



Chios, 14 April 2020

To all the Members

cc: **Board of Directors of
INSULEUR**

Dear Members,

We are living through challenging times, an unprecedented crisis which has put an abrupt halt on the economy, and on all that we thought was normal. During this time solidarity is no longer a cliché but something which we need to practice within our local communities and between each other.

I am aware of the grave difficulties we are currently facing. Island economies more than others are dependent on certain sectors which have been deeply hit by this crisis, such as tourism. Island economies thrive on tourism. However, the future for this industry now looks bleak.

The downturn of global demand has shown how fragile our economic eco-systems are, and how dependent we are on each other. This public health emergency has affected everyone, and has impacted all sectors of the global economy.

As highlighted through a position paper by the European Economic and Social Committee, on the 25 March (rapporteur Stefano Palmieri), and reiterating some concerns which had been voiced in another opinion of the EESC in 2012 (adopted on 28/03/2012, rapporteur Joost van Iersel), at this important junction the “EU must be considered to be not only a community of financial and economic interests but also – and above all – a community of common destiny, and that this principle must govern its policies, as must the principle of promoting the well-being of the European people, as set out in the Treaty on European Union”. This means that the role of the European Union, now more than ever is crucial. The European Union is being faced with a period, which will define its future course, as it is putting to a test the underlying principles upon which its existence is based.

In this particular situation the European Union must consider the specific difficulties being faced by island economies. A blanket approach at a national level would create the risk that the most fragile and dependent parts of the economy like island economies would be the ones which will be suffering the most during this crisis.

The European Commission has recognized that flexibility in the implementation of the state aid framework was urgently needed to cater for an unprecedented situation. This has led the European Commission to adopt a new State Aid Temporary Framework, and also subsequent amendments to be able to respond in an adequate manner to this public health crisis. Through the press release issued on the 3 April and amended on the 4th:

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The amendment Temporary Framework also expands on the existing types of support that Member States can give to companies in need. For example, it now enables Member States to give, up to the nominal value of € 800 000 per company, zero-interest loans, guarantees on loans covering 100% of the risk, or provide equity. This can be combined also with so-called de minimis aid (to bring the aid per company to up to €1 million) and with other types of aid. It should be particularly useful to address urgent liquidity needs of small and medium-sized enterprises in a very speedy manner.

Given the flexibility now being adopted through the state aid framework, it is important that such flexibility in approaches is also adopted at a national level. As highlighted at various points by INSULEUR a “one size-fits-all approach” cannot be adopted in the implementation of policy and initiatives. This applies both at an EU and also at a national level. This principle of flexibility in approaches needs to remain, even after the crisis.

The present situation has shown that changes in the *De Minimis* aid can be made to address specific difficulties. INSULEUR has long advocated a change in the *De Minimis* aid (specifically an increased threshold above the € 200,000 currently specified in the regulations) to cater for the specific situation of islands. Due to the added difficulties that all islands face and their fragility, a flexible approach in how state aid is granted to enterprises based on islands should be considered now more than ever. Islands must be seen as contributors to their respective national economies. However, their specific difficulties also need to be recognized.

At INSULEUR we have always shown solidarity between us, and this has been the underlying bonding factor of our organisation. We were also visionaries. Due to the fragile situation of islands, we were always looking ahead. In this context we always believed that it was only through sustainability that we could survive. Our next General Assembly will in fact be to discuss the ‘Green Deal’ as we believe that islands will be the first to benefit from it, as they are also the first to experience the negative impacts of climate change. After the world emerges from this crisis there are a lot of lessons that we have to learn, and that we have to share together. This pandemic is clearly showing that we cannot continue to plod ahead as if nothing has happened. We need to do things differently.

As the President of INSULEUR I remain committed to you during these difficult times. As I highlighted in the last INSULEUR Forum it is only in unity that we can achieve strength. Your support is essential so that we can continue to advocate the issues of islands.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Joseph Borg', written in a cursive style.

Joseph Borg

President of INSULEUR