



European Economic and Social Committee

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EU Strategy for the
Adriatic and Ionian Region

Brussels, 11 September 2014

OPINION

of the

European Economic and Social Committee

on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Adriatic and Ionian Region

COM(2014) 357 final

and

The European Union Strategy for the Adriatic and Ionian Region: research, development and innovation in SMEs

(exploratory opinion requested by the Italian presidency of the EU)

Rapporteur: **Stefano Palmieri**

On 14 March 2014, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Adriatic and Ionian Region
COM(2014) 357 final.

On 3 June 2014, the Italian presidency asked the European Economic and Social Committee to draw up an exploratory opinion on

The European Union Strategy for the Adriatic and Ionian Region: research, development and innovation in SMEs.

On 25 February and 8 July 2014 respectively the Committee Bureau instructed the Section for Economic and Monetary Union and Economic and Social Cohesion to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Mr Palmieri as rapporteur-general at its 501st plenary session, held on 10 and 11 September 2014 (meeting of 11 September), and adopted the following opinion by 163 votes to 5, with 4 abstentions.

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1. Conclusions and recommendations

- 1.1 The European Economic and Social Committee (EESC) welcomes the European Union Strategy for the Adriatic and Ionian Region (EUSAIR)¹, believing that by promoting and supporting competitiveness and employment growth it will help secure the region's economic, social and territorial cohesion.
- 1.2 The EESC draws attention to the wide range of cultural, social and economic characteristics in the Adriatic and Ionian region, making implementation of the EUSAIR a particularly complex matter. It is therefore important to put in place a system of multilevel governance that can effectively incorporate both the vertical dimension (participation of national, regional and local government bodies) and the horizontal dimension (civil society participation).

¹

COM(2014) 357 final.

Bearing this in mind, the EESC believes that it would be worth considering the option of setting up a permanent forum.

- 1.3 The EESC believes that the EUSAIR's marked orientation towards the Balkan and Danube areas should be flanked by an equally significant orientation towards the other areas of the Mediterranean, especially in view of the involvement of neighbouring regions in the strategy, including the Tyrrhenian and Aegean coastal regions. Their inclusion would increase the strategic value and scope of the development opportunities.
- 1.4 In the EESC's view, it is vital to add a further two strategies, covering the western and eastern Mediterranean, to the EUSAIR. It is the combination of all three strategies that would effectively guarantee economic and social development across the entire Mediterranean basin.
- 1.5 The EESC appreciates the strong political backing behind the EUSAIR and believes that this is crucial to sustaining effective integration between the Europe 2020 Strategy, European enlargement policy and the regional development strategies.
- 1.6 The EESC points out that the participatory process launched during the planning and preparatory stage of the EURSAIR has not unfolded uniformly across all the regions involved. Specific difficulties have been noticed in the Balkan countries, mainly with reference to the participation and involvement of SMEs, trade unions and associations that represent social interests.
- 1.7 The EESC maintains that during the different stages of the EUSAIR's implementation, public and private economic stakeholders, the social partners and the various components of organised civil society ought to be ensured adequate guidance through ad hoc training programmes and organisational and technical support.
- 1.8 The EESC welcomes the complementarity between the EUSAIR and the Maritime Strategy for the Adriatic and Ionian Seas. These strategies have been effectively integrated with the priorities and development opportunities for inland areas. This mainstreaming must be further supported since the added value it brings improves SME competitiveness, environmental protection and public welfare.
- 1.9 The EESC notes that civil society involvement in the EUSAIR requires more attention, especially with reference to capacity building and governance. It is vital to improve coordination between existing cooperation and financing mechanisms.
- 1.10 The EESC recognises the usefulness of the activities developed by the Commission during the preparation and presentation of the EUSAIR. It believes that its involvement will also be needed to support the implementation of the strategy, while fully respecting the institutional functions assigned to the States concerned.

- 1.11 The EESC considers the EUSAIR's structure and objectives to be suited to helping partners in the region to address challenges that cannot be dealt with effectively through the usual means, but thinks that they need to be upgraded and strengthened.
- 1.12 It is essential to provide more targeted assistance for SME support measures, paying particular attention to credit access, developing a methodology for promoting complementarity and synergies between the different funding programmes and defining a cross-cutting, mainstreaming approach for the four pillars to promote support measures concerning working conditions, gender issues, people with disabilities and immigrants.
- 1.13 The "Blue Growth" pillar should promote specific measures that focus more on fostering the development of new business opportunities and jobs.
- 1.14 The "Connecting the Region" pillar should provide more support in areas relating to safe maritime traffic, connecting maritime and coastal areas with inland areas, and the further development and interconnection of energy networks.
- 1.15 The measures set out under the "Environmental Quality" pillar should provide scope for more interconnections between "ecosystems" (marine and land) and "objectives" (the protection of marine wildlife, human health and safety).
- 1.16 The "Sustainable Tourism" pillar must support measures that enhance the tourism aspect of the region's assets (natural, cultural and artistic heritage).
- 1.17 The EESC notes that the opportunities provided under the EUSAIR for SMEs involved in research and innovation activities are not enough to ensure a return to competitiveness and job creation in the area. The region needs measures that promote easier access to credit for SMEs, private investment, participation in EU funding programmes and cooperation with research centres and universities.
- 1.17.1 The EESC believes that in order to harness the opportunities created by research and innovation, the following priorities should be promoted:
- setting up a transnational R&D&I (research, development and innovation) platform to secure the joint and active involvement of SMEs, universities, research centres, and technology and business incubators in improving SME competitiveness by transforming innovative ideas into market-ready products;
 - developing transnational smart specialisation studies to identify innovation and business capacities;
 - promoting more entrepreneurial involvement in deciding R&D&I policies;

- launching an "Adriatic and Ionian matchmaking platform" to make it easier for SMEs and young entrepreneurs to obtain innovation funding.
- 1.18 The EESC criticises the fact that the EUSAIR does not include specific measures to enhance the region's social dimension. It is advisable to include priorities and measures to support the inclusion of people with disabilities, prevent discrimination on grounds of race, ethnicity, age, sexual orientation or gender and address the social issues associated with irregular migration, which mostly affect the southern part of the region.
- 1.18.1 The EESC believes that the EUSAIR's social dimension must be integrated and strengthened, in line with the Commission's proposal, by promoting social investment and the necessary modernisation of social protection systems in order to:
- ensure that social protection systems meet people's needs at critical times in their lives;
 - provide adequate and sustainable social protection systems;
 - implement active inclusion strategies in full.
- 1.19 The EESC advocates identifying ad hoc indicators to enable the monitoring, implementation and evaluation of the EUSAIR's programmes and measures.
- 2. The EU Strategy for the Adriatic and Ionian Region: general comments**
- 2.1 The purpose of this opinion is to assess the EUSAIR and its action plan from the perspective of organised civil society. The opinion draws on and develops the conclusions of the hearing held on 27 May 2014 in Palermo² and other EESC opinions³.
- 2.2 The EUSAIR is being launched at a historic moment defined by the negative effects of the financial crisis on the real economy and by structural economic, social and environmental change, which must be addressed in order to assist economic development and public welfare.
- 2.3 The EUSAIR is characterised by a marked orientation towards the Balkan and Danube areas. Despite the strategy's inclusion of neighbouring Tyrrhenian and Aegean coastal regions, these Mediterranean regions have not been included when it comes to development and cohesion policies. The absence of an effective orientation towards development policies to cover the

² Hearing of the study group on the EU Strategy for the Adriatic and Ionian Region (EUSAIR), tasked with drafting this opinion, held in Palermo on 27 May 2014.

³ Opinions:

- Developing a macro-regional strategy in the Mediterranean – the benefits for island Member States, [OJ C 44 of 15.2.2013, p. 1](#)
- Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the added value of macro-regional strategies, [OJ C 67 of 6.3.2014, p. 63](#);
- Towards an EU macro-regional strategy to develop economic, social and territorial cohesion in the Mediterranean, [OJ C 170 of 5.6.2014, p. 1](#).
- EU Strategy for the Adriatic and Ionian region (EUSAIR), [OJ C 177 of 11.6.2014, p. 32](#).

entire Mediterranean region carries the risk that the Adriatic and Ionian region will gradually become marginalised.

- 2.4 The EUSAIR must not be perceived purely as an instrument for supporting the Balkan States' integration into the EU since there is a link between its strategic value and the possibility of improving consistency between the EU's macro-economic policy, enlargement policy and the regional development strategy.
- 2.5 Not all public, economic and social stakeholders have been able to participate adequately in the planning of the EUSAIR. This, for example, has been the case for SMEs, trade unions and associations that represent social interests in the Balkan coastal area.
- 2.6 In addition to firm political support, the challenges that the Adriatic and Ionian region will have to face during the coming months will also require greater civil society participation in the governance and implementation of the EUSAIR, as well as an entrepreneurial system bolstered by measures designed to improve SME competitiveness.
- 2.6.1 This is why public and private economic stakeholders, the social partners and the various components of organised civil society must be ensured adequate guidance during the different stages of the strategy's implementation, through ad hoc training programmes, organisational support and technical assistance.

3. **EU Strategy for the Adriatic and Ionian Region: analysis and evaluation**

- 3.1 The EUSAIR's approach is similar to the Baltic⁴ and Danube⁵ strategies. Its design is consistent with the Maritime Strategy for the Adriatic and Ionian Seas⁶, adding land-based cooperation to maritime cooperation in order to create new development opportunities to boost the region's competitiveness and cohesion.
- 3.2 The challenges mentioned in the EUSAIR concern the region's socio-economic disparities; significant transport infrastructure deficits; maritime traffic congestion; inadequate interconnection of electricity grids; a lack of research-to-business networks to support SMEs; over-fishing; ecosystems threatened by pollution; the need to protect a very diverse marine environment; the adverse impacts of climate change and insufficient administrative and institutional capacities.
- 3.3 The Adriatic and Ionian region presents significant development opportunities which must be harnessed to support competitiveness and cohesion: the "blue" economy, particularly sustainable seafood production and consumption, maritime and coastal tourism, "blue"

4 <http://www.balticsea-region-strategy.eu>.

5 <http://www.danube-region.eu>.

6 COM(2012) 713 final.

technologies, renewable energy, land-sea connectivity, intermodal transport, and natural, historical and cultural heritage.

- 3.4 Having studied the objectives under the four priority pillars and the two cross-cutting pillars, the EESC believes that the EUSAIR needs to be enhanced through specific forms of interaction that will transform it into a success factor that boosts the entire region's competitiveness and cohesion.
- 3.4.1 To transform the blue economy's potential into effective development opportunities, it is necessary to support measures to improve SME access to credit and public funding, promote workforce mobility and training and support sustainable and responsible fishing practices.
- 3.4.2 It is important to improve transport infrastructure and connections between the maritime and coastal area and inland areas for the movement of goods and people.
- 3.4.3 It is essential to step up support for the joint protection of the marine environment and the hinterland since the marine ecosystem can be compromised by unecological activities in the hinterland.
- 3.4.3.1 In view of the geological structure of the marine areas covered by the EUSAIR, any new schemes to prospect for and exploit hydrocarbon deposits must be carefully evaluated and agreed on by all the countries concerned. A strategic environmental assessment must be made.
- 3.4.4 Tourism must be better integrated with the natural, cultural and artistic heritage of the Adriatic and Ionian region, in order to use the region's assets to support competitiveness and create secure jobs.
- 3.4.5 Action is required to overcome the limits on the capacity of SMEs to engage in research and innovation activities by boosting their capacity to attract private investment.
- 3.4.6 It is essential to involve civil society representatives in capacity building activities, alongside the public authorities. This could be achieved by setting up a permanent forum to represent the social and economic partners, in line with what has already been done for universities⁷, Chambers of Commerce⁸ and cities⁹.
- 3.4.7 In order to equip the EUSAIR with the necessary ability to stay abreast of emerging problems, difficulties and development trends, capacity building must be flanked by an efficient monitoring system that makes it possible to assess progress and the need to adapt the

⁷ <http://www.uniadriion.net>.

⁸ <http://www.forumaic.org>.

⁹ http://www.faic.eu/index_en.asp.

strategy through a quantitative and qualitative analysis of the outcomes. This is why it is vital to identify ad hoc indicators in order to be able to monitor, evaluate and adapt the EUSAIR's programmes and measures.

- 3.4.8 With reference to the communication on the governance of macro-regional strategies¹⁰, the EUSAIR's multilevel governance needs an effective horizontal dimension (civil society participation) that integrates and reinforces the vertical dimension (participation of local and regional authorities), in full compliance with the principles of subsidiarity and proportionality¹¹.
- 3.4.9 In the light of experience gained from the Baltic and the Danube strategies, it is crucial for the European Commission's technical assistance to extend beyond the planning stage and continue during the implementation of the strategy.
- 3.4.10 The EUSAIR must be given the financial resources it needs to achieve the objectives. In addition to the European Structural and Investment Funds (ESIF)¹² and the 2014-2020 Instrument for Pre-accession Assistance (IPA)¹³, the following EU funds and programmes are also important:
- Blue Growth: European Maritime and Fisheries Fund¹⁴ and Horizon 2020¹⁵;
 - Connecting the Region: the Connecting Europe Facility (CEF) 2014-2020¹⁶;
 - Environmental Quality: LIFE programme¹⁷;
 - Sustainable Tourism: COSME programme¹⁸.

¹⁰ Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the governance of macro-regional strategies, COM(2014) 284 final.

¹¹ European code of conduct on partnership in the framework of the European Structural and Investment Funds, C(2013) 9651 final.

¹² Regulation (EU) No 1300/2013 of the European Parliament and of the Council on the Cohesion Fund, [OJ L 347 of 20.12.2013, p. 281](#).

¹³ Commission Implementing Regulation (EU) No 447/2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II), [OJ L 132 of 3.5.2014, p. 32](#).

¹⁴ Regulation (EU) No 508/2014 of the European Parliament and of the Council on the European Maritime and Fisheries Fund, [OJ L 149 of 20.5.2014, p. 1](#).

¹⁵ Regulation (EU) No 1290/2013 of the European Parliament and of the Council laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)", [OJ L 347 of 20.12.2013, p. 81](#).

¹⁶ Regulation (EU) No 1315/2013/EU of the European Parliament and of the Council on Union guidelines for the development of the trans-European transport network, [OJ L 348 of 20.12.2013, p. 1](#).

¹⁷ Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate (LIFE), [OJ L 347 of 20.12.2013, p. 185](#).

¹⁸ Regulation (EU) No 1287/2013 of the European Parliament and of the Council establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020), [OJ L 347 of 20.12.2013, p. 33](#).

- 3.4.11 Other funding sources are also available, namely the Western Balkans Investment Framework (WBIF)¹⁹, the European Investment Bank (EIB)²⁰ and other international financial institutions. These funds and instruments can exert a strong leverage effect and attract additional funding from private investors.
- 3.4.12 It is also vital for national, regional and local authorities to actively pursue policies that will create the right climate for attracting private investment. These should include: developing marketing policies suited to local conditions, making administrative formalities smoother and more efficient and supporting initiatives to champion legality and combat corruption, organised crime and undeclared work.
- 3.5 The EESC welcomes the Action Plan, but believes that some of the measures envisaged under the four pillars need to be further supported and developed.
- 3.5.1 The "Blue Growth" pillar should create new business opportunities and jobs by:
- facilitating SME access to credit and stepping up cooperation between science institutions and businesses;
 - promoting existing clusters by supporting internationalisation processes;
 - defining new governance models for the sustainable development of marine and land-based fisheries and aquaculture;
 - enhancing and upgrading infrastructure for fishing ports and the marketing of seafood.
- 3.5.2 The "Connecting the Region" pillar should, in the EESC's view, facilitate development, competitiveness, safe maritime traffic, better intermodal connections between coastal and inland areas and develop an interconnected macro-regional energy market by:
- adapting infrastructure in and between ports in the Adriatic-Ionian basin to market developments in the interests of competitiveness, sustainability and safety;
 - promoting the development of interconnections between maritime and land transport, in line with the criteria for sustainable mobility;
 - strengthening the intermodality and interoperability of transport services, not least by adapting strategic transnational infrastructure pertaining to the European TEN-T network²¹;

¹⁹ <http://www.wbif.eu>.

²⁰ <http://www.eib.org>.

²¹ *Regulation (EU) No 1315/2013 of the European Parliament and of the Council on Union guidelines for the development of the trans-European transport network*, [OJ L 348 of 20.12.2013, p. 1](#).

- exploiting the potential of regional airports by making them more accessible and promoting their connectivity, also from an intermodal perspective;
- supporting the development of smart energy grids and storage systems, linked to renewable energy production plants;
- mapping the availability of renewable energy sources in each region to identify expertise, interconnections and interactions in order to optimise the use of resources.

3.5.3 The "Environmental Quality" pillar should, in the EESC's view, alleviate pressure on marine and coastal ecosystems and reduce health and safety risks by:

- increasing efforts to protect marine biodiversity and experimentation with sustainable fisheries models;
- supporting action to protect coasts, adapt to climate change and manage risks (hydraulic, hydrogeological, erosion);
- implementing measures to protect and enhance interconnections between natural areas of strategic importance (marine, coastal and upland), including the establishment and protection of habitat corridors.

3.5.4 The "Sustainable Tourism" pillar should, in the EESC's view, enhance the tourism value of the region's natural, cultural and artistic heritage by:

- promoting the tourism value of the most representative agri-food, seafood and craft products of the area of origin;
- raising the profile of lesser known tourist destinations, including through support for the integration of inland areas with nautical and cruise tourism, and promoting history, cultural and religious tours;
- assisting the development of business aggregations and interaction, not least through Public Private Partnership models, in order to carry out tourism development projects;
- stepping up the use of ICT for tourism promotion;
- facilitating research, lifelong learning, education and awareness-raising about sustainable and responsible tourism.

3.5.5 It is necessary to define a reference framework for mainstreaming, to provide cross-cutting support for all four pillars by planning measures concerning working conditions, gender issues, people with disabilities and immigrants. As a result, measures should be adopted to:

- ensure respect for decent work and labour standards and the adaptability of the workforce to ongoing developments in technology and production systems through re-skilling and lifelong learning processes that make the most of locally available human resources;
- mainstream, respect and enhance the gender dimension, especially in the labour market;
- promote all possible measures that effectively secure equal conditions and opportunities for people with disabilities;
- support measures that exploit the positive side of immigration in order to boost economic growth and social cohesion in the area.

4. **The EU Strategy for the Adriatic and Ionian Region: specific aspects**

4.1 Although the EESC believes that the EUSAIR will help to address typically regional challenges, which due to their complexity cannot be adequately dealt with in the usual way by individual States or regions, it can see a number of specific difficulties relating to R&D&I in SMEs and the strategy's social dimension.

4.2 **R&D&I in SMEs** - Despite the broad commitments made as part of the implementation of the 2007-2013 programme and in the 2014-2020 programme, SME access to innovation-based growth opportunities has had little impact in terms of competitiveness and job creation.

4.2.1 The support framework for research and innovation in the Adriatic and Ionian region is still too complex, which discourages micro and small enterprises from participating in EU projects in particular. In addition to complicated and time-consuming administrative requirements, there are also significant disparities in procedures between programmes at the regional, national and European levels.

4.2.2 This situation is mainly due to difficulties in accessing credit, scant collaboration among SMEs and R&D&I providers, and the absence of the kind of development policies that can attract private investment.

4.2.3 Access to funding, especially for small innovative businesses, is still difficult owing to the lack of risk capital funds. Despite the considerable potential of "innovation procurement", implementing instruments such as pre-commercial procurement, are still being used far too infrequently to deliver tangible benefits for SMEs.

- 4.2.4 In order to transform research and innovation opportunities into factors for competitiveness and economic development, it is necessary to foster a modern entrepreneurial culture and support SME development, in line with the Small Business Act²² and the Entrepreneurship 2020 Action Plan²³.
- 4.2.5 The area covered by the EUSAIR also presents development opportunities in:
- **the public sector:** innovation can help to improve the efficiency of public authorities, with benefits in terms of cost-cutting, rebalancing budgets, and the quality of services to citizens and businesses;
 - **social welfare:** innovation can help public and private stakeholders to develop measures to support entrepreneurship and the social economy.
- 4.2.6 It is essential to support cooperation between SMEs and R&D&I institutions, entrepreneurial start-ups based on the transfer of research and innovation, and coaching and fundraising activities. It is also important to contribute to upgrading specific skills to facilitate technology transfer to SMEs and to exploit the results of research and innovation.
- 4.2.7 With reference to weaknesses and difficulties that hamper SME access to the opportunities offered by innovation, the following actions are identified as priorities:
- setting up a transnational R&D&I (research, development and innovation) platform to secure the joint and active involvement of SMEs, universities, research centres, and technology and business incubators in improving SME competitiveness by transforming innovative ideas into market-ready products;
 - developing transnational smart specialisation studies to identify innovation and business capacities;
 - promoting more entrepreneurial involvement in deciding R&D&I policies;
 - launching an "Adriatic and Ionian matchmaking platform" to make it easier for SMEs and young entrepreneurs to obtain innovation funding by identifying transnational and international co-investment structures and new fundraising opportunities.
- 4.3 **The social dimension** - not only has the economic crisis had a negative impact on the real economy and on millions of lives, it has also clearly demonstrated the need for public measures to block factors that undermine economic development and to protect standards of living and welfare by stepping up action in the area of social and welfare policies.

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Think Small First - A Small Business Act for Europe, COM(2008) 394 final/2.

23

Entrepreneurship 2020 Action Plan – Reigniting the Entrepreneurial Spirit in Europe, COM(2012) 795 final.

- 4.3.1 The EESC believes that the EUSAIR's social dimension requires further support in order to ensure the development of a growth model that secures competitiveness and, at the same time, social inclusion and protection, especially for those who find themselves in the most vulnerable and disadvantaged situations.
- 4.3.2 When incorporating and strengthening the EUSAIR's social dimension, attention must be paid to the Commission's communication on social investment for growth and cohesion,²⁴ which urges the Member States to prioritise social investment and the modernisation of their social protection systems by developing policies along three specific axes, namely:
- ensuring that social protection systems meet the needs of people at critical moments in their lives;
 - simplifying social policies and concentrating on actual users in order to provide appropriate and sustainable social protection systems;
 - implementing active inclusion strategies in full.
- 4.3.3 It is vital to promote measures to support the inclusion of people with disabilities and prevent discrimination on grounds of race, ethnicity, age, sexual orientation or gender. Disabled access to infrastructure, technologies and services must receive clear support since it is a fundamental prerequisite for inclusive growth.
- 4.3.4 The EUSAIR must also include measures to address the social issues associated with irregular migration, which for the most part affect the southern part of the region.

Brussels, 11 September 2014

The President
of the
European Economic and Social Committee

Henri Malosse

²⁴ *Towards Social Investment for Growth and Cohesion — including implementing the European Social Fund 2014-2020*, COM(2013) 83 final.