European Economic and Social Committee

TEN/558
Smart islands

Brussels, 19 March 2015

OPINION

of the
European Economic and Social Committee
on
Smart islands
(own-initiative opinion)

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Rapporteur: **Ms Darmanin**

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On 10 July 2014, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

> *Smart islands*
> (own-initiative opinion).

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 March 2015.

At its 506th plenary session, held on 18 and 19 March 2015 (meeting of 19 March), the European Economic and Social Committee adopted the following opinion by 117 votes to 1 with 5 abstentions.

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1.   **Recommendations**

1.1   Islands have unique characteristics which bring specific difficulties, but these characteristics can be turned around to become opportunities if smart and sustainable development policies are implemented to give islands the competitive advantages that derive from sustainable growth and better jobs.

1.2   In the context of the development and implementation of smart and sustainable development policies, the specific features of islands, particularly in terms of their vulnerability to the impacts of climate change, should also be taken into account. Policies and initiatives should therefore ensure the appropriate mainstreaming of climate change adaptation measures in order to ensure that islands build and strengthen climate resilience in all areas of their economies.

1.3   Smart Policies for Smart Islands would include an "Island Test", whereby any EU policy would be tested as to its effect on islands and proper consideration given to the island dimension. The EESC calls on the Commission to implement Island Tests across all DGs.

1.4   The EESC proposes a whole series of smart policy recommendations with a view to boosting smart islands, each of which is explained and described in detail in points 4 to 11 below. They relate to:

− the digital agenda: investment in infrastructure, completion of the single market and investment in R&D;
− energy supply: islands as test beds for ocean, tidal, wave, solar and wind energy; and the combination of these technologies;

- urban mobility and transport: H2020 and Interreg having programmes targeted at maritime transport and urban mobility with a view to sustainability in islands; combining state aid with sustainable transport;
- maritime policy: maritime surveillance; R&D in sea mining and oceanography using islands as research centres; impact assessment of islands on maritime policy; role of islands in maritime policy;
- trade in goods and services: best practices of niche trade; adaptation of policy conducive to niche trade on islands; open laboratories for economic and social development in islands;
- tourism: accessibility; specificities of the nature of tourism and impacts of tourism;
- water management: policy with specific characteristics unique to islands; and lastly
- education, training and lifelong learning.

1.4.1 It is understood that implementation of these recommendations, in the first instance, and depending on the competences and responsibilities involved - be they shared or not - would fall to local, regional, national or EU-level authorities. Here, cooperation between levels is strongly advocated.

2. **Scope**

2.1 In this opinion, the EESC uses the United Nations' definition for islands as a basis. However, on the one hand, it limited the scope to islands which form part of the European Economic Area (EEA) and, on the other, expanded to include small and medium-sized islands which are in themselves also States and members of the EEA. This refers specifically to Malta, Cyprus and Iceland.

2.2 With the term "Smart islands", the EESC is specifically referring to an insular area that creates sustainable local economic development and a high quality of life by excelling in multiple key areas of sustainability, such as the economy, mobility, energy, environment, ICT, water, education, human capital and demonstrates excellence in governance.

3. **Introduction**

3.1 European islands are sometimes at a disadvantage compared with the European mainland due to their isolation and peripheral nature. However, geography brings great advantages as well as disadvantages, and at the current time, islands are also offering immense potential for growth and development, not only for themselves but also for Europe as a whole. This is why the EESC is calling for smart policies and smart development initiatives at EU, national and regional levels that also cater for the specific characteristics of islands. Nevertheless, responsibility for smart policies in islands should be shared between all the aforementioned levels and not fall exclusively to one category. In view of this shared responsibility, but not exclusively due to this, the EESC calls for an expert group on islands that would oversee policy and its applicability and effect on islands. Furthermore, the EESC recommends that

open platform for islands be established, to act as a forum for coordination and action among islands in relation to the Smart islands objectives.

3.2 The specific characteristics of islands often lead to certain specific social features, such as the depletion of the population as people move to the mainland due to what may be seen as better opportunities, difficulties related to transport and, sometimes, marginalisation. However, some islands have managed to turn these disadvantages into positives by developing niches and setting themselves apart.

3.3 In view of the specific characteristics of islands, the EESC calls for EU policies to include an "Island Test", whereby any policy would be tested as to its effect on islands and proper consideration would be given to the island dimension. The EESC calls on the Commission to implement Island Tests across all DGs.

4. **Digital capability**

4.1 With the internet clearly set to be a growth area for Europe, our 2020 targets include ensuring that all Europeans have access to broadband by 2020 and that 50% of the public are making online purchases by 2015.

4.2 With regard to the objective of ensuring widespread internet coverage by 2020, there are infrastructure problems and some areas, including some islands, are lagging behind. As matters stand, a number of islands, particularly the more remote ones, currently have low internet penetration and poor public access to the internet.

4.3 Although one of the EU2020 targets was to ensure that the whole of Europe had internet coverage by 2013, this goal has not yet been reached on some islands, due primarily to infrastructure-related problems.

4.4 Digital capability is one of the ways in which islands can diminish the geographical barrier of isolation, not only through the opportunities eCommerce offers for entrepreneurship, employment and SMEs, but also by enabling the public to reap greater benefits from the single market.

4.5 To this end, the EESC calls for specific action to be taken at both European and national level to:

i. invest in infrastructure to ensure full broadband penetration on islands;

ii. complete the digital single market, thereby ensuring that islands are not penalised and allowing them to participate fully in the single market; and

iii. invest in R&D at European level by using islands' potential to boost employment and growth in remote areas. Furthermore such R&D should be used as a tool to achieve greater social innovation in the islands.

5. **Energy sustainability**

5.1 Europe has introduced energy targets for 2020, 2030 and 2050 so as to become more sustainable and to curb the use of fossil fuel in order to meet our energy needs. Some of the EU's islands are not only dependent on fossil fuel for all their energy needs but are also dependent on specific restricted shipping methods to obtain it.

5.2 It is therefore even more important that islands become more sustainable in their energy use. Islands are, by their very nature, well-positioned to make the most out of ocean energy, wind energy and solar energy.

5.3 There are success stories demonstrating that islands have the potential to become sustainably self-sufficient in terms of their energy requirements. For example, Samsø, off the coast of central Denmark, has been that country's "Renewable Energy Island" since 1997. Using 11 land-based wind turbines, it was able to become completely self-sufficient in renewable energy within 10 years. In 2014, El Hierro, one of the Canary Islands, also became completely self-sufficient in renewable energy through the use of wind turbines and hydroelectric power.

5.4 Islands in Europe could draw great benefits from renewables. As well as reducing their carbon footprint, the sector is a source of growth and employment, not only within the industry itself but also beyond it, as in the case of Samsø, which has become a tourist attraction as a result of its efforts to become sustainably self-sufficient.

5.5 The EESC therefore calls for action to be taken at both European and national level in the following areas:

i. focussing research and development on ocean energy, wave energy and tidal energy on islands, not only using the islands as test beds, even if this is a related issue, but also drawing on local knowledge and research expertise;

ii. studying the effects of combining different forms of renewable energy in small and localised areas such as islands; and

iii. targeting specific innovation initiatives at islands.

Such action should take into account the specific conditions prevalent on islands in the different seas/oceans.

6.   **Transport and mobility in Island cities**

6.1   Transport is a particularly difficult issue for people living on islands, since they are sea-locked and therefore heavily reliant on ferries and airlines. Furthermore, when it comes to the import and export of goods, islands are also highly reliant on sea transport. In view of this, ferry services generally receive State aid and subsidies in order to alleviate part of the burden of ferry costs on residents. Many transport companies still use low quality fuel which is a threat to maritime transport workers, local populations and tourists.

6.2   Although urban mobility is dependent on the wide use of motor vehicles, more sustainable methods of urban transport are increasingly being introduced, one example being the use of low-emission vehicles in the Aeolian Islands. There is greater scope on islands for the introduction, or more extensive use of, hybrid and electric cars.

6.3   The EESC recommends that action be taken in the following areas:

i. specific Horizon 2020 projects should be targeted at energy-efficient maritime transport projects for islands;

ii. State aid for transport should be given to companies that take concrete steps to reduce emissions and use high quality fuel in maritime transport;

iii. INTERREG projects should be targeted at energy-efficient urban mobility within islands;

iv. emphasis should be placed on creating decent and more sustainable jobs in the islands. The EESC also calls for reducing precarious employment for the staff of airlines that fly island routes and cruise liners, whose business often benefits from the attractiveness of islands.

v. accessibility for the elderly or people with disabilities should also form part of smart transport policies on islands.

7.   **Maritime policy**

7.1   In recent years, greater attention has been paid to the blue economy and its potential. Maritime affairs are of great importance to the islands, surrounded as they are by the sea.

7.2   Islands can reap specific benefits from the implementation of maritime policies at EU level.

7.3   The EESC reiterates its prior calls for opinions regarding the importance of EU islands for maritime traditions and know-how in seafaring activities. EU islands have a comparative advantage as providers of seafarers who possess generations of maritime know-how which should not be lost. However, in a period of acute unemployment ashore, the EU shipping

industry is suffering from a well-known scarcity of EU seafarers who could be employed as officers in the EU fleet.

7.4   The EESC recommends that action be taken in the following areas:

i. steps should be taken to ensure that islands draw specific benefits from maritime surveillance;

ii. islands should be given research and development tasks in the areas of sea mining, oceanography and sea-bed mapping and their capability in these areas enhanced; islands can play a bigger role in protecting biodiversity and the initiatives taken at various levels in this area should be supported;

iii. the European Commission should conduct a European impact analysis on the role of Europe's islands in maritime affairs;

iv. a concentrated effort should be made in the area of maritime affairs, with a specific focus on islands and their role;

v. EU action is required to attract EU islanders to pursue the maritime profession and provide them with the necessary training.

8.   **Island produce and services**

8.1   Islands across Europe have developed at different rates: some are still within the Migration, Remittance, Aid and Bureaucracy stage (MIRAB) (Bertram and Watters, 1985); others are Small Island Tourist Economies (SITE) (McElroy, 2006); and some have finally made it to the People, Resources, Overseas, Finance, Transportation (Profit) stage (Baldacchino, 2006).

8.2   Some clear examples of good practice among islands at the PROFIT stage are:

−   Jersey: private wealth management;
−   Malta: electronic gaming;
−   Iceland: cloud computing;
−   Cyprus: flag registry;
−   Crete: LASIK eye treatment.

8.3   Islands are more competitive when they can identify and excel in niche markets.

8.4   The EESC would therefore recommend that:

i. best practice be identified for islands;

ii. regional policies cater for such niche development;

iii. islands be used as open laboratories for the development of such products or services that can then be taken up widely in mainland Europe.

9. **Island tourism**

9.1 Islands are very often linked with tourism (the SITE model); but while tourism is an important industry for islands, it should not be seen as the sole or main industry and due consideration must be given to industry as a whole.

9.2 Niche tourism provides a clear competitive advantage for islands as compared with more accessible areas in mainland Europe. However niche tourism should not necessarily mean more expensive tourism. In this respect, islands' accessibility is key to ensuring accessibility in financial, physical and also transport terms, while respecting environmental protection requirements.

9.3 The EESC would therefore recommend that:

i. policies relating to tourism give specific consideration to island situations;

ii. accessibility with regard to tourism should include both the island transport aspect, as referred to above, and also accessibility in financial and mobility terms as well as the question of environmental protection requirements.

10. **Water management**

10.1 Islands face similar problems when it comes to water management, namely: water scarcity; decreased water quality; inadequate water practices, such as the over-use of resources; and added demand due to tourism.

10.2 Volcanic islands add a dimension to water management generally not dealt with in water policies: the aspect of water sources for health purposes.

10.3 The EESC therefore recommends that water management policies give specific consideration to the specific characteristics of islands in so far as their requirements often lean more towards:

i. the reuse of water;
ii. making a distinction between drinking and non-drinking water;
iii. desalination;
iv. rain water collection, and
v. improving the sustainability of sources of water used for health reasons.

11. **Education, training and lifelong learning**

11.1   Education is often seen as a key element for improving living standards. This is all the more true of islands. Whereas tertiary institutions on the islands often excel in specific areas, also reflecting the niche approach, mainstream advanced education should also be accessible to islanders.

11.2   To this end, the potential of the digital world should be further exploited, to ensure that learning and education is as accessible to islanders as it is to people living in mainland Europe. A clear example of the potential of the digital world is provided by the Cyclades, where teleconferencing is used extensively for training purposes.

11.3   Islands suffer from greater depletion of the population due to relocation, and hence Lifelong Learning can and should be one of the policies and practices designed to retain a workforce that is not only highly employable but also attracted to remaining on the island.

11.4   The EESC therefore recommends that policy ought to:

i. reflect on the role of education in the advancement of islands;

ii. implement lifelong learning approaches to ensure employability and a workforce that can harness the full potential of the labour market within the islands;

iii. ensure that islands are not depleted of their workforce.

Brussels, 19 March 2015.

The President
of the
European Economic and Social Committee

Henri Malosse

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