

OBS-EURISLES
Observatory of the European Islands

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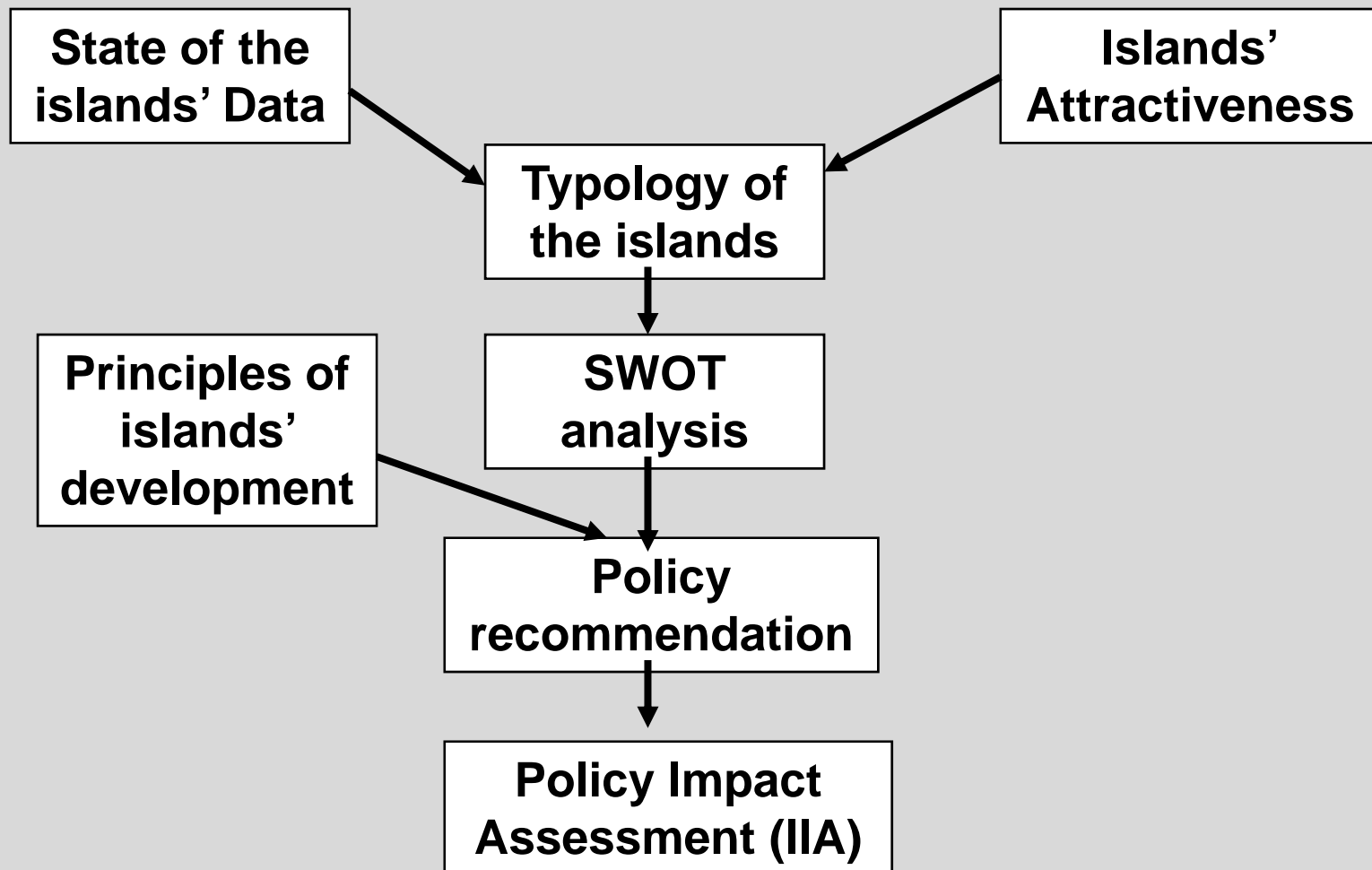
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The 3 main questions of EUROISLANDS

- What is the situation of Europe's islands within the context of sustainable development?
- What has caused this situation? Attractiveness and Insularity
- What policies could be applied to increase the attractiveness of islands ?

The Structure of the project



Questions posed by ESPON

- (a) Main **development trends** and **challenges** in islands
- (b) Most relevant **sector policies** influencing islands' development
- (c) **elements of islands' sensitivity** to be considered by the TIA tool

Development trends

Islands general trends within the 3 dimensions of sustainable development:

- **Economic effectiveness:** Residential economy, low innovation, low added-value, mono-activity based on natural or cultural resources (Tourism, fishery, mining, oil), GDP/capita lower than the national average
- **Social equity:** Ageing, migration and illegal migration, low income, seasonal employment of non qualified personnel
- **Environmental conservation:** growing environmental pressure due to augmentation of construction for tourism / residences, problems of water quality and availability

Existence of differentiations between islands / classification

Why it is happening? Insularity

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 “classic” attractiveness as it influences negatively **production and living cost**. Islands cannot have:

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

Enterprises' attractiveness

Islands are not attractive for the establishment of enterprises because of the:

- High production cost (lack of economies of scale and of agglomeration)
- Land and natural resources limitations (scarcity)
- Qualified human capital deficiency
- Low accessibility
- Insufficient infrastructure and provided public services: transportation, communication, energy etc.
- Scarcity of public and private support of enterprises: banks, consultants etc.

Households' attractiveness

The islands are not attractive for permanent residence, because of the:

- Limited employment and career opportunities
- High cost living (worsened by tourism)
- Limited accessibility (extremely limited in some cases)
- Low living standards in crucial economic and social sectors (health, education, sports, culture etc.) of different relative weight.

Policy has to address attractiveness factors

Islands' challenges: quality vs quantity

Turning territorial diversity into strength:

Exploit the constantly changing global environment and make use of the characteristics of insularity as advantages than obstacles.

Islands' advantages to be developed:

- Authentic, high quality and safe food production
- Small-scale societies and rhythms of life in a low human footprint environment
- Use of cultural and natural heritage as a source of artistic, scientific and technological creation with high added value

Policies influencing islands' development

Common Agricultural Policy:

- Pilar 1 -based on increase in productivity- has enforced central areas in the mainland.
Abandonment in LFA's
- Pilar 2 has positive influence but had very low budget
 - Policy on LFA's to compensate lower productivity
 - Quality policy: Protected Designation of Origin, Protected Geographical Indication mostly in LFA's
 - Integrated policy: Leader program

New policy stress on "Rural Development" that may help islands more than the previous policy, but ...

Policies influencing islands' development

Internal Market – Competition policy impact on:

- State aid regime. Islands are facing supplementary costs in a permanent way
- Liberalization of Services of Public Interest in islands don't create obligatory conditions of competition as the market is limited and don't satisfy obligatory social needs. National budget restrictions.

R&D – Innovation policy: “low” impact on islands

European Networks “low” impact on islands which are facing major problems on energy, transportation, communications.

Policies influencing islands' development

Necessity to “invest” on soft factors in islands as human capital, governance, culture and creativity, quality products and services, hazards management, quality of environment, quality of life etc

Project Specifications insists on 4 topics:

- Enforcement of entrepreneurial initiatives
- Management and valorization of natural and cultural resources
- Enhancement of human capital
- Amelioration of Services of Public Interest

Elements of islands' sensitivity

- Principle: Under different situations the same policy measures provoke different results
- The necessity to take into account in TIA:
 - the difference in provision in capital stock in islands (mainly human and man-made one) that influences the results of policies
 - the difference in the structure of islands' system
 - the carrying capacity of islands

Thank you for your attention

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