on specific measures for these regions in accordance with Article 349 TFEU³.

This report presents actions undertaken by the Commission, the outermost regions and the respective Member States in the sectors set out in the Communication⁴; it highlights achievements⁵; and it suggests to focus efforts on addressing climate change, protecting biodiversity, introducing circular economy and boosting renewable energy. These are key challenges for these regions as recognised in the flagship initiative European Green Deal⁶ which stresses that the Commission will pay particular attention to the outermost regions taking into account their vulnerability to climate change and natural disasters and their unique assets such as biodiversity and renewable energy sources. The report further highlights the need to strengthen efforts in other key sectors such as the blue economy and connectivity.

A new governance based on a strong partnership

Since 2017, as set out in the Communication, the Commission has systematically taken into account the **concerns and interests** of the outermost regions in **policy-making**.

In 2018, the Commission enshrined the specificities of the outermost regions in 21 **proposals for EU programmes 2021-2027** in a wide range of sectors including cohesion, agriculture, fisheries, research, environment, transport and digital connectivity as well as international cooperation. As such, the Commission created new opportunities and secured tailor-made provisions for these regions across most EU programmes.

In 2019 the Commission recommended that France, Portugal and Spain invest cohesion policy funds in their outermost regions on key sectors such as the circular economy,

¹ COM(2017) 623 final.

² The outermost regions are all islands or archipelagos except French Guiana which is situated in Latin America

³ Conclusions of the General Affairs Council of April 2018.

⁴ The report covers actions since the adoption of the Communication.

⁵ The Annexes present the actions undertaken by each outermost region and the respective Member State.

⁶ The European Green Deal - Commission Communication COM(2019) 640 final, 11.12.2019.

connectivity, skills and early school leaving in the context of the **European Semester** country reports. The Council's country specific recommendations call on these Member States to use cohesion funds taking into account regional disparities and the situation of the outermost regions. The respective 2020 country reports also highlight outermost regions' specificities.

The Commission analysed the possible impact of **trade agreements** under negotiation on the outermost regions' key economic sectors⁷. As a result, the 2019 political agreement on the trade part of the EU-Mercosur Association agreement contains a safeguard clause to protect outermost regions' local production. The outermost regions' specificities are being analysed in the on-going review of State aid legislation and of these regions' special taxation regimes.

The Commission consulted the outermost regions on their needs and provided tailor-made support accordingly. For example, the Commission consulted the outermost regions on their climate change adaptation needs and reflected them in the LIFE⁸ programme's 2019 call for proposals. It further organised two events to support these regions in shaping blue growth strategies⁹. The outermost regions have increased efforts to voice their interests by contributing with some 30 responses to public consultations. Finally, the Commission has reached out to the people of the outermost regions through citizens dialogues: in Martinique and the Canary Islands in 2018, in the Azores and Madeira in 2019.

EU cohesion, agriculture, fisheries and maritime policy funds have deployed significant means to support local investment strengthening the partnership with the outermost regions and the respective Member States, in particular the competitiveness of small and medium sized enterprises (SMEs), employment and social inclusion, environment and connectivity¹⁰. The support from those funds amounts to over €13 billion for 2014-2020.

The Commission has set up **two task forces** dedicated to supporting Reunion Island on energy transition and the Canary Islands on waste management, bringing together Commission services with national and regional stakeholders.

The EU statistics office (Eurostat) developed an internet page on outermost regions' data¹¹. In 2019, the Commission launched a study to improve data and knowledge for sustainable management of fisheries and conservation of fish stocks in these regions. France's statistical office is cooperating with Saint-Martin and Sint-Maarten to collect local data. Portugal's statistical office is working with Madeira and the Azores on agriculture, sea and transport data; the Azores are improving blue economy data and the Canary Islands local production data.

The Commission enshrined the outermost regions' concerns in an unprecedented number of EU initiatives and the regions redoubled efforts to provide input to policy-making. There is scope to explore further the potential of task forces. Data collection at outermost regions' level is needed to support policy-making adapted to these regions.

⁷ Council Decision (EU) 2020/13 on the negotiation directives of Economic Partnership Agreements with the African, Caribbean and Pacific countries and regions states that these agreements “provide for specific measures in favour of products from the outermost regions, aimed at their integration into intra-regional trade”.

⁸ L'Instrument Financier pour l'Environnement.

⁹ Outermost Regions Forum for Maritime Affairs and Fisheries in 2018 and 2019.

¹⁰ <https://cohesiondata.ec.europa.eu/2014-2020/2014-2020-RUPs-OR-EU-planned-investment/8gwq-ke5u>

¹¹ Regions and cities' illustrated: <https://ec.europa.eu/eurostat/cache/RCI/#?vis=outermost.economy&lang=en>

2. BUILDING ON THE OUTERMOST REGIONS' ASSETS

The Communication highlights the outermost regions' assets – including blue economy, biodiversity, renewable energy sources – and puts forward action to develop opportunities in these sectors with a view to supporting growth.

Blue economy

The Commission strengthened the legal and financial framework to enhance blue economy in the outermost regions, while ensuring a sustainable management of marine resources and ecosystems. In 2018, the Commission revised the EU **State aid guidelines** to allow public support for the acquisition of fishing vessels in the outermost regions under a set of conditions aimed at securing sustainable fisheries.

The Commission further proposed **specific measures** for the outermost regions in the European Maritime and Fisheries Fund 2021-2027, including an earmarked budget for these regions both for structural investments and for **compensation** of additional costs. The Commission further proposed that each Member State develops an **action plan** to address fisheries and sustainable blue economy-related challenges in their outermost regions.

In 2019, the Commission created an Advisory Council for the Outermost Regions to consult stakeholders from these regions on issues related to fisheries and ensured that the **EU-Mercosur Association agreement** commits the parties to combating illegal fishing. As regards fleet capacity, in 2019 the Commission presented an **evaluation of the “Entry/Exit” scheme** under the Common Fisheries policy. In Its Green Deal Communication of December 2019, the Commission stressed the central role of blue economy in tackling climate change and announced its intention to propose ways to manage maritime space more sustainably.

The Council adopted conclusions on Oceans and Seas stressing the importance of European Maritime and fisheries policies in supporting the outermost regions' blue economy, and these regions' vulnerability to climate change affecting their coasts, ecosystems and biodiversity¹².

The outermost regions are shaping **blue economy strategies** aimed at achieving a sustainable use of marine resources and preserving biodiversity - progress is uneven and varies in scope and focus. Some regions are improving maritime spatial planning for a better use of oceans in particular the Azores, Madeira, the Canary Islands and Reunion Island with the support of the European Maritime and Fisheries Fund. Many regions have developed **support measures** such as financial instruments for small-scale operators (Madeira credit line for small enterprises, French Guiana loans to small operators; Mayotte aid for acquisition of vessels), and skills development (Martinique, the Azores, Madeira).

The outermost regions are investing further in **emerging sectors**, such as the monitoring and exploration of maritime spaces (Azores Atlantic Observatory), or marine renewable energy (Canary Islands PLOCAN platform). All outermost regions fostered the **sustainable development of fisheries** through the ORFISH project; and some are promoting sustainable blue tourism, for example in the Caribbean Sea.

To boost blue growth, the regions need tailor-made, comprehensive blue economy strategies encompassing traditional and innovative sectors. Focusing on innovative activities,

¹² Council conclusions on Oceans and Seas of 19 November 2019.

improving scientific knowledge on fisheries and marine areas and maximising EU and national support are important in this regard.

Agriculture and rural development

The Commission's proposal to reform the **Common Agricultural Policy 2021-2027** provides specific conditions and derogations reflecting the outermost regions' needs. The proposals envisage that national strategic plans take into account the specific circumstances of the outermost regions; and that these regions benefit from the maximum co-financing rates under the **European Agricultural Fund for Rural Development**; and from a set of specific favourable conditions.

In addition, the Commission proposed to continue the EU agricultural scheme **POSEI** for the outermost regions, thus maintaining direct payments to farmers in these regions. In 2017-2019, the POSEI scheme supported agricultural production and employment in the outermost regions, guaranteed the supply of selected agricultural products to these regions, and mitigated the additional costs of transporting such products.

With the support of their EU co-financed rural development programmes, the outermost regions helped young farmers to grow and market products such as avocado, bananas, sugar cane, and developed agro-environmental measures and LEADER¹³ initiatives. These measures put strong emphasis on improving the living conditions of the rural population.

Several outermost regions have developed **quality schemes** for agricultural products in combination with marketing measures. Others invested in **new agriculture technologies**, such as growing plants and vegetables without soil in Saint-Martin, using remotely piloted aircrafts in the Azores, and testing the use of organic resources in French Guiana. The French government is also developing **risk management tools** for example for banana production.

Agriculture remains a key sector: ensuring quality and innovation in local production, a fair income to farmers and optimising support tools are key challenges to overcome.

Biodiversity

To support the outermost regions in preserving their unique biodiversity, in 2019 the Commission launched a call for projects tailored to the needs and capacity of these regions (Life4BEST). The Commission proposed that the **LIFE programme 2021-2027** supports nature and biodiversity in the outermost regions; and provides special regard to these regions in its award criteria. Biodiversity projects are in addition eligible for funding under the Commission proposal for the **European Regional Development Fund 2021-2027**.

The Commission highlighted outermost regions' unique biodiversity in its Green Deal, which presents climate change as one of the key drivers of biodiversity loss.

France has intensified efforts to support biodiversity in its outermost regions with a dedicated action plan (2018). The French agency for biodiversity is supporting over 80 projects in the outermost regions. Portugal financed projects to support biosphere reserves in the Azores and Madeira. French Guiana, Reunion Island, Guadeloupe and Mayotte are setting up regional biodiversity agencies. Martinique launched a programme to preserve and value biodiversity

¹³ Programme LEADER: Liaison entre actions de développement de l'économie rurale.

(2019) while Reunion Island and the Azores are protecting local habitats and endemic species with support from the European Regional Development Fund¹⁴ and the LIFE programme.

In addition, the outermost regions increased their cooperation on biodiversity with **Overseas Countries and Territories or third countries** under Interreg programmes.

The outermost regions host an important share of EU biodiversity that constitutes one of their major assets. Sustained and coordinated efforts across policies are required to preserve these regions' biodiversity while exploring its potential.

Circular economy

The Commission specifically targeted the outermost regions in the **LIFE work programme 2018-2020. Waste management** in these regions features amongst the themes of this work programme. Furthermore, upon request of the Canary Islands and with the support of Spain, the Commission has set up a task force to identify obstacles and shape solutions to improve waste collection, reuse, recycling, and traceability on these islands, bringing together European, national, regional and local administrations. The Commission further proposed that the European Regional Development Fund supports transition to circular economy in 2021-2027.

In its conclusions of October 2019 on the circular economy, the Council stressed the need to take into account the specific situation of the outermost regions and to ensure a fair and inclusive transition. In addition, in March 2020 the Commission adopted a new Circular Economy action plan covering the entire lifecycle of products and focusing on high intensity sectors, which highlights the specificities of the outermost regions.

In 2019, France declared the intention to progress towards “zero waste” in its overseas territories¹⁵. The French regions are developing regional plans for preventing and managing waste; the Azores revised its regional waste strategic plan.

Most outermost regions are shaping circular economy action plans encompassing sustainable production and consumption as well as waste management. Several regions developed projects to introduce circular economy models, reduce waste and eliminate plastic waste. In 2018-2019, most French outermost regions launched calls for projects to develop circular economy with the support of the French environment and energy agency. For example, Reunion Island implemented 22 circular economy-related projects ranging from design and life duration of products to recycling; Martinique created repair services and organised awareness campaigns on reducing waste.

The outermost regions have much to gain from putting in place circular economy models as an essential condition for sustainable growth. It is important to speed up efforts on waste management, in particular on improving circularity in bio-waste management and treatment and in reducing waste through reuse or repair.

Climate change

In its 2018 **evaluation of the EU adaptation strategy**, the Commission underlined the need to switch from generating knowledge to using it to shape action in the outermost regions. As announced in the **Green Deal** Communication, the Commission intends to adopt an ambitious EU strategy on adaptation to climate change. The LIFE 2018-2020 work programme

¹⁴ The European Regional Development Fund allocated over €54 million to biodiversity in the outermost regions in 2014-2020.

¹⁵ Trajectoire outre-mer 5.0.

specifically sets out projects on preparedness for **extreme weather events** in the outermost regions. In this context, LIFE is supporting Guadeloupe and French Guiana in restoring their ecosystems to protect their territories against climate change effects such as sea level rise.

The Commission further proposed climate change as one of its investment priorities in the European Regional Development Fund 2021-2027¹⁶. The Commission further deployed €49 million from the **European Union Solidarity Fund** to support the reconstruction of Saint-Martin and Guadeloupe which were severely hit by hurricanes Irma and Maria in 2017. This fund was also mobilised to support the Azores which were hit by hurricane Lorenzo in October 2019¹⁷.

In 2019, France appointed a delegate to accelerate **preventive and adaptation measures** in the French outermost regions. The Azores adopted a regional Climate Change programme in September 2019, while the Canary Islands set up an Observatory on Climate Change in 2018.

The outermost regions are particularly vulnerable to severe weather events linked to climate change. There is a need for sustained and coordinated action at all levels, across policies, channelling investments to enhancing adaptive capacity, resilience building, prevention and preparedness to climate change.

Energy

The EU adopted legislation to support renewable energy and energy efficiency. For example, the 2018 Renewable energy Directive¹⁸ – to be transposed by mid-2021 - acknowledges the role of local communities in the clean energy transition, a role particularly important in isolated territories such as the outermost regions.

In the context of the “**Clean energy for EU islands**” initiative, the Commission is providing advice to Guadeloupe, the Azores and the Canary Islands on how to develop strategies and projects on clean energy, and has promoted outermost regions’ knowledge on renewable energy in the initiative’s annual forum in the Canary Islands in 2018. In addition, in 2019, the Commission put in place a facility¹⁹, supported by Horizon 2020, to mobilise at least €100 million in sustainable energy projects in European islands, including the outermost regions, and committed itself in its Green Deal Communication to developing a long-term policy framework to accelerate EU islands’ transition, as supported by Member States.

As from 2021, the **Connecting Europe Facility** (CEF) is due to provide important opportunities for the outermost regions: a preferential rate for energy (and digital and transport) works and special attention in the award criteria. The Commission further proposed to focus the European Regional Development Fund’s investments in 2021-2027 on energy efficiency measures and renewable energy as one of its priorities for a greener Europe.

Upon request from Reunion Island, the Commission has set up a **task force on energy transition** in 2018 with representatives from national and regional services and the private sector, leading to an action plan to improve coordination between different initiatives.

¹⁶ The total European Regional Development Fund planned support for climate change in all the outermost regions in 2014-2020 is around €1.1 billion.

¹⁷ An advance on the expected European Union Solidarity Fund assistance was paid in December 2019.

¹⁸ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

¹⁹ <https://www.nesoi.eu/>

In 2019, France launched calls to support areas non-connected to the continent: over one third of the €530 million budget is dedicated to deprived populations. Spain supports training and dissemination of knowledge on renewable energy and energy efficiency in the Canary Islands.

The outermost regions launched their own strategies to reduce greenhouse gas emissions and increase renewable energy and energy efficiency. They also developed projects with EU or national funding such as solar or biomass based electricity production (Martinique, Guadeloupe, French Guiana) and smart micro grids (Reunion Island). Many outermost regions invested in electric mobility. Since 2017, the Canary Islands have more than doubled the amount of time during which the El Hierro Island is using 100% renewable energy.

Given the outermost regions' dependence on imported fossil fuels, sustained efforts are needed to accelerate energy transition, in particular investing in smart grids and storage, in renewable energy sources, including marine energy, in clean transport solutions and in energy efficiency thus contributing to energy autonomy in these remote regions as well as to carbon neutrality.

3. ENABLING GROWTH AND JOB CREATION

The Communication puts forward action to unlock growth in the outermost regions including investments in research and innovation, entrepreneurship, skills development, as well as digital and transport connexions.

Research and innovation

To boost the outermost regions' research potential, the Commission launched a dedicated call for a **coordination and support action** under the EU research programme Horizon 2020. This resulted in the FORWARD project bringing together universities, industry, civil society and governments of all outermost regions to **map their research capacities**, identify fields of excellence, and support their participation in international research projects.

In addition, the Commission proposed that the EU programme “**Horizon Europe**” 2021-2027 extends its “widening participation and spreading excellence” actions to the outermost regions. Furthermore, in 2021-2027, these regions can benefit from the new instrument for interregional innovation investments within European territorial cooperation to participate in global value chains and increase their linkages with other European regions in common areas of smart specialisation.

Most outermost regions are evaluating their **smart specialisation strategies**²⁰ to adapt their innovation ecosystems to the most promising sectors. The Azores, Madeira and the Canary Islands are shaping the Macaronesia trans-regional specialisation strategy. The outermost regions have developed initiatives to foster local actors' integration in international research networks and to improve their participation in EU-funded research (e.g. Azores' Plan for the Internationalisation of Science and Technology). France has further endeavoured to boost the innovation capacity of its regions with the French Great Investment Plan 2018-2022.

The targeted sectors vary according to the regions. Some regions focused on blue economy, for example with the Horizon 2020 project on climate change impacts from maritime transport, tourism, energy and aquaculture involving Macaronesia and Caribbean regions. Others invested in space, for example the Azores and Portugal with the new international

²⁰ Putting in place smart specialisation strategies to support regions and Member States in their economic transition is a pre-condition for benefiting from European Structural and Investment Funds in 2014-2020.

spaceport and the Portuguese space agency on the island of Santa Maria. Other regions have invested on energy transition (Reunion Island's and Canary Islands' action to decarbonise energy systems), on healthcare (Madeira, Guadeloupe); and on the development of agro-resources or cosmetic products based on natural substances (French Guiana).

Developing the outermost regions' research and innovation potential is key to boost growth in these regions. Increasing their participation in international research networks and global value chains both within Europe and with third countries can help the outermost regions to strengthen their innovation systems and create employment.

Employment, education and training

EU cohesion and agriculture policy funds are providing substantial support to social development in the outermost regions²¹.

The Commission's proposal for the European Social Fund Plus 2021-2027 safeguards the highest co-financing rates for the outermost regions, sets up a **specific additional allocation** to support employment, education and inclusion in these regions, and earmarks 15% of the national strand to **support young people** in those outermost regions with a significant rate of young people not in employment, education or training.

In 2018, the Commission improved access to microfinance in the French outermost regions by increasing the Employment and Social Innovation Programme's guarantee to an association supporting small entrepreneurs, ADIE. In addition, the Commission further increased **the Youth Employment Initiative's** allocation for France, including its outermost regions, as well as the **European Social Fund** resources for Spain, including the Canary Islands.

In the same year, within **Erasmus+**, the Commission increased the monthly grant for outermost regions' residents and the travel grants for Mayotte and Reunion Island citizens²². The Commission also extended Erasmus' specific conditions for outermost regions' citizens to the **European Solidarity Corps**. In its proposal for Erasmus 2021-2027, the Commission committed to **increasing the outermost regions' participation** in mobility schemes, including with **neighbouring countries**, and to monitoring this participation.

France has revised its legislation²³ with a view to developing apprenticeship contracts with neighbouring third countries. Most outermost regions – Martinique, Reunion Island, the Azores, Madeira, the Canary Islands – have developed action plans to improve entrepreneurship within the GROWRUP Interreg project aimed at the unemployed in the blue and green economy sectors. French Guiana created a professional bachelor degree in aerospace; Reunion Island is investing in its regional university; the Azores launched several initiatives to promote young people's employment.

²¹ The European Regional Development Fund, the European Social Fund and the European Agricultural Fund for Rural Development together have allocated over €3 billion to support social inclusion, education, vocational training and employment in the outermost regions in 2014-2020.

<https://cohesiondata.ec.europa.eu/2014-2020/2014-2020-RUPs-OR-EU-planned-investment/8gwq-ke5u>

²² By creating exceptional travel grants for residents travelling from over 8 000 km away.

²³ "Loi relative à la liberté de choisir son avenir professionnel", 5.9.2018.

Improving skills, in particular among young people, is essential to match labour market needs and enhance citizens' employability. Further investment in international mobility would improve cooperation with neighbouring countries and support regional integration.

Competitiveness, entrepreneurship and Single market

The EU cohesion and agriculture policy provide substantial support to boost SME competitiveness in the outermost regions²⁴.

To improve these regions' access to funding, the **European Investment Advisory Hub** analysed the situation of each region and proposed ways to maximise financial support, including from the European Fund for Strategic Investments²⁵. The Commission fostered discussions with national and regional authorities and financial institutions on the solutions proposed and encouraged their implementation. In addition, the Commission proposal for the InvestEU programme encourages Member States to address market failures in the outermost regions, using the programme to attract private investment and increase funding leverage.

In 2019, the Commission launched a call for proposals under **Erasmus for Young Entrepreneurs**, encouraging applicants to include entities from the outermost regions. As a result, a first contact point in Martinique is supporting local entrepreneurs. The Commission's proposal for the **Single Market Programme 2021-2027** further stresses the need to better integrate the outermost regions in the internal market. In addition, the Commission proposed that the **European Regional Development Fund** continues providing a specific allocation to offset the additional costs faced by enterprises located in these regions. Support from the **Enterprise Europe Network** is available in the Azores, Madeira, the Canary Islands, Martinique, Guadeloupe and Reunion Island.

France supported outermost regions' companies with specific fiscal schemes or funding conditions. The Canary Islands and Martinique drew up internationalisation strategies. Some regions intensified trade relations with neighbour third countries. For example, Guadeloupe supported businesses in exporting to the USA; the Reunion Island created a service to support start-ups in Mozambique and financial instruments for SMEs supported by the European Regional Development Fund. Mayotte and Reunion Island are establishing Technopoles.

Greater efforts are needed at all levels to improve entrepreneurship and to boost competitiveness on high potential sectors, such as biodiversity and blue economy.

Digital accessibility

In 2017, the Commission launched the EU network of **broadband competence offices** to support Member States and regions in designing and implementing strategies to bring broadband to areas not served by commercial deployment. The Commission has encouraged outermost regions' participation in this network, and has recommended that Member States support their involvement. The Commission also approved two major projects for high-speed broadband networks in Reunion Island (2018) and Martinique (2019), to be supported by the European Regional Development Fund. In its proposal for the Digital Europe programme

²⁴ The European Regional Development Fund and the European Agricultural Fund for Rural Development are co-financing projects to support SME competitiveness in the outermost regions worth €1.5 billion in 2014-2020 <https://cohesiondata.ec.europa.eu/2014-2020/2014-2020-RUPs-OR-EU-planned-investment/8gwq-ke5u>

²⁵ https://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/rup_2019/invest_platform_feasibility_study_en.pdf

2021-2027, the Commission envisaged specific digital entities in the outermost regions and singled out these regions in the award criteria. In addition, under the Connecting Europe Facility 2021-2027, projects supporting new or upgraded backbone networks, including submarine cables between Member States and between the Union and third countries, will be eligible for support. Furthermore, the indicative list of digital connectivity infrastructure projects of common interest accompanying the Connecting Europe Facility proposal²⁶ as modified by the European Parliament and the Council²⁷ includes a new submarine cable linking Madeira, the Azores and Portugal mainland. Digital connectivity projects in the outermost regions can benefit from a higher co-financing rate.

France raised digital skills by investing in education centres, while Madeira and the Canary Islands developed new courses. In 2019 Portugal created a working group to prepare the replacement of the submarine cables between its outermost regions and the mainland. In addition, Madeira and French Guiana planned to connect to the submarine cable linking Portugal with Brazil with EU support of €26.5 million.

Increasing outermost regions' digitalisation on the basis of good connectivity to the EU and third countries is important to enable these regions to take advantage of the digital single market and do business internationally. The broadband competence offices network can help the outermost regions in reinforcing their capacity to implement projects in this sector through exchange of good practices and technical support.

Transport

The Commission proposed specific provisions for the outermost regions in the Connecting Europe Facility 2021-2027: transport works such as connections to airports, ports, urban nodes in these regions are eligible for funding and can benefit from a higher co-financing rate.

Furthermore, the Commission proposed that, as an exception, the outermost regions can use the European Regional Development Fund 2021-2027 to invest in **airport infrastructure**. In 2019, the Commission also provided the outermost regions with an analysis of their connectivity needs, identifying potential infrastructure and service-related projects.

The Commission intends to propose a review of the **Trans European Transport Network guidelines in 2021**, and to analyse the outermost regions' specific concerns in this context. Finally, the European Investment Bank invested respectively €100 million and €60 million in the airports of Reunion Island and Guadeloupe with support from the European Fund for Strategic Investments.

The outermost regions continued to improve internal road and maritime transport infrastructure with the support of the European Regional Development Fund. This includes improving the safety of road infrastructure and developing public transport in Madeira, French Guiana and Mayotte; and improving the accessibility of various islands in the Azores. In addition, French Guiana is establishing new maritime transport routes with third countries and Guadeloupe a new flight connection with the United States.

Sustained efforts at EU, national and regional levels are required to support connectivity in the outermost regions. Shaping a sound pipeline of projects and optimising available support are important in this regard.

²⁶ Part V of the Annex to the Proposal for a Regulation of the European Parliament and of the Council establishing the Connecting Europe - COM(2018) 438 final.

²⁷ Trilogue on the Regulation establishing the Connecting Europe Facility on 7 March 2019.

4. SCALING UP OUTERMOST REGIONS' COOPERATION WITH THEIR NEIGHBOURHOOD AND BEYOND

The Commission's proposal for European Territorial Cooperation 2021-27 seeks to **facilitate cooperation between the outermost regions and their neighbours** with a ring-fenced budget and flexible rules on cooperation aligned with the external funding instrument. In this context, the outermost regions have exchanged good practices to **facilitate joint projects** in 2019 and have set up common platforms involving external programmes.

The EU launched negotiations with the African Caribbean and Pacific States on the post-Cotonou agreement, with a negotiating mandate that enshrines the need to consider the concerns and situation of the outermost regions. This agreement is important in shaping cooperation on global issues such as ocean governance.

In 2019, Guadeloupe became a member of the Organisation of Eastern Caribbean States and Saint-Martin requested to become an observer. French Guiana launched a study on the obstacles faced by local companies, while Martinique and Reunion Island supported internationalisation of local enterprises and Reunion Island and Mayotte supported student mobility to third countries. The outermost regions participated in regional cooperation projects with their neighbours on e.g. transport, health, blue tourism, skills. The Macaronesia regions strengthened cooperation with Cape Verde, Mauritania and Senegal through the Hexagone project under their territorial cooperation programme. In 2018 and 2019, the Caribbean Sea countries, together with the outermost regions in the area, engaged in a joint exercise to test the Tsunami Early Warning System.

Some outermost regions are facing important socio-economic challenges due to **migration**. In this context, national programmes supported through several EU Funds include a number of dedicated actions. For example, the EU Asylum, Migration and Integration Fund and the Internal Security Fund supported the handling of requests for asylum in French Guiana, the development of the European Border Surveillance system in the Azores and Madeira, and the integration of migrants in society and in the labour market in the Canary Islands. France created services specialised on migration in Mayotte. In Madeira, the cohesion policy funds supported projects to provide healthcare, education, social security and housing to citizens from Venezuela. Concerning mobility with **neighbours**, the EU reinvigorated relations with Morocco, as confirmed by the EU-Morocco Association Council of June 2019.

Building trust in neighbouring countries and developing common practices for sharing resources are key to exploit the new opportunities for cooperation. Platforms involving both European Regional Development Fund and European Development Fund stakeholders could support this purpose. Mobility partnership agreements could ease regional integration.

5. CONCLUSIONS

The implementation of the 2017 Communication "A stronger and renewed strategic partnership with the EU outermost regions" is on the right track. In just over two years, the Communication has triggered concrete positive results for the outermost regions.

The Commission has delivered on its commitments by creating specific opportunities for the outermost regions in a wide range of EU programmes, by consistently adapting EU legislation, policies and tools to their needs and interests, and by providing tailor-made support to these regions. It is important that the European Parliament and the Council adopt

EU programmes 2021-2027 that provide tailor-made access and specific conditions for the outermost regions as proposed by the Commission.

The outermost regions and the respective Member States have played their part by adopting regional and national strategies and developing concrete initiatives to implement the Communication, and by making their voice heard in policy-making.

Taking into account progress made, fully implementing the Communication **requires speeding up and focusing efforts, at all levels, on key sectors: addressing climate change, protecting biodiversity, introducing circular economy and shifting towards renewable energy**. Investment in these sectors is particularly important to secure sustainable growth in these vulnerable, remote and isolated EU regions. This is why the Commission will pay particular attention to the role of the outermost regions in the Green Deal, taking into account their vulnerabilities and assets. The European Regional Development Fund constitutes an important source of funding to invest in these sectors.

In addition, there is a need to pursue efforts to continue developing the blue economy, and improving connectivity in the outermost regions. Investing on skills remains a key factor to support job creation and entrepreneurship across sectors.

A robust partnership and close cooperation between the European Union, the outermost regions and the respective Member States remains key to developing the potential of these remote regions and to support their transition towards a green economy that puts people first. While the situation of each outermost region varies considerably, there is still a long way to go to bridge inequalities between these regions and the European continent.

Reaching out to the outermost regions contributes to building an inclusive European Union **that leaves no one behind**. In turn, the outermost regions, with their unique assets, can contribute significantly towards **a greener, climate neutral and sustainable European Union**.