



COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION

on implementation of Article 299(2) of the EC Treaty: measures to assist the outermost regions

1. INTRODUCTION

Since the adoption of the Commission's report of 14 March 2000 on measures to implement Article 299(2) of the EC Treaty concerning the outermost regions¹, it has sent the European Council a report every six months assessing the situation and reviewing the measures to be adopted to offset the serious and permanent handicaps affecting these regions and assist their socio-economic development. These measures remain essential because the development of the outermost regions is still lagging behind, even though these measures have undoubtedly helped reduce the gap.

Paragraph 58 of the conclusions of the Seville European Council of 21 and 22 June 2002 invited the Council and the Commission to press ahead with implementing Article 299(2) of the Treaty and to adopt suitable proposals for these regions' special needs to be taken into account through the various common policies, in particular transport policy, and in the reform of regional policy. In this connection, the European Council asked the Commission to submit a new report on those regions, built on a global, coherent approach to the special characteristics of their situation and to ways of addressing them.

During the second half of 2002, the Commission continued the work it had begun with the March 2000 report. It took note of the conclusions of the June 2002 European Council and established the instruments to prepare the planned general report and any proposals required. The Commission also pursued the partnership it had established with the outermost regions and took steps to ensure continued coordination of its initiatives within its own departments.

This report is not, however, the general report updating the one adopted in March 2000 as suggested by the Seville European Council but the six-monthly report reviewing the measures adopted under the various Community policies during the second half of 2002. The report requested by the Seville European Council can only be generated from the agreements and discussions with the outermost regions and the memoranda which the Member States concerned intend to submit to the Commission during the first half of 2003. Nor can such a report present a global strategy, as suggested by the Seville European Council, unless it includes the guidelines to be determined during 2003 on the institutional future of Article 299(2) and the definition of regional policy from 2006.

It is against that background that this report reviews the most significant recent stages in developments concerning the outermost regions during the second half of 2002; at the end of 2003 it will be supplemented by a general report as proposed at the Seville European Council.

It should also be noted that the Community takes account of the concerns relating to Article 299(2) EC through its policies based on other articles of the Treaty and these will be reflected in this report. Since the purpose of this report is not to specify the legal basis for Community instruments to be adopted in the future, the developments below should be interpreted without prejudice to the determination of the legal basis for the instruments to whose adoption reference is made.

¹ COM(2000) 147 final.

2. TRADITIONAL PRODUCTS

2.1. **In the area of agriculture, recent developments include as a major feature the Commission's communication on the mid-term review of the common agricultural policy (MTR)². The aim of the planned reform of agriculture is to respond to the new challenges which have arisen in recent years and to complete the reform process begun in 1992 and continued through Agenda 2000. This reform seeks to raise the profile of the rural development pillar of the common agricultural policy while de-emphasising market management.**

The outermost regions are anxious to know what the impact of this reform will be on them. The Commission would like to stress in response that it will adopt the most appropriate arrangements for taking account of their particular situation, both in the mid-term review and in the implementation of the CAP in general. The measures to implement this reform should be clarified in the first half of 2003.

As regards changes in the measures concerning traditional products, the Commission notes that in 2001 the Council adopted the regulations concerning the agricultural aspect of the POSEI schemes³ laying down the reform process for supporting agriculture in the outermost regions. The Commission implemented these reforms in 2001 and 2002.

Particular mention should be made of the market organisation for three agricultural products in the outlying regions: rice, sugar and bananas.

Under the mid-term review, the Commission intends to present the Council with new measures concerning rice.

In the case of sugar, the new Regulation adopted by the Council in 2001 and the special measures under the POSEI regulations apply and the guarantees for production and prices extended until 2006 under these arrangements also support the production of beet and cane in the outermost regions. The Commission intends to present the Council in 2003 with a report on possible new guidelines for this policy from 2006.

The questions concerning bananas relate to the import into the Community of bananas from non-member countries, the common organisation of the market and the scheme of compensatory aid for production.

As regards imports from non-member countries, the agreement with the United States and Equator in 2001 stabilised trade, allowed the compensatory aid scheme to continue and provided for movement to a tariff system from 2006. Its entry into force was decided by Council Regulation (EC) No 2587/2001 of 19 December 2001 amending Regulation (EEC) No 404/93 on the common organisation of the market in bananas⁴. Under Article 32 of Regulation (EEC) No 404/93⁵, the Commission is to

² Commission communication of 28 July 2002 (COM(2002) 394 final).

³ Council Regulations (EC) Nos 1452/2001 (Poseidom), 1453/2001 (Poseima) and 1454/2001 (Poseican) of 28 June 2001, OJ L 198, 21.7.2001, pp. 11, 26, 57; Council Regulation (EC) No 1455/2001 of 28 June 2001, OJ L 198, 21.7.2001, p. 54 and Council Regulation (EC) No 1447/2001 of 28 June 2001, OJ L 198, 21.7.2001.

⁴ Regulation (EC) No 2587/2001 of 19.12.2001, OJ L 345, 29.12.2001, p. 13.

⁵ Regulation (EEC) No 404/93 of 13.2.1993, OJ L 47, 25.2.1993, p. 1.

present a report to the European Parliament and the Council by 31 December 2004 on the operation of the market organisation for bananas together with any proposals required and will make proposals to the Council in good time for the fixing of customs duties for the tariff-only regime, to begin no later than 1 January 2006.

Compensatory aid to Community producers of bananas continues to guarantee their incomes. The system of compensatory aid has demonstrated its effectiveness by providing producers with a guaranteed income for fixed quantities. To cope with recent falls in banana prices and to support the income of Community producers in this situation, the Commission proposed an increase in advance payments to banana producers to the Management Committee in November 2002. This proposal was well received but the producers' request for supplementary payments cannot be contemplated before 2003.

As regards the structural derogations in agriculture, the regulations adopted in June 2001 led to requests from the Member States concerned which caused the Commission to amend the programming. For the Portuguese autonomous regions of the Azores and Madeira, this principally entailed an increase in the level of aid for certain types of measures (maximum of 75% for investments in agricultural holdings and in firms engaged in the processing and marketing of agricultural products), an increase in the amounts of aid (for the measure to protect lakes in the Azores) and more flexible conditions for support for forestry (eligibility of all public administration bodies). Furthermore, the Community contribution rose from 35% to 50% of the total eligible cost for investments in small firms and from 75% to 85% for agri-environmental measures. In the case of the Canary Islands, the increase in the IOP raises the level of aid (maximum of 75%) for measures concerning investments in small firms engaged in processing and marketing local agricultural products.

2.2. Turning to fisheries, work on reform of the common fisheries policy⁶ in the second half of the year was the main feature of 2002. This should result in a policy able to ensure the sustainable development of the sector, in both environmental and economic and social terms and through the adoption of measures guaranteeing responsible fishing, economic viability and competitiveness and a reasonable standard of living for those dependent on fisheries. To that end, in its communication of 28 May, the Commission set out a programme of measures which, while stressing the need to ensure the sustainability of resources and application of the principles of good governance, includes proposals for new arrangements to conserve and manage resources, improved technical measures for conservation, a new approach to fleet support policy, a new regulatory framework to monitor activities, new strategies for aquaculture and distant-water fishing and steps to improve the social dialogue.

The work preparing for the reform of the CFP has always taken account of the special features of the outermost regions because of the importance of this sector there. In this connection, it should be noted that the Green Paper on the future of the CFP⁷ refers to the approach to be used in designing measures for conserving and

⁶ Commission communication on the reform of the common fisheries policy of 28 May 2002 (COM(2002) 181 final).

⁷ COM(2001) 135 final of 20 March 2001.

managing resources (the need to modulate the measures, where necessary, in the light of the special features of each region, by taking account of differences in their resources) or as regards improving the social and economic dimension of the CFP to support these regions (commitment to table proposals and, if appropriate, adopt new measures). This approach was set out explicitly in the document which the Commission sent to the Seville European Council on the implementation of Article 299(2) EC.

The Commission's detailed discussions with representatives of the fishing industry in these regions about their special characteristics will enable their specific situations to be taken into consideration, in line with its commitments on this aspect, once the reform of the common fisheries policy is implemented.

The Commission continues to scrutinise national aid to the fisheries sector in the light of the guidelines adopted in 2001⁸, which contain a specific reference to the outermost regions.

The Commission completed its work on evaluating the implementation of the system of compensation for the additional costs incurred as a result of remoteness for the marketing of fisheries products from the Azores, Madeira, the Canary Islands and the French departments of Guiana and Réunion, which had been extended until 31 December 2002⁹, and preparation of an appropriate proposal for this scheme from 1 January 2003.

As regards the **structural derogations**, it should be noted that Council Regulation (EC) No 2792/1999 laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector was amended¹⁰ to adjust the limits applying to the Financial Instrument for Fisheries Guidance in the light of the particular difficulties of the outermost regions. On that basis, during the second half of 2002 the Member States concerned amended their programming complements for those regions.

3. THE INSTRUMENTS TO SUPPORT ECONOMIC DEVELOPMENT

The socio-economic parameters in the Second Report on Economic and Social Cohesion and the annual adjustment of the figures contained in it show that the outermost regions have evolved in different ways.

From 1995 to 1999, per capita GDP compared with the Community average (EUR=15) changed as follows: Canary Islands up from 75% to 79%, Guadeloupe unchanged at 56%, Martinique up from 63% to 65%, French Guiana down from 59% to 52%, Réunion down from 53 to 48%, Azores up from 50% to 53%, Madeira up from 63% to 71%.

During that same period the economies of the Canary Islands and Madeira converged with the rest of the Union while the other regions did not, either remaining at the same level or, in the cases of French Guiana and Réunion, falling further behind.

⁸ OJ C 19, 20.1.2001, p. 7.

⁹ Council Regulation (EC) No 579/2002, OJ L 89, 5.4.2002, p. 1.

¹⁰ Council Regulation (EC) No 1451/2001 of 28 June 2001, OJ L 198, 21.7.2001, p. 9.

The disparities among the outermost regions in terms of per capita GDP will remain identical in the event of enlargement to 27 Member States. This result is based on a static analysis/projection using the latest available statistics on per capita GDP, those for 1997, 1998 and 1999.

Trends in employment show similar divergences.

The situation is very bad in Réunion, French Guiana and Guadeloupe, where the unemployment rates in 2001 were as follows: Réunion, 33.3% out of a population of 713 000; French Guiana, 20.5% out of a population of 158 000; Guadeloupe, 29% out of a population of 426 000; Martinique, 26.3% out of a population of 383 000.

The position is still difficult in the Canary Islands at 13.1% out of a population of 1 658 000.

By contrast, the situation looks better in the Azores (2.2% out of a population of 234 000) and Madeira (2.8% out of a population of 240 000).

The disparities on this parameter would also remain the same in the event of enlargement.

- 3.1. Regional policy makes a very substantial contribution to the socio-economic development of the outermost regions. Besides qualifying for Community assistance under Objective 1 (a priority objective of cohesion policy), these regions receive special attention from the Commission because of their specific handicaps. This concern was demonstrated recently by the inclusion of a qualitative criterion in the recent Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund¹¹. As proposed by the Commission, Article 2 defining what is meant by ‘natural disasters’ adds a qualitative criterion to the quantitative criteria based on the amount of damage or the percentage of gross national income. This qualitative criterion is based on the impact on the population of the region affected by the natural disaster or on the threat to the economic stability of the region. This is important for the outermost regions, where the damage due to a natural disaster might not satisfy the quantitative criteria laid down. That is also the reason why this provision explicitly states that there will be particular focus on remote or isolated regions, such as the island regions and the outermost regions defined in Article 299(2) of the Treaty.**

The special features of the outermost regions were also highlighted recently through a study carried out for the Commission on the socio-economic situation of island regions, particularly the outermost regions, which were the subject of a specific section within the study. The Commission is currently considering the results of this study, which will, if necessary, be supplemented by other studies in preparation for the report on the general strategy for the outermost regions to be prepared in 2003.

These analyses and studies will contribute to the Commission’s reflections on the future of regional policy. While the resources and scope for measures to assist economic and social cohesion are already fixed until 2006, the advent of enlargement in the very near future will mean a thorough rethinking of this policy.

¹¹ Council Regulation (EC) No 2012/2002 of 11 November 2002, OJ L 311, 14.11.2002, p. 3

The Commission has therefore been conducting a very broad-based debate with all regional, local and voluntary bodies on the future of cohesion policy. This debate will be pursued and should lead to proposals that need to be fair and objective and to take account, in particular, of the specific handicaps of the outermost regions.

3.2. The Commission notes that the concept of remoteness was incorporated into the rules on state-aid schemes in 2000 as part of an amendment to the Guidelines on national regional aid¹².

That amendment makes explicit reference to Article 299(2) EC and enables operating aid to be granted in the outermost regions which benefit from the derogation under Article 87(3)(a) and (c) of the Treaty. The rules on assessing the compatibility of such aid with the common market are more favourable than those applied in regions not regarded as remote or under-populated and in particular allow operating aid which is neither degressive nor limited in time.

Most of the aid schemes notified concerning the outermost regions have been approved by the Commission following a preliminary examination culminating in the adoption of a decision to raise no objections, with no formal examination procedure being opened.

The Commission took note of the ‘Resolution on state aids’ adopted in La Palma in October 2002 by the Presidents of the outermost regions, and in particular their invitation to the Commission to continue considering ways of adapting the rules to meet the specific needs of the outermost regions.

3.3. During 2002, the Commission tabled several draft measures on taxation which resulted in Council instruments. On 20 June the Council adopted a decision authorising the Spanish authorities, until 31 December 2011, to lay down total exemptions from or reductions of the local tax “Arbitro sobre las Importaciones y Entregas de Mercancías en las Islas Canarias” (AIEM) for certain products produced locally and listed in the annex to the decision. These exemptions or reductions may not result in differences in excess of 5%, 15% or 25% of tax exemptions, depending on the product¹³. This decision was the result of consideration of the specific handicaps of manufacturing firms in these regions and the need to support sectors producing goods to ensure the diversification of economic activity.

As regards the French overseas departments, the Commission received a request from the French authorities in March 2002 for an extension, for a further 10 years from 1 January 2003, of the arrangements for dock dues which were due to expire on 31 December 2002. The Commission is currently considering this request in liaison with the French authorities and has identified certain data which it needs to complete its examination. The French authorities should supply all the data needed to define the future arrangements during the first quarter of 2003 and on that basis the Commission will prepare a proposal for a long-term Community framework for dock dues during that year.

¹² OJ C 258, 9.9.2000, p. 5.

¹³ Council Decision 2002/546/EC of 20 June 2002, OJ L 179, 9.7.2002, p. 22

To avoid any lapse in the present system of dock dues, the Commission adopted a proposal for a Council decision on 28 August extending for one year, to 31 December 2003, its decision of 22 December 1989¹⁴; the Council should be adopting this decision by 31 December 2002.

The Council adopted two decisions on excise duties in 2002. Decision 2002/167/EC of 18 February authorised Portugal to apply a reduced rate of excise duty in the autonomous region of Madeira on locally produced and consumed rum and liqueurs, and in the autonomous region of the Azores on locally produced and consumed liqueurs and eaux-de-vie.¹⁵ Decision 2002/166/EC of 18 February authorised France to extend the application of a reduced rate of excise duty on 'traditional' rum produced in its overseas departments¹⁶.

3.4. The customs measures implemented in the outermost regions fall into two categories: one intended to promote the development of free zones there and the other allowing the duty-free import of certain products.

These measures are in line with Article 299(2) of the Treaty.

The free zone on Madeira is the only one currently benefiting from specific measures. These include the suspension of customs duties on the import of certain goods intended to equip the free zone until the end of 2008. In addition, favourable tariff treatment - which may go as far as the total suspension of customs duties - applies to the import of certain industrial products for processing or substantial working within the free zone until 31 December 2005. The products obtained may be put into free circulation without payment of duties and sent to other parts of the Community's customs territory without needing to be re-exported elsewhere.

As regards the import of goods without payment of duties, Council Regulation (EC) No 704/2002¹⁷ authorises the suspension of customs duties on the import into the Canary Islands of certain industrial products (goods for capital investment and raw materials for maintenance and processing) and fisheries products until 31 December 2011. These measures are intended to help maintain and develop industrial and commercial activity there, while at the same time gradually abolishing the suspensions of customs duties on goods intended for final consumption. These customs measures for industrial products are accompanied by tariff exemptions based on quotas for fishery products destined for local consumption and supplement those in the agricultural sector.

In addition, the Commission is willing to consider any other request for customs measures to assist the outermost regions and designed to offset the effects of trade policy towards non-member countries, particularly those bordering on the outermost regions, as long as such measures comply with the limits set out in Article 299(2) of the Treaty.

¹⁴ COM(2002) 473 final.

¹⁵ Council Decision 2002/167/EC of 18 February 2002, OJ L 55, 26.2.2002, p. 36.

¹⁶ Council Decision 2002/166/EC of 18 February 2002, OJ L 55, 26.2.2002, p. 33.

¹⁷ Council Regulation (EC) No 704/2002 of 25 March 2002, OJ L 111, 26.4.2002, p. 1.

4. THE STRATEGIC DOMAINS

- 4.1. **A number of projects for small firms and tourism are being carried out under Structural Fund programming for 2000-2006. However, because of the difficulties recently encountered by the tourism sector in some of the outermost regions, the Commission believes that, in addition to the measures to be implemented in the transport field, at least two types of measures should be assessed and investigated. These are measures to assist access for small firms to financial resources and credit, and greater support for vocational training programmes in these sectors.**
- 4.2. **In the area of transport, mention should be made of changes in the Community guidelines for the trans-European transport networks. Following the adoption of Decision 1346/2001/EC¹⁸ amending the guidelines adopted in 1996, the ports in the outermost regions are regarded as of common interest and form part of the trans-European network, which makes them automatically eligible for finance from the TEN budget and the Cohesion Fund. Furthermore, on 6 November 2001 the Commission made a proposal for a decision of the European Parliament and the Council amending Decision 1692/96/EC on the Community guidelines for the development of the trans-European transport networks. This proposal, which is being discussed by Parliament and the Council, has as one of its priorities the development of infrastructure linking the outermost regions to the central regions of the Union.**

On 5 February 2002 the Commission sent the Council and Parliament a proposal for a Regulation of the European Parliament and the Council concerning the grant of Community financial assistance to improve the environmental performance of the freight transport system: the 'Marco Polo' programme. The Commission proposal, which is currently being discussed by Parliament and the Council, would enable the outermost regions to participate in the three types of measures in the programme: modal shift measures, catalyst actions (e.g. 'motorways of the sea') and measures to promote common learning actions (e.g. improved port procedures).

In general, the Commission regards transport as a strategic element in the development of the outermost regions, a factor stressed also in the conclusions of the Seville European Council and the recent declaration adopted by the Presidents of the outermost regions at La Palma on 15 October 2002. Transport will therefore be considered at length in the report on the future of the outermost regions to be presented by the Commission at the end of 2003 as required by the Seville European Council. To that end, and following the conclusions of the meeting between the Commission and the Monitoring Committee for the outermost regions which met in Brussels on 2 October 2002, a working party on transport will be set up within the Commission's inter-departmental group. The work and thinking of this group will concentrate on state aids and public-service obligations in the transport sector (particularly the adaptation of existing Community instruments to the specific features of the outermost regions and offsetting their handicaps) and the mobilisation of the Structural Funds (particularly as regards infrastructure) in order to maintain and expand the transport resources intended to overcome the handicaps imposed by these regions' remote location.

¹⁸ Decision 1346/2001/EC of the European Parliament and the Council of 22 May 2001, OJ L 185, p. 1.

- 4.3. The main feature as regards energy is the evolution of the Community guidelines for the trans-European energy networks. On 6 March 2002 the Commission sent Parliament and the Council a proposal for a Decision amending Decision 1254/96/EC laying down a series of guidelines for trans-European energy networks. This proposal, currently being discussed by Parliament and the Council, includes in the Community guidelines for the Energy TENs the interconnection of the remote and outermost regions. Two projects of common interest are identified in this regard: the development of electricity networks in these regions and their connection and the introduction of natural gas and the establishment of gas networks there. This integration will make such projects eligible for TEN finance, mainly in the form of part-finance for studies and other preparatory measures.**

On 10 April 2002 the Commission sent Parliament and the Council a proposal for a decision on a multi-annual programme for measures in the field of energy. This is the "Intelligent energy for Europe" (2003-2006) programme. This proposal, which is currently being discussed by Parliament and the Council, encourages participation by the outermost regions, which are by definition covered by the programme (energy efficiency and the promotion of renewable sources of energy) and provides for key measures concerning these regions to be launched. The definition of these measures will be specified in the Commission's work programme.

On the subject of compensation for the extra costs of transporting energy borne by these regions, the Commission would like to consider, jointly with the outermost regions and the Member States concerned, what is the best way of combining national and Community solutions.

- 4.4. As regards the environment, the Commission will ensure that the mid-term review of programming under the Structural Funds takes account of the needs of the outermost regions in terms of environmental infrastructure. It also notes that various issues of crucial importance to these regions (such as climate change, protecting biodiversity, managing coastal areas, the marine environment and civil protection) are priorities in the sixth Community programme for the environment.**
- 4.5. Developments in the information society and telecommunications are of fundamental importance for the development of the outermost regions, in the same way as ports and airports, because this infrastructure helps overcome geographical remoteness and facilitates essential applications such as e-commerce, e-government, distance medicine, education, tourism and research.**

The telecoms regulatory package which the Commission adopted in March this year must be implemented by the national authorities during 2003 and applied in full in the outermost regions. The Commission will establish the appropriate contacts with the national authorities and draw their attention to the fact that implementation must take account of the needs of these regions.

On 11 and 12 April 2002, the Commission organised a conference with the Spanish presidency on the information society and sustainable regional development. One of the results of that conference was agreement among the outermost regions on a programme to implement the information society there. The Commission will

support a working party of these regions to define and implement the resulting action plan.

As part of its work on monitoring tariffs and prices for telecommunications services, the Commission will ensure that in 2003-2005 the outermost regions will not suffer discrimination; it will also encourage price reductions through greater competition.

As regards the programmes of **innovative actions**, it is encouraging to see that, from 2001, the first year of the Initiative, the outermost regions have shown considerable interest in the new generation of ERDF innovative actions for 2000-2006. This part of the ERDF's activities is designed to identify and support innovative practices that promote economic and social development in the priority areas of the information society, technological innovation and sustainable development.

The following operations are under way in the various regions concerned:

- Réunion has chosen to target its regional programme of innovative actions on upgrading skills and bringing them into line with demand from firms in the new information and communications technologies so as to boost the local economy;
- the Canary Islands have based their programme on a regional strategy to integrate the islands into the information society (local people, firms, new economic activities);
- Madeira has concentrated its innovation activities on developing a regional strategy and pilot projects in the fields of R&TD and locally-generated and sustainable development;

In May 2002 Guadeloupe and the Azores submitted action programmes which the Commission is currently evaluating.

Also in the field of the information society, the Commission will ensure that the sixth Framework Programme on research is applied and the European Research Area (ERA) implemented so as to ensure that the outermost regions secure their share and in particular achieve the priorities relating to the information society technologies. This will require a dynamic and innovative approach to ensure sustainable development, as the Presidents of the outermost regions stressed in their conclusions at the La Palma Conference in October 2002.

4.6. In the area of research, the Commission has carried out a study on research potential in the outermost regions with the aim of preparing an inventory of existing resources to be used to identify the measures to be taken to allow the outermost regions to participate more fully in the European Research Area (ERA) and improve access to the research carried out there.

The study and its recommendations were presented at the La Palma conference in October 2002. In cooperation with the outermost regions, the Commission will be assessing these recommendations so that measures at Community, national and regional level can help to improve the integration of research activities in the outermost regions.

- 4.7. In the education sector, the Commission notes the importance of regional education networks as a measure to support sustainable development.**

5. THE INTERNATIONAL ENVIRONMENT AND REGIONAL COOPERATION

The main goal regarding the international environment of the outermost regions is to integrate them into their regional context. This presupposes in particular an accurate assessment of the impact of trade and association agreements concluded with regions and countries in the same geographical area. Accordingly the Commission has had a study carried out on this subject, principally to look at the impact on the outermost regions of the new ACP-EU Partnership Agreement and the 'Everything but arms' initiative. This analysis should also cover the impact of other relevant trade measures and agreements, particularly the trade agreements with the countries around the Mediterranean.

This study should provide pointers as to what steps could be taken to help the outermost regions to seize opportunities to promote their economic and commercial activities and meet the challenges of adjustment posed by trade measures and agreements.

The recent approval of three Interreg III B programmes specifically for the outermost regions makes further financial instruments available to them to assist their harmonious integration into their regional context. The Interreg programmes place international openness and regional integration at the centre of their development strategy and will permit cooperation to be developed among the outermost regions themselves and with other countries.

6. THE COMMISSION'S WORK PROGRAMME FOR 2003 AND THE OUTERMOST REGIONS

- 6.1. The mainstay of the Commission's work in this area is its partnership with the outermost regions. Account therefore needs to be taken of discussions with the Presidents of these regions and the relevant monitoring group, and the working parties established in more specific areas such as transport and state aids, energy, traditional products and research and the information society.**
- 6.2. The Commission will continue its evaluation of the implementation of Article 299(2) EC on the outermost regions by preparing six-monthly reviews of the situation and a report on the general strategy for the regions, alongside the Third Report on Economic and Social Cohesion. Besides the Community policies traditionally considered in the context of the outermost regions, the Commission will include topics raised recently in their regard such as immigration and the institutional future of Article 299(2) in a new basic Treaty.**

7. CONCLUSIONS

The main feature of 2002-2003 has been the particularly major and sensitive challenges facing the outermost regions. Furthermore, the general promotion of sustainable development in these regions requires a variety of responses with contributions from several Community policies. The common aim of these measures must be to assess the specific needs of these regions adequately and provide corresponding responses in line with Community law and resources. The Commission is aware of what is at stake and has already developed a panoply of initiatives to this end; it will continue the general strategy to be implemented with regard to these regions.