



# The Development of the Islands

## European Islands and Cohesion Policy

### (EUROISLANDS)

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# Objective of the Study

The objective of the study is:

- to **evaluate the level of divergence of islands from EU-27 average** as well as the national entities
- to **analyze the islands' future potential** from a European perspective
- to **analyze the policy option** that can be adopted in order to face Weaknesses and to exploit Strengths and Opportunities

## Basic assumption

**In an area not (any longer) attractive for establishing (competitive) economic activities and attracting or retaining (active) population, the socioeconomic base and its overall viability will shrink, and it will diverge from EU and national goals for sustainable development, and economic, social and spatial cohesion**

# Islands are particular regions

Islands have **specific characteristics**:

- Small size (limited population, area, natural resources)
- Remoteness and isolation
- Particular, rich and vulnerable natural and cultural environment

**Insularity** is affecting permanently attractiveness (**production and living cost**). Islands –compared to the mainland- cannot have:

- economies of scale due to limited variety and quantity of resources
- good accessibility and low transport cost
- agglomeration externalities

# General Conclusions (1)

- **Performance of islands generally lagging behind EU-27** for most of key development indicators; this may be attributed to the **low attractiveness** of the islands
- **Islands' Attractiveness is directly influenced by insularity:** low Accessibility, low quality and high cost Public Interest Services, low external economies
- **Lisbon's strategy goals are by far not met on islands** (employment, R&D expenditure, education attainment, ITC penetration, resource efficiency etc). Obstacle for development

## General Conclusions (2)

- **Vulnerability** is a characteristic of islands' economy (monoactivity/tourism – public intervention) and environment (low availability of resources - fragility);
- Attractiveness and performance is even lower for **small islands and archipelagos**; vulnerability is higher
- **Natural and cultural assets** constitute a prominent potential for a significant number of islands.

## General Conclusions (3)

**Insularity** a permanent, natural feature that **affects negatively**, directly and indirectly, **islands' attractiveness** and places **obstacles** to their performance in terms of sustainable development.

**Insularity creates unequal opportunities** between islands and the rest of the EU.

**EU focus on attractiveness** parameters to **address characteristics and costs of insularity** with a differentiated policy

## Islands' strategy within a European perspective

EUROPE 2020 Strategy	Islands 2020 Strategy
<b>1. Smart growth:</b> developing an economy based on knowledge and innovation	<b>1. Qualitative islands:</b> focusing on qualitative products and services using local resources
<b>2. Sustainable growth:</b> promoting a more resource efficient, greener and more competitive economy	<b>2. Green islands:</b> diminishing the use and growing the reuse of scarce resources as water, land, energy in the production of goods and services
<b>3. Inclusive growth:</b> fostering a high-employment economy delivering social and territorial cohesion	<b>3. Equal Opportunities islands:</b> giving the same opportunities to insular companies and populations to perform as in European mainland



# Policy Recommendations (1)

Principles to be respected:

- **Subsidiarity principle:** policy adaptation at different levels
- **Lisbon Treaty provisions:** mainly article 174 referring to regions with permanent natural or demographic handicaps
- **Equal Opportunities provision**
- **Proportionality Principle**
- **Sustainability of the territorial diversity**
- **Promotion of the endogenous development**

# Policy Recommendations (2)

## A. Adaptation and better coordination of European policies

- Design and implementation of integrated multi-sectoral and multi fund programs
- Ex-ante Impact Assessment for different territories
- A specific subgroup within the Inter-Service Group on Territorial Cohesion
- Use State and Attractiveness Indexes as a base for eligibility criteria for Cohesion Policy

# Policy Recommendations (3)

## B. Adaptation of European Sectoral Policies with an explicit spatial dimension

- Transport Policy (multimodal policy – maritime and sea corridors – financing fix and mobile infrastructures – territorial continuity principle)
- Energy Policy (energy efficient islands, green energy, connection with EU network)
- Environmental Policy (resource efficient islands, mitigation of climate change impact, valorization of natural assets)
- Rural Development Policy (quality and high value added products, reinforce LFAs' concept)
- State aid (given based on attractiveness index)

# Policy Recommendations (4)

## **C. Compensation of insularity cost** concerning:

- The construction and the operation of the General Interest Services
- The creation and the operation of (specifically the very small) insular enterprises
- The creation of permanent structures and networks
- The cost of living and acquisition of services for all the inhabitants
- The training and the life long learning system
- The traditional sectors and activities associated to island's particular characteristics and cultural identity