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## 1992-1993 REPORT ON THE PROGRESS ACHIEVED IN IMPLEMENTING POSEIMA

Report presented by the Commission to the Council and European Parliament in accordance with Section VI of POSEIMA and Article 35 of (EEC) Regulation 1600/92.



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## INTRODUCTION

1. Council Decision 91/315/EEC of 26 June 1991<sup>1</sup> established a Programme of Options Specifically Relating to the Remoteness and Insularity of Madeira and the Azores (POSEIMA). The aim of this programme is to take into account, in the application of Community policies, the specific characteristics and disadvantages of the two archipelagos, which are related to their insularity, extreme remoteness, small size, and their difficult terrain and climates. Their economic dependence regarding some products, along with their narrow and dispersed local markets which determine the social and economic life of these regions.
2. Symbolising the solidarity of the Community regarding its remote regions, which is essential for a better integration in the internal market, POSEIMA is designed to be a frame of reference for the application of Community policies in these regions.
3. So POSEIMA is a framework programme whose implementation extends beyond 31 December 1992 in view of the permanent constraints which characterise the two archipelagos. The joint declaration on the outermost regions of the Community, annexed to the Treaty on European Union, confirms and perpetuates the approach of POSEIMA.
4. Founded on the general principle of taking into account the specific characteristics of Madeira and the Azores in the application of Community policies, POSEIMA principally comprises a special arrangement in agricultural matters which is aimed at supplying and supporting local production by specific measures in favour of other sensitive sectors of the economies of these two archipelagos (energy supplies, customs measures, fisheries, craft industries, etc.), all in harmony with, and complementing, contributions from structural funds.
5. Section VI of POSEIMA and Article 35 of its framework regulation on agriculture<sup>2</sup> both stipulate that the Commission should present an annual report on the progress achieved, respectively, in the implementation of the POSEIMA programme and the measures stipulated in this regulation, accompanied, where appropriate, by proposals concerning the adaptation measures which prove to be necessary in order to achieve the objectives of POSEIMA.

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<sup>1</sup> OJ L 171 of 29 June 1991.

<sup>2</sup> (EEC) Council Regulation N° 1600/92 of 15 June 1992 on specific measures relating to certain agricultural products in favour of the Azores and Madeira, OJ L 173 of 27 June 1992.

6. The present report relates to these two provisions and covers the year 1992, during which the principal specific measures implemented under POSEIMA have been adopted, and the year 1993, the first complete year of application of these measures.
7. In the light of this first period of application, the present report sets out the social and economic situations in the Azores and Madeira and their development since 1991, draws up an initial assessment of the measures designed and implemented and indicates the alterations and additions which are found to be necessary for the attainment of the POSEIMA objectives in view of the requests transmitted by the Portuguese authorities within the framework of partnership between the Member State, the regions and the Commission, particularly concerning agriculture and the development of the productive sector.

## I SOCIO-ECONOMIC SITUATION OF THE AZORES AND MADEIRA

8. The socio-economic situation of the Azores and Madeira, in difficult global economic circumstances, highlights the need to pursue and reinforce the actions taken by the Community in order to meet the POSEIMA objectives, i.e. the recovery and development of these regions, and the objective of greater integration in the large internal market. A table showing the basic socio-economic indicators appears in Annexe I.
9. The socio-economic characteristics, and their current dynamics, may be summarised as follows:
  - a per capita GDP which may be estimated in the same way as purchasing power at less than half the Community average, which makes these two archipelagos amongst the poorest in the Community,
  - unemployment which remains low compared to the Community average, but which has some interesting features:
    - \* in the Azores, the low unemployment rate (4%), which is relatively stable, may be considered to be an excellent result. It should be amended by two characteristics of this region: a decreasing population (-2.4% for the 1981-91 period) due to losses from emigration, and the existence of significant under-employment, particularly in agriculture;
    - \* in Madeira the unemployment rate has remained stable in recent years, at around 4.4%. This figure conceals significant underemployment in agriculture and the craft industries which is a threat for the future trend of the unemployment figures.
  - a primary sector which is in decline but which keeps a large part of the population (more than 20%) in employment and represents almost a quarter of the GDP. The importance and weight of agriculture and fisheries are demonstrated by the preeminent position of family firms. In the Azores, production chiefly involves cattle rearing (dairy and meat production) but also certain traditional industrial crops, particularly sugar beet. In Madeira, banana growing and wine growing are predominant;
  - a secondary sector consisting mainly of very small firms in the craft industry. Thus almost 86% of industrial firms employ less than 5 people. In the Azores, the main industries are still linked to the processing of products from the primary sector and oriented mainly towards external markets; the construction and civil engineering sector is in decline. In Madeira there is more of a contrast. On the one hand, the free zone is a major factor in industrial development and plays an important stimulating role, and

on the other hand there are numerous traditional small cottage industries which are geared towards foreign markets. This embryonic industry is based principally on cottage industries and very small businesses which are handicapped by their small size (uneasy access to credit, professional training, R & D, etc.) and problems connected with their location in the remotest regions and the stiff competition from products from third countries;

- a tertiary sector which is in full swing, and whose development differs in the two regions. In the Azores the situation is the result of the growth in public employment which was then succeeded by the other private service sectors. In Madeira, tourism is of the utmost importance and is associated with a number of other tertiary activities such as transport and trade;
- excess cost of supplies and transport: the absence of regional markets close by, the meagreness of local markets and the transport difficulties, particularly within the archipelago, mean that these economies are structurally unproductive despite the work that has already been done on infrastructures;
- energy supplies, which are outmatched by transport, from the continent and within the archipelago, but also by the need to maintain centres of distribution and storage throughout all the islands making up the archipelago. This initial situation is compounded by new problems connected with the more global development of the energy sector in the Community. Thus, in view of their highly remote location, it would seem difficult for these two regions to benefit from the energy service and the reductions in energy costs resulting from the extension of the trans-European networks. Furthermore, the freeing up of the energy market may have the effect of causing distributors to reduce their least profitable points of sale, including those on the small islands of these regions. The Azores and Madeira are therefore more vulnerable than other regions to fluctuations in prices, particularly of oil, and this factor has a destabilizing influence on their economy. In addition, the potential of these regions in terms of renewable and local energy can be exploited only if the regional transport and distribution networks are adapted to take this into account;
- prospects for diversification which are still limited despite the action taken as part of the REGIS Community initiative and the incentives brought in as part of the two free zones;
- local budgets which are supplied, in particular, by funds from indirect taxation and which tend to decrease while reducing the regional public funding capacity in the future Community support frameworks for 1994-1999. The decrease in resources arising from the foreign military bases located on the Azores has a major impact on regional finances;
- environmental concerns, which have taken on a new urgency, particularly as regards protection of shores and waste water and sewage treatment.

## **II ACTION UNDERTAKEN UNDER THE POSEIMA PROGRAMME**

10. The different measures adopted under the POSEIMA programme, since 1991, a list of which appears in Annexe II, demonstrate the predominance of measures in favour of agriculture and also the progressive adoption of measures in other sectors of the economy, such as, for example, fisheries, craft industries, or by means of tax measures, customs measures and commercial policy measures. The solidarity of the Community is shown particularly well in these regions of Objective 1 by contributions from the reformed Structural Funds under Community support frameworks and initiatives, including Regis which is specific to the highly remote regions.

### **A. AGRICULTURE**

11. In order to minimise the effects caused by the exceptional situation of the two archipelagos, POSEIMA lays down a set of measures aimed at facilitating supplies to these regions and also developing or maintaining certain types of agricultural production and processing activities. In order to implement and supplement the first set of measures contained in the POSEIMA programme, on 15 June 1992 the Council adopted a framework regulation<sup>3</sup> laying down specific measures regarding certain agricultural products, which were themselves implemented by many application regulations by the Commission. Furthermore, the Community paid particular attention to traditional production sectors, in particular by implementing specific structural measures (banana sector for Madeira and dairy sector for the Azores) in 1992 and 1993.
12. These various measures taken in respect of agriculture in these regions have two joint objectives: an incentive to the agricultural production sector, which is defined as a central part of the economic development of the two archipelagos, and the supply of agricultural products at low prices.

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<sup>3</sup> (EEC) Council Regulation, N° 1600/92 of 15 June 1992 on specific measures concerning certain agricultural products in favour of the Azores and Madeira; OJ L 173 of 27 June 1992.

1) **Implementation of POSEIMA's agricultural framework regulation**

13. Framework regulation 1600/92 established:

- a set of specific market measures under the EAGGF Guarantee (principally a specific system of supplies and aid for local production), for which financing has been provided in budget lines in the Community budget, amounting overall to 11.5 million ECU in 1992 and 56 million ECU in 1993;
- plant-protection measures;
- a series of exemptions which are necessary, in structural terms, in order to facilitate action by the EAGGF-Orientation in these regions.

14. The deadlines for drafting and adoption of the application regulations for Framework Regulation 1600/92, the national and regional administrative procedures for effective implementation, and the necessary adaptation of economic operators to the new mechanisms which have been put in place, mean that the present assessment, in most cases, relates to an effective financial year of 12 months. It would be pointless to draw any final conclusions at this stage concerning the impact of these measures on the economic and social development of these two regions.

a) **Supply system**

15. The aim of the supply system is to overcome the excess costs incurred by the geographic position of these regions in the provision of products intended for common consumption and/or processing, which come from non-Community countries or from other countries within the Community. As regards supplies from non-Community countries, such products are exempt from levies and/or customs duties when they are imported directly. Aid is given for the provision of Community products to ensure their availability, in these regions, under equivalent conditions. In actual fact, most of the products benefiting from this supply system originate from within the Community and only a small proportion come from non-Community countries.

16. The number of products which benefit from this supply system is determined on the basis of forward-looking assessments which are periodically revised according to the needs of the regional markets. Thus, to take account of these needs, the numbers determined in the supply assessments have been readjusted upwards for Madeira, in particular for olive oil, sugar, cereals, milk and cattle meat; for the Azores, the numbers remained relatively stable over the period.

17. The relevant authorities have paid particular attention to the economic effects of this system, in particular as regards the effective consequences, for the end user, of the benefits granted. Thus, aid has been taken into account in the calculation of prices, which has made it possible to record lower prices for many products on the market.
18. The Azores and Madeira use the possibilities offered by the supply system to different ends. The Azores use them principally as a means of developing agricultural production by favouring the basic inputs which are necessary for their processing activities. Madeira pursues a double objective centred on diversified production and processing sectors, and also on the supply of finished products at low prices which are designed to meet certain needs as regards final consumption, which cannot be met by local production.

### **Cereal products**

19. The supply of cereal products has enabled the needs of these two regions to be met by promoting the development of local production, particularly breeding, and by allowing such supply to be made at lower costs. This measure was imposed due to the lack of cereal crops in these regions and the urgent need for food for humans and animals. In the Azores, since the direct supply of Community cereals can only occur on two of the nine islands (St Miguel and Terceira), the excess costs from transportation and distribution within the archipelago mean that the aid given uniformly over the whole of the archipelago leads to considerable price distortions among the various islands.

### **Sugar**

20. In the sugar sector, the supply system has enabled the objectives which had been set to be achieved:
  - the supply of raw sugar to the Azores enables the inadequacy of the local sugar beet production, which is in the course of development, to be compensated for, so as to ensure the normal operation of the sugar refinery for the purposes of the local market;
  - the supply of white sugar to Madeira, the quantities of which increased significantly in 1993, enables direct consumption requirements to be met.

### **Animals and meat**

21. In order to improve the genetic quality of the livestock, aid has been given for the purchase of pure-breed reproductive animals originating from within the Community (cattle, pigs, sheep, goats, chicks and eggs for incubation).

22. For Madeira, aid has been set up for supplies, from non-Community countries or countries from the rest of the Community, of beef and pork intended for final consumption and for the provision of cows for fattening. These measures will remain temporary until there is sufficient progress in rearing and in meat production to enable the needs of the local market to be satisfied. Consequently, an assessment of these measures is planned for the end of the 1995/6 campaign, i.e. after four years.

### **Others**

23. As regards Madeira, in order to ensure the continuation or the development of production and processing activities, the specific supply system has been put in place for products such as hops, in raw materials for fruit juices, concentrated grape juice and wine, potatoes, etc. Except for wine, for which no figures are available, the supply system has been implemented satisfactorily.

#### **b) Aid for agricultural production in the Azores and Madeira**

24. POSEIMA stipulates that agricultural products should be given aid for production, processing and marketing. Such aid is aimed either at the maintenance and reinforcement of traditional activities in these regions or the development of diversified production.

##### **i. Joint measures**

25. Three joint measures in the two regions in the fruit, vegetables, plants and flowers sector were adopted for the purposes of the development of production and improvement of the quality and the marketing of the products: the initiative programmes, assistance in the conclusion of campaign contracts and a Community contribution to an economic study in the fruit and vegetables sector.
26. The initiative programme, which is common to both regions, is aimed at the development, diversification and improvement of quality by means of aid per hectare to producers of fruit, vegetables, flowers, plants and tea. Particular attention was paid to the development of tropical crops. The application procedures have caused administrative problems for small farms and the aid provided, a lump-sum amount of 500 ECUs per hectare, has not had the desired stimulating effect.
27. Aid for the marketing of local products, by means of campaign contracts, has been received positively by producers who wish to respond to the quality requirements of the Community market. This approach should be continued and reinforced by improving the quality and familiarity of products from the Azores and Madeira in the rest of the Community.
28. In order to supplement the joint approach to the two regions in the area of fruit and vegetables, particularly of the tropical variety, the Community had planned to participate

in the financing of an economic analysis and forecast study, which has not yet been carried out, concerning the processed fruit and vegetables sector.

**ii. Aid by products**

29. POSEIMA stipulates that aid for processing and production should be provided in support of traditional activities and their qualitative improvement.

**For the Azores**

30. A lump-sum aid per hectare for sugar beet crops and aid for the processing of white sugar beet complete the actions undertaken under the supply system. The first form of aid seeks to increase local production in order to achieve self-sufficiency for the local sugar industry in the near future. The second form of aid seeks to compensate for part of the excess costs incurred during the processing of this locally produced sugar beet into refined sugar. The current assessment shows that the implementation of these measures has led to an increase in local production and processing with a proportional decrease in external supplies.
31. In the animal sector, additions to the subsidy for the fattening of male cattle and to the subsidy for lactating cows were provided to improve the incentives for the development of cattle rearing and the reinforcement of the meat sectors. As regards the first type of aid, the producers would not like to have to apply the restriction of 90 heads per farm.
32. In the dairy products sector, aid to milking cows has enabled excess costs to be reduced in this traditional industry in which the sale conditions have been aggravated by the opening of the Portuguese market. At the same time, aid for private storage is provided for the traditional cheeses of Sao Jorge and Ilha.
33. An additional subsidy to complement the subsidy provided for in the raw tobacco CMO is granted for the collection of leaf tobacco and paid to buyers. Tobacco growing is a traditional industry which is associated exclusively with local processing and consumption. Despite this Community support, there has been a decrease in the area being cultivated.
34. Specific aid for the production of seed potatoes and chicory is granted for certain land areas (200 and 400 hectares).
35. Other measures stipulated by POSEIMA, whose application regulations were adopted relatively late (end of 1992), were late in being applied (as in the case of production aid for fresh pineapple) or have not yet been applied (as in the case of the aid per hectare aimed at maintaining the production of quality wine p.s.r. in the traditional production zones).

### For Madeira

36. The Community support for the sugar-cane sector in Madeira contains two types of measures: aid in sugar-cane growing which forms part of a restructuring plan drawn up by the regional authorities, and aid in the direct processing of local cane into golden syrup or agricultural rum. The recent approval, by the Commission, of the restructuring programme and the procedures for applying this aid do not enable one to pass a qualitative judgement on their operation.
37. On account of the tradition and importance of the wine-growing sector for Madeira's economy, the Community adopted a specific aid system to support this sector. This system contains three categories of aid for:
- the purchase of concentrated grape juice and alcoholic wines originating from within the Community for the purposes of the manufacture of liqueur wines;
  - the aging of liqueur wines;
  - the maintenance of the vine crops with a view to the production of VQPRD wines.

The global implementation of these measures is satisfactory, although it is at a lower level than was hoped. Aid for the purchase of alcoholic wine has not been applied effectively since the amount of money provided was judged to be too small.

38. Specific aid per hectare for potato growing within the limits of current land areas does not warrant any particular comments.
39. Aid for the consumption of fresh dairy products has not had the desired impact on the sector due to the insufficient amount of money provided and the small proportion of these locally obtained fresh dairy products which were sent to the central dairy.
40. In the animal sector, additions were made to the subsidy for the fattening of male cattle and the subsidy for lactating cows, to supplement the programme for the development of cattle rearing and the reinforcement of the meat sector.
41. The two measures described in points 39 and 40 and the amount of aid granted do not appear to be sufficient to ensure the durability of this industrial sector which is highly important for the local economy, as is shown by the decrease in the population of lactating cows despite the more general increase in consumption of fresh milk in this region.

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42. POSEIMA stipulates the design of a specific graphic symbol to enhance familiarity with and consumption of quality agricultural products which are specific to the Azores and Madeira as highly remote regions. For the creation of this graphic symbol, to be implemented jointly, the Commission launched a competition in December 1993.

c) **Plant protection measures**

43. POSEIMA stipulates that the Community should contribute to the financing, at a rate of 75% of eligible costs, of combative programmes in plant protection. The programmes presented by the Portuguese authorities are currently being studied by the Commission departments. On 7 December 1993<sup>4</sup> the Commission adopted a decision on the definition of measures suitable for programmes to combat organisms which are harmful to plants and plant products under the POSEIMA programme, which enables it to decide on the granting of the Community contribution, of maximum respective amounts of 1.5 million ECUs for Madeira, to this programme. The Azores presented a similar programme, in 1993, for which the financing will be taken into account for 1994.

d) **Exceptional measures in structural matters**

44. It is worth mentioning the changes which were made in the application of (EEC) Regulation N° 2328/91 on improving the efficiency of agricultural structures<sup>5</sup>. Following the opinion of the STAR Committee and the favourable decision of the Commission of 29 July 1993, the following measures were adopted, taking into account their compatibility with the requirements relating to the well-being of the animal and the protection of the environment;
- the conditions for granting aid have been relaxed in favour of real estate investments on farms, and in order to promote the development of pig and poultry farming;
  - the compensation has been extended to include all the plant crops in the two regions.

2) **Other actions in favour of the traditional agricultural sectors**

45. Through POSEIMA, the Community has acknowledged the importance of the traditional agricultural sectors for economic balance and employment in these regions. Two large sectors were especially targeted by these measures: bananas in Madeira and milk in the Azores.

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<sup>4</sup> Commission Decision of 93/674/EC of 7 December 1993; OJ L 314 of 16 December 1993.

<sup>5</sup> OJ L 218 of 6 August 1991.

a) **Additional structural measures**

46. Article 2 of POSEIMA stipulates that financial resources which enable the implementation of the measures relating to the agricultural structures, as provided for in the programme, should be defined in accordance with annual budgetary procedures.
47. On this basis, the Commission provided for the financing of agricultural structural measures for the two archipelagos for 1992<sup>6</sup> and 1993<sup>7</sup>, for respective amounts of 7.25 million ECU and 9 million ECU of Community contribution. These structural measures are additional to the other actions undertaken in the Community support frameworks from 1989-93.
48. On 2 July 1993, the Commission adopted the new operational programme, presented by the Portuguese authorities, the measures of which continue the actions already undertaken in 1992.
49. For Madeira: the operational programme solely concerns the improvement and modernisation of the marketing structures for bananas, i.e.:
- modes of transport between the farms and the packaging centres;
  - improvement in the packaging and packing centres;
  - mechanisation of production;
  - transportation towards the continent;
  - improvement of the commercial structures of the products' destination and their promotion;
  - follow-up and management of the programme.
50. In the case of the Azores, the operational programme is a multi-sectoral one, namely:
- assistance towards mechanisation, in order to improve farmers' working conditions;
  - assistance for traditional cheesemongers on the island of Pico (in 1992 only);
  - aid towards enhancing the image of dairy products;
  - programme monitoring and management.
51. By doubling the structural funds allocated to the Azores and Madeira in 1999 in relation to 1992, it will be possible to step up the various measures aimed at restructuring and modernising these branches of industry in the course of the new budget planning period 1994-1999, within the framework of the Community support frameworks and REGIS II.

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<sup>6</sup> Commission Decision N° C(92) 1895 of 31 July 1992; for Madeira.  
Commission Decision N° C(92) 1880 of 31 July 1992; for the Azores.

<sup>7</sup> Commission Decision N° C(93) 1808 of 2 July 1993; for Madeira.  
Commission Decision N° C(93) 1806 of 2 July 1993; for the Azores.

**b) Situation as regards banana growers**

52. The CMO for bananas<sup>8</sup> takes account of the specific conditions governing the production and marketing of Community bananas, which are mainly produced in the most remote regions, and in this particular instance, chiefly in Madeira. Thus, pursuant to (EEC) Council regulation n°404/93, instituting the COM for bananas, we have seen the introduction of, inter alia, an import regime, an aid system designed to compensate for loss of sales revenue, aid towards the formation of producer organisations and structural measures due to be incorporated in the future Community support frameworks for the 1994-1999 period. The new CMO also provides banana producers and traders in Madeira and the Azores with opportunities to sell and market their produce on the Community market.

**B. FISHERIES**

**1) Producer organisations**

53. On 15 June 1992, the Council adopted (EEC) regulation n°1603/92 authorising a system of enhanced aid towards the formation of producer organisations<sup>9</sup>, in accordance with point 15 of POSEIMA.
54. Under this regulation, Portugal is permitted to provide increased financial aid, over a period of five years, with a 50% refund from the Community, towards the creation of producer organisations in the Azores and Madeira, during the five years following adoption of the regulation. In so doing, the Community wishes to encourage the application, in the Azores and Madeira, of the CMO for fisheries, the producer organisations being seen as a vital link in the chain.

**2) POSEIMA-Fisheries programme**

55. In accordance with point 14.9 of the POSEIMA programme and in view of the importance of the fisheries sector for the economy of the Azores and Madeira, the Portuguese authorities applied for co-financing for a specific operational programme which the Commission adopted on 30 July 1992<sup>10</sup>.

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<sup>8</sup> (EEC) Council regulation n°404/93, of 13 February 1993, providing for common organisation of the market in bananas, OJ L 47 of 25 February 1993.

<sup>9</sup> (EEC) Council regulation n°1603/92, OJ L 173 of 27 June 1992.

<sup>10</sup> Commission decision 92/448/EEC of 30 July 1992 relating to the granting of Community aid for certain specific measures to implement the POSEIMA programme, OJ L 248 of 28 August 1992.

56. The Fisheries section of the POSEIMA programme reflects the recognition, by the Community, of the full range of problems encountered by this sector: fragile and limited resources, lack of alternatives as regards diversification, the precarious nature of the businesses involved, fisherman's income, extra energy costs and inputs, etc.
57. The programme institutes Community assistance aimed partly at improving the use of fishery resources in exclusive economic zones, and partly at offsetting the extra costs engendered by the islands' remoteness when it comes to processing tuna. This two-year programme (1992 and 1993) has been allocated 8,040 ecus in Community funds, over and above those granted under the Community support framework for 1989-93.
58. As far as exploring fishery resources is concerned, notable examples of Community aid include a contribution to an experimental aquaculture centre in Madeira and towards the construction of an oceanographic research ship in the Azores. Concerning the oceanographic research ship, in July and November 1993<sup>11</sup> the Commission adopted decisions on its construction and scientific fitting out. The Community contribution for all of these measures combined amounts to ECU 2.5 million, equally divided between the two regions.
59. The ECU 5.54 million worth of Community aid granted over two years, for the disposal of 10,000 tonnes in the case of the Azores and 5,000 tonnes in the case of Madeira, also served to shore up tuna fishing and the tuna processing units which would otherwise have been forced out of business by high operating costs due to their remote location.
60. Half of the amount due has already been committed, i.e. ECU 4.02 million. The Commission believes that in view of the success brought about by the implementation of this programme and bearing in mind the constant nature of the extra costs mentioned above, the existing support arrangements should be extended to include tuna processing and marketing activities. Thus, in June 1994, the Community extended the arrangements for offsetting the extra costs induced by extreme remoteness to include the sale of tuna in the Azores and Madeira<sup>12</sup>. This measure, restricted to one year, will have to be reviewed between now and the end of 1994 with a view to the adoption of appropriate measures for 1995 and thereafter.

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<sup>11</sup> Commission decisions C(93) 2032 of 26 July 1993 and C(93) 3167 of 16 November 1993.

<sup>12</sup> Council Regulation (EC) No 1503/94 of 27 June 1994 establishing a system of compensation for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French department of Guiana as a result of their very remote location. OJ No L 162, 30.6.1994.

61. Various steps were likewise taken pursuant to Regulation (EEC) No 4028/86<sup>13</sup> relating to Community measures to improve and adapt the structures of the fisheries sector and aquaculture and Regulation (EEC) No 4042/89<sup>14</sup> on improving the conditions governing the processing and marketing of fishery products.

### **C. COTTAGE INDUSTRY**

62. Point 16.1 of the POSEIMA programme stipulates that Community action will be taken in favour of cottage industries in the following areas:
- vocational training,
  - access to and use of new technologies,
  - access to new markets.
63. In the months of June-July 1992, in association with the national and regional authorities, the Commission departments carried out an initial in situ assessment of cottage industries in the Azores and Madeira.
64. Because of this preliminary appraisal, the Portuguese authorities only submitted their detailed proposals to the Commission at the end of 1992. On 18 December 1992<sup>15</sup>, the POSEIMA-cottage-industry programme was adopted, having been allocated ECU 6m in EC funds. The programme extends over a period of three years (1992-94) and its funding is in addition to that provided under the 1989-93 Community support framework.
65. In order that firms' needs may be clearly defined, it was decided to kick off the programme with a technical assistance project, to the tune of ECU 700,000, out of a total sum of ECU 6m.

This technical assistance splits into two strands:

- branch surveys (embroidery, weaving, pottery, wickerwork) aimed at preliminary analyses of Member State markets.
- audits of firms which belong to these four branches, as well as recommendations as to how to improve the firms' current market positioning and their prospects for growth in new markets.

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<sup>13</sup> OJ L 376 of 31 December 1986.

<sup>14</sup> OJ L 388 of 31 December 1989.

<sup>15</sup> Commission decision n° C(93) 3767 of 17 December 1993.

66. On the basis of these survey findings, operational measures will be implemented along the lines set out in point 16.1 of the POSEIMA programme.
67. The continuation of this programme beyond 1994 comes under the structural fund operations (Community support frameworks and/or REGIS II) for the 1994-99 period.

**D. ENERGY**

68. The energy situation in the Azores and Madeira is characterised by:
- very heavy dependence on imported oil with limited opportunities to diversify into coal or gas;
  - extra procurement costs mainly due to shipments between the two archipelagos and the retention of secondary storage depots;
  - the fact that it is technically impossible to connect the two archipelagos to mainland and trans-European power networks;
  - opportunities for exploiting renewable energy sources such as geothermal and wind energy and improving the utilisation and consumption of energy.
69. The main feature which distinguishes the two archipelagos from other very remote regions is the fact that they are so far from the refining centres and, most importantly, the fact that they have no local refining facility. They are thus obliged to buy in finished petroleum products, rendered even more expensive by transport costs.
70. POSEIMA has thus provided for Community aid, for the 1991-1993 period, to offset the extra costs involved in shipping petroleum products between the mainland and the islands' depots. The aid is calculated solely on the basis of the extra costs borne by these regions as a result of shipping and does not cover the other additional costs (distribution, processing). This aid, totalling ECU 8.3m per year (5 for the Azores and 3.3 for Madeira) was granted to the regions on condition that they reinvest at least 50% in capital spending incentive programmes relating to local and renewable energy saving.
71. The granting of the first tranche of the aid due in respect of 1991 was decided by the Commission in July 1992. The granting of the second tranche was decided in July 1993. Under the terms of these decisions, the regions concerned have one year within which to submit a report to the Commission, indicating how the Community aid was used. The regions have already submitted their initial reports which mention the galvanising effect of the aid on the energy sector, with an amount equivalent to more than 50% of the Community aid being invested in the development of local and renewable energy sources and energy-saving research. The Azores, for instance, have commissioned the first

industrial geothermal power station, which will meet 50% of the energy requirements of Sao Miguel, the main island, using renewable sources. There are two hydroelectric power stations in Madeira at Golheta and Scorridos, which together meet about 50% of the energy demand of the region.

72. The permanent nature of the Azores' and Madeira's energy problems, related to their extreme remoteness, demands that the Community continue to acknowledge the regions' efforts via the relevant policies, particularly within the framework of the 1994-99 structural measures. Two objectives ought to be pursued:
- maintain energy prices at a fair level in the two regions,
  - keep up the measures designed to encourage investment in renewable energy and energy saving with a view to reducing the islands' dependence as regards oil supplies.

## **E. CUSTOMS MEASURES**

### **Free zones and free warehouses**

73. On 15 June 1992, the Council adopted (EEC) regulation n° 1604/92<sup>16</sup> which excludes from the scope of the economic conditions governing the inward processing arrangements, any operations of this nature performed in free zones and free warehouses in the overseas departments, the Canaries, the Azores and Madeira. It will be recalled that under the general inward processing arrangements, products derived from third countries may be incorporated in the processing process without being subject to the CCT duties, provided this activity does not adversely affect Community producers.
74. Under (EEC) regulation n° 1604/92, all export-oriented processing operations may be performed in these free zones, irrespective of whether the above condition has been met.
75. The two free zones are respectively located in Santa Maria in the Azores, at the airport zone, and at the harbour zone of Caniçal in Madeira. The two zones are primarily industrial, occupied by firms geared towards exporting goods after processing.
76. This derogation from the general inward processing arrangements favours the growth of SMEs and the production sector as a whole, as an important means of achieving socio-economic progress in these regions.

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<sup>16</sup> (EEC) Council regulation n° 1604/92 of 15 June 1992, OJ L 173 of 27 June 1992.

77. As part of the effort to encourage new or existing businesses to locate in the two free zones, the Community has adopted a regulation temporarily suspending the autonomous CCT duties on a number of industrial goods designed to equip these zones, until 31 December 2000<sup>17</sup>, as a back-up measure to the tax breaks granted by the Portuguese authorities. The list of products eligible for the scheme may shortly be extended on the basis of an initial report compiled by the regional authorities.

#### **F. VAT and EXCISE DUTIES**

78. With regard to fiscal matters, POSEIMA is founded on a recognition of the need for special indirect taxation, as a way of furthering the economic development of the Azores and Madeira. Thus, indirect taxation (VAT and excise duties) has been adjusted in such a way as to ensure equitable consumer prices and maintain outlets for local products. The reduced VAT rates are aimed at partially offsetting the extra costs engendered by transport, so as to avoid penalising either final consumers or local businesses who are heavily dependent on outside supplies. In addition, reduced excise rates are applied to certain traditional activities such as the manufacture of cigarettes or alcoholic beverages.
79. The fact that the Azores and Madeira are situated so far from the mainland makes it very expensive to ship in supplies. Mindful of this, article 12 of the sixth VAT directive provides, in the case of transactions performed within these territories and in the case of imports effected directly from Portugal, for the application of the rates applied in mainland Portugal, less 30% or more. In addition, article 15 of the sixth directive waives VAT in the case of maritime and air transport operations between the islands which make up the two regions, by classing them as international transport.
80. With regard to the approximation of excise duty rates, in the spirit of POSEIMA, the new Community legislation<sup>18</sup> allows the Portuguese Republic to continue applying reduced excise duty rates, provided they are not more than 50% lower than the national rates, on certain alcoholic beverages produced in these regions. Thereby making it possible to preserve and maintain the average price level for these traditional products.
81. Similarly, with regard to excise duties on mineral oils consumed in the Azores, lower rates than the minimum rates stipulated by directive 92/82/EEC<sup>19</sup> may be applied in order to offset the transport costs arising from the isolated and scattered nature of the islands which

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<sup>17</sup> (EEC) Council regulation n° 1657/93 of 24 June 1993 temporarily suspending the autonomous Common Customs Tariff duties on a number of industrial goods designed to equip the free zones of the Azores and Madeira. OJ L 158 of 30 June 1993.

<sup>18</sup> Article 7 of directive 92/84/EEC of 19 October 1992; OJ L 316 of 31 October 1992.

<sup>19</sup> OJ L 316 of 31 October 1992.

make up the archipelago.

82. A similar regime<sup>20</sup> of reduced excise duty rates applies to cigarettes consumed and manufactured in these regions by small-scale producers whose annual output is less than 500 tonnes each.
83. In addition, Portugal may apply a reduced rate to the consumption of beer produced by small, independent breweries if their annual output is not more than 200,000 hectolitres<sup>21</sup>.

## **G. ENVIRONMENT**

84. Point 6 of the POSEIMA programme states that allowance shall be made for the specific character of the two archipelagos, particularly in environmental matters, in view of the special problems posed by their isolated situation in areas which have a fragile ecosystem and high natural risks, as well as the problems involved in bringing them into line with Community environmental standards, and the extra costs that that entails.
85. In September 1993, the Azores and Madeira submitted applications to the Commission concerning prevention and measures to reduce the ecological hazards and natural disasters which are characteristic of their archipelagos as well as the need for environmental protection, particularly in view of the reports of cliff erosion. These measures complement those already undertaken via REGIS for the 1990-93 period and are a prelude to those planned under the future Community support frameworks for 1994-99.
86. On 21 December 1993, the Commission approved the granting of ECU 8m<sup>22</sup> worth of financial aid, with the following aims in view:

### Azores

- to protect the aquatic ecosystems by concentrating efforts on the lakes found on the island of St. Miguel;
- to identify environmental management and monitoring solutions as regards preserving coastal areas, the quality of water and waste treatment.

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<sup>20</sup> Directive 92/79/EEC OF 19 October 1992, OJ L 316 of 31 October 1992.

<sup>21</sup> Directive 92/83/EEC of 19 October 1992, OJ L 316 of 31 October 1992.

<sup>22</sup> Commission decision n° C(93) 3847 of 21 December 1993.

Madeira : studies and measures concerning:

- protection of the soil against the risk of erosion;
- management of protected areas;
- preserving the quality of the landscape and improving run-down areas;
- control of noise pollution and the quality of the water;
- the training of and supply of information to personnel working in the environmental and civil defence spheres;
- raising public awareness and involving the community in environmental protection.

## **H. AIR and SEA TRANSPORT**

87. Insofar as they are insular, remote regions, the economy and population of the two archipelagos are heavily dependent on their sea and air links with the rest of the Community. Supplies and deliveries depend on maritime transport, while air travel is the only way of ensuring the free movement of residents and is of vital importance to the tourist trade.
88. POSEIMA recognises the need to mitigate the obstacles created by the remote and insular nature of the two archipelagos by means of regular, low-cost transport, as part of the common transport policy, while at the same time ensuring that the regions are served by more than one EC company.
89. By derogation, cabotage operations relating to the Azores and Madeira are temporarily exempt from the principle of the free movement of maritime transport services within Member States, until 1st January 1999<sup>23</sup>. This derogation should give the regions a chance to adapt to the liberalisation arrangements. In the case of maritime cabotage, any existing public service contracts may remain in force pending expiry.
90. With regard to air traffic, the Community has recognised that the air traffic system in the Azores is at present underdeveloped and that the region's airports should be temporarily exempt from the regulation concerning access by Community air carriers to intra-Community links<sup>24</sup>. This exemption is applicable until 30 June 1993, with an additional 5-year period, which may be extended by a further five years, unless otherwise decided by the Council on a proposal from the Commission.

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<sup>23</sup> (EEC) Council regulation 3577/92 of 7 December 1992 concerning the application of the principle of the free movement of services to maritime transport within Member States, OJ L 364 of 12 December 1992.

<sup>24</sup> (EEC) Council regulation n° 2408 of 23 July 1992 concerning access by Community air carriers to intra-Community air links, OJ L 240 of 24 August 1992.

91. In addition, on 24 March 1993, the Commission did not raise any objections to the aid provided by the Portuguese government for the purpose of erasing the existing deficit of the TAP airline, resulting from its Azores and Madeira services. The Commission did not express an opinion on how TAP's deficit should be offset in future and asked the Portuguese authorities to supply further information.

## **I. STRUCTURAL FUNDS**

92. The structural fund payments were prepared within the framework of the structural fund reform introduced in 1988, based on the formulation of development strategies, the implementation over a five-year period of development priorities co-financed by the Community and the national and regional authorities, as well as the formation of a partnership in terms of project design and follow-up.
93. On the basis of the regional development plan (RDP) for Portugal as a whole, presented in the Spring 1989, a Community support framework was devised, in association with the national and regional authorities, and adopted by the Commission in October 1989<sup>25</sup>.
94. One of the key aims of the Community support framework was to develop regions' growth potential and promote local development. This was particularly aimed at the Azores and Madeira, both of which enjoy political and administrative autonomy under the Portuguese Constitution - a determining factor when it comes to implementing an integrated operation involving the different structural funds. The various priorities of the 1989/93 Community support framework were founded on a recognition of the "ultraperipheral" nature of these two regions. They were mainly geared towards diversifying the production sector, increasing productivity, supporting the tourist industry and improving basic infrastructures with special emphasis on transport. The ECU 499m structural-fund aid package (1993 prices) was implemented in the form of two multi-fund programmes (one per region), adopted in the course of 1990<sup>26</sup>, as well as, in the case of the Azores, within the framework of a major SATA project (air transport)<sup>27</sup> and the Azores NPCI (tourist development)<sup>28</sup>.

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<sup>25</sup> Commission decision 89/642/EEC of 31 October 1989, OJ L 370 of 19 December 1989.

<sup>26</sup> Commission decisions n° C(90) 1125 of 18 June 1990 and n°C(90) 1496 of 27 July 1990.

<sup>27</sup> Commission decision n° C(89) 2180 of 21 December 1989.

<sup>28</sup> Commission decision n° C(89) 639 of 31 May 1989.

95. In 1991, and to a lesser extent in 1992, new structural-fund aids were allocated under Community schemes to the tune of around 90,000 ecus (1993 prices). The majority of these aids were allocated under the REGIS scheme<sup>29</sup> (53,000 ecus, 1993 prices). The others were mainly distributed via the ENVIREG<sup>30</sup>, STRIDE<sup>31</sup>, PRISMA<sup>32</sup>, TELEMATIQUE<sup>33</sup>, STAR<sup>34</sup>, VALOREN<sup>35</sup> and LEADER<sup>36</sup> schemes. With the exception of REGIS, a Community initiative exclusively dedicated to reducing the handicaps of the most remote regions, the other schemes helped institute Community policies in the specific spheres of the environment, applied research, preparing firms for the Single Market and advanced information technologies.
96. The tables in Appendix III provide a breakdown of Community aid between the various structural funds, as well as between the various projects.
97. In the course of the 1992-93 period, the introduction of the structural fund payments gathered pace, with the aid allocated in respect of the 1989-93 period being fully committed. Meanwhile, the projects and their associated payments ought to be completed within the time limits set, i.e. by 31st December 1995.
98. While it is still too early to assess the ultimate impact of the measures undertaken using Community aid, several broad trends are nevertheless discernible:
- thanks to Community aid, the Azores and Madeira economies appear to have made significant headway, particularly as regards narrowing the gap which separates them from the most advanced regions of mainland Portugal and the rest of the Community;

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<sup>29</sup> Commission decision n° C(91) 1119 of 14 June 1991.

<sup>30</sup> Commission decision n° C(91) 540 of 20 March 1991.

<sup>31</sup> Commission decision n° C(91) 1544 of 25 July 1991.

<sup>32</sup> Commission decision n° C(91) 128 of 30 January 1991.

<sup>33</sup> Commission decision n° C(91) 2882 of 16 December 1991.

<sup>34</sup> Commission decision n° C(87) 1626 of 22 October 1987.

<sup>35</sup> Commission decision n° C(87) 1626 of 22 October 1987.

<sup>36</sup> Commission decision n° C(91) 2795 of 6 December 1991.

- by applying the principles of the structural fund reform in these autonomous regions, it has been possible to adopt a more effective approach as regards establishing a development strategy and monitoring local use of the funds. Working on the partnership principle, the annual performance reports, the half-yearly Follow-up Committee meetings, the field trips and technical assistance have been instrumental in ensuring that the funds are properly managed and have made it easier to adapt the content of the various programmes to changes in the local situation;
- the provision of Community aid has had a galvanising effect on all of the operators involved, both public-sector and private-sector, and has helped forge an effective partnership between the Commission and the national and regional authorities.

### **III CONTINUATION OF THE POSEIMA PROGRAMME**

99. Under the Poseima programme, the Azores and Madeira have benefited since 1991 from a specific Community approach aimed at remedial action on the economic and social front, and which combines the necessary adjustments in the way Community policies are applied with structural fund aid, as part of the preferential treatment of these Objective 1 regions.
100. In view of the social and economic circumstances of the two archipelagos and the progress made in implementing this approach, there is, it seems, a need to adapt certain ongoing initiatives, or even supplement them with new courses of action.
101. With this aim in view, in its memorandum sent to the Commission on 8 February 1994, the Portuguese government underlined the need to strengthen the POSEIMA programme and to adopt as flexible an approach as possible in terms of any initiatives liable to ensure continued Community support for the Azores and Madeira.

#### **A. Adapting the agricultural section of the POSEIMA programme**

102. The difficulties encountered in implementing the agricultural schemes, as well as the new applications submitted to the Commission by the Portuguese authorities, mean that various adaptations are in order. While some of these measures fall within the scope of the Commission, others involve adapting the Poseima framework regulation in agriculture, which is a matter for the Council. Following on from this report, the Commission plans to submit a proposal for a Council Regulation with a threefold objective:
  - adjustments to the products or quantities of products covered by the specific supply regime, possibly also extending the list to include new products, in light of the evolution of requirements in the region;
  - alterations to schemes which have proved in practice to be ill-adapted to realities in the region, so as to make them more efficient and provide a greater incentive to take-up;
  - introduction of new schemes to take account of local needs and special circumstances, while remaining within the scope of Poseima.

**B. Development of job-creating cottage industries, industrial activities and services**

103. The economy of the Azores and Madeira is largely driven by its small business community, which is mainly composed of cottage industries. In order to raise living standards in these two regions, efforts must be made to recapitalise and open up the production sector (cottage industries, industrial activities and services). The special conditions which characterise these regions, particularly the distance from the mainstream market and their geographical isolation, reinforce the need to develop an economically viable processing business, while at the same time giving fresh impetus to the more traditional activities.
104. On the basis of the measures already taken in favour of firms in these regions (structural funds and POSEIMA measures), the Commission advocates an innovative, multi-sectoral approach to which the Community could contribute through greater, and more concentrated deployment of Community instruments, along the lines of the POSEIMA programme, in order to adapt the local economic fabric to the internal market.

**1. Status report on SMEs and cottage industry**

105. Like their European counterparts, SMEs and cottage industries on the two archipelagos are hampered by a number of constraints mainly attributable to a fiscal, administrative, banking and legal environment which is often ill-suited to the needs of these dynamic small businesses, with their capacity to create jobs. On top of this, businesses in these regions have to contend with a number of handicaps and constraints specifically connected with their location in the most remote parts of the Community.
106. The extreme isolation of the Azores and Madeira engenders a high level of dependence on the outside world, hence the importance of sea and air transport, further heightened by the scattered nature of the islands. Businesses thus have to operate in small, fragmented markets, which means that distribution and marketing channels are disproportionately large and expensive in relation to the level of trade recorded by businesses and final consumers. Added to this, the two archipelagos have to cope with major difficulties when it comes to diversifying their economic fabric and production network. Industrial production tends to be narrowly focused, with low added value; with few exceptions, it lacks the necessary impetus to create investment opportunities. Also, the organisational level of businesses, access to specialist services and capital markets are fairly poor.
107. That said, important signs of development can be observed in both the Azores and Madeira. Over the past few years for instance, the structure of the Azores economy has begun to change, with growth in the service sector and a relative increase in the islands' industrial facilities. In Madeira, major inroads have been made in the tourism sector, where the number of stays and number of beds have recently risen by an annual average of 5% and 4.5% respectively.

108. The specific handicaps and constraints encountered by local businesses can thus be summarised as follows:

- high transport, communication and energy costs, whose penalising effect on local businesses is threefold. Firstly, they drive up the price of supplies for processing industries as well as the price of goods intended for external markets. Secondly, added to these initial costs are those induced by the archipelagic nature of the regions. And finally, they restrict the movement of goods and workers.
- narrow and, above all, splintered local markets, mainly in the Azores, with a degree of geographical isolation unparalleled in the European Community;
- need for qualification training courses for business managers, as well as technical and vocational training for employees, given the inadequate nature of the local provision;
- very small, undercapitalised businesses, which employ a high proportion of manual labour;
- technological facilities which do not match the absorption capacities of local markets, and insufficient resources for developing the appropriate technologies;
- a geographical situation which is scarcely conducive to exchanges and inter-company co-operation;
- the fact that local firms find it more difficult to obtain access to sources of financing than their European counterparts.

109. It follows from this that:

- generally speaking, as far as obtaining access to capital is concerned, the main difficulty arises when it comes to transforming the loan into a competitive production capability which will make it possible to redeem the debt contracted;
- access to the capital market is further hampered by the limited volume of tangible securities which firms can offer, hence the need for preliminary measures aimed at recapitalising the latter;
- the narrow local markets limit the growth potential of local firms, a situation made worse by competition from goods from elsewhere in the Community;
- the prospects for growth on external markets are fairly limited owing to the hefty investments needed in terms of promotion and marketing, as well as the extra costs involved in procuring the raw materials required for processing.

## **2. Applications submitted by the Azores and Madeira**

110. On the basis of these findings, the Portuguese authorities presented the Commission with reports containing an appraisal of the POSEIMA measures, together with memorandums<sup>37</sup> reiterating a number of requests aimed at the regions' production sector.
111. Some of the applications submitted by the Azores and Madeira are of a joint nature, others are more specific to one or other region; they can be divided into five categories:
- continuation of the POSEIMA measures financed in 1992 and 1993, environment (cf. points 84 to 86), cottage industry (cf. points 62 to 67) and energy (cf. points 68 to 72);
  - customs measures (Madeira) and aid towards the procurement of certain industrial raw materials (Azores);
  - aid relating to financial engineering and access to technology (Azores and Madeira);
  - aid towards transport and certain additional costs entailed in procuring Community products (Azores);
  - adjustment to certain Community laws (Azores and Madeira).
112. As far as the Commission is concerned, these requests should be able to be met within the overall framework of the various Community instruments and policies which can be deployed in favour of the development strategies of the Azores and Madeira.

## **3. Deployment of Community policies and instruments**

113. Up until now, the Community has supported the two regions' efforts to develop their production sectors mainly via the structural funds. The seriousness and singular nature of the handicaps mentioned, as well as the urgent need for job creation, demand that the Community continue and indeed step up its efforts to help establish a conducive environment for local business expansion. That means making greater use of the opportunities afforded by Community policies and instruments while making sure that any payments made are targeted according to the specific characteristics of the local economic fabric, in keeping with the general approach adopted by the POSEIMA programme.

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<sup>37</sup> Azores memorandum of 22 March 1994.  
Madeira memorandums of March 1994 on SMEs, of February 1994 on customs measures and of October 1993 on the POSEIMA assessment.

a) Structural funds

114. The applications submitted by the Azores and Madeira concerning the continuation of the POSEIMA-cottage-industry and environmental measures, are eligible either under the Community support framework, or under the REGIS II scheme; it is up to Portugal to submit the appropriate proposals, with due regard for the eligibility rules governing the structural funds.
115. **In the context of the Community support frameworks**, for the 1994-1999 period, special attention has been paid, within the framework of the partnership, to infrastructure measures designed to cut production costs as well as measures aimed at SMEs and cottage industries. On 4 March 1994, the Commission adopted the operational programmes for the Azores and Madeira, as a follow-up to the regional development plans submitted by the national and regional authorities in July 1993. These programmes represent an initial response to the applications filed by the Azores and Madeira with a view to developing the regions' production sector.

Azores

116. The "specific development programme for the autonomous region of the Azores"<sup>38</sup>, as part of the 1994-1999 Community support framework, focuses on developing the production sectors. It is thus intended that the industrial, commercial and service sectors should benefit from co-financed aid systems, as well as the creation of infrastructures and support services for business associations and those involved in development. Promotional and marketing measures targeted at local goods and services are planned, along with other initiatives designed to attract outside investors. The tourism sector is to receive a boost, mainly through modernisation of the hotel stock and the construction of new hotels. The fisheries sector will receive aid towards the modernisation of the fleet, the processing sector and the marketing and development of new activities, among other things.
117. As regards developing human resources, one of the measures adopted is aimed at vocational training in the agricultural, fishing, tourism, industrial and commercial sectors.
118. As part of the effort to support infrastructures, an energy-related measure provides for initiatives centred around the production, transmission and distribution of power. As far as production is concerned, the measures adopted are aimed at reducing the region's dependence on petroleum products by developing endogenous resources (geothermal energy and wind power).

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<sup>38</sup> Commission decision n° C(94)464 final/1 of 4 March 1994.

## Madeira

119. The "multi-fund operational programme for the autonomous region of Madeira"<sup>39</sup>, as part of the 1994-99 Community support framework, continues and intensifies the efforts initiated under the previous CSF and the POSEIMA programme, in order to foster a conducive environment for local business expansion. Thus, every sector of the economy will benefit from large-scale co-financing as part of the drive to improve competitiveness. Prime examples include the industrial sector and cottage industry, where the anticipated measures are aimed at mobilising private investment by developing the free zone and implementing a restructuring plan for cottage industry. Tourism will benefit from a package of measures designed to improve the quality of tourist services, while the fisheries sector will receive aid aimed, in particular, at renovating and modernising the fleet, as well as the processing, marketing and promotion of fishery products.
120. This operational programme puts the emphasis on a balanced form of development which incorporates the investments made on the R&D front. In this context, the Community should help finance the creation of innovative new businesses, guarantee and interest-rate subsidy mechanisms. Measures are also planned with a view to improving co-operation between firms and access to external markets. At the same time, the programme provides for assistance towards scientific and technological development in order to support projects in certain strategic areas of regional development.
121. As far as upgrading human resources is concerned, training measures will be undertaken in every sector of the economy, particularly as regards vocational training for young people, the disabled and the socially excluded.
122. As part of the plan to bolster the infrastructures needed for development, the Community will support the efforts being made on the energy front, particularly where hydraulic resources are concerned.
123. **Within the framework of the Community initiatives** as defined by the Commission for the 1994-99 period, and more especially REGIS II which is specifically aimed at the most remote regions, priority will continue to be given to diversification, particularly as regards new business creation. In this respect, REGIS II encompasses the specific measures provided for under REGIS I, all of the various measures eligible for the other Community initiatives (LEADER, EMPLOI, PESCA, SME, etc.)<sup>40</sup> as well as any measures eligible for POSEIMA structural funds which are not included in the Community support framework. The combination of all of these measures within REGIS II should make for a simpler and

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<sup>39</sup> Commission decision n° C(94) 464 of 4 March 1994.

<sup>40</sup> It being understood that, under properly justified circumstances, the ultraperipheral regions could make use of other Community schemes, without, however, there being any increase in the amounts allocated to the Member States directly affected by these schemes.

more flexible tool, in terms of planning and implementation.

124. The specific objectives of REGIS II are as follows:

- to diversify the regions' economic activities, as a matter of priority;
- to strengthen ties between the most remote regions, and between the latter and the rest of the Community and neighbouring third countries;
- to avert natural hazards;
- to strengthen local energy autonomy through energy saving and developing local renewable energy sources.

In this context, REGIS II will cover measures which are of direct benefit to firms, in keeping with the wishes expressed by the Azores and Madeira, namely:

- corporate investment relating to the environment;
- interest-rate subsidies on EIB loans as well as defrayment of the commission charged on EIF services;
- improved access to venture capital for firms;
- R&D;
- the various levels of cooperation between the most remote regions;
- investment aid to reduce the cost energy supplies to firms.

**b) Other Community policies**

125. Other Community instruments and policies may be deployed on a larger scale, while making sure that any payments are targeted according to the specific characteristics of the local economic fabric, as broadly advocated by the POSEIMA programme. This mainly applies to financial instruments and enterprise policy. Under properly justified circumstances, adjustments to the Community policies may have a direct impact in favour of firms, particularly in all matters concerning customs measures.

126. The Community's financial instruments, of which little is often known in these regions, ought to be exploited, particularly in order to mitigate the difficulties experienced by local firms in obtaining access to capital markets. It looks as though some effort needs to be made in terms of publicising and consolidating these instruments (loans, venture capital or guarantees). In the case of investment projects too, the EIB ought to act in co-ordination with the measures taken under the structural fund schemes. The EIB's operations require active use of the instruments introduced at national and regional level. Its considerable experience in handling large-scale works and infrastructure projects would enable it to play a useful role in communication projects involving the various regions. Other instruments, such as the guarantee systems or venture capital facilities, can likewise be supported in this way. Among the various Community financial instruments available for the Azores and Madeira, notable examples are:

- the ordinary global loans provided by the EIB. SMEs in these regions can apply to a number of Portuguese financial institutions which handle EIB global loans. These loans, from ECU 20,000 upwards, might well encourage individual initiatives and corporate investment in these regions inasmuch as the interest rates and repayment terms are more favourable than those offered by the local capital market;
- loans with interest-rate subsidies, under the Edinburgh scheme. The Council decided that a 2% subsidy would be paid out of the Community budget for 5 years on EIB global loans, to the amount of ECU 1 billion in loans for the Community as a whole. The EIB may cover up to 75% of the cost of the project, while the subsidised part will be limited to a maximum of ECU 30,000 per job created. This scheme, which was instituted as part of the short-term revival measures, will run until July 1995. Subsidies granted under this scheme cannot be drawn concurrently with other subsidies administered by the EIB;
- EIF guarantees. As of June 1994, the European Investment Fund will offer guarantees for credit lines to SMEs. Other forms of assistance, likewise based on the use of intermediaries will be developed in due course. In order to ensure a sufficient level of return, the EIF will charge guarantee commissions depending on the nature of the projects backed. Firms will be able to gain access to this facility via Portuguese banks which belong to the EIF, or any other financial institution.

Yet another example is the facility financed by the EFTA countries within the framework of the EEA. Under this scheme, Portugal will be entitled to receive, upon adoption of the implementing regulation, from 1994 to 1998, ECU 315m in EIB loans with 2% interest-rate subsidies for 10 years, plus ECU 105m in grants. The eligible sectors are the environment, transport, education and training, with a special focus on SMEs. Applications for loans with interest-rate subsidies must follow the normal EIB procedure, whereas the grants can be obtained via the Portuguese government.

127. The enterprise policy should likewise serve to take account of the specific characteristics of businesses in the Azores and Madeira, within the scope of the existing guidelines and facilities in favour of SMEs, including cottage industries. Of particular note in this respect are the 9 priority courses of action adopted in 1991 following the first European conference on cottage industry, and the expansion of these measures as part of the multi-annual programme adopted by the Council on 14 June 1993<sup>41</sup> and reiterated by the resolution adopted by the Council on 11 November 1993<sup>42</sup>. In addition, the Commission will take steps to make it easier for firms in the Azores and Madeira to gain access to the various Community instruments geared towards businesses (INTERPRISE, EUROPARTENARIAT,

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<sup>41</sup> Council decision 93/379/EEC of 14 June 1993, OJ L 161 of 2 July 1993.

<sup>42</sup> Council resolution of 11 November 1993 on improving the competitiveness of firms, particularly small and medium-sized firms, of cottage industries and developing employment.

BC-NET, etc.) or which are more theme-based (VALUE, SPRINT, ESCF, VENTURE CONSORT, LEONARDO, SOCRATES, etc.).

128. Adjustments to the common policies may likewise have a direct impact on firms, as demonstrated by the recognition, under the POSEIMA programme, of special indirect taxation arrangements for these regions, in addition to the other Community measures. Thus:

- within the scope of the current negotiations on the directive relating to packaging and packaging waste, the special provisions and time limits envisaged for Portugal, in the joint position adopted by the Council<sup>43</sup>, should provide a satisfactory response to the requests made by the Azores and Madeira, mainly by acknowledging their low packaging consumption;
- similarly, further specific customs measures (cf. points 73 to 77) may be considered in order to offset the disadvantages of these regions and spur the development of the production sector.

129. In view of the multiple forms of aid available, it makes sense to co-ordinate the various chosen instruments and to try to channel resources towards firms and the production sector in these regions. These strategies should be conceived and implemented within the framework of the partnership between the national and regional authorities and the Commission, as well as the relevant socio-professional organisations.

130. In view of the particular business environment found in the Azores and Madeira, it is advisable to make optimum use of the various forms of assistance offered by the structural funds. Recourse to technical assistance, pilot projects and demonstration projects, or global subsidies, as the case may be, could thus all be tailored to companies' needs.

#### **4. Priority aims**

131. The deployment of Community policies and instruments could in particular, serve two - related - objectives which largely meet the demands expressed by the Azores and Madeira in their memorandums, bearing in mind the measures provided for in the 1994-99 operational programmes for the Azores and Madeira.

- to improve the competitiveness and productivity of local businesses;
- to find outlets on both local and external markets.

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<sup>43</sup> Common position (EC) n° 13/94 adopted by the Council on 4 March 1994, article 5, OJ C 137 of 19 May 1994.

a) **Improving productivity and competitiveness**

132. The first objective, in order to foster the growth of and strengthen local small businesses (SMEs/SMIs and cottage industry) involves increasing their productivity and hence their competitiveness on both local and external markets. For this to happen, the firms in question need to be recapitalised, and the various economic players supplied with training and information. To this end, the following measures are to be recommended:

- training:

- \* enhance the existing vocational training capability by supplying approved centres with the most recent expertise and educational resources as well as infrastructures, if necessary;
- \* make vocational training more attractive for young people and help any company managers who wish to institute sandwich courses;
- \* devise qualification courses for company managers and entrepreneurs as well as spouses-cum-helpers, via vocational training courses run by the approved bodies for example;
- \* encourage teacher training, for both vocational trainers and advisers responsible for economic and legal assistance for businesses;
- \* increase the mobility of students, teachers, trainees, employees, company managers and entrepreneurs and give them the opportunity to acquire high-level training in other parts of the Community;
- \* encourage the use within firms of computerised management techniques, by setting up microcomputer training centres for example.

- access to capital:

- \* facilitate access to the various Community financing instruments, described in point 129, with due regard for the specific characteristics of local firms;
- \* make use of the EIB subsidised loans, instituted at the European Council meeting in Edinburgh, in addition to those available at local level, not only in order to modernise production plant and management facilities but also in favour of entrepreneurs, particularly in those sectors which have not yet been sufficiently tapped. Special attention will be paid to the availability of EIB loans in these regions and on passing on the benefits of subsidies to the firms concerned;

- \* facilitate the creation and enhancement of local guarantee and mutual guarantee systems supported by the regional authorities and the firms themselves. The EIF could be called upon to finance firms, but could also serve as a back-up and complement to any present or future measures in favour of the existing guarantee systems in these regions;
  - \* encourage the use of venture capital, particularly seed capital, or any other method of securing local investment aimed at making it easier to acquire stakes in companies with sound growth potential;
  - \* promote the creation of European Economic Interest Groupings as a way of disseminating innovation in the production or financial spheres.
- access to new, suitable technologies

This would mainly involve helping firms to develop the use of existing local technologies and acquire the necessary technological potential, and more especially:

- \* providing firms with the necessary financial assistance to gain access to new technologies and advice, particularly as part of the effort to bring them into line with European or international standards, and to establish high-quality initiatives tailored to the firms in question;
  - \* helping to find and implement suitable technologies for local firms, with due regard for the local market absorption capacity;
  - \* facilitating exchanges and co-operation with Community firms, particularly firms in other very remote regions which have developed suitable technologies for their own markets;
  - \* making it easier for firms to use the Community programmes relating to R&D;
  - \* facilitating the creation of Business Innovation Centres in each of the two regions.
- reducing the cost of inputs and transport

This entails looking at measures which might enable firms in the Azores and Madeira to reduce their supply costs in terms of consumer goods and processed products in order to give them the competitive edge they need to survive or expand. In this respect, the Commission intends to place the following proposals before the Council, alongside the present report:

- \* extend the list of capital goods intended for businesses, sited in the two free zones, which are eligible for temporary suspension of customs duties<sup>44</sup>;
- \* allow local firms, for the purpose of supplying the local market, to procure raw materials and inputs on non-Community markets at world prices, by instituting a temporary suspension of certain CCT duties;
- \* as part of the effort to develop the processing industry in the free zones of the Azores and Madeira, extend the rules relating to the regime of end-use arrangements in such a way as to allow, under certain circumstances, the free circulation of products to be processed, benefiting from a favourable tariff treatment.

133. In addition, applications for aid were submitted by the Azores and Madeira, for offsetting extra supply costs (energy and other raw materials from Community sources) and operating costs in the transport sphere. Because of the eligibility rules governing the structural funds, these applications cannot be dealt with under the structural-fund arrangements, since no very direct link has been established with the development of the regions' endogenous potential, within the meaning of Article 1c of Regulation (EEC) No 2083/93<sup>45</sup>. The Commission, however, would be very willing to examine any Portuguese initiative aimed at reducing such extra costs through the introduction of a State aid scheme

134. In the energy field, however, the Commission intends to continue its efforts to keep energy prices at equitable levels in the two regions, as it has done in the past (see points 68 to 72), and is seeking suitable means for ensuring, if necessary, that the Poseima measure for energy can continue to be financed after 1994.

**b) Access to markets**

135. The vital effort to improve the competitiveness of firms in the Azores and Madeira will be all the more effective if it is accompanied by measures to encourage the search for new outlets. Two strategies could be pursued in tandem:

- better positioning of local products on markets in the Azores and Madeira,

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<sup>44</sup> (EEC) Council regulation n°1657/93 of 24 June 1993 suspending the autonomous Common Customs Tariff duties on a number of industrial goods intended to equip the free zones of the Azores and Madeira, OJ L 158 of 30 June 1993.

<sup>45</sup> OJ L 193 of 31 July 1993.

- making more use of the internal market, by aiding, for example, the promotion and marketing of products from the Azores and Madeira in the various Member States, by defining quality standards for instance.

136. There are various routes whereby this might be achieved:

- improve knowledge and information facilities, via for example:
  - \* help with creating economic and human observatories, whose job would be to analyse trends and enable company managers to take account of the relevant technical and economic changes; in order to be fully effective, these surveys should incorporate an "ultraperipheral" dimension;
  - \* sector-based analysis of the current situation and needs, and in particular, the updating of earlier research;
  - \* help with ensuring widespread access to documents, publications and works on Community matters in the various specialist establishments (libraries, universities, associations, etc.);
  - \* help with strengthening co-operation between local socio-professional organisations as well as with the various bodies which represent the local socio-professional sphere at Community level (UPEC, etc.);
- extend the idea of a special symbol with a view to improving awareness and consumption of high-quality agricultural products and the promotion of these products on the Community market, to other goods produced by SMEs/SMIs and cottage industries in the Azores and Madeira;
- facilitate commercial and technological co-operation with firms in Member States and between firms in the Azores and Madeira, through the use, for example, of existing facilities such as EUROPARTENARIAT, INTERPRISE, etc.;
- facilitate the setting up of approved management centres for businesses;
- initiate an audit in order to spot any businesses capable of exporting and, together with them, devise plans for matching their products and standards to the needs and opportunities of external markets.

## **GENERAL CONCLUSION**

137. This report relates some significant progress which has been made in the Community's contribution to economic and social development in the Azores and Madeira through the dual principle underlying Poseima, consisting of optimal insertion of these regions in the life of the internal market and recognition of their regional realities.
138. This first period of application of Poseima has demonstrated how well this approach is suited to the specific needs of the Azores and Madeira.
139. Following on from the declaration on the outermost regions annexed to the Treaty on European Union, the Commission believes that this approach should be continued and strengthened in view of the final objective, which is for these regions to catch up with the average level of economic and social development in the Community.
140. To this end, the Commission is presenting to the Council, alongside this report, proposals concerning the appropriate adjustments to be made to the agricultural section of Poseima. It also intends to consolidate and develop the fisheries section after 1994.
141. More generally, in the spirit of the White Paper on growth, competitiveness and employment, the Commission plans to focus its discussions and actions on the development of activities which will create jobs in the Azores and Madeira while taking account of their specific environment. As a result of the work already accomplished in partnership with the national and regional authorities concerned, the Commission has shown in this report the extent to which the Community's policies and instruments can help firms in the Azores and Madeira to tackle the challenges facing them by supplementing the measures taken at national and regional level. Continued partnership should make it possible to examine the procedures for implementing this approach so that the appropriate initiatives are taken within the framework of and in accordance with the respective procedures of the Community instruments and policies concerned. To achieve this, the Commission is presenting appropriate proposals to the Council concerning customs arrangements.

## ANNEX I

**BASIC SOCIO-ECONOMIC INDICATORS**

<b>General data</b>	<b>EUR 12</b>	<b>AZORES</b>		<b>MADEIRA</b>	
<b>Population (1991)</b>	345383400	237.000		253.000	
<b>Surface area</b>	2363100 km <sup>2</sup>	2.333 km <sup>2</sup>		776 km <sup>2</sup>	
<b>Distance from mainland</b>		1.600 km		1.000 km	
<b>Pop. density</b>	146 inw./km <sup>2</sup>	102 inw./km <sup>2</sup>		326 inw./km <sup>2</sup>	
<b>Pop. growth 1981-91</b>	3,2 %	- 2,5 %		0,4 %	
<b>Unemployment (1991)</b>	9,5 % <sup>1</sup>	3,7 %		4,4 %	
<b>GDP per capita in % of EC av.</b>		Estimated around 35%			
<b>% employment % GDP</b>	<b>Employment</b>	<b>1991</b>		<b>1989</b>	
-primary	6,2 %	22,2 %	21,4 %	21,2 %	16,1 %
-secondary of which: GDP	31,8 % 7,2 %	24,7 % 12,5 %	27,5 %	36,2 % 10 %	27,6 % 13,9 %
-tertiary of which: NMS <sup>2</sup>	62 % 9,2 %	53,1 % 20,6 %	51,1 %	43,6 %	56,3 % 16,9 %
<b>Rate of coverage<sup>3</sup></b>		39 %		20 %	

1 1992 figures (Eurostat)

2 Non-merchant services

3 Reference year for Madeira is 1989, for Azores 1991.

POSEIMA: LEGISLATION ADOPTED UP TO 31 DECEMBER 1993

**I BASIC TEXT**

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)  
Official Journal No L 171, 29.06.1991, p.10

**II AGRICULTURE**

**A. Framework Regulation**

Council Regulation No 1600/92 of 15 June 1992 concerning specific measures for the Azores and Madeira relating to certain agricultural products  
Official Journal No L 173, 27.06.1992, p.01

**B. Common implementing rules**

Commission Regulation (EEC) No 2596/93 of 22 September 1993 amending Regulations (EEC) No 131/92, (EEC) No 1695/92 and (EEC) No 1696/92 concerning common detailed rules for implementation of the specific arrangements for the supply of certain agricultural products to the French overseas departments, the Canary Islands, the Azores and Madeira  
Official Journal No L 238, 23.09.1993, p.24

Commission Regulation (EEC) No 1974/93 of 22 July 1993 adjusting certain aid amounts provided for in Council Regulations (EEC) No 1600/92 and (EEC) No 1601/92 concerning specific measures for the Azores and Madeira and for the Canary Islands with regard to certain agricultural products in application of the automatic dismantling of negative monetary gaps pursuant to Council Regulation (EEC) No 3813/92  
Official Journal No L 180, 23.07.1993, p.26

Commission Regulation (EEC) No 1707/93 of 30 June 1993 amending Regulations (EEC) No 131/92, (EEC) No 1695/92 and (EEC) No 1696/92 as regards the operative event for the agricultural conversion rate applicable to the specific measures for the supply of products to the French overseas departments, the Canary Islands and the Azores and Madeira  
Official Journal No L 159, 01.07.1993, p.75

Commission Regulation (EEC) No 2132/92 of 28 July 1992 amending Commission Regulations (EEC) No 131/92, (EEC) No 1695/92 and (EEC) No 1696/92 laying down common detailed rules for implementation of the specific measures for the supply of certain agricultural products to the French overseas departments, the Canary Islands, the Azores and Madeira

Official Journal No L 213, 29.07.1992, p.25

Commission Regulation (EEC) No 1696/92 of 30 June 1992 laying down common detailed rules for implementation of the specific arrangements for the supply of certain agricultural products to the Azores and Madeira

Official Journal No L 179, 01.07.1992, p.6

### C. Rules by product

#### Cereals

Commission Regulation (EC) No 3472/93 of 17 December 1993 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira

Official Journal No L 317, 18.12.1993

Commission Regulation (EC) No 3246/93 of 26 November 1993 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira

Official Journal No L 293, 27.11.1993

Commission Regulation (EC) No 3008/93 of 29 October 1993 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira

Official Journal No L 270, 30.10.1993

Commission Regulation (EEC) No 2300/93 of 18 August 1993 amending Regulations (EEC) No 388/92, (EEC) No 1727/92 and (EEC) No 1728/92 laying down detailed implementing rules for the specific measures for supplying the French overseas departments, the Azores, Madeira and the Canary Islands with cereal products

Official Journal No L 208, 19.08.1993, p.21

Commission Regulation (EEC) No 1727/93 of 30 June 1993 amending Regulations (EEC) No 388/92, (EEC) No 1727/92 and (EEC) No 1728/92 of 30 June 1993 laying down detailed rules for implementation of the specific arrangements for the supply of cereal products to the French overseas departments, the Azores and Madeira and the Canary Islands respectively and establishing the respective forecast supply balances

Official Journal No L 160, 01.07.1993, p.01

Commission Regulation (EEC) No 1627/93 of 25 June 1993 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 155, 26.06.1993

Commission Regulation (EEC) No 1497/93 of 18 June 1993 amending Regulations (EEC) No 388/92, (EEC) No 1727/92 and (EEC) No 1728/92 laying down detailed implementing rules for the specific measures for supplying the French overseas departments, the Azores, Madeira and the Canary Islands with cereal products  
Official Journal No L 148, 19.06.1993, p.13

Commission Regulation (EEC) No 1301/93 of 28 May 1993 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 132, 29.05.1993

Commission Regulation (EEC) No 1044/93 of 30 April 1993 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 108, 01.05.1993

Commission Regulation (EEC) No 786/93 of 31 March 1993 amending Regulations (EEC) No 2027/92, (EEC) No 1961/92 and (EEC) No 1962/92 concerning aid for the supply of certain cereal products of Community origin respectively to the French overseas departments, the Azores and Madeira, and the Canary Islands  
Official Journal No L 79, 01.04.1993, p.61

Commission Regulation (EEC) No 709/93 of 26 March 1993 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 74, 27.03.1993

Commission Regulation (EEC) No 686/93 of 25 March 1993 amending Regulation (EEC) No 1727/92 laying down detailed rules for implementation on the specific arrangements for the supply of cereal products to the Azores and Madeira and establishing the forecast supply balance  
Official Journal No L 73, 26.03.1993, p.10

Commission Regulation (EEC) No 446/93 of 26 February 1993 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 49, 27.02.1993

Commission Regulation (EEC) No 192/93 of 29 January 1993 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 22, 30.01.1993

Commission Regulation (EEC) No 3674/92 of 18 December 1992 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 370, 19.12.1992

Commission Regulation (EEC) No 3445/92 of 30 November 1992 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 350, 01.12.1992

Commission Regulation (EEC) No 3174/92 of 30 October 1992 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 317, 31.10.1992

Commission Regulation (EEC) No 2834/92 of 29 September 1992 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 285, 29.09.1992

Commission Regulation (EEC) No 2550/92 of 31 August 1992 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 254, 01.09.1992

Commission Regulation (EEC) No 2182/92 of 30 July 1992 amending Regulation (EEC) No 1833/92 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 217, 31.07.1992

Commission Regulation (EEC) No 1961/92 of 15 July 1992 establishing the amount of Community aid for the supply to the Azores and Madeira of malt of Community origin  
Official Journal No L 197, 16.07.1992, p.44

Commission Regulation (EEC) No 1833/92 of 3 July 1992 setting the amounts of aid for the supply of cereals products from the Community to the Azores and Madeira  
Official Journal No L 185, 04.07.1992, p.28

Commission Regulation (EEC) No 1727/92 of 30 June 1992 laying down detailed rules for implementation of the specific arrangements for the supply of cereal products to the Azores and Madeira and establishing the forecast supply balance  
Official Journal No L 179, 01.07.1992, p.101

## 2. Rice

Commission Regulation (EEC) No 3470/93 of 17 December 1993 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 317, 18.12.1993

Commission Regulation (EEC) No 3240/93 of 26 November 1993 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 293, 27.11.1993

Commission Regulation (EEC) No 2991/93 of 28 October 1993 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 268, 29.10.1993

Commission Regulation (EEC) No 1939/93 of 19 July 1993 amending Regulations (EEC) No 1983/92 and (EEC) No 1997/92 laying down detailed rules for implementation of the specific arrangements for the supply of rice sector products to the Azores and Madeira, and the Canary Islands respectively, and establishing the forecast supply balances  
Official Journal No L 176, 20.07.1993

Commission Regulation (EEC) No 1803/93 of 6 July 1993 amending Regulation (EEC) No 1983/92 laying down detailed rules for implementation of the specific arrangements for the supply of rice products to the Azores and Madeira and establishing the forecast supply balance  
Official Journal No L 164, 07.07.1993

Commission Regulation (EEC) No 1297/93 of 28 May 1993 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 132, 29.05.1993

Commission Regulation (EEC) No 1041/93 of 30 April 1993 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 108, 01.05.1993

Commission Regulation (EEC) No 702/93 of 26 March 1993 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 74, 27.03.1993

Commission Regulation (EEC) No 444/93 of 26 February 1993 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 49, 27.02.1993

Commission Regulation (EEC) No 181/93 of 29 January 1993 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 22, 30.01.1993

Commission Regulation (EEC) No 3670/92 of 18 December 1992 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 370, 19.12.1992

Commission Regulation (EEC) No 3423/92 of 27 November 1992 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 347, 28.11.1992

Commission Regulation (EEC) No 3167/92 of 30 October 1992 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 317, 31.10.1992

Commission Regulation (EEC) No 2835/92 of 29 September 1992 amending Regulation (EEC) No 2547/92 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 285, 30.09.1992

Commission Regulation (EEC) No 2547/92 of 31 August 1992 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 254, 01.09.1992

Commission Regulation (EEC) No 1984/92 of 16 July 1992 setting the amounts of aid for the supply of rice products from the Community to the Azores and Madeira  
Official Journal No L 198, 17.07.1992

Commission Regulation (EEC) No 1983/92 laying down detailed rules for implementation of the specific arrangements for the supply of rice products to the Azores and Madeira and establishing the forecast supply balance  
Official Journal No L 198, 17.07.1992

### 3. Sugar

Commission Regulation (EEC) No 2932/93 of 25 October 1993 amending Regulation (EEC) No 2177/92 laying down detailed rules for the application of the specific supply arrangements for the Azores, Madeira and the Canary Islands with regard to sugar  
Official Journal No L 265, 26.10.1993, p.12

Commission Regulation (EEC) No 2627/93 of 24 September 1993 concerning flat-rate aid for sugar-cane cultivation and aid for the processing of sugar cane on Madeira  
Official Journal No L 240, 25.09.1993, p.19

Commission Regulation (EEC) No 1788/93 of 30 June 1993 amending Regulation (EEC) No 2177/92 laying down detailed rules for the application of the specific supply arrangements for the Azores, Madeira and the Canary Islands with regard to sugar  
Official Journal No L 163, 06.07.1993, p.14

Commission Regulation (EEC) No 821/93 of 5 April 1993 amending Regulation (EEC) No 2177/92 laying down detailed rules for the application of the specific supply arrangements for the Azores, Madeira and the Canary Islands with regard to sugar  
Official Journal No L 85, 06.04.1993, p.16

Commission Regulation (EEC) No 3491/92 of 2 December 1992 concerning the grant in the Azores of flat-rate aid for the production of sugarbeet and special aid for the processing of sugarbeet into white sugar  
Official Journal No L 353, 03.12.1992, p.21

Commission Regulation (EEC) No 2177/92 of 30 July 1992 laying down detailed rules for the application of the specific supply arrangements for the Azores, Madeira and the Canary Islands with regard to sugar and amending Regulation (EEC) No 2670/81  
Official Journal No L 217, 31.07.1992, p.71

#### 4. Vegetable oils

Commission Regulation (EC) No 3424/93 of 13 December 1993 amending Regulations (EEC) No 2257/92 and (EEC) No 2258/92 laying down detailed rules for implementing the specific arrangements for supplying Madeira and the Canary Islands respectively with certain vegetable oils and establishing the forecast supply balances  
Official Journal No L 312, 15.12.1993, p.10

Commission Regulation (EC) No 3292/93 of 30 November 1993 amending Regulation (EEC) No 2026/92 on detailed rules for the application of the specific supply measures for Madeira as regards olive oil and establishing the forecast supply balance  
Official Journal No L 296, 01.12.1993, p.39

Commission Regulation (EEC) No 3019/93 of 29 October 1993 amending Regulation (EEC) No 2026/92 on detailed rules for the application of the specific supply measures for Madeira as regards olive oil and establishing the forecast supply balance  
Official Journal No L 270, 30.10.1993, p.58

Commission Regulation (EEC) No 1922/93 of 16 July 1993 amending Regulation (EEC) No 2026/92 on detailed rules for the application of the specific supply measures for Madeira as regards olive oil and establishing the forecast supply balance  
Official Journal No L 174, 17.07.1993, p.20

Commission Regulation (EEC) No 1487/93 of 17 June 1993 amending Regulations (EEC) No 2257/92 and (EEC) No 2258/92 laying down detailed rules for implementing the specific arrangements for supplying Madeira and the Canary Islands, respectively, with certain vegetable oils and establishing the forecast supply balances  
Official Journal No L 147, 18.06.1993, p.10

Commission Regulation (EEC) No 3184/92 of 30 October 1992 amending Regulation (EEC) No 2026/92 on detailed rules for the application of the specific supply measures for Madeira as regards olive oil and establishing the forecast supply balance  
Official Journal No L 317, 31.10.1992, p.70

Commission Regulation (EEC) No 2257/92 of 31 July 1992 laying down detailed rules for implementing the specific arrangements for supplying Madeira with certain vegetable oils and establishing the provisional supply balance  
Official Journal No L 219, 04.08.1992, p.44

Commission Regulation (EEC) No 2026/92 of 22 July 1992 on detailed rules for the application of the specific supply measures for Madeira as regards olive oil and establishing the forecast supply balance  
Official Journal No L 207, 23.07.1992, p.18

##### 5. Fruit and vegetables, plants and cut flowers

Commission Regulation (EEC) No 1445/93 of 11 June 1993 determining the operative events applicable to products in the fruit and vegetables sector, to processed fruit and vegetable products and partly to live plants and floricultural products  
Official Journal No L 142, 12.06.1993, p.27

Commission Regulation (EEC) No 3518/92 of 4 December 1992 laying down detailed rules for the application of the specific measures for the Azores as regards pineapple production  
Official Journal No L 355, 05.12.1992, p.21

Commission Regulation (EEC) No 2999/92 of 15 October 1992 laying down detailed rules for the application of the specific measures for the supply of processed fruit and vegetable products to Madeira  
Official Journal No L 301, 17.10.1992, p.07

Commission Regulation (EEC) No 2311/92 of 31 July 1992 laying down detailed rules for the application of specific measures adopted in respect of fruit, vegetables, plants and flowers for the benefit of the Azores and Madeira

Official Journal No L 222, 07.08.1992, p.24

#### 6. Potatoes and endives

Commission Regulation (EEC) No 2040/93 of 27 July 1993 determining the amount of production aid for potatoes for human consumption in Madeira and the amounts of production aid for seed potatoes and endives in the Azores fixed in ecus by the Council and reduced as a result of monetary realignments

Official Journal No L 185, 28.07.1993, p.10

Commission Regulation (EEC) No 1775/93 of 2 July 1993 amending Regulation (EEC) No 2165/92 laying down detailed rules for the application of the specific measures for Madeira and the Azores as regards potatoes and endives

Official Journal No L 162, 03.07.1993, p.23

Commission Regulation (EEC) No 2165/92 of 30 July 1992 laying down detailed rules for the application of the specific measures for Madeira and the Azores as regards potatoes and endives

Official Journal No L 217, 31.07.1992, p.29

#### 7. Hops

Commission Regulation (EEC) No 1716/93 of 30 June 1993 amending Regulation (EEC) No 2225/92 on the detailed rules for the implementation of the specific arrangements for the supply of hops to the Azores and Madeira

Official Journal No L 159, 01.07.1993, p.101

Commission Regulation (EEC) No 2225/92 of 31 July 1992 on the detailed rules for the implementation of the specific arrangements for the supply of hops to the Azores and Madeira

Official Journal No L 218, 01.08.1992, p.91

#### 8. Wine

Commission Regulation (EEC) No 3889/92 of 28 December 1992 amending Commission Regulation (EEC) No 3233/92 laying down detailed rules for implementing the specific wine sector aid arrangements for the Azores and Madeira

Official Journal No L 391, 31.12.1992, p.50

Commission Regulation (EEC) No 3233/92 of 5 November 1992 laying down detailed rules for implementing the specific wine sector aid arrangements for the Azores and Madeira  
Official Journal No L 321, 06.11.1992, p.11

Commission Regulation (EEC) No 2953/92 of 12 October 1992 on the sale by tender for supply to Madeira of alcohol of vinous origin for the manufacture of Madeira liqueur wines  
Official Journal No L 296, 13.10.1992, p.11

#### 10. Meat and live animals

Commission Regulation (EC) No 3035/93 of 3 November 1993 amending Regulations (EEC) No 1912/92 and (EEC) No 1913/92 laying down detailed implementing rules for the specific measures for supplying the Canary Islands and the Azores and Madeira with products from the beef and veal sector  
Official Journal No L 272, 04.11.1993, p.09

Commission Regulation (EEC) No 2139/93 of 28 July 1993 amending Regulations (EEC) No 1913/92 and (EEC) No 2255/92 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the beef and veal sector  
Official Journal No L 191, 31.07.1993, p.96

Commission Regulation (EEC) No 1735/93 of 30 June 1993 amending and correcting Regulations (EEC) No 1913/92 and (EEC) No 2255/92 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the beef and veal sector  
Official Journal No L 160, 01.07.1993, p.96

Commission Regulation (EEC) No 1729/93 of 30 June 1993 amending Regulation (EEC) No 1726/92 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the eggs and poultrymeat sectors  
Official Journal No L 160, 01.07.1993, p.06

Commission Regulation (EEC) No 1728/93 of 30 June 1993 amending Regulation (EEC) No 1725/92 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the pigmeat sector  
Official Journal No L 160, 01.07.1993, p.04

Commission Regulation (EEC) No 1404/93 of 8 June 1993 amending Regulation (EEC) No 1725/92 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the pigmeat sector  
Official Journal No L 138, 09.06.1993, p.07

Commission Regulation (EEC) No 732/93 of 29 March 1993 amending Regulation (EEC) No 1913/92 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the beef and veal sector  
Official Journal No L 75, 30.03.1993, p.09

Commission Regulation (EEC) No 510/93 of 5 March 1993 laying down detailed rules for implementation of the specific arrangements for the supply of sheepmeat and goatmeat sector products to the Azores and Madeira  
Official Journal No L 55, 06.03.1993, p.35

Commission Regulation (EEC) No 231/93 of 3 February 1993 laying down certain detailed rules for the application of the supplements to the special premium for producers of beef and veal and to the premium for maintaining suckler cows in the French overseas departments and the Azores and Madeira  
Official Journal No L 27, 04.02.1993, p.23

Commission Regulation (EEC) No 3711/92 of 21 December 1992 amending Regulation (EEC) No 1725/92 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the pigmeat sector  
Official Journal No L 378, 23.12.1992, p.13

Commission Regulation (EEC) No 2660/92 of 14 September 1992 amending Regulations (EEC) No 1912/92 and (EEC) No 1913/92 laying down detailed implementing rules for the specific measures for supplying the Canary Islands and the Azores and Madeira with products from the beef and veal sector  
Official Journal No L 270, 15.09.1992, p.05

Commission Regulation (EEC) No 2255/92 of 31 July 1992 laying down detailed rules for implementing the specific arrangements for supplying Madeira with live bovine animals  
Official Journal No L 219, 04.08.1992, p.37

Commission Regulation (EEC) No 1913/92 of 10 July 1992 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the beef and veal sector  
Official Journal No L 192, 11.07.1992, p.35

Commission Regulation (EEC) No 1726/92 of 30 June 1992 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the eggs and poultrymeat sectors  
Official Journal No L 179, 01.07.1992, p.99

Commission Regulation (EEC) No 1725/92 of 30 June 1992 laying down detailed implementing rules for the specific measures for supplying the Azores and Madeira with products from the pigmeat sector  
Official Journal No L 179, 01.07.1992, p.95

#### 11. Milk products

Commission Regulation (EEC) No 1732/93 of 30 June 1993 amending Regulation (EEC) No 2219/92 laying down detailed rules for the application of the specific supply arrangements for Madeira relating to milk products and establishing the forecast supply balance  
Official Journal No L 160, 01.07.1993, p.15

Commission Regulation (EEC) No 1603/93 of 24 June 1993 amending Regulation (EEC) No 2219/92 laying down detailed rules for the application of the specific supply arrangements for Madeira relating to milk products and establishing the forecast supply balance  
Official Journal No L 153, 25.06.1993

Commission Regulation (EEC) No 897/93 of 16 April 1993 amending Regulation (EEC) No 2219/92 laying down detailed rules for the application of the specific supply arrangements for Madeira relating to milk products and establishing the forecast supply balance  
Official Journal No L 93, 17.04.1993, p.14

Commission Regulation (EEC) No 722/93 of 26 March 1993 amending Regulation (EEC) No 2219/92 laying down detailed rules for the application of the specific supply arrangements for Madeira relating to milk products and establishing the forecast supply balance  
Official Journal No L 74, 27.03.1993

Commission Regulation (EEC) No 3553/92 of 9 December 1992 amending Regulation (EEC) No 2219/92 laying down detailed rules for the application of the specific supply arrangements for Madeira relating to milk products and establishing the forecast supply balance  
Official Journal No L 361, 10.12.1992

Commission Regulation (EEC) No 3286/92 of 12 November 1992 amending Regulation (EEC) No 2219/92 laying down detailed rules for the application of the specific supply arrangements for Madeira relating to milk products and establishing the forecast supply balance  
Official Journal No L 327, 13.11.1992

Commission Regulation (EEC) No 2234/92 of 31 July 1992 laying down detailed rules for the application of the aid for the consumption of fresh milk products in Madeira  
Official Journal No L 218, 01.08.1992, p.102

Commission Regulation (EEC) No 2233/92 of 31 July 1992 laying down detailed rules for the application of the specific premium for the maintenance of dairy herds in the Azores  
Official Journal No L 218, 01.08.1992, p.100

Commission Regulation (EEC) No 2219/92 of 30 July 1992 laying down detailed rules for the application of the specific supply arrangements for Madeira relating to milk products and establishing the forecast supply balance  
Official Journal No L 218, 01.08.1992, p.75

Commission Regulation (EEC) No 2174/92 of 30 July 1992 laying down detailed rules governing the grant of private storage aid for São Jorge and Ilha cheese  
Official Journal No L 217, 31.07.1992, p.64

#### **D. Veterinary and plant health measures**

Commission Decision of 7 December 1993 on the Community's financial contribution to programmes for the control of organisms harmful to plants and plant products in Madeira for 1993 (93/674/EC) (Only the Portuguese text is authentic)  
Official Journal No L 314, 16.12.1993, p.44

Commission Decision of 30 September 1993 on the definition of the measures eligible for Community financing in the programmes for the control of organisms harmful to plants or plant products in the French overseas departments, in the Azores and in Madeira (93/522/EEC) (Only the French and Portuguese texts are authentic)  
Official Journal No L 251, 08.10.1993, p.35

### **III CRAFT INDUSTRIES**

Commission Decision C(93) 3767 of 17 December 1993 on a Community contribution to craft industry enterprises in the Azores and Madeira in Portugal as provided for in the Council Decision introducing Poseima  
(Not published)

Commission Decision C(92) 3283 of 18 December 1992 on a Community contribution to craft industry enterprises in the Azores and Madeira in Portugal as provided for in the Council Decision introducing Poseima  
(Not published)

#### IV TAXATION

Council Directive 92/84/EEC of 19 October 1992 on the approximation of the rates of excise duty on alcohol and alcoholic beverages  
(Article 7(3): Reduction of rates in Madeira and Azores)  
Official Journal No L 316, 31.10.1992, p.29

Council Directive 92/82/EEC of 19 October 1992 on the approximation of the rates of excise duties on mineral oils  
(Article 9(1): possibility for reduced rates in Azores)  
Official Journal No L 316, 31.10.1992, p.19

Council Directive 92/79/EEC of 19 October 1992 on the approximation of taxes on cigarettes  
(Article 3(2): possibility for reduced rates in Madeira and Azores)  
Official Journal No L 316, 31.10.1992, p.08

#### V CUSTOMS

##### Free zones and warehousing

Council Regulation (EEC) No 1657/93 of 24 June 1993 temporarily suspending the autonomous Common Customs Tariff duties on certain industrial products intended to equip the free zones of the Azores and Madeira  
Official Journal No L 158, 30.06.1993, p.1

Council Regulation (EEC) No 1604/92 of 15 June 1992 amending Regulation (EEC) No 2504/88 on free zones and free warehouses  
Official Journal No L 173, 27.06.1992, p.30

#### VI FISHERIES

*Council Regulation (EC) No. 1503/94 establishing a system of compensation for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French department of Guiana as a result of their very remote location (COM(93) 630 final)*  
*Official Journal No. L 162, 30.06.1994*

Commission Decision C(93) 3167 of 16 November 1993 setting the Community's financial contribution towards scientific equipment for an oceanographic vessel (Azores)  
(Not published)

Commission Decision C(93) 2032 of 26 July 1993 setting the Community's financial contribution towards building an oceanographic vessel (Azores)  
(Not published)

Commission Decision of 30 July 1992 on the grant of Community aid for certain specific measures implementing the programme of options specific to the remote and insular nature of Madeira and the Azores (Poseima) (92/448/EEC)  
Official Journal No L 248, 28.08.1992, p.73

Council Regulation (EEC) No 1603/92 of 15 June 1992 authorizing an enhanced aid system for the formation of producers' organizations in the French overseas departments, in the Canary Islands, in Madeira and in the Azores  
Official Journal No L 173, 27.06.1992, p.28

## **VII STRUCTURES**

Commission Decision C(93) 1808 of 2 July 1993 granting Community assistance for the operational programme for improving and modernizing the marketing structures for bananas in Madeira in Portugal under Poseima  
(Not published)

Commission Decision C(93) 1806 of 2 July 1993 granting a financial contribution from the Guidance Section of the European Agricultural Guidance and Guarantee Fund for an operational programme involving new structural schemes in the autonomous region of Azores in Portugal under Poseima  
(Not published)

Commission Decision C(92) 1895 of 31 July 1992 granting a financial contribution from the Guidance Section of the European Agricultural Guidance and Guarantee Fund for the operational programme for improving and modernizing the marketing structures for bananas in the autonomous region of Madeira in Portugal under Poseima  
(Not published)

Commission Decision C(93) 1880 of 31 July 1992 granting a financial contribution from the Guidance Section of the European Agricultural Guidance and Guarantee Fund for an operational programme involving new structural schemes in the autonomous region of Azores (Portugal) under Poseima  
(Not published)

## **VIII ENERGY**

Commission Decision of 28 July 1993 granting the second Community contribution to the autonomous regions of Azores and Madeira provided for in Council Decision 91/315/EEC to compensate for the extra costs of supplying oil to these archipelagos in 1991 (balance) and 1992 (93/426/EEC) (Only the Portuguese text is authentic)  
Official Journal No L 196, 05.08.1993, p.63

Commission Decision of 29 July 1992 granting the first Community contribution to the autonomous regions of Azores and Madeira provided for the Council Decision introducing Poseima to compensate for the extra costs of supplying oil to these archipelagos in 1991 (balance) and 1992 (92/425/EEC) (Only the Portuguese text is authentic)  
Official Journal No L 239, 22.08.1992

## **IX ENVIRONMENT**

Commission Decision C(93) 3847 of 21 December 1993 granting a Community contribution to an environmental programme in the Azores and Madeira  
(Not published)

## OTHER MEASURES

Article 6 of Commission Regulation (EEC) No 1112/93 of 6 May 1993 laying down detailed rules for the application of the supplementary trade mechanism to trade in the beef and veal sector between the Community as constituted at 31 December 1985 and Spain and Portugal and repealing Regulations (EEC) No 3810/91 and (EEC) No 3829/92

Official Journal No L 113, 07.05.1993, p.10.

Article 6 states: "However, STM licences shall be valid for 30 days if the products are released to the market in the Azores and Madeira."

### Fisheries

Commission Decision C(92) 3153 of 16 December 1992 on a concerted scheme to grant an interim indemnity to fishermen and fishing vessel owners of the Portuguese Republic led to suspend their fishing activities by the deprivations of the tropical storms Bonnie and Charlie in the Azores

(Not published)

### Transport

Article 1(4) of Council Regulation (EEC) No 2408 of 23 July 1992 on access for Community air carriers to intra-Community air routes

Official Journal No L 240, 24.08.1992, p.8

Article 6(2) of Council Regulation (EEC) No 3577 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage)

Official Journal No L 364, 12.12.1992, p.7

### Fruit and vegetables

Council Regulation (EEC) No 638/93 of 17 March 1993 amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables and Regulation (EEC) No 827/68 on the common organization of the market in certain products listed in Annex II to the Treaty

Official Journal No L 47, 25.02.1993

## ANNEX III

STRUCTURAL FUND ASSISTANCE 1990-93MADEIRA

<b>MULTIFUND OPERATIONAL PROGRAMME FOR THE AUTONOMOUS REGION OF MADEIRA (1990-93)</b>	<b>in ECU million 252,652</b>
<b>ERDF</b>	<b>195,510</b>
Development of the productive structure	48,027
Development of tourism potential	29,020
Physical structures in the energy sector	24,176
Improvement of access	60,582
Strategic social facilities	18,825
Environment and regional planning	14,478
Management and monitoring	0,402
<b>EAGGF Guidance Section</b>	<b>24,800</b>
Objective 5(a)	5,000
PEDAP	18,600
Restructuring of vineyards	1,200
<b>ESF</b>	<b>32,342</b>
Vocational training and development of human resources	31,884
Management and monitoring	0,450

<b>COMMUNITY INITIATIVES</b>	<b>66,265</b>
REGIS <sup>1</sup> (1991-93)	<b>38,364</b>
Improvement of access to the outside world	37,361
Environment	1,003
STAR <sup>1</sup>	4,652
VALOREN <sup>1</sup>	3,700
ENVIREG <sup>1</sup>	13,478
STRIDE <sup>1</sup>	0,139
NOW <sup>2</sup>	0,912
EUROFORM <sup>2</sup>	0,426
TÉLÉMATIQUE <sup>1</sup>	0,451
PRISMA <sup>1</sup>	1,380
LEADER <sup>3</sup>	2,700
PERIFLA <sup>1</sup>	0,063
<b>TOTAL FOR MADEIRA</b>	<b>318,817</b>

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<sup>1</sup> ERDF.

<sup>2</sup> ERDF and ESF.

<sup>3</sup> ERDF, ESF and EAGGF Guidance Section.

**AZORES**

<b>SPECIFIC DEVELOPMENT PROGRAMME FOR THE AUTONOMOUS REGION OF THE AZORES (1990-93)</b>	<b>in ECU million 244,469</b>
<b>ERDF</b>	<b>160,202</b>
Basic infrastructures	111,957
Vocational training and support for productive activities	3,933
Environment and quality of life	42,932
Implementation and monitoring	1,380
<b>EAGGF Guidance Section</b>	<b>58,500</b>
Objective 5(a)	26,500
PEDAP	30,600
Restructuring of vineyards	1,500
<b>ESF</b>	<b>25,767</b>
Vocational training and support for productive activities	25,301
Implementation and monitoring	0,466

<b>NPCI - AZORES-TOURISM</b>	<b>66,440</b>
<b>ERDF</b>	<b>66,440</b>
Physical structures relating to tourism	37,061
Physical structures for tourism	20,172
Development, support and promotion of tourism	9,079
Monitoring, assessment and publicity	0,128

<b>SATA (Major aeronautics project)</b>	<b>18,721</b>
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<b>COMMUNITY INITIATIVES</b>		<b>27,021</b>
<b>REGIS (1991-93)<sup>1</sup></b>		<b>14,858</b>
Improvement of access		8,858
Environment		6,000
STAR <sup>1</sup>		4,702
VALOREN <sup>1</sup>		2,694
ENVIREG <sup>1</sup>		0,002
STRIDE <sup>1</sup>		0,702
NOW <sup>2</sup>		0,680
HORIZON <sup>2</sup>		2,615
TÉLÉMATIQUE <sup>1</sup>		0,298
PRISMA <sup>1</sup>		0,470
<b>TOTAL for the Azores</b>		<b>356,651</b>

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<sup>1</sup> ERDF

<sup>2</sup> ERDF and ESF

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