

Research for REGI Committee – Cohesion Policy in the outermost regions



The EU has nine outermost regions: Guadeloupe, French Guiana, Réunion, Martinique, Mayotte and Saint-Martin (France), the Azores and Madeira (Portugal) and the Canary Islands (Spain). Altogether, close to five million people live in the outermost regions, which is slightly more than 1% of the EU's total population. Seven of them are located in the northern hemisphere (all in or bordering the Atlantic Ocean) and two of them are in the southern hemisphere (both in the Indian Ocean). These regions are thus located in different parts of the world, far

away from the European continent and hence from their Member State's mainlands. The outermost regions therefore provide the EU with a widespread presence around the globe, in particular in or close to America and Africa.

These geographic features legitimise their specific status vis-à-vis other EU regions: the outermost regions benefit from specific measures and derogations in EU legislation, granted by Article 349 of the Treaty on the Functioning of the European Union (TFEU), owing to 'their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development'. In practice, this article has led to specific provisions being adopted across a wide array of policies and programmes, including EU Cohesion Policy. Besides, these regions are characterised by a diversity of governance systems. Indeed, their remit is not only wider than that of their mainland peers (given the 'autonomous' status of the Azores, Madeira and the Canary Islands) but also largely shaped by the historic developments of their relationship with their Member States of origin (especially in France with the increasing differentiation of the French outermost regions' administrative statuses from the 1970s onwards).

The present document is the executive summary of the study on [Cohesion Policy in the outermost regions](#). The full study, which is available in English can be downloaded at: <https://bit.ly/3vGFwFa>

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The outermost regions' geostrategic role and opportunities for the EU

The geographic location of the outermost regions has major geopolitical and strategic implications, not least with regard to access to key natural resources, strategic assets and participation in global value chains. For the EU, this has notably materialised in, among others, several European Territorial Cooperation (ETC) programmes that link the outermost regions (and thereby the EU) to their closest neighbours. The fact that the exclusive economic zones (EEZ) of the outermost regions account for more than half of the EU's total EEZ is, of course, a key dimension of the EU's geoeconomic clout. Not least, the extensive EEZ of the outermost regions are associated with considerable blue economy potential in sectors such as shipping and fisheries.

Geographic, economic, social, demographic and climate characteristics

The outermost regions demonstrate strong geographic commonalities in the sense that all of them, except French Guiana, are insular regions. At the same time, they are quite different when it comes to topography and climate patterns, even though many of the outermost regions exhibit volcanic origins and tropical maritime climates. More crucially, climate change has been identified as a major threat to the outermost regions' existing infrastructure and ongoing economic activities and hence the regions' future development prospects. Crucially, the stakes related to protecting the environment and curbing climate change are made even higher by the fact that they often conflict with the need for expanded infrastructure to accommodate a growing population (e.g. French Guiana) and/or new technological infrastructure necessary to keep up with globalisation and (re)industrialisation trends (e.g. the Azores), including in the context of the green and digital transition.

These geographic characteristics are also barriers to socio-economic development, insofar as distance and non-contiguity increase transport costs and thereby hinder their integration into the 'core' of the EU's Single Market. Likewise, their relatively small size impedes them from achieving economies of scale. While Article 349 of the TFEU aims to overcome permanent and non-permanent constraints on their development and offset their drawbacks, these regions still face major development challenges in terms of education, employment and income, among others.

The outermost regions exhibit very different demographic profiles, both in terms of population size and population dynamics. Indeed, there is an extreme contrast between the regions that struggle to retain their population, especially young people (emigration), on the one hand, and those that face strong migratory pressure (immigration), on the other hand. In most cases, the trends observed lately are set to continue in the coming decades. Indeed, population projections from Eurostat forecast a steady population decline in Guadeloupe, Martinique, the Azores and Madeira and sustained population growth in Mayotte, French Guiana and Réunion. As an exception to these steady trends, the Canary Islands' population is expected to reach a peak around 2050 and start declining thereafter.

Territorial cohesion and progress towards a smarter, greener, more connected and more social Europe

The development paths of the outermost regions have been heavily affected by internal, structural and geographical challenges and external shocks (e.g. the Great Recession or, more recently, the Covid-19 pandemic), which have proved difficult to cope with. As a result, the convergence process in the outermost regions has been mostly slow and irregular, if not reversed. Indeed, while all outermost regions experienced a continuous increase in Gross Domestic Product (GDP) per capita (at current market prices) between 2000 and 2021, this increase was in most cases not sufficient to bridge the development gap with the rest of the EU. Apart from Mayotte, which started from a considerably lower level, the other outermost regions have made little progress in catching up with the rest of the EU.

Cohesion Policy and its complementarity with other strategies

EU Cohesion Policy represents a major source of support for the outermost regions, which are, for the majority of them, categorised as less developed regions. In the programming period 2021-2027, there are ten regional Cohesion Policy programmes and five Interreg programmes covering the outermost regions. However, the implementation of EU Cohesion Policy in these regions has been marked by numerous challenges, chiefly pertaining to capacity issues, thereby leading to delayed fund absorption and/or lower impact. Still, the (potential) qualitative and quantitative effects of Cohesion Policy on regional socio-economic development are far from insignificant (not least through its support for basic infrastructure). At the same time, it does not sufficiently underpin transformative projects that could boost innovation and competitiveness in the long term. The use of place-based, tailor-made approaches (as in Smart Specialisation Strategies), the territorialisation of Cohesion Policy funding management and the complementarity between Cohesion Policy and other support programmes are determinants of the outermost regions' economic catch-up.

Conclusions and policy recommendations

The outermost regions show common patterns in terms of their (natural) handicaps, (structural) vulnerabilities and erratic convergence processes, which further legitimise their specific status in the EU regulatory and policy framework. At the same time, there are notable differences across these regions regarding governance structures and institutional capacity and economic and demographic dynamics that could potentially exacerbate disparities not only vis-à-vis the rest of the EU but also between themselves. In any case, place-based, tailor-made, multilevel governance approaches assume a central role in supporting sustainable and inclusive growth in these regions. Therefore, the study concludes with the following key policy recommendations:

1. Safeguarding Article 349 TFEU as an essential regulatory provision allowing the outermost regions to (partly) overcome their handicaps while competing in the EU Single Market;
2. Adding flexibility and tailoring into Cohesion Policy with a view to increasing the participation of local stakeholders and the quality of their projects as well as other EU policies with a view to achieving cross-fertilisation of EU-funded projects;
3. Supporting (sustainable) transport development (e.g. with a new POSEI-like transport programme);
4. Supporting the green transition (e.g. with a dedicated Green Deal instrument);
5. Supporting R&D and innovation (e.g. through Smart Specialisation Strategies).

Further information

This executive summary is available in the following languages: English, French, German, Italian, Spanish, Portuguese, and Polish. The study, which is available in English, and the summaries can be downloaded at: <https://bit.ly/3vGFwFa>

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