




“BLACK SEA NETWORK FOR REGIONAL DEVELOPMENT”

Joint analysis of the current situation of SMEs sector and SMEs support organizations for the Black Sea Basin. Measures and policy recommendations for cooperation among partner-regions.

**Nikos Zaharis, URENIO Research Lab
Aristotle University of Thessaloniki**

Common borders. Common solutions.




Who is your speaker

- Director of South East European Research Centre, a research centre of the International Faculty of the University of Sheffield, CITY College, established in Thessaloniki since 2003.
- Affiliated Researcher, URENIO, Aristotle University of Thessaloniki.
- Extensive working experience in South-East European countries working for industrial as well as public sector organizations on issues ranging from management of innovation to environmental management, economic and regional development.

Common borders. Common solutions.




Contents of my presentation

1. The Framework of analysis
2. Joint Analysis
 - a) Maritime Industry
 - b) Tourism
 - c) Information and Communication Technologies
 - d) Conclusions
3. Policy recommendations
 - a) Guiding principles
 - b) Selected recommendations

Common borders. Common solutions.




1. The framework: External factors

- The current global economic crisis.
- The challenges facing the world as a whole: environmental degradation, financial instability, demographic decline.
- The EU Strategy for Europe 2020 the adoption of the Innovation Union and the Digital Agenda Flagship Initiatives.
- The framework set by the EU structural funds for the new programming period 2014 – 2020 especially the concept of Smart Specialization
- The adoption of the EU's Danube strategy that will engage and affect four of the five participating countries (Bulgaria, Moldova, Romania and Ukraine).

Common borders. Common solutions.




Competitiveness, stage of development, innovation

Table 1: Competitiveness position of the 5 participating countries.

Country	Rankings			
	Global Competitive Index 2011-2	Networked Readiness Index 2010-1	ICT Development Index 2011	Travel and Tourism Competitive Index 2009
Bulgaria	74/142	68/138	51/155	50/133
Greece	90/142	64/138	33/155	24/133
Moldova	93/142	97/138	62/155	93/133
Romania	77/142	65/138	52/155	66/133
Ukraine	82/142	90/138	67/155	77/133

Common borders. Common solutions.




Competitiveness, stage of development, innovation (cont.)

- Maritime industry: Greek companies or Greek controlled businesses control the 2nd biggest merchant fleet in the world (International Maritime Organisation)
- Innovation: Moderate Innovators (Greece) and Modest Innovators (Bulgaria, Romania), according to the Innovation Union Scoreboard.

Common borders. Common solutions.

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION

Danube Strategy

Danube strategy priority	Relevance for BlasNET
Priority Area 1A "To improve mobility and inter-modality: inland waterways"	Maritime industry
Priority Area 03 "To promote culture and tourism, people to people contacts"	Tourism
Priority Area 07 "To develop the Knowledge Society (research, education and ICT)"	<ul style="list-style-type: none"> SME development ICT industry
Priority Area 08 "To support the competitiveness of enterprises"	SME development
Priority Area 09 "To invest in people and skills"	Upgrading of human resource capacities is important for all sectors
Priority Area 10 "To step up institutional capacity and cooperation"	A horizontal priority that can be used at a policy and institutional level to create better framework conditions for all sectors.

Common borders. Common solutions.

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION

2. Joint Analysis -

Common borders. Common solutions.

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION

Maritime Industry

Opportunities: Growing East-West Trade, Hydrocarbon transport, Growing tourism

Enabling Policies: Danube Strategy, EUROPE 2020, EU Enlargement process

Challenges for the future: Improve innovation capacity, Capitalize on East-West global trade, Modernize infrastructure through EU funds and PPP

Foundations: Merchant tradition/ Trained seafarers / Major ports / Trade tradition / The Black Sea, Danube River

Common borders. Common solutions.

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION

Tourism

Opportunities: Growing global tourism levels, New ICT applications, Common borders

Enabling Policies: Danube Strategy, EUROPE 2020, EU Enlargement process

Challenges for the future: Overcome seasonality, Disengage from the low-cost model, Develop new forms of tourism

Foundations: Historical ties/ The Black Sea, eastern Mediterranean and Danube river/ natural and man-made environment/ globally well known tourism destinations

Common borders. Common solutions.

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION

Information and Communication Technologies

Opportunities: The web and globalization of services, Expanding telecom networks, EU structural funds and Horizon 2020

Enabling Policies: Danube Strategy, EUROPE 2020/ Digital Agenda, EU Enlargement process

Challenges for the future: Continuously innovate and differentiate, Access to VC type finance, Closer academia-industry cooperation

Foundations: Well educated human resources/ top priority for development/ maintain capital investment needs/ outsourcing experience/ entrepreneurship

Common borders. Common solutions.

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION

Conclusions: Common problems/ challenges for SMEs in the 3 sectors:

- Coping with the effects of the **current global economic crisis**, that brings down consumption, reduces the liquidity at the national and local level and offer a pessimistic outlook that blocks any plans for investment.
- Lack of **access to financial institutions**, a problem that for the majority of the SMEs seems to precede the economic crisis.
- Low level of internal R&D and innovation** coupled with **weak or non-existing links between businesses and academic research**.
- Unavailability** (or the low level of functionality) of **supporting mechanisms and intermediaries** who help SMEs overcome some of this problems and link them with peers, academics and experts.
- Dissatisfaction with state policy** and requirement for more support for SMEs in a large number of areas (simplification of procedures, reduction of bureaucracy, facilitation of access to finance etc).

Common borders. Common solutions.

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION ORGANISATION

Conclusions (cont.): In particular for each sector:

- ICT:
 - SMEs more extrovert;
 - better use of technological innovations;
 - capitalize on expanding telecommunication networks;
 - Capitalize on knowledge and enthusiasm of a young well educated work force;
 - Challenge: innovations through cooperation with academic institution for innovations.
- Tourism:
 - top priority for all countries;
 - challenges of shifting global priorities and uncertainties;
 - to build upon a rich man-made and natural environment,
 - to overcome seasonality and the dependence on low-cost, single model tourism;
 - to invest in higher added value forms of tourism.

Common borders. Common solutions.

CROSS BORDER

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION ORGANISATION

Conclusions (cont.): In particular for each sector:

- Maritime Industry:
 - Important tradition/ knowledge, facilitation of other sectors' development;
 - availability of important infrastructure;
 - in need of intensive modernisation investment;
 - increasing East – West European trade (emphasis on energy);
 - public – private partnerships to facilitate modernization investments and inclusion in major transportation networks . .
- Both tourism and maritime industries are sectors that some of the countries examined are competing at a global level, something that is not true for ICT, although ICT overall seems to be more extrovert

Common borders. Common solutions.

CROSS BORDER

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION ORGANISATION

3. Recommendations: Guiding principles

All recommendations are based on the following guiding principles:

- Excellence and extroversion
- Exploitation of comparative advantages of each region and sector
- Exploitation of commonalities and complementarities of the five countries.
- Building upon the capabilities of human resources available

Common borders. Common solutions.

CROSS BORDER

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION ORGANISATION

Selected recommendations towards policy makers and national/local authorities

- R2 Use the concept of Smart Specialization in order to define regional strategies
- R4 (For members of the Eastern Partnership): Emphasise on innovation and entrepreneurship support as parts of the agenda of the cooperation between each country and the EU.
- R5 Develop the Black Sea, Danube and Thessaloniki ports in order to be able to play a leading role to international trade and transport of hydrocarbons in the region
- R8 Encourage innovation in public procurement,
- R9 Review visa arrangements in view of enhancing tourism between the five participating countries.
- R18 Support the development of e-services by SMEs in the tourism sector.
- R21 Provide open access to public data
- R23 Prepare a strategy plan to support development of related and supporting industries around the shipping transportation industry.

Common borders. Common solutions.

CROSS BORDER

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION ORGANISATION

Selected recommendations towards the wider Business sector

- R24 Establish cooperation between Associations of Tourism enterprises in the five countries.
- R26 Campaign to promote ICT careers to students.
- R28 Encourage the formation of tourism clusters.
- R29 Promotion of Cruise tourism in the Black Sea.
- R30 Cooperation between business representing organisations and business support organisations in the participating countries

Common borders. Common solutions.

CROSS BORDER

Project funded by the EUROPEAN UNION

BlasNET

Black Sea COOPERATION ORGANISATION

Selected recommendations towards the EU services and other international organisations

- R32 Adopt a rational and clear incentive policy towards Eastern Partnership participation at HORIZON 2020.
- R33 Promote and support the implementation of the Smart Specialization concept to members of the Eastern Partnership
- R35 Continue supporting Black Sea cooperation with a new "Black Sea" Cross Border Cooperation initiative.
- R36 Streamline ENPI activities with more emphasis on creating a positive business environment in the Eastern Partnership countries.

Common borders. Common solutions.

CROSS BORDER




Project funded by the EUROPEAN UNION

Selected recommendations towards Higher Education and Research institutions

- **R38 Enhance the quality of the IT education to address the problem of shortage of qualified university graduates.**
- **R39 Provide graduates a mix of skills that encourages knowledge transfer, emphasizes creativity, skills development, independent thinking and research capacity.**
- **R40 Encourage horizontal and vertical mobility of research staff.**
- **R41 Prioritize excellence and quality of research.**
- **R44 Bridge the gap between knowledge producers and the business sector by facilitating the work of young researchers at innovative companies.**

Common borders. Common solutions.





Project funded by the EUROPEAN UNION

Recommendations to the members of the BlasNET consortium

- **R49 Establish a network that will facilitate the development of a "Black Sea Tourism Quality Trademark".**
- **R50 Transnational Black Sea ICT cluster/network that will aim to concentrate the strengths and capacities of the ICT industry**
- **R51 Establishment of clusters that will provide products and services in the shipping industry and the ship manufacturing industry that is developed around the main ports of the regions of the partnership.**

Common borders. Common solutions.





Project funded by the EUROPEAN UNION

Thank you!

Nikos Zaharis
 Director, South East European Research Center
 Affiliated Researcher, URENIO Innovation and Regional Development Unit, Aristotle University of Thessaloniki

www.seerc.org
www.urenio.org
nzaharis@seerc.org

Common borders. Common solutions.

