The Autonomous Region of the Azores
Regional Government

An Assessment of
“Strategy for the Outermost Regions: Achievements and Future Prospects”
(Communication COM (2007) 507 Final)

April 2008
Table of Contents

I-Introduction ..................................................................................................................3

II-Climate change ..............................................................................................................6

1-Sustainable development as a priority ........................................................................6
2-Climate change and the Azores ...............................................................................7
3-Accessibility and combating climate change .............................................................8
4-Renewable energies ..................................................................................................10

III-Demographic evolution and migratory fluxes ..........................................................12

1-Context .........................................................................................................................12
2-Emigration ...................................................................................................................12
3-Immigration ................................................................................................................13
4-Future strategy for the ORs .......................................................................................14

IV-Agriculture ................................................................................................................16

1-Context .........................................................................................................................16
2-Future strategy for the ORs .......................................................................................18

V-European maritime policy ..........................................................................................20

1-The sea and the Azores ..............................................................................................20
2-Maritime policy and the ORs .....................................................................................21
3-Fisheries .......................................................................................................................24

VI-Tourism .......................................................................................................................26

VII-Accessibility ...............................................................................................................28

VIII-Competitiveness, Technology and Research .........................................................29

IX- Regional integration ................................................................................................31

X-Conclusions ................................................................................................................33
I-Introduction

The European Commission Communication about the “Strategy for the Outermost Regions (ORs): Achievements and Future Prospects” (1) and its annex “Evolution and Assessment of the Strategy for the ORs” (2) aim, as the title indicates, to analyse the development and implementation of the two Communications presented in 2004 (3) about “A Stronger Partnership for the Outermost Regions.”

And the timing for this could not be better, because notwithstanding the adoption of policies that conform with the communications of 2004, it is urgent to update and deepen their implementation in a increasingly globalized and liberalised economy, to pay attention to the consequences and policies related to climate changes, amongst other factors, while aiming for the implementation of a “true European strategy” for the ORs.

The Communication COM (2007) 507 Final intents, therefore, to continue the debate regarding the regions of the European Union (EU), by launching a process of public hearing. After this hearing and following the conclusions of the European Council of December 2007, the European Commission will present, by the end of 2008, another Communication that aims to establish a “new stage in the development” of this partnership.

This hearing process takes place, we should note, in the context of the signing and ratification of the Treaty of Lisbon. The maintenance and deepening of the normative framework related to the ORs, which is the political and juridical foundation of a differentiated approach to these regions, is regarded as a fundamental contribution to the balanced development of the Union and as a factor that reinforces the need to implement a coherent transverse strategy.

Yet, the Treaty of Lisbon reserves for the EU the exclusive jurisdiction over the conservation of the sea’s biological resources, given the results of the Common Fisheries Policy in the realm of the preservation of species. This raises new concerns and challenges for a region like the Azores, where the principle of sustainable sea management is a constant concern of its policies and an inalienable inheritance of its Autonomy.

The recent institutional reconfiguration of the European Commission is, on the other hand, a good indication of the attention that is paid to the ORs, a concern that ought to be valued. This attention is also evident in the maintenance of the “ORs Unit” in the reorganization of the Directorate-General for Regional Policy (DG REGIO), as well as in the creation of the Unit “Maritime Policy for the

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Atlantic, Outermost Regions and the Artic” that was established in the context of the new Directorate-General for Maritime Affairs and Fisheries (DG MARE).

This process cannot be dissociated from the other public discussions of central importance for the future of the Union and consequently of the ORs. These other relevant discussions and concerns comprise the future of the EU regional policy, the future of the EU budget, as well as the ongoing “health check” of the Common Agricultural Policy.

In this context, the present reflection should also take into account the common premise of maintaining, deepening and financing the EU Cohesion Policy as a fundamental instrument for fostering the development of the EU regions, and furthermore, we must regard it as a guarantee of solidarity within the EU.

We feel, therefore, that the post-2013 Regional Policy should contemplate specific institutional tools and adequate funding for the various regions of the EU, as well as for the circumstances and potentialities of each Region, particularly those that, like the ORs, face additional difficulties in the process of convergence.

We should recall, straight away, that the circumstances of the ORs are grave, structural and permanent, and that it is fundamental to reaffirm the need for specific policy tools and their continued funding, independently of the level of development – statistical or real – that they may have reached in comparison to other regions of the enlarged EU, which may find it easier to overcome their underdevelopment and difficulties (4).

With this common concern in mind, it should be clear that the efforts of implementing policy orientations and methodologies that best quantify the added costs of the ORs should not, in any circumstance, constitute an obstacle to the concession of assistance to these regions or become a hindrance that justifies cuts in policies that are fundamental to the ORs.

In all truth, given the difficulties and costs of obtaining and interpreting statistical data, the purely theoretical nature and weak practical adaptability to the particular economic-territorial circumstances of the ORs, as well as the restrictive and complex nature of a wide spectrum of recommendations, we argue that the EU assistance should continue to be based on clear and objective proposals from the regional authorities that take into account the specific circumstances of each region.

In this context and bearing in mind these premises, the present Contribution, which is part of the process of public hearing launched by the European

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4 In this context, the new specific subsidy to compensate additional costs is a positive step, which nonetheless, should be accompanied by a greater financial envelope in the future, using criteria not limited to the number of inhabitants, but also including the OR distance from the European continent and their geographical dispersion.
Commission, aims to present the Azorean perspective on the future of the “EU strategy for the benefit of the ORs.”

With the intention of reinforcing the Azorean participation in the construction of this “stronger partnership”, the Government of the Azores launched an ample public hearing in each of the nine islands of the Region.

After meeting with socio-professional federations, unions, political parties and the University of the Azores (⁵), nine open debate sessions were organised, from Santa Maria to Corvo, in which students, academics, members of social and professional organizations, political representatives and citizens, in general, expressed their opinions about the real developmental constraints of the Region and each its islands, as well as the opportunities to foster the economic growth and well-being of the islands’ populations (⁶).

From these hearings, we learned a great deal about what the Azoreans think about the circumstances and development possibilities of the Region and its relation with EU assistance policies, namely:

- the transverse nature of accessibility and air and maritime transportation between the islands and with the exterior, which emerged as the main conditioning factor of the development of an internal market and of the economy in general, as well as of the population’s well-being, with a special emphasis on the difficulties that result from double insularity (a region within the region);

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⁵ On December 3 and 4, 2007, meetings took place with representatives from the University of the Azores, the Azorean Chamber of Commerce and Industry, the Agricultural and Fisheries Federations, the Workers’ General Union, the General Confederation of Portuguese Workers, the Social Democratic Party, the Socialist Party, the Democratic and Social Centre/Popular Party, the Portuguese Communist Party, the Leftist Bloc and the Atlantic Democratic Party.

⁶ The sessions took place during the months of January and February 2008. On the islands of S. Miguel, Terceira and Faial, thematic sessions were organised with the presence of invited speakers who talked about climate changes and environmental questions, agriculture and economic-entrepreneurial activity and maritime policy and fisheries. The invited speakers were, in S. Miguel, Theodore Saramandis (European Commission) and Virgílio Cruz (Regional Director of Spatial Planning and Hydrological Resources), in Terceira, Fátima Amorim (Regional Director of Agricultural Community Affairs) and Sandro Paim (President of the Angra do Heroísmo Chamber of Commerce) and, in Faial, Ricardo Serrão Santos (Director of the Department of Oceanography and Fisheries of the University of the Azores) and Rogério Feio (Regional Director of Fisheries). A total of 200 people of various areas participated, and the organization of the sessions itself suffered from the daily contingencies that affect the Region. In the case of Flores and Corvo, the islands of the Western Group, the sessions had to be rescheduled two times, due to bad weather which cancelled the flights to those islands.
- the indispensability of professional training, innovation and information technologies, particularly the provision, in all islands, of fiber optic cables and broadband Internet access, as a means to placate geographic isolation, foster entrepreneurship and enhance the competitiveness of the economy;

- the perception of the cultural and historic dimension of the Region, as a way of highlighting and integrating the Azores in Europe and in the world, with a special emphasis on the Azorean communities in North America;

- the importance of continuing our support for traditional activities, namely, agriculture and fisheries, sectors that are central to the Azorean economy and way of living, reinforcing our investments in professional training, production quality and in their relation with the provision of services, the diversification of the tourist sector and ecological concerns, particularly those related to the preservation of natural resources;

- the awareness of the need to preserve and promote the environmental assets of the Region, the importance of maintaining and deepening our investment in renewable energies, sustainable development and the preservation of biodiversity as a differentiating factor of the Azores in the European and global contexts;

- the need to help young people to settle in the smaller islands, combating the ageing and decrease of population in these territories as a decisive for the harmonious development of the archipelago;

- finally the awareness that the Tourism industry is fundamental to the progress of the Region, because of the opportunities that it provides for economic diversification, of the links it has with the environment, of its productive impact upon the entrepreneurial capabilities of young people and of its consequent effect in promoting their settlement in the Region, particularly in the smaller islands.

### II-Climate changes

#### 1-Sustainable development as a priority

The archipelago of the Azores is made up of nine islands, each with distinct environmental and socioeconomic contexts, despite obvious commonalities.

The uneven distribution of the Azorean population is evidenced in the contrast between municipalities, where the population density is higher than 250 inhabitants per square kilometre in some, whereas the density does not surpass 30 inhabitants per square kilometre in others. This is a very important
consideration as it demonstrates that environmental pressures differ greatly amongst municipalities.

However, geographical dispersion, considered in relation to the fact that the Azores islands are small insular territories, means that the environmental vulnerabilities of these islands are much greater than those of the continental territories that make up the greatest part of the European Union.

Investing in the environmental qualification of the Azores is, therefore, an objective that is sustained and validated by a wide social consensus. This consensus makes possible our investment in this valuable resource of the Region. The best way to implement this agenda is to regard our investments in sustainable development (SD) as an overarching framework for all developmental policies implemented in the archipelago.

The present Azorean legislature (2004-2008), taking into consideration previous research and deliberative work on these matters, finalised the studies that favour the implementation of a Regional Strategy. This led to the publication of a research booklet entitled “Prospects for Sustainability in the Autonomous Region of the Azores” (7) (acronym: PREDSA). Armed with its conclusions and the results of other research efforts concluded earlier or about to be completed, such as the Regional Plan for the Organization of the Territory and the Strategic Plan for the Management of Residues, we are well prepared to elaborate a Regional Strategy for the Sustainable Development of the Azores.

In this context, it is necessary, at the outset, to underline the importance, for the ORs, of embracing SD as a common objective that is solidly embodied in policy plans and in adequate territorial organization procedures. To attain this goal we should emphasize the environmental pillar as a differentiating element in the ORs, in the broader context of the EU. We should attribute real economic importance to this goal. Its importance is not merely symbolic.

2-Climate changes and the Azores

Climate changes are the principal environmental concern mentioned in Communication COM (2007) 507 Final. The national project SIAM II (8) made possible the analysis of temperature increases in continental Portugal in the 20th and 21st centuries. This research shows summer-time temperature increases of 3 to 4 degrees centigrade. The projections for the Azores, presented in the same study, allow us to anticipate temperature increases of 1 to 2 degrees centigrade


at the end of the 21st century, as well as an increase in rainfall, distributed by more uneven and concentrated rainfall events.

Thus, bearing in mind the directives of the National Plan for Climate Changes, the Regional Government of the Azores has recently completed an inventory of the most environmentally significant activities in the region, namely, those that mostly contribute to the emission of Greenhouse-Effect (GHE) Gases, and identified the sectors with the greatest potential in the carbon market (9).

In the global context, the Azores is an insignificant emitter of GHE. However, the Azores are equally affected by these emissions and, comparatively speaking, may even be more affected than Regions in which these emissions are greater. The fact that the Azores is an archipelago means that its costal area (844kms) is extensive, comparable in size to the coastline of the mainland Portugal (943 Kms). This means that we should be aware of the greenhouse effects in these coastal areas and bear in mind its implications for hydro resources, biodiversity and fisheries, agriculture and human health, amongst other aspects.

Thus, we salute the fact that the European Commission is aware of the special situation of the ORs in this domain and the inclusion this concern in the EU strategy for regions.

3-Accessibility and combating climate changes

The European Union has taken a leading role in the global response to climate changes. This is evidenced in its definition of the post-Kyoto targets.

We should emphasize that the policy of restricting the emissions of means of transport, presented in the Communication COM (2007) 2 Final, proposed the integration of the aviation industry in the EU commercial regime of emission licenses, and the limitation of GHE’s emitted by maritime transports. This may imply an increase of direct and indirect costs.

It is important to safeguard that, in addition to an ex-ante evaluation of the GHE’s impacts, by a regime of exception or through the attribution of specific funds, the ORs are not adversely affected by GHE-emission mitigation policies that do not take into account the ORs specificities. We should note that the transport sector is vital to the flux of people and goods in the ORs and that all economic activities depend on it.

Indeed, in a Region like the Azores, located more than 1,500kms from the continent, constituted by nine islands that are dispersed throughout 600kms, afflicted by severe navigation difficulties during a substantial part of the

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year, the dependence on air transport is total, be it in relation to internal transportation within the archipelago or in regard to transport connections with continental EU. Thus, the increase of transportation costs will contribute greatly to aggravate the accessibility of the population and diminish the economic potentialities of the Azores, in terms of exports and tourism, with grave repercussions in the development of the Region.

It is necessary to emphasize, in addition, that these costs or losses are a severe hindrance to the development of the ORs, being imposed by EU policies designed to combat climate changes. We should also note that these Regions have made a greater effort in search for energetic self-sufficiency than the most developed territories of the EU, resorting to the incorporation of renewable energy sources, as demonstrated by successful policies in the Azores, judged by many to be an example of excellence in this field.

This is one of the areas in which the EU lacks a realistic understanding of the conditions and circumstances of the ORs, namely, the Azores.

It is not acceptable that all Regions are treated equally given that, when we consider their accessibility, the ORs are in a particularly vulnerable situation.

Until the present time, EU institutions have not been capable of adequately pondering these matters, not only in regard to transport conditions but also, and above all, with regard to the achievements of ORs such as the Azores in combating the emission of GHE’s.

In concrete terms, the EU should consider the general context of each OR, in terms of GHE emissions, recognizing the efforts made in the Azores and the achievements in the field on renewable energies, which will contribute to the decrease of GHE emissions.

In what is a point of concern to all islands, recent studies (10) suggest that the ocean level is increasing more rapidly, due to the fusion of the glaciers and to the thermal expansion of the oceans. This could mean significant increases during this century. The implications of rises in the ocean level are immense, affect all sectors and, in the case of the Azores, may imply substantial investments.

This may result in several human and technical problems that will reach very significant proportions. As an example, we should mention erosion problems, costal flooding and an increase in the intensity of storms, in the degradation of the quality of water and costal hydro resources and in the viability and integrity of ports and their infrastructures.

We should note that the need to implement the concept of Integrated Costal Zone Management (ICZM), as well as the Organization of the Territory, one of the ICZM main components, means that local conditioning factors must be heeded, a principle that ought to be respected by the EU. Therefore, in our opinion, this implies that the EU should signal to the national and regional authorities the need to develop their ICZM’s, in detriment of the definition of a global strategy whose implementation is hindered in the terrain.

With regard to the problematic of natural risks, we should emphasize that the Centre of Vulcanology and Geological Risk Evaluation of the University of the Azores has developed international links with all vulcanological observatories in the world and is a partner in several thematic research projects that have been approved by the Research Programs FP5 and FP6, amongst others. We consider of great interest the creation of a network of Oceanic and Climatic Observatories, with research stations placed in the ORs, namely, in the Azores.

4-Renewable energies

Another aspect related to the problematic of climate changes consists in the need to expand the use of renewable energies. In the Communication COM (2007) 2 Final, the EU advocates an increase of 20% in the quota of renewable energies until 2020, to which we should add the objective of further increasing this value and, at the same time, providing for energy efficiency. The Azores can highlight the work done so far in the field of renewable energy sources (geothermal + hydro + wind) and in the rationalization of energy consumption.

In the first place, we must stress that there are, in the archipelago, nine small and isolated electrical systems that are not interconnected with each other or to the outside, generating added difficulties. Nonetheless, these systems provide environmentally sound opportunities that should not be neglected.

The Azores has been at the forefront in the use of endogenous energy resources. One of the first hydroelectric plants in the country was built in the island of S. Miguel in 1899. For many years, the production of renewable energy was exclusively hydroelectric, but an aeolian park was established, in 1988, in the island of Santa Maria. We should underline the pioneering spirit of an experimental project for the production of energy from the use of the oceanic tides, which was first implemented, in 1998, with the construction of the Oscillating Water Column (OWC) station in the island of Pico.

Geothermal energy is the greatest source of renewable energy in the Azores, with two stations operating in the island of S. Miguel (13 + 11 NW) that accounted, in 2007, for more than 40% of the total production of electrical energy.
There are also aeolian parks in six of the nine islands of the Azores, some of which reach net-expansion rates in the order of 15% of the electrical system, as the cases of the islands of Graciosa and Flores demonstrate. In the island of Terceira, the greatest aeolian park of the Azores is nearing completion. It is estimated that it will produce 4.5 MW of energy. The hydroelectric component will, in turn, produces up to 4% of the total electricity production and its operation is sustained by small water stations that have been installed in four of the nine islands, reaching its most significant contributions in the island of Flores, with approximately 40% of the total production of energy in 2007.

Thus, in spite of the fragmentation of the energy production and consumption into nine small energy markets, the expansion and implantation of renewable energy sources will already reach, with a very significant investment effort, the total value of 37% in 2010.

The fundamental objective of the energy policy of the archipelago is, in essence, that of pursuing the maximization of renewable energy in the overall energy framework. Several studies have been commissioned that address the problem of finding solutions to the technical problems that arise with the further expansion and implantation of these types of energy in small and isolated electrical systems. Hence, with such an end in mind, experiences have been conducted with flywheels in the islands of Graciosa and Flores. These technologies regulate the quality of electrical energy. The Azores is involved in other projects in electricity storage and in the construction of systems nearing 100% renewability, and we should also highlight the collaboration with a German company that studies the integration of Aeolian and photovoltaic energy with last generation batteries. The Azores also contributes to the MIT-Portugal project dealing with sustainable islands.

The investment in the expansion and implantation of renewable energies and energy efficiency in the ORs can transform these regions in areas of excellence, becoming pilot-projects within the EU. But we should stress that these efforts should be duly recognized by the EU with the reinforcement of funds that are destined for R&D and basic investments. The selection of renewable energy sources that merit greater investment should be based on a Strategic Environmental Evaluation.

On the other hand, the ocean is an inestimable source of renewable energy, with great potential for the Azores and the ORs. However, at the same time that we learn about this potential, we consider necessary to bear in mind that these technologies demand greater investments if we are to use them in a rational and safe manner.

We consider, therefore, that greater importance should be granted to the production of oceanic energy, embodying EU efforts to develop existing
knowledge in this field so that these investments can be translated into reliable and viable energy technologies.

Finally, we reaffirm the belief that combating the effects of climate changes, namely, the emission of GHE’s, should be a global undertaking, bearing in mind the efforts that each OR is already making in other areas that are pertinent to this endeavour.

We further stress that these measures for combating climate changes, an objective of the EU, if not accompanied by the necessary ex-ante evaluation, monitoring and positive discrimination of policies, will lead to the aggravation of the transport deficit, will hinder competitiveness and will make the harmonious integration of the ORs more difficult.

Above all, we should underline that, if duly explored and promoted by the EU, our environmental performance will be fundamental for the increased competitiveness of the economic-entrepreneurial sectors of the ORs, for the promotion of their harmonious integration, and for them to become an area of excellence for research. They can become “model-regions” for Europe.

III-Demographic evolution and migratory fluxes

1-Context

In order to understand the present demographic situation of the Azores, it is necessary to know its history and its diverse migratory movements. The Azores of today are composed by its territory, its people and traditions, its emigrant communities in North and South America and by those that have returned to their homeland after living many years as emigrants. More recently, immigrant communities have arrived from Portuguese speaking Africa and South America and, lastly, from Eastern Europe.

2-Emigration

As can it be seen in the graphic below, the number of emigrants decreased drastically during the 1980’s, a consequence of the development of the Region and of the improvements in the conditions of life of its population. Today, emigration numbers are very low.
The substantial decrease of emigration to countries such as the United States, Canada and Bermudas greatly contributed to the stabilization of the population. Presently, taking into account emigration data from 2007, fewer than 225 individuals emigrate every year. Bermuda is their main destination, even though this emigration is temporary since most return to the Azores after a certain period of time.

On the other hand, even if emigration has decreased significantly, the communities of Azorean emigrants are active and are made up of second, third and other generations, remaining strongly tied to the Region and firmly dedicated to the preservation of their language and culture, as well as of the Azorean traditions. They are an excellent market for regional products.

3-Immigration

Immigration, in turn, is a recent phenomenon in the Azores and has risen significantly from the year 2000 onwards, mainly due to the housing reconstruction following the 1998 earthquake which affected the islands of Faial and Pico in particular, and also due to the boom in both the public works and hotel construction sectors.

Despite this undeniable reality, it is difficult to quantify this migratory trend to the Azores due to mobility factors, because of the number of illegal immigrants and also because the criteria used by the national services and institutions dealing with this area do not coincide. Nonetheless, and according to the latest existing data, it is estimated that 3% (6,363) of the Azorean population is comprised by immigrants who reside in the archipelago, of which 11.4% (727) are originate
from EU Member States. It should be stressed that there are currently over 50 nationalities present in the archipelago, though the majority are citizens of Cape Verde, Ukraine, Brazil, Russia and Angola.

![Evolution of the number of foreign citizens in the Azores (1997-2003)](chart)

Source: SEF (Aliens and Border Service), Statistical Report

Since immigration is, as it has been stated, a recent phenomenon, it places new challenges which have to do with the integration of those foreign citizens who have chosen to live in the Region. To meet these challenges, different measures have been taken in a constant search for the creation of adequate structures and improved methodologies.

Also within the scope of immigration, despite its essentially diverse character, we are faced with the involuntary return of emigrant citizens, including deportees and repatriates. Although this is not a new reality, we witnessed throughout the 1990s the growth of forced returns in the face of the toughening of immigration laws in both the United States and Canada. This led to the need to create a permanent welcoming and support structure for deported citizens with the aim of both helping their social integration and minimizing their impact on Azorean society.

### 4-Future strategy for the ORs

In as far as migratory fluxes and demographic evolution are concerned, it is necessary that the EU bears in mind not only the phenomena concerned with the strong pressure and illegal immigration existent in some ORs, but also other realities specific to each Region, which may produce a clear and important impact in their future development.

It is, thus, fundamental to consider the diversity and individual characteristics of each Region and that the EU adopts specific measures and programs for the smaller and less populated islands of the ORs,
promoting their development and creating jobs for their youth, as well as creating and financing specific social infra-structures for the elderly (Old People's Homes, Health and Social Security Centres, among others).

On the other hand, as we all know, in the Azores there are no problems related to mass illegal immigration, essentially due to its greater distance from the countries of origin. One must not, nonetheless, push aside the possibility of greater fluxes of irregular immigrants in the future by air and/or maritime transportation and, therefore, the EU support – and, especially, prevention - measures and programs must always remain applicable to all the ORs.

The fact that some ORs, such as the Azores, constitute Schengen entry/exit gateways, as well as platforms to gain access to third countries, mainly the United States and Canada, must also not be neglected.

In this case, these Regions must not suffer, due to their geographical situation, the disadvantages of a common policy in the interest of the Union as a whole, in particular the costs and human and social problems caused by the detention and/or retention of persons envisaging illegal passage through their territories. Such ORs should benefit from specific compensatory measures.

As far as the integration of immigrants is concerned, it is commonly accepted that there is a need for improving personal and professional skills with labour market inclusion in view, which is essential to a full social integration. One should also not ignore the possibility of greater demographic pressure in the future due to the growing numbers of legal immigration and the consequent need for an increased effort to enable inclusion in differentiated and very specific social and economic environments such as those of the smaller islands.

For these reasons, the EU should promote the sharing of experience and cooperation, not only among ORs, but also with other regions of Europe and with other countries outside the EU, regarding the application of measures which enhance the integration of these citizens.

The same principle should be applied to the phenomenon of the return of deported citizens. In the case of the Azores, these are nationals who, in many cases, emigrated young and have no family or cultural ties to the Region. Their forced return, in particular when due to crimes committed in the country of destination, places questions regarding their integration which should not be neglected.

Added support by the EU is, thus, fundamental in areas such as migratory fluxes and demographic evolution, aiding existing policies in the different ORs and creating specific programs for the immigrant communities, including not only integration, but also the preservation of identity and customs with a view of fixing young people in disfavoured areas.
As far as welcoming deported citizens is concerned, not only the sharing of experience with other ORs should be encouraged and promoted, but also with regions and countries with similar problems (as will be the case of the Republic of Cape Verde). This will permit a better understanding of the reality of such regions as regards procedures, support structures and field studies. The Azores and the other ORs certainly have similar problems, and it is, therefore, fundamental to share knowledge and experience with a view to better integrate these citizens in society.

IV-Agriculture

1-Context

The agricultural and forestry activity in the region has strong links with the environment, the landscape and culture which, in turn, constitute the main potential sources for the development of other activities, in particular Tourism.

In an analysis of the sector's main indicators, one can see that a large part of the territory of the Autonomous Region of the Azores is dominated by agriculture and forestry areas, with greater incidence of agriculture rather than forestry (11).

Dairy cattle are dominant throughout the Region. In 2005, the number of heads in the Region was 216,989 (12) and over the last few years the average productivity per cow has risen to 5,763 litres, corresponding to a 19.9% rise.

Milk is, thus, the main industry of the Region, the best organised, the most dynamic and the one where one can find the lowest average age of the labour force. The Region produces as much as 27% of all milk sold in the national market. Processing and commerce are ensured by national companies, multinationals and regional cooperatives and the Portuguese mainland is the principal destination market of processed goods. Most of the milk produced is used to manufacture cheese, powdered milk and butter. In the case of cheese, an increase in production absorbs currently 40% of all milk produced.

The extensive regime continues to predominate and, in the last few years, there has been an increase in the average size of each producer, an increase in the

11 In agricultural occupation, we may refer that 95% of the usable agricultural surface is occupied by pasture, prairies and grass silage, followed by fruit-growing, vineyards and horticulture. In 2005, there were 15,100 agricultural producers in the Region with an average age of 55. There has been a positive structural evolution of the agricultural holdings with the increase of the average size from 4.8 ha to 8.0 ha. There was an increase of 3% in the usable agricultural surface and a reduction of 38% in the number of holdings.

12 According to SNIRB, 250.885 in 2005 and 257.543 on December 31, 2006.
average production per cow, an increase in the quality of the milk and a positive evolution in the price per litre (\(^{13}\)).

The beef sector represents, in turn, 19.4\% of regional agricultural production. Production is greatly influenced by the milk sector where the sub-product produces annually a great number of male calves and retired dairy cows are also frequently slaughtered. For a long time, the Region exported live cattle to both the Mainland and Madeira markets, on an average of 50,000 heads per year (\(^{14}\)).

The existence of a Protected Geographical Indication “Azores”, recognised by the European Union, is a valuable tool in structuring the industry and creating the levels of quality which enable absorbing the different production systems in existence.

The so-called “diversification sectors” industries are linked to the main vegetable productions (green vegetables, fruit, flowers and ornamental plants, vine and industrial produce) and to honey. The areas dedicated to flowers and plants, citrus fruit and garden produce have grown over the past few years.

Wine represents, in turn, only 0.4\% of all regional agricultural production. In the Azores there are, however, three demarcated areas (Pico, Terceira and Graciosa) which produce wines much sought by the local, tourist and “saudade” (Azorean emigrants abroad) markets (\(^{15}\)). Vineyards producing VQPRD wines exist only in these three islands and Pico represents 72\% of the total production. With the recognition of specific characteristics for the production of quality wines, associated to the technological evolution of the last few years, the designation “Vinho Régio” followed by the Geographical Indication “Azores” was established in 2004.

Bee-keeping is traditionally practised for family consumption and as a surplus earning by farmers, but this sector, although not very large, is highly important mainly due to the production of honey which is the bee-hive’s most interesting product from an economic point of view, as far as the Region is concerned. The

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\(^{13}\) In the period between 1996/97 and 2004/05, milk production increased 26\% with about 90\% of the production centred on the islands of S. Miguel and Terceira. The main areas of production are in the villages inside the Agricultural Planning Perimeters.

\(^{14}\) Intensive pig production is concentrated, in turn, on the islands of S. Miguel, Terceira e Pico.

\(^{15}\) Due to the natural conditions of the archipelago, vineyard production follows traditions methods in corrals and flagstones, which mark the existence of areas with a strong landscape and cultural value. This culture is developed in very small holdings, the organization of the sector is quite underdeveloped and there are still important areas where the survival of the culture requires a vineyard restructuring.
local flora affords it special qualities producing two main types: “Incense Honey” and “Multi-flora Honey” (16).

2-Future strategy for the ORs

Although this Communication recognises the importance of the agricultural sector as “a pillar of the ORs economies”, one must lament the lack of development, in the text, of the part concerned with future perspectives of this economic activity, or of any suggestions of questions for debate, especially within this context where we are undergoing a “health examination” and the CAP revision.

We should, nonetheless, register as positive the reference to the success of the application of specific measures to the benefit of the ORs in the reform of common market organizations in the sugar and banana sectors, especially because it must be recognised that regional characteristics regarding relative political commitment to each of the reforms were taken into account. This is the principle we believe must be adopted in other fundamental sectors of agricultural activity in the ORs and namely, in the case of the Azores, its milk sector.

In fact, if the EC justly emphasises the importance of integrating the support to these agricultural sectors in the POSEI regime, enabling thus a more coherent development of the agricultural sector in the ORs, the truth is that it ignores, in the particular case of the Azores, that its most important agricultural sector – the milk industry - is not integrated in this very regime.

This question acquires particular relevance with regard to two essential points: the case of a possible extinction of the milk quota regime and the question of the prize afforded dairy products.

Firstly, in relation to the milk quota regime, the Azores are clearly in favour of maintaining this regime in the European Union beyond 2014/2015. To the Azores, the quota regime, although it limits productive capacity, it also protects regional milk production sustainability, conditioned as it is by the small size of the territory and by the distance from the markets.

Besides maintaining the milk quota regime in the EU, within the framework of specific measures for the ORs, we believe that it is also fundamental to guarantee flexibility in the definition and management of administrative limits imposed on traditional production and that the development of agro-

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16 In 2005, 214 honey producers registered or updated their registration. In total, they declared 4,198 colonies. Honey production in the Region was about 92 tonnes, with S. Miguel and Terceira registering the biggest production. In the Azores, we have one of the seven national protected names related to the production and commerce of honey: “Honey from the Azores.” Despite the production area covering the whole archipelago, the certified production is centred in 3 producers: one in Terceira and 2 in S. Miguel. In 2004, production rose to 2,5 tonnes (2% of the national production under protected names), with a important difference between the production under and outside the protected name.
pecuary production must be permitted where these regions have real comparative advantages up to the limit of duly demonstrated environmental and resource sustainability.

On the other hand, it is essential that the 23,000 tons attributed to Azorean producers, in accordance with article 19 of the Regulations (EC) n. 247/2006 of January 30th, are transformed into a full-fledged quota as was the case with the 50,000 tons in the mid-term CAP revision of September 2003.

Nevertheless, should the final agreement reached in relation to the CAP “health exam” determine the end of the milk quota regime after 2014/2015, then it will be necessary to take into account the specific situation of the ORs which are heavily dependant on milk production – as is the case of the Azores – establishing specific monitoring and compensation measures, among which a financial envelope, as part of the POSEI envelope, in compensation for the end of the quota regime, allowing the regional milk industry to continue to develop and raise the levels of sustainability and competitiveness of the whole chain of value.

As a OR which has in milk production one of its most important activities and which cannot easily find consistent alternative opportunities, the defence of the milk industry as strategic to its development is unquestionable, for its importance in the local economy, for the many installed skills, for the investment that has been made, and because it is the sector of production where the Region has greater market scale, greater productive ability and greater natural conditions.

On the other hand, still in relation to the integration of the milk sector in POSEI, there is the question of the prize for dairy products. In effect, the integration in mainland Portugal, in 2007, of the prize for dairy products and of complementary payments under the Single Payment Regime (SPR) led to the situation whereby only the Azores continued to receive direct help for the milk industry as per articles 95 to 97 of Regulations (EC) n. 1782/2003 at the Council of September 29th, 2003, related to production, and it was necessary to define a financial envelope specific to the Region, with the consequent different management mechanisms from those applicable in the mainland.

Thus, with Regulation (EC) n. 1276/2007 by the Commission of October 29th, 2007, the budget limits for the Azores were set at 12,608 million euros for the dairy produce prize and at 6,254 million euros for complementary payments.

As already referred, the rules stated in articles 95 and 96 of (EC) Regulation n. 1782/2003 of the Council of September 29th, 2003 are applied to the financial envelope for 2007 and the years that follow, for a total amount of 18,862 million euros. This means that it is still a “direct CAP payment,” since it is awarded directly to farmers under a regime of support to constant income in Annex I of the mentioned regulation.
At such a time as an alteration to the CAP is expected due to the undergoing “health exam,” it should be defined, within a framework of stability and coherence as defended by the Commission for the ORs, that the 18,862 million euros envelope should be included in the POSEI Azores envelope, established by n. 2, article 23 of (EC) Regulation n. 247/2006 at the Council of January 30th.

Still within the scope of CAP’s 2008/2009 “health examination,” it should be said that it is fundamental to ensure adequate levels of flexibility, both at the political commitment level established in the future at the Council of Ministers, as well as at the level of its posterior regulation by legislative proposals in order to provide solutions to the ORs specific regional characteristics and continuity in access to a financial envelope adequate to the development needs of the ORs traditional agricultural sectors.

Besides the aforementioned CAP “health examination” questions, it is necessary to take into account the Commission’s intention of presenting, in November of 2008, a report and the new proposals for classifying disfavoured areas, which as far as we know, will no longer take into account socioeconomic aspects but rather others, such as soil productivity (type of soil, usage limitations, etc.) and climate related questions (duration of days, water usage restrictions, etc.).

This alteration, which will condition the future attribution of aid for “maintaining agricultural activity in disfavoured areas,” as defined in the 2007-2013 Rural Development Program, should not apply to the ORs, which should, because of their particular situation, as defined in the Treaty, be considered, to this effect, disfavoured areas.

V-European maritime policy

1-The sea and the Azores

The sea’s importance to the Azores is easily understood by looking at its Atlantic location and by the archipelago’s distribution over 600 Km which afford it its impressive Exclusive Economic Zone of over 953,000 sq. km.

It is, therefore, understandable that the Azorean contribution to the “maritime policy” theme is based, always, on the recognition that the Region has an effective and relevant role in the implementation of a regional maritime policy as well as European one.

It is, therefore, necessary that in implementing the different policies in each maritime sector, the EU understands and recognises that regions, such as the Azores, have already undertaken appreciable maritime related policies and that, on the one hand, these should be a valid basis for implementation in other
regions and, on the other hand – more important still – a differentiated approach to these situations should be contemplated, respecting the subsidiarity principle.

The Azorean policies may constitute a model and an added value to the EU not only in relation to its vast Exclusive Economic Zone, certain, as it is, that sea affairs policy clearly needs reinforced partnership between regional, national and international authorities. As a good example of such cooperation between different levels of authority, the Portuguese state managed, on the basis of an Azorean proposal, to declare as a “Protected Maritime Area”, within the scope of OSPAR, an area outside of Portugal's EEZ, namely, the great depth hydro-thermal Rainbow spring, securing the possibility of its management from the Azores, in a regional and national joint position taking up the UN’s challenge for someone to take responsibility for Deep Sea areas management.

2-Maritime policy and the ORs

Many positive points can be found in the Blue Book, such as the Governing structure and its respective three tools for the implementation of an Integrated Policy, namely, the Integrated European Network for Maritime Monitoring, the promotion of tools for Maritime Space Planning and Integrated Coastal Areas Management, as well as the creation of a European Network for Observation and Data relating to the Maritime environment. The ORs can also greatly contribute to these tools with their own resources, experience and knowledge.

We stress as positive the Commission’s desire to implement a “truly integrated maritime policy” which takes into account and includes, in an active way, all “levels” – from community to local/regional – and all policies, such as space planning and Tourism, which have an impact or influence on maritime policy;

As expected and demandable, the Plan of Action covers the most diverse areas and contains objectives which have previously been defended and which are considered of great importance to the Azores, such as the adoption of a strategy to lessen the effects of climate changes in coastal areas, the elimination of illegal and irregular fishing and of deep sea trawling, the development of a European maritime research strategy, the creation of a European network of maritime clusters, the review of exemptions in labour legislation for the sea transportation and fishing industries and the development of a Maritime Certificate of Excellence, the promotion of segments of coastal and maritime tourism and the adoption of a Community Strategy for Risk Prevention which underlines, also, the natural risks to which coastal areas are prone to.

Besides all these sector policies, the explicit recognition of the important role of coastal and insular regions within the EU context should be emphasised, namely the recognition that these “produce important services for inland regions and act as a basis for policing maritime borders and coastal waters” and that “the infra-
structural demands thus imposed are considerable and should be taken into account in defining Community resources”.

Finally, positive consideration should be given to the fact that the Communication recognises the particular role of the ORs in the context of the EU and of maritime policy stating that “they suffer considerable economic disadvantages but have great potential for maritime activities and for research. Their vast maritime areas provide echo-system related services of considerable interest to the Union,” as well the EC commitment to adopt measures to promote their maritime potential.

Now, the recognition by the EU, in its Plan of Action, of the particular role of the ORs in maritime policy, namely in stating their tremendous potential regarding the development of maritime activities and research and by recognising their relevance in the maintenance of echo-systems and biodiversity are, obviously, positive aspects which should be stressed.

Nonetheless, the EU must now align policy with these considerations adopting concrete measures designed to promote the maritime potential of these regions.

This need is clear, from the outset, in the promotion of further transportation inter-connections between the ORs and the Community space, fully integrating these in the trans-European transportation networks and promoting mechanisms in support of local island traffic as well as of links to geographically adjoining countries or regions. Only the adoption of such mechanisms can permit the promotion of the sea as a real factor for the ORs competitiveness and regional integration.

Still regarding the promotion of competitiveness, the EU should not only consider the ORs as natural laboratories of reference, by excellence, as also effectively promote deep-sea research in all its aspects, thus permitting the ORs to become a space for sharing know-how, exchanging of knowledge and researching new technologies and products.

The deep ocean is, as we know, a marine echo-system of the highest potential in a strategic domain which is as yet undergoing a development phase. In this way, in the marine depths of the Azores can be found some of the more complex (and less known) of the planet’s echo-systems, such as chemo-synthetic echo-systems, where it is possible to find some of the most remarkable animal adaptations. Marine sub-soil is, in turn, also “permeable” to life forms and contains new bacteria, which is to say, new genetic resources, including enzymes and proteins, with huge potential in so-called “blue biotechnology”.

Another area of excellence for research, in the Azorean seas, is naturally that of geological risks with the Region’s unparalleled situation, thanks to the triple junction of the American, Euro-Asian and African platforms.
This constitutes, therefore, a unique opportunity for the EU to contribute to the development of the Azores, in particular regarding the localization of marine research infra-structures or projects. This scientific activity in the Azores, perhaps more so than in any other region of Europe, has today a pioneering and leading role ensured by its geographical situation, by the intercontinental “intersection” of financial tools, the installation of technological infra-structures, scientific cooperation and experiments developed in the field.

In this context, it is fundamental that specific lines are considered, within the framework of future Research and Development Programs, in order to increase the support and promotion of research by the ORs in marine technologies and its new products.

Still in relation to future financing of maritime policy, it will be indispensable not only to establish specific and adequate funds for its implementation but also that the fundamental criterion for its quantification and attribution are the size of the exclusive economic zone adjacent to each region.

As regards protection and management of biodiversity, given that European Maritime Policy is based on the environmental pillar of the Marine Environment Strategic Protection Directive, and that this directive is based on the echo-systemic approach to ordaining, planning and managing marine space, it is considered that government should also be based on the same principle.

In this way, we agree with promoting the existence of an advisory/deliberative OR organism which can bring together the interested parties creating a space for sharing between ORs within the same basin, and create interaction with other Third-Party States, in particular, within the Macaronesia area, with Cape Verde.

This advisory organism should concern itself also with the themes of Fisheries and management of protected marine areas, enabling the Fishing Industry professionals to actively participate in the definition of rules in the sector’s own resource management, within the scope of the Common Fisheries Policy.

The concerted and active actions of such an organism will permit the concerted promotion of fundamental synergies, both in managing the fishing effort, as well as in the promotion and defence of unique aspects protecting Biodiversity as a factor of differentiation and attraction of these maritime macro-units in the EU context, and also in researching new potential areas, such as hydro-thermal springs.

On the other hand, the recent inclusion, in the Lisbon Treaty, of conservation of biological sea resources as an exclusive competence of the EU, within the scope of the common fisheries policy, has to meet with the total disagreement on the part of the Azores.
In effect, on the face of the history of results shown by the Common Fisheries Policy in the field of species conservation, this option affords no guarantee, far to the contrary, of sustainable resource management principles, of correct adaptation of legislative measures to the existing local and regional realities, within the maritime space of the Union, and also of preserving unique environmental and socioeconomic balance.

**Centralised and distant management of Sea affairs does not fulfil the objectives proposed by European Maritime Policy** and, as such, affecting this responsibility exclusively to the EU, if unaccompanied by a change in policy implementation, is, we restate, something to be wary of.

It is also worth pointing out that some ORs, due to their privileged geographical situation on routes used by Ocean liners, are subject to added risks such as marine pollution, accidents and traffic with dangerous cargo, among others.

We face a situation where a very small part of the Union’s territory bears the full burden of the risks of an activity which is beneficial to all. It is, therefore, our understanding that the implementation of the European Maritime Policy should consider these situations in a special way, affecting resources in order to fulfil duties to the interest of the whole Union in these or by these regions.

As regards the promotion of the Member States’ coast-guards cooperation effort and the functioning of organisms such as the European Maritime Safety Agency, the Atlantic space must be approached in a privileged way, in particular regarding the affection of resources. Still within this context, it must be stressed the need for special attention to be given to the ORs maritime space and to the potential which may be found in the creation of an Integrated European Network for Maritime Vigilance or a Marine Environment Observation and Data European Network.

In this respect, it must be said that the installation within the archipelago of other (non-EU) facilities is equally fundamental to the future of the oceans and to the development of a real maritime policy in Europe. It is the case, for example, of the National Maritime Observation and Vigilance Centre, whose objective will be to develop an observation system of the Azorean Exclusive Economic Zone, using, among several sources of information, current remote detection techniques, based on a satellite reception station. This Centre will contribute decisively to areas of special interest to the EU such as fishing control, Maritime security, the fight against terrorism, illegal immigration, and other illicit operations, as well as pollution.

**3-Fisheries**
Regarding the European Maritime Policy, there is one component that has to be highlighted for its importance for the ORs, where it has a fundamental socioeconomic role: fisheries.

In this sense, and taking into account the principle of good governance defined in the Common Fisheries Policy, we consider that the EU should progress and defend a clear definition of responsibilities at both Community and local levels, a decision making process based on solid scientific advice producing results in good time, an ample participation of people interested in the fisheries sector and of its operators in all its policy-making phases, a coherency with other Community policies, namely in the environmental, social and regional areas, but also in the development, health and consumer protection fields.

In this context, the Common Fisheries Policy should guarantee, particularly in the ORs, an exploration of life aquatic resources that produces sustain economical, environmental and social conditions. A precautionary approach is equally indispensable when adopting management measures for the halieutic resources, as it is an essential method for their protection and medium to long term conservation. The principle of relative stability is, therefore, a fundamental factor of a policy which allows the safeguard of the specific necessities of regions where the population is particularly dependent on fishing.

Aware of the importance that the fisheries sector represents for the Autonomous Region of the Azores, in economical, social and cultural terms, we consider that the Common Fisheries Policy should take into account its specificities, as well as the ones from other ORs, namely in what regards the biological fragilities of their fishing zones and their socioeconomic dependency on halieutic resources in their exclusive economic zone, the underdevelopment of their fishing fleets and the structural and permanent additional costs of the fisheries sector operators, the non-existence of a common forum for the coordination and expression of problems of their professionals in the issues related to the Common Fisheries Policy.

It is, thus, in the interest of all that the EU first and foremost promotes, in a more active way, a deeper professionalism in Fisheries and a more rational use of it, both in the management of halieutic resources and in a better connection between maritime research and fishing practices. The application of new technologies, which guarantee a greater efficiency of the fishing effort, the security of fishermen and simultaneously the protection of biodiversity and of resources, should also be supported by the EU.

Beyond all the aforementioned constraints and particularities of their fisheries sector (namely, the reduced fleet and ship size), fishing is essentially of proximity in the ORs, resorting to traditional techniques without environmental impact. The social and economical importance of the sector is, nonetheless, still great, so the
adoption of any measures by the EU with impact in the ORs should also take into account these specificities and safeguard them.

In this context, and to sum up, it is fundamental that the EU promotes specific measures in support of the ORs, which namely aim to:

- favour the access of the OR local fleets to the adjacent economic exclusive zone;

- conduct a scientific evaluation of the potential of maritime resources in the economic exclusive zone adjacent to the ORs, based on the principle of precaution which guarantees their eventual biological capabilities to share resources;

- evaluate, according to the principle of relative stability, the socioeconomic impact that an increase of the fishing effort in the economic exclusive zones adjacent to the ORs, by larger ships, will represent to the sustainability of the respective local communities;

- create a specific program to renew and modernise the ORs fishing fleets, in order to approximate the working, safety and fish conservation conditions of the ORs professionals to their counterparts from the European continent;

- support the conception of programs to train fishermen and to value economic activities related to the sea;

- consider the necessity of implementing the POSEI program in a definitive manner, since the ORs professionals in this sector are subject to conditions which are of structural and permanent nature;

- appreciate the application of measures that boost the development of other sea-related activities, allowing the re-adaptation of fishing professionals particularly for Tourism, through whale watching, scuba diving, recreational and underwater fishing, amongst others activities;

- establish an Outermost Regions Advisory Council to allow professionals from the fisheries sector to actively participate in the creation of the rules for the management both of the resources and of the sector itself in the waters adjacent to the ORs in the framework of the Common Fisheries Policy.

**VI-Tourism**

Despite not being part of the four subjects proposed by the Commission, the development of Tourism in the Autonomous Region of the Azores deserves a special focus, particularly due to its connection to and complementarity of all of
those areas, from the activities related to the sea and agriculture to environmental and also demographic questions.

A sector of relative recent importance and priority in the economy of the archipelago, tourism assumes an increasing interest in the strategy of economic and social development of the Autonomous Region of the Azores. A growth which has been based on the sustainability of the Azores destination and on the guarantee of an adequate balance between the tourist activity, the facilities associated with it and the protection of the landscape, ecosystems and biodiversity, as unique features of the Region in Europe and in the World.

Therefore, and with the goal of assuring this sustainability in mind, the Azorean Government elaborated a tourism master plan, awaiting approval, which foresees, amongst other aspects, the maximum numbers of beds for the whole Region by 2015 (17,051 beds) and the respective distribution by island. It also defines the core tourist products for each island, as a way to geographically distribute the demand and to motivate the local markets.

The incentive systems, in turn, orientate the investments to four and five star hotels, to resorts and to tourism in rural areas, avoiding the transformation of the Azores in a mass tourism destination. In terms of promotion, the goal has been centred in the diversification of the markets, in the lessening of seasonality and in the development of diverse products, especially in the areas of congresses, golf and nautical tourism, always highlighting the environmental and sustainable aspects of the activity.

Accessibility conditions are, once more, of vital importance to assure the growth of this sector and of the economic activities associated with it. In this context, it is crucial to not only demand for support measures from the Union which aim specifically the contingencies of island tourism, but also and above all to remove or compensate the disastrous effects of decisions that may further limit the potentialities of these regions in comparison with other continental territories. The EU measures to combat climate change, especially those aiming the air transportation sector, are paradigmatic in this aspect.

This strategy for the development of the sector has been recognised not only by the people who visit us, but also by international magazines specialised in the area. For example, National Geographic Traveler ranked the Azores in second place among 111 world destinations for sustained tourist in islands, a ranking judged by a panel of 522 experts in sustainable tourism (17).

17 National Geographic Traveler specifically mentions that this archipelago of temperate weather, in the middle of the North Atlantic, with "green volcanic mountains and picturesque black-and-white towns," offers "driving tours, handicrafts, and cuisine," along with an ecosystem "in great shape," as well as a "strong and vibrant" Portuguese culture.
The connection between tourism and sea-related activities is clear. Whale watching, recreational and underwater fishing, sailing, yachting, cruise tourism, among others, are products of excellence provide by the brand “Azores” and are also a way of diversifying and converting professionals, as well as of taking advantage of traditional techniques (for example, the use of former whale hunting observation points for whale watching).

In terms of demographics, the development of Tourism may clearly contribute for the settlement of young and innovative people, particularly in the smaller islands, through new opportunities for the provision of services in the tourist areas. In small and less developed islands, especially where the youth is attracted to the traditional activities of agriculture and fisheries, tourism undoubtedly appears as an opportunity to diversify, to reconvert professionals and to settle young people.

Above all, it should be stressed that the funds claimed for all the topics identified by the Commission will have the necessary repercussion in the Region’s tourist activity. The continued support to the preservation of the environmental pillar and to planning, as well as to sea and agriculture-related activities, will sustain the development of tourism, which is a fundamental sector for the prosperity and convergence of the Region with the Union.

Nonetheless, as it as been stated, the growth strategy for this emerging sector, where we have the necessity of highlighting it from other destinations, greatly depends upon frequent air transportation with competitive prices. Accessibility is once again an indispensable element to maintain the attraction and competitiveness of the destination. It therefore becomes fundamental to guarantee the EU support for the development of the transport sector, not only with the exterior, but also within the region, as well as to reject any hindrance that may be adopted in this area.

The encouragement of tourist fluxes from Europe and North America, as well as the support from the EU for direct connections with other ORs from the Macaronesia, along with Cape Verde, will benefit, in turn, the regional integration of the Azores, especially the economic integration with the territories closer to them (18).

VII-Accessibility

Accessibility takes a fundamental role in the context of the Azorean regional development, both by the distance that separates the archipelago from the Portuguese mainland and other external territories and by the internal territorial

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18 From June 3, 2008, SATA Air Açores airline company will offer, for the first time, a regular service between the Azores, Madeira and the Canary Islands, with two weekly frequencies during the whole year in the Ponta Delgada – Funchal – Las Palmas route.
discontinuity: nine small islands spread through 600 km of ocean, forcing the existence of a complex network of air and maritime transportation.

We mention here once again the problem of the fight against climate change, particularly the question about the directive that aims to integrate in the EU commercial regime of emission licenses the emission of GHE gases by civil aviation, as well as its foreseeable extension to the sector of maritime transportation, which may imply an increase in direct and indirect costs associated with transportation, which is fundamental to the flux of people and goods in the ORs, especially for tourism fluxes.

What is certain is that the international air transportation emissions in the EU increase more than in any other sector and that this growth threatens the progress in the global reduction of the emission of GHE gases. But it is not less true that the ORs have a marginal emission of pollutant gases, and notwithstanding their constrains, some regions like the Azores have made a great effort to use, for instance, renewable energies and are well ahead of the global objectives set by the EU for this area.

The Regions cannot, therefore, be gravely impaired and discriminated in a vital sector for their development, when they have had a key role and have constituted and example for the whole EU in the combat against climate change, particularly in the emission of GHE gases. It should be noted that the sacrifice imposed upon the development of the Autonomous Region of the Azores is proportionally much bigger, when compared to continental regions and even island regions outside the outermost realm.

With no exclusion or compensation mechanism, the increase in transportation prices will contribute to aggravate the accessibility conditions and the population mobility in relation to the mainland and will diminish the Azorean potentialities as a tourism destination, with natural negative repercussions in the economy.

Considering, thus, the difficult mobility and accessibility conditions of the ORs, which have no alternative to air transportation, we have always defended that they should be covered by a special general derogation system, as well as by a previous and rigorous assessment of the implications that the application of this Directive will bring.

VIII-Competitiveness, Technology and Research

Information Technologies (IT) are a fundamental tool today for the technological, economical, social and cultural progress and development of any region and for its integration in a globalized world. Accordingly, they assume a greater importance in regions like the Azores, far from the great centres and physically delimited by geographical and natural barriers. To compensate the geographical remoteness, and taking into account the call for quickness and
efficiency of a globalized economy, the use of IT is a fundamental factor to increase competitiveness.

The bid of the Azores in this new scientific and technological dimension for the development of the Region is more and more notorious, and it is done not only through the aforementioned structural programs, but also through diverse projects in schools and companies, supporting individual and organization projects in partnership with national, European and international entities, an asset in the promotion of our Atlantic centrality and competitiveness, tearing apart the geographical constrains, serving the economy and opening new opportunities for the islands’ population.

The fully use of these technologies requires large investments at the basic facility level for their operation and maintenance, at the permanent communication cost level and also at the user training level. These costs in the Azores are multiplied by nine, due to our archipelagic nature, and are proportionally increased to the distance that separates us from the European mainland and to the economic impossibility of the technological projects guaranteeing competition within the private sector, due to small dimension of the market.

The EU should, therefore, pay special attention to these added costs and help support them, since the bid in the penetration and use of information technologies will be a fundamental way to combat the structural accessibility deficit that ORs suffer and to simultaneously promote their competitiveness and regional integration in a large scale.

The most up-to-date example in the Azores is the necessity of extending the fibber-optic cable from the Central to the Western Group, an investment of 6 to 8 million euros, which no private company can support alone, since there is no profit potential due to the small dimension of this market. Wide band penetration in the ORs, in turn, is another sector which should benefit from specific EU support.

On the other hand, it is indispensable for the Azorean competitiveness effort that the EU reinforces the possibility of participation of OR researchers in the measures and frameworks for R&D, including the research domains where these regions have confirmed and pioneer knowledge that may inclusively constitute an example and asset for the whole EU.

Scientific investigation, technological development and innovation are, thus, the main stimulators of competitiveness, of economic growth, of more and better jobs and decisively contribute for the wealth and social well-being of the population. The ORs and the Azores, in particular, constitute a natural laboratory for the development of scientific research in domains of excellence whose relevance is important to foster within the framework of the European Space of Research.
To sum up, the projects and development of the Azores in the technological, information and research areas integrate a new dimension to attain their development model, which beyond the aforementioned priorities, emphasises the technical and professional training of its citizens, qualified jobs, scientific activities, the generalization of new technologies and quality as transverse factors for its progress.

We therefore reinforce the necessity to promote the ORs competitiveness, through the recognition and specific EU support in relation to the ORs as natural laboratories of reference, promoting in particular deep ocean research in all its areas, as a EU space of excellence for high-end scientific knowledge, a space for knowledge interchange and a space for new technologies and products.

It is fundamental that, in the framework of future R&D Programs, specific lines are considered to intensify the support and promotion of research by the ORs in general and, particularly, in the domain of maritime technologies and of the new products arising from there, as well as in the areas of biotechnology and biomedicine.

IX-Regional integration

To talk about regional integration regarding the Portuguese ORs, and in particular the Azores, has a different tone from the other ORs, not only regarding the de facto situation, but also regarding the applicability of the EU juridical instruments.

In fact, the Azores are the most isolated region of all the ORs, located in the North Atlantic, half way between Europe and North America, whose closer neighbour is precisely the outermost region of Madeira. But this does not imply that the geographical situation of the Azores impedes the promotion of its regional integration.

Far from the contrary, the integration and the opening of a region to geographical spaces outside the EU is not – and cannot be – only gauged by its greater or smaller geographical proximity. The richness of historical, linguistic and cultural ties that connect several territories in the world, regardless of their geographical distance, is a non-neglectable dimension of the integration process of an outermost region like the Azores.

In this specific case, the richness of its history and the temper of its people resulted in the existence of emigrant communities of Azorean descent in South America (in Brazil and Uruguay), as well as in the Pacific Ocean (Hawaii), whose populations avidly search their roots and cultural and historical background.

In North America, in the shores of New England and California, in Canada and also in Bermudas, we find today the biggest communities which gather first,
second and third generation emigrants, keeping the Portuguese language, as well as the Azorean culture, traditions and festivities.

As a result of a common history, culture and geographical integration, the Azores also have a privileged relationship with the archipelago and Republic of Cape Verde, duly taken advantage of and fostered in the realm of Macaronesia, by the PIC INTERREG III B Azores-Madeira-Canary Islands and, for the current 2007-2013 period in particular, by the creation of the strategic axis “Cooperation of Third Countries and Articulation with the Great Neighbourhood.”

Located 1,500 km from the European coastline and 3,900 km from the American one, the Azores integration space, notwithstanding, widens beyond Macaronesia and the other ORs towards the north and south of the American continent and even the Pacific Ocean.

The goal of promoting a policy which integrates the ORs in their geographical space acquires its own dimension in what regards the Portuguese island regions and especially the Azores, but it does not diminish that goal and its benefits for the EU.

Nonetheless, as it is known, the EU neighbourhood policy has an unequal treatment for the various ORs in relation with the goal of territorial cooperation, with the exclusion of the Portuguese ORs, due to the merely geographical criteria that it uses.

It is, thus, a violation of the principle of unitarian treatment of the ORs, constituting a clear disadvantage for the Portuguese ORs in relation to the others, a situation that must be corrected in the future, namely through the change of eligibility criteria for territorial cooperation. Above all, the equality of opportunities for all ORs must be assured.

Therefore, the cultural relations of the Portuguese regions should be right away considered as an asset for the whole EU, promoting the transatlantic dialogue and the world projection of European culture and influence, confirming once more the great contribution that these bring to the relationship between Europe and the world.

Beyond the historical ties, the proximity with other regions of the globe equally reveals a strong market for the traditional products which cannot be neglected.

From this point of view, the connection between the accessibility question and the economic integration of the ORs with other geographical areas is clear. Fostering Azorean exports to the so called “saudade market”, as well as their tourist fluxes, depends on the transportation quality, frequency and costs, with the Region already having regular air service with the US East Coast and Canada.
Once more, in terms of the EU measures to combat climate changes, the Azores, which have played a key role and are an example in this area, cannot be impaired in their integration and discriminated in comparison to other European regions in the transport sector, which is vital for our development.

On the other hand, one cannot also forget the particular case of North American territories, places of great economic development, integrated in forefront countries in the use of technology and scientific knowledge, whose approach between institutions, increased by the islands’ territorial value as natural laboratories of excellence and as confluence points of scientific knowledge and innovation, fosters their competitiveness in benefit of the whole EU.

X - Conclusions

The presentation of COM (2007) 507 Final represents a decisive and important landmark for the assessment of the process so far, regarding the establishment of an "EU Strategy in favour of the ORs," for the consolidation of acquired rights and, above all, for putting in perspective a more coherent and transverse approach to its policies.

But this is also the right moment to look at the future – not only the long term, but also the very near future – as an opportunity to define efficient measures capable of coping with the approaching challenges and opportunities, as well as a time to broaden and accomplish the goals yet to be attained.

Therefore, as the Azorean contribution to the public hearing about the progresses and future perspectives of the EU strategy for the ORs, we in short state:

- the recognition of the benefits and relevance of the measures implemented in compliance of the 2004 Strategy for a “stronger partnership” between the EU, the Member States and the ORs;

- notwithstanding the aforementioned, the certainty that this process is not yet complete and that the EU should be more beneficial, attentive and careful in the coherent and transverse adaptation of its several policies to the specific necessities of the ORs;

- the up-to-dateness and centrality of the major topics of Communication 2004 (the reduction of the accessibility deficit and of other constraints, the increase of the competitiveness and the promotion of regional integration) for the development of the Autonomous Region of the Azores and for the well-being of its population;
the necessity of guaranteeing that the revisions in progress and the future developments will not have a negative impact over the development of the Region and over the EU policies affecting it;

- the recognition of the interest and importance of the four topics brought forward by the European Commission as challenges and opportunities for the development of the ORs, namely, climate change, demographic evolution and management of migratory fluxes, agriculture and maritime policy.

In what regards these future challenges we particularly stress:

- the importance of the traditional activities as strategic sectors in the Azorean economic structure, namely, agriculture (especially milk production) and fisheries, where it is fundamental to assure an adequate flexibility level of the EU policies, with the Azorean specificities in view, and a continued access to a financial envelope which responds to its necessities, in order to continue the development and the increase of sustainability and competitiveness levels of the whole chain of value;

- the environment as a transverse pillar for all of the Region’s social and economic activities and sectors, and the fight against climate change as a fundamental opportunity for the ORs emergence as “model-regions” in the European and world contexts, so EU measures in this area should not aggravate their accessibility deficit and their competitiveness;

- the role model that, in this context, the renewal energy sector represents in the Azores, a result of our own and consolidated strategy, especially in the Geothermic area, which should be fostered with funds for other areas, such as the energy from sea waves;

- the European Maritime Policy, as an area of great potential for the ORs, where they add unique assets to the EU, not only by the vast EEZ areas adjacent to them, but also by the richness of their resources and biodiversity, and the necessity of intensifying EU funding for the promotion of research;

- the necessity of promoting the exploration of aquatic resources in a manner which brings about sustainable conditions from an economic, environmental and social standpoint, with the indispensable need of a precautionary and stable approach, allowing the safeguard of the specific necessities of the Azores, as well as guaranteeing that all of the Azorean heritage in the sustained management of maritime resources is not jeopardised by a centralised, distant and inadequate EU policy;

- the demography of the islands as a challenge for the EU, in particular the necessity of new mechanisms to support the settlement of young people and to combat the lack of population on the smaller islands;
- the cultural and historical dimension as a factor of highlighting and integrating the Azores in Europe and in the world, with special emphasis on the Azorean communities spread throughout North America, and the need of assuring an equalitarian participation level between all the ORs in the attainment of the goal of territorial cooperation;

- the necessity of not endangering and, by the contrary, fostering the reduction of the accessibility deficit, through funding of air and maritime transportation (between the island and with the exterior), as the main source for the development of the Azores;

- tourism, as an economic sector in ample growth in the Region, and its clear connection with the environmental pillar, as well as a factor of diversifying the traditional economic production, of fostering tourism and of creating employment and wealth;

- the necessity of an increased support for the use of IT, for scientific research, for technological development and innovation, as the main agents of competitiveness, of economic growth and of more and better job opportunities, giving a decisive contribution to the wealth and social well-being in the Azores, an archipelago which constitutes a natural laboratory for R&D and for the application of innovative technologies in areas of excellence.

To sum up, if the EU defines the ORs through a series of constrains known to everyone, the status and the outermost reality, in turn, go well beyond these difficulties, contributing in a decisive manner for the maritime territorial dimension of Europe, for its biological diversity and for the richness of its resources, for the environmental sustainability and for the development of innovative technologies, as well as for the geo-strategic positioning of the Union.

This Europe that we want to build – united in diversity and respectful of the specificities of each region – necessarily implies the establishment of an intense partnership between the regional, national and European dimensions, in a constant struggle to overcome the difficulties inherent to the status of Outermost Region, but always and above all in the strict defence of the potentialities of the Azores, of the well-being of our citizens and of our identity.