COUNCIL DECISION

of 26 June 1991

setting up a programme of options specific to the remote and insular nature of Madeira and the Azores (Poseima)

(91/315/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 43, 113 and 235 thereof,

Having regard to the Act of Accession of Spain and Portugal, and in particular Article 234 (3) thereof,

Having regard to the proposal from the Commission (1),

Having regard to the opinion of the European Parliament (2),

Having regard to the opinion of the Economic and Social Committee (3),

Whereas the autonomous Portuguese regions of the Azores and Madeira belong politically and economically to the Community by virtue of the Act of Accession, which did, however, recognize some of their specific characteristics by allowing various isolated exceptions in the application of the common policies;

Whereas the Member States, in a joint declaration annexed to the Act of Accession, called on the Community institutions to devote special attention to the development policies of the two archipelagos, 'the object of which is to overcome the handicaps of these regions, which arise from their geographical situation, far away from the mainland of Europe, their physical geographical features, the serious deficiency of infrastructures and their economic backwardness';

Whereas the European Parliament, in its resolution of 14 April 1989 on Community programmes to help the Portuguese autonomous island regions (4), considered that in view of their island status and highly peripheral situation the Azores and Madeira deserve special treatment from the Community;

Whereas the Azores and Madeira suffer from a serious structural lack of development aggravated by a number of constraints (remoteness, isolation, small size, difficult terrain and climate) whose unchanging nature and combined impact have serious effects on their economic and social development and place these two archipelagos among the least-favoured regions of the Community; whereas these special constraints make it necessary to step up Community support in order to ensure that the Azores and Madeira are fully involved in the dynamic of the internal market; whereas this Community support takes the form of operations under the reformed Structural Funds (enjoying the priority given to the Objective 1 regions), but must also ensure that the special constraints affecting the Azores and Madeira are taken into account in the application of common policies, in accordance with the Community approach to the remoter regions, of which the adoption and implementation of the Poseidom programme for the French overseas departments is the first practical example;

Whereas an overall, multi-sector approach is necessary to allow for the special constraints on the Azores and Madeira in the application of common policies; whereas a coherent line must be taken as part of an overall action programme involving legislative measures and financial commitments;

Whereas, for the purposes of implementing this programme, the necessary legal acts will be adopted either by the Council or by the Commission, as appropriate, before 31 December 1992; whereas the application of certain measures in this programme could extend beyond the process of completing the internal market, given the permanent constraints which are a particular feature of the Azores and Madeira;

Whereas this programme must be based on the twofold principle that the Azores and Madeira form an integral part of the Community and that the regional reality deriving from their particular geographical situation must be recognized;

Whereas the measures contained in the programme must accordingly take into account the special characteristics and constraints of the Azores and Madeira without undermining the integrity and coherence of the Community

(1) OJ No C 81, 26. 3. 1991, p. 8.
(2) OJ No C 158, 17. 6. 1991.
(3) Opinion delivered on 30 May 1991, (not yet published in the Official Journal).
(4) OJ No C 120, 16. 5. 1989, p. 321.

legal order; whereas the economic effects of specific measures must therefore remain limited to the territory of the Azores and Madeira without affecting directly the functioning of the common market;

Whereas Community policies already provide many instruments and programmes which could deal with some of the specific problems and constraints of the Azores and Madeira, notably concerning fisheries, energy, environment, the craft industry and research and development; whereas steps should be taken to put these instruments and programmes to best use in the Azores and Madeira, especially by ensuring that they reach these remote regions and by developing appropriate technical assistance measures;

Whereas Community rules must take account of the specific nature of the Azores and Madeira and encourage their economic and social development, particularly in those areas where the fragile nature of island territories is particularly acute, such as transport, fisheries, taxation, the social sector, research and development, or the protection of the environment in view of the vulnerability of the Azores and Madeira to the risks of environmental or natural disasters;

Whereas, with respect to taxation, the special characteristics of the Azores and Madeira can be catered for by allowing special indirect taxation arrangements compatible with the rules of the Treaty and capable of promoting their economic and social development;

Whereas it is important, within the framework of the common transport policy guidelines, to provide regular transport links at the lowest possible cost to alleviate the drawbacks of remoteness and the island location; whereas air transport is an instrument of regional development and the most appropriate forms of greater liberalization should be sought, notably under partnership arrangements;

Whereas the exceptional geographical situation of the Azores and Madeira in relation to sources of supply for products used as inputs in certain food sectors, which are essential for current consumption or processing in the two archipelagos, entails costs that are a severe handicap for these sectors; whereas there is a need, in this connection, to make special arrangements for the supply of these products within the limits of market needs for the two archipelagos in question and taking account of local production and traditional trade flows;

Whereas the extreme remoteness of the Azores and Madeira in relation to sources of supply of refined petroleum products, coupled with the heavy reliance on these products to meet energy needs and the compartmentalization of the market, means that supply costs in the Azores and Madeira are much higher than in mainland Portugal; whereas these costs are at present borne by the regional budgets, which limits correspondingly their capability for action to promote economic and social development; whereas these higher costs should be offset by temporary Community aid tied to the application by the two regions of incentive programmes to promote investment in energy saving and the development of local, renewable energy sources to improve the energy supply and demand situation on these islands;

Whereas free zones can be an appreciable instrument of economic development in the remote island regions of the Azores and Madeira; whereas customs measures may be appropriate regarding the arrangements applicable to the free zones in the Azores and Madeira, in view of their special geographical situation;

Whereas the dependence of the Azores and Madeira on the outside world for supplies of steel products justifies special attention being paid to ensure that fair prices may be maintained for the products in question in the two archipelagos;

Whereas the special production conditions in the Azores and Madeira require that particular attention be paid to applying the common agricultural policy to this region; whereas appropriate measures are needed to assist the development of the fruit and vegetable and flowers and live plant sectors; whereas these measures will have to promote the growing of tropical products in particular; whereas special attention will have to be given to Madeira bananas in view of their crucial economic and social importance for the island and with due account for aspects relating to ecological balance and the countryside; whereas other market and structural measures will also be required to support these traditional products, in view of the overwhelming importance of the milk sector in the economic activity of the Azores and its role, which is difficult to replace, as a factor in maintaining the working population in the archipelago;

Whereas it is necessary to take measures in the fisheries sector in view of its economic and social importance for the two archipelagos;

Whereas, in view of the considerable social importance of maintaining craft activities in the two regions, specific Community measures should be taken to fit in with those already planned under the Community support framework; whereas these measures should aim at promoting vocational training, access to new technology and the use of such technology, and access to new markets;

Whereas the preparation, implementation, monitoring and evaluation of the measures provided for in this programme require a partnership between the Commission and the competent national and regional authorities;

whereas this partnership must permit complementarity between the measures laid down in the programme and those applied at national and regional level;

Whereas Portugal and the regions concerned must take account of the measures and operations under this programme in drafting future regional development plans; whereas the Commission, within the scope of its powers, will take steps to ensure that this programme is consistent with the operations of the Structural Funds and other Community financial instruments,

HAS DECIDED AS FOLLOWS:

Article 1

1. An action programme for Madeira and the Azores, known as Poseima (Programme of options specific to the remote and insular nature of Madeira and the Azores) and set out in the Annex, is hereby established. This programme shall cover regulatory measures and financial commitments.

2. Within the context of the powers conferred upon it by the Treaty, the Council shall adopt the provisions necessary for the execution of this programme and invite the Commission to submit the relevant proposals as soon as possible.

Article 2

The financial resources required to implement the measures relating to agricultural structures, energy and the craft industry appearing in this programme shall be determined in the annual budgetary procedures.

Article 3

This Decision shall take effect on 1 July 1991.

Article 4

This Decision shall be published in the *Official Journal of the European Communities.*

Done at Luxembourg, 26 June 1991.

For the Council

The President

R. STEICHEN

ANNEX

PROGRAMME OF OPTIONS SPECIFIC TO THE REMOTE AND INSULAR NATURE OF MADEIRA AND THE AZORES (POSEIMA)

TITLE I

General principles

1. Poseima will be based on the twofold principle that Madeira and the Azores form an integral part of the Community and that the regional reality, characterized by the special features and constraints specific to the regions concerned as distinct from the Community as a whole, must be recognized.

2. Implementation of the measures and operations set out in Poseima will in principle be carried out before 31 December 1992, through the adoption either by the Council or by the Commission, as appropriate, of the necessary legal acts, in accordance with the provisions and procedures laid down in the Treaty.

3.1. Poseima will help attain the general aims of the Treaty by contributing to the achievement of the following specific objectives :

— better integration of Madeira and the Azores into the Community by establishing an appropriate framework for the application of common policies in these regions,

— the full involvement of the Azores and Madeira in the dynamic of the internal market by making optimum use of existing Community regulations and instruments,

— assisting the Azores and Madeira to catch up economically and socially, principally through Community financing of the specific measures contained in Poseima.

3.2. Portugal and the regions concerned will take into account the specific measures and operations contained in Poseima when drawing up future regional development plans. Within the scope of its powers, the Commission, for its part, will take steps to ensure that the operations conducted under Poseima are consistent with the operations of the Structural Funds and other Community financial instruments.

3.3. The drafting, implementation, monitoring and evaluation of the operations and measures contained in Poseima will be carried out in partnership by the Commission and the competent national and regional authorities. Efforts will be made to ensure that Poseima operations and those conducted at national and regional levels complement each other as far as possible.

4. The measures and operations contained in Poseima should enable the specific nature and constraints of the Azores and Madeira to be taken into account without undermining the integrity and coherence of the Community legal order.

TITLE II

Optimum use of existing policies and instruments

5. The Commission, in partnership with Portugal and the two regions concerned, and within the framework of the existing regulations, will endeavour to ensure that optimum use is made of existing Community instruments and programmes in the Azores and Madeira, in particular by developing appropriate technical assistance measures.

TITLE III

Application of common policies in the Azores and Madeira

6. Directives or other measures adopted in connection with the internal market and other common policies will have to take account of the special characteristics of the Azores and Madeira and their economic and social development possible, particularly in the fields of transport, fisheries and taxation, social matters, research and technological development (without prejudice to the Community framework programme on this topic), and protection of the environment.

7.1. Due allowance will be made in the Community tax regulations for the special characteristics of the Azores and Madeira to admit an indirect taxation system specific to these regions, compatible with the rules of the Treaty and capable of promoting their economic and social development.

7.2. As regards VAT this means maintaining special arrangements for the Azores and Madeira in accordance with the Act of Accession.

7.3. An adequate arrangement for excise duties on manufactured tobacco, spirits and other alcoholic beverages and petroleum products after 31 December 1992 taking account of the problems of extreme remoteness will have to be incorporated into the general framework of the Commission's proposals on excise duties.

8. Within the framework of Community transport policy guidelines, the Community and Portugal will as far as possible introduce schemes designed to enable the many different Community airlines, particularly regional airlines, to serve the Azores and Madeira in the interests of their development.

TITLE IV

Specific measures to mitigate the effects of the exceptional geographical situation

9.1. Within six months of the date on which this Decision takes effect, the Council or the Commission, as appropriate, will adopt the measures laid down in sections 9.2 to 9.5 which are intended to alleviate the impact of the additional costs involved in maintaining supplies of agricultural products resulting from the remote and insular nature of the Azores and Madeira.

9.2. In the case of essential agricultural products for consumption or processing in the two regions, this Community action will, within the limits of market requirements of the Azores and Madeira and taking into account local production and traditional trade flows, and making sure that the proportion of Community supplies of the products concerned is maintained, consist in :

— existing from levies and/or customs duties and the amounts specified in Article 240 of the Act of Accession products originating in third countries,

— permitting, on equivalent terms, without application of the amounts laid down in the aforementioned Article 240, the supply of Community products taken into intervention storage or available on the Community market.

The principles underlying the application of this system will be as follows :

— the quantities covered by this supply system will be determined annually in supply estimates,

— in order to ensure that these measures have an impact on the level of production costs and consumer prices, a mechanism will have to be set up to monitor this impact up to the end user stage,

— with respect to raw sugar supplies for the Azores, the system will be applicable until such time as local production of sugar beet is sufficient to satisfy local market needs and as long as the total volume of sugar refined in the Azores does not exceed 10 000 tonnes,

— with respect to supplies of compound feedingstuffs in the Azores and Madeira, the system will be applied temporarily pending an increase in capacity and the modernization of the industry producing these feedingstuffs, subject to the limits of local market needs and taking account of the quantity of local production, in such a way as to prejudice the industry in the region concerned. This measure may be applied for three marketing years for the products coming under CN Codes 2309 90 31, 33, 41, 43, 51 and 53.

9.3. In the Azores, for the purposes of genetic improvement, aid may be granted for the purchase of male breeding animals originating in the Community.

9.4. In Madeira, specific measures will be necessary to develop livestock farming for local market need.

— aid for the purchase of breeding animals (cattle, pigs, chicks and hatching eggs) originating in the Community,

— on a temporary basis, limited to decreasing quantities pending the development of local production, exempt in form levies and/on customs duties for the purchase of cattle for fattening originating in third countries ; aid for the supply of Community products will be granted to facilitate the access of these products on equivalent conditions. After four years of application of the system, the situation will be reviewed.

9.5. For the production of liqueur wines in Madeira solely to satisfy local market needs, aid will be provided for the purchase in the Community of rectified concentrated musts and, pending the result of a feasibility study on the construction of a distillery, of wine alcohol.

10.1. In the course of 1991, specific Community aid to compensate for the extra cost of supplying oil to the Azores and Madeira will be introduced for a three-year period on the terms laid down in sections 10.2 to 10.5.

10.2. The extra costs to be offset by this aid are those related to the transport by sea of petroleum products between the mainland and the main depots on islands of the Azores and Madeira, and between the main depots and the secondary depots on the other islands of the two archipelagos.

10.3. The reference year for the calculation of Community aid will be 1989. Account will be taken only of the costs of sea transport and not of the cost of storage and distribution on the islands on the basis of the quantities of petroleum products actually transported in 1989, the average transport costs by category of product in 1989 and the average ecu/escudo exchange rate in that year.

10.4. Aid will be granted for three years from 1 January 1991 up to 31 December 1993. During these three years, annual Community aid will remain constant and equal to the extra cost of supplies, as defined above, in the reference year (1989). At the end of that three year period, the Commission will assess this measure and will re-examine the situation.

10.5. Community aid will be granted subject to the condition that over same period the beneficiary regions devote at least 50 % of the amount of Community aid to incentive programmes to promote investment in energy saving and the development of local, renewable energy sources to improve the situation of energy supply and demand on the islands. The regional authorities will present an annual report to the Commission to enable it to monitor observance of this condition.

11. Inward processing operations carried out in the Azores and Madeira free zones will not be subject to the economic conditions attaching to these arrangements.

12. Within the framework of its powers, the Commission will ensure that supplies of steel products to the Azores and Madeira can be kept at reasonable prices.

TITLE V

Specific measures to support products of Madeira and the Azores

13. In view of the economic and social importance of bananas for Madeira and the objective of a fair standard of living for producers, the Commission will, without waiting for the adoption of common rules, decide on structural action to assist this sector. With a view to improving the conditions of production and competition, such action will include measures concerning research, harvesting, presentation and processing, transport, storage, marketing and commercial promotion.

14.1. Within six months of the date on which this Decision takes effect, the Council or the Commission, as appropriate, will adopt the measures referred to in sections 14.2 to 14.9.

14.2. Measures for the fruit and vegetable and live plants and flowers sectors in the Azores and Madeira may take the form of:

— temporary aid per hectare for programmes of measures carried out by producers and producer groups or organizations to diversify production and/or improve product quality; these programmes should serve to develop tropical products in particular. The aid may be increased in cases where the implementation of these programmes involves technical assistance measures,

— aid for the marketing of tropical products where the volume of trade does not exceed 3 000 tonnes for each product and for each of the two regions, under seasonal marketing contracts between producers in these regions and operators in other parts of the Community,

— the funding of an economic analysis and forward planning study of the processed fruit and vegetable sector (particularly tropical fruit and vegetables).

14.3. Other measures to help support and develop local production on Madeira may take the form of:

— specific aid per hectare for potato growing, within the limits of the present areas under cultivation,

— as regards sugar cane:

= specific aid per hectare for producers and producer groups or organizations growing sugar cane under a restructuring plan to be submitted by the Portuguese authorities. After five years this aid may be granted solely to producer groups or organizations;

= aid for the direct processing of sugar cane into sugar syrup ('Mel de cana') or farm rum, where a minimum price is paid to the cane-grower,

— specific aid for grapes to be used in the making of quality wines psr, to be granted to producers and producer groups or organizations, subject to appropriate limits on the yield per hectare. Quantities delivered for distillation may not be taken into account. After five years this aid may be granted solely to producer groups or organizations,

— specific aid to support products of traditional stockfarming on Madeira intended for local consumption (fresh milk and fresh meat).

14.4. Other measures to help support local production in the Azores may take the form of:

— in the case of sugar beet:

= flat-rate aid per hectare for the development of local production, subject to a limit on quantities corresponding to production of 10 000 tonnes of sugar;

= specific aid for the processing of locally grown beet into white sugar, with a view to stabilizing supply costs;

— specific aid per hectare for the growing of seed potatoes (subject to a maximum of 200 hectares) and for the growing of chicory (subject to a maximum of 400 hectares),

— specific aid for the collection of tobacco and for the traditional local production of leaf tobacco, subject to maximum guaranteed quantities,

— temporary aid per hectare for the growing of vines to produce quality wines psr, to be granted to producers and producer groups or organizations pending the results of restructuring and subject to a maximum of 1 700 hectares,

— specific aid designed to ensure the survival of traditional economic activities in the milk sector,

— specific aid designed to ensure the survival of traditional economic activities in the milk sector,

— specific additional aid for the fattening of adult male cattle, within the limits of traditional levels of production.

14.5. As regards animal and plant health, appropriate measures will be taken to safeguard Madeira and the Azores from certain harmful diseases and organisms against which they are not yet protected. A Community financial contribution may also be made towards prevention or eradication programmes.

14.6. To improve the quality of agricultural products, and where appropriate fishery products, in Madeira and the Azores and to promote the marketing of such products, the Community may finance the design and promotion of a logo for each of these regions.

14.7. Special exceptions may be made, on the basis of duly substantiated applications from the Portuguese authorities, to provisions restricting or preventing the granting of certain types of structural aid, so as to reflect the special characteristics of agriculture in the Azores and Madeira, with due account being taken of the measures already adopted to assist Portugal.

14.8. New forms of structural assistance may also be envisaged within the framework of programmes to be submitted by the Portuguese authorities, and in particular :

(a) for Madeira :

— aids to improve and diversify production and to improve product quality, particularly in the case of wine, fruit and vegetables, flowers and plants, animal products, forestry products, and the fisheries sector ;

(b) for the Azores :

— aids to improve and diversify production and to improve product quality, particularly in the case of milk, animal products, fruit and vegetables, flowers and plants, wine, forestry products and the fisheries sector,

— aid to offset the additional cost of agricultural investments because of the need for protection against natural disasters and, where production has been diversified, aid for the establishment of a solidarity fund for the restoration of production potential damaged by natural disasters.

14.9. Apart from the specific study referred to in section 14.2, at the request of the Portuguese authorities studies will be carried out in the agricultural sector, particularly on Madeira wine and the fisheries sector. As regards the latter, the study will be carried out pursuant to Regulation (EEC) No 4028/86 [1], as last amended by Regulation (EEC) No 3944/90 [2] and (CEE) No 4042/89 [3].

15. For fishery products from the Azores, an increased aid scheme will be introduced, over a period of five years following the date of their recognition with regard to producer organizations to be set up in the five years following the date of entry into force of Poseima.

16.1. Community measures will be introduced to assist small craft businesses in the Azores and Madeira with regard to occupational training, access to new technology and the use of such technology, and access to new markets.

16.2. Such projects must be selected, on the one hand, on a partnership basis in close collaboration with the regional and local authorities concerned and, on the other hand, be consistent with the schemes being implemented in the two regions concerned within the Community support framework and as Community initiatives and also with the schemes being implemented by the Commission in other regions of the Community.

16.3. The Commission and the Member State will introduce all necessary measures to improve the dissemination and accessibility of the programmes and networks available under the Community's enterprise policy, with a view to increasing the productivity of the craft sector in the Azores and Madeira and increasing their outlets on the Community market.

TITLE VI

Final provision

17. The Commission will report annually to the European Parliament and the Council on progress in the implementation of Poseima, and if appropriate, propose any adjustment measures deemed necessary to attain the objectives set out in Title I.

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[1] OJ No L 376, 31. 12. 1986, p. 7.
[2] OJ No L 380, 31. 12. 1990, p. 1.
[3] OJ No L 388, 30. 12. 1989, p. 1.